



Southern Acids (M) Berhad

Company No. 64577-K
(Incorporated in Malaysia)

Going Forward

Annual Report **2009**

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2009

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notice of the 28th ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT THE TWENTY-EIGHTH ANNUAL GENERAL MEETING OF THE COMPANY WILL BE HELD AT CROWN HALL, LEVEL 1, CRYSTAL CROWN HOTEL, 217 PERSIARAN RAJA MUDA MUSA, 42000 PELABUHAN KLANG, SELANGOR DARUL EHSAN ON WEDNESDAY, 28 OCTOBER 2009 AT 11.00 A.M. FOR THE FOLLOWING PURPOSES:-

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 30 April 2009 together with the Reports of the Directors and Auditors thereon.

Resolution 1

2. To declare a Final Dividend (tax exempt) of 5.00% per ordinary share for the financial year ended 30 April 2009.

Resolution 2

3. To approve the payment of Directors' Fees for the financial year ended 30 April 2009.

Resolution 3

4. To re-elect the following Directors who are retiring under Articles 95 & 96 of the Company's Articles of Association, and being eligible, have offered themselves for re-election:-

- a) Mr Sukhinderjit Singh Muker

Resolution 4

- b) Mr Lim Kim Long

Resolution 5

5. To re-elect Madam Leong So Seh who is retiring under Article 101 of the Company's Articles of Association, and being eligible, have offered herself for re-election.

Resolution 6

6. To re-appoint Dato' Panglima Kubu Mohd Yusoff bin Haji Amin, SMS, PJK, JP to hold office until the conclusion of the next Annual General Meeting pursuant to Section 129(6) of the Companies Act, 1965.

Resolution 7

7. 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.

Resolution 8

SPECIAL BUSINESS

8. 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**
Resolution 9

"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 Annual General Meeting of the Company."

notice of the 28th ANNUAL GENERAL MEETING

b) Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions Resolution 10

"That subject always to the Main Market 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 2.2.2 of the Circular to Shareholders dated 6 October 2009 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 Annual General Meeting ("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.

SPECIAL RESOLUTION

c) Amendment to Article 74 of the Articles of Association Resolution 11

"That Article 74 of the Company's Articles of Association be deleted in its entirety and substituted by the following new Article 74:-

The instrument appointing a proxy shall be in writing (in the common 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."

notice of the 28th ANNUAL GENERAL MEETING

NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS ALSO HEREBY GIVEN that a Final Dividend (tax exempt) of 5.00% per ordinary share will be payable on 26 November 2009 to depositors who are registered in the Record of Depositors at the close of business on 7 November 2009 if approved by members at the Twenty-Eighth Annual General Meeting on 28 October 2009.

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 4 November 2009 (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 6 November 2009 in respect of ordinary transfers; 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

PAUL IGNATIUS STANISLAUS (MACS 01330)
LIM KUI SUANG (F) (MAICSA 0783327)
Secretaries

Klang, Selangor Darul Ehsan
6 October 2009

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 a member of the Company, and if the proxy is not a member of the Company, the proxy shall be an Advocate or an approved Company Auditor or a person approved by the Registrar of Companies.
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. Authority to issue Shares pursuant to Section 132D of the Companies Act, 1965.

The proposed Resolution 9, if passed will empower the Directors of the Company to issue and allot shares in the Company from time to time and for such purposes as the Directors consider would be in the interest of the Company. This authority will, unless revoked or varied by the Company in general meeting, expire at the next Annual General Meeting of the Company.

As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the last Annual General Meeting held on 28 October 2008 and which will lapse at the conclusion of the Twenty-Eighth Annual General Meeting.

The General Mandate will provide flexibility to the Company and enable the directors to take swift action in case of a need for corporate exercises or in the event business opportunities arise which involve the issue of new shares.

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

The proposed Resolution 10, if passed, will authorise 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 2.2.2 of the Circular to Shareholders dated 6 October 2009 for more information.

7. Amendment to Article 74 of the Articles of Association.

The Special Resolution proposed under Resolution 11, if passed, will allow the Company to incorporate the amendment to Article 74 of the Company's Articles of Association.



commitment to
quality

statement accompanying **NOTICE OF ANNUAL GENERAL MEETING**

**Pursuant to Paragraph 8.28(2) of the Listing Requirements of the Bursa
Malaysia Securities Berhad**

1. Twenty-Eight Annual General Meeting of Southern Acids (M) Berhad

Place : Crown Hall, Level 1, Crystal Crown Hotel
217, Persiaran Raja Muda Musa,
42000 Pelabuhan Klang, Selangor Darul Ehsan

Date : 28 October 2009

Time : 11.00 a.m.

2. Directors who are seeking re-election or re-appointment are as follows:-

(i) Mr. Sukhinderjit Singh Muker, pursuant to Articles 95 and 96 of the Company's Articles of Association.

(ii) Mr. Lim Kim Long, pursuant to Articles 95 and 96 of the Company's Articles of Association.

(iii) Mdm. Leong So Seh, pursuant to Article 101 of the Company's Articles of Association.

(iv) Dato' Mohd Yusoff bin Haji Amin, SMS, PJK, JP, pursuant to Section 129(6) of the Companies Act, 1965.

The details of the four (4) Directors seeking re-election and/or re-appointment are set out in the Directors' Profile from pages 14 to 17 and the Directors' Shareholdings in the Company on page 125 of the Annual Report.

3. Board Meetings held during the financial year ended 30 April 2009.

A total of twenty seven (27) Board of Directors Meetings were held during the financial year:

- twenty three (23) Board Meetings were held at 6th Floor, Wisma Southern, 26-34, Jalan Dato' Hamzah, 41000 Klang, Selangor Darul Ehsan;
- one (1) Board Meeting was held at Golconda Complex, Kapar, Klang, Selangor Darul Ehsan;
- two (2) Board Meetings were held at Sri Kota Medical Centre Klang, Selangor Darul Ehsan; and
- one (1) Board Meeting was held at K.C. Teh Conference Room, Klang, Selangor Darul Ehsan.

statement accompanying NOTICE OF ANNUAL GENERAL MEETING

Pursuant to Paragraph 8.28(2) of the Listing Requirements of the Bursa Malaysia Securities Berhad

3. Board Meetings held during the financial year ended 30 April 2009. (cont'd)

The dates and times for these Board of Directors Meetings are tabulated below:

- 8 May 2008 (10.00 am)
- 4 June 2008 (4.00 pm)
- 17 June 2008 (10.00 am)
- 27 June 2008 (4.30 pm)
- 17 July 2008 (9.00 am)
- 19 August 2008 (2.00 pm)
- 28 August 2008 (4.30 pm)
- 28 August 2008 (11.00 am)
- 29 August 2008 (3.00 pm)
- 3 September 2008 (3.00 pm)
- 26 September 2008 (2.30 pm)
- 29 September 2008 (3.30 pm)
- 13 October 2008 (2.30 pm)
- 22 October 2008 (2.30 pm)
- 17 November 2008 (3.00 pm)
- 24 November 2008 (2.00 pm)
- 23 December 2008 (2.00 pm)
- 13 January 2009 (2.00 pm)
- 22 January 2009 (10.00 am)
- 27 February 2009 (3.00 pm)
- 10 March 2009 (3.30 pm)
- 12 March 2009 (10.00 pm)
- 27 March 2009 (4.30 pm)
- 31 March 2009 (5.30 pm)
- 8 April 2009 (7.15 pm)
- 13 April 2009 (3.55 pm)
- 29 April 2009 (2.30 pm)

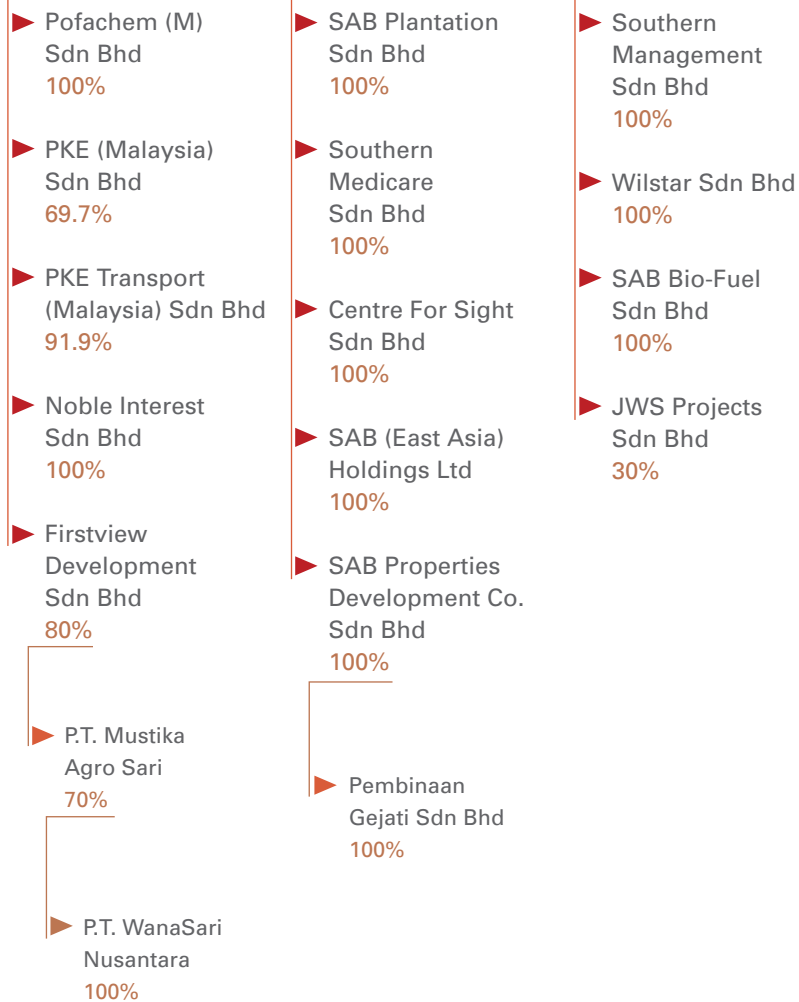
4. Details of attendance of Directors in office during the financial year for Board Meetings which were held during the financial year are as follows:

Name of Director	Number of Meetings held in financial year during Director's tenure in office	Number of Meetings Attended
Mr. Yap Soon Nam	27	27
Mr. Lim Kim Long	27	27
Dato' Low Boon Eng, DPMS, JP	27	26
Dato' Mohd Yusoff bin Haji Amin SMS, PJK,JP	27	26
Mr. Sukhinderjit Singh Muker	27	21
Tuan Haji Mohd Hisham bin Harun	27	26
Leong So Seh (Appoint on 8 April 2009)	2	2
Low Mun Chong (Vacated office 30 April 2009)	24	2
Mr. Low Mong Chai @ Low Ah Kow (Vacated office 30 April 2009)	27	12
David Low Kok Leong (Vacated office 30 April 2009)	27	15

corporate STRUCTURE



Southern Acids (M) Berhad
64577-K





*ensuring
operational*

efficiency

corporate INFORMATION

BOARD OF DIRECTORS

Yap Soon Nam

Chairman
Independent Non-Executive Director

Lim Kim Long

Non-Independent Executive Director

Dato' Low Boon Eng

Non-Independent Non-Executive Director

Dato' Mohd Yusoff bin Haji Amin

Independent Non-Executive Director

Sukhinderjit Singh Muker

Independent Non-Executive Director

Tuan Haji Mohd Hisham bin Harun

Independent Non-Executive Director

Mdm. Leong So Seh

Independent Non-Executive Director
Appointed 8 April, 2009

Low Mun Chong

Non-Independent Non-Executive Director
Vacated Office 30 April 2009

Low Mong Chai @ Low Ah Kow

Non-Independent Executive Director
Vacated Office 30 April 2009

David Low Kok Leong

Alternate Director to Low Mong Chai
Vacated Office 30 April 2009

AUDIT COMMITTEE

Tuan Haji Mohd Hisham bin Harun

Chairman
Independent Non-Executive Director

Yap Soon Nam

Independent Non-Executive Director

Dato' Mohd Yusoff bin Haji Amin

Independent Non-Executive Director

Sukhinderjit Singh Muker

Independent Non- Executive Director

REMUNERATION COMMITTEE

Sukhinderjit Singh Muker

Chairman
Independent Non-Executive Director

Yap Soon Nam

Independent Non-Executive Director

Dato' Mohd Yusoff bin Haji Amin

Independent Non-Executive Director

NOMINATION COMMITTEE

Dato' Mohd Yusoff bin Haji Amin

Chairman
Independent Non-Executive Director

Sukhinderjit Singh Muker

Independent Non-Executive Director

Tuan Haji Mohd Hisham bin Harun

Independent Non-Executive Director

corporate INFORMATION

CORPORATE GOVERNANCE COMMITTEE

Mdm. Leong So Seh

Chairman
Independent Non-Executive Director

Lim Kim Long

Non-Independent Executive Director

Tuan Haji Mohd Hisham bin Harun

Independent Non-Executive Director

COMPANY SECRETARIES

Paul Ignatius Stanislaus (MACS 01330)

Lim Kui Suang (MAICSA 0783327)

REGISTERED OFFICE

9, Jalan Bayu Tinggi 2A/KS6,
Taipan 2, Batu Unjur,
41200 Klang,
Selangor Darul Ehsan.
Telephone : 03-3323 8804
Facsimile : 03-3323 3584

SHARE REGISTRAR

Symphony Share Registration Sdn Bhd

Level 26, Menara Multi-Purpose
Capital Square, No 8, Jalan Munshi Abdullah
50100 Kuala Lumpur, Malaysia.
Telephone : 03-2721 2222
Facsimile : 03-2721 2530

HEAD OFFICE / PRINCIPAL PLACE OF BUSINESS

Wisma Southern, 6th Floor
No. 26-34, Jalan Dato Hamzah
41000 Klang, Selangor Darul Ehsan
Malaysia
Telephone : 03-3375 6789
Facsimile : 03-3371 3898 / 3371 2080
E-mail : southern@tm.net.my

AUDITORS

Deloitte KassimChan

Level 19, Uptown 1,
1, Jalan SS21/58, Damansara Uptown
47400 Petaling Jaya, Malaysia

PRINCIPAL BANKERS

Bumiputra-Commerce Bank Berhad
Standard Chartered Bank Malaysia Berhad
OCBC Bank (Malaysia) Berhad

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad

LEGAL STATUS

Public listed company limited by shares

COUNTRY OF DOMICILE & INCORPORATION

Malaysia

board of **DIRECTORS**

- 1 Yap Soon Nam
- 2 Dato' Mohd Yusoff bin Haji Amin
- 3 Lim Kim Long



1 >

2 >

3 >

board of **DIRECTORS**

- 4 Sukhinderjit Singh Muker
- 5 Dato' Low Boon Eng
- 6 Mdm. Leong So Seh
- 7 Tuan Haji Mohd Hisham bin Harun



profile of

DIRECTORS



Yap Soon Nam
Chairman
Independent Non-Executive Director

YAP SOON NAM, a Malaysian, aged 58, is an Independent Non-Executive Director of the Company and was appointed to the Board on 10 August 2005. Mr. Yap was appointed as the Independent Non-Executive Chairman of the Company on 8 May 2008.

Mr. Yap is a practising lawyer and holds a B.A. Law (Hons) London, Barrister at Law (Middle Temple). He was admitted to the Middle Temple Bar in 1977 and called to the Utter Bar in 1978. He was later admitted to the Malaysian Bar in 1979 and was called to the Victorian Bar in Australia in 1985. Mr. Yap was also called upon by the Malaysian Cabinet and Treasury to advise on the takeover and restructuring of Metramac Sdn Bhd.

Mr. Yap was appointed as a member of the Remuneration Committee of the Company on 10 August 2005. On 2 November 2007, Mr. Yap was appointed a member of the Audit Committee. During the financial year ended 30 April 2009, Mr. Yap attended all the twenty seven (27) of the Board of Directors' Meetings held during the financial year.

Mr. Yap has no family relationship with any other directors or major shareholders of the Company. He has never been convicted for any offence within the past ten (10) years.

profile of

DIRECTORS



**Dato' Mohd Yusoff
bin Haji Amin**
Independent Non-Executive
Director



Sukhinderjit Singh Muker
Independent Non-Executive
Director

DATO' MOHD YUSOFF BIN HAJI AMIN, SMS, PJK, JP, a Malaysian, aged 79, is an Independent Non-Executive Director of the Company and was appointed to the Board on 18 September 1990. Dato' completed his secondary education in Victoria Institute Kuala Lumpur. Dato' Yusoff is the Honorary Advisor to Society of the Royal Datos and Council of the Justice of the Peace Selangor Darul Ehsan. He also sits on the Board of Khee San Berhad and The Store Corporation Berhad. These two (2) companies are listed on the Main Market of Bursa Malaysia Securities Berhad.

Dato' Yusoff is also a member of the Audit Committee, Nomination Committee and Remuneration Committee of the Company. Dato' Yusoff attended twenty six (26) of the twenty seven (27) Board of Directors' Meetings held during the financial year ended 30 April 2009. Dato' Yusoff has no family relationship with any other directors or major shareholders of the Company. He has never been convicted for any offence within the past ten (10) years.

SUKHINDERJIT SINGH MUKER, a Malaysian, aged 62, is an Independent Non-Executive Director of the Company and was appointed to the Board on 28 July 1994. Mr. Muker is a practising lawyer and obtained his L.L.B (Honours) in 1972 from the University of London. He was conferred the Degree of an Utter Barrister by the Honourable Society of Grays Inn in 1973 and was called to the Malaysian Bar in 1974.

Mr. Muker also sits on the Board of Harvest Court Industries Berhad and Pahanco Corporation Berhad. These two (2) companies are listed on the Main Market of Bursa Malaysia Securities Berhad.

Mr. Muker is a member of the Remuneration Committee and Nomination Committee of the Company. On 2 November 2007, Mr. Muker was appointed a member of the Audit Committee. He attended twenty one (21) of the twenty seven (27) Board of Directors' Meetings held during the financial year ended 30 April 2009. Mr. Muker has no family relationship with any other directors or major shareholders of the Company. He has never been convicted for any offence within the past ten (10) years.

profile of

DIRECTORS



Lim Kim Long
Non-Independent
Executive Director



Dato' Low Boon Eng
Non-Independent
Non-Executive Director

LIM KIM LONG, a Malaysian, aged 49, is a Non-Independent Executive Director of the Company and was appointed to the Board on 10 August 2005. Mr. Lim did his pre-university education at Kolej Tunku Abdul Rahman, Kuala Lumpur. He is employed by Southern Management Sdn. Bhd. Mr. Lim also holds directorship in several private companies including subsidiaries of the Company.

During the financial year ended 30 April 2009, Mr. Lim attended all the twenty seven (27) Board of Directors' Meetings held during the financial year. He has never been convicted for any offence within the past ten (10) years.

DATO' LOW BOON ENG, DPMS, JP, a Malaysian, aged 59, is a Non-Independent Non-Executive Director of the Company and was appointed to the Board on 10 August 2005. Dato' Low holds a Bachelor of Science in Mechanical Engineering from Imperial College.

Dato' Low started his career as an Engineer with Southern Realty (Malaya) Sdn. Berhad, a company which is principally involved in oil palm plantations, palm oil milling and investment holdings. Dato' Low is also a director of the Malaysia Palm Oil Board (MPOB) and a member of its Training Committee. He also holds directorship in several private companies.

During the financial year ended 30 April 2009, Dato' Low attended twenty six (26) of the twenty seven (27) Board of Directors' Meetings held during the financial year. Dato' Low is the first cousin to Mr. Low Mun Chong and Mr. Low Mong Chai @ Low Ah Kow. Dato' Low has never been convicted for any offence within the past ten (10) years.

profile of **DIRECTORS**



**Tuan Haji Mohd Hisham
Bin Harun**
Independent Non-Executive
Director



Mdm. Leong So Seh
Independent Non-Executive
Director

TUAN HAJI MOHD HISHAM BIN HARUN, a Malaysian, aged 41, is an Independent Non-Executive Director of the Company and was appointed to the Board on 10 August 2005. Tuan Haji Hisham is a member of the Chartered Institute of Management Accountants and he is currently seconded to an investee company of Lembaga Tabung Haji as a General Manager. Tuan Haji Hisham started his career at Coopers & Lybrand / Pricewaterhouse Coopers, where he was attached to the Audit Division and the Consultancy Division.

Tuan Haji Hisham was appointed as a member of the Audit Committee on 10 August 2005 and the Chairman of the Audit Committee on 25 August 2005. He is also a member of the Nomination Committee of the Company. During the financial year ended 30 April 2009, Tuan Haji Hisham attended twenty six (26) of the twenty seven (27) Board of Directors' Meetings held during the financial year.

Tuan Haji Hisham has no family relationship with any other directors or major shareholders of the Company. He has never been convicted for any offence within the past ten (10) years.

MDM. LEONG SO SEH, a Malaysian, aged 57 is an Independent Non-Executive Director of the Company and was appointed to the Board on 8 April 2009. Mdm. Leong holds a Bachelor of Economics from University of Malaya and a Masters Degree in Economics from Vanderbilt University, USA. Prior to her appointment as a Director, she has held senior positions in the Economic Planning Unit and the Securities Commission Malaysia.

Mdm. Leong attended both the two (2) Board of Directors' Meetings which were held since her appointment during the financial year ended 30 April 2009.

Mdm. Leong has no family relationship with any other directors or major shareholders of the Company. She has never been convicted for any offence within the past ten (10) years.

chairman's STATEMENT

DEAR SHAREHOLDERS,

ON BEHALF OF THE BOARD OF DIRECTORS, I AM PLEASED TO PRESENT THE ANNUAL REPORT AND FINANCIAL STATEMENTS OF SOUTHERN ACIDS (M) BERHAD ("SAB" OR "COMPANY") AND ITS GROUP OF COMPANIES ("THE GROUP") FOR THE FINANCIAL YEAR ENDED 30 APRIL 2009 ("FINANCIAL YEAR").

Yap Soon Nam
Chairman



chairman's STATEMENT

OPERATING ENVIRONMENT

The financial year under review was indeed a turbulent one for the international business community as well as for the Group. The turbulence in the financial markets triggered by the fallout from the U.S. subprime mortgage crisis, the continuing correction in the housing and construction sector, and subsequent softening in business and consumer spending, spiralled into a global economic slowdown.

Group operating performance was impacted by surging commodity prices during the first half of 2008 driven largely by speculation in the commodity exchanges. The subsequent fallout from the subprime mortgage crisis on commodity and foreign exchange markets led to plunging commodity prices in the later part of 2008 and early 2009 in tandem with falling crude oil prices. Operating margins of the Group's Oleochemical Division which contributed 71.6% of Group revenue came under pressure as a result of weak global demand and price volatility of both its finished products and raw material costs. Operating conditions are expected to remain tough in the new financial year although signs of a recovery in the global economy and return of confidence are slowly emerging.

REVIEW OF RESULTS

The Group posted a loss after tax and minority interest of RM3.919 million (2008 : profit of RM23.187 million). At Company level, SAB posted an after-tax profit of RM2.26 million (2008 : RM5.314 million). Group results include the following significant items:

	RM mil
– Realised loss on foreign exchange	(19.640)
– Unrealised loss foreign exchange	(1.951)
– Allowance for diminution in value of quoted shares	(0.831)
– Gain on disposal of quoted shares	5.534

Total Group revenue for the year under review decreased by 4.6% to RM441.96 million (2008 : RM463.32 million). The Group's Oleochemical and Health Care Divisions incurred pre-tax losses of RM14.62 million (2008 : profit of RM23.60 million) and RM2.84 million (2008 : Loss of RM3.62 million) respectively. Both the Plantation and Warehousing & Conveying Divisions recorded pre-tax profits of RM16.80 million (2008 : RM22.17 million) and RM2.35 million (2008 : 1.86 million) respectively.

Realised and unrealised losses on foreign exchange had a material impact on the Group's bottom-line performance. A more detailed report for each operating division is provided in the CEO's Review of Operations.



chairman's STATEMENT

CORPORATE GOVERNANCE

In recognition of good corporate governance as fundamental to the Group's competitiveness, growth and sustainability, your Board has given considerable attention towards enhancing good governance practices at both Board and Management levels within the Group. Board commitment to good corporate governance was given impetus by strong emphasis on transparency and accountability for Management's actions and decision-making.

As referred to in Note 38 to the Financial Statements, and highlighted as an 'emphasis of matter' by the Independent Auditors' Report, your Company had received a letter from a related party, Southern Realty (Malaya) Sdn. Berhad (under Provisional Liquidation), alleging numerous questionable transactions which involved certain entities within the Group with certain related parties, and amongst related parties during the past several years.

As most of these allegations are directed at Southern Management (M) Sdn. Bhd., a wholly-owned subsidiary of SAB, which provided management, administrative and accounting services to these related parties, and could expose the Company to potential claims in the event these allegations are proven; the Board intends to engage a third party to further investigate into these allegations once all legal hurdles had been overcome.

The Board had also initiated investigations and taken actions on certain officers for unacceptable lapses in management disciplines and departures from Group operating procedures in the recent past.

Following the demise of the late Executive Chairman and Managing Director, Dato' Low Mong Hua, on 13 April 2008, the Board 'held the fort' until a suitable candidate for CEO had been identified and appointed. On 1 June 2009, the Board approved the appointment of Mr Leong Kian Ming as the Group's CEO to head the Group's day-to-day operations. This appointment is in line with internationally accepted governance practice and the wisdom of separating the roles of Chairman and CEO so that no one individual has unfettered powers of decision-making.

To support the Board's current drive to implement policies and processes to bring about greater management accountability and transparency in management reporting, the CEO will be empowered to revamp existing operating structure with clearly defined lines of responsibility and delegated authority; and to create an empowered management team that is results-driven and aligned to the Group's corporate strategy.



chairman's STATEMENT

BOARDROOM CHANGES

By virtue of Bursa Malaysia's Main Market Listing Requirement 15.05(3)(c), Mr Low Mong Chai @ Low Ah Kow, Mr David Low Kok Leong (alternate director to Mr Low Mong Chai @ Low Ah Kow) and Mr Low Mun Chong vacated their board seats on 30 April 2009 being absent from more than 50% of the total number of Board meetings held during the financial year.

On 8 April 2009 Ms Leong So Seh joined the Board of SAB. In accordance with Article 101 of the Company's Articles of Association, she retires and being eligible, offers herself for re-election.

OUTLOOK AND PROSPECTS

Outlook for SAB Group's operations will necessarily depend on both the international and domestic forces which exert their influences on the Group's various activities in oleochemicals, oil palm plantations, warehousing and conveying, and private health care.

Whilst the global oleochemical market is still sluggish, industry players expect a gradual and resilient upturn in demand for fatty acids and glycerine driven by a robust personal care and health care sector in the new financial year. Management is however cautiously confident of maintaining the order book in view of SAB's established good reputation and long presence in the industry and has responded to signs of a stable demand pattern from customers in India and China for our products.

Performance from the Plantation Division is expected to face challenges ahead, particularly in maintaining its margins, due to the depressed price of crude palm oil (CPO). However, resources will be employed to position this Division for longer term profitability. Measures to improve yield of fresh fruit bunches (FFB) from our oil palm plantations in Sumatra, Indonesia, would include improving quality of plantation management, effective execution of planned fertiliser program, and harvesting and processing of FFBs at the optimum time. Continuing efforts to improve operating efficiencies at our mill is expected to improve our oil extraction rate (OER). A re-planting program for old plantation areas is being planned as part of a longer term strategy of delivering sustainable returns from our investment in the Plantation Division. Looking ahead, the Group will consider available opportunities to expand its plantation land-bank and FFB processing capacity in the coming years.



chairman's STATEMENT

“

Management is however cautiously confident of maintaining the order book in view of SAB's established good reputation and long presence in the industry and has responded to signs of a stable demand pattern from customers in India and China for our products.

”

The Group is committed to initiatives being put in place to turnaround its Health Care Division. As the only private hospital in Klang, Selangor, with tertiary health care status, SAB intends to draw on Sri Kota Specialist Medical Centre's unique competitive advantages to re-position it as a private medical centre of choice in Klang and the Klang Valley.

SAB's Warehousing & Conveying business, operated through PKE (Malaysia) Sdn Berhad, is expected to maintain its competitive position in the new financial year. This is however subject to the successful outcome of negotiation with Lembaga Pelabuhan Klang (LPK) for an extension of its existing lease expiring in March 2010. Barring any unforeseen circumstances, the Board is hopeful of a positive outcome to the negotiations.

DIVIDENDS

The Board of Directors is pleased to recommend a final dividend of 5% (tax exempt) for the current financial year. The Board seeks your favourable consideration and approval of the proposed dividend at the forthcoming Annual General Meeting.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to thank our valued shareholders, customers, business partners, bankers and all stakeholders for their continued support and confidence in SAB. I take this opportunity to express my appreciation to all the dedicated and loyal staff of SAB Group who had worked hard during an extremely challenging year.

My heartfelt appreciation and thanks to my Board colleagues for their invaluable advice, support and contributions.

Thank you.

Yap Soon Nam
Chairman





HOSPITAL

*delivering the
highest level* **of care**

ceo's review

OF OPERATIONS

Leong Kian Ming

Chief Executive Officer

LEONG KIAN MING, a Malaysian, aged 52 was appointed as the Chief Executive Officer on 1 June 2009. Mr. Leong a Chartered Accountant by profession is a Fellow of the Association of Chartered Certified Accountants and a Fellow of CPA Australia. Before assuming the Chief Executive Officer position, Mr. Leong was the Executive Director and the Chief Executive Officer of a company listed on both the Australian and the Singapore Stock Exchange.

Mr. Leong has no family relationship with any other directors or major shareholders of the Company. He has never been convicted for any offence within the past ten (10) years.



ceo's review

OF OPERATIONS

OVERVIEW

GROUP OPERATING PERFORMANCE FOR THE YEAR UNDER REVIEW WAS LESS THAN ENCOURAGING. SOUTHERN ACIDS (M) BERHAD ("SAB")'S OPERATING UNITS HAD EITHER RECORDED REDUCED OPERATING PROFIT OR INCURRED LOSSES. GROUP TURNOVER FROM OPERATIONS DECREASED BY 4.6% TO RM441.96 MILLION (2008 : RM463.32 MILLION), WHILE PROFIT AFTER TAX DECREASE BY 96.8% TO RM0.924 MILLION FROM RM28.989 MILLION IN THE PREVIOUS CORRESPONDING YEAR. GROUP LOSS ATTRIBUTABLE TO EQUITY HOLDERS OF SAB IN THE YEAR UNDER REVIEW AMOUNTED TO RM3.92 MILLION AGAINST A PROFIT OF RM23.19 MILLION IN THE PREVIOUS CORRESPONDING YEAR.

The Oleochemical Division posted a pre-tax loss of RM14.62 million against a profit before tax of RM23.60 million in 2008, while profit contribution from the Plantation Division reduced by 24.22% to RM16.80 from RM22.17 million in the previous year. The Health Care Division posted a slightly reduced loss of RM2.84 million on a revenue of RM50.91 million compared to a loss of RM3.62 million on a revenue of RM49.59 million in 2008.

The Group's earnings per share (EPS) indicator fell from 16.93 sen per share in 2008 to a loss per share of 2.86 sen per share, while net tangible assets (NTA) per share as at 30 April 2009 reduced to RM2.74 from RM2.89 in 2008. A more detailed discussion of each Division's performance is provided below.

Oleochemical Division

The turbulence in the financial markets during 2008 triggered by the fallout from the U.S. subprime mortgage crisis, and the ensuing softening in business and consumer demand spread worldwide with few industries spared. Demand and feedstock dynamics for oleochemical followed the upward trend of crude oil prices in early 2008, only to see a reversal of such dynamics later in the year and in early 2009. Such uncertainties in the market resulted in volatility in margins during the period under review.

This division recorded a 6.8% reduction in sales revenue to RM316.28 million (2008 : RM339.29 million). SAB's Oleochemical Division, operated through Pofachem (M) Sdn. Berhad ("Pofachem"), posted a loss before tax of RM14.62 million against a profit before tax of RM23.60 million in 2008. Pofachem's result was also severely impacted by losses on foreign exchange amounting to RM18.28 million.

Softening of demand in the 3rd quarter of 2008 led to a drop of nearly 40% in production volume in the subsequent quarter. Management however succeeded in meeting the sales shortfall from Europe by shifting sales to the Asian market. This saw the plant working to full capacity during the 4th operating quarter (February-April 2009) for the year ended 30 April 2009.

Average selling price of fatty acids for the 4th operating quarter, however, fell by 37% compared to average price achieved in the 1st operating quarter (May-July 2008). Refined glycerine despite being able to maintain its sales volume suffered a trade-off in selling price. Saturation of the U.S. glycerine market resulted in a 54% decline in average selling price of refined glycerine during the 4th operating quarter compared to the 1st quarter. Efforts to clear inventory by U.S. producers resulted in spot prices being cut repeatedly during the 4th quarter of 2008.

ceo's review

OF OPERATIONS

Notwithstanding the tough operating environment facing fatty acids and glycerine, SAB's oleochemical division is poised to benefit from its longstanding reputation of delivering products which meets both quality and safety requirements of the market. To safeguard our market in Europe, SAB products are registered under and comply with the European Union (EU)'s REACH (Regulation, Evaluation, Authorisation and Restriction of Chemicals) Regulations. SAB's registration under REACH aligns with the EU's objective of ensuring a high level of protection of human health by making industry participants responsible for assessing and managing the risks posed by chemicals and providing appropriate safety information to their users.

Management is cautiously confident of fulfilling the order book in the new financial year due to the Group's established presence and good reputation in the industry.

Plantation Division

Operating performance of our Plantation Division for the year under review was below expectation. Pre-tax profit decreased by 24.22% to RM16.80 million against RM22.17 million in the previous corresponding year. Revenue also registered a decrease of 1.3% to RM63.26 million (2008 : RM64.10 million).

Result for this division had been affected by the extreme price fluctuation of crude palm oil (CPO) during 2008 with the highest monthly average CPO price recorded in May 2008 at RM3,097/MT and the lowest attained in November 2008 at RM1,375/MT. Average price achieved during the year under review was RM2,226/MT for CPO and RM1,135/MT for palm kernel (PK). These prices were respectively 5.7% and 11.7% lower than the previous corresponding year.

Total fresh fruit bunches (FFB) processed at the mill however increased by 7.6% to 111,614 MT (2008 : 103,667 MT). Besides harvesting the FFB from our own plantations in Riau Province, Sumatra, our mill also processes FFB from third party suppliers, including smallholders under the Plasma Programme developed by our subsidiaries, P.T. Mustika Agro Sari and its wholly-owned subsidiary, P.T. Wanasari Nusantara ("Indonesian subsidiaries"). These Plasma Programmes involve oil palm plantation companies like our Indonesian subsidiaries in helping smallholders develop their plantation plots. Our Indonesian subsidiaries could in turn also benefit from FFB supplies from such Plasma Programme plantations when they are mature for harvesting.

Oil extraction rates (OER) achieved increased to 23.30% and 5.01% for CPO and PK respectively compared to 22.73% for CPO and 4.75% for PK in 2008. This is due to improvements in operating efficiencies at the mill along with tighter grading standards in force for FFB purchased from neighbouring plantations. Average FFB yield per hectare from our own plantations was low due to the age profile of a section of our palms being skewed towards older palms.

Much work is needed to improve the yield from our plantations in Sumatra, Indonesia. A re-planting program for old plantation areas is being planned as part of a longer term strategy of delivering sustainable returns from our investment in the Plantation Division. This division is expected to face challenges in the new financial year due to anticipated softening in prices of CPO.

Warehousing & Conveying Division

This division, operated through PKE (Malaysia) Sdn. Bhd. and PKE Transport (Malaysia) Sdn. Bhd. (collectively, "PKE"), recorded an increase of 26.8% in pre-tax profit to RM2.35 million (2008 : RM1.86 million). This improved result was contributed by higher revenue from warehouse rental and increased quantities of palm kernel expeller transported through PKE's overhead conveying system in Northport, Pelabuhan Klang. Cargo load handled by PKE increased by 14% to 501,126 MT (2008 : 439,493 MT) while warehouse load registered an increase of 12.6% to 517,334 MT (2008 : 459,435 MT).



ceo's review

OF OPERATIONS

PKE's warehouse and high speed overhead conveyor facilities is located on a piece of land adjacent to Wharf 15 at Northport, Pelabuhan Klang. These facilities provide shippers with an important infrastructure for palm kernel expellers (a by-product of the oil palm industry) to be safely stored (given that palm kernel expeller is self-combustible), for eventual loading onto awaiting vessels for export to buyers in the international markets.

PKE is currently negotiating with Lembaga Pelabuhan Klang (LPK) in regard to its lease which is due to expire in March 2010 and is hopeful of a positive outcome. Management is also conducting a strategic re-evaluation of its current business model with the objective of strengthening its support from its existing business partners and stakeholders in the industry.

Health Care Division

The Health Care Division turned in a lower loss of RM2.84 million (2008 : RM3.62 million) on a revenue of RM50.91 million (2008 : RM49.59 million).

Operating conditions in the year under review continued to be highly competitive as Sri Kota Specialist Medical Centre ("Sri Kota") (managed by Southern Medicare Sdn. Bhd.) operates in the Klang Valley which has the highest concentration of private hospitals in Malaysia.

SAB is nevertheless committed to supporting key initiatives by Management to re-position Sri Kota as the private medical centre of choice in Klang and in the Klang Valley. This includes equipping Sri Kota with 'state of the art' facilities and building upon Sri Kota's unique competitive advantage as the only private hospital in Klang with tertiary health care status.

The Malaysian Government's support of the private health care sector, for example, in health tourism, along with the public's greater health awareness and demand for affordable private health care augurs well for SAB's Health Care Division in the years ahead.

Key Management Appointment

On 1 June 2009 the Board of SAB appointed me as the Group's CEO to head the Group's management team as well as to align Group management to the Board's overall objective of creating an empowered management team focused on delivering sustainable returns for shareholders.



Strategic Outlook

The global oleochemical market and in particular, demand for fatty acids and glycerine, could make a gradual recovery in the new financial year driven by the personal care and health care segment of the market, while prices of CPO will continue to be volatile being subject to a host of factors, i.e. global weather patterns which affects crop production, inventory levels and expectations of a bumper soybean harvest in the U.S. etc. Notwithstanding the influence of these factors, the underlying global demand and supply dynamics of edible oil will bring about stability in CPO prices in the longer term.

Given this outlook, the Group's strategic imperative is to strive for maximisation of margins in all our business units and to focus on cost efficiencies across all our operations, in particular, the Oleochemical and Plantation Divisions.

Our longer term strategy in respect of our Oleochemical and Plantation Divisions would include expansion of our oleochemical product base, maximisation of our plantation yields and to seize on available opportunities to increase our plantation land-bank in the future.

Thank you.

Leong Kian Ming
Group Chief Executive Officer

30 September 2009

5-year group

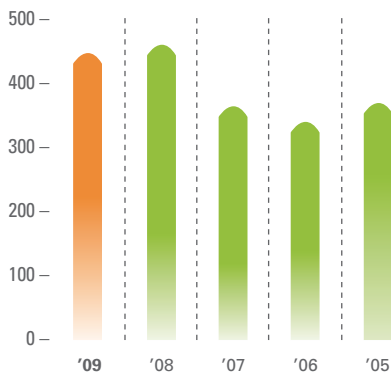
FINANCIAL SUMMARY

		2005	2006	2007	2008	2009
FINANCIAL PERFORMANCE						
Revenue	RM'000	375,057	336,519	370,164	463,321	441,955
Profit before taxation	RM'000	12,903	2,045	25,457	43,856	4,321
Net profit for the year	RM'000	12,573	196	17,798	28,989	924
FINANCIAL POSITION						
Total Assets	RM'000	436,920	433,557	443,751	458,093	438,246
Total Liabilities	RM'000	64,724	68,296	67,205	62,433	53,401
Net Current Assets	RM'000	71,802	68,106	89,909	121,572	110,241
Shareholders' Equity	RM'000	367,345	360,422	368,147	383,264	367,952
Issued Share Capital	RM'000	136,934	136,934	136,934	136,934	136,934
Net Tangible Assets	RM'000	351,794	345,451	364,655	395,801	375,405
KEY FIGURES						
Earnings Per Share	Sen	9.18	0.15	10.30	16.93	(2.86)
Dividend Per Share (Fully Diluted)	Sen	8.35	N/A	N/A	N/A	N/A
Dividend Per Share (Gross)	Sen	7.50	5.50	6.00	8.00	5.00
Net Tangible Assets Per Share	RM	2.57	2.52	2.66	2.89	2.74

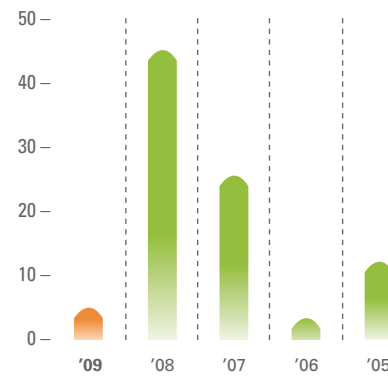
5-year group

FINANCIAL SUMMARY

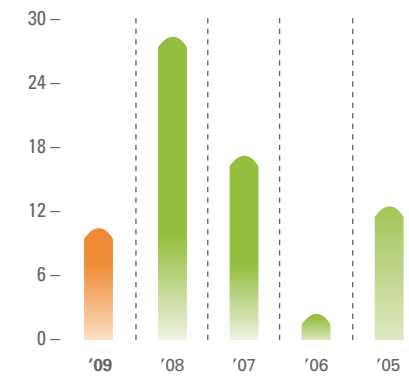
Revenue
(RM'000)



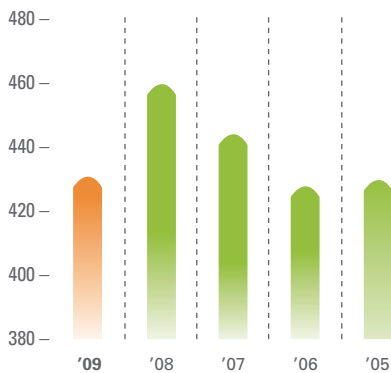
Profit Before Tax
(RM'000)



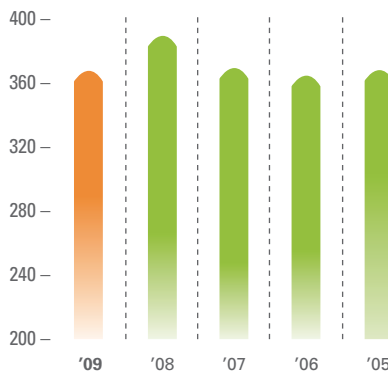
Net Profit For The Year
(RM'000)



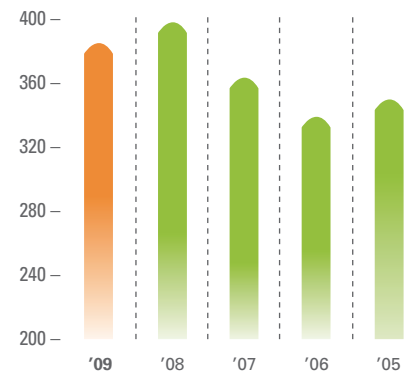
Total Assets
(RM'000)



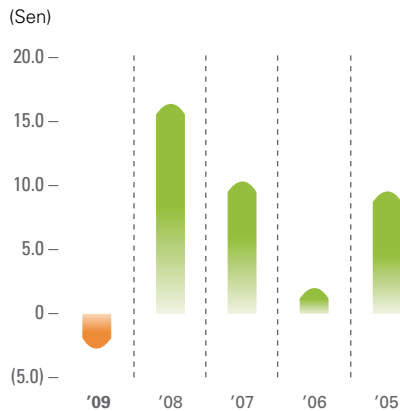
Shareholders' Equity
(RM'000)



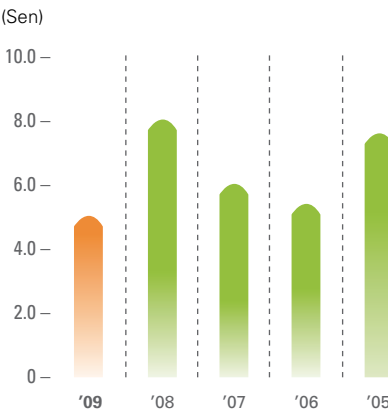
Net Tangible Assets
(RM'000)



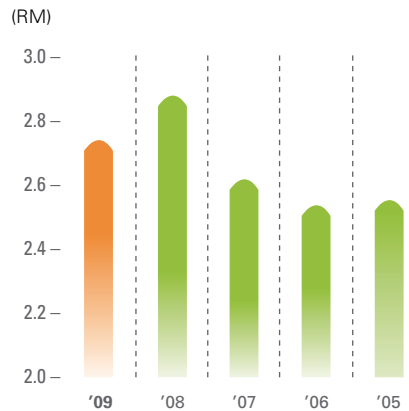
Earnings Per Share
(Sen)



Dividend Per Share (Gross)
(Sen)



Net Tangible Assets Per Share
(RM)



audit

COMMITTEE REPORT

THE BOARD IS PLEASED TO PRESENT THE REPORT OF THE AUDIT COMMITTEE FOR THE FINANCIAL YEAR ENDED 30 APRIL, 2009.

MEMBERS OF THE AUDIT COMMITTEE

The Audit Committee was established on 29 July 1994. The Audit Committee members and the details of attendance of each member at Committee meetings during the financial year are as follows:-

Committee Member	Number of meetings attended during the financial year as a member of the Committee
1. Tuan Haji Mohd Hisham bin Harun - Chairman Independent Non-Executive Director	13 of 13
2. Dato' Mohd Yusoff bin Haji Amin Independent Non-Executive Director	12 of 13
3. Mr. Yap Soon Nam Independent Non-Executive Chairman/Director	12 of 13
4. Mr. Sukhinderjit Singh Muker Independent Non-Executive Director	12 of 13

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

Membership

- The Committee shall be appointed by the Board of Directors from amongst Directors of the Company. The Committee has four (4) members and consists wholly of Independent Non-Executive Directors, in full compliance with the Best Practices advocated by the Revised Malaysian Code on Corporate Governance.
- At least one (1) member shall be a member of the Malaysian Institute of Accountants or similar qualification as prescribed in Part 1 or Part 11 of the First Schedule of the Accountants Act 1967 with at least three (3) years working experience.
- The Audit Committee shall not consist of any Alternate Director of the Company.
- The members of the Audit Committee shall elect a Chairman from among their members who shall be an Independent Non-Executive Director.

audit

COMMITTEE REPORT

- In the event a member of the Committee resigns, dies or for any other reason ceases to be a member with the result that the number of members is reduced to below three (3), the Board of Directors shall within three (3) months of the event, appoint such number of new members as may be required to make up the minimum number of three (3) members.

Meetings

- Meetings shall be held not less than four (4) times a year.
- A quorum shall be two (2) members, majority of whom must be Independent Non-Executive Directors.
- Other Directors and employees may also attend the Audit Committee meeting upon the invitation of the Committee.
- The Company Secretary shall act as the Secretary of the Committee.

Authority

The Committee is authorised by the Board and shall:-

- have authority to investigate any matter within its terms of reference.
- have the resources which are required to perform its duties.
- have full and unrestricted access to any information pertaining to the Group.
- have direct communication channels with the external auditors and the internal auditors.
- be able to obtain independent professional or other advice as necessary.
- be able to convene meetings with the external auditors, excluding the attendance of the executive member of the Committee, whenever deemed necessary.

Duties of the Committee

The duties of the Audit Committee shall be amongst others:-

- To review with the external auditor the audit plan, their evaluation of the system of internal controls and their audit report.
- To review the assistance given by the employees of the Company to the external auditors.
- To review the adequacy of the scope, functions and resources of the internal audit department and that it has the necessary authority to carry out its work.
- To review the internal audit programme and processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function.
- To review the quarterly results and year end financial statements, prior to the approval by the Board of Directors.
- To monitor any related party transaction and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or code of conduct that raised questions of management integrity.
- To consider and recommend the nomination and appointment of external auditors, the audit fees and any questions of resignation, dismissal or re-appointment.
- To report promptly to the Bursa Malaysia Securities Berhad where the Committee is of the view that a matter reported by it to the Board or Directors has not been satisfactorily resolved resulting in a breach of Bursa Malaysia Listing Requirements.

audit

COMMITTEE REPORT

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

During the financial year ended 30 April 2009, the Audit Committee held thirteen (13) meetings.

In line with the terms of reference of the Committee, the following activities were carried out by the Committee during the year:-

- Review the quarterly and annual financial statements prior to the submission to the Board for consideration and approval.
- Review the audit reports for the Group prepared by both the external auditors and internal audit department, their findings and management responses thereto.
- Review the audit plans for the Group prepared by both the external auditors and internal audit department.
- Review and approve their minutes of the Committee's meetings.
- Commission and review the independent investigative audit undertaken by Deloitte Corporate Solutions Sdn Bhd pertaining to a Whistleblower Report submitted by an employee of one of its Indonesia subsidiaries; PT Mustika Agro Sari Nusantara.
- Commission and review the independent audit undertaken by Deloitte KassimChan in relation to the foreign exchange losses incurred by one of its subsidiaries.

INTERNAL AUDIT FUNCTION

The Committee is aware of the need to have an independent internal audit function to assist in obtaining the assurance it requires regarding the effectiveness of Group's system of internal control. As such, the Company has established an internal audit function to independently conduct reviews of the Group's system of internal control so as to provide assurance that such systems continue to operate satisfactorily and effectively.

The principal role of the internal audit function are as follows:-

- Reviewing and appraising the soundness and adequacy of the Group's system of internal controls and procedures that are specifically designed to detect and /or prevent violations.
- Ascertaining the efficiency and effectiveness of operating policies and procedures.
- Ascertaining and reviewing the reliability and integrity of financial and operational information generated and means used to identify, measure, classify and report such information.
- Ascertaining that the financial and accounting records and reports contain accurate, reliable, timely, complete and relevant information and are prepared in compliance with applicable approved accounting standards.
- Carrying out audit work in liason with the external auditors to maximise the use of resources and for effective coverage.
- Performing special reviews and/or investigations as requested by management or the Audit Committee.
- Identifying opportunities to improve the operations of and processes within the Group.
- The cost incurred for the internal audit function in respect of the financial year is RM89,877.

statement on **CORPORATE GOVERNANCE**

THE BOARD OF DIRECTORS RECOGNISES THE IMPORTANCE OF CORPORATE GOVERNANCE IN DISCHARGING THE BOARD'S STEWARDSHIP RESPONSIBILITIES AND TO PROTECT AND ENHANCE SHAREHOLDERS' VALUE. IN THIS PREMISE, THE BOARD IS COMMITTED TO ENSURING HIGH STANDARDS OF CORPORATE GOVERNANCE ARE PRACTICED THROUGHOUT THE GROUP AND WILL TAKE ALL STEPS TO MEET THE PRINCIPLES AND BEST PRACTICES AS SET OUT IN THE MALAYSIAN CODE ON CORPORATE GOVERNANCE.

1. THE BOARD OF DIRECTORS

An effective Board leads and controls the Group. Board meetings are held at least four (4) time a year and additional meetings are held when required. During the year ended 30 April 2009, twenty seven (27) Board meetings were held. Details of the attendance of the Directors at the Board Meetings are disclosed in their respective personal profiles set out on pages 14 and 17.

1.1 Board Balance & Composition

At the start of the financial year, the Board consisted of seven (7) members, which comprised the Non-Executive Chairman, two (2) Executive Directors and four (4) Non-Executive Directors. Three (3) of the four (4) Non-Executive Directors are Independent Directors.

On 27 June 2008, Mr. Low Mun Chong was re-admitted as a Non-Independent Non-Executive member of the Board having earlier vacated office on 30 April 2007. Mr. Low Mun Chong however vacated office again on 30 April 2009 pursuant to Paragraph 15.05(3) (c) of the Main Market Listing Requirements as he was absent for more than 50% of the total Board of Directors meetings held during the financial year ended 30 April 2009. Additionally, Mr. Low Mong Chai @ Low Ah Kow, one of the two Executive Directors in the Board had on 30 April 2009 vacated office pursuant to the same Paragraph 15.05(3) (c) of the Main Market Listing Requirements as he was also absent for more than 50% of the total Board of Directors meetings held during the financial year ended 30 April 2009.

On 8 April 2009, Mdm. Leong So Seh was admitted as an Independent Non-Executive Director of the Board.

At the end of the financial year, the Board consisted of seven (7) members, which comprised the Non-Executive Chairman, one (1) Executive Director and five (5) Non-Executive Directors. Four (4) of the five (5) Non-Executive Directors are Independent Directors.

statement on

CORPORATE GOVERNANCE

1. THE BOARD OF DIRECTORS (CONT'D)

1.1 Board Balance & Composition (Cont'd)

On 1 June 2009, a new Chief Executive Officer was appointed. The new Chief Executive Officer, Mr. Leong Kian Ming together with the Directors have a mix of skills and experience ranging from business, financial, legal and technical experience which will be vital for the successful direction of the Group. A brief profile of each Director and the Chief Executive Officer is presented on pages 14 and 17.

The Board reviews the financial performance and the business operations of the Group, the adequacy of the management and internal controls. The role of the executive directors is to implement the policies and decisions of the Board, and oversee the operations and development of the Group.

1.2 Supply of Information

Directors are provided with agenda, minutes of the previous meeting and a set of Board papers prior to Board meetings.

1.3 Appointments to the Board

The Nomination Committee is responsible for evaluating and assessing the suitability of candidates for Board membership. In considering the nomination, the Committee will review the qualification and working experience of the candidate and how well the candidate fits into the existing skills mix of the Board to ensure a well-balanced Board composition before recommending to the Board for approval.

1.4 Re-election

In accordance with the Company's Articles of Association (the Articles), all Directors who are appointed by the Board are subject to re-election by shareholders at the first Annual General Meeting after their appointment. Article 95 provides that every Director including the Managing Director shall be subject to retirement at least once in every three years.

1.5 Directors' Training

During the financial year ended 30th April 2009, the Directors were unable to attend any formal training because the Company was without the service of a Chief Executive Officer.

The Board has had to convene twenty seven (27) Board of Directors Meetings in total during the financial year to attend to the affairs of the Company.

Mdm. Leong So Seh who was admitted as an Independent Non-Executive Director of the Company on 8th April 2009 had attended the following trainings subsequent to the end of the financial year:

- Mandatory Accreditation Programme for Directors of Public Listed Companies; and
- Corporate Governance Summit

1.6 Directors' Remuneration

The Board has established a Remuneration Committee for recommending the policy and framework of Executive Directors' remuneration.

The details of the Directors remuneration are set out in the financial statements in this Annual Report. The aggregate remuneration of Directors received/receivable from the Company and subsidiary companies who were in office during the financial year for the financial year ended 30 April 2009 are as follows:-

statement on CORPORATE GOVERNANCE

1. THE BOARD OF DIRECTORS (CONT'D)

1.6 Directors' Remuneration (Cont'd)

In RM	Executive Directors	Non-Executive Directors
Fees	60,000	181,000
Salaries	99,106	NIL
Bonuses & Incentives	NIL	NIL
Allowances	48,800	467,600
Total	207,906	648,600

The number of Directors whose total remuneration falls within the following bands are as follows:-

Range of Remuneration	Executive Directors	Non-Executive Directors
Below RM50,000	-	2
RM50,001 to RM100,000	1	3
RM100,001 to RM150,000	1	-
RM150,001 to RM200,000	-	1
RM200,001 to RM250,000	-	1

Included in the allowances above are amounts of RM96,000 and RM190,000, representing special extra allowance and ad hoc crisis allowance paid to two Non-Executive Directors.

2. COMMITTEES OF THE BOARD

The following committees have been established to assist the Board in carrying out its duties and responsibilities. The terms of reference of each committee have been approved by the Board and where applicable, comply with the requirements of the Code.

statement on

CORPORATE GOVERNANCE

2. COMMITTEES OF THE BOARD (CONT'D)

2.1 Audit Committee

The Audit Committee assists the Board to meet its responsibilities regarding financial reporting and strengthens the independence of external auditors through the ability to communicate with the independent Non-Executive Directors. It also monitors the work of the internal audit function.

The Audit Committee meets the external auditors annually to review the financial statements and their audit findings, including where necessary, the audit plan and any other matters arising on the annual reporting.

The report of the Audit Committee is set out on pages 30 to 32.

2.2 Remuneration Committee

The Remuneration Committee was formed on 17 November 2001. The Committee members are:

- Mr. Sukhinderjit Singh Muker (Chairman)
- Dato' Mohd Yusoff bin Haji Amin
- Mr. Yap Soon Nam

The Committee reviews the remuneration package for the Executive Directors in all its forms, drawing outside advice as necessary. The remuneration packages of the Non-Executive Directors and Chief Operating Officer is a matter for the Board as a whole to consider.

During the financial year, the Committee was not called upon by the Board to review the remuneration package of the Executive Directors.

2.3 Nomination Committee

The Committee members are:-

- Dato' Mohd Yusoff bin Haji Amin (Chairman)
- Mr. Sukhinderjit Singh Muker
- Tuan Haji Mohd Hisham bin Harun

The Committee shall assess the effectiveness of the Board as a whole, the Board Committees and contribution of each individual Director. The Committee will also review the required mix of skills, experience and other qualities including core competencies which Non-Executive Directors should bring to the Board.

During the financial year ended 30 April 2009, one (1) meeting was held, which was attended by all the members of the committee.

2.4 Corporate Governance Committee

The Corporate Governance Committee was formed on 16 July 2009. The Committee members are:

- Mdm. Leong So Seh (Chairman)
- Mr. Lim Kim Long
- Tuan Haji Mohd Hisham bin Harun

The Committee shall be a supervisory committee on governance and integrity compliance. This include oversight of governance practices, raising governance standards and instilling a culture of integrity.

statement on

CORPORATE GOVERNANCE

3. SHAREHOLDER COMMUNICATION AND INVESTOR RELATIONS

The Board acknowledges the need for the shareholders to be informed of all material business matters affecting the Company. In addition to various announcements, the timely release of financial results on a quarterly basis provides shareholders with an overview of the Group's performance and operations. Copies of full announcement will be supplied to shareholders and members of the public upon request.

The Annual General Meeting (AGM) is the principal forum for dialogue with public shareholders. There is an open question and answer session in which shareholders may ask question both about resolutions being proposed at the meeting and also about the financial performance and business operations in general. Members of the Board as well as the Auditors of the Company are present to answer questions raised at the meeting.

Shareholders are also welcome to raise queries by contacting the Company and not just at AGM. Shareholders may address their queries or seek information pertaining to Southern Acids (M) Berhad Group by writing to:-

Leong Kian Ming
6th Floor, Wisma Southern,
No. 26-34, Jalan Dato' Hamzah,
41000 Klang, Selangor Darul Ehsan,
Malaysia.

4. ACCOUNTABILITY AND AUDIT

a. Financial Reporting

In presenting the annual audited financial statements to shareholders and the announcement of quarterly financial results, the Board takes appropriate steps to present a true and fair view of the financial statements of the Company and its subsidiaries.

b. Internal Control

The Board has the overall responsibility for maintaining a sound system of internal control to safeguard shareholders' investment and Group's assets by identifying principal risks and ensuring the implementation of appropriate systems to manage these risks; and reviewing the adequacy and integrity of the internal control system.

The Statement on Internal Control provides an overview of the state of internal controls within the Group and is set out on page 39 of this Annual Report.

c. Relationship with the Auditors

Through the Audit Committee, the Company has established a transparent and appropriate relationship with the Group's external and internal auditors. From time to time, the auditors highlight to the Audit Committee and the Board on matters that require Board's attention.

The role of the Audit Committee in relation to the external auditors is stated under the terms of reference of the Audit Committee on pages 30 to 32.

corporate

SOCIAL RESPONSIBILITY

THE GROUP RECOGNIZES THE IMPORTANCE OF CONDUCTING ITS BUSINESSES IN A SOCIALLY AND RESPONSIBLE MANNER. ALTHOUGH THE GROUP IS INVOLVED IN A NUMBER OF DIFFERENT INDUSTRIES, IT IS NEVERTHELESS HELD TOGETHER BY A COMMON BELIEF THAT THE UNDERTAKINGS OF THE GROUP WILL BENEFIT ITS CUSTOMERS, EMPLOYEES, SHAREHOLDERS, BUSINESS ASSOCIATES AND THE SOCIETY ALIKE. TO THIS END, THE GROUP IS COMMITTED IN FULFILLING ITS CORPORATE RESPONSIBILITY IN THE FOLLOWING AREAS:

a. The Marketplace

The Group believes in providing its customers and clients with good quality products and services and be always ready to walk the extra mile for them.

b. The Workplace

Employees are provided with a safe and healthy working environment where amongst others, safety gear is provided and equipment and facilities put in place to ensure that all working areas are hazard free. Employees also enjoy limited free outpatient treatment at designated clinics. The Group also recognizes the value of training for its employees and employees are periodically sent for training and seminars at the Group's expense.

c. The Environment

The Group encourages the use of renewable energy; using where available bio-mass to fire its boilers. All palm oil mills employ effluent treatment system which is carefully monitored to comply with environmental laws.

d. The Community

The Group periodically supports charitable and social causes such as school building projects and orphanage homes.

statement on INTERNAL CONTROL

INTRODUCTION

THE MALAYSIAN CODE ON CORPORATE GOVERNANCE REQUIRES PUBLIC LISTED COMPANIES TO MAINTAIN A SOUND SYSTEM OF INTERNAL CONTROL TO SAFEGUARD SHAREHOLDERS' INVESTMENTS AND THE GROUP'S ASSETS. IN ADDITION, THE DIRECTORS OF A PUBLIC LISTED COMPANY ARE ALSO REQUIRED BY PARAGRAPH 15.27(B) OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD TO INCLUDE IN ITS ANNUAL REPORT A "STATEMENT ABOUT THE STATE OF INTERNAL CONTROL OF THE LISTED ISSUER AS A GROUP."

DIRECTORS' RESPONSIBILITY

As Southern Acids (M) Berhad's Board of Directors, our primary role is to set out the strategic direction of the Group and to oversee its operations by providing a framework where the Group's affairs could be directed and managed in a manner that would enhance business prosperity and corporate accountability with the ultimate objective of realizing long term shareholder value, whilst taking into account the interests of our other stakeholders,

The Board affirms its commitment to maintain a sound system of internal control and to provide reasonable assurance but not absolute assurance on the adequacy and the integrity of the internal control system to safeguard shareholders' investment and the Group's assets. To achieve this, the Board strives to ensure that the internal control system that has been put in place by the Management is adequate and operating at satisfactory levels to manage the risks that the Group is exposed to. The adequacy and integrity of the internal control system is monitored through independent examinations and appraisals that are done by both the internal and external auditors.

The Board also recognises that in view of the limitations inherent in any system of internal control, the systems put in place are designed to mitigate rather than to eliminate risks.

During the financial year under review and up to the date of the 2009 Annual Report and Financial Statements are approved, the Board confirms that there is an ongoing process for identifying and managing the significant risks faced by the Group. The process is reviewed by the Board through the Audit Committee which is assisted by the internal audit function.

The key processes that the Board has established to review the adequacy and integrity of the system of internal control are as follows:

- 1) A formal organisation structure for the individual companies in the Group.
- 2) Regular management reports to the Board.
- 3) Independent review of the system of internal control by the internal audit department.
- 4) Review of internal audit findings and the adoption of the recommendations put forth by the internal audit department where appropriate.
- 5) Regular review and update of internal policies and procedures to adapt to changing risks or resolve operational deficiencies.

The Board shall continue to review the adequacy and integrity of the system of internal controls on an ongoing basis.

CONCLUSION

The Board is of the view that the system of internal control that has been put in place throughout the Group is adequate. Notwithstanding this, control procedures are continuously being carried out to ensure that the system of internal control remains adequate and effective.

This statement is made in accordance with a resolution of the Board dated 25 August 2009.

other bursa securities

COMPLIANCE INFORMATION

1. Share Buy-Back

The Company has not purchased any of its own shares during the financial year ended 30 April 2009 and the preceding financial year.

2. Material Contracts

Other than those disclosed in Note (25) to the financial statements of the Group and of the Company for the financial year ended 30 April 2009, there were no material contracts (not being contracts entered into in the ordinary course of business) entered into by the Company and its subsidiaries involving the interests of Directors and Major Shareholders either still subsisting as at 30 April 2009 or entered into since the end of the previous financial year ended 30 April 2008.

3. American Depository Receipt (ADR) or Global Depository Receipt (GDR)

The Company has not sponsored any ADR or GDR programme for the financial year ended 30 April 2009.

4. Sanctions and/or Penalties

There were no sanctions and/or penalties imposed on the Company, directors or management by the relevant regulatory bodies during the financial year.

5. Profit Guarantees

During the financial year, there were no profit guarantees given by the Company.

6. Non-Audit Fees

The amount of non-audit fees incurred for services rendered to the Company and its subsidiaries by the Company's statutory auditors, Messrs. Deloitte KassimChan, or a firm or corporation affiliated to Messrs. Deloitte KassimChan amounted to RM356,500 during the financial year.

7. Revaluation Policy

The Company has not revalued its landed properties and therefore has not adopted any revaluation policy.

8. Utilisation of Proceeds Raised from Corporate Proposals

During the financial year ended 30 April 2009, there were no proceeds raised from any corporate proposals which required Securities Commission's approval.

9. Options, Warrants or Convertible Securities

There were no options, warrants or convertible securities exercised in respect of the financial year ended 30 April 2009.

10. Variation in Results

The Company did not release any profit estimates, forecast or projection for the financial year 30 April 2009. The audited results of the Group did not differ by 10% or more from the unaudited results announced earlier.

11. Recurrent Related Party Transactions of a Revenue or Trading Nature

At the Twenty-Seventh Annual General Meeting held on 28 October 2008, the Company obtained a shareholders' mandate to allow the Group to enter into recurrent related party transactions of a revenue or trading nature.

The said mandate takes effect on 28 October 2008 until the forthcoming Annual General Meeting of the Company.

At the forthcoming Annual General Meeting to be held on 28 October 2009, the Company intends to seek its shareholders' approval to renew the existing mandate for recurrent related party transactions of a revenue or trading nature. The details of the shareholders' mandate to be sought will be furnished in the Circular to Shareholders dated 6 October 2009 accompanying this Annual Report.

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financial

STATEMENTS

Southern Acids (M) Berhad 64577-K
Annual Report 2009

director's REPORT

DIRECTORS' REPORT

The directors of SOUTHERN ACIDS (M) BERHAD hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended April 30, 2009.

PRINCIPAL ACTIVITIES

The Company is principally involved in the marketing of oleochemical products for commercial use and investment holding.

The principal activities of the subsidiary companies are shown in Note 17 to the Financial Statements.

There have been no significant changes in the nature of the activities of the Company and 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	The Company RM
Profit before tax	4,320,536	2,523,769
Income tax expense	(3,396,910)	(259,886)
Profit for the year	923,626	2,263,883
Attributable to:		
Equity holders of the Company	(3,919,187)	2,263,883
Minority interests	4,842,813	-
	923,626	2,263,883

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.

director's REPORT

DIVIDEND

A final dividend of 8%, tax exempt, amounting to RM10,955,256 proposed in the previous financial year and dealt with in the previous directors' report was paid by the Company on November 7, 2008.

The Directors propose a final dividend (tax exempt) of 5% per ordinary share of RM1.00 each amounting to RM6,846,707 in respect of the current financial year on the issued and paid up ordinary shares of the Company. This dividend is subject to approval by the shareholders at the forthcoming Annual General Meeting of the Company and has 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 parties 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 and balance sheets 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 have satisfied themselves that all known bad debts had been 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 have been written down to their estimated realisable values.

director's REPORT

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

- (a) which would render the amount written off as bad debts or the amount of 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 except as mentioned in Note 38 to the Financial Statements.

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 succeeding financial year, except as mentioned in Note 40 to the Financial Statements.

DIRECTORS

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

Dato' Mohd. Yusoff bin Haji Amin, SMS, PJK, JP

Low Mong Chai @ Low Ah Kow (vacated on 30.4.2009)

Sukhinderjit Singh Muker

Dato' Low Boon Eng, DPMS, JP

Tuan Haji Mohd Hisham Bin Harun

Yap Soon Nam

Lim Kim Long

David Low Kok Leong (alternate director to Low Mong Chai @ Low Ah Kow, vacated on 30.4.2009)

Low Mun Chong (vacated on 30.4.2009)

Leong So Seh (appointed on 8.4.2009)

director's REPORT

In accordance with Articles 95 and 96 of the Company's Articles of Association, Mr. Sukhinderjit Singh Muker and Mr. Lim Kim Long retire by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

In accordance with Article 101 of the Company's Articles of Association, Ms. Leong So Seh who was appointed since the last Annual General Meeting, retires at the forthcoming Annual General Meeting and, being eligible, offers herself for re-election.

Dato' Mohd. Yusoff bin Haji Amin, SMS, PJK, JP retires pursuant to Section 129 of the Companies Act, 1965 and a resolution will be proposed for his reappointment as director under the provision of Section 129(6) of the said Act to hold office until the next Annual General Meeting of the Company.

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:

	No. of ordinary shares of RM1.00 each			Balance as of 30.4.2009
	Balance as of 1.5.2008	Bought	Sold	
Shares in the Company				
Registered in name of directors				
Direct interest				
Low Mun Chong	1,516,498	-	-	1,516,498
Low Mong Chai @ Low Ah Kow	176,495	-	-	176,495
Lim Kim Long	49,276	-	-	49,276
Dato' Low Boon Eng, DPMS, JP	2,487	-	-	2,487
David Low Kok Leong	1,223	-	-	1,223
Deemed interest				
Low Mong Chai @ Low Ah Kow *	76,783,820	-	-	76,783,820
Lim Kim Long **	69,053,759	-	-	69,053,759
Dato' Low Boon Eng, DPMS, JP ***	65,626,507	-	-	65,626,507
Low Mun Chong ****	65,322,923	-	-	65,322,923
David Low Kok Leong *****	176,495	-	-	176,495

director's REPORT

Notes:

- * By virtue of his interest in Southern Cocoa Products (M) Sdn. Bhd., Banting Hock Hin Estate Co. Sdn. Bhd. (In Provisional Liquidation), Southern Realty (Malaya) Sdn. Berhad (In Provisional Liquidation), Southern Hock Joo Plantation Sdn. Berhad, Naga Wira Sdn. Berhad, Bekalan Utama Sdn. Berhad, Southern Edible Oil Industries (M) Sdn. Berhad and Southern Palm Industries Sdn. Berhad.
- ** By virtue of his interest in Southern Cocoa Products (M) Sdn. Bhd., Banting Hock Hin Estate Co. Sdn. Bhd. (In Provisional Liquidation), Southern Realty (Malaya) Sdn. Berhad (In Provisional Liquidation), 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 Lim Thye Peng Realty Sdn. Bhd.
- *** By virtue of his interest in Southern Cocoa Products (M) Sdn. Bhd., Banting Hock Hin Estate Co. Sdn. Bhd. (In Provisional Liquidation), Southern Realty (Malaya) Sdn. Berhad (In Provisional Liquidation), 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. Bhd., Banting Hock Hin Estate Co. Sdn. Bhd. (In Provisional Liquidation), Southern Realty (Malaya) Sdn. Berhad (In Provisional Liquidation), Southern Hock Joo Plantation Sdn. Berhad, Naga Wira Sdn. Berhad, Bekalan Utama Sdn. Berhad, Southern Edible Oil Industries (M) Sdn. Berhad and Southern Palm Industries Sdn. Berhad.
- ***** Deemed interest via Low Mong Chai @ Low Ah Kow, father of David Low Kok Leong.

By virtue of their shareholdings in 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 holding office at the end of the financial year 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.

director's REPORT

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 he is a member, or with a company in which he 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 25 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,

LIM KIM LONG

DATO' LOW BOON ENG, DPMS, JP

Klang,
August 26, 2009

independent auditors

REPORT TO THE MEMBERS OF SOUTHERN ACIDS (M) BERHAD

Report on the Financial Statements

We have audited the financial statements of **Southern Acids (M) Berhad**, which comprise the balance sheets as of April 30, 2009 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 51 to 123.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility towards any other person for the contents of this report.

We conducted our audit in accordance with 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 and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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.

independent auditors

REPORT TO THE MEMBERS OF SOUTHERN ACIDS (M) BERHAD

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with the Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of April 30, 2009 and of their financial performance and cash flows for the year then ended.

Emphasis of Matter

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

- 1) As mentioned in Note 38 to the Financial Statements, during the financial year, the Company received a letter dated February 25, 2009 from a related party, Southern Realty (Malaya) Sdn. Berhad (Placed under Provisional Liquidation on February 24, 2009), 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., a wholly-owned subsidiary of the Company, which provided management, administrative and accounting services to these related parties.

The Company had in March 2009 appointed a third party to commence investigation into these numerous alleged questionable transactions. However, in May 2009, the said third party withdrew its involvement in the said investigation. The Company, in consultation with its legal counsel, intends to engage another third party to resume the abovementioned investigation into these allegations once the Company's application to the High Court to set aside the ex-parte order for the appointment of Interim Receivers and Managers to the Company is successful. The Group and the Company may be exposed to potential claims, the amount of which is not presently determinable, in the event that these allegations are proven.

Also, as mentioned in Note 38 to the Financial Statements, the directors are unable to ascertain, at this point in time, whether there would be any material impact on the Group and the Company arising from the abovesaid appointment of Interim Receivers and Managers.

- 2) As mentioned in Notes 13 and 40 to the Financial Statements, the tenancy agreement pertaining to the rental of a parcel of land on which the factory building and oleochemical plant of a subsidiary company, Pofachem (M) Sdn. Bhd., are constructed expired on April 30, 2008. Pursuant to the said tenancy agreement, the subsidiary company has exercised its option to apply for a renewal of the tenancy agreement with the landlord, Southern Realty (Malaya) Sdn. Berhad (In Provisional Liquidation). However, to date the landlord has not reverted on its decision to renew the tenancy agreement and the said subsidiary company currently occupies the land as a monthly tenant. As the outcome of the renewal of the tenancy agreement cannot be presently determinable, the carrying value of the factory building and oleochemical plant with net book value of RM26,594,774 (2008 : RM24,862,776) as of April 30, 2009 may be impaired in the event that the renewal of the tenancy agreement is not successful.

independent auditors

REPORT TO THE MEMBERS OF SOUTHERN ACIDS (M) BERHAD

Report on Other Legal and Regulatory Requirements

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

- a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and 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 financial statements and the auditors' reports of the subsidiary companies of which we have not acted as auditors, which are indicated in Note 17 to the Financial Statements, being financial statements that have been included in the consolidated financial statements.
- c) We are satisfied that the financial statements of the subsidiary companies that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for these purposes.
- d) The auditors' reports on the financial statements 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.

DELOITTE KASSIMCHAN
AF 0080
Chartered Accountants

YEE YOON CHONG
Partner - 1829/07/11 (J)
Chartered Accountant

August 26, 2009

income STATEMENTS

FOR THE YEAR ENDED APRIL 30, 2009

	Notes	The Group		The Company	
		2009 RM	2008 RM	2009 RM	2008 RM
Revenue	5	441,955,354	463,321,475	316,529,564	343,527,194
Investment revenue	6	1,831,218	1,778,718	1,096,182	1,108,019
Other operating income	7	11,688,902	7,339,839	5,534,409	37,904
Changes in inventories of finished goods and work-in-progress		(17,167,034)	15,694,841	-	-
Raw materials and consumables used		(295,799,034)	(325,688,413)	-	-
Purchase of trading merchandise		-	37,395	(314,883,329)	(335,628,314)
Share in profit/(loss) of associated company		424	(3,312)	-	-
Depreciation of property, plant and equipment	13	(12,373,028)	(11,522,336)	(23,126)	(10,879)
Amortisation of biological assets	15	(691,361)	(735,338)	-	-
Amortisation of prepaid lease payments	16	(118,662)	(750,561)	-	-
Directors' remuneration	8	(1,429,651)	(1,464,964)	(781,846)	(297,520)
Staff costs	7	(31,269,843)	(29,104,112)	(641,863)	(417,998)
Other operating expenses	7	(91,861,524)	(74,030,942)	(4,306,222)	(2,576,348)
Finance costs	9	(445,225)	(1,015,950)	-	-
Profit before tax		4,320,536	43,856,340	2,523,769	5,742,058
Income tax expense	10	(3,396,910)	(14,867,823)	(259,886)	(427,956)
Profit for the year		923,626	28,988,517	2,263,883	5,314,102
Attributable to:					
Equity holders of the Company		(3,919,187)	23,187,259	2,263,883	5,314,102
Minority interests		4,842,813	5,801,258	-	-
		923,626	28,988,517	2,263,883	5,314,102
(Loss)/Earnings per share (sen) attributable to equity holders of the Company					
Basic and diluted	11	(2.86)	16.93		

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

balance SHEETS

AS AT APRIL 30, 2009

	Note(s)	The Group		The Company	
		2009 RM	2008 RM	2009 RM	2008 RM
ASSETS					
Non-Current Assets					
Land held for property development	12	141,212,773	139,642,412	-	-
Property, plant and equipment	13	85,178,491	84,591,107	147,308	57,832
Investment property	14	3,318,127	3,318,127	-	-
Biological assets	15	11,655,597	12,713,481	-	-
Prepaid lease payments	16	5,840,254	6,011,825	-	-
Investment in subsidiary companies	17	-	-	44,573,566	44,573,566
Investment in associated company	18	-	7,361	-	7,361
Other investments	19	17,093,599	24,670,686	17,093,175	24,670,686
Advances for Plasma PIR-TRANS projects	20	3,039,400	2,123,507	-	-
Advances for KKPA projects	21	1,170,883	1,188,617	-	-
Deferred tax assets	22	9,440,113	5,850,348	510,443	34,419
		277,949,237	280,117,471	62,324,492	69,343,864
Current Assets					
Inventories	23	54,606,627	75,113,369	-	-
Trade receivables	24 & 25	28,582,287	51,369,557	22,700,042	43,135,507
Other receivables, deposits and prepaid expenses	24 & 25	1,951,673	3,721,966	231,925	157,631
Tax recoverable		265,865	735,222	228,638	472,073
Amount owing by subsidiary companies	25	-	-	210,762,601	215,296,648
Fixed deposits, short-term placements, and cash and bank balances	26	74,890,519	47,035,677	48,360,171	18,820,002
		160,296,971	177,975,791	282,283,377	277,881,861
TOTAL ASSETS		438,246,208	458,093,262	344,607,869	347,225,725
EQUITY AND LIABILITIES					
Capital and Reserves					
Issued capital	27	136,934,132	136,934,132	136,934,132	136,934,132
Reserves	28	231,018,158	246,329,386	83,401,620	92,092,993
Equity attributable to equity holders of the Company		367,952,290	383,263,518	220,335,752	229,027,125
Minority interests		16,892,525	12,396,475	-	-
Total Equity		384,844,815	395,659,993	220,335,752	229,027,125

balance SHEETS

AS AT APRIL 30, 2009

	Note(s)	The Group		The Company	
		2009 RM	2008 RM	2009 RM	2008 RM
Non-Current Liabilities					
Term loans	29	143,430	2,437,998	-	-
Hire-purchase payable - non-current portion	30	5,511	28,215	-	-
Provision for retirement benefits	31	3,105,618	3,422,281	140,796	125,225
Deferred tax liabilities	22	91,290	141,040	-	-
		3,345,849	6,029,534	140,796	125,225
Current Liabilities					
Trade payables	25 & 32	23,323,546	22,234,252	-	-
Other payables and accrued expenses	25 & 32	18,964,946	21,222,063	3,830,279	2,546,914
Amount owing to subsidiary companies	25	-	-	120,179,542	115,404,961
Bank borrowings	33	6,202,548	7,335,405	-	-
Hire-purchase payable - current portion	30	22,091	22,572	-	-
Tax liabilities		1,420,913	5,467,943	-	-
Dividend payable		121,500	121,500	121,500	121,500
		50,055,544	56,403,735	124,131,321	118,073,375
Total Liabilities		53,401,393	62,433,269	124,272,117	118,198,600
TOTAL EQUITY AND LIABILITIES		438,246,208	458,093,262	344,607,869	347,225,725

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

statements of CHANGES IN EQUITY

FOR THE YEAR ENDED APRIL 30, 2009

The Group	Note	Non-distributable Reserves			Distributable Reserve - Retained Earnings	Attributable to Equity Holders of the Company	Minority Interests	Total
		Issued Capital	Share Premium	Foreign Exchange Reserve				
		RM	RM	RM	RM	RM	RM	RM
Balance as of May 1, 2007		136,934,132	34,321,050	(1,069,535)	197,961,813	368,147,460	8,399,079	376,546,539
Foreign exchange differences arising on translation of overseas subsidiary companies		-	-	144,847	-	144,847	(1,803,862)	(1,659,015)
Income and expense recognised directly in equity		-	-	144,847	-	144,847	(1,803,862)	(1,659,015)
Total recognised income and expense for the year		-	-	-	23,187,259	23,187,259	5,801,258	28,988,517
- profit for the year		-	-	-	(8,216,048)	(8,216,048)	-	(8,216,048)
Dividend	35	-	-	-	(8,216,048)	(8,216,048)	-	(8,216,048)
Balance as of April 30, 2008		136,934,132	34,321,050	(924,688)	212,933,024	383,263,518	12,396,475	395,659,993
Balance as of May 1, 2008		136,934,132	34,321,050	(924,688)	212,933,024	383,263,518	12,396,475	395,659,993
Foreign exchange differences arising on translation of overseas subsidiary companies		-	-	(436,785)	-	(436,785)	(346,763)	(783,548)
Income and expense recognised directly in equity		-	-	(436,785)	-	(436,785)	(346,763)	(783,548)
Total recognised income and expense for the year		-	-	-	(3,919,187)	(3,919,187)	4,842,813	923,626
- profit for the year		-	-	-	(10,955,256)	(10,955,256)	-	(10,955,256)
Dividend	35	-	-	-	(10,955,256)	(10,955,256)	-	(10,955,256)
Balance as of April 30, 2009		136,934,132	34,321,050	(1,361,473)	198,058,581	367,952,290	16,892,525	384,844,815

statements of CHANGES IN EQUITY

FOR THE YEAR ENDED APRIL 30, 2009

The Company	Note	Issued Capital RM	Non- distributable Reserve - Share Premium RM	Distributable Reserve - Retained Earnings RM	Total RM
Balance as of May 1, 2007		136,934,132	34,321,050	60,673,889	231,929,071
Total recognised income and expense for the year - profit for the year		-	-	5,314,102	5,314,102
Dividend	35	-	-	(8,216,048)	(8,216,048)
Balance as of April 30, 2008		136,934,132	34,321,050	57,771,943	229,027,125
Balance as of May 1, 2008		136,934,132	34,321,050	57,771,943	229,027,125
Total recognised income and expense for the year - profit for the year		-	-	2,263,883	2,263,883
Dividend	35	-	-	(10,955,256)	(10,955,256)
Balance as of April 30, 2009		136,934,132	34,321,050	49,080,570	220,335,752

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

cash flow STATEMENTS

FOR THE YEAR ENDED APRIL 30, 2009

	The Group		The Company	
	2009 RM	2008 RM	2009 RM	2008 RM
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES				
Profit for the year	923,626	28,988,517	2,263,883	5,314,102
Adjustments for:				
Depreciation of property, plant and equipment	12,373,028	11,522,336	23,126	10,879
Income tax expense	3,396,910	14,867,823	259,886	427,956
Unrealised loss on foreign exchange - net	1,950,787	616,461	1,950,787	29,055
Allowance for diminution in value of quoted shares	831,330	1,394,003	831,330	1,394,003
Amortisation of biological assets	691,361	735,338	-	-
Finance costs	445,225	1,015,950	-	-
Provision for retirement benefits	430,460	799,430	15,571	15,570
Allowance for loss on conversion of KKPA projects	400,093	-	-	-
Inventories written down	340,047	-	-	-
Allowance for doubtful debts	130,000	397,296	-	-
Amortisation of prepaid lease payments	118,662	750,561	-	-
Property, plant and equipment written off	25,781	381,401	-	-
Bad debts written off	7,929	3,488	-	-
Gain on disposal of quoted shares	(5,534,409)	-	(5,534,409)	-
Other payables written off	(4,042,691)	-	-	-
Interest income	(1,831,218)	(1,778,718)	(1,096,182)	(1,108,019)
Dividend income	(1,646,235)	(1,898,881)	(1,646,235)	(7,898,881)
Write back of allowance for loss on conversion of Plasma PIR-TRANS projects	(71,547)	-	-	-
(Gain)/Loss on disposal of property, plant and equipment	(358,928)	8,661	-	-
Share in (profit)/loss of associated company	(424)	3,312	-	-
Allowance for loss on conversion of Plasma PIR-TRANS projects	-	272,512	-	-
Allowance for diminution in value of investment in associated company	-	-	-	3,312
Operating Profit/(Loss Before Working Capital Changes)	8,579,787	58,079,490	(2,932,243)	(1,812,023)
(Increase)/Decrease in:				
Inventories	20,039,716	(23,817,899)	-	-
Trade receivables	22,367,014	(19,325,521)	12,591,310	(18,325,682)
Other receivables, deposits and prepaid expenses	1,783,583	2,643,182	(33,033)	222
Increase/(Decrease) in:				
Trade payables	1,148,548	(1,667,879)	-	-
Other payables and accrued expenses	463,760	45,740	(242,621)	357,859
Amount owing to subsidiary companies	-	-	12,336,409	(6,118,447)
Development costs	(1,570,361)	(2,655,176)	-	-

cash flow STATEMENTS

FOR THE YEAR ENDED APRIL 30, 2009

	The Group		The Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Cash Generated From/(Used In) Operations	52,812,047	13,301,937	21,719,822	(25,898,071)
Interest received	1,789,957	1,778,718	1,054,921	1,108,019
Income tax paid	(10,128,137)	(6,067,522)	(81,948)	(404,316)
Retirement benefits paid	(735,947)	(135,322)	-	(65,577)
Finance costs paid	(445,225)	(1,015,950)	-	-
Income tax refund	-	176,101	-	-
Net Cash From/(Used In) Operating Activities	43,292,695	8,037,962	22,692,795	(25,259,945)
CASH FLOWS (USED IN)/FROM INVESTING ACTIVITIES				
Proceeds from disposal of quoted shares	12,298,063	-	12,298,063	-
Dividends received	1,235,708	1,898,881	1,235,708	7,898,881
Proceeds from disposal of property, plant and equipment	684,045	111,000	-	-
Additions to property, plant equipment	(13,664,506)	(6,751,192)	(112,602)	(68,711)
Advances for Plasma PIR-TRANS projects	(928,932)	200,314	-	-
Advances for KKPA projects	(415,075)	(93,518)	-	-
Reversal of/(Additions to) biological assets - net	78,240	(293,477)	-	-
Additional investment in quoted shares	(10,112)	-	(10,112)	-
Net Cash (Used In)/From Investing Activities	(722,569)	(4,927,992)	13,411,057	7,830,170
CASH FLOWS USED IN FINANCING ACTIVITIES				
Dividend paid	(10,955,256)	(8,216,048)	(10,955,256)	(8,216,048)
Repayment of term loans	(2,264,336)	(4,904,369)	-	-
Repayment of revolving credit	(299,311)	(266,262)	-	-
(Repayment)/Drawdown of hire-purchase payable	(22,260)	53,386	-	-
Advances from subsidiary companies	-	-	4,534,047	8,137,295
Net Cash Used In Financing Activities	(13,541,163)	(13,333,293)	(6,421,209)	(78,753)

cash flow STATEMENTS

FOR THE YEAR ENDED APRIL 30, 2009

	Note	The Group		The Company	
		2009 RM	2008 RM	2009 RM	2008 RM
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		29,028,963	(10,223,323)	29,682,643	(17,508,528)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		46,354,237	55,455,295	18,820,002	36,328,530
EFFECT OF EXCHANGE RATES DIFFERENCES		(142,474)	-	(142,474)	-
EFFECT OF TRANSLATION DIFFERENCES		(350,207)	1,122,265	-	-
CASH AND CASH EQUIVALENTS AT END OF YEAR	34	74,890,519	46,354,237	48,360,171	18,820,002

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

notes to the FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company is principally involved in the marketing of oleochemical products for commercial use and investment holding.

The principal activities of the subsidiary companies are shown in Note 17.

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

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

The principal place of business of the Company is located at Wisma Southern, 6th Floor, No. 26 - 34, Jalan Dato Hamzah, 41000 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 August 26, 2009.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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

Adoption of New and Revised Financial Reporting Standards and Issue Committee ("IC") Interpretations

In the current financial year, the Group and the Company have adopted all the new or revised Financial Reporting Standards ("FRSs") issued by the Malaysian Accounting Standards Board ("MASB") that are relevant to their operations and effective for annual periods beginning on or after May 1, 2008 as follows:

FRS 107	Cash Flow Statements
FRS 112	Income Taxes
FRS 118	Revenue
Amendment to FRS 121	The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation
FRS 137	Provision, Contingent Liabilities and Contingent Assets

The adoption of the above FRSs did not have any significant financial effect on the financial statements of the Group and of the Company for the current and prior financial years.

At the date of authorisation of issue of the financial statements of the Group and of the Company, the following new or revised FRSs, amendment to FRSs and IC Interpretations were issued but not yet effective:

notes to the FINANCIAL STATEMENTS

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

Applicable to operations of the Group and of the Company

FRS 7	Financial Instruments : Disclosures *
FRS 123	Borrowing Costs *
FRS 139	Financial Instruments: Recognition and Measurement *

By virtue of the exemption in paragraph 44AB of FRS 7 and paragraph 103AB of FRS 139, the impact of applying FRS 7 and FRS 139 respectively on the financial statements of the Group and of the Company upon first adoption of these standards as required by paragraph 30(b) of FRS 108, Accounting Policies, Changes in Accounting Estimates and Errors is not disclosed.

Not applicable to operations of the Group and of the Company

Amendments to FRS 1	First - time Adoption of Financial Reporting Standards and FRS127 Consolidated and Separate Financial Statements: Cost of an investment in a Subsidiary, Jointly Controlled Entity or Associate *
Amendments to FRS 2	Share-based Payment: Vesting Conditions and Cancellations *
FRS 4	Insurance Contracts *
FRS 8	Operating Segments **
IC Interpretation 9	Reassessment Of Embedded Derivatives *
IC Interpretation 10	Interim Financial Reporting and Impairment *
IC Interpretation 11	FRS 2 - Group and Treasury Share Transactions *
IC Interpretation 13	Customer Loyalty Programmes *
IC Interpretation 14	FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction *

* Effective for annual periods beginning on or after January 1, 2010

** Effective for annual periods beginning on or after July 1, 2009

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 consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Group as shown in Note 17 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.

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

notes to the FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Basis of Consolidation (cont'd)

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 significant intercompany balances and transactions are eliminated on consolidation.

Minority interest in the net assets of consolidated subsidiary company is identified separately from the Group's equity therein. Minority interest consists of the amount of those interests at the date of the original business combination (see below) and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary company's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

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.

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

Revenue

Revenue of the Company consists of gross invoiced value of sales less returns and discounts and dividend income.

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 administrative services, provision of handling, hiring and port services, dividend income and rental income.

Revenue is recognised on the following basis:

Gross invoiced value of goods sold - upon delivery of products and customer acceptance, net of discounts and returns and when the risks and rewards of ownership have passed to the buyer.

Services rendered in connection with hospital operations, administrative services and provision of handling, hiring and port services - when services are rendered.

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

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

notes to the FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 consolidated financial statements.

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 on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not 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 equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in Ringgit Malaysia using exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the year. Exchange differences arising are classified as equity and transferred to the Group's translation reserve account. Such translation differences are recognised in income statements in the year in which the foreign operation is disposed of.

Employee Benefits

(i) Short term employee benefits

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

(ii) Post employment benefits

(a) Defined contribution plans

The Group and the Company contribute to the Employees Provident Fund ("EPF"), the national defined contribution plan. The contributions are charged to the income statements 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 the Employees Provident Fund are included under staff costs as mentioned in Note 7.

notes to the FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Employee Benefits (cont'd)

(ii) Post employment benefits (cont'd)

(b) Defined benefit plans

Malaysia

The Company and a subsidiary company have an unfunded defined retirement plan for eligible employees. Provision for retirement benefits is computed at half a month's salary for each year of service based on the last drawn salary of the employees.

In 2008, the subsidiary company has replaced its unfunded defined retirement plan for eligible employees belonging to the Chemicals Workers Union of Malaya with a four percent (4%) increase in its EPF contribution to the said eligible employees with effect from April 1, 2007.

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 March 25, 2003.

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 year and is measured using the tax rates that have been enacted at the balance sheet date.

Deferred tax is provided for, using the liability method, on temporary differences at the balance sheet date 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 profit 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 each balance sheet date and reduced to the extent that it is no longer probable that sufficient 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 year when the asset is realised or the liability settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date.

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 this current tax assets and liabilities on a net basis.

notes to the FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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).

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:

	2009	2008
Factory buildings	2%	2%
Palm oil mills	3.33%	3.33%
Hospital building	2% - 10%	2% - 10%
Medical equipment	10%	10%
Plant, machinery, equipment and electrical installation	7.5% - 50%	7.5% - 25%
Motor vehicles	20% - 25%	20% - 25%
Office equipment, furniture and fittings	10% - 25%	10% - 25%
Leasehold warehouse cum office block	43.26%	10%
Staff quarter cum office block	5% - 10%	5% - 10%
Freehold warehouse	2%	2%
Land improvements	5%	5%

At each balance sheet date, 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.

During the financial year, the Group revised its depreciation rates for the leasehold warehouse cum office block and certain plant, machinery, equipment and electrical installation of two subsidiary companies, PKE (Malaysia) Sdn. Bhd. and PKE Transport (Malaysia) Sdn. Bhd. The revision in the depreciation rates was effected so as to more realistically reflect the estimated remaining economic useful lives of those assets which are situated on a parcel of leasehold land leased from Lembaga Pelabuhan Kelang where the expiry date of the lease is on March 15, 2010. On the expiry of the lease period, all buildings and fixtures erected on the said land shall without payment be transferred to the land-owner. The effect of this accounting change in estimate is disclosed in Note 13.

notes to the FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Property, Plant and Equipment (cont'd)

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 the income statements.

Property, Plant and Equipment Under Hire-purchase Arrangements

Property, plant and equipment acquired under hire-purchase arrangements are capitalised in the financial statements and the corresponding obligations treated as liabilities. Finance charges are allocated to the income statements to give a constant periodic rate of interest on the remaining hire-purchase liabilities.

Property, plant and equipment under hire-purchase arrangements are depreciated over their expected useful lives on the same basis as owned assets.

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).

Biological Assets

Biological assets, consisting of land clearing 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.

Prepaid Lease Payments

The upfront payments made for the leasehold land represents prepaid lease payments and are amortised on a straight-line basis over lease term of 91 years.

In respect of the subsidiary companies in Indonesia, prepaid lease payments include deferred land rights which represent the costs associated with the legal transfer or renewal of land titles, including legal fees, area survey and land remeasurement fees, notarial fees, taxes and other expenses. These costs are deferred and amortised using the straight-line method over the legal terms of the related land rights of 30 to 35 years.

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.

notes to the FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Investment in Associated Company

An associated company is a non-subsiary company in which the Group holds as long-term investment of between 20% to 50% of the equity voting rights and in which the Group is in a position to exercise significant influence in its management.

Investment in associated company is stated at cost less any impairment losses in the Company's financial statements. The Group's investment in associated company is accounted for under the equity method of accounting based on the management financial statements of the associated company made up to the end of the financial year. Under this method of accounting, the Group's interest in the post-acquisition profit and reserves of the associated company is included in the consolidated results while dividend received is reflected as a reduction of the investment in the consolidated balance sheet. Losses of an associated company in excess of the Group's interest in that associated company (which includes any long-term interests that, in substance, form part of the Group's net investment in the associated company) are not recognised unless the Group has incurred legal or constructive obligations or made payments on behalf of the associated company. The carrying amount of such investment is reduced to recognise any impairment in the value of the investment.

Unrealised profits and losses arising on transactions between the Group and its associated company are eliminated to the extent of the Group's equity interest in the associated company.

Other Investments

Investments in quoted and unquoted shares are stated at cost less impairment losses.

Impairment of Assets

The carrying amounts of assets are reviewed at each balance sheet date 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 the income statements.

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 the income statements.

notes to the FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Advances for Plasma PIR-TRANS Projects and KKPA Projects

Advances for Plasma PIR-TRANS projects, in respect of a subsidiary company in Indonesia, represent the accumulated costs (including borrowing costs and indirect overhead costs) to develop plasma plantations. When a plasma plantation project 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. Any gain or loss resulting from the difference between the carrying value of the Plasma PIR-TRANS projects and the corresponding investment credit transferred to the plasma farmers is reflected in the income statements.

Advances for KKPA ("Kredit Koperasi Primer untuk Anggotanya") projects, in respect of another subsidiary company in Indonesia, represent the accumulated costs to develop plasma plantations totalling 469 (2008: 389) hectares of land which are currently being financed by creditor banks and self-financed by the said subsidiary company in Indonesia. Upon the cooperative obtaining KKPA financing from the creditor bank, the said advances will be recovered from the cooperative.

An estimate is made at each balance sheet date for losses on recovery of Plasma PIR-TRANS projects and KKPA projects based on a review of the recoverable development costs, and anticipated losses are provided for in full.

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 of 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.

Receivables

Trade and other receivables are stated at nominal value as reduced by the appropriate allowances for estimated irrecoverable amounts. Allowance for doubtful debts is made based on estimates of possible losses which may arise from non-collection of certain receivable accounts.

Payables

Payables are stated at nominal value of the consideration to be paid in the future for goods and services received.

notes to the FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 balance sheet date, 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 Assets

The Group's principal financial assets are fixed deposits, short-term placements, cash and bank balances, trade and other receivables, advances for Plasma PIR-TRANS projects, advances for KKPA projects and inter-companies receivables.

Financial Liabilities and Equity Instruments

Debts and equity instruments are classified as either liabilities or equity in accordance with the substance of the contractual arrangement. Financial liabilities include trade and other payables, bank borrowings, hire-purchase payable, dividend payable and inter-company indebtedness.

Cash Flow Statements

The Group and the Company adopt the indirect method in the preparation of the cash flow statements.

Cash equivalents are short-term, highly liquid investments with maturities of three months or less from the date of acquisition and are readily convertible to cash with insignificant risks 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.

(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 balance sheet date, 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 discussed below:

notes to the FINANCIAL STATEMENTS

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

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

Allowance for doubtful debts

The Group makes allowance for doubtful debts based on an assessment of the recoverability of trade receivables. Allowance is applied to trade 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 trade receivables and doubtful debts expenses in the period in which such estimate has been charged. As at April 30, 2009, allowance for doubtful debts for trade receivables has been disclosed in Note 24.

Impairment loss of property, plant and equipment

As referred to Note 13, the tenancy agreement for rental by a subsidiary company, Pofachem (M) Sdn. Berhad, of a parcel of land belonging to Southern Realty (Malaya) Sdn. Berhad (In Provisional Liquidation) expired on April 30, 2008. The said subsidiary company is awaiting the decision of the landlord to revert on its decision to renew the tenancy agreement. The directors of the subsidiary company believe that the renewal of the tenancy agreement will be successful and, accordingly, no impairment loss on the factory building and oleochemical plant need to be considered at this juncture.

5. REVENUE

An analysis of revenue is as follows:

	The Group		The Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Manufacturing and marketing	316,446,294	339,537,073	314,883,329	335,628,313
Plantation	63,255,024	64,097,542	-	-
Development, managing and operating of private hospital	50,908,139	49,596,314	-	-
Warehousing and bulk conveyor operations	7,202,258	5,817,479	-	-
Administrative services	2,401,404	2,278,186	-	-
Dividend income - quoted shares	1,646,235	1,898,881	1,646,235	1,898,881
- subsidiary company	-	-	-	6,000,000
Rental income	1,646,235 96,000	1,898,881 96,000	1,646,235 -	7,898,881 -
	441,955,354	463,321,475	316,529,564	343,527,194

notes to the FINANCIAL STATEMENTS

6. INVESTMENT REVENUE

	The Group		The Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Interest income on fixed deposits and short-term placements with licensed banks	1,831,218	1,778,718	1,096,182	1,108,019

7. OTHER OPERATING INCOME/(EXPENSES)

Included in other operating income/(expenses) are the following credits/(charges):

	The Group		The Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Gain on disposal of quoted shares	5,534,409	-	5,534,409	-
Other payables written off	4,042,691	-	-	-
Rental income	1,723,284	1,712,022	-	-
Gain/(Loss) on disposal of property, plant and equipment	358,928	(8,661)	-	-
Write back of allowance for loss on conversion of Plasma PIR-TRANS projects	71,547	-	-	-
Realised loss on foreign exchange	(19,640,211)	(700,946)	-	(522,587)
Unrealised loss on foreign exchange - net	(1,950,787)	(616,461)	(1,950,787)	(29,055)
Allowance for diminution in value of quoted shares	(831,330)	(1,394,003)	(831,330)	(1,394,003)
Allowance for loss on conversion of KKPA projects	(400,093)	-	-	-
Audit fee	(387,050)	(290,645)	(289,270)	(178,000)
Lease rental of land	(376,359)	(376,359)	-	-
Provision for retirement benefits	(430,460)	(799,430)	(15,571)	(15,570)
Inventories written down	(340,047)	-	-	-
Rental of:				
Storage tanks	(183,230)	(306,035)	-	-
Office premises paid/ payable to a related party (Note 25)	(139,994)	(139,994)	-	-
Land paid/payable to a related party (Note 25)	(66,688)	(63,988)	-	-
Staff quarter paid/payable to a related party (Note 25)	(49,680)	(49,680)	-	-
Plant and machinery	(43,356)	(21,023)	-	-
Equipment paid/payable o a related party (Note 25)	(9,309)	(21,721)	-	-
Premises paid/payable to related party (Note 25)	(4,662)	(7,633)	-	-
Premises paid/payable to third parties	(3,600)	(4,320)	-	-
Office equipment	(2,834)	(1,760)	-	-
Warehouse	-	(258,218)	-	-

notes to the FINANCIAL STATEMENTS

7. OTHER OPERATING INCOME/(EXPENSES) (CONT'D)

Included in other operating income/(expenses) are the following credits/(charges) (cont'd):

	The Group		The Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Bad debts written off	(7,929)	(3,488)	-	-
Allowance for doubtful debts	(130,000)	(397,296)	-	-
Realised loss on conversion of Plasma PIR-TRANS projects	(108,658)	(231,450)	-	-
Property, plant and equipment written off	(25,781)	(381,401)	-	-
Allowance for loss on conversion of Plasma PIR-TRANS projects	-	(272,512)	-	-
Allowance for diminution in value of investment in associated company	-	-	-	(3,312)

Staff costs include salaries, bonus, contributions to Employees Provident Fund ("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 RM2,538,140 and RM52,144 (2008: RM3,161,348 and RM60,048) respectively.

8. DIRECTORS' REMUNERATION

	The Group		The Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Executive directors:				
Fees	60,000	60,000	60,000	60,000
Other emoluments	721,051	1,192,722	73,246	25,278
	781,051	1,252,722	133,246	85,278
Non-executive directors:				
Fees	181,000	180,000	181,000	180,000
Other emoluments	467,600	32,242	467,600	32,242
	648,600	212,242	648,600	212,242
	1,429,651	1,464,964	781,846	297,520

notes to the FINANCIAL STATEMENTS

8. DIRECTORS' REMUNERATION (CONT'D)

Contributions to EPF for the directors during the current financial year for the Group amounted to RM41,904 (2008: RM71,922).

The estimated monetary value of benefits-in-kind received by the Directors otherwise than in cash from the Group amounted to RM6,175 (2008: RM5,700).

In 2009, included in other emoluments of non-executive directors are amounts of RM96,000 and RM190,000, representing special extra allowance and ad hoc crisis allowance paid to two directors.

9. FINANCE COSTS

	The Group		The Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Interest on:				
Term loans	445,197	1,012,857	-	-
Bank overdrafts	28	3,093	-	-
	445,225	1,015,950	-	-

10. INCOME TAX EXPENSE

	The Group		The Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Estimated tax payable:				
- Current	6,550,921	7,628,506	204,860	322,900
- Underprovision in prior years	485,504	1,060,435	531,050	65,860
	7,036,425	8,688,941	735,910	388,760
Deferred tax (Note 22):				
- Current	(3,606,449)	5,695,781	(476,024)	(85,304)
- (Under)/Overprovision in prior year	(33,066)	483,101	-	124,500
	(3,639,515)	6,178,882	(476,024)	39,196
	3,396,910	14,867,823	259,886	427,956

notes to the FINANCIAL STATEMENTS

10. INCOME TAX EXPENSE (CONT'D)

A reconciliation of income tax expense applicable to profit before tax at the applicable statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

	The Group		The Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Profit before tax	4,320,536	43,856,340	2,523,769	5,742,058
Tax at the applicable tax rate of 25% (2008: 26%)	1,080,134	11,402,648	630,942	1,492,935
Different tax rate in other jurisdiction	786,970	827,522	-	-
Tax effects of:				
Expenses that are not deductible in determining taxable profit	1,139,293	807,732	484,359	395,622
Deferred tax assets not recognised	1,440,495	165,464	-	-
Income not subject to tax	(1,472,344)	(257,391)	(1,386,465)	(1,652,338)
Underprovision of income tax in prior years	485,504	1,060,435	531,050	65,860
(Under)/Overprovision of deferred tax in prior year	(33,066)	483,101	-	124,500
Effect of changes in tax rate	(30,076)	378,312	-	1,377
Tax expense	3,396,910	14,867,823	259,886	427,956

The Company has tax-exempt income amounting to RM27,168,191 (2008: RM38,111,997) which, subject to agreement of the Inland Revenue Board, is available for distribution as tax-exempt dividends.

A subsidiary company has tax-exempt profits amounting to approximately RM173,890,000 (2008: RM173,890,000) arising from tax-exempt profits earned during the pioneer period under the Promotion of Investments Act, 1986. The exempt profits account is available for distribution 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 (2008: RM750,000). This amount, which arose from tax waiver on the chargeable income earned in 1999, is available for distribution as tax-exempt dividends.

notes to the FINANCIAL STATEMENTS

11. (LOSS)/EARNINGS PER SHARE

Basic:

Basic (loss)/earnings per share is calculated by dividing the (loss)/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	
	2009 RM	2008 RM
(Loss)/Profit for the year attributable to ordinary equity holders of the Company	(3,919,187)	23,187,259
Number of ordinary shares in issue	136,934,132	136,934,132
Basic (loss)/earnings per share (sen)	(2.86)	16.93

Diluted:

The basic and diluted (loss)/earnings per share are equal as the Company has no dilutive potential ordinary shares.

12. LAND HELD FOR PROPERTY DEVELOPMENT

The Group	Freehold land - at cost RM	Development costs RM	Total RM
Balance as at May 1, 2007	136,353,899	633,337	136,987,236
Additions	-	2,655,176	2,655,176
Balance as at April 30, 2008	136,353,899	3,288,513	139,642,412
Balance as at May 1, 2008	136,353,899	3,288,513	139,642,412
Additions	-	1,570,361	1,570,361
Balance as at April 30, 2009	136,353,899	4,858,874	141,212,773

Land held for property development comprises land banks which are being held for future development. The land banks are not expected to be developed within the normal operating cycle.

notes to the FINANCIAL STATEMENTS

13. PROPERTY, PLANT AND EQUIPMENT

The Group	Cost						
	Balance as at May 1, 2007 RM	Additions RM	Disposals RM	Reclassifi- cation RM	Written off RM	Effects of foreign exchange translation RM	Balance as at April 30, 2008 RM
Freehold land	4,950,000	-	-	-	-	-	4,950,000
Factory buildings	7,314,011	128,668	-	-	-	-	7,442,679
Palm oil mills	18,657,609	58,532	-	-	-	(1,731,403)	16,984,738
Hospital building	27,385,502	110,545	-	-	-	-	27,496,047
Medical equipment	40,175,564	492,161	(349,682)	-	(1,387,252)	-	38,930,791
Plant, machinery, equipment and electrical installation	104,934,072	2,241,955	-	2,005,035	-	(298,233)	108,882,829
Motor vehicles	4,172,234	520,554	(119,868)	(211,660)	-	(101,276)	4,259,984
Office equipment, furniture and fittings	17,046,164	289,177	-	(15,941)	-	(36,022)	17,283,378
Leasehold warehouse cum office block	5,924,986	4,570	-	-	-	-	5,929,556
Staff quarter cum office block	1,140,306	56,855	-	167,167	-	(116,770)	1,247,558
Freehold warehouse	2,310,056	-	-	-	-	-	2,310,056
Land improvements	5,335,381	521,558	-	803,181	-	(595,015)	6,065,105
Construction-in-progress:							
Plant and machinery	3,442,873	2,326,617	-	(1,777,434)	-	-	3,992,056
Building	1,108,643	-	-	(970,348)	-	(55,689)	82,606
Total	243,897,401	6,751,192	(469,550)	-	(1,387,252)	(2,934,408)	245,857,383

notes to the FINANCIAL STATEMENTS

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

The Group	Cost						Effects of foreign exchange translation RM	Balance as at April 30, 2008 RM
	Balance as at May 1, 2007 RM	Additions RM	Disposals RM	Reclassification RM	Written off RM			
Freehold land	4,950,000	-	-	200,295	-	(4,685)	5,145,610	
Factory buildings	7,442,679	39,100	(288,644)	-	-	-	7,193,135	
Palm oil mills	16,984,738	-	-	231,179	-	(399,137)	16,816,780	
Hospital building	27,496,047	518,790	-	-	-	-	28,014,837	
Medical equipment	38,930,791	7,112,640	(5,167,492)	-	(30,691)	-	40,845,248	
Plant, machinery, equipment and electrical installation	108,882,829	4,338,183	-	925,523	-	(85,502)	114,061,033	
Motor vehicles	4,259,984	517,778	(301,510)	-	-	(22,539)	4,453,713	
Office equipment, furniture and fittings	17,283,378	673,264	(600)	(78,913)	(8,390)	(9,511)	17,859,228	
Leasehold warehouse cum office block	5,929,556	-	-	-	-	-	5,929,556	
Staff quarter cum office block	1,247,558	182,575	-	(132,400)	-	(27,462)	1,270,271	
Freehold warehouse	2,310,056	-	-	-	-	-	2,310,056	
Land improvements	6,065,105	-	-	29,733	-	(142,569)	5,952,269	
Construction-in-progress:								
Plant and machinery	3,992,056	-	-	(846,610)	-	-	3,145,446	
Building	82,606	282,176	-	(328,807)	-	(624)	35,351	
Total	245,857,383	13,664,506	(5,758,246)	-	(39,081)	(692,029)	253,032,533	

notes to the FINANCIAL STATEMENTS

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

The Group	← Accumulated Depreciation →					Balance as at April 30, 2008 RM
	Balance as at May 1, 2007 RM	Charge for the year RM	Disposals RM	Written off RM	Effects of foreign exchange translation RM	
Freehold land	-	-	-	-	-	-
Factory buildings	2,717,406	161,045	-	-	-	2,878,451
Palm oil mills	8,668,123	1,730,892	-	-	(885,406)	9,513,609
Hospital building	2,433,452	548,787	-	-	-	2,982,239
Medical equipment	28,304,176	4,034,023	(245,676)	(1,005,851)	-	31,086,672
Plant, machinery, equipment and electrical installation	88,292,696	2,712,112	-	-	(160,512)	90,844,296
Motor vehicles	3,137,044	263,994	(104,213)	-	(54,559)	3,242,266
Office equipment, furniture and fittings	11,664,343	1,604,692	-	-	(24,231)	13,244,804
Leasehold warehouse cum office block	5,869,381	18,106	-	-	-	5,887,487
Staff quarter cum office block	150,762	96,175	-	-	(18,678)	228,259
Freehold warehouse	400,846	46,269	-	-	-	447,115
Land improvements	683,169	306,241	-	-	(78,332)	911,078
Construction-in-progress:						
Plant and machinery	-	-	-	-	-	-
Building	-	-	-	-	-	-
Total	152,321,398	11,522,336	(349,889)	(1,005,851)	(1,221,718)	161,266,276

notes to the FINANCIAL STATEMENTS

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

The Group	Accumulated Depreciation							Net Book Value		
	Balance as at May 1, 2008 RM	Charge for the year RM	Disposals RM	Written off RM	Reclassifi- cation RM	Effects of foreign exchange translation RM	Balance as at April 30, 2009 RM	2009 RM	2008 RM	
Freehold land	-	-	-	-	-	-	-	5,145,610	4,950,000	
Factory buildings	2,878,451	161,827	-	-	(5,390)	-	3,034,888	4,158,247	4,564,228	
Palm oil mills	9,513,609	1,640,518	-	-	-	(241,051)	10,913,076	5,903,704	7,471,129	
Hospital building	2,982,239	560,298	-	-	-	-	3,542,537	24,472,300	24,513,808	
Medical equipment	31,086,672	4,394,949	(4,909,116)	(10,151)	-	-	30,562,354	10,282,894	7,844,119	
Plant, machinery, equipment and electrical installation	90,844,296	3,157,562	(264,531)	-	-	(44,067)	93,693,260	20,367,773	18,038,533	
Motor vehicles	3,242,266	347,938	(259,482)	-	-	(15,721)	3,315,001	1,138,712	1,017,718	
Office equipment, furniture and fittings	13,244,804	1,641,390	-	(3,149)	5,390	(6,572)	14,881,863	2,977,365	4,038,574	
Leasehold warehouse cum office block	5,887,487	20,543	-	-	-	-	5,908,030	21,526	42,069	
Staff quarter cum office block	228,259	102,152	-	-	-	(6,548)	323,863	946,408	1,019,299	
Freehold warehouse	447,115	46,269	-	-	-	-	493,384	1,816,672	1,862,941	
Land improvements	911,078	299,582	-	-	-	(24,874)	1,185,786	4,766,483	5,154,027	
Construction-in- -progress: Plant and machinery	-	-	-	-	-	-	-	3,145,446	3,992,056	
Building	-	-	-	-	-	-	-	35,351	82,606	
Total	161,266,276	12,373,028	(5,433,129)	(13,300)	-	(338,833)	167,854,042	85,178,491	84,591,107	

notes to the FINANCIAL STATEMENTS

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

The Company	Motor Vehicle RM	Total RM
Cost		
Balance as at May 1, 2007	-	-
Additions	68,711	68,711
Balance as at April 30, 2008	68,711	68,711
Balance as at May 1, 2008	68,711	68,711
Additions	112,602	112,602
Balance as at April 30, 2009	181,313	181,313
Accumulated depreciation		
Balance as at May 1, 2007	-	-
Charge for the year	10,879	10,879
Balance as at April 30, 2008	10,879	10,879
Balance as at May 1, 2008	10,879	10,879
Charge for the year	23,126	23,126
Balance as at April 30, 2009	34,005	34,005
Net Book Value		
Balance as at April 30, 2008	57,832	57,832
Balance as at April 30, 2009	147,308	147,308

The following are the net book values of the property, plant and equipment of the Group acquired under hire-purchase arrangement:

	The Group	
	2009 RM	2008 RM
Motor vehicle	87,280	96,780

notes to the FINANCIAL STATEMENTS

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

As explained in Note 3, during the financial year, the Group revised its depreciation rates for the leasehold warehouse cum office block and certain plant, machinery, equipment and electrical installation of two subsidiary companies, PKE (Malaysia) Sdn. Bhd. and PKE Transport (Malaysia) Sdn. Bhd., which are situated on a parcel of leasehold land leased from Lembaga Pelabuhan Kelang where the expiry date of the lease is on March 15, 2010. On the expiry of the lease period, all buildings and fixtures erected on the said land shall without payment be transferred to the land-owner. The effect of this accounting change in estimate is an increase in depreciation charge for the year and a corresponding decrease in profit before tax of the Group by RM415,002.

A factory building and oleochemical plant of a subsidiary company, Pofachem (M) Sdn. Berhad are constructed on a parcel of land belonging to Southern Realty (Malaya) Sdn. Berhad (In Provisional Liquidation), a company in which certain directors of the Company are also directors. Accordingly, Southern Realty (Malaya) Sdn. Berhad (In Provisional Liquidation) charged the said subsidiary company rental for the said land. The existing rental agreement between Southern Realty (Malaya) Sdn. Berhad (In Provisional Liquidation) and the said subsidiary company expired on April 30, 2008. Pursuant to the said tenancy agreement, the subsidiary company has exercised its option to apply for the renewal of the tenancy agreement with the landlord, Southern Realty (Malaya) Sdn. Berhad (In Provisional Liquidation). However, todate the landlord has not reverted on its decision to renew the tenancy agreement and the subsidiary company currently occupies the land as a monthly tenant. The directors of the subsidiary company believe that the renewal of the tenancy agreement will be successful and, accordingly, no impairment loss on the factory building and oleochemical plant need to be considered at this juncture.

Subsequent to the end of the financial year, the Company and its said subsidiary company has filed a suit at the Kuala Lumpur High Court against Messrs. Low Mun Chong, Wong Fok Gee, Low Kock Ching and Lou Ai Choo, who are directors or employees of the Company or its said subsidiary company, for failure to secure a renewal of the tenancy agreement, as mentioned in Note 40.

As of April 30, 2009, the title to several parcels of freehold land of a subsidiary company, Noble Interest Sdn. Bhd., with carrying value of RM4,950,000 (2008: RM4,950,000) have not been registered in the name of the said subsidiary company. Subsequent to the end of the financial year, the Company and its said subsidiary company has filed a suit at the Kuala Lumpur High Court against Messrs. Lim Boon Eng, Lou Ai Choo and Low Mong Chai @ Low Ah Kow, who are directors or employees of the Company or its said subsidiary company, for the non-completion of the purchase of several parcels of the said land, as mentioned in Note 40.

Included in property, plant and equipment of the Group are fully depreciated assets which are still in use, with cost amounting to RM88,768,669 (2008: RM88,754,394).

14. INVESTMENT PROPERTY

	The Group RM
Cost	
Balance as at May 1, 2007/April 30, 2008/May 1, 2008/April 30, 2009	3,318,127

notes to the FINANCIAL STATEMENTS

14. INVESTMENT PROPERTY (CONT'D)

	The Group	
	2009 RM	2008 RM
Fair value of investment property	3,539,174	4,051,080

Investment property consists of a piece of freehold land in Kampung Jawa, Klang, which has been let out to a third party to earn rental income.

15. BIOLOGICAL ASSETS

	The Group RM
Cost	
Balance as at May 1, 2007	17,465,357
Additions	293,477
Effects of foreign exchange translation	(1,600,538)
Balance as at April 30, 2008	16,158,296
Additions	130,658
Reversal	(208,897)
Effects of foreign exchange translation	(377,046)
Balance as at April 30, 2009	15,703,011
Accumulated Amortisation	
Balance as at May 1, 2007	3,026,222
Charge for the year	735,338
Effects of foreign exchange translation	(316,745)
Balance as at April 30, 2008	3,444,815
Charge for the year	691,361
Effects of foreign exchange translation	(88,762)
Balance as at April 30, 2009	4,047,414
Net Book Value	
Balance as at April 30, 2008	12,713,481
Balance as at April 30, 2009	11,655,597

notes to the FINANCIAL STATEMENTS

16. PREPAID LEASE PAYMENTS

	The Group RM
Cost	
Balance as at May 1, 2007	7,141,300
Effects of foreign exchange translation	(255,068)
Balance as at April 30, 2008	6,886,232
Additions	-
Effects of foreign exchange translation	(58,301)
Balance as at April 30, 2009	6,827,931
Accumulated Amortisation	
Balance as at May 1, 2007	169,263
Charge for the year	750,561
Effects of foreign exchange translation	(45,417)
Balance as at April 30, 2008	874,407
Charge for the year	118,662
Effects of foreign exchange translation	(5,392)
Balance as at April 30, 2009	987,677
Net Book Value	
Balance as at April 30, 2008	6,011,825
Balance as at April 30, 2009	5,840,254

	The Group	
	2009 RM	2008 RM
Analysed as:		
Long-term leasehold land	4,248,998	4,297,282
Short-term leasehold land	1,591,256	1,714,543
	5,840,254	6,011,825

As of April 30, 2009, the title to a parcel of long-term leasehold land of a subsidiary company in Malaysia, PKE (Malaysia) Sdn. Bhd., with carrying value of RM4,248,998 (2008: RM4,297,282) has not been registered in the name of the said subsidiary company pending the resolution of the payment of quit rent of which the amount is disputed.

notes to the FINANCIAL STATEMENTS

17. INVESTMENT IN SUBSIDIARY COMPANIES

	The Company	
	2009 RM	2008 RM
Unquoted shares - at cost	44,573,566	44,573,566

The subsidiary companies, all incorporated in Malaysia except as otherwise indicated, are as follows:

Direct Subsidiary Companies	Country of Incorporation	Effective Equity Interest		Principal Activities
		2009	2008	
Southern Management (M) Sdn. Bhd.*	Malaysia	100%	100%	Provision of management, administrative and accounting services
Pofachem (M) Sdn. Berhad	Malaysia	100%	100%	Manufacturing and marketing of oleochemical products for commercial use
PKE (Malaysia) Sdn. Bhd.*	Malaysia	69.7%	69.7%	Provider of warehousing service and related transporting facility via overhead conveyer system
PKE Transport (Malaysia) Sdn. Bhd.*	Malaysia	91.9%	91.9%	Provider of transporting service for bulk cargo via overhead conveyer system
SAB Properties Development Co. Sdn. Berhad *	Malaysia	100%	100%	Investment holding and letting of property
SAB (East Asia) Holdings Ltd.*	Hong Kong	100%	100%	Dormant
Noble Interest Sdn. Bhd.	Malaysia	100%	100%	Owner and lessor of a hospital building
Southern Medicare Sdn. Bhd.	Malaysia	100%	100%	Operator of a private hospital
Wilstar Sdn. Bhd. *	Malaysia	100%	100%	Distributor of fertilizers
SAB Plantation Sdn. Bhd. *	Malaysia	100%	100%	Pre-operating
Firstview Development Sdn. Bhd. *	Malaysia	80%	80%	Investment holding
Centre For Sight Sdn. Bhd.	Malaysia	100%	100%	Operator of eye specialist centre
SAB Bio-Fuel Sdn. Bhd. *	Malaysia	100%	100%	Pre-operating

notes to the FINANCIAL STATEMENTS

17. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

Indirect Subsidiary Companies	Country of Incorporation	Effective Equity Interest		Principal Activities
		2009	2008	
Pembinaan Gejati Sdn. Bhd.* (Held through SAB Properties Development Co. Sdn. Berhad)	Malaysia	100%	100%	Property development
PT Mustika Agro Sari ** (Held through Firstview Development Sdn. Bhd.)	Indonesia	56%	56%	Oil palm plantation operations
PT Wanasari Nusantara ** (Held through PT Mustika Agro Sari)	Indonesia	56%	56%	Oil palm plantation operations

* The financial statements of these subsidiary companies are examined by auditors other than the auditors of the Company.

** The financial statements of these subsidiary companies are examined by other member firms of Deloitte.

18. INVESTMENT IN ASSOCIATED COMPANY

	The Group		The Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Unquoted shares - at cost	30,000	30,000	30,000	30,000
Add: Share of post-acquisition reserves	(22,215)	(22,639)	-	-
Less: Allowance for diminution in value	-	-	(22,639)	(22,639)
Reclassified as other investment	(7,785)	-	(7,361)	-
	-	7,361	-	7,361

notes to the FINANCIAL STATEMENTS

18. INVESTMENT IN ASSOCIATED COMPANY (CONT'D)

The summarised financial statements of the associated company is as follows:

	The Group	
	2009 RM	2008 RM
Assets and Liabilities		
Total assets	38,551	37,137
Total liabilities	(12,600)	(12,600)
Net assets	25,951	24,537
Group's share of net assets of associated company	7,785	7,361
Income Statement		
Profit/(Loss) for the year	1,414	(11,040)
Group's share of profit/(loss) for the year	424	(3,312)

The associated company, which is incorporated in Malaysia, is as follows:

Associated Company	Country of Incorporation	Effective Equity Interest		Principal Activities
		2009	2008	
JWS Projects Sdn. Bhd. *	Malaysia	30%	30%	Investment holding

- * During the financial year, the Group's investment in associated company is accounted for under the equity method of accounting based on the management financial statements of the associated company made up to March 24, 2009 as JWS Projects Sdn. Bhd. is in the process of liquidation by way of members' voluntary winding up at an Extraordinary General Meeting held on March 24, 2009. Accordingly, the investment in JWS Projects Sdn. Bhd. of the Group and of the Company has been reclassified as other investment.

notes to the FINANCIAL STATEMENTS

19. OTHER INVESTMENTS

	The Group		The Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Shares in Malaysia:				
Quoted shares - at cost	20,448,390	27,201,932	20,448,390	27,201,932
Less: Allowance for diminution in value	(3,818,576)	(2,987,246)	(3,818,576)	(2,987,246)
	16,629,814	24,214,686	16,629,814	24,214,686
Unquoted shares - at cost	463,785	456,000	463,361	456,000
	17,093,599	24,670,686	17,093,175	24,670,686
Market value:				
Quoted shares	18,946,336	33,882,079	18,946,336	33,882,079

20. ADVANCES FOR PLASMA PIR-TRANS PROJECTS

	The Group RM
Cost	
Balance as at May 1, 2007	3,607,912
Additions	1,167,886
Conversion	(1,368,200)
Effects of foreign exchange translation	(342,833)
Balance as at April 30, 2008	3,064,765
Additions	1,264,485
Conversion	(335,553)
Effects of foreign exchange translation	(84,586)
Balance as at April 30, 2009	3,909,111

notes to the FINANCIAL STATEMENTS

20. ADVANCES FOR PLASMA PIR-TRANS PROJECTS (CONT'D)

	The Group RM
Accumulated Allowances for Losses on Conversion of Plasma PIR-TRANS Projects	
Balance as at May 1, 2007	668,746
Charge for the year	272,512
	<hr/>
Balance as at April 30, 2008	941,258
Reversal for the year	(71,547)
	<hr/>
Balance as at April 30, 2009	869,711
	<hr/>
Net Book Value	
Balance as at April 30, 2008	2,123,507
	<hr/>
Balance as at April 30, 2009	3,039,400
	<hr/>

In accordance with the Indonesian government policy, oil palm plantation owners/operators are required to develop plantations for small holders (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 through several drawdowns 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 projects under the supervision of the oil palm plantation owners/operators. The allowance for losses on recovery of Plasma PIR-TRANS projects was provided for to cover the possible non-recoverable investments under the PIR-TRANS program.

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 7,990 (2008: 7,890) hectares have been converted.

Included in advances for plasma PIR-TRANS projects is capitalised interest on borrowings amounting to RM1,302,362 (2008: RM1,498,193).

notes to the FINANCIAL STATEMENTS

21. ADVANCES FOR KKPA (“KREDIT KOPERASI PRIMER UNTUK ANGGOTANYA”) PROJECTS

	The Group RM
Cost	
Balance as at May 1, 2007	1,212,189
Additions	93,518
Effects of foreign exchange translation	(117,090)
	<hr/>
Balance as at April 30, 2008	1,188,617
Additions	415,075
Effects of foreign exchange translation	(32,716)
	<hr/>
Balance as at April 30, 2009	1,570,976
	<hr/>
Accumulated Allowances for Losses on Conversion of KKPA Projects	
Balance as at May 1, 2007/April 30, 2008/May 1, 2008	-
Charge for the year	400,093
	<hr/>
Balance as at April 30, 2009	400,093
	<hr/>
Net Book Value	
Balance as at April 30, 2008	1,188,617
	<hr/>
Balance as at April 30, 2009	1,170,883
	<hr/>

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, serve as the contractors for developing the plantations.

Advances for KKPA projects represent the accumulated costs to develop plasma plantations, totalling 469 (2008: 389) hectares, which are currently being financed by creditor banks and 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 losses on recovery of KKPA projects is based on a periodic review of the recoverability of the development costs.

notes to the FINANCIAL STATEMENTS

22. DEFERRED TAX ASSETS/(LIABILITIES)

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

	The Group		The Company	
	2009 RM	2008 RM	2009 RM	2008 RM
At beginning of year	5,850,348	11,891,343	34,419	73,615
Transfer from/(to) income statements	3,589,765	(6,040,995)	476,024	(39,196)
At end of year	9,440,113	5,850,348	510,443	34,419

Deferred tax liabilities pertaining to certain subsidiary companies are as follows:

	The Group	
	2009 RM	2008 RM
At beginning of year	(141,040)	(3,153)
Transfer to/(from) income statements	49,750	(137,887)
At end of year	(91,290)	(141,040)

	The Group		The Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Transfer (from)/to income statements - Net (Note 10)	(3,639,515)	6,178,882	(476,024)	39,196

The deferred tax assets of the Group and of the Company calculated at current tax rate have been recognised in the financial statements as the directors are reasonably certain that these assets are realisable based on estimated future profitability.

notes to the FINANCIAL STATEMENTS

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

The net deferred tax assets recognised for the Company and certain subsidiary companies are in respect of:

	Deferred Tax Assets/(Liabilities)			
	The Group		The Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Tax effects of:				
Temporary differences in respect of property, plant and equipment	(2,940,832)	(2,173,549)	(12,452)	(4,151)
Unabsorbed capital allowances	8,033,609	7,136,735	-	-
Provision for retirement benefits	792,097	876,148	35,199	31,306
Provision for unutilised leave	3,750	3,750	-	-
Provision for bonus	108,073	-	-	-
Unrealised loss on foreign exchange	487,696	7,264	487,696	7,264
Unused tax losses	2,955,720	-	-	-
	9,440,113	5,850,348	510,443	34,419

The net deferred tax liabilities recognised for certain subsidiaries companies are in respect of:

	Deferred Tax Liabilities	
	The Group	
	2009 RM	2008 RM
Tax effects of temporary differences in respect of property plant and equipment	(91,290)	(141,040)

The unused tax losses and unabsorbed capital allowances are subject to the approval of the Inland Revenue Board.

notes to the FINANCIAL STATEMENTS

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

As mentioned in Note 3, the tax effect of deductible temporary differences, unused tax losses and unused tax credits, which could give rise to net deferred tax assets are recognised generally 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 April 30, 2009, the estimated amount of net deferred tax asset, calculated at the prevailing tax rate which has not been recognised in the financial statements of the Group due to uncertainty of its realisation, is as follows:

	Deferred Tax Assets/(Liabilities) The Group	
	2009 RM	2008 RM
Tax effect of:		
Unabsorbed capital allowances	6,007,616	6,409,840
Unused tax losses	1,879,759	1,886,853
Temporary differences arising from:		
Property, plant and equipment	(1,498,063)	(3,315,377)
Trade receivables	206,823	174,324
	6,596,135	5,155,640

23. INVENTORIES

	The Group	
	2009 RM	2008 RM
At cost:		
Raw materials	7,960,429	12,642,235
Work-in-progress	20,214,153	28,945,554
Finished goods	7,395,207	17,014,536
Medical and surgical supplies	2,942,153	2,104,927
Consumables	8,346,906	8,164,790
Produce stocks	4,507,411	6,241,327
At net realisable value:		
Finished goods	1,240,368	-
Total	54,606,627	75,113,369

notes to the FINANCIAL STATEMENTS

24. TRADE RECEIVABLES, OTHER RECEIVABLES, DEPOSITS AND PREPAID EXPENSES

(a) Trade Receivables

	The Group		The Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Trade receivables	29,409,583	52,066,853	22,700,042	43,135,507
Less: Allowance for doubtful debts	(827,296)	(697,296)	-	-
Net	28,582,287	51,369,557	22,700,042	43,135,507

Trade receivables comprise amounts receivable for the sale of goods and services rendered.

The credit period granted on sale of goods and services rendered ranges from 30 to 60 (2008: 30 to 60) days.

An allowance of RM827,296 (2008: RM RM697,296) has been made for estimated irrecoverable amounts from the sale of goods and services rendered. This allowance has been determined based on estimates of possible losses which may arise from non-collection of certain receivable accounts.

The foreign currency exposure profile of trade receivables is as follows:

	The Group		The Company	
	2009 RM	2008 RM	2009 RM	2008 RM
United States Dollar	17,350,711	20,437,754	17,350,711	20,437,754
Ringgit Malaysia	11,892,373	31,629,099	5,182,832	22,697,753
Pound Sterling	166,499	-	166,499	-
	29,409,583	52,066,853	22,700,042	43,135,507

(b) Other Receivables, Deposits and Prepaid Expenses

	The Group		The Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Other receivables	677,461	2,306,792	64,850	23,589
Refundable deposits	524,195	257,916	116,982	103,979
Prepaid expenses	750,017	1,157,258	50,093	30,063
	1,951,673	3,721,966	231,925	157,631

notes to the FINANCIAL STATEMENTS

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

(b) Other Receivables, Deposits and Prepaid Expenses (cont'd)

The foreign currency exposure profile of other receivables is as follows:

	The Group		The Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Ringgit Malaysia	296,728	2,054,122	64,850	23,589
Indonesia Rupiah	380,733	252,670	-	-
	677,461	2,306,792	64,850	23,589

25. RELATED COMPANY AND RELATED PARTY TRANSACTIONS

Amount owing by subsidiary companies represent mainly unsecured advances and payments made on behalf, net of administrative charges. This amount outstanding is interest-free and is repayable on demand.

Amount owing to subsidiary companies represent mainly trade transactions, unsecured advances and payments made on behalf. The amount outstanding is interest-free and is repayable on demand.

Other than as disclosed elsewhere in the financial statements, the related parties and their relationship with the Company and its related companies are as follows:

Name of related parties	Relationship
Southern Edible Oil Industries (M) Sdn. Berhad, Southern Realty (Malaya) Sdn. Berhad (In Provisional Liquidation), Southern Keratong Plantations Sdn. Bhd., Southern Palm Industries Sdn. Berhad, Torita Rubber Works Sdn. Bhd., Torita Trading (M) Sdn. Bhd., Sunny Futures Sdn. Bhd., Bukit Rotan Palm Oil Sdn. Bhd. and SKP Borneo Sdn. Bhd.	Companies in which Mr. Low Mun Chong, Dato' Low Boon Eng, DPMS, JP., Mr. Lim Kim Long, Mr. David Low Kok Leong and Mr. Low Mong Chai @ Low Ah Kow, directors of the Company, have financial interests. Mr. Low Mong Chai @ Low Ah Kow is one of the two petitioners in the suit mentioned in Note 38(b) to the Financial Statements.
Low Mong Hing Enterprise Sdn. Bhd.	Company in which the late Mr. Low Mong Hing, a former director of a subsidiary company, has financial interest
Danny Soh Agency	Company in which Mr. Soh Ah Bah, the brother-in-law of Mr. Low Mun Chong and Mr. Low Mong Chai @ Low Ah Kow, has financial interest. Mr. Soh Ah Bah and Mr. Low Mong Chai @ Low Ah Kow are the two petitioners in the suit mentioned in Note 38(b) to the Financial Statements.

notes to the FINANCIAL STATEMENTS

25. RELATED COMPANY AND RELATED PARTY TRANSACTIONS (CONT'D)

(a) Related Party Transactions

Other than as mentioned elsewhere in the financial statements, 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	
	2009 RM	2008 RM	2009 RM	2008 RM
Subsidiary companies				
Pofachem (M) Sdn. Berhad				
Purchases of goods	-	-	(314,883,329)	(335,628,314)
Dividend income received	-	-	-	6,000,000
<hr/>				
Southern Management (M) Sdn. Bhd.				
Administrative charges	-	-	(258,097)	(258,394)
<hr/>				
Related parties				
Southern Realty (Malaya) Sdn. Berhad (In Provisional Liquidation)				
Purchases of goods	(18,820,641)	(52,127,157)	-	-
Sales of goods	1,740,540	2,185,534	-	-
Administrative charges	1,040,057	1,008,819	-	-
Rental of:				
Office premises paid/payable	(139,994)	(139,994)	-	-
Land paid/payable	(66,688)	(63,988)	-	-
Staff quarter paid/payable	(49,680)	(49,680)	-	-
Equipment paid/payable	(9,309)	(21,721)	-	-
Premises paid/payable	(4,662)	(7,633)	-	-
Share of property, plant and equipment charges	18,023	20,432	-	-
<hr/>				
Southern Keratong Plantations Sdn. Bhd.				
Purchases of goods	(5,823,534)	(46,804,703)	-	-
Administrative charges	587,571	617,767	-	-
<hr/>				
Bukit Rotan Palm Oil Sdn. Bhd.				
Purchases of goods	(10,533,274)	(5,067,635)	-	-
Administrative charges	299,199	173,161	-	-

notes to the FINANCIAL STATEMENTS

25. RELATED COMPANY AND RELATED PARTY TRANSACTIONS (CONT'D)

(a) Related Party Transactions (cont'd)

	The Group		The Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Southern Edible Oil Industries (M) Sdn. Berhad				
Sales of goods	1,726,151	2,321,323	325,700	380,360
Purchases of goods	(13,002,006)	(1,145,766)	-	-
Administrative charges	256,931	226,218	-	-
Share of property, plant and equipment charges	18,023	20,432	-	-
Danny Soh Agency				
Insurance brokerage services (including premium)	(888,669)	(730,862)	-	-
Sunny Futures Sdn. Bhd.				
Purchases of goods	(514,500)	-	-	-
Procurements of brokerage services	(45,009)	(62,788)	-	-
Administrative charges	18,459	17,001	-	-
Trading gain	5,917,475	5,903,825	-	-
Low Mong Hing Enterprise Sdn. Bhd.				
Transportation charges	(132,326)	(257,864)	(116,851)	-
SKP Borneo Sdn. Bhd.				
Administrative charges	149,658	112,177	-	-

notes to the FINANCIAL STATEMENTS

25. RELATED COMPANY AND RELATED PARTY TRANSACTIONS (CONT'D)

(a) Related Party Transactions (cont'd)

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		The Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Trade receivables				
Sunny Futures Sdn. Bhd.	411,647	4,348,308	378,283	4,325,503
Southern Edible Oil Industries (M) Sdn. Berhad	113,104	798,129	60,700	45,300
Southern Realty (Malaya) Sdn. Berhad (In Provisional Liquidation)	312,319	342,803	-	-
Torita Rubber Works Sdn. Bhd.	403,983	376,187	172,468	155,718
Torita Trading (M) Sdn. Bhd.	280,700	320,805	-	-
Southern Keratong Plantations Sdn. Bhd.	60,671	63,670	-	-
Bukit Rotan Palm Oil Sdn. Bhd.	229,888	158,761	-	-
SKP Borneo Sdn. Bhd.	65,120	57,872	-	-
	1,877,432	6,466,535	611,451	4,526,521
Other receivables, deposits and prepaid expenses				
Southern Realty (Malaya) Sdn. Berhad (In Provisional Liquidation)	21,170	3,307	-	-
Southern Palm Industries Sdn. Berhad	23,589	23,689	23,589	23,589
Sunny Futures Sdn. Bhd.	6,315	48,669	-	-
Torita Trading (M) Sdn. Bhd.	48,478	39,217	-	-
Torita Rubber Works Sdn. Bhd.	33,554	29,777	-	-
	133,106	144,659	23,589	23,589
Trade payables				
Southern Keratong Plantations Sdn. Bhd.	-	2,360,239	-	-
Southern Realty (Malaya) Sdn. Berhad (In Provisional Liquidation)	1,263,458	1,135,332	-	-
Bukit Rotan Palm Oil Sdn. Bhd.	-	837,074	-	-
Southern Edible Oil Industries (M) Sdn. Berhad	13,031	131,001	-	-
	1,276,489	4,463,646	-	-

notes to the FINANCIAL STATEMENTS

25. RELATED COMPANY AND RELATED PARTY TRANSACTIONS (CONT'D)

(a) Related Party Transactions (cont'd)

	The Group		The Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Other payables and accrued expenses				
Low Mong Hing Enterprise Sdn. Bhd.	130	55,386	-	31,740
Southern Realty (Malaya) Sdn. Berhad (In Provisional Liquidation)	8,840	47,265	8,840	42,636
	8,970	102,651	8,840	74,376

(b) Compensation of Key Management Personnel

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

	The Group		The Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Directors				
Short-term employment benefits	1,387,747	1,393,042	781,846	297,520
Post employment benefits	41,904	71,922	-	-
	1,429,651	1,464,964	781,846	297,520
Other members of key management				
Short-term employment benefits	482,818	495,856	127,760	144,900
Post employment benefits	57,938	59,503	15,420	17,388
	540,756	555,359	143,180	162,288
Total compensation	1,970,407	2,020,323	925,026	459,808

notes to the FINANCIAL STATEMENTS

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

	The Group		The Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Fixed deposits and short-term placements with licensed banks	42,438,707	30,856,125	35,266,157	18,421,375
Cash and bank balances	32,451,812	16,179,552	13,094,014	398,627
	74,890,519	47,035,677	48,360,171	18,820,002

The average effective interest rates for fixed deposits and short-term placements range from 1.50% to 3.15% (2008: 2.65% to 3.15%) per annum and have an average maturity period of 1 to 30 (2008: 1 to 7) days.

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

	The Group		The Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Ringgit Malaysia	45,738,580	22,224,284	36,538,142	10,936,327
Indonesia Rupiah	17,292,848	16,927,718	-	-
United States Dollar	8,996,928	6,041,281	8,961,768	6,041,281
Pound Sterling	2,860,261	1,842,394	2,860,261	1,842,394
Hong Kong Dollar	1,902	-	-	-
	74,890,519	47,035,677	48,360,171	18,820,002

27. SHARE CAPITAL

	The Group and The Company	
	2009 RM	2008 RM
Authorised: 200,000,000 ordinary shares of RM1 each	200,000,000	200,000,000
Issued and fully paid: 136,934,132 ordinary shares of RM1 each	136,934,132	136,934,132

notes to the FINANCIAL STATEMENTS

28. RESERVES

Non-distributable:

Share premium
Foreign exchange reserve

Distributable:

Retained earnings

	The Group		The Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Share premium	34,321,050	34,321,050	34,321,050	34,321,050
Foreign exchange reserve	(1,361,473)	(924,688)	-	-
	32,959,577	33,396,362	34,321,050	34,321,050
Retained earnings	198,058,581	212,933,024	49,080,570	57,771,943
	231,018,158	246,329,386	83,401,620	92,092,993

Share premium

Share premium arose from the following issue of shares:

	The Group		The Company	
	2009 RM	2008 RM	2009 RM	2008 RM
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	2,866,793	2,866,793	2,866,793	2,866,793
Expenses relating to bonus issue in 1996	(356,866)	(356,866)	(356,866)	(356,866)
2,186,463 ordinary shares issued at a premium of RM3.00 per share in 1997	6,559,389	6,559,389	6,559,389	6,559,389
Exercise of 100 warrants 1996/2001 at a premium of RM3.80 per share in 1997	380	380	380	380
32,715,908 ordinary shares issued at a premium of RM0.20 per share in 2000, net of share issue expenses of RM537,074	6,006,108	6,006,108	6,006,108	6,006,108
Exercise of 134 warrants 1999/2003 at a premium of RM0.60 per share in 2000	80	80	80	80
Exercise of 332 warrants 1999/2003 at a premium of RM0.60 per share in 2001	199	199	199	199
Exercise of 14,000 warrants 1999/2003 at a premium of RM0.60 per share in 2002	8,400	8,400	8,400	8,400
Exercise of 32,060,945 warrants 1999/2003 at a premium of RM0.60 per share in 2004	19,236,567	19,236,567	19,236,567	19,236,567
	34,321,050	34,321,050	34,321,050	34,321,050

notes to the FINANCIAL STATEMENTS

28. RESERVES (CONT'D)

Foreign exchange reserve

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

Retained earnings

Distributable reserves are those available for distribution as cash dividends.

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 credit balance will automatically move to the single tier tax system on January 1, 2008. However, companies with such tax credits are given an irrevocable option to elect for the single tier 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 December 31, 2013 or until the tax credits are fully utilised, 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 in the new system on January 1, 2014.

As of the balance sheet date, the Company has not elected for the irrevocable option to disregard the Section 108 tax credits. Accordingly, subject to the agreement of the Inland Revenue Board and based on the tax-exempt income as mentioned in Note 10 and based on the tax credits available and the prevailing tax rate applicable to dividends, the Company has sufficient tax credits to frank approximately RM37,257,922 of its retained earnings as of April 30, 2009 if distributed by way of cash dividends.

29. TERM LOANS

	The Group	
	2009	2008
	RM	RM
Term loan I	-	1,184,261
Term loan II	2,764,830	4,749,674
	2,764,830	5,933,935
Less: Portion due within the next 12 months included under bank borrowings (Note 33)	(2,621,400)	(3,495,937)
Non-current portion	143,430	2,437,998

notes to the FINANCIAL STATEMENTS

29. TERM LOANS (CONT'D)

The non-current portion is repayable as follows:

	The Group	
	2009 RM	2008 RM
Financial years ending April 30:		
2010	-	2,437,998
2011	143,430	-
	143,430	2,437,998

The term loans are denominated in United States Dollar.

Term loan I pertaining to a subsidiary company in Indonesia is obtained from a foreign bank and bears interest at rates ranging from 2.94% to 3.27% (2008: 5.14% to 7.88%) per annum. This term loan is repayable over 20 quarterly instalments commencing April 2004 and is secured as follows:

- (a) A negative pledge on the said subsidiary company's current and future assets;
- (b) Joint and several guarantee by the directors of the said subsidiary company; and
- (c) Corporate guarantee given by the Company.

Term loan II pertaining to a subsidiary company in Indonesia is obtained from a foreign bank and bears interest at rates ranging from 3.19% to 3.52% (2008: 5.39% to 8.13%) per annum. This term loan is repayable over 60 monthly installments commencing April 2005 and is secured as follows:

- (a) A negative pledge over all the current and future assets of the said subsidiary company; and
- (b) Corporate guarantee given by the Company.

notes to the FINANCIAL STATEMENTS

30. HIRE-PURCHASE PAYABLE

	The Group	
	2009 RM	2008 RM
Total instalments outstanding	32,186	60,965
Less: Interest-in-suspense	(4,584)	(10,178)
Principal outstanding	27,602	50,787
Less: Amount due within 12 months (shown under current liabilities)	(22,091)	(22,572)
Non-current portion	5,511	28,215

The non-current portion is repayable as follows:

	The Group	
	2009 RM	2008 RM
Financial years ending April 30:		
2010	-	22,572
2011	5,511	5,643
	5,511	28,215

The effective borrowing rate is 6.68% (2008: 6.68%) per annum. Interest rates are fixed at the inception of the hire-purchase arrangement.

The Group's hire-purchase payable is secured by the financial institution's charge over the asset under hire-purchase.

notes to the FINANCIAL STATEMENTS

31. PROVISION FOR RETIREMENT BENEFITS

The Group

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

	Malaysia RM	Indonesia RM	Total RM
Balance as at May 1, 2007	2,779,232	-	2,779,232
Charged to income statement (Note 7)	366,822	432,608	799,430
Utilised during the year	(135,322)	-	(135,322)
Effects of foreign exchange translation	-	(21,059)	(21,059)
Balance as at April 30, 2008	3,010,732	411,549	3,422,281
Balance as at May 1, 2008	3,010,732	411,549	3,422,281
Charged to income statement (Note 7)	239,885	190,575	430,460
Utilised during the year	(676,238)	(59,709)	(735,947)
Effects of foreign exchange translation	-	(11,176)	(11,176)
Balance as at April 30, 2009	2,574,379	531,239	3,105,618

The amount recognised in the balance sheet for subsidiary companies in Indonesia are determined as follows:

	Indonesia	
	2009 RM	2008 RM
Present value of defined benefit obligations	790,568	537,969
Unrecognised actuarial losses	(259,329)	(126,420)
	531,239	411,549

The amount recognised in the income statement for subsidiary companies in Indonesia are as follows:

	Indonesia	
	2009 RM	2008 RM
Current service cost	134,613	302,400
Interest cost	53,168	38,498
Net actuarial loss recognised	2,794	91,710
	190,575	432,608

notes to the FINANCIAL STATEMENTS

31. PROVISION FOR RETIREMENT BENEFITS

The Company

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

	2009 RM	2008 RM
At beginning of year	125,225	175,232
Charged to income statement (Note 7)	15,571	15,570
Utilised during the year	-	(65,577)
At end of year	<u>140,796</u>	<u>125,225</u>

The Company and a subsidiary company have an unfunded defined retirement plan for eligible employees. Provision for retirement benefits is computed at half a month's salary for each year of service based on the last drawn salary of the employees.

In 2008, the subsidiary company replaced its unfunded defined retirement plan for eligible employees belonging to the Chemicals Workers Union of Malaya with a four percent increase in its EPF contribution to the said eligible employees with effect from April 1, 2007.

Two subsidiary companies in Indonesia operated an unfunded defined benefit scheme for qualified permanent employees in accordance with Labour Law No. 13 Year 2003.

The valuation for the obligations under the schemes are calculated using the "Projected Unit Credit" method which will be carried out once in every two years by independent actuaries, Prima Aktuaria. The last valuation for the two subsidiary companies in Indonesia was performed on August 18, 2009. The principal actuarial assumptions used are as follows:

	Indonesia	
	2009 %	2008 %
Discount rate	12	10
Expected return on plan assets	N/A	N/A
Expected rate of salary increases	10	7

notes to the FINANCIAL STATEMENTS

32. 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 (2008: 7 to 60) days.

The foreign currency exposure profile of trade payables is as follows:

	The Group		The Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Ringgit Malaysia	21,775,516	19,608,704	-	-
Indonesia Rupiah	1,548,030	2,625,548	-	-
	23,323,546	22,234,252	-	-

(b) Other Payables and Accrued Expenses

	The Group		The Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Other payables	8,214,112	15,113,578	482,961	1,448,451
Accrued expenses	7,893,836	4,237,983	3,347,318	1,098,463
Loan from shareholders of subsidiary companies	2,856,998	1,870,502	-	-
	18,964,946	21,222,063	3,830,279	2,546,914

Other payables arose mainly from on-going costs. These amounts are unsecured, interest-free and are repayable within 60 (2008: 60) days from the transaction dates.

Included in other payables is an amount of RMNil (2008: RM6,121,448) owing to a third party arising from bank borrowings arranged by the Government of Indonesia for a subsidiary company. The amount owing is unsecured, interest-free and is repayable on demand.

The loan from shareholders of subsidiary companies is unsecured, interest-free and is repayable on demand.

notes to the FINANCIAL STATEMENTS

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

(b) Other Payables and Accrued Expenses (cont'd)

The foreign currency exposure profile of other payables is as follows:

	The Group		The Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Indonesia Rupiah	1,504,258	9,808,378	-	-
Ringgit Malaysia	6,589,760	5,208,320	482,961	1,448,451
Hong Kong Dollar	120,094	96,880	-	-
	8,214,112	15,113,578	482,961	1,448,451

33. BANK BORROWINGS

	The Group		The Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Term loans (Note 29)	2,621,400	3,495,937	-	-
Revolving credit	3,581,148	3,158,028	-	-
Bank overdrafts (Note 34)	-	681,440	-	-
	6,202,548	7,335,405	-	-

Bank overdrafts and other credit facilities of the Group and of the Company totalling RM60,941,700 (2008: RM57,032,600) and RM17,000,000 (2008: RM17,000,000) respectively obtained from certain local banks bear interest at rates ranging from 4.25% to 7.55% (2008: 4.25% to 8.75%) per annum. The credit facilities of the Company and of two subsidiary companies amounting to RM60,541,700 (2008: RM56,632,600) are covered by a negative pledge on the assets of the Company and of the subsidiary companies and are guaranteed by the Company. The credit facilities of two subsidiary companies totalling RM400,000 (2008: RM400,000) are secured by debentures over all fixed and floating assets of these subsidiary companies and are jointly and severally guaranteed by certain former directors and shareholders of the said subsidiary companies.

notes to the FINANCIAL STATEMENTS

34. CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Cash and bank balances	32,451,812	16,179,552	13,094,014	398,627
Fixed deposits and short-term placements with licensed banks	42,438,707	30,856,125	35,266,157	18,421,375
Bank overdrafts (Note 33)	-	(681,440)	-	-
	74,890,519	46,354,237	48,360,171	18,820,002

35. DIVIDEND

	The Group and The Company	
	2009 RM	2008 RM
Final dividend of 8.0%, tax exempt, in 2008	10,955,256	-
Final dividend of 6.0%, tax exempt, in 2007	-	8,216,048
	10,955,256	8,216,048

A final dividend of 8%, tax exempt, amounting to RM10,955,256 proposed in previous financial year and dealt with in the previous directors' report was paid by the Company on November 7, 2008.

The Directors propose a final dividend (tax exempt) of 5% per ordinary share of RM1.00 each amounting to RM6,846,707 in respect of the current financial year on the issued and paid up ordinary shares of the Company. This dividend is subject to approval by the shareholders at the forthcoming Annual General Meeting of the Company and has not been included as a liability in the financial statements.

36. SEGMENTAL INFORMATION

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

- i) Manufacturing and marketing
- ii) Development, managing and operating of private hospital
- iii) Plantation
- iv) Others

Included in other operating divisions are property development and investment holding, warehousing and bulk conveyor operations and administrative services.

Inter-segment sales and administrative services are charged at cost plus margin. Segment revenue, expenses and results include transactions between business segments and are eliminated on consolidation.

notes to the FINANCIAL STATEMENTS

36. SEGMENTAL INFORMATION (CONT'D)

Financial Year Ended April 30, 2009

	Manufacturing and marketing RM	Development, managing and operating of private hospital RM	Plantation RM	Others RM	Eliminations RM	Consolidated RM
Revenue						
External sales	316,446,294	50,908,139	63,255,024	9,699,662	-	440,309,119
External dividend income	1,646,235	-	-	-	-	1,646,235
Inter-segment sales	-	-	-	1,494,516	(1,494,516)	-
Total revenue	318,092,529	50,908,139	63,255,024	11,194,178	(1,494,516)	441,955,354
Financial Results						
Segment results	(13,153,104)	(2,987,611)	16,676,097	2,398,737	-	2,934,119
Share in profit of associated company						424
Profit from operations						2,934,543
Finance costs						(445,225)
Investment revenue						1,831,218
Profit before tax						4,320,536
Income tax expense						(3,396,910)
Profit for the year						923,626

notes to the FINANCIAL STATEMENTS

36. SEGMENTAL INFORMATION (CONT'D)

Financial Year Ended April 30, 2009 (cont'd)

	Manufacturing and marketing RM	Development, managing and operating of private hospital RM	Plantation RM	Others RM	Eliminations RM	Consolidated RM
Other Information						
Capital expenditure	3,877,785	8,187,414	1,489,236	110,071	-	13,644,506
Non-cash expenses:						
Depreciation of property, plant and equipment	2,799,117	6,486,631	2,650,035	437,245	-	12,373,028
Unrealised loss on foreign exchange - net	1,950,787	-	-	-	-	1,950,787
Allowance for diminution in value of quoted shares	831,330	-	-	-	-	831,330
Inventories written down	340,047	-	-	-	-	340,047
Provisions for retirement benefits	239,885	-	190,575	-	-	430,460
Bad debts written off	7,929	-	-	-	-	7,929
Allowance for doubtful debts	-	130,000	-	-	-	130,000
Property, plant and equipment written off	-	25,781	-	-	-	25,781
Amortisation of biological assets	-	-	691,361	-	-	691,361
Allowance for loss on conversion of KKPA Projects	-	-	400,093	-	-	400,093
Amortisation of prepaid lease payments	-	-	70,378	48,284	-	118,662

notes to the FINANCIAL STATEMENTS

36. SEGMENTAL INFORMATION (CONT'D)

Financial Year Ended April 30, 2009 (cont'd)

	Manufacturing and marketing RM	Development, managing and operating of private hospital RM	Plantation RM	Others RM	Eliminations RM	Consolidated RM
Non-cash income:						
Gain on disposal of quoted shares	(5,534,409)	-	-	-	-	(5,534,409)
Other payables written off	-	-	(4,042,691)	-	-	(4,042,691)
Write back of allowance for loss on conversion of Plasma PIR-TRANS projects	-	-	(71,547)	-	-	(71,547)
Gain on disposal of property, plant and equipment	(29,498)	(291,624)	(5,751)	(32,055)	-	(358,928)
Consolidated Balance Sheets						
Assets						
Segment assets	419,112,615	53,624,939	195,329,069	39,607,292	(279,133,685)	428,540,230
Income tax assets	9,557,476	-	148,502	-	-	9,705,978
Consolidated assets						<u>438,246,208</u>
Liabilities						
Segment liabilities	28,151,912	69,447,542	156,802,651	31,251,088	(233,764,003)	51,889,190
Income tax liabilities	-	-	1,381,941	130,262	-	1,512,203
						<u>53,401,393</u>

notes to the FINANCIAL STATEMENTS

36. SEGMENTAL INFORMATION (CONT'D)

Financial Year Ended April 30, 2008

	Manufacturing and marketing RM	Development, managing and operating of private hospital RM	Plantation RM	Others RM	Eliminations RM	Consolidated RM
Revenue						
External sales	339,537,073	49,596,314	64,097,542	8,191,665	-	461,422,594
External dividend income	1,898,881	-	-	-	-	1,898,881
Inter-segment sales	-	-	-	1,434,423	(1,434,423)	-
Total revenue	341,435,954	49,596,314	64,097,542	9,626,088	(1,434,423)	463,321,475
Financial Results						
Segment results	22,270,540	(3,855,034)	22,790,994	1,890,384	-	43,096,884
Share in loss of associated company						(3,312)
Profit from operations						43,093,572
Finance costs						(1,015,950)
Investment revenue						1,778,718
Profit before tax						43,856,340
Income tax expense						(14,867,823)
Profit for the year						28,988,517

notes to the FINANCIAL STATEMENTS

36. SEGMENTAL INFORMATION (CONT'D)

Financial Year Ended April 30, 2008 (cont'd)

	Manufacturing and marketing RM	Development, managing and operating of private hospital RM	Plantation RM	Others RM	Eliminations RM	Consolidated RM
Other Information						
Capital expenditure	4,860,950	826,659	993,728	69,855	-	6,751,192
Non-cash expenses:						
Depreciation of property, plant and equipment	2,447,038	6,079,248	2,673,022	323,028	-	11,522,336
Allowance for diminution in value of quoted shares	1,394,003	-	-	-	-	1,394,003
Amortisation of biological assets	-	-	735,338	-	-	735,338
Provision for retirement benefits	366,822	-	432,608	-	-	799,430
Amortisation of prepaid lease payments	-	-	702,277	48,284	-	750,561
Unrealised loss on foreign exchange - net	29,055	-	587,361	45	-	616,461
Allowance for doubtful debts	-	397,296	-	-	-	397,296
Property, plant and equipment written off	-	381,401	-	-	-	381,401
Allowance for loss on conversion of Plasma PIR- TRANS projects	-	-	272,512	-	-	272,512
Loss/(Gain) on disposal of property, plant and equipment	(19,999)	32,659	-	(3,999)	-	8,661
Bad debts written off	3,488	-	-	-	-	3,488

notes to the FINANCIAL STATEMENTS

36. SEGMENTAL INFORMATION (CONT'D)

Financial Year Ended April 30, 2008 (cont'd)

	Manufacturing and marketing RM	Development, managing and operating of private hospital RM	Plantation RM	Others RM	Eliminations RM	Consolidated RM
Consolidated Balance Sheets						
Assets						
Segment assets	439,330,398	56,860,853	198,806,411	38,927,717	(282,425,048)	451,500,331
Income tax assets	5,686,105	-	123,465	776,000	-	6,585,570
Investment in associated company						7,361
Consolidated assets						<u>458,093,262</u>
Liabilities						
Segment liabilities	25,114,697	70,687,391	166,700,185	32,349,598	(238,027,585)	56,824,286
Income tax liabilities	-	-	5,439,248	169,735	-	5,608,983
						<u>62,433,269</u>

Geographical Segments

The Group's operations are mainly located in Malaysia, Asia, Europe and America.

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

	Sales revenue by geographical market	
	2009 RM	2008 RM
Asia	251,335,388	225,180,920
Malaysia	127,633,345	155,777,625
Europe	49,993,084	60,942,810
America	9,397,917	17,573,263
Others	3,595,620	3,846,857
	<u>441,955,354</u>	<u>463,321,475</u>

notes to the FINANCIAL STATEMENTS

36. 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	
	2009 RM	2008 RM	2009 RM	2008 RM
Malaysia	366,580,869	367,883,627	12,177,367	5,880,150
Asia	67,198,096	79,561,220	1,487,139	871,042
Europe	3,545,693	7,879,083	-	-
America	666,535	2,271,986	-	-
Others	255,015	497,346	-	-
	438,246,208	458,093,262	13,664,506	6,751,192

37. CAPITAL COMMITMENTS

As of April 30, 2009, the Group has the following capital commitments:

	The Group	
	2009 RM	2008 RM
Purchase of property, plant and equipment: Approved and contracted for	60,967	763,011

38. CONTINGENCIES

- a) During the financial year, the Company received a letter dated February 25, 2009 from a related party, Southern Realty (Malaya) Sdn. Berhad (Placed under Provisional Liquidation on February 24, 2009), 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., a wholly-owned subsidiary of the Company, which provided management, administrative and accounting services to these related parties.

The Company had in March 2009 appointed a third party to commence investigation into these numerous alleged questionable transactions. However, in May 2009, the said third party withdrew its involvement in the said investigation. The Company, in consultation with its legal counsel, intends to engage another third party to resume the abovementioned investigation into these allegations once the Company's application to the High Court to set aside the ex-parte order for the appointment of Interim Receivers and Managers to the Company, as referred to in paragraph (b) below, is successful. The Group and the Company may be exposed to potential claims, the amount of which is not presently determinable, in the event that these allegations are proven.

notes to the FINANCIAL STATEMENTS

38. CONTINGENCIES (CONT'D)

- b) On 6 July 2009, the Company was served with an ex-parte order dated June 30, 2009 for the appointment of Interim Receivers and Managers to the Company pursuant to a petition under Section 181 of the Companies Act, 1965 filed by two shareholders (one of whom was also an executive director of the Company) in respect of the following alleged grievances:
- (i) A third party is being engaged at a substantial fee of RM2.5 million to investigate into complaints raised by a major shareholder in respect of numerous alleged questionable transactions as mentioned in paragraph (a) above.
 - (ii) The removal of certain bank signatories.
 - (iii) Alleged irregular payment of certain allowances to two non-executive directors.
 - (iv) The independent Chairman of the Company was alleged to be actively engaged in the management of the Company in an executive capacity.

The directors are unable to ascertain, at this point in time, whether there would be any material financial impact on the Group and the Company arising from the abovesaid appointment of Interim Receivers and Managers.

On July 8, 2009, the Company has applied to the High Court to set aside the ex-parte order dated June 30, 2009 appointing the Interim Receivers and Managers. The High Court has ordered the ex-parte order to be suspended pending the inter-parte hearing of the Company's application to set aside the abovesaid ex-parte order on September 17, 2009.

- c) As of April 30, 2009, the Company has issued corporate guarantee without security to local banks for credit facilities totalling RM76,058,323 granted to three subsidiary companies and an investee company. Accordingly, the Company was contingently liable to the extent of credit facilities utilised by the said subsidiary companies and the investee company.

As of April 30, 2008, the Company had issued corporate guarantee without security to local banks for credit facilities totalling RM71,930,394 granted to three subsidiary companies and an associated company. Accordingly, the Company was contingently liable to the extent of credit facilities utilised by the said subsidiary companies and associated company.

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The operations of the Group are subject to a variety of financial risks, including foreign currency risk, interest rate risk, price fluctuation risk, credit risk, liquidity risk and cash flow risk. The Group's overall financial risk management objective is to ensure that the Group creates value for its shareholders.

(i) Foreign currency risk

The Group undertakes trade transactions with its trade receivables, trade payables and related companies which are mainly denominated in United States Dollar (USD), Euro, Indonesian Rupiah and other foreign currencies, where the amounts outstanding are exposed to currency translation risks.

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

notes to the FINANCIAL STATEMENTS

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(ii) Interest rate risk

The Group's significant interest bearing financial assets and financial liabilities are mainly its fixed deposits and short term placements and also its short-term and long-term obligations comprising revolving credit and term loans.

The fixed deposits and short-term placements as at balance sheet date, which bear interest as disclosed in Note 26, are short-term and therefore their exposure to the effects of future changes in prevailing level of interest rates are limited. The interest rates of its short-term and long-term obligations are disclosed in Note 33 and 29 respectively.

(iii) Price fluctuation risk

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 contracts to cover the physical requirements of the commodities needed by the Group at pre-determined purchase prices.

(iv) Credit risk

The Group is exposed to credit risk mainly from trade and other receivables. The Group extends credit to its customers based upon careful evaluation of the customer's financial condition and credit history.

The Group's exposure to credit risk in relation to its trade and other receivables, should all its customers fail to perform their obligations as of April 30, 2009, is the carrying amount of these receivables as disclosed in the balance sheets.

The Group places its fixed deposits with credit worthy financial institutions. The carrying amount of financial assets in the financial statements, net of any provision for losses, represents the Group's maximum exposure to credit risk without taking into account the value of any collateral or other security obtained.

(v) Liquidity risk

The Group practises prudent liquidity risk management to minimise the mismatch of financial assets and liabilities and to maintain sufficient credit facilities for contingent funding requirement of working capital.

(vi) Cash flow risk

The Group reviews its cash flow position regularly to manage its exposure to fluctuations in future cash flows associated with its monetary financial instruments.

notes to the FINANCIAL STATEMENTS

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(vii) Foreign Currency Forward Contracts

In order to hedge its exposure to foreign exchange risks, the Group enters into foreign currency forward contracts.

a) Foreign currency forward contracts

At the balance sheet date, the Group and the Company had entered into foreign currency forward contracts with the following notional amounts and maturities:

2009	The Group and the Company Maturities		Total notional amount RM
	Less than 1 year RM	1 - 2 years RM	
Sales contracts			
United States Dollar	9,516,609	-	9,516,609
Euro	45,374	-	45,374
Great Britain Pound	228,220	-	228,220
	9,790,203	-	9,790,203

2008	The Group and the Company Maturities		Total notional amount RM
	Less than 1 year RM	1 - 2 years RM	
Sales contracts			
United States Dollar	7,299,396	-	7,299,396
Euro	127,715	-	127,715
	7,427,111	-	7,427,111

notes to the FINANCIAL STATEMENTS

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(vii) Foreign Currency Forward Contracts (cont'd)

a) Foreign currency forward contracts (cont'd)

The net unrecognised gain as at the balance sheet date on foreign currency forward sales contracts used are in the following manner:

	The Group and the Company		
	Maturities		Net unrecognised gain as at end of the financial year RM
	Less than 1 year RM	1 - 2 years RM	
2009			
Sales contracts	176,479	-	176,479
2008			
Sales contracts	1,900	-	1,900

b) Structured foreign exchange contracts

At the balance sheet date, the Group and the Company had also entered into structured foreign exchange contracts with the following notional amounts and maturities:

	The Group and the Company	
	Notional Amount	Effective Period
2009		
Sales contracts		
Description		
USD/MYR Target Redemption Forward	USD110 million	May 2008 - July 2010
2008		
Sales contracts		
Description		
USD/MYR Target Redemption Forward	-	-

notes to the FINANCIAL STATEMENTS

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(vii) Foreign Currency Forward Contracts (cont'd)

b) Structured foreign exchange contracts (cont'd)

The net unrecognised loss as at the balance sheet date on structured foreign exchange contracts used are in the following manner:

	The Group and the Company		
	Maturities		Net unrecognised gain as at end of the financial year
	Less than 1 year RM	1 - 2 years RM	RM
2009			
Sales contracts			
Description			
USD/MYR Target Redemption Forward	28,994,028	1,664,652	30,658,680
2008			
Sales contracts			
Description			
USD/MYR Target Redemption Forward	-	-	-

Subsequent to the financial year end, of the amount of net unrecognised loss of RM30,658,680 (2008 : RMNil), RM3,484,000 (2008 : RMNil) has been realised as of August 26, 2009.

(viii) Commodity Future Contracts

As at balance sheet date, the Group had entered into the following commodity future contracts:

	The Group and the Company		
	Maturities		Total notional amount
	Less than 1 year RM	1 - 2 years RM	RM
2009			
Sales contracts	-	-	-
Purchase contracts	-	-	-
2008			
Sales contracts	7,854,425	-	7,854,425
Purchase contracts	8,309,275	-	8,309,275

notes to the FINANCIAL STATEMENTS

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(viii) Commodity Future Contracts (cont'd)

The net unrecognised gain as at balance sheet date on commodity future sale and purchase contracts used are in the following manner:

	The Group and the Company		
	Maturities		Net unrecognised gain as at end of the financial year RM
	Less than 1 year RM	1 - 2 years RM	
2009			
Sales contracts	-	-	-
Purchase contracts	-	-	-
2008			
Sales contracts	316,925	-	316,925
Purchase contracts	141,575	-	141,575

Fair Values

The fair values of the financial assets and financial liabilities reported in the balance sheets approximate the carrying amount of these assets and liabilities because of the immediate or short-term maturity of these financial instruments except as follows:

	Note	The Group		The Company	
		Carrying Amount RM	Fair Value RM	Carrying Amount RM	Fair Value RM
April 30, 2009					
Financial Asset					
Other investments:					
Quoted shares	19	16,629,814	18,946,336	16,629,814	18,946,336
Financial Liabilities					
Term loans	29	2,764,830	2,744,635	-	-
Hire-purchase payable	30	27,602	25,551	-	-

notes to the FINANCIAL STATEMENTS

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(viii) Commodity Future Contracts (cont'd)

Fair Values (cont'd)

April 30, 2008	Note	The Group		The Company	
		Carrying Amount RM	Fair Value RM	Carrying Amount RM	Fair Value RM
Financial Asset					
Other investments:					
Quoted shares	19	24,214,686	33,882,079	24,214,686	33,882,079
Financial Liabilities					
Term loans	29	5,933,935	5,601,535	-	-
Hire-purchase payable	30	50,787	45,951	-	-

(i) Other investment in quoted shares

The fair value of other investment in quoted shares is estimated based on the market value as at the balance sheet date.

(ii) Term loans

The fair value of term loans is estimated using discounted cash flow analysis based on current borrowing rates for similar types of borrowing arrangements.

(iii) Hire-purchase payable

The fair value of hire-purchase payable is estimated using discounted cash flow analysis based on current interest rates for similar types of hire-purchase arrangements.

Investment in subsidiary companies and other investment in unquoted shares

It is not practicable within the constraints of timeliness and cost to estimate reliably the fair value of investment in subsidiary companies and other investment in unquoted shares. As at year end, based on the audited financial statements, the Company's share of net tangible assets of investment in subsidiary companies and other investment in unquoted shares amounted to RM407,106,518 and RM30,689,409 (2008: RM424,985,223 and RM25,797,668) respectively.

Investment in associated company

It is not practicable within the constraints of timeliness and cost to estimate reliably the fair value of investment in associated company. As at year end, based on the audited financial statements, the Company's share of net tangible assets of investment in associated company amounted to RMNil (2008: RM7,361).

notes to the FINANCIAL STATEMENTS

40. LITIGATION

On August 6, 2009, the Company and its subsidiary company, Pofachem (M) Sdn. Berhad (the "Plaintiff"), filed a suit at the Kuala Lumpur High Court against Messrs. Low Mun Chong, Wong Fok Gee, Low Kock Ching and Lou Ai Choo (the "Defendants"). The claim is for damages for breach of fiduciary duty and for breach of section 132(1) and 132(1A) of the Companies Act, 1965, and for interest and costs by the defendants who are directors or employees of the Company or its said subsidiary company. The claim arose from the failure of the Defendants to secure a renewal of a tenancy over 5.5 acres of land forming part of the land held under Lot 7198, Mukim of Kapar, District of Klang, Selangor Darul Ehsan (the "Demised Land") which was let to the said subsidiary company under a Tenancy Agreement dated January 1, 1991 for 9 consecutive terms of 3 years each. The Defendants failed to renew the tenancy with the landlord, Southern Realty (Malaya) Sdn. Berhad (In Provisional Liquidation), a related party and a major shareholder of the Company, when it expired on April 30, 2008. A factory building and an oleochemical plant operated by the said subsidiary company with net book value of RM26,594,774 (2008 : RM24,862,776) as of April 30, 2009 is constructed on the Demised Land.

On August 6, 2009, the Company and its wholly-owned subsidiary company, Noble Interest Sdn. Bhd. (the "Plaintiff"), has filed another suit at the Kuala Lumpur High Court against Messrs. Lim Boon Eng, Lou Ai Choo and Low Mong Chai @ Low Ah Kow (the "Defendants"). The claim is for damages for breach of fiduciary duty and for breach of section 132(1) and 132(1A) of the Companies Act, 1965, and for interest and costs by the defendants, who are directors or employees of the Company or its said subsidiary company. The Plaintiff's claim arose from the non-completion of the purchase of several parcels of land (the "Property") under a Sale and Purchase Agreement dated October 31, 1995 entered into between the said subsidiary company as purchaser and Southern Realty (Malaya) Sdn. Berhad (In Provisional Liquidation), a related party and a major shareholder of the Company. The purchase price of RM4,950,000 for the said Property has been fully settled since November 4, 2000 but the Defendants have failed to ensure the transfer of the Property in the name of the said subsidiary company. The Sri Kota Specialist Medical Centre, which is operated by Southern Medicare Sdn. Bhd., a wholly owned subsidiary of the Company, and carrying a book value of RM23,488,344 (2008 : RM23,529,852) as of April 30, 2009, is constructed on the said Property. In respect of the Defendant, Mr. Low Mong Chai @ Low Ah Kow, there is an additional claim to account for secret profits in the sum of RM2,105,200.

notes to the FINANCIAL STATEMENTS

41. RECLASSIFICATION OF COMPARATIVE FIGURES

Certain reclassifications have been made to the prior year's financial statements to enhance comparability with the current year's financial statements. As a result, certain line items have been amended on the face of the income statement and cash flow statement of the Group and the related notes to the financial statements of the Group. Comparative figures have been reclassified to conform with the current year's presentation as follows:

The Group

	As previously reported RM	Reclassification RM	As reclassified RM
Balance Sheet			
As at April 30, 2008			
Other receivables, deposits and prepaid expenses	3,469,296	252,670	3,721,966
Fixed deposits, short- term placements, and cash and bank balances	47,288,347	(252,670)	47,035,677
Income Statement			
Financial year ended April 30, 2008			
Revenue	465,501,219	(2,179,744)	463,321,475
Other operating income	5,160,095	2,179,744	7,339,839

statement BY DIRECTORS

The directors of **SOUTHERN ACIDS (M) BERHAD** state that, in their opinion, the financial statements of the Group and of the Company, which comprise the balance sheets as of April 30, 2009, and the income statements, statements of changes in equity and cash flow statements for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 51 to 123, are drawn up in accordance with the provisions of the Companies Act, 1965 and the Financial Reporting Standards in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company as of April 30, 2009 and of the results and the cash flows of the Group and of the Company for the year ended on that date.

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

LIM KIM LONG

DATO' LOW BOON ENG, DPMS, JP

Klang,
August 26, 2009

declaration by the **OFFICER PRIMARILY RESPONSIBLE FOR THE FINANCIAL MANAGEMENT OF THE COMPANY**

I, **LOU AI CHOO**, the officer primarily responsible for the financial management of **SOUTHERN ACIDS (M) BERHAD**, do solemnly and sincerely declare that the financial statements of the Group and of the Company, which comprise the balance sheets as of April 30, 2009, and the income statements, statements of changes in equity and cash flow statements for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 51 to 123, 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.

LOU AI CHOO

Subscribed and solemnly declared by the abovenamed **LOU AI CHOO** at **KLANG** this 26th day of August, 2009.

Before me,

COMMISSIONER FOR OATHS

properties OF THE GROUP

AS AT APRIL 30 2009

Subsidiaries / Location	Types of Property	Area	Nature / Purposes	Land Title	Age of Buildings	Net Book Value (RM) 2009
1. Pembinaan Gejati Sdn Bhd						
Thangamallay Estate, Lot 3563, Batu 7, Jalan Kebun, Kampung Jawa 42450 Klang Selangor (Lot 14482 & 14483)	Land	220.79 acres	Plantation Estate	Freehold	N/A	48,376,807
Thangamallay Estate, Lot 3860, Batu 7, Jalan Kebun, Kampung Jawa 42450 Klang Selangor (Lot 14480)	Land	14.33 acres	Plantation Estate	Freehold	N/A	3,139,814
Thangamallay Estate, Lot 14481, Batu 7, Jalan Kebun, Kampung Jawa 42450 Klang Selangor	Land	0.12 acres	Plantation Estate	Freehold	N/A	26,293
Thangamallay Estate, Lot 1095, Batu 7, Jalan Kebun, Kampung Jawa 42450 Klang Selangor	Land	409.25 acres	Plantation Estate & Development	Freehold	N/A	89,669,860
2. Pofachem (M) Sdn Bhd						
Golconda Estate, 10th Mile Persiaran Hamzah Alang Off Jalan Kapar 42200 Kapar Selangor	Buildings	27.90 acres	Factory	N/A	Ranging from 14 to 28 years	5,425,455

properties OF THE GROUP

AS AT APRIL 30 2009

Subsidiaries / Location	Types of Property	Area	Nature / Purposes	Land Title	Age of Buildings	Net Book Value (RM) 2009
3. Noble Interest Sdn Bhd						
P.T. 1288, Seksyen 14, Mukim Klang, Selangor	Land Buildings	1.62 acres 6,458 m ²	Hospital Use Hospital	Freehold N/A	N/A 10 years	4,950,000 22,979,931
4. PKE (M) Sdn Bhd						
Lot No. 15, Section 7, Taman Perusahaan Pulau Indah, Pulau Indah, Mukim Klang, Daerah Klang, Selangor	Land	6.67 acres	Vacant Land	Leasehold Expiring in 24-2-2097	N/A	4,248,998
Lot 6579, Jalan Jerung Pelabuhan Utara 42000 Port Klang Selangor	Warehouse	132,858 sq.ft	Warehousing	Lease Rental Expiring in 15-3-2010	18 years	35,621
No.18, Jalan Firma 2/1 Kawasan Perindustrian Tebrau Johor Bahru, Johor	Warehouse	50,400 sq.ft	Vacant	Freehold	12 years	1,820,072
5. SAB Properties Development Co. Sdn Bhd						
G.M. 2172 Lot 2824, Mukim Klang, Daerah Klang, Selangor	Land	3.25 acres	Leased	Freehold	N/A	3,318,127
6. P.T. Mustika Agro Sari						
Kebun Tanjung Pauh & Kebun Petai, Province of Riau, Indonesia	Plantation Land, Palm Oil Mill and Buildings	6,538 acres	Plantation and Palm-Oil Processing	Leasehold Expiring in 20-3-2036 and 9-4-2036	7 years	14,288,199
7. P.T. Wanasari Nusantara						
Kebun Wanasari Province of Riau Indonesia	Plantation Land, Palm Oil Mill and Buildings	13,136 acres	Plantation	Leasehold Expiring in 31-12-2029 and 29-1-2032	21 years	11,053,763

Remarks : 1hectar = 2.4710 acre

analysis of SHAREHOLDINGS

AS AT 11 SEPTEMBER 2009

Authorised share capital	: RM200,000,000
Issued and fully paid-up capital	: RM136,934,132
Class of shares	: Ordinary shares of RM1.00 each
Voting rights	: 1 vote per RM1.00 share
Number of shareholders	: 2,819

DISTRIBUTION SCHEDULE OF SHARE AS AT 11 SEPTEMBER 2009

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Share Held
less than 100	196	6.95	7,965	0.00
100 to 1,000	717	25.43	540,385	0.39
1,001 to 10,000	1,526	54.13	5,775,757	4.22
10,001 to 100,000	317	11.25	8,958,914	6.54
100,001 - 6,846,706 (less than 5% of issued shares)	58	2.06	34,716,914	25.35
6,846,707 (5% of issued Shares) and above	5	0.18	86,934,197	63.50
TOTAL	2,819	100.00	136,934,132	100.00

LIST OF SUBSTANTIAL SHAREHOLDERS AS AT 11 SEPTEMBER 2009

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 (M) SDN BHD	11,527,419	8.42
4. RASIONAL SDN BERHAD	7,392,666	5.40
5. DATO' MONG HUA @ LOW MONG HUA	7,309,237	5.34

analysis of SHAREHOLDINGS

AS AT 11 SEPTEMBER 2009

INFORMATION ON DIRECTORS SHAREHOLDINGS AS AT 11 SEPTEMBER 2009

Names of Directors	Direct	%	Deemed	%
1. DATO' MOHD YUSOFF BIN HAJI AMIN	0	0.00	0	0.00
2. MOHD HISHAM BIN HARUN	0	0.00	0	0.00
3. YAP SOON NAM	0	0.00	0	0.00
4. SUKHINDERJIT SINGH MUKER	0	0.00	0	0.00
5. DATO' LOW BOON ENG	2,487	0.00	65,626,507	47.93
6. LIM KIM LONG	49,276	0.04	69,053,759	50.43
7. LEONG SO SEH	0	0.00	0	0.00

TOP THIRTY SECURITIES ACCOUNT HOLDERS

(Without aggregating the securities from different securities account belonging to the same Depositor)

Names	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 (M) SDN BHD	11,216,419	8.19
4. MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD < PLEDGED SECURITIES ACCOUNT FOR RASIONAL SDN BERHAD (05-00051-000) >	7,000,000	5.11
5. SOUTHERN EDIBLE OIL INDUSTRIES (M) SDN BERHAD	4,958,332	3.62
6. CIMB GROUP NOMINEES (TEMPATAN) SDN BHD < PSB-CBG9 FOR MONG HUA @ LOW MONG HUA (49246 DHAM) >	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. IJM CORPORATION BERHAD	1,863,466	1.36
11. LIM BOON ENG	1,820,837	1.33

analysis of SHAREHOLDINGS

AS AT 11 SEPTEMBER 2009

TOP THIRTY SECURITIES ACCOUNT HOLDERS (CONT'D)

(Without aggregating the securities from different securities account belonging to the same Depositor)

Names	No. of Share Held	% of Issued Shares
12. MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD < PLEDGED SECURITIES ACCOUNT FOR MONG HUA @ LOW MONG HUA (05-00045-000) >	1,800,000	1.31
13. LOW MUN CHONG	1,516,498	1.11
14. BANTING HOCK HIN ESTATE COMPANY SDN BHD	1,487,500	1.09
15. CIMB GROUP NOMINEES (TEMPATAN) SDN BHD < PSB-CBG9 FOR LOU AI CHOO (49246 DHAM) >	1,000,000	0.73
16. HOCK JOO PLANTATION SDN BHD	991,666	0.72
17. LIM THYE PENG REALTY SDN BHD	976,559	0.71
18. NAGA WIRA SDN BERHAD	720,938	0.53
19. BEKALAN UTAMA SDN BERHAD	694,166	0.51
20. TEO KWEE HOCK	619,300	0.45
21. JF APEX NOMINEES (TEMPATAN) SDN BHD < PLEDGED SECURITIES ACCOUNT FOR TEO SIEW LAI (MARGIN) >	609,500	0.45
22. CIMB GROUP NOMINEES (TEMPATAN) SDN BHD < PLEDGED SECURITIES ACCOUNT FOR MONG HUA @ LOW MONG HUA (4851 DHAM) >	600,000	0.44
23. CIMB GROUP NOMINEES (TEMPATAN) SDN BHD < PSB-CBG9 FOR LOW MONG HUA SDN BERHAD (49246 DHAM) >	585,000	0.43
24. MONG TECK SDN BERHAD	559,972	0.41
25. TOH KAM CHOY	540,000	0.39
26. YEOH KEAN HUA	490,000	0.36
27. JF APEX NOMINEES (TEMPATAN) SDN BHD < PLEDGED SECURITIES ACCOUNT FOR TEO KWEE HOCK (MARGIN) >	459,300	0.34
28. CHIN PEK FOO	421,000	0.31
29. RASIONAL SDN BERHAD	392,666	0.29
30. OOI LAY SUAN	384,500	0.28
TOTAL	115,361,245	84.27

proxy FORM

SOUTHERN ACIDS (M) BERHAD (64577-K)

I/We _____ of NRIC. No/Co.No. _____

being a member/members of Southern Acids (M) Berhad hereby appoint _____

_____ of _____

NRIC No. _____ or failing him / her _____

of _____ NRIC No. _____

as my/our proxy to vote for me/us on my/our behalf at the Twenty-Eighth Annual General Meeting of the Company to be held on 28 October 2009 and at any adjournment thereof. I/We direct my/our proxy to vote for or against the resolutions to be proposed at the Meeting as hereunder indicated.

No Ordinary Resolutions	For	Against
1. To receive the Audited Financial Statements for the financial year ended 30 April 2009 together with the Reports of the Directors and Auditors thereon.		
2. To declare a Final Dividend (tax exempt) of 5.00% per ordinary share for the financial year ended 30 April 2009		
3. To approve the payment of Directors' Fees.		
4. To re-elect Mr Sukhinderjit Singh Muker as a Director of the Company in accordance with Articles 95 and 96 of the Company's Articles of Association.		
5. To re-elect Mr Lim Kim Long as a Director of the Company in accordance with Articles 95 and 96 of the Company's Articles of Association.		
6. To re-elect Madam Leong So Seh as a Director of the Company in accordance with Article 101 of the Company's Articles of Association		
7. To re-appoint Dato Panglima Kubu Mohd Yusoff Bin Haji Amin, SMS, PJK, JP as a Director of the Company pursuant to Section 129 (6) of the Companies Act, 1965.		
8. To re-appoint Messrs Deloitte KassimChan as Auditors and to authorise the Directors to fix their remuneration.		
9. To approve the Resolution pertaining to the Authority to issue shares pursuant to Section 132D of the Companies Act, 1965.		
10. To approve the Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of Revenue or Trading Nature.		
Special Resolution		
11. To approve the amendment to Article 74 of the Articles of Association.		

Dated this _____ day of _____

Signature/Common Seal

No. of Shares held

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 a member of the Company, and if the proxy is not a member of the Company, the proxy shall be an Advocate or an approved Company Auditor or a person approved by the Registrar of Companies.
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.

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STAMP

SOUHERN ACIDS (M) BERHAD

(Company No.: 64577-K)

26, JALAN ISTANA
41000 KLANG
SELANGOR DARUL EHSAN
MALAYSIA

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Southern Acids (M) Berhad (64577-K)

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