ANNUAL REPORT 2014

Southern Acids (M) Berhad

Company No. 64577-K
(Incorporated in Malaysia)

Southern Acids (M) Berhad

Company No. 64577-K
(Incorporated in Malaysia)

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Tan Sri Dato' Low Boon Eng
Chairman,
Non-Independent Non-Executive Director

Lim Kim Long
Non-Independent Executive Director

Cheong Kee Yoong
Non-Independent Executive Director

Chung Kin Mun
Senior Independent Non-Executive Director

Mohd. Hisham Bin Harun
Non-Independent Non-Executive Director

Leong So Seh
Independent Non-Executive Director

Teo Leng
Independent Non-Executive Director

Raymond Wong Kwong Yee
Non-Independent Non-Executive Director

Datuk Seri Panglima Sulong Bin Matjeraie
Independent Non-Executive Director

AUDIT & GOVERNANCE COMMITTEE

Chung Kin Mun
Chairman

Leong So Seh

Teo Leng

Raymond Wong Kwong Yee

NOMINATION & REMUNERATION COMMITTEE

Chung Kin Mun
Chairman

Leong So Seh

Raymond Wong Kwong Yee

SENIOR MANAGEMENT TEAM

Corporate Head Office
Executive Director - Lim Kim Long
Chief Financial Officer - Cheong Kee Yoong

Oleochemical Division
Director In-Lead - Dr. Nick Low
Chief Operating Officer - Tiong Chuu Ling

Plantation & Milling Division
General Manager - Lee Choo Chai

Healthcare Division
Director In-Lead - Dr. Nick Low

Warehousing & Conveying Division
Director In-Lead - Alex Chan Choon Hoong

COMPANY SECRETARIES

Lim Kui Suang (MAICSA 0783327)
Paul Ignatius Stanislaus (MACS 01330)

REGISTERED OFFICE

9, Jalan Bayu Tinggi 2A/KS6
Taipan 2, Batu Unjur
41200 Klang
Selangor Darul Ehsan
Malaysia

Tel : 03-3323 1916
Fax : 03-3323 3584

SHARE REGISTRAR

Symphony Share Registrars Sdn. Bhd.
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
Malaysia.

Tel : 03-7841 8000
Fax : 03-7841 8151

HEAD OFFICE / PRINCIPLE PLACE OF BUSINESS

Level 29, Centro Tower
No. 8, Jalan Batu Tiga Lama
41300 Klang
Selangor Darul Ehsan
Malaysia.

Tel : 03-3258 3333
Fax : 03-3258 3300
Website : www.southernacids.com

AUDITORS

Messrs. Deloitte
(formerly known as Messrs. Deloitte KassimChan)
Level 16, Menara LGB
1 Jalan Wan Kadir
Taman Tun Dr. Ismail
60000 Kuala Lumpur
Malaysia.

PRINCIPLE BANKERS

CIMB Bank Berhad
Deutsche Bank (Malaysia) Berhad
Citibank Berhad

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad

LEGAL STATUS

Public listed company limited by shares

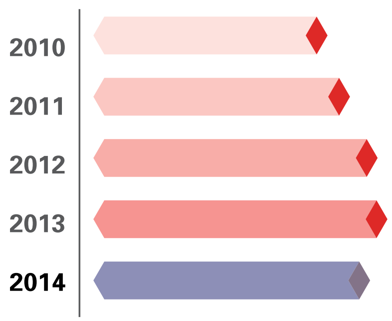
COUNTRY OF INCORPORATION AND DOMICILE

Malaysia

5-YEAR **FINANCIAL SUMMARY**

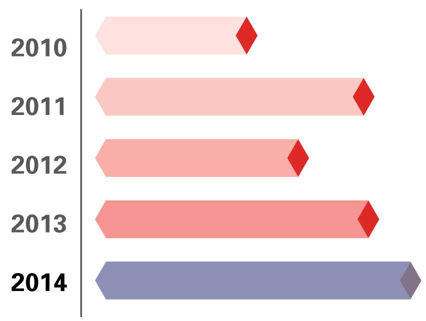
	2010	2011	2012	2013	2014
Financial Performance (RM'000)					
Revenue	453,200	501,373	560,876	581,425	544,055
Profit before tax	30,721	55,460	41,275	56,881	65,577
Profit for the year	20,271	40,950	28,014	45,635	48,178
Financial Position (RM'000)					
Total assets	451,346	506,564	512,004	549,359	583,635
Total liabilities	52,908	57,690	60,804	66,604	68,472
Net current assets	122,810	158,450	159,258	192,415	217,322
Equity attributable to shareholders of SAB	374,561	418,388	420,584	446,783	474,571
Issued share capital	136,934	136,934	136,934	136,934	136,934
Net assets	398,438	448,874	451,200	482,755	515,163
Key Figures					
Earnings per share - (sen)	8.50	21.44	14.55	26.74	28.06
Dividend per share (net) - (sen)	6.00	6.00	5.00	5.00	5.00
Net assets per share attributable to shareholders of SAB (RM)	2.74	3.06	3.07	3.26	3.47

REVENUE
RM'000



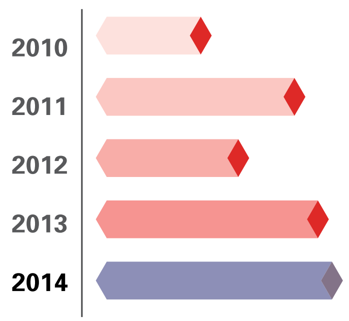
2010 453,200
2011 501,373
2012 560,876
2013 581,425
2014 544,055

PROFIT BEFORE TAXATION
RM'000



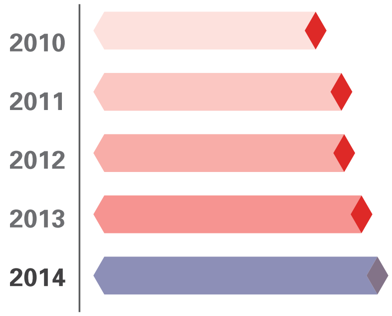
2010 30,721
2011 55,460
2012 41,275
2013 56,881
2014 65,577

PROFIT FOR THE YEAR
RM'000



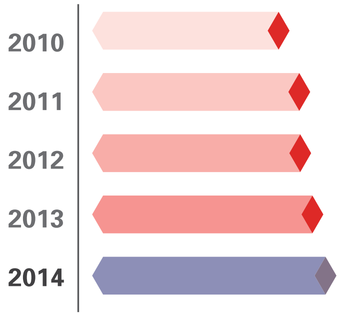
2010 20,271
2011 40,950
2012 28,014
2013 45,635
2014 48,178

TOTAL ASSETS
RM'000



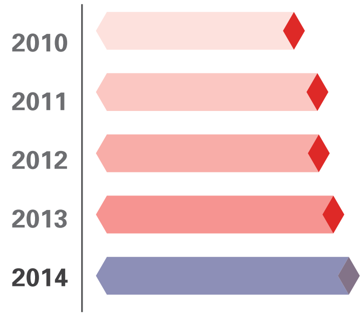
2010	451,346
2011	506,564
2012	512,004
2013	549,359
2014	**583,635**

SHAREHOLDERS' EQUITY
RM'000



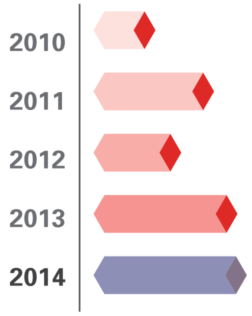
2010	374,561
2011	418,388
2012	420,584
2013	446,783
2014	**474,571**

NET ASSETS
RM'000



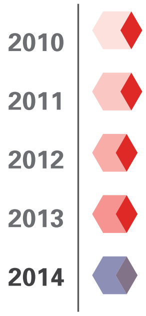
2010	398,438
2011	448,874
2012	451,200
2013	482,755
2014	**515,163**

EARNINGS PER SHARE
SEN



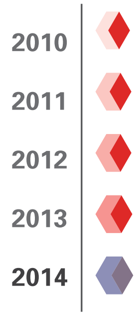
2010	8.50
2011	21.44
2012	14.55
2013	26.74
2014	**28.06**

DIVIDEND PER SHARE (NET)
SEN



2010	6.00
2011	6.00
2012	5.00
2013	5.00
2014	5.00

NET ASSETS PER SHARE
RM



2010	2.74
2011	3.06
2012	3.07
2013	3.26
2014	3.47

CORPORATE STRUCTURE

Southern Acids (M) Berhad
Company No. 64577-K
(Incorporated in Malaysia)

- **100%** Southern Management (M) Sdn. Berhad. (65476-P)
- **100%** Southern Acids Industries Sdn. Bhd. (207048-P)
- **100%** Southern Medicare Sdn. Bhd. (352799-M)
- **100%** Noble Interest Sdn. Bhd. (349945-V)
- **100%** Centre For Sight Sdn. Bhd. (523049-H)
- **100%** SAB Logistics & Grains Terminal Sdn. Bhd. (931569-W)
- **91.9%** PKE Transport (Malaysia) Sdn. Berhad. (161855-T)
- **69.7%** PKE (Malaysia) Sdn. Berhad. (56287-D)
- **100%** SAB Bio-Fuel Sdn. Bhd. (363986-K)
- **100%** SAB (East Asia) Holdings Ltd. (476922)
- **100%** Wilstar Sdn. Bhd. (433043-M)
- **100%** SAB Plantation Sdn. Bhd. (470422-X)
- **100%** SAB Properties Development Co. Sdn. Berhad (324387-H)
- **100%** Pembinaan Gejati Sdn. Bhd. (320201-W)
- **90%** Firstview Development Sdn. Bhd. (433422-W)
  - **70%** P.T. Mustika Agro Sari (040110102386)
    - **100%** P.T. Wanasari Nusantara (040111505014)

OLEOCHEMICAL DIVISION

PLANTATION & MILLING DIVISION

HEALTHCARE DIVISION

WAREHOUSING & CONVEYING DIVISION

BOARD OF DIRECTORS

1. TAN SRI DATO' LOW BOON ENG
2. LIM KIM LONG
3. LEONG SO SEH
4. MOHD. HISHAM BIN HARUN
5. RAYMOND WONG KWONG YEE
6. CHUNG KIN MUN
7. TEO LENG
8. CHEONG KEE YOONG
9. DATUK SERI PANGLIMA SULONG BIN MATJERAIE

PROFILE OF DIRECTORS

TAN SRI DATO' LOW BOON ENG

Non-Independent Non-Executive Director
Aged 64; Malaysian
• Chairman of the Board of Directors

Tan Sri Dato' Low was appointed to the Board of Southern Acids (M) Berhad ("SAB Board") on 10 August 2005. Other than directorship in Southern Acid (M) Berhad ("SAB" or "the Company") and a director of a subsidiary of SAB, he is also director of several private companies.

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

Tan Sri Dato' Low has equity interest in SAB, directly, and indirectly through certain private companies in which he is shareholder and director. Details of his direct and indirect interests are disclosed on page 49 of this Annual Report ("AR").

He is also deemed to be interested in certain related party transactions with SAB and certain subsidiaries as disclosed on page 105 to 111 of this AR.

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

During the financial year ended 31 March 2014 ("FY2014"), Tan Sri Dato' Low attended all six (6) of SAB Board of Directors' Meetings.

LIM KIM LONG

Non-Independent Executive Director
Aged 54; Malaysian

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

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

Mr. Lim has equity interest in SAB, directly, and indirectly through certain private companies in which he is a shareholder and director. Details of his direct and indirect interests are disclosed on page 49 of this AR.

He is also deemed to be interested in certain related party transactions with SAB and certain subsidiaries as disclosed on page 105 to 111 of this AR.

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

During FY2014, Mr. Lim attended all six (6) of SAB Board of Directors' Meetings.

CHEONG KEE YOONG

Non-Independent Executive Director
Aged 46; Malaysia

Mr. Cheong was appointed to SAB Board on 26 November 2013. Other than directorship in SAB and a director of certain subsidiaries of SAB, he is also the Senior Independent Non-Executive Director of Grand-Flo Berhad, a company listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities").

He graduated from the Association of Certified Chartered Accountants (ACCA) and a Member of the Malaysian Institute of Accountants (MIA), he has more than twenty (20) years of working experience particularly in corporate planning, fund raising, treasury management, investors relation activities, tax planning, financial management and risk management in various industries and mainly attached to the corporate office of public listed companies.

Mr. Cheong is currently the Chief Financial Officer ("CFO") of SAB.

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

During FY2014, Mr. Cheong attended one (1) out of one (1) SAB Board of Directors' Meeting.

CHUNG KIN MUN

Senior Independent Non-Executive Director
Aged 47; Malaysian
- **Chairman of Audit & Governance Committee**
- **Chairman of Nomination & Remuneration Committee**

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

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

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

During FY2014, Mr. Chung attended all six (6) of SAB Board of Directors' Meetings.

MOHD. HISHAM BIN HARUN

Non-Independent Non-Executive Director
Aged 46; Malaysian

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

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

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

During FY2014, Encik Hisham attended three (3) out of six (6) SAB Board of Directors' Meetings.

LEONG SO SEH

Independent Non-Executive Director
Aged 62; Malaysian
• Member of Audit & Governance Committee
• Member of Nomination & Remuneration Committee

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

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

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

During FY2014, Madam Leong attended all six (6) of SAB Board of Directors' Meetings.

TEO LENG

Independent Non-Executive Director
Aged 62; Malaysian
• Member of Audit & Governance Committee

Mr. Teo was appointed to the SAB Board on 1 December 2010. Other than directorship in SAB and a director of certain subsidiaries of SAB, he is also a director of United Malacca Berhad, a company listed on Bursa Securities and several private companies.

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

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

During FY2014, Mr. Teo attended all six (6) all SAB Board of Directors' Meetings.

RAYMOND WONG KWONG YEE

Non-Independent Non-Executive Director
Aged 44; Malaysian
• Member of Audit & Governance Committee
• Member of Nomination & Remuneration Committee

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

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

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

During FY2014, Mr. Wong attended all six (6) of SAB Board of Directors' Meetings.

DATUK SERI PANGLIMA SULONG BIN MATJERAIE

Independent Non-Executive Director
Aged 68; Malaysian

Datuk Seri Sulong was appointed to SAB Board on 6 August 2014. Other than directorship in SAB he is also the Independent Non-Executive Director of Sona Petroleum Berhad, Ho Hup Construction Company Berhad and Brahim's Holdings Berhad.

He is currently one (1) of the four (4) eminent persons appointed by the Prime Minister of Malaysia to serve in the Judicial Appointments Commission for a period of two (2) years from 10 February 2013 to 9 February 2015.

Datuk Seri Sulong is a Bencher of the prestigious Honorable Society of Inner Temple, London and his education background is as follow:-

- 1969; obtained his Bachelor of Arts (Honours) Degree;
- 1971; read Law at the Inns of Court School of Law, London;
- 1974; called to the Bar of England and Wales by the Honorable Society of Inner Temple, London as well as admitted and enrolled as an Advocate to the High Court of Borneo in Kuching;
- 1975; further studied at the University of Southampton, England;
- 1977; conferred with a Master of Law Degree in Mercantile Law by University of Southampton, England; and
- 1978; awarded a Certificate in Advanced Management Programme by Banff School of Advanced Management, Canada.

Datuk Seri Sulong has no family relationship with any other director or major shareholder of SAB.

During FY2014, Datuk Seri Sulong has not attended any SAB Board of Directors' meeting as he was appointed after the financial year.

SENIOR MANAGEMENT TEAM

From left to right:

Alex Chan Choon Hoong
Director In-Lead - Warehousing & Conveying Division

Lee Choo Chai
General Manager - Plantation & Milling Division

Lim Kim Long
Executive Director

Dr. Nick Low
Director In-Lead - Oleochemical and Healthcare Divisions

Cheong Kee Yoong
Chief Financial Officer

Tiong Chuu Ling
Chief Operating Officer - Oleochemical Division

EXECUTIVE DIRECTOR'S STATEMENT

FINANCIAL PERFORMANCE

I am pleased to highlight that Southern Acids recorded the highest Profit Before Tax (PBT) of RM65.6 million in FY2014 since last ten (10) financial years, an increase of 15.3% compared to the financial year ended 31 March 2013 ("FY2013"). Out of the amount, RM12.6 million was contributed by other income. This is despite a 6.4% drop in revenue to RM544.1 million in FY2014 compared to FY2013.

The Olechemical and Plantation & Milling Divisions continue to be the major contributors to Southern Acids' bottom line. The results achieved by these two business divisions represent 95.0% of the PBT of Southern Acids.

The improved operating results have translated into higher earnings per share to 28.1 sen per ordinary share for FY2014, compared to 26.7 sen per ordinary share for FY2013. Net asset per share attributable to equity holders of the Company has also increased by 21.0 sen to RM3.47 per ordinary share.

Please refer to Management Discussion and Analysis ("MDA") section for more detailed financial performance report.

DIVIDEND

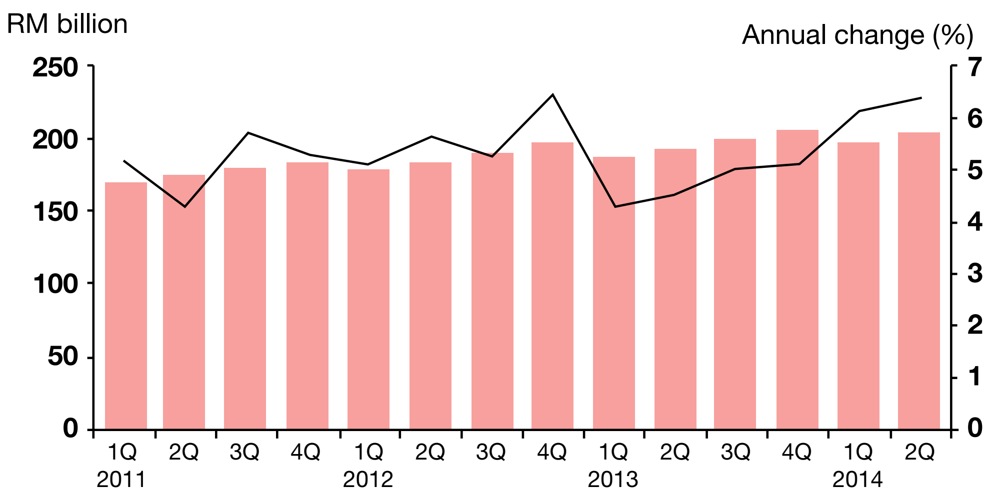
Your Board is pleased to recommend a Single Tier Final Dividend of 5.0 sen per ordinary share of RM1.00 each amounting to a total payout of RM6,846,707 in respect of FY2014. The proposed dividend is subject to the approval by shareholders at the forthcoming Annual General Meeting ("AGM") of the Company which will be held on 25 September 2014.

The recommended payout amount represents a total distribution of approximately17.8% of the net profits attributable to shareholders of the Company and in SAB Board's opinion offers a consistent short term financial returns whilst maintaining cash reserve for the current expansion and future growth.

OVERVIEW OF MALAYSIA ECONOMY

Malaysia's gross domestic product (GDP) grew stronger than expected at 6.4% in the second quarter of 2014 against 6.2% registered in the first quarter of 2014, driven by higher exports and continued strength in private domestic demand, Bank Negara Malaysia Governor Tan Sri Dr Zeti Akhtar Aziz announced on 15 August 2014.

The economy expanded in the second quarter
(at constant 2005)



Source: Department of Statistices, Malaysia

Based on StarBiz's poll of economists reported on 19 August 2014, the average forecast for Malaysia's GDP growth this year has been revised up to 5.8%, with three (3) economists projecting growth to reach as much as 6% this year.

On the back of strong GDP growth, there were mixed views on the possibility of a rate hike by Bank Negara.

Of the 12 economists polled by StarBiz, five reckon that Bank Negara would raise the overnight policy rate (OPR) by 25 basis points (bps) to 3.5% at the next Monetary Policy Committee (MPC) meeting on Sept 18, while one believes the next rate hike could happen either next month or at the final MPC meeting for the year in November.

INDUSTRY OUTLOOK AND PROSPECTS

It will be challenging for the current financial year ending ("FY2015") mainly due to volatility in currency exchange rate and Crude Palm Oil ("CPO") prices.

On the international front, political unrest as in Middle East and Eastern Europe as well as the economy crisis as in Portugal largest bank and Argentina debt had caused volatility particularly in greenback and brent crude oil price in general.

RAM has via its press release dated 5 August 2014 maintained its outlook on CPO prices for second half of 2014, with the expectation that prices will average between RM2,300.00/MT and RM2,500/MT thus capping further upside. The prediction is premised on the following factors:-

- Higher CPO production in first half of 2014;
- Delay in the expected impact from El Nino weather phenomena in the 1st half of 2014;
- Delay in the implementation of biodiesel mandate in both Indonesia and Malaysia; and
- Expectation of good harvest of substitute and competing oil, hence lower in prices respectively.

On the local front, the increase in utilities costs and shortage of skilled workers will affect the bottom line.

Against this challenging backdrop, SAB Board will take necessary steps so as to maintain the good financial performance.

CORPORATE GOVERNANCE

There were several developments in the FY2014.

In order to streamline the function and efficiency of SAB Board Committees, the following changes have been made:-

- 19 October 2013; the announcement on the merger of Audit Committee ("AC") and Corporate Governance Committee ("CGC") into Governance & Audit Committee ("GAC"). Subsequently it was renamed to Audit & Governance Committee ("AGC") on 14 July 2014; and
- 26 November 2013; the announcement on the merger of Nomination Committee ("NC") and Remuneration Committee ("RC") into Nomination & Remuneration Committee ("NRC").

In compliance with the Recommendation 3.2 of the Malaysian Code on Corporate Governance 2012 ("MCCG 2012"), SAB Board is pleased to inform that our Independent Non-Executive Director Encik Mohd. Hisham who has been with us since 2005 has been reclassified to Non-Independent Non-Executive Director with effective from 6 August 2014.

BOARDROOM

SAB Board is pleased to inform that Mr. Cheong Kee Yoong has been appointed as Non-Independent Executive Director on 26 November 2013. Prior to this he was the alternate director to me. Mr. Cheong who is also the CFO of SAB will be primarily overseeing the financial affairs of Southern Acids and at the same time assisting me in day-to-day key corporate management of the Company.

In line with the Recommendation 3.2 of MCCG 2012, the reclassification of Encik Mohd. Hisham to Non-Independent Non-Executive Director has reduced the number of Independent Non-Executive Directors in SAB Board. In view of that and upon the recommendation of NRC, SAB Board has approved the proposed nomination of Datuk Seri Panglima Sulong Matjeraie as Independent Non-Executive Director on 6 August 2014. I would like to take this opportunity to welcome Datuk Seri Sulong who is a well-known figure in the legal and judicial fraternity. With Datuk Seri Sulong's background and experience, he will bring his wealth of experience to the Company.




ENTERPRISE RISK MANAGEMENT ("ERM")

In order to improve the existing ERM framework and to enhance the compliance with the guidelines on Statement on Risk Management and Internal Control, SAB Board had on 4 March 2014 appointed Tricor Roots Consulting Sdn Bhd ("TRC") to review and improve our existing ERM Framework. TRC's approach and solution will assist SAB Board and the Company to identify and manage Strategic Enterprise Risks effectively in this prevailing and challenging environment in addition to complying with relevant regulations and guidelines. The final stage involves the deployment of the automation of Risk Management Framework featuring the Corporate Risk Scorecard ("CRS") which is the core risk management module and captures all risk information.

TRC's programme is currently being implemented and expected to complete in FY2015.

Upon the completion of the programme, SAB Board and the Company hope to manage its risk management and internal controls better and timely via automation of Risk Management Framework.

Please refer to the Main Features of Risk Management under the Statement on Risk Management and Internal Control on pages 44 to 45 of the AR for more information.

ACKNOWLEDGEMENT

On behalf of SAB Board, I wish to express my appreciation to our management and staff for their commitment, hard work and dedication to stay focused in meeting the challenges in an ever-changing business environment. Despite a challenging year in FY2014, SAB recorded the highest PBT since last ten (10) financial years. Well done!

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

Thank you.

Lim Kim Long
Executive Director

MANAGEMENT **DISCUSSION AND ANALYSIS**

"OVERVIEW OF OPERATING ENVIRONMENT

Southern Acids adopted the new reporting format, MDA presentation in FY2013, in line with the Corporate Disclosure Guide, Chapter 6 which was introduced by Bursa Securities in July 2012.

This year marks the second (2nd) MDA Southern Acids is presenting to the shareholders with the aim to provide a better understanding of its business, operations and financial position."

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

Southern Acids had its beginnings in 1980 as an oleochemical producer and exporter.

In FY2014, Southern Acids has four (4) business divisions as follow: -
- Oleochemical
- Plantation & Milling
- Healthcare
- Warehousing & Conveying

Oleochemical Division

- The principal activities of this business division are manufacturing and marketing of mainly fatty acids and the balance of glycerine. Our oleochemical plant is located in Kapar, Klang and has an annual capacity of about 100,000MT. Today, these oleochemical products are exported globally mainly to Asian countries followed by America, Europe and Middle East. There were no material changes in the main key operating factors since the last FY2013.

- Our immediate priority is always aim to maintain our plant's full capacity. Over the long term, the management may be looking into expanding this business segment either in terms of additional production capacity or expanding our products ranges. This will be undertaken after a detailed evaluation study.

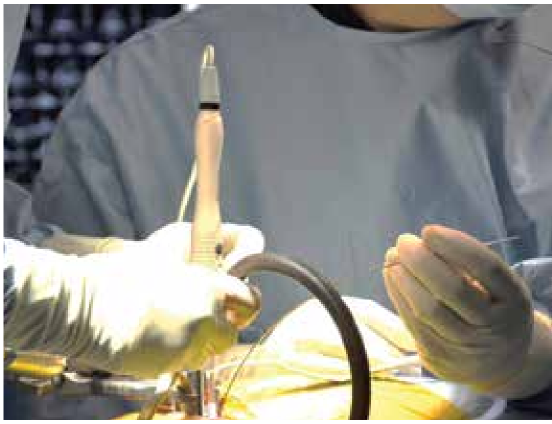
A. AN OVERVIEW OF GROUP'S BUSINESS, OPERATIONS, OBJECTIVES AND STRATEGIES (cont'd)

Plantation & Milling Division

- Southern Acids has a land bank of about 4,534.0 hectares of planted and matured area in Indonesia and another 260.8 hectares in Malaysia. In addition, we have a palm oil mill ("POM") with a total milling capacity of 45MT/per hour in Indonesia. The current consumption ratio of internal harvested fresh fruits bunch ("FFB") and external purchased FFB for our POM is about 50:50. Our matured hectare and milling capacity of our POM in Indonesia remain unchanged since the last FY2013.

- In FY2015, an area of approximately 300 hectares in Indonesia is expected to be replanted as part of the overall replanting programme. The construction of our new 60MT/per hour POM in Indonesia is progressing well and on target for completion and commissioning by March, 2015.

Healthcare Division



- Our medical centre, Sri Kota Specialist Medical Centre ("Sri Kota") started operation in September 1999 and is strategically situated in the heart of Klang town. It is a nine (9) storey building with 232-bed tertiary level hospital fully equipped with modern facilities. Sri Kota was awarded the prestigious three (3) years Malaysian Society for Quality Healthcare ("MSQH") Accreditation for the period from November 2011 to November 2014. Sri Kota's core disciplines are Heart, Orthopedic, Nephrology, and ENT. Sri Kota also has one (1) of the leading teams specializing in minimally invasive endoscopic spinal surgery.

- Moving forward, this Division plans to increase the number of consultants and to strengthen its existing core medical disciplines in order to increase its top line. Meanwhile, a new Hospital Information System ("HIS") is being implemented with targeted implementation in the financial year ending 2016. We will be also looking into upgrading some of our key medical equipment over the next two (2) financial years.

Warehousing & Conveying Division

- Our current dry bulk terminal is located at North Port, Port Klang, and this Division provides an integrated palm kernel expeller ("PKE") warehousing and high capacity warehouse-to-dock conveyor system to serve the PKE industry in the Central Region of Peninsular Malaysia. This 40,000MT capacity warehouse is adjacent to Wharf 15 at North Port in Port Klang.

- This business division's immediate priority is to secure the continuation of operation which is currently operating on a short term land lease and the renewable of the land lease is subject to Northport (Malaysia) Berhad ("Northport") approval. The current land lease will expire on 15 September, 2014. Meanwhile on 14 December 2013, we had submitted our tender on the Proposed Development of PKE Cargo Handling Facility on a lease term basis, at the land area of approximately 1.19 hectares. As at date of this report, there is no decision from Northport yet.

In Southern Acids, we place emphasis on the importance of having competent human resource to achieve our objectives. Currently with the net cash position as at 31 March 2014, Southern Acids would be able to internally fund part of the required capital expenditure for FY2015.

B. REVIEW OF FINANCIAL RESULTS

There are four (4) main business divisions in Southern Acids.

The following table is the summary of revenue and PBT/Loss Before Tax ("LBT") of Southern Acids and with the respective business segment financial results: -

	FY2014		FY2013		Changes in %	
	Revenue	PBT/(LBT)	Revenue	PBT/(LBT)	Revenue	PBT/(LBT)
	RM'000	RM'000	RM'000	RM'000	%	%
Oleochemical	341,788	27,869	375,447	23,109	(9.0%)	20.6%
Plantation & Milling	113,917	34,422	122,314	32,109	(6.9%)	7.2%
Healthcare	76,421	3,477	72,872	3,836	4.9%	(9.4%)
Warehousing & Conveying	7,618	2,955	6,895	1,839	10.5%	60.7%
Others	4,311	(3,146)	3,897	(4,012)	10.6%	21.6%
Southern Acids Level	**544,055**	**65,577**	**581,425**	**56,881**	**(6.4%)**	**15.3%**

Southern Acids recorded lower revenue of RM544.1 million for FY2014, a decrease of 6.4% compared to FY2013. Despite the decrease in revenue, the PBT increased by 15.3% to RM65.6 million. The after-tax profit attributable to equity holders of the Company amounted to RM38.4 million against RM36.6 million achieved in FY2013.

The Oleochemical and Plantation & Milling Divisions continue to be the major contributors to Southern Acids' bottom line. The results achieved by these two business divisions represent 95.0% of the PBT of Southern Acids.

The improved operating results have translated into higher earnings per share of 28.1 sen per ordinary share for FY2014, compared to last year's 26.7 sen per ordinary share. Net asset per share attributable to equity holders of the Company has also increased by 21.0 sen to RM3.47 per ordinary share.

Other Income

In FY2014, total other income was 31.8% higher compared to FY2013. The increase was due to gain from foreign exchange, foreign currency forward contract and interest income.

Liquidity and Capital Resources

Capital Management; in FY2014, the fixed deposits, short-term placements as well as cash and bank balances was RM8.2 million higher compared to FY2013. With the healthy cash position, Southern Acids is able to fund its on-going capital expenditure internally such as the new 60MT/per hour POM in Indonesia and the upgrading of HIS for Sri Kota.

Taxation

The income tax expenses for Southern Acids for FY2014 were 54.7% higher compared to the last FY2013. This was due to the Oleochemical Division's income tax expenses as its tax holiday has been fully exhausted in FY2013.

B. REVIEW OF FINANCIAL RESULTS (cont'd)

Prospects

Southern Acids is cautiously optimistic of its future performance whilst striving to improve operational efficiency and productivity as the performance of FY2015 will be greatly influenced by the following: -

- Uncertainty and volatility in currency exchange rate of USDMYR and MYRIDR;
- Uncertainty and volatility in CPO prices;
- Respective relevant government regulatory and authority such as biodiesel mandate, export tariff; and
- Land lease renewal.

C. OPERATIONAL REVIEW

Oleochemical Division

- The Oleochemical Division registered a decrease of 9.0% in revenue to RM341.8 million in FY2014. The decrease in revenue was mainly due to 12.4% lower in fatty acids average selling price despite an increase of 1.3% in sales volume. On the other hand, the refined glycerine average selling price was 15.6% higher but the sales volume was 6.0% lower.
- Despite the lower revenue, the PBT increased by 20.6% to RM27.9 million compared to FY2013. The increase was due to lower production costs and higher other income.
- Production costs were lower compared to FY2013 which was contributed by lower cost of both CPO and RBD palm stearin. Both average price per MT of CPO and RBD palm stearin were approximately 6.8% lower compared to FY2013.
- Other income which mainly comprises of currency exchange gain and interest income was 54.2% higher compared to FY2013.

Plantation & Milling Division

- The Plantation & Milling Division registered a 7.2% higher in PBT to RM34.4 million despite of lower revenue of 6.9% to RM114.0 million compared to FY2013. The lower revenue was due to the MYRIDR currency exchange losses whereas the increase of 9.0% in internal FFB contributed to the higher PBT in FY2014.
- The external purchased FFB was lower hence FFB processed was reduced by 10% compared to FY2013.
- The lower FFB processed caused total CPO produced lowered by 10.2% while the extraction rate remain unchanged. The same effect applies to PK, the total production was lowered by 13.1% while extraction rate recorded slight drop as compared to FY2013.
- As a result of continuous planned fertiliser programme, the average FFB yield has improved by 10.8% compared to FY2013.

Healthcare Division

- The Healthcare Division registered an increase of 4.9% in revenue to RM76.4 million. However the PBT was lowered by 9.4% to RM3.5 million in FY2014. The increase in revenue was mainly due to higher revenue earned per patient and bed occupancy rate by 4.6% and 3.8% respectively. The lower PBT was due to 4.8% decrease in number of outpatient and the overall lower margin recorded per patient.

C. OPERATIONAL REVIEW (cont'd)

Warehousing & Conveying Division

- This Division registered an increase of 10.5% in revenue to RM7.6 million and 60.7% in PBT to RM3.0 million respectively in FY2014. The increase in both PBT and revenue were contributed by 10.7% increase in volume received and handled.
- The total goods received and handled were higher by 8.4% and 12.3% respectively compared to FY2013.

D. PROSPECTS

Oleochemical Division

- The plant production is expected to run at full capacity as the forecasted demand will continue to exceed our full production capacity. However, this Division is expected to operate at thinner margin due to rising operating costs such as higher utilities costs, labour costs and compliance costs. In addition, this Division will also face unfavourable competition from Indonesia's downstream operators who enjoy lower costs and favourable export tariff.
- The Division's performance will be greatly influenced by the uncertainty and volatility of CPO prices and USDMYR exchange rate.
- Nevertheless this Division is expected to continue to contribute significantly to the bottom line of Southern Acids.

Plantation & Milling Division

- The replanting programme in Indonesia which started in FY2013 will further reduce the total planted and matured area by approximately 300 hectares in FY2015. The reduced planted and matured area would affect the performance of the Division in FY2015 adversely.
- The Division's performance will be greatly influenced by the uncertainty and volatility of CPO prices and MYRIDR exchange rate as well as the impending increase in minimum wages structure in Indonesia.
- Likewise, this Division is also expected to continue contribute significantly to the bottom line of Southern Acids.

Healthcare Division

- Moving forward, the revenue of this Division is expected to increase marginally in line with the Division's on-going plan to increase the number of consultants and to strengthen its existing core medical disciplines. Due to the impact of depreciation costs on planned capital expenditure in FY2015, the profitability of this Division is expected to grow slower as compared to revenue.

Warehousing & Conveying

- The continuity of the Division is dependent on the successful renewal of the land lease with Northport. Otherwise, this Division is expected to achieve a better result in FY2015 than FY2014 due to the improvement in operation efficiency.

AUDIT & GOVERNANCE COMMITTEE REPORT

AUDIT & GOVERNANCE **COMMITTEE REPORT**

SAB Board is pleased to present the report on AGC earlier known as AC for FY2014.

In order to streamline the function and efficiency of SAB Board Committees, the following changes have been made:-
- 19 November 2013; the announcement on the merger of AC and CGC into GAC and
- 14 July 2014; subsequently it was renamed to AGC.

1. TERMS OF REFERENCE

a) Membership

AGC shall be appointed by SAB Board from amongst the members of SAB Board and shall consist of not less than three (3) members, with the following conditions:

- Majority of AGC members shall be independent non-executive directors who are not an alternate director.
- At least one (1) member shall be a member of the Malaysian Institute of Accountants or who shall fulfil requirements as prescribed in Chapter 15.10 of the Main Market Listing Requirements ("LR") of Bursa Securities, with minimum three (3) years of working experience.
- AGC shall elect an independent non-executive director from amongst its members to be the Chairman.

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

b) Authority

AGC has the following mandate from SAB Board:

- Sufficient and competent resources, including access to external independent professional advice that it considers reasonable and necessary, to perform its duties.
- Full and unrestricted access to information, reports, records, properties and personnel of all level of management.
- Direct channels of communication with both the internal auditors and external auditors, and if deemed necessary, convene meetings without the presence of other directors and employees.
- Put in place a periodical or annual internal audit plans and ensure the efficiency and effectiveness of such plans in meeting the desired objectives.
- Investigate any matter that is deemed necessary, within its Terms of Reference.
- AGC reports to SAB Board on matters considered and its recommendations thereon, pertaining to the affairs of Southern Acids.

c) Duties and Responsibilities

The duties and responsibilities of AGC are:

- Overseeing the system of internal controls including internal audit, management accounting, financial reporting and business ethics, to ensure operational efficiencies and effectiveness in achieving the Company's objective.

1. TERMS OF REFERENCE (cont'd)

c) Duties and Responsibilities (cont'd)

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

- Overseeing the management of the internal audit personnel including appraisal of performance, and assessment of appointment, resignation or termination of personnel.

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

- Considering and recommending to SAB Board, the appointment, resignation or dismissal of external auditors, and the determination of audit fee.

- Reviewing and assessing the scope of the external audit of financial statements and system of internal controls, and subsequently the audit findings, if any, and the response of the management to the audit findings.

- Reviewing and assessing the quarterly interim financial reports and annual financial statements of both the Company and Southern Acids with focus on:

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

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

- Reviewing and monitoring related party transaction ("RPT") and conflict of interest that may arise within the Company and/or Southern Acids including any transaction, procedure or course of conduct that raises questions of management integrity.

- Reporting to SAB Board if there is any breach on the Bursa Securities LR and recommend corrective measures.

- Reporting promptly to Bursa Securities where a matter reported by AGC to SAB Board has not been satisfactorily resolved resulting in a breach of the Bursa Securities LR.

- Ensuring employees at all levels of the Company and Southern Acids give adequate assistance and cooperation during the processes of internal and external audit.

- Undertaking such other function and assignment as may be agreed to by AGC and SAB Board.

2. COMPOSITION AND MEETING

a) Composition

During the financial year, AC started with three (3) members from SAB Board, of which two (2) are independent non-executive directors and one (1) is a non-independent non-executive director.

With the merger of AC and CGC into GAC in 19 November 2013, AGC has an additional member and comprised of four (4) members from SAB Board, of which three (3) are independent non-executive directors and one (1) is a non-independent non-executive director.

2. COMPOSITION AND MEETING (cont'd)

b) Meeting and Attendance

AGC shall meet at least four (4) times during a financial year. The Chairman may call and convene additional meeting upon request by any member or the management or the internal auditors or external auditors to consider any matter within the scope and responsibilities of AGC.

Quorum of AGC meeting shall be two (2) members, majority of whom must be independent non-executive directors. The Company Secretary shall be the secretary of AGC and minutes of meeting shall be distributed to all members of AGC.

AGC Chairman reports to SAB Board on principal matters deliberated and decision made at AGC meetings. Each duly signed meeting minute is circulated to SAB Board at the next Board meeting.

AGC members and details of attendance of each member at AGC meetings convened during the financial year are:

No.	Name	Position	Attendance of meetings
i)	Chung Kin Mun (Note 1) (Senior Independent Non-Executive Director)	Chairman	2/2
ii)	Mohd. Hisham bin Harun (Note 2) (Independent Non-Executive Director)	Chairman	4/4
iii)	Sukhinderjit Singh Muker (Note 3) (Non-Independent Non-Executive Director)	Member	4/4
iv)	Leong So Seh (Independent Non-Executive Director)	Member	6/6
v)	Teo Leng (Note 1) (Independent Non-Executive Director)	Member	2/2
vi)	Raymond Wong Kwong Yee (Note 1) (Non-Independent Non-Executive Director)	Member	2/2

Notes on appointment, resignation and retirement:-
Note 1 – Appointed on 19 November 2013
Note 2 – Resigned on 19 November 2013
Note 3 – Retired on 26 September 2013

During FY2014, the following persons/parties were invited for the purposes of briefing and presentation on their respective areas:-

- Executive Director ("ED") and CFO
  - Quarterly Results;
  - Annual Audited Accounts;
  - RRPT Circular/Annual Report/AGM;
  - Tax Planning including Goods and Services Tax ("GST") Implementation;
  - Proposed appointment of the ERM consultants;
  - Progress report on the ERM programs;
  - Proposed appointment of the Outsource Internal Audit ("OIA"); and
  - Outstanding matters with Major Shareholders.

2. COMPOSITION AND MEETING (cont'd)

b) Meeting and Attendance (cont'd)

- In-house Head of Internal Audit Department ("IAD") and the OIA, Messrs. Columbus Advisory Sdn Bhd ("Columbus")
  - Briefing on Internal Audit reports and the follow up.

- Messrs Deloitte (formerly known as Deloitte Kassim Chan) ("Deloitte")
  - Annual Audited Accounts.

- Messrs Tricor Roots Consulting Sdn Bhd
  - Briefing on the progress of the ERM program.

In addition, two private sessions with external auditors were held without other directors and employees.

3. SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR

During FY2014, the main activities carried out by AGC in the discharge of its functions and duties were as follows:

a) Financial Reporting

- Reviewing the quarterly unaudited interim financial reports, annual audited financial statements, annual report and circular to shareholders of the Company prior to the submission to the SAB Board for consideration and approval, and submission to Bursa Securities thereto;

- Reviewing Southern Acids compliance with the Bursa Securities LR, the prevailing applicable approved accounting standards issued by the Malaysian Accounting Standards Board and all other relevant regulatory guidelines.

- Reviewing the management report pertaining to changes in applicable financial reporting standards and the impact of the changes to the financial reports of the Company and Southern Acids thereto.

b) Internal Audit and External Audit

- Reviewing the internal audit plans and reports, including matters pertaining to the management of the resources of the internal audit department.

- Reviewing the audit planning memorandum presented by external auditors and the proposed audit fee, discussion on audit findings and recommendations.

- Reviewing the adequacy of remedial actions taken by the Management in resolving the audit issues reported and if necessary, recommend measures for further enhancement;

- Meeting with external auditors without the presence of other directors and employees.

c) Related Party Transactions

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

3. SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR (cont'd)

c) Related Party Transactions (cont'd)

- Reviewing significant RPT and the disclosure of such transactions in the AR and in the Circular to Shareholders in relation to the renewal of shareholders' mandate for recurrent RPT of a revenue or trading nature.

8 Reviewing the Circular to Shareholders in relation to the renewal of shareholders' mandate for recurrent RPT of revenue or trading nature for SAB Board's approval.

INTERNAL AUDIT FUNCTION

In FY2014, the internal audit function was carried out by the in-house IAD until December 2013 and subsequently by OIA, Columbus. The Chief Internal Auditor left the Company on August 2013 and the Company was without IAD in December 2013 when all the team members had left the Company. After finding it difficult to recruit competent staff to fill the vacant positions, AGC had recommended to outsource the internal audit function. The recommendation was subsequently approved by SAB Board.

Both IAD and OIA support AGC in the discharge of its duties and responsibilities and report directly to AGC, provide independent assurance on the adequacy and integrity of the internal control, risk management and governance processes. The purpose, authority and responsibility of the IAD are articulated in an Internal Audit Charter.

A summary of the main activities undertaken by the internal audit function during the financial year is as follows:

In-house IAD

- Following up on the KPMG Business Advisory Sdn Bhd's ("KPMG") ERM reports on Southern Acids Industries Sdn Bhd in the areas of risk treatment process with all the identified process owners and the timing as well frequency of the reporting;
- Reviewing and recommending to SAB Board approval on the Statement of Risk Management & Internal Control for the purpose of 2013 AR;
- Reviewing Deloitte's Management Letter on the audit of FY2013;
- Reviewing FY2013 RPT of Southern Acids and the recommendations for SAB Board's consideration; and
- Following and updating on outstanding issues from previous internal audit reports to AGC regularly.

Outsourced Internal Auditor

In FY2014, Columbus carried out an assignment on the Oleochemical Division. The agreed scope of work was as follow:-

- Perform a high level review on the operational risks of the auditee Division Pilot Sites and interview key management staff for the purpose of deciding on the internal audit focus;
- Perform risk based internal audit for auditee Division Pilot Sites over one cycle in FY2014; and
- Finalise the internal audit report for presentation to AGC.

Total cost incurred for the internal audit function for FY2014 was RM291,166.

STATEMENT ON CORPORATE GOVERNANCE

STATEMENT ON **CORPORATE GOVERNANCE**

SAB Board is committed in ensuring that the affairs of the Company and Southern Acids are managed in accordance with the appropriate standards for good corporate governance to help promote continuous and sustainable growth for the interests of all its stakeholders.

SAB Board is pleased to set out in this Statement the manner and extent in which the Company has applied the principles and complied with the recommendations as set out in MCCG 2012.

PRINCIPLE 1 - ESTABLISH CLEAR ROLES AND RESPONSIBILITIES OF THE BOARD AND MANAGEMENT

1.1 Clear functions of the Board and Management

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

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

1.2 Clear roles and responsibilities

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

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

In discharging its fiduciary duties and stewardship role, SAB Board has streamlined the existing four (4) Board Committees into two (2) Board Committees in FY2014 focusing on specific functions and responsibilities of SAB Board as required by Bursa Securities LR and/or recommendations as set out in MCCG 2012. These are:

a. AGC, which merges the existing AC and CGC; and
b. NRC, which merges the existing NC and RC.

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

PRINCIPLE 1 - ESTABLISH CLEAR ROLES AND RESPONSIBILITIES OF THE BOARD AND MANAGEMENT (cont'd)

1.3 Formalised ethical standards through Code of Ethics

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

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

1.4 Strategies promoting business sustainability

SAB Board recognizes the importance of business sustainability in its formulation of business strategy which includes achieving a balance between the environment, social and governance aspects and stakeholders' interest. This is part of a good business practice for long-term shareholder value.

The following are examples of the efforts which have been taken to promote business sustainability and best practices adopted by Southern Acids:-

a. General; the existing employees handbook is in place to ensure the well-being of employees are adequately taken care of;
b. Oleochemical Division; best practices were adopted with regards to the treatment of effluent where the effluent is channelled to waste water treatment plant for treatment before discharge. The process involved are chemical/physical treatment, follow by biological treatment; and
c. Plantation & Milling; Effluents are treated with microbes to ensure the Biological Oxygen Demand is below 100ppm (parts per million) (currently at around 70ppm) and empty fruits brunches are recycled by placing in the estates hence no open burning.
d. Healthcare Division; our hospital is accredited with the prestigious MSQH for the period of three (3) years from November 2011 to November 2014;

PRINCIPLE 1 - ESTABLISH CLEAR ROLES AND RESPONSIBILITIES OF THE BOARD AND MANAGEMENT (cont'd)

1.5 Access to information and advice

In discharging their duties and responsibilities, all members of SAB Board have unrestricted access to senior management, all information such as strategic planning, management, financial and operations of Southern Acids, and if where necessary, to seek external independent professional services at the Company's expense.

Prior to SAB Board or Board Committee meeting, directors will be given adequate notice of meeting detailing the agenda together with the necessary board papers that contain relevant qualitative and/or quantitative information. The purpose is to enable the directors to read the board papers prior to the meeting and allows the directors to prepare for the meeting.

In FY2014, SAB Board had engaged the services of the following external professional services:-

- External legal firm's advice on legal matters;
- External tax advisor's advices for various tax related matters such as tax planning, GST implementation and tax incentives;
- ERM consultants for advice in reviewing and improving the Company existing ERM processes and setting up of ERM automation with the feature of the CRS; and
- External Internal Audit Services in replacing the in-house internal audit services.

1.6 Qualified and competent company secretary

The current company secretaries are Lim Kui Suang and Paul Ignatius Stanislaus, both are qualified company secretaries, play a supportive role to SAB Board to enable them to discharge their duties effectively and ensure overall compliance with all relevant regulatory requirements, codes, guidelines and legislations.

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

1.7 Board Charter

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

PRINCIPLE 2 -STRENGTHEN COMPOSITION OF THE BOARD

2.1 Nomination Committee

The Company has merged NC and RC into NRC on 26 November 2013.

The new NRC has (3) three members, comprising two (2) independent non-executive directors and one non-independent non-executive director. The members of NRC are:

- Chung Kin Mun (Chairman), Senior Independent Non-Executive Director
- Leong So Seh, Independent Non-Executive Director
- Raymond Wong Kwong Yee, Non-Independent Non-Executive Director.

Under the functions of NRC, there are specific responsibilities with regards to nomination and remuneration matters.

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

With regards to nomination matters, the specific roles of NRC are as follow, amongst others:-

- Formulating, reviewing and updating the criteria used in the nomination, selection and succession for the members of SAB Board;
- Evaluating and recommending the appointment of members to the appropriate Board Committee;
- Reviewing and recommending the appropriate structure, size and composition of SAB Board annually; and
- Formulating, evaluating and updating the criteria used, both qualitative and quantitative to evaluate the performance of directors individually, respective Board Committee and SAB Board as a whole annually.

During FY2014, NRC had met two (2) times and the following agenda were reviewed, assessed and recommended to SAB Board for approval:-

- Proposed appointment of Mr. Cheong Kee Yoong as the Alternate Director to the ED, Mr. Lim Kim Long;
- Proposed merging of AC and CGC into GAC;
- Proposed recomposition of members to GAC, NC and RC;
- Proposed appointment of adviser to SAB Board;
- Proposed reclassification of Mr. Cheong Kee Yoong as Alternate Director to Non Independent Executive Director;
- Proposed merging of NC and RC into NRC; and
- Proposed renaming GAC to AGC.
- Assessing the independence of the Independent Directors individually.

PRINCIPLE 2 -STRENGTHEN COMPOSITION OF THE BOARD (cont'd)

2.3 Remuneration Policies

With regards to remuneration matters, the specific roles of NRC are as follow, amongst others:-

- Reviewing and recommending the remuneration guidelines to SAB Board;
- Reviewing and ensuring the remuneration package and benefits of all members are comparable with market practices within similar industries and be able to attract and retain capable directors; and
- Reviewing and recommending all members' remuneration annually after taking into consideration of various factors such as directors' fiduciary duties, commitment, Company's performance and operating environment.

Based on the Corporate Governance Guide, 2nd Edition issued by Bursa Securities, the non-executive remuneration is now to be assessed by RC. RC shall meet at least once during a financial year.

There was no meeting held in FY2014. However a meeting was held on 23 July 2014 to assess and recommend the directors' fees for FY2014. This was after the finalisation FY2014 financial results. SAB Board approved NRC's recommendation of the following revised fixed fee subject to the shareholders' approval in the coming AGM:-

Category	Existing Fees (RM)	Revised Fees (RM)
1. Board Chairman	45,000.00	67,500.00
2. AGC Chairman	45,000.00	67,500.00
3. Board Member	45,000.00	45,000.00

The meeting allowance for board members remain the same.

The aggregate directors' remuneration paid and payable to SAB Board for FY2014 which is subject to approval by the shareholders in the forthcoming AGM are categorised into the following components and bands:

	Fee RM	Salary RM	Allowance RM	Total RM
Executive Director	60,616	391,384	10,400	462,400
Non-Executive Director	336,832	-	67,200	404,032
Total	397,448	391,384	77,600	866,432

	No of Directors		
	Executive	Non-Exec	Total
RM1 to RM50,000	-	1	1
RM50,001 to RM100,000	-	6	6
RM100,001 to RM150,000	-	-	0
RM150,001 to RM200,000	1	-	1
RM200,001 to RM250,000	-	-	0
RM250,001 to RM300,000	-	-	0
RM300,001 to RM350,000	1	-	1
	2	7	9

PRINCIPLE 3 - REINFORCE INDEPENDENCE OF THE BOARD

3.1 Annual assessment of independence

NRC assesses the independence of independent directors as prescribed under Bursa Securities, Chapter 1 of the LR and the effectiveness of independence. This assessment is carried out annually via Director Self-Assessment Form and Evaluation of Independent Director Form. The following are the steps:-

- Submission of duly completed and signed Director Self-Assessment Form to NRC; and
- NRC will assess and recommend each director's assessment to SAB Board for further deliberation and adoption.

Individual directors shall abstain from the deliberation in respect of their assessment.

3.2 Tenure of Independent Directors

Currently the Company does not have a formal policy on term limit for its Independent Directors. SAB Board will, via its NRC, assess independence of the director who has served the Company for nine (9) years on a case to case basis before arriving at its decision.

NRC, at its meeting held on 23 July 2014 had assessed Encik Mohd. Hisham, the Independent Non-Executive Director and recommended to SAB Board to re-designate his directorship as a Non-Independent Non-Executive Director. SAB Board duly approved the recommendation.

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

Save for Encik Mohd. Hisham, the existing SAB Board does not comprise of any Independent Director who has served for more than nine (9) years.

3.4 Separation of positions of the Chairman and the CEO's position

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

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

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

3.5 Board Composition and Balance

The current SAB Board is chaired by a Non-Independent Director and comprises eight (8) other Directors of whom two (2) are Executive Directors, two (2) are Non-Independent Directors, one (1) is Senior Independent Director and three (3) are Independent Directors.

A brief profile of each Director is presented on pages 9 to 13 of this AR.

The existing Board composition fulfils the requirements as set out under the Listing Requirements, which stipulate that at least two (2) directors or one-third of the Board, whichever is higher, must be independent directors.

Where the Chairman of SAB Board is not an independent director, SAB Board must comprise a majority of independent directors. SAB Board is aware that the current Board composition is not in compliance with this recommendation of MCCG 2012. SAB Board is mindful about this and is looking into how best to ensure compliance with the said recommendation in the near future. In the interim, the Senior Independent Non-Executive Director who was appointed during the last financial year could ensure the balance of power and authority of the board.

PRINCIPLE 4 - FOSTER COMMITMENT

4.1 Time Commitment

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

SAB Board and Board Committees meet for both scheduled meetings and on ad hoc meetings to deal with urgent matters with due notice being given.

SAB Board meets at least four (4) times during a financial year and additional meetings will be convened as and when necessary. Details of SAB Board composition since the date of the last AR, and their attendance records of the meetings held during the current financial year are as follows:

No.	Director Name	Attendance of meetings
1.	Tan Sri Dato' Low Boon Eng, Chairman (Non-independent Non-Executive Director)	6/6
2.	Lim Kim Long (Non-Independent Executive Director)	6/6
3.	Cheong Kee Yoong * (Non-Independent Executive Director)	1/1
4.	Chung Kin Mun (Senior Independent Non-Executive Director)	6/6
5.	Mohd. Hisham bin Harun (Non-Independent Non-Executive Director)	3/6
6.	Leong So She (Independent Non-Executive Director)	6/6
7.	Teo Leng (Independent Non-Executive Director)	6/6
8.	Raymond Wong Kwong Yee (Non-Independent Non-Executive Director)	6/6
9.	Datuk Seri Panglima Sulong bin Matjeraie # (Independent Non-Executive Director)	n/a

* appointed on 26 November 2013
\# appointed on 6 August 2014

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

PRINCIPLE 4 - FOSTER COMMITMENT (cont'd)

4.2 Directors' Continuing Education Programmes

All Directors had attended and completed the Mandatory Accreditation Programme as required under the Bursa Securities LR. SAB Board strongly encouraged all Directors to attend relevant continuing education programmes from time to time.

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

No	Name of Director	Title of programme	Date attended
1.	Tan Sri Dato' Low Boon Eng	• LMC –Oil Retreat 2013 • PIPOC 2013 • 9th Indonesia POC & 2014 Outlook • Palm Oil Economic Review & Outlook • POC 2014 • Corporate Governance Update	18 – 20 June 2013 19 – 21 November 2013 27 – 29 November 2013 23 January 2014 3 – 5 March 2014 25 March 2014
2.	Lim Kim Long	• National Tax Conference 2013 • Corporate Governance Update	24 – 25 June 2013 25 March 2014
3.	Cheong Kee Yoong	• Advocacy Session on Corporate Disclosure for Directors of listed issuers • National Tax Conference 2013 • Corporate Governance Update	21 May 2013 24 – 25 June 2013 25 March 2014
4.	Chung Kin Mun	• Real Property Gain Tax – Latest developments & practical issues • 9 Reasons Why Innovation Fail • GST Awareness Programme • Corporate Governance Update	28 June 2013 3 March 2014 20 March 2014 25 March 2014
5.	Mohd Hisham Bin Harun	• Fundamentals of Syariah applied within the Islamic Finance Training • Tabung Haji Corporate Directors Training • Tabung Haji Corruption Risk Management Workshop • Corporate Governance Update	5 – 6 September 2013 8 – 9 January 2014 25 – 27 February 2014 25 March 2014
6.	Leong So Seh	• Corporate Governance Update	25 March 2014
7.	Teo Leng	• Corporate Governance Update	25 March 2014
8.	Raymond Wong Kwong Yee	• Corporate Governance Update	25 March 2014

PRINCIPLE 5 - UPHOLD INTEGRITY IN FINANCIAL REPORTING

5.1 Financial Statements comply with applicable financial reporting standards

Interim quarterly financial results, annual audited accounts and the annual report are prepared in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 by the Finance Department which is headed by the CFO.

SAB Board via AGC will be reviewing and assessing those reports with the focus on the following:-
- any change in accounting policies and practices, and its implementation;
- compliance with applicable accounting standards and regulatory requirements;
- significant transaction or event of unusual nature;
- significant adjustment arising from the audit; and
- the going concern assumption in the preparation of financial statements.

With the above in place, SAB Board would be able to present a true and fair view of the financial statements and uphold the integrity in financial reporting.

5.2 Assessment of suitability and independence of external auditors

AGC established the procedures to assess the suitability and independence of the Company's external auditors. Such procedures include the provision of written assurance from the external auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

During FY2014, Southern Acids' non-audit fees paid to the external auditors, Deloitte amounted to RM6,000.

For both 5.1 and 5.2 above, please refer to AGC Report on pages 25 to 29 of the AR for an overview of the functions of AGC.

PRINCIPLE 6 – RECOGNISE AND MANAGE RISKS

6.1 Sound framework to manage risks

It is the responsibility of SAB Board to maintain a sound system of risk management and internal control system and a structured ERM framework has been established to identify, evaluate, control, monitor and report potential principal on an on-going risks basis. ERM framework was based on the framework developed by KPMG earlier.

AGC, supported by the internal audit services assisted the Board in reviewing, evaluating and monitoring the effectiveness of the state of risk management and internal controls.

Please refer to the Statement on Risk Management and Internal Control on pages 44 to 45 of the AR for more information.

6.2 Internal audit function

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

Please refer to AGC report on pages 29 of AR for an overview of internal audit functions and the activities carried out in FY2014.

PRINCIPLE 7 - ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

7.1 Corporate disclosure policy

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

SAB Board has formalized a Corporate Disclosure Policy and Procedure Manual.

7.2 Leverage on information technology for effective dissemination of information

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

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

PRINCIPLE 8 - STRENGTHEN RELATIONSHIPS BETWEEN COMPANY AND SHAREHOLDERS

8.1 Encourage shareholders participation at general meeting

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

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

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

SAB Board shared with the shareholders at the Thirty-Second ("32^{nd}") AGM the responses to questions submitted in advance by the Minority Shareholder Watchdog Group, which was also posted on the Company's website.

8.2 Encourage poll voting

Shareholders have the rights to demand for poll voting during AGM which is provided under the current Memorandum and Articles of Association of the Company. In compliance with the Recommendation 8.2 of the MCCG 2012, the Company will encourage to put substantive resolution to vote by poll and make an announcement of the detailed results showing the number of votes cast for and against each resolution.

8.3 Effective communication and proactive engagement

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

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

ADDITIONAL COMPLIANCE INFORMATION

In compliance with Para 9.25 of Bursa Securities LR, the following information is provided:

Related Party Transactions

All RPT entered into by Southern Acids were made in the ordinary course of business at arm's length and are based on Southern Acids' normal commercial terms that are not more favourable to the transacting related party than those generally available to non-related party and will not be detrimental to the interests of minority shareholders in Southern Acids. Details of the RPT entered into by Southern Acids during FY2014 are disclosed in Note 23 to the Financial Statements on pages 105 to 111 of the AR.

At the 32nd AGM of the Company held on 26 September 2013, the Company had obtained the approval from shareholders for the renewal of the shareholders' mandate to enter into recurrent RPT of a revenue or trading nature with certain related parties, in the ordinary course of business. The said mandate took effect from 26 September 2013 until the conclusion of the forthcoming Thirty-Third ("33rd") AGM, in which the Company intends to seek for a fresh renewal of the shareholders' mandate. The details of the shareholders' mandate to be sought are furnished in the Circular to Shareholders dated 3 September 2014.

Share buyback

The Company was not mandated to carry out share buyback during the financial year.

Options, Warrants and Convertible Securities

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

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

The Company did not sponsor any ADR or GDR programme during the financial year.

Imposition of Sanctions and/or Penalties

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

Profit Guarantee

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

Material Contracts

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

Variation in Results

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

Non-Audit Fee

Southern Acids did not pay any non-audit fee to the external auditors during the financial year except for a sum of RM6,000 being payment made for consultation service rendered by the external auditors.

Revaluation Policy

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

Corporate Social Responsibility

Southern Acids is committed to the welfare of its employees and to the communities at locations in which it conducts its businesses. The management recognises that for long-term sustainability, its strategic business orientation will need to cater beyond financial parameters. As such, besides the measures which are more specifically mentioned in page 32 under caption 1.4 in this Statement, Southern Acids has organised several health talks, complimentary pre-screening test and visit to Persatuan Kebajikan HOPE Worldwide.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

STATEMENT ON **RISK MANAGEMENT AND INTERNAL CONTROL**

Pursuant to Paragraph 15.26 (b) of Bursa Securities LR and SAB Board is pleased to provide the Statement on Risk Management and Internal Control ("Statement") which outlines the nature and scope of the risk management and internal control of Southern Acids in FY2014.

BOARD RESPONSIBILITY

SAB Board affirms its commitment in maintaining a sound system of risk management framework and internal control system, and reviewing its adequacy and integrity to safeguard shareholders' investments and assets of Southern Acids.

Notwithstanding, this system is designed to manage rather than eliminate the risks of failure to achieve its business objectives. Therefore, this system can only provide reasonable but not absolute assurance against material misstatement, financial losses or fraud.

MAIN FEATURES OF RISK MANAGMENT

Southern Acids' ERM Framework was initiated by the appointment of the KPMG to provide its ERM professional services in the financial year ended 2012. They had established a structured ERM Framework for our Oleochemical Division via a full scope ERM project in FY2013. As a result, the following reports were produced:-
- Risk Assessment;
- Risk Register; and
- Risk Management Policy.

For FY2014, the Company has rolled out similar ERM projects for Plantation & Milling and Warehousing & Conveying Division internally. While the results of the roll out implementation are satisfactory, it was mainly done manually which was time consuming and risk red flags, if any, were slow in alerting the relevant risk owners. This was compounded with the lack of competent staff as well as high staff turnover thus affecting the effectiveness of the system.

With these weaknesses in mind, SAB Board had, with the recommendation of AGC appointed TRC to review and improve our existing ERM Framework. TRC's approach and solution will assist SAB Board and the Company to identify and manage Strategic Enterprise Risks effectively in this prevailing and challenging environment in addition to complying with relevant regulations and guidelines. The final stage involves the deployment of the automation of Risk Management Framework featuring CRS which is the core risk management module which captures all risk information.

TRC's programme is currently being implemented and expected to complete in FY2015.

The current Steering Committee (SC) for the TRC's ERM program is chaired by the ED, supported by the CFO, and with all Heads of Division and relevant Heads of Department as members. The SC of ERM reports to AGC on quarterly basis.

MAIN FEATURES OF INTERNAL CONTROL SYSTEM

Primarily, the task of reviewing the effectiveness of Southern Acids' internal control system is carried out by AGC on behalf of SAB Board. This is accomplished through AGC's approved Internal Audit Function annual audit plan which focuses on areas of high priority as identified by ERM Framework.

The following is the summary of on-going review process of key elements of Southern Acids' internal control system: -

- Organisation Structure; this is in place which formally defines lines of responsibilities and delegation of authority;
- Centralised Key Functions; such as finance, investment, treasury, corporate affairs, compliances, tender committee, purchasing and human resources;
- Operational Controls; there are level of authority for appropriate level of management staff and annual budgeting process which include target setting process; and
- Financial Reporting Controls; financial, non-financial and operating performance reports are generated on a regular, consistent basis and deliberated at SAB Board, AGC and appropriate management meetings respectively.

Please refer to AGC Report on pages 25 to 29 of the AR on the risk management and internal control activities undertaken during FY2014.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

Pursuant to Paragraph 15.23, our External Auditors, Deloitte have reviewed this Statement for inclusion in this AR. Based on their review, Deloitte have reported that nothing has come to their attention that causes them to believe that the Statement is not prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers to be set out, nor is factually inaccurate.

CONCLUSION

The ED and CFO have given reasonable assurances to SAB Board that Southern Acids' risk management and internal control system is operating adequately and effectively, in all material aspects.

SAB Board has reviewed the effectiveness of the risk management and internal control system based on the reports and the issues highlighted by internal and external auditor on periodic basis. SAB Board has not been made aware of any significant failings or weaknesses identified in the system for the financial year under review and up to the date of approval of this Statement.

This Statement is made in accordance with a resolution of SAB Board dated 19 August 2014.

FINANCIAL STATEMENT

REPORT OF **THE DIRECTORS**

The directors of SOUTHERN ACIDS (M) BERHAD have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 March 2014.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and the provision of management services to the subsidiary companies.

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

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

RESULTS OF OPERATIONS

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

	The Group RM'000	The Company RM'000
Profit before tax	65,577	90,717
Income tax expense	(17,399)	(9)
Profit for the year	48,178	90,708
Attributable to:		
Equity holders of the Company	38,418	90,708
Non-controlling interests	9,760	-
	48,178	90,708

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 sen per ordinary share of RM1.00 each, less 25% tax, amounting to RM3,081,018; and 2.75 sen per ordinary share of RM1.00 each, single tier, amounting to RM3,765,689 proposed in the previous financial year and dealt with in the previous directors' report was paid by the Company on 31 October 2013.

The directors have proposed 5 sen per ordinary share of RM1.00 each, single tier, amounting to RM6,846,707.

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

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

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

SHARE OPTIONS

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

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

OTHER STATUTORY INFORMATION

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

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

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

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

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

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

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

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

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

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

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

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

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

DIRECTORS

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

Tan Sri Dato' Low Boon Eng, PSM, DPMS, JP
Lim Kim Long
Chung Kin Mun
Mohd Hisham Bin Harun
Leong So Seh
Teo Leng
Raymond Wong Kwong Yee
Cheong Kee Yoong (appointed on 26.11.2013)
Cheong Kee Yoong (Alternative Director to Lim Kim Long) (resigned on 26.11.2013)
Sukhinderjit Singh Muker (retired on 26.9.2013)

DIRECTORS' INTERESTS

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

	Number of ordinary shares of RM1.00 each			
	As of 1.4.2013	**Bought**	**Sold**	**As of 31.3.2014**
Shares in the Company				
Registered in name of directors				
Direct interest				
Tan Sri Dato' Low Boon Eng, PSM, DPMS, JP	2,487	-	-	**2,487**
Lim Kim Long	49,276	-	-	**49,276**
Deemed interest				
Tan Sri Dato' Low Boon Eng, PSM, DPMS, JP *	65,626,507	-	-	**65,626,507**
Lim Kim Long **	69,053,759	-	-	**69,053,759**

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

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

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

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

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

DIRECTORS' BENEFITS

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

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

AUDITORS

The auditors, Messrs. Deloitte (formerly known as Deloitte KassimChan), have indicated their willingness to continue in office.

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

LIM KIM LONG

CHEONG KEE YOONG

Klang
23 July 2014

INDEPENDENT **AUDITORS' REPORT**
TO THE MEMBERS OF SOUTHERN ACIDS (M) BERHAD

Report on the Financial Statements

We have audited the financial statements of **SOUTHERN ACIDS (M) BERHAD**, which comprise the statements of financial position of the Group and of the Company as of 31 March 2014 and statements of profit or loss, statements of other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 53 to 131.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence that we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 March 2014 and of their financial performance and cash flows for the year then ended in accordance with Financial Reporting Standards and the requirements Companies Act, 1965 in Malaysia.

Emphasis of Matters

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

(a) As mentioned in Note 33(a) to the Financial Statements, in the financial year ended 30 April 2009, the Company received a letter from a related party, Southern Realty (Malaya) Sdn. Berhad, which is also a major shareholder of the Company, alleging numerous questionable transactions involving certain companies within the Group with certain related parties, and amongst related parties during the past several years. Most of these allegations are directed at Southern Management (M) Sdn. Bhd. ("SMSB"), a wholly-owned subsidiary of the Company, which provided administrative and accounting services to these related parties. As further mentioned in Note 33(a) to the Financial Statements, the management of the Company has initiated actions to verify the allegations, taking into consideration the limitation on access to records and documents belonging to the said related parties. The Group and the Company may be exposed to potential claims, the amount of which is not presently determinable, in the event that those allegations are proven.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF SOUTHERN ACIDS (M) BERHAD (cont'd)

(b) As mentioned in Note 33(b) to the Financial Statements, in April 2010, SMSB was served with a Writ of Summons and Statement of Claim for RM62.0 million filed by Southern Palm Industries Sdn. Berhad ("SPI"), a major shareholder of the Company, against SMSB and seven (7) other defendants. The claim is for fraud and breach of fiduciary duties allegedly committed by certain former directors and employees of SMSB and other defendants in relation to loans extended by SPI in prior years to two (2) companies in which those former directors and employees of SMSB hold directorship. The sums claimed are for repayment of cost of funds of approximately RM62.0 million, plus further interest and costs. Subsequent to the end of the reporting period, the Company had instructed its solicitors to consult the counterparty's solicitors to get the latest status and to seek solution to the alleged claim. The directors are unable to ascertain, at this juncture, whether there will be any material financial impact on the Group arising from the abovesaid claim.

Report on Other Legal and Regulatory Requirements

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

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

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

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

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

Other Reporting Responsibilities

The supplementary information set out on page 132 of the Financial Statements, is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1 "Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements" as issued by the Malaysian Institute of Accountants("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matter

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility towards any other person for the contents of this report.

DELOITTE
AF 0080
Chartered Accountants

SITI HAJAR BINTI OSMAN
Partner - 3061/04/15 (J)
Chartered Accountant

Kuala Lumpur
23 July 2014

STATEMENTS OF **PROFIT OR LOSS**
FOR THE YEAR ENDED 31 MARCH 2014

		The Group		The Company	
	Note	**2014**	**2013**	**2014**	**2013**
		RM'000	**RM'000**	**RM'000**	**RM'000**
Revenue	5	**544,055**	581,425	**99,703**	10,093
Investment revenue	6	**4,335**	3,154	**147**	134
Other operating income		**8,253**	6,396	**2,873**	241
Changes in inventories of finished goods and work-in-progress		**7,447**	(11,470)	-	-
Raw materials and consumables used		**(324,273)**	(355,697)	-	-
Depreciation of property, plant and equipment	12	**(8,949)**	(8,544)	**(592)**	(608)
Amortisation of biological assets	14	**(727)**	(754)	-	-
Directors' remuneration	8	**(1,678)**	(1,710)	**(566)**	(490)
Employee benefits expense	7	**(46,068)**	(42,780)	**(2,467)**	(3,323)
Other operating expenses		**(116,818)**	(113,139)	**(8,381)**	(832)
Profit before tax	7	**65,577**	56,881	**90,717**	5,215
Income tax expense	9	**(17,399)**	(11,246)	**(9)**	(3)
Profit for the year		**48,178**	45,635	**90,708**	5,212
Attributable to:					
Equity holders of the Company		**38,418**	36,616	**90,708**	5,212
Non-controlling interests		**9,760**	9,019	-	-
		48,178	45,635	**90,708**	5,212
Earnings per share (sen) attributable to equity holders of the Company					
Basic and diluted	10	**28.06**	26.74		

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

STATEMENTS OF **OTHER COMPREHENSIVE INCOME**
FOR THE YEAR ENDED 31 MARCH 2014

	The Group		The Company	
	2014	**2013**	**2014**	**2013**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Profit for the year	**48,178**	45,635	**90,708**	5,212
Other comprehensive income/(loss):				
Items that may be reclassified subsequently to profit or loss:				
Gain/(loss) arising from revaluation of available-for-sale investments	**1,556**	(1,075)	**1,556**	(1,075)
Exchange differences on translating foreign operations	**(8,704)**	(3,800)	-	-
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit obligation	**348**	-	**818**	-
	(6,800)	(4,875)	**2,374**	(1,075)
Total comprehensive income for the year, net of tax	**41,378**	40,760	**93,082**	4,137
Total comprehensive income attributable to:				
Equity holders of the Company	**34,635**	33,049	**93,082**	4,137
Non-controlling interests	**6,743**	7,711	-	-
	41,378	40,760	**93,082**	4,137

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

STATEMENTS OF **FINANCIAL POSITION**
AS OF 31 MARCH 2014

	Note	The Group 2014 RM'000	The Group 2013 RM'000	The Company 2014 RM'000	The Company 2013 RM'000
ASSETS					
Non-Current Assets					
Land held for property development	11	**141,944**	141,944	-	-
Property, plant and equipment	12	**115,325**	105,322	**4,769**	5,358
Investment property	13	**3,318**	3,318	-	-
Biological assets	14	**10,424**	9,912	-	-
Investment in subsidiary companies	15	-	-	**239,656**	50,756
Available-for-sale investments	16	**35,478**	33,828	**35,478**	33,828
Advances for Plasma PIR-TRANS program	17	-	133	-	-
Advances for KKPA program	18	**1,478**	6,220	-	-
Deferred tax assets	19	**782**	1,036	-	-
Total Non-Current Assets		**308,749**	301,713	**279,903**	89,942
Current Assets					
Inventories	20	**61,412**	54,532	-	-
Derivative financial assets		**1,188**	161	-	161
Trade receivables	21&23	**45,747**	37,716	-	-
Other receivables, deposits and prepaid expenses	22&23	**7,469**	4,249	**178**	163
Tax recoverable		**2,328**	2,491	-	-
Amount owing by subsidiary companies	23	-	-	**9,752**	208,779
Fixed deposits, short-term placements, and cash and bank balances	24	**156,742**	148,497	**13,692**	8,242
Total Current Assets		**274,886**	247,646	**23,622**	217,345
TOTAL ASSETS		**583,635**	549,359	**303,525**	307,287

STATEMENTS OF FINANCIAL POSITION
AS OF 31 MARCH 2014 (cont'd)

	Note	The Group		The Company	
		2014	2013	2014	2013
		RM'000	RM'000	RM'000	RM'000
EQUITY AND LIABILITIES					
Capital and Reserves					
Share capital	25	**136,934**	136,934	**136,934**	136,934
Reserves	26	**337,637**	309,849	**163,975**	77,740
Equity attributable to equity holders of the Company		**474,571**	446,783	**300,909**	214,674
Non-controlling interests		**40,592**	35,972	-	-
Total Equity		**515,163**	482,755	**300,909**	214,674
Non-Current and Deferred Liabilities					
Provision for retirement benefits	27	**7,350**	7,945	**1,044**	1,570
Deferred tax liabilities	19	**3,558**	3,428	-	-
Total Non-Current and Deferred Liabilities		**10,908**	11,373	**1,044**	1,570
Current Liabilities					
Trade payables	23&28	**17,393**	25,229	-	-
Other payables and accrued expenses	23&28	**37,106**	28,217	**1,263**	1,187
Amount owing to subsidiary companies	23	-	-	**188**	89,735
Tax liabilities		**2,944**	1,664	-	-
Dividend payable		**121**	121	**121**	121
Total Current Liabilities		**57,564**	55,231	**1,572**	91,043
Total Liabilities		**68,472**	66,604	**2,616**	92,613
TOTAL EQUITY AND LIABILITIES		**583,635**	549,359	**303,525**	307,287

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

STATEMENTS OF **CHANGES IN EQUITY**
FOR THE YEAR ENDED 31 MARCH 2014

The Group	Note	Share capital RM'000	Non-distributable reserves: Share premium RM'000	Non-distributable reserves: Foreign exchange reserve RM'000	Non-distributable reserves: Other reserve RM'000	Non-distributable reserves: Fair value reserve RM'000	Distributable reserve - Retained earnings RM'000	Equity attributable to equity holders of the Company RM'000	Non-controlling interests RM'000	Total equity RM'000
As of 1 April 2012		136,934	34,321	(2,573)	(322)	14,843	237,381	420,584	30,616	451,200
Profit for the year		-	-	-	-	-	36,616	36,616	9,019	45,635
Other comprehensive loss		-	-	(2,492)	-	(1,075)	-	(3,567)	(1,308)	(4,875)
Total comprehensive income/(loss) for the year, net of tax		-	-	(2,492)	-	(1,075)	36,616	33,049	7,711	40,760
Dividends paid	30	-	-	-	-	-	(6,850)	(6,850)	-	(6,850)
Dividend paid to non-controlling interests of subsidiary companies		-	-	-	-	-	-	-	(2,355)	(2,355)
As of 31 March 2013		136,934	34,321	(5,065)	(322)	13,768	267,147	446,783	35,972	482,755
As of 1 April 2013		136,934	34,321	(5,065)	(322)	13,768	267,147	446,783	35,972	482,755
Profit for the year		-	-	-	-	-	38,418	38,418	9,760	48,178
Other comprehensive loss		-	-	(5,725)	-	1,556	386	(3,783)	(3,017)	(6,800)
Total comprehensive income/(loss) for the year, net of tax		-	-	(5,725)	-	1,556	38,804	34,635	6,743	41,378
Dividends paid	30	-	-	-	-	-	(6,847)	(6,847)	-	(6,847)
Dividend paid to non-controlling interests of subsidiary companies		-	-	-	-	-	-	-	(2,123)	(2,123)
As of 31 March 2014		136,934	34,321	(10,790)	(322)	15,324	299,104	474,571	40,592	515,163

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2014 (cont'd)

The Company	Note	Share capital RM'000	Non-distributable reserve Share premium RM'000	Non-distributable reserve Fair value reserve RM'000	Distributable reserve - Retained earnings RM'000	Total Equity RM'000
As of 1 April 2012		136,934	34,321	14,843	31,289	217,387
Profit for the year		-	-	-	5,212	5,212
Other comprehensive loss		-	-	(1,075)	-	(1,075)
Total comprehensive income/(loss) for the year, net of tax		-	-	(1,075)	5,212	4,137
Dividends paid	30	-	-	-	(6,850)	(6,850)
As of 31 March 2013		136,934	34,321	13,768	29,651	214,674
As of 1 April 2013		136,934	34,321	13,768	29,651	214,674
Profit for the year		-	-	-	90,708	90,708
Other comprehensive income		-	-	1,556	818	2,374
Total comprehensive income for the year, net of tax		-	-	1,556	91,526	93,082
Dividends paid	30	-	-	-	(6,847)	(6,847)
As of 31 March 2014		136,934	34,321	15,324	114,330	300,909

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

STATEMENTS OF **CASH FLOWS**
FOR THE YEAR ENDED 31 MARCH 2014

	The Group		The Company	
	2014	**2013**	**2014**	**2013**
	RM'000	**RM'000**	**RM'000**	**RM'000**
CASH FLOWS FROM/ (USED IN) OPERATING ACTIVITIES				
Profit before tax	**65,577**	56,881	**90,717**	5,215
Adjustments for:				
Depreciation of property, plant and equipment	**8,949**	8,544	**592**	608
Provision for incremental rental charges	**2,700**	-	-	-
Amortisation of biological assets	**727**	754	-	-
Provision for retirement benefits	**589**	1,454	**292**	290
Unrealised loss/(gain) on foreign exchange	**456**	(428)	**(2)**	-
Inventories written down	**389**	191	-	-
Allowance for doubtful debts	**256**	554	**4,009**	-
Inventories witten off	**51**	-	-	-
Allowance for stock obsolescence	**40**	-	-	-
Interest income	**(4,335)**	(3,154)	**(147)**	(134)
Dividend income	**(1,519)**	(1,420)	**(96,619)**	(6,420)
(Gain)/Loss arising from derivative financial assets	**(1,027)**	(240)	**161**	(240)
Allowance for loss on conversion of Plasma PIR-TRANS program no longer required	**(386)**	-	-	-
Allowance for doubtful debts no longer required	**(52)**	(20)	**(2,551)**	-
Gain on disposal of property, plant and equipment	**(36)**	(20)	-	-
Property, plant and equipment written off	**3**	2,287	**3**	19
Impairment loss on investment in subsidiary companies	-	-	**3,500**	17
Allowance for loss on conversion of Plasma PIR-TRANS program	-	119	-	-
Operating Profit/(Loss) Before Working Capital Changes	**72,382**	65,502	**(45)**	(645)
(Increase)/Decrease in:				
Inventories	**(7,360)**	9,946	-	-
Trade receivables	**(8,688)**	12,872	-	-
Other receivables, deposits and prepaid expenses	**(3,223)**	(2,051)	**(15)**	113
Increase/(Decrease) in:				
Trade payables	**(7,836)**	2,834	-	-
Other payables and accrued expenses	**6,189**	(446)	**76**	(321)
Amount owing to subsidiary companies	-	-	-	4,585
Cash Generated From Operations	**51,464**	88,657	**16**	3,732
Income tax paid	**(16,964)**	(8,655)	**(9)**	(3)
Income tax refunded	**1,392**	51	-	-
Retirement benefits paid	**(377)**	(120)	-	-
Net Cash From Operating Activities	**35,515**	79,933	**7**	3,729

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2014 (cont'd)

	The Group		The Company	
	2014	**2013**	**2014**	**2013**
	RM'000	**RM'000**	**RM'000**	**RM'000**
CASH FLOWS FROM/ (USED IN) INVESTING ACTIVITIES				
Interest received	**4,335**	3,154	**147**	134
Dividends received	**1,519**	1,420	**1,519**	1,420
Conversion for Plasma PIR-TRANS program	**509**	1,236	-	-
Proceeds from KKPA program	**7,222**	-	-	-
Proceeds from disposal of property, plant and equipment	**98**	24	-	-
Additions to property, plant and equipment	**(20,999)**	(11,919)	**(6)**	(198)
Additions to biological assets	**(2,146)**	(828)	-	-
Additions for KKPA program	**(3,032)**	(5,612)	-	-
Additions to available-for-sales investments	**(94)**	-	**(94)**	-
Net Cash (Used In)/From Investing Activities	**(12,588)**	(12,525)	**1,566**	1,356
CASH FLOWS FROM/ (USED IN) FINANCING ACTIVITIES				
Dividend paid by:				
The Company	**(6,847)**	(6,850)	**(6,847)**	(6,850)
Subsidiary companies to non-controlling interests	**(2,123)**	(4,429)	-	-
Advances from subsidiary companies (Note)	-	-	**10,722**	3,990
Net Cash (Used In)/From Financing Activities	**(8,970)**	(11,279)	**3,875**	(2,860)
NET INCREASE IN CASH AND CASH EQUIVALENTS	**13,957**	56,129	**5,448**	2,225
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**148,497**	94,858	**8,242**	6,017
EFFECT OF TRANSLATION DIFFERENCES	**(5,712)**	(2,490)	**2**	-
CASH AND CASH EQUIVALENTS AT END OF YEAR (REPRESENTING FIXED DEPOSITS, SHORT-TERM PLACEMENTS, AND CASH AND BANK BALANCES)	**156,742**	148,497	**13,692**	8,242

Note:

As mentioned in Note 15 to the Financial Statements, the Company fully subscribed the new ordinary shares of RM1.00 each issued by the subsidiary companies through the capitalisation of amount owing by subsidiary companies amounting to RM192,400,000.

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

NOTES TO THE **FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 31 MARCH 2014

1. GENERAL INFORMATION

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

The principal activities of the Company are investment holding and the provision of management services to the subsidiary companies.

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

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

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

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

The financial statements of the Group and of the Company have been approved by the Board of Directors and were authorised for issuance on 23 July 2014.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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

Malaysian Financial Reporting Standard ("MFRS Framework")

On 19 November 2011, the Malaysian Accounting Standards Board ("MASB") issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards Framework ("MFRS Framework"), a fully-IFRS compliant framework. Entities other than private entities shall apply the MFRS Framework for annual periods beginning on or after 1 January 2012, with the exception of Transitioning Entities ("TEs").

TEs, being entities within the scope of MFRS 141 *Agriculture* and/or IC Interpretation 15: *Agreements for the Construction of Real Estate*, including its parents, significant investors and venturers were given a transitional period of two years, which allowed these entities an option to continue with the FRS Framework. Following the announcement by the MASB on 7 August 2013, the transitional period for Transitioning Entities has been extended for an additional year.

Accordingly, the Group and the Company, being TEs, have availed themselves of this transitional arrangement and will continue to apply FRSs in their next set of financial statements. Accordingly, the Group and the Company including certain subsidiary companies will be required to prepare its first set of MFRS financial statements when the MFRS Framework is mandated by MASB.

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

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (cont'd)

Adoption of New and Revised Financial Reporting Standards

In the current financial year, the Group and the Company adopted all the new and revised FRSs and Issues Committee Interpretations ("IC Interpretation") issued by the Malaysian Accounting Standards Board ("MASB") which became effective for annual periods beginning on or after 1 April 2013 as follows:

FRS 10	Consolidated Financial Statements
FRS 10	Consolidated Financial Statements (Amendments relating to Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance)
FRS 11	Joint Arrangements
FRS 12	Disclosure of Interests in Other Entities
FRS 12	Disclosures of Interests in Other Entities (Amendments relating to Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance)
FRS 13	Fair Value Measurement
FRS 101	Presentation of Financial Statements (Amendments relating to Presentation of Items of Other Comprehensive Income)
FRS 119	Employee Benefits (IAS 19 as amended by IASB in June 2011)
FRS 127	Separate Financial Statements (IAS 27 as amended by IASB in May 2011)
FRS 128	Investments in Associates and Joint Ventures (IAS 28 as amended by IASB in May 2011)
Amendments to:	
FRS 7	Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities
FRS 10, 11 and 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities - Transition Guidance

Amendments to FRSs classified as "Annual Improvements 2009 - 2011 Cycle"

The adoption of these new and revised FRSs have not resulted in significant changes in the accounting policies of the Group and the Company and have no significant effect on the financial performance or position of Group and of the Company except for those discussed below.

<u>Amendments to FRS 7 Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities</u>

The Group and the Company have adopted the amendments to FRS 7 *Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities* for the first time in the current year. The amendments to FRS 7 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting arrangement or similar arrangement.

As the Group and the Company do not have any offsetting arrangements in place, the application of the amendments has no material impact on the disclosures or on the amounts recognised in these financial statements.

<u>FRS 13 Fair Value Measurement</u>

The Group and the Company have adopted FRS 13 for the first time in the current year. FRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The scope of FRS 13 is broad; the fair value measurement requirements of FRS 13 apply to both financial instrument items and non-financial instrument items for which other FRSs require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of FRS 2 *Share-based Payment*, leasing transactions that are within the scope of FRS 117 *Leases*, and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

FRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under FRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, FRS 13 includes extensive disclosure requirements.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (cont'd)

Adoption of New and Revised Financial Reporting Standards (cont'd)

In addition, specific transitional provisions were given to entities such that they need not apply the disclosure set out in the Standard in comparative information provided for periods before the initial application of the Standard. In accordance with these transitional provisions, the Group and the Company have not made any new disclosures required by FRS 13 for the 2013 comparative period. Other than the additional disclosures, the application of FRS 13 has not had any material impact on the amounts recognised in these financial statements.

Amendments to FRS 101 Presentation of Financial Statements - Presentation of Items of Other Comprehensive Income

The Group and the Company have adopted the amendments to FRS 101 *Presentation of Financial Statements - Presentation of Items of Other Comprehensive Income* for the first time in the current year. The amendments introduce new terminology, whose use is not mandatory, for the statement of comprehensive income. Under the amendments to FRS 101, the "statements of comprehensive income" is renamed as the "statements of profit or loss and other comprehensive income". The amendments to FRS 101 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to FRS 101 require items of other comprehensive income to be grouped into two categories in the other comprehensive income section: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis - the amendments do not change the option to present the items of other comprehensive income either before tax or net of tax.

Other than the aforementioned presentation changes, the application of the amendments to FRS 101 does not result in any impact on profit or loss and total comprehensive income.

Amendments to FRS 119: Employee benefits as amended by IASB in June 2011

In the current financial year, the Group and the Company have adopted FRS 119 *Employee Benefits* (IAS 19 as amended by IASB in June 2011) and the related consequential amendments for the first time.

FRS 119 (IAS 19 as amended by IASB in June 2011) changes the accounting for defined benefit plans and termination benefits. The most significant changes relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in the fair value of plan assets when they occur, and hence eliminate the 'corridor approach' permitted under the previous version of FRS 119 and accelerate the recognition of past service costs.

All actuarial gains and losses are recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the statement of financial position to reflect the full value of the plan deficit or surplus. Furthermore, the interest cost and expected return on plan assets used in the previous version of FRS 119 are replaced with a 'net interest' amount under FRS 119 (IAS 19 as amended by IASB in June 2011), which is calculated by applying the discount rate to the net defined benefit liability or asset. In addition, FRS 119 (IAS 19 as amended by IASB in June 2011) introduces certain changes in the presentation of the defined benefit cost including more extensive disclosures.

Specific transitional provisions are applicable to first-time application of FRS 119 (IAS 19 as amended by IASB in June 2011). The Group and the Company have adopted the relevant transitional provisions on a retrospective basis. The application of FRS 119 has not had any material impact on the beginning balances recognised in the financial statements.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (cont'd)

Standards and IC Interpretations in issue but not yet effective

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

FRS 9	Financial Instruments (IFRS 9 issued by IASB in November 2009)[1]
FRS 9	Financial Instruments (IFRS 9 issued by IASB in October 2010)[1]
Amendments to FRS 9 and FRS 7	Financial Instruments: Disclosures (Amendments relating to Mandatory Effective Date of FRS 9 (IFRS 9 isued by IASB in November 2009 and October 2010 respectively) and Transition Disclosures)[1]
FRS 10	Consolidated Financial Statements (Amendments relating to Investment Entities)[2]
FRS 12	Disclosure of Interests in Other Entities (Amendments relating to Investment Entities)[2]
FRS 127	Separate Financial Statements (Amendments relating to Investment Entities)[2]
Amendments to FRS 132	Financial Instruments: Presentation (Amendments relating to Offsetting Financial Assets and Financial Liabilities)[2]
Amendments to FRS 136	Impairment of Assets (Amendments relating to Recoverable Amounts Disclosures for Non-Financial Assets)[2]
Amendments to FRS 139	Financial Instruments: Recognition and Measurement (Amendments relating to Novation of Derivatives and Continuation of Hedge Accounting)[2]

Annual Improvements to FRSs 2010 - 2012 cycle (issued in February 2014)[3]
Annual Improvements to FRSs 2011 - 2013 cycle (issued in February 2014)[3]

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

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

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention unless otherwise indicated in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange of assets.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of FRS 2, leasing transactions that are within the scope of FRS 117, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in FRS 102 or value in use in FRS 136.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Basis of Accounting (cont'd)

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies adopted are set out below.

Subsidiaries and Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company (its subsidiaries). Control is achieved when the Company has the power over the investee; is exposed, or has rights, to variable returns from its involvement with the investee; and has the ability to use its power to affect its return.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control stated above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Subsidiaries and Basis of Consolidation (cont'd)

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

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income are accounted for as if the Group had directly disposed of the relevant assets (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 139 *Financial Instruments: Recognition and Measurement* or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

Investment in Subsidiary Companies

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

Business Combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair values which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquire and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At acquisition date, the identifiable assets acquired and liabilities assumed are recognised at their fair value, except that:

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

- liabilities or equity instruments related to the share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with FRS 2 *Share-based Payment* at the acquisition date; and

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

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Business Combinations (cont'd)

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another FRSs.

Where the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of contingent consideration that do not qualify as measured period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or liability is remeasured at subsequent reporting dates in accordance with FRS 137 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

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

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

Revenue

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

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

Revenue is recognised on the following basis:

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Revenue (cont'd)

Revenue is recognised on the following basis: (cont'd)

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

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

Foreign Currencies

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

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

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

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

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

Employee Benefits

(i) Short-term employee benefits

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

(ii) Post employment benefits

(a) Defined contribution plan

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Employee Benefits (cont'd)

(ii) Post employment benefits (cont'd)

(b) Defined benefit plans

i) Malaysia

The Company and its subsidiary companies operate an unfunded defined retirement benefit scheme for its eligible employees. Provision for retirement benefits is made based on an actuarial valuation carried out by a qualified actuary using the "Projected Unit Credit" method. The latest actuarial valuation was undertaken on 31 March 2014.

ii) Indonesia

The Group's subsidiary companies in Indonesia provide for employee benefit liabilities in accordance with the Labour Law No. 13 Year 2003 ("Law No. 13/2003"), which was enacted on 25 March 2003. Provision for retirement benefits is made based on an actuarial valuation carried out by a qualified actuary using the "Projected Unit Credit" method. The latest actuarial valuation was undertaken on 31 March 2014.

Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur.

Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

(i) Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);

(ii) Net interest expense or income; and

(iii) Remeasurement.

The Group and the Company present the first two components of defined benefit costs in profit or loss in staff costs.

The retirement benefit obligation recognised in the statements of financial position represents the actual deficit or surplus in the Group's and the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds and reductions in future contributions to the plan.

Income Tax

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Income Tax (cont'd)

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

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

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

Land Held for Property Development

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

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

Property, Plant and Equipment

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Leases

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

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

Investment Property

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

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

Biological Assets

Immature and mature palm oil plantations are classified as biological assets. Biological assets, consisting of costs for land clearing, planting and replanting and upkeep of trees to maturity, are initially recorded at cost. Immature plantations are not amortised. Upon maturity of crops, the biological assets are amortised over 20 years, representing the economic useful lives of the crops.

Impairment of Assets

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

Recoverable amount is the higher of fair value less costs to sell and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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

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

Advances for Plasma PIR-TRANS Program and KKPA Program

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Advances for Plasma PIR-TRANS Program and KKPA Program (cont'd)

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

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

Inventories

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

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

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

Provisions

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When 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.

Commodity Future and Forward Contracts

Commodity contracts are entered into to manage exposure to adverse movements in palm oil prices. Certain contracts are entered into and continue to be held for the purpose of the receipt or delivery of the physical commodity in accordance with the Group's expected purchase, sale or usage requirements. Accordingly, such contracts are deemed not to be financial instruments. Gains or losses arising from these contracts are deferred and included in the measurement of the purchase or sale transactions only upon the recognition of the anticipated transactions.

Contracts entered other than for the purpose of the receipt or delivery of physical commodity are treated as derivatives.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial Instruments

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

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

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

Financial Assets

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

<u>Effective interest method</u>

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

<u>Financial assets at FVTPL</u>

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

A financial asset is classified as held for trading if:

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

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

<u>Held-to-maturity investments</u>

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

<u>Loans and receivables</u>

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial Assets (cont'd)

Available-for-sale financial assets

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

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

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

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

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

Impairment of financial assets

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

(a) Loans and receivables

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

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial Assets (cont'd)

(b) Available-for-sale ("AFS") financial assets (cont'd)

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

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

Derecognition of financial assets

The Group and the Company derecognise a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group and the Company neither transfer nor retain substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group and the Company recognise their retained interest in the asset and an associated liability for amounts it may have to pay. If the Group and the Company retain substantially all the risks and rewards of ownership of a transferred financial asset, the Group and the Company continue to recognise the financial asset and also recognise a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Financial Liabilities and Equity Instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Group and the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

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

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

Financial liabilities

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

Financial liabilities at FVTPL

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial Liabilities and Equity Instruments (cont'd)

Financial liabilities at FVTPL (cont'd)

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or

- on initial recognition it is part of a portfolio of identified financial instruments that the Group and the Company manage together and has a recent actual pattern of short-term profit-taking; or

- it is a derivative that is not designated and effective as a hedging instrument.

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

Other financial liabilities

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

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

Derecognition of financial liabilities

The Group and the Company derecognise financial liabilities when, and only when, the Group's and Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid or payable is recognised in profit or loss.

Financial Guarantee Contracts

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

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

Derivative Financial Instruments

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Derivative Financial Instruments (cont'd)

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

Segment Reporting

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

Contingencies

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

Statements of Cash Flows

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

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Impairment of property, plant and equipment

As referred to in Note 12:

(a) The tenancy agreement for rental by a subsidiary company, Southern Acids Industries Sdn. Bhd., of a parcel of land belonging to Southern Realty (Malaya) Sdn. Berhad ("SRM") expired on 30 April 2014 but SRM has agreed to extend the said rental agreement to 30 April 2015. Pursuant to the said tenancy agreement, the subsidiary company intends to apply for a renewal of the tenancy agreement with SRM upon its expiry in April 2015. Based on past experience of successful renewal of the tenancy agreement and since SRM is a major shareholder of the Company, the directors of the subsidiary company are confident that the said tenancy agreement will be successfully renewed upon its expiry in April 2015 and accordingly, no impairment loss needs to be considered for the factory building and oleochemical plant with net book value of RM27,402,172 (2013: RM25,454,396).

(b) On 31 October 1995, Noble Interest Sdn. Bhd. ("NISB"), a subsidiary company, entered into a Sale and Purchase Agreement with SRM to purchase several parcels of freehold land at a total purchase consideration of RM4,950,000. The said purchase consideration has been fully settled since 4 November 2000. In view of the delay in transferring the land title by SRM, NISB had in year 2010, lodged a caveat to protect its interest on the land. The directors of NISB are confident that the land title will eventually be transferred as NISB has fully satisfied all the conditions as stipulated in the said agreement. Accordingly, the directors of NISB believe that no impairment loss needs to be considered for the private hospital building with net book value of RM21,738,654 as of 31 March 2014 (2013: RM21,954,343) belonging to NISB, which is constructed on the said piece of land.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (cont'd)

(ii) Key sources of estimation uncertainty

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

(a) Allowance for doubtful debts

The Group and the Company make allowance for doubtful debts based on an assessment of the recoverability of receivables. Allowance is applied to receivables where events or changes in circumstances indicate that the balances may not be collectible. The identification of doubtful debts requires use of judgement and estimates. Where the expectation is different from the original estimate, such difference will impact the carrying value of the receivables and doubtful debts expense in the year in which such estimate has been changed. As of 31 March 2014, allowance for doubtful debts on receivables provided by the Group and by the Company are as follows:

	The Group		The Company	
	2014	**2013**	**2014**	**2013**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Amount owing by subsidiary companies	-	-	**4,049**	2,591
Trade receivables	**2,365**	2,164	-	-
Other receivables	**255**	252	-	-
	2,620	2,416	**4,049**	2,591

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

The Group makes allowance for loss on conversion of advances for Plasma PIR-TRANS program and KKPA program based on an assessment of the recoverability of advances. Allowance is applied to advances where events or changes in circumstances indicate that the balances may not be collectible. The identification of allowance for loss requires use of judgement and estimates. Where the expectation is different from the original estimate, such difference will impact the carrying value of the advances and allowance for loss on conversion expenses in the period in which such estimate has been changed. As of 31 March 2014, allowance for loss on conversion of advances provided by the Group is as follows:

	The Group	
	2014	**2013**
	RM'000	**RM'000**
Advances for Plasma PIR-TRANS program	**395**	856
Advances for KKPA program	**400**	400
	795	1,256

(c) Deferred tax assets

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

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (cont'd)

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

(c) Deferred tax assets (cont'd)

As of 31 March 2014, the total carrying amount of deferred tax assets recognised by the Group is as follows:

	The Group	
	2014 RM'000	2013 RM'000
Deferred tax assets	**782**	1,036

(d) Impairment of assets

Determining whether assets are impaired requires an estimation of the recoverable amount of the assets. Management exercises its judgement in estimating the recoverable amounts of these assets. As of 31 March 2014, the Company has recognised impairment loss in respect of the following asset:

	The Company	
	2014 RM'000	2013 RM'000
Impairment loss on investment in subsidiary companies	**4,018**	518

5. REVENUE

An analysis of revenue is as follows:

	The Group		The Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Manufacturing and marketing of oleochemical products	**341,788**	375,447	-	-
Sales of oil palm fruit and crude palm oil	**113,917**	122,314	-	-
Managing and operating of private hospital	**76,421**	72,872	-	-
Warehousing and bulk conveyor operations	**7,618**	6,895	-	-
Administrative services fee	**2,792**	2,477	-	-
Dividend income from:				
Quoted shares	**1,519**	1,420	**1,519**	1,420
Unquoted shares	-	-	**95,100**	5,000
Management fees	-	-	**3,084**	3,673
	544,055	581,425	**99,703**	10,093

6. INVESTMENT REVENUE

	The Group		The Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Interest income on fixed deposits and short-term placements	**4,335**	3,154	**147**	134

7. PROFIT BEFORE TAX

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

	The Group		The Company	
	2014 RM'000	**2013 RM'000**	**2014 RM'000**	**2013 RM'000**
Rental income	**2,668**	2,562	-	-
Gain/(Loss) arising from derivative financial assets	**1,027**	240	**(161)**	240
Gain/(Loss) on foreign exchange (net):				
Realised	**2,953**	108	-	-
Unrealised	**(456)**	428	2	-
Allowance for loss on conversion of Plasma PIR-TRANS program no longer required (Note 17)	**386**	-	-	-
Allowance for doubtful debts no longer required :				
Trade receivables (Note 21)	**42**	20	-	-
Other receivables (Note 22)	**10**	-	-	-
Amount owing by subsidiary company (Note 23)	-	-	**2,551**	-
Gain on disposal of property, plant and equipment	**36**	20	-	-
Provision for incremental rental charges	**(2,700)**	-	-	-
Inventories written down (Note 20)	**(389)**	(191)	-	-
Provision for retirement benefits (Note 27)	**(589)**	(1,454)	**(292)**	(290)
Allowance for doubtful debts:				
Trade receivables (Note 21)	**(243)**	(530)	-	-
Other receivables (Note 22)	**(13)**	(24)	-	-
Amount owing by subsidiary companies (Note 23)	-	-	**(4,009)**	-
Allowance for stock obsolescense (Note 20)	**(40)**	-	-	-
Fees paid/payable to external auditors:				
Statutory audit:				
Auditors of the Company	**(219)**	(208)	**(67)**	(65)
Member firm of the auditors of the Company	**(117)**	(129)	-	-
Other auditors	**(5)**	(5)	-	-
Non-audit services:				
Auditors of the Company	**(6)**	(6)	**(6)**	(6)
Member firm of the auditors of the Company	-	(23)	-	-
Other auditors of the Company	**(56)**	(3)	**(9)**	-
Allowance for loss on conversion of Plasma PIR-TRANS program (Note 17)	-	(119)	-	-
Property, plant and equipment written off	**(3)**	(2,287)	**(3)**	(19)
Inventory written off	**(51)**	-	-	-
Rental of:				
Land	**(570)**	(568)	-	-
Land paid/payable to a related party (Note 23)	**(140)**	(140)	-	-
Storage tanks	**(99)**	(151)	-	-
Premises paid/payable to a related party (Note 23)	**(109)**	(100)	-	-
Staff quarters paid/ payable to a related party (Note 23)	**(60)**	(60)	-	-
Equipment paid/ payable to a related party (Note 23)	**(9)**	(9)	-	-
Premises paid/payable to third parties	-	(7)	-	-
Plant and machinery	**(3)**	(29)	-	-
Office equipment	**(3)**	(3)	-	-
Impairment loss on investment in subsidiary companies	-	-	**(3,500)**	(17)

7. PROFIT BEFORE TAX (cont'd)

Employee benefits expense includes salaries, bonus, contributions to EPF and all other related expenses. Post employment benefits for the staff during the current financial year for the Group and for the Company amounted to RM3,488,189 and RM213,249 (2013: RM3,469,608 and RM252,886) respectively.

8. DIRECTORS' REMUNERATION

	The Group		The Company	
	2014	**2013**	**2014**	**2013**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Directors of the Company				
Executive directors:				
Fees	**61**	45	**61**	45
Other emoluments	**147**	15	**147**	15
	208	60	**208**	60
Non-executive directors:				
Fees	**291**	330	**291**	330
Other emoluments	**67**	100	**67**	100
	358	430	**358**	430
	566	490	**566**	490
Directors of the subsidiaries				
Fees	**200**	266	-	-
Other emoluments	**912**	954	-	-
	1,112	1,220	-	-
Total	**1,678**	1,710	**566**	490

Contributions to EPF for the directors by the Group and the Company during the current financial year amounted to RM67,828 and RM14,500 (2013: RM49,536 and RMNil) respectively.

The estimated monetary value of benefits-in-kind received by the directors otherwise than in cash from the Company amounted to RM32,167 (2013: RM28,000).

9. INCOME TAX EXPENSE

	The Group		The Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Estimated tax payable:				
Current	**16,993**	8,206	**9**	3
Under/(Over)provision in prior years	**22**	(258)	-	-
	17,015	7,948	**9**	3
Deferred tax (Note 19):				
Current	**(471)**	3,606	-	-
Under/(Over)provision in prior years	**855**	(308)	-	-
	384	3,298	-	-
	17,399	11,246	**9**	3

The Budget 2014 announced on 25 October 2013 reduced the corporate income tax rate from 25% to 24% with effect from year of assessment 2016. Following this, the applicable tax rates to be used for the measurement of any applicable deferred tax will be the respective expected rates.

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

	The Group		The Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Profit before tax	**65,577**	56,881	**90,717**	5,215
Tax expense at the Malaysian statutory income tax rate of 25% (2013: 25%)	**16,394**	14,220	**22,679**	1,304
Tax effects of:				
Non-deductible expenses	**1,728**	841	**1,364**	132
Non-taxable income	**(1,244)**	(2,090)	**(24,191)**	(1,750)
Realisation of deferred tax assets previously not recognised	**(356)**	(490)	-	-
Utilisation of reinvestment allowances	-	(669)	-	-
Deferred tax assets not recognised	-	-	**157**	317
(Over)/Underprovision in prior years:				
Current	**22**	(258)	-	-
Deferred tax	**855**	(308)	-	-
Income tax expense	**17,399**	11,246	**9**	3

The Company has tax-exempt income accounts arising from tax-exempt dividend income received and tax-exempt income under Paragraph 28, Schedule 6 of the Income Tax Act, 1967 totaling RM7,542,655 (2013: RM7,542,655) which, subject to agreement of the Inland Revenue Board, is available for distribution of its retained earnings as tax-exempt dividends.

9. INCOME TAX EXPENSE (cont'd)

A subsidiary company has tax-exempt accounts amounting to approximately RM170,290,000 (2013: RM170,290,000) arising from tax-exempt income earned during the pioneer period under the Promotion of Investments Act, 1986. The exempt income accounts are available for distribution of its retained earnings as tax-exempt dividends to the shareholder of the said subsidiary company and is subject to approval by the tax authorities.

A subsidiary company has tax-exempt income under the Income Tax (Amendment) Act, 1999 amounting to approximately RM715,000 (2013: RM715,000). This amount, which arose from tax waiver on the chargeable income earned in 1999, is available for distribution of its retained earnings as tax-exempt dividends.

10. EARNINGS PER SHARE

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

	The Group	
	2014	**2013**
Profit for the year attributable to ordinary equity holders of the Company (RM'000)	38,418	36,616
Number of ordinary shares in issue	136,934,132	136,934,132
Basic earnings per share (sen)	28.06	26.74

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

11. LAND HELD FOR PROPERTY DEVELOPMENT

The Group	**Freehold land - at cost RM'000**	**Development costs RM'000**	**Total RM'000**
At beginning/end of year	136,343	5,601	141,944

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

12. PROPERTY, PLANT AND EQUIPMENT

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

12. PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Cost						
The Group	**As of 1 April 2013 RM'000**	**Additions RM'000**	**Disposals RM'000**	**Write offs RM'000**	**Reclassifications RM'000**	**Effects of foreign exchange translation RM'000**	**As of 31 March 2014 RM'000**
Leasehold land	19,781	-	-	-	-	(226)	**19,555**
Freehold land	5,138	-	-	-	-	(19)	**5,119**
Freehold office	3,593	-	-	-	-	-	**3,593**
Factory buildings	7,760	2,467	-	-	-	-	**10,227**
Palm oil mills	18,441	1,002	-	-	54	(3,190)	**16,307**
Hospital building	28,687	360	-	-	-	-	**29,047**
Medical equipment	44,272	377	(434)	(35)	-	-	**44,180**
Plant, machinery, equipment and electrical installation	129,532	3,045	(764)	-	2,439	108	**134,360**
Motor vehicles	6,010	651	(811)	-	-	(128)	**5,722**
Office equipment, furniture and fittings	20,963	835	(222)	(34)	70	(65)	**21,547**
Leasehold warehouse cum office block	5,933	-	-	-	-	-	**5,933**
Staff quarter cum office block	4,075	19	(170)	-	377	198	**4,499**
Freehold warehouse	2,295	-	-	-	-	-	**2,295**
Land improvements	5,918	-	-	-	-	(577)	**5,341**
Construction-in-progress:							
Plant and machinery	175	1,034	-	-	(630)	-	**579**
Building	1,477	11,209	-	-	(2,310)	(342)	**10,034**
Renovation	998	-	-	-	-	-	**998**
Total	305,048	20,999	(2,401)	(69)	-	(4,241)	**319,336**

12. PROPERTY, PLANT AND EQUIPMENT (cont'd)

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014 (cont'd)

12. PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Accumulated Depreciation						
The Group	**As of 1 April 2013 RM'000**	**Charge for the year RM'000**	**Disposals RM'000**	**Write offs RM'000**	**Reclassifications RM'000**	**Effects of foreign exchange translation RM'000**	**As of 31 March 2014 RM'000**
Leasehold land	1,728	246	-	-	-	(40)	**1,934**
Freehold land	-	-	-	-	-	-	**-**
Freehold office	204	72	-	-	-	-	**276**
Factory buildings	2,737	192	-	-	-	-	**2,929**
Palm oil mills	13,517	492	-	-	-	(1,779)	**12,230**
Hospital building	6,733	576	-	-	-	-	**7,309**
Medical equipment	36,491	1,432	(399)	(35)	-	-	**37,489**
Plant, machinery, equipment and electrical installation	106,565	3,719	(747)	-	-	21	**109,558**
Motor vehicles	4,370	630	(811)	-	-	(106)	**4,083**
Office equipment, furniture and fittings	17,028	742	(216)	(31)	-	(53)	**17,470**
Leasehold warehouse cum office block	5,933	-	-	-	-	-	**5,933**
Staff quarter cum office block	1,143	429	(166)	-	-	(25)	**1,381**
Freehold warehouse	668	46	-	-	-	-	**714**
Land improvements	2,330	273	-	-	-	(277)	**2,326**
Construction-in-progress:							
Plant and machinery	-	-	-	-	-	-	**-**
Building	-	-	-	-	-	-	**-**
Renovation	279	100	-	-	-	-	**379**
Total	199,726	8,949	(2,339)	(66)	-	(2,259)	**204,011**

12. PROPERTY, PLANT AND EQUIPMENT (cont'd)

The Group	Net Book Value 2014 RM'000	2013 RM'000
Leasehold land	**17,621**	18,053
Freehold land	**5,119**	5,138
Freehold office	**3,317**	3,389
Factory buildings	**7,298**	5,023
Palm oil mills	**4,077**	4,924
Hospital building	**21,738**	21,954
Medical equipment	**6,691**	7,781
Plant, machinery, equipment and electrical installation	**24,802**	22,967
Motor vehicles	**1,639**	1,640
Office equipment, furniture and fittings	**4,077**	3,935
Leasehold warehouse cum office block	-	-
Staff quarter cum office block	**3,118**	2,932
Freehold warehouse	**1,581**	1,627
Land improvements	**3,015**	3,588
Construction-in-progress:		
Plant and machinery	**579**	175
Building	**10,034**	1,477
Renovation	**619**	719
Total	**115,325**	105,322

The Company	Freehold office RM'000	Motor vehicles RM'000	Office equipment, furniture and fittings RM'000	Renovation RM'000	Total RM'000
Cost					
As of 1 April 2012	3,593	1,396	911	998	6,898
Addition	-	-	198	-	198
Write-off	-	-	(40)	-	(40)
As of 31 March 2013/1 April 2013	3,593	1,396	1,069	998	7,056
Addition	-	-	6	-	6
Write-off	-	-	(7)	-	(7)
As of 31 March 2014	**3,593**	**1,396**	**1,068**	**998**	**7,055**
Accumulated Depreciation					
As of 1 April 2012	132	573	228	178	1,111
Charge for the year	72	270	166	100	608
Write-off	-	-	(21)	-	(21)
As of 31 March 2013/1 April 2013	204	843	373	278	1,698
Charge for the year	72	258	162	100	592
Write-off	-	-	(4)	-	(4)
As of 31 March 2014	**276**	**1,101**	**531**	**378**	**2,286**
Net Book Value					
As of 31 March 2014	**3,317**	**295**	**537**	**620**	**4,769**
As of 31 March 2013	3,389	553	696	720	5,358

12. PROPERTY, PLANT AND EQUIPMENT (cont'd)

On 31 October 1995, Noble Interest Sdn. Bhd. ("NISB"), a subsidiary company, entered into a Sale and Purchase Agreement with SRM to purchase several parcels of freehold land at a total purchase consideration of RM4,950,000. The said purchase consideration has been fully settled since 4 November 2000. In view of the delay in transferring the land title by SRM, NISB had in year 2010, lodged a caveat to protect its interest on the land. The directors of NISB are confident that the land title will eventually be transferred as NISB has fully satisfied all the conditions as stipulated in the said agreement. Accordingly, the directors of NISB believe that no impairment loss needs to be considered for the private hospital building with net book value of RM21,738,654 as of 31 March 2014 (2013: RM21,954,343) belonging to NISB, which is constructed on the said piece of land.

As of 31 March 2014, the strata title in respect of a freehold office with carrying value of RM3,317,084 (2013: RM3,388,934) belonging to the Company has not yet been issued to the Company.

As of 31 March 2014, the freehold warehouse of a subsidiary company, PKE (Malaysia) Sdn. Berhad, with carrying value of RM1,579,895 (2013: RM1,626,164) is located on a parcel of freehold land belonging to a related party.

As of 31 March 2014, the title of a parcel of long-term leasehold land of a subsidiary company, SAB Bio-Fuel Sdn. Bhd., with carrying value of RM12,668,852 (2013: RM12,808,454) has not been registered in the name of the subsidiary company, pending full settlement of the balance of the purchase consideration of RM6,526,159 (2013: RM6,526,159) payable to a third party as mentioned in Note 28(b).

A factory building and oleochemical plant of a subsidiary company, Southern Acids Industries Sdn. Bhd. ("SAISB") are constructed on a parcel of land belonging to SRM. Accordingly, SRM charged SAISB rental for the use of the said land. The existing rental agreement between SRM and SAISB expired on 30 April 2014 but SRM has agreed to extend the said rental agreement to 30 April 2015. Pursuant to the said tenancy agreement, SAISB intends to apply for a renewal of the tenancy agreement with SRM upon its expiry in April 2015 and accordingly, no impairment loss needs to be considered for the factory building and oleochemical plant with net book value of RM27,402,172 (2013: RM25,454,396).

Included in property, plant and equipment of the Group are fully depreciated assets with cost amounting to RM152,249,058 (2013: RM148,930,511), which are still in use.

13. INVESTMENT PROPERTY

	The Group	
	2014	**2013**
	RM'000	**RM'000**
At cost	**3,318**	3,318
Fair value	**8,500**	8,500

Investment property consists of a piece of vacant freehold land in Kampung Jawa, Klang. The fair value of the investment property was estimated by the directors based on the valution carried out by an independent firm of professional valuers, using the comparison method, involving comparison to other similar properties in the same location.

No rental income earned from the investment property since prior years.

Direct operating expenses arising from the investment property during the year amounted to RM14,151 (2013: RM14,151).

13. INVESTMENT PROPERTY (cont'd)

Details of the Group's investment property and information about the fair value hierarchy as of 31 March 2014 are as follows:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Fair value RM'000
2014				
Investment property	-	**8,500**	-	**8,500**
2013				
Investment property	-	8,500	-	8,500

14. BIOLOGICAL ASSETS

	The Group	
	2014 RM'000	**2013 RM'000**
Cost		
At beginning of year	**16,388**	16,317
Additions	**2,146**	828
Reclassification from property, plant and equipment (Note 12)	-	5
Effects of foreign exchange translation	**(1,554)**	(762)
At end of year	**16,980**	16,388
Accumulated Amortisation		
At beginning of year	**6,476**	6,026
Charge for the year	**727**	754
Effects of foreign exchange translation	**(647)**	(304)
At end of year	**6,556**	6,476
Net Book Value	**10,424**	9,912

15. INVESTMENT IN SUBSIDIARY COMPANIES

	The Company	
	2014 RM'000	**2013 RM'000**
Unquoted shares - at cost	**243,674**	51,274
Less: Accumulated impairment loss	**(4,018)**	(518)
Net	**239,656**	50,756

The directors have reviewed the Company's investments in subsidiary companies for indications of impairment and concluded that the allowance for impairment loss amounting to RM4,018,000 (2013: RM518,000) as of the end of the reporting period is deemed adequate in respect of investment in the subsidiary companies.

15. INVESTMENT IN SUBSIDIARY COMPANIES (cont'd)

On 25 March 2014, the Company fully subscribed the new ordinary shares of RM1.00 each issued by the following subsidiary companies through the capitalisation of amount owing by subsidiary companies, as mentioned in Note 23:

Subsidiary companies	Number of ordinary shares	Unquoted shares - at cost RM'000
Pembinaan Gejati Sdn. Bhd.	136,900,000	136,900
Southern Medicare Sdn. Bhd.	21,100,000	21,100
Centre For Sight Sdn. Bhd.	2,099,998	2,100
Noble Interest Sdn. Bhd.	28,500,000	28,500
SAB Properties Development Co. Sdn. Berhad	2,400,000	2,400
SAB Plantation Sdn. Bhd.	649,998	650
Wilstar Sdn. Bhd.	750,000	750
	192,399,996	192,400

The subscription of shares in the abovementioned subsidiary companies have not resulted in significant change in the effective equity interest of the Company in the said subsidiary companies during the financial year, except for the Company has direct shareholdings in Pembinaan Gejati Sdn. Bhd. Consequently, Pembinaan Gejati Sdn. Bhd. became a direct subsidiary company of the Company.

The subsidiary companies are as follows:

Direct subsidiary companies	Country of incorporation	Effective equity interest 2014	Effective equity interest 2013	Principal activities
Southern Management (M) Sdn. Bhd. #	Malaysia	**100%**	100%	Provision of administrative and accounting services
Southern Acids Industries Sdn. Bhd.	Malaysia	**100%**	100%	Manufacturing and marketing of oleochemical products for commercial use
PKE (Malaysia) Sdn. Berhad	Malaysia	**69.7%**	69.7%	Provision of warehousing and overhead conveyor goods loading services
PKE Transport (Malaysia) Sdn. Berhad.	Malaysia	**91.9%**	91.9%	Provision of overhead conveyor goods loading services
SAB Properties Development Co. Sdn. Berhad	Malaysia	**100%**	100%	Investment holding and lease of property
SAB (East Asia) Holdings Ltd.* #	Hong Kong	**100%**	100%	Dormant

15. INVESTMENT IN SUBSIDIARY COMPANIES (cont'd)

Direct subsidiary companies	Country of incorporation	Effective equity interest 2014	Effective equity interest 2013	Principal activities
Noble Interest Sdn. Bhd.	Malaysia	**100%**	100%	Property holding and lease of a hospital building
Southern Medicare Sdn. Bhd.	Malaysia	**100%**	100%	Private hospital and healthcare services
Wilstar Sdn. Bhd.	Malaysia	**100%**	100%	Manufacturing and distribution of fertilizers
SAB Plantation Sdn. Bhd.	Malaysia	**100%**	100%	Pre-operating
Firstview Development Sdn. Bhd.	Malaysia	**90%**	90%	Investment holding
Centre For Sight Sdn. Bhd.	Malaysia	**100%**	100%	Dormant
SAB Bio-Fuel Sdn. Bhd.	Malaysia	**100%**	100%	Pre-operating
SAB Logistics & Grains Terminal Sdn. Bhd.	Malaysia	**100%**	100%	Pre-operating
Pembinaan Gejati Sdn. Bhd.	Malaysia	**100%**	-	Property development and oil palm plantation
PT Mustika Agro Sari @ (Held through Firstview Development Sdn. Bhd.)	Indonesia	**63%**	63%	Oil palm plantation operations and commercial milling
PT Wanasari Nusantara @ (Held through PT Mustika Agro Sari)	Indonesia	**63%**	63%	Oil palm plantation operations
Pembinaan Gejati Sdn Bhd (Held through SAB Properties Development Co. Sdn Berhad)	Malaysia	-	100%	Property development and oil palm plantation

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

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

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

15. INVESTMENT IN SUBSIDIARY COMPANIES (cont'd)

Information about the composition of the Group at the end of the reporting period is as follows:

Principal activity	Place of incorporation and operation	Number of wholly-owned subsidiary companies 2014	2013
Manufacturing and marketing of oleochemical products	Malaysia	**1**	1
Managing and operating of private hospital	Malaysia	**3**	3
Sales of oil palm fruit	Malaysia	**1**	1
Others	Malaysia	**6**	6
Others	Hong Kong	**1**	1
		12	12

Principal activity	Place of incorporation and operation	Number of non-wholly owned subsidiary companies 2014	2013
Sales of oil palm fruit and crude palm oil	Indonesia	**2**	2
Warehousing and bulk conveyor operations	Malaysia	**2**	2
Others	Malaysia	**1**	1
		5	5

The table below shows details of non-wholly owned subsidiary companies of the Group that have material non-controlling interests:

2014

Subsidiary company	Place of incorporation and principal place of business	Proportion of ownership interest and voting rights held by non-controlling interests	Profit allocated to non-controlling interest RM'000	Accumulated non-controlling interests RM'000
Firstview Development Sdn. Bhd.	Malaysia	10.0%	260	8,427
PT Mustika Agro Sari (Held through Firstview Development Sdn. Bhd.)	Indonesia	37.0%	7,063	22,777
PT Wanasari Nusantara (Held through PT Mustika Agro Sari)	Indonesia	37.0%	2,056	6,727
PKE Malaysia Sdn. Bhd.	Malaysia	30.3%	328	2,119
PKE Transport (Malaysia) Sdn. Bhd.	Malaysia	8.1%	53	542
Total			9,760	40,592

15. INVESTMENT IN SUBSIDIARY COMPANIES (cont'd)

2013

Subsidiary company	**Place of incorporation and principal place of business**	**Proportion of ownership interest and voting rights held by non-controlling interests**	**Profit/(Loss) allocated to non-controlling interest RM'000**	**Accumulated non-controlling interests RM'000**
Firstview Development Sdn. Bhd.	Malaysia	10.0%	380	7,414
PT Mustika Agro Sari (Held through Firstview Development Sdn. Bhd.)	Indonesia	37.0%	7,485	20,717
PT Wanasari Nusantara (Held through PT Mustika Agro Sari)	Indonesia	37.0%	892	5,559
PKE Malaysia Sdn. Bhd.	Malaysia	30.3%	264	1,791
PKE Transport (Malaysia) Sdn. Bhd.	Malaysia	8.1%	(2)	491
Total			9,019	35,972

Summarised financial information in respect of each of the Company's subsidiary companies that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

Firstview Development Sdn. Bhd.	**2014 RM'000**	**2013 RM'000**
Statement of financial position		
Current assets	**16,677**	14,250
Non-current assets	**7,729**	7,729
Current liabilities	**1,568**	1,738
Equity attributable to owners of the Company	**14,411**	12,827
Non-controlling interests	**8,427**	7,414
Statement of profit or loss		
Revenue	**3,766**	4,480
Expenses	**(1,168)**	(680)
Profit for the year	**2,598**	3,800
Profit attributable to owners of the Company	**2,338**	3,420
Profit attributable to the non-controlling interests	**260**	380
Profit for the year	**2,598**	3,800
Statement of other comprehensive income		
Other comprehensive income for the year	**-**	-
Total comprehensive income attributable to owners of the Company	**2,338**	3,420
Total comprehensive income attributable to the non-controlling interests	**260**	380
Total comprehensive income for the year	**2,598**	3,800
Statement of cash flows		
Net cash used in operating activities	**(602)**	(976)
Net cash from investing activities	**3,766**	8,660
Net cash (used in)/from financing activities	**(170)**	600
Net cash inflow	**2,994**	8,284

15. INVESTMENT IN SUBSIDIARY COMPANIES (cont'd)

PT Mustika Agro Sari	2014 RM'000	2013 RM'000
Statement of financial position		
Current assets	**62,721**	54,371
Non-current assets	**20,534**	26,342
Current liabilities	**6,072**	10,156
Non-current liabilities	**1,259**	1,501
Equity attributable to owners of the Company	**53,147**	48,339
Non-controlling interests	**22,777**	20,717
Statement of profit or loss		
Revenue	**113,249**	121,520
Expenses	**(93,317)**	(100,390)
Profit for the year	**19,932**	21,130
Profit attributable to owners of the Company	**12,869**	13,645
Profit attributable to the non-controlling interests	**7,063**	7,485
Profit for the year	**19,932**	21,130
Statement of other comprehensive income		
Other comprehensive income for the year	**(156)**	-
Total comprehensive income attributable to owners of the Company	**12,924**	13,645
Total comprehensive income attributable to the non-controlling interests	**7,008**	7,485
Total comprehensive income for the year	**19,932**	21,130
Statement of cash flows		
Dividends paid to non-controlling interests	**(1,722)**	(3,625)
Net cash from operating activities	**19,381**	24,188
Net cash used in investing activities	**(2,418)**	(3,157)
Net cash used in financing activities	**(4,018)**	(8,459)
Net cash inflow	**11,223**	8,947

15. INVESTMENT IN SUBSIDIARY COMPANIES (cont'd)

PT Wanasari Nusantara	2014 RM'000	2013 RM'000
Statement of financial position		
Current assets	**12,988**	14,439
Non-current assets	**23,182**	12,742
Current liabilities	**8,111**	1,855
Non-current liabilities	**1,329**	2,024
Equity attributable to owners of the Company	**20,003**	17,743
Non-controlling interests	**6,727**	5,559
Statement of profit or loss		
Revenue	**21,106**	18,703
Expenses	**(15,303)**	(16,185)
Profit for the year	**5,803**	2,518
Profit attributable to owners of the Company	**3,747**	1,626
Profit attributable to the non-controlling interests	**2,056**	892
Profit for the year	**5,803**	2,518
Statement of other comprehensive income		
Other comprehensive income for the year	**27**	-
Total comprehensive income attributable to owners of the Company	**3,737**	1,626
Total comprehensive income attributable to the non-controlling interests	**2,066**	892
Total comprehensive income for the year	**5,803**	2,518
Statement of cash flows		
Net cash from operating activities	**11,490**	24,188
Net cash used in investing activities	**(12,666)**	(3,157)
Net cash used in financing activities	-	(12,084)
Net cash (outflow)/inflow	**(1,176)**	8,947

15. INVESTMENT IN SUBSIDIARY COMPANIES (cont'd)

PKE Malaysia Sdn. Bhd.	**2014 RM'000**	**2013 RM'000**
Statement of financial position		
Current assets	**5,600**	5,697
Non-current assets	**2,328**	1,936
Current liabilities	**760**	1,722
Non-current liabilities	**174**	-
Equity attributable to owners of the Company	**4,875**	4,120
Non-controlling interests	**2,119**	1,791
Statement of profit or loss		
Revenue	**7,900**	7,212
Expenses	**(6,817)**	(6,341)
Profit for the year	**1,083**	871
Profit attributable to owners of the Company	**755**	607
Profit attributable to the non-controlling interests	**328**	264
Profit for the year	**1,083**	871
Statement of other comprehensive income		
Other comprehensive income for the year	-	-
Total comprehensive income attributable to owners of the Company	**755**	607
Total comprehensive income attributable to the non-controlling interests	**328**	264
Total comprehensive income for the year	**1,083**	871
Statement of cash flows		
Net cash used in operating activities	**(394)**	(256)
Net cash used in investing activities	-	(2)
Net cash outflow	**(394)**	(258)

15. INVESTMENT IN SUBSIDIARY COMPANIES (cont'd)

PKE Transport (Malaysia) Sdn. Bhd.	2014 RM'000	2013 RM'000
Statement of financial position		
Current assets	**8,106**	6,784
Non-current assets	**55**	9
Current liabilities	**1,477**	747
Non-current liabilities	**4**	2
Equity attributable to owners of the Company	**6,138**	5,553
Non-controlling interests	**542**	491
Statement of profit or loss		
Revenue	**4,983**	4,506
Expenses	**(4,347)**	(4,525)
Profit/(Loss) for the year	**636**	(19)
Profit/(Loss) attributable to owners of the Company	**583**	(17)
Profit/(Loss) attributable to the non-controlling interests	**53**	(2)
Profit/(Loss) for the year	**636**	(19)
Statement of other comprehensive income		
Other comprehensive income for the year	-	-
Total comprehensive income/(loss) attributable to owners of the Company	**583**	(17)
Total comprehensive income/(loss) attributable to the non-controlling interests	**53**	(2)
Total comprehensive income/(loss) for the year	**636**	(19)
Statement of cash flows		
Net cash from operating activities	**2,045**	849
Net cash from investing activities	**96**	130
Net cash used in financing activities	-	(3,330)
Net cash inflow/(outflow)	**2,141**	(2,351)

16. AVAILABLE-FOR-SALE INVESTMENTS

	The Group and The Company	
	2014	2013
	RM'000	RM'000
Shares in Malaysia:		
Quoted Shares - at fair value	**35,022**	33,372
Unquoted Shares - at cost	**456**	456
Total	**35,478**	33,828

Movement in the quoted shares in Malaysia during the reporting period is as follows:

	The Group and The Company	
	2014	2013
	RM'000	RM'000
At beginning of year	**33,372**	34,447
Addition during the year	**94**	-
Gain/(loss) arising from revaluation of available-for-sale investments	**1,556**	(1,075)
At end of year	**35,022**	33,372

17. ADVANCES FOR PLASMA PIR-TRANS PROGRAM

	The Group	
	2014	2013
	RM'000	RM'000
Cost		
At beginning of year	**989**	2,310
Conversion	**(509)**	(1,236)
Effects of foreign exchange translation	**(85)**	(85)
At end of year	**395**	989
Accumulated Allowance for Loss on Conversion of Plasma PIR-TRANS Program		
At beginning of year	**856**	776
Provision for the year (Note 7)	-	119
Provision no longer required (Note 7)	**(386)**	-
Effects of foreign exchange translation	**(75)**	(39)
At end of year	**395**	856
Net Book Value	-	133

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

17. ADVANCES FOR PLASMA PIR-TRANS PROGRAM (cont'd)

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

A subsidiary company in Indonesia has commitment to develop oil palm plantations for the Plasma Farmers under this program covering a total area of 8,800 hectares of which 8,800 (2013: 8,800) hectares have been converted.

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

	The Group	
	2014	**2013**
	RM'000	**RM'000**
Cost		
At beginning of year	**6,620**	1,034
Additions	**3,032**	5,612
Amount recovered during the year	**(7,222)**	-
Reclassification from property, plant and equipment (Note 12)	-	145
Effects of foreign exchange translation	**(552)**	(171)
At end of year	**1,878**	6,620
Accumulated Allowance for Loss on Conversion of KKPA Program		
At beginning/end of year	**400**	400
Net Book Value	**1,478**	6,220

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

Advances for KKPA program represent the accumulated costs to develop plasma plantations, totalling 500 (2013: 500) hectares, which are currently being self-financed by a subsidiary company. Upon the cooperative obtaining KKPA financing from the creditor bank, the said advances will be recovered from the cooperative.

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

19. DEFERRED TAX (LIABILITIES)/ASSETS

Deferred tax (liabilities)/assets pertaining to the Company and certain subsidiary companies are as follows:

	The Group		The Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
At beginning of year	**(2,392)**	906	-	-
Credited/(Charged) to profit or loss (Note 9):				
Property, plant and equipment	**1,680**	1,323	**(62)**	35
Trade receivables	**(17)**	(243)	-	-
Advances for Plasma PIR-TRANS program	**(161)**	30	-	-
Other payables and accrued expenses	**750**	(1,240)	-	-
Provision for retirement benefits	**133**	261	**61**	(40)
Unrealised gain on foreign exchange	**102**	(153)	**1**	11
Derivative financial assets	**(297)**	-	-	-
Unabsorbed capital allowances	-	(597)	-	(6)
Unused tax losses	**(2,574)**	(2,679)	-	-
	(384)	(3,298)	-	-
At end of year	**(2,776)**	(2,392)	-	-

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

	The Group		The Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Deferred tax assets	**782**	1,036	-	-
Deferred tax liabilities	**(3,558)**	(3,428)	-	-
	(2,776)	(2,392)	-	-

19. DEFERRED TAX (LIABILITIES)/ASSETS (cont'd)

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

	The Group		The Company	
	2014 RM'000	**2013 RM'000**	**2014 RM'000**	**2013 RM'000**
Deferred tax assets (before offsetting)				
Temporary differences arising from:				
Advances for Plasma PIRTRANS program	**99**	260	-	-
Other payables and accrued expenses	**750**	-	-	-
Provision for retirement benefits	**1,767**	1,634	**219**	280
Unused tax losses	-	2,574	-	-
	2,616	4,468	**219**	280
Offsetting	**(1,834)**	(3,432)	**(219)**	(280)
Deferred tax assets (after offsetting)	**782**	1,036	-	-
Deferred tax liabilities				
Temporary differences arising from:				
Property, plant and equipment	**(5,077)**	(6,757)	**(218)**	(280)
Unrealised gain on foreign exchange	**(1)**	(103)	**(1)**	-
Derivative financial assets	**(297)**	-	-	-
Trade receivables	**(17)**	-	-	-
	(5,392)	(6,860)	**(219)**	(280)
Offsetting	**1,834**	3,432	**219**	280
Deferred tax liabilities (after offsetting)	**(3,558)**	(3,428)	-	-

As mentioned in Note 3, the tax effects of deductible temporary differences, unused tax losses and unused tax credits which would give rise to net deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. As of 31 March 2014, the estimated amount of deductible temporary difference, unused tax losses and unabsorbed capital allowances, for which the tax effects are not recognised in the financial statements due to uncertainty of their realisation, is as follows:

	The Group		The Company	
	2014 RM'000	**2013 RM'000**	**2014 RM'000**	**2013 RM'000**
Temporary difference arising from provision for retirement benefits	**348**	443	**171**	443
Unabsorbed capital allowances	**8,358**	10,513	**1,918**	1,653
Unused tax losses	**17,264**	16,436	**10,342**	9,709
	25,970	27,392	**12,431**	11,805

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

20. INVENTORIES

	The Group	
	2014	**2013**
	RM'000	**RM'000**
At cost:		
Raw materials	**11,167**	11,265
Work-in-progress	**22,779**	17,170
Finished goods	**12,651**	11,378
Medical and surgical supplies	**2,773**	2,853
Consumables	**10,291**	10,760
	59,661	53,426
At net realisable value:		
Finished goods	**1,751**	1,106
Total	**61,412**	54,532

As of 31 March 2014, cost of inventories recognised as an expense of the Group amounted to RM316,826,000 (2013: RM367,167,000).

The cost of inventories recognised is after taking into consideration a write down of inventories of RM389,000 (2013: RM191,000) to net realisable value; allowance for stock obsolescence of RM40,000 (2013: RMNil) and inventories written off of RM51,000 (2013: RMNil).

21. TRADE RECEIVABLES

	The Group	
	2014	**2013**
	RM'000	**RM'000**
Trade receivables	**48,112**	39,880
Less: Allowance for doubtful debts	**(2,365)**	(2,164)
Net	**45,747**	37,716

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

The credit period granted on sale of goods and services rendered ranges from 30 to 90 days (2013: 30 to 90 days).

An allowance of RM2,365,000 (2013: RM2,164,000) for the Group has been made for estimated irrecoverable amounts from the sale of goods and services rendered. This allowance has been determined based on estimates of possible losses which may arise from non-collection of certain receivable accounts.

Included in the Group's trade receivables balance are debtors with a carrying amount of RM8,895,000 (2013: RM6,481,000), which are past due at the end of reporting period for which no allowance for doubtful debts has been provided for by the Group as there has not been a significant change in credit quality and the Group believes that the amounts are fully recoverable. The Group does not hold any collateral over these balances. The past due aging for these receivables ranges from 31 to 150 days.

21. TRADE RECEIVABLES (cont'd)

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

	The Group	
	2014	**2013**
	RM'000	**RM'000**
Neither past due nor impaired	**36,852**	31,235
Past due but not impaired:		
31 - 60 days	**5,632**	3,933
61 - 90 days	**2,597**	1,800
91 - 120 days	**570**	328
121 - 150 days	**96**	420
	8,895	6,481
Not past due but impaired	**7**	-
Past due and impaired:		
More than 120 days	**2,358**	2,164
Total trade receivables	**48,112**	39,880

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

	The Group		The Company	
	2014	**2013**	**2014**	**2013**
	RM'000	**RM'000**	**RM'000**	**RM'000**
At beginning of year	**2,164**	1,654	-	-
Impairment loss recognised on receivables (Note 7)	**243**	530	-	-
Amount no longer required (Note 7)	**(42)**	(20)	-	-
At end of year	**2,365**	2,164	-	-

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

The Group has no significant concentration of credit risk except for amounts due from 3 (2013: 4) major customers, which constitute approximately 20% (2013: 28%) of the total trade receivables.

Analysis of currency profile of trade receivables is as follows:

	The Group	
	2014	**2013**
	RM'000	**RM'000**
United States Dollar	**27,951**	23,188
Ringgit Malaysia	**19,891**	16,517
Pound Sterling	**270**	169
Euro	-	6
	48,112	39,880

22. OTHER RECEIVABLES, DEPOSITS AND PREPAID EXPENSES

	The Group		The Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Other receivables	**3,501**	1,973	**95**	26
Less: Allowance for doubtful debts	**(255)**	(252)	-	-
Net	**3,246**	1,721	**95**	26
Refundable deposits	**140**	164	**52**	86
Prepaid expenses	**4,083**	2,364	**31**	51
	7,469	4,249	**178**	163

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

	The Group	
	2014	2013
	RM'000	RM'000
At beginning of year	**252**	228
Impairment loss recognised on receivables (Note 7)	**13**	24
Amount no longer required (Note 7)	**(10)**	-
At end of year	**255**	252

Analysis of currency profile of other receivables is as follows:

	The Group		The Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Ringgit Malaysia	**2,700**	1,674	**95**	26
Indonesian Rupiah	**801**	299	-	-
	3,501	1,973	**95**	26

23. RELATED COMPANIES AND RELATED PARTY TRANSACTIONS

(a) Amount owing by subsidiary companies

	The Company	
	2014	2013
	RM'000	RM'000
Amount owing by subsidiary companies	**13,801**	211,370
Less: Allowance for doubtful debts	**(4,049)**	(2,591)
Net	**9,752**	208,779

23. RELATED COMPANIES AND RELATED PARTY TRANSACTIONS (cont'd)

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

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

During the financial year, an amount of RM192,400,000 owing by certain subsidiary companies was being capitalised into cost of investment in subsidiary companies, as mentioned in Note 15.

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

	The Company	
	2014	**2013**
	RM'000	**RM'000**
At beginning of year	**2,591**	2,591
Impairment loss recognised on receivables (Note 7)	**4,009**	-
Amount no longer required (Note 7)	**(2,551)**	-
At end of year	**4,049**	2,591

An allowance of RM4,049,000 (2013: RM2,591,000) has been made for estimated irrecoverable amounts due from certain subsidiary companies.

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

	The Company	
	2014	**2013**
	RM'000	**RM'000**
Ringgit Malaysia	**13,771**	211,318
Indonesian Rupiah	**30**	52
	13,801	211,370

(b) Amount owing to subsidiary companies

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

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

	The Company	
	2014	**2013**
	RM'000	**RM'000**
Ringgit Malaysia	**48**	89,595
Hong Kong Dollar	**140**	140
	188	89,735

23. RELATED COMPANIES AND RELATED PARTY TRANSACTIONS (cont'd)

(c) Related Party Transactions with Group Companies

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

	The Company 2014 RM'000	The Company 2013 RM'000
Subsidiary companies		
Southern Acids Industries Sdn. Bhd.		
Dividend receivable	**95,100**	5,000
Management fees receivable	**1,519**	1,700
PKE Transport (Malaysia) Sdn. Berhad		
Management fees receivable	**285**	317
Southern Medicare Sdn. Bhd.		
Management fees receivable	**313**	440
PKE (Malaysia) Sdn. Berhad		
Management fees receivable	**279**	388
Pembinaan Gejati Sdn. Bhd.		
Management fees receivable	**18**	57
Firstview Development Sdn. Bhd.		
Management fees receivable	**550**	721
Southern Management (M) Sdn. Bhd		
Administrative charges payable	**(152)**	(72)
PT Group and subsidiaries.		
Management fees receivable	**120**	50
Administrative charges	**(6)**	-

(d) Related Parties

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

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

23. RELATED COMPANIES AND RELATED PARTY TRANSACTIONS (cont'd)

(e) Related Party Transactions with Related Parties

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

	The Group		The Company	
	2014 RM'000	**2013 RM'000**	**2014 RM'000**	**2013 RM'000**
Related parties				
Southern Realty (Malaya) Sdn. Berhad				
Purchases of goods	**(1,285)**	(2,453)	-	-
Sale of goods	**668**	795	-	-
Administrative charges	**1,174**	1,096	-	-
Share of property, plant and equipment charges	**16**	7	-	-
Plantation advisory	**(24)**	-	-	-
Rental paid/ payable for:				
Land (Note 7)	**(140)**	(140)	-	-
Premises (Note 7)	**(109)**	(100)	-	-
Staff quarters (Note 7)	**(60)**	(60)	-	-
Equipment (Note 7)	**(9)**	(9)	-	-
Bukit Rotan Palm Oil Sdn. Bhd.				
Administrative charges	**44**	100	-	-
Southern Edible Oil Industries (M) Sdn. Berhad				
Sale of goods	**1,863**	629	-	-
Purchases of goods	**(224)**	(2,362)	-	-
Administrative charges	**327**	288	-	-
Share of property, plant and equipment charges	**16**	7	-	-
Southern Keratong Plantations Sdn. Berhad				
Purchases of goods	**(576)**	(970)	-	-
Administrative charges	**518**	429	-	-
SKP Borneo Sdn. Bhd.				
Administrative charges	**302**	202	-	-
Torita Rubber Works Sdn. Bhd.				
Sale of goods	**49**	106	-	33
Administrative charges	**39**	42	-	-
Sunny Futures Sdn. Bhd.				
Administrative charges	**5**	23	-	-
Southern Hock Joo Plantation Sdn. Bhd.				
Administrative charges	**67**	47	-	-
Banting Hock Hing Estate Company Sdn. Bhd.				
Administrative charges	**79**	-	-	-

23. RELATED COMPANIES AND RELATED PARTY TRANSACTIONS (cont'd)

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

	The Group		The Company	
	2014	**2013**	**2014**	**2013**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Related parties (cont'd)				
Southern Products Marketing Sdn. Bhd.				
Administrative charges	**58**	61	-	-
Network charges	**(2)**	-	-	-
Victory Investment Company Sdn. Bhd.				
Plantation advisory	**(33)**	(44)	-	-
Torita Trading (M) Sdn. Bhd.				
Administrative charges	**26**	-	-	-

Related Party Balances

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

	The Group	
	2014	**2013**
	RM'000	**RM'000**
Trade receivables		
Torita Rubber Works Sdn. Bhd.	**371**	363
Torita Trading (M) Sdn. Bhd.	**205**	203
Southern Realty (Malaya) Sdn. Berhad	**136**	100
Southern Edible Oil Industries (M) Sdn. Berhad	**1,504**	64
Banting Hock Hin Estate Company Sdn. Bhd.	**20**	61
Southern Keratong Plantations Sdn. Berhad	-	29
Bukit Rotan Palm Oil Sdn. Bhd.	**2**	3
SKP Borneo Sdn. Bhd.	-	19
Sunny Futures Sdn. Bhd.	-	36
Southern Hock Joo Plantations Sdn. Bhd.	**32**	-
Southern Products Marketing Sdn. Bhd.	**10**	-
	2,280	878

23. RELATED COMPANIES AND RELATED PARTY TRANSACTIONS (cont'd)

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

	The Group		The Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Other receivables, deposits and prepaid expenses				
Torita Trading (M) Sdn. Bhd.	**64**	65	-	-
Torita Rubber Works Sdn. Bhd.	**49**	39	-	-
Southern Edible Oil Industries (M) Sdn. Berhad	**30**	10	-	-
Southern Palm Industries Sdn. Berhad	**24**	24	**24**	24
Southern Realty (Malaya) Sdn. Berhad	**19**	12	-	-
SKP Borneo Sdn. Bhd.	**10**	10	-	-
Southern Products Marketing Sdn. Bhd	**7**	-	-	-
Southern Keratong Plantations Sdn. Berhad	**5**	4	-	-
Banting Hock Hin Estate Company Sdn. Bhd.	**1**	12	-	-
Sunny Futures Sdn. Bhd.	-	4	-	-
	209	180	**24**	24

	The Group	
	2014 RM'000	2013 RM'000
Trade payables		
Southern Realty (Malaya) Sdn. Berhad	**139**	40
Bukit Rotan Palm Oil Sdn. Bhd.	**5**	5
Southern Keratong Plantations Sdn. Berhad	-	58
	144	103
Other payables		
Southern Realty (Malaya) Sdn. Berhad	**34**	20
Southern Edible Oil Industries (M) Sdn. Berhad	**25**	25
SKP Borneo Sdn. Bhd.	**1**	1
Southern Products Marketing Sdn. Bhd.	**7**	5
	67	51

(f) Compensation of Key Management Personnel

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

23. RELATED COMPANIES AND RELATED PARTY TRANSACTIONS (cont'd)

(f) Compensation of Key Management Personnel (cont'd)

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

	The Group		The Company	
	2014	**2013**	**2014**	**2013**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Short-term employment benefits	**3,217**	3,787	**842**	1,300
Post employment benefits	**267**	300	**59**	101
	3,484	4,087	**901**	1,401

Included in the total compensation of key management personnel are:

	The Group		The Company	
	2014	**2013**	**2014**	**2013**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Directors' remuneration (Note 8)	**1,678**	1,710	**566**	490

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

	The Group		The Company	
	2014	**2013**	**2014**	**2013**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Cash and bank balances	**43,631**	33,457	**816**	1,172
Fixed deposits with licensed banks	**41,812**	60,280	-	-
Short-term placements	**71,299**	54,760	**12,876**	7,070
	156,742	148,497	**13,692**	8,242

Included in fixed deposits and short-term placements of the Group and of the Company is an amount of RM71,299,000 and RM12,876,000 (2013: RM54,760,000 and RM7,070,000), respectively, represents investment in trust funds managed by the licensed investment management companies, which is tax exempt, fixed-deposit-linked and allows prompt redemption at any time.

The effective interest rates for fixed deposits of the Group range from 2.63% to 7.50% (2013: 3.00% to 7.75%) per annum respectively and have maturity periods ranging from 1 day to 1 year (2013: 1 day to 1 year).

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

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

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

	The Group		The Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Ringgit Malaysia	**79,655**	80,053	**13,653**	8,206
Indonesian Rupiah	**75,477**	68,267	-	-
Hong Kong Dollar	**76**	98	-	-
United States Dollar	**1,534**	79	**39**	36
	156,742	148,497	**13,692**	8,242

25. SHARE CAPITAL

	The Group and The Company	
	2014 RM'000	2013 RM'000
Authorised:		
200,000,000 ordinary shares of RM1 each	**200,000**	200,000
Issued and fully paid:		
136,934,132 ordinary shares of RM1 each	**136,934**	136,934

26. RESERVES

	The Group		The Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Non-distributable:				
Share premium	**34,321**	34,321	**34,321**	34,321
Foreign exchange reserve	**(10,790)**	(5,065)	-	-
Other reserve	**(322)**	(322)	-	-
Fair value reserve	**15,324**	13,768	**15,324**	13,768
	38,533	42,702	**49,645**	48,089
Distributable:				
Retained earnings	**299,104**	267,147	**114,330**	29,651
	337,637	309,849	**163,975**	77,740

26. RESERVES (cont'd)

Share premium

Share premium arose from the following issue of shares:

	The Group and The Company	
	2014	**2013**
	RM'000	**RM'000**
2,700,000 ordinary shares issued at a premium of RM1.45 per share in 1991, net of share issue expenses of RM1,048,207	**2,867**	2,867
Expenses relating to bonus issue in 1996	**(357)**	(357)
2,186,463 ordinary shares issued at a premium of RM3.00 per share in 1997	**6,559**	6,559
Exercise of 100 warrants 1996/2001 at a premium of RM3.80 per share in 1997	**1**	1
32,715,908 ordinary shares issued at a premium of RM0.20 per share in 2000, net of share issue expenses of RM537,074	**6,006**	6,006
Exercise of 14,000 warrants 1999/2003 at a premium of RM0.60 per share in 2002	**8**	8
Exercise of 32,060,945 warrants 1999/2003 at a premium of RM0.60 per share in 2004	**19,237**	19,237
	34,321	34,321

Foreign exchange reserve

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

Other reserve

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

Fair value reserve

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

Retained earnings

Distributable reserves are those available for distribution as dividends.

The entire retained earnings of the Company are available for distribution of dividend under the single tier tax system.

27. PROVISION FOR RETIREMENT BENEFITS

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

	The Group		
	Malaysia RM'000	**Indonesia RM'000**	**Total RM'000**
As of 1 April 2012	4,041	2,721	6,762
Addition (Note 7):			
Current	494	669	1,163
Underprovision in prior years	-	291	291
	494	960	1,454
Benefits paid	(120)	-	(120)
Effects of foreign exchange translation	-	(151)	(151)
As of 31 March 2013/1 April 2013	4,415	3,530	7,945
Addition (Note 7):			
Current	1,075	597	1,672
Overprovision in prior years	-	(1,083)	(1,083)
	1,075	(486)	589
Actuarial (gain)/loss arising from changes in financial assumptions	(477)	129	(348)
Benefits paid	(257)	(120)	(377)
Effects of foreign exchange translation	-	(459)	(459)
As of 31 March 2014	**4,756**	**2,594**	**7,350**

	The Company	
	2014 RM'000	**2013 RM'000**
At beginning of year	**1,570**	1,280
Addition (Note 7)	**292**	290
Actuarial gain arising from changes in financial assumptions	**(818)**	-
At end of year	**1,044**	1,570

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

	The Group		
	Malaysia RM'000	**Indonesia RM'000**	**Total RM'000**
2014			
Present value of defined benefit obligations	**4,756**	**2,594**	**7,350**
2013			
Present value of defined benefit obligations	4,415	3,530	7,945

27. PROVISION FOR RETIREMENT BENEFITS (cont'd)

	The Company	
	2014 RM'000	2013 RM'000
Present value of defined benefit obligations	**1,044**	1,570

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

		The Group	
2014	Malaysia RM'000	Indonesia RM'000	Total RM'000
At beginning of year	**4,415**	**3,530**	**7,945**
Current service cost	**420**	**399**	**819**
Interest cost on obligation	**262**	**198**	**460**
Past service cost	**393**	**-**	**393**
Overprovision in prior years	-	**(1,083)**	**(1,083)**
Actuarial (gain)/loss arising from changes in financial assumptions	**(477)**	**129**	**(348)**
Benefits paid	**(257)**	**(120)**	**(377)**
Effects of foreign exchange translation	-	**(459)**	**(459)**
At end of year	**4,756**	**2,594**	**7,350**

		The Group	
2013	Malaysia RM'000	Indonesia RM'000	Total RM'000
At beginning of year	4,013	2,721	6,734
Current service cost	265	782	1,047
Interest cost on obligation	229	178	407
Net actuarial loss recognised	28	-	28
Benefits paid	(120)	-	(120)
Effects of foreign exchange translation	-	(151)	(151)
At end of year	4,415	3,530	7,945

	The Company	
	2014 RM'000	2013 RM'000
At beginning of year	**1,570**	1,687
Current service cost	**102**	166
Interest cost on obligation	**48**	124
Past service cost	**142**	-
Net actuarial gain recognised	-	(407)
Actuarial gain arising from changes in financial assumptions	**(818)**	-
At end of year	**1,044**	1,570

27. PROVISION FOR RETIREMENT BENEFITS (cont'd)

The amounts recognised in the statements of profit or loss are as follows:

	The Group		
	Malaysia RM'000	**Indonesia RM'000**	**Total RM'000**
2014			
Current service cost	**420**	**399**	**819**
Interest cost on obligation	**262**	**198**	**460**
Current service cost	**393**	**-**	**393**
Overprovision in prior years	-	**(1,083)**	**(1,083)**
	1,075	**(486)**	**589**
2013			
Current service cost	265	782	1,047
Interest cost on obligation	229	178	407
	494	960	1,454

	The Company	
	2014 RM'000	**2013 RM'000**
Current service cost	**102**	166
Interest cost on obligation	**48**	124
Past service cost	**142**	-
	292	290

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

	2014	**2013**
Malaysia		
Discount rate (%)	**5.8**	7.0
Future salary increments (%)	**8.0**	5.0
Normal retirement age:		
Male	**60**	55
Female	**60**	50
Indonesia		
Discount rate (%)	**8.7**	7.0
Future salary increments (%)	**10.0**	10.0
Normal retirement age:		
Male	**55**	55
Female	**55**	55

27. PROVISION FOR RETIREMENT BENEFITS (cont'd)

Sensitivity analysis on defined benefit plan

Significant actuarial assumptions for the determination of the defined obligation are discount rate and expected salary increase and mortality. The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occuring at the end of the reporting period, while holding all other assumptions constant.

If the discount rate reduce (increase) by 1%, the defined benefit obligation would increase by 11% (decrease by 11%).

If the expected salary growth rate increase (decrease) by 1%, the defined benefit obligation would increase by 13% (decrease by 13%).

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the statements of financial position.

28. TRADE PAYABLES, OTHER PAYABLES AND ACCRUED EXPENSES

(a) Trade Payables

Trade payables comprise amounts outstanding for trade purchases. The credit period granted to the Group for trade purchases ranges from 7 to 60 (2013: 7 to 60) days.

Analysis of currency profile of trade payables is as follows:

	The Group	
	2014 RM'000	2013 RM'000
Ringgit Malaysia	**14,861**	19,307
Indonesian Rupiah	**2,532**	5,922
	17,393	25,229

(b) Other Payables and Accrued Expenses

	The Group		The Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Other payables	**16,083**	11,355	**34**	105
Advances from customers	**773**	1,145	**-**	-
Accrued expenses	**16,394**	14,561	**1,229**	1,082
Provision for incremental rental charges	**3,000**	300	**-**	-
Loans from shareholders of subsidiary companies	**856**	856	**-**	-
	37,106	28,217	**1,263**	1,187

28. TRADE PAYABLES, OTHER PAYABLES AND ACCRUED EXPENSES (cont'd)

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

Other payables arose mainly in respect of indirect costs and administrative expenditure. These amounts are unsecured, interest-free and are repayable within 60 days (2013: 60 days) from the transaction dates.

Included in other payables of the Group is an amount of RM6,526,159 (2013: RM6,526,159) representing the balance of purchase consideration payable to a third party for the acquisition of a piece of leasehold land located in the Palm Oil Industrial Quarter at Lahad Datu, Sabah as mentioned in Note 12.

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

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

	The Group		The Company	
	2014 RM'000	**2013 RM'000**	**2014 RM'000**	**2013 RM'000**
Ringgit Malaysia	**10,875**	11,217	**34**	**105**
Indonesian Rupiah	**5,242**	343	-	-
Euro	**15**	8	-	-
United States Dollar	**724**	932	-	-
	16,856	12,500	**34**	105

29. BANKING FACILITIES

The Group and the Company have credit facilities totalling RM20,200,000 (2013: RM18,206,763) and RM11,000,000 (2013: RM10,000,000) respectively, which are secured by:

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

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

These facilities bear interest at rates ranging from 7.60% to 8.60% (2013: 7.60% to 8.60%) per annum.

As of 31 March 2014, the Group and the Company have utilised RM3,736,900 and RM723,000 (2013: RM3,156,500 and RM53,000), respectively, of the bank guarantee facility.

30. DIVIDENDS

	The Group and The Company 2014 RM'000	2013 RM'000
Final dividend of 3 sen, less 25% tax, in respect of financial year ended 31 March 2013	**3,081**	-
Final dividend of 2.75 sen, single tier, in respect of financial year ended 31 March 2013	**3,766**	-
Final dividend of 6.67 sen, less 25% tax, in respect of financial year ended 31 March 2012	-	6,850
	6,847	6,850

31. SEGMENTAL INFORMATION

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

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

The warehousing and bulk conveyor operations are now operating based on a short-term land lease at Northport of Pelabuhan Klang. The existing land lease agreement with a port operator is expiring on 15 September 2014 and PKE (Malaysia) Sdn Bhd, a subsidiary company of the Company is in the midst of extending the lease tenure. A proposal for the relocation of operations had been submitted and is pending approval.

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

The inter-segment transactions, terms, conditions, and prices are determined based on negotiations agreed between the parties.

. The Group 2014	Manufacturing and marketing of oleochemical products RM'000	Managing and operating of private hospital RM'000	Sales of oil palm fruit and crude palm oil RM'000	Warehousing and bulk conveyor operations RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
Revenue							
External sales	**341,788**	**76,421**	**113,917**	**7,618**	**2,792**	**-**	**542,536**
External dividend income	**-**	**-**	**-**	**-**	**1,519**	**-**	**1,519**
Inter-segment sales	**-**	**-**	**-**	**-**	**98,403**	**(98,403)**	**-**
Total revenue	**341,788**	**76,421**	**113,917**	**7,618**	**102,714**	**(98,403)**	**544,055**

31. SEGMENTAL INFORMATION (cont'd)

The Group 2014	Manufacturing and marketing of oleochemical products RM'000	Managing and operating of private hospital RM'000	Sales of oil palm fruit and crude palm oil RM'000	Warehousing and bulk conveyor operations RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
Financial Results							
Segment results	26,758	3,358	31,621	2,798	(3,293)	-	61,242
Profit from operations							61,242
Investment revenue							4,335
Profit before tax							65,577
Income tax expense							(17,399)
Profit for the year							48,178
Other Information							
Capital expenditure	5,377	1,389	14,064	60	109	-	20,999
Additions to biological assets	-	-	2,146	-	-	-	2,146
Additions of available-for-sales investments	-	-	-	-	94	-	94
Non-cash expenses:							
Depreciation of property, plant and equipment	3,512	2,461	2,100	112	764	-	8,949
Provision for retirement benefits	606	-	(483)	174	292	-	589
Amortisation of biological assets	-	-	727	-	-	-	727
Allowance for doubtful debts:							
Trade receivables	-	147	-	-	96	-	243
Other receivables	-	-	-	-	13	-	13
Inventories written down	389	-	-	-	-	-	389
Allowance for stock obsolescence	-	40	-	-	-	-	40
Provision for incremental rental charges	2,700	-	-	-	-	-	2,700
Unrealised loss on foreign exchange - net	(66)	-	525	-	(3)	-	456
Inventories witten off	-	24	-	-	27	-	51
Property, plant and equipment written off	-	-	-	-	3	-	3

31. SEGMENTAL INFORMATION (cont'd)

The Group 2014	Manufacturing and marketing of oleochemical products RM'000	Managing and operating of private hospital RM'000	Sales of oil palm fruit and crude palm oil RM'000	Warehousing and bulk conveyor operations RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
Non-cash income:							
(Gain)/Loss arising from derivative financial asets	(1,188)	-	-	-	161	-	(1,027)
(Gain)/Loss on disposal of property, plant and equipment	(5)	(35)	4	-	-	-	(36)
Allowance for doubtful debts no longer required:							
Trade receivables	-	-	-	-	(42)	-	(42)
Other receivables	-	-	-	-	(10)	-	(10)
Allowance for loss on conversion of Plasma PIR-TRANS program	-	-	(386)	-	-	-	(386)
Statement of Financial Position							
Assets							
Segment assets	167,578	54,584	279,986	15,698	321,372	(258,693)	580,525
Deferred tax assets	-	-	680	-	-	102	782
Tax recoverable	438	-	1,500	390	-	-	2,328
Consolidated assets							583,635
Liabilities							
Segment liabilities	26,623	14,066	13,721	2,410	20,172	(15,022)	61,970
Deferred tax liabilities	3,554	-	-	4	-	-	3,558
Tax liabilities	-	1	3,567	-	-	(624)	2,944
Consolidated liabilities							68,472

31. SEGMENTAL INFORMATION (cont'd)

The Group 2013	Manufacturing and marketing of oleochemical products RM'000	Managing and operating of private hospital RM'000	Sales of oil palm fruit and crude palm oil RM'000	Warehousing and bulk conveyor operations RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
Revenue							
External sales	375,447	72,872	122,314	6,895	2,477	-	580,005
External dividend income	-	-	-	-	1,420	-	1,420
Inter-segment sales	-	-	-	-	8,946	(8,946)	-
Total revenue	375,447	72,872	122,314	6,895	12,843	(8,946)	581,425
Financial Results							
Segment results	21,039	3,265	28,968	998	(543)	-	53,727
Profit from operations							53,727
Investment revenue							3,154
Profit before tax							56,881
Income tax expense							(11,246)
Profit for the year							45,635
Other Information							
Capital expenditure	1,800	2,344	7,550	8	217	-	11,919
Additions to biological assets	-	-	828	-	-	-	828
Non-cash expenses:							
Depreciation of property, plant and equipment	3,468	2,334	1,869	109	764	-	8,544
Provision for retirement benefits	204	-	960	-	290	-	1,454
Amortisation of biological assets	-	-	754	-	-	-	754
Allowance for doubtful debts:							
Trade receivables	-	433	-	-	97	-	530
Other receivables	-	-	-	-	24	-	24
Inventories written down	191	-	-	-	-	-	191
Property, plant and equipment written off	-	-	2,268	1	18	-	2,287
Allowance for loss on conversion of Plasma PIR-TRANS program	-	-	119	-	-	-	119

31. SEGMENTAL INFORMATION (cont'd)

The Group 2013	**Manufacturing and marketing of oleochemical products RM'000**	**Managing and operating of private hospital RM'000**	**Sales of oil palm fruit and crude palm oil RM'000**	**Warehousing and bulk conveyor operations RM'000**	**Others RM'000**	**Eliminations RM'000**	**Consolidated RM'000**
Non-cash income:							
Unrealised gain on foreign exchange - net	(414)	-	(14)	-	-	-	(428)
Gain arising from derivative financial assets	-	-	-	-	(240)	-	(240)
Gain on disposal of property, plant and equipment	(12)	(8)	-	-	-	-	(20)
Allowance for doubtful debts no longer required	-	(20)	-	-	-	-	(20)
Statement of Financial Position							
Assets							
Segment assets	244,760	59,658	263,702	13,777	347,892	(383,957)	545,832
Deferred tax assets	-	-	934	-	-	102	1,036
Tax recoverable	301	-	1,541	649	-	-	2,491
Consolidated assets							549,359
Liabilities							
Segment liabilities	27,510	73,976	149,083	2,469	136,202	(327,728)	61,512
Deferred tax liabilities	3,422	-	4	2	-	-	3,428
Tax liabilities	-	-	2,284	-	3	(623)	1,664
Consolidated liabilities							66,604

31. SEGMENTAL INFORMATION (cont'd)

Geographical Segments

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

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

	Sales revenue by geographical market	
	2014	**2013**
	RM'000	**RM'000**
Asia:		
Malaysia	**163,909**	138,176
Indonesia	**124,172**	121,520
Others	**175,627**	247,946
Europe	**26,391**	28,541
America	**26,999**	25,933
Others	**26,957**	19,309
	544,055	581,425

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

	Carrying amount of segment assets		Capital expenditure	
	2014	**2013**	**2014**	**2013**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Asia:				
Malaysia	**441,497**	424,875	**6,935**	4,396
Indonesia	**113,812**	101,027	**14,064**	7,523
Others	**22,496**	20,700	-	-
Europe	**2,428**	1,364	-	-
America	**990**	1,080	-	-
Others	**2,412**	313	-	-
	583,635	549,359	**20,999**	11,919

32. COMMITMENTS

(a) Capital Commitments

As of 31 March 2014, the Group has approved and contracted for capital commitments in respect of purchase of property, plant and equipment amounting to RM36,375,092 (2013: RM4,058,986).

(b) Lease Commitments

As of 31 March 2014, total future minimum lease payment commitments are as follows:

	The Group	
	2014	**2013**
	RM'000	**RM'000**
Within one year	**408**	550
Between one year to two years	**12**	12
	420	562

33. CONTINGENCIES

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

The Company via its Chairman of the Audit & Governance Committee, had on 28 May 2014 wrote to SRM seeking cooperation to access all relevant information on the questionable transactions allegedly committed by four former senior officers of the Company. This is because the alleged questionable transactions occurred between the period from 1989 to 2002 and are inter-related involving at least thirteen other private companies which are not within the Company's control. In addition, all the Company's key personnel management involved during the said period are no longer with the Company and its subsidiary companies. As of to date, there is no official reply from SRM.

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

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

The Company had on 10 July 2014 appointed Messrs David Lai & Tan to contact the counterparty's solicitors as soon as possible to get the latest status and to seek solution to the alleged claim. To the best knowledge of the Board, none of the seven other defendants have filed their defence as at to date.

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

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

As of 31 March 2014, the Company has issued corporate guarantees without security to licensed financial institutions for credit facilities totalling RM9,000,000 (2013: RM7,700,000) granted to one (2013: three) Malaysian subsidiary company. Accordingly, the Company is contingently liable to the extent of credit facilities utilised by the said subsidiary companies. The fair values of the financial guarantees have not been recognised in the financial statements since their fair values on initial recognition are negligible.

34. FINANCIAL INSTRUMENTS

Capital risk management

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

34. FINANCIAL INSTRUMENTS (cont'd)

Capital risk management (cont'd)

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

The Group and the Company are not subject to any externally imposed capital requirements.

Categories of financial instruments

	The Group		The Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Financial assets				
Available-for-sale investments	**35,478**	33,828	**35,478**	33,828
Fair value through profit or loss:				
Derivative financial assets	**1,188**	161	-	161
Loans and receivables:				
Advances for Plasma PIR-TRANS program	-	133	-	-
Advances for KKPA program	**1,478**	6,220	-	-
Trade receivables	**45,747**	37,716	-	-
Other receivables and refundable deposits	**3,386**	1,885	**147**	112
Amount owing by subsidiary companies	-	-	**9,752**	208,779
Fixed deposits, short-term placements, and cash and bank balances	**156,742**	148,497	**13,692**	8,242
Financial liabilities				
Other financial liabilities:				
Trade payables	**17,393**	25,229	-	-
Other payables and accrued expenses	**34,106**	27,917	**1,263**	1,187
Amount owing to subsidiary companies	-	-	**188**	89,735
Dividend payable	**121**	121	**121**	121

Significant accounting policies

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

Financial risk management objectives

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

Foreign currency risk management

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

34. FINANCIAL INSTRUMENTS (CONT'D)

Foreign currency risk management (cont'd)

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

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

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

	Assets		Liabilities	
	2014 RM'000	**2013 RM'000**	**2014 RM'000**	**2013 RM'000**
The Group				
United States Dollar	**29,485**	23,267	**724**	932
Pound Sterling	**270**	169	-	-
Hong Kong Dollar	**76**	-	-	-
Euro	-	6	**15**	8
	29,831	23,442	**739**	940
The Company				
United States Dollar	**39**	36	-	-
Hong Kong Dollar	-	-	**140**	140
Indonesian Rupiah	-	52	-	-
	39	88	**140**	140

Sensitivity analysis on translation of foreign currency denominated assets and liabilities

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

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

34. FINANCIAL INSTRUMENTS (cont'd)

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

	The Group		The Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Indonesian Rupiah	-	-	-	5
United States Dollar	**2,876**	2,234	**4**	4
Pound Sterling	**27**	17	-	-
Hong Kong Dollar	**8**	-	**(14)**	(14)
Euro	**(2)**	1	-	-
Total	**2,909**	2,252	**(10)**	(5)

(a) Forward foreign exchange contracts

At the end of the reporting period, the Group has foreign currency forward contracts, with maturities within the next twelve months, for the following notional amounts:

Outstanding contracts	Average exchange rate	Foreign currency FC'000	Notional value RM'000	Fair value RM'000
2014				
Buy USD				
- Less than 3 months	**3.33**	**16,362**	**54,619**	**1,188**
2013				
Buy USD				
- Less than 3 months	3.12	4,250	13,287	161

Price fluctuation risk management

The Group is exposed to the price fluctuation of raw materials used in the operations in particular commodities such as crude palm oil, crude palm stearine and palm kernel oil. The Group mitigates its risk to the price fluctuation on these key raw materials by entering into commodity future contracts to cover the physical requirements of the commodities needed by the Group at pre-determined purchase prices.

Commodity future contracts

At the end of the reporting period, the Group has commodity future contracts, with maturities within the next twelve months.

34. FINANCIAL INSTRUMENTS (cont'd)

Price fluctuation risk management (cont'd)

Commodity future contracts (cont'd)

The following table details the commodity future contracts outstanding as at the end of the reporting period.

Outstanding contracts	Average price per metric tonne RM	Notional value/ Contract value RM'000	Fair value RM'000
Buy Crude Palm Oil			
2014			
Contract period for 3 months	**2,772**	**6,758**	**6,449**
2013			
Contract period for 3 months	2,423	3,150	3,050

Credit risk management

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations.

The Group's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including available-for-sale investments, cash and cash equivalents and derivatives), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Company's exposure to credit risk arises primarily from subsidiary companies. The Company monitors on an ongoing basis the results of the subsidiary companies, and repayments made by the subsidiary companies.

Credit risk is controlled by careful selection of customers, setting credit limit and the period of credit.

The Group's objective is to seek continual growth while minimising losses incurred due to credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers are subject to credit verification procedures. Receivables are monitored on an ongoing basis.

At the end of the reporting period, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position, including derivatives with positive fair values.

34. FINANCIAL INSTRUMENTS (cont'd)

Liquidity risk management

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arise primarily from mismatches of the maturities of financial assets and liabilities.

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

The financial liabilities of the Group and of the Company, categorised as financial liabilities measured at amortised cost, are non-interest bearing and with maturities within the next twelve months.

At the end of the reporting period, it was not probable that the counterparties to the financial guarantee contracts will claim under the contracts. Consequently, no amount is included for financial guarantee contracts.

The amounts for financial guarantee contracts are the maximum amounts that the Group could be forced to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparties to the guarantee. Based on expectations at the end of the reporting period, the Group considers that it is more likely than not that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparties claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparties which are guaranteed suffer credit losses.

The maximum amount the Group could be forced to settle under the financial guarantee contracts if the fully guaranteed amount is claimed by the counterparties to the guarantee are RM3,736,900 (2013: RM3,156,500).

Fair Values of Financial Instruments

(a) Financial instruments carried at amortised cost

The directors consider that the carrying amounts of financial assets and financial liabilities carried at amortised cost in the financial statements approximate their fair values due to their relatively short maturity periods.

(b) Other financial instruments at fair value

	Fair Value			
	2014		**2013**	
	The Group RM'000	**The Company RM'000**	**The Group RM'000**	**The Company RM'000**
Financial Assets				
Available-for-sale investments (quoted shares)	**35,022**	**35,022**	33,372	33,372
Derivative financial assets	**1,188**	-	161	161

(i) Available-for-sale investments (quoted shares)

The fair value of available-for-sale investments in quoted shares is estimated based on the market value as of the end of the reporting period.

34. FINANCIAL INSTRUMENTS (cont'd)

Fair Values of Financial Instruments (cont'd)

(b) Other financial instruments at fair value (cont'd)

(ii) Derivative financial assets/liabilities

The fair values of derivatives instruments are calculated using quoted prices. Foreign currency forward contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts.

Fair Value Hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 : inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 : inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	2014			
	Level 1 RM'000	**Level 2 RM'000**	**Level 3 RM'000**	**Total RM'000**
Financial Assets				
The Group				
Available-for-sale investments (quoted shares)	**35,022**	**-**	**-**	**35,022**
Derivative financial assets	**-**	**1,188**	**-**	**1,188**
The Company				
Available-for-sale investments (quoted shares)	**35,022**	**-**	**-**	**35,022**

	2013			
	Level 1 RM'000	**Level 2 RM'000**	**Level 3 RM'000**	**Total RM'000**
Financial Assets				
The Group and the Company				
Available-for-sale investments (quoted shares)	33,372	-	-	33,372
Derivative financial assets	-	161	-	161

SUPPLEMENTARY **INFORMATION**
ON DISCLOSURE OF REALISED AND UNREALISED PROFITS

On 25 March 2010, Bursa Malaysia Securities Berhad ("Bursa Malaysia") issued a directive to all listed issuers pursuant to Paragraphs 2.06 and 2.23 of the Bursa Securities Main Market Listing Requirements which requires all listed issuers to disclose the breakdown of the retained earnings or accumulated losses as of the end of the reporting period, into realised and unrealised profits or losses.

On 20 December 2010, Bursa Malaysia further issued guidance on the disclosure and the prescribed format of disclosure.

The breakdown of the retained earnings of the Group and of the Company as of 31 March 2014 into realised and unrealised profits or losses, pursuant to the directive, is as follows:

	The Group		The Company	
	2014 RM'000	**2013 RM'000**	**2014 RM'000**	**2013 RM'000**
Total retained earnings:				
Realised	**306,182**	280,989	**114,330**	29,651
Unrealised	**2,044**	(1,803)	**-**	-
	308,226	279,186	**114,330**	29,651
Less: Consolidation adjustments	**(9,122)**	(12,039)	**-**	-
Total retained earnings	**299,104**	267,147	**114,330**	29,651

The determination of realised and unrealised profits or losses is based on Guidance of Special Matter No. 1 "Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Securities Listing Requirements" as issued by the Malaysian Institute of Accountants on 20 December 2010. A charge or credit to the profit or loss of a legal entity is deemed realised when it is resulting from the consumption of resource of all types and form, regardless of whether it is consumed in the ordinary course of business or otherwise. A resource may be consumed through sale or use. Where a credit or a charge to the profit or loss upon initial recognition or subsequent measurement of an asset or a liability is not attributed to consumption of resource, such credit or charge should not be deemed as realised until the consumption of resource could be demonstrated.

This supplementary information have been made solely for complying with the disclosure requirements as stipulated in the directive of Bursa Malaysia Securities Berhad and is not made for any other purposes.

STATEMENT BY **DIRECTORS**

The directors of **SOUTHERN ACIDS (M) BERHAD** state that, in their opinion, the accompanying financial statements of the Group and of the Company are drawn up in accordance with the Companies Act, 1965 and Financial Reporting Standards in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 March 2014 and of the financial performance and the cash flows of the Group and of the Company for the year ended on that date.

The supplementary information set out in page 132, which is not part of the financial statements, is prepared in all material respects, in accordance with Guidance on Special Matter No. 1 'Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements' as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

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

LIM KIM LONG

CHEONG KEE YOONG

Klang
23 July 2014

DECLARATION BY THE **DIRECTOR**

PRIMARILY RESPONSIBLE FOR THE FINANCIAL MANAGEMENT OF THE COMPANY

I, **CHEONG KEE YOONG**, the director primarily responsible for the financial management of **SOUTHERN ACIDS (M) BERHAD**, do solemnly and sincerely declare that the accompanying financial statements of the Group and of the Company are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

CHEONG KEE YOONG

Subscribed and solemnly declared by the
abovenamed **CHEONG KEE YOONG** at
KUALA LUMPUR on this 23rd day of
July, 2014.

Before me,

SHAFIE B. DAUD (W350)
COMMISSIONER FOR OATHS

PROPERTIES OF **SOUTHERN ACIDS (M) BERHAD AND ITS SUBSIDIARIES**

AS OF 31 MARCH 2014

No	Company and Location of Property	Type of Property	Area	Existing Use/ Purpose	Tenure	Age of Building	Net Book Value 31 March 2014 (in RM'000)
1.	**Southern Acids (M) Berhad**						
	Level 29 Centro Tower, No 8, Jalan Batu Tiga Lama, 41300 Klang, Selangor	Office Lot	12,178 sq ft	Corporate Office	Freehold	7 years	3,317
2.	**Southern Acids Industries Sdn Bhd**						
	Golconda Estate, Persiaran Hamzah Alang, 10th Mile, Jalan Kapar, 42200 Kapar, Klang, Selangor	Industrial Building	27.90 acres	Oleochemical Factory	N/A	Ranging from 19 to 33 years	7,338
3.	**SAB Bio-Fuel Sdn. Bhd.**						
	Lot 3B, Phase 1, POIC Lahad Datu, Sabah	Industrial Land	24.97 acres	Vacant	Leasehold expiring on 31-12-2104	N/A	12,669
4.	**SAB Properties Development Co. Sdn. Berhad**						
	G.M. 2172 Lot 2824, Mukim Klang, Daerah Klang, Selangor	Industrial Land	3.25 acres	Vacant	Freehold	N/A	3,318
5.	**Pembinaan Gejati Sdn Bhd**						
	Thangamallay Estate, Lot 14480, 14481, 14482, 14483 & Lot 1095, Batu 7, Jalan Kebun Kampung Jaya, 42450 Klang, Selangor	Land	644.49 acres	Oil Palm Plantation	Freehold	N/A	141,944
6.	**Noble Interest Sdn Bhd**						
	P.T. 1288, Seksyen 14, Mukim Klang, Daerah Klang, Selangor	Land & Building	1.62 acres & 6,458 sq.mtr	Hospital Building	Freehold	N/A 15 years	4,950 21,739

PROPERTIES OF SOUTHERN ACIDS (M) BERHAD AND ITS SUBSIDIARIES
AS OF 31 MARCH 2014 (cont'd)

No	Company and Location of Property	Type of Property	Area	Existing Use/Purpose	Tenure	Age of Building	Net Book Value 31 March 2014 (in RM'000)
7.	**PKE (Malaysia) Sdn. Berhad.**						
	Lot No 15, Section 7, Taman Perusahaan Pulau Indah Pulau Indah, Mukim Klang, Daerah Klang, Selangor	Industrial Land	6.67 acres	Vacant	Leasehold expiring on 24-2-2097	N/A	4,012
	Lot 6579, Jalan Jerung, Pelabuhan Utara, 42000 Klang, Selangor	Building	132,858 sq.ft	Warehouse	Lease Rental expiring on 15-09-2014	23 years	1
	No 18, Jalan Firma 2/1, Kawasan Perindustrian Tebrau, Johor Bahru, Johor	Building	50,400 sq.ft	Warehouse	Freehold	17 years	1,580
8.	**P.T. Mustika Agro Sari**						
	Kebun Tanjung Pauh & Kebun Petai, Province of Riau, Sumatera, Indonesia	Land & Buildings	7,181 acres	Oil Palm Plantation, Palm Oil Mill & Workers Quarters	Leasehold expiring on 20-3-2036 and 9-4-2036	12 years	8,398
9.	**P.T. Wanasari Nusantara**						
	Kebun Wanasari Province of Riau, Sumatera, Indonesia	Land & Building	13,136 acres	Oil palm Plantation & Workers Quarters	Leasehold expiring on 31-12-2029 and 29-1-2032	26 years	3,461

ANALYSIS OF **SHAREHOLDINGS**

AS OF 5 AUGUST 2014

DISTRIBUTION SCHEDULE OF SHARE AS OF 5 AUGUST 2014

Size of Shareholdings	No of Shareholders	% of Shareholders	No of Shares Held	% of Shares Held
Less than 100	208	7.66	7,274	0.00
100 to 1,000	722	26.60	559,279	0.41
1,001 to 10,000	1,383	50.96	5,247,856	3.83
10,001 to 100,000	342	12.60	9,415,255	6.87
100,001 – 6,846,706 (less than 5% of issued shares)	55	2.03	42,079,508	30.73
6,846,707 (5% of issued shares) and above	4	0.15	79,624,960	58.16
TOTAL	**2,714**	**100.00**	**136,934,132**	**100.00**

LIST OF SUBSTANTIAL SHAREHOLDERS AS OF 5 AUGUST 2014

No.	Name	Shareholding	%
1.	Southern Palm Industries Sdn. Bhd.	42,840,270	31.29
2.	Lembaga Tabung Haji	17,864,605	13.05
3.	Southern Realty (Malaya) Sdn. Bhd.	11,527,419	8.42
4.	Rasional Sdn. Berhad	7,392,666	5.40

INFORMATION ON DIRECTORS' SHAREHOLDINGS AS OF 5 AUGUST 2014

		Direct Interest		Deemed Interest	
No.	Name of Directors	No of Shares	%	No of Shares	%
1.	Tan Sri Dato' Low Boon Eng	2,487	0.00	65,626,507	47.93
2.	Lim Kim Long	49,276	0.04	69,053,759	50.43
3.	Cheong Kee Yoong	0	0.00	0	0.00
4.	Chung Kin Mun	0	0.00	0	0.00
5.	Mohd Hisham Bin Harun	0	0.00	0	0.00
6.	Leong So Seh	0	0.00	0	0.00
7.	Teo Leng	0	0.00	0	0.00
8.	Raymond Wong Kwong Yee	0	0.00	0	0.00
9.	Datuk Seri Panglima Sulong Bin Matjeraie	0	0.00	0	0.00

LIST OF TOP 30 HOLDERS

No.	Name	No. Of Share Held	% Of Issued Shares
1.	Southern Palm Industries Sdn. Bhd.	42,840,270	31.29
2.	Lembaga Tabung Haji	17,864,605	13.05
3.	Southern Realty (Malaya) Sdn. Bhd.	11,216,419	8.19
4.	Rasional Sdn. Berhad	7,392,666	5.40
5.	Southern Edible Oil Industries (M) Sdn Berhad	4,958,332	3.62
6.	CIMB Group Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Mong Hua @ Low Mong Hua (PSB-CBDG9)*	4,909,237	3.59
7.	Glamour Partnership Sdn. Bhd.	3,221,940	2.35
8.	Lim Thye Peng Realty Sdn. Bhd.	3,101,159	2.26
9.	Angsana Sutera Sdn. Bhd.	2,714,942	1.98
10.	Southern Cocoa Products (M) Sdn. Berhad	2,102,632	1.54
11.	Olive Lim Swee Lian	2,047,300	1.50
12.	Ng Kin Lan	1,862,832	1.36
13.	Banting Hock Hin Estate Company Sdn. Bhd.	1,487,500	1.09
14.	Low Mun Chong	1,481,498	1.08
15.	Alliancegroup Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Ooi Chin Hock (8058312)*	1,240,300	0.91
16.	Southern Hockjoo Plantation Sdn. Bhd.	991,666	0.72
17.	Maybank Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Lou Ai Choo*	908,135	0.66
18.	Naga Wira Sdn. Berhad	720,938	0.53
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 (4851DHAM)*	600,000	0.44
21.	Low Mong Hua Sdn. Bhd.	585,000	0.43
22.	Mong Teck Sdn. Berhad	559,972	0.41
23.	Sai Yee @ Sia Say Yee	524,000	0.38
24.	Yeoh Phek Leng	397,000	0.29
25.	Eliyezer Resources Sdn. Bhd.	384,500	0.28
26.	Tong Yoke Kim Sdn. Bhd.	367,000	0.27
27.	Ooi Chin Hock	354,000	0.26
28.	Toh Kam Choy	350,200	0.26
29.	Tan Soon Muay @ Tan Kim Huay	319,666	0.23
30.	Ng Kim Chai	303,082	0.22
	TOTAL	**116,500,957**	**85.08**

NOTICE OF THE **THIRTY-THIRD ANNUAL GENERAL MEETING**

NOTICE IS HEREBY GIVEN that the Thirty-Third (33rd) Annual General Meeting ("AGM") of Southern Acids (M) Berhad ("the Company") will be held at Function Room 1, Setia City Convention Centre, No 1, Jalan Setia Dagang AG U13/AG, Setia Alam, Seksyen U13, 40170 Shah Alam, Selangor Darul Ehsan, Malaysia on Thursday, 25 September 2014 at 10:00 a.m. for the following purposes:

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 March 2014 together with the Reports of the Directors and Auditors thereon (Note 5).

2. To approve the payment of Single Tier Final Dividend of 5 sen per ordinary share in respect of the financial year ended 31 March 2014. **Resolution 1**

3. To approve the payment of Directors' fees amounting to RM397,000 for the financial year ended 31 March 2014. **Resolution 2**

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

   a) Mr Lim Kim Long **Resolution 3**

   b) Mr Raymond Wong Kwong Yee **Resolution 4**

5. To re-elect the following Directors who are retiring under Article 101 of the Company's Articles of Association, and being eligible, have offered themselves for re-election:-

   a) Mr Cheong Kee Yoong **Resolution 5**

   b) Datuk Seri Panglima Sulong Bin Matjeraie **Resolution 6**

6. To re-appoint Messrs. Deloitte (formerly known as Messrs. Deloitte KassimChan) as Auditors to hold office until the conclusion of the next AGM at a remuneration to be fixed by the Directors. **Resolution 7**

SPECIAL BUSINESS

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

7. Authority to Issue Shares Pursuant to Section 132D of the Companies Act, 1965 (Note 6) **Resolution 8**

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

8) Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions (Note 7) **Resolution 9**

"That subject always to the Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and/or its subsidiary companies to enter into the categories of recurrent transactions of a revenue or trading nature and with those Related Parties as specified in Section A of the Circular to Shareholders dated 3 September 2014 subject further to the following:

i. that the transactions are in the ordinary course of business and are on terms that are not more favourable to the Related Parties than those generally available to the public and are not detrimental to the minority shareholders of the Company;

ii. that the transactions are made on an arm's length basis and on normal commercial terms; and

iii. that disclosure shall be made in the Annual Report of a breakdown of the aggregate value of all transactions conducted pursuant to the Proposed Shareholders' Mandate during the financial year, based on the following information: -

- the type of the Recurrent Related Party Transactions made; and
- the names of the Related Parties involved in each type of the Recurrent Related Party Transactions entered into and their relationships with the Company.

iv. that such approvals shall only continue to be in force until: -

- the conclusion of the next AGM of the Company following this AGM at which such mandate is passed, at which time it will lapse, unless by a resolution passed at such AGM whereby the authority is renewed;
- the expiration of the period within which the next AGM of the Company after that date is required to be held pursuant to Section 143(1) of the Companies Act, 1965 ("CA") (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of CA); or
- revoked or varied by resolution passed by the shareholders in general meeting, whichever is the earlier.

9) Proposed Amendments to the Articles of Association of the Company (Note 8) **Resolution 10**

"THAT the amendments to the existing Articles of Association of the Company as proposed and set forth under Section B of the Circular to Shareholders dated 3 September 2014 be and are hereby approved and adopted by the Company, and that the Directors of the Company be and are hereby authorized to do all acts and things and take all such steps as they may consider necessary and/or desirable to give full effect to the amendments to the Articles of Association of the Company."

FURTHER NOTICE IS HEREBY GIVEN THAT for the purpose of determining a member who shall be entitled to attend the Thirty-Third (33rd) AGM, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. in accordance with Article 58(A) of the Company's Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act 1991, to issue a General Meeting Record of Depositors as at 18 September 2014. Only a depositor whose name appears on the Record of Depositors as at 18 September 2014 shall be entitled to attend the said meeting or appoint a proxy to attend and vote on such depositor's behalf.

NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS ALSO HEREBY GIVEN THAT subject to the shareholders' approval for the payment of Single Tier Final Dividend of 5 sen per ordinary share in respect of the financial year ended 31 March 2014 ("Dividend") under Resolution 1 at the Thirty-Third (33rd) AGM of the Company on 25 September 2014 the Dividend will be paid to the shareholders on 31 October 2014. The entitlement date for the Dividend shall be 10 October 2014.

A depositor shall qualify for the entitlement only in respect of: -

a) shares deposited into the Depositor's Securities Account before 12:30 p.m. on 8 October 2014 (in respect of shares which are exempted from Mandatory Deposit);

b) shares transferred into the Depositor's Securities Account before 4:00 p.m. on 10 October 2014 (in respect of ordinary transfer); and

c) shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

By Order of the Board of Directors

Lim Kui Suang (MAICSA 0783327)
Paul Ignatius Stanislaus (MACS 01330)
Secretaries

Klang, Selangor Darul Ehsan
Date: 3 September 2014

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/her behalf. A proxy shall be in writing (in the common seal or usual form) under the hand of appointer or of his attorney duly authorized in writing, or, if the appointer is a corporation, either under seal or under the hand of an officer or attorney duly authorized. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.

2. A member shall be entitled to appoint one (1) proxy to attend and vote at the meeting.

3. Where a member appoints more than one (1) proxy the appointment shall be invalid.

4. The instrument appointing a proxy must be deposited at the Registered Office of the Company at No 9, Jalan Bayu Tinggi 2A/KS6, Taipan 2, Batu Unjur, 41200 Klang, Selangor Darul Ehsan not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.

5. <u>Directors' Report, Audited Financial Statements and Auditors' Report</u>

   Agenda No 1 is meant for discussion only. The provision of Section 169 of the Companies Act, 1965 and the Articles of Association of the Company require that the Audited Financial Statements and the Reports of the Directors and Auditors thereon be laid before the Company at its AGM. Hence, this Agenda item is not a business which requires a resolution to be put to vote by shareholders.

6. <u>Authority to issue Shares pursuant to Section 132D of the Companies Act, 1965.</u>

   The proposed Ordinary Resolution 8, is proposed for the purpose of granting a renewed general mandate for issuance of shares by the Company under Section 132D of the Act. The Ordinary Resolution 8, if passed, will give the Directors of the Company authority to issue ordinary shares in the Company at any time in their absolute discretion without convening a General Meeting. The authorisation, unless revoked or varied by the Company at a General Meeting, will expire at the conclusion of the next AGM of the Company.

   The Company had, at the Thirty-Second (32^{nd}) AGM held on 26 September 2013, obtained its shareholders' approval for the general mandate for issuance of shares pursuant to Section 132D of the Companies Act, 1965 ("the Act"). The Company did not issue any new shares pursuant to this mandate obtained as at the date of this notice. The Ordinary Resolution 8 proposed under item 6(a) of the Agenda is a renewal of the general mandate for issuance of shares by the Company under Section 132D of the Act item 7. At this juncture, there is no decision to issue new shares. If there should be a decision to issue new shares after the general mandate is obtained, an announcement will be made by the Company in respect of the purpose and utilisation of proceeds arising from such issue.

   The general mandate if granted will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for the purpose of funding future investment project, working capital and/or acquisition.

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

   The proposed Resolution 9, if passed, will authorize the Company and/or its subsidiary companies to enter into recurrent related party transactions of a revenue or trading nature. This authority will, unless revoked or varied by the Company in General Meeting, expire at the next AGM of Company. Please refer to Section A of the Circular to Shareholders dated 3 September 2014 for more information.

8. Proposed Amendments to the Company's Articles of Association

   The proposed Resolution 10, if passed, will streamline the Company's Articles of Association with the provisions of the Act and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

   Please refer to the Section B of the Circular to Shareholders dated 3 September 2014, which is dispatched together with the Company's Annual Report 2014, for more information.

STATEMENT ACCOMPANYING **NOTICE OF ANNUAL GENERAL MEETING**

PURSUANT TO PARAGRAPH 8.28(2) OF THE LISITNG REQUIREMENTS OF THE BURSA MALAYSIA SECURITIES BERHAD

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

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

   (ii) Mr Raymond Wong Kwong Yee, pursuant to Articles 95 and 96 of the Company's Articles of Association.

   (iii) Mr Cheong Kee Yoong, pursuant to Article 101 of the Company's Articles of Association.

   (iv) Datuk Seri Panglima Sulong Bin Matjeraie, pursuant to Article 101 of the Company's Articles of Association.

2. The details of the four (4) Directors seeking re-election and/or re-appointment are set out in the Directors' Profile from pages 9 to 13 and the Directors' Shareholdings in the Company on page 49 of the Annual Report.

PROXY FORM

Southern Acids (M) Berhad
Company No. 64577-K
(Incorporated in Malaysia)

I/We, ____
(Full name and NRIC No./Company No. in block letters)

of ____
(Full address in block letters)

being a member(s) of Southern Acids (M) Berhad hereby appoint ______________________________

____
(Full name and NRIC No. in block letters)

of ____
(Full address in block letters)

or failing him/her, ____
(Full name and NRIC No. in block letters)

of ____
(Full address in block letters)

or failing him/her, the Chairman of the meeting, as my/our proxy to vote for me/us on my/our behalf at the Thirty-Third (33rd) Annual General Meeting ("AGM") of Southern Acids (M) Berhad ("the Company") to be held on Thursday, 25 September 2014 at 10:00 a.m., and at any adjournment thereof in respect of my/our holdings of shares in the manner indicated below: -

No.	Resolutions	For	Against
	To receive the Audited Financial Statements for the financial year ended 31 March 2014 together with the Reports of the Directors and Auditors thereon.	–	–
1	To approve the payment of Single Tier Final Dividend of 5 sen per ordinary share in respect of the financial year ended 31 March 2014.		
2	To approve the payment of Directors' fees amounting to RM397,000 for the financial year ended 31 March 2014.		
3	To re-elect Lim Kim Long as Director of the Company in accordance with Articles 95 and 96 of the Company's Articles of Association.		
4	To re-elect Raymond Wong Kwong Yee as Director of the Company in accordance with Articles 95 and 96 of the Company's Articles of Association.		
5	To re-elect Cheong Kee Yoong as Director of the Company in accordance with Article 101 of the Company's Articles of Association.		
6	To re-elect Datuk Seri Panglima Sulong Bin Matjeraie as Director of the Company in accordance with Article 101 of the Company's Articles of Association.		
7	To re-appoint Messrs. Deloitte (formerly known as Messrs. Deloitte KassimChan) as Auditors to hold office until the conclusion of the next AGM at a remuneration to be fixed by the Directors.		
8	To approve the Authority to issue Shares pursuant to Section 132D of the Companies Act, 1965.		
9	To approve the Renewal of Shareholders' Mandate for Recurrent Related Party Transactions.		
10	To approve the Amendments to the Company's Articles of Association.		

(Please indicate with (X) in the appropriate box whether you wish your vote to be cast for or against the resolution. In the absence of specific direction, your proxy will vote or abstain as he/she thinks fits.)

Dated this ________________ day of ________________________ 2014

Number of Shares held

CDS Account No.

Signature/Common Seal of Shareholder(s)

MEMBERS ENTITLED TO ATTEND

For purpose of determining a member who shall be entitled to attend the AGM, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd., in accordance with Article 58(A) of the Company's Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act 1991, to issue a General Meeting Record of Depositors as at 18 September 2014. Only a depositor whose name appears on the General Record of Depositors as at 18 September 2014 shall be entitled to attend the said meeting or appoint a proxy to attend and vote on such depositor's behalf.

NOTES:

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5. Directors' Report, Audited Financial Statements and Auditors' Report

   Agenda No 1 is meant for discussion only. The provision of Section 169 of the Companies Act, 1965 and the Articles of Association of the Company require that the Audited Financial Statements and the Reports of the Directors and and Auditors thereon be laid before the Company at its AGM. Hence, this Agenda item is not a business which requires a resolution to be put to vote by shareholders.

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STAMP

The Company Secretary

SOUTHERN ACIDS (M) BERHAD (Company No.: 64577-K)
9, Jalan Bayu Tinggi 2A/KS6
Taipan 2, Batu Unjur
41200 Klang
Selangor Darul Ehsan
Malaysia

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Southern Acids (M) Berhad (64577-K)

Level 29, Centro Tower,
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41300 Klang
Selangor Darul Ehsan
Malaysia

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