



**PREMIUM
GROUP**

Laporan Tahunan

2009

Annual Report



Premium Nutrients Berhad

589272-D

Contents

Notice of Eighth Annual General Meeting

2

Statement Accompanying Notice of Eighth Annual
General Meeting

6

Corporate Information

7

Board of Directors

8

Profile of Directors

10

Corporate Governance Statement

12

Internal Control Statement and Directors'
Responsibility Statement on the Financial
Statements

18

Audit Committee Report

20

Premium Group Structure

24

Chairman's Message

25

Financial Statements

31

Directors' Report

32

Statement by Directors

36

Statutory Declaration

37

Independent Auditors' Report

38

Income Statement

40

Balance Sheets

41

Statements of Changes in Equity

42

Cash Flow Statements

43

Notes to the Financial Statements

45

Analysis of Shareholdings

88

List of Properties

90

Form of Proxy

Notice of Eighth Annual General Meeting



NOTICE IS HEREBY GIVEN THAT the EIGHTH ANNUAL GENERAL MEETING OF PREMIUM NUTRIENTS BERHAD will be held at Auditorium Tan Sri K R Soma, Wisma Tun Sambanthan, No. 2 Jalan Sultan Sulaiman, 50000 Kuala Lumpur on Wednesday, 9 June 2010 at 9.00 a.m. to transact the following business:

1. To receive the Audited Financial Statements for the financial year ended 31 December 2009 and the Reports of the Directors and Auditors thereon.
2. To approve the payment of Directors' Fees for the financial year ended 31 December 2009. **Resolution 1**
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) Dato' Faruk bin Othman **Resolution 2**
 - (b) Tuan Syed Mubarak bin Syed Ahmad **Resolution 3**
 - (c) Mr. Tharumarajah a/l Thillarajah **Resolution 4**
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, 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 5**
 - (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 6**
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 7**

AS SPECIAL BUSINESS

To Consider and if thought fit, to pass the following Ordinary Resolution:-

6. Ordinary Resolution 1

Authority to Directors to Issue Shares

Resolution 8

"THAT pursuant 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 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 fore until the conclusion of the next Annual General Meeting of the Company."

7. Ordinary Resolution 2

Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions ("RRPT")

Resolution 9

"That subject always to the Companies Act, 1965 (Act), the Articles of Association of the Company, other applicable laws, guidelines, rules and regulations, and the approvals of the relevant government/regulatory authorities, approval be and is hereby given to the Company and/or its subsidiary companies to enter into arrangements and/or transactions involving the interests of related parties as specified in Section 2.1.2 of the Circular to Shareholders dated 19 May 2010 provided that such arrangements and/or transactions are:-

- i. recurrent transactions of a revenue or trading in nature;
- ii. necessary for the day to day operations;
- iii. carried out in the ordinary course of business on normal commercial terms which are not more favourable to the related parties than those generally available to the public; and
- iv. not detrimental to the minority shareholders of the Company (the Mandate)

AND THAT such mandate shall continue to be in force until:

- a) the conclusion of the next AGM of the Company following this AGM, at which time the mandate shall lapse unless by an ordinary resolution passed at the AGM, the mandate is renewed; or
- b) the expiration of the period within which the next AGM after the date that is required by law to be held pursuant to Section 143(1) of the Companies Act (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Companies Act; or
- c) the Mandate is revoked or varied by a resolution passed by the shareholders of the Company at General Meeting; whichever is earlier



AND THAT the Directors of the Company be authorized to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary or give effect to the Mandate.”

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

By Order of the Board

JEYA KUMAR JEGATHISON
SHIKHA DUTT
Secretaries

Kuala Lumpur
19 May 2010

EXPLANATORY NOTES

1. To receive the Audited Financial Statements for the financial year ended 31 December 2009 and the Reports of the Directors and Auditors thereon.

This agenda item is meant for discussion only as the provision of Section 169 (1) of the Companies Act, 1965 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda is not put forward for voting.

2. Authority to Allot and Issue Shares pursuant to Section 132D of the Companies Act, 1965.

The proposed Resolution 8, if passed, will give a renewed mandate to the Directors of the Company, from date of the forthcoming AGM, to allot and issue ordinary shares from the unissued capital of the Company pursuant to Section 132D of the Companies Act, 1965.

As at the date of the Notice, no new shares in the company were issued pursuant to the mandate granted to the Directors of the last AGM held on 15 June 2009 which will lapse at the conclusion of the forthcoming AGM.

The Board continues to consider opportunities to broaden the operating base and earnings potential of the Company. If any of the expansion/diversification proposals involves the issuance of new shares, the Directors, under present circumstances, would have to convene a general meeting to approve the issuance of shares even though the number involved may be less than ten percent (10%) of the issued capital.

In order to avoid any delay and costs involved in convening a general meeting to approve such issuance of shares, it is considered appropriate that the Directors be empowered, as proposed in Resolution 8, to allot and issue shares in the Company, up to an amount not exceeding in aggregate ten percent (10%) of the issued share capital of the Company for the time being. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

3. Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions.

The proposed Resolution 9, if passed, will enable the Company and/or its subsidiary companies to enter into recurrent transactions involving the interests of the Related Parties, which are of a revenue or trading nature and necessary for the Group's day to day operations, subject to the transactions being carried out in the ordinary course of business on terms not more favourable than those generally available to the public and are not detrimental to the minority shareholders of the Company.

Further information on the Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions is set out in the Circular to Shareholders dated 19 May 2010, dispatched together with the Company's 2009 Annual Report.

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 Share Registrar of the Company at Symphony Share Registrars Sdn Bhd at Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight (48) hour before the time set for holding the meeting or adjournment thereof.

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

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

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

The profiles of the above Directors are set out in the section entitled "Profile of Directors" on pages 10 to 11. Their shareholdings in the Company are set out in the section entitled "Analysis of Shareholdings" on pages 88 to 89

3. Date, Time and Place of Annual General Meeting

The Eighth Annual General Meeting of Premium Nutrients Berhad will be held as follows:

Place	Date	Hour
Auditorium Tan Sri K R Soma, Wisma Tun Sambanthan, No. 2, Jalan Sultan Sulaiman, 50000 Kuala Lumpur.	9 June 2010	9.00 a.m.

4. Details of Directors' attendance at the Board Meetings during the financial year are disclosed on page 13 of the annual report.

BOARD OF DIRECTORS

CHAIRMAN

Tan Sri Dato' Dr. K R Somasundram

Non-Independent Non-Executive Director

DIRECTORS

Mr. Tharumarajah a/l Thillarajah

CEO/ Group Managing Director

Datuk Sahadivanaidu a/l Baliah

Non-Independent Non-Executive Director

Tuan Syed Mubarak bin Syed Ahmad

Independent Non-Executive Director

Mr. Subramaniam a/l Seenivasagam

Non-Independent Non-Executive Director

Dato' Faruk bin Othman

Independent Non-Executive Director

Mr. Abdul Aziz bin Mohamed Hussain

Independent Non-Executive Director

Mr. Festus a/l A Christ Dhas

Independent Non-Executive Director

GROUP COMPANY SECRETARIES

Mr. Jeya Kumar Jegathison

(MIA 24861)

Ms. Shikha Dutt

(MAICSA 7008241)

REGISTERED OFFICE

Level 27, Wisma Tun Sambanthan

No. 2 Jalan Sultan Sulaiman

50000 Kuala Lumpur

Tel No: 03 2273 5033

Fax No: 03 2273 4340

REGISTRAR

Level 6, Symphony House

Pusat Dagangan Dana 1

Jalan PJU 1A/46

47301 Petaling Jaya

Selangor Darul Ehsan

Tel No: 03 7841 8285

Fax No: 03 7841 8151/8152

STOCK EXCHANGE LISTINGS

Main Market of Bursa Malaysia Securities Berhad

Stock Code : 9458

Stock Name : PREMIUM

BANKERS

Standard Chartered Bank Malaysia Berhad

Ambank (M) Berhad

Asian Finance Bank Berhad

CIMB Bank Berhad

RHB Bank Berhad

Bank Muamalat Malaysia Berhad

HSBC Bank Malaysia Berhad

Malayan Banking Berhad

ING Vysya Bank Limited

Punjab National Bank

Indian Overseas Bank

Export-Import Bank of India

Syndicate Bank

Andhra Bank

Bank of Maharashtra

SOLICITORS

Kumar Partnership

Suite 12.01 & 12.02,

12th Floor, Wisma E & C

No. 2 Lorong Dungun Kiri

Damasara Heights

50490 Kuala Lumpur

Tel No: 03 2093 3131

Fax No: 03 2092 3131

Lee Perara & Tan

No.55 Jalan Thambapillai

Off Jalan Tun Sambanthan

Brickfields

50470 Kuala Lumpur

Tel No: 03 2273 4307

Fax No: 03 2273 5220

AUDITORS

Raki Thomas & Ramanan

Chartered Accountants

10-4, 10th Floor, Wisma Bandar

18, Jalan Tuanku Abdul Rahman

51200 Kuala Lumpur.

Tel No: 03 2698 1090

Fax No: 03 2694 4090

Board of Directors



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



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



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



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



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



Dato' Faruk Bin Othman
Independent Non-Executive Director



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



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



TAN SRI DATO' DR. K R SOMASUNDRAM

Tan Sri Dato' Dr. K R Somasundram, a Malaysian, aged 80 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. He was promoted to the position of General Manager of NLFCS in 1974 and 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 and Nomination Committee.

MR. THARUMARAJAH A/L THILLARAJAH (MR. TT)

Chief Executive Officer and Group Managing Director, Mr Tharumarajah or just Mr. TT, a Malaysian, aged 64, was appointed to the Board of PNB and took on the position of Managing Director on 2 May 2007.

A graduate in Mechanical Engineering from University of Technology Malaysia, Mr. TT went on to complete the external Council of Engineering Institute (UK). Besides his engineering background, Mr TT is also equipped with management skills. He also attended the Management and Senior Management programme conducted by Ashridge Management College (UK) and the Harvard Business School.

Mr TT began his career with Sime Darby Plantations in 1971 as a Trainee Engineer. He assumed several senior management positions within the company before retiring in 2001 as General Manager of Kempas Edible Oil, a major manufacturer of edible oils and fats.

Over the years, he has acquired vast experience in the edible oils and fats industry and is involved in direct international marketing.

He is also a member of the Remuneration Committee and the Nomination Committee.

DATUK SAHADIVANAIDU A/L BALIAH

Datuk Sahadivanaidu a/l Baliah, a Malaysian, aged 58, 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.

TUAN SYED MUBARAK BIN SYED AHMAD

Tuan Syed Mubarak bin Syed Ahmad, a Malaysian, aged 67, 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.

Tuan Syed Mubarak is a member of the Association of Chartered Certified Accountants (UK), Malaysian Institute of Accountants, Institute of Chartered Secretaries & Administrators (UK) and the Chartered Tax Institute of Malaysia.

Tuan Syed Mubarak is currently practising 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 and a solicitor of the Supreme Court of England and Wales.

He is the Chairman of Audit Committee.

MR. SUBRAMANIAM A/L SEENIVASAGAM

Mr. Subramaniam A/L Seenivasagam, a Malaysian, aged 74, 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. He was appointed as Project Director at MIDA headquarters from 1978 to 1986. 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 to 2000, 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.

DATO' FARUK BIN OTHMAN

Dato' Faruk bin Othman, aged 62 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 postgraduate Diploma in Management Studies from the Brighton Polytechnic / University of Sussex, United Kingdom in 1971.

Dato' Faruk has over 30 years of experience in the financial sector, mainly in the banking and stockbroking. His involvement in the banking industry started when he joined Standard Chartered Bank in 1971 before leaving for United Asian Bank in 1980.

In 1981, he assumed the position of Assistant General Manager of Kwong Yik Bank Berhad before being appointed Executive Director of Inter Pacific Securities Sdn Bhd in 1989.

In 1994, Dato' Faruk was appointed as the Executive Chairman of United Merchant Finance Berhad where he served until October 2001.

At present, Dato' Faruk is the Executive Chairman of Furqan Business Organisation Bhd a company listed on the Main Market of Bursa Malaysia Securities Berhad. He also sits on the board of several private limited companies.

He is a member of Audit Committee.

MR. ABDUL AZIZ BIN MOHAMED HUSSAIN

Mr. Abdul Aziz bin Mohamed Hussain, a Singaporean, aged 59, was appointed to the Board on 9 April 2003. He was appointed to the Board of Premium Vegetable Oils Sdn.Bhd. on the 7th April 1989. He obtained his Bachelor of Business Administration from University of Singapore, Singapore in 1973. He was with Sembawang Shipyard Ltd., Singapore as an Organisation and Method Analyst from 1973 to 1974. 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 and was the Managing Director of Pica (M) Corporation Berhad ("PMCB") from October 1992 until 4th June 1999.

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

MR. FESTUS A/L A CHRIST DHAS

Mr. Festus A/L A Christ Dhas, a Malaysian, aged 59, was appointed to the Board on 29 November 2005. He is an accountant by profession having graduated with Chartered Institute of Management Accountant (UK) in 1978. He is a member of the Chartered Institute of Management Accountants (UK) and also a member of the Malaysian Institute of Accountants (MIA). He has over 37 years of working experience of which 30 years have been with Tenaga Nasional Berhad (TNB). He held various Senior Management positions in TNB, and held key positions in a few private limited companies. Currently he is a Finance Advisor of Emrail Sdn.Bhd, a company principally involved in railway related engineering works and constructions.

He is a member of Audit Committee.



The Malaysian Code on Corporate Governance (the Code) sets out the principles and best practices on structures and processes that Companies may use in their operations towards achieving the optimal governance framework.

The Board of Directors of Premium Nutrients Berhad and its subsidiaries (Premium Group) is supportive of the adoption of the principles and best practices as enshrined in the Code throughout the Premium Group. The board recognizes that the adoption of the highest standards of governance is imperative for the protection and enhancement of shareholders' value and the performance of the Group.

The Board is pleased to present the following report on the application of the principles and compliances with best practices as set out in the Code throughout the year ended 2009.

BOARD OF DIRECTORS

The Board of Premium is responsible for the overall governance of the Group and is the primary body that formulates and promotes the direction of the Group to achieve its success in its strategic goals. Together with the subsidiaries' boards, it takes full responsibility in ensuring business is conducted in a transparent and objective manner with full accountability and integrity to safeguard shareholders' investment and ultimately enhancing their value.

Board Balance

The Board as at the date of this statement consists of eight (8) members. Seven (7) are Non-Executive Directors (including the Chairman) and one (1) is an Executive Director. Four (4) of the Directors are independent as defined under the Bursa Malaysia Securities Berhad's Main Market Listing Requirements (Listing Requirements).

There is optimum board balance and compliance with the Independent Directors criteria set out under the Listing Requirements. Together, the Directors with their wide experiences in both the public and private sectors and diverse academic backgrounds provide a collective range of skills, expertise and experience which is vital for the successful direction of the Group. A brief profile of the Directors is presented on pages 10 to 11.

Division of roles and responsibilities between the Chairman and CEO/Group Managing Director

There is a distinct and clear division of responsibility between the Chairman and the CEO/ Group Managing Director to ensure that there is a balance of power and authority. The roles of the Chairman and the CEO/ Group Managing Director are separated and clearly defined.

The Chairman is responsible for ensuring the Board's effectiveness and conduct whilst the CEO/ Group Managing Director has overall responsibilities over the operating units, organizational effectiveness and implementation of the Board policies and decisions.

The presence of Independent Non-Executive Directors fulfills a pivotal role in corporate accountability. Although all Directors have equal responsibility for the Group's operations, the role of these Independent Directors is particularly important as they provide unbiased and independent views,

advice and judgment to take account of the interests, not only of the Group, but also of shareholders, employees, customers, suppliers and the many communities in which the Group conducts business.

Board Meetings

The Board has at least (4) scheduled meetings annually, with additional meetings for particular matters convened as and when necessary.

The Board met seven (7) times during the year and 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 2009.

DIRECTORS	MEETINGS ATTENDED	%
Tan Sri Dato' Dr. K R Somasundram	7/7	100
Datuk Sahadivanaidu a/l Baliah	7/7	100
Mr. Tharumarajah a/l Thillarajah	7/7	100
Mr. Subramaniam a/l Seenivasagam	5/7	71
Tuan Syed Mubarak Bin Syed Ahmad	7/7	100
Dato' Faruk Bin Othman	6/7	85
Mr. Abdul Aziz Bin Mohamed Hussain	7/7	100
Mr. Festus a/l A Christ Dhas	7/7	100

Supply of Information

The agenda of each board meeting is determined by the Chairman in consultation with the CEO/ Group Managing Director and the Company Secretary. The Board receives the agenda and set of Board papers containing information relevant to the matters to be deliberated at the meetings. These are issued in sufficient time to enable the Directors to obtain further information or research, where necessary.

All Directors have direct access to the advice and services of two (2) Company Secretaries, whether as a full Board or in their individual capacities, in the furtherance of their duties. The Directors are regularly updated on new statutory as well as regulatory requirements relating to the duties and responsibilities of the Directors. Directors, whether acting as a full board or in their individual capacities may obtain independent professional advice in the furtherance of their duties.

BOARD COMMITTEES

To assist the Board in discharging its duties, various Board Committees have been established. The functions and terms of references of the Board Committees are clearly defined and, where applicable, comply with the recommendations of the Code.



1. Audit Committee

The Audit Committee reviews issues of accounting policy and presentation for external financial reporting, monitors the work of the internal audit function and ensures that an objective and professional relationship is maintained with the external auditors. Its principal function is to assist the Board in maintaining a sound system of internal control. The Committee has full access to the auditors both internal and external who, in turn have access at all times to the Chairman of the Committee.

In line with good corporate governance and best practice, the CEO/ Group Managing Director is not a member of the Audit Committee.

The report on the Audit Committee is presented on pages 20 to 23 and the duties of the Audit Committee are included therein.

Audit Committee Meetings held in 2009.

AUDIT COMMITTEE MEMBERS	MEETINGS ATTENDED	%
Tuan Syed Mubarak bin Syed Ahmad - Chairman	8/8	100
Dato' Faruk bin Othman	7/8	88
Mr. Abdul Aziz bin Mohamed Hussain	7/8	88
Mr. Festus a/l A Christ Dhas	8/8	100

2. Remuneration Committee

The Remuneration Committee is responsible for developing the Group's remuneration policy and determining the remuneration packages of executive employees of Group. The Committee recommends to the Board of all Companies within the Group, the remuneration to be paid to each non-executive director for his services as member of the Board as well as Committees of the Board.

The Remuneration Committee is made up of majority Non-Executive Directors and the CEO/ Group Managing Director.

Remuneration Committee Meetings held in 2009.

REMUNERATION COMMITTEE MEMBERS	MEETINGS ATTENDED	%
Tan Sri Dato' Dr. K R Somasundram - Chairman	3/3	100
Mr. Subramaniam a/l Seenivasagam	2/3	67
Mr. Abdul Aziz Bin Mohamed Hussain	2/3	67
Mr. Tharumarajah a/l Thillarajah	3/3	100

3. Nomination Committee

The Nomination Committee has been charged with identifying and recommending new nominees to the Board as well as committees of the Boards of Premium and its subsidiaries. However, all

decisions on appointments are made by the respective boards of the companies after considering the recommendations of the Committee.

The members of the Nomination Committee are as follows:-

Chairman	
Tan Sri Dato' Dr. K R Somasundram	(Non Independent, Non-Executive Director)
Members	
Datuk Sahadivanaidu a/l Baliah	(Non Independent, Non-Executive Director)
Mr. Abdul Aziz Bin Mohamed Hussain	(Independent, Non-Executive Director)

There is in place a formal and transparent procedure for the appointment of Directors to the Board. The proposed appointment of member(s) of the Board as well as proposed re-appointment or re-election of Directors seeking re-appointment or re-election at the Annual General Meeting are recommended by the Nomination Committee to the Board for its approval. The Board makes the final decision on appointments.

In accordance with the Articles of Association, all Directors who are appointed by the Board are subject to election by shareholders at the next Annual General Meeting after their appointment. Directors over the age of seventy (70) years of age are required to submit themselves for re-appointment by shareholders annually in accordance with Section 129(6) of the Companies Act, 1965. In accordance with the Company's Articles of Association, at least one-third of the remaining Directors are required to submit themselves for re-election by rotation at each Annual General Meeting.

The Company Secretaries ensure that all appointments are properly made, that all information is obtained from the Directors, both for the Company's own records and for the purposes of meeting statutory obligations, as well as obligations arising from the Listing Requirements or other regulatory requirements.

DIRECTORS' REMUNERATION

The objective of the Company's policy on Directors' remuneration is to attract and retain Directors of the caliber needed to direct the Group successfully.

Shareholders' approval will be sought at the forthcoming Annual General Meeting of the Company to be held on 9 June 2010 to approve the fees for the Non-Executive Directors. The determination of the fees of each Non-Executive Director is made by the Board as a whole.

The Executive Director is not entitled to fees nor is he entitled to receive any meeting allowance for the Board and Board Committee Meetings that he attends.

The Company's Directors' aggregate remuneration is categorized below for the financial year ended 31 December 2009.

Remuneration	Executive Directors RM	Non-Executive Director RM	Total RM
Fees	30,000	272,122	302,122
Salaries	861,000	-	861,000
EPF	115,698	-	115,698
Bonus	92,700	-	92,700
Benefit-in-kind	27,100	-	27,100
Total	1,126,498	272,122	1,398,620

Analysis of Remuneration

Total Remuneration	Number of Executive Directors	Number of Non-Executive Directors	Total
RM0 to RM50,000	-	8	8
RM50,001 to RM1,000,000	3	1	4
Total	3	9	12

DIRECTORS' TRAINING

All the Directors have attended the Mandatory Accreditation Programme prescribed by Bursa Malaysia Securities Berhad. They also continued to attend and participate in other education programmes and seminars to keep abreast with developments in the market place.

The Company has an ongoing basis identified conferences and seminars which will be beneficial to the Directors. There were also briefings by the external and internal auditors and the Company Secretaries on the relevant updates on statutory and regulatory requirements from time to time during the Audit Committee and Board meetings.

INVESTOR RELATIONS AND SHAREHOLDERS' COMMUNICATION

The Board acknowledges the need for shareholders to be informed of all material matters affecting the Company. Dissemination of information is made via various announcements during the year, the timely release of financial results on a quarterly basis provides shareholders with an overview of the group's performance and operations.

The Company also uses the Annual General Meeting, scheduled annually in June as a means of communication with shareholders. Shareholders who are unable to attend are allowed to appoint proxies to attend and vote on their behalf. Shareholders are welcome to raise queries.



FINANCIAL REPORTING

The Directors take responsibility to provide shareholders with balanced and understandable financial information while complying with all the financial disclosure requirements.

The Group constantly applies appropriate accounting policies supported by reasonable and prudent judgment and estimates. The Board is assisted by the Audit Committee in achieving effective financial decisions.

INTERNAL CONTROL

The Code requires the Board to maintain a sound system of internal control to safeguard shareholders' investment and the Group's assets. The Group's inherent system of internal control is designed to provide reasonable assurance but not absolute assurance against the risk of material errors, fraud or losses occurring.

The Statement of Internal Control which provides an overview of the state of internal control is set out on pages 18 to 19.

RELATIONSHIP WITH THE AUDITORS

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

COMPLIANCE STATEMENT

The Board is satisfied and is of the opinion that it has, in all material aspects complied with the principles and best practices outlined in the Malaysian Code on Corporate Governance for the financial year ended 31 December 2009.

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.

This statement is made in accordance with the resolution of the Board of Directors dated 28 April 2010.

Internal Control Statement And Directors' Responsibility Statement On The Financial Statements

The Statement of Internal Control is made in accordance with Paragraph 15.27(b) of the Listing Requirements of Bursa Malaysia, which requires Malaysian public listed companies to make a statement about their internal control, as a Group, in their annual report and this is in line with the Malaysian Code on Corporate Governance that requires listed companies to maintain a sound system of internal control to safeguard shareholders' investment and the Group's assets.

BOARD RESPONSIBILITY

The Board of Directors ("the Board") of Premium Nutrients Berhad ("Premium") is committed to maintain a sound system of internal control for Premium Group ("the Group") and is responsible for reviewing its adequacy and integrity so as to safeguard shareholders' investments and the assets of the Group.

The Board and Management have implemented a control system designed to identify and manage risks faced by the Group in pursuit of its business objectives including updating the system in line with changes to business environment, operating conditions and regulatory requirements. As any system of internal control has inherent limitations, such systems are designed to manage rather than eliminate the risk that may restrict or prevent the achievement of the Group's business objectives. This internal control system, by its nature, can only provide reasonable and not absolute assurance against material misstatements, losses or fraud.

The Group's system of internal controls does not apply to associates and joint-ventures where the Group does not have full management control over them.

RISK MANAGEMENT

The Board of Directors view a strong risk management and stringent internal controls as critical elements in the business and operations of the Group. The Board acknowledges that all areas of the group's business activities involve some degree of risk and is committed to ensure that there is effective risk management to manage risks within defined parameters and standard.

Management is responsible for the identification and evaluation of significant risks faced by the Group. They also have the responsibility for managing risks and internal control associated with the operations and ensuring compliance with applicable laws and regulations.

INTERNAL CONTROL SYSTEM

The key processes of the Group's internal control system include the following:

- i. Organisational structure with clearly defined roles and responsibilities, lines of accountability and delegated authority to facilitate the Group's daily operations consistently in line with corporate objectives, strategies, budget, policies and business directions as approved by the Board;
- ii. Regular and comprehensive information provided to Management, covering operating and financial performance, key business indicators, resource utilization, cash flow performance, project achievement, human resource and information technology;
- iii. A budget process where budgets for the coming year are approved by the Board;

- iv. Regular visits to operating units by the members of the Board and Senior Management;
- v. Policy guidelines and authority limits imposed on Executive Directors and Management within the Group in respect of the day to day banking and financing operations, investments, acquisitions and disposal of assets;
- vi. Code of Business Conduct governing the performance of work and business practices of the group;
- vii. Guidelines within the Group for recruitment of staff, training, performance appraisals and other relevant procedures
- viii. The Group's risk management framework provides ongoing process of identifying, assessing and managing key businesses, operational and financial risks faced by its business units concerned as well as regularly reviewing planned strategies to determine whether such risks are mitigated and well managed.
- ix. An independent internal audit function that provides assurance to the Audit Committee on the adequacy and integrity of the Group's internal controls through the execution of internal audit review based on an approved risk-based internal audit plan findings of which together with Management's responses are presented to the Audit Committee;

CONCLUSION

The Board is pleased to report that there were no significant internal control deficiencies or weaknesses that resulted in material losses or contingencies to the Group for the financial year under review.

The Board has an ongoing commitment to ensure continuous improvement in the effectiveness and integrity of the Group's system of internal control.

This statement is made in accordance with the resolution of the Board of Directors dated 28 April 2010.

DIRECTORS' RESPONSIBILITY STATEMENT ON THE FINANCIAL STATEMENTS

In respect of the preparation of the audited financial statements (as required under paragraph 15.26 (a) of the Main Market Listing Requirements Of The Bursa Malaysia Securities Berhad ("Bursa Malaysia"))

- (a) The Directors have prepared the financial statements for the financial year ended 31 December 2009 which give a true and fair view of the state of affairs of the Company and of the income statement for that year, and which have been duly audited.
- (b) The Directors are aware that they have the overall responsibility for Premium Group's system of internal controls which are adequate to safeguard the shareholders' investments and the Company's assets. However, such systems can only provide reasonable and not absolute assurance against misstatements or loss.

This statement is made in accordance with the resolution of the Board of Directors dated 28 April 2010.



A. CONSTITUTION

The Audit Committee of Premium Nutrients Berhad was established on 9 April 2003. The terms of reference of the Audit Committee are set out in pages 21 to 23 of the Annual Report.

B. COMPOSITION

The Audit Committee comprises four (4) members of the Board who are all Independent Non-Executive Directors.

C. MEMBERSHIP

Members of the Board who serve on the Audit Committee are as follows:

No.	Audit Committee Members	Designation
1.	Tuan Syed Mubarak bin Syed Ahmad, Chairman	Independent Non-Executive
2.	Mr. Abdul Aziz bin Mohamed Hussain	Independent Non-Executive
3.	Dato' Faruk bin Othman	Independent Non-Executive
4.	Mr. Festus a/I A Christ Dhas	Independent Non-Executive

D. SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

During the financial year, the Audit Committee conducted its activities in line with its terms of reference which included the following:

1. Financial Results

- i. Reviewed the unaudited quarterly financial results and announcements before recommending to the Board for consideration and approval and the release of the Group's results to Bursa Malaysia.
- ii. Reviewed the annual audited financial statements before recommending to the Board for consideration and approval. The review was to ensure that the financial reporting and disclosures were in compliance with:-
 - Listing Requirements of Bursa Malaysia;
 - Provisions of the Companies Act, 1965 and other legal and regulatory requirements; and
 - Financial Reporting Standards, Malaysia.

2. External Audit

- i. Reviewed the external auditor's scope of work and audit plan for the year.
- ii. Reviewed the results of their audit of the year end financial statements and the resolution of issues highlighted in their report to the Audit Committee.
- iii. Reviewed the independence of the external auditors during the year.
- iv. Reviewed and recommended external auditors' remuneration to the Board.
- v. Reviewed with the external auditors the impact of new or proposed changes in the accounting standards and regulatory requirements and the extent of compliance.
- vi. Held a minimum of two meetings with the external auditors without the presence of the executive directors and employees of Premium Nutrients Berhad.

3. Internal Audit

- i. Reviewed and approved the internal audit plan for the year prepared by the Internal Auditor to ensure adequate scope and coverage on the activities of the Group taking into consideration the assessment of the key risks areas.
- ii. Reviewed the performance, adequacy of resources and competency of the Internal Auditor.
- iii. Reviewed the internal audit reports, audit recommendations made and management response to these recommendations and actions taken to improve the system of internal control and procedures.

4. Related Party Transactions

Discussed and reviewed Related Party Transactions for compliance with Listing Requirements.

E. TERMS OF REFERENCE

1. Objectives of the Committee

- 1.1 The Committee shall assist the Board:
 - 1.1.1 In complying with specified accounting standards and the necessary disclosure as required by Bursa Malaysia, relevant accounting standards bodies, and any other laws and regulations as amended from time to time;
 - 1.1.2 In presenting a balanced and understandable assessment of the Company's positions and prospects;
 - 1.1.3 In establishing a formal and transparent arrangement for maintaining an appropriate relationship with the Company's auditors; and
 - 1.1.4 In maintaining a sound system of internal control to safeguard shareholders' investment and the Company's assets.

2. Composition of the Committee


- 2.1 The Committee is to be appointed by the Board from among their numbers, which shall comprise of the following:
 - 2.1.1 A minimum of three (3) Members;
 - 2.1.2 All the Members must be Non-Executive Directors with all the Members being Independent Directors;
 - 2.1.3 At least one (1) member of the Committee must be a member of the Malaysian Institute of Accountants ("MIA") or a person who fulfills the requirements as stated in para 15.10(C) (ii) of the Bursa Malaysia Listing Requirements;
 - 2.1.4 The Members of the Committee shall elect a Chairman from among themselves who shall be an Independent Director;
 - 2.1.5 All Members of the Committee shall hold office only for as long as they serve as Directors of the Company;



- 2.1.6 In the event any vacancy resulting in non-compliance of the minimum of three (3) Members, the Board shall upon the recommendation of the Directors' Nomination Committee, appoint such number of Directors within three (3) months of the event to fill such vacancies;
- 2.1.7 Members of the Committee may relinquish their membership in the Committee with prior written notice to the Secretary and may continue to serve as Directors of the Company; and
- 2.1.8 The Secretary of the Committee shall be any one of the Company Secretaries.

3. Duties and Responsibilities of the Committee

- 3.1 The following are the main duties and responsibilities of the Committee collectively, which are not exhaustive and can be augmented, if necessary with the Board's approval:
 - 3.1.1 Nominates and recommends the external auditor for appointment, to consider the adequacy of experience, resources, audit fee and any issues regarding resignation or dismissal of the external auditor;
 - 3.1.2 Reviews with the external auditor the nature and scope of the audit before the audit commences and reports the same to the Board;
 - 3.1.3 Reviews with the external auditor his audit report and reports the same to the Board;
 - 3.1.4 Reviews with external auditor his evaluation of the system of internal controls and reports the same to the Board;
 - 3.1.5 Reviews the assistance given by the employees of Premium to the external auditor and reports the same to the Board;
 - 3.1.6 To do the following with regard to the internal audit function:
 - i. Reviews and reports the same to the Board on the adequacy of the scope, authority, functions, resources and competency of the internal audit function;
 - ii. Reviews and reports the same to the Board on the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken;
 - iii. Where necessary, ensures that appropriate action is taken on the recommendations of the internal audit function;
 - iv. Reviews any appraisal or assessment of the performance of members of the internal audit function;
 - v. Approves any appointment or termination of senior staff members of the internal audit function;
 - vi. Considers the resignations of internal audit staff members and provides the resigning staff member an opportunity to submit his reasons for resigning; and
 - vii. Ensures the independence of the internal audit function and that the internal audit function reports directly to the Committee;

- 
- 3.1.7 Prior to the approval of the Board, reviews the quarterly and year-end financial statements and reports the same to the Board, focusing particularly on:
- (a) Any changes in accounting policies and practices;
 - (b) Significant adjustments arising from the audit;
 - (c) The going concern assumptions; and
 - (d) Compliance with accounting standards and other statutory requirements;
- 3.1.8 Reviews any related party transactions and conflict of interest situation that may arise within the Premium Group including any transaction, procedure or course of conduct that raises questions of management integrity and reports the same to the Board;
- 3.1.9 Reviews any letter of resignation from the external auditor and reports the same to the Board;
- 3.1.10 Reviews whether there is any reason, supported by grounds, to believe that the external auditor is not suitable for reappointment and reports the same to the Board;
- 3.1.11 Discusses problems and reservations, if any, arising from the interim and final audits and any matter which the external auditor wishes to discuss in the absence of management, where necessary;
- 3.1.12 Discusses and reviews the external auditor's management letter and management's response;
- 3.1.13 Discusses and reviews the major findings of internal audit investigations and management's response;
- 3.1.14 Reviews with the external auditor the statement made by the Board with regard to the state of internal control of Premium Group and reports the results thereof to the Board;
- 3.1.15 Performs any other work that is required or empowered to do by statutory legislation or guidelines as prepared by the relevant Government authorities;
- 3.1.16 Reports to the Board of Directors if there is any breach of the Listing Requirements and recommends corrective measures;
- 3.1.17 Promptly reports to Bursa Malaysia where a matter reported by the committee to the Board has not been satisfactorily resolved resulting in a breach of the Bursa Malaysia Listing Requirement; and
- 3.1.18 Considers other issues as defined by the Board.

This statement is made in accordance with the resolution of the Board of Directors dated 28 April 2010.

Premium Group Structure



PRINCIPAL ACTIVITIES OF ALL THE COMPANIES IN THE GROUP



Arani Agro Oil Industries Ltd. (AAO)

Refining and processing of vegetable oils for manufacture and sale of speciality fats.



Malim Sawit Sdn Bhd (MSSB)

Processing of oil palm fruits, refining of palm oil and sale of refined palm oil products.



Premium Vegetable Oils Sdn Bhd (PVO SB)

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.



Swiss Premium Corporation Sdn Bhd (SPCSB)

General traders and provisions of management services to its related company. The Company had ceased business operations since 1st July 2002.



Premium Hong Kong Limited (PHK)

Trading of speciality fats on kernel oil, palm oil, coconut oil, rapeseed oil and soya bean oil including those refined and fractionated interesterified products.



Premium Fats Sdn Bhd (PFSB)

Manufacturer of downstream products from palm oil.

Chairman's Message

Dear Shareholders,

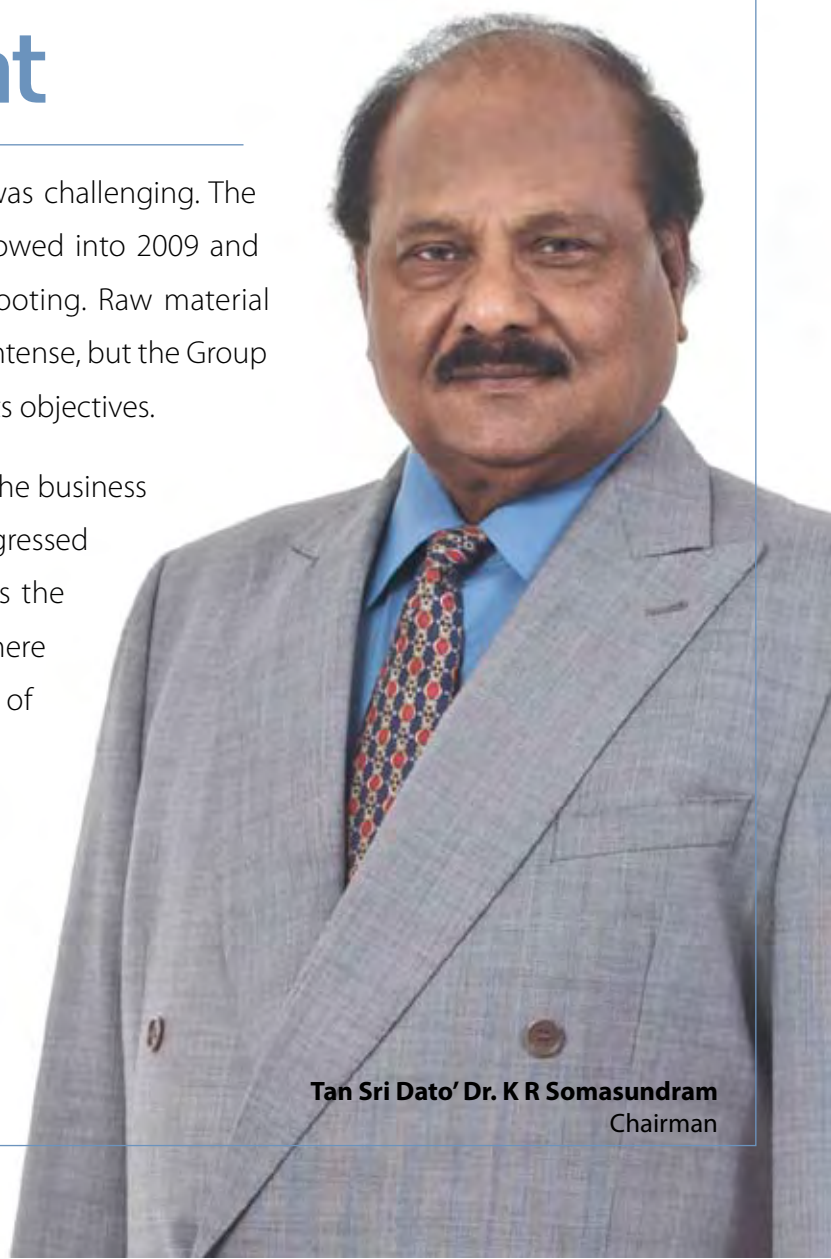
On behalf of the Board of Directors of Premium Nutrients Berhad, I am pleased to present the Annual Report and Audited Financial Statements of the Group and Company for the financial year ended 31 December 2009.

Operating Environment

The Group's operating environment in 2009 was challenging. The impact of the global financial crisis of 2008 flowed into 2009 and the world economic struggled to regain its footing. Raw material prices were high and market competition was intense, but the Group remained resilient, focused and committed to its objectives.

From a slow start at the beginning of the year, the business momentum picked up steadily as the year progressed and we ended the year setting record high as the specialty fats industry is recession proof and there was rebound in demand in the second half of 2009.

The Group also achieved several milestones in our products. A number of our products have been acknowledged by our customers as world-class in terms of quality and durability and we have relentlessly continued to develop new products.



Tan Sri Dato' Dr. K R Somasundram
Chairman

Financial Performance and Operational Review

The Group achieved profit after tax amounting to RM10.03 million, an increase of a commendable 27% over the previous year. The revenue for the year was RM857.3 million, a modest increase of 5% compared to 2008.





The contribution from animal feed products and coconut oil based speciality fats has contributed significantly higher margins in the period under review.

Additionally, the Group has always adopted a comprehensive approach in managing escalating costs of production and this was evident in 2009.

The appreciating Ringgit against the Indian Rupee was marginal in comparison to the previous year.





Outlook and Prospects

More signs of a global recovery continue to emerge leading to revision of official GDP growth estimates.

In its latest annual report, Bank Negara Malaysia (“BNM”) forecasts 4.5 % – 5.5% growth for 2010. This reflects the strength of the improvement in domestic and global conditions. Additionally BNM has also forecasted that the country’s real exports will increase by 7.7% in 2010, after contracting by 10.1% in 2009. This shall serve well for the specialty fats industry.

The Group is committed to increasing its market share and broadens its value added products while at the same time ensuring good corporate governance, sound risk management policies, low operating costs and prudent spending control are in order to support sustainable growth and profitability of the Group.





Acknowledgement

On behalf of the Board, I wish to record my most sincere gratitude to the management and staff for their devotion, commitment and contribution in taking the Group to a sustainable level of achievement and success amidst the backdrop of an uncertain environment.

I would also like to express our appreciation to our existing and potential customers, bankers, suppliers, government authorities and business associates for their support and loyalty.

Yours sincerely,

Tan Sri Dato' Dr. K R Somasundram
Chairman

The rest of this page is intentionally left blank

Consolidated Financial Statements

For The Year Ended 31 December 2009

Registered office:

Level 27, Wisma Tun Sambanthan
No. 2, Jalan Sultan Sulaiman
50000 Kuala Lumpur, Malaysia

Subsidiaries:

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

Premium Hong Kong Limited

Room 1307-8, Dominion Centre
43-59 Queen's Road East
Wanchai
Hong Kong

DIRECTORS:

Tan Sri Dato' Dr. K R Somasundram
Mr. Tharumarajah a/l Thillarajah
Datuk Sahadivanaidu a/l Baliah
Tuan Syed Mubarak bin Syed Ahmad
Mr. Subramaniam a/l Seenivasagam
Dato' Faruk bin Othman
Mr. Abdul Aziz bin Mohamed Hussain
Mr. Festus a/l A Christ Dhas

SECRETARIES:

Mr. Jeya Kumar Jegathison
Ms. Shikha Dutt a/p Delip Kumar Dutt

BANKERS:

Standard Chartered Bank Malaysia Berhad
CIMB Bank Berhad
RHB Bank Berhad
Bank Muamalat Malaysia Berhad
HSBC Bank Malaysia Berhad
Malayan Banking Berhad
Asian Finance Bank 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 (AF: 0363)
Chartered Accountants
10-4, 10th Floor, Wisma Bandar,
18, Jalan Tuanku Abdul Rahman,
50100 Kuala Lumpur

Directors' Report

For The Year Ended 31 December 2009



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 2009.

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 16(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 12 to the financial statements.

2. RESULTS FOR THE FINANCIAL YEAR

	Group RM'000	Company RM'000
Profit for the year attributable to equity holders of the Company	10,037	4,893

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

Since the end of the previous financial year the Company paid an interim dividend of 1.3% tax exempt, amounting to RM4,380,998, in respect of the financial year ended 31 December 2009.

4. ISSUE OF SHARES AND DEBENTURES

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

5. OPTIONS GRANTED OVER UNISSUED SHARES

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

6. DIRECTORS

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

Tan Sri Dato' Dr. K R Somasundram
Mr. Tharumarajah a/l Thillarajah
Datuk Sahadivanaidu a/l Baliah
Tuan Syed Mubarak bin Syed Ahmad
Mr. Subramaniam a/l Seenivasagam
Dato' Faruk bin Othman
Mr. Abdul Aziz bin Mohamed Hussain
Mr. Festus a/l A Christ Dhas

In accordance with the Company's Articles of Association, Mr. Tharumarajah a/l Thillarajah, Tuan Syed Mubarak bin Syed Ahmad and Dato' Faruk bin Othman retire and being eligible, offer themselves for re-election.

Tan Sri Dato' Dr. K R Somasundram and Mr. Subramaniam a/l Seenivasagam who are above seventy years of age retire pursuant to Section 129 of the Companies Act, 1965 and the Directors recommend their re-appointment under Section 129(6) of the said Act.

7. DIRECTORS' INTERESTS

The interests of directors in office at the end of the financial year in the shares of the Company (other than wholly owned subsidiaries) were as follows:-

		No. of ordinary shares of RM 0.50 each			
Name	Interest	As at		Disposed	As at
		01.01.2009	Acquired		31.12.2009
Tan Sri Dato' Dr. K R Somasundram	-Direct	43,084,313	-	-	43,084,313
	-Deemed	108,772,920	85,486,436	-	194,259,356
Datuk Sahadivanaidu a/l Baliah	-Direct	210,945	-	-	210,945
	-Deemed	108,275,312	85,486,436	-	193,761,748
Mr. Subramaniam a/l Seenivasagam	-Direct	49,761	-	-	49,761
	-Deemed	108,275,312	85,486,436	-	193,761,748

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.

By virtue of their interests in the shares of the Company, Tan Sri Dato' Dr. K R Somasundram, 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.



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 9(c) and note 31(ii) 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.

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

A significant event that occurred during the year is disclosed in Note 12 to the financial statements.

11. HOLDING CORPORATION

The directors consider Koperasi Kebangsaan Permodalan Tanah Berhad (455/60), as the holding corporation.

12. 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 28 April 2010.

TAN SRI DATO' DR. K R SOMASUNDRAM

Chairman

MR. THARUMARAJAH A/L THILLARAJAH

Director

Statement By Directors

Pursuant To Section 169(15) Of The Companies Act, 1965



In the opinion of the directors, the financial statements set out on pages 40 to 87 are drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to exhibit a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2009 and the results and cash flows 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 28 April 2010.

TAN SRI DATO' DR. K R SOMASUNDRAM

Chairman

MR. THARUMARAJAH A/L THILLARAJAH

Director

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 40 to 87 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.

JEYA KUMAR JEGATHISON

Subscribed and solemnly declared

at Kuala Lumpur on 28 April 2010.

Before me,

Raki Thomas & Ramanan

Chartered Accountants

10-4, 10th Floor, Wisma Bandar, 18 Jalan Tuanku Abdul Rahman
50100 Kuala Lumpur

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PREMIUM NUTRIENTS BERHAD (589272-D)

Report on the Financial Statements

We have audited the financial statements of Premium Nutrients Berhad, which comprise the balance sheet as at 31 December 2009 of the Group and of the Company, and the income statement, statement of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 40 to 87.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2009 and of their financial performance and cash flows for the year then ended.



Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

- a) in our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act;
- b) we have considered the financial statements and the auditor's report of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 16 to the financial statements;
- c) we are satisfied that the financial statements of the subsidiaries 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 financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes;
- d) the audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other persons for the contents of this report.

Signed at Kuala Lumpur on 28 April 2010.

RAKI THOMAS & RAMANAN
(NO. AF 0363)
CHARTERED ACCOUNTANTS

V.VENKATRAMANAN
[NO. 1284/12/11 (J)]
CHARTERED ACCOUNTANT
PARTNER

Income Statements

For The Year Ended 31 December 2009



	NOTE	GROUP		COMPANY	
		2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Continuing operations					
Revenue	7	857,394	818,685	4,889	5,486
Cost of goods sold	8	(753,504)	(734,255)	-	-
Gross profit		103,890	84,430	4,889	5,486
Other operating income		492	1,738	-	-
Distribution cost		(51,956)	(41,227)	-	-
Administration expenses		(25,131)	(23,917)	(773)	(941)
Other operating cost		(1,561)	(1,638)	(116)	(109)
Profit from operations	9	25,734	19,386	4,000	4,436
Interest income		3,723	1,728	6,134	7,898
Finance cost	10	(15,047)	(13,537)	(5,241)	(6,812)
Profit before taxation		14,410	7,577	4,893	5,522
Taxation	11	(4,373)	244	-	-
Profit after tax for the year from continuing operations		10,037	7,821	4,893	5,522
Profit/(loss) after tax for the year from discontinued operations	12	-	92	-	-
Profit for the year attributable to equity shareholders of the Company		10,037	7,913	4,893	5,522
Earnings per share (basic) attributable to equity holders of the Company	13	2.98 sen	2.35 sen	1.45 sen	1.63 sen

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

Balance Sheet

As At 31 December 2009

ASSETS	NOTE	GROUP		COMPANY	
		2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Non-current assets					
Property, plant and equipment	14	148,943	150,873	270	359
Prepaid land lease payments	15	7,589	7,802	-	-
Investment in subsidiaries	16	-	-	187,265	187,265
Due from subsidiaries	16	-	-	31,682	45,930
Investment in associate	17	-	-	-	-
Other investments	18	2,074	2,075	2,000	2,000
Long term deposits		946	748	-	-
Intangible assets	19	28,210	28,115	-	-
Asset held for sale	12	-	18,000	-	-
Deferred taxation	28	674	687	-	-
		188,436	208,300	221,217	235,554
Current assets					
Inventories	20	107,695	111,311	-	-
Trade receivables	21	79,034	83,650	-	-
Other receivables	22	32,030	32,565	1,294	1,701
Due from subsidiaries	16	-	-	47,982	64,779
Deposits, cash and bank balances	23	47,679	56,439	4,313	1,589
		266,438	283,965	53,589	68,069
Total assets		454,874	492,265	274,806	303,623
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the Company					
Share capital	24	168,500	168,500	168,500	168,500
Reserves	25	13,648	6,201	(26,323)	(26,835)
Total equity		182,148	174,701	142,177	141,665
Non-current liabilities					
Borrowings	26	74,467	42,331	70,415	50,086
Deferred sales tax liability	27	2,320	2,381	-	-
Deferred taxation	28	20,806	20,345	-	-
Liabilities associated with assets classified as held for sale	12	-	19,178	-	-
		97,593	84,235	70,415	50,086
Current liabilities					
Trade payables		52,525	56,682	-	-
Other payables	29	10,201	12,831	1,056	949
Taxation		1,341	204	76	76
Due to a subsidiary	16	-	-	48,047	68,312
Borrowings	26	111,066	163,612	13,035	42,535
		175,133	233,329	62,214	111,872
Total liabilities		272,726	317,564	132,629	161,958
Total equity and liabilities		454,874	492,265	274,806	303,623

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

Statement Of Changes In Equity

For The Year Ended 31 December 2009



GROUP	Note	← Attributable to Equity Holders of the Company →			
		Share Capital RM'000	Other Reserves RM'000	Accumulated Losses RM'000	Total RM'000
As at 1 January 2008		168,500	30,594	(27,962)	171,132
Exchange differences	25(a)	-	29	-	29
Deferred tax reversed					
-understated in previous year		-	(362)	-	(362)
-change in tax rate		-	370	-	370
Dividends paid during the year	33	-	-	(4,381)	(4,381)
Profit for the year		-	-	7,913	7,913
As at 31 December 2008		168,500	30,631	(24,430)	174,701
Exchange differences	25(a)	-	(362)	-	(362)
Disposal of asset held for sale	12	-	(4,166)	4,166	-
Deferred tax reversed due to disposal of assets held for sale	12	-	-	1,178	1,178
Revaluation surplus of property, plant and equipment transferred to accumulated losses					
- current year	25(b)	-	(1,301)	1,301	-
- understated in prior year	25(b)	-	(1,303)	1,303	-
Crystallization of deferred tax liabilities on revaluation surplus of property, plant and equipment					
- current year	28	-	325	-	325
- understated in prior year	28	-	325	-	325
Deferred tax reversed	28	-	325	-	325
Dividends paid during the year	33	-	-	(4,381)	(4,381)
Profit for the year		-	-	10,037	10,037
As at 31 December 2009		168,500	24,474	(10,826)	182,148

COMPANY	← Attributable to Equity Holders of the Company →		
	Share Capital RM'000	Accumulated Losses RM'000	Total RM'000
As at 1 January 2008	168,500	(27,976)	140,524
Dividend paid during the year	-	(4,381)	(4,381)
Profit for the year	-	5,522	5,522
As at 31 December 2008	168,500	(26,835)	141,665
Dividend paid during the year	-	(4,381)	(4,381)
Profit for the year	-	4,893	4,893
As at 31 December 2009	168,500	(26,323)	142,177

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

Cash Flow Statement

For The Year Ended 31 December 2009

	GROUP		COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation from continuing operations	14,410	7,577	4,893	5,522
Profit before taxation from discontinued operations	-	92	-	-
Adjustments for :				
Amortisation of prepaid land lease payments	213	213	-	-
Doubtful debts written-off - trade	638	42	-	-
Doubtful debts written-off - non-trade	244	-	-	-
Depreciation of property, plant and equipment	6,694	7,417	95	68
Effects of foreign exchange rate retranslation	359	3,401	-	-
Interest expense	15,047	14,980	5,241	6,812
Interest income	(3,723)	(1,738)	(6,134)	(7,898)
Loss/(gain) on disposal of property, plant and equipment	213	(7)	-	-
Operating profit before working capital changes	34,095	31,977	4,095	4,504
Decrease in inventories	3,616	12,188	-	-
Decrease/(increase) in trade and other receivables	4,071	(22,982)	407	(55)
(Decrease)/increase in trade and other payables	(6,787)	6,914	107	(17)
Cash generated from operations	34,995	28,097	4,609	4,432
Interest paid	(10,350)	(8,864)	(544)	(696)
Taxation paid	(1,650)	(753)	-	-
Net cash generated from operating activities	22,995	18,480	4,065	3,736
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(5,977)	(6,291)	(6)	(210)
Proceeds from disposal of property, plant and equipment	18,081	14	-	-
Purchase of trademarks and patents	(95)	(52)	-	-
Decreased/(increase)in fixed deposits pledged with licensed banks	9,299	(48,759)	(45)	(50)
Interest received	3,723	1,738	43	42
Net cash used in investing activities	25,031	(53,350)	(8)	(218)

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

Cash Flow Statement

For The Year Ended 31 December 2009 (Cont'd)



	GROUP		COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES				
Increase in short term borrowings	(33,850)	40,954	-	-
Dividends paid	(4,381)	(4,381)	(4,381)	(4,381)
Due from subsidiaries	-	-	10,780	11,685
Hire purchase financing obtained	-	2,343	-	-
Repayment of hire purchase creditors	(1,200)	(1,347)	(36)	(35)
Term loan obtained	67,003	-	63,365	-
Repayment of term loans	(165)	(1,137)	-	-
Repayment of MUNIF facility	(72,500)	(12,500)	(72,500)	(12,500)
Loan against fixed deposits	7,454	-	-	-
Interest paid	(4,697)	(6,116)	(4,697)	(6,116)
Interest received	-	-	6,091	7,856
Net cash generated from/(used in) financing activities	(42,336)	17,816	(1,378)	(3,491)
Net increase/(decrease) in cash and cash equivalents	5,690	(17,054)	2,679	27
Cash and cash equivalents brought forward	(13,035)	4,019	76	49
Cash and cash equivalents carried forward (Note 23)	(7,345)	(13,035)	2,755	76

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

Notes To The Financial Statements

For The Year Ended 31 December 2009

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 Financial Reporting Standards and the provisions of the Companies Act, 1965.

The Group has adopted all FRSs made effective and applicable for the financial year ended 31 December 2009.

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

2. CHANGES IN ACCOUNTING POLICIES AND EFFECTS ARISING FROM ADOPTION OF NEW AND REVISED FRSs

The Group has not chosen to adopt early the following FRSs, amendments to FRSs and interpretations which were in issue but not yet effective.

Effective for financial periods beginning on or after 1 July 2009:

FRS 8	Operating Segments
-------	--------------------

Effective for financial periods beginning on or after 1 January 2010:

FRS 4	Insurance Contracts
FRS 7	Financial Instruments: Disclosures
FRS 101	Presentation of Financial Statements (revised)
FRS 123	Borrowing Costs
FRS 139	Financial Instruments: Recognition and Measurement
Amendments to FRS 1 and FRS 127	First-time Adoption of Financial Reporting Standards and Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
Amendments to FRS 2	Share-based Payment: Vesting Conditions and Cancellations
Amendments to FRS 5	Non-current Assets Held for Sale and Discontinued Operations
Amendments to FRS 7	Financial Instruments: Disclosures
Amendments to FRS 8	Operating Segments
Amendments to FRS 107	Cash Flow Statements
Amendments to FRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
Amendments to FRS 110	Events After the Balance Sheet Date
Amendments to FRS 116	Property, Plant and Equipment
Amendments to FRS 117	Leases
Amendments to FRS 118	Revenue
Amendments to FRS 119	Employee Benefits
Amendments to FRS 120	Accounting for Government Grants and Disclosure of Government Assistance
Amendments to FRS 123	Borrowing Costs
Amendments to FRS 128	Investments in Associates



2. CHANGES IN ACCOUNTING POLICIES AND EFFECTS ARISING FROM ADOPTION OF NEW AND REVISED FRSs (cont'd)

Amendments to FRS 129	Financial Reporting in Hyperinflationary Economies
Amendments to FRS 131	Interests in Joint Ventures
Amendments to FRS 132	Financial Instruments: Presentation
Amendments to FRS 134	Interim Financial Reporting
Amendments to FRS 136	Impairment of Assets
Amendments to FRS 138	Intangible Assets
Amendments to FRS 139, FRS 7 and IC Interpretation 9	Financial Instruments: Recognition and Measurement, Disclosures and Reassessment of Embedded Derivatives
Amendments to FRS 140	Investment Property
Improvement to FRSs (2009)	Improvement to FRSs [2009]
IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 10	Interim Financial Reporting and Impairment
IC Interpretation 11	FRS 2 - Group and Treasury Share Transaction
IC Interpretation 13	Customer Loyalty Programmes
IC Interpretation 14	FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

Effective for financial periods beginning on or after 1 July 2010:

FRS 1	FRS 1 First-time Adoption of Financial Reporting Standards
FRS 3	Business Combinations
FRS 127	Consolidated and Separate Financial Statements
IC Interpretation 12	Service Concession Arrangements
IC Interpretation 15	Agreements for the Construction of Real Estate
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation
IC Interpretation 17	Distribution of Non-cash Assets to Owners
Amendments to FRS 2	Share-based Payment
Amendments to FRS 5	Non-current Assets Held for Sale and Discontinued Operations
Amendments to FRS 138	Intangible Assets
Amendments to FRS 139	Financial Instruments: Recognition and Measurement
Amendments to IC Interpretation 9	Reassessment of Embedded Derivatives

The above new FRSs, Amendments to FRSs and Interpretations are expected to have no significant impact on the financial statements of the Group and the Company upon their initial application. The changes arising from the adoption FRS 7, FRS8, FRS 101, FRS 117 and FRS 139 as dissaussed below:

FRS 8 : Operating Segments

FRS 8 replaces FRS 114²⁰⁰⁴ : Segment Reporting and requires a 'management approach', under which segment information is presented on a similar basis to that used for internal reporting purposes. As a result, the Group's external segmental reporting on a similar basis to that used for internal reporting purposes. As a result, the Group's external reporting will be based on the internal reporting to the "chief operating decision maker", who makes decisions on the allocation of resources and assesses the performance of the reportable segments. As this is a disclosure standard, there will be no impact on the financial position or results of the Group.

2. CHANGES IN ACCOUNTING POLICIES AND EFFECTS ARISING FROM ADOPTION OF NEW AND REVISED FRSs (cont'd)

FRS 101 : Presentation of Financial Statements

The revised FRS 101 separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented in the statement of other comprehensive income. In addition, the standard introduces the statement of comprehensive income which presents income and expenses recognised in the period. This statement may be presented in one single statement, or two linked statements. The Group is currently evaluating the format to adopt. In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the reclassification of items in the financial statements. The revised FRS does not have any impact on the financial position or results of the Group.

Amendment to FRS 117 : Leases

Clarifies on the classification of leases of land and buildings. The Group is still assessing the potential implication as a result of the reclassification of its unexpired land lease as operating or finance leases. For those land element held under operating leases that are required to be reclassified as finance lease, the Group shall recognise a corresponding asset and liability in the financial statements which will be applied retrospectively upon initial application. However, in accordance with the transitional provision, the Group is permitted to reassess lease classification on the basis of the facts and circumstances existing on the date it adopts the amendments; and recognise the asset and liability related to a land lease newly classified as a finance lease at their values on that date; any difference between those fair values is recognised in retained earnings.

Amendment to FRS 7 and FRS 139 : Financial Instruments:Disclosures and Financial Instruments:Recognition and Measurement

The Group and the Company are exempted from disclosing the possible impact to the financial statements upon the initial application of FRS 7 and FRS 139.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

Management makes judgements when applying the accounting policies that have significant effect on amounts recognised in the financial statements. The key assumptions made on estimation uncertainty and critical judgements that could cause material adjustments to the carrying amounts of assets and liabilities in the next financial year are as follows:

(i) Impairment of intangible assets

The method of testing for impairment is detailed in note 6(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.



3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (cont'd)

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's 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 19.

(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.

(iii) Deferred tax assets

Deferred tax assets recognised are for available tax losses and unabsorbed capital allowances to the extent that it is probable that future taxable profits will be available for these to be utilised. Management judgement is required to estimate the amount of deferred tax assets that can be recognised. The carrying amount of recognised deferred tax assets is detailed in Note 28.

4. GENERAL INFORMATION

(a) PRINCIPAL ACTIVITIES

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

The principal activities of the subsidiary companies are as stated in Note 16(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 Main Market 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 28 April 2010.

5. 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.

5. FINANCIAL RISK MANAGEMENT POLICIES (cont'd)

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.

(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 buys and 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.



6. 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 6(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.

(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 6(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 6(n)).

6. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(c) PROPERTY, PLANT AND EQUIPMENT

Freehold land and construction-in-progress are stated at revaluation less accumulated impairment losses, if any (Note 6(n)).

Building, plant and machinery are stated at revaluation less accumulated depreciation and impairment losses, if any (Note 6 (n)).

All other property, plant and equipment are stated at cost less accumulated depreciation and impairment losses if any (Note 6(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. The last valuation was on 31 December 2007.

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.

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 6(n)) Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.



6. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(d) INTANGIBLE ASSETS (cont'd)

(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 6(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.

(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 6(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.

6. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(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 COSTS

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

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

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

(i) FINANCIAL INSTRUMENTS

Financial instruments are recognised in the balance sheet when the Group 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 Group 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.



6. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(i) FINANCIAL INSTRUMENTS (cont'd)

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 at cost less accumulated impairment losses, if any (Note 6(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.

(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.

6. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(i) FINANCIAL INSTRUMENTS (cont'd)

(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 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.



6. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(I) 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.

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:

	31.12.2009	31.12.2008
	RM	RM
Foreign currency		
1 US Dollar	3.4250	3.4600
100 Indian Rupees	7.3570	7.5500

6. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(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.

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.



6. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(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.

(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 a single segment of manufacturing of edible oils and related products.

7. REVENUE

	GROUP		COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Manufacturing and sale of products from palm oil	857,394	818,685	-	-
Gross dividends	-	-	4,889	5,486
	857,394	818,685	4,889	5,486

8. COST OF GOODS SOLD

Cost of goods sold comprises the cost of manufacturing speciality fats and other products from palm oils.

9. PROFIT FROM OPERATIONS

	GROUP		COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
(a) Profit from continuing operations is stated after charging/(crediting):				
Auditors' remuneration	156	144	11	11
Auditors' remuneration understated in previous year	35	-	-	-
Doubtful debts written-off - trade	638	42	-	-
Doubtful debts written-off - non-trade	244	-	-	-
Depreciation of property, plant and equipment	6,694	6,810	95	68
Amortisation of leasehold land	213	213	-	-
Loss on disposal of property, plant and equipment	218	-	-	-
Rental	463	770	-	-
Unrealised loss on foreign exchange	510	-	-	-
Realised gain on foreign exchange	(247)	(1,520)	-	-
Gain on disposal of property, plant and equipment	(5)	(7)	-	-

9. PROFIT FROM OPERATIONS (cont'd)

	GROUP		COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
(b) Employee benefits				
Salaries, allowances and bonus	13,174	11,771	22	146
Contributions to social security plans	107	101	-	1
Contributions to defined contribution plans	1,122	1,017	3	17
	14,403	12,889	25	164
(c) Remuneration and benefits to directors of the Company				
(i) Paid by the Company				
Executive Directors- salary and other emoluments	513	661	78	166
Non-Executive Directors- fees	273	214	296	263
Benefits-in-kind	27	26	-	-
	813	901	374	429
(ii) Paid by the Subsidiaries				
Executive Directors- salary and other emoluments	587	213	-	-

10. FINANCE COSTS

	GROUP		COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Continuing operations				
Interest expenses :				
Short-term borrowings	8,734	7,425	-	-
Term loans	4	100	-	-
Hire purchase and leases	134	193	4	4
Primary Collateralised Loan Obligation	1,593	1,346	1,593	1,346
MUNIF loan facility	3,104	3,327	3,104	4,770
	13,569	12,391	4,701	6,120
Other finance costs	1,478	1,146	540	692
	15,047	13,537	5,241	6,812

11. TAXATION

	GROUP		COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Continuing operations				
Tax charge for the current year				
- Malaysia	2,200	-	-	-
- Overseas	639	353	-	-
Deferred taxation for the current year				
- Malaysia (Note 28)	792	1,341	-	-
- Overseas (Note 28)	792	803	-	-
Tax attributable to current year	4,423	2,497	-	-
Tax attributable in respect of prior years				
Deferred taxation				
- Malaysia (Note 28)	(50)	(2,741)	-	-
	4,373	(244)	-	-

Reconciliation of effective tax charge is as follows :

	GROUP		COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Profit before taxation				
Continuing operations	14,410	7,577	4,893	5,522
Discontinued operations	-	92	-	-
	14,410	7,669	4,893	5,522
Taxation at Malaysian statutory tax rate of 25% (2008: 26%)	3,603	1,994	1,272	1,436
Adjusted for tax effects of :-				
Effect of different tax rate - overseas	675	1,790	-	-
Expenses not deductible for tax purposes	821	1,643	-	-
Double deduction of expenses	(54)	(58)	-	-
Reversal/(utilisation) of tax incentive	71	(1,328)	-	-
Utilisation of unrecognised deferred tax assets	(693)	(1,464)	-	-
Income not subject to tax	-	(80)	(1,272)	(1,436)
Effective taxation	4,423	2,497	-	-
Effective tax rate	36.71%	32.54%	-	-



12. 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 was to discontinue with non core operations and mitigate losses. The disposal of the milling operations was due to be completed on 26 June 2008. As at 31 December 2008, the assets, reserves and liabilities related to the milling operations have been presented on the balance sheet as held for sale and results from this operation are presented separately in the income statement as discontinued operations. The disposal of the asset was concluded on 12 January 2009.

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

	GROUP	
	2009	2008
	RM'000	RM'000
Revenue	-	134,676
Expenses	-	(134,584)
	-	92
Taxation	-	-
Profit/(loss) for the year	-	92

Profit/(loss) is stated after charging:

Auditors' remuneration	-	7
Depreciation	-	607
Interest expense in respect of MUNIF loan facility	-	1,443

	GROUP	
	2009	2008
	RM'000	RM'000
Non-current assets held for sale		
Property, plant and equipment	-	18,000
Reserve		
In respect of remeasurement of assets held for sale	-	4,166
Liabilities associated with assets held for sale		
Deferred tax liabilities	-	1,178
Borrowings in respect of MUNIF facility	-	18,000
	-	19,178

The cash flows attributable to the discontinued operations are as follows:

	2009	2008
	RM'000	RM'000
Operating cash flows	-	2,143
Investing cash flows	18,000	-
Financing cash flows	(18,000)	(1,443)
Total cash flows	-	700

13. EARNINGS PER SHARE - BASIC

The calculation of basic earnings per share is based on the net profit attributable to ordinary shareholders of RM 10,037,303 (2008: RM7,913,674) and the weighted average number of ordinary shares outstanding during the year of 337,000,004 (2008: 337,000,004).

14. PROPERTY, PLANT AND EQUIPMENT

Cost or Valuation	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
GROUP					
Cost	10,583	34,912	5,571	180	51,246
Valuation	14,440	100,090	-	-	114,530
As at 1 January 2009	25,023	135,002	5,571	180	165,776
Additions	448	3,786	683	1,060	5,977
Transfers	-	-	-	-	-
Disposals	-	(381)	(331)	-	(712)
Exchange differences	(234)	(796)	(4)	(5)	(1,039)
As at 31 December 2009	25,237	137,611	5,919	1,235	170,002
Representing items at :					
Cost	10,797	37,902	5,919	1,235	55,853
Valuation	14,440	99,709	-	-	114,149
	25,237	137,611	5,919	1,235	170,002
Depreciation and impairment					
As at 1 January 2009	1,582	8,556	4,765	-	14,903
Charge for the year	593	5,781	320	-	6,694
Disposals	-	(93)	(325)	-	(418)
Exchange differences	(21)	(97)	(2)	-	(120)
As at 31 December 2009	2,154	14,147	4,758	-	21,059

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

	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
GROUP					
Net book value					
Cost	9,643	31,779	1,161	1,235	43,818
Valuation	13,440	91,685	-	-	105,125
At 31 December 2009	23,083	123,464	1,161	1,235	148,943
Cost	9,658	30,669	806	180	41,313
Valuation	13,783	95,777	-	-	109,560
At 31 December 2008	23,441	126,446	806	180	150,873
Depreciation charge for the year ended 31 December 2008	572	5,733	505	-	6,810

14. PROPERTY, PLANT AND EQUIPMENT (cont'd)

* Land and buildings of the Group

	Land RM'000	Buildings RM'000	Total RM'000
Cost or Valuation			
Cost	12	10,571	10,583
Valuation	830	13,610	14,440
As at 1 January 2009	842	24,181	25,023
Additions	-	448	448
Transfers	-	-	-
Disposals	-	-	-
Exchange differences	-	(234)	(234)
As at 31 December 2009	842	24,395	25,237
Representing items at :			
Cost	12	10,785	10,797
Valuation	830	13,610	14,440
	842	24,395	25,237
Depreciation and impairment			
As at 1 January 2009	-	1,582	1,582
Charge for the year	-	593	593
Disposals	-	-	-
Exchange differences	-	(21)	(21)
As at 31 December 2009	-	2,154	2,154
Net book value			
As at 31 December 2009			
Cost	12	9,632	9,644
Valuation	830	12,609	13,439
	842	22,241	23,083
As at 31 December 2008			
Cost	12	9,646	7,801
Valuation	830	12,953	16,076
	842	22,599	23,877
Depreciation charge for the year ended 31 December 2008	-	572	572

14. PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Motor vehicle, Furniture, fittings and office equipment RM'000
COMPANY	
Cost	
Opening balance	472
Additions	6
Disposal	-
Closing balance	<u>478</u>
Depreciation and impairment	
Opening balance	113
Charge for the year	95
Closing balance	<u>208</u>
Net book value	
At 31 December 2009	<u>270</u>
At 31 December 2008	<u>359</u>
Depreciation charge for the year ended 31 December 2008	<u>68</u>

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 :-

	2009 RM RM'000	2008 RM RM'000
Land	424	424
Buildings	11,528	11,878
Plant and machinery	64,839	67,852

14. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Revaluation (cont'd)

As at 31 December 2009, the revaluation of property, plant and equipment of a foreign subsidiary was still in the process of being revalued and the effects of this revaluation if any will be accounted for in the next financial year. Therefore the foreign subsidiary's land, construction in progress and other plant and equipment 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 RM 3,474,641 (2008: RM4,423,641).

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	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Assets acquired under hire purchase	-	2,692	-	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 26.

15. PREPAID LAND LEASE PAYMENTS

	GROUP	
	2009 RM'000	2008 RM'000
At Valuation	8,015	8,015
Accumulated amortisation		
At 1 January	213	-
Amortisation for the year	213	213
At 31 December	426	213
Net Book Value	7,589	7,802

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 under the cost model, the carrying amount of prepaid land lease would have been RM 839,697 (2008: RM862,978).

Security

The land of the Group has been pledged to secure banking facilities granted to the Group/Company as disclosed in note 26.

16. SUBSIDIARIES

(a) Investment In Subsidiaries

	COMPANY	
	2009 RM'000	2008 RM'000
Unquoted shares, at cost	187,265	187,265

Details of the subsidiaries are as follows:

Company	Principal activities	Country of incorporation	Equity interest	
			2009 %	2008 %
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	100
Premium Fats Sdn. Bhd. ("PFSB")	Manufacturing downstream products from palm oil.	Malaysia	100	100
Arani Agro Oil Industries Ltd ("AAO")#	Refining and processing of vegetable oils for manufacture and sale of speciality fats.	India	100	100

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



16. SUBSIDIARIES (cont'd)

(b) DUE FROM SUBSIDIARIES

	COMPANY	
	2009 RM'000	2008 RM'000
Current		
Loan to subsidiaries	31,683	44,730
Advances to subsidiaries	16,299	20,049
	<u>47,982</u>	<u>64,779</u>
Non-current		
Loan to subsidiaries	31,682	45,930
	<u>79,664</u>	<u>110,709</u>

(c) Due To Subsidiaries

Current		
Advances from subsidiaries	48,047	68,312

The loan to subsidiary represents of term loan from a financial institution which is on-lent to the subsidiary for the purpose of retiring the existing loan (2008 : 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. The loan was fully paid during the year).

Loan to subsidiaries are unsecured, have no fixed terms of repayment and bear interest at 9% (2008 : 8%) per annum.

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

17. INVESTMENT IN AN ASSOCIATE COMPANY

	GROUP		COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Unquoted shares, at cost	50	50	50	50
Less: Share of post acquisition losses(50)	(50)	(50)	-	(50)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

The associate is Swiss Premium Corporation Sdn. Bhd., a company incorporated in Malaysia in which the Group holds an equity interest of 50 % (2008: 50%). The principal activity 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.

18. OTHER INVESTMENTS

	GROUP		COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Foreign mutual funds, at cost (Note 18(a))	74	75	-	-
Unquoted subordinated bonds, at cost (Note 18(b))	2,000	2,000	2,000	2,000
	<u>2,074</u>	<u>2,075</u>	<u>2,000</u>	<u>2,000</u>

	2009 RM'000	2008 RM'000
(a) Foreign mutual fund		
As at 1 January	75	84
Exchange differences	(1)	(9)
As at 31 December	<u>74</u>	<u>75</u>

(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 26(f).

Pursuant to the Primary CLO agreement, the Company subscribed for the Bonds on a pro-rata basis in 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 redeemed in full or cancelled, the Bonds will mature on or about 7 January 2012.

19. INTANGIBLE ASSETS

GROUP	Goodwill RM'000	Patents/ trademarks RM'000	Total RM'000
Cost			
As at 1 January	58,129	887	59,016
Additions during the year	-	95	95
As at 31 December	<u>58,129</u>	<u>982</u>	<u>59,111</u>
Accumulated impairment losses			
As at 1 January	30,901	-	30,901
Charge during the year	-	-	-
As at 31 December	<u>30,901</u>	<u>-</u>	<u>30,901</u>
Carrying amounts 2009	<u>27,228</u>	<u>982</u>	<u>28,210</u>
Carrying amounts 2008	<u>27,228</u>	<u>887</u>	<u>28,115</u>

19. INTANGIBLE ASSETS (Cont'd)

The carrying amount of the goodwill arising on consolidation and patents and trademarks are stated at cost less impairment losses. 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:

- i. budgeted gross margin is expected to be maintainable;
- ii. the growth rate used is maintainable and adjusted for planned business expansion;
- iii. 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.

20. INVENTORIES

	GROUP	
	2009 RM'000	2008 RM'000
At cost		
Finished goods	10,527	28,883
Raw material	23,779	9,358
Spares and consumables	10,555	10,824
	<u>44,861</u>	<u>49,065</u>
At net realisable value		
Finished goods	62,834	62,246
	<u>107,695</u>	<u>111,311</u>

21. TRADE RECEIVABLES

	GROUP	
	2009 RM'000	2008 RM'000
Trade receivables	79,034	87,013
Less : Allowance for doubtful debts		
Amount brought forward	3,363	5,632
Less : written-off during the year	(3,363)	(2,269)
Amount carried forward	-	3,363
	<u>79,034</u>	<u>83,650</u>

22. OTHER RECEIVABLES

	GROUP		COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Sundry receivables	31,220	31,133	951	953
Prepayments	810	1,432	343	748
	<u>32,030</u>	<u>32,565</u>	<u>1,294</u>	<u>1,701</u>

23. CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Cash and bank balances	4,481	3,942	2,755	76
Fixed deposits with licensed banks	43,198	52,497	1,558	1,513
	47,679	56,439	4,313	1,589
Bank overdraft (Note 26(c))	(11,826)	(16,977)	-	-
Less: Fixed deposits pledged to licensed banks	(43,198)	(52,497)	(1,558)	(1,513)
	(7,345)	(13,035)	2,755	76

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

24. SHARE CAPITAL

	GROUP/ COMPANY	
	2009 RM'000	2008 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

25. RESERVES

	Note	GROUP		COMPANY	
		2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Non-distributable					
Foreign exchange fluctuation reserve	25(a)	132	494	-	-
Revaluation reserve	25(b)	24,342	25,971	-	-
Reserve in respect of assets held for resale	25(c)	-	4,166	-	-
		24,474	30,631	-	-
Distributable					
Accumulated losses	25(d)	(10,826)	(24,430)	(26,323)	(26,835)
		13,648	6,201	(26,323)	(26,835)

(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.

25. RESERVES (Con't)

	GROUP	
	2009 RM'000	2008 RM'000
(b) Revaluation reserve		
As at 1 January	25,971	26,612
Transferred to accumulated losses	(2,604)	-
Deferred tax on revaluation (Note 28)	975	(37)
Remeasurement of assets held for sale (Note 25 (c))	-	(604)
As at 31 December	24,342	25,971

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

	2009	2008
	RM'000	RM'000
(c) Reserve in respect of assets held for sale		
As at 1 January	4,166	3,517
Reclassified from revaluation reserve (Note 25 (b))	-	649
Transfer to accumulated loss	(4,166)	-
As at 31 December	-	4,166

This reserve arises 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	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Operating earnings	52,075	38,471	5,677	5,165
Impairment of goodwill on consolidation	(30,901)	(30,901)	-	-
Restructuring cost	(32,000)	(32,000)	(32,000)	(32,000)
Accumulated losses	(10,826)	(24,430)	(26,323)	(26,835)

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

26. BORROWINGS

	NOTE	GROUP		COMPANY	
		2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Current					
MUNIF facility	26(a)	-	42,500	-	42,500
Term loans	26(b)	13,000	165	13,000	-
Short term borrowings	26(c)	97,098	128,703	-	-
Hire purchase and lease payables	26(d)	881	1,214	35	35
Other loans	26(e)	87	30	-	-
		111,066	172,612	13,035	42,535
Less: Reclassified to liabilities associated with assets held for sale	12	-	(9,000)	-	-
		111,066	163,612	13,035	42,535
Non current					
MUNIF facility	26(a)	-	30,000	-	30,000
Term loans	26(b)	54,003	-	50,365	-
Hire purchase and lease payables	26(d)	464	1,331	50	86
Primary Collateralised Loan Obligations	26(f)	20,000	20,000	20,000	20,000
		74,467	51,331	70,415	50,086
Less: Reclassified to liabilities associated with assets held for sale	12	-	(9,000)	-	-
		74,467	42,331	70,415	50,086



26. BORROWINGS (Cont'd)

(a) MUNIF facility

The Company entered into the Murabahah Underwritten Note Issuance Facility (MUNIF). The facility has an availability period of seven years ending during which the Company may issue notes in multiples of RM1 million up to a maximum outstanding amount of RM Nil (2008: RM72.5 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 interest of 3.20% to 3.99% per annum.

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

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

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

This facility was fully repaid during the year.

26. BORROWINGS (cont'd)

(b) Term loans

	GROUP		COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Payable within one year	13,000	165	13,000	-
Payable after two to five years	54,003	-	50,365	-
	67,003	165	63,365	-

These term loans obtained from licensed banks are secured by way of a fixed charge over all the property, plant and equipment of subsidiaries and a foreign subsidiary (2008 : a foreign subsidiary).

These loans are repayable in monthly and quarterly installments over periods ranging from 1 to 5 years (2008 : 1 to 3 years) and bear interest ranging from 8.00% to 14.00% (2008 : 12.25% to 14.00%).

(c) Short term bank borrowings

	GROUP	
	2009 RM'000	2008 RM'000
Al-Murabahah revolving financing	-	19,400
Bill discounting	5,670	5,508
Bank overdrafts	11,826	16,977
Bankers' acceptance	72,206	86,818
Loan against fixed deposits	7,396	-
	97,098	128,703

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 5.86 % to 10.36 % (2008: 5.86% to 10.36%).

(d) Hire purchase and lease payables

	GROUP		COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Payable within a year	936	1,327	39	39
Payable within two to five years	476	1,421	56	96
	1,412	2,748	95	135
Less: Interest in suspense	(69)	(203)	(10)	(14)
	1,343	2,545	85	121
Analysed as:				
Due within 12 months	881	1,214	35	35
Due after 12 months	464	1,331	50	86
	1,345	2,545	85	121

26. BORROWINGS (cont'd)

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

	GROUP		COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Not later than 12 months	847	1,125	34	34
Due after 12 months	399	1,221	47	81
	1,246	2,346	81	115

Hire purchase and lease payables bear interest ranging from 2.30% to 3.65% (2008: 2.30% to 3.31%) per annum.

(e) Other loans

	GROUP	
	2009 RM'000	2008 RM'000
Car loan	58	-
Other loan (unsecured)	29	30
	87	30

The above loans bear interest at 8% (2008: 8%) per annum.

(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 a financial institution. This facility was utilised for working capital purposes of the Company and its subsidiaries.

Under the Facility Agreement entered a company was specially incorporated for the purpose of implementing and carrying out the primary collateralised loan obligations transaction, where the Issuer will issue Bonds to finance its purchase of Transferred Assets and 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 RM 2,000,000 (Note 18(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.

27. DEFERRED SALES TAX LIABILITY

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

28. DEFERRED TAXATION

		GROUP	
		2009	2008
		RM'000	RM'000
As at 1 January		19,658	20,741
Exchange difference		(85)	(375)
Transfer (to)/from income statement (Note 11)		1,534	(597)
Transfer to equity (Note 25(b))		(975)	37
Transfer to liabilities associated with assets held for sale		-	(148)
As at 31 December		20,132	19,658
(a) Recognised in the financial statements			
Deferred tax assets		(674)	(687)
Deferred tax liabilities		20,806	20,345
		20,132	19,658
Presented after appropriate set off:			
Deferred tax assets			
Deferred tax assets	Property, plant and equipment		
	-temporary differences	3,625	6,390
	-revaluation of plant and machinery	901	1,013
		4,526	7,403
Deferred tax liabilities	Unabsorbed capital allowances	(1,084)	(3,710)
	Unutilised tax losses	(2,163)	(2,030)
	Unabsorbed tax incentive	(1,953)	(2,350)
		(5,200)	(8,090)
		(674)	(687)
Deferred tax liabilities			
Deferred tax assets	Property, plant and equipment		
	-temporary differences	14,334	13,934
	-revaluation of plant and machinery	6,568	7,432
		20,902	21,366
Deferred tax liabilities	Unabsorbed capital allowances	-	(248)
	Unutilised tax losses	(34)	(693)
	Unabsorbed tax incentive	(62)	(80)
		(96)	(1,021)
		20,806	20,345

29. OTHER PAYABLES

	GROUP		COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Sundry payables	6,960	10,338	653	653
Accruals	3,241	2,493	403	296
	10,201	12,831	1,056	949

30. CONTINGENT LIABILITIES (UNSECURED)

GROUP

- (i) One of the subsidiaries is claiming liquidated damages for a sum of RM 21.4 million (equivalent to Indian Rupee 245.7 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 Indian Rupee 20 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 India Rupees 283 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 and hence, no provision has been made in the financial statements in respect of the counter claim.

- (ii) As at 31 December 2009, corporate guarantees given by a foreign subsidiary to third parties amounted to RM 870,623 (2008: RM997,601).

COMPANY

As at 31 December 2009, corporate guarantees given to banks for banking facilities granted to subsidiaries amounted to RM 107,831,000 (2008: RM105,060,000).

31. HOLDING CORPORATION

The directors consider Koperasi Kebangsaan Permodalan Tanah Berhad (455/60), as the holding corporation.

32. RELATED PARTY TRANSACTIONS AND BALANCES

(i) Transactions with Directors and key management personnel

	GROUP		COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
(a) Sales				
Minsawi Industries (Kuala Kangsar) Sdn. Bhd., a subsidiary of Koperasi Kebangsaan Permodalan Tanah Berhad (holding corporation).	90	-	-	-
Status Point Sdn. Bhd., a subsidiary of Koperasi Kebangsaan Permodalan Tanah Berhad (holding corporation).	18,486	16,057	-	-
(b) Purchases				
Nalfin Trading Sdn. Bhd., a subsidiary of Koperasi Kebangsaan Permodalan Tanah Berhad (holding corporation)	632	-	-	-
(c) Transportation services				
Syarikat Pooram Sdn. Bhd., a company in which Tan Sri Dato' Dr. K R Somasundram, a director of the Company, is a director.	-	40	-	-
(d) Rental of premises				
Koperasi Kebangsaan Permodalan Tanah Berhad (holding corporation) (2008: a shareholder of the company)	189	133	-	-
(e) Interest income receivable from subsidiaries	-	-	6,090	7,856

32. RELATED PARTIES TRANSACTION AND BALANCES (cont'd)

(ii) Remuneration of key management personnel

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

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Executive Directors (Note 9(c))	1,100	874	78	166
Other members of key management	814	734	-	-
	1,914	1,608	78	166

33. DIVIDENDS

	Company	
	2009 RM'000	2008 RM'000
Dividends paid:		
Interim tax exempt 1.3 % dividend of in respect of the financial year ended 31 December 2009	4,381	-
Interim tax exempt dividend of 1.3% in respect of the financial year ended 31 December 2008	-	4,381
	4,381	4,381

34. SEGMENTAL INFORMATION

Geographical segments by location of assets

	← Continuing operations						→ Discontinued operations				Total operations			
	Malaysia		India		Hong Kong		Elimination		Total					
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
	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	RM'000
External customers	523,735	587,975	333,658	230,710	-	-	-	-	857,393	818,685	-	134,676	857,393	953,361
Intersegmental sales	78,327	57,864	-	-	-	-	(78,327)	(57,864)	-	-	-	-	-	-
Total revenue	602,062	645,839	333,658	230,710	-	-	(78,327)	(57,864)	857,393	818,685	-	134,676	857,393	953,361
Segment results	21,657	20,804	4,085	(1,397)	(8)	(21)	-	-	25,734	19,386	-	1,535	25,734	20,921
Interest income									3,723	1,728	-	-	3,723	1,728
Financing costs									(15,047)	(13,537)	-	(1,443)	(15,047)	(14,980)
Profit/(loss) before taxation									14,410	7,577	-	92	14,410	7,669
Taxation									(4,373)	244	-	-	(4,373)	244
Profit for the year									10,037	7,821	-	92	10,037	7,913
Segments assets	306,941	341,514	147,797	132,614	5,745	5,819	(5,609)	(5,682)	454,874	474,265	-	18,000	454,874	492,265
Segments liabilities	(175,482)	(192,840)	(108,077)	(95,361)	(5,304)	(5,365)	40,604	18,110	(248,259)	(275,456)	-	(18,000)	(248,259)	(293,456)
Unallocated liabilities	(17,191)	(16,889)	(7,276)	(6,041)	-	-	-	-	(24,467)	(22,930)	-	(1,178)	(24,467)	(24,108)
Total liabilities	(192,673)	(209,729)	(115,353)	(101,402)	(5,304)	(5,365)	40,604	18,110	(272,726)	(298,386)	-	(19,178)	(272,726)	(317,564)
Capital expenditure	4,245	5,648	1,827	695	-	-	-	-	6,072	6,343	-	-	6,072	6,343
Depreciation	5,246	5,281	1,447	1,529	-	-	-	-	6,693	6,810	-	607	6,693	7,417
Amortisation	213	213	-	-	-	-	-	-	213	213	-	-	213	213
Non cash expenses	2,124	35	-	-	-	-	-	-	2,124	35	-	-	2,124	35

34. SEGMENTAL INFORMATION (cont'd)

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

	← Continuing operations →						Total RM'000	Discontinued operations RM'000	Total operations RM'000
	Malaysia RM'000	India RM'000	Asia RM'000	Europe RM'000	Others RM'000	Elimination RM'000			
External sales									
-2009	230,943	369,155	184,994	46,835	103,793	(78,327)	857,393	-	857,393
-2008	272,780	254,878	196,520	51,883	100,488	(57,864)	818,685	134,676	953,361

35. 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 26(d)

(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	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Foreign Mutual Funds	74	75	-	-
Unquoted subordinated bonds	1,426	1,426	-	1,426
Term Loans	50,796	144	-	-
Primary Collateralised Loan Obligations	17,649	16,326	-	16,326
Long term deposits	741	586	-	-

(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.

35. FINANCIAL INSTRUMENTS (cont'd)

A. FAIR VALUES (cont'd)

Not recognised in financial statements.

i) Commodity forward contracts

At the balance sheet date, the Group in the normal course of business has entered into the following commodity forward contracts with maturities of less than one year:

GROUP	2009		2008	
	Contracted amount RM'000	Fair value RM'000	Contracted amount RM'000	Fair value RM'000
Sales contracts	124,615	124,615	128,360	128,360
Purchase contracts	38,806	38,806	38,846	38,846

The fair values of the commodity forward 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	
	2009 %	2008 %	2009 %	2008 %
Financial Assets				
Fixed deposits with licensed banks	3.90	3.90	3.90	3.90
Loan to subsidiaries	9.00	-	9.00	8.00
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	7.38	7.38
Hire purchase and lease	3.65	3.65	2.30	2.30
Loan from others	8.00	8.00	-	-

35. FINANCIAL INSTRUMENTS (cont'd)

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.

D. Foreign currency exchange exposure

The currency exposure profile of the Group is as follows:

Group 2009	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	18,666	18,518	9,580	6,426	9,223
In US Dollar	34,863	-	132	4	4
In India Rupee	25,505	34,007	22,318	3,771	38,452
	79,034	52,525	32,030	10,201	47,679
2008	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	15,904	18,756	25,254	11,241	9,019
In US Dollar	57,625	-	134	4	4
In India Rupee	10,121	37,926	7,177	1,586	47,416
	83,650	56,682	32,565	12,831	56,439

36. CAPITAL COMMITMENTS

	GROUP	
	2009 RM	2008 RM
Capital expenditure approved and contracted for:		
Contracted	19,866	-
Less : Payments made	(3,290)	-
Balance	16,576	-

Analysis of Shareholdings

TOP 30 SHAREHOLDERS AS PER THE REGISTER OF DEPOSITORS AS AT 30TH APRIL 2010.

No.	Name of Shareholders	No. of Shares Held	% of Issued Shares
1	Koperasi Kebangsaan Permodalan Tanah Berhad (Also known as National Land Finance Co-operative Society Limited)	116,318,146	34.52
2	Koperasi Kebangsaan Permodalan Tanah Berhad (Also known as National Land Finance Co-operative Society Limited)	41,545,095	12.33
3	Koperasi Kebangsaan Permodalan Tanah Berhad (Also known as National Land Finance Co-operative Society Limited)	35,898,507	10.65
4	Tan Sri Dato' Dr. K R Somasundram	23,963,402	7.11
5	Tan Sri Dato' Dr. K R Somasundram	19,120,911	5.67
6	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Syarikat Parani Sdn Bhd	9,802,853	2.91
7	Tay Teck Ho	4,950,000	1.47
8	Ganesan a/l Govindasamy	3,085,800	0.92
9	Teoh Hooi Bin	2,466,400	0.73
10	Tan Pak Nang	2,450,000	0.73
11	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Ridfan Bin Abd Hamid (CEB)	2,383,400	0.71
12	Chitra Malar a/p Tangaveloo	2,321,000	0.69
13	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Ridfan Bin Abd Hamid	2,115,800	0.63
14	Sithambarnathan a/l Ramasamy Pillay	1,870,800	0.56
15	Gan Soong Tee	1,845,000	0.55
16	Mayban Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Lu Thian Tack	1,225,702	0.36
17	Ng Sin Hin	1,152,100	0.34
18	Arumugam a/l Kalimuthu	1,000,000	0.30
19	Ng Sin Hin	862,000	0.26
20	Looi Siew Khee	800,000	0.24
21	Yap Chin Teik	570,100	0.17
22	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Huang Wee Ting (E-CST)	514,700	0.15
23	Ang Lip Chee	505,000	0.15
24	Kili Rathnaraj a/l K. R. Somasundram	497,608	0.15
25	Saw Eng Guan	420,000	0.12
26	AMSEC Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Low Koun	407,000	0.12
27	HDM Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Low Guan Theong (M03)	400,000	0.12
28	Lim Cheng Im	400,000	0.12
29	Tan Sing Tiam	400,000	0.12
30	Lee Ching Chik @ Lee See Kew	350,000	0.10

Analysis of Shareholdings

Substantial Shareholders as per the Register of Substantial Shareholders as at 30 April 2010.

No.	Name of Shareholders	No. of Shares Held	% of Issued Shares
1	Koperasi Kebangsaan Permodalan Tanah Berhad (Also known as National Land Finance Co-operative Society Limited)	116,318,146	34.52
2	Koperasi Kebangsaan Permodalan Tanah Berhad (Also known as National Land Finance Co-operative Society Limited)	41,545,095	12.33
3	Koperasi Kebangsaan Permodalan Tanah Berhad (Also known as National Land Finance Co-operative Society Limited)	35,898,507	10.65
4	Tan Sri Dato' Dr.K R Somasundram	23,963,402	7.11
5	Tan Sri Dato' Dr.K R Somasundram	19,120,911	5.67

Analysis of shareholdings (Malaysian & Foreign - Combine) as at 30th April 2010.

Size of Holdings	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Issued Shares
1-99	409	7.65	6,345	0.01
100 - 1,000	1,922	35.93	955,459	0.28
1,001 - 10,000	2,082	38.92	11,159,079	3.31
10,001 - 100,000	808	15.11	28,050,211	8.32
100,001 - 16,849,999	123	2.30	59,982,849	17.80
16,850,000 and above	5	0.09	236,846,061	70.28
Total	5,349	100.00	337,000,004	100.00

Category of Shareholders	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Issued Shares
Individuals	4,752	0.88	113,764,266	33.75
Banks/Finance Companies	7	0.01	319,203	0.09
Investments Trusts/Foundation/Charities	0	0.00	0	0.00
Other Types of Companies	37	0.01	194,539,995	57.73
Government Agencies/Institutions	0	0.00	0	0.00
Nominees	553	0.10	28,376,540	8.43
Total	5,349	100.00	337,000,004	100.00

Directors' Interests in Shares as per the Register of Directors' Shareholdings as at 30th April 2010

Name of Directors	No. of Shares Held		% of Issued Shares	
	Direct	Deemed	Direct	Deemed
Tan Sri Dato' Dr. K R Somasundram	43,084,313	194,259,356	12.78	57.64
Datuk Sahadivanaidu a/l Baliah	210,945	193,761,748	0.06	57.50
Mr. Subramaniam a/l Seenivasagam	49,761	193,761,748	*	57.50
Mr. Tharumarajah a/l Thillarajah	Nil	Nil	Nil	Nil
Mr. Abdul Aziz Bin Mohamed Hussain	Nil	Nil	Nil	Nil
Tuan Syed Mubarak Bin Syed Ahmad	Nil	Nil	Nil	Nil
Dato' Faruk Bin Othman	Nil	Nil	Nil	Nil
Mr. Festus a/l A Christ Dhas	Nil	Nil	Nil	Nil

* less than 0.01%

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 2009 RM'000	Year of Acquisition/ (Revaluation)	Usage
Premium Vegetable Oils Sdn Bhd	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) 151065 (Leasehold for 60 years expiring on 15.09.2044)	5,087	1985 / (2007)	Crushing
			PTD 84772, H.S. (D) 153378 (Leasehold for 60 years expiring on 22.01.2049)	2,715	1987 / (2007)	Refinery and other process plants- DO -
			Building	11,752	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 Building	830 1,927	1993 / (2007) (2007)	Oil mill and process plants
Arani Agro Oil Industries Limited	Survey No. 314 of Suryaraopet, Indrapalem Gram Panchayat Limits, East Godavari District, India	217,777 / (93,319)	Leasehold for 19 years expiring on 21.06.2021 Building	Nil 8,920	2002	
Arani Agro Oil Industries Ltd	Survey No. 49/4, 49/3, & 51/1 Ameeravalli Gram Panchayat, Kothapali Mandalam, Pithapuram, East Godawari distt. India	100,170	Freehold	12	2004	



**PREMIUM
GROUP**

Premium Nutrients Berhad
(No. 589272 - D)

FORM OF PROXY

I/We _____
(FULL NAME IN BLOCK CAPITALS)

of _____

being a member/members of Premium Nutrients Berhad hereby appoint _____

of _____

or failing him _____

of _____

or failing him, the Chairman of the Meeting as my/our proxy to vote for me/us/ on my/our behalf at the 8th Annual General Meeting of the Company to be held on Wednesday, 9 June 2010 at 9.00 a.m. at the Auditorium Tan Sri K R Soma, Wisma Tun Sambanthan, No. 2 Jalan Sultan Sulaiman, 50000 Kuala Lumpur and at any adjournment thereof.

My/our proxy is to vote as indicated below:

NO	RESOLUTION	FOR	AGAINST
1.	To approve the payment of Directors' fees for the year ended 31 December 2009.		
2.	To re-elect Dato' Faruk Bin Othman who retires in accordance with Article 87 of the Company's Articles of Association.		
3.	To re-elect Tuan Syed Mubarak Bin Syed Ahmad who retires in accordance with Article 87 of the Company's Articles of Association.		
4.	To re-elect Mr. Tharumarajah a/l Thillarajah who retires in accordance with Article 87 of the Company's Articles of Association.		
5.	To re-appoint Tan Sri Dato' Dr.K R Somasundram who is due to retire pursuant to Section 129 of the Companies Act, 1965.		
6.	To re-appoint Mr. Subramaniam a/l Seenivasagam who is due to retire pursuant to Section 129 of the Companies Act, 1965.		
7.	Re-appoint Messrs Raki Thomas & Ramanan as Auditors of the Company and to authorize the Directors to fix their remuneration.		
8.	Authorisation to issue shares pursuant to Section 132D of the Companies Act, 1965.		
9.	Proposed Shareholders' Renewal of Shareholders' Mandate for Recurrent Related Party Transactions.		

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.

NO. OF SHARES HELD

--	--

Signature or Common Seal of Shareholder (s)

Signed this _____ day of _____ 2010

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 Share Registrar of the Company at Symphony Share Registrars Sdn Bhd at Level 6, Symphony House Pusat Dagangan Dana 1 Jalan PJU 1A/46 47301 Petaling Jaya Selangor Darul Ehsan 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
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan

Premium Nutrients Berhad

589272-D

Level 27 Wisma Tun Sambanthan

No. 2 Jalan Sultan Sulaiman

50000 Kuala Lumpur

