OPERATIONS AND FINANCIAL REVIEW

	FY 2013	FY 2014	FY 2015
INCOME STATEMENT			
Revenue	3,194	3,439	2,675
Operating margin	115.5	94.6	94.2
Profit after tax	20.9	2.7	6.5
Earnings per share (US cents per share)	1.39	0.18	0.43
BALANCE SHEET			
Fixed investments	366	382	331
Working capital	393	424	477
Total investments	**759**	**806**	**808**
Equity	557	536	485
Gross debt	265	331	369
Cash	63	61	46
Net debt (Gross debt less Cash)	202	270	323
Total capital	**759**	**806**	**808**
Gross debt to equity	0.48	0.62	0.76
Net debt to equity	0.36	0.50	0.67
Net asset value per share (US cents per share)	37.25	35.92	32.47

In US$' million, unless stated otherwise

	FY 2013	FY 2014	FY 2015
SEGMENTAL PERFORMANCE			
Sales volume (MT'000)			
Bulk	2,707	2,852	2,872
Consumer Pack	1,026	1,164	1,011
Total	3,733	4,016	3,883
Operating margin (US$'million)			
Bulk	73.7	41.6	37.2
Consumer Pack	41.7	53.0	57.0
Total	115.5	94.6	94.2
Operating margin per MT (US$)			
Bulk	27.2	14.6	13.0
Consumer Pack	40.6	45.6	56.4
Total	30.9	23.6	24.3

OPERATIONS AND FINANCIAL REVIEW

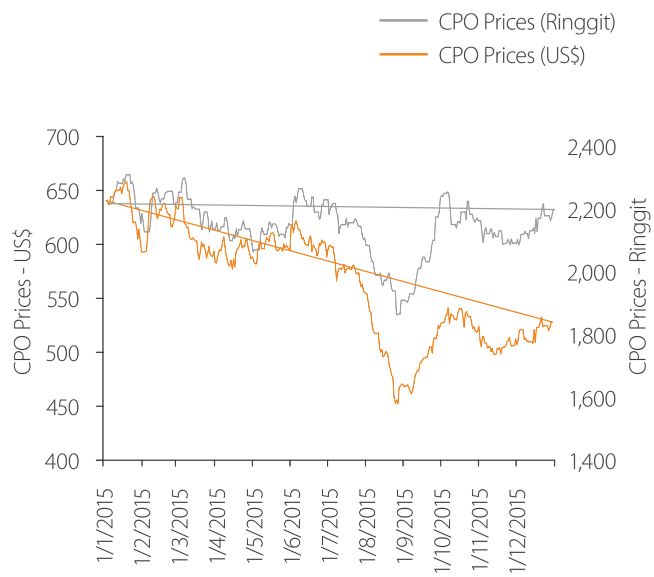
PALM OIL INDUSTRY IN 2015

Crude Palm oil ("CPO") prices remained range-bound between 2,100 and 2,300 ringgit for most of the year, though they breached the level of 2,100 ringgit for a short duration to touch a low of 1,850 ringgit. However volatile and weakening ringgit during the year resulted in high volatility in CPO prices in dollar terms resulting in pricing dropping 34% by end of August before closing the year 21% lower.

Low energy prices making production of bio-diesel commercially unviable, falling soybean oil prices, global economic slowdown and financial uncertainties during the second half of the year put pressure on demand side for palm oil and the inventory buildups reached record highs in Malaysia and Indonesia. Prices received some support towards the end of the year as concerns on supply side started cropping up. Due to El-Nino in 2015, production is expected to shrink in 2016.

Under widespread global slowdown and financial difficulties, Group remained selective in trade participations. It particularly witnesses weakened demand from middle-east amid high geopolitical risks, particularly for its bulk division. However, Group's competitive position in the Industry helped with participation in large part of the value chain including packing, branding and distribution of consumer pack products though it long-established customer network helped the Group to sustain its sales volumes at resilient margins.

CPO prices (ringgit and US$)

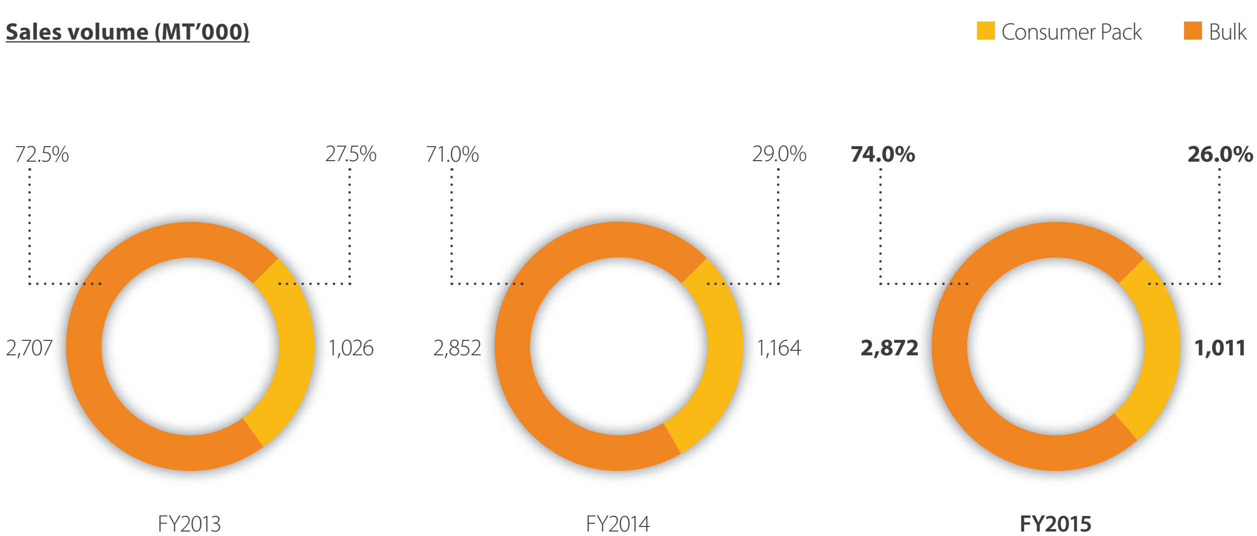


GROUP'S SALES VOLUME

The Group recorded sales volume of 3,883,000 MT compared to historical high of 4,015,700 MT last year. Sales volume for 2015 was 3.3% lower than volume achieved last year mainly due to weaker destination demand towards the end of the year. Bulk segment registered volume growth of 0.7% and contributed 74.0% of total volume. Consumer Pack segment slipped 13.1% and contributed 26.0% of total volume.

Our palm-based oils and fats business registered sales volume of 3.7 million MT and was significantly higher than the production from our recently increased installed capacity of 3.5 million MT.

Sales volume (MT'000)



GEOGRAPHICAL SPREAD

WELL DIVERSIFIED SALES REVENUE

The Group reported sales revenue of US$2,675 million in 2015, 22.2% lower than last year mainly due lower average selling prices.

Bulk segment registered revenue drop of 20.1% and contributed 70.1% of total revenue. Consumer Pack segment recorded revenue drop of 26.7% and contributing 29.9% of total revenue.

We strive to diversify our sales revenue across the globe and our efforts continued in 2015. Based on billing address of the customers, 47% 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, Rest of Asia and rest of world contributing 25%, 25%, 21% and 29% of total destination sales respectively. Destination sales to America and Europe contributed 24% of sales compared to 15% last year.

Destination sales for both Bulk and Consumer Pack segments remained strong. 29% of Bulk segment sales were made to destination markets with Middle East, Rest of Asia and rest of world contributing 38%, 38% and 24% respectively. 89% of Consumer Pack segment sales were made to destination markets with Africa, Middle East, Europe, Asia and rest of world contributing 43%, 17%, 17%, 8% and 15% respectively.

	FY 2014	FY 2015
Malaysia/Singapore	52%	53%
Destination	48%	47%
Total	**100%**	**100%**
Africa	29%	25%
Middle East	31%	25%
Rest of Asia	21%	21%
America	8%	11%
Europe	7%	13%
Pacific Oceania	4%	5%

OPERATING MARGINS

The Group measures and tracks the performance in terms of Operating Margin per MT sales volume and resultant total operating margin. OM is calculated by adjusting the depreciation in cost of sales, selling and distribution expenses and foreign exchange differences in other gains or losses to gross profit.

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.

Amid tough operating conditions for the industry, our operating margin remained resilient at US$24.3 per MT, compared to US$23.6 achieved last year. Industry conditions, particularly for the refiners, remained challenging resulting in Bulk segment margin decreasing to US$13.0 per MT compared to US$14.6 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$56.4 per MT compared to US$45.6 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 39.5% and 60.5% of total operating margin respectively.

Total	FY 2014	**FY 2015**	*Change %*
Sales volume (MT'000)	4,015.7	**3,883.0**	-3.3%
OM per MT (US$)	23.6	**24.3**	3.0%
Operating margin (US$mil)	**94.6**	**94.2**	-0.4%

Bulk	FY 2014	**FY 2015**	*Change %*
Sales volume (MT'000)	2,852.2	**2,871.7**	0.7%
OM per MT (US$)	14.6	**13.0**	-11.0%
Operating margin (US$mil)	**41.6**	**37.2**	-10.6%

Consumer Pack	FY 2014	**FY 2015**	*Change %*
Sales volume (MT'000)	1,163.5	**1,011.3**	-13.1%
OM per MT (US$)	45.6	**56.4**	23.7%
Operating margin (US$mil)	**53.0**	**57.0**	7.5%

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.

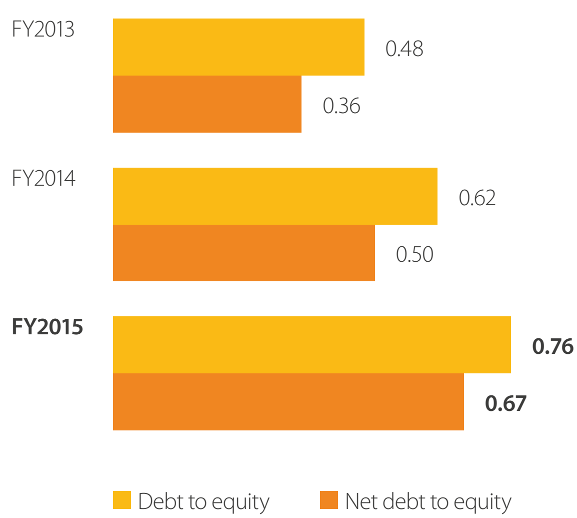
As at 31 Dec 2015, we maintained prudent debt to equity ratio of 0.76 or net debt to equity ratio of 0.67. Current low net debt to equity ratio, well below our target limit of 1.5 leaves enough scope for us to raise additional debt to support our growth plans.

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 2015, long-term investments of US$331.1 million were funded by equity and long-term debt of 84.7% and 15.3% respectively giving net debt to equity ratio of 0.18. Working capital of US$476.6 million were funded by equity and current net-debt of 42.8% and 57.2% respectively giving net debt to equity ratio of 1.34.

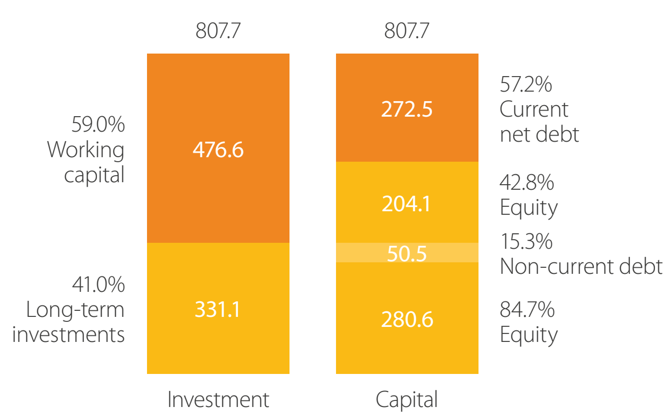
We maintain adequate working capital credit lines to support our business. Our current working capital lines utilisation was 45.4% of total credit lines available.

Though we have efficient, large scale, integrated production facilities and strong distribution network, we had a cycle time of 68 days in 2015 due to the Group carried higher inventories.

Debt to equity and net debt to equity



Balance sheet (US$'mil)



FORGING AHEAD