

Unaudited Financial Statements For The First Quarter Ended 31 March 2019

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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		Change %
		THREE MONTHS ENDED		
		31 March 2019 US\$'000	31 March 2018 US\$'000	
Revenue	8.1.2	724,376	836,898	-13.4%
Cost of sales	8.1.3	(699,768)	(814,668)	-14.1%
Gross profit	8.1.4	24,608	22,230	10.7%
Other income	8.1.8	2,765	1,248	121.6%
Other gains (Note A)	8.1.6	5,269	17,870	-70.5%
Reversal of expected credit losses	8.1.5(a)	303	474	-36.1%
Expenses				
- Selling and distribution	8.1.5(b)	(7,932)	(7,064)	12.3%
- Administrative	8.1.9	(20,527)	(23,842)	-13.9%
- Finance	8.1.10	(4,395)	(3,373)	30.3%
Share of profit of associated company		25	23	8.7%
Profit before tax	8.1.11	116	7,566	-98.5%
Income tax credit/(expense)	8.1.12	587	(2,703)	n.m.
Profit after tax	8.1.13	703	4,863	-85.5%
Profit after tax attributable to:				
Equity holders of the Company	8.1.13	850	4,846	-82.5%
Non-controlling interests		(147)	17	n.m.
		703	4,863	-85.5%

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

	Group		Change %
	THREE MONTHS ENDED		
	31 March 2019 US\$'000	31 March 2018 US\$'000	
Gross profit	24,608	22,230	10.7%
Add: Depreciation in Cost of sales	3,376	3,122	8.1%
Less: Selling and distribution expenses	(7,932)	(7,064)	12.3%
Add: Reversal of expected credit losses	303	474	-36.1%
Add: Foreign exchange gains	5,225	17,945	-70.9%
Operating margin	25,580	36,707	-30.3%

n.m. – not meaningful

Note A Other gains included foreign exchange gains of US\$5.2 million for the quarter. 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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1(a)(ii) STATEMENT OF COMPREHENSIVE INCOME

	Group		Change %
	31 March 2019 US\$'000	31 March 2018 US\$'000	
Profit after tax	703	4,863	-85.5%
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences arising from foreign subsidiaries, net of tax			
- Gains	1,782	8,369	-78.7%
Total comprehensive income, net of tax	2,485	13,232	-81.2%
Total comprehensive income attributable to:			
Equity holders of the Company	2,623	13,233	-80.2%
Non-controlling interests	(138)	(1)	13700.0%
	2,485	13,232	-81.2%

n.m. – not meaningful

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1(b)(i) STATEMENT OF FINANCIAL POSITION

	Group		Company	
	As at 31 March 2019 US\$'000	As at 31 Dec 2018 US\$'000	As at 31 March 2019 US\$'000	As at 31 Dec 2018 US\$'000
ASSETS				
Current assets				
Inventories	405,843	401,675	-	-
Trade receivables	237,469	221,592	-	-
Other receivables	69,133	91,980	279,734	283,443
Current income tax recoverable	6,669	6,966	-	-
Derivative financial instruments	44,615	61,679	-	-
Cash and cash equivalents	47,631	48,611	7,200	590
	811,360	832,503	286,934	284,033
Non-current assets				
Intangible asset	5,496	5,496	-	-
Property, plant and equipment	430,695	412,229	-	-
Investments in subsidiaries	-	-	849	849
Investment in associated company	523	491	-	-
Deferred income tax assets	3,197	3,457	-	-
Derivative financial instruments	907	894	-	-
	440,818	422,567	849	849
Total assets	1,252,178	1,255,070	287,783	284,882
LIABILITIES				
Current liabilities				
Trade payables	135,302	142,154	-	-
Other payables	61,063	64,051	262	265
Contract liabilities	7,566	10,182	-	-
Lease liabilities	313	-	-	-
Current income tax liabilities	3,862	3,289	419	314
Derivative financial instruments	42,926	34,071	150	28
Borrowings	406,342	404,555	-	-
	657,374	658,302	831	607
Non-current liabilities				
Lease liabilities	7,058	-	-	-
Deferred income tax liabilities	27,714	30,253	1,176	1,029
Borrowings	37,533	46,310	-	-
	72,305	76,563	1,176	1,029
Total liabilities	729,679	734,865	2,007	1,636
NET ASSETS	522,499	520,205	285,776	283,246
EQUITY				
Capital and reserves attributable to equity holders of the				
Share capital	1,501	1,501	1,501	1,501
Share premium	180,012	180,012	180,012	180,012
Other reserves	(37,308)	(39,081)	3,509	3,509
Retained profits	377,944	377,094	100,754	98,224
	522,149	519,526	285,776	283,246
Non-controlling interests	350	679	-	-
Total equity	522,499	520,205	285,776	283,246

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

	Group As at 31 March 2019		Group As at 31 Dec 2018	
	Secured US\$'000	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000
The amount repayable in one year or less, or on demand	8,809	397,533	9,496	395,059
The amount repayable after one year	19,533	18,000	22,310	24,000
	28,342	415,533	31,806	419,059

The table above excludes current and non-current lease liabilities recognised due to the adoption of SFRS(I) 16, amounting to US\$313,000 and US\$7,058,000 respectively, which are secured over the right-of-use assets of US\$7,371,000 as at 31 Mar 2019.

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

	Note	Group	
		THREE MONTHS ENDED	
		31 March 2019	31 March 2018
		US\$'000	US\$'000
Cash flows from operating activities			
Profit after tax		703	4,863
Adjustments for:			
- Income tax (credit)/expense		(587)	2,703
- Depreciation		4,904	4,704
- Gains on disposal of property, plant and equipment		(62)	(187)
- Property, plant and equipment written off		18	-
- Interest income		(1,980)	(250)
- Interest expense		4,395	3,373
- Share of profit of associated company		(25)	(23)
Operating cash flows before working capital changes		7,366	15,183
Changes in operating assets and liabilities:			
- Inventories		(85)	47,507
- Trade and other receivables		2,303	(28,426)
- Contract liabilities		(2,616)	(1,285)
- Trade and other payables		(7,245)	(3,060)
- Derivative financial instruments		23,916	24,511
Cash flows from from operations		23,639	54,430
Interest received		1,871	76
Interest paid		(4,395)	(3,373)
Income tax paid		(1,120)	(1,246)
Increase in restricted short term bank deposits		-	(697)
Net cash flows from operating activities		19,995	49,190
Cash flows from investing activities			
Increase in other receivables		(630)	(4,856)
Additions to property, plant and equipment		(10,780)	(13,248)
Proceeds from disposals of property, plant and equipment		90	229
Net cash flows used in investing activities		(11,320)	(17,875)
Cash flows from financing activities			
Decrease/(Increase) in restricted short term bank deposits		333	(40)
Proceeds from long term borrowings		-	782
Repayment of long term borrowings		(3,605)	(5,322)
Net repayment to short term borrowings		(6,031)	(29,250)
Interest received		109	174
Repayment of lease liabilities		(78)	-
Dividends paid to non-controlling interest		(191)	(191)
Net cash flows used in financing activities		(9,463)	(33,847)
Net change in cash and cash equivalents		(788)	(2,532)
Cash and cash equivalents at beginning of the financial period		48,278	65,850
Effect of changes in exchange rate on cash and cash equivalents		141	1,578
Cash and cash equivalents at end of the financial period		47,631	64,896
Represented by:			
Cash and bank balances		47,631	69,376
Less: restricted short term bank deposits		-	(4,480)
Cash and cash equivalents per consolidated statement of cash flows		47,631	64,896

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1(c) STATEMENT OF CASH FLOWS (continued)

Reconciliation of liabilities arising from financing activities.

	1 Jan US\$'000	Proceeds from borrowings US\$'000	Principal payments US\$'000	<u>Non-cash changes</u> Foreign exchange movement US\$'000	31 Mar US\$'000
2019					
Borrowings	450,865	-	(9,636)	2,646	443,875
Lease liabilities	7,449	-	(78)	-	7,371
2018					
Borrowings	404,477	782	(34,572)	11,728	382,415

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

For the period from 1 Jan 2019 to 31 Mar 2019 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	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
Beginning of the financial period	1,501	180,012	3,509	(53,005)	(720)	11,135	377,094	519,526	679	520,205
Profit for the period	-	-	-	-	-	-	850	850	(147)	703
Other comprehensive income for the period	-	-	-	-	-	1,773	-	1,773	9	1,782
Total comprehensive income for the period	-	-	-	-	-	1,773	850	2,623	(138)	2,485
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)	12,908	377,944	522,149	350	522,499

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	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
Beginning of the financial period	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

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

	Attributable to Equity Holders of the Company				
	Share capital	Share premium	Capital redemption reserve	Retained profits	Total equity
For the period from 1 Jan 2019 to 31 Mar 2019 Company	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Beginning of the financial period	1,501	180,012	3,509	98,224	283,246
Profit for the period	-	-	-	2,530	2,530
Total comprehensive income for the period	-	-	-	2,530	2,530
End of the financial period	1,501	180,012	3,509	100,754	285,776

	Attributable to Equity Holders of the Company				
	Share capital	Share premium	Capital redemption reserve	Retained profits	Total equity
For the period from 1 Jan 2018 to 31 Mar 2018 Company	US\$'000	US\$'000	US\$'000	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

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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 2019		
Issued and fully paid ordinary shares		
Balance at beginning/end of the financial year	1,500,667,440	1,501
FY 2018		
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 2019 (31 Dec 2018: 1,500,667,440).

The Company did not hold any treasury shares as at 31 Mar 2019 (31 Dec 2018: Nil). There were no unissued shares of the Company or its subsidiaries under option as at 31 Mar 2019 (31 Dec 2018: 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.

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 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 2018.

The Group has adopted SFRS(I) 16 Leases retrospectively from 1 January 2019 but has not restated comparatives for the 2018 reporting period as permitted under the specific transition provisions in the standard.

On adoption of SFRS(I) 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of SFRS(I) 1-17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate as of 1 January 2019.

The Group has presented the right-of-use assets as part of property, plant and equipment and the corresponding lease liabilities of approximately US\$7,371,000 million in the statement of financial position of the Group as at 31 March 2019.

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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 March 2019	31 March 2018
Basic and diluted based on weighted average number of shares (US cents per share)	0.06	0.32
Weighted average number of shares applicable to basic and diluted earnings per share ('000)	1,500,667	1,500,667

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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 As at		Company As at	
	31 March 2019	31 Dec 2018	31 March 2019	31 Dec 2018
Net asset value per ordinary share based on issued share capital as at end of the period (US cents per share)	34.79	34.62	19.04	18.87

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.

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

For the period	Total			Bulk			Consumer Pack		
	Q1 2019	Q1 2018	Change	Q1 2019	Q1 2018	Change	Q1 2019	Q1 2018	Change
Sales volume (MT'000)	1,175.5	1,116.1	5.3%	897.9	839.1	7.0%	277.6	277.0	0.2%
Revenue (US\$'million)	724.4	836.9	-13.4%	514.8	604.8	-14.9%	209.6	232.1	-9.7%
Average selling prices (US\$)	616.2	749.8	-17.8%	573.3	720.8	-20.5%	755.0	837.9	-9.9%
OM (US\$'million)	25.6	36.7	-30.3%	10.8	22.3	-51.6%	14.8	14.4	2.8%
OM per MT (US\$)	21.8	32.9	-33.7%	12.0	26.6	-54.9%	53.3	52.0	2.5%

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

CPO prices in Q1 was range-bound with a monthly average of RM2,072 in Jan 2019, RM2,106 in Feb 2019 and declined to RM1,944 in Mar 2019. The declining CPO price was mainly due to high inventory levels in both Indonesia and Malaysia, coupled with weaker prices for soybean oils. This resulted in pressure on the operating margin for the Bulk segment. However, low prices helped to increase sales volumes in this segment. For the Consumer Pack segment, with our strong marketing and distribution networks, long established and well recognised brands and broader product portfolio, we managed to maintain our operating margin and sales volume.

8.1.1 Sales volume

For the first quarter ended 31 Mar 2019 ("Q1 2019"), the Group's sales volume has registered an increase of 5.3% to 1,175,500 MT. Bulk Segment recorded an increase of 7.0% to 897,900 MT and Consumer Pack segment recorded an increase of 0.2% to 277,600 MT this year. Bulk and Consumer Pack segments contributed 76.4% and 23.6% of total sales volume respectively (Q1 2018: 75.2% and 24.8% respectively).

8.1.2 Revenue

For Q1 2019, revenue decreased 13.4% to US\$724.4 million due to 17.8% lower average selling prices, partially offset by 5.3% higher sales volume. Both Bulk and Consumer Pack recorded a drop of 14.9% and 9.7% in revenue respectively. Bulk and Consumer Pack segments contributed 71.1% and 28.9% of total revenue respectively (Q1 2018: 72.3% and 27.7% respectively).

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8.1.3 Cost of sales

	Group		
	THREE MONTHS ENDED		
	31 March 2019	31 March 2018	Change
	US\$'000	US\$'000	%
Cost of inventories	659,459	798,709	-17.4%
Losses from derivative financial instruments	28,006	4,840	478.6%
	687,465	803,549	-14.4%
Labour costs and other overheads	12,303	11,119	10.6%
Total	699,768	814,668	-14.1%

For Q1 2019, the Group recorded losses from derivative financial instruments of US\$28.0 million compared to US\$4.8 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 decreased 14.4% after taking into account the losses from derivative financial instruments. Labour costs and other overheads increased 10.6% to US\$12.3 million. Taking into account labour costs and other overheads, cost of sales decreased 14.1%, in line with the decrease in revenue for the quarter.

8.1.4 Gross profit

For Q1 2019, a decrease of US\$112.5 million in revenue and a higher decrease of US\$114.9 million in cost of sales resulted in gross profit increasing by US\$2.4 million.

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

8.1.5(a) Reversal of expected credit losses

The Group has identified specific trade receivables that are credit impaired and recognised a loss allowance at amount equal to lifetime expected credit loss in respect of these receivables. For the remaining trade receivables, they are grouped based on similar risk characteristics and days past due to determine the expected credit loss rate to be applied. In calculating the expected credit loss rates, the Group considers historical loss rates and adjusts to reflect current and forward looking macroeconomic factors affecting the ability of the customers to settle the receivables.

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8.1.5(b) Selling and distribution expenses

	Group		
	THREE MONTHS ENDED		
	31 March 2019	31 March 2018	Change
	US\$'000	US\$'000	%
Freight	758	326	132.5%
Storage, handling and forwarding	6,266	6,025	4.0%
Export duties	143	239	-40.2%
Other selling and distribution expenses	765	474	61.4%
Total	7,932	7,064	12.3%

The 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.

8.1.6 Other gains

	Group		
	THREE MONTHS ENDED		
	31 March 2019	31 March 2018	Change
	US\$'000	US\$'000	%
Foreign exchange gains	5,225	17,945	-70.9%
Gains on disposal of property, plant and equipment	62	187	-66.8%
Property, plant and equipment written off	(18)	-	n.m.
Impairment losses on other receivables	-	(262)	-100.0%
Total	5,269	17,870	-70.5%

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.

8.1.7 Operating margin

For Q1 2019, on the back of lower operating margin of US\$21.8 per MT compared to US\$32.9 in Q1 2018 and 5.3% higher sales volumes, total operating margin decreased 30.3% to US\$25.6 million. Bulk segments' operating margin decreased 51.6% while Consumer Pack segment increased 2.8%. For Bulk segment, despite 7.0% higher sales volume, lower operating margin of US\$12.0 per MT compared to US\$26.6 in Q1 2018 resulted in operating margin decreasing to US\$10.8 million. For Consumer Pack segment, operating margin increased 2.8% to US\$14.8 million on the back of higher operating margin of US\$53.3 per MT compared to US\$52.0 in Q1 2018. The segments contributed 42.2% and 57.8% of total operating margin respectively (Q1 2018: 60.8% and 39.2% respectively).

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8.1.8 Other income

For Q1 2019, other income of US\$2.8 million (Q1 2018: US\$1.2 million) included interest income of US\$2.0 million (Q1 2018: US\$0.3 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 2019, administrative expenses decreased to US\$20.5 million from US\$23.8 million in Q1 2018 mainly on account of depreciation of currencies in the jurisdiction where the Group operates against the US dollar and lower manpower costs.

8.1.10 Finance costs

For Q1 2019, finance costs increased to US\$4.4 million from US\$3.4 million mainly due to higher interest rates and higher average bank borrowings.

8.1.11 Profit before tax

For Q1 2019, the profit before tax decreased US\$7.5 million from US\$7.6 million in Q1 2018 to US\$0.1 million for Q1 2019, due mainly to lower operating margin of US\$11.1 million, increase in finance costs of US\$1.0 million, partially offset by decrease in other operating expenses of US\$3.1 million and increase in other income of US\$1.5 million.

8.1.12 Income tax

For Q1 2019, income tax credit was US\$0.6 million compared to income tax expense of US\$2.7 million for the corresponding quarter 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.

8.1.13 Profit after tax

For Q1 2019, the Group reported a profit after tax of US\$0.7 million compared to US\$4.9 million. Profit after tax attributable to equity holders of the Company was US\$0.9 million compared to profit of US\$4.8 million for Q1 2018.

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8.2 Statement of financial position

8.2.1 Current assets

Current assets decreased US\$21.1 million from US\$832.5 million to US\$811.4 million mainly due to:

- (a) increase of US\$4.2 million in inventories, giving inventories days of 53 days (31 Dec 2018: 52 days).
- (b) increase of US\$15.9 million in trade receivables, giving trade receivables days of 30 days (31 Dec 2018: 27 days).
- (c) decrease of US\$22.8 million in other receivables mainly due to receipt of Goods Service Tax receivable.
- (d) decrease of US\$17.1 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.

8.2.2 Non-current assets

Non-current assets increased US\$18.2 million from US\$422.6 million to US\$440.8 million mainly due to appreciation of currencies in the jurisdiction where the Group operates against the US dollar as at 31 Mar 2019 compared to 31 Dec 2018, capital expenditure for expansion in Westport and recognition of right-of-use assets upon adoption of SFRS(I) 16 Leases, partially offset by depreciation.

8.2.3 Total liabilities

Total liabilities decreased US\$5.2 million from US\$734.9 million to US\$729.7 million mainly due to:

- (a) decrease of US\$3.0 million in other payables.
- (b) decrease of US\$2.6 million in contract liabilities.
- (c) increase of US\$7.4 million in lease liabilities due to recognition of lease liabilities upon adoption of SFRS(I) 16 Leases.
- (d) increase of US\$8.9 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.
- (e) decrease of US\$6.9 million in trade payables, giving trade payables days of 18 days (31 Dec 2018: 18 days). Amount of trade payables depends on payment terms for the purchases and is part of overall cash flow planning.
- (f) decrease of US\$7.0 million in borrowings due to decrease in working capital requirements and as part of overall cash flow planning.

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8.3 Consolidated statement of cash flows

Q1 2019

The Group generated operating cash flows of US\$7.4 million before working capital changes. US\$16.3 million was used up in working capital. The Group utilised US\$3.6 million for net interest, income tax and restricted short term bank deposits. US\$11.3 million was used for investing activities. US\$9.5 million was used in financing activities. After adjusting for effect of changes in exchange rate, cash and cash equivalents decreased US\$0.6 million to US\$47.6 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

CPO prices are expected to be slightly bullish due to the implementation of B10 and B20 mandates by the Malaysian and Indonesian Governments respectively. However with continued high inventory levels, refining margins are expected to remain under pressure. The Group remains optimistic for its long term prospects as it continues to be competitively positioned in the palm oil value chain with large scale strategically located integrated refineries, well established brands and broad product portfolio. The Group will continue to focus on operational efficiencies and productivity.

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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 for current 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 2019.

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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 2019 US\$'000	Q1 2019 US\$'000
Prelude Gateway Sdn. Bhd.	61	960
Ecolex Sdn. Bhd.	6	2,296
Containers Printers Pte Ltd	NIL	388
Mr Cheo Seng Jin	399	NIL
Mr Cheo Tiong Choon	399	NIL
Kent Holidays (S) Pte Ltd	82	NIL
Choon Heng Logistics Pte Ltd	52	NIL
Futura Ingredients Singapore Pte Ltd	83	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 2019 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
10 May 2019