

Chairman's Message

Through leveraging on our network of a diverse and strong supplier base in Malaysia, our large-scale refineries and broad customer base at the destination markets, the Group remains competitively anchored.

2016 proved to be a good year for the Group.

On the back of concerns of the impact of El-Nino drought conditions on the supply of Crude Palm Oil (CPO) in Indonesia and Malaysia, CPO prices surged 20% in the first quarter of 2016. Although the impact of El-Nino eased in the second quarter of the year, the Group continued to have strong demand from destination markets for the Bulk segment. A weaker ringgit also helped to support prices. The tight stock levels further caused the prices for spot and nearby months to command premiums over later deliveries.

Notably, the Group's strategic positioning as a downstream player in the supply chain, operational efficiencies, customer base in over 100 countries and versatility in meeting our customers' requirements put us in an advantageous position to meet the demand coming from Bulk segment customers, bolstering the performance of the Group's Bulk segment.

However, for the Consumer Pack segment, the Group continued to face headwinds due to sluggish economy of the destination markets. As a result, sales volumes for the Consumer Pack segment were impacted. In addition, the Group also had to make allowances for impairment of some trade receivables further affecting the margins of the Consumer Pack segment.

The horizons ahead continue to be beset with challenges. The strong US dollar and the gradual pick up in global demand are expected to keep palm oil prices stable even as production and inventory levels return to a normal range. Through leveraging on our network of a diverse and strong supplier base in Malaysia, our large-scale refineries and broad customer base at the destination markets, the Group remains competitively anchored.

There were some hits and misses during the year but the Group ended the year on a strong note. The resolute support given by the shareholders was pivotal to these achievements. Therefore, the Group proposes a final exempt dividend of 0.55 Singapore cents per ordinary share which along with interim dividend 0.33 Singapore cent, making total dividend of 0.85 Singapore cent per ordinary share for the full year.

We are also grateful to our Board of Directors and employees. Their contributions have been invaluable and their continued passion creates enduring synergies and empowers our value delivery to customers, putting us in a strong position for future growth.

DR CHEO TONG CHOON

Chairman and Executive Director