

FOR IMMEDIATE RELEASE

Petra Foods achieves 1Q net profit growth of 54.5% to US\$8.4 million

- *Expansion in production facilities, economies of scale and cost containment efforts spurs Petra Foods growth further*

Financial Highlights (Group) (US\$ Million)	3 months ended 31 Mar 2006		
	Jan-Mar 06	Jan-Mar 05	% Change
Revenue	114.7	110.8	↑ 3.5
Gross Profit	22.6	18.6	↑ 21.4
PBT	10.6	7.1	↑ 49.1
Net Profit	8.4	5.4	↑ 54.5
EBITDA	13.6	10.5	↑ 29.8

SINGAPORE - 8 May 2006 - Petra Foods Limited (“Petra Foods” or the “Group”), one of the world’s major manufacturers and suppliers of cocoa ingredients and branded consumer confectionary products, has delivered a strong interim performance for the first quarter of the financial year ending 31 March 2006.

Net profit for the Group grew 54.5% to US\$8.4 million on sales of US\$114.7 million for the latest quarter ended 31 March 2006 compared to US\$5.4 million net profit and US\$110.8 million sales for the previous corresponding period.

Whilst the Group’s net profit has been boosted by an exceptional gain of US\$1.5 million following the revaluation of its Philippines manufacturing assets (in compliance with FRS 103) and the closure of its Malaysian joint venture, Ceres Sime Confectionery Sdn Bhd, the effect of excluding this extraordinary gain still provides an equally impressive net profit growth of 26.7%. EBITDA improved by 29.8% to US\$13.6 million, an improvement of over US\$3 million from 1Q 2005.

These latest quarterly results translate into earnings per share of 1.30 US cents before exceptional items or 1.58 US cents after exceptional items with the net asset value increasing to 30.8 US cents per ordinary share.

This compares well to the results achieved by the Group in the previous corresponding period with an EPS of 1.07 US cents in 1Q 2005 and the net asset value of 28.6 US cents as at 31 December 2005.

Mr John Chuang, Chief Executive Officer of Petra Foods said, "We are encouraged by this latest set of results as it indicates the Group's continued ability and commitment in executing its growth strategy thereby delivering value to our shareholders. The strength of both the Cocoa Ingredients and Branded Consumer divisions' EBITDA and profit from operations is due to a continued strong demand for our products and improving gross profit margin due to higher economies of scale and our continual efforts in mitigating costs."

Improved performance in both Cocoa Ingredients and Branded Consumer Divisions

Financial Highlights (US\$ Million)			
	Jan-Mar 06	Jan-Mar 05	% Change
EBITDA			
Cocoa Ingredients	7.0	5.9	↑ 18.2
Branded Consumer	6.6	4.6	↑ 44.7
Profit from Operations			
Cocoa Ingredients	5.3	4.4	↑ 20.3
Branded Consumer	5.7	3.9	↑ 44.1

Cocoa Ingredients Division

Sales volume for the division experienced a 20.4% growth to 31,735 metric tonnes in 1Q 2006 from 26,363 MT in 1Q 2005. This volume growth comes on the back of the expanded manufacturing capacity in Malaysia at the end of 2005 as well as a higher capacity utilization rate of 93% in 1Q 2006. Sales revenue declined by 7.1% over the period due to lower bean prices of 24% YoY. This was offsetted by greater sales volume of customized and higher value products resulting in the division enjoying an EBITDA yield of US\$220/MT in 1Q 2006 (vs US\$221/MT in 1Q 2005).

Branded Consumer Division

During 1Q 2006, the Branded Consumer Division posted a revenue growth of 32.9% or US\$9.6 million. This comes on the back of the Group's continued efforts in growing its core business in Indonesia and diversifying into other regional markets.

Regional sales accounted for 19% of total revenue up from 9% in the corresponding period in 2005. This achievement was driven by strong growth of its distribution business in Singapore and Malaysia and the maiden contribution of Petra Foods' newly acquired assets in the Philippines.

The gross profit margin during the period improved by 1% point to 32.2%. EBITDA improved by 44.7% to US\$6.6 million. With higher margins, price increases and continued cost management initiatives all contributing to this success.

Mr Chuang added "We remain optimistic on the growth prospects for the chocolate confectionery market in the region with industry data putting chocolate confectionery sales in South East Asia in excess of US\$700 million per annum. Our core foundation and investments made will enable us to further solidify earnings growth."

Strong Financial Position

The Group's financial position continues to improve with stronger cashflow generated from operations. This increased to US\$12.2 million as of 1Q 2006 as compared with US\$9.8 million previously.

Shareholder's equity also improved during the period by US\$11.7 million to US\$163.9 million whilst non-current assets grew US\$17 million on the back of recent acquisitions and capacity expansion. Furthermore, total bank borrowings marginally increased with gearing levels now at a respectable 56.7%, up from 54.1% as at year end 31 December 2005.

Outlook for FY2006

Going forward, the Group expects the demand for cocoa ingredients and chocolate confectionery products to continue to drive overall growth. The *Cocoa Ingredients* division continues to work with its partners in developing customised and high value added products whilst the *Branded Consumer division* aims to continue increasing its sales growth by further penetrating its core market in Indonesia and the region.

ABOUT PETRA FOODS LIMITED

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

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

Cocoa Ingredients Division

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

Branded Consumer Division

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

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

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

Issued on behalf of Petra Foods Limited

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