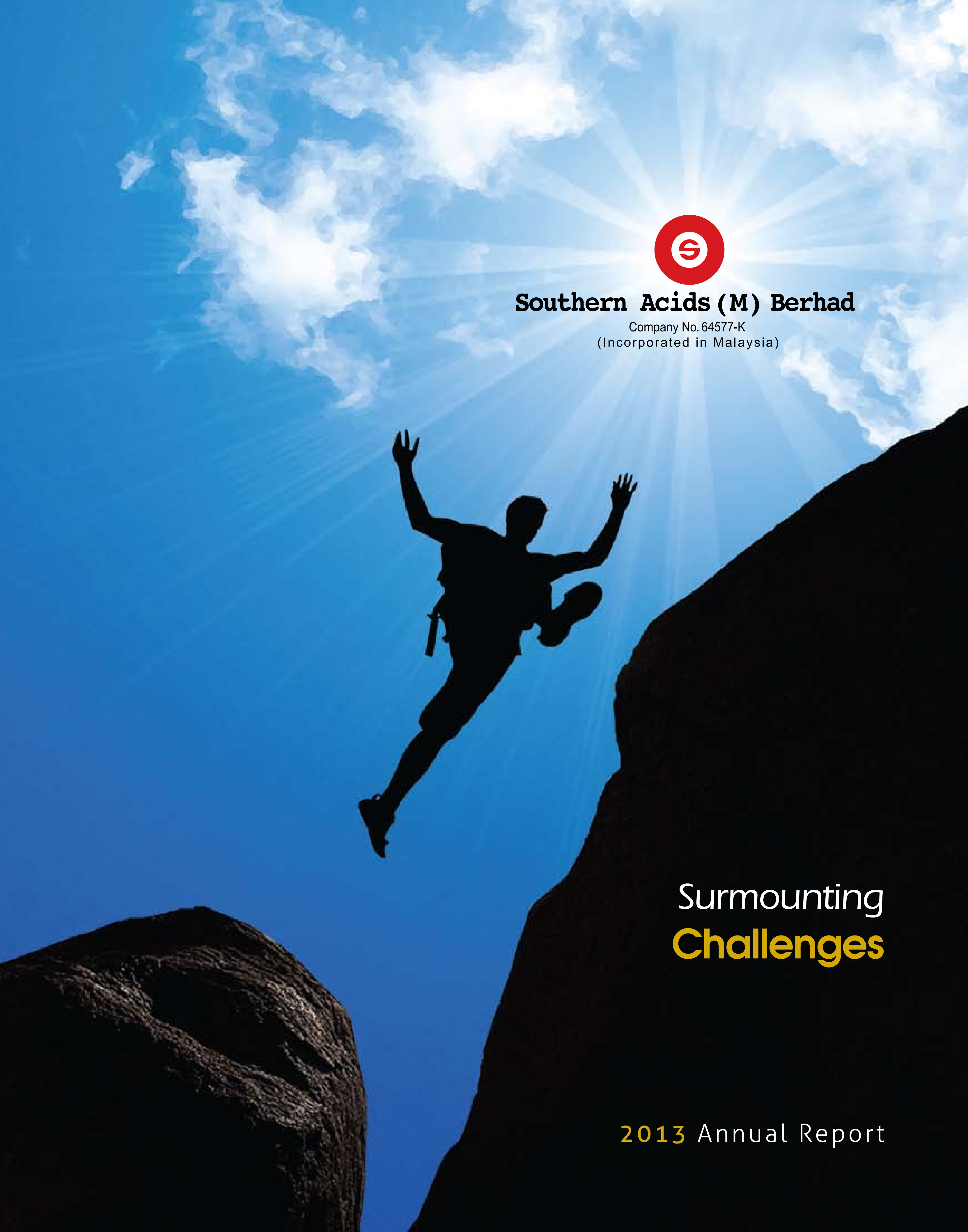


Southern Acids (M) Berhad

Company No. 64577-K
(Incorporated in Malaysia)

Surmounting Challenges

2013 Annual Report


Efforts and courage are not enough
without purpose and direction

contents 2013

Cover Rationale

Tagline: Surmounting Challenges

Southern Acids (M) Berhad ("SAB") and its subsidiries ("Southern Acids") operate in an environment which is fraught with many challenges. The world as we know it now is a very different one from when the Southern Acids first started just back about 32 years ago. Through these times, we have been growing steadily; from a single oleochemical manufacturing arm to what is now a diverse group of companies with businesses in and outside Malaysia. Through all these we have learnt that growth comes with many challenges .... and lessons as well. We have, and will like what is portrayed on the cover armed ourselves to be always on-guard and ready to take on the challenges which may come our way and to emerge stronger from the challenges faced.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Tan Sri Dato' Low Boon Eng (PSM, DPMS, JP)
Chairman, Non-Independent Non-Executive Director

Lim Kim Long
Non-Independent Executive Director

Sukhinderjit Singh Muker
Non-Independent Non-Executive Director

Mohd. Hisham bin Harun
Independent Non-Executive Director

Leong So Seh
Independent Non-Executive Director

Teo Leng
Independent Non-Executive Director

Raymond Wong Kwong Yee
Non-Independent Non-Executive Director

Chung Kin Mun
Independent Non-Executive Director

Cheong Kee Yoong
Alternate Director to Lim Kim Long

AUDIT COMMITTEE

Mohd. Hisham bin Harun
Chairman

Sukhinderjit Singh Muker

Leong So Seh

REMUNERATION COMMITTEE

Leong So Seh
Chairperson

Mohd. Hisham bin Harun

NOMINATING COMMITTEE

Chung Kin Mun
Chairman

Leong So Seh

Raymond Wong Kwong Yee

CORPORATE GOVERNANCE COMMITTEE

Leong So Seh
Chairperson

Lim Kim Long

Mohd. Hisham bin Harun

CORPORATE INFORMATION
(cont'd)

SENIOR MANAGEMENT TEAM

Corporate Head Office

Executive Director	- Lim Kim Long
Chief Financial Officer	- Siew Fatt Chyn
Chief Internal Auditor	- Ruzita Mazni binti Arshad
Services Business	- Alex Chan Choon Hoong

Oleochemicals Division

Director - Tiong Chuu Ling

Plantation and Milling Division

General Manager - Lee Choo Chai

Healthcare Division

Chief Executive Officer - Gideon Lim

Warehousing and Conveying Division

Operation Manager - S. Thamil Sudar

COMPANY SECRETARIES

Lim Kui Suang (MAICSA 0783327)

Paul Ignatius Stanislaus (MACS 01330)

REGISTERED OFFICE

9, Jalan Bayu Tinggi 2A/KS6,
Taipan 2, Batu Unjur, 41200 Klang,
Selangor Darul Ehsan, Malaysia.
Tel : 03-3323 1916
Fax : 03-3323 3584

SHARE REGISTRAR

Symphony Share Registrars Sdn Bhd
Level 6, Symphony House,
Pusat Dagangan Dana 1,
Jalan PJU 1A/46, 47301 Petaling Jaya,
Selangor Darul Ehsan, Malaysia.
Tel : 03-7841 8000
Fax : 03-7841 8151

HEAD OFFICE / PRINCIPAL PLACE OF BUSINESS

Level 29, Centro Tower,
No. 8, Jalan Batu Tiga Lama,
41300 Klang,
Selangor Darul Ehsan,
Malaysia.
Tel : 03-3258 3333
Fax : 03-3258 3300
Website : www.southernacids.com

AUDITORS

Messrs Deloitte KassimChan
Level 19, Uptown 1,
Damansara Uptown,
1, Jalan SS 21/58,
47400 Petaling Jaya,
Selangor Darul Ehsan,
Malaysia.

PRINCIPAL BANKER

CIMB Bank Berhad

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad

LEGAL STATUS

Public listed company limited by shares

COUNTRY OF INCORPORATION AND DOMICILE

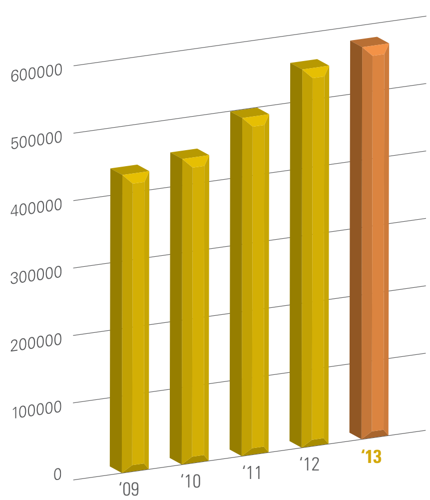
Malaysia

5-YEAR FINANCIAL SUMMARY

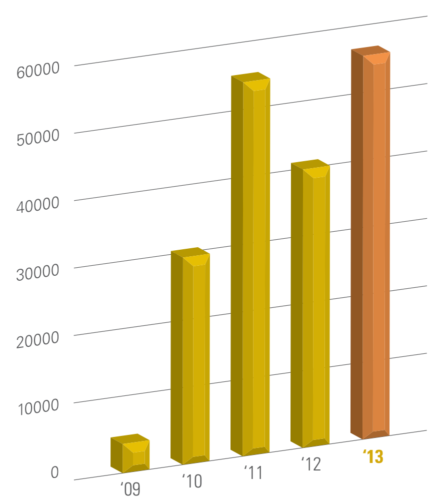
	2009	2010	2011	2012	**2013**
FINANCIAL PERFORMANCE (in RM'000)					
Revenue	441,955	453,200	501,373	560,876	**581,425**
Profit before tax	4,321	30,721	55,460	41,275	**56,881**
Profit for the year	924	20,271	40,950	28,014	**45,635**
FINANCIAL POSITION (in RM'000)					
Total assets	438,246	451,346	506,564	512,004	**549,359**
Total liabilities	53,401	52,908	57,690	60,804	**66,604**
Net current assets	110,241	122,810	158,450	159,258	**192,415**
Equity attributable to shareholders of SAB	367,952	374,561	418,388	420,584	**446,783**
Issued share capital	136,934	136,934	136,934	136,934	**136,934**
Net assets	384,845	398,438	448,874	451,200	**482,755**
KEY FIGURES					
Earnings/(Loss) per share - in sen	(2.86)	8.50	21.44	14.55	**26.74**
Dividend per share (net) - in sen	5.00	6.00	6.00	5.00	**5.00***
Net assets per share attributable to shareholders of SAB (RM)	2.69	2.74	3.06	3.07	**3.26**

* The proposed final dividends for the current financial year ended 31 March 2013 are subject to approval by the shareholders of SAB at the forthcoming 32nd Annual General Meeting to be held on 26 September 2013.

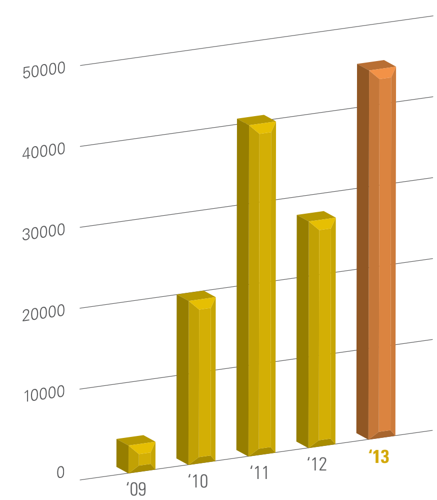
REVENUE
RM'000



PROFIT BEFORE TAXATION
RM'000

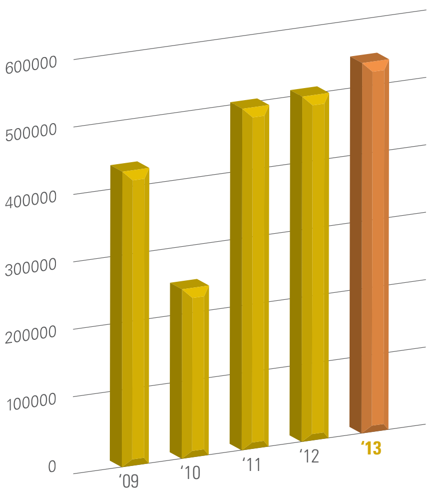


PROFIT FOR THE YEAR
RM'000

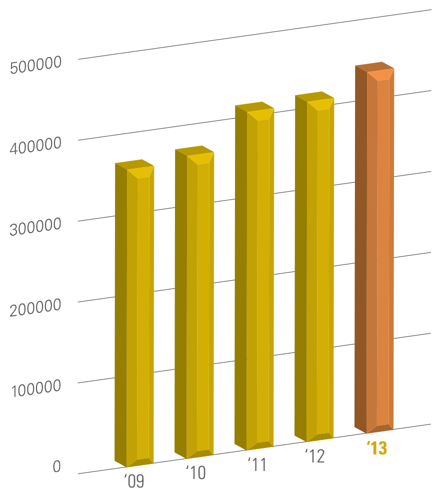


5-YEAR FINANCIAL SUMMARY
(cont'd)

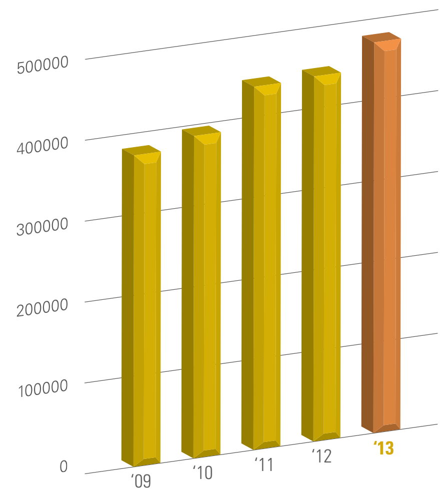
TOTAL ASSETS
RM'000



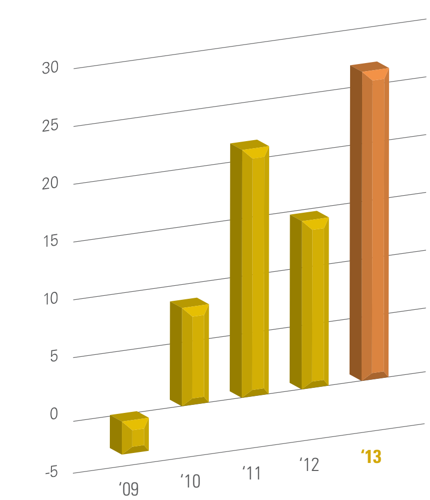
SHAREHOLDERS' EQUITY
RM'000



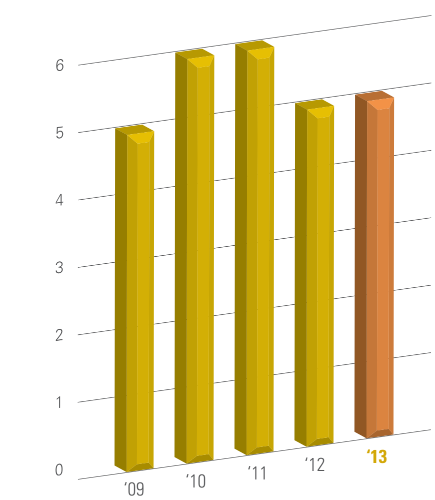
NET ASSETS
RM'000



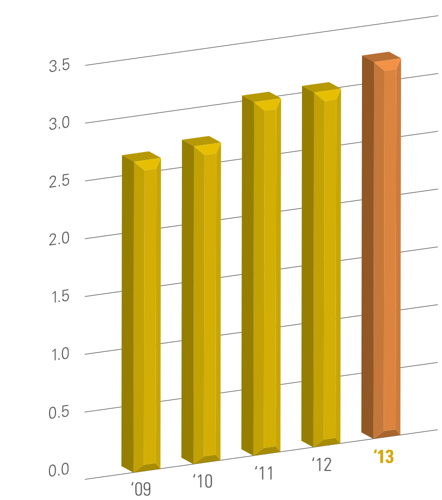
EARNINGS/(LOSS) PER SHARE
SEN



DIVIDEND PER SHARE (NET)
SEN



NET ASSETS PER SHARE
RM



CORPORATE STRUCTURE

SOUTHERN ACIDS (M) BERHAD
Company No.: 64577-K
(Incorporated in Malaysia)

100%
Southern Acids Industries Sdn. Bhd.
(207048-P)

100%
Southern Medicare Sdn. Bhd.
(352799-M)

100%
Noble Interest Sdn. Bhd.
(349945-V)

100%
Centre For Sight Sdn. Bhd.
(523049-H)

100%
SAB Bio-Fuel Sdn. Bhd.
(363986-K)

100%
SAB Plantation Sdn. Bhd.
(470422-X)

91.9%
PKE Transport (Malaysia) Sdn. Berhad.
(161855-T)

69.7%
PKE (Malaysia) Sdn. Berhad.
(56287-D)

100%
Southern Management (M) Sdn. Berhad.
(65476-P)

100%
SAB (East Asia) Holdings Ltd.
(476922)

100%
Wilstar Sdn. Bhd.
(433043-M)

100%
SAB Logistics & Grains Terminal Sdn. Bhd.
(931569-W)

100%
SAB Properties Development Co. Sdn. Berhad
(324387-H)

100%
Pembinaan Gejati Sdn. Bhd.
(320201-W)

90%
Firstview Development Sdn. Bhd.
(433422-W)

70%
P.T. Mustika Agro Sari
(040110102386)

100%
P.T. Wanasari Nusantara
(040111505014)

OLEOCHEMICAL DIVISION

PLANTATION AND MILLING DIVISION

WAREHOUSING AND CONVEYING DIVISION

HEALTHCARE DIVISION

BOARD OF DIRECTORS

Sitting, from left to right:

Lim Kim Long

Tan Sri Dato' Low Boon Eng

From left to right:

Teo Leng

Sukhinderjit Singh Muker

Chung Kin Mun

Leong So Seh

Mohd. Hisham bin Harun

Raymond Wong Kwong Yee

* Cheong Kee Yoong *(not in picture)*

PROFILE OF DIRECTORS

TAN SRI DATO' LOW BOON ENG

Non-Independent Non-Executive Director;
Aged 63; Malaysian
• Chairman of the Board of Directors

Tan Sri Dato' Low was appointed to the Board on 10 August 2005. Other than directorships in SAB and certain subsidiaries, Tan Sri Dato' Low also hold directorship in several private companies.

Tan Sri Dato' Low holds a Bachelor of Science in Mechanical Engineering from the Imperial College, London. He is an entrepreneur whose experiences spanned over thirty (30) years in operations and management of oil palm plantation and palm oil milling.

Tan Sri Dato' Low has equity interest in SAB, directly, and indirectly through certain private companies in which he is shareholder and director. Details of his direct and indirect interests are disclosed on page 51 of this Annual Report.

Tan Sri Dato' Low is also deemed interested in certain related party transactions with SAB and certain subsidiaries as disclosed on page 103 to page 109 of this Annual Report.

Tan Sri Dato' Low has no family relationship with any other director of SAB.

During the financial year ended 31 March 2013, Tan Sri Dato' Low attended all ten (10) of the SAB Board of Directors' Meetings.

LIM KIM LONG

Non-Independent Executive Director;
Aged 53; Malaysian
• Member of Corporate Governance Committee

Mr. Lim was appointed to SAB Board on 10 August 2005. Other than directorships in SAB and all its subsidiaries, he is also director of several private companies.

Mr. Lim pursued his pre-university education at Kolej Tunku Abdul Rahman, Kuala Lumpur. He is actively involved in the corporate affairs and general management of Southern Acids, especially in the area of oil palm plantation and employee relations.

Mr. Lim has equity interest in SAB, directly, and indirectly through certain private companies in which he is a shareholder and director. Details of his direct and indirect interests are disclosed on page 51 of this Annual Report.

Mr. Lim is also deemed interested in certain related party transactions with SAB and certain subsidiaries as disclosed on page 103 to page 109 of this Annual Report.

Mr. Lim has no family relationship with any other director of SAB.

During the financial year ended 31 March 2013, Mr. Lim attended all ten (10) of the SAB Board of Directors' Meetings.

SUKHINDERJIT SINGH MUKER

Non-Independent Non-Executive Director;
Aged 66; Malaysian
- Member of Audit Committee

Mr. Muker was appointed to the Board on 28 July 1994. Other than directorship in SAB, he is also a director of Harvest Court Industries Berhad and Asia Knight Berhad, both listed on the Main Market of Bursa Malaysia Securities Berhad.

Mr. Muker is a practising lawyer. He obtained his Bachelor of Laws (Honour) from the University of London in 1972, and was conferred the Degree of Utter Barrister by the Honourable Society of Grays Inn in 1973. He was called to the Malaysian Bar in 1974.

Mr. Muker has no family relationship with any other director or major shareholder of SAB.

During the financial year ended 31 March 2013, Mr. Muker attended all ten (10) of the SAB Board of Directors' Meetings.

MOHD. HISHAM BIN HARUN

Independent Non-Executive Director;
Aged 45; Malaysian
- Chairman of Audit Committee;
- Member of Remuneration Committee; and
- Member of Corporate Governance Committee

Encik Mohd. Hisham was appointed to SAB Board on 10 August 2005. He is also a director of a subsidiary of SAB.

Encik Mohd. Hisham is a member of the Chartered Institute of Management Accountants, UK. He started his career with Coopers & Lybrand / PriceWaterhouse Coopers, where he was attached to the Audit Division and the Consultancy Division. He is currently the Senior General Manager of Corporate Finance and Services of Lembaga Tabung Haji, a major shareholder of SAB.

Encik Mohd. Hisham has no family relationship with any other director or major shareholder of the Company.

During the financial year ended 31 March 2013, Encik Mohd. Hisham attended eight (8) out of the ten (10) SAB Board of Directors' Meetings.

LEONG SO SEH

Independent Non-Executive Director;
Aged 61; Malaysian

- Chairperson of Corporate Governance Committee;
- Chairperson of Remuneration Committee;
- Member of Audit Committee; and
- Member of Nominating Committee

Madam Leong was appointed to SAB Board on 8 April 2009. She is also a director of certain subsidiaries of SAB.

Madam Leong holds a Bachelor of Economics from University of Malaya and a Master Degree in Economics from Vanderbilt University, USA. Prior to her appointment to SAB Board, she has held senior positions in the Economic Planning Unit of the Prime Minister Department of Malaysia and the Securities Commission of Malaysia.

Madam Leong has no family relationship with any other director or major shareholder of SAB.

During the financial year ended 31 March 2013, Madam Leong attended nine (9) out of the ten (10) SAB Board of Directors' Meetings.

TEO LENG

Independent Non-Executive Director;
Aged 61; Malaysian

Mr. Teo was appointed to SAB Board on 1 December 2010. Other than directorship in SAB, he is also a director of United Malacca Berhad which is listed on the Main Market of Bursa Malaysia Securities Berhad.

Mr. Teo holds a Bachelor of Agricultural Science (First Class Honours) from University of Malaya and a Master of Science (Soil Chemistry) from University of Wisconsin @ Madison, USA. He has over thirty (30) years of experience in the palm oil industry, with private companies and public listed corporations and government organisations. This includes implementation of Roundtable on Sustainable Palm Oil (RSPO) certification and development of Mill Integrated Waste Management System.

Mr. Teo has no family relationship with any other director or major shareholder of SAB.

During the financial year ended 31 March 2013, Mr. Teo attended all ten (10) of the SAB Board of Directors' Meetings.

RAYMOND WONG KWONG YEE

Non-Independent Non-Executive Director;
Aged 43; Malaysian
• Member of Nominating Committee

Mr. Wong was appointed to SAB Board on 18 October 2011. Other than the directorship in SAB and certain subsidiaries, he is also a director of several private companies.

Mr. Wong is a practising lawyer and the managing partner of a legal firm. He obtained his Bachelor of Laws (Honour) from the University of London in 1991, and was called to the Malaysian Bar in 1996.

Mr. Wong has no family relationship with any other director or major shareholder of SAB.

During the financial year ended 31 March 2013, Mr. Wong attended nine (9) out of the ten (10) SAB Board of Directors' Meetings.

CHUNG KIN MUN

Independent Non-Executive Director;
Aged 46; Malaysian
• Senior Independent Director
• Chairman of Nominating Committee

Mr. Chung was appointed to SAB Board on 20 March 2012.

Mr. Chung holds a Bachelor of Business (Accounting) from the Phillip Institute of Technology, Australia and is a member of CPA Australia. He has over twenty (20) years of experience in merchant banking, corporate finance, accounting and general management. Prior to the appointment to SAB Board, Mr. Chung was the Group Chief Financial Officer of Zelan Berhad, a company that is listed on the Main Market of Bursa Malaysia Securities Berhad.

Mr. Chung has no family relationship with any other director or major shareholder of SAB.

During the financial year ended 31 March 2013, Mr. Chung attended nine (9) out of the ten (10) SAB Board of Directors' Meetings.

CHEONG KEE YOONG
Alternate Director to Mr. Lim Kim Long;
Aged 45; Malaysian

Mr. Cheong was appointed to SAB Board as Alternate Director to Mr. Lim Kim Long on 25 July 2013. Mr. Cheong is also the Senior Independent Non-Executive Director of Grand-Flo Berhad, a company listed on the Main Market of Bursa Malaysia Securities Berhad.

A graduate of the Association of Certified Chartered Accountants and a Member of the Malaysian Institute of Accountants, he has more than twenty (20) years of working experience particularly in corporate planning, fund raising, treasury management, investors relation activities, tax planning, financial reporting and risk management in various industries and was mainly attached to the respective corporate office of public listed company. He is currently the General Manager, Corporate Affairs and Planning of a company who is also a substantial shareholder of SAB. Prior to joining Southern Acids, he was the Chief Financial Officer of a main market company listed on Bursa Malaysia.

Mr. Cheong has no family relationship with any other director or major shareholder of SAB.

During the financial year ended 31 March 2013, Mr. Cheong has not attended any meeting of Board of Directors as he was appointed after the financial year end 31 March 2013.

None of the Directors have been convicted for any offence within the past ten (10) years.

SENIOR MANAGEMENT TEAM

From left to right:

S. Thamil Sudar
(Operation Manager - Warehousing and Conveying Division)

Alex Chan Choon Hoong
(Services Business)

Lee Choo Chai
(General Manager - Plantation and Milling Division)

Lim Kim Long
(Executive Director)

Gideon Lim
(Chief Executive Officer - Healthcare Division)

Ruzita Mazni Binti Arshad
(Chief Internal Auditor)

Siew Fatt Chyn
(Chief Financial Officer)

Tiong Chuu Ling
(Director - Oleochemical Division)

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of Directors ("SAB Board"), I am pleased to present to you the Annual Report of Southern Acids (M) Berhad ("SAB") and its subsidiaries ("Southern Acids") for the financial year ended 31 March 2013 ("FY2013").

OVERVIEW OF BUSINESS ENVIRONMENT

FY2012 has been a year of weak growth for most of the developed countries, and one of slowing economic growth for developing nations. The sovereign debt crisis in Europe and policy uncertainty in the United States have constrained investment and hiring in those regions, causing subsequent declines in demand for manufactured goods from developing nations, most notably China and the South-East-Asia countries. In spite of the gloomy global economic environment which had exerted tremendous pressure on the prices of commodities and commodity related products, the demand for crude palm oil ("CPO") and processed palm oil from Malaysia and Indonesia remained buoyant during our last financial year. This is attributed mainly to the economic viability of palm oil.

As for Southern Acids, the export tax regime introduced by the Indonesian Government in September 2011, which favours downstream palm oil industries in Indonesia continues to pose tough challenges to its two main divisions for the most part of FY2013; the Plantation and Milling Division in Indonesia, in term of revenue, and the Oleochemical Division in Malaysia, in term of market competition. As for Southern Acids's warehousing and conveying operations, the division is now operating in Northport based on short-term land lease tenure, while our Healthcare Division continues to operate in what is a very competitive industry.

OVERVIEW OF RESULTS

Both our Oleochemical and Plantation and Milling Divisions have registered higher profits in FY2013. However, profit for the Warehousing and Conveying Division was lower in FY2013 due mainly to higher cost spent on maintenance of our equipment and machinery. The performance of our Healthcare Division continued to improve in spite of competition from new private healthcare centres in the vicinity. On consolidation, Southern Acids recorded a pre-tax profit of RM56.9 million, which was an increase of 38% against the RM41.3 million recorded in the last financial year.

Earnings per share attributable to equity holders of SAB increased from 14.55 sen to 26.74 sen while net asset per share strengthened from RM3.07 per share to RM3.26 per share. A more detailed report on each operating division is provided in the Management Discussion and Analysis.

INDUSTRY OUTLOOK AND PROSPECTS

SAB Board expects the global economic environment to remain fragile in 2013/2014, although there are signs of growth especially in developing countries. The prolong disputes in the formulation of a resolution to the sovereign debt crisis in Europe and uncertainty in the monetary policy in the United States will continue to affect business and consumer confidence and consequentially affecting demand for commodities and commodity related intermediary products like palm oil and palm oil based oleochemical products. Nonetheless the continuous trend in the adoption of monetary expansion policy by many developed countries in their battle for a competitive edge in the international trade arena will likely drive up prices of commodities and commodity related intermediary products. As for palm oil industry, the surge in CPO output from Indonesia as witnessed in the past few years will remain a factor of concern for the impact on price, especially if the increase in output outpaces the growth in demand.

At the local front the decision made by Malaysia to revamp its export duties on CPO effective January 2013 has been well received by the industry, especially the downstream and integrated players as it has helped to level the playing field in the palm oil downstream segments between Malaysia and Indonesia. As a matter of fact, the impact of the new CPO export tax structure in Malaysia was immediately felt through increase in export volume, a consequential decline in stockpile and ultimately contributing to the gradual recovery of CPO price in the first quarter of 2013. We are confident that palm oil and palm oil based oleochemical products will remain as the most viable solution not only in meeting demand for edible oil by the ever-increasing world population, but also in fulfilling the demand for economically viable oleochemical products by many consumer products related industries.

As for our Warehousing and Conveying Division, the Management will continue to work toward an amicable solution with all our business stakeholders for the relocation of our facilities within Northport to make way for Northport (Malaysia) Berhad's long-term business plan to convert the existing wharf where our present facilities are located into a container dedicated zone. Our Healthcare Division, meanwhile, will intensify its participation in more health tourism promotion in collaboration with the Malaysia Healthcare Travel Council's efforts to nurture Malaysia as the preferred choice in the regional healthcare travel industry.

CORPORATE GOVERNANCE AND ENTERPRISE RISK MANAGEMENT

The Securities Commission Malaysia had in March 2012 released The Malaysian Code on Corporate Governance 2012 ("MCCG 2012"). MCCG 2012, which became effective on 31 December 2012, is significantly different from its predecessor (The Malaysian Code on Corporate Governance 2007 or "MCCG 2007") in philosophy, form and content. While MCCG 2007 was based upon a set of Principles and followed by a list of Best Practices for each Principle, MCCG 2012 had fewer specific compliance oriented prescriptions and is more heavily skewed towards focusing on the Principles and giving companies flexibility in application.

In this respect, the Corporate Governance Committee of SAB Board has been tasked to relook into the charter of SAB Board and SAB Board Committees to ensure all relevant principles and applicable recommendations of MCCG 2012 will be put in place throughout Southern Acids to promote continuous and sustainable corporate practices and culture for the interests of all stakeholders of Southern Acids.

In the last financial year ended 31 March 2012, SAB Board through its Corporate Governance Committee has initiated a pilot project to develop an Enterprise Risk Management ("ERM") Framework for our Oleochemical Division. This pilot project has been completed in FY2013 and efforts are now being made to replicate the ERM Framework across other business divisions.

BOARDROOM

Encik Mohd. Hisham bin Harun, Mr. Sukhinderjit Singh Muker and Mr. Teo Leng will retire by rotation in the forthcoming Annual General Meeting of SAB. While Encik Mohd. Hisham bin Harun and Mr. Teo Leng have offered themselves for re-election, Mr. Sukhinderjit Singh Muker has opted not to seek re-election and hence will retain office until the close of the Thirty-second Annual General Meeting.

DIVIDEND

SAB Board is pleased to recommend the following final dividends for the financial year ended 31 March 2013:

1) 3 sen per ordinary share of RM1.00 each less 25% tax, amounting to RM3,765,689; and

2) 2.75 sen per ordinary share of RM1.00 each, single tier, amounting to RM3,081,018

and seeks your approval of the proposed dividends at the forthcoming Annual General Meeting.

ACKNOWLEDGEMENT

On behalf of SAB Board, I wish to express my appreciation to our management and staff for their commitment, hard work and dedication to stay focused in meeting the challenges in an ever-changing business environment. SAB Board would also like to express its appreciation to Mr. Leong Kian Ming, the former Chief Executive Officer of SAB who left on 8 October 2012, for his invaluable services and leadership during his tenure with Southern Acids.

SAB Board would also like to extend its appreciation to Mr. Sukhinderjit Singh Muker who will retire and not seek re-election in the forthcoming Annual General Meeting. As a long serving director of SAB since 1994, his foresight and guidance have been invaluable to the growth and progress our Southern Acids over the years. We wish Mr. Muker every success and happiness. At the same time, I also wish to take this opportunity to welcome Mr. Cheong Kee Yoong to SAB Board. He was appointed an Alternate Director to Mr. Lim Kim Long, the Executive Director on 25 July 2013. I am confident his wealth of experience will benefit SAB Board and Southern Acids.

Last but not least, I wish to take this opportunity to thank all our stakeholders, in particular our customers, suppliers, business partners and shareholders for their continued supports, trust and confidence in Southern Acids.

Thank you.

Tan Sri Dato' Low Boon Eng, PSM, DPMS, JP
Chairman

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW OF OPERATING ENVIRONMENT

Southern Acids 2013 Annual Report, in line with the new guidelines from Bursa Malaysia, features a new reporting format, the Management Discussion and Analysis (MD&A). The aim of the MD&A is to provide shareholders with a better understanding of the business operations and financial performance of SAB.

A. AN OVERVIEW OF GROUP'S BUSINESS, OPERATIONS, OBJECTIVES AND STRATEGIES

Southern Acids (M) Berhad ("SAB") and its subsidiaries ("Southern Acids") had its beginnings in 1980 as an oleochemical producer and exporter.

In the current financial year ended 31 March 2013 ("FY2013"), Southern Acids has four business divisions as follow: -

- Oleochemicals
- Plantations & Milling
- Healthcare
- Warehousing & Conveying

Oleochemicals Division

- Principally this business division is involved in the manufacturing of mainly fatty acids and the balance about 10% of glycerine. Our oleochemicals plant is located in Kapar, Klang and has an annual capacity of about 100,000 metric tonnes (MT). Today, SAB's oleochemicals products are mainly exported overseas which include, amongst others, USA, Europe, Japan, China, Korea, Middle East, India, etc. Since FY2012, there are no material changes in the main key operating factors.

- Our immediate short term priority is to continue operating our plant at its full capacity. Over the long term, the management will be looking into expanding this business segment either in term of additional production capacity or expanding our products ranges to cater for future demands. This will be undertaken after a detailed evaluation study.

Plantations & Milling Division

- Southern Acids has a land bank of about 10,805 acres of planted and matured area in Indonesia and another 644 acres of ageing plantation in Malaysia. In addition, we have a palm oil mill ("POM") with a milling capacity of 45MT per hour In Indonesia. All fresh fruits bunch ("FFB") harvested from our internal estates in Indonesia are processed by our POM. The POM also purchases external FFB for processing. Our matured acreage and milling capacity of our POM in Indonesia remain unchanged from the last financial year ended 31 March 2012 ("FY2012").

A. AN OVERVIEW OF GROUP'S BUSINESS, OPERATIONS, OBJECTIVES AND STRATEGIES (CONT'D)

Plantations & Milling Division (Cont'd)

- In the immediate term, we are embarking on a replanting programme of about 46.0% of our ageing plantations land in Malaysia and about 60.0% plantations land in Indonesia. The replanting programme in Indonesia will spread over 8 years period. Hence, in the FY2014, our planted and matured area will reduce by approximately 258 acres in Indonesia and approximately 300 acres in Malaysia. Meanwhile we are currently building up a new 60MT per hour POM in Indonesia. Earthwork is currently being carried out and the new POM is expected to be completed in financial year ending 31 March 2015 ("FY2015"). Over the long term, if opportunity does arise we aim to enlarge our land bank.

Healthcare Division

- Our medical centre, Sri Kota Specialist Medical Centre ("Sri Kota") started operation in September 1999 and is strategically situated in the heart of Klang town. It is a 9 storey building with 232-bed tertiary level hospital fully equipped with modern facilities. Sri Kota was awarded the prestigious 3 years MSQH (Malaysian Society for Quality in Healthcare) Accreditation for the period from November 2011 – November 2014. Sri Kota core disciplines are Heart, Spine and Cancer care. Sri Kota also has one of the leading teams specializing in minimally invasive endoscopic spinal surgery.
- Currently we are increasing the number of medical consultants in Cardiology, Paediatrics and Specialised surgeries which are now in demand. This is to increase the revenue stream of Sri Kota. Meanwhile, a new Hospital Information System ("HIS") is being evaluated with a targeted implementation in FY2015. We will be also looking into upgrading some of our key medical equipment over the next two to three years.

Warehousing and Conveying Division

- Southern Acids has a dry bulk terminal at North Port, Port Klang, which provides an integrated palm kernel expeller ("PKE") warehousing and high capacity warehouse-to-dock conveyor system to serve the PKE industry in the Centre Region of Peninsular Malaysia. This 40,000 MT capacity warehouse is adjacent to Wharf 15 at North Port in Port Klang.
- This business division immediate priority is to focus on continuation of operation which is currently operating on a short term land lease. The renewable of the land lease is subject to North Port authority. The current land lease will expire in December 2013. Meanwhile sometime back in December 2012, we were informed of two proposed sites for relocation purposes. We are currently evaluating the feasibilities of the proposed new sites as the potential capital expenditure is of substantial amount.

In Southern Acids, we place emphasis on the importance of having competent human resource to achieve our objectives. Currently with the net cash position as at 31 March 2013, Southern Acids would be able to internally fund part of the required capital expenditure in FY2014.

B. REVIEW OF FINANCIAL RESULTS

Southern Acids

The following table is the summary of revenue and profit before tax ("PBT")/loss before tax ("LBT") of Southern Acids and with the respective business segment financial results: -

	FY2013		FY2012		Changes in %	
	Revenue	PBT/(LBT)	Revenue	PBT/(LBT)	Revenue	PBT/(LBT)
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Oleochemicals	375,445	23,109	376,282	10,558	(0.2%)	118.9%
Plantations & Milling	122,314	32,109	103,375	26,195	18.3%	22.6%
Healthcare	72,871	3,836	68,746	3,288	6.0%	16.7%
Warehousing & Conveying	6,896	1,839	8,066	2,956	(14.5%)	(37.8%)
Others	3,899	(4,012)	4,407	(1,722)	(11.5%)	(133.0%)
Southern Acids Level	581,425	56,881	560,876	41,275	3.7%	37.8%

Southern Acids registered revenue and profit before tax of RM581.4 million and RM56.9 million respectively for FY2013. These represent an increase of 3.7.0% and 37.8% respectively as compared to FY2012. The profit attributable of Southern Acids to equity holders of SAB increased to RM36.6 million in FY2013 as compared to RM19.9 million in FY2012.

The substantial increase in profit before tax was contributed by better earnings recorded by Plantations & Milling Division and Oleochemicals Division. The combined profit before tax of these two business divisions contributed 97.1% of the profit before tax of Southern Acids.

The improved operating results have translated into higher earnings per share of 26.74 sen per ordinary share for FY2013, as compared to last year's 14.55 sen per ordinary share. Net asset per share attributable to equity holders of SAB has also strengthened by 19.00 sen to RM3.26 per ordinary share.

Oleochemicals Division

- The oleochemicals division registered revenue of RM375.4 million and profit before tax of RM23.2 million in FY2013. Despite the sharp dropped in the average CPO cost from RM3,153 per MT in FY2012 to RM2,636 per MT in FY2013, the FY2013 revenue was only 0.2% lower than FY2012 whereas pre-tax profit of RM23.1 million was 118.9% higher than FY2012. These remarkable results were achieved through a combination of higher production volume and lower production costs than in FY2012.
- The profit before tax margin has increased to 6.2% in FY2013 as compared to 2.8% in FY2012.

Plantations & Milling Division

- This business division registered revenue of RM122.3 million and profit before tax of RM32.5 million which was higher by 18.3% and 22.6% respectively as compared to FY2012. This is despite the drop in crude palm oil ("CPO") price from an average of (RM equivalent) RM2,573 per MT in FY2012 to an average of (RM equivalent) RM2,229 in FY2013. The negative impact from lower CPO price was cushioned mainly by substantial higher production of CPO and palm kernel ("PK").

Healthcare Division

- Out Healthcare division reported revenue and profit before tax of RM72.9 million and RM3.8 million respectively in FY2013. As compared to FY2012, the revenue and profit before tax for FY2013 were higher by 6.0% and 16.7% respectively, mainly due to higher revenue earned per patient and increase in number of outpatients. Two new visiting consultants engaged in FY2013 had also contributed to the increase in patient registration at the hospital.

B. REVIEW OF FINANCIAL RESULTS (CONT'D)

Warehousing and Conveying Division

- This business division registered revenue and profit before tax of RM6.9 million and RM1.8 million respectively in FY2013 which were lower by 14.5% and 37.8% respectively as compared to FY2012. The lower than expected results correspond to the lower volume of goods received and handled in FY2013. In addition, FY2013's results were also adversely affected by a machinery breakdown and the associated costs incurred.

C. REVIEW OF OPERATING ACTIVITIES

In addition to the above review, the following are the respective relevant major operation factors affecting Southern Acids and each of the following business divisions: -

Southern Acids

- Other Income; in FY2013, total investment income was 15.7% higher as compared to FY2012.

- Capital Management; in FY2013, the fixed deposits, short-term placements as well as cash and bank balances was RM53.4 million higher as compared to FY2012. With the healthy cash position, Southern Acids is able to fund its on-going capital expenditure for the construction of a new palm oil mill in Indonesia and the upgrading of the Hospital Information System ("HIS") for Sri Kota internally.

- Dividends; in FY2013, SAB Board has recommended final dividends of 3.00 sen per ordinary share of RM1.00 each, less 25% tax and 2.75 sen, single tier, per ordinary share of RM1.00 each. Currently SAB does not have a dividend policy. Based on the dividends trend since financial year 2009, a net divided of in the range of 5.00 sen – 6.00 sen per ordinary share of RM1.00 share have been consistently paid out.

Oleochemicals Division

- Production Capacity; in FY2013, total production and sales volume of fatty acids and glycerin was 9.0% higher as compared to FY2012.

- Production Main Ingredients; in FY2013, production costs were lower as compared to FY2012 because of the sharp decrease in cost of CPO and RBD palm stearin from the average of RM3,153 and RM2,976 per MT to RM2,636 and RM2,620 per MT respectively. Both CPO and RBD palm stearin are the main ingredients of our oleochemicals products.

C. REVIEW OF OPERATING ACTIVITIES (CONT'D)

Oleochemicals Division (Cont'd)

- Foreign Exchange Exposure; the Division's main exposure to foreign exchange risk is in its USD (United States Dollar) denominated trade receivables. The gradual weakening of Ringgit Malaysia ("MYR") against USD has resulted in a next foreign exchange gain of approximately half a million in FY2013.

- Tax Incentive; this Division has a Reinvestment Allowance of approximately RM2.7 million as at the beginning of FY2013, which has been fully utilized against taxable profits during the financial year.

Plantations & Milling Division

- FFB Processed; in FY2013, FFB processed was 45.0% higher because of higher internal FFB harvested from the Division's internal estates (improved yield) and more FFB purchased from external sources as compared to FY2012.

- CPO Production; in FY2013, the higher volume of FFB processed has contributed to a 42.0% increase in total CPO produced.

- PK Production; in FY2013, PK production was higher by 53.0% due to higher volume of FFB processed.

Healthcare Division

- New Visiting Consultants; in FY2013, new visiting Cardiothoracic Surgeon and Neurosurgeon were engaged.

- Patient Registration; in FY2013, outpatient census was 2.0% higher and inpatient census (and the corresponding bed occupancy rate) was 3.0% lower as compared to FY2012.

Warehousing and Conveying Division

- Goods Received; in FY2013, total goods received was 5.0% lower as compared to FY2012.

- Goods Handled; in FY2013, total goods handled was 11.0% lower as compared to FY2012.

- Replacement Costs; in FY2013, this Division has incurred approximately RM1.0 million for the routine replacement of conveyor belts and repair of machinery.

D. PROSPECTS

Oleochemicals Division

- The plant production is expected to run at full capacity as forecasted demand will continue to exceed our full production capacity. However, the performance of this Division would be greatly influenced by the volatility of key raw materials such as CPO and RBD palm stearin and the USD/MYR exchange rate. In addition, FY2014's net profit will be subjected to income tax.

- Moving forward, this Division is expected to continue to contribute significantly to the bottom line of Southern Acids.

Plantations & Milling Division

- The total planted and matured plantations in financial year ending 31 March 2014 ("FY2014") will reduce by about 258 acres in Indonesia and approximately 300 acres in Malaysia to make way for replanting programmes. The reduced planted and matured area would likely affect the performance of this business division in FY2014. The performance of this Division will hinge substantially on the movement of CPO price. Nevertheless, this Division will continue to be a significant contributor to the bottom line of Southern Acids.

- The additional contribution from the new 60MT per hour POM will contribute positively only from financial year ending 31 March 2016 onwards.

Healthcare Division

- Moving forward, the expected revenue of this Division is expected to increase gradually in line with the Division's on-going plan to increase the number of consultant and medical discipline. On the other hand, profitability of this Division is expected to grow slower as compared to revenue, due mainly to the impact of depreciation costs on new capital expenditure. The positive financial impact from the investment on upgrading of the key equipment will only be realised much later.

Warehousing and Conveying

- Moving forward, the continuity of this business segment is dependent on the successful renewal of the land lease with Northport. With the recent replacement to the conveyor belts and the repair of the conveyor system, we expect the performance from this Division be in line with previous financial years. A decision is expected to be made on the proposed relocation plan in FY2014.

Southern Acids

Based on the above each business division review, Southern Acids is cautiously optimistic of its future performance whilst striving to improve operational efficiency and productivity.



audit committee report

The Board of Directors of Southern Acids (M) Berhad ("SAB Board") established its Audit Committee ("AC") on 29 July 1994.

1. TERMS OF REFERENCE

a) Membership

The AC shall be appointed by SAB Board from amongst the members of SAB Board and shall consist of not less than three members, with the following conditions:

i) Majority of the AC members shall be independent non-executive directors who is not an alternate director.

ii) At least one member shall be a member of the Malaysian Institute of Accountants or whom shall fulfil requirements as prescribed in Chapter 15.10 of the Listing Requirements of Bursa Malaysia Securities Berhad, with minimum three years of working experience.

iii) The AC shall elect an independent non-executive director from amongst its members to be the Chairman.

In the event a member of the AC resigns or for any other reason ceases to be a member with the result that the number of members is reduced below three, SAB Board shall within three months from that event, appoint such number of new member as may be required to make up the minimum number of members.

b) Authority

The AC has the following mandate from SAB Board:

i) Sufficient and competent resources, including access to external independent professional advice that it considers reasonable and necessary, to perform its duties.

ii) Full and unrestricted access to information, reports, records, properties and personnel of all level of management.

iii) Direct channels of communication with both the internal auditors and external auditors, and if deemed necessary, convene meetings without the presence of Executive Management.

iv) Put in place periodical or annual internal audit plans and ensure the efficiency and effectiveness of such plans in meeting the desired objectives.

v) Investigate any matter that is deemed necessary, within its Terms of Reference.

The AC reports to SAB Board on matters considered and its recommendations thereon, pertaining to the affairs of Southern Acids (M) Berhad ("SAB") and its subsidiaries ("Southern Acids").

c) Duties and Responsibilities

The duties and responsibilities of the AC are:

i) Oversee the system of internal controls including internal audit, management accounting, financial reporting and business ethics, to ensure operational efficiencies and effectiveness in safeguarding shareholders' investments and the assets of Southern Acids.

ii) Ensure the internal audit function is equipped with sufficient and competent resources, and has the necessary authority to carry out its work.

iii) Oversee the management of the internal audit personnel including appraisal of performance, and assessment of appointment, resignation or termination of personnel.

1. TERMS OF REFERENCE (CONT'D)

c) Duties and Responsibilities (Cont'd)

iv) Review of the internal audit plans or any programmes and processes of investigation, assessment of the results thereon and formulation of remedial action plans if necessary.

v) Consider and recommend to SAB Board on matters pertaining to the appointment, resignation or dismissal of external auditors, and the determination of audit fee.

vi) Review and assess the scope of the external audit of financial statements and system of internal controls, and subsequently the audit findings, if any, and the response of the management to the audit findings.

vii) Review and assess the quarterly interim financial reports and annual financial statements of both SAB and Southern Acids with focus on:

- any change in accounting policies and practices, and its implementation;
- compliance with applicable accounting standards and regulatory requirements;
- significant transaction or event of unusual nature;
- significant adjustment arising from the audit; and
- the going concern assumption in the preparation of financial statements,

before submission to SAB Board for deliberation and approval if deemed fit.

viii) Review and monitor related party transaction and conflict of interest that may arise within SAB and/or Southern Acids including any transaction, procedure or course of conduct that raises questions of management integrity.

ix) Report to SAB Board if there is any breach on the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements") and recommend corrective measures.

x) Report promptly to Bursa Malaysia Securities Berhad ("Bursa Malaysia") where a matter reported by the AC to SAB Board has not been satisfactorily resolved resulting in a breach of the Listing Requirements.

xi) Ensure employees at all levels of SAB and Southern Acids give adequate assistance and cooperation during the processes of internal and external audit.

xii) Review and appraise the effectiveness of the risk management processes.

xiii) Undertake such other function and assignment as may be agreed to by SAB Board.

2. COMPOSITION AND MEETING

a) Composition

During the financial year, the AC comprised three members from SAB Board, of which two are independent non-executive directors and one is a non-independent non-executive director.

b) Meeting and Attendance

The AC shall meet at least four times during a financial year. The chairman of AC may call and convene additional meeting upon request by any member or the management or the internal auditors or external auditors to consider any matter within the scope and responsibilities of the AC.

Quorum of the AC meeting shall be two independent directors. The company secretary shall be the secretary of the AC and minutes of meeting shall be distributed to all members of the AC.

2. COMPOSITION AND MEETING (CONT'D)

b) Meeting and Attendance (Cont'd)

Other members of SAB Board and employees of Southern Acids may also attend the AC meeting upon the invitation of the AC. The AC members and details of attendance of each member at the AC meetings convened during the financial year are:

No.	Name	Position	Attendance of meetings
i)	Mohd. Hisham bin Harun *(Independent Non-Executive Director)*	Chairman	6 / 6
ii)	Sukhinderjit Singh Muker *(Non-Independent Non-Executive Director)*	Member	6 / 6
iii)	Leong So Seh *(Independent Non-Executive Director)*	Member	6 / 6

3. SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR

During the financial year, the main activities carried out by the AC in the discharge of its functions and duties were as follows:

a) Financial Reporting

i) Reviewed the quarterly unaudited interim financial reports, annual audited financial statements, annual report and circular to shareholders of SAB prior to submission to SAB Board for consideration and approval, and submission to Bursa Malaysia thereto.

ii) Reviewed Southern Acids compliance with the Listing Requirements and the applicable approved accounting standards issued by the Malaysian Accounting Standards Board.

b) Internal Audit and External Audit

i) Reviewed the internal audit plans and reports, including matters pertaining to the management of the resources of the internal audit department.

ii) Reviewed the audit planning memorandum presented by external auditors and the proposed audit fee, discussion on audit findings and recommendations.

iii) Reviewed the adequacy of remedial actions taken by the Management in resolving the audit issues reported and if necessary, recommend measures for improvement.

iv) Met with external auditors without the presence of Executive Management.

v) Reviewed the management report pertaining to changes in applicable financial reporting standards and the impact of the changes to the financial reports of SAB and Southern Acids thereto.

c) Related Party Transactions

i) Reviewed the guidelines and procedures for identifying, tracking and monitoring of recurrent related party transactions (RRPT) of a revenue or trading nature which are necessary for the day-to-day operations of Southern Acids in the ordinary course of business which involves the interest, direct or indirect, of a director, major shareholder or persons connected to the director or major shareholders of Southern Acids. The guidelines and procedures are designed to ensure that RRPT of a revenue or trading nature are carried out on arm's length basis and on terms which are not more favourable to the related parties than those generally available to the public and will not be detrimental to the interest of the minority shareholders of SAB.

3. SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR (CONT'D)

c) Related Party Transactions (Cont'd)

ii) Reviewed significant related party transactions and the disclosure of such transactions in the annual report, announcement to Bursa Malaysia and/or in the circular to shareholders in accordance with the requirements of applicable approved accounting standards and the Listing Requirements.

iii) Reviewed the circular to shareholders in relation to the renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature, for recommendation to SAB Board.

INTERNAL AUDIT FUNCTION

An in-house internal audit department ("IAD") supports the AC in the discharge of its duties and responsibilities. The IAD is headed by a senior manager who reports directly to the AC, provides independent assurance on the adequacy and integrity of the internal control, risk management and governance processes. The purpose, authority and responsibility of the IAD are articulated in an Internal Audit Charter.

A summary of the main activities undertaken by the IAD during the financial year is as follows:

a) Reviewed and appraised the soundness and adequacy system of internal controls and procedures of Southern Acids that are specifically designed to ensure efficiency and effectiveness of operations.

b) Reviewed and provided assurance on the adequacy and effectiveness of the risk management process.

c) Ascertained and reviewed the reliability and integrity of financial and operational information generated, and the procedures and processes used to identify, measure, classify and report such information.

d) Ascertained the accuracy, reliability, completeness and relevancy of financial and accounting records, and to ensure compliance with best accounting practices and applicable financial reporting standards.

e) Performed ad-hoc tasks as assigned by AC or Management from time to time.

Total cost incurred for the internal audit function during the current financial year was RM424,300.

statement on corporate governance

The Board of Directors of Southern Acids (M) Berhad ("SAB Board") is committed in ensuring that the affairs of Southern Acids (M) Berhad ("SAB") and its subsidiaries ("Southern Acids") are managed in accordance with the appropriate standards for good corporate governance to help promote continuous and sustainable growth for the interests of all its stakeholders.

SAB Board is pleased to set out in this Statement the manner and extent in which SAB has applied the principles and complied with the recommendations as set out in the Malaysian Code on Corporate Governance 2012 ("MCCG 2012").

PRINCIPLE 1

Establish Clear Roles and Responsibilities of SAB Board and Management

1.1 Clear functions of the Board and Management

SAB Board has the ultimate responsibility for establishing strategies and policies to drive the affairs of Southern Acids to build and deliver long-term shareholder value whilst meeting the interests of the shareholders and other stakeholders.

SAB Board's role is to govern Southern Acids rather than to manage it. It is the role of the Executive Director, Officers and Managers ("the Management") to manage Southern Acids in accordance with the direction of and delegation by SAB Board. SAB Board oversees the activities of Management in carrying out these delegated duties.

1.2 Clear roles and responsibilities

The primary roles and responsibilities of SAB Board include, amongst others the following:

a) Setting the overall direction of Southern Acids by formulating strategies and establishing corporate goals.
b) Overseeing the development and implementation of the strategies and goals of Southern Acids by working closely with members of the management team and reviewing plans, budgets, progress and performance in meeting these strategies and goals.
c) Reviewing principal risks and ensuring that an effective and ongoing process is in place to identify risks and ensuring the implementation of appropriate internal controls and mitigating measures to safeguard shareholders' investment and the assets of Southern Acids.
d) Ensuring that the business orientation of Southern Acids promotes sustainability and a high standard of ethics and corporate practices.
e) Ensuring that a programme to provide for the orderly succession of senior management is in place.
f) Overseeing the development and implementation of a shareholder communication policy.
g) Reviewing the adequacy and integrity of SAB's internal control and management information system, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

Establish Clear Roles and Responsibilities of the Board and Management (Cont'd)

1.2 Clear roles and responsibilities (Cont'd)

In discharging its fiduciary duties and stewardship role, SAB Board has established four Board Committees which will focus on certain functions and responsibilities of SAB Board as required by the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements") and/or recommendations as set out in MCCG 2012. These are:

1) The Corporate Governance Committee;
2) The Audit Committee;
3) The Nominating Committee; and
4) The Remuneration Committee.

These Board Committees operate within their respective terms of reference, as approved by SAB Board and report to SAB Board with their recommendations, as appropriate. The ultimate responsibility for decision making, however, lies with SAB Board.

1.3 Formalised ethical standards through Code of Ethics

SAB has a set of approved Principles of Business Conduct in place which sets out the standards of ethics and conduct expected from directors and employees to engender good corporate behaviour. To augment the Principles of Business Conduct, SAB also has an approved Whistle-Blower Policy, which provides an avenue for employees, vendors and customers to raise matters of serious concerns which could have an impact on Southern Acids. Under the policy, a whistle blower is assured of confidentiality of matter reported and protection against retaliation.

The Whistle-Blower Policy and a summary of the Principles of Business Conduct are made available on SAB's website.

1.4 Strategies promoting business sustainability

SAB Board recognizes the importance of business sustainability and, in developing the business strategy of Southern Acids, its impact on the environment, social and governance is taken into consideration.

Some of the efforts which have been taken by Southern Acids to promote business sustainability include the best practices adopted by Oleochemical Division of Southern Acids with regards to the treatment of effluent and wastewater while our palm oil mill in Indonesia uses plantation wastes and residues as its main sources of heating. Southern Acids also has measures in place to ensure the well-beings of its employees are adequately taken care of. A set of Occupational Safety and Health ("OSH") guidelines are effectively embedded within the operations of Southern Acids to ensure that safety and health policies are ingrained amongst employees. The OSH management systems are also periodically reviewed and continuously improved upon to ensure their effectiveness.

1.5 Access to information and advice

In discharging their duties and responsibilities, all members of SAB Board have full and unrestricted access to information from internal management personnel pertaining to the management and operations of Southern Acids, and if necessary, to seek external independent professional services at SAB's expense.

Prior to the meeting of SAB Board or Board Committee, directors will be given adequate notice of meeting detailing the agenda together with the necessary board papers that contain qualitative and/or quantitative information relevant to the business of the meeting. This allows the directors to obtain further information, explanations and/or clarifications, where necessary, in order that the deliberations at the meeting are focused and constructive. Also included in the agenda of each meeting are the minutes of the preceding meeting for confirmation of contents, and if necessary, follow-up on any outstanding matter arising.

Establish Clear Roles and Responsibilities of the Board and Management (Cont'd)

1.5 Access to information and advice (Cont'd)

The agenda include, inter-alia, the following which have been frequently and/or routinely tabled at SAB Board meetings:

a) Financial reports including financial and operating budget, quarterly unaudited interim financial report, annual audited financial statements and annual report.
b) Proposals and discussion papers of various Board Committees, which require ultimate decision by SAB Board.
c) Significant corporate proposal and strategic business plan.

SAB Board is supplied with relevant information and reports on financial, operational, corporate, regulatory, business development and audit matters, by way of Board reports or upon specific requests, for informed decision making and effective discharge of Board's responsibilities.

1.6 Qualified and competent company secretary

The company secretary has a key role to play in ensuring that board procedures are both followed and regularly reviewed. The company secretaries are Lim Kui Suang and Paul Ignatius Stanislaus, who are both qualified company secretaries.

The chairman of the meeting is assisted by the company secretaries to ensure that all required formalities of all meetings are in place, and to record the minutes of all meetings.

All directors also have access to the advice and services of the company secretaries.

1.7 Board Charter

SAB Board has formally adopted a Board Charter which sets out the roles, functions, authorities, responsibilities, composition, Board processes and the role and responsibilities of the chairman, the executive director and the independent directors. A copy of the Board Charter is made available on SAB's website and will be periodically reviewed and updated, as necessary.

PRINCIPLE 2

Strengthen Composition of the Board

2.1 Nominating Committee

The Nominating Committee ("NC") is responsible for the identification, assessment and recommendation of suitable candidate for appointment to SAB Board and Board Committees. In addition to these, the NC also conducts a review of the structure, size and composition of SAB Board annually to ensure the overall effectiveness of SAB's Board structure.

SAB Board has appointed Chung Kin Mun as the Senior Independent Director of SAB pursuant to Recommendation 2.1 of the MCCG 2012.

The NC has three members, comprising two independent non-executive directors and one non-independent non-executive director. The members of the NC are:

1) Chung Kin Mun (Chairman)
2) Leong So Seh
3) Raymond Wong Kwong Yee

The NC meets at least once during a financial year.

Strengthen Composition of the Board (Cont'd)

2.2 Develop, maintain and review criteria for recruitment processes and annual assessment of directors

Recruitment to the Board, re-election and annual assessment of directors

According to SAB's Articles of Association, unless otherwise determined at a general meeting of shareholders ("General Meeting"), the number of directors in SAB shall not be less than two (2) and more than twelve (12).

The Directors shall have power from time to time and at any time to appoint additional Directors as an addition to the existing Directors or to fill a casual vacancy up to the maximum number. Any new Director so appointed shall retire from office at the next General Meeting but shall be eligible for re-election.

To better discharge its functions and as a measure in complying with Recommendation 2.2 of MCCG 2012, the NC has developed certain criteria to be used in the recruitment of new directors and during the annual assessment of SAB's directors.

The NC is responsible to ensure that the procedures for the recruitment of new Directors are transparent and rigorous, and that appointments are made based on merit.

In evaluating the suitability of candidates to be recruited to SAB Board, the NC will, as part of the recruitment criteria meet up with the candidates and will consider, amongst others, the candidates' competency, skills and their ability to commit sufficient time to carry out their roles before recommendations are made to SAB Board for appointment. Potential candidates are also required to declare and confirm in writing their directorships in other companies, that they are not undischarged bankrupts or is involved in any legal suit in connection with the promotion, formation or management of a corporation or involving fraud or dishonesty punishable on conviction with imprisonment or is subject to any investigation by any regulatory authorities. Independent directors under consideration for admission to SAB Board will also have to declare and confirm in writing their independence based on the criteria set out in the Listing Requirements.

The annual assessment on directors includes, amongst others, an evaluation of whether each director continues to contribute effectively and demonstrate commitments (including time commitment) in discharging their fiduciary duties and stewardship role.

Insofar as gender diversity is concerned, SAB Board does not have a specific policy on setting targets for women candidates. The evaluation of the suitability of candidates is based solely on competency, character, time commitment, integrity and experience in meeting the needs of SAB.

Remuneration policies and procedures

The Remuneration Committee ("RC") was formed on 17 November 2001. The members of the RC are:

1) Leong So Seh (Chairperson)
2) Mohd Hisham bin Harun

All the members of the RC are non-executive directors.

The RC is primarily responsible for reviewing and recommending to SAB Board the appropriate remuneration packages of the executive director and the chief executive officer, taking into consideration the performance and the level of experience and responsibilities undertaken by them.

The remuneration package for the non-executive directors is a matter to be decided by SAB Board collectively.

The fee payable to any or all the members of SAB Board, however, is subject to approval by the shareholders of SAB.

The RC meets at least once during a financial year.

Strengthen Composition of the Board (Cont'd)

2.2 Develop, maintain and review criteria for recruitment processes and annual assessment of directors (Cont'd)

Director's Remuneration

The primary aim of SAB's policy on Director's remuneration is to be able to attract and retain Directors needed to run SAB successfully. Non-Executive Directors' remuneration reflects the experience, expertise and level of responsibilities undertaken by the Non-Executive Director concerned.

Details of the Directors' Remuneration

The aggregate directors' remuneration paid and payable to all directors of SAB by Southern Acids for the current financial year (including provisional directors' fees which are subject to approval by the shareholders in the forthcoming Annual General Meeting of the Company), are categorised into the following components and bands:

	Fee RM	Salary RM	Allowance RM	Total RM
Executive Director	126,000	194,029	10,400	335,229
Non-Executive Directors	514,901	-	104,600	614,701
	640,901	194,029	115,000	949,930

	No. of Directors Executive	Non-Executive	Total
Below RM50,000	-	5	5
RM100,001 to RM150,000	-	2	2
RM300,000 to RM350,000	-	-	1

PRINCIPLE 3

Reinforce Independence of the Board

3.1 Annual assessment of independence

SAB Board recognises the importance of the presence of independent directors to provide, amongst others unbiased views and advice on management proposals sponsored by the Executive Director and the Management in the best interests of the shareholders and investors. In addition, Independent Directors also bring with them knowledge and experience of the regulatory environment and accounting regime in Malaysia.

Mohd Hisham bin Harun, Leong So Seh, Teo Leng and Chung Kin Mun are the Independent Directors. In complying with recommendation 3.1 of MCCG 2012, the NC has undertaken an assessment of the independence of these independent directors based on criteria developed by the NC and is satisfied that they fulfill the criteria of "Independence" as prescribed under Chapter 1 of the Listing Requirements. SAB also fulfills the requirement to have at least one-third of SAB Board comprised of Independent Non-Executive Directors.

3.2 Tenure of Independent Directors

SAB does not have term limits for its Independent Directors. SAB Board believes that continued contribution from long serving Directors can provide added benefits to SAB Board and Southern Acids as a whole and there are significant advantages to be gained from these Directors who are able to provide invaluable insights and who possess knowledge of the affairs and businesses of Southern Acids.

SAB Board believes that the calibre, qualification, experience and personal qualities, particularly of the Director's integrity and objectivity in discharging his responsibilities in the best interest of SAB predominantly determines the ability of a Director to serve effectively as an Independent Director.

Reinforce Independence of the Board (Cont'd)

3.1 Annual assessment of independence (Cont'd)

SAB Board is however mindful that long tenure can impair the independence of its Independent Directors. In subscribing to the spirit advocated under the MCCG 2012 SAB Board had in YE 2012 re-designated Sukhinderjit Singh Muker from an Independent Director to a Non-Independent Director.

SAB Board will continue to assess the independence of its members annually and will also consider the re-designation of independent directors in service for a cumulative term of more than nine (9) years, as appropriate.

3.3 Shareholders approval for the re-appointment of Independent Director who has served for more than nine (9) years

The existing SAB Board does not comprise of any Independent Director who has served for more than nine (9) years.

3.4 Separation of positions of the Chairman of the Board and the Chief Executive Officer

The day-to-day management of the operations and business of SAB as well as implementation of SAB Board's policies and decisions are undertaken by the Executive Director.

There is a clear division of responsibility between the Chairman and the Executive Director under the present arrangement to ensure that there is a balance of power and authority, such that no one individual has unfettered powers over decision making.

The Chairman is responsible for the leadership and governance of SAB Board, ensuring its effectiveness. He engages directly with the Executive Director to monitor performance and oversees the implementation of strategies.

3.5 Board Composition and Balance

The existing SAB Board has eight members, which comprised the Chairman of SAB Board who is a non-independent director, three other non-independent directors and four independent directors.

Together, the Directors have a mix of skills and experience ranging from business, financial, legal and technical experience. The mix of skills and experience is vital for the successful direction of Southern Acids.

A brief profile of each Director is presented on page 9 to 13 of this Annual Report.

The existing SAB Board composition fulfils the requirements as set out under the Listing Requirements, which stipulate that at least two directors or one-third of SAB Board, whichever is higher, must be independent directors.

The Board is aware that the current Board composition is not in compliance with the Recommendation 3.5 of the MCCG 2012. The Board is mindful about this and is looking into how best to ensure compliace with the said recommendation in the near future.

SAB Board is satisfied that the current composition of Directors provides the appropriate balance and size necessary to promote all shareholders' interests and govern Southern Acids effectively. It also fairly represents the ownership structure of SAB, with appropriate representations of minority interests through the Independent Non-Executive Directors.

Reinforce Independence of the Board (Cont'd)

3.5 Board Composition and Balance (Cont'd)

SAB's directors are also aware that they should notify the Chairman before accepting any new directorship.

Chung Kin Mun is the Senior Independent Non-Executive Director and he is available to shareholders who have concerns that cannot be addressed through the Chairman and the Executive Director.

SAB has in place a liabilities insurance policy for Directors and officers in respect of liabilities arising from holding office in SAB. The insurance does not, however, provide coverage in the event that a Director or a member of Management is proven to have acted negligently, fraudulently or dishonestly.

PRINCIPLE 4

Foster Commitment

4.1 Time Commitment

Meetings to be held during the financial year are scheduled in advance to allow the Directors to plan ahead and ensure that SAB Board and Board Committee meetings are accounted for in their respective schedules.

SAB Board and Board Committees meet for both scheduled meetings and on other occasions to deal with urgent matters. Due notice is given for all scheduled and additional meetings.

SAB Board meets at least four times during a financial year and additional meetings will be convened as and when necessary. Details of the composition of SAB's Board since the date of the last Annual Report, and their attendance records of the meetings held during the current financial year were as follows:

No.	Name and position	Attendance of meetings
1)	Tan Sri Dato' Low Boon Eng *(Chairman of the Board)* *(Non-independent non-executive director)*	10/10
2)	Lim Kim Long *(Non-independent executive director)*	10/10
3)	Mohd. Hisham bin Harun *(Independent non-executive director)*	8/10
4)	Sukhinderjit Singh Muker *(Non-independent non-executive director)*	10/10
5)	Leong So Seh *(Independent non-executive director)*	9/10
6)	Teo Leng *(Independent non-executive director)*	10/10
7)	Raymond Wong Kwong Yee *(Non-independent non-executive director)*	9/10
8)	Chung Kin Mun *(Independent non-executive director)*	9/10
9)	Cheong Kee Yong *(Appointed on 25 July 2013)* *(Alternate Director to Lim Kim Loong)*	0/0

At SAB Board meetings held, the Chairman encourages constructive and healthy debates. Directors are also free to express their views in these meetings. The Chairman ensures that all Board decisions reflect the collective view of SAB Board and not just the views of an individual or a small group of individuals. Any Director who has a direct or deemed interest in the subject matter shall abstain from deliberation and voting during the meeting. The proceedings of and resolutions passed at each SAB Board and Board Committee meetings are minuted by the Company Secretary and kept in the statutory register at the registered office of SAB.

Foster Commitment (Cont'd)

4.1 Time Commitment (Cont'd)

In line with recommendation 4.1 of MCCG 2012 which requires SAB Board to set out expectations on time commitment for accepting new directorships, directors who are seeking admission to SAB Board will be required to commit to the Chairman of SAB Board that they are able to devote sufficient time to carry out their responsibilities prior to accepting directorships in SAB.

4.2 Directors' Continuing Education Programmes

SAB encourages all its directors to attend courses to help them in the discharge of their duties. All directors appointed to SAB Board have attended and completed the Mandatory Accreditation Programme sponsored by Securities Berhad ("Bursa Malaysia").

During the financial year, unless otherwise indicated, all directors have participated in conferences and seminars organised by relevant regulatory authorities or professional bodies as follows:

	Name of Director	Title of programme	Date attended
1)	Tan Sri Dato' Low Boon Eng	• MPOB PAC Seminar 2012 • MPOB International Oil Palm Biomass Conference 2012 • 8th Indonesian Palm Oil Conference	5 April 2012 20 – 21 September 2012 28 – 30 November 2012
2)	Lim Kim Long	• The Malaysian Corporate Governance Code 2012	3 July 2012
3)	Leong So Seh	• The Malaysian Code on Corporate Governance 2012	12 June 2012
5)	Teo Leng	• The Malaysian Corporate Governance Code 2012 • 4th Palm Oil Summit • MFRS/IFRS Guide for Audit Committee & Internal Auditors	3 July 2012 9 – 10 July 2012 19 – 20 November 2012
6)	Raymond Wong Kwong Yee	• Intellectual Property Valuation • Land Acquisition Proceedings	10 – 11 January 2012 28 February 2013
7)	Chung Kin Mun	• The Power of Emotional Intelligence at Work	5 – 6 December 2012

Sukhinderjit Singh Muker and Mohd Hisham bin Harun were unable to attend any training course during the financial year due to travelling and other business commitments. Mohd Hisham bin Harun however, will endeavour to participate in such relevant courses and seminars in the coming financial year.

PRINCIPLE 5

Uphold Integrity in Financial Reporting

5.1 Financial Statements comply with applicable financial reporting standards

Financial Reporting

SAB Board is committed to ensuring that SAB's financial statements and its quarterly interim financial report is a reliable source of financial information and comply with applicable financial reporting standards.

During the financial year and up to the date of this Annual Report, SAB's quarterly unaudited financial report, annual financial statements and annual report were all released on a timely basis to keep the shareholders, investing public and regulatory bodies updated of the activities, progress and the performance of SAB.

SAB Board is assisted by the Audit Committee ("AC") in governing the Company's financial reporting processes and the quality of its financial reporting.

Statement of Directors' Responsibilities in Respect of the Financial Statements

The Directors of SAB are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. In carrying-out this responsibility, the Directors have:

- designed, implemented and maintained internal controls relevant to the preparation and fair presentation of financial statements free from material misstatement, whether due to fraud or error
- adopted suitable accounting policies and applied them consistently
- stated whether applicable Financial Reporting Standards in Malaysia have been followed, subject to material departures disclosed and explained in the financial statements, if any
- made judgments and estimates that are reasonable in the circumstances
- employed the going-concern principle.

The Directors are responsible for ensuring that SAB keeps proper accounting records which disclose with reasonable accuracy the financial position of SAB and to enable them to ensure that the financial statements comply with the Companies Act, 1965 and oversees the quality of the financial reporting. The Directors are also responsible for safeguarding the assets of Southern Acids and taking reasonable steps to prevent and detect fraud and other irregularities.

Conflict of Interest and Related Party Transactions

SAB Board is responsible at all times for determining a potential or actual conflict of interest in relation to any matter which comes before SAB Board.

SAB Board through its AC reviews all the related party transactions on a regular basis. A Director who has an interest in a transaction must abstain from deliberation and voting on the relevant resolutions in respect to the transaction at SAB Board meetings.

The details of related party transactions are set out under Note 23 to the Financial Statements.

5.2 Assessment of suitability and independence of external auditors

In line with recommendation 5.2 of MCCG 2012, the AC has established policies and procedures to assess the suitability and independence ofSAB's external auditors. Such policies and procedures include the provision of written assurance from the external auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

During the year, the audit and non-audit fees of Southern Acids paid/ payable to the external auditors, Messrs Deloitte KassimChan amounted to RM337,000 and RM29,000.

PRINCIPLE 6

Recognise and Manage Risks

6.1 Sound framework to manage risks

SAB Board recognises the importance of risk management and has formalised a structured Enterprise Risk Management framework to identify, evaluate, control, monitor and report on the principal risks faced by Southern Acids on an ongoing basis.

The Corporate Governance Committee ("CGC") which was formed on 16 July 2009 has been entrusted with the responsibilities to review the adequacy, integrity and implementation of appropriate system of risk management in Southern Acids, amongst others.

The existing CGC has three members, which comprised two independent non-executive directors and a non-independent executive director. The CGC meets at least twice a year and its members who served since the date of the last Annual Report are:

1) Leong So Seh (Chairperson)
2) Lim Kim Long
3) Mohd. Hisham bin Harun

The CGC's roles in the oversight of risk management include:

a) Embed a holistic risk management framework in all aspects of the activities of Southern Acids.
b) Review and ensure the effectiveness of the risk management structure of Southern Acids, procedures and processes in meeting its desired objectives.
c) Evaluate the principal risks and ensure these risks are communicated to the management.
d) Ensure timely and regular receipt of reports from management of principal risks and that appropriate follow-up measures are implemented on a timely basis.
e) Communicate and monitor risks assessment results and risk appetite to SAB Board.

The Enterprise Risk Management process of Southern Acids comprises five (5) elements:

Framework Element	Description
Risk Governance	Establish approach to develop, support and embed risk strategy and accountability
Risk Assessment	Identify, assess and categorise risks across Southern Acids
Risk Quantification	Measure, analyse and consolidate risks
Risk Monitoring and Reporting	Report, monitor and conduct activities providing insight on risks management strength and weaknesses
Risk and control optmisation	Use risk and control information to improve performance

The CGC and the AC are assisted by the Internal Audit Department in the periodic testing of the effectiveness and efficiency of the internal controls procedures and processes of Southern Acids and also the regular reviews and appraisals of the effectiveness of the governance and risk management processes in Southern Acids.

6.2 Internal audit function

SAB Board is aware of the need to have an independent internal audit function to assist in obtaining the assurance it requires regarding the system of internal controls, risk management and governance processes of Southern Acids.

As such, SAB has in place an internal audit function which reports directly to the AC.

The duties and the activities undertaken by the Internal Audit department are summarised in page 28 of this Annual Report.

PRINCIPLE 7

Ensure Timely and High Quality Disclosure

7.1 Corporate disclosure policy

SAB Board recognises the importance of timely and equal dissemination of material information on matters concerning Southern Acids to the shareholders, stakeholders, media, regulators and the investing public.

In this respect, SAB Board has formalized a Corporate Disclosure Policy and Procedure Manual.

7.2 Leverage on information technology for effective dissemination of information

Southern Acids recognises the importance of effective and timely communication with shareholders and investors to keep them informed on the latest business and corporate developments of Southern Acids. Such information is disseminated via SAB's annual reports, circulars to shareholders, quarterly financial results, the various announcements made from time to time and notices of general meeting published in national newspapers.

To promote direct communication with stakeholders Southern Acids has established a website at www.southernacids.com for access by shareholders and the public to corporate information, financial statements, business profiles, news and events specifically related to Southern Acids.

PRINCIPLE 8

Strengthen Relationships Between Company and Shareholders

8.1 Encourage shareholders participation at general meeting

The AGM of SAB is the principal avenue for dialogue with shareholders where they may seek clarification on the performances and major developments of Southern Acids, as well as on the resolutions being proposed. Members of SAB Board, senior executives and independent professionals such as external auditors will be present to attend to questions raised.

The notice of AGM is circulated to shareholders at least twenty one (21) days before the meeting together with the Annual Report and agenda for the meeting with a memorandum providing information to shareholders to assist them in deciding on how they should vote on each item of the business. In addition, a full copy of the Notice of Meeting is also advertised in a major local newspaper.

In the AGM, SAB Board and the Management Team present a comprehensive review of the financial performance of Southern Acids for the year and outlines the prospects of Southern Acids for the subsequent financial year. Time is set aside for shareholders' queries. Where it is not possible to provide immediate answers, SAB Board will undertake to provide shareholders with written answers after the AGM. Copies of the presentation to shareholders are posted on SAB's website immediately.

SAB Board shared with the shareholders at the 31st AGM the responses to questions submitted in advance by the Minority Shareholder Watchdog Group, which was also posted on SAB's website.

Strengthen Relationships Between Company and Shareholders (Cont'd)

8.2 Encourage poll voting

Shareholders have the right to demand for poll voting during the AGM and the right to this is provided for in the Articles of Association of SAB. At the AGM to be held, the Chairman of the meeting will inform shareholders of their right to demand a poll vote on any resolution put forward.

8.3 Effective communication and proactive engagement

The AGM remains the principal avenue for dialogue with shareholders and investors, where they may seek clarification on the performance, major developments of Southern Acids as well as on the resolutions being proposed. Members of SAB Board as well as the external auditors are present to answer questions raised.

Apart from the AGM, SAB Board encourages other channels of communication with investors and shareholders. For this purpose, investors may direct their queries to Chung Kin Mun, the Senior Independent Director of SAB.

ADDITIONAL COMPLIANCE INFORMATION

In compliance with Para 9.25 of Listing Requirements, the following information are provided:

a) Related Party Transactions

All related party transactions entered into by Southern Acids were made in the ordinary course of business at arm's length and are based on normal commercial terms that are not more favourable to the transacting related party than those generally available to non-related party and will not be detrimental to the interests of minority shareholders in Southern Acids.

Details of the related party transactions entered into by Southern Acids during the current financial year are disclosed in Note 23 to the Financial Statements on pages 106 to 112 of this Annual Report.

At the thirty first (31st) AGM of SAB held on 26 September 2012, SAB had obtained the approval from shareholders for the renewal of the shareholders' mandate to enter into recurrent related party transactions of a revenue or trading nature with certain related parties, in the ordinary course of business. The said mandate took effect from 26 September 2012 until the conclusion of the forthcoming thirty-second AGM, in which SAB intends to seek for a fresh renewal of the shareholders' mandate. The details of the shareholders' mandate to be sought are furnished in the Circular to Shareholders dated 3 September 2013.

b) Share buyback

SAB is not mandated to carry out share buyback during the current financial year.

c) Options, Warrants and Convertible Securities

SAB did not issue any options, warrants or convertible securities during the current financial year and there were no outstanding options, warrants and convertible securities as of the end of the current financial year.

d) American Depository Receipt ("ADR") or Global Depository Receipt ("GDR") Programme

SAB did not sponsor any ADR or GDR programme during the current financial year.

e) Imposition of Sanctions and/or Penalties

There were no sanctions and/or penalties imposed on SAB or its subsidiaries, directors or management by regulatory bodies during the current financial year.

ADDITIONAL COMPLIANCE INFORMATION (CONT'D)

f) Profit Guarantee

SAB or its subsidiaries did not receive or are entitled to receive any form of profit guarantee during the current financial year.

g) Material Contracts

Saved for the related party transactions of revenue or trading nature which were entered in the ordinary course of business, there were no material contracts entered into by SAB or its subsidiaries involving directors and/or major shareholders during the current financial year.

h) Variation in Results

Southern Acids did not release any profit estimate, forecast or projection for the current financial year. There was no significant variance between the unaudited financial performance previously announced by SAB for Southern Acids, and the results presented in the audited financial statements in this Annual Report.

i) Non-Audit Fee

Southern Acids did not pay any non-audit fee to the external auditors during the financial year except for a total sum of RM29,000 being payment made for consultation service and professional tax advisory services rendered by the external auditors and its affiliated firm.

j) Revaluation Policy

Southern Acids does not have a revaluation policy on landed properties.

k) Corporate Social Responsibility

Southern Acids is committed to the welfare of its employees and to the communities at locations in which it conducts its businesses. The management recognises that for long-term sustainability, its strategic business orientation will need to cater beyond financial parameters. As such, besides the measures which are more specifically mentioned in page 31 under caption 1.4 in this Statement, Southern Acids has also made contribution of funds to community projects, charitable organisations and associations, and sponsorship of events of non-profitable organisation and schools.

statement on risk management and internal control

The Board of Directors of Southern Acids (M) Berhad ("SAB Board") affirms its commitment, and acknowledges its overall responsibility, in maintaining a sound system of risk management and internal control in the Southern Acids (M) Berhad ("SAB") and its subsidiaries ("Southern Acids") to safeguard shareholders' investments and assets of Southern Acids.

Notwithstanding the above, SAB Board also recognises that the system of risk management and internal control system in place can only reduce but not eliminate the possibility of poor judgment in decision making, human error, control process being deliberately circumvented by employees, management overriding controls; and the occurrence of unforeseeable circumstances. Consequently, the system can therefore provide only reasonable but not absolute assurance against failure to achieve business objectives or any material misstatement, operational failures, fraud, losses or breaches of laws and regulations.

The following statements outline the state of internal control within Southern Acids during the current financial year.

RISK MANAGEMENT FRAMEWORK

SAB Board recognises the importance of sound internal control, risk management practices and good corporate governance as an on-going process. For this reason, Southern Acids strives to embed a risk management process in the conduct of its day-to-day business operations so as to provide reasonable assurance of achieving business objectives while safeguarding the assets and enhancing shareholders' investment of Southern Acids.

The Management is entrusted with the responsibility of managing risks and internal controls associated with the operations, and ensuring compliance with applicable laws and regulations. The main underlying principles of the Risk Management policy of Southern Acids are:

- Each division is expressly informed to be responsible for managing the risks associated with its business and investment objectives, as risk management is a collective responsibility.

- Improve decision making, planning and prioritisation based on comprehensive understanding of the reward to risk balance.

- All material risks are to be identified, analysed, treated, quantified where possible, monitored and reported.

- Risk management is to be embedded within the strategic planning process, performance measurement system and day-to-day operations of Southern Acids.

During the last financial year, SAB appointed KPMG Management & Risk Consulting Sdn. Bhd. to provide Enterprise Risk Management ("ERM") services for Southern Acids. The engagement involves KPMG's assistance in establishing a structured enterprise risk management framework for Southern Acids, focusing on Southern Acids Industries Sdn. Bhd., a wholly owned subsidiary of SAB, as the pilot company for a full scope ERM project to be carried out. The assignment was completed during the current financial year and the Management is rolling out the ERM projects to the rest of the companies in Southern Acids. In essence, the structured ERM framework seeks to identify principal risks affecting or likely to affect Southern Acids, and helps to enable the implementation of appropriate and adequate systems to manage these risks on a prioritised basis.

KEY INTERNAL CONTROL SYSTEM

SAB Board is fully committed in ensuring that a proper control environment is maintained and there is an on-going process for identifying, evaluating and managing the significant risks faced by Southern Acids. The key processes that SAB Board has established to review the adequacy and integrity of the system of internal controls are as follows:

- A formal and clear organisation structure for the operating units with defined reporting lines and responsibilities to SAB Board level, with respective authority limits defined in Southern Acids Policies and Authorities, to ensure accountabilities in risk management and control activities.

- Comprehensive management reports are generated on a regular and consistent basis to facilitate SAB Board and the Management in performing financial and operational reviews.

- Regular Board and Senior Management meetings and visits to operating units to assess SAB performance and controls of Southern Acids.

- Training and development programmes are conducted and actively encouraged to ensure that employees are kept up-to-date with necessary competencies to carry out their respective duties towards achieving SAB's objectives.

- The Audit Committee ("AC") reviews the quarterly financial statements and performance of Southern Acids before they are tabled to SAB Board for review and approval. SAB Board through the AC also reviews reports from Internal Audit Department ("IAD") on internal control, to help to ensure the adequacy and integrity of the internal control system of Southern Acids.

- The embedment of internal audit function by the IAD is in the governance process of Southern Acids. The IAD, which is independent of Management, and carries out its functions within the Audit Charter approved by the AC and SAB Board, performs internal audit in diverse areas and environment for the review of internal control; management; financial accounting and reporting; and operational activities within Southern Acids. The internal audit efforts are directed towards areas of significant risks as identified by the Management and the risk management process. The IAD reports, functionally to the AC, and administratively to the Executive Director.

- The Management reviews the findings of the IAD and adopts the recommendations put forth by the IAD, where appropriate.

WHISTLE BLOWER POLICY

The Whistle Blower Policy outlines the commitment of Southern Acids towards enabling employees to raise concerns in a responsible manner regarding any wrong doing or malpractice without being subject to victimization or discriminatory treatment, and to have such concerns properly investigate. The Policy promotes a culture of honesty, openness and transparency within Southern Acids.

All disclosures made under the Policy will be dealt with strict confidence. The complaint can be lodged over email to whistleblower@southernacids.com which will be auto forwarded to the Chairman of the Corporate Governance Committee and the Chairman of AC.

EXTERNAL AUDITORS

The external auditors, when applicable, issue management letter highlighting issues and weaknesses that came to their attention during the course of their audit.

The external auditors have also reviewed this Statement on Risk Management and Internal Control and reported to SAB Board that no occurance has come to their attention that causes them to believe that the statement is inconsistent with their understanding of the processes adopted by SAB Board in reviewing the adequacy and integrity of the internal control system.

CONCLUSION

SAB Board has received assurance from the Executive Director and the Chief Financial Officer that SAB's risk management and internal control system is operating adequately and effectively in all material aspects, based on the risk management and internal control system of Southern Acids.

SAB Board is of the view that the system of risk management and internal control that has been put in place throughout Southern Acids is adequate. Notwithstanding this, SAB Board will ensure that review on the system on risk management and internal controls is carried out continuously to ensure on-going adequacy and effectiveness in a robust operating environment.

During the financial year under review, there were no material internal control failures or adverse events that have directly resulted in any material losses to Southern Acids.

This statement is made in accordance with a resolution of the Board dated 5 August 2013.

financial statement

REPORT OF THE DIRECTORS

The directors of **SOUTHERN ACIDS (M) BERHAD** have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 March 2013.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and the provision of management services to the subsidiary companies. On 31 July 2011, the Company has ceased to be a marketing arm in the sales and marketing of oleochemical products for a wholly-owned subsidiary company.

The principal activities of the subsidiary companies are disclosed in Note 15 to the Financial Statements.

There have been no significant changes in the nature of the principal activities of the Company and of its subsidiary companies during the financial year.

RESULTS OF OPERATIONS

The results of operations of the Group and of the Company for the financial year are as follows:

	The Group RM'000	The Company RM'000
Profit before tax	56,881	5,215
Income tax expense	(11,246)	(3)
Profit for the year	45,635	5,212
Attributable to:		
Equity holders of the Company	36,616	5,212
Non-controlling interests	9,019	-
	45,635	5,212

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

DIVIDENDS

A final dividend of 6.67 sen per ordinary share of RM1.00 each, less 25% tax, amounting to RM6,850,123 proposed in the previous financial year and dealt with in the previous directors' report was paid by the Company on 24 October 2012.

The directors have proposed the following final dividends in respect of the current financial year:

(a) 3 sen per ordinary share of RM1.00 each, less 25% tax, amounting to RM3,081,018; and

(b) 2.75 sen per ordinary share of RM1.00 each, single tier, amounting to RM3,765,689.

The proposed dividends are subject to approval by the shareholders at the forthcoming Annual General Meeting of the Company and have not been included as a liability in the financial statements.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

ISSUE OF SHARES AND DEBENTURES

The Company has not issued any new shares or debentures during the financial year.

SHARE OPTIONS

No options have been granted by the Company to any party during the financial year to take up unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of any option to take up unissued shares of the Company. As at the end of the financial year, there were no unissued shares of the Company under options.

OTHER STATUTORY INFORMATION

Before the income statements, statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:

(a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and had satisfied themselves that there were no known bad debts to be written off and that adequate allowance had been made for doubtful debts; and

(b) to ensure that any current assets which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.

OTHER STATUTORY INFORMATION (CONT'D)

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

(a) which would require the writing off of bad debts or render the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or

(b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or

(c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or

(d) not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist:

(a) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liability of any other person; or

(b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

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

In the opinion of the directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of operations of the Group and of the Company for the financial year in which this report is made.

DIRECTORS

The following directors served on the Board of the Company since the date of the last report:

Tan Sri Dato' Low Boon Eng, PSM, DPMS, JP
Lim Kim Long
Mohd Hisham Bin Harun
Sukhinderjit Singh Muker
Leong So Seh
Teo Leng
Raymond Wong Kwong Yee
Chung Kin Mun
Cheong Kee Yoong (Alternative Director to Lim Kim Long) (appointed on 25.7.2013)

DIRECTORS' INTERESTS

The shareholdings in the Company of those who were directors at the end of the financial year, as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965, are as follows:

	Number of ordinary shares of RM1.00 each			
	As of 1.4.2012	**Bought**	**Sold**	**As of 31.3.2013**
Shares in the Company				
Registered in name of directors				
Direct interest				
Tan Sri Dato' Low Boon Eng, PSM, DPMS, JP	2,487	-	-	**2,487**
Lim Kim Long	49,276	-	-	**49,276**
Deemed interest				
Tan Sri Dato' Low Boon Eng, PSM, DPMS, JP *^	65,754,977	-	-	**65,754,977**
Lim Kim Long **#	66,631,911	-	-	**66,631,911**

Notes:

* By virtue of his interest in Southern Cocoa Products (M) Sdn. Berhad, Banting Hock Hin Estate Company Sdn. Bhd., Southern Realty (Malaya) Sdn. Berhad, Southern Hock Joo Plantation Sdn. Berhad, Naga Wira Sdn. Berhad, Bekalan Utama Sdn. Berhad, Southern Edible Oil Industries (M) Sdn. Berhad, Southern Palm Industries Sdn. Berhad and Eng Leong Holdings Sdn. Bhd.

** By virtue of his interest in Southern Cocoa Products (M) Sdn. Berhad, Banting Hock Hin Estate Company Sdn. Bhd., Southern Realty (Malaya) Sdn. Berhad, Southern Hock Joo Plantation Sdn. Berhad, Naga Wira Sdn. Berhad, Bekalan Utama Sdn. Berhad, Southern Edible Oil Industries (M) Sdn. Berhad, Southern Palm Industries Sdn. Bhd. and Lim Thye Peng Realty Sdn. Bhd.

^ Included in deemed interest is 128,470 ordinary shares held by his spouse and children who are not the director of the Company, pursuant to Section 134(12)(c) of the Companies (Amendment) Act, 2007.

Included in deemed interest is 28,666 ordinary shares held by his spouse who is not the director of the Company, pursuant to Section 134(12)(c) of the Companies (Amendment) Act, 2007.

By virtue of their interest in the shares of the Company, the above directors are deemed to have beneficial interests in the shares of all the subsidiary companies to the extent that the Company has an interest.

Other than as disclosed above, none of the other directors in office at the end of the financial year held shares or had any interest or beneficial interest in the shares of the Company or its related companies during and at the end of the financial year.

The deemed interest of directors disclosed above have been made in accordance with the requirements of the Companies Act, 1965 and does not in any way reflect the beneficial interest of the directors in the above companies.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the directors of the Company has received or become entitled to receive any benefit (other than the benefit included in the aggregate amount of emoluments received or due and receivable by the directors as disclosed in the financial statements) by reason of a contract made by the Company or a related corporation with any director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for any benefit which may be deemed to have arisen by virtue of the balances and transactions with companies in which certain directors of the Company are also directors and/or have substantial financial interests as disclosed in Note 23 to the Financial Statements.

During and at the end of the financial year, no arrangement subsisted to which the Company was a party whereby directors of the Company might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

AUDITORS

The auditors, Messrs. Deloitte KassimChan, have indicated their willingness to continue in office.

Signed on behalf of the Board
in accordance with a resolution of the Directors,

TAN SRI DATO' LOW BOON ENG, PSM, DPMS, JP

LIM KIM LONG

Klang
25 July 2013

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF SOUTHERN ACIDS (M) BERHAD (Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of **SOUTHERN ACIDS (M) BERHAD**, which comprise the statements of financial position of the Group and of the Company as of 31 March 2013 and the income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 56 to 135.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of these financial statements so as to give a true and fair view in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' 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 the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 entity'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 that we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 March 2013 and of their financial performance and cash flows for the year then ended in accordance with Financial Reporting Standards and the requirements Companies Act, 1965 in Malaysia.

Report on the Financial Statements (Cont'd)

Emphasis of Matters

Without qualifying our opinion, we draw attention to the following:

(a) As mentioned in Note 34(a) to the Financial Statements, in the financial year ended 30 April 2009, the Company received a letter from a related party, Southern Realty (Malaya) Sdn. Berhad, which is also a major shareholder of the Company, alleging numerous questionable transactions involving certain companies within the Group with certain related parties, and amongst related parties during the past several years. Most of these allegations are directed at Southern Management (M) Sdn. Bhd. ("SMSB"), a wholly-owned subsidiary of the Company, which provided administrative and accounting services to these related parties.

The management of the Company is presently assessing various approaches to verify the allegations, taking into consideration the limitation on access to records and documents belonging to the said related parties to enable any investigation exercise to begin.

The Group and the Company may be exposed to potential claims, the amount of which is not presently determinable, in the event that those allegations are proven.

(b) As mentioned in Note 34(b) to the Financial Statements, in April 2010, SMSB was served with a Writ of Summons and Statement of Claim for RM62.0 million filed by Southern Palm Industries Sdn. Berhad ("SPI"), a major shareholder of the Company, against SMSB and seven (7) other defendants. The claim is for fraud and breach of fiduciary duties allegedly committed by certain former directors and employees of SMSB and other defendants in relation to loans extended by SPI in prior years to two (2) companies in which those former directors and employees of SMSB hold directorship. The sums claimed are for repayment of cost of funds of approximately RM62.0 million, plus further interest and costs. SMSB has retained solicitors to defend the action. The case is currently still pending in court.

Also, as mentioned in Note 34(b) to the Financial Statements, the directors are unable to ascertain, at this juncture, whether there will be any material financial impact on the Group arising from the abovesaid claim.

Report on Other Legal and Regulatory Requirements

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

(a) in our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and by the subsidiary companies of which we have acted as auditors, have been properly kept in accordance with the provisions of the Act;

(b) we have considered the accounts and auditors' reports of the subsidiary companies, of which we have not acted as auditors, as mentioned in Note 15 to the Financial Statements, being accounts that have been included in the financial statements of the Group;

(c) we are satisfied that the accounts of the subsidiary companies that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations as required by us for these purposes; and

(d) the auditors' reports on the accounts of the subsidiary companies were not subject to any qualification and did not include any comment made under Sub-section (3) of Section 174 of the Act.

Other Reporting Responsibilities

The supplementary information set out on page 136 of the Financial Statements, is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information 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 ("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.

Other Matter

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 towards any other person for the contents of this report.

DELOITTE KASSIMCHAN
AF 0080
Chartered Accountants

TEO SWEE CHUA
Partner - 2846/01/14 (J)
Chartered Accountant

Petaling Jay
25 July 2013

INCOME STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013

	Note	The Group 2013 RM'000	The Group 2012 RM'000	The Company 2013 RM'000	The Company 2012 RM'000
Revenue	5	**581,425**	560,876	**10,093**	120,494
Investment revenue	6	**3,154**	2,727	**134**	169
Other operating income		**6,396**	3,877	**241**	245
Changes in inventories of finished goods and work-in-progress		**(11,470)**	(8,748)	**-**	-
Raw materials and consumables used		**(355,697)**	(359,353)	**-**	-
Purchase of trading merchandise		**-**	-	**-**	(107,088)
Depreciation of property, plant and equipment	12	**(8,544)**	(8,257)	**(608)**	(578)
Amortisation of biological assets	14	**(754)**	(802)	**-**	-
Directors' remuneration	8	**(1,710)**	(1,150)	**(490)**	(379)
Employee benefits expense	7	**(42,780)**	(40,644)	**(3,323)**	(3,385)
Other operating expenses		**(113,139)**	(107,251)	**(832)**	(3,581)
Profit before tax	7	**56,881**	41,275	**5,215**	5,897
Income tax expense	9	**(11,246)**	(13,261)	**(3)**	(2,244)
Profit for the year		**45,635**	28,014	**5,212**	3,653
Attributable to:					
Equity holders of the Company		**36,616**	19,924	**5,212**	3,653
Non-controlling interests		**9,019**	8,090	**-**	-
		45,635	28,014	**5,212**	3,653
Earnings per share (sen) attributable to equity holders of the Company					
Basic and diluted	10	**26.74**	14.55		

The accompanying Notes form an integral part of the Financial Statements.

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2013

	The Group		The Company	
	2013	**2012**	**2013**	**2012**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Profit for the year	**45,635**	28,014	**5,212**	3,653
Other comprehensive loss				
Loss arising from revaluation of available-for-sale investments	**(1,075)**	(5,418)	**(1,075)**	(5,418)
Exchange differences on translating foreign operations	**(3,800)**	(2,709)	**-**	-
	(4,875)	(8,127)	**(1,075)**	(5,418)
Total comprehensive income/(loss) for the year, net of tax	**40,760**	19,887	**4,137**	(1,765)
Total comprehensive income/(loss) attributable to:				
Equity holders of the Company	**33,049**	10,734	**4,137**	(1,765)
Non-controlling interests	**7,711**	9,153	**-**	-
	40,760	19,887	**4,137**	(1,765)

The accompanying Notes form an integral part of the Financial Statements.

STATEMENTS OF FINANCIAL POSITION
AS OF 31 MARCH 2013

	Note(s)	The Group 2013 RM'000	The Group 2012 RM'000	The Company 2013 RM'000	The Company 2012 RM'000
ASSETS					
Non-Current Assets					
Land held for property development	11	**141,944**	141,944	**-**	-
Property, plant and equipment	12	**105,322**	105,174	**5,358**	5,787
Investment property	13	**3,318**	3,318	**-**	-
Biological assets	14	**9,912**	10,291	**-**	-
Investment in subsidiary companies	15	**-**	-	**50,756**	50,773
Available-for-sale investments	16	**33,828**	34,903	**33,828**	34,903
Advances for Plasma PIR-TRANS program	17	**133**	1,534	**-**	-
Advances for KKPA program	18	**6,220**	634	**-**	-
Deferred tax assets	19	**1,036**	919	**-**	-
Total Non-Current Assets		**301,713**	298,717	**89,942**	91,463
Current Assets					
Inventories	20	**54,532**	64,669	**-**	-
Derivative financial assets		**161**	-	**161**	-
Trade receivables	21&23	**37,716**	50,670	**-**	-
Other receivables, deposits and prepaid expenses	22&23	**4,249**	2,222	**163**	276
Tax recoverable		**2,491**	868	**-**	-
Amount owing by subsidiary companies	23	**-**	-	**208,779**	212,769
Fixed deposits, short-term placements, and cash and bank balances	24	**148,497**	94,858	**8,242**	6,017
Total Current Assets		**247,646**	213,287	**217,345**	219,062
TOTAL ASSETS		**549,359**	512,004	**307,287**	310,525

STATEMENTS OF FINANCIAL POSITION
AS OF 31 MARCH 2013 (cont'd)

	Note(s)	The Group 2013 RM'000	The Group 2012 RM'000	The Company 2013 RM'000	The Company 2012 RM'000
EQUITY AND LIABILITIES					
Capital and Reserves					
Share capital	25	**136,934**	136,934	**136,934**	136,934
Reserves	26	**309,849**	283,650	**77,740**	80,453
Equity attributable to equity holders of the Company		**446,783**	420,584	**214,674**	217,387
Non-controlling interests		**35,972**	30,616	**-**	-
Total Equity		**482,755**	451,200	**214,674**	217,387
Non-Current and Deferred Liabilities					
Provision for retirement benefits	27	**7,945**	6,762	**1,570**	1,280
Deferred tax liabilities	19	**3,428**	13	**-**	-
Total Non-Current and Deferred Liabilities		**11,373**	6,775	**1,570**	1,280
Current Liabilities					
Trade payables	23&28	**25,229**	22,395	**-**	-
Other payables and accrued expenses	23&28	**28,217**	28,663	**1,187**	1,508
Amount owing to subsidiary companies	23	**-**	-	**89,735**	90,150
Derivative financial liabilities		**-**	79	**-**	79
Tax liabilities		**1,664**	697	**-**	-
Dividend payable		**121**	2,195	**121**	121
Total Current Liabilities		**55,231**	54,029	**91,043**	91,858
Total Liabilities		**66,604**	60,804	**92,613**	93,138
TOTAL EQUITY AND LIABILITIES		**549,359**	512,004	**307,287**	310,525

The accompanying Notes form an integral part of the Financial Statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2013

The Group	Note	Share capital RM'000	← Share premium RM'000	Non-distributable reserves Foreign exchange reserve RM'000	Other reserve RM'000	Fair value reserve RM'000 →	Distributable reserve - Retained earnings RM'000	Equity attributable to equity holders of the Company RM'000	Non-controlling interests RM'000	Total equity RM'000
As of 1 April 2011		136,934	34,321	1,199	-	20,261	225,673	418,388	30,486	448,874
Profit for the year		-	-	-	-	-	19,924	19,924	8,090	28,014
Other comprehensive income/ (loss)		-	-	(3,772)	-	(5,418)	-	(9,190)	1,063	(8,127)
Total comprehensive income/ (loss) for the year, net of tax		-	-	(3,772)	-	(5,418)	19,924	10,734	9,153	19,887
Acquisition of non-controlling interests in a subsidiary company	15	-	-	-	(322)	-	-	(322)	(6,278)	(6,600)
Dividends paid	31	-	-	-	-	-	(8,216)	(8,216)	-	(8,216)
Dividend paid to non-controlling interests of subsidiary companies		-	-	-	-	-	-	-	(2,745)	(2,745)
As of 31 March 2012		136,934	34,321	(2,573)	(322)	14,843	237,381	420,584	30,616	451,200

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2013 (cont'd)

The Group	Note	Share capital RM'000	← Non-distributable reserves Share premium RM'000	Foreign exchange reserve RM'000	Other reserve RM'000	Fair value reserve RM'000 →	Distributable reserve - Retained earnings RM'000	Equity attributable to equity holders of the Company RM'000	Non-controlling interests RM'000	Total equity RM'000
As of 1 April 2012		136,934	34,321	(2,573)	(322)	14,843	237,381	420,584	30,616	451,200
Profit for the year		-	-	-	-	-	36,616	36,616	9,019	45,635
Other comprehensive loss		-	-	(2,492)	-	(1,075)	-	(3,567)	(1,308)	(4,875)
Total comprehensive income/ (loss) for the year, net of tax		-	-	(2,492)	-	(1,075)	36,616	33,049	7,711	40,760
Dividends paid	31	-	-	-	-	-	(6,850)	(6,850)	-	(6,850)
Dividend paid to non-controlling interests of subsidiary companies		-	-	-	-	-	-	-	(2,355)	(2,355)
As of 31 March 2013		**136,934**	**34,321**	**(5,065)**	**(322)**	**13,768**	**267,147**	**446,783**	**35,972**	**482,755**

The Company	Note	Share capital RM'000	Non-distributable reserve Share premium RM'000	Non-distributable reserve Fair value reserve RM'000	Distributable reserve - Retained earnings RM'000	Total equity RM'000
As of 1 April 2011		136,934	34,321	20,261	35,852	227,368
Profit for the year		-	-	-	3,653	3,653
Other comprehensive loss		-	-	(5,418)	-	(5,418)
Total comprehensive income/(loss) for the year, net of tax		-	-	(5,418)	3,653	(1,765)
Dividends paid	31	-	-	-	(8,216)	(8,216)
As of 31 March 2012		136,934	34,321	14,843	31,289	217,387
As of 1 April 2012		136,934	34,321	14,843	31,289	217,387
Profit for the year		-	-	-	5,212	5,212
Other comprehensive loss		-	-	(1,075)	-	(1,075)
Total comprehensive income/(loss) for the year, net of tax		-	-	(1,075)	5,212	4,137
Dividends paid	31	-	-	-	(6,850)	(6,850)
As of 31 March 2013		**136,934**	**34,321**	**13,768**	**29,651**	**214,674**

The accompanying Notes form an integral part of the Financial Statements.

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2013

	The Group		The Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM/ (USED IN) OPERATING ACTIVITIES				
Profit before tax	**56,881**	41,275	**5,215**	5,897
Adjustments for:				
Depreciation of property, plant and equipment	**8,544**	8,257	**608**	578
Inventories written down	**191**	461	**-**	-
(Gain)/Loss arising from derivative financial assets	**(240)**	204	**(240)**	204
Provision for retirement benefits	**1,454**	1,832	**290**	191
Amortisation of biological assets	**754**	802	**-**	-
Allowance for doubtful debts	**554**	-	**-**	1,800
Property, plant and equipment written off	**2,287**	14	**19**	-
Biological assets written off	**-**	14	**-**	-
Bad debts written off	**-**	2	**-**	-
Dividend income	**(1,420)**	(2,147)	**(6,420)**	(9,806)
Interest income	**(3,154)**	(2,727)	**(134)**	(169)
Unrealised (gain)/loss on foreign exchange	**(428)**	202	**-**	-
Allowance for doubtful debts no longer required	**(20)**	(87)	**-**	(157)
Gain on disposal of property, plant and equipment	**(20)**	(34)	**-**	-
Impairment loss on investment in subsidiary companies	**-**	-	**17**	-
Allowance for loss on conversion of Plasma PIR-TRANS program	**119**	-	**-**	-
Operating Profit/(Loss) Before Working Capital Changes	**65,502**	48,068	**(645)**	(1,462)
(Increase)/Decrease in:				
Inventories	**9,946**	9,974	**-**	-
Trade receivables	**12,872**	(8,251)	**-**	35,851
Other receivables, deposits and prepaid expenses	**(2,051)**	578	**113**	159
Increase/(Decrease) in:				
Trade payables	**2,834**	(7,374)	**-**	-
Other payables and accrued expenses	**(446)**	2,633	**(321)**	(5,033)
Amount owing to subsidiary companies	**-**	-	**4,585**	(22,509)
Cash Generated From Operations	**88,657**	45,628	**3,732**	7,006
Income tax paid	**(8,655)**	(10,680)	**(3)**	(279)
Income tax refunded	**51**	13	**-**	13
Retirement benefits paid	**(120)**	(419)	**-**	-
Net Cash From Operating Activities	**79,933**	34,542	**3,729**	6,740

	Note	The Group 2013 RM'000	The Group 2012 RM'000	The Company 2013 RM'000	The Company 2012 RM'000
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES					
Interest received		**3,154**	2,727	**134**	169
Dividends received		**1,420**	2,147	**1,420**	2,147
Acquisition of non-controlling interests in a subsidiary company (Note 15)		**-**	(6,600)	**-**	-
Conversion for:					
Plasma PIR-TRANS program		**1,236**	255	**-**	-
KKPA program		**-**	1,645	**-**	-
Additions for KKPA program		**(5,612)**	(1,511)	**-**	-
Proceeds from disposal of property, plant and equipment		**24**	55	**-**	-
Additions to property, plant and equipment (Note)		**(11,919)**	(15,907)	**(198)**	(133)
Additions to biological assets (Note 14)		**(828)**	(178)	**-**	-
Additions to investment in subsidiary companies		**-**	-	**-**	(6,700)
Net Cash (Used In)/From Investing Activities		**(12,525)**	(17,367)	**1,356**	(4,517)
CASH FLOWS FROM/ (USED IN) FINANCING ACTIVITIES					
Dividend paid by:					
The Company		**(6,850)**	(8,216)	**(6,850)**	(8,216)
Subsidiary companies to non-controlling interests		**(4,429)**	(671)	**-**	-
Advances from/(Repayments to) subsidiary companies		**-**	-	**3,990**	(1,984)
Net Cash Used In Financing Activities		**(11,279)**	(8,887)	**(2,860)**	(10,200)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**56,129**	8,288	**2,225**	(7,977)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**94,858**	88,418	**6,017**	13,994
EFFECT OF TRANSLATION DIFFERENCES		**(2,490)**	(1,848)	**-**	-
CASH AND CASH EQUIVALENTS AT END OF YEAR	30	**148,497**	94,858	**8,242**	6,017

Note:

During the current financial year, the Group acquired property, plant and equipment as follows:

	The Group	
	2013	**2012**
	RM'000	**RM'000**
Total costs of property, plant and equipment acquired	**11,919**	22,433
Less: Purchase consideration not paid and included in other payable (Note 28(b))	**-**	(6,526)
Payment made	**11,919**	15,907

The accompanying Notes form an integral part of the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013

1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia and listed on the Main Market of the Bursa Malaysia Securities Berhad.

The principal activities of the Company are investment holding and the provision of management services to the subsidiary companies. On 31 July 2011, the Company has ceased to be a marketing arm in the sales and marketing of oleochemical products for a wholly-owned subsidiary company.

The principal activities of the subsidiary companies are disclosed in Note 15.

There have been no significant changes in the nature of the activities of the Company and of its subsidiary companies during the financial year.

The registered office of the Company is located at 9, Jalan Bayu Tinggi 2A/KS6, Taipan 2, Batu Unjur, 41200 Klang, Selangor Darul Ehsan.

The principal place of business of the Company is located at Level 29, Centro Tower, No. 8, Jalan Batu Tiga Lama, 41300 Klang, Selangor Darul Ehsan.

The financial statements of the Group and of the Company have been approved by the Board of Directors and were authorised for issuance on 25 July 2013.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the Group and of the Company have been prepared in accordance with the Companies Act, 1965 and Financial Reporting Standards ("FRSs") in Malaysia.

Adoption of new and revised Financial Reporting Standards

In the current financial year, the Group and the Company adopted all the new and revised FRSs and Issues Committee Interpretations ("IC Interpretation") and amendments to FRSs and IC Interpretation issued by Malaysian Accounting Standards Board ("MASB") which became effective for annual periods beginning on or after 1 April 2012 as follows:

FRS 7	Financial Instruments: Disclosures (Amendments relating to Disclosures - Transfers of Financial Assets)
FRS 112	Income Taxes (Amendments relating to Deferred Tax - Recovery of Underlying Assets)
FRS 124	Related Party Disclosures (Revised)
IC Interpretation 14	FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction (Amendments relating to prepayments of a minimum funding requirement)
IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments

The adoption of these new and revised FRSs and IC Interpretations did not result in significant changes in the accounting policies of the Group and of the Company and has no significant effect on the financial performance or position of the Group and of the Company.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (CONT'D)

Malaysian Financial Reporting Standards Framework ("MFRS Framework")

On 19 November 2011, the Malaysian Accounting Standards Board ("MASB") issued a new MASB approved accounting framework, the MFRS Framework in conjunction with its planned convergence of FRSs with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board on 1 January 2012.

The MFRS Framework is a fully IFRS-compliant framework, equivalent to IFRSs which is mandatory for adoption by all Entities Other than Private Entities for annual periods beginning on or after 1 January 2012, with the exception for Transitioning Entities. Transitioning Entities, being entities which are subject to the application of MFRS 141 *Agriculture* and/or IC Interpretation 15 *Agreements for the Construction of Real Estate* are given an option to defer adoption of the MFRS Framework for an additional one year. Transitioning Entities also includes those entities that consolidate, equity account or proportionately consolidate an entity that has chosen to continue to apply the FRS Framework for annual periods beginning on or after 1 January 2012. However, on 30 June 2012, the MASB decided to extend the aforementioned transitional period for another one year. Thus, Transitioning Entities are given an additional option to continue to apply the FRS Framework for annual periods beginning on or after 1 January 2013. Consequently, the MFRS Framework will be mandatory for application for annual periods beginning on or after 1 January 2014.

Accordingly, the Group and the Company, being Transitioning Entities, have availed themselves of this transitional arrangement and will continue to apply FRSs in their next set of financial statements. Therefore, the Group and the Company will be required to apply MFRS 1 First-time Adoption of Malaysian Financial Reporting Standard ("MFRS 1") in their financial statements for the financial year ending 31 March 2015, being the first set of financial statements prepared in accordance with the new MFRS Framework. Further, an explicit and unreserved statement of compliance with IFRSs will be made in these financial statements.

The Group and the Company are currently assessing the impact of adoption of MFRS 1, including identification of the differences in existing accounting policies as compared to the new MFRSs and the use of optional exemption as provided for in MFRS 1. As at the date of authorisation of issue of the financial statements, accounting policy decisions or elections have not been finalised. Thus, the impact of adopting the new MFRS Framework on the Group's and the Company's first set of financial statements prepared in accordance with the MFRS Framework cannot be determined and estimated reliably until the process is complete.

Standards and IC Interpretations in issue but not yet effective

At the date of authorisation for issue of these financial statements, the new and revised Standards and IC Interpretations which were in issue but not yet effective and not early adopted by the Group and the Company are as listed below:

FRS 7	Financial Instruments: Disclosures (Amendments relating to Disclosures – Offsetting Financial Assets and Liabilities)[1]
FRS 9	Financial Instruments (IFRS 9 issued by IASB in October 2009)[2]
FRS 9	Financial Instruments (IFRS 9 issued by IASB in November 2010)[2]
FRS 10	Consolidated Financial Statements[1]
FRS 10	Consolidated Financial Statements (Amendments relating to Transition Guidance)[1]
FRS 11	Joint Arrangements[1]
FRS 11	Joint Arrangements (Amendments relating to Transition Guidance)[1]
FRS 12	Disclosure of Interests in Other Entities[1]
FRS 12	Disclosure of Interests in Other Entities (Amendments relating to Transition Guidance)[1]

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (CONT'D)

Standards and IC Interpretations in issue but not yet effective (Cont'd)

FRS 13	Fair Value Measurement[1]
FRS 101	Presentation of Financial Statements (Amendments relating to Presentation of Items of Other Comprehensive Income)[3]
FRS 116	Property, Plant and Equipment (Classification of servicing equipment)[1]
FRS 119	Employee Benefits (2011)[1]
FRS 127	Separate Financial Statements (2011)[1]
FRS 128	Investment in Associates and Joint Ventures[1]
FRS 132	Financial Instruments: Presentation (Amendments relating to Offsetting Financial Assets and Financial Liabilities)[4]
FRS 134	Interim Financial Reporting[1]
IC Interpretation 2	Members' Shares in Cooperative Entities and Similar Instruments (Tax effect of distribution to holders of equity instruments)[1]
IC Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine[1]

Amendments to FRSs contained in the document entitled Annual Improvements 2009-2011 cycle[1]

[1] Effective for annual periods beginning on or after 1 January 2013
[2] Effective for annual periods beginning on or after 1 January 2015 instead of 1 January 2013 immediately upon the issuance of Amendments to FRS 9 (IFRS 9 issued by IASB in November 2009 and October 2010 respectively) and FRS 7 on 1 March 2012
[3] Effective for annual periods beginning on or after 1 July 2012
[4] Effective for annual periods beginning on or after 1 January 2014

The directors anticipate that the abovementioned Standards and IC Interpretations will be adopted in the annual financial statements of the Group and of the Company when they become effective and that the adoption of these Standards and IC Interpretations will have no material impact on the financial statements of the Group and of the Company in the period of initial application.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention unless otherwise indicated in the accounting policies below.

Basis of Consolidation

The financial statements of the Group incorporate the financial statements of the Company and entities controlled by the Group as shown in Note 15 made up to the end of the financial year. Control is achieved where the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Control is presumed to exist when the Group owns, directly or indirectly through subsidiary companies, more than half of the voting power of the entity.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Basis of Consolidation (Cont'd)

The consolidated financial statements incorporate the financial statements of the Company and of its subsidiary companies acquired or disposed of during the period from the effective date of acquisition or up to the effective date of disposal, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiary companies to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Non-controlling interests in subsidiary companies are identified separately from the Group's equity therein. The interests of non-controlling shareholders may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interests in subsidiary companies that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary companies. Any difference between the amount by which the non-controlling interests are adjusted at the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

Where the Group loses control of a subsidiary company, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary companies and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary companies are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investment retained in the former subsidiary companies at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 139 Financial Instruments: Recognition and Measurement or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

Business Combinations

The acquisition of subsidiary companies is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for the recognition under FRS 3 Business Combinations are recognised at their fair values at the acquisition date, except for non-current assets that are classified as held for sale in accordance with FRS 5 Non-current Assets Held for Sale and Discontinued Operations, which are recognised and measured at fair value less costs to sell.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Business Combinations (Cont'd)

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments. All other subsequent changes in the fair value of contingent consideration classified as an asset or liability are accounted for in accordance with relevant FRSs. Changes in the fair value of contingent consideration classified as equity are not recognised.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under FRS 3 (revised) are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with FRS 112 Income Taxes and FRS 119 Employee Benefits respectively;

- liabilities or equity instruments related to the replacement by the Group of an acquiree's share-based payment awards are measured in accordance with FRS 2 Share-based Payment; and

- assets (or disposal groups) that are classified as held for sale in accordance with FRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

If the initial accounting for a business combination is incomplete by end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items of which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date, and is subject to a maximun of one year.

Revenue

Revenue of the Company consists of dividend income, management fees through provision of group services and gross invoiced value of sales less returns and discounts.

Revenue of the Group consists mainly of gross invoiced value of sales less returns and discounts, medical and consultation charges for services rendered in connection with hospital operations, income from plantation, income from administrative services, provision of warehousing and port cargo handling services, dividend income and rental income.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Revenue (Cont'd)

Revenue is recognised on the following basis:

Gross invoiced value of sales less returns and discounts - upon delivery of products and customer acceptance and when the risks and rewards of ownership have passed to the buyer.

Services rendered in connection with management fees through provision of group services, hospital operations, administrative services and port cargo handling services - when services are rendered.

Services rendered in provision of warehousing - on a time basis, based on the days of storage and applicable rate of rental.

Dividend income - when the shareholder's right to receive payment is established.

Rental income - over the tenure of the rental period of properties.

Interest income - on an accrual basis, by reference to the principal outstanding and at the effective interest rate.

Foreign Currencies

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in Ringgit Malaysia, which is the functional currency of the Company and the presentation currency for the financial statements of the Group.

In preparing the financial statements of the individual entities, transactions in currencies other than the functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in profit or loss for the period.

Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences (if any) arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in other comprehensive income.

For the purpose of presenting financial statements of the Group, the assets and liabilities of the Group's foreign operations are expressed in Ringgit Malaysia using exchange rates prevailing on that date. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are classified as equity and recognised in the Group's foreign currency translation reserve. Such translation differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Employee Benefits

(i) Short-term employee benefits

Wages, salaries, bonuses, annual leave and non-monetary benefits are accrued in the period in which the associated services are rendered by the employees of the Group and of the Company.

(ii) Post employment benefits

(a) Defined contribution plan

The Group and the Company contribute to Employees Provident Fund ("EPF"), the national defined contribution plan. The contributions are charged to profit or loss in the period to which they relate. Once the contributions have been paid, the Group and the Company have no further payment obligations. The contributions to EPF are included under employee benefits expense in Note 7.

(b) Defined benefit plans

i) Malaysia

The Company and a subsidiary company operate an unfunded defined retirement benefit scheme for eligible non-unionised employees who have completed a minimum of 10 years of service. The retirement benefit obligations are measured by using an actuarial valuation method, the Projected Unit Credit Method.

ii) Indonesia

The Group's subsidiary companies in Indonesia provide for employee benefit liabilities in accordance with the Labour Law No. 13 Year 2003 ("Law No. 13/2003"), which was enacted on 25 March 2003. The retirement benefits provision is made based on the Projected Unit Credit Method.

Under the Projected Unit Credit Method, the cost of providing the retirement benefits is charged to profit or loss so as to spread the cost over the service life of the employees. The actuarial gains or losses are recognised as income or expense if the net cumulative unrecognised actuarial gains or losses at the end of the reporting period exceed the greater of 10% of the present value of the defined benefit obligation and 10% of the fair value of any scheme assets at that date. The cumulative unrecognised gains or losses are amortised over the expected average remaining future service lives of the employees which is estimated as 12 years in accordance with the advice of actuaries who carry out a full valuation of the plan every three years for the Company and a subsidiary company in Malaysia. The latest actuarial valuation was undertaken on 19 July 2010. Actuarial valuation of the plan for the Group's subsidiary companies in Indonesia was carried out on an annual basis. The latest actuarial valuation was undertaken on 6 March 2013.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Income Tax

Income tax for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the period and is measured using the tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is provided for, using the "liability" method, on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability settled, based on tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group and the Company intend to settle the current tax assets and liabilities on a net basis.

Land Held for Property Development

Land held for property development is stated at cost less impairment losses, if any. Land held for property development consists of land where no development activities have been undertaken or where development activities are not expected to be completed within the normal operating cycle.

Costs include cost of land, professional fees and other direct development expenditure and related overheads. Land held for property development is reclassified as property development costs at the point when development works have been undertaken and where it can be demonstrated that the development activities are expected to be completed within the normal operating cycle.

Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Property, Plant and Equipment (Cont'd)

Depreciation of property, plant and equipment, other than freehold land and construction-in-progress which are not depreciated, is computed on the straight-line method at rates based on their estimated useful lives. The principal annual rates used are as follows:

Leasehold land	Over the lease period of 91 years
Freehold office	2%
Factory buildings	2%
Palm oil mills	3.33%
Hospital building	2%
Medical equipment	10%
Plant, machinery, equipment and electrical installation	7.5% - 25%
Motor vehicles	10% - 25%
Office equipment, furniture and fittings	5% - 25%
Leasehold warehouse cum office block	10%
Staff quarter cum office block	5% - 10%
Freehold warehouse	2%
Land improvements	5%
Renovation	10%

At the end of each reporting period, the residual values, useful lives and depreciation method of the property, plant and equipment are reviewed, and the effects of any changes are recognised prospectively.

Gain or loss arising from the disposal of an asset is determined as the difference between the estimated net disposal proceeds and the carrying amount of the asset, and is recognised in profit or loss.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread evenly over the lease term.

Investment Property

Investment property is a property which is held either to earn rental income or for capital appreciation or for both. Investment property, which consists of freehold land, is stated at cost less impairment losses, if any.

On disposal of an investment property, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal, it shall be derecognised. The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period of the retirement or disposal.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Biological Assets

Biological assets, consisting of costs for land clearing, planting and replanting and upkeep of trees to maturity, are initially recorded at cost. Upon maturity of crops, the biological assets are amortised over 20 years, representing the economic useful lives of the crops.

Investment in Subsidiary Companies

Investment in unquoted shares of the subsidiary companies, which is eliminated on consolidation, is stated at cost less any impairment losses in the Company's financial statements.

Impairment of Assets

The carrying amounts of assets are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

Recoverable amount is the higher of fair value less costs to sell and 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is written down to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Advances for Plasma PIR-TRANS Program and KKPA Program

Advances for Plasma PIR-TRANS program in respect of a subsidiary company in Indonesia, as further explained in Note 17, represent the accumulated costs (including borrowing costs and indirect overhead costs) financed by a bank to develop plasma plantations for plasma farmers under a scheme imposed by the Indonesian government. When a plasma plantation program is substantially completed and ready to be transferred or handed-over to the plasma farmers, the corresponding investment credit from the bank is also transferred to the plasma farmers.

Advances for Kredit Koperasi Primer untuk Anggotanya ("KKPA") program in respect of another subsidiary company in Indonesia, as further explained in Note 18, represent the accumulated costs to develop plasma plantations measuring 500 hectares out of total land required to be developed of 500 hectares of land which are self-financed by the said subsidiary company. Upon the cooperative obtaining KKPA financing from the creditor bank, the said advances will be recovered from the cooperative.

An estimate is made at the end of each reporting period for losses on recovery of Plasma PIR-TRANS program and KKPA program based on a review of the recoverable development costs, and anticipated losses are provided for in full. In the event the planting development costs incurred exceeds the estimated agreed price during harvest time, an allowance for losses on conversion will be made on the advances extended and will be charged to profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Inventories

Inventories are stated at the lower of cost (determined on the weighted average method) and net realisable value.

The costs of raw materials, medical and surgical supplies, spare parts and other supplies comprise the original purchase price plus the costs in bringing these inventories to their present location and condition. The costs of produce stocks, finished goods and work-in-progress include the cost of raw materials, direct labour and an appropriate allocation of direct manufacturing overheads.

Net realisable value represents the estimated selling price in the ordinary course of business less selling and distribution costs and all other estimated costs to completion.

Provisions

Provisions are made when the Group and the Company have a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation, and when a reliable estimate of the amount can be made.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

Financial Instruments

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

Where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, such financial assets are recognised and derecognised on trade date.

Financial instruments are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial Assets

Financial assets are classified into the following specified categories: financial asset 'at fair value through profit or loss' ("FVTPL"), 'held-to-maturity' investments, 'available-for-sale' ("AFS") financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective interest rate method

The effective interest rate method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial Assets (cont'd)

Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group and the Company manage together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item in the profit or loss.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Group and the Company have the positive intent and ability to hold to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest rate method less any impairment, with revenue recognised on an effective yield basis.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at amortised cost using the effective interest rate method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Available-for-sale financial assets

Available-for-sale financial assets are those that are designated as available for sale or are not classified in any of the three preceding categories.

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial asset are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest rate method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest rate method is recognised in profit or loss.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, is stated at cost.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial Assets (cont'd)

Available-for-sale financial assets (Cont'd)

Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's and the Company's right to receive the dividends is established.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the end of the reporting period.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

(a) Loans and receivables

Receivables assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

In respect of receivables carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

(b) Available-for-sale ("AFS") financial assets

For equity instruments classified as AFS, a significant or prolonged decline in the fair value of the securities below its cost is considered to be objective evidence of impairment.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are classified to profit or loss in the period.

With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previous recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of AFS equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial Assets (cont'd)

Derecognition of financial assets

Financial assets are derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Financial Liabilities and Equity Instruments

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of direct attributable transactions costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group and the Company manage together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item in the statements of comprehensive income/profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial Liabilities and Equity Instruments (cont'd)

Other financial liabilities

Other financial liabilities are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest rate method, with interest expense recognised on an effective yield basis.

The effective interest rate method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities

The Group and the Company derecognise financial liabilities when, and only when, the Group's and the Company's obligations are discharged, cancelled or they expire.

Financial Guarantee Contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee. If the debtor fails to make payment relating to financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the end of the reporting period and the amount initially recognised less cumulative amortisation.

Derivative Financial Instruments

The Group and the Company enter into derivative financial instruments such as foreign currency forward contracts to manage foreign currency exposures as a result of receipts and payments in foreign currency.

Foreign currency forward contracts are initially recognised at fair value at the date the derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately.

Foreign currency forward contracts with a positive fair value are recognised as a financial asset; foreign currency forward contracts with a negative fair value are recognised as a financial liability. Foreign currency forward contracts are presented as current liabilities unless the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months.

Segment Reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenue and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future events not wholly within the control of the Group. Contingent liabilities and assets are not recognised in the statements of financial position of the Group and of the Company.

Statements of Cash Flows

The Group and the Company adopt the indirect method in the preparation of the statements of cash flows. Cash and cash equivalents are short-term, highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

(i) Critical judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies, which are described in Note 3 above, management is of the opinion that there are no instances of application of judgement which are expected to have a significant effect on the amounts recognised in the financial statements except as disclosed below:

Impairment of property, plant and equipment

As referred to in Note 12:

(a) The tenancy agreement for rental by a subsidiary company, Southern Acids Industries Sdn. Bhd., of a parcel of land belonging to Southern Realty (Malaya) Sdn. Berhad ("SRM") expired on 30 April 2013 but SRM has agreed to extend the said rental agreement to 30 April 2014. Pursuant to the said tenancy agreement, the subsidiary company intends to apply for a renewal of the tenancy agreement with SRM upon its expiry in April 2014. Based on past experience of successful renewal of the tenancy agreement and since SRM is a major shareholder of the Company, the directors of the subsidiary company are confident that the said tenancy agreement will be successfully renewed upon its expiry in April 2014 and accordingly, no impairment loss needs to be considered for the factory building and oleochemical plant with net book value of RM25,454,396 (2012: RM26,887,055).

(b) On 31 October 1995, Noble Interest Sdn. Bhd. ("NISB"), a subsidiary company, entered into a Sale and Purchase Agreement with SRM to purchase several parcels of freehold land at a total purchase consideration of RM4,950,000. The said purchase consideration has been fully settled since 4 November 2000. In view of the delay in transferring the land title by SRM, NISB had in year 2010, lodged a caveat to protect its interest on the land. The directors of NISB are confident that the land title will eventually be transferred as NISB has fully satisfied all the conditions as stipulated in the said agreement. Accordingly, the directors of NISB believe that no impairment loss needs to be considered for the private hospital building with net book value of RM21,954,343 as of 31 March 2013 (2012: RM22,142,383) belonging to NISB, which is constructed on the said piece of land.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

(ii) Key sources of estimation uncertainty

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year except as disclosed below:

(a) Allowance for doubtful debts

The Group and the Company make allowance for doubtful debts based on an assessment of the recoverability of receivables. Allowance is applied to receivables where events or changes in circumstances indicate that the balances may not be collectible. The identification of doubtful debts requires use of judgement and estimates. Where the expectation is different from the original estimate, such difference will impact the carrying value of the receivables and doubtful debts expense in the year in which such estimate has been changed. As of 31 March 2013, allowance for doubtful debts on receivables provided by the Group and by the Company are as follows:

	The Group		**The Company**	
	2013 RM'000	**2012 RM'000**	**2013 RM'000**	**2012 RM'000**
Amount owing by subsidiary companies	**-**	-	**2,591**	2,591
Trade receivables	**2,164**	1,654	**-**	-
Other receivables	**252**	228	**-**	-
	2,416	1,882	**2,591**	2,591

(b) Allowance for loss on conversion of Advances for Plasma PIR-TRANS Program and KKPA Program

The Group makes allowance for loss on conversion of advances for Plasma PIR-TRANS program and KKPA program based on an assessment of the recoverability of advances. Allowance is applied to advances where events or changes in circumstances indicate that the balances may not be collectible. The identification of allowance for loss requires use of judgement and estimates. Where the expectation is different from the original estimate, such difference will impact the carrying value of the advances and allowance for loss on conversion expenses in the period in which such estimate has been changed. As of 31 March 2013, allowance for loss on conversion of advances provided by the Group is as follows:

	The Group	
	2013 RM'000	**2012 RM'000**
Advances for Plasma PIR-TRANS program	**856**	776
Advances for KKPA program	**400**	400
	1,256	1,176

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

(ii) Key sources of estimation uncertainty (Cont'd)

(c) Deferred tax assets

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unabsorbed capital allowances to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unabsorbed capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future taxable profits together with future tax planning strategies.

As of 31 March 2013, the total carrying amount of deferred tax assets recognised by the Group is as follows:

	The Group	
	2013	**2012**
	RM'000	**RM'000**
Deferred tax assets	**1,036**	919

(d) Impairment of assets

Determining whether assets are impaired requires an estimation of the recoverable amount of the assets. Management exercises its judgement in estimating the recoverable amounts of these assets. As of 31 March 2013, the Company has recognised impairment loss in respect of the following asset:

	The Company	
	2013	**2012**
	RM'000	**RM'000**
Impairment loss on investment in subsidiary companies	**518**	501

5. REVENUE

An analysis of revenue is as follows:

	The Group		The Company	
	2013	**2012**	**2013**	**2012**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Manufacturing and marketing of oleochemical products	**375,447**	376,282	**-**	107,088
Sales of oil palm fruit and crude palm oil	**122,314**	103,375	**-**	-
Managing and operating of private hospital	**72,872**	68,746	**-**	-
Warehousing and bulk conveyor operations	**6,895**	8,066	**-**	-
Administrative services fee	**2,477**	2,260	**-**	-
Dividend income from:				
Quoted shares	**1,420**	2,147	**1,420**	2,147
Unquoted shares	**-**	-	**5,000**	7,659
Management fees	**-**	-	**3,673**	3,600
	581,425	560,876	**10,093**	120,494

6. INVESTMENT REVENUE

	The Group		The Company	
	2013	**2012**	**2013**	**2012**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Interest income on fixed deposits and short-term placements	**3,154**	2,727	**134**	169

7. PROFIT BEFORE TAX

Profit before tax is arrived at after crediting/(charging) the following income/(expense):

	The Group		The Company	
	2013	**2012**	**2013**	**2012**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Rental income	**2,562**	2,933	**-**	-
Allowance for doubtful debts no longer required:				
Trade receivables (Note 21)	**20**	87	**-**	37
Amount owing by subsidiary company (Note 23)	**-**	-	**-**	120
Gain on disposal of property, plant and equipment	**20**	34	**-**	-
Inventories written down (Note 20)	**(191)**	(461)	**-**	-
Gain/(Loss) arising from derivative financial assets	**240**	(204)	**240**	(204)
Provision for retirement benefits (Note 27)	**(1,454)**	(1,832)	**(290)**	(191)

7. PROFIT BEFORE TAX (CONT'D)

	The Group		The Company	
	2013 RM'000	**2012 RM'000**	**2013 RM'000**	**2012 RM'000**
Allowance for doubtful debts:				
Trade receivables (Note 21)	**(530)**	-	**-**	-
Other receivables (Note 22)	**(24)**	-	**-**	-
Amount owing by subsidiary companies (Note 23)	**-**	-	**-**	(1,800)
Bad debts written off	**-**	(2)	**-**	-
Fees paid/payable to external auditors:				
Statutory audit:				
Auditors of the Company	**(208)**	(208)	**(65)**	(65)
Member firm of the auditors of the Company	**(129)**	(82)	**-**	-
Other auditors	**(5)**	(5)	**-**	-
Non-audit services:				
Auditors of the Company	**(6)**	(6)	**(6)**	(6)
Member firm of the auditors of the Company	**(23)**	(21)	**-**	-
Other auditors	**(3)**	(4)	**-**	-
Allowance for loss on conversion of Plasma PIR-TRANS program (Note 17)	**(119)**	-	**-**	-
Gain/(Loss) on foreign exchange (net):				
Realised	**108**	2,156	**-**	131
Unrealised	**428**	(202)	**-**	-
Lease rental of land	**(568)**	(541)	**-**	-
Property, plant and equipment written off	**(2,287)**	(14)	**(19)**	-
Biological assets written off	**-**	(14)	**-**	-
Rental of:				
Land paid/payable to a related party (Note 23)	**(140)**	(140)	**-**	-
Storage tanks	**(151)**	(210)	**-**	-
Premises paid/payable to a related party (Note 23)	**(11)**	(11)	**-**	-
Staff quarters paid/ payable to a related party (Note 23)	**(60)**	(58)	**-**	-
Equipment paid/ payable to a related party (Note 23)	**(9)**	(23)	**-**	-
Premises paid/payable to third parties	**(7)**	(7)	**-**	-
Plant and machinery	**(29)**	(63)	**-**	-
Office equipment	**(3)**	(4)	**-**	-
Impairment loss on investment in subsidiary companies	**-**	-	**(17)**	-

Employee benefits expense includes salaries, bonus, contributions to EPF and all other related expenses. Post employment benefits for the staff during the current financial year for the Group and for the Company amounted to RM3,469,608 and RM252,886 (2012: RM3,064,301 and RM338,444) respectively.

8. DIRECTORS' REMUNERATION

	The Group		The Company	
	2013	**2012**	**2013**	**2012**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Directors of the Company				
Executive directors:				
Fees	**45**	42	**45**	42
Other emoluments	**15**	17	**15**	17
	60	59	**60**	59
Non-executive directors:				
Fees	**330**	183	**330**	183
Other emoluments	**100**	137	**100**	137
	430	320	**430**	320
	490	379	**490**	379
Directors of the subsidiaries				
Fees	**266**	174	**-**	-
Other emoluments	**954**	597	**-**	-
	1,220	771	**-**	-
Total	**1,710**	1,150	**490**	379

Contributions to EPF for the directors by the Group during the current financial year amounted to RM49,536 (2012: RM44,544).

The estimated monetary value of benefits-in-kind received by the directors otherwise than in cash from the Company amounted to RM28,000 (2012: RM21,000).

9. INCOME TAX EXPENSE

	The Group		The Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Estimated tax payable:				
Current	**8,206**	9,387	**3**	279
Overprovision in prior years	**(258)**	(28)	**-**	-
	7,948	9,359	**3**	279
Deferred tax (Note 19):				
Current	**3,606**	4,226	**-**	1,962
(Over)/Underprovision in prior years	**(308)**	(324)	**-**	3
	3,298	3,902	**-**	1,965
	11,246	13,261	**3**	2,244

The income tax expense varied from the amount of income tax expense determined by applying the applicable statutory income tax rate to profit before tax as a result of the following differences:

	The Group		The Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Profit before tax	**56,881**	41,275	**5,215**	5,897
Tax at the Malaysian statutory income tax rate of 25% (2012: 25%)	**14,220**	10,319	**1,304**	1,474
Tax effects of:				
Non-deductible expenses	**841**	2,449	**132**	522
Non-taxable income	**(2,090)**	(1,136)	**(1,750)**	(2,452)
Utilisation of reinvestment allowances	**(669)**	-	**-**	-
Realisation of deferred tax assets previously not recognised	**(490)**	-	**-**	-
Deferred tax assets not recognised	**-**	1,981	**317**	2,697
(Over)/Underprovision in prior years:				
Current	**(258)**	(28)	**-**	-
Deferred tax	**(308)**	(324)	**-**	3
Income tax expense	**11,246**	13,261	**3**	2,244

9. INCOME TAX EXPENSE (CONT'D)

The Company has tax-exempt income accounts arising from tax-exempt dividend income received and tax-exempt income under Paragraph 28, Schedule 6 of the Income Tax Act, 1967 totalling RM3,979,732 (2012: RM3,979,732) which, subject to agreement of the Inland Revenue Board, is available for distribution of its retained earnings as tax-exempt dividends.

A subsidiary company has tax-exempt accounts amounting to approximately RM170,290,000 (2012: RM170,290,000) arising from tax-exempt income earned during the pioneer period under the Promotion of Investments Act, 1986. The exempt income accounts are available for distribution of its retained earnings as tax-exempt dividends to the shareholder of the said subsidiary company and is subject to approval by the tax authorities.

A subsidiary company has tax-exempt income under the Income Tax (Amendment) Act, 1999 amounting to approximately RM715,000 (2012: RM715,000). This amount, which arose from tax waiver on the chargeable income earned in 1999, is available for distribution of its retained earnings as tax-exempt dividends.

10. EARNINGS PER SHARE

Basic:
Basic earnings per share is calculated by dividing the profit for the year attributable to equity holders of the Company by the number of ordinary shares in issue during the financial year.

	The Group	
	2013	**2012**
Profit for the year attributable to ordinary equity holders of the Company (RM'000)	**36,616**	19,924
Number of ordinary shares in issue	**136,934,132**	136,934,132
Basic earnings per share (sen)	**26.74**	14.55

Diluted:
The basic and diluted earnings per share are equal as the Company has no dilutive potential ordinary shares.

11. LAND HELD FOR PROPERTY DEVELOPMENT

The Group	**Freehold land - at cost RM'000**	**Development costs RM'000**	**Total RM'000**
As of 31 March 2012/1 April 2012/31 March 2013	136,354	5,590	141,944

Land held for property development comprises land bank which is being held for future development.

12. PROPERTY, PLANT AND EQUIPMENT

	Cost						
The Group	**As of 1 April 2011 RM'000**	**Additions RM'000**	**Disposals RM'000**	**Write-offs RM'000**	**Reclassifi-cations RM'000**	**Effects of foreign exchange translation RM'000**	**As of 31 March 2012 RM'000**
Leasehold land	6,923	13,053	-	-	-	(78)	19,898
Freehold land	5,154	-	-	-	-	(7)	5,147
Freehold office	3,593	-	-	-	-	-	3,593
Factory buildings	7,751	18	-	-	-	-	7,769
Palm oil mills	17,925	588	-	-	598	(717)	18,394
Hospital building	28,075	232	-	-	-	-	28,307
Medical equipment	42,456	1,748	(484)	(465)	-	-	43,255
Plant, machinery, equipment and electrical installation	123,502	2,140	-	(6)	1,191	(199)	126,628
Motor vehicles	5,804	421	(240)	(11)	203	(54)	6,123
Office equipment, furniture and fittings	18,952	1,189	(6)	(119)	-	(20)	19,996
Leasehold warehouse cum office block	5,933	-	-	-	-	-	5,933
Staff quarter cum office block	1,944	1	-	-	529	(93)	2,381
Freehold warehouse	2,295	-	-	-	-	-	2,295
Land improvements	6,458	-	-	-	-	(242)	6,216
Construction-in-progress:							
Plant and machinery	331	1,167	-	-	(1,394)	-	104
Building	115	1,866	-	-	(1,127)	(33)	821
Renovation	988	10	-	-	-	-	998
Total	278,199	22,433	(730)	(601)	-	(1,443)	297,858

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

The Group	Cost						
	As of 1 April 2012 RM'000	**Additions RM'000**	**Disposals RM'000**	**Write-offs RM'000**	**Reclassifi-cations RM'000**	**Effects of foreign exchange translation RM'000**	**As of 31 March 2013 RM'000**
Leasehold land	19,898	-	-	-	-	(117)	**19,781**
Freehold land	5,147	-	-	-	-	(9)	**5,138**
Freehold office	3,593	-	-	-	-	-	**3,593**
Factory buildings	7,769	6	-	-	-	(15)	**7,760**
Palm oil mills	18,394	53	-	-	820	(826)	**18,441**
Hospital building	28,307	380	-	-	-	-	**28,687**
Medical equipment	43,255	1,368	(187)	(49)	(115)	-	**44,272**
Plant, machinery, equipment and electrical installation	126,628	2,448	(55)	(12)	828	(305)	**129,532**
Motor vehicles	6,123	86	(68)	-	(66)	(65)	**6,010**
Office equipment, furniture and fittings	19,996	912	-	(46)	127	(26)	**20,963**
Leasehold warehouse cum office block	5,933	-	-	-	-		**5,933**
Staff quarter cum office block	2,381	72	-	-	1,807	(185)	**4,075**
Freehold warehouse	2,295	-	-	-	-	-	**2,295**
Land improvements	6,216	-	-	-	-	(298)	**5,918**
Construction-in-progress:							
Plant and machinery	104	787	-	-	(716)	-	**175**
Building	821	5,807	-	(2,262)	(2,835)	(54)	**1,477**
Renovation	998	-	-	-	-	-	**998**
Total	297,858	11,919	(310)	(2,369)	(150)	(1,900)	**305,048**

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

	Accumulated Depreciation						
The Group	**As of 1 April 2011 RM'000**	**Charge for the year RM'000**	**Disposals RM'000**	**Write-offs RM'000**	**Reclassifi-cations RM'000**	**Effects of foreign exchange translation RM'000**	**As of 31 March 2012 RM'000**
Leasehold land	1,254	310	-	-	-	(39)	1,525
Freehold land	-	-	-	-	-	-	-
Freehold office	60	72	-	-	-	-	132
Factory buildings	2,375	167	-	-	-	-	2,542
Palm oil mills	13,419	922	-	-	-	(567)	13,774
Hospital building	5,599	563	-	-	3	-	6,165
Medical equipment	35,128	1,235	(466)	(459)	-	-	35,438
Plant, machinery, equipment and electrical installation	100,324	3,146	-	(4)	-	(172)	103,294
Motor vehicles	3,414	651	(240)	(11)	-	(28)	3,786
Office equipment, furniture and fittings	15,920	539	(3)	(113)	(3)	(15)	16,325
Leasehold warehouse cum office block	5,932	1	-	-	-	-	5,933
Staff quarter cum office block	743	126	-	-	-	(33)	836
Freehold warehouse	576	46	-	-	-	-	622
Land improvements	1,837	379	-	-	-	(83)	2,133
Construction-in-progress:							
Plant and machinery	-	-	-	-	-	-	-
Building	-	-	-	-	-	-	-
Renovation	79	100	-	-	-	-	179
Total	186,660	8,257	(709)	(587)	-	(937)	192,684

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

	Accumulated Depreciation						
The Group	**As of 1 April 2012 RM'000**	**Charge for the year RM'000**	**Disposals RM'000**	**Write-offs RM'000**	**Reclassifi-cations RM'000**	**Effects of foreign exchange translation RM'000**	**As of 31 March 2013 RM'000**
Leasehold land	1,525	255	-	-	-	(52)	**1,728**
Freehold land	-	-	-	-	-	-	**-**
Freehold office	132	72	-	-	-	-	**204**
Factory buildings	2,542	198	-	-	-	(3)	**2,737**
Palm oil mills	13,774	390	-	-	-	(647)	**13,517**
Hospital building	6,165	568	-	-	-	-	**6,733**
Medical equipment	35,438	1,355	(187)	(49)	(66)	-	**36,491**
Plant, machinery, equipment and electrical installation	103,294	3,520	(55)	(5)	-	(189)	**106,565**
Motor vehicles	3,786	684	(64)	-	-	(36)	**4,370**
Office equipment, furniture and fittings	16,325	687	-	(28)	66	(22)	**17,028**
Leasehold warehouse cum office block	5,933	-	-	-	-	-	**5,933**
Staff quarter cum office block	836	366	-	-	-	(59)	**1,143**
Freehold warehouse	622	46	-	-	-	-	**668**
Land improvements	2,133	303	-	-	-	(106)	**2,330**
Construction-in-progress:							
Plant and machinery	-	-	-	-	-	-	**-**
Building	-	-	-	-	-	-	**-**
Renovation	179	100	-	-	-	-	**279**
Total	192,684	8,544	(306)	(82)	-	(1,114)	**199,726**

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

The Group	Net Book Value 2013 RM'000	2012 RM'000
Leasehold land	**18,053**	18,373
Freehold land	**5,138**	5,147
Freehold office	**3,389**	3,461
Factory buildings	**5,023**	5,227
Palm oil mills	**4,924**	4,620
Hospital building	**21,954**	22,142
Medical equipment	**7,781**	7,817
Plant, machinery, equipment and electrical installation	**22,967**	23,334
Motor vehicles	**1,640**	2,337
Office equipment, furniture and fittings	**3,935**	3,671
Leasehold warehouse cum office block	**-**	-
Staff quarter cum office block	**2,932**	1,545
Freehold warehouse	**1,627**	1,673
Land improvements	**3,588**	4,083
Construction-in-progress:		
Plant and machinery	**175**	104
Building	**1,477**	821
Renovation	**719**	819
Total	**105,322**	105,174

The Company	Freehold office RM'000	Motor vehicles RM'000	Office equipment, furniture and fittings RM'000	Renovation RM'000	Total RM'000
Cost					
As of 1 April 2011	3,593	1,396	788	988	6,765
Additions	-	-	123	10	133
As of 31 March 2012/1 April 2012	3,593	1,396	911	998	6,898
Additions	-	-	198	-	198
Write-off	-	-	(40)	-	(40)
As of 31 March 2013	**3,593**	**1,396**	**1,069**	**998**	**7,056**

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

The Company	Freehold office RM'000	Motor vehicles RM'000	Office equipment, furniture and fittings RM'000	Renovation RM'000	Total RM'000
Accumulated Depreciation					
As of 1 April 2011	60	294	100	79	533
Charge for the year	72	279	128	99	578
As of 31 March 2012/1 April 2012	132	573	228	178	1,111
Charge for the year	72	270	166	100	608
Write-off	-	-	(21)	-	(21)
As of 31 March 2013	**204**	**843**	**373**	**278**	**1,698**
Net Book Value					
As of 31 March 2013	**3,389**	**553**	**696**	**720**	**5,358**
As of 31 March 2012	3,461	823	683	820	5,787

On 31 October 1995, Noble Interest Sdn. Bhd. ("NISB"), a subsidiary company, entered into a Sale and Purchase Agreement with SRM to purchase several parcels of freehold land at a total purchase consideration of RM4,950,000. The said purchase consideration has been fully settled since 4 November 2000. In view of the delay in transferring the land title by SRM, NISB had in year 2010, lodged a caveat to protect its interest on the land. The directors of NISB are confident that the land title will eventually be transferred as NISB has fully satisfied all the conditions as stipulated in the said agreement. Accordingly, the directors of NISB believe that no impairment loss needs to be considered for the private hospital building with net book value of RM21,954,343 as of 31 March 2013 (2012: RM22,142,383) belonging to NISB, which is constructed on the said piece of land.

As of 31 March 2013, the strata title in respect of a freehold office with carrying value of RM3,388,934 (2012: RM3,460,785) belonging to the Company has not yet been issued to the Company.

As of 31 March 2013, the freehold warehouse of a subsidiary company, PKE (Malaysia) Sdn. Berhad, with carrying value of RM1,626,164 (2012: RM1,627,433) is located on a parcel of freehold land belonging to a related party.

As of 31 March 2013, the title of a parcel of long-term leasehold land of a subsidiary company, SAB Bio-Fuel Sdn. Bhd., with carrying value of RM12,808,454 (2012: RM12,948,056) has not been registered in the name of the subsidiary company, pending full settlement of the balance of the purchase consideration of RM6,526,159 (2012: RM6,526,159) payable to a third party as mentioned in Note 28(b).

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

A factory building and oleochemical plant of a subsidiary company, Southern Acids Industries Sdn. Bhd. ("SAISB") are constructed on a parcel of land belonging to SRM. Accordingly, SRM charged SAISB rental for the use of the said land. The existing rental agreement between SRM and SAISB expired on 30 April 2013 but SRM has agreed to extend the said rental agreement to 30 April 2014. Pursuant to the said tenancy agreement, SAISB intends to apply for a renewal of the tenancy agreement with SRM upon its expiry in April 2014. Based on past experience of successful renewal of the tenancy agreement and since SRM is a major shareholder of the Company, the directors of SAISB are confident that the said tenancy agreement will be successfully renewed upon its expiry in April 2014 and accordingly, no impairment loss needs to be considered for the factory building and oleochemical plant with net book value of RM25,454,396 (2012: RM26,887,055).

Included in property, plant and equipment of the Group are fully depreciated assets with cost amounting to RM148,930,511 (2012: RM145,690,327), which are still in use.

13. INVESTMENT PROPERTY

	The Group	
	2013	**2012**
	RM'000	**RM'000**
At cost	**3,318**	3,318
Fair value	**8,500**	8,500

Investment property consists of a piece of vacant freehold land in Kampung Jawa, Klang. The fair value of the investment property as of 31 March 2013 and 2012 was estimated by the directors based on recent prices of similar properties in the same location.

Direct operating expenses arising from the investment property during the year amounted to RM14,151 (2012: RM14,151).

14. BIOLOGICAL ASSETS

	The Group	
	2013	**2012**
	RM'000	**RM'000**
Cost		
At beginning of year	**16,317**	16,978
Additions	**828**	178
Write-offs	**-**	(232)
Reclassification from property, plant and equipment (Note 12)	**5**	-
Effects of foreign exchange translation	**(762)**	(607)
At end of year	**16,388**	16,317

14. BIOLOGICAL ASSETS (CONT'D)

	The Group	
	2013 RM'000	2012 RM'000
Accumulated Amortisation		
At beginning of year	**6,026**	5,680
Charge for the year	**754**	802
Write-offs	**-**	(218)
Effects of foreign exchange translation	**(304)**	(238)
At end of year	**6,476**	6,026
Net book value	**9,912**	10,291

15. INVESTMENT IN SUBSIDIARY COMPANIES

	The Company	
	2013 RM'000	2012 RM'000
Unquoted shares - at cost	**51,274**	51,274
Less: Accumulated impairment loss	**(518)**	(501)
Net	**50,756**	50,773

The directors have reviewed the Company's investments in subsidiary companies for indications of impairment and concluded that the allowance for impairment loss amounting to RM518,000 (2012: RM501,000) as of the end of the financial year is deemed adequate in respect of investment in the subsidiary companies.

On 16 January 2012, the Company acquired 300,000 ordinary shares of RM1.00 each in Firstview Development Sdn. Bhd. ("FVD") from two minority shareholders, representing 10% of the equity interest, for a total cash consideration of RM6.6 million. FVD is principally an investment holding company with two subsidiary companies in the oil palm plantation and palm oil milling operations in Indonesia. Following the acquisition, the Company's total equity interest in FVD increased from 80% to 90%. The effect of changes in the ownership interest of FVD on the equity attributable to owners of the Company during the year is summarised as follows:

	2013 RM'000	2012 RM'000
Carrying amount of non-controlling interests acquired	**-**	6,278
Consideration paid to non-controlling interests	**-**	(6,600)
Excess of consideration paid recognised in the Company's equity	**-**	(322)

15. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

The subsidiary companies are as follows:

Direct subsidiary companies	Country of incorporation	Effective equity interest 2013	2012	Principal activities
Southern Management (M) Sdn. Bhd. #	Malaysia	**100%**	100%	Provision of administrative and accounting services
Southern Acids Industries Sdn. Bhd.	Malaysia	**100%**	100%	Manufacturing and marketing of oleochemical products for commercial use
PKE (Malaysia) Sdn. Berhad	Malaysia	**69.7%**	69.7%	Provision of warehousing and overhead conveyor goods loading services
PKE Transport (Malaysia) Sdn. Berhad.	Malaysia	**91.9%**	91.9%	Provision of overhead conveyor goods loading services
SAB Properties Development Co. Sdn. Berhad	Malaysia	**100%**	100%	Investment holding and lease of property
SAB (East Asia) Holdings Ltd.* #	Hong Kong	**100%**	100%	Dormant
Noble Interest Sdn. Bhd. #	Malaysia	**100%**	100%	Property holding and lease of a hospital building
Southern Medicare Sdn. Bhd. #	Malaysia	**100%**	100%	Private hospital and healthcare services
Wilstar Sdn. Bhd. #	Malaysia	**100%**	100%	Manufacturing and distribution of fertilizers
SAB Plantation Sdn. Bhd. #	Malaysia	**100%**	100%	Pre-operating
Firstview Development Sdn. Bhd.	Malaysia	**90%**	90%	Investment holding
Centre For Sight Sdn. Bhd. #	Malaysia	**100%**	100%	Dormant
SAB Bio-Fuel Sdn. Bhd. #	Malaysia	**100%**	100%	Pre-operating
SAB Logistics & Grains Terminal Sdn. Bhd.	Malaysia	**100%**	100%	Pre-operating

15. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

Indirect subsidiary companies	Country of incorporation	Effective equity interest 2013	Effective equity interest 2012	Principal activities
Pembinaan Gejati Sdn. Bhd. (Held through SAB Properties Development Co. Sdn. Berhad)	Malaysia	**100%**	100%	Property development and oil palm plantation
PT Mustika Agro Sari @ (Held through Firstview Development Sdn. Bhd.)	Indonesia	**63%**	63%	Oil palm plantation operations
PT Wanasari Nusantara @ (Held through PT Mustika Agro Sari)	Indonesia	**63%**	63%	Oil palm plantation operations

* The financial statements of this subsidiary company are examined by auditors other than the auditors of the Company.

\# The auditors' reports on the financial statements of these subsidiary companies include an emphasis of matter regarding the ability of these subsidiary companies to continue as a going-concern in view of their capital deficiency positions as at the end of the financial year. The financial statements of these subsidiary companies have been prepared on a going-concern basis as the Company has undertaken to continue providing financial support to these subsidiary companies.

@ The financial statements of these subsidiary companies are examined by a member firm of Deloitte.

16. AVAILABLE-FOR-SALE INVESTMENTS

	The Group and The Company 2013 RM'000	The Group and The Company 2012 RM'000
Shares in Malaysia:		
Quoted Shares - at fair value	**33,372**	34,447
Unquoted Shares - at cost	**456**	456
Total	**33,828**	34,903

17. ADVANCES FOR PLASMA PIR-TRANS PROGRAM

	The Group 2013 RM'000	2012 RM'000
Cost		
At beginning of year	**2,310**	2,655
Conversion	**(1,236)**	(255)
Effects of foreign exchange translation	**(85)**	(90)
At end of year	**989**	2,310
Accumulated allowance for loss on conversion of Plasma PIR-TRANS program		
At beginning of year	**776**	806
Provision for the year (Note 7)	**119**	-
Effects of foreign exchange translation	**(39)**	(30)
At end of year	**856**	776
Net book value	**133**	1,534

In accordance with the Indonesian government policy, oil palm plantation owners/operators are required to develop plantations for smallholders (herein referred to as "Plasma Farmers"). This form of assistance to the Plasma Farmers is known as the "Perusahaan Inti Rakyat Transmigrasi (PIR-TRANS)" program. Under the PIR-TRANS program, the oil palm plantation owners/operators are also required to train and develop the skills of the Plasma Farmers, and purchase the fresh fruit bunches harvested by Plasma Farmers at prices determined by the government.

The PIR-TRANS program is funded by state-owned banks. The investment credit is rendered to the oil palm plantation owners/operators, which receive the funds in several tranches during the plantation development period (land preparation up to the end of the immature stage). When the plasma plantation projects are completed and ready for conversion, the investment credit is transferred to the Plasma Farmers who then operate the Plasma PIR-TRANS program under the supervision of the oil palm plantation owners/operators. In the event the planting development costs incurred exceeds the estimated agreed price during harvest time, an allowance for loss on conversion will be made on the advances extended and will be charged to profit or loss.

A subsidiary company in Indonesia has commitment to develop oil palm plantations for the Plasma Farmers under this program covering a total area of 8,800 hectares of which 8,800 (2012: 6,356) hectares have been converted.

18. ADVANCES FOR KREDIT KOPERASI PRIMER UNTUK ANGGOTANYA ("KKPA") PROGRAM

	The Group	
	2013	**2012**
	RM'000	**RM'000**
Cost		
At beginning of year	**1,034**	1,209
Additions	**5,612**	1,511
Conversion	**-**	(1,645)
Reclassification from property, plant and equipment (Note 12)	**145**	-
Effects of foreign exchange translation	**(171)**	(41)
At end of year	**6,620**	1,034
Accumulated allowance for loss on conversion of KKPA program		
At beginning/end of year	**400**	400
Net book value	**6,220**	634

Under an existing government policy in Indonesia, oil palm plantation owners/operators are required to assist in the development of plantations for small holders (herein referred to as the "Plasma Farmers") through a program called "Kredit Koperasi Primer untuk Anggotanya" or "KKPA". Under the KKPA programs, all participating Plasma Farmers are under the coordination of a cooperative, and any investment credit availed during the development of the plantations (land preparation up to the end of the immature stage) shall also be rendered to the cooperative. The oil palm plantation owners/operators, on the other hand, served as the contractors for developing the plantations.

Advances for KKPA program represent the accumulated costs to develop plasma plantations, totalling 500 (2012: 500) hectares, which are currently being self-financed by a subsidiary company. Upon the cooperative obtaining KKPA financing from the creditor bank, the said advances will be recovered from the cooperative.

The allowance for loss on conversion of KKPA program is based on a periodic review of the recoverability of the development costs.

19. DEFERRED TAX (LIABILITIES)/ASSETS

Deferred tax assets pertaining to the Company and certain subsidiary companies are as follows:

	The Group		The Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
At beginning of year	**906**	4,808	**-**	1,965
Credited/(Charged) to profit or loss (Note 9):				
Property, plant and equipment	**1,323**	(1,527)	**35**	20
Trade receivables	**(243)**	(41)	**-**	-
Advances for Plasma PIR-TRANS program	**30**	-	**-**	-
Other payables and accrued expenses	**(1,240)**	706	**-**	-
Provision for retirement benefits	**261**	5	**(40)**	47
Unrealised loss/(gain) on foreign exchange	**(153)**	83	**11**	22
Unabsorbed capital allowances	**(597)**	(2,748)	**(6)**	(383)
Unused tax losses	**(2,679)**	(380)	**-**	(1,671)
	(3,298)	(3,902)	**-**	(1,965)
At end of year	**(2,392)**	906	**-**	-

Certain deferred tax assets and liabilities have been offset in accordance with the Group's and the Company's accounting policy. The following is an analysis of the deferred tax balances (after offset) for statements of financial position purposes:

	The Group		The Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Deferred tax assets	**1,036**	919	**-**	-
Deferred tax liabilities	**(3,428)**	(13)	**-**	-
	(2,392)	906	**-**	-

19. DEFERRED TAX (LIABILITIES)/ASSETS (CONT'D)

Deferred tax assets/(liabilities) provided in the financial statements are in respect of the tax effects of the following:

	The Group		The Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Deferred tax assets (before offsetting)				
Temporary differences arising from:				
Trade receivables	**-**	243	**-**	-
Advances for Plasma PIR-TRANS program	**260**	230	**-**	-
Other payables and accrued expenses	**-**	1,240	**-**	-
Provision for retirement benefits	**1,634**	1,373	**280**	320
Unrealised loss on foreign exchange	**-**	50	**-**	-
Unabsorbed capital allowances	**-**	597	**-**	6
Unused tax losses	**2,574**	5,253	**-**	-
	4,468	8,986	**280**	326
Offsetting	**(3,432)**	(8,067)	**(280)**	(326)
Deferred tax assets (after offsetting)	**1,036**	919	**-**	-
Deferred tax liabilities				
Temporary differences arising from:				
Property, plant and equipment	**(6,757)**	(8,080)	**(280)**	(315)
Unrealised gain on foreign exchange	**(103)**	-	**-**	(11)
	(6,860)	(8,080)	**(280)**	(326)
Offsetting	**3,432**	8,067	**280**	326
Deferred tax liabilities (after offsetting)	**(3,428)**	(13)	**-**	-

As mentioned in Note 3, the tax effects of deductible temporary differences, unused tax losses and unused tax credits which would give rise to net deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. As of 31 March 2013, the estimated amount of deductible temporary difference, unused tax losses and unabsorbed capital allowances, for which the tax effects are not recognised in the financial statements due to uncertainty of their realisation, is as follows:

	The Group		The Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Temporary difference arising from provision for retirement benefits	**450**	-	**450**	-
Unabsorbed capital allowances	**14,615**	16,705	**1,894**	1,687
Unused tax losses	**15,297**	15,618	**9,714**	9,102
	30,362	32,323	**12,058**	10,789

The unused tax losses and unabsorbed capital allowances, which subject to agreement by the tax authorities, are available for offset against future chargeable income.

20. INVENTORIES

	The Group 2013 RM'000	The Group 2012 RM'000
At cost:		
Raw materials	**11,265**	12,613
Work-in-progress	**17,170**	24,954
Finished goods	**11,378**	15,471
Medical and surgical supplies	**2,853**	2,945
Consumables	**10,760**	7,987
	53,426	63,970
At net realisable value:		
Finished goods	**1,106**	699
Total	**54,532**	64,669

The cost of inventories recognised as an expense of the Group includes RM191,000 (2012: RM461,000) in respect of write down of inventories to net realisable value.

21. TRADE RECEIVABLES

	The Group 2013 RM'000	The Group 2012 RM'000
Trade receivables	**39,880**	52,324
Less: Allowance for doubtful debts	**(2,164)**	(1,654)
Net	**37,716**	50,670

Trade receivables comprise amounts receivable for the sale of goods and services rendered. Trade receivables disclosed above are classified as loans and receivables and are therefore measured at amortised cost.

The credit period granted on sale of goods and services rendered ranges from 30 to 90 days (2012: 30 to 90 days).

An allowance of RM2,164,000 (2012: RM1,654,000) for the Group has been made for estimated irrecoverable amounts from the sale of goods and services rendered. These allowances have been determined based on estimates of possible losses which may arise from non-collection of certain receivable accounts.

21. TRADE RECEIVABLES (CONT'D)

Included in the Group's trade receivables balance are debtors with a carrying amount of RM6,481,000 (2012: RM2,237,000), which are past due at the end of reporting period for which no allowance for doubtful debts had been provided for by the Group as there has not been a significant change in credit quality and the Group believes that the amounts are fully recoverable. The Group does not hold any collateral over these balances. The past due aging for these receivables ranges from 31 to 150 days.

The table below is an analysis of trade receivables as of the end of the reporting period:

	The Group	
	2013	**2012**
	RM'000	**RM'000**
Neither past due nor impaired	**31,235**	48,433
Past due but not impaired:		
31 - 60 days	**3,933**	1,167
61 - 90 days	**1,800**	413
91 - 120 days	**328**	308
121 - 150 days	**420**	349
	6,481	2,237
	37,716	50,670
Past due and impaired:		
More than 120 days	**2,164**	1,654
Total trade receivables	**39,880**	52,324

Movement in the allowance for doubtful debts during the reporting period is as follows:

	The Group		The Company	
	2013	**2012**	**2013**	**2012**
	RM'000	**RM'000**	**RM'000**	**RM'000**
At beginning of year	**1,654**	1,741	**-**	37
Impairment loss recognised on receivables (Note 7)	**530**	-	**-**	-
Amounts recovered during the year (Note 7)	**(20)**	(87)	**-**	(37)
At end of year	**2,164**	1,654	**-**	-

In determining the recoverability of trade receivables, the Group and the Company consider any changes in the credit quality of the trade receivables from the date credit was initially granted up to the end of the reporting period.

The Group has no significant concentration of credit risk except for amounts due from 4 (2012: 5) major customers, which constitute approximately 28% (2012: 40%) of the total trade receivables.

21. TRADE RECEIVABLES (CONT'D)

Analysis of currency profile of trade receivables is as follows:

	The Group	
	2013	**2012**
	RM'000	**RM'000**
United States Dollar	**23,188**	35,258
Ringgit Malaysia	**16,517**	16,664
Pound Sterling	**169**	273
Euro	**6**	129
	39,880	52,324

22. OTHER RECEIVABLES, DEPOSITS AND PREPAID EXPENSES

	The Group		The Company	
	2013	**2012**	**2013**	**2012**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Other receivables	**1,973**	1,545	**26**	24
Less: Allowance for doubtful debts	**(252)**	(228)	**-**	-
Net	**1,721**	1,317	**26**	24
Refundable deposits	**164**	163	**86**	85
Prepaid expenses	**2,364**	742	**51**	167
	4,249	2,222	**163**	276

The movement in the allowance for doubtful debts during the reporting period is as follows:

	The Group	
	2013	**2012**
	RM'000	**RM'000**
At beginning of year	**228**	244
Impairment loss recognised on receivables (Note 7)	**24**	-
Amount written off during the year as uncollectible	**-**	(16)
At end of year	**252**	228

22. OTHER RECEIVABLES, DEPOSITS AND PREPAID EXPENSES (CONT'D)

Analysis of currency profile of other receivables is as follows:

	The Group		The Company	
	2013 RM'000	**2012 RM'000**	**2013 RM'000**	**2012 RM'000**
Ringgit Malaysia	**1,674**	1,471	**26**	24
Indonesian Rupiah	**299**	74	**-**	-
	1,973	1,545	**26**	24

23. RELATED COMPANIES AND RELATED PARTY TRANSACTIONS

(a) Amount owing by subsidiary companies

	The Company	
	2013 RM'000	**2012 RM'000**
Amount owing by subsidiary companies	**211,370**	215,360
Less: Allowance for doubtful debts	**(2,591)**	(2,591)
Net	**208,779**	212,769

Amount owing by subsidiary companies represent mainly unsecured advances, dividend and management fees receivable and payments made on behalf, net of administrative charges. These amounts are unsecured, interest-free and repayable on demand.

Movement in the allowance for doubtful debts during the reporting period is as follows:

	The Company	
	2013 RM'000	**2012 RM'000**
At beginning of year	**2,591**	911
Impairment loss recognised on receivables (Note 7)	**-**	1,800
Amount recovered during the year (Note 7)	**-**	(120)
At end of year	**2,591**	2,591

An allowance of RM2,591,000 (2012: RM2,591,000) has been made for estimated irrecoverable amounts due from certain subsidiary companies.

23. RELATED COMPANIES AND RELATED PARTY TRANSACTIONS (CONT'D)

(a) Amount owing by subsidiary companies (Cont'd)

Analysis of currency profile of amount owing by subsidiary companies is as follows:

	The Company	
	2013	2012
	RM'000	RM'000
Ringgit Malaysia	**211,318**	215,357
Indonesian Rupiah	**52**	-
United States Dollar	**-**	3
	211,370	215,360

(b) Amount owing to subsidiary companies

Amount owing to subsidiary companies represent mainly unsecured advances and payments made on behalf, net of dividend receivable and management fees receivable. These amounts are unsecured, interest-free and repayable on demand.

Analysis of currency profile of amount owing to subsidiary companies is as follows:

	The Company	
	2013	2012
	RM'000	RM'000
Ringgit Malaysia	**89,595**	90,010
United States Dollar	**140**	140
	89,735	90,150

23. RELATED COMPANIES AND RELATED PARTY TRANSACTIONS (CONT'D)

(c) Related Party Transactions with Group Companies

The significant related party credits/(charges) arising from related party transactions, which were determined based on negotiations agreed between the parties, are as follows:

	The Company	
	2013 RM'000	2012 RM'000
Subsidiary companies		
Southern Acids Industries Sdn. Bhd.		
Dividend receivable	**5,000**	3,600
Management fees receivable	**1,700**	1,978
Purchases of goods	**-**	(107,088)
Realised loss on foreign exchange	**-**	(1,012)
PKE Transport (Malaysia) Sdn. Berhad		
Dividend receivable	**-**	3,059
Management fees receivable	**317**	334
Southern Medicare Sdn. Bhd.		
Dividend receivable	**-**	1,000
Management fees receivable	**440**	546
PKE (Malaysia) Sdn. Berhad		
Management fees receivable	**388**	473
Pembinaan Gejati Sdn. Bhd.		
Management fees receivable	**57**	118
Firstview Development Sdn. Bhd.		
Management fees receivable	**721**	121
SAB Bio-Fuel Sdn. Bhd.		
Management fees receivable	**-**	30
Southern Management (M) Sdn. Bhd.		
Management fees receivable	**50**	-
Administrative charges	**(72)**	(168)

23. RELATED COMPANIES AND RELATED PARTY TRANSACTIONS (CONT'D)

(d) Related Parties

The related parties in which the Group has transacted and their relationships with the Group are as follows:

Name of related parties	Relationship
Banting Hock Hin Estate Company Sdn. Bhd., Southern Edible Oil Industries (M) Sdn. Berhad, Southern Realty (Malaya) Sdn. Berhad, Southern Palm Industries Sdn. Berhad, Torita Rubber Works Sdn. Bhd., Torita Trading (M) Sdn. Bhd., SKP Borneo Sdn. Bhd., Southern Keratong Plantations Sdn. Berhad, Sunny Futures Sdn. Bhd. and Bukit Rotan Palm Oil Sdn. Bhd.	Companies in which Tan Sri Dato' Low Boon Eng, PSM, DPMS, JP. and Mr Lim Kim Long, who are directors of the Company are also directors and/or have substantial financial interests.

(e) Related Party Transactions with Related Parties

The significant related party credits/(charges) arising from related party transactions, which were determined based on negotiations agreed between the parties, are as follows:

	The Group		The Company	
	2013	**2012**	**2013**	**2012**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Related parties				
Southern Realty (Malaya) Sdn. Berhad				
Purchases of goods	**(2,453)**	(323)	**-**	-
Sale of goods	**795**	1,059	**-**	-
Administrative charges	**1,096**	1,041	**-**	-
Share of property, plant and equipment charges	**7**	7	**-**	-
Rental paid/ payable for:				
Land (Note 7)	**(140)**	(140)	**-**	-
Premises (Note 7)	**(11)**	(11)	**-**	-
Staff quarters (Note 7)	**(60)**	(58)	**-**	-
Equipment (Note 7)	**(9)**	(23)	**-**	-
Bukit Rotan Palm Oil Sdn. Bhd.				
Administrative charges	**100**	126	**-**	-
Southern Edible Oil Industries (M) Sdn. Berhad				
Sale of goods	**629**	559	**-**	-
Purchases of goods	**(2,362)**	(5,228)	**-**	-
Administrative charges	**288**	305	**-**	-
Share of property, plant and equipment charges	**7**	7	**-**	-

23. RELATED COMPANIES AND RELATED PARTY TRANSACTIONS (CONT'D)

(e) Related Party Transactions with Related Parties (Cont'd)

	The Group		The Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Related parties (Cont'd)				
Southern Keratong Plantations Sdn. Berhad				
Purchases of goods	**(970)**	(498)	**-**	-
Administrative charges	**429**	410	**-**	-
SKP Borneo Sdn. Bhd.				
Administrative charges	**202**	168	**-**	-
Torita Rubber Works Sdn. Bhd.				
Sale of goods	**106**	111	**-**	33
Administrative charges	**42**	59	**-**	-
Sunny Futures Sdn. Bhd.				
Administrative charges	**23**	11	**-**	-

(f) Related Party Balances

Included under the following accounts of the Group and of the Company are significant outstanding balances arising from trade and non-trade transactions which were determined based on negotiations, as agreed with the above related parties:

	The Group	
	2013 RM'000	2012 RM'000
Trade receivables		
Torita Rubber Works Sdn. Bhd.	**363**	57
Torita Trading (M) Sdn. Bhd.	**203**	177
Southern Realty (Malaya) Sdn. Berhad	**100**	155
Southern Edible Oil Industries (M) Sdn. Berhad	**64**	36
Banting Hock Hin Estate Company Sdn. Bhd.	**61**	29
Southern Keratong Plantations Sdn. Berhad	**29**	26
Bukit Rotan Palm Oil Sdn. Bhd.	**3**	7
SKP Borneo Sdn. Bhd.	**19**	13
Sunny Futures Sdn. Bhd.	**36**	13
	878	513

23. RELATED COMPANIES AND RELATED PARTY TRANSACTIONS (CONT'D)

(f) Related Party Balances (Cont'd)

	The Group		The Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Other receivables, deposits and prepaid expenses				
Torita Trading (M) Sdn. Bhd.	**65**	62	**-**	-
Torita Rubber Works Sdn. Bhd.	**39**	30	**-**	-
Southern Palm Industries Sdn. Berhad	**24**	24	**24**	24
Banting Hock Hin Estate Company Sdn. Bhd.	**12**	9	**-**	-
Southern Realty (Malaya) Sdn. Berhad	**12**	8	**-**	-
Southern Edible Oil Industries (M) Sdn. Berhad	**10**	21	**-**	-
Sunny Futures Sdn. Bhd.	**4**	2	**-**	-
Southern Keratong Plantations Sdn. Berhad	**4**	2	**-**	-
	170	158	**24**	24

	The Group	
	2013	2012
	RM'000	RM'000
Trade payables		
Southern Realty (Malaya) Sdn. Berhad	**40**	120
Southern Keratong Plantations Sdn. Berhad	**58**	58
Bukit Rotan Palm Oil Sdn. Bhd.	**5**	5
Southern Edible Oil Industries (M) Sdn. Berhad	**-**	957
	103	1,140
Other payables		
Southern Realty (Malaya) Sdn. Berhad	**20**	20
SKP Borneo Sdn. Bhd.	**1**	1
Southern Edible Oil Industries (M) Sdn. Berhad	**25**	25
	46	46

23. RELATED COMPANIES AND RELATED PARTY TRANSACTIONS (CONT'D)

(g) Compensation of Key Management Personnel

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company either directly and indirectly. The key management personnel of the Group and of the Company includes Executive Directors and Non-Executive Directors of the Company and certain members of senior management of the Company and heads of major subsidiary companies of the Group.

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

	The Group		The Company	
	2013	**2012**	**2013**	**2012**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Short-term employment benefits	**3,787**	3,424	**1,300**	1,400
Post employment benefits	**300**	306	**101**	123
	4,087	3,730	**1,401**	1,523

Included in the total compensation of key management personnel are:

	The Group		The Company	
	2013	**2012**	**2013**	**2012**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Directors' remuneration (Note 8)	**1,710**	1,150	**490**	379

24. FIXED DEPOSITS, SHORT-TERM PLACEMENTS, AND CASH AND BANK BALANCES

	The Group		The Company	
	2013	**2012**	**2013**	**2012**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Cash and bank balances	**33,457**	24,167	**1,172**	1,017
Fixed deposits with licensed banks	**60,280**	60,430	**-**	1,564
Short-term placements	**54,760**	10,261	**7,070**	3,436
	148,497	94,858	**8,242**	6,017

Included in fixed deposits and short-term placements is an amount of RM7,069,813 (2012: RM8,697,890) represents investment in trust funds managed by a licensed investment management company, which is tax exempt, fixed-deposit-linked and allows prompt redemption at any time.

24. FIXED DEPOSITS, SHORT-TERM PLACEMENTS, AND CASH AND BANK BALANCES (CONT'D)

The effective interest rates for fixed deposits of the Group and of the Company range from 3.00% to 7.75% (2012: 0.75% to 6.75%) and Nil (2012: 0.75% to 1.80%) per annum respectively and have maturity periods ranging from 1 day to 1 year (2012: 1 day to 1.5 years).

Short-term placements of the Group and of the Company earned interest at prevailing market rates and have no fixed maturity period and allow prompt redemption on demand.

Analysis of fixed deposits, short-term placements, and cash and bank balances by currency is as follows:

	The Group		The Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Ringgit Malaysia	**80,053**	37,956	**8,206**	4,417
Indonesian Rupiah	**68,267**	55,198	**-**	-
Pound Sterling	**-**	1,564	**-**	1,564
Hong Kong Dollar	**98**	104	**-**	-
United States Dollar	**79**	36	**36**	36
	148,497	94,858	**8,242**	6,017

25. SHARE CAPITAL

	The Group and The Company	
	2013 RM'000	2012 RM'000
Authorised:		
200,000,000 ordinary shares of RM1 each	**200,000**	200,000
Issued and fully paid:		
136,934,132 ordinary shares of RM1 each	**136,934**	136,934

26. RESERVES

	The Group		The Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Non-distributable:				
Share premium	**34,321**	34,321	**34,321**	34,321
Foreign exchange reserve	**(5,065)**	(2,573)	**-**	-
Other reserve	**(322)**	(322)	**-**	-
Fair value reserve	**13,768**	14,843	**13,768**	14,843
	42,702	46,269	**48,089**	49,164
Distributable:				
Retained earnings	**267,147**	237,381	**29,651**	31,289
	309,849	283,650	**77,740**	80,453

Share premium

Share premium arose from the following issue of shares:

	The Group and The Company	
	2013	2012
	RM'000	RM'000
2,700,000 ordinary shares issued at a premium of RM1.45 per share in 1991, net of share issue expenses of RM1,048,207	**2,867**	2,867
Expenses relating to bonus issue in 1996	**(357)**	(357)
2,186,463 ordinary shares issued at a premium of RM3.00 per share in 1997	**6,559**	6,559
Exercise of 100 warrants 1996/2001 at a premium of RM3.80 per share in 1997	**1**	1
32,715,908 ordinary shares issued at a premium of RM0.20 per share in 2000, net of share issue expenses of RM537,074	**6,006**	6,006
Exercise of 14,000 warrants 1999/2003 at a premium of RM0.60 per share in 2002	**8**	8
Exercise of 32,060,945 warrants 1999/2003 at a premium of RM0.60 per share in 2004	**19,237**	19,237
	34,321	34,321

26. RESERVES (CONT'D)

Foreign exchange reserve

Exchange differences arising on the translation of the financial statements of the foreign controlled entities are taken to the foreign exchange reserve, as described in the accounting policies.

Other reserve

Other reserve comprises excess of consideration paid for the acquisition of additional carrying amount of non-controlling interests in a subsidiary company.

Fair value reserve

Fair value reserve comprises fair value changes on revaluation of available-for-sale investments.

Retained earnings

In accordance with the Finance Act 2007, the single tier income tax system became effective from the year of assessment 2008. Under this system, tax on a company's profit is a final tax, and dividends paid are exempted from tax in the hands of the shareholders. Unlike the previous imputation system, the recipient of the dividend would no longer be able to claim any tax credit.

Companies without Section 108 tax credits balance will automatically move to the single tier income tax system on 1 January 2008. However, companies with such tax credits are given an irrevocable option to elect for the single tier income tax system and disregard the tax credit or to continue to use the tax credits under Section 108 account to frank the payment of cash dividends on ordinary shares for a period of 6 years ending 31 December 2013 or upon full utilisation of tax credits, whichever comes first. During the transitional period, any tax paid will not be added to the Section 108 account and any tax credits utilised will reduce the tax credit balance. All companies will be on the new system on 1 January 2014.

The Company did not elect for the irrevocable option to disregard the Section 108 balance. Accordingly, during the transitional period, the Company may utilise the credit in the Section 108 balance as of 31 March 2013 to distribute cash dividend payments to ordinary shareholders as defined under the Finance Act 2007.

As of 31 March 2013, subject to the agreement of the Inland Revenue Board and based on the prevailing tax rate applicable to dividends, the Company has sufficient credit in the Section 108 and the balance in the tax exempt income account to frank approximately RM7,220,000 (2012: RM14,070,000) out of its retained earnings as of 31 March 2013 if distributed by way of cash dividends. The balance of retained earnings which is not covered by tax credits, if distributed as dividends, would be under single tier income tax systems as explained above.

27. PROVISION FOR RETIREMENT BENEFITS

Movements in net liability during the financial year are as follows:

	The Group		
	Malaysia RM'000	Indonesia RM'000	Total RM'000
As of 1 April 2011	3,733	1,729	5,462
Addition (Note 7):			
Current	576	507	1,083
Underprovision in prior years	10	739	749
	586	1,246	1,832
Utilised during the year	(278)	(141)	(419)
Effects of foreign exchange translation	-	(113)	(113)
As of 31 March 2012/1 April 2012	4,041	2,721	6,762
Addition (Note 7):			
Current	494	669	1,163
Underprovision in prior years	-	291	291
	494	960	1,454
Utilised during the year	(120)	-	(120)
Effects of foreign exchange translation	-	(151)	(151)
As of 31 March 2013	**4,415**	**3,530**	**7,945**

	The Company	
	2013 RM'000	2012 RM'000
At beginning of year	**1,280**	1,089
Addition (Note 7):		
Current	**290**	181
Underprovision in prior years	**-**	10
	290	191
At end of year	**1,570**	1,280

27. PROVISION FOR RETIREMENT BENEFITS (CONT'D)

The amount recognised in the statements of financial position are analysed as follows:

	The Group		
	Malaysia RM'000	Indonesia RM'000	Total RM'000
2013			
Present value of defined benefit obligations	**4,378**	**3,530**	**7,908**
Unrecognised actuarial gain	**37**	**-**	**37**
	4,415	**3,530**	**7,945**
2012			
Present value of defined benefit obligations	4,013	2,721	6,734
Unrecognised actuarial gain	28	-	28
	4,041	2,721	6,762

	The Company	
	2013 RM'000	2012 RM'000
Present value of defined benefit obligations	**1,950**	1,687
Unrecognised actuarial losses	**(380)**	(407)
	1,570	1,280

Movements in present value of defined benefit obligations during the financial year are as follows:

	The Group		
	Malaysia RM'000	Indonesia RM'000	Total RM'000
2013			
At beginning of year	**4,013**	**2,721**	**6,734**
Current service cost	**265**	**782**	**1,047**
Interest cost on obligation	**220**	**178**	**398**
Benefits paid	**(120)**	**-**	**(120)**
Effects of foreign exchange translation	**-**	**(151)**	**(151)**
At end of year	**4,378**	**3,530**	**7,908**

27. PROVISION FOR RETIREMENT BENEFITS (CONT'D)

Movements in present value of defined benefit obligations during the financial year are as follows: (Cont'd)

	The Group		
	Malaysia RM'000	**Indonesia RM'000**	**Total RM'000**
2012			
At beginning of year	3,715	1,729	5,444
Current service cost	304	1,103	1,407
Interest cost on obligation	272	143	415
Benefits paid	(278)	(141)	(419)
Effects of foreign exchange translation	-	(113)	(113)
At end of year	4,013	2,721	6,734

	The Company	
	2013 RM'000	**2012 RM'000**
At beginning of year	**1,687**	1,524
Current service cost	**166**	104
Interest cost on obligation	**97**	59
At end of year	**1,950**	1,687

The amounts recognised in the income statements are as follows:

	The Group		
	Malaysia RM'000	**Indonesia RM'000**	**Total RM'000**
2013			
Current service cost	**265**	**782**	**1,047**
Interest cost on obligation	**220**	**178**	**398**
Net actuarial gain recognised	**9**	**-**	**9**
	494	**960**	**1,454**
2012			
Current service cost	304	1,103	1,407
Interest cost on obligation	272	143	415
Net actuarial gain recognised	10	-	10
	586	1,246	1,832

27. PROVISION FOR RETIREMENT BENEFITS (CONT'D)

The amounts recognised in the income statements are as follows: (Cont'd)

	The Company	
	2013	**2012**
	RM'000	**RM'000**
Current service cost	**166**	104
Interest cost on obligation	**97**	59
Net actuarial gain recognised	**27**	18
	290	181

The principal actuarial assumptions used as of the end of the reporting period are as follows:

	2013	**2012**
Malaysia		
Discount rate (%)	**7.0**	7.0
Future salary increments (%)	**5.0**	5.0
Normal retirement age:		
Male	**55**	55
Female	**50**	50
Indonesia		
Discount rate (%)	**7.0**	7.0
Future salary increments (%)	**10.0**	10.0
Normal retirement age:		
Male	**55**	55
Female	**55**	55

28. TRADE PAYABLES, OTHER PAYABLES AND ACCRUED EXPENSES

(a) Trade Payables

Trade payables comprise amounts outstanding for trade purchases. The credit period granted to the Group for trade purchases ranges from 7 to 60 (2012: 7 to 60) days.

Analysis of currency profile of trade payables is as follows:

	The Group	
	2013	**2012**
	RM'000	**RM'000**
Ringgit Malaysia	**19,307**	20,777
Indonesian Rupiah	**5,922**	1,618
	25,229	22,395

28. TRADE PAYABLES, OTHER PAYABLES AND ACCRUED EXPENSES (CONT'D)

(b) Other Payables and Accrued Expenses

	The Group		The Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Other payables	**11,355**	13,606	**105**	316
Advances from customers	**1,145**	1,284	**-**	-
Accrued expenses	**14,861**	12,917	**1,082**	1,192
Loans from shareholders of subsidiary companies	**856**	856	**-**	-
	28,217	28,663	**1,187**	1,508

Other payables arose mainly in respect of indirect costs and administrative expenditure. These amounts are unsecured, interest-free and are repayable within 60 days (2012: 60 days) from the transaction dates.

Included in other payables of the Group is an amount of RM6,526,159 (2012: RM6,526,159) representing the balance of purchase consideration payable to a third party for the acquisition of a piece of leasehold land located in the Palm Oil Industrial Quarter at Lahad Datu, Sabah as mentioned in Note 12.

The loans from shareholders of subsidiary companies are unsecured, interest-free and repayable on demand. The loans from shareholders of subsidiary companies are denominated in Ringgit Malaysia.

Analysis of currency profile of other payables and advances from customers is as follows:

	The Group		The Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Ringgit Malaysia	**11,217**	12,058	**105**	316
Indonesian Rupiah	**343**	2,328	**-**	-
Euro	**8**	-	**-**	-
United States Dollar	**932**	504	**-**	-
	12,500	14,890	**105**	316

29. BANKING FACILITIES

The Group and the Company have credit facilities totalling RM18,206,763 (2012: RM15,105,000) and RM10,000,000 (2012: RM10,000,000) respectively, which are secured by:

(a) negative pledge on the assets of the Company and certain of the subsidiary companies;

(b) debentures over all fixed and floating assets of the subsidiary companies; and

(c) the facilities of the subsidiary companies are also guaranteed by the Company.

These facilities bear interest at rates ranging from 7.60% to 8.60% (2012: 7.60% to 8.60%) per annum.

30. CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2013	**2012**	**2013**	**2012**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Cash and bank balances	**33,457**	24,167	**1,172**	1,017
Fixed deposits with licensed banks	**60,280**	60,430	**-**	1,564
Short-term placements	**54,760**	10,261	**7,070**	3,436
	148,497	94,858	**8,242**	6,017

31. DIVIDENDS

	The Group and The Company	
	2013	**2012**
	RM'000	**RM'000**
Final dividend of 6.67 sen, less 25% tax, in respect of financial year ended 31 March 2012	**6,850**	-
Final dividend of 6.0 sen, tax exempt, in respect of financial period ended 31 March 2011	**-**	8,216
	6,850	8,216

31. DIVIDENDS (CONT'D)

A final dividend of 6.67 sen per ordinary share of RM1.00 each, less 25% tax, amounting to RM6,850,123 proposed in the previous financial year and dealt with in the previous directors' report was paid by the Company on 24 October 2012.

The directors have proposed the following final dividends in respect of the current financial year:

(i) 3 sen per ordinary share of RM1.00 each, less 25% tax, amounting to RM3,081,018; and

(ii) 2.75 sen per ordinary share of RM1.00 each, single tier, amounting to RM3,765,689.

The proposed dividends are subject to approval by the shareholders at the forthcoming Annual General Meeting of the Company and have not been included as a liability in the financial statements.

32. SEGMENTAL INFORMATION

The Group's operating businesses are classified according to the following operating divisions:

(i) Manufacturing and marketing of oleochemical products
(ii) Managing and operating of private hospital
(iii) Sales of oil palm fruit and crude palm oil
(iv) Others

Included in other operating divisions are investment holding, warehousing and bulk conveyor operations and administrative services. The warehouse and bulk conveyor operations are now operating based on a short-term land lease at Northport of Pelabuhan Klang. The existing land lease agreement with a port operator is expiring on 15 December 2013 and PKE (Malaysia) Sdn Bhd, a subsidiary company of the Company is in the midst of extending the lease tenure. A proposal for the relocation of operations had been submitted and is pending approval.

Segment revenue, expenses and results include transactions between business segments and are eliminated on consolidation.

The inter-segment transactions are determined based on negotiations agreed between the parties under terms, conditions, and prices not materially different from transactions with non-related parties.

32. SEGMENTAL INFORMATION (CONT'D)

The Group 2013	**Manufacturing and marketing of oleochemical products RM'000**	**Managing and operating of private hospital RM'000**	**Sales of oil palm fruit and crude palm oil RM'000**	**Others RM'000**	**Eliminations RM'000**	**Consolidated RM'000**
Revenue						
External sales	**375,447**	**72,872**	**122,314**	**9,372**	**-**	**580,005**
External dividend income	**-**	**-**	**-**	**1,420**	**-**	**1,420**
Inter-segment sales	**-**	**-**	**-**	**8,946**	**(8,946)**	**-**
Total revenue	**375,447**	**72,872**	**122,314**	**19,738**	**(8,946)**	**581,425**
Financial Results						
Segment results	**21,039**	**3,265**	**28,968**	**455**	**-**	**53,727**
Profit from operations						**53,727**
Investment revenue						**3,154**
Profit before tax						**56,881**
Income tax expense						**(11,246)**
Profit for the year						**45,635**
Other Information						
Capital expenditure	**1,800**	**2,344**	**7,550**	**225**	**-**	**11,919**
Non-cash expenses:						
Depreciation of property, plant and equipment	**3,468**	**2,334**	**1,869**	**873**	**-**	**8,544**
Provision for retirement benefits	**204**	**-**	**960**	**290**	**-**	**1,454**
Amortisation of biological assets	**-**	**-**	**754**	**-**	**-**	**754**
Allowance for doubtful debts:						
Trade receivables	**-**	**433**	**-**	**97**	**-**	**530**
Other receivables	**-**	**-**	**-**	**24**	**-**	**24**
Inventories written down	**191**	**-**	**-**	**-**	**-**	**191**
Property, plant and equipment written off	**-**	**-**	**2,268**	**19**	**-**	**2,287**
Allowance for loss on conversion of Plasma PIR-TRANS program	**-**	**-**	**119**	**-**	**-**	**119**

32. SEGMENTAL INFORMATION (CONT'D)

The Group 2013	Manufacturing and marketing of oleochemical products RM'000	Managing and operating of private hospital RM'000	Sales of oil palm fruit and crude palm oil RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
Non-cash income:						
Unrealised gain on foreign exchange – net	**(414)**	**-**	**(14)**	**-**	**-**	**(428)**
Gain arising from derivative financial asets	**-**	**-**	**-**	**(240)**	**-**	**(240)**
Gain on disposal of property, plant and equipment	**(12)**	**(8)**	**-**	**-**	**-**	**(20)**
Allowance for doubtful debts no longer required	**-**	**(20)**	**-**	**-**	**-**	**(20)**
Statement of Financial Position						
Assets						
Segment assets	**244,760**	**59,658**	**263,702**	**361,669**	**(383,957)**	**545,832**
Income tax assets	**301**	**-**	**2,475**	**649**	**102**	**3,527**
Consolidated assets						**549,359**
Liabilities						
Segment liabilities	**27,510**	**73,976**	**149,083**	**138,671**	**(327,728)**	**61,512**
Income tax liabilities	**3,422**	**-**	**2,288**	**5**	**(623)**	**5,092**
Consolidated liabilities						**66,604**

32. SEGMENTAL INFORMATION (CONT'D)

The Group 2012	**Manufacturing and marketing of oleochemical products RM'000**	**Managing and operating of private hospital RM'000**	**Sales of oil palm fruit and crude palm oil RM'000**	**Others RM'000**	**Eliminations RM'000**	**Consolidated RM'000**
Revenue						
External sales	376,282	68,746	103,375	10,326	-	558,729
External dividend income	-	-	-	2,147	-	2,147
Inter-segment sales	-	-	-	11,800	(11,800)	-
Total revenue	376,282	68,746	103,375	24,273	(11,800)	560,876
Financial Results						
Segment results	8,309	3,288	26,195	756	-	38,548
Profit from operations						38,548
Investment revenue						2,727
Profit before tax						41,275
Income tax expense						(13,261)
Profit for the year						28,014
Other Information						
Capital expenditure	3,145	2,846	3,234	13,208	-	22,433
Non-cash expenses:						
Depreciation of property, plant and equipment	3,282	2,143	1,993	839	-	8,257
Provision for retirement benefits	395	-	1,246	191	-	1,832
Amortisation of biological assets	-	-	802	-	-	802
Inventories written down	461	-	-	-	-	461
Loss arising from derivative financial asets	-	-	-	204	-	204
Unrealised loss on foreign exchange - net	202	-	-	-	-	202
Bad debts written off	-	-	-	2	-	2
Property, plant and equipment written off	1	9	-	4	-	14
Biological assets written off	-	-	14	-	-	14

32. SEGMENTAL INFORMATION (CONT'D)

The Group 2012	Manufacturing and marketing of oleochemical products RM'000	Managing and operating of private hospital RM'000	Sales of oil palm fruit and crude palm oil RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
Non-cash income:						
Allowance for doubtful debts no longer required	-	45	-	42	-	87
Gain on disposal of property, plant and equipment	11	10	-	13	-	34
Statement of Financial Position						
Assets						
Segment assets	229,506	58,459	247,434	369,252	(394,434)	510,217
Income tax assets	527	-	1,573	381	(694)	1,787
Consolidated assets						512,004
Liabilities						
Segment liabilities	28,115	76,172	150,516	143,479	(338,188)	60,094
Income tax liabilities	-	-	701	6	3	710
Consolidated liabilities						60,804

Geographical Segments

The Group's operations are located in Malaysia and Indonesia.

The following is an analysis of the Group's revenue by geographical market:

	Sales revenue by geographical market 2013 RM'000	2012 RM'000
Asia:		
Malaysia	**138,176**	162,205
Indonesia	**121,520**	102,316
Others	**247,946**	235,477
Europe	**28,541**	39,178
America	**25,933**	12,570
Others	**19,309**	9,130
	581,425	560,876

32. SEGMENTAL INFORMATION (CONT'D)

Geographical Segments (Cont'd)

The following is an analysis of the carrying amount of segmental assets and capital expenditure by the geographical area in which the assets are located:

	Carrying amount of segment assets		Capital expenditure	
	2013	**2012**	**2013**	**2012**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Asia:				
Malaysia	**424,875**	375,223	**4,396**	19,224
Indonesia	**101,027**	88,371	**7,523**	3,209
Others	**20,700**	46,005	**-**	-
Europe	**1,364**	1,245	**-**	-
America	**1,080**	986	**-**	-
Others	**313**	174	**-**	-
	549,359	512,004	**11,919**	22,433

33. COMMITMENTS

(a) Capital Commitments

As of 31 March 2013, the Group has approved and contracted for capital commitments in respect of purchase of property, plant and equipment amounting to RM4,058,986 (2012: RM702,000) while the Company has not contracted for any capital commitments (2012: RM88,000) in respect of acquisition of property, plant and equipment.

(b) Lease Commitments

As of 31 March 2013, total future minimum lease payment commitments are as follows:

	The Group	
	2013	**2012**
	RM'000	**RM'000**
Within one year	**550**	409
Between one year to two years	**12**	12
	562	421

34. CONTINGENCIES

(a) In the financial year ended 30 April 2009, the Company received a letter from a related party, Southern Realty (Malaya) Sdn. Berhad, which is also a major shareholder of the Company, alleging numerous questionable transactions involving certain companies within the Group with certain related parties, and amongst related parties during the past several years. Most of these allegations are directed at Southern Management (M) Sdn. Bhd.("SMSB"), a wholly-owned subsidiary of the Company, which provided administrative and accounting services to these related parties.

The management of the Company is presently assessing various approaches to verify the allegations, taking into consideration the limitation on access to records and documents belonging to the said related parties to enable any investigation exercise to begin.

The Group and the Company may be exposed to potential claims, the amount of which is not presently determinable, in the event that those allegations are proven.

(b) In April 2010, SMSB was served with a Writ of Summons and Statement of Claim filed by Southern Palm Industries Sdn. Berhad ("SPI"), a major shareholder of the Company, against SMSB and seven (7) other defendants. The claim is for fraud and breach of fiduciary duties allegedly committed by certain former directors and employees of SMSB and other defendants in relation to loans extended by SPI in prior years to two (2) companies in which those former directors and employees of SMSB hold directorship. The sums claimed are for repayment of cost of funds of approximately RM62.0 million, plus further interest and costs. SMSB has retained solicitors to defend the action. The case is currently still pending in court.

The directors are unable to ascertain, at this juncture, whether there will be any material financial impact on the Group arising from the abovesaid claim.

(c) Contingencies in respect of guarantees given by the Company for credit facilities obtained by subsidiary companies

As of 31 March 2013, the Company has issued corporate guarantees without security to licensed financial institutions for credit facilities totalling RM7,700,000 (2012: RM4,605,000) granted to three Malaysian subsidiary companies. Accordingly, the Company is contingently liable to the extent of credit facilities utilised by the said subsidiary companies. The fair values of the financial guarantees have not been recognised in the financial statements since their fair values on initial recognition are negligible.

35. FINANCIAL INSTRUMENTS

Capital risk management

The objective of the Group's and the Company's capital risk management is to safeguard the Group's and the Company's ability to continue as a going-concern while maximising the return to shareholders through the optimisation of equity balance.

The capital structure of the Group and of the Company comprises only issued share capital and reserves. The Group and the Company review their capital structure at least annually to ensure that the Group and the Company will be able to continue as a going-concern.

The Group and the Company are not subject to any externally imposed capital requirements. The Group and the Company have no indebtedness.

35. FINANCIAL INSTRUMENTS (CONT'D)

Categories of financial instruments

	The Group		The Company	
	2013 RM'000	**2012 RM'000**	**2013 RM'000**	**2012 RM'000**
Financial assets				
Available-for-sale investments	**33,828**	34,903	**33,828**	34,903
Fair value through profit or loss:				
Derivative financial assets	**161**	-	**161**	-
Loans and receivables:				
Advances for Plasma PIR-TRANS program	**133**	1,534	**-**	-
Advances for KKPA program	**6,220**	634	**-**	-
Trade receivables	**37,716**	50,670	**-**	-
Other receivables and refundable deposits	**1,885**	1,480	**112**	109
Amount owing by subsidiary companies	**-**	-	**208,779**	212,769
Fixed deposits, short-term placements, and cash and bank balances	**148,497**	94,858	**8,242**	6,017
Financial liabilities				
Fair value through profit or loss:				
Derivative financial liabilities	**-**	79	**-**	79
Amortised cost:				
Trade payables	**25,229**	22,395	**-**	-
Other payables and accrued expenses	**28,217**	28,663	**1,187**	1,508
Amount owing to subsidiary companies	**-**	-	**89,735**	90,150
Dividend payable	**121**	2,195	**121**	121

Significant accounting policies

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the bases of measurement, and the bases for recognition of income and expenses) for each class of financial assets, financial liabilities and equity instrument are disclosed in Note 3.

Financial risk management objectives

The operations of the Group and of the Company are subject to a variety of financial risks, including foreign currency risk, price fluctuation risk, credit risk and liquidity risk. The Group and the Company have taken measures to minimise their exposure to risks and/or costs associated with the financing, investing and operating activities of the Group and of the Company.

35. FINANCIAL INSTRUMENTS (CONT'D)

Foreign currency risk management

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group and the Company undertake trade transactions in foreign currencies, which are mainly denominated in United States Dollar, Euro and Pound Sterling, with their trade debtors and trade creditors where the amounts outstanding are exposed to currency fluctuation risks.

The Group and the Company enter into foreign currency forward contracts in the normal course of business to manage their exposure against foreign currency fluctuations on sales and purchase transactions denominated in foreign currencies.

The Group's and the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	Assets		Liabilities	
	2013	**2012**	**2013**	**2012**
	RM'000	**RM'000**	**RM'000**	**RM'000**
The Group				
United States Dollar	**23,267**	35,294	**932**	504
Pound Sterling	**169**	1,837	**-**	-
Euro	**6**	129	**8**	-
	23,442	37,260	**940**	504
The Company				
United States Dollar	**36**	36	**140**	140
Pound Sterling	**-**	1,564	**-**	-
Indonesian Rupiah	**52**	-	**-**	-
	88	1,600	**140**	140

(a) Sensitivity analysis on translation of foreign currency denominated assets and liabilities

The Group and the Company conduct business transactions in foreign currencies and hence are subject to risks associated with fluctuations in rates of exchange of foreign currencies. The following table details the Group's and the Company's sensitivity to a 10% increase and decrease in the Ringgit Malaysia against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 10% change in foreign currency rates. A positive number below indicates a gain in the profit or loss and other equity where the Ringgit Malaysia weakens 10% against the relevant currencies.

35. FINANCIAL INSTRUMENTS (CONT'D)

Foreign currency risk management (Cont'd)

(a) Sensitivity analysis on translation of foreign currency denominated assets and liabilities (Cont'd)

For a 10% strengthening of the Ringgit Malaysia against the relevant currencies, there would be a comparable impact on the profit or loss, and the balances below would be negative.

	The Group		The Company	
	2013 RM'000	**2012 RM'000**	**2013 RM'000**	**2012 RM'000**
United States Dollar	**2,234**	3,479	**(10)**	(10)
Pound Sterling	**17**	184	**-**	156
Euro	**1**	13	**-**	-
Indonesian Rupiah	**-**	-	**5**	-
Total	**2,252**	3,676	**(5)**	146

(b) Forward foreign exchange contracts

At the end of the reporting period, the Group and the Company have foreign currency forward contacts, with maturities within the next twelve months, for the following notional amounts:

Outstanding contracts	**Average exchange rate**	**Foreign currency FC'000**	**Notional value RM'000**	**Fair value RM'000**
2013				
Buy USD				
- Less than 3 months	**3.12**	**4,250**	**13,287**	**161**
2012				
Buy USD				
- Less than 3 months	3.06	7,490	22,883	(79)
Buy EURO				
- Less than 3 months	4.09	31	129	-
Total			23,012	(79)

35. FINANCIAL INSTRUMENTS (CONT'D)

Price fluctuation risk management

The Group is exposed to the price fluctuation of raw materials used in the operations in particular commodities such as crude palm oil, crude palm stearine and palm kernel oil. The Group mitigates its risk to the price fluctuation on these key raw materials by entering into commodity future contracts to cover the physical requirements of the commodities needed by the Group at pre-determined purchase prices.

Commodity future contracts

At the end of the reporting period, the Group has commodity future contracts, with maturities within the next twelve months.

The following table details the commodity future contracts outstanding as at the end of the reporting period.

Outstanding contracts	Average price per metric tonne RM	Notional value/ Contract value RM'000	Fair value RM'000
Buy Crude Palm Oil			
2013			
Contract period for 3 months	**2,423**	**3,150**	**3,050**
2012			
Contract period for 3 months	3,433	858	858

Credit risk management

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations.

The Group's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including available-for-sale investments, cash and cash equivalents and derivatives), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Company's exposure to credit risk arises primarily from subsidiary companies. The Company monitors on an ongoing basis the results of the subsidiary companies, and repayments made by the subsidiary companies.

The Company also exposed to credit risk representing the corporate guarantees without security issued by the Company to licensed financial institutions for credit facilities totalling RM7,700,000 (2012: RM4,605,000) granted to three Malaysian subsidiary companies. Accordingly, the Company is contingently liable to the extent of credit facilities utilised by the said subsidiary companies. The fair values of the financial guarantees have not been recognised in the financial statements since their fair values on initial recognition are negligible.

35. FINANCIAL INSTRUMENTS (CONT'D)

Credit risk management (Cont'd)

Credit risk is controlled by careful selection of customers, setting credit limit and the period of credit.

The Group's objective is to seek continual growth while minimising losses incurred due to credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers are subject to credit verification procedures. Receivables are monitored on an ongoing basis.

At the end of the reporting period, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position, including derivatives with positive fair values.

Credit risk concentration profile

The Group has no significant concentration of credit risk except for amounts due from 4 (2012: 5) major customers, which constitute approximately 28% (2012: 40%) of the total trade receivables, as disclosed in Note 21.

Financial assets that are past due and impaired

Information regarding trade receivables that are past due and impaired is disclosed in Note 21.

Liquidity risk management

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arise primarily from mismatches of the maturities of financial assets and liabilities.

The Group and the Company practise prudent liquidity risk management to minimise the mismatch of financial assets and financial liabilities and to maintain sufficient credit facilities for contingent funding requirement of working capital.

The financial liabilities of the Group and of the Company, categorised as financial liabilities measured at amortised cost, are non-interest bearing and with maturities within the next twelve months.

At the end of the reporting period, it was not probable that the counterparties to the financial guarantee contracts will claim under the contracts. Consequently, no amount is included for financial guarantee contracts.

Fair Values of Financial Instruments

(a) Financial instruments carried at amortised cost

The directors consider that the carrying amounts of financial assets and financial liabilities carried at amortised cost in the financial statements approximate their fair values due to their relatively short maturity periods.

35. FINANCIAL INSTRUMENTS (CONT'D)

Fair Values of Financial Instruments (Cont'd)

(b) Other financial instruments

	The Group and The Company			
	2013		2012	
	Carrying Amount RM'000	Fair Value RM'000	Carrying Amount RM'000	Fair Value RM'000
Financial Assets				
Available-for-sale investments				
Quoted shares	**33,372**	**33,372**	34,447	34,447
Unquoted shares	**456**	**-**	456	-
Derivative financial assets	**161**	**161**	-	-
Financial Liability				
Derivative financial liabilities	**-**	**-**	79	79

(i) Available-for-sale investments (quoted shares)

The fair value of available-for-sale investments in quoted shares is estimated based on the market value as of the end of the reporting period.

(ii) Available-for-sale investments (unquoted shares)

It is not practical to determine the fair value of available-for-sale investments in unquoted shares due to the lack of quoted market prices and the inability to estimate fair value without incurring excessive costs.

(iii) Derivative financial assets/liabilities

The fair values of derivatives instruments are calculated using quoted prices. Foreign currency forward contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts.

Fair Value Hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 : inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e as prices) or indirectly (ie derived from prices).
- Level 3 : inputs for the asset or liability that are not based on observable market data (unobservable inputs).

35. FINANCIAL INSTRUMENTS (CONT'D)

Fair Value Hierarchy (Cont'd)

	The Group and The Company			
	Level 1 RM'000	**Level 2 RM'000**	**Level 3 RM'000**	**Total RM'000**
2013				
Financial Assets				
Available-for-sale investments (quoted shares)	**33,372**	**-**	**-**	**33,372**
Derivative financial assets	**-**	**161**	**-**	**161**
2012				
Financial Asset				
Available-for-sale investments (quoted shares)	34,447	-	-	34,447
Financial Liability				
Derivative financial liabilities	-	79	-	79

SUPPLEMENTARY INFORMATION
ON DISCLOSURE OF REALISED AND UNREALISED PROFITS

On 25 March 2010, Bursa Malaysia Securities Berhad ("Bursa Malaysia") issued a directive to all listed issuers pursuant to Paragraphs 2.06 and 2.23 of the Bursa Securities Main Market Listing Requirements which requires all listed issuers to disclose the breakdown of the retained earnings or accumulated losses as of the end of the reporting period, into realised and unrealised profits or losses.

On 20 December 2010, Bursa Malaysia further issued guidance on the disclosure and the prescribed format of disclosure.

The breakdown of the retained earnings of the Group and of the Company as of 31 March 2013 into realised and unrealised profits or losses, pursuant to the directive, is as follows:

	The Group		The Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Total retained earnings:				
Realised	**280,989**	247,505	**29,651**	31,289
Unrealised	**(1,803)**	704	**-**	-
	279,186	248,209	**29,651**	31,289
Less: Consolidation adjustments	**(12,039)**	(10,828)	**-**	-
Total retained earnings	**267,147**	237,381	**29,651**	31,289

The determination of realised and unrealised profits or losses is based on Guidance of Special Matter No. 1 "Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Securities Listing Requirements" as issued by the Malaysian Institute of Accountants on 20 December 2010. A charge or credit to the profit or loss of a legal entity is deemed realised when it is resulting from the consumption of resource of all types and form, regardless of whether it is consumed in the ordinary course of business or otherwise. A resource may be consumed through sale or use. Where a credit or a charge to the profit or loss upon initial recognition or subsequent measurement of an asset or a liability is not attributed to consumption of resource, such credit or charge should not be deemed as realised until the consumption of resource could be demonstrated.

This supplementary information have been made solely for complying with the disclosure requirements as stipulated in the directive of Bursa Malaysia Securities Berhad and is not made for any other purposes.

STATEMENT BY DIRECTORS

The directors of **SOUTHERN ACIDS (M) BERHAD** state that, in their opinion, the accompanying financial statements of the Group and of the Company are drawn up in accordance with the Companies Act, 1965 and Financial Reporting Standards 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 March 2013 and of the financial performance and the cash flows of the Group and of the Company for the year ended on that date.

The supplementary information set out in page 136, which is not part of the financial statements, is prepared in all material respects, 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 and the directive of Bursa Malaysia Securities Berhad.

Signed on behalf of the Board
in accordance with a resolution of the Directors,

TAN SRI DATO' LOW BOON ENG
PSM, DPMS, JP

LIM KIM LONG

Klang
25 July 2013

DECLARATION BY THE OFFICER

PRIMARILY RESPONSIBLE FOR THE FINANCIAL MANAGEMENT OF THE COMPANY

I, **SIEW FATT CHYN**, the officer primarily responsible for the financial management of **SOUTHERN ACIDS (M) BERHAD**, do solemnly and sincerely declare that the accompanying financial statements of the Group and of the Company are, in my opinion, 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.

SIEW FATT CHYN

Subscribed and solemnly declared by the
abovenamed **SIEW FATT CHYN** at **KUALA LUMPUR**
on this 25th day of July, 2013.

Before me,

SHAFIE B. DAUD (W 350)
COMMISSIONER FOR OATH

PROPERTIES OF SOUTHERN ACIDS (M) BERHAD AND ITS SUBSIDIARIES

AS OF 31 MARCH 2013

	Company and Location of Property	Type of Property	Area	Existing Use/ Purpose	Tenure	Age of Building	Net Book Value 31 March 2013 (in RM'000)
1.	**Pembinaan Gejati Sdn Bhd**						
	Thangamallay Estate, Lot 14480, 14481, 14482, 14483 & Lot 1095, Batu 7, Jalan Kebun, Kampung Jawa, 42450 Klang Selangor	Land	644.49 acres	Oil Palm Plantation	Freehold	N/A	141,944
2.	**Southern Acids Industries Sdn. Bhd.**						
	Golconda Estate, Persiaran Hamzah Alang, 10th Mile, Jalan Kapar, 42200 Kapar, Klang, Selangor	Industrial Buildings	27.90 acres	Oleochemical Factory	N/A	Ranging from 18 to 32 years	5,064
3.	**Noble Interest Sdn. Bhd.**						
	P.T. 1288, Seksyen 14, Mukim Klang, Daerah Klang, Selangor	Land & Building	1.62 acres & 6,458 sq. mtr.	Hospital Building	Freehold	N/A 14 years	4,950 21,954
4.	**PKE (Malaysia) Sdn. Berhad.**						
	Lot No. 15, Section 7, Taman Perusahaan Pulau Indah, Pulau Indah, Mukim Klang, Daerah Klang, Selangor	Industrial Land	6.67 acres	Vacant	Leasehold expiring on 24-2-2097	N/A	4,060
	Lot 6579, Jalan Jerung, Pelabuhan Utara, 42000 Klang, Selangor	Building	132,858 sq. ft	Warehouse	Lease Rental expiring on 15-12-2013	22 years	1
	No. 18, Jalan Firma 2/1, Kawasan Perindustrian Tebrau, Johor Bahru, Johor	Building	50,400 sq. ft	Warehouse	Freehold	16 years	1,626

PROPERTIES OF SOUTHERN ACIDS (M) BERHAD AND ITS SUBSIDIARIES

AS OF 31 MARCH 2013 (cont'd)

	Company and Location of Property	Type of Property	Area	Existing Use/ Purpose	Tenure	Age of Building	Net Book Value 31 March 2013 (in RM'000)
5.	**SAB Properties Development Co. Sdn. Berhad**						
	G.M. 2172 Lot 2824, Mukim Klang, Daerah Klang, Selangor	Industrial Land	3.25 acres	Vacant	Freehold	N/A	3,318
6.	**SAB Bio-Fuel Sdn. Bhd.**						
	Lot 3B, Phase 1, POIC Lahad Datu, Sabah	Industrial Land	24.97 acres	Vacant	Leasehold Expiring on 31-12-2104	N/A	12,808
7.	**P.T. Mustika Agro Sari**						
	Kebun Tanjung Pauh & Kebun Petai, Province of Riau, Sumatera Indonesia	Land & Buildings	7,181 acres	Oil palm plantation, palm oil mill & workers' quarters	Leasehold Expiring on 20-3-2036 and 9-4-2036	11 years	9,954
8.	**P.T. Wanasari Nusantara**						
	Kebun Wanasari Province of Riau, Sumatera Indonesia	Land & Buildings	13,136 acres	Oil palm plantation & workers' quarters	Leasehold Expiring on 31-12-2029 and 29-1-2032	25 years	4,155

ANALYSIS OF SHAREHOLDINCS

AS OF 15 AUGUST 2013

DISTRIBUTION SCHEDULE OF SHARE AS OF 15 AUGUST 2013

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Shares Held
less than 100	217	9.48	7,945	0.01
101 to 1,000	549	23.98	394,757	0.28
1,001 to 10,000	1,163	50.81	4,490,642	3.28
10,001 to 100,000	298	13.02	8,772,525	6.40
100,001 – 6,846,706 (less than 5% of issued shares)	58	2.53	43,643,303	31.87
6,846,707 (5% of issued shares) and above	4	0.18	79,624,960	58.16
Total	**2,289**	**100.00**	**136,934,132**	**100.00**

LIST OF SUBSTANTIAL SHAREHOLDERS AS OF 15 AUGUST 2013

Nos.	Names	Shareholding	%
1.	Southern Palm Industries Sdn. Bhd.	42,840,270	31.29
2.	Lembaga Tabung Haji	17,864,605	13.05
3.	Southern Realty (Malaya) Sdn. Bhd.	11,527,419	8.42
4.	Rasional Sdn. Bhd.	7,392,666	5.40

INFORMATION ON DIRECTORS' SHAREHOLDINGS AS OF 15 AUGUST 2013

		Direct Interest		Deemed Interest	
Nos.	Name of Directors	No. of Shares	%	No. of Shares	%
1.	Tan Sri Dato' Low Boon Eng	2,487	0.00	65,754,977	48.02
2.	Mohd. Hisham bin Harun	0	0.00	0	0.00
3.	Sukhinderjit Singh Muker	0	0.00	0	0.00
4.	Lim Kim Long	49,276	0.04	66,631,911	48.66
5.	Leong So Seh	0	0.00	0	0.00
6.	Teo Leng	0	0.00	0	0.00
7.	Raymond Wong Kwong Yee	0	0.00	0	0.00
8.	Chung Kin Mun	0	0.00	0	0.00
9.	Cheong Kee Yoong (Alternate Director to Lim Kim Long)	0	0.00	0	0.00

ANALYSIS OF SHAREHOLDINGS
AS OF 15 AUGUST 2013 (cont'd)

LIST OF TOP 30 HOLDERS

Nos.	Name	No. of Share Held	% of Issued Shares
1.	Southern Palm Industries Sdn. Bhd.	42,840,270	31.29
2.	Lembaga Tabung Haji	17,864,605	13.05
3.	Southern Realty (Malaya) Sdn. Bhd.	11,216,419	8.19
4.	Rasional Sdn. Berhad	7,392,666	5.40
5.	Southern Edible Oil Industries (M) Sdn. Berhad	4,958,332	3.62
6.	CIMB Group Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Mong Hua @ Low Mong Hua (PSB-CBDG9)*	4,909,237	3.59
7.	Glamour Partnership Sdn. Bhd.	3,221,940	2.35
8.	Angsana Sutera Sdn. Bhd.	2,714,942	1.98
9.	Southern Cocoa Products (M) Sdn. Berhad	2,102,632	1.54
10.	Olive Lim Swee Lian	2,047,300	1.50
11.	Ng Kin Lan	1,882,832	1.37
12.	Lim Boon Eng	1,820,837	1.33
13.	Low Mun Chong	1,516,498	1.11
14.	Banting Hock Hin Estate Company Sdn. Bhd.	1,487,500	1.09
15.	Maybank Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Low Ai Choo*	1,400,035	1.02
16.	Lim Thye Peng Realty Sdn. Bhd.	1,280,322	0.93
17.	Alliancegroup Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Ooi Chin Hock (8058312)*	1,230,300	0.90
18.	Southern HockJoo Plantation Sdn. Berhad	991,666	0.72
19.	Naga Wira Sdn. Berhad	720,938	0.53
20.	Bekalan Utama Sdn. Berhad	694,166	0.51
21.	CIMB Group Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Mong Hua @ Low Mong Hua (4851DHAM)*	600,000	0.44
22.	Low Mong Hua Sdn Bhd	585,000	0.43
23.	Sai Yee @ Sia Say Yee	580,000	0.42
24.	Mong Teck Sdn. Berhad	559,972	0.41
25.	Toh Kam Choy	540,000	0.39
26.	Yeoh Kean Hua	415,000	0.30
27.	Ooi Lay Suan	384,500	0.28
28.	Leong Kok Tai	372,700	0.27
29.	Tong Yoke Kim Sdn. Bhd.	367,000	0.27
30.	Ooi Chin Hock	359,000	0.26
	Total	**117,056,609**	**85.49**

NOTICE OF THE THIRTY-SECOND ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Thirty-Second Annual General Meeting ("AGM") of Southern Acids (M) Berhad ("the Company") will be held at Function Room 1, Setia City Convention Centre, No. 1, Jalan Setia Dagang AG U13/AG, Setia Alam Seksyen U13, 40170 Shah Alam, Selangor Darul Ehsan, Malaysia on 26 September 2013 at 10:00 a.m. for the following purposes:

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 March 2013 together with the Reports of the Directors and Auditors thereon (Note 5).

2. To declare the following final dividends for the financial year ended 31 March 2013: **Resolution 1**

   a) 3 sen per ordinary share of RM1.00 each, less 25% tax, amounting to RM3,081,018; and

   b) 2.75 sen per ordinary share of RM1.00 each, single tier, amounting to RM3,765,689.

3. To approve the payment of Directors' fees for the financial year ended 31 March 2013; **Resolution 2**

4. To re-elect the following Directors who are retiring under Article 95 and 96 of the Company's Articles of Association, and being eligible, have offered themselves for re-election:

   a) En. Mohd Hisham bin Harun **Resolution 3**

   b) Mr. Teo Leng **Resolution 4**

   Mr. Sukhinderjit Singh Muker who retires in accordance with Articles 95 & 96 of the Company's Articles of Association has expressed his intention not to seek re-election. Hence, he will retain office until the close of the Thirty-Second AGM.

5. To re-appoint Messrs. Deloitte KassimChan as Auditors to hold office until the conclusion of the next AGM at a remuneration to be fixed by the Directors. **Resolution 5**

SPECIAL BUSINESS

6. To consider and, if thought fit, adopt the following resolutions, with or without modification, as Ordinary and Special Resolutions:

   ORDINARY RESOLUTION

   a) Authority to Issue Shares Pursuant to Section 132D of the Companies Act, 1965 (Note 6) **Resolution 6**

   "That subject always to the Companies Act, 1965, and the approvals of the relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered, pursuant to Section 132D of the Companies Act, 1965, to issue shares in the Company from time to time at such price, upon such terms and conditions, for such purposes and to such person or persons whomsoever as the Directors may deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued share capital of the Company for the time being and that such authority shall continue to be in force until the conclusion of the next AGM of the Company."

b) Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions (Note 7) **Resolution 7**

"That subject always to the Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and/or its subsidiary companies to enter into the categories of recurrent transactions of a revenue or trading nature and with those Related Parties as specified in Section 2.4 of the Circular to Shareholders dated 3 September 2013 subject further to the following:

i. that the transactions are in the ordinary course of business and are on terms that are not more favourable to the Related Parties than those generally available to the public and are not detrimental to the minority shareholders of the Company;

ii. that the transactions are made on an arm's length basis and on normal commercial terms; and

iii. that disclosure shall be made in the Annual Report of a breakdown of the aggregate value of all transactions conducted pursuant to the Proposed Shareholders' Mandate during the financial year, based on the following information:

- the type of the Recurrent Related Party Transactions made; and
- the names of the Related Parties involved in each type of the Recurrent Related Party Transactions entered into and their relationships with the Company.

iv. that such approvals shall only continue to be in force until:

- the conclusion of the next AGM of the Company following this AGM at which such mandate is passed, at which time it will lapse, unless by a resolution passed at such AGM whereby the authority is renewed;
- the expiration of the period within which the next AGM of the Company after that date is required to be held pursuant to Section 143(1) of the Companies Act, 1965 ("CA") (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of CA); or
- revoked or varied by resolution passed by the shareholders in general meeting, whichever is the earlier.

NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS ALSO HEREBY GIVEN that the following final dividends:

a) 3 sen per ordinary share of RM1.00 each, less 25% tax, amounting to RM3,081,018; and

b) 2.75 sen per ordinary share of RM1.00 each, single tier, amounting to RM3,765,689.

If approved by members at the Thirty-Second Annual General Meeting on 26 September 2013 will be payable on 31 October 2013 to depositors who are registered in the Record of Depositors at the close of business on 11 October 2013.

A depositor shall qualify for the entitlement only in respect of:

a) shares deposited into the Depositor's Securities Account before 12:30 p.m. on 9 October 2013 (in respect of shares which are exempted from Mandatory Deposit);

b) shares transferred into the Depositor's Securities Account before 4:00 p.m. on 11 October 2013 (in respect of ordinary transfer); and

c) shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

By Order of the Board of Directors

Lim Kui Suang (MAICSA 0783327)
Paul Ignatius Stanislaus (MACS 01330)
Secretaries

Klang, Selangor Darul Ehsan
3 September 2013

Notes:

1. A member entitled to attend and vote at the Meeting of the Company is entitled to appoint a proxy to attend and vote on his behalf. A proxy shall be in writing (in the common seal or usual form) under the hand of appointer or of his attorney duly authorized in writing, or, if the appointer is a corporation, either under seal or under the hand of an officer or attorney duly authorized. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.

2. A member shall be entitled to appoint one (1) proxy to attend and vote at the meeting.

3. Where a member appoints more than one (1) proxy the appointment shall be invalid.

4. The instrument appointing a proxy must be deposited at the Registered Office of the Company at No 9, Jalan Bayu Tinggi 2A/KS6, Taipan 2, Batu Unjur, 41200 Klang, Selangor Darul Ehsan not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.

5. Directors' Report, Audited Financial Statements and Auditors' Report.

   Agenda No 1 is meant for discussion only. The provision of Section 169 of the Companies Act, 1965 and the Articles of Association of the Company require that the Audited Financial Statements and the Reports of the Directors and Auditors thereon be laid before the Company at its Annual General Meeting, Hence, this Agenda item is not a business which requires a resolution to be put to vote by shareholders.

6. Authority to issue Shares pursuant to Section 132D of the Companies Act, 1965.

   The proposed Ordinary Resolution 6, is proposed for the purpose of granting a renewed general mandate for issuance of shares by the Company under Section 132D of the Act. The Ordinary Resolution 6, if passed, will give the Directors of the Company authority to issue ordinary shares in the Company at any time in their absolute discretion without convening a General Meeting. The authorisation, unless revoked or varied by the Company at a General Meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

   The Company had, at the 31st Annual General Meeting held on 26 September 2012, obtained its shareholders' approval for the general mandate for issuance of shares pursuant to Section 132D of the Companies Act, 1965 ("the Act"). The Company did not issue any new shares pursuant to this mandate obtained as at the date of this notice. The Ordinary Resolution 6 proposed under item 6(a) of the Agenda is a renewal of the general mandate for issuance of shares by the Company under Section 132D of the Act. At this juncture, there is no decision to issue new shares. If there should be a decision to issue new shares after the general mandate is obtained, an announcement will be made by the Company in respect of the purpose and utilisation of proceeds arising from such issue.

   The general mandate if granted will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for the purpose of funding future investment project, working capital and/or acquisition.

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

   The proposed Resolution 7, if passed, will authorize the Company and/or its subsidiary companies to enter into recurrent related party transactions of a revenue or trading nature. This authority will, unless revoked or varied by the Company in general meeting, expire at the next Annual General Meeting of Company. Please refer to Section 2.4 of the Circular to Shareholders dated 3 September 2013 for more information.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

PURSUANT TO PARAGRAPH 8.28(2) OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

1. Thirty-Second Annual General Meeting of Southern Acids (M) Berhad

Place	:	Function Room 1, Setia City Convention Centre, No. 1, Jalan Setia Dagang AG U13/AG, Setia Alam Seksyen U13, 40170 Shah Alam, Selangor Darul Ehsan, Malaysia.
Date	:	26 September 2013
Time	:	10:00 a.m.

2. Directors who are seeking re-election are as follows:

   a) Mohd. Hisham bin Harun, pursuant to Articles 95 & 96 of the Company's Articles of Association;

   b) Teo Leng, pursuant to Articles 95 & 96 of the Company's Articles of Association.

   The details of the two (2) Directors seeking re-election are set out in the Directors' Profile from page 9 to page13 of this Annual Report.

3. Number of Board of Directors' meeting held during the financial year ended 31 March 2013

   There were a total of ten (10) Board of Directors' meetings held during the financial year ended 31 March 2013 at Level 29, Centro Tower, No. 8, Jalan Batu Tiga Lama, 41300 Klang, Selangor Darul Ehsan, detailed as follows:

   - 29 May 2012 (2:30 p.m.)
   - 6 July 2012 (3:00 p.m.)
   - 24 July 2012 (10:00 a.m.)
   - 9 August 2012 (10:00 a.m.)
   - 27 August 2012 (2:30 p.m.)
   - 24 September 2012 (2:30 p.m.)
   - 26 November 2012 (2:30 p.m.)
   - 6 February 2013 (2:30 p.m.)
   - 26 February 2013 (2:30 p.m.)
   - 6 March 2013 (4:00 p.m.)

4. Details of attendance of Directors in office during the financial year ended 31 March 2013 for Board of Directors' meetings which were held during the financial year are as follows:

No.	Name and position	Number of meetings held in financial period during Director's tenure in office	Attendence of meetings	%
1.	Tan Sri Dato' Low Boon Eng (Chairman of the Board) (Non-independent non-executive director)	10	10 / 10	100
2.	Lim Kim Long (Non-independent executive director)	10	10 / 10	100
3.	Mohd. Hisham bin Harun (Independent non-executive director)	10	8 / 10	80
4.	Sukhinderjit Singh Muker (Non-independent non-executive director)	10	10 / 10	100
5.	Leong So Seh (Independent non-executive director)	10	9 / 10	90
6.	Teo Leng (Independent non-executive director)	10	10 / 10	100
7.	Raymond Wong Kwong Yee (Non-independent non-executive director)	10	9 / 10	90
8.	Chung Kin Mun (Independent non-executive director)	10	9 / 10	90

NOTES

PROXY FORM

Southern Acids (M) Berhad

Company No. 64577-K
(Incorporated in Malaysia)

I/We, ____
(Full name and NRIC No./Company No. in block letters)

of ____
(Full address in block letters)

being a member(s) of Southern Acids (M) Berhad hereby appoint ____

____
(Full name and NRIC No. in block letters)

of ____
(Full address in block letters)

or failing him/her, ____
(Full name and NRIC No. in block letters)

of ____
(Full address in block letters)

or failing him/her, the Chairman of the meeting, as my/our proxy to vote for me/us on my/our behalf at the Thirty-Second Annual General Meeting of Southern Acids (M) Berhad ("the Company") to be held on 26 September 2013 at 10:00 a.m., and at any adjournment thereof in respect of my/our holdings of shares in the manner indicated below:

Resolution	Description	For	Against
	To receive the Audited Financial Statements for the financial year ended 31 March 2013 together with the Reports of the Directors and Auditors thereon.		
1	To declare the following final dividends for the financial year ended 31 March 2013:		
	a) 3 sen per ordinary share of RM1.00 each, less 25% tax, amounting to RM3,081,018; and b) 2.75 sen per ordinary share of RM1.00 each, single tier, amounting to RM3,765,689.		
2	To approve the payment of Directors' fees for the financial year ended 31 March 2013.		
3	To re-elect En. Mohd Hisham bin Harun as Director of the Company in accordance with Articles 95 and 96 of the Company's Articles of Association.		
4	To re-elect Mr. Teo Leng as Director of the Company in accordance with Articles 95 and 96 of the Company's Articles of Association.		
5	To re-appoint Messrs. Deloitte KassimChan as Auditors to hold office until the conclusion of the next Annual General Meeting at a remuneration to be fixed by the Directors.		
6	To approve the Authority to issue Shares pursuant to Section 132D of the Companies Act, 1965.		
7	To approve the Proposed Renewal of Shareholder's Mandate for Recurrent Related Party Transactions.		

(Please indicate with (_) in the appropriate box whether you wish your vote to be cast for or against the resolution. In the absence of specific direction, your proxy will vote or abstain as he/she thinks fits.)

Dated this ____________ day of ________________________ 2013

Number of shares held

____
Signature/Common Seal of Shareholder(s)

MEMBERS ENTITLED TO ATTEND

For purpose of determining a member who shall be entitled to attend the Annual General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd, in accordance with Article 58(A) of the Company's Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act 1991, to issue a General Meeting Record of Depositories as at 19 September 2013 shall be entitled to attend the said meeting or appoint a proxy to attend and vote on such depositor's behalf.

NOTES:

1. A member entitled to attend and vote at the Meeting of the Company is entitled to appoint a proxy to attend and vote on his behalf. A proxy shall be in writing (in the common seal or usual form) under the hand of appointer or of his attorney duly authorized in writing, or, if the appointer is a corporation, either under seal or under the hand of an officer or attorney duly authorized. A proxy may but need not be a member of the Company and the provisions of Section 149 (1)(b) of the Companies Act, 1965 shall not apply to the Company.
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STAMP

The Company Secretary

SOUTHERN ACIDS (M) BERHAD (Company No.: 64577-K)
9, Jalan Bayu Tinggi 2A/KS6
Taipan 2, Batu Unjur
41200 Klang
Selangor Darul Ehsan
Malaysia

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SOUTHERN ACIDS (M) BERHAD (64577-K)

Level 29, Centro Tower, No. 8, Jalan Batu Tiga Lama, 41300 Klang, Selangor Darul Ehsan, Malaysia.
Tel : 03-3258 3333   Fax : 03-3258 3300

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