NEW HIGHS

Petra Foods Limited

Annual Report 2011

PETRA FOODS LIMITED

Record Sales, Record Profits

36%

INCREASE IN NET PROFIT

Strong Growth in Both Businesses
Strong growth in both our Businesses meant that in 2011 the Group delivered another year of record sales and record profits. Volume growth and higher margins were the key drivers.

Strong Performance in Chosen Markets
Strong economic performance in Asia, and in our key markets in the developing economies, fueled increased demand for products from both of our Divisions and provided a solid platform for growth.

Strong Contribution from New Products
New product releases and customized cocoa ingredients helped to improve margins of the Group. Branded Consumer's new products help capture market share and strengthen our dominant position. Cocoa Ingredients' customized products bring us closer to our customers and add value to their business.

Our Growth since IPO

Growth in Financial Performance

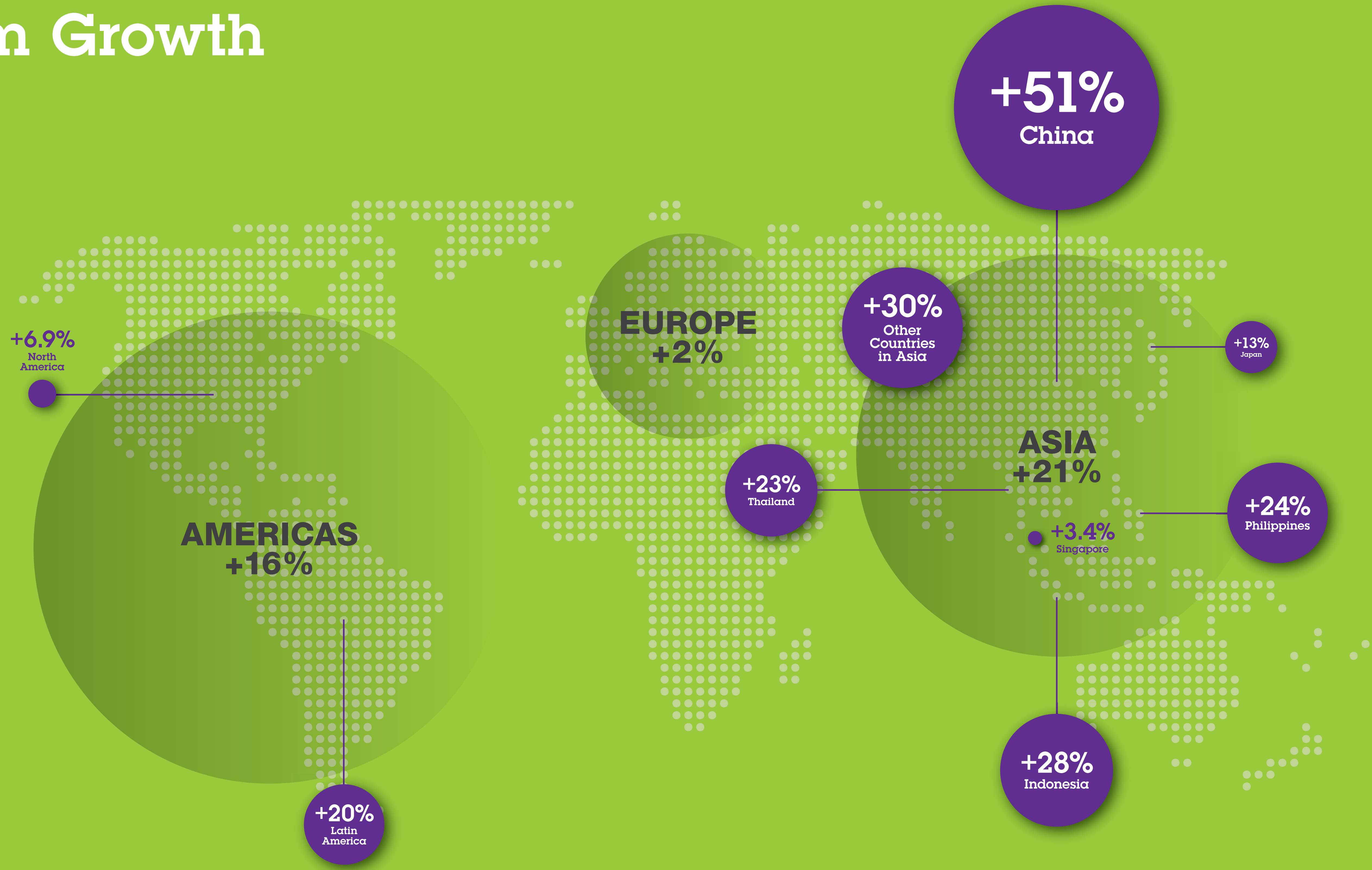
3x

Revenue 4.4x
FY2011 – US$1,702m
FY2004 – US$384m

EBITDA 3.3x
FY2011 – US$130m
FY2004 – US$40m

Net Profit 3.3x
FY2011 – US$61m
FY2004 – US$18m

Well-Positioned for Long-Term Growth



Today's demand for cocoa and chocolate is growing fastest in developing and regional markets.

Our strong global footprint positions us to serve the developed markets and to capture growth in the developing markets.

In 2011, our regional markets showed strong growth performance YoY as we captured the growing appetite for chocolate and cocoa products.

Note: The increases ("+") represents YoY Group revenue growth by markets.

“RECORD SALES AND RECORD PROFITS IN 2011 MARK A RINGING ENDORSEMENT OF OUR BUSINESS MODEL, OUR STRATEGIES, AND OUR COMMITMENT TO GROW THE GROUP AND TO INCREASE VALUE FOR SHAREHOLDERS.”

PEDRO MATA, CHAIRMAN

Our Vision, Mission & Values

Our vision is of a world-class healthy, responsible and prosperous company rooted in the chocolate and cocoa industry. We focus on serving our customers passionately with premium-quality products. We pride ourselves on our integrity and honesty in all our dealings with all our stakeholders. We value our employees and seek to develop and reward them. We pride ourselves in our responsible relationships with the communities in which we are based.

Our significant events of the year

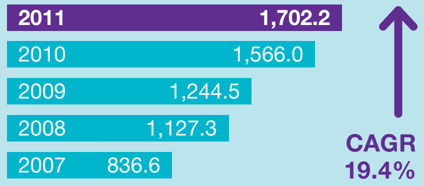
- In March we announced a JV with SGX-listed Super Group Limited to market and distribute instant 3-in-1 coffeemix and other convenience beverages in Indonesia. The Indonesian market for instant 3-in-1 coffeemixes is of significant size (US$200 million according to Nielsen retail audit) and this JV fits well with our strong capabilities and knowledge in the Indonesian market.
- In July we congratulated our CEO Mr John Chuang on his winning the award for best CEO of a company in the “$300 million to less than $1 billion” market capitalization category in the 2011 Singapore Corporate Awards.
- On 27 July we announced the signing of a MOU to collaborate with PT Nestle Indonesia on improving the sustainability of cocoa production and promoting supply chain traceability in South Sulawesi, Indonesia. This program is aimed at driving higher productivity and a better quality of cocoa beans to improve the livelihoods of the farming community thereby promoting cocoa sustainability.
- On 19 December we successfully raised €165 million for the European Cocoa Ingredients business through up to three-year committed multicurrency revolving credit facilities in the syndicated loan market from a consortium of seven international banks.

Contents

FINANCIAL HIGHLIGHTS FOR FY2011

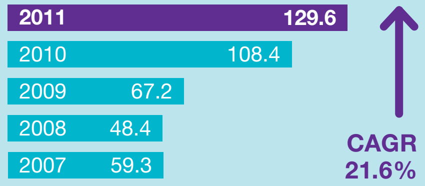
Revenue

US$1,702.2m
+8.7%
from US$1,566m in FY2010



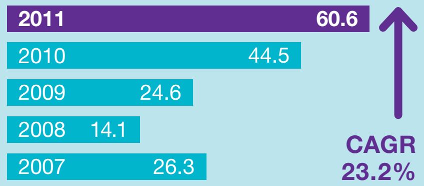
EBITDA

US$129.6m
+19.5%
from US$108.4m in FY2010



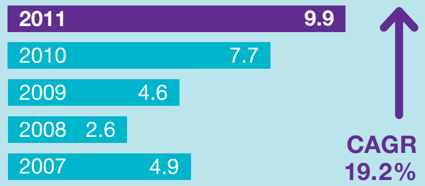
Net Profit

US$60.6m
+36.2%
from US$44.5m in FY2010



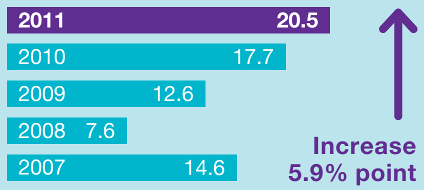
EPS[1]

9.9 US cents
+28.6%
from 7.7 US cents in FY2010



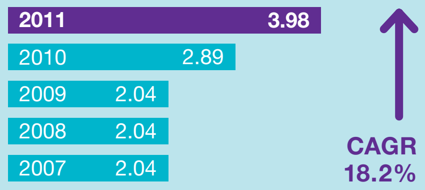
ROE

20.5%
+2.8% point
from 17.7% in FY2010

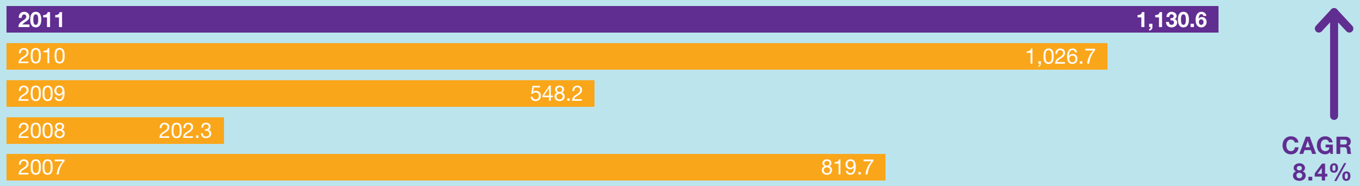


DPS

3.98 US cents
+37.7%
from 2.89 US cents in FY2010



MARKET CAPITALIZATION[2] (S$ Million)



[1] Earnings Per Share (EPS) for FY2011 is calculated based on the expanded share capital of 611,157,000 shares after the share placement on 16 June 2010 (weighted average 575,282,808 shares – FY2010).
[2] Figures are based on year-end closing share price.

CHAIRMAN'S LETTER

"THE SUCCESSFUL EXECUTION OF A SUCCESSFUL STRATEGY IS THE WINNING COMBINATION THAT HAS DELIVERED RECORD REVENUES AND RECORD EARNINGS."

EBITDA INCREASED US$21 MILLION
+19.5%

TOTAL DIVIDEND 3.98 US CENTS PER SHARE
+38%

DEAR FELLOW SHAREHOLDERS,

Last year – for the second year in a row – Petra Foods reported record revenues and record profits. Revenues grew to US$1.7 billion and earnings grew to US$60.6 million – year-on-year increases of 9% and 36%. We believe that this second consecutive year of record results marks a ringing endorsement of our business model, our strategies, and our commitment to grow the company and to increase value for shareholders.

MAINTAINING MOMENTUM

Our business model is founded on the twin platforms of our Cocoa Ingredients Division and our Branded Consumer Division. These businesses provide two quality earnings streams that allow us to nurture and expand the company and at the same time enable us to mitigate risk. Each division is recognized as a leader in its chosen sphere. The Cocoa Ingredients Division is the world's third largest supplier of cocoa ingredients to the food and beverage industry, and maintains a global presence with factories and offices in eleven countries on four continents. The Branded Consumer Division is a major force in the ASEAN region and maintains a commanding market share in the key Indonesian market. Together these two divisions give Petra Foods a stable and fruitful foundation on which to grow our business.

GROWTH IN OUR BUSINESS

We are proud of the fact that since our listing as a public company our sales revenues have grown at a CAGR of over 23%, and believe that our successful growth reflects the fundamentals of our business. The Cocoa Ingredients Division has benefited – and we expect will continue to benefit – from the industry trend of outsourcing and consolidation, and the Branded Consumer Division has always been focused on the fast-growing markets of developing economies. These fundamentals underpin our strategy and have helped us to grow our business at a rate far in excess of the global growth in chocolate consumption.

EMBRACING CHANGE

While our business model remains an enduring and key foundation for our success, Petra Foods is constantly embracing change at all levels in our businesses. Each year our Branded Consumer Division refreshes its product portfolio with new and successful products and pack designs which keep our brands exciting and relevant to consumers in our target markets. Our Cocoa Ingredients Division regularly develops new products tailored to the needs and applications of our customers. Each division is constantly expanding and improving its production facilities and its geographic presence in order to better reach our extensive customer base and to penetrate new markets. Petra Foods is constantly alert to the need to adapt to developing trends in our business environment – trends such as the drive within our industry to assure our customers of the provenance of our supply of cocoa, and the propriety of the conditions under which it has been produced. To this end, last year Petra Foods appointed a senior manager to fill the newly-created role of Director of Cocoa Sustainability.

CHANGE – AND OUR BOARD

Last year two important changes took place in our Board. KC Chua, who has served as an executive director since 1 August 2005, has decided to retire from the company and from the Board, although he has agreed to continue to offer us support in the role of consultant to the group. KC's retirement became effective on 30 December 2011. During his time on the Board, KC was able to give the group the benefits of his extensive experience gained in over 30 years in the branded chocolate and confectionery and fast-moving consumer goods industries, and under his guidance Petra Foods has strengthened its presence, its brands and its products in our chosen markets. We are all very thankful to KC for his most valuable contributions and we will miss his presence and advice. We wish him well in his retirement and in his future pursuits.

Koh Poh Tiong was appointed to our Board on 19 December 2011 as an Independent Director. Poh Tiong retired as CEO, Food and Beverage, of Fraser and Neave Limited in October 2011, having previously served as Chief Executive Officer of Asia Pacific Breweries Limited from 1993 to 2008. His extensive experience in the Food and Beverage industry will greatly benefit Petra Foods as we seek to further grow our Cocoa Ingredients Division internationally and our Branded Consumer Division regionally. We warmly welcome Poh Tiong to our Board.

CELEBRATING SUCCESS

As I have already mentioned, 2011 was a year of record sales and record profits, and this success was achieved through the efforts and commitment of our many employees and managers at all levels throughout our company and businesses. But this year I must draw your attention particularly to the leadership and guidance of our Chief Executive John Chuang. Throughout Petra Foods John is recognized and respected as a source of inspiration and leadership, and I am most pleased to say that this extends beyond the limits of our company. In July 2011, in the Singapore Corporate Awards, John was named the Best Chief Executive Officer for 2010 in the "$300 million to less than $1 billion" market capitalization category. We all are proud of this award as it recognizes John's indispensable contribution to the development and success of our company.

APPRECIATION

This year, as always, I would like in conclusion to offer my thanks to all of the stakeholders who are involved in the life and growth of our company. I have already referred to the fantastic efforts and commitment of our many employees and managers at all levels throughout our company and businesses, but I also thank you, our shareholders, who support us in our efforts to grow and prosper. I thank our customers and partners who trust our products and rely on our services. Finally, I thank our suppliers who share our vision of a world where quality, sustainability and reliability are accepted norms.

PEDRO MATA
Chairman

23 March, 2012

PETRA'S COMMITMENT TO SUSTAINABILITY THROUGH ITS SEEDS PROGRAM

COCOA SUSTAINABILITY

Petra Foods is strongly committed to the development of a sustainable cocoa industry. In 2011 we appointed Marc Donaldson as our Director of Cocoa Sustainability. Marc's job is to coordinate the many programs we are sponsoring in the cocoa-growing countries and regions, and we have decided to gather all of these programs under a single umbrella program we have named SEEDS. In its name SEEDS contains all the principles that we consider to be requirements needed to achieve sustainability, because SEEDS is an anagram for Social Economic Environmental Development for Sustainability. The mission statement of the SEEDS program is as follows:

"We commit to promote social and economic development of the cocoa-farming community through improvements in farming practices that drive higher productivity and better quality in a sustainable manner that creates value for all stakeholders."

Further details of our SEEDS program can be found on Page 38 of this report.

"OUR TEAM OF COMMITTED EMPLOYEES CONTINUES TO RISE TO EVERY CHALLENGE, DELIVERING SUCCESS ACROSS ALL OF OUR BUSINESSES."

DEAR FELLOW SHAREHOLDERS,

When I wrote to you last year I said that we were confident that the growth momentum we had built up over the last few years would be continued. I am pleased to report to you that for the second successive year Petra Foods has achieved record revenues, record EBITDA, and record earnings. During the year revenues increased from US$1.6 billion to US$1.7 billion, EBITDA grew by 19.5% to US$130 million and earnings grew by 36% to US$61 million. These excellent group results reflect record results in each of our two divisions.

PROGRESS IN UNCERTAIN TIMES

During 2011 we operated under a cloud of global economic uncertainty as the global economy slowed further, and the uncertainties in the European Union gathered momentum. Also in 2011, the Ivory Coast – the largest cocoa-producing country in the world – underwent a tragic period of civil unrest which threatened to severely disrupt the supply of cocoa, but thankfully that situation has now been resolved.

In spite of these difficulties each of our divisions was able to achieve strong growth. The Cocoa Ingredients Division concentrated on the introduction of new products tailored to the needs and the applications of our industrial customers and this drove much of our growth in revenues and in earnings. The Branded Consumer Division benefited from the favourable economic climate in the ASEAN countries in general and in the Indonesian economy in particular. This opened an opportunity for growth which our Branded Consumer Division team grasped with both hands. Both divisions expanded their production capacity during the year so as to be able to meet the consistent growth in demands from our customers.

MONEY

We watch our money carefully so that we are able to continue the development and growth of our business. We manage our working capital tightly and are careful in selecting capital spending projects. We were pleased that in 2011, despite the economic uncertainties in Europe, at the end of the year we were able to complete a €165 million loan syndication for our European businesses. Seven international banks participated in this up to three-year committed multicurrency revolving facility, which will be used to refinance the working capital facilities and to cater for contingencies and the higher working capital needs that we anticipate as the European business grows.

THE IMPACT OF COCOA SUSTAINABILITY

Because we rely entirely on the cocoa bean as the basis of all of our products, the issue of Cocoa Sustainability is of strategic importance to our business. Having a sustainable cocoa industry that operates to the highest standards of social responsibility is an urgent priority and we are deeply committed to improving the livelihoods of the farmers who produce the cocoa crop on which our industry relies.

During 2011 we created the new position of Director of Cocoa Sustainability, and we appointed a senior manager – Marc Donaldson – to fill this role. Marc reports directly to myself as CEO and he will coordinate our efforts to promote Cocoa Sustainability.

LOOKING TO THE FUTURE

We think that in 2012 the pressures on the business environment will persist. We expect that the climate in the ASEAN countries will continue to be positive but we remain concerned about the global economy and especially about the prospects for the European economies. However, despite these economic uncertainties we do look forward to the future with confidence because of the fundamental strengths of our businesses. We expect our Branded Consumer Division to continue to generate growth by virtue of its powerful brands, distribution strength and market position in the regional markets on which we focus and which are delivering such robust growth opportunities; and we expect that the industry trend of consolidation and outsourcing will enable our Cocoa Ingredients Division to continue its growth, backed by our technical abilities to deliver added-value solutions to our customers.

CONCLUSION

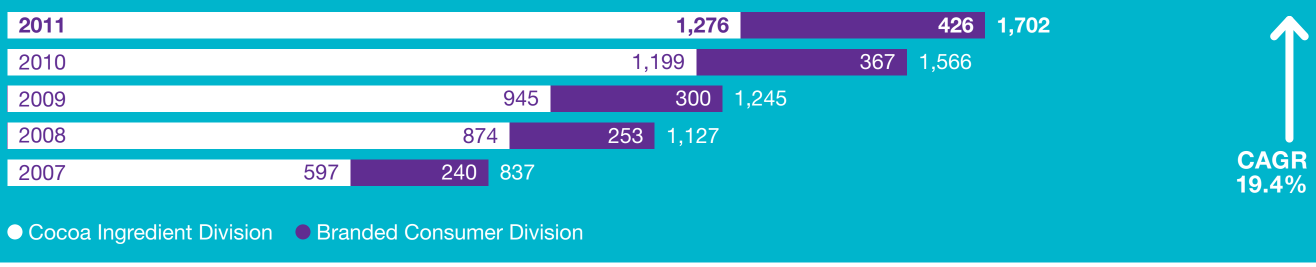
In conclusion, I would like to pay tribute to the many dedicated people who have contributed to this year's record results. Whatever our advantages and inherent strengths, we would not have overcome the challenges we have faced, nor would we have achieved the successes we have achieved without the dedication, commitment, enthusiasm and competence of our team of employees and managers. With their continued support I am confident that we can continue our progress and growth.

JOHN T.C. CHUANG
Chief Executive Officer

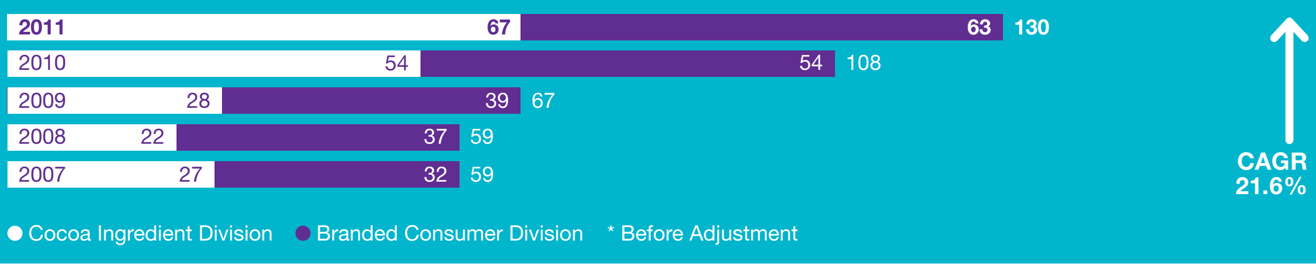
23 March, 2012

FIVE-YEAR FINANCIAL HIGHLIGHTS

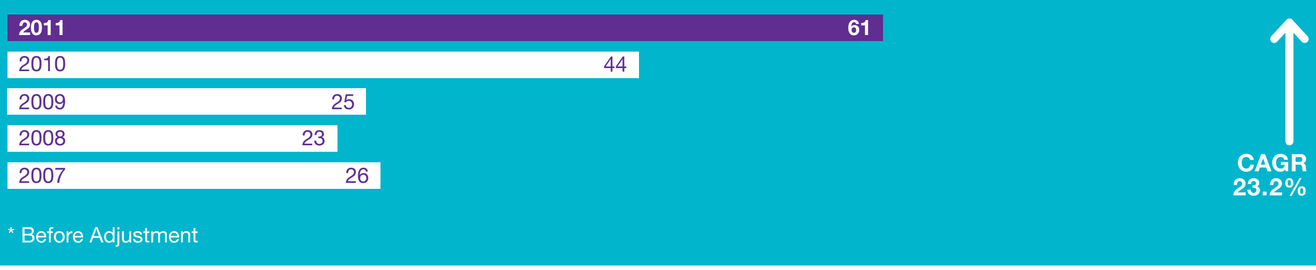
Revenue by Division
(US$ Million)



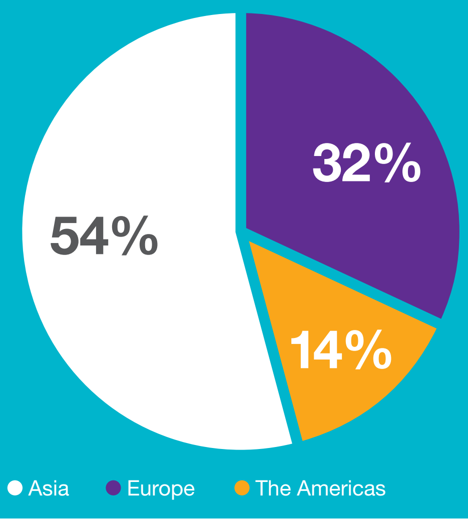
EBITDA by Division*
(US$ Million)



Net Profit After Tax*
(US$ Million)



Revenue Breakdown by Geography
(%)



BY CONTINUALLY CREATING REACH AND SCALE FOR EACH OF OUR BUSINESSES, WE ARE FURTHER INCREASING THE RETURNS.

	2011	2010	2009	2008	2007
For The Year (US$ million)					
Revenue					
Branded Consumer	**425.8**	366.9	299.9	252.8	239.8
Cocoa Ingredients	**1,276.3**	1,199.1	944.6	874.5	596.8
Group Revenue	**1,702.2**	1,566.0	1,244.5	1,127.3	836.6
EBITDA Before Adjustments*					
Branded Consumer	**63.3**	54.4	39.3	36.6	31.7
Cocoa Ingredients	**66.3**	54.0	27.9	22.4	27.6
Group EBITDA	**129.6**	108.4	67.2	59.0	59.3
Profit before Tax	**78.7**	58.5	27.3	21.5	31.7
Net Profit before Exceptional Items	**60.6**	44.5	24.6	22.9	25.6
Exceptional Items	**–**	–	–	–	0.7
Net Profit after Exceptional Items	**60.6**	44.5	24.6	22.9	26.3
EBITDA After Adjustments*					
Branded Consumer	**63.3**	54.4	39.3	35.3	31.7
Cocoa Ingredients	**66.3**	54.0	27.9	13.1	27.6
Group EBITDA	**129.6**	108.4	67.2	48.4	59.3
Profit before Tax	**78.7**	58.5	27.3	10.9	31.7
Net Profit before Exceptional Items	**60.6**	44.5	24.6	14.1	25.6
Exceptional Items	**–**	–	–	–	0.7
Net Profit after Exceptional Items	**60.6**	44.5	24.6	14.1	26.3
At Year End (US$ million)					
Total Assets	**1,047.2**	1,054.8	861.5	631.1	536.3
Total Liabilities	**750.3**	760.7	641.5	427.9	329.8
Shareholders' Funds	**296.6**	294.1	207.7	183.6	188.8
Total Debt	**521.1**	549.1	462.3	320.4	225.3
Net Debt	**502.0**	506.3	444.0	304.0	219.0
Return on Equity (%)					
Before adjustments	**20.5**	17.7	12.6	12.1	14.6
After adjustments	**20.5**	17.7	12.6	7.6	14.6
Net Debt to Equity (%)	**169.0**	172.0	202.0	150.0	106.0
Adjusted Net Debt to Equity (%) – Excluding Trade Finance & MTN	**48.0**	56.0	70.0	66.0	50.0
Per Share Data					
Dividend (US cents)	**3.98**	2.89	2.04	2.04	2.04
Earnings (US cents)					
Before adjustments					
Basic & Fully Diluted	**9.9**	7.7	4.6	4.3	4.9
After adjustments					
Basic & Fully Diluted	**9.9**	7.7	4.6	2.6	4.9
Net Tangible Assets (US cents)	**45.1**	44.7	34.9	30.3	31.2
Operating Statistics					
EBITDA / mt of Sales Volume – Cocoa Ingredients (excluding Adjustment) (US$)	**250**	215	119	100	136
Gross Margin – Branded Consumer	**31.6%**	31.1%	29.1%	30.8%	31.3%

* The Adjustments in 2008 pertain to the Hedge Re-designation charge; the forex losses; and the Fair Value Accounting Charge.

BOARD OF DIRECTORS
NON-EXECUTIVE DIRECTORS

MR PEDRO MATA-BRUCKMANN
Independent Director, American

"AT PETRA WE POSITION OUR BUSINESSES SO THAT WE STAY AHEAD OF AN EVER-CHANGING ENVIRONMENT."

Pedro has served as Chairman and Independent Director of our Company since 6 July 2001 and 12 June 2001 respectively.

Pedro is President of MGS Mata Global Solutions; a senior advisor to Quad-C (a USA based private equity fund); and the CEO of Classic Party Rentals. With its Headquarters in Los Angeles, Classic Party Rentals is the leading US party and event rental company.

For 29 years Pedro served W.R.Grace & Co. as President and CEO of several divisions, including serving for 6 years as Chief Executive Officer of Grace Cocoa which under his leadership was the world's largest and premier supplier of cocoa ingredients to the confectionery, dairy, baking and beverage industries.

Pedro is the Chairman of our Risk Committee as well as a member of the Audit, Remuneration, and Nominating Committees.

MR DAVINDER SINGH, S/O AMAR SINGH
Independent Director*, Singaporean

"PETRA'S DEDICATED AND TIRELESS MANAGEMENT TEAM IS LED BY A CEO WHOSE ENTIRE LIFE REVOLVES AROUND THE BUSINESS OF COCOA."

Davinder has served as an Independent Director* of our company since 12 June 2001.

Recognized as one of Singapore's foremost trial and appellate lawyers, Davinder was one of the first Senior Counsel ever to be appointed in Singapore when that position was created in 1997. Davinder serves as the Chief Executive Officer of Drew & Napier LLC. A practising lawyer for over 25 years, Davinder has also been appointed as an arbitrator and mediator.

Davinder is the Chairman of our Remuneration Committee as well as a member of the Audit and Nominating Committees.

* At the date of the Directors' Report

MR MICHAEL DEAN
Independent Director, British

"PETRA'S ACHIEVEMENTS ARE BUILT ON THE FOUNDATIONS OF ITS PEOPLE, ITS PRODUCTS AND ITS PASSION."

Mike was appointed as an Independent Director of our company on 6 May 2005.

Mike has over 30 years of business experience in the investment and finance industries with over 20 of those years being spent in Asia. He has held a number of senior positions in Asia including Managing Director of Credit Lyonnais (Singapore) Merchant Bankers Pte Ltd and was a Director of PPM Ventures (Singapore) Pte Ltd, a private equity investment arm of Prudential Plc. He is now Group Finance Director of Meridian Shipping Limited.

Mike is a Fellow of the Institute of Chartered Accountants in England and Wales as well as holding the ICAEW's recently established Corporate Finance qualification; is a member of the Singapore Institute of Directors; a Member of the Hong Kong Securities Institute; and an Associate of the UK Chartered Taxation Institute.

Mike is the Chairman of our Audit Committee as well as a member of the Remuneration, Nominating and Cocoa Risk Committees.

MS JOSEPHINE PRICE
Independent Director, British

"PETRA KEEPS DELIVERING PRODUCTS MORE AND MORE PEOPLE ROUND THE WORLD WANT AND ENJOY. AND THE BUSINESS MODEL KEEPS DELIVERING VALUE WITH A LONG-TERM VISION."

On 12 June 2001, Josephine was appointed as an Independent Director of our company.

Josephine has been involved in Asia's investment and private equity sector for over two decades. She is an adviser to Hong Kong based private equity group, Chepstow Capital and a fund focused on Vietnam. Previously she served as the deputy chief executive officer of CLSA Capital Partners where she established its Asia-wide growth capital private equity business and served for 13 years.

Josephine is a member of the Hong Kong Institute of Directors, and a member of the law societies of Hong Kong, and of England and Wales. She is a trustee of Hong Kong's Croucher Foundation, a philanthropic foundation which supports scientific research and a co-founder of the Village People Project which supports social enterprises in rural China.

Josephine is a member of our Audit and Remuneration Committees and Chair of the Nominating Committee.

MR KOH POH TIONG
Independent Director, Singaporean

"PETRA'S MANAGEMENT HAS AN ABUNDANCE OF DRIVE, ENTREPRENEURIAL SPIRIT, HIGH MORALE AND CLARITY IN FOCUS. THESE ARE POTENT INGREDIENTS FOR A DYNAMIC AND PROFITABLE BUSINESS."

Poh Tiong was appointed to our Board on 19 December 2011 as an Independent Director. Poh Tiong retired as CEO, Food and Beverage, of Fraser and Neave Limited in October 2011 having previously served as Chief Executive Officer of Asia Pacific Breweries Limited from 1993 to 2008.

Poh Tiong is currently the Vice Chairman and Senior Advisor of Ezra Holdings Limited, and serves as a Director at The Great Eastern Life Assurance Company Limited, PSA International Pte Ltd and PSA Corporation Limited, Raffles Medical Group, SATS Ltd and United Engineers Limited. In addition, Poh Tiong was also the Chairman of the Agri-Food & Veterinary Authority and Director at Wildlife Reserves Singapore Pte Ltd, Jurong Bird Park Pte Ltd and Media Corporation of Singapore Pte Ltd.

For his contributions to society and business, Mr Koh was conferred both the Public Service Medal and the Service to Education Medal in 2007. He was also named Outstanding Chief Executive of the Year at the Singapore Business Awards 1998 by DHL and The Business Times.

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

MR JOHN CHUANG TIONG CHOON
Group Chief Executive Officer, Singaporean

"PETRA'S SUCCESSES ALL COME FROM OUR ABILITY TO PROVIDE TOP-CLASS VALUE AND SERVICE TO OUR CUSTOMERS."

John founded the company in 1984 and has built up Petra Foods from a regional player to be a global company – one of the largest cocoa ingredients providers in the world, and a leading chocolate and confectionery company in the ASEAN region. He has been CEO of the company since November 2004. John has over 30 years of experience in the chocolate, cocoa and confectionery business.

In 2011 John was named the Best Chief Executive Officer for 2010 in the "$300 million to less than $1 billion" market capitalization category for the 2011 Singapore Corporate Awards.

John is a member of our Nominating Committee and of our Cocoa Risk Committee.

MR JOSEPH CHUANG TIONG LIEP
President Director, Branded Consumer Division (Indonesia), Singaporean

"EACH YEAR PETRA IS CONTINUALLY RENEWING ITSELF. AND EACH YEAR WE ARE REFRESHED AND STIMULATED BY OUR CONTINUOUS CONTACTS WITH OUR MANY CUSTOMERS."

Joseph was appointed to our Board on 2 March 1999 as an Executive Director. Joseph has over 30 years experience in senior management positions within the chocolate, confectionery and cocoa industries.

Joseph is responsible for the overall management and business development of the Branded Consumer Division in our core market of Indonesia. The business of the Branded Consumer Division includes the manufacture and distribution of our own branded consumer products, and the distribution of third-party products through our own extensive distribution network.

MR WILLIAM CHUANG TIONG KIE
Chief Operating Officer, Branded Consumer Division (Indonesia), Singaporean

"ANOTHER YEAR OF GOOD GROWTH IN 2011. OUR JOURNEY CONTINUES TO OUR NEXT PHASE WITH MORE VIGOR AND SPIRIT!"

William was appointed to our Board on 31 May 2001 as an Executive Director, and as President Joint Ventures and Chief Operating Officer of our Branded Consumer Division in Indonesia.

William is responsible for the overall operations and the management of the Branded Consumer Division in our core market of Indonesia, and he is also responsible for all of the joint ventures of the Branded Consumer Division.

William brings to his position over 25 years of experience in senior management positions within the chocolate, confectionery and cocoa industries.

MR CHUA KOON CHEK ("KC")
Executive Director, Singaporean

"HAVING THE RIGHT PEOPLE AND TEAM IN THE ORGANISATION IS THE KEY TO SUSTAINABLE GROWTH."

KC was appointed to our Board on 1 August 2005 as an Executive Director and he retired from our board on 30 December 2011. During his time on our board KC's special focus was the Branded Consumer Division where he was responsible for overseeing the international operations and business development of the division. KC has over 30 years of experience in the branded chocolate and confectionery and fast moving consumer goods industries and he has used this experience to expand the presence of Petra Foods' products and brands in our chosen consumer markets.

SENIOR MANAGEMENT

EDMUND EE KIM SENG
President, Cocoa Ingredients Division

Edmund has over 30 years of cocoa industry experience under his belt, and as President of the Cocoa Ingredients Division he plays a key leadership role as well as being in charge of the sales and marketing activities of the division.

Edmund first entered into the cocoa industry in 1979 when he joined Allied Chocolate Industries Ltd, subsequently moving to Allied Cocoa Industries Pte Ltd as Sales Manager from 1982 to 1984. Between 1984 and 1989 he was Commercial Manager of De Zaan Far East (S) Pte Ltd, and in 1989 he joined Petra Foods.

CHIN KOON YEW
Chief Financial Officer

Chin joined Petra Foods in 2001 as the CFO of Petra Foods, the position he undertakes today.

Before he joined Petra Foods, Chin worked for W.R.Grace for 17 years, progressively undertaking more responsibility in various financial and managerial positions and culminating in the role of Chief Financial Officer Asia Pacific in 1998. In 2001 he joined Petra Foods in his current position, and as Chief Financial Officer Chin is in charge of all of the Petra Foods Group's financial operations.

BEN RYAN
Director, Business Development and Special Projects

Ben joined our Group in 2003, and is responsible for the Group's business development and special projects. Ben worked for W.R. Grace & Co and ADM International for 23 years between 1976 and 2000 in New York, Paris, Berlin, the Netherlands, and in the United Kingdom in various executive positions in financial and information technology roles. Of those years, 15 were associated with the cocoa business.

PONTJO SUSANTO WIDJAJA
Director, Distribution for Nirwana Lestari

Susanto has achieved over 30 years of operational experience in the cocoa and chocolate industry – and over 30 years of service within our Group. Susanto joined PT General Food Industry in 1978, bringing with him experience in audit, accounting and administration positions in Drs H. Sudarmin AK and PT Naintex.

Susanto has served in various capacities within our Group, and he is currently the Director, Distribution for PT Nirwana Lestari.

FERRY HARYANTO
Director, Commercial for PT Nirwana Lestari

Ferry is the Director, Commercial for PT Nirwana Lestari, a position he has undertaken since 1995.

Before joining our group Ferry gained 10 years of experience in sales and marketing roles with PT Gitaswara Indonesia and San Miguel Breweries, and from 1990 until he joined us in 1995 he undertook the position of General Manager (Commercial Division) for PT Gunung Agung Trading.

In his current position Ferry is responsible for the Group's sales and marketing operations for modern trades in Jakarta and Bali.

RIDWAN C. KIDJO

Director, Commercial for PT Perusahaan Industri Ceres

Ridwan C. Kidjo is the Director, Commercial for PT Perusahaan Industri Ceres. Ridwan has up to 19 years of experience in diverse operational, managerial, sales and marketing roles within PT Nirwana Lestari and PT Perusahaan Industri Ceres, where Ridwan honed his skills in business development, marketing and brand development.

In his current role as Director, Commercial Ridwan oversees and drives the Group's sales and marketing for the Group's proprietary brands in Indonesia.

NANCY FLORENSIA

Director, Finance for PT Perusahaan Industri Ceres

Nancy joined PT Ceres in 1991 and she is responsible for all of the financial operations in PT Ceres. Prior to joining our Group, Nancy had 10 years of experience in accounting and financial positions in PT Indocement, PT Henoch Jaya and the PT Kedaung Group.

NG SIN HENG

Director, Commercial (Cocoa Ingredients Division)

In 1988 Sin Heng joined Petra Foods as the Commodities Manager and then in 1996 he became the Director, Commercial of the Cocoa Ingredients Division, the position which he undertakes today.

Sin Heng has over 20 years of experience in the commercial aspects of the chocolate, confectionery and cocoa industry, gained from his time with Allied Management and Consultants Pte Ltd, Cocoa Merchants, London, Allied Cocoa Industries Pte Ltd, and De Zaan Far East Pte Ltd.

LIM SEOK BEE ("SB")

Chief Operating Officer Cocoa Ingredients Division

On 1st March 2012, SB was appointed as Chief Operating Officer for the Cocoa Ingredients Division. Prior to undertaking this appointment SB was the Director of Quality Assurance, Technology and Operations for the ingredients Division.

SB joined the Group as the Director of Quality Assurance, Technology and Operations in 1991, and has over 35 years of experience in the quality assurance and quality development aspects of the cocoa and chocolate industry.

Before joining Petra, SB worked for Chocolate Products (M) Sdn Bhd, in roles encompassing quality control and production, and in De Zaan Far East (S) Pte Ltd as Quality Assurance and Development Manager, and Vice President (Quality Assurance and External Project Development).

SB is in charge of the Group's quality assurance management and technological aspects and operations of our Cocoa Ingredients Division.

CHRIS OO HOE HEE

Regional General Manager, Branded Consumer Division

Chris has over 25 years of broad experience in the consumer business in Singapore and the ASEAN region having worked in food manufacturing, distribution, retailing and franchising with both multinational companies and small and medium sized enterprises.

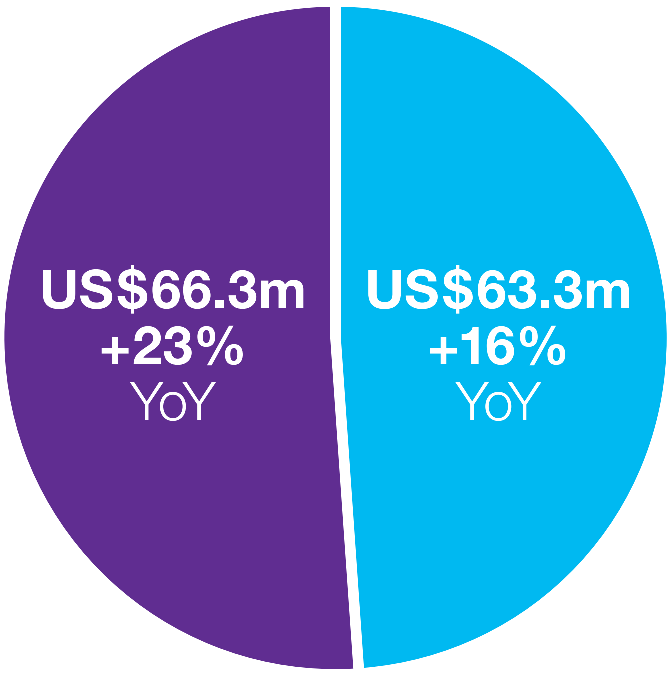
Chris joined Petra Foods on 1 January 2006 as Regional General Manager for the Branded Consumer Division, with particular focus on our consumer business in the ASEAN markets. Prior to joining Petra Foods, Chris was the Executive Vice President of the consumer business of a public listed company.

DESPITE THE CHALLENGING GLOBAL ENVIRONMENT, BOTH OUR BUSINESSES DELIVERED STRONG GROWTH REFLECTING THE SUCCESSFUL EXECUTION OF THE GROUP'S GROWTH STRATEGY.

GROUP EBITDA

US$129.6m
+20%

YoY GROWTH



● Cocoa Ingredients Division ● Branded Consumer Division

COCOA INGREDIENTS DIVISION

REVENUE GROWTH
from 2007 to 2011 (US$ million)

Year	Revenue	Growth
2011	**1,276**	**+6%**
2010	1,199	+27%
2009	945	+8%
2008	874	+47%
2007	597	+82%

REVENUE
US$1,276.3m
+6%
YoY GROWTH

The strong full-year performance reflected robust demand from our global customers, the higher proportion of sales of higher-margin customized cocoa ingredients and the continued improvement in our European operations. For 2011, we achieved EBITDA/mt of US$250 which was a significant improvement of US$35/mt.

BRANDED CONSUMER DIVISION

REVENUE GROWTH
from 2007 to 2011 (US$ million)

Year	Revenue	Growth
2011	**426**	**+16%**
2010	367	+22%
2009	300	+19%
2008	253	+5%
2007	240	+23%

REVENUE
US$425.8m
+16%
YoY GROWTH

The strong financial performance can be attributed to the significant growth in our Brand sales of 29% YoY. This demonstrates once again the strength and depth of our businesses in our key markets.

We further strengthened our presence in all our markets, increased market penetration of Own Brands, and improved Gross Profit Margin.

COCOA INGREDIENTS DIVISION







BUSINESS REVIEW
COCOA INGREDIENTS DIVISION

STRONG EBITDA GROWTH HAS BEEN DRIVEN PRIMARILY BY THE HIGHER PROPORTION OF PREMIUM INGREDIENTS IN THE SALES MIX COMBINED WITH SALES VOLUME GROWTH OF 6%.

For the Cocoa Ingredients Division, the results for the year 2011 represents a second successive year of record revenues and record EBITDA. Sales revenues increased by 6.4% to US$1.3 billion and EBITDA grew by 22.8% to US$66 million. This solid achievement was built on increased shipments, which grew by 5.6%.

CUSTOMER FOCUS

We believe that customer focus is the primary reason for our growth and success. The nature of our business means that our customers are the food and beverage companies of the world, and our business consists of converting raw cocoa beans into Cocoa Liquor, Cocoa Butter and Cocoa Powder. Cocoa Liquor and Cocoa Butter are used in the manufacture of chocolate, and Cocoa Powder is used to bring the great flavor of chocolate to a range of food and beverage products. We believe that the outstanding results for 2011 reflect the success of our strategy to focus our organization on the needs of our customers, and every day we strive to provide solutions to the needs and problems of these customers. The success of this strategy has allowed us to increase our revenues from US$266 million in 2004 – the year of our listing as a public company – to US$1.3 billion last year. This represents a CAGR of 25.1%

GEOGRAPHIC COVER

When we entered the cocoa ingredients business in 1988 we were only serving a small pool of customers, almost all of whom were local customers. As our reputation grew, and while we increased our product line, our customer base also expanded and soon we found ourselves as a regional supplier serving customers all over Asia. This enabled us to expand our factory base to the point where we had factories and offices in five countries across the region.

Our ability to deliver quality food ingredients brought us in contact with international food companies. Some of these customers encouraged us to expand outside Asia so we could continue to serve them in other markets. This led us to expand from our Asian roots, initially into Latin America and subsequently into Europe. Today our eight factories and three offices operate in eleven countries in Asia, Latin America, North America and Europe.

Having a local presence in a region opens many business possibilities. We can extend the contacts and relationships we have with existing customers in other markets, and we can introduce ourselves to new prospects and customers. Also it also allows us to find to find synergies that were not available to us before we became a global organisation. These synergies could be logistical opportunities, or they could be the ability to develop centers of excellence to better serve our customers. We find that our expansion program has meant that the service we can offer our customers is fuller and more flexible.

QUALITY AND CONSISTENCY

Our most demanding customers are our largest customers – the major food companies of the world. These customers have built their businesses on the reputation of their brands, and so they insist upon the highest standards for the quality and consistency of the ingredients that they use. All their ingredients must be completely safe to use in a food product; and they call for complete consistency in the ingredients because the product they produce must be completely reliable. The ultimate consumer should never detect any changes in the color, flavor or other sensory properties of the branded product they consume. For these reasons, no supplier will be approved and accepted by these world-class companies unless that supplier can meet their high standards, and unless the supplier has the systems and technology in place to assure the customer that they are fully reliable.

For us this challenge represents a business opportunity – precisely because we are able to meet the highest standards for quality and consistency. Over the years we have developed the technical expertise, the organization and the management skills to allow us to use the same world-class quality standards in all of our factories. We are able to clearly differentiate our systems and standards from those of smaller processors.

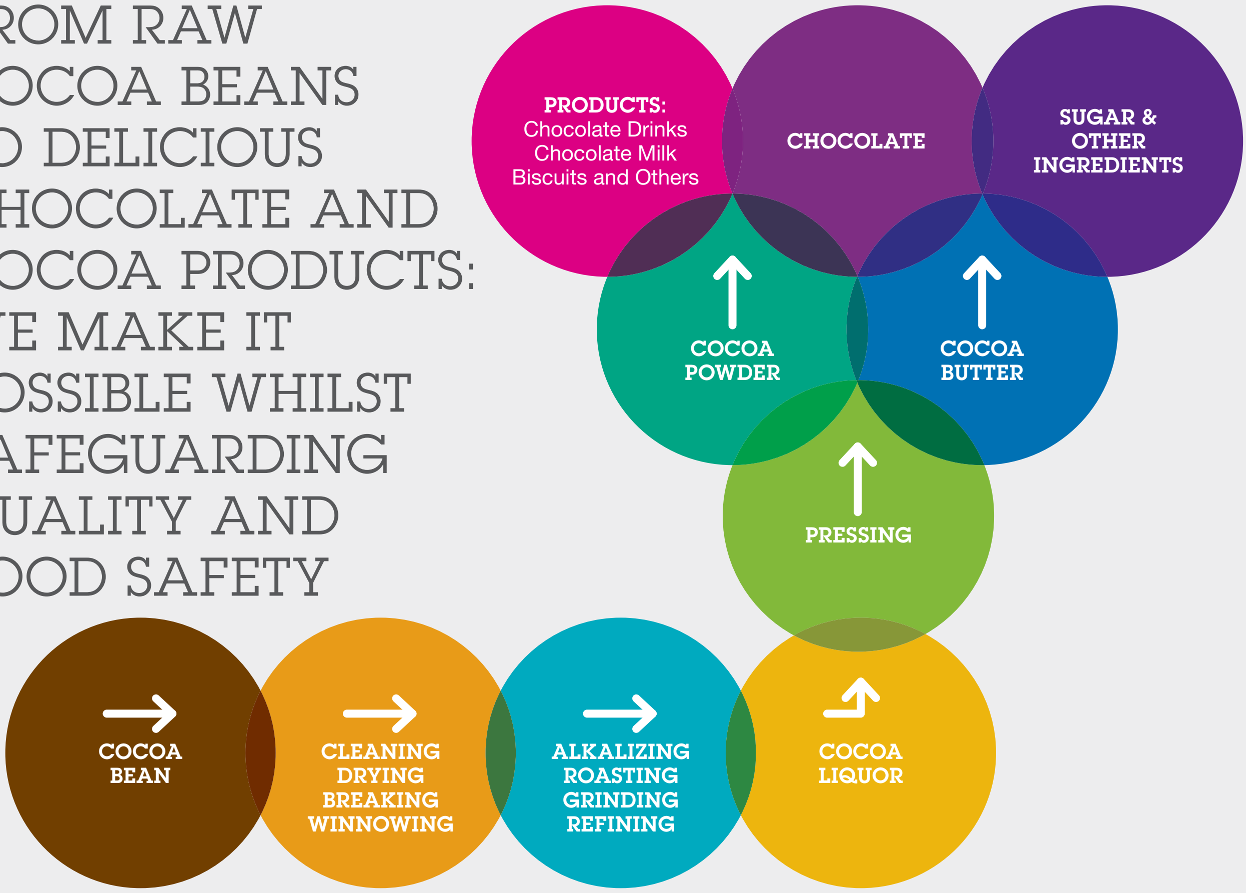
SALES REVENUE
US$1.3b
Increased by 6.4%

EBITDA
US$66.3m
Increased by 22.8%

BUSINESS REVIEW
COCOA INGREDIENTS DIVISION

PRODUCTION FLOWCHART

FROM RAW COCOA BEANS TO DELICIOUS CHOCOLATE AND COCOA PRODUCTS: WE MAKE IT POSSIBLE WHILST SAFEGUARDING QUALITY AND FOOD SAFETY



However we do not allow this competitive edge to be an excuse for complacency. Our ability to win and retain the trust of our customers is truly a life or death factor for us. Trust is a fragile commodity and we are aware that we must earn it every day.

BUILDING AND GROWING

Over the years, we have built and grown our business to the point where we are the third largest supplier of cocoa ingredients in the world. At the heart of our expansion program is the ability for us to serve our customers, and our expansion program is customer-led. We are conscious that the demand that drives our expansion is in turn driven by our reputation for quality, reliability and flexibility.

The needs of our customers take various forms. Some customers require flexibility in scheduling their deliveries; some require pin-point timing of deliveries. Some require absolute consistency in the physical properties of the products we deliver; others require special properties in those products such as flavor, colour or crystallization properties. Some customers require products produced from cocoa grown in very specific countries; others require that the cocoa used in their ingredients be certified and fully traceable. Our ability to meet each of these needs is what has allowed us to grow our business, and since 2002 the capacity of our factories to grind cocoa beans has increased from 100,000 mt in 2002 to 395,000 mt in 2011 – a CAGR of 16.5%.

INNOVATING

In 2011, we greatly benefited from the ability of our technical teams to develop new and improved products tailored to the needs and applications of our customers. For the cycle of innovation to be successful it requires a combination of factors: it starts with the need for a deep technical understanding of how our raw materials behave under certain process conditions; it continues with a strong commitment from our company to invest in the development of new products; and it requires a clear view of the applications that our customers require to be fulfilled.

All of these factors are embedded in our business. Our technical teams have many years of cocoa processing experience and are able to use this experience to develop the new processes that we use in our factories to produce innovative new products. We have always understood the value that we bring to our customers when we bring new products to solve their problems, and so we have always fostered and encouraged the drive amongst our people to fully use their technical skills. We have always tried to stand close enough to our customers so as to properly understand the importance of cocoa in their finished products. In this regard we have an added advantage: because our Branded Consumer Division produces finished products for the consumer market, we have a first-hand understanding of the difficulties and priorities of a consumer products company. This gives us a special edge when we work with our customers.

In 2011 we introduced a range of powders tailored to the baking industry. These products were the result of many months of development work, and were supported with an investment program that has allowed us to introduce these new products into the market.

COCOA SUSTAINABILITY

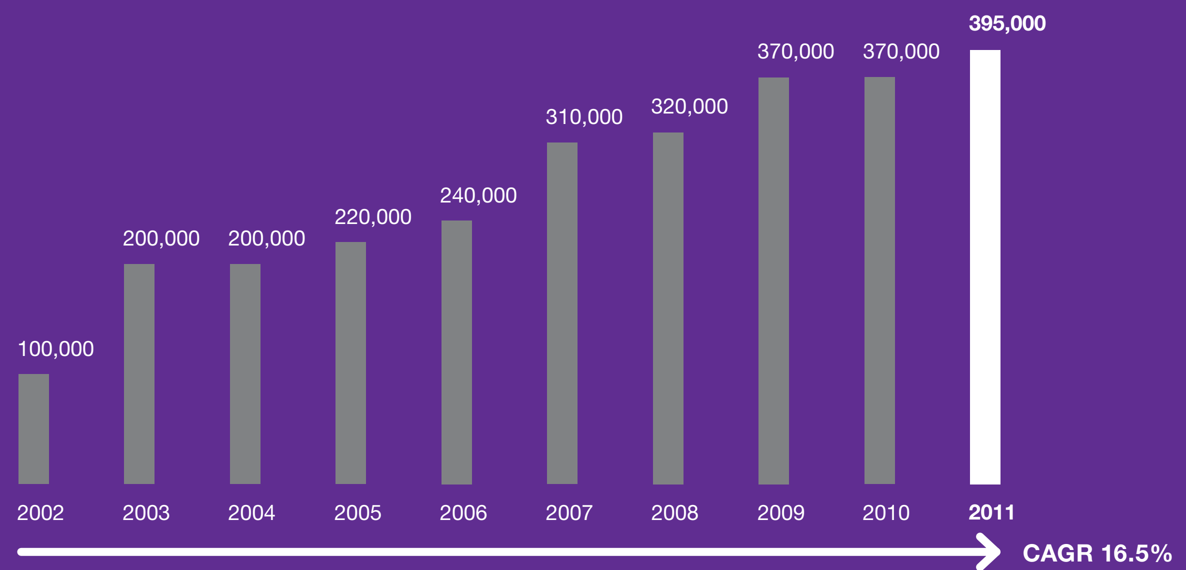
Throughout this year's Annual Report you will find many references to cocoa sustainability and the efforts we are making in this field. Our business is reliant on the cocoa bean and as a member of the global cocoa processing industry we count on the efforts of millions of cocoa farmers to provide the world with an adequate supply of fresh cocoa. Last year we reported on the efforts we had made and the programs we had undertaken, but in 2011 we have declared cocoa sustainability to be a strategic issue for our business. We recognize that in many ways the future of our company will be affected by developments in the drive to make the world cocoa crop a fully sustainable industry.

In 2011 we appointed a senior manager – Marc Donaldson – to fill the newly-created role of Director of Cocoa Sustainability. Reporting directly to our CEO, Marc's task is to coordinate the many programs and initiatives which we sponsor and support throughout the cocoa growing regions of the world. Marc will be able to focus the efforts of many dedicated people within our organization, and to work with our partners in different countries and regions to ensure that our goals are met.

On our own initiative and in cooperation with others (customers, NGOs, government organizations and fellow processors) we have – for several years now – undertaken programs intended to improve the quality and the quantity of cocoa that will be available to us and to improve the livelihoods of the world's cocoa farmers. These programs reflect the commitment we have made to sustainability, and are the tools we use to bring about an environment where the world cocoa crop is fully sustainable.

In addition, many of our customers are keenly interested in the methods and practices used to grow and harvest the world's cocoa crop, and in the geographical and social provenance of the cocoa that they ultimately use in their own branded products. Our commitment to sustainability is completely in harmony with this trend amongst our customers, and as Director of Cocoa Sustainability, Marc is also able to communicate our efforts to customers and other interested parties to whom the concepts of sustainability and traceability are becoming increasingly important.

Petra Foods Grinding Capacity 2002–2011
Metric Tons



* The steady growth in grinding capacity is driven by customer demand.

BRANDED CONSUMER DIVISION

STRONG BRANDS, INNOVATION AND DISTRIBUTION – THE KEY DRIVERS OF ANOTHER YEAR OF RECORD PERFORMANCE.

EXTENDING OUR BRANDS, EXTENDING OUR REACH...DELIVERING THE GROWTH

Our Branded Consumer Division manufactures and markets our Own Brands of chocolate and sugar confectionery products mainly in Southeast Asia. In addition to our Own Brands, we also distribute as agents a range of well known branded products, through our own extensive sales, marketing and distribution network in our key markets of Indonesia, the Philippines, Singapore and Malaysia.

Despite the challenging global macroeconomic environment in 2011, the growth momentum of our Branded Consumer Division remained strong and we achieved another year of record financial performance, both top-line and earnings. More significantly, our team has delivered a multi-year growth. Over 2006–2011, the Division's revenue CAGR translates to 17% per annum with an even more impressive EBITDA CAGR of 20% per annum.

The solid growth in 2011 was once again powered by the vitality of our regional chocolate confectionery business, supported by the robust building blocks that we already have in place.

In addition to the vitality of our Branded Consumer business, the regional markets that we operate in, especially Indonesia and the Philippines, are vibrant chocolate confectionery markets. The uniqueness of our markets is not only in the strong culture of chocolate consumption, but also because of the growth potential due to (1) increased consumer spending spurred by wage growth, especially amongst the growing middle class; and (2) the growing population base.

Our markets may provide the growth opportunities, but more significant is how we have continually seized these opportunities and grown the scale of our business by leveraging on our strengths. Our strengths are our people, the strong brand equity of our brands, the strong innovation capabilities to keep our brands fresh, and the breadth and depth of our manufacturing and distribution.

Today our Branded Consumer Division is selling close to US$250 million of our Own Brands of chocolate confectionery products in our markets, which is equivalent to a 15% CAGR (2004–2011), and it is a growth that we believe will continue.

OUR UNIQUE ADVANTAGES TO DELIVER GROWTH

Our people

For our Branded Consumer Division, our people represent the ultimate competitive advantage. The crew is a remarkably consistent and dedicated group and we want to pay tribute to every one of them for the wonderful job they have done. This is especially the case when you consider that business is conducted against the backdrop of a constantly changing environment.

Significant brand strength and strong innovation

As a successful brand owner, brands and innovations are at the heart of our business model, and our portfolio of brands is well positioned to meet the needs and aspirations of our consumers across a variety of categories, price points and channels, allowing us to compete effectively in our key markets, especially in Indonesia and the Philippines.

Last year, the US$249 million of sales generated collectively by our portfolio of strong and well differentiated Own Brands represented a significant increase of 29% YoY. Furthermore, our portfolio of Own Brands continued to get stronger, especially in Indonesia, with our market share continuing to exceed 50%.

Our belief is that to consistently win in the marketplace, it is about being fast and agile to meet the changing needs of today's consumers and continually being able to delight our consumers with fresh tastes, formats and even packaging. In this regard, we have a significant advantage, as innovation is the lifeblood of our Branded Consumer team. This, coupled with their extensive knowledge of operating in the local confectionery marketplace and global consumption trends, make it a very formidable combination through which the growth of our business will continue to be driven.

REVENUE

US$425.8m

Increased by 16.1%

EBITDA

US$63.3m

Increased by 16.2%

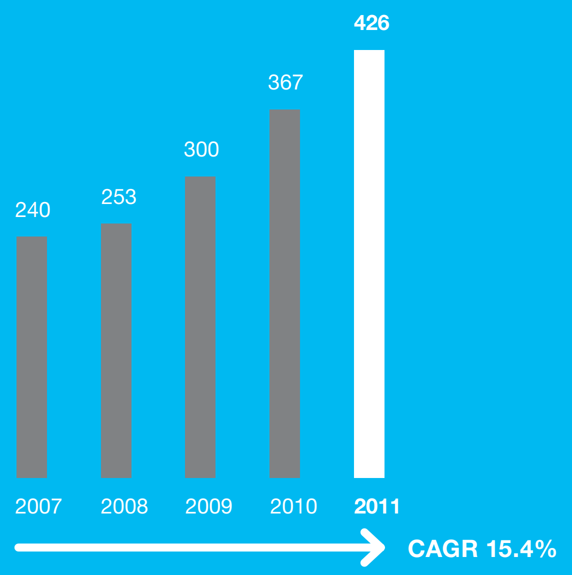
TO DELIVER CONTINUED GROWTH, WE WILL FURTHER BUILD AND EXTEND OUR BRANDS IN OUR REGIONAL MARKETS WHERE WE STILL HAVE TREMENDOUS ROOM FOR GROWTH.

The other element of our success as an innovator lies in our manufacturing expertise, which allows us to bring our "Winning Ideas" to reality. With our manufacturing facilities located in Indonesia and the Philippines, and a combined capacity of close to 100,000 metric tons per annum, this proximity to our markets allows us to react quickly to changes in market conditions, trends and shifting consumer preferences, ensures freshness of our products, and allows us to react quickly to our competitors' actions.

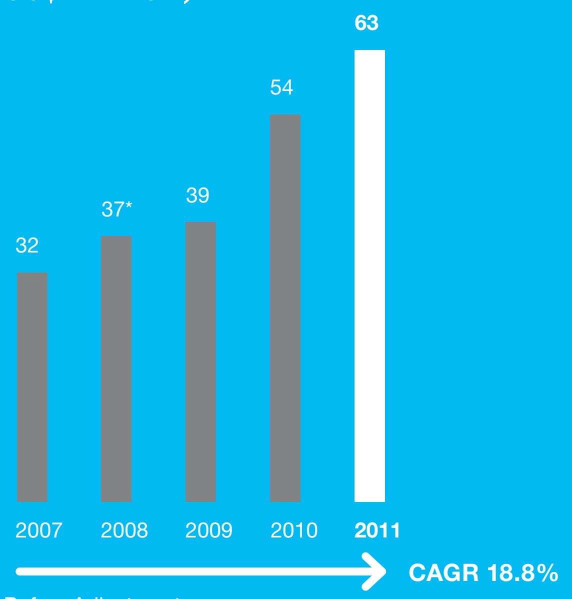
As a measure of our success as an innovator, contributions from the new products launched over the last three years was already 12% of our Own Brands sales in 2011 and we believe over the long-term, these contributions will continue to rise in significance.

Going forward, our product pipeline is still overflowing with winning ideas as we are mindful that consumers' tastes and preferences are constantly changing, whether it is a result of increasing wealth or changes in lifestyles, and this makes it more important for us to continue to broaden our diverse portfolio of products.

Branded Consumer Revenue (US$ Million)



Branded Consumer EBITDA (US$ Million)



* Before Adjustment

In addition to organically extending our portfolio of brands into new categories, we also entered into alliances to achieve this objective. One recent example is the Joint Venture we formed with SGX-listed Super Group Limited ("Super") to market and distribute instant 3-in-1 coffeemix products and other convenience beverages in Indonesia. Through this JV, we are targeting to further broaden our product portfolio and diversify our revenue stream into the vast and fast growing instant 3-in-1 coffemix segment in Indonesia.

Combining our extensive knowledge of the Indonesian consumer market, our experience and expertise in building a successful portfolio of brands, as well as our extensive distribution network, with Super's strong capabilities in developing market-leading instant beverages, is what we believe to be the winning combination for the JV's long-term success.

Significant distribution

In addition to our strong portfolio of brands, our distribution and marketing expertise is just as vital a building block of our successful business model.

The regional distribution reach we have established is complemented by the specialist expertise we have developed in both the Modern and Traditional retail formats, extending from the supermarkets, hypermarkets to the convenience stores and even to the corner mom-and-pop stores. This provides us with a reach wider than many of our competitors and gives us a tremendous competitive edge in distributing our Own Brands, and when introducing new products into the marketplace.

While we have successfully leveraged on our distribution capabilities to further build the dominance of our Own Brands, we are also using this strength to further drive our profitability by distributing many notable Agency Brands in Indonesia, the Philippines, Malaysia and Singapore. Our principals in the Agency Brand Distribution business are a diverse group, which is not only confined to chocolate confectionery brands but extends into other product categories as well.

OUTLOOK FOR 2012

Despite achieving another year of record profit in 2011, we believe that our Branded Consumer Division still has tremendous room for further growth. The growth in the past has been powered by the vitality of our chocolate confectionary business across the different categories and regional markets, and going forward this will remain the key driver of future growth.

Our growth strategy to capture the growth opportunities in the regional confectionary category is to further widen the gap from the competition. We will do this through further building and extending our portfolio by investing in our brands at all times, expanding into new chocolate confectionary categories and driving innovation.

In doing so, we will position ourselves to gain further market share, while continuing to grow both our top line and bottom line.

SUPERIOR PRODUCTS – OUR AIM IS TO GIVE ALL OUR CONSUMERS A DELIGHTFUL EXPERIENCE WHEN THEY CONSUME OUR PRODUCTS.

DELIGHTING OUR CONSUMERS WITH "WINNING IDEAS"

WIDESPREAD APPEAL – PRODUCT SUPERIORITY IS ESSENTIAL BUT WE ALSO NEED TO OFFER A BROAD RANGE OF CHOICES, WHICH MEETS DIFFERENT CONSUMER NEEDS AND PRICE POINTS.

SUSTAINABILITY REPORT

COCOA SUSTAINABILITY

AVAILABILITY, QUALITY AND TRACEABILITY ARE THE THREE FUNDAMENTAL PILLARS THAT WILL SUPPORT THE DEVELOPMENT OF A TRULY SUSTAINABLE COCOA INDUSTRY.

It is a fact that if you desire to make chocolate, the process must first start with cocoa beans, and because today the world holds in its heart a special place for cocoa and chocolate, the supply of good quality cocoa beans is an indispensible element needed to satisfy the world's craving for chocolate and cocoa.

At Petra Foods our world revolves around the cocoa bean because at the heart of our business is the manufacture of chocolate, and the manufacture of the cocoa ingredients that others use to make chocolate and cocoa products. So we are keenly interested in fostering the development of a healthy, sustainable and socially responsible global cocoa industry. For many years we have supported the development of a sustainable cocoa industry through initiatives, programs and collaborations throughout the cocoa growing regions of the world, and in 2011 we decided to create the position of Director of Cocoa Sustainability to coordinate the many programs and initiatives that Petra Foods has become involved in.

Under the direction of Marc Donaldson – our Director of Cocoa Sustainability – we have created an umbrella program which we have named the SEEDS program (Social Economic Environmental Development for Sustainability). The SEEDS program will enable us to better manage the efforts and the objectives of all of the programs that we are committed to in many cocoa growing countries.

The strategic objective of SEEDS is to manage the cocoa supply chain from "seeds to mouth", to ensure sustainability, quality and traceability and the SEEDS program has identified three pillars: Availability, Quality and Traceability, which we believe are the main drivers for future sustainability. All our efforts will be directed to strengthen one or more of these pillars.

To maximise the availability and to improve the quality of cocoa we recognize that we must collaborate closely with other industry stakeholders to ensure that the necessary financial, social and agricultural environment is implemented in cocoa farming. The quality of planting material, agricultural practices, yield per hectare and post-harvest processing, are all key parameters in these pillars because the economic viability of cocoa farming must be significantly improved to retain the loyalty of the current cocoa community, and to attract the young farmers of the future. The average age of cocoa farmers globally is over 55 years of age, so the success of this step is vital.

By working closely with the farming community we can develop a traceable cocoa supply chain, enabling us to know which farmers Petra Foods' cocoa beans are coming from. This allows us to ensure that our farmers are correctly trained in good agronomical practices, are using the correct planting material for good taste and yield, and are fully aware of Petra Foods guidelines on child labour or environmental issues. When we know the source of these high-quality cocoa beans we can correctly reward the farmers for their efforts, and Petra Foods customers can be assured of the sustainability, quality and social integrity of our products.

In 2012 the SEEDS program will cover seven projects in the cocoa growing regions of Ivory Coast, Indonesia, Brazil, Vietnam and Nigeria. We will connect directly with over 23,000 farmers, working with them to reach the objective of building a total supply chain from planting material to consumer. In each case Petra Foods will purchase cocoa beans produced by these projects, and then process them into sustainable, traceable, high quality cocoa ingredients. As cocoa takes five years from planting to become fully productive, each of our SEEDS projects has a minimum time frame of three years. The paradigm shift required in the cocoa growing model, from hobby to business, from small holder to small businessman, needs both time and patience. But as a family oriented company, Petra Foods knows that this challenge is not the work of a moment, and that our objective to change cocoa farming into a sustainable business model will continue into the foreseeable future.

Drying of cocoa beans using pure solar energy.

Good practices and good planting materials boost yields of cocoa farms.

Best practices can be shared and demonstrated.

OPERATING & FINANCIAL REVIEW 2011

FINANCIAL HIGHLIGHTS OF PETRA FOODS

FY 31 December (US$ million)	2011	2010	% chg YoY
Cocoa Ingredients	**1,276.3**	1,199.1	6.4
Branded Consumer	**425.8**	366.9	16.1
Total Revenue	**1,702.2**	1,566.0	8.7
Cocoa Ingredients	**66.3**	54.0	22.8
Branded Consumer	**63.3**	54.4	16.2
EBITDA	**129.6**	108.4	19.5
Profit before Tax	**78.7**	58.5	34.6
Net Profit attributable to Shareholders	**60.6**	44.5	36.2
Earning per share (US cents)	**9.91**	7.73	28.2
At Year End (US$ million)	**2011**	2010	% chg
Total Assets	**1,047.2**	1,054.8	-0.7
Total Liabilities	**750.3**	760.7	-1.4
Total Shareholders' Equity	**296.6**	294.1	0.8
Total Debt	**521.1**	549.1	-5.1
Net Debt	**502.0**	506.3	-0.8
Return on Equity (%)	**20.5**	17.7	2.8 % pt
Net Debt to Equity (%)	**169.0**	172.0	
Adjusted Net Debt to Equity (%) – excluding Trade Finance and MTN	**48.0**	56.0	

Despite the challenging global environment (encompassing the difficult macro economic and financial environments, volatile commodity prices and currencies, and the supply disruption in the Ivory Coast), the Group achieved a Net Profit (attributable to shareholders) of US$60.6 million, representing a Year-on-Year ("YoY") increase of 36.2%. The key drivers of the strong full year performance were the higher sales volume and higher margin/yield achieved by our Cocoa Ingredients Division and the Branded Consumer Division. Another contributor to the Group's strong financial performance was the first full year of profitability at the net level achieved by our European Cocoa Ingredients operations in 2011.

The Group's strong profitability represents another year of record performance and reflects the positive business environment for our two businesses and the successful execution of the Group's growth strategy. More significantly, the Group has more than tripled its profitability since its IPO in 2004.

REVIEW OF THE GROUP'S FINANCIAL PERFORMANCE BY DIVISIONS

To provide a better understanding of the Group's financial performance in 2011, we will provide a separate review of the two divisions.

Branded Consumer Division

The YoY revenue and EBITDA growth of 16.1% and 16.2% respectively in 2011 by our Branded Consumer Division can be attributed to the significant growth in Own Brands sales of 29.4% YoY on the back of strong double-digit growth achieved in both Indonesia and the Philippines. The growth drivers were the robust consumption and strong domestic economies in our key markets, our effective brand development programmes as well as strong gains from the new products launched (in total more than 20 new products) in the last 12 months.

Performance by Markets

Indonesia

The strong 2011 revenue growth of 23.1% YoY achieved once again demonstrates the strength and depth of our business in Indonesia with our impressive portfolio of leading Own Brands achieving broad based growth, across all categories. Our major brands (in both the Premium and Value segments) generated strong double-digit volume growth as a result of our effective brand development programmes, new product introductions (especially in the Premium segment), and wider distribution. For Agency Brands, the sales growth was mainly through organic growth by existing agencies.

The Regional Markets of The Philippines, Malaysia and Singapore

In the Philippines, our Own Brands sales achieved strong double-digit growth on the back of aggressive new product launches supported by expansion of distribution coverage and higher levels of investments in brand development programs.

However, this was offset by lower Agency Brands sales in the regional markets as a result of the rationalization

KEY FINANCIAL HIGHLIGHTS BY DIVISIONS

Cocoa Ingredients Division

Key Financial Highlights

FY 31 December (US$ million)	2011	2010	% chg YoY
Revenue	**1,276.3**	1,199.1	6.4
EBITDA	**66.3**	54.0	22.8
EBITDA/mt in US$	**250**	215	16.3
Sales volume (mt)	**265,053**	250,949	5.6

Branded Consumer Division

Key Financial Highlights

FY 31 December (US$ million)	2011	2010	% chg YoY
Indonesia	**310.8**	252.4	23.1
The Regional Markets	**115.0**	114.5	0.5
Branded Consumer Revenue	**425.8**	366.9	16.1
Gross Profit Margin (%)	**31.6%**	31.1%	0.5% pt
EBITDA	**63.3**	54.4	16.2

OPERATING & FINANCIAL REVIEW 2011

exercise undertaken by management in May 2011 to discontinue some of the less profitable Agency Brands. If prior year comparables were adjusted for the effect of this rationalization exercise, and to make a YoY comparison more meaningful, the Regional Markets' revenue in FY2011 would have increased 26% YoY.

Our Branded Consumer Division's 4Q 2011 Gross Profit Margin (higher YoY by 1.8% point and Q-o-Q by 2.4% point) reflected mainly the effect of the pricing adjustments for Own Brands implemented in August 2011 to mitigate the anticipated higher input costs in 2012. The Division's strategy to tackle higher input costs includes pricing adjustments, launch of higher margined new products, product reformulation/right sizing and cost containment initiatives. In addition, the strategy of buying forward its main raw material requirements in a timely manner served to lock-in forward costs to a major extent thus providing greater cost visibility.

The other contributing factor to the margin improvement was the benefit derived from the discontinuation of the less profitable Agency Brands. In addition to the margin improvement, the other benefit for our Branded Consumer Division is the resultant lower level of inventory carried.

Cocoa Ingredients Division

For the Cocoa Ingredients Division, the strong 2011 EBITDA growth of 22.8% YoY was due to the higher EBITDA yield achieved and the higher sales volume generated. The Division's strong full-year performance reflected robust demand from our global customers, the higher proportion of sales of higher-margin customized cocoa products and the continued improvement in our European operations. The European operations achieved a significant improvement in profitability, compared to the net loss in FY2010, which reflects our continued success in executing our planned growth strategy.

CASH FLOW GENERATION AND CAPITAL EXPENDITURE

During the course of 2011, the Group generated Free Cash Flow of US$39.3 million (compared to US$7.4 million in 2010) on the back of the strong EBITDA of US$129.6 million achieved (higher YoY by US$21.1 million) and tighter working capital management. The Free Cash Flow was generated even after the Capital Expenditure of US$55.0 million to support the growth momentum of our two businesses.

BALANCE SHEET

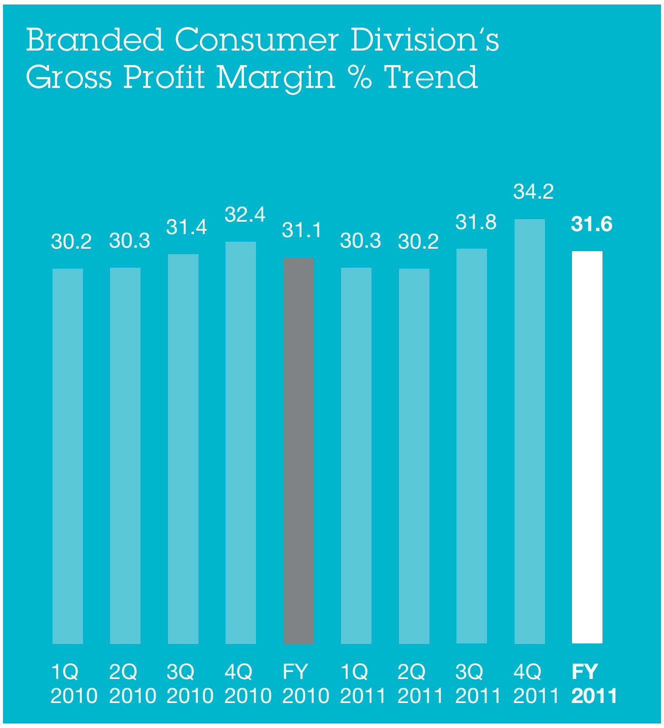
In the year 2011, total shareholders' equity increased by US$2.5 million to US$296.6 million. This marginal increase in shareholders' equity, despite the Group' strong earnings performance, was due mainly to a negative cash flow hedge reserve of US$33.9 million relating to Fair Value losses of the following derivatives which qualify for cash flow hedge accounting:

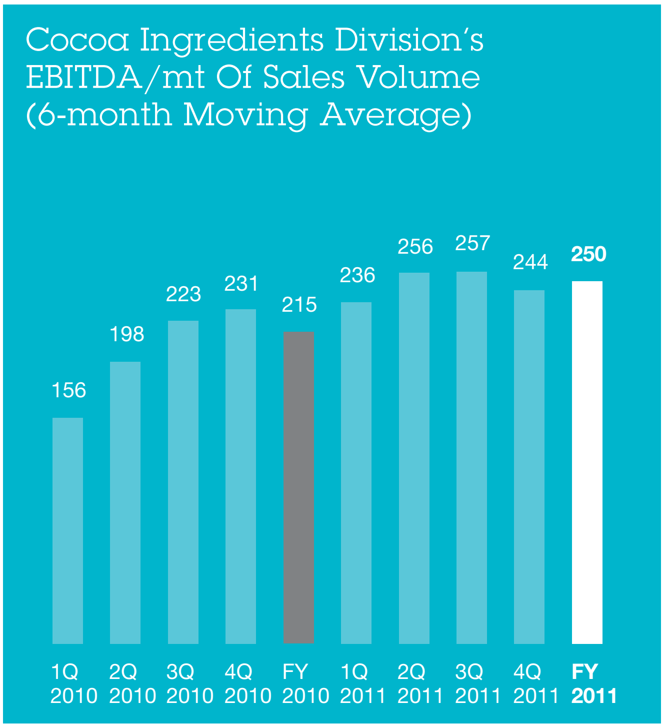
1. Cocoa bean futures used to hedge the Group's exposure to cocoa bean price risk arising from its forward purchases and sales; and

2. Interest rate derivatives used to hedge the Group's exposure to interest rate risk on its floating rate borrowings.

The change in fair value reflected the sharp drop in cocoa bean futures prices in December 2011 and the softening of interest rates.

Total assets at end-2011, of US$1.05 billion, were marginally lower by US$7.6 million compared to end-





2010, which can be attributed mainly to the lower value of inventories. The Group's inventories at 31 December 2011 was lower by US$13.5 million compared to end-2010 as a result of the effect of lower cocoa bean prices on our cocoa ingredients inventories and the lower inventories carried by our Branded Consumer Division after the discontinuation of some less profitable Agency Brands in the second quarter of 2011. In addition, it shows the tighter management of inventories across both our divisions.

Reflecting the tighter working capital management and the lower inventories level, the Group's total borrowings as at 31 December 2011 stood at US$521.1 million, a drop of US$28.0 million. As a result, the Group's 2011 Net Debt/Equity of 1.69 times was lower compared to 1.72 times previously. More significantly, if the funding of the cocoa bean inventories is excluded, the Group's adjusted Net Debt to Equity decreased to 0.48 times from 0.56 times previously.

The Group has also increased its financing headroom to US$574 million with additional credit facilities of US$263 million secured despite a challenging period in the international financial markets particularly in Europe. This is a testament to the Group's robust business fundamentals and strong credit standing.

FINANCIAL STRATEGY

In light of the heightened uncertainty in the global financial environment, the Group has taken measures (as part of its ongoing program) to manage its liquidity and credit financing risks by:

1. Generating free cash flow with:
    (i) Tighter working capital management; and
    (ii) Prudent investment to support growth.
2. Raising credit headroom for growth and contingencies.
3. Building financial flexibility and further extending the Group's debt maturity profile to match its financing and investment needs.

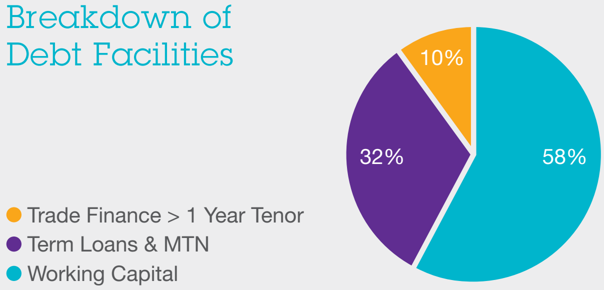
OUTLOOK FOR 2012

The global macroeconomic and financial environment will remain challenging, but having further strengthened the robustness of our businesses, we are well prepared to face the challenges ahead. To continue driving our growth momentum over the long term, our strategy is to:

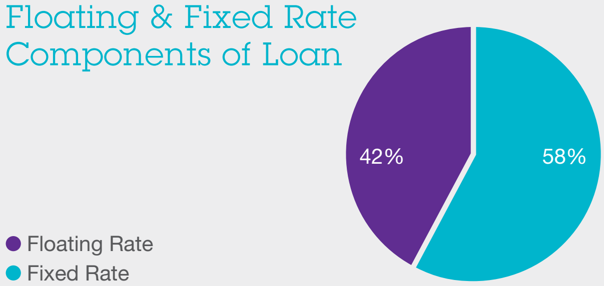
1. Further grow our key markets to capitalize on the strong demand for high-end customized products and the strong regional consumption growth;
2. Further stimulate consumer demand by driving growth of our current portfolio of products (especially in the higher margined segment), launching new products and expanding into new categories;
3. Invest prudently in our manufacturing and distribution capabilities to capture this growth opportunity for both businesses over the longer term; and
4. Form strategic alliances with partners in origin countries to strengthen our sourcing capabilities and lower costs in the supply chain.

We are, therefore, expecting our businesses to continue growing and, barring unforeseen circumstances, to deliver another year of profit growth in 2012.

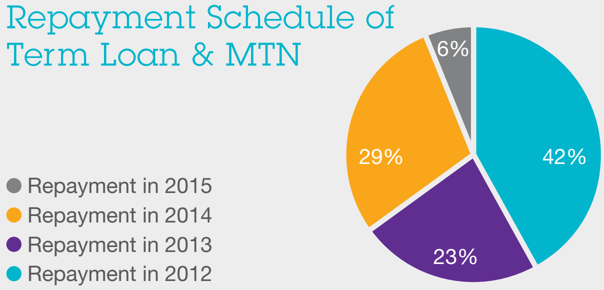
Breakdown of Debt Facilities



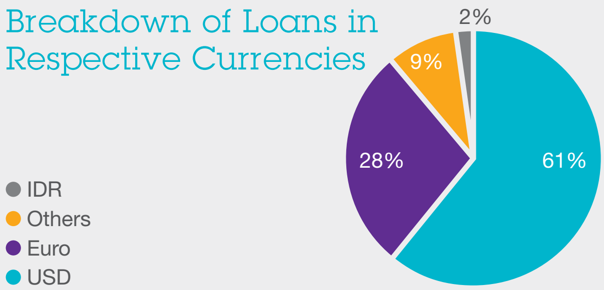
Floating & Fixed Rate Components of Loan



Repayment Schedule of Term Loan & MTN



Breakdown of Loans in Respective Currencies



FINANCIAL STATEMENTS

CONTENTS

CORPORATE GOVERNANCE REPORT

The concept of corporate governance is an integral part of Petra Foods' ("Petra Foods" or the "Company"[1]) businesses, systems, processes and operations. It, together with integrity, excellence and commitment, is a value that guides us and our people as we enhance the Group's development, performance and growth.

[1] All references to Petra Foods or Company refers to the "Petra Foods Group" or the "Group" which is inclusive of all its subsidiary companies.

We are committed to upholding the Code of Corporate Governance 2005 (the "Code"). Our annual corporate governance practices review is conducted in the recognition that these practices help us create long term value for our shareholders.

There is a well balanced mix of entrepreneurs, professionals and corporate expertise on the Board. Out of eight directors, the Board comprises five non-executive directors. There is a clear separation of the role of the Chief Executive Officer ("CEO") and the Chairman. One of our three executive directors serves as the first among equals, in his capacity as CEO and Managing Director ("MD"). The Board meets regularly and is provided with timely updates and information. Board meetings are also convened as and when there are urgent commercial or other corporate matters that require a board decision or guidance. All directors are expected to act in good faith, and to act in the interests of Petra Foods.

The Board is supported by the Executive Committee, Audit Committee, Remuneration Committee, Nominating Committee and the Cocoa Commercial Risk Committee. The committees (with the exception of the Executive Committee) provide guidance and regularly review matters within their purview.

Our corporate governance practices are given below with specific references to the Code.

(I) BOARD MATTERS AND CONDUCT OF ITS AFFAIRS

Principle 1: Every company should be headed by an effective Board to lead and control the Company. The Board is collectively responsible for the success of the Company. The Board works with Management to achieve this and Management remains accountable to the Board.

Policy and Practice

The Board is obliged to act in good faith and in the best interests of the Company. Each director contributes his or her own expertise, skills, knowledge and experience to the Board.

The key functions of our Board are to focus on three key areas, namely:

(a) setting the corporate strategy and direction;
(b) ensuring that there is effective leadership and management; and
(c) supervising the proper conduct of matters brought to its attention.

The Board comprises eight directors of whom five are independent directors. The independent directors at the date of this report are Ms Josephine Price, Mr Anthony Michael Dean, Mr Koh Poh Tiong, Mr Davinder Singh and Mr Pedro Mata-Bruckmann, who is also the Chairman of the Company. Mr Chuang Tiong Choon ("John Chuang") is the CEO and MD. Profiles of the directors are found on page 14.

** Notwithstanding that, for the financial year ended 31 December 2011, Mr Davinder Singh is deemed a non-executive non-independent director by virtue of his relationship with the Company in respect of Guidance Note 2.1 (d) and his position as Managing Director of Drew and Napier LLC and director of DrewCorp Services Pte Ltd, which have collectively rendered professional services to the Company in fees aggregating more than S$200,000 (in 2010), we are confident that Mr Singh is able to exercise strong independent judgment in the best interests of the Company. It follows that the Board is unanimous in and remains steadfast in its view that he has maintained a high standard of conduct, care and duty and has observed the ethical standards of his profession and is conscious of the need to disclose any conflict of interests arising from any other engagements. As the fees for professional services rendered in 2011 were below S$200,000, Mr Singh is considered an independent director, at the date of this report.

The strategic policies of the Group and significant business transactions are reviewed and deliberated on by the Board. The Board also approves the annual budget, reviews the performance of the business and approves the release of the quarterly and full year financial results at its regular Board meetings. The Board has delegated its authority to the Audit Committee to review and recommend to the Board the release of the quarterly and full year financial results.

(I) BOARD MATTERS AND CONDUCT OF ITS AFFAIRS (CONTINUED)

The Board delegates specific responsibilities to committees namely:

(a) the Audit Committee ("AC"),
(b) the Nominating Committee ("NC");
(c) the Remuneration Committee ("RC");
(d) the Executive Committee ("EC"); and
(e) the Cocoa Commercial Risk Committee ("CRC").

The composition of the Board and each committee as at the date of this report is illustrated immediately below:-

	Board	AC	NC	RC	EC	CRC
Pedro Mata-Bruckmann	Chairman & ID[3]	Member	Member	Member	NA	Chairman
Chuang Tiong Choon	CEO[1], MD[4] & ED[2]	NA[5]	Member	NA	Member	Member
Chuang Tiong Liep	ED	NA	NA	NA	Member	NA
Chuang Tiong Kie	ED	NA	NA	NA	Member	NA
Anthony Michael Dean	ID	Chairman	Member	Member	NA	Member
Davinder Singh	Refer to **above	Member	Member	Chairman	NA	NA
Josephine Price	ID	Member	Chairperson	Member	NA	NA
Chua Koon Chek[6]	ID	NA	NA	NA	Member	NA
Koh Poh Tiong[7]	ID	NA	NA	NA	NA	NA

Notes:
1 CEO – Chief Executive Officer
2 ED – Executive Director
3 ID – Independent Director
4 MD – Managing Director
5 NA – Not Applicable
6 Mr Chua Koon Chek retired on 30 December 2011
7 Mr Koh Poh Tiong was appointed on 19 December 2011

The attendance of the Board at meetings to discharge their duties during the financial year is given in the matrix below:-

	Board		Committees							
			Audit		Nominating		Remuneration		Cocoa Risk	
	A	B	A	B	A	B	A	B	A	B
Pedro Mata-Bruckmann	5	5	4	4	1	1	1	1	2	2
Chuang Tiong Choon	5	5	4	4 *	1	1	1	1 *	2	2
Chuang Tiong Liep	5	5	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Chuang Tiong Kie	5	5	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Anthony Michael Dean	5	5	4	4	1	1	1	1	2	2
Davinder Singh	5	4	4	1	1	1	1	1	n.a.	n.a.
Josephine Price	5	5	4	4	1	1	1	1	n.a.	n.a.
Chua Koon Chek[@]	5	3	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Koh Poh Tiong[#]	5	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

Note:
A – represents number of meetings held; and
B – represents number of attendance.
* – by invitation.
@ – Mr Chua Koon Check retired on 30 December 2011.
\# – Mr Koh Poh Tiong was appointed on 19 December 2011.

(I) BOARD MATTERS AND CONDUCT OF ITS AFFAIRS (CONTINUED)

We conduct regular Board meetings, and where directors are not able to be physically present, they attend and participate through video or tele conferencing, enabling the Board to provide direction, guidance and advice to Management quickly and sometimes at short notice (as and when the need arises), in the best interests of the Company and our businesses. Attendance at Board meetings via audio visual means is provided for in our Articles of Association.

The Board's responsiveness has allowed the Management of Petra Foods to manage business and corporate matters effectively in an increasingly competitive business environment. Individual directors make themselves available and accessible to Management for discussion and consultation outside the formal framework of Board, committee and Management meetings.

The CRC works closely with Management to review and manage the risks, exposure and dynamics of a highly competitive cocoa ingredients industry. It oversees the Group's framework and guidelines which are designed to ensure that care and diligence are exercised in complying with those guidelines. It also generally advises the Board on cocoa related issues and risks. We are of the view that the risk framework is sufficient and adequate.

Management provides the Board with information and updates on the Company's policies and procedures relating to issues pertaining to governance, disclosure of interests in securities and restrictions on disclosure of price sensitive information.

Board Composition and Balance

Principle 2: There should be a strong and independent element on the Board, which is able to exercise objective judgment on corporate affairs independently, in particular, from Management. No individual or small group of individuals should be allowed to dominate the Board's decision making.

Policy and Practice

There is a good and professional relationship between the Board and Management. This has helped to sharpen the Group's efficiency and effectiveness. The combined expertise in business, commerce, finance and law, as well as the diverse experience of the directors, provides for informative discussions and a vibrant exchange of ideas that has assisted Management in the performance of its role and function.

The Board is supported by key committees to provide proper oversight of the Board itself and Management. As at the date of this report, the AC, the NC, the RC and CRC are each chaired by non-executive independent directors. Committees or sub-committees may be formed from time to time to address specific areas as and when the need arises. Leadership of the committees is based on the notion of fair distribution of responsibilities and to draw on the relevant experience of the directors.

(I) BOARD MATTERS AND CONDUCT OF ITS AFFAIRS (CONTINUED)

Chairman and Chief Executive Officer

Principle 3: There should be a clear division of responsibilities at the top of the Company; the working of the Board and the executive responsibility of the Company's business; which will ensure a balance of power and authority, such that no one individual represents a considerable concentration of power.

Policy and Practice

There is a clear separation of the roles and responsibilities between the Chairman and the CEO. Mr Pedro Mata-Bruckmann, has been our Chairman since 6 July 2001, and acts independently in the best interests of the Company and its shareholders. The Chairman helps ensure that there is unity of purpose within the Board and that the Board engages in productive discussions with Management on strategic, business and planning issues.

As the CEO and MD, Mr John Chuang schedules regular Board and committee meetings as and when required and together with the Chairman, they formulate the agenda. He drives the Group's businesses with full executive responsibility over the business executive decisions of the Company. The CEO also oversees compliance with the corporate governance guidelines. He makes sure that the information that is shared with the Board is timely, adequate and of the requisite quality so that the Board can discharge its duties and responsibilities effectively.

Board Membership

Principle 4: There should be a formal and transparent process for the appointment of new directors to the Board.

Policy and Practice

The Company's Articles of Association require one-third of the directors to retire and submit themselves for re-election by the shareholders at every annual general meeting ("AGM"). Nominations for and appointment of directors are within the rights of the shareholders. Every director in the Company will be due for re-election at least once every three years.

Board renewal brings in fresh insights which in turn is good for the Company. The NC oversees the nomination of our directors for election or re-election. The NC strives to ensure that the Board and its committees comprise individuals who are best able to discharge their duties and responsibilities as directors with regard to the highest standards of corporate governance. The NC also reviews candidates from within the Group.

Board Performance

Principle 5: There should be a formal assessment of the effectiveness of the Board as a whole and the contribution by each director to the effectiveness of the Board.

Policy and Practice

The NC, comprising Mr John Chuang, Mr Pedro Mata-Bruckmann, Mr Davinder Singh, Ms Josephine Price and Mr Anthony Michael Dean, was established on 13 July 2004. The Chairperson of the NC is Ms Josephine Price. The NC applies objective performance criteria when it assesses the performance and contributions of individual directors and the Board. This process has been endorsed by the Board as an effective means of self assessment and evaluation.

(I) BOARD MATTERS AND CONDUCT OF ITS AFFAIRS (CONTINUED)

Under the mentorship of our Chairman and the guidance of the NC, the Board conducts regular self assessments at the individual and collective levels, applying the following criteria:-

1. Contribution towards development of company strategy
2. Constructive discussion/interaction among directors
3. Board's response to urgent matters/issues
4. Profitability *
5. Return on Investments/Sales *
6. Attendance at Board meetings
7. Number of meetings held in a year
8. Understanding the macro-environment (countries & sector)
9. Understanding & monitoring risks
10. Compliance & governance
11. Board/Management succession planning
12. Communication between Directors and Management

* Criteria 4 and 5 (above) do not apply to the non-executive directors.

The NC tries to ensure that each director has a unique and different background so that unique insights are brought to the Board deliberations in the best interests of the Company. The NC views the Board's composition to maintain a mix of talent, expertise, knowledge and experience.

The performance of the executive directors is assessed not only on the basis of financial indicators, which while relevant, are not always indicative of long term growth or value creation within the Company.

Their performance is assessed also by reference, among other things, to factors such as long term vision, strategic focus on shareholder value and risk management.

Each member of the NC abstains from voting on any resolutions in respect of the assessment of his/her performance or re-nomination as a director.

Access to information

Principle 6: In order to fulfil their responsibilities, Board members should be provided with complete, adequate and timely information prior to Board meetings and on an on-going basis.

Policy and Practice

Management understands the importance of responding to directors' requests for information. The Board is aware that it has full and free access to Management, the Company Secretaries and information in the Company. If necessary, the Board takes independent advice to enable it to better discharge its responsibilities and duties.

Management strives to provide the Board with timely, comprehensive and relevant information on matters which requires its decision. This is done in various ways: in response to requests, by way of updates and at Board and Committee meetings.

The members of the AC make it a point to meet the external and internal auditors at least once a year without the presence of the CEO and other members of the Management team to ensure that there is a free and unfettered flow of information relevant to the AC's tasks, for the benefit of the Company.

(II) REMUNERATION MATTERS

Principle 7: There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

Principle 8: The level of remuneration should be appropriate to attract, retain and motivate the directors needed to run the company successfully but companies should avoid paying more than is necessary for this purpose. A significant proportion of the executive directors' remuneration should be structured so as to link rewards to corporate and individual performance.

Policy and Practice

The RC was established on 6 July 2001 and comprises four independent directors at the date of this report. The RC is chaired by Mr Davinder Singh and comprises Mr Pedro Mata-Bruckmann, Ms Josephine Price and Mr Anthony Michael Dean. The RC has access to expert professional advice on human resource matters and it takes into consideration industry practices and norms in determining compensation.

The RC oversees the remuneration policies of the senior Management and strives to ensure that the Board and Management have the leadership and expertise needed to sustain and grow the Group's business. The RC sets incentive compensation targets for senior Management.

The RC also reviews the remuneration of each director. In the case of directors and senior Management, it makes recommendations to the Board for approval. The CEO, Mr John Chuang works closely with the RC and attends the RC meetings as an advisor. He gives his views on human resource, compensation issues and policies. Mr Chuang is excluded from RC discussions on his remuneration.

Each member of the RC abstains from voting on any resolution in respect of his/her remuneration.

Disclosure on Remuneration

Principle 9: Each company should provide clear disclosure of its remuneration policy, level and mix of remuneration, and the procedure for setting remuneration in the Company's annual report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key executives, and performance.

Policy and Practice

The executive directors do not receive any directors' fees. The non-executive directors' fees are set in accordance with a framework of basic fees. A breakdown (in percentage terms) showing the level and mix of each key executive and director's remuneration paid and payable for this financial year as recommended in the Code is set out in page 139 to 140.

(III) ACCOUNTABILITY AND AUDIT

Principle 10: The Board should present a balanced and understandable assessment of the Company's performance, position and prospects.

Policy and Practice

The Board strives in its annual reports and at annual general meetings to give shareholders an objective, balanced and clear assessment of the Group's results. All shareholders of the Company receive the annual report and a notice of AGM; and the notice is advertised in the main Singapore newspapers.

The Company conveys its financial performance, position and outlook on a quarterly basis via announcements to the SGX-ST and the Company's website. We hold briefing sessions with the investment community when financial results are announced. Regular communication with shareholders enhances the Company's transparency.

(III) ACCOUNTABILITY AND AUDIT (CONTINUED)

In accordance with applicable regulations, all financial results comprising financial performance, position and prospects as well as price sensitive information are released through various media including press releases, SGXNET and/or the Company's website at http://www.petrafoods.com. The Company's investor relations team meets with key investors regularly and answers queries from shareholders. The Team also holds briefing sessions with the investment community when results are announced.

Briefing sessions and meetings with the investment community are held quarterly either at the same time when the Group's financial results are announced to the Singapore Exchange Securities Trading Limited ("SGX-ST") or just after such announcements. These meetings and briefing sessions allow us to share the Company's major business initiatives and plans.

Communications with shareholders are overseen by the Investor Relations and Corporate Communications Department, headed by the Group Chief Financial Officer. This Department communicates with investors on a regular basis and attends to their queries.

Audit Committee

Principle 11: The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.

Policy and Practice

The members of the AC are Mr Anthony Michael Dean (Chairman), Mr Pedro Mata-Bruckmann, Mr Davinder Singh and Ms Josephine Price. The AC was formed on 6 July 2001 under a written charter ("AC Charter"), and it comprises directors who possess corporate, financial, investment, legal and commercial expertise. The AC Chairman and all the members of the AC are independent at the date of this report The AC's functions are to:

(a) review and evaluate the financial and operating results and accounting policies;
(b) review the audit plan of the external auditors, their evaluation of the system of internal accounting controls and their audit report;
(c) review the Group's financial results and the announcements before submission to the Board for approval;
(d) review the assistance given by the Management to the external and internal auditors;
(e) consider the appointment/re-appointment of external auditors, including assessing their competence in this regard as well as their independence;
(f) review interested person transactions;
(g) review and direct the audit plan of the sub-contracted internal auditors and consider their evaluation of the system of internal accounting controls;
(h) recommend the appointment of an independent financial advisor where necessary, in respect of any transaction, matter or other significant corporate action taken by the Group;
(i) meet annually with the external and internal auditors without the presence of Management; and
(j) review matters raised by staff about possible concerns of improprieties in matters of financial reporting or other matters.

The AC Charter sets out its functions and responsibilities in greater detail.

The AC meets regularly. In addition, and where necessary, it holds informal discussions and meetings with Management.

(III) ACCOUNTABILITY AND AUDIT (CONTINUED)

The AC has full discretion to invite any director or executive officer to attend its meetings. Access to and the full co-operation of the Company's Management has been accorded to the AC. In addition, both the external and internal auditors have unrestricted access to the AC and at least once each year meet the AC without Management being present to discuss matters concerning the Company.

The Group understands the need for continuing vigilance and transparency so that corporate governance principles are upheld. KPMG LLP ("KPMG") helps us in this objective by fulfilling the role of Internal Auditors. (Please also see Principle 13 below).

The AC is pleased to recommend the re-appointment of the external auditors, PricewaterhouseCoopers LLP. The Company has reviewed their suitability for this role by assessing a wide range of factors including the quality of their work, their expertise and resources for a job involving the size and complexity of the Group's operations, and their own quality control procedures.

The AC has also reviewed the volume of non-audit services to the Group by the external auditors, and is satisfied that the nature and extent of such services will not prejudice the professionalism, independence and objectivity of the external auditors.

Internal Controls and Internal Audit

Principle 12: The Board should ensure that the Management maintains a sound system of internal controls to safeguard the shareholders' investments and the company's assets.

Principle 13: The Company should establish an internal audit function that is independent of the activities it audits.

Policy and Practice

The Board, with the concurrence of the AC, is of the opinion that the Group's internal controls are adequate and appropriate given the financial, operational and compliance risks that face the Group.

The Board recognises that it has overall responsibility to ensure accurate financial reporting for the Group and for the Group's overall internal control framework, including financial, operational and compliance controls, risk management policies and systems needed to safeguard the shareholders' investments and assets of the Group.

The AC reviews the adequacy of the internal controls with the assistance of the internal and external auditors as well as Management and this is done through regular evaluation of the Group's internal controls, financial and accounting policies and risk management policies and procedures. Among other things, the aim is to ensure that the internal controls are adequate.

Our Internal Auditors, KPMG, work closely with the Company to manage the internal audit framework. The framework is closely monitored by our Internal Auditors who report directly to the AC on audit matters and to the Group Chief Financial Officer on administrative matters.

It is the opinion of the Board that in the absence of contradictory evidence, the internal controls and systems maintained by Management provide reasonable but not absolute safeguards against material loss and/or financial misstatements. The Board further acknowledges that no cost effective internal control system will provide an impenetrable shield against all losses, financial misstatements, errors, poor judgment in decision making, human error, losses, fraud or other irregularities. The system is designed to manage rather than to totally eliminate such risks.

(III) ACCOUNTABILITY AND AUDIT (CONTINUED)

The Group could be affected by a number of risks, including industry and/or the country risks, as well as risks that may generally arise from, inter alia, the production, use and application of cocoa ingredients, and/or the production, use and consumption of chocolate and other confectionery products, availability of talent, business risks, market risks, a downturn in the economy and political factors such as instability or anarchy in any country the Group operates in. There may also be additional risks not presently known to the industry or Group, or that the Group may, with the information presently available, currently deem immaterial, which could affect its business and operations. New and/or other risks may well emerge due to environmental, economic, technological, biological and/or other developments.

While the Board and the AC have made every reasonable effort to place a robust and effective system of internal controls to address financial, operational and compliance risks and to prevent, manage and/or buffer risks, should some risks develop into actual events, the business, results of operations, financial condition and prospects of the Group could be materially and/or adversely affected.

(IV) COMMUNICATION WITH SHAREHOLDERS

Principle 14: The Company should engage in regular, effective and fair communication with shareholders.

Policy and Practice

The Company conveys its financial performance, position and outlook on a quarterly basis via announcements to the SGX-ST and the Company's website. We hold briefing sessions with the investment community when financial results are announced. Regular communication with shareholders enhances the Company's transparency.

In accordance with applicable regulations, all financial results comprising financial performance, position and prospects as well as price sensitive information are released through various media including press releases, SGXNET and/or the Company's website at http://www.petrafoods.com. The Company's Investor Relations and Corporate Communications Department meets with key investors regularly and answers queries from shareholders. This Department also holds briefing sessions with the investment community when results are announced.

The Company prohibits selected employees from trading in its securities for a period commencing 1 month before the announcement of full year financial results and two weeks from the release of quarterly financial results. The Company has clear policies and guidelines for dealings in securities of the Company by directors and officers, in conformity with the rules relating to dealings in securities in Rule 1207(19) of the Listing Manual.

Greater Shareholder Participation

Principle 15: Companies should encourage greater shareholder participation at AGMs, and allow shareholders the opportunity to communicate their views on various matters affecting the Company.

Policy and Practice

The majority of our directors attended our annual general meeting held last year on 28 April 2011. Our directors endeavour to attend the annual general meeting, and shareholders are given the opportunity to share their thoughts and ideas or ask questions relating to matters which are the subject of the resolutions to be passed.

23 March 2012

DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

The directors present their report to the members together with the audited financial statements of the Group for the financial year ended 31 December 2011 and the balance sheet of the Company as at 31 December 2011.

DIRECTORS

The directors of the Company in office during the financial year and at the date of this report are as follows:

Pedro Mata-Bruckmann (Chairman)
Chuang Tiong Choon
Chuang Tiong Liep
Chuang Tiong Kie
Anthony Michael Dean
Davinder Singh
Josephine Price
Chua Koon Chek (resigned on 30 December 2011)
Koh Poh Tiong (appointed on 19 December 2011)

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, other than as disclosed in this report.

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

(a) According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or related corporations (other than wholly-owned subsidiaries), except as follows:

	Holdings registered in the name of a director or nominee		Holdings in which a director is deemed to have an interest	
	At 31.12.2011	At 1.1.2011 or date of appointment, if later	At 31.12.2011	At 1.1.2011 or date of appointment, if later
The Company				
(Ordinary shares)				
Pedro Mata-Bruckmann	**177,000**	277,000	**–**	–
Chuang Tiong Choon	**384,000**	–	**311,827,000**	311,799,000
Chuang Tiong Liep	**70,000**	50,000	**308,741,000**	308,741,000
Chuang Tiong Kie	**110,000**	110,000	**–**	–
Anthony Michael Dean	**50,000**	50,000	**–**	–
Davinder Singh	**100,000**	100,000	**–**	–
Josephine Price	**319,000**	319,000	**–**	–
Koh Poh Tiong	**–**	–	**–**	–

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES (CONTINUED)

	Holdings registered in the name of a director or nominee		Holdings in which a director is deemed to have an interest	
	At 31.12.2011	At 1.1.2011	At 31.12.2011	At 1.1.2011
Siam Cocoa Products Co. Ltd				
(Ordinary shares of Baht 100 each)				
Chuang Tiong Choon	**1**	1	**–**	–
Cocoa Specialities, Inc.				
(Ordinary shares of Pesos 100 each)				
Chuang Tiong Choon	**1**	1	**–**	–
DCMX Cocoa, S.A. de C.V.				
(Ordinary shares of Peso 1 each)				
Chuang Tiong Choon	**1**	1	**–**	–
Delfi Foods, Inc.				
(Ordinary shares of Peso 1 each)				
Chuang Tiong Choon	**1**	1	**–**	–
Delfi Marketing, Inc.				
(Ordinary shares of Pesos 100 each)				
Chuang Tiong Choon	**1**	1	**–**	–
Chuang Tiong Liep	**1**	1	**–**	–
Springbright Investments Limited				
(Ordinary shares of US$1 each)				
Chuang Tiong Choon	**–**	–	**51**	51
Chuang Tiong Liep	**–**	–	**30**	30
Chuang Tiong Kie	**–**	–	**19**	19
Berlian Enterprises Limited				
(Ordinary shares of US$1 each)				
Chuang Tiong Choon	**–**	–	**51**	51
Chuang Tiong Liep	**–**	–	**30**	30
Chuang Tiong Kie	**19**	19	**–**	–
Aerodrome International Limited*				
(Ordinary shares of US$1 each)				
Chuang Tiong Choon	**–**	–	**100**	100

* Aerodrome International Limited ("AIL") is held by Johnsonville Assets Limited ("JAL") (70%) and Johnsonville Holdings Limited ("JHL") (30%). Credit Suisse Trust Limited ("CST") is a Singapore registered public trust company. CST's deemed interest arises from its 100% shareholding in AIL as the trustee of JAL and JHL. Mdm Lim Mee Len (wife of Mr Chuang Tiong Choon) is the beneficiary of Johnsonville Assets Trust. Mdm Lim Mee Len and Mr Chuang Tiong Choon are beneficiaries of Johnsonville Holdings Trust.

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES (CONTINUED)

(b) Chuang Tiong Choon and Chuang Tiong Liep who by virtue of their interest of not less than 20% of the issued capital of the Company, are deemed to have interests in the whole of the share capital of the Company's wholly-owned subsidiaries.

(c) The directors' interests in the shares of the Company as at 21 January 2012 were the same as those as at 31 December 2011 for all the directors.

DIRECTORS' CONTRACTUAL BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member or with a company in which he has a substantial financial interest, except as disclosed in the accompanying financial statements and in this report.

SHARE OPTIONS

Share-based incentive schemes

The Petra Foods Employees Share Option Scheme and the Petra Foods Share Incentive Plan (collectively, the "Schemes") were approved by the shareholders at an Extraordinary General Meeting of the Company held on 22 September 2005. The Schemes are administered by the Remuneration Committee of the Board comprising the following directors:

Davinder Singh (Chairman)
Pedro Mata-Bruckmann
Josephine Price
Anthony Michael Dean

The Schemes will provide an opportunity for executive directors, non-executive directors, and employees of the Company, its subsidiaries and associated companies (the "Group Employees") who have contributed significantly to the growth and performance of the Group to participate in the equity of the Company.

The Schemes, which form an integral and important component of a compensation plan, are designed to reward and retain Group employees whose services are vital to the Group's well-being and success.

- **Participants**

  To participate in the Schemes, Group employees must attain the age of 21 years on or prior to the relevant offer date and, must have been in the employment of the Group for a period of at least twelve months, or such shorter period as the Remuneration Committee may determine.

- **Exercise price**

  The options that are granted under the Share Option Scheme, have an exercise price, which at the Remuneration Committee's discretion, is either set at a price (the "Market Price") equal to the average of the last dealt prices for the Company's shares published on the SGX-ST daily official list for the five consecutive market days immediately preceding the date of grant of the relevant option or at a discount to the Market Price (subject to a maximum discount of 20%).

- **Exercise period**

  Options granted under the Share Option Scheme which are fixed at the Market Price may be exercisable after the first anniversary of the date of grant of such options while options exercisable at a discount to the Market Price may be exercised after the second anniversary from the date of grant of the options.

  Options granted under the Share Option Scheme to Group Employees (other than non-executive directors and/or employees of associated companies) will have a life span of ten years from the date of grant and options granted to non-executive directors and/or employees of associated companies will have a life span of five years from the date of grant.

- **Grant of options**

  Options may be granted at any time during the period when the Share Option Scheme is in force, except that no options shall be granted during the period of 30 days immediately preceding the date of announcement of the Company's interim or final results. In the event that an announcement on any matter of an exceptional nature involving unpublished price sensitive information is imminent, offers may only be made after the second market day from the date on which the aforesaid announcement is made.

SHARE OPTIONS (CONTINUED)

Share-based incentive schemes (continued)

- **Awards under the Share Incentive Plan**

  The Remuneration Committee shall at its discretion at any time during the period when the plan is in force grant an Award to any participant. An Award represents the right of a participant to receive fully paid ordinary shares of the Company, their equivalent cash value or combinations thereof, free-of-charge.

  The Remuneration Committee shall at its discretion decide at the point of an Award of shares, the grant date, the vesting period, the number of ordinary shares to be awarded and the retention period. New ordinary shares allotted and issued on the release of an Award shall rank pari passu in all respects with the previously issued shares.

There were no options granted during the financial year to subscribe for unissued shares of the Company or any subsidiary.

There was no Award under the Share Incentive Plan granted during the financial year.

AUDIT COMMITTEE

The members of the Audit Committee at the end of the financial year were:

Anthony Michael Dean (Chairman)
Josephine Price
Pedro Mata-Bruckmann
Davinder Singh

All members of the Audit Committee were non-executive directors. The Audit Committee performs its functions in accordance with section 201B(5) of the Singapore Companies Act, Cap 50, the SGX-ST Listing Manual, and the Code of Corporate Governance 2005.

The Audit Committee has reviewed the overall scope of both internal and external audits and the assistance given by the Company's officers to the auditors. It has met the Company's internal and independent auditors to discuss the results of their respective examinations and their evaluation of the Company's system of internal accounting controls.

The Audit Committee has also reviewed the balance sheet of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2011 as well as the independent auditor's report thereon prior to their submission to the Board of Directors for approval.

The Company renewed its Shareholders' Mandate for it to enter into certain categories of transactions with specified classes of the Company's Interested Persons. The Audit Committee has also reviewed the interested person transactions of the Group during the financial year in accordance with established procedures.

The Audit Committee has nominated PricewaterhouseCoopers LLP for re-appointment as independent auditor of the Company at the forthcoming Annual General Meeting. The Audit Committee has conducted an annual review of non-audit services to satisfy itself that the nature and extent of such services will not prejudice the independence and objectivity of the independent auditor.

INDEPENDENT AUDITOR

The independent auditor, PricewaterhouseCoopers LLP, has expressed its willingness to accept re-appointment.

On behalf of the directors

Chuang Tiong Choon
Director

Chuang Tiong Kie
Director

23 March 2012

STATEMENT BY DIRECTORS

In the opinion of the directors,

(a) the balance sheet of the Company and the consolidated financial statements of the Group as set out on pages 60 to 125 are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2011 and of the results of the business, changes in equity and cash flows of the Group for the financial year then ended; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the directors

Chuang Tiong Choon
Director

Chuang Tiong Kie
Director

23 March 2012

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF PETRA FOODS LIMITED

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Petra Foods Limited (the "Company") and its subsidiaries (the "Group") set out on pages 60 to 125, which comprise the consolidated balance sheet of the Group and the balance sheet of the Company as at 31 December 2011, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2011, and the results, changes in equity and cash flows of the Group for the financial year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors, have been properly kept in accordance with the provisions of the Act.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Public Accountants and Certified Public Accountants

Singapore, 23 March 2012

CONSOLIDATED INCOME STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

		The Group	
	Notes	2011 US$'000	2010 US$'000
Revenue	4	**1,702,152**	1,566,020
Cost of sales	5	**(1,462,119)**	(1,366,417)
Gross profit		**240,033**	199,603
Other operating income	4	**6,425**	5,670
Selling and distribution costs		**(96,725)**	(84,516)
Administrative expenses		**(40,701)**	(35,288)
Finance costs	7	**(27,380)**	(25,891)
Other operating expenses		**(3,328)**	(1,415)
		78,324	58,163
Share of results of associated companies and joint venture	19	**361**	298
Profit before income tax		**78,685**	58,461
Income tax expense	9	**(18,224)**	(13,988)
Total profit		**60,461**	44,473
Profit/(loss) attributable to:			
Equity holders of the Company		**60,586**	44,473
Non-controlling interest		**(125)**	–
		60,461	44,473
Earnings per ordinary share[1] (expressed in US cents per share)			
Basic and Diluted	11	9.91	7.73

[1] Diluted earnings per share for financial years 2011 and 2010 are the same as basic earnings per share as there were no potentially dilutive ordinary shares.

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

	The Group	
	2011 US$'000	**2010 US$'000**
Profit for the year	**60,461**	44,473
Other comprehensive income:		
Cash flow hedges:		
– Fair value (losses)/gains	**(48,430)**	15,412
– Transfer to profit or loss	**11,057**	(21,776)
– Tax on fair value adjustments	**6,030**	553
	(31,343)	(5,811)
Currency translation differences arising from consolidation	**(4,986)**	1,117
Other comprehensive expense, net of tax	**(36,329)**	(4,694)
Total comprehensive income for the year	**24,132**	39,779
Total comprehensive income/(expense) attributable to:		
Equity holders of the Company	**24,266**	39,779
Non-controlling interest	**(134)**	–
	24,132	39,779

The accompanying notes form an integral part of these financial statements.

BALANCE SHEETS
AS AT 31 DECEMBER 2011

	Notes	The Group 2011 US$'000	The Group 2010 US$'000	The Company 2011 US$'000	The Company 2010 US$'000
ASSETS					
Current assets					
Cash and cash equivalents	12	**19,091**	42,782	**10,276**	27,375
Derivative assets	15	**11,818**	11,451	**10,423**	11,451
Trade receivables	13	**162,499**	164,964	**247,011**	251,304
Inventories	14	**477,885**	491,362	**9,433**	9,397
Tax recoverable	9	**10,292**	9,205	**661**	–
Other current assets	17	**33,838**	33,518	**12,208**	12,968
		715,423	753,282	**290,012**	312,495
Non-current assets					
Investments in subsidiaries	18	**–**	–	**145,356**	124,092
Investments in associated companies and joint venture	19	**3,348**	3,065	**3,000**	3,265
Receivables from subsidiaries	20	**–**	–	**88,417**	74,956
Loan to associated company	21	**2,531**	2,531	**–**	–
Property, plant and equipment	22	**280,361**	255,604	**2,270**	1,175
Intangible assets	23	**20,958**	21,105	**1,784**	1,784
Deferred income tax assets	9	**23,896**	18,470	**581**	–
Other non-current assets	25	**728**	798	**5**	21
		331,822	301,573	**241,413**	205,293
Total assets		**1,047,245**	1,054,855	**531,425**	517,788
LIABILITIES					
Current liabilities					
Trade payables	26	**136,563**	122,317	**74,894**	51,713
Other payables	27	**59,000**	55,960	**19,001**	11,920
Current income tax liabilities	9	**3,855**	5,149	**1,349**	–
Derivative liabilities	15	**13,082**	10,975	**10,770**	7,000
Borrowings	28	**374,405**	441,524	**140,259**	161,585
		586,905	635,925	**246,273**	232,218
Non-current liabilities					
Borrowings	28	**146,734**	107,591	**72,121**	70,073
Deferred income tax liabilities	9	**4,900**	6,923	**–**	330
Provisions for other liabilities and charges	30	**11,783**	10,314	**–**	–
		163,417	124,828	**72,121**	70,403
Total liabilities		**750,322**	760,753	**318,394**	302,621
NET ASSETS		**296,923**	294,102	**213,031**	215,167
EQUITY					
Capital and reserves attributable to the equity holders of the Company					
Share capital	31	**155,951**	155,951	**155,951**	155,951
Foreign currency translation reserve	32	**(6,939)**	(1,962)	**–**	–
Other reserves		**(32,217)**	(1,115)	**(17,274)**	(227)
Retained earnings	33	**179,787**	141,228	**74,354**	59,443
		296,582	294,102	**213,031**	215,167
Non-controlling interest		**341**	–	**–**	–
TOTAL EQUITY		**296,923**	294,102	**213,031**	215,167

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

	Attributable to equity holders of the Company							
	Share capital US$'000	Foreign currency translation reserve US$'000	Cash flow hedge reserve US$'000	General reserve US$'000	Retained earnings US$'000	Total US$'000	Non-controlling interest US$'000	Total equity US$'000
The Group								
Balance at 1 January 2011	**155,951**	**(1,962)**	**(2,538)**	**1,423**	**141,228**	**294,102**	**–**	**294,102**
Total comprehensive (expense)/income for the year	–	(4,977)	(31,343)	–	60,586	24,266	(134)	24,132
Acquisition of additional interest in a subsidiary	–	–	–	–	–	–	475	475
Transfer to general reserve	–	–	–	241	(241)	–	–	–
Final dividend relating to 2010 paid	–	–	–	–	(10,512)	(10,512)	–	(10,512)
Interim dividend relating to 2011 paid	–	–	–	–	(11,274)	(11,274)	–	(11,274)
Balance at 31 December 2011	**155,951**	**(6,939)**	**(33,881)**	**1,664**	**179,787**	**296,582**	**341**	**296,923**
Balance at 1 January 2010	95,767	(3,079)	3,651	1,619	109,735	207,693	12,376	220,069
Total comprehensive income/(expense) for the year	–	1,117	(5,811)	–	44,473	39,779	–	39,779
Issue of shares	61,143	–	–	–	–	61,143	–	61,143
Share issue expenses	(959)	–	–	–	–	(959)	–	(959)
Acquisition of additional interest in a subsidiary	–	–	(378)	(433)	–	(811)	(12,376)	(13,187)
Transfer to general reserve	–	–	–	237	(237)	–	–	–
Final dividend relating to 2009 paid	–	–	–	–	(5,429)	(5,429)	–	(5,429)
Interim dividend relating to 2010 paid	–	–	–	–	(7,314)	(7,314)	–	(7,314)
Balance at 31 December 2010	155,951	(1,962)	(2,538)	1,423	141,228	294,102	–	294,102

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

	Notes	2011 US$'000	2010 US$'000
Cash flows from operating activities			
Profit before tax		**78,685**	58,461
Adjustments:			
Depreciation and amortisation	22, 23(b) & 23(c)	**24,300**	23,668
Property, plant and equipment written off		**774**	565
Gain on disposal of property, plant and equipment		**(387)**	(622)
Interest income	4	**(240)**	(249)
Interest expense	7	**27,380**	26,197
Fair value (gains)/losses on derivatives		**(5,080)**	4,701
Net foreign exchange gain	7	**–**	(306)
Share of profits from associated companies and joint venture	19	**(361)**	(298)
Operating cash flow before working capital changes		**125,071**	112,117
Change in working capital:			
Inventories		**13,477**	(136,566)
Trade and other receivables		**8,736**	(40,268)
Trade and other payables		**(23,467)**	28,914
Cash provided by/(used in) operations		**123,817**	(35,803)
Interest received		**240**	249
Income tax paid	9(b)	**(22,333)**	(21,615)
Net cash generated from/(used in) operating activities		**101,724**	(57,169)
Cash flows from investing activities			
Purchases of property, plant and equipment		**(52,355)**	(13,499)
Acquisition of remaining interest in a subsidiary	18	**–**	(13,187)
Investment in joint venture	19	**–**	(265)
Non-controlling interest contribution in subsidiary		**466**	–
Payments for patents and trademarks		**(77)**	(53)
Proceeds from disposal of property, plant and equipment		**659**	748
Net cash used in investing activities		**(51,307)**	(26,256)
Cash flows from financing activities			
Proceeds from issuance of shares – net of expenses		**–**	60,184
Proceeds from term loans		**13,474**	938
Proceeds from trade finance and short term advances		**17,133**	104,410
Proceeds from issuance of Medium Term Notes		**50,922**	7,179
Repayment of term loans		**(45,520)**	(31,261)
Repayment of Medium Term Notes		**(26,019)**	–
Repayment of lease liabilities		**(1,750)**	(1,102)
Interest paid		**(27,380)**	(26,197)
Dividends paid to equity holders of the Company	34	**(21,786)**	(12,743)
Net cash (used in)/provided by financing activities		**(40,926)**	101,408
Net increase in cash and cash equivalents		**9,491**	17,983
Cash and cash equivalents			
Beginning of financial year		**(4,633)**	(28,046)
Effects of currency translation on cash and cash equivalents		**(910)**	5,430
End of financial year	12	**3,948**	(4,633)

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. GENERAL INFORMATION

Petra Foods Limited (the "Company") is incorporated and domiciled in Singapore and is publicly traded on the Singapore Exchange Securities Trading Limited. The address of its registered office is 111 Somerset Road, #16-01 TripleOne Somerset, Singapore 238164.

The principal activities of the Company are the manufacturing and marketing of cocoa ingredients and consumer chocolate confectionery products and investment holding. The principal activities of each of the subsidiaries are set out in Note 18.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

These financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS"). The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of critical accounting estimates and assumptions. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

Interpretations and amendments to published standards effective in 2011

On 1 January 2011, the Group adopted the new or amended FRS and Interpretations to FRS ("INT FRS") that are mandatory for application from that date. Changes to the Group's accounting policies have been made, as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the Group's and Company's accounting policies and had no material effect on the amounts reported for the current or prior financial years.

2.2 Group accounting

(a) Subsidiaries

(i) Consolidation

Subsidiaries are entities over which the Group has power to govern the financial and operating policies so as to obtain benefits from its activities, generally accompanied by a shareholding giving rise to a majority of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date on which control ceases.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated but are considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests are that part of the net results of operations and of net assets of a subsidiary attributable to the interests which are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and balance sheet. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

(ii) Acquisitions

The acquisition method of accounting is used to account for business combinations by the Group.

The consideration transferred for the acquisition of a subsidiary comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary.

Acquisition-related costs are expensed as incurred.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Group accounting (continued)

(a) Subsidiaries (continued)

(ii) Acquisitions (continued)

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the net identifiable assets acquired is recorded as goodwill. Please refer to the paragraph "Intangible assets – Goodwill" for the subsequent accounting policy on goodwill.

(iii) Disposals

When a change in the Group's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific Standard.

Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

Please refer to Note 2.10 for the Company's accounting policy on investments in subsidiaries.

(b) Transactions with non-controlling interests

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control over the subsidiary are accounted for as transactions with equity owners of the Company. Any difference between the change in the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received is recognised in a separate reserve within equity attributable to the equity holders of the Company.

(c) Associated companies

Associated companies are entities over which the Group has significant influence, but not control, generally accompanying a shareholding giving rise to between and including 20% and 50% of the voting rights. Investments in associated companies are accounted for in the consolidated financial statements using the equity method of accounting less impairment losses, if any.

(i) Acquisitions

Investments in associated companies are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Goodwill on associated companies represents the excess of the cost of acquisition of the associate over the Group's share of the fair value of the identifiable net assets of the associate and is included in the carrying amount of the investments.

(ii) Equity method of accounting

In applying the equity method of accounting, the Group's share of its associated companies' post-acquisition profits or losses are recognised in profit or loss and its share of post-acquisition other comprehensive income is recognised in other comprehensive income. These post-acquisition movements and distributions received from associated companies are adjusted against the carrying amount of the investment. When the Group's share of losses in an associated company equals or exceeds its interest in the associated company, including any other unsecured non-current receivables, the Group does not recognise further losses, unless it has obligations or has made payments on behalf of the associated company.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Group accounting (continued)

(c) Associated companies (continued)

(ii) Equity method of accounting (continued)

Unrealised gains on transactions between the Group and its associated companies are eliminated to the extent of the Group's interest in the associated companies. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associated companies have been changed where necessary to ensure consistency with the accounting policies adopted by the Group.

(iii) Disposals

Investments in associated companies are derecognised when the Group loses significant influence. Any retained interest in the entity is remeasured at its fair value. The difference between the carrying amount of the retained investment at the date when significant influence is lost and its fair value is recognised in profit or loss.

Gains and losses arising from partial disposals or dilutions in investments in associated companies in which significant influence is retained are recognised in profit or loss.

Please refer to Note 2.10 for the Company's accounting policy on investments in associated companies.

(d) Joint ventures

The Group's joint ventures are entities over which the Group has contractual arrangements to jointly share the control over the economic activities of the entities with one or more parties. The Group's interest in joint ventures are accounted for in the consolidated financial statements using the equity method of accounting less impairment losses, if any.

Investments in joint ventures are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

In applying the equity method of accounting, the Group's share of its joint venture's post-acquisition profits or losses are recognised in profit or loss and its share of post-acquisition movements in reserves are recognised in equity directly. These post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in a joint venture equals or exceeds its interest in the joint venture, including any other unsecured non-current receivables, the Group does not recognise further losses, unless it has obligations or has made payments on behalf of the joint venture.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of joint ventures have been changed where necessary to ensure consistency with the accounting policies adopted by the Group.

Dilution gains and losses arising from investments in joint ventures are recognised in profit or loss.

Please refer to Note 2.10 for the Company's accounting policy on investment in joint ventures.

2.3 Currency translation

(a) Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The consolidated financial statements are presented in United States Dollars, which is the Company's functional and presentation currency.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Currency translation (continued)

(b) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency translation differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss.

However, in the consolidated financial statements, currency translation differences arising from borrowings in foreign currencies and other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations, are recognised in other comprehensive income and accumulated in the currency translation reserve.

When a foreign operation is disposed of or any borrowings forming part of the net investment in the foreign operation are repaid, a proportionate share of the accumulated translation difference is reclassified to profit or loss, as part of the gain or loss on disposal.

All foreign exchange gains and losses impacting profit or loss are presented in the income statement within "Other operating income".

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair value measurements are determined.

(c) Translation of Group entities' financial statements

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) Assets and liabilities are translated at the closing exchange rates at the reporting date.

(ii) Income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and

(iii) All resulting currency translation differences are recognised in the foreign currency translation reserve.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and translated at the closing rates at the reporting date.

2.4 Revenue and other operating income recognition

Revenue for the Group comprises the invoiced amount, at fair value, for the sale of goods and rendering of services, net of value added tax, rebates and discounts, and after eliminating sales within the Group.

The Group recognises revenue and other operating income when the amount of revenue and related cost can be reliably measured, it is probable that the collectability of the related receivables is reasonably assured and when the specific criteria for each of the Group's activities are met as follows:

(a) Sale of goods

Revenue from sales of goods is recognised when significant risks and rewards of ownership of the goods are transferred to the buyer and collectability of the related receivables is reasonably assured.

(b) Rendering of services – processing fees

Revenue from processing arrangements is recognised at the time when the services are rendered.

(c) Interest income

Interest income is recognised on a time-proportion basis, using the effective interest method.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Borrowing costs

Borrowing costs incurred to finance the development of property, plant and equipment are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are recognised in the profit or loss using the effective interest method.

2.6 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries, associated companies and joint ventures, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date; and

(ii) based on the tax consequence that will follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expenses in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred income tax on temporary differences arising from the fair value gains and losses on cash flow hedges are charged or credited directly to equity in the same period the temporary differences arise. Deferred income tax arising from a business combination is adjusted against goodwill on acquisition.

2.7 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand, deposits with financial institutions which are subject to an insignificant risk of change in value and bank overdrafts but exclude bank balances that are pledged as security for financing facilities. Bank overdrafts are presented as current borrowings on the balance sheet.

2.8 Loans and receivables

Loans and receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. An allowance for impairment of loans and receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the loans and receivables. The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of the allowance is recognised in profit or loss.

Loans and receivables are presented as "Cash and cash equivalents" (Note 12), "Trade receivables" (Note 13), "Other current assets" (Note 17) and "Loan to associated company" (Note 21).

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined on a weighted average basis and includes all costs in bringing each product to its present location and condition. Inventories comprise manufactured and purchased inventories.

The cost of manufactured inventories includes raw material cost, direct labour cost and production overheads based on the normal level of activity but excludes borrowing costs. The raw material cost, which comprises primarily cocoa beans and cocoa butter, includes their purchase price, inward shipping costs and import duties and charges. Direct labour cost comprises primarily manufacturing staff cost. Production overheads comprise primarily utilities charges, rental costs, depreciation of plant and machinery and indirect costs relating to the manufacturing of the inventories.

Work-in-progress inventories include direct material cost and direct labour cost incurred to the date of the financial statements. The amount also includes an allocated amount of production overheads by applying an overhead rate to the estimated stage of completion.

The cost of goods purchased includes their purchase price, inward shipping costs and import duties and charges.

Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

2.10 Investments in subsidiaries, associated companies and joint ventures

Investments in subsidiaries, associated companies and joint ventures are stated at cost less accumulated impairment losses (Note 2.13(c)) in the Company's balance sheet. On disposal of investments in subsidiaries, associated companies and joint ventures, the difference between disposal proceeds and the carrying amount of the investments are recognised in profit or loss.

2.11 Property, plant and equipment

(a) Measurement

(i) Property, plant and equipment

All items of property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses (Note 2.13(c)).

(ii) Components of costs

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Cost also includes borrowing costs that are directly attributable to the construction of qualifying assets. The projected cost of dismantlement, removal or restoration is also included as part of the cost of property, plant and equipment if the obligation for the dismantlement, removal or restoration is incurred as a consequence of acquiring the assets or using the assets for purposes other than to produce inventories.

(b) Depreciation

Freehold land and construction work-in-progress are not depreciated.

Depreciation on other items of property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives. The estimated useful lives are as follows:

	Useful lives
Leasehold land, buildings and improvements	10 – 50 years
Machinery and equipment	10 – 15 years
Motor vehicles	5 years
Office equipment	5 – 10 years

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Property, plant and equipment (continued)

(c) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset when it is probable that future economic benefits associated with the item will flow to the Group and the cost can be reliably measured. All other repair and maintenance expenses are recognised in profit or loss when incurred.

(d) Disposal

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss within "Other operating income".

2.12 Intangible assets

(a) Goodwill on acquisitions

Goodwill on acquisitions of subsidiaries and businesses on or after 1 January 2010 represents the excess of (i) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over (ii) the fair value of the net identifiable assets acquired.

Goodwill on acquisition of subsidiaries and businesses prior to 1 January 2010 and on acquisition of joint ventures and associated companies represents the excess of the cost of acquisition of subsidiaries or associated companies or joint ventures over the fair value of the Group's share of the identifiable net assets and contingent liabilities of the acquired subsidiaries or associated companies or joint ventures at the date of acquisition.

Goodwill is recognised separately as an intangible asset and carried at cost less accumulated impairment losses (Note 2.13(a)).

Negative goodwill represents the excess of the fair value of the identifiable net assets of subsidiaries or associated companies or joint ventures when acquired over the cost of acquisition. Negative goodwill is recognised immediately in profit or loss.

Gains and losses on disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(b) Brands, patents and trademarks

Brands acquired as part of business combinations are recognised when they arise from contractual or other legal rights, or are separable.

Such brands are recognised at their fair values at the acquisition date and subsequently carried at cost (i.e. the fair values at initial recognition) less accumulated amortisation and accumulated impairment losses.

Brands that are regarded as having indefinite useful lives are not amortised and are subsequently tested for impairment annually (Note 2.13(b)).

Brands that are regarded as having limited useful lives are stated at cost less accumulated amortisation and accumulated impairment losses (Note 2.13(c)). Amortisation is calculated using the straight-line method to allocate the cost of brands over their estimated useful lives of 5 years.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Intangible assets (continued)

(b) Brands, patents and trademarks (continued)

Patents and trademarks are stated at cost less accumulated amortisation and accumulated impairment losses (Note 2.13(c)). Amortisation is calculated using the straight-line method to allocate the cost of patents and trademarks over their estimated useful lives of up to 5 years.

The useful lives of brands, patents and trademarks are assessed at each balance sheet date and adjustments are included in the profit or loss for the financial year in which the changes arise.

(c) Customer lists

Customer lists are acquired as part of business combinations and are recognised at their fair values at the acquisition date and subsequently carried at cost (i.e. the fair values at initial recognition) less accumulated amortisation and accumulated impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of customer lists over their estimated useful lives of 10 years.

2.13 Impairment of non-financial assets

(a) Goodwill

Goodwill is tested for impairment annually, and whenever there is indication that the goodwill may be impaired.

For the purpose of impairment testing of goodwill, goodwill is allocated to each of the Group's cash-generating-units ("CGU") expected to benefit from synergies of the business combination.

An impairment loss is recognised in profit or loss when the carrying amount of the CGU, including the goodwill, exceeds the recoverable amount of the CGU. The recoverable amount of the CGU is the higher of the CGU's fair value less cost to sell and value-in-use.

The total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU.

An impairment loss on goodwill is recognised as an expense and is not reversed in a subsequent period.

(b) Brands

Brands that are regarded as having indefinite useful lives are tested annually for impairment, as well as when there is any indication that the carrying amounts may not be recoverable.

An impairment loss is recognised in profit or loss when the carrying amount of the acquired brand exceeds the recoverable amount of the acquired brand. Recoverable amount of the brand is the higher of a brand's fair value less cost to sell and value-in-use.

An impairment loss on brand is recognised as an expense and is reversed if, and only if, there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the brand's carrying amount does not exceed the carrying amount that would have been determined, if no impairment loss had been recognised.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Impairment of non-financial assets (continued)

(c) **Other intangible assets**
Property, plant and equipment
Investments in subsidiaries, associated companies and joint ventures

Other intangible assets, property, plant and equipment and investments in subsidiaries, associated companies and joint ventures are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired. If any such indication exists, the recoverable amount (i.e. the higher of the fair value less cost to sell and value-in-use) of the asset is estimated to determine the amount of impairment loss.

For the purpose of impairment testing, the recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from the other assets. If this is the case, recoverable amount is determined for the CGU to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

An impairment loss for these assets is reversed if, and only if, there has been a change in the estimates used to determine the assets' recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for these assets other than goodwill is recognised in profit or loss.

2.14 Derivative financial instruments and hedging activities

Derivatives are used by the Group to manage exposure to foreign exchange, interest rate and cocoa bean price risks arising from operational and financing activities.

Derivatives are initially recognised at fair value on the dates the contracts are entered into and are subsequently carried at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

At the inception of a hedge relationship, the Group formally designates and documents the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

Where the derivative qualifies for hedge accounting, recognition of any resultant gain or loss is based on the nature of the item being hedged. The Group designates certain derivatives as hedges of highly probable forecast transactions (cash flow hedges).

Cash flow hedges refer to hedges against exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability, or a highly probable forecast transaction.

Hedge accounting is discontinued prospectively when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. Upon discontinuation of hedge accounting, any cumulative gains or losses on the hedging instrument that remain recognised in the cash flow hedge reserve from the period when the hedge was effective should remain in equity and are transferred to profit or loss in the periods when the forecast transactions are recognised in profit or loss. If the forecast transaction is no longer expected to occur, the net cumulative gain or loss is immediately recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Derivative financial instruments and hedging activities (continued)

(a) Cocoa Bean Futures

The Group enters into exchange traded cocoa bean futures to hedge the cocoa bean price risk arising from its forecasted purchases of cocoa beans and forecasted sales of cocoa ingredients.

The Group applies cash flow hedge ("CFH") accounting whereby the cocoa bean futures are designated as the hedging instruments to the underlying forecasted sale or purchase contracts to hedge the variability in cash flow that is attributable to the risk of cocoa bean price movement.

The fair value changes of the effective portion of the cocoa bean futures designated as cash flow hedges are recognised in the cash flow hedge reserve and transferred to profit or loss in the periods when the forecast transactions are recognised in profit or loss. The fair value changes of the ineffective portion of the cocoa bean futures are recognised immediately in profit or loss.

The fair values of the cocoa bean futures are determined based on the quoted closing prices on the relevant Exchange as at balance sheet date.

(b) Foreign Exchange Forward and Futures Contracts

The Group enters into foreign exchange forward and futures contracts to hedge the currency risk arising from its forecasted purchase of cocoa beans and forecasted sales transactions as well as firm commitments for purchases and sales denominated in foreign currencies.

The Group designates its foreign exchange forwards and futures as cash flow hedges. Under the CFH accounting, the foreign exchange forwards and futures are designated as hedging instruments to the underlying forecasted sales or purchase contracts to hedge the variability in cash flow that is attributable to the foreign exchange risk. The fair value changes on the effective portion of the foreign exchange forwards or futures designated as cash flow hedge are recognised in the cash flow hedge reserve and transferred to profit or loss in the periods when the forecast transactions are recognised in profit or loss. The fair value changes of the ineffective portion of the foreign exchange forwards or futures are recognised immediately in profit or loss.

The fair values of foreign exchange forward and futures contracts are determined using forward exchange market rates at the balance sheet date.

(c) Interest Rate Swaps

The Group has entered into interest rate swaps ("IRSs") to hedge the Group's exposure to interest rate risk on its floating rate borrowings. These IRSs entitle the Group to receive interest at floating rates on the notional principal amounts and oblige the Group to pay fixed rate interest on the same notional principal amounts, thus allowing the Group to raise borrowings at floating rates and swap them into fixed rates.

For interest rate swaps which qualify as cash flow hedges, the fair value changes on the effective portion of interest rate swaps are recognised in the cash flow hedge reserve and reclassified to profit or loss (as part of finance costs) when the interest expense on the borrowings are recognised in profit or loss. The fair value changes on the ineffective portion of interest rate swaps are recognised immediately in profit or loss.

The fair value of the interest rate derivatives is calculated at the present value of the estimated future cash flows discounted at actively quoted interest rates.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Derivative financial instruments and hedging activities (continued)

(d) Cross Currency Interest Rate Swaps

The Group issued medium term notes ("MTNs") which are denominated in Singapore Dollars ("SGD"). To hedge against the currency risk and interest rate risk arising from these MTNs, the Group entered into cross currency interest rate swaps which enable the Group to receive principal and interest payments in SGD and pay its fixed rate principal and interest in United States Dollars.

These cross currency interest rate swaps have been designated as hedging instruments under cash flow hedge accounting whilst the SGD principal and interest cash flow payments are designated as the hedged items.

The fair value change on the effective portion of the cross currency interest rate swaps designated as cash flow hedge is recognised in the cash flow hedge reserve and reclassified to profit or loss when currency translation gains/losses and interest expense on the borrowing are recognised in profit or loss.

The fair value of the cross currency interest rate swaps is determined using discounted cash flow analysis based on the appropriate interest rates and forward exchange rates.

(e) Derivatives that are not designated or do not qualify for hedge accounting

These are categorised as financial assets at fair value through profit or loss.

Fair value changes on these derivatives that are entered to hedge the Group's forecasted purchases of cocoa beans and forecasted sales of cocoa ingredients are recognised in cost of sales and changes of other derivatives are recognised within other operating income/expense.

2.15 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid.

Trade and other payables are initially recognised at fair value, and subsequently measured at amortised cost using the effective interest method.

2.16 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated.

2.17 Financial guarantees

The Company has issued corporate guarantees to banks for bank borrowings of its subsidiaries. These guarantees are financial guarantees as they require the Company to reimburse the banks if the subsidiaries fail to make principal or interest payments when due in accordance with the terms of their borrowings.

Financial guarantees are initially recognised at their fair value plus transaction costs in the Company's balance sheet.

Financial guarantees are subsequently amortised to profit or loss over the period of the subsidiaries' borrowings, unless it is probable that the Company will reimburse the bank for an amount higher than the unamortised amount. In this case, the financial guarantee shall be carried at the expected amount payable to the bank in the Company's balance sheet.

Intragroup transactions are eliminated on consolidation.

2.18 Borrowings

Borrowings are recognised initially at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings which are due to be settled within 12 months after the balance sheet date are presented as current borrowings.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 Leases

Lessee – Finance leases

Leases where the Group assumes substantially all risks and rewards incidental to ownership of the leased assets are classified as finance leases.

The leased assets and the corresponding lease liabilities (net of finance charges) under finance leases are recognised on the balance sheet as plant and equipment and borrowings respectively, at the inception of the leases based on the lower of the fair value of the leased assets and the present value of the minimum lease payments.

Each lease payment is apportioned between the finance expense and the reduction of the outstanding lease liability. The finance expense is recognised in profit or loss on a basis that reflects a constant periodic rate of interest on the finance lease liability.

Lessee – Operating leases

Leases where substantially all risks and rewards incidental to ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are taken to profit or loss on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

2.20 Employee compensation

(a) Defined benefit plans

Defined benefit plans are post-employment benefit pension plans other than defined contribution plans. Defined benefit plans typically define the amount of benefit that an employee will receive on or after retirement.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and unrecognised past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses are recognised as income or expense when the net cumulative unrecognised actuarial gains and losses for each individual plan at the end of the previous reporting year exceeded 10% of the higher of the defined benefit obligation and the fair value of plan assets at that date. These gains or losses are recognised over the expected average remaining working lives of the employees participating in the plans.

Past-service costs are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

(b) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund.

The Group's obligation, in regard to the defined contribution plans, is limited to the amount it contributes to the fund. The Group's contributions to defined contribution plans are recognised in the financial year to which they relate.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.20 Employee compensation (continued)

(c) Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

(d) Termination benefits

Termination benefits are those benefits which are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after balance sheet date are discounted to present value.

2.21 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

2.22 Dividends

Interim dividends are recorded in the financial year in which they are declared payable. Final dividends are recorded in the financial year in which the dividends are approved by the shareholders.

2.23 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting to the Executive Committee whose members are responsible for allocating resources and assessing performance of the operating segments.

2.24 Fair value estimation of financial assets and liabilities

The carrying amounts of current financial assets and liabilities, carried at amortised cost approximate their fair values.

The fair values of borrowings carried at amortised cost are estimated by discounting the future contractual cash flows at the current market interest rates that are available to the Group for similar financial liabilities.

2.25 Government grants

Grants from the government are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

Government grants relating to expenses are deducted against the related expenses.

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom exactly equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Estimated impairment of goodwill and brands

As at 31 December 2011, the carrying amounts of goodwill and brands with indefinite useful lives were US$10,841,000 (2010: US$10,841,000) and US$7,469,000 (2010: US$7,469,000) respectively.

Goodwill and brands with indefinite useful lives are tested for impairment annually, in accordance with the accounting policy stated in Note 2.13. The recoverable amount of these brands and cash generating units comprising goodwill have been determined based on Royalty Relief Approach and Value-In-Use calculations respectively. Estimating the recoverable amounts requires the Group to estimate future cash flows and suitable royalty and discount rates in order to calculate the present value of those cash flows (Note 24).

If the management's estimated pre-tax discount rate applied to the discounted cash flows at 31 December 2011 is raised by 1%, the carrying amount of goodwill relating to Far East will be reduced by US$810,000.

If management's estimated royalty rate of brands at 31 December 2011 is lowered by 1%, the recoverable amount of brands will be reduced by US$4,608,000. However, this change in assumption will not cause the carrying amount of brands to exceed their recoverable amount.

(ii) Income taxes

The Group is subject to income taxes in numerous jurisdictions. In determining the income tax liabilities, management is required to estimate the amount of capital allowances and the deductibility of certain expenses ("uncertain tax positions") at each tax jurisdiction. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such final determination is made. The management believes that the tax positions as set out in Note 9(b) are sustainable.

(iii) Tax recoverable

Included in tax recoverable were instalment payments made amounting to Indonesian Rupiah ("IDR") 71.9 billion (approximately US$7.4 million) in relation to an additional tax assessment arising from one of the Indonesian subsidiaries. These payments are recorded as tax recoverable in the balance sheet. Based on advice from Indonesian tax advisers, the Group has valid grounds to contest the additional tax assessment and has filed an appeal with the Indonesian Tax Court against this additional tax assessment. The recoverability of the tax paid or any provision for additional tax liability is dependent on the court's decision (Note 16).

As of the date of these financial statements, it is too preliminary to provide an assessment of the court's ultimate decision. If the outcome is unfavourable to the Group, the tax recoverable will be written off in the profit or loss.

(iv) Deferred income tax assets

The Group recognises deferred income tax assets on carried forward tax allowances and tax losses to the extent there are sufficient estimated future taxable profits and/or temporary differences against which the tax credit can be utilised and the Group is able to satisfy any relevant legislation affecting the ability of the losses to be carried forward. As at 31 December 2011, the Group recognised deferred tax assets of US$23,896,000 (2010: US$18,471,000) relating mainly to certain entities based on the anticipated future use of tax allowances and tax losses carried forward by those entities. If those entities are unable to generate sufficient taxable profits to utilise the tax allowances and tax losses, the deferred income tax assets will have to be written off against income tax expense.

(v) Fair valuation for derivative financial instruments

The Group carries derivatives at fair value, which requires extensive use of valuation techniques or dealer quotes for similar instruments. This determination requires significant judgement and the use of observable market data. The fair value of these derivatives would differ if the Group used different bases of fair valuation, which would affect the financial performance of the Group. The carrying amounts of derivative financial instruments as at balance sheet date are disclosed in Note 15.

4. REVENUE AND OTHER OPERATING INCOME

	The Group	
	2011 US$'000	**2010 US$'000**
Sales of goods	**1,679,805**	1,547,341
Processing fees	**22,347**	18,679
Total revenue	**1,702,152**	1,566,020
Other operating income:		
– Interest income	**240**	249
– Miscellaneous income	**6,185**	5,421
Total other operating income	**6,425**	5,670
	1,708,577	1,571,690

Miscellaneous income comprises mainly sales of scrap.

5. COST OF SALES

	The Group	
	2011 US$'000	**2010 US$'000**
Cost of goods sold	**1,426,506**	1,371,842
Cost of processing services rendered	**18,156**	15,131
	1,444,662	1,386,973
Transfer from cash flow hedge reserve – cocoa bean and foreign exchange derivatives	**5,561**	(18,874)
	1,450,223	1,368,099
Other adjustments to cost of sales:		
– Fair value loss/(gain) on cocoa bean derivatives	**6,011**	(6,805)
– Fair value loss on foreign exchange derivatives	**5,885**	5,123
	1,462,119	1,366,417

6. EMPLOYEE COMPENSATION

	The Group	
	2011 US$'000	**2010 US$'000**
Wages and salaries	**77,280**	64,358
Employer's contribution to defined contribution plans, including Central Provident Fund	**4,616**	3,846
Defined benefit plans (Note 30(a))	**2,354**	2,321
Less: Government grant – Jobs credit scheme	**–**	(80)
	84,250	70,445

The Jobs Credit Scheme is a cash grant introduced in the Singapore Budget 2009 to help businesses preserve jobs in the economic downturn. The amount an employer can receive depends on the fulfilment of the conditions as stated in the scheme. The Jobs Credit Scheme ended 30 June 2010.

7. FINANCE COSTS

	The Group	
	2011 US$'000	**2010 US$'000**
Interest expense:		
– bank loans and overdrafts	**4,536**	6,385
– trade finance and short term advances	**13,058**	11,869
– medium term notes	**5,608**	4,231
– finance lease liabilities	**90**	72
	23,292	22,557
Transfer from cash flow hedge reserve – interest rate swaps	**4,346**	3,640
	27,638	26,197
Less: Interest costs capitalised as cost of property, plant and equipment (Note 22)	**(258)**	–
	27,380	26,197
Net foreign exchange gain	**–**	(306)
	27,380	25,891

8. EXPENSES BY NATURE

	The Group	
	2011 US$'000	**2010 US$'000**
Fees on audit services paid/payable to the auditors	**862**	726
Fees on non-audit services paid/payable to the auditors	**81**	54
	943	780
Amortisation of intangible assets (Note 23(d))	**431**	433
Allowance made for inventory obsolescence	**2,100**	3,258
Cost of inventories recognised as an expense	**1,294,498**	1,259,376
Depreciation of property, plant and equipment (Note 22)	**23,869**	23,235
Employee benefits expenses (Note 6)	**84,250**	70,445
Fair value (gains)/losses on interest rate derivatives not designated for hedge accounting	**(554)**	345
Foreign exchange (gain)/loss	**(2,012)**	4,340
Transfer from cash flow hedge reserve – cross currency interest rate swaps	**1,150**	(6,542)
Gain on disposal of property, plant and equipment	**(387)**	(622)
Property, plant and equipment written off	**774**	565
Inventories written off	**1,871**	2,668
(Write-back)/impairment loss on trade receivables	**(11)**	81
Logistics and insurance	**37,185**	33,099
Professional fees	**2,446**	1,818
Rental on operating leases	**5,135**	4,430
Travelling expenses	**4,566**	4,448

9. INCOME TAXES

(a) Income tax expense

	The Group	
	2011 US$'000	**2010 US$'000**
Tax expense attributable to profit is made up of:		
Profit from current financial year:		
Current income tax		
– Singapore	**1,101**	–
– Foreign	**17,590**	17,806
	18,691	17,806
Deferred income tax	**(2,046)**	(3,300)
	16,645	14,506
Under/(over) provision in prior financial years:		
– Current income tax	**1,179**	102
– Deferred income tax	**400**	(620)
	18,224	13,988

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the Singapore standard rate of income tax due to the following:

	The Group	
	2011 US$'000	**2010 US$'000**
Profit before tax	**78,685**	58,461
Tax calculated at a tax rate of 17% (2010: 17%)	**13,376**	9,939
Tax concessions	**(3,437)**	(3,506)
Effects of:		
– Change in tax rates	**28**	118
– Different tax rates in other countries	**4,366**	5,155
– Income not subject to tax	**(267)**	(581)
– Expenses not deductible for tax purposes	**1,045**	1,642
– Withholding tax on dividends paid by foreign subsidiaries	**1,522**	1,879
– Deferred tax assets not recognised	**141**	215
– Utilisation of previously unrecognised tax losses and tax allowances	**(129)**	(355)
Tax charge	**16,645**	14,506

9. INCOME TAXES (CONTINUED)

(b) Movements in current income tax liabilities (net of tax recoverable)

	The Group		The Company	
	2011 US$'000	2010 US$'000	**2011 US$'000**	2010 US$'000
Beginning of financial year	**(4,056)**	(508)	**–**	2,116
Currency translation differences	**82**	159	**–**	–
Income tax paid	**(22,333)**	(21,615)	**(3,787)**	(5,388)
Tax payable on profit for the current financial year	**18,691**	17,806	**4,192**	3,086
Under provision in preceding financial years	**1,179**	102	**283**	186
End of financial year	**(6,437)**	(4,056)	**688**	–

The amounts are shown in the balance sheets as follows:

	The Group		The Company	
	2011 US$'000	2010 US$'000	**2011 US$'000**	2010 US$'000
Tax recoverable (Note 16)	**(10,292)**	(9,205)	**(661)**	–
Current income tax liabilities	**3,855**	5,149	**1,349**	–

(c) Deferred income taxes

Deferred income tax assets and deferred income tax liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority. The amounts, determined after appropriate offsetting, are shown in the balance sheets as follows:

	The Group		The Company	
	2011 US$'000	2010 US$'000	**2011 US$'000**	2010 US$'000
Deferred income tax assets	**23,896**	18,470	**581**	–
Deferred income tax liabilities	**4,900**	6,923	**–**	330

Deferred income tax assets are recognised for tax allowances and tax losses carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable.

The Group has unrecognised tax allowances of US$2,076,000 (2010: US$2,146,000) and unrecognised tax losses of US$8,816,000 (2010: US$8,604,000) at the balance sheet date, which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements in the respective countries of incorporation of those companies with unrecognised tax allowances and tax losses. These tax allowances and tax losses do not have any expiry dates, except for tax losses of US$4,097,000 (2010: US$945,000) incurred by certain subsidiaries which will expire between 2012 and 2019.

Deferred income tax liabilities of US$10.4 million (2010: US$8.1 million) have not been recognised for the withholding taxes that would be payable on the earnings of the overseas subsidiaries if remitted to the holding company. These unremitted earnings are permanently reinvested and amount to US$98.1 million (2010: US$76.7 million) at the balance sheet date.

9. INCOME TAXES (CONTINUED)

(c) Deferred income taxes (continued)

The movement in the deferred income tax (assets)/liabilities account is as follows:

	The Group		The Company	
	2011 US$'000	2010 US$'000	**2011 US$'000**	2010 US$'000
Beginning of financial year	**(11,547)**	(7,759)	**330**	1,051
Effect of change in tax rates	**28**	118	**–**	–
Tax credited to:				
– Profit or loss	**(1,674)**	(4,038)	**(15)**	(163)
– Other comprehensive income [(1)]	**(6,030)**	(553)	**(896)**	(558)
Currency translation differences	**227**	685	**–**	–
End of financial year	**(18,996)**	(11,547)	**(581)**	330

The movement in the deferred income tax assets and liabilities during the year is as follows:

The Group

Deferred income tax liabilities

	Fair value gains US$'000	Accelerated tax depreciation US$'000	Other taxable temporary differences US$'000	Total US$'000
At 1 January 2011	**482**	**13,237**	**1,327**	**15,046**
Charged/(credited) to:				
– Profit or loss	**–**	**589**	**(374)**	**215**
– Other comprehensive income [(1)]	**(433)**	**–**	**–**	**(433)**
Currency translation differences	**(49)**	**(139)**	**(47)**	**(235)**
At 31 December 2011	**–**	**13,687**	**906**	**14,593**

	Fair value gains US$'000	Accelerated tax depreciation US$'000	Other taxable temporary differences US$'000	Total US$'000
At 1 January 2010	546	11,669	314	12,529
Charged/(credited) to:				
– Profit or loss	–	1,460	991	2,451
– Other comprehensive income [(1)]	(64)	–	–	(64)
Currency translation differences	–	108	22	130
At 31 December 2010	482	13,237	1,327	15,046

9. INCOME TAXES (CONTINUED)

(c) Deferred income taxes (continued)

The Group

Deferred income tax assets

	Fair value losses US$'000	Provisions US$'000	Unutilised tax losses & tax allowances US$'000	Unrealised exchange losses US$'000	Total US$'000
At 1 January 2011	**(1,102)**	**(4,539)**	**(20,208)**	**(744)**	**(26,593)**
Effect of change in tax rates	**–**	**28**	**–**	**–**	**28**
(Credited)/charged to:					
– Profit or loss	**–**	**(1,576)**	**1,051**	**(1,364)**	**(1,889)**
– Other comprehensive income [1]	**(5,597)**	**–**	**–**	**–**	**(5,597)**
Currency translation differences	**49**	**118**	**235**	**60**	**462**
At 31 December 2011	**(6,650)**	**(5,969)**	**(18,922)**	**(2,048)**	**(33,589)**
At 1 January 2010	(635)	(3,485)	(15,832)	(336)	(20,288)
Effect of change in tax rates	1	–	117	–	118
Credited to:					
– Profit or loss	–	(962)	(5,135)	(392)	(6,489)
– Other comprehensive income [1]	(489)	–	–	–	(489)
Currency translation differences	21	(92)	642	(16)	555
At 31 December 2010	(1,102)	(4,539)	(20,208)	(744)	(26,593)

The Company

Deferred income tax liabilities

	Fair value gains US$'000	Accelerated tax depreciation US$'000	Other taxable temporary differences US$'000	Total US$'000
At 1 January 2011	**–**	**340**	**53**	**393**
(Credited)/charged to:				
– Profit or loss	**–**	**(52)**	**33**	**(19)**
At 31 December 2011	**–**	**288**	**86**	**374**
At 1 January 2010	546	336	214	1,096
(Credited)/charged to:				
– Profit or loss	–	4	(161)	(157)
– Other comprehensive income [1]	(546)	–	–	(546)
At 31 December 2010	–	340	53	393

9. INCOME TAXES (CONTINUED)

(c) Deferred income taxes (continued)

The Company

Deferred income tax assets

	Fair value losses US$'000	Provisions US$'000	Total US$'000
At 1 January 2011	**(12)**	**(51)**	**(63)**
(Credited)/charged to:			
– Profit or loss	**–**	**4**	**4**
– Other comprehensive income [1]	**(896)**	**–**	**(896)**
At 31 December 2011	**(908)**	**(47)**	**(955)**
At 1 January 2010	–	(45)	(45)
Credited to:			
– Profit or loss	–	(6)	(6)
– Other comprehensive income [1]	(12)	–	(12)
At 31 December 2010	(12)	(51)	(63)

Note:
[1] This relates to tax (credit)/charge on fair value losses/gains and transfers on cash flow hedges.

10. EARNINGS BEFORE INTEREST, TAX, DEPRECIATION AND AMORTISATION ("EBITDA")

EBITDA is a measure of profit determined by the management as follows:

	The Group	
	2011 US$'000	2010 US$'000
Profit before tax	**78,685**	58,461
Adjustments for:		
Fair value (gains)/losses on interest rate derivatives not designated for hedge accounting (Note 8)	**(554)**	345
Interest expense (Note 7)	**27,380**	26,197
Interest income (Note 4)	**(240)**	(249)
Depreciation of property, plant and equipment (Note 22)	**23,869**	23,235
Amortisation of intangible assets (Note 23(d))	**431**	433
EBITDA	**129,571**	108,422

11. EARNINGS PER SHARE

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	The Group	
	2011 US$'000	**2010 US$'000**
Net profit attributable to equity holders of the Company (US$'000)	**60,586**	44,473
Weighted average number of ordinary shares ('000)	**611,157**	575,283
Basic earnings per share (US cents)	**9.91**	7.73

(b) Diluted earnings per share

Diluted earnings per share for financial years 2011 and 2010 are the same as basic earnings per share as there were no potentially dilutive ordinary shares.

12. CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2011 US$'000	**2010 US$'000**	**2011 US$'000**	**2010 US$'000**
Cash at bank and on hand	**10,692**	20,822	**2,061**	14,275
Short-term bank deposits	**8,399**	21,960	**8,215**	13,100
	19,091	42,782	**10,276**	27,375

For the purposes of presenting the consolidated statement of cash flows, the consolidated cash and cash equivalents comprise the following:

	The Group	
	2011 US$'000	**2010 US$'000**
Cash and bank balances (as above)	**19,091**	42,782
Less: Bank overdrafts (Note 28)	**(15,143)**	(47,415)
Cash and cash equivalents per consolidated statement of cash flows	**3,948**	(4,633)

13. TRADE RECEIVABLES

	The Group		The Company	
	2011 US$'000	2010 US$'000	**2011 US$'000**	2010 US$'000
Trade receivables				
– third parties	**160,647**	161,552	**41,368**	36,305
– subsidiaries	**–**	–	**204,968**	214,999
– related parties	**2,088**	3,686	**675**	–
	162,735	165,238	**247,011**	251,304
Less:				
Accumulated impairment loss				
– third parties	**(236)**	(274)	**–**	–
	162,499	164,964	**247,011**	251,304

Related parties represent corporations in which certain directors have substantial financial interests.

The carrying amounts of current trade receivables approximate their fair values.

Trade receivables of US$47,200,000 (2010: US$36,043,000) have been pledged as security for loans and trade finance obtained from banks for its European operations. No trade receivables of the Company were pledged.

14. INVENTORIES

	The Group		The Company	
	2011 US$'000	2010 US$'000	**2011 US$'000**	2010 US$'000
Raw materials	**160,232**	212,104	**–**	–
Work-in-progress	**10,386**	11,206	**–**	–
Finished goods	**270,174**	241,900	**9,433**	9,397
Packaging materials & others	**37,093**	26,152	**–**	–
	477,885	491,362	**9,433**	9,397

Inventories of US$113,899,000 (2010: US$94,484,000) of the Group have been pledged as security for loans and trade finance obtained from banks for its European and Brazilian operations. No inventories of the Company were pledged.

15. DERIVATIVE FINANCIAL INSTRUMENTS

Derivative assets or derivative liabilities represent the fair values on the following outstanding derivatives.

	The Group Fair Values		The Company Fair Values	
	Assets US$'000	Liabilities US$'000	Assets US$'000	Liabilities US$'000
2011				
(a) Foreign exchange forwards				
– Cash flow hedge	**2,914**	**3,034**	**–**	**3,034**
– Not designated for hedge accounting	**1,547**	**25**	**3,066**	**–**
(b) Interest rate derivatives				
(i) Cross currency interest rate swaps				
– Cash flow hedge	**7,357**	**1,294**	**7,357**	**1,294**
(ii) Interest rate swaps				
– Cash flow hedge	**–**	**7,570**	**–**	**5,283**
– Not designated for hedge accounting	**–**	**1,159**	**–**	**1,159**
Total	**11,818**	**13,082**	**10,423**	**10,770**
2010				
(a) Foreign exchange forwards				
– Cash flow hedge	–	2,540	–	502
– Not designated for hedge accounting	–	2,759	–	1,036
(b) Interest rate derivatives				
(i) Cross currency interest rate swaps				
– Cash flow hedge	10,889	–	10,889	–
(ii) Interest rate swaps				
– Cash flow hedge	562	3,984	562	3,770
– Not designated for hedge accounting	–	1,692	–	1,692
Total	11,451	10,975	11,451	7,000

15. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

a) Foreign exchange forwards

The notional amounts of the Group's and the Company's foreign exchange forwards denominated in the following currencies are as follows:

	The Group		The Company	
	2011 US$'000	2010 US$'000	2011 US$'000	2010 US$'000
Sterling Pound				
– Long	**262,474**	216,464	**94,781**	42,639
– Short	**65,741**	103,943	**–**	1,646
Euro				
– Long	**38,028**	16,220	**36,062**	15,596
– Short	**71,869**	61,540	**71,869**	60,706
Australian Dollar				
– Long	**174**	170	**–**	–
– Short	**899**	2,081	**899**	2,081
Swiss Franc				
– Long	**2,417**	6,967	**452**	–
– Short	**18,063**	29,798	**1,096**	2,458
USD				
– Long	**20,131**	13,506	**–**	–
– Short	**64,445**	31,548	**–**	–
Others				
– Long	**587**	–	**–**	–
– Short	**2,251**	1,917	**–**	–

(b) Interest rate derivatives

The notional amounts and maturity dates of the respective interest rate derivative instruments are as follows:

	The Group			
	2011		2010	
	Notional Amount US$'000	Maturity Dates	Notional Amount US$'000	Maturity Dates
Cross currency interest rate swaps				
– cash flow hedge	**97,240**	**2012 – 2015**	72,337	2011 – 2013
Interest rate swaps				
– cash flow hedge	**187,493**	**2013 – 2018**	186,357	2011 – 2017
– not designated for hedge accounting	**20,000**	**2013**	20,000	2013

	The Company			
	2011		2010	
	Notional Amount US$'000	Maturity Dates	Notional Amount US$'000	Maturity Dates
Cross currency interest rate swaps				
– cash flow hedge	**97,240**	**2012 – 2015**	72,337	2011 – 2013
Interest rate swaps				
– cash flow hedge	**96,937**	**2013 – 2018**	107,385	2011 – 2017
– not designated for hedge accounting	**20,000**	**2013**	20,000	2013

15. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

(c) Cocoa bean futures and foreign exchange futures

The net amounts receivable or payable with brokers are included in other receivables (Note 17) or other payables (Note 27). These reflect changes in fair values of exchange traded futures contracts used for hedging, which are subject to daily mark-to-market valuation, and are offset against margin or credit lines maintained with brokers.

The notional amounts of exchange traded futures contracts of the Group and the Company are as follows:

	The Group		The Company	
	2011 US$'000	2010 US$'000	**2011 US$'000**	2010 US$'000
Exchange traded cocoa bean futures purchases	**871,270**	696,041	**420,601**	382,247
Exchange traded cocoa bean futures sales	**731,488**	500,552	**364,365**	352,764
Foreign exchange futures				
– purchases	**144,231**	154,280	**144,231**	154,280
– sales	**92,745**	128,587	**92,745**	128,587

For accounting of cocoa bean futures and foreign exchange futures, please refer to Note 2.14(a) and 2.14(b).

16. TAX RECOVERABLE

Included in the Group's tax recoverable were instalment payments amounting to IDR71.9 billion, approximately US$7.4 million (2010: IDR71.9 billion, approximately US$7.4 million) by one of the Indonesian subsidiaries to its local tax authority.

In 2009, the Indonesian Director General of Taxation ("DGT") imposed an additional tax assessment amounting to IDR71.9 billion (approximately US$7.4 million) on PT General Food Industries ("GFI"), a wholly owned Indonesian subsidiary of the Company, pertaining to the issue of transfer pricing.

GFI is contesting this additional tax assessment on the grounds that the transfer pricing between GFI and the Company is done at arm's length based on the methods prescribed in the OECD Transfer Pricing Guidelines.

GFI has been advised by its Indonesian tax advisers that there are valid grounds to contest the additional tax assessment by DGT. Accordingly, GFI has filed an appeal with the Indonesian Tax Court against this additional tax assessment paid. The proceedings ended in September 2010 and are now pending the court's decision. As of the date of these financial statements, it is still too preliminary to provide an assessment of the court's ultimate decision.

17. OTHER CURRENT ASSETS

	The Group		The Company	
	2011 US$'000	2010 US$'000	**2011 US$'000**	2010 US$'000
Other receivables				
– due from brokers	**3,988**	6,562	**–**	113
– other third parties	**15,770**	16,350	**129**	498
– subsidiaries (non-trade)	**–**	–	**11,310**	11,620
– associated companies (non-trade)	**107**	131	**–**	–
– related parties (non-trade)	**199**	305	**–**	–
	20,064	23,348	**11,439**	12,231
Less:				
Accumulated impairment loss				
– third parties	**(19)**	(36)	**–**	–
	20,045	23,312	**11,439**	12,231
Deposits	**5,369**	2,049	**1**	1
Prepayments	**8,424**	8,157	**768**	736
	33,838	33,518	**12,208**	12,968

Other non-trade receivables due from subsidiaries, associated companies and related parties are unsecured, interest free and repayable upon demand.

18. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2011 US$'000	2010 US$'000
Equity investments, at cost	**147,632**	126,368
Impairment charge	**(2,276)**	(2,276)
End of financial year	**145,356**	124,092

On 25 March 2011, the Company entered into a agreement with Super Group Ltd through which it subscribed for 60% stake in a newly incorporated company, Ceres Super Pte Ltd ("CS") that undertakes the marketing and distribution of instant 3-in-1 coffeemix products and other convenience beverages in Indonesia. Total consideration paid in cash was S$0.9 million (US$0.7 million).

On 31 October 2011, the Company subscribed for 13.8 million ordinary shares in a wholly owned subsidiary, Petra Europe Holdings Pte Ltd for a cash consideration of EUR13.8 million (US$19.6 million). The subscription was funded through the Company's internal financial resources.

On 30 December 2011, the Company subscribed for 103,688 shares in a wholly owned subsidiary, Delfi Marketing, Inc. ("DMI") in the Philippines for a cash consideration of PHP43.9 million (US$1.0 million). The subscription was funded through internal financial resources.

18. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

The details of subsidiaries are as follows:

Name of subsidiary/ Country of incorporation	Principal activities	Country of business	Equity holding 2011 %	 2010 %
Held by the Company				
McKeeson Consultants Private Limited ^ (Singapore)	Management consultants	Singapore	**100**	100
PT Perusahaan Industri Ceres* (Indonesia)	Investment holding, manufacturing and marketing of consumer confectionery	Indonesia	**99.999**	99.999
PT General Food Industries* (Indonesia)	Manufacturing and marketing of industrial cocoa ingredients	Indonesia	**99.998**	99.998
PT Nirwana Lestari* (Indonesia)	Marketing and distribution of chocolate confections and other consumer products	Indonesia	**99.990**	99.990
Delfi Cocoa (Malaysia) Sdn. Bhd.* (Malaysia)	Manufacturing and marketing of industrial cocoa ingredients	Malaysia	**100**	100
Ceres Sime Confectionery Sdn Bhd ∞ (Malaysia)	Dormant	Malaysia	**100**	100
Cocoa Specialities, Inc. * (Philippines)	Manufacturing and marketing of industrial cocoa ingredients	Philippines	**100**	100
Siam Cocoa Products Co. Ltd * (Thailand)	Manufacturing and marketing of industrial cocoa ingredients	Thailand	**100**	100
Delfi Chocolate Manufacturing S.A.* (Switzerland)	Administrative services	Switzerland	**100**	100
Petra-SPT Marketing Pte Ltd ^ (Singapore)	Dormant	Singapore	**100**	100
Delfi Cocoa Investments 1 Pte Ltd ^ (Singapore)	Investment holding	Singapore	**100**	100
Delfi Cocoa USA, Inc. + (USA)	Marketing of industrial cocoa ingredients	USA	**100**	100
Delfi Singapore Pte Ltd ^ (Singapore)	Marketing and distribution of healthcare and other consumer products	Singapore	**100**	100
Ceres Super Pte Ltd ^ (Singapore)	Marketing and distribution of instant 3-in-1 coffeemix products and other convenience beverages	Singapore	**60**	–
Delfi Marketing Sdn Bhd * (Malaysia)	Marketing and distribution of healthcare and other consumer products	Malaysia	**100**	100
Delfi Foods, Inc. * (Philippines)	Manufacturing of finished chocolate confectionery products	Philippines	**100**	100
Delfi Marketing, Inc. * (Philippines)	Marketing and distribution of chocolate confections and other consumer products	Philippines	**100**	100
Petra Europe Holdings Pte Ltd ^ (formerly known as Petra Armajaro Holdings Pte Ltd) (Singapore)	Investment holding	Singapore	**100**	100

18. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of subsidiary/ Country of incorporation	Principal activities	Country of business	Equity holding 2011 %	Equity holding 2010 %
Held by Ceres Sime Confectionery Sdn Bhd				
Brands of Hudsons Sdn Bhd ∞ (Malaysia)	Marketing of consumer confectionery	Malaysia	**100**	100
Held by Delfi Cocoa Investments 1 Pte Ltd				
DCMX Cocoa, S.A. de C.V.* (Mexico)	Manufacturing and marketing of industrial cocoa ingredients	Mexico	**100**	100
Petra Management Services, S.A. de C.V. * (Mexico)	Provision of manpower services	Mexico	**100**	100
Delfi Cacau Brasil Ltda. * (Brazil)	Manufacturing and marketing of industrial cocoa ingredients	Brazil	**100**	100
Held by Petra Europe Holdings Pte Ltd				
Delfi Cocoa (Europe) B.V.* (Netherlands)	Marketing of industrial cocoa ingredients	Netherlands	**100**	100
Held by Delfi Cocoa (Europe) B.V.				
Delfi Cocoa (Europe) GmbH* (Germany)	Manufacturing of industrial cocoa ingredients	Germany	**100**	100
Delfi Nord Cacao SAS* (France)	Manufacturing of industrial cocoa ingredients	France	**100**	100
Held by McKeeson Consultants Private Limited				
PT Perusahaan Industri Ceres* (Indonesia)	Investment holding, manufacturing and marketing of consumer confectionery	Indonesia	**0.001**	0.001
PT General Food Industries* (Indonesia)	Manufacturing and marketing of industrial cocoa ingredients	Indonesia	**0.002**	0.002
PT Nirwana Lestari* (Indonesia)	Marketing and distribution of chocolate confections and other food products	Indonesia	**0.010**	0.010

^ Audited by PricewaterhouseCoopers LLP, Singapore.
* Audited by PricewaterhouseCoopers member firms outside Singapore.
∞ Audited by Grant Thornton, Malaysia.
+ Not required to be audited by law in country of incorporation.

19. INVESTMENTS IN ASSOCIATED COMPANIES AND JOINT VENTURE

(a) Investments in associated companies

	The Group		The Company	
	2011 US$'000	2010 US$'000	**2011 US$'000**	2010 US$'000
Equity investments			**3,000**	3,000
Beginning of financial year	**2,800**	2,363		
Currency translation differences	**(78)**	139		
Share of profits	**626**	298		
End of financial year	**3,348**	2,800		

The summarised financial information of associated companies, not adjusted for the proportion of ownership interest held by the Group, is as follows:

	2011 US$'000	2010 US$'000
– Assets	**12,692**	12,320
– Liabilities	**(5,997)**	(6,732)
– Revenue	**13,241**	10,854
– Net profit	**474**	582

The details of the associated companies are as follows:

Name of company	Country of incorporation	Principal activities	Equity holding	
			2011 %	2010 %
Held by the Company				
PT Ceres – Meiji Indotama *#	Indonesia	Manufacturing and marketing of snacks and food products	**40**	40
Held by Cocoa Specialities, Inc.				
Alsa Industries, Inc.	Philippines	Leasing of property	**40**	40

* Audited by PricewaterhouseCoopers member firm outside Singapore.
\# The Group's effective interest is 50%, including 10% held by PT Perusahaan Industri Ceres.

(b) Investment in joint venture

	The Group		The Company	
	2011 US$'000	2010 US$'000	**2011 US$'000**	2010 US$'000
Equity investment			**–**	265
Beginning of financial year	**265**	–		
Investment in joint venture	**–**	265		
Share of loss	**(265)**	–		
End of financial year	**–**	265		

19. INVESTMENTS IN ASSOCIATED COMPANIES AND JOINT VENTURE (CONTINUED)

(b) Investment in joint venture (continued)

The summarised financial information of the joint venture, not adjusted for the proportion of ownership interest held by the Group, is as follows:

	2011 US$'000	2010 US$'000
– Current assets	**–**	795
– Net loss	**(795)**	–

The details of the joint venture are as follows:

Name of company	Country of incorporation	Principal activities	Equity holding 2011 %	Equity holding 2010 %
Held by the Company				
PACTS SA	Switzerland	Quality and supply control of high quality fermented cocoa beans	**33.33**	33.33

On 19 November 2010, the Company subscribed to 1,000 shares in PACTS SA ("PACTS"), a new company formed in Switzerland for a cash consideration of US$265,000 (EUR195,000). This represents 33.33% of the share capital of PACTS. In 2011, the Company has recognised the full amount of the investment in the Company's profit or loss.

20. RECEIVABLES FROM SUBSIDIARIES

Non-current

	The Company	
	2011 US$'000	2010 US$'000
Loans to subsidiaries	**88,417**	74,956

The loans to subsidiaries are unsecured and repayable from 2013 to 2017. The loans bear interest at variable rates and the weighted average effective interest rate as at balance sheet date is between 2.3085% and 2.6900% per annum (2010: 3.6796%).

The loans to a subsidiary of US$72,447,000 (2010: US$74,956,000) are subordinated to bank borrowings of the subsidiary. The carrying amounts of the loans approximate their fair values.

21. LOAN TO ASSOCIATED COMPANY

The loan to an associate is unsecured and not expected to be repaid within the next 12 months. The loan bears interest at 4.023% (2010: 2.5%) per annum. The carrying amount approximates its fair value.

22. PROPERTY, PLANT AND EQUIPMENT

	Land US$'000	Buildings & improvements US$'000	Machinery & equipment US$'000	Motor vehicles US$'000	Office equipment US$'000	Construction in progress US$'000	Total US$'000
The Group							
Cost							
At 1 January 2011	**17,550**	**85,474**	**248,417**	**8,151**	**19,208**	**1,452**	**380,252**
Currency translation differences	**(228)**	**(1,639)**	**(4,046)**	**(84)**	**(314)**	**(1,164)**	**(7,475)**
Additions	**–**	**528**	**2,601**	**1,641**	**3,017**	**47,212**	**54,999**
Disposals/written off	**–**	**(48)**	**(1,114)**	**(1,310)**	**(180)**	**–**	**(2,652)**
Reclassification	**–**	**2,224**	**4,042**	**–**	**244**	**(6,510)**	**–**
At 31 December 2011	**17,322**	**86,539**	**249,900**	**8,398**	**21,975**	**40,990**	**425,124**
Accumulated depreciation							
At 1 January 2011	**606**	**16,809**	**87,748**	**4,891**	**14,594**	**–**	**124,648**
Currency translation differences	**(22)**	**(328)**	**(1,505)**	**(60)**	**(234)**	**–**	**(2,149)**
Disposals/written off	**–**	**–**	**(382)**	**(1,046)**	**(177)**	**–**	**(1,605)**
Depreciation charge	**339**	**3,343**	**16,918**	**1,201**	**2,068**	**–**	**23,869**
At 31 December 2011	**923**	**19,824**	**102,779**	**4,986**	**16,251**	**–**	**144,763**
Net book value							
At 31 December 2011	**16,399**	**66,715**	**147,121**	**3,412**	**5,724**	**40,990**	**280,361**
Cost							
At 1 January 2010	17,036	83,586	242,108	7,680	17,140	5,227	372,777
Currency translation differences	(18)	(1,578)	(3,178)	226	449	(13)	(4,112)
Additions	355	1,511	3,074	1,846	1,453	6,249	14,488
Disposals/written off	–	(65)	(1,086)	(1,593)	(151)	(6)	(2,901)
Reclassification	177	2,020	7,499	(8)	317	(10,005)	–
At 31 December 2010	17,550	85,474	248,417	8,151	19,208	1,452	380,252
Accumulated depreciation							
At 1 January 2010	576	13,062	71,824	5,125	12,141	–	102,728
Currency translation differences	(24)	132	269	141	377	–	895
Disposals/written off	–	(62)	(519)	(1,481)	(148)	–	(2,210)
Depreciation charge	405	3,326	16,174	1,106	2,224	–	23,235
Reclassification	(351)	351	–	–	–	–	–
At 31 December 2010	606	16,809	87,748	4,891	14,594	–	124,648
Net book value							
At 31 December 2010	16,944	68,665	160,669	3,260	4,614	1,452	255,604

22. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Buildings & improvements US$'000	Machinery & equipment US$'000	Motor vehicles US$'000	Office equipment US$'000	Construction in progress US$'000	Total US$'000
The Company						
Cost						
At 1 January 2011	**406**	**68**	**1,271**	**2,885**	**–**	**4,630**
Additions	**–**	**–**	**326**	**1,244**	**29**	**1,599**
Disposals	**–**	**(16)**	**(148)**	**(23)**	**–**	**(187)**
At 31 December 2011	**406**	**52**	**1,449**	**4,106**	**29**	**6,042**
Accumulated depreciation						
At 1 January 2011	**340**	**60**	**529**	**2,526**	**–**	**3,455**
Disposals	**–**	**(16)**	**(148)**	**(23)**	**–**	**(187)**
Depreciation charge	**18**	**2**	**208**	**276**	**–**	**504**
At 31 December 2011	**358**	**46**	**589**	**2,779**	**–**	**3,772**
Net book value						
At 31 December 2011	**48**	**6**	**860**	**1,327**	**29**	**2,270**
Cost						
At 1 January 2010	395	70	1,163	2,780	87	4,495
Additions	11	–	618	59	–	688
Disposals	–	(2)	(510)	(41)	–	(553)
Reclassification	–	–	–	87	(87)	–
At 31 December 2010	406	68	1,271	2,885	–	4,630
Accumulated depreciation						
At 1 January 2010	319	59	753	2,230	–	3,361
Disposals	–	(1)	(436)	(41)	–	(478)
Depreciation charge	21	2	212	337	–	572
At 31 December 2010	340	60	529	2,526	–	3,455
Net book value						
At 31 December 2010	66	8	742	359	–	1,175

(a) Included in the carrying amount of land of the Group is the cost of freehold land amounting to US$3,559,000 (2010: US$3,623,000).

(b) In 2011, the additions of property, plant and equipment under finance leases (where the Group is the lessee) amounted to US$2,644,000 (2010: US$989,000).

(c) The carrying amount of property, plant and equipment of the Group and the Company held under finance leases at 31 December 2011 amounted to US$3,812,000 (2010: US$3,761,000) and US$852,000 (2010: US$731,000) respectively.

(d) Bank borrowings are secured on property, plant and equipment of the Group with a carrying value of US$106,097,000 (2010: US$112,332,000).

(e) The borrowing costs capitalised as cost of property, plant and equipment of the Group during the year ended 31 December 2011 were US$258,000 (2010: Nil).

23. INTANGIBLE ASSETS

	The Group		The Company	
	2011 US$'000	2010 US$'000	**2011 US$'000**	2010 US$'000
Goodwill arising on consolidation (Note (a))	**10,841**	10,841	**–**	–
Brands, patents and trademarks (Note (b))	**8,409**	8,155	**1,784**	1,784
Customer list (Note (c))	**1,708**	2,109	**–**	–
	20,958	21,105	**1,784**	1,784

(a) Goodwill arising on consolidation

	The Group		The Company	
	2011 US$'000	2010 US$'000	**2011 US$'000**	2010 US$'000
Beginning and end of financial year				
Cost	**11,196**	11,196	**–**	–
Accumulated impairment	**(355)**	(355)	**–**	–
Net book value	**10,841**	10,841	**–**	–

(b) Brands, patents and trademarks

	The Group		The Company	
	2011 US$'000	2010 US$'000	**2011 US$'000**	2010 US$'000
Net book value				
Beginning of financial year	**8,155**	8,564	**1,784**	1,784
Additions	**77**	53	**–**	–
Currency translation differences	**250**	(369)	**–**	–
Amortisation	**(73)**	(93)	**–**	–
End of financial year	**8,409**	8,155	**1,784**	1,784
End of financial year				
Cost	**9,438**	9,079	**1,784**	1,784
Accumulated amortisation	**(1,029)**	(924)	**–**	–
Net book value	**8,409**	8,155	**1,784**	1,784

Brands that are regarded as having indefinite useful lives are not amortised and are tested for impairment annually (Note 2.13(b)). These brands have a long heritage and are protected in all of the markets where they are sold by trademarks, which are renewed indefinitely without involvement of significant cost.

(c) Customer list

	The Group		The Company	
	2011 US$'000	2010 US$'000	**2011 US$'000**	2010 US$'000
Net book value				
Beginning of financial year	**2,109**	2,627	**–**	–
Currency translation differences	**(43)**	(178)	**–**	–
Amortisation	**(358)**	(340)	**–**	–
End of financial year	**1,708**	2,109	**–**	–
End of financial year				
Cost	**3,306**	3,420	**–**	–
Accumulated amortisation	**(1,598)**	(1,311)	**–**	–
Net book value	**1,708**	2,109	**–**	–

(d) Amortisation expense included in other operating expenses is analysed as follows:

	The Group	
	2011 US$'000	2010 US$'000
Brands, patents and trademarks	**73**	93
Customer List	**358**	340
Total (Note 8)	**431**	433

24. IMPAIRMENT TESTS

(a) Goodwill

Goodwill acquired through business combinations has been allocated to two individual cash-generating units ("CGU") for impairment testing as follows:

- Far East; and
- Latin America

Carrying amount of goodwill is allocated to each of the Group's CGUs as follows:

	Far East		Latin America		Total	
	2011 US$'000	2010 US$'000	**2011 US$'000**	2010 US$'000	**2011 US$'000**	2010 US$'000
Carrying amount of goodwill	**3,355**	3,355	**7,486**	7,486	**10,841**	10,841

The recoverable amounts of both CGUs are determined based on value-in-use calculations. These calculations use discounted cash flow projections based on financial budgets approved by management covering a 4-year period. Cash flows beyond the 4th year are extrapolated using estimated growth rates. The growth rate does not exceed the long-term average growth rate for the cocoa business in which the CGU operates.

Key assumptions used for value-in-use calculations:

	2011		2010	
	Far East %	**Latin America %**	Far East %	Latin America %
Gross margin [1]	**4.3**	**6.6**	4.0	6.7
Growth rate [2]	**2.8**	**2.8**	2.5	2.5
Discount rate [3]	**12.1**	**11.5**	10.0	8.9

[1] Budgeted gross margin
[2] Weighted average growth rate used to extrapolate cash flows beyond the budget period
[3] Based on weighted average cost of capital

These assumptions have been used for the analysis of each CGU. Management determined budgeted gross margin based on past performance and its expectations of market development. The weighted average growth rates used are consistent with the forecasts included in industry reports. The discount rates used are pre-tax and reflect specific risks relating to the segments.

24. IMPAIRMENT TESTS (CONTINUED)

(b) Brands

The carrying values of brands that are regarded as having indefinite useful lives are as follows:

	2011		2010	
	Cocoa Ingredients US$'000	**Branded Consumer US$'000**	Cocoa Ingredients US$'000	Branded Consumer US$'000
Carrying amount of brands	**3,705**	**3,764**	3,705	3,764

The recoverable amounts of these brands are determined based on the Royalty Relief Approach.

Key assumptions used for the Royalty Relief Approach:

	2011		2010	
	Cocoa Ingredients %	**Branded Consumer %**	Cocoa Ingredients %	Branded Consumer %
Royalty rates	**0.3**	**2.1 to 4.1**	0.2	2.1 to 4.1
Growth rate [1]	**0.3**	**3.0**	1.5	3.0
Discount rate [2]	**12.2**	**9.0 to 10.0**	10.5	9.3 to 11.4

[1] Weighted average growth rate used to extrapolate cash flows beyond the budget period

[2] Based on weighted average cost of capital, adjusted for country risk premium and brand risk premium

Management determined a royalty rate for each brand based on a benchmarking study of royalty agreements in the confectionery and food processing sector by an independent valuer. The weighted average growth rates used are consistent with the forecasts included in industry reports. The discount rates used are pre-tax and reflect specific risks relating to the principal countries of the brands.

25. OTHER NON-CURRENT ASSETS

These comprise principally long term prepaid operating rentals and deposits.

26. TRADE PAYABLES

	The Group		The Company	
	2011 US$'000	2010 US$'000	**2011 US$'000**	2010 US$'000
Trade payables:				
– third parties	**133,294**	119,575	**41,928**	33,676
– subsidiaries	**–**	–	**32,966**	18,037
– associated companies	**1,317**	1,056	**–**	–
– related parties	**1,952**	1,686	**–**	–
	136,563	122,317	**74,894**	51,713

Related parties represent corporations in which certain directors have substantial financial interests.

The carrying amounts of current trade payables approximate their fair values.

27. OTHER PAYABLES

	The Group		The Company	
	2011 US$'000	2010 US$'000	**2011 US$'000**	2010 US$'000
Other payables:				
– due to brokers	**10,431**	2,570	**9,546**	1,229
– other third parties	**9,253**	23,099	**851**	1,195
– subsidiaries	**–**	–	**772**	2,920
	19,684	25,669	**11,169**	5,344
Accrued operating expenses	**39,316**	30,291	**7,832**	6,576
	59,000	55,960	**19,001**	11,920

The carrying amounts of other payables approximate their fair values.

28. BORROWINGS

	The Group		The Company	
	2011 US$'000	2010 US$'000	**2011 US$'000**	2010 US$'000
Current				
Secured				
Bank borrowings	**22,608**	20,597	**–**	–
Finance lease liabilities (Note 29)	**1,450**	943	**161**	155
Trade finance and short term advances	**104,365**	143,564	**–**	–
	128,423	165,104	**161**	155
Unsecured				
Bank overdrafts	**15,143**	47,415	**–**	672
Bank borrowings	**10,963**	33,279	**1,009**	18,467
Medium term notes	**46,152**	29,406	**46,152**	29,406
Trade finance and short term advances	**173,724**	166,320	**92,937**	112,885
	245,982	276,420	**140,098**	161,430
Total borrowings (current)	**374,405**	441,524	**140,259**	161,585
Non-current				
Secured				
Bank borrowings	**14,476**	27,437	**–**	–
Finance lease liabilities (Note 29)	**1,081**	726	**470**	411
Trade finance	**48,929**	–	**–**	–
	64,486	28,163	**470**	411
Unsecured				
Bank borrowings	**11,121**	11,311	**524**	1,545
Medium term notes	**71,127**	68,117	**71,127**	68,117
	82,248	79,428	**71,651**	69,662
Total borrowings (non-current)	**146,734**	107,591	**72,121**	70,073
Total borrowings	**521,139**	549,115	**212,380**	231,658

28. BORROWINGS (CONTINUED)

During the year, the Group issued two tranches of medium term notes ("MTN") and obtained new term loans totalling US$64.4 million. The proceeds were used to refinance part of working capital and capital expenditure for the Group. These borrowings carry effective interest rates ranging from 2.55% to 6.75% per annum and mature between 2012 and 2015.

To hedge the cash flow interest rate risk and foreign exchange risk arising from these borrowings, the Group entered into interest rate swaps and cross currency interest rate swaps (Note 15(b)). These interest rate derivatives enable the Group to effectively swap its SGD denominated MTN into USD and floating rate borrowings into fixed rate borrowings.

On 19 December 2011, one of the European subsidiaries successfully secured EUR165.0 million (approximately US$213.0 million) in the syndication market through a series of multi-currency revolving facilities ("the Facilities") from a consortium of seven international banks in Europe. The Facilities are committed up to a 3-year period and will be used partly to re-finance the subsidiary's existing working capital facilities and to cater for contingencies and higher working capital needs as the Group's European business grows. The Facilities are secured by inventories and trade receivables of certain European subsidiaries. As of balance sheet date, EUR92.6 million (US$119.8 million) on the Facilities was utilised which bear variable interest rates between 1.7% and 6.2% per annum.

The exposure of borrowings of the Group and of the Company to interest rate changes based on the contractual repricing dates at the balance sheet date are as follows:

	The Group		The Company	
	2011 US$'000	2010 US$'000	**2011 US$'000**	2010 US$'000
6 months or less	**418,587**	419,864	**139,096**	141,350
6 – 12 months	**3,250**	19,117	**–**	19,113
1 – 5 years	**99,190**	110,068	**73,172**	71,129
Over 5 years	**112**	66	**112**	66
	521,139	549,115	**212,380**	231,658

(a) Security granted

Bank borrowings of certain subsidiaries are secured by inventories, trade receivables, and property, plant and equipment. Finance lease liabilities of the Group are secured by the rights to the leased property, plant and equipment (Note 22), which would revert to the lessor in the event of default by the Group.

(b) Maturity of non-current borrowings

The non-current borrowings (excluding finance lease liabilities (Note 29)) have the following maturity:

	The Group	
	2011 US$'000	2010 US$'000
Between one to two years	**52,520**	68,047
Between two to five years	**93,133**	38,817
	145,653	106,864

(c) Carrying amounts and fair value

The fair value is determined from discounted cash flows analyse using discount rates ranging from 4.59% to 5.09% (2010: 3.48% to 4.24%) based on the borrowing rates which the directors expect to be available to the Group at the balance sheet date. The carrying amounts of borrowings approximate their fair value.

29. FINANCE LEASE LIABILITIES

	The Group		The Company	
	2011 US$'000	2010 US$'000	2011 US$'000	2010 US$'000
Minimum lease payment due:				
– Not later than one year	**1,517**	989	**183**	176
– Between two to five years	**1,058**	751	**435**	425
– Later than five years	**71**	16	**71**	16
	2,646	1,756	**689**	617
Less: Future finance charges	**(115)**	(87)	**(58)**	(51)
Present value of finance lease liabilities	**2,531**	1,669	**631**	566

The present value of finance lease liabilities is analysed as follows:

	The Group		The Company	
	2011 US$'000	2010 US$'000	2011 US$'000	2010 US$'000
Not later than one year	**1,450**	943	**161**	155
Between two to five years	**1,012**	711	**401**	396
Later than five years	**69**	15	**69**	15
	2,531	1,669	**631**	566

30. PROVISIONS FOR OTHER LIABILITIES AND CHARGES

	The Group	
	2011 US$'000	2010 US$'000
Non-current		
Employee post-employment benefit plans (Note (a))	**10,950**	9,188
Others	**833**	1,126
	11,783	10,314

(a) Employee post-employment benefit plans

Certain subsidiaries of the Group operate defined benefit pension plans for severance and service benefits required under the labour laws of the country in which they operate. These pension plans are unfunded.

The amounts recognised in profit or loss are as follows:

	The Group	
	2011 US$'000	2010 US$'000
Current service cost	**1,170**	946
Interest cost	**983**	951
	2,153	1,897
Amortisation of past service costs	**208**	284
Actuarial (gain)/loss recognised during the year	**(7)**	140
Total, included in employee benefits expenses (Note 6)	**2,354**	2,321

30. PROVISIONS FOR OTHER LIABILITIES AND CHARGES (CONTINUED)

(a) Employee post-employment benefit plans (continued)

The movement in the liability recognised in the balance sheet is as follows:

	The Group	
	2011 US$'000	**2010 US$'000**
Beginning of financial year	**9,188**	7,659
Total, included in employee benefits expenses (Note 6)	**2,354**	2,321
Benefits paid	**(442)**	(1,164)
Currency translation differences	**(150)**	372
End of financial year	**10,950**	9,188

The amounts recognised in the balance sheet are determined as follows:

	The Group	
	2011 US$'000	**2010 US$'000**
Present value of unfunded obligations	**13,194**	11,326
Unrecognised past service costs	**(2,217)**	(125)
Unrecognised actuarial losses	**(27)**	(2,013)
Liability in balance sheet	**10,950**	9,188

As at 31 December	**2011 US$'000**	**2010 US$'000**	**2009 US$'000**	**2008 US$'000**	**2007 US$'000**
Present value of unfunded obligations	**13,194**	11,326	9,048	5,225	5,339

The principal actuarial assumptions used were as follows:

	The Group	
	2011 %	**2010 %**
Discount rates (per annum)	**4.7 to 7.1**	4.5 to 9.4
Future salary increases (per annum)	**1.0 to 8.0**	1.2 to 9.0

31. SHARE CAPITAL

	Issued share capital	
	Number of shares '000	Share capital US$'000
2011		
Beginning and end of financial year	**611,157**	**155,951**
2010		
Beginning of financial year	532,277	95,767
Shares issued	78,880	61,143
Share issue expenses	–	(959)
	611,157	155,951

All issued shares are fully paid. There is no par value for these ordinary shares.

On 16 June 2010, the Company issued 78,880,000 ordinary shares for a total cash consideration of US$61,143,000. The cash proceeds provided the Group with financial capacity to pursue strategic growth opportunities and increased its financial resources for current operations. The intention was to use about 50% of the net proceeds to pursue strategic alliances, mergers and acquisitions, joint ventures and investments as and when they may arise; and the remaining for working capital and general purposes of the Group. The shares issued in 2010 ranked pari passu in all respects with the previously issued shares.

As at balance sheet date, pending utilisation of proceeds allocated for strategic alliances, mergers and acquisitions, joint ventures or investments, the Group has utilised all proceeds to reduce bank borrowings.

32. FOREIGN CURRENCY TRANSLATION RESERVE

	The Group	
	2011 US$'000	**2010 US$'000**
Beginning of financial year	**(1,962)**	(3,079)
Net currency translation differences of financial statements of foreign subsidiaries	**(4,977)**	1,117
End of financial year	**(6,939)**	(1,962)

33. RETAINED EARNINGS

Subsidiaries in France, Indonesia and Thailand are required under their local laws to set aside an amount from their net profit to a general reserve until this reserve accumulates to amounts ranging from 10% to 20% of their fully paid capital. Such reserves are not distributable.

(a) Retained earnings of the Group and the Company are distributable except for retained earnings of certain subsidiaries amounting to US$3,064,000 (2010: US$3,341,000) which are included in the Group's retained earnings.

(b) Movement in retained earnings for the Company is as follows:

	The Company	
	2011 US$'000	**2010 US$'000**
Beginning of financial year	**59,443**	51,886
Profit for the year	**36,697**	20,300
Dividends paid (Note 34)	**(21,786)**	(12,743)
End of financial year	**74,354**	59,443

Movement in retained earnings for the Group is shown in the Consolidated Statement of Changes in Equity.

34. DIVIDENDS

	The Group	
	2011 US$'000	**2010 US$'000**
Declared and paid during the year		
Final dividend for 2010: 1.72 US cents or 2.18 Singapore cents (2009: 1.02 US cents) per share	**10,512**	5,429
Interim dividend for 2011: 1.86 US cents or 2.23 Singapore cents (2010: 1.17 US cents) per share	**11,274**	7,314
	21,786	12,743

At the forthcoming Annual General Meeting on 26 April 2012, a final dividend of 2.12 US cents or 2.61 Singapore cents per share amounting to a total of US$13.0 million will be recommended. These financial statements do not reflect this dividend, which will be accounted for in shareholders' equity as an appropriation of retained earnings in the financial year ending 31 December 2012.

35. IMMEDIATE AND ULTIMATE HOLDING CORPORATIONS

The Company's immediate holding corporation is Aerodrome International Limited, a corporation that is incorporated in the British Virgin Islands. The Company's ultimate holding corporation is Credit Suisse Trust Limited, incorporated in Singapore, in its capacity as trustee of Johnsonville Assets Limited and Johnsonville Holdings Limited. Mdm Lim Mee Len (wife of Mr Chuang Tiong Choon) is the beneficiary of Johnsonville Assets Trust. Mdm Lim Mee Len and Mr Chuang Tiong Choon are beneficiaries of Johnsonville Holdings Trust.

36. CONTINGENT LIABILITIES

As of balance sheet date, the Company has issued corporate guarantees for the amount of US$64,320,000 (2010: US$77,230,000) to banks for its subsidiaries' bank borrowings.

37. COMMITMENTS FOR EXPENDITURE

(a) Capital commitments

Capital expenditures contracted for at the balance sheet date but not recognised in the financial statements are as follows:

	The Group		The Company	
	2011 US$'000	2010 US$'000	**2011 US$'000**	2010 US$'000
Expenditure for property, plant and equipment – Approved and contracted for	**20,643**	6,318	**198**	–

(b) Operating lease commitments

The Group and the Company lease various factories, warehouses and office premises under operating lease agreements. The leases have varying terms and renewal rights.

The future aggregate minimum lease payments under non-cancellable operating leases contracted for at the reporting date but not recognised as liabilities, are as follows:

	The Group		The Company	
	2011 US$'000	2010 US$'000	**2011 US$'000**	2010 US$'000
Not later than one year	**2,559**	2,344	**622**	685
Later than one year but not later than five years	**2,411**	2,111	**24**	652
Later than five years	**140**	168	**–**	–
	5,110	4,623	**646**	1,337

38. FINANCIAL RISK MANAGEMENT

Overview

The Group's activities expose it to a variety of financial risks, including the effect of changes in foreign currency exchange rates, interest rates and cocoa bean prices. The Group's overall risk management strategy seeks to minimise adverse effects from the unpredictability of financial markets on the Group's financial performance. The Group uses derivative financial instruments such as foreign exchange forwards and futures contracts, cross currency interest rate swaps, exchange traded cocoa bean futures contracts and interest rate swaps to manage certain risk exposures. Derivatives are used strictly for risk management purposes and where they meet hedge accounting requirements under Singapore accounting standards, they are designated as hedging instruments. Derivatives that do not qualify for hedge accounting are designated as fair value through profit or loss.

Risk management is carried out jointly by the Commercial Department which is primarily responsible for hedging price risk and the Treasury Department which is responsible for hedging foreign currency and interest rate risk in accordance with established policies and guidelines. Both departments identify, evaluate and hedge commodity price risk and financial risks in close co-operation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, and the use of derivative and non-derivative financial instruments. The finance team measures the actual exposures against the limits set and prepares regular reports for review by senior management.

(a) Market risk

(i) Currency risk

The Group operates globally and, therefore, has various currency exposures, primarily with respect to Singapore Dollar ("SGD"), Sterling Pound ("GBP"), Euro ("EUR"), Australian Dollar ("AUD"), Indonesian Rupiah ("IDR"), Thailand Baht ("THB"), Philippine Peso ("PHP"), Mexican Peso ("MXP") and Brazilian Reais ("BRL"). Currency risk arises when transactions are denominated in a currency that is not the entity's functional currency.

The Group manages its foreign exchange exposure on a net basis by monitoring the receipts and payments in each individual currency. The Treasury Department also uses foreign exchange forward contracts to hedge certain net currency exposures arising from transactions denominated in foreign currencies. Such contracts allow the Group to sell or buy currencies at pre-determined forward rates, depending on forecast requirements.

The Company also entered into cross currency interest rate swaps to hedge against the currency risk and interest rate risk arising from its Singapore Dollar medium term notes. This involves an exchange of principal and interest receipts in the foreign currency in which the borrowing is denominated, for principal and interest payments in the Company's functional currency.

In addition, the Group is exposed to currency translation risk on the net assets of its foreign operations. Currency exposure arising from the Group's foreign operations in Indonesia, the Philippines and Europe are managed primarily through borrowings denominated in the relevant foreign currencies.

38. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (continued)

(i) Currency risk (continued)

The Group's currency exposure based on the information provided to key management is as follows:

	USD US$'000	GBP US$'000	SGD US$'000	BRL US$'000	EUR US$'000	Others US$'000	Total US$'000
At 31 December 2011							
Financial assets	**321,147**	**59,976**	**10,139**	**10,848**	**139,478**	**92,360**	**633,948**
Financial liabilities	**(509,822)**	**(92,156)**	**(121,822)**	**(14,209)**	**(311,420)**	**(123,636)**	**(1,173,065)**
Net financial liabilities	**(188,675)**	**(32,180)**	**(111,683)**	**(3,361)**	**(171,942)**	**(31,276)**	**(539,117)**
Adjust: Net financial liabilities denominated in own/ functional currency	**196,511**	**–**	**1,256**	**–**	**226,228**	**23,387**	**447,382**
Currency exposure of financial assets/(liabilities) net of those denominated in the respective entities' functional currencies	**7,836**	**(32,180)**	**(110,427)**	**(3,361)**	**54,286**	**(7,889)**	**(91,735)**
Firm commitments in foreign currencies	**37,566**	**(79,754)**	**(812)**	**–**	**(26,974)**	**23,887**	**(46,087)**
Derivative financial instruments							
Cross currency interest rate swaps	**–**	**–**	**105,714**	**–**	**–**	**–**	**105,714**
Exchange traded cocoa bean futures/foreign exchange futures	**(5,505)**	**(160,779)**	**–**	**–**	**–**	**–**	**(166,284)**
Foreign exchange forwards	**(48,508)**	**253,830**	**571**	**–**	**(34,291)**	**(19,187)**	**152,415**
Currency Exposure	**(8,611)**	**(18,883)**	**(4,954)**	**(3,361)**	**(6,979)**	**(3,189)**	**(45,977)**
At 31 December 2010							
Financial assets	300,964	58,267	10,161	16,909	150,958	110,850	648,109
Financial liabilities	(516,685)	(42,317)	(100,827)	(12,992)	(342,893)	(137,908)	(1,153,622)
Net financial (liabilities)/ assets	(215,721)	15,950	(90,666)	3,917	(191,935)	(27,058)	(505,513)
Adjust: Net financial liabilities denominated in own/ functional currency	215,450	–	1,304	–	248,359	34,927	500,040
Currency exposure of financial (liabilities)/assets net of those denominated in the respective entities' functional currencies	(271)	15,950	(89,362)	3,917	56,424	7,869	(5,473)
Firm commitments in foreign currencies	20,216	(9,511)	(74)	–	(19,777)	30,914	21,768
Derivative financial instruments							
Cross currency interest rate swaps	–	–	85,200	–	–	–	85,200
Exchange traded cocoa bean futures/foreign exchange futures	(2,889)	(146,485)	–	–	–	–	(149,374)
Foreign exchange forwards	(17,717)	136,261	–	–	(43,652)	(28,333)	46,559
Currency Exposure	(661)	(3,785)	(4,236)	3,917	(7,005)	10,450	(1,320)

38. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (continued)

(i) Currency risk (continued)

The Company's currency exposure based on the information provided to key management is as follows:

	USD US$'000	GBP US$'000	SGD US$'000	Others US$'000	Total US$'000
At 31 December 2011					
Financial assets	**261,311**	**20,448**	**2,013**	**73,377**	**357,149**
Financial liabilities	**(136,508)**	**(46,126)**	**(112,389)**	**(17,673)**	**(312,696)**
Net financial assets/(liabilities)	**124,803**	**(25,678)**	**(110,376)**	**55,704**	**44,453**
Adjust: Net financial assets denominated in functional currency	**(124,803)**	**–**	**–**	**–**	**(124,803)**
Currency exposure of financial (liabilities)/assets net of those denominated in functional currency	**–**	**(25,678)**	**(110,376)**	**55,704**	**(80,350)**
Firm commitments in foreign currencies	**–**	**(50,509)**	**–**	**(23,526)**	**(74,035)**
Derivative financial instruments					
Cross currency interest rate swaps	**–**	**–**	**105,714**	**–**	**105,714**
Exchange traded cocoa bean futures/foreign exchange futures	**–**	**(96,126)**	**–**	**–**	**(96,126)**
Foreign exchange forwards	**–**	**146,267**	**–**	**(37,349)**	**108,918**
Currency Exposure	**–**	**(26,046)**	**(4,662)**	**(5,171)**	**(35,879)**
At 31 December 2010					
Financial assets	254,501	32,852	3,003	76,095	366,451
Financial liabilities	(160,521)	(30,042)	(92,195)	(17,975)	(300,733)
Net financial assets/(liabilities)	93,980	2,810	(89,192)	58,120	65,718
Adjust: Net financial assets denominated in functional currency	(93,980)	–	–	–	(93,980)
Currency exposure of financial assets/(liabilities) net of those denominated in functional currency	–	2,810	(89,192)	58,120	(28,262)
Firm commitments in foreign currencies	–	(11,070)	–	(7,930)	(19,000)
Derivative financial instruments					
Cross currency interest rate swaps	–	–	85,200	–	85,200
Exchange traded cocoa bean futures/foreign exchange futures	–	(63,900)	–	–	(63,900)
Foreign exchange forwards	–	66,686	–	(49,649)	17,037
Currency Exposure	–	(5,474)	(3,992)	541	(8,925)

38. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (continued)

(i) Currency risk (continued)

Sensitivity Analysis to foreign exchange movement

Assuming that all other variables, in particular interest rates, remain constant, a strengthening of the United States Dollar against the following currencies and a strengthening of Euro against the Sterling Pound at reporting date would increase/(decrease) equity and profit/(loss) after tax by the amounts shown below.

	2011		2010	
	Profit/(loss) after tax US$'000	**Equity US$'000**	**Profit/(loss) after tax US$'000**	**Equity US$'000**
The Group				
USD against GBP				
– strengthened 2% (2010: 2%)	**(251)**	**(1,937)**	695	(2,722)
– weakened 2% (2010: 2%)	**251**	**1,937**	(695)	2,722
USD against BRL				
– strengthened 2% (2010: 2%)	**67**	**–**	(78)	–
– weakened 2% (2010: 2%)	**(67)**	**–**	78	–
USD against EUR				
– strengthened 3% (2010: 3%)	**711**	**103**	257	713
– weakened 3% (2010: 3%)	**(711)**	**(103)**	(257)	(713)
USD against SGD				
– strengthened 2% (2010: 2%)	**119**	**(96)**	114	(58)
– weakened 2% (2010: 2%)	**(119)**	**96**	(114)	58
EUR against GBP				
– strengthened 4% (2010: 4%)	**(106)**	**3,662**	(96)	(2,316)
– weakened 4% (2010: 4%)	**106**	**(3,662)**	96	2,316
The Company				
USD against GBP				
– strengthened 2% (2010: 2%)	**(238)**	**(1,937)**	693	(2,722)
– weakened 2% (2010: 2%)	**238**	**1,937**	(693)	2,722
USD against SGD				
– strengthened 2% (2010: 2%)	**77**	**(96)**	66	(58)
– weakened 2% (2010: 2%)	**(77)**	**96**	(66)	58
USD against EUR				
– strengthened 3% (2010: 3%)	**(140)**	**(545)**	(42)	(233)
– weakened 3% (2010: 3%)	**140**	**545**	42	233

38. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (continued)

(ii) Price risk

The manufacturing of the Group's cocoa ingredients products require raw materials such as cocoa beans and cocoa butter. The Group seeks to protect itself from the volatility of cocoa bean price risk through the use of cocoa bean futures contracts in a cost effective manner.

On an ongoing basis the Group carries sufficient stock of cocoa beans to ensure that there is un-interrupted supply to its facilities for the manufacture of cocoa ingredients for delivery. The Group uses cocoa bean futures to manage its price risk pertaining to forecasted requirements (including cost of carry) and uses cocoa bean futures and foreign exchange futures to manage the inter market price differentials.

For cocoa bean futures accounted for as cash flow hedges, an increase of cocoa bean price by 5% at the reporting date would increase the Group's and the Company's equity (net of tax) by US$2,977,000 and US$1,053,000 respectively (2010: increase the Group's and the Company's equity (net of tax) by US$7,181,000 and US$4,455,000 respectively).

For cocoa bean futures not designated for hedge accounting as at the reporting date, an increase of cocoa bean price by 5% at the reporting date would increase the Group's and the Company's profit after tax by US$823,000 and US$194,000 respectively (2010: decrease the Group's and the Company's profit after tax by US$2,993,000 and US$3,380,000 respectively).

For the above, a decrease by 5% would have an equal but opposite effect. The analysis assumes all other variables, in particular, foreign exchange rates, remain constant.

(iii) Cash flow and fair value interest rate risks

As the Group has no significant interest-bearing assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

The Group's interest rate risks arise primarily from its debt obligations. Borrowings are mainly at variable rates and these expose the Group and the Company to cash flow interest rate risk.

Generally, the Group manages its interest rate risk from its borrowings subject to floating rates by entering into interest rate derivatives. These interest rate derivatives have the economic effect of protecting the Group against rising interest rates on variable rate borrowings by placing a limit on maximum interest rates payable by the Group.

Sensitivity Analysis to variable interest rate movements

For borrowings and loans to subsidiaries at floating interest rates

The Group's and Company's borrowings at variable rates on which effective hedges have not been entered into, are denominated mainly in US Dollar, Euro and Sterling Pound. The Company has loans to subsidiaries at variable rates which are denominated in Euro and USD.

Assuming all other variables including tax rates are held constant, a 50 basis points increase in interest rates will lower the Group's profit after tax by US$800,000 (2010: US$805,000) and increase the Company's profit after tax by US$367,000 (2010: lowered by US$29,000). Conversely, a decrease in interest rates by 50 basis points would have an equal but opposite effect.

For interest rate swaps not designated for hedge accounting

Assuming all other variables including tax rate are held constant, a 50 basis points increase in interest rates will increase the Group's and Company's profit after tax by US$136,000 (2010: US$228,000). A decrease in interest rates by 50 basis points would lower the Group's and Company's profit after tax by US$151,000 (2010: US$232,000).

38. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (continued)

(iii) Cash flow and fair value interest rate risks (continued)

Sensitivity Analysis to variable interest rate movements (continued)

For interest rate swaps accounted for as cash flow hedges

Assuming all other variables including tax rate are held constant, a 50 basis points increase in interest rates would increase the Group's and Company's equity (net of tax) by US$2,109,000 (2010: US$2,200,000) and US$1,658,000 (2010: US$1,652,000) respectively. A decrease in interest rates by 50 basis points would lower the Group's and Company's equity (net of tax) by US$4,110,000 (2010: US$3,004,000) and US$1,881,000 (2010: US$2,363,000) respectively.

For cross currency interest rate swaps accounted for as cash flow hedges

Assuming all other variables including tax rate are held constant, a 50 basis points increase or decrease in floating interest rates will have no impact on the Group's and Company's equity as all existing cross currency swaps are entered at fixed interest rates (2010: increase the Group's and Company's equity (net of tax) by US$53,000 and decrease the Group's and Company's equity (net of tax) by US$78,000 respectively).

(b) Credit risk

Credit risk refers to the risk that a customer or counterparty will default on its contractual obligations resulting in financial loss to the Group. For trade receivables, the Group has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history, and where possible, the Group has obtained sufficient security to mitigate credit risk.

Concentrations of credit risk with respect to trade receivables are limited due to the Group's customers being internationally dispersed and having a variety of end markets in which they sell. Due to these factors, management believes that no additional credit risk beyond the amount of allowance for impairment made is necessary.

The credit exposure and credit terms granted to our customers are continuously monitored at the entity level by the respective management and at the Group level by the Treasury Department.

For derivatives, the Group adopts the policy of entering into derivative transactions only with high credit quality financial institutions. The Group has policies that limit the amount of credit exposure to any financial institution.

The maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the balance sheet, except as follows:

	The Company	
	2011 US$'000	**2010 US$'000**
Corporate guarantees provided to banks on subsidiaries' loans	**64,320**	77,230

The Group's and Company's major classes of financial assets are bank deposits and trade receivables.

38. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

The credit risk for trade receivables based on the information provided to key management is as follows:

	The Group		The Company	
	2011 US$'000	2010 US$'000	**2011 US$'000**	2010 US$'000
By geographical areas				
Indonesia	**39,692**	34,022	**1,089**	15
Japan	**5,576**	4,757	**5,024**	3,445
Singapore	**8,933**	9,489	**3,392**	2,559
Philippines	**10,696**	11,923	**8,154**	11,169
Thailand	**4,985**	4,425	**16,167**	19,606
Malaysia	**15,640**	19,771	**151,955**	133,168
China	**11,871**	4,763	**11,871**	4,763
Middle East	**3,468**	4,999	**3,468**	4,999
Other countries in Asia	**2,172**	2,769	**2,166**	2,767
Germany	**6,648**	4,231	**161**	69
Netherlands	**8,045**	5,947	**3,718**	6,034
Switzerland	**2,865**	1,670	**258**	570
Other countries in Europe	**12,392**	16,600	**3,054**	3,654
Australia	**2,167**	1,652	**2,167**	1,652
North America	**3,496**	10,804	**9,155**	14,092
Brazil	**14,311**	15,459	**20,990**	37,530
Other countries in Latin America	**7,899**	8,300	**2,579**	1,829
Africa	**1,643**	3,383	**1,643**	3,383
	162,499	164,964	**247,011**	251,304
By types of customers				
Subsidiaries	**–**	–	**204,968**	214,999
Related parties and associated companies	**2,088**	3,686	**675**	–
Non-related parties:				
– International Food and Beverage Companies	**96,391**	93,137	**31,436**	25,505
– Retail Chains	**27,108**	31,890	**–**	–
– Wholesalers & Distributors	**28,500**	30,147	**9,932**	10,800
– Others	**8,412**	6,104	**–**	–
	162,499	164,964	**247,011**	251,304

(i) Financial assets that are neither past due nor impaired

Bank deposits that are neither past due nor impaired are mainly deposits with banks with high credit ratings assigned by international credit-rating agencies. Trade receivables that are neither past due nor impaired are substantially companies with a good collection track record with the Group.

38. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

(ii) Financial assets that are past due and/or impaired

There is no other class of financial assets that is past due and/or impaired except for trade receivables.

The age analysis of trade receivables past due but not impaired is as follows:

	The Group		The Company	
	2011 US$'000	2010 US$'000	**2011 US$'000**	2010 US$'000
Past due 0 to 1 month	**42,362**	46,323	**47,154**	37,997
Past due 1 to 3 months	**11,351**	10,344	**53,071**	41,334
Past due 3 to 6 months	**1,500**	1,492	**2**	6,753
Past due over 6 months	**329**	949	**58**	6,366
	55,542	59,108	**100,285**	92,450

The carrying amount of trade receivables individually determined to be impaired and the movement in the related allowance for impairment are as follows:

	The Group		The Company	
	2011 US$'000	2010 US$'000	**2011 US$'000**	2010 US$'000
Gross amount	**236**	274	**–**	–
Less: Allowance for impairment	**(236)**	(274)	**–**	–
	–	–	**–**	–
Beginning of financial year	**274**	241	**–**	5
Currency translation difference	**(2)**	19	**–**	–
Allowance (written back)/made	**(11)**	81	**–**	–
Allowance utilised	**(25)**	(67)	**–**	(5)
End of financial year	**236**	274	**–**	–

Trade receivables that are individually determined to be impaired at the balance sheet date relate to debtors that are in significant financial difficulty and have defaulted on payments. These receivables are not secured by collaterals or credit enhancement.

38. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk

Due to the dynamic nature of the underlying business, the Group adopts prudent liquidity risk management policies by maintaining sufficient cash and having an adequate amount of committed credit facilities to meet the forecast net cash requirement of the Group's operations.

The table below analyses the Group's and Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year US$'000	Between 1 and 2 years US$'000	Between 2 and 5 years US$'000	Over 5 years US$'000	Total US$'000
The Group					
At 31 December 2011					
Trade and other payables	**(192,503)**	**–**	**–**	**–**	**(192,503)**
Borrowings	**(418,258)**	**(59,015)**	**(60,515)**	**(71)**	**(537,859)**
	(610,761)	**(59,015)**	**(60,515)**	**(71)**	**(730,362)**
At 31 December 2010					
Trade and other payables	(175,220)	–	–	–	(175,220)
Borrowings	(449,799)	(71,377)	(40,108)	(16)	(561,300)
	(625,019)	(71,377)	(40,108)	(16)	(736,520)
The Company					
At 31 December 2011					
Trade and other payables	**(91,639)**	**–**	**–**	**–**	**(91,639)**
Borrowings	**(144,708)**	**(25,045)**	**(52,809)**	**(71)**	**(222,633)**
	(236,347)	**(25,045)**	**(52,809)**	**(71)**	**(314,272)**
At 31 December 2010					
Trade and other payables	(61,633)	–	–	–	(61,633)
Borrowings	(166,159)	(49,780)	(22,884)	(15)	(238,838)
	(227,792)	(49,780)	(22,884)	(15)	(300,471)

38. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk (continued)

The table below analyses the Group's and the Company's derivative financial instruments for which contractual maturities are essential for an understanding of the timing of the cash flows into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year US$'000	Between 1 and 2 years US$'000	Between 2 and 5 years US$'000	Over 5 years US$'000	Total US$'000
The Group					
At 31 December 2011					
Net-settled interest rate swaps	**(3,923)**	**(2,853)**	**(2,202)**	**119**	**(8,859)**
Gross-settled foreign exchange forwards and cross currency interest rate swaps					
– Payments	**(590,691)**	**(10,920)**	**(53,217)**	**–**	**(654,828)**
– Receipts	**598,762**	**11,139**	**52,546**	**–**	**662,447**
	4,148	**(2,634)**	**(2,873)**	**119**	**(1,240)**
At 31 December 2010					
Net-settled interest rate swaps	(3,278)	(2,423)	(624)	432	(5,893)
Gross-settled foreign exchange forwards and cross currency interest rate swaps					
– Payments	(516,818)	(40,737)	(7,358)	–	(564,913)
– Receipts	514,423	48,188	7,952	–	570,563
	(5,673)	5,028	(30)	432	(243)
The Company					
At 31 December 2011					
Net-settled interest rate swaps	**(3,083)**	**(2,077)**	**(1,739)**	**119**	**(6,780)**
Gross-settled foreign exchange forwards and cross currency interest rate swaps					
– Payments	**(243,928)**	**(10,023)**	**(53,217)**	**–**	**(307,168)**
– Receipts	**250,640**	**10,244**	**52,546**	**–**	**313,430**
	3,629	**(1,856)**	**(2,410)**	**119**	**(518)**
At 31 December 2010					
Net-settled interest rate swaps	(3,021)	(2,201)	(624)	432	(5,414)
Gross-settled foreign exchange forwards and cross currency interest rate swaps					
– Payments	(156,229)	(40,736)	(7,358)	–	(204,323)
– Receipts	157,601	48,188	7,952	–	213,741
	(1,649)	5,251	(30)	432	4,004

38. FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Capital risk

The Group's objectives when managing capital are to minimise the overall cost of capital and to achieve an optimal capital structure so as to maximise shareholder value. The Group leverages on its credit profile and business standing in broadening its financing options to include the capital markets. In December 2006, the Company established a S$300 million Multicurrency Medium Term Note ("MTN") programme which enabled the Group to reduce dependence on bank financing; provide flexibility and currency-matched financing of short and long term assets and reduce effective interest cost over the longer term. As at 31 December 2011, US$111,279,000 (2010: US$97,523,000) has been drawn down from the MTN programme (Note 28).

Management monitors capital based on the Group's gearing ratio. The Group and the Company are required by the banks to maintain a gearing ratio of not exceeding 300% (2010: 300%). The gearing ratio is calculated as net debt divided by the Group's total equity. Net debt is calculated as borrowings less cash and cash equivalents.

As it is a common feature in the cocoa industry to carry inventory levels of cocoa beans that are sufficient to mitigate the impact of seasonality and varieties of crops, the bean inventory is financed through trade finance and working capital facilities. The interest cost of this is recouped and imputed through cocoa product pricing.

During the year, the Company repaid a portion of its working capital facilities from the funds obtained from the issuance of MTNs (Note 28). In order to better reflect the Group's gearing position, the net debt is adjusted to exclude trade finance and short term advances and MTNs which are used to finance cocoa inventories.

	The Group		The Company	
	2011 US$'000	**2010 US$'000**	**2011 US$'000**	**2010 US$'000**
Net debt	**502,048**	506,333	**202,104**	204,283
Adjusted net debt	**143,024**	164,647	**(8,112)**	(6,125)
Total equity	**296,923**	294,102	**213,031**	215,167
Gearing ratio (times)	**1.69**	1.72	**0.95**	0.95
Adjusted gearing ratio (times)	**0.48**	0.56	**NM**	NM

The Group and the Company are also required by the banks to maintain a current ratio (current assets divided by current liabilities) of more than 100% (2010: 100%). The Group and the Company are in compliance with all externally imposed capital requirements for the financial years ended 31 December 2011 and 2010.

38. FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Fair value measurements

The following table presents assets and liabilities measured at fair value and classified by level of the following fair value measurement hierarchy:

(i) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
(ii) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as is prices) or indirectly (i.e. derived from prices) (Level 2);
(iii) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Total US$'000
The Group				
At 31 December 2011				
Assets				
Derivative assets				
– Foreign exchange forwards	**–**	**4,461**	**–**	**4,461**
– Cross currency interest rate swaps	**–**	**7,357**	**–**	**7,357**
	–	**11,818**	**–**	**11,818**
Liabilities				
Cocoa bean futures (Note 15(c))	**36,448**	**–**	**–**	**36,448**
Derivative liabilities				
– Foreign exchange forwards	**–**	**3,059**	**–**	**3,059**
– Cross currency interest rate swaps	**–**	**1,294**	**–**	**1,294**
– Interest rate swaps	**–**	**8,729**	**–**	**8,729**
	36,448	**13,082**	**–**	**49,530**
At 31 December 2010				
Assets				
Cocoa bean futures (Note 15(c))	1,528	–	–	1,528
Derivative assets				
– Cross currency interest rate swaps	–	10,889	–	10,889
– Interest rate swaps	–	562	–	562
	1,528	11,451	–	12,979
Liabilities				
Cocoa bean futures (Note 15(c))	8,862	–	–	8,862
Derivative liabilities				
– Foreign exchange forwards	–	5,299	–	5,299
– Interest rate swaps	–	5,676	–	5,676
	8,862	10,975	–	19,837

38. FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Fair value measurements (continued)

	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Total US$'000
The Company				
At 31 December 2011				
Assets				
Derivative assets				
– Foreign exchange forwards	**–**	**3,066**	**–**	**3,066**
– Cross currency interest rate swaps	**–**	**7,357**	**–**	**7,357**
	–	**10,423**	**–**	**10,423**
Liabilities				
Cocoa bean futures (Note 15(c))	**12,444**	**–**	**–**	**12,444**
Derivative liabilities				
– Foreign exchange forwards	**–**	**3,034**	**–**	**3,034**
– Cross currency interest rate swaps	**–**	**1,294**	**–**	**1,294**
– Interest rate swaps	**–**	**6,442**	**–**	**6,442**
	12,444	**10,770**	**–**	**23,214**
At 31 December 2010				
Assets				
Derivative assets				
– Cross currency interest rate swaps	–	10,889	–	10,889
– Interest rate swaps	–	562	–	562
	–	11,451	–	11,451
Liabilities				
Cocoa bean futures (Note 15(c))	7,923	–	–	7,923
Derivative liabilities				
– Foreign exchange forwards	–	1,538	–	1,538
– Interest rate swaps	–	5,462	–	5,462
	7,923	7,000	–	14,923

The fair value of financial instruments traded in active market is based on quoted market prices at the balance sheet date. These instruments are included in Level 1.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. The fair value of interest rate swaps is calculated at the present value of the estimated future cash flows discounted at actively quoted interest rates. The fair value of cross currency interest rate swaps is determined using the discounted cash flow analysis based on the appropriate interest rates and forward exchange rates. The fair value of foreign exchange forward contracts is determined using forward exchange rates at the balance sheet date. These instruments are included in Level 2. There are no financial instruments classified as Level 3 as the Group has not applied valuation techniques that are based on significant unobservable inputs.

The carrying amount less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated based on quoted market prices or dealer quotes for similar instruments by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments. The fair value of current borrowings approximates their carrying amount.

38. FINANCIAL RISK MANAGEMENT (CONTINUED)

(f) Financial instruments by category

The carrying amounts of the different categories of financial instruments are as follows:

	The Group		The Company	
	2011 US$'000	2010 US$'000	**2011 US$'000**	2010 US$'000
Loans and receivables	**209,535**	235,638	**357,144**	365,867
Derivative assets designated as hedges	**10,271**	11,451	**7,357**	11,451
Financial assets at fair value through profit or loss	**1,547**	–	**3,066**	–
Derivative liabilities designated as hedges	**11,898**	6,524	**9,611**	4,272
Financial liabilities at fair value through profit or loss	**1,184**	4,451	**1,159**	2,728
Financial liabilities at amortised cost	**715,004**	726,849	**305,644**	294,725

39. RELATED PARTY TRANSACTIONS

In addition to other related party information included elsewhere in the financial statements, the following related party transactions took place between the Group and related parties during the financial year:

(a) Sales and purchases of goods and services

	The Group	
	2011 US$'000	2010 US$'000
Revenue:		
Sales to related parties	**30,426**	23,206
Sales to a non-controlling shareholder who had significant influence in a subsidiary	**–**	8,047
Interest income from associated companies	**105**	61
Other income from a related party	**2,023**	1,350
Expenditure:		
Purchases from associated companies	**11,498**	9,091
Purchases from related parties	**16,489**	12,293
Purchases from a non-controlling shareholder who had significant influence in a subsidiary	**–**	23,748
Purchase of fixed asset from a related party	**12**	10
Rental payable to associated companies	**70**	64
Rental payable to related parties	**89**	85
Directors' fees	**306**	306

Related parties represent corporations in which certain directors have substantial financial interests. The related party transactions between the Group and related parties were conducted at arm's length and on normal commercial terms.

The non-controlling shareholder who had significant influence in a subsidiary ceased to be a shareholder of the subsidiary after the Company acquired the remaining 32% of the issued share capital of the subsidiary in 2010 (Note 18).

39. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Key management compensation

Key management compensation is as follows:

	The Group	
	2011 US$'000	**2010 US$'000**
Salaries and other short-term employee benefits	**7,265**	5,351
Post employment benefits – contribution to CPF	**36**	32
Defined benefit plans	**–**	91
	7,301	5,474

Included above is total compensation to directors of the Company amounting to US$2,878,000 (2010: US$2,064,000).

40. SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the Executive Committee that are used to make strategic decisions. The Executive Committee comprises the Executive Directors.

The Executive Committee considers the business from both a geographical and business segment perspective.

Inter-segment transactions are determined on an arm's length basis. The revenue from external parties reported to the Executive Committee is measured in a manner consistent with that in the profit or loss.

Management manages and monitors its business in two main reportable segments:

- Cocoa Ingredients – manufacture and marketing of a wide range of speciality cocoa butter, liquor and powder under the Delfi brand; and

- Branded Consumer – manufacture and marketing of chocolate confectionery products under a variety of brands and distribution of a wide range of food and other consumer products, including agency brands.

Segment assets

The amounts provided to the Executive Committee with respect to total assets are measured in a manner consistent with that of the financial statements. For the purposes of monitoring segment performance and allocating resources between segments, the Executive Committee monitors the property, plant and equipment, intangible assets, inventories, receivables and operating cash attributable to each segment. All assets are allocated to reportable segments other than deferred income tax assets and tax recoverable.

Segment liabilities

The amounts provided to the Executive Committee with respect to total liabilities are measured in a manner consistent with that of the financial statements. These liabilities are allocated based on the operation of the segment. All liabilities are allocated to the reportable segments other than income tax liabilities, deferred tax liabilities and borrowings.

Capital expenditure

Capital expenditure comprises additions to property, plant and equipment directly attributable to the segment.

40. SEGMENT INFORMATION (CONTINUED)

The segment information provided to the Executive Committee for the reportable segments for the year ended 31 December 2011 is as follows:

	Cocoa Ingredients US$'000	Branded Consumer US$'000	Total US$'000
Sales:			
– Total segment sales	**1,307,607**	**425,831**	**1,733,438**
– Inter-segment sales	**(31,286)**	**–**	**(31,286)**
Sales to external parties	**1,276,321**	**425,831**	**1,702,152**
EBITDA	**66,309**	**63,262**	**129,571**
Finance costs			**(27,380)**
Share of profit of associated companies and joint venture			**361**
Income tax expense			**(18,224)**
Assets and liabilities			
Segment assets	**802,043**	**207,667**	**1,009,710**
Associated companies and joint venture			**3,348**
Unallocated assets			**34,187**
Consolidated total assets			**1,047,245**
Segment liabilities	**149,145**	**71,283**	**220,428**
Unallocated liabilities			**529,894**
Consolidated total liabilities			**750,322**
Other segment information			
Depreciation and amortisation	**16,997**	**7,303**	**24,300**
Capital expenditure	**44,293**	**10,706**	**54,999**
Sales of Branded Consumer is analysed as:			
– Own Brands		**248,505**	
– Agency Brands		**177,326**	
Total		**425,831**	

40. SEGMENT INFORMATION (CONTINUED)

The segment information provided to the Executive Committee for the reportable segments for the year ended 31 December 2010 is as follows:

	Cocoa Ingredients US$'000	Branded Consumer US$'000	Total US$'000
Sales:			
– Total segment sales	1,225,288	366,884	1,592,172
– Inter-segment sales	(26,152)	–	(26,152)
Sales to external parties	1,199,136	366,884	1,566,020
EBITDA	53,978	54,444	108,422
Finance costs			(25,891)
Share of profit of associated companies			298
Income tax expense			(13,988)
Assets and liabilities			
Segment assets	806,792	217,323	1,024,115
Associated companies and joint venture			3,065
Unallocated assets			27,675
Consolidated total assets			1,054,855
Segment liabilities	141,586	57,980	199,566
Unallocated liabilities			561,187
Consolidated total liabilities			760,753
Other segment information			
Depreciation and amortisation	16,944	6,724	23,668
Capital expenditure	7,977	6,511	14,488
Sales of Branded Consumer is analysed as:			
– Own Brands		192,066	
– Agency Brands		174,818	
Total		366,884	

Sales between segments are carried out at arm's length. The revenue from external parties reported to the Executive Committee is measured in a manner consistent with that in the profit or loss.

40. SEGMENT INFORMATION (CONTINUED)

A reconciliation of EBITDA to profit before tax is set out below:

	The Group	
	2011 US$'000	**2010 US$'000**
EBITDA	**129,571**	108,422
Adjustments for:		
Fair value gains/(losses) on interest rate derivatives not designated for hedge accounting (Note 8)	**554**	(345)
Interest expense (Note 7)	**(27,380)**	(26,197)
Interest income (Note 4)	**240**	249
Depreciation of property, plant and equipment (Note 22)	**(23,869)**	(23,235)
Amortisation of intangible assets (Note 23(d))	**(431)**	(433)
Profit before tax	**78,685**	58,461

Geographical information

Sales are based on the country in which the customer is located. Capital expenditure is shown by the geographical area where the assets are located. The Group's two reportable segments operate in the following main geographical areas:

	Revenue		Capital expenditure	
	2011 US$'000	**2010 US$'000**	**2011 US$'000**	**2010 US$'000**
Indonesia	**392,873**	306,848	**19,500**	6,687
Singapore	**69,606**	67,293	**1,831**	690
Philippines	**76,733**	61,636	**362**	441
Thailand	**29,153**	23,655	**105**	190
Malaysia	**81,388**	84,234	**13,500**	976
Japan	**72,004**	63,513	**–**	–
China	**52,495**	34,689	**–**	–
Middle East	**45,984**	63,430	**–**	–
Other countries in Asia	**42,189**	32,385	**–**	–
Australia	**34,924**	54,246	**–**	–
Germany	**122,626**	83,931	**17,945**	4,676
Netherlands	**109,953**	146,054	**–**	–
Switzerland	**121,716**	115,650	**–**	–
Other countries in Europe	**188,307**	183,928	**329**	157
North America	**73,323**	68,567	**23**	3
Brazil	**107,547**	99,194	**1,404**	626
Other countries in Latin America	**56,888**	37,693	**–**	42
Africa	**24,443**	39,074	**–**	–
	1,702,152	1,566,020	**54,999**	14,488

41. EVENTS OCCURRING AFTER BALANCE SHEET DATE

Subsequent to balance sheet date, the Company secured a US$20 million 3-year Term Loan and issued a 4-year fixed rate S$40 million Medium Term Note which was swapped into a US$32 million fixed rate loan. The proceeds were used to refinance its borrowings due in 2012. The borrowings mature between 2015 and 2016, and bear effective interest rates between 2.09% and 5.30% per annum respectively.

On 9 February 2012, the Company incorporated a wholly-owned subsidiary, Delfi Cocoa Investments SA, in Switzerland with an issued and paid-up capital of Swiss France (SFr) 100,000 of 100 ordinary shares at par value of SFr 1,000 each, paid in cash.

42. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 January 2012 or later periods and which the Group has not early adopted:

Standards effective for annual periods beginning on or after 1 January 2012
- Amendment to FRS12 *Deferred Tax: Recovery of Underlying Assets*

Standards effective for annual periods beginning on or after 1 July 2012
- Amendment to FRS1 *Presentation of Financial Statements*

Standards effective for annual periods beginning on or after 1 January 2013
- FRS 19 (revised 2011) *Employee Benefits*
- FRS 27 (revised 2011) *Separate Financial Statements*
- FRS 28 (revised 2011) *Investments in Associates and Joint Ventures*
- FRS 110 *Consolidated Financial Statements*
- FRS 111 *Joint Arrangements*
- FRS 112 *Disclosure of Interests in Other Entities*
- FRS 113 *Fair Value Measurement*

The management anticipates that the adoption of the above FRSs and amendments to FRS in the future periods will not have a material impact on the financial statements of the Group and of the Company in the period of their initial adoption.

43. AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Petra Foods Limited on 23 March 2012.

APPENDIX (SHAREHOLDERS' MANDATE)

This Appendix is circulated to Shareholders of Petra Foods Limited together with the Company's annual report. Its purpose is to provide Shareholders with the relevant information relating to, and to seek Shareholders' approval to renew the Shareholders' Mandate to be tabled at the Annual General Meeting to be held on 26 April 2012 at 3:00 p.m. at Singapore Marriott Hotel, Legacy Suite, Level 2, 320 Orchard Road, Singapore 238865.

The Notice of Annual General Meeting and a Proxy Form are enclosed with the Annual Report.

The Singapore Exchange Securities Trading Limited takes no responsibility for the correctness of any of the statements made, reports contained/referred to, or opinions expressed, in this Appendix.

PETRA FOODS LIMITED

(Incorporated in the Republic of Singapore)
Company Registration Number: 198403096C

**APPENDIX IN RELATION TO
THE PROPOSED RENEWAL OF
THE SHAREHOLDERS' MANDATE FOR
INTERESTED PERSON TRANSACTIONS**

APPENDIX (SHAREHOLDERS' MANDATE)

DEFINITIONS

In this appendix (Appendix), the following definitions apply throughout unless otherwise stated:

AGM	:	The annual general meeting of the Company to be convened on 26 April 2012, notice of which is set out in the Annual Report 2011 despatched together with this Appendix;
Audit Committee	:	An audit committee of the Company comprising of Mr Anthony Michael Dean (Chairman), Ms Josephine Price, Mr Pedro Mata-Bruckmann and Mr Davinder Singh;
CDP	:	The Central Depository (Pte) Limited;
Company	:	Petra Foods Limited;
Companies Act	:	Companies Act, Chapter 50 of Singapore;
Directors	:	The directors of the Company as at the date of this Appendix;
Executive Directors	:	The executive directors as at the date of this Appendix, unless otherwise stated;
Group	:	The Company and its subsidiaries;
Independent Director(s)	:	The independent director(s) of the company as at the date of this Appendix unless otherwise stated;
Interested Person	:	A director, chief executive officer or controlling shareholder of the Company or an associate of such director, chief executive officer or controlling shareholder;
Interested Person Transaction	:	A transaction proposed to be entered into between the Group and any Interested Person;
John Chuang	:	Chuang Tiong Choon also known as Ma Wei Lin
Joseph Chuang	:	Chuang Tiong Liep also known as Chit Ko Ko
Latest Practicable Date	:	The latest practicable date prior to the printing of this Appendix, being 16 March 2012;
Listing Manual	:	The listing manual of the SGX-ST;
Rp or Rupiah	:	Indonesian Rupiah;
Securities Account	:	A securities account maintained by a Depositor with CDP but does not include a securities sub-account;
SGX-ST	:	Singapore Exchange Securities Trading Limited;
Shareholders	:	Registered holders of Shares, except that where the registered holder is CDP, the term Shareholders shall, where the context admits, mean the Depositors whose Securities Accounts are credited with Shares;
Shares	:	Ordinary shares in the capital of the Company;
Substantial Shareholder	:	A person who has an interest in Shares which is 5% or more of the total votes attached to all the voting;
S$	:	Singapore dollars;
US$ and cents	:	United States dollars and cents, respectively;
William Chuang	:	Chuang Tiong Kie also known as Maung Lu Win; and
% or per cent.	:	Per centum or percentage.

The terms **Depositor** and **Depository Register** shall have the meanings ascribed to them respectively in Section 130A of the Companies Act.

Words importing the singular shall, where applicable, include the plural and vice versa. Words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall include corporations.

APPENDIX (SHAREHOLDERS' MANDATE)

Any reference in this Appendix to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act, the Listing Manual or any modification thereof and not otherwise defined in this Appendix shall have the same meaning assigned to it under the Companies Act, the Listing Manual or any modification thereof, as the case may be.

Any reference to a time of day in this Appendix is made by reference to Singapore time unless otherwise stated.

1. INTRODUCTION

The purpose of this Appendix is to provide Shareholders with the relevant information relating to, and to seek Shareholders' approval at the AGM to renew the general mandate (**Shareholders' Mandate**) that will enable the Group to enter into transactions with the Interested Persons in compliance with Chapter 9 of the Listing Manual.

Chapter 9 of the Listing Manual applies to transactions which a listed company or any of its subsidiaries or associated companies propose to enter into with an interested person of the listed company. An **interested person** is defined as a director, chief executive officer or controlling shareholder of the listed company or an associate of such director, chief executive officer or controlling shareholder.

Chapter 9 of the Listing Manual allows a listed company to seek a Shareholders' Mandate for recurrent transactions of a revenue or trading nature or those necessary for its day-to-day operations, which may be carried out with the listed company's **interested persons**.

The Shareholders' Mandate was approved at the annual general meeting of the Company held on 28 April 2011 and will be effective until the next annual general meeting is held or required by law to be held, whichever is the earlier. Accordingly, the Directors propose that the general mandate be renewed at the AGM to be held on 26 April 2012, to take effect until the next annual general meeting of the Company.

General information relating to Chapter 9 of the Listing Manual, including the meanings of terms such as **interested person, associate, associated company** and **controlling shareholder**, are set out in the Annexure of this Appendix.

2. THE RENEWAL OF THE SHAREHOLDERS' MANDATE FOR INTERESTED PERSON TRANSACTIONS

2.1 Classes of Interested Persons

The Shareholders' Mandate will apply to the Group's interested person transactions including PT Tri Keeson Utama, PT Fajar Mataram Sedayu, PT Freyabadi Indotama and PT Sederhana Djaja and each of their associates. Please refer to the section "Potential Conflicts of Interest" in the Company's prospectus dated 28 October 2004 for more details.

Transactions with Interested Persons which do not fall within the ambit of the proposed Shareholders' Mandate shall be subject to the relevant provisions of Chapter 9 of the Listing Manual of the SGX-ST.

2. THE RENEWAL OF THE SHAREHOLDERS' MANDATE FOR INTERESTED PERSON TRANSACTIONS (CONTINUED)

2.2 Scope of Interested Person Transactions

The interested persons transactions with the Interested Persons which will be covered by the Shareholders' Mandate are the following:-

(a) Transactions with PT Tri Keeson Utama

By virtue of their aggregate interest in 99.9% of the shareholding in PT Sederhana Djaja, the Executive Directors, Mr John Chuang, Mr Joseph Chuang and Mr William Chuang are deemed to be interested in 100.0% of the issued share capital of PT Tri Keeson Utama held by PT Sederhana Djaja. Please refer to the section "Potential Conflicts of Interest" in the Company's Prospectus dated 28 October 2004 for more details. Accordingly, transactions between the Group and PT Tri Keeson Utama are deemed to be interested person transactions.

PT Tri Keeson Utama is principally engaged in the business of mixing and blending cocoa cakes and cocoa powder. The Company and/or its subsidiary, PT General Food Industries, has been selling cocoa products such as cocoa powder and cocoa cakes to PT Tri Keeson Utama. The value of the Company's sales to PT Tri Keeson Utama for the period from 1 January 2011 up to the Latest Practicable Date are as set out below:-

	For the period from 1 January 2011 up to the Latest Practicable Date
Value of sales to PT Tri Keeson Utama (US$'000)	**19,802**

These transactions were entered into on a willing buyer and willing seller basis. The provision of cocoa products to PT Tri Keeson Utama is a recurrent interested person transaction. The Company intends to continue providing the Company's cocoa products to PT Tri Keeson Utama.

(b) Transactions with PT Fajar Mataram Sedayu

By virtue of their indirect interest in 99.9% of the shareholding in PT Sederhana Djaja, the Executive Directors, Mr John Chuang, Mr Joseph Chuang and Mr William Chuang are deemed to be interested in 51.0% of the issued share capital of PT Fajar Mataram Sedayu. The Company's Executive Officer, Mr Pontjo Susanto Widjaja, has an interest of 5.0% in PT Fajar Mataram Sedayu. The remaining shareholding interest in PT Fajar Mataram Sedayu is held by unrelated third parties. Please refer to the section "Potential Conflicts of Interest" in the Company's Prospectus dated 28 October 2004 for more details. Accordingly, transactions between the Group and PT Fajar Mataram Sedayu are deemed to be interested person transactions.

PT Fajar Mataram Sedayu is principally engaged in the manufacture and sale of compound chocolate rice primarily for industrial use, as well as the manufacture and sale of consumer chocolate targeted at the lower segment of the Indonesian consumer chocolate market.

(i) Sale of materials by the Group to PT Fajar Mataram Sedayu

The Company's subsidiaries, PT Perusahaan Industri Ceres and PT General Food Industries, have been undertaking the sale of products such as cocoa liquor, cocoa butter and vegetable fats to PT Fajar Mataram Sedayu. The value of the Company's sales to PT Fajar Mataram Sedayu for the period from 1 January 2011 up to the Latest Practicable Date are as set out below:-

	For the period from 1 January 2011 up to the Latest Practicable Date
Value of sales to PT Fajar Mataram Sedayu (US$'000)	**733**

These transactions were entered into on a willing buyer and willing seller basis. The provision of products such as cocoa liquor, cocoa butter and vegetable fats to PT Fajar Mataram Sedayu is a recurrent interested person transaction. The Company intends to continue providing the Company's products to PT Fajar Mataram Sedayu.

2. THE RENEWAL OF THE SHAREHOLDERS' MANDATE FOR INTERESTED PERSON TRANSACTIONS (CONTINUED)

2.2 Scope of Interested Person Transactions (continued)

(b) Transactions with PT Fajar Mataram Sedayu (continued)

(ii) Purchase of goods from PT Fajar Mataram Sedayu

The Company's subsidiary, PT Nirwana Lestari, has been undertaking the purchase of products from PT Fajar Mataram Sedayu, for distribution in Bali, Indonesia. PT Nirwana Lestari intends to continue purchasing such products from PT Fajar Mataram Sedayu. The quantum of the Company's purchases from PT Fajar Mataram Sedayu for the period 1 January 2011 to the Latest Practicable Date are set out below:-

	For the period from 1 January 2011 up to the Latest Practicable Date
Value of purchases from PT Fajar Mataram Sedayu (US$'000)	**687**

(c) Transactions with PT Freyabadi Indotama

By virtue of their aggregate interest in 100% of the shareholding in Berlian Enterprises Limited, the Executive Directors, Mr John Chuang, Mr Joseph Chuang and Mr William Chuang are deemed to be interested in 49% of the issued share capital of PT Freyabadi Indotama held in aggregate by McKeeson Investments and PT Sederhana Djaja. Accordingly, transactions between the Group and PT Freyabadi Indotama are deemed to be interested person transactions.

PT Freyabadi Indotama is a joint venture entity, in which Fuji Oil Ltd, an unrelated third party, McKeeson Investments and PT Sederhana Djaja own 51.0%, 30.0% and 19.0% of its issued share capital respectively. PT Freyabadi Indotama is principally engaged in the manufacture and sale of industrial chocolate.

(i) Sale of materials by the Group to PT Freyabadi Indotama

The Company's subsidiaries, PT Perusahaan Industri Ceres and PT General Food Industries have been undertaking the sale of products such as cocoa powder, cocoa butter, chocolate rice, cocoa liquor and other products to PT Freyabadi Indotama. The value of the Company's sales to PT Freyabadi Indotama for the period from 1 January 2011 up to the Latest Practicable Date are set out below:-

	For the period from 1 January 2011 up to the Latest Practicable Date
Revenue received from PT Freyabadi Indotama (US$'000)	**11,914**

These transactions were entered into on a willing buyer and willing seller basis. The provision of products such as cocoa powder, cocoa butter, chocolate rice, cocoa liquor and other products to PT Freyabadi Indotama is a recurrent interested person transaction. The Company intends to continue providing the Company's products to PT Freyabadi Indotama.

(ii) Purchase of products from PT Freyabadi Indotama

The Company's subsidiaries, PT Nirwana Lestari, PT Perusahaan Industri Ceres and associated company, PT Ceres Meiji Indotama, have been undertaking the purchase of chocolate coating and plastic packaging products from PT Freyabadi Indotama. The value of the Company's purchases from PT Freyabadi Indotama for the period from 1 January 2011 up to the Latest Practicable Date are as set out below:-

	For the period from 1 January 2011 up to the Latest Practicable Date
Purchases from PT Freyabadi Indotama (US$'000)	**16,805**

These transactions were entered into on a willing buyer and willing seller basis. The purchase of chocolate coating and plastic packaging products from PT Freyabadi Indotama is a recurrent interested person transaction. The Company intends to continue purchasing such products from PT Freyabadi Indotama.

2. THE RENEWAL OF THE SHAREHOLDERS' MANDATE FOR INTERESTED PERSON TRANSACTIONS (CONTINUED)

2.2 Scope of Interested Person Transactions (continued)

(d) Transactions with PT Sederhana Djaja

By virtue of their aggregate interest in 100% of the shareholding in Berlian Enterprises Limited, the Executive Directors, Mr John Chuang, Mr Joseph Chuang and Mr William Chuang are deemed to be interested in 99.9% of the issued share capital of PT Sederhana Djaja held by McKeeson Investments. Accordingly, transactions between the Group and PT Sederhana Djaja are deemed to be interested person transactions.

PT Sederhana Djaja is an investment holding company. The Group has entered into various lease agreements with PT Sederhana Djaja in relation to the properties described below. Please refer to "Appendix B – Properties and Fixed Assets" in the Company's Prospectus dated 28 October 2004 for more details.

Name of property	Land area (sq m)	Present annual rental (Rp)	US$
Four Seasons Apartment Jakarta, Indonesia	200	390,000,000	44,496 [(1)]
Kondominium Simpruk Teras Jakarta, Indonesia	228	240,000,000	27,382 [(1)]

Notes:
[(1)] The conversion of Indonesian Rupiah into US Dollars is based on the weighted average exchange rate of Rp8,765 per US Dollar as at the Latest Practicable Date.

The total annual rental paid by the Group to PT Sederhana Djaja for the period from 1 January 2011 up to the Latest Practicable Date are as set out below:-

	For the period from 1 January 2011 up to the Latest Practicable Date
Total annual rental paid to PT Sederhana Djaja (US$'000)	**72**

These transactions were entered into on a willing buyer and willing seller basis. The Company intends to continue with the lease of these properties from PT Sederhana Djaja.

2. THE RENEWAL OF THE SHAREHOLDERS' MANDATE FOR INTERESTED PERSON TRANSACTIONS (CONTINUED)

2.3 Rationale for and Benefits of the Shareholders' Mandate

Shareholders' Mandate

In the ordinary course of the Group's business activities, the Group and the Interested Persons may enter into transactions with each other from time to time. Further, it is likely that such transactions will occur with some degree of frequency and could arise at any time.

The Directors are of the view that it will be beneficial to the Group to transact or continue to transact with the Interested Persons, especially since the transactions are to be entered into on normal commercial terms.

Due to the time-sensitive nature of commercial transactions, the Company is seeking Shareholders' approval pursuant to Chapter 9 of the Listing Manual for the renewal of the Shareholders' Mandate to enable the Group to enter into transactions with the Interested Persons, provided that such transactions are entered into in the Group's ordinary course of business, are on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders.

The Shareholders' Mandate is intended to enhance the Group's ability to pursue business opportunities which are time-sensitive in nature, and will eliminate the need for the Company to announce, or to announce and convene separate general meetings on each occasion to seek Shareholders' prior approval for the entry by the Group into such transactions. This will substantially reduce administrative time and expenses associated with the making of such announcements or the convening of general meetings from time to time, and allow resources to be focused towards other corporate and business opportunities.

The Shareholders' Mandate will not cover any transactions between the Group and the Interested Persons which have a value below S$100,000 as the threshold and aggregation requirements under Chapter 9 of the Listing Manual do not apply to such transactions. In addition, the transactions will not include the purchase or sale of assets, undertakings or businesses that are not in the Group's ordinary course of business.

Transactions with the Interested Persons that do not fall within the ambit of the Shareholders' Mandate will be subject to the provisions of Chapter 9 and/or other applicable provisions of the Listing Manual.

If approved at the AGM, the Shareholders' Mandate will take effect from the date of the passing of the resolution to be proposed at the AGM and will continue to be in force until the next annual general meeting. The Company will seek the approval of Shareholders for the renewal of the Shareholders' Mandate annually.

Pursuant to Rule 920(1)(a) of the Listing Manual, the Company is required to:-

(a) disclose the Shareholders' Mandate in the Company's annual report, giving details of the aggregate value of transactions conducted pursuant to the Shareholders' Mandate during the financial year under review, (in the form set out in Rule 907 of the Listing Manual); and

(b) announce the aggregate value of transactions conducted pursuant to the Shareholders' Mandate for the financial periods which it is required to report on within the time period required for the announcement of the financial results of the Group (in the form set out in Rule 907 of the Listing Manual).

2.4 Review Procedures for Interested Person Transactions

The Company has established the following guidelines and procedures to ensure that all Interested Persons Transactions are made on the Company's normal commercial terms and are consistent with the Group's usual business practices and policies, which are generally no more favourable to the Interested Person than those extended to unrelated third parties:-

(a) All Interested Person Transactions will be documented and submitted periodically to the Audit Committee for their review to ensure that such transactions are carried out on an arm's length basis and on normal commercial terms and are not prejudicial to the Company. In the event that a member of the Audit Committee is deemed to have an interest in an Interested Person Transaction, he will abstain from reviewing that particular transaction. The Audit Committee will include the review of Interested Person Transactions as part of the standard procedures during the Audit Committee's examination of the adequacy of the Group's internal controls.

2. THE RENEWAL OF THE SHAREHOLDERS' MANDATE FOR INTERESTED PERSON TRANSACTIONS (CONTINUED)

2.4 Review Procedures for Interested Person Transactions (continued)

(b) In respect of any purchase of products or procurement of services from Interested Persons, quotes received from at least two unrelated third parties in respect of the same or substantially the same types of transactions are to be used as a comparison wherever possible. The Audit Committee will review these comparables, taking into account pertinent factors, including but not limited to:

(i) whether the pricing is in accordance with the Company's usual business practice and policies;
(ii) quality of the products offered;
(iii) delivery time;
(iv) track record; and
(v) whether the terms are no more favourable to the Interested Persons than those extended by unrelated third parties.

In cases where it is not possible to obtain comparables from other unrelated third parties, the Company may enter into the transaction with the Interested Person provided that the price and terms received from the Interested Person are no less favourable than those extended by the Interested Person to the unrelated third parties, taking into account all pertinent factors including, but not limited to business practices, industry norms, volume, quality, delivery time and track record.

(c) In respect of any sale of products to Interested Persons, the Audit Committee will review the terms of the sale to ensure that they are not prejudicial to the interest of the Shareholders, taking into account pertinent factors, including but not limited to whether transactions with Interested Persons have been carried out at the prevailing market rates or prices on terms which are no more favourable to the Interested Person than the usual commercial terms extended to unrelated third parties.

Where the prevailing market rates or prices are not available due to the nature of the product to be sold, the Company may enter into the transaction with the Interested Person provided that the pricing policies are consistent with the usual margin obtained by the Group for the same or substantially similar type of transaction with unrelated third parties. In determining the transaction price payable by Interested Persons for such products, factors such as, but not limited to, quantity, volume, consumption, customer requirements, specifications and duration of contract will be taken into account.

The Group will implement the following procedures for the identification of interested persons and the recording of all the Company's interested person transactions:

(aa) By the tenth day of each month, the heads of the various departments are required to submit details of all Interested Person Transactions entered into during the previous month to the Chief Financial Officer, such as the actual value of the transactions. A "nil" return is expected if there are no Interested Person Transactions for the month;

(bb) the Chief Financial Officer will maintain a register of interested person transactions carried out with Interested Persons; and

(cc) following the review of the list by the Chief Financial Officer, the list will be submitted to the Company's Chief Executive Officer for approval prior to the submission to the Audit Committee for review and approval.

The Directors will ensure that all disclosure requirements on the Interested Person Transactions, including those required by prevailing legislation, the Listing Manual and accounting standards, are complied with. In addition, such transactions will be subject to Shareholders' approval if required by the Listing Manual. The Company will disclose in its Annual Report the aggregate value of the Interested Person Transactions conducted during the financial year.

The Company will maintain a register of transactions carried out with the Interested Persons pursuant to the Shareholders' Mandate (recording the basis, including the quotations obtained to support such basis, on which they were entered into), and the Company's internal audit plan will incorporate a review of all transactions entered into in the relevant financial year pursuant to the Shareholders' Mandate.

The Audit Committee shall review these internal audit reports on the Interested Person Transactions annually to ascertain that the established review procedures to monitor the Interested Person Transactions have been complied with.

If, during these periodic reviews by the Audit Committee, the Audit Committee is of the view that the review procedures as stated above have become inappropriate or insufficient in view of changes to the nature of, or the manner in which, the business activities of the Group are conducted, the Company will revert to Shareholders for a fresh mandate based on new guidelines and review procedures to ensure that Interested Person Transactions will be conducted at arm's length, on normal commercial terms and not prejudicial to the interests of the Company and its minority Shareholders.

3. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

The interests of the Directors and the substantial Shareholders in Shares as at the Latest Practicable Date are set out below:

	Direct Interest		Deemed Interest	
	Number of Shares	%	Number of Shares	%
Substantial Shareholders				
Lim Mee Len	270,000	0.04	311,557,000 (1)	50.97
John Chuang	212,000	0.02	311,999,000 (2)	51.05
Credit Suisse Trust Limited	–	–	311,407,000 (3)	50.95
Johnsonville Assets Limited	–	–	311,407,000 (4)	50.95
Johnsonville Holdings Limited	–	–	311,407,000 (5)	50.95
Aerodrome International Limited	–	–	311,407,000 (6)	50.95
Joseph Chuang	70,000	0.01	308,741,000 (7)	50.51
Maplegold Assets Limited	–	–	308,741,000 (8)	50.51
Berlian Enterprises Limited	–	–	308,741,000 (9)	50.51
Springbright Investments Limited	–	–	291,964,000 (10)	47.77
Genesis Asset Management LLP	–	–	31,902,000 (11)	5.21
Tiger Global Management, LLC	–	–	39,100,000 (12)	6.39
Charles P. Coleman III	–	–	39,100,000 (13)	6.39
Aberdeen Asset Management Asia Limited	–	–	31,275,000 (14)	5.12
Aberdeen Asset Management PLC and its subsidiaries	–	–	31,275,000 (15)	5.12
Directors				
Pedro Mata-Bruckmann	–	–	177,000 (16)	0.02
John Chuang	212,000	0.02	311,999,000 (2)	51.05
Joseph Chuang	70,000	0.01	308,741,000 (7)	50.51
William Chuang	110,000	0.01	–	–
Anthony Michael Dean	–	–	50,000 (16)	0.008
Davinder Singh	100,000	0.01	–	–
Josephine Price	55,000	0.01	264,000 (16)	0.04

3. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS (CONTINUED)

Notes:

[1] Mdm Lim Mee Len (wife of Mr John Chuang) is deemed to be interested in the Shares held by Aerodrome International Limited (**Aerodrome**), Berlian Enterprises Limited (**Berlian**), Springbright Investments Limited (**Springbright**), McKeeson Investments Pte Ltd and Honeychurch International Limited (**Honeychurch**). Mdm Lim's interests arise as she is the beneficiary of the Johnsonville Asset Trust (**JAT**) and Johnsonville Holdings Trust (**JHT**) of which Credit Suisse Trust Limited (**CST**) has been appointed as the trustee. CST owns 100% of Johnsonville Asset Limited (**JAL**) and Johnsonville Holdings Limited (**JHL**), which in turns own (70%) and (30%) of the issued and paid-up share capital of Aerodrome. Accordingly, she is deemed to be interested in all the shares held (directly & indirectly) by Aerodrome and Honeychurch.

[2] Mr John Chuang is deemed to be interested in all the shares held (directly and indirectly) by his wife, Mdm Lim Mee Len, including his shares which are held by his nominee, United Overseas Bank Nominees Pte Ltd. He is also one of the beneficiaries of JHL.

[3] CST is a Singapore registered public trust company and deemed interest arises from its 100% shareholding of Aerodrome as the trustees of JAL and JAH. Accordingly, CST is deemed to be interested in all the shares held indirectly by Aerodrome.

[4] JAL has a 70% shareholding in Aerodrome. Accordingly, JAL is deemed to be interested in all the shares held (directly & indirectly) by Aerodrome.

[5] JHL has a 30% shareholding in Aerodrome. Accordingly, JHL is deemed to be interested in all the shares held (directly & indirectly) by Aerodrome.

[6] Aerodrome is the holding company of Berlian Enterprises Limited (**Berlian**). Accordingly, Aerodrome is deemed to be interested in all the shares held (directly & indirectly) by Berlian.

[7] Mr Joseph Chuang is the sole shareholder of Maplegold Assets Limited (**Maplegold**). Accordingly, he is deemed to be interested in all the shares held (directly and indirectly) by Maplegold.

[8] Maplegold has a 30% shareholding in Berlian. Accordingly, Maplegold is deemed to be interested in all the shares held (directly & indirectly) by Berlian.

[9] Berlian is the sole shareholder of McKeeson Investments Pte Ltd (**McKeeson**) and Springbright. Accordingly, Berlian is deemed to be interested in all the shares held (directly and indirectly) by McKeeson and Springbright. In addition, Berlian's shares in the Company are held by its nominee, Citibank Nominees Singapore Private Limited.

[10] Springbright's shares in the Company are held by its nominee, HSBC (Singapore) Nominees Pte Ltd.

[11] Genesis Asset Management, LLP is deemed to be interested in the shares held by Genesis Smaller Companies, SICAV and Genesis Smaller Companies.

[12] Tiger Global Management, LLC is deemed to be interested in the shares held by Tiger Global, L.P., Tiger Global Master Fund, L.P. and Tiger Global II SPV II, Ltd.

[13] Charles P. Coleman III is deemed to be interested in the shares held by Tiger Global, L.P., Tiger Global Master Fund, L.P. and Tiger Global II SPV II, Ltd.

[14] Aberdeen Asset Management Asia Limited is deemed to be interested in the shares held by its various custodians.

[15] Aberdeen Asset Management PLC and subsidiaries is deemed to be interested in the shares held by its various custodians.

[16] Mr Pedro Mata-Bruckmann's and Mr Anthony Michael Dean's shares in the Company are held by their nominees, Merrill Lynch (Singapore) Pte Ltd and DBS Nominees Pte Ltd, respectively. Ms Josephine Price's shares in the Company are held by her nominees, Kim Eng Securities Pte. Ltd. and OCBC Securities Private Ltd.

4. AUDIT COMMITTEE'S STATEMENT

The Audit Committee has reviewed the terms of the Shareholders' Mandate subject to the renewal. Having considered, *inter alia*, the scope, the guidelines on review procedures, the rationale and the benefits of the Shareholders' Mandate, the Audit Committee confirms that (a) the review procedures for determining the prices of Interested Person Transactions have not changed since approval for the Shareholders' Mandate was last given; and (b) the review procedures set out in paragraph 2.4 of this Appendix are sufficient to ensure that the Interested Person Transactions will be transacted on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

If, during the periodic reviews by the Audit Committee, it is of the view that the established review procedures are no longer appropriate or adequate to ensure that the Interested Person Transactions will be transacted on normal commercial terms and will not be prejudicial to the interests of the Company and minority Shareholders, the Company will seek a fresh mandate from Shareholders based on new review procedures.

5. DIRECTORS' RECOMMENDATIONS

The Independent Directors are of the opinion that the entry into of the Interested Person Transactions by the Group in the ordinary course of its business will enhance the efficiency of the Group and is in the best interests of the Company. For the reasons set out in paragraph 2.3 of this Appendix, the Independent Director recommends that Shareholders vote in favour of Resolution 11, being the Ordinary Resolution relating to the proposed renewal of the Shareholders' Mandate at the forthcoming AGM.

6. ANNUAL GENERAL MEETING

The AGM, notice of which is set out in the Annual Report 2011 of the Company, will be held on 26 April 2012 at Singapore Marriott Hotel, Legacy Suite, Level 2, 320 Orchard Road, Singapore 238865 at 3:00 p.m. for the purpose of considering and, if thought fit, passing with or without any modifications, the Ordinary Resolution relating to the renewal of the Shareholders' Mandate at the AGM as set out in the Notice of AGM.

7. ACTION TO BE TAKEN BY SHAREHOLDERS

If a Shareholder is unable to attend the AGM and wishes to appoint a proxy to attend and vote on his behalf, he should complete, sign and return the Proxy Form attached to the Notice of AGM in accordance with the instructions printed thereon as soon as possible and, in any event, so as to reach the Company at 111 Somerset Road, #16-01 TripleOne Somerset, Singapore 238164, not later than 48 hours before the time fixed for the AGM. Completion and return of the Proxy Form by a Shareholder will not prevent him from attending and voting at the AGM if he so wishes.

8. INSPECTION OF DOCUMENTS

Copies of the audited financial statements of the Company for the last two financial years ended 31 December 2010 and 2011 are available for inspection at the registered office of the Company at 111 Somerset Road, #16-01, TripleOne Somerset Singapore 238164, during normal business hours from the date of this Appendix up to the date of the AGM.

9. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Appendix and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, the facts stated and the opinions expressed in this Appendix are fair and accurate and that there are no material facts the omission of which would make any statement in this Appendix misleading.

ANNEXURE
GENERAL INFORMATION RELATING TO CHAPTER 9 OF THE LISTING MANUAL

SCOPE

Chapter 9 of the Listing Manual applies to transactions which a listed company or any of its subsidiaries (which are not listed on the SGX-ST or an approved stock exchange) or associated companies (which are not listed on the SGX-ST or an approved stock exchange, provided that the listed group, or the listed group and its interested person(s) has control over) proposes to enter into with a counter-party which is an interested person of the listed company.

DEFINITIONS

An **interested person** means a director, chief executive officer or controlling shareholder of the listed company or an associate of such director, chief executive officer or controlling shareholder.

An **associate** includes an immediate family member (that is, the spouse, child, adopted child, stepchild, sibling or parent) of such director, chief executive officer or controlling shareholder, and any company in which the director/his immediate family, the chief executive officer/his immediate family or controlling shareholder/his immediate family has an aggregate interest (directly or indirectly) of 30% or more, and, where a controlling shareholder is a corporation, its subsidiary or holding company or fellow subsidiary or a company in which it and/or they have (directly or indirectly) an interest of 30% or more.

An **associated company** means a company in which at least 20% but not more than 50% of its shares are held by the listed company or the group.

A **controlling shareholder** means a person who holds (directly or indirectly) 15% or more of the nominal amount of all voting shares in the listed company or one who in fact exercises control over the listed company.

GENERAL REQUIREMENTS

Except for certain transactions which, by reason of the nature of such transactions, are not considered to put the listed company at risk to its interested persons and are hence excluded from the ambit of Chapter 9 of the Listing Manual, immediate announcement or, immediate announcement and shareholders' approval would be required in respect of transactions with interested persons if certain financial thresholds (which are based on the value of the transaction as compared with the listed company's latest audited consolidated NTA), are reached or exceeded. In particular, shareholders' approval is required where:

(a) the value of such transaction when aggregated with the value of all other transactions previously entered into with the same interested person in the same financial year of the listed company is equal to or exceeds 5% of the latest audited consolidated NTA of the listed company; or

(b) the value of such transaction is equal to or exceeds 5% of the latest audited consolidated NTA of the listed company.

Immediate announcement of a transaction is required where:

(a) the value of such transaction when aggregated with the value of all other transactions previously entered into with the same interested person in the same financial year of the listed company is equal to or exceeds 3% of the latest audited consolidated NTA of the listed company; or

(b) the value of such transaction is equal to or exceeds 3% of the latest audited consolidated NTA of the listed company.

GENERAL MANDATE

A listed company may seek a general mandate from its shareholders for recurrent transactions of a revenue or trading nature or those necessary for its day-to-day operations such as the purchase and sale of supplies and materials but not in respect of the purchase or sale of assets, undertakings or businesses. A general mandate is subject to annual renewal.

DISCLOSURE UNDER SGX-ST LISTING MANUAL REQUIREMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

ADDITIONAL REQUIREMENTS OF SINGAPORE EXCHANGE SECURITIES TRADING LISTING MANUAL

(a) Corporate information

Company Secretaries

Chuang Yok Hua, ACIS
Lian Kim Seng, ACIS

Registered Office

111 Somerset Road #16-01
TripleOne Somerset
Singapore 238164
Tel: (65) 6477 5600 Fax: (65) 6887 5181
Email address: enquiry@petrafoods.com

Registrar and Share Transfer Office

M & C Services Private Limited
138 Robinson Road #17-00
The Corporate Office
Singapore 068906

Auditors

PricewaterhouseCoopers LLP
8 Cross Street #17-00
PWC Building
Singapore 048424
Partner-in-charge (since 2011): Graham Lee

(b) Material contracts

Chuang Tiong Choon, Chuang Tiong Liep and Chuang Tiong Kie, who are the Company's executive directors, are deemed to have an aggregate interest of 49.0% in the issued share capital of PT Freyabadi Indotama ("Freyabadi") held in aggregate by McKeeson Investments Pte Ltd and PT Sederhana Djaja by virtue of their aggregate interest in 100% of the shareholding in Berlian Enterprises. Chuang Tiong Kie is also the President Director of Freyabadi.

By virtue of their aggregate interest in 99.9% of the shareholding in PT Sederhana Djaja, Chuang Tiong Choon, Chuang Tiong Liep and Chuang Tiong Kie who are the Company's executive directors, are deemed to be interested in 100% of the issued share capital of PT Tri Keeson Utama ("TKU") held by PT Sederhana Djaja.

(i) Call Option Agreement

On 22 September 2004, the Company entered into a call option agreement with PT Sederhana Djaja and McKeeson Investments Pte Ltd (collectively, the "Grantors") pursuant to which the Grantors granted to the Company the right to require the Grantors to sell to the Company ordinary shares, representing 49%, 100% and 51% of the issued and paid-up share capital of Freyabadi, TKU and PT Fajar Mataram Sedayu ("FMS") respectively.

(ii) Deed of Undertaking

On 22 September 2004, each of Chuang Tiong Choon, Chuang Tiong Liep and Chuang Tiong Kie (the "Covenantors") entered into a deed of undertaking with the Company to undertake and agree to dispose of their respective shareholding interests in Freyabadi, TKU and FMS in the event that the Audit Committee determines that a potential conflict of interest may arise between the Group, Freyabadi and TKU and between the Group and FMS; and the Group's acquisition of each Covenantor's shareholding interests in Freyabadi, TKU and FMS is not in the Group's commercial interest.

ADDITIONAL REQUIREMENTS OF SINGAPORE EXCHANGE SECURITIES TRADING LISTING MANUAL (CONTINUED)

(c) (i) Directors' remuneration

A breakdown showing the level and mix of each director's remuneration (including salary, bonus, directors' fees and benefits-in-kind) paid and payable for this financial year is as follows:

	2011			
	Directors' Fee (%)	Basic Salary (%)	Variable or Bonuses (%)	Total (%)
Executive Directors				
Above S$1,500,000				
– Chuang Tiong Choon	**–**	**49**	**51**	**100**
S$1,000,000 to S$1,250,000				
– Chuang Tiong Liep	**–**	**55**	**45**	**100**
S$500,000 to S$749,999				
– Chuang Tiong Kie	**–**	**52**	**48**	**100**
Below S$250,000				
– Chua Koon Chek [(1)]	**–**	**86**	**14**	**100**
Non-Executive Directors				
Below S$250,000				
– Anthony Michael Dean	**100**	**–**	**–**	**100**
– Pedro Mata-Bruckmann	**100**	**–**	**–**	**100**
– Davinder Singh	**100**	**–**	**–**	**100**
– Josephine Price	**100**	**–**	**–**	**100**

	2010			
	Directors' Fee (%)	Basic Salary (%)	Variable or Bonuses (%)	Total (%)
Executive Directors				
S$1,250,000 to S$1,499,999				
– Chuang Tiong Choon	–	64	36	100
S$750,000 to S$999,999				
– Chuang Tiong Liep	–	65	35	100
S$250,000 to S$499,999				
– Chuang Tiong Kie	–	72	28	100
Below S$250,000				
– Chua Koon Chek [(1)]	–	80	20	100
Non-Executive Directors				
Below S$250,000				
– Anthony Michael Dean	100	–	–	100
– Pedro Mata-Bruckmann	100	–	–	100
– Davinder Singh	100	–	–	100
– Josephine Price	100	–	–	100

Note:
[(1)] Chua Koon Chek resigned from the Board on 30 December 2011

ADDITIONAL REQUIREMENTS OF SINGAPORE EXCHANGE SECURITIES TRADING LISTING MANUAL (CONTINUED)

(c) (ii) Executive Officers' remuneration

	2011		
	Basic Salary (%)	Variable or Bonuses (%)	Total (%)
Executive Officers			
S$500,000 to S$749,999			
Ee Kim Seng	**61**	**39**	**100**
Chin Koon Yew	**69**	**31**	**100**
Nancy Florensia	**53**	**47**	**100**
Ng Sin Heng	**68**	**32**	**100**
Lim Seok Bee	**60**	**40**	**100**
Francis Benedict Ryan	**80**	**20**	**100**
S$250,000 to S$499,999			
Pontjo Susanto Widjaja	**68**	**32**	**100**
Ferry Haryanto	**67**	**33**	**100**
Chris Oo Hoe Hee	**78**	**22**	**100**
Ridwan C. Kidjo [(1)]	**57**	**43**	**100**

	2010		
	Basic Salary (%)	Variable or Bonuses (%)	Total (%)
Executive Officers			
S$500,000 to S$749,999			
Ee Kim Seng	69	31	100
Chin Koon Yew	73	27	100
Nancy Florensia	62	38	100
Ng Sin Heng	75	25	100
Lim Seok Bee	66	34	100
S$250,000 to S$499,999			
Francis Benedict Ryan	81	19	100
Pontjo Susanto Widjaja	71	29	100
Ferry Haryanto	68	32	100
Chris Oo Hoe Hee	78	22	100
Below S$250,000			
Susanto Purwo [(2)]	99	1	100

Notes:
[(1)] Ridwan C. Kidjo is appointed as an Executive Officer of the Company on 11 March 2011.
[(2)] Susanto Purwo retired and ceased to be an Executive Officer of the Company on 1 July 2010.

The Company does not have any employee who is an immediate family member of a Director or Chief Executive Officer and whose remuneration exceeded S$150,000.

DISCLOSURE UNDER SGX-ST LISTING MANUAL REQUIREMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

ADDITIONAL REQUIREMENTS OF SINGAPORE EXCHANGE SECURITIES TRADING LISTING MANUAL (CONTINUED)

(d) Properties of the Group

Held by	Location	Land Area (sq m)	Tenure	Existing use
	Leasehold Land and Buildings			
PT Perusahaan Industri Ceres	Village: Pasawahan, Sub district: Dayeuh Kolot, No. 92 Regency: Bandung, Province: West Java Indonesia	4,378	30 years from February 2003	Chocolate factory, warehouse, office
	Village: Pasawahan, Sub district: Dayeuh Kolot, No. 92 Regency: Bandung, Province: West Java Indonesia	24,185	30 years from September 2004	Chocolate factory, warehouse, office
	Village: Pasawahan, Sub district: Dayeuh Kolot, No. 88 Regency: Bandung, Province: West Java Indonesia	3,840	30 years from November 2008	Raw material warehouse
	Village: Pasawahan, Sub district: Dayeuh Kolot, No. 94 Regency: Bandung, Province: West Java Indonesia	14,610	30 years from March 2009	Chocolate factory, warehouse, office
	Village: Pasawahan, Sub district: Dayeuh Kolot, No. 86 Regency: Bandung, Province: West Java Indonesia	15,750	30 years from March 2009	For future expansion
	Village: Pasawahan, Sub district: Dayeuh Kolot, No. 90 Regency: Bandung, Province: West Java Indonesia	9,900	30 years from March 2009	For future expansion
PT Nirwana Lestari	Village: Bojong Menteng Sub District: East Bekasi, Jln Raya Narogong, Km 7 Regency: Bekasi Province: West Java Indonesia	19,450	20 years from December 2008	Office, warehouse
	Denpasar, Bali 80116 Jl. Cargo Permai I no.188	1,515	17 years from May 2002	Warehouse
	Denpasar, Bali 80116 Jl. Cargo Permai I no.188 (Agreement No. 108)	1,260	20 years from September 2011	Office, warehouse
	Denpasar, Bali 80116 Jl. Cargo Permai I no.188 (Agreement No. 15)	2,800	20 years from September 2011	Office, warehouse

DISCLOSURE UNDER SGX-ST LISTING MANUAL REQUIREMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

ADDITIONAL REQUIREMENTS OF SINGAPORE EXCHANGE SECURITIES TRADING LISTING MANUAL (CONTINUED)

(d) Properties of the Group (continued)

Held by	Location	Land Area (sq m)	Tenure	Existing use
	Leasehold Land and Buildings			
PT General Food Industries	Village: Pasawahan Sub District: Dayeuh Kolot No. 1, Jln Mengger, Regency: Bandung Province: West Java Indonesia	25,190	30 years leasehold from November 2007	Factory, warehouse
	Village: Pasawahan, Sub district: Wates No. 84, Jln Raya Dayeuh Kolot Regency: Bandung, Province: West Java Indonesia	8,075	20 years from January 2008	Factory, warehouse, office
Delfi Cocoa (Malaysia) Sdn Bhd	PLO No. 700, Jalan Keluli 8, Kawasan Perindustrian Pasir Gudang, Johor Malaysia	40,469	60 years from December 2000	Manufacturing plant
	PLO No. 732, Jalan Keluli 8, Kawasan Perindustrian Pasir Gudang Johor Malaysia	16,186	60 years from April 2009	Manufacturing plant
Cocoa Specialities Inc.	Barrio Guyong, Sta. Maria, Bulacan	6,913	50 years from June 2000	Manufacturing plant
Delfi Cocoa (Europe) GmbH	Einsiedeldeich 7-9/ Georgswerder Damm 6, 20539 Hamburg, Germany	22,362	30 years from February 2010	Manufacturing plant and office building
	Einsiedeldeich 1-3 20539 Hamburg, Germany	6,178	27 years from March 2010	Manufacturing plant and warehouse
	Einsiedeldeich 1 20539 Hamburg, Germany	2,200	28 years from April 2009	Manufacturing plant

DISCLOSURE UNDER SGX-ST LISTING MANUAL REQUIREMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

ADDITIONAL REQUIREMENTS OF SINGAPORE EXCHANGE SECURITIES TRADING LISTING MANUAL (CONTINUED)

(d) Properties of the Group (continued)

Held by	Location	Land Area (sq m)	Tenure	Existing use
	Freehold Land and Buildings			
DCMX Cocoa S.A. de C.V.	Lago Muritz No. 55, 61, 63, 65, 67, 73 and 228 Col. Anahuac, Delegacion Miguel Hidalgo, Mexico, Federal District	6,096	Freehold	Manufacturing plant
Cocoa Specialities Inc.	118 Herrera St., Legaspi Village, Makati	426	Freehold	Office
Siam Cocoa Products Inc.	Land title deed no.11164 Tambol Takam (North Bangpakong), Amphur Bangkapong, Chachoengsao province	6,424	Freehold	Manufacturing plant
	Land title deed no. 11234 Tambol Takam (North Bangpakong), Amphur Bangpakong, Chachoengsao province	1,236	Freehold	Manufacturing plant
Delfi Cacau Brasil Ltda.	Itabuna, Bahia	68,139	Freehold	Production & storage facilities
Delfi Foods, Inc.	Barangay Parang, Marikina City, Metro Manila, Philippines	25,296	Freehold	Factory, warehouse and office building
Delfi Cocoa (Europe) GmbH	Einsiedeldeich 7-9 20539 Hamburg, Germany	10,404	Freehold	Manufacturing plant
Delfi Nord Cacao SAS	ZI La Leurette Route du Developpement 59820 Gravelines, France	31,639	Freehold	Factory, warehouse and office building

DISCLOSURE UNDER SGX-ST LISTING MANUAL REQUIREMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

ADDITIONAL REQUIREMENTS OF SINGAPORE EXCHANGE SECURITIES TRADING LISTING MANUAL (CONTINUED)

(e) Interested person transactions and conflicts of interest ("IPT")

Pursuant to Rule 920(2) of the Listing Manual, the Company has obtained a Shareholders' Mandate for it to enter into certain categories of interested person transactions with PT Tri Keeson Utama, PT Fajar Mataram Sedayu, PT Freyabadi Indotama and PT Sederhana Djaja and each of their associates. Transactions with interested persons which do not fall within the Shareholders' Mandate shall be subject to the relevant provisions of Chapter 9 of the Listing Manual of the SGX-ST.

As at 31 December 2011, the total IPT of US$50 million was recorded, as shown below.

	[1] Aggregate value of all interested person transactions during the financial year under review (excluding transactions conducted under shareholders' mandate pursuant to Rule 920) 2011 US$'000	[1] Aggregate value of all interested person transactions conducted under a shareholders' mandate pursuant to Rule 920 2011 US$'000
PT Freyabadi Indotama		
– Sales of goods	**–**	**11,914**
– Purchase of products	**–**	**16,805**
	–	**28,719**
PT Tri Keeson Utama		
– Sales of goods	**–**	**19,802**
PT Fajar Mataram Sedayu		
– Sales of goods	**–**	**733**
– Purchase of goods	**–**	**687**
	–	**1,420**
PT Sederhana Djaja		
– Lease of properties	**–**	**72**
Megawati Leman		
– Lease of premises	**17**	**–**
PT Freyabadi Indotama		
– Purchase of property, plant and equipment	**12**	**–**

[1] Includes transactions less than S$100,000

(f) Auditors' fees

Please refer to information disclosed in Note 8 to the Financial Statements.

(g) Appointment of auditors

The Group has complied with Rules 712 and Rule 715 or 716 of the Listing Manual issued by Singapore Exchange Securities Trading Limited in relation to its auditor.

(h) Compliance with Rule 716 of the Listing Rules of SGX-ST

Both Audit Committee and Board are satisfied that the appointment of different auditors of its subsidiaries would not compromise the standard and effectiveness of the audit of the Company. Accordingly, the Company is in compliance with Rule 716 of the Listing Rules of the SGX-ST.

(i) Review of the provision of non-audit services by the auditors

The Audit Committee has undertaken a review of non-audit services provided by the auditor and they would not, in the opinion of the Audit Committee's opinion, affect their independence.

(j) Internal controls

Please refer to information disclosed in the Corporate Governance Report.

SHAREHOLDINGS STATISTICS

AS AT 16 MARCH 2012

Total number of ordinary shares	: 611,157,000
Total number of voting shares	: 611,157,000
Total issued and paid-up capital	: S$247,805,757
Total number of treasury shares held	: Nil
Class of shares	: Ordinary shares
Voting rights	: 1 vote per ordinary share

ANALYSIS OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 999	15	4.07	1,218	0.00
1,000 – 10,000	234	63.41	990,456	0.16
10,001 – 1,000,000	106	28.73	8,093,001	1.33
1,000,001 and above	14	3.79	602,072,325	98.51
	369	100.00	611,157,000	100.00

TOP 20 SHAREHOLDERS

No.	Name of Shareholder	No. of Shares	%
1	HSBC (Singapore) Nominees Pte Ltd	343,017,200	56.13
2	Citibank Nominees Singapore Pte Ltd	108,876,372	17.81
3	Raffles Nominees (Pte) Ltd	52,068,100	8.52
4	DBS Nominees Pte Ltd	44,948,853	7.35
5	BNP Paribas Securities Services Singapore	26,200,000	4.29
6	McKesson Investments Pte Ltd	6,000,000	0.98
7	DBSN Services Pte Ltd	5,106,000	0.84
8	Kie Saw Sim	3,708,000	0.61
9	UOB Kay Hian Pte Ltd	3,025,000	0.49
10	Chuang Yok Hoa	2,770,000	0.45
11	Morgan Stanley Asia (S) Securities Pte Ltd	1,644,000	0.27
12	Chuang Mying Hwa	1,628,000	0.27
13	United Overseas Bank Nominees Pte Ltd	1,557,000	0.25
14	Merrill Lynch (S) Pte Ltd	1,523,800	0.25
15	Chin Koon Yew	910,000	0.15
16	Chua Koon Chek	620,000	0.10
17	Ang Lily	471,000	0.08
18	Nancy Florensia	318,000	0.05
19	Nova Tjie	318,000	0.05
20	DB Nominees (S) Pte Ltd	298,000	0.05
		605,007,325	98.99

SHAREHOLDINGS HELD IN HANDS OF PUBLIC

Based on information available to the Company, approximately 30.39% of the issued ordinary shares of the Company is held in the hands of the public and therefore, Listing Rule 723 of the Listing Manual is complied with.

SUBSTANTIAL SHAREHOLDERS' INTERESTS

AS AT 16 MARCH 2012 (AS RECORDED IN THE REGISTER OF SUBSTANTIAL SHAREHOLDERS)

	Direct Interest		Deemed Interest	
	Number of Shares	%	Number of Shares	%
Substantial Shareholders				
Lim Mee Len	270,000	0.04	311,557,000 (1)	50.97
John Chuang	212,000	0.02	311,999,000 (2)	51.05
Credit Suisse Trust Limited	–	–	311,407,000 (3)	50.95
Johnsonville Assets Limited	–	–	311,407,000 (4)	50.95
Johnsonville Holdings Limited	–	–	311,407,000 (5)	50.95
Aerodrome International Limited	–	–	311,407,000 (6)	50.95
Joseph Chuang	70,000	0.01	308,741,000 (7)	50.51
Maplegold Assets Limited	–	–	308,741,000 (8)	50.51
Berlian Enterprises Limited	–	–	308,741,000 (9)	50.51
Springbright Investments Limited	–	–	291,964,000 (10)	47.77
Genesis Asset Management LLP	–	–	31,902,000 (11)	5.21
Tiger Global Management, LLC	–	–	39,100,000 (12)	6.39
Charles P. Coleman III	–	–	39,100,000 (13)	6.39
Aberdeen Asset Management Asia Limited	–	–	31,275,000 (14)	5.12
Aberdeen Asset Management PLC and its subsidiaries	–	–	31,275,000 (15)	5.12

Notes:

1. Mdm Lim Mee Len (wife of Mr John Chuang) is deemed to be interested in the Shares held by Aerodrome International Limited (**Aerodrome**), Berlian Enterprises Limited (**Berlian**), Springbright Investments Limited (**Springbright**), McKeeson Investments Pte Ltd and Honeychurch International Limited (**Honeychurch**). Mdm Lim's interests arise as she is the beneficiary of the Johnsonville Asset Trust (**JAT**) and Johnsonville Holdings Trust (**JHT**) of which Credit Suisse Trust Limited (**CST**) has been appointed as the trustee. CST owns 100% of Johnsonville Asset Limited (**JAL**) and Johnsonville Holdings Limited (**JHL**), which in turns own (70%) and (30%) of the issued and paid-up share capital of Aerodrome. Accordingly, she is deemed to be interested in all the shares held (directly & indirectly) by Aerodrome and Honeychurch.
2. Mr John Chuang is deemed to be interested in all the shares held (directly and indirectly) by his wife, Mdm Lim Mee Len, including his shares which are held by his nominee, United Overseas Bank Nominees Pte Ltd. He is also one of the beneficiaries of JHL.
3. CST is a Singapore registered public trust company and deemed interest arises from its 100% shareholding of Aerodrome as the trustees of JAL and JAH. Accordingly, CST is deemed to be interested in all the shares held indirectly by Aerodrome.
4. JAL has a 70% shareholding in Aerodrome. Accordingly, JAL is deemed to be interested in all the shares held (directly & indirectly) by Aerodrome.
5. JHL has a 30% shareholding in Aerodrome. Accordingly, JHL is deemed to be interested in all the shares held (directly & indirectly) by Aerodrome.
6. Aerodrome is the holding company of Berlian Enterprises Limited (**Berlian**). Accordingly, Aerodrome is deemed to be interested in all the shares held (directly & indirectly) by Berlian.
7. Mr Joseph Chuang is the sole shareholder of Maplegold Assets Limited (**Maplegold**). Accordingly, he is deemed to be interested in all the shares held (directly and indirectly) by Maplegold.
8. Maplegold has a 30% shareholding in Berlian. Accordingly, Maplegold is deemed to be interested in all the shares held (directly & indirectly) by Berlian.
9. Berlian is the sole shareholder of McKeeson Investments Pte Ltd (**McKeeson**) and Springbright. Accordingly, Berlian is deemed to be interested in all the shares held (directly and indirectly) by McKeeson and Springbright. In addition, Berlian's shares in the Company are held by its nominee, Citibank Nominees Singapore Private Limited.
10. Springbright's shares in the Company are held by its nominee, HSBC (Singapore) Nominees Pte Ltd.
11. Genesis Asset Management, LLP is deemed to be interested in the shares held by Genesis Smaller Companies, SICAV and Genesis Smaller Companies.
12. Tiger Global Management, LLC is deemed to be interested in the shares held by Tiger Global, L.P., Tiger Global Master Fund, L.P. and Tiger Global II SPV II, Ltd.
13. Charles P. Coleman III is deemed to be interested in the shares held by Tiger Global, L.P., Tiger Global Master Fund, L.P. and Tiger Global II SPV II, Ltd.
14. Aberdeen Asset Management Asia Limited is deemed to be interested in the shares held by its various custodians.
15. Aberdeen Asset Management PLC and subsidiaries is deemed to be interested in the shares held by its various custodians.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of **PETRA FOODS LIMITED** (***Company***) will be held at Singapore Marriott Hotel, Legacy Suite, Level 2, 320 Orchard Road, Singapore 238865 on Thursday, 26 April 2012 at 3:00 p.m. for the following purposes:-

AS ORDINARY BUSINESS

1. To receive and adopt the directors' report and audited accounts for the year ended 31 December 2011, together with the auditors' report thereon. **(Resolution 1)**
2. To re-elect the following directors who are retiring by rotation under article 104 of the Company's Articles of Association:-

   a. Mr Anthony Michael Dean **(Resolution 2)**
   b. Mr Davinder Singh **(Resolution 3)**
   (See explanatory notes)
3. To re-elect Mr Koh Poh Tiong, who was appointed and retiring under article 108 of the Company's Articles of Association. **(Resolution 4)**
4. To approve directors' fees of US$343,200 payable by the Company for the financial year ending 31 December 2012. (2011: US$276,000) **(Resolution 5)**
5. To declare a final tax exempt one-tier dividend of 2.12 US cents or 2.61 Singapore cents per ordinary share for the financial year ended 31 December 2011 (FYE 2010: 1.72 US cents or 2.18 Singapore cents). **(Resolution 6)**
6. To re-appoint PricewaterhouseCoopers LLP as auditors of the Company for the financial year ending 31 December 2012 and to authorise the directors to fix their remuneration. **(Resolution 7)**
7. To transact any other ordinary business that may properly be transacted at an annual general meeting.

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass, with or without modifications, the following resolutions as ordinary resolutions:-

8. **Share Issue Mandate** **(Resolution 8)**
   That, under section 161 of the Companies Act, Chapter 50 (***Act***) and the Listing Manual of the Singapore Exchange Securities Trading Limited (***SGX-ST***), authority be given to the directors of the Company to:-

   (a) (i) issue shares in the Company (***Shares***) whether by way of rights, bonus or otherwise; and/or

   (ii) make or grant offers, agreements, or options (collectively, ***Instruments***) that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible or exchangeable into Shares,

   at any time and upon such terms and conditions and for such purposes and to such persons as the directors may in their absolute discretion deem fit; and

   (b) (notwithstanding that the authority conferred by this Resolution may have ceased to be in force) issue Shares under any Instrument made or granted by the directors while this Resolution was in force,

   provided that:-

   (1) the aggregate number of Shares to be issued under this Resolution (including Shares to be issued under the Instruments, made or granted under this Resolution) does not exceed 50 per cent of the total number of issued Shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares to be issued other than on a *pro rata* basis to shareholders of the Company (including Shares to be issued under Instruments made or granted under this Resolution) does not exceed 20 per cent of the Company's total number of issued Shares (excluding treasury shares) (as calculated in accordance with sub-paragraph (2) below);

   (2) (subject to such manner of calculation and adjustments as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the total number of issued Shares shall be calculated based on the total number of issued Shares excluding treasury shares, if any, at the time of the passing of this Resolution, after adjusting for:-

   (a) new Shares arising from the conversion or exercise of convertible securities;

   (b) new Shares arising from the exercise of share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed; and

   (c) any subsequent bonus issue, consolidation or subdivision of Shares;

8. **Share Issue Mandate** (continued)

 (3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Act, the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being of the Company; and

 (4) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier.

9. **Authority to grant options, awards and issue shares under the Petra Foods Share Option Scheme and Petra Foods Share Incentive Plan (Resolution 9)**

 That approval be given to the directors:-

 (i) to offer and grant options and/or awards from time to time in accordance with the provisions of the Petra Foods Share Option Scheme and Petra Foods Share Incentive Plan (collectively, the ***Petra Schemes***); and

 (ii) under section 161 of the Act, to allot and issue from time to time such number of shares in the capital of the Company as may be required to be issued under the exercise of options and/or to the vesting of awards under the Petra Schemes, provided that the aggregate number of new shares to be issued under the Petra Schemes, shall not exceed 10 per cent of the total number of issued shares (excluding treasury) shares from time to time.

10. **Authority to allot and issue new ordinary shares under the Petra Foods Limited Scrip Dividend Scheme (Resolution 10)**
 That under section 161 of the Act, authority be given to the directors to allot and issue from time to time such number of new ordinary shares in the capital of the Company as may be required to be allotted and issued under the Petra Foods Limited Scrip Dividend Scheme.

11. **The Proposed Renewal of the Mandate for Interested Person Transactions (Resolution 11)**

 That:-

 (a) approval be given (***IPT Mandate***), for the purposes of Chapter 9 of the Listing Manual of the SGX-ST, for the Company, its subsidiaries and its associated companies which are entities at risk as defined in Chapter 9 of the Listing Manual of the SGX-ST, or any of them, to enter into any of the transactions falling within the types of interested person transactions, particulars of which are set out in the Annual Report of the Company for the financial year ended 31 December 2011 (***Appendix***) with any person who falls within the class of interested persons described in the Appendix, provided that such transactions are made at arm's length and on normal commercial terms, will not be prejudicial to the interests of the Company and its minority shareholders, and will be subject to the review procedures for interested person transactions as set out in the Appendix;

 (b) the IPT Mandate shall, unless revoked or varied by the Company in general meeting, continue in force until the next annual general meeting of the Company is held or is required by law to be held, whichever is the earlier; and

 (c) the directors of the Company be authorised to do all such acts and things (including, without limitation, executing all such documents as may be required) as they may consider expedient or necessary in the interests of the Company to give effect to the IPT Mandate and/or this Resolution.

By Order of the Board of Directors

Lian Kim Seng / Chuang Yok Hoa
Company Secretaries

Singapore, 10 April 2012

Notes:

(1) A member of the Company entitled to attend and vote at the above meeting may appoint not more than two proxies to attend and vote on his behalf.

(2) A proxy need not be a member of the Company and where there is more than one proxy, the proportion (expressed as a percentage of the whole) of his shareholding to be represented by each proxy must be stated.

(3) The instrument appointing a proxy must be deposited at the registered office of the Company at 111 Somerset Road, #16-01, TripleOne Somerset, Singapore 238164, not less than 48 hours before the time appointed for holding the meeting.

EXPLANATORY NOTES & STATEMENT UNDER ARTICLE 64 OF THE COMPANY'S ARTICLES OF ASSOCIATION

Resolution 2:

If re-elected, Mr Anthony Michael Dean, an independent director, shall remain as Chairman of the Audit Committee, a member of the Nominating Committee and Remuneration Committee of the Company and a member of the Cocoa Commercial Risk Committee.

Resolution 3:

If re-elected, Mr Davinder Singh, an independent director, shall remain as Chairman of the Remuneration Committee and a member of the Audit Committee and Nominating Committee of the Company.

Resolution 8:

The proposed Resolution 8, if passed, will empower the directors, from the date of the Annual General Meeting until the next annual general meeting of the Company, to issue Shares and/or Instruments up to an aggregate number not exceeding 50 per cent of the total number of issued Shares excluding treasury shares, with a sub-limit of 20 per cent for Shares issued other than on a *pro rata* basis to Shareholders.

Resolution 9:

The proposed Resolution 9, if passed, will empower the directors to offer and grant options and/or awards under the Petra Schemes (which were approved at the extraordinary general meeting of the Company held on 22 September 2004) and to allot and issue shares in the capital of the Company, under the exercise of options and/or awards under the Petra Schemes, provided that the aggregate number of shares to be issued under the Petra Schemes does not exceed 10 per cent of the total number of issued shares excluding treasury shares of the Company for the time being.

Resolution 10:

The proposed Resolution 10, if passed, will empower the directors to allot and issue shares in the Company under the Petra Foods Limited Scrip Dividend Scheme to members who, in respect of a qualifying dividend, have elected to receive scrip in lieu of the cash amount of that qualifying dividend.

Resolution 11:

The proposed Resolution 11, if passed, will renew the IPT Mandate (which was approved at the annual general meeting of the Company held on 28 April 2011) to facilitate the Company, its subsidiaries and associated companies which are entities at risk as defined in Chapter 9 of the Listing Manual of the SGX-ST, to enter into Interested Persons Transactions, the details of which are set out in the Annual Report. The authority under the renewed IPT Mandate will, unless revoked or varied by the Company in general meeting, expire at the conclusion of the next annual general meeting of the Company, or the date by which the next annual general meeting is required by law to be held, whichever is the earlier.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE OF BOOKS CLOSURE AND PAYMENT DATE FOR FINAL DIVIDEND

NOTICE IS ALSO HEREBY GIVEN that, subject to the approval of the shareholders to the final dividend at the Company's annual general meeting to be held on 26 April 2012, the Transfer Books and the Register of Members of the Company will be closed at 5:00 p.m. on 8 May 2012 (***Books Closure Date***) for the preparation of dividend warrants.

Duly completed registrable transfers received by the Company's Share Registrar, M&C Services Private Limited, at 138 Robinson Road, #17-00 The Corporate Office, Singapore 068906 up to 5:00 p.m. on the Books Closure Date will be registered to determine shareholders' entitlements to the final dividend. In respect of ordinary shares in securities accounts with The Central Depository (Pte) Limited (***CDP***), the final dividend will be paid by the Company to CDP which will, in turn, distribute the final dividend entitlements to the CDP account holders in accordance with its normal practice.

The final dividend, if so approved by shareholders, will be paid on 18 May 2012.

By Order of the Board of Directors

Lian Kim Seng / Chuang Yok Hoa
Company Secretaries

Singapore, 10 April 2012

PETRA FOODS LIMITED

Registration No. 198403096C
(Incorporated In the Republic of Singapore)

PROXY FORM

(Please see notes overleaf before completing this Form)

IMPORTANT
1. For investors who have used their CPF monies to buy the Company's shares, this Report is forwarded to them at the request of their CPF approved nominees and is sent solely FOR THEIR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We ________________________________ (NRIC / Passport No.) ________________ of

____ (Address)

being a member/members of Petra Foods Limited (***Company***), hereby appoint:-

Name	Address	NRIC/Passport Number	Proportion of Shareholdings (%)

And/or (delete as appropriate)

as my/our proxy/proxies to attend and vote for me/us on my/our behalf and if necessary, to demand a poll, at the annual general meeting of the Company (***AGM***) to be held at Singapore Marriott Hotel, Legacy Suite, Level 2, 320 Orchard Road, Singapore 238865 on Thursday, 26 April 2012 at 3:00 p.m. and at any adjournment thereof.

I/We direct my/our proxy/proxies to vote for or against the resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/their discretion, as he/they will on any matter arising at the AGM and at any adjournment thereof.

(If you wish to exercise all your votes "For" or "Against", please tick with " √ " within the box provided. Alternatively, please indicate the number of votes "For" or "Against" each resolution.)

No.	Resolutions	For	Against
Ordinary Business			
1.	To adopt Directors' Report and Audited Accounts for the year ended 31 December 2011.		
2.	To re-elect Mr Anthony Michael Dean as a Director.		
3.	To re-elect Mr Davinder Singh as a Director.		
4.	To re-elect Mr Koh Poh Tiong as a Director.		
5.	To approve Directors' fees for the year ending 31 December 2012.		
6.	To declare a final dividend.		
7.	To re-appoint PricewaterhouseCoopers LLP as auditors and to authorise Directors to fix their remuneration.		
Special Business			
8.	To authorise Directors to issue shares and/or Instruments under Section 161 of the Companies Act, Chapter 50.		
9.	To authorise Directors to offer and grant options and/or awards and to issue shares under the Petra Foods Share Option Scheme and Petra Foods Share Incentive Plan.		
10.	To authorise Directors to issue new ordinary shares under the Petra Foods Limited Scrip Dividend Scheme.		
11.	To renew the Mandate for Interested Person Transactions.		

Dated this ______________ day of April 2012

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	
Total	

____
Signature(s) of member(s)/Common Seal

IMPORTANT – PLEASE READ NOTES OVERLEAF

PROXY FORM

Notes:-

1. A member should insert the total number of ordinary shares in the capital of the Company (***Shares***) held. If the member has Shares entered against his name in the Depository Register (as defined in Section 130A of the Companies Act, Cap. 50), he should insert that number of Shares. If the member has Shares registered in his name in the Register of Members, he should insert that number of Shares. If a member has Shares entered against his name in the Depository Register and Shares registered in his name in the Register of Members, he should insert the aggregate number of Shares entered against his name in the Depository Register and registered in his name in the Register of Members. If no number is inserted, this instrument appointing a proxy or proxies will be deemed to relate to all Shares held by the member.

2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote instead of him. A proxy need not be a member of the Company.

3. Where a member appoints two proxies, the appointments shall be invalid unless he specifies the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy.

4. This instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 111 Somerset Road, #16-01, TripleOne Somerset, Singapore 238164 not less than 48 hours before the time appointed for the Annual General Meeting.

5. The instrument appointing a proxy or proxies must be under the hand of the appointer or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised.

6. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with Section 179 of the Companies Act, Cap. 50.

7. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointer are not ascertainable from the instructions of the appointer specified in this instrument appointing a proxy or proxies.

8. In the case of members whose Shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have Shares entered against their names in the Depository Register as at 48 hours before the time appointed for holding the Annual General Meeting as certified by The Central Depository (Pte) Limited to the Company.

FINANCIAL CALENDAR

Annual General Meeting	April 2012
Payment of Final Dividend	May 2012
Announcement of First Quarter Results	May 2012
Announcement of Half Year Results	August 2012
Announcement of Third Quarter Results	November 2012

CORPORATE INFORMATION

REGISTERED OFFICE
TripleOne Somerset
111 Somerset Road, #16-01
Singapore 238164

AUDITORS
PricewaterhouseCoopers LLP
8 Cross Street
#17-00 PWC Building
Singapore 048424

Partner-in-charge
Graham Lee (since 2011)

STOCK CODES
SGX: Petra
Bloomberg: PETRA SP
Reuters: PEFO.SI

COMPANY SECRETARIES
Chuang Yok Hua, ACIS
Lian Kim Seng, ACIS

PRINCIPAL BANKERS
ABN-AMRO (Nederland) N.V.
P.O. Box 293
1000 AG Amsterdam
The Netherlands

DBS Bank Ltd
6 Shenton Way
#23-03 DBS Building Tower One
Singapore 068809

ING Bank N.V., Singapore Branch
9 Raffles Place
#19-02 Republic Plaza
Singapore 048619

KBC Bank Nederland N.V.
Watermanweg 92
3067 GG Rotterdam
The Netherlands

Malayan Banking Berhad
Menara Maybank
100 Jalan Tun Perak
50050 Kuala Lumpur
Malaysia

PT Bank Central Asia Tbk
Wisma BCA / Lantai 11
Jl Jend Sudirman Kav 22-23
Jakarta 12920, Indonesia

Rabobank International
77 Robinson Road
#09-00 SIA Building
Singapore 068896

Standard Chartered Bank
Marina Bay Financial Centre (Tower 1)
8, Marina Boulevard, Level 23
Singapore 018981

The HongKong and Shanghai Banking Corporation Limited
World Trade Center, 4th Floor
Jl Jend Sudirman Kav 29-31,
Jakarta 12920, Indonesia

United Overseas Bank Limited
80 Raffles Place
UOB Plaza
Singapore 048624

REGISTRAR AND SHARE TRANSFER OFFICE
M&C Services Private Limited
138 Robinson Road #17-00
The Corporate Office
Singapore 068906

WEBSITE
www.petrafoods.com

LOCATIONS

SINGAPORE
TripleOne Somerset
111 Somerset Road, #16-01
Singapore 238164

7 Gul Circle, #02-01
Keppel Districentre
Singapore 629563

INDONESIA
Bandung
Jln Raya Dayeuhkolot no. 84
Pesawahan,
Kabupaten Bandung 40256,
Indonesia

Jln Raya Dayeuhkolot no. 92
Pesawahan,
Kabupaten Bandung 40256,
Indonesia

Bekasi
Jln Raya Narogong Km 7,
Bojong Menteng
Bekasi 17117, Jawa Barat,
Indonesia

MALAYSIA
Kuala Lumpur
Level 10, West Wing,
Wisma Consplant 2,
47500 Subang Jaya, Selangor,
Malaysia

Johor
523706, PLO 700, Jalan Keluli 8,
Kawasan Perindustrian Pasir
Gudang, 81700 Pasir Gudang,
Johor Darul Ta'zin,
Malaysia

THE PHILIPPINES
No. 23 M. Tuazon St., Parang,
Marikina City 1809,
Philippines

Unit 004 Luwasan Street
Brgy Guyong
Sta Maria Bulacan 3022,
Philippines

Ground Floor, Eurovilla II
118 V.A. Rufino St.
(formerly Herrera St.)
Legaspi Village, Makati
Philippines

THAILAND
140 Soi Thong Lor 4, Sukhumvit
55 Road, Klongton Nua
Subdistrict, Wattana District,
Bangkok

MEXICO
Lago Muritz #73 Col Anahuac
Delegacion Miguel Hidalgo
Mexico DF CP 11320

BRAZIL
Rod. BR-415 – KM 36
45600-000 Itabuna,
BA Brazil

UNITED STATES
400 Valley Road, Suite 107
Mount Arlington, NJ 07 07856
USA

FRANCE
Route de Developpement
Site Industriel Leurette
59820 Gravelines
France

GERMANY
Einsiedeldeich 7-9
20539 Hamburg
Germany

THE NETHERLANDS
Provincialeweg 33C
1506 MA Zaandam
The Netherlands

Some of the information in this report constitute "forward looking statements" which reflect Petra's current intentions, plans, expectations, assumptions and beliefs about future events and are subject to risks, uncertainties and other factors, many of which may be outside Petra's control. You are urged to view all forward looking statements with caution. For updated information, please contact our Corporate Office.

Note About Printing:
This report was printed on 9lives Silk and Innotech paper. This is an environmentally friendly stock that is Forest Stewardship Council (FSC) certified, made from post-consumer waste paper in a chlorine-free process. The mill that produces these papers strives to minimize environmental impacts through biosphere protection measures, sustainable use of natural resources, waste reduction and recycling initiatives, and ongoing programmes focused on environmental risk reduction. The paper bleaching process is Elemental Chlorine Free.

FSC is an independent, non-governmental, not-for-profit organization established to promote the responsible management of the world's forests. For more information, please visit: www.fsc.org

Petra Foods is a corporate partner of the Kidney Dialysis Foundation.

strategic communicator and visual creator
greymatter williams and phoa (asia)

Petra Foods Limited
111 Somerset Road
TripleOne Somerset
#16-01
Singapore 238164

Phone +65 6477 5600
Fax +65 6887 5181
enquiry@petrafoods.com

Company Registration
No.: 198403096C
(Incorporated in the
Republic of Singapore)