

FOR IMMEDIATE RELEASE

Petra Foods posts 25.3% increase in FY2006 net profit to US\$29.1 million

- *Strong results underscores the success of its expansion strategy for both Cocoa Ingredients and Branded Consumer Divisions*
- *Directors recommend final dividend of 1.60 Singapore cents*

Financial Highlights	3 months ended 31 December			12 months ended 31 December		
	Oct-Dec 06	Oct-Dec 05	% Change	Jan-Dec 06	Jan-Dec 05	% Change
Revenue (US\$m)	138.8	112.5	▲ 23.4	522.9	439.3	▲ 19.0
Gross Profit (US\$m)	26.8	23.9	▲ 11.8	104.1	83.8	▲ 24.2
Profit before tax and exceptional item (US\$m)	8.2	8.5	▼ 3.3	34.6	29.9	▲ 15.7
Net Profit (US\$m)	6.8	6.5	▲ 4.6	29.1	23.3	▲ 25.3
EBITDA (US\$m)	12.9	12.4	▲ 4.5	54.4	43.6	▲ 24.8

SINGAPORE - 16 February 2007 - 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 rounded up the year ended 31 December 2006 with another robust set of results.

Driven by continued strong performance from both its **Cocoa Ingredients Division** and the **Branded Consumer Division**, net profit surged 25.3% to US\$29.1 million on the back of a 19% increase in revenue to US\$522.9 million. Excluding an exceptional gain of US\$1.8 million (net of tax), the Group’s FY2006 net profit was US\$27.3 million, translating to a 17.5% growth year-on-year (Y-o-Y). EBITDA for the period rose 24.8% to US\$54.4 million.

On a quarterly basis, net profit (excluding exceptional gain net of taxes) for the three months ended 31 December 2006 was up 2% to US\$6.6 million while revenue grew 23.4% to US\$138.8 million year-on-year. EBITDA rose 4.5% to US\$12.9 million. The positive fourth quarter performance can be attributed to the strong sales generated by the two divisions, especially the Branded Consumer Division, which saw double digit growth in both its core market in Indonesia as well as from the region.

Commenting on the Group's latest financial performance, Mr John Chuang, Chief Executive Officer of Petra Foods said, "We are pleased to have rounded up the year with yet another strong set of results. This underscores the strength and resilience of our two complementary business divisions, as well as the successful implementation of our growth strategy. In FY2006, the Group spent close to US\$39 million on capital expenditure and acquisitions to expand our production capacity and widen our geographical reach. Our efforts in expanding the Group's operations have clearly paid off."

Based on the weighted average number of ordinary shares in issue, earnings per share for FY2006 increased 22.9% from 4.45 US cents to 5.47 US cents year-on-year (Y-o-Y). Excluding the exceptional gain, EPS for the period under review rose from 4.45 US cents to 5.13 US cents (up 15.3% Y-o-Y).

The Directors have recommended a final one-tier tax exempt dividend of 1.60 Singapore cents per share, making a total dividend of 3.19 Singapore cents per share for the full year.

Review of Improved Divisional Performance

Financial Highlights	3 months ended 31 December			12 months ended 31 September		
	Oct-Dec 06	Oct-Dec 05	% Change	Jan-Dec 06	Jan-Dec 05	% Change
Revenue (US\$m)	138.8	112.5	↑ 23.4	522.9	439.3	↑ 19.0
Cocoa Ingredients	84.8	73.3	↑ 15.8	327.5	301.6	↑ 8.6
Branded Consumer	54.0	39.2	↑ 37.5	195.4	137.7	↑ 41.9
EBITDA	12.9	12.3	↑ 4.5	54.4	43.6	↑ 24.8
Cocoa Ingredients	6.3	7.1	↓ 11.2	27.8	25.4	↑ 9.7
Branded Consumer	6.6	5.2	↑ 26.0	26.6	18.2	↑ 45.8

Cocoa Ingredients Division

During the year in review, the Cocoa Ingredient Division achieved a revenue growth of 8.6% Y-o-Y to US\$327.4 million driven by strong sales volume growth of 19.2%. EBITDA grew 9.7% to US\$27.8 million.

Despite the newly added production capacity of 40,000 metric tons introduced over the last two years, capacity utilisation remained high at 93%.

Petra Foods attributes the higher sales volume to the growing demand from its core global F&B customers as well as the development of premium niche products to complement the customers' new product initiatives. In addition, the new market development initiatives implemented by the Division also provided a further push to the sales volume growth.

The higher sales volume from the Cocoa Ingredients Division was, however, offset by a softer EBITDA yield of US\$204 per metric ton due to the initial phasing in of new capacity which resulted in a change in product mix composition, the new market development initiatives and a softer price environment in the lower and mid priced segments of the industry.

Branded Consumer Division

The Branded Consumer Division recorded a sterling performance in FY2006, evident from its strong EBITDA growth of 45.8% which outpaced that of the Cocoa Ingredients Division.

Demonstrating the Group's ability to leverage on its market leadership position as well as its aggressive regional expansion to accelerate growth, revenue for FY2006 was up 41.9% to US\$195.4 million. Sales in Indonesia contributed 26.9% of the growth with another 15% from the regional markets.

In driving demand in its core Indonesian market, Petra Foods has focused intensively on riding on its established distribution infrastructure to enhance its dominant brands through product innovations and marketing initiatives. The Division introduced several new products during the year in review including "SilverQueen Chunky Bar" and "Funtime".

The expanded chocolate manufacturing facility located in Bandung, Indonesia, doubled the Group's manufacturing capacity, enabling the Group to raise its production to meet the strong market demand.

In the last 12 months, through a well defined regional growth strategy, the Group has also successfully expanded its presence in South East Asia, the fastest growing chocolate confectionery market in the world. The acquisition of the Goya business in the Philippines, as well as the various brands in Malaysia, has led sales contribution from the regional markets to grow from 14% in FY2005 to 23% in FY2006.

Benefiting from greater economies of scale, coupled with the division's significant pricing power in its core Indonesian market, gross profit margin increased 0.2 percentage point to 31.9%.

As a result of the strong performance, the Group's return on equity (ROE) improved by 1.5 percentage point to 18% in FY2006.

Balance Sheet and Financial Position

Total shareholder's equity increased by US\$20.2 million to US\$171.9 million. Total assets grew by US\$81.9 million to US\$368.7 million. Of the increase in assets, US\$30.1 million was attributed to the Group's capital expenditure program, US\$8.9 million from acquisition of new brands and businesses with the remainder for working capital purposes.

In line with the business growth and expansion, total group borrowings as at 31 December 2006 was US\$124.9 million compared to US\$87.8 million at 31 December 2005. This increase came from long term bank borrowings and finance lease for capital expenditure, trade finance facilities, short-term bank loans and overdraft facilities used to fund the higher levels of inventory and receivables attributable to the enlarged business and recent capacity expansions.

In line with the increased borrowings, Petra Foods' net debt-to-equity ratio increased to 0.67 times as of 31 December 2006, up from 0.54 times as at 31 December 2005.

Prospects and Outlook

Moving forward, propelled by the robust demand for cocoa ingredients and chocolate confectionery products respectively, the Group will continue to grow by building on its key strengths and focusing on the achievement of the Group's strategic objectives which includes the strengthening of its core competencies; extending its regional and global reach; and maximizing its asset yields.

The Branded Consumer Division will ride on the fast-growing South East Asian chocolate confectionery market and its strong distribution infrastructure to further strengthen its market position in Indonesia as well as in the region.

With increasing demand from its portfolio of F&B customers, the Cocoa Ingredients Division will continue to push ahead with its growth strategy which is to continually strengthen the relationships with its core customers and to broaden its market position globally. The key focus is to remain the Partner of Choice to all its customers by continually delivering products which are synonymous with uncompromising quality and consistency to serve their growing requirements.

Mr. Chuang added, "Although the softer price environment experienced by the Cocoa Ingredients Division will most likely extend into the first half of our new financial year, this is expected to be temporary as there are market indications of pricing improvements. Our focus for this division has always been to jointly develop with our customers customized cocoa ingredients that meet their needs and at the same time, yield higher value for the Group."

"We are optimistic on the business outlook for the two divisions and, barring unforeseen circumstances, the Group is expecting further growth in FY2007. We are targeting growth at both the EBITDA and net profit level, albeit at a slower rate compared to previous year."

In December 2006, Petra Foods established a S\$300 million Multicurrency Medium Term Note Programme (the "MTN Program"). The MTN Program allows Petra Foods to diversify its source of funding and provides flexibility of tapping the debt capital markets for funds as and when there is a requirement. On 11 January 2007, the Company issued a S\$60 million

Medium Term Note with a 5-year tenure maturity in 2012. This was used to refinance existing working capital borrowings.

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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 more than 20 key sub brands and manufactures over 300 stock keeping units. Its flagship brands in Indonesia include “SilverQueen” and “Ceres” 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, Philippines, 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. It was recognised as the “Best Newly Listed Singapore Company in 2004” in AsiaMoney’s Best Managed Companies Poll 2004 and the “Enterprise of the Year 2004” by the 20th Singapore Business Awards. Petra Foods was also named one of “Singapore’s 15 Most Valuable Brands” by IE Singapore for two consecutive years in 2005 and 2006.

Issued on behalf of Petra Foods Limited

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