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Petra Foods posts sterling 33.2% net profit growth for 9M FY2006

- 3Q 2006 net profit up 23% to US\$7.5 million
- 9M 2006 EBITDA rose 32.8% with continued strong performance from the Cocoa Ingredients and Branded Consumer divisions

Financial Highlights	3 months ended 30 September			9 months ended 30 September		
	Jul-Sep 06	Jul-Sep 05	% Change	Jan-Sep 06	Jan-Sep 05	% Change
Revenue (US\$m)	148.4	110.2	↑ 34.6	384.0	326.8	↑ 17.5
Gross Profit (US\$m)	28.4	21.6	↑ 31.5	77.3	59.9	↑ 29.2
Profit before tax and exceptional item (US\$m)	9.0	7.6	↑ 18.7	26.4	21.5	↑ 23.2
Net Profit (US\$m)	7.5	6.1	↑ 23.0	22.4	16.8	↑ 33.2
EBITDA (US\$m)	14.5	10.6	↑ 37.4	41.4	31.2	↑ 32.8

SINGAPORE - 10 November 2006 - 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 announced a sterling set of results for the first nine months ended 30 September 2006, driven by the strong volume sales in its Cocoa Ingredients Division and strong performance achieved in its Branded Consumer Division’s core market in Indonesia and the regional markets.

Net profit for the first nine months rose 33.2% to US\$22.4 million on the back of a 17.5% increase in revenue to US\$384.0 million. Excluding an exceptional gain of US\$1.6 million (net of tax), the Group’s net profit for the period under review was US\$20.8 million, translating to a 23.5% growth as compared to the corresponding period last year. EBITDA for the period grew 32.8% to US\$41.4 million.

On a quarterly basis, net profit for the three months ended 30 September 2006 rose 23.0% to US\$7.5 million while revenue increased 34.6% to US\$148.4 million. EBITDA grew 37.4% to US\$14.5 million.

Commenting on the Group's latest financial performance, Mr John Chuang, Chief Executive Officer of Petra Foods said, "We are seeing the positive results from the strategies we have adopted in growing our Cocoa Ingredients and Branded Consumer Divisions. Recent capacity expansion in our Cocoa Ingredients Division has positioned us to meet the rising global market demand. Similarly, our Branded Consumer arm continues to leverage on its strong brand equity to drive consumer demand in its core Indonesian market whilst continuing to push ahead with its aggressive regional expansion. These strategies have and will continue to strengthen the quality of the Group's earnings streams."

Based on the weighted average number of ordinary shares issued, the earnings per share (EPS) for 9M 2006 period increased from 3.21 US cents to 4.20 US cents (up 30.8% YoY). Excluding exceptional gain, EPS for the period under review rose from 3.21 US cents to 3.89 US cents (up 21.2% YoY).

Improved Performance Across All Divisions

Financial Highlights	3 months ended 30 September			9 months ended 30 September		
	Jul-Sep 06	Jul-Sep 05	% Change	Jan-Sep 06	Jan-Sep 05	% Change
Revenue (US\$m)	148.4	110.2	↑ 34.6	384.0	326.8	↑ 17.5
Cocoa Ingredients	90.9	72.2	↑ 25.9	242.6	228.4	↑ 6.2
Branded Consumer	57.5	38.0	↑ 51.2	141.4	98.4	↑ 43.7
EBITDA	14.5	10.6	↑ 37.4	41.4	31.2	↑ 32.8
Cocoa Ingredients	7.2	6.2	↑ 16.4	21.5	18.2	↑ 17.9
Branded Consumer	7.3	4.3	↑ 67.3	20.0	13.0	↑ 53.7

Cocoa Ingredients Division

Sales revenue of US\$242.6 million or 63.2% of total group revenue was achieved by the division in the nine months ended 30 September 2006. Correspondingly, sales volume also grew 24.5% for 9M 2006 to 102,470 metric tons as the global demand for the Group's cocoa ingredients continued to outpace capacity. The strong volume growth can be attributed to the

growing demand from its core customers, as a result of the Group's development of premium niche products in line with customers' needs and new market development initiatives.

During the period under review, the Group's processing plants operated close to full capacity with an average utilisation rate of 93% even with the newly-added capacity at the Malaysian manufacturing plant coming onstream in July 2006. The expanded processing capacity also fuelled revenue growth geographically with increased contribution from Europe and Japan of 29.9% and 15.0% respectively.

Higher sales volume resulted in a 17.9% improvement in EBITDA to US\$21.5 million. The consistent EBITDA growth achieved reflects the success of Petra Foods' demand-led capacity expansion strategy.

The performance of the Cocoa Ingredients division would have been stronger had it not been for a softer EBITDA per ton (6-month moving average) of US\$205. The softer EBITDA yield can be attributed to the initial phasing in of new capacity, which affected the product mix composition sold during the period, and new market development initiatives; as well as a generally softer price environment seen in the lower to mid priced segments of the industry.

Branded Consumer Division

The Branded Consumer division recorded a strong revenue growth of 43.7% or US\$141.4 million for 9M 2006, accounting for 36.8% of total revenue. EBITDA soared 53.7% to US\$20.0 million, reflecting the division's ability to leverage on its dominant brand position to further enhance the sales momentum in Indonesia and to drive growth regionally.

In Indonesia, sales in local currency terms grew 25.0% YoY as the Group continued to strengthen its distribution pipeline, increase consumer demand through promotional initiatives and new product launches at different price points to capture the various market segments.

Efforts to expand regional contribution and distribution networks through both organic and newly acquired businesses (i.e. Goya, Hudson's and Delfi Marketing Malaysia) have yielded positive results with sales outside of Indonesia growing significantly. Revenue contribution for 9M 2006 was 22.3% of the division's sales, as compared with 13.8% previously.

Gross profit margin for the division also improved 1% point to 32.2%, demonstrating higher economies of scale and operational efficiencies, as well as the division's ability to leverage on the strong brand equity of its extensive product portfolio to overcome general costs increases.

Strong Financial Position

Total shareholder's equity increased by US\$12.9 million to US\$164.7 million. Total assets stood at US\$340.4 million, a growth of US\$53.6 million of which, US\$24.2 million can be attributed to the Group's capital expenditure program, US\$8.3 million from the newly acquired assets such as the Goya business in the Philippines and the Hudson's business in Malaysia with the remainder for working capital purposes.

The Group's financial position remained strong with operating cashflow of US\$41.0 million, a rise of 29.0% from the year-ago period.

In line with the business growth and recent capacity expansion, total group borrowings rose to US\$117.6 million as at 30 September 2006 from US\$87.8 million as at 31 December 2005. This increase came from trade finance facilities, short-term bank loans and overdraft facilities used to fund the higher levels of inventory and receivables attributable to the enlarged business and recent capacity expansions. In line with the increased borrowings, Petra Foods' net debt-to-equity ratio increased to 0.68 times as of 30 September 2006, up from 0.54 times as at the end of FY2005.

Prospects and Outlook

With its proven business model, Petra Foods' operation is fundamentally strong. It will continue to grow by building on its key strengths and focusing on the achievement of the Group's strategic objectives which include the strengthening of the Group's core competencies; the extension of its regional and global reach; and the maximization of asset yields over the long term.

For the **Branded Consumer division**, the fast growing South East Asian chocolate confectionery market is the main focus to drive the growth of its branded consumer products. Indonesia remains a key market and a significant contributor to the Group's growth. The

intent is to further strengthen “Top-of-Mind” recall for its products amongst its target consumer groups through new product launches and brand building initiatives.

These initiatives, coupled with the distribution infrastructure which the Group has built in Indonesia and the region, are expected to drive strong performance for the division in the near future.

For the **Cocoa Ingredients division**, the strong volume uptake for its products is fuelled by the increasing demand from its international food and beverage customers. The Group’s new market development initiatives are also continuing to yield positive results. It has and will continue to expand its geographical reach of its cocoa ingredients products. To fulfill the strong demand for its products, a two pronged strategy will be adopted – firstly, in the form of additional capacity in strategic locations or for niche products and secondly, to maximize asset yields.

For full year FY2006, the good performance expected of the Cocoa Ingredients division is expected to be moderated by a softer EBITDA yield (or EBITDA/MT of sales volume). The softer EBITDA yield in 3Q 2006, which was exacerbated by overall weaker pricing environment in the lower to mid priced cocoa ingredients market segments, will spill over into 4Q 2006 and possibly into 1H 2007. However, this headwind is expected to be temporary as there are market indications of pricing improvements.

Petra Foods has built a resilient business model with two complementary earnings stream which together should generate continued growth. Barring unforeseen circumstances, the Group is on track to deliver good growth for full year FY2006. The Group expects further growth in FY2007.

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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 six cocoa processing facilities (located in Indonesia, Malaysia, the Philippines, Thailand, Brazil and Mexico), two chocolate confectionery production facilities (located in Indonesia and Philippines) and total staff strength of over 4,000.

Petra Foods was awarded the top spot in the annual Singapore Enterprise 50 Award in 2003. It was recognised as the “Best Newly Listed Singapore Company in 2004” in AsiaMoney’s Best Managed Companies Poll 2004 and the “Enterprise of the Year 2004” by the 20th Singapore Business Awards. Petra Foods was also named one of “Singapore’s 15 Most Valuable Brands” by IE Singapore for two consecutive years in 2005 and 2006.

Issued on behalf of Petra Foods Limited

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