Southern Acids (M) Berhad

Company No. 64577-K
(Incorporated in Malaysia)

ANNUAL REPORT 2015

CONTENTS

BOARD OF DIRECTORS

Datuk Seri Panglima Sulong Bin Matjeraie
Independent Non-Executive Chairman

Dr. Nick Low (Dr. Low Kok Thye)
Managing Director

Lim Kim Long
Non-Independent Executive Director

Chung Kin Mun
Senior Independent Non-Executive Director

Tan Sri Dato' Low Boon Eng
Non-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

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

Managing Director	-	Dr. Nick Low
Executive Director	-	Lim Kim Long
Chief Financial Officer	-	Cheong Kee Yoong

Oleochemical Division

Chief Operating Officer	-	Tiong Chuu Ling

Plantation & Milling Division

General Manager	-	Lee Choo Chai

Healthcare Division

Hospital Director	-	Tan Suet Guan

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 : 03-7849 0777
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
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

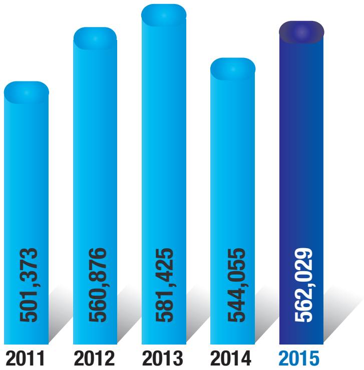
Public listed company limited by shares

COUNTRY OF INCORPORATION AND DOMICILE

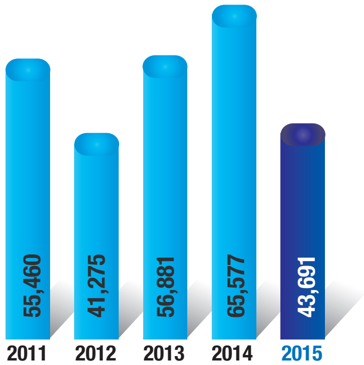
Malaysia

5-YEAR **FINANCIAL SUMMARY**

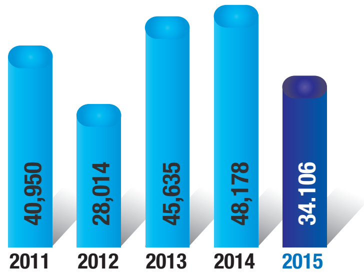
	2011	2012	2013	2014	**2015**
Financial Performance (RM'000)					
Revenue	501,373	560,876	581,425	544,055	**562,029**
Profit before tax	55,460	41,275	56,881	65,577	**43,691**
Profit for the year	40,950	28,014	45,635	48,178	**34,106**
Financial Position (RM'000)					
Total assets	506,564	512,004	549,359	583,635	**604,922**
Total liabilities	57,690	60,804	66,604	68,472	**65,847**
Net current assets	158,450	159,258	192,415	217,322	**211,364**
Equity attributable to shareholders of SAB	418,388	420,584	446,783	474,571	**493,392**
Issued share capital	136,934	136,934	136,934	136,934	**136,934**
Net assets	448,874	451,200	482,755	515,163	**539,075**
Key Figures					
Earnings per share - (sen)	21.44	14.55	26.74	28.06	**20.10**
Dividend per share (net) - (sen)	6.00	5.00	5.00	5.00	**5.00**
Net assets per share attributable to shareholders of SAB (RM)	3.06	3.07	3.26	3.47	**3.60**



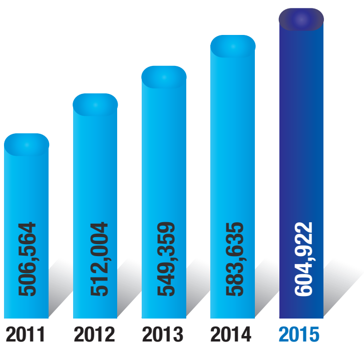
REVENUE
(RM'000)



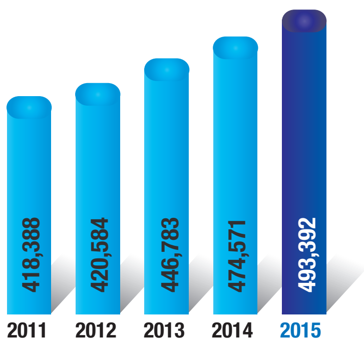
PROFIT BEFORE TAXATION
(RM'000)



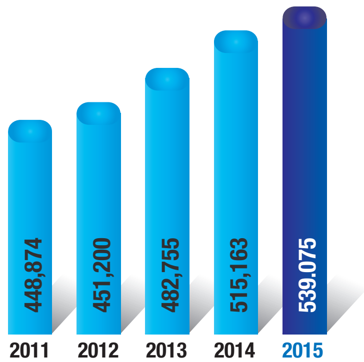
PROFIT FOR THE YEAR
(RM'000)



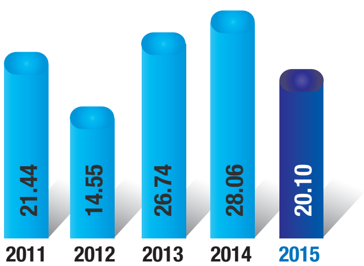
TOTAL ASSETS
(RM'000)



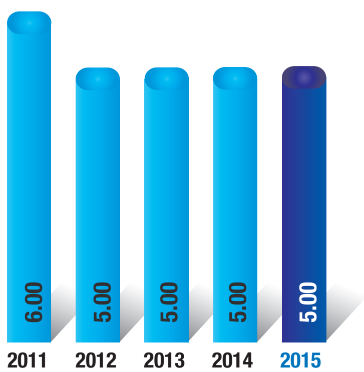
SHAREHOLDERS' EQUITY
(RM'000)



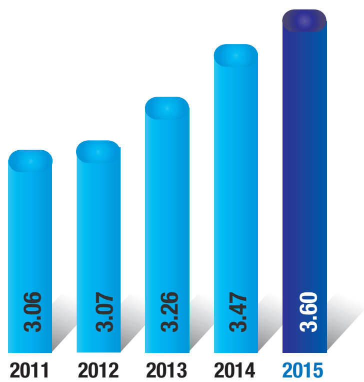
NET ASSETS
(RM'000)



EARNINGS / (LOSS) PER SHARE
(Sen)



DIVIDEND PER SHARE (NET)
(Sen)



NET ASSETS PER SHARE
(RM)

Southern Acids (M) Berhad

Company No. 64577-K
(Incorporated in Malaysia)


HEALTHCARE
PLANTATION & MILLING
OLEOCHEMICAL
WAREHOUSING & CONVEYING

BOARD OF **DIRECTORS**

TEO LENG | MOHD. HISHAM BIN HARUN | TAN SRI DATO' LOW BOON ENG | DR. NICK LOW

DATUK SERI PANGLIMA SULONG BIN MATJERAIE

LIM KIM LONG

CHUNG KIN MUN

LEONG SO SEH

RAYMOND WONG KWONG YEE

DATUK SERI PANGLIMA SULONG BIN MATJERAIE

Independent Non-Executive Director
Aged 69; Malaysian
- **Chairman of the Board of Directors**

Datuk Seri Sulong was appointed to the Board of Southern Acids (M) Bhd ("SAB Board") on 6 August 2014 and subsequently appointed as Independent Non-Executive Chairman on 15 July 2015. Other than directorship in SAB, he is also the Independent Non-Executive Chairman of Petra Energy Berhad and Ho Hup Construction Company Berhad, and Independent Non-Executive Director of Brahim's Holdings Berhad.

Datuk Seri Sulong, who has more than thirty (30) years of legal and judicial experience, was a Federal Court Judge before his retirement in 2013.

He was 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. His appointment has been extended for a maximum period of another two (2) years till 9 February 2017.

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 the financial year ended 31 March 2015 ("FY2015"), Datuk Seri Sulong attended four (4) out of four (4) SAB Board of Directors' Meetings.

DR. NICK LOW (DR. LOW KOK THYE)

Managing Director
Aged: 36; Malaysian

Dr. Nick Low was appointed to SAB Board on 15 July 2015. Other than directorship in SAB and a director of certain subsidiaries of SAB, he is also a director of several private companies.

He holds a Diploma in Medical Sciences from International Medical University, a MBA from Open University Malaysia and a Bachelor of Medicine & Bachelor of Surgery from The University of Auckland, New Zealand.

From 2012 to 2015, Dr. Nick Low was involved in the strategic management of an oil palm plantation development project with its grounds in the province of Kalimantan Timur, Indonesia. Dr Nick Low is a director of the oleochemical making and tertiary healthcare hospital operating subsidiaries of SAB. He is also a board member of the two (2) Indonesian incorporated estates and palm oil mill operating subsidiaries of SAB. Additionally, Dr. Nick Low is a director of Kumpulan Klinik Medijaya Sdn Bhd with its small chain of owned and managed primary healthcare (general practice) clinics.

Dr. Nick 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 104 to 109 of this AR.

His father, Tan Sri Dato' Low is the Non-Independent Non-Executive Director of SAB.

During FY2015, Dr. Nick Low has not attended any SAB Board of Directors' meeting as he was appointed after the financial year.

LIM KIM LONG

Non-Independent Executive Director
Aged 55; 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 104 to 109 of this AR.

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

During FY2015, Mr. Lim attended all six (6) of SAB Board of Directors' Meetings.

CHUNG KIN MUN

Senior Independent Non-Executive Director
Aged 48; 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 the Main Market of Bursa Malaysia Securities Berhad.

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

During FY2015, Mr. Chung attended all six (6) of SAB Board of Directors' Meetings.

TAN SRI DATO' LOW BOON ENG

Non-Independent Non-Executive Director
Aged 65; Malaysian

Tan Sri Dato' Low was appointed to SAB Board on 10 August 2005. He was the Chairman of SAB since 1 May 2010 until he was re-designated to Non-Independent Non-Executive Director on 15 July 2015. The re-designation was to comply with the recommendation as set out in the Malaysia Code of Corporate Governance ("MCCG") 2012. Other than directorship in SAB 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 forty (40) years in operations and management of oil palm plantation, palm oil milling, renewable energy and downstream activities.

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 AR.

He is also deemed to be interested in certain related party transactions with SAB and certain subsidiaries as disclosed on page 104 to 109 of this AR.

His son Dr. Nick Low is the Managing Director ("MD") of SAB.

During FY2015, Tan Sri Dato' Low attended three (3) out of six (6) SAB Board of Directors' Meetings.

MOHD. HISHAM BIN HARUN

Non-Independent Non-Executive Director
Aged 47; Malaysian

Encik Mohd. Hisham was appointed to SAB Board on 10 August 2005. He was the Independent Non-Executive Director since his appointment date until he was re-designated to Non-Independent Non-Executive Director on 6 August 2014. 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 FY2015, Encik Hisham attended five (5) out of six (6) SAB Board of Directors' Meetings.

LEONG SO SEH

Independent Non-Executive Director
Aged 63; 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 FY2015, Madam Leong attended all six (6) of SAB Board of Directors' Meetings.

TEO LENG

Independent Non-Executive Director
Aged 63; Malaysian
- **Member of Audit & Governance Committee**

Mr. Teo was appointed to 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 which is listed on the Main Market of Bursa Malaysia Securities Berhad 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 FY2015, Mr. Teo attended all six (6) of SAB Board of Directors' Meetings.

RAYMOND WONG KWONG YEE

Non-Independent Non-Executive Director
Aged 45; Malaysian
- **Member of Audit & Governance Committee**
- **Member of Nomination & Remuneration Committee**

Mr. Wong was appointed to 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 FY2015, Mr. Wong attended all six (6) of SAB Board of Directors' Meetings.

KEY DAY-TO-DAY OPERATING **BUSINESS MANAGEMENT TEAM**

1 **Dr. Nick Low**
Managing Director

2 **Lim Kim Long**
Executive Director

3 **Cheong Kee Yoong**
Chief Financial Officer

4 **Alex Chan Choon Hoong**
Director In-Lead
(Warehousing & Conveying Division)

5 **Tan Suet Guan**
Hospital Director
(Healthcare Division)

6 **Tiong Chuu Ling**
Chief Operating Officer
(Oleochemical Division)

7 **Lee Choo Chai**
General Manager
(Plantation & Milling Division)

**Dear Shareholders,
On behalf of SAB Board,
I am pleased to present to
you the AR of the Company
and its subsidiaries
("Southern Acids") for FY2015**

FINANCIAL PERFORMANCE

Despite a marginal 3.3% drop in revenue to RM562.0 million in FY2015 compared to financial year ended 31 March 2014 ("FY2014"), Southern Acids recorded lower Profit Before Taxation ("PBT") of RM43.7 million in FY2015, a decrease of 33.4% compared to FY2014. Out of the amount, RM9.0 million was contributed by other income.

Plantation & Milling Division is the major contributor of 54.2% to Southern Acids' bottom line followed by 21.3% and 20.7% from Healthcare Division and Oleochemical Division respectively. The combined results from these three (3) business divisions contribute more than 90.0% of Southern Acids' PBT.

The operating results translated into earnings per share of 20.1 sen per ordinary share for FY2015, compared to 28.1 sen per ordinary share for FY2014. Net asset per share attributable to equity holders of the Company has increased by 13.4 sen to RM3.6 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 pay-out of RM6,846,707 in respect of FY2015. 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 28 August 2015.

The recommended pay-out amount represents a total distribution of approximately 24.9% the net profits attributable to shareholders of the Company. Despite lower profits recorded in FY2015, the proposed pay-out percentage of 24.9% is higher than 17.8% paid for FY2014.

OVERVIEW OF MALAYSIA ECONOMY

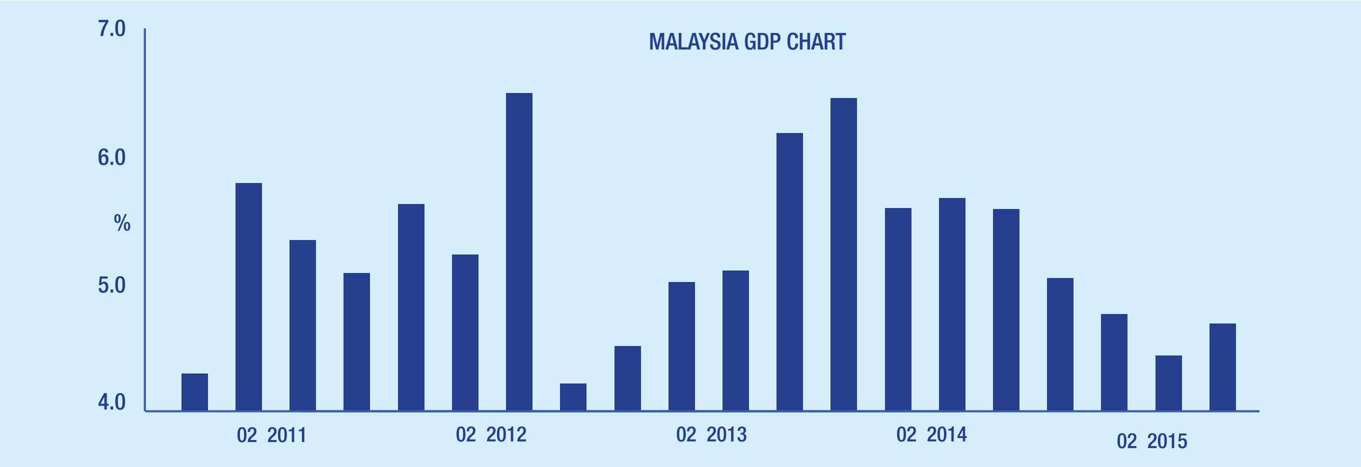
In the first quarter of 2015, GDP expanded 5.6% over the same period of the previous year. The figure marked a slight acceleration compared to the 5.7% growth tallied in Q4 (previously reported: +5.8%) and overshot the 5.5% rise that the markets had expected. The Department of Statistics indicated that the result was driven by strong demand and fixed capital formation growth. In quarterly terms, seasonally adjusted GDP increased 1.2%, decelerating from Q4's 1.8%.

On the domestic front, private consumption grew a significant 8.8% in Q1, which was even more robust than the 7.6% increase recorded in Q4 (previously reported: +7.8%), and marked the highest reading in six quarters. The increase in private consumption was driven by solid spending on food and beverages, transportation and communication. Gross fixed investment growth saw a jump from 4.3% in Q4 to 7.9% in the first quarter of 2015.

In the external sector, exports of goods and services declined 0.6% in Q1, contrasting the 1.9% increase in Q4 (previously reported: +1.5%) and marking the slowest pace of growth in seven quarters. Imports grew 1.0% in Q1, which marked a deceleration from the 2.6% increase recorded in the previous quarter. Consequently, the external sector's net contribution to overall growth fell from Q4's minus 0.8% to minus 1.1% in Q1.

The government projects GDP growth of 4.5%–5.5% for 2015. FocusEconomics Consensus Forecast panellists expect GDP to grow 4.8% in 2015, which is unchanged from last month's projection. For 2016, the panel expects economic growth of 5.1%.

Source: Robert Hill, Economist with FocusEconomics (article dated 15 May 2015)



Note: Year-on-year changes of GDP in %. *Source: Department of Statistics Malaysia (DSM) and FocusEconomics Consensus Forecast.*

INDUSTRY OUTLOOK AND PROSPECTS

The prospect of Southern Acids in the current financial year ending 31 March 2016 ("FY2016") will remain challenging as witnessed in the last FY2015. Our Company is not spared from external uncontrollable factors as follow:-

- uncertainty and volatility in CPO prices and currency exchange rate of USD/MYR as well as MYR/IDR;
- unpredictable weather conditions;
- changes in relevant government regulations/policies such as biodiesel mandate and export tariff; and
- keen competition in international markets.

However, the industry may be looking at some relief based on the report issued by the research arm of Public Investment Bank Bhd ("Public Invest Research") which was made available on MPOC website, Palm Oil News dated 5 June 2015.

It is reported that the plantation sector is expected to witness a recovery in the second half of the year (2H15), boosted by a rebound in crude palm oil (CPO) prices. The recovery of the plantation sector will also be driven by better export demand and potential development of the El Nino phenomena.

The research firm believed that the CPO price has hit the bottom and further downside movement was unlikely. Thus, CPO price will likely rebound to RM2,400 per metric tonne (MT) to RM2,450 per MT in 2H15, it said. Nevertheless, Public Invest Research has lowered down slightly its 2016 expectation for CPO to RM2,500 per MT from RM2,550 per MT pending further development.

Against this challenging backdrop, SAB Board will continue to take necessary steps such as cost optimization to maintain its good financial performance.

BOARDROOM

As part of SAB Board recompositioning and in compliance with the recommendation as set out in the MCCG 2012, the following are the changes in SAB Board with effect from 15 July 2015:-

- Re-designation of Tan Sri Dato' Low from Non-Independent Non-Executive Chairman to Non-Independent Non-Executive Director;
- Re-designation of Datuk Seri Sulong from Independent Non-Executive Director to Independent Non-Executive Chairman;
- Appointment of Dr. Nick Low as Company's MD; and
- Resignation of Cheong Kee Yoong as Non-Independent Executive Director. He will remain as the Chief Financial Officer of the Company

The appointment of Dr. Nick Low has the endorsement of the controlling shareholders of the Compoany and it is part of the Cpmpany's long term succession planning. He will be leading the senior management in directing and controlling the Compoany's day to day management of corporate and operations in achieving Company's mission and objectives.

ENTERPRISE RISK MANAGEMENT ("ERM")

Messrs Tricor Roots Consulting Sdn Bhd ('Tricor") has been appointed in FY2014 to review and improve our existing ERM Framework for Southern Acids and eventually 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. The following are the stages of ERM implementation:-

- Conduct of risk awareness training for senior management ('Stage 1");
- Development of CRS for Southern Acids ("Stage 2"); and
- Automation of Risk Management Framework ("Stage 3").

Tricor had successfully implemented Stage 1 and Stage 2 in FY2015 as mentioned in the Section 3 (d) of the Audit & Governance Committee ("AGC") Report.

Stage 3 of the ERM implementation is expected to be completed in FY2016.

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

ACKNOWLEDGEMENT

On behalf of SAB Board, I wish to express my appreciation to our management and staff for their dedication, commitment and effort for another profitable financial year although there was a decline in overall operational profit. With more uncertainties ahead in this volatile market, I trust our management team will able to overcome all the challenges with their respective professional expertise for continuous sustainable growth. All their efforts had contributed to the Company's performance.

SAB Board would like to extend its appreciation to Tan Sri Dato' Low, who has re-designated from Non-Independent Non-Executive Chairman to Non-Independent Non-Executice Director. As serving Chairman of the Company since 1 May 2010, his foresight and guidance have been invaluable to the growth and progress of Southern Acids over the years.

At the same time SAB Board would like to take this opportunity to welcome our new MD, Dr. Nick Low. I am confident that Dr. Nick Low who has been exposed to many areas of operation within the Southern Acids will able to set a strategic direction for SAB, meeting the needs of employees, customers, investors and communities. I also believe that Dr. Nick Low is dedicated, smart and visionary, together with his management team will lead the Company to greater heights.

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 unwavering support and confidence in the Company.

Thank you.

DATUK SERI PANGLIMA SULONG BIN MATJERAIE
Chairman

In line with the Corporate Disclosure Guide, Chapter 6 which was introduced by Bursa Securities in July 2012, Southern Acids is presenting the MDA to the shareholders with the aim to provide a better understanding of its businesses, operations and financial position.

A. AN OVERVIEW OF THE GROUP'S BUSINESSES, OPERATIONS REVIEW AND OUTLOOK & PROSPECTS

Southern Acids has four (4) core business divisions:-

- Oleochemical
- Plantation & Milling
- Healthcare
- Warehousing & Conveying

A. AN OVERVIEW OF THE GROUP'S BUSINESSES, OPERATIONS REVIEW AND OUTLOOK & PROSPECTS (cont'd)

Oleochemical Division

The Oleochemical Division is operated through our wholly owned subsidiary Southern Acids Industries Sdn Bhd ("SAI"). The division is principally involved in the manufacturing and marketing of fatty acids and glycerine products. Our oleochemical plant is located in Kapar, Klang and has an annual capacity of about 100,000 MT.

SAI is ISO 9001:2008 certified. Additionally, the division complies to the CLASS Act 2013 (Classification, Labelling and Safety Data Sheet of Hazardous Chemical) which comes into effect in April 2015; and in line with its commitment to the Roundtable on Sustainable Palm Oil, SAI is also RSPO certified. SAI is currently working towards complying with the Contaminated Land Management Guidelines & Motor Vehicles (Dangerous Goods) Rules, and the latest Clean Air Act 2014.

Today, our oleochemical products are mainly exported to overseas countries. These include Asean countries, America, Japan, India, countries in Europe and Middle East.

Operations Review

During FY2015, our plant operated at near full capacity. The short term aim going forward is for this to continue.

The Oleochemical Division revenue was 2.4% higher at RM349.9 million in FY2015 against the RM341.8 million recorded in FY2014, mainly driven by a 6.1% increase in fatty acids average selling price. In spite of the higher sales, PBT for FY2015 was 67.6% lower compared to FY2014 mainly due to higher productions costs and lower other income in FY2015 vis-à-vis FY2014.

Outlook & Prospects

We expect the operating conditions going into FY2016 to be tough. The economic impact from the Grexit crisis and the weakening momentum in the world's second-largest economy, China may adversely affect demand. Nevertheless, we expect the division to continue operating at near full capacity in FY2016. To maintain its competitiveness in what is proving to be a very difficult market and expected to be more so in the coming years, the management is stepping up to increase the plant's production efficiency and looking at ways to achieve better costs efficiency company wide. This will include the upgrading and automating of some of the plant processes and in the longer term, may include the expansion of this business division; adding to the existing production capacity and/or expanding on our product ranges to cater to the market diverse requirements. These, if undertaken will require detailed evaluation and feasibility studies. The competitive advantage enjoyed by the Indonesia's downstream operators from better export tariff still exist and if this continues into FY2016 will add to the division's already many challenges. The weakening MYR against USD and most other major currencies coupled with the volatility in the exchange fluctuation will require disciplined monitoring from the back office end.

Nevertheless, we still expect for the division to continue to contribute positively and significantly to the bottom line of Southern Acids. We have the long years in the industry, a strong customers' base and our reputation as a quality oleochemical producer on our side.

A. AN OVERVIEW OF THE GROUP'S BUSINESSES, OPERATIONS REVIEW AND OUTLOOK & PROSPECTS (cont'd)

Plantation & Milling Division

The Plantation & Milling business is operated through our subsidiaries in Indonesia; PT Mustika Agro Sari (PTMAS) and PT Wanasari Nusantara (PTWan).

PTMAS and PTWan are registered with the Indonesian Sustainable Palm Oil System (ISPO) governing body and are working towards obtaining full certification in FY2016.

The two (2) subsidiaries have a total land bank of about 8,222.0 hectares of land in the Province of Riau, Sumatera, Indonesia. Of these, 3,759.5 hectares and 617.3 hectares are planted with matured and immature oil palm trees. In FY2016, an area of approximately 800 hectares is expected to be replanted as part of the Group's overall replanting programme.

PTMAS owns and operates a 45MT per hour palm oil mill ("POM"). About 47% (FY2014: 51%) of its fresh fruits bunches ("FFB") requirement are supplied from its own internal estates and PT Wan estates. PTWan is now at the tail end of constructing a new 60MT per hour POM. The POM is expected to begin commercial production in the third quarter of FY2016. The plans going forward will be for the respective POMs FFB requirements to be supplied by their own estates. Shortfall, on the other hand will be sourced from surrounding estates.

In West Malaysia, Pembinaan Gejati Sdn Bhd, has a land bank of about 260.8 hectares in Jalan Kebun, Klang. Of these, 126.5 hectares and 104.4 hectares are matured and immature oil palm trees.

Operations Review

The Plantation & Milling Division's revenue was 6.9% lower at RM106.0 million in FY2015 compared to the RM113.9 million in FY2014, affected mainly by a 6.3% reduction in sales volume. PBT was 31.3% lower at RM23.7 million against the RM34.4 million recorded in FY2014. The lower profit was mainly because of an 8.3% increase in CPO and PK production cost brought about mainly by higher manuring cost and the lower percentage of FFB processed from internal estates in FY2015 vis-à-vis FY2014. This is further compounded by the lower sales volume in FY2015 vis-à-vis FY2014 explained above.

Outlook & Prospects

We expect the prospects going into FY2016 to be challenging. The replanting programme in Indonesia which started in FY2013 will further reduce the total planted and matured area by approximately 800 hectares in FY2016 and will affect the performance of the Division. CPO price is likely to remain soft for much of FY2016 and if so will dampen the division's results. The division's performance will also hinge on the USD/MYR and MYR/IDR exchange rates and the effects from changes in the Indonesian government rules and regulations. Unpredictable weather conditions could also play havoc with CPO price. These are out of our control. Much of the prospect of this division will also depend on the ability of the management to source sufficient quality external feedstock at reasonable price for the POMs.

Nevertheless, the management expects the division to remain the main contributor to the bottom line of Southern Acids.

A. AN OVERVIEW OF THE GROUP'S BUSINESSES, OPERATIONS REVIEW AND OUTLOOK & PROSPECTS (cont'd)

Healthcare Division

Our medical centre, the Sri Kota Specialist Medical Centre ("Sri Kota") started operations in September 1999. Sri Kota is strategically located in the heart of Klang town and is a 232-bed tertiary level hospital fully equipped with modern facilities. The centre was built to meet the healthcare needs of the local community in and around the Klang area. Sri Kota's core disciplines are Cardiology, Orthopedic and Nephrology.

During FY2015, Sri Kota successfully underwent the Malaysian Society for Quality in Health ("MSQH") Hospital Accreditation Standards 4th Edition Survey (2nd Cycle) and was awarded a full four (4) year accreditation status from 12 November 2014 to 11 November 2018.

Going forward, Sri Kota is committed to support the Management's initiatives to position itself as the private medical centre of choice in Klang. This will entail bringing in more full time consultants to build on its existing core disciplines and the possibility even of introducing new disciplines in order to broaden its revenue base. These, if materialize will involve the investments in new medical equipment and facilities.

Sri Kota is also implementing a new Hospital Information System ("HIS") and this is expected to be commissioned in FY2016.

Operations Review

The Healthcare Division's revenue was 20.5% higher at RM92.1 million in FY2015 compared to the RM76.4 million in FY2014, driven mainly by higher inpatient income from the dengue outbreak. PBT was 167.6% higher at RM9.3 million against the RM3.5 million recorded in FY2014 contributed mainly by the increased business from the dengue outbreak.

Outlook & Prospects

FY2016 revenue and results may be lower especially if the dengue outbreak is contained. Nevertheless, the Hospital is working to bring in more full time consultants to build on its existing core disciplines and the possibility of even introducing new disciplines in order to broaden its revenue base.

Southern Medicare Sdn Bhd which operates the Sri Kota hospital is a GST registered entity. The introduction of GST has made the cost of private healthcare more expensive. It is too early on to see how and if so by how much this will affect the healthcare industry but this predicament affects most other private hospitals so the effects from this are not localised but industry wide.

The management expects the division to contribute positively to the Southern Acids in FY2016.

A. AN OVERVIEW OF THE GROUP'S BUSINESSES, OPERATIONS REVIEW AND OUTLOOK & PROSPECTS (cont'd)

Warehousing & Conveying Division

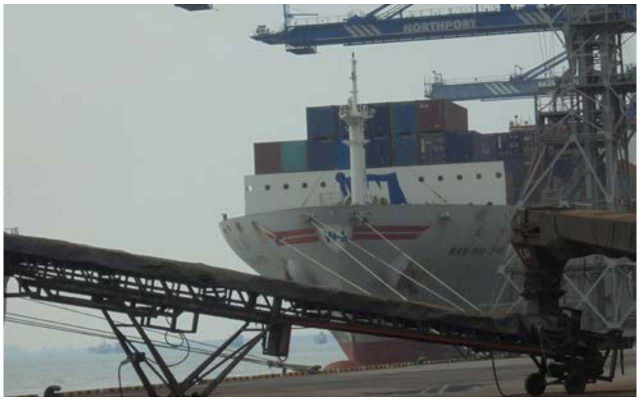
Our Warehousing & Conveying Division is operated through our subsidiaries, PKE (Malaysia) Sdn Berhad and PKE Transport (Malaysia) Sdn Berhad (collectively "PKE"). PKE's Terminal is seated on a piece of land on lease from Northport (Malaysia) Berhad ("NMB"); located directly opposite the deep-water point and anchorage area adjacent to Wharf 15 at North Port, Port Klang. PKE's facilities at the Terminal include a 40,000 metric tonne capacity warehouse which enables the Terminal to handle large quantities of palm kernel expeller ("pke") cargo for multiple customers per shipment and a high capacity warehouse-to-dock conveyor system for fast turnaround loading time of pke onto awaiting vessels.

Operations Review

The division's revenue was 23.2% higher at RM9.4 million in FY2015 compared to RM7.6 million in FY2014. PBT was 50.1% higher at RM4.4 million against the RM3.0 million in FY2014.

Outlook & Prospects

PKE's current lease is due to expire on 15 September 2015. PKE is in active negotiation with NMB to renew the lease and is hopeful of a positive outcome.



B. REVIEW OF FINANCIAL RESULTS

The Table shown below is a summary of the revenue and profit before tax ("PBT")/(loss) before tax ("LBT") of Southern Acids for the respective business divisions for FY2015 and FY2014:-

	FY2015		FY2014		Changes in %	
	Revenue	PBT/(LBT)	Revenue	PBT/(LBT)	Revenue	PBT/(LBT)
	RM'000	RM'000	RM'000	RM'000	%	%
Oleochemical	349,850	9,038	341,788	27,869	2.4%	(67.6%)
Plantation & Milling	106,041	23,660	113,917	34,422	(6.9%)	(31.3%)
Healthcare	92,125	9,306	76,421	3,477	20.5%	167.6%
Warehousing & Conveying	9,386	4,436	7,618	2,955	23.2%	50.1%
Others	4,627	(2,749)	4,311	(3,146)	7.3%	(12.6%)
Southern Acids Level	**562,029**	**43,691**	**544,055**	**65,577**	**3.3%**	**(33.4%)**

Total revenue for FY2015 was marginally higher at RM562.0 million compared to the RM544.1 million recorded in FY2014. PBT, however was much lower at RM43.7 million; 33.4% lower than the RM65.6 million recorded in FY2014.

Earnings per share for FY2015 was lower at 20.1 sen compared to the 28.1 sen in FY2014. Net asset per share attributable to equity holders of the Company has also increased by 13.4 sen to RM3.6 per ordinary share.

The Plantation & Milling Division remains the major contributor still to Southern Acids results; contributing more than 50.0% to its bottom line. The Healthcare Division and Oleochemical Division on the other hand, contribute about 20.0% each. The combined results from these three (3) business divisions contribute to more than 90.0% of Southern Acids' PBT.

C. OTHER MATTERS

(i) Other Income

In FY2015, total other income was 28.3% lower than FY2014. The decrease was mainly due to lower realised foreign exchange gain and a higher unrealised foreign currency forward contract loss.

(ii) Liquidity and Capital Resources

Cash and bank balances, fixed deposits, short-term placements stood at RM154.4 million. With its cash position, Southern Acids will be able to fund its on-going capital expenditure internally e.g. the new 60MT POM in Indonesia and the upgrading of the HIS, and investments in medical equipment and facilities in Sri Kota without the need for outside borrowings.

(iii) Taxation

Income tax expense for Southern Acids for the FY2015 were 44.9% lower compared to FY2014 in line with the lower PBT.

(iv) Treasury policy

Southern Acids policy is to place surplus fund in an interest bearing account with licensed financial institutions and to hedge forward most of its foreign currency receivables on a non-speculative policy.

C. OTHER MATTERS (cont'd)

(v) Funding and liquidity

Southern Acids adopts prudent practices in managing its liquidity risks and maintains an adequate level of liquidity to meet its obligations as they fall due across a wide range of operating circumstances. Save for some trade facilities for the Oleochemical Division, all the other divisions have zero borrowings. Our strong balance sheet and zero borrowings can enable us to gear up easily, if the need arise.

(vi) Capital expenditure

Southern Acids is evaluating and if feasible may commit to the following capital expenditure in FY2016 or the near future:

- **Oleochemical Division**
  Modernization and automation of plant processes;

- **Plantation & Milling Division**
  Proposed replacement of selected capital assets for PTMAS POM;

- **Healthcare Division**
  Upgrade of medical equipment and facilities;

- **Warehousing & Conveying Division**
  Replacement of conveyor.

Approved capital expenditure will be fully funded internally or a combination of both internal funds and borrowings.

D. CHALLENGES GOING FORWARD

We expect the prospects for Southern Acids in FY2016 to be challenging.

The challenges going forward for Southern Acids are:

- the uncertainty and volatility in CPO prices;
- the USD/MYR exchange rate, as well as the MYR/IDR exchange rate;
- the unpredictable weather conditions;
- the changes in relevant government regulations/policies such as biodiesel mandate, export tariff, minimum wages and utilities costs;
- the keen competition in international markets; and
- land lease renewal.

AUDIT & GOVERNANCE COMMITTEE REPORT

AUDIT & GOVERNANCE **COMMITTEE REPORT**

SAB Board is pleased to present the report on AGC for FY2015.

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 fulfill requirements as prescribed in Chapter 15.09(c) of the Listing Requirements ("LR") of Bursa Securities Malaysis Berhad ("Bursa Securities"), with minimum three (3) years of working experience or other requirements as prescribed or approved by Bursa Securities.
- 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.
- 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 programs and processes of investigation, assessment of the results thereon and formulation of remedial action plans, if necessary.

c) Duties and Responsibilities (cont'd)

- 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 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 by AGC and SAB Board.

2. COMPOSITION AND MEETING

a) Composition

AGC comprises 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.

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** (Senior Independent Non-Executive Director)	Chairman	5/5
ii)	**Leong So Seh** (Independent Non-Executive Director)	Member	5/5
iii)	**Teo Leng** (Independent Non-Executive Director)	Member	5/5
iv)	**Raymond Wong Kwong Yee** (Non-Independent Non-Executive Director)	Member	5/5

3. SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR

During FY2015, the following persons/parties were invited for the purposes of briefing and presentation on their respective areas and approval if deemed fit:-

a. Executive Director and Chief Financial Officer

Financial, RPT and Taxation

- Quarterly unaudited interim financial reports including review of RPT;
- Progress report on GST preparation;
- Progress report on Transfer Pricing documentation exercise;
- Progress update on external auditors Emphasis of Matters including liaising with involved relevant parties;
- Recurrent Related Party Transaction ("RRPT") Circular;
- Annual Audited Financial Statement;
- Statements and reports as required for the annual report; and
- Financial presentation to the shareholders for AGM.

Enterprise Risk Management ("ERM")

- Progress report on the ERM programs implementation.

Outsource Internal Audit ("OIA")

- Progress report from the OIA; and
- Proposed internal audit scope of work for the FY2016.

Correspondences with Bursa

- Request to replace Chairman's report with Executive Director's report for the AR of FY2014;
- Submission of draft RRPT Circular for Bursa's approval; and
- Reply to Bursa on the progress of Emphasis of Matters.

b. The OIA, Messrs. Columbus Advisory Sdn Bhd ("Columbus")

During FY2015, Columbus presented three (3) reports as follows to AGC in two (2) separate AGC's meetings:-

- Oleochemical Division; Columbus commenced its work on Oleochemical Division in FY2014 and presented to AGC on 23 July 2014; and
- Plantation & Milling Division and Healthcare Division; Columbus commenced its work on both divisions in FY2015 and presented both reports to AGC on 28 November 2014.

c. External Auditors, Messrs. Deloitte ("Deloitte")

During FY2015, Deloitte met up with AGC in three (3) AGC's meetings. The following were presented by Deloitte and discussed:-

- Presentation of the audit progress before the announcement of the unaudited 4th quarter results to AGC on 29 May 2014;
- Presentation of the annual audited financial statements for approval to AGC on 23 July 2014; and
- Presentation of Audit Planning Memorandum to AGC and a private session with AGC was held on 26 February 2015.

d. ERM Consultant, Messrs. Tricor Roots Consulting Sdn Bhd ("Tricor")

During FY2015, Tricor met up with AGC in two (2) meetings. The following were presented by Tricor and discussed:-

- Presentation of the scope of engagement, stages of implementation and the results of the **Stage 1 – Conduct of Risk Awareness Training for Senior Management** to AGC on 26 August 2014; and
- Presentation of results of **Stage 2 – Development of Corporate Risk Scorecard for SAB** and way forward to AGC on 28 November 2014.

INTERNAL AUDIT FUNCTIONS

The Internal Audit Functions was carried out by OIA, Columbus. OIA supports AGC in the discharge of its duties and responsibilities and reports 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 OIA are articulated in an Internal Audit Charter.

In FY2015, Columbus carried out two (2) assignments on the Plantation & Milling and Healthcare Division and presented three (3) reports as mentioned in Section 3 (b) above. The scope of work which have been agreed and carried out are as follow:-

- Perform a high level review on the operational risks of the auditee Division and interview key management staff for the purpose of deciding on the internal audit focus;
- Perform risk based internal audit for auditee Division;
- Conduct exit meeting with the key management staff for their comment in response to the internal audit findings, including suggested dateline by the management on the agreed areas that require rectification and improvement; and
- Finalise the internal audit report for presentation to AGC.

Total cost incurred for the Internal Audit Functions for FY2015 was RM102,930.

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 of 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 in order 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 had delegated specific functions and responsibilities of SAB Board to two (2) Board Committees namely AGC and Nomination & Remuneration Committee ("NRC") as required by Bursa Securities LR and/or recommendations as set out in MCCG 2012.

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.

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.

PRINCIPLE 1 - ESTABLISH CLEAR ROLES AND RESPONSIBILITIES OF THE BOARD AND MANAGEMENT (CONT'D)

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. Overall Business; the existing employees handbook is in place to ensure the well-being of employees are adequately taken care of;

b. Oleochemical Division; best practices are adopted with regards to the treatment of effluent. In addition this Division is integrating its ISO 9001:2008 system with the new ISO 22000:2005 system; 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 EFB are recycled for mulching in the estates hence no open burning.

d. Healthcare Division; our hospital is accredited with the full four (4) years prestigious MSQH 4th Edition (2nd Cycle) for the period of four (4) years from 12 November 2014 to 11 November 2018.

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 FY2015, SAB Board had engaged the services of the following external professional services:-

- External legal firm's advice on legal matters;
- External tax advisor's advice 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 CRS; and
- External 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 executive director 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 and when necessary.

PRINCIPLE 2 -STRENGTHEN COMPOSITION OF THE BOARD

2.1 Nomination Committee

NRC has three (3) members, comprising two (2) independent non-executive directors and one (1) non-independent non-executive director. The members of the 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 the 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 director due for annual re-election in an AGM;
- Evaluating and recommending the appointment of members to the appropriate Board Committee;
- Reviewing and recommending the appropriate structure, size composition and diversity, which include diversity policy on gender, ethnicity and age 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 and company secretary annually; and
- Evaluate and recommending proposed directors fees for shareholders' approval in an AGM.

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 the NRC. The NRC shall meet at least once during a financial year.

2.4 Summary of NRC Activities

During FY2015, NRC had met three (3) times and the following agendas were deliberated, assessed and recommended to SAB Board for approval:-

- Proposed increase in directors fees for FY2014;
- Proposed appointment of Datuk Seri Sulong as Independent Non-Executive Director for FY2014;
- Proposed re-designation of Mohd Hisham from Independent Non-Executive Director to Non-Independent Non-Executive Director who has served more than nine (9) years from the date of his first appointment on 10 August 2005;
- Updating and revision of the annual evaluation forms for Board, Board Committees, Individual Directors and Independent Director Evaluation for FY2014; and
- Annual assessment of Board, Board Committees, Individual Directors and Independent Directors for FY2014; and

Subsequently between 1 April 2015 and prior to the printing of this AR 2015, NRC had also met twice and the following agendas were deliberated, assessed and recommended to SAB Board for approval:-

- Proposed appointment of Dr. Nick Low as MD ;
- Directors due for re-election in the forthcoming AGM;
- Updating the annual evaluation forms for Board, Board Committees, Individual Directors and Independent Director Evaluation for FY2014;
- Assessment of Board, Board Committees, Individual Directors, Evaluation of Independent Directors and Company Secretary for FY2015;
- Proposed directors fees for FY2015; and
- Proposed Datuk Seri Sulong as the new Independent Chairman in compliance with high corporate governance practice adopted by the Board.

The aggregate directors' remuneration paid and payable to SAB Board for FY2015, are categorised into the following components and bands:

	Fee RM	Salary RM	Allowance RM	Total RM
Executive Director	90,000	854,172	22,400	966,572
Non-Executive Director	344,342	-	63,200	407,542
Total	**434,342**	**854,172**	**85,600**	**1,374,114**

	No of Directors		
	Executive	Non-Exec	Total
RM1 to RM50,000	-	2	2
RM50,001 to RM100,0 00	-	5	5
RM300,001 to RM350,000	1	-	1
RM600,001 to RM650,000	1	-	1
Total	**2**	**7**	**9**

PRINCIPLE 3 - REINFORCE INDEPENDENCE OF THE BOARD

3.1 Annual assessment of independence

The 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 by case basis before arriving at its decision.

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

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

3.4 Separation of positions of the Chairman and the MD 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 MD.

There is a clear division of responsibility between the Chairman and the MD 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 MD to monitor performance and oversees the implementation of strategies.

3.5 Board Composition and Balance

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

A brief profile of each Director is presented on pages 10 to 14 of this AR.

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

On 15 July 2015, Datuk Seri Sulong has been re-designated from Independent Non-Executive Director to Independent Non-Executive Chairman of the Company. With the re-designation, the Company comply with the recommendation 3.5 as set out in the MCCG 2012.

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 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** (Non-independent Non-Executive Chairman and re-designated to Non-Independent Non-Executive Director on 15 July 2015)	3/6
2.	**Lim Kim Long** (Non-Independent Executive Director)	6/6
3.	**Cheong Kee Yoong** (Non-Independent Executive Director and resigned on 15 July 2015)	6/6
4.	**Chung Kin Mun** (Senior Independent Non-Executive Director)	6/6
5.	**Mohd. Hisham Bin Harun** (Non-Independent Non-Executive Director)	5/6
6.	**Leong So Seh** (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 and re-designated to Independent Non-Executive Chairman on 15 July 2015)	4/4
10.	**Dr. Nick Low** (appointend as MD on 15 July 2015)	n/a

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 the SAB Board that they are able to devote sufficient time to carry out their responsibilities prior to accepting directorships in other company.

4.2 Directors' Continuing Education Programmes

All Directors had attended and completed the Mandatory Accreditation Programme as required under the Bursa Securities LR. The 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	• Risk Awareness Training	24 Apr 2014
2.	Lim Kim Long	• Risk Awareness Training	24 Apr 2014
		• Corporate Governance Symposium	29-30 Apr 2014
		• Round Table Discussion on Economic & Market Analysis	23 May 2014
		• Risk Facilitation Workshop 1	21 Jul 2014
		• CEO Forum 2014: Surviving the next global financial crisis	24 Sep 2014
		• Risk Facilitation Workshop 2	6 Nov 2014
		• 10th Indonesia Palm Oil Conference & 2015 Price Outlook	25-26 Nov 2014
3.	Cheong Kee Yoong	• Risk Awareness Training	24 Apr 2014
		• Audit Committee Risk Management & Internal Control Workshop	5 Jun 2014
		• Corporate Governance Statement Reporting Workshop	25 Jun 2014
		• Risk Facilitation Workshop 1	21 Jul 2014
		• Citibank Berhad for Citi Mini Bourse	4-7 Sep 2014
		• Nominating Committee Programme	15 Oct 2014
4.	Chung Kin Mun	• Risk Awareness Training	24 Apr 2014
		• Advocacy Sessions on Corporate Disclosure For Directors	6 May 2014
		• Appreciation & Application of ASEAN Corporate Governance Scorecard	21 Aug 2014
5.	Mohd Hisham Bin Harun	• International Seminar on "Penghayatan Wasatiyyah Dalam Kerangka Maqasid Syariah"	8-10 Apr 2014
		• Risk Awareness Training	24 Apr 2014
		• Islamic Finance News Asia Forum 2014	25-26 May 2014
		• 5S Talk Programme	7 Aug 2014
		• Corporate Governance Statement Reporting Workshop	19 Aug 2014
		• MIA Conference 2014	4-5 Nov 2014
		• Creanova Lean 2015	17 Mar 2015
		• Learning & Development Conference 2015	31 Mar 2015
6.	Leong So Seh	• Risk Awareness Training	24 Apr 2014
		• Advocacy Sessions on Corporate Disclosure For Director	6 May 2014
7.	Teo Leng	• Risk Awareness Training	24 Apr 2014
		• ASEAN Corporate Governance Scorecard : Overview & Findings	27 Aug 2014
		• Reach & Remind Friends of The Industry Seminar 2015 & Dialogue	12 Feb 2015
		• Price Outlook Conference 2015/2016 & Palm & Lauric Oils Conference & Exhibition	2-4 Mar 2015
8.	Raymond Wong Kwong Yee	• Risk Awareness Training	24 Apr 2014
9.	Datuk Seri Panglima Sulong Bin Matjeraie	• Regulating the Capital Market: Changing Dynamics and Challenges	5-6 Jun 2014
		• Asean Corporate Governance Scorecard	29 Sep 2014
		• The Board Chairman Series: The Role of The Board Chairman	12 Nov 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 the 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 the FY2015, 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 27 to 30 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. Tricor has been appointed to implement ERM by stages as follow:-

- Conduct of risk awareness training for senior management ('Stage 1");
- Development of Corporate Risk Scorecard for Southern Acids ("Stage 2"); and
- Automation of Risk Management Framework ("Stage 3").

Tricor had successfully implemented Stage 1 and Stage 2 in FY2015 as mentioned in the Section 3 (d) of the AGC Report.

Stage 3 of the ERM implementation is expected to be completed in FY2016.

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 Functions

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

Please refer to the AGC Report on pages 30 the AR for an overview of Internal Audit Functions and the activities carried out in FY2015.

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.

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) calendar 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-Third ("33rd") 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 Director of the Company via email sab.whistle@gmail.com.

This Statement is made in accordance with a resolution of the SAB Board dated 15 July 2015.

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 the FY2015 are disclosed in Note 24 to the Financial Statements on pages 104 to 109 of this AR.

At the 33rd AGM of the Company held on 25 September 2014, the Company had obtained the approval from shareholders for the renewal of the shareholders' mandate to enter into RRPT of a revenue or trading nature with certain related parties, in the ordinary course of business. The said mandate took effect from 25 September 2014 until the conclusion of the forthcoming Thirty-Forth ("34th") 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 5 August 2015.

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 RRPT of a 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 and its affiliated firm.

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 33 under caption 1.4 in this Statement, Southern Acids has organised several health talks, safety week, health carnival, blood donation, sponsoring medical supplies for flood victims, sponsoring newspaper to schools and complimentary pre-screening test.

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

Pursuant to Para 15.26 (b) of the Bursa Securities LR, 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 FY2015.

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 Management

In line with effective date of the Statement, Southern Acids commenced its ERM Framework in the financial year ended 2012 via the appointment of the KPMG Management & Risk Consulting Sdn Bhd ("KPMG"). KPMG had established a structured full scope of ERM Framework for our Oleochemical Division in the financial year ended 2013.

In FY2014, the Company has rolled out similar ERM projects for Plantation & Milling and Warehousing & Conveying Division internally and subsequently appointed Tricor to review and improve the existing ERM Framework. The following are the stages of ERM implementation by Tricor:-

- Conduct of risk awareness training for senior management ('Stage 1");
- Development of Corporate Risk Scorecard for Southern Acids ("Stage 2"); and
- Automation of Risk Management Framework ("Stage 3").

Tricor had successfully implemented Stage 1 and Stage 2 in FY2015 as mentioned in the Section 3 (d) of the AGC Report.

Stage 3 of the ERM implementation is expected to be completed in FY2016.

The current Steering Committee (SC) for the Tricor's ERM implementation program is chaired by the ED, Mr. Lim Kim Long supported by the CFO, all Heads of Division and relevant Heads of Department as members. The SC of ERM reports to AGC on periodically 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 the AGC's approved outsourced Internal Audit Functions' annual audit plan which focuses on areas of high priority as identified from the 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 the AGC Report page 27 to 30 of the AR on the risk management and internal control activities undertaken during FY2015.

Review of the Statement by External Auditors

Pursuant to Para 15.23 of Bursa Securities LR, 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. And in line with the ERM Framework, ED and CFO together with all Heads of Division had also signed the Annual Statement on Continuous Commitment to Risk Management for FY2015.

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 15 July 2015.

FINANCIAL STATEMENT

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 2015.

PRINCIPAL ACTIVITIES

The principal activities of the Company are that of 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	43,691	8,585
Income tax expense	(9,585)	-
Profit for the year	34,106	8,585
Attributable to:		
Equity holders of the Company	27,521	8,585
Non-controlling interests	6,585	-
	34,106	8,585

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

Final dividend of 5 sen per ordinary share of RM1 each, single tier, amounting to RM6,846,707 proposed in the previous financial year and dealt with in the previous directors' report was paid by the Company on 31 October 2014.

In respect of the current financial year, the directors have proposed a final dividend of 5 sen per ordinary share of RM1 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. Upon approval by the shareholders, the dividend payment will be accounted for in equity as an appropriation of retained earnings during the financial year ending 31 March 2016.

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 are 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:

Lim Kim Long
Chung Kin Mun
Tan Sri Dato' Low Boon Eng, PSM, DPMS, JP
Mohd Hisham Bin Harun
Leong So Seh
Teo Leng
Raymond Wong Kwong Yee
Datuk Seri Panglima Sulong Bin Matjeraie (appointed on 6.8.2014)
Dr Low Kok Thye (appointed on 15.7.2015)
Cheong Kee Yoong (resigned on 15.7.2015)

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 1.4.2014	**Bought**	**Sold**	**As of 31.3.2015**
Shares in the Company				
Registered in name of directors				
Direct interest				
Lim Kim Long	49,276	-	-	**49,276**
Tan Sri Dato' Low Boon Eng, PSM, DPMS, JP	2,487	-	-	**2,487**
Dr. Low Kok Thye (appointed on 15.7.2015)	30,416	-	-	**30,416**
Deemed interest				
Lim Kim Long *	69,053,759	-	(36,492)	**69,017,267**
Tan Sri Dato' Low Boon Eng, PSM, DPMS, JP **	65,626,507	58,470	-	**65,684,977**
Dr. Low Kok Thye ** (appointed on 15.7.2015)	65,628,994	60,830	-	**65,689,824**

Notes:

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

** 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, Eng Leong Holdings Sdn. Bhd and family members.

By virtue of their interest in the shares of the Company, the above directors are also deemed to have an interest in the shares of the subsidiary companies to the extent that the Company have 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 beneficial interest in 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 24 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, 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

RAYMOND WONG KWONG YEE

Klang
15 July 2015

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 2015 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 to129.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of 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 2015 and of their financial performance and cash flows for the year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

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 130, is disclo sed 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 Matters

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

HUANG KHEAN YEONG
Partner - 2993/05/16 (J)
Chartered Accountant

Kuala Lumpur
15 July 2015

	Note	The Group 2015 RM'000	The Group 2014 RM'000	The Company 2015 RM'000	The Company 2014 RM'000
Revenue	5	**562,029**	544,055	**12,282**	99,703
Investment revenue	6	**4,922**	4,335	**345**	147
Other operating income		**4,103**	8,253	**4,257**	2,873
Changes in inventories of finished goods and work-in-progress		**(5,811)**	7,447	**-**	-
Raw materials and consumables used		**(323,799)**	(324,273)	**-**	-
Depreciation of property, plant and equipment	12	**(9,170)**	(8,949)	**(497)**	(592)
Amortisation of biological assets	14	**(730)**	(727)	**-**	-
Directors' remuneration	8	**(3,131)**	(1,678)	**(1,025)**	(566)
Employee benefits expense	7	**(47,130)**	(46,068)	**(2,155)**	(2,467)
Other operating expenses		**(137,592)**	(116,818)	**(4,622)**	(8,381)
Profit before tax	7	**43,691**	65,577	**8,585**	90,717
Income tax expense	9	**(9,585)**	(17,399)	**-**	(9)
Profit for the year		**34,106**	48,178	**8,585**	90,708
Attributable to:					
Equity holders of the Company		**27,521**	38,418	**8,585**	90,708
Non-controlling interests		**6,585**	9,760	**-**	-
		34,106	48,178	**8,585**	90,708
Earnings per share (sen) attributable to equity holders of the Company					
Basic and diluted	10	**20.10**	28.06		

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

	The Group		The Company	
	2015	**2014**	**2015**	**2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Profit for the year	**34,106**	48,178	**8,585**	90,708
Other comprehensive income/(loss):				
Items that may be reclassified subsequently to profit or loss:				
Gain/(Loss) arising from revaluation of available-for-sale investments	**(755)**	1,556	**(755)**	1,556
Exchange differences on translating foreign operations	**(1,284)**	(8,704)	**-**	-
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit obligation	**(261)**	348	**-**	818
	(2,300)	(6,800)	**(755)**	2,374
Total comprehensive income for the year, net of tax	**31,806**	41,378	**7,830**	93,082
Total comprehensive income attributable to:				
Equity holders of the Company	**25,668**	34,635	**7,830**	93,082
Non-controlling interests	**6,138**	6,743	**-**	-
	31,806	41,378	**7,830**	93,082

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

	Note	The Group 2015 RM'000	The Group 2014 RM'000	The Company 2015 RM'000	The Company 2014 RM'000
ASSETS					
Non-Current Assets					
Land held for property development	11	**141,944**	141,944	**-**	-
Property, plant and equipment	12	**134,913**	115,325	**4,473**	4,769
Investment property	13	**3,318**	3,318	**-**	-
Biological assets	14	**13,347**	10,424	**-**	-
Investment in subsidiary companies	15	**-**	-	**240,821**	239,656
Available-for-sale investments	16	**39,093**	35,478	**39,093**	35,478
Advances for Plasma PIR-TRANS program	17	**-**	-	**-**	-
Advances for KKPA program	18	**2,981**	1,478	**-**	-
Deferred tax assets	19	**2,228**	782	**-**	-
Total Non-Current Assets		**337,824**	308,749	**284,387**	279,903
Current Assets					
Inventories	20	**53,050**	61,412	**-**	-
Derivative financial assets	21	**-**	1,188	**-**	-
Trade receivables	22 & 24	**48,083**	45,747	**-**	-
Other receivables, deposits and prepaid expenses	23 & 24	**3,922**	7,469	**133**	178
Amount owing by subsidiary companies	24	**-**	-	**3,679**	9,752
Tax recoverable		**7,618**	2,328	**-**	-
Cash and cash equivalents	25	**154,425**	156,742	**17,417**	13,692
Total Current Assets		**267,098**	274,886	**21,229**	23,622
TOTAL ASSETS		**604,922**	583,635	**305,616**	303,525

		The Group		The Company	
	Note	2015	2014	2015	2014
		RM'000	RM'000	RM'000	RM'000
EQUITY AND LIABILITIES					
Capital and Reserves					
Share capital	26	**136,934**	136,934	**136,934**	136,934
Reserves	27	**356,458**	337,637	**164,958**	163,975
Equity attributable to equity holders of the Company		**493,392**	474,571	**301,892**	300,909
Non-controlling interests		**45,683**	40,592	**-**	-
Total Equity		**539,075**	515,163	**301,892**	300,909
Non-Current and Deferred Liabilities					
Provision for retirement benefits	28	**8,777**	7,350	**1,226**	1,044
Deferred tax liabilities	19	**1,336**	3,558	**-**	-
Total Non-Current and Deferred Liabilities		**10,113**	10,908	**1,226**	1,044
Current Liabilities					
Trade payables	24 & 29	**12,413**	17,393	**-**	-
Other payables and accrued expenses	24 & 29	**39,933**	37,106	**2,237**	1,263
Amount owing to subsidiary companies	24	**-**	-	**140**	188
Derivative financial liabilities	21	**2,728**	-	**-**	-
Tax liabilities		**539**	2,944	**-**	-
Dividend payable		**121**	121	**121**	121
Total Current Liabilities		**55,734**	57,564	**2,498**	1,572
Total Liabilities		**65,847**	68,472	**3,724**	2,616
TOTAL EQUITY AND LIABILITIES		**604,922**	583,635	**305,616**	303,525

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

STATEMENTS OF **CHANGES IN EQUITY**

FOR THE YEAR ENDED 31 MARCH 2015

			← Non-distributable reserves			→				
The Group	**Note**	**Share capital RM'000**	**Share premium RM'000**	**Foreign exchange reserve RM'000**	**Other reserve RM'000**	**Fair value reserve RM'000**	**Distributable reserve - Retained earnings RM'000**	**Equity attributable to equity holders of the Company RM'000**	**Non-controlling interests RM'000**	**Total equity RM'000**
As of 1 April 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	31	-	-	-	-	-	(6,847)	(6,847)	-	(6,847)
Dividends 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
As of 1 April 2014		136,934	34,321	(10,790)	(322)	15,324	299,104	474,571	40,592	515,163
Profit for the year		-	-	-	-	-	27,521	27,521	6,585	34,106
Other comprehensive loss		-	-	(915)	-	(755)	(183)	(1,853)	(447)	(2,300)
Total comprehensive income/(loss) for the year, net of tax		-	-	(915)	-	(755)	27,338	25,668	6,138	31,806
Dividends paid	31	-	-	-	-	-	(6,847)	(6,847)	-	(6,847)
Dividends paid to non-controlling interests of subsidiary companies		-	-	-	-	-	-	-	(1,047)	(1,047)
As of 31 March 2015		136,934	34,321	(11,705)	(322)	14,569	319,595	493,392	45,683	539,075

			Non-distributable reserve		Distributable reserve -	
The Company	**Note**	**Share capital RM'000**	**Share premium RM'000**	**Fair value reserve RM'000**	**Retained earnings RM'000**	**Total Equity RM'000**
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	31	-	-	-	(6,847)	(6,847)
As of 31 March 2014		136,934	34,321	15,324	114,330	300,909
As of 1 April 2014		136,934	34,321	15,324	114,330	300,909
Profit for the year		-	-	-	8,585	8,585
Other comprehensive income		-	-	(755)	-	(755)
Total comprehensive income for the year, net of tax		-	-	(755)	8,585	7,830
Dividends paid	31	-	-	-	(6,847)	(6,847)
As of 31 March 2015		136,934	34,321	14,569	116,068	301,892

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

	The Group		The Company	
	2015	**2014**	**2015**	**2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES				
Profit before tax	**43,691**	65,577	**8,585**	90,717
Adjustments for:				
Depreciation of property, plant and equipment	**9,170**	8,949	**497**	592
Loss/(Gain) arising from derivative financial assets	**3,916**	(1,027)	**-**	161
Unrealised loss/(gain) on foreign exchange	**1,577**	456	**(5)**	(2)
Provision for retirement benefits	**1,425**	589	**182**	292
Provision for incremental rental charges	**1,021**	2,700	**-**	-
Amortisation of biological assets	**730**	727	**-**	-
Property, plant and equipment written off	**479**	3	**-**	3
Inventories written down	**269**	389	**-**	-
Inventories written off	**45**	51	**-**	-
Investment revenue	**(4,922)**	(4,335)	**(345)**	(147)
Dividend income	**(1,616)**	(1,519)	**(9,116)**	(96,619)
Reversal of amortisation of leasehold land	**(384)**	-	**-**	-
Gain on disposal of property, plant and equipment	**(139)**	(36)	**(203)**	-
Allowance for loss on conversion of Plasma PIR-TRANS program no longer required	**(62)**	(386)	**-**	-
Allowance for stock obsolescence no longer required	**(40)**	-	**-**	-
Allowance for doubtful debts	**-**	256	**-**	4,009
Allowance for stock obsolescence	**-**	40	**-**	-
Allowance for doubtful debts no longer required	**-**	(52)	**(4,049)**	(2,551)
Impairment loss on investment in subsidiary companies	**-**	-	**3,184**	3,500
Operating Profit/(Loss) Before Working Capital Changes	**55,160**	72,382	**(1,270)**	(45)
(Increase)/Decrease in:				
Inventories	**8,093**	(7,360)	**-**	-
Other receivables, deposits and prepaid expenses	**10,129**	(3,223)	**45**	(15)
Trade receivables	**(3,913)**	(8,688)	**-**	-
Increase/(Decrease) in:				
Other payables and accrued expenses	**1,806**	6,189	**974**	76
Trade payables	**(4,980)**	(7,836)	**-**	-
Cash Generated From/(Used In) Operations	**66,295**	51,464	**(251)**	16
Income tax refunded	**732**	1,392	**-**	-
Income tax paid	**(21,680)**	(16,964)	**-**	(9)
Retirement benefits paid	**(215)**	(377)	**-**	-
Net Cash From/(Used In) Operating Activities	**45,132**	35,515	**(251)**	7

	The Group		The Company	
	2015	**2014**	**2015**	**2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES				
Refunds from rescindment of Sales and Purchase Agreement for leasehold land	**6,471**	-	**-**	-
Interest income received	**4,922**	4,335	**345**	147
Dividends received	**1,616**	1,519	**1,616**	1,519
Proceeds from KKPA program	**630**	7,222	**-**	-
Proceeds from disposal of property, plant and equipment	**317**	98	**213**	-
Conversion for Plasma PIR-TRANS program	**62**	509	**-**	-
Additions to property, plant and equipment	**(42,701)**	(20,999)	**(211)**	(6)
Additions to available-for-sale investments	**(4,370)**	(94)	**(4,370)**	(94)
Additions to biological assets	**(3,803)**	(2,146)	**-**	-
Additions for KKPA program	**(2,170)**	(3,032)	**-**	-
Net Cash (Used In)/From Investing Activities	**(39,026)**	(12,588)	**(2,407)**	1,566
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES				
Dividend paid by:				
The Company	**(6,847)**	(6,847)	**(6,847)**	(6,847)
Subsidiary companies to non-controlling interests	**(1,047)**	(2,123)	**-**	-
Advances from subsidiary companies	**-**	-	**13,225**	10,722
Net Cash (Used In)/From Financing Activities	**(7,894)**	(8,970)	**6,378**	3,875
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	**(1,788)**	13,957	**3,720**	5,448
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**156,742**	148,497	**13,692**	8,242
EFFECT OF TRANSLATION DIFFERENCES	**(529)**	(5,712)	**5**	2
CASH AND CASH EQUIVALENTS AT END OF YEAR	**154,425**	156,742	**17,417**	13,692

Note:

As mentioned in Note 15, the Company fully subscribed the new ordinary shares of RM1 each issued by the subsidiary companies through the capitalisation of amount owing by subsidiary companies amounting to RM4,349,000 (2014: RM192,400,000).

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

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 that of investment holding and the provision of management services to the subsidiary companies in the Group.

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

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.

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 15 July 2015.

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 ("FRS") and the provisions of the Companies Act, 1965.

The financial statements are presented in Ringgit Malaysia ("RM") which represents the functional currency of the Company and all financial information presented in RM are rounded to the nearest thousand ("RM'000'), unless otherwise stated.

Malaysian Financial Reporting Standard

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 allowed to defer the adoption of the MFRS Framework until such time as mandated by the MASB. On 2 September 2014, with the issuance of MFRS 15 Revenue from Contracts with Customers and Amendments to MFRS 116 and MFRS 141 Agriculture: Bearer Plants, the MASB announced that TEs which have chosen to continue with the FRS Framework is now required to adopt the MFRS Framework latest by 1 January 2017.

The Group and the Company fall within the scope definition of TEs and have availed themselves of this transitional arrangement and will continue to apply FRSs in the preparation of their financial statements. Accordingly, the Group and the Company will be required to apply MFRS 1 First-time Adoption of MFRS in their financial statements for the financial year ending 31 March 2018, being the first set of financial statements prepared in accordance with the new MFRS Framework.

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 MASB which became effective for annual periods beginning on or after 1 April 2014 as follows:

FRS 10	Consolidated Financial Statements (Amendments relating to Investment Entities)
FRS 12	Disclosure of Interests in Other Entities (Amendments relating to Investment Entities)
FRS 127	Separate Financial Statements (Amendments to Investment Entities)
FRS 132	Financial Instruments: Presentation (Amendments relating to Offsetting Financial Assets and Financial Liabilities)
FRS 136	Impairment of Assets (Amendments relating to Offsetting Financial Assets and Financial Liabilities)
FRS 139	Financial Instruments: Recognition and Measurement (Amendments relating to Novation of Derivatives and Continuation of Hedge Accounting)

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.

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 July 2014)[1]
FRS 10	Consolidated Financial Statements (Amendments relating to Investment Entities: Applying the Consolidation Exceptions)[2]
FRS 12	Disclosures of Interests in Other Entities (Amendments relating to Investment Entities: Applying the Consolidation Exceptions)[2]
FRS 101	Presentation of Financial Statements (Amendments relating to Disclosure Initiative)[2]
FRS 116	Property, Plant and Equipment (Amendments relating to Clarification of Acceptable Methods of Depreciation and Amortisation)[2]
FRS 138	Intangible Assets (Amendments relating to Clarification of Acceptable Methods of Depreciation and Amortisation)[2]
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)[3]
Annual Improvements to FRSs 2012 - 2014 cycle[2]	

1 Effective for annual periods beginning on or after 1 January 2018
2 Effective for annual periods beginning on or after 1 January 2016
3 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. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (CONT'D)

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

FRS 9 Financial Instruments

FRS 9 introduces new requirements for the classification and measurement of financial assets and financial liabilities and for derecognition.

Key requirements of FRS 9:

- all recognised financial assets that are within the scope of FRS 139 Financial Instruments: Recognition and Measurement are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at fair values at the end of subsequent accounting periods. In addition, under FRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of equity instruments (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- with regard to the measurement of financial liabilities designated as at fair value through profit or loss, FRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability, is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under FRS 139, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

- in relation to the impairment of financial assets, FRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under FRS 139. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

- the new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in FRS 139. Under FRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The directors of the Company anticipate that the application of FRS 9 in the future may have a material impact on the amounts reported and disclosures made in the Group's and the Company's financial statements. However, it is not practicable to provide a reasonable estimate of the effect of FRS 9 until the Group and the Company performs a detailed review.

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)

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 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 company begins when the Company obtains control over the subsidiary company and ceases when the Company loses control of the subsidiary company. Specifically, income and expenses of a subsidiary company 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 company.

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 subsidiary companies 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 subsidiary companies to bring their accounting policies into line with those used by other members of the Group.

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

Changes in the Group's ownership interests in subsidiary companies 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 subsidiary companies. 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 subsidiary companies and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value 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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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 RM, 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 RM 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.

(b) Defined benefit plans

(i) Malaysia

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

(ii) Indonesia

The Group's subsidiary companies in Indonesia provide for employee benefit liabilities in accordance with the Labour Law No. 13 Year 2003 ("Law No. 13/2003"), which was enacted on 25 March 2003. 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 20 March 2015.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Income Tax

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

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

The carrying 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%

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 change in estimates are recognised prospectively.

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

Leases

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

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

Investment Property

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

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

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 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 it.

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial Assets

Financial assets are classified into the following specified categories: financial assets "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. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

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.

Financial assets at FVTPL

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

A financial asset is classified as held for trading if:

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

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

Held-to-maturity investments

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

Loans and receivables

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

Available-for-sale financial assets

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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") where the factory building and oleochemical plant are located, expired on 30 April 2015 but SRM has agreed to extend the said rental agreement to 30 April 2016. 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 2016. 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 2016 and accordingly, no impairment loss needs to be considered for the factory building and oleochemical plant with net book value of RM25,596,157 (2014: RM27,402,172).

(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 where the hospital building is constructed. 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 RM21,391,885 (2014: RM21,738,654).

(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 the end of the reporting period, allowance for doubtful debts on receivables provided by the Group and by the Company are as follows:

	The Group		The Company	
	2015	**2014**	**2015**	**2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Amount owing by subsidiary companies	**-**	-	**-**	4,049
Trade receivables	**2,365**	2,365	**-**	-
Other receivables	**265**	255	**-**	-
	2,620	2,620	**-**	4,049

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

(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 the end of the reporting period, allowance for loss on conversion of advances provided by the Group is as follows:

	The Group	
	2015	**2014**
	RM'000	**RM'000**
Advances for Plasma PIR-TRANS program	**328**	395
Advances for KKPA program	**400**	400
	728	795

(c) Deferred tax assets

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

As of the end of the reporting period, the total carrying amount of deferred tax assets recognised by the Group is as follows:

	The Group	
	2015	**2014**
	RM'000	**RM'000**
Deferred tax assets	**2,228**	782

(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 2015, the Company has recognised impairment loss in respect of the following asset:

	The Group	
	2015	**2014**
	RM'000	**RM'000**
Impairment loss on investment in subsidiary companies	**7,202**	4,018

5. REVENUE

An analysis of revenue is as follows:

	The Group		The Company	
	2015	**2014**	**2015**	**2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Manufacturing and marketing of oleochemical products	**349,850**	341,788	**-**	-
Sales of oil palm fruit and crude palm oil	**106,041**	113,917	**-**	-
Managing and operating of private hospital	**92,125**	76,421	**-**	-
Warehousing and bulk conveyor operations	**9,386**	7,618	**-**	-
Administrative services fee	**3,011**	2,792	**-**	-
Dividend income from:				
Quoted shares	**1,616**	1,519	**1,616**	1,519
Subsidiary company in Malaysia	**-**	-	**7,500**	95,100
Management fees	**-**	-	**3,166**	3,084
	562,029	544,055	**12,282**	99,703

6. INVESTMENT REVENUE

	The Group		The Company	
	2015	**2014**	**2015**	**2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Interest income on fixed deposits and short-term placements	**4,922**	4,335	**345**	147

7. PROFIT BEFORE TAX

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

	The Group		The Company	
	2015	**2014**	**2015**	**2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Rental income	**3,822**	2,668	**-**	-
Gain/(Loss) arising from derivative financial assets	**(3,916)**	1,027	**-**	(161)
Gain/(Loss) on foreign exchange (net):				
Realised	**577**	2,953	**-**	-
Unrealised	**(1,577)**	(456)	**5**	2
Allowance for loss on conversion of Plasma PIR-TRANS program no longer required (Note 17)	**62**	386	**-**	-
Allowance for doubtful debts no longer required :				
Trade receivables (Note 22)	**-**	42	**-**	-
Other receivables (Note 23)	**-**	10	**-**	-
Amount owing by subsidiary company (Note 24)	**-**	-	**4,049**	2,551
Gain on disposal of property, plant and equipment	**139**	36	**203**	-
Provision for incremental rental charges	**(1,021)**	(2,700)	**-**	-

7. PROFIT BEFORE TAX (CONT'D)

	The Group		The Company	
	2015	**2014**	**2015**	**2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Inventories written down (Note 20)	**(269)**	(389)	**-**	-
Provision for retirement benefits (Note 28)	**(1,425)**	(589)	**(182)**	(292)
Allowance for doubtful debts:				
Trade receivables (Note 22)	**-**	(243)	**-**	-
Other receivables (Note 23)	**-**	(13)	**-**	-
Amount owing by subsidiary companies (Note 24)	**-**	-	**-**	(4,009)
Allowance for stock obsolescence (Note 20)	**-**	(40)	**-**	-
Fees paid/payable to external auditors:				
Statutory audit:				
Auditors of the Company	**(219)**	(219)	**(67)**	(67)
Member firm of the auditors of the Company	**(156)**	(117)	**-**	-
Other auditors	**(6)**	(5)	**-**	-
Non-audit services:				-
Auditors of the Company	**(6)**	(6)	**(6)**	(6)
Other auditors of the company	**(95)**	(56)	**-**	(9)
Property, plant and equipment written off	**(479)**	(3)	**-**	(3)
Inventories written off (Note 20)	**(45)**	(51)	**-**	-
Allowance for stock obsolescence no longer required (Note 20)	**40**	-	**-**	-
Rental of:				
Land	**(565)**	(570)	**-**	-
Land paid/payable to a related party (Note 24)	**(140)**	(140)	**-**	-
Storage tanks	**-**	(99)	**-**	-
Premises paid/payable to related party (Note 24)	**(54)**	(109)	**-**	-
Staff quarters paid/ payable to a related party (Note 24)	**(115)**	(60)	**-**	-
Equipment paid/ payable to a related party (Note 24)	**(9)**	(9)	**-**	-
Plant and machinery	**(12)**	(3)	**-**	-
Office equipment	**(3)**	(3)	**-**	-
Impairment loss on investment in subsidiary companies	**-**	-	**(3,184)**	(3,500)

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 RM4,118,466 and RM254,146 (2014: RM3,488,189 and RM213,249) respectively.

8. DIRECTORS' REMUNERATION

	The Group		The Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Directors of the Company				
Executive directors:				
Fees	**90**	61	**90**	61
Other emoluments	**528**	147	**528**	147
	618	208	**618**	208
Non-executive directors:				
Fees	**344**	291	**344**	291
Other emoluments	**63**	67	**63**	67
	407	358	**407**	358
	1,025	566	**1,025**	566
Directors of the subsidiaries				
Fees	**410**	200	**-**	-
Other emoluments	**1,696**	912	**-**	-
	2,106	1,112	**-**	-
Total	**3,131**	1,678	**1,025**	566

Contributions to EPF for the directors of the Group and the Company during the current financial year amounted to RM247,683 and RM60,672 (2014: RM67,828 and RM14,500) respectively.

The estimated monetary value of benefits-in-kind received by the directors otherwise than in cash from the Company amounted to RM36,800 (2014: RM32,167).

9. INCOME TAX EXPENSE

	The Group		The Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Estimated tax payable:				
Current	**12,497**	16,993	**-**	9
Underprovision in prior years	**756**	22	**-**	-
	13,253	17,015	**-**	9
Deferred tax (Note 19):				
Current	**(2,217)**	(471)	**-**	-
Under/(Over)provision in prior years	**(1,451)**	855	**-**	-
	(3,668)	384	**-**	-
	9,585	17,399	**-**	9

The Finance (No 2) Act 2014 gazetted on 30 December 2014 enacts the reduction of the corporate income tax rate from 25% to 24% with effect from year of assessment 2016. The applicable tax rates to be used for the measurement of any applicable deferred tax will be the respective expected tax 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	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Profit before tax	**43,691**	65,577	**8,585**	90,717
Tax at the Malaysian statutory income tax rate of 25% (2014: 25%)	**10,923**	16,394	**2,146**	22,679
Tax effects of:				
Non-deductible expenses	**2,083**	1,728	**190**	1,364
Non-taxable income	**(1,511)**	(1,244)	**(2,644)**	(24,191)
Realisation of deferred tax assets previously not recognised	**(1,509)**	(356)	**-**	-
Deferred tax assets not recognised	**294**	-	**308**	157
(Over)/Underprovision in prior years:				
Current	**756**	22	**-**	-
Deferred tax	**(1,451)**	855	**-**	-
Income tax expense	**9,585**	17,399	**-**	9

The Company has tax-exempt income accounts arising from tax-exempt dividend income received and tax-exempt income under Paragraph 28, Schedule 6 of the Income Tax Act, 1967 totalling RM7,542,655 (2014: RM7,542,655) which, subject to agreement of the Inland Revenue Board, is available for distribution of its retained earnings as tax-exempt dividends.

A subsidiary company has tax-exempt accounts amounting to approximately RM170,290,000 (2014: 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 (2014: 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	
	2015	**2014**
Profit for the year attributable to ordinary equity holders of the Company (RM'000)	**27,521**	38,418
Number of ordinary shares in issue	**136,934,132**	136,934,132
Basic earnings per share (sen)	**20.10**	28.06

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	
	2015	**2014**
	RM	**RM**
Freehold land at cost – at cost	**136,343**	136,343
Development costs	**5,601**	5,601
	141,944	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 2013 RM'000**	**Additions RM'000**	**Disposals RM'000**	**Write offs RM'000**	**Reclassifications RM'000**	**Other Adjustments 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)

				Cost				
The Group	**As of 1 April 2014 RM'000**	**Additions RM'000**	**Disposals RM'000**	**Write offs RM'000**	**Reclassifications RM'000**	**Other Adjustments RM'000**	**Effects of foreign exchange translation RM'000**	**As of 31 March 2015 RM'000**
Leasehold land	19,555	-	-	-	-	(13,053)	(28)	**6,474**
Freehold land	5,119	-	-	-	-	-	(2)	**5,117**
Freehold office	3,593	-	-	-	-	-	-	**3,593**
Factory buildings	10,227	435	-	-	-	-	-	**10,662**
Palm oil mills	16,307	2,637	-	-	-	-	(246)	**18,698**
Hospital building	29,047	238	-	-	-	-	-	**29,285**
Medical equipment	44,180	3,612	(2,460)	(2,190)	-	-	-	**43,142**
Plant, machinery, equipment and electrical installation	134,360	2,112	(118)	-	48	-	(182)	**136,220**
Motor vehicles	5,722	411	(809)	-	-	-	35	**5,359**
Office equipment, furniture and fittings	21,547	970	(257)	(3,410)	378	-	(6)	**19,222**
Leasehold warehouse cum office block	5,933	-	-	-	-	-	-	**5,933**
Staff quarter cum office block	4,499	367	-	-	-	-	(66)	**4,800**
Freehold warehouse	2,295	-	-	-	-	-	-	**2,295**
Land improvements	5,341	96	-	-	-	-	(75)	**5,362**
Construction-in-progress:								
Plant and machinery	579	328	-	(481)	(426)	-	-	**-**
Building	10,034	31,452	-	-	-	-	(361)	**41,125**
Renovation	998	43	-	-	-	-	-	**1,041**
Total	319,336	42,701	(3,644)	(6,081)	-	(13,053)	(931)	**338,328**

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	Other Adjustments 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)

	Accumulated Depreciation							
The Group	**As of 1 April 2014 RM'000**	**Charge for the year RM'000**	**Disposals RM'000**	**Write offs RM'000**	**Reclassifications RM'000**	**Other Adjustments RM'000**	**Effects of foreign exchange translation RM'000**	**As of 31 March 2015 RM'000**
Leasehold land	1,934	108	-	-	-	(384)	(14)	**1,644**
Freehold land	-	-	-	-	-	-	-	**-**
Freehold office	276	72	-	-	-	-	-	**348**
Factory buildings	2,929	224	-	-	-	-	-	**3,153**
Palm oil mills	12,230	481	-	-	-	-	(175)	**12,536**
Hospital building	7,309	585	-	-	-	-	-	**7,894**
Medical equipment	37,489	1,469	(2,459)	(2,192)	-	-	-	**34,307**
Plant, machinery, equipment and electrical installation	109,558	4,029	(119)	-	-	-	(46)	**113,422**
Motor vehicles	4,083	545	(739)	-	-	-	(25)	**3,864**
Office equipment, furniture and fittings	17,470	792	(149)	(3,410)	-	-	(3)	**14,700**
Leasehold warehouse cum office block	5,933	-	-	-	-	-	-	**5,933**
Staff quarter cum office block	1,381	452	-	-	-	-	(17)	**1,816**
Freehold warehouse	714	46	-	-	-	-	-	**760**
Land improvements	2,326	266	-	-	-	-	(34)	**2,558**
Construction-in-progress:								
Plant and machinery	-	-	-	-	-	-	-	**-**
Building	-	-	-	-	-	-	-	**-**
Renovation	379	101	-	-	-	-	-	**480**
Total	204,011	9,170	(3,466)	(5,602)	-	(384)	(314)	**203,415**

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

	Net Book Value	
	2015	**2014**
The Group	**RM'000**	**RM'000**
Leasehold land	**4,830**	17,621
Freehold land	**5,117**	5,119
Freehold office	**3,245**	3,317
Factory buildings	**7,509**	7,298
Palm oil mills	**6,162**	4,077
Hospital building	**21,391**	21,738
Medical equipment	**8,835**	6,691
Plant, machinery, equipment and electrical installation	**22,798**	24,802
Motor vehicles	**1,495**	1,639
Office equipment, furniture and fittings	**4,522**	4,077
Staff quarter cum office block	**2,984**	3,118
Freehold warehouse	**1,535**	1,581
Land improvements	**2,804**	3,015
Construction-in-progress:		
Plant and machinery	**-**	579
Building	**41,125**	10,034
Renovation	**561**	619
Total	**134,913**	115,325

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 2013	3,593	1,396	1,069	998	7,056
Addition	-	-	6	-	6
Write-off	-	-	(7)	-	(7)
As of 31 March 2014/1 April 2014	3,593	1,396	1,068	998	7,055
Addition	-	-	169	42	211
Disposal	-	(538)	(9)	-	(547)
As of 31 March 2015	**3,593**	**858**	**1,228**	**1,040**	**6,719**
Accumulated Depreciation					
As of 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 2014/1 April 2014	276	1,101	531	378	2,286
Charge for the year	72	162	162	101	497
Disposal	-	(529)	(8)	-	(537)
As of 31 March 2015	**348**	**734**	**685**	**479**	**2,246**
Net Book Value					
As of 31 March 2015	**3,245**	**124**	**543**	**561**	**4,473**
As of 31 March 2014	3,317	295	537	620	4,769

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

(i) On 31 October 1995, NISB, a subsidiary company entered into a Sale and Purchase Agreement ("SPA") with SRM, a major shareholder of the Company, to purchase several parcels of freehold land at a total purchase consideration of RM4,950,000. The said purchase consideration had 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 had fully satisfied all the conditions as stipulated in the said agreement. Accordingly, the directors of NISB believe that no impairment loss need to be considered on the private hospital building with net book value of RM21,391,885 (2014: RM21,738,654) belonging to the subsidiary company, which is constructed on the said land.

(ii) As of 31 March 2015, the strata title in respect of a freehold office with carrying value of RM3,245,234 (2014: RM3,317,084) belonging to the Company has not yet been issued to the Company.

(iii) As of 31 March 2015, the freehold warehouse of a subsidiary company, PKE (Malaysia) Sdn. Berhad, with carrying value of RM1,533,626 (2014: RM1,579,895) is located on a parcel of freehold land belonging to a related party.

(iv) A factory building and oleochemical plant of a subsidiary company, Southern Acids Industries Sdn. Bhd. ("SAISB") was 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 2015 but SRM has agreed to extend the said rental agreement to 30 April 2016. Pursuant to the said tenancy agreement, SAISB intends to apply for a renewal of the tenancy agreement with SRM upon its expiry in April 2016 and accordingly, no impairment loss needs to be considered for the factory building and oleochemical plant with net book value of RM25,596,157 (2014: RM27,402,172).

(v) In 2012, SAB Bio-Fuel Sdn Bhd ("SABBF"), a wholly owned subsidiary company, had entered a SPA to purchase a piece of leasehold land for RM13.053 million from POIC Sabah Sdn Bhd ("POIC"), a third party. SABBF had intended to construct a palm oil refinery plant on the said piece of land subject to feasibility studies, payment of balance purchase price and obtaining the relevant licenses. Failing which, the SPA may be mutually rescinded and all monies paid shall be refunded in full. On 16 January 2015, due to non-satisfaction of the feasibility studies, SABBF has requested that the SPA to be rescinded which was mutually agreed by POIC. All monies paid, amounting to RM6.471 million, was fully refunded and received on 24 February 2015.

Other adjustments represent the derecognition of a piece leasehold land previously recognised as property, plant and equipment as a result of the rescindment of the SPA.

(vi) Included in property, plant and equipment of the Group are fully depreciated assets with cost amounting to RM142,773,656 (2014: RM152,249,058), which are still in use.

13. INVESTMENT PROPERTY

	The Group	
	2015	**2014**
	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. A valuation was carried out by an independent firm of professional valuers in December 2011, using the comparison method, involving comparison to other similar properties in the same location to arrive at a fair value of RM8,500,000 of the freehold land.

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 (2014: 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 2015 are as follows:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Fair value RM'000
2015				
Investment property	**-**	**-**	**8,500**	**8,500**
2014				
Investment property	-	-	8,500	8,500

14. BIOLOGICAL ASSETS

	The Group	
	2015 RM'000	2014 RM'000
Cost		
At beginning of year	**16,980**	16,388
Additions	**3,803**	2,146
Effects of foreign exchange translation	**(247)**	(1,554)
At end of year	**20,536**	16,980
Accumulated Amortisation		
At beginning of year	**6,556**	6,476
Charge for the year	**730**	727
Effects of foreign exchange translation	**(97)**	(647)
At end of year	**7,189**	6,556
Net Book Value	**13,347**	10,424

15. INVESTMENT IN SUBSIDIARY COMPANIES

	The Company	
	2015 RM'000	2014 RM'000
Unquoted shares - at cost	**248,023**	243,674
Less: Accumulated impairment loss	**(7,202)**	(4,018)
Net	**240,821**	239,656

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 RM7,202,000 (2014: RM4,018,000) 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)

During the financial year, the Company fully subscribed to new ordinary shares of RM1 each issued by the following subsidiary companies through the capitalisation of amount owing by the subsidiary companies, as mentioned in Note 24:

	2015		2014	
	Number of ordinary shares	Unquoted shares - at cost RM'000	Number of ordinary shares	Unquoted shares - at cost RM'000
Southern Management (M) Sdn. Bhd	**3,999,997**	**4,000**	-	-
SAB Bio-Fuel Sdn. Bhd.	**349,320**	**349**	-	-
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
	4,349,317	**4,349**	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.

The subsidiary companies are as follows:

Direct subsidiary companies	Country of incorporation	Proportion of interest ownership 2015	Proportion of interest ownership 2014	Principal activities
Southern Management (M) Sdn. Bhd.	Malaysia	**100%**	100%	Provision of administrative and accounting services
Southern Acids Industries Sdn. Bhd.	Malaysia	**100%**	100%	Manufacturing and marketing of oleochemical products for commercial use
PKE (Malaysia) Sdn. Berhad	Malaysia	**69.7%**	69.7%	Provision of warehousing and overhead conveyor goods loading services
PKE Transport (Malaysia) Sdn. Berhad.	Malaysia	**91.9%**	91.9%	Provision of overhead conveyor goods loading services
SAB Properties Development Co. Sdn. Berhad	Malaysia	**100%**	100%	Investment holding and lease of property
SAB (East Asia) Holdings Ltd.* #	Hong Kong	**100%**	100%	Dormant
Noble Interest Sdn. Bhd.	Malaysia	**100%**	100%	Property holding and lease of a hospital building
Southern Medicare Sdn. Bhd.	Malaysia	**100%**	100%	Private hospital and healthcare services
Wilstar Sdn. Bhd.	Malaysia	**100%**	100%	Dormant

15. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

Direct subsidiary companies	Country of incorporation	Proportion of interest ownership 2015	2014	Principal activities
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%**	100%	Property development and oil palm plantation operations

Indirect subsidiary companies	Country of incorporation	Proportion of interest ownership 2015	2014	Principal activities
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

* 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 2015	2014
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 2015	2014
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:

2015

Subsidiary companies	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%	**207**	**9,445**
PT Mustika Agro Sari (Held through Firstview Development Sdn. Bhd.)	Indonesia	37.0%	**5,180**	**25,910**
PT Wanasari Nusantara (Held through PT Mustika Agro Sari)	Indonesia	37.0%	**598**	**7,067**
PKE Malaysia Sdn. Bhd.	Malaysia	30.3%	**495**	**2,614**
PKE Transport (Malaysia) Sdn. Bhd.	Malaysia	8.1%	**105**	**647**
Total			**6,585**	**45,683**

15. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

2014

Subsidiary companies	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

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.	**2015 RM'000**	**2014 RM'000**
Statement of financial position		
Current assets	**18,147**	16,678
Non-current assets	**7,279**	7,729
Current liabilities	**966**	1,568
Equity attributable to owners of the Company	**15,465**	14,411
Non-controlling interests	**9,445**	8,427
Statement of profit or loss		
Revenue	**1,883**	3,766
Other Income/(Expenses)	**188**	(1,168)
Profit for the year	**2,071**	2,598
Profit attributable to owners of the Company	**1,864**	2,338
Profit attributable to the non-controlling interests	**207**	260
Profit for the year	**2,071**	2,598
Statement of other comprehensive income		
Other comprehensive income for the year	**-**	-
Total comprehensive income attributable to owners of the Company	**1,864**	2,338
Total comprehensive income attributable to the non-controlling interests	**207**	260
Total comprehensive income for the year	**2,071**	2,598

15. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

Firstview Development Sdn. Bhd.	**2015 RM'000**	**2014 RM'000**
Statement of cash flows		
Net cash used in operating activities	**(710)**	(602)
Net cash from investing activities	**2,349**	3,766
Net cash used in financing activities	**(103)**	(170)
Net cash inflow	**1,536**	2,994

PT Mustika Agro Sari

Statement of financial position		
Current assets	**77,609**	62,721
Non-current assets	**20,885**	20,534
Current liabilities	**8,788**	6,072
Non-current liabilities	**1,615**	1,259
Equity attributable to owners of the Company	**62,343**	53,147
Non-controlling interests	**25,748**	22,777
Statement of profit or loss		
Revenue	**105,373**	113,249
Expenses	**(89,157)**	(93,317)
Profit for the year	**16,216**	19,932
Profit attributable to owners of the Company	**11,036**	12,869
Profit attributable to the non-controlling interests	**5,180**	7,063
Profit for the year	**16,216**	19,932
Statement of other comprehensive income		
Other comprehensive income for the year	**(46)**	(156)
Total comprehensive income attributable to owners of the Company	**11,096**	12,924
Total comprehensive income attributable to the non-controlling interests	**5,120**	7,008
Total comprehensive income for the year	**16,216**	19,932
Statement of cash flows		
Dividends paid to non-controlling interests	**(849)**	(1,722)
Net cash from operating activities	**17,986**	19,381
Net cash used in investing activities	**(34,427)**	(2,418)
Net cash used in financing activities	**(2,877)**	(4,018)
Net cash (outflow)/inflow	**(20,167)**	11,223

15. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

	2015 RM'000	2014 RM'000
PT Wanasari Nusantara		
Statement of financial position		
Current assets	**10,023**	12,988
Non-current assets	**61,386**	23,182
Current liabilities	**41,793**	8,111
Non-current liabilities	**1,810**	1,329
Equity attributable to owners of the Company	**20,507**	20,003
Non-controlling interests	**7,299**	6,727
Statement of profit or loss		
Revenue	**19,377**	21,106
Expenses	**(17,704)**	(15,303)
Profit for the year	**1,673**	5,803
Profit attributable to owners of the Company	**1,075**	3,747
Profit attributable to the non-controlling interests	**598**	2,056
Profit for the year	**1,673**	5,803
Statement of other comprehensive income		
Other comprehensive income for the year	**(216)**	27
Total comprehensive income attributable to owners of the Company	**1,100**	3,737
Total comprehensive income attributable to the non-controlling interests	**573**	2,066
Total comprehensive income for the year	**1,673**	5,803
Statement of cash flows		
Net cash (used in)/from operating activities	**(2,503)**	11,490
Net cash used in investing activities	**(38,071)**	(12,666)
Net cash from financing activities	**35,313**	-
Net cash outflow	**(5,261)**	(1,176)

15. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

	2015 RM'000	2014 RM'000
PKE Malaysia Sdn. Bhd.		
Statement of financial position		
Current assets	**5,182**	5,600
Non-current assets	**5,590**	2,328
Current liabilities	**1,951**	760
Non-current liabilities	**195**	174
Equity attributable to owners of the Company	**6,013**	4,875
Non-controlling interests	**2,614**	2,119
Statement of profit or loss		
Revenue	**9,386**	7,900
Expenses	**(7,753)**	(6,817)
Profit for the year	**1,633**	1,083
Profit attributable to owners of the Company	**1,138**	755
Profit attributable to the non-controlling interests	**495**	328
Profit for the year	**1,633**	1,083
Statement of other comprehensive income		
Other comprehensive income for the year	**-**	-
Total comprehensive income attributable to owners of the Company	**1,138**	755
Total comprehensive income attributable to the non-controlling interests	**495**	328
Total comprehensive income for the year	**1,633**	1,083
Statement of cash flows		
Net cash from/(used in) operating activities	**3,699**	(394)
Net cash used in investing activities	**(103)**	-
Net cash inflow/(outflow)	**3,596**	(394)

15. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

	2015 RM'000	2014 RM'000
PKE Transport (Malaysia) Sdn. Bhd.		
Statement of financial position		
Current assets	**8,726**	8,106
Non-current assets	**46**	55
Current liabilities	**790**	1,477
Non-current liabilities	**3**	4
Equity attributable to owners of the Company	**7,334**	6,138
Non-controlling interests	**646**	542
Statement of profit or loss		
Revenue	**5,216**	4,983
Expenses	**(3,917)**	(4,347)
Profit for the year	**1,299**	636
Profit attributable to owners of the Company	**1,194**	583
Profit attributable to the non-controlling interests	**105**	53
Profit for the year	**1,299**	636
Statement of other comprehensive income		
Other comprehensive income for the year	**-**	-
Total comprehensive income attributable to owners of the Company	**1,194**	583
Total comprehensive income attributable to the non-controlling interests	**105**	53
Total comprehensive income for the year	**1,299**	636
Statement of cash flows		
Net cash (used in)/from operating activities	**(333)**	2,045
Net cash from investing activities	**231**	96
Net cash (outflow)/inflow	**(102)**	2,141

16. AVAILABLE-FOR-SALE INVESTMENTS

	The Group and The Company	
	2015	2014
	RM'000	RM'000
Shares in Malaysia:		
Quoted Shares - at fair value	**38,637**	35,022
Unquoted Shares - at cost	**456**	456
Total	**39,093**	35,478

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

	The Group and The Company	
	2015	2014
	RM'000	RM'000
At beginning of year	**35,022**	33,372
Addition during the year	**4,370**	94
(Loss)/Gain arising from revaluation of available-for-sale investments	**(755)**	1,556
At end of year	**38,637**	35,022

17. ADVANCES FOR PLASMA PIR-TRANS PROGRAM

	The Group	
	2015	2014
	RM'000	RM'000
Cost		
At beginning of year	**395**	989
Conversion	**(62)**	(509)
Effects of foreign exchange translation	**(5)**	(85)
At end of year	**328**	395
Accumulated Allowance for Loss on Conversion of Plasma PIR-TRANS Program		
At beginning of year	**395**	856
Provision no longer required (Note 7)	**(62)**	(386)
Effects of foreign exchange translation	**(5)**	(75)
At end of year	**328**	395
Net Book Value	**-**	-

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 (2014: 8,800) hectares have been converted.

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

	The Group	
	2015	**2014**
	RM'000	**RM'000**
Cost		
At beginning of year	**1,878**	6,620
Additions	**2,170**	3,032
Amount recovered during the year	**(630)**	(7,222)
Effects of foreign exchange translation	**(37)**	(552)
At end of year	**3,381**	1,878
Accumulated Allowance for Loss on Conversion of KKPA Program		
At beginning and end of year	**400**	400
Net Book Value	**2,981**	1,478

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 (2014: 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 ASSETS/(LIABILITIES)

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

	The Group		The Company	
	2015	**2014**	**2015**	**2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
At beginning of year	**(2,776)**	(2,392)	**-**	-
Credited/(Charged) to profit or loss (Note 9):				
Property, plant and equipment	**(2,817)**	1,680	**-**	(62)
Trade receivables	**(17)**	(17)	**-**	-
Advances for Plasma PIR-TRANS program	**429**	(161)	**-**	-
Other payables and accrued expenses	**3,101**	750	**-**	-
Provision for retirement benefits	**305**	133	**-**	61
Unrealised gain on foreign exchange	**1,276**	102	**-**	1
Derivative financial assets	**(431)**	(297)	**-**	-
Unabsorbed capital allowances	**1,793**	-	**-**	-
Unused tax losses	**29**	(2,574)	**-**	-
	3,668	(384)	**-**	-
At end of year	**892**	(2,776)	**-**	-

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	
	2015	**2014**	**2015**	**2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Deferred tax assets	**2,228**	782	**-**	-
Deferred tax liabilities	**(1,336)**	(3,558)	**-**	-
	892	(2,776)	**-**	-

19. DEFERRED TAX ASSETS/(LIABILITIES) (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	
	2015	**2014**	**2015**	**2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Deferred tax assets (before offsetting)				
Temporary differences arising from:				
Trade receivables	**413**	-	**-**	-
Advances for Plasma PIR-TRANS program	**82**	99	**-**	-
Other payables and accrued expenses	**3,851**	750	**-**	-
Provision for retirement benefits	**1,853**	1,767	**-**	219
Derivative financial assets	**979**	-	**-**	-
Unabsorbed capital allowances	**1,793**	-	**-**	-
Unused tax losses	**29**	-	**-**	-
	9,000	2,616	**-**	219
Offsetting	**(6,772)**	(1,834)	**-**	(219)
Deferred tax assets (after offsetting)	**2,228**	782	**-**	-
Deferred tax liabilities				
Temporary differences arising from:				
Property, plant and equipment	**(7,677)**	(5,077)	**-**	(218)
Unrealised gain on foreign exchange	**(431)**	(1)	**-**	(1)
Derivative financial assets	**-**	(297)	**-**	-
Trade receivables	**-**	(17)	**-**	-
	(8,108)	(5,392)	**-**	(219)
Offsetting	**6,772**	1,834	**-**	219
Deferred tax liabilities (after offsetting)	**(1,336)**	(3,558)	**-**	-

As mentioned in Note 3, the tax effects of deductible temporary differences, unabsorbed capital allowances and unused tax 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 the end of the reporting period, the estimated amount of deductible temporary differences, unused tax losses and unused tax credits, for which the tax effects have not been recognised in the financial statements due to uncertainty of their realisation, is as follows:

	The Group		The Company	
	2015	**2014**	**2015**	**2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Temporary difference arising from provision for retirement benefits	**2,242**	2,038	**5,557**	9,005
Unabsorbed capital allowances	**9,184**	12,827	**14,205**	9,709
Unused tax losses	**17,630**	13,027	**2,044**	1,862
	29,056	27,892	**21,806**	20,576

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

20. INVENTORIES

	The Group	
	2015	2014
	RM'000	RM'000
At cost:		
Raw materials	**9,923**	11,167
Work-in-progress	**22,003**	22,779
Finished goods	**8,483**	12,651
Medical and surgical supplies	**2,748**	2,773
Consumables	**9,011**	10,291
	52,168	59,661
At net realisable value:		
Finished goods	**882**	1,751
Total	**53,050**	61,412

As of 31 March 2015, cost of inventories recognised as an expense of the Group amounted to RM329,340,000 (2014: RM316,826,000).

The cost of inventories recognised is after taking into consideration a write down of inventories of RM269,000 (2014: RM389,000) to net realisable value; allowance for stock obsolescence of RMNil (2014: RM40,000); inventories written off of RM44,559 (2014: RM51,000).

21. DERIVATIVE FINANCIAL ASSETS/(LIABILITIES)

	The Group	
	2015	2014
	RM'000	RM'000
Derivative financial assets		
Current		
Foreign currency forward contracts	**-**	1,188
Derivative financial liabilities		
Current		
Foreign currency forward contracts	**2,728**	-

During the financial year, the Group had options to purchase USD foreign currency forward contacts equivalent to an amount of approximately RM57 million (2014: RM55million) Ras a hedge against exchange loss on future sales of goods and proceeds from accounts receivables by a subsidiary company.

The fair value loss of the currency derivatives amounting to RM2,728,000 (2014: fair value gain of RM1,188,000) has been recognised in statement of profit or loss.

21. DERIVATIVE FINANCIAL ASSETS/(LIABILITIES) (CONT'D)

The following table details the foreign currency forward contacts as at the end of the reporting period.

Outstanding contracts	Average exchange rate	Foreign currency FC'000	Notional value RM'000	Fair value RM'000
2015				
Buy USD				
- Less than 6 months	**3.53**	**16,000**	**56,528**	**(2,728)**
2014				
Buy USD				
- Less than 3 months	3.33	16,362	54,619	1,188

22. TRADE RECEIVABLES

	The Group	
	2015 RM'000	2014 RM'000
Trade receivables	**50,448**	48,112
Less: Allowance for doubtful debts	**(2,365)**	(2,365)
Net	**48,083**	45,747

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 (2014: 30 to 90 days).

An allowance of RM2,365,000 (2014: RM2,365,000) 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 RM10,933,000 (2014: RM8,895,000), 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.

22. TRADE RECEIVABLES (CONT'D)

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

	The Group	
	2015	**2014**
	RM'000	**RM'000**
Neither past due nor impaired	**37,150**	36,852
Past due but not impaired:		
31 - 60 days	**6,043**	5,632
61 - 90 days	**2,920**	2,597
91 - 120 days	**1,355**	570
121 - 150 days	**615**	96
	10,933	8,895
Not past due but impaired	**7**	7
Past due and impaired:		
More than 120 days	**2,358**	2,358
	2,365	2,365
Total trade receivables	**50,448**	48,112

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

	The Group	
	2015	**2014**
	RM'000	**RM'000**
At beginning of year	**2,365**	2,164
Impairment loss recognised on receivables (Note 7)	**-**	243
Amount no longer required (Note 7)	**-**	(42)
At end of year	**2,365**	2,365

In determining the recoverability of trade receivables, the Group 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 1 (2014: 3) major customer, which constitute approximately 8% (2014: 20%) of the total trade receivables.

Analysis of currency profile of trade receivables is as follows:

	The Group	
	2015	**2014**
	RM'000	**RM'000**
United States Dollar	**28,983**	27,951
Ringgit Malaysia	**21,284**	19,891
Pound Sterling	**181**	270
	50,448	48,112

23. OTHER RECEIVABLES, DEPOSITS AND PREPAID EXPENSES

	The Group		The Company	
	2015	**2014**	**2015**	**2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Other receivables	**2,573**	3,501	**65**	95
Less: Allowance for doubtful debts	**(255)**	(255)	**-**	-
Net	**2,318**	3,246	**65**	95
Refundable deposits	**560**	140	**48**	52
Prepaid expenses	**1,044**	4,083	**20**	31
	3,922	7,469	**133**	178

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

	The Group	
	2015	**2014**
	RM'000	**RM'000**
At beginning of year	**255**	252
Impairment loss recognised on receivables (Note 7)	**-**	13
Amount no longer required (Note 7)	**-**	(10)
At end of year	**255**	255

Analysis of currency profile of other receivables is as follows:

	The Group		The Company	
	2015	**2014**	**2015**	**2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Ringgit Malaysia	**2,537**	2,700	**65**	95
Indonesian Rupiah	**36**	801	**-**	-
	2,573	3,501	**65**	95

24. RELATED COMPANIES AND RELATED PARTY TRANSACTIONS

(a) Amount owing by subsidiary companies

	The Company	
	2015	**2014**
	RM'000	**RM'000**
Amount owing by subsidiary companies	**3,679**	13,801
Less: Allowance for doubtful debts	**-**	(4,049)
Net	**3,679**	9,752

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.

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

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

During the financial year, an amount of RM4,349,000 (2014: 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	
	2015 RM'000	2014 RM'000
At beginning of year	**4,049**	2,591
Impairment loss recognised on receivables (Note 7)	**-**	4,009
Amount no longer required (Note 7)	**(4,049)**	(2,551)
At end of year	**-**	4,049

An allowance of RM Nil (2014: RM4,049,000) 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	
	2015 RM'000	2014 RM'000
Ringgit Malaysia	**3,637**	13,771
Indonesian Rupiah	**42**	30
	3,679	13,801

(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	
	2015 RM'000	2014 RM'000
Hong Kong Dollar	**140**	140
Ringgit Malaysia	**-**	48
	140	188

24. 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	
	2015	**2014**
	RM'000	**RM'000**
Subsidiary companies		
Southern Acids Industries Sdn. Bhd.		
Dividend receivable (Note 5)	**7,500**	95,100
Management fees receivable	**1,307**	1,519
PKE Transport (Malaysia) Sdn. Berhad		
Management fees receivable	**336**	285
Southern Medicare Sdn. Bhd.		
Management fees receivable	**585**	313
PKE (Malaysia) Sdn. Berhad		
Management fees receivable	**352**	279
Pembinaan Gejati Sdn. Bhd.		
Management fees receivable	**18**	18
Firstview Development Sdn. Bhd.		
Management fees receivable	**447**	550
Southern Management (M) Sdn. Bhd		
Administrative charges payable	**(19)**	(152)
PT Group and subsidiaries.		
Management fees receivable	**120**	120
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. and 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 Mr Lim Kim Long, Tan Sri Dato' Low Boon Eng, PSM, DPMS, JP. and Dr. Low Kok Thye, who are directors of the Company, are also directors and/or have substantial financial interests.

24. 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	
	2015	**2014**
	RM'000	**RM'000**
Related parties		
Southern Realty (Malaya) Sdn. Berhad		
Purchases of goods	**(2,637)**	(1,285)
Sale of goods	**668**	668
Administrative charges	**1,196**	1,174
Share of property, plant and equipment charges	**16**	16
Plantation advisory	**(96)**	(24)
Rental paid/ payable for:		
Land (Note 7)	**(140)**	(140)
Premises (Note 7)	**(54)**	(109)
Staff quarters (Note 7)	**(115)**	(60)
Equipment (Note 7)	**(9)**	(9)
Bukit Rotan Palm Oil Sdn. Bhd.		
Administrative charges	**2**	44
Southern Edible Oil Industries (M) Sdn. Berhad		
Sale of goods	**219**	1,863
Purchases of goods	**-**	(224)
Administrative charges	**379**	327
Share of property, plant and equipment charges	**16**	16
Southern Keratong Plantations Sdn. Berhad		
Purchases of goods	**(405)**	(576)
Administrative charges	**527**	518
SKP Borneo Sdn. Bhd.		
Administrative charges	**353**	302
Torita Rubber Works Sdn. Bhd.		
Sale of goods	**36**	49
Administrative charges	**68**	39
Sunny Futures Sdn. Bhd.		
Administrative charges	**-**	5
Southern Hock Joo Plantation Sdn. Bhd.		
Administrative charges	**84**	67
Banting Hock Hing Estate Company Sdn. Bhd.		
Administrative charges	**84**	79
Southern Products Marketing Sdn. Bhd.		
Administrative charges	**10**	58
Network charges	**(2)**	(2)
Victory Investment Company Sdn. Bhd.		
Plantation advisory	**-**	(33)
Torita Trading (M) Sdn. Bhd.		
Administrative charges	**22**	26

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

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

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	
	2015	2014
	RM'000	RM'000
Trade receivables		
Torita Rubber Works Sdn. Bhd.	**434**	371
Torita Trading (M) Sdn. Bhd.	**227**	205
Southern Realty (Malaya) Sdn. Berhad	**162**	136
Southern Edible Oil Industries (M) Sdn. Berhad	**112**	1,504
Banting Hock Hin Estate Company Sdn. Bhd.	**25**	20
Southern Keratong Plantations Sdn. Berhad	**36**	-
Bukit Rotan Palm Oil Sdn. Bhd.	**2**	2
SKP Borneo Sdn. Bhd.	**636**	-
Southern Hock Joo Plantations Sdn. Bhd.	**7**	32
Southern Realty Plantation Co. Sdn. Bhd.	**1**	-
Southern Products Marketing Sdn. Bhd.	**12**	10
	1,654	2,280

	The Group		The Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Other receivables, deposits and prepaid expenses				
Torita Trading (M) Sdn. Bhd.	**70**	64	**-**	-
Torita Rubber Works Sdn. Bhd.	**61**	49	**-**	-
Southern Edible Oil Industries (M) Sdn. Berhad	**53**	30	**-**	-
Southern Palm Industries Sdn. Berhad	**24**	24	**24**	24
Southern Realty (Malaya) Sdn.Berhad	**21**	19	**-**	-
SKP Borneo Sdn. Bhd.	**26**	10	**-**	-
Southern Products Marketing Sdn. Bhd	**8**	7	**-**	-
Southern Keratong Plantations Sdn. Berhad	**6**	5	**-**	-
Banting Hock Hin Estate Company Sdn. Bhd.	**3**	1	**-**	-
Southern Hock Joo Plantations Sdn. Bhd.	**1**	-	**-**	-
	273	209	**24**	24

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

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

	The Group	
	2015	**2014**
	RM'000	**RM'000**
Trade payables		
Southern Realty (Malaya) Sdn. Berhad	**42**	139
Bukit Rotan Palm Oil Sdn. Bhd.	**5**	5
	47	144
Other payables		
Southern Realty (Malaya) Sdn. Berhad	**20**	34
Southern Edible Oil Industries (M) Sdn. Berhad	**25**	25
SKP Borneo Sdn. Bhd.	**1**	1
Southern Products Marketing Sdn. Bhd.	**5**	7
	51	67

Compensation of Key Management Personnel

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

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

	The Group		The Company	
	2015	**2014**	**2015**	**2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Short-term employment benefits	**5,289**	3,217	**1,520**	842
Post-employment benefits	**440**	267	**119**	59
	5,729	3,484	**1,639**	901

Included in the total compensation of key management personnel are:

	The Group		The Company	
	2015	**2014**	**2015**	**2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Directors' remuneration (Note 8)	**3,131**	1,678	**1,025**	566

25. CASH AND CASH EQUIIVALENTS

	The Group		The Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Cash and bank balances	**48,702**	43,631	**2,118**	816
Fixed deposits with licensed banks	**24,752**	41,812	**-**	-
Short-term placements	**80,971**	71,299	**15,299**	12,876
	154,425	156,742	**17,417**	13,692

Included in short-term placements of the Group and of the Company is an amount of RM80,971,000 and 15,299,000 (2014: RM71,299,000 and 12,876,000), respectively, represents investment in trust funds managed by 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 2.34% to 9.00% (2014: 2.63% to 7.50%) per annum respectively and have maturity periods ranging from 1 day to 1 year (2014: 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.

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

	The Group		The Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Ringgit Malaysia	**96,674**	79,655	**17,374**	13,653
Indonesian Rupiah	**52,542**	75,477	**-**	-
Hong Kong Dollar	**90**	76	**-**	-
United States Dollar	**5,119**	1,534	**43**	39
	154,425	156,742	**17,417**	13,692

26. SHARE CAPITAL

	The Group and The Company	
	2015	2014
	RM'000	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

27. RESERVES

	The Group		The Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Non-distributable:				
Share premium	**34,321**	34,321	**34,321**	34,321
Foreign exchange reserve	**(11,705)**	(10,790)	**-**	-
Other reserve	**(322)**	(322)	**-**	-
Fair value reserve	**14,569**	15,324	**14,569**	15,324
	36,863	38,533	**48,890**	49,645
Distributable:				
Retained earnings	**319,595**	299,104	**116,068**	114,330
	356,458	337,637	**164,958**	163,975

Share premium

Share premium arose from the following issue of shares:

	The Group and The Company	
	2015	2014
	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.

27. RESERVES (CONT'D)

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.

28. 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 31 March 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 2014/1 April 2014	4,756	2,594	7,350
Addition (Note 7):			
Current	590	486	1,076
Overprovision in prior years	-	349	349
	590	835	1,425
Actuarial loss arising from changes in financial assumptions	-	260	260
Benefits paid	-	(215)	(215)
Effects of foreign exchange translation	-	(43)	(43)
As of 31 March 2015	**5,346**	**3,431**	**8,777**

	The Company	
	2015 RM'000	**2014 RM'000**
At beginning of year	**1,044**	1,570
Addition (Note 7)	**182**	292
Actuarial gain arising from changes in financial assumptions	**-**	(818)
At end of year	**1,226**	1,044

28. PROVISION FOR RETIREMENT BENEFITS (CONT'D)

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

	The Group		
	Malaysia RM'000	Indonesia RM'000	Total RM'000
2015			
Present value of defined benefit obligations	**5,346**	**3,431**	**8,777**
2014			
Present value of defined benefit obligations	4,756	2,594	7,350

	The Company	
	2015 RM'000	2014 RM'000
Present value of defined benefit obligations	**1,226**	1,044

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

2015	The Group		
	Malaysia RM'000	Indonesia RM'000	Total RM'000
At beginning of year	**4,756**	**2,594**	**7,350**
Current service cost	**316**	**282**	**598**
Interest cost on obligation	**274**	**204**	**478**
Overprovision in prior years	**-**	**349**	**349**
Actuarial loss arising from changes in financial assumptions	**-**	**260**	**260**
Benefits paid	**-**	**(215)**	**(215)**
Effects of foreign exchange translation	**-**	**(43)**	**(43)**
At end of year	**5,346**	**3,431**	**8,777**

2014	The Group		
	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

28. PROVISION FOR RETIREMENT BENEFITS (CONT'D)

	The Company	
	2015	**2014**
	RM'000	**RM'000**
At beginning of year	**1,044**	1,570
Current service cost	**122**	102
Interest cost on obligation	**60**	48
Past service cost	**-**	142
Actuarial gain arising from changes in financial assumptions	**-**	(818)
At end of year	**1,226**	1,044

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

		The Group	
	Malaysia	**Indonesia**	**Total**
	RM'000	**RM'000**	**RM'000**
2015			
Current service cost	**316**	**282**	**598**
Interest cost on obligation	**274**	**204**	**478**
Overprovision in prior years	**-**	**349**	**349**
	590	**835**	**1,425**

		The Group	
	Malaysia	**Indonesia**	**Total**
	RM'000	**RM'000**	**RM'000**
2014			
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)
	1,075	(486)	589

	The Company	
	2015	**2014**
	RM'000	**RM'000**
Current service cost	**122**	102
Interest cost on obligation	**60**	48
Past service cost	**-**	142
	182	292

28. PROVISION FOR RETIREMENT BENEFITS (CONT'D)

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

	2015	2014
Malaysia		
Discount rate (%)	**5.8**	5.8
Future salary increments (%)	**8.0**	8.0
Normal retirement age:		
Male	**60**	60
Female	**60**	60
Indonesia		
Discount rate (%)	**8.7**	8.7
Future salary increments (%)	**10.0**	10.0
Normal retirement age:		
Male	**55**	55
Female	**55**	55

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 occurring 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.

29. 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 (2014: 7 to 60) days.

Analysis of currency profile of trade payables is as follows:

	The Group	
	2015 RM'000	2014 RM'000
Ringgit Malaysia	**8,189**	14,861
Indonesian Rupiah	**4,224**	2,532
	12,413	17,393

29. TRADE PAYABLES, OTHER PAYABLES AND ACCRUED EXPENSES

(b) Other Payables and Accrued Expenses

	The Group		The Company	
	2015	**2014**	**2015**	**2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Other payables	**7,542**	16,083	**24**	34
Advances from customers	**6,775**	773	**-**	-
Accrued expenses	**21,095**	16,394	**-**	1,229
Provision for incremental rental charges	**4,021**	3,000	**2,213**	-
Loans from shareholders of subsidiary companies	**500**	856	**-**	-
	39,933	37,106	**2,237**	1,263

Other payables arose mainly in respect of indirect costs and administrative expenditures. These amounts are unsecured, interest-free and are repayable within 60 days (2014: 60 days) from the transaction dates.

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	
	2015	**2014**	**2015**	**2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Ringgit Malaysia	**4,569**	10,875	**24**	34
Indonesian Rupiah	**3,745**	5,242	**-**	-
Euro	**674**	15	**-**	-
United States Dollar	**5,329**	724	**-**	-
	14,317	16,856	**24**	34

30. BANKING FACILITIES

The Group and the Company have credit facilities totalling RM20,058,000 (2014: RM20,200,000) and RM11,000,000 (2014: RM11,000,000) respectively, which are secured by 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% (2014: 7.60% to 8.60%) per annum.

As of 31 March 2015, the Group and the Company have utilised RM4,102,325 and RM818,788 (2014: RM3,736,900 and RM723,000), respectively, of the bank guarantee facility.

31. DIVIDENDS

	The Group and The Company	
	2015	2014
	RM'000	RM'000
Final dividend of 5 sen, single tier, in respect of financial year ended 31 March 2014	**6,847**	-
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
	6,847	6,847

32. SEGMENTAL INFORMATION

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

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

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 2015	Manufacturing and marketing of oleochemical products	Managing and operating of private hospital	Sales of oil palm fruit and crude palm oil	Warehousing and bulk conveyor operations	Others	Eliminations	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue							
External sales	349,850	92,125	106,041	9,386	3,011	-	560,413
External dividend income	-	-	-	-	1,616	-	1,616
Inter-segment sales	-	-	-	-	11,103	(11,103)	-
Total revenue	349,850	92,125	106,041	9,386	15,730	(11,103)	562,029
Financial Results							
Segment results	7,957	8,970	20,886	4,209	(3,253)	-	38,769
Profit from operations							38,769
Investment revenue							4,922
Profit before tax							43,691
Income tax expense							(9,585)
Profit for the year							34,106

32. SEGMENTAL INFORMATION (CONT'D)

The Group 2015	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
Other Information							
Capital expenditure	2,489	4,587	35,293	108	224	-	42,701
Additions to biological assets	-	-	3,803	-	-	-	3,803
Additions of available-for-sale investments	-	-	-	-	4,370	-	4,370
Non-cash expenses:							
Depreciation of property, plant and equipment	3,621	2,540	2,352	126	531	-	9,170
Provision for retirement benefits	386	-	836	21	182	-	1,425
Amortisation of biological assets	-	-	730	-	-	-	730
Allowance for doubtful debts:							
Trade receivables	-	-	-	-		-	89
Other receivables	-	-	-	-	44	-	18
Inventories written down	269	-	-	-	-	-	269
Inventories written off	-	45	-	-	-	-	45
Provision for incremental rental charges	1,021	-	-	-	-	-	1,021
Unrealised loss/(gain) on foreign exchange - net	1,724	-	(152)	-	5	-	1,577
Property, plant and equipment written off	481	(2)	-	-	-	-	479
Non-cash income:							
Loss arising from derivative financial assets	3,916	-	-	-	-	-	3,916
Gain/(Loss) on disposal of property, plant and equipment	9	(82)	9	-	203	-	139
Allowance for loss on conversion of Plasma PIR-TRANS program no longer required	-	-	62	-	-	-	62

32. SEGMENTAL INFORMATION (CONT'D)

The Group 2015	**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**
Statement of Financial Position							
Assets							
Segment assets	**162,588**	**67,951**	**287,667**	**19,372**	**311,020**	**(253,522)**	**595,076**
Deferred tax assets	**-**	**1,198**	**928**	**-**	**-**	**102**	**2,228**
Tax recoverable	**1,488**	**3**	**5,954**	**173**	**-**	**-**	**7,618**
Consolidated assets							**604,922**
Liabilities							
Segment liabilities	**26,408**	**19,675**	**15,300**	**2,935**	**4,292**	**(4,638)**	**63,972**
Deferred tax liabilities	**1,333**	**-**	**-**	**3**	**-**	**-**	**1,336**
Tax liabilities	**-**	**289**	**873**	**-**	**-**	**(623)**	**539**
Consolidated liabilities							**65,847**

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
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

32. 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
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/(gain) on foreign exchange - net	(66)	-	525	-	(3)	-	456
Inventories witten off	-	24	-	-	27	-	51

32. 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
Property, plant and equipment written off	-	-	-	-	3	-	3
Non-cash income:							
(Gain)/Loss arising from derivative financial assets	(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 no longer required	-	-	(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

32. 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	
	2015	**2014**
	RM'000	**RM'000**
Asia:		
Malaysia	**172,580**	163,909
Indonesia	**109,363**	124,172
Others	**201,671**	175,627
Europe	**19,647**	26,391
America	**31,951**	26,999
Others	**26,817**	26,957
	562,029	544,055

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	
	2015	**2014**	**2015**	**2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Asia:				
Malaysia	**453,529**	441,497	**7,409**	6,935
Indonesia	**124,994**	113,812	**35,292**	14,064
Others	**18,116**	22,496	**-**	-
Europe	**1,921**	2,428	**-**	-
America	**3,128**	990	**-**	-
Others	**3,234**	2,412	**-**	-
	604,922	583,635	**42,701**	20,999

33. COMMITMENTS

(a) Capital Commitments

As of 31 March 2015, the Group has approved and contracted for capital commitments in respect of purchase of property, plant and equipment amounting to RM7,916,166 (2014: RM36,375,092).

(b) Lease Commitments

As of 31 March 2015, total future minimum lease payment commitments are as follows:

	The Group	
	2015	**2014**
	RM'000	**RM'000**
Within one year	**408**	408
Between one year to two years	**12**	12
	420	420

34. CONTINGENCIES

(a) In 2009, the Company received a letter dated 25 February 2009 from a related party 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 a subsidiary 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 (4) 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 (13) 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 Group and the Company and other related companies. The Company had further written to SRM dated 8 October 2014 and 1 June 2015 to follow up on this matter.

On 25 June 2015, SRM had written to the Company and responded that SRM intends to resolve the issues highlighted in their letter dated 25 February 2009 internally and as such, withdraw their letter dated 25 February 2009 to the Company.

Based on this, the directors are of the opinion that this issue has been satisfactorily resolved.

(b) In April 2010, a subsidiary company was served with a Writ of Summons and Statement of Claim for RM62 million filed by Southern Palm Industries Sdn Bhd ("SPI"), a major shareholder of the Company, against the subsidiary company and seven (7) other defendants. The claim is for fraud and breach of fiduciary duties allegedly committed by certain former directors and employees of the subsidiary company 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 the subsidiary company hold directorship. The sums claimed are for repayment of cost of funds of approximately RM62 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 (7) other defendants have filed their defence as at to date.

On 15 August 2014, SPI's solicitors had written to the Company to propose withdrawal of the suit with no order as to cost. In response, the Company had on 21 August 2014 instructed their solicitors to accept the proposed withdrawal.

Based on this, the directors are of the opinion that this issue has been satisfactorily resolved.

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

As of 31 March 2015, the Company has issued corporate guarantees without security to licensed financial institutions for credit facilities totalling RM9,000,000 (2014: RM9,000,000) granted to one (2014: one) Malaysian subsidiary company. Accordingly, the Company is contingently liable to the extent of credit facilities utilised by the said subsidiary company. The fair values of the financial guarantees have not been recognised in the financial statements since their fair values on initial recognition are negligible.

35. FINANCIAL INSTRUMENTS

Capital risk management

The objective of the Group's and 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.

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.

35. FINANCIAL INSTRUMENTS (CONT'D)

Categories of financial instruments

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Financial assets				
Available-for-sale investments	**39,093**	35,478	**39,093**	35,478
Fair value through profit or loss:				
Derivative financial assets	**-**	1,188	**-**	-
Loans and receivables:				
Advances for KKPA program	**2,981**	1,478	**-**	-
Trade receivables	**48,083**	45,747	**-**	-
Other receivables and refundable deposits	**2,858**	3,386	**113**	147
Amount owing by subsidiary companies	**-**	-	**3,679**	9,752
Fixed deposits, short-term placements, and cash and bank balances	**154,425**	156,742	**17,417**	13,692
Financial liabilities				
Other financial liabilities:				
Trade payables	**12,413**	17,393	**-**	-
Other payables and accrued expenses	**39,933**	34,106	**2,237**	1,263
Derivative financial liabilities	**2,728**	-	**-**	-
Amount owing to subsidiary companies	**-**	-	**140**	188
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.

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.

35. FINANCIAL INSTRUMENTS (CONT'D)

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	
	2015 RM'000	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**
The Group				
United States Dollar	**27,331**	29,485	**5,083**	724
Pound Sterling	**185**	270	**-**	-
Hong Kong Dollar	**90**	76	**-**	-
Euro	**-**	-	**679**	15
	27,606	29,831	**5,762**	739
The Company				
United States Dollar	**43**	39	**-**	-
Hong Kong Dollar	**-**	-	**140**	140
	43	39	**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.

	Assets		Liabilities	
	2015 RM'000	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**
United States Dollar	**2,733**	2,876	**508**	4
Pound Sterling	**19**	17	**-**	-
Hong Kong Dollar	**9**	-	**-**	(14)
Euro	**-**	(2)	**68**	-
Total	**2,761**	2,909	**576**	(10)

35. FINANCIAL INSTRUMENTS (CONT'D)

Forward foreign exchange contracts

At the end of the reporting period, the Group has foreign currency forward contacts, with maturities within the next twelve months, for the following notional amounts:

Outstanding contracts	Average exchange rate	Foreign currency FC'000	Notional value RM'000	Fair value RM'000
2015				
Buy USD				
- Less than 6 months	**3.53**	**16,000**	**56,528**	**(2,728)**
2014				
Buy USD				
- Less than 3 months	3.33	16,362	54,619	1,188

Price fluctuation risk management

The Group is exposed to the price fluctuation of raw materials used in the operations in particular commodities such as crude palm oil, crude palm stearine and palm kernel oil. The Group mitigates its risk to the price fluctuation on these key raw materials by entering into commodity future contracts to cover the physical requirements of the commodities needed by the Group at pre-determined purchase prices.

Commodity future contracts

At the end of the reporting period, the Group has commodity future contracts, with maturities within the next twelve months.

The following table details the commodity future contracts outstanding as at the end of the reporting period.

Outstanding contracts	Average price per metric tonne RM	Notional value/ Contract value RM'000	Fair value RM'000
Buy Crude Palm Oil			
2015			
Contract period for 3 months	**-**	**-**	**-**
2014			
Contract period for 3 months	2,772	6,758	6,449

35. FINANCIAL INSTRUMENTS (CONT'D)

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.

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 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 RM4,102,000 (2014: RM3,736,900).

35. FINANCIAL INSTRUMENTS (CONT'D)

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			
	2015		2014	
	The Group RM'000	The Company RM'000	The Group RM'000	The Company RM'000
Financial Assets				
Available-for-sale investments (quoted shares)	**38,637**	**38,637**	35,022	35,022
Derivative financial (Liabilities)/Assets	**(2,728)**	**-**	1,188	-

(i) Available-for-sale investments (quoted shares)

The fair value of available-for-sale investments in quoted shares is estimated based on the market value as of the end of the reporting period.

(ii) Derivative financial assets/liabilities

The fair values of derivatives instruments are calculated using quoted prices. Foreign currency forward contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts.

Fair Value Hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 : inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e as prices) or indirectly (ie derived from prices)
- Level 3 : inputs for the asset or liability that are not based on observable market data (unobservable inputs)

	2015			
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Financial Assets/(Liabilities)				
The Group				
Available-for-sale investments (quoted shares)	**38,637**	**-**	**-**	**38,637**
Derivative financial liabilities	**-**	**(2,728)**	**-**	**(2,728)**
The Company				
Available-for-sale investments (quoted shares)	**38,637**	**-**	**-**	**38,637**

35. FINANCIAL INSTRUMENTS (CONT'D)

Fair Value Hierarchy (cont'd)

	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

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 2015 into realised and unrealised profits or losses, pursuant to the directive, is as follows:

	The Group		**The Company**	
	2015	**2014**	**2015**	**2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Total retained earnings/(losses):				
Realised	**331,756**	306,182	**116,068**	114,330
Unrealised	**(436)**	2,044	**-**	-
	331,320	308,226	**116,068**	114,330
Less: Consolidation adjustments	**(11,725)**	(9,122)	**-**	-
Total retained earnings	**319,595**	299,104	**116,068**	114,330

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 Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 March 2015 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 on page 130, 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

RAYMOND WONG KWONG YEE

Klang
15 July 2015

DECLARATION BY THE **OFFICER**

PRIMARILY RESPONSIBLE FOR THE FINANCIAL MANAGEMENT OF THE COMPANY

I, **CHEONG KEE YOONG**, the officer primarily responsible for the financial management of **SOUTHERN ACIDS (M) BERHAD**, do solemnly and sincerely declare that the accompanying financial statements of the Group and of the Company are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

CHEONG KEE YOONG

Subscribed and solemnly declared by the
abovenamed **CHEONG KEE YOONG** at
KUALA LUMPUR on this 15th day of July, 2015.

Before me,

SHAFIE B. DAUD (W350)
COMMISSIONER FOR OATHS

No	Company and Location of Property	Type of Property	Area	Existing Use/ Purpose	Tenure	Age of Building	Net Book Value 31 March 2015 (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	8 years	3,245
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 20 to 34 years	7,549
3.	**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
4.	**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
5.	**Noble Interest Sdn Bhd**						
	P.T. 1288, Seksyen 14, Mukim Klang, Daerah Klang, Selangor	Land & Building	1.62 acres	Hospital Building	Freehold	N/A 16 years	4,950 21,392

No	Company and Location of Property	Type of Property	Area	Existing Use/ Purpose	Tenure	Age of Building	Net Book Value 31 March 2015 (RM'000)
6.	**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	3.963
	Lot 6579, Jalan Jerung, Pelabuhan Utara, 42000 Klang, Selangor	Building	132,858 sq.ft	Warehouse	Lease Rental expiring on 15-9-2015	24 years	1
	No 18, Jalan Firma 2/1, Kawasan Perindustrian Tebrau, Johor Bahru, Johor	Building	50,400 sq.ft	Warehouse	Freehold	18 years	1,535
7.	**P.T. Mustika Agro Sari**						
	Kebun Tanjung Pauh & Kebun Petai, Province of Riau, Sumatera, Indonesia	Land & Buildings	7,181 acres	Oil Palm Plantation, Palm Oil Mill & Workers Quarters	Leasehold expiring on 20-3-2036 and 9-4-2036	13 years	7,447
8.	**P.T. Wanasari Nusantara**						
	Kebun Wanasari Province of Riau, Sumatera, Indonesia	Land & Building	13,136 acres	Oil Palm Plantation, Palm Oil Mill & Workers Quarters	Leasehold expiring on 31-12-2029 and 29-1-2032	Ranging from 1-27 years	6,030

DISTRIBUTION SCHEDULE OF SHARE AS OF 8 JULY 2015

Size of Shareholdings	No of Shareholders	% of Shareholders	No of Shares Held	% of Shares Held
Less than 100	207	7.76	7,182	0.01
100 to 1,000	675	25.29	504,699	0.37
1,001 to 10,000	1,385	51.89	5,268,894	3.84
10,001 to 100,000	343	12.85	9,621,089	7.03
100,001 – 6,846,705 (less than 5% of issued shares)	55	2.06	41,907,308	30.60
6,846,706 (5% of issued shares) and above	4	0.15	79,624,960	58.15
TOTAL	**2,669**	**100.00**	**136,934,132**	**100.00**

LIST OF SUBSTANTIAL SHAREHOLDERS AS OF 8 JULY 2015

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 8 JULY 2015

		Direct Interest		Deemed Interest	
No.	Name of Directors	No of Shares	%	No of Shares	%
1.	Datuk Seri Panglima Sulong Bin Matjeraie	0	0.00	0	0.00
2.	Dr. Low Kok Thye (appointed on 15.7.2015)	30,416	0.02	65,689,824	47.97
3.	Lim Kim Long	49,276	0.04	69,017,267	50.40
4.	Chung Kin Mun	0	0.00	0	0.00
5.	Tan Sri Dato' Low Boon Eng	2,487	0.00	65,684,977	47.97
6.	Mohd Hisham Bin Harun	0	0.00	0	0.00
7.	Leong So Seh	0	0.00	0	0.00
8.	Teo Leng	0	0.00	0	0.00
9.	Raymond Wong Kwong Yee	0	0.00	0	0.00
10.	Cheong Kee Yoong (resigned on 15.7.2015)	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)	1,219,500	0.89
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.	Eliyezer Resources Sdn. Bhd.	384,500	0.28
25.	Tong Yoke Kim Sdn. Bhd.	367,000	0.27
26.	Toh Kam Choy	350,200	0.26
27.	Yeoh Phek Leng	332,000	0.24
28.	Tan Soon Muay @ Tan Kim Huay	319,666	0.23
29.	Ng Kim Chai	303,082	0.22
30.	Ong Beng Kee	280,000	0.20
	TOTAL	**116,341,157**	**84.96**

NOTICE IS HEREBY GIVEN that the Thirty-Fourth (34th) 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 Friday, 28 August 2015 at 11.00 a.m for the following purposes:

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 March 2015 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 2015. **Resolution 1**

3. To approve the payment of Directors' fees amounting to RM389,000 for the financial year ended 31 March 2015. **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) Tan Sri Dato' Low Boon Eng, P.S.M., DPMS, JP **Resolution 3**

   b) Madam Leong So Seh **Resolution 4**

   c) Mr Chung Kin Mun **Resolution 5**

5. To re-elect the following Director who is retiring under Article 101 of the Company's Articles of Association, and being eligible, has offered himself for re-election:-

   a) Dr. Low Kok Thye **Resolution 6**

6. To re-appoint Messrs. Deloitte 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 the Circular to Shareholders dated 5 August 2015 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.

FURTHER NOTICE IS HEREBY GIVEN THAT for the purpose of determining a member who shall be entitled to attend the 34th 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 21 August 2015. Only a depositor whose name appears on the Record of Depositors as at 21 August 2015 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 2015 ("Dividend") under Resolution 1 at the 34th AGM of the Company on 28 August 2015 the Dividend will be paid to the shareholders on 3 October 2015. The entitlement date for the Dividend shall be 11 September 2015.

A depositor shall qualify for the entitlement only in respect of: -

a) shares deposited into the Depositor's Securities Account before 12:30 p.m. on 9 September 2015 (in respect of shares which are exempted from Mandatory Deposit);

b) shares transferred into the Depositor's Securities Account before 4:00 p.m. on 11 September 2015 (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: 5 August 2015

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/her 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. The Proxy Form in the case of an individual shall be signed by the appointer or his/her attorney, and in the case of a corporation, either under its common seal or under the hand of an officer or attorney duly authorized.

3. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991. It may appoint at least one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.

4. The instrument appointing a proxy must be deposited at the Registered Office of the Company at No 9, Jalan Bayu Tinggi 2A/KS6, Taipan 2, Batu Unjur, 41200 Klang, Selangor Darul Ehsan not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.

5. Directors' Report, Audited Financial Statements and Auditors' Report

   Agenda No 1 is meant for discussion only. The provision of Section 169 of the Companies Act, 1965 and the Articles of Association of the Company require that the Audited Financial Statements and the Reports of the Directors and Auditors thereon be laid before the Company at its AGM. Hence, this Agenda item is not a business which requires a resolution to be put to vote by shareholders.

6. Authority to issue Shares pursuant to Section 132D of the Companies Act, 1965.

   The proposed Ordinary Resolution 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-Third (33rd) AGM held on 25 September 2014, 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 7 of the Agenda is a renewal of the general mandate for issuance of shares by the Company under Section 132D of the Act. At this juncture, there is no decision to issue new shares. If there should be a decision to issue new shares after the general mandate is obtained, an announcement will be made by the Company in respect of the purpose and utilisation of proceeds arising from such issue.

   The general mandate if granted will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for the purpose of funding future investment project, working capital and/or acquisition.

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

   The proposed Resolution 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 the Circular to Shareholders dated 5 August 2015, which is dispatched together with the Company's Annual Report 2015, for more information.

1. Directors who are seeking re-election are as follows:-

   (i) Tan Sri Dato' Low Boon Eng, P.S.M, DPMS, JP, pursuant to Articles 95 and 96 of the Company's Articles of Association.

   (ii) Madam Leong Soh Seh, pursuant to Articles 95 and 96 of the Company's Articles of Association.

   (iii) Mr Chung Kin Mun, pursuant to Articles 95 and 96 of the Company's Articles of Association.

   (iv) Dr. Low Kok Thye, 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 Profile of Directors' from pages 10 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-Fourth Annual General Meeting ("AGM") of Southern Acids (M) Berhad ("the Company") to be held on Friday, 28 August 2015 at 11:00 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 2015 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 2015.		
2	To approve the payment of Directors' fees amounting to RM389,000 for the financial year ended 31 March 2015.		
3	To re-elect Tan Sri Dato' Low Boon Eng, P.S.M, DPMS, JP as Director of the Company in accordance with Articles 95 and 96 of the Company's Articles of Association.		
4	To re-elect Leong Soh Seh (f) as Director of the Company in accordance with Articles 95 and 96 of the Company's Articles of Association.		
5	To re-elect Chung Kin Mun as Director of the Company in accordance with Articles 95 and 96 of the Company's Articles of Association.		
6	To re-elect Dr. Low Kok Thye as Director of the Company in accordance with Article 101 of the Company's Articles of Association.		
7	To re-appoint Messrs. Deloitte 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.		

(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 ____________________________ 2015

Signature/Common Seal of Shareholder(s)

Number of Shares held

CDS Account No.

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 21 August 2015. Only a depositor whose name appears on the General Record of Depositors as at 21 August 2015 shall be entitled to attend the said meeting or appoint a proxy to attend and vote on such depositor's behalf.

NOTES:

1. A member entitled to attend and vote at the Meeting of the Company is entitled to appoint a proxy to attend and vote on his/her behalf. A proxy shall be in writing (in the common seal or usual form) under the hand of appointer or of his/her attorney duly authorized in writing, or, if the appointer is a corporation, either under seal or under the hand of an officer or attorney duly authorized. A proxy may but need not be a member of the Company and the provisions of Section 149 (1)(b) of the Companies Act, 1965 shall not apply to the Company.
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3. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991. It may appoint at least one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.
4. The instrument appointing a proxy must be deposited at the Registered Office of the Company at No 9, Jalan Bayu Tinggi 2A/KS6, Taipan 2, Batu Unjur, 41200 Klang, Selangor Darul Ehsan not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.
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STAMP

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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