

FOR IMMEDIATE RELEASE

Petra Foods achieves FY08 net profit of US\$14.1 million on 34.7% rise in sales to US\$1.1 billion

- *On schedule to complete the upgrading of the Hamburg cocoa ingredients processing facility by the end of 1Q2009*
- *The Group's core businesses - Branded Consumer and Cocoa Ingredients - achieved good performance with continued growth in EBITDA (before hedge charge, forex losses and Fair Value Accounting charge)*
- *Implements a series of financial initiatives to minimize risks brought about by the global financial crisis*
- *Proposes a final cash dividend of 1.55 Singapore cents*

| Financial Highlights (US\$'000) | 4Q ended 31 December | | | Year ended 31 December | | |
|---|----------------------|---------|----------|------------------------|---------|----------|
| | 2008 | 2007 | % Change | 2008 | 2007 | % Change |
| Revenue | 293,880 | 236,846 | ▲24.1 | 1,127,282 | 836,611 | ▲34.7 |
| Gross Profit | 27,021 | 26,946 | ▲0.3 | 119,160 | 123,026 | ▼3.1 |
| Profit before tax and exceptional gains | (611) | 4,203 | ▼114.5 | 10,889 | 31,060 | ▼64.9 |
| Exceptional gains | - | 29 | NM | - | 652 | NM |
| Profit after tax | 1,951 | 3,731 | ▼47.7 | 10,655 | 24,698 | ▼56.9 |
| Net Profit after MI | 2,800 | 4,538 | ▼38.3 | 14,060 | 26,301 | ▼46.5 |
| EBITDA | 11,356 | 12,360 | ▼8.1 | 48,415 | 59,307 | ▼18.4 |

SINGAPORE - 26 February 2009 - Petra Foods Limited ("Petra Foods" or the "Group"), one of the world's major manufacturers and suppliers of cocoa ingredients and branded consumer confectionary products, today posted net profit of US\$14.1 million on the back of a 34.7% jump in revenue for the full year ended 31 December 2008 ("FY2008").

The Group's FY2008 net profit, which declined 46.5%, was impacted by the Group's continuing pre-operating loss from its European Cocoa Ingredients operations, the hedge re-designation charge ("hedge charge"), foreign exchange ("forex") losses and Fair Value Accounting charge totalling US\$10.6 million. Without these factors, the Group would have attained a higher net profit.

The Group's core businesses of Branded Consumer and Cocoa Ingredients (excluding Europe), however, continued to achieve good performance in spite of the global financial crisis. Both divisions contributed to the 10.9% growth in overall EBITDA (before hedge charge, forex losses and Fair Value Accounting charge).

Based on the weighted average number of ordinary shares in issue, earnings per share for FY2008 was 2.64 US cents while net asset value per share as at 31 December 2008 was 34.5 US cents.

SEGMENTAL REVIEW

Branded Consumer Division

| Financial Highlights (US\$'million) | Year ended 31 December | | |
|---------------------------------------|------------------------|--------------|-------------|
| | 2008 | 2007 | % Change |
| Indonesia | 180.8 | 182.6 | -0.9% |
| The Regional Markets | 72.0 | 57.2 | 25.7% |
| Total Branded Consumer Revenue | 252.8 | 239.8 | 5.4% |
| EBITDA | | | |
| - After Forex Loss | 35.3 | 31.7 | 11.3% |
| - Before Forex Loss | 36.6 | 31.7 | 15.2% |
| Operating Profit | | | |
| - After Forex Loss | 30.0 | 26.5 | 13.1% |
| - Before Forex Loss | 31.2 | 26.5 | 17.8% |

Driven by strong growth in sales of Premium Own Brands as well as Third Party products, revenue rose 5.4% to US\$252.8 million. Excluding the forex loss which was incurred as a result of the depreciation of the Indonesian Rupiah against the US\$ in 4Q 2008, the Branded

Consumer Division's profit growth would have been higher with EBITDA and operating profit climbing 15.2% and 17.8% respectively.

The forex loss came about as a result of the payment of US\$ denominated Group management fees in 4Q 2008 - a period when the Indonesian Rupiah devalued sharply. However in local currency terms, 4Q 2008 operating profit growth would have been higher at 40.2%.

Through a combination of price increases and tight costs management, overall gross profit margin was maintained at a level above 30%. This was in spite of higher revenue contribution from third party brands, which typically yield lower margins.

The core operations in Indonesia remained strong, contributing 71.5% of the Division's total revenue. Sales of Premium Own Brands grew 18% while Third Party Brands attained double digit increase as a result of growth in existing agencies and from new agencies secured.

Sales from the regional markets, which contributed 28.5% of the Division's revenue (up from 23.9% in FY2007), grew 25.7% year-on-year ("YoY") with strong contributions from the Philippines and Malaysia markets.

In the Philippines, driven by the successful launch of new products, an expanded sales network, higher contributions from existing agencies as well as new agencies secured, sales of Own Brands and Third Party Brands attained double digit growth. This market contributed 9.8% of the Division's FY2008 revenue.

Cocoa Ingredients Division (excluding Europe)

| Financial Highlights (US\$'million) | Year ended 31 December | | |
|--|------------------------|---------|----------|
| | 2008 | 2007 | % Change |
| Revenue | 525.2 | 375.6 | 39.8% |
| EBITDA | | | |
| - After Hedge Charge, FX Loss & Fair Value charge | 19.1 | 26.9 | -29.1% |
| - Before Hedge Charge, FX Loss & Fair Value charge | 28.4 | 26.9 | 5.9% |
| Operating Profit | | | |
| - After Hedge Charge, FX Loss & Fair Value charge | 9.4 | 19.2 | -51.1% |
| - Before Hedge Charge, FX Loss & Fair Value charge | 18.8 | 19.2 | -2.1% |
| EBITDA/mt (after Hedge Charge, FX Loss & Fair Value charge) | 118 | 182 | -35.2% |
| EBITDA/mt (before Hedge Charge, FX Loss & Fair Value charge) | 177 | 182 | -2.7% |
| Sales volume (mt) | 160,820 | 147,857 | 8.8% |

Revenue from the Cocoa Ingredients Division in Asia and Latin America jumped 39.8% YoY to US\$525.2 million. Excluding hedge charge, forex losses and Fair Value Accounting charge, EBITDA grew 5.9% on the back of a 8.8% sales volume growth as the Group penetrated new markets.

During the year in review, the Group also witnessed improving trend in EBITDA yield, reflecting its higher product pricing for premium cocoa ingredients, strong demand from its global customers, as well as its ability to pass on price increases. Although overall EBITDA yield (excluding hedge charge and forex losses) in FY2008 at US\$177/mt was 2.7% lower YoY, it was higher than that in 4Q 2007 and 1Q 2008 - the lowest EBITDA yield points which the Group had experienced.

Update on the European Cocoa Ingredients Processing Facility

Petra Foods highlighted that it is on schedule to complete the upgrading of its cocoa ingredients processing facility by the end of 1Q 2009.

Mr John Chuang, CEO of Petra Foods enthused, "When the upgrading programme is completed, we will be able to further solidify our presence globally by building a significant presence in Europe, which is the largest market for cocoa ingredients and further capture the increased outsourcing trend, especially in the supply of premium cocoa ingredients to international F&B manufacturers. The Division will also see immediate benefits as the scale of operations and capabilities will be raised, enabling us to sell higher priced cocoa powder in Europe and provide an immediate uplift to our financial performance."

Currently, the European facility is limited to producing low priced generic cocoa ingredients and semi-finished products which generate low EBITDA yields.

Business Outlook

Amidst the current global crisis, the Group's main priority in 2009 is to produce positive free cash flow by significantly reducing capital expenditure ("CAPEX") and limiting CAPEX to only items which are most critical and immediately income generating, as well as tightly managing working capital and operating costs.

A series of financial initiatives to strengthen the Group's financial position and debt profile has also been implemented to minimize risks in the current global turmoil. Results have been visible:

Strengthened financial position

1. Created additional financial headroom to US\$210 million;
2. Reduced net debt/equity level to 1.50x from 1.70x in 3Q 2008;
3. Lowered QoQ borrowings of US\$34 million by improving working capital;
4. Secured separate committed credit lines for Europe's expansion;
5. Reduced FY 2008's cost of borrowings to less than 6% per annum, from 6.5% in FY 2007.

Conservative debt profile

6. Reduced reliance on short term borrowings to 45% of total borrowings, as compared with 79% two years ago; and

7. Re-balanced debt portfolio to reduce exposure to credit refinancing risk with only 14% due for repayment over the next two years.

“Although the world is facing one of the most serious crisis in decades, we believe the core strengths of our two divisions, combined with an experienced management team and our new engine of growth in Europe, will steer us through. We will continue to manage our risks tightly to mitigate any operational exposure and at the same time, build further financing headroom,” said Mr Chuang.

Final Dividend

The directors have proposed a final dividend of 1.02 US cents or 1.55 Singapore cents per share based on 532,277,000 ordinary shares in issue for approval of shareholders at the Annual General Meeting on 28 April 2009. If approved, the dividend will be payable on 20 May 2009. Inclusive of the interim dividend of 1.39 Singapore cents, shareholders would receive a total dividend of 2.94 Singapore cents in FY2008.

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ABOUT PETRA FOODS LIMITED

Listed on the SGX-ST since 5 November 2004, Petra Food Limited and its subsidiaries ("the Group") is one of the world's major manufacturers and suppliers for premium cocoa ingredients, namely cocoa powder, cocoa butter and cocoa liquor. The Group also manufactures and/or distributes branded consumer products, primarily chocolate confectionery products, for which it is the market leader in Indonesia.

The Group has two business divisions, **Cocoa Ingredients** and **Branded Consumer**.

Cocoa Ingredients Division

The Group manufactures and sells cocoa ingredients, under the "Delfi" brand, to over 30 countries worldwide. Its major customers are international food and beverage companies such as Nestlé, Cadbury, the Mars Group, Arnott's, A.B. Foods, Barry Callebaut and the Meiji Group.

Branded Consumer Division

The Group manufactures and/or distributes branded consumer products that are sold in over 17 countries including Indonesia, Singapore, Malaysia, Hong Kong, Australia, Thailand, the Philippines and China. Petra Foods has an established portfolio of chocolate confectionery brands which are household names in Indonesia include 10 master brands and 20 key sub brands and manufactures over 300 stock keeping units. Its flagship brands in Indonesia include "SilverQueen" and "Ceres" that were introduced in the 1950s and "Delfi" in the 1980s. In addition, the Group also distributes a well-known portfolio of third party brands in Indonesia, Singapore and Malaysia.

Headquartered in Singapore, Petra Foods has seven cocoa processing facilities (located in Indonesia, Malaysia, the Philippines, Thailand, Brazil, Mexico and Germany), one cocoa butter facility (located in France), two chocolate confectionery production facilities (located in Indonesia and the Philippines) and a total staff strength of over 4,000.

Petra Foods was awarded the top spot in the annual Singapore Enterprise 50 Award in 2003. In addition, it was recognised as the "Best Newly Listed Singapore Company in 2004" in AsiaMoney's Best Managed Companies Poll 2004. More recently, it was named the "Enterprise of the Year 2004" by the 20th Singapore Business Awards on 30 March 2005 and was named one of "Singapore's 15 Most Valuable Brands" in November 2005 by IE Singapore.

Issued on behalf of Petra Foods Limited

Media Contact:

Ho See Kim

August Consulting

Tel: +65 6733 8873, Mobile: +65 9631 3602, Email: seekim@august.com.sg

Nora Sng

August Consulting

Tel: +65 6733 8873, Mobile: +65 9791 5366, Email: nora@august.com.sg