

Announcement on SGX

PETRA FOODS, BARRY CALLEBAUT REACHES AGREEMENT TO SETTLE DISPUTE

1. INTRODUCTION

Petra Foods Limited (“Petra Foods” or the “Company”) refers to the announcements made on 21 October 2013, 17 December 2013 and 24 February 2015 on the disputes between the Company and Barry Callebaut. The dispute pertained to the divestment of the Company’s Cocoa Ingredients business to Barry Callebaut which was completed on 30 June 2013.

As set out in the announcement dated 17 December 2013, the Company commenced arbitration proceedings against Barry Callebaut in respect of a dispute arising out of or in connection with the Share Purchase Agreement (“Arbitration”). The dispute relates to the adjustments to the closing price paid by Barry Callebaut to the Company under the SPA (“Dispute”).

2. SETTLEMENT AGREEMENT

Petra Foods wishes to update shareholders that on 28 August 2015, it has successfully entered into a Settlement Agreement with Barry Callebaut (“Settlement Agreement”) with regards to the previously announced dispute and resulting arbitration in relation to the closing price adjustment of US\$103 million sought by Barry Callebaut.

Under the settlement, the Company and Barry Callebaut have agreed, among other things, to fully and finally settle the Dispute and discontinue the arbitration, without any admission of liability by the Company or Barry Callebaut. As part of the settlement, the Parties have mutually agreed to a sum of US\$38 million plus interest of US\$0.8 million, being the adjustment to the closing price as provided in the SPA.

As part of the settlement process both parties have mutually agreed to terminate the SPA although the parties have agreed that certain environmental, tax and other warranties will continue (of which the environmental and tax warranties are time-limited). The Brazilian tax claims (which were previously announced on 24 February 2015) will continue to be contested. The Company wishes to point out that although this agreement fully settles the dispute over the closing price adjustment, Barry Callebaut remains entitled to bring any further claims that may arise under these continuing warranties.

3. FINANCIAL IMPACT

On the back of the settlement reached with Barry Callebaut, Petra Foods Limited is expected to recognise a one-time exceptional charge of US\$19.4 million. Although this is a non-operational item, this one time charge is likely to result in a net loss for 3Q 2015 and a drag on the full year 2015 performance, notwithstanding that the core business is likely to remain profitable.

After taking into account this settlement, the Company’s overall pre-tax gain on the sale of the Cocoa Ingredients business amounts to US\$46.1 million, and Petra Foods will have cash in excess of US\$100 million, the majority of which comprises the proceeds from the sale of the Cocoa Ingredients business.

By Order of the Board
Chuang Yok Hoa/ Madelyn Kwang
Company Secretaries

28 August 2015