

## 10. FINANCIAL INFORMATION

### 10.1 Consolidated Profit and Dividend Records

The proforma consolidated income statements of the PREMIUM Group for the past five (5) financial years ended 31 December 1998 to 31 December 2002, which have been prepared based on the audited financial statements of PREMIUM and its subsidiaries for the relevant financial years are provided for illustrative purposes, on the assumption that the current structure of the PREMIUM Group (excluding BHB Group) had been in existence throughout the financial years under review:

	Financial year ended 31 December				
	1998 RM'000	1999 RM'000	2000 RM'000	2001 RM'000	2002 RM'000
Revenue	364,715	308,838	241,851	237,394	355,175
Earnings before interest, depreciation and taxation	16,780	17,300	19,673	16,654	17,238
Depreciation	(3,615)	(3,915)	(4,220)	(4,637)	(4,772)
Interest expenses	(7,164)	(5,080)	(6,093)	(5,023)	(4,817)
Profit before exceptional items	6,001	8,305	9,360	6,994	7,649
Exceptional items*	-	-	2,727	-	-
PBT	6,001	8,305	12,087	6,994	7,649
Taxation	(1,202)	(1,080)	(473)	(948)	(1,451)
PAT	4,799	7,225	11,614	6,046	6,198
Minority interests	-	-	-	-	(406)
Net profit	4,799	7,225	11,614	6,046	5,792
Proforma number of PREMIUM Shares assumed to be in issue ('000) <sup>#</sup>	337,000	337,000	337,000	337,000	337,000
Gross EPS (sen)	1.8	2.5	3.6	2.1	2.3
Net EPS (sen)	1.4	2.1	3.4	1.8	1.8

\* Being the net insurance claims on assets damaged by fire

# The number of PREMIUM Shares assumed in issue throughout the financial years under review are based on the enlarged number of PREMIUM Shares after the Restructuring Scheme

Notes:

1 The financial statements of PREMIUM were not subject to any audit qualification for the five (5) financial years ended 31 December 2002, and there were no extraordinary items, as defined by the applicable approved accounting standards in Malaysia recorded for such financial years.

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**10. FINANCIAL INFORMATION (CONT'D)**

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**10.1 Consolidated Profit and Dividend Records (cont'd)**

- 2 *The higher turnover for the financial year ended 31 December 1998 as compared to the previous financial year was due to selling prices which resulted from the appreciation of USD against RM as PREMIUM's export sales are mainly denominated in USD. In addition, export sales volume has also increased. However, the profit before taxation was lower due to a foreign exchange loss attributed to the volatile fluctuation in foreign exchange and higher interest costs on borrowings.*
- 3 *The lower turnover for the financial year ended 31 December 1999 was due to a loss in production caused by plant breakdown and lower selling prices. Despite that, profit before taxation increased mainly due to insurance claim on loss of gross profit.*
- 4 *The lower turnover for the financial year ended 31 December 2000 was due to a disruption of its operations caused by a fire accident at one of its plant, and the reduction in the selling prices of its speciality fats. The selling price that was derived based on a cost plus method, was lower on the back of a lower raw material cost which resulted from an oversupply of edible oils in the world market. Despite that, profit before taxation increased mainly due to the exceptional profit on insurance claim on the loss of equipments caused by fire, as well as the insurance claim on consequential loss of gross profit.*
- 5 *The lower turnover for the financial year ended 31 December 2001 was due to a further decrease in the selling price of speciality fats due to the prolonged oversupply of edible oils in the world market. Profit before taxation decreased in tandem with the lower turnover.*
- 6 *The higher turnover for the financial year ended 31 December 2002 was due to the increase in selling prices attributed to the higher raw material prices arising from the tight global supply in the vegetable oil industry. In addition, the higher turnover was attributed by a 10% increase in sales volume as compared to the financial year ended 31 December 2001. Profit before taxation increased in tandem with higher turnover.*

**10.2 Directors' Declaration on Financial Performance**

The Board of PREMIUM confirms that the proforma consolidated profit forecast of the PREMIUM Group for the financial year ending 31 December 2003 together with the underlying bases and assumptions stated therein have been reviewed by the Directors. The Directors, after having taken into account the future prospects of the industry, future plans of the PREMIUM Group and its level of gearing, liquidity and working capital requirements, are of opinion that the profit forecast of the PREMIUM Group is achievable and the assumptions made are reasonable.

Nevertheless, in the light of the current economic environment in the principal markets which are mainly export markets, certain assumptions, including interest and exchange rates, may differ significantly from actual should the economic situation differ significantly from the date of this profit forecast and this may have a material impact on the PREMIUM Group's profit forecast.

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10. FINANCIAL INFORMATION (CONT'D)

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**10.3 Working Capital, Borrowings and Contingent Liabilities**

**Working Capital**

The Directors of PREMIUM are of the opinion that, barring any unforeseen circumstances and after taking into consideration the cash flow forecast and the banking facilities available, the Group will have adequate working capital for its present foreseeable requirements.

**Borrowings**

As at 16 June 2003 (being the latest practicable date of which such amounts could be calculated prior to the printing of this Prospectus), PREMIUM Group has total interest bearing borrowings of approximately RM100.9 million, of which approximately RM19.0 million are long term and the balance of RM81.9 million are short term in nature.

**Contingent Liabilities**

As at 16 June 2003 (being the latest practicable date at which such amounts could be calculated prior to the printing of this Prospectus), the PREMIUM Group had contingent liabilities of approximately RM42.9 million. This amount includes corporate guarantees given to financial institutions for obligations of its subsidiary company of approximately RM20.8 million, bills discounted with banks of approximately RM14.7 million and claims against the PREMIUM Group of approximately RM7.4 million from material litigations, as described in Sections 3.7 (iii) and 13.5 of this Prospectus.

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**10. FINANCIAL INFORMATION (CONT'D)**


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**10.4 Consolidated Profit Forecast of PREMIUM**

The Directors of PREMIUM forecast that, in the absence of any unforeseen circumstances, the consolidated profit forecast after taxation and minority interests for the financial year ending 31 December 2003 will be as follows:

<b>Financial year ending 31 December</b>	<b>Forecast 2003 RM'000</b>
Revenue	413,263
Profit before taxation	<u>17,250</u>
Taxation	<u>(3,600)</u>
Profit after taxation	13,650
Minority interest	<u>(1,360)</u>
Profit for the year before exceptional item	12,290
Exceptional item*	<u>(32,000)</u>
Net loss for the year	<u>(19,710)</u>
Number of ordinary shares in issue ('000)	337,000
Weighted average number of ordinary shares in issue ('000)	236,750
Gross EPS <sup>#</sup> (sen)	7.29
Net EPS <sup>#</sup> (sen)	5.19
Gross PE Multiple based on the Offer Price of RM0.50 per PREMIUM Share (times) <sup>#</sup>	6.86
Net PE Multiple based on the Offer Price of RM0.50 per PREMIUM Share (times) <sup>#</sup>	9.63

*Notes:*

\* *The exceptional item relates to the cost of the Restructuring Scheme by BHB and the transfer of listing status of BHB on the Second Board of KLSE to PREMIUM, which is charged to the Income Statement as a one-off corporate cost.*

# *Based on the profit for the year before exceptional item against the weighted average number of ordinary shares in issue.*

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**10. FINANCIAL INFORMATION (CONT'D)**


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**10.4.1 Principal Bases and Assumptions**

The principal bases and assumptions upon which the consolidated profit forecast have been made are as follows:-

- (a) There will be no significant changes to the average margin spread of the palm products sold by the PREMIUM Group as follows:

	<u>Margin spread (RM/MT)</u>
Speciality fats	389
Non speciality fats	127

Any changes in the cost of raw materials will be compensated by an equivalent change in selling price or vice versa.

- (b) The new plants in two subsidiaries, namely the fractionation and refining plants, which commenced operation in March and April 2003, will produce products of acceptable quantity and their products will obtain market acceptance.
- (c) One of its subsidiaries has a pending litigation with a statutory board on cess payment for crude palm kernel oil. As at the date of this Prospectus, the case is pending hearing in the Federal Court. The Directors are confident that the subsidiary will win the case and hence, no provision is made in the consolidated profit forecast for the year ending 31 December 2003.
- (d) The overdue debts of RM4.4 million net of allowance for doubtful debts will be recovered in 2003 and there will be no significant doubtful debts which will adversely affect the operations and profitability of PREMIUM Group.
- (e) There will be no significant changes in the principal activities, key management personnel, management structure and accounting policies currently adopted by the PREMIUM Group.
- (f) There will be no material changes in the present government legislation and regulations, rates and bases of duties, levies, cess and taxes which will adversely affect the operations of the PREMIUM Group or the markets in which it operates.
- (g) There will be no adverse changes in the current demand and in the prevailing market conditions in Malaysia, India and overseas, which will adversely affect the PREMIUM Group's performance.
- (h) There will be no major breakdown in the crushing and other major plant facilities, major industrial disputes and economic changes or any abnormal circumstances, which would adversely affect the operations of the PREMIUM Group.
- (i) There will be no material changes in the conversion cost, especially cost of energy and chemical, other material costs, production overheads, forecasted selling prices, sales volume and sales mix of the PREMIUM Group's products.

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**10. FINANCIAL INFORMATION (CONT'D)**


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**10.4.1 Principal Bases and Assumptions (cont'd)**

- (j) There will be no significant changes to the existing financing facilities and interest rates. Additional financing facilities will be available at interest rates approximating current rates. Any temporary cash surplus from the operation will be placed on short-term deposit.
- (k) There will be no significant changes in the prevailing inflation and foreign currency exchange rates. The exchange rate used in conversion of 1 USD to RM is 3.80 and 100 IRs to RM is 7.81.
- (l) Taxation has been calculated on the basis that PREMIUM Group would be eligible for reinvestment allowance incentive on the capital expenditure planned.

**10.4.2 Sensitivity Analysis**

The principal bases and assumptions upon which the sensitivity analysis on the consolidated profit forecast of PREMIUM have been made are as follows:

- (a) The gross margin contribution will vary  $\pm 5\%$ ,  $\pm 10\%$  and  $\pm 15\%$  from the base case.
- (b) Except for the above variations, the same assumptions as for the base case shall apply.

The following scenario attempts to show the effect of changes in consolidated forecast profit after taxation and minority interests.

	<b>Financial year ending 31 December 2003 RM'000</b>
+15%	22,136
+10%	18,877
+5%	15,619
<b>Base case</b>	12,290
-5%	9,313
-10%	6,556
-15%	3,798

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**10. FINANCIAL INFORMATION (CONT'D)**


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**10.4.2 Sensitivity Analysis (cont'd)**

The following scenario attempts to show the deviation from the consolidated forecast profit after taxation and minority interests.

	<b>Financial year ending 31 December 2003 (%)</b>
+15%	80
+10%	54
+5%	27
<b>Base case</b>	<u>0</u>
-5%	-24
-10%	-47
-15%	-69

Based on the above assumptions, the sensitivity analysis shows that the PREMIUM Group will still remain profitable over the forecast year despite a 5%, 10% and 15% downward variation of gross contribution for the financial year ending 31 December 2003.

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10. FINANCIAL INFORMATION (CONT'D)

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10.5 Reporting Accountants' Letter On The Consolidated Profit Forecast



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Chartered Accountants  
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80000 Johor Bahru, Malaysia

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26 June 2003

The Board of Directors  
Premium Nutrients Berhad  
Level 27, Wisma Tun Sambanthan  
Jalan Sultan Sulaiman  
50000 Kuala Lumpur

Dear Sirs

**Premium Nutrients Berhad ("Premium")  
Consolidated Profit Forecast  
For The Financial Year Ending 31 December 2003**

We have reviewed the consolidated profit forecast of Premium Nutrients Berhad ("Premium") and its subsidiaries ("Premium Group") for the year ending 31 December 2003 as set out in the accompanying statement (which we have stamped for the purpose of identification) in accordance with the standard [ISA 810] applicable to the review of forecasts. The consolidated profit forecast has been prepared for inclusion in the Prospectus dated 30 June 2003 in connection with the Proposed Corporate and Debt Restructuring Exercise by Bridgecon Holdings Berhad (Special Administrators Appointed) ("BHB") and the proposed transfer of listing status of BHB on the Second Board of the Kuala Lumpur Stock Exchange to Premium and should not be relied on for any other purposes.

Our review has been undertaken to enable us to form an opinion as to whether the consolidated profit forecast, in all material respects, is properly prepared on the basis of the assumptions made by the Directors and is presented on a basis consistent with the accounting policies adopted and disclosed by the Premium Group in its audited financial statements for the year ended 31 December 2002. The Directors of Premium are solely responsible for the preparation and presentation of the consolidated profit forecast and the assumptions on which the consolidated profit forecast is based.

Forecasts, in this context, means prospective financial information prepared on the basis of assumptions as to future events which management expects to take place and the actions which management expects to take as of the date the information is prepared (best-estimate assumptions). While information may be available to support the assumptions on which the consolidated profit forecast is based, such information is generally future oriented and therefore uncertain. Thus, actual results are likely to be different from the consolidated profit forecast since anticipated events frequently do not occur as expected and the variation could be material.





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**10. FINANCIAL INFORMATION (CONT'D)**

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We draw attention to the following underlying principal assumptions made in the consolidated profit forecast by the Directors as their realisation or crystallisation are critical to the achievability of the consolidated profit forecast.

1. Sales of speciality fats and fractionated oils.

One of the subsidiaries, Premium Vegetable Oils Berhad ("PVOB") has forecasted gross contribution from the sales of speciality fats and fractionated products of RM7.60 million and RM5.30 million respectively for the financial year ending 31 December 2003. The margin spread of speciality fats is highly dependent on the world supply and demand. In addition, the fractionation plant was installed in the third quarter of 2002 and has yet to commercially produce certain fractionated products of quality and specification acceptable to potential buyers. The achievability of the consolidated profit forecast is dependent on the subsidiary's ability to achieve the margin spread on speciality fats and to produce fractionated products of acceptable quality and saleability.

2. Special grade refined products

Another subsidiary, Malim Sawit Sdn Bhd ("MSSB") has installed new fractionation, refinery and packing plants for the production of high grade refined palm oil/palm olein/palm stearin. As the plants are new, there is no proven track record. The consolidated profit forecast for the year ending 31 December 2003 includes gross contribution of approximately RM4.30 million from these new plants, which can affect the achievability of the consolidated profit forecast.

3. Contingent liabilities on cess payment.

On 2 October 2002, a statutory body filed an appeal in the Federal Court against the judgment made by the Court of Appeal in favour of PVOB, dismissing the cess claims for the period from 1986 to April 1997. The appeal is pending hearing in Federal Court.

Since the Court of Appeal had decided in favour of PVOB, the Directors are of the opinion that the Company has a good case and hence no provision has been made in the consolidated profit forecast for the year ending 31 December 2003.

Should PVOB lose the case, it will be required to pay approximately RM4.2 million together with interest of RM1.7 million and cost thereon, which would have a material impact on the consolidated profit forecast for the year ending 31 December 2003.

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10. FINANCIAL INFORMATION (CONT'D)

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Subject to the matters stated in the preceding paragraphs and except for any adjustments that may be required if the recoverability of the overdue debts as stated in paragraph (d) in the accompanying statement do not materialise:

- (i) nothing has come to our attention which causes us to believe that the assumptions made by the Directors, as set out in the accompanying statement, do not provide a reasonable basis for the preparation of the consolidated profit forecast; and
- (ii) in our opinion, the consolidated profit forecast, so far as the calculations are concerned, is properly prepared on the basis of the assumptions made by the Directors and is presented on a basis consistent with the accounting policies adopted and disclosed by the Premium Group in its audited financial statements for the year ended 31 December 2002.

Yours faithfully

**KPMG**  
Firm No.: AF 0758  
Chartered Accountants

**Ang Ah Leck**  
Partner  
Approval Number: 1991/09/03 (J)

## 10. FINANCIAL INFORMATION (CONT'D)

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## Premium Nutrients Berhad

**Consolidated Profit Forecast For The Financial Year Ending 31 December 2003  
And The Bases And Assumptions Thereon**

The Directors forecast that, in the absence of unforeseen circumstances, the consolidated profit after taxation of Premium Group for the financial year ending 31 December 2003 are as follows:

	RM'000
Profit before taxation	17,250
Taxation	<u>(3,600)</u>
Profit after taxation	13,650
Minority Interest	<u>(1,360)</u>
Profit for the year before exceptional item	12,290
Exceptional item*	<u>(32,000)</u>
Net loss for the year	<u>(19,710)</u>
Number of ordinary shares in issue ('000)	<u>337,000</u>
Weighted average number of ordinary shares in issue ('000)	<u>236,750</u>
Gross earnings per share (sen)	
- before exceptional item	7.29
- after exceptional item	<u>(6.23)</u>
Net earnings per share (sen)	
- before exceptional item	5.19
- after exceptional item	<u>(8.33)</u>

\* The exceptional item relates to the cost of the Proposed Corporate and Debt Restructuring Exercise by Bridgecon Holdings Berhad (Special Administrators Appointed) ("BHB") and the proposed transfer of listing status of BHB on the Second Board of Kuala Lumpur Stock Exchange to Premium which is to be charged to the Income Statement as a one off corporate cost.

The gross and net earnings per share is calculated based on the profit or loss and weighted average number of ordinary shares in issue.

The principal bases and assumptions upon which the consolidated profit forecast have been made are as follows:-

- (a) There will be no significant changes to the average margin spread of the palm products sold by Premium Group as follows:

	<u>Margin spread (RM/MT)</u>
Speciality fats	389
Non speciality fats	127

Any changes in the cost of raw materials will be compensated by an equivalent change in selling price or vice versa.

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**10. FINANCIAL INFORMATION (CONT'D)**

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- (b) The new plants in two subsidiaries, namely the fractionation and refining plants which commenced operation in March and April 2003, will produce products of acceptable quantity and their products will obtain market acceptance.
- (c) One of its subsidiaries has a pending litigation with a statutory board on cess payment for crude palm kernel oil. As at the date of this report, the case is pending hearing in the Federal Court. The Directors are confident that the subsidiary will win the case and hence, no provision is made in the consolidated profit forecast for the year ending 31 December 2003.
- (d) The overdue debts of RM4.4 million net of allowance for doubtful debts will be recovered in 2003 and there will be no significant doubtful debts which will adversely affect the operations and profitability of Premium Group.
- (e) There will be no significant changes in the principal activities, key management personnel, management structure and accounting policies currently adopted by Premium Group.
- (f) There will be no material changes in the present government legislation and regulations, rates and bases of duties, levies, cess and taxes which will adversely affect the operations of Premium Group or the markets in which it operates.
- (g) There will be no adverse changes in the current demand and in the prevailing market conditions in Malaysia, India and overseas, which will adversely affect Premium Group's performance.
- (h) There will be no major breakdown in the crushing and other major plant facilities, major industrial disputes and economic changes or any abnormal circumstances, which would adversely affect the operations of Premium Group.
- (i) There will be no material changes in the conversion cost, especially cost of energy and chemical, other material costs, production overheads, forecasted selling prices, sales volume and sales mix of Premium Group's products.
- (j) There will be no significant changes to the existing financing facilities and interest rates. Additional financing facilities will be available at interest rates approximating current rates. Any temporary cash surplus from the operation will be placed on short-term deposit.
- (k) There will be no significant changes in the prevailing inflation and foreign currency exchange rates. The exchange rate used in conversion of 1 USD to Ringgit Malaysia is 3.80 and 100 Indian Rupee to Ringgit Malaysia is 7.81.
- (l) Taxation has been calculated on the basis that Premium Group would be eligible for reinvestment allowance incentive on the capital expenditure planned.

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**10. FINANCIAL INFORMATION (CONT'D)**


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**10.6 Dividend Forecast and Policy**

It is the policy of the Directors of PREMIUM to recommend dividends to allow shareholders to participate in the profits of the Company as well as leaving adequate reserves for the future growth of the Group.

Based on the forecast profit after taxation attributable to shareholders of RM12.29 million for the financial year ending 31 December 2003, the Directors of PREMIUM anticipate that, in the absence of unforeseen circumstances, the Company will be in a position to propose a gross dividend of 1.30 sen per share for the financial year ending 31 December 2003 based on the weighted average number of ordinary shares of 236,750,000 in PREMIUM.

The intended appropriation of the forecast profit after taxation attributable to shareholders for the financial year ending 31 December 2003 will be as follows:

<b>Financial year ending 31 December</b>	<b>Forecast 2003 RM'000</b>
Consolidated profit after taxation attributable to shareholders	12,290
Less: Proposed tax exempt dividend of 0.91 sen per share	(3,067)
Retained profit for the year	<u>9,223</u>
Gross/net dividend per share (sen)	1.30
Gross/net dividend yield based on the offer price of RM0.50 per share (%)	2.60
Gross/net dividend yield based on the offer price of RM0.50 per share (%)	2.60
Gross/net dividend cover (times)	4.01

*Notes:*

- 1 *The above dividend forecast is based on the weighted average number of ordinary shares of 236,750,000 in PREMIUM*
- 2 *Investors should note that future dividends might be varied if:*
  - (a) *the results of the Group differ from the forecast; or*
  - (b) *the payment of the dividend would adversely affect the Group's cash flow and operations.*

## 10. FINANCIAL INFORMATION (CONT'D)

## 10.7 Proforma Consolidated Balance Sheets

## Premium Nutrients Berhad

## Proforma Consolidated Balance Sheets

The Proforma Consolidated Balance Sheets of Premium as at 31 December 2002 set out below are provided for illustrative purposes only to show the effects of the transactions as referred to in the notes:

	Audited as at 31.12.2002 RM'000	Proforma I RM'000	Proforma II RM'000	Proforma III RM'000
Property, plant and equipment	--	--	--	121,108
Investment in an associated company	--	--	--	^--
Intangible assets	--	--	--	43
Goodwill on consolidation	--	--	--	53,432
	--	--	--	174,583
Current assets	*--	--	--	101,824
Current liabilities	--	--	--	(113,810)
Net current liabilities	--	--	--	(11,986)
	--	--	--	162,597
Financed by:-				
Share capital	*--	1,000	32,000	168,500
Accumulated losses	--	(1,000)	(32,000)	(33,000)
	--	--	--	135,500
Minority shareholders' interest	--	--	--	2,507
Borrowings	--	--	--	11,882
Deferred taxation	--	--	--	12,708
	--	--	--	162,597
Net tangible assets ("NTA")	--	--	--	82,025
NTA per ordinary share (RM)	--	--	--	0.24

\* represent RM2.00 cash and subscribers' shares of RM2.00 respectively.

^ represent RM1.00 investment in an associated company.

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## 10. FINANCIAL INFORMATION (CONT'D)

**Premium Nutrients Berhad****Notes To The Proforma Consolidated Balance Sheets  
As At 31 December 2002****a) Basis of Preparation**

- i) The Proforma Consolidated Balance Sheets are provided for illustrative purposes only and is based on the audited balance sheet of Premium as at 31 December 2002 and audited consolidated balance sheet of Premium Vegetable Oils Berhad ("PVOB") and its subsidiaries as at 31 December 2002.
- ii) The basis and accounting principles are consistent with those normally adopted in the preparation of audited financial statements of Premium's subsidiaries, namely PVOB and its subsidiaries.

**b) i) Proforma I**

Proforma I incorporates the following:-

Proposed share exchange of the entire ordinary shares of RM1.00 each in Bridgecon Holdings Berhad (Special Administrators Appointed) ("BHB") for 2,000,000 Premium shares on the basis of approximately one (1) new Premium share of RM0.50 each for every 9.975 BHB shares of RM1.00 each ("Proposed Share Exchange").

**ii) Proforma II**

Proforma II incorporates Proforma I and the following:-

Proposed settlement of debts owing by BHB to its creditors through the issuance of 62 million new Premium shares of RM0.50 each to the creditors of BHB ("Proposed Debt Settlement").

**iii) Proforma III**

Proforma III incorporates Proforma II and the following:-

Proposed acquisition of the entire issued and paid-up capital of PVOB for a total purchase consideration of RM136.5 million ("Proposed Acquisition") by the issuance of 273 million new Premium shares of RM0.50 each. The cost of the Proposed Acquisition is approximately RM1.0 million.

The proposed listing expenses amounting to RM1.0 million is charged to Income Statement.

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## 10. FINANCIAL INFORMATION (CONT'D)

## c) The movement of share capital

The movement of share capital of Premium are as follows:-

	RM'000
Ordinary shares of RM0.50 each:	
At date of incorporation	*
Proposed Share Exchange	<u>1,000</u>
<b>Proforma I</b>	1,000
Proposed Debt Settlement	<u>31,000</u>
<b>Proforma II</b>	32,000
Proposed Acquisition	<u>136,500</u>
<b>Proforma III</b>	<u>168,500</u>

\* Denotes RM2.00

## d) Accumulated losses

The accumulated losses arise from:

	RM'000
Cost of the Proposed Share Exchange charged to Income Statement (Proforma I)	(1,000)
Cost of the Proposed Debts Settlement owing by BHB to its creditors charged to Income Statement	<u>(31,000)</u>
<b>Proforma II</b>	(32,000)
Listing expenses written off	<u>(1,000)</u>
<b>Proforma III</b>	<u>(33,000)</u>

## e) Goodwill

	RM'000
Purchase consideration of PVOB Group, including cost of acquisition	137,500
Net assets of PVOB Group as at 31 December 2002	<u>(84,068)</u>
<b>Proforma III</b>	<u>53,432</u>

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10. FINANCIAL INFORMATION (CONT'D)

10.8 Reporting Accountants' Letter On The Proforma Consolidated Balance Sheets



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26 June 2003

The Board of Directors  
Premium Nutrients Berhad  
Level 27, Wisma Tun Sambanthan  
Jalan Sultan Sulaiman  
50000 Kuala Lumpur

Dear Sirs

**Premium Nutrients Berhad**  
**Proforma Consolidated Balance Sheets As At 31 December 2002**

We have reviewed the presentation of the proforma consolidated balance sheets of Premium Nutrients Berhad ("Premium") and its proposed subsidiaries ("Premium Group"), together with the notes and assumptions thereon, for which the Directors are solely responsible, as set out in the Prospectus dated 30 June 2003 in connection with the Proposed Corporate and Debt Restructuring Exercise by Bridgecon Holdings Berhad (Special Administrators Appointed) ("BHB") and the proposed transfer of listing status of BHB on the Second Board of the Kuala Lumpur Stock Exchange to Premium.

In our opinion, the proforma consolidated balance sheets together with the notes thereon which are provided for illustrative purposes only, have been prepared on the accounting principles and bases consistent with those previously adopted in the preparation of the audited financial statements of Premium Group.

Yours faithfully

**KPMG**  
Firm No.: AF 0758  
Chartered Accountants

**Ang Ah Leck**  
Partner  
Approval Number: 1991/09/03 (J)



KPMG, a partnership established under Malaysian law, is a member of KPMG International, a Swiss association.