

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2010

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
En. 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
Syndicate Bank
Andhra Bank
Bank of Maharashtra

SOLICITORS:

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 (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 2010

32

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2010.

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 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 refinery operations of a subsidiary company as disclosed in Note 13 to the financial statements.

2. RESULTS FOR THE FINANCIAL YEAR

	Group RM	Company RM
Loss for the year from continuing operations	(56,565)	(30,648)
Loss for the year from discontinued operations	(13,135)	-
Loss attributable to owner of the parent	(69,700)	(30,648)

There were no material transfers to or from reserves or provisions during the financial year other than 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 other than impairment of provision loss on divestment of subsidiaries and loss from discontinued operations of a subsidiary resulting in increase the Group's loss approximately by RM 46 million and RM 13 million respectively as disclosed in Notes 8, 13 and 40 to the financial statements.

3. DIVIDEND

Since the end of the previous financial year the Company paid an interim dividend of 3% tax exempt, amounting to RM 5,055,000, in respect of the financial year ended 31 December 2010.

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 are 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
En. Abdul Aziz Bin Mohamed Hussain
Mr. Festus A/L Christ Dhas

In accordance with the Company's articles of association, Datuk Sahadivanaidu a/l Baliah, Mr. Festus a/l Christ Dhas and En. Abdul Aziz bin Mohamed Hussain 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 of the Company (other than wholly owned subsidiaries) were as follows:

Name	Interest	No. of ordinary shares of RM1.00 each			Balance at 31.12.2010
		Balance at 01.01.2010	Acquired	Disposed	
Tan Sri Dato' Dr. K R Somasundram	-Direct -Deemed	43,084,313 194,259,356	- 15,816,700	- -	43,084,313 210,076,056
Datuk Sahadivanaidu A/L Baliah A/l Baliah	-Direct -Deemed	210,945 193,761,748	- 15,816,700	- -	210,945 209,578,448
Mr. Subramaniam A/L Seenivasagam	-Direct -Deemed	49,761 193,761,748	- 15,816,700	- -	49,761 209,578,448

None of 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 interest in the shares of the Company, Tan Sri Dato' 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 previous financial year, no Director has received or become entitled to receive any benefits (other than disclosed in Note 9(c) and note 34(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 arrangement whose object was to enable the Directors acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

9. OTHER STATUTORY INFORMATION

Before the statement of comprehensive income and statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that : -

- (a) that proper action has been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and have satisfied themselves that all known bad debts have been written off and that adequate allowance has been made for doubtful debts; and
- (b) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business have been written down to an amount which they might be expected to realise.

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

- (a) the amount written off for bad debts or the amount of the allowance for 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 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 the Company.

No contingent or other liability of the Group and of the Company 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 of the Company to meet their obligations as and when they fall due.

9. OTHER STATUTORY INFORMATION (cont'd)

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 EVENT

A significant event that occurred during the year is disclosed in Note 13 to the financial statements.

11. SUBSEQUENT EVENTS

The material events that occurred after reporting date are disclosed in Note 40 to the financial statements.

12. HOLDING CORPORATION

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

13. 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 29 April 2011.

TAN SRI DATO' DR. K R SOMASUNDRAM

Director

MR. THARUMARAJAH A/L THILLARAJAH

Director

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

36

In the opinion of the directors, the financial statements set out on pages 40 to 95 are drawn up in accordance with the 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 at 31 December 2010 and of results and cash flows of the Group and of the Company for the year then ended.

The information set out in Note 24 to the financial statements have been prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysia Institute of Accountants.

Signed at Kuala Lumpur on behalf of the Board of Directors in accordance with their resolution dated 29 April 2011.

TAN SRI DATO' DR. K R SOMASUNDRAM

Director

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 95, 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

Officer

Subscribed and solemnly declared
At Kuala Lumpur on 29 April 2011.
Before me,

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF PREMIUM NUTRIENTS BERHAD (589272 - D)

38

RAKI THOMAS & RAMANAN (NO. AF 0363)

CHARTERED ACCOUNTANTS

10-4, 10th Floor, Wisma Bandar,

No. 18, Jalan Tuanku Abdul Rahman,

50100 Kuala Lumpur.

Report on the financial statements

We have audited the financial statements of Premium Nutrients Berhad, which comprise the statement of financial position as at 31 December 2010 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flow 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 9 to 69.

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 control 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 control relevant to the Company's preparation and fair presentation of the final 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.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF PREMIUM NUTRIENTS BERHAD (589272 - D)

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 2010 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 of which we have acted as auditors have been properly kept in accordance with the provisions of the Act;
- (b) we have considered the financial statements and the auditors' report of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 16 to the financial statements, being financial statements that have been included in the consolidated 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 consolidated financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes;
- (d) The auditors' 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

The supplementary information set out in note 24 to the financial statements is disclosed to meet the requirements of Bursa Malaysia Securities Berhad. The Directors are responsible for the preparation of supplementary information in accordance with the Guidance on special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance) and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

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 person for the content of this report.

Signed at Kuala Lumpur on 29 April 2011.

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

VENKATRAMANAN VISWANATHAN
(NO.1284/12/11(J/PH))
CHARTERED ACCOUNTANT
PARTNER

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2010

40

	NOTE	GROUP		COMPANY	
		2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Continuing operations					
Revenue	6	789,049	857,394	5,988	4,889
Cost of goods sold	7	(702,912)	(753,504)	-	-
Gross profit		86,137	103,890	5,988	4,889
Other income		261	492	-	-
Distribution cost		(45,856)	(51,956)		
Administration expenses		(32,376)	(26,576)	(22,622)	(773)
Other operating expenses		(122)	(116)	(122)	(116)
Loss on divestment of subsidiaries	8	(46,101)	-	(10,850)	-
Profit/(loss) from continuing operations	9	(38,057)	25,734	(27,606)	4,000
Interest income	10	1,680	3,723	4,886	6,134
Finance costs	11	(12,588)	(15,047)	(5,337)	(5,241)
Profit/(loss) before tax from continuing operations		(48,965)	14,410	(28,057)	4,893
Income tax expense	12	(7,600)	(4,373)	(2,591)	-
Profit/(loss) after tax from continuing operations		(56,565)	10,037	(30,648)	4,893
Discontinued operations					
Loss after tax for the year from discontinued operations	13	(13,135)	-	-	-
Profit/(loss) for the year		(69,700)	10,037	(30,648)	4,893
Other comprehensive income					
Foreign currency translation		422	(362)	-	-
Loss after tax for the year from discontinued operations	13	(3,109)	-	-	-
Other comprehensive income for the year		(2,687)	(362)	-	-
Total comprehensive income for the year		(72,387)	9,675	(30,648)	4,893
Total comprehensive income attributable to owner of the parent		(72,387)	9,675	(30,648)	4,893
Profit/(loss) for the year					
<i>Earnings/(losses) per share (basic) attributable to owner of the parent</i>	14	-20.68 sen	2.98 sen	- 9.09 sen	1.45 sen
Total comprehensive income for the year					
<i>Earnings/(losses) per share (basic) attributable to owner of the parent</i>	14	-21.47 sen	2.87 sen	-9.09 sen	1.45 sen

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

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2010

	NOTE	GROUP		COMPANY	
		2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	15	150,627	156,532	181	270
Investment in subsidiaries	16	-	-	166,037	187,265
Due from subsidiaries	16	-	-	39,828	50,365
Investment in associate	17	-	-	-	-
Other investments	18	2,172	2,074	2,000	2,000
Other receivables	21	942	946	-	-
Intangible assets	19	28,251	28,210	-	-
Deferred tax assets	27	-	674	-	-
		181,992	188,436	208,046	239,900
Current assets					
Inventories	20	113,577	107,695	-	-
Trade and other receivables	21	117,258	111,064	817	1,294
Due from subsidiaries	16	-	-	29,570	29,299
Deposits, cash and bank balances	22	36,808	47,679	150	4,313
		267,643	266,438	30,537	34,906
Assets classified as held for sale	13	15,500	-	-	-
Total assets		465,135	454,874	238,583	274,806
EQUITY AND LIABILITIES					
Equity attributable to owner of the parent					
Share capital	23	168,500	168,500	168,500	168,500
Reserves	24	(63,634)	13,648	(62,026)	(26,323)
Total equity		104,866	182,148	106,474	142,177
Non-current liabilities					
Borrowings	25	66,279	74,467	59,843	70,415
Deferred sales tax liability	26	2,166	2,320	-	-
Deferred taxation	27	22,002	20,806	-	-
Due to a subsidiary	16	-	-	40,943	45,867
		90,447	97,593	100,786	116,282
Current liabilities					
Trade and other payables	28	88,038	62,726	963	1,056
Provision for loss on divestment of subsidiaries	8	46,101	-	10,850	-
Taxation		3,265	1,341	2,528	76
Due to subsidiaries	16	-	-	2,173	2,180
Borrowings	25	132,418	111,066	14,809	13,035
		269,822	175,133	31,323	16,347
Total liabilities		360,269	272,726	132,109	132,629
Total equity and liabilities		465,135	454,874	238,583	274,806

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2010

GROUP	NOTE	----- Attributable to owner of the parent ----- Non-distributable			Total RM'000
		Share Capital RM'000	Other Reserves RM'000	Accumulated Losses RM'000	
As at 1 January 2009		168,500	30631	(24,430)	174,701
Disposal of asset held for sale and reversal of deferred tax		-	(4,166)	5,344	1,178
Revaluation surplus of property, plant and equipment transferred to accumulated losses					
- depreciation for the year	24(b)	-	(1,301)	1,301	-
- depreciation understated in prior year	24(b)	-	(1,303)	1,303	-
Crystallisation of deferred tax liabilities on revaluation surplus of property, plant and equipment					
- depreciation for the year	27	-	325	-	325
- depreciation understated in prior year	27	-	325	-	325
Deferred tax reversed		-	325	-	325
Dividends paid during the year	29	-	-	(4,381)	(4,381)
Total comprehensive income for the year		-	(362)	10,037	9,675
As at 31 December 2009		168,500	24,474	(10,826)	182,148
Revaluation surplus of property, plant and equipment transferred to accumulated losses					
- depreciation for the year	24(b)	-	(1,129)	1,129	-
- depreciation overstated in prior year	24(b)	-	52	(52)	-
Crystallisation of deferred tax liabilities on revaluation surplus of property, plant and equipment		-			
- depreciation for the year	27	-	274	-	274
- depreciation understated in prior year	27	-	(29)	-	(29)
Deferred tax reversed		-	(85)	-	(85)
Dividends paid during the year	29	-	-	(5,055)	(5,055)
Total comprehensive income for the year		-	(2,687)	(69,700)	(72,387)
As at 31 December 2010		168,500	20,870	(84,504)	104,866

COMPANY	NOTE	----- Attributable to owner of the parent -----			Total RM'000
		Share Capital RM'000	Accumulated Losses RM'000		
As at 1 January 2009		168,500	(26,835)		141,665
Dividend paid during the year	29	-	(4,381)		(4,381)
Total comprehensive income for the year		-	4,893		4,893
As at 31 December 2009		168,500	(26,323)		142,177
Dividend paid during the year	29	-	(5,055)		(5,055)
Total comprehensive income for the year		-	(30,648)		(30,648)
As at 31 December 2010		168,500	(62,026)		106,474

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

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2010

	GROUP		COMPANY	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
OPERATING ACTIVITIES				
(Loss)/profit before taxation from continuing operations	(48,965)	14,410	(28,057)	4,893
Loss before taxation from discontinued operations	(11,561)	-	-	-
Adjustments for:				
Impairment of trade receivables	2,000	-	-	-
Trade receivables written off	2,419	638	-	-
Other receivables written off	-	244	-	-
Depreciation of property, plant and equipment	7,713	6,907	89	95
Effects of foreign exchange rate translation	2,163	359	-	-
Impairment loss on investment in subsidiaries	-	-	21,228	-
Impairment loss on property, plant and equipment	2,201	-	-	-
Unrealised loss on exchange	-	-	590	-
Loss on divestment in subsidiaries	46,101	-	10,850	-
Interest expense	12,588	15,047	5,337	5,241
Interest income	(1,680)	(3,723)	(4,886)	(6,134)
Loss/(gain) on disposal of property, plant and equipment	(14)	213	-	-
Operating profit before working capital changes	12,965	34,095	5,151	4,095
(Increase)/decrease in inventories	(5,882)	3,616	-	-
(Increase)/decrease in trade and other receivables	(10,609)	4,071	477	407
Increase/(decrease) in trade and other payables	25,312	(6,787)	(93)	107
Cash generated from operations	21,786	34,995	5,535	4,609
Interest paid	(6,404)	(10,350)	(4)	(544)
Taxation paid	(4,012)	(1,650)	(139)	-
Net cash generated from operating activities	11,370	22,995	5,392	4,065

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

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2010 (CONT'D)

	GROUP		COMPANY	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
INVESTING ACTIVITIES				
Purchase of property, plant and equipments	(25,718)	(5,977)	-	(6)
Proceeds from disposal of property, plant and equipment	14	18,081	-	-
Purchase of trademarks and patents	(41)	(95)	-	-
Purchase of other investment	(103)	-	-	-
Interest received	1,680	3,723	-	43
Net cash generated from/(used in) investing activities	(24,168)	15,732	-	37
FINANCING ACTIVITIES				
Increase/(decrease) in short term borrowings	29,092	(33,850)	-	-
Dividends paid	(5,055)	(4,381)	(5,055)	(4,381)
Due from subsidiaries	-	-	4,745	10,780
Hire purchase financing obtained	6,302	-	-	-
Repayment of hire purchase creditors	(2,583)	(1,200)	(35)	(36)
Term loan obtained	-	67,003	-	63,365
Repayment of term loans	(10,659)	(165)	(10,260)	-
Repayment of MUNIF facility	-	(72,500)	-	(72,500)
Loan against fixed deposits and others	(7,454)	7,454	-	-
Interest paid	(6,184)	(4,697)	(5,333)	(4,697)
Interest received	-	-	4,886	6,091
Net cash generated from/(used in) financing activities	3,459	(42,336)	(11,052)	(1,378)
Net increase/(decrease) in cash and cash equivalents	(9,339)	(3,609)	(5,660)	2,724
Cash and cash equivalents brought forward	35,853	39,462	4,313	1,589
Cash and cash equivalents carried forward (Note 22)	26,514	35,853	(1,347)	4,313

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2010

1. 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 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 refinery operations of a subsidiary company as disclosed in Note 13 to the financial statements.

(b) Listing status

The Company is listed on the Main Market of the Bursa Malaysia Securities Berhad.

(c) Registered office and principal place of business

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

(d) 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 29 April 2011.

2. 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 Companies Act, 1965 in Malaysia. At the beginning of the current year, the Group and the Company adopted new and revised FRSs which are mandatory for the financial periods beginning and after 1 January 2010 as described fully in Note 3 (a).

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

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

(a) New standards adopted

On 1 January 2010, the Group adopted the following FRSs, amendments to FRSs and IC Interpretations which were made effective for the financial year :

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

FRS 8 Operating Segments

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010 (CONT'D)

3. CHANGES IN ACCOUNTING POLICIES AND EFFECTS ARISING FROM ADOPTION OF NEW AND REVISED FRSs (CONT'D)

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
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, Financial Instruments : 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

3. CHANGES IN ACCOUNTING POLICIES AND EFFECTS ARISING FROM ADOPTION OF NEW AND REVISED FRSs (CONT'D)

(a) New standards adopted (cont'd)

The above new FRSs, Amendments to FRSs and Interpretations are expected to have no significant impact on the financial statements of the Group and of the Company upon their initial application except for the following:

FRS 7 : Financial Instruments: Disclosures

FRS 7 introduces new disclosures to improve the information about financial instruments. It requires the disclosures of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk, interest rate risk, foreign currency exchange risk and market risk. The Group and the Company have applied FRS 7 in accordance with the transitional provisions, hence the new disclosures have not been applied to the comparatives. The new disclosures are included in the Group's and the Company's financial statements for the year ended 31 December 2010.

FRS 8 : Operating Segments

FRS 8 replaces FRS 114 2004 : Segment Reporting 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 Company's external segmental reporting on a similar basis to that used for internal reporting purposes. As a result, the Company'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. Since the internal report is similar to those currently disclosed externally no further segmental information disclosure will be necessary

FRS 139 : Financial Instruments : Recognition and Measurement

The adoption of FRS 139 has resulted in changes to the accounting policies relating to recognition and measurement of financial instruments. A financial instrument is recognized in the financial statements when, and only when, the Group becomes a party to the contractual provisions of the instrument. A financial instrument is recognized initially, at its fair value plus, in the case of a financial instruments not at fair value through profit or loss.

The Group and the Company have adopted FRS 139 prospectively on 1 January 2010 in accordance with transitional provisions. The affect arising from adoption of this Standard has been accounted for by adjusting the opening balance of retained earnings as at 1 January 2010. Comparatives figures are not restated. The effect of the changes in accounting policies and the effects arising from the adoption of FRS 139 are discussed below:

3. CHANGES IN ACCOUNTING POLICIES AND EFFECTS ARISING FROM ADOPTION OF NEW AND REVISED FRSs (CONT'D)

(a) New standards adopted (cont'd)

Impairment of trade receivables

Prior to 1 January 2010, provision for doubtful debts was recognized when it was considered uncollectible. Upon the adoption of FRS 139, an impairment loss is recognized when there is objective evidence that an impairment loss has been incurred. The amount of the loss is measured as the difference between the receivable's carrying amount and the present value of the estimated future cash flows discounted at the receivable's original effective interest rate. As at 1 January 2010, the Group and the Company have remeasured the allowance for impairment losses as at that date in accordance with FRS 139 but no differences have been indentified that would require adjustments to be made to the opening balance of retained earnings as at that date.

FRS 101 : Presentation of Financial Statements

The amendment to FRS 101 requires changes in the format of the financial statements including the amounts directly attributable to shareholders in the primary statements, but does not affect the measurement of reported profit or equity. The Group and the Company have elected to show other comprehensive income in one single statement and hence, all owner changes in equity are presented in the statement of changes in equity, whereas non-owner changes in equity are shown in the statement of comprehensive income. Comparative information has been restated so that it also is in conformity with the amendment to FRS 101.

Amendment to FRS 117 : Leases

The amendment to FRS 117: Leases clarifies on the classification of leases of land and buildings. For those land element held under operating leases that are required to be reclassified as finance lease, the Group shall recognize a corresponding asset and liability in the financial statements which will be applied retrospectively upon initial application. However, in accordance with the transitional provisions, 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 recognize 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 recognized in retained earnings.

The Group has adopted the amendment to FRS 117 on a retrospectively application. The Group has changed the classification of long leasehold land to property, plant and equipment and certain comparative has been restated. This change in classification has no effect to the profit or loss of current year ended 31 December 2010. The following are the effects to the statement of the financial positions as at 31 December 2010 arising from the above change in accounting policy.

**2010
RM'000**

Increase/(decrease) in:	
Property, plant and equipment	7,376
Prepaid land lease payments	(7,376)

3. CHANGES IN ACCOUNTING POLICIES AND EFFECTS ARISING FROM ADOPTION OF NEW AND REVISED FRSs (CONT'D)

(a) New standard adopted (cont'd)

Amendment to FRS 117 : Leases (cont'd)

The following comparatives have been restated:-

	As previously stated RM'000	Reclassified RM'000	As restated RM'000
Statement of financial position			
31 December 2009			
Property, plant and equipment	148,943	7,589	156,532
Prepaid land lease payments	7,589	(7,589)	-
1 January 2009			
Property, plant and equipment	150,873	7,802	158,675
Prepaid land lease payments	7,802	(7802)	-

The adoption of other interpretations and revisions to existing standards mandatory for annual periods beginning on or after 1 January 2010 did not result in significant changes in the reported profit or equity or on the disclosures in the financial statements.

(b) New standards not adopted

The Group has not chosen to adopt early the following standards and interpretations that have been issued but not yet effective:

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

Amendments to FRS 132 Classification of Rights Issue

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

FRS 1	First-time adoption of financial reporting standards
FRS 3	Business combinations (Revised)
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 127	Consolidated and separate financial statements

3. CHANGES IN ACCOUNTING POLICIES AND EFFECTS ARISING FROM ADOPTION OF NEW AND REVISED FRSs (CONT'D)

(b) New standards not adopted

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

Amendments to FRS 138	Intangible assets
Amendments to IC Interpretation 9	Reassessment of embedded derivatives

Effective for financial periods beginning on or after 1 January 2011:

Amendments to FRS 1	Additional exemptions for first-time adopters
Amendments to FRS 1	Limited exemption from comparative FRS 7 disclosures first-time adopters
Amendments to FRS 2	Group cash-settled share-based payment transactions
Amendments to FRS 7	Improving disclosures about financial instruments
IC Interpretation 4	Determining whether an arrangement contains a lease
IC Interpretation 12	Service concession arrangements
IC Interpretation 18	Transfer of assets from customers
Improvements to FRSs (2010)	Improvements to FRSs (2010)

Effective for financial periods beginning on or after 1 July 2011:

IC Interpretation 19	Extinguishing financial liability with equity instruments
Amendments to IC Interpretation 14	Prepayments of a minimum funding requirement

Effective for financial periods beginning on or after 1 January 2012:

FRS 124	Related Party Disclosure (Restricted)
IC Interpretation 15	Agreements for the construction of real estate

The adoption of these standards in a future reporting period is not expected to have a material impact on these financial statements.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

Management makes judgements when applying accounting policies that have significant effect on the 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 5(v)(i). This requires management to determine the recoverable amount which is the higher of an asset or cash generating units (CGU) fair value less cost to sell or its value in use.

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

The carrying value of intangible assets are disclosed in Note 19.

(ii) Impairment of loans and receivables

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's and the Company's loans and receivables at the reporting date is disclosed in Note 21.

(iii) Depreciation of property, plant and equipment

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 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.

(iv) Deferred tax asset

Deferred tax asset recognised is 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 asset that can be recognised. The carrying amount of recognised deferred tax asset is detailed in Note 27.

5. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of consolidation

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

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

Acquisition of subsidiaries are accounted for using the purchase method. The purchase method of accounting 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 exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the acquisition.

Any excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill (Note 5(e)(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 is not consolidated where the ability to transfer funds are significantly impaired and the Group ceases to have control over the financial and operating policies of the subsidiary.

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

(b) Investment in subsidiaries

A subsidiary is a company in which the Group controls the composition of its Board of Directors or more than half of its voting power, or holds more than half of its issued ordinary share capital and has the ability to control their financial and operating policies so as to obtain benefits from their activities.

The investment in subsidiary is stated at cost less impairment losses, if any (Note 5(v)(ii)).

The gain and loss on disposal of a subsidiary is the difference between the net disposal and the Group's share of its net assets together with any exchange differential.

(c) Investment in an associate company

Associates are those enterprise in which the Company has significant influence, but not control, over the financial and operating policies. Investment in an associate company is stated at cost less impairment losses, if any (Note 5(v)(ii)).

The consolidated financial statements include the total recognised gains and losses of associates on an equity accounted basis from the date significant influence effectively commences until the date that influence effectively ceases, when the associates 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.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Investment in an associate company (cont'd)

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 interest in the associates, unrealised losses on such transactions are also eliminated partially unless cost cannot be recovered. Goodwill on acquisition is calculated based on the fair value of net assets acquired and is stated at cost less accumulated impairment losses, if any (Note 5(v)(ii)).

(d) Property, plant and equipment

Freehold land is stated at revaluation less accumulated impairment losses, if any (Note 5(v)(ii)).

Leasehold land, buildings and plant and machinery are stated at revaluation amount less accumulated depreciation and accumulated impairment losses, if any (Note 5(v)(ii)).

All other property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any (Note 5(v)(ii)). 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 amount of 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 rate of depreciation used are:

	%
Buildings	2.38
Plant and machinery	3.80-20
Furniture, fittings, office equipment and motor vehicle	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 31 December 2007.

Surplus arising from revaluation is recognised in other comprehensive income and accumulated in equity under revaluation reserve account. Any deficit arising is offset against the revaluation reserve to the extent of a previous increase for the same property, plant and equipment. In all other cases, the 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.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Property, plant and equipment (cont'd)

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.

(e) Intangible assets

(i) Goodwill

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

(ii) Trademarks and patents

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

(f) 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 lease.

(i) Lease finance/Hire purchase

Assets acquired by way of lease finance and hire purchase 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 hire purchase creditors. The interest element is charged to the income statement over the lease period.

(ii) Operating lease

Operating lease payments are recognised as an expense on a straight line basis over the terms of the relevant lease.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Inventories

Inventories are stated at the lower of cost and net realisable value after adequate provision has been made for deterioration and obsolescence. Cost is determined on weighted average basis.

The cost of finished goods where includes raw materials, indirect materials, direct labour and appropriate allocation of manufacturing overheads. The cost of raw materials and indirect materials comprise the original purchase price plus incidentals in bringing these inventories to the 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.

(h) 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 where considered material, 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.

(i) 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 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 borrowings costs applicable to the Group's borrowings that are outstanding during the year, other than borrowings made specifically for the purpose of financing a specific capital work-in-progress in which case the actual borrowing cost incurred on that borrowing less any investment income on the temporary investment of that borrowing will be capitalised.

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

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Financial Assets

Financial assets are recognized in the statement of financial position when, and only when, the Group become a party to the contractual provisions of the financial instruments.

After initial recognition, financial assets (as appropriate) are classified as:

- financial assets at fair value through profit or loss
- held-to-maturity investments
- loans and receivables
- available for sale financial assets
- derivatives designated as hedging instruments

(k) Financial liabilities

Financial liabilities are recognized in the statement of financial position when, and only when, the Group become a party to the contractual provisions of the financial instruments.

After initial recognition, financial liabilities(as appropriate) are classified as:

- financial liabilities at value through profit or loss
- amortized cost using the effective interest rate method
- derivatives designated as hedging instruments
- other financial liabilities

To qualify for the hedge accounting, the Group is required to document prospectively the hedging relationship of the hedge instrument, the hedged item and nature of the risk being hedged. Besides, it is also required to demonstrate the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value on an ongoing basis to ensure that the hedge has been highly effective throughout the financial reporting periods for which the hedge was designated.

(l) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, fixed deposits and 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. These also include bank overdrafts that form an integral part of Group's management.

(m) Share capital

Ordinary shares are recorded at nominal value and proceeds received in excess of the nominal value of shares issued are accounted for as share premium. 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 statement financial position date. A dividend proposed or declared after the statement of financial position date, but before the financial statements are authorised for issue, is not recognised as a liability at the statement of financial position date. Upon approval of the proposed dividend, it will be accounted for as a liability.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) Investment

Long term investment are stated at cost less accumulated impairment loss, if any (Note 5(v)(ii)). An allowance for impairment loss is made where, in the opinion of the Directors, there is 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 profit or loss.

(o) Derivative financial instruments

The Group uses derivative financial instruments, including commodity futures contracts, to hedge its exposure to commodity price fluctuations arising from operational activities. These instruments are recognised in the financial statement 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.

(p) 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 probable 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.

(q) Revenue Recognition

(i) Sales 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.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(r) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event 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 Group expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

(s) Foreign currency conversions

(i) Functional and presentation currency

The financial statements of each entities of 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 recorded, in 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 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 statement of financial position;
- (b) income and expenses for each income statement item shall be translated at average exchange rate at the dates of transactions; and
- (c) all resulting exchange differences are taken to the foreign exchange fluctuation reserve.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(s) Foreign currency conversions (cont'd)

(iii) Closing rates

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

Foreign currency	31.12.2010 RM	31.12.2009 RM
1 US Dollar	3.0835	3.4250
100 Indian Rupees	6.6862	7.3570

(t) 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 Group. 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 a sick leave are recognised when absences occur.

(ii) Defined contribution plans

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

(u) Impairment of financial assets

“Loans and Receivables” – Prior to adoption of FRS 139, loans and receivables were stated at cost less allowance for doubtful debts. Under FRS 139, financial assets categorized as loans and receivables are subsequently measured at amortized cost using the effective interest rate (EIR) method. Gains and losses arising from EIR amortization process, impairment, or derecognition of loans and receivables are recognized in profit or loss.

(v) Impairment of non-financial assets

(i) Intangible assets

The carrying values of intangible assets which have indefinite useful life, 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 to. 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.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(v) Impairment of non-financial assets (cont'd)

(i) Intangible assets (cont'd)

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-financial assets

The carrying values of non-financial assets are reviewed for impairment when there is an indication that the assets might be impaired. An impairment loss 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.

(w) Non-current assets held for sale and discontinued

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 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. Such a component represent 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.

(x) 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.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(x) Segmental information (cont'd)

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 the manufacturing of edible oils and related products.

6. REVENUE

	GROUP		COMPANY	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Manufacturing and sale of products from palm oil	789,049	857,394	-	-
Gross dividends	-	-	5,988	4,889
	789,049	857,394	5,988	4,889

7. COST OF GOODS SOLD

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

8. LOSS ON DIVESTMENT OF SUBSIDIARIES

This represent estimated loss on proposed disposal of three subsidiaries of the Group in which the net book value of the subsidiaries and the goodwill that arose on consolidation over the estimated total sale consideration (Company: total cost of investment over the estimated total sale consideration) (Note 40).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010 (CONT'D)

9. PROFIT/(LOSS) FROM CONTINUING OPERATIONS

	GROUP		COMPANY	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
(a) Profit/(loss) from continuing operations is stated after charging/(crediting):				
Auditors' remuneration	140	156	11	11
Trade receivables written off	-	638	-	-
Other receivables written off	-	244	-	-
Impairment loss of trade receivables	2,000	-	-	-
Depreciation of property, plant and equipment	6,817	6,907	89	95
Rental	188	463	-	-
Unrealised loss on foreign exchange	590	510	590	-
Realised gain on foreign exchange	-	(247)	-	-
Impairment loss on investment in subsidiaries	-	-	21,228	-
Gain on disposal of property, plant and equipment	(14)	(5)	-	-

	GROUP		COMPANY	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
(b) Employee benefits				
Salaries, allowances and bonus	13,416	13,174	77	22
Contributions to social security plans	102	107	-	-
Contributions to defined contribution plans	1,205	1,122	5	3
	14,723	14,403	82	25

(c) Remuneration and benefits to directors of the Company

(i) Paid by the Company				
Executive directors- salary and other emoluments	674	513	94	78
Non-executive directors- fees	351	273	291	296
Benefits-in-kind	27	27	-	-
	1,052	813	385	374
(ii) Paid by the Subsidiaries				
Executive directors- salary and other emoluments	667	587	-	-

10. INTEREST INCOME

	GROUP		COMPANY	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Interest income from loans and receivables	1,680	3,723	4,886	6,134

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010 (CONT'D)

11. FINANCE COSTS

Continuing operations	GROUP		COMPANY	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Interest expenses :				
Short-term borrowings	5,337	8,734	372	-
Term loans	4,704	4	3,481	-
Hire purchase and leases	390	134	4	4
Primary Collateralised Loan Obligation	1,480	1,593	1,480	1,593
MUNIF loan facility	-	3,104	-	3,104
	11,911	13,569	5,337	4,701
Other finance costs	677	1,478	-	540
	12,588	15,047	5,337	5,241

12. INCOME TAX EXPENSE

Continuing operations	NOTE	GROUP		COMPANY	
		2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Tax charge for the current year					
- Malaysia		2,937	2,200	-	-
- Overseas		-	639	-	-
Deferred taxation for the current year					
- Malaysia	27	650	792	-	-
- Overseas	27	1,014	792	-	-
Tax attributable to current year		4,601	4,423	-	-
Tax attributable in respect of prior years					
Tax charge understated		2,999	-	-	-
Deferred taxation					
- Malaysia	27	-	(50)	2,591	-
		7,600	4,373	2,591	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010 (CONT'D)

12. INCOME TAX EXPENSE (CONT'D)

Reconciliation of effective tax charge are as follows:

	GROUP		COMPANY	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Profit/(loss) before tax from continuing operations	(48,965)	14,410	(30,467)	4,893
Income tax at Malaysian statutory tax rate of 25%	(12,241)	3,603	(7,617)	1,272
Adjusted for tax effects of :-				
Effect of different tax rate - overseas	-	675	-	-
Expenses not deductible for tax purposes	16,896	821	7,617	-
Double deduction of expenses	(54)	(54)	-	-
Reversal tax incentive	-	71	-	-
Utilization of unrecognized deferred tax assets	-	(693)	-	-
Income not subject to tax	-	-	-	(1,272)
Effective taxation	4,601	4,423	-	-
Effective tax rate	-9.40%	36.71%	-	-

13. DISCONTINUED OPERATIONS AND ASSETS HELD FOR SALE

On 1 December 2010, a wholly owned subsidiary of the Company, Malim Sawit Sdn. Bhd., ceased its operations was to discontinue with non core operations and mitigate losses. After the statement of financial position date (Note 40), the Group entered into a sale and purchase agreement to dispose its subsidiary's refinery operations, comprising its property, plant and equipment. As at 31 December 2010, the assets related to the refinery operations have been presented on the statement of financial position as held for sale and results from this operation are presented separately in the income statement as discontinued operations.

An analysis of results and assets of discontinued operations and the results recognized on the remeasurement of assets of disposed division are as follows:

13. DISCONTINUED OPERATIONS AND ASSETS HELD FOR SALE (CONT'D)

(a) Statement of comprehensive income disclosures

Discontinued operation	GROUP 2010 RM'000
Revenue	103,684
Expenses	(115,245)
Loss from discontinued operations	(11,561)
Income tax expense	(1,574)
Loss from discontinued for the year	(13,135)
Other comprehensive income	
Impairment of property, plant and equipment	(4,010)
Income tax expense relating to component of other comprehensive income	901
Loss from other component of comprehensive income	(3,109)
Loss from discontinued operations representing total comprehensive income for the year	(16,244)

(b) Loss from discontinued operations

(i) Loss from discontinued operations for the year after charging/(crediting):

	GROUP 2010 RM'000
Auditors' remuneration	10
Bad debts written off - trade	2,419
Boiler rental	11
Depreciation of property, plant and equipment	896
Impairment loss on property, plant and equipment	2,201
Rental of premises	6
Rental income	(180)
(ii) Employees benefits	
Salary, allowances and bonus	1,033
Contribution to social security plans	11
Contribution to defined contribution	34
Termination benefits	290

13. DISCONTINUED OPERATIONS AND ASSETS HELD FOR SALE (CONT'D)

(c) Non-current assets held for sale disclosures

The assets classified as held for sale as at 31 December 2010:

	GROUP 2010 RM'000
Property, plant and equipment	15,500

(d) Statement of cash flows disclosures

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

	GROUP 2010 RM'000
Operating cash flows	356
Investing cash flows	(351)
Financing cash flows	-
Total cash flows	5

14. (LOSS)/EARNING PER SHARE – BASIC

The calculation of basic (loss) /earnings per share is divided on the net loss for the year attributable to owner of the parent of RM 69,699,671 (2009 : profit RM 10,037,303) to the weighted average number of the ordinary shares outstanding during the financial year of 337,000,004 (2009: 337,000,004).

15. PROPERTY, PLANT AND EQUIPMENT

GROUP	Land RM'000	Leasehold land RM'000	Building RM'000	Plant and machinery RM'000	Motor vehicles, furniture, fittings, and office equipment RM'000	Construction -in progress RM'000	Total RM'000
Cost or Valuation							
Cost	12	-	10,571	34,912	5,571	180	51,246
Valuation	830	-	13,610	100,090	-	-	114,530
As at 1 January 2009, as previously stated	842	-	24,181	135,002	5,571	180	165,776
Effects of adopting the amendments to FRS 117	-	8,015	-	-	-	-	8,015
As restated	842	8,015	24,181	135,002	5,571	180	173,791
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	842	8,015	24,395	137,611	5,919	1,235	178,017
Representing items at :							
Cost	12	-	10,785	37,902	5,919	1,235	55,853
Valuation	830	8,015	13,610	99,709	-	-	122,164
As at 1 December 2009	842	8,015	24,395	137,611	5,919	1,235	178,017

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010 (CONT'D)

15. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

GROUP	Land RM'000	Leasehold land RM'000	Building RM'000	Plant and machinery RM'000	Motor vehicles, furniture, fittings, and office equipment RM'000	Construction -in progress RM'000	Total RM'000
Cost or Valuation							
Cost	12	-	10,785	37,902	5,919	1,235	55,853
Valuation	830	-	13,610	99,709	-	-	114,149
As at 1 January 2010, as previously stated	842	-	24,395	137,611	5,919	1,235	170,002
Effects of adopting the amendments to FRS 117	-	8,015	-	-	-	-	8,015
As restated	842	8,015	24,395	137,611	5,919	1,235	178,017
Additions	-	-	456	24,417	845	-	25,718
Transfers	-	-	-	1,235	-	(1,235)	-
Disposals	-	-	-	(223)	(3)	-	(226)
Exchange differences	(1)	-	(595)	(2,056)	(19)	-	(2,671)
Reclassified as held for sale (Note 13)	(830)	-	(2,048)	(21,248)	(444)	-	(24,570)
Representing items at:							
Cost	11	-	10,646	61,498	6,298	-	78,453
Valuation	-	8,015	11,562	78,238	-	-	97,815
As at 1 December 2010	11	8,015	22,208	139,736	6,298	-	176,268

15. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

GROUP	Land RM'000	Leasehold land RM'000	Building RM'000	Plant and machinery RM'000	Motor vehicles, furniture, fittings, and office equipment RM'000	Construction -in progress RM'000	Total RM'000
Accumulated depreciation and impairment							
As at 1 January 2009, as previously stated	-	-	1,582	8,556	4,765	-	14,903
Effects of adopting the amendments to FRS 117	-	213	-	-	-	-	213
As restated	-	213	1,582	8,556	4,765	-	15,116
Charge for the year	-	213	593	5,781	320	-	6,907
Disposals	-	-	-	(93)	(325)	-	(418)
Exchange differences	-	-	(21)	(97)	(2)	-	(120)
As at 31 December 2009	-	426	2,154	14,147	4,758	-	21,485

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010 (CONT'D)

15. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

GROUP	Land	Leasehold	Building	Plant and	Motor	Construction	Total
	RM'000	land	RM'000	machinery	vehicles,		
	RM'000	RM'000	RM'000	RM'000	and office	-in progress	RM'000
					equipment	RM'000	
					furniture,		
					fittings,		
					and office		
					equipment		
As at 1 January 2010, as previously stated	-	-	2,154	14,147	4,758	-	21,059
Effects of adopting the amendments to FRS 117	-	426	-	-	-	-	426
As restated	-	426	2,154	14,147	4,758	-	21,485
Charge for the year	-	213	579	6,407	514	-	7,713
Disposals	-	-	-	(223)	(3)	-	(226)
Impairment loss recognized in profit or loss	-	-	-	2,201	-	-	2,201
Impairment loss recognized in other comprehensive income	406	-	622	2,982	-	-	4,010
Exchange differences	-	-	(77)	(383)	(12)	-	(472)
Reclassified as held for sale	(406)	-	(802)	(7,527)	(335)	-	(9,070)
As at 31 December 2010	-	639	2,476	17,604	4,922	-	25,641
Net carrying value							
At 31 December 2009	842	7,589	22,241	123,464	1,161	1,235	156,532
At 31 December 2010	11	7,376	19,732	122,132	1,376	-	150,627

15. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

COMPANY	Motor vehicle, Furniture, fittings and office equipment RM'000
Cost	
As at 1 January 2009	478
Additions	-
Disposals	-
	478
As at 31 December 2009	478
Additions	-
Disposal	-
	-
As at 31 December 2010	478
Accumulated depreciation and impairment	
As at 1 January 2009	113
Additions	95
Disposals	-
	-
As at 31 December 2009	208
Additions	89
Disposal	-
	-
As at 31 December 2010	297
Net carrying value	
At 31 December 2009	270
At 31 December 2010	181
Revaluation	

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

15. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Revaluation (cont'd)

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

	GROUP	
	2010	2009
	RM'000	RM'000
Freehold land	424	424
Leasehold land	816	840
Buildings	11,191	11,528
Plant and machinery	58,054	64,839

As at 31 December 2010, 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 10,001,807 (2009: RM 3,474,641).

Additions under hire purchase

During the year, the Group acquired property, plant and equipment under hire purchase with an aggregate cost of RM 7,774,916 (2009:Nil).

Security

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

16. SUBSIDIARIES

(a) Investment in subsidiaries

	COMPANY	
	2010 RM'000	2009 RM'000
Unquoted shares, at cost	187,265	187,265
Less : Allowance of impairment loss	(21,228)	-
	166,037	187,265

Detail of the subsidiaries are as follows

<i>Company</i>	<i>Principal activities</i>	<i>Country of incorporation</i>	<i>2010</i> %	<i>2009</i> %
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 and was dormant during the year.	Hong Kong	100	100
Malim Sawit Sdn. Bhd. ("MSSB")	Refining of palm oil and sale of refined products. The Company ceased its operations on 1 December 2010.	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

	NOTE	COMPANY	
		2010 RM'000	2009 RM'000
Current			
Loan to a subsidiary	16(b)(i)	13,276	13,000
Advances to subsidiaries	16(b)(ii)	16,294	16,299
		29,570	29,299
Non-current			
Loan to a subsidiary	16(b)(i)	39,828	50,365
		69,398	79,664

(c) Due to subsidiaries

Current

Advances from subsidiaries	16(b)(ii)	2,173	2,180
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Non current

Advances from a subsidiary	16(b)(iii)	40,943	45,867
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- (i) 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. This loan is unsecured, interest at 7.8% (2009:9.00%) per annum and is repayable over 5 years.
- (ii) Current advances from or to subsidiaries are unsecured, interest free and have no fixed terms of repayment.
- (iii) The non-current advance is unsecured interest free and has no fixed term of repayment.

17. INVESTMENT IN AN ASSOCIATE COMPANY

	GROUP		COMPANY	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Unquoted shares, at cost	50	50	50	50
Less: Share of post acquisition losses	(50)	(50)	(50)	(50)
	-	-	-	-

The Associate is Swiss Premium Corporation Sdn. Bhd., a company incorporated in Malaysia in which the Group holds an equity interest of 50% (2009: 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 associate.

18. OTHER INVESTMENTS

	GROUP		COMPANY	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Foreign mutual funds, at cost	172	74	-	-
Unquoted subordinated bonds, at cost	2,000	2,000	2,000	2,000
	2,172	2,074	2,000	2,000

(a) Foreign mutual fund

	2010 RM'000	2009 RM'000
As at 1 January	74	75
Exchange differences	(5)	(1)
Additions	103	-
As at 31 December	172	74

(b) Unquoted subordinated bonds

This unquoted subordinated bonds subscribed by the Company pursuant to the Primary Collateralised Loan Obligation (Primary CLO) for Unsecured Fixed Rate term loan facility is detailed in Note 25(e).

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 RM 20,000,000.

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	982	59,111
Additions during the year	-	41	-
As at 31 December	58,129	1,023	59,111
Accumulated impairment losses			
As at 1 January	30,901	-	30,901
Charge during the year	-	-	-
As at 31 December	30,901	-	30,901
Carrying amounts 2009	27,228	982	28,210
Carrying amounts 2010	27,228	1,023	28,251

The carrying amount of 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

On the basis that the proposed sale detailed on Note 40 materialises, then the recoverable amount would be net of the provision made in Note 8.

20. INVENTORIES

	GROUP	
	2010 RM'000	2009 RM'000
At cost		
Finished goods	17,503	10,527
Raw material	27,074	23,779
Spares and consumables	10,155	10,555
	54,732	44,861
At net realisable value		
Finished goods	58,845	62,834
	113,577	107,695

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010 (CONT'D)

21. TRADE AND OTHER RECEIVABLES

	NOTE	GROUP		COMPANY	
		2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Current					
Trade receivables					
External parties		80,377	79,034	-	-
Less : Allowance of impairment					
Balance brought forward		-	3,363	-	-
Set off during the year		-	(3,363)	-	-
Additions		2,000	-		
Balance carried forward		2,000	-	-	-
Net balance		78,377	79,034	-	-
Other receivables					
Sundry receivables		36,431	31,220	817	951
Prepayments		2,450	810	-	343
		38,881	32,030	817	1,294
Total trade and other receivables		117,258	111,064	817	1,294
Non-current					
Other receivables					
Long term deposits		942	946	-	-
Total trade and other receivables (current and non-current)		118,200	112,010	817	1,294
Add : Due from subsidiaries	16(b)	-	-	69,398	79,664
Add : Deposits, cash and bank balances	22	36,808	47,679	150	4,313
Less : Prepayments		(2,450)	(810)	-	(343)
Total loans and receivables		152,558	158,879	70,365	84,928

During the year, the Group had written off trade receivables of RM 2,419,441.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010 (CONT'D)

22. CASH AND CASH EQUIVALENTS

	NOTE	GROUP		COMPANY	
		2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Cash and bank balances		687	4,481	150	2,755
Fixed deposits with licensed banks		36,121	43,198	-	1,558
Deposits, cash and bank balances		36,808	47,679	150	4,313
Bank overdrafts	25	(10,294)	(11,826)	(1,497)	-
Cash and cash equivalents		26,514	35,853	(1,347)	4,313

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

23. SHARE CAPITAL

	GROUP/COMPANY	
	2010 RM'000	2009 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

The holders of the ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company residual assets.

24. RESERVES

	NOTE	GROUP		COMPANY	
		2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Non-distributable					
Foreign exchange fluctuation reserve	24(a)	554	132	-	-
Revaluation reserve	24(b)	20,316	24,342	-	-
		20,870	24,474	-	-
Distributable					
Accumulated losses	24(c)	(84,504)	(10,826)	(62,026)	(26,323)
		(63,634)	13,648	(62,026)	(26,323)

(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.

(b) Revaluation reserve

	NOTE	GROUP	
		2010 RM'000	2009 RM'000
As at 1 January		24,342	25,971
Transferred to accumulated losses		(1,077)	(2,604)
Deferred tax on revaluation	27	160	975
Impairment of property, plant and equipment, net of deferred tax	13	(3,109)	-
As at 31 December		20,316	24,342

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

24. RESERVE (CONT'D)

(c) Accumulated losses

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

	NOTE	GROUP		COMPANY	
		2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Realized					
Operating earnings		24,498	52,075	(19,176)	5,677
Restructuring cost		(32,000)	(32,000)	(32,000)	(32,000)
Impairment of goodwill on consolidation	19	(30,901)	(30,901)	-	-
		(38,403)	(10,826)	(51,176)	(26,323)
Unrealized					
Provision loss on divestment of subsidiaries	8	(46,101)	-	(10,850)	-
Accumulated losses		(84,504)	(10,826)	(62,026)	(26,323)

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

The breakdown of the accumulated losses of the Group and the Company as at 31 December 2010, into realised and unrealised profits and losses is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010 (CONT'D)

25. BORROWINGS

	NOTE	GROUP		COMPANY	
		2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Current					
Term loans	25(a)	13,276	13,000	13,276	13,000
Less : Unamortization portion of transaction costs		(667)	-	-	-
		12,609	13,000	13,276	13,000
Short term borrowings	25(b)	117,262	97,098	1,498	-
Hire purchase and lease payables	25(c)	2,520	881	35	35
Other loans	25(d)	27	87	-	-
		132,418	111,066	14,809	13,035
Non current					
Term loans	25(a)	45,737	54,003	39,828	50,365
Less : Unamortization portion of transaction costs		(2,002)	-	-	-
		43,735	54,003	39,828	50,365
Hire purchase and lease payables	25(c)	2,544	464	15	50
Primary Collateralised Loan obligations	25(e)	20,000	20,000	20,000	20,000
		66,279	74,467	59,843	70,415
Total loan and borrowings		198,697	185,533	74,652	83,450

(a) Term loans

	GROUP		COMPANY	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Payable within one year	13,276	13,000	13,276	13,000
Payable after two to five years	45,737	54,003	39,828	50,365
	59,013	67,003	53,104	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.

These loans are repayable in monthly and quarterly instalment over period ranging from 1 to 5 years (2009: 1 to 5 years) and bear interest ranging from 5.68% to 14.00% (2009: 8.00% to 14.00%).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010 (CONT'D)

25. BORROWINGS (CONT'D)

(b) Short term borrowings

	GROUP		COMPANY	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Bill discounting	4,577	5,670	-	-
Bank overdrafts	10,294	11,826	1,498	-
Bankers' acceptance	102,391	72,206	-	-
Loan against fixed deposits	-	7,396	-	-
	117,262	97,098	1,498	-

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

(c) Hire purchase and lease payables

	GROUP		COMPANY	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Payable within a year	2,778	936	40	39
Payable within two to five years	2,656	476	16	56
	5,434	1,412	56	95
Less: Interest in suspense	(370)	(67)	(6)	(10)
	5,064	1,345	50	85
Analysed as:				
Due within 12 months	2,520	881	35	35
Due after 12 months	2,544	464	15	50
	5,064	1,345	50	85

(d) Other loans

	GROUP	
	2010 RM'000	2009 RM'000
Car loan	-	58
Other loan (unsecured)	27	29
	27	87

The above loans bear interest at 8% (2009:8%) per annum.

25. BORROWINGS (CONT'D)

(e) 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.

(f) Maturities analysis

The remaining maturities of the loans and borrowings as at 31 December 2010 are as follows:

	GROUP		COMPANY	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
On demand within one year	133,085	111,066	14,809	13,035
More than 1 year and less than 2 years	15,820	13,464	13,291	13,035
More than 2 years and less than 5 years	52,461	61,003	46,552	57,380
	201,366	185,533	74,652	83,450

26. DEFERRED SALES TAX LIABILITIES

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010 (CONT'D)

27. DEFERRED TAXATION

	NOTE	GROUP	
		2010 RM'000	2009 RM'000
As at 1 January		20,132	19,658
Exchange difference		(307)	(85)
Transfer (to)/from income statement	12 & 13	3,238	1,534
Transfer to equity	24(b)	(160)	(975)
Reversal due to impairment of property, plant and equipment	13	(901)	-
As at 31 December		22,002	20,132
(a) Recognised in financial statements			
Deferred tax assets		-	(674)
Deferred tax liabilities		22,002	20,806
		22,002	20,132
Presented after appropriate set off:			
Deferred tax assets			
Deferred tax assets	Property, plant and equipment		
	-temporary differences	-	3,625
	-revaluation of plant and machinery	-	901
		-	4,526
Deferred tax liabilities			
Deferred tax liabilities	Unabsorbed capital allowances	-	(1,084)
	Unutilised tax losses	-	(2,163)
	Unabsorbed tax incentive	-	(1,953)
		-	(5,200)
		-	(674)
Deferred tax liabilities			
Deferred tax assets	Property, plant and equipment		
	-temporary differences	15,619	14,334
	-revaluation of plant and machinery	6,408	6,568
		22,027	20,902
Deferred tax liabilities	Unutilised tax losses	-	(34)
	Unabsorbed tax incentive	(25)	(62)
		(25)	(96)
		22,002	20,806

28. TRADE AND OTHER PAYABLES

	NOTE	GROUP		COMPANY	
		2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Trade payables					
External parties		74,196	52,525	-	-
Other payables					
Sundry payables		12,309	6,960	661	653
Accruals		1,533	3,241	302	403
		13,842	10,201	963	1,056
Total trade and other payables		88,038	62,726	963	1,056
Add : Loans and borrowings	25	198,697	185,533	74,652	83,450
Total liabilities carried at amortization cost		286,735	248,259	75,615	84,506

29. DIVIDEND

	COMPANY	
	2010 RM'000	2009 RM'000
Dividends paid:		
Interim tax exempt 3.0 % dividend of in respect of financial year ended 31 December 2010	5,055	-
Interim tax exempt 2.6 % dividend of in respect of financial year ended 31 December 2009	-	4,381
	5,055	4,381

30. CAPITAL COMMITMENTS

	COMPANY	
	2010 RM'000	2009 RM'000
Capital expenditure approved and contracted for :		
Property, plant and equipment		
Contracted	23,677	19,866
Less : Payments made	(3,352)	(3,290)
Balance	20,325	16,576

31. COMMITMENT FOR FUTURE CONTRACTS

At the statement of financial position date, the Group in the normal course of business has entered into the following forward contracts with maturities for physical delivery of less than a year:

GROUP	Contracted amount	
	2010 RM'000	2009 RM'000
Sales contracts	125,553	124,615
Purchase contracts	82,481	38,806

32. CONTINGENT LIABILITIES (UNSECURED)

GROUP

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.

As at 31 December 2010, corporate guarantees given by a foreign subsidiary to third parties amounted to RM 812,000 (2009: RM870,623).

COMPANY

As at 31 December 2010, corporate guarantees given to banks for banking facilities granted to subsidiaries amounted to RM 92,270,483 (2009: RM107,831,000).

33. HOLDING CORPORATION

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

34. RELATED PARTY TRANSACTIONS

i. Transactions with holding corporation and key management personal

	GROUP		COMPANY	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
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).	18,991	18,486	-	-
Purchases				
Nalfin Trading Sdn. Bhd., a subsidiary of Koperasi Kebangsaan Permodalan Tanah Berhad (holding corporation).	-	632	-	-
Rental of premises				
Koperasi Kebangsaan Permodalan Tanah Berhad (holding corporation)	205	189	-	-
Interest income receivable from subsidiaries	-	-	4,886	6,090

ii. Remuneration of key management personnel

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

	GROUP		COMPANY	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Executive Directors (Note 9(c))	1,341	1,100	94	78
Other members of key management	993	814	-	-
	2,334	1,914	-	78

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010 (CONT'D)

35. SEGMENTAL INFORMATION

Geographical segments by location of assets

	----- - Continuing operations ----->																
	Malaysia			India			Hong Kong			Elimination			Total				
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009					
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	RM'000	RM'000		
External customers	513,472	523,735	275,557	333,658	-	-	-	-	-	-	-	789,049	857,393	103,684	-	892,733	857,393
Intersegmental sales	18,603	78,327	-	-	-	-	(18,603)	(78,327)	-	-	-	-	-	-	-	-	-
Total revenue	532,075	602,062	275,557	333,658	-	-	(18,603)	(78,327)	789,049	857,393	103,684	-	892,733	857,393	-	892,733	857,393
Segment results	19,396	21,657	(11,347)	4,085	(5)	(8)	-	-	8,044	25,734	(11,561)	-	(3,517)	25,734	-	(3,517)	25,734
Loss on divestment of subsidiaries									(46,101)	-	-	-	(46,101)	-	-	(46,101)	-
Interest income									1,680	3,723	-	-	1,680	3,723	-	1,680	3,723
Financing costs									(12,588)	(15,047)	-	-	(12,588)	(15,047)	-	(12,588)	(15,047)
Profit/(loss) before tax									(48,965)	14,410	(11,561)	-	(60,526)	14,410	-	(60,526)	14,410
Taxation									(7,600)	(4,373)	(1,574)	-	(9,174)	(4,373)	-	(9,174)	(4,373)
Profit for the year									(56,565)	10,037	(13,135)	-	(69,700)	10,037	-	(69,700)	10,037
Segments assets	327,351	306,941	154,256	147,797	5,184	5,745	(37,528)	(5,609)	449,263	454,874	15,872	-	465,135	454,874	-	465,135	454,874
Segments liabilities	(187,082)	(175,482)	(124,228)	(108,077)	(4,790)	(5,304)	34,491	40,604	(281,609)	(248,259)	(8,391)	-	(290,000)	(248,259)	-	(290,000)	(248,259)
Unallocated liabilities	(17,056)	(17,191)	(7,112)	(7,276)	-	-	-	-	(24,168)	(24,467)	-	-	(24,168)	(24,467)	-	(24,168)	(24,467)
Provision for divestment loss of subsidiaries	-	-	-	-	-	-	-	-	(46,101)	-	-	-	(46,101)	-	-	(46,101)	-
Total liabilities	(204,138)	(192,673)	(131,340)	(115,353)	(4,790)	(5,304)	34,491	40,604	(351,878)	(272,726)	(8,391)	-	(360,269)	(272,726)	-	(360,269)	(272,726)
Capital expenditure	15,161	4,245	10,557	1,827	-	-	-	-	25,718	6,072	-	-	25,718	6,072	-	25,718	6,072
Depreciation	6,025	5,459	1,688	1,447	-	-	-	-	7,713	6,906	896	-	8,609	6,906	-	8,609	6,906
Non cash expenses	-	2,124	-	-	-	-	-	-	-	2,124	4,620	-	4,620	2,124	-	4,620	2,124

35. SEGMENTAL INFORMATION (CONT'D)

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

	-----> Continuing operations ----->					Discontinued operations		Total operations
	Malaysia	India	Asia	Europe	Others	Elimination	Total	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External sales								
-2010	161,473	303,134	162,215	57,535	123,295	(18,603)	789,049	892,733
-2009	230,943	369,155	184,994	46,835	103,793	(78,327)	857,393	857,393

36. FINANCIAL INSTRUMENTS

A. FAIR VALUE

Fair value is defined as the amount for which the financial instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in a forced sale or liquidation.

- (i) **Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of their fair value.**

Receivables, deposits, cash and bank balances, payables and short term borrowings

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

Subsidiary company balances (current and non-current)

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

- (ii) **Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value**

Contingent liabilities

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

Corporate Guarantee

The value of financial guarantees provided by the Company to its subsidiaries is determined by reference to the difference in the interest rates, by comparing the actual rates charged by the bank if these guarantees has not been available. The directors have assessed the fair value of these financial guarantees to have no material financial impact on the results of the Company.

36. FINANCIAL INSTRUMENTS (CONT'D)

B. EFFECTIVE INTEREST RATE

	GROUP		COMPANY	
	2010	2009	2010	2009
	%	%	%	%
<i>Financial Assets</i>				
Fixed deposits with licensed banks	3.90	3.90	3.90	3.90
Loan to subsidiaries	-	-	7.8	9.00
<i>Financial Liabilities</i>				
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	-	-
Term loans	5.68	5.68	-	-
Primary Collateralised Loan Obligation	7.38	7.38	7.38	7.38
Hire purchase and lease	7.00	3.65	2.30	2.30
Loan from others	8.00	8.00	-	-

C. CREDIT TERMS

- i. The Group's trade receivables are non-interest bearing and are generally on 30 to 180 days (2009: 30 to 180 days) terms. They are recognised at their original invoices amounts which represent their fair values on initial recognition.
- ii. The Group's trade payables are non-interest bearing. Trade payables are normally settled on 30 to 90 days (2009: 30 to 90 days) terms.
- iii. Credit terms of sundry receivables are assessed and approved on a case by case basis.

36. FINANCIAL INSTRUMENTS (CONT'D)

D. FOREIGN CURRENCY EXCHANGE RATE

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

2010	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	14,902	25,748	12,752	9,936	4,591
In US Dollar	42,507	-	2,145	4	-
In India Rupee	20,968	48,448	23,984	3,902	32,213
	78,377	74,196	38,881	13,842	36,804

37. FINANCIAL RISK MANAGEMENT POLICIES

The Group's financial risk management policies seek to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its risks. The Group operates within clearly defined guidelines that are approved by the Board of Directors and the Group's policy is not to engage in speculative transactions.

The main areas of financial risks faced by the Group and the objectives and policies in respect of each of these are set out 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 in US Dollar. The Group manages its foreign currencies risk by, inter-alia, entering into forward foreign exchange contracts as and when considered necessary to limit its foreign exchange exposure.

37. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(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 sales are made on credit terms. The credit risk is controlled and managed by evaluation and monitoring of customers' credit standing. The credit risk concentration of the Group at the reporting date, is described below:

Concentration of trade receivables

At the reporting date, approximately RM 16,143 million (2009 : RM 20,723 million) which is about 20.59 (2009: 26.22%) of the Group's trade receivables where due from customers who individually exceed 5% of trade receivables for Malaysian subsidiary companies. The directors consider this level of concentration is acceptable.

Exposure to credit risk is represented by the carrying amounts in the statement of financial position and to corporate guarantees given by the Company as detailed in Note 32 to the financial statements.

The Group's analysis of trade receivables balance at the reporting date consist of balance neither past due nor impaired of RM 56.592 million (2009: 42.586 million) and past due but not impaired of RM 0.817 million (2009: RM 10.657 million) for Malaysian subsidiary companies and neither past due nor impaired of RM 16.078 million (2009: 18.054 million), past due but not impaired of RM 4.890 million (2009: RM 7.738 million) and impaired of RM 2 million (2009: Nil) for Indian company. Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group. None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

(e) Price Fluctuation Risk

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

37. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(f) 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 at the minimum, all projected net borrowing needs are covered by committed facilities. Also, the objective for debt maturity is to ensure that the amount of debt maturing in any one year is not beyond the Group's means to repay and refinance.

Maturity analysis

The table below summarizes the maturity profile of the Group's liabilities at the reporting date:

	On demand or within one year RM'000	Two to five years RM'000	Total RM
Financial Liabilities:			
Trade and other payables	88,038	-	88,038
Loan and borrowings	133,085	68,281	201,366
Total undiscounted financial liabilities	221,123	68,821	289,404

38. CAPITAL MANAGEMENT

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The analysis of capital as at the reporting date is as follows:

	NOTE	GROUP		COMPANY	
		2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Loans and borrowings	25	198,697	185,533	74,652	83,450
Trade and other payables	28	88,038	62,726	963	-
Due to subsidiaries	16	-	-	43,116	48,047
Less : Deposit, cash and bank balances	22	(36,808)	(47,679)	(150)	(4,313)
Net debt		249,927	200,580	118,581	127,184
Equity attributable to owner of the parent		104,866	182,148	106,474	142,177
Capital and net debt		354,793	382,728	225,055	269,361
Gearing ratio		70.44%	52.41%	52.69%	47.22%

39. COMPARATIVES

Certain comparatives amount as at 31 December 2009 have been reclassified and restated to conform with current year's presentation.

- (i) The restatement of comparatives have been disclosed in the respective notes.
- (ii) Cash and cash equivalents of statements of cash flows restated as follows:-

	GROUP		COMPANY	
	As previously stated RM'000	Restated RM'000	As previously stated RM'000	Restated RM'000
Statement of cash flows				
Cash and cash equivalents	(7,345)	35,853	2,755	4,313

This represent on reclassification fixed deposit pledge against bank facilities as cash and cash equivalents.

40. SUBSEQUENT EVENTS

Disposal of property, plant and equipment of a subsidiary Malim Sawit Sdn. Bhd.

On 18 February 2011, PNB had announced the Proposed Disposal of Palm Oil Refinery Complex owned by its wholly owned subsidiary, Malim Sawit Sdn Bhd. This has been clarified as non-current assets held for sale as disclosed in Note 13.

Proposed disposal of subsidiaries

The Company has entered into a conditional share sale agreement on 18 February 2011 for the disposal of 3 subsidiaries ("Proposed Disposal") which are as follows:

Name of subsidiaries	Country incorporated	% of holdings
Premium Vegetable Oils Sdn. Bhd	Malaysia	100
Premium Fats Sdn. Bhd.	Malaysia	100
Arani Agro Oil Industries Ltd	India	100

This disposal is subject to a number of Condition Precedents as stated in the Company's announcement to Bursa on 21 February 2011.

The completion of this divestment transaction will result in an estimated loss as disclosed in Note 8, which shall result in a significant effect to the Group. The Group and the Company have made a provision for loss on divestment of Subsidiaries to recognize the expected loss on divestment.

This provision for loss on divestment has been disclosed under current liabilities, as it is expected to be utilised within 12 months upon the completion of the transaction.

The proposed disposal is subject to the approval of the shareholders of Premium Nutrients Berhad.

ANALYSIS OF SHAREHOLDINGS

TOP 30 SHAREHOLDERS AS PER THE REGISTER OF DEPOSITORS AS AT 29TH APRIL 2011.

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)	130,664,346	38.77
2	Koperasi Kebangsaan Permodalan Tanah Berhad (Also known as National Land Finance Co-operative Society Limited)	43,015,595	12.76
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	Tay Teck Ho	6,500,000	1.93
7	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Syarikat Parani Sdn Bhd	5,758,453	1.71
8	Tan Pak Nang	2,600,000	0.77
9	Arumugam a/l Kalimuthu	2,100,000	0.62
10	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Ting Poi Ling	1,990,400	0.59
11	Gan Soong Tee	1,845,000	0.55
12	Ng Sin Hin	1,152,100	0.34
13	Ng Sin Hin	862,000	0.26
14	Midf Amanah Investment Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Chan Chee Hong (CTS-CCHOOOBC)	830,000	0.25
15	Yap Chin Teik	803,100	0.24
16	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Wong Chee Fai	800,000	0.24
17	Tan Tiong Hing	750,000	0.22
18	Ong Wan Chin	627,300	0.19
19	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Huang Wee Ting (E-PLT/CST)	516,700	0.15
20	Ang Lip Chee	505,000	0.15
21	Heng Yong Lai	500,000	0.15
22	Kili Rathnaraj a/l K. R. Somasundram	497,608	0.15
23	Lim Seong Khuan	450,000	0.13
24	Saw Eng Guan	420,000	0.12
25	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Low Koun	407,000	0.12
26	ECML Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Palan a/l Ramasamy	400,000	0.12
27	Richard Keith Jones	352,000	0.10
28	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Kiw Pak Ngi (KKU/ISB)	350,000	0.10
29	Voon Yin Siew	330,000	0.10
30	Lee Ching Chik @ Lee See Kew	315,000	0.09

Substantial Shareholders as per the Register of Substantial Shareholders as at 29th April 2011.

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)	130,664,346	38.77
2	Koperasi Kebangsaan Permodalan Tanah Berhad (Also known as National Land Finance Co-operative Society Limited)	43,015,595	12.76
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 29th April 2011.

Size of Holdings	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Issued Shares
1 - 99	427	8.41	6,217	-
100 - 1,000	1,846	36.39	905,356	0.27
1,001 - 10,000	1,920	37.85	10,169,442	3.03
10,001 - 100,000	761	15.00	26,940,522	7.99
100,001 - 16,849,999	114	2.25	46,315,706	13.74
16,850,000 and above	5	0.10	252,662,761	74.97
Total	5,073	100.00	337,000,004	100.00

Category of Shareholders

Category of Shareholders	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Issued Shares
Individuals	4,451	87.74	103,840,203	30.81
Other Types of Companies	106	2.09	211,332,337	62.72
Nominees	516	10.17	21,827,464	6.47
Total	5,073	100.00	337,000,004	100.00

Directors' Interests in Shares as per the Register of Directors' Shareholdings as at 29th April 2011

Name of Directors	No. of Shares Held		No. of Shares Held	
	Direct	Deemed	Direct	Deemed
Tan Sri Dato' Dr K R Somasundram	43,084,313	210,076,056	12.78	62.34
Datuk Sahadivanaidu a/l Baliah	210,945	209,578,448	0.06	62.19
Mr. Subramaniam a/l Seenivasagam	49,761	209,578,448	*	62.19
Mr. Tharumarajah a/l Thillarajah	Nil	Nil	Nil	Nil
En. 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 2010 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)	4,806	1985 / (2007)	Crushing
			PTD 84772, H.S. (D) 153378 (Leasehold for 60 years expiring on 22.01.2049)	2,570	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	424 1,245	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 7,883	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
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 9th Annual General Meeting of the Company to be held on Monday, 27 June 2011 at 10.00 a.m. at the Auditorium Tan Sri K R Soma, Wisma Tun Sambanathan, 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 re-elect Yg. Bhg Datuk Sahadivanaidu a/l Baliah who retires in accordance with Article 87		
2.	To re-elect Mr. Festus a/l A Christ Dhas who retires in accordance with Article 87 of the Company's Articles of Association.		
3.	To re-elect En. Abdul Aziz Bin Mohamed Hussain who retires in accordance with Article 87 of the Company's Articles of Association.		
4.	To re-appoint Tan Sri Dato' Dr. K R Somasundram who is due to retire pursuant to Section 129 of the Companies Act, 1965.		
5.	To re-appoint Mr. Subramaniam a/l Seenivasagam who is due to retire pursuant to Section 129 of the Companies Act, 1965.		
6.	To approve the payment of Directors' fees for the year ended 31 December 2010.		
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.		
10.	To approve the Change of Company's Name		

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

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Signature or Common Seal of Shareholder (s)

Signed this _____ day of _____ 2011

Notes:

1. A member entitled to attend and vote at the meeting may appoint a proxy or proxies to attend and vote instead of him. A proxy need not be a Member
2. The instrument appointing a proxy in the case of any individual shall be signed by the appointor and in the case of a corporation, under its common seal or under the hand of the officer duly authorized
3. Unless voting instructions are indicated in the spaces provided above, the proxy may vote as he thinks fit
4. The instrument appointing the proxy must be deposited at the Share Registrar of the Company at Symphony Share Registrars Sdn Bhd at Level 8, Symphony House, Pusat Dagangan, Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor not less than 48 hours before the time appointed for holding the meeting or adjourned meeting thereof.

Affix
Stamp
Here

The Company Secretaries,
c/o Smyphony 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
Tel No: 03 2273 5033
Fax No: 03 2273 4340

