

Chairman's Statement



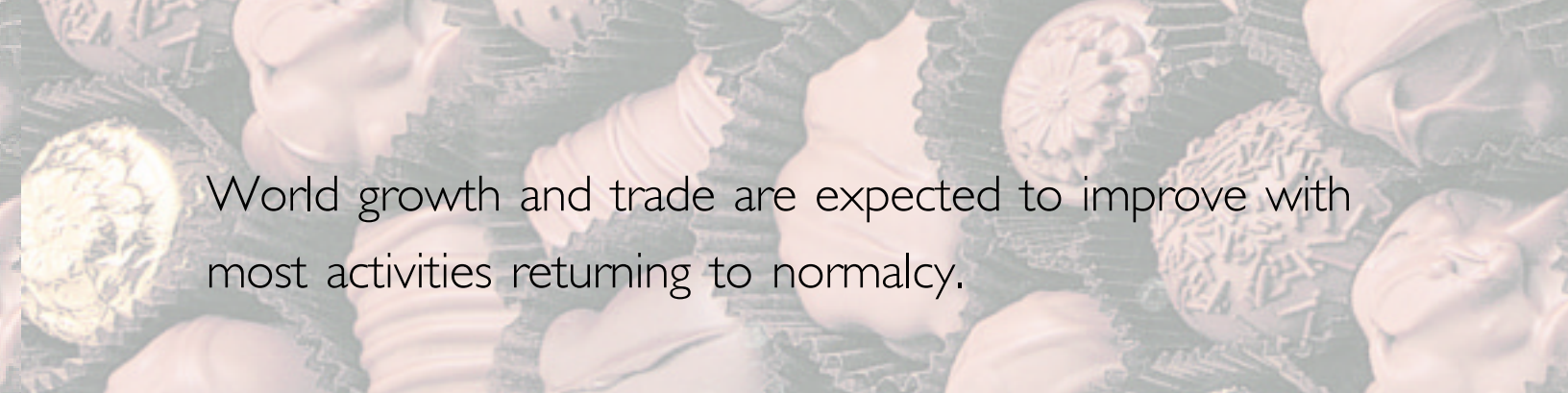
On behalf of the Board of Directors, I am pleased to present the Annual Report for the financial year ended 31 December 2003.

FINANCIAL PERFORMANCE

The Group achieved a turnover of RM364 million for the financial year ended 31 December 2003 as compared to RM355 million recorded in the previous year; there is no corresponding previous year's figures for Premium Group, however, turnover of PVO group has been taken for comparison as Premium is only an investment holding company. The Group's profit before taxation and restructuring cost recorded a figure of RM13.8 million as against RM7.6 million in previous year.

OUTLOOK OF THE GLOBAL ECONOMY

The prospect for a global economic recovery was affected by recent geopolitical developments, in particular the war in Iraq, sporadic incidences of militancy and outbreak of the Severe Acute Respiratory Syndrome (SARS). However, world growth and trade are expected to improve with most activities



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returning to normalcy. Business confidence and sentiment will, however, be cautiously optimistic against the backdrop of threats from terrorist attacks. World growth is still hinged on the modest performance of the US economy with the Euro area still marked by relative weakness although Japan, the world's second largest economy, is showing signs of a more definitive path of sustained positive growth. Overall, indications point towards an improved outlook and higher optimism for 2004, despite the downside risks. Upbeat stock market activities across major bourses into the second half of 2003 should bolster optimism for a former global economic recovery. Thus, world economy is expected to post a higher growth of 4% with the US, Euro area and Japan registering growth of 3.6%, 2.3% and 1% respectively in 2004.

The Malaysian oil palm industry in 2003 flourished under the tight world oils and fats supply situation. The higher growth of world demand over that of production has resulted in an increase in export demand and prices for all Malaysian oil palm products.

MAJOR INVESTMENTS/CAPITAL EXPENDITURE

The Group has 74% shareholding in the share capital of ("AAO") at the end of the financial year which has been increased to 100% in March 2004.

In addition to the above, the Group also invested in Premium Fats Sdn Bhd ("PFSB"), a new company to undertake manufacture of downstream consumer product related to oils and fats. This company has long term objective to reach out to consumer market.

