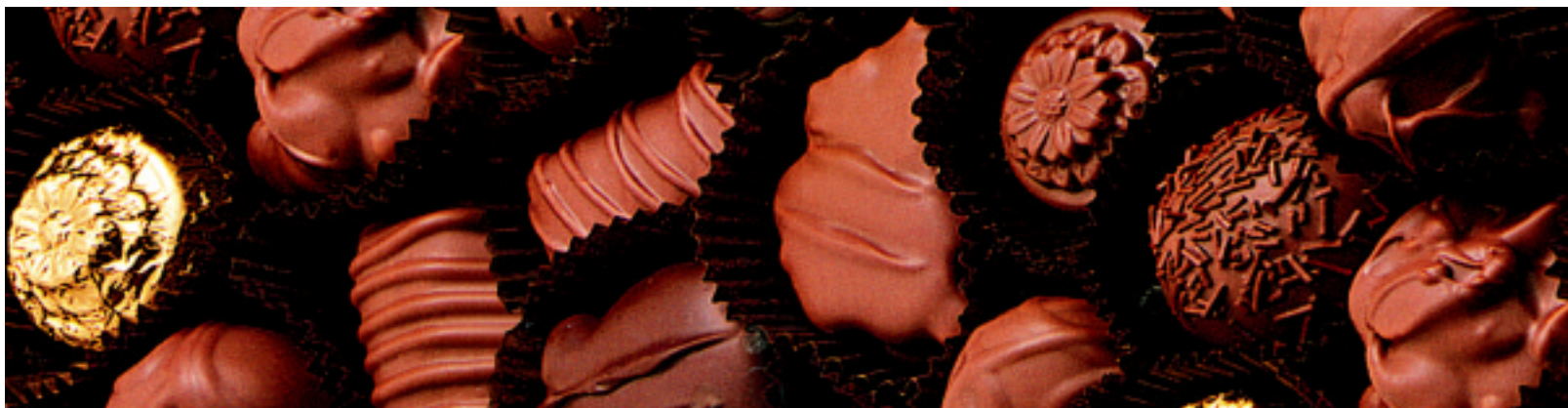


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Notice of First Annual General Meeting

NOTICE IS HEREBY GIVEN that the First Annual General Meeting of Premium Nutrients Berhad will be held at Imperial Room, 10th Floor Crown Princess Hotel , City Square Centre, Jalan Tun Razak 50400 Kuala Lumpur on Wednesday, 23 June 2004 at 10.00 a.m. for the following purposes : -

AGENDA

1. To receive and adopt the Audited Financial Statements for the year ended 31 December 2003 and the Directors' and Auditors' Reports thereon. (Resolution 1)
2. To approve the remuneration of the Directors for the year ended 31 December 2003. (Resolution 2)
3. To re-elect the following Directors retiring under the provisions of Article 87 of the Company's Articles of Association:-
 - (a) En Abdul Aziz Bin Mohamed Hussain (Article 87) (Resolution 3)
 - (b) Mr Agarwal Pares Nath (Article 87) (Resolution 4)
 - (c) Tuan Syed Mubarak Bin Syed Ahmad (Article 87) (Resolution 5)
4. To re-elect Mr Chiong Kok Seng retiring under the provisions of Article 94 of the Company's Articles of Association. (Resolution 6)
5. To consider and, if thought fit, to pass the following resolution pursuant to Section 129 of the Companies Act 1965:

"That Tan Sri Dato' Dr K R Somasundram who retires in accordance with Section 129(2) of the Companies Act, 1965 be and is hereby re-appointed as a Director of the Company and shall hold office until the next Annual General Meeting".

(Resolution 7)
6. To re-appoint the retiring Auditors, Messrs KPMG and to authorise the Directors to fix their remuneration. (Resolution 8)
7. To transact any other ordinary business of which due notice has been given.

BY ORDER OF THE BOARD
KALI DASS A/L ARUMUGAM
Secretary

Kuala Lumpur, 8th June 2004



NOTES:

- 1) A member of the Company entitled to attend and vote at the abovementioned meeting is entitled to appoint one proxy but not more than two proxies, to attend and vote in his stead. Such proxy need not be a member of the Company, and where there are two proxies, the number of shares to be represented by each proxy must be stated.*
- 2) The instrument appointing a proxy, in the case of an individual, shall be signed by the appointer or by his attorney duly authorised in writing, and in the case of a corporation, shall be either given under its common seal or under the hand of an officer or attorney of the Corporation duly authorised.*
- 3) The instrument appointing the proxy must be deposited to The Company Secretary, c/o Signet Share Registration Services Sdn Bhd at Level 26, Menara Multi Purpose, Capital Square, No. 8 Jalan Munshi Abdullah, 50100 Kuala Lumpur not less than forty-eight (48) hours before the time set for holding the meeting or any adjournment thereof.*

Statement Accompanying Notice of First Annual General Meeting



Pursuant to Paragraph 8.28(2) of the Bursa Malaysia Securities Berhad Listing Requirements

1. The Directors standing for re-election are:

- | | | |
|---|---|-----------------|
| a) Encik Abdul Aziz Bin Mohamed Hussain | - | Article 87 |
| b) Mr Agarwal Pares Nath | - | Article 87 |
| c) Tuan Syed Mubarak Bin Syed Ahmad | - | Article 87 |
| d) Mr Chiong Kok Seng | - | Article 94 |
| e) Tan Sri Dato' Dr K R Somasundram | - | Section 129 (2) |

The above named Directors except for Mr Agarwal Pares Nath & Tan Sri Dato' Dr K R Somasundram do not have any interests in the shares of the Company and its subsidiaries and their further details are furnished under profile of Directors on page 6 of the annual report. Details of Mr Agarwal Pares Nath & Tan Sri Dato' Dr K R Somasundram are disclosed under Analysis of Shareholdings on Page 71 & 72 of the annual report.

2. Details of the place, date and hour of the First Annual General Meeting are as follows:

<u>Place</u>	<u>Date</u>	<u>Hour</u>
Imperial Room, 10 th Floor Crown Princess Hotel, City Square Centre, Jalan Tun Razak 50400 Kuala Lumpur, Malaysia	23 June 2004	10.00 a.m.

3. Details of Directors' attendance at Board Meetings during the financial year are disclosed on page 10 of the annual report.

Corporate Information



Board of Directors

Chairman

Tan Sri Dato' Dr K R Somasundram
Non-Independent Non-Executive Director

Directors

Agarwal Pares Nath
Managing Director

Datuk Sahadivanaidu a/l Baliah
Non-Independent Non-Executive Director

Abdul Aziz bin Mohamed Hussain
Independent Non-Executive Director

Ab Rahim bin Mohd Zain
Independent Non-Executive Director

Subramaniam a/l Seenivasagam
Non-Independent Non-Executive Director

Dato' Faruk bin Othman
Non-Independent Non-Executive Director

Syed Mubarak bin Syed Ahmad
Independent Non-Executive Director

Chiong Kok Seng

Non-Independent Non-Executive Director

Group Company Secretary

Kali Dass a/l Arumugam

Registered Office

Level 27 Wisma Tun Sambanthan
Jalan Sultan Sulaiman
50000 Kuala Lumpur

Registrar

Signet Share Registration Services
Sdn Bhd
Level 26 Menara Multi Purpose
Capital Square
No. 8 Jalan Munshi Abdullah
50100 Kuala Lumpur

Stock Exchange Listings

Second Board - Bursa Malaysia
Securities Berhad

Bankers

Bumiputra-Commerce Bank Berhad
HSBC Bank Malaysia Berhad
RHB Bank Berhad
Bank Muamalat Malaysia Berhad

Solicitors

Messrs Sivananthan
Level 1A, Block B
Kompleks Pejabat Damansara

Jalan Dungun, Damansara Heights
50490 Kuala Lumpur

Auditors

KPMG
Level 14, Menara Ansar
65 Jalan Trus
80000 Johor Bahru
Johor Darul Takzim

Production Facilities

Premium Vegetable Oils Sdn Bhd
(formerly known as Premium Vegetable Oils Berhad) ("PVO")
PLO 66, Jalan Timah Dua,
Pasir Gudang Industrial Estate
81707 Pasar Gudang, Johor,
Malaysia

Malim Sawit Sdn Bhd ("MSSB")
Lot 3460, Malim of Layang -Layang
86000 Kluang
Johor, Malaysia

Arani Agro Oil Industries Ltd ("AAO")
New NFLL Park, New Port Area
ADB Road, 533003 Kakinada,
Andhrapradesh India.

Profile of Directors



Tan Sri Dato' Dr K R Somasundram
(74)

– was appointed as a director of PREMIUM on 9 April 2003. He is a planter by profession and is the promoter and Chairman of PVO since 1978 and 1992 respectively. In 1960, he joined National Land Finance Co-operative Society Limited (“NLFCS”), which is involved in plantation, real estate and manufacturing as Plantation Manager and was promoted to the position of General Manager in 1974. He was subsequently appointed as Chief Executive Officer in 1984. At present he holds the position of Executive Chairman of NLFCS. He also holds directorships in several private limited companies. He was awarded a PhD in Education from Newcastle University, Australia in August 2000.



Agarwal Pares Nath
(59)

– was appointed to the Board on 9th April 2003. He is a director of PVO since 31st March 1998 and assumed the position as Managing Director with effect from 1 January 1999. He graduated with Bachelor of Commerce (Honours) from St. Xavier's College, Calcutta, India in 1965, Master in Commerce (First Class Honours) from Calcutta University in 1968 and Degree in Law from University of Calcutta in 1969. He is also a qualified Chartered Accountant from the Institute of Chartered Accountants of India in May 1969. Simultaneously, he appeared for examinations conducted by Institute of Cost & Works Accountants of India and was awarded Gold Medal for obtaining highest marks in group three of final examination.

Mr. P.N. Agarwal has more than 30 years working experience including 26 years in the oils and fats industry. He joined Universal Electricals Ltd., Calcutta as an accountant from 1969 to 1970, and was subsequently promoted to Chief Accountant before he joined Ajax Business Services Ltd (“Ajax”) as Treasurer and Group Financial Controller in 1973. Upon his resignation from Ajax in 1978, he joined Nalin Industries Sdn Bhd (“Nalin”), a multinational company having interest in Malaysia, Singapore, UK, Nigeria, Liberia and USA as a Vice President. The principal activities of Nalin are those of manufacturing, processing, marketing and distribution of edible oils and plantations. He was subsequently promoted to Senior Vice President and finally to Group Managing Director in Nalin. He also held directorships and the position of Vice Chairman in a number of Nalin's related companies in Malaysia, Singapore, UK, USA and Nigeria. He left Nalin for Chloride Eastern Industries Ltd., Singapore in 1991. He served as the Managing Director up to 1992 where he oversaw operations in India, Australia, Indonesia, Dubai and Sri Lanka.

Since the end of 1992, he served as an Executive Director of Seven (M) Management Service Sdn Bhd (“SMSB”), a management company which managed various manufacturing units such as PVO, MSSB (a division of PVO then), Minsawi Industries (KK) Sdn Bhd, Status Point Sdn Bhd and Natlead (M) Sdn Bhd. The company is also engaged in cross country investment promotion in Egypt and Switzerland. He joined PVO as Managing Director on 1 January 1999.



Datuk B. Sahadivanaidu
(52)

– was appointed to the Board on 9th April 2003. He is a Director of PVO since 31st March 1998. He joined NLFCS in 1972 and through the ranks moved to the estate division eventually attaining the position of General Manager. He was promoted to the post of Chief Executive Officer of NLFCS in 1995 and holds the position to date. He obtained a Diploma in Management from the Malaysian Institute of Management in 1984 and a higher Diploma in Law from the University of Wolverhampton, United Kingdom (“UK”) in 1993. He subsequently obtained a Masters Degree in Management from Wamborough University, UK in 1999.



Abd Aziz bin Mohamed Hussain
(53)

– was appointed to the Board on 9th April 2003. He was appointed to the Board of PVO on 7th April 1989. He obtained his Bachelor of Business Administration from University of Singapore, Singapore in 1973. From 1973 to 1974, he was with Sembawang Shipyard Ltd., Singapore as an Organisation and Methods Analyst. He was with Pica S.A., Indonesia and Singapore from 1974 to 1976 as an Assistant Representative and an Investment Officer respectively. He furthered his studies and received a Post Graduate Diploma in Management Studies from the University of Chicago in 1978.

En Aziz was a Managing Director of Pica (M) Corporation Berhad (“PMCB”) from October 1992 until he retired on 4th June 1999.



Ab Rahim bin Mohd Zain
(65)

– was appointed to the Board on 9th April 2003. He was appointed to the Board of PVO on 21st November 1994. He joined the Malaysian Civil Service in 1963 as the Assistant State Secretary of Perak. In 1968, he moved on to be the Senior Training Officer of the Government Staff Training Center, later named INTAN. In 1969, as Assistant Secretary of the National Operations Council, Prime Minister’s Department, he was assigned to set up the Secretariat for the National Operations Council together with five others officers from the civil service National Operations Council, Prime Minister’s Department. In 1972, he became the Deputy Director, Implementation, Coordination and Development Administration Unit of the Prime Minister’s Department, later named ICU. From there, he was seconded to manage the Malaysian Fisheries Development Authority as Deputy Chairman of the organisation. In 1977, he moved on to become the Deputy State Secretary of Selangor and then moved on to hold a similar post in Perak. Concurrently, he was also the Director of State Economic Planning Unit. He moved back to Kuala Lumpur in 1984 and became the Director General of the Socio-Economic Research Unit, Prime Minister’s Department. In 1988, he was seconded as the Director General of the Palm Oil Registration and Licensing Authority, Malaysia. He retired from the civil service in 1994. For his services in Perak, he was awarded the Paduka Chura Simanjakini in 1979.



Subramaniam a/l Seenivasagam
(66)

He was appointed to the Board on 9th April 2003. He is a director of PVO since 13th April 1993. He is an accountant by profession having completed his Australian Society & Accountants Professional Exams in 1961. Upon completing his professional exams, he served in the private sector for a brief period before he joined MIDA in 1966 as Deputy Director of the Tariff Division. He was then promoted to Director in MIDA in 1973 where he was responsible for setting up the MIDA office in San Francisco for promoting investments from the West Coast of the USA and Western Canada in the manufacturing sector in Malaysia. From 1978 to 1986, he was appointed as Project Director at MIDA headquarter. He also took part in the formulation of Malaysia's First Industrial Master Plan, where MIDA played a major role. His last posting Trade Commissioner ("Investment") at MIDA, London from 1986 to 1991. He retired from MIDA in 1992 and joined the private sector.

Since May 1994, he served as Director of Corporate Affairs in Mahkota Technologies Sdn Bhd. He also sits on the Board of NLFCS as well as on some of its subsidiaries/ associates.



Dato' Faruk bin Othman
(56)

– was appointed to the Board on 9th April 2003. He graduated in business studies from North East Essex College, England and has completed a Post Graduate Diploma in Management Studies from Brighton Polytechnic University of Sussex, England in 1971. He has over 30 years of experience in the financial sector comprising the stock broking and banking sectors. He is also the Executive Chairman of Furqan Business Organisation Berhad.



Syed Mubarak bin Syed Ahmad
(61)

– was appointed to the Board on 9th April 2003. He commenced his working career at the Inland Revenue Board (“IRB”) in 1967. After 5 years of service with the IRB, he joined Hanafiah Raslan & Mohamad, Chartered Accountants where he worked as a tax manager for another 5 years before he set up his own accounting/audit firm, Syed Mubarak & Co. Chartered Accountants in 1977. He retired from his accounting practice in 1999.

Syed Mubarak is a member of the Association of Chartered Certified Accountants (UK) and the Institute of Chartered Secretaries & Administrators (UK). He is also a member of the Malaysian Institute of Accountants and the Malaysian Institute of Taxation.

Syed Mubarak is currently practicing as an advocate and solicitor. He holds bachelors and masters degrees in law (LLB, LL.M) both from University of London. He is also a barrister-at-law of Lincoln’s Inn.



Chiong Kok Seng
(50)

– was appointed to the Board on 22nd December 2003. He graduated with a Bachelor of Business Administration from University of Hawaii in 1982 and a Master of Business Administration from Chaminade University of Honolulu, Hawaii in 1983. He is currently the Vice-President of PMCB, a public listed company which is principally involved in investment holding, providing mezzanine capital, equity financing and providing financial and investment advisory services. He has 14 years of experience in investment, providing investment and advisory services. He holds directorships in private limited companies. Prior to joining PMCB in 1998, he was a Credit Supervision Officer of a finance company.

Statement of Corporate Governance

The Board of Directors (“the Board”) of Premium Nutrients Berhad is fully committed to the principles of corporate governance in the Malaysian Code on Corporate Governance (“the Code”). The Board is pleased to report on the manner the Group has applied the principles and the extent of compliance with the best practices of corporate governance as set out below.

The Board of Directors

The Board has the overall responsibility for corporate governance, direction, formulation of policies and overseeing the investment and business of the Group. Board meetings were held during the financial year ended 31 December 2003. Details of attendance by Directors are as follows:

Directors	No. of meetings held during appointment	No. of meetings attended
Tan Sri Dato' Dr K R Somasundram	6	5/6
Datuk Sahadivanaidu a/l Baliah	6	6/6
Agarwal Pares Nath	6	6/6
Dato' Faruk Bin Othman	6	6/6
Ab Rahim Bin Mohd Zain	6	6/6
Abdul Aziz Bin Mohamed Hussain	6	3/6
Chiong Kok Seng	6	4/6
Syed Mubarak Bin Syed Ahmad	6	5/6
Subramaniam a/l Seenivasagam	6	6/6
Dr Subramaniam a/l Arjunan	6	5/6
Dato' Ngu Tieng Ung	6	1/6



Board Balance

The Board currently has nine (9) members, comprising of one (1) Executive Director and eight (8) Non-Executive Directors with three (3) of the Directors being Independent Directors which complies with the Bursa Malaysia Securities Berhad Listing Requirements ("Bursa Malaysia Listing Requirements") on Board composition.

Together, the Board has a good mix of business, financial, banking, administration and technical expertise and experience to lead and control the Group. A brief profile of each Directors are presented on pages 6 to 9 of the Annual Report.

The roles of the Chairman and Managing Director are separated. The Board delegates the authority of implementing its policies and decisions, overseeing the operations and business development to the Chief Executive Officer as the head of the management of the Group.

The presence of the three Independent Non-Executive Directors with En. Ab Rahim Bin Mohd Zain being the Senior Independent-Non Executive Director fulfilling a pivotal role in corporate accountability. Although all the Directors have an equal responsibility for the Group's operations, the role of these Independent Non-Executive Directors is particularly important as they provide unbiased and independent views, advice and judgement.

There is a schedule of matters reserved for the Boards decision, which includes the approval of annual budget, major investment and financial decisions and key policies.

To facilitate the smooth transaction of business within the Company, the Board has established three (3) Board committees, namely the Audit Committee, the Nomination Committee and the Remuneration Committee. The terms of reference of each Committee have been approved by the Board and where applicable, comply with the recommendations of the Code.

Directors' Remuneration

The Company's Directors' aggregate remuneration from the Group categorized into appropriate components for the financial year are as follows:

Aggregate Remuneration

Remuneration	Executive Directors RM'000	Non-Executive Directors RM'000	Total RM'000
Fees	23	198	221
Salaries	600	-	600
EPF & Socso	77	-	77
Allowance	-	-	-
Bonus	44	-	44
Benefits-in-kind	80	-	80
Consultation Fees	-	-	-
Total	824	198	1,022

Analysis of Remuneration

Total Remuneration	Number of Executive Directors	Number of Non-Executive Directors	Total
RM 0 to RM 50,000	-	8	8
RM 50,001 to RM 900,000	1	-	1
Total	1	8	9

There is only one Executive Director whose remuneration details has been disclosed as above. It was not felt necessary to give break-up of remuneration of Non-Executive directors which is not significant.



Remuneration Committee

Members of the Remuneration Committee are:

Tan Sri Dato' Dr K R Somasundram
(Non-independent, Non-executive Director)
(Appointed on 21st November 2003)

Subramaniam a/l Seenivasagam
(Non-independent, Non-executive Director)
(Appointed on 21st November 2003)

Dr Subramaniam a/l Arjunan
(Independent, Non-executive Director)
(Appointed on 21st November)

The Committee is responsible for making recommendations on the remuneration of executive directors. The determination of remuneration packages of Non-executive Directors is the responsibility of the Board as a whole.

Appointment to the Board

Nomination Committee

Members of the Nomination Committee are:

Tan Sri Dato' Dr K R Somasundram
(Non-independent, Non-executive Director)
(Appointed on 17th December 2003)

Datuk Sahadivanaidu a/l Baliah
(Non-independent, Non-executive Director)
(Appointed on 17th December 2003)

En Abdul Aziz Bin Mohamed Hussain (Independent, Non-executive Director)
(Appointed on 17th December 2003)

The Committee is responsible for proposing new nominees to the Board and to assess the contribution of each individual Director and the overall effectiveness of the Board on an on-going basis. The final decision as to who shall be appointed as a Director remains the responsibility of the full Board after considering the recommendations of the Committee.

Re-election of Directors

The Company's Articles of Association stipulate that newly appointed Directors shall hold office until the next Annual General Meeting and shall then be eligible for re-election by shareholders and that at least one third or the number nearest to one third of the Directors are required to retire by rotation at every Annual General Meeting and be subject to re-election by shareholders.

Supply of information

The Board is supplied with all necessary information by way of Board papers prior to Board meetings.

The Directors have access to the advice and services of the Company Secretary to assist them in furtherance of their duties. The Directors may obtain independent professional advice on special issues at the Company's expense to enable the Directors to discharge their duties with adequate knowledge on the matters being deliberated.

Directors' training

The Group acknowledges that continuous education is vital for the Board to discharge their responsibilities effectively. Besides attending seminars and conferences, all the Directors have attended Mandatory Accreditation Programme ("MAP") organised by the Bursa Malaysia Securities Berhad ("Bursa Malaysia").



Relationship with shareholders

The Board acknowledges the need for shareholders to be informed of all material business matters affecting the Group. Announcements and release of financial results on a quarterly basis provide the shareholders and investing public with an overview of the Group's performance and operations.

The Annual General Meeting and Extraordinary General Meetings provide a means of communication with shareholders. The Board as well as the Auditors of the Company are present to answer questions raised at the meetings. The Board talks to the shareholders informally before and after the meetings.

ACCOUNTABILITY AND AUDIT

Financial reporting

In presenting the annual financial statements and quarterly announcements of its results, the Board ensured that they present a balanced and understandable assessment of the Group's position and prospects.

Directors responsibility statement

The Board is responsible for ensuring that the financial statements give a true and fair view of the state of affairs of the Group and the Company as at the end of the accounting period and of their profit and loss and cash flows for the period then ended. In preparing the financial statements, the Directors have ensured that applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965 have been applied.

Internal control

The Directors acknowledge the responsibility of maintaining a good and efficient system of internal control, including risk management and the need to review its effectiveness regularly. The system is designed to mitigate and manage risk in the pursuit of the business objectives as well as safeguard the Group's assets and shareholders' investment in the Group. However, such system can only provide reasonable but not absolute assurance against mis-statement, fraud or loss.

Relationship with auditors

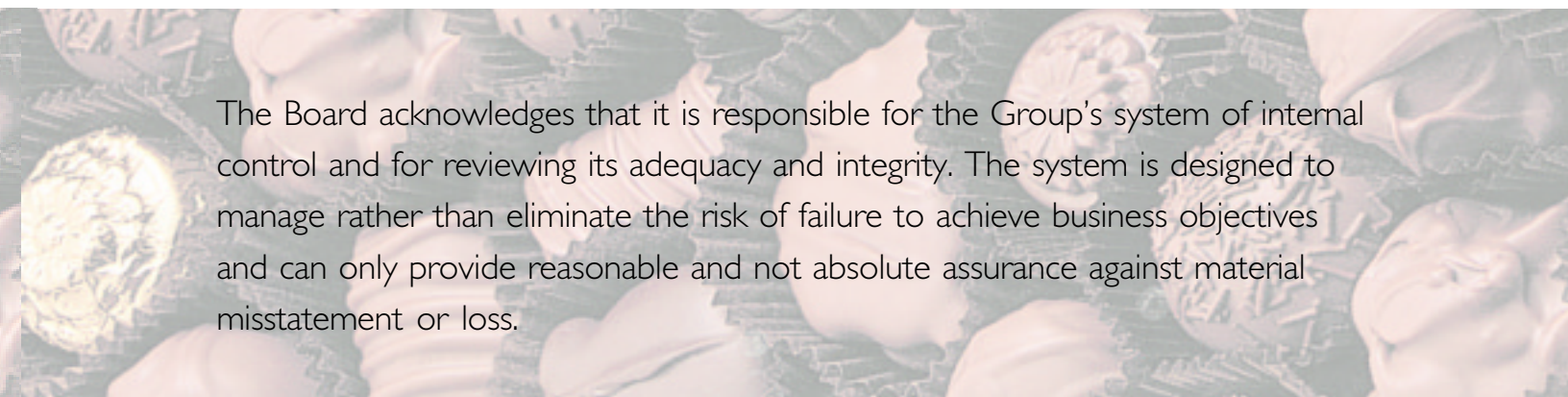
The Company maintains a transparent relationship with the external auditors in seeking their professional advice and towards ensuring compliance with the accounting standards. The Company is in the process of selecting a professional accounting firm of repute to be appointed as an internal auditor.

Compliance with the Malaysian Code of Corporate Governance.

Premium has complied with the Malaysian Code throughout the financial year under review except for the appointment of the Internal Auditors given that the Company was just listed in the month of August 2003.

Signed on behalf of the Board in accordance with their resolution dated 27th April 2004.

Statement of Internal Control



The Board acknowledges that it is responsible for the Group's system of internal control and for reviewing its adequacy and integrity. The system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The system includes controls of a financial, operational, organisational and compliance nature. However, during the financial year under review, the Board has not formalized the ongoing process for identifying, evaluating, monitoring and managing the significant risks faced by the Group. In view of the essentiality to have an effective risk management practice and to maintain a sound system of internal control, the Group has established a Business Management Committee, of which its members consists of all the profit managers from various operating units within the Group and chaired by the Group Managing Director subsequent to the financial year-end.

The Board ensures that the system is operating properly to safeguard the shareholders' investment and the Group's assets. The Board through the Audit Committee reviews the effectiveness, adequacy and the integrity of the system of internal control.

The key elements of the Group's system of internal control are as follows:

- There is in place all organisation structure which formally defines lines of responsibility and delegation of authority.
- Established strategic planning and budgeting process requiring all operating units to prepare annual operating budget including capital and manpower budgets. The Board reviews and approves the budgets.
- Effective reporting systems are in place for monthly performance and variance reports for review by management.

- Actual performance compared with budget and previous year is reviewed quarterly with detailed explanation of any material variances.
- Policies and procedures of most operating units are documented and updated regularly to meet changing business environment.
- Clearly defined approving authority of the managers and executives within the Group.
- The Group's system of internal control does not apply to associated companies because the Group does not have full management and control over them.

The external auditors contribute an independent perspective on certain aspects of the internal operating and financial control system arising from their work to the Audit Committee by way of Management Letter.

This statement is made in accordance with a resolution by the Board dated 27th April 2004.

Report of Audit Committee

The Board of Directors is pleased to present the report of the Audit Committee for the financial year ended 31 December 2003.

COMPOSITION

The present Audit Committee comprises of three (3) members of whom two (2) are Independent Non-Executive Directors and one (1) is Executive Director.

MEMBERSHIP AND MEETINGS

Since the Company was listed on 1st August 2003, a total of two (2) meetings were held during the year. Details of attendance of each Audit Committee member are as follow:

	Number of Meetings attended
Ab Rahim Bin Mohd Zain (Chairman- Independent Non-Executive Director)	2/2
Syed Mubarak Bin Syed Ahmad (Member – Independent Non-Executive Director)	2/2
Agarwal Pares Nath (Managing Director)	2/2

SUMMARY OF ACTIVITIES

During the financial year ended 31 December 2003, the activities of the Audit Committee include review of:

- i) the quarterly and year-end financial statements and recommend the same to the Board for approval and announcements to the Bursa Malaysia Securities Berhad (“Bursa Malaysia”) and Securities Commission.
- ii) the Company’s compliance in particular the quarterly and year end financial statements with the accounting standards issued by Malaysian Accounting Standards



Board and the Listing Requirements of the Bursa Malaysia;

- iii) matters relating to corporate governance in compliance with the Listing Requirements of the Bursa Malaysia and the Malaysian Code on Corporate Governance;
- iv) related party transactions and the procedures in relation thereto
- v) the risk management policy and methodology of the risk management framework.

1. CONSTITUTION

On 9th April, 2003 the Board of Directors resolved to establish a committee of the Board to be known as Audit Committee (AC).

2. OBJECTIVES

The objectives of the Audit Committee is to assist the Board of Directors in fulfilling its fiduciary responsibilities relating to internal control, corporate accounting and reporting practices of the Company and its subsidiaries ("Group"). The Audit Committee will endeavor to adopt certain practices aimed at maintaining appropriate standards of responsibility, integrity and accountability to the Company's shareholders thereby strengthening the confidence of the public in the Group's reported results.

3. COMPOSITION

The AC is made up of the following members:

- Ab Rahim bin Mohd Zain
Chairman of AC,
Independent Non Executive Director
- Syed Mubarak bin Syed Ahmad
Independent Non Executive Director
- P N Agarwal
Member, Group Managing Director

Terms of Reference

On 18th November 2003 the Board resolved to adopt the following terms of reference for the AC to be in line with Bursa Malaysia Listing Requirements.

A. Composition :

The AC shall be appointed by the Board of Directors from amongst its members and shall comprise at least three (3) Directors. The majority of the members of the AC shall be Independent Non-Executive Directors.

At least one member of the AC shall be a member of the Malaysian Institute of Accountants or a person approved under Section 15.10(1)(c)(ii) of the Bursa Malaysia Listing Requirements. No Alternate Director shall be appointed as a member of the AC.

The Chairman of the AC shall be elected from amongst the members and he shall be an Independent Director. If a member of the Audit Committee resigns or for any reason ceases to be a member which result in the number of members less than the required number of



three (3), the Board shall within three (3) months of that event, appoint such number of new members as may be required to make up the minimum number of members. All members of the AC including the Chairman shall hold office until otherwise determined by the Board or until they cease to be a Director of the company.

One of the companies Secretaries shall be the secretary of the Audit Committee.

B. Functions:

The AC shall discharge the following functions:

- i. Review the following and report same to the Board of Directors of the Company:-
 - i. with the external auditors, the audit plan, the scope of work and ascertain that it will meet the needs of the Board, the shareholders and the authorities;
 - ii. with the external auditors, their evaluation of the quality, effectiveness and the integrity of the Group's systems of internal control;
 - iii. with the external auditors, their audit report including management letter on internal control weakness and the management's response thereof;
 - iv. the assistance given by the employees of the Company to the external auditors;
 - v. the adequacy of the scope, functions and resources of the internal audit functions and that it has the necessary authority to carry out its work;
 - vi. the internal audit program, processes, the results of the internal audit program, process and investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
 - vii. the quarterly results and year end financial statements, prior to the approval by the Board of Directors, focusing particularly on:
 - a. changes in or implementation of major accounting policy changes;
 - b. significant and unusual events;
 - c. compliance with accounting standards and other requirements, and the going concern assumption; and
 - d. the accuracy and adequacy of the information disclosed.
 - viii. any related party transactions and conflict of interest situations that may arise within the Group and with any related parties outside the Group including any transaction, procedure or course of conduct that raises questions of management integrity;
 - ix. any letter of resignation from the external auditors of the Company;
 - x. whether there is a reason (supported by grounds) to believe that the Company's external auditors are not suitable for reappointment;
 - xi. nomination of external auditors and to fix their terms of appointment and remuneration;



- xii. review controls relating to financial and operational matters including matters relating to compliance of Risk Management
- xiii. reviewing financial report for publication with a view to ensure that such report is balance and fair
- xiv. examining any areas of disagreement between Management & External Auditors with regards to presentation and content.
- xvi. to review Financial Reports
(The Committee should ensure that change in accounting policy are soundly based and disclosed, unusual items and trend are adequately explained accounts are prepared according to accounting standards and legal disclosure requirements.)
- xvii. any other matters as directed by the Board of Directors from time to time.

C. Authority

In discharging the above functions AC shall at the cost of the Company:

- i. have the authority to investigate any matter within its terms of reference;
- ii. have the resources which are required to perform its duties;
- iii. have full and unrestricted access to any information pertaining to the Group;
- iv. have direct communication channels with the external auditors and person carrying out the internal audit function;

- v. be able to obtain independent professional and other advices and to secure the attendance of outsiders with relevant experience and expertise if it considers necessary; and
- vi. be able to convene meeting with the external auditors excluding the attendance of the executive member of the Audit Committee, whenever deemed necessary;

D. Meetings

The AC shall meet at least four (4) times a year and hold such additional meetings as the Chairman shall decide in order to fulfill its duties. However, at least once a year the AC shall meet with the external auditors without executive Board members present. In addition, the Chairman may call a meeting of the AC if a request is made by any committee member, the Company's Chief Executive, or the internal or external auditors.

The Company Secretary or other appropriate senior official shall act as secretary of the Audit Committee and in conjunction with the Chairman, shall be responsible, for drawing up the agenda and circulating the necessary documents to committee members prior to each meeting.

The Secretary shall also be responsible for keeping the minutes of meetings of the AC and circulating them to committee members and the other members of the Board of Directors.

A quorum shall consist of a majority of independent directors.

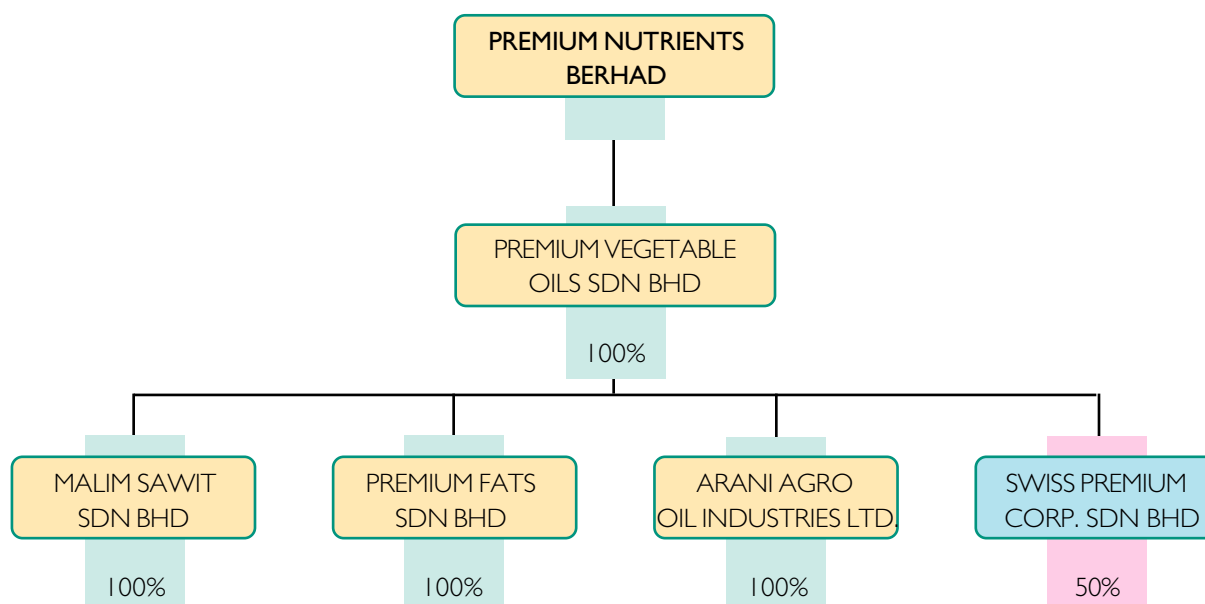


By invitation of the AC, the Company must ensure that other directors and employees attend any particular audit committee meeting specific to the relevant meeting. Decision of the AC shall be by a majority vote. When necessary, the Chairman, or if he is absent, the Chairman of the meeting elected from amongst the members attending the meeting shall have a second and casting vote. The AC may invite other Directors and employees of the Company and its subsidiaries to attend any meeting as it deemed fit.

E. Minutes

Minutes of each meeting, signed by the Chairman of the meeting at which the proceedings were held or by the Chairman of the next succeeding meeting, shall be deemed a correct recording of the proceedings thereat without any further proof of the fact stated thereof. The minutes shall be kept by the Secretary. Copies of the minutes shall be distributed to all members of the AC and the Board of Directors for information.

Premium Group Structure



Principle activity of all the group companies

Premium Vegetable Oils Sdn Bhd

Manufacturing and sales of speciality oils and fats based on palm kernel oil, palm oil, coconut oil, rapeseed oil and soyabean oil including those refined and fractionated.

Malim Sawit Sdn Bhd

Processing of oil palm fruits, refining of palm oil and sale of refined products along with its by products.

Premium Fats Sdn Bhd

Manufacturing of downstream products, e.g. margarine

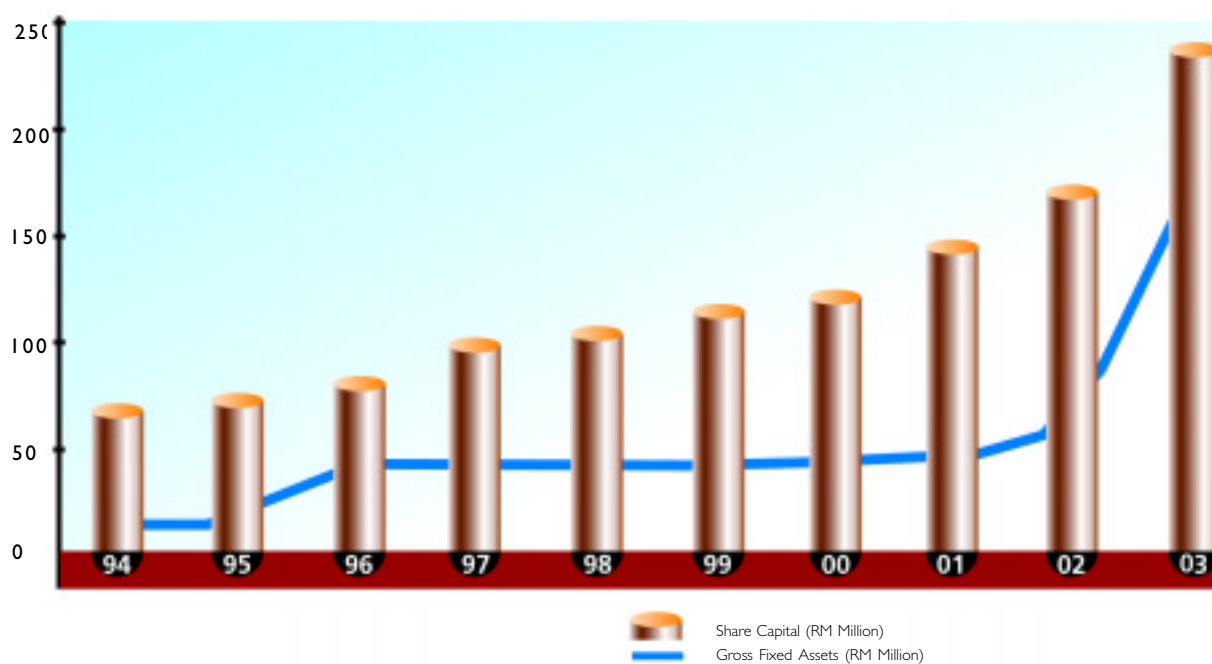
Arani Agro Oil Industries Ltd.

Manufacturing and processing of sunflower oil, soyabean oil, palm oil olein, rice and speciality fats.

Swiss Premium Corporation Sdn Bhd

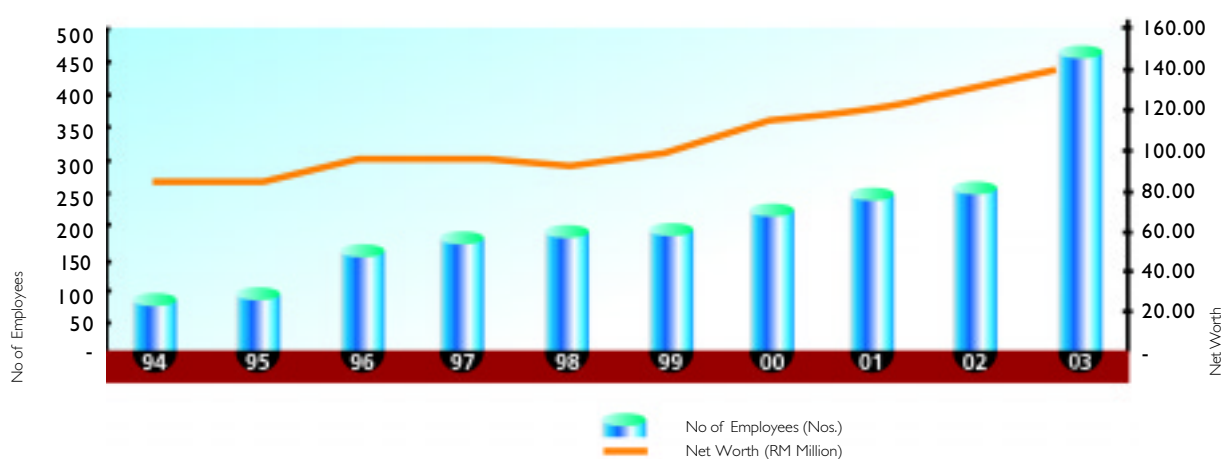
General Trading of oils and fats.

Premium Group Statistics



Year	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Share Capital (RM Million)	1381	1381	3990	3990	3990	3990	3990	3990	54.86	168.50
Gross Fixed Assets (RM Million)	66.97	71.46	79.12	95.12	100.33	109.32	115.73	140.10	165.84	229.60
No. of Employees (Nos.)	283	284	315	315	307	322	371	389	418	454
Net Worth (RM Million)	27.04	30.08	50.80	57.82	60.91	60.37	71.26	78.10	82.23	147.87

SHARE CAPITAL



Year	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Share Capital	1381	1381	39.90	39.90	39.90	39.90	39.90	39.90	54.86	168.50
NTA pershare (RM)	1.96	2.18	1.27	1.45	1.53	1.51	1.79	1.94	1.49	0.36
NTA (RM Million)	2704	3009	50.80	57.83	60.92	60.37	71.26	77.24	81.52	120.54
Gross Fixed Assets (RM Million)	6697	71.46	79.12	95.12	100.33	109.32	115.73	140.10	165.84	229.60
No. of Employees (Nos.)	283	284	315	315	307	322	371	389	418	454
Net Worth (RM Million)	2704	30.08	50.80	57.82	60.91	60.37	71.26	78.10	82.23	147.87