

CHAIRMAN'S MESSAGE

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In 2015, the world economy continued to be plagued by plummeting oil and commodity prices, which resulted in flat and moderate growth in many countries. These developments negatively impacted destination markets' demand for palm oil.

On the other hand, although crude palm oil (CPO) prices remained range-bound, the volatile and weakening ringgit drove CPO prices to drop significantly, closing the year 21% lower than 2014 in US dollars terms. In addition, the stockpiles in Indonesia and Malaysia, which collectively account for 86% of global palm oil supply, also contributed to steep discounts for spot and nearby months.

A prudent strategy supported by weaker currencies in operating countries helped the Group to achieve higher net profit for the year. In addition, the Group's investment in new products such as rice and dairy had resulted in strengthened products offering to customers and added value to the Group's portfolio. The Group's continued focus on the Consumer Pack segment had also empowered the Group to forge ahead.

Amid challenging global economic conditions, low crude palm oil and alternative vegetable oil prices are expected to keep CPO prices in the medium term. The increasing gap between production and demand is expected to keep pressure on palm

oil producers and in turn on refiners. Excess refining capacity in Indonesia will continue to add pressure on refining margins. Overall palm oil industry is expected to remain under pressure until the global outlook improves. Nonetheless, the Group's strategic position in the industry remains intact with large scale integrated refineries, long established standing in the trade, ability to offer a basket of commodities under proprietary brands to customers in over 100 countries. Supported by strong balance sheet, the Group remains well positioned to grow our business to greater heights in due course.

In a challenging year like this one, we are especially thankful for the unwavering support we get from our shareholders. Therefore, the Group proposes a final exempt dividend of 0.45 Singapore cent per ordinary share for the full year.

Similarly, I will like to offer my heartfelt appreciation to our Board of Directors and employees'. Thanks to their commitment and dedication, we are confident that we will continue to add value to our customers, and forge ahead as one.

Dr Cheo Tong Choon
Chairman and Executive Director