

**Petra Foods Limited**  
**Unaudited Financial Statement and Dividend Announcement**  
**For the 3rd Quarter and Nine Months Ended 30 September 2007**

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENT OF QUARTERLY (1Q, 2Q, 3Q & 4Q),  
HALF YEAR AND FULL YEAR RESULTS

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**1(a)(i) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.**

1(a)	Group				Group		
	3Q ended 30 September				9 months ended 30 September		
	2007	2006	Change	2007	2006	Change	
	<u>Notes</u>	<u>US\$'000</u>	<u>US\$'000</u>	<u>%</u>	<u>US\$'000</u>	<u>US\$'000</u>	<u>%</u>
Sales	1	239,490	148,394	61.4%	599,765	384,037	56.2%
Cost of Sales	2	(201,498)	(119,988)	67.9%	(503,685)	(306,720)	64.2%
<b>Gross Profit</b>		<b>37,992</b>	<b>28,406</b>	<b>33.7%</b>	<b>96,080</b>	<b>77,317</b>	<b>24.3%</b>
Other operating income		254	575	(55.8%)	1,532	2,222	(31.0%)
Selling and Distribution costs		(17,614)	(12,664)	39.1%	(43,042)	(32,245)	33.5%
Administrative expenses		(6,610)	(4,573)	44.5%	(17,896)	(13,582)	31.8%
Finance Costs	3	(4,346)	(2,755)	57.7%	(8,994)	(6,867)	31.0%
Other operating expenses		(431)	(31)	NM	(714)	(350)	104.0%
Share of results of associates		7	69	(89.9%)	(109)	(50)	118.0%
<b>Profit before tax and exceptional items</b>	5	<b>9,252</b>	<b>9,027</b>	<b>2.5%</b>	<b>26,857</b>	<b>26,445</b>	<b>1.6%</b>
Exceptional Items	4	623	744	(16.3%)	623	2,260	(72.4%)
<b>Profit before tax</b>		<b>9,875</b>	<b>9,771</b>	<b>1.1%</b>	<b>27,480</b>	<b>28,705</b>	<b>(4.3%)</b>
Income tax expense		(2,371)	(2,287)	3.7%	(6,513)	(6,337)	2.8%
<b>Profit after tax</b>		<b>7,504</b>	<b>7,484</b>	<b>0.3%</b>	<b>20,967</b>	<b>22,368</b>	<b>(6.3%)</b>
Attributable to:							
<b>Equity holders of the company</b>		<b>8,184</b>	<b>7,484</b>	<b>9.3%</b>	<b>21,763</b>	<b>22,368</b>	<b>(2.7%)</b>
Minority Interest		(680)	-	NM	(796)	-	NM
		<b>7,504</b>	<b>7,484</b>	<b>0.3%</b>	<b>20,967</b>	<b>22,368</b>	<b>(6.3%)</b>

**Notes:**

<b>a. EBITDA <sup>1</sup></b>	<b>17,771</b>	<b>14,495</b>	<b>22.6%</b>	<b>46,947</b>	<b>41,446</b>	<b>13.3%</b>
<b>b. Profit Attributable to Shareholders</b>						
Net profit attributable to shareholders	8,184	7,484	9.3%	21,763	22,368	-2.7%
Adjustment for:						
Exceptional Items (Note 4)	(623)	(744)		(623)	(2,260)	
Write off of Deferred Tax Assets	-	619		-	619	
<b>Net Profit before Exceptional Items</b>	<b>7,561</b>	<b>7,359</b>	<b>2.7%</b>	<b>21,140</b>	<b>20,727</b>	<b>2.0%</b>
<b>c. Earnings per share (US cents) <sup>2</sup></b>						
- Before exceptional items	1.42	1.38	2.9%	3.97	3.89	2.1%
- After exceptional items	1.54	1.41	9.2%	4.09	4.20	(2.6%)
<b>d. Return on Equity <sup>3</sup></b>						
- Before exceptional items <sup>5</sup>				15.9%	16.9% <sup>4</sup>	(1.0%pt)
- After exceptional items				16.2%	18.0% <sup>4</sup>	(1.8%pt)

NM denotes not meaningful

1 EBITDA represents net profit before exceptional items, net interest expense, income tax expense, depreciation and amortization expense.

2 Diluted earnings per share for 3Q and nine months 2007 are the same as basic earnings per share since there were no dilutive potential ordinary shares.

3 For comparative purposes, ROE is computed based on profit attributable to equity holders of the Company divided by total equity (excluding minority interests).

4 Total equity was adjusted for FY2006 exceptional gain of US\$1.8m.

5 Relates to full year Y2006 audited figures.

## Explanatory notes on income statement

### Note 1 - Breakdown of sales by division

	3Q ended 30 September			Period ended 30 September		
	2007	2006	Change	2007	2006	Change
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Cocoa Ingredients Division	173,451	90,920	90.8%	418,130	242,599	72.4%
Branded Consumer Division	66,039	57,474	14.9%	181,635	141,438	28.4%
	<b>239,490</b>	<b>148,394</b>	<b>61.4%</b>	<b>599,765</b>	<b>384,037</b>	<b>56.2%</b>

### Note 2 - Cost of Sales

Cost of sales consists of cost of goods sold, costs of processing services rendered and net gain or loss on derivatives and hedge adjustment on inventory.

	3Q ended 30 September			Period ended 30 September		
	2007	2006	Change	2007	2006	Change
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Cost of goods sold	198,972	116,648	70.6%	499,764	299,966	66.6%
Cost of services	4,412	3,010	46.6%	9,877	8,444	17.0%
	<b>203,384</b>	<b>119,658</b>	<b>70.0%</b>	<b>509,641</b>	<b>308,410</b>	<b>65.2%</b>
Adjusted for:						
Fair value hedge adjustment of inventories	4,957	9,871	(49.8%)	(3,426)	4,401	NM
Fair value loss on cocoa bean derivatives	(4,843)	(9,632)	(49.7%)	3,563	(3,168)	NM
Transfer from cash flow hedge reserve-cocoa bean derivatives	(894)	(280)	NM	(3,600)	(766)	NM
Fair value (gain)/loss on foreign exchange derivatives	(421)	775	NM	(1,252)	(1,689)	(25.9%)
	<b>(1,201)</b>	<b>734</b>	<b>NM</b>	<b>(4,715)</b>	<b>(1,222)</b>	<b>NM</b>
	<b>202,183</b>	<b>120,392</b>	<b>67.9%</b>	<b>504,926</b>	<b>307,188</b>	<b>64.4%</b>
Net foreign exchange (gain)/loss	(685)	(404)	NM	(1,241)	(468)	NM
<b>Cost of Sales</b>	<b>201,498</b>	<b>119,988</b>	<b>67.9%</b>	<b>503,685</b>	<b>306,720</b>	<b>64.2%</b>

### Note 3 - Finance costs (Net)

	3Q ended 30 September			Period ended 30 September		
	2007	2006	Change	2007	2006	Change
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Interest Expense	(4,143)	(2,566)	61.5%	(9,647)	(7,104)	35.8%
Fair value Gain/(Loss) on interest rate derivatives	(258)	(254)	1.6%	(73)	103	170.9%
Transfer from cash flow hedge	65	62	N/M	740	56	N/M
<b>Net interest expense</b>	<b>(4,336)</b>	<b>(2,758)</b>	<b>57.2%</b>	<b>(8,980)</b>	<b>(6,945)</b>	<b>29.3%</b>
Net foreign exchange gain / (loss)	(10)	3	N/M	(14)	78	N/M
<b>Total finance costs</b>	<b>(4,346)</b>	<b>(2,755)</b>	<b>57.7%</b>	<b>(8,994)</b>	<b>(6,867)</b>	<b>31.0%</b>

## Note 4 - Negative Goodwill

On 1 March 2007, the Company entered into a shareholders' and share subscription agreement through which it acquired a 60% equity stake in Petra Armajaro Holdings Pte Ltd, an investment holding company incorporated in Singapore that undertakes the manufacture, sale and distribution of cocoa ingredients in the European market. The remaining 40% equity is held by Armajaro Holdings Limited ("Armajaro"), a global commodities trading and financial services group.

Through its wholly-owned subsidiaries, Petra Armajaro Holdings Pte Ltd holds the following assets:

<u>Name of subsidiary</u>	<u>Assets Acquired</u>
Delfi Cocoa (Europe) GmbH	A cocoa ingredients manufacturing factory located in Hamburg, Germany
Delfi Nord Cacao SAS	A specialised cocoa butter facility located in Dunkirk, France  The "NordCacao" brand under which the specialised butter is currently marketed.
Delfi Cocoa (Europe) BV	An existing core and supply chain management team based in Holland

The effects of the above acquisitions to the Group's 3Q financials are as follows:

	<u>US\$'000</u>
Property, Plant & Equipment	34,683
Intangibles	7,076
Inventories	19,350
Other current assets	1,552
Cash & cash equivalent	7,917
Trade & other payables	(7,372)
Derivative liabilities	(5,053)
Deferred income tax liabilities	(2,973)
Fair value of net identifiable assets acquired	55,180
Loan on acquisition	(17,150)
	38,030
Minority interest arising upon acquisition	(15,212)
	22,818
<b>Negative goodwill recognized in income statement</b>	<b>(623)</b>
Consideration paid in cash <sup>1</sup>	22,195
Less: Cash of subsidiary companies	(7,917)
Cash flow on acquisition net of cash and cash equivalent acquired	<u><u>14,278</u></u>

In accordance with the requirements of FRS 103, the Group completed an exercise to determine the fair value of assets and liabilities acquired. Negative goodwill represents the excess of the Group's interest in the net fair value of the identifiable assets and liabilities over the cost of acquisition.

<sup>1</sup> Includes costs directly attributable to the acquisition.

## Note 5 - Profit before income tax

Net Profit before income tax is arrived after (deducting)/crediting the following:

	3Q ended 30 September			Period ended 30 September		
	2007	2006	Change	2007	2006	Change
	<u>US\$'000</u>	<u>US\$'000</u>	<u>%</u>	<u>US\$'000</u>	<u>US\$'000</u>	<u>%</u>
Depreciation of property, plant and equipment	(3,994)	(2,838)	40.7%	(10,969)	(8,303)	32.1%
Amortisation of intangible assets	(226)	(18)	944.4%	(293)	(52)	392.3%
Net foreign exchange (loss)/ gain	684	(152)	NM	1,354	1,575	-14.0%
Over/(Under) provision of tax in prior years	197	(118)	NM	(163)	36	NM
Gain/(loss) on disposal of property, plant and equipment	(4)	(900)	NM	99	(853)	NM
(Impairment)/write back of debtors	(5)	11	NM	(19)	(134)	NM
Inventories written off	(490)	(253)	6.3%	(934)	(449)	108.9%
Write back/(allowance) for inventory obsolescence	(18)	339	NM	(320)	114	NM

## Note 6 - Earnings per Share

Basic and diluted 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 in issue during the financial year.

	3Q ended 30 September			Period ended 30 September		
	2007	2006	Change	2007	2006	Change
	<u>US\$'000</u>	<u>US\$'000</u>	<u>%</u>	<u>US\$'000</u>	<u>US\$'000</u>	<u>%</u>
Net profit attributable to shareholders	8,184	7,484	9.3%	21,763	22,368	-2.7%
Adjustment for:						
Exceptional Items (Note 4)	(623)	(744)		(623)	(2,260)	
Write off of Deferred Tax Assets	-	619		-	619	
<b>Adjusted net profit before exceptional items</b>	<b>7,561</b>	<b>7,359</b>	<b>2.7%</b>	<b>21,140</b>	<b>20,727</b>	<b>2.0%</b>
Weighted average number of ordinary shares	532,277	532,277		532,277	532,277	
Basic and diluted earnings per share (US cents)						
- Before exceptional items	1.42	1.38	2.9%	3.97	3.89	2.1%
- After exceptional items	1.54	1.41	9.2%	4.09	4.20	(2.6%)

**1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.**

	Notes	Group		Company	
		30-Sep-07	31-Dec-06	30-Sep-07	31-Dec-06
		US\$'000	US\$'000	US\$'000	US\$'000
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and cash equivalents		4,953	10,023	558	711
Derivative assets		9,391	4,718	17,140	10,733
Trade receivables		92,838	62,775	131,614	94,199
Inventories		207,113	111,920	3,783	1,107
Other current assets		21,574	16,571	9,238	9,742
		<b>335,869</b>	<b>206,007</b>	<b>162,333</b>	<b>116,492</b>
<b>Non-current assets</b>					
Investments in subsidiaries	1	-	-	71,336	47,933
Investments in associated companies		2,916	3,065	3,000	3,000
Receivables from subsidiaries		-	-	14,314	15,000
Loans to associated company		2,569	2,319	-	-
Property, plant and equipment	2	183,206	140,917	2,053	2,718
Intangibles assets	3	21,742	14,931	1,784	1,784
Deferred income tax assets		1,049	658	-	-
Other non-current assets		978	793	-	1,350
		<b>212,460</b>	<b>162,683</b>	<b>92,487</b>	<b>71,785</b>
<b>Total Assets</b>		<b>548,329</b>	<b>368,690</b>	<b>254,820</b>	<b>188,277</b>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Trade payables		51,572	37,211	32,359	20,539
Other payables		32,201	20,952	6,210	2,763
Derivative liabilities		9,432	3,614	4,358	3,614
Current income tax liabilities		3,004	2,349	1,446	1,979
Borrowings	4	148,779	87,293	36,332	26,585
		<b>244,988</b>	<b>151,419</b>	<b>80,705</b>	<b>55,480</b>
<b>Non-current liabilities</b>					
Borrowings	4	90,302	37,645	39,456	400
Deferred income tax liabilities	5	8,207	3,857	993	211
Provisions for other liabilities and charges		4,484	3,816	-	-
		<b>102,993</b>	<b>45,318</b>	<b>40,449</b>	<b>611</b>
<b>Total liabilities</b>		<b>347,981</b>	<b>196,737</b>	<b>121,154</b>	<b>56,091</b>
<b>NET ASSETS</b>		<b>200,348</b>	<b>171,953</b>	<b>133,666</b>	<b>132,186</b>
<b>EQUITY</b>					
<b>Capital and reserves attributable to the Company's equity holders</b>					
Share capital and share premium		95,767	95,767	95,767	95,767
Foreign currency translation reserve		(752)	(2,273)	-	-
Other reserves	6	2,241	420	1,170	(702)
Retained earnings		88,770	78,039	36,729	37,121
<b>Shareholders' equity</b>		<b>186,026</b>	<b>171,953</b>	<b>133,666</b>	<b>132,186</b>
<b>Minority interests</b>	7	<b>14,322</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total equity</b>		<b>200,348</b>	<b>171,953</b>	<b>133,666</b>	<b>132,186</b>

## Explanatory notes on balance sheet

### Note 1 - Investments in subsidiaries

#### a. Increase in Issued and Paid Up Capital in Delfi Marketing Sdn Bhd

On 14 February 2007, the Company increased its paid up capital in Delfi Marketing Sdn Bhd, a wholly owned subsidiary in Malaysia from RM5,675,000 to RM10,750,000. The new shares were settled by way of capitalising the full amount of a loan owing by Delfi Marketing Sdn Bhd to the Company.

#### b. Acquisition of a 60% stake in a European Cocoa Ingredients Operations

As disclosed in Para 1(a)(i) Note 4, the Company acquired 60% stake in Petra Armajaro Holdings Pte Ltd. Total consideration paid was Euro16 million (US\$20.96 million). The purchase consideration was arrived at on a willing-buyer willing-seller basis after taking into account inter alia the financial condition, the manufacturing capability of the assets, customer base and cash-flow generating capabilities of the assets acquired. The acquisition was funded through internal sources and bank borrowings.

### Note 2 - Property, plant and equipment

The fair value of the European property, plant and equipment acquired was determined at US\$34.7 million.

Total capital expenditure for period under review amounted to US\$17.1 million as follows:

	<b>30 September 2007</b>
	<b><u>US\$000</u></b>
Cocoa Ingredients	6,463
Branded consumer	10,654
	<b>17,117</b>
	<b>17,117</b>

### Note 3 - Intangible Assets

The Nord Cacao brand and customer list and relationship have been fair valued at US\$7.1 million on acquisition date in accordance with the requirement of FRS 103. The carrying value of customer list and relationship of US\$3.4 million is amortised in the income statement over a useful life of 10 years, from the date of acquisition.

## Note 4 - Borrowings

	Group		Company	
	30-Sep-07	31-Dec-06	30-Sep-07	31-Dec-06
	US\$'000	US\$'000	US\$'000	US\$'000
<b>(a) Current</b>				
Bank overdraft	34,510	28,508	278	198
Bank loans	24,100	28,704	-	-
Lease liabilities	1,188	1,242	131	132
Trade Finance and Working capital facilities	88,981	28,839	35,923	26,255
	<b>148,779</b>	87,293	<b>36,332</b>	26,585
<b>(b) Non Current</b>				
Bank loans	49,640	35,285	-	-
MTN	39,139	-	39,139	-
Lease Liabilities	1,523	2,360	317	400
	<b>90,302</b>	37,645	<b>39,456</b>	400
Total Borrowings	<b>239,081</b>	124,938	<b>75,788</b>	26,985

On 11 January 2007, the Company issued a 5-year fixed rate S\$60 million Medium Term Note under the S\$300 million umbrella MTN programme established on 4 December 2006. The Notes are unsecured and swapped into USD, bearing a fixed interest rate of 6.18% per annum. The proceeds were used to fund acquisition of the European Cocoa ingredients operations and to refinance existing working capital facilities.

At the time of acquisition of the European operations, a US\$17.1 million loan was obtained by the JV company to finance its working capital requirements (see Para 1(a)(i) Note 4).

## Note 5 - Deferred Income Tax Liabilities

The acquisition of the European subsidiaries resulted in the recognition of deferred income tax liabilities of US\$3 million.

## Note 6 - Other Reserves

As disclosed in Para 2(d)(i), cash flow hedge reserves improved from a US\$0.5 million loss to a gain of US\$1.3 million due to fair value gain of cocoa bean futures of US\$2.3 million during the period under review. This was lowered by a fair value loss on interest rate swap of US\$0.5 million.

The Group enters into a combination of cocoa bean futures and currency futures to lock in the cost of carry and/or market differentials arising from future purchases of cocoa beans and future sales of cocoa products. Interest rate swap is used to hedge its floating rate facilities.

## Note 7 - Minority Interests

This represents Armajaro's 40% share in fair value of the net assets acquired from the European subsidiaries and results for the period under review.



## Note 8 - Key Ratios

	Group	
	30-Sep-07	31-Dec-06
Current Ratio (times)	1.37	1.36
Average Inventory Days	91	90
Average Receivable Days	38	38
Net Debt to Equity (times)	1.17	0.67
*Adjusted Net Debt to Equity	0.72	0.50
Return on Equity		
before Exceptional Items	15.9%	16.9%
after Exceptional Items	16.2%	18.0%

\* Note: The Adjusted Net Debt to Equity Ratio is adjusted for Working Capital facilities (including Trade Finance) which are used to fund cocoa beans/raw materials inventory

## 1(b)(ii) Aggregate amount of the group's borrowings and debt securities

	Group		Company	
	30-Sep-07	31-Dec-06	30-Sep-07	31-Dec-06
Amount repayable in one year or less, or on demand				
- Secured	49,308	15,165	-	330
- Unsecured	99,471	72,128	36,332	26,255
	<b>148,779</b>	<b>87,293</b>	<b>36,332</b>	<b>26,585</b>
Amount repayable after one year				
- Secured	28,537	20,999	317	400
- Unsecured	61,765	16,646	39,139	-
	<b>90,302</b>	<b>37,645</b>	<b>39,456</b>	<b>400</b>

## Details of collateral

Total bank borrowings of US\$77.8 million obtained by subsidiaries in the Group are secured on trade receivables, inventory, property plant and equipment and legal mortgages of land and properties.

**1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.**

	Reference	9 months ended	
		30-Sep-07	30-Sep-06
		US\$'000	US\$'000
<b>Cash flows from operating activities</b>			
Profit before tax		27,480	28,705
Adjustments for:			
Depreciation & amortization		11,262	8,355
Exceptional Item		(623)	(2,260)
Loss/(gain) on disposals of property, plant and equipment		(99)	(70)
Interest (income)		(153)	(273)
Interest expense		8,980	6,945
Fair value of inventories		(3,427)	4,400
Fair value of derivatives		(1,907)	(6,521)
Net foreign exchange (gain)/loss		14	(78)
Share of loss from associated companies		109	50
Operating cash flow before working capital changes		41,636	39,253
Change in operating assets and liabilities, net of effects from purchase of subsidiaries			
Inventories		(72,416)	(9,864)
Trade and other receivables		(33,700)	(16,352)
Trade and other payables		18,906	13,966
Trade finance		60,142	10,800
Cash generated from operations		14,568	37,803
Interest received		153	273
Interest paid		(2,655)	(1,643)
Income tax paid		(4,998)	(5,402)
<b>Net cash provided by operating activities</b>		<b>7,068</b>	<b>31,031</b>
<b>Cash flows from investing activities</b>			
Acquisition of subsidiaries, net of cash acquired	Para 1 (a)(i) Note 4	(14,278)	(6,020)
Acquisition of additional interests in subsidiaries		-	(410)
Purchases of property, plant and equipment		(17,117)	(24,166)
Payments for patent & trademark		(39)	(1,853)
Loan to associates		-	(2,101)
Proceeds from disposals of property, plant and equipment		245	208
<b>Net cash used in investing activities</b>		<b>(31,189)</b>	<b>(34,342)</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		11,859	15,823
Proceeds from Medium Term Note	Para 1(b)(i) Note 4	39,139	-
Repayments of borrowings		(19,258)	-
Repayment of lease liabilities – net		(891)	78
Interest paid		(6,325)	(5,302)
Dividend paid to equity holders of company		(11,032)	(10,633)
Decrease/(increase) in fixed deposits held as collateral with financial institutions		-	154
<b>Net cash from financing activities</b>		<b>13,492</b>	<b>120</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(10,629)</b>	<b>(3,191)</b>
Cash and cash equivalents at the beginning of the financial year		(18,485)	(22,961)
Net effect of exchange rate changes in consolidating subsidiaries		(443)	(479)
<b>Cash and cash equivalents at the end of the financial period</b>		<b>(29,557)</b>	<b>(26,631)</b>

Cash and cash equivalents included in cash flow statement comprise the following balance sheet amounts:

	<b>9 months ended</b>	
	<b>30-Sep-07</b>	<b>30-Sep-06</b>
	<b><u>US\$'000</u></b>	<b><u>US\$'000</u></b>
Cash and bank balances	4,953	5,557
Less : Fixed deposits held as collateral with financial institutions	-	(453)
Less: Bank overdrafts	<b>(34,510)</b>	<b>(31,735)</b>
	<b><u>(29,557)</u></b>	<b><u>(26,631)</u></b>

1(d)(i) A statement (for the issuer and group) showing either (a) all changes in equity or (b) changes in equity other than those arising from capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

## Consolidated Statement of Changes in Equity For the period ended 30 September 2007

	<u>Attributable to equity holders of the Company</u>						
	Share capital	Foreign Currency translation reserve	Cash flow hedge reserve	General reserve	Retained earnings	Minority interest	Total equity
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<b>The Group</b>							
<b>1H 2007</b>							
<b>Balance at 1 January 2007</b>	95,767	(2,273)	(526)	946	78,039	-	171,953
Currency translation differences	-	691	-	-	-	-	691
Cash flow hedges	-	-	(739)	-	-	-	(739)
Tax on fair value gain	-	-	107	-	-	-	107
Net gains recognised directly in equity	-	691	(632)	-	-	-	59
Net profit for the period	-	-	-	-	13,579	(116)	13,463
<b>Total recognised gains/(losses)</b>	-	691	(632)	-	13,579	(116)	13,522
Minority interest arising from acquisition of subsidiaries	-	-	-	-	-	12,671	12,671
Final dividend relating to 2006	-	-	-	-	(5,603)	-	(5,603)
<b>Balance at 30 June 2007</b>	95,767	(1,582)	(1,158)	946	86,015	12,555	192,543
<b>3Q 2007</b>							
<b>Balance at 1 July 2007</b>	95,767	(1,582)	(1,158)	946	86,015	12,555	192,543
Currency translation differences	-	830	-	-	-	-	829
Cash flow hedges	-	-	2,736	-	-	-	2,736
Tax on fair value gain	-	-	(283)	-	-	-	(283)
Net gains recognised directly in equity	-	830	2,453	-	-	-	3,283
Net profit for the period	-	-	-	-	8,184	(680)	7,504
<b>Total recognised gains/(losses)</b>	-	830	2,453	-	8,184	(680)	10,787
Minority interest arising from acquisition of subsidiaries	-	-	-	-	-	2,447	2,447
Interim dividend relating to 2007	-	-	-	-	(5,429)	-	(5,429)
<b>Balance at 30 September 2007</b>	95,767	(752)	1,295	946	88,770	14,322	200,348

\* The figures are after accounting for minority interest 40% shares of costs incurred for the acquisition.

## Statement of Changes in Equity For the 9 months ended 30 September 2006

### Attributable to equity holders of the Company

	Share capital	Foreign Currency translation reserve	Cash flow hedge reserve	General reserve	Retained earnings	Minority interest	Total equity
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<b>The Group</b>							
<b>1H 2006</b>							
<b>Balance at 1 January 2006</b>	95,767	(5,616)	1,147	707	59,781	403	152,189
Currency translation differences	-	1,728	-	-	-	7	1,735
Cash flow hedges	-	-	1,430	-	-	-	1,430
Tax on fair value gain	-	-	(143)	-	-	-	(143)
Net gains recognised directly in equity	-	1,728	1,287	-	-	7	3,022
Net profit for the period	-	-	-	-	14,884	-	14,884
<b>Total recognised gains/(losses)</b>	-	1,728	1,287	-	14,884	7	17,906
Purchase of additional equity interests in subsidiary companies	-	-	-	-	-	(410)	(410)
Final dividend relating to 2005	-	-	-	-	(5,257)	-	(5,257)
<b>Balance at 30 June 2006</b>	95,767	(3,888)	2,434	707	69,408	-	164,428
<b>3Q 2006</b>							
<b>Balance at 1 July 2006</b>	95,767	(3,888)	2,434	707	69,408	-	164,428
Currency translation differences	-	554	-	-	-	-	554
Cash flow hedges	-	-	(2,658)	-	-	-	(2,658)
Tax on fair value gain	-	-	269	-	-	-	269
Net gains recognised directly in equity	-	554	(2,389)	-	-	-	(1,835)
Net profit for the period	-	-	-	-	7,484	-	7,484
<b>Total recognised gains/(losses)</b>	-	554	(2,389)	-	7,484	-	5,649
Interim dividend relating to 2006	-	-	-	-	(5,376)	-	(5,376)
<b>Balance at 30 September 2006</b>	95,767	(3,334)	45	707	71,516	-	164,701

**Statement of Changes in Equity  
For the 9 months ended 30 September 2007**

	Share capital	Cash flow hedge reserve	Retained earnings	Total shareholders' equity
	<u>US\$'000</u>	<u>US\$'000</u>	<u>US\$'000</u>	<u>US\$'000</u>
<b><u>The Company</u></b>				
<b><u>1H 2007</u></b>				
<b>Balance at 1 January 2007</b>	95,767	(702)	37,121	132,186
Cash flow hedges	-	(746)	-	(746)
Tax on fair value gain	-	74	-	74
Net losses recognised directly in equity	-	(672)	-	(672)
Net profit for the period	-	-	3,613	3,613
<b>Total recognised gains/(losses)</b>	-	(672)	3,613	2,941
Final dividend relating to 2006	-	-	(5,603)	(5,603)
<b>Balance at 30 June 2007</b>	95,767	(1,374)	35,131	129,524
<b><u>3Q 2007</u></b>				
<b>Balance at 1 July 2007</b>	95,767	(1,374)	35,131	129,524
Cash flow hedges	-	2,827	-	2,827
Tax on fair value gain	-	(283)	-	(283)
Net losses recognised directly in equity	-	2,544	-	2,544
Net profit for the period	-	-	7,027	7,027
<b>Total recognised gains/(losses)</b>	-	2,544	7,027	9,571
Interim dividend relating to 2007	-	-	(5,429)	(5,429)
<b>Balance at 30 September 2007</b>	95,767	1,170	36,729	133,666

## Statement of Changes in Equity For the 9 months ended 30 September 2006

	Share capital	Cash flow hedge reserve	Retained earnings	Total shareholders' equity
	US\$'000	US\$'000	US\$'000	US\$'000
<b><u>The Company</u></b>				
<b><u>1H 2006</u></b>				
<b>Balance at 1 January 2006</b>	95,767	1,147	35,722	132,636
Cash flow hedges	-	1,287	-	1,287
Net gains recognised directly in equity	-	1,287	-	1,287
Net profit for the period	-	-	2,799	2,799
<b>Total recognised gains</b>	-	1,287	2,799	4,086
Final dividend relating to 2005	-	-	(5,257)	(5,257)
<b>Balance at 30 June 2006</b>	95,767	2,434	33,264	131,465
<b><u>3Q 2006</u></b>				
<b>Balance at 1 July 2006</b>	95,767	2,434	33,264	131,465
Cash flow hedges	-	(2,462)	-	(2,462)
Net losses recognised directly in equity	-	(2,462)	-	(2,462)
Net profit for the period	-	-	1,026	1,026
<b>Total recognised gains/(losses)</b>	-	(2,462)	1,026	(1,436)
Interim dividend relating to 2006	-	-	(5,376)	(5,376)
<b>Balance at 30 September 2006</b>	95,767	(28)	28,914	124,653

- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

For the 9 months ended 30 September 2007, there was no change in the issued and paid up share capital of the Company (2006: S\$53,222,700).

- 2. Whether the figures have been audited, or reviewed and in accordance with which auditing standard or practice.**

The figures have not been audited or reviewed.

- 3. Whether the figures have been audited or reviewed, the auditors' report (including qualifications or emphasis of matter).**

Not applicable.

- 4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

The Company and the Group have applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period compared with those for the audited financial statements for the year ended 31 December 2006.

- 5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change**

There are no changes in accounting policies.



**6. Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

	3Q ended 30 September		9 months ended 30 September	
	2007	2006	2007	2006
(i) Based on weighted average number of ordinary shares in issue - (US cents)				
- Before exceptional items	1.42	1.38	3.97	3.89
- After exceptional items	1.54	1.41	4.09	4.20
(ii) On a fully diluted basis - (US cents)				
- Before exceptional items	1.42	1.38	3.97	3.89
- After exceptional items	1.54	1.41	4.09	4.20

Notes

- Basic earnings per share for 3Q 2007 is computed based on 532,277,000 shares (3Q 2006: 532,277,000 shares).
- There were no dilutive potential ordinary shares as at 30 September 2006 and 30 September 2007 respectively.

**7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the**

- current period reported on; and
- immediately preceding financial year.

	Group		Company	
	30 Sept 07	31 Dec 06	30 Sept 07	31 Dec 06
Net asset value per ordinary share based on issued share capital - (US cents)	37.6	32.3	25.1	24.9

**8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group business. It must include a discussion of the following: -**

- any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
- any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on

Founded in 1984, Petra Foods Limited (the "Group") is one of the world's major manufacturers and suppliers of cocoa ingredients. 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** is involved in the manufacture and sale of a wide range of specialty cocoa butters, cocoa liquors and cocoa powders under the "Delfi" brand to over 30 countries.

The division protects itself against movement in cocoa bean prices through the purchase of futures contracts and/or by purchasing cocoa beans for delivery at a future date. This is because the prices set for sales of cocoa ingredients products generally reflect the prices of cocoa beans at the time the sales are contracted, the prices of cocoa beans have a direct impact on revenue.

Gross operating margin expressed as a percentage of sales may vary depending on cocoa bean prices although gross profit or operating profit may remain the same. As compared to a profitability margin expressed as a percentage of revenue, EBITDA per metric ton is a more appropriate measure of the performance of the Division.

**Branded Consumer Division** manufactures, markets and distributes chocolate and sugar confectionery products in over 20 countries, with a portfolio of 10 master brands and over 20 key-sub brands and with more than 400 stock keeping units. The division also distributes a wide range of food and other consumer products under a portfolio of well-known third party brands in Indonesia, Singapore, Malaysia and the Philippines.

## Key Figures for the Group (unaudited)

	3Q ended 30 September			9 months ended 30 September		
	2007	2006	Change	2007	2006	Change
	<u>US\$'000</u>	<u>US\$'000</u>		<u>US\$'000</u>	<u>US\$'000</u>	
<b>Income Statement</b>						
<u>Revenue</u>						
Cocoa Ingredients	173,451	90,920	90.8%	418,130	242,599	72.4%
Branded Consumer	66,039	57,474	14.9%	181,635	141,438	28.4%
	<b>239,490</b>	<b>148,394</b>	<b>61.4%</b>	<b>599,765</b>	<b>384,037</b>	<b>56.2%</b>
<u>EBITDA</u>						
Cocoa Ingredients	9,325	7,220	29.2%	23,785	21,478	10.7%
Branded Consumer	8,446	7,275	16.1%	23,162	19,968	16.0%
	<b>17,771</b>	<b>14,495</b>	<b>22.6%</b>	<b>46,947</b>	<b>41,446</b>	<b>13.3%</b>
Finance Costs	(4,346)	(2,755)	57.7%	(8,994)	(6,867)	31.0%
Profit before tax and exceptional items	9,252	9,027	2.5%	26,857	26,445	1.6%
Net Profit attributable to shareholders before exceptional items	7,561	7,359	2.7%	21,140	20,727	2.0%

### Key Indicators by Business Segments

	3Q ended 30 September			9 months ended 30 September		
	2007	2006	Change	2007	2006	Change
<u>Branded Consumer</u>						
Gross Profit Margin	33.1%	32.1%	1.0% pt	31.4%	32.2%	(0.8%) pt
<u>Cocoa Ingredients</u>						
Sales Volume (MT)	60,888	39,490	54.2%	150,844	102,470	47.2%
Sales volume (MT) - excluding Europe	44,527	39,490	12.8%	112,438	102,470	9.7%
Capacity utilisation				90%	93%	(3%) pt

### 6-month moving average ended 30 September

	2007	2006	Change
<u>Cocoa Ingredients</u>			
EBITDA per metric ton of sales volume (US\$)	151	205	-26.3%
EBITDA per metric ton - excluding Europe (US\$)	195	205	-4.9%

Balance Sheet as at	30-Sep-07			31-Dec-06			Change		
	2007	2006	Change	2007	2006	Change	2007	2006	Change
	<u>US\$'000</u>	<u>US\$'000</u>	<u>US\$'000</u>	<u>US\$'000</u>	<u>US\$'000</u>	<u>US\$'000</u>	<u>US\$'000</u>	<u>US\$'000</u>	<u>US\$'000</u>
Total Assets	548,329	368,690	179,639						
Current assets	335,869	206,007	129,862						
Non current assets	212,460	162,683	49,777						
Total Borrowings	239,081	124,938	114,143						
Shareholders' Equity	186,026	171,953	14,073						
Net Working Capital	90,881	54,588	36,293						

## Review of Group Financial Performance

### 9 months 2007 versus 9 months 2006

The Group's results for the 9M 2007 period reflected strong operating performances from both of Petra Foods' Branded Consumer and Cocoa Ingredients divisions.

Year-on-Year (Y-o-Y) revenue growth of 56.2% and EBITDA growth of 13.3% was achieved. Total EBITDA for the 9M 2007 period was up by US\$5.5 million to US\$46.9 million, with US\$3.2 million contributed by the Branded Consumer Division and US\$2.3 million from the Cocoa Ingredients Division.

At the pretax profit level, the 1.6% Y-o-Y growth achieved does not mirror that at the operating level mainly due to the higher financing cost incurred. The higher financing costs can be attributed to the funding cost of the investment in the Europe Cocoa Ingredients business and higher working capital requirements.

Excluding the exceptional gain (US\$0.6 million in 9M 2007 and the US\$2.3 million in 9M 2006), the Group's 9M 2007 net profit was US\$21.1 million, a 2% growth Y-o-Y.

In terms of performance from the individual units, Branded Consumer's performance outpaced that of Cocoa Ingredients - EBITDA growth of 16.0% Y-o-Y achieved vs. 10.7%.

For the 9M 2007 period, the **Branded Consumer Division** generated revenue growth of 28.4% Y-o-Y with 22.0% of the growth coming from its core market in Indonesia and the other 6.4% coming from the regional markets. The strong revenue growth was achieved through leveraging on its key strengths:

- **Dominant Brands and Superior Product Innovation & Development Capabilities**

As a major chocolate confectionery company in the region, the Division is continually enhancing its dominant brands and aggressively driving the demand for its Own Brands through product innovations and marketing initiatives. Essentially, the Division's product innovation initiatives objectives are:-

1. To cement "Top-of-Mind" consumer recall of our Own Brands through new product launches. For example, "SilverQueen Chunky Bar" and "Top Black in White" in 2006 and "SilverQueen Crispy" this year; and
2. To broaden the Division's line up in the confectionery segment through the launch of new candy products like "Delfi Chew-Eez Choco", "Delfi Kopi Joy" and "Delfi Nut Crunch".

Up to 30 September 2007, a total of 20 new products and product variants had been launched. The pipeline of new product launches is strong with products like "Silver Queen Caramel" and "Top Triple Choc" due for launch in 4Q 2007.

- **Superior Distribution Infrastructure**

In line with the strategy of maximizing returns from its extensive distribution network (built over the last 40 years in Indonesia), higher volumes of the Division's Own Brands and new 3<sup>rd</sup> Party Brands products were driven through the distribution pipeline. The Division will continue to strengthen its superior distribution power through a more dedicated brand management team and by enhancing its distribution capabilities in both the Modern and Traditional retail channels.

In the 9M 2007 period, the Division's core market achieved a Y-o-Y revenue growth of 28.3% driven by:-

1. Strong demand for our portfolio of chocolate confectionery products which drove strong double digit revenue growth for the Division's Own brands; and

- Higher contributions from 3<sup>rd</sup> Party agency lines distributed. The growth was generated from higher sales of existing agency lines coupled with incremental contributions from new agency lines secured.

The growth in distribution of 3<sup>rd</sup> Party Brands is in line with the Division's strategy of maximizing returns from its regional distribution infrastructure. For the 9M 2007 period, distribution of 3<sup>rd</sup> Party agency lines formed 35% of its revenue, up from 31% a year ago.

On the back of its successful regional expansion strategy, the regional markets formed 22.4% of the Division's 9M 2007 revenue. The Division's operations in the Philippines achieved Y-o-Y revenue growth of 49.6%, albeit off a low base, which reflected the growth initiatives previously implemented. These initiatives included product rightsizing and new product launches; and a restructuring of the sales and distribution team.

The Branded Consumer Division achieved 9M 2007 EBITDA of US\$23.2 million, up 16.0% Y-o-Y. The slower pace of growth compared to the revenue growth was due to:

- A marginally lower overall Gross Profit Margin for the 9M 2007 period - lower Y-o-Y by 0.8% point to 31.4% due mainly to the new 3<sup>rd</sup> Party Brands distributed (at lower gross profit margin) and lower margins of the developing Philippines operations.
- Higher Advertising & Promotion (A&P) spending incurred - mainly in 2Q 2007 to excite consumers with the new products launched and ahead of the second half festive period.

However, the key highlight is the sequential improvement in gross profit margin achieved by the Division (see table below).

#### Gross Profit Margin performance

	1Q 2007	2Q 2007	3Q 2007	9M 2007
Gross Profit Margin	31.1%	30.0%	33.1%	31.4%

The sequentially higher gross profit margin achieved by the Branded Consumer Division can be attributed to the benefit of a pro-active programme which had been implemented to tackle higher raw material costs. This is a comprehensive programme which included not only price increases (effective June 2007) but a series of product right sizing and cost containment initiatives.

However more significantly, this is a programme which is targeted at mitigating the higher raw material costs likely in 2008. Despite the current global environment of high raw materials cost, the Division's year to date 2007 financial performance has not been materially impacted due to its strategy of buying forward its major raw material requirements.

Essentially, this on-going strategy serves to assure the Division's raw materials requirements are secured and to lock in the purchase price of these raw materials. The significance is that the Division's 2007 input costs, had been entered into at price levels lower than the current prevailing prices and at the same time, providing the advantage of cost visibility to the Division.

For the **Cocoa Ingredients Division**, its 9M 2007 EBITDA of US\$23.8 million was 10.7% higher Y-o-Y driven mainly by the increase in volume sold of 47.2% (150,844 mt vs. 102,470 mt previously). Excluding the European operations, the Division achieved Y-o-Y sales volume growth of 9.7%. The volume growth reaffirms the Division's growth strategies of:-

- Broadening and deepening the relationships with core customers**

The key focus here is to remain the Partner of Choice to all its customers through continually delivering products synonymous with uncompromising quality and consistency to serve their growing requirements across the different geographic boundaries.

- **Broadening its market position globally**

The geographical spread of the Division's operations was significantly enhanced in 1Q 2007 with the acquisition of the European Cocoa Ingredients operations (existing commercial operations, customer base and cocoa ingredients processing capacity). This acquisition presents the Division with the following long term growth opportunities: -

1. To allow the Cocoa Ingredients Division to build a market position in Europe, which is the largest consuming market for cocoa ingredients; and
2. To further capture the outsourcing trend, especially in the supply of premium cocoa ingredients to the international food and beverage companies.

With the strategic investment in Europe, we have significantly increased the Group's processing capacity to 310,000 mt (+29% over 2006's year-end total).

For the 9M 2007 period, the European operations contributed 33.2% of the Division's total revenue although operating profit contribution was small.

- **Maximizing capacity utilization**

Underscoring the excellent bond with its customers, demand for the Division's customized products remained strong, driving the high capacity utilization rate for its cocoa ingredients processing facilities. For the 9M 2007 period, the average utilization rate remained high at 90% despite the capacity increase implemented over the last two years.

For the 9M 2007 period, an overall EBITDA yield of US\$151 per mt was recorded, after factoring in the European operation's contribution. As the European operation's capabilities are currently limited to producing the more generic grade of cocoa ingredients, the yield derived from such generic ingredients have lowered the Division's overall weighted average EBITDA yield.

For Full Year 2007, revenue contribution from the European business is estimated to be at least US\$200 million. In accordance with the strategy envisaged when the European business was acquired, the plan to increase the financial returns is to:

1. Upgrade the capabilities of the German facility to produce higher value-added, customized cocoa ingredients products (rather than the generic products produced today) to enhance the EBITDA/mt yield; and
2. At the same time, it is intended that the capacity of the German facility is also expanded so as to increase market penetration of our customized cocoa ingredients to the largest consuming market for cocoa ingredients.

This plan is now being executed and so whilst the present business is generating positive EBITDA, it is likely to incur initial startup losses over the short term. This business is targeted to be profitable over the longer term when the process enhancement and capacity addition is completed.

Excluding the contributions from the European operations, the Division achieved an EBITDA yield of US\$195/mt - lower than the US\$205/mt achieved over the 9M 2006 period. The weaker Y-o-Y EBITDA yield from the non-European operations can be attributed to:

1. The phasing in of the new processing capacity by the Division which has resulted in a change in product mix composition.
2. New market development initiatives; and
3. A softer price environment in the lower to mid priced segments of the industry.

**Non European 6-month moving average EBITDA yield performance**

	<b>1Q 2007</b>	<b>2Q 2007</b>	<b>3Q 2007</b>
EBITDA per mt	US\$189/mt	US\$191/mt	US\$195/mt

**3Q 2007 vs. 3Q 2006**

For the 3Q 2007 period, the Group's net profit attributable to shareholders (before exceptional items) increased by 2.7% Y-o-Y to US\$7.6 million. The slower net profit growth, compared to the Y-o-Y EBITDA growth of 22.6%, was due mainly to higher finance costs and depreciation charges resulting from the European acquisition.

**Branded Consumer Division**

Continuing to leverage on its key strengths (as outlined previously), the Division generated revenue growth of 14.9% Y-o-Y to US\$66.0 million in 3Q 2007. A significant driver of this growth was the Division's core market in Indonesia which achieved revenue growth of 17.5% Y-o-Y.

The slower rate of 3Q 2007 revenue growth achieved in Indonesia, compared to the growth rates in the previous quarters, has to be put into the following perspective: -

1. The rate of growth of 39.9% achieved in 2Q 2007 was exceptionally strong, driven by the run up of sales to the Muslim festivities (Lebaran) in October 2007, and a high number of new product launches; and
2. Higher contributions from new 3<sup>rd</sup> Party products distributed.

On the back of the revenue growth achieved, the Branded Consumer Division achieved 3Q 2007 EBITDA of US\$8.4 million, up 16.1% Y-o-Y. The higher rate of EBITDA growth compared to revenue growth can be attributed mainly to the improvement in Gross Profit Margin achieved. For 3Q 2007, Gross Profit Margin was higher by one percentage point as a result of the price increase and product rightsizing initiatives which were implemented in June 2007.

**Cocoa Ingredients Division**

The Division's 3Q 2007 EBITDA of US\$9.3 million was 29.2% higher Y-o-Y in spite of a softer EBITDA yield in the industry, supported by Y-o-Y sales volume growth of 54.4% (60,888 mt vs 39,490 mt previously). Excluding the European operations, the Division achieved Y-o-Y sales volume growth of 12.8%.

For the Division's 3Q 2007 revenue of US\$173.5 million, the European operations contributed 38.6% of the total. However, as mentioned previously, profit contribution from the European operations was minimal given its capabilities of producing only the more generic type products currently.

For 3Q 2007, an overall EBITDA yield of US\$151 per mt was recorded, factoring in the European operations' contribution.

Excluding the contributions from the European operations, the Division achieved an EBITDA yield of US\$195/mt - lower than the US\$205/mt achieved in 3Q 2006 but represents a sequential improvement of 2.1% if compared to the US\$191/mt achieved in 2Q 2007.

**Operating Expenses**

In line with the sales volume growth and the Group's overall strategy of growing both the Cocoa Ingredients and Branded Consumer businesses, Selling and Distribution expenses and Administrative Expense increased by US\$4.9 million and US\$2 million respectively.

The major increases were higher outward freight and Advertising and Promotion (A&P) costs to support the sales volume growth and new product launches. The higher A&P costs incurred is intended to drive not only current year sales, but also the Division's future growth. Additional staff

costs were incurred by the Branded Consumer division as its sales and distribution infrastructure continued to be strengthened.

For the Cocoa Ingredients, the acquisition of the European subsidiaries increased the Selling and Distribution and Administration Expenses by US\$1 million and US\$0.8 million respectively.

### **Finance Cost**

Interest cost in 3Q 2007 increased 57.7% to US\$4.3 million due to higher Group borrowings to fund the European acquisition and higher working capital requirements for the Cocoa business. Included in the finance cost was a fair value loss in interest rate derivatives of US\$0.2 million as interest rate softened during the quarter (see Para 1(a)(i) Note 3). The Group has leveraged on its strong credit profile and business standing to issue a S\$60 million Medium Term Loan at a fixed long term rate. Interest cover remained healthy for the Group at 4.0 times.

### **Balance Sheet and Financial Position**

As at 30 September 2007, total shareholders' equity increased to US\$186 million. Total assets grew by US\$179.6 million of which, US\$70.6 million can be attributed to the Group's acquisition of European cocoa ingredient operations, US\$17.1 million from capital expenditure and the remainder from higher working capital.

The businesses' growth and expansion was funded by operating cash flow before working capital changes of US\$41.7 million (an increase of 6% over a year ago) and 5-year S\$60 million (US\$39.1 million) Medium Term Note ("MTN") issued in January 2007.

The Group's increased borrowings can also be attributed to:

3. additional term loan and working capital facilities of US\$56.1 million for the European operations; and
4. higher trade finance as the Group held higher quantities of premium quality African beans for the expanded capacity.

This resulted in an increase in the Group's borrowings of US\$124.9 million at 31 December 2006 rising to US\$239.1 million as at 30 September 2007. The issuance and use of the MTN is to strengthen the Group's capital structure and better match the debt maturity profile to suit the Group's funding and investment needs. Please refer to Para 1(b) (i) Note 4.

The Group's net debt to equity ratio increased from 0.67 times as of 31 December 2006 to 1.17 times as of 30 September 2007. Its adjusted net debt to equity was up from 0.5 times to 0.72 times for the period under review.

**9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

The Group's results for 3Q 2007 and the nine months ended 30 September 2007 are in line with the commentary made in paragraph 10 of the Group's 2007 Unaudited Financial Statement and Dividend Announcement.



**10. A commentary at the date of the announcement of the competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

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 its core competencies; the extension of its regional and global reach; and the maximization of asset yields.

For the **Branded Consumer Division**, the strong growth momentum is expected to continue. The strategic focus for 2007 is to continue to drive growth and profitability in its key market, the South East Asian chocolate confectionery market, the world's fastest growing region for chocolate confectionery sales.

The intention is to further tap the consumer dollar through new product offerings and brand building initiatives. Furthermore, the strategy is to continue driving higher volumes of Own Brands and 3<sup>rd</sup> Party Brands through our regional distribution pipeline to maximize returns.

For the **Cocoa Ingredients Division**, volume uptake will continue to grow driven by increasing demand from its portfolio of customers in the international food and beverage industry. The Group's new market development initiatives will continue to yield positive results. It will continue to expand its geographical reach for its cocoa ingredients products.

As a result of the softer price environment, full year EBITDA per mt of sales volume is likely to be lower than prior year. The EBITDA yield in 2H 2007 is likely to be at a similar level as that achieved in 1H 2007. With the division's focus on the processing of customized cocoa ingredients, the Division's EBITDA per mt yield, although affected by the industry generally softer prices, will not be as adversely affected.

The EBITDA yield from the European cocoa ingredients business is currently low and initial startup losses are expected over the short term. However, the planned strategic investment to upgrade and expand the capabilities will lift EBITDA yield and is expected to generate attractive returns over the longer term.

More significantly, the longer term industry fundamentals for the Cocoa Ingredients Division are intact with growth driven by the organic growth of the chocolate confectionery industry, the outsourcing trend and from the industry consolidation.

Petra Foods has built a resilient business model with two complementary earnings streams which together should generate continued growth. Barring, unforeseen circumstance, the Group expects modest growth in its net profit (excluding exceptional items) in FY2007.

**11. Dividend**

**a. Current Financial Period Reported On**

Any dividend declared for the current financial period reported on? **No**

**b. Corresponding Period of the Immediately Preceding Financial Year**

Any dividend declared for the preceding financial period reported on? **No**

**c. Date payable**

N/A

**d. Books closure date**

Not applicable

e. **If no dividend has been declared/recommended, a statement to that effect.**

No dividend for 3Q ended 30 September has been declared.

## 12. Segment Information

### Primary reporting format - business segments

	Cocoa Ingredients	Branded Consumer	Total
	<u>US\$'000</u>	<u>US\$'000</u>	<u>US\$'000</u>
<b>Period ended 30 September 2007</b>			
<b>Sales:</b>			
- External sales	418,130	181,635	599,765
- Inter-segment sales	11,993	-	11,993
	<u>430,123</u>	<u>181,635</u>	611,758
Elimination			<u>(11,993)</u>
			<u>599,765</u>
<b>Segment result</b>	16,536	19,412	35,948
Finance costs			(8,994)
Share of profit of associated companies			<u>(109)</u>
Profit before tax			26,845
Income tax expense			(6,513)
Minority interest			796
Exceptional Items			<u>623</u>
<b>Net profit</b>			<u>21,751</u>
<b>Other segment items</b>			
Segment assets	391,267	153,097	544,364
Associated companies			2,916
Unallocated assets			<u>1,049</u>
<b>Consolidated total assets</b>			<u>548,329</u>
Segment liabilities	263,021	73,749	336,770
Unallocated liabilities			<u>11,211</u>
<b>Consolidated total liabilities</b>			<u>347,981</u>
Capital expenditure	6,463	10,654	17,117
Depreciation	7,067	3,902	10,969
Amortisation	256	38	294
	<u>23,785</u>	<u>23,162</u>	<u>46,947</u>
<b>EBITDA</b>			

## Segment Information (continued)

### Primary reporting format - business segments (continued)

	Cocoa Ingredients	Branded Consumer	Total
	<u>US\$'000</u>	<u>US\$'000</u>	<u>US\$'000</u>
<b>Period ended 30 September 2006</b>			
<b>Sales:</b>			
- External sales	242,599	141,438	384,037
- Inter-segment sales	9,517	-	9,517
	<u>252,116</u>	<u>141,438</u>	393,554
Elimination			(9,517)
			<u>384,037</u>
<b>Segment result</b>	16,368	16,994	33,362
Finance costs			(6,867)
Share of profit of associated companies			(50)
Profit before tax			26,445
Income tax expense			(6,337)
Minority interest			-
Exceptional items			2,260
<b>Net profit</b>			<u>22,368</u>
<b>Other segment items</b>			
Segment assets	199,786	136,694	336,480
Associated companies			2,996
Unallocated assets			953
<b>Consolidated total assets</b>			<u>340,429</u>
Segment liabilities	108,588	60,408	168,996
Unallocated liabilities			6,732
<b>Consolidated total liabilities</b>			<u>175,728</u>
Capital expenditure	12,711	11,455	24,166
Depreciation	4,927	3,376	8,303
Amortisation	52	-	52
	<u>21,478</u>	<u>19,968</u>	<u>41,446</u>
<b>EBITDA</b>			

## Secondary reporting format - geographical segments

For period ended 30 September

	Revenue		Total assets		Capital expenditure	
	2007	2006	2007	2006	2007	2006
	<u>US\$'000</u>	<u>US\$'000</u>	<u>US\$'000</u>	<u>US\$'000</u>	<u>US\$'000</u>	<u>US\$'000</u>
Indonesia	153,313	120,803	154,268	126,013	11,760	11,536
Singapore	33,600	27,517	248,982	198,619	12	958
Philippines	23,157	18,025	29,685	30,117	314	311
Thailand	5,641	4,694	21,747	14,815	437	339
Malaysia	18,025	14,642	83,973	68,103	836	2,435
Japan	39,075	28,845	-	-	-	-
Middle East	13,506	12,937	-	-	-	-
Other countries in Asia	23,579	17,759	-	-	-	-
Australia	37,147	28,102	-	-	-	-
Europe	199,728	66,163	115,448	1,958	1,639	-
North America	17,341	23,851	629	575	-	-
South America	26,294	14,730	59,815	35,060	2,119	8,587
Africa	9,359	5,969	-	-	-	-
	<b>599,765</b>	<b>384,037</b>	<b>714,547</b>	<b>475,260</b>	<b>17,117</b>	<b>24,166</b>
Elimination	-	-	(166,218)	(134,831)	-	-
	<b>599,765</b>	<b>384,037</b>	<b>548,329</b>	<b>340,429</b>	<b>17,117</b>	<b>24,166</b>

## 13. Interested Person Transactions

	<sup>1</sup> Aggregate value of all transactions conducted under a shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual	
	3Q 2007	YTD Sept 2007
	<u>US\$'000</u>	<u>US\$'000</u>
<b>PT Freyabadi Indotama</b>		
- Sales of goods	1,153	2,933
- Purchase of products	2,271	6,800
	3,424	9,733
<b>PT Tri Keeson Utama</b>		
- Sales of goods	534	1,559
<b>PT Fajar Mataram Sedayu</b>		
- Sales of goods	647	1,439
- Purchase of goods	78	210
	725	1,649
<b>PT Sederhana Djaja</b>		
- Lease of properties	21	65
	<b>4,704</b>	<b>13,006</b>

**Note:**

<sup>1</sup> Aggregate value of all interested person transactions include transactions less than S\$100,000.

BY ORDER OF THE BOARD  
Lian Kim Seng/Evelyn Chuang  
Secretaries