



**PREMIUM
GROUP**

PREMIUM NUTRIENTS BERHAD

589272-D

LAPORAN TAHUNAN **2005** ANNUAL REPORT



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Notice of Fourth Annual General Meeting

NOTICE IS HEREBY GIVEN That the Fourth Annual General Meeting of Premium Nutrients Berhad will be held at Auditorium, Wisma Tun Sambathan, Jalan Sultan Sulaiman, 50000 Kuala Lumpur on 13th July 2006 at 10.00 a.m. for following purposes :

Agenda

1. To receive and adopt the Audited Financial Statements for the year ended 31 December 2005 and the Directors' and Auditors' Reports thereon. **Resolution 1**
2. To approve the remuneration of the Directors' for the year ended 31 December 2005. **Resolution 2**
3. To re-elect the following Directors retiring under the provisions of Article 87 of the Company's Articles of Association and offering themselves for re-election :-
 - a. En. Ab. Rahim Bin Mohd Zain (Article 87) **Resolution 3**
 - b. En. Abdul Aziz Bin Mohamed Hussain (Article 87) **Resolution 4**
 - c. Tuan Syed Mubarak Bin Syed Ahmad (Article 87) **Resolution 5**
4. To elect Mr. Festus a/l A Christ Dhas retiring under the provisions of Article 94 of the Company's Article 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."
6. To re-appoint the retiring Auditors, Messrs. Raki Thomas & Ramanan, Chartered Accountants and to authorize the Directors to fix their remuneration. **Resolution 8**
7. To transact any other ordinary business of which due notice has been given. **Resolution 9**

BY ORDER OF THE BOARD

TIONG LING LING
Secretary

Kuala Lumpur
28th June 2006



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 presented 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 Symphony 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.

Name and Address of Registrar :-

Symphony Share Registrars Sdn Bhd

Level 26, Menara Multi Purpose, Capital Square, No. 8 Jalan Munshi Abdullah, 50100 Kuala Lumpur



Statement Accompanying Notice of Fourth 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. En. Ab. Rahim Bin Mohd Zain (Article 87)
 - b. En. Abdul Aziz Bin Mohamed Hussain (Article 87)
 - c. Tuan Syed Mubarak Bin Syed Ahmad (Article 87)

The Director retiring and offering himself for election is :

- a. Mr. Festus a/l A Christ Dhas

The above named Directors do not have interests in the shares of the Company and its subsidiaries and their further details are furnished under the profile of Directors on page 6 to 9 of the annual report. Details of En. Ab. Rahim Bin Mohd Zain, En. Abdul Aziz Bin Mohamed Hussain, Tuan Syed Mubarak Bin Syed Ahmad and Festus a/l A Christ Dhas are disclosed under Analysis of Shareholdings on page 72 of the annual report.

2. The Director standing for re-appointment pursuant to Section 129 (6) of the Companies Act, 1965 is Tan Sri Dato' Dr. K. R. Somasundram.
3. Details of the place, date and hour of the Fourth Annual General Meeting are as follows:

Place	Date	Hour
Auditorium, Wisma Tun Sambathan, Jalan Sultan Sulaiman 50000 Kuala Lumpur.	13th July 2006	10.00 a.m.

4. Details of Directors' attendance at Board Meeting 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

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

Festus a/l A Christ Dhas
Non-Independent Non-Executive Director

Abdul Aziz bin Mohamed Hussain
Independent Non-Executive Director

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

Ab Rahim bin Mohd Zain
Independent Non-Executive Director

Syed Mubarak bin Syed Ahmad
Independent Non-Executive Director

Group Company Secretary

Tiong Ling Ling

Registered Office

Level 27 Wisma Tun Sambanthan
Jalan Sultan Sulaiman
50000 Kuala Lumpur
Tel : 03 2273 5033
Fax : 03 2273 4340

Registrar

Symphony Share Registration Sdn Bhd
Level 26 Menara Multi Purpose
Capital Square
No. 8 Jalan Munshi Abdullah
50100 Kuala Lumpur
Tel : 03 2721 2222
Fax : 03 2721 2530/31

Stock Exchange Listings

Second Board - Bursa Malaysia Berhad

Bankers of Group Companies

Bumiputra-Commerce Bank Berhad
RHB Bank Berhad
Bank Muamalat Malaysia Berhad
HSBC Bank Malaysia Berhad
Malayan Banking Berhad
ING Vysya Bank Limited
Indian Overseas Bank
Export-Import Bank of India
Syndicate Bank
Andhra Bank

Solicitors

Sivananthan
Level 1A, Block B
Kompleks Pejabat Damansara
Jalan Dungun, Damansara Heights
50490 Kuala Lumpur
Tel : 03 2095 6655
Fax : 03 2095 9955

Auditors

Messrs. Raki Thomas & Ramanan
Chartered Accountants
Suite 1203, Holiday Plaza, Jalan Dato Sulaiman
80250 Johor Bahru, Johor, Malaysia
Tel : 07 3316 177
Fax : 07 3328 252



Profile of **Directors**

Tan Sri Dato' Dr K R Somasundram



- a Malaysian, aged 76, was appointed to the Board on 9th April 2003. He is a planter by profession and is the promoter and Chairman of Premium Vegetable Oils Sdn. Bhd. ("PVOSB") 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.

He is also Chairman of Nomination Committee and Remuneration Committee.

Agarwal Pares Nath



- an Indian, aged 60, was appointed to the Board on 9th April 2003. He is a Director of Premium Vegetable Oils Sdn. Bhd. since 31st March 1998 and assumed the position of Managing Director with effect from 1st January 1999. He is a Chartered Accountant and lawyer (Mcomm., LLB, FCA). Mr. P. N. Agarwal has more than 37 years working experience including 28 years in the oils and fats industry in Malaysia, Singapore, USA, Nigeria and India.

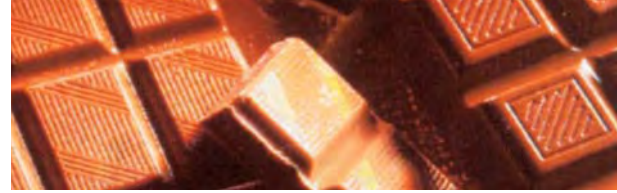
He is member of Audit Committee and Executive Committee.

Datuk Sahadivanaidu a/l Baliah



- a Malaysian, aged 54, was appointed to the Board on 9th April 2003. He is a Director of Premium Vegetable Oils Sdn. Bhd. since 31st March 1998. He joined NLFCS in 1972, was promoted to the position of General Manager in 1985 and then promoted to the position of Chief Executive Officer in 1995. He holds the said position to date. He obtained a Diploma in Management from the Malaysian Institute of Management in 1984 and a Higher Diploma in Law from University of Wolverhampton, United Kingdom ("UK") in 1993. He subsequently obtained a Masters Degree in Management from Warnborough University, UK in 1999.

He is Chairman of Executive Committee and member of Nomination Committee.



Abdul Aziz bin Mohamed Hussain



- a Singaporean, aged 55, was appointed to the Board on 9th April 2003. He was appointed to the Board of Premium Vegetable Oils Sdn. Bhd. 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 Method 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 4th June 1999.

He is member of Nomination Committee and Remuneration Committee.

Ab Rahim bin Mohd Zain



- a Malaysian, aged 67, was appointed to the Board on 9th April 2003. He was appointed to the Board of Premium Vegetable Oils Sdn. Bhd. on 21st November 1994. He joined the Malaysian Civil Service in 1963 as the Assistant State Secretary of Perak. In 1968, he was appointed as Senior Training Officer of the Government Staff Training Center, later named INTAN. In 1969, as Assistant Secretary of the National Operations Council, Prime Ministers Department, he was assigned to set up the Secretariat for the National Operations Council together with five other officers from the civil service. In 1972, he became the Assistant Director, Implementation, Coordination and Development Administration Unit of the Prime Ministers Department, later named ICU. From there, he was seconded to manage the Malaysian Fisheries Development Authority as Deputy Chairman of the Organization. In 1977, he became the Deputy State Secretary of Selangor and then moved on to hold a similar post in Perak. Concurrently, he was also the Director of Economic Planning Unit of the state respectively. He moved back to Kuala Lumpur in 1984 and became the Director General of the Socio-Economic Research Unit, Prime Ministers 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.

He is member of Audit Committee.



Subramaniam a/l Seenivasagam



- a Malaysian, aged 68, was appointed to the Board on 9th April 2003. He is a director of Premium Vegetable Oils Sdn. Bhd. 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 headquarters. His last posting was as 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.

He is member of Remuneration Committee and Executive Committee.

Dato' Faruk bin Othman



- a Malaysian, aged 58, was appointed to the Board on 9th April 2003. He graduated in business studies from North East Essex College, England and completed a Post Graduate Diploma in Management Studies from Brighton Polytechnic University of Sussex, England in 1971. He has over 31 years of experience in the financial sector comprising the stock broking and banking sectors. His involvement in the banking sector started when he joined Standard Chartered Malaysia Berhad in 1971 as an Executive before leaving for United Asian Bank as a Divisional Manager in 1980. In 1981, he assumed the post of Assistant General Manager of Kwong Yik Bank Berhad for 8 years before serving as the Executive Director of Inter-Pacific Securities Sdn. Bhd. in 1989. He is also the Executive Chairman of Furqan Business Organisation Berhad.



Syed Mubarak bin Syed Ahmad



- a Malaysian, aged 63, 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 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,LLM) both from University of London. He is also a barrister-at-law of Lincoln's Inn.

He is Chairman of Audit Committee and member of Executive Committee.

Festus a/l A Christ Dhas



- a Malaysian, aged 54, was appointed to the Board on 29th November 2005. He is an accountant by profession having graduated with Chartered Institute of Management Accountant (UK) in 1978. He is a member of the Chartered Institute of Management Accountant in UK and also a member of the Malaysian Institute of Accountants (MIA). He has over 35 years of working experience of these 30 years been with Tenaga Nasional Berhad. He held various senior management positions in TNB, and held key positions in few private limited companies. He has extensive experience in preparation of accounts, financial and corporate reporting, internal audit, computerizing accounting systems, corporate finance and business valuation. Currently he is an Executive Director of Emrail Sdn Bhd, a company principally involved in railway related engineering works and constructions.

He is member of Executive Committee.



Statement of Corporate Governance

The Board of Directors ("Board") is fully committed to ensure that the highest standard of corporate governance in the Malaysian Code on Corporate Governance (Code) are practised throughout the Group as a fundamental part of discharging its duties and responsibilities to protect and enhance shareholders' value and enhance the Group's growth. 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

Board Responsibilities

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 2005. Details of attendance by Directors are as follows :

Directors	No. of Meetings held during appointment	No. of Meetings attended	Attendance at Board of Directors' Meeting held in 2005					Date of Appointment
			28/02	28/04	30/05	29/08	29/11	
Tan Sri Dato' Dr. K. R. Somasundram	5	5/5	•	•	•	•	•	09.04.2003
Datuk Sahadivanaidu a/l Baliah	5	5/5	•	•	•	•	•	09.04.2003
Subramaniam a/l Seenivasagam	5	5/5	•	•	•	•	•	09.04.2003
Agarwal Pares Nath	5	5/5	•	•	•	•	•	09.04.2003
Tan Sri Dato' Hari Narayanan a/l Govindasamy	4	2/4	N/A	X	•	•	X	11.03.2005 Resigned on 29.11.2005
Festus a/l A Christ Dhas	1	1/1	N/A	N/A	N/A	N/A	•	29.11.2005
Abdul Aziz Bin Mohamed Hussain	5	4/5	•	X	•	•	•	09.04.2003
Dato' Faruk Bin Othman	5	5/5	•	•	•	•	•	09.04.2003
Ab Rahim Bin Mohd Zain	5	5/5	•	•	•	•	•	09.04.2003
Syed Mubarak Bin Syed Ahmad	5	5/5	•	•	•	•	•	09.04.2003
Chiong Kok Seng	5	5/5	•	•	•	•	•	23.12.2003 Resigned on 22.06.2006

• Through Alternate Director - Festus a/l A Christ Dhas



Board Composition and Balance

The Board currently has nine (9) members, comprising 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.

The Board comprises of professionals and experts known for their competence in business, finance, banking, administration and technical field who provide sound advice for the benefit of the Company and its shareholders. A brief profile of each Director is presented on pages 6 to 9 of the Annual Report.

There is a clear division of responsibility between the Chairman and the Managing Director to ensure a balance of power and authority. 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.

En Ab. Rahim Bin Mohd Zain, the Senior Independent-Non Executive Director and other two (2) Independent Non-Executive Directors plays 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.

The Board appoints members to four (4) Board committees, namely the Audit Committee, the Nomination Committee, the Remuneration Committee and Executive 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	218	241
Salaries	666	-	666
EPF	86	-	86
Allowance	-	-	-
Bonus	52	-	52
Benefits-in-kind	80	-	80
Consultation Fees	-	-	-
Total	907	218	1,125

Analysis of Remuneration

Total Remuneration	Number of Executive Directors	Number of Non-Executive Directors	Total
RM 0 to RM 50,000	-	9	9
RM 50,001 to RM 1,000,000	1	-	1
Total	1	9	10

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

Compliance with the Malaysian Code of Best Practices

Premium has complied with the Malaysian Code throughout the financial year under review.



Board Committees

Audit Committee

The Audit Committee reviews issues of accounting policies, presentation for external financial reporting and the deliberation of any audit findings of both the external and internal auditors arising from the Company's financial statements and any issues raised by the auditors.

The report of the Audit Committee for the financial year ended 31 December 2005 is set out on pages 20 to 24.

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)
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.

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)
Abdul Aziz Bin Mohamed Hussain	(independent, non-executive Director) (Appointed on 27th May 2004)

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



Executive Committee

Members of Executive Committee are :

Datuk Sahadivanaidu a/l Baliah	(non-independent, non-executive Director) (Appointed on 7th November 2005)
Subramaniam a/l Seenivasagam	(non-independent, non-executive Director) (Appointed on 7th November 2005)
Syed Mubarak bin Syed Ahmad	(Independent Non-Executive Director) (Appointed on 7th November 2005)
Festus a/l A Christ Dhas	(Non-Independent Non-Executive Director) (Appointed on 29th November 2005)
Agarwal Pares Nath	Managing Director (Appointed on 1st January 2006)

The Executive Committee amongst others is responsible for formulating policies regarding recruitment of senior executives in the Group, approving and monitoring capital expenditure, formulating policies and supervising implementation of succession plan and other strategic and important matters.

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 Board review and approve the quarterly financial statements and the annual audited financial statements in the meeting.

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. All the Directors have attended Mandatory Accreditation Programme (MAP) organized by the Bursa Malaysia Securities Berhad ("Bursa Malaysia"). In 2004 and 2005, the Directors fulfilled the Continuing Education Programme ("CEP"). Some of the Directors attended following seminars in 2005, which were not for fulfilling the CEP requirements:

1. Financial Reporting Standards organized by Messrs KPMG on 19th September 2005 and 27th September 2005.
2. 2005 Special Leaders Dialogue organized by Kuala Lumpur and Selangor Indian Chamber of Commerce and Industry on 12th December 2005.
3. PIPOC 2005 on Oleo and Speciality Chemicals organized by MPOB on 25th to 29th September 2005.
4. Sustainable Energy Asia 2005 organized by Singapore Exhibition Services Pte. Ltd. on 30th November 2005.

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 that covers 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 misstatement, fraud or loss. The Board outsourced the internal audit function to an external professional firm, MustaphaRaj Sdn. Bhd. who submits their report and findings to the Audit Committee.

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 Audit Committee has the authority to communicate directly with the external auditors and auditors may request a meeting with the committee as and when necessary.

Other Information

i) Other Relationship

There was no family relationship among the Directors and/or major shareholders.

ii) Conflict of Interest

None of the Directors had any conflicts of interest with Premium Nutrients Berhad.

iii) Conviction for Offences

None of the Directors were convicted of any offence in past 10 years.

iv) Corporate Proposal

A corporate restructuring was proposed at EGM held on 30th May 2006 which was approved unanimously. As a result of this, shares held by Premium Vegetable Oils Sdn Bhd in Arani Agro Oil Industries Ltd, Malim Sawit Sdn Bhd and Premium Fats Sdn Bhd will be transferred to Premium Nutrients Berhad at the carrying cost. This will rationalise the business activities of the Group.

v) Share buyback

There was no share buyback in 2005.

vi) Options, Warrants or Convertible Securities

No options, warrants or convertible securities were issued during the financial year under review.



vii) American Depository Receipt (“ADR”) or Global Depository Receipt (“GDR”) Programme

During the financial year, the company did not sponsor any ADR or GDR programme.

viii) Sanctions and/or penalties

There were no public sanctions or penalties imposed on the Company or its subsidiaries or Directors or management by any relevant regulatory bodies in the year 2005, except the small fines imposed for late filing of information in few cases. However, one of the subsidiaries paid interest amounting to RM82,470 for delay in payment to excise / customs etc.

ix) Non-Audit Fees

There was no non-audit fee paid to external auditors for the financial year 2005, except the following:-

- RM10,606 for review of accounts of subsidiaries audited by external auditors other than KPMG.
- RM6,487 for advice on double deduction of research and development expenditure for Income Tax.

x) Variation in Result

The Group’s results differ by more than 10% from the unaudited results announced previously.

xi) Revaluation of Landed Properties

The Company will revalue its landed property including buildings once in five years, or at such appropriate time to reflect fair value.

xii) Profit Guarantee

There was no profit guarantee given by the Company during the financial year.

xiii) Recognition of Intangible Asset

The Board of Directors proposed that listing premium of RM32.0 million paid in 2003 be recognized as intangible asset. The shareholders at Extraordinary General Meeting held on 30th May 2006 approved the same. However the recognition of same has been deferred pending decision on the matter by relevant authority.

xiv) Resignation of Auditors

The external auditors, Messrs KPMG resigned in first week of May 2006 following which Messrs. Raki Thomas & Ramanan, Chartered Accountants were appointed as auditors at the Extraordinary General Meeting held on 30th May 2006.



Statement on **Internal Control**

The Board acknowledges that internal controls are vital to keep the company moving towards profitability goals and achievement of its mission. The Board is committed to maintain a sound system of internal control and risk management practices towards good Corporate Governance. Internal controls promote efficiency, reduce risk of asset loss and help ensure compliance with laws and regulations. A proper control environment is maintained within the organization to enable the employees to adopt the rapid changes of the environment.

The system is designed to manage rather than eliminate the risk of failure to achieve business objectives. Accordingly, these systems can only provide reasonable but not absolute assurance against material misstatement or loss. The system includes controls of financial, operational, organizational and compliance nature.

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

1. Internal Audit

The Board has appointed Messrs MustaphaRaj Sdn. Bhd. as the Internal Auditor to examine the effectiveness of the Group's system of internal control, risk management process and compliance framework on behalf of the Board. They submit regular reports which include their independent opinion on the adequacy and effectiveness of the Group's system of internal control and conducts visits to key business units of the Group prior to reporting its findings and recommendations to the Audit Committee. The Board approved the internal audit charter on 18th March 2005.

2. Risk Management

- As part of the process to identify, evaluate and manage significant risks faced by the Group, the Board approved Risk Management Framework on 18th March 2005. The framework provides a structured approach for identifying, measuring, monitoring and managing principal business risks. A workshop was conducted on 19 April 2005 in Pasir Gudang, Johor for key senior members of management to enhance their knowledge and understanding of risk management and how each identified risk could potential affect the Group's business objectives.
- Risk Management Committee's responsibilities:-
 - To co-ordinate the holding of risk management exercises and meetings at regular intervals;
 - To act as the controller of flow of documentation and ensure access to the worksheets and consistency of reporting at each level of management;
 - To ensure all worksheets are properly authorized.



3. Other Internal Control Functions

Besides risk management and internal audit,

- There is an organization structure in place 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.
- Reporting systems are in place for performance review by management.
- Actual performance compared with budget and previous year is reviewed quarterly with explanation of any material variance.
- Policies and procedures of operating units are documented in the ISO manual.
- Clearly defined approving authority of the managers and executives within the Group.
- The Group's system of internal control does not apply to associate 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 responsibilities to the Audit Committee by way of Management Letter.

The statement of internal control is made in accordance with the resolution adopted by the Board at its meeting held on 3rd May 2006.



Audit Committee Report

The Board of Directors is pleased to present the report of the Audit Committee for the financial year ended 31 December 2005.

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

A total of five (5) meetings were held during the year. Details of attendance of each Audit Committee member are as follow :

	Number of Meetings attended
Syed Mubarak Bin Syed Ahmad Chairman - Independent Non-Executive Director	5/5
Ab Rahim Bin Mohd Zain Member - Independent Non-Executive Director	5/5
Agarwal Pares Nath Managing Director	5/5

Summary of Activities

During the financial year ended 31 December 2005, the activities of the Audit Committee included 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' shareholders thereby strengthen the confidence of the public in the Group's reported results.

3. Composition

The Audit Committee is made up of the following members:

Syed Mubarak bin Syed Ahmad	Chairman of Audit Committee, Independent Non Executive Director
Ab Rahim bin Mohd Zain	Member, Independent Non Executive Director
Agarwal Pales Nath	Member, Managing Director

Terms of Reference

On 18th November, 2003 the Board resolved to adopt the following terms of reference for the Audit Committee to be in line with Bursa Malaysia listing requirements.

A. Composition :

The Audit Committee 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 Audit Committee shall be Independent Non-Executive Directors.

At least one member of the Audit Committee 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 Audit Committee.



The Chairman of the Audit Committee 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 Audit Committee 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 Audit Committee 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 Audit Committee 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 Audit Committee 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 Audit Committee shall meet with the external auditors without executive Board members present.

In addition, the Chairman may call a meeting of the Audit Committee 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 Audit Committee and circulating them to committee members and the other members of the Board of Directors.

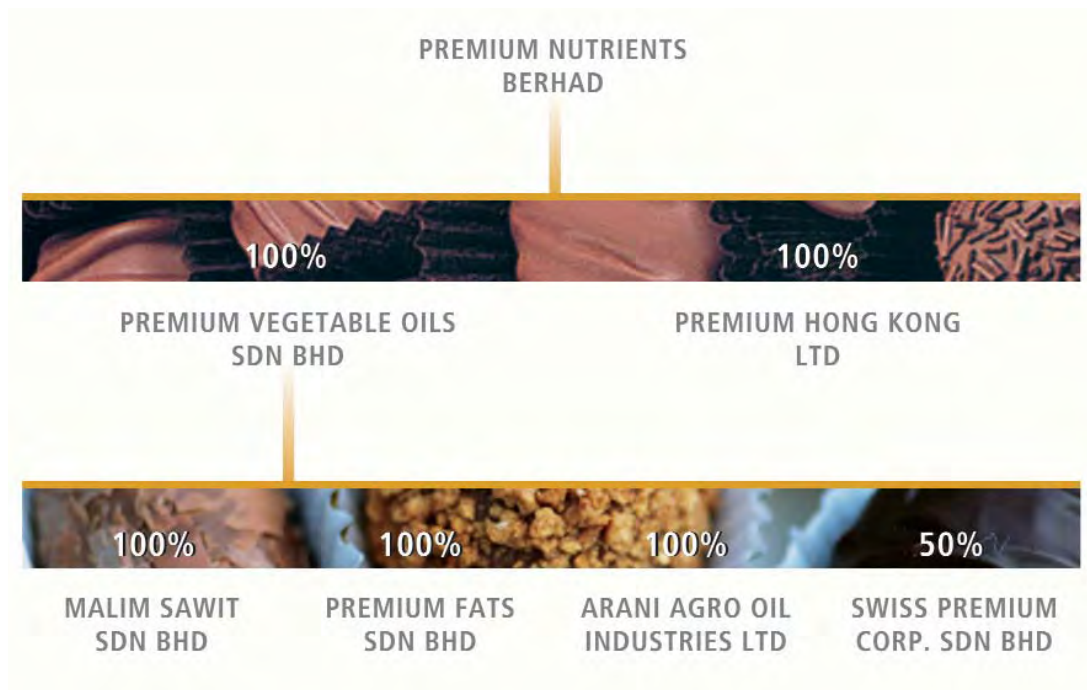
A quorum shall consist of a majority of independent Directors.

Decision of the Audit Committee 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 Audit Committee may invite other Directors and employees of the Company and its subsidiaries to attend any meeting as it deems 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 Audit Committee and the Board of Directors for information.

Premium Group Structure



Principal Activities of all the group companies

Premium Hong Kong Ltd

Marketing of products and procurement of raw materials for Group companies and general trading.

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 special products along with its by products.

Premium Fats Sdn Bhd

Manufacturing and sales of downstream products, e.g. margarine.

Arani Agro Oils Industries Ltd.

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.

Swiss Premium Corporations Sdn Bhd

Trading in oils and fats.



Chairman's Statement



On behalf of the
Board of Directors,
I am pleased to
present the report
for the financial year
ended 31.12.2005



Financial Performance

The Group achieved a turnover of RM448 million for the financial year ended 31.12.2005 as compared to RM403 million recorded in the previous year, representing a growth of 11.2%. However, the Group's profit after taxation recorded a figure of RM6.8 million.

Outlook of the Global Economy with Special Reference to Oils & Fats Industry

In 2005, global economic expansion was sustained at a strong pace of 4.3%. The growth was resilient against higher fuel oil prices rising interest rates and disruption from natural disaster. Economics of all countries recorded strong growth.

Malaysia's economy recorded a GDP growth of 5.3%. The year 2005 represented final year of 8th Malaysia Plan and Second Industrial Master Plan. GDP growth in 2006 is expected to be broad based and balanced and higher than in 2005 to 6%. Palm Oil production is expected to increase by 1.6% (2005 - 7%). The output is affected by biological yield down cycle after three successive years of strong output growth.



All round positive and
robust economic growth
supported strong consumer demand for food products
including oils and fats

Demands for food products
including oils and fats is
expected to remain strong in 2006



All round positive and robust economic growth supported strong consumer demand for food products including oils and fats. The demand is expected to remain strong in 2006 as a result of additional requirement for production of bio-diesel/bio-fuel, removal of quota for import of palm oil by China and transfat labelling requirements in the US, Canada and Europe.

Government of Malaysia announced national bio-fuel policy in August, 2005. Number of plants are under construction world wide including Malaysia. This will augment demand for palm oil.

The Government of Malaysia removed currency peg in July, 2005 which is helping economic growth but affected domestic palm oil prices.

The overall prices of vegetable oils declined in 2005 led by soya bean oil followed by palm oil and lauric oil prices.



ARANI AGRO OIL INDUSTRIES LTD.



MALIM SAWIT SDN BHD



GROUP R&D CENTRE

Operational Review

The performance of all the subsidiary companies except Malim Sawit Sdn Bhd was satisfactory. Malim Sawit Sdn Bhd recorded a loss of RM4.6 million (2004 profit of RM1.2 million) due to irregular supply of fresh fruit bunches (FFB). The management has taken appropriate steps to arrest the losses arising out of mill operation.

Premium Vegetable Oils Sdn Bhd made a break through in manufacturing of structural trans-free fats and its ingredients and has been granted Patent for these products in Malaysia, Canada, Australia, USA, European Union and other countries. This will help the Group in strategising its future business direction to strengthen profit growth.

The expansion/diversification programme of Arani Agro Oil Industries Limited (Indian subsidiary) has been completed in the first quarter 2006. Arani will be on path to strong business growth and higher profit, once loan restructuring (which is in process) is completed.

The Company's subsidiary Premium Hong Kong Ltd (registered in Hong Kong) commenced operations in January, 2005.

The Group has been continuously diversifying and expanding its activities to minimize risk as well as increase revenue and income.

Investment in new equipment for updating and maintaining the plant as well as investment in R & D has been continuously reviewed and improved.



PREMIUM VEGETABLE OILS SDN BHD



The Group has been
continuously diversifying and
expanding its activities
to minimize risk as well as increase revenue and income



Future Plans & Strategies

1. To strengthen and augment manufacture of trans-free fats for which the Group has obtained patents in various countries.
2. Diversify into the area of manufacture of palm mid fraction and coco-butter equivalents.
3. Diversify into the area of production of animal feed, organic candles etc. in India.
4. Undertake the project of marketing Bio-diesel in collaboration with companies engaged in manufacture of same.

Our People

The Group has always maintained cordial relation with its staff and employees. The growth of this asset is also our primary objective.

Acknowledgement

On behalf of my colleagues, I would like to take this opportunity to express our appreciation to management and staff of the Group for their dedicated service and contributions during the year. We also wish to thank our business associates and the relevant government authorities for their continued support and guidance. To our loyal shareholders, we thank you once again for your continued support.

Tan Sri Dato' Dr K R Somasundram



Financial Statements

for the year ended 31 December 2005



Premium Nutrients Berhad

(Company No. 589272-D)

Incorporated and Domiciled in Malaysia

Registered Office

ADDRESS

Level 27 Wisma Tun Sambanthan
Jalan Sultan Sulaiman
50000 Kuala Lumpur, Malaysia

Factories

Premium Vegetable Oils Sdn Bhd

PLO 66, Jalan Timah Dua
Pasir Gudang Industrial Estate
81707 Pasir Gudang, Johor
Malaysia

Malim Sawit Sdn Bhd

Lot 3460 Mukim Layang-Layang
86000 Kluang, Johor
Malaysia

Premium Fats Sdn Bhd

PLO 66, Jalan Timah Dua
Pasir Gudang Industrial Estate
81707 Pasir Gudang, Johor
Malaysia

Arani Agro Oil Industries Ltd

Near NFCL Park, New Port Area
ADB Road
533003 Kakinanda, Andhra Pradesh
India

Directors

Tan Sri Dato' Dr K R Somasundram - Chairman
Agarwal Pares Nath - Managing Director
Datuk Sahadivanaidu a/l Baliah
Subramaniam a/l Seenivasagam
Festus a/l A Christ Dhas
Abdul Aziz bin Mohamed Hussain
Dato' Faruk bin Othman
Ab Rahim bin Mohd Zain
Syed Mubarak bin Syed Ahmad

Company Secretary

Tiong Ling Ling

Bankers

Bumiputra-Commerce Bank Berhad
Bank Muamalat Malaysia Berhad

Auditors

Messrs. Raki Thomas & Ramanan,
Chartered Accountants



Directors' Report

for the year ended 31 December 2005

The directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2005.

1. Principal Activities

The principal activity of the Company is that of investment holding.

The principal activities of the subsidiary companies are as stated in Note 11(a) to the financial statements.

There has been no significant change in the nature of these activities during the financial year.

2. Results for the Financial Year

	Group RM'000	Company RM'000
Profit for the year	6,800	1,166

All material transfers to or from reserves or provisions during the year are as disclosed in the financial statements.

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

3. Dividends

No dividend has been paid or declared by the Company since the end of the previous financial year. The Directors do not recommend the payment of any dividend in respect of the current financial year.

4. Issue of Shares and Debentures

No shares or debentures were issued by the Company during the financial year.

5. Options Granted over Unissued Shares

No share options were granted by the Company during the financial year. There were no unissued shares under options at the end of the financial year.



6. Directors

The directors in office since the date of the last report are:

Tan Sri Dato' Dr. K R Somasundram	
Mr. Agarwal Pares Nath	
Datuk Sahadivanaidu a/l Baliah	
Mr. Subramaniam a/l Seenivasagam	
Mr. Abdul Aziz bin Mohamed Hussain	
Dato' Faruk bin Othman	
Mr. Ab. Rahim bin Mohd Zain	
Mr. Syed Mubarak bin Syed Ahmad	
Mr. Chiong Kok Seng	(Resigned on 22.06.2006)
Tan Sri Dato' Hari Narayanan a/l Govindasamy	(Appointed on 11.03.2005 and resigned on 29.11.2005)
Mr. Festus a/l A Christ Dhas	(Appointed on 29.11.2005)

7. Directors' Interest

The interest of directors in office at the end of the financial year in the shares of the Company were as follows:-

Name	Interest	No. of ordinary shares of RM0.50 each			Balance as at 31 Dec 2005
		Balance as at 1 Jan 2005	Acquired	Disposed	
Tan Sri Dato' Dr K R Somasundram	Direct	35,894,551	855,300	501,500	36,248,351
	Deemed	497,608	-	-	497,608
Mr. Agarwal Pares Nath	Direct	14,943,661	-	14,943,661	-
	Deemed	17,530,791	3,389,986	250,000	20,670,777
Datuk Sahadivanaidu a/l Baliah	Direct	210,945	-	-	210,945
Mr. Subramaniam a/l Seenivasagam	Direct	49,761	-	-	49,761
Mr. Ab. Rahim bin Mohd Zain	Deemed	10,021	-	10,021	-
Mr. Festus a/l A Christ Dhas	Direct	-	150,000	150,000	-

None of the other Directors holding office at the end of the financial year had any interest in the ordinary shares of the company and of its related corporation during the year.

8. Directors' Benefits

Since the end of the previous financial year no director has received or has become entitled to receive any benefit (other than those disclosed in the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member or with a Company in which he has a substantial financial interest except as disclosed in Note 29 to the financial statements.

Neither during nor at the end of the financial year, was the Company or any of its subsidiaries a party to any arrangements whose object was to enable the directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.



9. Other Statutory Information

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that:

- (a) the action taken in relation to the writing off of bad debts and the making of provision for doubtful debts was satisfactory and all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
- (b) any current assets which were unlikely to realise their book values in the ordinary course of business had been written down to their expected realisable values.

At the date of this report, the directors are not aware of any circumstances which would render:

- (a) the amounts written off or provided for bad and doubtful debts respectively of the Group and of the Company inadequate to any substantial extent or the values attributed to current assets of the Group and of the Company misleading ; and
- (b) adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

In the interval between the end of the financial year and the date of this report :-

- (a) no item, transaction or event of a material and unusual nature has arisen which, in the opinion of the directors, would substantially affect the results of the operations of the Group and of the Company for the current financial year ; and
- (b) no charge has arisen on the assets of the Group and of the Company which secures the liability of any other person nor has any contingent liability arisen in the Group and in the Company.

No contingent or other liability of any Company in the Group has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may affect the ability of the Group and the Company to meet their obligations as and when they fall due.

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

10. Auditors

The auditors, Messrs Raki Thomas & Ramanan, have expressed their willingness to continue in office.

Signed at Kuala Lumpur on behalf of the Board of Directors in accordance with their resolution dated 22 June 2006.

TAN SRI DATO' DR. K R SOMASUNDRAM
Chairman

MR. AB. RAHIM BIN MOHD ZAIN
Director

Statement by Directors

pursuant to Section 169(15) of the Companies Act, 1965



In the opinion of the Directors, the financial statements set out on pages 40 to 71 are drawn up in accordance with applicable approved accounting standards in Malaysia so as to exhibit a true and fair view of the state of affairs of the Group and the Company as at 31 December 2005 and of the results and cash flows of the Group and of the Company for the year then ended.

Signed at Kuala Lumpur on behalf of the Board of Directors in accordance with their resolution dated 22 June 2006.

TAN SRI DATO' DR. K R SOMASUNDRAM
Chairman

MR. AB. RAHIM BIN MOHD ZAIN
Director



Statutory Declaration

pursuant to Section 169(16) of the Companies Act, 1965

I, AGARWAL PARES NATH, the Director primarily responsible for the financial management of, PREMIUM NUTRIENTS BERHAD do solemnly and sincerely declare that to the best of my knowledge and belief the financial statements set out on pages 40 to 71 are correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

AGARWAL PARES NATH

Director

Subscribed and solemnly declared at

Kuala Lumpur on 22 June 2006.

Before me,

G. Ganesan, ANS, PJK (No. W416)

Commissioner for Oaths

Report of the Auditors

to the members of PREMIUM NUTRIENTS BERHAD



We have audited the financial statements as set out on pages 40 to 71. These financial statements are the responsibility of the directors. Our responsibility is to express an opinion on these financial statements based on our audit and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility towards any other person for the contents of this report.

We conducted our audit in accordance with applicable approved standards on auditing in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by directors, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:-

- (a) the financial statements have been properly drawn up in accordance with applicable approved accounting standards in Malaysia and the Companies Act, 1965 so as to give a true and air view of:
 - (i) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and
 - (ii) the state of affairs of the Group and of the Company as at 31 December 2005 and of their results and cash flows for the year ended on that date;

and

- (b) the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiary companies have been properly kept in accordance with the provisions of the Act.

We have considered the financial statements and the auditors' report of the subsidiary companies of which we have not acted as auditors, which is indicated in Note 11 to the financial statements, being financial statements that have been included in the consolidated financial statements.

We are satisfied that the financial statements of the subsidiary companies that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

The auditors' reports on the financial statements of the subsidiary companies were not subject to any qualification or any comment made under subsection (3) of Section 174 of the Act.

Signed at Kuala Lumpur on 22nd June 2006.

Raki Thomas & Ramanan
(No. AF 0363)
Chartered Accountants

S. Jambulingam
(No. 821/05/08 (J/PH))
Partner



Balance Sheet

as at 31 December 2005

	Note	GROUP		COMPANY	
		2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Shareholders' Funds					
Share capital	5	168,500	168,500	168,500	168,500
Reserves	6	(6,341)	(13,589)	(30,527)	(31,693)
		162,159	154,911	137,973	136,807
Deferred Liabilities					
Borrowings	7	50,768	51,396	42,500	42,500
Deferred sales tax liabilities	8	2,195	-	-	-
Deferred taxation	9	20,398	22,014	-	-
		73,361	73,410	42,500	42,500
		235,520	228,321	180,473	179,307
Represented by:-					
Property, Plant and Equipment	10	188,334	181,709	9	8
Investments in Subsidiaries	11	-	-	137,713	137,713
Other Investment	13	177	174	-	-
Due from Subsidiaries	11	-	-	41,629	38,896
Intangible Assets	14	27,796	27,515	-	-
Current Assets					
Inventories	15	86,043	77,979	-	-
Trade receivables	16	67,189	70,590	-	-
Other receivables	17	21,294	18,869	667	1,570
Due from subsidiaries	11	-	-	41,911	45,458
Cash and cash equivalents	18	6,876	6,290	1,444	1,374
		181,402	173,728	44,022	48,402
Current Liabilities					
Trade payables	19	24,477	22,045	-	-
Other payables	20	14,744	19,916	324	373
Taxation		286	146	76	139
Borrowings	7	122,682	112,698	42,500	45,200
		162,189	154,805	42,900	45,712
Net Current Assets		19,213	18,923	1,122	2,690
		235,520	228,321	180,473	179,307

The above balance sheet is to be read in conjunction with the notes to the financial statements on pages 45 to 71.

Income Statements

for the year ended 31 December 2005



	Note	GROUP		COMPANY	
		2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Revenue		447,930	403,269	-	-
Cost of goods sold		(375,921)	(335,918)	-	-
Gross profit		72,009	67,351	-	-
Other operating income		1,064	2,642	-	-
Distribution cost		(37,310)	(32,358)	-	-
Administration expenses		(18,561)	(20,803)	(871)	(610)
Other operating cost		(2,692)	(88)	(839)	(88)
Profi/(loss) from operations	21	14,510	16,744	(1,710)	(698)
Interest income		189	33	5,630	5,764
Finance cost	22	(9,236)	(10,790)	(2,754)	(5,028)
Profit before taxation		5,463	5,987	1,166	38
Taxation	23	1,337	41	-	(130)
Profit/(loss) for the year		6,800	6,028	1,166	(92)
Basic earnings/(loss) per share	24	2.01sen	1.79sen	0.3sen	(0.027)sen

The above income statement is to be read in conjunction with the notes to the financial statements on pages 45 to 71.



Statement of Changes in Equity

for the year ended 31 December 2005

GROUP	Share Capital RM	Foreign Exchange Fluctuation Reserve (Non-distributable) RM	Accumulated Losses RM	Total RM
As at 1 January 2004	168,500	324	(20,950)	147,874
Arising during the year	-	(231)	-	(231)
Profit guarantee (Note 25)	-	-	1,240	1,240
Net profit for the year	-	-	6,028	6,028
As at 31 December 2004	168,500	93	(13,682)	154,911
Arising during the year	-	448	-	448
Net profit for the year	-	-	6,800	6,800
As at 31 December 2005	168,500	541	(6,882)	162,159

COMPANY	Share Capital RM	Accumulated Losses RM	Total RM
As at 1 January 2004	168,500	(32,841)	135,659
Profit guarantee (Note 25)	-	1,240	1,240
Net loss for the year	-	(92)	(92)
As at 31 December 2004	168,500	(31,693)	136,807
Net profit for the year	-	1,166	1,166
As at 31 December 2005	168,500	(30,527)	137,973

The above balance sheet is to be read in conjunction with the notes to the financial statements on pages 45 to 71.

Cash Flow Statements

for the year ended 31 December 2005



	NOTE	GROUP		COMPANY	
		2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Cash Flows from/(used in) operating activities					
Profit before taxation		5,463	5,987	1,166	38
Adjustments for :					
Allowance for trade receivables	21	321	608	-	-
Depreciation of property, plant and equipment	10	5,893	5,788	3	2
Effect of foreign exchange rate retranslation		1,290	(569)	-	-
Interest expense	22	9,236	10,790	2,754	5,028
Interest income		(189)	(33)	(5,630)	(5,764)
Gain on disposal of property, plant and equipment		(15)	(26)		-
Other receivables written off		503	-		-
Operating profit/(loss) before working capital changes		22,502	22,545	(1,707)	(696)
Inventories		(8,064)	(19,726)	-	-
Trade and other receivables		152	(37,579)	903	1,032
Trade and other payables		(2,740)	5,721	(49)	(132)
Cash generated/(loss) from operations		11,850	(29,039)	(853)	204
Interest paid	22	(2,006)	(3,273)	-	(2,093)
Taxation paid		(91)	(37)	(63)	-
Net cash generated from/(used in) operating activities		9,753	(32,349)	(916)	(1,889)
Cash used in investing activities					
Proceeds from profit guarantee	25	-	1,240	-	1,240
Purchase of property, plant and equipment	10	(13,408)	(21,778)	(4)	(6)
Proceeds from disposal of property, plant and equipment		20	26	-	-
Intangible assets	14	(281)	(182)	-	-
Increase in pledged deposits placed with licensed bank		(395)	(2,496)	(42)	(1,320)
Purchase of investment	13	(8)	(174)	-	-
Interest received		189	33	-	-
Net cash used in investing activities		(13,883)	(23,331)	(46)	(86)

The above cash flow statement is to be read in conjunction with the notes to the financial statements on pages 45 to 71.



	NOTE	GROUP		COMPANY	
		2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Cash Flows from/(used in) operating activities					
Net short term borrowings		10,923	(17,702)	-	(6,850)
Proceeds from issuance of Murabahah Underwritten Notes		-	85,000	-	85,000
Due from subsidiaries		-	-	814	(78,958)
Repayment of hire purchase and lease creditors		(2,616)	(5,339)	-	-
Repayment of term loans		(2,733)	(4,061)	(2,700)	-
Interest paid	22	(7,230)	(7,517)	(2,754)	(2,935)
Interest received		-	-	5,630	5,764
Deferred sales tax		2,195	-	-	-
Net cash generated from financing activities		539	50,381	990	2,021
Net (decrease)/increase in cash and cash equivalents		(3,591)	(5,299)	28	46
Cash and cash equivalents brought forward		(10,514)	(5,215)	54	8
Cash and cash equivalents at end of year	18	(14,105)	(10,514)	82	54

The above cash flow statement is to be read in conjunction with the notes to the financial statements on pages 45 to 71.

Notes to the **Financial Statements**

for the year ended 31 December 2005



1. **BASIC OF PREPARATION OF THE FINANCIAL STATEMENTS**

The financial statements of the Group and of the Company have been prepared under the historical cost convention unless otherwise disclosed in the financial statements to comply with the applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965.

The Directors are required to make estimates and assumptions that affect the amounts reported in the financial statements and disclosure of contingent assets and liabilities at the date of the financial statements. Although these estimates are based on the Directors' best knowledge of current events and actions, actual results could differ from those estimates.

The financial statements are presented in Ringgit Malaysia.

2. **GENERAL INFORMATION**

(a) **Principal Activities**

The principal activity of the Company is that of investment holding.

The principal activities of the subsidiary companies are as stated in Note 11(a) to the financial statements.

There has been no significant change in the nature of these activities during the financial year.

(b) **Listing Status**

The Company is listed on the Second Board of the Bursa Malaysia Securities Berhad.

(c) **Date of Authorisation of Issue of Financial Statements**

These financial statements of the Group and of the Company were authorised for issue by the Board of Directors on 22nd June 2006.

3. **FINANCIAL RISK MANAGEMENT POLICIES**

The Group's financial risk management policies seek to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its risks. The Group operates within clearly defined guidelines that are approved by the Board of Directors which are summarised below:

(a) **Foreign Currency Exchange Risk**

The Group incurs foreign currency risk on sales and purchases that are denominated in currencies other than Ringgit Malaysia. The currencies giving rise to this risk are primarily US Dollar and India Rupee. The Group manages its foreign currency risk by, inter-alia, entering into forward foreign exchange contracts as and when considered necessary to limit its foreign exchange exposure.

(b) **Interest Rate Risk**

Financial assets

The Group places surplus funds in fixed deposits with financial institutions and licensed banks to earn interest income based on prevailing market rates. The Group manages its exposure to interest rate fluctuation by placing its deposits on short tenures.

Financial liabilities

The Group's income and operating cash flows are substantially independent of changes in market interest rates. Interest rate exposure arises from the Group's borrowings and is managed through the use of fixed and floating rate debt.



(c) Credit Risk

Credit risk arises when inventories are consigned and sales are made on credit terms. The credit risk is controlled and managed by evaluation and monitoring of customers' credit standing.

(d) Price Fluctuation Risk

The Group is exposed to price fluctuation risk on sales and purchases of vegetable oil commodities. The Group sells forward in the physical market and enters into commodity future contracts with the objective of managing and hedging the Group's exposure to price volatility in the commodity markets.

(e) Liquidity and Cash Flow Risks

The Group seeks to maintain a balance between certainty of funding and a flexible, cost-effective borrowing structure. This is to ensure that projected net borrowing needs are covered by available committed facilities, and that the amount of debt maturing in any one year is not beyond the Group's ability to repay or refinance.

4. SIGNIFICANT ACCOUNTING POLICIES

(a) Share Capital

Ordinary shares are recorded at nominal value and proceeds received in excess of the nominal value of shares issued are accounted for as share premium. Ordinary shares and share premium are classified as equity. Dividends to shareholders are recognised in equity in the period in which they are paid.

(b) Basis of Consolidation

Subsidiaries are those entities in which the Group has power to exercise control over their financial and operating policies so as to obtain benefits from their activities.

Subsidiaries are consolidated using the acquisition method of accounting. Under this method the results of the subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the date of their acquisition or up to the date of their disposal.

The gain or loss on disposal of a subsidiary company is the difference between net disposal proceeds and the Group's share of its net assets together with any unamortised balance of goodwill and exchange differences.

A subsidiary company is not consolidated where the ability to transfer funds are significantly impaired and the Group ceases to have control over the financial and operating policies of the subsidiary.

Intra-group transactions and balances resulting in unrealised gains or losses are eliminated fully on consolidation and the consolidated financial statements reflect external transactions only.

(c) Investment in an Associate Company

Associates are those enterprises in which the Company has significant influence, but not control, over the financial and operating policies. Investment in an associate company is stated at cost less impairment losses, if any (Note 4(s)).

The consolidated financial statements include the total recognised gains and losses of associates on an equity accounted basis from the date that significant influence effectively commences until the date that significant influence effectively ceases, or when the Associate operates under severe long term restrictions that impairs the ability to transfer funds.

Unrealised profits arising on transactions between the Group and its associates which are included in the carrying amount of the related assets and liabilities are eliminated partially to the extent of the Group's interests in the associates. Unrealised losses on such transactions are also eliminated partially unless cost cannot be recovered.



Goodwill on acquisition is calculated based on the fair value of net assets acquired and is stated at cost less accumulated impairment losses, if any (Note 4(s)).

(d) Property, Plant and Equipment

Freehold land and construction-in-progress are stated at cost less accumulated impairment losses, if any (Note 4(s)).

All other property, plant and equipment are stated at cost less accumulated depreciation and impairment losses if any (Note 4(s)).

Leasehold land is amortised in equal instalments over the lease period of 48 years while buildings are depreciated on a straight-line basis over the useful life of 42 years. Property, plant and equipment are depreciated on a straight-line basis to write off the cost over their estimated useful lives at the following principal annual rates:

	%
Freehold buildings	2.38
Plant and machinery	3.80-20
Furniture, fittings and office equipment	20
Motor vehicles	20

The Group revalues its property comprising land and building every five years and at shorter intervals whenever the fair value of the revalued assets is expected to differ materially from their carrying value.

Surpluses arising from revaluation are dealt with in the revaluation reserve account. Any deficit arising is offset against the revaluation reserve to the extent of a previous increase for the same property. In all other cases, a decrease in carrying amount is charged to the income statement.

(e) Investments

Long term investments are stated cost less accumulated impairment losses, if any (Note 4(s)). An allowance for impairment loss is made where, in the opinion of the Directors, there is a permanent decline in the value of the investments.

(f) Intangible Assets

(i) Goodwill

Goodwill represents the excess of the cost of acquisition over the fair values of the net identifiable assets acquired and is stated at cost less accumulated impairment losses, if any (Note 4(s)).

(ii) Other intangible assets

Other intangible assets represents trademark and patent, which comprise expenditure incurred in respect of registration and patenting of the Group's products. Intangible assets are stated at cost less accumulated impairment losses. Annual renewal fees for trademark and patent are charged to income statement.

(g) Borrowings

Borrowings are recorded at the amount of proceeds received, net of transaction costs.

Borrowing costs incurred on capital work-in-progress are capitalised. Exchange differences arising from foreign currency borrowings, to the extent they are regarded as an adjustment to interest costs, are also capitalised. Capitalisation of borrowing costs will cease when the assets are ready for their intended use.



The capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation is the weighted average of the borrowing costs applicable to the Group's borrowings that are outstanding during the year, other than borrowings made specifically for the purpose of financing a specific capital work-in-progress in which case the actual borrowing cost incurred on that borrowing less any investment income on the temporary investment of that borrowing will be capitalised.

Capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted. All other borrowing cost are recognised as an expense in the income statement in the period in which they are incurred.

(h) Finance Leases

A finance lease/hire purchase is where the Group substantially assumes all the benefits and risk of ownership. All other leases are classified as operating leases.

(i) Hire Purchase/Finance Leases

Assets acquired by way of hire purchase and finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased asset and the present value of the minimum lease payments. Each lease payment is allocated between the liability and the finance charges so as to achieve a periodic constant rate of interest on the balance outstanding. The corresponding rental obligations, net of finance charges, are stated as lease creditors or hire purchase creditors. The interest element is charged to the income statement over the lease period.

(ii) Operating leases

Operating lease payments are recognised as an expense in the income statement on a straight - line basis over the term of the relevant lease.

(i) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average basis.

The cost of finished goods includes cost of raw materials, indirect materials, direct labour and an appropriate allocation of manufacturing overheads. The cost of raw materials and indirect materials comprises the original purchase price plus incidentals in bringing these inventories to their present location and condition.

(j) Receivables

Known bad debts are written off and specific allowance is made for any debts considered to be doubtful of collection.

(k) Payables

Payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services.

(l) Income Tax

Tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using applicable statutory tax rates, and any adjustment to tax payable in respect of previous years.



Deferred tax is provided, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amount in the financial statements. Temporary differences are not recognised for the initial recognition of assets or liabilities that at the time of the transaction affects neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using applicable statutory tax rates.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

(m) Revenue Recognition

Sale of goods

Revenue from sale of goods is measured at the fair value of the consideration receivable and is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer.

Dividend income

Dividend income is recognised when the right to receive payment is established.

Interest income

Interest income is recognised in the income statement as it accrues, taking into account the effective yield on the asset.

(n) Cash and Cash Equivalents

These are short term, highly liquid assets that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(o) Provisions

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the company expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

(p) Foreign Currency Conversions

(i) Translation of financial statements of foreign subsidiaries on consolidation

Assets, liabilities and results of subsidiary companies in foreign currencies are translated into Ringgit Malaysia at the rates of exchange ruling at the end of the financial year. Differences on exchange arising from the re-translation of the opening net investments in subsidiary companies, and from the translation of the results of those companies at the closing rates, are taken to foreign exchange fluctuation reserve.

(ii) Foreign currency transactions

Transactions in foreign currencies are converted into Ringgit Malaysia at the rates of exchange ruling at the transaction dates or at contracted rates where applicable. Foreign currency assets and liabilities are translated into Ringgit Malaysia at rates of exchange ruling at the balance sheet date. All exchange differences are dealt with through the income statement.

(iii) Foreign Operations

The Group's foreign operations are not considered an integral part of the company's operations and are translated by applying the policy described in (i) above.



(iv) Closing rates

The principal closing rates used in translation of foreign currency amounts are as follows:

Foreign Currency	2005	2005
	RM	RM
1 US Dollar	3.77	3.80
100 Indian Rupees	8.44	8.70

(q) Employee Benefits

(i) Short term employee benefits

Wages, salaries and bonuses are recognised as expenses in the year in which the associated services are rendered by employees of the Company. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, if any and short term non-accumulating compensated absences such as sick leave are recognised when absences occur.

(ii) Defined contribution plan

Obligations for contributions to defined contribution plans are recognised as an expense in the income statement as incurred.

(r) Derivative Financial Instruments

The Group uses derivative financial instruments, including commodity future contracts, to hedge its exposure to commodity price fluctuation arising from operational activities. These instruments are not recognised in the financial statements on inception.

Derivative financial instruments used for hedging purposes are accounted for on an equivalent basis as the underlying assets, liabilities or net positions. Any profit or loss arising is recognised on the same basis as that arising from the related assets, liabilities or net positions.

(s) Impairment of Assets

The carrying values of assets are reviewed for impairment when there is an indication that the assets might be impaired. Any impairment loss, so recognised, is charged to the income statement immediately. Subsequent increase in the recoverable amount of an asset is treated as reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in the income statement immediately. An impairment loss in respect of goodwill is not reversed, unless the loss was caused by a specific external event of an exceptional nature that is not expected to recur and subsequent external events have occurred that reverse the effect of that.

(t) Financial Instruments

Financial instruments are recognised in the balance sheet when the Company has become a party to the contractual provisions of the instrument.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends and gains and losses relating to a financial instrument classified as a liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are recognised directly in equity. Financial instruments are offset when the Company has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

The accounting policies and methods adopted, including the basis of measurement is disclosed in the individual policy statements associated with each item.



The information about the extent and nature of these recognised financial instruments, including significant terms and conditions that may affect the amount, timing and certainty of future cash flows, are disclosed in the notes to the financial statements, where applicable.

5. SHARE CAPITAL

	GROUP/COMPANY	
	2005 RM'000	2004 RM'000
Ordinary shares of RM0.50 each :		
Authorised	250,000	250,000
Issued and fully paid	168,500	168,500

6. RESERVES

	GROUP		COMPANY	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Non-distributable				
Foreign exchange fluctuation reserve	541	93		
Accumulated losses	(6,882)	(13,682)	(30,527)	(31,693)
	(6,341)	(13,589)	(30,527)	(31,693)

The accumulated losses since the inception of the Group and of the Company comprise:

Operating profit/(loss) after tax	25,118	17,078	1,473	(933)
Restructuring cost	(32,000)	(32,000)	(32,000)	(32,000)
Profit guarantee	-	1,240	-	1,240
	(6,882)	(13,682)	(30,527)	(31,693)

The foreign exchange fluctuation reserve arises from the translation of the financial statements of subsidiaries.



7. BORROWINGS

	NOTE	GROUP		COMPANY	
		2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Current					
MUNIF facility	7(a)	42,500	42,500	42,500	42,500
Term loans	7(b)	229	2,977	-	-
Short term borrowings	7(c)	76,753	58,413	-	-
Finance leases	7(d)	1,910	3,883	-	-
Other loans	7(e)	1,290	4,925	-	2,700
		122,682	112,698	42,500	45,200
Non Current					
MUNIF facility	7(a)	42,500	42,500	42,500	42,500
Term loan	7(b)	6,766	6,751	-	-
Hire purchase and lease creditors	7(d)	1,502	2,145	-	-
		50,768	51,396	42,500	42,500

(a) MUNIF Facility

The Company entered into the Murabahah Underwritten Note Issuance Facility (MUNIF). The facility has an availability period of seven years during which the Company may issue notes in multiples of RM1 million up to a maximum outstanding amount of RM85 million. The notes have a maturity period ranging from one to twelve months.

A portion of the MUNIF is classified as non-current even though certain notes are due to be settled within twelve months of the balance sheet date as the Company can and will continue to utilise the facilities to finance its obligations on a long term basis. The MUNIF bears yield of 3.20% to 3.99% per annum.

In connection with the facilities, the Company has entered into the following significant covenants with the lenders:

- (i) not to create or have outstanding any security interest on or over property or assets present or future of subsidiaries as defined under debenture agreement dated 10 February 2004 except for the liens arising solely by operation of law and in the ordinary course of business (and such liens must be discharged within seven days after it arises unless being contested in good faith and by appropriate proceedings) and any other security created or outstanding with the prior consent in writing of the facility agent, and such security as disclosed to the facility agents;
- (ii) not to sell, transfer, lease, encumber or otherwise dispose of or in any case cease to exercise control over the whole or substantial part of the Company's undertaking business or assets save and except in the ordinary course of business;
- (iii) the debt: equity ratio of the Group shall not exceed 1.25:1 and financial service cover ratio shall be at least 1.5:1; and



- (iv) the Company shall open and maintain the finance service reserve account for the purpose of receiving the amount of notes and finance service cover maturing next and disbursement accounts which shall be operated solely by the Security Trustee in accordance with the deed of assignment of the designated accounts and sinking fund account.

This facility is secured by way of fixed and floating charges on all the property, plant and equipment of the Group as defined under debenture agreement dated 10 February 2004.

(b) Term Loans

	GROUP	
	2005 RM'000	2004 RM'000
Payable within one year	229	2,977
Payable within two to five years	6,766	6,043
Payable after 5 years	-	708
	6,766	6,751
	6,995	9,728

These term loans obtained from licensed banks are secured by way of a fixed charged over all the property, plant and equipment of a foreign subsidiary.

These loans are repayable in monthly installments over periods ranging 4 to 6 years and bear interest ranging from 12.25% to 14.5% (2004:12.25% to 13.56%).

(c) Short Term Bank Borrowings

	GROUP	
	2005 RM'000	2004 RM'000
Al-Murabahah revolving financing	20,000	18,500
Bankers' acceptance	39,971	26,913
Bank overdrafts	16,782	13,000
	76,753	58,413

These banking facilities obtained from licensed banks are secured by way of a fixed and floating charge over all the assets of the group.

These borrowings bear interest at 3.97% to 13.5% (2004:3.05%to 7.25%).



(d) Finance Leases

	GROUP	
	2005 RM'000	2004 RM'000
Payable within a year	1,939	4,313
Payable within two to five years	1,903	2,484
	3,842	6,797
Less : Interest in suspense	(430)	(769)
	3,412	6,028
Due within 12 months	1,910	3,883
Due after 12 months	1,502	2,145
	3,412	6,028

The present value of finance leases liabilities are as follows:

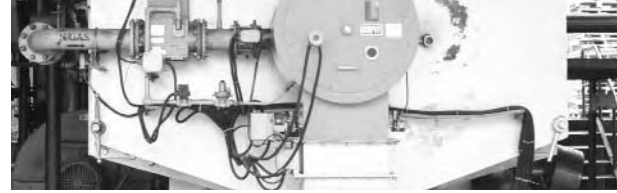
	GROUP	
	2005 RM'000	2004 RM'000
Not later than one year	1,670	3,819
Later than one year and not later than five years	1,742	2,209
	3,412	6,028

Finance lease creditors bear interest ranging from 3.65% to 5.00% (2004:3.7% to 7.0%) per annum.

(e) Other Loans

	GROUP	
	2005 RM'000	2004 RM'000
Loan from shareholders	-	2,700
Loan from a third party	-	1,115
Loan from a company in which a Director has substantial financial interest	1,290	1,110
	1,290	4,925

The above loans bear interest at 8% (2004:8% to 12%) per annum.



8. DEFERRED SALES TAX LIABILITY

This liability incurred in a foreign jurisdiction is payable after 7 years.

9. DEFERRED TAX LIABILITIES

	GROUP	
	2005 RM'000	2004 RM'000
Balance as at 1 January	22,014	21,060
Transfer (to)/from income statement	(1,616)	954
Balance as at 31 December	20,398	22,014

The recognised deferred tax assets and liabilities are as follows:

	GROUP	
	2005 RM'000	2004 RM'000
Property, plant and equipment	17,915	19,312
- capital allowances	12,017	12,017
- revaluation	(2,899)	(1,884)
Unabsorbed capital allowances	(3,102)	(4,389)
Unutilised reinvestment allowances	(3,315)	(3,657)
Unutilised tax losses	(218)	615
Taxable temporary differences	20,398	22,014

The unabsorbed capital allowances, unutilised tax losses and unutilised reinvestment allowances do not expire under current tax legislation.



10. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings RM000	Plant and machinery RM000	Motor vehicles, furniture, fittings and office equipment RM000	Construction -in-progress RM000	Total RM000
GROUP					
Cost					
Opening balance	33,423	199,925	4,620	20,398	258,366
Additions	374	6,280	253	6,501	13,408
Disposals	-	(62)	(9)	-	(71)
Transfers	1,025	9,524	13	(10,562)	-
Exchange differences	(147)	(223)	(2)	(547)	(919)
Closing balance	34,675	215,444	4,875	15,790	270,784
Depreciation					
Opening balance	4,662	68,545	3,450	-	76,657
Charge for the year	716	4,850	327	-	5,893
Disposals	-	(62)	(4)	-	(66)
Exchange differences	(10)	(23)	(1)	-	(34)
Closing balance	5,368	73,310	3,772	-	82,450
Net book value					
At 31 December 2005	29,307	142,134	1,103	15,790	188,334
At 31 December 2004	28,761	131,380	1,170	20,398	181,709
Depreciation charge for the year ended 31 December 2004	676	4,819	293	-	5,788



	Furniture, fittings and office equipment RM'000	
COMPANY		
Cost		
Opening balance	11	
Additions	4	
Closing balance	15	
Depreciation		
Opening balance	3	
Charge for the year	3	
Closing balance	6	
Net book value		
At 31 December 2005	9	
At 31 December 2004	8	
Depreciation charge for the year ended 31 December 2004	2	
	GROUP	
	2005 RM'000	2004 RM'000
At net book value of land and buildings		
Freehold land	1,273	1,273
Short term leasehold land	7,140	7,296
Buildings	20,894	20,192
	29,307	28,761



Assets Under Hire Purchase and Leases

Included in plant and equipment of the Group are plant and machinery acquired under hire purchase and lease agreements with net book value of RM16,654,735 (2004:RM15,436,000).

Additions under hire purchase

During the year, the Group acquired property, plant and equipment with an aggregate cost of RM13,408,914 (2004:RM27,608,000) of which RM1,223,891 (2004:RM4,513,000) were acquired by hire purchase and lease agreements.

Security

All property, plant and equipment of the Group have been charge to banking facilities granted to the Group/Company as disclosed in Note 7.

Borrowing costs

Included in construction-in-progress of the Group is interest expenses capitalised amounting RM376,000 (2004: RM376,000).

11. SUBSIDIARIES

(a) Investment in Subsidiaries

	GROUP	
	2005 RM'000	2004 RM'000
Unquoted shares, at cost	137,713	137,713

Details of the subsidiaries are as follows:

COMPANY	PRINCIPAL ACTIVITIES	COUNTRY INCORPORATION	Equity interest	
			2005 %	2004 %
Premium Vegetable Oils Sdn. Bhd. ("PVO")	Manufacture and sale of speciality fats based on palm kernel oil, palm oil, coconut oil, rapeseed oil, soya bean oil etc., including those refined and fractionated.	Malaysia	100	100



COMPANY	PRINCIPAL ACTIVITIES	COUNTRY OF IN CORPORATION	Equity interest	
			2005 %	2004 %
Premium Hong Kong Limited ("PHK")# *	Trading of speciality fats based on palm kernel oil, palm oil, coconut oil, rapeseed oil and soya bean oil including those refined and fractionated, interesterified products.	Hong Kong	100	100

COMPANY HELD THROUGH PREMIUM VEGETABLES OILS SDN. BHD.	PRINCIPAL ACTIVITIES	COUNTRY OF IN CORPORATION	Equity interest	
			2005 %	2004 %
Malim Sawit Sdn. Bhd. ("MSSB")	Processing of oil palm fruits, refining of palm oil and sale of refined products.	Malaysia	100	100
Premium Fats Sdn. Bhd. ("PFSB")	Manufacturing downstream products from palm oil.	Malaysia	100	100
Arani Agro Oil Industries Ltd. ("AAO")#	Refining and processing of vegetable oils for manufacture and sale of speciality fats.	India	100	100

Subsidiaries not audited by Raki Thomas and Ramanan.

* The auditors report of this subsidiary was modified as follows:

"Without qualifying our opinion, the financial statements of the Company have been prepared on a going concern basis which assumes financial assistance from the ultimate holding company will be made available to the Company as and when necessary to maintain the Company as a going concern".



(b) Due from Subsidiaries

	GROUP	
	2005 RM'000	2004 RM'000
Current		
Loan from subsidiaries	31,191	40,062
Advance from subsidiaries	10,720	5,396
	41,911	45,458
Non-current		
Loan to subsidiaries	41,629	38,896
	83,540	84,354

The loan to subsidiaries represents a portion of the RM85 million Islamic Murabahah Note Issuance Facilities which is on lent to the subsidiaries for the purpose of retiring their existing term loans and for working capital purposes.

Loan to subsidiaries is unsecured, has no fixed terms of repayment and carries interest at 7% per annum.

Advances to subsidiaries are unsecured, interest free and have no fixed terms of repayment.

12. INVESTMENT IN ASSOCIATE COMPANY

	GROUP	
	2005 RM'000	2004 RM'000
Unquoted shares, at cost	50	50
Less: Share of post acquisition losses	(50)	(50)
	-	-

The associate is Swiss Premium Corporation Sdn. Bhd., a company incorporated in Malaysia in which the Group holds an equity interest of 50% (2004: 50%). The Company was set up to undertake manufacturing of speciality fats.

13. OTHER INVESTMENT

	GROUP	
	2005 RM'000	2004 RM'000
Foreign mutual fund at cost		
As at 1 January	174	-
Exchange differences	(5)	-
Additions during the year	8	174
As at 31 December	177	174



14. INTANGIBLE ASSETS

	Goodwill RM'000	Other intangible assets RM'000	Total RM'000
GROUP			
Cost			
As at 1 January	27,228	287	27,515
Additions	-	281	281
As at 31 December	27,228	568	27,796

15. INVENTORIES

	GROUP	
	2005 RM'000	2004 RM'000
At cost		
Finished goods	55,268	47,940
Raw materials	22,442	21,941
Spares and consumables	8,333	8,098
	86,043	77,979

16. TRADE RECEIVABLES

	GROUP	
	2005 RM'000	2004 RM'000
Trade receivables	69,494	72,422
Less: Allowances for doubtful debts	(2,305)	(1,832)
	67,189	70,590

The currency exposure profile of trade receivables is as follows:

- Ringgit Malaysia	7,430	14,732
- US Dollar	55,475	48,110
- India Rupee	4,284	7,748
	67,189	70,590

Credit term of trade receivables are assessed and approved on case by cases basis.



17. OTHER RECEIVABLES

	GROUP		COMPANY	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Sundry receivables	15,490	14,505	63	1,570
Less: Allowances for doubtful debts	(150)	-	-	-
	15,340	14,505	63	1,570
Deposits and prepayments	5,954	4,364	604	-
	21,294	18,869	667	1,570

The currency exposure profile of other receivables is as follows:

- Ringgit Malaysia	11,338	10,918	667	1,570
- US Dollar	3,832	1,590	-	-
- India Rupee	6,124	6,361	-	-
	21,294	18,869	667	1,570

Credit terms of sundry receivables are assessed and approved on a case by case basis.

18. CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Cash and bank balances	2,677	2,486	82	54
Fixed deposits with licensed banks	4,199	3,804	1,362	1,320
	6,876	6,290	1,444	1,374
Bank overdraft (Note 7)	(16,782)	(13,000)	-	-
Less: Fixed deposit pledged to licensed banks	(4,199)	(3,804)	(1,362)	(1,320)
	(14,105)	(10,514)	82	54

The currency exposure profile of cash and cash equivalent is as follows:

- Ringgit Malaysia	663	1,679	82	54
- US Dollar	228	-	-	-
- India Rupee	1,786	807	-	-
	2,677	2,486	82	54

The fixed deposits with licensed banks are pledged under lien for banking facilities granted to the company.

These deposits have an average maturity of 180 to 365 days (2004: 180 to 365 days).



19. TRADE PAYABLES

The currency exposure profile of trade payables is as follows:

	GROUP	
	2005 RM'000	2004 RM'000
- Ringgit Malaysia	11,666	10,489
- India Rupee	12,811	11,556
	24,477	22,045

Credit term of trade payables are range from 30 to 90 days (2004: 30 to 60 days).

20. OTHER PAYABLES

	GROUP		COMPANY	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Sundry payables	13,188	18,488	-	-
Accruals	1,556	1,428	324	373
	14,744	19,916	324	373

The currency exposure profile of other receivables is as follows:

- Ringgit Malaysia	3,857	9,667	324	373
- US Dollar	65	-	-	-
- India Rupee	10,822	10,249	-	-
	14,744	19,916	324	373

Credit term of other payables are range from 30 to 90 days (2004: 30 to 60 days).



21. PROFIT/(LOSS) FROM OPERATIONS

	GROUP		COMPANY	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
(a) Profit/(loss) is stated after charging/(crediting):				
Auditor's remuneration	153	129	25	15
Depreciation of property, plant and equipment	5,893	5,788	3	2
Allowances for doubtful debts	321	608	-	-
Rental of land and building	771	849	-	27
Rental of equipment	-	90	-	-
Sundry receivables written off	503	-	-	-
and after crediting				
Realised gain on foreign exchange	641	1,047	-	-
Rental income	2	-	-	-
Gain on disposal of property, plant and equipment	15	26	-	-

	GROUP		COMPANY	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
(b) Director's Remuneration				
(i) Directors of the Company				
Executive Directors- salary and other emoluments	907	874	175	124
Non-Executive Directors- fees	218	198	102	98
	1,125	1,072	277	222
(ii) Directors of Subsidiaries				
Executive Directors- salary and other emoluments	17	28	-	-

The estimated monetary value of Directors' benefits-in-kind of the Group is RM80,400 (2004: RM80,400).

(c) Employee Information

Staff costs (including Executive Directors' remuneration)	12,787	12,019	656	185
Numbers of employees at the end of the year	489	522	3	2



22. FINANCING COSTS

	GROUP		COMPANY	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Interest expenses :				
Bank overdraft	515	868	-	-
Banker's acceptances	1,397	1,199	-	-
Al-Murabahah revolving financing	973	420	-	-
Bills discounting	117	225	-	-
Loan from a shareholder	39	115	-	-
Loan from a company which a a Director has financial interest	80	401	-	-
Loan from third party	40	259	19	287
Term loans	641	681	-	-
Hire purchase and leases	485	624	-	-
Loan from a Director	-	20	-	20
Preference share dividend paid to minority shareholder	-	77	-	-
Other loan interest understated in previous year	208	-	-	-
MUNIF loan facility	2,735	2,628	2,735	2,628
	7,230	7,517	2,754	2,935
Other finance costs	2,006	3,273	-	2,093
	9,236	10,790	2,754	5,028

23. TAXATION

	GROUP		COMPANY	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Tax charge for the current year				
- Malaysia	-	139	-	139
- Overseas	208	-	-	-
Deferred taxation for the current year				
- Malaysia	(594)	1,191	-	-
- Overseas	(264)	290	-	-
Tax attributable to current year	(650)	1,620	-	139
Tax attributable in respect of prior years				
- Tax charge	-	(1,132)	-	(9)
- Deferred taxation	(687)	(529)	-	-
	(1,337)	(41)	-	130



Reconciliation of effective tax charge is as follows :

	GROUP		COMPANY	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Profit before taxation	5,463	5,987	1,166	38
Taxation at Malaysian statutory tax rate of 28%	1,530	1,676	326	11
Adjusted for tax effects of :-				
Effect of different tax rate - overseas	(214)	12	-	-
Expenses not deductible for tax purposes	1,499	1,097	695	128
Double deduction of expenses	(38)	(157)	-	-
Utilization of reinvestment allowances	(1,764)	(1,063)	-	-
Utilization of previously unrecognised tax losses	(342)	-	-	-
Income not subject to tax	(1,308)	-	(1,021)	-
Tax losses of subsidiaries	29	-	-	-
Others	(42)	55	-	-
Effective taxation	(650)	1,620	-	139
Effective tax rate	(11.89%)	27.06%	-	365.79%

24. EARNINGS PER SHARE

Basic earnings per share

The calculation of basic earnings per share is based on the net profit attributable to ordinary shareholders RM6,800,000 (2004: RM6,028,000) and the weighted average number of ordinary shares outstanding during the year of 337,000,004 (2004:337,00,004).

25. PROFIT GUARANTEE

Group/Company

The profit guarantee is in respect of shortfall in profit after tax for the financial year ended 31 December 2003 disclosed to the Securities Commission, to be made good by the principal vendors as defined in the Company's prospectus dated 30 June 2003 to the Company.

26. OPERATING LEASES

Total future minimum lease payments under non-cancellable operating lease are as follows:

	GROUP	
	2005 RM'000	2004 RM'000
Payable within one year	40	40
Payable two to five years	227	227
More than five years	654	694
	921	961



27. CAPITAL COMMITMENT

	GROUP	
	2005 RM'000	2004 RM'000
Plant and machineries		
Contracted but not provided for	2,600	-

28. CONTINGENT LIABILITIES (UNSECURED)

GROUP

- (i) In the prior year, a statutory body filed an appeal in the Federal Court against a judgement by the Court of Appeal dismissing the claims made by the statutory body against the company. The Federal Court decided in favour of the Company and ordered the statutory body to refund the cess payment together with interest and cost thereon. Hence, an amount of RM 1.3 million receivable from the statutory body was included in other operating income in 2003.

Subsequently, the Act authorising the collection of cess was amended following which the statutory body issued a notice of demand for payment of arrears of cess from 1989 to 1999 amounting to RM 4 million.

The directors are of the opinion following advice from the Company's solicitors based on the judgement of Federal Court that the Company is not liable to pay the cess as demanded and as such no provision has been made in the financial statements.

- (ii) A subsidiary company has made an appeal with the Commissioner of Appeals against the demand notice of RM224,000 from Assistant Commissioner of Customs and Central Excise of a foreign country for short payment of Excise Duty.
- (iii) One of the subsidiaries is claiming liquidated damages for a sum of Rs245.7 million (equivalent to RM21.4 million) against a third party for breach of terms of contract and a direction for the same party to acquire the plant and machinery purchased for the purpose as stated in the contract for the amount of Rs20 million (equivalent to RM1.7 million) with 15% interest thereon in an arbitration proceeding. However, the same party has also counter claim for liquidated damages for an amount of Rs283 million (equivalent to RM24.6 million) for liquidated damages, deprivation of sales tax benefit and interest thereon.

Based on the legal opinion, the subsidiary stands a good chance in succeeding in the arbitration proceeding based on merits of the case and hence, no provision has been made in the financial statements.

COMPANY

As at 31 December 2005, corporate guarantees given to banks for banking facilities granted to the subsidiaries amounted to RM55,500,000 (2004: RM43,500,000).



29. RELATED PARTIES TRANSACTION AND BALANCES

(i) Transaction with Directors and key management personnel

	GROUP		COMPANY	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
(a) Interest on loan received Tan Sri Dato' Dr. K R Somasundram, Director company in which Tan Sri Dato' Dr K R Somasundram is a director	-	20	-	20
- Minsawi Industries (Kuala Kangsar) Sdn Bhd	80	114	-	-
A company in which Mr Agarwal Pares Nath has substantial financial interest				
- Sunworth Corporation Sdn Bhd	144	221	19	221
National Land Finance Co-operative Society Limited ("NLFCs"), shareholder	-	128	-	66
(b) Transportation services				
A company in which Tan Sri Dato' Dr. K R Somasundram has financial interest.				
- Syarikat Pooram Sdn Bhd	123	150	-	-
(c) Rental of premises				
National Land Finance Co-operative Society Limited ("NLFCs")	108	108	-	-
(d) Interest income receivable from subsidiaries	-	-	5,569	5,569

(ii) Loan balances from

	GROUP		COMPANY	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Sunworth Corporation Sdn Bhd	-	2,844	-	2,844
Minsawi Industries (Kuala Kangsar) Sdn Bhd	1,206	1,110	-	-

The directors are of the opinion that all the transaction above have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.



30. SEGMENTAL INFORMATION

Segment information is presented in respect of the Group's business and geographical segments. The primary format, geographical segments by location of assets, is based on the Group's management and internal reporting structure. Inter-segment pricing is determined based on market price.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated liabilities comprise of tax liabilities.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

Geographical segments

The Group operates principally in Malaysia and India. In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of assets. Segment assets are also based on the geographical location of the assets.

Business segments

There is no business segment reporting as the Group's principal activities comprise mainly of manufacturing of edible oils and related products.

	MALAYSIA		INDIA		HONG KONG		ELIMINATION		CONSOLIDATED	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Geographical segments by location of assets										
Revenue from external customers	311,958	324,038	101,329	79,321	34,643	-	-	-	447,930	403,269
Revenue from transactions with other segments assets	34,895	13,466	-	-	1,418	-	(36,313)	(13,466)	-	-
Total revenue	346,853	337,504	101,329	79,321	36,061	-	(36,313)	(13,466)	447,930	403,269
Segment results										
Interest income	11,339	17,374	3,035	1,040	136	-	-	(1,670)	14,510	16,744
Financing costs									189	33
									(9,236)	(10,790)
Profit before tax										
Taxation									5,463	5,987
Profit for the year									1,337	41
									6,800	6,028
Segments assets	323,852	341,928	71,624	67,309	2,337	-	(104)	(26,111)	397,709	383,126
Segments liabilities	(181,639)	(170,411)	(45,027)	(43,606)	(2,437)	-	16,146	7,816	(212,957)	(206,201)
Unallocated liabilities	(19,160)	(19,593)	(3,433)	(2,421)	-	-	-	-	(22,593)	(22,014)
Total liabilities	(200,799)	(190,004)	(48,460)	(46,027)	(2,437)	-	16,146	7,816	(235,550)	(228,215)
Capital expenditure	6,573	13,816	7,116	15,474	-	-	-	(1,682)	13,698	27,608
Depreciation	5,233	5,386	660	402	-	-	-	-	5,893	5,788
Non cash expenses	235	582	574	-	-	-	-	-	809	582



The sales revenue by geographical market and segment assets by location of assets are shown as below:

	MALAYSIA RM'000	INDIA RM'000	ASIA RM'000	EUROPE RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
Revenue from sales to external customers by location of customers							
- 2005	101,414	140,500	84,964	118,778	38,587	(36,313)	447,930
- 2004	98,241	134,747	100,863	38,423	44,461	(13,466)	403,269

31. FINANCIAL INSTRUMENTS

GROUP/COMPANY

A. Fair Values

Recognised in financial statements.

(i) Receivable, cash and cash equivalents, short term borrowings and payables.

The carrying amounts of the above financial assets and financial liabilities of the Company approximated their fair values at the balance sheet date due to the short term nature of these financial instruments.

(ii) Subsidiary and other loans balances.

It is not practicable to estimate the fair value principally due to the lack of fixed repayment terms and the balances being unsecured and interest free. However, the directors are of the opinion that the carrying amounts approximate fair values.

(iii) Long term loans

The carrying values of term loans, being a floating rate term loan would approximate its fair value as its effective interest rate changes accordingly to movement in the market interest rates.

(iv) Finance lease creditors and other investments.

The fair values are stated in Note 7 and 13 respectively.

(v) Contingent liabilities

It is not practicable to estimate the fair value of contingent liabilities reliably due to the uncertainties of timing, cost and eventual outcome.

financial instruments

At the balance sheet date, the Group has entered into the following commodity future contracts with maturities of less than one year:

	2005		2004	
	Contracted amount RM'000	Fair value RM'000	Contracted amount RM'000	Fair value RM'000
Sales Contracts	74,892	74,892	80,623	80,268
Purchase Contracts	41,159	41,159	38,827	38,522

The fair values of the commodity future contracts are based on market price as at 31 December.



B. Effective interest rates

The following table indicates the effective interest prevailing as at balance sheet dates.

	GROUP		COMPANY	
	2005 %	2004 %	2005 %	2004 %
Financial Assets				
Fixed deposits with licensed banks	4.50	3.00	3.10	3.00
Loan to subsidiaries	-	-	7.00	9.00
Financial Liabilities				
Al-Murabahah revolving facility	4.87	2.33	-	-
Bank overdrafts	3.42	6.80	-	-
Bankers acceptance	3.00	4.28	-	-
MUNIF loan facility	3.22	3.09	-	-
Term loans	9.16	13.09	-	-
Loan from shareholders	-	8.00	-	-
Loan from third parties	-	12.00	-	-
Loan from a company in which a director has financial interest in	9.00	9.00	9.00	9.00



Analysis of Shareholdings

List of Top 30 Holders as at 31.05.2006	Holdings	%
1. National Land Finance Co-operative Society Limited	104,383,288	30.97
2. Tan Sri Dato' Dr. K. R. Somasundram	31,742,151	9.42
3. Mayban Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Antara Consolidated Sdn Bhd	22,000,000	6.53
4. RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Sunworth Corporation (M) Sdn Bhd	19,229,817	5.71
5. Dato' Balaram a/l Petha Naidu	10,368,407	3.08
6. HSBC Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Sri Dato' Dr. K. R. Somasundram	5,198,500	1.54
7. Bank Kerjasama Rakyat Malaysia Berhad	4,199,385	1.25
8. Tay Teck Ho	3,823,600	1.13
9. Su Ming Keat	2,463,527	0.73
10. RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ridfan Bin Abd Hamid	2,240,000	0.66
11. Ng Sin Hin	2,025,100	0.61
12. RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Nik Radiah Binti Nik Hassan	1,991,800	0.59
13. Employees Provident Fund Board	1,900,000	0.56
14. RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ridfan Bin Abd Hamid (CEB)	1,856,400	0.55
15. Gan Soong Tee	1,845,000	0.55
16. Wong Ah San	1,816,300	0.54
17. PB Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Sunworth Corporation (M) Sdn Bhd	1,743,560	0.52
18. RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Leow Kay Pin	1,700,000	0.50
19. Koay Teng Choon	1,659,900	0.49
20. Cimsec Nominees (Tempatan) Sdn Bhd CIMB for Mak Ngia Ngia @ Mak Yoke Lum	1,260,600	0.37
21. Mayban Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lu Thian Tack	1,225,702	0.36
22. Tan Pak Nang	1,207,000	0.36
23. Mak Ngia Ngia @ Mak Yoke Lum	1,135,200	0.34
24. Chuah Ah Bee	1,103,000	0.33
25. S. Ramachandran a/l P. Seevaratnam	1,000,000	0.30
26. Nora Ee Siong Chee	1,000,000	0.30
27. Ng Yee	972,006	0.29
28. Mayban Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yau Kah Wei	910,000	0.27
29. Muthuvelu a/l Thangavelu	829,700	0.25
30. Arumugam a/l Kalimuthu	723,000	0.21



PREMIUM NUTRIENTS BERHAD

Holdings with 5% or more

	Holdings	%
1. National Land Finance Co-operative Society Limited	104,383,288	30.97
2. Tan Sri Dato' Dr K R Somasundram	36,940,651	10.96
3. Mayban Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Antara Consolidated Sdn Bhd	22,000,000	6.53
5. Sunworth Corporation (M) Sdn Bhd	20,973,377	6.22

Analysis of shareholdings as at 31.05.2006 (Malaysian & Foreign - Combine)

Size of Holdings	No. of holders	%	No. of holdings	%
1-99	256	3.22	5,205	0
100-1,000	2,531	31.80	1,346,658	0.40
1,001-10,000	3,520	44.23	19,063,777	5.66
10,001-100,000	1,459	18.33	48,210,482	14.30
100,001-16,849,999	189	2.37	84,076,566	24.96
16,850,000 and above (**)	4	0.05	184,297,316	54.68
	7,959	100.00	337,000,004	100.00

Directors' Interests in Share as at 31st May 2006

(as shown in the Register of Directors' Shareholdings)

Name of Directors	Interest in Share			Percentage (%)	
	Nationality/Races	Direct	Deemed	Direct	Deemed
Tan Sri Dato' Dr K R Somasundram	Malaysian / Indian	36,940,651	497,608	10.96	0.15
Agarwal Pares Nath	Indian / Indian	Nil	20,973,377	Nil	6.22
Datuk Sahadivanaidu a/l Baliah	Malaysian / Indian	210,945	Nil	0.06	Nil
Subramaniam a/l Seenivasagam	Malaysian / Indian	49,761	Nil	0.01	Nil
Abdul Aziz Bin Mohamed Hussain	Malaysia P.R / Malay	Nil	Nil	Nil	Nil
Syed Mubarak Bin Syed Ahmad	Malaysian / Malay	Nil	Nil	Nil	Nil
Dato' Faruk Bin Othman	Malaysian / Malay	Nil	Nil	Nil	Nil
Ab Rahim bin Mohd Zain	Malaysian / Malay	Nil	Nil	Nil	Nil
Festus a/l A Christ Dhas	Malaysian / Indian	Nil	Nil	Nil	Nil



List of Properties

Registered Owner/Lessee	Description and Location	Land Area/ (Built-up Area) Sq feet	Tenure/(Age of Building)	Net Book Value As At 31 December 2005 RM'000	Year of Acquisition/ (Revaluation)	Usage
Premium Vegetable Oils Sdn Bhd (Formerly known as Premium Vegetable Oils Berhad)	PTD 64908, H.S. (D) 151065 and PTD 84772, H.S. (D), 153378 Mukim Plentong, Daerah Johor Bahru, Negeri Johor Darul Takzim	467,824 / (165,960)	PTD 64908, H.S. (D) 151965 (Leasehold for 60 years expiring on 15.09.2044)	4,271	1985 / (2003)	Crushing
			PTD 84772, H.S. (D) 274412 (Leasehold for 60 years expiring on 22.01.2049)	2,869	1987 / (2003)	Refinery and other process plants
			Building	10,520	1985 / (2004)	- DO -
Malim Sawit Sdn Bhd	PTD 3445, H.S. (M) 692, PTD 3494, H.S. (M) 662, PTD 3425, H.S. (M) 658, PTD 3460, H.S. (M) 652, PTD 3472, H.S. (M) 651, PTD 3471, H.S. (M) 649, Mukim Layang-Layang, Daerah Johor, Sungai Sayang, Negeri Johor Darul Takzim	1,568,151 / (68,310)	Freehold	1,273	1993 / (2001)	Oil mill and process plants
			Building	4,387	2001	
Arani Agro Oil Industries Limited	Survey No. 314 of Suryaraopet, Indrapalem Gram Panchayat Limits, East Godavari District, India	217,777 / (93,319)	Leasehold for 19 years expiring on 21.06.2021	Nil	2002	
Kakinada Sea Port Limited, leased by Arani Agro Oil Industries Limited			Building	5,903		
Arani Agro Oil Industries Ltd	Survey No. 49/4, 49/3, & 51/1 Ameeravalli Gram Panchayat, Kothapali Mandalam, Pithapuram, East Godavari distt. India	100,170	Freehold Land	11.36	2004	

Form of Proxy



I/We _____
of _____
being a member(s) of PREMIUM NUTRIENTS BERHAD holding _____
shares hereby appoint _____
of _____
or failing him _____
of _____

as my/our proxy to vote for me/us on my/our behalf at the Fourth Annual General Meeting of the Company to be held on 13th day, July 2006 at 10.00 a.m. and at any adjournment thereof, in the manner indicated below :

NO	RESOLUTION	FOR	AGAINST
1	Adoption of Audited Financial Statements for the year ended 31 December 2005 and the Directors' and Auditors' Reports thereon.		
2	Approval of the remuneration of the Directors for the year ended 31 December 2005		
3	Re-election of the following Directors retiring under the provisions of Article 87 of the Company's Articles of Association:- En Ab. Rahim Bin Mohd Zain (Article 87)		
4	En. Abdul Aziz Bin Mohamed Hussain (Article 87)		
5	Tuan Syed Mubarak Bin Syed Ahmad (Article 87)		
6	Election of Mr. Festus a/l A Christ Dhas retiring under the provisions of Article 94 of the Company's Articles of Association.		
7	Passing 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 in accordance with Section 129(6) of the Companies Act, 1965 to hold office until the next Annual General Meeting".		
8	Appointment of Auditors and authorizing the Directors to fix their remuneration.		

Please indicate with "X" how you wish your vote to be cast. In the absence of specific directions, your Proxy will vote or abstain as he thinks fit.

Dated this _____ day of _____ 2006.

Signature

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 at the Registrar Office at not less than forty-eight (48) hours before the time set for holding the meeting or any adjournment thereof



The Company Secretary
c/o Symphony Share Registrars Sdn Bhd
Level 26, Menara Multi Purpose, Capital Square,
No.8 Jalan Munshi Abdullah,
50100 Kuala Lumpur

Stamp

