
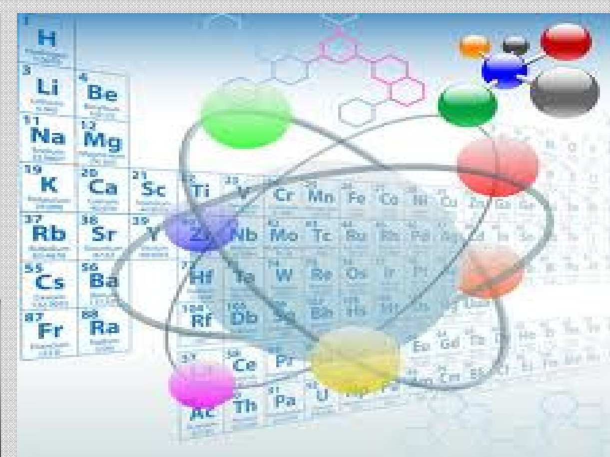

MegaChem Limited

Results Presentation

1st Half Year Ended 30 June 2012

Industry Overview

Euro debt issues, sluggish US economic recovery and slower growth in China

↓

Poor economic conditions weighing on chemical industry

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Impact evident in end market demand

1H 2012 Financial Performance

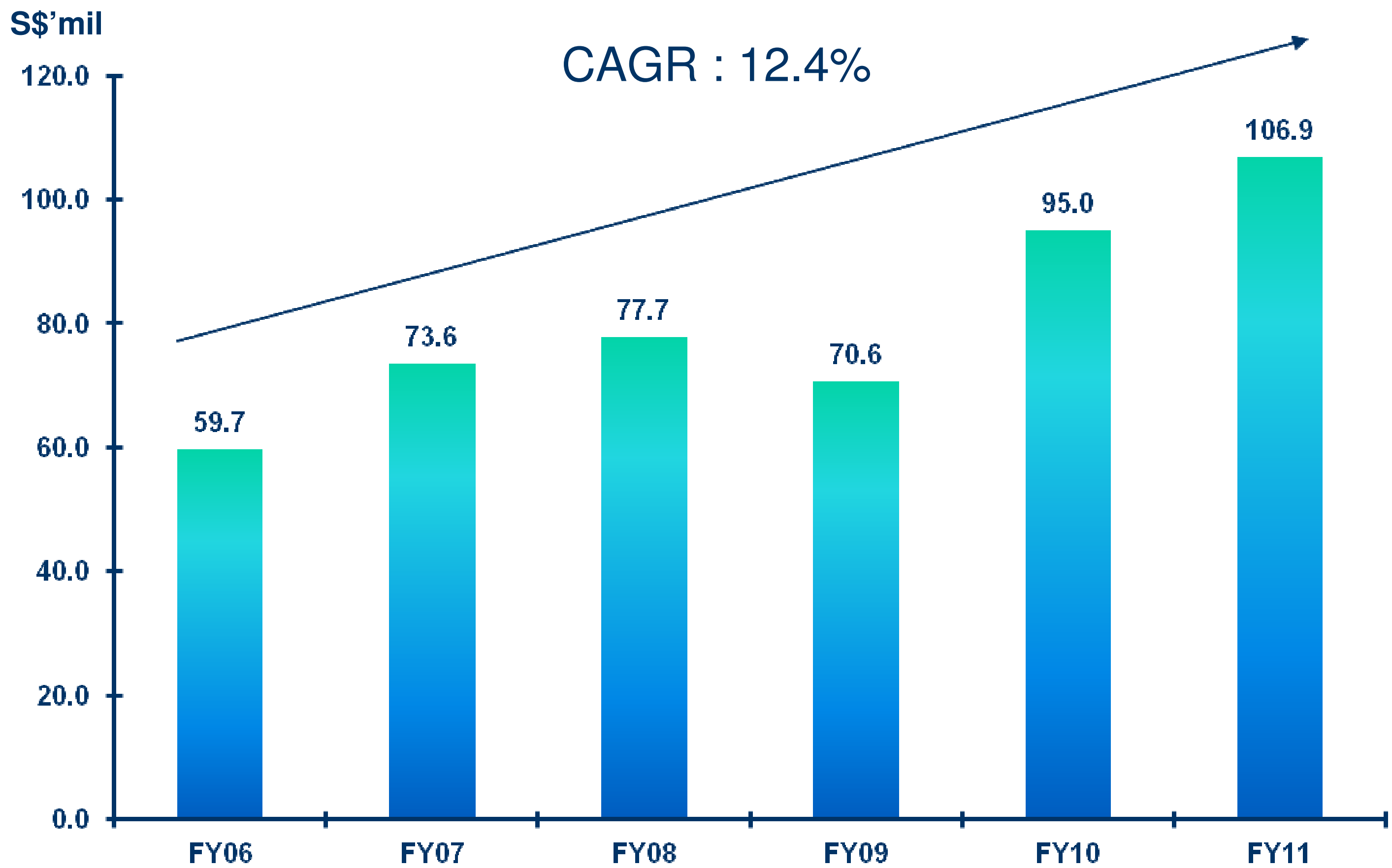
P&L Highlights

S$'mil	1H 11	1H 12	Var	Var %
Sales	57.3	54.0	(3.2)	(5.6%)
Gross Profit	11.6	11.1	(0.5)	(4.3%)
Gross Profit Margin %	20.3%	20.6%	0.3% pts	-
Expenses	8.4	9.5	1.0	12.4%
Other Income	0.05	0.23	0.18	367.3%
Share of Assoc Profit	0.6	0.7	0.1	18.9%
NPBT	3.8	2.6	(1.3)	(32.9%)
NPAT	3.0	2.1	(1.0)	(32.4%)
NPAT margin %	5.3%	3.8%	(1.5% pts)	-
ROE %	15.8%	9.8%	(6.0% pts)	-
EPS(cents)	2.23	1.43	(0.80)	(35.9%)

P&L Highlights

S$'mil	2H 11	1H 12	Var	Var %
Sales	49.6	54.0	4.4	8.9%
Gross Profit	10.5	11.1	0.7	6.2%
Gross Profit Margin %	21.2%	20.6%	(0.6% pts)	-
Expenses	8.6	9.5	0.9	10.3%
Other Income	0.12	0.23	0.11	90.8%
Share of Assoc Profit	0.44	0.69	0.25	55.8%
NPBT	2.5	2.6	0.1	5.0%
NPAT	2.04	2.06	0.02	0.7%
NPAT margin %	4.1%	3.8%	(0.3% pts)	-
ROE %	9.7%	9.8%	0.1% pts	-
EPS(cents)	1.42	1.43	0.01	0.7%

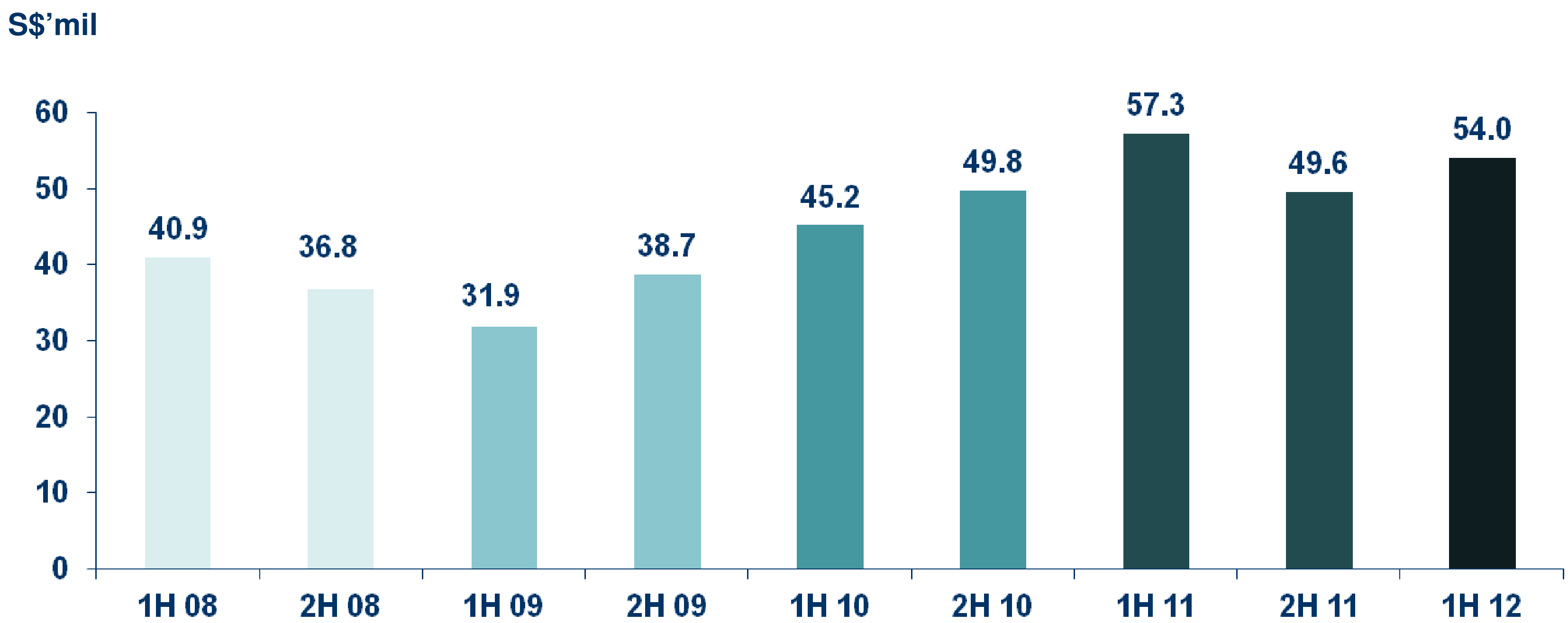
Sales Historical Trend



Steady Growth over the last 6 years

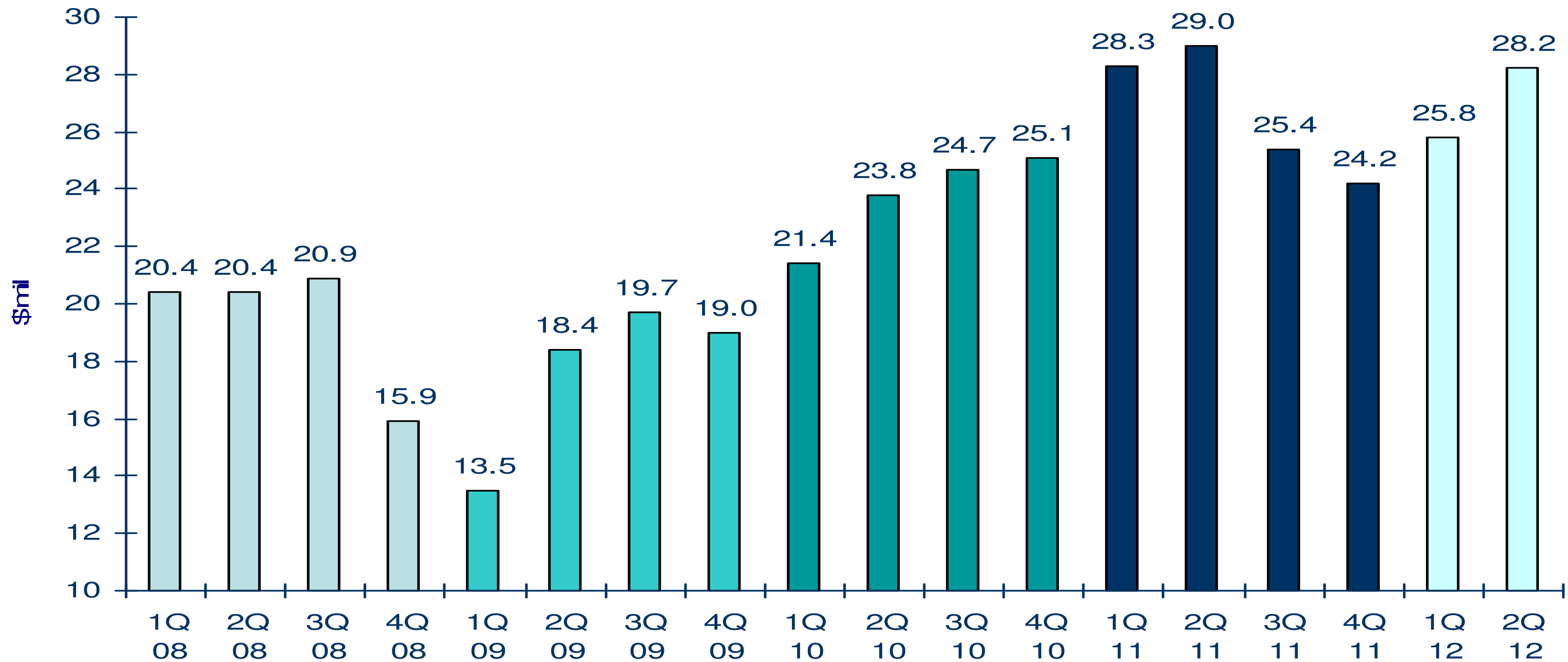
Sales crossed S$100 mil mark in FY2011

Half-yearly Sales



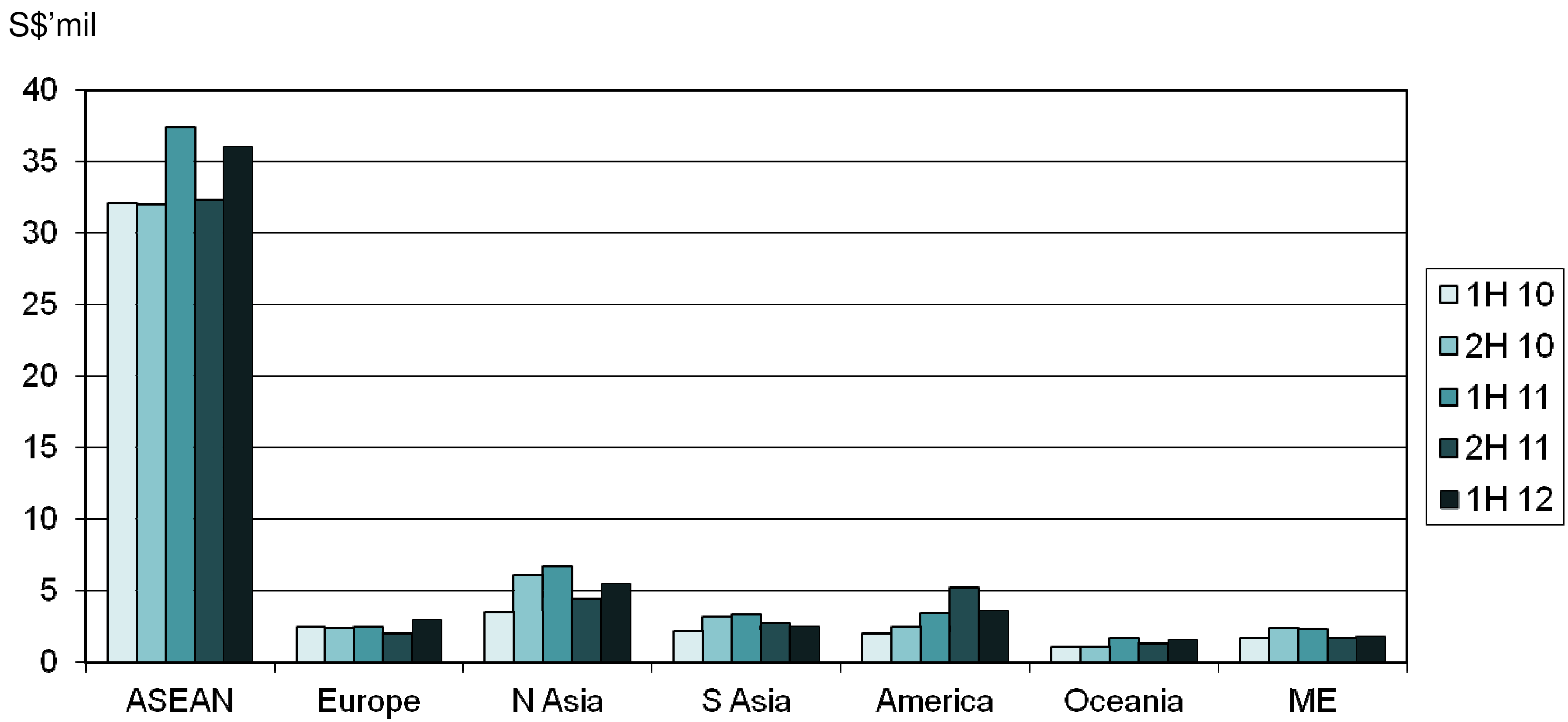
1H 12 better than expected

Quarterly Sales



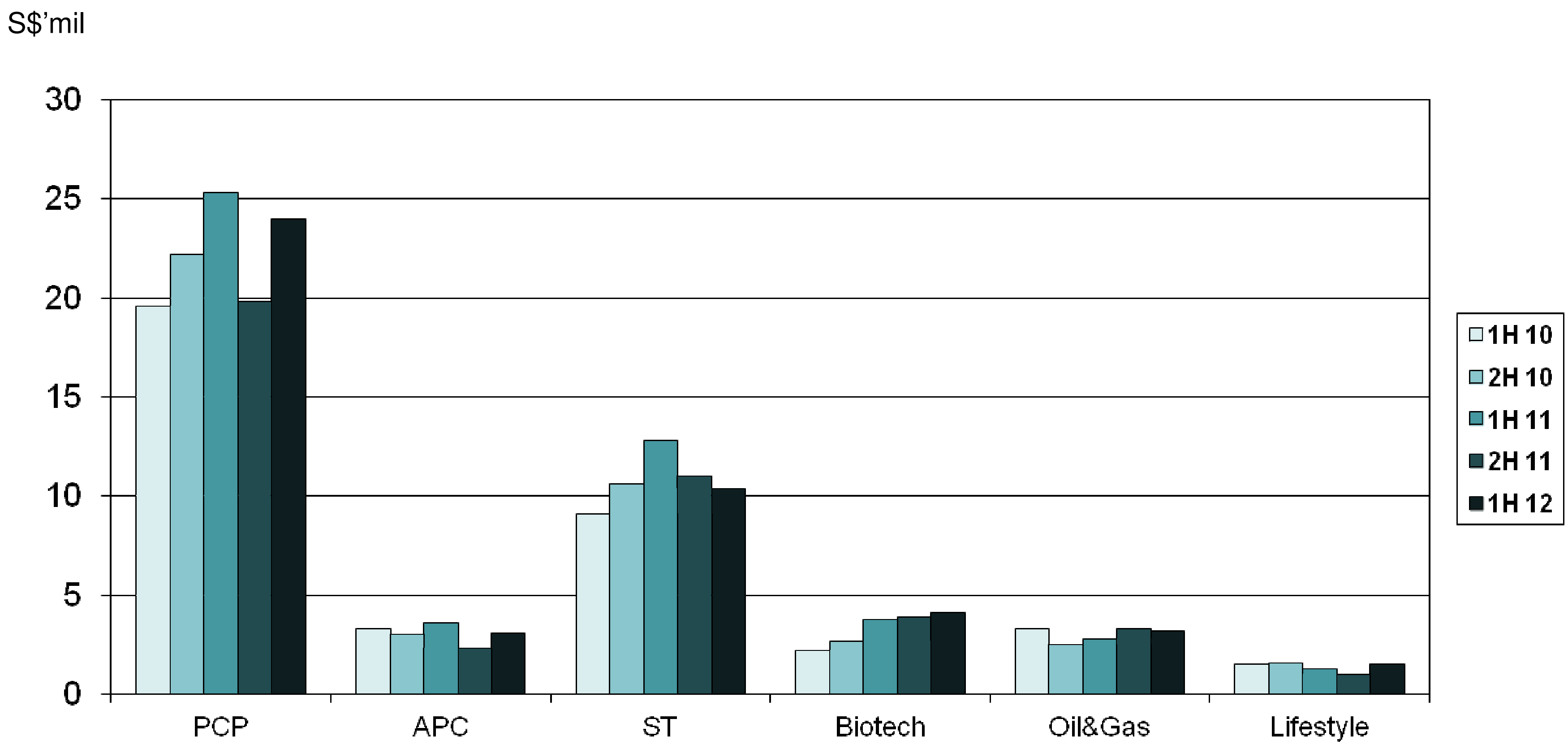
- Impact of Euro problems evident in 3Q 11, 4Q 11 and 1Q 12
- 2Q 12 sales rebounded

Sales Breakdown by Geographic markets



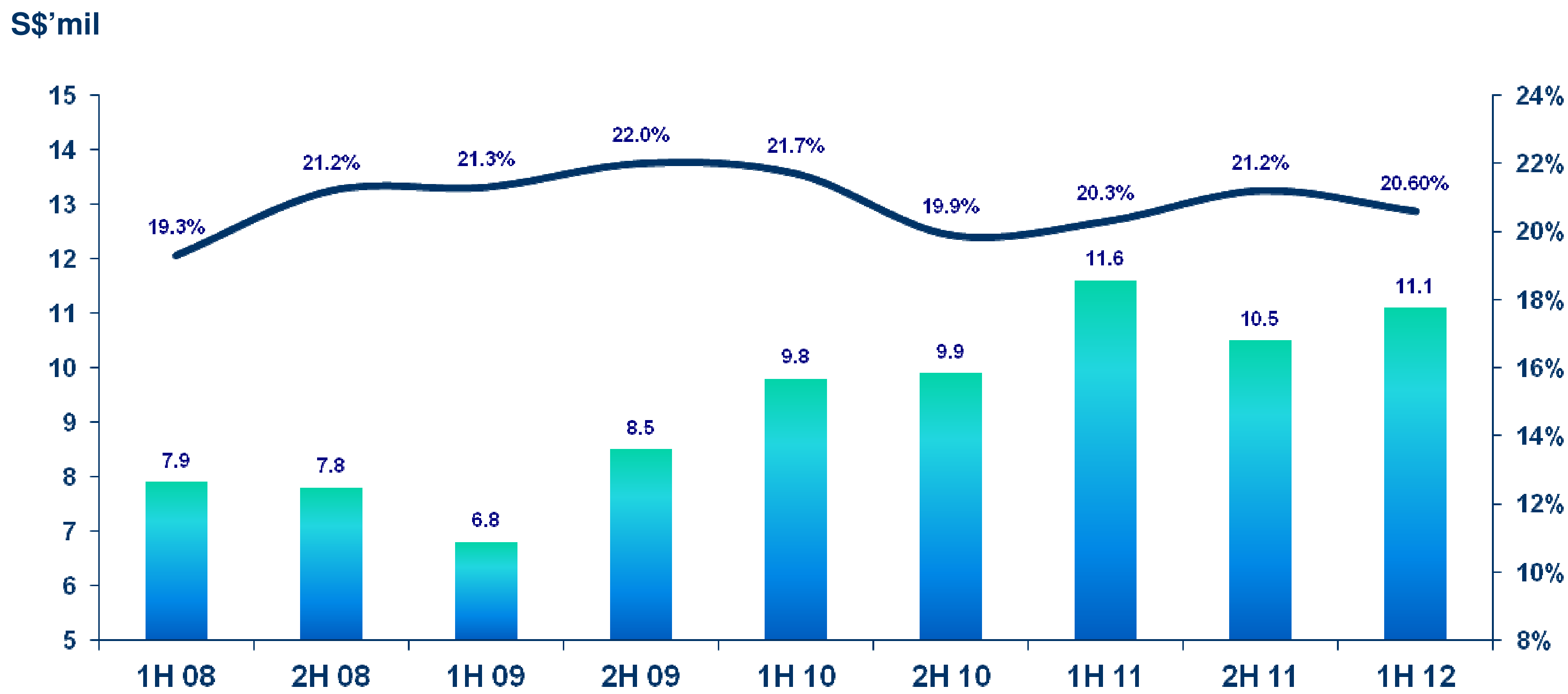
- 1H 12 vs 1H 11 : Fall in sales across all market segments except in Europe, America
- 1H 12 vs 2H 11 : Higher sales in all market segments except in S Asia, America

Sales Breakdown by Industry



- 1H 12 vs 1H 11: Decline across all industry groupings except Biotech, Oil & Gas and Lifestyle
- 1H 12 vs 2H 11: Increase in all industry groupings except Surface Technology and Oil & Gas

Gross Profit



Slight dip in GP margin in 1H 12 compared to 2H 11 due to

(i)lower contribution from higher margin markets in S America

(ii)depreciation of new production facility

Expenses

Total expenses increased by S$1.0 mil or 12.4% to S$9.5 mil

S$'mil	1H 11	1H 12	Var	Var %	
Staff Cost	**4.8**	**5.1**	**0.3**	**6.4%**	Salary increment and increase in headcount
FX & Fair Value loss	**0.17**	**0.37**	**0.20**	**111.5%**	FX fluctuation mainly Rupees/USD, USD/SGD
Professional Fees	**0.21**	**0.33**	**0.12**	**58.2%**	Cost incurred for new plant, tax consultancy, new Australia set-up
Rental	**0.80**	**0.88**	**0.08**	**10.1%**	JTC rent for new plant, higher warehouse rental, new office in Australia

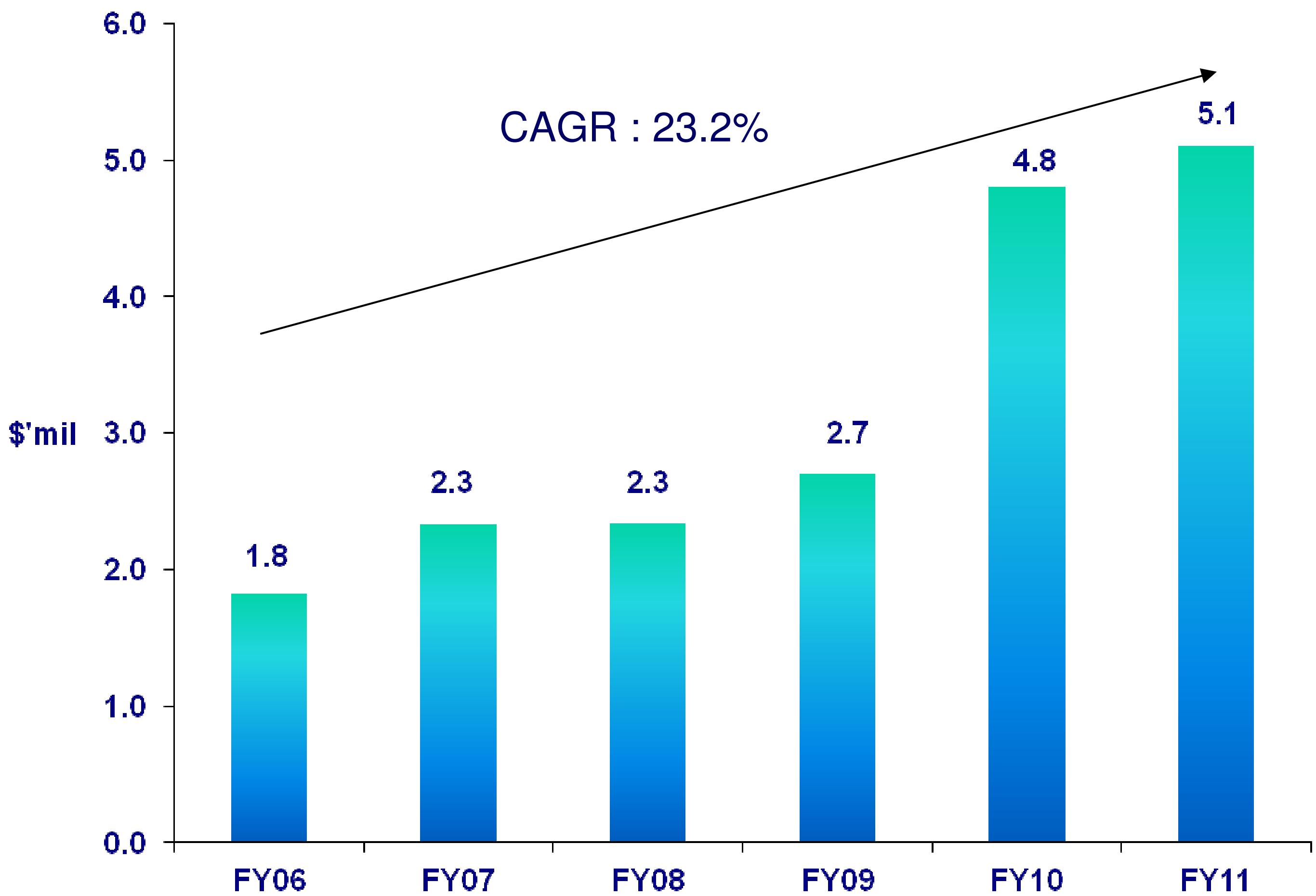
Other Income

Other Income increased S$180,000.

S$'000	1H 11	1H 12	Var	Var %
Bad Debt Recovered	12	176	164	1369%

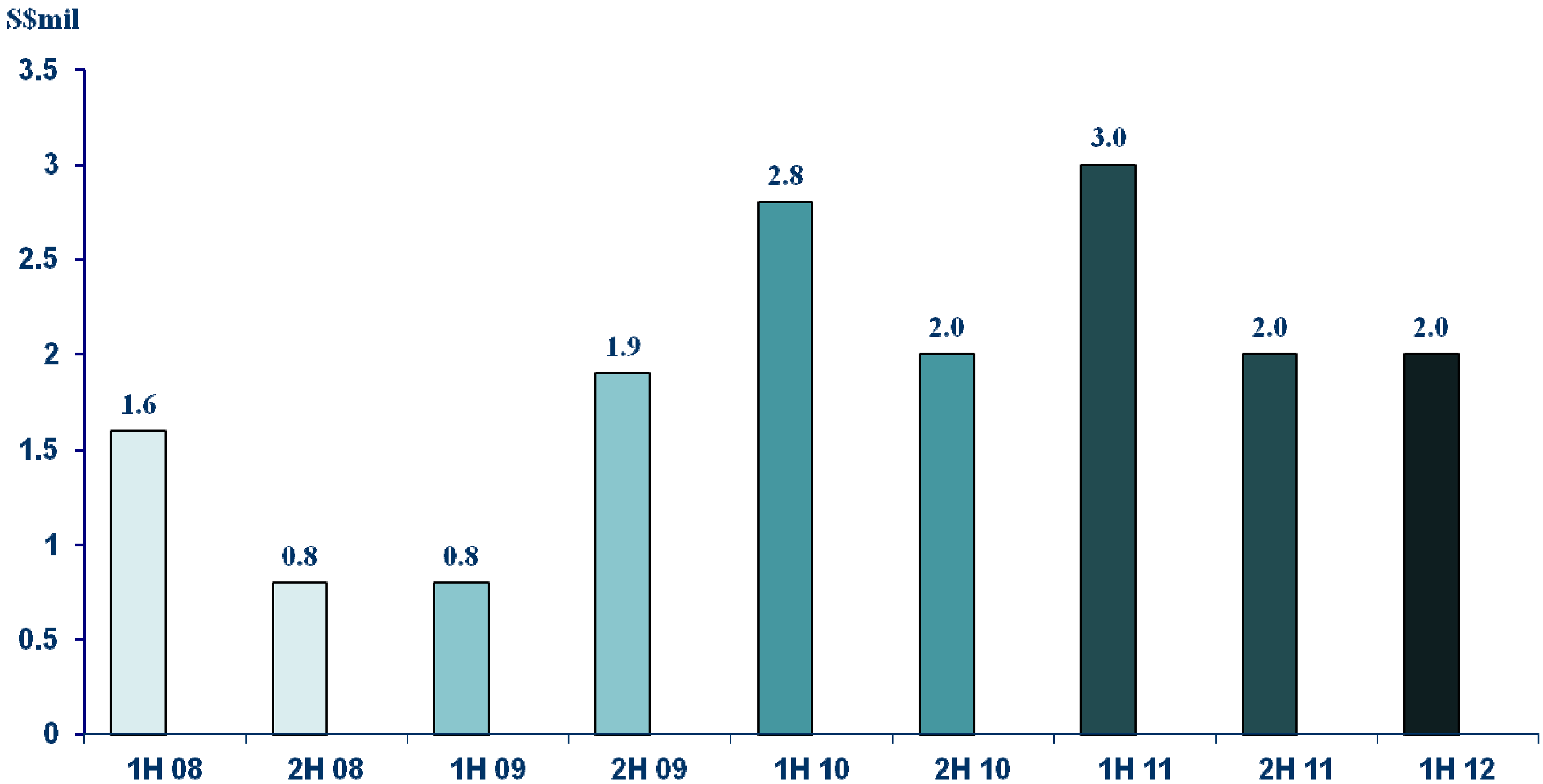
Net Profit After Tax Historical Trend

Record profit in FY2011 in spite of economic uncertainty



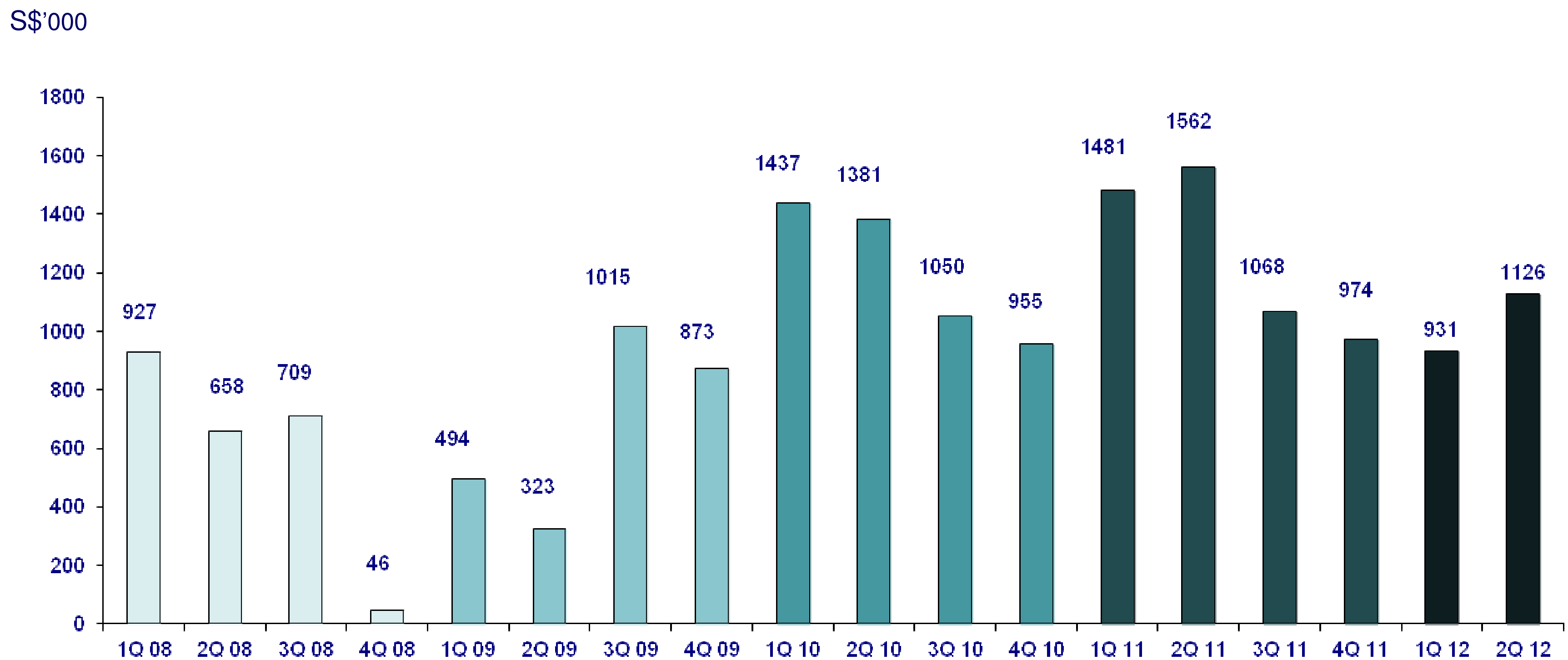
Half-yearly Net Profit After Tax

NPAT in 1H 12 impacted by plant expansion, new subsidiary in Australia and FX losses

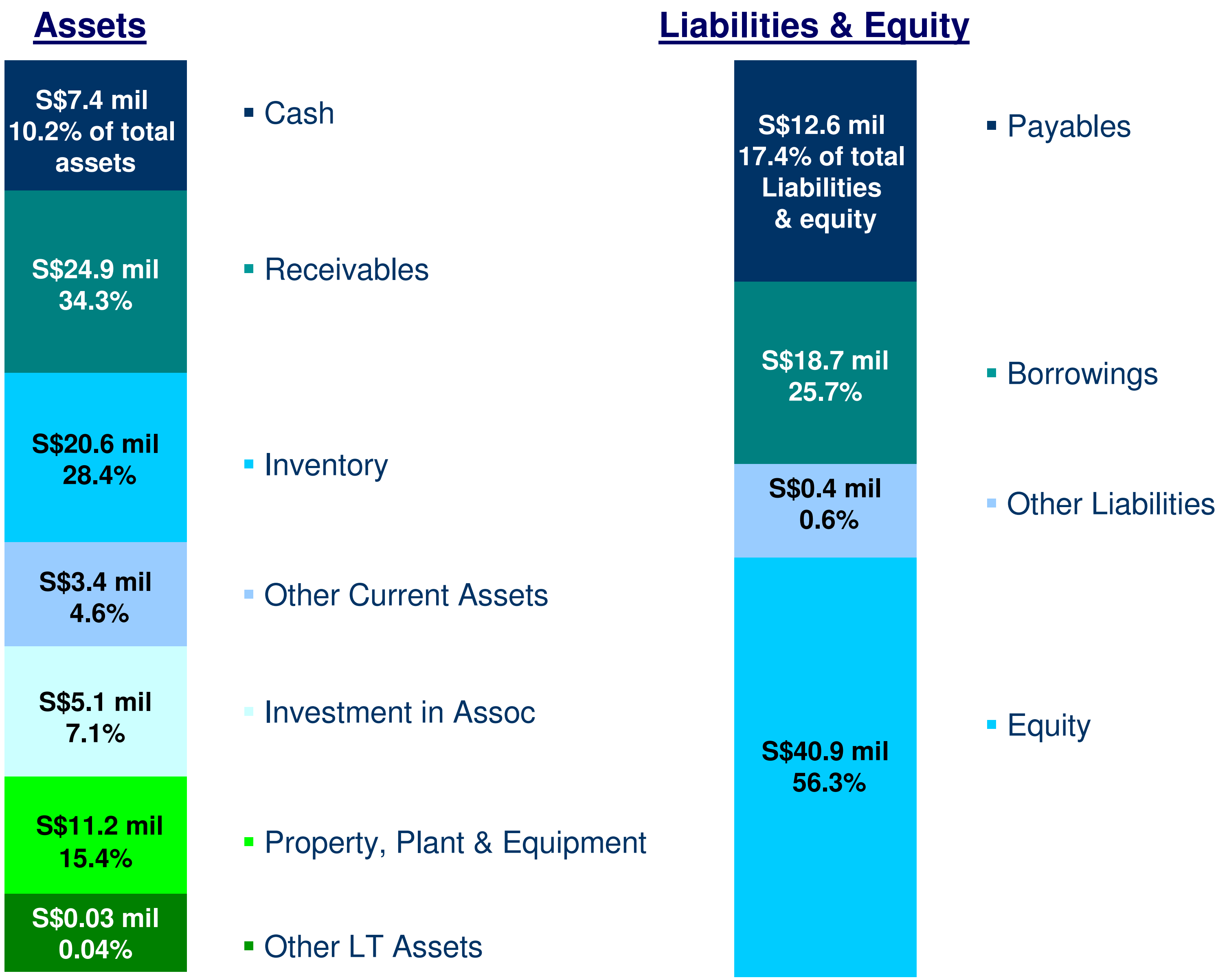


Quarterly Net Profit After Tax

Higher Sales in 2Q 12, bad debt recovery and lower FX loss led to higher 2Q 12 NPAT vs 1Q 12



Balance Sheet



Balance Sheet

S$'mil	2010	2011	1H 12	
Cash	6.8	7.6	7.4	
Cash/share (cents)	5.1	5.7	5.6	
Borrowings	9.7	15.3	18.7	Increase in borrowings for purchase of production equipment
Shareholders Equity	36.1	38.9	39.0	
Gearing (times)	0.27	0.39	0.48	Acceptable despite increase in borrowings
Current ratio (times)	2.4	2.4	2.1	Sound liquidity
Inventory	18.2	21.2	20.6	
Inventory T/O (days)	84	91	95	
Trade Receivables	22.8	21.8	24.4	
Trade Receivables T/O (days)	86	78	85	
Property, Plant & Equipment	3.5	9.0	11.2	Factory Expansion
NTA/share (cents)	27.1	29.2	29.3	

Cashflow

S$'mil	**2010**	**2011**	**1H 12**	
Cash from operating activities	(0.03)	3.4	0.4	Operating Cashflow before working capital changes – 2.5 Changes in working capital : Increase in Receivables – (3.2) Decrease in Inventory – 0.7 Increase in Payables – 1.3
Cash used in investing activities	(0.4)	(6.4)	(2.2)	Plant & Equipment – (2.3)
Cash from financing activities	0.8	4.0	1.8	Dividend paid – (1.3) Increase in borrowings – 3.4
Net increase/(decrease) in cash	0.3	0.9	(0.1)	
Ending Cash	6.8	7.6	7.4	

Financial Summary

P&L Summary

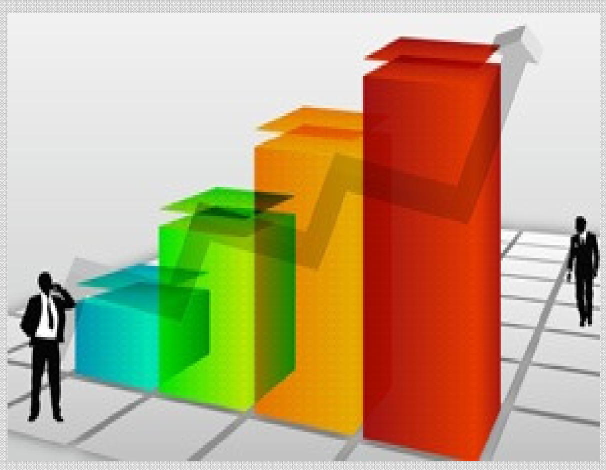
+ Sales marginally lower

+Higher operating expenses from factory expansion, investment in MegaChem Australia and FX losses in MegaChem India

→ Lower Profit

Balance Sheet Summary

- Higher borrowings
- Gearing higher
- Liquidity sound



Outlook 2012:

Managing External Challenges, Sustaining Growth

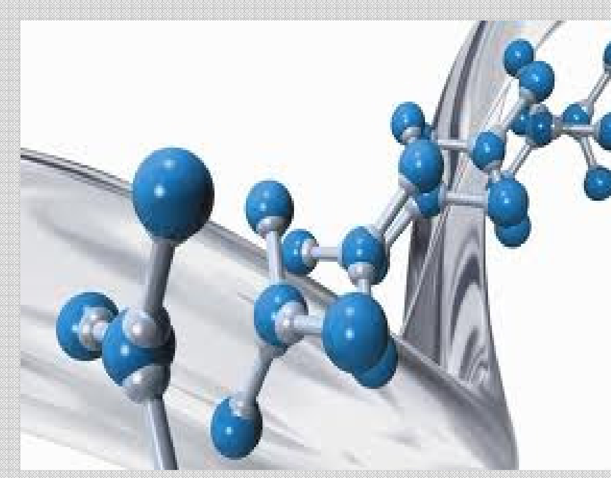
2H 2012

+ Debt concerns in Europe, sluggish US recovery and slower China growth will continue to cloud business sentiment

+ Chemical industry sensitive to economic activity

+ Contract Manufacturing activity is expected to pick-up following expansion of facility

Further deterioration in external conditions will have negative impact on our business



Long Term Prospects: Catalyst for Growth

Long Term Prospects

+ Global Economy more Asia-centric

+ Leveraging on strong Asian network to grow our distribution business

+ Expansion of Custom-blending facility will strengthen our business fundamentals

Long-term growth remains intact

Our Growth Drivers

Strong pan-Asian Network + **Manufacturing Expansion** → **Sustainable Business Model & Accelerated Growth**

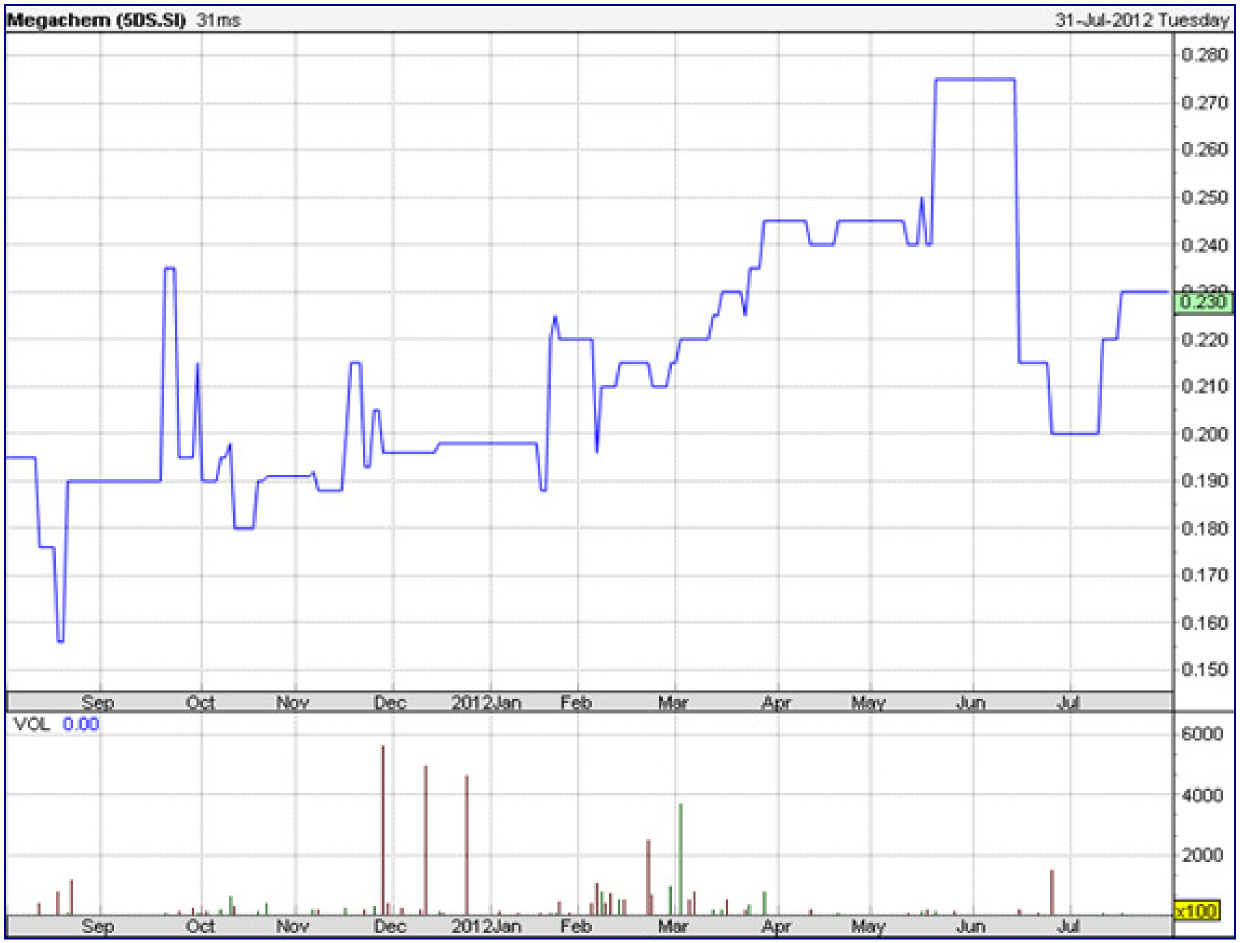
Share Performance: Enhancing Shareholders' Long Term Value

Share Statistics

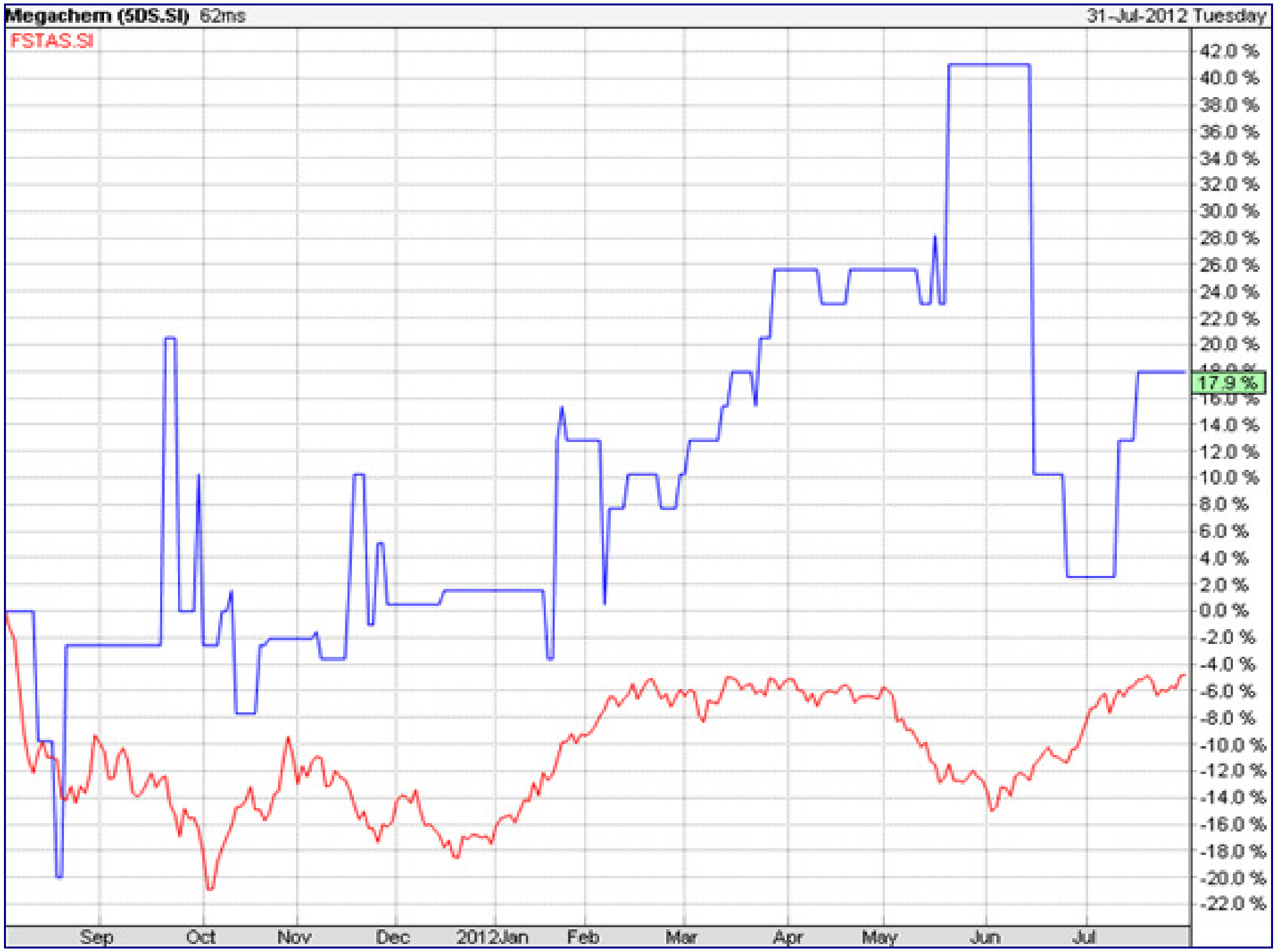
Share Information (as at 31 July 2012)

Listing Date	17-Oct-2003
IPO Price	28 cents
Historical High	68 cents
Historical Low	13 cents
52 weeks High	27.5 cents
52 weeks Low	15.6 cents
Price (as at 31 July 2012)	23.0 cents
No of Shares	133,300,000
Earnings per share FY2011 (cts)	3.64 cents
Historical P/E	6.3 x
Market Capitalisation	$30.6 mil
NTA/share (cents)	29.3 cents
Price/Book Ratio	0.78

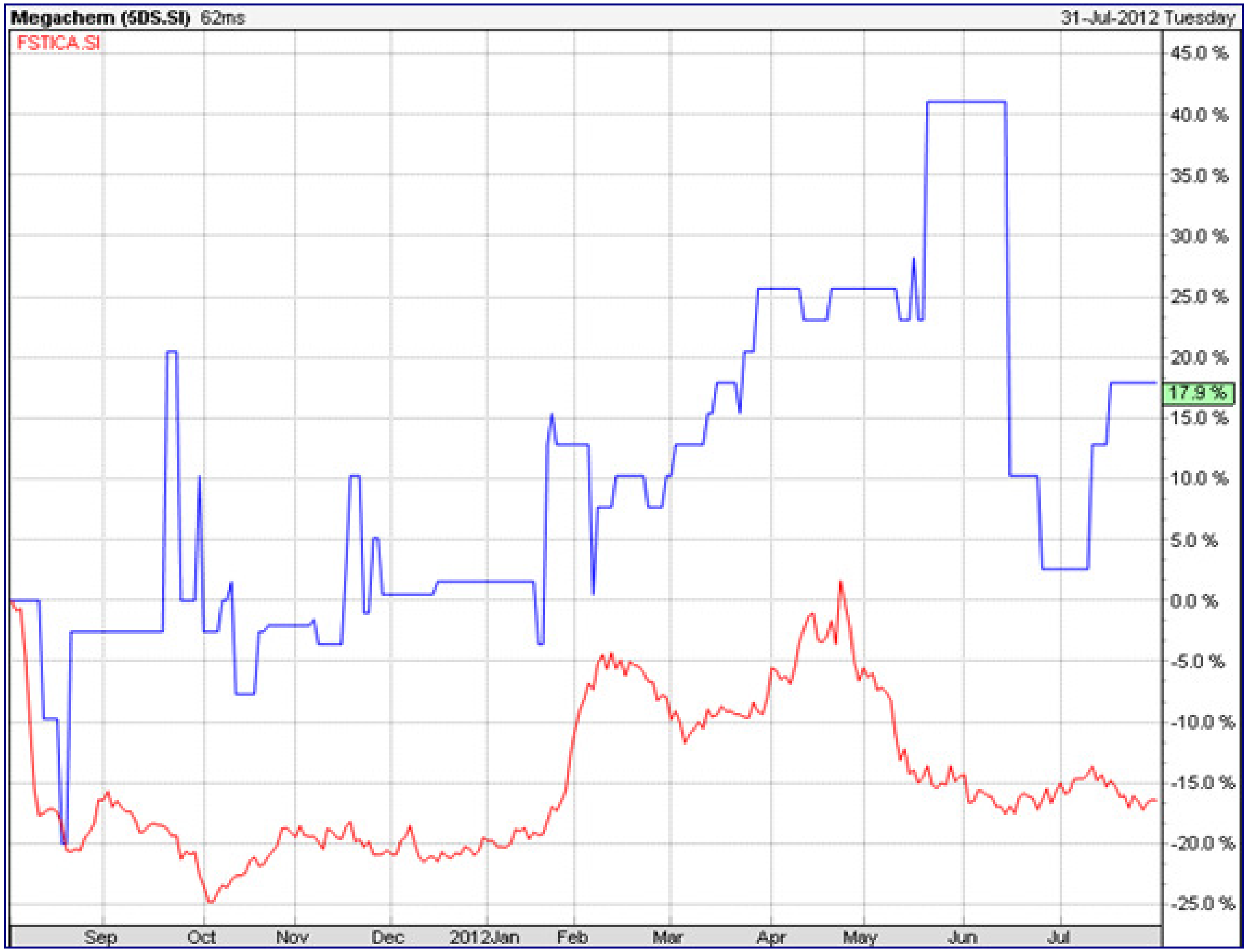
Share Price Performance



Share Price Performance vs ST All Shares



Share Price Performance vs Catalist



Dividend

	2003	2004	2005	2006	2007	2008	2009	2010	2011	1H 12
Price/share cts (as at 31 Dec)	**31.5**	**26.0**	**16.0**	**16.0**	**21.5**	**23.5**	**19.5**	**20.0**	**19.8**	**20.0***
Dividend / share (cents) - net	**0.56**	**0.864**	**0.576**	**0.81**	**0.595**	**0.40**	**1.00**	**1.20**	**1.3**	**0.3**
Dividend payout (%)-net	**23.1%**	**31.9%**	**30.2%**	**62.2%**	**35.1%**	**24.1%**	**50.6%**	**34.6%**	**35.7%**	**21%**
Dividend Yield (%)-net	**1.8%**	**3.3%**	**3.6%**	**4.9%**	**2.8%**	**2.0%**	**5.1%**	**6.0%**	**6.6%**	**1.5%****

* Share price for calculation of yield is based on 31 Dec price of the respective periods except for 1H 12 where it is based on price as at 30 June 2012.

** Yield is calculated based on 6 months period. It is not annualised.

Thank You

This presentation may contain forward-looking statements based on current assumptions and forecasts. Various known and unknown risks, uncertainties and other factors could lead to material differences between the actual future results, financial situation, development or performance of the company and the estimates given here. The company assumes no liability whatsoever to update these forward-looking statements or to conform them to future events or developments. You are cautioned not to place undue reliance on these forward looking statements.