PETRA FOODS
LIMITED
(Registration no. 198403096C)

Petra Foods Limited
Unaudited Financial Statement and Dividend Announcement
For the 3rd Quarter and Nine Months Ended 30 September 2008

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

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PETRA FOODS LIMITED

(Registration no. 198403096C)

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

		Group			Group		
		3Q ended 30 September			9 months ended 30 September		
		2008	2007	%	**2008**	2007	%
	Notes	**US$'000**	US$'000		**US$'000**	US$'000	
Sales	1	**317,326**	239,490	32.5	**833,402**	599,765	39.0
Cost of Sales	2[a]	**(280,250)**	(201,498)	39.1	**(741,263)**	(503,685)	47.2
Gross Profit		**37,076**	37,992	(2.4)	**92,139**	96,080	(4.1)
Other operating income		**403**	254	58.7	**4,353**	1,532	184.1
Selling and Distribution costs		**(20,158)**	(17,614)	14.4	**(49,429)**	(43,042)	14.8
Administrative expenses		**(7,640)**	(6,610)	15.6	**(21,802)**	(17,896)	21.8
Finance Costs	3	**(4,152)**	(4,346)	(4.5)	**(12,110)**	(8,994)	34.6
Other operating expenses		**(674)**	(431)	56.4	**(1,275)**	(714)	78.6
		4,855	9,245	(47.5)	**11,876**	26,966	(56.0)
Share of results of associates		**(143)**	7	NM	**(376)**	(109)	245.0
Profit before tax and exceptional items		**4,712**	9,252	(49.1)	**11,500**	26,857	(57.2)
Exceptional Items		**-**	623	NM	**-**	623	NM
Profit before income tax	a	**4,712**	9,875	(52.3)	**11,500**	27,480	(58.2)
Income tax expense		**(1,165)**	(2,371)	(50.9)	**(2,796)**	(6,513)	(57.1)
Profit after income tax		**3,547**	7,504	(52.7)	**8,704**	20,967	(58.5)
Attributable to:							
Equity holders of the company		**4,486**	8,184	(45.2)	**11,260**	21,763	(48.3)
Minority Interest		**(939)**	(680)	38.1	**(2,556)**	(796)	221.1
		3,547	7,504	(52.7)	**8,704**	20,967	(58.5)
EBITDA [b]		**13,415**	17,771	(24.5)	**37,059**	46,947	(21.1)
Earnings per share (US cents) [c] - Basic and Diluted		**0.84**	1.42	(40.8)	**2.12**	3.97	(46.6)
Return on equity [e]					**8.0%**	14.6% [f]	(6.6)% pt

NOTES:

Exclude the effect of hedge re-designation

- EBITDA [b]	**14,212**	17,771	(20.0)	**42,261**	46,947	(10.0)
- Profit attributable to equity holders of the company [d]	**5,203**	8,184	(36.4)	**15,942**	21,763	(26.7)
- Earnings per share (US cents) [c] - Basic and Diluted	**0.98**	1.42	(31.0)	**3.00**	3.97	(24.4)
- Return on equity [e]				**11.20%**	14.6% [f]	(3.4)%pt

NM denotes not meaningful

a Includes the negative impact of hedge redesignation of US$0.797 million and US$5.202 million in 3Q 2008 and 9-month 2008 respectively, accounted for in Cost of Sales.

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

c As there are no potentially dilutive ordinary shares, diluted Earning per Share is the same as basic Earning per Share.

d Profit attributable to equity holders is adjusted for effect of hedge redesignation (net of tax).

e For comparative purposes, ROE is computed based on annualised nine months 2008 profit attributable to equity holders of the Company divided by average shareholders' equity.

f Relates to full year 2007 audited figures.

Explanatory notes on income statement

Note 1 - Breakdown of Sales by Division

	3Q ended 30 September			9 months ended 30 September		
	2008	2007	Change	**2008**	2007	Change
	US$'000	US$'000	%	**US$'000**	US$'000	%
Cocoa Ingredients Division	**239,337**	173,451	38.0	**632,219**	418,130	51.2
Branded Consumer Division	**77,989**	66,039	18.1	**201,183**	181,635	10.8
	317,326	239,490	32.5	**833,402**	599,765	39.0

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 cocoa and foreign exchange derivatives (designated as hedged instruments) and fair value adjustment on inventory, forward sales and purchase contracts (collectively designated as "hedged items").

	3Q ended 30 September			9 months ended 30 September		
	2008	2007	Change	**2008**	2007	Change
	US$'000	US$'000	%	**US$'000**	US$'000	%
Cost of goods sold	**277,525**	198,972	39.5	**731,542**	499,764	46.4
Cost of services	**4,149**	4,412	(6.0)	**11,200**	9,877	13.4
	281,674	203,384	38.5	**742,742**	509,641	45.7
Adjusted for:						
Fair value hedge adjustment on hedged items	**15,896**	4,957	220.7	**(1,715)**	(3,426)	(49.9)
Fair value loss on cocoa bean derivatives	**(17,404)**	(4,843)	259.4	**671**	3,563	(81.2)
Transfer from cash flow hedge reserve - cocoa bean derivatives	**495**	(894)	NM	**(5,712)**	(3,600)	58.7
Fair value (gain)/loss on foreign exchange derivatives	**(122)**	(421)	(71.0)	**1,090**	(1,252)	NM
Realisation of prior year's fair value adjustment - Change in hedge re-designation	**797**	-	NM	**5,202**	-	NM
	(338)	(1,201)	(71.9)	**(464)**	(4,715)	(90.2)
	281,336	202,183	39.1	**742,278**	504,926	47.0
Other Adjustments to Cost of Sales:						
- Net foreign exchange gain	**(1,086)**	(685)	58.5	**(1,015)**	(1,241)	(18.2)
Cost of Sales	**280,250**	201,498	39.1	**741,263**	503,685	47.2

Note 3 - Finance Costs (Net)

	3Q ended 30 September			9 months ended 30 September		
	2008	2007	Change	**2008**	2007	Change
	US$'000	US$'000	%	**US$'000**	US$'000	%
Interest Expense	**3,722**	4,143	(10.2)	**11,241**	9,647	16.5
Fair value loss on interest rate derivatives	**133**	258	(48.4)	**230**	73	215.1
Transfer from cash flow hedge	**306**	(65)	NM	**621**	(740)	NM
Net interest expense	**4,161**	4,336	(4.0)	**12,092**	8,980	34.7
Net foreign exchange (gain) / loss	**(9)**	10	NM	**18**	14	28.6
Total finance costs	**4,152**	4,346	(4.5)	**12,110**	8,994	34.6

Note 4 - Profit before Income Tax

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

	3Q ended 30 September			9 months ended 30 September		
	2008	2007	Change	**2008**	2007	Change
	US$'000	US$'000	%	**US$'000**	US$'000	%
Depreciation of property, plant and equipment	**(4,440)**	(3,994)	11.2	**(13,187)**	(10,969)	20.2
Amortisation of intangible assets	**(129)**	(225)	(42.7)	**(382)**	(293)	30.4
Net foreign exchange (loss)/ gain	**(74)**	684	NM	**1,960**	1,354	44.8
(Under)/Over provision of tax in prior years	**(267)**	197	NM	**(434)**	(163)	166.3
(Loss)/Gain on disposal of property, plant and equipment	**(23)**	(4)	475.0	**134**	99	35.4
Writeback/(Impairment) of debtors	**9**	(5)	NM	**6**	(19)	NM
Inventories written off	**(269)**	(490)	(45.1)	**(909)**	(934)	(2.7)
Allowance for inventory obsolescence	**(61)**	(18)	238.9	**(381)**	(320)	19.1

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.

		Group		Company	
		30-Sep-08	31-Dec-07	**30-Sep-08**	31-Dec-07
	Notes	**US$'000**	US$'000	**US$'000**	US$'000
ASSETS					
Current assets					
Cash and cash equivalents		**9,396**	6,339	**5,197**	83
Derivative assets		**7,231**	5,102	**5,554**	15,713
Trade receivables		**118,529**	88,036	**192,980**	119,405
Inventories	1	**277,485**	187,673	**2,708**	3,220
Other current assets		**27,207**	24,780	**19,732**	9,859
		439,848	311,930	**226,171**	148,280
Non-current assets					
Investments in subsidiaries		**-**	-	**98,874**	83,579
Investments in associated companies		**2,437**	2,794	**3,000**	3,000
Receivables from subsidiaries		**-**	-	**15,724**	16,000
Loans to associated company		**-**	2,820	**-**	-
Property, plant and equipment	2	**221,135**	191,580	**1,549**	1,922
Intangibles assets		**22,212**	22,830	**1,784**	1,784
Deferred income tax assets		**5,497**	3,284	**-**	-
Other non-current assets		**2,903**	1,020	**-**	-
		254,184	224,328	**120,931**	106,285
Total Assets		**694,032**	536,258	**347,102**	254,565
LIABILITIES					
Current liabilities					
Trade payables		**79,909**	47,188	**50,734**	25,692
Other payables		**36,567**	30,613	**3,756**	4,729
Derivative liabilities		**2,524**	9,586	**2,267**	8,990
Current income tax liabilities		**3,271**	2,767	**1,740**	2,013
Borrowings	3	**199,482**	135,575	**74,395**	37,378
		321,753	225,729	**132,892**	78,802
Non-current liabilities					
Borrowings	3	**155,019**	89,745	**86,353**	41,766
Deferred income tax liabilities		**9,258**	9,565	**183**	846
Provisions for other liabilities and charges		**5,224**	4,771	**-**	-
		169,501	104,081	**86,536**	42,612
Total liabilities		**491,254**	329,810	**219,428**	121,414
NET ASSETS		**202,778**	206,448	**127,674**	133,151
EQUITY					
Capital and reserves attributable to the Company's equity holders					
Share capital		**95,767**	95,767	**95,767**	95,767
Foreign currency translation reserve		**(3,494)**	(175)	**-**	-
Other reserves		**(1,325)**	108	**(1,038)**	(1,067)
Retained earnings		**93,689**	93,076	**32,945**	38,451
Shareholders' equity		**184,637**	188,776	**127,674**	133,151
Minority interests		**18,141**	17,672	**-**	-
Total equity		**202,778**	206,448	**127,674**	133,151

Explanatory notes on Balance Sheet

Note 1 - Inventories

The higher inventories reflect the prices of cocoa bean during the period under review, as shown below:

	30 September 2008	31 December 2007
	US$'000	US$'000
Cocoa Ingredients	**245,355**	157,929
Branded Consumer	**32,130**	29,744
	277,485	187,673

Note 2 - Property, Plant and Equipment

Total capital expenditure for 9 months to 30 September amounted to US$48.2 million as follows:

	3Q 2008	9 months ended 30 September 2008
	US$'000	US$'000
Cocoa Ingredients	20,991	46,202
Branded Consumer	955	2,029
	21,946	**48,231**

Note 3 - Borrowings

	Group		Company	
	30-Sep-08	31-Dec-07	**30-Sep-08**	31-Dec-07
	US$'000	US$'000	**US$'000**	US$'000
(a) Current				
Bank overdraft	**21,550**	38,115	**-**	27
Bank loans	**25,674**	22,735	**-**	-
Lease liabilities	**1,057**	1,123	**143**	131
Trade Finance	**151,201**	73,602	**74,252**	37,220
	199,482	135,575	**74,395**	37,378
(b) Non Current				
Bank loans	**88,410**	47,060	**20,000**	-
MTN	**66,122**	41,473	**66,122**	41,473
Lease Liabilities	**487**	1,212	**231**	293
	155,019	89,745	**86,353**	41,766

During the 9 month period of FY2008, the Group raised an additional US$82.1 million from the issuance of Medium Term Notes and term loans. Together with the drawdown of bank loans, the proceeds were used to refinance part of the working capital and fund the capital expenditure of the European operations. In line with the increase in inventories as disclosed in Note 1, trade finance increased by US$77.6 million.

Note 4 - Key Ratios

	Group	
	30-Sept-08	31-Dec-07
Current Ratio	**1.37**	1.38
Average Inventory Days	**86**	79
Average Receivable Days	**34**	35
Net Debt to Equity	**1.70**	1.06
Adjusted Net Debt to Equity*	**0.96**	0.70
Adjusted Net Debt to Equity (excluding MTN)	**0.63**	0.50

* 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-08	31-Dec-07	**30-Sep-08**	31-Dec-07
Amount repayable in one year or less, or on demand	US$'000	US$'000	US$'000	US$'000
- Secured	**73,445**	36,650	**143**	158
- Unsecured	**126,037**	98,925	**74,252**	37,220
	199,482	135,575	**74,395**	37,378
Amount repayable after one year				
- Secured	**50,962**	26,525	**231**	293
- Unsecured	**104,057**	63,220	**86,122**	41,473
	155,019	89,745	**86,353**	41,766

Details of collateral

Total bank borrowings of US$124.4 million obtained by 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.

	9 months ended	
	30-Sep-08	30-Sep-07
	US$'000	US$'000
Cash flows from operating activities		
Profit before tax	**11,500**	27,480
Adjustments for:		
Depreciation & amortisation	**13,569**	11,262
Exceptional Item	**-**	(623)
Gain on disposals of property, plant and equipment	**(134)**	(99)
Interest (income)	**(102)**	(153)
Interest expense	**12,092**	8,980
Fair value of inventories	**9,880**	(3,427)
Fair value of derivatives	**(10,411)**	(1,907)
Net foreign exchange loss	**18**	14
Share of loss from associated companies	**376**	109
Operating cash flow before working capital changes	**36,788**	41,636
Change in operating assets and liabilities, net of effects from purchase of subsidiaries		
Inventories	**(99,692)**	(72,416)
Trade and other receivables	**(32,432)**	(33,700)
Trade and other payables	**39,128**	18,906
Trade finance	**77,599**	60,142
Cash generated from operations	**21,391**	14,568
Interest received	**102**	153
Interest paid	**(4,924)**	(2,655)
Income tax paid	**(5,220)**	(4,998)
Net cash provided by operating activities	**11,349**	7,068
Cash flows from investing activities		
Acquisition of subsidiaries, net of cash acquired	**-**	(14,278)
Purchases of property, plant and equipment	**(48,231)**	(17,117)
Payments for patent & trademark	**(40)**	(39)
Loan to associates	**113**	-
Proceeds from disposals of property, plant and equipment	**311**	245
Net cash used in investing activities	**(47,847)**	(31,189)
Cash flows from financing activities		
Proceeds from issuance of shares by subsidiary company - net	**4,032**	-
Proceeds from borrowings	**57,510**	11,859
Proceeds from Medium Term Note	**24,582**	39,139
Repayments of borrowings	**(11,620)**	(19,258)
Repayment of lease liabilities – net	**(791)**	(891)
Interest paid	**(7,168)**	(6,325)
Dividend paid to equity holders of company	**(10,647)**	(11,032)
Net cash from financing activities	**55,898**	13,492
Net increase/(decrease) in cash and cash equivalents	**19,400**	(10,629)
Cash and cash equivalents at the beginning of the financial year	**(31,775)**	(18,485)
Net effect of exchange rate changes in consolidating subsidiaries	**221**	(443)
Cash and cash equivalents at the end of the financial period	**(12,154)**	(29,557)

For the purposes of presenting the consolidated cash flow statement, the consolidated cash and cash equivalents comprises the following:

	9 months ended	
	30-Sep-08	30-Sep-07
	US$'000	US$'000
Cash and bank balances	**9,396**	4,953
Less: Bank overdrafts	**(21,550)**	(34,510)
	(12,154)	(29,557)

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 nine months ended 30 September 2008

	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
1H 2008							
Balance at 1 January 2008	95,767	(175)	(1,070)	1,178	93,076	17,672	206,448
Currency translation differences	-	1,302	-	-	-	3,030	4,332
Cash flow hedges:							
- Fair value gains	-	-	6,725	-	-	-	6,725
- Transfers	-	-	(8,343)	-	-	-	(8,343)
Tax on fair value gain	-	-	582	-	-	-	582
Net gains recognised directly in equity	-	1,302	(1,036)	-	-	3,030	3,296
Net profit for the period	-	-	-	-	6,774	(1,617)	5,157
Total recognised gains/(losses)	-	1,302	(1,036)	-	6,774	1,413	8,453
Dividend relating to 2007	-	-	-	-	(5,429)	-	(5,429)
Balance at 30 June 2008	95,767	1,127	(2,106)	1,178	94,421	19,085	209,472
3Q 2008							
Balance at 1 July 2008	95,767	1,127	(2,106)	1,178	94,421	19,085	209,472
Currency translation differences	-	(4,621)	-	-	-	(3,995)	(8,616)
Cash flow hedges							
- Fair value loss	-	-	(2,811)	-	-	(42)	(2,853)
- Transfers	-	-	2,960	-	-	-	2,960
Tax on fair value gain	-	-	(546)	-	-	-	(546)
Net losses recognised directly in equity	-	(4,621)	(397)	-	-	(4,037)	(9,055)
Net profit for the period	-	-	-	-	4,486	(939)	3,547
Total recognised gains/(losses)	-	(4,621)	(397)	-	4,486	(4,976)	(5,508)
Acquisition of additional interest in a subsidiary	-	-	-	-	-	4,032	4,032
Interim dividend relating to 2008	-	-	-	-	(5,218)	-	(5,218)
Balance at 30 September 2008	95,767	(3,494)	(2,503)	1,178	93,689	18,141	202,778

Consolidated Statement of Changes in Equity
For nine months ended 30 September 2007

	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
The Group							
1H 2007							
Balance at 1 January 2007	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
Total recognised gains/(losses)	-	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)
Balance at 30 June 2007	95,767	(1,582)	(1,158)	946	86,015	12,555	192,543
3Q 2007							
Balance at 1 July 2007	95,767	(1,582)	(1,158)	946	86,015	12,555	192,543
Currency translation differences	-	830	-	-	-	-	830
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
Total recognised gains/(losses)	-	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)
Balance at 30 September 2007	95,767	(752)	1,295	946	88,770	14,322	200,348

Statement of Changes in Equity
For nine months ended 30 September 2008

	Share capital	Cash flow hedge reserve	Retained earnings	Total shareholders' equity
	US$'000	US$'000	US$'000	US$'000
1H 2008				
Balance at 1 January 2008	95,767	(1,067)	38,451	133,151
Cash flow hedges				
- Fair value gains	-	(2,038)	-	(2,038)
- Transfers	-	(3,435)	-	(3,435)
Tax on fair value gain	-	582	-	582
Net losses recognised directly in equity	-	(4,891)	-	(4,891)
Net profit for the period	-	-	2,340	2,340
Total recognised gains/(losses)	-	(4,891)	2,340	(2,551)
Dividend relating to 2007	-	-	(5,429)	(5,429)
Balance at 30 June 2008	95,767	(5,958)	35,362	125,171
3Q 2008				
Balance at 1 July 2008	95,767	(5,958)	35,362	125,171
Cash flow hedges				
- Fair value gains	-	497	-	497
- Transfers	-	4,969	-	4,969
Tax on fair value gain	-	(546)	-	(546)
Net losses recognised directly in equity	-	4,920	-	4,920
Net profit for the period	-	-	2,801	2,801
Total recognised gains/(losses)	-	4,920	2,801	7,721
Interim dividend relating to 2008	-	-	(5,218)	(5,218)
Balance at 30 September 2008	95,767	(1,038)	32,945	127,674

Statement of Changes in Equity
For nine months ended 30 September 2007

	Share capital	Cash flow hedge reserve	Retained earnings	Total shareholders' equity
	US$'000	US$'000	US$'000	US$'000
The Company				
1H 2007				
Balance at 1 January 2007	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
Total recognised gains/(losses)	-	(672)	3,613	2,941
Final dividend relating to 2006	-	-	(5,603)	(5,603)
Balance at 30 June 2007	95,767	(1,374)	35,131	129,524
3Q 2007				
Balance at 1 July 2007	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
Total recognised gains/(losses)	-	2,544	7,027	9,571
Interim dividend relating to 2007	-	-	(5,429)	(5,429)
Balance at 30 September 2007	95,767	1,170	36,729	133,666

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 nine months ended 30 September 2008, there was no change in the issued and paid up share capital of the Company (2007: US$95,767,000).

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 2007. The Group adopted the alternative Cash Flow Hedge approach from the previous Fair Value Hedge approach under the application of Hedge Accounting for the Cocoa Ingredients Division in the Far East in 1Q 2008 and in 3Q 2008 in Europe.

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. The Group adopted the alternative Cash Flow Hedge approach from the previous Fair Value Hedge approach under the application of Hedge Accounting for the Cocoa Ingredients Division in the Far East in 1Q 2008 and 3Q 2008 in Europe.

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		9 months ended 30 Sept	
		2008	2007	**2008**	2007
(i)	Based on weighted average number of ordinary shares in issue - (US cents)	**0.84**	1.42	**2.12**	3.97
(ii)	On a fully diluted basis - (US cents)	**0.84**	1.42	**2.12**	3.97

Notes
1. Basic earnings per share for 3Q 2008 is computed based on 532,277,000 shares (3Q 2007: 532,277,000 shares).
2. There are no potentially dilutive ordinary shares as at 30 September 2008 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

(a) current period reported on; and
(b) immediately preceding financial year.

	Group		Company	
	30 Sept 08	31 Dec 07	**30 Sept 08**	31 Dec 07
Net asset value per ordinary share based on issued share capital - (US cents)	**34.7**	35.5	**24.0**	25.0

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

(a) 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

(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on

PETRA FOODS LIMITED
(Registration no. 198403096C)

Key Figures for the Group (unaudited)

	3Q ended 30 September			9 months ended 30 September		
	2008	2007	%	**2008**	2007	%
	US$'000	US$'000		**US$'000**	US$'000	
Revenue						
Cocoa Ingredients	**239,337**	173,451	38.0	**632,219**	418,130	51.2
Branded Consumer	**77,989**	66,039	18.1	**201,183**	181,635	10.8
	317,326	239,490	32.5	**833,402**	599,765	39.0
EBITDA						
Cocoa Ingredients	**4,577**	9,325	(50.9)	**15,453**	23,785	(35.0)
Branded Consumer	**9,635**	8,446	14.1	**26,808**	23,162	15.7
EBITDA	**14,212**	17,771	(20.0)	**42,261**	46,947	(10.0)
Effect of hedge re-designation	**(797)**	-	NM	**(5,202)**	-	NM
EBITDA after hedge re-designation	**13,415**	17,771	(24.5)	**37,059**	46,947	(21.1)
Finance Costs	**(4,152)**	(4,346)	(4.5)	**(12,110)**	(8,994)	34.6
Profit before tax	**5,509**	9,252	(40.5)	**16,702**	26,857	(37.8)
Effect of hedge re-designation	**(797)**	-	NM	**(5,202)**	-	NM
Profit before tax after hedge re-designation	**4,712**	9,252	(49.1)	**11,500**	26,857	(57.2)
Net profit attributable to shareholders						
Exclude effect of hedge re-designation	**5,203**	8,184	(36.4)	**15,942**	21,763	(26.7)
Effect of hedge re-designation - net of tax	**(717)**	-	NM	**(4,682)**	-	NM
	4,486	8,184	(45.2)	**11,260**	21,763	(48.3)

Key Indicators by Business Segments

	3Q ended 30 September			9 months ended 30 September		
	2008	2007	%	**2008**	2007	%
Branded Consumer						
Gross Profit Margin	**32.0%**	33.1%	(1.1) pt	**30.9%**	31.4%	(0.5) pt
Cocoa Ingredients						
Sales Volume (MT)	**59,267**	60,888	(2.7)	**165,891**	150,844	10.0
Sales volume (MT) - exclude Europe	**41,181**	41,867	(1.6)	**119,912**	112,438	6.6
Capacity utilisation				90%	90%	-
Capacity utilisation - exclude Europe				92%	91%	1.0 pt

	6-month moving average ended 30 September		
	2008	2007	%
	US$	US$	
Include the effect of hedge re-designation			
EBITDA per metric ton of sales volume - including Europe	**82**	152	(46.1)
EBITDA per metric ton - excluding Europe	**154**	195	(21.0)
Exclude the effect of hedge re-designation			
EBITDA per metric ton of sales volume - including Europe	**111**	152	(27.0)
EBITDA per metric ton - excluding Europe	**193**	195	(1.0)

Review of Group Financial Performance

In this section which provides a review of the Group's 3Q 2008 results, we begin by highlighting some key points:

- Strong performance from core businesses
  - Branded Consumer - On track to achieve record profit in FY2008
  - Cocoa Ingredients (Asia & Latin America) - Improving EBITDA/mt trend demonstrating our ability to pass on costs increases
- Investment programme for European facility on track for completion in 1Q 2009
  - When completed, the facility will be of world-class standard with significant scale and capabilities to produce high quality products
- In the current global financial and economic turmoil:

  Positive - Current lower commodity prices which benefits us on two fronts -

  (1) Benefit to profit margin of Branded Consumer; and

  (2) Current low cocoa bean price will ease Cocoa Ingredients' working capital requirement, reduce borrowings and lower debt gearing level

  Negative - Higher operating and financial risks which we already have in place strategic initiatives to minimize our risks exposure
- With the growth momentum of our core businesses and the potential of Europe, we believe we are entering a new profit growth cycle.

<u>3Q 2008 versus 3Q 2007</u>

For 3Q 2008, the Group's operations generated revenue of US$317.3 million representing a Year-on-Year (Y-o-Y) growth of 32.5%. During the period, the Cocoa Ingredients Division achieved revenue of US$239.3 million representing 75.4% of Group revenue with the Branded Consumer Division contributing the remaining 24.6% or US$78.0 million.

However the continuing pre-operating loss from the European Cocoa Ingredients operations combined with the negative US$0.8 million hedge re-designation weighed on the Group's overall profit performance. For 3Q 2008, EBITDA of US$13.4 million (a Y-o-Y decline of 24.5%) and Operating Profit of US$9.0 million (a Y-o-Y decline of 33.7%) were generated.

Although the performance and outlook for the European Cocoa operations will be reviewed in greater detail on page 19, a few key points must be highlighted at this juncture:

- The loss at this stage of the development of the European operations is essentially a pre-operating loss which does not yet reflect the full potential of the ongoing investment program.
- The financial performance between FY2007 and FY2008 is not comparable because under the terms negotiated in the purchase agreement, the Seller assumed a substantial amount of the loss in 2007. This resulted in a lower net loss reported in FY2007 and makes any comparison less meaningful.

For the US$0.8 million hedge re-designation, this resulted from a change in the Group's Hedge Designation implemented in 1Q 2008 and represents a proportion of the residual fair value adjustment pertaining to 2007's physical hedge contracts. Please refer to page 23 for a more detailed explanation.

With these two factors affecting the 3Q 2008 results, the strong performance of the Group's core operations, i.e. the Branded Consumer and the Cocoa Ingredients (excluding Europe) Divisions, are not immediately evident.

Therefore, to present readers with a clearer picture of the Group's underlying operating performance, this "Review of Group Financial Performance" will be undertaken in the following sequence:

1. A review of the Group's core operations that is the Branded Consumer and Cocoa Ingredients (excluding Europe); followed by

2. A separate review of the European Cocoa Ingredients business.

Review of Group's Core Operations

Key Financial Highlights of the Core Operations for 3Q 2008

	3Q 2008 (US$'000)	3Q 2007 (US$'000)	YoY chg (%)	QoQ chg (%)
Branded Consumer	77,989	66,039	18.1%	21.5%
Cocoa Ingredients (Asia & Latin America)	154,013	106,416	44.7%	18.1%
Revenue	**232,002**	**172,455**	**34.5%**	**19.2%**
Branded Consumer	9,635	8,446	14.1%	16.7%
Cocoa Ingredients (Asia & Latin America)	7,764	8,877	-12.5%	2.3%
EBITDA	**17,399**	**17,323**	**0.4%**	**9.8%**
Branded Consumer	8,198	7,141	14.8%	20.3%
Cocoa Ingredients (Asia & Latin America)	5,780	6,944	-16.8%	7.4%
Operating Profit	**13,978**	**14,085**	**-0.8%**	**14.6%**

Note: (i) The 3Q 2008 profit figures for Cocoa Ingredients (Asia and Latin America) excludes the negative US$0.8 million impact of hedge re-designation.
(ii) The Q-o-Q change is a comparison between 3Q 2008 and 2Q 2008 figures.

Branded Consumer Division

Key Financial Highlights for 3Q 2008

	3Q 2008 (US$'000)	3Q 2007 (US$'000)	YoY chg (%)	QoQ chg (%)
Indonesia	57,641	51,392	12.2%	21.9%
The Regional Markets	20,348	14,647	38.9%	20.4%
Branded Consumer Revenue	**77,989**	**66,039**	**18.1%**	**21.5%**
EBITDA	**9,635**	**8,446**	**14.1%**	**16.7%**
Operating Profit	**8,198**	**7,141**	**14.8%**	**20.3%**

Note: The Q-o-Q change is a comparison between 3Q 2008 and 2Q 2008 figures.

The Branded Consumer Division achieved strong growth in both revenue and profitability, even under the current challenging environment. For 3Q 2008, a strong revenue growth of 18.1% Y-o-Y and an equally strong operating profit growth of 14.8% was achieved.

For the Division as a whole, significant growth was achieved in sales of Premium Own Brands products and 3rd Party Brands. The revenue stream from the distribution of 3rd Party Brands currently forms 41% of the Division's revenue.

Core operations in Indonesia

The double digit revenue growth in 3Q 2008 was driven by strong growth of core Premium Own Brands and 3rd Party Brands.

For Own Brands in Indonesia, the key point to highlight is:

- The robust revenue growth of Premium Own Brands was driven by strong sales of core premium brands like *SilverQueen*. This was similar to the performance in the previous two quarters.

For 3rd Party Brands, the strong double digit revenue growth achieved in 3Q 2008 was driven by growth in existing agencies and from new agencies secured.

On a Quarter-on-Quarter (Q-o-Q) basis, revenue growth of 21.9% was achieved across Own Brands and 3rd Party Brands sales. For Own Brands sales, both the Premium and the low priced point categories achieved Q-o-Q growth.

The Regional Markets

In 3Q 2008, the regional markets achieved revenue growth of 38.9% Y-o-Y with contributions of 26.1% to the Branded Consumer Division's revenue versus 22.2% a year ago. The growing contribution from the regional markets can be attributed to the strong double digit revenue growth achieved in our key markets of the Philippines, Malaysia and Singapore.

The Philippines operations achieved strong double digit revenue growth in both Own Brands sales and 3rd Party Brands sales; and contributed 8.4% of the Division's 3Q 2008 revenue, compared to 7.6% previously. For Own Brands, the growth can be attributed to our success in gaining greater penetration into the different channels and regions in the archipelago. The successful new product launches, especially under the *"Goya"* brand, have also contributed to this growth achieved. For 3rd Party Brands sales, the growth can be attributed to contributions from new agencies secured, e.g. Fisherman's Friend, Calbee and Yupi.

The growth of 3rd Party Brands distribution was achieved not only in the Philippines but also in the markets of Singapore and Malaysia where we have now successfully developed the size of the distribution business. The strong growth was generated not only from new agencies secured but also by the existing agencies as well.

Profit Performance

For the Branded Consumer Division, the Y-o-Y growth achieved at the EBITDA and operating profit level was 14.1% and 14.8% respectively, driven by strong revenue growth of Premium Own Brands and 3rd Party Brands. The Y-o-Y decline of 1.1 percentage point in the blended gross profit margin is due to higher revenue contribution from 3rd Party Brands. Furthermore, the newer 3rd Party Brands have lower margins as the pricing structure does not build in the requirement for any A&P support (as the A&P support costs are borne by the Principals directly). This business whilst making a positive profit contribution has the impact of lowering the blended Gross Profit Margin computation.

More importantly for the Own Brands' margin, the key points to highlight are:

- The gross profit margin of Own Brands improved on a Y-o-Y basis due to the change in sales mix with an increased contribution from premium higher margin products and timely price increases implemented.

- Own Brands margin improved despite higher input costs (i.e. raw materials, energy and packaging costs) in 2008.

Growth Strategy of the Branded Consumer Division

Despite the challenging operating environment, the Division will continue to grow its dominance as a major regional chocolate confectionery player by maintaining its commitment to grow and build on its strengths for the long term. These initiatives include:

1. Growing through innovation to broaden the portfolio of products

   As one of the market leaders in this region, the division is continually investing to develop new products that will become pillars of future growth to further enlarge our customer base and thus, enhance our market share in all markets we operate in.

   We will continue to have a strong pipeline of new product introductions where many of these new products will be branded under our existing brands to create the demand pull to our products. Examples of new product launched in the second half of 2008 are "*Delfi TopNut*", "*Chocomax Roll*" and "*SilverQueen CashewCrunch*".

   This has been a strategy that has proven to be successful in increasing the overall market size of our strong brands whilst minimizing brand cannibalization. New customers who were not loyal to the brand previously are more likely to try the new product offerings whilst existing customers are now given more choice therefore allowing us to build on their existing customer loyalty.

2. Continual investments to grow the scale of the distribution infrastructure

   Investments to extend and strengthen our distribution structures are constantly being undertaken in line with our pursuit to widen our product range. This is done not only to broaden the distribution pipeline for the product categories and the product range to be sold, but also to increase the penetration of our existing products to new and existing channels and customer segments. Presently, we are aligning our distribution infrastructure by channel and product groupings to maximize the distribution of our products.

Cocoa Ingredients Division

Cocoa Ingredients Division (excluding Europe)

Key Financial Highlights for 3Q 2008

	3Q 2008 (US$'000)	3Q 2007 (US$'000)	YoY chg (%)	QoQ chg (%)
Revenue	154,013	106,416	44.7%	18.1%
EBITDA	7,764	8,877	-12.5%	2.3%
Operating Profit	5,780	6,944	-16.8%	7.4%
EBITDA/mt (6 month moving average)	193	195	-1.0%	19.1%
Sales volume (mt)	41,181	41,867	-1.6%	7.7%

Note: The 3Q 2008 profit figures above excludes the negative US$0.8 million effect of hedge re-designation. The Q-o-Q change is a comparison between 3Q 2008 and 2Q 2008 figures.

For the Group's Cocoa Ingredients operations in Asia and Latin America, 3Q 2008 revenue increased US$47.6 million or 44.7% Y-o-Y to US$154.0 million. The EBITDA of US$7.8 million generated was higher on a Q-o-Q basis although is lower Y-o-Y as a higher proportion of higher margin ingredients were delivered in 3Q 2007.

The key point to highlight is that the EBITDA/mt achieved in the last two quarters is higher than the weak EBITDA/mt in 4Q 2007 and 1Q 2008.

The improving trend reflects the higher product pricing for our premium cocoa ingredients and the strong demand from our global customers. New markets penetrated the key driver of the 9-month sales volume growth of 6.6%. The fundamentals are robust for the Cocoa Ingredients business with customized cocoa ingredients and new innovations continuing to drive the volume growth. Despite the capacity added in Brazil, capacity utilization remains high.

The European Cocoa Ingredients Operations

After completing the acquisition of the European operations in March 2007, there is currently an ongoing program to significantly raise the capabilities and scale of the operations in the Hamburg cocoa ingredients processing facility. We have been investing financial resources, technology and organization to build a state of the art facility and this programme is nearing completion. The investment program is targeted to be completed by the end-1Q 2009 when the European operations will have a world class facility of significant scale capable of producing high quality products. The Cocoa Ingredients Division will be able to:

1. Expand its geographical operations and solidify its presence globally;

2. Build a significant market presence in Europe, the largest market for cocoa ingredients with strong growth prospects especially from the developing Eastern European markets; and

3. Further capture the outsourcing trend, especially in the supply of premium cocoa ingredients to international food and beverage companies.

However until the investment program is completed, Hamburg's capabilities are currently limited to producing low priced generic grade cocoa ingredients and semi finished products which generate extremely low EBITDA yields. The current operations have yet to benefit from the ongoing investment program which will significantly raise the capabilities and scale of the operations.

The current losses from the European operations essentially reflect the facility at its present pre-operating stage and do not yet reflect its full potential after the investment program.

As a result of our current inability to sell customized ingredients, the negative EBITDA/mt of US$98 generated reflects the low pricing achievable for the current semi-finished products. Other factors contributing to the loss were:

1. Disruption to production caused by the upgrading program; and

2. Higher overheads disproportional to the present business but necessary ahead of the completion of the investment program.

At this point, it must be re-emphasized that the financial performance between FY2007 and FY2008 is not comparable because under the terms negotiated in the purchase agreement, the Seller assumed a substantial amount of the loss in 2007. This resulted in a lower net profit reported in FY2007 while FY2008 fully reflects the operations at the current pre-operating stage.

More significantly, with the completion of the investment programme, the European operations can begin selling higher priced cocoa powder which will provide an immediate uplift to its financial performance.

Financial strategies to minimize risks under the current Global Financial Environment

Given the current turmoil in the global financial environment, it is timely to highlight the Group's strategic initiatives to strengthen our financial position that were established prior to the current turmoil. The initiatives already implemented include:

1. Reducing reliance on short term borrowings to fund working capital requirements - The percentage of short term borrowing to total borrowings is currently at 51% which is a significant reduction from 79% two years ago;

2. Maintained current ratio at 1.37x level - The Group's working capital borrowings are adequately supported by liquid assets;

3. Broadening the sources of the Group's financing and tapping the debt market opportunistically;

4. Matching our debt maturity profile to suit the financing and investment needs of the Group; and

5. Reducing the effective interest cost for the Group over the longer term.

In addition to the above initiatives, we have taken further steps (as discussed below) to minimize risks under the current situation. Our programme is an ongoing programme as we consider other measures to contain risks, optimize cash flow and tighter manage our working capital.

The Credit Crunch - Risks & Mitigants

<table>
<tr><td>Liquidity Risk</td><td>

- Minimal exposure to liquidity or refinancing risk
  1. Of total loans, only 5% is due for repayment in 2009. Can be refinanced through internal cash flows
  2. Of the working capital facilities, no significant amount is due for renewal
- Preventive action already taken:
  1. Pursue options in the debt capital market to further reduce reliance on short term working capital facilities; and
  2. Continued application of the Group's financing strategy which includes extending the debt maturity profile to match the financing and investment needs of the business
- Lower commodity prices (including cocoa beans) will translate to lower working capital requirements

</td></tr>
<tr><td>Credit Financing
(Bank Exposure Risk)</td><td>

- Diversified sources of credit - The Group has more than 10 banks on the panel
- In compliance with debt covenants
- Our panel of banks have assured us that the Group's credit facilities (i.e. working capital and term loans) will continue to operate
- Our Trade Finance facilities are used in the significant value add process of transforming cocoa beans to customized cocoa ingredients - favoured by financial institutions as these facilities are used to fund highly liquid and hedged assets; backed by committed sales contract.
- Credit headroom of more than US$162 million with utilization at approximately the 69% level
- For the expansion in Europe, this will be funded through committed credit lines which are already in place
- Preventive action already taken:
  - ✓ Exploring means of increasing credit headroom for contingencies. For example, working with several existing and new financial institutions to participate in our working capital financing

</td></tr>
<tr><td>Cash Flow Risk</td><td>

- Core businesses generating strong operating cash flows
- Coping well with higher working capital arising from surge in bean prices to US$3,400 per mt (25 year high). Bean prices have since weakened to US$2,000 level and will ease cash flow and borrowing level
- The completion of the European investment program will see significantly lower capital expenditure in 2009 - The Group is expected to generate free cash flow
- Action taken to further strengthen the Group's cash flow:
  1. Improve working capital cycle through tighter working capital management; and
  2. Deferring any capital expenditure that is not immediately income generating.

</td></tr>
</table>

Counterparty Risk	▪ Source cocoa beans through multiple suppliers to minimize supply risk ▪ In the event of any potential supply interruption from one of our suppliers, this risk can be effectively managed through our other suppliers ▪ Minimal exposure to our cocoa bean suppliers and trading houses if all committed positions were to be liquidated ▪ There have been no counterparty defaults to-date and we continue to monitor and minimize these risks ▪ Preventive action already taken: ✓ Tightened credit checks and controls on receivables collection to minimize our exposure and maximize collections
Foreign Currency Risk	▪ Minimise risk through matching borrowings with functional currency revenue 1. For Cocoa Ingredients (Asia & Latin America) - USD revenue matches USD borrowings 2. For Cocoa Ingredients (Europe) - Euro revenue matches Euro borrowings 3. For Branded Consumer - Local currency revenue (eg. Rupiah) matches local currency borrowings (eg. Rupiah) ▪ For the Indonesian operations, the impact of currency movement on raw material purchases is managed through price increases and cost reductions

As a result of our financial strategy, we believe the Group's financial position has been significantly strengthened:

- High level of debt service capacity - The Group has more than sufficient liquid assets and cash flow to service all our short term borrowings. The Group's inventories and receivables of US$396 million far exceeds the working capital borrowings of US$181 million.

- Credit headroom - The Group has adequate credit headroom with current utilization at 69% of total committed credit facilities. Although current unutilized credit facilities total US$162 million, we will explore options to further increase the headroom.

- No significant debt repayment over the next two years - Of total debt, only US$40 million (or 11%) is due for repayment over the next two years which can be refinanced through internal cash flow.

- Adjusted net debt to equity at below 1.0 times - Although the net debt/equity level of the Group as at September 2008 is 1.7 times, this is mainly due to higher inventories on the back of high commodities prices (mainly cocoa beans). However, if the financing of these liquid inventory assets were excluded, the adjusted net debt/equity (excluding trade finance and the Medium Term Notes) for the period is at 0.63 times, although higher than the 0.50 times at 31 December 2007 but well below the 1.0 level.

The Impact of the New Approach to Hedge Accounting under FRS 39

As previously explained in the Group's "*1Q 2008 and 2Q 2008 Unaudited Financial Statement and Dividend Announcement*", the alternative Cash Flow Hedge (CFH) approach was adopted in 1Q 2008 from the previous Fair Value Hedge approach for the Cocoa Ingredients Division in the Fair East. The rationale for the adoption of the CFH approach is to minimize any unnecessary Profit and Loss movement and more closely match the impact of the hedges with the underlying transactions.

However, consequent to the change in hedge designation and in accordance with FRS 39, there will be a residual fair value adjustment of US$5.6 million (pertaining to 2007's year end physical hedge contracts and inventories) which will be realized to the Profit and Loss Account over the course of FY2008. A negative fair value adjustment of US$0.8 million was reflected as part of 3Q 2008's Cocoa Ingredients Division's cost of sales in accordance with the corresponding realization of sales contracts and inventories during this quarter. For the 9-month period, a cumulative total of US$5.2 million has been charged.

This new approach was applied to the Far East Cocoa Ingredients operations in 1Q 2008 and to the European operations in 3Q 2008; and will be applied where possible to Latin America in the future.

Over the longer term, the Group believes that the CFH approach should minimize volatility from the fair valuation of bean futures on the operating performance of the Division.

Operating Expenses

The Group's Selling and Distribution Expenses and General and Administration Expenses increased by US$2.5 million and US$1.0 million to reach US$20.2 million and US$7.6 million respectively during the quarter. The increase in these expenses can be attributable to:

1. Higher outward freight costs from both divisions in line with increases in sales volumes;
2. Strengthening of the Europe operations in anticipation of the ramp-up of production capabilities by the end of 1Q 2009; and
3. Increased staff costs to support the higher sales volumes, new product launches and a stronger sales and distribution platform.

Finance Cost

The Group's finance cost in 3Q 2008 of US$4.2 million reflected the funding for:

1. Higher working capital requirements in line with higher market prices for beans;
2. Funding for the Cocoa Ingredients Division's Europe acquisition; and
3. Funding of the capacity expansion in Europe.

Review of Balance Sheet and Financial Position

Balance Sheet as at	30-Sep-08	31-Dec-07	Change
	US$'000	US$'000	US$'000
Total Assets	**694,032**	536,258	157,774
Current assets	**439,848**	311,930	127,918
Non current assets	**254,184**	224,328	29,856
Total Borrowings	**354,501**	225,320	129,181
Shareholders' Equity	**184,637**	188,776	(4,139)
Net Working Capital	**118,095**	86,201	31,894

Total assets grew by US$157.8 million of which US$48.2 million arose from capital expenditure and the remainder from higher working capital. The businesses' growth and expansion was mainly funded by operating cash flow before working capital changes of US$36.8 million, Medium Term Notes and bank loans totaling US$82.1 million and increased utilization of working capital (including trade finance) facilities.

The Group's increased borrowings can be attributed to:

1. Additional utilization of term loan and working capital facilities of US$69.5 million for the European capital expenditure and working capital; and

2. Higher trade finance required to fund cocoa inventories which have surged in value due to rising cocoa bean prices during the period under review.

This resulted in an increase in the Group borrowings from US$225.3 million as of 31 December 2007 to US$354.5 million. The tapping of MTN and medium term bank borrowing to refinance part of working capital and fund capital expenditure is to strengthen the Group's capital structure and better match the debt maturity profile to suit the Group's funding and investment needs.
The Group's net debt to equity ratio increased from 1.06 times to 1.70 times as of September 2008. Excluding the trade finance for inventories, its adjusted net debt equity[1] increased marginally from 0.70 times to 0.96 times.

[1]To more accurately reflect the gearing of the Group, adjusted net debt ratio is computed by adjusting for working capital facilities (including trade finance) which are used to fund cocoa beans/raw material inventories.

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 3rd Quarter and 9-months 2008 are in line with the commentary made in Paragraph 10 of the Group's 2Q 2008 Unaudited Financial Statement and Dividend Announcement dated 13 August 2008.

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.

The combined earnings stream from the two different but complementary businesses add strength and agility to the Business Model. The Group aims to continue growing by leveraging and building on its key strengths and to achieve its strategic objectives of strengthening its core competencies including the extension of its regional footprint for the Branded Consumer business; to solidify its global position of its Cocoa Ingredients Division; and to maximize its asset yields.

For the **Branded Consumer Division**, the Division aims to continue to drive growth, profitability and expand market penetration into its key ASEAN market and capture a larger share of the world's fastest growing region for chocolate confectionery sales. The intention is to further tap the consumer dollar through new product offerings, brand building initiatives and widen its customer base. The Division also aims to leverage on its distribution strength to maximize returns by further driving larger volumes of Own Brands and 3rd Party Brands through its regional distribution infrastructure.

The **Cocoa Ingredients Division** aims to continue growing its geographical reach and solidify its global market presence by driving the demand of its cocoa products to its portfolio of customers in the food and beverage industry. The Division will continue with its ongoing market development initiatives and its strategic capacity expansion program to optimize the future growth potential for the Group.

Although the European division's operational losses are likely to continue in the near future, the Division is confident of the long term contributions from this acquisition. The Division anticipates that the planned strategic investment to upgrade and expand the facilities will lift the EBITDA yield to generate attractive returns.

Outlook for FY2008

For FY2008, the business outlook for the core businesses is positive with a stronger 2nd half expected. The Branded Consumer Division is expected to achieve record profit driven by our core market in Indonesia and better performance from the Philippines operations. For the Cocoa Ingredients operations in Asia and Latin America, strong sales to our customers will continue to drive volume growth. On a full year basis, the EBITDA yield (before the effect of hedge re-designation) for the Cocoa Ingredients Division is likely to be higher than 1H 2008's US$162/mt but lower than FY2007's level because of the weak 1Q 2008 EBITDA yield.

This, however, is unlikely to be sufficient to offset the combined negative impact of the pre-operating loss from the European cocoa operations and the full year negative US$5.6 million effect of the hedge re-designation. As a result, the Group's FY 2008 net profit is likely to be lower than last year's.

Outlook for FY2009

With the crisis in the financial sector now affecting many parts of the broader economy, the global environment has changed dramatically. Factors like the credit crunch, higher operating risks and the global economic slowdown have changed the general operating landscape.

However, after taking these into consideration, we are optimistic on the Group's outlook in 2009 for the following reasons:

Branded Consumer

- Two positive factors for our main confectionery markets of Indonesia and the Philippines - (1) Economic growth still expected in 2009, albeit at slower rate and (2) Current lower commodity prices will benefit lower income groups and encourage higher consumption.
- Consumption of chocolate confectionery is generally resilient and with our brand strength and market leadership position, we will continue driving sales growth in all sectors of our business.
- The lower commodity prices will also benefit profit margin of Own Brands.

Cocoa Ingredients

- A significant portion of 2009's capacity is already committed to fulfilling strong demand from our global customers.
- We expect the improving EBITDA yield trend to continue.
- With the completion of the investment program in 1Q 2009, the European Cocoa Operations will see a significant improvement in financial performance.

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.

Not applicable.

12. Segment Information

Primary reporting format - business segments

	Cocoa Ingredients	Branded Consumer	Total
	US$'000	US$'000	US$'000
For 9 months ended 30 September 2008			
Sales:			
- External sales	632,219	201,183	833,402
- Inter-segment sales	14,263	-	14,263
	646,482	201,183	847,665
Elimination			(14,263)
			833,402
Segment result	1,507	22,479	23,986
Finance costs			(12,110)
Share of profit of associated companies			(376)
Profit before tax			11,500
Income tax expense			(2,796)
Minority interest			2,556
Net profit			11,260
Other segment items			
Segment assets	526,754	159,344	686,098
Associated companies			2,437
Unallocated assets			5,497
Consolidated total assets			694,032
Segment liabilities	407,607	71,118	478,725
Unallocated liabilities			12,529
Consolidated total liabilities			491,254
Capital expenditure	46,202	2,029	48,231
Depreciation	8,433	4,754	13,187
Amortisation	364	18	382
EBITDA	**10,251**	**26,808**	**37,059**

Segment Information (continued)

Primary reporting format - business segments (continued)

	Cocoa Ingredients	Branded Consumer	Total
	US$'000	US$'000	US$'000
For 9 months ended 30 September 2007			
Sales:			
- External sales	418,130	181,635	599,765
- Inter-segment sales	11,993	-	11,993
	430,123	181,635	611,758
Elimination			(11,993)
			599,765
Segment result	16,549	19,411	35,960
Finance costs			(8,994)
Share of profit of associated companies			(109)
Profit before tax			26,857
Income tax expense			(6,513)
Minority interest			796
Exceptional items			623
Net profit			21,763
Other segment items			
Segment assets	391,267	153,097	544,364
Associated companies			2,916
Unallocated assets			1,049
Consolidated total assets			548,329
Segment liabilities	263,021	73,749	336,770
Unallocated liabilities			11,211
Consolidated total liabilities			347,981
Capital expenditure	6,463	10,654	17,117
Depreciation	7,067	3,902	10,969
Amortisation	256	38	294
EBITDA	**23,785**	**23,162**	**46,947**

Secondary reporting format - geographical segments

For 9 months ended 30 September

	Revenue		Total assets		Capital expenditure	
	2008	2007	**2008**	2007	**2008**	2007
	US$'000	US$'000	**US$'000**	US$'000	**US$'000**	US$'000
Indonesia	**163,276**	153,313	**193,927**	154,268	**2,235**	11,760
Singapore	**49,154**	33,600	**258,030**	248,982	**208**	12
Philippines	**28,784**	23,157	**35,622**	29,685	**244**	314
Thailand	**6,845**	5,641	**26,097**	21,747	**204**	437
Malaysia	**20,803**	18,025	**127,180**	83,973	**8,972**	836
Japan	**53,215**	39,075	**-**	-	**-**	-
Middle East	**24,700**	13,506	**-**	-	**-**	-
Other countries in Asia	**35,179**	23,579	**-**	-	**-**	-
Australia	**45,373**	37,147	**-**	-	**-**	-
Europe	**295,043**	199,728	**200,157**	115,448	**35,599**	1,639
North America	**32,489**	17,341	**1,355**	629	**-**	-
South America	**57,905**	26,294	**81,168**	59,815	**769**	2,119
Africa	**20,636**	9,359	**-**	-	**-**	-
	833,402	599,765	**923,536**	714,547	**48,231**	17,117
Elimination	-	-	**(229,504)**	(166,218)	**-**	-
	833,402	599,765	**694,032**	548,329	**48,231**	17,117

13. Interested Person Transactions

	[1] Aggregate value of all transactions conducted under a shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual	
	3Q 2008	**YTD Sept 2008**
	US$'000	US$'000
PT Freyabadi Indotama		
- Sales of goods	1,079	2,927
- Purchase of products	2,077	5,683
	3,156	**8,610**
PT Tri Keeson Utama		
- Sales of goods	**850**	**2,262**
PT Fajar Mataram Sedayu		
- Sales of goods	550	1,504
- Purchase of goods	117	309
	667	**1,813**
PT Sederhana Djaja		
- Lease of properties	17	52
	4,690	**12,737**

Note: [1] 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