

Building Capabilities

Mewah International Inc. Annual Report 2011



Oil



Fats



Soap



Dairy



Mewah

Mewah International Inc.

We are a global agri-business focused on edible oils and fats with refineries and processing facilities in Malaysia and Singapore, established brands and sales in over 100 countries.

We are strategically positioning ourselves to become an integrated food business by adding more consumer products to our product portfolio, leveraging manufacturing and marketing synergies.

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Global Brands Local Favourites



Our commitment to excellence, underscored by a strong foundation, enables us to surpass the expectations of our customers – each and every time.



Corporate Profile

Mewah Group is an integrated agri-business focused on edible oils and fats. One of the largest palm oil processors in the world by capacity, Mewah Group produces a wide range of refined and fractionated vegetable oils and fats principally from palm oil, as well as from lauric oils, such as palm kernel oil and coconut oil, and from soft oils, such as soybean oil, canola oil, sunflower seed oil and corn oil. Featuring an integrated operations throughout the edible oils and fats value chain, from the sourcing and processing of raw materials, to the packing, merchandising, shipping and distribution of the products, Mewah Group's products are sold to customers in more than 100 countries – both under our own brands and the brand names of our customers.

The Group has been in operation since the 1950s. Since then, we have established packing operations importing RBD palm oil and RBD palm olein from refineries in Johor, Malaysia, repacking them in the facilities in Singapore and distributing them first in Singapore and later, globally. In 1987, the Group commenced refining crude palm oil in our first refinery in Selangor, Malaysia with a production capacity of 400 MT a day or approximately 140,000 MT annually.

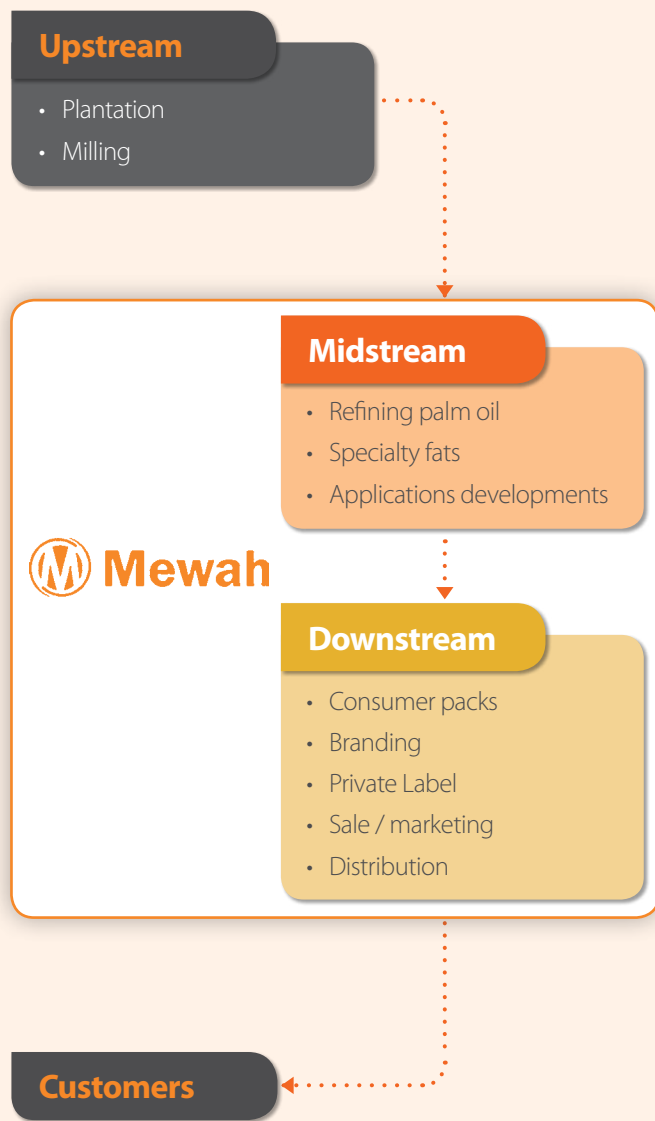
Today, the Mewah Group has grown to be one of the largest edible oils and fats businesses in Asia with a current total refining capacity of 8,000 MT a day or 2.8 million MT annually. The Group currently has three refineries and processing plants located in Semenyih, Pasir Gudang and Westport, Malaysia, two packing plants in Malaysia and one packing plant in Singapore.

Our Business

Our operations are integrated throughout the value chain of edible oils and fats, from sourcing of raw materials, refining, processing, packing, branding, to marketing and distributing to end customers.

Our midstream operations include producing of a wide range of refined and fractionated vegetable oils and fats principally from palm oil as well as from lauric and soft oils. Our midstream operations are supported by strategically located, large scale integrated manufacturing processing facilities close to the source of raw materials. Our downstream operations include packing of oils and fats under our own established brands or under private label. Our products are currently sold to over 100 countries.

The integration across the value chain allows us to enjoy significant operating efficiencies through lower manufacturing and logistics costs, better quality control over our products and increased access to market information. Our business model allows us to better manage cyclicity in our industry and fluctuations in the price of Crude Palm Oil ("CPO") and other commodities as we are less susceptible to changes in the price of commodities and are able to respond quickly to changes in demand, supply and pricing for our products through our ability to produce a wide variety of value-added products.



Corporate Profile

Business Segments

The Group's business consists of two business segments namely the Bulk segment and Consumer Pack segment.

Bulk Segment

Our bulk segment produces and sells vegetable-based edible oil and fat products in bulk. These products are refined and fractionated from palm oil, lauric oils, and soft oils. The main bulk edible oils and fats we produce are RBD palm oil, RBD palm olein and RBD palm stearin. RBD palm oil is a major component used in the manufacture of margarines and shortenings and is also used for frying. RBD palm olein is mainly used as cooking oil and in industrial applications for processed foods such as fries and chips. RBD palm stearin is used mainly to manufacture margarine, shortenings, soaps and detergents.

We also produce specialty fats and oils in bulk form. These specialty fats and oils products are used for cocoa butter and dairy products. We sell our specialty fats and oils in bulk form primarily to distributors and factories involved in the production of confectionery, bakery products and other food items.

We source the raw materials for our bulk edible oils and fats division, primarily palm oil as well as lauric oils and soft oils, mainly from suppliers in Malaysia where our manufacturing operations are located, or from Indonesia and South America. Our bulk edible oil products are sold to refiners, processors,

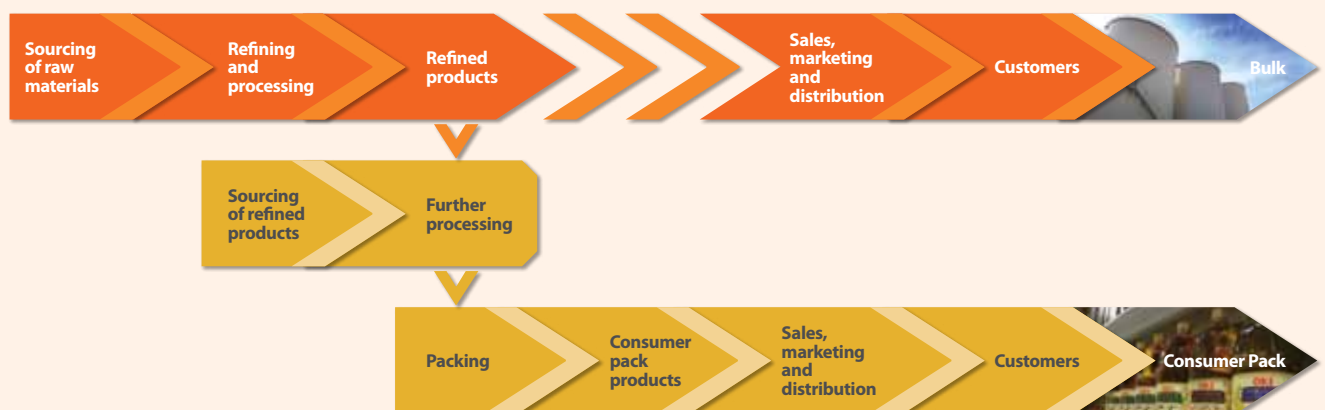
wholesalers and retailers in the food, animal feed and oleochemicals industries.

Consumer Pack Segment

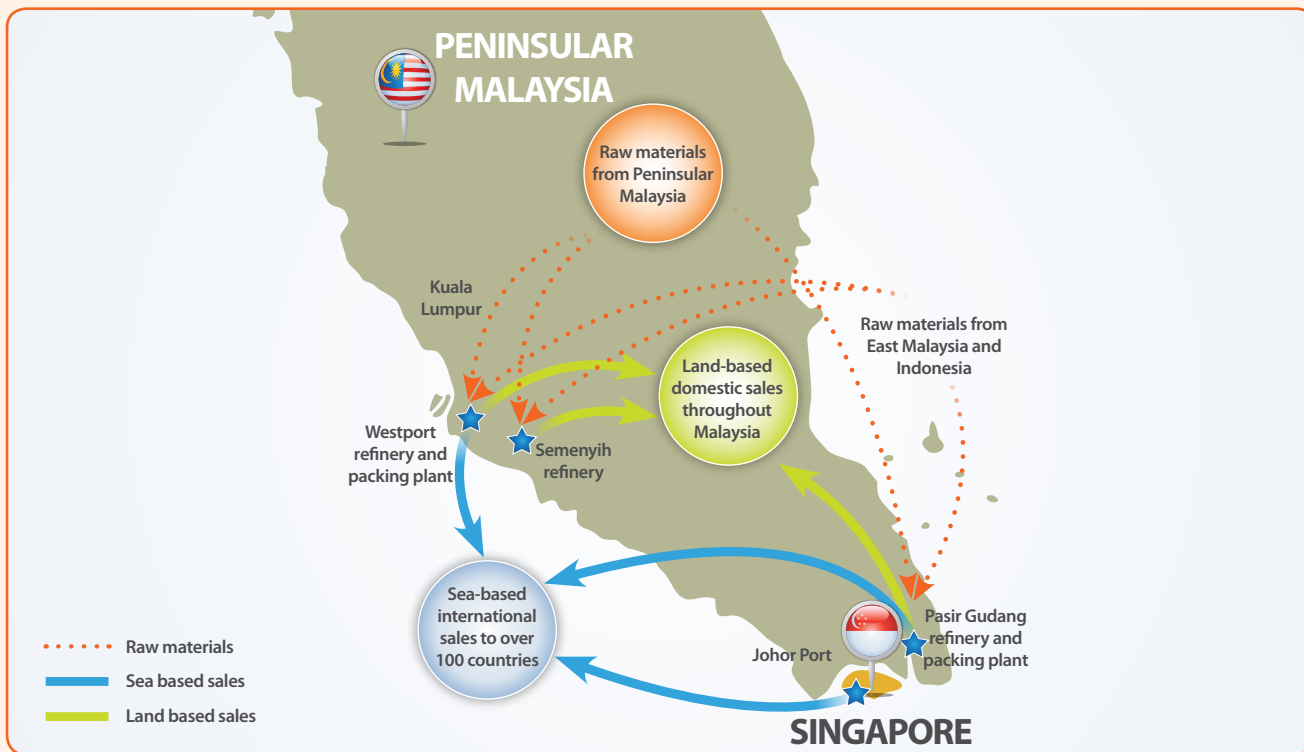
Our consumer pack products division produces and sells vegetable-based edible oil and fat products in the form of consumer packs to end customers under our own house brands and under the brands of third parties. We also sell specialty oils and fats in consumer pack form under our own house brands.

Our specialty fats and confectionary oils sold in consumer pack form are sold under our own brand names, such as 'Moi' and 'Oki', primarily to distributors and factories involved in the production of confectionery, bakery products and other food items.

The raw materials for our consumer pack products are primarily palm, lauric and soft oils that are sourced in bulk, together with the raw materials for the rest of our business divisions from suppliers located in Malaysia. Our consumer pack products are produced at our Westport and Pasir Gudang refineries in Malaysia and at our packing plants in Malaysia and Singapore. We manufacture some of our own packaging for our consumer pack products at our packing plants in Malaysia and purchase the remainder of our needs from third parties. Our consumer pack products are marketed and sold through our sales offices located in Singapore, Malaysia, Australia, China, India, Europe, Russia and Africa to more than 100 countries around the world.



Corporate Profile



Manufacturing Operations

With current refining capacity of 2.8 million MT per annum, we are the second largest palm oil processor in Malaysia and sixth largest in the world, by installed capacity¹. The average size of our refinery plants is the largest in Malaysia¹. The large size of our plants enables us to achieve economies of scale as we are able to spread capital expenditures and fixed costs over a large volume of products produced and lower our cost of production per MT at each plant.

We currently have three refineries in Malaysia, two packing plants in Malaysia and one packing plant in Singapore. Our refineries in Westport and Pasir Gudang are situated near ports that are located along major shipping routes and have pumping facilities that allow us to receive CPO supplies from and to deliver our bulk products to sea-calling vessels directly. Our plant at Semenyih is strategically located inland near many of our local customers. All our refineries and packing plants are strategically located to have easy access to raw materials, our customers or distribution and transportation facilities and reduces the time to market of our products which lowers our costs. Apart from the refining of CPO and CPKO, our facilities in Malaysia are also able to carry out a wide variety of other functions, such as

fractionation and hydrogenation, neutralising, winterising and texturising, which allows us to produce a variety of products, and to custom make products for our customers. With over 90% of capacity utilisation, our refineries are one of the most efficiently run refineries in the world.

All our refineries and processing facilities are ISO certified to provide assurance to our customers that our quality management systems meet specific standards. We have also received various other accreditations and certifications, such as Halal and HACCP certifications, which allow our products to be sold in a wider variety of markets to a broader range of customers.

We have recently started investing in a new refinery, packing plant and related logistics facilities in East Java, Indonesia. The refinery is expected to have installed capacity of 630,000 MT per annum, increasing our total capacity to 3.43 million by end of financial year 2013. The investment will further consolidate our position as an integrated palm oil business by not only adding more refining capacity but also diversifying our manufacturing base to Indonesia which has taken over Malaysia as the largest producer of palm oil. It will also increase our access to CPO, increase operational and logistics flexibility and provide marketing synergies.

¹ Based on a report by LMC International Limited.

Corporate Profile



Merchandising and Global Distribution Capabilities

We sell and distribute our bulk and consumer pack products to more than 100 countries in the Asia Pacific, the Indian sub-continent, Middle East, Africa and Europe through a well-established global sales and distribution network. We distribute our products through our own distribution network of sales and marketing offices in Singapore, Malaysia, Australia, China, India, Europe, Russia and Africa. In addition, we employ a multi-cultural marketing team which gives us a competitive advantage in accessing and understanding the respective local markets. Besides that, the strength of our merchandising and distribution also lies in the high and consistent quality of our products. We are able to specially develop products to meet our customers' specifications and to assist them in the design, packaging and branding of products under their respective brands. This has allowed us to develop strong relationships with our key customers around the world, many of whom are well-known large food companies, by providing them with timely and reliable supplies of their edible oil and fat needs.

Consumer Brands

We have a wide range of consumer pack products marketed under our house brands, such as 'Oki', 'Mona', 'Moi', 'Krispi', 'Deli', 'Turkey', 'Cabbage', 'Mewah' and 'Fry-ola', many of which we believe are established and well-recognised names. We believe our 'Oki' and 'Moi' brands of edible oils are some of the leading brands of edible oils in Africa. Our consumer pack products are available in countries in the Asia Pacific, the Indian sub-continent, Middle East, Africa and Europe.

Through more than 50 years of experience in establishing and promoting our brands, we believe we have developed and obtained in-depth knowledge of the types of products, packaging, pricing and display that will appeal to consumers in the markets we target. As such, we believe we are well positioned to take advantage of potential growth markets for our consumer pack products.

Big Investments Big Possibilities

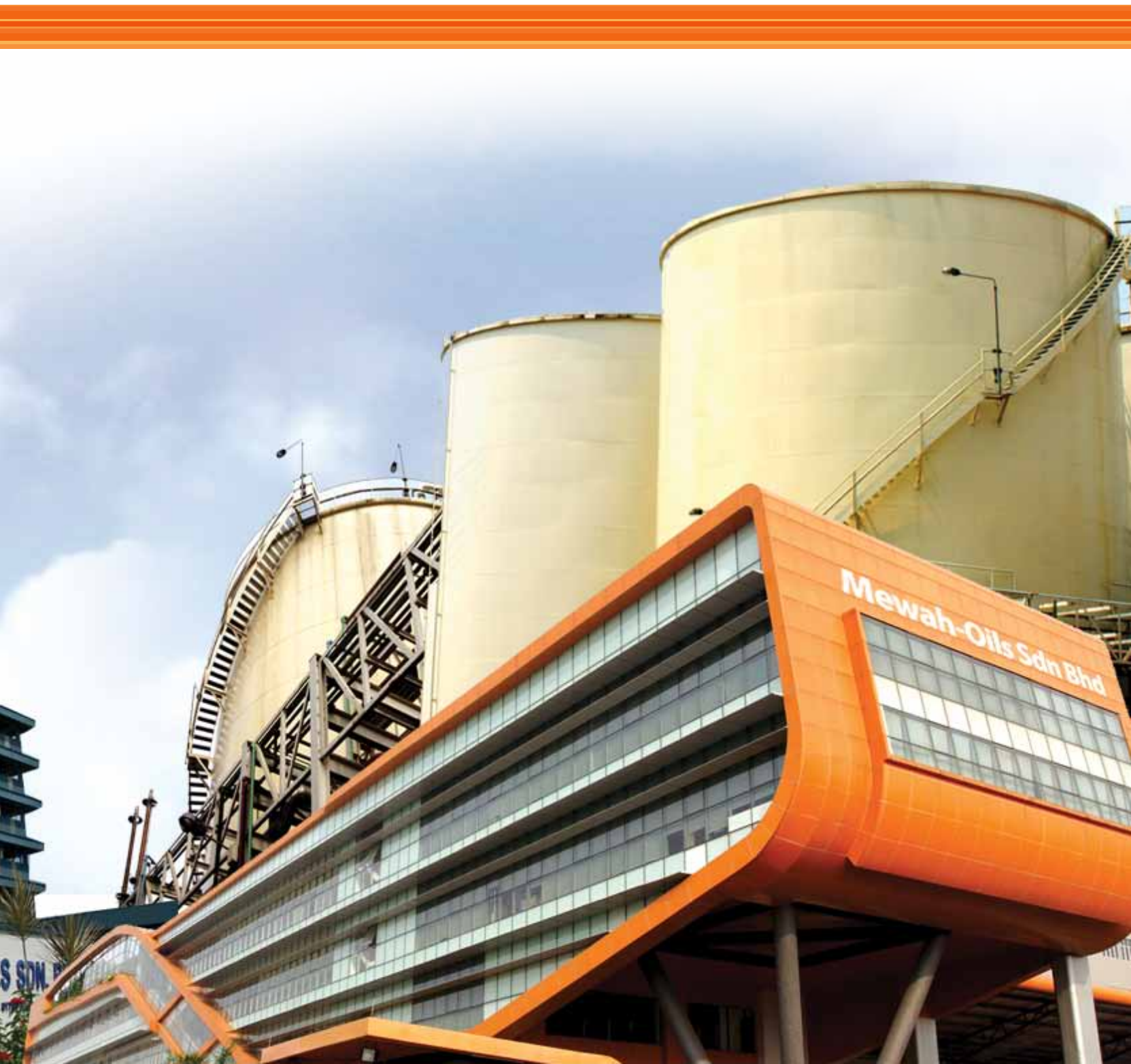
NGO CHEW HONG
OILS & FATS



MEWAHOLEO INDUSTRIE

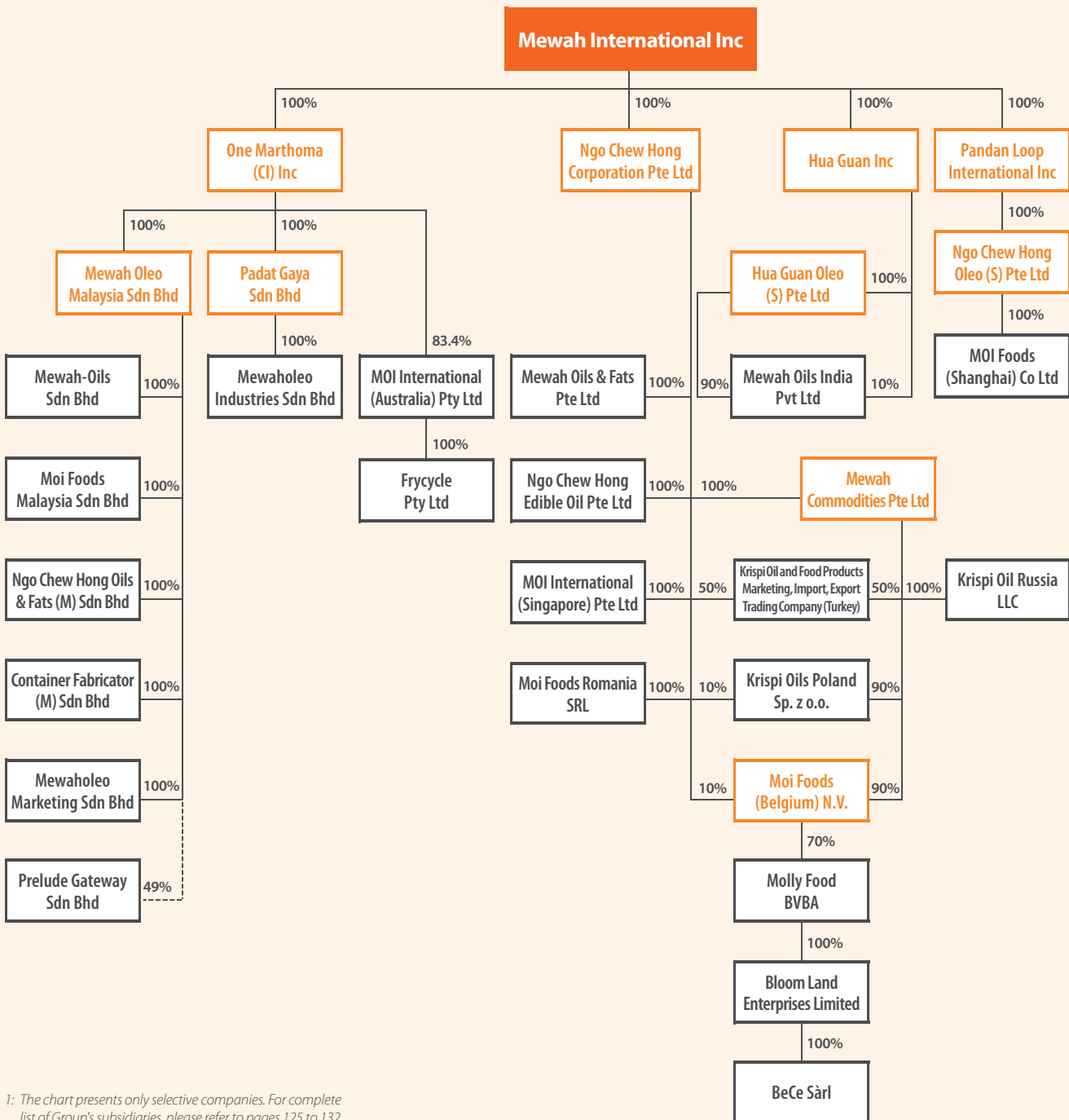
PL0 265, JALAN BESI 1, PASIR GUDANG INDUSTRIAL ESTATE

Our competitive strategic positioning in the value chain of the industry offer boundless opportunities for growth.



Group Structure

(As at 31 December 2011)



1: The chart presents only selective companies. For complete list of Group's subsidiaries, please refer to pages 125 to 132.

Chairman's Message

2011 was a challenging year as the global economy plagued by instability and uncertainty. During tough times, we stayed focused to our vision and remained committed to our mission. During tough and volatile market conditions, we registered resilient earnings reinforcing our strong position in the value chain and competitive position in the industry. Strength of our core palm oil refining business and strategic long term investments in our business were reaffirmed.

Revenue reached US\$4,467.9 million on the back of higher average selling prices, representing a 26.5% increase from the US\$3,533.1 million in 2010. Net profit, on the other hand, was down from US\$92.4 million to US\$42.2 million. This was mainly attributed to bleaker economic conditions and tough market conditions particularly in West Africa. However backed by our solid foundation, the Group maintained a strong Balance Sheet, ending the year with a low debt to equity ratio of 0.72 and healthy cash and cash equivalents of US\$136.8 million.

Undeterred by challenges, the year also saw the Group strengthening our focus on developing our integrated business model with a four-pronged approach: consolidating our position in palm based oils and fats business; expanding our range of consumer products; investing in efficient production facilities; and increasing our marketing and distribution capabilities. With our expansion strategy and cautious cost control measures firmly in place, we are poised to compete even more effectively.

Looking forward, weak global macroeconomic conditions are likely to continue. High crude palm oil (CPO) production in 2011 and uncertainty caused by the change in export duties for refined palm oil, among other factors, are also expected to cause uncertainty in the business. Nevertheless, we remain

optimistic about the long-term outlook of the palm oil industry. In particular, we expect midstream and downstream players in the palm oil industry to benefit from slowing production growth for palm oil, as well as rising demand for cooking oils. We are prepared and well-positioned to embrace the opportunities as they arise, expanding our global presence as a leader in the palm oil industry.

On behalf of the Board, I am pleased to announce a final exempt one-tier dividend of S\$0.005 per ordinary share.

Finally, I would like to take this opportunity to thank the Mewah team, including all employees and my fellow Board members, for their passion and contributions in these trying times. Together, we will work towards creating greater value that will generate expanding returns for our customers. I would also like to show my appreciation for the unwavering support of our shareholders and thank our new public investors for their confidence in us.

Dr Cheo Tong Choon

Chairman and Executive Director

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.

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.

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

Board of Directors

Dr Cheo Tong Choon @ Lee Tong Choon

Dr Cheo Tong Choon @ Lee Tong Choon is our Chairman and Executive Director. He is responsible for the overall strategy and direction for the Group. Dr Cheo has more than 20 years of experience in the edible oils and fats business. He was responsible for establishing the Mewah Group of companies in Malaysia, which included Ngo Chew Hong Oils & Fats (M) Sdn Bhd, Mewaholeo Industries Sdn Bhd and Mewah-Oils Sdn Bhd. Dr Cheo also established our subsidiary, Moi Foods Malaysia Sdn Bhd, which is primarily in the business of packing and marketing consumer pack products. Dr Cheo is responsible for setting the strategic direction of our Group and under his direction, our Group has expanded into refining, manufacturing and trading of palm oil and related products.

Dr Cheo obtained a Doctor of Medicine (MD) degree from the University of Saskatchewan, Canada and is a member of the Royal Colleges of Physicians of the United Kingdom in internal medicine. He practised as a registered medical practitioner from 1975 to 1986 with a group of medical specialists, Drs Bain & Partners in Singapore, before he became our Chairman and Executive Director.

Ms Michelle Cheo Hui Ning

Ms Michelle Cheo Hui Ning is an Executive Director and our Chief Executive Officer. She is responsible for the bulk segment of our business, including sales, formulation of strategy and execution. Ms Cheo joined our Group in 2003 and along with the Executive Chairman, she is responsible for managing the overall strategic direction of the Group, which involves managing the operations, projects, corporate risk management and organisation of the Group. Prior to joining our Group, Ms Cheo worked with Exxon Mobil from 1997 to 2003.

Ms Cheo graduated in 1997 and holds a Chemical Engineering degree from Imperial College, University of London. She also obtained a Master of Business Administration degree from INSEAD in 2004.

Ms Bianca Cheo Hui Hsin

Ms Bianca Cheo Hui Hsin is an Executive Director and our Chief Operating Officer. She joined our Group in 2004 and now heads the consumer pack segment, and has overall responsibility for our human resource, financial management, marketing, organisational development and IT systems. Prior to joining our Group, Ms Cheo practised law in Singapore with Allen & Gledhill LLP from 2000 to 2003 and with Norton Rose LLP from 2003 to 2004.

Ms Cheo graduated from the King's College University of London, with a Bachelor of Laws in 1998 and she was admitted as an advocate and solicitor of the Supreme Court of Singapore in 2000.

Ms Leong Choi Foong

Ms Leong Choi Foong is an Executive Director and our Group Treasurer. Ms Leong joined the Group in 1990 as the Finance Manager of our subsidiary, Ngo Chew Hong Oils & Fats (M) Sdn Bhd, and subsequently as the Group Financial Controller of our subsidiary, Mewah-Oils Sdn Bhd, until her most recent appointment with our Company. Prior to joining our Group, Ms Leong worked as a tax and audit assistant with Othman Hew & Co. between 1980 and 1983 and as a financial and management accountant at Southern Bank Berhad, which is now part of CIMB Bank Berhad, between 1984 and 1990, where she was in charge of the Group's financial and management reporting.

Ms Leong obtained a Bachelor of Accounting degree from the University of Malaya in 1980. She is a member of the Malaysian Association of Certified Public Accountants and a chartered accountant certified by the Malaysian Institute of Accountants.

Ms Wong Lai Wan

Ms Wong Lai Wan is an Executive Director and Head of Risk Management. Ms Wong joined our Group in 1987 as a chemist. During her 24 years with our Group, she has held various portfolios in quality control, production, operations, logistics, marketing, trading and business development. In 2005, she became our Executive Vice President and Head of Risk Management. She is currently responsible for the overall business operations and risk management of our Group. Ms Wong started her career with Pan Century Edible Oils Sdn Bhd as a chemist from 1985 to 1987.

Ms Wong graduated with a Bachelor of Science degree in Chemistry with First Class Honours from Universiti Kebangsaan, Malaysia in 1985.

Mr Giam Chin Toon

Mr Giam Chin Toon is our Lead Independent Director. He was appointed to our Board of Directors on October 29, 2010 and is the Chairman of the Nomination Committee and Remuneration Committee. He is also a member of the Audit Committee.

Mr Giam is a senior partner of the law firm of Wee Swee Teow & Co. Mr Giam was appointed Senior Counsel in 1997. He was President of the Law Society of Singapore between 1987 and 1989, and remains actively involved in the activities of the Law Society of Singapore and the Singapore Academy of Law. Mr Giam joined the Singapore legal service in 1967 and was a magistrate when he left the legal service in 1970. He has served as arbitrator and counsel in many arbitral and court proceedings.

Mr Giam is active in the commercial field holding directorships and appointments in private and public listed companies as well as institutions. These include the boards of Ascott Residence Trust Management Limited, Guthrie GTS Limited, NED Advisory Services Pte Ltd, Singapore Mediation Centre and the Inland Revenue Authority of Singapore. He has previously served on the boards of Oversea-Chinese Banking Corporation Limited, SembCorp Marine Limited, the Singapore Institute of Directors, Health Sciences Authority, Energy Market Authority, and Raffles Holdings Limited.

Mr Giam is Singapore's Ambassador (Non-Resident) to Peru and High Commissioner (Non-Resident) to Ghana.

Mr Giam graduated from the University of Singapore in 1967 with a Bachelor of Laws (Honours) and a Masters of Law degree in 1969.

Board of Directors (continued)

Tan Sri Dato' Ir Muhammad Radzi Bin Haji Mansor

Tan Sri Dato' Ir Muhammad Radzi Bin Haji Mansor is an Independent Director. He was appointed to our Board of Directors on October 29, 2010 and is a member of our Nomination Committee, Audit Committee and Remuneration Committee. Tan Sri Dato' Ir Muhammad Radzi served the Government of Malaysia in various engineering and management roles between 1965 and 1986 at Jabatan Telekom Malaysia, including a three year secondment as a technical advisor to the Ministry of Energy, Telecommunications & Post in Malaysia between 1976 and 1979. He was appointed as Director General in 1985 and retired in 1987 with the corporatisation of Jabatan Telekom Malaysia. He opted into the successor company, Telekom Malaysia Berhad, as Director of Operations, Director of Marketing and Customer Service and Director of Regulatory Management and External Affairs between 1987 and 1996. From 1997 to 1999, Tan Sri Dato' Ir Muhammad Radzi was retained as a Consultant/Advisor to the Multimedia Development Corporation Sdn Bhd and was a member of its board of directors from May 2005 to May 2011. Tan Sri Dato' Ir Muhammad Radzi was Chairman of Telekom Malaysia Berhad and its group of companies from July 1999 to July 2009.

Tan Sri Dato' Ir Muhammad Radzi is currently Chairman of Kumpulan Fima Berhad (Malaysia), Chairman of International Food Corporation Limited (Papua New Guinea), Chairman of Menara Kuala Lumpur Sdn Bhd, President-Commissioner of PT XL Axiata Tbk (Indonesia) and a member of the APEC Business Advisory Council (ABAC Malaysia).

Tan Sri Dato' Ir Muhammad Radzi graduated with a Diploma in Electrical Engineering from Faraday House Engineering College, London in 1962, and a Master of Science degree in Technological Economics from the University of Stirling, Scotland in 1975. A registered engineer with the board of Engineers Malaysia and Engineering Council, United Kingdom, he is a corporate member of the Institution of Engineers Malaysia, the Institution of Engineering

and Technology, United Kingdom and the Chartered Management Institute, United Kingdom.

Tan Sri Dato' Ir Muhammad Radzi was made an Honorary Fellow by the ASEAN Federation of Engineering Organisation in 2004 and a Fellow of the Institute of Marketing Malaysia and a Fellow of the Institute of Directors, Malaysia in 2007. Tan Sri Dato' Ir Muhammad Radzi was appointed as the Pro-Chancellor of Multimedia University in 2008.

Mr Lim How Teck

Mr Lim How Teck is an Independent Director. He was appointed to our Board of Directors on October 29, 2010 and is the Chairman of the Audit Committee. He is also a member of our Remuneration Committee and Nomination Committee.

Mr Lim is currently Chairman of Redwood International Pte. Ltd. (an investment & consultancy company). Mr Lim has an in-depth knowledge of the shipping industry and the Neptune Orient Lines Limited ("NOL") group of companies (the "NOL Group"), having been with the NOL Group from 1979 to 2005. He held directorships in various subsidiaries, associated companies and investment interests of the NOL Group. In NOL, he held various positions from Executive Director, Group Chief Financial Officer, Group Chief Operating Officer and Group Deputy Chief Executive Officer.

Mr Lim has extensive international qualifications and experience in business finance and accounting. Prior to joining NOL, he worked in Coopers & Lybrand (an international accounting firm) and Plessey Singapore (a multinational trading and manufacturing company).

Mr Lim holds a Bachelor of Accountancy Degree from the University of Singapore. He is a Fellow of the Chartered Institute of Management Accountants of UK (FCMA), a Fellow of the Certified Public Accountants of Australia (FCPA Aust), a Fellow of the Institute of Certified Public Accountants of Singapore (FCPA ICPAS), a Fellow of the Singapore

Institute of Directors (SID) and an Associate of the Business Administration of Australia (AIBA). He is a graduate of the Harvard Graduate School of Business Corporate Financial Management Course and Advanced Management Program in 1983 and 1989 respectively.

Mr Lim's other appointments include being Chairman of Certis CISCO Security Pte. Ltd., Heliconia Capital Management Pte Ltd. and ARA-CWT Trust Management (Cache) Limited and is also Deputy Chairman of Tuas Power Ltd. He is also a director of PNG Sustainable Development Program Limited, Jurong Port Pte Ltd, Rickmers Trust Management Pte. Ltd., ARA Asset Management Ltd, The Foundation for Development Cooperation, The Foundation for Development Cooperation Limited (Singapore) Ltd, The Foundation for Development Cooperation Limited (Pacific) Ltd, Accuron Technologies Limited, Swissco Holdings Limited. He was awarded The Public Service Medal (Pingat Bakti Masyarakat) National Day Award in 1999, The Service to Education Medal (Singapore Ministry of Education) in 2000 and 2002, and The Gold Service Medal (Singapore Civil Defence Force) in 1996.

Tan Sri Datuk Dr Ong Soon Hock

Tan Sri Datuk Dr Ong Soon Hock is an Independent Director. He was appointed to our Board of Directors on October 29, 2010. He is also a member of our Nominating Committee.

Tan Sri Datuk Dr Ong is currently an adjunct professor at the University of Malaya, where he is attached to the Department of Chemistry and the Faculty of Economic and Administration. Prior to joining the University of Malaya in 2007, Tan Sri Datuk Dr Ong was the Chief Operating Officer of Country Heights Education Sdn Bhd from 1996 to 1998.

Tan Sri Datuk Dr Ong has an in-depth knowledge of the chemistry and technology associated with the palm oil industry, having actively contributed to palm oil related research and the palm oil industry for more than 36 years.

Tan Sri Datuk Dr Ong was a director of the Malaysian Palm Oil Promotion Council from 1990 to 1996, and was Director General of the Palm Oil Research Institute of Malaysia from 1987 to 1989, where he remained as an advisor until 1990. Prior to joining the Palm Oil Research Institute of Malaysia, Tan Sri Datuk Dr Ong was a professor at the University of Science Malaysia from 1970 to 1981, and a lecturer at the University of Malaya from 1959 to 1970.

Tan Sri Datuk Dr Ong's contributions to the palm oil industry have led to his receiving several awards, including the Distinguished Science Alumni Award from the National University of Singapore in 2006, the Malaysian Scientific Association Golden Jubilee Award in Oil Palm Research in 2005, the First Asian Achievement Award for Research and Development by the Asean Institute in 1992 and the First Award for Distinguished Contribution to Economic Advance with respect to Palm Oil for 1990/1991 by the Federation of Asian Chemical Societies in 1991. Tan Sri Datuk Dr Ong has over 36 years of research and development experience in lipid chemistry, and is the registered holder of 16 patents in the field of palm oil related technology.

Tan Sri Datuk Dr Ong graduated with a Bachelor of Science degree with First Class Honours from the University of Malaya in 1958, and obtained a Master of Science from the University of Malaya in 1959. Tan Sri Datuk Dr Ong obtained a Doctor of Philosophy (PhD) in organic chemistry from King's College University of London in 1963.

Tan Sri Datuk Dr Ong is a Senior Fellow of the Academy of Sciences Malaysia with the title "Academician", and was appointed as an Emeritus Professor of the University of Science, Malaysia in 2007. He has been the President of the Malaysian Oil Scientists and Technologists Association since 1987, the President of the Malaysian Invention and Design Society since 1986 and the President of the Malaysian Federation of La Sallian Associations since 2008. He was conferred Fellowship of King's College, London and the Palm Oil Industry Leadership Award (PILA) in 2011.

Senior Management

Dr Cheo Tong Choon @ Lee Tong Choon

Dr Cheo Tong Choon @ Lee Tong Choon is our Chairman and Executive Director. Details of his working experience and qualifications are set out in "Board of Directors".

Ms Michelle Cheo Hui Ning

Ms Michelle Cheo Hui Ning is our Executive Director and Chief Executive Officer. Details of her working experience and qualifications are set out in "Board of Directors".

Ms Bianca Cheo Hui Hsin

Ms Bianca Cheo Hui Hsin is our Executive Director and Chief Operating Officer. Details of her working experience and qualifications are set out in "Board of Directors".

Mr Shyam Kumbhat

Mr Shyam Kumbhat is our Head, Trading and Merchandising. He is responsible for overseeing our bulk trading activities. Mr Kumbhat joined our Group in 1995 as the president of Mewah Oils & Fats Pte Ltd. Mr Kumbhat has more than 30 years of experience in the edible oils and fats industry. Prior to joining our Group, Mr Kumbhat worked with Pan Century Edible Oils Sdn Bhd, a member of the India-based multinational Birla Group as Vice President, Marketing from 1977 to 1995. Mr Kumbhat has more than 15 years of service with our Group.

Mr Kumbhat obtained a Bachelor of Commerce degree with a major in Advanced Accountancy from the University of Rajasthan Jaipur, India in 1962.

Mr Rajesh Chopra

Mr Rajesh Chopra is our Group Chief Financial Officer since May 2010 and is responsible for financial management, financial reporting and control, corporate compliances, taxation and corporate communications. Mr. Chopra's past employments include experience with Singapore listed Olam International Limited, India based Tata Steel Ltd., Network Ltd., Wandel & Goltermann India Ltd., and

U.A.E. based Jumbo Group. Mr Chopra completed his audit articleship with S.R. Batliboi Associates, a member of the Ernst and Young group, from 1988 to 1991.

Mr Chopra obtained a Bachelor of Commerce (Honours Course) degree from Delhi University in 1988. He became a Chartered Accountant of the Institute of Chartered Accountants of India in 1991, and a Cost and Works Accountant of the Institute of Cost and Works Accountants of India in 1991. He also obtained a Masters of Business Administration from the London Business School, University of London in 2007.

Ms Leong Choi Foong

Ms Leong Choi Foong is our Executive Director and Group Treasurer. Details of her working experience and qualifications are set out in "Board of Directors".

Ms Wong Lai Wan

Ms Wong Lai Wan is our Executive Director and Head, Risk Management. Details of her working experience and qualifications are set out in "Board of Directors".

Ms Agnes Lim Siew Choo

Ms Agnes Lim Siew Choo is our Head, Operations in Malaysia. Ms Lim joined our Group in 1988 as Factory Operations Executive, and subsequently progressed to overseeing the factory operations of our Malaysian subsidiaries, as the Group expanded. Her present portfolio spans Production, Quality Assurance, Procurement, as well as ensuring all local and overseas delivery fulfilment.

Prior to joining us, Ms Lim worked with Southern Edible Oils Sdn Bhd from 1983 to 1988 as an Operations Executive, and was responsible for receiving and despatching edible oil, production planning and the fulfilment of local and overseas shipment requirements.

Ms Lim obtained a Bachelor of Arts degree from The University of York, in Toronto, Canada in 1982.

Operations and Financial Review



Operations and Financial Review

FINANCIAL HIGHLIGHTS

	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
INCOME STATEMENT					
Revenue	2,705	3,276	2,867	3,533	4,468
Operating Margin	79.6	176.6	182.9	184.4	119.0
Core Net Profit (Net profit before exceptional items)	26.7	89.0	89.7	97.1	40.2
Net Profit	26.7	89.0	89.7	92.4	42.2
Earning per share (US cents per share)	2.07	6.92	6.96	7.08	2.80
Return on Equity	18.4%	52.0%	45.5%	38.8%	8.3%
BALANCE SHEET					
Fixed Investments	167	169	173	223	305
Working capital	181	176	249	397	482
Cash (IPO Proceeds)	-	-	-	141	58
Total investments	348	345	422	761	845
Equity	171	190	239	509	538
Gross Debt	206	195	221	326	386
Cash excluding IPO Proceeds	(29)	(40)	(38)	(74)	(79)
Adjusted Net Debt	177	155	183	252	307
Total capital	348	345	422	761	845
Debt to equity	1.21	1.03	0.92	0.64	0.72
Net debt to equity	1.04	0.82	0.77	0.22	0.46
Net asset value per share (US cents per share)	13.34	14.85	18.66	33.69	35.82

In US\$ millions, unless otherwise stated

SEGMENTAL PERFORMANCE

	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Segmental Performance:					
Sales Volume (MT'000)					
Bulk	2,970	2,575	3,080	2,976	2,761
Consumer Pack	608	757	727	876	889
Total	3,578	3,332	3,807	3,852	3,650
Operating Margin (US\$'million)					
Bulk	39.7	115.1	100.5	102.2	76.6
Consumer Pack	39.9	61.5	82.4	82.2	42.4
Total	79.6	176.6	182.9	184.4	119.0
Operating Margin per MT (US\$)					
Bulk	13.4	44.7	32.6	34.4	27.7
Consumer Pack	65.6	81.3	113.4	93.8	47.8
Total	22.2	53.0	48.0	47.9	32.6

Operations and Financial Review



Mewah is a consumer products business that has been focused on palm based oils and fats with sales in over 100 countries supported by well established brands and cost-efficient integrated large manufacturing facilities.

Palm oil industry in 2011

2011 witnessed good bumper CPO production in Indonesia and Malaysia, the world's largest CPO producing countries. Production in Malaysia registered a growth of 11.3% to 18.9 million tonnes, as against a drop of 3.3% in 2010. However demand from destination countries remained weak due to global economic and financial concerns. Indonesian government's decision to reduce export duties for refined oil compared to CPO, and lack of clarity about Malaysian government's expected response to help the refiners in Malaysia added uncertainty to the industry.

High CPO production, slow demand from destination markets and uncertain industry conditions pushed CPO prices down from the peak of RM3,900 in the beginning of February 2011 to RM2,800 by end of October 2011 before ending the year at RM3,200. Inventory levels at producing countries remained high throughout the year. In Malaysia, CPO inventory levels remained high at 2.0 million tonnes by end of 2011 compared to 1.6 million tonnes at the end of 2010.

Under falling prices conditions and slow demand from end markets, Malaysia refining margins and global distribution margins remained under pressure during 2011.

Cautious Approach

Under such tough economic conditions and uncertainty, the Group remained prudent throughout the year by participating selectively in trade flows and in selecting its customers and trade terms.

High capacity utilisation maintained

We strive to be the lowest cost refiner in the industry. Strategic location, large scale, automation, integration of facilities and high capacity utilisation are key to maintain the costs of refining low.

Our large scale, fully integrated refineries and processing plants are located strategically in Semenyih,

Operations and Financial Review

Pasir Gudang and Westport in Malaysia. Our facilities in Pasir Gudang and Westport are located among a high concentration of refineries and oleo-chemical plants, with port facilities that are situated along international shipping routes while our facility in Semenyih is conveniently located inland near many of our Malaysian local customers.

In 2011, we were able to achieve capacity utilisation of 95.3%, arguably the highest in the industry, producing 2.667 million MT of refined oil from total installed capacity of 2.800 million MT.

Selective trade participation scaled down volumes

We strive to manage risks and rewards prudently and are willing to step back when the rewards do not match the risks undertaken. Under deteriorating market conditions and tougher financial conditions we remained prudent by participating selectively in trade flows and in selecting the customers and trade terms. Though our sales volumes reduced by 5.2% compared to last year, we still achieved sales volume of 3.650 million MT, 36.9% higher than the refined oil manufactured by us. Incremental sales volume of 983 thousand MT was supported by purchase of refined oil and related products from other refiners.

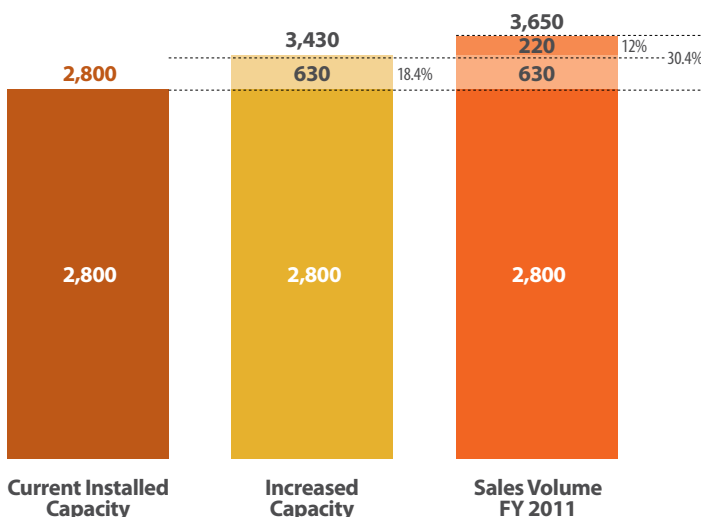
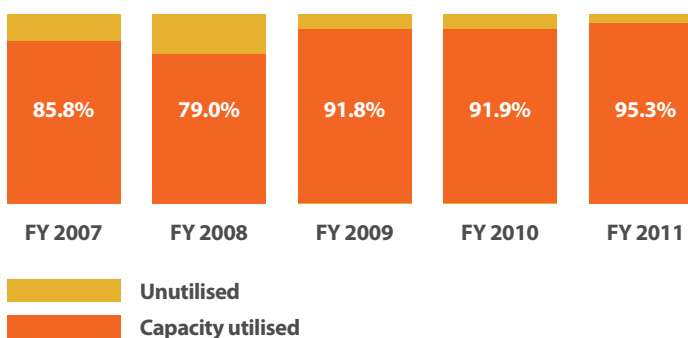
It has been our strategy to keep adequate gap between our refining capacity and selling capability providing us operational flexibility to scale down our sales volumes under tougher market conditions, without affecting our refining capacity utilisation. Sales volume of 3.650 million MT achieved in 2011 is still materially higher than our expected increased capacity of 3.430 million MT, once our fourth refinery comes on stream by end of 2013.

Sales volume for the Bulk segment, that includes trading volumes for the refined oil purchased from other refiners, reduced by 7.2% to 2.761 million MT. Consumer Pack segment maintained healthy sales volume of 889 thousand MT, 1.5% higher than last year.

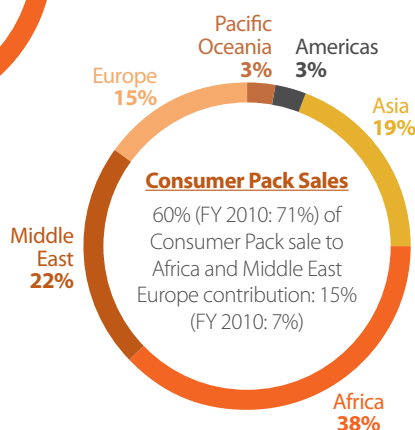
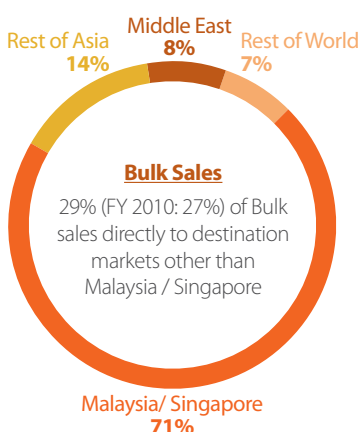
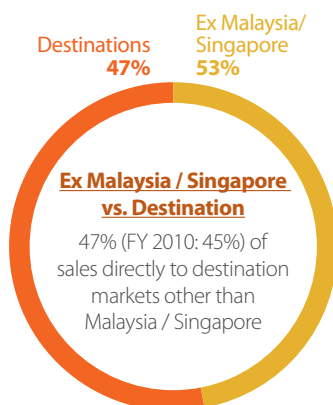
Capacity Utilisation

In Thousand MT

	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Installed Capacity	2,800	2,800	2,800	2,800	2,800
Capacity Utilised	2,402	2,212	2,570	2,573	2,667
Capacity Utilisation	85.8%	79.0%	91.8%	91.9%	95.3%



Operations and Financial Review



Well diversified sales revenue

Our total sales revenue of US\$4,468 million in 2011 was 26.5% higher than last year on the back of higher selling prices. Sales revenue for the bulk segment grew by 24.6% and consumer pack segment registered revenue growth of 31.3%. Bulk segment contributed 71.4% of total sales revenue, while Consumer Pack segment contributed 28.6% of the revenue.

We strive to diversify our sales revenue across the globe and our efforts continued in 2011. Most of our bulk sales are made to customers with billing address in Malaysia and Singapore, who in turn carry the products to destination markets. Consumer Pack sales are made largely directly to destination markets.

In 2011, 47% of total sales were made to customers with billing addresses of destination markets, i.e. countries other than Malaysia or Singapore, up from 45% last year.

Of total destination sales, we were able to further diversify our sales to Africa, Middle East, Rest of Asia and Rest of World contributing 24%, 25%, 27% and 24% respectively, compared to 35%, 24%, 23% and 18% respectively last year.

For the Bulk segment, we achieved 29% sales to destination markets, up from 27% last year. For the Consumer Pack segment there were significant improvements in sales to Middle East and Europe which contributed 22% and 15% of the segment sales compared to 15% and 7% respectively last year. Our reliance on Africa reduced from 56% to 38%.

Operations and Financial Review

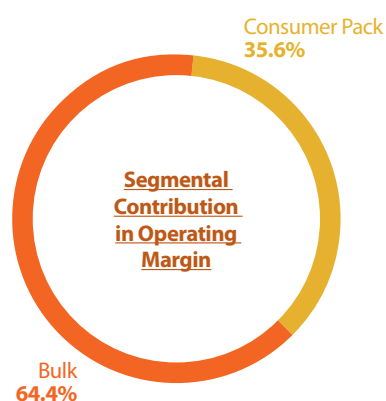
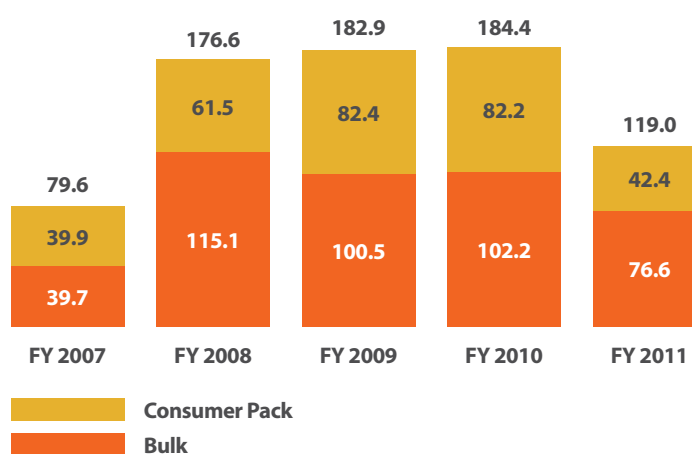
Operating Margin

The Group measures and tracks the performance in terms of Operating Margin per MT of sales volume and resultant total operating margin. OM is calculated as revenue, less cost of sales (excluding depreciation), selling and distribution expenses and foreign exchange gains or losses.

Over the period of last five decades, we have developed a proven integrated business model of participating in the midstream and downstream parts of the value chain in the attractive palm oil industry, built inherent operational flexibility, developed sound risk management practices, and established our own brands and global distribution capabilities that have helped us to deliver robust and consistent operating margins during all the ups and downs of economic cycles.

For 2011, we achieved operating margin of US\$32.6 per MT, down from US\$47.9 per MT achieved last year. Bulk division which consists mainly of refining and trading margin was more resilient achieving US\$27.7 per MT compared to US\$34.4 per MT last year. But the margins for consumer pack division, that include branding and distribution margins suffered more due to macro economic conditions and tough market conditions particularly in Africa. Under falling prices conditions during the year, buyers at destination markets ended up holding high priced inventories and resulted in losses. It prompted them to reduce and delay their purchases and also negotiate harder at the time of new purchases. Our joint venture company, through its subsidiary, being the importer and distributor of our consumer pack products in West Africa and other subsidiaries in Europe continued to experience slow demand resulting in higher inventory carrying cost and pressure on margins. Resultantly operating margin of Consumer Pack division came down to US\$47.8 per MT compared to US\$93.8 per MT achieved last year. Bulk and Consumer Pack segments contributed 64.4% and 35.6% respectively of total operating margin.

Operating Margin (US\$ in Millions)

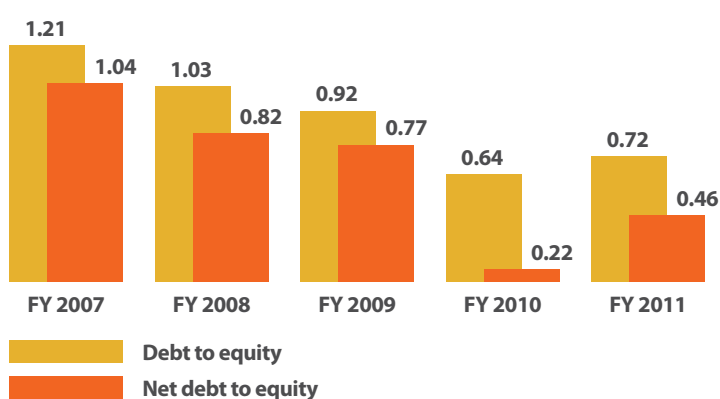


Operating Margin per MT (US\$)

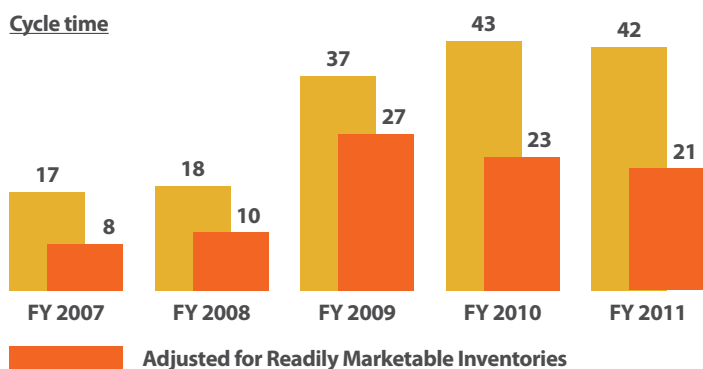
	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Total	22.2	53.0	48.0	47.9	32.6
Bulk	13.4	44.7	32.6	34.4	27.7
Consumer Pack	65.6	81.3	113.4	93.8	47.8

Operations and Financial Review

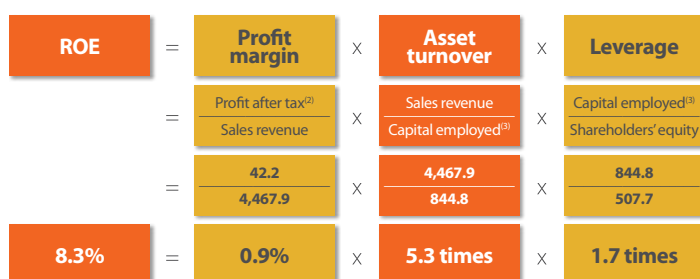
Debt to equity and Net debt to equity



Cycle time



Return on Equity



Notes

- 1) ROE is based on opening Shareholders funds.
- 2) Profit after tax attributable to equity holders of the Company.
- 3) Capital employed = Total equity + Net Debt

Strong Balance Sheet

The Group was listed on the Mainboard of the Singapore Exchange Securities Trading Limited (SGX-ST) on November 24, 2010 raising net proceeds of US\$184 million, significantly strengthening our balance sheet to support our growth plans. Cash and cash equivalents remained healthy at US\$136.8 million, which includes unutilised IPO proceeds of US\$58 million.

We manage our capital structure very actively by looking at the debt to equity ratio, for the fixed investment, for current investment and total for the business. Due to nature of investments, we target to keep net debt to equity ratio to be less than 1.0 for fixed investments, less than 2.0 for current investments and less than 1.5 on overall basis. We maintained healthy debt to equity ratio of 0.72 or net debt to equity ratio of 0.46 leaving enough scope to raise additional debt to support our growth plans.

We maintain adequate working capital credit lines to support increased working capital requirements resulting from market opportunities or increase in prices. Our target is to have utilisation to be less than 75% of total credit lines available. During 2011, we have further increased and diversified our borrowing to provide operational and financial flexibility. Our current working capital lines utilisation remains at very comfortable 36% of total credit lines available.

Our efficient, large scale, integrated production facilities and strong distribution network continued to help us to keep our cycle time very short of 42 days in 2011, similar to 43 days in 2010. Excluding Readily Marketable Inventories, our cycle time was only 21 days, down from 23 days in 2010.

Return on Equity

We achieved return on equity of 8.3% for FY2011.

We actively strive to maximising the return on the equity by increasing our profit margin, increasing asset turnover and optimising leverage.

Forward Looking Strategy

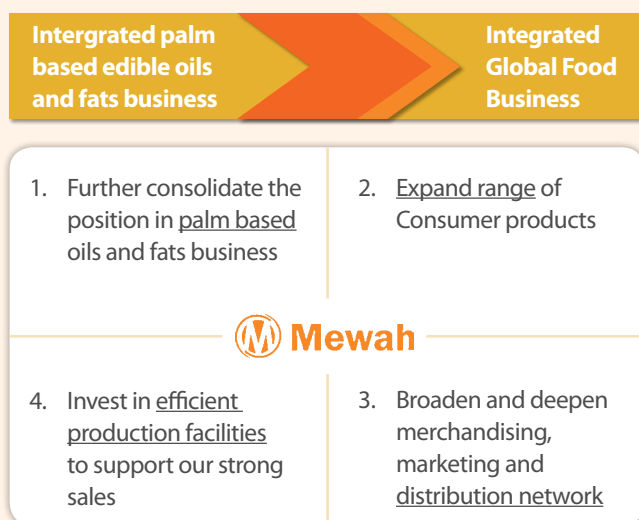
Over the last five decades, we have become an integrated palm based edible oil and fats business. We strive to position ourselves as an integrated global food business by further strengthening our position within the oils and fats business by investing in and expanding the range of consumer products, broadening and deepening our marketing and distribution network and investing in efficient production facilities.



Forward Looking Strategy

Our Strategy

Over the last five decades, we have become an integrated palm based edible oil and fats business. We strive to position ourselves as an integrated global food business by further strengthening our position within the oils and fats business by investing in and expanding the range of consumer products, broadening and deepening our marketing and distribution network and investing in efficient production facilities.



To meet the objective, we have taken the following initiatives:

In December 2010, we had completed the acquisition of 52.0% of the issued equity of Molly Foods bvba, a company incorporated in Belgium which, through its wholly owned subsidiary, Bloom Land Enterprises Limited a company incorporated in Hong Kong, owns 100% of BeCe S.à.r.l., a company incorporated in Togo, involved primarily in importing commodities, including edible oils and fats products produced by the Group, for sale in West Africa. We further increased the stake to 70.0% in Q1 2011. The acquisition 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.

In Q4 2011, we completed the increase in specialty oils and fats capacity by 600 MT per day in Malaysia. The demand for specialty fats such as cocoa butter substitutes and cocoa butter alternatives for chocolate and confectionery industries is increasing rapidly. Palm based specialty fats offer alternatives to the industries at relatively lower costs without materially affecting the quality of final products.

In Q4 2011, we also completed the facilities to produce consumer products such as soap and shortening in Malaysia. The products will add value to our by-products which otherwise have lesser liquidity and are generally sold at lower values.

In August 2011, we announced an investment to produce dairy products in Malaysia. The project at an estimated cost of US\$49 million is expected to be completed by the first half of 2013. As palm oil is one of the important raw materials for the production of dairy products, the investment will have production synergies with our current palm oil business. The investment is also expected to have significant marketing and distribution synergies with our current consumer pack segment.

We are exploring more consumer products that could be sold as a basket-of-products to our existing and prospective customers. We have so far received very encouraging results for rice. We have started sourcing rice from Asia and selling in Africa under our own brands and expect rice to become an important part of our portfolio in future. We are building capabilities to position ourselves an integrated global food business.

We have recently started investing in a new refinery, packing plant and related logistics facilities in East Java, Indonesia. The refinery is expected to have installed capacity of 630,000 MT per annum, increasing our total capacity to 3.43 million by end of financial year 2013. The investment will further consolidate our position as integrated palm oil business by not only adding more refining capacity but also diversifying our manufacturing base to Indonesia which has taken over Malaysia as the largest producer of palm oil. It will also increase our access to CPO, increase operational and logistics flexibility and provide marketing synergies.

Risk Management

As a result of our Group's global operating and financing activities, we are exposed to various types of market risks, including fluctuations in agricultural commodity prices, foreign currency exchange rates, interest rates, counterparty credit and liquidity risk. We use certain financial instruments to hedge the risk of commercial exposures and we do not hold such financial instruments for trade or speculative purposes. These market risk management activities are governed by our risk management system that is designed to identify, quantify and control various risks encountered in our operations and minimise the adverse effects from the unpredictability of financial market risks on our financial performance.

Our system comprises of processes and policies designed to address risks such as commodity prices, foreign currency exchange rates, interest rates, counterparties' credit and liquidity.

Our risk management system is based on the following main principles:

Risk governance structure

The on-going compliance of these risk management processes and policies are carried out by the heads of the respective operating units. Our risk governance structure consists of a team of employees led by our executive director, Ms Wong Lai Wan in the Risk Department of our Singapore office, who is responsible for monitoring and improving the overall effectiveness of our risk management system, the review and setting of trade positions and limits to manage our overall risk exposure. The Risk Department monitors and assesses risks on a daily basis and holds periodical meetings with our marketing and operations teams.

The Risk Department has the authority to make temporary increases or changes to risk limits but such increases or changes must at all times remain within our overall risk management guidelines and framework of the Group.

Where the execution of any activity will result in the breach of any applicable limits in our risk management guidelines and framework, specific approval for that activity must be sought, and obtained, from the Executive Risk Management Team prior to the execution of the activity. Any risk-related issues which are outside our risk management guidelines and



framework are reported to the committee consisting of our Executive Directors, Dr Cheo Tong Choon @ Lee Tong Choon, Ms Michelle Cheo and Ms Bianca Cheo (the "Executive Risk Management Team").

Setting of risk limits

The Executive Risk Management Team establishes and reviews periodically our overall risk tolerance thresholds, measured in terms of Value-At-Risk ("VAR"). The team is responsible for overall systems, procedures and processes for risk management including derivatives trading. Such risk tolerance threshold is based on a percentage of total

Risk Management



shareholders' funds, and/or the budgeted annual operating profit, after taking into account, among other things, the Executive Risk Management Team's view on the overall production capacity of refining and processing operations and of the market upon which trading activities take place, the price (and price trend) of raw materials, the track record of management in managing its risk exposures in the prior period, and the financial budgets including projected sales volumes and turnover. The risk tolerance threshold is also based on the counterparty's background, financial performance and management team. The risk tolerance threshold refers to the maximum potential loss if all trading and operations across

all products and geographical regions materialise at the same time. Such threshold limits are approved and reviewed by Audit Committee.

Reporting and reviewing structure

Our Risk Department is responsible for the capture and measurement of Group-wide risk and ensuring compliance with our risk management systems, procedures and processes. The Risk Department analyses and reviews our daily risk exposure with oversight from the Executive Risk Management Team. Any changes to our risk management systems, standards, practices, policies and risk appetite require the approval of our Board.

With respect to risks related to the use of derivative financial instruments, once limits for derivatives positions have been established by our Executive Risk Management Team, our Risk Department monitors our trading activities to ensure compliance with these limits. If additional exposure is required, the trading department approaches the Risk Department to approve an increase in the limits. On a case-by-case basis, the Risk Department makes a recommendation to the Executive Risk Management Team to change established limits. If approved by the Executive Risk Management Team, the revised limit is implemented and monitored by the Risk Department. Any breach (whether of trading limits or non-adherence to established policies), disclosed or revealed by the Risk Department, will be acted upon by the Executive Risk Management Team. Where the Executive Risk Management Team considers the breach to be significant (whether in terms of financial impact or otherwise), the Executive Risk Management Team will report the breach to the Board.

Our Internal Audit Department reviews our internal control systems regularly on an annual basis to ensure compliance with the risk management system. Any material findings such as breaches of trading limits or non-adherence to established risk management policies will be reported to our Audit Committee as and when they arise.

Our Audit Committee regularly reviews our internal control systems, internal audit reports and risk tolerance threshold limits.

The Company also engages external professionals from time to time to review and improve on our internal control systems.

Research and Development

At Mewah Group, the driving force behind our R&D model is the passion for innovation and the satisfaction of fulfilling customers' needs.

Our Innovation and Knowledge Management Centre (IKMC) was established in 2009 with a view to consolidate and augment all research and development activities. At our state-of-the-art-facilities, we employ a variety of frontier instruments for our detailed analysis, which includes Gas Chromatography, High Pressure Liquid Chromatography and Differential Scanning Calorimetry. We also have a full range of pilot plants from upstream to downstream products which allow us to run trials on our distinctive formulations, meeting discerning customer requirements. Our research centre is also equipped with application and sensory facilities, which allow us to carry out critical feasibility and application tests, and to troubleshoot.

Here, we are committed to research and development, product and process improvement, product applications and technical support for a variety of food-base and non-food-base palm oil related products. Some areas include cocoa butter equivalent, cocoa butter replacer, and chilled spread, in addition to our continuous commitment to improvement and expansion of our current bakery and confectionery products.

In the area of non-food R&D activities, we utilize different quality vegetable oil for the development of soap bar products and are capable of formulating in accordance to market requirements.

Over many years of embracing only good manufacturing practices, the Company recognizes the challenge of pursuing a balance in product innovation and quality. It maintains unwavering conformance to stringent food safety and hygiene standards.

Our continued investments in R&D breed constant innovation of sustainable products alongside quality and we believe we have the capabilities of translating our passion for R&D into what our customers' value.



Corporate Social Responsibility



At Mewah Group, we believe that corporate success and social welfare are interdependent and as such we believe in Creating Share Value, or CSV. We strive to create value for our shareholders by embracing responsibility for our activities on the environment, consumers, employees, suppliers, competitors and communities we operate in. As a socially responsible corporation, we strive to honour the triple bottom line: People, Planet and Profit.

Our Corporate Social Responsibility Policy or CSR Policy can be divided into five broader categories:

- Ethical business conduct
- Employee relations
- Fair employment practices
- Workplace Health and Safety
- Environment

Ethical Business Conduct

We value the principles of integrity, honesty and accountability and in full compliance with the law of every country and region we operate in. We are committed to conducting our business responsibly through:

- Ethical business practices throughout our operations;
- Fair treatment of all our stakeholders including our employees, suppliers, customers, service providers and all other parties that deal with us in our business operations;
- High standards for all matters relating to health, safety, security and the environment;
- Transparent business policies and practices.

Employee Relations

The Group recognizes that one of the cornerstones of its success is our employees. We believe that having a highly motivated, well trained and involved set of employees is crucial to the continued success of our corporation.

To this end, we will ensure that our employees are developed to their full potential and talent, and their competency are fully recognized and rewarded.

We will continue to attract, motivate and retain our employees, providing them with job security and ample opportunities to grow with the company.

We believe that an all-rounder workforce is the most motivated and productive. Aside from providing job satisfaction, we encourage our employees to have a balanced work life by organizing and promoting social activities.

Fair Employment Practices

We believe in providing equal opportunities and follow fair employment practices.

The Group recognises the value of its employees and long term retention as key to the success of the business. The Group aims to attract and retain skilled employees by giving them job security.

Corporate Social Responsibility



Workplace Health and Safety

The Group aims to provide each employee with a safe place to work. All group locations are required to abide by local health and safety regulations. We conduct regular work risk assessments, seriously taking action to address any identified risks by setting up protective guarding, enforcing the usage of personal protective equipment, embarking on work sites audits and inspections, as well as regular reviews and controls of safety risks. We strive to achieve zero loss work day due to work place accidents.

Mewaholeo Industries Sdn Bhd is the first company under the Mewah Group to be certified with OSHAS 18000 in 2009. We have adopted OSHAS guidelines and best practices in our subsidiaries companies. Benchmarking is also one of the strategies adopted to ensure we are on par with the industry's standard. We are committed to designing beneficial health and safety programs for the welfare of employees.

Environment

Environment protection is always part of our business. We strive to preserve and protect our mother nature. We deeply appreciate the importance of protecting the environment especially for future generation.

As an active member of the Roundtable on Sustainable Palm Oil (RSPO), we align our value with the principal objective of the RSPO, that is to promote the growth and use of sustainable palm oil through co-operation within the supply chain and open dialogue between its stakeholders. We seek to produce palm oil products in a sustainable manner.

It is vital that the production and the use of palm oil must be done in a sustainable manner based upon economical, social and environmental viability to maintain ecological balance and biodiversity vastness. We are actively involved in the development of 'RSPO Supply Chain Certification Requirements'. We have developed and maintained an effective and efficient traceability system.

A traceability system is vital in tracing and capturing the use of sustainable palm oil throughout the supply chain. We can specifically trace from end products to raw material suppliers for each product where data on raw materials, plant utilities, in-process parameters, storage tank parameters and finished products are well maintained and kept using ERP system. With the effective and efficient traceability system, the volume / ratio of the sustainable palm oil used can be clearly identified and declared accordingly to any claim requirements.

Sourcing from sustainable suppliers is also one of our major requirements in procuring raw materials. We have established close working relationship with sustainable suppliers who share the same value and aim to preserve the environment for future generations.

Our various companies have been granted approval for Mass Balance Supply Chain, based on an audit according to the regulations stated in the RSPO Supply Chain Certification requirements for supply of RSPO certified sustainable palm oil.

<u>Company</u>	<u>Issue date of certificate</u>
Mewah-Oils Sdn Bhd	23 November 2010
Mewaholeo Industries Sdn Bhd	11 March 2011
Moi Foods Malaysia Sdn Bhd	9 September 2011
Ngo Chew Hong Oils & Fats (M) Sdn Bhd	15 October 2011

Our various companies have also been granted approval for segregation supply chain, based on an audit according to the regulations stated in the RSPO Supply Chain Certification requirements for supply of RSPO certified sustainable palm oil.

<u>Company</u>	<u>Issue date of certificate</u>
Mewah-Oils Sdn Bhd	23 November 2010
Mewaholeo Industries Sdn Bhd	11 March 2011

Corporate Governance

Mewah was listed on the Mainboard of the Singapore Stock Exchange Securities Trading Limited (SGX-ST) on November 24, 2010. As a public listed Company, Mewah is committed to maintain a high standard of corporate governance on the principles of effective leadership, accountability, integrity and openness as set out by the Corporate Governance Code 2005 ("Code"). On October 29, 2010, a professional board was set up with a well balanced mix of executive and non-executive independent directors. The Board is pleased to confirm that the Company has adhered to the principles and guidelines of the Code, as have been referred below:

Guideline	Disclosure	Page of reference in this report
1.3	Delegation of authority, by the Board to any Board Committee, to make decisions on certain board matters	34
1.4	The number of board and board committee meetings held in the year, as well as the attendance of every board member at these meetings	34
1.5	The type of material transactions that require board approval under internal guidelines	34
2.2	Where the company considers a director to be independent in spite of the existence of a relationship as stated in the Code that would otherwise deem him as non-independent, the nature of the director's relationship and the reason for considering him as independent should be disclosed	35
3.1	Relationship between the Chairman and CEO where they are related to each other	36
4.1	Composition of nominating committee	34
4.5	Process for the selection and appointment of new directors to the board	37
4.6	Key information regarding directors, which directors are executive, non-executive or considered by the nominating committee to be independent	36
5.1	Process for assessing the effectiveness of the Board as a whole and the contribution of each individual director to the effectiveness of the Board	37
9	Clear disclosure of its remuneration policy, level and mix of remuneration, procedure for setting remuneration and link between remuneration paid to directors and key executives, and performance	38
9.1	Composition of remuneration committee	34
9.2	Names and remuneration of each director. The disclosure of remuneration should be in bands of S\$250,000. There will be a breakdown (in percentage terms) of each director's remuneration earned through base/fixed salary, variable or performance-related income/bonuses, benefits in kind, and stock options granted and other long-term incentives	39
9.3	Names and remuneration of at least the top 5 key executives (who are not also directors). The disclosure should be in bands of S\$250,000 and include a breakdown of remuneration	39
9.3	Remuneration of employees who are immediate family members of a director or the CEO, and whose remuneration exceeds S\$150,000 during the year. The disclosure should be made in bands of \$250,000 and include a breakdown of remuneration	39
9.4	Details of employee share schemes	39
11.8	Composition of audit committee and details of the committee's activities	40
12.2	Adequacy of internal controls, including financial, operational and compliance controls, and risk management systems	41

Corporate Governance

Key aspects of the Corporate Governance practices adopted by the Company are described below:

Principle 1

The Board's conduct of affairs

Effective Board to lead and control the company

Mewah is led and controlled by an effective Board that works closely with the Management for the success of the company. In line with the guidelines set by the Code, key roles of the Board are to:

- provide entrepreneurial leadership, set strategic aims, and ensure that the necessary financial and human resources are in place for the company to meet its objectives;
- establish a framework of prudent and effective controls which enable risk to be assessed and managed;
- review management performance; and
- set the company's values and standards, and ensure that obligations to shareholders and others are understood and met.

In addition, the Board is also responsible for the review and approval of Group's business strategies, key investments and financing decisions.

The Board plans to convene scheduled meetings on a quarterly basis to coincide with the announcement of the Group's quarterly results. Ad-hoc meetings are to be convened as and when necessary to review the Group's performance, and to deliberate on specific issues. To facilitate the Board's decision-making process, the Company's Articles of Association provides for

Directors to participate in Board meetings by teleconference or video conference. Decisions of the Board and Board committees may also be obtained via circulation.

To assist the Board in the execution of its duties, the Board has delegated specific functions to the following board committees:

Audit Committee

The Audit Committee comprises Independent Directors Mr Lim How Teck, Tan Sri Dato' Ir Muhammad Radzi Bin Haji Mansor and Mr Giam Chin Toon. The Chairman of the Audit Committee is Mr Lim How Teck. The Audit Committee is required to meet periodically to perform the functions as set out in Principle 11 of this report.

Nominating Committee

Our Nominating Committee comprises Independent Directors Mr Giam Chin Toon, Tan Sri Datuk Dr Ong Soon Hock, Tan Sri Dato' Ir Muhammad Radzi Bin Haji Mansor, Mr Lim How Teck, and Executive Director Dr Cheo Tong Choon @ Lee Tong Choon. The Chairman of the Nominating Committee is Mr Giam Chin Toon. Our Nominating Committee is responsible for the functions as set out in Principle 4 of this report.

Remuneration Committee

Our Remuneration Committee comprises of Independent Directors Mr Giam Chin Toon, Tan Sri Dato' Ir Muhammad Radzi Bin Haji Mansor and Mr Lim How Teck. The Chairman of the Remuneration Committee is Mr Giam Chin Toon. Our Remuneration Committee is responsible for the functions as set out in Principle 7 of this report.

The Directors' attendance at the Board and Board Committee meetings during the financial year ended 31 December 2011 is set out as follows:

Corporate Governance

Name	Board Meeting	Audit Committee Meeting	Nominating Committee Meeting	Remuneration Committee Meeting
Dr Cheo Tong Choon @ Lee Tong Choon	5	-	2	-
Ms Michelle Cheo Hui Ning	5	-	-	-
Ms Bianca Cheo Hui Hsin	5	-	-	-
Ms Leong Choi Foong	5	-	-	-
Ms Wong Lai Wan	5	-	-	-
Mr Giam Chin Toon	5	4	2	2
Tan Sri Dato' Ir Muhammad Radzi Bin Haji Mansor	3	3	2	2
Tan Sri Datuk Dr Ong Soon Hock	5	-	2	-
Mr Lim How Teck	5	4	2	2
Mr Cheo Seng Jin ⁽¹⁾	-	-	-	-
No of Meetings held	5	4	2	2

Note: ⁽¹⁾ Mr Cheo Seng Jin had retired at the Annual General Meeting held on 25 April 2011.

Principle 2

Board Composition and Guidance

Strong and independent element on the Board

The Board presently has nine members comprising five Executive Directors and four Non-Executive Directors. Out of the total of nine Directors, four (representing one third of the Board composition) of these Directors are considered "Independent" based on the guidelines under the Code. According to the Code, an independent director is one who has no relationship with the Company, its related companies or its officers that could interfere, or be reasonably perceived to interfere with the exercise of the director's independent business judgment. The independence of each director is reviewed annually by the Nominating Committee (NC).

The composition and the effectiveness of the Board are reviewed on an annual basis by the NC to ensure that there is an appropriate mix of expertise and experience to fulfil its duties.

The company attaches great importance to gender equality. Awareness of gender equality at work place increases wellbeing and feeling of justice and thus increases motivation, which influences the productivity and the competitiveness of the company. The Company has four women directors on the board, namely Ms Michelle Cheo Hui Ning, Ms Bianca Cheo Hui Hsin, Ms Leong Choi Foong and Ms Wong Lai Wan.

The Board collectively views that its current size complies with the Code and is effective, taking into account the scale and nature of the operations of the Group. A brief profile of each Director is given on pages 14 to 17 of this annual report.

The nature of the current Directors' appointments on the Board and details of their membership on Board Committees are set out below:

Corporate Governance

Name		Board	Audit Committee	Nominating Committee	Remuneration Committee
Dr Cheo Tong Choon @ Lee Tong Choon	Chairman and Executive Director	Chairman		Member	
Ms Michelle Cheo Hui Ning	Chief Executive Officer and Executive Director	Member			
Ms Bianca Cheo Hui Hsin	Chief Operating Officer and Executive Director	Member			
Mr Cheo Seng Jin ⁽¹⁾	Head, Commercial and Executive Director	Member			
Ms Leong Choi Foong	Group Treasurer and Executive Director	Member			
Ms Wong Lai Wan	Head, Risk Management and Executive Director	Member			
Mr Giam Chin Toon	Lead Independent Director	Member	Member	Chairman	Chairman
Tan Sri Dato' Ir Muhammad Radzi Bin Haji Mansor	Independent Director	Member	Member	Member	Member
Tan Sri Datuk Dr Ong Soon Hock	Independent Director	Member		Member	
Mr Lim How Teck	Independent Director	Member	Chairman	Member	Member

Note: ⁽¹⁾ Mr Cheo Seng Jin had retired at the Annual General Meeting held on 25 April 2011.

Principle 3

Chairman and Chief Executive Officer

Separate Chairman and Chief Executive Officer

Dr Cheo Tong Choon @ Lee Tong Choon is our Chairman and Executive Director and is responsible for the overall strategy and direction for the Group. Ms Michelle Cheo Hui Ning is an Executive Director and our Chief Executive Officer and is the daughter of the Chairman. Along with the Chairman, she is responsible for managing the overall strategic direction of the Group, which involves managing the operations, projects, corporate risk management and organisation of the Group.

The Chairman has been the force behind the success of the Group and works closely with the Chief Executive Officer to ensure smooth transition of leadership and to ensure adequate accountability and transparency.

The Non-Executive, Independent Directors fulfil a pivotal role to ensure a balance of power and authority, such that no one individual represents a considerable concentration of power. Their role is particularly important as they provide unbiased and independent views, advice and judgment to take care of the interests, not only of the Company but also of shareholders, employees, customers, suppliers and the many communities in which the Company conducts business.

The Board at the recommendation of the Code, appointed a Lead Independent Director as part of the Board succession planning in order to provide continuity of leadership at the Board level in the absence of the Chairman. The Lead Independent Director also acts as a bridge between the Independent Directors and the Chairman as well as represents shareholders' interests.

Corporate Governance

Principle 4

Board Membership

Formal and transparent process for the appointment of new directors to the Board

The principal functions of the NC are as follows:

- (i) reviewing and assessing candidates for directorships (including executive directorships) before making recommendations to our Board for appointment of Directors;
- (ii) re-nomination of our Directors in accordance with our Articles of Association, having regard to our Director's contribution and performance;
- (iii) determining annually whether or not a Director is independent; and
- (iv) deciding whether or not a Director is able to and has been adequately carrying out his duties as a director.

The Nominating Committee determines how our Board's performance is to be evaluated and proposes objective performance criteria, subject to the approval of our Board, which address how the Board has enhanced long-term shareholders' value. The Board has implemented a process to be carried out by the Nominating Committee for assessing the effectiveness of the Board as a whole and for assessing the contribution by each individual Director to the effectiveness of the Board. Each member of the Nominating Committee is required to abstain from voting on any resolutions and making any recommendations and/or participating in any deliberations of the Nominating Committee in respect of the assessment of his performance or re-nomination as director. In the event that any member of the Nominating Committee has an interest in a matter being deliberated upon by the Nominating Committee, he will abstain from participating in the review and approval process relating to that matter.

Board appointments are approved by way of written resolutions based on the recommendations of the NC.

In accordance with the Company's Articles of Association, each director shall retire at least once every three years. A retiring director shall be eligible for re-election subject to approval by the shareholders at the annual general meeting (AGM). New Directors

will hold office only until the AGM following their appointments and they will be eligible for re-election. Such Directors are not taken into account in determining the number of Directors who are to retire by rotation.

Principle 5

Board Performance

Formal assessment of the effectiveness of the Board

The NC has in place a process for the evaluation of the Board's effectiveness as a whole. The evaluation is done through written assessments by individual directors. In appraising the Board's effectiveness, the assessment is based on factors including the Board's understanding of the Group's business operations, development of strategic directions and the effectiveness of Board meetings to facilitate discussion and decision on critical and major corporate matters. The collated findings are reported and recommendations are submitted to the Board for review and further enhancement to the Board's effectiveness.

Principle 6

Access to Information

Board members to have complete, adequate and timely information

As a general rule, board papers are required to be sent to directors at least three days before the board meeting so that the members may better understand the matters prior to the board meeting and discussion may be focused on questions that the directors may have. However, sensitive matters may be tabled at the meeting itself or discussed without any papers being distributed. The directors are also provided with the names and contact details of the Company's senior management and the Company Secretary to facilitate direct access to senior management and the Company Secretary.

The Company fully recognises that the flow of relevant information on an accurate and timely basis is critical for the board to be effective in the discharge of its duties. Management is therefore expected to provide the board with accurate information in a timely manner concerning the Company's progress or shortcomings in meeting its strategic business objectives or financial targets and other information relevant to the strategic issues facing the Company.

Corporate Governance

The role of the Company Secretary is clearly defined and includes the responsibility of ensuring that the board procedures are followed and that applicable rules and regulations are complied with.

Subject to the approval of the Chairman, the directors, whether as a Group or individually, may seek and obtain independent professional advice to assist them in their duties, at the expense of the Company.

Principle 7

Procedures for Developing Remuneration Policies

A formal and transparent procedure for developing policy

Our Remuneration Committee is responsible for recommending to our Board for a framework of remuneration for the Directors and key executives, and determining specific remuneration packages for each Director and the chief executive officer. The recommendations of our Remuneration Committee are submitted for endorsement by the entire Board. All aspects of remuneration, including but not limited to directors' fees, salaries, allowances, bonuses, options and benefits in kind are covered by our Remuneration Committee. Each member of the Remuneration Committee is required to abstain from voting on any resolutions and making recommendations and/or participating in any deliberations of the Remuneration Committee in respect of his own remuneration package.

Principle 8

Level and Mix of Remuneration

Adequate Remuneration of Directors

A competitive remuneration and reward system based on individual performance is important in order to retain and incentivise the best talents. Remuneration and reward system should also be responsive to the economic climate as well as the performance of the Group and its business units.

Non-Executive Directors are paid Directors' fees which comprise a basic fee and additional fees for appointments on other Board Committees. As an Executive Director, the CEO does not receive Directors' fees but is remunerated as a member of Management. The RC has access to professional advice from appropriate consultants to determine the level and mix of remuneration for Directors as well as Management.

Principle 9

Disclosure on Remuneration

Clear disclosure of remuneration policy, level and mix of remuneration, and procedure for setting remuneration

The breakdown of the remuneration of the Directors, top five Key Executives and Employees who are immediate family members of a director of the Company, for the financial year ended 31 December 2011 is as follows:

Corporate Governance

Name	Fixed Salary	Variable Income	Benefits in Kind	Total	Remuneration Band
Executive Directors					
Dr Cheo Tong Choon @ Lee Tong Choon	22%	77%	1%	100%	S\$3,250,000 to S\$3,500,000
Ms Michelle Cheo Hui Ning	49%	50%	1%	100%	S\$1,000,000 to S\$1,250,000
Ms Bianca Cheo Hui Hsin	49%	50%	1%	100%	S\$1,000,000 to S\$1,250,000
Mr Cheo Seng Jin ⁽¹⁾					
Ms Leong Choi Foong	53%	46%	1%	100%	S\$250,000 to S\$500,000
Ms Wong Lai Wan	48%	50%	2%	100%	S\$250,000 to S\$500,000
Independent Non Executive Directors					
Mr Giam Chin Toon	100%	-	-	100%	S\$250,000 and below
Tan Sri Dato' Ir Muhammad Radzi Bin Haji Mansor	100%	-	-	100%	S\$250,000 and below
Tan Sri Datuk Dr Ong Soon Hock	100%	-	-	100%	S\$250,000 and below
Mr Lim How Teck	100%	-	-	100%	S\$250,000 and below
Top 5 Key Executives					
Mr Shyam Kumbhat	25%	74%	1%	100%	S\$1,250,000 to S\$1,500,000
Mr Rajesh Chopra	99%	-	1%	100%	S\$750,000 to S\$1,000,000
Ms Agnes Lim Siew Choo	38%	60%	2%	100%	S\$250,000 to S\$500,000
Mr Lee Chye Teck Roland	42%	55%	3%	100%	S\$250,000 to S\$500,000
Mr Lua Eng Jee	42%	55%	3%	100%	S\$250,000 to S\$500,000
Employees who are immediate family members of a Director (remuneration exceeding S\$150,000)					
Employee related to Dr Cheo Tong Choon @ Lee Tong Choon	63%	32%	5%	100%	S\$250,000 to S\$500,000
Employee related to Dr Cheo Tong Choon @ Lee Tong Choon	63%	32%	5%	100%	S\$250,000 to S\$500,000
Employee related to Dr Cheo Tong Choon @ Lee Tong Choon	63%	32%	5%	100%	S\$250,000 to S\$500,000

Note: ⁽¹⁾ Mr Cheo Seng Jin had retired at the Annual General Meeting held on 25 April 2011.

There is currently no employee share scheme.

Corporate Governance

Principle 10

Accountability

Balanced and understandable assessment of the Company's performance, position and prospects

The board has embraced openness and transparency in the conduct of the Company's affairs, whilst preserving the commercial interests of the Company. Financial reports and other price-sensitive information are disseminated to shareholders through announcements via SGXNET to the SGX, press releases, the Company's website, and public webcast and media and analyst briefings.

The Board will review and approve the results before its release. As recommended in the Guidebook for Audit Committees in Singapore, the Board will also review and approve any media release of its financial results. Since the SGX-ST's introduction of the requirement for Directors to issue a Negative Assurance Statement to accompany its quarterly financial results announcement, a process has been introduced to support Management's representations to the Board on the integrity of the Group's financial statements and internal control systems before the Negative Assurance Statement is given by the Board.

Principle 11

Audit Committee

Establishment of Audit Committee with written terms of reference

The Audit Committee ("AC") comprises entirely non-executive and independent directors, namely Mr Lim How Teck, Tan Sri Dato' Ir Muhammad Radzi Bin Haji Mansor and Mr Giam Chin Toon. The Committee shall meet at least four times during a year and its terms of reference are to:

- (i) commission internal investigations and review any significant findings and otherwise carry out its obligations under Rule 719 of the SGX-ST Listing Manual (for example, in relation to any suspected fraud or irregularity or suspected infringement of any Singapore laws or regulations or rules of the SGX-ST or any other regulatory authority of Singapore, which has or is likely to have a material impact on the Company's operating results or financial position);

- (ii) assist our Board in the discharge of its responsibilities on financial and accounting matters;
- (iii) recommend the appointment and dismissal of internal auditors and review the audit plans, scope of work and results of our audits compiled by our internal and external auditors;
- (iv) review the co-operation given by our officers to the external auditors;
- (v) nominate external auditors for re-appointment;
- (vi) review the integrity of any financial information presented to our Shareholders;
- (vii) review interested person transactions and potential conflicts of interest, if any;
- (viii) review all hedging policies and instruments to be implemented by us, if any;
- (ix) review all investment instruments that are not principal protected;
- (x) review and evaluate our administrative, operating and internal accounting controls and procedures; and
- (xi) review our risk management structure and any oversight of our risk management processes and activities to mitigate and manage risk at acceptable levels determined by our Board.

Apart from the duties listed above, the Audit Committee is required to commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or infringement of any law, rule or regulation which has or is likely to have a material impact on our results of operations and/or financial position. Each member of the Audit Committee must abstain from voting on any resolution in respect of matters in which he is interested.

The Audit Committee is satisfied with the independence and objectivity of the external auditor and recommends to the Board the nomination of the external auditor for reappointment. The Audit Committee has conducted an annual review of all non-audit services provided by the external auditor and is satisfied that the nature and extent of such services do not affect the independence of the external auditor.

Corporate Governance

Principle 12 and 13

Internal Control and Audit

Sound system of internal control and independent audit function

Based on the internal controls established and maintained by the Group, work performed by the internal auditors, work performed by external auditors for the purpose of the statutory audit and reviews performed by management, various Board Committees and the Board, the Audit Committee and the Board are of the opinion that the Group's internal controls, addressing financial, operational and compliance risks were adequate. The Company's internal auditors conduct an annual review of the effectiveness of the Company's material internal controls, including financial, operational and compliance controls, and risk management. Any material non-compliance or failures in internal controls and recommendations for improvements are reported to the Audit Committee. The Audit Committee also reviews the effectiveness of the actions taken by management on the recommendations made by the internal and external auditors in this respect.

The role of the internal auditors is to assist the Audit Committee to ensure that the Company maintains a sound system of internal controls by regular monitoring of key controls and procedures and ensuring their effectiveness, undertaking investigations as directed by the Audit Committee, and conducting regular in-depth audits of high risk areas. The Company's internal audit functions are serviced in-house ("Group Internal Audit").

Staffed by suitably qualified executives, Group Internal Audit has unrestricted direct access to the Audit Committee. The Head of Group Internal Audit's primary line of reporting is to the Chairman of the Audit Committee, although he reports administratively to the Chief Executive Officer of the Company.

Group Internal Audit is guided by the standards for the professional practice of internal auditing developed by the Institute of Internal Audit and has met the standards for the professional practice of Internal Auditing promulgated by the Institute of Internal Audit.

During the year, Group Internal Audit adopted a risk-based auditing approach that focuses on material internal controls, including financial, operational and compliance controls. Audits were carried out on all significant business units in the Company, inclusive of limited review performed on dormant and inactive companies. All Group Internal Audit's reports are submitted to the Audit Committee for deliberation with copies of these

reports extended to the Chairman, Chief Executive Officer and the relevant senior management officers. In addition, Group Internal Audit's summary of findings and recommendations are discussed at the Audit Committee meetings.

Principle 14 and 15

Communication with Shareholders

Regular, effective and fair communication with shareholders; Greater shareholder participation at Annual General Meetings

The Group is committed to upholding high standard of disclosure and continues to keep all stakeholders informed of its corporate activities on a timely and consistent basis. The company disseminates all price sensitive and material information to its shareholders via SGXNET on a non-selective basis. Financial and other performance data is given for the Group as well as business units where appropriate, to give shareholders a better insight into the Group's performance. The date of the release of quarterly results is disclosed at least two weeks prior to the date of announcement through SGXNET. On the day of announcement, the financial statements as well as the accompanying press release and presentation slides are released onto the SGX-ST website as well as on the company website at www.mewahgroup.com. Thereafter, a briefing or teleconference by management is jointly held for media and analysts.

All shareholders of the Company whose names are registered in the Depository Register and the Register of Members are entitled to attend the general meetings of the Company. Shareholders are informed of shareholders' meetings through notices published in the newspapers and reports or circulars sent to all shareholders. They are encouraged to meet with the Board and Senior Management so as to have a greater insight into the Group's developments. If any shareholder is unable to attend, he is allowed to appoint up to two proxies to vote on his behalf at the meeting through proxy forms sent in advance.

At shareholders' meetings, each distinct issue is proposed as a separate resolution.

The Chairmen of each board committee and management are required to be present to address questions at the Annual General Meeting. External auditors are also present at such meetings to assist the directors to address shareholders' queries, if necessary. Minutes of shareholder meetings are available upon request by registered shareholders.

Corporate Governance

Dealings in Securities

The Group has adopted a Best Practice Code – Trading in Company's Securities. Directors and key senior executives of the Group are prohibited from dealing in the Company's shares two weeks before the announcement of Group's first quarter, second quarter and third quarter results and one month before the announcement of full year results, and up to a day after the date of the announcement of the results. Additionally, all directors of the Group and employees are reminded not to trade in situations where the insider trading laws and rules would prohibit trading.

The directors' interests in shares of the Company during the year are found on pages 44 to 45 of this Report.

Interested Person Transactions

The Company has established procedures to ensure that all transactions with interested persons are reported on a timely manner to the AC and that the transactions are carried out on a normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders. The Company's disclosures in respect of interested person transactions for the financial year ended 31 December 2011 are as follows:

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)
	FY 2011 US\$'000	FY 2011 US\$'000
Prelude Gateway Sdn. Bhd.	Nil	2,486
Anthola Insurance Agencies Sdn. Bhd.	Nil	673
Perfect Venue Sdn. Bhd.	Nil	59
Ecolex Sdn. Bhd.	Nil	37,270
Capital Paradise Sdn. Bhd.	Nil	59
Containers Printers Pte Ltd	Nil	10,357
Choon Heng Transport & Warehousing Pte Ltd	Nil	313
Nature International Pte Ltd	Nil	124,997
AGF Insurance Agencies Sdn. Bhd.	1,046	Nil
Expertway (M) Sdn. Bhd.	1,485	Nil
Mr Cheo Seng Jin	430	Nil
Mr Cheo Tiong Choon	430	Nil
International Food Corporation Ltd	285	Nil
Kent Holidays (S) Pte Ltd	367	Nil

Statement by Audit Committee and Board of Directors

The Group has complied with Rule 712 and Rule 716 of the Listing Manual issued by Singapore Exchange Securities Trading Limited in relation to its auditors.

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Directors' Report

For the financial year ended 31 December 2011

The directors present their report to the members together with the audited consolidated financial statements of the Group for the financial year ended 31 December 2011 and the statement of financial position of the Company as at 31 December 2011.

Directors

The directors of the Company in office at the date of this report are as follows:

Dr Cheo Tong Choon @ Lee Tong Choon
 Ms Michelle Cheo Hui Ning
 Ms Bianca Cheo Hui Hsin
 Ms Leong Choi Foong
 Ms Wong Lai Wan
 Mr Giam Chin Toon
 Tan Sri Dato' Ir. Muhammad Radzi Bin Haji Mansor
 Mr Lim How Teck
 Tan Sri Datuk Dr Ong Soon Hock
 Mr Cheo Seng Jin (resigned on 25 April 2011)

Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Directors' interests in shares or debentures

(a) According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	Holdings registered in name of director or nominee		Holdings in which director is deemed to have an interest	
	At 31.12.2011	At 1.1.2011	At 31.12.2011	At 1.1.2011
Dr Cheo Tong Choon @ Lee Tong Choon	18,686,000	8,871,000	527,041,220	527,041,220
Ms Michelle Cheo Hui Ning	-	-	527,041,220	527,041,220
Ms Bianca Cheo Hui Hsin	-	-	527,041,220	527,041,220
Ms Leong Choi Foong	94,000	94,000	-	-
Ms Wong Lai Wan	224,000	224,000	35,000	-

Directors' Report

For the financial year ended 31 December 2011

Directors' interests in shares or debentures (continued)

(a) (continued)

	Holdings registered in name of director or nominee		Holdings in which director is deemed to have an interest	
	At	At	At	At
	<u>31.12.2011</u>	<u>1.1.2011</u>	<u>31.12.2011</u>	<u>1.1.2011</u>
Mr Giam Chin Toon	200,000	100,000	-	-
Tan Sri Dato' Ir. Muhammad Radzi Bin Haji Mansor	20,000	20,000	-	-
Mr Lim How Teck	300,000	150,000	-	-
Tan Sri Datuk Dr Ong Soon Hock	30,000	10,000	-	-

(b) The directors' interests in the ordinary shares of the Company as at 21 January 2012 were the same as those as at 31 December 2011, except for the following

	Holdings registered in name of director or nominee		Holdings in which director is deemed to have an interest	
	At	At	At	At
	<u>21.01.2012</u>	<u>31.12.2011</u>	<u>21.01.2012</u>	<u>31.12.2011</u>
Dr Cheo Tong Choon @ Lee Tong Choon	20,555,000	18,686,000	527,585,220	527,041,220
Ms Michelle Cheo Hui Ning	-	-	527,585,220	527,041,220
Ms Bianca Cheo Hui Hsin	-	-	527,585,220	527,041,220

Directors' contractual benefits

Since the end of the previous financial year, no director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member or with a company in which he has a substantial financial interest, except as disclosed in the accompanying financial statements and in this report.

Directors' Report

For the financial year ended 31 December 2011

Audit Committee

The members of the Audit Committee at the end of the financial year were as follows:

Mr Lim How Teck (Chairman)
Tan Sri Dato' Ir. Muhammad Radzi Bin Haji Mansor
Mr Giam Chin Toon

All members of the Audit Committee are non-executive directors.

The Audit Committee carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act. In performing those functions, the Committee reviewed:

- the scope and the results of internal audit procedures with the internal auditor;
- the audit plan of the Company's independent auditor and any recommendations on internal accounting controls arising from the statutory audit;
- the assistance given by the Company's management to the independent auditor; and
- the statement of financial position of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2011 before their submission to the Board of Directors, as well as the independent auditor's report on the statement of financial position of the Company and the consolidated financial statements of the Group.

The Audit Committee has recommended to the Board that the independent auditor, PricewaterhouseCoopers LLP, be nominated for re-appointment at the forthcoming Annual General Meeting of the Company.

Independent Auditor

The independent auditor, PricewaterhouseCoopers LLP, has expressed its willingness to accept re-appointment.

On behalf of the directors

Dr Cheo Tong Choon @ Lee Tong Choon
Director

Ms Michelle Cheo Hui Ning
Director

15 March 2012

Statement by Directors

For the financial year ended 31 December 2011

In the opinion of the directors,

- (a) the statement of financial position of the Company and the consolidated financial statements of the Group as set out on pages 49 to 132 are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2011, and of the results of the business, changes in equity and cash flows of the Group for the financial year then ended; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the directors

Dr Cheo Tong Choon @ Lee Tong Choon
Director

Ms Michelle Cheo Hui Ning
Director

15 March 2012

Independent Auditor's Report

To the Members of Mewah International Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Mewah International Inc. (the "Company") and its subsidiaries (the "Group") set out on pages 49 to 132, which comprise the consolidated statement of financial position of the Group and statement of financial position of the Company as at 31 December 2011, the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and statement of financial positions and to maintain accountability of assets.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2011, and the results, changes in equity and cash flows of the Group for the financial year ended on that date.

PricewaterhouseCoopers LLP
Public Accountants and Certified Public Accountants

Singapore, 15 March 2012

Consolidated Income Statement

For the financial year ended 31 December 2011

	Note	2011 US\$'000	2010 US\$'000
Revenue	4	4,467,933	3,533,071
Cost of sales	5	(4,282,314)	(3,266,821)
Gross profit		185,619	266,250
Other income	6	7,873	5,161
Expenses			
- Selling and distribution expenses		(109,747)	(96,058)
- Administrative expenses		(64,685)	(62,039)
- Other operating gains	7	31,868	5,150
- Finance costs	8	(12,887)	(9,779)
Share of profit of associate		123	3
Profit before tax	10	38,164	108,688
Income tax credit/(expense)	11	1,094	(16,248)
Profit after tax		39,258	92,440
Profit after tax attributable to:			
Equity holders of the Company		42,245	92,352
Non-controlling interests		(2,987)	88
		39,258	92,440
Earnings per share attributable to equity holders of the Company (expressed in US cents per share)			
- Basic and diluted	12	2.80	7.08

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Comprehensive Income

For the financial year ended 31 December 2011

	2011	2010
	US\$'000	US\$'000
Profit after tax	39,258	92,440
Other comprehensive income:		
Currency translation differences arising from foreign subsidiaries	(3,798)	25,385
Total comprehensive income, net of tax	35,460	117,825
Total comprehensive income attributable to:		
Equity holders of the Company	38,247	117,637
Non-controlling interests	(2,787)	188
	35,460	117,825

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Financial Position

As at 31 December 2011

	Note	2011 US\$'000	2010 US\$'000
ASSETS			
Current assets			
Inventories	13	307,490	242,781
Trade receivables	14	410,963	427,109
Other receivables	15	24,590	26,920
Tax recoverable		20,613	5,847
Derivative financial instruments	16(a)	38,747	87,040
Cash and cash equivalents	17	136,799	215,322
		939,202	1,005,019
Non-current assets			
Property, plant and equipment	18	287,796	217,933
Leasehold prepayments	19	13,514	-
Investment in associate	20(a)	204	86
Intangible asset	21	3,189	5,846
Derivative financial instruments	16(b)	185	4,442
		304,888	228,307
Total assets		1,244,090	1,233,326
LIABILITIES			
Current liabilities			
Trade payables	22	210,463	253,322
Other payables	23	51,353	49,808
Tax payable		1,157	13,337
Derivative financial instruments	16(a)	42,317	66,674
Borrowings	24	339,359	307,797
		644,649	690,938
Non-current liabilities			
Borrowings	24	46,771	18,359
Deferred income tax liabilities	25	14,880	15,453
		61,651	33,812
Total liabilities		706,300	724,750
NET ASSETS		537,790	508,576
EQUITY			
Capital and reserves attributable to equity holders of the Company:			
Share capital	26	1,507	1,507
Share premium	26	185,416	185,416
Retained profits	28(a)	368,334	330,287
Other reserves	27	(15,415)	(9,506)
		539,842	507,704
Non-controlling interests		(2,052)	872
Total equity		537,790	508,576

The accompanying notes form an integral part of these financial statements.

Statement of Financial Position - Company

As at 31 December 2011

	Note	2011 US\$'000	2010 US\$'000
ASSETS			
Current assets			
Other receivables	15	154,434	61,890
Cash and cash equivalents	17	41,082	142,863
		195,516	204,753
Non-current assets			
Investment in subsidiaries	20(b)	820	*-
Total assets		196,336	204,753
LIABILITIES			
Current liabilities			
Other payables	23	203	20,935
Tax payables		248	-
Derivative financial instruments	16(a)	30	-
Total liabilities		481	20,935
NET ASSETS		195,855	183,818
EQUITY			
Capital and reserves attributable to equity holders of the Company:			
Share capital	26	1,507	1,507
Share premium	26	185,416	185,416
Retained profits/(accumulated losses)	28(b)	8,932	(3,105)
Total equity		195,855	183,818

* As at 31 December 2010, the nominal value of investment in subsidiaries was US\$104.

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Changes in Equity

For the financial year ended 31 December 2011

	Note	Attributable to equity holders of the Company										
		Share capital US\$'000	Share premium US\$'000	Merger reserve US\$'000	General reserve US\$'000	Asset revaluation reserve US\$'000	Currency translation reserve US\$'000	Retained profits US\$'000	Total equity US\$'000	Non-controlling interests US\$'000	Total equity US\$'000	
2011												
Beginning of the financial year												
As previously stated		1,507	185,416	(50,749)	(832)	10,281	31,794	330,287	507,704	1,464	509,168	
Finalisation of purchase price allocation	35	-	-	-	-	-	-	-	-	(592)	(592)	
Beginning of the financial year (restated)		1,507	185,416	(50,749)	(832)	10,281	31,794	330,287	507,704	872	508,576	
Acquisition of non-controlling interests	27(b)(ii)	-	-	-	(516)	-	-	-	(516)	(232)	(748)	
Put option granted to non-controlling interests	27(b)(ii)	-	-	-	(1,260)	-	-	-	(1,260)	-	(1,260)	
Realisation of reserve upon disposal	27(b)(iii)	-	-	-	-	(135)	-	135	-	-	-	
Dividends	29	-	-	-	-	-	-	(4,333)	(4,333)	-	(4,333)	
Capital contribution from non-controlling interests		-	-	-	-	-	-	-	-	95	95	
Total comprehensive income for the financial year		-	-	-	-	-	(3,998)	42,245	38,247	(2,787)	35,460	
End of the financial year		1,507	185,416	(50,749)	(2,608)	10,146	27,796	368,334	539,842	(2,052)	537,790	
2010												
Beginning of the financial year												
Issue of new shares to existing shareholders	26(d)	11	-	(38,834)	-	11,031	6,509	259,290	238,007	1,006	239,013	
Issue of shares pursuant to the Listing	26(e)	1,270	-	-	-	-	-	-	1,270	-	1,270	
Placement and listing expenses	26(f)	226	191,055	-	-	-	-	-	191,281	-	191,281	
Cash paid/payable arising from acquisition of subsidiaries under common control	27(b)(i)	-	-	(11,915)	-	-	-	-	(11,915)	-	(11,915)	
Acquisition of non-controlling interests	27(b)(ii)	-	-	-	(832)	-	-	-	(832)	(426)	(1,258)	
Realisation of reserve upon disposal	27(b)(iii)	-	-	-	-	(750)	-	750	-	-	-	
Acquisition of subsidiaries	35	-	-	-	-	-	-	-	-	920	920	
Dividends	29	-	-	-	-	-	-	(22,105)	(22,105)	(224)	(22,329)	
Total comprehensive income for the financial year		-	-	-	-	-	25,285	92,352	117,637	188	117,825	
End of the financial year (as previously stated)		1,507	185,416	(50,749)	(832)	10,281	31,794	330,287	507,704	1,464	509,168	
Finalisation of purchase price allocation	35	-	-	-	-	-	-	-	-	(592)	(592)	
End of the financial year (restated)		1,507	185,416	(50,749)	(832)	10,281	31,794	330,287	507,704	872	508,576	

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Cash Flows

For the financial year ended 31 December 2011

	Note	2011 US\$'000	2010 US\$'000
Cash flows from operating activities			
Profit after tax		39,258	92,440
Adjustments for:			
- Income tax		(1,094)	16,248
- Amortisation		58	-
- Depreciation		14,142	13,264
- Loss on disposal of property, plant and equipment		367	81
- Property, plant and equipment written off		260	977
- Placement and listing expenses	26(f)	-	4,737
- Impairment of goodwill		2,717	-
- Interest income		(5,548)	(4,148)
- Interest expense		12,887	9,779
- Share of profit of associate		(123)	(3)
- Exchange differences (net)		4,864	7,433
Operating cash flows before working capital changes		67,788	140,808
Changes in operating assets and liabilities:			
- Inventories		(64,709)	(76,634)
- Trade and other receivables		15,690	(150,600)
- Trade and other payables		(40,993)	90,737
- Derivative financial instruments		28,193	2,822
Cash flows generated from operations		5,969	7,133
Interest received		4,753	3,834
Interest paid		(12,887)	(9,779)
Income tax paid		(26,424)	(25,333)
Net cash flows used in operating activities		(28,589)	(24,145)
Cash flows from investing activities			
Acquisition of non-controlling interests		(748)	(1,258)
Acquisition of subsidiaries	35	-	3,604
Investment in associate		-	(83)
Other receivables		2,723	(6,164)
Purchase of property, plant and equipment		(92,238)	(40,552)
Addition in leasehold prepayments	19	(14,063)	-
Proceeds from disposal of property, plant and equipment		574	706
Net cash flows used in investing activities		(103,752)	(43,747)

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Cash Flows

For the financial year ended 31 December 2011

	Note	2011 US\$'000	2010 US\$'000
Cash flows from financing activities			
Proceeds from placement and listing	26(e)	-	191,281
Placement and listing expenses		(1,422)	(7,699)
Proceeds from issue of new shares to existing shareholders		-	1,270
Repayment of shareholders' loan		-	(22,819)
Dividends paid to equity holders of the Company	29	(4,333)	(24,085)
Dividends paid to non-controlling interests		-	(224)
Restricted short term deposit		(1)	(19)
Repayment from related parties		-	1,301
Proceeds from long term borrowings		42,184	9,905
Repayment of long term borrowings		(17,023)	(5,480)
Net proceeds from short term borrowings		34,648	99,555
Interest received		795	314
Net cash flows from financing activities		54,848	243,300
Net change in cash and cash equivalents			
		(77,493)	175,408
Cash and cash equivalents at beginning of the financial year		215,152	37,376
Effect of changes in exchange rate on cash and cash equivalents		(1,195)	2,368
Cash and cash equivalents at end of the financial year	17	136,464	215,152

The accompanying notes form an integral part of these financial statements.

Notes to the Financial Statements

For the financial year ended 31 December 2011

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. General information

Mewah International Inc. (the "Company") is listed on the Singapore Exchange and incorporated and domiciled in the Cayman Islands. The address of its registered office is Harbour Place, 2nd Floor, 103 South Church Street, P.O. Box 472, George Town, Grand Cayman, KY1-1106, Cayman Islands. The principal place of business of the Company is at 5, International Business Park, #05-00, Mewah Building, Singapore 609914.

The principal activity of the Company is that of investment holding. The principal activities of its subsidiaries are disclosed in Note 40 of the financial statements.

2. Significant accounting policies

2.1 Basis of preparation

These financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS"). The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

Interpretations and amendments to published standards effective in 2011

On 1 January 2011, the Group adopted the new or amended FRS and Interpretations to FRS ("INT FRS") that are mandatory for application from that date. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the Group's and Company's accounting policies and had no material effect on the amounts reported for the current or prior financial years.

Notes to the Financial Statements

For the financial year ended 31 December 2011

2. Significant accounting policies (continued)

2.2 Revenue recognition

Revenue for the Group represents the fair value of the consideration received or receivable from the gross inflow of economic benefits during the financial year arising from the course of the ordinary activities of the Group's business. Revenue is presented net of goods and services tax, rebates and discounts, and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that the collectability of the related receivables is reasonably assured and when the specific criteria for each of the Group's activities are met as follows:

(a) *Sale of goods*

Revenue from sale of goods is recognised when significant risks and rewards of ownership are transferred to the buyer and there is neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.

(b) *Interest income*

Interest income is recognised using the effective interest method.

(c) *Rental income*

Rental income from operating leases (net of any incentives given to the lessees) is recognised on a straight-line basis over the lease term.

2.3 Group accounting

(a) *Subsidiaries*

(i) *Consolidation*

Subsidiaries are entities (including special purpose entities) over which the Group has power to govern the financial and operating policies so as to obtain benefits from its activities, generally accompanied by a shareholding giving rise to a majority of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date on which control ceases.

Notes to the Financial Statements

For the financial year ended 31 December 2011

2. Significant accounting policies (continued)

2.3 Group accounting (continued)

(a) *Subsidiaries* (continued)

(i) *Consolidation* (continued)

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated but are considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests are that part of the net results of operations and of net assets of a subsidiary attributable to the interests which are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of financial position. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

(ii) *Acquisitions*

The acquisition method of accounting is used to account for business combinations by the Group, except for business combination under common control.

For business combinations under acquisition method of accounting, the consideration transferred for the acquisition of a subsidiary or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

Notes to the Financial Statements

For the financial year ended 31 December 2011

2. Significant accounting policies (continued)

2.3 Group accounting (continued)

(a) *Subsidiaries* (continued)

(ii) *Acquisitions* (continued)

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of (i) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the (ii) fair value of the net identifiable assets acquired is recorded as goodwill. Please refer to Note 2.5 for the subsequent accounting policy on goodwill.

Acquisitions of entities under common control have been accounted for using the pooling-of-interest method. Under this method:

- The financial statements of the Group have been prepared as if the Group structure immediately after the transaction has been in existence since the earliest date the entities are under common control;
- The assets and liabilities are brought into the financial statements at their existing carrying amounts from the perspective of the controlling party;
- The income statement includes the results of the acquired entities since the earliest date the entities are under common control;
- The comparative figures of the Group represent the income statement, statement of comprehensive income, statement of financial position, statement of cash flows and statement of changes in equity have been prepared as if the combination had occurred from the date when the combining entities or businesses first came under common control;
- The cost of investment is recorded at the aggregate of the nominal value of the equity shares issued, cash and cash equivalents and fair values of other consideration; and
- On consolidation, the difference between the cost of investment and the nominal value of the share capital of the merged subsidiary is taken to merger reserve. Cash paid/payable arising from the acquisition under common control is also taken to the merger reserves.

Notes to the Financial Statements

For the financial year ended 31 December 2011

2. Significant accounting policies (continued)

2.3 Group accounting (continued)

(a) *Subsidiaries* (continued)

(iii) *Disposals of subsidiaries or businesses*

When a change in the Group's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific Standard.

Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

Please refer to Note 2.6 for the accounting policy on investments in subsidiaries in the separate financial statements of the Company.

(b) *Transactions with non-controlling interests*

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control over the subsidiary are accounted for as transactions with equity owners of the Company. Any difference between the change in the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received is recognised in general reserve within equity attributable to the equity holders of the Company.

(c) *Associate*

Associate companies are entities over which the Group has significant influence, but not control, generally accompanied by a shareholding giving rise to voting rights of 20% and above but not exceeding 50%. Investments in associate are accounted for in the consolidated financial statements using the equity method of accounting less impairment losses, if any.

(i) *Acquisitions*

Investments in associate are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Goodwill on associate represents the excess of the cost of acquisition of the associate over the Group's share of the fair value of the identifiable net assets of the associate and is included in the carrying amount of the investments.

Notes to the Financial Statements

For the financial year ended 31 December 2011

2. Significant accounting policies (continued)

2.3 Group accounting (continued)

(c) *Associate* (continued)

(ii) *Equity method of accounting*

In applying the equity method of accounting, the Group's share of its associate post-acquisition profits or losses are recognised in profit or loss and its share of post-acquisition other comprehensive income is recognised in other comprehensive income. These post-acquisition movements and distributions received from the associate are adjusted against the carrying amount of the investments. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured non-current receivables, the Group does not recognise further losses, unless it has obligations or has made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associate are eliminated to the extent of the Group's interest in the associate. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. The accounting policies of associate have been changed where necessary to ensure consistency with the accounting policies adopted by the Group.

(iii) *Disposals*

Gains and losses arising from partial disposals or dilutions in investments in associate in which significant influence is retained are recognised in profit or loss.

Investments in associate are derecognised when the Group loses significant influence. Any retained equity interest in the entity is remeasured at its fair value. The difference between the carrying amount of the retained interest at the date when significant influence is lost and its fair value is recognised in profit or loss.

Please refer to Note 2.6 for the accounting policy on investments in associate in the separate financial statements of the Company.

2.4 Property, plant and equipment

(a) *Measurement*

(i) *Property, plant and equipment*

All property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

When an asset is revalued, any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset. The net amount is then restated to the revalued amount of the asset.

Notes to the Financial Statements

For the financial year ended 31 December 2011

2. Significant accounting policies (continued)

2.4 Property, plant and equipment (continued)

(a) *Measurement* (continued)

(i) *Property, plant and equipment* (continued)

Increase in carrying amount arising from revaluation, including currency translation differences, are recognised in the asset revaluation reserve, unless they offset previous decreases in the carrying amounts of the same asset, in which case, they are recognised in profit or loss. Decreases in carrying amounts that offset previous increases of the same asset are recognised against the asset revaluation reserve. All other decreases in carrying amounts are recognised as a loss in the statement of comprehensive income.

The Group on 1 January 2007 has elected to adopt FRS 101 exemption to deem the previous revaluation of certain property, plant and equipment as deemed cost (Note 18(c)).

(ii) *Components of costs*

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Cost also includes borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset (refer to Note 2.8 on borrowing costs).

(b) *Depreciation*

Depreciation is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives. The annual rates of depreciation are as follows:

Leasehold land and buildings	Amortised over the period of leases (30 to 99 years)
Freehold buildings	2%
Plant and equipment	5%
Furniture, fixtures and office equipment	5% to 20%
Motor vehicles	20%

Freehold land and capital expenditure in progress are stated at cost and not depreciated.

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each statement of financial position date. The effects of any revision are recognised in profit or loss when the changes arise.

Notes to the Financial Statements

For the financial year ended 31 December 2011

2. Significant accounting policies (continued)

2.4 Property, plant and equipment (continued)

(c) *Subsequent expenditure*

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

(d) *Disposal*

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss within other operating (gains)/expenses. Any amount in revaluation reserve relating to that asset is transferred to retained profits directly.

2.5 Intangible assets

Goodwill on acquisitions

Goodwill on acquisitions of subsidiaries and businesses on or after 1 January 2010 represents the excess of (i) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over (ii) the fair value of the net identifiable assets acquired.

Goodwill on acquisitions of subsidiaries and businesses prior to 1 January 2010 and on acquisition of associates represents the excess of the cost of the acquisition over the fair value of the Group's share of the net identifiable assets acquired.

Goodwill on subsidiaries is recognised separately as intangible assets and carried at cost less accumulated impairment losses. Goodwill on associates is included in the carrying amount of the investments.

Gains and losses on the disposal of subsidiaries and associates include the carrying amount of goodwill relating to the entity sold, except for goodwill arising from acquisitions prior to 1 January 2001. Such goodwill was adjusted against retained profits in the year of acquisition and is not recognised in profit or loss on disposal.

2.6 Investments in subsidiaries and associates

Investments in subsidiaries and associates are carried at cost less accumulated impairment losses in the Company's statement of financial position. On disposal of investments in subsidiaries and associates, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

Notes to the Financial Statements

For the financial year ended 31 December 2011

2. Significant accounting policies (continued)

2.7 Impairment of non-financial assets

(a) *Goodwill*

Goodwill recognised separately as an intangible asset is tested for impairment annually and whenever there is indication that the goodwill may be impaired.

For the purpose of impairment testing of goodwill, goodwill is allocated to each of the Group's cash-generating-units ("CGU") expected to benefit from synergies arising from the business combination.

An impairment loss is recognised when the carrying amount of a CGU, including the goodwill, exceeds the recoverable amount of the CGU. The recoverable amount of a CGU is the higher of the CGU's fair value less cost to sell and value-in-use.

The total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU.

An impairment loss on goodwill is recognised as an expense and is not reversed in a subsequent period.

(b) *Property, plant and equipment*

Investments in subsidiaries and associates

Investments in subsidiaries and associates are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the CGU to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss, unless the asset is carried at revalued amount, in which case, such impairment loss is treated as a revaluation decrease. Please refer to Note 2.4 for the treatment of a revaluation decrease in property, plant and equipment.

An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

Notes to the Financial Statements

For the financial year ended 31 December 2011

2. Significant accounting policies (continued)

2.7 Impairment of non-financial assets (continued)

(b) *Property, plant and equipment* (continued)

Investments in subsidiaries and associates (continued)

A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense, a reversal of that impairment is also credited to profit or loss.

2.8 Borrowing costs

Borrowing costs are recognised in profit or loss using the effective interest method except for those costs that are directly attributable to the acquisition, construction or production of a qualifying assets. Capitalising of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditure and borrowing costs are being incurred. Borrowing costs are capitalised until the assets are ready for their intended use or sale.

Borrowing costs on general borrowings are capitalised by applying a capitalisation rate to the acquisition, construction or production of qualifying assets that are financed by general borrowings.

2.9 Financial assets

(a) *Classification*

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, held-to-maturity, and available-for-sale. The classification depends on the nature of the asset and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition.

(i) *Financial assets at fair value through profit or loss*

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified as held for trading if it is acquired principally for the purpose of selling in the short term. Financial assets designated as at fair value through profit or loss at inception are those that are managed and their performances are evaluated on a fair value basis, in accordance with a documented Group investment strategy. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are presented as current assets if they are either held for trading or are expected to be realised within 12 months after the statement of financial position date.

Notes to the Financial Statements

For the financial year ended 31 December 2011

2. Significant accounting policies (continued)

2.9 Financial assets (continued)

(a) *Classification* (continued)

(ii) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realised later than 12 months after the statement of financial position date which are presented as non-current assets. Loans and receivables are presented as "trade receivables" (Note 14), "other receivables" (Note 15) and "cash and cash equivalents" (Note 17) on the statement of financial position.

(iii) *Held-to-maturity financial assets*

Held-to-maturity financial assets, are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. If the Group were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale. They are presented as non-current assets, except for those maturing within 12 months after the statement of financial position date which are presented as current assets.

(iv) *Available-for-sale financial assets*

Available-for-sale financial assets, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are presented as non-current assets unless the investment matures or management intends to dispose of the assets within 12 months after the statement of financial position date.

(b) *Recognition and derecognition*

Regular way purchases and sales of financial assets are recognised on trade date - the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount in other comprehensive income relating to that asset is transferred to profit or loss.

(c) *Initial measurement*

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value. Transaction costs for financial assets at fair value through profit or loss are recognised immediately as expenses.

Notes to the Financial Statements

For the financial year ended 31 December 2011

2. Significant accounting policies (continued)

2.9 Financial assets (continued)

(d) Subsequent measurement

Available-for-sale financial assets and financial assets at fair value through profit or loss, are subsequently carried at fair value. Loans and receivables and held-to-maturity financial assets are subsequently carried at amortised cost using the effective interest method.

Changes in the fair values of financial assets at fair value through profit or loss including the effects of currency translation, interest and dividends, are recognised in profit or loss when the changes arise.

Interest and dividend income on available-for-sale financial assets are recognised separately in profit or loss. Changes in the fair values of available-for-sale debt securities (i.e. monetary items) denominated in foreign currencies are analysed into currency translation differences on the amortised cost of the securities and other changes; the currency translation differences are recognised in profit or loss and the other changes are recognised in other comprehensive income and accumulated in the fair value reserve. Changes in fair values of available-for-sale equity securities (i.e. non-monetary items) are recognised in other comprehensive income and accumulated in the fair value reserve, together with the related currency translation differences.

(e) Impairment

The Group assesses at each statement of financial position date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

(i) Loans and receivables/held-to-maturity financial assets

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy, and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

The impairment allowance is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

Notes to the Financial Statements

For the financial year ended 31 December 2011

2. Significant accounting policies (continued)

2.9 Financial assets (continued)

(e) *Impairment* (continued)

(ii) *Available-for-sale financial assets*

In addition to the objective evidence of impairment described in Note 2.9(e)(i), a significant or prolonged decline in the fair value of an equity security below its cost is considered as an indicator that the available-for-sale financial asset is impaired.

If any evidence of impairment exists, the cumulative loss that was previously recognised in other comprehensive income is reclassified to profit or loss. The cumulative loss is measured as the difference between the acquisition cost (net of any principal repayments and amortisation) and the current fair value, less any impairment loss previously recognised as an expense. The impairment losses recognised as an expense on equity securities are not reversed through profit or loss.

(f) *Offsetting financial instruments*

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.10 Financial guarantees

The Company has issued corporate guarantees to banks for borrowings of its subsidiaries. These guarantees are financial guarantees as they require the Company to reimburse the banks if the subsidiaries fail to make principal or interest payments when due in accordance with the terms of their borrowings.

Financial guarantees are initially recognised at their fair values plus transaction costs in the Company's statement of financial position.

Financial guarantees are subsequently amortised to profit or loss over the period of the subsidiaries' borrowings, unless it is probable that the Company will reimburse the bank for an amount higher than the unamortised amount. In this case, the financial guarantees shall be carried at the expected amount payable to the bank in the Company's statement of financial position.

Intra-group transactions are eliminated on consolidation.

Notes to the Financial Statements

For the financial year ended 31 December 2011

2. Significant accounting policies (continued)

2.11 Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the statement of financial position date, in which case they are presented as non-current liabilities.

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

2.12 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the group prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

2.13 Derivative financial instruments

Derivative financial instruments comprise mainly of crude palm oil and palm oil products forward contracts, futures contracts and currency forward contracts.

A derivative financial instrument is initially recognised at its fair value on the date the contract is entered into and is subsequently carried at its fair value. Fair value changes on derivatives that are not designated or do not qualify for hedge accounting are recognised in profit or loss within "cost of sales" when the changes arise.

Derivative financial instruments are reported in the financial statements on a net basis where legal right of setoff exists. Derivative financial instruments are carried as assets when fair value is positive and as liabilities when fair value is negative.

2.14 Fair value estimation of financial assets and liabilities

The fair values of financial instruments traded in active markets (such as exchange-traded and over-the-counter securities and derivatives) are based on quoted market prices at the statement of financial position date. The quoted market prices used for financial assets are the current bid prices; the appropriate quoted market prices for financial liabilities are the current asking prices.

Notes to the Financial Statements

For the financial year ended 31 December 2011

2. Significant accounting policies (continued)

2.14 Fair value estimation of financial assets and liabilities (continued)

The fair values of financial instruments that are not traded in an active market (such as commodities forward contracts) are determined by making references to the prices provided by the Malaysian Palm Oil Board, other similar products and other commodity exchanges, and makes assumptions that are based on market conditions existing at each statement of financial position date. Where appropriate, quoted market prices or dealer quotes for similar instruments are used.

The fair values of currency forward contracts are determined using actively quoted forward exchange rates.

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

2.15 Leases

(a) *When the Group is the lessee:*

(i) *Lessee - Finance leases*

Leases where the Group assumes substantially all risks and rewards incidental to ownership of the leased assets are classified as finance leases.

The leased assets and the corresponding lease liabilities (net of finance charges) under finance leases are recognised on the statement of financial position as property, plant and equipment and borrowings respectively, at the inception of the leases based on the lower of the fair value of the leased assets and the present value of the minimum lease payments.

Each lease payment is apportioned between the finance expense and the reduction of the outstanding lease liability. The finance expense is recognised in profit or loss on a basis that reflects a constant periodic rate of interest on the finance lease liability.

(ii) *Lessee - Operating leases*

Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the period of the lease.

Initial direct costs incurred by the Group in negotiating and arranging operating leases are capitalised as prepayments and recognised in profit or loss over the lease term on a straight line basis.

Contingent rents are recognised as an expense in profit or loss when incurred.

Notes to the Financial Statements

For the financial year ended 31 December 2011

2. Significant accounting policies (continued)

2.15 Leases (continued)

(b) *When the Group is the lessor:*

Lessor - Operating leases

Leases where the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of any incentives given to the lessees) is recognised in profit or loss on a straight-line basis over the lease term.

Initial direct costs incurred by the Group in negotiating and arranging operating leases are added to the carrying amount of the leased assets and recognised as an expense in profit or loss over the lease term on the same basis as the lease income.

Contingent rents are recognised as income in profit or loss when earned.

2.16 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined on weighted average basis. The cost of finished goods and work-in-progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity) but excludes borrowing costs. Stores, spares and consumables are stated at cost and are determined on a weighted average basis. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable variable selling expenses.

2.17 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the statement of financial position date.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries and associates, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Notes to the Financial Statements

For the financial year ended 31 December 2011

2. Significant accounting policies (continued)

2.17 Income taxes (continued)

Deferred income tax is measured:

- (i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the statement of financial position date; and
- (ii) based on the tax consequence that will follow from the manner in which the Group expects, at the statement of financial position date, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

2.18 Provisions

Provisions for restructuring costs and legal claims are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised in the income statement as finance costs.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss when the changes arise.

2.19 Employee compensation

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

(a) *Defined contribution plans*

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

(b) *Employee leave entitlement*

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the statement of financial position date.

Notes to the Financial Statements

For the financial year ended 31 December 2011

2. Significant accounting policies (continued)

2.20 Currency translation

(a) *Functional and presentation currency*

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in United States Dollar ("presentation currency"), which is also the functional currency of the Company.

(b) *Transactions and balances*

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency translation differences from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the statement of financial position date are recognised in profit or loss.

Foreign exchange gains and losses impacting profit or loss are presented in the income statement within other operating (expenses)/gains.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

(c) *Translation of Group entities' financial statements*

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) Assets and liabilities are translated at the closing exchange rates at the reporting dates;
- (ii) Income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and
- (iii) All resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve.

2.21 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the executive committee whose members are responsible for allocating resources and assessing performance of the operating segments.

Notes to the Financial Statements

For the financial year ended 31 December 2011

2. Significant accounting policies (continued)

2.22 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand, deposits with financial institutions which are subject to an insignificant risk of change in value, and bank overdrafts. Bank overdrafts are presented as current borrowings on the statement of financial position.

2.23 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share premium account.

2.24 Dividends to Company's shareholders

Dividends to the Company's shareholders are recognised when dividends are approved for payment.

3. Critical accounting estimates, assumptions and judgements

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) *Fair value of derivative financial instruments*

The Group is exposed to fluctuations in the prices of agri-commodities it deals in, including crude palm oil and palm oil products. The Group minimises the risk arising from such fluctuations by entering into commodities forward contracts and futures contracts. As the Group has not adopted hedge accounting, the fair value changes on these derivative financial instruments are recognised in the profit or loss when the changes arise.

The Group's commodities forward contracts are not traded in an active market. The Group uses a variety of methods, such as making references to the prices listed on Malaysian Palm Oil Board, other similar products and other exchanges, and makes assumptions that are based on market conditions existing at each statement of financial position date. Quoted market prices or dealer quotes are used to estimate the fair value.

As at 31 December 2011, if the commodities prices increase or decrease by 5% and other variables remain constant, the Group's profit after tax would have been US\$6,457,000 lower or higher respectively, arising as a result of the changes in the fair value of the commodities forward contracts and futures contracts.

Notes to the Financial Statements

For the financial year ended 31 December 2011

3. Critical accounting estimates, assumptions and judgements (continued)

(b) Impairment of loans and receivables

Management reviews its loans and receivables for objective evidence of impairment on a regular basis. Significant financial difficulties of the debtor, the probability that the debtor will enter bankruptcy, and default or significant delay in payments are considered objective evidence that a receivable is impaired. In determining this, management makes judgement as to whether there is observable data indicating that there has been a significant change in the payment ability of the debtor, or whether there have been significant changes with adverse effect in the technological, market, economic or legal environment in which the debtor operates in.

Where there is objective evidence of impairment, management makes judgements as to whether an impairment loss should be recorded as an expense. In determining this, management uses estimates based on historical loss experience for assets with similar credit risk characteristics. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between the estimated loss and actual loss experience.

If the net present values of estimated cash flows increase or decrease by 5% from management's estimates for all past due loans and receivables, the Group's allowance for impairment will decrease or increase by US\$1,062,000 or US\$3,693,000 and correspondingly to profit or loss.

(c) Estimated impairment of non-financial assets

Goodwill is tested for impairment annually and whenever there is an indication that the goodwill may be impaired. Intangible assets, property, plant and equipment and investments in subsidiaries and associates are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

The recoverable amounts of these assets and where applicable, CGU, have been determined based on value-in-use calculations. These calculations require the use of estimates such as expected cash flows resulting from operating margin and expenses, discounting rate and growth rate (Note 21).

If the management's estimated operating margin used in the value-in-use calculation for this CGU at 31 December 2011 is decreased by 5%, the carrying value of goodwill for this CGU would have been decreased, requiring additional impairment of US\$410,000.

If the management's estimated pre-tax discount rate applied to the discounted cash flows at 31 December 2011 is increased by 5%, the carrying value of goodwill for this CGU would have been decreased, requiring additional impairment of US\$78,000.

If the management's estimated growth rate applied to the discounted cash flows at 31 December 2011 is decreased by 5%, the carrying value of goodwill for this CGU would have been decreased, requiring additional impairment of US\$36,000.

Notes to the Financial Statements

For the financial year ended 31 December 2011

3. Critical accounting estimates, assumptions and judgements (continued)

(d) Uncertain tax positions

The Group is subject to income taxes in numerous jurisdictions. In determining the income tax liabilities, management is required to estimate the amount of capital allowances, incentives and the deductibility of certain expenses ("uncertain tax positions") at each tax jurisdiction. Where the final outcome of these matters is different from the amounts that were initially recorded, such as due to changes in tax rules or revised interpretations of existing tax laws and precedent such differences will impact the income tax provisions in the corresponding periods.

(e) Useful lives of plant and equipment

The cost of plant and equipment are depreciated on a straight-line basis over their useful lives, which management estimates to be of 20 years.

These estimates could change significantly as a result of technical innovations.

If the actual useful lives of these plant and equipment differ by 5% from management estimates, the carrying amount of the plant and equipment will be increased by US\$622,000 or decreased by US\$562,000 and correspondingly to profit or loss.

4. Revenue

	Group	
	2011 US\$'000	2010 US\$'000
Sale of agricultural products including palm based edible oils and fats, and other consumer products	4,467,933	3,533,071

5. Cost of sales

	Group	
	2011 US\$'000	2010 US\$'000
Cost of inventories	4,212,598	3,280,599
Losses/(gains) from derivative financial instruments	31,139	(48,341)
Labour costs and other overheads	38,577	34,563
	4,282,314	3,266,821

Notes to the Financial Statements

For the financial year ended 31 December 2011

6. Other income

	Group	
	2011 US\$'000	2010 US\$'000
Interest income on bank deposits	795	314
Late interest charge on trade receivables	4,753	3,834
Rental income	325	349
Commission income	426	84
Other miscellaneous income	1,574	580
	7,873	5,161

Other miscellaneous income comprises mainly sales of by-products and waste.

7. Other operating gains

	Group	
	2011 US\$'000	2010 US\$'000
Foreign exchange gains	35,212	6,208
Property, plant and equipment written off	(260)	(977)
Loss on disposal of property, plant and equipment	(367)	(81)
Impairment of goodwill (Note 21)	(2,717)	-
	31,868	5,150

8. Finance costs

	Group	
	2011 US\$'000	2010 US\$'000
Interest expense:		
- Bank borrowings	12,815	9,673
- Finance lease	72	106
	12,887	9,779

In 2011, borrowing costs of US\$612,000 (2010: US\$113,000) was capitalised in property, plant and equipment at a rate of 5.22% (2010: 4.67%) per annum.

Notes to the Financial Statements

For the financial year ended 31 December 2011

9. Employee compensation

	Group	
	2011 US\$'000	2010 US\$'000
Salaries	38,165	38,465
Employer's contributions to defined contribution plans	2,667	2,115
Other staff benefits	743	768
	41,575	41,348

10. Profit before tax

The following items have been included in arriving at profit before tax:

	Group	
	2011 US\$'000	2010 US\$'000
Freight	68,912	77,256
Transportation and forwarding	12,235	10,038
Insurance	6,694	4,935
Utilities	9,808	8,457
Lease rental	986	518
Employee compensation (Note 9)	41,575	41,348
Depreciation of property, plant and equipment (Note 18)	14,142	13,264
Bank charges	6,278	3,216
Allowance/(reversal) for doubtful debts	5,086	(4,027)
Amortisation of leasehold prepayments (Note 19)	58	-
Bad debts written off	28	266
Audit fees		
- Auditors of the Company	299	168
- Other auditors*	230	96
Non-audit fees		
- Auditors of the Company	29	650
- Other auditors*	50	211

* Includes the network of member firms of PricewaterhouseCoopers International Limited (PWCIL).

Notes to the Financial Statements

For the financial year ended 31 December 2011

11. Income tax (credit)/expense

	Group	
	2011	2010
	US\$'000	US\$'000
Tax (credit)/expense attributable to profit is made up of:		
Current income tax		
- Singapore	1,286	12,408
- Foreign	1,458	15,180
	2,744	27,588
Deferred income tax	2,150	(12,556)
Income tax relating to current year	4,894	15,032
(Over)/under provision in prior financial years		
- Current income tax	(3,615)	634
- Deferred income tax	(2,373)	582
(Over)/under provision in prior financial years	(5,988)	1,216
Income tax as per Consolidated Income Statement	(1,094)	16,248

Income tax relating to current year

The income tax on profit differs from the amount that would arise using the tax calculated at domestic rates of income tax as explained below:

	Group	
	2011	2010
	US\$'000	US\$'000
Profit before tax	38,164	108,688
Tax calculated at domestic rates applicable to profits in the respective countries	7,384	19,109
Effects of:		
- Tax incentives	(8,893)	(6,928)
- Expenses not deductible for tax purposes	5,837	2,576
- Income not subject to tax	(50)	(234)
- Deferred tax benefits not recognised	916	438
- Others	(300)	71
	4,894	15,032

The Singapore corporate tax rate was 17% for the financial years 2011 and 2010.

The Malaysia corporate tax rates was 25% for the financial years 2011 and 2010.

Notes to the Financial Statements

For the financial year ended 31 December 2011

11. Income tax (credit)/expense (continued)

The weighted average applicable tax rate was 19.3% and 17.6% for the financial years ended 31 December 2011 and 31 December 2010 respectively. The changes in weighted average applicable tax rates arose from changes in the mix of income subject to tax in different countries.

The weighted average effective tax rate was 12.8% and 13.8% for the financial years ended 31 December 2011 and 31 December 2010 respectively. The tax savings arise mainly from the following tax incentives:

- certain subsidiaries in Singapore pay tax at a concessionary tax rate of 5% on qualifying income under the Global Trader Programme of International Enterprise Singapore; and
- certain subsidiaries in Malaysia entitled to reinvestment allowance, which allows additional allowance on qualifying capital expenditure.

(Over)/under provision in prior financial years

Overprovision in prior financial years resulted from final tax outcome different from the amounts that were originally estimated consisting of:

- US\$4,696,000 on account of lower tax rate approved this year under Global Trader Programme for Singapore-based operating subsidiaries impacting income tax relating to last year; and
- US\$1,292,000 mainly due to reinvestment allowances on qualifying capital expenditure for Malaysian-based operating subsidiaries.

12. Earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to equity holders of the Company for the relevant periods by the weighted average number of ordinary shares outstanding during the financial year.

	2011	Group 2010
Net profit attributable to equity holders of the Company (US\$'000)	42,245	92,352
Weighted average number of ordinary shares outstanding for basic earnings per share ('000) (Note (i))	1,507,061	1,304,537
Basic earnings per share (US cents per share)	2.80	7.08

- (i) The earnings per share for the financial year ended 31 December 2011 and 2010 were computed based on weighted average number of shares adjusted to take into account the subdivision and issue of new ordinary shares. The Company's pre-invitation capital of 1,281,002,440 shares were assumed to be issued throughout the relevant periods.

Diluted earnings per share was the same as the basic earnings per share for the financial years ended 31 December 2011 and 2010 as there were no potential dilutive ordinary shares outstanding.

Notes to the Financial Statements

For the financial year ended 31 December 2011

13. Inventories

	Group	
	2011 US\$'000	2010 US\$'000
Raw materials	92,899	37,542
Finished goods	206,254	200,144
Stores, spares and consumables	8,337	5,095
	307,490	242,781

The cost of inventories recognised as an expense and included in "cost of sales" amounted to US\$4,212,598,000 (2010: US\$3,280,599,000).

Inventories of US\$Nil (2010: US\$58,037,000) of the Group have been pledged as security for bank facilities of the Group (Note 24(a)).

Inventories include US\$252,277,000 (2010: US\$179,637,000) readily marketable inventories, which are agricultural commodity inventories that can be readily converted to cash due to their commodity nature, international pricing mechanism and widely available markets.

14. Trade receivables

	Group	
	2011 US\$'000	2010 US\$'000
Trade receivables	432,200	443,500
Less: Allowance for impairment of trade receivables	(21,237)	(16,391)
Trade receivables - net	410,963	427,109

Trade receivables included US\$19,735,000 (2010: US\$8,631,000) due from related parties.

Related parties are companies in which the directors/shareholders of the Company have significant influence or control.

Notes to the Financial Statements

For the financial year ended 31 December 2011

15. Other receivables

	Group		Company	
	2011 US\$'000	2010 US\$'000	2011 US\$'000	2010 US\$'000
Non-trade receivables	16,770	9,774	139,433	44,616
Dividends receivable	-	-	15,000	17,273
Deposits	3,990	12,621	-	-
Prepayments	3,830	4,525	1	1
	24,590	26,920	154,434	61,890

Group

Non-trade receivables included US\$6,837,000 (2010: US\$6,167,000) subsidy receivable from Malaysian Palm Oil Board.

In 2011, non-trade receivables included US\$5,513,000 held in commodity trading accounts in Bursa Malaysia Derivatives Clearing Bhd. In 2010, the commodity trading accounts with Bursa Malaysia Derivatives Clearing Bhd was in a net payable position (Note 23).

Deposits as at 31 December 2011 include US\$Nil (2010: US\$4,633,000) payment for the purchase of leasehold land.

Company

Non-trade receivables included US\$91,295,000 (2010: US\$38,404,000) short term loans to subsidiaries at interest rates of 2.0 - 3.0% (2010: 2.0%) per annum and advances to subsidiaries of US\$48,138,000 (2010: US\$6,212,000) which were repayable on demand.

Dividends receivable related to dividends declared and unpaid by subsidiaries. The amount was non-interest bearing and repayable on demand.

Notes to the Financial Statements

For the financial year ended 31 December 2011

16. Derivative financial instruments

(a) Current portion

	Contract notional amount US\$'000	Group Fair values	
		Asset US\$'000	Liability US\$'000
2011			
Currency forward contracts (Note 32(e))	716,239	2,582	8,700
Commodities forward contracts (Note 32(e))	1,436,571	29,634	23,887
Futures contracts on commodity exchange (Note 32(e))	758,128	6,531	9,730
Total		38,747	42,317

2010			
Currency forward contracts (Note 32(e))	1,022,492	29,113	-
Commodities forward contracts (Note 32(e))	1,787,090	30,865	66,674
Futures contracts on commodity exchange (Note 32(e))	214,554	27,062	-
Total		87,040	66,674

	Contract notional amount US\$'000	Company Fair values	
		Asset US\$'000	Liability US\$'000

2011			
Currency forward contracts (Note 32(e))	1,959	-	30

2010			
Currency forward contracts (Note 32(e))	-	-	-

(b) Non-current portion

	Contract notional amount US\$'000	Group Fair values	
		Asset US\$'000	Liability US\$'000
2011			
Commodities forward contracts (Note 32(e))	7,744	172	-
Futures contracts on commodity exchange (Note 32(e))	5,183	13	-
Total		185	-

2010			
Commodities forward contracts (Note 32(e))	5,742	761	-
Futures contracts on commodity exchange (Note 32(e))	33,736	3,681	-
Total		4,442	-

Notes to the Financial Statements

For the financial year ended 31 December 2011

16. Derivative financial instruments (continued)

- (i) Currency forward contracts are entered into by the Group entities in currencies other than their respective functional currencies to manage exposure to fluctuations in foreign currency exchange rates on their transactions.
- (ii) The Group entities enter into commodities forward contracts and futures contracts to protect the Group from movements in market prices of crude palm oil and palm oil products by establishing the price at which the products will be sold or purchased.

17. Cash and cash equivalents

	Group		Company	
	2011 US\$'000	2010 US\$'000	2011 US\$'000	2010 US\$'000
Cash at bank and on hand	49,352	195,558	15,509	142,863
Short-term bank deposits	87,447	19,764	25,573	-
	136,799	215,322	41,082	142,863

For the purposes of presenting the consolidated statement of cash flows, cash and cash equivalents comprise the following:

	Group	
	2011 US\$'000	2010 US\$'000
Cash and bank balances (as above)	136,799	215,322
Less: Bank overdrafts (Note 24)	(164)	-
Less: Restricted short-term bank deposits	(171)	(170)
Cash and cash equivalents per statement of cash flows	136,464	215,152

Restricted short-term bank deposits are deposits placed with a financial institution as security for banking facilities.

Notes to the Financial Statements

For the financial year ended 31 December 2011

18. Property, plant and equipment

	Freehold land and buildings	Leasehold land and buildings	Plant and equipment	Furniture, fixtures and office equipment	Motor vehicles	Capital expenditure in progress	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Group							
2011							
Cost							
Beginning of the financial year	207	60,140	186,202	13,720	6,553	44,617	311,439
Currency translation differences	1	(1,610)	(6,129)	(240)	(56)	(1,330)	(9,364)
Additions	-	10,840	7,904	2,529	731	70,234	92,238
Disposals	(74)	(6)	(2,172)	(202)	(432)	(35)	(2,921)
Write off	-	(10)	(234)	(30)	-	(76)	(350)
Reclassification	467	502	50,628	65	23	(51,685)	-
End of the financial year	601	69,856	236,199	15,842	6,819	61,725	391,042
Accumulated depreciation							
Beginning of the financial year	65	9,532	71,639	8,710	3,560	-	93,506
Currency translation differences	(2)	(219)	(1,909)	(160)	(42)	-	(2,332)
Depreciation charge	11	1,452	9,920	1,798	961	-	14,142
Disposals	(23)	-	(1,478)	(189)	(290)	-	(1,980)
Write off	-	-	(64)	(26)	-	-	(90)
Reclassification	20	(20)	-	-	-	-	-
End of the financial year	71	10,745	78,108	10,133	4,189	-	103,246
Net book value							
End of the financial year	530	59,111	158,091	5,709	2,630	61,725	287,796

Notes to the Financial Statements

For the financial year ended 31 December 2011

18. Property, plant and equipment (continued)

	Freehold land and buildings US\$'000	Leasehold land and buildings US\$'000	Plant and equipment US\$'000	Furniture, fixtures and office equipment US\$'000	Motor vehicles US\$'000	Capital expenditure in progress US\$'000	Total US\$'000
<i>Group</i>							
2010							
<i>Cost</i>							
Beginning of the financial year	59	54,080	156,850	11,465	6,102	20,190	248,746
Currency translation differences	12	5,653	17,907	993	468	2,984	28,017
Additions	1	432	3,759	1,926	795	33,639	40,552
Acquisition of subsidiaries	-	86	6	-	31	-	123
Disposals	-	(2)	(365)	(495)	(843)	(491)	(2,196)
Write off	(2)	-	(3,625)	(174)	-	(2)	(3,803)
Reclassification	137	(109)	11,670	5	-	(11,703)	-
End of the financial year	207	60,140	186,202	13,720	6,553	44,617	311,439
<i>Accumulated depreciation</i>							
Beginning of the financial year	15	7,492	57,590	7,305	2,995	-	75,397
Currency translation differences	4	826	7,328	674	248	-	9,080
Depreciation charge	3	1,260	9,694	1,361	946	-	13,264
Disposals	-	(2)	(291)	(487)	(629)	-	(1,409)
Write off	(1)	-	(2,682)	(143)	-	-	(2,826)
Reclassification	44	(44)	-	-	-	-	-
End of the financial year	65	9,532	71,639	8,710	3,560	-	93,506
<i>Net book value</i>							
End of the financial year	142	50,608	114,563	5,010	2,993	44,617	217,933

- (a) The carrying amounts of motor vehicles acquired under finance leases as at 31 December 2011 was US\$945,000 (2010: US\$987,000).
- (b) Bank borrowings were secured on property, plant and equipment of the Group with carrying amounts of US\$155,772,000 (2010: US\$177,743,000).
- (c) The revalued property, plant and equipment deemed as cost were as follows:

	Group	
	2011 US\$'000	2010 US\$'000
Leasehold land and building	10,214	10,369
Plant and machinery	19,158	19,469
Furniture, fixture and office equipment	231	238
	29,603	30,076

Notes to the Financial Statements

For the financial year ended 31 December 2011

19. Leasehold prepayments

	Group	
	2011 US\$'000	2010 US\$'000
Cost		
Beginning of the financial year	-	-
Addition	14,063	-
Currency translation differences	(491)	-
End of the financial year	13,572	-
Accumulated amortisation		
Beginning of the financial year	-	-
Amortisation	(58)	-
End of the financial year	(58)	-
Net book value		
End of the financial year	13,514	-

Leasehold prepayments represented land use rights paid by subsidiaries for industrial lands with leasehold period ranging from 16 to 30 years.

20. Investment in associate and subsidiaries

(a) Investment in associate

	Group	
	2011 US\$'000	2010 US\$'000
Equity investment at cost		
Beginning of the financial year	86	-
Acquisition of an associate	-	83
Share of profit of an associate	123	3
Currency translation differences	(5)	-
End of the financial year	204	86

Notes to the Financial Statements

For the financial year ended 31 December 2011

20. Investment in associate and subsidiaries (continued)

(a) Investment in associate (continued)

The summarised financial information of an associate, not adjusted for the proportion ownership interest held by the Group, was as follows:

	Group	
	2011	2010
	US\$'000	US\$'000
Assets	826	626
Liabilities	416	329
Revenue	2,744	2,056
Net profit	251	121

Details of the associate are included in Note 40.

(b) Investment in subsidiaries

	Company	
	2011	2010
	US\$'000	US\$'000
<i>Equity investments at cost</i>		
Beginning of the financial year	* ₋	* ₋
Increase in investment	820	-
End of the financial year	820	* ₋

* As at 31 December 2010, the nominal value of investment in subsidiaries held directly by the Company was US\$104.

On 1 June 2011, the Company acquired 100% interest in Ngo Chew Hong Corporation Pte Ltd ("NCHC") from One Marthoma (CI) Inc., a wholly owned subsidiary of the Company, for a cash consideration of US\$820,000 making NCHC held directly by the Company.

Details of the subsidiaries are included in Note 40.

Notes to the Financial Statements

For the financial year ended 31 December 2011

21. Intangible asset

	Group	
	2011 US\$'000	2010 US\$'000
<i>Composition:</i>		
Goodwill		
<i>Cost</i>		
Beginning of the financial year	5,846	-
Acquisition of subsidiaries, as previously stated	-	5,205
Finalisation of purchase price allocation	-	641
Acquisition of subsidiaries, restated	-	5,846
Currency translation differences	(128)	-
End of the financial year	5,718	5,846
<i>Accumulated impairment</i>		
Beginning of the financial year	-	-
Impairment charge	(2,717)	-
Currency translation differences	188	-
End of the financial year	(2,529)	-
<i>Net book value</i>	3,189	5,846

Impairment test for goodwill

As at 31 December 2011, goodwill was wholly allocated to the Molly CGU. Molly CGU consist of Molly Foods bvba, a company incorporated in Belgium which through its wholly owned subsidiary, Bloom Land Enterprises Limited ("Bloomland"), a company incorporated in Hong Kong, owns 100% of BeCe S.à.r.l. ("BeCe"), a company incorporated in Togo. Molly CGU is involved primarily in importing commodities, including edible oils and fats products produced by the Group, for sale in West Africa (Note 35).

The recoverable amount of the Molly CGU has been determined based on value-in-use calculations using cash flow projection covering a five-year period. The projected operating margin ranged from US\$39 to US\$45 per metric tonne, the pre-tax discount rate applied to the cash flow projection was 12.0% and the forecasted growth used to extrapolate cash flow beyond the five-year period was 3.4%. The forecasted growth rate did not exceed the long term average growth rate for the industries in which the Molly CGU operates.

Management determined the projected operating margin based on past performance and its expectations of the market developments. The forecasted growth rate used was consistent with forecasts included in published economic reports. The discount rate used was pre-tax and reflected specific risks relating to the Molly CGU.

An impairment charge of US\$2,717,000 (2010: US\$Nil) was included in the income statement within "other operating gains" (Note 7). The impairment charge arose from the Molly CGU following tough market conditions and slowed demand resulting in high inventory carry cost and losses due to falling prices.

Notes to the Financial Statements

For the financial year ended 31 December 2011

22. Trade payables

	Group	
	2011 US\$'000	2010 US\$'000
Trade payables	210,463	253,322

Trade payables included US\$1,007,000 (2010: US\$2,173,000) due to related parties, which were unsecured, interest-free and repayable on demand.

23. Other payables

	Group		Company	
	2011 US\$'000	2010 US\$'000	2011 US\$'000	2010 US\$'000
Non-trade payables	24,893	16,577	5	18,294
Accrual for operating expenses	26,460	33,231	198	2,641
	51,353	49,808	203	20,935

Group

Non-trade payables included US\$362,000 (2010: US\$147,000) due to an associate and US\$16,000 (2010: US\$11,000) due to related parties, mainly for forwarding services and rental of premises. The amounts were unsecured, interest-free and repayable on demand.

In 2011, non-trade payables include the financial liability amounting to US\$1,260,000 recognised for the put option granted to certain non-controlling interests (Note 27(b)(ii)).

In 2010, non-trade payables included US\$8,670,000 held in commodity trading accounts in Bursa Malaysia Derivatives Clearing Bhd. In 2011, the commodity trading accounts with Bursa Malaysia Derivatives Clearing Bhd was in a net receivable position (Note 15).

Company

Non-trade payables related to amounts owing to subsidiaries of the Company which were unsecured, interest-free and repayable on demand.

As at 31 December 2010, accrual for operating expenses of the Company mainly related to listing expenses payable at the end of the financial year.

Notes to the Financial Statements

For the financial year ended 31 December 2011

24. Borrowings

	Group	
	2011 US\$'000	2010 US\$'000
<i>Current</i>		
Bank overdrafts	164	-
Bank borrowings		
- Export credit financing	23,968	31,658
- Bankers' acceptance	153,122	136,730
- Revolving credit	11,823	12,275
- Trust receipts and bills payable	142,088	116,226
- Term loans	7,893	6,819
- Istina/ljarah financing	-	3,708
Finance lease liabilities (Note 24(c))	301	381
	339,359	307,797
<i>Non-current</i>		
Bank borrowings		
- Term loans	46,513	15,898
- Istina/ljarah financing	-	1,936
Finance lease liabilities (Note 24(c))	258	525
	46,771	18,359
Total borrowings	386,130	326,156

(a) Securities granted

The borrowings of the Group are secured by:

- Letter of subordination of substantial shareholders and group entities
- Joint and several guarantees by certain director and related parties
- Specific fixed charge and legal charges against the assets of certain subsidiaries
- Fixed and floating debentures against existing and future assets of certain subsidiaries
- Corporate guarantees by the Company and certain subsidiaries

Finance lease liabilities are secured over the leased motor vehicles as at 31 December 2011 with carrying value of US\$945,000 (2010: US\$987,000) as the legal title is retained by the lessor and will be transferred to the Group upon full settlement of the finance lease liabilities.

Notes to the Financial Statements

For the financial year ended 31 December 2011

24. Borrowings (continued)

(b) Fair value of non-current borrowings

The fair value of borrowings approximated the carrying value of the borrowings at statement of financial position dates as they bear interest at rates which approximate the current incremental borrowing rate for similar types of lending and borrowing arrangements, which the management expect to be available to the Group.

(c) Finance lease liabilities

The Group leases certain plant and equipment under finance leases.

	Group	
	2011 US\$'000	2010 US\$'000
Minimum lease payments due		
- Not later than one year	336	387
- Between one and two years	232	476
- Between two and five years	44	149
	612	1,012
Less: Future finance charges	(53)	(106)
Present value of finance lease liabilities	559	906

The present values of finance lease liabilities were analysed as follows:

	Group	
	2011 US\$'000	2010 US\$'000
Not later than one year	301	381
Later than one year		
- Between one and two years	219	425
- Between two and five years	39	100
	258	525
Total	559	906

Notes to the Financial Statements

For the financial year ended 31 December 2011

25. Deferred income taxes

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority. The amounts, determined after appropriate offsetting, were shown on the statement of financial position as follows:

	Group	
	2011	2010
	US\$'000	US\$'000
Deferred income tax assets		
- expected to be settled within one year	426	-
- expected to be settled after one year	-	-
	426	-
Deferred income tax liabilities		
- expected to be settled within one year	(5,781)	(14,339)
- expected to be settled after one year	(9,525)	(1,114)
	(15,306)	(15,453)
	(14,880)	(15,453)

Notes to the Financial Statements

For the financial year ended 31 December 2011

25. Deferred income taxes (continued)

The amounts of deferred income tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) recognised in the statement of financial position and income statement on each type of temporary differences were as follows:

	Group			
	Consolidated Statement of Financial Position		Consolidated Income Statement	
	2011 US\$'000	2010 US\$'000	2011 US\$'000	2010 US\$'000
Deferred income tax assets				
Unutilised tax losses	110	45	74	(47)
Unutilised reinvestment allowance	8,166	4,611	3,787	866
Unrealised loss on derivative financial instruments	4,898	6,572	(1,562)	13,981
Unutilised capital allowance	-	-	-	(271)
Others	1,587	991	634	(1,048)
	14,761	12,219		
Deferred income tax liabilities				
Accelerated tax depreciation	(29,054)	(24,981)	(4,811)	(1,883)
Revaluation of property, plant and equipments	(587)	(2,691)	2,101	376
	(29,641)	(27,672)	223	11,974

Deferred income tax assets are recognised for tax losses and capital allowances carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. The Group had unrecognised tax losses of US\$4,960,000 (2010: US\$771,000) at the statement of financial position date which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by those companies with unrecognised tax losses and capital allowances in their respective countries of incorporation. The tax losses have no expiry date.

Notes to the Financial Statements

For the financial year ended 31 December 2011

26. Share capital and share premium

	No. of ordinary shares		Amount		
	Authorised share capital at par value of US\$0.001/US\$0.01 '000	Issued share capital at par value of US\$0.001/US\$0.01 '000	Authorised share capital at par value of US\$0.001/US\$0.01 US\$'000	Share capital at par value of US\$0.001/US\$0.01 US\$'000	Share premium US\$'000

Group and Company

2011

Beginning and end of the financial year, ordinary shares at par value, US\$0.001	30,000,000	1,507,061	30,000	1,507	185,416
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2010

Beginning of the financial year, ordinary shares at par value, US\$0.01	5,000	1,050	50	11	-
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Listing of the Company, ordinary shares at par value, US\$0.001					
Subdivision of authorised share capital and issued share capital from par value of US\$0.01 to US\$0.001 (Note (a) to (b))	50,000	10,500	50	11	-
Increase in authorised share capital (Note (c))	29,950,000	-	29,950	-	-
Issue of new shares to existing shareholders (Note (d))	-	1,270,502	-	1,270	-
Issue of shares pursuant to the Listing (Note (e))	-	226,059	-	226	191,055
Placement and listing expenses (Note (f))	-	-	-	-	(5,639)
End of the financial year	30,000,000	1,507,061	30,000	1,507	185,416

All issued ordinary shares are fully paid. Fully paid ordinary shares carry one vote per share and carry a right to dividends as and when declared by the Company.

Notes to the Financial Statements

For the financial year ended 31 December 2011

26. Share capital and share premium (continued)

On 1 October 2010, the Shareholders approved the following:

- (a) the sub-division of the authorised share capital from US\$50,000 divided into 5,000,000 shares of a par value of US\$0.01 each in the capital of the Company to US\$50,000 divided into 50,000,000 Shares of par value US\$0.001 each in the capital of the Company;
- (b) the sub-division of 1,050,002 issued and paid up shares of par value US\$0.01 each in the capital of the Company into 10,500,020 Shares of par value US\$0.001 each in the capital of the Company;
- (c) the increase in the authorised share capital from US\$50,000 divided into 50,000,000 Shares of par value US\$0.001 each in the capital of the Company to US\$30,000,000 of 30,000,000,000 Shares of par value US\$0.001 each in the capital of the Company by the creation of 29,950,000,000 Shares of par value US\$0.001 each in the capital of the Company; and
- (d) the issue and allotment of 1,270,502,420 new Shares of par value US\$0.001 each (US\$1,270,000) in the capital of the Company to the shareholders as at the date of the resolution in proportion to their shareholding, for a cash consideration at US\$0.001 per new share.
- (e) On 24 November 2010, the Company issued 226,059,000 each at SGD1.10 per share as placement in connection with the Listing and raised gross proceeds of US\$191,281,000 (SGD248,665,000). US\$226,000 and US\$191,055,000 have been recognised in share capital and share premium respectively. The net proceeds received from the placement and listing amounted to US\$183,582,000, after deducting placement and listing expenses of the Company ("Listing Expenses") of US\$7,699,000 paid during the year.
- (f) During the financial year ended 31 December 2010, Listing Expenses amounted to US\$10,376,000. Listing Expenses of US\$5,639,000 which were directly attributable to the issuance of new shares were deducted against the share premium account. The remaining balance of US\$4,737,000 were charged to the income statement within "administrative expenses".

The newly issued shares rank pari passu in all aspects with the previously issued shares.

Notes to the Financial Statements

For the financial year ended 31 December 2011

27. Other reserves

	Group	
	2011	2010
	US\$'000	US\$'000
(a) <u>Composition:</u>		
Merger reserve	(50,749)	(50,749)
General reserve	(2,608)	(832)
Asset revaluation reserve	10,146	10,281
Currency translation reserve	27,796	31,794
	(15,415)	(9,506)

Merger reserve represents the difference between the cost of investment and nominal value of share capital of the merged subsidiary.

	Group	
	2011	2010
	US\$'000	US\$'000
(b) <u>Movements</u>		
(i) Merger reserve		
Beginning of the financial year	(50,749)	(38,834)
Cash paid/payable arising from acquisition of subsidiaries under common control	-	(11,915)
End of the financial year	(50,749)	(50,749)
(ii) General reserve		
Beginning of the financial year	(832)	-
Acquisition of non-controlling interests	(516)	(832)
Put option granted to non-controlling interests *	(1,260)	-
End of the financial year	(2,608)	(832)
(iii) Asset revaluation reserve		
Beginning of the financial year	10,281	11,031
Realisation upon disposal of asset	(135)	(750)
End of the financial year	10,146	10,281
(iv) Currency translation reserve		
Beginning of the financial year	31,794	6,509
Net currency translation differences of foreign subsidiaries	(3,798)	25,385
Non-controlling interests	(200)	(100)
End of the financial year	27,796	31,794

The reserves are non-distributable.

Notes to the Financial Statements

For the financial year ended 31 December 2011

27. Other reserves (continued)

- * Certain non-controlling interests have the option to put its shares to the Group for a cash consideration to be calculated in accordance with the provisions of the shareholders' agreement between the Group and the non-controlling interests. The Group recognises the present value of the estimated redemption amount as a financial liability (included in non-trade payables, Note 23) against equity.

28. Retained profits

- (a) Retained profits of the Group are distributable, to the extent that it is in compliance with the local guidelines of the countries in which the subsidiaries operate and the restrictions imposed by the covenant underlying our borrowings.
- (b) Movement in retained profits/(accumulated losses) for the Company was as follows:

	Company	
	2011 US\$'000	2010 US\$'000
Beginning of the financial year	(3,105)	-
Dividends (Note 29)	(4,333)	(22,105)
Total comprehensive income for the financial year	16,370	19,000
End of the financial year	8,932	(3,105)

29. Dividends

	Group and Company	
	2011 US\$'000	2010 US\$'000
Declared and paid during the financial year:		
<i>Dividend on ordinary shares:</i>		
Interim exempt dividends of S\$0.0035 (2010: US\$0.0173) per share	4,333	22,105
Proposed but not recognised as a liability as at 31 December:		
<i>Dividends on ordinary shares, subject to shareholders' approval at the AGM:</i>		
Final exempt one-tier dividends of S\$0.005 (2010: Nil) per share	5,830	-

Notes to the Financial Statements

For the financial year ended 31 December 2011

30. Contingent liabilities

Group

- (a) In March 2007, criminal charges in Malaysia were brought against Mewah-Oils Sdn Bhd ("MOSB"), a wholly-owned subsidiary, and a director of the Company alleging that between October 2003 and November 2003, MOSB used two falsified customs documents to discharge crude palm oil ("CPO"). MOSB has also been charged with dishonestly receiving 6,998 MT of CPO alleging that such CPO was stolen property belonging to Lushing Traders Pte Ltd ("Lushing"). The maximum penalty under law is a fine not exceeding Malaysia Ringgit 500,000 (US\$158,000) or imprisonment for a term not exceeding five years, or both. The charges arose from a complaint made by Lushing. In 2003, MOSB had purchased and paid for CPO from Summerwind Trading Pte Ltd ("Summerwind") which Summerwind had purchased from Lushing.

In April 2010, a civil claim was made by Lushing against MOSB in the Malaysian High Courts for having wrongfully received and converted 6,998 MT of CPO and claimed US\$2,650,000 and interest at 8.0% per annum from the alleged date of conversion of the CPO, which is between October 2003 and November 2003, costs and any other relief that may be granted by the court.

On 26 January 2012, the Sessions Court Judge in Klang dismissed all charges against MOSB and the director ruling that the prosecution had failed to establish a prima facie case and therefore there was no need for the defence to be called. The judge ruled that there was insufficient evidence to prove that MOSB was capable of forging or falsifying the documents, MOSB did not have any contractual relationship with Lushing in the said contracts of selling and buying of palm oil and that MOSB could not be blamed for discharging the cargo because it must have thought that the deal between Lushing and Summerwind would eventually be settled by those parties.

On 27 January 2012, the prosecution has appealed to the High Court of Malaysia against the judgement.

Shafee & Co, representing MOSB and the director, is of the view that the cases are without merit, as the documentary evidence available indicates MOSB had properly imported the CPO into Malaysia and that MOSB was not party to the contract between Lushing and Summerwind for the sale and purchase of the relevant CPO.

- (b) In 2010, a claim against Moi Foods Malaysia Sdn Bhd ("Moi Foods"), a wholly-owned subsidiary, in the High Court of Malaya, Shah Alam, in the State of Darul Ehsan, Malaysia for the amount of Malaysian Ringgit 836,805 (US\$216,321) for alleged non-payment by Moi Foods of a construction contract entered into in 2001 between the claimants and Mewah-Oils Sdn Bhd (which subsequently novated the contract to Moi Foods) to construct a building block consisting of warehouse and offices on Lot 40 Phase 2A Pulau Indah Industrial Park. Moi Foods is currently preparing to file a defence disputing the amount claimed. The Group has made a provision of approximately Malaysian Ringgit 514,000 (US\$185,000).

The pleadings are closed. The matter has been pending without further action by the Plaintiffs to set the matter down for trial since 2010.

Notes to the Financial Statements

For the financial year ended 31 December 2011

30. Contingent liabilities (continued)

Company

The Company has issued corporate guarantees to banks for borrowings to certain subsidiaries. As at 31 December 2011, the borrowings under the guarantees amounted to US\$292,420,000 (2010: US\$53,125,000). The financial effects of FRS 39 relating to the financial guarantee contracts issued by the Company are not material to the financial statements of the Company and therefore are not recognised. The management is of the view that no loss is expected to arise from the guarantees.

31. Commitments

(a) Capital commitments

Capital expenditures contracted for at the statement of financial position date but not recognised in the consolidated financial statements were as follows:

	Group	
	2011 US\$'000	2010 US\$'000
Property, plant and equipment	40,063	75,161

(b) Operating lease commitments - where the Group is a lessee

The Group leases office premises and equipments from non-related parties under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

The future minimum lease payables under non-cancellable operating leases contracted for at the statement of financial position date but not recognised as liabilities, were as follows:

	Group	
	2011 US\$'000	2010 US\$'000
Not later than one year	333	220
Between one and five years	1,186	1,124
Later than five years	3,984	3,698
	5,503	5,042

Notes to the Financial Statements

For the financial year ended 31 December 2011

31. Commitments (continued)

(c) Operating lease commitments - where the Group is a lessor

The Group leases out office space under its leasehold buildings to non-related parties under non-cancellable operating leases.

The future minimum lease receivables under non-cancellable operating leases contracted for at the statement of financial position date but not recognised as receivables, were as follows:

	Group	
	2011	2010
	US\$'000	US\$'000
Not later than one year	364	68
Between one and five years	293	23
Later than five years	130	-
	787	91

32. Financial risk management

Financial risk factors

The Group's activities expose it to market risk (including currency risk, commodity price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management strategy seeks to minimise any adverse effects from the unpredictability of financial markets on the Group's financial performance. The Group's risk management strategy provides for the use of financial instruments such as currency forward contracts, commodities forward and futures contracts of crude palm oil and palm oil products.

Financial risk management is carried out by a Risk Committee in accordance with the policies set by the Board of Directors. The Risk Committee works closely with the Group's operating units in identifying, evaluating and managing financial risks. Regular reports will be submitted to the Board of Directors.

(a) Market risk

(i) *Currency risk*

The Group's revenue is denominated primarily in United States Dollar ("USD"), the functional and reporting currency of the Company. There are some exposures in other currencies, the most significant of which are the Malaysian Ringgit ("Ringgit") and Singapore Dollar ("SGD"). Currency risk arises within entities in the Group when transactions are denominated in currencies other than the entities' functional currencies.

The Group's risk management strategy provides for the use of currency forward contracts to hedge its future committed foreign exchange exposures, if necessary.

Notes to the Financial Statements

For the financial year ended 31 December 2011

32. Financial risk management (continued)

(a) Market risk (continued)

(i) *Currency risk* (continued)

The Group's currency exposure based on the information provided to key management was as follows:

	USD US\$'000	SGD US\$'000	Ringgit US\$'000	Others US\$'000	Total US\$'000
At 31 December 2011					
Financial assets					
Cash and cash equivalents	48,284	31,646	12,455	44,414	136,799
Trade and other receivables	323,872	3,960	48,333	55,558	431,723
Intercompany receivables	699,619	66,093	206,304	80,632	1,052,648
	<u>1,071,775</u>	<u>101,699</u>	<u>267,092</u>	<u>180,604</u>	<u>1,621,170</u>
Financial liabilities					
Borrowings	(150,330)	(1,355)	(230,562)	(3,883)	(386,130)
Other financial liabilities	(105,051)	(16,822)	(133,445)	(6,498)	(261,816)
Intercompany payables	(699,619)	(66,093)	(206,304)	(80,632)	(1,052,648)
	<u>(955,000)</u>	<u>(84,270)</u>	<u>(570,311)</u>	<u>(91,013)</u>	<u>(1,700,594)</u>
Net financial assets/(liabilities)	116,775	17,429	(303,219)	89,591	(79,424)
Add: Firm commitments and highly probable forecast transactions in foreign currencies	254,497	6,111	(90,593)	45,542	215,557
Less: Currency forward contracts	(581,934)	6,527	-	(36,051)	(611,458)
Currency profile	(210,662)	30,067	(393,812)	99,082	(475,325)
Financial (assets)/liabilities denominated in the respective entities' functional currencies	16,777	561	392,366	(10,743)	398,961
Currency exposure of financial assets/ (liabilities) net of those denominated in the respective entities' functional currencies	(193,885)	30,628	(1,446)	88,339	(76,364)

Notes to the Financial Statements

For the financial year ended 31 December 2011

32. Financial risk management (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

The Group's currency exposure based on the information provided to key management was as follows: (continued)

	USD US\$'000	SGD US\$'000	Ringgit US\$'000	Others US\$'000	Total US\$'000
At 31 December 2010					
Financial assets					
Cash and cash equivalents	23,548	143,623	28,822	19,329	215,322
Trade and other receivables	305,412	3,514	55,268	85,310	449,504
Intercompany receivables	547,044	78,196	149,238	43,988	818,466
	876,004	225,333	233,328	148,627	1,483,292
Financial liabilities					
Borrowings	(128,103)	(1,696)	(192,883)	(3,474)	(326,156)
Other financial liabilities	(136,926)	(23,825)	(136,103)	(6,276)	(303,130)
Intercompany payables	(547,044)	(78,196)	(149,238)	(43,988)	(818,466)
	(812,073)	(103,717)	(478,224)	(53,738)	(1,447,752)
Net financial assets/(liabilities)	63,931	121,616	(244,896)	94,889	35,540
Add: Firm commitments and highly probable forecast transactions in foreign currencies	346,922	8,353	(424,551)	27,596	(41,680)
Less: Currency forward contracts	(686,267)	3,051	-	(71,193)	(754,409)
Currency profile	(275,414)	133,020	(669,447)	51,292	(760,549)
Financial (assets)/liabilities denominated in the respective entities' functional currencies	183,880	(4,556)	667,706	(41,535)	805,495
Currency exposure of financial assets/ (liabilities) net of those denominated in the respective entities' functional currencies	(91,534)	128,464	(1,741)	9,757	44,946

Notes to the Financial Statements

For the financial year ended 31 December 2011

32. Financial risk management (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

The Company's currency exposure based on the information provided to key management was as follows:
(continued)

	USD US\$'000	SGD US\$'000	Ringgit US\$'000	Total US\$'000
At 31 December 2011				
Financial assets				
Cash and cash equivalents	13,008	28,074	-	41,082
Intercompany receivables	90,686	63,747	-	154,433
	<u>103,694</u>	<u>91,821</u>	<u>-</u>	<u>195,515</u>
Financial liabilities				
Other financial liabilities	(33)	(117)	(48)	(198)
Intercompany payables	(5)	-	-	(5)
	<u>(38)</u>	<u>(117)</u>	<u>(48)</u>	<u>(203)</u>
Net financial assets/(liabilities)	103,656	91,704	(48)	195,312
Less: Currency forward contracts	-	1,959	-	1,959
Currency profile	103,656	93,663	(48)	197,271
Financial (assets)/liabilities denominated in the Company's functional currency	<u>(103,656)</u>	<u>-</u>	<u>-</u>	<u>(103,656)</u>
Currency exposure of financial assets/(liabilities) net of those denominated in the Company's functional currency	<u>-</u>	<u>93,663</u>	<u>(48)</u>	<u>93,615</u>

Notes to the Financial Statements

For the financial year ended 31 December 2011

32. Financial risk management (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

The Company's currency exposure based on the information provided to key management was as follows:
(continued)

	USD US\$'000	SGD US\$'000	Ringgit US\$'000	Total US\$'000
At 31 December 2010				
Financial assets				
Cash and cash equivalents	-	142,863	-	142,863
Intercompany receivables	-	44,616	17,274	61,890
	-	187,479	17,274	204,753
Financial liabilities				
Other financial liabilities	(835)	(1,777)	(29)	(2,641)
Intercompany payables	(150)	(18,144)	-	(18,294)
	(985)	(19,921)	(29)	(20,935)
Net financial assets/(liabilities)	(985)	167,558	17,245	183,818
Financial (assets)/liabilities denominated in the Company's functional currency	985	-	-	985
Currency exposure of financial assets/(liabilities) net of those denominated in the Company's functional currency	-	167,558	17,245	184,803

Notes to the Financial Statements

For the financial year ended 31 December 2011

32. Financial risk management (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

With all other variables including tax rate being held constant, the effects arising from the net financial assets/liabilities position will be as follows:

	2011		2010	
	Change %	Profit after tax US\$'000	Change %	Profit after tax US\$'000
<----- Increase/(decrease) ----->				
<u>Group</u>				
USD against SGD				
- Strengthened	5%	722	5%	(8,481)
- Weakened	5%	(722)	5%	8,481
USD against Ringgit				
- Strengthened	5%	(13,350)	5%	(4,038)
- Weakened	5%	13,350	5%	4,038
<u>Company</u>				
USD against SGD				
- Strengthened	5%	(3,887)	5%	(8,376)
- Weakened	5%	3,887	5%	8,376
USD against Ringgit				
- Strengthened	5%	2	5%	(862)
- Weakened	5%	(2)	5%	862

(ii) Cash flows and fair value interest rate risks

Cash flows interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. The Group's exposure to interest rate risk arises primarily from their borrowings and deposits placed with creditworthy licensed banks and financial institutions.

Notes to the Financial Statements

For the financial year ended 31 December 2011

32. Financial risk management (continued)

(a) Market risk (continued)

(ii) *Cash flows and fair value interest rate risks* (continued)

The Group's policy is to enter into variable interest rates borrowings. As most of the Group's borrowings are short-term and trade related, accordingly, the Group has minimum cash flows interest rate exposure risk.

The Group's borrowings were denominated mainly in Ringgit and USD. As at 31 December 2011, profit after tax for the financial year would have been US\$174,000 (2010: US\$79,000) lower or higher if market interest rates had been 50 basis points higher or lower with all other variables held constant.

(iii) *Commodity price risk*

The Group is exposed to fluctuations in the prices of agri-commodities it deals in, including crude palm oil and palm oil products prices. The Group minimises the risk arising from such fluctuations by entering into commodities forward contracts and futures contracts. The Group has not adopted hedge accounting.

In the course of entering into these contracts, the Group may be exposed to the inherent risk associated with trading activities conducted by its personnel. The Group has in place a risk management system to manage such risk exposure.

As at 31 December 2011, if the commodity prices increase or decrease by 5% and other variables held constant, the Group's profit after tax would have been US\$6,457,000 (2010: US\$6,305,000) lower or higher respectively, arising as a result of the change in fair value of the commodities forward and futures contracts.

(b) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The major classes of financial assets of the Group are trade and other receivables and bank deposits. For trade and other receivables, the Group adopts the policy of dealing only with customers of appropriate credit history, and obtaining sufficient collateral or buying credit insurance where appropriate to mitigate credit risk. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties.

Notes to the Financial Statements

For the financial year ended 31 December 2011

32. Financial risk management (continued)

(b) Credit risk (continued)

The Group has a credit risk policy in place to manage credit risk. All new customers are subject to credit worthiness check; counterparties are ranked and assigned a credit limit appropriately. Such credit limit would be approved by a Risk Committee. In addition, any increase in credit limit requires approval from the Risk Committee. The Risk Committee is mandated to monitor the payment ageing profile of the third party receivables, to review all the outstanding receivables regularly and to identify any potential uncollectible for doubtful debts provision and/or write-off.

As the Group does not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the statement of financial position, except as follows:

	Company	
	2011 US\$'000	2010 US\$'000
Corporate guarantees provided to financial institutions for subsidiaries' borrowings	292,420	53,125

The management is of the view that no loss is expected to arise from the guarantees.

The major trade receivables of the Group comprised of 1 debtor for 2011 (2010: 1 debtor) and represented 26% of trade receivables (2010: 38%). The Company did not have trade receivables in 2011 and 2010.

The credit risk for trade receivables based on the information provided to key management was as follows:

	Group	
	2011 US\$'000	2010 US\$'000
<u>By geographical segment</u>		
- Asia		
Malaysia	158,152	203,153
Singapore	33,306	32,850
Rest of Asia	36,745	23,725
- Africa	39,903	62,913
- Middle East	73,492	75,527
- Europe	47,624	18,143
- Pacific Oceania	5,450	3,146
- America	16,291	7,652
	410,963	427,109

Notes to the Financial Statements

For the financial year ended 31 December 2011

32. Financial risk management (continued)

(b) Credit risk (continued)

(i) Financial assets that are neither past due nor impaired

Bank deposits that were neither past due nor impaired were mainly deposits with banks of good credit-ratings. Trade receivables that were neither past due nor impaired were substantially companies with a good collection track record with the Group and for which there was no historical track record of default.

(ii) Financial assets that are past due and/or impaired

There was no other class of financial assets that was past due and/or impaired except for trade receivables.

The age analysis of trade receivables past due but not impaired was as follows:

	Group	
	2011 US\$'000	2010 US\$'000
Past due < 3 months	59,811	47,001
Past due 3 to 6 months	10,072	1,196
Past due 6 to 12 months	2,337	623
Past due over 1 year	1,646	-
	73,866	48,820

The carrying amount of trade receivables individually determined to be impaired and the movement in the related allowance for impairment were as follows:

	Group	
	2011 US\$'000	2010 US\$'000
Gross amount	21,237	16,391
Less: Allowance for impairment	(21,237)	(16,391)
	-	-
Beginning of the financial year	(16,391)	(18,102)
Currency translation differences	556	(2,316)
Allowance (made)/reversed and utilised	(5,402)	4,027
End of the financial year	(21,237)	(16,391)

The impaired trade receivables arose mainly from sales to customers which were under financial difficulties.

Notes to the Financial Statements

For the financial year ended 31 December 2011

32. Financial risk management (continued)

(c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations due to shortage of funds. The Group maintains sufficient liquidity by closely monitoring its cash flows. The Group adopts prudent liquidity risk management policies in maintaining flexibility in funding by keeping credit facilities available with different financial institutions.

The table below analyses the maturity profile of the Group's and the Company's financial liabilities (including derivative financial liabilities) based on contractual undiscounted cash flows. Balances due within 12 months approximate their carrying balances as the impact of discounting is not significant.

	Less than 1 year US\$'000	Between 1 and 2 years US\$'000	Between 2 and 5 years US\$'000	Over 5 years US\$'000	Total US\$'000
Group					
At 31 December 2011					
Trade and other payables	(261,816)	-	-	-	(261,816)
Borrowings	(342,411)	(46,053)	(3,057)	-	(391,521)
Gross-settled currency forward contracts					
- Receipts	711,616	-	-	-	711,616
- Payments	(715,458)	-	-	-	(715,458)
	(3,842)	-	-	-	(3,842)
Gross-settled futures contracts and forward sales and purchase contracts					
- Receipts	1,189,202	-	-	-	1,189,202
- Payments	(1,005,497)	(12,927)	-	-	(1,018,424)
	183,705	(12,927)	-	-	170,778
At 31 December 2010					
Trade and other payables	(303,130)	-	-	-	(303,130)
Borrowings	(310,142)	(14,095)	(5,436)	-	(329,673)
Gross-settled currency forward contracts					
- Receipts	754,409	-	-	-	754,409
- Payments	(728,241)	-	-	-	(728,241)
	26,168	-	-	-	26,168
Gross-settled futures contracts and forward sales and purchase contracts					
- Receipts	959,664	-	-	-	959,664
- Payments	(1,041,980)	(39,478)	-	-	(1,081,458)
	(82,316)	(39,478)	-	-	(121,794)

Notes to the Financial Statements

For the financial year ended 31 December 2011

32. Financial risk management (continued)

(c) Liquidity risk (continued)

	Less than 1 year US\$'000
Company	
At 31 December 2011	
Other payables	(203)
Gross-settled currency forward contracts	
- Receipts	1,959
- Payments	(1,929)
	30
At 31 December 2010	
Other payables	(20,935)

The table below analyses the maturity profile of the Company's contingent liabilities and commitments. The maximum amount of the financial guarantee contracts are allocated to the earliest period in which the guarantee could be called.

	Less than 1 year US\$'000
Company	
At 31 December 2011	
Financial guarantee contracts	292,420
At 31 December 2010	
Financial guarantee contracts	53,125

Notes to the Financial Statements

For the financial year ended 31 December 2011

32. Financial risk management (continued)

(d) Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure over business cycles, the Group may adjust the amount of dividend payment, obtain new borrowings or sell assets to reduce borrowings.

Management manages capital based on tangible net worth of the Group and a number of key ratios including gross debt-equity ratio and net debt-equity ratio. The Group is required by the banks to maintain a certain amount of minimum tangible net worth and gross debt-equity ratio. The gross debt-equity ratio is defined as total interest bearing debts ("gross debt") to total equity. Net debt-equity ratio is defined as total interest bearing debts less cash and cash equivalents ("net debt") to total equity.

No changes were made in the objectives, policies or processes during the financial years ended 31 December 2011 and 31 December 2010.

	Group	
	2011 US\$'000	2010 US\$'000
Tangible net worth	534,601	502,730
Debt-equity ratio		
Gross debt	386,130	326,156
Less: Cash and cash equivalents	(136,799)	(215,322)
Net debt	249,331	110,834
Total equity	537,790	508,576
Gross debt-equity ratio	0.72	0.64
Net debt-equity ratio	0.46	0.22

The Group and the Company were in compliance with all externally imposed capital requirements for the financial years ended 31 December 2011 and 2010.

(e) Fair value measurements

Fair value measurements by level of the following fair value measurement hierarchy:

- (i) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- (ii) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and
- (iii) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

Notes to the Financial Statements

For the financial year ended 31 December 2011

32. Financial risk management (continued)

(e) Fair value measurements (continued)

The following table presents our financial assets and liabilities measured at fair value as at statement of financial position date.

	Level 1 US\$'000	Level 2 US\$'000	Level 3 US\$'000	Total US\$'000
Group				
2011				
Financial Assets				
Derivative financial instruments (Note 16)				
- Currency forward contracts	-	2,582	-	2,582
- Commodities futures contracts	6,544	-	-	6,544
- Commodities forward contracts	-	29,806	-	29,806
As at 31 December 2011	6,544	32,388	-	38,932
Financial Liabilities				
Derivative financial instruments (Note 16)				
- Currency forward contracts	-	8,700	-	8,700
- Commodities futures contracts	9,730	-	-	9,730
- Commodities forward contracts	-	23,887	-	23,887
- Put option	-	-	1,260	1,260
As at 31 December 2011	9,730	32,587	1,260	43,577
2010				
Financial Assets				
Derivative financial instruments (Note 16)				
- Currency forward contracts	-	29,113	-	29,113
- Commodities futures contracts	30,743	-	-	30,743
- Commodities forward contracts	-	31,626	-	31,626
As at 31 December 2010	30,743	60,739	-	91,482
Financial Liabilities				
Derivative financial instruments (Note 16)				
- Commodities forward contracts	-	66,674	-	66,674
As at 31 December 2010	-	66,674	-	66,674

Notes to the Financial Statements

For the financial year ended 31 December 2011

32. Financial risk management (continued)

(e) Fair value measurements (continued)

	Level 1 US\$'000	Level 2 US\$'000	Total US\$'000
Company			
2011			
Financial Liabilities			
Derivative financial instruments (Note 16)			
- Currency forward contracts	-	30	30
2010			
Financial Liabilities			
Derivative financial instruments (Note 16)			
- Currency forward contracts	-	-	-

The fair value of financial instruments traded in active markets (such as exchange-traded and over-the-counter securities and derivatives) is based on quoted market prices at the statement of financial position date. The quoted market price used for financial assets is the current bid price; the appropriate quoted market price for financial liabilities is the current asking price. These instruments are included in Level 1.

The fair values of financial instruments that are not traded in an active market (such as commodities forward contracts) are determined by making references to the prices listed on the Malaysian Palm Oil Board, other similar products and other commodity exchanges, and makes assumptions that are based on market conditions existing at each statement of financial position date. Where appropriate, quoted market prices or dealer quotes are used. The fair values of currency forward contracts are determined using quoted forward exchange rates at the statement of financial position date. These instruments are included in Level 2.

The fair value of the financial liability recognized in respect of the put option granted to the non-controlling interests is the present value of the redemption amount to be determined in accordance with the provision of the shareholders' agreement between the Group and the non-controlling interests. The redemption amount is dependent on the future financial performance of the subsidiaries. The fair value is determined based on the management's best estimate of the future financial performance of the subsidiary. This financial instrument is included in Level 3.

The carrying value less impairment provision of trade receivables and payables approximates their fair values. The fair value of financial liabilities for disclosure purposes is estimated based on quoted market prices or dealer quotes for similar instruments by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments. The fair value of current borrowings approximates their carrying amount.

Notes to the Financial Statements

For the financial year ended 31 December 2011

32. Financial risk management (continued)

(f) Financial instruments by category

The carrying amount of the different categories of financial instruments is as disclosed on the face of the statement of financial position and in Note 16 to the financial statements, except for the following:

Loans and receivables

	Group		Company	
	2011 US\$'000	2010 US\$'000	2011 US\$'000	2010 US\$'000
Trade receivables	410,963	427,109	-	-
Other receivables	20,760	22,395	154,433	61,889
Cash and cash equivalents	136,799	215,322	41,082	142,863
	568,522	664,826	195,515	204,752

Financial liabilities at amortised cost

	Group		Company	
	2011 US\$'000	2010 US\$'000	2011 US\$'000	2010 US\$'000
Trade payables	210,463	253,322	-	-
Other payables	51,353	49,808	203	20,935
Borrowings	386,130	326,156	-	-
	647,946	629,286	203	20,935

Notes to the Financial Statements

For the financial year ended 31 December 2011

33. Related party transactions

In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Group and related parties at terms agreed between the parties:

(a) Sales and purchases of goods and services and other transactions

	Group	
	2011 US\$'000	2010 US\$'000
Sales to related parties		
- Sales of finished goods	97,711	32,230
Purchase from related parties		
- Purchases of raw materials	(5,800)	(9,446)
Unrealised gains from derivative financial instruments	152	84
Service rendered by related parties		
- Transportation and forwarding	(2,811)	(2,359)
- Packing material	(10,357)	(9,909)
- Insurance	(3,246)	(3,195)
- Consultation fees	(860)	-
- Travelling expenses	(367)	(412)
Rental paid/payable to related parties	(118)	(112)
Rental received/receivable from related parties	41	-
Service agreement	22	-
Reimbursement of expenses for related parties	-	358

Related parties are companies in which the directors/shareholders of the Company have significant influence or control.

Outstanding balances at 31 December 2011 and 2010 arising from the above transactions are set out in Notes 14, 15, 22 and 23 respectively.

(b) Key management personnel compensation

Key management personnel compensation is as follows:

	Group	
	2011 US\$'000	2010 US\$'000
Wages, salaries and other short-term employee benefits	7,693	8,788
Employer's contribution to defined contribution plans	114	89
	7,807	8,877

Notes to the Financial Statements

For the financial year ended 31 December 2011

34. Segment information

Management has determined the operating segments based on the reports reviewed by the Executive Committee that are used to make strategic decisions. The Executive Committee comprises the Chief Executive Officer, the Chief Financial Officer, and the department heads of each business within each segment.

The Executive Committee considers the business from two segments:

- (i) The bulk segment which sources, manufactures and sells edible oils and specialty fats and oils in bulk for a variety of end uses; and
- (ii) The consumer pack segment which manufactures and sells edible oils and bakery fats to consumers in packaged form.

The Group measures and tracks the profitability in terms of operating margin and earnings before interest, tax, depreciation and amortisation ("EBITDA").

Operating margin is calculated as revenue, less cost of sales (excluding depreciation), selling and distribution expenses and foreign exchange gains/(losses). Operating margin relating to inter-segment sales are reported under the segment where the final sales to third parties are made.

EBITDA is calculated as operating margin add other income (excluding interest income), less administrative expenses (excluding depreciation and amortisation) and other operating expenses.

Notes to the Financial Statements

For the financial year ended 31 December 2011

34. Segment information (continued)

The segment information provided to the Executive Committee for the reportable segments for the financial year ended 31 December 2011 was as follows:

	Bulk US\$'000	Consumer Pack US\$'000	Total US\$'000
Group			
Sales			
Total segment sales	3,945,834	1,401,159	5,346,993
Inter-segment sales	(757,968)	(121,092)	(879,060)
Sales to external parties	3,187,866	1,280,067	4,467,933
Operating margin			
	76,593	42,446	119,039
Other income, excluding interest income	1,346	979	2,325
Admin expenses, excluding depreciation and amortisation	(30,367)	(28,072)	(58,439)
Other operating expenses	(282)	(346)	(628)
EBITDA	47,290	15,007	62,297
Impairment of goodwill	-	(2,717)	(2,717)
Segment results	47,290	12,290	59,580
Unallocated			
Depreciation			(14,142)
Amortisation			(58)
Finance expense			(12,887)
Interest income			5,548
Income tax expense			1,094
Share of profit of an associate			123
Profit after tax			39,258
Total segment assets	854,277	368,996	1,223,273
Unallocated			
Tax recoverable			20,613
Investment in an associate			204
Total assets			1,244,090
Total assets include:			
Additions to:			
- property, plant and equipment	58,255	33,983	92,238
- leasehold prepayments	14,063	-	14,063
Total segment liabilities	(549,547)	(140,716)	(690,263)
Unallocated			
Tax payable			(1,157)
Deferred tax liabilities			(14,880)
Total liabilities			(706,300)

Notes to the Financial Statements

For the financial year ended 31 December 2011

34. Segment information (continued)

The segment information provided to the Executive Committee for the reportable segments for the financial year ended 31 December 2010 was as follows:

	Bulk US\$'000	Consumer Pack US\$'000	Total US\$'000
<u>Group</u>			
Sales			
Total segment sales	3,051,237	1,030,969	4,082,206
Inter-segment sales	(493,257)	(55,878)	(549,135)
Sales to external parties	2,557,980	975,091	3,533,071
Operating margin	102,257	82,156	184,413
Other income, excluding interest income	822	191	1,013
Admin expenses, excluding depreciation	(24,397)	(27,654)	(52,051)
Other operating expenses	(802)	(256)	(1,058)
EBITDA / Segment results	77,880	54,437	132,317
Unallocated			
Depreciation			(13,264)
Finance expense			(9,779)
Interest income			4,148
Placement and listing expenses			(4,737)
Income tax expense			(16,248)
Share of profit of an associate			3
Profit after tax			92,440
Total segment assets	790,687	436,706	1,227,393
Unallocated			
Tax recoverable			5,847
Investment in an associate			86
Total assets			1,233,326
Total assets include:			
Additions to:			
- property, plant and equipment	28,441	12,111	40,552
Total segment liabilities	(558,198)	(137,762)	(695,960)
Unallocated			
Tax payable			(13,337)
Deferred tax liabilities			(15,453)
Total liabilities			(724,750)

Notes to the Financial Statements

For the financial year ended 31 December 2011

34. Segment information (continued)

Geographical information

Revenue is attributed to countries on the basis of the customers' billing locations. The non-current assets are analysed by the geographical area in which the non-current assets are located.

	Group	
	2011	2010
	US\$'000	US\$'000

Revenue by geography

Malaysia	1,674,177	1,597,708
Singapore	707,884	335,871
	2,382,061	1,933,579
Other countries		
- Rest of Asia	573,030	371,112
- Africa	491,994	556,833
- Middle East	516,116	391,226
- Europe	268,081	136,794
- Pacific Oceania	71,003	56,070
- America	165,648	87,457
	2,085,872	1,599,492
	4,467,933	3,533,071

Non-current assets by geography

Singapore	12,681	11,987
Malaysia	274,294	209,461
Other countries	17,709	6,773
	304,684	228,221

Approximately 12% of the Group's total revenue for the financial year ended 31 December 2011 was derived from a single external customer (2010: 21%). This revenue was attributable to revenue from Malaysia.

Notes to the Financial Statements

For the financial year ended 31 December 2011

35. Significant business combinations

On 27 December 2010, the Group completed the acquisition of 52.0% of the issued equity of Molly Foods bvba ("Molly Foods"), a company incorporated in Belgium, which through its wholly owned subsidiary, Bloom Land Enterprises Limited ("Bloom Land"), a company incorporated in Hong Kong, owns 100% of BeCe S.à.r.l. ("BeCe"), a company incorporated in Togo, involved primarily in importing commodities, including edible oils and fats products produced by the Group, for sale in West Africa.

In accordance with FRS 103 *Business Combinations*, the fair value of the identifiable assets, liabilities and contingent liabilities was determined provisionally for the acquisition of Molly Foods as at 31 December 2010. Additional information was obtained as part of the process of finalising the purchase price allocation during the 12-month period allowed under FRS 103. This resulted in certain aspects of the purchase price allocation being revisited to reflect finalisation of the allocation process. The impact of these revisions on the acquired net assets was as follows:

	As previously stated 2010 US\$'000	Adjustments 2010 US\$'000	Restated 2010 US\$'000
Cash and cash equivalents	9,806	-	9,806
Property, plant and equipment	123	-	123
Inventories	23,919	(1,178)	22,741
Trade and other receivables	1,498	221	1,719
Goodwill	5,205	641	5,846
Trade and other payables	(31,677)	(450)	(32,127)
Borrowings	(1,404)	(23)	(1,427)
Current tax liabilities	(348)	197	(151)
Non-controlling interests at fair value	(920)	592	(328)
	6,202	-	6,202
Represented by:			
Cash paid	6,202	-	6,202

All the above fair value adjustments have been recorded with effect from the date of acquisition by restating the 2010 reported statement of financial position. There was no impact on the income statement for the year ended 31 December 2010 and statement of financial position as at 1 January 2010 due to the above fair value adjustments.

Notes to the Financial Statements

For the financial year ended 31 December 2011

35. Significant business combinations (continued)

The Group has allocated the purchase price to the acquired net assets based on fair values as follows:

	Group US\$'000
(i) Purchase consideration	
Total purchase consideration	6,202
(ii) Effect on cash flows of the Group	
Cash paid (as above)	(6,202)
Less: Cash and cash equivalents in subsidiaries acquired	9,806
Cash inflow on acquisition	3,604
(iii) Identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	9,806
Property, plant and equipment	123
Inventories	22,741
Trade and other receivables	1,719
Total assets	34,389
Trade and other payables	(32,127)
Borrowings	(1,427)
Current tax liabilities	(151)
Total liabilities	(33,705)
Total identifiable net assets	684
Less: Non-controlling interests at fair value	(328)
Add: Goodwill	5,846
Consideration transferred for the business	6,202

Notes to the Financial Statements

For the financial year ended 31 December 2011

36. Comparative figures

- (a) During the financial year, the statement of financial position has been changed from the previous year due to the finalisation of the purchase price allocation to goodwill, other assets and liabilities associated with the acquisition of Molly Foods (see Note 35).

The changes in the comparative statement of financial position were as follows:

	As previously stated 2010 US\$'000	Group	
		Adjustments 2010 US\$'000	Restated 2010 US\$'000
<u>Assets/(Liabilities)</u>			
Inventories	243,959	(1,178)	242,781
Other receivables	26,699	221	26,920
Goodwill	5,205	641	5,846
Trade payables	(252,785)	(537)	(253,322)
Other payables	(49,895)	87	(49,808)
Tax payables	(13,534)	197	(13,337)
Borrowings	(307,774)	(23)	(307,797)
<u>Equity</u>			
Non-controlling interests	(1,464)	592	(872)

- (b) During the financial year, the cost of sales and selling and distribution expenses in the consolidated income statement have been reclassified for better comparability with current year's consolidated income statement.

The reclassifications in the comparative consolidated income statement were as follows:

	As previously stated 2010 US\$'000	Group	
		Reclassification 2010 US\$'000	As adjusted 2010 US\$'000
<u>Consolidated Income Statement</u>			
Cost of sales	(3,272,973)	6,152	(3,266,821)
Selling and distribution expenses	(89,906)	(6,152)	(96,058)

Notes to the Financial Statements

For the financial year ended 31 December 2011

37. Events occurring after statement of financial position date

On 13 February 2012, the Company's wholly-owned subsidiary, Hua Guan Inc., through its wholly-owned subsidiary Hua Guan Oleo (S) Pte Ltd, has incorporated a company in the United Arab Emirates, Mewah Oils FZE with registered share capital of AED1,000,000 (US\$272,000).

38. New or revised accounting standards and interpretations

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 January 2012 or later periods and which the Group has not early adopted:

- Amendments to FRS 101 – Secure Hyperinflation and Removal of Fixed Prices of First-time Adopters (effective for annual periods beginning on or after 1 July 2011)
- Amendments to FRS 107 Disclosures – Transfers of Financial Assets (effective for annual periods beginning on or after 1 July 2011)

The management anticipates that the adoption of the above FRSs, INT FRSs and amendments to FRS in the future periods will not have a material impact on the financial statements of the Group and of the Company in the period of their initial adoption.

39. Authorisation of consolidated financial statements

These consolidated financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Mewah International Inc. on 15 March 2012.

Notes to the Financial Statements

For the financial year ended 31 December 2011

40. Listing of companies in the Group

Name of companies	Country of incorporation	Principal activities	Principal country of operation	Equity holding	
				2011 %	2010 %
<u>Directly held by the Company</u>					
One Marthoma (CI) Inc. ⁽ⁱ⁾	Cayman Islands	Investment holding	Cayman Islands	100	100
<u>Subsidiaries of One Marthoma (CI) Inc.</u>					
Mewah Oleo Malaysia Sdn Bhd ^(b)	Malaysia	Investment holding	Malaysia	100	100
Padat Gaya Sdn Bhd ^(c)	Malaysia	Investment holding	Malaysia	100	100
MOI International (Australia) Pty Ltd ^(e)	Australia	Trading	Australia	83.4	83.4
Ngo Chew Hong Corporation Pte Ltd ^(a) (Held by the Company w.e.f. 01 June 2011)	Singapore	Investment holding	Singapore	-	100
Agri Kurnia Sdn. Bhd. ^{(i) (m)}	Malaysia	Investment holding	Malaysia	100	-
<u>Subsidiaries of Mewah Oleo Malaysia Sdn Bhd</u>					
Mewah-Oils Sdn Bhd ^(b)	Malaysia	Manufacturing and selling of palm oil products	Malaysia	100	100
Ngo Chew Hong Oils & Fats (M) Sdn Bhd ^(b)	Malaysia	Refining and selling of palm oil products	Malaysia	100	100
Moi Foods Malaysia Sdn Bhd ^(b)	Malaysia	Manufacturing and selling of downstream palm oil products	Malaysia	100	100
Container Fabricator (M) Sdn Bhd ^(b)	Malaysia	Manufacturing of plastic containers	Malaysia	100	100

Notes to the Financial Statements

For the financial year ended 31 December 2011

40. Listing of companies in the Group (continued)

Name of companies	Country of incorporation	Principal activities	Principal country of operation	Equity holding	
				2011 %	2010 %
<u>Subsidiaries of Mewah Oleo Malaysia Sdn Bhd</u> (continued)					
Mewaholeo Marketing Sdn Bhd ^(b)	Malaysia	Selling of palm oil and palm oil related products	Malaysia	100	100
Batam Heights Sdn Bhd ^(b)	Malaysia	Dormant	Malaysia	100	100
G & U Districenters (M) Sdn Bhd ^(b)	Malaysia	Dormant	Malaysia	100	100
Bremfield Sdn Bhd ^(b)	Malaysia	Dormant	Malaysia	100	100
Nilam Tekad Sdn Bhd ^(b) (Held by Agri Kurnia Sdn. Bhd. w.e.f. 20 June 2011)	Malaysia	Dormant	Malaysia	-	100
<u>Associate of Mewah Oleo Malaysia Sdn Bhd</u>					
Prelude Gateway Sdn Bhd ^(k)	Malaysia	Freight forwarding, transportation, warehousing and logistical services	Malaysia	49	49
<u>Directly held by the Company</u>					
Ngo Chew Hong Corporation Pte Ltd ^(a)	Singapore	Investment holding	Singapore	100	-
<u>Subsidiaries of Ngo Chew Hong Corporation Pte Ltd</u>					
Mewah Oils & Fats Pte Ltd ^(a)	Singapore	Trading of edible oils and providing commodity brokerage service	Singapore	100	100
Ngo Chew Hong Edible Oil Pte Ltd ^(a)	Singapore	Packaging and trading of edible oil	Singapore	100	100

Notes to the Financial Statements

For the financial year ended 31 December 2011

40. Listing of companies in the Group (continued)

Name of companies	Country of incorporation	Principal activities	Principal country of operation	Equity holding	
				2011 %	2010 %
<u>Subsidiaries of Ngo Chew Hong Corporation Pte Ltd</u> (continued)					
MOI International (Singapore) Pte Ltd ^(a)	Singapore	Trading of edible oil products	Singapore	100	100
Mewah Brands (S) Pte Ltd ^(a)	Singapore	To own brands used by related parties and group corporations	Singapore	100	100
Moi Foods Romania S.R.L. ⁽ⁱ⁾	Romania	Trading	Romania	100	100
Ngo Chew Hong Industries Pte Ltd ^(a)	Singapore	Dormant	Singapore	100	100
Ngo Chew Hong Investment Pte Ltd ^(a)	Singapore	Dormant	Singapore	100	100
Mewah Commodities Pte Ltd ^(a)	Singapore	Investment holding	Singapore	100	100
Krispi Oil and Food Products Marketing, Import, Export Trading Company (Turkey) ⁽ⁱ⁾ (50% equity held by Mewah Commodities Pte Ltd and 50% equity held by Ngo Chew Hong Corporation Pte Ltd)	Turkey	Trading	Turkey	100	100

Notes to the Financial Statements

For the financial year ended 31 December 2011

40. Listing of companies in the Group (continued)

Name of companies	Country of incorporation	Principal activities	Principal country of operation	Equity holding	
				2011 %	2010 %
<u>Subsidiaries of Mewah Commodities Pte Ltd</u>					
Krispi Oil Russia LLC ⁽ⁱ⁾	Russia	Trading	Russia	100	100
Krispi Oils Poland Sp. z.o.o ⁽ⁱ⁾ (90% equity held by Mewah Commodities Pte Ltd and 10% equity held by Ngo Chew Hong Corporation Pte Ltd)	Poland	Trading	Poland	100	100
Moi Foods Belgium N.V. ⁽ⁱ⁾ (90% equity held by Mewah Commodities Pte Ltd and 10% equity held by Ngo Chew Hong Corporation Pte Ltd)	Belgium	Investment holding	Belgium	100	100
<u>Subsidiary of Moi Foods Belgium N.V.</u>					
Molly Foods bvba ^{(i) (n)}	Belgium	Trading and investment holding	Belgium	70	52
<u>Subsidiary of Molly Foods bvba</u>					
Bloom Land Enterprises Limited ^{(f) (n)}	Hong Kong	Providing commodity brokerage service	Hong Kong	70	52
<u>Subsidiary of Bloom Land Enterprises Limited</u>					
BeCe S.à.r.l. ^{(d) (n)}	Togo	Trading	Togo	70	52
<u>Subsidiaries of Padat Gaya Sdn Bhd</u>					
Mewaholeo Industries Sdn Bhd ^(c)	Malaysia	Refining and selling of palm oil products	Malaysia	100	100
Mewah Datu Sdn Bhd ^(c)	Malaysia	Refining and selling of palm oil products	Malaysia	100	100

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For the financial year ended 31 December 2011

40. Listing of companies in the Group (continued)

Name of companies	Country of incorporation	Principal activities	Principal country of operation	Equity holding	
				2011 %	2010 %
<u>Subsidiary of Agri Kurnia Sdn Bhd</u>					
Nilam Tekad Sdn Bhd ^(j)	Malaysia	Dormant	Malaysia	100	-
<u>Subsidiary of MOI (International) Australia Pty Ltd</u>					
Frycycle Pty Ltd ^(e)	Australia	Dormant	Australia	83.4	83.4
<u>Directly held by the Company</u>					
Pandan Loop International Inc. ^(j)	Cayman Islands	Investment holding	Cayman Islands	100	100
<u>Subsidiaries of Pandan Loop International Inc.</u>					
Ngo Chew Hong Oleo (S) Pte Ltd ^(a)	Singapore	Dormant	Singapore	100	100
PT Seengatta Palm ^(j)	Indonesia	Dormant	Indonesia	95	95
<u>Subsidiaries of Ngo Chew Hong Oleo (S) Pte Ltd</u>					
MOI Foods (Shanghai) Co. Ltd. ^(g)	People's Republic of China	Trading	People's Republic of China	100	100
Mewah Oils (ZJG) Co. Ltd. ^(h)	People's Republic of China	Trading	People's Republic of China	100	100
Mewah Oils (Tianjin) Co. Ltd. ^{(i)(j)}	People's Republic of China	Trading	People's Republic of China	100	-
<u>Directly held by the Company</u>					
Cavenagh House International Inc. ^(j)	Cayman Islands	Investment holding	Singapore	100	100

Notes to the Financial Statements

For the financial year ended 31 December 2011

40. Listing of companies in the Group (continued)

Name of companies	Country of incorporation	Principal activities	Principal country of operation	Equity holding	
				2011 %	2010 %
<u>Subsidiaries of Cavenagh House International Inc.</u>					
Cavenagh Oleo (S) Pte Ltd ^(a)	Singapore	Investment holding	Singapore	100	100
PT Utara Agro ⁽ⁱ⁾ (Held by Cavenagh Oleo (S) Pte Ltd w.e.f. 10 June 2011)	Indonesia	Dormant	Indonesia	-	95
<u>Subsidiaries of Cavenagh Oleo (S) Pte Ltd</u>					
PT Agro Murni ⁽ⁱ⁾	Indonesia	Dormant	Indonesia	95	95
PT Timuran Agro ⁽ⁱ⁾	Indonesia	Dormant	Indonesia	95	95
PT Agro Indah ⁽ⁱ⁾⁽ⁱⁱ⁾ (95% equity held by Cavenagh Oleo (S) Pte Ltd and 5% equity held by Cavenagh House International Inc.)	Indonesia	Dormant	Indonesia	100	-
PT Utara Agro ⁽ⁱ⁾	Indonesia	Dormant	Indonesia	95	-
PT Agro Perkasa ⁽ⁱ⁾⁽ⁱⁱ⁾	Indonesia	Dormant	Indonesia	95	-
PT Agro Harapan ⁽ⁱ⁾⁽ⁱⁱ⁾	Indonesia	Dormant	Indonesia	95	-
PT Mas Sejahtera ⁽ⁱ⁾⁽ⁱⁱ⁾	Indonesia	Dormant	Indonesia	95	-
PT Makmur Bestari ⁽ⁱ⁾⁽ⁱⁱ⁾	Indonesia	Dormant	Indonesia	95	-
PT Mas Bestari ⁽ⁱ⁾⁽ⁱⁱ⁾	Indonesia	Dormant	Indonesia	95	-
PT Fajar Bestari ⁽ⁱ⁾⁽ⁱⁱ⁾	Indonesia	Dormant	Indonesia	95	-
PT Sawit Bestari ⁽ⁱ⁾⁽ⁱⁱ⁾	Indonesia	Dormant	Indonesia	95	-
PT Mas Mewah ⁽ⁱ⁾⁽ⁱⁱ⁾	Indonesia	Dormant	Indonesia	95	-
PT Harapan Bestari ⁽ⁱ⁾⁽ⁱⁱ⁾	Indonesia	Dormant	Indonesia	95	-

Notes to the Financial Statements

For the financial year ended 31 December 2011

40. Listing of companies in the Group (continued)

Name of companies	Country of incorporation	Principal activities	Principal country of operation	Equity holding	
				2011 %	2010 %
PT Agro Baiduri ^{(i) (l)}	Indonesia	Dormant	Indonesia	95	-
PT Usaha Bestari ^{(i) (l)}	Indonesia	Dormant	Indonesia	95	-
PT Usaha Lestari ^{(i) (l)}	Indonesia	Dormant	Indonesia	95	-
PT Nilam Surya Harapan ^{(i) (l)}	Indonesia	Dormant	Indonesia	95	-
PT Usaha Surya ^{(i) (l)}	Indonesia	Dormant	Indonesia	95	-
PT Nilam Surya Perkasa ^{(i) (l)}	Indonesia	Dormant	Indonesia	95	-
PT Nilam Surya Jaya ^{(i) (l)}	Indonesia	Dormant	Indonesia	95	-
<u>Directly held by the Company</u>					
Hua Guan Inc. ⁽ⁱ⁾	British Virgin Islands	Investment holding	Cayman Islands	100	100
<u>Subsidiary of Hua Guan Inc.</u>					
Hua Guan Oleo (S) Pte Ltd ^(a)	Singapore	Investment holding	Singapore	100	100
<u>Subsidiary of Hua Guan Oleo (S) Pte Ltd</u>					
Mewah Oils India Pvt Ltd ⁽ⁱ⁾ (90% equity held by Hua Guan Oleo (S) Pte Ltd and 10% equity held by Hua Guan Inc.)	India	Trading	India	100	100
<u>Directly held by the Company</u>					
Moi International Inc. ⁽ⁱ⁾	Mauritius	Dormant	Mauritius	100	100

Notes to the Financial Statements

For the financial year ended 31 December 2011

40. Listing of companies in the Group (continued)

- ^(a) Audited by PricewaterhouseCoopers LLP, Singapore
- ^(b) Audited by PricewaterhouseCoopers, Kuala Lumpur
- ^(c) Audited by PricewaterhouseCoopers, Johor Bahru
- ^(d) Not required to be audited under the laws of the country of incorporation. For the audit of consolidated financial statements of the Company, PricewaterhouseCoopers, Ivory Coast was engaged to perform an audit of BeCe S.à.r.l for the consolidation purposes.
- ^(e) Audited by BDO Kendalls (QLD) Pty Ltd, Australia
- ^(f) Audited by Yeung, Chan & Associate CPA Limited, Hong Kong
- ^(g) Audited by Shanghai Shen Zhou Da Tong Certified Public Accountants Company Limited, People's Republic of China
- ^(h) Audited by Suzhou Qinye Union Certified Public Accountants, People's Republic of China
- ⁽ⁱ⁾ Audited by Tianjin Beiyang CPAs Co., Ltd., People's Republic of China
- ^(j) Not required to be audited under the laws of the country of incorporation
- ^(k) Audited by HALS & Associates, Malaysia
- ^(l) Incorporated during the year 2011
- ^(m) Acquired during the year 2011
- ⁽ⁿ⁾ Increased its investment from 52% to 70% during the year 2011

IPO Proceeds and Material Contract

Use of Proceeds from Initial Public Offering (“IPO”)

The net IPO proceeds (after deducting expenses for professional fees, underwriting and placement commissions and other transaction expenses related to the IPO amounting to approximately S\$11.7 million) are approximately S\$236.9 million. The use of proceeds is in accordance with the use of proceeds as described in the section “Use of proceeds” of the Prospectus dated 16 November 2010.

As at 31 December 2011, total utilisation of S\$162.4 million had been used for working capital purposes, acquisition of investment in Molly Foods bvba, capital expenditure for acquisition of industrial land in Malaysia, Consumer Pack Project to produce soap and shortening, Westport Expansion Project for expanding specialty fats plant, Pasir Gudang Expansion Project for a new specialty fats plant and Sabah Refinery Project for building a new refinery and acquisition of land use rights in Indonesia leaving unutilised IPO proceeds of S\$74.5 million as summarised below:

		As per prospectus S\$'million	Actual S\$'million	Percentage
Net IPO proceeds		234.8	236.9	100.0%
Utilisation				
Tranche 1:	To finance the specified projects for new facilities and expansion, and other capital expenditure investments or acquisition opportunities	175.0	112.4	47.4%
Tranche 2:	For working capital, capital expenditure investments or acquisition opportunities that may arise and any other general corporate purposes	59.8	50.0	21.1%
Total		234.8	162.4	68.5%
Net IPO proceeds unutilised			74.5	31.5%

Material Contracts

There was no material contracts entered into by the Company or any of its subsidiaries involving the interest of the Chief Executive Officer, any Director, or controlling shareholder subsisting at the end of financial year ended 31 December 2011.

Statistics of Shareholdings

as at 16 March 2012

Total Number of Issued Shares	:	1,507,061,440
Issued and Fully Paid-up Capital	:	US\$1,507,061
Class of Shares	:	Ordinary shares
Voting Rights	:	One vote per Share

Distribution of Shareholdings

Size of Shareholdings	Number of Shareholders	%	Number of shares	%
1 – 999	4	0.07	861	0.00
1,000 – 10,000	3,593	65.34	14,883,057	0.99
10,001 – 1,000,000	1,875	34.10	102,818,001	6.82
1,000,001 & above	27	0.49	1,389,359,521	92.19
Total	5,499	100.00	1,507,061,440	100.00

Substantial Shareholders

Name	Direct Interest		Deemed Interest	
	No. of shares	%	No. of shares	%
Dr Cheo Tong Choon @ Lee Tong Choon	20,555,000	1.36	527,585,220 ⁽¹⁾	35.01
Ms Michelle Cheo Hui Ning	-	-	527,585,220 ⁽¹⁾	35.01
Ms Bianca Cheo Hui Hsin	-	-	527,585,220 ⁽¹⁾	35.01
Mr Cheo Seng Jin	126,975,000	8.43	-	-
Eighteen Tenth Nineteen Forty Four Inc.	527,585,220	35.01	-	-
Ms Sara Cheo Hui Yi	-	-	527,585,220 ⁽¹⁾	35.01
Mr Cheo Jian Jia	-	-	527,585,220 ⁽¹⁾	35.01
Mr Cheo Tiong Heng @ Lee Tiong Heng	106,626,000	7.08	-	-
Mr Cheo Tiong Choon	105,128,000	6.98	10,000,000	0.66
Mdm Ong Tuan Hong	82,351,220	5.46	-	-
Ms Cheo Soh Hua @ Lee Soh Hua	57,035,000	3.78	50,000	0.003
Mr Cheo Teong Eng	38,430,000	2.55	-	-
Ms Cheo Su Ching	50,020,000	3.32	-	-
Ms Cheo Chong Cher	35,990,000	2.39	-	-
Ms Cheo Sor Cheng Angeline	28,360,000	1.88	200,000	0.01
Ms Chung Amy	39,772,000	2.64	-	-
Mr Cheo Ming Xiang	-	-	39,772,000 ⁽²⁾	2.64
Ms Pearl Cheo	-	-	39,772,000 ⁽²⁾	2.64
Mr Cheo Ming You	34,800,500	2.31	-	-
Mr Cheo Ming Shen	23,327,500	1.55	-	-
Total	1,276,955,440	84.74		

Statistics of Share Holdings

as at 16 March 2012

Substantial Shareholders (continued)

- (1) The shareholders of Eighteen Tenth Nineteen Forty Four Inc. are Dr.T.C. Pierre (Cayman Islands) Inc. (64.2%),Mr Cheo Seng Jin (20.4%),Mr Cheo Tiong Choon (5.1%),Mr Cheo Teong Eng (2.6%),Ms Cheo Su Ching (2.6%), Ms Cheo Chong Cher (2.6%) and Ms Cheo Sor Cheng Angeline (2.6%), interest respectively, in the share capital of Eighteen Tenth Nineteen Forty Four Inc. The directors of Eighteen Tenth Nineteen Forty Four Inc. are Ms Michelle Cheo Hui Ning, Ms Bianca Cheo Hui Hsin and Ms Leong Choi Foong. Dr.T.C. Pierre (Cayman Islands) Inc., is deemed interested in the shares held by Eighteen Tenth Nineteen Forty Four Inc. in our Company by virtue of Section 4(5) of the SFA as a result of holding 64.2% shares in Eighteen Tenth Nineteen Forty Four Inc.. Dr T.C. Pierre (Cayman Islands) Inc. is wholly owned by SG Hambros Trust Company (Channel Islands) Limited as trustee of the Peter Strong SpringMDTrust, which holds Dr.T.C. Pierre (Cayman Islands) Inc.'s interest in Eighteen Tenth Nineteen Forty Four Inc. for its beneficiaries, Ms Michelle Cheo Hui Ning,Ms Bianca Cheo Hui Hsin,Ms Sara Cheo Hui Yi and Mr Cheo Jian Jia. The beneficial interests of Ms Michelle Cheo Hui Ning,Ms Bianca Cheo Hui Hsin,Ms Sara Cheo Hui Yi and Mr Cheo Jian Jia under the Peter Strong Spring MD Trust are 18.0%, 18.0%, 18.0% and 46.0%, respectively. As a result of their beneficial interests in the Peter Strong Spring MD Trust, Ms Michelle Cheo Hui Ning, Ms Bianca Cheo Hui Hsin, Ms Sara Cheo Hui Yi and Mr Cheo Jian Jia are deemed interested in the Shares held by Eighteen Tenth Nineteen Forty Four Inc. in our Company by virtue of Section 4(3) of the SFA. The Peter Strong Spring MD Trust is a discretionary trust and the settlor of the trust is our Executive Chairman, Dr Cheo Tong Choon.
- (2) Ms Chung Amy holds her Shares in our Company on trust for Mr Cheo Ming Xiang and Ms Pearl Cheo, who as a result of their beneficial interests in the Shares in our Company held by Ms Chung Amy, are deemed interested in the Shares in our Company held by Ms Chung Amy, by virtue of Section 4(3) of the SFA.

Twenty Largest Shareholders

Name	Number of shares	%
1. UOB Kay Hian Pte Ltd	497,642,220	33.02
2. HSBC (Singapore) Nominees Pte Ltd	416,423,220	27.63
3. BNP Paribas Nominees Singapore Pte Ltd	116,139,000	7.71
4. Cheo Tiong Heng @ Lee Tiong Heng	106,859,000	7.09
5. United Overseas Bank Nominees Pte Ltd	52,091,000	3.46
6. Chung Amy	39,772,000	2.64
7. Cheo Ming You	34,800,500	2.31
8. Cheo Seng Jin	29,000,000	1.92
9. Citibank Nominees Singapore Pte Ltd	15,366,015	1.02
10. DBS Nominees Pte Ltd	11,000,128	0.73
11. Cheo Ming Shen @ Tong Ming Shen	10,371,750	0.69
12. Toh Soo Meng	8,883,000	0.59
13. OCBC Securities Private Ltd	5,344,000	0.35
14. DBSN Services Pte Ltd	5,330,000	0.35
15. Merrill Lynch (Singapore) Pte Ltd	4,902,000	0.33
16. Raffles Nominees (Pte) Ltd	4,825,700	0.32
17. Morgan Stanley Asia (Singapore) Securities Pte Ltd	4,663,000	0.31
18. CIMB Securities (Singapore) Pte Ltd	4,308,000	0.29
19. Phillip Securities Pte Ltd	3,221,000	0.21
20. Maybank Kim Eng Securities Pte Ltd	3,168,988	0.21
Total	1,374,110,521	91.18

Shareholdings Held by the Public

Based on the information available to the Company as at 16 March 2012, approximately 15.21% of the issued shares of the Company are held by the public. Accordingly, the Company has complied with the Rules 1207 and 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of MEWAH INTERNATIONAL INC. ("Company") will be held at Jurong Country Club, 9 Science Centre Road, Singapore 609078 on Tuesday, 24 April 2012 at 10.00 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and the Audited Accounts of the Company and its subsidiaries for the financial year ended 31 December 2011 together with the Auditors' Report thereon.
(Resolution 1)
2. To declare a final exempt one-tier dividends of S\$0.005 per ordinary share for the financial year ended 31 December 2011.
(Resolution 2)
3. To re-elect Dr Cheo Tong Choon @ Lee Tong Choon, a Director retiring pursuant to Article 86(1) of the Company's Articles of Association. [See Explanatory Note (i)]
(Resolution 3)
4. To re-elect Ms Leong Choi Foong, a Director retiring pursuant to Article 86(1) of the Company's Articles of Association.
(Resolution 4)
5. To re-elect Mr Lim How Teck, a Director retiring pursuant to Article 86(1) of the Company's Articles of Association. [See Explanatory Note (ii)]
(Resolution 5)
6. To re-appoint Tan Sri Dato' Ir Muhammad Radzi Bin Haji Mansor as a Director of the Company pursuant to Section 153(6) of the Companies Act, Cap. 50, to hold office from the conclusion of this Annual General Meeting until the next Annual General Meeting. [See Explanatory Note (iii)]
(Resolution 6)
7. To re-appoint Tan Sri Datuk Dr Ong Soon Hock as a Director of the Company pursuant to Section 153(6) of the Companies Act, Cap. 50, to hold office from the conclusion of this Annual General Meeting until the next Annual General Meeting. [See Explanatory Note (iv)]
(Resolution 7)
8. To approve the payment of Directors' Fees of S\$240,000 (2011 : S\$198,000) for the financial year ending 31 December 2012 to be paid at the end of each quarter during the financial year.
(Resolution 8)
9. To re-appoint Messrs PricewaterhouseCoopers LLP as the Company's Auditors and to authorise the Directors to fix their remuneration.
(Resolution 9)
10. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

Notice of Annual General Meeting

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without modifications:

11. “That pursuant to Rule 806 of the listing rules of the Singapore Exchange Securities Trading Limited (“SGX-ST”), authority be and is hereby given to the Directors of the Company to:

- (1) (i) issue shares in the capital of the Company (the “Shares”) (whether by way of rights, bonus or otherwise); and/or
- (ii) make or grant offers, agreements or options that may or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares (collectively, the “Instruments”),
- (2) (notwithstanding that the authority conferred by paragraph 1 of this resolution may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the Directors while this resolution was in force,

at any time and from time to time upon such terms and conditions, whether for cash or otherwise, and for such purposes and to such persons as the Directors may think fit for the benefit of the Company, provided that:

- a. the aggregate number of Shares to be issued pursuant to this resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) does not exceed fifty per cent. (50%) of the total number of issued Shares excluding treasury shares of the Company (as calculated in accordance with sub-paragraph b. below), of which the aggregate number of Shares to be offered other than on a pro-rata basis to shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) does not exceed twenty per cent. (20%) of the total number of issued Shares excluding treasury shares of the Company (as calculated in accordance with sub-paragraph b. below);
- b. for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph a. above, the percentage of the total number of issued Shares excluding treasury shares shall be calculated based on the total number of issued Shares excluding treasury shares of the Company at the time of the passing of this resolution, after adjusting for:
 - (i) new Shares arising from the conversion or exercise of any convertible securities;
 - (ii) new Shares arising from exercise of share options or vesting of share awards outstanding or subsisting at the time of the passing of this resolution, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST; and
 - (iii) any subsequent bonus issue, consolidation or subdivision of Shares;
- c. in exercising the authority conferred by this resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the memorandum of association and Bye-laws for the time being of the Company; and

Notice of Annual General Meeting

- d. unless revoked or varied by the Company in general meeting, the authority conferred by this resolution shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required to be held, whichever is the earlier, except that the Directors shall be authorised to allot and issue Shares pursuant to any Instrument made or granted by the Directors while this resolution was in force notwithstanding that such authority has ceased to be in force at the time of issue of such Shares." [See Explanatory Note (v)].

(Resolution 10)

12. "That for the purposes of Chapter 9 of the Listing Manual ("Chapter 9") of the SGX-ST:

- (1) approval be and is hereby given for the Company, its subsidiaries and associated companies that are considered to be "entities at risk" under Chapter 9, or any of them, to enter into any of the transactions falling within the types of interested person transactions described in the Appendix to the Annual Report for the financial year 2011 (the "Appendix") with any party who is of the class of interested persons described in the Appendix, provided that such transactions are made on normal commercial terms and in accordance with the review procedures for such interested person transactions (the "Mandate");
- (2) the approval given in paragraph (1) above shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company; and
- (3) the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary or in the interests of the Company to give effect to the Mandate and/or this Resolution." [See Explanatory Note (vi)].

(Resolution 11)

NOTICE OF BOOKS CLOSURE AND DIVIDEND PAYMENT DATES

NOTICE IS HEREBY GIVEN that the Share Transfer Books and Register of Members of Mewah International Inc. (the "Company") will be closed from 5.00 p.m. on 3 May 2012 for the purpose of determining shareholders' entitlement to the Company's proposed final exempt one-tier dividends of S\$0.005 per ordinary share for the financial year ended 31 December 2011 (the "Proposed Final Dividends").

Duly completed registrable transfer (in respect of shares not registered in the name of The Central Depository (Pte) Ltd) together with all relevant documents of title thereto received not later than 5.00 p.m. on 3 May 2012 by the Company's Singapore Share Transfer Agent, Boardroom Corporate & Advisory Services Pte. Ltd, 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 will be registered in accordance with the Bye-Laws of the Company to determine shareholders' entitlement to the Proposed Final Dividends.

The Proposed Final Dividends, if approved at the Annual General Meeting to be held on 24 April 2012, will be paid on 17 May 2012.

By Order of the Board
Abdul Jabbar Bin Karam Din
Company Secretary
Singapore, 6 April 2012

Notice of Annual General Meeting

Explanatory Notes:

- (i) Dr Cheo Tong Choon @ Lee Tong Choon, upon re-election as a Director of the Company, will remain as a member of the Nominating Committee. Dr Cheo Tong Choon @ Lee Tong Choon is the Chairman and Executive Director.
- (ii) Mr Lim How Teck, upon re-election as a Director of the Company, will remain as the Chairman of the Audit Committee and a member of the Remuneration Committee and Nominating Committee. Mr Lim How Teck is an Independent Director.
- (iii) Tan Sri Dato' Ir Muhammad Radzi Bin Haji Mansor, upon re-election as a Director of the Company, will remain as a member of the Audit Committee, Remuneration Committee and Nominating Committee. Tan Sri Dato' Ir Muhammad Radzi Bin Haji Mansor is an Independent Director.
- (iv) Tan Sri Datuk Dr Ong Soon Hock, upon re-election as a Director of the Company, will remain as a member of the Nominating Committee. Tan Sri Datuk Dr Ong Soon Hock is an Independent Director.
- (v) The Ordinary Resolution 10 proposed in item 11. above, if passed, is to empower the Directors to issue shares in the capital of the Company and/or instruments (as defined above). The aggregate number of shares to be issued pursuant to Resolution 10 (including shares to be issued in pursuance of instruments made or granted) shall not exceed fifty per cent. (50%) of the total number of issued shares excluding treasury shares of the Company, with a sub-limit of twenty per cent. (20%) for shares issued other than on a pro-rata basis (including shares to be issued in pursuance of instruments made or granted pursuant to this Resolution) to shareholders with registered addresses in Singapore. For the purpose of determining the aggregate number of shares that may be issued, the percentage of the total number of issued shares excluding treasury shares of the Company will be calculated based on the total number of issued shares excluding treasury shares of the Company at the time of the passing of Resolution 10, after adjusting for (i) new shares arising from the conversion or exercise of any convertible securities; (ii) new shares arising from exercise of share options or vesting of share awards outstanding or subsisting at the time of the passing of Resolution 10, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST; and (iii) any subsequent bonus issue, consolidation or subdivision of shares.
- (vi) The Ordinary Resolution 11 proposed in item 12. above, if passed, is to empower the Directors of the Company to continue to enter into interested person transactions, on the Group's normal commercial terms and in accordance with the guidelines and procedures of the Company for interested person transactions as described in the Appendix to Shareholders dated 6 April 2012. This authority will continue in force until the next Annual General Meeting.

Notes:

1. If a shareholder being a Depositor whose name appears in the Depository Register (as defined in Section 130A of the Companies Act, Cap. 50 of Singapore) wishes to attend and vote at the Annual General Meeting, then he/she should complete the Proxy Form and deposit the duly completed Proxy Form at the office of the Singapore Share Transfer Agent, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place, Singapore Land Tower, #32-01 Singapore 048623, at least 48 hours before the time of the Annual General Meeting.
2. If a Depositor wishes to appoint a proxy/proxies, then the Proxy Form must be deposited at the office of the Singapore Share Transfer Agent, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place, Singapore Land Tower, #32-01 Singapore 048623, at least 48 hours before the time of the Annual General Meeting.

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Corporate Information

Directors

Dr Cheo Tong Choon @ Lee Tong Choon (Chairman and Executive Director)
Ms Michelle Cheo Hui Ning (Executive Director)
Ms Bianca Cheo Hui Hsin (Executive Director)
Ms Leong Choi Foong (Executive Director)
Ms Wong Lai Wan (Executive Director)
Mr Giam Chin Toon (Lead Independent Director)
Tan Sri Dato' Ir. Muhammad Radzi Bin Haji Mansor (Independent Director)
Mr Lim How Teck (Independent Director)
Tan Sri Datuk Dr Ong Soon Hock (Independent Director)

Audit Committee

Mr Lim How Teck (Chairman)
Tan Sri Dato' Ir. Muhammad Radzi Bin Haji Mansor
Mr Giam Chin Toon

Nominating Committee

Mr Giam Chin Toon (Chairman)
Tan Sri Datuk Dr Ong Soon Hock
Tan Sri Dato' Ir. Muhammad Radzi Bin Haji Mansor
Mr Lim How Teck
Dr Cheo Tong Choon @ Lee Tong Choon

Remuneration Committee

Mr Giam Chin Toon (Chairman)
Tan Sri Dato' Ir. Muhammad Radzi Bin Haji Mansor
Mr Lim How Teck

Executive Officers

Dr Cheo Tong Choon @ Lee Tong Choon
Ms Michelle Cheo Hui Ning
Ms Bianca Cheo Hui Hsin
Mr Shyam Kumbhat
Mr Rajesh Chopra
Ms Leong Choi Foong
Ms Wong Lai Wan
Ms Agnes Lim Siew Choo

Company Secretary

Mr Abdul Jabbar Bin Karam Din, LLB

Company Registration Number

CR-166055

Registered Office

Harbour Place, 2nd Floor
103 South Church Street
P.O. Box 472
George Town
Grand Cayman, KY1-1106
Cayman Islands

Principal Place of Business

5 International Business Park
#05-00 Mewah Building
Singapore 609914

Cayman Islands Share Registrar

Thorp Alberga
2606 The Centrium
60 Wyndham Street
Central, Hong Kong

Share Registrar for the Offering and Singapore Share Transfer Agent

Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place #32-01
Singapore Land Tower
Singapore 048623

Auditors

PricewaterhouseCoopers LLP
8 Cross Street
#17-00 PWC Building
Singapore 048424
Partner-in-charge: Rebekah Khan
Date of Appointment: 23 February 2010

Principal Bankers

AmBank (M) Berhad
Australia and New Zealand Banking Group Limited
Bangkok Bank Berhad
BNP Paribas
DBS Group Holdings Ltd
Deutsche Bank (Malaysia) Berhad
Rabobank International
RHB Bank Berhad
Société Générale Corporate & Investment Banking
Standard Chartered Bank
The Hong Kong & Shanghai Banking Corporation Limited
United Overseas Bank



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