

## Unaudited Financial Statements For The First Quarter Ended 31 March 2017

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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 2017	31 Mar 2016	Change
		US\$'000	US\$'000	%
Revenue	8.1.2	727,895	711,421	2.3%
Cost of sales	8.1.3	(693,134)	(686,809)	0.9%
Gross profit	8.1.4	34,761	24,612	41.2%
Other income	8.1.8	581	1,122	-48.2%
Other gains	8.1.6	3,692	16,176	-77.2%
Expenses				
- Selling and distribution	8.1.5	(14,380)	(18,208)	-21.0%
- Administrative	8.1.9	(17,624)	(16,306)	8.1%
- Finance	8.1.10	(2,001)	(3,455)	-42.1%
Share of profit of associated company		8	2	300.0%
Profit before tax	8.1.11	5,037	3,943	27.7%
Income tax expense	8.1.12	(1,259)	(964)	30.6%
<b>Profit after tax</b>	8.1.13	<b>3,778</b>	<b>2,979</b>	<b>26.8%</b>
<b>Profit after tax attributable to:</b>				
<b>Equity holders of the Company</b>	8.1.13	<b>3,965</b>	<b>2,920</b>	<b>35.8%</b>
Non-controlling interests		(187)	59	n.m.
		<b>3,778</b>	<b>2,979</b>	<b>26.8%</b>

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

	Group		
	THREE MONTHS ENDED		
	31 Mar 2017	31 Mar 2016	Change
	US\$'000	US\$'000	%
Gross profit	34,761	24,612	41.2%
Add: Depreciation in Cost of sales	2,526	2,667	-5.3%
Less: Selling and distribution expenses	(14,380)	(18,208)	-21.0%
Add: Foreign exchange gains	3,683	16,166	-77.2%
<b>Operating margin</b>	<b>26,590</b>	<b>25,237</b>	<b>5.4%</b>

n.m. – not meaningful

Unaudited Financial Statements For The First Quarter Ended 31 March 2017

**1(a)(ii) STATEMENT OF COMPREHENSIVE INCOME**

	Group		
	THREE MONTHS ENDED		
	31 Mar 2017	31 Mar 2016	Change
	US\$'000	US\$'000	%
<b>Profit after tax</b>	<b>3,778</b>	2,979	26.8%
<b>Other comprehensive income:</b>			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences arising from foreign subsidiaries, net of tax	<b>1,844</b>	15,742	-88.3%
<b>Other comprehensive income, net of tax</b>	<b>1,844</b>	15,742	-88.3%
<b>Total comprehensive income, net of tax</b>	<b>5,622</b>	18,721	-70.0%
<b>Total comprehensive income attributable to:</b>			
<b>Equity holders of the Company</b>	<b>5,729</b>	19,019	-69.9%
Non-controlling interests	<b>(107)</b>	(298)	-64.1%
	<b>5,622</b>	18,721	-70.0%

n.m. – not meaningful

Unaudited Financial Statements For The First Quarter Ended 31 March 2017

**1(b)(i) STATEMENT OF FINANCIAL POSITION**

	Group		Company	
	As at	As at	As at	As at
	31 Mar 2017	31 Dec 2016	31 Mar 2017	31 Dec 2016
	US\$'000	US\$'000	US\$'000	US\$'000
<b>ASSETS</b>				
<b>Current assets</b>				
Inventories	205,968	222,629	-	-
Trade receivables	257,669	256,413	-	-
Other receivables	75,337	51,457	276,817	275,685
Current income tax recoverable	6,149	6,535	-	-
Derivative financial instruments	64,194	49,654	-	124
Cash and cash equivalents	49,220	50,034	621	85
	<b>658,537</b>	<b>636,722</b>	<b>277,438</b>	<b>275,894</b>
<b>Non-current assets</b>				
Property, plant and equipment	335,483	326,953	-	-
Investments in subsidiaries	-	-	849	849
Investment in associated company	361	348	-	-
Deferred income tax assets	10,450	9,735	-	-
Derivative financial instruments	14,529	3,234	-	-
	<b>360,823</b>	<b>340,270</b>	<b>849</b>	<b>849</b>
<b>Total assets</b>	<b>1,019,360</b>	<b>976,992</b>	<b>278,287</b>	<b>276,743</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Trade payables	114,348	123,968	-	-
Other payables	52,931	76,975	156	173
Current income tax liabilities	1,133	4,320	204	137
Derivative financial instruments	63,259	32,629	59	-
Borrowings	246,793	194,882	-	-
	<b>478,464</b>	<b>432,774</b>	<b>419</b>	<b>310</b>
<b>Non-current liabilities</b>				
Deferred income tax liabilities	24,891	27,186	699	657
Borrowings	24,534	30,983	-	-
	<b>49,425</b>	<b>58,169</b>	<b>699</b>	<b>657</b>
<b>Total liabilities</b>	<b>527,889</b>	<b>490,943</b>	<b>1,118</b>	<b>967</b>
<b>NET ASSETS</b>	<b>491,471</b>	<b>486,049</b>	<b>277,169</b>	<b>275,776</b>
<b>EQUITY</b>				
<b>Capital and reserves attributable to equity holders of the Company:</b>				
Share capital	1,501	1,501	1,501	1,501
Share premium	180,012	180,012	180,012	180,012
Other reserves	(83,369)	(85,133)	3,509	3,509
Retained profits	396,345	392,380	92,147	90,754
	<b>494,489</b>	<b>488,760</b>	<b>277,169</b>	<b>275,776</b>
<b>Non-controlling interests</b>	<b>(3,018)</b>	<b>(2,711)</b>	<b>-</b>	<b>-</b>
<b>Total equity</b>	<b>491,471</b>	<b>486,049</b>	<b>277,169</b>	<b>275,776</b>

Unaudited Financial Statements For The First Quarter Ended 31 March 2017

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

	Group		Group	
	As at		As at	
	31 Mar 2017		31 Dec 2016	
	Secured	Unsecured	Secured	Unsecured
	US\$'000	US\$'000	US\$'000	US\$'000
The amount repayable in one year or less, or on demand	14,367	232,426	14,102	180,780
The amount repayable after one year	24,534	-	30,983	-
	<b>38,901</b>	<b>232,426</b>	45,085	180,780

**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.

Unaudited Financial Statements For The First Quarter Ended 31 March 2017

**1(c) STATEMENT OF CASH FLOWS**

	Group	
	THREE MONTHS ENDED	
	31 Mar 2017	31 Mar 2016
	US\$'000	US\$'000
<b>Cash flows from operating activities</b>		
Profit after tax	3,778	2,979
Adjustments for:		
- Income tax expense	1,259	964
- Depreciation	4,060	4,303
- Gains on disposal of property, plant and equipment	(13)	(12)
- Property, plant and equipment written off	1	2
- Interest income	(178)	(787)
- Interest expense	2,001	3,455
- Share of profit of associated company	(8)	(2)
- Exchange differences (net)	(2,112)	(3,859)
<b>Operating cash flows before working capital changes</b>	<b>8,788</b>	<b>7,043</b>
Changes in operating assets and liabilities:		
- Inventories	16,661	31,264
- Trade and other receivables	(23,981)	(69,444)
- Trade and other payables	(33,664)	22,865
- Derivative financial instruments	4,795	5,798
<b>Cash flows used in operations</b>	<b>(27,401)</b>	<b>(2,474)</b>
Interest received	44	647
Interest paid	(2,001)	(3,455)
Income tax paid	(7,147)	(2,307)
<b>Net cash flows used in operating activities</b>	<b>(36,505)</b>	<b>(7,589)</b>
<b>Cash flows from investing activities</b>		
Increase in other receivables	(1,155)	(1,298)
Additions to property, plant and equipment	(8,270)	(5,678)
Proceeds from disposals of property, plant and equipment	14	25
<b>Net cash flows used in investing activities</b>	<b>(9,411)</b>	<b>(6,951)</b>
<b>Cash flows from financing activities</b>		
Proceeds from long term borrowings	423	1,351
Repayment of long term borrowings	(7,520)	(11,365)
Net proceed from short term borrowings	51,643	58,902
Interest received	134	140
Dividends paid to non-controlling interest	(200)	(143)
<b>Net cash flows from financing activities</b>	<b>44,480</b>	<b>48,885</b>
<b>Net change in cash and cash equivalents</b>	<b>(1,436)</b>	<b>34,345</b>
Cash and cash equivalents at beginning of the financial period	49,845	45,407
Effect of changes in exchange rate on cash and cash equivalents	620	94
<b>Cash and cash equivalents at end of the financial period</b>	<b>49,029</b>	<b>79,846</b>
<b>Represented by:</b>		
Cash and bank balances	49,220	80,050
Less: bank overdrafts	(191)	(204)
<b>Cash and cash equivalents per consolidated statement of cash flows</b>	<b>49,029</b>	<b>79,846</b>

**MEWAH INTERNATIONAL INC.**

(Incorporated in the Cayman Islands. Registration Number: CR-166055)

**Unaudited Financial Statements For The First Quarter Ended 31 March 2017**
**1(d)(i) STATEMENT OF CHANGES IN EQUITY**

For the period from 1 Jan 2017 to 31 Mar 2017 Group	Attributable to Equity Holders of the Company							Retained profits US\$'000	Total US\$'000	Non- controlling interests US\$'000	Total equity US\$'000
	Share capital US\$'000	Share premium US\$'000	Capital redemption reserve US\$'000	Merger reserve US\$'000	General reserve US\$'000	Asset revaluation reserve US\$'000	Currency translation reserve US\$'000				
<b>Beginning of the financial period</b>	<b>1,501</b>	<b>180,012</b>	<b>3,509</b>	<b>(53,005)</b>	<b>(2,495)</b>	<b>8,518</b>	<b>(41,660)</b>	<b>392,380</b>	<b>488,760</b>	<b>(2,711)</b>	<b>486,049</b>
Profit for the period	-	-	-	-	-	-	-	3,965	3,965	(187)	3,778
Other comprehensive income for the period	-	-	-	-	-	-	1,764	-	1,764	80	1,844
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,764</b>	<b>3,965</b>	<b>5,729</b>	<b>(107)</b>	<b>5,622</b>
Dividend paid	-	-	-	-	-	-	-	-	-	(200)	(200)
<b>Total transactions with owners, recognised directly in equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(200)</b>	<b>(200)</b>
<b>End of the financial period</b>	<b>1,501</b>	<b>180,012</b>	<b>3,509</b>	<b>(53,005)</b>	<b>(2,495)</b>	<b>8,518</b>	<b>(39,896)</b>	<b>396,345</b>	<b>494,489</b>	<b>(3,018)</b>	<b>491,471</b>

For the period from 1 Jan 2016 to 31 Mar 2016 Group	Attributable to Equity Holders of the Company							Retained profits US\$'000	Total US\$'000	Non- controlling interests US\$'000	Total equity US\$'000
	Share capital US\$'000	Share premium US\$'000	Capital redemption reserve US\$'000	Merger reserve US\$'000	General reserve US\$'000	Asset revaluation reserve US\$'000	Currency translation reserve US\$'000				
<b>Beginning of the financial period</b>	<b>1,501</b>	<b>180,012</b>	<b>3,509</b>	<b>(53,005)</b>	<b>(2,495)</b>	<b>8,676</b>	<b>(30,685)</b>	<b>379,757</b>	<b>487,270</b>	<b>(2,562)</b>	<b>484,708</b>
Profit for the period	-	-	-	-	-	-	-	2,920	2,920	59	2,979
Other comprehensive income for the period	-	-	-	-	-	-	16,099	-	16,099	(357)	15,742
<b>Total comprehensive loss for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>16,099</b>	<b>2,920</b>	<b>19,019</b>	<b>(298)</b>	<b>18,721</b>
Dividend paid	-	-	-	-	-	-	-	-	-	(143)	(143)
<b>Total transactions with owners, recognised directly in equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(143)</b>	<b>(143)</b>
<b>End of the financial period</b>	<b>1,501</b>	<b>180,012</b>	<b>3,509</b>	<b>(53,005)</b>	<b>(2,495)</b>	<b>8,676</b>	<b>(14,586)</b>	<b>382,677</b>	<b>506,289</b>	<b>(3,003)</b>	<b>503,286</b>



MEWAH INTERNATIONAL INC.

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

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

For the period from 1 Jan 2016 to 31 Mar 2016 Company	Attributable to Equity Holders of the Company				
	Share capital US\$'000	Share premium US\$'000	Capital redemption reserve US\$'000	Retained profits US\$'000	Total equity US\$'000
<b>Beginning of the financial period</b>	<b>1,501</b>	<b>180,012</b>	<b>3,509</b>	<b>31,423</b>	<b>216,445</b>
Profit for the period	-	-	-	1,110	1,110
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,110</b>	<b>1,110</b>
<b>End of the financial period</b>	<b>1,501</b>	<b>180,012</b>	<b>3,509</b>	<b>32,533</b>	<b>217,555</b>

MEWAH INTERNATIONAL INC.

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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 also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares 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.

	No. of ordinary shares	Share capital US\$'000
<b>FY 2017</b>		
<b>Issued and fully paid ordinary shares</b>		
Balance at beginning/end of the financial year	1,500,667,440	1,501
<b>FY 2016</b>		
<b>Issued and fully paid ordinary shares</b>		
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 2017 (31 Dec 2016: 1,500,667,440).

The Company did not hold any treasury shares as at 31 Mar 2017 (31 Dec 2016: Nil). There were no unissued shares of the Company or its subsidiaries under option as at 31 Mar 2017 (31 Dec 2016: Nil).

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

Not applicable.

### 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.

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

The Group has adopted 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 2016. New or amended Financial Reporting Standards ("FRS") and Interpretation to FRS ("INT FRS") that are mandatory for financial year beginning on or after 1 January 2017 have been adopted by the Company. The adoption of these new or amended FRS and INT FRS has no material impact to the Group's accounting policies and financial statements.

**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**

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 2017	31 Mar 2016
Basic and diluted based on weighted average number of shares (US cents per share)	0.26	0.19
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 2017	31 Dec 2016	31 Mar 2017	31 Dec 2016
Net asset value per ordinary share based on issued share capital as at end of the period (US cents per share)	32.95	32.57	18.47	18.38

MEWAH INTERNATIONAL INC.

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Unaudited Financial Statements For The First Quarter Ended 31 March 2017

**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 Group's 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 quarter	Total			Bulk			Consumer Pack		
	Q1 2017	Q1 2016	Change	Q1 2017	Q1 2016	Change	Q1 2017	Q1 2016	Change
<b>Sales volume (MT'000)</b>	<b>881.6</b>	1,094.1	-19.4%	<b>621.3</b>	861.2	-27.9%	<b>260.3</b>	232.9	11.8%
<b>Revenue (US\$'million)</b>	<b>727.9</b>	711.4	2.3%	<b>500.2</b>	543.4	-7.9%	<b>227.7</b>	168.0	35.5%
Average selling prices (US\$)	825.7	650.2	27.0%	805.1	631.0	27.6%	874.8	721.3	21.3%
<b>OM (US\$'million)</b>	<b>26.6</b>	25.2	5.4%	<b>14.7</b>	16.3	-9.8%	<b>11.9</b>	8.9	33.7%
OM per MT (US\$)	30.2	23.1	30.7%	23.7	18.9	25.4%	45.7	38.2	19.6%

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

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Crude Palm Oil (“CPO”) prices had surged 43% in 2016 to close the year at 3,210 ringgit. The prices continued to rise and reached 3,350 ringgit by the 2nd week of February. The surge in prices were mainly due to shortage of inventories in Indonesia and Malaysia as a result of low production caused by El-Nino.

As the outlook for production improved, prices made a sharp correction and dropped to 2,900 ringgit by the end of the first quarter, a drop of 13% in less than two months. Current stock levels continued to be low and demand from destination markets remained sluggish after the festival seasons amid volatile prices.

### **8.1.1 Sales volume**

For the first quarter ended 31 Mar 2017 (“Q1 2017”), Group’s sales volume of 881,600 MT was 19.4% lower than last year (“Q1 2016”). Bulk segment recorded a drop of 27.9% to 621,300 MT while Consumer Pack saw an increase of 11.8% to 260,300 MT. The segments contributed 70.5% and 29.5% of total sales volume respectively (Q1 2016: 78.7% and 21.3% respectively).

### **8.1.2 Revenue**

Revenue increased 2.3% to US\$727.9 million on the back of 27.0% increase in average selling prices despite 19.4% lower sales volume. For Bulk segment, 27.6% higher average selling prices but 27.9% lower sales volume resulted in revenue decreasing 7.9% to US\$500.2 million. Revenue for Consumer Pack segment increased 35.5% to US\$227.7 million supported by 11.8% higher sales volume and 21.3% higher average selling prices. The segments contributed 68.7% and 31.3% of the total revenue respectively (Q1 2016: 76.4% and 23.6% respectively).

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**8.1.3 Cost of sales**

	<b>Group</b>		
	<b>THREE MONTHS ENDED</b>		
	<b>31 Mar 2017</b>	<b>31 Mar 2016</b>	<b>Change</b>
	<b>US\$'000</b>	<b>US\$'000</b>	<b>%</b>
Cost of inventories	<b>688,645</b>	648,173	6.2%
(Gains)/Losses from derivative financial instruments	<b>(4,103)</b>	29,980	n.m.
	<b>684,542</b>	678,153	0.9%
Labour costs and other overheads	<b>8,592</b>	8,656	-0.7%
<b>Total</b>	<b>693,134</b>	686,809	0.9%

n.m. – not meaningful

The Group recorded gains from derivative financial instruments of US\$4.1 million compared to losses of US\$30.0 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 gains or losses from derivative financial instruments, marginally increased by 0.9%. Labour costs and other overheads decreased 0.7% to US\$8.6 million. Taking into account labour costs and other overheads, cost of sales increased 0.9% in line with 2.3% increase in revenue.

**8.1.4 Gross profit**

Increase of US\$16.5 million in revenue but a lower increase of US\$6.3 million in cost of sales resulted in gross profit increasing US\$10.1million.

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**

	<b>Group</b>		
	<b>THREE MONTHS ENDED</b>		
	<b>31 Mar 2017</b>	<b>31 Mar 2016</b>	<b>Change</b>
	<b>US\$'000</b>	<b>US\$'000</b>	<b>%</b>
Freight	<b>9,196</b>	9,467	-2.9%
Storage, handling and forwarding	<b>5,839</b>	5,216	11.9%
Export duties	<b>1,166</b>	218	434.9%
(Reversal of)/net allowance for impairment of trade receivables	<b>(2,962)</b>	1,957	n.m.
Other selling and distribution expenses	<b>1,141</b>	1,350	-15.5%
<b>Total</b>	<b>14,380</b>	18,208	-21.0%

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/(losses)**

	<b>Group</b>		
	<b>THREE MONTHS ENDED</b>		
	<b>31 Mar 2017</b>	<b>31 Mar 2016</b>	<b>Change</b>
	<b>US\$'000</b>	<b>US\$'000</b>	<b>%</b>
Foreign exchange gains	<b>3,683</b>	16,166	-77.2%
Property, plant and equipment written off	<b>(1)</b>	(2)	-50.0%
Gains on disposal of property, plant and equipment	<b>13</b>	12	8.3%
Others	<b>(3)</b>	-	n.m.
<b>Total</b>	<b>3,692</b>	16,176	-77.2%

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**

Operating margin increased 5.4% to US\$26.6 million from US\$25.2 million last year on the back of improved OM of US\$30.2 per MT compared to US\$23.1 last year despite 19.4% lower sales volume. For Bulk segment, an improved OM of US\$23.7 per MT compared to US\$18.9 last year but 27.9% lower sales volume resulted in operating margin decreasing 9.8% to US\$14.7 million. For Consumer Pack segment, operating margin increased 33.7% supported by higher sales volume and improved OM of US\$45.7 per MT compared to US\$38.2 last year. The segments contributed 55.3% and 44.7% of total operating margin respectively (Q1 2016: 64.6% and 35.4% respectively).

### **8.1.8 Other income**

Other income of US\$0.6 million (Q1 2016: US\$1.1 million) included interest income of US\$0.2 million (Q1 2016: US\$0.8 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**

Administrative expenses increased 8.1% to US\$17.6 million respectively mainly on account of higher manpower cost.

### **8.1.10 Finance costs**

Finance cost i.e. interest on borrowings decreased from US\$3.5 million to US\$2.0 million mainly due to changes in the levels of borrowings for the period.

### **8.1.11 Profit before tax**

Profit before tax increased US\$1.1 million from US\$3.9 million to US\$5.0 million on account of US\$1.4 million higher operating margin and decrease of US\$0.2 million other operating expenses, partially offset by decrease of US\$0.5 million in other income.

The profit before tax included depreciation of US\$4.1 million (Q1 2016: US\$4.3 million).

### **8.1.12 Income tax**

The weighted average effective tax rate marginally increased to 25.0% compared to 24.4% last year.

### **8.1.13 Profit after tax**

The Group reported a profit after tax of US\$3.8 million compared to US\$3.0 million. Profit after tax attributable to equity holders of the Company was US\$4.0 million compared to US\$2.9 million last year.



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## **8.2 Statement of financial position**

### **8.2.1 Current assets**

Current assets increased US\$21.8 million from US\$636.7 million to US\$658.5 million mainly due to:

- (a) increase of US\$1.3 million in trade receivables, giving trade receivables days of 32 days (31 Dec 2016: 31 days).
- (b) increase of US\$23.9 million in other receivables mainly due to increase of US\$16.8 million paid for commodity trading margin payment and increase of US\$4.9 million in refundable Goods Service Tax (GST).
- (c) increase of US\$14.5 million in derivative financial instruments assets due to higher changes in the fair value of derivative financial instruments from the date of the contracts to the financial reporting date.
- (d) decrease of US\$16.7 million in inventories, giving inventories days of 27 days (31 Dec 2016: 29 days).
- (e) decrease of US\$0.8 million in cash and cash equivalents.

### **8.2.2 Non-current assets**

Non-current assets mainly consisting of property, plant and equipment increased US\$8.5 million from US\$327.0 million to US\$335.5 million mainly due to capital expenditure for manufacturing facilities in Malaysia.

### **8.2.3 Total liabilities**

Total liabilities increased US\$36.9 million from US\$490.9 million to US\$527.9 million mainly due to:

- (a) increase of US\$30.6 million in derivative financial instruments liabilities due to higher changes in the fair value of derivative financial instruments from the date of the contracts to the financial reporting date.
- (b) increase of US\$45.5 million in borrowings due to increase in working capital requirements and as part of overall cash flow planning.
- (c) decrease of US\$9.6 million in trade payables, giving trade payables days of 15 days (31 Dec 2016: 16 days). Amount of trade payables depends on payment terms for the purchases and is part of overall cash flow planning.
- (d) decrease of US\$24.0 million in other payables mainly due to decrease of US\$25.6 million payable for commodity trading margin payment and it was in net receivable position as of 31 Mar 2017.

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### **8.3 Consolidated statement of cash flows**

#### **Q1 2017**

The Group generated operating cash flow of US\$8.8 million before working capital changes and cash outflow of US\$36.2 million due to increase in working capital requirements. The Group utilised US\$9.1 million for net interest and income tax and US\$9.4 million for investing activities. US\$44.5 million was generated from financing activities. After adjusting for effect of changes in exchange rate, cash and cash equivalents decreased US\$0.8 million to US\$49.0 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**

With higher production outlook, inventory levels are expected to improve and prices are expected to ease further and stabilise. After the slow start of the year due to low inventory levels and volatility in the prices, the Group expects the sales volumes to pick up as some stability in the prices sets in. The Group expects to remain competitively positioned to leverage its strengths in the palm oil value chain.

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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 third quarter ended 31 March 2017.

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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 2017 US\$'000	Q1 2017 US\$'000
Prelude Gateway Sdn. Bhd.	71	650
Perfect Venue Sdn. Bhd	15	NIL
Ecolex Sdn. Bhd.	11	7,017
Containers Printers Pte Ltd	NIL	491
Nature International Pte Ltd	NIL	776
Mr Cheo Seng Jin	381	NIL
Mr Cheo Tiong Choon	381	NIL
Kent Holidays (S) Pte Ltd	74	NIL
Choon Heng Logistics Pte Ltd	11	NIL
Futura Ingredients Singapore Pte Ltd	80	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 2017 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  
12 May 2017