

CEO'S MESSAGE

While 2018 presented challenges for the palm oil industry, our continued investments in new products, integrated network and increased capacity helped the Group to sustain the growth in sales volume.

Total sales volume for the year rose 13.7% from 3.7 million metric tonne to over 4.2 million metric tonne. Both Bulk and Consumer Pack segments registered steady volume growth of 19.0% and 1.4% respectively. Our Bulk business remained resilient and delivered stable margin of US\$22.7 per metric tonne while our consumer pack saw a healthy margin of US\$47.4 per metric tonne. While the net profit attributable to shareholders registered a decline at US\$14.8 million, we are encouraged by our robust performance in the fourth quarter and finished a difficult year on a stronger footing.

The Group's Balance Sheet position remained strong with high financial liquidity. As at 31 December 2018, the Group had a healthy net debt to equity ratio of 0.77. Our Balance Sheet continues to reflect strong underlying fundamentals. Our policy on debt and liquidity management, has always been to maintain a strong balance sheet throughout the business cycle, strict capital discipline and diversification of funding sources in order to give us stability and flexibility throughout the period.

LOOKING AHEAD

While we face significant geopolitical uncertainties, particularly on trade, continuing weak global macroeconomics, tightening financial markets and challenging market conditions, we remain optimistic for the palm oil industry as the recent Indonesia's and Malaysia's biofuel mandates will support demand. Also in this context, our priority continues to be the safe, continuous improvement of our operating and capital efficiency, driving increased productivity from refinery-to-market.

We are also looking to fortify our position as an integrated edible oils and fats business to become an integrated global food business, ready to seize greater opportunities. The Group is adding sourcing, manufacturing and distribution synergies into our consumer pack business. In Malaysia, we are working to strengthen our manufacturing facilities and building critical capabilities, which will complement our current palm oil business by broadening our range of products to meet the market demand.

Our people continue to energise the Company – their ideas and their enthusiasm for our business and the commitment they have to making Mewah into a safer, more productive and more responsible company. Our success this year is due to their hard work and dedication, and I thank them for all they do, every day – at every asset, and in every office. In 2018, we focused on building our technical and leadership capabilities to equip our people and our company for continued success. Our aspiration is to continue to pioneer our industry, with a culture that welcomes and nurtures new ideas and higher performance.

As we look to the future, we see markets remaining volatile, with some risk of a trade war and a deceleration in economic activity. At Mewah, we will continue to invest in the business so that we will be better-equipped to handle these challenges. With a world-class portfolio, a strong balance sheet and people who I am convinced are some of the best in the business, we are well positioned to withstand these challenges – and to create new opportunities.

Lastly, we wish to express our appreciation to the Board members for their counsel and advice; staff for their many years of dedicated service and contributions to Mewah; and all our shareholders, bankers, business partners, and customers for their strong support and commitment. As we enter a new year, I have no doubt that we will bring Mewah to greater heights.

MS MICHELLE CHEO HUI NING

Chief Executive Officer and Executive Director