



Southern Acids (M) Berhad

Company No 64577-K
(Incorporated in Malaysia)

nurturing
growth



annual report
2007



Southern Acids (M) Berhad

Company No. 64577-K
(Incorporated in Malaysia)

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

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Annual Report 2007

SOUTHERN ACIDS (M) BERHAD
(64577-K)

Commitment to **QUALITY**



Ensuring Operational **EFFICIENCY**



DELIVERING Better Standards



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notice of 26th annual general meeting

NOTICE IS HEREBY GIVEN THAT THE TWENTY-SIXTH ANNUAL GENERAL MEETING OF THE COMPANY WILL BE HELD AT GRAND BLUEWAVE HOTEL SHAH ALAM, LEVEL 2, GASING 1 & 2, CONVENTION CENTRE, PRESIARAN PERBANDARAN, SEKSYEN 14, 40000 SHAH ALAM, SELANGOR DARUL EHSAN ON TUESDAY, 30 OCTOBER 2007 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 2007 together with the Reports of the Directors and Auditors thereon. **Resolution 1**
2. To declare a Final Dividend (tax exempt) of 6.00% per ordinary share for the financial year ended 30 April 2007. **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) Mr. Sukhinderjit Singh Muker **Resolution 4**
 - b) Mr. Lim Kim Long **Resolution 5**
 - c) En. Mohd Hisham Bin Harun **Resolution 6**
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 7**
6. To re-appoint Messrs Deloitte KassimChan as Auditors to hold office until the conclusion of the next Annual General Meeting at a remuneration to be fixed by the Directors. **Resolution 8**

SPECIAL BUSINESS

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

ORDINARY RESOLUTION

- a) **Authority to Issue Shares Pursuant to Section 132D of the Companies Act, 1965** **Resolution 9**

"That subject always to the Companies Act, 1965, and the approvals of the relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered, pursuant to Section 132D of the Companies Act, 1965, to issue shares in the Company from time to time at such price, upon such terms and conditions, for such purposes and to such person or persons whomsoever as the Directors may deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued share capital of the Company for the time being and that such authority shall continue 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 10

"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 2007 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;
- ii. That the transactions are made on an arm's length basis and on normal commercial terms; and
- iii. That disclosure shall be made in the Annual Report of a breakdown of the aggregate value of all transactions conducted pursuant to the Proposed Shareholders' Mandate during the financial year, based on the following information:-
 - the type of the Recurrent Related Party Transactions made; and
 - the names of the Related Parties involved in each type of the Recurrent Related Party Transactions entered into and their relationships with the Company.
- iv. That such approvals shall only continue to be in force until:-
 - the conclusion of the next Annual General Meeting ("AGM") of the Company following this AGM at which such mandate is passed, at which time it will lapse, unless by a resolution passed at such AGM whereby the authority is renewed;
 - the expiration of the period within which the next AGM of the Company after that date is required to be held pursuant to Section 143(1) of the Companies Act, 1965 ("CA") (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of CA); or
 - revoked or varied by resolution passed by the shareholders in general meeting, whichever is the earlier.

SPECIAL RESOLUTION

c) Proposed Amendments to Articles of Association

Resolution 11

"That approval be and is hereby given for the Company to amend its Articles of Association as set out in Part (B) of the Circular to Shareholders dated 5 October 2007.

AND that the Directors of the Company and/or anyone of them be authorized with full powers to assent to any conditions, modifications, variations and/or amendments as may be required by Bursa Malaysia Securities Berhad and other relevant authorities and to do all such acts and things and take such steps that are necessary or expedient to give effect to the amendments to the Articles of Association of the Company."

NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS ALSO HEREBY GIVEN that a Final Dividend (tax exempt) of 6.00% per ordinary share will be payable on 29 November 2007 to depositors who are registered in the Record of Depositors at the close of business on 9 November 2007 if approved by members at the Twenty-Sixth Annual General Meeting on 30 October 2007.

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 6 November 2007 (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 9 November 2007 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 2007

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 9, if passed will empower the Directors of the Company to issue and allot shares in the Company from time to time and for such purposes as the Directors consider would be in the interest of the Company. This authority will, unless revoked or varied by the Company in general meeting, expire at the next Annual General Meeting of the Company.
6. Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions.
The proposed Resolution 10, if passed, will authorise the Company and/or its subsidiary companies to enter into recurrent related party transactions of a revenue or trading nature. This authority will, unless revoked or varied by the Company in general meeting, expire at the next Annual General Meeting of Company. Please refer to Section 2.2.2 of the Circular to Shareholders dated 5 October 2007 for more information.
7. Proposed Amendments to Articles of Association
The Special Resolution proposed under Resolution 11, if passed, will allow the Company to incorporate all the amendments to the Articles of Association in accordance to Bursa Securities Listing Requirements pursuant to Bursa Securities letter dated December 14 2006. The details of this proposal are set out in the Circular marked "B" to Shareholders dated 5 October 2007.

statement accompanying notice of annual general meeting

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

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

Place	Grand Bluewave Hotel Shah Alam, Level 2, Gasing 1 & 2, Convention Centre, Persiaran Perbandaran, Seksyen 14, 40000 Shah Alam, Selangor Darul Ehsan.
Date	30 October 2007
Time	11.00 a.m.

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

- (i) Mr. Sukhinderjit Singh Muker, pursuant to Articles 95 and 96 of the Company's Articles of Association.
- (ii) Mr. Lim Kim Long, pursuant to Articles 95 and 96 of the Company's Articles of Association.
- (iii) En. Mohd Hisham Bin Harun, to Articles 95 and 96 of the Company's Articles of Association.
- (iv) Dato' Mohd Yusoff bin Haji Amin, SMS, PJK, JP, pursuant to Section 129 of the Companies Act, 1965.

The details of the four (4) Directors seeking re-election and re-appointment are set out in the Directors' Profile from pages 12 to 16 and the Directors' Shareholdings in the Company on pages 40 to 41 of the Annual Report.

3. Board Meetings held during the financial year ended 30 April 2007.

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 2007 on the following dates and times:-

- 27 June 2006 (4.00 pm)
- 25 August 2006 (4.30 pm)
- 28 September 2006 (4.00 pm)
- 22 December 2006 (4.30 pm)
- 28 March 2007 (4.30 pm)

4. Details of attendance of Directors in office at the end of 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
Dato' Low Boon Eng, DPMS, JP	5	5
Mr. Lim Kim Long	5	5
Mr. Yap Soon Nam	5	4
En. Mohd Hisham bin Harun	5	5

SOUTHERN ACIDS (M) BERHAD



Pofachem (M) Sdn Bhd	Wilstar Sdn Bhd	Southern Medicare Sdn Bhd	Noble Interest Sdn Bhd	Centre For Sight Sdn Bhd
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SAB Plantation Sdn Bhd	Southern Management Sdn Bhd	SAB Bio-Fuel Sdn Bhd (formerly known as Supagri Ventures Sdn Bhd)	SAB (East Asia) Holdings Ltd	SAB Properties Development Co. Sdn Bhd
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Firstview Development Sdn Bhd	JWS Projects Sdn Bhd	PKE (Malaysia) Sdn Bhd	PKE Transport (Malaysia) Sdn Bhd
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Commitment to
QUALITY...

BOARD OF DIRECTORS

Dato' Mong Hua @ Low Mong Hua

Non-Independent Executive Chairman/
Managing Director

Low Mong Chai @ Low Ah Kow

Non-Independent Executive Director

Dato' Mohd Yusoff bin Haji Amin

Independent Non-Executive Director

Mohd Hisham bin Harun

Independent Non-Executive Director

Yap Soon Nam

Independent Non-Executive Director

Sukhinderjit Singh Muker

Independent Non-Executive Director

Dato' Low Boon Eng

Non-Independent Non-Executive Director

Lim Kim Long

Non-Independent Non-Executive Director

David Low Kok Leong

Alternate Director to Low Mong Chai @ Low Ah Kow
(Appointed on 22 December 2006)

AUDIT COMMITTEE

Mohd Hisham bin Harun

- Chairman

Independent Non-Executive Director

Dato' Mohd Yusoff bin Haji Amin

Independent Non-Executive Director

Dato' Mong Hua @ Low Mong Hua

Non-Independent Executive Chairman/
Managing Director

REMUNERATION COMMITTEE

Sukhinderjit Singh Muker

- Chairman

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

NOMINATION COMMITTEE

Dato' Mohd Yusoff bin Haji Amin

Independent Non-Executive Director

Sukhinderjit Singh Muker

Independent Non-Executive Director

Mohd Hisham bin Harun

Independent Non-Executive Director

COMPANY SECRETARIES

Paul Ignatius Stanislaus (MACS 01330)

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 : 03-3375 6789
Facsimile : 03-3371 3898/3371 2080
E-mail : southern@tm.net.my

AUDITORS

Deloitte KassimChan

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

PRINCIPAL BANKERS

CIMB 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



From left to Right:

Sukhinderjit Singh Muker

Low Mong Chai @ Low Ah Kow

Dato' Low Boon Eng

Mohd Hisham bin Harun

David Low Kok Leong





From left to Right:

Dato' Mong Hua @ Low Mong Hua

Dato' Mohd Yusoff bin Haji Amin

Yap Soon Nam

Lim Kim Long



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 68, 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 First 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 2007. Dato' Low is the brother of Mr. Low Mong Chai @ Low Ah Kow and the first cousin to Dato' Low Boon Eng. Dato' Low is also the uncle to David Low Kok Leong. 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 77, is an Independent Non-Executive Director of the Company and was appointed to the Board on 18 September 1990. Dato' completed his secondary education in Victoria Institute Kuala Lumpur. Dato' Yusoff is the Honorary Advisor to Society of the Royal 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 2007. 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 61, 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 2007. Mr. Low is the father to David Low Kok Leong and brother to Dato' Mong Hua @ Low Mong Hua. Mr. Low is also 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

Independent Non-Executive Director

SUKHINDERJIT SINGH MUKER, a Malaysian, aged 60, is an Independent Non-Executive Director of the Company and was appointed to the Board on 28 July 1994. Mr. Muker is a practising lawyer and obtained his L.L.B (Honours) in 1972 from the University of London. He was conferred the Degree of an Utter Barrister by the Honourable Society of Grays Inn in 1973 and was called to the Malaysian Bar in 1974.

Mr. Muker also sits on the Board of Harvest Court Industries Berhad and Pahanco Corporation Berhad. These two (2) companies are listed on the 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 2007. 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.



Lim Kim Long

Non-Independent Non-Executive Director

LIM KIM LONG, a Malaysian, aged 47, is a Non-Independent Non-Executive Director of the Company and was appointed to the Board on 10 August 2005. Mr. Lim did his pre-university education at Kolej Tunku Abdul Rahman, Kuala Lumpur. He 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.

During the financial year ended 30 April 2007, Mr. Lim attended all the five (5) Board of Directors' Meetings held during the financial year. He has never been convicted for any offence within the past ten (10) years.





Dato' Low Boon Eng

Non-Independent Non-Executive Director

DATO' LOW BOON ENG, DPMS, JP, a Malaysian, aged 57, 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 Southern Palm Peninsular Oil Miller Association (SPPOMA). He also holds directorship in several private companies.

During the financial year ended 30 April 2007, Dato' Low attended all the five (5) Board of Directors' Meetings held during the financial year. Dato' Low is the first cousin to Dato' Mong Hua @ Low Mong Hua and Mr. Low Mong Chai @ Low Ah Kow. Dato' Low has never been convicted for any offence within the past ten (10) years.



Yap Soon Nam

Independent Non-Executive Director

YAP SOON NAM, a Malaysian, aged 56, 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. During the financial year ended 30 April 2006, Mr. Yap attended four (4) of the five (5) Board of Directors' Meetings which were held during the financial year.

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

Mohd Hisham bin Harun

Independent Executive Director

MOHD HISHAM BIN HARUN, a Malaysian, aged 39, 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 various 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. During the financial year ended 30 April 2006, Encik Hisham attended all the five (5) Board of Directors' Meetings which were held during the financial year.

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.



David Low Kok Leong

Alternate Director to Low Mong Chai @ Low Ah Kow
(Appointed on 22 December 2006)

DAVID LOW KOK LEONG, a Malaysia, aged 35, was appointed as an Alternate Director to his father, Mr. Low Mong Chai @ Low Ah Kow on 22 December 2006. Mr. Low holds a Master of Science in Management for Agricultural Development and Bachelor of Horticultural Science (with distinction). Mr. Low started his career as an Assistant Manager overseeing the estate operations of some of the estates in the Southern Group and was later promoted as the Plantation Management Advisor of the Southern Group. He is now the Regional General Manager of the Southern Group Indonesian Plantation Operations.

Mr. Low is the nephew to Dato' Mong Hua @ Low Mong Hua. Mr. Low also holds directorship in several private companies and has never been convicted for any offence within the past ten (10) years.





Ensuring Operational
EFFICIENCY...

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 2007.

FINANCIAL OVERVIEW

I am pleased to report that better earnings were registered by all the operating divisions during the financial year. Group operating profit was RM25.46 million, up 1,145% or RM23.41 million from the previous financial year. Much of this was contributed by the three major business divisions - the oleochemical, plantation and the health care divisions.

The oleochemical division contributed RM7.84 million or 30.79% of the Group operating profit, a significant improvement against the division operating loss of RM3.164 million in the previous financial year. The plantation division contributed RM10.47 million or 41.12% of the Group operating profit while the health care division recorded an operating profit of RM3.35 million.

Basic earnings per share for the financial year was much higher at 10.30 sen from 0.15 sen in the last financial year. Net tangible assets per share as at 30 April 2007 also improved to RM2.60, compared to RM2.52 as at 30 April 2006.

OLEOCHEMICAL DIVISION

The Group continued to derive the bulk of its revenue from the oleochemical division. For the financial year under review, the oleochemical division revenue accounted for 64.93% (2006: 60.32%) of the Group revenue.

Divisional production and sales volume was higher during the financial year, helping to drive the division sales to RM240.36 million against RM202.82 million in the last financial year. Profit margin had also improved and coupled with the benefit of having operated a full year with the compressed natural gas supply (CNG) system, these had helped the division to register an operating profit of RM7.84 million in the current financial year against an operating loss of RM3.164 million in financial year ended 2006.



PLANTATION DIVISION

The plantation division recorded a significant increase in its results for the current year, registering an operating profit of RM10.47 million against RM1.00 million in the last financial year. This is buoyed largely by better crude palm oil price, higher FFB yield, lower operational costs and a lower conversion loss charge in the Income Statement from the conversion of land in favour of designated smallholders under an Indonesian government scheme which PT Wanasari Nusantara, the Company's 56% owned indirect subsidiary company participates in. In the last financial year, PT Wanasari Nusantara had incurred a RM3.43 million conversion loss under this scheme. The charge for this in the current year is RM0.67 million, a comparatively lower amount. The RM0.67 million however, is a mere provisional figure provided by the Company on prudent ground to recognise the potential loss from the remaining unconverted land basing on the Company's past conversion experience. Without accounting for this, for like-to-like comparison purpose, the division operating profit had increased from RM4.43 million (RM3.43 million plus

RM1.00 million) in the last financial year to RM11.14 million (RM10.47 million plus RM0.67 million) in financial year ended 2007.

HEALTH CARE DIVISION

The health care division registered an operating profit of RM3.35 million during the financial year against its maiden profit of RM0.57 million the year before. The improved results are assisted, in part by an improvement in the division's turnover which increased from the RM43.44 million recorded in the last financial year to RM52.30 million during the financial year under review.





INVESTMENT IN ASSOCIATED COMPANY

During the financial year under review, JWS Projects Sdn Bhd, the 30% owned associated company had disposed its 51% stake in Yangzhong Changjiang Bridge Co. Ltd, the company which was awarded the concessionary rights to manage and collect toll in Yangzhong Changjiang Bridge in China for RMB33.46 million (Ringgit Malaysia equivalent RM14.86 million).

With the exit from the investment in China, JWS had distributed RM14.80 million worth of dividends to its shareholders. The Company's share of this, amounted to RM4.44 million (30% of RM14.80 million).

At the time of writing, JWS has not ventured or does it have any intention to venture into any business. The Board will keep the shareholders informed of any development in this regard.

DIVIDEND

The Board of Directors is pleased to recommend a final dividend of 6.00% (tax exempt) for the current financial year. We seek your favourable consideration and approval on the proposed dividend in the forthcoming Annual General Meeting.

PROSPECTS

With the CNG system in place, the oleochemical division is now able to compete more effectively in an industry that has seen quite a huge expansion in capacity coming on stream the last few years. The division should also continue to benefit from the long standing relationship that it has built with its customers over the years as a reliable producer of quality goods.

The health care division should continue to register profits. The division has taken active steps in building itself a reputation as a quality health care provider. As society become more health conscious, the division should benefit from this.





The plantation division should continue to remain profitable. While this would, to an extent depend on crude palm oil price, we would also endeavour to increase our earning capacities by improving on the division's operating efficiencies as well.

BOARD CHANGES

Mr. Low Mun Chong, an Executive Director of the Company has vacated his office on 30th April 2007.

On behalf of the Board, I would like to extend the Board of Directors and the Company's gratitude for his contributions to the Group while in office.

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 to our shareholders for their continued support and confidence in Southern Acids (M) Berhad.

Thank you.

Dato' Mong Hua @ Low Mong Hua
Chairman



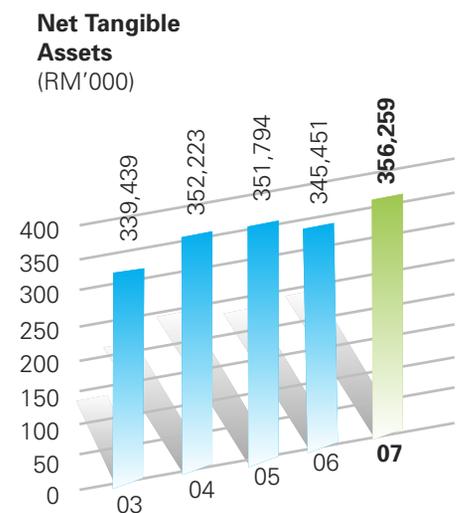
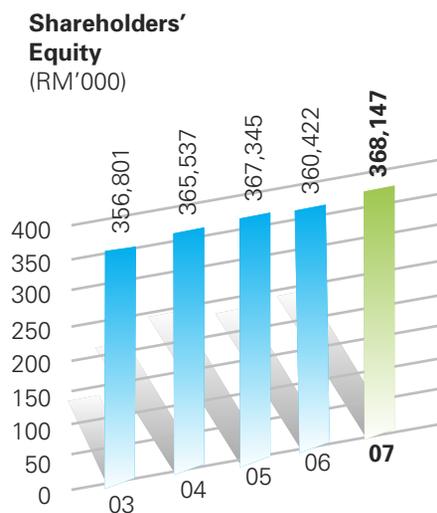
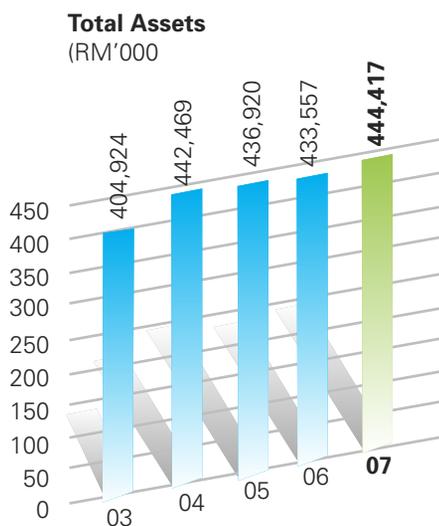
DELIVERING

Better Standards...

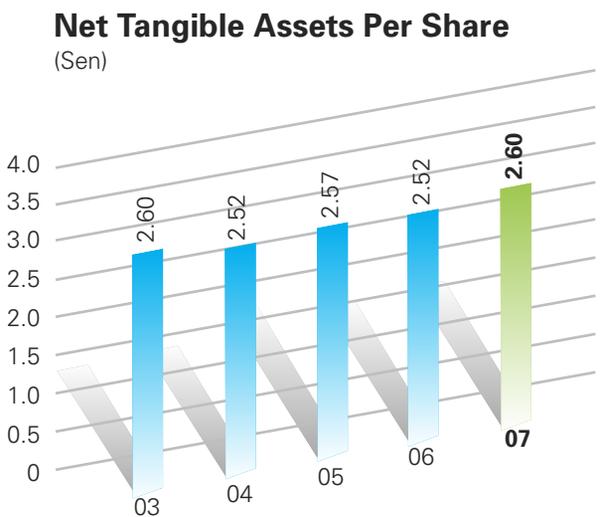
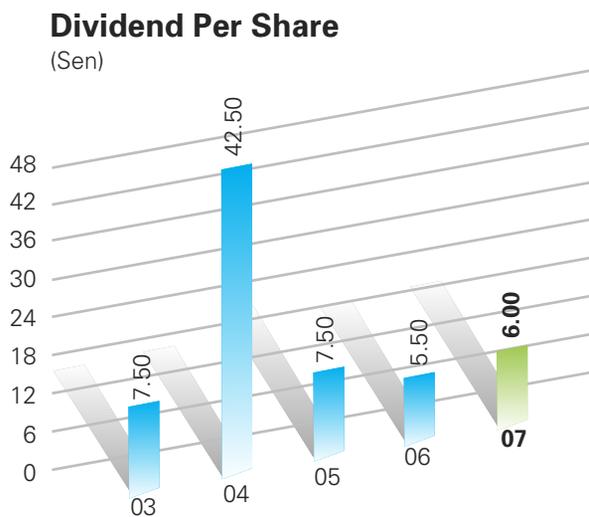
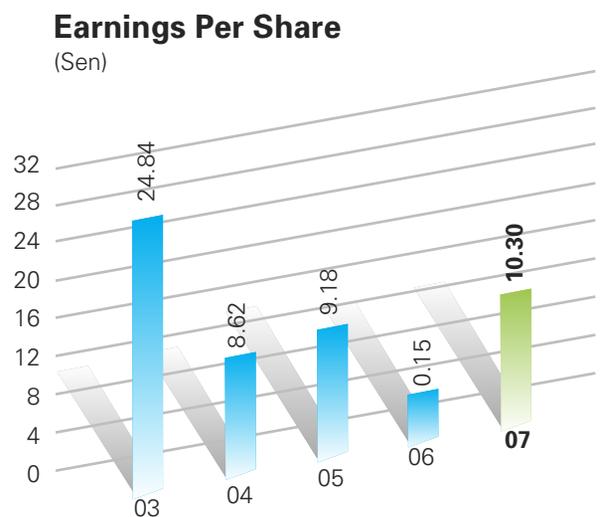
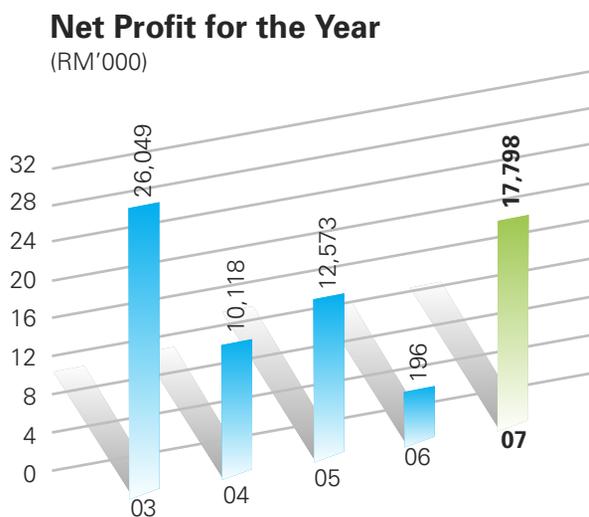
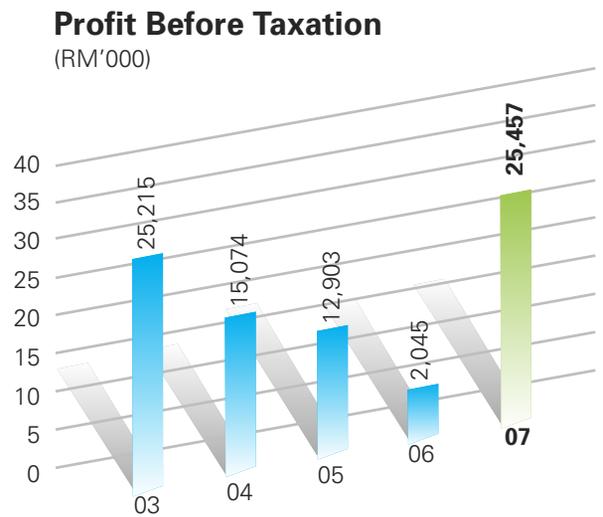
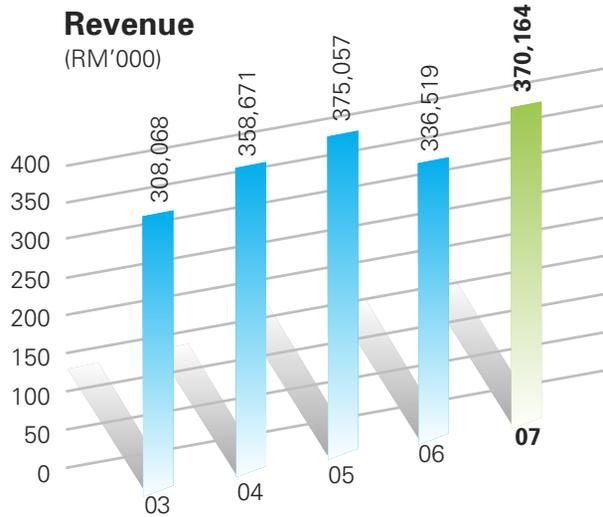
5-year group financial summary

	2003	2004	2005	2006	2007
FINANCIAL PERFORMANCE (RM'000)					
Revenue	308,068	358,671	375,057	336,519	370,164
Profit before taxation	25,215	15,074	12,903	2,045	25,457
Net profit for the year	26,049	10,118	12,573	196	17,798
FINANCIAL POSITION (RM'000)					
Total Assets	404,924	442,469	436,920	433,557	444,417
Total Liabilities	48,123	76,932	64,724	68,296	67,871
Net Current Assets	69,607	76,427	71,802	68,106	89,240
Shareholders' Equity	356,801	365,537	367,345	360,422	368,147
Issued Share Capital	104,873	136,934	136,934	136,934	136,934
Net Tangible Assets	339,439	352,223	351,794	345,451	356,259
KEY FIGURES					
Earnings Per Share (Sen)	24.84	8.62	9.18	0.15	10.30
Dividend Per Share (Fully Diluted) (Sen)	20.03	7.72	8.35	N/A	N/A
Dividend Per Share (Gross) (Sen)	7.50	42.50	7.50	5.50	6.00
Net Tangible Assets Per Share (RM)	3.24	2.57	2.57	2.52	2.60

financial position



key figures



audit committee report

THE BOARD IS PLEASED TO PRESENT THE REPORT OF THE AUDIT COMMITTEE FOR THE FINANCIAL YEAR ENDED 30 APRIL, 2007.

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. En. Mohd Hisham bin Harun - Chairman Independent Non-Executive Director	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

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.
- 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.
- 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.

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

During the financial year ended 30 April 2007, 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.

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:-

- 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.
- Ascertaining the adequacy of the Group's system of internal controls and procedures that are specifically designed to detect and /or prevent violations.

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 PRACTISED THROUGHOUT THE GROUP AND WILL TAKE ALL STEPS TO MEET THE PRINCIPLES AND BEST PRACTICES AS SET OUT IN THE MALAYSIAN CODE ON CORPORATE GOVERNANCE.

1. THE BOARD OF DIRECTORS

An effective Board leads and controls the Group. Board meetings are held at least four (4) time a year and additional meetings are held when required. During the year ended 30 April 2007, 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 12 and 16.

1.1 Board Balance & Composition

The Board currently has eight (8) members, which comprised the Executive Chairman, one (1) Executive Director and six (6) Non-Executive Directors. Three (3) of the six (6) Non-Executive Directors are Independent Directors. Together, the Directors have a mix of skills and experience ranging from business, financial, legal and technical

experience. The mix of skills and experience is vital for the successful direction of the Group. A brief profile of each Director is presented on pages 12 and 16.

The role of the Managing Director and Chairman is presently combined but it is the intention to appoint an Independent 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 subject 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

With the recent amendment to Practice Note No. 15/2003, the Board of Directors will now assume the responsibility of determining and overseeing the training needs of its members.

To facilitate their understanding of the Group's business and operations, all the Independent Non-Executive Directors have also been invited to undergo an orientation and familiarisation programme.

All Board members also receives updates from time to time, particularly on regulatory and statutory developments.

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 2007 is as follows:-

In RM	Executive Directors	Non-Executive Directors
Fees	106,500	140,600
Salaries	210,216	–
Bonuses & Incentives	18,518	–
Allowances	10,800	28,400
Total	346,034	169,000

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	5
RM50,001 to RM100,000	–	1
RM100,001 to RM150,000	–	–
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 26 to 28.

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

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.

The Committee was not called upon by the Board to review the remuneration of the Executive Directors during the financial year.

2.3 Nomination Committee

The Committee members are:-

- Dato' Mohd Yusoff bin Haji Amin
- Mr. Sukhinderjit Singh Muker
- En. Mohd Hisham bin Harun

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

During the financial year ended 30 April 2007, one (1) meeting was held, which was attended by all the 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 pages 34 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 26 to 28.

corporate social responsibility

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

a. **The Marketplace**

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

b. **The Workplace**

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

c. **The Environment**

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

d. **The Community**

During the financial year, the Group has supported the Tunku Abdul Rahman Education Fund by making a cash donation to the Fund and periodically supports other charitable and social causes such as school building projects and orphanage homes.

statement on internal control

INTRODUCTION

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

DIRECTORS' RESPONSIBILITY

As Southern Acids (M) Berhad's Board of Directors, our primary role is to set out the strategic direction of the Group and to oversee its operations by providing a framework where the Group's affairs could be directed and managed in a manner that would enhance business prosperity and corporate accountability with the ultimate objective of realising 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 2007 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 August 2007.

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 2007 and the preceding financial year.

2. MATERIAL CONTRACTS

Other than those disclosed in Note 21 to the financial statements of the Group and of the Company for the financial year ended 30 April 2007, 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 2007 or entered into since the end of the previous financial year ended 30 April 2006.

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 2007.

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 2007, 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 2007.

10. VARIATION IN RESULTS

The Company did not release any profit estimates, forecast or projection for the financial year 30 April 2007. 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-Fifth Annual General Meeting held on 30 October 2006, 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 30 October 2006 until the forthcoming Annual General Meeting of the Company.

At the forthcoming Annual General Meeting to be held on 30 October 2007, 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 2007 accompanying this Annual Report.



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, 2007.

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 14 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	25,457,275	8,980,863
Income tax expense	(7,659,021)	(1,812,129)
Profit for the year	17,798,254	7,168,734
Attributable to:		
Equity holders of the Company	14,110,093	7,168,734
Minority interests	3,688,161	–
	17,798,254	7,168,734

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

DIVIDENDS

A final dividend of 3.5%, tax exempt, amounting to RM4,792,695 proposed in previous financial year and dealt with in the previous directors' report was paid by the Company on November 29, 2006.

The Directors propose a final dividend (tax exempt) of 6% per ordinary share of RM1.00 each amounting to RM8,216,048 in respect of the current financial year on the issued and paid-up ordinary shares of the Company. This dividend is subject to approval by the shareholders at the forthcoming Annual General Meeting of the Company and has not been included as a liability in the financial statements.

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

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

SHARE OPTIONS

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

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

OTHER 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 all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
- (b) to ensure that any current assets which were unlikely to realise their book values in the ordinary course of business have been written down to their estimated realisable values.

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

- (a) which would render the amount written off for bad debts or the amount of allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
- (b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
- (c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or
- (d) not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

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

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

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

OTHER FINANCIAL INFORMATION (CONT'D)

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 (vacated on 30.4.2007)
Low Mong Chai @ Low Ah Kow
Sukhinderjit Singh Muker
Dato' Low Boon Eng, DPMS, JP
Mohd Hisham Bin Harun
Yap Soon Nam
Lim Kim Long
David Low Kok Leong (appointed on 22.12.2006; alternate director to Low Mong Chai @ Low Ah Kow)

In accordance with Article 95 and 96 of the Company's Articles of Association, Mr. Sukhinderjit Singh Muker, Mr. Lim Kim Long and Encik Mohd Hisham Bin Harun 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 86(g) of the Company's Articles of Association Mr Low Mun Chong vacated his office of director on April 30, 2007 due to his absence from more than 50% of the total Board of Directors' meetings held during the current financial year.

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 30.4.2007
	Balance as of 1.5.2006	Bought	Sold	
Shares in the Company				
Registered in name of directors				
Direct interest				
Dato' Mong Hua @ Low Mong Hua, DPMS	9,227,846	–	–	9,227,846
Low Mong Chai @ Low Ah Kow	261,495	–	(25,000)	236,495
Lim Kim Long	49,276	–	–	49,276
Dato' Low Boon Eng, DPMS, JP	2,487	–	–	2,487
David Low Kok Leong	1,223	–	–	1,223

DIRECTORS' INTERESTS (CONT'D)

	No. of ordinary shares of RM1.00 each			Balance as of 30.4.2007
	Balance as of 1.5.2006	Bought	Sold	
Shares in the Company				
Registered in name of directors				
Deemed interest				
Dato' Mong Hua @ Low Mong Hua, DPMS *	65,145,923	–	–	65,145,923
Lim Kim Long **	66,299,482	–	–	66,299,482

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, Southern Hock Joo Plantation Sdn. Berhad, Naga Wira Sdn. Berhad, Bekalan Utama Sdn. Berhad, Southern Edible Oil Industries (M) Sdn. Berhad and Southern Palm Industries Sdn. Berhad.

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

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

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

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

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 21 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 MONG CHAI @ LOW AH KOW

Klang,
August 28, 2007

report of the auditors

to the members of Southern Acids (M) Berhad

We have audited the accompanying balance sheets as of April 30, 2007 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 Malaysian Accounting Standards Board 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, 2007 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 14 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
1887/03/08 (J)
Partner

August 28, 2007

income statements

for the year ended April 30, 2007

	Note	The Group		The Company	
		2007 RM	2006 RM	2007 RM	2006 RM
Revenue	5	370,164,117	337,274,948	244,471,224	208,371,981
Other operating income	6	3,632,642	3,991,899	2,862,161	3,667,991
Changes in inventories of finished goods and work-in-progress		10,656,923	1,845,436	–	–
Raw materials and consumables used		(248,561,642)	(235,658,554)	–	–
Purchase of trading merchandise		(299,449)	(163,458)	(238,281,147)	(200,856,193)
Share in loss of associated company		(726,845)	(1,465,438)	–	–
Depreciation of property, plant and equipment	13	(12,449,412)	(16,472,607)	–	–
Directors' remuneration	7	(1,252,861)	(825,078)	(252,639)	(274,717)
Staff costs	6	(27,663,066)	(25,195,716)	(347,725)	(332,553)
Other operating expenses	6	(67,895,345)	(60,525,980)	(383,623)	(828,613)
Investment revenue	8	1,235,505	1,061,304	912,612	869,905
Finance costs	9	(1,383,292)	(1,821,577)	–	–
Profit before tax		25,457,275	2,045,179	8,980,863	10,617,801
Income tax expense	10	(7,659,021)	(1,848,932)	(1,812,129)	(275,289)
Profit for the year		17,798,254	196,247	7,168,734	10,342,512
Attributable to:					
Equity holders of the Company		14,110,093	209,011	7,168,734	10,342,512
Minority interests		3,688,161	(12,764)	–	–
		17,798,254	196,247	7,168,734	10,342,512
Earnings per share (sen) attributable to equity holders of the Company					
Basic	11	10.30	0.15		
Fully diluted	11	N/A	N/A		

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

balance sheets

as at April 30, 2007

	Note(s)	The Group		The Company	
		2007 RM	2006 RM (restated)	2007 RM	2006 RM
ASSETS					
Non-Current Assets					
Land held for property development	12	136,353,899	136,353,899	–	–
Property, plant and equipment	13	117,807,276	128,021,620	–	–
Investment in subsidiary companies	14	–	–	44,573,566	44,573,498
Investment in associated company	15	10,673	5,177,518	10,673	30,000
Other investments	16	26,064,689	23,574,955	26,064,689	23,574,955
Property development projects	17	3,951,464	4,098,630	–	–
Deferred tax assets	18	11,888,190	14,971,008	73,615	1,476,311
		296,076,191	312,197,630	70,722,543	69,654,764
Current Assets					
Inventories	19	51,813,978	38,799,642	–	–
Trade receivables	20&21	32,473,949	31,125,895	24,838,879	22,281,085
Other receivables, deposits and prepaid expenses	20&21	7,725,793	9,195,624	614,371	794,291
Amount owing by subsidiary companies	21	–	–	223,433,943	225,189,744
Amount owing by associated company	21	–	462,000	–	462,000
Fixed deposits, short-term placements, cash and bank balances	22	56,327,448	41,776,054	36,328,530	31,557,076
		148,341,168	121,359,215	285,215,723	280,284,196
TOTAL ASSETS		444,417,359	433,556,845	355,938,266	349,938,960

	Note(s)	The Group		The Company	
		2007 RM	2006 RM (restated)	2007 RM	2006 RM
EQUITY AND LIABILITIES					
Capital and Reserves					
Issued capital	23	136,934,132	136,934,132	136,934,132	136,934,132
Reserves	24	231,213,328	223,488,277	94,994,939	92,618,900
Equity attributable to equity holders of the Company		368,147,460	360,422,409	231,929,071	229,553,032
Minority interests		8,399,079	4,838,560	–	–
Total Equity		376,546,539	365,260,969	231,929,071	229,553,032
Non-Current Liabilities					
Term loans	25	5,990,442	11,961,674	–	–
Provision for retirement benefits	26	2,779,232	3,080,641	175,232	158,245
		8,769,674	15,042,315	175,232	158,245
Current Liabilities					
Trade payables	21&27	24,272,958	17,123,961	–	–
Other payables and accrued expenses	21&27	25,268,609	27,043,946	2,189,055	2,739,815
Amount owing to subsidiary companies	21	–	–	121,523,408	117,366,368
Amount owing to directors	28	475,425	53,846	–	–
Bank borrowings	29	8,958,971	8,876,251	–	–
Tax liabilities		3,683	34,057	–	–
Dividend payable		121,500	121,500	121,500	121,500
		59,101,146	53,253,561	123,833,963	120,227,683
Total Liabilities		67,870,820	68,295,876	124,009,195	120,385,928
TOTAL EQUITY AND LIABILITIES		444,417,359	433,556,845	355,938,266	349,938,960

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

statements of changes in equity

for the year ended April 30, 2007

The Group	Note	← Non-distributable Reserves →			→ Distributable			Total RM	
		Issued Capital RM	Share Premium RM	Foreign Exchange Reserve RM	Capital Reserve RM	Reserve Retained Earnings RM	Attributable to Equity Holders of the Company RM		Minority Interests RM
Balance as of May 1, 2005		136,934,132	34,321,050	122,618	7,220,556	188,746,225	367,344,581	4,851,349	372,195,930
Foreign exchange differences arising on translation of overseas subsidiary companies		–	–	400,194	–	–	400,194	(25)	400,169
Income and expense recognised directly in equity		–	–	400,194	–	–	400,194	(25)	400,169
Total recognised income and expense for the year – profit for the year		–	–	–	–	209,011	209,011	(12,764)	196,247
Dividends	31	–	–	–	–	(7,531,377)	(7,531,377)	–	(7,531,377)
Balance as of April 30, 2006		136,934,132	34,321,050	522,812	7,220,556	181,423,859	360,422,409	4,838,560	365,260,969
Balance as of May 1, 2006		136,934,132	34,321,050	522,812	7,220,556	181,423,859	360,422,409	4,838,560	365,260,969
Derecognition of capital reserve	2(a)	–	–	–	(7,220,556)	7,220,556	–	–	–
Foreign exchange differences arising on translation of overseas subsidiary companies		–	–	(1,592,347)	–	–	(1,592,347)	(127,574)	(1,719,921)
Income and expense recognised directly in equity		–	–	(1,592,347)	(7,220,556)	7,220,556	(1,592,347)	(127,574)	(1,719,921)
Total recognised income and expense for the year – profit for the year		–	–	–	–	14,110,093	14,110,093	3,688,161	17,798,254
Dividends	31	–	–	–	–	(4,792,695)	(4,792,695)	–	(4,792,695)
Additional investment in a subsidiary company		–	–	–	–	–	–	(68)	(68)
Balance as of April 30, 2007		136,934,132	34,321,050	(1,069,535)	–	197,961,813	368,147,460	8,399,079	376,546,539

statements of
changes in equity

The Company	Note	Issued Capital RM	Non- distributable Reserve Share Premium RM	Distributable Reserve Retained Earnings RM	Total RM
Balance as of May 1, 2005		136,934,132	34,321,050	55,486,715	226,741,897
Total recognised income and expense for the year					
– profit for the year		–	–	10,342,512	10,342,512
Dividends	31	–	–	(7,531,377)	(7,531,377)
Balance as of April 30, 2006		136,934,132	34,321,050	58,297,850	229,553,032
Balance as of May 1, 2006		136,934,132	34,321,050	58,297,850	229,553,032
Total recognised income and expense for the year					
– profit for the year		–	–	7,168,734	7,168,734
Dividends	31	–	–	(4,792,695)	(4,792,695)
Balance as of April 30, 2007		136,934,132	34,321,050	60,673,889	231,929,071

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

cash flow statements

for the year ended April 30, 2007

Note	The Group		The Company	
	2007 RM	2006 RM	2007 RM	2006 RM
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES				
Profit for the year	17,798,254	196,247	7,168,734	10,342,512
Adjustments for:				
Depreciation of property, plant and equipment	12,449,412	16,472,607	-	-
Income tax expense	7,659,021	1,848,932	1,812,129	275,289
Finance costs	1,383,292	1,821,577	-	-
Share in loss of associated company	726,845	1,465,438	-	-
Provision for loss on disposal of plantations	668,746	-	-	-
Loss on disposal of property, plant and equipment	279,545	3,434,243	-	-
Provision for retirement Benefits	252,549	478,061	16,987	16,987
Inventories written off	175,142	-	-	-
Bad debts written off	19,922	688,596	-	-
Property, plant and equipment written off	400	76,440	-	-
Write back of allowance for diminution in value of quoted shares	(2,489,734)	(809,984)	(2,489,734)	(809,984)
Dividend income	(1,750,076)	(1,515,789)	(6,190,077)	(7,515,789)
Interest income	(1,235,505)	(1,056,437)	(912,612)	(869,905)
Unrealised (gain)/loss on foreign exchange	(653,078)	(891,387)	(372,427)	504,168
Waiver of amount owing to former director of subsidiary companies	(228,350)	-	-	-
Allowance for diminution in value of investment in associate company	-	-	19,327	-
Operating Profit/(Loss) Before Working Capital Changes	35,056,385	22,208,544	(947,673)	1,943,278
(Increase)/Decrease in:				
Inventories	(13,189,478)	359,661	-	-
Trade receivables	(714,898)	(341,665)	(2,207,440)	2,606,840
Other receivables, deposits and prepaid expenses	1,337,359	526,554	4,250	(6,866)
Amount owing by subsidiary companies	-	-	1,755,801	(82,545)
Increase/(Decrease) in:				
Trade payables	7,148,997	2,993,570	-	-
Other payables and accrued expenses	(1,546,987)	561,474	(544,731)	1,389,628
Amount owing to subsidiary companies	-	-	4,157,040	(4,340,131)
Amount owing to directors	421,579	(20,940)	-	-
Property development projects	147,166	(121,518)	-	-

cash flow
statements

	Note	The Group		The Company	
		2007 RM	2006 RM	2007 RM	2006 RM
Cash Generated From Operations		28,660,123	26,165,680	2,217,247	1,510,204
Interest received		1,235,505	1,056,437	912,612	869,905
Income tax (paid)/refund		(2,237,090)	(1,695,168)	(233,764)	(334,687)
Finance costs paid		(1,383,292)	(1,821,577)	–	–
Retirement benefits paid		(553,958)	(42,448)	–	–
Net Cash From Operating Activities		25,721,288	23,662,924	2,896,095	2,045,422
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES					
Dividend received		6,190,076	1,515,789	6,190,077	7,515,789
Proceeds from disposal of property, plant and equipment		1,706,093	3,700	–	–
Repayment from associated company		462,000	–	462,000	–
Additions to property, plant and equipment		(9,259,878)	(15,773,173)	–	–
Additional investment in subsidiary company		–	–	(68)	(749,999)
Net Cash (Used In)/From Investing Activities		(901,709)	(14,253,684)	6,652,009	6,765,790
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES					
Repayment of term loans		(5,866,942)	(4,200,001)	–	–
Dividend paid		(4,792,695)	(7,531,377)	(4,792,695)	(7,531,377)
(Repayment)/Drawdown of revolving credit		(303,919)	3,728,209	–	–
Net Cash Used In Financing Activities		(10,963,556)	(8,003,169)	(4,792,695)	(7,531,377)
NET INCREASE IN CASH AND CASH EQUIVALENTS		13,856,023	1,406,071	4,755,409	1,279,835
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		41,186,250	40,936,645	31,557,076	30,277,241
EFFECT OF EXCHANGE RATES DIFFERENCES		413,022	(1,156,466)	16,045	–
CASH AND CASH EQUIVALENTS AT END OF YEAR	30	55,455,295	41,186,250	36,328,530	31,557,076

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 14.

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

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

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.

The financial statements of the Group and of the Company have been approved by the Board of Directors and were authorised for issuance on August 28, 2007.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the Group and of the Company have been prepared in accordance with the provisions of the Companies Act, 1965 and the applicable Malaysian Accounting Standards Board approved accounting standards in Malaysia.

Adoption of New And Revised Financial Reporting Standards And Interpretations

During the current financial year, the Group and the Company have adopted all of the new and revised Financial Reporting Standards ("FRSs") and Interpretations issued by Malaysian Accounting Standards Board ("MASB") that are relevant to their operations and effective for annual periods beginning on or after January 1, 2006 as follows:

FRS 3	Business Combinations
FRS 101	Presentation of Financial Statements
FRS 102	Inventories
FRS 107 ₂₀₀₄	Cash Flow Statements
FRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
FRS 110	Events After the Balance Sheet Date
FRS 112 ₂₀₀₄	Income Taxes
FRS 114 ₂₀₀₄	Segment Reporting
FRS 116	Property, Plant and Equipment
FRS 118 ₂₀₀₄	Revenue
FRS 119	Employee Benefits
FRS 121	The Effects of Changes in Foreign Exchange Rates
FRS 127	Consolidated and Separate Financial Statements
FRS 128	Investments in Associates
FRS 132	Financial Instruments: Disclosure and Presentation
FRS 133	Earnings per Share
FRS 136	Impairment of Assets
FRS 137 ₂₀₀₄	Provisions, Contingent Liabilities and Contingent Assets
FRS 201 ₂₀₀₄	Property Development Activities

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

The adoption of the above FRSs did not have significant financial impact on the financial statements of the Group and the Company. The principal effects of the changes in accounting policies resulting from the adoption of FRS 3, FRS 101 and FRS 201₂₀₀₄ are as follows:

(a) FRS 3: Business Combinations

Under FRS 3, any excess of the Group's interest in the net fair value of acquirees' identifiable assets, liabilities and contingent liabilities over cost of acquisitions (previously referred to as "negative goodwill"), after reassessment, is now recognised immediately in profit or loss. Prior to May 1, 2006, negative goodwill was credited as capital reserve in the balance sheet of the Group. In accordance with the transitional provisions of FRS 3, the negative goodwill as at May 1, 2006 was derecognised and an adjustment of RM7,220,556 is made to the opening retained earnings and capital reserve.

The effects of the adoption of FRS 3 are as follows:

	As at May 1, 2006 RM
Decrease in capital reserve	(7,220,556)
Increase in retained earnings	7,220,556
	<hr/>

(b) FRS 101: Presentation of Financial Statements

The adoption of the revised FRS 101 has affected the presentation of minority interest, share of net after-tax results of associates and other disclosures. In the consolidated balance sheet, minority interests are now presented within total equity. In the consolidated income statement, minority interests are presented as an allocation of the total profit or loss for the period. A similar requirement is also applicable to the statement of changes in equity. FRS 101 also requires disclosure, on the face of the statement of changes in equity, total recognised income and expenses for the period, showing separately the amounts attributable to equity holders of the Company and to minority interest.

The current year presentation of the Group's financial statements is based on the revised requirements of FRS 101, with the comparatives restated to conform with the current year's presentation.

(c) FRS 201₂₀₀₄: Property Development Activities

Under FRS 201₂₀₀₄, land held for property development consists of land on which no significant development work has been undertaken or where development activities are not expected to be completed within the normal operating cycle. Such land are classified as non-current assets and are stated at their historical cost of acquisition including all related costs incurred subsequent to the acquisition on activities necessary to prepare the land for its intended use less any accumulated impairment losses.

Where an indication of impairment exists, the carrying amount of the asset is assessed and written down immediately to its recoverable amount.

Prior to May 1, 2006, freehold land held for property development was classified as property, plant and equipment and was stated at cost less any impairment losses.

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

(c) FRS 201₂₀₀₄: Property Development Activities (cont'd)

Upon the adoption of the revised FRS 201₂₀₀₄ at May 1, 2007, the reclassification of freehold land held for property development from property, plant and equipment to land held for property development have been accounted for retrospectively and as disclosed in Note 36, certain comparative amounts as at April 30, 2006 have been restated.

At the date of authorisation of issue of the financial statements of the Group and the Company, the following new and revised FRSs and interpretations were issued but not yet effective:

Applicable to operations of the Group and the Company

FRS 117	Leases *
FRS 124	Related Party Disclosures *
FRS 139	Financial Instruments: Recognition and Measurement ****

Not applicable to operations of the Group and the Company

FRS 6	Exploration for and Evaluation of Mineral Resources **
FRS 121	Amendments to FRS 121 - The Effects of Changes in Foreign Exchange Rates – Net Investment in a Foreign Operation ***

Interpretation 1	Changes in Existing Decommissioning, Restoration & Similar Liabilities ***
Interpretation 2	Members' Shares in Co-operative Entities & Similar Instruments ***
Interpretation 5	Rights to Interests arising from Decommissioning, Restoration & Environmental Rehabilitation Funds ***
Interpretation 6	Liabilities arising from Participating in a Specific Market – Waste Electrical & Electronic Equipment ***
Interpretation 7	Applying the Restatement Approach under FRS 129 ₂₀₀₄ Financial Reporting in Hyperinflationary Economies ***
Interpretation 8	Scope of FRS 2 ***

* Effective for annual period beginning on or after October 1, 2006

** Effective for annual period beginning on or after January 1, 2007

*** Effective for annual period beginning on or after July 1, 2007

**** Effective date deferred and to be determined by MASB.

FRS 117 Leases

This standard requires the classification of leasehold land as prepaid lease payments. The Group will apply this standard for financial periods beginning May 1, 2007.

As of April 30, 2007, the leasehold interests in leasehold land which are stated at cost less accumulated depreciation are classified as property, plant and equipment. With the adoption of FRS 117 on May 1, 2007, the leasehold interests in leasehold land with carrying amount amounting to RM4,345,566 will be accounted for as operating leases and will be reclassified as prepaid lease payments. The prepaid lease payments will be amortised evenly over the lease term of the land.

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

(c) FRS 2012004: Property Development Activities (cont'd)

FRS 124 Related Party Disclosures

This standard will affect the identification of related parties and some other related party disclosures. The Group will apply this standard from financial periods beginning May 1, 2007. This standard is not expected to have any significant impact on the Group's financial statements.

FRS 139 Financial Instruments: Recognition and Measurement

This new standard established principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. Hedge accounting is permitted only under strict circumstances. The Group will apply this standard when effective.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

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

Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Group as shown in Note 14 made up to the end of the financial year. Control is achieved where the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Control is presumed to exist when the Group owns, directly or indirectly through subsidiary companies, more than half of the voting power of the entity.

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

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

All significant intercompany balances and transactions are eliminated on consolidation.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Business Combinations

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

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

Revenue

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

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

Revenue is recognised on the following basis:

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

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

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

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

Foreign Currencies

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

Employee Benefits

i) Short term employee benefits

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

ii) Post employment benefits

(a) Defined contribution plans

The Group and the Company contribute to the Employees Provident Fund ("EPF"), the national defined contribution plan. The contributions are charged to the income statements in the period to which they relate. Once the contributions have been paid, the Group and the Company have no further payment obligations. The contributions to the Employees Provident Fund are included under staff costs as mentioned in Note 6.

(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.

Income Tax

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the balance sheet date.

Deferred tax is provided for, using the "balance sheet liability" method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unutilised tax losses and unabsorbed capital allowances to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unutilised tax losses and unabsorbed capital allowances can be utilised.

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

Deferred tax is measured at the tax rates that are expected to apply in the year when the asset is realised or the liability settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Land Held for Property Development

Land held for property development is stated at cost less impairment losses (if any). When significant development work has been undertaken and is expected to be completed within the normal operating cycle, the assets are then classified at its carrying value to property development projects under current assets.

Property, Plant and Equipment

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

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

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%

At each balance sheet date, the residual values, useful lives and depreciation method of the property, plant and equipment are reviewed, and the effects of any changes are recognised prospectively.

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

Property, Plant and Equipment Under Hire-purchase Arrangements

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

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

Investment in Subsidiary Companies

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Investment in Associated Company

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

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

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

Other Investments

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

Impairment of Assets

At each balance sheet date, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the income statements.

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

Property Development Projects

Property development projects consist of the cost of freehold land and related development expenditure incurred less cost recognised in income statement and allowances for foreseeable loss.

Allowance for foreseeable loss (if any) is made based on losses estimated to arise upon the completion of property development projects which are already in progress.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Property Development Projects (cont'd)

The Group considers as current assets that portion of property development projects on which significant development work has been done and is expected to be completed within the normal operating cycle to two to three years.

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.

Provisions

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

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

Financial Assets

The Group's principal financial assets are fixed deposits, short-term placements, cash and bank balances, trade and other receivables and inter-companies receivables.

Financial Liabilities and Equity Instruments

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

Cash Flow Statements

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

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

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Deferred Tax Asset

In recognising the deferred tax assets attributable to unabsorbed capital allowance carry-forwards (included in deductible temporary differences of property, plant and equipment), the Directors made an assumption that there will not be any substantial change (more than 50%) in the shareholders of its subsidiary company before these assets are utilised. If there is substantial change in the shareholders, unabsorbed capital allowance carry-forwards amounting to RM13,676,621 will not be available to the Group, resulting in an increase in net deferred tax liabilities of the same amount. The deductible temporary differences do not expire under current tax legislation.

(ii) Key sources of estimation uncertainty

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

Allowance for doubtful receivables

The Group make allowance for doubtful receivables based on an assessment of the recoverability of trade receivables. Allowance is applied to trade receivables where events or changes in circumstances indicate that the balances may not be collectible. The identification of doubtful receivables requires use of judgement and estimates. Where the expectation is different from the original estimate, such difference will impact the carrying value of the trade receivables and doubtful receivables expenses in the period in which such estimate has been changed. As at April 30, 2007, allowance for doubtful receivables for trade receivables has been disclosed in Note 20.

5. REVENUE

An analysis of revenue is as follows:

	The Group		The Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Manufacturing and marketing	240,750,114	203,168,900	238,281,147	200,856,192
Plantation	68,599,105	81,834,336	–	–
Development, managing and operating of private hospital	52,302,939	43,368,733	–	–
Warehousing and bulk conveyor operations	4,784,676	4,287,324	–	–
Administrative services	1,889,207	3,099,866	–	–
Dividend income				
– quoted shares	1,750,076	1,515,789	1,750,076	1,515,789
– associated company	–	–	4,440,000	–
– subsidiary company	–	–	–	6,000,000
Dividend income	1,750,076	1,515,789	6,190,076	7,515,789
Rental income	88,000	–	–	–
	370,164,117	337,274,948	244,471,224	208,371,981

6. OTHER OPERATING INCOME/(EXPENSES)

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

	The Group		The Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Rental income	213,667	125,733	-	-
Write back of allowance for diminution in value of quoted shares	2,489,734	809,984	2,489,734	809,984
Realised loss on foreign exchange	1,837,617	538,076	-	-
Unrealised gain/(loss) on foreign exchange	653,078	891,387	372,427	(504,168)
Waiver of amount owing to former director of subsidiary companies	228,350	-	-	-
Provision for loss on disposal of plantation	(668,746)	-	-	-
<hr/>				
Lease rental of land	(376,359)	(376,358)	-	-
Loss on disposal of property, plant and equipment	(279,545)	(3,434,243)	-	-
Rental of:				
Premises paid/payable to related party (Note 21)	(260,987)	(278,362)	-	-
Warehouse	(205,507)	(177,365)	-	-
Storage tanks	(200,377)	(306,671)	-	-
Plant and machinery	(46,783)	-	-	-
Premises paid/payable to third parties	(4,400)	(1,879)	-	-
Office equipment	(2,112)	-	-	-
Provision for retirement benefits	(252,549)	(478,061)	(16,987)	(16,987)
Inventories written off	(175,142)	-	-	-
Audit fee				
- current	(143,441)	(107,324)	(30,000)	(28,000)
- over/(under) provision in prior year	-	1,900	-	(3,000)
Bad debts written off	(19,922)	(688,596)	-	-
Property, plant and equipment written off	(400)	(76,440)	-	-
Exceptional items:				
Amount no longer payable to former shareholders of an indirect subsidiary company on debts previously assigned to the Company	-	2,858,007	-	2,858,007
Allowance for diminution in value of investment in associated company	-	-	(19,327)	-

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 RM2,191,993 and RM35,115 (2006 : RM2,176,923 and RM33,636) respectively.

7. DIRECTORS' REMUNERATION

	The Group		The Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Executive directors:				
Fees	72,000	106,500	72,000	106,500
Other emoluments	529,770	261,951	10,000	10,800
	601,770	368,451	82,000	117,300
Non-executive directors:				
Fees	146,000	140,523	146,000	140,523
Other emoluments	505,091	316,104	24,639	16,894
	651,091	456,627	170,639	157,417
	1,252,861	825,078	252,639	274,717

Contributions to EPF for the directors during the current financial year for the Group amounted to RM63,178 (2006 : RM55,793).

8. INVESTMENT REVENUE

	The Group		The Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Interest income on fixed deposits and short-term placements with licensed banks	1,235,505	1,061,304	912,612	869,905

9. FINANCE COSTS

	The Group		The Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Interest on:				
Term loans	1,382,272	1,809,951	–	–
Bank overdrafts	1,020	11,626	–	–
	1,383,292	1,821,577	–	–

10. INCOME TAX EXPENSE

	The Group		The Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Estimated tax payable:				
– Current	4,568,071	1,300,697	401,301	322,377
– Under/(Over) provision of Current tax in prior year	8,132	(31,048)	8,132	(47,088)
	4,576,203	1,269,649	409,433	275,289
Deferred taxation (Note 18):				
– Current	2,166,812	(789,239)	153,563	–
– Overprovision of deferred taxation in prior year	916,006	1,368,522	1,249,133	–
	3,082,818	579,283	1,402,696	–
	7,659,021	1,848,932	1,812,129	275,289

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

	The Group		The Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Profit before tax	25,457,275	2,045,179	8,980,863	10,617,801
Tax at the applicable tax rate of 27% (2006: 28%)	6,873,464	572,650	2,424,833	2,972,984
Difference in tax rate for chargeable income up to RM500,000 for small and medium scale companies (20%)	(70,000)	(27,702)	–	–
Different tax rate in other jurisdiction	317,206	80,492	–	–
Tax effects of:				
Expenses that are not deductible in determining taxable profit	1,079,344	147,315	–	–
Utilisation of deferred tax assets previously not recognised	(1,474,199)	(170,153)	–	–
Income not subject to tax	(23,646)	(255,641)	(1,869,969)	(2,796,530)
Under/(Over) provision of income tax in prior year	8,132	(31,048)	8,132	(47,088)
Overprovision of deferred taxation in prior year	916,006	1,368,522	1,249,133	–
Others	32,714	164,497	–	145,923
Tax expense	7,659,021	1,848,932	1,812,129	275,289

10. INCOME TAX EXPENSE (CONT'D)

The Company has tax-exempt income for distribution amounting to RM42,394,603 (2006: RM40,605,696) subject to agreement of the Inland Revenue Board.

A subsidiary company has tax-exempt profits amounting to approximately RM179,893,000 (2006: RM179,893,000) arising from tax-exempt profits earned during the pioneer period under the Promotion of Investments Act, 1986. The exempt profits account is available for distribution as tax-exempt dividends to the shareholders of the said subsidiary company and is subject to approval by the tax authorities.

11. EARNINGS PER SHARE

(a) Basic earnings per share

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

	The Group	
	2007	2006
	RM	RM
Profit for the year attributable to ordinary equity holders of the Company	14,110,093	209,011
Number of ordinary shares in issue	136,934,132	136,934,132
Basic earnings per share (sen)	10.30	0.15

(b) Fully diluted earnings per share

No diluted earnings per share is presented for the current financial year ended April 30, 2007 and previous financial year ended April 30, 2006 as the Company's dilutive potential ordinary shares under the Employees' Share Option Scheme (ESOS) have expired on April 15, 2006.

12. LAND HELD FOR PROPERTY DEVELOPMENT

	The Group
	RM
Balance as at May 1, 2005	-
As previously reported	
Reclassified from property, plant and equipment	
Freehold land - at cost (Note 13)	136,353,899
As restated/Balance as at April 30, 2006/Balance as at April 30, 2007	136,353,899

13. PROPERTY, PLANT AND EQUIPMENT

The Group

	←————— Cost —————→								
	Balance as at May 1, 2005	Reclassified as land held for property development	Balance as at May 1, 2005	Additions	Disposals	Reclassifi- cation	Written off	Effects of foreign exchange translation	Balance as at May 1, 2006
	As previously reported		As restated						
	RM	RM	RM	RM	RM	RM	RM	RM	RM
Freehold land	141,303,899	(136,353,899)	4,950,000	—	—	—	—	—	4,950,000
Leasehold land	4,393,850	—	4,393,850	—	—	—	—	—	4,393,850
Factory buildings	7,238,561	—	7,238,561	40,000	—	—	—	—	7,278,561
Plantation land right	424,657	—	424,657	—	—	—	—	17,116	441,773
Plantation	32,954,738	—	32,954,738	5,438,892	(6,546,782)	—	—	986,673	32,833,521
Palm oil mills	18,998,229	—	18,998,229	620,765	—	—	—	777,933	20,396,927
Hospital building	23,659,429	—	23,659,429	2,687,108	—	812,313	—	—	27,158,850
Medical equipment	40,715,862	—	40,715,862	166,615	—	386,222	—	—	41,268,699
Plant, machinery, equipment and electrical installation	94,836,240	—	94,836,240	2,439,321	—	2,411,250	(254,800)	119,964	99,551,975
Motor vehicles	3,666,826	—	3,666,826	358,764	(9,633)	—	—	42,402	4,058,359
Office equipment, furniture and fittings	16,303,716	—	16,303,716	306,388	(5,400)	—	—	16,375	16,621,079
Leasehold warehouse cum office block	5,924,986	—	5,924,986	—	—	—	—	—	5,924,986
Freehold warehouse	2,310,056	—	2,310,056	—	—	—	—	—	2,310,056
Construction in-progress:									
Plant and machinery	4,778,182	—	4,778,182	3,556,150	—	(3,609,785)	—	—	4,724,547
Building	207,091	—	207,091	159,170	—	—	—	11,490	377,751
Total	397,716,322	(136,353,899)	261,362,423	15,773,173	(6,561,815)	—	(254,800)	1,971,953	272,290,934

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

The Group

←————— Cost —————→

	Balance as at May 1, 2006 RM	Additions RM	Disposals RM	Reclassifi- cation RM	Adjustments RM	Written off RM	Effects of foreign exchange translation RM	Balance as at April 30, 2007 RM
Freehold land	4,950,000	—	—	—	—	—	—	4,950,000
Leasehold land	4,393,850	—	—	—	—	—	—	4,393,850
Factory buildings	7,278,561	35,450	—	—	—	—	—	7,314,011
Plantation land right	441,773	—	—	—	—	—	(38,509)	403,264
Plantation	32,833,521	2,280,630	(1,929,426)	—	—	—	(1,769,229)	31,415,496
Palm oil mills	20,396,927	—	—	—	—	—	(1,777,939)	18,618,988
Hospital building	27,158,850	226,652	—	—	—	—	—	27,385,502
Medical equipment	41,268,699	769,560	—	—	(2,210,295)	—	—	39,827,964
Plant, machinery, equipment and electrical installation	99,551,975	2,652,282	(10,478)	3,033,029	—	—	(292,736)	104,934,072
Motor vehicles	4,058,359	284,257	(64,000)	—	—	—	(106,382)	4,172,234
Office equipment, furniture and fittings	16,621,079	459,404	—	—	—	(800)	(33,519)	17,046,164
Leasehold warehouse cum office block	5,924,986	—	—	—	—	—	—	5,924,986
Freehold warehouse	2,310,056	—	—	—	—	—	—	2,310,056
Construction in-progress:								
Plant and machinery	4,724,547	1,751,355	—	(3,033,029)	—	—	—	3,442,873
Building	377,751	800,288	—	—	—	—	(69,396)	1,108,643
Total	272,290,934	9,259,878	(2,003,904)	—	(2,210,295)	(800)	(4,087,710)	273,248,103

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

The Group

	← Accumulated Depreciation →					
	Balance as at May 1, 2005 RM	Additions RM	Disposals RM	Written off RM	Effects of foreign exchange translation RM	
Freehold land	–	–	–	–	–	–
Leasehold land	–	–	–	–	–	–
Factory buildings	1,890,403	668,531	–	–	–	2,558,934
Plantation land right	84,932	21,661	–	–	3,850	110,443
Plantation	1,800,230	1,095,750	–	–	95,707	2,991,687
Palm oil mills	5,308,223	1,908,289	–	–	251,628	7,468,140
Hospital building	1,888,058	–	–	–	–	1,888,058
Medical equipment	21,787,416	4,117,064	–	–	–	25,904,480
Plant machinery, equipment and electrical installation	77,579,565	6,662,065	–	(178,360)	42,307	84,105,577
Motor vehicles	2,590,090	349,796	(9,632)	–	15,404	2,945,658
Office equipment, furniture and fittings	8,499,233	1,587,328	(4,725)	–	6,397	10,088,233
Leasehold warehouse cum office block	5,837,673	15,854	–	–	–	5,853,527
Freehold warehouse	308,308	46,269	–	–	–	354,577
Construction in-progress:						
Plant and machinery	–	–	–	–	–	–
Building	–	–	–	–	–	–
Total	127,574,131	16,472,607	(14,357)	(178,360)	415,293	144,269,314

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

The Group	← Accumulated Depreciation →					Net Book Value		
	Balance as at May 1, 2006 RM	Additions RM	Disposals RM	Written off RM	Effects of foreign exchange translation RM	Balance as at April 30, 2007 RM	2007 RM	2006 RM
Freehold land	—	—	—	—	—	—	4,950,000	4,950,000
Leasehold land	—	48,284	—	—	—	48,284	4,345,566	4,393,850
Factory buildings	2,558,934	158,472	—	—	—	2,717,406	4,596,605	4,719,627
Plantation land right	110,443	21,126	—	—	(10,590)	120,979	282,285	331,330
Plantation	2,991,687	1,147,356	—	—	(316,323)	3,822,720	27,592,776	29,841,834
Palm oil mills	7,468,140	1,898,867	—	—	(737,507)	8,629,500	9,989,488	12,928,787
Hospital building	1,888,058	545,394	—	—	—	2,433,452	24,952,050	25,270,792
Medical equipment	25,904,480	2,399,696	—	—	—	28,304,176	11,523,788	15,364,219
Plant, machinery, equipment and electrical installation	84,105,577	4,315,086	—	—	(127,967)	88,292,696	16,641,376	15,446,398
Motor vehicles	2,945,658	255,977	(18,266)	—	(46,325)	3,137,044	1,035,190	1,112,701
Office equipment, furniture and fittings	10,088,233	1,597,031	—	(400)	(20,521)	11,664,343	5,381,821	6,532,846
Leasehold warehouse cum office block	5,853,527	15,854	—	—	—	5,869,381	55,605	71,459
Freehold warehouse	354,577	46,269	—	—	—	400,846	1,909,210	1,955,479
Construction in-progress:								
Plant and machinery	—	—	—	—	—	—	3,442,873	4,724,547
Building	—	—	—	—	—	—	1,108,643	377,751
Total	144,269,314	12,449,412	(18,266)	(400)	(1,259,233)	155,440,827	117,807,276	128,021,620

A factory building of the Group is 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, 2007, the title to a parcel of leasehold land and a parcel of freehold land and building of two subsidiary companies with carrying value of RM33,263,660 (2006: RM33,630,686) 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 RM7,168,698 (2006: RM6,986,473) are pledged as security to certain local banks for bank overdrafts and other credit facilities as mentioned in Note 29.

Included in property, plant and equipment of the Group are fully depreciated assets which are still in use, with cost amounting to RM88,161,142 (2006: RM24,587,503).

14. INVESTMENT IN SUBSIDIARY COMPANIES

	The Company	
	2007 RM	2006 RM
Unquoted shares - at cost		
At beginning of year	44,573,498	44,573,498
Additional investment in a subsidiary company	68	-
At end of year	44,573,566	44,573,498

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

Direct Subsidiary Companies	Country of Incorporation	Effective Equity Interest		Principal Activities
		2007	2006	
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
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 and lessor 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
SAB Bio-Fuel Sdn. Bhd. *	Malaysia	100%	90%	Pre-operating

14. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

Indirect Subsidiary Companies	Country of Incorporation	Effective Equity Interest		Principal Activities
		2007	2006	
Pembinaan Gejati Sdn. Bhd.* (Held through SAB Properties Development Co. Sdn. Berhad)	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.

15. INVESTMENT IN ASSOCIATED COMPANY

	The Group		The Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Unquoted shares - at cost	30,000	30,000	30,000	30,000
Add: Share of post-acquisition reserves	(19,327)	5,147,518	-	-
Less: Allowance for diminution in value of investment in associated company	-	-	(19,327)	-
	10,673	5,177,518	10,673	30,000

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

	The Group	
	2007 RM	2006 RM
Assets and Liabilities		
Total assets	50,164	19,769,703
Total liabilities	(14,587)	(2,510,382)
Net assets	35,577	17,259,321
Group's share of associated company net assets	10,673	5,177,518
Income Statement		
Total revenue	-	-
Total loss for the year	(2,422,817)	(4,884,793)
Group's share of loss for the year	(726,845)	(1,465,438)

15. INVESTMENT IN ASSOCIATED COMPANY (CONT'D)

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

Associated Company	Country of Incorporation	Effective Equity Interest		Principal Activities
		2007	2006	
JWS Projects Sdn. Bhd.	Malaysia	30%	30%	Investment holding

16. OTHER INVESTMENTS

	The Group		The Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Shares in Malaysia:				
Quoted shares –				
at cost	27,201,932	27,201,932	27,201,932	27,201,932
Less: Allowance for diminution in value	(1,593,243)	(4,082,977)	(1,593,243)	(4,082,977)
	25,608,689	23,118,955	25,608,689	23,118,955
Unquoted shares –				
at cost	456,000	456,000	456,000	456,000
	26,064,689	23,574,955	26,064,689	23,574,955
Market value:				
Quoted shares	30,981,251	24,394,644	30,981,251	24,394,644

17. PROPERTY DEVELOPMENT PROJECTS

	The Group	
	2007 RM	2006 RM
At beginning of year:		
Freehold land – at cost	2,661,516	2,661,516
Development expenditure	1,437,114	1,315,596
	4,098,630	3,977,112
Cost (reversed)/incurred during the year:		
Development expenditure	(147,166)	121,518
Total cost incurred to date	3,951,464	4,098,630
Less: Expenditure recognised as expense in income statements		
Previous year	–	–
Current year	–	–
	–	–
Cumulative costs at end of year	3,951,464	4,098,630
At end of year:		
Freehold land - at cost	2,661,516	2,661,516
Development expenditure	1,289,948	1,437,114
	3,951,464	4,098,630

18. DEFERRED TAX ASSETS

	The Group		The Company	
	2007 RM	2006 RM	2007 RM	2006 RM
At beginning of year	14,971,008	15,550,291	1,476,311	1,476,311
Transfer to income statements	(3,082,818)	(579,283)	(1,402,696)	–
Balance at end of year	11,888,190	14,971,008	73,615	1,476,311

18. DEFERRED TAX ASSETS (CONT'D)

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

	Deferred Tax Assets/(Liabilities)			
	The Group		The Company	
	2007	2006	2007	2006
	RM	RM	RM	RM
Tax effects of:				
Temporary differences in respect of property, plant and equipment	(2,569,176)	1,051,290	–	–
Unabsorbed capital allowances	13,676,621	11,707,456	–	–
Allowance for diminution in value of quoted shares	–	1,370,029	–	1,370,029
Provision for retirement benefit	750,393	776,060	47,313	44,309
Unutilised tax losses	55,099	57,140	55,099	57,140
Provision for unutilised leave	4,050	4,200	–	–
Unrealised (gain)/loss on foreign exchange	(28,797)	134,143	(28,797)	134,143
Others	–	(129,310)	–	(129,310)
	11,888,190	14,971,008	73,615	1,476,311

The unutilised tax losses and unabsorbed capital allowances available for offsetting against future taxable profits of the Company and its subsidiary companies are subject to no substantial changes in shareholdings of the Company and its subsidiary companies under Section 44(5A) and 5(B) of Income Tax Act, 1967 and the approval of the Inland Revenue Board.

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, 2007, the estimated amount of net deferred tax assets, calculated at the prevailing tax rate which has not been recognised in the financial statements of the Group due to its uncertainty of realisation, is as follows:

	The Group	
	Deferred Tax	
	Assets/(Liabilities)	
	2007	2006
	RM	RM
Tax effect of:		
Unabsorbed capital allowances	7,336,510	9,652,929
Unutilised tax losses	2,152,637	2,160,046
Temporary differences arising from:		
Property, plant and equipment	(4,549,488)	(5,399,117)
Allowance for doubtful debts	(81,000)	(81,000)
	4,858,659	6,332,858

19. INVENTORIES

	The Group	
	2007 RM	2006 RM
At cost:		
Raw materials	8,186,182	7,558,782
Work-in-progress	22,981,573	14,363,621
Finished goods	11,583,957	8,102,990
Medical and surgical supplies	2,123,514	2,053,432
Consumables	6,938,752	6,720,817
	51,813,978	38,799,642

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

a) Trade Receivables

	The Group		The Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Trade receivables	32,773,949	31,425,895	24,838,879	22,281,085
Less: Allowance for doubtful debts	(300,000)	(300,000)	-	-
Net	32,473,949	31,125,895	24,838,879	22,281,085

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 (2006 : 30 to 60) days.

An allowance has been made for estimated irrecoverable amounts from the sale of goods and services rendered of RM300,000 (2006 : RM300,000). This allowance has been determined by reference to past default experience.

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

	The Group		The Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Trade receivables:				
United States Dollar	17,195,249	17,394,409	17,195,249	17,394,409
Ringgit Malaysia	15,070,654	13,629,949	7,435,583	4,785,139
Pound Sterling	208,046	101,537	208,047	101,537
	32,473,949	31,125,895	24,838,879	22,281,085

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

b) Other Receivables, Deposits and Prepaid Expenses

	The Group		The Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Other receivables				
– Sale of property, plant and equipment	2,321,797	3,109,515	–	–
– Others	2,446,071	4,023,899	23,589	23,589
	4,767,868	7,133,414	23,589	23,589
Tax recoverable	908,644	1,041,116	456,518	632,188
Refundable deposits	235,915	233,695	102,979	94,488
Prepaid expenses	1,813,366	787,399	31,285	44,026
	7,725,793	9,195,624	614,371	794,291

Other receivables of the Group comprise of insurance claim receivable of a subsidiary company amounting to RM808,500 (2006: RM1,746,055).

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

	The Group		The Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Other receivables:				
Ringgit Malaysia	2,384,346	3,023,519	23,589	23,589
Indonesia Rupiah	2,383,522	4,109,895	–	–
	4,767,868	7,133,414	23,589	23,589

21. 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.

In 2006, amount owing by associated company represents interest-free and unsecured advances with no fixed terms of repayment.

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

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

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, Southern Keratong Plantations Sdn. Bhd., Southern Palm Industries Sdn. Berhad, Torita Rubber Works Sdn. Bhd., Torita Trading (M) Sdn. Bhd., Sunny Futures Sdn. Bhd. and Bukit Rotan Palm Oil Sdn. Bhd.	Companies in which Dato' Mong Hua @ Low Mong Hua, DPMS, Mr. Low Mun Chong, Mr. Low Mong Chai @ Mr. Low Ah Kow, Dato' Low Boon Eng, Mr. Lim Kim Long and Mr. David Low Kok Leong directors of the Company, have 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 Agency	Company 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 which were determined based on negotiations agreed between the parties, are as follows:

	The Group		The Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Subsidiary companies				
Pofachem (M) Sdn. Berhad				
Purchases of goods	-	-	238,281,148	200,856,193
Dividend income received	-	-	-	6,000,000
<hr/>				
Southern Management (M) Sdn. Bhd.				
Administrative charges	-	-	176,495	174,706
<hr/>				

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

	The Group		The Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Related parties				
Southern Realty (Malaya) Sdn. Berhad				
Purchases of goods	26,803,828	4,082,083	-	-
Sales of goods	1,326,470	1,119,251	-	-
Administrative charges	798,840	680,569	-	-
Rental of premises	260,987	278,362	-	-
Share of property, plant and equipment charges	17,420	10,006	-	-
<hr/>				
Southern Keratong Plantations Sdn. Bhd.				
Purchases of goods	20,019,550	14,432,083	-	-
Administrative charges	10,902	421,812	-	-
<hr/>				
Bukit Rotan Palm Oil Sdn. Bhd.				
Purchases of goods	9,099,203	6,810,723	-	-
Administrative charges	-	193,787	-	-
<hr/>				
Southern Edible Oil Industries (M) Sdn. Berhad				
Sales of goods	1,698,422	2,251,007	250,000	538,170
Administrative charges	158,725	203,208	-	-
Share of property, plant and equipment charges	17,420	10,006	-	-
Purchases of goods	-	206,070	-	-
<hr/>				
Danny Soh Agency				
Insurance brokerage services (including premium)	1,333,356	616,540	-	-
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Sunny Futures Sdn Bhd				
Purchases of goods	393,325	564,350	-	-
Procurements of brokerage Services	38,516	36,558	-	-
Administrative charges	14,834	-	-	-
Trading (gain)/loss	(1,452,975)	482,500	-	-
<hr/>				
Low Mong Hing Enterprise Sdn. Bhd.				
Transportation charges	1,163,427	877,591	-	-
<hr/>				

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

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

	The Group		The Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Trade receivables				
Sunny Futures Sdn. Bhd.	1,860,045	370,845	1,839,033	351,108
Southern Edible Oil Industries (M) Sdn. Berhad	671,429	227,398	95,000	58,350
Southern Realty (Malaya) Sdn. Berhad	380,590	99,231	–	–
Torita Rubber Works Sdn. Bhd.	349,941	345,523	161,018	168,818
Torita Trading (M) Sdn. Bhd.	307,308	335,777	–	–
Southern Keratong Plantations Sdn. Bhd.	102,322	157,386	–	–
	3,671,635	1,536,160	2,095,051	578,276
Other receivables deposits and prepaid expenses				
Southern Realty (Malaya) Sdn. Berhad	153,569	54,401	–	–
Southern Palm Industries Sdn. Berhad.	23,589	–	23,589	23,589
	177,158	54,401	23,589	23,589
Trade payables				
Southern Keratong Plantations Sdn. Bhd.	6,195,303	13,951	–	–
Southern Realty (Malaya) Sdn. Berhad	4,665,383	785,808	–	–
Bukit Rotan Palm Oil Sdn. Bhd.	–	550,784	–	–
	10,860,686	1,350,543	–	–
Other payables and accrued expenses				
Low Mong Hing Enterprise Sdn. Bhd.	20,540	17,915	5,949	17,915
Southern Realty (Malaya) Sdn. Berhad	65,143	16,222	47,627	16,222
	85,683	34,137	53,576	34,137

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

	The Group		The Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Fixed deposits and short-term placements with licensed banks	42,918,453	34,408,750	33,194,397	28,000,000
Cash and bank balances	13,408,995	7,367,304	3,134,133	3,557,076
	<u>56,327,448</u>	<u>41,776,054</u>	<u>36,328,530</u>	<u>31,557,076</u>

The average effective interest rates for fixed deposits and short-term placements range from 2.50% to 2.80% (2006 : 2.50% to 2.80%) per annum and have an average maturity period of 1 to 14 (2006 : 1 to 14) days.

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

	The Group		The Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Ringgit Malaysia	39,974,174	37,309,511	28,035,835	28,974,239
Indonesia Rupiah	8,037,011	1,852,154	–	–
United States Dollar	7,138,735	190,459	7,123,697	174,846
Pound Sterling	1,126,818	2,407,991	1,126,818	2,407,991
Euro Dollar	42,180	–	42,180	–
Hong Kong Dollar	8,530	15,939	–	–
	<u>56,327,448</u>	<u>41,776,054</u>	<u>36,328,530</u>	<u>31,557,076</u>

23. SHARE CAPITAL

	The Group and The Company	
	2007 RM	2006 RM
Authorised: Ordinary shares of RM1.00 each	200,000,000	200,000,000
Issued and fully paid: Ordinary shares of RM1.00 each	136,934,132	136,934,132

24. RESERVES

	The Group		The Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Non-distributable:				
Share premium	34,321,050	34,321,050	34,321,050	34,321,050
Foreign exchange reserve	(1,069,535)	522,812	–	–
Capital reserve	–	7,220,556	–	–
	33,251,515	42,064,418	34,321,050	34,321,050
Distributable:				
Unappropriated profit	197,961,813	181,423,859	60,673,889	58,297,850
	231,213,328	223,488,277	94,994,939	92,618,900

Share premium

Share premium arose from the following issue of shares:

	The Group		The Company	
	2007 RM	2006 RM	2007 RM	2006 RM
2,700,000 ordinary shares issued at a premium of RM1.45 per share in 1991, net of share issue expenses of RM1,048,207	2,866,793	2,866,793	2,866,793	2,866,793
Expenses relating to bonus issue in 1996	(356,866)	(356,866)	(356,866)	(356,866)
2,186,463 ordinary shares issued at a premium of RM3.00 per share in 1997	6,559,389	6,559,389	6,559,389	6,559,389
Exercise of 100 warrants 1996/2001 at a premium of RM3.80 per share in 1997	380	380	380	380
32,715,908 ordinary shares issued at a premium of RM0.20 per share in 2000, net of share issue expenses of RM537,074	6,006,108	6,006,108	6,006,108	6,006,108
Exercise of 134 warrants 1999/2003 at a premium of RM0.60 per share in 2000	80	80	80	80
Exercise of 332 warrants 1999/2003 at a premium of RM0.60 per share in 2001	199	199	199	199
Exercise of 14,000 warrants 1999/2003 at a premium of RM0.60 per share in 2002	8,400	8,400	8,400	8,400
Exercise of 32,060,945 warrants 1999/2003 at a premium of RM0.60 per share in 2004	19,236,567	19,236,567	19,236,567	19,236,567
	34,321,050	34,321,050	34,321,050	34,321,050

24. 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

In 2006, 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.

As mentioned in Note 2(a), under FRS 3, any excess of the Group's interest in the net fair value of acquirees identifiable assets, liabilities and contingent liabilities over cost of acquisitions (previously referred to a "negative goodwill"), after reassessment, is now recognised immediately in profit or loss. Prior to May 1, 2006, negative goodwill was credited as capital reserve in the balance sheet of the Group. In accordance with the transitional provisions of FRS 3, the negative goodwill as at May 1, 2006 was derecognised and an adjustment of RM7,220,556 is made to the opening retained earnings and capital reserve.

Unappropriated profit

Distributable reserves are those available for distribution as cash dividends.

Based on the tax-exempt income as mentioned in Note 10 and based on the tax credits available and the prevailing tax rate applicable to dividends, the Company has sufficient tax credits to frank approximately RM42,394,600 of its retained earnings as of April 30, 2007 if distributed by way of cash dividends without incurring additional tax liability. Any distribution in excess of this amount will attract tax at the prevailing tax rate of 27%.

25. TERM LOANS

	The Group	
	2007 RM	2006 RM
Term loan I	2,996,255	5,074,932
Term loan II	7,656,715	11,444,980
	<hr/>	<hr/>
	10,652,970	16,519,912
Less: Portion due within the next 12 months included under bank borrowings (Note 29)	(4,662,528)	(4,558,238)
	<hr/>	<hr/>
Non-current portion	5,990,442	11,961,674
	<hr/>	<hr/>

The non-current portion is repayable as follows:

	The Group	
	2007 RM	2006 RM
Financial years ending April 30:		
2008	–	5,235,314
2009	3,647,645	4,095,754
2010 and thereafter	2,342,797	2,630,606
	<hr/>	<hr/>
	5,990,442	11,961,674
	<hr/>	<hr/>

25. TERM LOANS (CONT'D)

The term loans are denominated in United States Dollar.

Term loan I pertaining to a subsidiary company is obtained from a foreign bank bears interest at rates ranging from 7.35% to 7.88% (2006 : 5.28% to 7.35%) 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
- (c) Corporate guarantee given by the Company.

Term loan II pertaining to a subsidiary company which is obtained from a foreign bank bears interest at rates ranging from 7.64% to 8.17% (2006 : 5.65% to 7.64%) per annum. This term loan is repayable over 60 monthly installments commencing April 2005 and is secured as follows:

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

26. PROVISION FOR RETIREMENT BENEFITS

	The Group RM	The Company RM
Balance as of May 1, 2005	2,645,028	141,258
Charged to income statements	478,061	16,987
Utilised during the year	(42,448)	-
	<hr/>	<hr/>
Balance as of April 30, 2006	3,080,641	158,245
Charged to income statements	252,549	16,987
Utilised during the year	(553,958)	-
	<hr/>	<hr/>
Balance as of April 30, 2007	2,779,232	175,232
	<hr/>	<hr/>

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

	The Group RM	The Company RM
Balance as of April 30, 2006:		
Current	-	-
Non-current	3,080,641	158,245
	<hr/>	<hr/>
	3,080,641	158,245
	<hr/>	<hr/>
Balance as of April 30, 2007:		
Current	-	-
Non-current	2,779,232	175,232
	<hr/>	<hr/>
	2,779,232	175,232
	<hr/>	<hr/>

26. PROVISION FOR RETIREMENT BENEFITS (CONT'D)

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.

27. TRADE PAYABLES, OTHER PAYABLES AND ACCRUED EXPENSES

(a) Trade Payables

Trade payables comprise amounts outstanding for trade purchases. The credit period granted to the Group for trade purchases ranges from 7 to 60 (2006 : 7 to 60) days.

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

	The Group		The Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Trade payables:				
Ringgit Malaysia	20,121,634	14,497,022	–	–
Indonesia Rupiah	4,151,324	2,626,939	–	–
	<hr/>	<hr/>	<hr/>	<hr/>
	24,272,958	17,123,961	–	–

(b) Other Payables and Accrued Expenses

	The Group		The Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Other payables	17,008,872	15,337,079	1,357,364	1,557,648
Accrued expenses	5,749,400	5,172,814	831,691	1,182,167
Loan from shareholders of subsidiary companies	2,510,337	6,534,053	–	–
	<hr/>	<hr/>	<hr/>	<hr/>
	25,268,609	27,043,946	2,189,055	2,739,815

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

Included in other payables is amount owing to a third party of RM6,747,912 (2006: RM7,392,273) arising from bank borrowings arranged by the Government of Indonesia for a subsidiary company. The amount owing is unsecured, interest-free and has no fixed terms of repayment.

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

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

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

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

	The Group		The Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Other payables:				
Indonesia Rupiah	12,296,513	10,159,996	–	–
Ringgit Malaysia	4,617,990	5,079,190	1,357,364	1,557,648
Hong Kong Dollar	94,369	97,893	–	–
	<hr/>	<hr/>	<hr/>	<hr/>
	17,008,872	15,337,079	1,357,364	1,557,648

28. 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.

29. BANK BORROWINGS

	The Group		The Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Term loans (Note 25)	4,662,528	4,558,238	–	–
Revolving credit	3,424,290	3,728,209	–	–
Bank overdrafts	872,153	589,804	–	–
	<hr/>	<hr/>	<hr/>	<hr/>
	8,958,971	8,876,251	–	–

Bank overdrafts and other credit facilities of the Group and of the Company totalling RM118,303,100 (2006: RM118,267,350) and RM72,200,000 (2006: RM72,200,000) respectively obtained from certain local banks bear interest at rates ranging from 2.75% to 7.75% (2006: 2.75% to 7.25%) per annum. These facilities are unsecured except for facilities of two subsidiary companies totaling RM400,000 (2006: 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 RM117,903,100 (2006: RM117,867,350) are covered by a negative pledge on the assets of the Company and of the subsidiary companies and are guaranteed by the Company.

30. CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Cash and bank balances	13,408,995	7,367,304	3,134,133	3,557,076
Fixed deposits and short-term placements with licensed banks	42,918,453	34,408,750	33,194,397	28,000,000
Bank overdrafts (Note 29)	(872,153)	(589,804)	–	–
	<hr/> 55,455,295	<hr/> 41,186,250	<hr/> 36,328,530	<hr/> 31,557,076

31. DIVIDENDS

	The Group and the Company	
	2007 RM	2006 RM
Final dividend of 3.5%, tax exempt, in 2006	4,792,695	–
Final dividend of 5.5%, tax exempt, in 2005	–	7,531,377
	<hr/> 4,792,695	<hr/> 7,531,377

The Directors propose a final dividend (tax exempt) of 6% per ordinary share of RM1.00 each amounting to RM8,216,048 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.

32. SEGMENTAL INFORMATION

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

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

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

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

32. SEGMENTAL INFORMATION (CONT'D)

Financial Year Ended April 30, 2007

	Manufacturing and marketing RM	Development, managing and operating of private hospital RM	Plantation RM	Others RM	Eliminations RM	Consolidated RM
Revenue						
External sales	240,750,114	52,302,939	68,599,105	12,951,959	(4,440,000)	370,164,117
Inter-segment sales	238,281,148	1,440,000	–	3,970,033	(243,691,181)	–
Total revenue	479,031,262	53,742,939	68,599,105	16,921,992	(248,131,181)	370,164,117
Financial Results						
Segment results	15,850,541	3,179,198	12,381,316	1,280,673	(6,359,821)	26,331,907
Share in loss of associated company						(726,845)
Profit from operations						25,605,062
Finance costs						(1,383,292)
Investment revenue						1,235,505
Profit before tax						25,457,275
Income tax expense						(7,659,021)
Profit for the year						17,798,254
Other Information						
Capital additions	3,760,819	451,423	4,180,716	866,920	–	9,259,878
Depreciation	3,687,363	4,410,818	3,643,751	299,360	–	12,041,292
Consolidated Balance Sheets						
Assets						
Segment assets	145,342,375	62,630,016	195,734,167	40,700,128	–	444,406,686
Investment in associated company						10,673
Consolidated assets						444,417,359
Liabilities						
Segment liabilities	25,647,273	3,394,310	37,500,727	1,328,510	–	67,870,820

32. SEGMENTAL INFORMATION (CONT'D)

Financial Year Ended April 30, 2006

	Manufacturing and marketing RM	Development, managing and operating of private hospital RM	Plantation RM	Others RM	Eliminations RM	Consolidated RM
Revenue						
External sales	203,168,900	43,368,733	81,834,336	14,902,979	(6,000,000)	337,274,948
Inter-segment sales	200,856,193	1,440,000	–	2,505,000	(204,801,193)	–
Total revenue	404,025,093	44,808,733	81,834,336	17,407,979	(210,801,193)	337,274,948
Financial Results						
Segment results	6,472,520	167,933	2,759,797	870,640	(6,000,000)	4,270,890
Share in loss of associated company						(1,465,438)
Profit from operations						2,805,452
Finance costs						(1,821,577)
Investment revenue						1,061,304
Profit before tax						2,045,179
Income tax expense						(1,848,932)
Profit for the year						196,247
Other Information						
Capital additions	5,733,498	2,989,013	6,824,140	226,522	–	15,773,173
Depreciation	6,570,941	6,062,135	3,585,586	253,945	–	16,472,607
Consolidated Balance Sheets						
Assets						
Segment assets	130,628,663	65,133,271	194,760,720	37,856,673	–	428,379,327
Investment in associated company						5,177,518
Consolidated assets						433,556,845
Liabilities						
Segment liabilities	18,969,367	6,623,011	41,227,466	1,476,032	–	68,295,876

32. 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	
	2007 RM	2006 RM
Asia	202,173,397	206,893,275
Malaysia	137,501,916	99,647,822
Europe	17,054,799	14,417,010
America	10,429,936	14,382,814
Others	3,004,069	1,934,027
	<hr/>	<hr/>
	370,164,117	337,274,948

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	
	2007 RM	2006 RM	2007 RM	2006 RM
Malaysia	370,088,528	359,934,529	6,090,218	8,949,033
Asia	71,104,700	70,232,730	3,169,660	6,824,140
America	1,803,512	1,586,257	-	-
Europe	1,102,945	1,590,028	-	-
Others	317,674	213,301	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	444,417,359	433,556,845	9,259,878	15,773,173

33. CAPITAL COMMITMENTS

As of April 30, 2007 the Group has the following capital commitments:

	The Group	
	2007 RM	2006 RM
Purchase of property, plant and equipment: Approved and contracted for	147,410	623,530
	<hr/>	<hr/>

34. CONTINGENT LIABILITY – UNSECURED

The Company has issued corporate guarantee without security to a local bank for credit facilities totalling RM47,141,000 (2006 : RM47,141,000) 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, interest rate risk, price fluctuation risk, credit risk, liquidity risk and cash flow risk. The Group's overall financial risk management objective is to ensure that the Group creates value for its shareholders.

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

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, revolving credit and term loans.

The fixed deposits and short-term placements as at balance sheet date, which bear interest as disclosed in Note 22, 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.

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, 2007, is the carrying amount of these receivables as disclosed in the balance sheets.

The Group places its fixed deposits with credit worthy financial institutions. The carrying amount of financial assets in the financial statements, net of any provision 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.

35. FINANCIAL INSTRUMENTS (CONT'D)

Liquidity risk

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

Cash flow risk

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

Financial Assets

The Group's principal financial assets are fixed deposits, short-term placements, cash and bank balances, trade and other receivables.

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

Financial Liabilities and Equity Instruments

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

Significant financial liabilities of the Group include trade and other payables, amount owing to directors, bank borrowings and dividend payable.

Bank overdrafts, revolving credit 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 are used to hedge against anticipated future transactions, gains and losses are not recognised until the transaction occurs.

35. FINANCIAL INSTRUMENTS (CONT'D)

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

The Group

Sell	2007 RM	2006 RM	Average exchange rate per unit of Ringgit Malaysia	
			2007	2006
United States Dollar	11,578,202	21,014,302	0.29087	0.27578

The Company

Sell	2007 RM	2006 RM	Average exchange rate per unit of Ringgit Malaysia	
			2007	2006
United States Dollar	8,307,660	21,014,302	0.29087	0.27578

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

The net deferred loss arising on such contracts for the Group and the Company as of April 30, 2007 of approximately RM140,550 and RM101,400 respectively (2006: RM324,600) will be recognised in the underlying transactions in the first half of 2007.

Commodity Future Contracts

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

	Total RM	Net unrecognised gain/(loss) as at end of the financial year RM
2007		
Sale contracts	2,224,300	74,700
Purchase contracts	6,472,475	(568,175)
2006		
Sale contracts	356,500	4,000
Purchase contracts	5,192,550	(20,250)

The above commodity future contracts have maturities of less than 1 year.

35. FINANCIAL INSTRUMENTS (CONT'D)

The unrecognised gain on the commodity future contracts have been deferred until the related future transactions occur, at which time they will be included in the measurement of the transactions.

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	The Group		The Company	
		Carrying Amount 2007 RM	Fair Value 2006 RM	Carrying Amount 2007 RM	Fair Value 2006 RM
April 30, 2007					
Financial Assets					
Other investments:					
Quoted shares	16	25,608,689	30,981,251	25,608,689	30,981,251
Financial Liabilities					
Term loans	25	10,652,970	10,555,026	–	–
April 30, 2006					
Financial Assets					
Other investments:					
Quoted shares	16	23,118,955	24,394,644	23,118,955	24,394,644
Financial Liabilities					
Term loans	25	16,519,912	14,974,109	–	–

(i) Other investments

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

(ii) Term loans

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

Investment in subsidiary companies and associated company

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 RM433,887,068 (2006: RM403,032,900) and RM10,673 (2006: RM5,177,518) respectively.

36. COMPARATIVE FIGURES

The following comparative figures have been restated due to the adoption of new/revised FRSs:

Balance Sheets

	← The Group →		
	As previously reported RM	Adjustment FRS 201 ₂₀₀₄ RM	As restated RM
Property, plant and equipment	264,375,519	(136,353,899)	128,021,620
Land held for property development	–	136,353,899	136,353,899

statement by directors

The directors of **SOUTHERN ACIDS (M) BERHAD** state that, in their opinion, the accompanying balance sheets and the related statements of income, changes in equity and cash flows are drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable Malaysian Accounting Standards Board 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, 2007 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 MONG CHAI @ LOW AH KOW

Klang,
August 28, 2007

declarations 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 the related statements of income, changes in equity and cash flows 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 28th day of August, 2007.

Before me,

S. SELVARAJAH (NO: B144)
COMMISSIONER FOR OATHS

properties of the group

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	–	46,988,384
Thangamallay Estate, Lot 3860, Batu 7, Jalan Kebun, Kampung Jawa 42450 Klang Selangor	Land	14.33 acres	Plantation Estate	Freehold	–	3,049,701
Thangamallay Estate, Lot 1095, Batu 7, Jalan Kebun, Kampung Jawa 42450 Klang Selangor	Land	409.25 acres	Plantation Estate	Freehold	–	87,096,317
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 12 to 26 years	5,580,561
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	8 years	23,968,094

properties
of the group

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	–	4,345,566
Lot 6579, Jalan Jerung, Pelabuhan Utara, 42000 Port Klang, Selangor	Warehouse	132,858 sq. ft	Warehousing	Lease Rental Expiring in 15-3-2010	16 years	55,605
No. 18, Jalan Firma 2/1, Kawasan Perindustrian Tebrau, Johor Bahru, Johor	Warehouse	50,400 sq. ft	Vacant	N/A	10 years	1,909,210
5. SAB Properties Development Co. Sdn Bhd						
G.M. 2172 Lot 2824, Mukim Klang, Daerah Klang, Selangor	Land	3.25 acres	Leased	Freehold	–	3,318,127
6. P.T. Mustika Agro Sari						
Kebun Tanjung Pauh & Kebun Petai, Province of Riau, Indonesia	Plantation Land, Palm Oil Mill and Buildings	7,978 acres	Plantation and Palm-Oil Processing	Leasehold Expiring in 20-3-2036 and 9-4-2036	5 years	12,725,655
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	19 years	15,149,406

analysis of shareholdings

as at September 5, 2007

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	: 3,082

DISTRIBUTION SCHEDULE OF SHARES AS AT 5 SEPTEMBER 2007

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Share Held
LESS THAN 100	186	6.04	7,457	0.00
100 – 1,000	801	25.99	615,337	0.45
1,001 – 10,000	1,708	55.42	6,423,819	4.69
10,001 – 100,000	327	10.61	9,083,908	6.63
100,001 – 6,846,706 (less than 5% of issued shares)	55	1.78	33,869,414	24.73
6,846,707 (5% of issued shares) and above	5	0.16	86,934,197	63.50
Total	3,082	100.00	136,934,132	100.00

SUBSTANTIAL SHAREHOLDERS

Names	Shareholding	%
1. SERATA KAYA SDN BHD	42,840,270	31.29
2. LEMBAGA TABUNG HAJI	17,864,605	13.05
3. SOUTHERN REALTY (M) SDN BHD	11,527,419	8.42
4. RASIONAL SDN BERHAD	7,392,666	5.40
5. DATO' MONG HUA @ LOW MONG HUA	7,309,237	5.34

DIRECTORS SHAREHOLDINGS

Names of Directors	Direct	%	Indirect	%
1. DATO' MONG HUA @ LOW MONG HUA	9,227,846	6.74	68,075,794	49.70
2. LOW MONG CHAI @ LOW AH KOW	261,495	0.19	76,773,820	56.07
3. LIM KIM LONG	49,276	0.04	69,048,892	50.43
4. DATO' LOW BOON ENG	2,487	0.025	65,626,507	47.93
5. DATO' MOHD YUSOFF BIN HAJI AMIN	0	0.00	0	0.00
6. SUKHINDERJIT SINGH MUKER	0	0.00	0	0.00
7. MOHD HISHAM BIN HARUN	0	0.00	0	0.00
8. YAP SOON NAM	0	0.00	0	0.00

LIST OF THIRTY (30) LARGEST SHAREHOLDERS

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 BHD	11,216,419	8.19
4. MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD < Pledged Securities Account For Rasional Sdn Berhad (05-00051-000) >	7,000,000	5.11
5. SOUTHERN EDIBLE OIL INDUSTRIES (M) SDN BERHAD	4,958,332	3.62
6. CIMB GROUP NOMINEES (TEMPATAN) SDN BHD < PSB-CBG9 For Mong Hua @ Low Mong Hua (49246 DHAM) >	4,909,237	3.59
7. GLAMOUR PARTNERSHIP SDN BHD	3,221,940	2.35
8. ANGSANA SUTERA SDN BHD	2,714,942	1.98
9. SOUTHERN COCOA PRODUCTS (M) SDN BERHAD	2,102,632	1.54
10. IJM CORPORATION BERHAD	1,863,466	1.36
11. LIM BOON ENG	1,820,837	1.33
12. MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD < Pledged Securities Account For Mong Hua @ Low Mong Hua (05-00045-000) >	1,800,000	1.31
13. LOW MUN CHONG	1,516,498	1.11
14. BANTING HOCK HIN ESTATE COMPANY SDN BHD	1,487,500	1.09
15. CIMB GROUP NOMINEES (TEMPATAN) SDN BHD < PSB-CBG9 For Lou Ai Choo (49246 DHAM) >	1,000,000	0.73
16. HOCK JOO PLANTATION SDN BHD	991,666	0.72
17. LIM THYE PENG REALTY SDN BHD	976,559	0.71
18. NAGA WIRA SDN BERHAD	720,938	0.53

analysis
of shareholdings

LIST OF THIRTY (30) LARGEST SHAREHOLDERS

Names	Shareholdings	%
19. BEKALAN UTAMA SDN BERHAD	694,166	0.51
20. CIMB GROUP NOMINEES (TEMPATAN) SDN BHD < Pledged Securities Account For Mong Hua @ Low Mong Hua (4851 DHAM) >	600,000	0.44
21. CIMB GROUP NOMINEES (TEMPATAN) SDN BHD < PSB-CBG9 For Low Mong Hua Sdn Berhad (49246 DHAM) >	585,000	0.43
22. MONG TECK SDN BERHAD	559,972	0.41
23. TOH KAM CHOY	540,000	0.39
24. JF APEX NOMINEES (TEMPATAN) SDN BHD < Pledged Securities Account For Teo Siew Lai (Margin) >	520,500	0.38
25. TEO KWEE HOCK	516,400	0.38
26. YEOH KEAN HUA	490,000	0.36
27. CHIN PEK FOO	417,000	0.30
28. RASIONAL SDN BERHAD	392,666	0.29
29. OOI LAY SUAN	384,500	0.28
30. ENG LEONG HOLDINGS SDN BHD	338,584	0.25
TOTAL	115,044,629	84.03

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proxy form

Southern Acids (M) Berhad (64577-K)

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

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

_____ of _____

NRIC No. _____ or failing him/her _____

of _____ NRIC No. _____

as my/our proxy to vote for me/us on my/our behalf at the Twenty-Sixth Annual General Meeting of the Company to be held at Grand BlueWave Hotel Shah Alam, Level 2, Gasing 1 & 2, Convention Centre, Persiaran Perbandaran, Seksyen 14, 40000 Shah Alam on Tuesday, 30 October 2007 at 11.00 am and at any adjournment thereof. My/our proxy is to vote as indicated below:

No.	Ordinary Resolutions	For	Against
1.	To receive the Audited Financial Statements for the financial year ended April 30, 2007 together with the Reports of the Directors and Auditors thereon.		
2.	To declare a Final Dividend (tax exempt) of 6.00% per ordinary share for the financial year ended April 30, 2007.		
3.	To approve the payment of Directors' Fees.		
4.	To re-elect Mr. Sukhinderjit Singh Muker as a Director of the Company in accordance with Articles 95 & 96 of the Company's Articles of Association.		
5.	To re-elect Mr. Lim Kim Long as a Director of the Company in accordance with Articles 95 & 96 of the Company's Articles of Association.		
6.	To re-elect Encik Mohd Hisham Bin Harun as a Director of the Company in accordance with Articles 95 & 96 of the Company's Articles of Association.		
7.	To re-appoint Dato' Panglima Kubu Mohd Yusoff bin Haji Amin, SMS, PJK, JP as a Director of the Company pursuant to Section 129(6) of the Companies Act, 1965.		
8.	To re-appoint Messrs Deloitte KassimChan as Auditors and to authorise the Directors to fix their remuneration.		
9.	To approve the Resolution pertaining to the Authority to issue shares pursuant to Section 132D of the Companies Act, 1965		
10.	To approve the Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of Revenue or Trading Nature.		
11.	Special Resolution To approve the Proposed Amendments to the Articles of Association of the Company		

Dated this _____ day _____ of 2007

Signature / Common Seal

No. of Shares held

NOTES

1. A member entitled to attend and vote at the Meeting of the Company is entitled to appoint a proxy to attend and vote on his behalf. A proxy shall be a member of the Company, and if the proxy is not a member of the Company, the proxy shall be an Advocate or an approved Company Auditor or a person approved by the Registrar of Companies.
2. A member shall be entitled to appoint one (1) proxy to attend and vote at the meeting.
3. Where a member appoints more than one (1) proxy the appointment shall be invalid.
4. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 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.

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STAMP

SOUTHERN ACIDS (M) BERHAD

(COMPANY NO. 64577-K)

26, JALAN ISTANA
41000 KLANG
SELANGOR DARUL EHSAN
MALAYSIA

FOLD HERE