

CEO's Message

Financial Year 2010 was a year of laying the foundation to start a new chapter of growth. We delivered a robust and consistent financial performance for another year amidst volatile market conditions. We further strengthened our already strong financial position by raising more equity through an initial public offer to support our growth plans. During the year, we acquired controlling stake in our distributor in West Africa which will not only broaden our market reach but also open doors to manufacture and distribute other products having synergies with our current business. During 2010, we also initiated various expansion projects including a refinery with a capacity of 525,000 M.T. increasing the capacity for specialty fats by 210,000 M.T., a consumer packs project to produce soap and shortenings. A new chapter in our journey is just unfolding!

Review of FY 2010

Mewah delivered a robust, stable and consistent financial performance for the year 2010 despite tough global economic environment and volatile commodity prices. Tough market conditions and volatile market conditions were test of our robust and operationally flexible business model that has been delivering consistent earnings and we passed the test with flying colours. Our net profit US\$92.4 million was 3.1% higher than last year. Excluding exceptional items i.e. IPO expenses, our net profit of US\$97.2 million was 8.4% higher than the last year. The company achieved earnings per share of US cents 7.08 per share.

Our sales of 3.85 million M.T. were 37.6% higher than our current refining capacity of 2.8 million M.T. adding to our confidence that we will be able to accelerate the capacity utilisation for our new refinery with an installed capacity of half a million M.T. currently under construction. Our current refineries continued to operate at capacity utilisation of more than 90%. Our consumer pack segment with higher margins registered an impressive growth of 20.5% in the sales volumes.

Our sales remain well diversified spanning over 100 countries. Africa and Middle East continues to be our strong markets for consumer packs sales, contributing over 70% of the sales of the segment.

We ended the year with a much stronger Balance Sheet with a total equity of US\$509 million, and a conservative debt to equity ratio of 0.64. Our Balance Sheet is stronger than ever to support our growth plans.

Our operational efficiency was reflected in our low cycle time of 43 days. Our high asset turnover ratio of 8.4 times with profit margin of 2.6%, combined with a comfortable leverage

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ratio of 1.8 times helped us achieve an impressive return on the equity of 38.8%.

Our key success factors

Over the last five decades, we have positioned ourselves as an integrated edible oils and fats business participating in the attractive parts of the value chain. Our efficient and strategically located large scale integrated production facilities act as global factories closer to raw material and help us to keep our cost of production low, provide operational efficiencies and provide entry barriers. We have our own established and recognised consumer brands that give us access to larger pool of customers while creating customer loyalty. Our well balanced experienced management team provides us competitive advantage in tough market conditions.

Preparing for the future

With our current competitive position in the industry we have sight on consolidating our position further as an integrated player of agri-based consumer products. As a strategy, we plan to expand ranges of agri-based consumer products, broaden our marketing and distribution reach and invest in demand driven production facilities.

In 2010, we acquired majority stake in Molly Foods bvba that will help us to consolidate our integrated position in the downstream part of the value chain, broaden and depend our marketing and distribution network and open opportunities for other consumer products having manufacturing and distribution synergies with our current business.

We are also undertaken various expansion plans to increase our current refining capacity from 2.8 million M.T. to 3.3 million M.T., increase specialty fats capacity from 70 thousand M.T. to 280 thousand M.T., building facilities to produce soap and shortening.

We have set our sight to increase our presence in China, by setting packing plants to start with and scale up the investments for manufacturing. We are exploring other organic and inorganic opportunities to further strengthen our position as an integrated agri-based consumer products business. With our well defined strategy, focused demand-driven expansion of the business, our competitive position in the industry, supported by our strong balance sheet, we are well poised to grow further.

We believe that there will be many opportunities for us in the near future. Overall, our focus is to continue to build sustainable growth, and continued profitability to create long term value for all our stakeholders.

I would like to take this opportunity to thank our employees, suppliers, customers, bankers and shareholders for their support in helping to make 2010 a successful year for us as a Group. We are also grateful for the continued partnership and confidence in the Company.

Michelle Cheo

Chief Executive Office & Executive Director