



**For Immediate Release
May 13, 2008**

FOOD EMPIRE 1Q PROFIT JUMPS 24.0%

***Strong top and bottom line growth achieved
despite uncertain and challenging economic conditions***

Singapore May 13, 2008 – Mainboard listed Food Empire Holdings Limited (Group) – a leading food and beverage manufacturing company – today announced a 24.0% increase in profit after taxation and minority interests for the first quarter of 2008.¹

Profits increased from US\$5.5 million in 1Q 2007 to US\$6.8 million in 1Q 2008. Earnings per share on a fully diluted basis increased from 1.25 US cents to 1.55 US cents. The strong profit increase was the result of increased sales, particularly in the group's largest market of Russia.

Highlights

	1Q 2008 US\$'000	1Q 2007 US\$'000	% Change
Revenue	52,077	40,109	29.8
Profit After Tax and Minority Interests	6,842	5,518	24.0
	As at 31/03/2008	As at 31/12/07	% Change
EPS Fully Diluted (US cents)	1.55	1.25	24.0
NAV per share (US cents)	26.45	24.89	6.3

¹ With effect from FY2008, the Group has begun reporting in USD instead of SGD to better reflect the Group's results as the majority of its transactions are in US dollars. For comparative purposes, FY2007 results were translated to USD in accordance to Financial Reporting Standard 21 – The Effects of Changes in Foreign Exchange Rates ("FRS 21").

Group Chairman and Managing Director, Mr Tan Wang Cheow said, “The Board is pleased with this result as it was achieved against a backdrop of difficult economic conditions. During the quarter, the Group had successfully managed rising costs of raw materials, currency fluctuations as well as increased logistics costs due to the high oil prices.”

“While managing the difficult conditions, the Group remained focused on strengthening its brand equity. Our MacCoffee brand continues to have a dominant market share in the 3-in-1 coffee mix segment in all our key markets. We are also pleased that the Petrovskaya Sloboda brand of coffee mixes, which we acquired in 2007, is contributing to our strong sales performance,” Mr Tan said.

Geographical Analysis

The Group enjoyed good growth in all its key markets.

	Group US\$'000	Group US\$'000	% change	% of total revenue
	1Q 2008	1Q 2007		
Russia	31,390	21,175	48.2	60.3
Eastern Europe and Central Asia	17,103	16,055	6.5	32.8
Others	3,584	2,879	24.5	6.9
Total	52,077	40,109	29.8	100.0

Russia accounted for the majority of the Group’s revenue (60.3%) while Eastern Europe and Central Asia was the second largest market (32.8%). However, sales to Ukraine were hindered by industrial actions that temporarily affected the importation of goods to this market in January.

The Group also enjoyed good growth in other markets which contributed 6.9% of the Group’s revenue.

While the Group was faced with volatility in raw material prices, it successfully implemented steps to manage its input costs. As a result, the Group has maintained its net profit margins despite rising raw material prices.

The Group continued to have a strong balance sheet with a gearing ratio of 7.8%, and net assets of US\$116.0 million

The Group's higher profitability was translated into higher net cash flow generated from operations up from US\$4.6 million in 1Q 2007 to US\$6.7 million in 1Q 2008.

The Group's cash and bank balances stood at US\$21.8 million as at 31 March 2008, up from US\$16.0 million as at 31 December 2007.

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About Food Empire Holdings

SGX Mainboard-listed Food Empire Holdings is a leading food and beverage company headquartered in Singapore that manufactures and markets instant beverage products, frozen convenience food, confectionery and snack food.

Food Empire Holdings' products are exported to over 65 countries such as Russia, Eastern Europe and Central Asia. The Group has 18 overseas offices worldwide in Russia, Ukraine, Kazakhstan, Uzbekistan, Iran, Poland, Turkey, Belgium, Bahrain, Mongolia and Vietnam.

The Group's core products include a wide variety of regular and flavoured coffee mixes and cappuccinos, instant chocolate, instant breakfast cereal and flavoured fruit teas. Food Empire also markets a refreshing range of confectionery, snack food such as dried calamari and potato crisps and a delectable assortment of frozen convenience food that includes Asian delicacies.

Food Empire has more than 400 types of products under its proprietary brands including MacCoffee, Klassno, Hyson, FesAroma, OrientBites, MacCandy, Zinties and Kracks. MacCoffee, the group's flagship brand, has been consistently rated as a market leader over the past few years and was recently ranked among the top three most popular instant 3-in-1 coffee brands in the group's core markets including Russia, Ukraine and Kazakhstan.

The Group has won numerous accolades and awards including being ranked one of "The Most Valuable Singapore Brands" in 2003, 2004, 2005 and 2006 at the national brand award organised by IE Singapore. MacCoffee was ranked one of "The Strongest Singapore Brands". Food Empire is listed as "Asia's Best Under a Billion" in the prestigious Forbes' list.

For more information on Food Empire, please visit www.foodempire.com.