

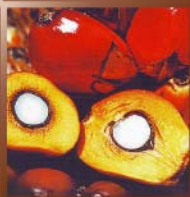


**PREMIUM
GROUP**

Premium Nutrients Berhad
(No. 589272 - D)



V



LAPORAN TAHUNAN
ANNUAL REPORT

2007

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Notice of Sixth Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the SIXTH ANNUAL GENERAL MEETING OF PREMIUM NUTRIENTS BERHAD will be held at Auditorium Tan Sri K R Soma, Wisma Tun Sambanthan, Jalan Sultan Sulaiman, 50000 Kuala Lumpur on Monday, 2 June 2008 at 9.00 a.m. to transact the following business:

AS ORDINARY BUSINESS:

1. To receive the Audited Financial Statements for the financial year ended 31 December 2007 and the Reports of Directors and Auditors thereon. **Resolution 1**
2. To approve payment of the Directors' fees for the year ended 31 December 2007 **Resolution 2**
3. To re-elect the following Directors retiring in accordance with Article 87 of the Company's Articles of Association, and being eligible offer themselves for re-election:-
 - (a) YBhg. Dato' Faruk Bin Othman **Resolution 3**
 - (b) Tuan Syed Mubarak Bin Syed Ahmad **Resolution 4**
 - (c) Mr. Tharumarajah a/l Thillarajah **Resolution 5**
4. To consider and if thought fit, to pass the following resolutions in accordance with Section 129(6) of the Companies Act, 1965:-
 - (a) "That pursuant to Section 129(6) of the Companies Act, 1965, YBhg. Tan Sri Dato' Dr. K R Somasundram be and is hereby re-appointed as Director of the Company to hold office until the conclusion of the next Annual General Meeting of the Company. **Resolution 6**
 - (b) "That pursuant to Section 129(6) of the Companies Act, 1965, Mr. Subramaniam a/l Seenivasagam be and is hereby re-appointed as Director of the Company to hold office until the conclusion of the next Annual General Meeting of the Company. **Resolution 7**
5. "To re-appoint Messrs Raki Thomas & Ramanan (Firm No. AF 0363) as Auditors of the Company and to authorize the Directors to fix their remuneration. **Resolution 8**



AS SPECIAL BUSINESS:

6. Ordinary Resolution

Authority to Allot and Issue Shares in General Pursuant to Section 132D of the Companies Act, 1965 Resolution 9

"That pursuant to Section 132D of the Companies Act, 1965, and subject to the approvals of the relevant government/regulatory authorities, the Directors be and are hereby empowered to issue shares in the capital of the Company from time to time and upon such terms and conditions and for such purposes as the Directors, may in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued share capital of the Company for the time being and that the Directors be and are hereby also empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing and quotation of additional shares so issued and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company."

7. To transact any other ordinary business of the Company.

By Order of the Board

MR. JEYA KUMAR JEGATHISON

MS. SHIKHA DUTT

Secretaries

Kuala Lumpur

16 May 2008

Explanatory Note to Special Business:

Authority Pursuant to Section 132D of the Companies Act, 1965

The proposed adoption of the Ordinary Resolution is primarily to give flexibility to the Board of Directors to issue and allot shares at any time to such persons in their absolute discretion without convening a general meeting. This authority unless revoked or varied by the Company in general meeting, will expire at the next Annual General Meeting.

NOTES

1. A member of the Company entitled to attend and vote at the meeting may appoint one or more proxies to attend and vote on his behalf. A proxy need not be a member of the Company.
2. The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorized in writing or if the appointor is a corporation either under the corporation's seal or under the hand of an officer or attorney duly authorized.
3. The instrument appointing the proxy must be deposited at the Share Registrar of the Company at Symphony Share Registrars Sdn Bhd at Level 26, Menara Multi Purpose, Capital Square, No.8, Jalan Munshi Abdullah, 50100 Kuala Lumpur not less than 48 hours before the time appointed for holding the meeting or adjourned meeting thereof.

Statement Accompanying Notice of Sixth 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) YBhg. Dato' Faruk Bin Othman | - | Article 87 |
| b) Tuan Syed Mubarak Bin Syed Ahmad | - | Article 87 |
| c) Mr Tharumarajah a/l Thillarajah | - | Article 87 |

The above Directors do not have interest in the shares of the Company.

2. The Directors standing for re-appointment pursuant to Section 129 (6) of the Companies Act, 1965 are:

- a) YBhg. Tan Sri Dato' Dr. K R Somasundram
- b) Mr Subramaniam a/l Seenivasagam.

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

Place	Date	Hour
Auditorium Tan Sri K R Soma, Wisma Tun Sambanthan, Jalan Sultan Sulaiman, 50000 Kuala Lumpur.	2 June 2008	9.00 a.m.

4. Details of Directors' attendance at Board Meetings during the financial year are disclosed on page 12 of the annual report.



Board of Directors

CHAIRMAN

YBhg. Tan Sri Dato' Dr K R Somasundram

Non-Independent Non-Executive Director

DIRECTORS

Mr. Tharumarajah a/l Thillarajah

Managing Director

YBhg. Datuk Sahadivanaidu a/l Baliah

Non-Independent Non-Executive Director

En. Abdul Aziz Bin Mohamed Hussain

Independent Non-Executive Director

Tuan Syed Mubarak Bin Syed Ahmad

Independent Non-Executive Director

En. Ab Rahim Bin Mohd Zain

Executive Director

Mr. Subramaniam a/l Seenivasagam

Non-Independent Non-Executive Director

YBhg. Dato' Faruk Bin Othman

Independent Non-Executive Director

Mr. Festus a/l A Christ Dhas

Non-Independent Non-Executive Director

CHIEF EXECUTIVE OFFICER

Mr. Rajalingam a/l RVR Singam

GROUP COMPANY SECRETARIES

Mr. Jeya Kumar Jegathison

Ms. Shikha Dutt

REGISTERED OFFICE

Level 27 Wisma Tun Sambanthan

Jalan Sultan Sulaiman

50000 Kuala Lumpur

Tel: 03 2273 5033

Fax: 03 2273 4340

REGISTRAR

Symphony Share Registrars 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

CIMB Bank Berhad

RHB Bank Berhad

Bank Muamalat Malaysia Berhad

HSBC Bank Malaysia Berhad

Malayan Banking Berhad

Standard Chartered Bank Malaysia Berhad

Punjab National Bank

ING Vysya Bank Limited

Indian Overseas Bank

Export-Import Bank of India

Syndicate Bank

Andhra Bank

Bank of Maharashtra

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

Raki Thomas & Ramanan

Chartered Accountants

10-4, 10th Floor, Wisma Bandar

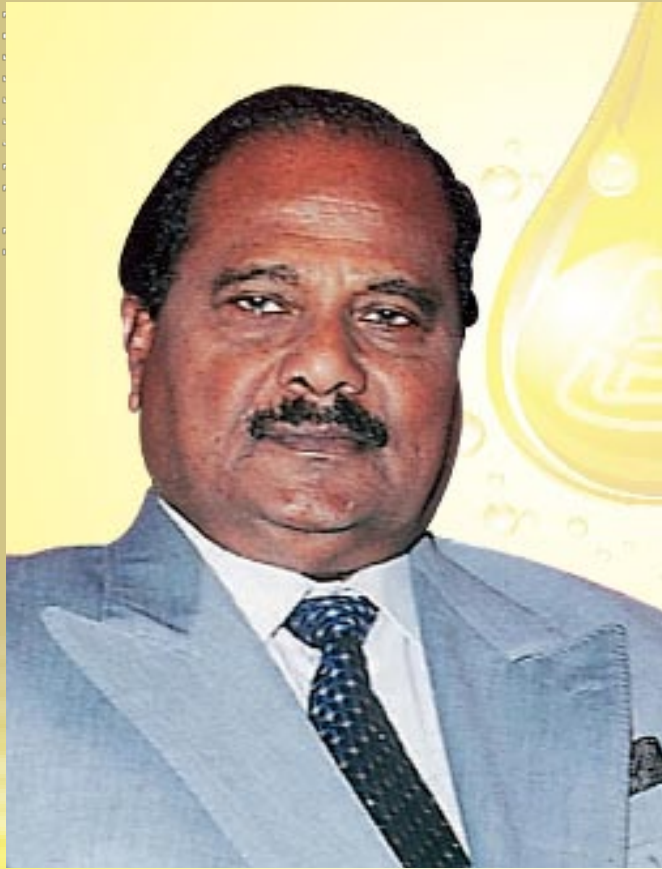
18, Jalan Tuanku Abdul Rahman

51200 Kuala Lumpur.

Tel: 03 2698 1090

Fax: 03 2694 4090

Board of
Directors & Chief Executive Officer



YBhg. Tan Sri Dato' Dr. K R Somasundram
Chairman, Non-Independent Non-Executive Director



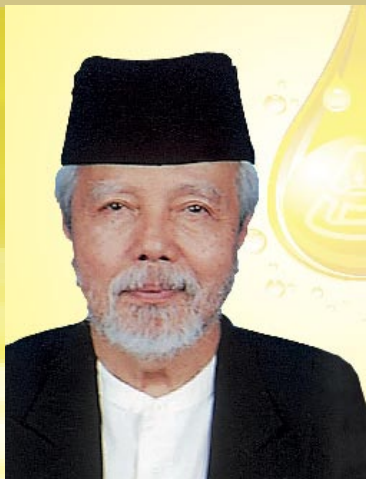
**Mr. Tharumarajah
a/l Thillarajah**
Managing Director



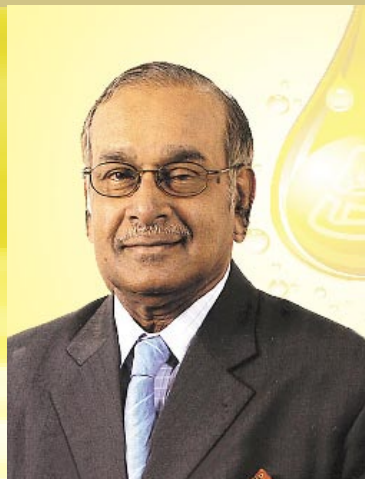
**YBhg. Datuk Sahadivanaidu
a/l Baliah**
Non-Independent Non-Executive
Director



**En. Abdul Aziz Bin
Mohamed Hussain**
Independent Non-Executive Director



En. Ab Rahim Bin Mohd Zain
Executive Director



**Mr. Subramaniam
a/l Seenivasagam**
Non-Independent Non-Executive
Director



YBhg. Dato' Faruk Bin Othman
Independent Non-Executive
Director



**Tuan Syed Mubarak Bin
Syed Ahmad**
Independent Non-Executive
Director



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



Mr. Rajalingam a/l RVR Singam
Chief Executive Officer

Directors & Chief Executive Officer

YBHG. TAN SRI DATO' DR. K R SOMASUNDRAM

YBhg. Tan Sri Dato' Dr. K R Somasundram, a Malaysian, aged 78 was appointed to the Board on 9 April 2003. He is a planter by profession and is the promoter and Chairman of Premium Vegetable Oils Sdn Bhd since 1992. 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 the Chairman of Remuneration Committee and Nomination Committee.

MR. THARUMARAJAH A/L THILLARAJAH

Mr. Tharumarajah a/l Thillarajah, a Malaysian, aged 62, was appointed to the Board and assumed the position of Group Managing Director with effect from 2 May 2007. He did the external Council of Engineering Institute (U.K), professional course in Mechanical Engineering at University of Technology Malaysia. He commenced his working career with Sime Darby Plantations in 1971 as Trainee Engineer and held several senior management positions within this company before retiring in 2001 as General Manager of Kempas Edible Oil, a leading manufacturer of edible oils and fats. He has extensive experience in edible oils and fats business with direct involvement in international marketing. From 2001 to date of joining the Board, he was employed as Chief Executive Officer of local Engineering Company who was the exclusive agents of Silikel Germany specializing in industrial flooring system.

He is a member of Remuneration Committee and Nomination Committee.

YBHG. DATUK SAHADIVANAIDU A/L BALIAH

YBhg. Datuk Sahadivanaidu a/l Baliah, a Malaysian, aged 56, was appointed to the Board on 9 April 2003. He is a Director of Premium Vegetable Oils Sdn.Bhd. since 31 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 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 a member of Nomination Committee.

EN. ABDUL AZIZ BIN MOHAMED HUSSAIN

En. Abdul Aziz Bin Mohamed Hussain, a Malaysian PR, aged 57, was appointed to the Board on 9 April 2003. He was appointed to the Board of Premium Vegetable Oils Sdn. Bhd. on 7 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 4 June 1999.

He is a member of Audit Committee, Remuneration Committee and Nomination Committee.



EN. AB RAHIM BIN MOHD ZAIN

En. Ab Rahim Bin Mohd Zain, a Malaysian, aged 69, was appointed to the Board on 9 April 2003. Prior to that, he was on the Board of Premium Vegetable Oils Sdn. Bhd. since 21 November 1994. Since 1 March 2007, he has been appointed as Executive Director in charge of Research and Human Resource Development. He was in the Malaysian Civil Service from 1963 to 1994. He has held position as the Deputy Chairman of the Malaysian Fisheries Development Authority and the Director General of the Socio-Economic Research Unit of Prime Ministers Department. In 1988, he was seconded as the Director General of the Palm Oil Registration and Licensing Authority, Malaysia. He retired from civil service in 1994. For his services in Perak, he was awarded the Paduka Chura Simanjakini in 1979.

MR. SUBRAMANIAM A/L SEENIVASAGAM

Mr. Subramaniam a/l Seenivasagam, a Malaysian, aged 72, was appointed to the Board on 9 April 2003. He is a director of Premium Vegetable Oils Sdn Bhd since 13 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 a member of Remuneration Committee.

YBHG. DATO' FARUK BIN OTHMAN

YBhg. Dato' Faruk Bin Othman, a Malaysian, aged 60, is the Director of the Company and was appointed to the Board on 9 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 30 years of experience in the financial sector, mainly in the stock broking and banking industry. His involvement in banking started when he joined Standard Chartered Bank in 1971 before leaving for United Asian Bank. In 1981, he assumed the post of Assistant General Manager of Kwong Yik Bank Berhad for 8 years before taking over the post of Executive Director in Inter-Pacific Securities Sdn.Bhd. in 1989. He is also the Executive Chairman of Furqan Business Organisation Berhad.

He is a member of Audit Committee.

TUAN SYED MUBARAK BIN SYED AHMAD

Tuan Syed Mubarak Bin Syed Ahmad, a Malaysian, aged 65, was appointed to the Board on 9 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. He is a member of the Association of Chartered Certified Accountants (UK) and the Institute of Accountants and the Malaysian Institute of Taxation. He 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 the Chairman of Audit Committee.

MR. FESTUS A/L A CHRIST DHAS

Mr. Festus a/l A Christ Dhas, a Malaysian, aged 57, was appointed to the Board on 29 November 2005. He is an accountant by profession having graduated with Chartered Institute of Management Accountants (UK) in 1978. He is a member of the Chartered Institute of Management Accountants (UK) and also a member of the Malaysian Institute of Accountants (MIA). He has over 36 years of working experience of which, 30 years were with Tenaga Nasional Berhad (TNB). He held various Senior Management positions in TNB, and held key positions in several private limited companies. Currently, he is an Executive Director of Emrail Sdn.Bhd, a company principally involved in railway related engineering works and constructions.

He is a member of Audit Committee.

MR. RAJALINGAM A/L RVR SINGAM

Chief Executive Officer

Mr. Rajalingam a/l RVR Singam, a Malaysian, aged 57, was appointed as Chief Executive Officer of the Company on 1 January 2007. He has more than 30 years of experience in the areas of auditing, accounting, financial management and business entrepreneurship. Mr. Rajalingam is a Fellow of The Chartered Association of Certified Accountants (FCCA), a Chartered Member of the Malaysian Institute of Accountants (MIA) and a Chartered Member of the Institute of Internal Auditors (CMIIA). He has experience in the plantation and property sector having had served in two public listed companies at senior positions prior to his present appointment.

Statement of Corporate Governance



INTRODUCTION

The Board of Directors of Premium Nutrients Berhad (“the Board”) fully appreciate the importance of adopting high standards of Corporate Governance within the Group. Corporate Governance sets out the framework and process by which companies, through their Board of Directors and Management, regulate their business activities. It balances sound and safe business operations compliance with the relevant laws and regulations.

The Board is committed to ensuring that the highest standards of corporate governance are consistently observed by the Group, not only by due observance of the Principles and Best Practices on Corporate Governance as set out in the Malaysian Code on Corporate Governance (Revised 2007) (the Code), but also to put in place stringent parameters and measures for adherence by the Management.

THE BOARD OF DIRECTORS

COMPOSITION OF THE BOARD

The Board currently has nine (9) members, comprising two (2) Executive Directors and seven (7) Non-Executive Directors of which three (3) of the Directors are Independent Directors, in compliance with the Bursa Malaysia Securities Berhad Listing Requirements (Bursa Malaysia Listing Requirements) on the 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 8 to 10 of the Annual Report.

The role of the Chairman is separate from that of the Group Managing Director & Chief Executive Officer. The Chairman is responsible for ensuring that the Board functions properly, with good corporate governance practices and procedures, whilst the Group Managing Director & Chief Executive Officer are responsible for managing the Group’s business, including the implementation of major strategies and initiatives adopted by the Board.

The three (3) Independent Non-Executive Directors play 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 its members to three (3) Board committees, namely the Audit Committee, Remuneration Committee and Nomination Committee. The terms of reference of each Committee have been approved by the Board and where applicable, comply with the recommendations of the Code.

BOARD MEETINGS

The Board has the overall responsibility for corporate governance, direction, formulation of policies and overseeing the investment and business of the Group. To assist the Board in retaining full and effective control of the Company, the Board deliberates on a formal agenda and schedule of matters arising for approval or notation during these Board Meetings. During the financial year ended 31 December 2007, the Board reviewed and approved, amongst other matters, the Group's strategic and business plans, as well as the financial results and performance of the Group's businesses. The Board also reviewed and approved the acquisition and disposal of assets or investment of the Company and its subsidiaries that are material to the Group.

Directors' commitment, resources and time allocated to the Company are evident from the attendance record, where no Directors were absent for more than 50% of the total Board Meetings held during the financial year ended 31 December 2007, hence complying with Paragraph 15.05 of Listing Requirements of Bursa Malaysia.

A summary of the attendance of each Director at the Board Meetings held during the financial year under review are as follows:

Board of Directors' Meetings held in 2007

DIRECTORS	MEETINGS ATTENDED	%
YBhg. Tan Sri Dato' Dr. K. R. Somasundram	9/9	100
YBhg. Datuk Sahadivanaidu a/l Baliah	9/9	100
Mr. Tharumarajah a/l Thillarajah (Appointed on 2 May 2007)	6/6	100
Mr. Subramaniam a/l Seenivasagam	9/9	100
En. Ab Rahim Zain Bin Mohd Zain	9/9	100
Tuan Syed Mubarak Bin Syed Ahmad	8/9	88
YBhg. Dato' Faruk Bin Othman	7/9	77
En. Abdul Aziz Bin Mohamed Hussain	7/9	77
Mr. Festus a/l A Christ Dhas	9/9	100

SUPPLY OF INFORMATION

Every Director has ready and unrestricted access to the information pertaining to the Premium Group's business affairs to enable them in discharging their duties and responsibilities. All Directors are provided with an agenda and a set of board papers in a timely manner prior to Board meetings, to ensure that the Directors receive sufficient relevant information, and allow sufficient time for their detailed review and consideration so as to enable them to participate effectively in Board decisions. All Directors have the right to make further enquiries where they consider necessary prior to Board meetings.

All Directors have access to the Company Secretaries, independent external professional advisors, and internal/external auditors in appropriate circumstances for advice and services in the furtherance of their duties, at the Group's expense.



COMMITTEES OF THE BOARD

Audit Committee

The Audit Committee reviews issues of accounting policies, presentations for external finance reporting, monitors the work of the in-house internal auditor, ensures that an objective and professional relationship is maintained with the external auditors, and that conflicts of interest are avoided.

The report of the Audit Committee for the financial year ended 31 December 2007 is set out on pages 19 to 22.

Remuneration Committee

The Remuneration Committee is principally responsible for setting the policy framework and for making recommendations to the Board on remuneration packages and benefits extended to the Executive and Non-Executive Directors.

The Remuneration Committee has met three (3) times during the financial year ended 31 December 2007.

The members of the Remuneration Committee are as follows :-

Chairman

YBhg. Tan Sri Dato' Dr. K R Somasundram (Non Independent, Non-Executive Director)

Members

Mr. Tharumarajah a/l Thillarajah (Managing Director)
(Appointed on 2 May 2007)

Mr. Subramaniam a/l Seenivasagam (Non-Independent, Non-Executive Director)

En. Abdul Aziz Bin Mohamed Hussain (Independent, Non-Executive Director)

Nomination Committee

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.

The Nomination Committee has met two (2) times during the financial year ended 31 December 2007.

The members of the Nomination Committee are as follows:-

Chairman

YBhg. Tan Sri Dato' Dr. K R Somasundram (Non Independent, Non-Executive Director)

Members

YBhg. Datuk Sahadivanaidu a/l Baliah (Non Independent, Non-Executive Director)

En. Abdul Aziz Bin Mohamed Hussain (Independent, Non-Executive Director)

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.

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 Bursa Malaysia Securities Berhad ("Bursa Malaysia"). In 2007, the Directors attended a seminar on the latest updated of Bursa Malaysia and Securities Commission. The Directors will continue to attend other relevant training programmes to further enhance their skills and knowledge.

CORPORATE SOCIAL RESPONSIBILITY

We recognise that we have a responsibility to our employees, our business partners, our stakeholders and the communities in which we do business, as well as to the environment we operate in. As such, we have implemented various initiatives to ensure responsible practices are carried out in all areas of the businesses. The Group had conducted in house seminar for Directors and employees to improve their knowledge and understanding on the corporate social responsibilities.



DIRECTORS' REMUNERATION

The Company's Directors' aggregate remuneration from the Group categorized into appropriate components for the financial year ended 31 December 2007 are as follows:-

Aggregate Remuneration

Remuneration	Executive Directors RM'000	Non- ExecutiveDirectors RM' 000	Total RM' 000
Fees	26	405	431
Salaries	590	-	590
EPF	77	-	77
Allowances	85	-	85
Bonus	76	-	76
Benefit-in-kind	43	-	43
Total	897	405	1,302

Analysis of Remuneration

Total Remuneration	Number of Executive Directors	Number of Directors Non-Executive	Total
RM 0 to RM 50,000		8	8
RM50,001toRM1,000,000	3	2	5
Total	3	10	13

There are three (3) Executive Directors and ten (10) Non-Executive Directors, whose remuneration details have been disclosed as above.

SHAREHOLDERS AND COMMUNICATION

Premium Nutrients Berhad maintains a regular policy of disseminating information that is material for shareholders' information via announcements made through the Bursa Securities website. In compliance with the Listing Requirements, the Company also releases timely financial information on a quarterly basis, which includes an overview of the performance of Premium Group.

The Company uses the annual general meeting as a principal forum for dialogue with shareholders. Shareholders are encouraged to participate in the questions and answers session. Members of the Board as well as the external auditors of the Company are present to answer queries raised at the meeting.

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Directors aim to present a balanced and understandable assessment of the Premium Group's position and prospects in presenting its annual financial statements and quarterly announcements to shareholders. These financial statements are drawn-up in accordance with the provisions of the Companies Act, 1965 and the applicable approved accounting standards for entities other than private entities issued by the Malaysian Accounting Standards Board, and are reviewed by the Audit Committee prior to approval by the Board. In compliance with statutory requirements, the annual financial statements are subjected to audit by an independent external auditor.

Internal Control

The Board of Directors acknowledge their responsibility for the Premium Group's system of internal control, which is designed to identify and manage the risks of the businesses of the Group, in pursuit of its objectives. In addition, the system of internal control practiced by the Group spans over financial, operational and compliance aspects, particularly to safeguard the Premium Group's assets and hence shareholders' investments. In executing this responsibility, the Board via the Audit Committee and the internal auditors, has adopted procedures to monitor the ongoing adequacy and integrity of the system of internal control.

Further details of the state of the system of internal control of the Group are presented on pages 17 to 18 of this annual report.

Relationship with the Auditors

Through the Audit Committee, the Board has established transparent and professional relationship with the Group's auditors, both external and internal.

The functions of the Audit Committee and its relationship with the Auditors are set out on pages 19 to 22 of this Annual Report.

The activities of the internal auditors relating to the operations of the Group during the financial year are set out on page 19 to 22 of this Annual Report.

Statement of Internal Control



RESPONSIBILITY

The Board of Directors acknowledges responsibility for maintaining a sound system of internal control and for reviewing its adequacy and integrity. The system of internal control designed to safeguard shareholders' investment and the Group's assets, by its nature can only manage rather than eliminate the risk of failure to achieve business objectives, and inherently can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has established procedures to implement in full the recommendations of the "Statement on Internal Control: Guidance for Directors of Public Listed Companies" for the Company and its subsidiaries. These procedures are intended to provide an ongoing process for identifying, evaluating and managing the significant risks faced by the Group, excluding associates and joint ventures which have not been dealt with as part of the Group. The procedures, which were in place during the financial year ended 31 December 2007, are subject to regular review by the Board of Directors. For the financial year under review, the Board is satisfied that the system of internal control was generally satisfactory. Where exceptions were noted, they were not material in the context of this report and corrective actions have been taken.

RISK MANAGEMENT

Risk policy

Risk management is regarded by the Board of Directors to be an integral part of the business operations. Management is responsible for creating a risk-aware culture and for building the necessary knowledge for risk management. They also have the responsibility for managing risks and internal control associated with the operations and ensuring compliance with applicable laws and regulations.

The main underlying principles of the Group's policy are:

- Informed risk management is an essential element of the Group's business strategy;
- Effective risk management provides greater assurance that the Group's vision and strategy will be achieved without surprises;
- Each Division (and each business unit therein) is expressly responsible for managing the risks associated with its business and investment objectives; and
- All material risks are to be identified, analysed, treated, monitored and reported;

The formulation of the policy and risk management framework that includes the strategy, culture, people and technology is the responsibility of the Group Managing Director and Chief Executive Officer.

Risk reporting & Review

The Group's risk management framework provides for regular review and reporting. The reports include an assessment of the degree of risk, an evaluation of the effectiveness of the controls in place and the requirements for further controls.

Management regularly review, identify, evaluate, monitor and manage significant investment and safeguarding organizational assets.

Control Environment

The Board is committed to the integrity of staffs at all levels, through comprehensive recruitment, appraisal and reward programmes. There is an effective Group organization structure within which business activities are planned, implemented, controlled and monitored.

Tender Award System

A policy on awarding of tenders has been established to enhance coordination and control on the purchase of goods and services. The policy serves to increase efficiency and places assurance on the effectiveness of the system of internal control embedded in the process of awarding tenders.

Management Information System

Critical information of the Group such as financial data, human resource data, debtors' records are captured within the various information systems that have been developed to keep track of the Group's operations.

Independence of the Audit Committee

The Audit Committee comprises non-executive Directors, a majority of them are independent and all of whom bring with them a wide variety of experience. The Audit Committee has full and unimpeded access to both the internal as well as external auditors.

Internal and External Audit

The internal audit function assesses the effectiveness, adequacy and integrity of the system of internal control of the Group. The internal audit team advises executive and operational management on areas for improvement. The findings are submitted to the Audit Committee, which in turn will review the findings with the management at its quarterly meetings. The internal audit team will subsequently follow-up to determine the extent of their recommendations that have been implemented. As such, the internal audit function provides assurance to the Board on the Group's system of internal controls.

The Audit Committee reports to the Board the activities of the internal audit function, significant findings and the necessary recommendations in relation to the adequacy and effectiveness of the system of internal controls and accounting procedures of the Group.

Conclusion

The Board is of the opinion that the existing system of internal control is adequate to achieve the business objectives of the Group. The Board will continuously assess the adequacy of the system of internal control of the Group and make improvements and enhancement to the systems as and when necessary.

Report of Audit Committee



The Board of Directors is pleased to present the report of the Audit Committee for the financial year ended 31 December 2007.

COMPOSITION

The Audit Committee of Premium Nutrients Berhad was established on 9 April, 2003 and comprises the following four (4) Directors of the Board:-

CHAIRMAN

Tuan Syed Mubarak Bin Syed Ahmad	Independent, Non Executive Director
---	-------------------------------------

MEMBERS

En. Abdul Aziz Bin Mohamed Hussain	Independent, Non Executive Director
---	-------------------------------------

YBhg. Dato' Faruk Bin Othman (Appointed on 21 November 2007)	Independent, Non-Executive Director
--	-------------------------------------

Mr. Festus a/I A Christ Dhas (Appointed on 21 November 2007)	Non-Independent, Non-Executive Director
--	---

MEMBERSHIP AND MEETINGS

A total of six (6) meetings were held during the year.

Number of Meetings attended

DIRECTORS

MEETINGS ATTENDED

Tuan Syed Mubarak Bin Syed Ahmad	6/6
En. Abdul Aziz Bin Mohamed Hussain	4/5
YBhg. Dato' Faruk Bin Othman	1/1
Mr. Festus a/I A Christ Dhas	1/1
Mr. Agarwal Pares Nath (Resigned on 22 November 2007)	0/6

Tuan Syed Mubarak Bin Syed Ahmad, being a member of the Malaysian Institute of Accountants, fulfills the requirement of paragraph 15.10 (1) (c) of the Listing Requirements of Bursa Malaysia Securities Berhad.

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 shareholders of the Company, thereby strengthen the confidence of the public in the Group's reported results.

SUMMARY OF ACTIVITIES

The Audit Committee met at scheduled times during the year; with due notices of meetings issued, and with agendas planned.

- i) Review of the Group's compliance with the Listing Requirements of Bursa Malaysia Securities Berhad, MASB and other relevant legal and regulatory requirements with regards to the quarterly and year-end financial statements;
- ii) Review of the Annual Report and the Audited financial statements of the Group prior to submission to the Directors for their perusal and approval. This was to ensure compliance of the financial Statements with the provisions of the Companies Act, 1965 and the applicable approved accounting standards as per the Malaysian Accounting Standards Board (MASB);
- iii) Review of the Audit plans for the financial year prepared by the External and Internal Auditors;
- iv) Review of related party transactions which arose within the Group;
- v) Review of the unaudited financial results announcements before recommending them for the Directors' approval;
- vi) Considered and recommended to the Board of Directors the re-appointment of External Auditors.

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 Company Secretaries shall be the secretary of the Audit Committee.



B. Functions:

The Functions of the Audit Committee include the functions set below and such other functions as may be determined by the Board from time to time.

The Audit Committee shall review, appraise, report and make appropriate recommendations to the Board on:

- The quality and effectiveness of the entire accounting and internal control systems of the Group;
- The effects of any change in accounting principles or any development emanating from the accounting profession or any statutory authority;
- The quarterly results and year end financial statements;
- 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;
- The internal audit programme, ensure co-ordination between the Internal and External Auditors;
- The findings of internal audit and investigations and Management's response thereon;
- The related party transactions and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of integrity;
- To discuss with the External Auditors, their audit plan, the nature and scope of the audit, evaluation of the Company's system of internal controls and audit reports on the Annual Financial Statements;
- The assistance given by the employees of the Group to the External Auditors;
- The External Auditors' letter to Management and Management's response thereon;
- Any other matters requested from time to time.

C. Authority

The Audit Committee shall have:-

- The authority to seek any information relevant to its activities from employees of the Company and Group;
- The necessary resources required to carry out its duties and is authorized to obtain such independent professional advice it considers necessary; and
- Full and unlimited access to any information and documents pertaining to the Company and the Group.

D. Internal Audit

In the discharge of its duties, the Audit Committee is supported by the internal auditors. The internal auditors' role is to independently and objectively evaluate and report on the adequacy, integrity and effectiveness of the Group's overall system of internal control for assurance purposes.

The internal auditors report directly to the Audit Committee.

The internal auditors carried out audit programmes which focused on the management of the Group's significant corporate risks and executed audit plans approved by the Audit Committee. In conducting their independent audit, the internal auditors placed emphasis on a risk-based auditing approach. The audit findings and recommendations, which also highlight areas of non-compliance with Group policies, procedures and guidelines, were communicated to the Audit Committee to enable a timely evaluation of the adequacy and integrity of the Group internal control system.

E. 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 Group's Managing Director, or the Group's Chief Executive Officer, or the internal or external auditors.

One of the Company Secretaries 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.

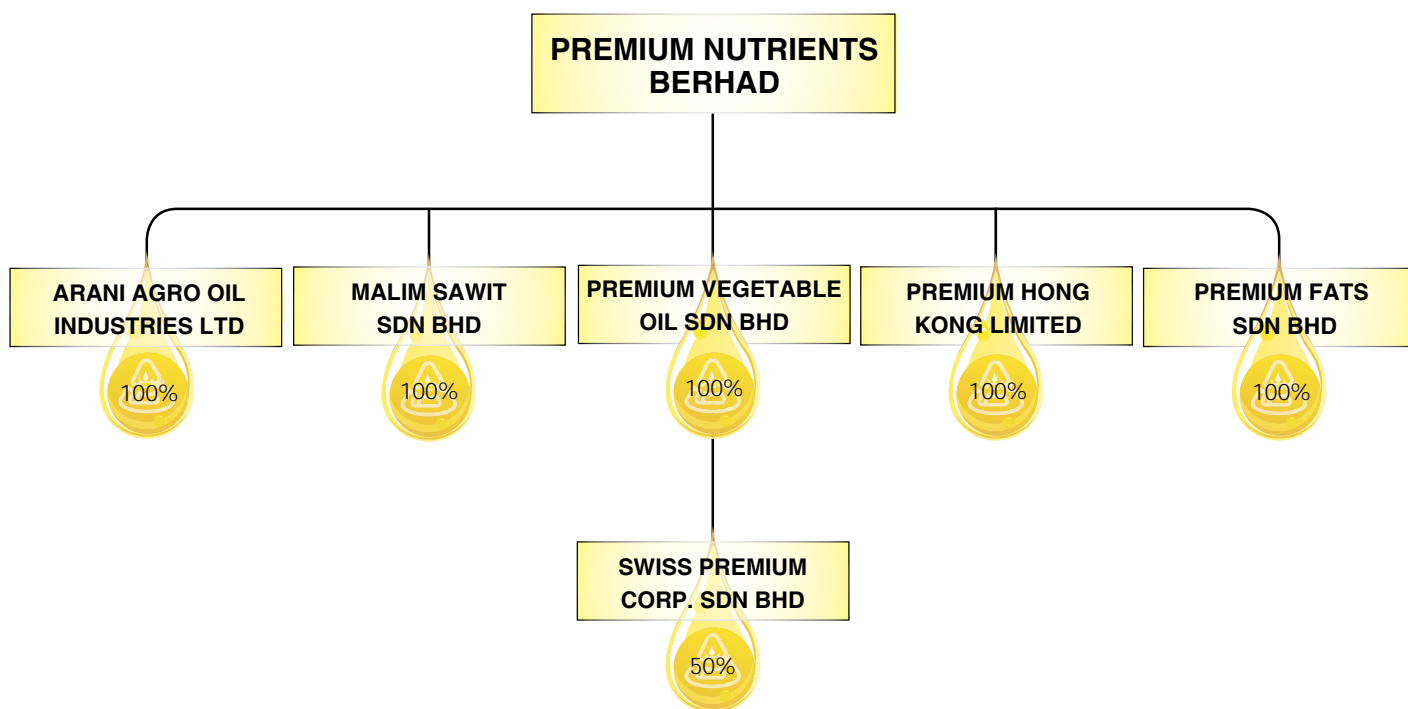
A quorum shall consist of a majority of independent Directors.

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.

F. 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

Arani Agro Oil Industries Ltd. (AAO)

Refining and processing of vegetable oils like palm oil, palm olein, sunflower oil, soybean and manufacturer and sales of speciality oils fats based on palm kernel oil, palm oil, coconut oil, rapeseed oil and soybean oil or any other oil available in India.

Malim Sawit Sdn Bhd (MSSB)

Processing of palm oil fruits, refining of palm oil and sale of refined and fractionated products along with the by-products, mainly packed cooking oil/ghee.

Premium Vegetable Oils Sdn Bhd (PVOB)

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

Premium Hong Kong Limited (PHK)

Marketing of speciality oils and fats, procurement of raw materials for the Group and general trading.

Premium Fats Sdn Bhd (PFSB)

Manufacturer of downstream products i.e. margarine, whipping cream, etc.

Swiss Premium Corporation Sdn Bhd (SPCSB)

General trading of oils and fats and manufacturing of speciality fats.

Chairman's Statement

Dear Shareholders,

*On behalf of the Board of Directors,
it is my pleasure to present the Annual Report of Premium Nutrients Berhad
for the financial year ended 31 December 2007.*

Operating Environment

The year under review was extremely challenging with unprecedented increase in major raw material prices, falling dollar, and a challenging business environment. The Group faced surging prices in Crude Palm Oil (CPO) and Palm Kernel (PK) and these feed stocks were at an all time high during the year under review. The increase in prices was generally attributed to the demand for edible oil coming from three sectors, namely food, non-food and energy. However, despite tough business environment, it is comforting to report that the strategic direction of the group was maintained and we were able to perform relatively well.





Financial Performance and Operational Review

During the financial year under review, the Group recorded a 47% increase in turnover to RM 716 million. The Group's profit attributable to equity shareholders increased by 3% to RM7.2million. The group's increased turnover was mainly due to increase in prices of major raw materials. The net profit recorded was generally in line with expectations despite falling dollar and increased competition in the group's traditional markets. During the year, the company strengthened its sales and



marketing efforts in several new countries in Europe. The company's patented products continued to do well in developed countries, particularly in the United States of America. In its effort to improve performance of its core activities, the company's wholly owned subsidiary, Malim Sawit Sdn. Bhd., (MSSB)



The increase in prices was generally attributed to the demand for edible oil coming from three sectors, namely food, non-food and energy.

The company's patented products continued to do well



operations and mitigate operating losses. The disposal of the milling operations is due to be completed in the current year. We are pleased to report that MSSB's operations are currently profitable.

on 26 October 2007, entered into a sale and purchase agreement to dispose its FFB milling operations. The purpose of the disposal is to discontinue with non-core





Outlook and Prospects

Looking ahead, there are concerns including economic slowdown in the United States and European Union coupled with the rising ringgit will have an adverse impact on our exports from Malaysia. However, the demand for speciality fats and vegetable oil even at current high prices has not been restrained as the demand for food notably in the emerging markets of China and India has kept the growth intact. In its Economic Report for 2007/2008, Malaysia is set to register robust gross domestic product (GDP) growth in

year 2008 expanding between 6.0 and 6.5 percent.

We anticipate another challenging year. However, barring any unforeseen circumstances, we are optimistic that the current marketing efforts and risk management initiatives undertaken by the company would bring about long-term growth.



Acknowledgement

On behalf of the Board, I thank the management and staff for their loyalty and dedication and effort. I have no doubt that their commitment will continue to spur the Group forward to meet the challenges in the future.

My appreciation also extends to our customers, business associates, financiers and partners for their unwavering support.

Last but not least, thanks must go to our shareholders for continued confidence in the Group.

Yours sincerely

YBhg Tan Sri Dato' Dr. K R Somasundram



The demand for speciality fats and vegetable oil even at current high prices has not been restrained.

Financial Statements

For The Year Ended 31 December 2007



PREMIUM NUTRIENTS BERHAD (589272-D)

(Incorporated in Malaysia)

CONSOLIDATED FINANCIAL STATEMENTS

Registered office:

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

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 of 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 Kakinada, Andhrapradesh
India

DIRECTORS:

Y Bhg. Tan Sri Dato' Dr. K R Somasundram
Mr. Tharumarajah a/l Thillarajah
Y Bhg. Datuk Sahadivanaidu a/l Baliah
Mr. Subramaniam a/l Seenivasagam
En. Abdul Aziz Bin Mohamed Hussain
En. Ab. Rahim Bin Mohd Zain
Tuan Syed Mubarak Bin Syed Ahmad
Y Bhg. Dato' Faruk Bin Othman
Mr. Festus a/l A Christ Dhas

CHIEF EXECUTIVE OFFICER:

Mr. Rajalingam a/l RVR Singam

SECRETARY:

Mr. Jeya Kumar Jegathison
Ms. Shikha Dutt

BANKERS:

CIMB Bank Berhad
RHB Bank Berhad
Bank Muamalat Malaysia Berhad
HSBC Bank Malaysia Berhad
Malayan Banking Berhad
Standard Chartered Bank Malaysia Berhad
Punjab National Bank
ING Vysya Bank Limited
Indian Overseas Bank
Export-Import Bank of India
Syndicate Bank
Andhra Bank
Bank of Maharashtra

AUDITORS:

Raki Thomas & Ramanan

Directors' Report

For The Year Ended 31 December 2007

The directors have pleasure in presenting their report together with the audited financial statements of the Group and the Company for the financial year ended 31 December 2007.

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 15(a) to the financial statements.

There has been no significant change in the nature of these activities during the financial year except for the discontinuance of the milling operations of a subsidiary company as disclosed in Note 11 to the financial statements.

2. RESULTS FOR THE FINANCIAL YEAR

	Group RM'000	Company RM'000
Profit after taxation from continuing operations	7,305	5,728
Loss after taxation from discontinued operations	(74)	-
Profit for the year attributable to equity holders of the Company	7,231	5,728

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

The amount of dividend paid by the Company since the end of the previous financial year was an interim dividend of 1.3% tax exempt, amounting to RM4,380,998, in respect of the financial year ended 31 December 2007.

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:

YBhg Tan Sri Dato' Dr. K R Somasundram	
Mr. Agarwal Pares Nath	Resigned on 22.11.2007
Mr. Tharumarajah a/l Thillarajah	Appointed on 02.05.2007
YBhg Datuk Sahadivanaidu a/l Baliah	
Mr. Subramaniam a/l Seenivasagam	
En. Abdul Aziz Bin Mohamed Hussain Zain	
En. Ab. Rahim Bin Mohd Zain	
Tuan Syed Mubarak Bin Syed Ahmad	
YBhg Dato Faruk Bin Othman	
Mr. Festus a/l A Christ Dhas	

7. DIRECTORS' INTERESTS

The interests 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 RM 0.50 each			Balance as at 31.12.2007
		Balance as at 01.01.2007	Acquired	Disposed	
YBhg Tan Sri Dato' Dr. K R Somasundram	-Direct	37,140,651	5,943,662	-	43,084,313
	-Deemed	497,608	-	-	497,608
YBhg Datuk Sahadivanaidu a/l Baliah	-Direct	210,945	-	-	210,945
Mr. Subramaniam a/l Seenivasagam	-Direct	49,761	-	-	49,761

By virtue of their interests in the shares of the Company, YBhg Tan Sri Dato' Dr. K R Somasundram, YBhg Datuk Sahadivanaidu a/l Baliah and Mr. Subramaniam a/l Seenivasagam are deemed to have interest in the shares of the subsidiary companies to the extent the Company has an interest.

None of the other Directors holding office at the end of the financial year had any interest in the ordinary shares of the Company or any of its subsidiaries 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 note 8(c) and note 31(iii) to 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 required to be disclosed by Section 169(8) of the Companies Act, 1965.

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 income statements and balance sheets of the Group and of the Company were made out, the directors took reasonable steps to ascertain that:

- (a) proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and had satisfied themselves that all known bad debts had been written off and that adequate allowance 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 methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

9. OTHER STATUTORY INFORMATION (Cont'd)

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. SIGNIFICANT EVENTS

Significant events that occurred during the year are disclosed in Notes 11 and 15(a) to the financial statements.

11. AUDITORS

The auditors, Messrs Raki Thomas & Ramanan, Chartered Accountants, 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 15 April 2008.

YBHG TAN SRI DATO' DR. K R SOMASUNDRAM

Chairman

EN. 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 8 to 59 are drawn up in accordance with applicable MASB Approved Accounting Standards in Malaysia for Entities other than Private Entities and the provisions of the Companies Act, 1965 so as to give a true and fair view of the state of affairs of the Group and the Company as at 31 December 2007 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 15 April 2008.

YBHG TAN SRI DATO' DR. K R SOMASUNDRAM

Chairman

EN. AB. RAHIM BIN MOHD ZAIN

Director

Statutory Declaration

Declaration Pursuant To Section 169 (16) of The Companies Act, 1965

I, Jeya Kumar Jegathison, the Officer 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 8 to 59 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.

MR. JEYA KUMAR JEGATHISON

Subscribed and solemnly declared at

Kuala Lumpur on 15 April 2008.

Before me,

Raki Thomas & Ramanan

CHARTERED ACCOUNTANTS

10-4, 10th Floor, Wisma Bandar, 18, Jalan Tuanku Abdul Rahman, 51200 Kuala Lumpur.



Report Of The Auditors

To The Members of Premium Nutrients Berhad (589272-D)

We have audited the financial statements as set out on pages 8 to 59. 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 MASB Approved Accounting Standards in Malaysia for Entities other than Private Entities and the Companies Act, 1965 so as to give a true and fair 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 2007 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' reports on the subsidiary companies of which we have not acted as auditors, which are indicated in Note 15(a) 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 15 April 2008.

RAKI THOMAS & RAMANAN

(NO. AF 0363)

CHARTERED ACCOUNTANTS

S.JAMBULINGAM

(NO.821/05/08/(J/PH)

PARTNER

Income Statements

For The Year Ended 31 December 2007

	NOTE	GROUP		COMPANY	
		2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Continuing operations					
Revenue	6	716,092	488,793	4,381	-
Cost of goods sold	7	(630,157)	(410,929)	-	-
Gross profit		85,935	77,864	4,381	-
Other operating income		966	526	-	-
Distribution cost		(40,060)	(35,211)	-	-
Administration expenses		(25,338)	(20,147)	(745)	(926)
Other operating cost		(1,610)	(1,893)	(142)	(104)
Profit/(loss) from operations	8	19,893	21,139	3,494	(1,030)
Interest income		808	170	9,367	7,272
Finance cost	9	(13,310)	(10,363)	(7,133)	(5,038)
Profit before taxation		7,391	10,946	5,728	1,204
Taxation	10	(86)	(4,086)	-	-
Profit after tax for the year from continued operations		7,305	6,860	5,728	1,204
(Loss)/profit after tax for the year from discontinued operations	11	(74)	111	-	-
Profit for the year attributable to equity share holders of the Company		7,231	6,971	5,728	1,204
Basic earnings per share attributable to equity holders of the Company	12	2.15 sen	2.06 sen	1.70 sen	0.35 sen

The annexed notes form an integral part of these financial statements.

Balance Sheets

As At 31 December 2007



ASSETS	NOTE	GROUP		COMPANY	
		2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Non-current assets					
Property, plant and equipment	13	159,617	179,742	217	6
Prepaid land lease payments	14	8,015	6,984	-	-
Investment in subsidiaries	15	-	-	187,265	138,189
Due from subsidiaries	15	-	-	52,180	39,881
Other investments	17	2,084	166	2,000	-
Long term deposits		743	748	-	-
Intangible assets	18	28,063	27,954	-	-
Asset held for sale	11	14,522	-	-	-
		213,044	215,594	241,662	178,076
Current assets					
Inventories	19	123,499	96,546	-	-
Trade receivables	20	71,728	62,817	-	-
Other receivables	21	21,552	26,571	1,646	1,317
Due from subsidiaries	15	-	-	68,026	44,235
Deposits, cash and bank balances	22	24,821	14,920	1,512	1,438
		241,600	200,854	71,184	46,990
Total assets		454,644	416,448	312,846	225,066
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the Company					
Share capital	23	168,500	168,500	168,500	168,500
Reserves	24	2,632	725	(27,976)	(29,323)
Total equity		171,132	169,225	140,524	139,177
Non-current liabilities					
Borrowings	25	54,091	44,864	62,621	42,500
Deferred sales tax liability	26	2,766	2,817	-	-
Deferred taxation	27	20,741	24,253	-	-
Liabilities associated with assets classified as held for sale	11	19,075	-	-	-
		96,673	71,934	62,621	42,500
Current liabilities					
Trade payables		50,573	30,609	-	-
Other payables	28	12,026	22,027	966	298
Taxation		609	324	76	76
Due to a subsidiary	15	-	-	66,124	515
Borrowings	25	123,631	122,329	42,535	42,500
		186,839	175,289	109,701	43,389
Total liabilities		283,512	247,223	172,322	85,889
Total equity and liabilities		454,644	416,448	312,846	225,066

The annexed notes form an integral part of these financial statements.

Statements Of Changes In Equity

For The Year Ended 31 December 2007

GROUP	Note	←... Attributable to Equity Holders of the Company ...→			Total RM'000
		Share Capital RM'000	Non-distributable Other Reserves RM'000	Accumulated Losses RM'000	
As at 1 January 2006		168,500	541	(6,882)	162,159
Reinstatement	24	-	30,901	(30,901)	-
As at 1 January 2006 reinstated		168,500	31,442	(37,783)	162,159
Exchange differences	24(a)	-	95	-	95
Profit for the year		-	-	6,971	6,971
As at 31 December 2006		168,500	31,537	(30,812)	169,225
As at 1 January 2007		168,500	636	89	169,225
Reinstatement	24	-	30,901	(30,901)	-
As at 1 January 2007 restated		168,500	31,537	(30,812)	169,225
Exchange differences	24(a)	-	(171)	-	(171)
Deficit on revaluation, net of deferred tax	24(b)	-	(4,289)	-	(4,289)
Remeasurement of assets held for sale	24(c)	-	3,517	-	3,517
Dividends paid during the year	32	-	-	(4,381)	(4,381)
Net profit for the year		-	-	7,231	7,231
As at 31 December 2007		168,500	30,594	(27,962)	171,132

COMPANY	←... Attributable to Equity Holders of the Company ...→			Total RM'000
	Share Capital RM'000	Accumulated Losses RM'000		
As at 1 January 2006	168,500	(30,527)		137,973
Profit for the year	-	1,204		1,204
As at 31 December 2006	168,500	(29,323)		139,177
Dividend paid during the year	-	(4,381)		(4,381)
Profit for the year	-	5,728		5,728
As at 31 December 2007	168,500	(27,976)		140,524

The annexed notes form an integral part of these financial statements.

Cash Flow Statements

For The Year Ended 31 December 2007



	GROUP		COMPANY	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
CASH FLOWS (USED IN)/FROM OPERATING ACTIVITIES				
Profit before taxation from continuing operations	7,391	10,946	5,728	1,204
(Loss)/profit before taxation from discontinued operations	(74)	111	-	-
Adjustments for :				
Allowance for doubtful trade receivables	2,270	1,558	-	-
Amortisation of prepaid land lease payments	156	156	-	-
Property, plant and equipment written off	361	-	-	-
Depreciation of property, plant and equipment	8,009	7,788	36	3
Effects of foreign exchange rate retranslation	(2,345)	2,070	-	-
Impairment loss on property, plant and equipment	342	-	-	-
Other investments written off	93	-	-	-
Interest expense	14,930	11,869	6,065	4,341
Interest income	(808)	(170)	(9,367)	(7,272)
Gain on disposal of property, plant and equipment	(37)	(146)	-	-
Receivables written off	-	57	-	-
Operating profit/(loss) before working capital changes	30,288	34,239	2,462	(1,724)
Increase in inventories	(26,953)	(10,503)	-	-
Increase in trade and other receivables	(6,157)	(3,268)	(329)	(650)
Increase/(decrease) in trade and other payables	9,963	13,415	668	(26)
Cash generated from/(used in) operations	7,141	33,883	2,801	(2,400)
Interest paid	(7,163)	(1,097)	-	-
Taxation paid	-	(87)	-	-
Net cash (used in)/generated from operating activities	(22)	32,699	2,801	(2,400)
CASH FLOWS USED IN INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(5,198)	(8,428)	(247)	-
Proceeds from disposal of property, plant and equipment	41	168	-	-
Increase in investment in subsidiary companies	-	-	(49,076)	(476)
Purchase of trademarks and patents	(109)	(158)	-	-
Increase in fixed deposits pledged with licensed banks	(2,056)	2,517	(56)	(45)
Purchase of other investments	(2,000)	-	(2,000)	-
Interest received	808	170	83	46
Net cash used in investing activities	(8,514)	(5,731)	(51,296)	(475)

The annexed notes form an integral part of these financial statements.

Cash Flow Statements

For The Year Ended 31 December 2007 (Cont'd)

	GROUP		COMPANY	
	2007 RM	2006 RM	2007 RM	2006 RM
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES				
Increase in short term borrowings	8,617	929	-	-
Dividends paid	(4,381)	-	(4,381)	-
Due from subsidiaries	-	-	29,519	(61)
Hire purchase financing obtained	680	-	177	-
Repayment of lease creditors	(2,471)	(72)	(21)	-
Repayment of term loans	(2,402)	(3,291)	-	-
Primary Collateralised Loan obtained	20,000	-	20,000	-
Interest paid	(7,767)	(10,772)	(6,065)	(4,341)
Interest received	-	-	9,284	7,226
Deferred sales tax	-	622	-	-
Net cash generated from/(used in) financing activities	12,276	(12,584)	48,513	2,824
Net increase/(decrease) in cash and cash equivalents	3,740	14,384	18	(51)
Cash and cash equivalents brought forward	279	(14,105)	31	82
Cash and cash equivalents carried forward (Note 22)	4,019	279	49	31

The annexed notes form an integral part of these financial statements.

Notes To The Financial Statements

For The Year Ended 31 December 2007



1. BASIS 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 MASB Approved Accounting Standards for Entities other than Private Entities in Malaysia and the provisions of the Companies Act, 1965.

The financial statements are presented in Ringgit Malaysia and all values are rounded to the nearest thousand (RM'000) unless when otherwise indicated.

2. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

(a) Judgements

In the process of preparing these financial statements, there were no significant judgments made in applying the accounting policies of the management which may have significant effects on the amounts recognised in the financial statements.

(b) Key Sources of Estimation Uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying value of assets and liabilities within the next financial year, are discussed below:

(i) Impairment of intangible assets

The method of testing for impairment is detailed in note 5(n). This requires management to determine the recoverable amount which is the higher of an asset or cash generating unit's (CGU) fair value less cost to sell or its value in use.

The determination of value in use requires an estimation of the future cash flows of the respective CGU and a suitable discount rate. The determination of an asset or CGU's fair value requires an estimation of its future earnings and earnings multiple.

The carrying values of intangible assets are disclosed in note 18.

(ii) Depreciation of plant and machinery

The cost of plant and machinery for the manufacture of speciality fats is depreciated on a straight-line basis over the assets useful lives. Management estimates the useful lives of these plant and machinery to be within 5 to 26 years. These are common life expectancies applied in the speciality fats industry. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets; therefore future depreciation charges could be revised.

3. 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 Note15(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 15 April 2008.

4. 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 and the Group's policy is not to engage in speculative transactions.

The main areas of financial risks faced by the Group and the objectives and policies in respect of each of these are as follows:

(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 the US Dollar and the Indian 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.



4. FINANCIAL RISK MANAGEMENT POLICIES (Cont'd)

(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 futures 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.

5. SIGNIFICANT ACCOUNTING POLICIES

(a) BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries which have the same reporting date as the Company.

Subsidiaries are consolidated from the date of acquisition being the date on which the Group obtains control and continue to be consolidated until the date that such control ceases.

Acquisitions of subsidiaries are accounted for using the purchase method. This method involves allocating the cost of the acquisition to the fair value of the assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. The cost of an acquisition is measured as the aggregate of the fair values, at the date of acquisition, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the acquisition.

Any excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill (Note 5(d)(i)).

Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in profit or loss.

A subsidiary company is not consolidated where the ability to transfer funds is 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.

5. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(b) 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 5(n)).

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 influence effectively ceases, when the associate operates under severe long term restrictions that impairs the ability to transfer funds, or when the share of losses of the associates has exceeded the Group's interest in the associates.

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 5(n)).

(c) PROPERTY, PLANT AND EQUIPMENT

Freehold land and construction-in-progress are stated at revaluation less accumulated impairment losses, if any (Note 5(n)).

Building, plant and machinery are stated at revaluation less accumulated depreciation and impairment losses, if any (Note 5 (n)).

All other property, plant and equipment are stated at cost less accumulated depreciation and impairment losses if any (Note 5(n)). Subsequent cost is only recognised when there are future economic benefits that will flow to the Group and when it can be measured reliably. The carrying amounts of the replaced parts are derecognised. All repair and maintenance costs are charged to the income statement in the period in which they are recognised.

Depreciation of property, plant and equipment is provided on the straight line basis calculated to write off the cost of the assets over their estimated useful lives. The principal annual rates of depreciation used are :

	%
Buildings	2.38
Plant and machinery	3.80-20
Furniture, fittings, office equipment and motor vehicles	20

The Group revalues its property, plant and equipment comprising land, building and plant and machinery 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 credited to the revaluation reserve included within equity. Any deficit arising is offset against the revaluation reserve to the extent of a previous increase for the same asset. In all other cases, a decrease in carrying amount is charged to the income statement.



5. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(c) PROPERTY, PLANT AND EQUIPMENT (Cont'd)

The residual values, useful life and depreciation method are reviewed at each financial year end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in the income statement and the unutilised portion of the revaluation surplus on that item is taken directly to retained earnings.

(d) INTANGIBLE ASSETS

(i) Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following the initial recognition, goodwill is measured at cost less impairment losses, if any (Note 5(n)). Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(ii) Trademarks and patents

Trademarks and patents, comprise expenditure incurred in respect of registration and patenting of the Group's products. Patents and trademarks have indefinite useful lives as there is no foreseeable limit to the period over which they are expected to generate net cash flow to the Group. Patents and trademarks are stated at cost less accumulated impairment losses, if any (Note 5(n)). Annual renewal fees are charged to income statement.

(e) 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.

(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.

5. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(e) LEASES (Cont'd)

(iii) Prepaid land lease payments

The minimum lease payments or the up-front payments made are allocated, whenever necessary, between the land and building elements in proportion to the relative fair values at the inception of the lease. The building portion is treated as property, plant and equipment as stated in note 5(c). The prepaid land lease portion is amortised over the tenure of the lease period of 48 years.

(f) 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 cost incidental in bringing these inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the cost necessary to make the sale.

(g) 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.

(h) BORROWING COST

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.



5. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(h) BORROWING COST (Cont'd)

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 construction is interrupted. All other borrowing costs are recognised as an expense in the income statement in the period in which they are incurred.

(i) 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 detailed below:-

(i) Share capital

Ordinary shares are recorded at nominal values and proceeds received in excess of the nominal value of shares issued are accounted for as share premium. Incidental costs directly attributable to the issue of new shares and options are shown in equity as a deduction from proceeds. Ordinary shares and share premium are classified as equity.

Dividends on ordinary shares are recognised as liabilities when declared before the balance sheet date. A dividend proposed or declared after the balance sheet date, but before the financial statements are authorised for issue, is not recognised as a liability at the balance sheet date. Upon the approval of the proposed dividend, it will be accounted for as a liability.

(ii) Investments

Long term investments are stated cost less accumulated impairment losses, if any (Note 5(n)). 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.

On disposal of an investment, the difference between net disposal proceeds and its carrying amount is recognised in the income statement.

5. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(i) FINANCIAL INSTRUMENTS (Cont'd)

(iii) Receivables

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

(iv) Payables

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

(v) Interest bearing loans

Interest bearing loans are initially recorded at the fair value of proceeds received, net of transaction costs. All interest bearing borrowing costs are charged to the income statement in the year in which they are incurred.

(vi) Derivative financial instruments

The Group uses derivative financial instruments, including commodity futures 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.

(vii) Contingent liabilities and contingent assets

The Group does not recognise a contingent liability but discloses its existence in the financial statements. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare circumstances where there is a liability that cannot be recognised because it cannot be measured reliably.

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by uncertain future events beyond the control of the Group. The Group does not recognise contingent assets but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

(viii) 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.



(j) REVENUE RECOGNITION

i) 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.

ii) Dividend income

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

iii) Interest income

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

(k) 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.

(l) FOREIGN CURRENCY CONVERSIONS

(i) Functional and presentation currency

The financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The functional currency of the Company is Ringgit Malaysia. The consolidated financial statements are presented in Ringgit Malaysia (RM).

(ii) Foreign currency transactions

Transactions in currencies other than the entity's functional currency are translated to the functional currencies at exchange rates prevailing at the dates of the transactions or at contracted rates where applicable. Monetary and non monetary items are translated at the rates prevailing on the balance sheet date. Non monetary items carried at fair value are translated at rates prevailing on the date when the fair value was determined. Non monetary items that are measured in terms of historical cost in a foreign currency are not translated. All exchange differences are taken to the income statement except for exchange differences, arising on monetary items that form part of the group's net investment in foreign operations where the monetary items are denominated in either the functional currency of the reporting entity or the foreign operations, and on translation of non monetary items in respect of which gains and losses are recognised directly in equity, these are taken directly to the foreign exchange fluctuation reserve.

5. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(l) FOREIGN CURRENCY CONVERSIONS (Cont'd)

The results and financial position of a foreign operation that has a functional currency that differs from the presentation currency of the consolidated financial statements are translated into RM as follows:

- (a) assets and liabilities for each balance sheet presented shall be translated at the closing rate at the date of that balance sheet;
- (b) income and expenses for each income statement item shall be translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions; and
- (c) all resulting exchange differences are taken to the foreign exchange fluctuation reserve.

(iii) Closing rates

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

	31.12.2007	31.12.2006
	RM	RM
Foreign currency		
1 US Dollar	3.42	3.52
100 Indian Rupees	8.83	7.94

(m) 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 they are incurred.

(n) IMPAIRMENT OF NON-FINANCIAL ASSETS

(i) Intangible assets

The carrying values of intangible assets which have indefinite useful lives, are reviewed for impairment annually or more frequently when indicators of impairment are identified.



5. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(n) IMPAIRMENT OF NON-FINANCIAL ASSETS (Cont'd)

For the purpose of impairment testing of intangible assets, the recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Where the carrying amount of an intangible asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. An impairment loss on goodwill is not reversed.

Subsequent increase in the recoverable amount of an intangible asset other than goodwill 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 had no impairment loss been recognised. The reversal is recognised in the income statement immediately.

(ii) Other non-current assets

The carrying values of non-current 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.

(o) NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition subject only to terms that are usual and customary.

On initial classification as held for the sale, non-current assets are measured at the lower of carrying amount and fair value less costs to sell. Any differences are recognised in the income statement.

A component of the Group is classified as a discontinued operation when the criteria to be classified as held for sale have been met or it has been disposed of and such a component represents a separate major line of business or geographical area of operations, is part of a single co-ordinated major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale.

5. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(p) SEGMENTAL INFORMATION

Segment information is presented in respect of the Group's 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.

6. REVENUE

	GROUP		COMPANY	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Manufacturing and sale of products from palm oil	716,092	488,793	-	-
Gross dividends	-	-	4,381	-
	716,092	488,793	4,381	-

7. COST OF GOODS SOLD

Costs of goods sold comprise of cost of inventories sold in respect of manufacturing of products from palm oil.



PROFIT/(LOSS) FROM OPERATIONS

	GROUP		COMPANY	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
(a) Profit/(loss) from continuing operations is stated after charging/(crediting):				
Continuing operations				
Auditors' remuneration	133	149	11	11
Depreciation of property, plant and equipment	7,216	6,995	36	3
Amortisation of leasehold land	156	156	-	-
Allowance for doubtful trade receivables	2,270	1,558	-	-
Impairment loss on property, plant and equipment	342	-	-	-
Rental	1,440	1,445	-	-
Trade receivables written off	-	20	-	-
Sundry receivables written off	-	37	-	-
and after crediting				
Realised gain on foreign exchange	(664)	(13)	-	-
Rental income	-	(1)	-	-
Gain on disposal of property, plant and equipment	(37)	(146)	-	-
(b) Employee benefits				
Salaries, allowances and bonus	10,858	11,076	148	148
Contributions to social security plans	92	222	1	1
Contributions to defined contribution plans	951	803	17	17
	11,901	12,101	166	166
(c) Directors' remuneration				
(i) Directors of the Company				
Executive Directors- salary and other emoluments	742	966	3	35
Non-Executive Directors- fees	405	290	278	286
	1,147	1,256	281	321
(ii) Directors of Subsidiaries				
Executive Directors- salary and other emoluments	155	34	-	-

The estimated monetary value of Directors' benefits-in-kind included in Directors' remuneration of the Group is RM43,400 (2006: RM80,400).

9. FINANCE COSTS

Continuing operations	GROUP		COMPANY	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Interest expenses :				
Bank overdraft	2,858	1,569	-	-
Banker's acceptances	2,000	1,936	-	-
Revolving financing	1,658	1,136	-	-
Bills discounting	55	168	-	-
Loan from a company which a Director has financial interest	32	96	-	-
Term loans	369	760	-	-
Hire purchase and leases	268	337	3	-
Primary Collateralised Loan Obligation	1,318	-	1,318	-
MUNIF loan facility	4,192	3,532	5,812	5,038
	12,750	9,534	7,133	5,038
Other finance costs	560	829	-	-
	13,310	10,363	7,133	5,038

10. TAXATION

Continuing operations	GROUP		COMPANY	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Tax charge for the current year				
- Overseas	269	231	-	-
Deferred taxation for the current year				
- Malaysia (Note 27)	(1,174)	49	-	-
- Overseas (Note 27)	839	896	-	-
Tax attributable to current year	(66)	1,176	-	-
Tax attributable in respect of prior years				
Deferred taxation				
- Malaysia (Note 27)	152	2,910	-	-
	86	4,086	-	-



10. TAXATION (Cont'd)

Reconciliation of effective tax charge is as follows :

	GROUP		COMPANY	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Profit/(loss) before taxation				
Continuing operations	7,391	10,946	5,728	1,204
Discontinued operations	(74)	111	-	-
	7,317	11,057	5,728	1,204
Taxation at Malaysian statutory tax rate of 27% (2006: 28%)	1,976	3,096	1,546	337
Adjusted for tax effects of :-				
Effect of different tax rate - overseas	371	289	-	-
Expenses not deductible for tax purposes	1,072	1,294	-	-
Double deduction of expenses	(39)	(185)	-	-
Utilisation of reinvestment allowances	(3,042)	(2,549)	-	-
Income not subject to tax	(436)	(769)	(1,546)	(337)
Tax losses of subsidiaries	32	-	-	-
Effective taxation	(66)	1,176	-	-
Effective tax rate	0.90%	10.63%	-	-

11. DISCONTINUED OPERATIONS AND ASSET HELD FOR SALE

On 26 October 2007, a subsidiary of the Company, Malim Sawit Sdn. Bhd., entered into a sale and purchase agreement to dispose its milling operations, comprising its property, plant and equipment. The purpose of the disposal is to discontinue with non core operations and mitigate losses. The disposal of the milling operations is due to be completed on 26 June 2008 and as at 31 December 2007, the sale was pending the satisfaction of certain conditions preceding. As at 31 December 2007, the assets, reserves and liabilities of the milling operations have been presented on the balance sheet as held for sale and results from this operations are presented separately in the income statement as discontinued operations

An analysis of the results, assets, reserves and liabilities of discontinued operations and the results recognised on the remeasurement of assets of the disposed division are as follows:

	GROUP	
	2007 RM'000	2006 RM'000
Revenue	113,168	65,396
Expenses	(113,242)	(65,285)
	(74)	111
Taxation	-	-
(Loss)/profit for the year	(74)	111
(Loss)/ profit is stated after charging:		
Auditors' remuneration	7	7
Depreciation	793	793
Interest expense in respect of MUNIF loan facility	1,620	1,506
	NOTE	GROUP 2007 RM
Non-current assets held for sale		
Property, plant and equipment	12	14,522
Reserve		
In respect of remeasurement of assets held for sale	24(c)	3,517
Liabilities associated with assets held for sale		
Deferred tax liabilities	27	1,075
Borrowings in respect of MUNIF facility	25	18,000
		19,075
The cash flows attributable to the discontinued operations are as follows:		
	2007 RM'000	2006 RM'000
Operating cash flows	2,339	1,944
Investing cash flows	-	-
Financing cash flows	(1,620)	(1,040)
Total cash flows	719	904



12. EARNINGS PER SHARE

Basic earnings per share

The calculation of basic earnings per share is based on the net profit attributable to ordinary shareholders of RM7,230,687(2006: RM6,971,000) and the weighted average number of ordinary shares outstanding during the year of 337,000,004 (2006:337,000,004).

13. PROPERTY, PLANT AND EQUIPMENT

GROUP	Land and buildings* RM'000	Plant and machinery RM'000	Motor vehicles, furniture, fittings and office equipment RM'000	Construction -in progress RM'000	Total RM'000
Cost or Valuation					
Cost	9,464	36,536	5,063	1,860	52,923
Valuation	18,567	196,723	-	-	215,290
As at 1 January 2007	28,031	233,259	5,063	1,860	268,213
Reclassification	(144)	(31,915)	(330)	1,682	(30,707)
Additions	627	805	589	3,177	5,198
Transfers	586	4,048	-	(4,634)	-
Disposals	-	-	(101)	(361)	(462)
Revaluation** (Note 24 (b))	2,113	(6,459)	-	-	(4,346)
Elimination ##	(3,911)	(53,565)	-	-	(57,476)
Held for sale ^^ (Note 11)	(2,786)	(11,736)	-	-	(14,522)
Exchange differences	464	1,932	5	9	2,410
As at 31 December 2007	24,980	136,369	5,226	1,733	168,308
Representing items at :					
Cost	8,562	34,180	5,226	1,733	49,701
Valuation	16,418	102,189	-	-	118,607
	24,980	136,369	5,226	1,733	168,308

13. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

GROUP	Land and buildings RM'000	Plant and machinery RM'000	Motor vehicles, furniture, fittings and office equipment RM'000	Construction -in progress RM'000	Total RM'000
Depreciation and impairment					
As at 1 January 2007	4,363	79,515	4,593	-	88,471
Reclassification	(374)	(29,997)	(336)	-	(30,707)
Charge for the year	650	7,176	183	-	8,009
Disposals	-	-	(97)	-	(97)
Elimination ##	(3,911)	(53,565)	-	-	(57,476)
Impairment loss	342	-	-	-	342
Exchange differences	33	113	3	-	149
As at 31 December 2007	1,103	3,242	4,346	-	8,691
Net book value					
Cost	7,801	30,938	880	1,733	41,352
Valuation	16,076	102,189	-	-	118,265
At 31 December 2007	23,877	133,127	880	1,733	159,617
Cost	7,604	34,234	470	1,860	44,168
Valuation	16,064	119,510	-	-	135,574
At 31 December 2006	23,668	153,744	470	1,860	179,742
Depreciation charge for the year ended					
31 December 2006	583	6,294	911	-	7,788

** Revaluation denotes surplus/deficit on revaluation

Elimination denotes elimination of accumulated depreciation on revaluation

^^ Held for sale denotes property, plant and equipment reclassified as held for sale



13. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

* Land and building of the Group

	Land RM'000	Buildings RM'000	Total RM'000
Cost or Valuation			
Cost	-	9,464	9,464
Valuation	1,273	17,294	18,567
As at 1 January 2007	1,273	26,758	28,031
Reclassification	13	(157)	(144)
Additions	-	627	627
Transfers	-	586	586
Disposals	-	-	-
Revaluation surplus	1,221	892	2,113
Elimination of accumulated depreciation on revaluation	-	(3,911)	(3,911)
Reclassified as held for sale	(1,247)	(1,539)	(2,786)
Exchange differences	-	464	464
As at 31 December 2007	1,260	23,720	24,980
Representing items at :			
Cost	13	8,549	8,562
Valuation	1,247	15,171	16,418
	1,260	23,720	24,980
Depreciation and impairment			
As at 1 January 2007	-	4,363	4,363
Reclassification	-	(374)	(374)
Charge for the year	-	650	650
Disposals	-	-	-
Elimination of accumulated depreciation on revaluation -	-	(3,911)	(3,911)
Impairment loss	-	342	342
Exchange differences	-	33	33
As at 31 December 2007	-	1,103	1,103
Net book value			
As at 31 December 2007			
Cost	13	7,788	7,801
Valuation	1,247	14,829	16,076
	1,260	22,617	23,877
As at 31 December 2006			
Cost	-	7,604	7,604
Valuation	1,273	14,791	16,064
	1,273	22,395	23,668
Depreciation charge for the year ended 31 December 2006	-	583	583

13. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

COMPANY	Furniture, fittings and office equipment RM'000
Cost	
Opening balance	15
Additions	247
Disposal	-
Closing balance	262
Depreciation and impairment	
Opening balance	9
Charge for the year	36
Closing balance	45
Net book value	
At 31 December 2007	217
At 31 December 2006	6
Depreciation charge for the year ended 31 December 2006	3

Revaluation

The property, plant and equipment detailed below was revalued on 31 December 2007 by P.B. Nehru, a partner with City Valuers & Consultants Sdn. Bhd., an independent professional valuer. Fair value is determined by reference to open market value on the existing use basis.

Had the property, plant and equipment been carried under the cost model, the carrying amounts would have been as follows :-

	2007 RM RM'000	2006 RM RM'000
Land	636	1,273
Buildings	12,322	13,642
Plant and machinery	69,665	90,909
Construction in progress (in respect of plant and machinery)	3,389	3,389



13. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

Revaluation (cont'd)

As at 31 December 2007, the property, plant and equipment of a foreign subsidiary is in the process of being revalued and the effects of this revaluation will be accounted for in the next financial year. Therefore the foreign subsidiary's land and construction in progress is stated at cost less accumulated impairment losses and all the other plant and equipment of this foreign subsidiary is stated at cost less accumulated depreciation and impairment losses.

Assets under hire purchase and leases

Included in property, plant and equipment of the Group are plant, machinery and motor vehicles acquired under hire purchase and lease agreements with net carrying value of RM4,338,559 (2006:RM11,385,191).

Additions under hire purchase

During the year, the Group and Company acquired property, plant and equipment by means of hire purchase and finance lease agreements as detailed below:

	GROUP		COMPANY	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Assets acquired under hire purchase	378	807	222	-

Security

All property, plant and equipment of the Group and Company have been pledged to secure banking facilities granted to the Group/Company as disclosed in note 25.

Borrowing costs

Included in construction-in-progress of the Group is interest expenses capitalised amounting to RM376,000 (2006: RM376,000).

14. PREPAID LAND LEASE PAYMENTS

	2007 RM	2006 RM
At Valuation		
At 1 January	8,700	8,700
Revaluation surplus (Note 24 (b))	1,187	-
Elimination of accumulated amortisation on revaluation	(1,872)	-
At 31 December	<u>8,015</u>	<u>8,700</u>
Accumulated amortisation		
At 1 January	1,716	1,560
Amortisation for the year	156	156
Elimination of accumulated amortisation on revaluation	(1,872)	-
At 31 December	<u>-</u>	<u>1,716</u>
Net Book Value	<u>8,015</u>	<u>6,984</u>

Revaluation

The prepaid land lease payments were revalued on 31 December 2007 by P.B. Nehru, a partner with City Valuers & Consultants Sdn. Bhd., an independent professional valuer. Fair value is determined by reference to open market value on the existing use basis.

Had the prepaid land lease been carried at under the cost model, the carrying amount of prepaid land lease would have been RM886,259 (2006:RM909,540).

15. SUBSIDIARIES

(a) INVESTMENT IN SUBSIDIARIES

	GROUP	
	2007 RM'000	2006 RM'000
Unquoted shares, at cost		
As at 1 January	138,189	137,713
Additions during the year	49,076	476
As at 31 December	187,265	138,189

Details of the subsidiaries are as follows:

Company	Principal activities	Country of incorporation	Equity interest	
			2007 %	2006 %
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
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
Malim Sawit Sdn. Bhd. ("MSSB")	Processing of oil palm fruits, refining of palm oil and sale of refined products.	Malaysia	100	-
Premium Fats Sdn. Bhd. ("PFSB")	Manufacturing downstream products from palm oil.	Malaysia	100	-
Arani Agro Oil Industries Ltd ("AAO")#	Refining and processing of vegetable oils for manufacture and sale of speciality fats.	India	100	-

15. SUBSIDIARIES (Cont'd)

(a) INVESTMENT IN SUBSIDIARIES (Cont'd)

Companies held through Premium Vegetables Oils Sdn. Bhd.	Principal activities	Country of incorporation	Equity interest	
			2007 %	2006 %
Malim Sawit Sdn. Bhd. ("MSSB")	Processing of oil palm fruits, refining of palm oil and sale of refined products.	Malaysia	-	100
Premium Fats Sdn. Bhd. ("PFSB")	Manufacturing downstream products from palm oil.	Malaysia	-	100
Arani Agro Oil Industries Ltd ("AAO")#	Refining and processing of vegetable oils for manufacture and sale of speciality fats.	India	-	100

Subsidiaries not audited by Raki Thomas and Ramanan, Chartered Accountants.

Pursuant to an internal corporate reorganisation, the Company acquired the entire issued and paid up share capital of subsidiaries held through its subsidiary company "PVO". for a consideration of RM41,009,636, which represents the carrying amount of investments in "PVO". This acquisition had no effect on the results and the cash flows of the Group.

During the financial year a subsidiary company "AAO" allotted 10,000,000 ordinary shares of RS10 each to the Company for a consideration of RM8,066,358. The allotment has been reflected as share application money in the subsidiary's financial statements, pending the relevant approvals from the registrar of companies.

In the previous financial year, the Company increased its investment in its subsidiary company "PHK" by acquiring 999,999 ordinary shares of HK\$1 each. There was no change in the Company's equity interest in this subsidiary.

(b) DUE FROM SUBSIDIARIES

	COMPANY	
	2007 RM'000	2006 RM'000
Current		
Loan to subsidiaries	50,980	32,181
Advances to subsidiaries	17,046	12,054
	68,026	44,235
Non-current		
Loan to subsidiaries	52,180	39,881
	120,206	84,116



15. SUBSIDIARIES (Cont'd)

(c) DUE TO A SUBSIDIARY

	COMPANY	
	2007 RM'000	2006 RM'000
Current		
Advances from a subsidiary	66,124	515

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 9% per annum.

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

16. INVESTMENT IN AN ASSOCIATE COMPANY

	GROUP		COMPANY	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Unquoted shares, at cost	50	50	50	-
Less: Share of post acquisition losses	(50)	(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% (2006: 50%). The principal activities of the associate company is that of manufacturing speciality fats.

The Group has discontinued the recognition of its share of losses of Swiss Premium Corporation Sdn. Bhd., as the share of losses has exceeded the Group's interest in the associate.

17. OTHER INVESTMENTS

	GROUP	
	2007 RM'000	2006 RM'000
Foreign mutual funds, at cost (Note 17 (a))	84	166
Unquoted subordinated bonds, at cost (Note 17 (b))	2,000	-
	2,084	166
	2007 RM'000	2006 RM'000
(a) Foreign mutual fund		
As at 1 January	166	177
Exchange differences	11	(11)
Disposal during the year	(93)	-
As at 31 December	84	166

17. OTHER INVESTMENTS (Cont'd)

(b) Unquoted Subordinated bonds

This Unquoted Subordinated bonds subscribed by the Company pursuant to the Primary Collateralised Loan Obligation ('Primary CLO) for Unsecured Fixed Rate Term Loan facility is detailed in Note 25(f).

Pursuant to the Primary CLO agreement, the Company subscribed for the Bonds on a pro-rata basis in the proportion to the maximum aggregate principal amount limited to ten per cent (10%) of the principal amount of the loan of RM20,000,000.

The Bonds have a tenure of 5 years, bear a variable interest at 6.517% per annum and unless it is redeemed in full or cancelled, the Bonds will mature on or about 7 January 2012.

18. INTANGIBLE ASSETS

GROUP	Goodwill RM'000	Patents/ trademarks RM'000	Total RM'000
Cost			
As at 1 January	27,228	726	27,954
Reinstatement (Note 24(b))	30,901	-	30,901
As at 1 January reinstated	58,129	726	58,855
Additions during the year	-	109	109
As at 31 December	58,129	835	58,964
Accumulated impairment losses			
As at 1 January	-	-	-
Reinstatement (Note 24(b))	30,901	-	30,901
As at 1 January reinstated	30,901	-	30,901
Charge during the year	-	-	-
As at 31 December	30,901	-	30,901
Carrying amounts	27,228	835	28,063

The carrying amount of the goodwill arising on consolidation and patents and trademarks. The recoverable amount of this goodwill has been determined based on the segment's fair value less cost to sell. The fair value is determined essentially on the segment's earnings based valuation. The key assumptions made are:

- budgeted gross margin is expected to be maintainable;
- the growth rate used is maintainable and adjusted for planned business expansion;
- the earning multiple is the industry average.

Management believes that any reasonable change to the above key assumptions is not likely to materially cause the recoverable amount to be significantly lower than the carrying values.



19. INVENTORIES

	GROUP	
	2007	2006
	RM'000	RM'000
At cost		
Finished goods	28,719	10,335
Raw materials	8,542	24,345
Spares and consumables	10,015	7,400
	<u>47,276</u>	<u>42,080</u>
At net realisable value		
Finished goods	75,975	54,360
Spares and consumables	248	106
	<u>123,499</u>	<u>96,546</u>

20. TRADE RECEIVABLES

	GROUP	
	2007	2006
	RM'000	RM'000
Trade receivables	77,360	66,179
Less: Allowance for doubtful debts	(5,632)	(3,362)
	<u>71,728</u>	<u>62,817</u>

21. OTHER RECEIVABLES

	GROUP		COMPANY	
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
Sundry receivables	17,941	23,400	897	329
Less: Allowance for doubtful debts	-	(150)	-	-
	<u>17,941</u>	<u>23,250</u>	<u>897</u>	<u>329</u>
Prepayments	3,611	3,321	749	988
	<u>21,552</u>	<u>26,571</u>	<u>1,646</u>	<u>1,317</u>

22. CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
Cash and bank balances	2,505	8,318	49	31
Fixed deposits with licensed banks	22,316	6,602	1,463	1,407
Deposit, cash and bank balances	24,821	14,920	1,512	1,438
Bank overdraft (Note 25(c))	(17,064)	(12,959)	-	-
Less: Fixed deposit pledged to licensed banks	(3,738)	(1,682)	(1,463)	(1,407)
	<u>4,019</u>	<u>279</u>	<u>49</u>	<u>31</u>

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

23. SHARE CAPITAL

	GROUP/COMPANY	
	2007	2006
	RM'000	RM'000
Authorised		
500,000,000 Ordinary shares of RM0.50 each :	250,000	250,000
Issued and fully paid		
337,000,004 Ordinary shares of RM0.50 each :	168,500	168,500

24. RESERVES

	Note	GROUP		COMPANY	
		2007	2006	2007	2006
		RM'000	RM'000	RM'000	RM'000
Non-distributable					
Foreign exchange fluctuation reserve	24(a)	465	636	-	-
Revaluation reserve (reinstated)	24(b)	26,612	30,901	-	-
Reserve in respect of assets held for resale	24(c)	3,517	-	-	-
		30,594	31,537	-	-
Distributable					
Accumulated losses (restated)	24(d)	(27,962)	(30,812)	(27,976)	(29,323)
		2,632	725	(27,976)	(29,323)

During the financial year, the Group reinstated the revaluation reserve which was previously credited against goodwill on consolidation. This reinstatement is to provide a clearer presentation of the reserve and goodwill on consolidation. The comparative figures have been restated to conform with this presentation as detailed below and in Note 18 to the financial statements.

Group	As	Adjustments	As
	previously restated		restated
	RM'000	RM'000	RM'000
As at 31 December 2006			
Retained earnings/ (accumulated losses)	89	(30,901)	(30,812)
Revaluation reserve	-	30,901	30,901



24. RESERVES (Cont'd)

(a) Foreign exchange fluctuation reserve

This reserve comprises all foreign exchange differences arising from the translations of financial statements of subsidiaries whose functional currencies are different from that of the Group's presentation currency and the differences arising from the translation of the Group's net investment in foreign operations.

	2007 RM'000	2006 RM'000
(b) Revaluation reserve		
As at 1 January (restated)	30,901	30,901
Revaluation deficit (Notes 13 and 14)	(3,159)	-
Deferred tax on revaluation (Note 27)	2,387	-
Remeasurement of assets held for sale (Note 24 (c))	(3,517)	-
As at 31 December	26,612	30,901

This reserve is arising on revaluation of property, plant and equipment and prepaid lease payments, net of deferred tax.

	2007 RM'000	2006 RM'000
(c) Reserve in respect of assets held for sale		
As at 1 January	-	-
Reclassified from revaluation reserve (Note 24 (b))	3,517	-
As at 31 December	3,517	-

This reserve is arising from the remeasurement of property, plant and equipment of a discontinued operation, net of deferred tax.

(d) Accumulated losses

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

	GROUP		COMPANY	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Operating earnings	34,939	32,089	4,024	2,677
Impairment on goodwill on consolidation	(30,901)	(30,901)	-	-
Restructuring cost	(32,000)	(32,000)	(32,000)	(32,000)
Accumulated losses	(27,962)	(30,812)	(27,976)	(29,323)

The restructuring cost relates to the restructuring and listing of Premium Nutrients Berhad in 2003.

25. BORROWINGS

	NOTE	GROUP		COMPANY	
		2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Current					
MUNIF facility	25(a)	42,500	42,500	42,500	42,500
Term loans	25(b)	1,302	2,372	-	-
Short term borrowings	25(c)	87,836	73,844	-	-
Hire purchase and lease payable	25(d)	958	2,308	35	-
Other loans	25(e)	35	1,305	-	-
		132,631	122,329	42,535	42,500
Less: Reclassified to liabilities associated with assets held for sale	11	(9,000)	-	-	-
		123,631	122,329	42,535	42,500
Non current					
MUNIF facility	25(a)	42,500	42,500	42,500	42,500
Term loans	25(b)	-	1,332	-	-
Hire purchase and lease	25(d)	591	1,032	121	-
Primary Collateralised Loan Obligations	25(f)	20,000	-	20,000	-
		63,091	44,864	62,621	42,500
Less: Reclassified to liabilities associated with assets held for sale	11	(9,000)	-	-	-
		54,091	44,864	62,621	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;



25. BORROWINGS (Cont'd)

- (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	
	2007 RM'000	2006 RM'000
Payable within one year	1,302	2,372
Payable within two to five years	-	1,332
	1,302	3,704

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 from 1 to 3 years and bear interest ranging from 12.25% to 14.5% (2005:12.25% to 14.5%).

(c) Short term bank borrowings

	GROUP	
	2007 RM'000	2006 RM'000
Al-Murabahah revolving financing	20,000	20,000
Bill discounting	6,208	518
Bank overdrafts	17,064	12,959
Bankers' acceptance	44,564	40,367
	87,836	73,844

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% (2006:3.97% to 13.5%).

25. BORROWINGS (Cont'd)

(d) Hire purchase and lease payables

	GROUP		COMPANY	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Payable within a year	1,068	2,549	39	-
Payable within two to five years	654	1,146	135	-
	1,722	3,695	174	-
Less: Interest in suspense	(173)	(355)	(18)	-
	1,549	3,340	156	-
Analysed as:				
Due within 12 months	958	2,308	35	-
Due after 12 months	591	1,032	121	-
	1,549	3,340	156	-

The fair value of hire purchase and lease payables are as follows:

2006	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Not later than 12 months	901	2,219	35	-
Due after 12 months	544	1,121	112	-
	1,445	3,340	147	-

Hire purchase and lease payables bear interest ranging from 2.30% to 5.00% (2006:3.65% to 5%) per annum.

(e) Other loans

	GROUP	
	2007 RM'000	2006 RM'000
Loan from a third party	-	79
Loan from a company in which a shareholder has substantial financial interest	25(e)	1,226
	35	1,305

The above loans bear interest at 8% (2006:8%) per annum.



25. BORROWINGS (Cont'd)

(f) Primary Collateralised Loan Obligations

On 8 January 2007, the Company obtained a 5 year unsecured loan facility of RM20,000,000 under Primary Collateralised Loan Obligation Programme arranged by RHB Investment Berhad. This facility was utilised for working capital purposes of the Company and its subsidiaries.

Under the Facility Agreement entered into with RHB Investment Bank Berhad (the "Lender") and Prima Uno Berhad (the 'Issuer'), a company specially incorporated for the purpose of implementing and carrying out a primary collateralised loan obligations transaction, where the Issuer will issue Bonds to finance its purchase of Transferred Assets, the Lender will sell, transfer and assign its rights, title and interest of the loan proceeds (the 'Transferred Assets') to the Issuer. The Company has subscribed for the Subordinated Bonds of RM2,000,000 (Note 17(b)).

The Company is required to maintain a certain level of rating accorded by the Malaysian Rating Corporation Berhad. In the event that the rating falls below the prescribed level, it will trigger the prepayment clause stated in the Facility Agreement rendering the Loan facility payable on demand.

This loan bears an interest of 7.38% per annum and is to be repaid in one bullet payment at the end of the loan period.

26. DEFERRED SALES TAX LIABILITY

This liability incurred in a foreign jurisdiction is payable in 2012.

27. DEFERRED TAXATION

	GROUP	
	2007	2006
	RM'000	RM'000
As at 1 January	24,253	20,398
Exchange difference	133	-
Transfer (to)/from income statement (Note 10)	(183)	3,855
Transfer to equity (Note 24(b))	(2,387)	-
Transfer to liabilities associated with assets held for sale	(1,075)	-
As at 31 December	20,741	24,253
(a) Recognised in the financial statements presented after appropriate set off:		
Deferred tax assets	(9,217)	(8,266)
Deferred tax liabilities	29,958	32,519
	20,741	24,253

27. DEFERRED TAXATION (Cont'd)

	GROUP	
	2007	2006
	RM'000	RM'000
Deferred tax liabilities		
Property, plant and equipment		
-temporary differences	21,403	20,502
-revaluation of plant and machinery	8,555	12,017
	29,958	32,519
Deferred tax assets		
Unabsorbed capital allowances	(3,905)	(3,905)
Unutilised tax losses	(4,691)	(4,361)
	(8,596)	(8,266)

(b) Not recognised in the financial statements

The Group has deferred tax benefits, the effects of which have not been recognised in the financial statements as there is no assurance beyond reasonable doubt that the future taxable income would be sufficient to allow the realisation of the benefits. These benefits calculated at prevailing tax rates, none of which expire under the current Malaysian legislation, are as follows:

	GROUP	
	2007	2006
	RM'000	RM'000
Unutilised tax losses	595	-

28. OTHER PAYABLES

	GROUP		COMPANY	
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
Sundry payables	8,418	10,286	665	-
Accruals	3,608	11,741	301	298
	12,026	22,027	966	298



29. OPERATING LEASES

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

	GROUP	
	2007	2006
	RM'000	RM'000
Payable within one year	40	40
Payable two to five years	227	227
More than five years	574	614
	841	881

30. CONTINGENT LIABILITIES (UNSECURED)

GROUP

- (i) 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 claimed 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 legal opinion, the subsidiary stands a good chance in succeeding in the arbitration proceedings based on merits of the case and hence, no provision has been made in the financial statements in respect of the counter claim.

- (ii) As at 31 December 2007, corporate guarantees given by a foreign subsidiary to third parties amounted to RM997,601.

COMPANY

As at 31 December 2007, corporate guarantees given to banks for banking facilities granted to subsidiaries amounted to RM90,060,000 (2006: RM55,500,000).

31. RELATED PARTY TRANSACTIONS AND BALANCES

(i) Transactions with Directors and key management personnel

	GROUP		COMPANY	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
(a) Interest paid on loans Minsawi Industries (Kuala Kangsar) Sdn. Bhd. a company in which YBhg Tan Sri Dato' Dr. K R Somasundram, a director of the company, is a director.	32	80	-	-
(b) Transportation services Syarikat Pooram Sdn. Bhd. a company in which YBhg Tan Sri Dato' Dr. K R Somasundram, a director of the company, is a director.	96	96	-	-
(c) Rental of premises National Land Finance Co-operative Society Limited ('NLFCS') (a shareholder of the company)	108	108	-	-
(d) Sales Status Point Sdn. Bhd. a company in which YBhg Tan Sri Dato' Dr. K R Somasundram, a director of the company, is a director.	17,317	9,718	-	-
Nalfin Realities Sdn. Bhd. a company in which YBhg Tan Sri Dato' Dr. K R Somasundram, a director of the company, is a director.	-	2,466	-	-
(e) Interest income receivable from subsidiaries	-	-	9,284	7,226



31. RELATED PARTIES TRANSACTION AND BALANCES (CONT'D)

(ii) Loan balances due to

	GROUP	
	2007 RM'000	2006 RM'000
Minsawi Industries (Kuala Kangsar) Sdn. Bhd.	-	1,206

The directors are of the opinion that all the transactions 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.

(iii) Remuneration of key management personnel

The remuneration of directors and other members of key management during the year was as follows:

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Executive Directors (Note 8(c))	742	966	3	35
Other member's of key management	986	650	-	-
	1,728	1,616	3	35

32. DIVIDENDS

	Company	
	2007 RM'000	2006 RM'000
Dividends paid:		
Interim dividend of 1.3%, tax exempt (Dividend No:1 paid on 22.03.2007) in respect of the financial year ended 31 December 2007	(4,381)	-

33. SEGMENTAL INFORMATION

Geographical segments by location of assets

	Continuing operations						Discontinued operations							
	Malaysia		India		Hong Kong		Elimination		Total		Total operations			
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006		
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
External customers	451,420	339,044	264,672	134,435	-	15,314	-	-	716,092	488,793	113,168	65,396	829,260	554,189
Intersegmental sales	42,820	14,702	-	-	11,179	19,855	(53,999)	(34,557)	-	-	-	-	-	-
Total revenue	494,240	353,746	264,672	134,435	11,179	35,169	(53,999)	(34,557)	716,092	488,793	113,168	65,396	829,260	554,189
Segment results	12,994	17,514	6,873	3,240	26	385	-	-	19,893	21,139	1,546	1,617	21,439	22,756
Interest income									808	170			808	170
Financing costs									(13,310)	(10,363)	(1,620)	(1,506)	(14,930)	(11,869)
Profit/(loss) before taxation	7,391	10,946	(74)	111					7,391	10,946	(74)	111	7,317	11,057
Taxation	(86)	(4,086)							(86)	(4,086)			(86)	(4,086)
Profit for the year	7,305	6,860	(74)	111					7,305	6,860	(74)	111	7,231	6,971
Segments assets	328,140	334,596	111,773	87,132	8,631	8,830	(8,422)	(14,110)	440,122	416,448	14,522	-	454,644	416,448
Segments liabilities	(199,956)	(170,221)	(69,815)	(60,363)	(8,172)	(8,219)	37,622	16,157	(240,321)	(222,646)	(18,000)	-	(258,321)	(222,646)
Unallocated liabilities	(17,712)	(22,195)	(6,404)	(2,382)	-	-	-	-	(24,116)	(24,577)	(1,075)	-	(25,191)	(24,577)
Total liabilities	(217,668)	(192,416)	(76,219)	(62,745)	(8,172)	(8,219)	37,622	16,157	(264,437)	(247,223)	(19,075)	-	(283,512)	(247,223)
Capital expenditure	1,814	4,146	3,493	4,282	-	-	-	-	5,307	8,428	-	-	5,307	8,428
Depreciation	5,720	6,185	1,496	810	-	-	-	-	7,216	6,995	793	793	8,009	7,788
Amortisation	156	156	-	-	-	-	-	-	156	156	-	-	156	156
Non cash expenses	2,575	137	-	1,332	-	-	-	-	2,575	1,469	-	-	2,575	1,469

33. SEGMENTAL INFORMATION

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

	Continuing operations				Discontinued operations			Total operations RM'000
	Malaysia RM'000	India RM'000	Asia RM'000	Europe RM'000	Others RM'000	Elimination RM'000	Total RM'000	
External sales								
-2007	198,072	278,512	157,152	34,640	101,715	(53,999)	716,092	829,260
-2006	22,916	188,399	105,974	164,849	41,212	(34,557)	488,793	554,189

34. FINANCIAL INSTRUMENTS

GROUP/COMPANY

A. FAIR VALUES

Recognised in financial statements.

(i) Receivables, 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 instruments.

(ii) Subsidiary company balances.

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

(iii) Finance lease creditors

The fair values are stated in Note 25(b).

(iv) Other financial assets and liabilities

The fair value of the following financial assets and liabilities are determined by discounted cash flow analysis based on current effective interest rates.

	GROUP		COMPANY	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Foreign Mutual Funds	84	166	-	-
Unquoted subordinated bonds	1,426	-	1,426	-
Term Loans	1,142	2,980	-	-
Primary Collateralised Loan Obligations	14,260	-	14,260	-
Long term deposits	574	577	-	-

(vi) 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.

(vii) Unrecognised financial instruments

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

34. FINANCIAL INSTRUMENTS (Cont'd)

GROUP	2007		2006	
	Contracted amount RM'000	Fair value RM'000	Contracted amount RM'000	Fair value RM'000
Sales contracts	21,462	23,177	64,311	64,311
Purchase contracts	18,043	21,222	63,490	63,490

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

B. EFFECTIVE INTEREST RATES

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

	GROUP		COMPANY	
	2007 %	2006 %	2007 %	2006 %
Financial Assets				
Fixed deposits with licensed banks	3.90	3.90	3.90	3.90
Loan to subsidiaries	-	-	9.00	9.00
Financial Liabilities				
Al-Murabahah revolving facility	5.86	5.86	-	-
Bank overdrafts	10.36	10.36	-	-
Bankers acceptance	5.28	5.28	-	-
Bills discounting	7.75	7.75	-	-
MUNIF loan facility	4.70	4.70	4.70	4.70
Term loans	14.00	14.00	-	-
Primary Collateralised Loan Obligation	7.38	-	7.38	-
Hire purchase and lease	3.31	4.30	2.30	-
Loan from a company in which a Shareholder has financial interest	7.00	7.00	-	-

C. Credit terms

- i. The Group's normal trade credit terms given to customers range from 30 to 90 days.
- ii. Trade credit terms granted to the Group by suppliers range from 30 to 90 days.
- iii. Credit terms of sundry receivables are assessed and approved on a case by case basis.

34. FINANCIAL INSTRUMENTS (Cont'd)

D. Foreign currency exchange exposure

The currency exposure profile of the Group is as follows:

Group

2007	Trade receivables RM'000	Trade payables RM'000	Other receivables RM'000	Other payables RM'000	Cash and bank balances RM'000
In Ringgit Malaysia	23,097	22,461	15,530	9,703	5,641
In US Dollar	40,052	-	128	7	81
In India Rupee	8,579	28,112	5,894	2,316	19,099
	71,728	50,573	21,552	12,026	24,821

2006	Trade receivables RM'000	Trade payables RM'000	Other receivables RM'000	Other payables RM'000	Cash and bank balances RM'000
In Ringgit Malaysia	11,707	9,158	20,708	9,630	6,840
In US Dollar	44,852	5,870	335	815	2,478
In India Rupee	6,258	15,581	5,528	11,582	5,602
	62,817	30,609	26,571	22,027	14,920

35. COMPARATIVE FIGURES

The comparative figures of the income statement have been restated to conform with FRS 5 Non-current Assets Held For Sale and Discontinued Operations as detailed in Note 11 to the financial statements.

The comparative figures of accumulated losses, revaluation reserve and goodwill on consolidation have been reinstated as detailed in Note 18 and 24 to the financial statements.

Analysis of Shareholdings



List of Top 30 Holders as at 30th April 2008

		Holdings	%
1	National Land Finance Co-operative Society Limited	108,275,312	32.13
2	YBhg. Tan Sri Dato' Dr. K R Somasundram	43,084,313	12.78
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 Sdn Bhd	6,345,753	1.88
5	Tay Teck Ho	5,740,000	1.70
6	Leow Kay Pin	4,773,900	1.42
7	Wong Ah San	4,082,300	1.21
8	Balaram A/L Petha Naidu	3,090,545	0.91
9	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ridfan Bin Abd Hamid	3,049,200	0.91
10	Tan Pak Nang	2,917,700	0.87
11	Sithambarnathan A/L Ramasamy Pillay	2,584,800	0.77
12	Su Ming Yaw	2,463,527	0.73
13	Teoh Hooi Bin	2,313,400	0.69
14	Teh Hean It	2,074,500	0.62
15	Ng Sin Hin	2,014,100	0.60
16	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Nik Radiah Binti Nik Hassan	1,991,800	0.59
17	Gan Soong Tee	1,845,000	0.55
18	Kamaldeen Bin Mohamed Subaire	1,744,900	0.52
19	Bank Kerjasama Rakyat Malaysia Berhad	1,725,085	0.51
20	Mayban Securities Nominees (Tempatan) Sdn.Bhd. Pledged Securities Account for Lu Thian Tack	1,625,702	0.48
21	Kailainathan A/L Munusamy	1,540,912	0.46
22	Thevasagayam A/L E A Joseph	1,519,402	0.45
23	Lim Chau Liang	1,515,400	0.45
24	Chang Chai Kin	1,189,400	0.35
25	Arumugam A/L Kalimuthu	1,000,000	0.30
26	Tee Hai Guan	793,900	0.24
27	Ng Yee	698,806	0.20
28	Yap Chin Teik	660,100	0.20
29	Kenanga Nominees (Tempatan) Sdn.Bhd. Pledged Securities Account for Tee Kim Tee @ Tee Ching Tee	575,100	0.17
30	Koay Teng Choon	462,900	0.14

Premium
Nutrients Berhad

Holders with 5% or more

		Holdings	%
1	National Land Finance Co-operative Society Limited	108,275,312	32.13
2	YBhg. Tan Sri Dato' Dr.K R Somasundram	43,084,313	12.78
3	Mayban Securities Nominees (Tempatan) Sdn.Bhd. Pledged Securities Account for Antara Consolidated Sdn.Bhd	22,000,000	6.53

Analysis of shareholdings as at 30th April 2008 (Malaysian & Foreign - Combine)

Size of Holdings	No. of holders	%	No. of holdings	%
1-99	363	5.12	5,934	0
100 - 1,000	2,196	30.95	1,161,263	0.34
1,001 - 10,000	2,890	40.73	1,591,4371	4.72
10,001 - 100,000	1,422	20.04	49,063,369	14.56
100,001 - 16,849,999	219	3.09	97,495,442	28.93
16,850,000 and above	6	0.08	173,359,625	51.44
	7,096	100	337,000,004	100

Directors' Interests in Share as at 30th April 2008

(as shown in the Register of Directors' Shareholdings)

Name of Directors	Nationality / Race	Interest in Share		Percentage (%)	
		Direct	Deemed	Direct	Deemed
YBhg. Tan Sri Dato' Dr K R Somasundram	Malaysian / Indian	43,084,313	497,608	12.78	0.15
YBhg. Datuk Sahadivanaidu a/l Baliah	Malaysian / Indian	210,945	Nil	0.06	Nil
Mr. Subramaniam a/l Seenivasagam	Malaysian / Indian	49,761	Nil	0.01	Nil
Mr. Tharumarajah a/l Thillarajah	Malaysian / Indian	Nil	Nil	Nil	Nil
En. Abdul Aziz Bin Mohamed Hussain	Malaysian P.R / Malay	Nil	Nil	Nil	Nil
Tuan Syed Mubarak Bin Syed Ahmad	Malaysian / Malay	Nil	Nil	Nil	Nil
YBhg. Dato' Faruk Bin Othman	Malaysian / Malay	Nil	Nil	Nil	Nil
En. Ab Rahim Bin Mohd Zain	Malaysian / Malay	Nil	Nil	Nil	Nil
Mr. 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 2006 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)	5,227	1985 / (2003)	Crushing
			PTD 84772, H.S. (D) 274412 (Leasehold for 60 years expiring on 22.01.2049)	2,788	1987 / (2003)	Refinery and other process plants- DO -
			Building	10,595	1985 / (2007)	
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	1,247	1993 / (2007)	Oil mill and process plants
			Building	3,414	2007	
Arani Agro Oil Industries Limited Kakinada Sea Port Limited, leased by Arani Agro Oil Industries Limited	Survey No. 314 of Suryaraopet, Indrapalem Gram Panchayat Limits, East Godavari District, India	217,777 / (93,319)	Lease hold for 19 years expiring on 21.06.2021	Nil	2002	
			Building	7,788		
Arani Agro Oil Industries Ltd Freehold	Survey No. 49/4, 49/3, & 51/1 Ameeravalli Gram Panchayat, Kothapali Mandalam, Pithapuram, East Godawari distt. India	100,170	Freehold Land	13	2004	

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**PREMIUM
GROUP**

Premium Nutrients Berhad
(No. 589272 - D)

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 Sixth Annual General Meeting of the Company to be held on 2 June 2008 at 9.00 a.m. and at any adjournment thereof, in the manner indicated below::

NO	RESOLUTION	FOR	AGAINST
1.	To receive the Audited Financial Statement for the year ended 31 December 2007 and the Reports of Directors and Auditors thereon.		
2.	To approve the payment of Directors' fees for the year ended 31 December 2007.		
3.	To re-elect YBhg. Dato' Faruk Bin Othman who retires in accordance with Article 87 of the Company's Articles of Association.		
4.	To re-elect Tuan Syed Mubarak Bin Syed Ahmad who retires in accordance with Article 87 of the Company's Articles of Association.		
5.	To re-elect Mr.Tharumarajah a/l Thillarajah who retires in accordance with Article 87 of the Company's Articles of Association.		
6.	To re-appoint YBhg. Tan Sri Dato' Dr.K R Somasundram who is due to retire pursuant to Section 129 of the Companies Act, 1965.		
7.	To re-appoint Mr.Subramaniam a/l Seenivasagam who is due to retire pursuant to Section 129 of the Companies Act, 1965.		
8.	Re-appoint Messrs Raki Thomas & Ramanan as Auditors of the Company and to authorize the Directors to fix their remuneration.		
9.	As Special Business Ordinary Resolution Authority to issue shares pursuant to Section 132D of the Companies Act, 1965.		

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 _____ 2008.

Signature

Authority Pursuant to Section 132D of the Companies Act, 1965

The proposed adoption of the Ordinary Resolution is primarily to give flexibility to the Board of Directors to issue and allot shares at any time to such persons in their absolute discretion without convening a general meeting. This authority unless revoked or varied by the Company in general meeting, will expire at the next Annual General Meeting.

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 authorized 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 authorized.
- 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 adjournment thereof.

Stamp

The Company Secretaries,
c/o Symphony Share Registrars Sdn Bhd
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