



**For Immediate Release
February 21, 2006**

FOOD EMPIRE FULL YEAR PROFIT UP 31.3% TO \$20.6 MILLION

- *Revenue increased by 14.7% to \$184.0 million on the back of strong beverage sales*
- *Sixth consecutive year of double digit growth on the back of increased sales in key markets*
- *New Moscow factory established*

Singapore 21 February 2006 – Mainboard listed Food Empire Holdings Limited (Group) – a leading food and beverage manufacturing company – today announced a record net profit after tax and minority interests of S\$20.6 million for the 12 months ended 31 December 2005 – up 31.3% from S\$15.7 million in 2004.

For the sixth consecutive year, Group revenue recorded double digit growth with a 14.7% increase from S\$160.4 million in 2004 to S\$184.0 million in 2005. Earnings per share on a fully diluted basis rose by 24.8% from 4.44 cents to 5.54 cents.

Highlights:

	FYE 31/12/2005	FYE 31/12/2004	%
	S\$'000	S\$'000	Change
Revenue	184,011	160,389	14.7
Profit Before tax	24,416	22,206	10.0
Profit After Tax and Minority Interests	20,602	15,693	31.3
EPS - Fully Diluted (cents)	5.54	4.44	24.8
NAV per share (cents)	25.63	19.79	29.5

The Group Chairman and Managing Director, Mr Tan Wang Cheow said, “The last 12 months have been challenging for Food Empire. In the early part of the year, sales in Ukraine were slow due to political reasons. In the later part of the year, the Russian market was affected by increasing import costs.”

“Given these challenges, the Board is pleased to have achieved record revenue and profits in 2005,” Mr Tan said.

Financial Analysis

The Group's core products – beverages such as the MacCoffee 3 in 1 coffee mix – performed strongly, particularly in the Group's key markets of Russia, Eastern Europe and Central Asia. This resulted in a 14.7% increase in revenue for 2005.

The increase in the net profit includes the contribution from the one-off sale of the non-dairy creamer business and assets of an associated company – Ernsts Food Ingredients Sdn Bhd (Ernsts) – of which the Group owns 35%. Ernsts completed the sale in the last quarter of 2005 resulting in a gain of S\$3.4 million to the Group.

The Group finished the year with no gearing and a strong balance sheet with net assets in excess of S\$100 million. Cash and bank balances increased by 9.7% to S\$17.2 million. Net Asset Value per share increased by 29.5% from 19.79 cents per share to 25.63 cents per share.

Geographical Analysis

Revenue	FYE 31/12/2005 S\$'000	FYE 31/12/2004 S\$'000	% Change
Russia	110,987	98,277	12.9
Eastern Europe and Central Asia	61,306	48,344	26.8
Others	11,718	13,768	-14.9

Russia continued to provide the bulk of the Group's revenue, contributing S\$111.0 million or 60.3% of sales. Revenue from Russia increased S\$12.7 million from S\$98.3 million in 2004 – an increase of 12.9%. The increase in revenue in Russia was driven by the Group's ongoing branding and marketing activities. The Group's flagship brand MacCoffee continued to be the leading 3-in-1 coffee mix in Russia.

In August 2005 the Group became aware of changes to the customs regulations on imported coffee-based products into Russia. To overcome the increase in import costs, the Group has established a new production facility in the Moscow region, Russia. The plant has commenced its first phase of operations and is expected to gear up to operational efficiency by the second half of 2006.

Total sales to Eastern Europe and Central Asia increased by 26.8% from S\$48.3 million in 2004 to S\$61.3 million in 2005. Eastern Europe and Central Asia contributed 33.3% of the Group's revenue. Other countries contributed S\$11.7 million or 6.4% of the Group's revenue.

Product Analysis

Beverages were the Group's star performer with revenue increasing by 18.7% from S\$143.6 million in 2004 to S\$170.5 million in 2005 on the back of strong sales of MacCoffee. Revenue from beverage products constituted 92.6% of the Group's sales in 2005. Sales of non-beverage products decreased by S\$3.2 million from S\$16.7 million to S\$13.5 million.

Dividend

To reward shareholders, the Directors have proposed a total dividend of 1.875 cents (less tax), comprising a first and final dividend of 0.5 cents (less tax) plus a special dividend of 1.375 cent (less tax) per ordinary share.

Looking Ahead

Mr Tan said, "Despite the challenging business conditions ahead, the Group will continue to strengthen its position in our key markets of Russia, Eastern Europe and Central Asia through brand building and marketing activities."

"We will remain conscious of controlling our expenditure to offset any possible increases in raw material and freight costs," Mr Tan said.

About Food Empire Holdings

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

Food Empire Holdings' products are exported to over 50 countries in markets such as Russia, Eastern Europe, Central Asia, China, Indochina and the US. The Group has 18 representative and liaison offices in 18 countries including 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 200 types of products under its own brands including MacCoffee, Klassno, Hyson, FesAroma, Bésame, OrienBites, 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 company has won numerous accolades and awards including being ranked one of "The Most Valuable Singapore Brands" in 2003, 2004 and 2005 at the national brand award organised by IE Singapore. MacCoffee was also ranked one of "The Strongest Singapore Brands". In 2005, Food Empire Holdings was awarded the coveted Star Packaging Award for innovative design and packaging of Zinties Ice Breeze Breath Strips and OrienBites Dim Sum Pack.

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

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