

Unaudited Financial Statements For The First Quarter Ended 31 March 2018

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Some figures and percentages within the explanations may not exactly match due to rounding off.

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Part I Information Required for Quarterly (Q1, Q2 & Q3), Half-Year and Full Year Announcements

1(a)(i) INCOME STATEMENT

	Note	Group		
		THREE MONTHS ENDED		
		31 Mar 2018	31 Mar 2017	Change
		US\$'000	US\$'000	%
Revenue	8.1.2	836,898	727,895	15.0%
Cost of sales	8.1.3	(801,046)	(693,134)	15.6%
Gross profit	8.1.4	35,852	34,761	3.1%
Other income	8.1.8	1,248	581	114.8%
Other gains	8.1.6	17,870	3,692	384.0%
Expenses				
- Selling and distribution	8.1.5	(20,212)	(14,380)	40.6%
- Administrative	8.1.9	(23,842)	(17,624)	35.3%
- Finance	8.1.10	(3,373)	(2,001)	68.6%
Share of profit of associated company		23	8	187.5%
Profit before tax	8.1.11	7,566	5,037	50.2%
Income tax expense	8.1.12	(2,703)	(1,259)	114.7%
Profit after tax	8.1.13	4,863	3,778	28.7%
Profit after tax attributable to:				
Equity holders of the Company	8.1.13	4,846	3,965	22.2%
Non-controlling interests		17	(187)	n.m.
		4,863	3,778	28.7%

The Group measures and tracks the earnings in terms of Operating Margin ("OM") as calculated below.

	Group		
	THREE MONTHS ENDED		
	31 Mar 2018	31 Mar 2017	Change
	US\$'000	US\$'000	%
Gross profit	35,852	34,761	3.1%
Add: Depreciation in Cost of sales	3,122	2,526	23.6%
Less: Selling and distribution expenses	(20,212)	(14,380)	40.6%
Add: Foreign exchange gains	17,945	3,683	387.2%
Operating margin	36,707	26,590	38.0%

n.m. – not meaningful

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1(a)(ii) STATEMENT OF COMPREHENSIVE INCOME

	Group		
	THREE MONTHS ENDED		
	31 Mar 2018	31 Mar 2017	Change
	US\$'000	US\$'000	%
Profit after tax	4,863	3,778	28.7%
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences arising from foreign subsidiaries, net of tax			
- Gains	8,369	1,844	353.9%
Other comprehensive income, net of tax	8,369	1,844	353.9%
Total comprehensive income, net of tax	13,232	5,622	135.4%
Total comprehensive income attributable to:			
Equity holders of the Company	13,233	5,729	131.0%
Non-controlling interests	(1)	(107)	-99.1%
	13,232	5,622	135.4%

n.m. – not meaningful

Unaudited Financial Statements For The First Quarter Ended 31 March 2018

1(b)(i) STATEMENT OF FINANCIAL POSITION

	Group			Company	
	As at 31 Mar 2018 US\$'000	As at 31 Dec 2017 US\$'000 (restated)	As at 1 Jan 2017 US\$'000 (restated)	As at 31 Mar 2018 US\$'000	As at 31 Dec 2017 US\$'000
ASSETS					
Current assets					
Inventories	333,515	367,840	222,629	-	-
Trade receivables	276,647	252,427	256,413	-	-
Other receivables	88,639	85,498	51,457	263,068	250,668
Current income tax recoverable	3,028	7,092	6,535	-	-
Derivative financial instruments	48,530	65,969	49,654	17	-
Cash and cash equivalents	69,376	69,593	50,034	444	155
	819,735	848,419	636,722	263,529	250,823
Non-current assets					
Property, plant and equipment	388,871	365,645	326,953	-	-
Investments in subsidiaries	-	-	-	849	849
Investment in associated company	478	435	348	-	-
Deferred income tax assets	3,090	2,914	9,735	-	-
Derivative financial instruments	8,400	7,443	3,234	-	-
	400,839	376,437	340,270	849	849
Total assets	1,220,574	1,224,856	976,992	264,378	251,672
LIABILITIES					
Current liabilities					
Trade payables	163,212	146,642	123,968	-	-
Other payables	69,612	93,364	76,975	151	168
Current income tax liabilities	2,661	3,331	4,320	564	768
Derivative financial instruments	35,532	22,351	32,629	-	41
Borrowings	367,374	385,413	194,882	-	-
	638,391	651,101	432,774	715	977
Non-current liabilities					
Deferred income tax liabilities	36,445	37,035	27,186	685	319
Borrowings	15,041	19,064	30,983	-	-
	51,486	56,099	58,169	685	319
Total liabilities	689,877	707,200	490,943	1,400	1,296
NET ASSETS	530,697	517,656	486,049	262,978	250,376
EQUITY					
Capital and reserves attributable to equity holders of the					
Share capital	1,501	1,501	1,501	1,501	1,501
Share premium	180,012	180,012	180,012	180,012	180,012
Other reserves	(25,867)	(34,254)	(51,991)	3,509	3,509
Retained profits	374,110	369,264	359,238	77,956	65,354
	529,756	516,523	488,760	262,978	250,376
Non-controlling interests	941	1,133	(2,711)	-	-
Total equity	530,697	517,656	486,049	262,978	250,376

Unaudited Financial Statements For The First Quarter Ended 31 March 2018

1(b)(ii) GROUP'S BORROWINGS AND DEBT SECURITIES

	Group		Group	
	As at		As at	
	31 Mar 2018		31 Dec 2017	
	Secured	Unsecured	Secured	Unsecured
	US\$'000	US\$'000	US\$'000	US\$'000
The amount repayable in one year or less, or on demand	13,744	353,630	13,158	372,255
The amount repayable after one year	15,041	-	19,064	-
	28,785	353,630	32,222	372,255

Details of collaterals

Certain borrowings are collateralised by certain property, plant and equipment that are financed by certain banks and financial institutions. The collaterals also include corporate guarantees by the Company.

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1(c) STATEMENT OF CASH FLOWS

	Group	
	THREE MONTHS ENDED	
	31 Mar 2018	31 Mar 2017
	US\$'000	US\$'000
Cash flows from operating activities		
Profit after tax	4,863	3,778
Adjustments for:		
- Income tax expense	2,703	1,259
- Depreciation	4,704	4,060
- Gains on disposal of property, plant and equipment	(187)	(13)
- Property, plant and equipment written off	-	1
- Interest income	(250)	(178)
- Interest expense	3,373	2,001
- Share of profit of associated company	(23)	(8)
Operating cash flows before working capital changes	15,183	10,900
Changes in operating assets and liabilities:		
- Inventories	47,507	19,125
- Trade and other receivables	(28,426)	(25,768)
- Trade and other payables	(4,345)	(32,606)
- Derivative financial instruments	24,511	2,690
Cash flows from/(used in) operations	54,430	(25,659)
Interest received	76	44
Interest paid	(3,373)	(2,001)
Income tax paid	(1,246)	(7,147)
Increase in restricted short term bank deposits	(697)	-
Net cash flows from/(used in) operating activities	49,190	(34,763)
Cash flows from investing activities		
Increase in other receivables	(4,856)	(1,155)
Additions to property, plant and equipment	(13,248)	(8,270)
Proceeds from disposals of property, plant and equipment	229	14
Net cash flows used in investing activities	(17,875)	(9,411)
Cash flows from financing activities		
Increase in restricted short term bank deposits	(40)	-
Proceeds from long term borrowings	782	423
Repayment of long term borrowings	(5,322)	(7,520)
Net (repayment to)/proceeds from short term borrowings	(29,250)	49,901
Interest received	174	134
Dividends paid to non-controlling interest	(191)	(200)
Net cash flows (used in)/from financing activities	(33,847)	42,738
Net change in cash and cash equivalents	(2,532)	(1,436)
Cash and cash equivalents at beginning of the financial period	65,850	49,845
Effect of changes in exchange rate on cash and cash equivalents	1,578	620
Cash and cash equivalents at end of the financial period	64,896	49,029
Represented by:		
Cash and bank balances	69,376	49,220
Less: restricted short term bank deposits	(4,480)	-
Less: bank overdrafts	-	(191)
Cash and cash equivalents per consolidated statement of cash flows	64,896	49,029

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1(c) STATEMENT OF CASH FLOWS (continued)

Reconciliation of liabilities arising from financing activities

	1 Jan 2018	Proceeds from borrowings	Non-cash changes			31 Mar 2018
			Principal and interest payments	Foreign exchange movement	Interest expense	
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Borrowings	404,477	782	(37,945)	11,728	3,373	382,415

MEWAH INTERNATIONAL INC.

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1(d)(i) STATEMENT OF CHANGES IN EQUITY

For the period from 1 Jan 2018 to 31 Mar 2018 Group	Attributable to Equity Holders of the Company								Total	Non- controlling interests	Total equity
	Share capital	Share premium	Capital redemption reserve	Merger reserve	General reserve	Asset revaluation reserve	Currency translation reserve	Retained profits			
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Beginning of the financial period											
As previously stated	1,501	180,012	3,509	(53,005)	(720)	8,518	(27,276)	403,984	516,523	1,133	517,656
Application of SFRS(I) equivalent of IFRS 1	-	-	-	-	-	(8,518)	43,238	(34,720)	-	-	-
Beginning of the financial period (restated)	1,501	180,012	3,509	(53,005)	(720)	-	15,962	369,264	516,523	1,133	517,656
Profit for the period	-	-	-	-	-	-	-	4,846	4,846	17	4,863
Other comprehensive income for the period	-	-	-	-	-	-	8,387	-	8,387	(18)	8,369
Total comprehensive income for the period	-	-	-	-	-	-	8,387	4,846	13,233	(1)	13,232
Dividend paid	-	-	-	-	-	-	-	-	-	(191)	(191)
Total transactions with owners, recognised directly in equity	-	-	-	-	-	-	-	-	-	(191)	(191)
End of the financial period	1,501	180,012	3,509	(53,005)	(720)	-	24,349	374,110	529,756	941	530,697

For the period from 1 Jan 2017 to 31 Mar 2017 Group	Attributable to Equity Holders of the Company								Total	Non- controlling interests	Total equity
	Share capital	Share premium	Capital redemption reserve	Merger reserve	General reserve	Asset revaluation reserve	Currency translation reserve	Retained profits			
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Beginning of the financial period											
As previously stated	1,501	180,012	3,509	(53,005)	(2,495)	8,518	(41,660)	392,380	488,760	(2,711)	486,049
Application of SFRS(I) equivalent of IFRS 1	-	-	-	-	-	(8,518)	41,660	(33,142)	-	-	-
Beginning of the financial period (restated)	1,501	180,012	3,509	(53,005)	(2,495)	-	-	359,238	488,760	(2,711)	486,049
Profit for the period	-	-	-	-	-	-	-	3,965	3,965	(187)	3,778
Other comprehensive income for the period	-	-	-	-	-	-	1,764	-	1,764	80	1,844
Total comprehensive income for the period	-	-	-	-	-	-	1,764	3,965	5,729	(107)	5,622
Dividend paid	-	-	-	-	-	-	-	-	-	(200)	(200)
Total transactions with owners, recognised directly in equity	-	-	-	-	-	-	-	-	-	(200)	(200)
End of the financial period (restated)	1,501	180,012	3,509	(53,005)	(2,495)	-	1,764	363,203	494,489	(3,018)	491,471

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1(d)(i) STATEMENT OF CHANGES IN EQUITY (continued)

For the period from 1 Jan 2018 to 31 Mar 2018 Company	Attributable to Equity Holders of the Company				
	Share	Share	Capital	Retained	Total
	capital	premium	redemption	profits	equity
	US\$'000	US\$'000	reserve	US\$'000	US\$'000
Beginning of the financial period	1,501	180,012	3,509	65,354	250,376
Profit for the period	-	-	-	12,602	12,602
Total comprehensive income for the period	-	-	-	12,602	12,602
End of the financial period	1,501	180,012	3,509	77,956	262,978

For the period from 1 Jan 2017 to 31 Mar 2017 Company	Attributable to Equity Holders of the Company				
	Share	Share	Capital	Retained	Total
	capital	premium	redemption	profits	equity
	US\$'000	US\$'000	reserve	US\$'000	US\$'000
Beginning of the financial period	1,501	180,012	3,509	90,754	275,776
Profit for the period	-	-	-	1,393	1,393
Total comprehensive income for the period	-	-	-	1,393	1,393
End of the financial period	1,501	180,012	3,509	92,147	277,169

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1(d)(ii) SHARE CAPITAL

Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

	No. of ordinary shares	Share capital US\$'000
FY 2018		
Issued and fully paid ordinary shares		
Balance at beginning/end of the financial year	1,500,667,440	1,501
FY 2017		
Issued and fully paid ordinary shares		
Balance at beginning/end of the financial year	1,500,667,440	1,501

1(d)(iii) TO SHOW THE TOTAL NUMBER OF ISSUED SHARES EXCLUDING TREASURY SHARES AS AT THE END OF THE CURRENT FINANCIAL PERIOD AND AS AT THE END OF THE IMMEDIATELY PRECEDING YEAR

The Company's total number of issued shares is 1,500,667,440 as at 31 Mar 2018 (31 Dec 2017: 1,500,667,440).

The Company did not hold any treasury shares as at 31 Mar 2018 (31 Dec 2017: Nil). There were no unissued shares of the Company or its subsidiaries under option as at 31 Mar 2018 (31 Dec 2017: Nil).

1(d)(iv) A STATEMENT SHOWING ALL SALES, TRANSFERS, CANCELLATION AND/OR USE OF TREASURY SHARES AS AT THE END OF THE CURRENT FINANCIAL PERIOD REPORTED ON

Not applicable.

1(d)(v) A STATEMENT SHOWING ALL SALES, TRANSFERS, CANCELLATION AND/OR USE OF SUBSIDIARY HOLDINGS AS AT THE END OF THE CURRENT FINANCIAL PERIOD REPORTED ON.

Not applicable.

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2. WHETHER THE FIGURES HAVE BEEN AUDITED OR REVIEWED, AND IN ACCORDANCE WITH WHICH AUDITING STANDARD OR PRACTICE

The financial statements presented have not been audited or reviewed by the Company's independent auditors.

3. WHERE THE FIGURES HAVE BEEN AUDITED OR REVIEWED, THE AUDITORS' REPORT (INCLUDING ANY QUALIFICATIONS OR EMPHASIS OF A MATTER)

Not applicable.

4. WHETHER THE SAME ACCOUNTING POLICIES AND METHODS OF COMPUTATION AS IN THE ISSUER'S MOST RECENTLY AUDITED ANNUAL FINANCIAL STATEMENTS HAVE BEEN APPLIED

Except for the adoption of the new financial reporting framework as discussed in the paragraph below, the Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current period compared to the Group's most recently audited financial statements for the year ended 31 December 2017.

On 1 January 2018, the Group has adopted a new financial reporting framework, Singapore Financial Reporting Standards (International) (SFRS(I)s) and has prepared its first set of financial information under SFRS(I)s for the quarter ended 31 March 2018.

In adopting SFRS(I)s, the Group is required to apply all of the specific transition requirements in SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)*. The Group's opening balance sheet under SFRS(I) has been prepared as at 1 January 2017, which is the Group's date of transition to SFRS(I)s.

The adoption of the new financial reporting framework has no material impact to the Group's accounting policies and financial statements except for the following:

Application of SFRS(I) equivalent of IFRS 1

(i) Cumulative translation differences

The Group has elected to set the cumulative translation differences for all foreign operations to be zero as at the date of transition to SFRS(I) on 1 January 2017. As a result, other reserves and retained profits as at 1 January 2017 and 1 January 2018 were increased/reduced by US\$41,660,000 and US\$43,238,000 respectively.

(ii) Deemed cost exemption

The Group has elected and regarded the carrying amount of certain property, plant and equipment as their deemed cost at the date of transition to SFRS(I) on 1 January 2017. As a result, the Group's asset revaluation reserve was reclassified directly into retained profits on the date of initial adoption and other reserves and retained profits as at 1 January 2017 were reduced/increased by \$8,518,000 respectively.

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5. IF THERE ARE ANY CHANGES IN THE ACCOUNTING POLICIES AND METHODS OF COMPUTATION, INCLUDING ANY REQUIRED BY AN ACCOUNTING STANDARD, WHAT HAS CHANGED, AS WELL AS THE REASONS FOR, AND THE EFFECT OF, THE CHANGE

Except as disclosed under paragraph 4, there was no change to the accounting policies and method of computation in the financial statements.

6. EARNINGS PER ORDINARY SHARE OF THE GROUP FOR THE CURRENT FINANCIAL PERIOD REPORTED ON AND THE CORRESPONDING PERIOD OF THE IMMEDIATELY PRECEDING FINANCIAL YEAR, AFTER DEDUCTING ANY PROVISION FOR PREFERENCE DIVIDENDS:-

- (a) Based on the weighted average number of ordinary shares on issue; and
(b) On a fully diluted basis (detailing any adjustments made to the earnings)

	Group	
	THREE MONTHS ENDED	
	31 Mar 2018	31 Mar 2017
Basic and diluted based on weighted average number of shares (US cents per share)	0.32	0.26
Weighted average number of shares applicable to basic and diluted earnings per share ('000)	1,500,667	1,500,667

7. NET ASSET VALUE (FOR THE ISSUER AND GROUP) PER ORDINARY SHARE BASED ON THE TOTAL NUMBER OF ISSUED SHARES EXCLUDING TREASURY SHARES OF THE ISSUER AT THE END OF THE:-

- (a) current financial period reported on; and
(b) immediately preceding financial year

	Group		Company	
	As at		As at	
	31 Mar 2018	31 Dec 2017	31 Mar 2018	31 Dec 2017
Net asset value per ordinary share based on issued share capital as at end of the period (US cents per share)	35.30	34.42	17.52	16.68

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8. A REVIEW OF THE PERFORMANCE OF THE GROUP, TO THE EXTENT NECESSARY FOR A REASONABLE UNDERSTANDING OF THE GROUP'S BUSINESS. IT MUST INCLUDE A DISCUSSION OF THE FOLLOWING:-

(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and

(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

8.1 Income statement

The Group's business consists of two segments, namely Bulk segment and Consumer Pack segment.

The Bulk segment produces and sells vegetable-based edible oil and fat products such as Refined, Bleached and Deodorised ("RBD") palm oil, RBD palm olein and RBD palm stearin, in bulk form primarily to distributors and factories involved in the production of confectionery, bakery products and other food items.

The Consumer Pack segment produces vegetable-based edible oil and fat products, in the form of consumer packs and sells under own brands and under the brands of third parties, primarily to importers and distributors at destination markets. The specialty fats and confectionary oils are sold primarily to distributors, and factories involved in the production of confectionery, bakery products and other food items. Besides edible oil and fat products, the Group also sells rice and dairy products in consumer pack form under its own brands.

The following table summarises the segmental sales volume, sales revenue and OM:

For the period	Total			Bulk			Consumer Pack		
	Q1 2018	Q1 2017	Change	Q1 2018	Q1 2017	Change	Q1 2018	Q1 2017	Change
Sales volume (MT'000)	1,116.1	881.6	26.6%	839.1	621.3	35.1%	277.0	260.3	6.4%
Revenue (US\$'million)	836.9	727.9	15.0%	604.8	500.2	20.9%	232.1	227.7	1.9%
Average selling prices (US\$)	749.8	825.7	-9.2%	720.8	805.1	-10.5%	837.9	874.8	-4.2%
OM (US\$'million)	36.7	26.6	38.0%	22.3	14.7	51.7%	14.4	11.9	21.0%
OM per MT (US\$)	32.9	30.2	8.9%	26.6	23.7	12.2%	52.0	45.7	13.8%

OM relating to inter-segment sales is reported under the segment where the final sales to third parties are made.

For the first quarter of 2018, the crude palm oil price was range-bound between 2,400 and 2550 ringgit largely due to an oversupply market and challenging operating conditions. Nevertheless, the Group continued to have strong and committed demand under its Bulk segment from its regular destination markets which helped to maintain our operating margins at healthy level. The Consumer Pack segment too continued to sustain its stable operating margin in line with seasonal demand. This is mainly attributable to our strong distribution network and operation scalability which helped us to continue to improve our sales volume and operating margin. Overall, net profit after tax attributable to equity holders of the Company for the quarter increased by 22.2% to US\$4.8 million.

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8.1.1 Sales volume

For the first quarter ended 31 Mar 2018 (“Q1 2018”), Group’s sales volume improved to 1,116,100 MT, 26.6% higher than last year (“Q1 2017”). Bulk segment recorded an increase of 35.1% to 839,100 MT and Consumer Pack segment recorded an increase of 6.4% to 277,000 MT this year. The segments contributed 75.2% and 24.8% of total sales volume respectively (Q1 2017: 70.5% and 29.5% respectively).

8.1.2 Revenue

For Q1 2018, revenue increased 15.0% to US\$836.9 million due to 26.6% increase in sales volume, partially offset by 9.2% lower average selling prices. Bulk segment registered an increase of 20.9% to US\$604.8 million in revenue due to 35.1% higher sales volume partially offset by 10.5% lower average selling prices. For Consumer Pack segment, revenue increased 1.9% to US\$232.1 million due to 6.4% higher sales volume partially offset by 4.2% lower average selling prices. Bulk and Consumer Pack segments contributed 72.3% and 27.7% of the total revenue respectively (Q1 2017: 68.7% and 31.3% respectively).

8.1.3 Cost of sales

	Group		
	THREE MONTHS ENDED		
	31 Mar 2018	31 Mar 2017	Change
	US\$'000	US\$'000	%
Cost of inventories	785,087	688,645	14.0%
Losses/(gains) from derivative financial instruments	4,840	(4,103)	n.m.
	789,927	684,542	15.4%
Labour costs and other overheads	11,119	8,592	29.4%
Total	801,046	693,134	15.6%

n.m. – not meaningful

For Q1 2018, the Group recorded losses from derivative financial instruments of US\$4.8 million compared to gains of US\$4.1 million last year. Variance is explained by changes in the fair value of derivative financial instruments from the date of the contracts, to the relevant financial reporting date and upon settlement. Cost of inventories coupled with losses or gains from derivative financial instruments, increased 15.4%. Labour costs and other overheads increased 29.4% to US\$11.1 million. Taking into account labour costs and other overheads, cost of sales increased 15.6% in line with 15.0% increase in revenue .

8.1.4 Gross profit

For Q1 2018, an increase of US\$109.0 million in revenue and an increase of US\$107.9 million in cost of sales resulted in gross profit increasing by US\$1.1 million.

The Group reviews the performance at operating margin level as explained under section 8.1.7.

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8.1.5 Selling and distribution expenses

	Group		
	THREE MONTHS ENDED		
	31 Mar 2018	31 Mar 2017	Change
	US\$'000	US\$'000	%
Freight	13,515	9,196	47.0%
Storage, handling and forwarding	6,458	5,839	10.6%
Export duties	239	1,166	-79.5%
Net reversal for impairment of trade receivables	(474)	(2,962)	-84.0%
Other selling and distribution expenses	474	1,141	-58.5%
Total	20,212	14,380	40.6%

Freight, storage, handling and forwarding expenses, export duties and other selling and distribution expenses are generally passed-on to customers through the selling prices. The amounts may vary from period to period depending on the sale-terms with the customers.

Allowance for impairment of trade receivables is made based on the assessment of recovery from customers. Subsequent to the allowance made, when the amount is recovered or when the Group has strong reasons to expect recovery, such allowance is reversed.

8.1.6 Other gains

	Group		
	THREE MONTHS ENDED		
	31 Mar 2018	31 Mar 2017	Change
	US\$'000	US\$'000	%
Foreign exchange gains	17,945	3,683	387.2%
Gains on disposal of property, plant and equipment	187	13	1338.5%
Property, plant and equipment written off	-	(1)	-100.0%
Impairment losses on other receivables	(262)	-	n.m.
Others	-	(3)	n.m.
Total	17,870	3,692	384.0%

Foreign exchange gains or losses arise within the entities in the Group when transactions are denominated in currencies other than the entities' functional currencies. Variance is explained by changes in the exchange rates from the dates of transactions to the dates of settlements or the financial reporting date. The Group uses currency forward contracts to hedge against the foreign exchange fluctuation risk resulting from commodities forward contracts. The foreign exchange gains or losses being of hedging nature are better not read in isolation.

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8.1.7 Operating margin

For Q1 2018, total operating margin increased 38.0% to US\$36.7 million on the back of 26.6% sales volume and improved OM of US\$32.9 per MT compared to US\$30.2 last year. Both Bulk and Consumer Pack segments' operating margin improved 51.7% and 21.0% respectively. For Bulk segment, 35.1% higher sales volume and higher OM of US\$26.6 per MT compared to US\$23.7 resulted in operating margin increasing to US\$22.3 million. For Consumer Pack segment, 6.4% higher sales volume and higher OM of US\$52.0 per MT compared to US\$45.7 last year resulted in operating margin increasing to US\$14.4 million. The segments contributed 60.8 % and 39.2% of total operating margin respectively (Q1 2017: 55.3% and 44.7% respectively).

8.1.8 Other income

For Q1 2018, other income of US\$1.2 million (Q1 2017: US\$0.6 million) included interest income of US\$0.3 million (Q1 2017: US\$0.2 million).

Interest income depends upon the credit terms of the sales and interest recovery for any delayed payments by customers.

8.1.9 Administrative expenses

For Q1 2018, administrative expenses increased to US\$23.9 million from US\$17.6 million for the corresponding quarter last year. The increase was mainly on account of appreciation of currencies in the jurisdiction where the Group operates against the US dollar as well as higher manpower cost as a result of capital expenditure expansion activities undertaken in Westport and Pasir Gudang.

8.1.10 Finance costs

For Q1 2018, finance costs i.e. interest on borrowings increased from US\$2.0 million to US\$3.4 million. Variations were mainly due to changes in the levels of borrowings for the relevant periods.

8.1.11 Profit before tax

For Q1 2018, profit before tax increased US\$2.5 million mainly on account of US\$10.1 million higher operating margin partially offset by increase of US\$8.3 million in other operating expenses and increase of US\$0.7 million in other income.

The profit before tax included depreciation of US\$4.7 million (Q1 2017: US\$4.1 million)

8.1.12 Income tax

The weighted average effective tax rate was 35.7% compared to 25.0% last year due to change in the mix of results of our subsidiaries in the various jurisdictions and the differences in taxable profits and accounting profits.

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8.1.13 Profit after tax

For Q1 2018, the Group reported a profit after tax of US\$4.9 million compared to US\$3.8 million for Q1 2017. Profit after tax attributable to equity holders of the Company was US\$4.8 million compared to US\$4.0 million for Q1 2017.

8.2 Statement of financial position

8.2.1 Current assets

Current assets decreased US\$28.7 million from US\$848.4 million to US\$819.7 million mainly due to:

- (a) increase of US\$24.2 million in trade receivables, giving trade receivables days of 30 days (31 Dec 2017: 31 days).
- (b) increase of US\$3.1 million in other receivables mainly due to increase in advance payments for capital expenditure projects.
- (c) decrease of US\$17.4 million in derivative financial instruments assets due to changes in the fair value of derivative financial instruments from the date of the contracts to the financial reporting date.
- (d) decrease of US\$34.3 million in inventories, giving inventories days of 38 days (31 Dec 2017: 49 days).

8.2.2 Non-current assets

Non-current assets mainly consisting of property, plant and equipment increased US\$24.4 million from US\$376.4 million to US\$400.8 million mainly due to appreciation of currencies in the jurisdiction where the Group operates against the US dollar as at 31 Mar 2018 compared to 31 Dec 2017, capital expenditure for expansion in Westport and Pasir Gudang and acquisition of vessels partially offset by depreciation.

8.2.3 Total liabilities

Total liabilities decreased US\$17.3 million from US\$707.2 million to US\$689.9 million mainly due to:

- (a) decrease of US\$23.8 million in other payables mainly due to decrease of payable for commodity trading margin payment.
- (b) decrease of US\$22.1 million in borrowings due to decrease in working capital requirements and as part of overall cash flow planning.
- (c) increase of US\$16.6 million in trade payables, giving trade payables days of 19 days (31 Dec 2017: 20 days). Amount of trade payables depends on payment terms for the purchases and is part of overall cash flow planning.
- (d) increase of US\$13.2 million in derivative financial instruments liabilities due to changes in the fair value of derivative financial instruments from the date of the contracts to the financial reporting date.

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8.3 Consolidated statement of cash flows

Q1 2018

The Group generated operating cash flows of US\$15.2 million before working capital changes. Adjusting for changes in working capital, there were cash inflows of US\$54.4 million. The Group utilised US\$5.2 million for net interest and income tax and increase in restricted short-term bank deposits. US\$17.9 million was used for investing activities. US\$33.8 million was used in financing activities. After adjusting for effect of changes in exchange rate, cash and cash equivalents decreased US\$1.0 million to US\$64.9 million.

9. WHERE A FORECAST, OR A PROSPECT STATEMENT, HAS BEEN PREVIOUSLY DISCLOSED TO SHAREHOLDERS, ANY VARIANCE BETWEEN IT AND THE ACTUAL RESULTS

No forecast or no prospect statement was previously disclosed to shareholders.

10. A COMMENTARY AT THE DATE OF THE ANNOUNCEMENT OF THE SIGNIFICANT TRENDS AND COMPETITIVE CONDITIONS OF THE INDUSTRY IN WHICH THE GROUP OPERATES AND ANY KNOWN FACTORS OR EVENTS THAT MAY AFFECT THE GROUP IN THE NEXT REPORTING PERIOD AND THE NEXT 12 MONTHS

The outlook for the palm oil industry remains challenging with low prices, difficult operating conditions like rising operating costs, and refining margin pressures. Despite these, the Group remains positive on its performance due to operational efficiencies arising from our large scale of integrated refineries & world-class manufacturing capabilities, high value supply chain and large customer base at the destination markets of over 100 countries. Therefore, the Group remains cautiously optimistic about our future performance.

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11. DIVIDEND

(a) Whether an interim (final) ordinary dividend has been declared (recommended) for the current financial period reported on?

No

(b) Amount per share and previous corresponding period

(i) Current Financial Period Reported On

Name of dividend	Interim exempt dividends
Dividend type	Nil
Dividend amount per share (Singapore cent per share)	Nil

(ii) Corresponding period of the immediately preceding financial year

Name of dividend	Interim exempt dividends
Dividend type	Nil
Dividend amount per share (Singapore cent per share)	Nil

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated)

Not applicable

(d) Date Payable

Not applicable

(e) Books Closure Date

Not applicable

12. IF NO DIVIDEND HAS BEEN DECLARED OR RECOMMENDED, A STATEMENT TO THAT EFFECT

No dividend has been declared or recommend for the first quarter ended 31 March 2018.

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13. IF THE GROUP HAS OBTAINED A GENERAL MANDATE FROM SHAREHOLDERS FOR IPTs, THE AGGREGATE VALUE OF SUCH TRANSACTIONS AS REQUIRED UNDER RULE 920(1)(A)(II). IF NO IPT MANDATE HAS BEEN OBTAINED, A STATEMENT TO THAT EFFECT.

Name of Interested Person	Aggregate value of all IPT during the period under review (excluding transactions less than SGD100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all IPT conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than SGD100,000)
	Q1 2018 US\$'000	Q1 2018 US\$'000
Prelude Gateway Sdn. Bhd.	98	901
Perfect Venue Sdn. Bhd	16	NIL
Ecolex Sdn. Bhd.	42	4,753
Containers Printers Pte Ltd	NIL	129
Nature International Pte Ltd	NIL	17
Mr Cheo Seng Jin	411	NIL
Mr Cheo Tiong Choon	409	NIL
Kent Holidays (S) Pte Ltd	60	NIL
Choon Heng Logistics Pte Ltd	42	NIL

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14. NEGATIVE CONFIRMATION PURSUANT TO RULE 705(5)

We, Dr Cheo Tong Choon @ Lee Tong Choon and Michelle Cheo Hui Ning, being two of the directors of Mewah International Inc. (the “Company”), do hereby confirm on behalf of the directors of the Company, that, to the best of our knowledge, nothing has come to the attention of the board of directors of the Company which may render the financial results of the Company and of the Group for the financial period ended 31 March 2018 to be false or misleading, in any material aspect.

On behalf of the Board of Directors,

DR CHEO TONG CHOON @ LEE TONG CHOON
Chairman and Executive Director

MICHELLE CHEO HUI NING
Chief Executive Officer and Executive Director

15. CONFIRMATION THAT THE ISSUER HAS PROCURED UNDERTAKINGS FROM ALL ITS DIRECTORS AND EXECUTIVE OFFICERS (IN THE FORMAT SET OUT IN APPENDIX 7.7) UNDER RULE 720(1)

The Company has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7 of the Mainboard Rules) under Rule 720(1) of the Mainboard Rules.

BY ORDER OF THE BOARD

MICHELLE CHEO HUI NING
Chief Executive Officer and Executive Director
11 May 2018