

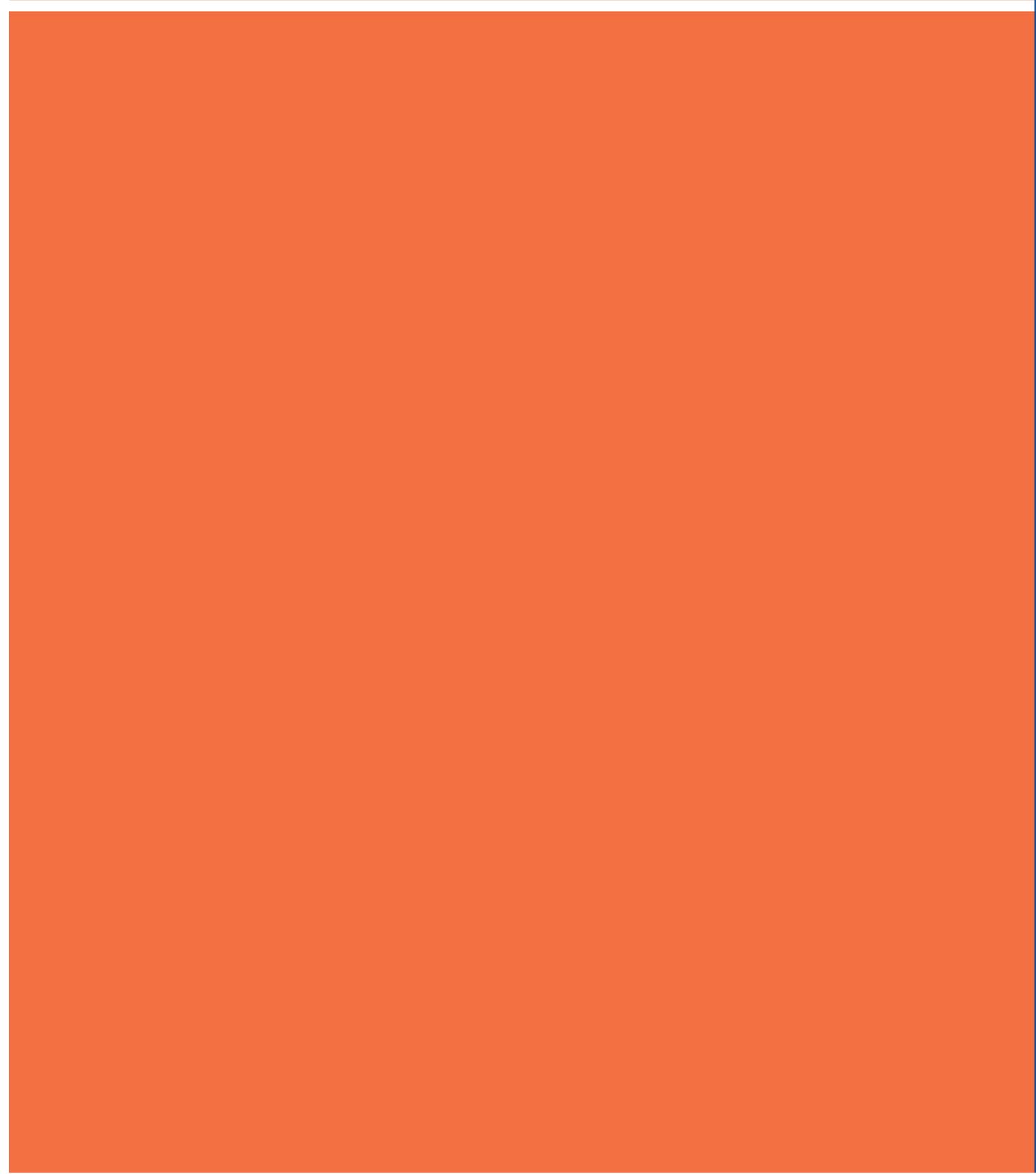


Southern Acids (M) Berhad

Company No. 64577-K
(Incorporated in Malaysia)



integration of **strength**





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ANNUAL GENERAL
MEETING

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Notice of 24th Annual General Meeting

NOTICE IS HEREBY GIVEN that the Twenty-Fourth 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 Thursday, 27 October 2005 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 2005 together with the Reports of the Directors and Auditors thereon.
Resolution 1
2. To declare a Final Dividend (tax exempt) of 5.50% per ordinary share for the financial year ended 30 April 2005.
Resolution 2
3. To approve the payment of Directors' Fees.
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) Dato' Mong Hua @ Low Mong Hua, DPMS
Resolution 4
 - b) Mr. Sukhinderjit Singh Muker
Resolution 5
5. 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 6
6. To re-elect the following Directors who are retiring under Article 101 of the Company's Articles of Association, and being eligible, have offered themselves for re-election:-
 - a) Mr. Lim Kim Long
Resolution 7
 - b) Dato' Low Boon Eng, DPMS, JP
Resolution 8
 - c) Mr. Yap Soon Nam
Resolution 9
 - d) En. Mohd Hisham bin Harun
Resolution 10

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 11

SPECIAL BUSINESS

8. To consider and, if thought fit, adopt the following resolutions, with or without modifications, as Ordinary Resolutions:

a) Authority to Issue Shares Pursuant to Section 132D of the Companies Act, 1965

Resolution 12

“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 in force until the conclusion of the next Annual General Meeting of the Company.”

b) Proposed Renewal of Shareholders’ Mandate for Recurrent Related Party Transactions

Resolution 13

“That subject always to the Listing Requirement 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 5 October 2005 subject further to the following:-

- i. That the transaction 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; and
- 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, are 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 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.

NOTICE OF 24TH
ANNUAL GENERAL MEETING

NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS ALSO HEREBY GIVEN that a Final Dividend (tax exempt) of 5.50% per ordinary share will be payable on 29 November 2005 to depositors who are registered in the Record of Depositors at the close of business on 10 November 2005 if approved by members at the Twenty-Fourth Annual General Meeting on 27 October 2005.

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 8 November 2005 (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 10 November 2005 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 KING HUA (F) (MAICSA 0798613)

Secretaries

Klang, Selangor Darul Ehsan
5 October 2005

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 26, Jalan Istana, 41000 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 12, 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.
6. Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions. The proposed Resolution 13, 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 5 October 2005 for more information.

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-Fourth 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 : Thursday, 27 October 2005

Time : 11.00 a.m.

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

(i) Dato' Mong Hua @ Low Mong Hua, DPMS, pursuant to Article 95 and 96 of the Company's Articles of Association.

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

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

(iv) Mr. Lim Kim Long, pursuant to Article 101 of the Company's Articles of Association.

(v) Dato' Low Boon Eng, DPMS, JP pursuant to Article 101 of the Company's Articles of Association.

(vi) Mr. Yap Soon Nam, pursuant to Article 101 of the Company's Articles of Association.

(vii) En. Mohd Hisham bin Harun, pursuant to Article 101 of the Company's Articles of Association.

The details of the seven (7) Directors seeking re-election and re-appointment are set out in the Directors' Profile from pages 10 to 14 and the Directors' Shareholdings in the Company on page 41 of the Annual Report.

3. Board Meetings held during the financial year ended 30 April 2005.

A total of five (5) Board meetings were held at 6th Floor, Wisma Southern, 26-34, Jalan Dato' Hamzah, 41000 Klang, Selangor Darul Ehsan during the financial year ended 30 April 2005 on the following dates and times:-

- ▶ 26 June 2004 (11:00 am)
- ▶ 24 August 2004 (09:30 am)
- ▶ 29 September 2004 (06:00 pm)
- ▶ 24 December 2004 (04:00 pm)
- ▶ 30 March 2005 (06:00 pm)

4. Details of attendance of Directors holding office 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
Dato' Mong Hua @Low Mong Hua, DPMS	5	5
Dato' Mohd Yusoff bin Haji Amin SMS, PJK,JP	5	5
Mr. Sukhinderjit Singh Muker	5	5
Mr. Low Mong Chai @ Low Ah Kow	5	5
Mr. Low Mun Chong	5	4
Dato' Mohd Bakke bin Salleh	5	5
Mr. Lim Boon Eng/Mr. Lim Kim Long (Resigned on 1 November 2004)	3	3

Corporate Information

Board Of Directors

Dato' Mong Hua @ Low Mong Hua

Non-Independent Executive Chairman/
Managing Director

Sukhinderjit Singh Muker

Non-Independent Non-Executive Director

Dato' Mohd Yusoff bin Haji Amin

Independent Non-Executive Director

Low Mong Chai @ Low Ah Kow

Non-Independent Executive Director

Low Mun Chong

Non-Independent Executive Director

Lim Kim Long

Alternate Director to Mr. Lim Boon Eng
(Resigned on 1 November 2004)
Non-Independent Non-Executive Director
(Appointed on 10 August 2005)

Dato' Low Boon Eng

Non-Independent Non-Executive Director
(Appointed on 10 August 2005)

Yap Soon Nam

Independent Non-Executive Director
(Appointed on 10 August 2005)

Mohd Hisham bin Harun

Independent Non-Executive Director
(Appointed on 10 August 2005)

Lim Boon Eng

Non-Independent Executive Director
(Resigned on 1 November 2004)

Dato' Mohd Bakke bin Salleh

Independent Non-Executive Director
(Resigned on 1 June 2005)

Audit Committee

Mohd Hisham bin Harun - Chairman
Independent Non-Executive Director
(Member - Appointed on 10 August 2005)
(Chairman - Appointed on 25 August 2005)

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

Dato' Mong Hua @ Low Mong Hua
Non-Independent Executive Chairman/
Managing Director

Dato' Mohd Bakke bin Salleh - Chairman
Independent Non-Executive Director
(Resigned on 1 June 2005)

Remuneration Committee

Sukhinderjit Singh Muker - Chairman
Non-Independent Non-Executive Director

Dato' Mong Hua @ Low Mong Hua
Non-Independent Executive Chairman/
Managing Director

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

Yap Soon Nam
Independent Non-Executive Director
(Appointed on 10 August 2005)

Nomination Committee

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

Sukhinderjit Singh Muker
Non-Independent Non-Executive Director

Mohd Hisham bin Harun
Independent Non-Executive Director
(Appointed on 10 August 2005)

Dato' Mohd Bakke bin Salleh
Independent Non-Executive Director
(Resigned on 1 June 2005)

Company Secretaries

Paul Ignatius Stanislaus (MACS01330)
Lim King Hua (MAICSA 0798613)

Registered Office

26, Jalan Istana, 41000 Klang
Selangor Darul Ehsan, Malaysia
Telephone : 03-3371 0611
Facsimile : 03-3371 2886

Share Registrar

Symphony Share Registration Sdn Bhd
(formerly known as Malaysian Share
Registration Services 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 : 03-3371 2033 /3372 3211
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 Board of Bursa Malaysia Securities
Berhad

Legal Status

Public listed company limited by shares

Country Of Domicile & Incorporation

Malaysia

Board of Directors





L – R : { Standings }

Mohd Hisham Bin Harun

Independent Non-Executive Director

Dato' Low Boon Eng

Non-Independent Non-Executive Director

Yap Soon Nam

Independent Non-Executive Director

Lim Kim Long

Non-Independent Non-Executive Director

Sukhinderjit Singh Muker

Non-Independent Non-Executive Director

Low Mong Chai @ Low Ah Kow

Non-Independent Executive Director

L – R : { Sitting }

Dato' Mohd Yusoff Bin Haji Amin

Independent Non-Executive Director

Low Mun Chong

Non-Independent Executive Director

Dato' Mong Hua @ Low Mong Hua

Non-Independent Executive Chairman /
Managing Director

Profile of Directors



Dato' Mong Hua @ Low Mong Hua

Non-Independent Executive Chairman/
Managing Director

DATO' MONG HUA @ LOW MONG HUA, DPMS, a Malaysian, aged 66, is the Executive Chairman and Managing Director of the Company. He is one of the founders of the Company and was appointed to the Board on 20 November 1980. Dato' Low is a man with vast experience in the plantation, palm oil milling, palm oil refinery and oleochemical industries. He is also extensively involved in the housing and property development business. Dato' Low attained his General Certificate of Education in ACS Klang. He is actively involved and takes on leadership role in several key Palm Oil and Trade Associations namely, Chairman of Federation of Palm Oil Millers Association of Malaysia (POMA), Chairman of the Finance and General Affairs Committee of Malaysia Palm Oil Promotion Council and co-founder and Second Vice Chairman of the Palm Oil Refineries Association of Malaysia (PORAM). In addition, he is also a Malaysian Representative of the Malaysia/Indonesia Private Sector Consultative Group on Palm Oil Trade.

Dato' Low is also a member of the Audit Committee and Remuneration Committee of the Company. Dato' Low attended all the five (5) Board of Directors' Meetings held during the financial year ended 30 April 2005. Dato' Low is the brother of Mr. Low Mun Chong and Mr. Low Mong Chai @ Low Ah Kow and the first cousin to Dato' Low Boon Eng. Dato' Low has never been convicted for any offence within the past ten (10) years.



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

DATO' MOHD YUSOFF BIN HAJI AMIN, SMS, PJK, JP, a Malaysian, aged 75, is an Independent Non-Executive Director of the Company and was appointed to the Board on 18 September 1990. Dato' Yusoff completed his secondary education in Victoria Institute Kuala Lumpur. Dato' Yusoff is the Honorary Advisor to Society of the Royal Datas 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 Board 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 all the five (5) Board of Directors' Meetings held during the financial year ended 30 April 2005. 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.



Low Mong Chai @ Low Ah Kow
Non-Independent Executive Director

LOW MONG CHAI @ LOW AH KOW, a Malaysian, aged 59, is an Executive Director of the Company and was appointed to the Board on 28 July 1984. Mr. Low is a graduate of Queensland Agriculture College, Australia with a Major in Horticulture in 1970. He is responsible for the planning and development of the plantation business of the Company. Mr. Low also holds directorship in several private companies.

Mr. Low attended all the five (5) Board of Directors' Meetings held during the financial year ended 30 April 2005. Mr. Low is the brother of Dato' Mong Hua @ Low Mong Hua and Mr. Low Mun Chong and the first cousin to Dato' Low Boon Eng. He has never been convicted for any offence within the past ten (10) years.

PROFILE OF DIRECTORS



Low Mun Chong
Non-Independent Executive Director

LOW MUN CHONG, a Malaysian, aged 61, is an Executive Director of the Company and was appointed to the Board on 28 May 1990. He is responsible for the Company's fund management and control. Mr. Low holds a General Certificate of Education from Klang High School and has more than twenty five (25) years experience in the Company. Mr. Low also holds directorship in several private companies.

Mr. Low attended four (4) out of the five (5) Board of Directors' Meetings held during the financial year ended 30 April 2005. Mr. Low Mun Chong is the brother to Dato' Mong Hua @ Low Mong Hua and Mr. Low Mong Chai @ Low Ah Kow and the first cousin to Dato' Low Boon Eng. He has never been convicted for any offence within the past ten (10) years.



Sukhinderjit Singh Muker
Non-Independent Non-Executive Director

SUKHINDERJIT SINGH MUKER, a Malaysian, aged 58, is a Non-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 Second Board of Bursa Malaysia Securities Berhad.

Mr. Muker is a member of the Remuneration Committee and Nomination Committee of the Company. He attended all the five (5) Board of Directors' Meetings held during the financial year ended 30 April 2005. 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.



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

DATO' LOW BOON ENG, DPMS, JP, a Malaysian, aged 55, 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, University of London (1st Class Honours) and a 1st Grade Steam Engineer Certificate.

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 is also the Vice President of the Federation of Palm Oil Miller Association (POMA) and Southern Palm Peninsular Oil Miller Association (SPPOMA). He also holds directorship in several private companies.

Dato' Low is the first cousin to Dato' Mong Hua @ Low Mong Hua, 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.



Lim Kim Long
Non-Independent Non-Executive Director

LIM KIM LONG, a Malaysian, aged 45, is a Non-Independent Non-Executive Director of the Company and was appointed to the Board on 10 August 2005. Prior to this, he served as an alternate director to Mr. Lim Boon Eng before the latter's resignation on 1 November 2004.

Mr. Lim did his pre-university education at Kolej Tunku Abdul Rahman, Kuala Lumpur. He has been employed by Southern Realty (Malaya) Sdn. Berhad, a company which is principally involved in oil palm plantations, palm oil milling and investment holdings since 1982.

Mr. Lim also holds directorship in several private companies including subsidiaries of the Company and has never been convicted for any offence within the past ten (10) years.

PROFILE OF DIRECTORS



Yap Soon Nam
Independent Non-Executive Director

YAP SOON NAM, a Malaysian, aged 54, is an Independent Non-Executive Director of the Company and was appointed to the Board on 10 August 2005. 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. 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 the (10) years.



Mohd Hisham bin Harun
Independent Non-Executive Director

MOHD HISHAM BIN HARUN, a Malaysian, aged 37, is an Independent Non-Executive Director of the Company and was appointed to the Board on 10 August 2005. En. Hisham is a member of the Chartered Institute of Management Accountants and is a General Manager (Investment Management Division) at Lembaga Tabung Haji. En. Hisham started his career at Coopers & Lybrand/PricewaterhouseCoopers, where he was attached to the Audit Division and the Consultancy Division. En. Hisham also sits on the Board of Englotechs Holding Berhad which is listed on the Second Board of Bursa Malaysia Securities Berhad and also holds directorship in other private companies.

En. 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. En. 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 the (10) years.

commitment to quality

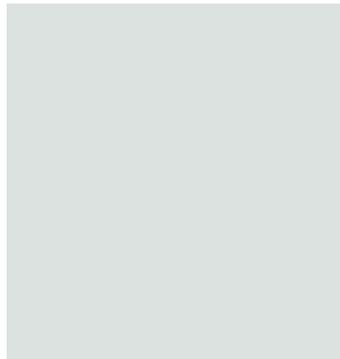
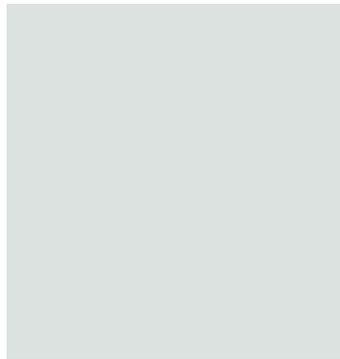
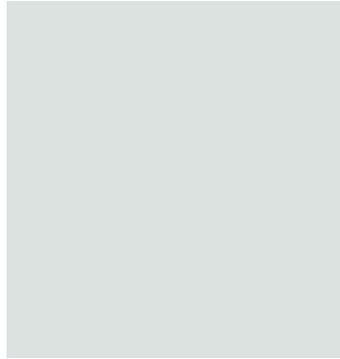


Management Team



TOP TO BOTTOM
(From left to right):

Lou Ai Choo
Wong Fok Gee
Dr. Sadasivam a/l Kandiah
Eddy Lee Kwee Heng
Ann Chuan Sing
Chiew Chi Ying



TOP TO BOTTOM
 (From left to right):

- Low Kock Ching
- Tiong Chuu Ling
- Lim Hai Siong
- Chan Siong Keow
- Lim Choo Guan
- Lee Teong Beng
- Lee Chung Lih

Corporate Structure

● SOUTHERN ACIDS (M) BERHAD 64577-K

Pofachem (M) Sdn Bhd
100%

PKE (Malaysia) Sdn Bhd
69.7%

PKE Transport (Malaysia) Sdn Bhd
91.9%

Noble Interest Sdn Bhd
100%

SAB Plantation Sdn Bhd
100%

Southern Medicare Sdn Bhd
100%

Centre For Sight Sdn Bhd
100%

SAB (East Asia) Holdings Ltd
100%

Firstview Development Sdn Bhd
80%

P.T. Mustika Agro Sari
70%

Southern Management Sdn Bhd
100%

P.T. Wana Sari Nusantara
100%

SAB Properties Development Co. Sdn Bhd
100%

Pembinaan Gejati Sdn Bhd
100%

Wistar Sdn Bhd
100%

Supagri Ventures Sdn Bhd
90%

JWS Projects Sdn Bhd
30%

Yangzhong Changjiang Great Bridge Co. Ltd
51%

ensuring operational efficiency



Audit Committee Report

The Board is pleased to present the Report of the Audit Committee for the financial year ended 30 April, 2005.

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
1. Dato' Mohd Bakke bin Salleh – Chairman * Independent Non-Executive Director (Resigned on 1 June 2005)	5 of 5
2. Dato' Mohd Yusoff bin Haji Amin Independent Non-Executive Director	5 of 5
3. Dato' Mong Hua @ Low Mong Hua Non-Independent Executive Chairman/Managing Director	5 of 5
4. En. Mohd Hisham bin Harun * Independent Non-Executive Director Member (Appointed on 10 August 2005) Chairman (Appointed on 25 August 2005)	0 of 0

* Dato' Mohd Bakke bin Salleh resigned on 1 June 2005. En. Mohd Hisham bin Harun was appointed as a member of the Audit Committee and Chairman of the Audit Committee on 10 August 2005 and 25 August 2005 respectively; within the three (3) month period permitted under Paragraph 15.20 of Bursa Malaysia Listing Requirements to fill any vacancy in the Audit Committee.

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

Membership

- The Committee shall be appointed by the Board of Directors from amongst Directors of the Company and shall consist of not less than three (3) members, the majority of whom shall be Independent Non-Executive Directors.
- 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.
- 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.

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

During the financial year ended 30 April 2005, the Audit Committee held five (5) 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.

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 satisfactory and effectively.

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

- Ascertaining the 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.
- Coordinating with the external auditors in planning of audit activities.
- 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.

delivering better standards



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) times a year and additional meetings are held when required. During the year ended 30 April 2005, five (5) 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 10 to 14.

1.1 Board Balance & Composition

At the beginning of the financial year, the Company had seven (7) Directors on its Board, which comprised the Executive Chairman/Managing Director, three (3) Executive Directors and three (3) Non-Executive Directors. Two (2) of the three (3) Non-Executive Directors are Independent Directors.

There were some changes to the composition of the Board since the end of the previous financial year. At the present moment, the Board consists of nine (9) members, comprising the Executive Chairman/ Managing Director, two (2) Executive Directors and six (6) Non-Executive Directors. Three (3) of the six (6) Non-Executive Directors are Independent Directors. Save for the period from 1 June 2005 to 9 August 2005 when the Company was formalising the appointments of new Board members, the composition of

the Board was maintained so that not less than one-third (1/3) of the Board members were Independent Directors in compliance with Paragraph 15.02 of Bursa Malaysia Listing Requirements.

Together, the Directors have a mix of skills and experience ranging from business, financial, legal and technical experience. The mix of skills and experience is vital for the successful direction of the Group. A brief profile of each Director is presented on pages 10 to 14.

The role of the Managing Director and Chairman is presently combined but it is the intention to appoint a non executive chairman when a suitable candidate is identified. Dato' Mohd Yusoff bin Haji Amin, a senior Independent Non-Executive Director, is the Referral Director to whom investor concerns may be conveyed.

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

All Directors are provided with agenda, minutes of the previous meeting and a set of Board papers prior to Board meetings. This is issued in sufficient time to enable the Directors to obtain further explanations where necessary, in order to be properly briefed before the meeting.

All Board members have access to all information within the Company and the advice and services of the Company Secretaries in carrying out their duties.

Management meetings are held during which the Executive Directors are briefed by the Management on operational aspects of the Group. During these meetings, Executive Directors are furnished with information on the operation units i.e. performance and problems. This enables the Executive Directors to participate in the problem solving and decision making processes.

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 subjects to re-election by shareholders at the first Annual General Meeting after their appointment. The Articles also provide that one third of the Directors for the time being, shall be subject to re-election by rotation at each Annual General Meeting.

1.5 Directors' Training

Appropriate training and briefings are made available to all Directors on appointment to the Board, and subsequently as necessary taking into account their individual qualifications and experience.

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 2005 is as follows:-

In RM	Executive Directors	Non-Executive Directors
Fees	59,500	43,208
Salaries	297,944	-
Bonuses & Incentives	117,754	-
Allowances	6,800	20,400
Total	481,998	63,608

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

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

2. COMMITTEES OF THE BOARD

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

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 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 20 to 22.

2.2 Remuneration Committee

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

- Mr. Sukhinderjit Singh Muker (Chairman)
- Dato' Mong Hua @ Low Mong Hua
- Dato' Mohd Yusoff bin Haji Amin
- Mr. Yap Soon Nam
(Appointed on 10 August 2005)

The Committee shall recommend to the Board the remuneration packages of the Managing Director, Executive Directors, in all its forms, drawing outside advice as necessary. The determination of remuneration packages of Non-Executive Director should be a matter for the Board as a whole.

During the financial year ended 30 April 2005, one (1) meeting was held, which was attended by all members of the committee.

2.3 Nomination Committee

The Committee members are:-

- Dato' Mohd Yusoff bin Haji Amin
- Mr. Sukhinderjit Singh Muker
- En. Mohd Hisham bin Harun
(Appointed on 10 August 2005)
- Dato' Mohd Bakke bin Salleh
(Resigned on 1 June 2005)

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 2005, one (1) meeting was held, which was attended by all members of the committee.

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 and investors may address their queries or seek information pertaining to Southern Acids (M) Berhad Group by writing to:-

Dato' Mohd Yusoff bin Haji Amin
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 28 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 20 to 22.

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 seek regular 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 2005 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.

CONCLUSION

The Board is of the view that the system of internal control that has been put in place throughout the Group is sound and sufficient. 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 28 September 2005.

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 2005 and the preceding financial year.

2. Material Contracts

Other than those disclosed in Note 20 to the financial statements of the Group and of the Company for the financial year ended 30 April 2005, 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 2005 or entered into since the end of the previous financial year ended 30 April 2004.

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 2005.

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

There was no amount paid or is payable to the external auditors, Messrs. Deloitte KassimChan, for non-audit related works.

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 2005, 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 2005.

10. Variation in Results

The Company did not release any profit estimates, forecast or projection for the financial year 30 April 2005. The audited results of the Company and 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-Third Annual General Meeting held on 29 October 2004, the Company obtained a shareholders' mandate to allow the Group to enter into recurrent related party transactions of a revenue or trading nature.

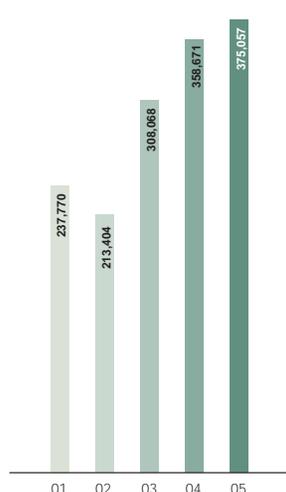
The said mandate takes effect on 29 October 2004 until the forthcoming Annual General Meeting of the Company.

At the forthcoming Annual General Meeting to be held on 27 October 2005, 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 5 October 2005 accompanying this Annual Report.

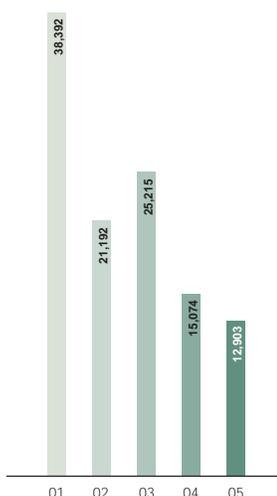
Five-Year Group Financial Summary

		2001	2002	2003	2004	2005
FINANCIAL PERFORMANCE						
Revenue	RM'000	237,770	213,404	308,068	358,671	375,057
Profit before taxation	RM'000	38,392	21,192	25,215	15,074	12,903
Net profit for the year	RM'000	38,806	21,423	26,049	10,118	12,573
FINANCIAL POSITION						
Total Assets	RM'000	375,580	381,507	404,924	442,469	436,920
Total Liabilities	RM'000	77,432	58,607	48,123	76,932	64,724
Net Current Assets	RM'000	12,535	42,470	69,607	76,427	71,802
Shareholders' Equity	RM'000	298,149	322,900	356,801	365,537	367,345
Issued Share Capital	RM'000	104,859	104,873	104,873	136,934	136,934
Net Tangible Assets	RM'000	296,645	321,221	339,439	352,223	351,794
KEY FIGURES						
Earnings Per Share	Sen	37.01	20.43	24.84	8.62	9.18
Dividend Per Share (Fully Diluted)	Sen	29.30	16.67	20.03	7.72	8.35
Dividend Per Share (Gross)	Sen	5.00	5.00	7.50	42.50	7.50
Net Tangible Assets Per Share	RM	2.83	3.06	3.24	2.57	2.57

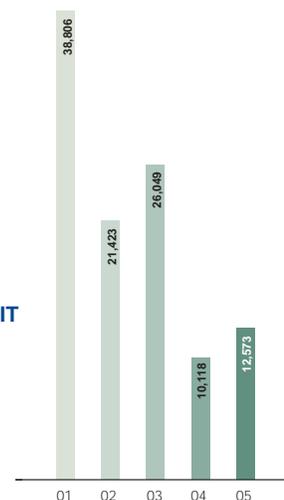
REVENUE
RM'000



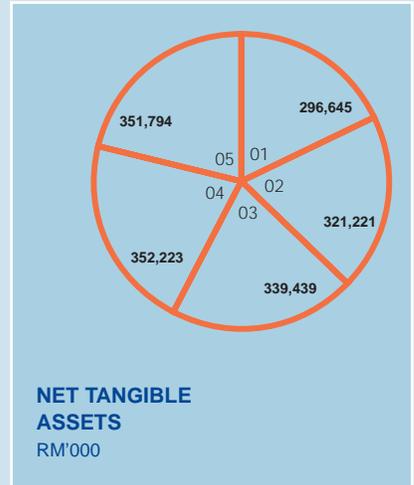
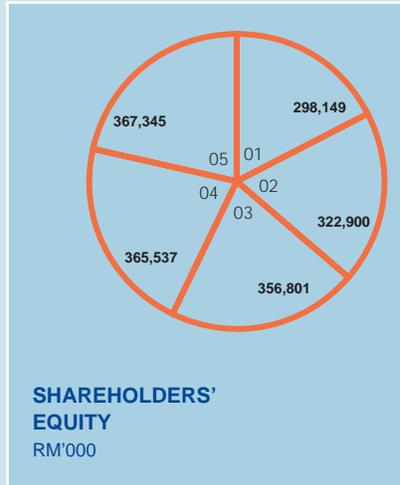
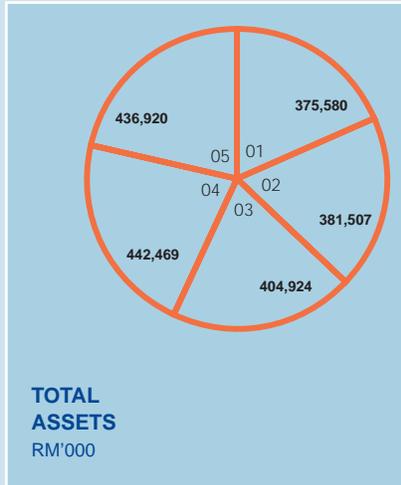
PROFIT BEFORE TAXATION
RM'000



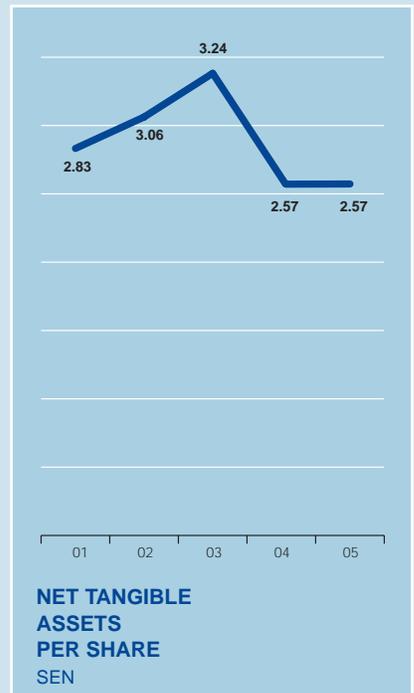
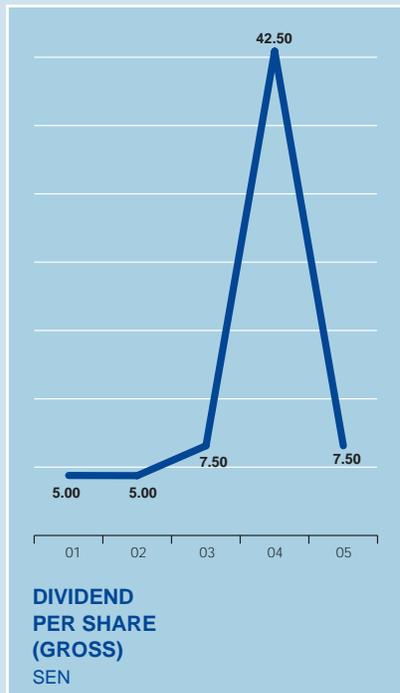
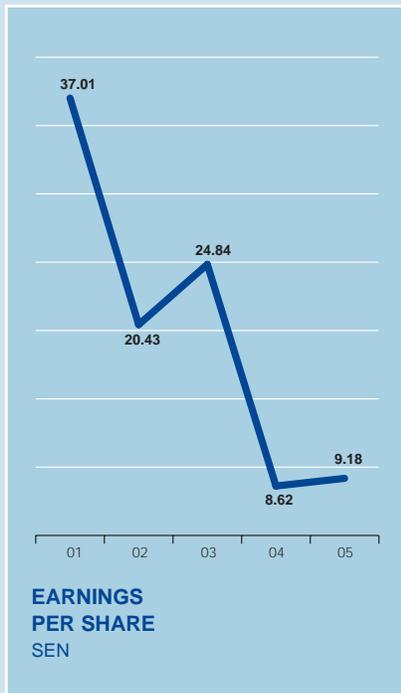
NET PROFIT FOR THE YEAR
RM'000



FINANCIAL PERFORMANCE

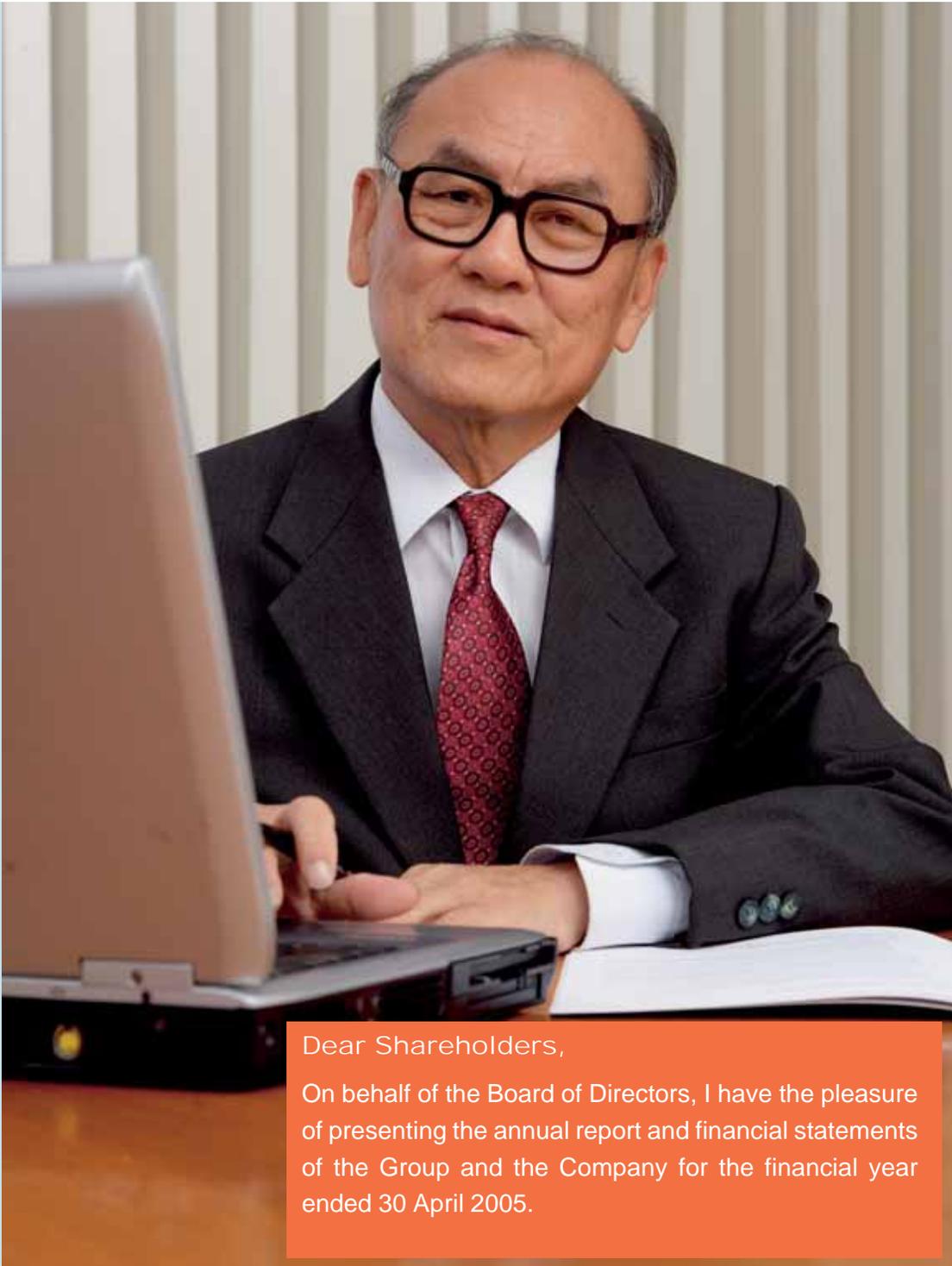


FINANCIAL POSITION



KEY FIGURES

Chairman's Statement



Dear Shareholders,

On behalf of the Board of Directors, I have the pleasure of presenting the annual report and financial statements of the Group and the Company for the financial year ended 30 April 2005.

REVIEW

This had been a challenging year for the Group in view of escalating fuel costs and the growing competition in the oleochemical industry.

Turnover during the year had increased by 4.57% to RM375.06 million from the RM358.67 million recorded in the last financial year. Profit before taxation, however decreased from RM15.07 million in the last financial year to RM12.90 million during the financial year under review. Included in the year's profit before taxation of RM12.90 million is a RM7.57 million write back of provision for diminution in value on the Company's quoted securities to the Income Statement. During the height of the economic crisis in the late 1990's, the Company had written down the value of its quoted securities by some RM12.47 million to reflect the impairment in the value of these investments then. With the stock market stabilising at the 900 plus point region lately, the Company feels that it is timely these quoted securities were re-stated at their lower of cost and net realisable value at the financial year-end. With this, about RM7.57 million were written back to the Income Statement.

On a like-to-like basis, Group profit before taxation had decreased from RM19.21 million (after adding back a one-time goodwill on consolidation write-off arising from PT Mustika Agro Sari acquisition of PT Wanasari Nusantara) in the previous financial year to RM5.33 million (RM12.90 million less RM7.57 million) in this financial year. The decrease was due mainly to the lower profit registered by the oleochemical division; whose profit before tax had fallen from RM14.93 million to RM0.60 million during the year. Lower profits were also generated by the Indonesian operations, whose profit before taxation had fallen from RM4.75 million (before a one-time goodwill on consolidation write-off arising from PT Mustika Agro Sari acquisition of PT Wanasari Nusantara) in the last financial year to RM2.82 million in the current financial year. The lower contribution by the oleochemical division and the Indonesian operations were mitigated by the improved results from the Group's hospital whose loss before taxation had fallen from RM2.45 million in the last financial year to RM0.25 million in the financial year under review.



OLEOCHEMICAL DIVISION

The Group continued to derive bulk of its revenue from the oleochemical division. For the financial year under review, the oleochemical division revenue accounted for 63.52% (2004:60.14%) of the Group revenue.

However, the financial year under review had been a very difficult one for the division in view of the escalating fuel costs and growing competition in the industry. These had eroded the division's profit margin. In spite of recording a 10.43% increased in turnover from the RM215.72 million recorded in the last financial year to RM238.23 million during the financial year under review, the division profit before taxation had reduced by RM14.33 million.

The division is taking steps to address the declining profits. The use of cheaper sources of energy has been identified and when put into place should bring about savings to the division. The division will also continue to place strong emphasis to increase its operational efficiency to remain profitable and competitive in the market.

INDONESIAN OPERATIONS

The operating conditions in Indonesia are proving to be increasingly difficult. PT Mustika Agro Sari, who operates a palm oil mill had seen its profit before tax falling from about RM5 million in 2004 to RM3.20 million during the financial year under review. The competition for fresh fruit bunches (FFB) among palm oil mills in the vicinity of its mill has driven up FFB costs and erode profit margin. The company's results were also affected by the weak Rupiah against US Dollars and has had to provide for an unrealised foreign exchange loss of RM1.23 million at the end of the financial year for two term loans which are denominated in US Dollars.

PT Wanasari Nusantara registered a lower loss before taxation of RM0.38 million in the financial year against RM0.57 million in the last financial year. The company has put much effort and attention to rehabilitate much of the planted area; adding fertilisers and clearing the land, where necessary to bring about improved yield. We should see better contributions from the company in the coming year.



HEALTH CARE DIVISION

The health care division continued to face many challenges during the financial year under review. The health care division registered a loss before taxation of RM0.74 million during the financial year against RM3.05 million in 2004. The improved results are assisted, in part by an improvement in the division's turnover which increased from the RM38.74 million recorded in the last financial year to RM40.76 million during the financial year. To further boost revenue, the hospital is in the process of increasing the number of consultation rooms and taking in more specialists to extend itself to a wider range of disciplines.

The division will continue to take steps to help the division to turnaround without compromising on quality health care. As society becomes more health conscious, the division should benefit from this.

YANGZHONG CHANGJIANG BRIDGE CO. LTD, CHINA

As reported in the last annual report, the Company together with our other joint venture partners in JWS Associates Sdn Bhd are contemplating disposing our 51% stake in Yangzhong Changjiang Bridge Co. Ltd, the company who was awarded the concessionary rights to manage and collect toll in Yangzhong Changjiang Bridge. At the present moment, negotiations are still on-going but we have, on prudent ground, stopped accounting for our share of profit in the venture as of 31 December 2004. For the financial year-ended April 2005, the joint venture contributed RM0.42 million to the Group against RM0.53 million in the last financial year.

DIVIDENDS

In recognition of your continuous support, the Board of Directors is pleased to recommend a final dividend of 5.50% (tax exempt) for the current financial year. The dividends are subject to shareholders' approval in this Annual General meeting to be held.



CHAIRMAN'S STATEMENT



BOARD CHANGES

During the financial year, Mr. Lim Boon Eng resigned from the Board. Mr. Lim Boon Eng was a co-founder of the Company and had been instrumental in charting the Company's and Group's direction and growth over the years. His vision, entrepreneur spirit and support have helped the Company and the Group to grow to what it is today. Subsequent to the end of the financial year, Dato' Mohd Bakke bin Salleh also resigned.

The Board is thankful to both Mr. Lim Boon Eng and Dato' Mohd Bakke bin Salleh for their contributions and guidance while they were in office and wishes to place on record its appreciation to them.

The Board wishes to welcome Mr. Lim Kim Long, who had earlier served as an alternate to Mr. Lim Boon Eng before the latter's resignation on 1 November 2004. The Board also welcomes Dato' Low Boon Eng, Mr. Yap Soon Nam and En. Mohd Hisham bin Harun (Lembaga Tabung Haji corporate representative in place of Dato' Mohd Bakke bin Salleh) to the Board. These new Board members bring with them valuable expertise and experience which will benefit the Group.

PROSPECTS

The forthcoming financial year will be challenging to the Group due to the high oil prices and the growing competition in the oleochemical industry. The high oil prices could fuel worldwide inflationary pressure and increase the Group's processing costs and erode profits. The Group will put in place, soonest possible cheaper sources of energy to mitigate the effects of escalating fuel prices.

The focus for the forthcoming year will be to sustain our market share and improve the profitability of the oleochemical division, increase our earning capacities from our Indonesian operations and make the health care division profitable.

In light of the challenges ahead, the Group will continue to exercise and employ prudence in its management and will strive to enhance its competitiveness and processing efficiency.

APPRECIATION

On behalf of the Board, I would like to extend our thanks to our valued customers, business partners, financiers and the relevant government authorities for their continued support. I would also like to express our appreciation to the management and staff of the Group for their dedication and hard work in seeing us through this challenging year.

In closing, my personal thanks and gratitude to my fellow directors for their valuable support and contribution, and our shareholders for their continued support and confidence in Southern Acids (M) Berhad.

Thank you.

Dato' Mong Hua @ Low Mong Hua

Chairman

28 September 2005



Southern Acids (M) Berhad

Company No. 64577-K
(Incorporated in Malaysia)



Financial Statements

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Directors' Report

The directors of **SOUTHERN ACIDS (M) BERHAD** have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended April 30, 2005.

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 13 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	12,903,025	19,336,653
Income tax credit	188,476	1,251,003
Profit after tax	13,091,501	20,587,656
Minority interests	(518,745)	-
Net profit for the year	12,572,756	20,587,656

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 other than the exceptional item as disclosed in Note 5 to the financial statements.

DIVIDENDS

A final dividend of 7.5%, less tax at 28%, amounting to RM7,394,443 proposed in the previous financial year and dealt with in the previous directors' report was paid by the Company during the current financial year.

The Directors proposed a final dividend (tax exempt) of 5.5% per ordinary share of RM1.00 each amounting to RM7,531,377 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.

EMPLOYEES' SHARE OPTION SCHEME (ESOS)

Under the Company's Employees' Share Option Scheme (ESOS) which will expire on April 15, 2006, the granting and the exercise of options to subscribe up to 10% of the issued and paid-up share capital of the Company are made available to eligible directors and employees of the Group.

The salient features of the scheme are as follows:

- (a) the granting and exercise of options to subscribe up to 10% the issued and paid-up share capital of the Company whereby
 - (i) not more than 50% of the shares available under the scheme shall be allocated, in aggregate, to executive directors and senior management and
 - (ii) not more than 10% of the shares available under the scheme would be allocated to any individual executive director or eligible employee, who either singly or collectively holds 20% or more of the issued and paid-up share capital of the Company;
- (b) eligible employees are those who have been confirmed in writing as employees of the Group for at least one year prior to the date of the offer and be at least eighteen (18) years of age on the date of offer;
- (c) the option is personal to the grantee and is non-assignable;
- (d) the option price shall be at a discount of not more than 10% of the weighted average market price of the Company's ordinary shares as shown in the Daily Official List issued by the Bursa Malaysia Securities Berhad (formerly known as Kuala Lumpur Stock Exchange) for the five trading days preceding the date of the offer in writing to the grantee or at the par value of the ordinary shares of the Company, whichever is higher;
- (e) the options granted may be accepted at anytime within forty-five days from the date of the offer; and
- (f) the options granted may be exercised in full or in lesser number of ordinary shares provided that the number shall be in multiples of 1,000 shares.

During the financial year, the Company has not offered any options to its eligible directors and employees.

OTHER FINANCIAL 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 no known bad debts to be written off and that no allowance for doubtful debts is necessary; 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.

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

- (a) which would require the writing off of bad debts or the setting up of allowance for doubtful debts in the financial statements of the Group and of the Company; 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.

OTHER FINANCIAL INFORMATION (cont'd)

No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

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

DIRECTORS

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

- Dato' Mong Hua @ Low Mong Hua, DPMS
- Dato' Mohd. Yusoff bin Haji Amin, SMS, PJK, JP
- Low Mun Chong
- Low Mong Chai @ Low Ah Kow
- Sukhinderjit Singh Muker
- Dato' Low Boon Eng, DPMS JP
(Appointed on 10.8.2005)
- Mohd Hisham Bin Harun
(Appointed on 10.8.2005)
- Yap Soon Nam
(Appointed on 10.8.2005)
- Lim Boon Eng
(Resigned on 1.11.2004)
- Lim Kim Long
(Resigned as alternate director to Lim Boon Eng on 1.11.2004; appointed as director on 10.8.2005)
- Dato' Mohd Bakke bin Salleh
(Resigned on 1.6.2005)

In accordance with Article 95 and 96 of the Company's Articles of Association, Dato' Mong Hua @ Low Mong Hua, DPMS and Sukhinderjit Singh Muker retire by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves 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.

In accordance with Article 101 of the Company's Articles of Association, Dato' Low Boon Eng, DPMS, JP, Mohd Hisham bin Harun, Yap Soon Nam and Lim Kim Long whom were appointed since the last Annual General Meeting, retire at the forth coming Annual General Meeting and, being eligible, offer themselves for re-election.

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 30.4.2005
	Balance as of 1.5.2004	Bought	Sold	
Shares in the Company				
Registered in name of directors				
Direct interest				
Dato' Mong Hua @ Low Mong Hua, DPMS	6,973,846	2,244,000	-	9,217,846
Low Mun Chong	1,296,498	220,000	-	1,516,498
Low Mong Chai @ Low Ah Kow	201,495	60,000	-	261,495
Deemed interest				
Dato' Mong Hua @ Low Mong Hua, DPMS *	65,145,923	-	-	65,145,923

Notes:

* By virtue of his interest in Southern Cocoa Products Marketing Sdn. Bhd., Banting Hock Hin Estate Co. Sdn. Bhd., Southern Realty (Malaya) Sdn. Berhad, Hock Joo Plantation Sdn. Berhad, Naga Wira Sdn. Berhad, Bekalan Utama Sdn. Berhad, Southern Edible Oil Industries (M) Sdn. Berhad and Serata Kaya Sdn. Berhad.

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 the financial year.

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

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the directors of the Company has received or become entitled to receive any benefit (other than the benefit included in the aggregate amount of emoluments received or due and receivable, by the directors as disclosed in the financial statements) by reason of a contract made by the Company or a related corporation with any director or with a firm of which 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 20 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,

DATO' MONG HUA @ LOW MONG HUA, DPMS

LOW MUN CHONG

Klang,
August 25, 2005

Report of the Auditors to the Members of *Southern Acids (M) Berhad*

We have audited the accompanying balance sheets as of April 30, 2005 and the related statements of income, cash flows and changes in equity for the year then ended. These financial statements are the responsibility of the Company's directors. It is our responsibility to form an independent opinion, based on our audit, on these financial statements 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 content of this report.

We conducted our audit in accordance with approved standards on auditing in Malaysia. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the abovementioned financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable approved accounting standards in Malaysia so as to give a true and fair view of:
 - (i) the state of affairs of the Group and of the Company as of April 30, 2005 and of the results and the cash flows of the Group and of the Company for the year ended on that date; and
 - (ii) the matters required by Section 169 of the Act to be dealt with in the financial statements and consolidated financial statements; and
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and by the subsidiary company of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

We have considered the financial statements and auditors' reports of the subsidiary companies of which we have not acted as auditors as shown in Note 13 to the Financial Statements, being financial statements that have been included in the consolidated financial statements.

We are satisfied that the financial statements of the subsidiary companies that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements, and we have received satisfactory information and explanations as required by us for these purposes.

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

WU CHIH SHAN
1887/03/06 (J)
Partner

August 25, 2005

Income Statements

FOR THE YEAR ENDED APRIL 30, 2005

	Note	The Group		The Company	
		2005 RM	2004 RM	2005 RM	2004 RM
Revenue	4	375,057,306	358,671,058	244,329,796	219,026,675
Other operating income	5	8,642,108	881,955	7,598,342	-
Changes in inventories of finished goods and work-in-progress		(3,537,544)	4,024,121	-	-
Raw materials and consumables used		(276,666,460)	(247,375,563)	-	-
Purchase of trading merchandise		(222,543)	(198,602)	(232,629,185)	(210,384,398)
Share in profits of associated company		424,572	527,697	-	-
Depreciation of property, plant and equipment		(15,884,364)	(15,206,191)	-	-
Directors' remuneration	6	(806,838)	(1,171,654)	(117,908)	(157,600)
Staff costs	5	(24,015,358)	(24,810,149)	(326,503)	(252,292)
Other operating expenses	5	(49,819,372)	(60,144,463)	(322,561)	(515,049)
Profit from operations		13,171,507	15,198,209	18,531,981	7,717,336
Finance costs	7	(1,363,678)	(879,492)	-	-
Income from other investments	8	1,095,196	754,895	804,672	308,765
Profit before tax		12,903,025	15,073,612	19,336,653	8,026,101
Income tax credit/(expense)	9	188,476	(4,501,266)	1,251,003	-
Profit after tax		13,091,501	10,572,346	20,587,656	8,026,101
Minority interests		(518,745)	(454,771)	-	-
Net profit for the year		12,572,756	10,117,575	20,587,656	8,026,101
Earnings per share (sen)					
Basic	11	9.18	8.62		
Fully diluted	11	8.35	7.72		

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

Balance Sheets

AS AT APRIL 30, 2005

	Note (s)	The Group		The Company	
		2005 RM	2004 RM	2005 RM	2004 RM
ASSETS					
Property, plant and equipment	12	270,142,191	280,292,822	-	-
Investment in subsidiary companies	13	-	-	43,823,499	43,823,499
Investment in associated company	14	6,642,956	6,218,384	30,000	30,000
Other investments	15	22,764,971	13,543,873	22,764,971	13,543,873
Property development expenditure	16	3,977,112	3,601,851	-	-
Deferred tax assets	17	15,550,291	13,313,400	1,476,311	-
Current Assets					
Inventories	18	39,159,303	38,353,796	-	-
Trade receivables	19&20	30,581,439	35,220,502	25,392,093	28,474,131
Other receivables, deposits and prepaid expenses	19&20	6,487,323	5,967,087	728,027	1,602,016
Amount owing by subsidiary companies	20	-	-	225,107,199	233,282,851
Amount owing by associated company	20	462,000	663,829	462,000	663,829
Fixed deposits, short-term placements, cash and bank balances	21	41,152,373	45,293,286	30,277,241	32,873,547
		117,842,438	125,498,500	281,966,560	296,896,374
Current Liabilities					
Trade payables	20&22	14,130,391	16,024,863	-	-
Other payables and accrued expenses	20&22	26,482,472	26,801,810	1,350,187	1,623,712
Amount owing to subsidiary companies	20	-	-	121,706,499	136,262,267
Amount owing to directors	23	74,786	463,500	-	4,997
Bank borrowings	24	4,897,328	5,580,657	-	2,608,315
Tax liabilities		334,211	79,263	-	-
Dividend payable		121,500	121,500	121,500	121,500
		46,040,688	49,071,593	123,178,186	140,620,791
Net Current Assets					
		71,801,750	76,426,907	158,788,374	156,275,583
Long-term and Deferred Liabilities					
Term loans	26	(16,038,313)	(20,951,713)	-	-
Provision for retirement benefits	27	(2,645,028)	(2,503,865)	(141,258)	(124,271)
		(18,683,341)	(23,455,578)	(141,258)	(124,271)
Minority interests					
		(4,851,349)	(4,404,850)	-	-
Net Assets					
		367,344,581	365,536,809	226,741,897	213,548,684
Represented by:					
Issued capital	28	136,934,132	136,934,132	136,934,132	136,934,132
Reserves	29	230,410,449	228,602,677	89,807,765	76,614,552
Shareholders' Equity					
		367,344,581	365,536,809	226,741,897	213,548,684

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

Statements of Changes in Equity

FOR THE YEAR ENDED APRIL 30, 2005

The Group	Note	← Non-distributable Reserves →			Distributable Reserve		Total RM
		Issued Capital RM	Share Premium RM	Foreign Exchange Reserve RM	Capital Reserve RM	Unappropriated Profit RM	
Balance as of May 1, 2003		104,873,187	15,084,483	3,707,216	7,220,556	225,915,752	356,801,194
Net profit for the year		-	-	-	-	10,117,575	10,117,575
Dividends	10	-	-	-	-	(52,465,415)	(52,465,415)
Issue of shares	28&29	32,060,945	19,236,567	-	-	-	51,297,512
Exchange differences arising on translation of overseas subsidiary companies		-	-	(214,057)	-	-	(214,057)
Balance as of April 30, 2004		136,934,132	34,321,050	3,493,159	7,220,556	183,567,912	365,536,809
Net profit for the year		-	-	-	-	12,572,756	12,572,756
Dividends	10	-	-	-	-	(7,394,443)	(7,394,443)
Exchange differences arising on translation of overseas subsidiary companies		-	-	(3,370,541)	-	-	(3,370,541)
Balance as of April 30, 2005		136,934,132	34,321,050	122,618	7,220,556	188,746,225	367,344,581

The Company	Note	Non-distributable Reserve			Distributable Reserve		Total RM
		Issued Capital RM	Share Premium RM	Unappropriated Profit RM	Share Premium RM	Unappropriated Profit RM	
Balance as of May 1, 2003		104,873,187	15,084,483	86,732,816			206,690,486
Net profit for the year		-	-	8,026,101			8,026,101
Dividends	10	-	-	(52,465,415)			(52,465,415)
Issue of shares	28&29	32,060,945	19,236,567	-			51,297,512
Balance as of April 30, 2004		136,934,132	34,321,050	42,293,502			213,548,684
Net profit for the year		-	-	20,587,656			20,587,656
Dividends	10	-	-	(7,394,443)			(7,394,443)
Balance as of April 30, 2005		136,934,132	34,321,050	55,486,715			226,741,897

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

Cash Flow Statements

FOR THE YEAR ENDED APRIL 30, 2005

Note	The Group		The Company	
	2005 RM	2004 RM	2005 RM	2004 RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax	12,903,025	15,073,612	19,336,653	8,026,101
Adjustments for:				
Depreciation of property, plant and equipment	15,884,364	15,206,191	-	-
Finance costs	1,363,678	879,492	-	-
Unrealised loss/(gain) on foreign exchange	1,130,953	-	(25,086)	-
Provision for retirement benefits	312,913	471,687	16,987	124,271
Write back of allowance for diminution in value of quoted shares	(7,573,256)	-	(7,573,256)	-
Dividend income	(1,200,611)	(842,277)	(11,700,611)	(8,642,277)
Interest income	(1,095,196)	(754,895)	(804,672)	(308,765)
Share in profits of associated company	(424,572)	(527,697)	-	-
Gain on disposal of property, plant and equipment	(30,737)	-	-	-
Bad debts written off	-	7,425	-	-
Goodwill on consolidation written off	-	3,692,168	-	-
Allowance for doubtful debts	-	60,000	-	-
Property, plant and equipment written off	-	10,300	-	-
Operating Profit/(Loss) Before Working Capital Changes	21,270,561	33,276,006	(749,985)	(800,670)
(Increase)/Decrease in:				
Inventories	(805,507)	(5,927,609)	-	-
Trade receivables	4,664,148	1,914,824	3,107,124	(2,478,859)
Other receivables and prepaid expenses	575,204	4,496,854	667,809	(911,645)
Amount owing by subsidiary companies	-	-	8,212,699	1,378,523
Increase/(Decrease) in:				
Trade payables	(1,894,472)	3,350,190	-	-
Other payables and accrued expenses	(386,264)	(5,766,046)	(268,569)	(451,506)
Amount owing to subsidiary companies	-	-	(14,565,722)	3,094,136
Amount owing to directors	(388,714)	(301,935)	-	-
Property development expenditure paid	(375,261)	(130,795)	-	-
Cash Generated From/(Used In) Operations	22,659,695	30,911,489	(3,596,644)	(170,021)
Interest received	1,095,196	754,895	767,625	-
Income tax paid	(2,888,907)	(1,536,637)	(19,127)	-
Finance costs paid	(1,363,678)	(879,492)	-	-
Retirement benefits paid	(171,750)	(257,922)	-	-
Net Cash From/(Used In) Operating Activities	19,330,556	28,992,333	(2,848,146)	(170,021)

CASH FLOW STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2005

	Note	The Group		The Company	
		2005 RM	2004 RM	2005 RM	2004 RM
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES					
Dividend received		1,200,611	842,277	11,700,611	8,642,277
Repayment from associated company		201,829	1,103,171	201,829	1,103,171
Proceeds from disposal of property, plant and equipment		31,760	507,873	-	-
Additions to property, plant and equipment		(9,423,511)	(9,462,486)	-	-
Additional investment in quoted shares		(1,647,842)	-	(1,647,842)	-
Net cash outflow on acquisition of subsidiary company (Note 13)		-	(17,171,257)	-	-
Net Cash (Used In)/From Investing Activities		(9,637,153)	(24,180,422)	10,254,598	9,745,448
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES					
Dividend paid		(7,394,443)	(52,465,415)	(7,394,443)	(52,465,415)
Repayment of term loans		(2,363,600)	(475,000)	-	-
Repayment of hire-purchase liabilities		(5,320)	(47,960)	-	-
Proceeds from exercise of warrants		-	51,297,512	-	51,297,512
Proceeds from term loans		-	14,060,000	-	-
Proceeds from issuance of shares to minority shareholders		-	1,683,750	-	-
Net Cash (Used In)/From Financing Activities		(9,763,363)	14,052,887	(7,394,443)	(1,167,903)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(69,960)	18,864,798	12,009	8,407,524
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		41,844,429	23,137,771	30,265,232	21,857,708
EFFECT OF EXCHANGE RATES DIFFERENCES		(837,824)	(158,140)	-	-
CASH AND CASH EQUIVALENTS AT END OF YEAR	30	40,936,645	41,844,429	30,277,241	30,265,232

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 13.

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

The total number of employees of the Group and the Company as at year end were 1,390 (2004 : 1,018) and 3 (2004 : 3) respectively.

The registered office of the Company is located at No. 26, Jalan Istana, 41000 Klang, Selangor Darul Ehsan.

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.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the Group and of the Company have been approved by the Board of Directors for issuance on August 25, 2005.

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 applicable approved accounting standards of Malaysian Accounting Standards Board.

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.

Revenue

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

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

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Foreign Currency Translations

Transactions in foreign currencies are converted into Ringgit Malaysia at the exchange rates prevailing at the transaction dates, or where settlement has not yet been made at the end of the financial year, at the approximate exchange rates prevailing at that date. All gains or losses on foreign exchange are taken up in the income statements.

For the purpose of consolidation, the financial statements of foreign incorporated subsidiary companies have been translated into Ringgit Malaysia as follows:

Assets and liabilities - at the following closing rates per unit of Ringgit Malaysia:

	2005	2004
Indonesia Rupiah	2,518.89	2,288.33
Hong Kong Dollar	2.0524	2.0528

Issued capital - at historical rate

Revenue and expenses - at average rate

Gains or losses on translation into Ringgit Malaysia are taken up in the foreign exchange reserve account.

Income Tax

The tax effects of transactions are recognised, using the "balance sheet" method and all taxable temporary differences are recognised. Where such temporary differences would give rise to net deferred tax asset, the tax effects are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Impairment of Assets

The carrying amounts of property, plant and equipment, investment in subsidiary companies and associated company, other investments and property development expenditure 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. All impairment losses are recognised in the income statements.

An impairment loss is only reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. All reversals are recognised in the income statements.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Property, Plant and Equipment

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

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.

The carrying amounts of property, plant and equipment are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such an indication exists, the assets' recoverable amounts are estimated. An impairment loss is recognised whenever the carrying amount of an item of property, plant and equipment exceeds its recoverable amount. The impairment loss is charged to the income statements unless it reverses a previous revaluation in which case it is treated as a revaluation decrease.

Depreciation and amortisation 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 the estimated useful lives. The principal annual rates used are as follows:

Land improvement	3.33% - 10%
Factory buildings	2%
Plantation land right	3.33%
Plantation	3% - 5%
Palm oil mills	3.33%
Hospital building	2% - 10%
Medical equipment	10%
Plant, machinery, equipment and electrical installation	7.5% - 25%
Motor vehicles	20% - 25%
Office equipment, furniture and fittings	10% - 25%
Leasehold warehouse cum office block	10%
Freehold warehouse	2%

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.

Basis of Consolidation

Subsidiary companies are those enterprises controlled by the Company. Control exists when the Company has the power to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities.

The consolidated financial statements include the financial statements of the Company and all its subsidiary companies as shown in Note 13 made up to the end of the financial year.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Basis of Consolidation (Cont'd)

All significant intercompany balances and transactions are eliminated on consolidation.

The Group adopts both the acquisition and merger method of consolidation.

- (a) When the acquisition method is adopted, the assets and liabilities of the relevant subsidiary companies are measured at their fair values at the date of acquisition. The interest of minority shareholders is stated at the minority's proportion of the fair values of the assets and liabilities recognised.

The results of subsidiary companies acquired or disposed of during the financial year are included in the income statements from the effective date of acquisition or up to the effective date of disposal.

- (b) Under the merger method of consolidation, acquisition of subsidiary companies which meet the criteria for merger accounting under the Companies Act, 1965 and Malaysian Accounting Standard No. 2, Accounting for Acquisitions and Mergers, are accounted using the merger accounting principles.

The Company has used the merger relief under Section 60(4)(a) of the Companies Act, 1965 and, accordingly, the excess of the issue price over the nominal value of the new shares issued for the acquisition of additional equity interest in one of its subsidiary companies is not recorded as share premium in the Company's financial statements.

Goodwill/(Reserve) on Consolidation

Goodwill/(reserve) arising on consolidation which represents the excess/(deficit) of the purchase consideration over the fair values of the identifiable net assets acquired of a subsidiary company at the date of acquisition, is written off to the income statements.

Investment in Subsidiary Companies

Investment in unquoted shares of the subsidiary companies, which is eliminated on consolidation, is stated at cost in the Company's financial statements. Where there is an indication of impairment in the value of the assets, the carrying amount of the investments is assessed and written down immediately to its recoverable amount.

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 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. The carrying amount of such investment is reduced to recognise any decline, other than a temporary decline, 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 except where unrealised losses provide evidence of an impairment of the asset transferred.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Other Investments

Investments in quoted and unquoted shares are stated at cost, less impairment in the value of the investments to recognise any decline, other than a temporary decline in the value of the investments.

Property Development Expenditure

Property development revenue are recognised for all units sold using the percentage of completion method, by reference to the stage of completion of the property development projects at the balance sheet date as measured by the proportion that development costs incurred for work performed to-date bear to the estimated total property development costs on completion.

When the outcome of a property development activity cannot be estimated reliably, property development revenue is recognised to the extent of property development costs incurred that is probable of recovery.

Any anticipated loss on property development project (including costs to be incurred over the defects liability period), is recognised as an expense immediately.

Inventories of unsold completed development units are stated at the lower of cost and net realisable value.

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 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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

(b) Defined benefit plans

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.

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. REVENUE

An analysis of revenue is as follows:

	The Group		The Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Manufacturing and marketing	238,621,637	216,064,415	232,629,185	210,384,398
Plantation	91,075,417	99,079,060	-	-
Development, managing and operating of private hospital	39,216,430	37,281,711	-	-
Warehousing and bulk conveyor operations	3,421,241	3,552,620	-	-
Administrative services	1,521,970	1,850,975	-	-
Dividend income	1,200,611	842,277	11,700,611	8,642,277
	375,057,306	358,671,058	244,329,796	219,026,675

5. OTHER OPERATING INCOME/(EXPENSES)

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

	The Group		The Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Exceptional item:				
Write back of allowance for diminution in value of quoted shares	7,573,256	-	7,573,256	-
Realised gain on foreign exchange	373,372	432,948	-	-
Rental income	103,883	-	-	-
Gain on disposal of property, plant and equipment	30,737	-	-	-
Goodwill on consolidation written off	-	(3,692,168)	-	-
Unrealised (loss)/gain on foreign exchange	(1,130,953)	-	25,086	-
Lease rental of land	(376,358)	(376,358)	-	-
Provision for retirement benefits	(312,913)	(471,687)	(16,987)	(124,271)
Rental of:				
Storage tanks	(280,926)	(245,328)	-	-
Premises paid/payable to related party (Note 20)	(254,765)	(274,755)	-	-
Warehouse	(183,227)	-	-	-
Plant and machinery	(28,080)	-	-	-
Motor vehicles	(1,353)	-	-	-
Premises paid/payable to third parties	(1,040)	(1,303)	-	-
Audit fee				
- current	(106,473)	(99,740)	(25,000)	(25,000)
- over/(under) provision in prior year	3,040	(14,031)	-	-
Allowance for doubtful debts	-	(60,000)	-	-
Property, plant and equipment written off	-	(10,300)	-	-
Bad debts written off	-	(7,425)	-	-

Staff cost include salaries, bonus, contributions to Employees' Provident Fund ("EPF") and all other related expenses. Contributions to EPF for the staff during the current financial year for the Group and Company amounted to RM1,939,883 and RM32,630 (2004 : RM1,771,532 and RM14,705) respectively.

6. DIRECTORS' REMUNERATION

	The Group		The Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Company's directors				
Executive directors:				
Fees	59,500	68,000	59,500	68,000
Other emoluments	695,730	1,012,854	6,400	10,800
	755,230	1,080,854	65,900	78,800
Non-executive directors:				
Fees	43,208	68,000	43,208	68,000
Other emoluments	8,400	22,800	8,800	10,800
	51,608	90,800	52,008	78,800
	806,838	1,171,654	117,908	157,600

Contributions to EPF for the directors during the current financial year for the Group amounted to RM25,305 (2004 : RM20,724).

7. FINANCE COSTS

	The Group		The Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Interest on:				
Term loans	1,191,713	864,550	-	-
Bank overdrafts	171,457	13,409	-	-
Hire-purchase	508	1,533	-	-
	1,363,678	879,492	-	-

8. INCOME FROM OTHER INVESTMENTS

	The Group		The Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Interest income on fixed deposits and short-term placements with licensed banks	1,095,196	754,895	767,625	54,180
Interest income receivable from subsidiary company	-	-	37,047	254,585
	1,095,196	754,895	804,672	308,765

9. INCOME TAX EXPENSE/(CREDIT)

	The Group		The Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Current estimated tax payable	2,203,395	456,654	225,308	-
Deferred taxation (Note 17)	2,129,604	4,049,000	2,201,754	-
	4,332,999	4,505,654	2,427,062	-
Over provision of current tax in prior year	(154,980)	(4,388)	-	-
Under provision of deferred taxation in prior year (Note 17)	(4,366,495)	-	(3,678,065)	-
	(4,521,475)	(4,388)	(3,678,065)	-
	(188,476)	4,501,266	(1,251,003)	-

The income tax expense of the year can be reconciled to the profit before tax per the income statement as follows:

	The Group		The Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Profit before tax	12,903,025	15,073,612	19,336,653	8,026,101
Tax at the applicable tax rate of 28%	3,612,847	4,220,611	5,414,263	2,247,308
Tax effects of:				
Expenses that are not deductible in determining taxable profit	607,187	122,944	26,799	126,288
Deferred tax assets not recognised during the year	297,921	420,263	-	-
Income not subject to tax	(184,956)	(224,472)	(3,014,000)	(2,332,019)
Others	-	(33,692)	-	(41,577)
Tax expense	4,332,999	4,505,654	2,427,062	-

A subsidiary company has tax-exempt profits amounting to approximately RM185,893,275 (2004 : RM196,393,000) arising from tax-exempt profits earned during the pioneer period under the Promotion of Investments Act, 1986. This exempt profits account is available for distribution as tax-exempt dividends to the shareholders of the said subsidiary company and is subject to approval by the tax authorities.

10. DIVIDENDS

	The Group and the Company	
	2005 RM	2004 RM
Final dividend of 7.5%, less tax at 28%, in 2004	7,394,443	-
Interim dividend of 35%, tax exempt; 25%, tax exempt in 2003	-	47,218,784
Final dividend of 5% per share, tax exempt in respect of 2003 and 2002	-	5,246,631
	7,394,443	52,465,415

The Directors proposed a final dividend (tax exempt) of 5% per ordinary share of RM1.00 each amounting to RM7,531,377 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.

11. EARNINGS PER SHARE

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the net profit for the year attributable to shareholders of the Company by the weighted average number of ordinary shares in issue during the financial year.

	The Group	
	2005 RM	2004 RM
Net profit for the year	12,572,756	10,117,575
Weighted average number of ordinary shares in issue	136,934,132	117,417,751
Basic earnings per share (sen)	9.18	8.62

11. EARNINGS PER SHARE (CONT'D)

(b) Fully diluted earnings per share

Fully diluted earning per share is calculated by dividing the adjusted profit after taxation less minority interests for the financial year by the adjusted weighted average number of ordinary shares in issue and issuable during the financial year. The Company's dilutive potential ordinary shares is its ESOS.

	The Group	
	2005	2004
	RM	RM
Net profit for the year	12,572,756	10,117,575
Weighted average number of ordinary shares in issue (as in (a) above)	136,934,132	117,417,751
Adjusted for ESOS	13,693,413	13,693,413
Adjusted weighted average number of ordinary shares in issue and issuable	150,627,545	131,111,164
Fully diluted earnings per share (sen)	8.35	7.72

The Group's adjusted weighted average number of ordinary shares in issue and issuable for the financial year ended April 30, 2005, and 2004 have been arrived at based on the assumption that dilutive share options are exercised at beginning of year.

12. PROPERTY, PLANT AND EQUIPMENT**The Group**

Cost	Beginning of year RM	Additions RM	Effects of foreign exchange translation RM	Disposals RM	Re- classification RM	End of year RM	Net book value	
							2005 RM	2004 RM
Freehold land and land improvement	145,697,749	-	-	-	-	145,697,749	145,697,749	145,697,749
Factory buildings	7,238,561	-	-	-	-	7,238,561	5,348,158	5,978,309
Plantation land right	467,444	-	(42,787)	-	-	424,657	339,725	397,327
Plantation	31,449,050	3,515,064	(2,009,376)	-	-	32,954,738	31,154,508	30,449,661
Palm oil mills	20,385,736	478,464	(1,865,971)	-	-	18,998,229	13,690,006	16,554,277
Hospital building	23,659,429	-	-	-	-	23,659,429	21,771,371	21,771,371
Medical equipment	40,393,131	322,731	-	-	-	40,715,862	18,928,446	22,669,261
Plant, machinery, equipment and electrical installation	92,260,338	2,765,059	(189,157)	-	-	94,836,240	17,256,675	21,031,477

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

The Group

Cost	Beginning	Additions	Effects of	Disposals	Re-	End	Net book value	
	of year		foreign			of year	2005	2004
	RM	RM	translation	RM	classification	RM	RM	RM
Motor vehicles	3,316,199	475,875	(76,139)	(49,109)	-	3,666,826	1,076,736	1,070,833
Office equipment, furniture and fittings	15,915,451	415,890	(27,625)	-	-	16,303,716	7,804,483	8,967,525
Leasehold warehouse cum office block	5,924,986	-	-	-	-	5,924,986	87,313	104,027
Freehold warehouse	2,310,056	-	-	-	-	2,310,056	2,001,748	2,048,017
Construction-progress:								
Plant and machinery	3,354,773	1,423,409	-	-	-	4,778,182	4,778,182	3,354,773
Building	198,215	27,019	(18,143)	-	-	207,091	207,091	198,215
Total	392,571,118	9,423,511	(4,229,198)	(49,109)	-	397,716,322	270,142,191	280,292,822

The Group

Accumulated depreciation	Beginning	Charge for	Effects of	Disposals	Re-	End	Depreciation
	of year	the year	foreign			of year	Charge for
	RM	RM	translation	RM	classification	RM	2004
Freehold land and land improvement	-	-	-	-	-	-	-
Factory buildings	1,260,252	630,151	-	-	-	1,890,403	156,963
Plantation land right	70,117	21,233	(6,418)	-	-	84,932	38,954
Plantation	999,389	892,318	(91,477)	-	-	1,800,230	678,611
Palm oil mills	3,831,459	1,827,470	(350,706)	-	-	5,308,223	1,937,132
Hospital building	1,888,058	-	-	-	-	1,888,058	473,189
Medical equipment	17,723,870	4,063,546	-	-	-	21,787,416	4,045,626
Plant, machinery, equipment and electrical installation	71,228,861	6,409,132	(58,428)	-	-	77,579,565	5,917,003
Motor vehicles	2,245,366	418,998	(26,188)	(48,086)	-	2,590,090	350,729
Office equipment, furniture and fittings	6,947,926	1,558,533	(7,226)	-	-	8,499,233	1,545,069
Leasehold warehouse cum office block	5,820,959	16,714	-	-	-	5,837,673	16,714
Freehold warehouse	262,039	46,269	-	-	-	308,308	46,201
Total	112,278,296	15,884,364	(540,443)	(48,086)	-	127,574,131	15,206,191

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

The factory buildings of the Group are situated on a parcel of land belonging to a company in which certain directors of the Company are also directors.

The leasehold warehouse cum office block and certain plant, machinery, equipment and electrical installation of the Group belonging to two subsidiary companies are situated on a parcel of leasehold land leased from Lembaga Pelabuhan Kelang. The primary lease expired on March 15, 2003 and was renewed for a period of another seven years up to 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.

As of April 30, 2005, the title to a parcel of leasehold land and a parcel of freehold land and building of two subsidiary companies with carrying value of RM30,642,033 (2004 : RM31,115,221) has not been registered in the name of the subsidiary companies.

Certain property, plant and equipment of two subsidiary companies with net book values totalling RM7,109,522 (2004 : RM7,100,849) are pledged as security to certain local banks for bank overdrafts and other credit facilities as mentioned in Note 24.

Included in property, plant and equipment of the Group are fully depreciated assets which are still in use, with a cost of approximately RM24,576,367 (2004 : RM19,628,830).

13. INVESTMENT IN SUBSIDIARY COMPANIES

	The Company	
	2005 RM	2004 RM
Unquoted shares - At cost	43,823,499	43,823,499

The subsidiary companies are as follows:

Direct Subsidiary Companies	Country of Incorporation	Effective Equity Interest		Principal Activities
		2005	2004	
Southern Management (M) Sdn. Bhd.*	Malaysia	100%	100%	Provision of administrative 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%	Warehousing
PKE Transport (Malaysia) Sdn. Bhd.*	Malaysia	91.9%	91.9%	Bulk conveyor operations

13. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

Direct Subsidiary Companies	Country of Incorporation	Effective Equity Interest		Principal Activities
		2005	2004	
SAB Properties Development Co. Sdn. Berhad *	Malaysia	100%	100%	Property development
SAB (East Asia) Holdings Ltd.*	Hong Kong	100%	100%	Investment holding
Noble Interest Sdn. Bhd.*	Malaysia	100%	100%	Owner, lessor and manager of hospital building
Southern Medicare Sdn. Bhd.*	Malaysia	100%	100%	Operator of private hospital
Wilstar Sdn. Bhd. *	Malaysia	100%	100%	Trading
SAB Plantation Sdn. Bhd. *	Malaysia	100%	100%	Pre-operating
Firstview Development Sdn. Bhd. *	Malaysia	80%	80%	Investment holding and oil palm plantation
Centre For Sight Sdn. Bhd. *	Malaysia	100%	100%	Lasik eye correction centre
Supagri Ventures Sdn. Berhad *	Malaysia	90%	90%	Pre-operating
Indirect Subsidiary Companies				
Pembinaan Gejati Sdn. Bhd.* (Held through SAB Properties Development Co. Sdn. Bhd.)	Malaysia	100%	100%	Oil palm plantation operations and 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.

13. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

The effect of the acquisition of a subsidiary company on the financial position of the Group in 2004 is as follows:

	2004
	RM
Assets and liabilities acquired:	
Goodwill on consolidation	3,692,168
Property, plant and equipment	25,867,534
Inventories	83,080
Receivables	1,056,672
Cash and bank balances	90,243
Payables	(13,528,197)
Net assets acquired	17,261,500
Less: Cash and bank balances	(90,243)
Net cash outflow on acquisition	<u>17,171,257</u>

The effect of the abovementioned acquisitions on the financial results of the Group in 2004 is as follows:

	2004
	RM
Revenue	1,652,550
Cost of goods sold	(1,883,978)
Loss from operations	(231,428)
Operating expenses	(514,916)
Loss before tax	(746,344)
Income tax expense	-
Loss after tax	<u>(746,344)</u>

14. INVESTMENT IN ASSOCIATED COMPANY

	The Group		The Company	
	2005	2004	2005	2004
	RM	RM	RM	RM
Unquoted shares - at cost	30,000	30,000	30,000	30,000
Share of post - acquisition reserves	6,612,956	6,188,384	-	-
	<u>6,642,956</u>	<u>6,218,384</u>	<u>30,000</u>	<u>30,000</u>

14. INVESTMENT IN ASSOCIATED COMPANY (CONT'D)

Analysis of associated company is as follows:

	The Group	
	2005 RM	2004 RM
Group's share of tangible assets	6,642,956	6,218,384

The associated company is as follows:

Associated Company	Country of Incorporation	Effective Equity Interest		Principal Activities
		2005	2004	
JWS Projects Sdn. Bhd.	Malaysia	30%	30%	Investment holding

15. OTHER INVESTMENTS

	The Group		The Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Shares in Malaysia:				
Quoted shares - at cost	27,201,932	25,554,090	27,201,932	25,554,090
Less: Allowance for diminution in value	(4,892,961)	(12,466,217)	(4,892,961)	(12,466,217)
	22,308,971	13,087,873	22,308,971	13,087,873
Unquoted shares - at cost	456,000	456,000	456,000	456,000
	<u>22,764,971</u>	<u>13,543,873</u>	<u>22,764,971</u>	<u>13,543,873</u>
Market value: Quoted shares	22,513,264	27,274,826	22,513,264	27,274,826

16. PROPERTY DEVELOPMENT EXPENDITURE

	The Group	
	2005 RM	2004 RM
Freehold land	2,661,516	2,661,516
Development expenditure	1,315,596	940,335
	<u>3,977,112</u>	<u>3,601,851</u>

17. DEFERRED TAX ASSETS

	The Group		The Company	
	2005 RM	2004 RM	2005 RM	2004 RM
At beginning of year	13,313,400	17,362,400	-	-
Transfer from/(to) income statements (Note 9)	2,236,891	(4,049,000)	1,476,311	-
Balance at end of year	15,550,291	13,313,400	1,476,311	-

The net deferred tax assets are in respect of the tax effects of the following:

	Deferred Tax Assets/(Liabilities)			
	The Group		The Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Tax effects of:				
Temporary differences in respect of property, plant and equipment	7,827,980	11,476,400	-	-
Unabsorbed capital allowances	5,541,000	1,171,000	-	-
Allowance for diminution in value of quoted shares	1,370,029	-	1,370,029	-
Provision for retirement benefit	740,552	666,000	39,552	-
Unutilised tax losses	73,754	-	73,754	-
Provision for unutilised leave	4,000	-	-	-
Unrealised gain on foreign exchange	(7,024)	-	(7,024)	-
	15,550,291	13,313,400	1,476,311	-

The unabsorbed capital allowances are subject to agreement of the tax authorities.

As mentioned in Note 3, the tax effect of temporary differences 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 deferred tax assets can be utilised. As of April 30, 2005, the estimated amount of net deferred tax assets, calculated at the prevailing tax rate which has not been recognised in the financial statements, is as follows:

	The Group	
	Deferred Tax Assets/ (Liabilities)	
	2005 RM	2004 RM
Tax effect of:		
Unabsorbed capital allowances	10,979,563	11,927,768
Unutilised tax losses	2,068,951	2,028,226
Temporary differences arising from:		
Unrealised loss on foreign exchange	350,000	-
Allowance for doubtful debts	78,000	78,000
Property, plant and equipment	(6,201,937)	(7,057,338)
	7,274,577	6,976,656

18. INVENTORIES

	The Group	
	2005 RM	2004 RM
At cost:		
Raw materials	11,613,598	7,447,762
Work-in-progress	13,310,380	14,323,167
Finished goods	5,911,965	9,214,691
Medical and surgical supplies	1,917,114	2,050,087
Consumables	6,406,246	5,318,089
	39,159,303	38,353,796

19. TRADE RECEIVABLES, OTHER RECEIVABLES AND PREPAID EXPENSES

	The Group		The Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Trade receivables	30,861,439	35,500,502	25,392,093	28,474,131
Less: Allowance for doubtful debts	(280,000)	(280,000)	-	-
	30,581,439	35,220,502	25,392,093	28,474,131

Other receivables, deposits and prepaid expenses consist of:

	The Group		The Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Other receivables	3,087,987	3,461,437	-	-
Tax recoverable	915,751	970,719	572,790	778,970
Refundable deposits	184,600	162,205	88,930	64,835
Prepaid expenses	2,298,985	1,372,726	66,307	758,211
	6,487,323	5,967,087	728,027	1,602,016

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 days (2004 : 30 to 60 days). An allowance has been made for estimated irrecoverable amounts from the sale of goods and services rendered of RM280,000 (2004 : RM280,000). This allowance has been determined by reference to past default experience.

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

Analysis of trade and other receivables by currency:

	The Group		The Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Trade receivables:				
United States Dollar	20,076,730	18,684,386	20,076,730	18,684,386
Ringgit Malaysia	10,271,740	15,365,861	5,082,394	9,568,909
Pound Sterling	232,969	220,836	232,969	220,836
Indonesia Rupiah	-	1,229,419	-	-
	30,581,439	35,500,502	25,392,093	28,474,131
Other receivables:				
Ringgit Malaysia	2,340,685	2,509,778	-	-
Indonesia Rupiah	747,302	833,324	-	-
Hong Kong Dollar	-	118,335	-	-
	3,087,987	3,461,437	-	-

20. RELATED COMPANIES AND RELATED PARTIES 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 has no fixed terms of repayment, except for an outstanding loan of RMNil (2004 : RM2,231,829) granted to a subsidiary, which is subject to interest at a rate of 7.5% (2004 : 7.5%) per annum.

Amount owing by associated company represents interest-free advances with no fixed terms of repayment.

Amount owing to subsidiary companies represent mainly trade transactions, advances and payments made on behalf, net of dividend receivable. The amount outstanding is interest-free and has no fixed terms of repayment.

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 and Southern Keratong Plantations Sdn. Bhd.	Companies in which Dato' Mong Hua @ Low Mong Hua, DPMS, Mr. Low Mun Chong and Mr. Low Mong Chai @ Mr. Low Ah Kow, directors of the Company, have direct financial interests

20. RELATED COMPANIES AND RELATED PARTIES TRANSACTIONS (CONT'D)

Name of related parties	Relationship
Torita Rubber Works Sdn. Bhd., Torita Trading (M) Sdn. Bhd., Southern Products Marketing Sdn. Bhd., Southern Keratong Plantations Sdn. Bhd., Sunny Futures Sdn. Bhd., Bukit Rotan Palm Oil Sdn. Bhd. and Guan Heng Edible Oil Industries Sdn. Bhd.	Companies in which Dato' Mong Hua @ Low Mong Hua, DPMS, Mr. Low Mun Chong and Mr. Low Mong Chai @ Mr. Low Ah Kow, directors of the Company, have indirect financial interests
Low Mong Hing Enterprise Sdn. Bhd.	Company in which Mr. Low Mong Hing, director of a subsidiary company, has financial interest
Danny Soh Agensi and Danny Soh Agency	Companies in which Mr. Soh Ah Bah, the brother-in-law of Dato' Mong Hua @ Low Mong Hua, DPMS, Mr. Low Mun Chong and Mr. Low Mong Chai @ Low Ah Kow, has financial interest.

Other than mentioned elsewhere in the financial statements, the significant related party transactions are as follows:

	The Group		The Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Subsidiary companies				
Pofachem (M) Sdn. Berhad				
Purchases of goods	-	-	232,629,185	210,384,398
Dividend income received	-	-	10,500,000	7,800,000
PT Mustika Agro Sari				
Interest income receivable	-	-	37,047	254,586
Southern Management (M) Sdn. Bhd.				
Administrative charges	-	-	126,174	265,279
Related parties				
Southern Edible Oil Industries (M) Sdn. Berhad				
Sales of goods	4,512,178	1,986,454	692,700	764,615
Purchases of goods	1,045,242	8,607,742	-	-
Administrative charges	135,851	161,588	-	-
Bukit Rotan Palm Oil Sdn. Bhd.				
Purchases of goods	5,880,080	8,824,221	-	-
Administrative charges	173,644	150,646	-	-

20. RELATED COMPANIES AND RELATED PARTIES TRANSACTIONS (CONT'D)

	The Group		The Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Related parties				
Southern Realty (Malaya) Sdn. Berhad				
Purchases of goods	4,797,723	4,612,205	-	-
Sales of goods	1,242,858	1,307,332	-	-
Administrative charges	483,947	556,535	-	-
Rental of premises	254,765	274,755	-	-
Southern Keratong Plantations Sdn. Bhd.				
Purchases of goods	20,492,618	4,460,192	-	-
Administrative charges	333,707	254,268	-	-
Low Mong Hing Enterprise Sdn. Bhd.				
Transportation charges	610,835	468,262	-	-
Danny Soh Agensi				
Procurement of forwarding services	-	279,931	-	279,931
Danny Soh Agency				
Insurance brokerage services (including premium)	614,527	585,470	-	-

Included under the following accounts of the Group and of the Company are significant outstanding balances arising from trade and non-trade transactions with the above related parties:

	The Group		The Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Trade receivables				
Southern Edible Oil Industries (M) Sdn. Berhad				
	761,723	184,114	64,600	153,300
Sunny Futures Sdn. Bhd.				
	693,008	4,274,735	693,008	4,272,133
Southern Realty (Malaya) Sdn. Berhad				
	192,945	423,835	-	-
Torita Rubber Works Sdn. Bhd.				
	183,618	264,576	183,618	197,918
Torita Trading (M) Sdn. Bhd.				
	-	324,170	-	-
	1,831,294	5,471,430	941,226	4,623,351

20. RELATED COMPANIES AND RELATED PARTIES TRANSACTIONS (CONT'D)

	The Group		The Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Trade payables				
Southern Keratong Plantations Sdn. Bhd.	1,748,915	-	-	-
Southern Realty (Malaya) Sdn. Berhad	407,618	2,074,480	-	-
Bukit Rotan Palm Oil Sdn. Bhd.	277,233	1,847,525	-	-
	2,433,766	3,922,005	-	-
Other receivables, deposits and prepaid expenses				
Southern Realty (Malaya) Sdn. Berhad	-	748,871	-	748,871
Southern Products Marketing Sdn. Bhd.	-	117,646	-	-
	-	866,517	-	748,871
Other payables and accrued expenses				
Low Mong Hing Enterprise Sdn. Bhd.	55,707	46,019	45,553	33,336
Danny Soh Agency	17,829	-	-	-
Southern Realty (Malaya) Sdn. Berhad	7,620	12,192	7,620	10,785
Southern Products Marketing Sdn. Bhd.	375	-	-	-
	81,531	58,211	53,173	44,121

The directors of the Company are of the opinion that the above transactions have been entered into in the normal course of business and have been established under terms that are no less favourable than those arranged with independent third parties.

In 2004, the amount receivable from Southern Realty (Malaya) Sdn. Berhad amounting to RM748,871 arose from payments made on behalf. During the current financial year, the outstanding amount has been fully repaid to the Company.

Also, in 2004, the amount receivable from Southern Products Marketing Sdn. Bhd. amounting to RM117,646 arose from payments made on behalf by a subsidiary company. During the current financial year, the outstanding amount has been fully repaid to the subsidiary company.

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

	The Group		The Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Fixed deposits and short-term placements with licensed banks	34,048,750	38,705,717	29,200,000	32,865,000
Cash and bank balances	7,103,623	6,587,569	1,077,241	8,547
	41,152,373	45,293,286	30,277,241	32,873,547

The average effective interest rates for fixed deposits and short-term placements range from 2.40 % to 2.56% (2004 : 2.50% to 2.56%) per annum and have an average maturity period of 1 to 14 days (2004 : 1 to 30 days).

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

	The Group		The Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Ringgit Malaysia	39,340,858	38,429,081	30,072,673	32,415,805
Indonesia Rupiah	1,443,294	6,376,960	-	-
Hong Kong Dollar	163,653	29,503	-	-
Pound Sterling	135,263	353,270	135,263	353,270
United States Dollar	69,305	104,472	69,305	104,472
	41,152,373	45,293,286	30,277,241	32,873,547

22. TRADE PAYABLES, OTHER PAYABLES AND ACCRUED EXPENSES

Trade payables comprise amounts outstanding for trade purchases. The credit period granted to the Group for trade purchases ranges from 7 to 60 days (2004 : 7 to 60 days).

Other payables and accrued expenses consist of:

	The Group		The Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Other payables	14,041,541	16,933,217	698,243	1,105,511
Loan from shareholders	9,433,196	8,220,507	-	-
Accrued expenses	3,007,735	1,642,766	651,944	518,201
Hire-purchase payables (Note 25)	-	5,320	-	-
	26,482,472	26,801,810	1,350,187	1,623,712

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

Analysis of trade and other payables by currency:

	The Group		The Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Trade payables:				
Ringgit Malaysia	12,685,659	14,821,536	-	-
Indonesia Rupiah	1,444,732	1,203,327	-	-
	14,130,391	16,024,863	-	-
Other payables:				
Indonesia Rupiah	8,484,548	9,562,760	-	-
Ringgit Malaysia	5,458,156	7,266,659	698,243	1,105,511
Hong Kong Dollar	98,837	103,798	-	-
	14,041,541	16,933,217	698,243	1,105,511

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

The loan from shareholders of subsidiary companies is interest-free and has no fixed terms of repayment.

23. AMOUNT OWING TO DIRECTORS

Amount owing to directors represents mainly remuneration payable to the directors. This amount is unsecured, interest-free and has no fixed terms of repayment.

24. BANK BORROWINGS

	The Group		The Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Term loans (Note 26)	4,681,600	2,131,800	-	-
Bank overdrafts	215,728	3,448,857	-	2,608,315
	4,897,328	5,580,657	-	2,608,315

24. BANK BORROWINGS (CONT'D)

Bank overdrafts and other credit facilities of the Group and of the Company totalling RM124,160,000 (2004 : RM147,660,000) and RM80,200,000 (2004 : RM100,200,000) respectively obtained from certain local banks bear interest at rates ranging from 2.75% to 7.25% (2004 : 3.8% to 7.0%) per annum. These facilities are unsecured except for facilities of two subsidiary companies totalling RM400,000 (2004 : RM400,000) which 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. The credit facilities of the Company and of two subsidiary companies amounting to RM123,760,000 (2004 : RM147,260,000) are covered by a negative pledge on the assets of the Company and of the subsidiary companies and are guaranteed by the Company.

25. HIRE-PURCHASE PAYABLE

	The Group	
	2005	2004
	RM	RM
Total outstanding	-	5,828
Less: Interest-in-suspense outstanding	-	(508)
Principal outstanding	-	5,320
Less: Amount due within 12 months included under other payables and accrues expenses (Note 22)	-	(5,320)
Non-current portion repayable in 2006	-	-

The hire-purchase is for 2 years. The effective borrowing rate of the hire-purchase arrangement is 8.65% (2004: 8.65%) per annum. The interest rate is 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.

As of April 30, 2005, the Group has fully settled its hire-purchase payable.

26. TERM LOANS

	The Group	
	2005	2004
	RM	RM
Term loan I	7,125,000	9,023,513
Term loan II	13,594,913	14,060,000
Less: Amount due within 12 months included under bank borrowings (Note 24)	(4,681,600)	(2,131,800)
Non-current portion	16,038,313	20,951,713

26. TERM LOANS (CONT'D)

The non-current portion is repayable as follows:

	The Group	
	2005 RM	2004 RM
Financial years ending April 30:		
2006	-	4,681,600
2007	4,681,600	4,681,600
2008	4,681,600	4,681,600
2009 and thereafter	6,675,113	6,906,913
	16,038,313	20,951,713

The term loans are denominated in United States Dollar.

Term loan I pertaining to a subsidiary company which is obtained from foreign bank bears interest at rates ranging from 3.61% to 5.28% (2004 : 4.25% to 4.40%) 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) Jointly and severally guaranteed by the directors of the said subsidiary company; and
- (a) Corporate guarantee given by the Company.

Term loan II pertaining to a subsidiary company which is obtained from foreign bank bears interest at rates ranging from 3.80% to 5.65% (2004 : 3.80% to 4.10%) per annum. This term loan is repayable over 60 monthly instalments 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.

27. PROVISION FOR RETIREMENT BENEFITS

	The Group RM	The Company RM
Balance as of May 1, 2003	2,290,100	-
Charged to income statements	471,687	124,271
Utilised during the year	(257,922)	-
	2,503,865	124,271
Balance as of April 30, 2004	2,503,865	124,271
Charged to income statements	312,913	16,987
Utilised during the year	(171,750)	-
	2,645,028	141,258
Balance as of April 30, 2005	2,645,028	141,258

27. PROVISION FOR RETIREMENT BENEFITS (CONT'D)

The current and non-current portion of provision is as follows:

	The Group RM	The Company RM
Balance as of April 30, 2004:		
Current	-	-
Non-current	2,503,865	124,271
	<u>2,503,865</u>	<u>124,271</u>
Balance as of April 30, 2005:		
Current	-	-
Non-current	2,645,028	141,258
	<u>2,645,028</u>	<u>141,258</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.

28. SHARE CAPITAL

	The Company	
	2005 RM	2004 RM
Authorised:		
Ordinary shares of RM1.00 each	200,000,000	200,000,000
Issued and fully paid:		
Ordinary shares of RM1.00 each		
Balance at beginning of year	136,934,132	104,873,187
Shares issued by virtue of exercise of warrants	-	32,060,945
Balance at end of year	<u>136,934,132</u>	<u>136,934,132</u>

29. RESERVES

	The Group		The Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Non-distributable:				
Share premium	34,321,050	34,321,050	34,321,050	34,321,050
Foreign exchange reserve	122,618	3,493,159	-	-
Capital reserve	7,220,556	7,220,556	-	-
	41,664,224	45,034,765	34,321,050	34,321,050
Distributable:				
Unappropriated profit	188,746,225	183,567,912	55,486,715	42,293,502
	230,410,449	228,602,677	89,807,765	76,614,552

Share premium

	The Group		The Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Share premium arose from the following issue of shares:				
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

29. 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.

Capital reserve

Capital reserve represents the accretion in net attributable assets of the Group arising from the acquisition of additional equity interests from minority interests in subsidiary companies.

Unappropriated profit

Distributable reserves are those available for distribution as cash dividends.

Based on the exempt income, the tax credits available and the prevailing tax rate applicable to dividends, the entire unappropriated profit of the Company as of April 30, 2005 is available for distribution by way of cash dividends without additional tax liability being incurred.

30. CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Cash and bank balances	7,103,623	6,587,569	1,077,241	8,547
Fixed deposits and short-term placements with licensed banks	34,048,750	38,705,717	29,200,000	32,865,000
Bank overdrafts (Note 24)	(215,728)	(3,448,857)	-	(2,608,315)
	<u>40,936,645</u>	<u>41,844,429</u>	<u>30,277,241</u>	<u>30,265,232</u>

31. SEGMENTAL INFORMATION

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

- i) Manufacturing and marketing
- ii) Warehousing and bulk conveyor operations
- iii) Development, managing and operating of private hospital
- iv) Administrative services
- v) Plantation
- vi) Others

31. SEGMENTAL INFORMATION (CONT'D)

Inter-segment sales are charged at cost plus a certain percentage of profit mark-up other than administrative services which are charged at cost.

Financial Year Ended April 30, 2005

	Manufacturing and marketing RM	Development, managing and operating of private hospital RM	Plantation RM	Others RM	Eliminations RM	Consolidated RM
Revenue						
External sales	238,621,637	39,321,732	91,074,252	6,039,685	-	375,057,306
Inter-segment sales	232,629,185	1,442,954	-	13,881,458	(247,953,597)	-
Total revenue	471,250,822	40,764,686	91,074,252	19,921,143	(247,953,597)	375,057,306
Financial Results						
Segment results	7,145,527	(691,864)	4,563,099	1,730,173	-	12,746,935
Share in profits of associated company						424,572
Profit from operations						13,171,507
Finance costs						(1,363,678)
Income from other investments						1,095,196
Profit before tax						12,903,025
Income tax credit						188,476
Profit after tax						13,091,501
Other Information						
Capital additions	2,430,458	1,357,513	5,316,368	319,172	-	9,423,511
Depreciation	6,406,381	5,957,862	3,199,504	320,617	-	15,884,364
Consolidated Balance Sheets						
Assets						
Segment assets	159,584,093	65,458,345	191,609,917	13,162,648	-	429,815,003
Investment in associated company						7,104,956
Consolidated assets						436,919,959
Liabilities						
Segment liabilities	16,758,070	5,241,553	41,445,049	1,279,357	-	64,724,029

31. SEGMENTAL INFORMATION (CONT'D)

Financial Year Ended April 30, 2004

	Manufacturing and marketing RM	Development, managing and operating of private hospital RM	Plantation RM	Others RM	Eliminations RM	Consolidated RM
Revenue						
External sales	216,064,415	37,281,711	99,079,060	6,245,872	-	358,671,058
Inter-segment sales	210,384,398	1,460,706	-	10,796,423	(222,641,527)	-
Total revenue	<u>426,448,813</u>	<u>38,742,417</u>	<u>99,079,060</u>	<u>17,042,295</u>	<u>(222,641,527)</u>	<u>358,671,058</u>
Financial Results						
Segment results	<u>13,457,763</u>	<u>(3,078,169)</u>	<u>2,866,473</u>	<u>1,424,445</u>	<u>-</u>	<u>14,670,512</u>
Share in profits of associated company						527,697
Profit from operations						<u>15,198,209</u>
Finance costs						(879,492)
Income from other investments						<u>754,895</u>
Profit before tax						15,073,612
Income tax expense						<u>(4,501,266)</u>
Profit after tax						<u>10,572,346</u>
Other Information						
Capital additions	5,681,350	498,117	2,845,121	437,898	-	9,462,486
Depreciation	6,002,581	5,924,603	2,926,020	352,987	-	15,206,191
Consolidated Balance Sheets						
Assets						
Segment assets	138,618,411	69,856,206	199,253,778	27,858,222	-	435,586,617
Investment in associated company						6,882,213
Consolidated assets						<u>442,468,830</u>
Liabilities						
Segment liabilities	22,294,550	6,160,205	42,343,405	1,729,011	-	<u>72,527,171</u>

31. SEGMENTAL INFORMATION (CONT'D)

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	
	2005 RM	2004 RM
Asia	231,210,070	229,238,299
Malaysia	104,108,184	96,103,296
America	26,765,489	22,062,510
Europe	11,385,984	10,412,298
Others	1,587,579	854,655
	375,057,306	358,671,058

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

	Carrying amount of segment assets		Capital additions	
	2005 RM	2004 RM	2005 RM	2004 RM
Malaysia	363,962,662	358,831,888	4,107,143	6,617,365
Asia	68,604,721	79,232,672	5,316,368	2,845,121
America	2,931,595	2,915,416	-	-
Europe	1,247,095	1,375,917	-	-
Others	173,886	112,937	-	-
	436,919,959	442,468,830	9,423,511	9,462,486

32. EMPLOYEES' SHARE OPTION SCHEME (ESOS)

Under the Company's Employees' Share Option Scheme (ESOS) which will expire on April 15, 2006, the granting and the exercise of options to subscribe up to 10% of the issued and paid-up share capital of the Company are made available to eligible directors and employees of the Group.

The salient features of the scheme are as follows:

- (a) the granting and exercise of options to subscribe up to 10% the issued and paid-up share capital of the Company whereby
 - (i) not more than 50% of the shares available under the scheme shall be allocated, in aggregate, to Executive Directors and senior management and
 - (ii) not more than 10% of the shares available under the scheme would be allocated to any individual Executive Director or eligible employee, who either singly or collectively holds 20% or more of the issued and paid-up share capital of the Company;
- (b) eligible employees are those who have been confirmed in writing as employees of the Group for at least one year prior to the date of the offer and be at least eighteen (18) years of age on the date of offer;
- (c) the option is personal to the grantee and is non-assignable;
- (d) the option price shall be at a discount of not more than 10% of the weighted average market price of the Company's ordinary shares as shown in the Daily Official List issued by the Kuala Lumpur Stock Exchange for the five trading days preceding the date of the offer in writing to the grantee or at the par value of the ordinary shares of the Company, whichever is higher;
- (e) the options granted may be accepted at anytime within forty-five days from the date of the offer; and
- (f) the options granted may be exercised in full or in lesser number of ordinary shares provided that the number shall be in multiples of 1,000 shares.

During the financial year, the Company has not offered any options to its eligible directors and employees.

33. CAPITAL COMMITMENTS

As of April 30, 2005 the Group has the following capital commitments:

	The Group	
	2005 RM	2004 RM
Purchase of property, plant and equipment: Approved and contracted for	1,567,990	169,950

34. CONTINGENT LIABILITY - UNSECURED

The Company has issued corporate guarantee without security to a local bank for credit facilities totalling RM47,141,000 (2004 : RM43,341,000) granted to four subsidiary companies and an associated company. Accordingly, the Company is contingently liable to the extent of credit facilities utilised by the said subsidiary companies and associated company.

35. FINANCIAL INSTRUMENTS

Financial Risk Management Objectives and Policies

The operations of the Group are subject to a variety of financial risks, including foreign currency risk, price fluctuation risk, interest rate 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.

Foreign currency risk

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

The imposition of currency controls via the pegging of the RM to USD at the fixed exchange rate of USD1.00 to RM3.80 by Bank Negara Malaysia since September 1998 has also stabilised the risks arising from foreign exchange fluctuation. However, on July 21, 2005, Bank Negara Malaysia had made an announcement with regards to the lifting of the said imposition of currency controls via the pegging of Ringgit Malaysia to USD.

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 assets purchase transactions denominated in foreign currencies.

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 bank overdraft and term loans.

The fixed deposits and short-term placements as at balance sheet date, which bear interest as disclosed in Note 21, are short-term and therefore their exposure to the effects of future changes in prevailing level of interest rates are limited.

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 alternation 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.

35. FINANCIAL INSTRUMENTS (CONT'D)**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, 2005, is the carrying amount of these receivables as disclosed in the balance sheet.

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 of losses, represents the Group's maximum exposure to credit risk without taking into account of the value of any collateral or other security obtained.

Liquidity risk

The Group practices prudent liquidity risk management to help maintain sufficient levels of cash and cash equivalents to meet its working capital requirements.

Financial Assets

The Group's principal financial assets are fixed deposits, cash and bank balances, trade and other receivables and amount owing by associated company.

The accounting policies applicable to the major financial assets are as disclosed in Note 3.

Financial Liabilities and Equity Instruments

Debts are classified as liabilities in accordance with the substance of the contractual arrangement.

Significant financial liabilities include trade and other payables, bank borrowings and amount owing to directors.

Bank overdrafts and term loans are recorded at the proceeds received net of direct issue costs.

Finance charges are accounted for on accrual basis.

Foreign Currency Forward Contracts

In order to hedge its exposure to foreign exchange risks, the Group enters into foreign currency forward contracts. Gains and losses on foreign exchange contracts designated as hedges of identified exposure are offset against the foreign exchange gains and losses on the hedged financial assets and liabilities.

Where the instruments is used to hedge against anticipated future transactions, gains and losses are not recognised until the transaction occurs.

35. FINANCIAL INSTRUMENTS (CONT'D)

Foreign Currency Forward Contracts (cont'd)

At the balance sheet date, the Group had contracted to purchase and sell the following amounts under forward contracts:

			Average exchange rate per unit of Ringgit Malaysia	
	2005 RM	2004 RM	2005	2004
Purchase				
United States Dollar	11,389,800	-	0.26316	-

			Average exchange rate per unit of Ringgit Malaysia	
	2005 RM	2004 RM	2005	2004
Sell				
United States Dollar	39,997,303	28,659,133	0.26319	0.26319

All of these contracts mature within six months of the balance sheet date.

The net deferred gain arising on such contracts as of April 30, 2005 of approximately RM4,384 will be recognised in the underlying transactions in the first half of 2005.

Fair Values

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

	Note	Carrying Amount RM	Fair Value RM
Financial Assets			
Other investments:			
Quoted shares	15	22,308,971	22,513,264
Financial Liabilities			
Term loans	26	20,719,913	19,440,308

35. FINANCIAL INSTRUMENTS (CONT'D)

Other investments

The fair value of other investments is estimated based on the market value as at the balance sheet date.

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.

It is not practical to estimate the fair value of investment in subsidiary companies and associated company. As at year end, based on the audited financial statements, the Company's share of net tangible assets of investment in subsidiary companies and associated company amounted to RM389,607,537 and RM6,612,956 respectively.

Statement *By Directors*

The directors of **SOUTHERN ACIDS (M) BERHAD** state that, in their opinion, the accompanying balance sheets and statements of income, cash flows and changes in equity are drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable approved accounting 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, 2005 and of the results and the cash flows of the Group and of the Company for the year ended on that date.

Signed in accordance with a resolution of the directors,

DATO' MONG HUA @ LOW MONG HUA, DPMS

LOW MUN CHONG

Klang,
August 25, 2005

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 accompanying balance sheets and statements of income, cash flows and changes in equity 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 25th day of August, 2005.

Before me,

OSMAN BIN MOHAMED SAID
COMMISSIONER FOR OATHS (NO: B123)

Properties of the Group

AS AT APRIL 30, 2005

Subsidiaries	Types of Property	Area	Existing Use Purposes	Tenure	Age of Buildings	Net Book Value (RM)
1. Pembinaan Gejati Sdn Bhd						
Thangamallay Estate, Lot 3563, Batu 7, Jalan Kebun, Kampung Jawa 42450 Klang Selangor	Land	220.79 acres	Plantation Estate	Freehold	-	46,951,083
Thangamallay Estate, Lot 3860, Batu 7, Jalan Kebun, Kampung Jawa 42450 Klang Selangor	Land	14.33 acres	Plantation Estate	Freehold	-	3,047,280
Thangamallay Estate, Lot 1095, Batu 7, Jalan Kebun, Kampung Jawa 42450 Klang Selangor	Land	409.25 acres	Plantation Estate	Freehold	-	87,027,179
2. Pofachem (M) Sdn Bhd						
Golconda Estate, 10th Mile, Persiaran Hamzah Alang, Off Jalan Kapar, 42200 Kapar, Selangor	Buildings	23 acres	Factory Buildings	N/A	Ranging from 11 to 24 years	5,821,346
3. Noble Interest Sdn Bhd						
P.T. 1288, Seksyen 14, Mukim Klang, Daerah Klang, Selangor	Land	1.62 acres	Hospital Use	Freehold	-	4,950,000
	Buildings	262,000 sq. ft	Hospital Buildings	N/A	6 years	21,298,183

Subsidiaries	Types of Property	Area	Existing Use Purposes	Tenure	Age of Buildings	Net Book Value (RM)
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	-	4,393,850
Lot 6579, Jalan Jerung, Pelabuhan Utara, 42000 Port Klang, Selangor	Warehouse	132,858 sq. ft	Warehousing	Lease Rental Expiring in 15-3-2010	14 years	87,313
No. 18, Jalan Firma 2/1, Kawasan Perindustrian Tebrau, Johor Bahru, Johor	Warehouse	50,400 sq. ft	Vacant	N/A	8 years	2,005,148
5. SAB Properties Development Co. Sdn Bhd						
G.M. 2172 Lot 2824, Mukim Klang, Daerah Klang, Selangor	Land	3.25 acres	Leased	Freehold	-	3,305,469
6. P.T. Mustika Agro Sari						
Kebun Tanjung Pauh & Kebun Petai, Province of Riau, Indonesia	Plantation Land, Palm Oil Mill and Buildings	7,978 acres	Plantation and Palm-Oil Processing	Leasehold Expiring in 20-3-2036 and 9-4-2036	3 years	12,820,821
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	17 years	20,218,091

Analysis of Shareholdings

AS AT SEPTEMBER 5, 2005

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	: 3,287

Distribution Schedule of Shares

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Shareholdings
LESS THAN 100	162	4.93	6,203	0.00
100 – 1,000	943	28.69	739,382	0.54
1,001 – 10,000	1,840	55.98	6,779,806	4.95
10,001 – 100,000	281	8.55	7,538,766	5.50
100,001 – 6,846,706 (less than 5% of issued shares)	56	1.70	34,945,778	25.52
6,846,706 (less than 5% of issued shares) and above	5	0.15	86,924,197	63.49
Grand Total	3,287	100.00	136,934,132	100.00

Substantial Shareholders

	Direct	%	Indirect	%
Serata Kaya Sdn Bhd	42,840,270	31.29	2,046,632	1.49
Lembaga Tabung Haji	17,864,605	13.05	0	0.00
Southern Realty (Malaya) Sdn Berhad	11,527,419	8.42	52,252,004	38.16
Dato' Mong Hua @ Low Mong Hua	9,217,846	6.73	68,075,794	49.71
Rasional Sdn Berhad	7,392,666	5.40	49,845,234	36.40

Directors' Interests in Shares

Dato' Mong Hua @ Low Mong Hua	9,217,846	6.73	68,075,794	49.71
Sukhinderjit Singh Muker	0	0.00	0	0.00
Dato' Mohd Yusoff bin Haji Amin	0	0.00	0	0.00
Low Mun Chong	1,516,498	1.11	75,541,927	55.17
Low Mong Chai @ Low Ah Kow	261,495	0.19	76,773,820	56.07
Lim Kim Long	49,276	0.04	69,048,892	50.43
Dato' Low Boon Eng	2,487	0.00	65,641,046	47.94
Yap Soon Nam	0	0.00	0	0.00
Mohd Hisham bin Harun	0	0.00	0	0.00

LIST OF THIRTY (30) LARGEST SHAREHOLDERS

NO.	NAMES	SHAREHOLDINGS	%
1.	SERATA KAYA SDN BHD	42,840,270	31.29
2.	LEMBAGA TABUNG HAJI	17,864,605	13.05
3.	SOUTHERN REALTY (M) SDN BERHAD	11,527,419	8.42
4.	RASIONAL SDN BERHAD	7,392,666	5.40
5.	SOUTHERN EDIBLE OIL INDUSTRIES (M) SDN BERHAD	4,958,332	3.62
6.	MONG HUA @ LOW MONG HUA	4,206,780	3.07
7.	GLAMOUR PARTNERSHIP SDN BHD	3,221,940	2.35
8.	ANGSANA SUTERA SDN BHD	2,714,942	1.98
9.	A.A. ASSETS NOMINEES (TEMPATAN) SDN BHD < PLEDGED SECURITIES ACCOUNT FOR FOO LOKE CHEW >	2,261,500	1.65
10.	SOUTHERN COCOA PRODUCTS (M) SDN BERHAD	2,102,632	1.54
11.	IJM CORPORATION BERHAD	1,863,466	1.36
12.	LIM BOON ENG	1,820,837	1.33
13.	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD < PLEDGED SECURITIES ACCOUNT FOR MONG HUA @ LOW MONG HUA (05-00045-000) >	1,800,000	1.31
14.	LOW MUN CHONG	1,516,498	1.11
15.	BANTING HOCK HIN ESTATE COMPANY SDN BHD	1,487,500	1.09
16.	LOU AI CHOO	1,022,862	0.75
17.	HOCK JOO PLANTATION SDN BHD	991,666	0.72
18.	LIM THYE PENG REALTY SDN BHD	976,559	0.71

ANALYSIS OF SHAREHOLDINGS
AS AT SEPTEMBER 5, 2005

LIST OF THIRTY (30) LARGEST SHAREHOLDERS

NO. NAMES	SHAREHOLDINGS	%
19. NAGA WIRA SDN BERHAD	720,938	0.53
20. BEKALAN UTAMA SDN BERHAD	694,166	0.51
21. BUMIPUTRA-COMMERCE NOMINEES (TEMPATAN) SDN BHD < PLEDGED SECURITIES ACCOUNT FOR MONG HUA @ LOW MONG HUA (4851 DHAM) >	600,000	0.44
22. LOW MONG HUA SDN BHD	585,000	0.43
23. MONG TECK SDN BERHAD	559,972	0.41
24. TOH KAM CHOY	540,000	0.39
25. CHIN PEK FOO	408,100	0.30
26. OOI LAY SUAN	384,500	0.28
27. MONG HUA @ LOW MONG HUA	364,332	0.27
28. MONG HUA @ LOW MONG HUA	328,125	0.24
28. TAN SOON MUAY @ TAN KIM HUAY	316,666	0.23
30. ENG LEONG HOLDINGS SDN BHD	303,584	0.22
TOTAL	116,064,857	84.77

Proxy Form

SOUTHERN ACIDS (M) BERHAD (64577-K)

I/We _____

of _____

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

of _____

as my/our proxy to vote for me/us on my/our behalf at the Twenty-Fourth Annual General Meeting of the Company to be held at Crown Hall, Level 1, Crystal Crown Hotel, 217 Persiaran Raja Muda Musa, 42000 Pelabuhan Klang, Selangor Darul Ehsan on Thursday, 27 October 2005 at 11.00 a.m. and at every adjournment thereof.

I/We direct my/our proxy to vote (See Note 3) for or against the resolutions to be proposed at the Meeting as hereunder indicated.

No.	Resolutions	For	Against
1.	To receive the Audited Financial Statements for the financial year ended 30 April 2005 together with the Reports of the Directors and Auditors thereon.		
2.	To declare a Final Dividend (tax exempt) of 5.50% per ordinary share for the financial year ended 30 April 2005.		
3.	To approve the payment of Directors' Fees.		
4.	To re-elect Dato' Mong Hua @ Low Mong Hua, DPMS, as a Director of the Company in accordance with Articles 95 & 96 of the Company's Articles of Association.		
5.	To re-elect Mr. Sukhinderjit Singh Muker as a Director of the Company in accordance with Articles 95 & 96 of the Company's Articles of Association.		
6.	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.		
7.	To re-elect Mr. Lim Kim Long as a Director of the Company in accordance with Article 101 of the Company's Articles of Association.		
8.	To re-elect Dato' Low Boon Eng, DPMS, JP as a Director of the Company in accordance with Article 101 of the Company's Articles of Association.		
9.	To re-elect Mr. Yap Soon Nam as a Director of the Company in accordance with Article 101 of the Company's Articles of Association.		
10.	To re-elect En. Mohd Hisham bin Harun as a Director of the Company in accordance with Article 101 of the Company's Articles of Association.		
11.	To re-appoint Messrs Delortte KassimChan of Auditors and to authorise the Directors to fix their remuneration.		
12.	To approve the Resolution pertaining to the Authority to issue shares pursuant to Section 132 D of the Companies Act, 1965.		
13.	To approve The Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of Revenue or Trading Nature.		

Dated this _____ day of _____ 2005

Signature / Common Seal

No. of Shares held

NOTES

- 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.
- A member shall be entitled to appoint one (1) proxy to attend and vote at the meeting.
- Where a member appoints more than one (1) proxy the appointment shall be invalid.
- The instrument appointing a proxy must be deposited at the Registered Office of the Company at 26, Jalan Istana, 41000 Klang, Selangor Darul Ehsan not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.
- Authority to issue Shares pursuant to Section 132D of the Companies Act, 1965. The proposed Resolution 12, if passed will empower the Directors of the Company to issue and allot shares in the Company form 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.
- Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions. The proposed Resolution 13, 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 5 October 2005 for more information.

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STAMP

SOUTHERN ACIDS (M) BERHAD
(COMPANY NO. 64577-K)

26, JALAN ISTANA
41000 KLANG
SELANGOR DARUL EHSAN
MALAYSIA

FOLD HERE