BUILDING STRENGTHS

OPERATIONS AND FINANCIAL REVIEW

	FY 2012	FY 2013	FY 2014
INCOME STATEMENT			
Revenue	3,621	3,194	3,439
Operating margin	108.2	115.5	94.6
Profit after tax	23.5	20.0	3.0
Earnings per share (US cents per share)	1.64	1.39	0.18
BALANCE SHEET			
Fixed investments	357	366	382
Working capital	538	393	424
Total investments	**895**	**759**	**806**
Equity	560	557	536
Gross debt	384	265	331
Cash	(49)	(63)	(61)
Net debt	335	202	270
Total capital	**895**	**759**	**806**
Debt to equity	0.69	0.48	0.62
Net Debt to equity	0.60	0.36	0.50
Net asset value per share (US cents per share)	37.38	37.25	35.92

In US$' million, unless stated otherwise

	FY 2012	FY 2013	FY 2014
SEGMENTAL PERFORMANCE			
Sales volume (MT'000)			
Bulk	2,576	2,707	2,852
Consumer Pack	825	1,026	1,164
Total	3,401	3,733	4,016
Operating margin (US$'million)			
Bulk	64.5	73.7	41.6
Consumer Pack	43.8	41.7	53.0
Total	108.2	115.5	94.6
Operating margin per MT (US$)			
Bulk	25.0	27.2	14.6
Consumer Pack	53.1	40.6	45.6
Total	31.8	30.9	23.6

OPERATIONS AND FINANCIAL REVIEW

PALM OIL INDUSTRY IN 2014

Palm oil industry continued to witness tough operating environment during the year amidst falling and volatile CPO prices. The prices touched 5-year low of 1,900 ringgit in August-end, declining 35% from 2,900 ringgit in mid-March before bouncing back 20% to close the year at 2,300 ringgit.

Drought conditions in Indonesia and Malaysia at the start of the year and growing concerns of El-Nino developing in the later part of the year pushed CPO prices up in the early part of the year. As concerns about the El-Nino subsided and outlook improved for palm oil production, prices started declining. 50% plunge in energy prices during the year impacted the viability of biofuel and record global oilseed supply of the competing oils made palm oil less attractive. Weak demand for palm oil coupled with all-time record production in Indonesia and Malaysia resulted in stocks pile-ups during the year. The prices got support towards the end of the year largely due to Malaysian Government's decision to scrap the export duty to reduce inventories in the country, low rapeseed oil production in India and buyers at destination markets getting attracted at the lower prices. Weaker ringgit towards the end of the year also made Palm Oil attractive for international buyers.

CPO prices (ringgit)

GROUP'S SALES VOLUME

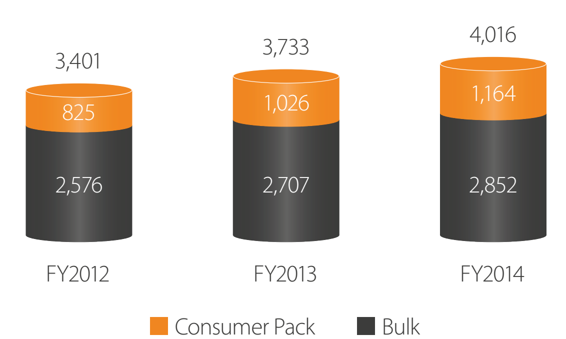
The Group achieved record sales volume of 4.016 million MT, crossing four million MT mark for the first time in its history.

Sales volume of 4.016 million MT for 2014 was 7.6% higher than volume achieved last year. Bulk segment registered volume growth of 5.4% and contributed 71.0% of total volume. Consumer Pack segment achieved growth of 13.4% contributing 29.0% of total volume.

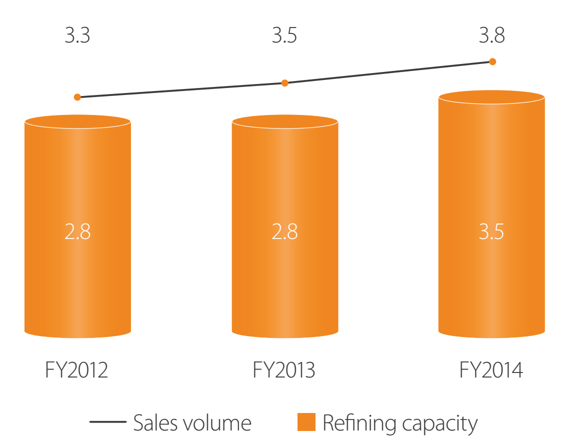
Our rice business achieved volume of 243 thousand MT ranking us amongst the top 20 players in the industry.

Our palm-based oils and fats business registered sales volume of 3.8 million MT and was significantly higher than the production from our recently increased installed capacity of 3.5 million MT.

Sales volume (MT'000)

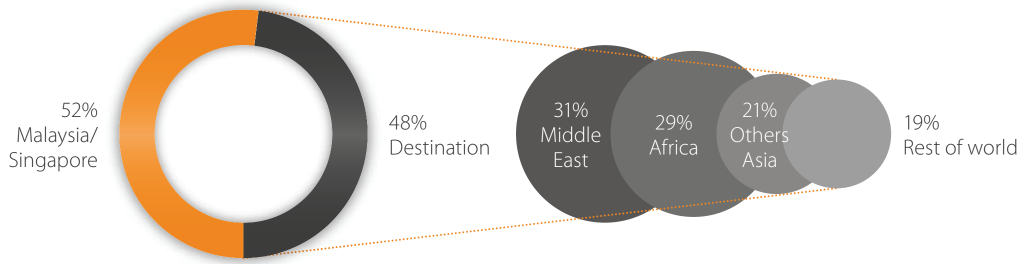


Sales volume vs refining capacity (MT'million)

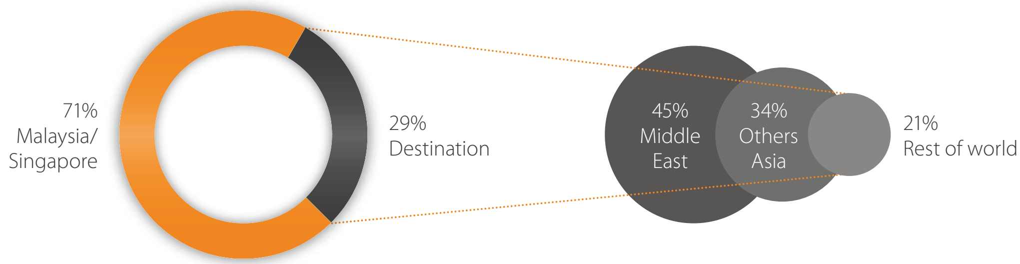


GEOGRAPHICAL SPREAD

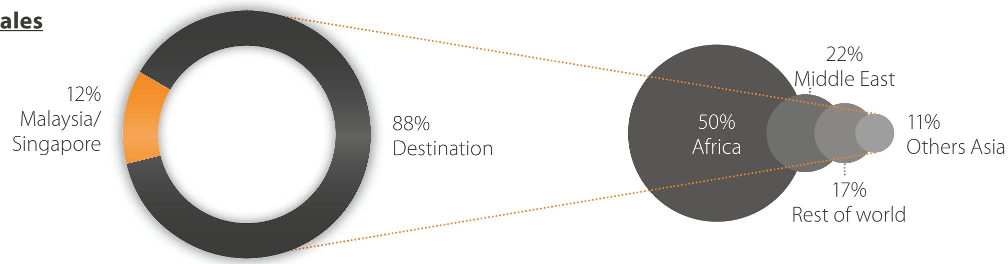
Total Sales



Bulk Sales



Consumer Pack Sales



WELL DIVERSIFIED SALES REVENUE

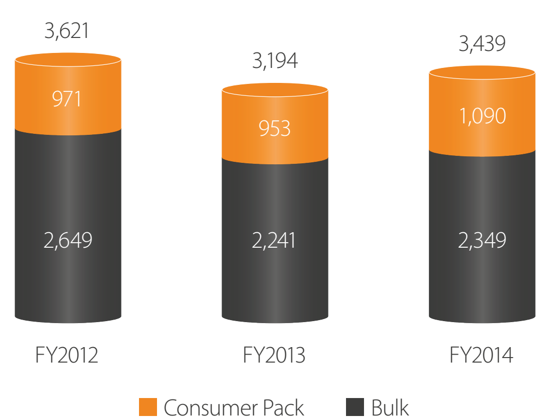
The Group achieved sales revenue of US$3,439 million in 2014 registering a growth of 7.7% over the last year.

Bulk segment registered revenue growth of 4.8% and contributed 68.3% of total revenue. Consumer Pack segment achieved growth of 14.4% contributing 31.7% of total revenue.

We strive to diversify our sales revenue across the globe and our efforts continued in 2014. During the year, based on billing address, we sold to customers in more than 100 countries. 48% of total sales were made as destination sales, selling the products to customers in countries other than Malaysia and Singapore. Destination sales remained diversified with Middle East, Africa, Asia and rest of world contributing 31%, 29%, 21% and 19% respectively of total destination sales.

Destination sales for both Bulk and Consumer Pack segments remained strong. 29% of Bulk segment sales were made to destination markets with Middle East, Asia and rest of world contributing 45%, 34% and 21% respectively. 88% of Consumer Pack segment sales were made to destination markets with Africa, Middle East, Asia and rest of world contributing 50%, 22%, 11% and 17% respectively.

Sales revenue (US$'million)



OPERATIONS AND FINANCIAL REVIEW

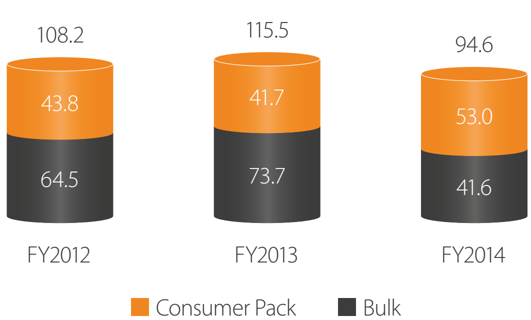
OPERATING MARGINS

The Group measures and tracks the performance in terms of operating margin per MT and total operating margin. OM is calculated as revenue, less cost of sales (excluding depreciation), selling and distribution expenses and foreign exchange gains or losses.

Over the period of last five decades, we have developed a proven integrated business model of participating in the midstream and downstream parts of the value chain in the attractive palm oil industry, built inherent operational flexibility, developed sound risk management practices, and established our own brands and global distribution capabilities that have helped us to deliver robust operating margins during normal industry conditions and resilient margins during tough economic cycles.

Volatile and tough industry conditions resulted in lower operating margin of US$23.6 per MT, compared to US$30.9 achieved last year. Industry conditions, particularly for the refiners, remained challenging resulting in Bulk segment margin decreasing to US$14.6 per MT compared to US$27.2 achieved last year. Despite lower margins achieved for Bulk segment, our Group's integrated business model with participation in large part of the value chain and ability to sell in global markets under its own brands through well established distribution networks helped to maintain healthy margins for the Consumer Pack business. Consumer Pack segment margins improved to US$45.6 per MT compared to US$40.6 last year. Addition of rice and dairy products, duly supported by our recent investment in dairy manufacturing facilities, has improved our competitive position in the consumer products business. Bulk and Consumer Pack segments contributed 44.0% and 56.0% of total operating margin respectively.

Operating margin (US$ in million)



Operating margin per MT (US$)

	FY2012	FY2013	FY2014
Total	31.8	30.9	23.6
Bulk	25.0	27.2	14.6
Consumer Pack	53.1	40.6	45.6

STRONG BALANCE SHEET

We manage our capital structure very actively by maintaining prudent debt to equity ratio and maintaining healthy combination of equity, long-term debt and short-term debt to fund long-term investment and working capital.

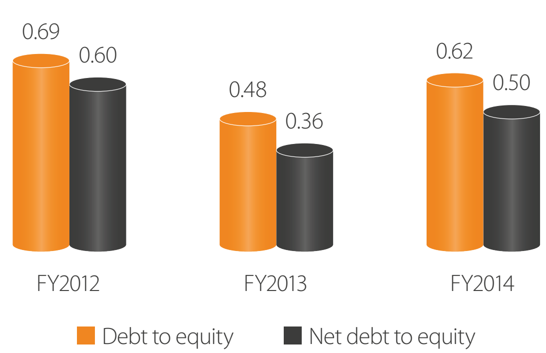
As at 31 Dec 2014, we maintained prudent debt to equity ratio of 0.62 or net debt to equity ratio of 0.50. Current low net debt to equity ratio, well below our target limit of 1.5 provides enough scope for us to raise additional debt to support our growth plans.

Due to nature of our investments, we target to keep net debt to equity ratio of less than 1.0 for long term investments and less than 2.0 for working capital. As at 31 Dec 2014, long-term investments of US$382.1 million were funded by equity and long-term debt of 73.1% and 26.9% respectively giving net debt to equity ratio of 0.37. Working capital of US$423.9 million was funded by equity and current net-debt of 60.4% and 39.6% respectively giving net debt to equity ratio of 0.66.

We maintain adequate working capital credit lines to support our business. Our current working capital lines utilisation was 26.8% of total credit lines available.

Our efficient, large scale, integrated production facilities and strong distribution network continued to help us to keep our cycle time very short at 48 days in 2014.

Debt to equity and net debt to equity



Balance sheet (US$'mil)