

Unaudited Financial Statements For The Second Quarter and Half Year Ended 30 June 2014

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Some figures and percentages within the explanations may not exactly match due to rounding off.

Unaudited Financial Statements For The Second Quarter and Half Year Ended 30 June 2014

Part I Information Required for Quarterly (Q1, Q2 & Q3), Half-Year and Full Year Announcements

1(a)(i) INCOME STATEMENT

	Group			Group		
	THREE MONTHS ENDED			SIX MONTHS ENDED		
	30 Jun 2014	30 Jun 2013	Change	30 Jun 2014	30 Jun 2013	Change
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Revenue	865,328	707,342	22.3%	1,679,732	1,566,581	7.2%
Cost of sales	(829,017)	(657,549)	26.1%	(1,595,953)	(1,448,317)	10.2%
Gross profit	36,311	49,793	-27.1%	83,779	118,264	-29.2%
Other income	2,163	1,067	102.7%	3,692	2,559	44.3%
Other gains	1,646	5,600	-70.6%	886	2,721	-67.4%
Expenses						
- Selling and distribution	(27,129)	(29,673)	-8.6%	(53,975)	(68,510)	-21.2%
- Administrative	(19,073)	(18,918)	0.8%	(36,472)	(38,771)	-5.9%
- Finance	(2,926)	(3,577)	-18.2%	(5,745)	(7,624)	-24.6%
Share of profit of associated company	18	14	28.6%	34	41	-17.1%
(Loss)/Profit before tax	(8,990)	4,306	n.m.	(7,801)	8,680	n.m.
Income tax credit/(expense)	766	(622)	n.m.	559	(1,224)	n.m.
(Loss)/Profit after tax	(8,224)	3,684	n.m.	(7,242)	7,456	n.m.
(Loss)/Profit after tax attributable to:						
Equity holders of the company	(8,236)	4,068	n.m.	(7,241)	8,030	n.m.
Non-controlling interests	12	(384)	n.m.	(1)	(574)	-99.8%
	(8,224)	3,684	n.m.	(7,242)	7,456	n.m.
The following items have been included in arriving at (loss)/profit after tax:						
Depreciation	(3,827)	(4,506)	-15.1%	(8,605)	(9,156)	-6.0%
Amortisation	(304)	(311)	-2.3%	(608)	(640)	-5.0%

n.m. – not meaningful

MEWAH INTERNATIONAL INC.

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

Unaudited Financial Statements For The Second Quarter and Half Year Ended 30 June 2014
1(a)(ii) STATEMENT OF COMPREHENSIVE INCOME

	Group			Group		
	THREE MONTHS ENDED			SIX MONTHS ENDED		
	30 Jun 2014	30 Jun 2013	Change	30 Jun 2014	30 Jun 2013	Change
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
(Loss)/Profit after tax	(8,224)	3,684	n.m.	(7,242)	7,456	n.m.
Other comprehensive income:						
Items that may be reclassified subsequently to profit or loss:						
Currency translation differences arising from foreign subsidiaries, net of tax	2,777	(5,079)	n.m.	4,655	(6,689)	n.m.
Total comprehensive (loss)/income, net of tax	(5,447)	(1,395)	290.5%	(2,587)	767	n.m.
Total comprehensive (loss)/income attributable to:						
Equity holders of the company	(5,510)	(859)	541.4%	(2,676)	1,371	n.m.
Non-controlling interests	63	(536)	n.m.	89	(604)	n.m.
	(5,447)	(1,395)	290.5%	(2,587)	767	n.m.

n.m. – not meaningful

Unaudited Financial Statements For The Second Quarter and Half Year Ended 30 June 2014

1(b)(i) STATEMENT OF FINANCIAL POSITION

	Group		Company	
	As at	As at	As at	As at
	30 Jun 2014	31 Dec 2013	30 Jun 2014	31 Dec 2013
	US\$'000	US\$'000	US\$'000	US\$'000
ASSETS				
Current assets				
Inventories	224,963	247,486	-	-
Trade receivables	320,685	292,702	-	-
Other receivables	40,929	27,685	191,961	195,670
Current income tax recoverable	8,169	9,779	-	-
Derivative financial instruments	33,849	31,277	-	-
Cash and cash equivalents	88,283	63,145	27	75
	716,878	672,074	191,988	195,745
Non-current assets				
Deferred income tax assets	10,792	10,862	-	-
Property, plant and equipment	373,151	347,167	-	-
Leasehold prepayments	17,851	18,459	-	-
Investments in subsidiaries	-	-	820	820
Investment in associated company	366	323	-	-
Derivative financial instruments	10,892	550	-	-
	413,052	377,361	820	820
Total assets	1,129,930	1,049,435	192,808	196,565
LIABILITIES				
Current liabilities				
Trade payables	140,696	141,042	-	-
Other payables	40,200	39,589	69	148
Current income tax liabilities	1,551	2,832	60	162
Derivative financial instruments	40,750	21,459	-	-
Borrowings	260,731	178,562	-	-
	483,928	383,484	129	310
Non-current liabilities				
Borrowings	79,841	86,781	-	-
Deferred income tax liabilities	22,638	22,345	364	307
	102,479	109,126	364	307
Total liabilities	586,407	492,610	493	617
NET ASSETS	543,523	556,825	192,315	195,948
EQUITY				
Capital and reserves attributable to equity holders of the Company:				
Share capital	1,507	1,507	1,507	1,507
Share premium	185,416	185,416	185,416	185,416
Retained profits	380,794	396,776	5,392	9,025
Other reserves	(20,042)	(22,308)	-	-
	547,675	561,391	192,315	195,948
Non-controlling interests	(4,152)	(4,566)	-	-
Total equity	543,523	556,825	192,315	195,948

Unaudited Financial Statements For The Second Quarter and Half Year Ended 30 June 2014

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

	Group As at 30 Jun 2014		Group As at 31 Dec 2013	
	Secured US\$'000	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000
The amount repayable in one year or less, or on demand	59,790	200,941	37,452	141,110
The amount repayable after one year	77,761	2,080	86,781	-
	137,551	203,021	124,233	141,110

Details of collaterals

Certain borrowings are collateralised by certain property, plant and equipment, inventories, trade receivables, cash and cash equivalents that are financed by certain banks and financial institutions. The collaterals also include corporate guarantees by the Company.

MEWAH INTERNATIONAL INC.

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

Unaudited Financial Statements For The Second Quarter and Half Year Ended 30 June 2014
1(c) STATEMENT OF CASH FLOWS

	Group		Group	
	THREE MONTHS ENDED		SIX MONTHS ENDED	
	30 Jun 2014	30 Jun 2013	30 Jun 2014	30 Jun 2013
	US\$'000	US\$'000	US\$'000	US\$'000
Cash flows from operating activities				
(Loss)/Profit after tax	(8,224)	3,684	(7,242)	7,456
Adjustments for:				
- Income tax (credit)/expense	(766)	622	(559)	1,224
- Amortisation	304	311	608	640
- Depreciation	3,827	4,506	8,605	9,156
- Gains on disposal of property, plant and equipment	-	(318)	(4)	(344)
- Property, plant and equipment written off	1	22	10	61
- Interest income	(1,761)	(861)	(2,857)	(2,086)
- Interest expense	2,926	3,577	5,745	7,624
- Share of profit of associated company	(18)	(14)	(34)	(41)
- Exchange differences (net)	(2,075)	(22)	(4,439)	3,903
Operating cash flows before working capital changes	(5,786)	11,507	(167)	27,593
Changes in operating assets and liabilities:				
- Inventories	(25,395)	(34,233)	22,523	(22,105)
- Trade and other receivables	(81,565)	160,329	(40,929)	143,964
- Trade and other payables	2,741	(3,806)	265	(45,107)
- Derivative financial instruments	16,278	14,870	6,377	23,431
Cash flows (used in)/from operations	(93,727)	148,667	(11,931)	127,776
Interest received	1,697	763	2,730	1,905
Interest paid	(2,926)	(3,577)	(5,745)	(7,624)
Income tax refund received /(paid) (net)	971	(2,675)	1,474	(1,984)
Net cash flows (used in)/from operating activities	(93,985)	143,178	(13,472)	120,073
Cash flows from investing activities				
Decrease/(Increase) in other receivables	3,127	(228)	27	3,573
Additions to property, plant and equipment	(5,662)	(14,477)	(26,060)	(29,144)
Additions of leasehold prepayment	-	-	-	(2,475)
Proceeds from disposals of property, plant and equipment	4	-	8	557
Net cash flows used in investing activities	(2,531)	(14,705)	(26,025)	(27,489)
Cash flows from financing activities				
Decrease/(Increase) in restricted short term deposits	18	32	614	(2,727)
Proceeds from long term borrowings	6,255	5,527	27,926	30,655
Repayment of long term borrowings	(8,717)	(2,170)	(17,302)	(9,442)
Net proceed from/(repayment of) short term borrowings	94,657	(145,385)	61,942	(96,192)
Repayment of finance lease liabilities	(23)	(70)	(31)	(107)
Interest received	64	98	127	181
Dividends paid to equity holders of the Company	(8,741)	(6,682)	(8,741)	(6,682)
Net cash flows from/(used in) financing activities	83,513	(148,650)	64,535	(84,314)
Net change in cash and cash equivalents	(13,003)	(20,177)	25,038	8,270
Cash and cash equivalents at beginning of the financial period	98,282	76,737	59,976	48,557
Effect of changes in exchange rate on cash and cash equivalents	451	(414)	716	(681)
Cash and cash equivalents at end of the financial period	85,730	56,146	85,730	56,146
Represented by:				
Cash and bank balances	88,283	59,341	88,283	59,341
Less: restricted short term bank deposits	(2,253)	(2,917)	(2,253)	(2,917)
Less: bank overdrafts	(300)	(278)	(300)	(278)
Cash and cash equivalents per consolidated statement of cash flows	85,730	56,146	85,730	56,146

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Unaudited Financial Statements For The Second Quarter and Half Year Ended 30 June 2014

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

For the period from 1 Apr 2014 to 30 Jun 2014 Group	Attributable to Equity Holders of the Company									Total equity US\$'000
	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 US\$'000	Non- controlling interests US\$'000	
Beginning of the financial period	1,507	185,416	(53,005)	(2,608)	10,058	22,787	397,771	561,926	(4,540)	557,386
Dividends	-	-	-	-	-	-	(8,741)	(8,741)	-	(8,741)
Capital contribution from non-controlling interests	-	-	-	-	-	-	-	-	325	325
Total comprehensive loss for the period	-	-	-	-	-	2,726	(8,236)	(5,510)	63	(5,447)
End of the financial period	1,507	185,416	(53,005)	(2,608)	10,058	25,513	380,794	547,675	(4,152)	543,523

For the period from 1 Apr 2013 to 30 Jun 2013 Group	Attributable to Equity Holders of the Company									Total equity US\$'000
	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 US\$'000	Non- controlling interests US\$'000	
Beginning of the financial period	1,507	185,416	(50,706)	(2,608)	10,188	33,766	387,947	565,510	(3,401)	562,109
Currency translation differences arising from asset revaluation reserve	-	-	-	-	(130)	169	(39)	-	-	-
Dividends	-	-	-	-	-	-	(6,682)	(6,682)	-	(6,682)
Total comprehensive loss for the period	-	-	-	-	-	(4,927)	4,068	(859)	(536)	(1,395)
End of the financial period	1,507	185,416	(50,706)	(2,608)	10,058	29,008	385,294	557,969	(3,937)	554,032

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Unaudited Financial Statements For The Second Quarter and Half Year Ended 30 June 2014

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

For the period from 1 Apr 2014 to 30 Jun 2014 Company	Attributable to Equity Holders of the Company			
	Share capital US\$'000	Share premium US\$'000	Retained profits US\$'000	Total equity US\$'000
Beginning of the financial period	1,507	185,416	9,590	196,513
Dividends	-	-	(8,741)	(8,741)
Total comprehensive income for the period	-	-	4,543	4,543
End of the financial period	1,507	185,416	5,392	192,315

For the period from 1 Apr 2013 to 30 Jun 2013 Company	Attributable to Equity Holders of the Company			
	Share capital US\$'000	Share premium US\$'000	Retained profits US\$'000	Total equity US\$'000
Beginning of the financial period	1,507	185,416	15,741	202,664
Dividends	-	-	(6,682)	(6,682)
Total comprehensive income for the period	-	-	709	709
End of the financial period	1,507	185,416	9,768	196,691

MEWAH INTERNATIONAL INC.

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Unaudited Financial Statements For The Second Quarter and Half Year Ended 30 June 2014

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

For the period from 1 Jan 2014 to 30 Jun 2014 Group	Attributable to Equity Holders of the Company							Total	Non- controlling interests	Total equity
	Share capital	Share premium	Merger reserve	General reserve	Asset revaluation reserve	Currency translation reserve	Retained profits			
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Beginning of the financial period	1,507	185,416	(50,706)	(2,608)	10,058	20,948	396,776	561,391	(4,566)	556,825
Acquisition of a subsidiary under common control	-	-	(2,299)	-	-	-	-	(2,299)	-	(2,299)
Dividends	-	-	-	-	-	-	(8,741)	(8,741)	-	(8,741)
Capital contribution from non-controlling interests	-	-	-	-	-	-	-	-	325	325
Total comprehensive loss for the period	-	-	-	-	-	4,565	(7,241)	(2,676)	89	(2,587)
End of the financial period	1,507	185,416	(53,005)	(2,608)	10,058	25,513	380,794	547,675	(4,152)	543,523

For the period from 1 Jan 2013 to 30 Jun 2013 Group	Attributable to Equity Holders of the Company							Total	Non- controlling interests	Total equity
	Share capital	Share premium	Merger reserve	General reserve	Asset revaluation reserve	Currency translation reserve	Retained profits			
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Beginning of the financial period	1,507	185,416	(50,706)	(2,608)	10,058	35,667	383,946	563,280	(3,333)	559,947
Dividends	-	-	-	-	-	-	(6,682)	(6,682)	-	(6,682)
Total comprehensive income for the period	-	-	-	-	-	(6,659)	8,030	1,371	(604)	767
End of the financial period	1,507	185,416	(50,706)	(2,608)	10,058	29,008	385,294	557,969	(3,937)	554,032

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

For the period from 1 Jan 2014 to 30 Jun 2014 Company	Attributable to Equity Holders of the Company			
	Share capital US\$'000	Share premium US\$'000	Retained profits US\$'000	Total equity US\$'000
Beginning of the financial period	1,507	185,416	9,025	195,948
Dividends	-	-	(8,741)	(8,741)
Total comprehensive income for the period	-	-	5,108	5,108
End of the financial period	1,507	185,416	5,392	192,315

For the period from 1 Jan 2013 to 30 Jun 2013 Company	Attributable to Equity Holders of the Company			
	Share capital US\$'000	Share premium US\$'000	Retained profits US\$'000	Total equity US\$'000
Beginning of the financial period	1,507	185,416	14,913	201,836
Dividends	-	-	(6,682)	(6,682)
Total comprehensive income for the period	-	-	1,537	1,537
End of the financial period	1,507	185,416	9,768	196,691

Unaudited Financial Statements For The Second Quarter and Half Year Ended 30 June 2014

1(d)(ii) SHARE CAPITAL

Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

	No. of ordinary shares	Share capital US\$'000
FY 2014		
Issued and fully paid ordinary shares		
Balance at beginning/end of the financial period	1,507,061,440	1,507
FY 2013		
Issued and fully paid ordinary shares		
Balance at beginning/end of the financial period	1,507,061,440	1,507

1(d)(iii) TO SHOW THE TOTAL NUMBER OF ISSUED SHARES EXCLUDING TREASURY SHARES AS AT THE END OF THE CURRENT FINANCIAL PERIOD AND AS AT THE END OF THE IMMEDIATELY PRECEDING YEAR

The Company's total number of issued shares is 1,507,061,440 as at 30 Jun 2014 (31 Dec 2013: 1,507,061,440).

The Company did not hold any treasury shares as at 30 Jun 2014 (31 Dec 2013: Nil). There were no unissued shares of the Company or its subsidiaries under option as at 30 Jun 2014 (31 Dec 2013: Nil).

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

Not applicable.

2. WHETHER THE FIGURES HAVE BEEN AUDITED OR REVIEWED, AND IN ACCORDANCE WITH WHICH AUDITING STANDARD OR PRACTICE

The financial statements presented have not been audited or reviewed by the Company's independent auditors.

3. WHERE THE FIGURES HAVE BEEN AUDITED OR REVIEWED, THE AUDITORS' REPORT (INCLUDING ANY QUALIFICATIONS OR EMPHASIS OF A MATTER)

Not applicable.

Unaudited Financial Statements For The Second Quarter and Half Year Ended 30 June 2014

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

The Group has adopted the same accounting policies and methods of computation in the preparation of the financial statements for the current period compared to the Group's most recently audited financial statements for the year ended 31 Dec 2013, new or amended Financial Reporting Standards ("FRS") and Interpretation to FRS ("INT FRS") that are mandatory for financial year beginning on or after 1 January 2014 and have been adopted by the Company. The adoption of these new or amended FRS and INT FRS has no material impact to the Group's accounting policies and financial statements.

5. IF THERE ARE ANY CHANGES IN THE ACCOUNTING POLICIES AND METHODS OF COMPUTATION, INCLUDING ANY REQUIRED BY AN ACCOUNTING STANDARD, WHAT HAS CHANGED, AS WELL AS THE REASONS FOR, AND THE EFFECT OF, THE CHANGE

There was no change to the accounting policies and method of computation in the financial statements.

6. EARNINGS PER ORDINARY SHARE OF THE GROUP FOR THE CURRENT FINANCIAL PERIOD REPORTED ON AND THE CORRESPONDING PERIOD OF THE IMMEDIATELY PRECEDING FINANCIAL YEAR, AFTER DEDUCTING ANY PROVISION FOR PREFERENCE DIVIDENDS:-

- (a) Based on the weighted average number of ordinary shares on issue; and
(b) On a fully diluted basis (detailing any adjustments made to the earnings)

	Group		Group	
	THREE MONTHS ENDED		SIX MONTHS ENDED	
	30 Jun 2014	30 Jun 2013	30 Jun 2014	30 Jun 2013
Basic and diluted based on weighted average number of shares (US cents per share)	(0.55)	0.27	(0.48)	0.53
Weighted average number of shares applicable to basic and diluted earnings per share ('000)	1,507,061	1,507,061	1,507,061	1,507,061

7. NET ASSET VALUE (FOR THE ISSUER AND GROUP) PER ORDINARY SHARE BASED ON THE TOTAL NUMBER OF ISSUED SHARES EXCLUDING TREASURY SHARES OF THE ISSUER AT THE END OF THE:-

- (a) current financial period reported on; and
(b) immediately preceding financial year

	Group		Company	
	As at		As at	
	30 Jun 2014	31 Dec 2013	30 Jun 2014	31 Dec 2013
Net asset value per ordinary share based on issued share capital as at end of the period (US cents per share)	36.34	37.25	12.76	13.00

Unaudited Financial Statements For The Second Quarter and Half Year Ended 30 June 2014

8. A REVIEW OF THE PERFORMANCE OF THE GROUP, TO THE EXTENT NECESSARY FOR A REASONABLE UNDERSTANDING OF THE GROUP'S BUSINESS. IT MUST INCLUDE A DISCUSSION OF THE FOLLOWING:-

- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
 (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

8.1 Income statement

The Group measures and tracks the earnings in terms of operating margin ("OM") per metric tonne ("MT") of sales volume. OM is calculated by adjusting the depreciation in cost of sales, selling and distribution expenses and foreign exchange differences in other gains or losses to gross profit as tabled below. OM relating to inter-segment sales is reported under the segment where the final sales to third parties are made.

	Group			Group		
	THREE MONTHS ENDED			SIX MONTHS ENDED		
	30 Jun 2014	30 Jun 2013	Change	30 Jun 2014	30 Jun 2013	Change
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Revenue	865,328	707,342	22.3%	1,679,732	1,566,581	7.2%
Cost of sales	(829,017)	(657,549)	26.1%	(1,595,953)	(1,448,317)	10.2%
Gross profit	36,311	49,793	-27.1%	83,779	118,264	-29.2%
Add: Depreciation in Cost of sales	2,231	2,891	-22.8%	5,448	5,784	-5.8%
Less: Selling and distribution expenses	(27,129)	(29,673)	-8.6%	(53,975)	(68,510)	-21.2%
Add: Foreign exchange gains	1,656	5,301	-68.8%	900	2,439	-63.1%
Operating margin	13,069	28,312	-53.8%	36,152	57,977	-37.6%

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

The Bulk segment sources, produces and sells vegetable-based edible oil and fat products in bulk form to refiners, processors, wholesalers and retailers in the food, animal feed and oleochemicals industries.

The Consumer Pack segment produces, packs and sells consumer products in the form of consumer packs to wholesalers and retailers under the Group's house brands and to customers who then resell the products under their own brands.

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

For the quarter	Total			Bulk			Consumer Pack		
	Q2 2014	Q2 2013	Change	Q2 2014	Q2 2013	Change	Q2 2014	Q2 2013	Change
Sales volume (MT'000)	944.6	849.1	11.2%	673.7	574.6	17.2%	270.9	274.5	-1.3%
Revenue (US\$'million)	865.3	707.3	22.3%	606.0	457.2	32.5%	259.3	250.1	3.7%
Average selling prices (US\$)	916.1	833.0	10.0%	899.5	795.7	13.0%	957.2	911.1	5.1%
OM (US\$'million)	13.1	28.3	-53.8%	1.5	15.0	-90.0%	11.6	13.3	-12.8%
OM per MT (US\$)	13.8	33.3	-58.6%	2.2	26.1	-91.6%	42.8	48.5	-11.8%

For the period	Total			Bulk			Consumer Pack		
	H1 2014	H1 2013	Change	H1 2014	H1 2013	Change	H1 2014	H1 2013	Change
Sales volume (MT'000)	1,860.1	1,829.2	1.7%	1,338.0	1,310.2	2.1%	522.1	519.0	0.6%
Revenue (US\$'million)	1,679.7	1,566.6	7.2%	1,177.5	1,075.4	9.5%	502.2	491.2	2.2%
Average selling prices (US\$)	903.0	856.4	5.4%	880.0	820.8	7.2%	961.9	946.4	1.6%
OM (US\$'million)	36.2	58.0	-37.6%	11.9	34.4	-65.4%	24.3	23.6	3.0%
OM per MT (US\$)	19.4	31.7	-38.8%	8.9	26.3	-66.2%	46.5	45.5	2.2%

Crude palm oil ("CPO") prices dropped by more than 10% during the quarter reversing the gain of 5% in the first quarter, ending at 5% lower for the year. The drop has been over 15% since the peak in mid-March. Initially this year, worries about potential El-Nino in the later part of the year and resultant expected drop in palm oil production made the prices increase in the first quarter of the year. As the concern about El-Nino subsided during this quarter and the outlook improved for palm oil production, duly supported by over 8% increase in production in Malaysia during January to June period; and revised forecast of over 6% increase for 2014 in Indonesia compared to early forecast of drop of 15% to 20%, the CPO prices started tumbling. Bumper harvest of soya bean also put pressure on the palm oil prices. At the same time, spot supply of CPO remained tight commanding a premium.

Falling and low palm oil prices, tighter spot supply of CPO at a premium, lower price difference between palm oil and other oils, and additional refining capacities in Indonesia in the recent past kept the refining margins of the Group under pressure.

The industry has been going through a consolidation phase for the last couple of years. The Group has used the opportunity to strengthen its competitive position by investing in additional refinery, dairy manufacturing facilities and a biodiesel plant. As expected for new investments, initial standalone costs in the form of overheads, depreciation and financing charges have affected the financials, while income lagged behind.

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8.1.1 Sales volume

For the second quarter ended 30 June 2014 (“Q2 2014”), sales volume increased by 11.2% to 944,600 MT. Bulk segment grew by 17.2% to 673,700 MT while Consumer Pack segment registered a decrease of 1.3% to 270,900 MT. Bulk and Consumer Pack segments contributed 71.3% and 28.7% to the total sales volume respectively (Q2 2013: 67.7% and 32.3% respectively).

For the half year ended 30 Jun 2014 (“H1 2014”), total sales volume improved by 1.7% to 1,860,100 MT from 1,829,200 MT last year (“H1 2013”), with 2.1% increase for Bulk segment and 0.6% increase for Consumer Pack segment. Bulk and Consumer Pack segments contributed 71.9% and 28.1% to the total sales volume respectively (H1 2013: 71.6% and 28.4% respectively).

8.1.2 Revenue

Revenue increased by 22.3% to US\$865.3 million for Q2 2014 on the back of 11.2% higher sales volume and 10.0% higher average selling prices. For Bulk segment, 17.2% higher sales volume and 13.0% higher average selling prices helped the revenue increase by 32.5% to US\$606.0 million. For Consumer Pack segment, revenue increased by 3.7% to US\$259.3 million on the back of 5.1% higher average selling prices despite 1.3% lower sales volume. Bulk and Consumer Pack segments contributed 70.0% and 30.0% to the total revenue respectively (Q2 2013: 64.6% and 35.4% respectively).

For the half year, revenue increased by 7.2% to US\$1,679.7 million on the back of 1.7% higher sales volume and 5.4% higher average selling prices. For Bulk segment, 2.1% higher sales volume and 7.2% higher average selling prices helped the revenue increase by 9.5% to US\$1,177.5 million. For Consumer Pack segment, revenue increased by 2.2% to US\$502.2 million on the back of 0.6% higher sales volume and 1.6% higher average selling prices. Bulk and Consumer Pack segments contributed 70.1% and 29.9% to the total revenue respectively (H1 2013: 68.6% and 31.4% respectively).

8.1.3 Cost of sales

	Group			Group		
	THREE MONTHS ENDED			SIX MONTHS ENDED		
	30 Jun 2014	30 Jun 2013	Change	30 Jun 2014	30 Jun 2013	Change
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Cost of inventories	796,279	647,551	23.0%	1,548,794	1,429,361	8.4%
Losses from derivative financial instruments	23,025	609	3680.8%	27,743	297	9241.1%
	819,304	648,160	26.4%	1,576,537	1,429,658	10.3%
Labour costs and other overheads	9,713	9,389	3.5%	19,416	18,659	4.1%
Total	829,017	657,549	26.1%	1,595,953	1,448,317	10.2%

For Q2 2014, the Group had losses from derivative financial instruments of US\$23.0 million compared to losses of US\$0.6 million for Q2 2013. Variance is explained by changes in the fair value of derivative financial instruments from the date of the contracts, to the relevant financial reporting date and upon settlement. Cost of inventories coupled with losses from derivative financial instruments, increased by 26.4%. Labour costs and other overheads increased by 3.5% to US\$9.7 million. Taking into account labour costs and other overheads, cost of sales increased by 26.1% to US\$829.0 million in tandem with 22.3% increase in revenue for the quarter.

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8.1.3 Cost of sales (continued)

For H1 2014, cost of inventories together with losses from derivative financial instruments increased by 10.3% to US\$1,576.5 million. Including labour costs and other overheads of US\$19.4 million, cost of sales increased by 10.2% to US\$1,596.0 million in line with 7.2% increase in revenue.

Labour costs and other overheads included depreciation of US\$2.2 mil and US\$5.4 million for Q2 2014 and H1 2014 respectively (Q2 2013: US\$2.9 million and H1 2013: US\$5.8 million). Depreciation is calculated using the straight-line method to allocate the depreciable amount of respective assets over their estimated useful lives. During the quarter, certain assets' estimated useful lives were reviewed and revised with effect from 1 Jan 2014 resulting in reduction in depreciation of US\$1.0 million for Q2 2014 and H1 2014.

8.1.4 Selling and distribution expenses

	Group			Group		
	THREE MONTHS ENDED			SIX MONTHS ENDED		
	30 Jun 2014	30 Jun 2013	Change	30 Jun 2014	30 Jun 2013	Change
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Selling and distribution expenses	27,129	29,673	-8.6%	53,975	68,510	-21.2%
Included:						
Freight	19,532	20,495	-4.7%	38,001	46,836	-18.9%
Handling, forwarding and transportation	4,325	4,196	3.1%	8,739	8,056	8.5%
Marine insurance	448	840	-46.7%	1,244	1,729	-28.1%
Net (reversal of)/allowance for impairment of trade receivables	(1,871)	95	n.m.	(2,929)	760	n.m.

n.m. – not meaningful

Freight, handling, forwarding, transportation and marine insurance costs are generally passed-on to customers through the selling prices. The amounts may vary from period to period depending on the sale terms with the customers.

Allowance for impairment of trade receivables is made based on the assessment of recovery from customers under the contracts that have been recognised as revenue in the financial statements. Subsequent to the allowance made, when the amount is recovered or when the Group has strong reasons to expect recovery, such allowance is reversed.

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8.1.5 Other gains

	Group			Group		
	THREE MONTHS ENDED			SIX MONTHS ENDED		
	30 Jun 2014	30 Jun 2013	Change	30 Jun 2014	30 Jun 2013	Change
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Other gains	1,646	5,600	-70.6%	886	2,721	-67.4%
Included:						
Foreign exchange gains	1,656	5,301	-68.8%	900	2,439	-63.1%

Foreign exchange gains or losses arise within entities in the Group when transactions are denominated in currencies other than the entities' functional currencies. Variance is explained by changes in the exchange rates from the dates of transactions to the dates of settlements or the financial reporting date.

8.1.6 Operating margin

For Q2 2014, despite 11.2% higher sales volume, lower OM of US\$13.8 per MT compared to US\$33.3 per MT a year ago resulted in operating margin decreasing from US\$28.3 million to US\$13.1 million.

For Bulk segment, 17.2% higher sales volume but lower OM of US\$2.2 per MT compared to US\$26.1 per MT last year resulted in OM decreasing from US\$15.0 million to US\$1.5 million. For Consumer Pack segment, 1.3% lower sales volume and lower OM of US\$42.8 per MT compared to US\$48.5 per MT last year resulted in OM decreasing from US\$13.3 million to US\$11.6 million.

Bulk and Consumer Pack segments contributed 11.5% and 88.5% of total OM respectively (Q2 2013: 53.0% and 47.0% respectively).

For H1 2014, 1.7% higher sales volume but lower OM of US\$19.4 per MT compared to US\$31.7 per MT a year ago resulted in operating margin decreasing from US\$58.0 million to US\$36.2 million.

For Bulk segment, 2.1% higher sales volume but lower OM of US\$8.9 per MT compared to US\$26.3 per MT last year resulted in OM decreasing from US\$34.4 million to US\$11.9 million. For Consumer Pack segment, operating margin improved by 3.0% to US\$24.3 million on the back of 0.6% higher sales volume and higher OM of US\$46.5 per MT compared to US\$45.5 per MT last year.

Bulk and Consumer Pack segments contributed 32.9% and 67.1% of total OM respectively (H1 2013: 59.3% and 40.7% respectively).

8.1.7 Other income

Other income of US\$2.2 million for the quarter and US\$3.7 million for H1 2014 (Q2 2013: US\$1.1 million and H1 2013: US\$2.6 million) included interest income of US\$1.8 million and US\$2.9 million respectively (Q2 2013: US\$0.9 million and H1 2013: US\$2.1 million). The interest income increased for the quarter as higher interest was recovered from customers for delayed payments.

8.1.8 Administrative expenses

For Q2 2014, administrative expenses increased marginally to US\$19.1 million from US\$18.9 million for the corresponding quarter last year. For H1 2014, administrative expenses decreased to US\$36.5 million from US\$38.8 million for the corresponding period last year, mainly due to lower bank charges.

8.1.9 Finance costs

Finance costs decreased from US\$3.6 million to US\$2.9 million for Q2 2014 and from US\$7.6 million to US\$5.7 million for H1 2014 due to lower borrowings for the periods.

8.1.10 (Loss)/Profit before tax

For Q2 2014, US\$15.2 million lower operating margin, partially offset by increase of US\$1.1 million in other income and reduction of US\$0.8 million in other operating expenses resulted in profit before tax decreasing by US\$13.3 million from US\$4.3 million to loss before tax of US\$9.0 million for Q2 2014.

For H1 2014, US\$21.8 million lower operating margin, partially offset by increase of US\$1.1 million in other income and reduction of US\$4.2 million in other operating expenses resulted in profit before tax decreasing by US\$16.5 million from US\$8.7 million to loss before tax of US\$7.8 million for H1 2014.

8.1.11 Income tax

For Q2 2014, due to change in the mix of results of our subsidiaries in the various jurisdictions, the weighted average effective tax rate was 8.5% compared to 14.4% last year. For H1 2014, the weighted average effective tax rate was 7.2% compared to 14.1% last year.

8.1.12 (Loss)/Profit after tax

For Q2 2014, the Group reported a loss after tax of US\$8.2 million, compared to profit of US\$3.7 million for Q2 2013. Loss after tax attributable to equity holders of the Company was US\$8.2 million, compared to profit of US\$4.1 million for Q2 2013.

For H1 2014, the Group reported a loss after tax of US\$7.2 million, compared to profit of US\$7.5 million for H1 2013. Loss after tax attributable to equity holders of the Company was US\$7.2 million, compared to profit of US\$8.0 million for H1 2013.

8.2 Statement of financial position**8.2.1 Current assets**

Current assets increased by US\$44.8 million from US\$672.1 million to US\$716.9 million mainly due to:

- (a) decrease of US\$22.5 million in inventories, giving inventories days of 25.7 days (31 Dec 2013: 30.6 days).
- (b) increase of US\$28.0 million in trade receivables, giving trade receivables days of 34.8 days (31 Dec 2013: 33.5 days). The Group experienced slower payments from customers during the period.
- (c) increase of US\$13.2 million in other receivables mainly due to increase in amount due to Bursa Malaysia Derivatives Clearing Bhd for commodity trading margin.
- (d) increase of US\$2.6 million in derivative financial instruments assets due to higher changes in the fair value of derivative financial instruments from the date of the contracts to the financial reporting date.
- (e) increase of US\$25.1 million in cash and cash equivalents.

8.2.2 Non-current assets

Non-current assets increased by US\$35.7 million from US\$377.4 million to US\$413.1 million. The increase resulted primarily from investments in dairy products facilities in Westport, refining facilities in Sabah and acquisition of a biofuel plant in Westport, Malaysia.

8.2.3 Current and non-current liabilities

Current and non-current liabilities increased by US\$93.8 million from US\$492.6 million to US\$586.4 million mainly due to:

- (a) decrease of US\$0.3 million in trade payables, giving trade payables days of 16.1 days (31 Dec 2013: 17.4 days). Amount of trade payables depends upon payment terms for the purchases and is part of overall cash flow planning.
- (b) increase of US\$0.6 million in other payables.
- (c) increase of US\$19.3 million in derivative financial instruments liabilities due to higher changes in the fair value of derivative financial instruments from the date of the contracts to the financial reporting date.
- (d) increase of US\$75.2 million in borrowings as part of overall cash flow planning.

8.3 Consolidated statement of cash flows**Q2 2014**

The Group had a negative operating cash flow of US\$5.8 million before working capital changes. US\$87.9 million and US\$2.5 million were used up in working capital and investing activities respectively. The Group generated cash flow of US\$83.5 million from financing activities including net borrowings of US\$92.2 million. Adjusting for interest, income tax and effect of changes in exchange rate, cash and cash equivalents decreased by US\$13.0 million to US\$88.3 million.

H1 2014

The Group had a negative operating cash flow of US\$0.2 million before working capital changes. US\$11.8 million and US\$26.0 million were used up in working capital and investing activities respectively. The Group generated cash flow of US\$64.5 million from financing activities including net borrowings of US\$72.5 million. Adjusting for interest, income tax and effect of changes in exchange rate, cash and cash equivalents increased by US\$25.0 million to US\$88.3 million.

9. WHERE A FORECAST, OR A PROSPECT STATEMENT, HAS BEEN PREVIOUSLY DISCLOSED TO SHAREHOLDERS, ANY VARIANCE BETWEEN IT AND THE ACTUAL RESULTS

No forecast or no prospect statement was previously disclosed to shareholders.

10. A COMMENTARY AT THE DATE OF THE ANNOUNCEMENT OF THE SIGNIFICANT TRENDS AND COMPETITIVE CONDITIONS OF THE INDUSTRY IN WHICH THE GROUP OPERATES AND ANY KNOWN FACTORS OR EVENTS THAT MAY AFFECT THE GROUP IN THE NEXT REPORTING PERIOD AND THE NEXT 12 MONTHS

Fear of El-Nino, though reduced, is still a concern. Uncertainties for the Palm oil industry, depressed prices for palm oil in view of high soya beans production and pressure on the margins for the refiners are expected to continue in the short-term. The uncertainty and volatility is expected to reduce as more clarity emerges about the weather. With the recent revised forecasts of increased production of CPO in the later part of the year, spot supply of CPO is expected to increase and thereby improve refining margins in coming months. The Group remains focused on running the operations efficiently and participating in the trade flows selectively while avoiding any unwarranted risks. With its recent investments in additional refinery, dairy manufacturing facilities, biodiesel plant and rice business, the Group remains optimistic about its long-term prospect.

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11. DIVIDENDS

(a) Current financial period reported on	30 June 2014
Any dividend recommended for the current financial period reported on?	No
Name of dividend	Not applicable
Dividend type	Not applicable
Dividend amount per share	Not applicable

(b) Corresponding period of the immediately preceding financial year	30 June 2013
Any dividend declared for the corresponding period of the immediately preceding financial year?	Yes
Name of dividend	Interim exempt dividends
Dividend type	Cash
Dividend amount per share	S\$0.0012

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated)

Not applicable

(d) Date Payable

Not applicable

(e) Books Closure Date

Not applicable

12. IF NO DIVIDEND HAS BEEN DECLARED OR RECOMMENDED, A STATEMENT TO THAT EFFECT

No dividend has been declared or recommended for the second quarter ended 30 June 2014.

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13. IF THE GROUP HAS OBTAINED A GENERAL MANDATE FROM SHAREHOLDERS FOR IPTs, THE AGGREGATE VALUE OF SUCH TRANSACTIONS AS REQUIRED UNDER RULE 920(1)(A)(II). IF NO IPT MANDATE HAS BEEN OBTAINED, A STATEMENT TO THAT EFFECT.

Name of Interested Person	Aggregate value of all IPT during the period under review (excluding transactions less than SGD100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all IPT conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than SGD100,000)
	H1 2014 US\$'000	H1 2014 US\$'000
Prelude Gateway Sdn. Bhd.	1	1,503
Perfect Venue Sdn. Bhd	2,313	NIL
Ecolex Sdn. Bhd.	1,030	15,214
Containers Printers Pte Ltd	NIL	2,315
Nature International Pte Ltd	305	16,350
Mr Cheo Seng Jin	571	NIL
Mr Cheo Tiong Choon	571	NIL
Kent Holidays (S) Pte Ltd	130	NIL
Choon Heng Logistics Pte Ltd	26	NIL
Expertway (M) Sdn Bhd	31	NIL

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14. NEGATIVE CONFIRMATION PURSUANT TO RULE 705(5)

We, Dr Cheo Tong Choon @ Lee Tong Choon and Michelle Cheo Hui Ning, being two of the directors of Mewah International Inc. (the “Company”), do hereby confirm on behalf of the directors of the Company, that, to the best of our knowledge, nothing has come to the attention of the board of directors of the Company which may render the financial results of the Company and of the Group for the financial period ended 30 June 2014 to be false or misleading, in any material aspect.

On behalf of the Board of Directors,

DR CHEO TONG CHOON @ LEE TONG CHOON
Chairman and Executive Director

MICHELLE CHEO HUI NING
Chief Executive Officer and Executive Director

BY ORDER OF THE BOARD

MICHELLE CHEO HUI NING
Chief Executive Officer and Executive Director
14 August 2014