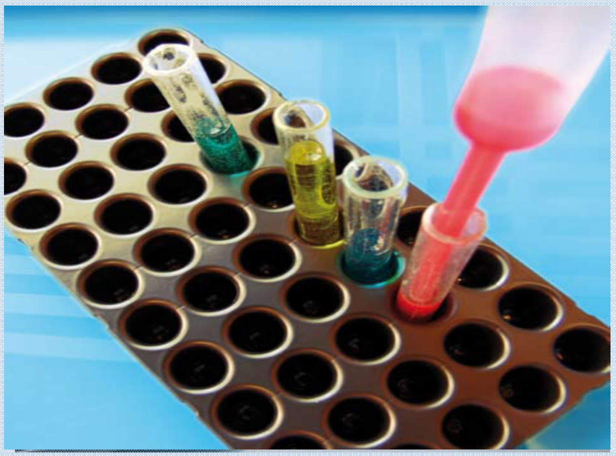



MegaChem Limited

Results Presentation

Full Year Ended 31 Dec 2010

An Integrated Specialty Chemicals Solutions Provider

Distribution | **Manufacturing/Custom Blending**

Producers → Purchase → Store → Vendor Managed Inventory → Transport → Custom Blending → Auxiliary Services → Technical Support → **Chemical Users**

Value-Adding in the Chemical Supply Chain

- Wide product portfolio – more than 1000 types and grades of chemicals
- Global Sourcing Network - Europe, US, Japan, China, India
- Global Distribution Network – presence in 10 countries around the world
- Strong customer base – more than 2000 customers
- Providing Just-in-Time delivery and Vendor-Managed Inventory Service

An Integrated Specialty Chemicals Solutions Provider

Distribution — **Manufacturing/Custom Blending**

Producers → Purchase → Store → Vendor Managed Inventory → Transport → Custom Blending → Auxiliary Services → Technical Support → **Chemical Users**

Value-Adding in the Chemical Supply Chain

- Mixing and Blending according to customers' formulations
- Repackaging from bulk to smaller packaging
- Filling, packaging and labeling
- Technical support from dedicated application laboratories

2010 Industry Overview

2009	**Recession – Production and Inventory Cutback**
1H 2010	**1H 2010 : Inventory Restocking**
2H 2010	**Fundamentals Improved : Demand and Prices Increased**

Financial Performance

Inspiring
Performance

Financial Highlights

Record Sales

* Sales S$95 mil * 34.5% growth

Record Profit

* NPAT S$4.8 mil * 78.2% growth

Record Earnings per share

* EPS : 3.47 cents * 75.3% increase

P&L Highlights

S$'mil	FY 09	FY 10	Var	Var %
Sales	70.6	95.0	24.4	34.5
Gross Profit	15.3	19.7	4.4	28.8
Gross Profit Margin	21.7%	20.8%	(0.9 % pts)	-
Expenses	13.0	15.1	2.1	16.1%
Other Income	0.5	0.47	(0.03)	(5.7%)
Share of Assoc Profit	0.7	1.1	0.4	62.0%
NPBT	3.5	6.2	2.7	78.6%
NPAT	2.7	4.8	2.1	78.2%
ROE %	7.9%	12.8%	4.9% pts	
EPS (cents)	1.98	3.47	1.49	75.3%

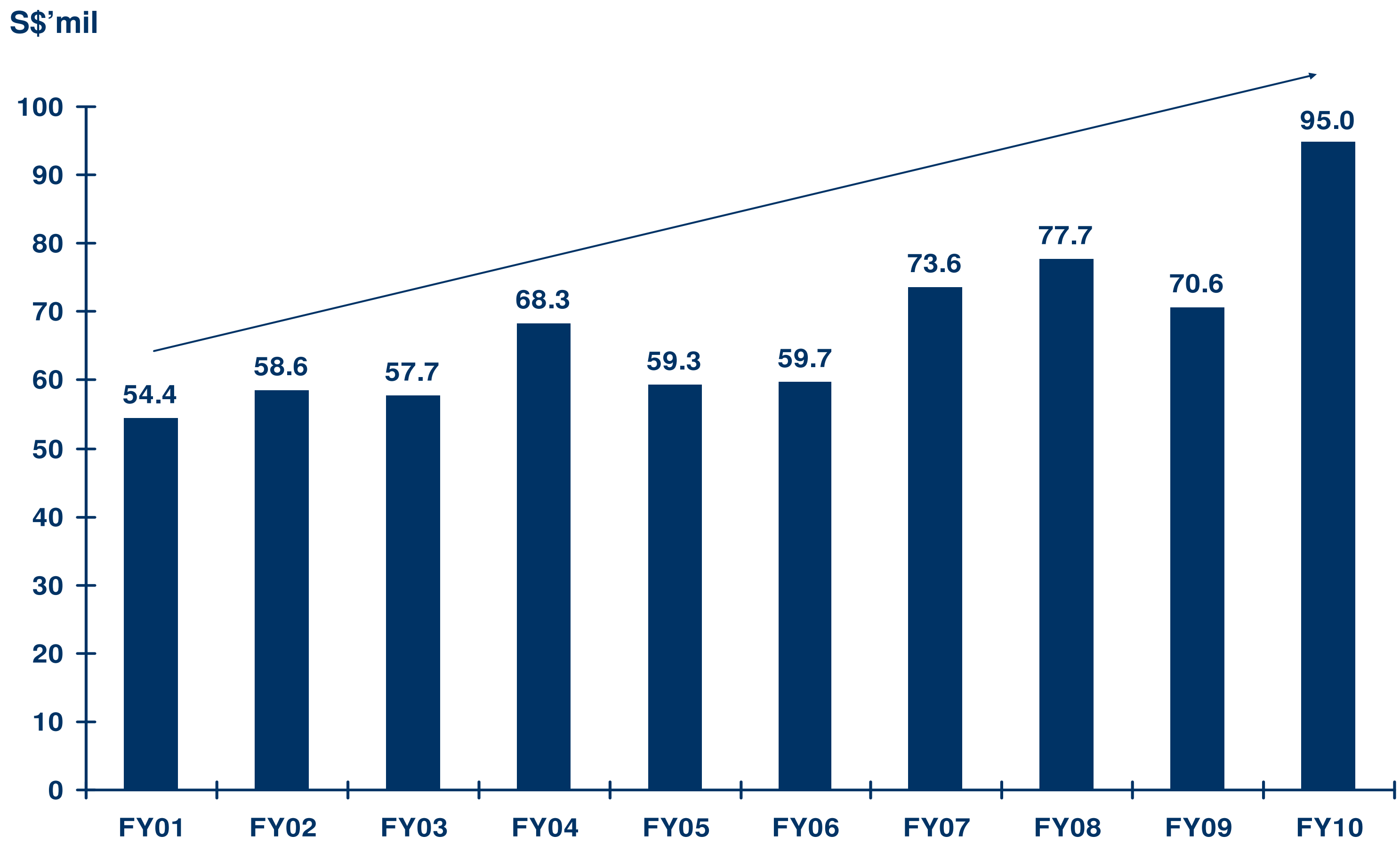
P&L Highlights

S$'mil	2H 09	2H 10	Var	Var %
Sales	38.7	49.8	11.1	28.6%
Gross Profit	8.5	9.9	1.4	16.2%
Gross Profit Margin	22.0%	19.9%	(2.1%pts)	-
Expenses	6.8	8.0	1.2	17.5%
Other Income	0.14	0.09	(0.05)	(36.8%)
Share of Assoc Profit	0.4	0.6	0.2	40.8%
NPBT	2.3	2.6	0.3	14.4%
NPAT	1.9	2.0	0.1	6.1%
ROE %	11.1%	10.9%	(0.2% pts)	-
EPS (cents)	1.39	1.48	0.09	6.5%

P&L Highlights

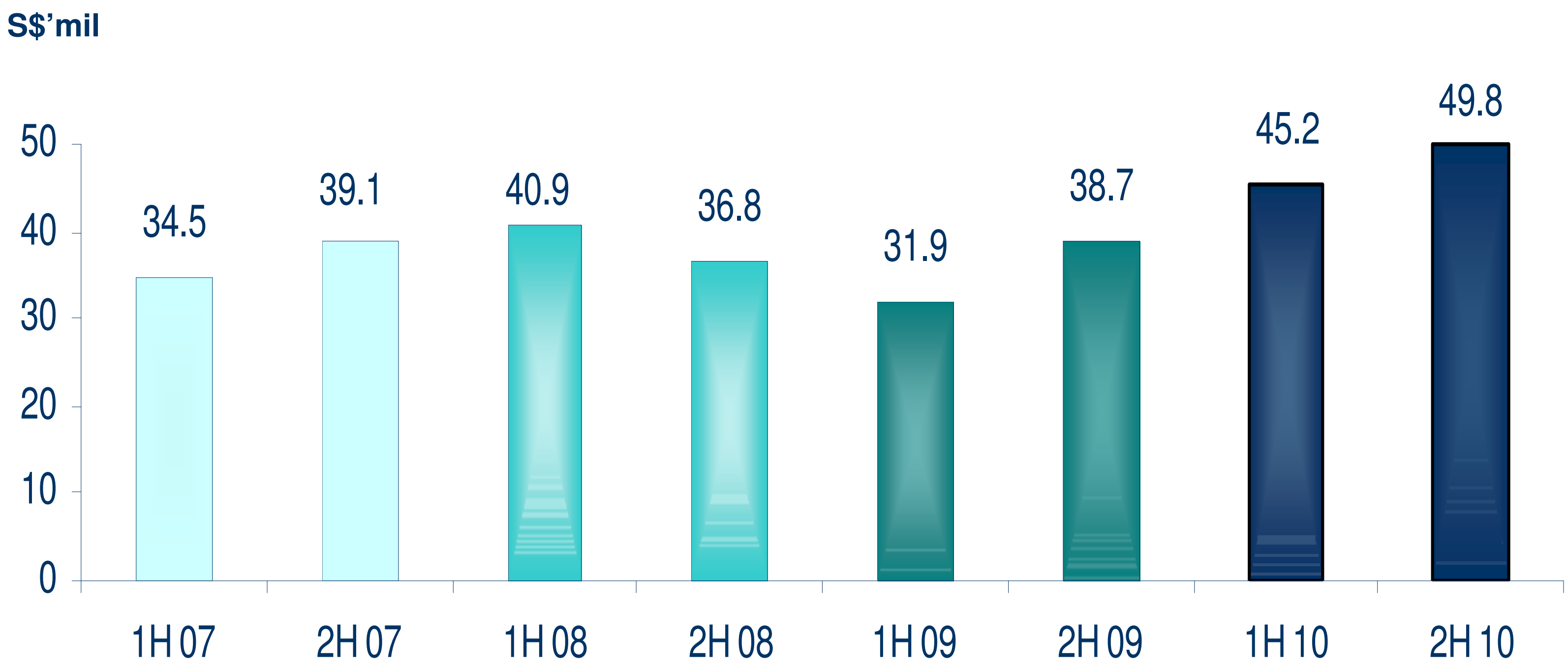
S$'mil	1H 10	2H 10	Var	Var %
Sales	45.2	49.8	4.6	10.2%
Gross Profit	9.8	9.9	0.1	0.9%
Gross Profit margin	21.7%	19.9%	(1.8% pts)	-
Expenses	7.1	8.0	0.8	11.9%
Other Income	0.39	0.09	(0.3)	(78.0%)
Share of Assoc Profit	0.4	0.6	0.2	38.6%
NPBT	3.5	2.6	(0.9)	(25.2%)
NPAT	2.8	2.0	(0.8)	(28.9%)
ROE %	15.1%	10.9%	(4.2% pts)	-
EPS (cents)	1.99	1.48	(0.51)	(25.6%)

Sales



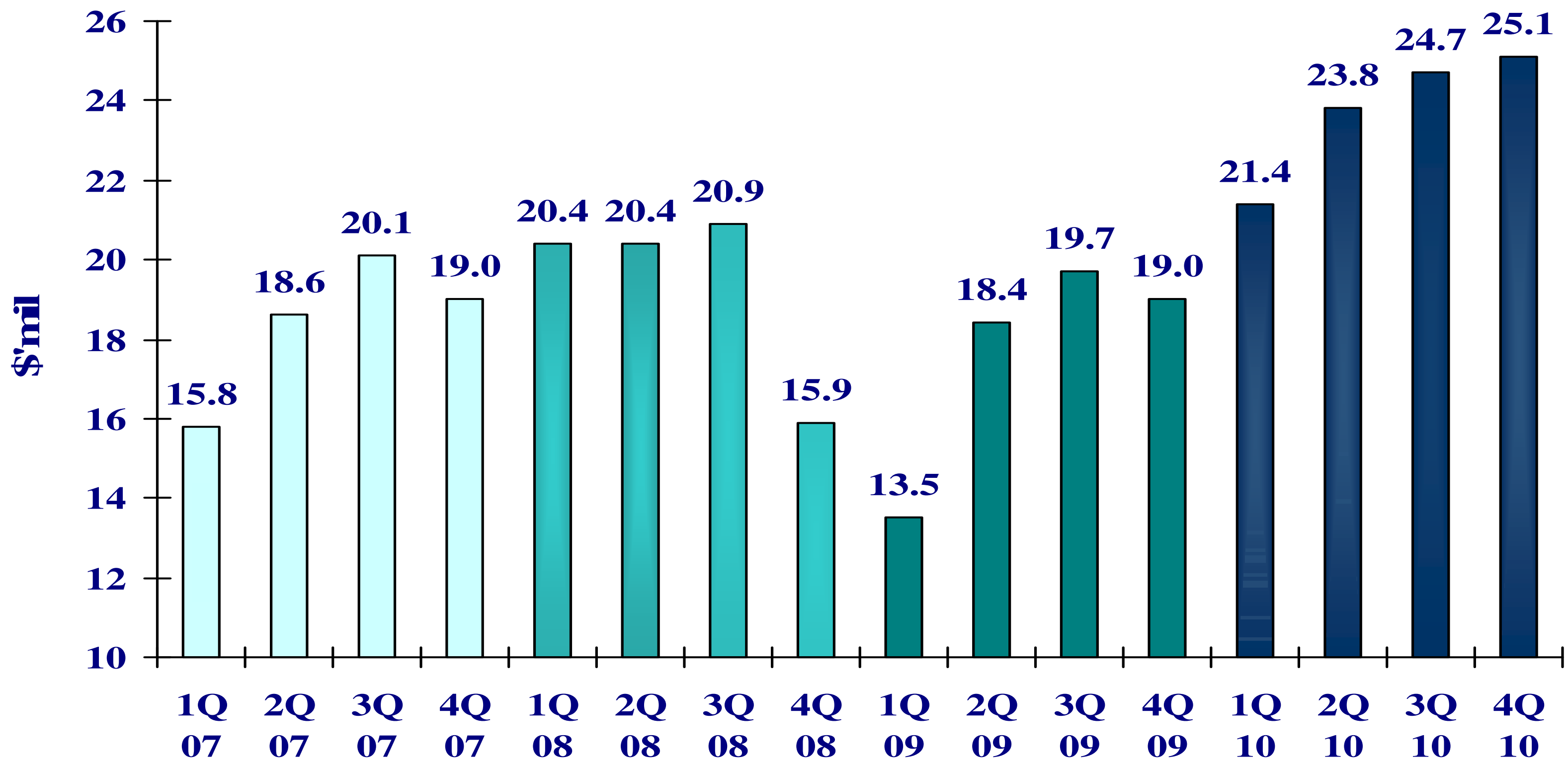
Steady Sales Growth
Record Sales in 2010

Sales



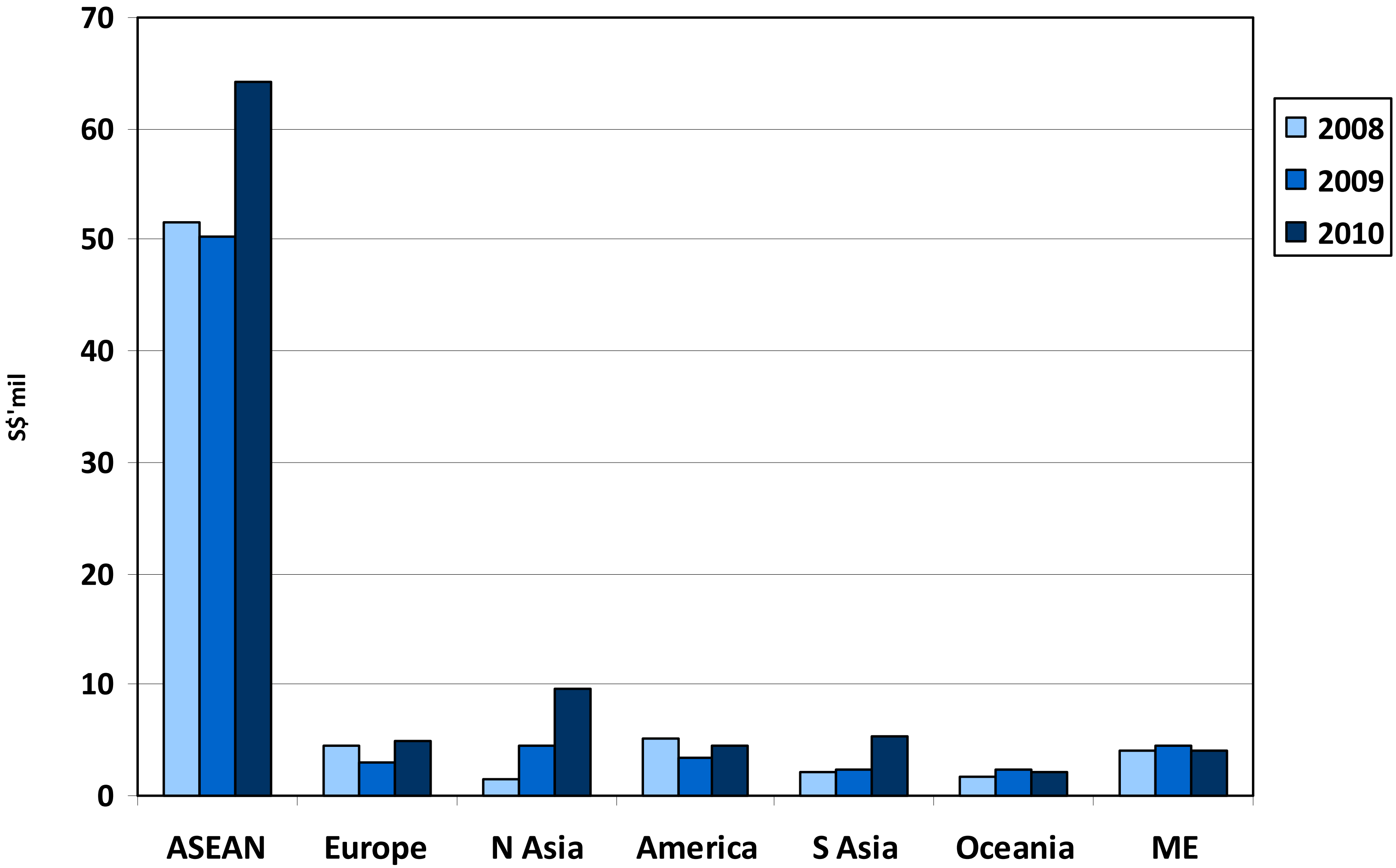
3 consecutive half-yearly sales growth
Record sales in 1H 10 and 2H 10

Sales



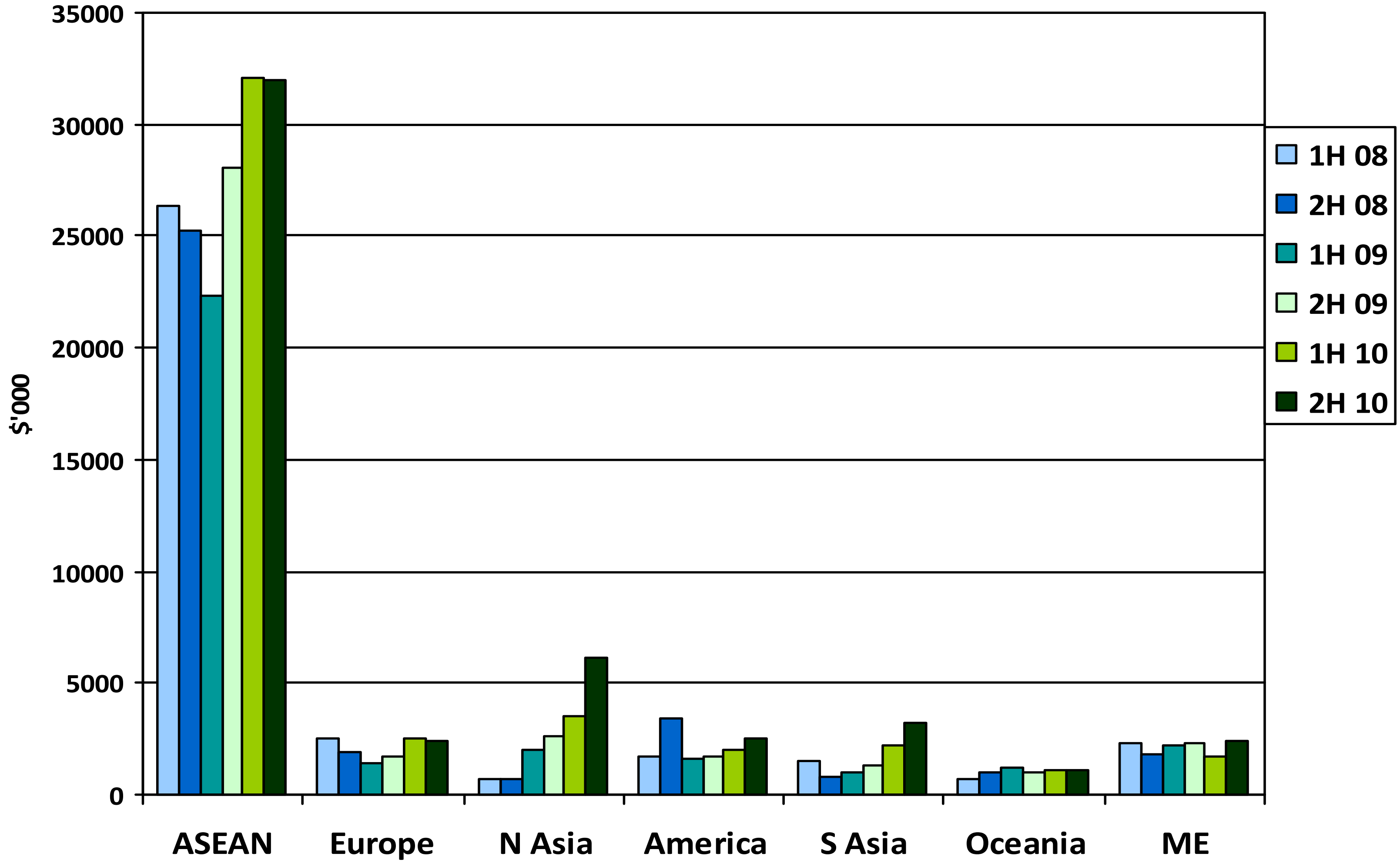
Consecutive Quarterly Sales Growth in 2010

Sales Breakdown by Geographic Markets



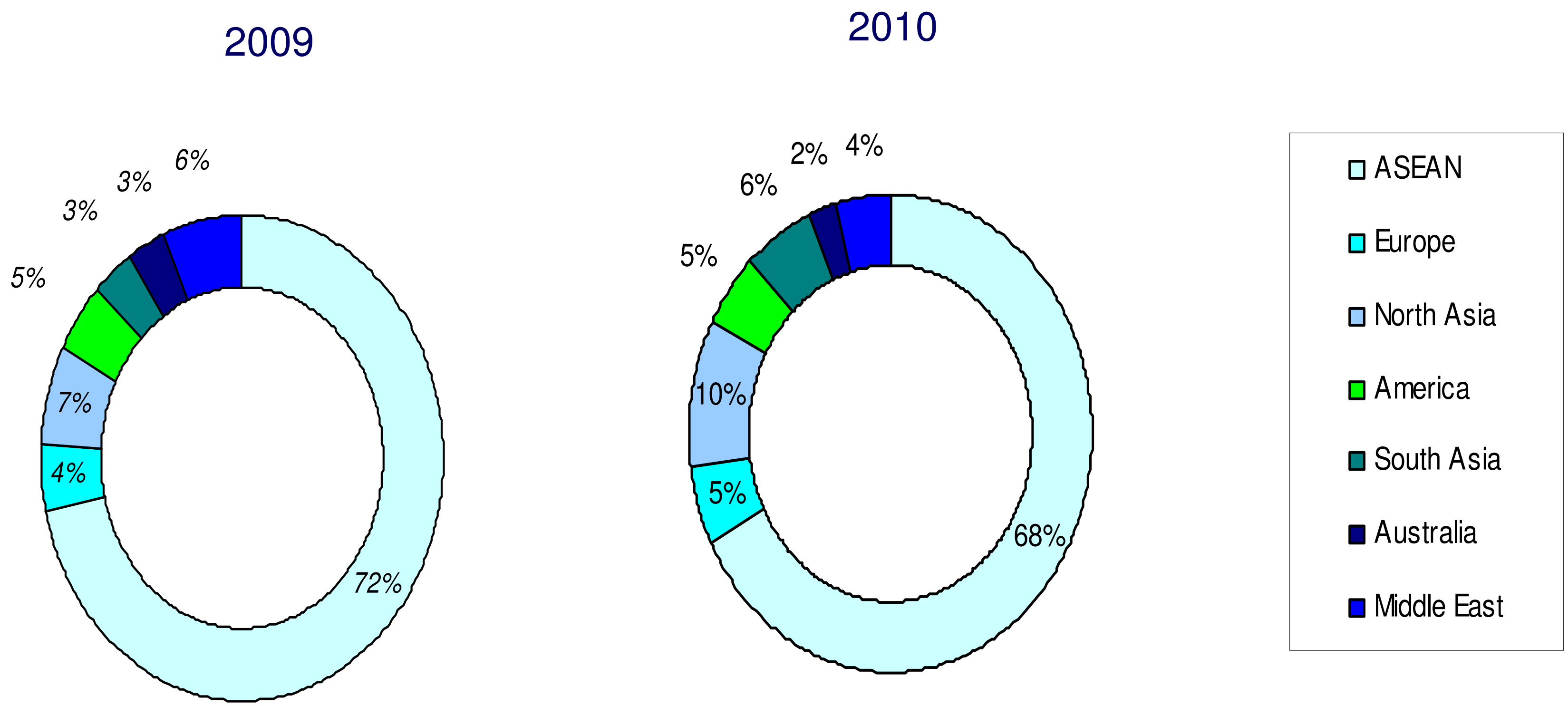
Broad-based growth across major market segments

Sales Breakdown by Geographic Markets



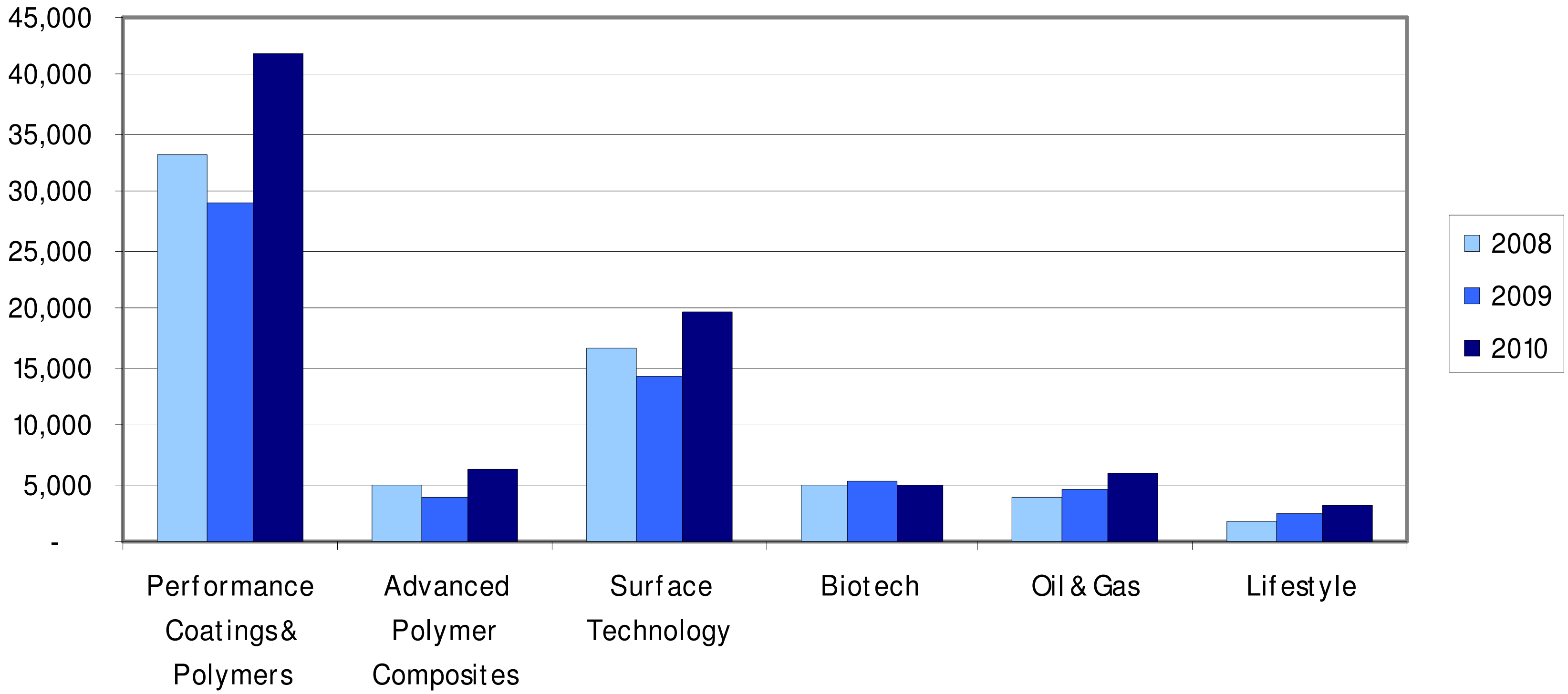
2H 2010 boosted by growth in N Asia, America, S Asia and ME

Sales Breakdown by Geographic Markets



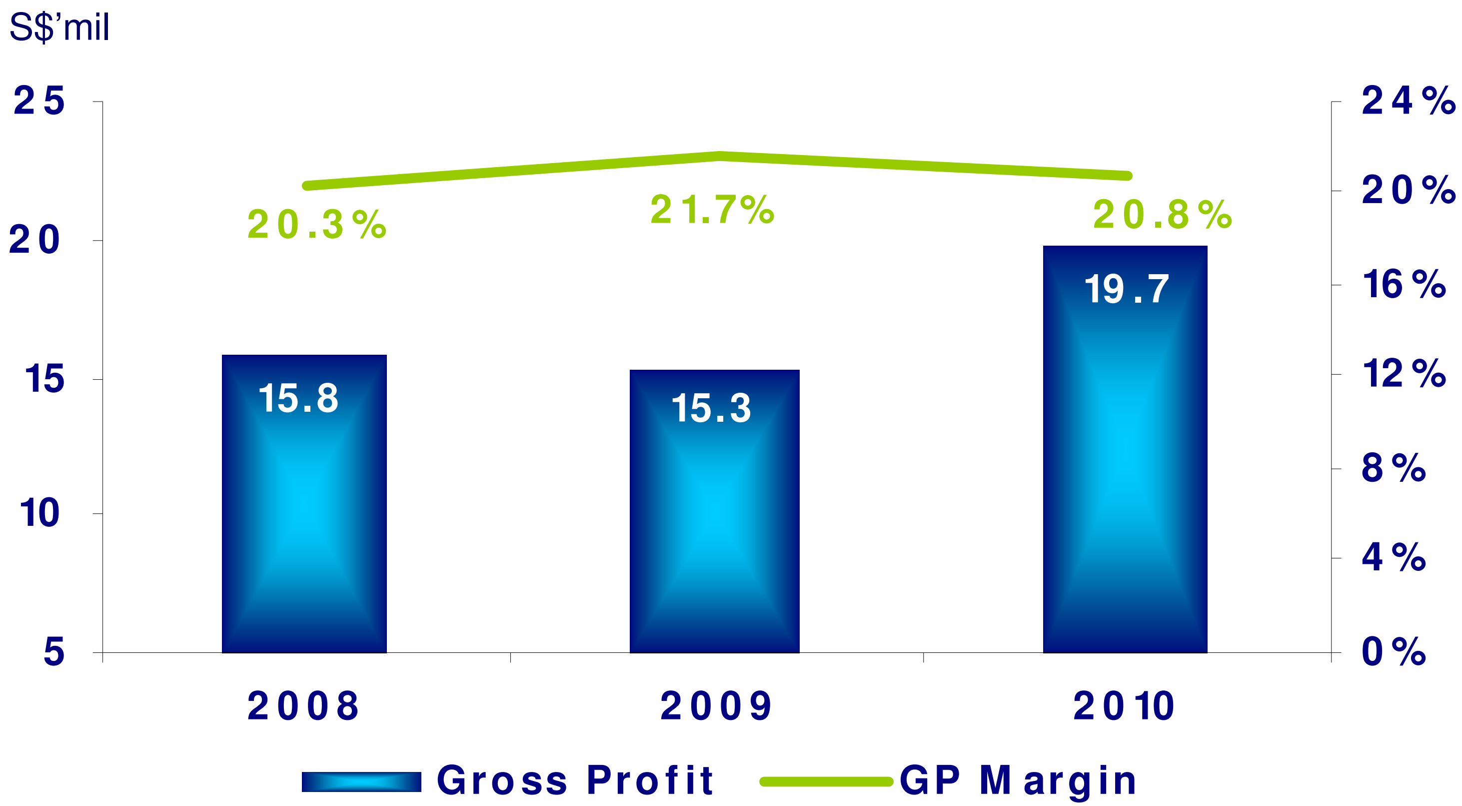
Increased market diversification

Sales Breakdown by Industry Coverage



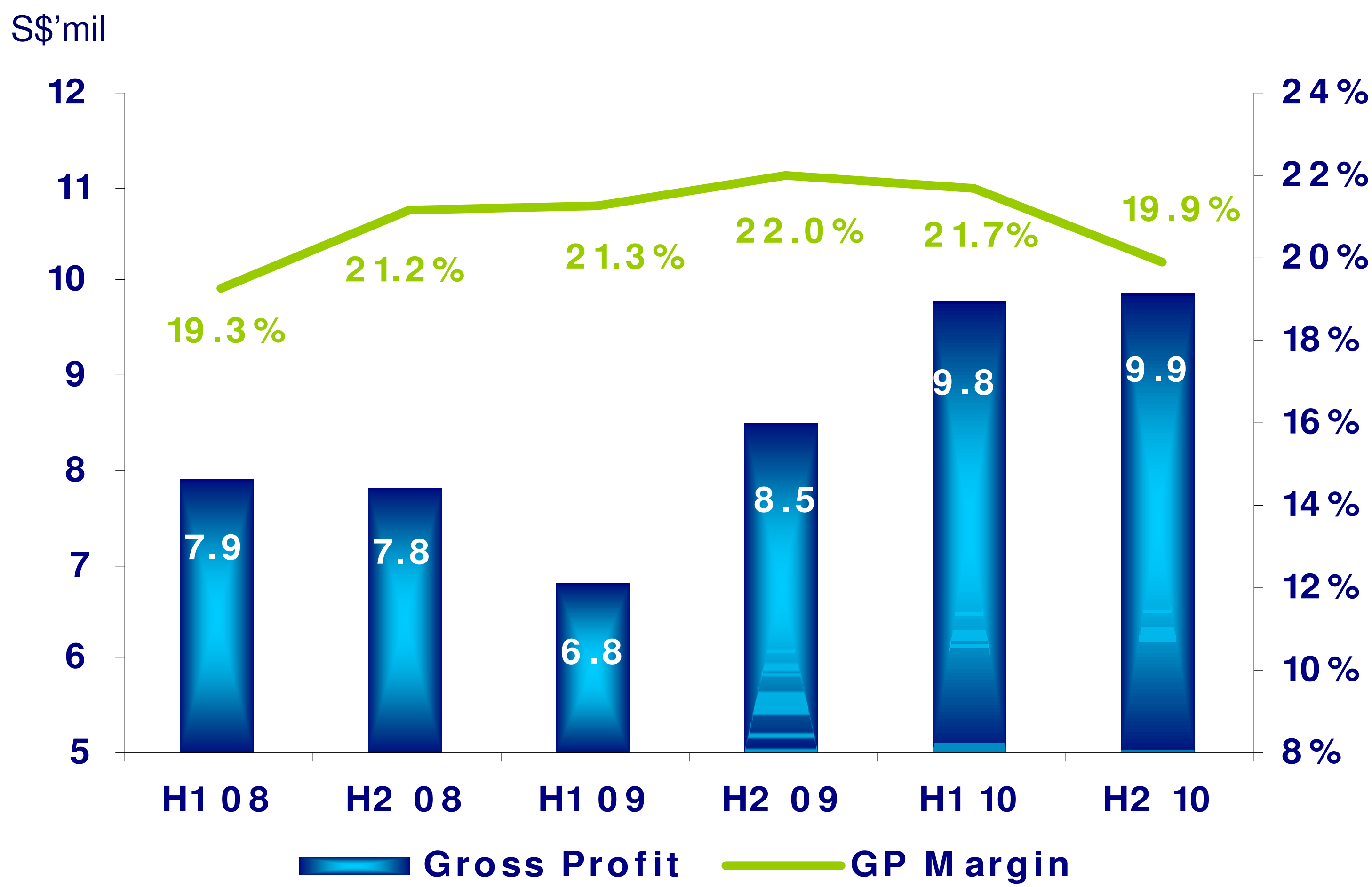
Growth in sales to all industry groupings except biotech

Gross Profit



Dip in GP margin due to higher contribution from markets which generate lower GP margin

Gross Profit



Dip in 2H 2010 GP margin due to higher contribution from markets which generate lower GP margin

Expenses

Total expenses increased S$2.1 mil or 16.1%.

S$'mil	2009	2010	Var	Var %
Staff Cost	7.5	8.4	0.8	11.1%
FX *	-	0.4	0.4	-
Professional Fees	0.4	0.6	0.2	59.1%
Rental	1.2	1.4	0.3	21.9%
Traveling & Transport	0.6	0.7	0.2	26.6%
Advertising & entertainment	0.2	0.3	0.1	63.8%

* 2009 : FX Gain S$12,000
FX losses in 2010 due mainly to devaluation of Dong and fall in USD

Expenses

S$'mil	2009	% of Sales	2010	% of Sales
Staff Cost	7.5	10.7%	8.4	8.8%
Impairment of Receivables	0.2	0.3%	0.1	0.1%
Write-off of Inventory	0.1	0.1%	0.3	0.4%
Rental	1.2	1.7%	1.4	1.5%
Travelling & Transport	0.6	0.8%	0.7	0.7%
Advertising & entertainment	0.2	0.2%	0.3	0.3%
Total Expenses	13.0	18.4%	15.1	15.9%

Other Income

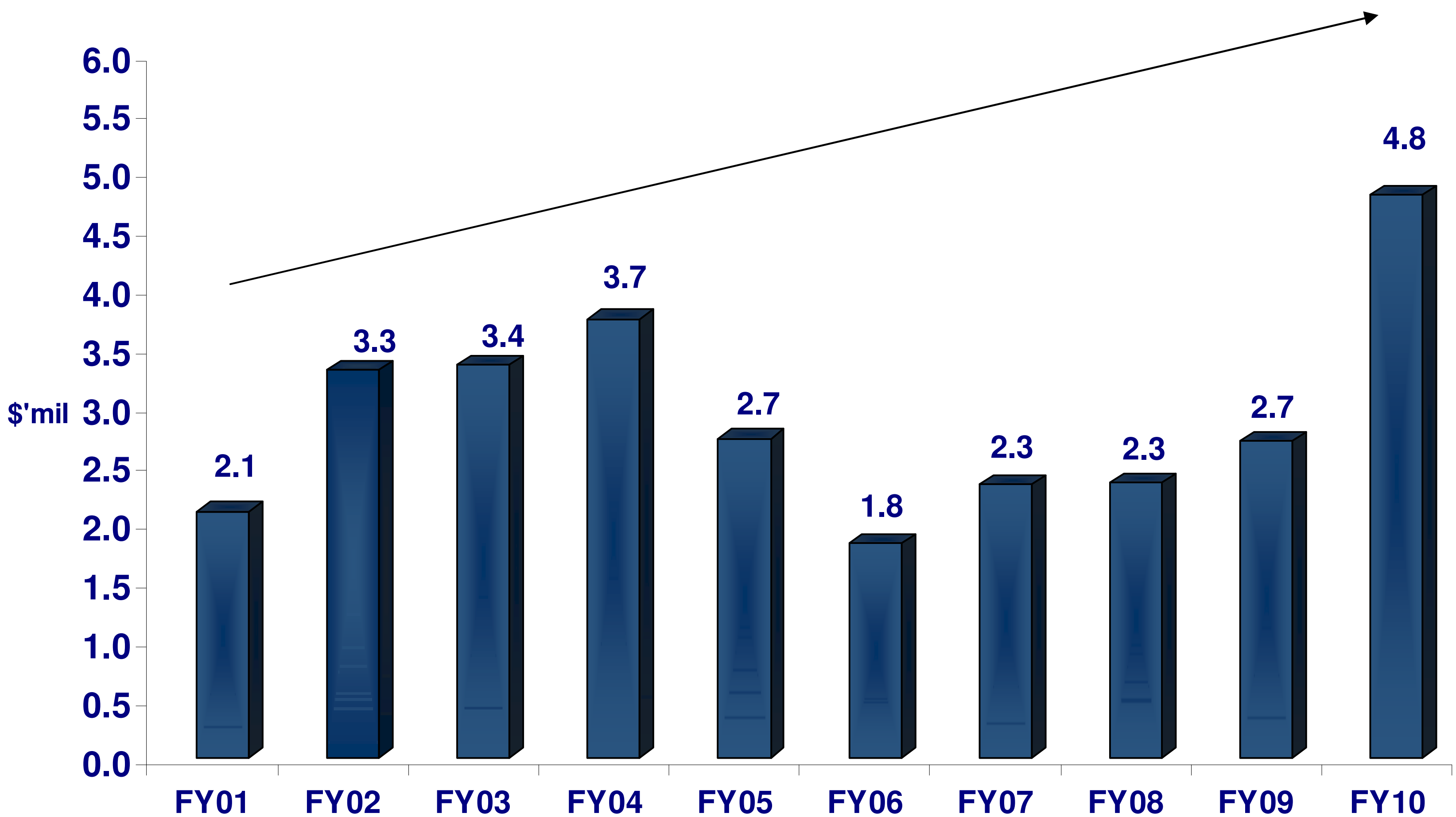
Other Income decreased S$28,000 or 5.7%.

S$'mil	2009	2010	Var	Var %
Bad Debt Recovered	0.13	0.26	0.13	100%
Grant Income	0.22	0.09	(0.13)	(59%)
FX Gain *	0.12	-	(0.12)	(100%)
Gain on Disposal of fixed assets	0.06	0.03	0.03	56%

* 2010 : FX Loss S$0.4 mil
FX losses in 2010 due mainly to devaluation of Dong and fall in USD

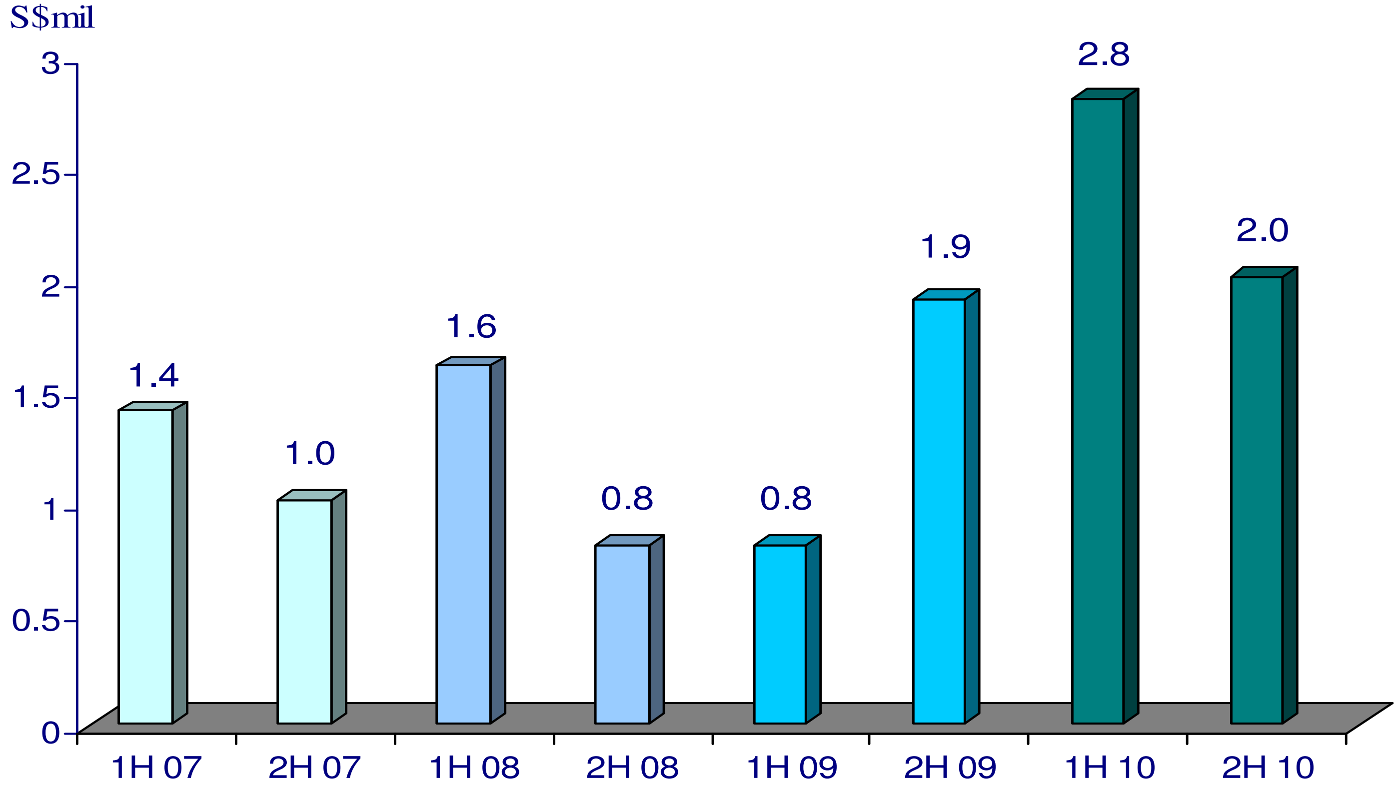
Net Profit After Tax

Record Profit



Net Profit After Tax

Lower 2H 10 NPAT vs 1H 10 despite higher sales
Due to lower GP margin, higher operating expenses, FX losses and lower other income.

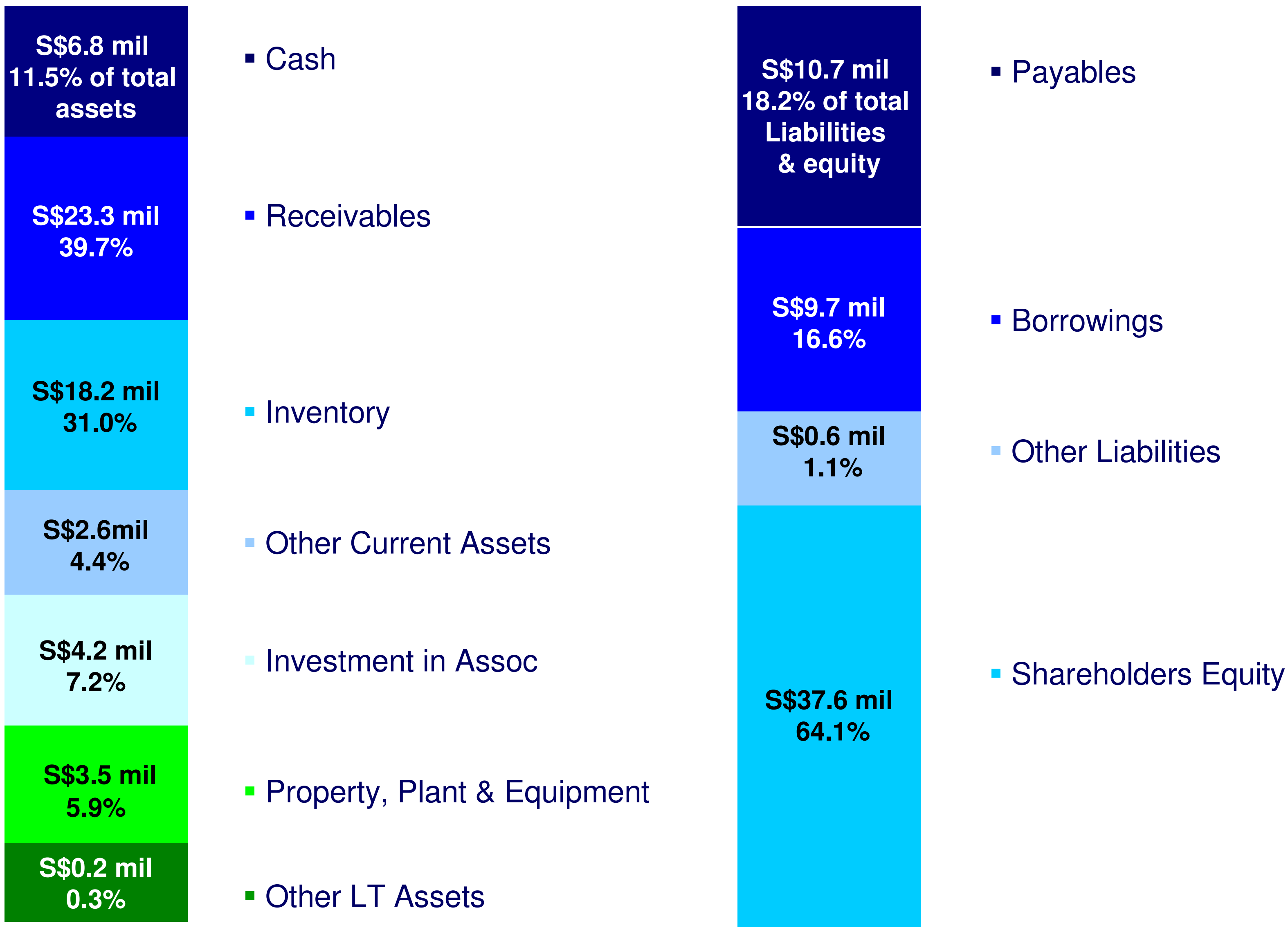


Net Profit After Tax

Qoq sales growth not mirrored in NPAT due to lower GP margin and FX losses.

Balance Sheet

Assets **Liabilities & Equity**



Balance Sheet

S$'mil	2009	2010	
Cash	6.6	6.8	S$2.0 mil dividend paid in 2010
Cash/share (cents)	4.9	5.1	
Borrowings	6.8	9.7	Higher borrowings to support sales growth
Shareholders Equity	33.3	36.1	
Gearing	0.2	0.27	Net gearing : 0.08
Current ratio	2.8	2.4	Sound liquidity
Inventory	14.1	18.2	
Inventory T/O days	103	84	Faster inventory turnover
Trade Receivables	21.0	22.8	
Trade Receivables T/O days	106	86	Improvement in credit management
NTA/share (cents)	25	27.1	

Cashflow

S$'mil	**2009**	**2010**	
Cash from operating activities	2.6	(0.04)	Changes in working capital : Increase in Receivables - (2.7) Increase in Inventory - (4.1) Increase in Payables - 1.9
Cash from investing activities	0.09	(0.4)	Plant & Equipment – (0.7)
Cash from financing activities	(2.1)	0.8	Dividend paid – (2.0) Increase in borrowings – 3.0
Net increase in cash	0.6	0.3	

Financial Summary

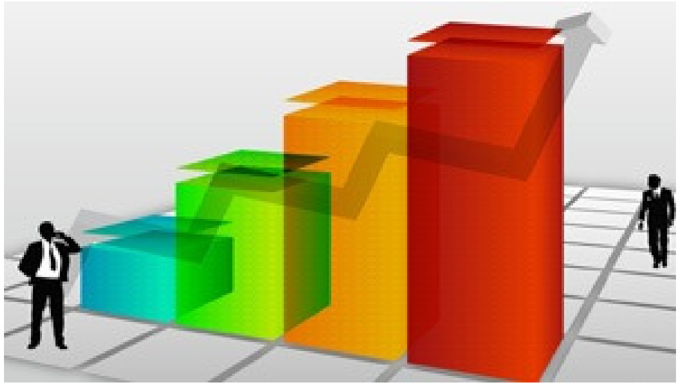
P&L Summary

- Record Sales
- Gross Profit Margin lower
- Higher operating expenses
- FX losses
- Higher contribution from associate
- Record Profit
- Higher dividend paid to shareholders

Balance Sheet Summary

- Increasing working capital needs
- Higher borrowings
- Gearing low
- Liquidity sound

Prospects



Sustaining the Momentum

Outlook 2011

+ moderate growth in global economy

+ prospects for chemical industry positive

+ global footprint – impetus for sustained growth

+ demand for custom-blending and integrated services increasing

Growth likely to continue in 2011

Dividend

	2003	2004	2005	2006	2007	2008	2009	2010
Price/sh(as at 31 Dec)	31.5	26	16	16	21.5	23.5	19.5	20
Dividend / share (cents) - net	0.56	0.864	0.576	0.81	0.595	0.40	1.00	1.20 *
Dividend payout (%)-net	23.1%	31.9%	30.2%	62.2%	35.1%	24.1%	50.6%	34.6%
Dividend Yield (%)-Net	1.8%	3.3%	3.6%	4.9%	2.8%	2.0%	5.1%	6.0%

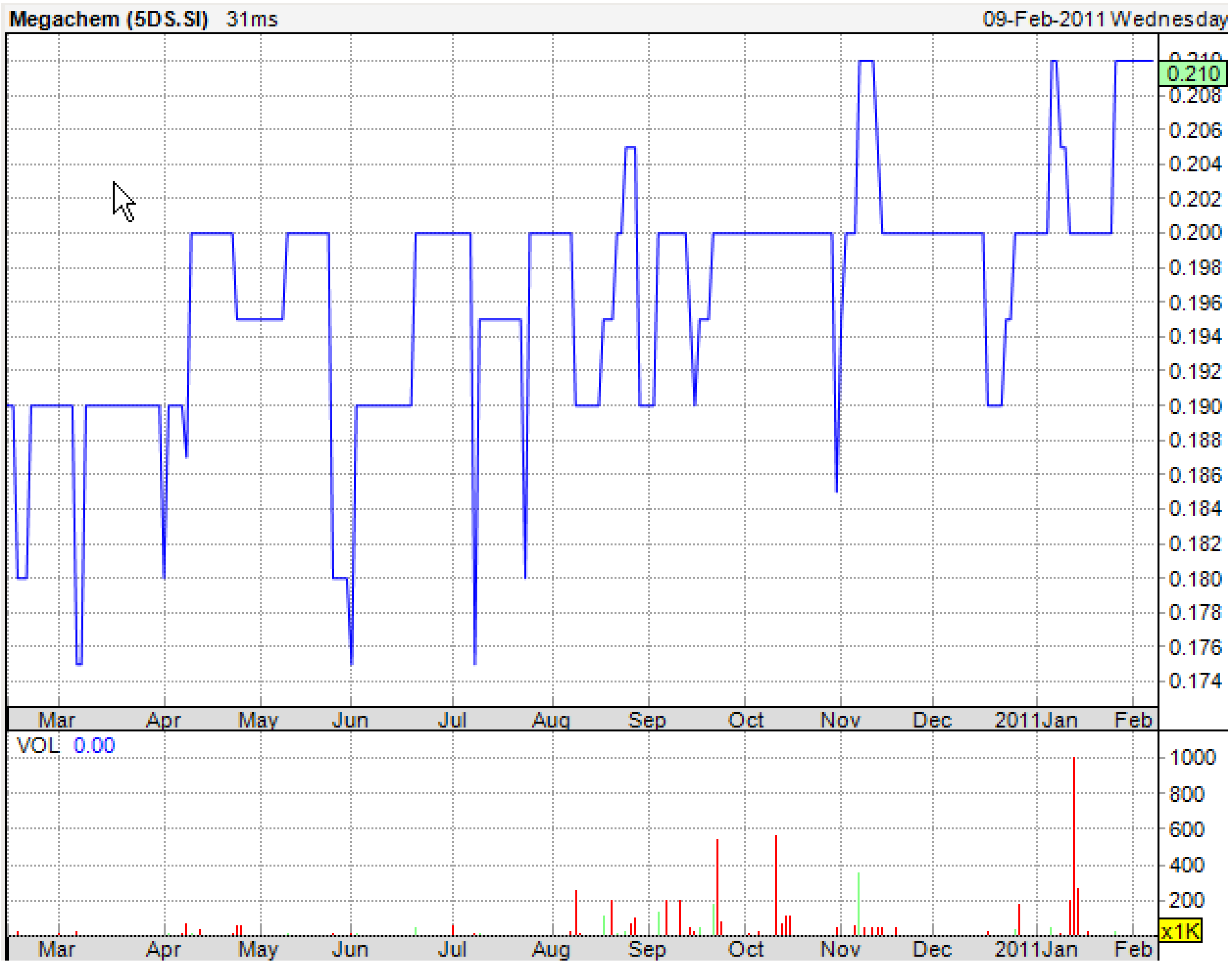
* Interim Dividend : 0.5 cents per share already paid
Propose Final Dividend : 0.7 cents per share(subject to shareholders' approval at AGM)

Share Statistics

Share Information (as at 9 Feb 2011)

Listing Date	17-Oct-2003
IPO Price	28 cents
Historical High	68 cents
Historical Low	13 cents
52 weeks High	21.0 cents
52 weeks Low	17 cents
Price	21.0 cents
No of Shares	133,300,000
Historical P/E	6.0x
Market Capitalisation	$28.00 mil
NTA/share (cents)	27.1 cents

Share Price Performance



Investment Merits

- Profitable track record since inception
- Resilient business model → tested through several crises
- Diversification → stability in business
- Global network → platform for next phase of growth
- Share Price/book value : 0.77 *
- P/E : 6.0x *
- Consistent dividend payout

(* Based on share price of 21 cents as at 9 Feb 2011)

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The contact person for the Sponsor is Mr Bernard Lim (Tel : 65 6221 5590) at 79 Anson Road, #15-03, Singapore 079906.

Thank You

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