

CEO's Message

Despite tough market conditions, through exercising prudence and emphasising on operational efficiencies, Mewah delivered resilient earnings and continued to maintain a sound balance sheet and strong financial fundamentals. We sustained a short cycle time of 42 days, adequate trade finance credit of up to 64% unutilised and a healthy cash flow.

Review of Financial Year 2011

Our efforts in cost controls and operational efficiencies enabled us to sail through the tough times and deliver positive performance for 2011. Although our cost of sale increased by 31.1%, from US\$3,266.8 million to US\$4,282.3 million, the Group's revenue increased from US\$3,533.1 million in 2010 to US\$4,467.9 million in 2011. Coupled with the cost control measures that the Group put in place, Mewah was able to deliver net profit attributable to shareholders of US\$42.2 million in 2011.

For 2011, total sales volume was 3,649.9 thousand Metric Tonne (MT), 5.2% lower than last year. The decrease in sales volume arose primarily because of the lower sales volume registered by the bulk segment that was most vulnerable to the volatile operating environment – a decrease of 7.2% in 2011 from 2010. In comparison, stronger sales in the consumer pack segment – an increase of 1.5% – partially offset the drop in the sales volume.

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Our Strategy and Expansion Plans

Fortifying our leadership position as an integrated palm oil refiner, we will continue to reinforce our partnerships with the existing partners and customers through delivering quality products and prompt services on one hand and investing in efficient production facilities on the other.

In line with this strategy, the Group invested in a shortening and a soap plant, increased the capacity of our Cocoa Butter Substitutes (CBS) plant in Westport, Selangor, Malaysia and invested in a new CBS plant in Pasir Gudang, Johor, Malaysia. Refining capacity of the Group is also set to increase from current 2.800 million metric tonnes to 3.430 million metric tonnes by end of 2013, with the completion of a new refinery and packaging facilities in Indonesia. These projects aim to boost our manufacturing capabilities, expand our customer base and serve our customers better.

In the long run, Mewah aims to position itself as a key player in the integrated global food business. With that goal firmly in sight, the Group looks to broaden and deepen its merchandising, marketing and distribution network. In 2011, we increased our stakes in Molly Foods bvba to 70%. This effectively increases our participation in the downstream of the value chain, strengthening our foothold in the international markets.

Mewah's strong position as an integrated palm oil player supported by large scale integrated production facilities, well-established brands and strong distribution capabilities position us favourably to embrace the opportunities as and when they arise.

Concurrently, we have also initiated projects to expand our range of consumer products. Amongst which, we have started dairy products manufacturing facilities, that is expected to synergise with our current palm oil business and the marketing and distribution network of our current consumer pack segment.

As we set in motion the future plans for the Group, we remain cautious of the volatile economy outlook. Therefore, we will continue to be prudent in our participation in trade flows and be more discerning in selecting our customers and trade terms in the short run.

Our Future Outlook

In view of continuing weak global macro factors, weakening global growth, tightening financial markets and tough market conditions, our business outlook for 2012 remains cautious. However, we remain optimistic on long term industry outlook for the palm oil industry and our business prospects as integrated supply chain manager.

As economic conditions improve, we expect midstream and downstream players in palm oil industry to benefit

from slowing production growth in palm oil, and expected drop in soya bean production in 2012 and rising demand. Mewah's strong position as an integrated palm oil player supported by large scale integrated production facilities, well-established brands and strong distribution capabilities position us favourably to embrace the opportunities as and when they arise.

As we move forward, we remain committed to building sustainable growth and returns for the Group and long term value for all our stakeholders. On the back of a challenging year, I would like to take this opportunity to extend our sincere appreciation to our employees, suppliers, customers, bankers and shareholders for their unwavering support and belief in Mewah. Thank you for your continued partnership and confidence in the Group.

Ms Michelle Cheo

Chief Executive Office & Executive Director