In an increasingly competitive operating landscape, Mewah achieved yet another set of robust and consistent operational and financial performance. Its current balance sheet is poised to support the growth strategy.

globalpresence regionaloperations

Operations and Financial Review

FINANCIAL HIGHLIGHTS

	FY 2007	FY 2008	FY 2009	FY 2010
INCOME STATEMENT				
Revenue	2,705	3,276	2,867	3,533
Operating Margin	79.6	176.6	182.9	184.4
EBITDA	46.9	134.6	131.4	132.3
Net Profit	26.7	89.0	89.7	92.4
Net Profit excluding exceptional items	26.7	89.0	89.7	97.2
Earning per share (US cents per share)	2.07	6.92	6.96	7.08
Return on Equity	18.4%	52.0%	45.5%	38.8%
BALANCE SHEET				
Fixed Investments	167	169	173	223
Current Investments	181	176	249	397
Cash and cash equivalents	29	40	38	215
Total use of funds	**377**	**385**	**460**	**835**
Equity	171	190	239	509
Borrowings	206	195	221	326
Total sources of funds	**377**	**385**	**460**	**835**
Debt:Equity	1.21	1.03	0.92	0.64
Net asset value per share (US cents per share)	13.34	14.85	18.66	33.79

In US Dollars (in million), unless otherwise stated

SEGMENTAL PERFORMANCE

	FY 2007	FY 2008	FY 2009	FY 2010
Segmental Performance:				
Sales Volume (M.T.'000)				
Bulk	2,970	2,575	3,080	2,976
Consumer Pack	608	757	727	876
Total	3,578	3,332	3,807	3,852
Operating Margin (US$'million)				
Bulk	39.7	115.1	100.5	102.2
Consumer Pack	39.9	61.5	82.4	82.2
Total	79.6	176.6	182.9	184.4
Operating Margin per M.T. (US$)				
Bulk	13.4	44.7	32.6	34.4
Consumer Pack	65.6	81.3	113.4	93.8
Total	22.2	53.0	48.0	47.9

Operations and Financial Review

Mewah is an agri-based consumer products business, focused on palm oil related products with established and recognised brands and sales in over 100 countries. The bulk and consumer pack segments are well supported by cost-efficient, integrated large scale refineries.

Palm Oil Industry Trend in 2010

In 2010, palm oil industry was affected by hot and dry weather in early part of the year followed by heavy rainfall affecting the harvesting, resulting in lower production and pushing the prices high in the second half of 2010.

For Malaysia, according to Malaysian Palm Oil Board, the average Fresh Fruit Bunch yield fell 6.3% to 18.04 M.T. per hectare and CPO production dropped by 3.3% to 16.99 million M.T.. Total exports of palm oil products increased by 2.8% to 23.06 M.T. in 2010. Price discount between palm oil and soybean oil shrank to 9%, compared to five-year average of 17%. In December, 2010 the gap decreased to a marginal 0.2%.

Tight CPO supplies and higher demand pushed the CPO prices from the levels of RM2,500 per M.T. in the early part of the year to over RM3,800 per M.T. by the end of the year.

Consistent Performance

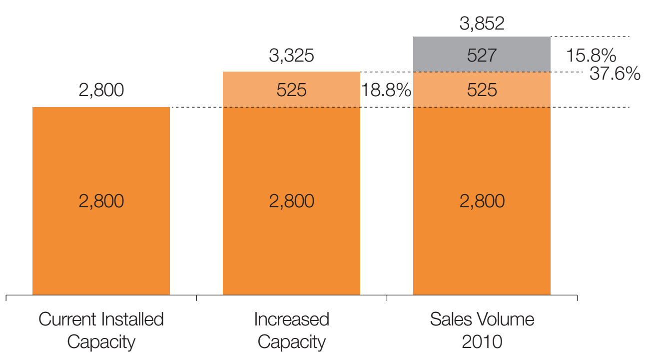
Despite volatile market conditions and fluctuating CPO prices, the Group achieved yet another set of robust and consistent operational and financial performance. In 2010, the Group maintained capacity utilisation of over 90%, achieved sales volume of 3.9 million M.T., 37.6% higher than the installed refining capacity, maintained stable operating margins and delivered robust return on equity of 38.8% for the year.

Building Capabilities

2010 was also the year of building capabilities to take the business to next level of growth. In November 2010, the Group got listed on the SGX main board raising net proceeds of US$184 million, strengthening the balance sheet to support expansion and growth plans. Expansion plans were undertaken to further strengthen the market position as a leading edible oils and fats processor by increasing refining capacity, expanding the range and capacity of specialty fats production and further deepening the participation in the value chain.

Operations and Financial Review

				Thousand M.T.
	FY 2007	FY 2008	FY 2009	FY 2010
Installed Capacity	**2,800**	**2,800**	**2,800**	**2,800**
Capacity Utilised	**2,402**	**2,212**	**2,570**	**2,573**
Capacity Utilisation	**85.8%**	**79.0%**	**91.8%**	**91.9%**



Manufacturing

Our refineries and processing plants are located in Semenyih, Pasir Gudang and Westport in Malaysia. Our facilities in Pasir Gudang and Westport are strategically located among a high concentration of refineries and oleo-chemical plants, with port facilities that are situated along international shipping routes while our facility in Semenyih is conveniently located inland near many of our Malaysian local customers. Total refining capacity for the Group is 2.8 million M.T.. During 2010, the Group maintained high capacity utilisation of 91.9%, similar to 91.8% achieved in 2009.

Robust sales volume, substantially higher than current installed capacity

The Group maintained high sales volume of 3.852 million M.T., 37.6% higher than current refining capacity of 2.8 million M.T.. Incremental sales volume was supported by purchase of refined oil and related products from other manufacturers.

Current sales volume is 15.8% higher than the planned increased capacity of 3.325 million M.T., once our fourth refinery comes on stream in FY 2012. With our current capacity utilisation of 91.9% and our current sales capabilities, we are optimistic of achieving high capacity utilisation for the new refinery.

Consumer Pack segment reported a strong growth of 20.5% to 876 thousand M.T. in 2010, compared with 727 thousand M.T. in 2009. Sales for Consumer Pack segment in 2010 was 31.9% higher than 2009. Sale for the segment was supported by the Group's increased sale of cooking oil in West Africa.

Operations and Financial Review

Well diversified Sales Revenue

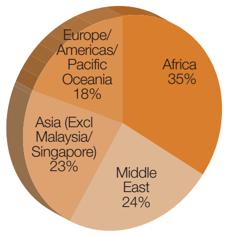
Sales revenue for 2010 increased by 23.2% to US$3.533 billion. Increase in the sales revenue was largely attributable to increased prices during the year. Sales revenue for the bulk segment grew by 20.2% and consumer pack segment registered revenue growth of 31.9%. Bulk segment contributed 72% of total sales revenue, while Consumer Pack segment contributed 28% of the revenue.

The Group currently sells its products to customers in over 100 countries, Africa and Middle East being strong markets for the Group. We review our sales based on the billing address of the customer. Of the total sales, 45% of the sales were made directly to destination markets which were evenly distributed across the globe. Africa and Middle East contributed 35% and 24% of total destination sales.

Most of our bulk sales are made to customers with billing address in Malaysia or Singapore, who in turn carry the products to destination markets. In 2010, over 25% of bulk sales were made to destination markets other than Malaysia and Singapore. Consumer Pack sales are made largely to the destination markets. In 2010, Africa and Middle East contributed over 70% of the sales for the consumer pack segment.

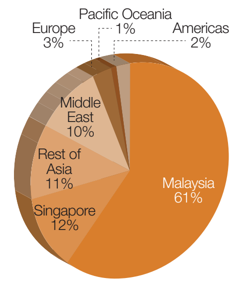
Destination Sale

Well diversifield sales throughout the world with strong presence in Africa and Middle East



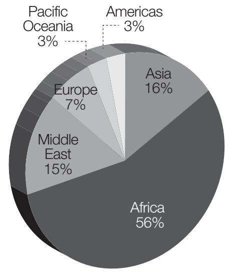
Bulk

Over 25% of Bulk sales directly to destination markets other than Malaysia and Singapore



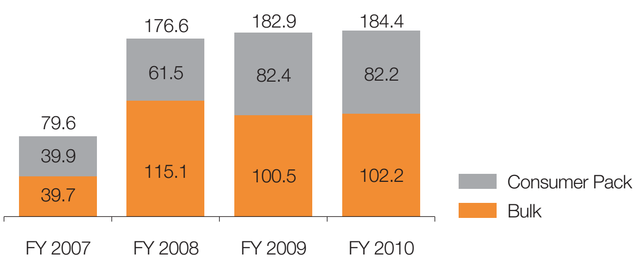
Consumer Pack

Over 70% of Consumer Pack sales to Africa and Middle East



Operations and Financial Review

Operating Margin (US$ in Millions)



Operating Margin per MT

	FY 2007	FY 2008	FY 2009	FY 2010
Total	US$22.2	US$53.0	US$48.0	US$47.9
Bulk	US$13.4	US$44.7	US$32.6	US$34.4
Consumer Pack	US$65.6	US$81.3	US$113.4	US$93.8

Consistent Operating Margins across segments

We source the raw materials for our bulk edible oils and fats division, primarily palm oil as well as lauric oils and soft oils, mainly from suppliers in Malaysia where our manufacturing operations are located, or from Indonesia and South America. Our bulk edible oil products are sold to refiners, processers, wholesalers and retailers in the food, animal feed and oleochemicals industries.

Our consumer pack products division produces and sells vegetable-based edible oil and fat products in the form of consumer packs to end customers under our own house brands and under the brands of third parties as well as specialty oils and fats in consumer pack form under our own house brands.

As a strategy we always try to pass the cost to the customers, thereby targeting a minimum operating margin. To mitigate the price volatility in the commodity prices, we use derivatives such as forward physical and futures contracts. We also purchase bulk edible oil products from other processors as our current marketing and distribution capabilities are more than our processing capabilities. This adds operational flexibility to our operations.

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 and consistent operating margins.

In the volatile market conditions, we have delivered yet another set of consistent operating margins for both business segments.

Operations and Financial Review

Strong Balance Sheet supported by public listing

The Group got listed on the Mainboard of the Singapore Exchange Securities Trading Limited (SGX-ST) on November 24, 2010 raising net proceeds of US$184 million, significantly strengthening our balance sheet to support our growth plans. We have further increased and diversified our borrowing to provide us operational and financial flexibility.

Currently our balance sheet is very strongly poised to support the growth plans of the Group with cash and cash equivalents of US$215 million. Current Debt-to-equity ratio is conservatively placed at 0.64, down from 0.92 in FY 2009 and from 1.21 in FY 2007.

Our efficient, large scale, integrated production facilities and strong distribution network continue to help us to keep our cycle time very short of 43 days in FY 2010. Excluding Readily Marketable Inventories, our cycle time is only 23 days.

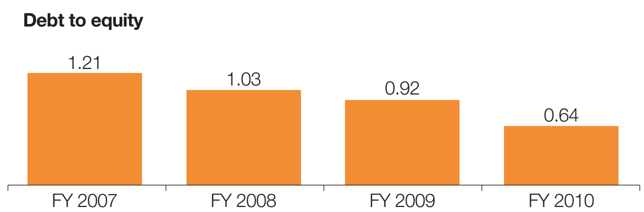
Robust Return on Equity

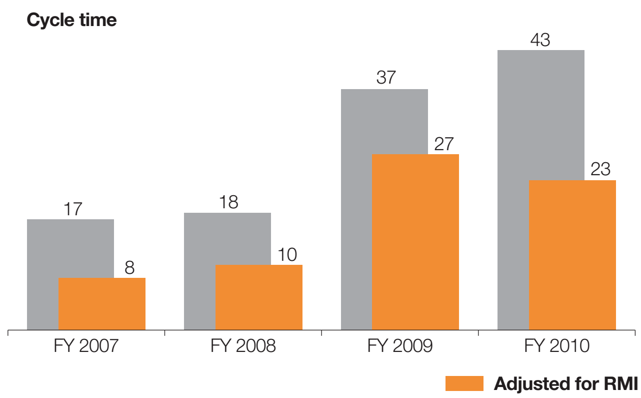
We have continued to deliver robust return on equity, delivering a return of 38.8% for FY 2010. We actively strive to maximising the return on the equity by :

1. increasing our profit margin by adding higher margin products, increasing our participation in the value chain, and providing value added services to our customers.

2. Increasing asset turnover by remaining closer to source of raw material, having integrated, large scale processing facilities and managing the supply chain efficiently.

3. Optimising leverage, making good use of borrowing without compromising on the solvency and liquidity of the business.





$$\text{ROE} = \text{Profit margin} \times \text{Asset turnover} \times \text{Leverage}$$

$$= \frac{\text{Profit after tax}^{(2)}}{\text{Sales revenue}} \times \frac{\text{Sales revenue}}{\text{Capital employed}^{(3)}} \times \frac{\text{Capital employed}^{(3)}}{\text{Shareholders' equity}}$$

$$= \frac{92.4}{3{,}533.1} \times \frac{3{,}533.1}{422.2} \times \frac{422.2}{238.0}$$

$$38.8\% = 2.6\% \times 8.4 \text{ times} \times 1.8 \text{ times}$$

Notes
1) ROE is based on opening Shareholders funds.
2) Profit after tax attributable to equity holders of the Company.
3) Capital employed = Total equity + Net Debt