

CHAIRMAN'S MESSAGE

WE STAYED FOCUSED ON REINFORCING OUR CAPABILITIES AND EVALUATING OPPORTUNITIES WITH THE OBJECT OF ACHIEVING AN INTEGRATED BUSINESS MODEL. WE APPLIED A 4-PRONGED APPROACH, NAMELY, CONSOLIDATING OUR POSITION IN PALM BASED OILS AND FATS BUSINESS, EXPANDING OUR RANGE OF CONSUMER PRODUCTS, INVESTING IN EFFICIENT PRODUCTION FACILITIES AND FORTIFYING OUR MARKETING AND DISTRIBUTION NETWORK

The world economic situation continued being unstable and uncertain in 2012. The palm oil industry faced unique challenges of its own. Throughout the year, crude palm oil (CPO) prices kept falling due to high carry-over stocks in the originating countries, increased CPO production and weaker export demand. Aggravated by tough operating conditions for the Malaysian palm oil refiners due to export tax disadvantage compared to Indonesian peers, many in the industry witnessed adverse impact on their businesses.

For yet another year, we remained selective in trade participation weighing the risks and rewards and avoided any unwarranted risks. Amidst tough operating conditions, we stood firm as one to ride out the storm with unwavering commitment.

We stayed focussed on reinforcing our capabilities and evaluating opportunities with the object of achieving an integrated business model. We applied a 4-pronged approach, namely, consolidating our position in palm based oils and fats business, expanding our range of consumer products, investing in efficient production facilities and fortifying our marketing and distribution network. Our holistic strategy underpinned by a forward vision will see us standing as one of the leading palm oil processors in the world.

As we enter 2013, with the difficult industry conditions, the Group will continue to be vigilant. We are confident that the numerous challenges presented will consolidate the industry in the longer term and benefit stronger players. On our part, we look to increase our refining capacity in Malaysia and explore opportunities with other non-oil products in order to enhance our existing portfolio.

To show our appreciation to shareholders for their trust and support under current difficult circumstances, I am pleased to announce that the Board has declared a final exempt dividend of \$0.0055 per ordinary share. This, with the interim dividend of \$0.0030 brings the total dividend for the full year to S\$0.0085 per ordinary share.

I wish to take this opportunity to offer my sincere gratitude for the dedication and pivotal contribution of our employees and Board members. With their unyielding support and guidance, I am confident that we will be able to overcome the challenges ahead of us.

DR CHEO TONG CHOON
Chairman and Executive Director