

FOR IMMEDIATE RELEASE

Petra Foods records 39.1% jump in 1H 2006 net profit to US\$14.9 million

- *Contributions from expanded production facilities and recent acquisitions drives growth*
- *1H 2006 revenue up 8.8% to US\$235.6 million; EBITDA grows 31.1%*

Financial Highlights	3 months ended 30 June			6 months ended 30 June		
	Apr-Jun 06	Apr-Jun 05	% Change	Jan-Jun 06	Jan-Jun 05	% Change
Revenue (US\$m)	121.0	105.8	↑ 14.3	235.6	216.6	↑ 8.8
Gross Profit (US\$m)	26.3	19.6	↑ 33.9	48.9	38.3	↑ 27.8
PBT (US\$m)	8.3	6.8	↑ 23.4	18.9	13.9	↑ 36.6
Net Profit (US\$m)	6.5	5.3	↑ 23.0	14.9	10.7	↑ 39.1
EBITDA (US\$m)	13.4	10.1	↑ 32.4	27.0	20.6	↑ 31.1

SINGAPORE - 11 August 2006 - Petra Foods Limited ("Petra Foods" or the "Group"), one of the world's major manufacturers and suppliers of cocoa ingredients and branded consumer confectionary products, today announced a solid set of results for the first half of FY2006 as the Group's two core divisions benefited from the healthy industry fundamentals and the strong demand for its customised cocoa ingredients products and its chocolate confectionery products.

EBITDA for the six month period to 30 June 2006 grew by US\$6.4 million to US\$27.0 million, a growth of 31.1%, driven by increasing volumes of sales in both divisions:

- Cocoa Ingredients achieved a sales volume growth of 19.6%; and
- Branded Consumer achieved revenue growth of 39%.

As a result, Petra Food's net profit for 1H 2006 surged 39.1% to US\$14.9 million compared to US\$10.7 million in 1H 2005.

The relatively modest revenue increase of 8.8% is largely a reflection of lower cocoa bean prices which are a major component of sales for the Cocoa Ingredients division, but as they are generally passed through to end customer, have limited impact on overall profitability.

An exceptional gain of US\$1.5 million was recognised in the first quarter of 2006 following the revaluation of the recently acquired “Goya” assets in the Philippines (in compliance with FRS 103) and the one-time charge associated with the strategic repositioning undertaken of the Branded Consumer division’s chocolate confectionery manufacturing capacity in the region.

Based on the weighted average number of ordinary shares in issue, diluted earnings per share rose from 2.1 US cents to 2.5 US cents before exceptional items (up 19.1% YoY). After exceptional items, EPS rose to 2.80 US cents (up 33.3% YoY). Net asset value for the Group increased by 2.3 US cents, or 8%, to 30.9 US cents per ordinary share.

Mr John Chuang, Chief Executive Officer of Petra Foods said, “With the growth momentum firmly in our favour, we believe these latest results indicate the Group’s ability and commitment in executing its growth strategy to deliver value to our shareholders. Both businesses benefited from strong demand for our products. This set of results underscores the quality of the two earnings steams.”

The Directors have recommended an interim one-tier tax exempt dividend of 1.01 US cents (1.59 Singapore cents) per share; a year-on-year increase of 21.7%.

Review of Improved Divisional Performance

Financial Highlights	3 months ended 30 June			6 months ended 30 June		
	Apr-Jun 06	Apr-Jun 05	% Change	Jan-Jun 06	Jan-Jun 05	% Change
Revenue (US\$m)	121.0	105.8	↑ 14.3	235.6	216.6	↑ 8.8
Cocoa Ingredients	76.1	74.8	↑ 1.7	151.6	156.2	↓ 2.9
Branded Consumer	44.9	31.0	↑ 44.7	84.0	60.4	↑ 39.0
EBITDA	13.4	10.1	↑ 32.4	27.0	20.6	↑ 31.1
Cocoa Ingredients	7.3	6.0	↑ 20.9	14.3	12.0	↑ 19.6
Branded Consumer	6.1	4.1	↑ 49.4	12.7	8.6	↑ 46.9

Cocoa Ingredients Division

On the back of the strong demand for the division’s cocoa ingredients, sales volume registered an increase of 19.6% in 1H 2006, from 52,666 metric tons to 62,980 metric tonnes. This volume growth was supported by the division’s expanded capacity and a high capacity utilisation rate of 92%. The higher volume sold was not mirrored at the sales level (down 2.9%) due to the pass through effect of lower bean prices. However, the division’s

higher sales volume and an EBITDA yield of US\$226/MT (6-month moving average) led EBITDA to grow by 19.6% to US\$14.3 million.

Branded Consumer Division

For the 1H 2006, the Branded Consumer Division's achieved revenue of US\$84.0 million compared to US\$60.4 million previously, representing a growth of 39.0% YoY. These results are due to the Group's ongoing efforts in growing its core business in Indonesia, where sales in local currency terms improved by 23% year on year, and the division's diversification of revenue sources to other regional markets. This was supported by the division's brand building initiatives and leveraging the distribution infrastructure.

As Petra Foods' regional footprint grows outside of Indonesia, sales from the regional markets accounted for 21% of total revenue for the division in 1H 2006, up from 12% in 1H 2005. The acquisitions in Singapore and Malaysia and Petra Foods' newly acquired assets in the Philippines have provided significant opportunities to broaden the distribution of the Groups' key brands through its growing regional distribution network.

Gross profit margin was further boosted by 1.3% point to 32.3% and EBITDA also increased by 46.9% to US\$12.7 million for 1H 2006. The Group's continued efforts and cost management initiatives have also contributed to these improved results.

Strong Financial Position

Total Shareholder's equity also improved during the period by US\$12.2 million, and now stands at US\$164.4 million. With the acquisitions of new businesses and investments for capacity expansion in the Branded Consumer division and expansion of cocoa production capacity in Malaysia and Latin America, the Group's non-current assets have increased by US\$25.9 million.

The Group's financial position remains strong with operating cashflow of US\$21.2 million, a rise of 21.5% from 1H 2005. This increase was used to finance capacity expansion and business operations.

Total borrowings increased from US\$87.8 million as at 31 December 2005 to US\$120.7 million as at 30 June 2006. This increase was mainly due to the expanded business, capacity requirements and capital expenditure. Petra Foods' gearing level is currently 69.1%, up from 54.1% at the end of FY2005.

Outlook for 2H FY2006

Going forward, the Group expects the demand for cocoa ingredients and chocolate confectionery products to continue to drive overall growth given the positive industry fundamentals and outlook for the two divisions.

The *Branded Consumer Division* will continue to target sales growth by further penetrating its core market in Indonesia and in growing its presence in the ASEAN region. The *Cocoa Ingredients Division* is constantly striving to develop customised and higher value added products by working with its valued partners.

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ABOUT PETRA FOODS LIMITED

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

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

Cocoa Ingredients Division

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

Branded Consumer Division

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

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

Petra Foods was awarded the top spot in the annual Singapore Enterprise 50 Award in 2003. 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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