Southern Acids (M) Berhad

Company No. 64577-K
(Incorporated in Malaysia)



ANNUAL REPORT 2016

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Tan Sri Datuk Seri Panglima Sulong Matjeraie	Independent Non-Executive Chairman
Dr. Nick Low (Dr. Low Kok Thye)	Managing Director
Lim Kim Long	Executive Director
Chung Kin Mun	Senior Independent Non-Executive Director
Tan Sri Dato' Low Boon Eng	Non-Independent Non-Executive Director
Mohd. Hisham 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

Key Day-to-Day Managements : Corporate

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

Oleochemical Division

a)	Chief Operation Officer	-	Tiong Chuu Ling

Plantation & Milling Division

a)	General Manager	-	Lee Choo Chai

Healthcare Division

a)	Hospital Director	-	Tan Suet Guan

Warehousing & Conveying Division

a)	Director In-Lead	-	Alex Chan Choon Hoong

COMPANY SECRETARIES

1. **Lim Kui Suang** (MAICSA 0783327)

2. **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

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

COUNTRY OF INCORPORATION AND DOMICILE

Malaysia

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 (Helpdesk)
Fax :03-7841 8151
:03-7841 8152

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad

LEGAL STATUS

Public listed company limited by shares

AUDITORS

Messrs. Deloitte
Level 16, Menara LGB
1 Jalan Wan Kadir
Taman Tun Dr Ismail
60000 Kuala Lumpur
Malaysia

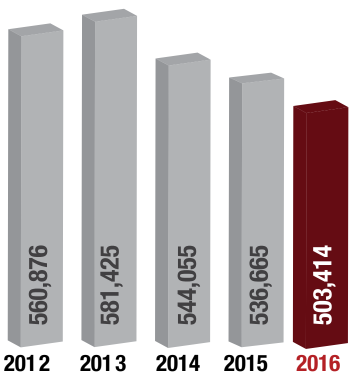
PRINCIPLE BANKERS

CIMB Bank Berhad
Deutsche Bank (Malaysia) Berhad
Citibank Berhad

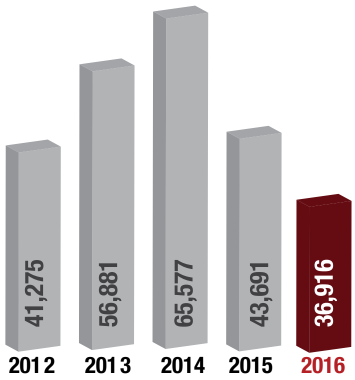
5-YEAR FINANCIAL SUMMARY

	2012	2013	2014	2015	2016
Financial Performance (RM'000)					
Revenue	560,876	581,425	544,055	536,665	503,414
Profit before tax	41,275	56,881	65,577	43,691	36,916
Profit for the year	28,014	45,635	48,178	34,106	25,964
Financial Position (RM'000)					
Total assets	512,004	549,359	583,635	604,922	626,372
Total liabilities	60,804	66,604	68,472	65,847	67,854
Net current assets	159,258	192,415	217,322	211,364	225,424
Equity attributable to shareholders of the Company	420,584	446,783	474,571	493,392	513,942
Issued and paid-up capital	136,934	136,934	136,934	136,934	136,934
Net assets	451,200	482,755	515,163	539,075	558,518
Key Figures					
Earnings per share (sen)	14.55	26.74	28.06	20.10	18.16
Dividend per share (net) (sen)	5.00	5.00	5.00	5.00	5.00
Net assets per share attributable to shareholders of the Company (RM)	3.07	3.26	3.47	3.60	3.75

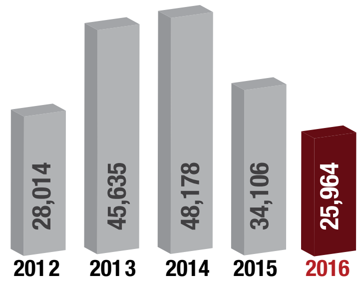
REVENUE
(RM'000)



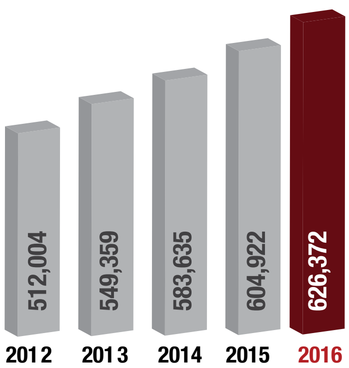
PROFIT BEFORE TAX
(RM'000)



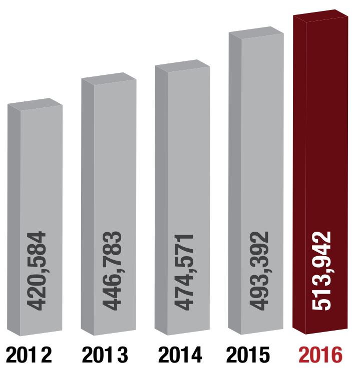
PROFIT FOR THE YEAR
(RM'000)



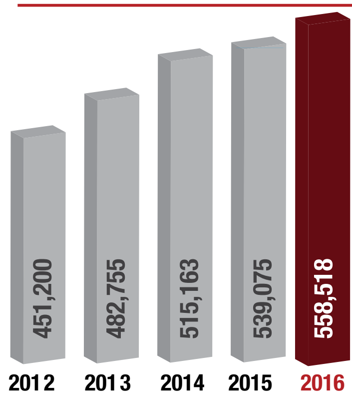
TOTAL ASSETS
(RM'000)



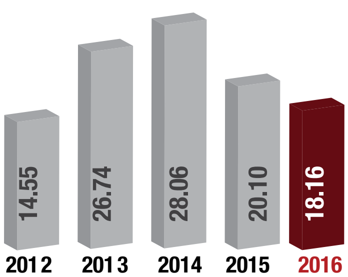
SHAREHOLDERS' EQUITY
(RM'000)



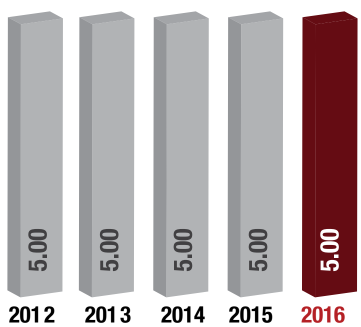
NET ASSETS
(RM'000)



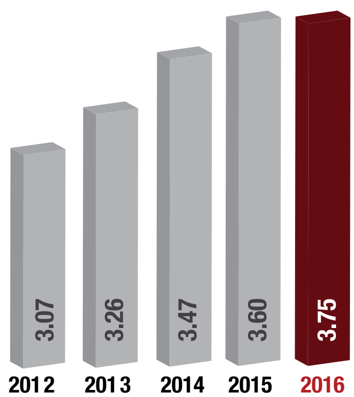
EARNINGS PER SHARE
(Sen)



DIVIDEND PER SHARE (NET)
(Sen)



NET ASSETS PER SHARE
(RM)



CORPORATE STRUCTURE

Southern Acids (M) Berhad (64577-K)

Subsidiaries

100.0%	Southern Management (M) Sdn. Berhad (65476-P)
100.0%	Southern Acids Industries Sdn. Bhd. (207048-P)
100.0%	Southern Medicare Sdn. Bhd. (352799-M)
100.0%	Noble Interest Sdn. Bhd. (349945-V)
100.0%	Centre For Sight Sdn. Bhd. (523049-H)
100.0%	PKE Transport (Malaysia) Sdn. Berhad (161855-T)
100.0%	SAB Logistics & Grains Terminal Sdn. Bhd. (931569-W)
100.0%	SAB Bio-Fuel Sdn. Bhd. (363986-K)
100.0%	SAB (East Asia) Holdings Limited. (476922)
100.0%	SAB Plantation Sdn. Berhad (470422-X)
100.0%	SAB Properties Development Co. Sdn. Berhad (324387-H)
100.0%	Pembinaan Gejati Sdn. Bhd. (320201-W)
100.0%	Wilstar Sdn. Bhd. (433043-M)
90.0%	Firstview Development Sdn. Bhd. (433422-W) → 70.0% PT. Mustika Agro Sari (040110102386) → 83.3% PT. Wanasari Nusantara (040111505014)

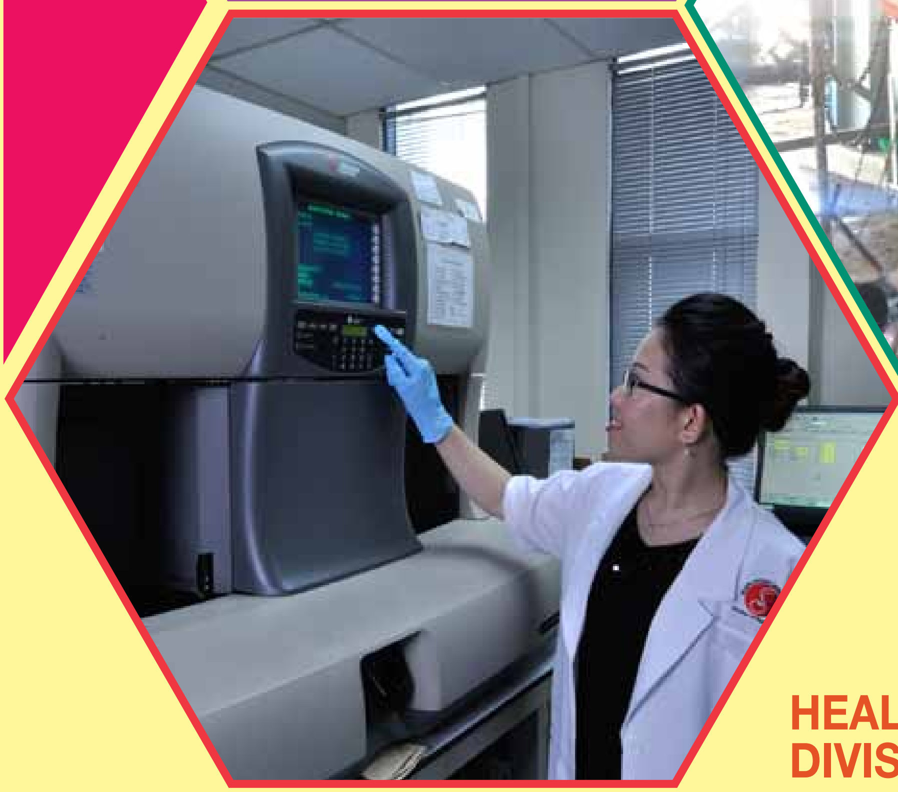
Firstview Development Sdn. Bhd. (433422-W) → 11.7% PT. Wanasari Nusantara (040111505014)

Associate

38.6%	PKE (Malaysia) Sdn. Berhad (56287-D)

OLEOCHEMICAL DIVISION

PLANTATION & MILLING DIVISION



HEALTHCARE DIVISION

BOARD OF DIRECTORS


MOHD. HISHAM HARUN
RAYMOND WONG KWONG YEE
TAN SRI DATUK SERI PANGLIMA SULONG MATJERAIE
LIM KIM LONG
TAN SRI DATO' LOW BOON ENG

PROFILE OF DIRECTORS

TAN SRI DATUK SERI PANGLIMA SULONG MATJERAIE
Independent Non-Executive Director
Aged 69; Malaysian
• Chairman

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

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

He was one of the four eminent persons appointed by the Prime Minister of Malaysia to serve in the Judicial Appointments Commission for a period of two years from 10 February 2013 to 9 February 2015. His appointment has been extended for a maximum period of another two years till 9 February 2017.

Tan Sri Datuk Seri Panglima 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.

Tan Sri Datuk Seri Panglima Sulong does not have any family relationship with any other director or major shareholder of SAB, nor any conflict of interest in any business arrangement involving the Company.

Tan Sri Datuk Seri Panglima Sulong has had no convictions for any offence within the past five years.

During the financial year ended 31 March 2016 ("FY2016"), Tan Sri Datuk Seri Panglima Sulong attended four out of the five SAB's Board of Directors ("Board") Meetings.

DR. NICK LOW
Non-Independent Executive Director
Aged: 37; Malaysian
• Managing Director

Dr. Nick Low was appointed to the 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 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 53 of the Annual Report ("AR").

He is also deemed to be interested in certain related party transactions with SAB and certain subsidiaries as disclosed on page 109 to 114 of the AR.

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

Dr. Nick Low has had no convictions for any offence within the past five years.

During FY2016, Dr. Nick Low has attended three out of the three SAB's Board Meetings.

PROFILE OF DIRECTORS
(CONT'D)

LIM KIM LONG
Non-Independent Executive Director
Aged 56; Malaysian
• Executive Director

Mr. Lim was appointed to the 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 53 of the AR.

He is also deemed to be interested in certain related party transactions with SAB and certain subsidiaries as disclosed on page 109 to 114 of the AR.

Mr. Lim does not have any family relationship with any other director of SAB.

Mr. Lim has had no convictions for any offence within the past five years.

During FY2016, Mr. Lim attended all of the five SAB's Board Meetings.

CHUNG KIN MUN
Senior Independent Non-Executive Director
Aged 49; Malaysian
• Chairman of Audit & Governance Committee
• Chairman of Nomination & Remuneration Committee

Mr. Chung was appointed to the 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 years of experience in merchant banking, corporate finance, accounting and general management. Prior to the appointment to SAB's Board, Mr Chung was the Group Chief Financial Officer of Zelan Berhad.

Mr. Chung does not have any family relationship with any other director or major shareholder of SAB, nor any conflict of interest in any business arrangement involving the Company.

Mr. Chung has had no convictions for any offence within the past five years.

During FY2016, Mr. Chung attended all of the five SAB's Board Meetings.

PROFILE OF DIRECTORS
(CONT'D)

TAN SRI DATO' LOW BOON ENG
Non-Independent Non-Executive Director
Aged 66; Malaysian

Tan Sri Dato' Low was appointed to the 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 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 53 of the AR.

He is also deemed to be interested in certain related party transactions with SAB and certain subsidiaries as disclosed on page 109 to 114 of this AR.

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

Tan Sri Dato' Low has had no convictions for any offence within the past five years.

During FY2016, Tan Sri Dato' Low attended all of the five SAB's Board Meetings.

MOHD. HISHAM HARUN
Non-Independent Non-Executive Director
Aged 48; Malaysian

Encik Mohd. Hisham was appointed to the 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 does not have any family relationship with any other director or major shareholder of SAB, nor any conflict of interest in any business arrangement involving the Company.

Encik Mohd. Hisham has had no convictions for any offence within the past five years.

During FY2016, Encik Mohd. Hisham attended all of the five SAB's Board Meetings.

PROFILE OF DIRECTORS
(CONT'D)

LEONG SO SEH
Independent Non-Executive Director
Aged 64; Malaysian

- **Member of Audit & Governance Committee**
- **Member of Nomination & Remuneration Committee**

Madam Leong was appointed to the Board on 8 April 2009. Other than directorship in SAB and a director of certain subsidiaries of SAB, she is also an Independent Non-Executive Director of icapital.biz Berhad.

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's 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 does not have any family relationship with any other director or major shareholder of SAB, nor any conflict of interest in any business arrangement involving the Company.

Madam Leong has had no convictions for any offence within the past five years.

During FY2016, Madam Leong attended all of the five SAB's Board Meetings.

TEO LENG
Independent Non-Executive Director
Aged 64; Malaysian

- **Member of Audit & Governance Committee**

Mr. Teo was appointed to the Board on 1 December 2010. Other than directorship in SAB and a director of certain subsidiaries of SAB, he is also an Independent Non-Executive Director of United Malacca Berhad.

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 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 does not have any family relationship with any other director or major shareholder of SAB, nor any conflict of interest in any business arrangement involving the Company.

Mr. Teo has had no convictions for any offence within the past five years.

During FY2016, Mr. Teo attended all of the five SAB's Board Meetings.

PROFILE OF DIRECTORS
(CONT'D)

RAYMOND WONG KWONG YEE
Non-Independent Non-Executive Director
Aged 46; Malaysian

- **Member of Audit & Governance Committee**
- **Member of Nomination & Remuneration Committee**

Mr. Wong was appointed to the 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 does not have any family relationship with any other director or major shareholder of SAB, nor any conflict of interest in any business arrangement involving the Company.

Mr. Wong has had no convictions for any offence within the past five years.

During FY2016, Mr. Wong attended all of the five SAB's Board Meetings.

SENIOR 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)

CHAIRMAN'S STATEMENT

"FY2016 was a difficult and challenging year for the Company and its subsidiaries ("Southern Acids"). Southern Acids could only deliver a Profit Before Tax ("PBT") of RM36.9 million in FY2016, 15.5% lower compared to the PBT in the financial year ended 2015 ("FY2015"). FY2016's earnings per share is also lower at 18.2 sen. Nevertheless, the Board is recommending a Single Tier Final Dividend of 5 sen per ordinary share of RM1.00 each for FY2016, the same dividend payout rate for FY2015. The total dividends payout for FY2016 amounts to RM6.85 million which translates to a dividend payout ratio of 27.5%."

PERFORMANCE

In FY2016, the revenue of Southern Acids decreased by 6.2% to RM503.4 million compared to FY2015 revenue of RM536.7 million whereas the PBT of Southern Acids also decreased by 15.5% to RM36.9 million compared to FY2015 PBT of RM43.7 million. Out of the total PBT of RM36.9 million, RM17.0 million came from other income. The combined PBT from both Oleochemical and Healthcare Divisions contributed more than 80% of Southern Acids' PBT.

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

DIVIDEND

The recommended Single Tier Final Dividend of 5 sen per ordinary share of RM1.00 each is subject to the approval of shareholders at the forthcoming Annual General Meeting ("AGM") of the Company to be held on 24 August 2016.

CHAIRMAN'S STATEMENT
(CONT'D)

OVERVIEW OF MALAYSIA ECONOMY

According to the Malaysian Rating Corporation Bhd ("MARC"), Malaysia's economy is expected to perform better in the second half of this calendar year. This is in anticipation of an easing of downside pressure on the external sector and amid a steady recovery of the US economy as well as some stabilisation in China's economy.

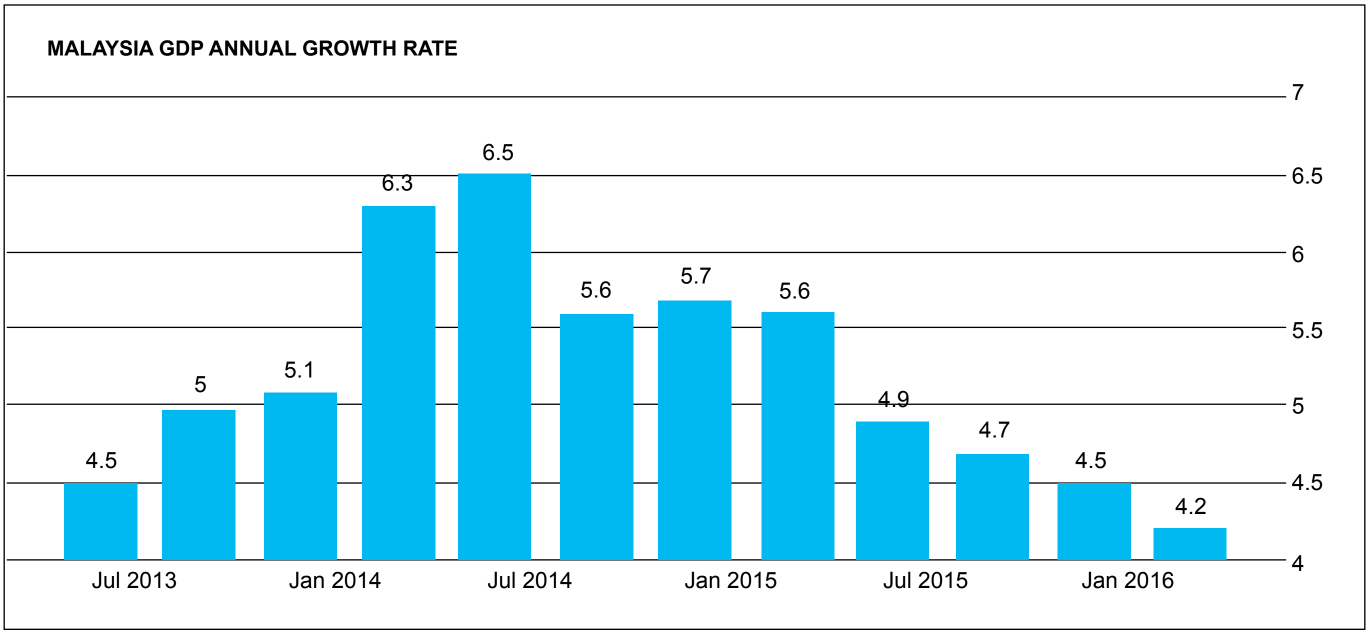
MARC's Chief Economist Nor Zahidi Alias said commodity prices are likely to continue to stabilise in the second half as demand starts to recover. "In particular, crude oil prices have averaged above USD35 per barrel (higher than the government's assumption of USD30-35 per barrel), propelled by a reduction in global production and greater overall demand," he told Bernama.

He said with US shale production likely continuing to ease and China's demand starts to recover further, crude oil prices would likely register an average price of at least USD35-45 per barrel. "Similarly, palm oil prices are also likely to be higher than what has been anticipated by the market. All these will help Malaysia's headline growth to stabilise in the second half," he added.

On the first quarter performance, he said the moderation of gross domestic product (GDP) growth in it, is attributed to the weakness of the external sector and domestic demand. However, he said private consumption rebounded and grew by 5.3 per cent after hitting a low of 4.1 per cent in the third quarter of last year.

Source: Reported by Bernama on 16 May 2016.

***Figure 1** shows Malaysia GDP Annual Growth Rate since Jul 2013:-*



Source: www.tradingeconomics.com / Department of statistic Malaysia

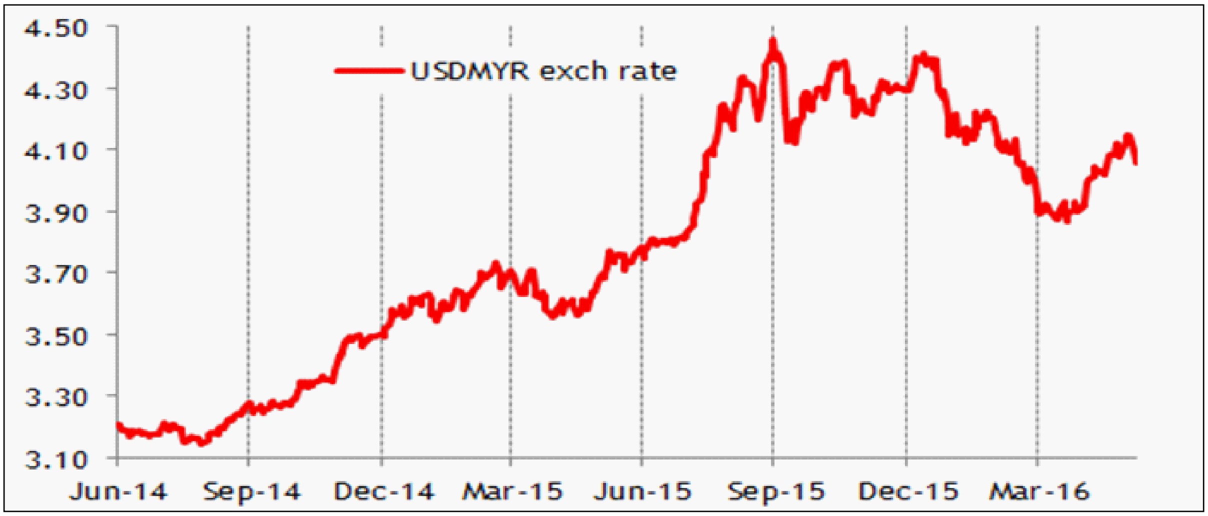
CHAIRMAN'S STATEMENT
(CONT'D)

INDUSTRY OUTLOOK AND PROSPECTS

The prospects for Southern Acids in the coming financial year ending 31 March 2017 ("FY2017") will likely to remain challenging as in FY2016. Our Company is not spared from external uncontrollable factors, amongst others:-

a. Uncertainty and volatility in CPO prices; please refer to Figure 3 on the volatility of CPO prices since January 2014;
b. Currency exchange rate of USD/MYR as well as MYR/IDR;

Figure 2 *shows the volatility of USD/MYR for the past twelve months:-*



Source: Bloomberg, Maybank-KE

c. Unpredictable weather conditions; The El Nino weather phenomenon that occurred in 2015 and early 2016 was one of the most severe so far and is felt by all in the oil palm plantation industry;
d. Frequent changes in relevant governmental regulations/policies, amongst others:-

    - biodiesel mandate;
    - minimum wages; and
    - export tariff.

e. Keen competition in international markets; and
f. Slowdown in world major economies.

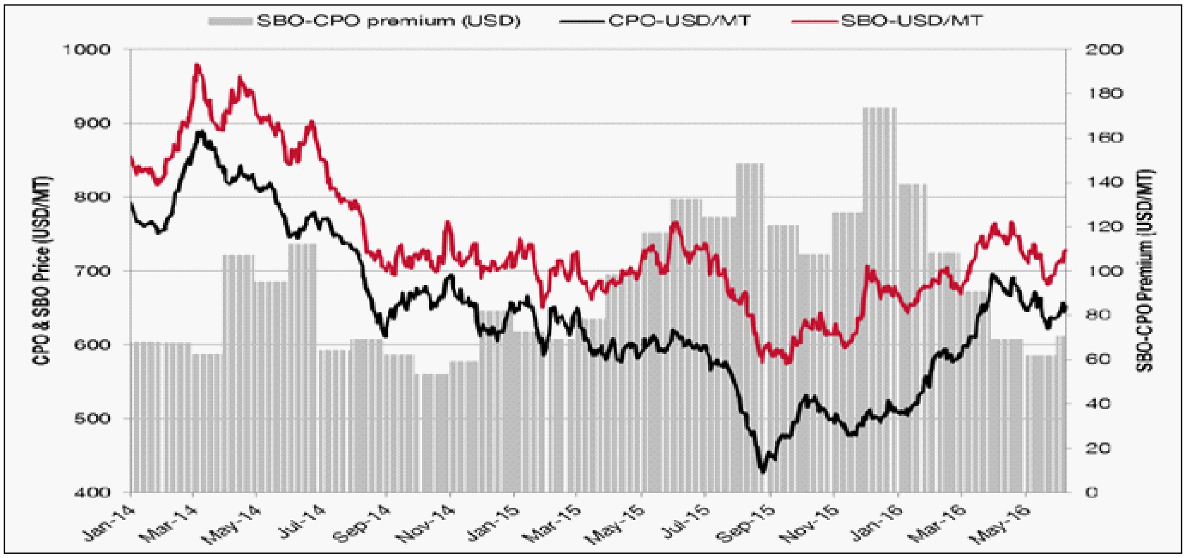
However, the industry may be looking at some relief based on the report issued by MIDF dated 21 June 2016. MIDF maintains its bullish view on CPO price with near term target range of RM2,500 to RM2,800 per MT based on the following factors:-

- Biodiesel 10 mandate; it is expected a slight delay in B10 implementation to July 2016, a month later from an earlier plan to begin the program in June. MIDF gather that the rationale is for oil companies to reset their blending ratios and procure palm methyl ester;
- Neutral on the news; the delay is not expected to affect Malaysia palm oil inventory level significantly as it is already at its 5-year low level of 1.65 million MT as of end-May 2016. In the long run, we expect the biodiesel program to keep the total inventory at the manageable level of below 2.5 million MT especially during the peak production months between September and November 2016;
- Biodiesel consumption has improved in Malaysia; MIDF believe that the increase in local palm oil consumption in Malaysia for May 2016 is likely to be caused by higher biodiesel consumption. As it is, May 2016 palm oil consumption locally has increased by 3.4% month over month and 8.9% year over year to 260,522 MT; and
- Undervaluation of CPO; CPO is currently undervalued as its discount against soybean oil has widened to USD110 per MT despite the tight inventory at a 5-year low. From the recent low discount of USD54 per MT, CPO- Soybean Oil ("SBO") discount has doubled to USD110 per MT currently.

CHAIRMAN'S STATEMENT
(CONT'D)

INDUSTRY OUTLOOK AND PROSPECTS (CONT'D)

Figure 3 *shows the volatility of CPO vs. SBO Price and Historical Premiums:-*



Source: Bloomberg, Kenanga Research

CORPORATE DEVELOPMENT

As announced to Bursa Malaysia Securities Berhad ("Bursa") on 4 September 2015, the Company had made a strategic decision to dispose 973,750 ordinary shares of RM1.00 each held in a subsidiary company, PKE (Malaysia) Sdn. Berhad ("PKEM") to a strategic investor. With the disposal, PKEM had ceased to be a direct subsidiary and is now an associate company of SAB.

With the disposal, the principal activities of Southern Acids are now streamlined into three divisions as follows:-

1. Oleochemical;
2. Plantation & Milling; and
3. Healthcare.

ACKNOWLEDGEMENT

On behalf of the Board, I wish to express my appreciation to our management and staff for their dedication, commitment and effort that had contributed to the Company's performance. With the uncertainties and volatile market ahead, the Board is cautiously optimistic on its financial performance in FY2017 and will take the necessary steps to achieve a strong and sustainable financial performance.

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.

Tan Sri Datuk Seri Panglima Sulong
Independent Non-Executive Chairman

MANAGEMENT DISCUSSION AND ANALYSIS

DEAR SHAREHOLDERS,

ON BEHALF OF SAB, I TAKE PLEASURE IN PRESENTING THE MDA OF SOUTHERN ACIDS FOR FY2016. THE OBJECTIVE OF THIS MDA IS TO PROVIDE SHAREHOLDERS WITH A BETTER UNDERSTANDING AND OVERVIEW OF THE BUSINESSES, THE OPERATIONS, AND THE FINANCIAL POSITION OF SOUTHERN ACIDS IN FY2016 AND THE OUTLOOK FOR FY2017.

A. OVERVIEW

In FY2016, SAB streamlined its businesses into three core businesses as follows: -

- Oleochemical;
- Plantation & Milling; and
- Healthcare.

During the FY2016, PKEM which is involved in the provision of warehousing and overhead conveying goods loading services (categorized under Warehousing & Conveying) ceased to be a direct subsidiary and is now an associate company of SAB.

MANAGEMENT DISCUSSION AND ANALYSIS
(CONT'D)

A. OVERVIEW (CONT'D)

Oleochemical

The principal activities involve manufacturing and marketing of fatty acids and glycerine. Currently the production mix is about 90:10 between fatty acids and glycerine. Our end products are used in a wide variety of applications; amongst others in the cosmetics production, pharmaceutical production and food industries.

Our plant which started operations in the 1980's is located in Kapar, Klang and has an annual capacity of about 100,000 MT. Our operations have obtained the following accreditations and certifications: -

- ISO 22000 (Food Safety Management);
- ISO 9001 (Quality Management Systems);
- GMP-Good Manufacturing Practice;
- HACCP-Hazard Analysis Critical Control Point; and
- RSPO-Roundtable on Sustainable Palm Oil.

Today, our products are mainly exported to Asian countries followed by America, Europe and the Middle East.

In the long term we aim to upgrade our plant to increase the plant's efficiency and to improve cost efficiencies via modernization and automation of the plant's processes.

Plantation & Milling

In Indonesia, SAB via its sub-subsidiaries has two (FY2015: one) palm oil mills ("POM") with a total milling capacity of 105MT (FY2015: 45MT) per hour. The fresh fruit bunches ("FFB") for processing by the two POMs are supplied by both internal estates operations as well as from the surrounding external estates.

As at 31 March 2016, SAB has a total of 2,880.3 hectares of matured area and 1,510.9 hectares of immature area in Indonesia. Out of the planted area, a total of 972.7 hectares was replanted in FY2016. A total of 1,072.50 hectare will require replanting over the next few years.

In FY2016, about 79.6% FFB are sourced from external estates. The commissioning of the new 60MT POM in August 2015 had increased the ratio of external FFB processed.

In Peninsular Malaysia, SAB has a total of 154.9 hectares of matured area and 76.1 hectares of immature area of cultivation.

Healthcare

Our medical centre, Sri Kota Specialist Medical Centre ("Sri Kota") is a 232-bed tertiary private medical centre in Klang. Sri Kota's core disciplines are as follows; -

- Orthopaedics;
- Cardiology;
- Nephrology; and
- Hand & Microsurgery.

Sri Kota is accredited with the full 4-year prestigious Malaysian Society for Quality in Health ("MSQH") 4th Edition (2nd Cycle) for a period of four years from 12 November 2014 to 11 November 2018.

Our objectives are to increase our brand awareness, increase the number of healthcare consultants and to upgrade and improve our medical equipment and facilities in line with the market requirement.

MANAGEMENT DISCUSSION AND ANALYSIS
(CONT'D)

B. FINANCIAL RESULTS

Overall Financial Results

In FY2016, Southern Acids achieved a PBT of RM36.9 million on the back of a RM503.4 million in revenue.

	FY2016		FY2015		Changes in %	
	Revenue RM'000	PBT RM'000	Revenue RM'000	PBT RM'000	Revenue %	PBT %
Oleochemical	284,020	16,269	349,850	9,038	(18.8)	80.0
Plantation & Milling	135,010	9,101	106,041	23,660	27.3	(61.5)
Healthcare	71,257	13,529	66,761	9,306	6.7	45.4
Others	13,127	(2,347)	14,013	1,687	(6.3)	(239.0)
	503,414	**36,552**	**536,665**	**43,691**	**(6.2)**	**(16.3)**
Share of results of an associate (net)	**-**	**364**	**-**	**-**	**-**	**n/a**
Southern Acids Level	**503,414**	**36,916**	**536,665**	**43,691**	**(6.2)**	**(15.5)**

Based on the table above, Southern Acids recorded a drop of 6.2% and 15.5% in revenue and PBT respectively in FY2016 compared to FY2015. Out of the three core operations, Oleochemical and Healthcare Divisions contributed most of the PBT to Southern Acids in FY2016.

The lower operating results had translated into lower earnings per share of 18.2 sen compared to earnings per share of 20.1 sen in FY2015. As at 31 March 2016, the net assets per share of the Company increased by RM0.15 to RM3.75 per ordinary share.

Review of Financial Results for Oleochemical

Oleochemical as one of our main core operations registered an 80.0% increase in PBT to RM16.3 million for FY2016 as compared to PBT of RM9.0 million for FY2015 despite a 18.8% drop in revenue to RM284.0 million in FY2016 compared to a revenue of RM349.8 million in FY2015.

The lower revenue in FY2016 was mainly due to a 15.8% drop in sales volume as well as lower selling price. Despite this drop in revenue, the lower raw material costs in FY2016 consistent with the drop in worldwide CPO price coupled with the operations ability to minimise the drop in selling price has led to better profit margins. Raw material costs in FY2016 was 10.1% lower than FY2015.

In addition, the increase in PBT FY2016 was also contributed by non-operational profit via unrealised forex gain from the strengthening of the US dollar against the Ringgit Malaysia.

MANAGEMENT DISCUSSION AND ANALYSIS
(CONT'D)

B. FINANCIAL RESULTS (CONT'D)

Review of Financial Results for Plantation & Milling

The core business of Plantation & Milling has registered an increase of 27.3% in revenue from RM106.0 million in FY2015 to RM135.0 million for FY2016. However, the PBT decreased by 61.5% to RM9.1 million in FY2016 compared to RM23.7million in FY2015.

This increase in revenue is contributed primarily by the new 60 MT POM commissioned on August 2015 in Indonesia but is negated by the decrease in matured land area for harvesting as well as a significant drop in international market price of CPO.

The El Nino effect has led to a lower FFB output in this region and has increase competition for FFB buyers leading to higher price of raw material for the POM processing units and impacting the profit margin for the two POMs.

In summary, the shortage of FFB supply in the region and the lower average selling price of CPO were the primary reasons for the decrease in PBT by RM14.6 million as compared to FY2015.

Review of Financial Results for Healthcare

The core business of Healthcare registered a marginal 6.7% increase in revenue to RM71.3 million in FY2016 compared to revenue of RM66.8 million in FY2015. However, the operations registered a substantial increase in PBT by 45.4% to RM13.5 million in FY2016 compared to PBT of RM9.3 million in FY2015.

The increase in PBT was mainly contributed by higher operational profit margin earned and lower administrative expenses. The increase in inpatient admissions between FY2016 against FYI 2015 was negligible but the average revenue per patient was 11.0% higher in FY2016 as compared to FY2015.

MANAGEMENT DISCUSSION AND ANALYSIS
(CONT'D)

C. REVIEW OF OPERATING ACTIVITIES

Oleochemical

FY2016 was a challenging year for the Palm Oil industry globally.

We were facing keen international competition and pressure on pricing. The lower demand from major importing countries such as China has led to an over-capacity situation globally. The low petroleum prices in 2015 had also encouraged the use of petrochemical as an alternative.

The introduction of export tariff levy by the Indonesian government in July 2015 has given the advantage to the Indonesian oleochemical players who can offer a more competitive pricing for its palm oil products processed in Indonesia.

In the local front, the price for the supply of gas to commercial and industrial sectors has increased twice during FY2016 which had led to a higher production costs. The price increases are as follows: -

- Effective from 30 June 2015, an increase of 10% from RM19.63/Mmbtu to RM21.50/Mmbtu; and
- Effective from 1 January 2016, an increase of 17% from RM21.50/Mmbtu to RM25.19/Mmbtu.

However, we were able to cushion the negative impact by the efficient sourcing of raw materials.

With no major capital expenditure in FY2016, this division continue to generate cash flow to Southern Acids. As at end of FY2016, this division has increased its net cash balances by RM10.5 million.

Plantation & Milling

FY2016 has been a very challenging and difficult year.

The El Nino weather phenomenon that started in 2015 and continued onto early 2016, was one of the most severe so far and has caused an acute shortage of supply of FFB regionally. Our new POM which was significantly depended on externally sourced FFB was operating below its targeted capacity.

The unusually long drought has affected the quality of FFB and the oil extraction rate ("OER"). Our average OER for FY2016 was lower compared to FY2015. The low supply of FFB in the region had led to higher prices for the externally sourced FFB. CPO price hit rock bottom in FY2016 before recovering in the later quarters as a result of the low production of CPO in the region.

The minimum wages in Riau, Indonesia based on the government regulation has increased by 12.8% in 2015 as announced by Ministry of Manpower and Transmigration of Indonesia. This has led to an increase in operating costs for our operations.

Our new mill in Riau which was commissioned in 2015, was fully funded by internal funds. This has reduced the operations cash balance by about RM10.2 million as at end of FY2016.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

C. REVIEW OF OPERATING ACTIVITIES (CONT'D)

Healthcare

The inelasticity of healthcare has contributed to the growth trend of the healthcare industry in 2015/2016. Based on the spending trend in Malaysia, healthcare spending continues to grow regardless of economy situation. The Goods and Services Tax ("GST") which was implemented on 1 April 2015 has not impacted the industry much.

The earlier identified new Hospital Information System ("HIS") which was to go live in FY2016 has failed and the consultants involved were replaced. Since then we have been sourcing for a new HIS and the target is to implement the new HIS by financial year ending 2018.

Sri Kota, being a matured medical centre, has undergone an upgrading program gradually in FY2016. This is to improve the service delivery of the medical centre. Amongst others, the medical centre's reception area and the dialysis center have been refurbished. In addition, one unit of new chiller was installed to replace the old unit and some diagnostic equipment were replaced as well.

As part of Sri Kota's efforts to meet the growing needs of its patients, Sri Kota recruited an additional thirteen new Medical Consultants from various specialty areas. With that Sri Kota has a total of fifty-seven Medical Consultants as at 31 March 2016.

With its tax allowances fully utilised in FY2015, this division which is fully operated under Southern Medicare Sdn. Bhd. paid tax on its earnings in FY2016.

This division continues to generate net cash flow to Southern Acids. As at end of FY2016, this division has increased its cash balance by RM7.5 million.

D. OUTLOOK

The outlook for FY2017, we expect the same uncontrollable challenging factors to continue affecting our Oleochemical and Plantation & Milling operations. Our Oleochemical plant will be undergoing some upgrading works to improve its productivity and lowering its cost. On a positive note, we are optimistic that the growth trend of the healthcare industry would continue in 2016/2017.

Being cost efficient and improving our productivity will be our main targets in FY2017 and beyond, as we will be facing higher operating cost especially from higher minimum wages in both Malaysia and Indonesia. Effective 1 July 2016, the monthly minimum wages will increase from RM900 to RM1,000 for Peninsular Malaysia. Our operation in Indonesia has also been affected by the increase of minimum wages from IDR2.7 million to IDR3.1 million in 2016.

In summary, the prospect for Southern Acids in FY2017 will remain to be challenging.

AUDIT & GOVERNANCE COMMITTEE REPORT

AUDIT & GOVERNANCE COMMITTEE REPORT

The Board is pleased to present the Audit & Governance Committee ("AGC") Report for FY2016.

1. COMPOSITION AND MEETING

a) Composition

The AGC comprises four members from the Board, three of whom are Independent Non-Executive Directors and one is a Non-Independent Non-Executive Director.

The AGC Chairman, Mr. Chung Kin Mun, is a member of CPA Australia.

Accordingly, the composition of the AGC complies with paragraph 15.09 Composition of the Audit Committee of the Bursa Main Market Listing Requirements ("MMLR").

b) Meeting and Attendance

The AGC shall meet at least four times during a financial year. The Chairman may call and convene additional meetings on matters within the scope and responsibilities of the AGC upon the request by any of the following:-

- The Board;
- Management;
- Internal auditor; or
- External auditor.

The quorum for AGC meetings shall be at least two members, majority of whom must be independent non-executive directors. The Company Secretary shall act as the Secretary of the AGC. The minutes of each meeting shall be distributed to all members of the AGC for confirmation at the next meeting and circulated to the Board at the next Board meeting.

The AGC Chairman reports to the Board on salient principal matters deliberated and recommended at AGC meetings for the Board's approval.

The AGC members and the details of their attendance at AGC meetings convened during the financial year are as follows:-

No.	Name	Position	Attendance of meetings
i)	Chung Kin Mun (Senior Independent Non-Executive Director)	Chairman	4/4
ii)	Leong So Seh (Independent Non-Executive Director)	Member	4/4
iii)	Teo Leng (Independent Non-Executive Director)	Member	4/4
iv)	Raymond Wong Kwong Yee (Non-Independent Non-Executive Director)	Member	4/4

AUDIT & GOVERNANCE COMMITTEE REPORT
(CONT'D)

2. AUTHORITY

The AGC has obtained the following mandate from the Board in carrying out its duties:

- To have sufficient and competent resources, including access to external independent professional advice when necessary in carrying out its duties;
- To have full and unrestricted access to information, reports, records, properties and personnel at all level of management; and
- To communicate directly with the external auditor and the outsourced internal auditor and if necessary, convene meetings without the presence of executive directors and management.

3. DUTIES AND RESPONSIBILITIES

The duties and responsibilities of the AGC are as follows but are not limited to:

- To oversee the internal control system including the outsourced internal audit, management accounting, financial reporting and business ethics, to ensure operational efficiencies and effectiveness in achieving the Company's objectives.
- To ensure the outsourced internal audit function is equipped with sufficient and competent resources, and has the necessary authority to carry out its work.
- To oversee the management of the outsourced internal auditor including appraisal of its performance and its termination or reappointment;
- To review and/or approve the outsourced internal audit plans or any programs and processes of investigation, assessment of the results thereon and formulation of remedial action plans, if necessary.
- To consider and recommend to the Board, the appointment, resignation or dismissal of external auditor, and the audit fee;
- To review and assess the scope of the external audit on financial statements and system of internal controls, and subsequently the audit findings, if any, and the response of the management to the audit findings;
- To investigate any matter that is deemed necessary, within its Terms of Reference ("TOR").
- To review and assess the quarterly interim financial reports and annual financial statements of both the Company and Southern Acids focusing on the following:-
    - any change in accounting policies and practices, and its implementation;
    - compliance with applicable accounting standards and regulatory requirements;
    - significant transactions or events of unusual nature;
    - significant adjustments arising from the audit; and
    - going concern assumption in the preparation of financial statements.

  before submitting to the Board for deliberation and approval if deemed fit.
- To review and monitor any 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;

AUDIT & GOVERNANCE COMMITTEE REPORT
(CONT'D)

- To report to the Board if there is any breach on the Bursa MMLR and recommend corrective measures;
- To report promptly to Bursa where a matter reported by AGC to the Board has not been satisfactorily resolved resulting in a breach of Bursa MMLR;
- To ensure employees at all levels of the Company and Southern Acids give adequate assistance and cooperation during the course of internal and external audit; and
- To undertake such other function and assignment as may be agreed by AGC and the Board.

4. SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR

During FY2016, the following management staff and consultants were invited for the purposes of briefing and presentation on their respective areas and sought approval, if deemed fit.

a. Managing Director, Executive Director and Chief Financial Officer

<u>On Financial Reporting, RPT and Taxation matters</u>

Presentation on the following for approval:-

- Unaudited quarterly interim financial results;
- List of RPT transactions by the Company and Southern Acids;
- Progress update on GST implementation;
- Progress update on Transfer Pricing documentation exercise;
- Progress update on external auditor's Emphasis of Matters including liaison with relevant parties;
- Draft Recurrent Related Party Transactions ("RRPT") Circular;
- Draft annual audited financial statements;
- Draft statements and reports as required for the AR;
- Draft presentation of FY2015 financial results to the shareholders; and
- Draft replies to questions raised by Minority Shareholder Watchdog Group ("MSWG").

<u>On Enterprise Risk Management ("ERM")</u>

Presentation on the following for deliberation and information:-

- Progress report on the ERM programs implementation.

<u>On Outsourced Internal Auditor ("OIA")</u>

Presentation on the following for information and approval:-

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

<u>On Bursa's Circulars and Correspondences</u>

Presentation of the following for information and approval:-

- List of Bursa's Circulars;
- Bursa's approval on draft RRPT circular;
- Analysis of Corporate Governance ("CG") Disclosures in AR for financial year ended 2013 and 2014 and Report on Company's Performance;
- Queries from Bursa; and
- Draft replies to Bursa.

AUDIT & GOVERNANCE COMMITTEE REPORT
(CONT'D)

4. SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR (CONT'D)

b. The OIA, Messrs. Axcelasia Columbus Sdn. Bhd. (formerly known as Columbus Advisory Sdn. Bhd.) ("Axcelasia")

During FY2016, Axcelasia conducted three cycles of internal audit fieldworks and presented all the reports as follows to the AGC:-

- Oleochemical and Plantation & Milling Divisions which were presented on 30 November 2015; and
- Healthcare Division which was presented on 23 February 2016.

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

During FY2016, Deloitte met up with the AGC in two AGC's meetings. The following matters were presented by Deloitte and discussed:-

- Audit findings and the progress of the audit before the finalization of the annual audited financial statements for FY2015 on 27 May 2015;
- A private session was held without the presence of the management on the same day; and
- Audit Planning Memorandum for FY2016 to the AGC on 23 February 2016.

INTERNAL AUDIT FUNCTION

The Internal Audit Function was carried out by OIA, Axcelasia. OIA supports the AGC in the discharge of its duties and responsibilities and reports directly to the AGC, provide reasonable independent assurance on the effectiveness 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 FY2016, Axcelasia carried out three assignments on the Oleochemical, Plantation & Milling and Healthcare Division and presented all the reports as mentioned in Section 3 (b) above.

The internal audit was performed in accordance with generally acceptable internal auditing practices. The scopes of work which have been agreed and carried out are as follows:-

- To assess the key risk areas, walkthrough or 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;

- To discuss with key management staff as well as limited tests of transactions on a sample basis covering the various related records and documents supplemented with an observation of its current practices;

- To conduct exit meetings with the key management staff for their comment in response to the internal audit findings, including suggested deadlines by the management on the agreed areas that require rectifications and improvements;

- To follow-up assessment on the internal audit conducted in previous financial year; and

- To finalize the internal audit report for presentation to the AGC.

Total cost incurred for the Internal Audit Function for FY2016 was RM143,282.

STATEMENT ON CORPORATE GOVERNANCE

STATEMENT ON CORPORATE GOVERNANCE

The Board is committed to ensure that the affairs of the Company and Southern Acids are managed in accordance with the appropriate standards of good CG to promote a continuous and sustainable growth for the interests of its shareholders and stakeholders.

The Board is pleased to set out in the Statement on Corporate Governance ("Statement") the manner and extent in which the Company has applied the principles of CG and complied with the recommended best practices as set out in MCCG 2012 and Bursa MMLR.

Principle 1 - Establish Clear Roles and Responsibilities of the Board and Management

1.1 Clear functions of the Board and Management

The Board has the ultimate responsibility for the overall management of the Company and is guided by the Board Charter adopted by the Board. The adopted Board Charter which is made available on the Company's website sets out the respective roles and responsibilities of the Board. The following are the key highlights of the Board Charter, amongst others:-

- Role of Chairman who is an Independent Non-Executive Director;
- Role of the Board; and
- Matters reserved for Board's decision.

The Board has established the following committees with specific powers conferred and delegated by the Board:-

a. AGC; and
b. Nomination & Remuneration Committee ("NRC").

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

The management team under the leadership of the MD and an Executive Director ("ED") manage Southern Acids in accordance with the direction of the Board.

1.2 Clear roles and responsibilities

The Board assumes the following principal responsibilities in discharging its fiduciary and leadership functions in achieving the Company's commercial and regulatory compliance objectives:

a. Reviewing and adopting the overall strategic plans of the Company;

Matters on strategic plans of the Company where applicable are brought up for discussion in Board meetings and if deemed appropriate, be approved by the Board.

The Board had on 15 July 2015 after deliberation, approved NRC's recommendation to appoint Dr. Nick Low as the MD of the Company. The appointment of Dr. Nick Low is to lead the planning of strategic plans for the Board approval and execution thereafter, and to align the interest of the shareholders of the Company.

b. Overseeing the conduct of the Company's business;

The MD who is supported by his management team is responsible for the day-to-day management of the business and operations of Southern Acids and to ensure its commercial and regulatory compliance objectives as adopted by the Board.

The performance of the management under the leadership of the MD is assessed by the Board through management's presentation papers on the following aspects:-

i. financial;
ii. operational; and
iii. compliance matters.

Management's presentation papers will be tabled to the Board and/or Board Committee meetings respectively held during the financial year.

STATEMENT ON CORPORATE GOVERNANCE
(CONT'D)

c. Identifying principal risk of the Company and ensuring the implementation of appropriate internal control and mitigation measures;

Through the AGC, the Board oversees the key principal risks of Southern Acids. While the enterprise risk framework is under the purview of the AGC, the MD is the ultimate risk owner. In facilitating the monitoring of the key principal risks, the Company has selected Tricor Roots Consulting Sdn. Bhd.'s ("TRC") Q-Radar, a comprehensive risk management program. To date, Q-Radar has been successfully implemented for Oleochemical Division, the first division in Southern Acids to do so.

Details of the Company's main features of the internal control system are set out in the Statement on Internal Control and Risk Management ("SORMIC") on pages 48 to 49 of the AR.

d. Succession Planning of the Company;

The Board, through the NRC, oversees the succession planning of key management staff of Southern Acids. It is part of the NRC's TOR.

In FY2016 the NRC, after due consideration and assessment, had recommended the appointment of Dr. Nick Low as the MD of the Company. The proposed appointment was part of the Company's succession planning. The Board had approved the proposed appointment in its July 2015 meeting.

Details of succession planning activities of Southern Acids and the TOR of NRC are set out in Principle 2 of this Statement.

e. Overseeing the development and implementation of a shareholder communications policy for the Company.

The shareholder communications channel with the Company is as follow and it is available on the Company's website:-

Investor Relations Enquiries:
Mr. Cheong Kee Yoong
Tel: 603 3258 3333
Fax: 603 3258 3300
Email: kycheong@southernacids.com

f. Reviewing the adequacy and integrity of the management information and internal controls system of the Company;

The Board is responsible for the adequacy and integrity of the Company's internal control systems.

Details of the Company's internal controls system are set out in the SORMIC on pages 48 to 49 of the AR.

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 promote good corporate behaviour.

To augment the Principles of Business Conduct, the Board 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.

STATEMENT ON CORPORATE GOVERNANCE
(CONT'D)

1.3 Formalised ethical standards through Code of Ethics (cont'd)

The whistleblowing channels are as follows:-

a. Mr. Chung Kin Mun, Senior Independent Non-Executive Director
Email: sab.whistle@gmail.com; or

Send an anonymous letter to the following:-

b. Chairman of Audit & Governance Committee
Southern Acids (M) Berhad
Level 29, Centro Tower
No.8, Jalan Batu Tiga Lama
41300 Klang

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

1.4 Strategies promoting business sustainability

The 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 as well as stakeholders' interest. This is part of a good business practice for long-term shareholder value as well as safeguarding stakeholders' interest.

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; An Employees Handbook is in place to ensure the well-being of employees are adequately taken care of;

b. Oleochemical Division; the division adopted the best practices with regards to the treatment of effluent and had obtained ISO22000 (Food Safety Management System) certification in 2015. Moving forward, this division is working towards complying with the latest version of ISO 9001:2015 (Quality Management System);

c. Plantation & Milling Division; 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 to avoid open burning; and

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

1.5 Access to information and advice

In discharging their duties and responsibilities, the Board members have unrestricted access to all key senior management of Southern Acids and all information necessary including the right to seek external independent professional services at the Company's expense.

Directors are given adequate notice for all Board and Board Committees meetings. The agenda for the meeting together with the necessary board papers containing both qualitative and quantitative information are circulated in advance to all directors to enable them to prepare and read prior to the meeting.

In FY2016, the Board had engaged the services of the following external professional services:-

- External legal firm's services such as drafting of services and commercial agreement with external parties and interpreting technical aspect of company's articles & association;
- External tax advisor's advice for Reinvestment Allowance application, tax deductibility of certain expenses, GST post-implementation issues and Transfer Pricing documentation;
- ERM consultants for advice in the implementation of the Q-Radar, a comprehensive risk management program;
- Land surveyor firm for measuring a land area based on preliminary computation plan; and
- External Internal Audit Services.

STATEMENT ON CORPORATE GOVERNANCE
(CONT'D)

1.6 Qualified and competent company secretary

The Company Secretaries are Lim Kui Suang and Paul Ignatius Stanislaus, both of whom are qualified Company Secretaries, play a supportive role to the 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

The Board has formally adopted a Board Charter which sets out the following, amongst others:-

- The role, the responsibilities and authorities of the Board;
- Board Committees;
- Board size, composition and tenure;
- Board processes;
- Directors' continuing education;
- Access to management and external advisors; and
- Position descriptions.

A copy of the Board Charter is available on the Company's website and will be periodically reviewed and updated, as necessary.

The Board Charter was last reviewed and approved by the Board on 15 July 2015.

Principle 2 -Strengthen Composition of the Board

2.1 Nomination Committee

NRC has three members, comprising two Independent Non-Executive Directors and one 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.

The NRC Chairman is also the Senior Independent Non-Executive Director of the Company. The composition of the committee complies with Recommendation 2.1 of the MCCG 2012. Under the functions of the NRC, there are specific TOR with regards to nomination and remuneration matters respectively.

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

The NRC has developed an Annual Assessment Form ("AAF") to be used in carrying out the annual assessment review exercise for all directors. The assessment criteria for individual director are as follows:-

- Integrity & Ethics;
- Governance;
- Business Acumen;
- Judgement & Decision-Making;
- Communication;
- Strategic Perspective;
- Leadership; and
- Attendance (Time Commitment).

STATEMENT ON CORPORATE GOVERNANCE
(CONT'D)

2.2 Develop, maintain and review criteria for recruitment processes and annual assessment of directors (cont'd)

The same assessment criteria will be used in considering the appointment of new director.

The NRC had also carried out an assessment on the effectiveness of the Board as a whole and the two Board Committees, namely AGC and NRC for FY2016. The following AAFs are used in the annual assessment:-

- Board Assessment Form;
- AGC Assessment Form; and
- NRC Assessment Form.

The following table shows the criteria used for Board, AGC and NRC respectively:-

	Criteria	Board	AGC	NRC
1	Members Composition (Including Quality)	*	*	*
2	Board Structure & Procedures	*		
3	Monitoring Company's Progress	*		
4	Stay Abreast (Industry Trend & Economy)	*	*	*
5	Transparent of Related Party Transactions	*	*	
6	Access To Information	*	*	
7	Access To Advice (Including External)	*	*	
8	Relationship With Shareholders/Investors	*		
9	Evaluation of Key Executives	*		
10	Matters on Board, Committees & Directors			*
11	Executive Directors (Assessment)			*
12	Alignment (Remuneration Package)			*
13	Term of Reference (Observance)			*
14	Quality and Supply of Information		*	
15	Preparation for Meeting		*	
16	Risk & Control Environment		*	
17	Financial Reporting		*	
18	Independent Auditors (Assessment)		*	
19	Reports and Recommendations (to the Board)		*	

All the current assessment criteria used in FY2016 will be reviewed, improved and streamlined by NRC, as necessary.

The assessment methodology involves self-assessment, review by the NRC and final approval by the Board. Steps are as follow:-

- Self-assessment; each director assesses his/her own performance and likewise each Board Committees assesses its own performance;
- Assessment by NRC; all self-assessments are reviewed and assessed by the NRC based on the criteria set. For all individual directors' assessment, all assessments and comments will be summarized by the NRC and presented to the Board for deliberation and approval;
- The Board deliberate the NRC's recommendation before an approval is given; and
- For the assessment of the Board as a whole this is deliberated by the Board before an agreement is reached and approved.

All assessments and evaluations carried out by NRC are filed and kept by the Company Secretary.

With the results of the assessment, which include the mix of skills and experience possessed by each director, the Board will considers the following before an approval is given:-

- Proposed appointment of new directors;
- Proposed recommendation of retiring directors from office by rotation annually and eligible for re-election at each AGM; and
- Proposed appointment of member(s) to Board Committee(s).

STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

2.2 Develop, maintain and review criteria for recruitment processes and annual assessment of directors (cont'd)

During FY2016, the NRC met twice and the following agendas were deliberated, assessed and recommended to the Board for approval:-

- Proposed amendment to the AAFs for Board and Board Committees respectively;
- Proposed appointment of Dr. Nick Low as the MD of the Company (Note 1);
- Proposed recommendation for directors due for re-election in 2015 AGM;
- Assessment of Board, Board Committees, Individual Directors, Evaluation of Independent Directors and Company Secretary for FY2015;
- Proposed directors fees for FY2015; and
- Proposed appointment of Tan Sri Datuk Seri Panglima Sulong as the new Independent Non-Executive Chairman. This is to comply with the Recommendation 3.4 of the MCCG 2012.

Note 1: The objectives of the appointment of Dr. Nick Low were as follow:-

- Part of the Company's succession planning;
- To lead the planning of strategic plans for board approval and execution thereafter, and to align the interest of the shareholders of the Company; and
- Dr. Nick Low, being a medical doctor, his expertise would be able to complement the Board as healthcare is one of the core divisions of Southern Acids.

Subsequently between 1 April 2016 and prior to the printing of the AR 2016, NRC had met twice and the following agendas were deliberated, assessed and recommended to the Board for approval:-

- To note and comply with Bursa's Recommendation of CG Disclosure Report on the Company;
- Proposed recommendation for directors due for re-election in 2016 AGM;
- Assessment of Board, Board Committees, Individual Directors, Executive Directors, Evaluation of Independence of Independent Directors and Company Secretary for FY2016; and
- Proposed to maintain directors' fees for FY2016 as FY2015 fee.

The Board acknowledges the importance of boardroom diversity in gender, age and ethnicity hence the Board had always been in support of a policy of non-discrimination in any form be it gender, age, ethnicity and religion. The Board will ensure that the selection of a candidate for directorship is based on the agreed selection criteria and is in the best interest of the Company.

2.3 Remuneration Policies

On remuneration matters, NRC's role is to establish a formal and transparent remuneration policy and procedures in order to attract and retain capable directors. The policy will be reviewed as and when necessary and NRC will do it best to ensure the remuneration package and benefits of all members are comparable with market practices of similar industries. NRC's activities on remuneration for FY2016 are stated in Section 2.2 above.

The Board will determine the remuneration package for both Executive and Non-Executive Directors after taking into consideration the NRC's recommendation.

On Non-Executive Directors' remuneration, they are paid a fixed fee based on their responsibilities and are given a fixed attendance allowance for each Board and Board Committee meeting that they attend. In determining the proposed directors' fee for 2016, a survey was carried internally on ten public listed companies (PLC) latest AR available from Bursa website with a paid up capital within a targeted band and profitable in its latest financial results. The following table shows the survey results: -

	Selected Samples	Selected Samples Average (RM'000)	Southern Acids ** (RM'000)
1	Paid Up Capital	139,378	136,934
2	Turnover	619,656	503,414
3	Profit Before Tax	45,297	36,958
4	Average Per Director	43	54
5	Average Per Director	48	59

** Unaudited financial results for FY2016.

STATEMENT ON CORPORATE GOVERNANCE
(CONT'D)

2.3 Remuneration Policies (cont'd)

Basing on the results of the survey, the NRC had recommended FY2015's director fees to be maintained for FY2016. The details of the proposed directors' fee are as follow:-

	Category	Annual Fees (RM)
1	Board Chairman	67,500
2	Board Committee Chairman	67,500
3	Board Members	45,000

The meeting attendance allowance is as follow:-

	Category	Allowance Per Meeting (RM)
1	Board Chairman	1,600
2	Board Committee Chairman	1,600
3	Board Members	800

For the assessment of MD/ED, the NRC has also developed an AAF. The assessment criteria for MD/ED are as follow:-

- Vision;
- Business Acumen;
- Allocation of Corporate Resources;
- Human Resources Management;
- Governance & Policies; and
- Financial Indicator.

The same assessment methodology stated in Section 2.2 above is also used.

The aggregate directors' remuneration paid and payable to the Board for FY2016, are categorised into the following components and bands:

Directors	Fee (RM)	Salary (RM)	Allowance (RM)	Total (RM)
Executive Directors	90,000	526,242	17,600	633,842
Non-Executive Directors	360,000	-	54,400	414,400
Total	450,000	526,242	72,000	1,048,242

	Executive	No of Non-Executive	Total
RM1 – RM50,000	-	1	1
RM50,001 – RM100,000	-	6	6
RM200,001 – RM250,000	1	-	1
RM250,001 – RM300,000	1	-	1
Total	2	7	9

STATEMENT ON CORPORATE GOVERNANCE
(CONT'D)

Principle 3 - Reinforce Independence of the Board

3.1 Annual Assessment of Independence

In assessing the independence of the Independent Directors, NRC has also developed an AAF for Independent Directors. The assessment criteria used are as follow:-

- Complying with the definition of Independent Director as per Chapter I of the Bursa MMLR; and
- The Independent Director ability to demonstrates the following:-
  - o actively demonstrate and promote the values of transparency, accountability and responsibility in carrying out his/her duties; and
  - o actively participate in Board/Board Committees' deliberation and provide an independent view.

The same assessment methodology stated in Section 2.2 above is also used.

Directors are to abstain from the deliberation of his/her own assessment.

3.2 Tenure of Independent Directors

Currently the Company does not have a formal policy on term limit for its Independent Directors. The Board will, via the NRC, assess the independence of directors who have served the Company for more than nine years on a case by case basis before arriving at a decision.

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

In FY2016 none of the Board members has served more than nine years for the Company.

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

The Chairman position is held by an Independent Non-Executive Director and the role of CEO is assumed by the MD. The distinct and separate roles of the Chairman and the MD as stated in Section 1.2 Clear Roles and Responsibilities above, ensure a balance of power and authority, such that no one individual has unfettered decision-making powers.

3.5 Board Composition and Balance

The current Board, chaired by an Independent Non-Executive Director, comprises nine Directors of whom two are Executive Directors, three are Non-Independent Non-Executive Directors, one is Senior Independent Non-Executive Director and three are Independent Non-Executive Directors.

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

In summary, the four Independent Non-Executive Directors represent 44.4% of Board of Directors and the current board composition complies with paragraph 15.02 Composition of Board of Directors of the Bursa MMLR.

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.

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

STATEMENT ON CORPORATE GOVERNANCE
(CONT'D)

Principle 4 - Foster Commitment (cont'd)

4.1 Time Commitment (cont'd)

The Board meets at least four times during a financial year and additional meetings are convened, as necessary. Details of the 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 Datuk Seri Panglima Sulong (Independent Non-Executive Chairman)	4/5
2.	Dr. Nick Low** (Managing Director)	3/3
3.	Lim Kim Long (Non-Independent Executive Director)	5/5
4.	Chung Kin Mun (Senior Independent Non-Executive Director)	5/5
5.	Tan Sri Dato' Low Boon Eng (Non-independent Non-Executive Director)	5/5
6.	Mohd. Hisham Harun (Non-Independent Non-Executive Director)	5/5
7.	Leong So Seh (Independent Non-Executive Director)	5/5
8.	Teo Leng (Independent Non-Executive Director)	5/5
9.	Raymond Wong Kwong Yee (Non-Independent Non-Executive Director)	5/5

** Appointed on 15 July 2015

Based on the above attendance record, the Board is satisfied with the time commitment given by all Directors.

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 the Board will be required to commit to the Chairman of the 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

In FY2016, the NRC has no written policy on directors training and has not formally assessed the various directors training needs but will do so in the next financial year. However NRC had always encouraged the Company's Directors to attend relevant continuing education programmes from time to time.

STATEMENT ON CORPORATE GOVERNANCE
(CONT'D)

4.2 Directors' Continuing Education Programmes (cont'd)

The following table shows the respective Director's training details in FY2016:

No	Name of Director	Title of programme	Date attended
1.	Tan Sri Datuk Seri Panglima Sulong	• Lead the change: Getting Woman on Board • Board Chairman Part 2 – Leadership Excellence from the Chair • Ethics Red Flags for Board of Directors	5 Aug 2015 28 Jul 2015 3 Nov 2015
2.	Dr. Nick Low	• Mandatory Accreditation Programme for Directors of Public Listed Companies ("MAP") • 11th Indonesian Palm Oil Conference and 2016 Price Outlook • Palm Oil Master Trader Tutorial • Palm & Lauric Oils Price Outlook Conference & Exhibition 2016	7-8 Oct 2015 25-27 Nov 2015 23-24 Nov 2015 7-9 Mar 2016
3.	Lim Kim Long	• Advocacy Session on Management Discussion & Analysis ("MD&A") • National Seminar on Trans-Pacific Partnership Agreement ("TPPA") • Palm & Lauric Oils Price Outlook Conference & Exhibition 2016	30 Jul 2015 1 Dec 2015 7-9 Mar 2016
4.	Chung Kin Mun	• Nominating Committee Programme 2: Effective Board Evaluations • Audit Oversight Board Conversation With Audit Committees • CG Breakfast Series: Improving Board Risk Oversight Effectiveness	8 Apr 2015 07 May 2015 26 Feb 2016
5.	Tan Sri Dato' Low Boon Eng	• Palm & Lauric Oils Price Outlook Conference & Exhibition 2016	7-9 Mar 2016
6.	Mohd. Hisham Harun	• Workshop On 5S Awareness • GST Accounting Treatment & GST-03 In Simple Application • Delegation and Reliance by Directors - Pitfalls to avoid • SIDC Conference – Leadership Excellence: Lifelong Learning • Kuala Lumpur Islamic Finance Forum 2015	15 Apr 2015 15 May 2015 20 Oct 2015 12 Nov 2015 1 Dec 2015
7.	Leong So Seh	• Risk Management and Internal Control Workshop: Is Our Line of Defence Adequate and Effective? • Bursa Malaysia CG Breakfast Series With Directors- "Bringing the Best out in Boardrooms" • Seminar New Auditor Reporting: Why it matters to you? • Ring the bell for gender equality	11 Jun 2015 31 Jul 2015 7 Jan 2016 11 Mar 2016
8.	Teo Leng	• Palm & Lauric Oils Price Outlook Conference & Exhibition 2016	7-9 Mar 2016
9.	Raymond Wong	• Risk Management and Internal Control Workshop: Is Our Line of Defence Adequate and Effective?	8 June 2015

STATEMENT ON CORPORATE GOVERNANCE
(CONT'D)

Principle 5 - Uphold Integrity in Financial Reporting

5.1 Financial Statements comply with applicable financial reporting standards

The Board, through the AGC, aims to provide a balanced and clear assessment of the financial performance and prospects, primarily via the following releases:-

- Interim unaudited quarterly financial results; and
- Financial statements and Annual Report.

Financial statements are prepared in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965, the financial statements are prepared by the Finance Department which is headed by the Chief Financial Officer ("CFO").

In every unaudited quarterly financial results, the CFO will present the following to the AGC for deliberation and approval:-

- Detail analysis of the unaudited quarterly financial results of Southern Acids and the respective division's results;
- Highlight of exception items such as any significant transaction, significant adjustment from audit, any changes in accounting policies and changes in regulation, if any and applicable; and
- Relevant report from external consultant such as tax advisor on certain tax treatment and implication to the financial statements.

The AGC will recommend the final unaudited quarterly financial results to the Board for approval. With the Board's approval, the unaudited quarterly financial results are then released to Bursa.

5.2 Assessment of suitability and Independence of external auditor

The AGC has established procedures and criteria to assess the suitability and independence of the Company's external auditor. The procedures and the criteria are as follows:-

	Procedure	Assessment Criteria
1	Internal Assessment	• engagement team's qualifications; • the firm's competitive advantage with its global network; • their ability to provide value added advice and services; • perform its work within Bursa's tight deadline; • its performance during the audit period; and • quality of its communication skills with AGC and the Company.
2	Written confirmation from Auditor's Independence Policies	• that generally no partner or employee (or their financial dependents) are allowed to hold a financial interest in our Company (unless otherwise expressly permitted); • no partner or employee (or their financial dependents) should enter into business relationships with our Company; • prohibit any professional employee from accepting gifts (unless value clearly insignificant, trivial and inconsequential); • provide safeguards against potential conflict of interests; and • communicate in writing to the AGC all breaches of independence set out in the International Ethics Standards Board for Accountants Code of Ethics.
3	Assurance from the Auditor Rotation of Partners and Managers	• for engagement partners, including engagement quality control review partners are required to rotate after five consecutive years acting in the role under the Bursa MMLR; and • for engagement managers of Public Interest Entities, Deloitte's internal policies require that they rotate after seven consecutive years plus another three years with approval from the firm's Risk Partner.

During the FY2016, the 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.

STATEMENT ON CORPORATE GOVERNANCE
(CONT'D)

Principle 6 – Recognise And Manage Risks

6.1 Sound framework to manage risks

It is the responsibility of the Board to maintain a sound system of risk management and internal control system. A structured ERM framework has been established to identify, evaluate, control, monitor and report potential principal risks on an on-going basis. TRC has been appointed to implement ERM by stages. Details are as follows:-

- To conduct risk awareness training for senior management ('Stage 1");
- To develop a Corporate Risk Scorecard for Southern Acids ("Stage 2"); and
- To automate the Risk Management Framework via Q-Radar ("Stage 3").

TRC had successfully implemented Stage 1 and Stage 2 in FY2015 and Stage 3 of the ERM implementation has been successfully implemented for the Oleochemical Division, the first division in Southern Acids to do so.

The AGC, with the support from the outsourced internal audit services assist the Board in reviewing, evaluating and monitoring the effectiveness of the state of risk management and internal controls.

Please refer to the SORMIC on pages 48 to 49 of the AR for more information.

6.2 Internal Audit Function

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

Please refer to the AGC report on pages 27 to 30 of the AR for an overview of Internal Audit Function and the activities carried out in FY2016.

Principle 7 - Ensure Timely and High Quality Disclosure

7.1 Corporate disclosure policy

The 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.

The 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.

STATEMENT ON CORPORATE GOVERNANCE
(CONT'D)

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 shareholders can seek clarification on the performances and major developments, as well as on the resolutions being proposed. Members of the 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 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, the 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 the AGM. Copies of the presentation to shareholders are posted on the Company's website immediately after the AGM.

The Board shared with the shareholders at the Thirty-Forth ("34th") AGM the replies to questions which were submitted in advance by the MSWG which was also posted on the Company's website.

8.2 Encourage poll voting

In compliance with Bursa's Amendment to the MMLR dated 24 March 2016, any resolution set out in the notice of the forth coming AGM will be voted by poll.

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 the Board as well as the external auditors are present to answer questions raised.

Apart from AGM, the Board encourages other channels of communication with investors and shareholders. For this purpose, investors may direct their queries to Mr. Chung Kin Mun, the Senior Independent Non-Executive Director of the Company via email at sab.whistle@gmail.com.

This Statement is made in accordance with a resolution of the Board dated 15 July 2016.

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 FY2016 are disclosed in Note 26 to the Financial Statements on pages 109 to 114 of the AR.

At the 34th AGM of the Company held on 28 August 2015, 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 29 August 2015 until the conclusion of the forthcoming Thirty-Five ("35th") 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 29 July 2016.

Share buyback

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

Options, Warrants and Convertible Securities

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

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

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

Imposition of Sanctions and/or Penalties

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

Profit Guarantee

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

Material Contracts

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

Variation in Results

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

ADDITIONAL COMPLIANCE INFORMATION
(CONT'D)

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 xx under caption 1.4 in this Statement, Southern Acids has organised several health talks, health carnival, blood donation, sponsoring newspaper to schools, charity run and health awareness campaign.

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Pursuant to Paragraph 15.26 (b) of the Bursa the Board is pleased to provide the SORMIC which outlines the nature and scope of the risk management and internal control of Southern Acids in FY2016.

Board Responsibility

The 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 facilitating the monitoring of the key principal risks of the Company, TRC has been appointed in March 2014 with the objectives to review and improve the existing ERM framework. Since then TRC has completed the following:-

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

Stage 3 of the ERM implementation, Automation of Risk Management Framework has been successfully implemented recently for Oleochemical Division, the first division of Southern Acids to do so.

The current Steering Committee ("SC") for the TRC's ERM implementation program is chaired by the MD and supported by the ED, CFO and Heads of Division as members. The SC of ERM reports to AGC on a periodic 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. The following is the summary of on-going review process of key elements of Southern Acids' internal control system:

1. **Organisation Structure**
   This is in place which formally defines lines of responsibilities, delegation of authority, and accountability for operation performance.

2. **Centralised Key Functions**
   The functions involved finance, investment, treasury, corporate affairs, compliances, tender committee, purchasing and human resources (for certain positions) to ensure consistency, efficiency, adherence to authority limits, policies and procedures.

3. **Operational Controls**
   There are level of authority for each level of management staff, appropriate approval processes are in place, and annual budgeting process which include target setting process.

4. **Financial Reporting Controls**
   Financial, non-financial and operating performance reports are generated on a regular, consistent basis and deliberated at the Board, AGC and appropriate management meetings respectively. Where necessary, the Heads of Division or relevant employees will be invited to attend AGC meeting to provide clarification on any areas that concern the committee.

5. **Internal Audit**
   The OIA which reports directly to the AGC will assess the adequacy and integrity of the system of internal control, and the effectiveness of the processes. The OIA will carry out the annual audit plan that is approved by the AGC, with the objective to cover at least one cycle of internal audit for each of the divisions in every financial year. An OIA report detailing the scope of works, findings and recommendations will be presented to AGC on regular basis.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
(CONT'D)

6. **External Audit**
   Messrs. Deloitte performs an evaluation of the design and implementation of the internal controls that are relevant to their annual audit and may report and make recommendation to AGC and management any identified procedures, controls and other aspects that may come to their attention.

7. **Whistle-Blower Policy**
   The policy 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.

Please refer to the AGC Report page 27 to 30 of the AR on the risk management and internal control activities undertaken during FY2016.

Review of the Statement by External Auditor

Pursuant to Paragraph 15.23, our External Auditors, Messrs. Deloitte have reviewed the SORMIC for inclusion in the AR.

Based on their review, Messrs. Deloitte have reported that nothing has come to their attention that causes them to believe that the SORMIC 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 it is factually inaccurate.

CONCLUSION

The MD and CFO have given reasonable assurances to the 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, MD, ED and CFO together with all Heads of Division had also signed the Annual Statement on Continuous Commitment to Risk Management for FY2016.

The 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. The 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 the SORMIC.

The SORMIC is made in accordance with a resolution of the the Board dated 15 July 2016.

FINANCIAL STATEMENT

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REPORT OF THE DIRECTORS

The directors of **SOUTHERN ACIDS (M) BERHAD** have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 March 2016.

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 16 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	36,916	10,072
Income tax expense	(10,952)	-
Profit for the year	25,964	10,072
Attributable to:		
Equity holders of the Company	24,869	10,072
Non-controlling interests	1,095	-
	25,964	10,072

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 3 October 2015.

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 2017.

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.

REPORT OF THE DIRECTORS (CONT'D)

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:

Tan Sri Datuk Seri Panglima Sulong Matjeraie
Dr. Low Kok Thye
Lim Kim Long
Chung Kin Mun
Tan Sri Dato' Low Boon Eng
Mohd. Hisham Harun
Leong So Seh
Teo Leng
Raymond Wong Kwong Yee

REPORT OF THE DIRECTORS (CONT'D)

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 each			
	As of 1.4.2015	Bought	Sold	As of 31.3.2016
Shares in the Company				
Registered in name of directors				
Direct interest				
Dr. Low Kok Thye	30,416	-	-	**30,416**
Lim Kim Long	49,276	-	-	**49,276**
Tan Sri Dato' Low Boon Eng	2,487	-	-	**2,487**
Deemed interest				
Dr. Low Kok Thye*	65,689,824	-	-	**65,689,824**
Lim Kim Long**	69,017,267	-	-	**69,017,267**
Tan Sri Dato' Low Boon Eng*	65,684,977	-	-	**65,684,977**

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 Hockjoo 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 his interest in Southern Cocoa Products (M) Sdn. Berhad, Banting Hock Hin Estate Company Sdn. Bhd., Southern Realty (Malaya) Sdn. Berhad, Southern Hockjoo 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 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.

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 26 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.

REPORT OF THE DIRECTORS (CONT'D)

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,

DR. LOW KOK THYE

LIM KIM LONG

Klang
30 June 2016

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF SOUTHERN ACIDS (M) BERHAD
(Incorporated in Malaysia)

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 2016 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 57 to 134.

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 2016 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 16 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 135, is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1 "Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements" as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

INDEPENDENT AUDITORS' REPORT (CONT'D)

TO THE MEMBERS OF SOUTHERN ACIDS (M) 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 - 2993/05/18 (J)
Chartered Accountant

Kuala Lumpur
30 June 2016

STATEMENTS OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 MARCH 2016

	Note	The Group 2016 RM'000	The Group 2015 RM'000	The Company 2016 RM'000	The Company 2015 RM'000
Revenue	5	**503,414**	536,665	**12,258**	12,282
Investment revenue	6	**5,259**	4,922	**596**	345
Other operating income		**11,756**	4,103	**1,764**	4,257
Changes in inventories of finished goods and work-in-progress		**6,137**	(5,811)	**-**	-
Raw materials and consumables used		**(320,488)**	(323,799)	**-**	-
Depreciation of property, plant and equipment	13	**(11,940)**	(9,170)	**(458)**	(497)
Amortisation of biological assets	15	**(720)**	(730)	**-**	-
Directors' remuneration	7	**(3,077)**	(3,131)	**(1,048)**	(1,025)
Employee benefits expense	8	**(44,295)**	(47,130)	**(2,293)**	(2,155)
Other operating expenses		**(109,425)**	(112,228)	**(747)**	(4,622)
Finance cost	9	**(69)**	-	**-**	-
Share of results of associate	17	**364**	-	**-**	-
Profit before tax	8	**36,916**	43,691	**10,072**	8,585
Income tax expense	10	**(10,952)**	(9,585)	**-**	-
Profit for the year		**25,964**	34,106	**10,072**	8,585
Attributable to:					
Equity holders of the Company		**24,869**	27,521	**10,072**	8,585
Non-controlling interests		**1,095**	6,585	**-**	-
		25,964	34,106	**10,072**	8,585
Earnings per share (sen) attributable to equity holders of the Company					
Basic and diluted	11	**18.16**	20.10		

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

STATEMENTS OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2016

	The Group		The Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Profit for the year	**25,964**	34,106	**10,072**	8,585
Other comprehensive income/(loss):				
Items that may be reclassified subsequently to profit or loss:				
Loss arising from revaluation of available-for-sale investments	**(331)**	(755)	**(331)**	(755)
Exchange differences on translating foreign operations	**5,144**	(1,284)	**-**	-
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit obligation	**116**	(261)	**-**	-
	4,929	(2,300)	**(331)**	(755)
Total comprehensive income for the year, net of tax	**30,893**	31,806	**9,741**	7,830
Total comprehensive income attributable to:				
Equity holders of the Company	**27,282**	25,668	**9,741**	7,830
Non-controlling interests	**3,611**	6,138	**-**	-
	30,893	31,806	**9,741**	7,830

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

STATEMENTS OF FINANCIAL POSITION
AS OF 31 MARCH 2016

	Note (s)	The Group 2016 RM'000	The Group 2015 RM'000	The Company 2016 RM'000	The Company 2015 RM'000
ASSETS					
Non-Current Assets					
Land held for property development	12	**141,944**	141,944	**-**	-
Property, plant and equipment	13	**132,200**	134,913	**4,065**	4,473
Investment property	14	**3,318**	3,318	**-**	-
Biological assets	15	**19,428**	13,347	**-**	-
Investment in subsidiary companies	16	**-**	-	**239,889**	240,821
Investment in an associate company	17	**3,341**	-	**917**	-
Available-for-sale investments	18	**38,780**	39,093	**38,780**	39,093
Advances for Plasma PIR-TRANS program	19	**-**	-	**-**	-
Advances for KKPA program	20	**4,431**	2,981	**-**	-
Deferred tax assets	21	**1,574**	2,228	**-**	-
Total Non-Current Assets		**345,016**	337,824	**283,651**	284,387
Current Assets					
Inventories	22	**61,952**	53,050	**-**	-
Derivative financial assets	23	**2,359**	-	**-**	-
Trade receivables	24 & 26	**27,704**	48,083	**-**	-
Other receivables, deposits and prepaid expenses	25 & 26	**9,156**	3,922	**217**	133
Amount owing by subsidiary companies	26	**-**	-	**889**	3,679
Amount owing by an associate company	27	**123**	-	**97**	-
Tax recoverable		**16,036**	7,618	**-**	-
Cash and cash equivalents	28	**164,026**	154,425	**22,940**	17,417
Total Current Assets		**281,356**	267,098	**24,143**	21,229
TOTAL ASSETS		**626,372**	604,922	**307,794**	305,616

STATEMENTS OF FINANCIAL POSITION (CONT'D)
AS OF 31 MARCH 2016

	Note (s)	The Group 2016 RM'000	The Group 2015 RM'000	The Company 2016 RM'000	The Company 2015 RM'000
EQUITY AND LIABILITIES					
Capital and Reserves					
Share capital	29	**136,934**	136,934	**136,934**	136,934
Reserves	30	**377,008**	356,458	**167,852**	164,958
Equity attributable to equity holders of the Company		**513,942**	493,392	**304,786**	301,892
Non-controlling interests	16	**44,576**	45,683	**-**	-
Total Equity		**558,518**	539,075	**304,786**	301,892
Non-Current and Deferred Liabilities					
Hire purchase payables	31	**481**	-	**-**	-
Provision for retirement benefits	32	**10,019**	8,777	**1,440**	1,226
Deferred tax liabilities	21	**1,422**	1,336	**-**	-
Total Non-Current and Deferred Liabilities		**11,922**	10,113	**1,440**	1,226
Current Liabilities					
Trade payables	26 & 33	**21,698**	12,413	**-**	-
Other payables and accrued expenses	26 & 33	**33,606**	39,933	**1,307**	2,237
Amount owing to an associate company	27	**33**	-	**-**	-
Amount owing to subsidiary companies	26	**-**	-	**140**	140
Derivative financial liabilities	23	**-**	2,728	**-**	-
Hire purchase payables	31	**327**	-	**-**	-
Tax liabilities		**147**	539	**-**	-
Dividend payable		**121**	121	**121**	121
Total Current Liabilities		**55,932**	55,734	**1,568**	2,498
Total Liabilities		**67,854**	65,847	**3,008**	3,724
TOTAL EQUITY AND LIABILITIES		**626,372**	604,922	**307,794**	305,616

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2016

The Group	Note	Share capital RM'000	Share premium RM'000	Non-distributable reserves: Foreign exchange reserve RM'000	Non-distributable reserves: Other reserve RM'000	Non-distributable reserves: Fair value reserve RM'000	Distributable reserve - Retained earnings RM'000	Equity attributable to equity holders of the Company RM'000	Non-controlling interests RM'000	Total equity RM'000
As of 1 April 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	35	-	-	-	-	-	(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
As of 1 April 2015		136,934	34,321	(11,705)	(322)	14,569	319,595	493,392	45,683	539,075
Profit for the year		-	-	-	-	-	24,869	24,869	1,095	25,964
Other comprehensive income		-	-	2,663	-	(331)	81	2,413	2,516	4,929
Total comprehensive income/ (loss) for the year, net of tax		-	-	2,663	-	(331)	24,950	27,282	3,611	30,893
Acquisition of non-controlling interests		-	-	-	-	-	115	115	(1,140)	(1,025)
Disposal of a subsidiary		-	-	-	-	-	-	-	(1,765)	(1,765)
Dividends paid	35	-	-	-	-	-	(6,847)	(6,847)	-	(6,847)
Dividends paid to non-controlling interests of subsidiary companies		-	-	-	-	-	-	-	(1,813)	(1,813)
As of 31 March 2016		136,934	34,321	(9,042)	(322)	14,238	337,813	513,942	44,576	558,518

STATEMENTS OF CHANGES IN EQUITY (CONT'D)
FOR THE YEAR ENDED 31 MARCH 2016

The Company	Note	Share capital RM'000	Non-distributable reserve Share premium RM'000	Non-distributable reserve Fair value reserve RM'000	Distributable reserve - Retained earnings RM'000	Total Equity RM'000
As of 1 April 2014		136,934	34,321	15,324	114,330	300,909
Profit for the year		-	-	-	8,585	8,585
Other comprehensive loss		-	-	(755)	-	(755)
Total comprehensive income for the year, net of tax		-	-	(755)	8,585	7,830
Dividends paid	35	-	-	-	(6,847)	(6,847)
As of 31 March 2015		136,934	34,321	14,569	116,068	301,892
As of 1 April 2015		136,934	34,321	14,569	116,068	301,892
Profit for the year		-	-	-	10,072	10,072
Other comprehensive loss		-	-	(331)	-	(331)
Total comprehensive income for the year, net of tax		-	-	(331)	10,072	9,741
Dividends paid	35	-	-	-	(6,847)	(6,847)
As of 31 March 2016		136,934	34,321	14,238	119,293	304,786

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

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2016

	The Group		The Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES				
Profit before tax	**36,916**	43,691	**10,072**	8,585
Adjustments for:				
Depreciation of property, plant and equipment	**11,940**	9,170	**458**	497
Unrealised loss/(gain) on foreign exchange	**3,957**	1,577	**(3)**	(5)
Provision for retirement benefits	**1,348**	1,425	**214**	182
Provision for incremental rental charges	**1,027**	1,021	**-**	-
Amortisation of biological assets	**720**	730	**-**	-
Loss/(Gain) arising from disposal of subsidiary	**515**	-	**(1,544)**	-
Inventories written down	**370**	269	**-**	-
Inventories written off	**78**	45	**-**	-
Finance cost	**69**	-	**-**	-
Investment revenue	**(5,259)**	(4,922)	**(596)**	(345)
(Gain)/Loss arising from derivative financial assets	**(5,087)**	3,916	**-**	-
Dividend income	**(1,618)**	(1,616)	**(9,118)**	(9,116)
Share of results of associate	**(364)**	-	**-**	-
Allowance for loss on conversion of Plasma PIR-TRANS program no longer required	**(334)**	(62)	**-**	-
Gain arising from acquisition of non-controling interest	**(122)**	-	**-**	-
Gain on disposal of property, plant and equipment	**(9)**	(139)	**(2)**	(203)
Property, plant and equipment written off	**-**	479	**-**	-
Allowance for stock obsolescence no longer required	**-**	(40)	**-**	-
Reversal of amortisation of leasehold land	**-**	(384)	**-**	-
Allowance for doubtful debts no longer required	**-**	-	**-**	(4,049)
Impairment loss on investment in subsidiary companies	**-**	-	**-**	3,184
Operating Profit/(Loss) Before Working Capital Changes	**44,147**	55,160	**(519)**	(1,270)
(Increase)/Decrease in:				
Trade receivables	**14,419**	(3,913)	**-**	-
Amount owing by an associate company	**(123)**	-	**(97)**	-
Other receivables, deposits and prepaid expenses	**(5,291)**	10,129	**(84)**	45
Inventories	**(9,350)**	8,093	**-**	-
Amount owing by subsidiary company	**-**	-	**2,790**	-
Increase/(Decrease) in:				
Trade payables	**9,393**	(4,980)	**-**	-
Amount owing to an associate company	**33**	-	**-**	-
Other payables and accrued expenses	**(5,071)**	1,806	**(927)**	974
Cash Generated From/(Used In) Operations	**48,157**	66,295	**1,163**	(251)
Income tax refunded	**134**	732	**-**	-
Retirement benefits paid	**(96)**	(215)	**-**	-
Income tax paid	**(19,286)**	(21,680)	**-**	-
Net Cash From/(Used In) Operating Activities	**28,909**	45,132	**1,163**	(251)

STATEMENTS OF CASH FLOWS (CONT'D)
FOR THE YEAR ENDED 31 MARCH 2016

	The Group		The Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES				
Interest income received	**5,259**	4,922	**596**	345
Dividends received	**1,618**	1,616	**9,118**	1,616
Proceeds from KKPA program	**638**	630	**-**	-
Conversion for Plasma PIR-TRANS program	**334**	62	**-**	-
Proceeds from disposal of property, plant and equipment	**9**	317	**2**	213
Additions to available-for-sale investments	**(18)**	(4,370)	**(18)**	(4,370)
Additions to property, plant and equipment	**(11,348)**	(42,701)	**(50)**	(211)
Additions to biological assets	**(6,229)**	(3,803)	**-**	-
Additions to investment in subsidiaries	**-**	-	**(903)**	-
Acquisition of non-controlling interest	**(903)**	-	**-**	-
Consideration from disposal of a subsidiary	**-**	-	**2,462**	-
Disposal of a subsidiary	**(1,697)**	-	**-**	-
Additions for KKPA program	**(1,932)**	(2,170)	**-**	-
Finance cost paid	**(69)**	-	**-**	-
Refunds from rescindment of Sales and Purchase Agreement for leasehold land	**-**	6,471	**-**	-
Net Cash (Used In)/From Investing Activities	**(14,338)**	(39,026)	**11,207**	(2,407)
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES				
Repayment of hire purchase payables	**(233)**	-	**-**	-
Dividend paid by:				
Subsidiary companies to non-controlling interests	**(1,813)**	(1,047)	**-**	-
The Company	**(6,847)**	(6,847)	**(6,847)**	(6,847)
Advances from subsidiary companies	**-**	-	**-**	13,225
Net Cash (Used In)/From Financing Activities	**(8,893)**	(7,894)	**(6,847)**	6,378
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**5,678**	(1,788)	**5,523**	3,720
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**154,425**	156,742	**17,417**	13,692
EFFECT OF TRANSLATION DIFFERENCES	**3,923**	(529)	**-**	5
CASH AND CASH EQUIVALENTS AT END OF YEAR	**164,026**	154,425	**22,940**	17,417

Note:

As mentioned in Note 16, 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 RMNil (2015: RM4,349,000).

During the year, the Group and the Company acquired property, plant and equipment which were financed as follow:

	The Group		The Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Cash	**11,348**	42,701	**50**	211
Hire purchase	**1,041**	-	**-**	-
	12,389	42,701	**50**	211

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

NOTES TO 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 16.

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, Malaysia.

The financial statements of the Group and of the Company have been approved by the Board of Directors and were authorised for issuance on 30 June 2016.

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 Standards

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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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 have adopted all the Amendments issued by the MASB which became effective for annual periods beginning on or after 1 April 2015 as follows:

Amendments to FRSs	Annual Improvements to FRSs 2010 – 2012 Cycle
Amendments to FRSs	Annual Improvements to FRSs 2011 – 2013 Cycle
Amendments to FRS 119	Defined Benefit Plans – Employee Contributions

The adoption of these Amendments has not resulted in significant changes in the accounting policies of the Group and of the Company and has no significant effect on the financial performance or position of the Group and of the Company.

New and Revised Standards and Amendments in issue but not yet effective

At the date of authorisation for issue of these financial statements, the new and revised Standard and Amendments 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[2]
Amendments to FRS 10 and FRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to FRS 10, FRS 12 and FRS 128	Investment Entities: Applying the Consolidation Exception[1]
Amendments to FRS 11	Accounting for Acquisitions of Interests in Joint Operations[1]
Amendments to FRS 101	Disclosure Initiative[1]
Amendments to FRS 116 and FRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation[1]
Amendments to FRS 127	Equity Method in Separate Financial Statement[1]
Amendments to FRSs	Annual Improvements to FRSs 2012 - 2014 cycle[1]
Amendments to FRS 9 and FRS 7	Mandatory Effective Date of FRS 9 (IFRS 9 as issued by IASB in November 2009 and October 2010) and Transition Disclosures[2]

[1] Effective for annual periods beginning on or after 1 January, 2016, with earlier application permitted.
[2] Effective for annual periods beginning on or after 1 January, 2018, with earlier application permitted.
[3] Effective date deferred to a date to be determined and announced, with earlier application permitted.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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

FRS 9 Financial Instruments (Cont'd)

Key requirements of FRS 9: (Cont'd)

- 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 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.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 sales less returns and discounts, medical 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.

The Group determines whether it is acting as a principal or an agent, and concluded that it is acting as an agent in its revenue arrangement for consultation charges for services rendered in connection with hospital operations.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 8.

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 28 March 2016.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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%

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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Property, Plant and Equipment under Hire Purchase Arrangements

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

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

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.

Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see below). Contingent rentals are recognised as expenses in the periods in which they are incurred.

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.

Investment in an Associate

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of an associate are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with FRS 5. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Investment in an Associate (Cont'd)

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of FRS 139 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with FRS 136 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with FRS 136 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate, or when the investment is classified as held for sale. When the Group retains an interest in the former associate and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with FRS 139. The difference between the carrying amount of the associate at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

When the Group reduces its ownership interest in an associate but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the consolidated financial statements only to the extent of the Group's interest in the associate or joint venture that is not related to the Group.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 19, 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.

Advances for Kredit Koperasi Primer untuk Anggotanya ("KKPA") program in respect of another subsidiary company in Indonesia, as further explained in Note 20, 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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.

<u>Effective interest method</u>

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

<u>Financial assets at FVTPL</u>

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

A financial asset is classified as held for trading if:

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

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

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

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

<u>Loans and receivables</u>

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial Assets (Cont'd)

Available-for-sale financial assets

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial Assets (Cont'd)

Impairment of financial assets (Cont'd)

(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.

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'.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial Liabilities and Equity Instruments (Cont'd)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 13:

(a) The tenancy agreement for rental by a subsidiary company, Southern Acids Industries Sdn. Bhd. ("SAI"), 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 2016 but SRM has agreed to extend the said rental agreement to 31 March 2017. 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 March 2017. 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 March 2017 and accordingly, no impairment loss needs to be considered for the factory building and oleochemical plant with net book value of RM23,462,915 (2015: RM25,596,157).

(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 RM20,820,027 (2015: RM21,391,885).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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

(ii) Key sources of estimation uncertainty

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

(a) Allowance for doubtful debts

The Group makes 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 is as follows:

	The Group	
	2016	**2015**
	RM'000	**RM'000**
Trade receivables	**2,365**	2,365
Other receivables	**255**	255
	2,620	2,620

(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	
	2016	**2015**
	RM'000	**RM'000**
Advances for Plasma PIR-TRANS program	**-**	328
Advances for KKPA program	**400**	400
	400	728

(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	
	2016	**2015**
	RM'000	**RM'000**
Deferred tax assets	**1,574**	2,228

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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

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

(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 2016, the Company has recognised impairment loss in respect of the following asset:

	The Company	
	2016	**2015**
	RM'000	**RM'000**
Impairment loss on investment in subsidiary companies	**7,202**	7,202

5. REVENUE

An analysis of revenue is as follows:

	The Group		The Company	
	2016	**2015**	**2016**	**2015**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Manufacturing and marketing of oleochemical products	**284,020**	349,850	**-**	-
Sales of oil palm fruit and crude palm oil	**135,010**	106,041	**-**	-
Managing and operating of private hospital	**71,257**	66,761	**-**	-
Warehousing and bulk conveyor operations	**7,822**	9,386	**-**	-
Administrative services fee	**3,451**	3,011	**-**	-
Dividend income from:				
Quoted shares	**1,618**	1,616	**1,618**	1,616
Subsidiary company in Malaysia (Note 26)	**-**	-	**7,500**	7,500
Management fees	**236**	-	**3,140**	3,166
	503,414	536,665	**12,258**	12,282

6. INVESTMENT REVENUE

	The Group		The Company	
	2016	**2015**	**2016**	**2015**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Interest income on fixed deposits and short-term placements	**5,259**	4,922	**596**	345

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

7. DIRECTORS' REMUNERATION

	The Group		The Company	
	2016	**2015**	**2016**	**2015**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Directors of the Company				
Executive directors:				
Fees	**90**	90	**90**	90
Other emoluments	**544**	528	**544**	528
	634	618	**634**	618
Non-executive directors:				
Fees	**360**	344	**360**	344
Other emoluments	**54**	63	**54**	63
	414	407	**414**	407
	1,048	1,025	**1,048**	1,025
Directors of the subsidiaries				
Fees	**242**	410	**-**	-
Other emoluments	**1,787**	1,696	**-**	-
	2,029	2,106	**-**	-
Total	**3,077**	3,131	**1,048**	1,025

Contributions to EPF for the directors of the Group and the Company during the current financial year amounted to RM217,439 and RM63,271 (2015: RM247,683 and RM60,672) respectively.

The estimated monetary value of benefits-in-kind received by the directors otherwise than in cash from the Group and the Company amounted to RM51,054 and RM32,669 (2015: RM44,793 and RM36,800) respectively.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

8. PROFIT BEFORE TAX

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

	The Group		The Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Rental income	**1,559**	3,822	**-**	-
Gain/(Loss) arising from derivatives	**5,087**	(3,916)	**-**	-
Gain/(Loss) on foreign exchange (net):				
Realised	**2,727**	577	**-**	-
Unrealised	**(3,957)**	(1,577)	**3**	5
Allowance for loss on conversion of Plasma PIR-TRANS program no longer required (Note 19)	**334**	62	**-**	-
Allowance for doubtful debts no longer required for amount owing by subsidiary company (Note 26)	**-**	-	**-**	4,049
Gain on disposal of property, plant and equipment	**9**	139	**2**	203
Provision for incremental rental charges	**(1,027)**	(1,021)	**-**	-
Inventories written down (Note 22)	**(370)**	(269)	**-**	-
Provision for retirement benefits (Note 32)	**(1,543)**	(1,425)	**(214)**	(182)
Fees paid/payable to external auditors:				
Statutory audit:				
Auditors of the Company	**(221)**	(219)	**(70)**	(67)
Member firm of the auditors of the Company	**(176)**	(156)	**-**	-
Other auditors	**(6)**	(6)	**-**	-
Non-audit services:				
Auditors of the Company	**(6)**	(6)	**(6)**	(6)
Other auditors of the Company	**(59)**	(95)	**-**	-
Property, plant and equipment written off	**-**	(479)	**-**	-
Inventories written off (Note 22)	**(78)**	(45)	**-**	-
Allowance for stock obsolescence no longer required	**-**	40	**-**	-
Rental of:				
Land	**(324)**	(565)	**-**	-
Land paid/payable to a related party (Note 26)	**(140)**	(140)	**-**	-
Premises paid/payable to a related party (Note 26)	**(56)**	(54)	**-**	-
Staff quarters paid/ payable to a related party (Note 26)	**(122)**	(115)	**-**	-
Equipment paid/ payable to a related party (Note 26)	**(9)**	(9)	**-**	-
Plant and machinery	**(628)**	(434)	**-**	-
Office equipment	**(9)**	(3)	**-**	-
Share of common expense	**871**	-	**-**	-
Impairment loss on investment in subsidiary companies	**-**	-	**-**	(3,184)

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 RM4,020,508 and RM282,293 (2015: RM4,118,466 and RM254,146) respectively.

9. FINANCE COSTS

	The Group	
	2016 RM'000	2015 RM'000
Interest expense on hire purchase payables	**69**	-

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

10. INCOME TAX EXPENSE

	The Group		The Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Estimated tax payable:				
Current year	**10,167**	12,497	**-**	-
Underprovision in prior years	**45**	756	**-**	-
	10,212	13,253	**-**	-
Deferred tax (Note 21):				
Current year	**1,142**	(2,217)	**-**	-
Overprovision in prior years	**(402)**	(1,451)	**-**	-
	740	(3,668)	**-**	-
	10,952	9,585	**-**	-

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2015: 25%) of the estimated taxable profit for the year. Taxation of other jurisdictions is calculated at the rate prevailing in the respective jurisdictions.

The Finance (No. 2) Act, 2014 gazetted no 30 December 2014 enacts the reduction of corporate income tax rate from 25% to 24% with effect from year of assessments 2016. Accordingly, the applicable tax rates to be used for the measurement of any applicable deferred tax will be expected rate.

A reconciliation of income tax expense at the applicable statutory income tax rate to income tax expense at the effective income tax rate is as follows:

	The Group		The Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Profit before tax	**36,916**	43,691	**10,072**	8,585
Tax at the Malaysian statutory income tax rate of 24% (2015: 25%)	**8,860**	10,923	**2,417**	2,146
Different tax rate in other jurisdiction	**154**	-	**-**	-
Tax effects of:				
Non-deductible expenses	**4,145**	2,083	**106**	190
Non-taxable income	**(1,519)**	(1,511)	**(2,249)**	(2,644)
Realisation of deferred tax assets previously not recognised	**(331)**	(1,509)	**(274)**	-
Deferred tax assets not recognised	**-**	294	**-**	308
(Over)/Underprovision in prior years:				
Current	**45**	756	**-**	-
Deferred tax	**(402)**	(1,451)	**-**	-
Income tax expense	**10,952**	9,585	**-**	-

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

10. INCOME TAX EXPENSE (CONT'D)

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 RM7,547,455 (2015: 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 (2015: 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 (2015: 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.

11. 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	
	2016	**2015**
Profit for the year attributable to ordinary equity holders of the Company (RM'000)	**24,869**	27,521
Number of ordinary shares in issue	**136,934,132**	136,934,132
Basic earnings per share (sen)	**18.16**	20.10

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

12. LAND HELD FOR PROPERTY DEVELOPMENT

	The Group	
	2016	**2015**
	RM'000	**RM'000**
Freehold land 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

13. PROPERTY, PLANT AND EQUIPMENT

The Group	As of 1 April 2014 RM'000	Additions RM'000	Disposals RM'000	Write offs RM'000	Assets of subsidiary disposed RM'000	Reclassifications RM'000	Other Adjustments RM'000	Effects of foreign exchange translation RM'000	As of 31 March 2015 RM'000
	Cost								
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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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

The Group	As of 1 April 2015 RM'000	Additions RM'000	Disposals RM'000	Write offs RM'000	Assets of subsidiary disposed RM'000	Reclassifications RM'000	Other Adjustments RM'000	Effects of foreign exchange translation RM'000	As of 31 March 2016 RM'000
	Cost								
Leasehold land	6,474	-	-	-	(4,394)	-	-	80	**2,160**
Freehold land	5,117	-	-	-	-	-	-	6	**5,123**
Freehold office	3,593	-	-	-	-	-	-	-	**3,593**
Factory buildings	10,662	-	-	-	-	-	-	-	**10,662**
Palm oil mills	18,698	216	-	-	-	45,125	-	1,591	**65,630**
Hospital building	29,285	15	-	-	-	-	-	-	**29,300**
Medical equipment	43,142	1,224	-	-	-	-	-	-	**44,366**
Plant, machinery, equipment and electrical installation	136,220	2,258	(40)	-	(1,456)	-	-	362	**137,344**
Motor vehicles	5,359	1,409	(285)	-	(100)	-	-	91	**6,474**
Office equipment, furniture and fittings	19,222	1,439	(2)	-	(77)	-	-	19	**20,601**
Leasehold warehouse cum office block	5,933	-	-	-	(5,933)	-	-	-	**-**
Staff quarter cum office block	4,800	243	-	-	-	843	-	207	**6,093**
Freehold warehouse	2,295	-	-	-	(2,295)	-	-	-	**-**
Land improvements	5,362	193	-	-	-	727	-	226	**6,508**
Construction-in-progress:									
Plant and machinery	-	-	-	-	-	-	-	-	**-**
Building	41,125	5,383	-	-	-	(46,695)	-	808	**621**
Renovation	1,041	9	-	-	-	-	-	-	**1,050**
Total	338,328	12,389	(327)	-	(14,255)	-	-	3,390	**339,525**

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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

The Group	Accumulated Depreciation								
	As of 1 April 2014 RM'000	Charge for the year RM'000	Disposals RM'000	Write offs RM'000	Assets of subsidiary disposed 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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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

The Group	As of 1 April 2015 RM'000	Charge for the year RM'000	Disposals RM'000	Write offs RM'000	Accumulated Depreciation Assets of subsidiary disposed RM'000	Reclassifications RM'000	Other Adjustments RM'000	Effects of foreign exchange translation RM'000	As of 31 March 2016 RM'000
Leasehold land	1,644	80	-	-	(451)	-	-	42	**1,315**
Freehold land	-	-	-	-	-	-	-	-	**-**
Freehold office	348	72	-	-	-	-	-	-	**420**
Factory buildings	3,153	226	-	-	-	-	-	-	**3,379**
Palm oil mills	12,536	2,908	-	-	-	-	-	544	**15,988**
Hospital building	7,894	586	-	-	-	-	-	-	**8,480**
Medical equipment	34,307	1,721	-	-	-	-	-	-	**36,028**
Plant, machinery, equipment and electrical installation	113,422	4,073	(40)	-	(1,456)	-	-	185	**116,184**
Motor vehicles	3,864	538	(285)	-	(23)	-	-	36	**4,130**
Office equipment, furniture and fittings	14,700	810	(1)	-	(67)	-	-	13	**15,455**
Leasehold warehouse cum office block	5,933	-	-	-	(5,933)	-	-	-	**-**
Staff quarter cum office block	1,816	479	-	-	-	-	-	80	**2,375**
Freehold warehouse	760	19	-	-	(779)	-	-	-	**-**
Land improvements	2,558	324	-	-	-	-	-	105	**2,987**
Construction-in-progress:									
Plant and machinery	-	-	-	-	-	-	-	-	**-**
Building	-	-	-	-	-	-	-	-	**-**
Renovation	480	104	-	-	-	-	-	-	**584**
Total	203,415	11,940	(326)	-	(8,709)	-	-	1,005	**207,325**

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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

The Group	Net Book Value 2016 RM'000	2015 RM'000
Leasehold land	**845**	4,830
Freehold land	**5,123**	5,117
Freehold office	**3,173**	3,245
Factory buildings	**7,283**	7,509
Palm oil mills	**49,642**	6,162
Hospital building	**20,820**	21,391
Medical equipment	**8,338**	8,835
Plant, machinery, equipment and electrical installation	**21,160**	22,798
Motor vehicles	**2,344**	1,495
Office equipment, furniture and fittings	**5,146**	4,522
Staff quarter cum office block	**3,718**	2,984
Freehold warehouse	**-**	1,535
Land improvements	**3,521**	2,804
Construction in-progress:		
Plant and machinery	**-**	-
Building	**621**	41,125
Renovation	**466**	561
Total	**132,200**	134,913

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 2014	3,593	1,396	1,068	998	7,055
Addition	-	-	169	42	211
Write-off	-	(538)	(9)	-	(547)
As of 31 March 2015/1 April 2015	3,593	858	1,228	1,040	6,719
Addition	-	-	41	9	50
Disposal	-	(5)	(2)	-	(7)
As of 31 March 2016	**3,593**	**853**	**1,267**	**1,049**	**6,762**
Accumulated Depreciation					
As of 1 April 2014	276	1,101	531	378	2,286
Charge for the year	72	162	162	101	497
Write-off	-	(529)	(8)	-	(537)
As of 31 March 2015/1 April 2015	348	734	685	479	2,246
Charge for the year	72	124	158	104	458
Disposal	-	(6)	(1)	-	(7)
As of 31 March 2016	**420**	**852**	**842**	**583**	**2,697**
Net Book Value					
As of 31 March 2016	**3,173**	**1**	**425**	**466**	**4,065**
As of 31 March 2015	3,245	124	543	561	4,473

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

13. 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 RM20,820,027 (2015: RM21,391,885) belonging to the subsidiary company, which is constructed on the said land.

(ii) As of 31 March 2016, the strata title in respect of a freehold office with net book value of RM3,173,384 (2015: RM3,245,234) belonging to the Company has not yet been issued to the Company.

(iii) A factory building and oleochemical plant of a subsidiary company, SAI was constructed on a parcel of land belonging to SRM. Accordingly, SRM charged SAI rental for the use of the said land. The existing rental agreement between SRM and SAI expired on 30 April 2016 but SRM has agreed to extend the said rental agreement to 31 March 2017. Pursuant to the said tenancy agreement, SAI intends to apply for a renewal of the tenancy agreement with SRM upon its expiry in March 2017 and accordingly, no impairment loss needs to be considered for the factory building and oleochemical plant with net book value of RM23,462,915 (2015: RM25,596,157).

(iv) Included in property, plant and equipment of the Group are fully depreciated assets with cost amounting to RM138,777,622 (2015: RM142,773,656), which are still in use.

(v) At the end of the reporting period, the carrying amount of property, plant and equipment of the Group acquired under hire purchase are RM1,141,000 (2015: RMNil).

14. INVESTMENT PROPERTY

	The Group	
	2016 RM'000	**2015 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 (2015: RM14,151).

Details of the Group's investment property and information about the fair value hierarchy as of 31 March 2016 are as follows:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Fair value RM'000
2016				
Investment property	**-**	**-**	**8,500**	**8,500**
2015				
Investment property	-	-	8,500	8,500

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

15. BIOLOGICAL ASSETS

	The Group	
	2016 RM'000	2015 RM'000
Cost		
At beginning of year	**20,536**	16,980
Additions	**6,229**	3,803
Effects of foreign exchange translation	**861**	(247)
At end of year	**27,626**	20,536
Accumulated Amortisation		
At beginning of year	**7,189**	6,556
Charge for the year	**720**	730
Effects of foreign exchange translation	**289**	(97)
At end of year	**8,198**	7,189
Net Book Value	**19,428**	13,347

16. INVESTMENT IN SUBSIDIARY COMPANIES

	The Company	
	2016 RM'000	2015 RM'000
Unquoted shares - at cost	**248,023**	243,674
Additions	**455**	4,349
Disposal of a subsidiary	**(470)**	-
Conversion from investment in direct subsidiary to direct associate	**(917)**	-
	247,091	248,023
Less: Accumulated impairment loss	**(7,202)**	(7,202)
Net	**239,889**	240,821

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 (2015: RM7,202,000) as of the end of the reporting period is deemed adequate in respect of investment in the subsidiary companies.

During last 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.

	2016		2015	
	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
	-	-	4,349,317	4,349

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

16. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

The subsidiary companies are as follows:

Direct subsidiary companies	Country of incorporation	Proportion of interest ownership 2016	Proportion of interest ownership 2015	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 Transport (Malaysia) Sdn. Berhad.	Malaysia	**100%**	91.9%	Provision of overhead conveyor goods loading services
Pembinaan Gejati Sdn. Bhd.	Malaysia	**100%**	100%	Property development and oil palm plantation operations
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
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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

16. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

Indirect subsidiary companies	Country of incorporation	Proportion of interest ownership 2016	2015	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 and commercial milling
PKE (Malaysia) Sdn. Berhad	Malaysia	**-**	69.7%	Provision of warehousing and overhead conveyor goods loading services

* 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.

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 2016	2015
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
Bulk conveyor operations	Malaysia	**1**	-
Others	Malaysia	**6**	6
Others	Hong Kong	**1**	1
		13	12

Principal activity	Place of incorporation and operation	Number of non-wholly-owned subsidiary companies 2016	2015
Sales of oil palm fruit and crude palm oil	Indonesia	**2**	2
Warehousing and bulk conveyor operations	Malaysia	**-**	2
Others	Malaysia	**1**	1
		3	5

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

16. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

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

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
2016				
Firstview Development Sdn. Bhd.	Malaysia	10.0%	**344**	10,027
PT Mustika Agro Sari (Held through Firstview Development Sdn. Bhd.)	Indonesia	37.0%	**3,794**	29,463
PT Wanasari Nusantara (Held through PT Mustika Agro Sari)	Indonesia	37.0%	**(2,486)**	5,086
Total			**1,652**	44,576
2015				
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. Berhad	Malaysia	30.3%	**495**	2,614
PKE Transport (Malaysia) Sdn. Bhd.	Malaysia	8.1%	**105**	647
Total			**6,585**	45,683

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.

	2016 RM'000	2015 RM'000
Firstview Development Sdn. Bhd.		
Statement of financial position		
Current assets	**19,514**	18,147
Non-current assets	**9,039**	7,279
Current liabilities	**207**	966
Equity attributable to owners of the Company	**18,319**	15,465
Non-controlling interests	**10,027**	9,445

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

16. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

	2016 RM'000	2015 RM'000
Firstview Development Sdn. Bhd. (cont'd)		
Statement of profit or loss		
Revenue	**3,613**	1,883
Other (Expenses)/Income	**(175)**	188
Profit for the year	**3,438**	2,071
Profit attributable to owners of the Company	**3,094**	1,864
Profit attributable to the non-controlling interests	**344**	207
Profit for the year	**3,438**	2,071
Statement of other comprehensive income		
Other comprehensive income for the year	**-**	-
Total comprehensive income attributable to owners of the Company	**3,094**	1,864
Total comprehensive income attributable to the non-controlling interests	**344**	207
Total comprehensive income for the year	**3,438**	2,071
Statement of cash flows		
Net cash used in operating activities	**(900)**	(710)
Net cash generated from investing activities	**2,722**	2,349
Net cash used in financing activities	**(447)**	(103)
Net cash inflow	**1,375**	1,536
PT Mustika Agro Sari		
Statement of financial position		
Current assets	**89,948**	77,609
Non-current assets	**23,002**	20,885
Current liabilities	**11,370**	8,788
Non-current liabilities	**2,207**	1,615
Equity attributable to owners of the Company	**69,910**	62,343
Non-controlling interests	**29,463**	25,748
Statement of profit or loss		
Revenue	**89,421**	105,373
Expenses	**(76,926)**	(89,157)
Profit for the year	**12,495**	16,216
Profit attributable to owners of the Company	**8,701**	11,036
Profit attributable to the non-controlling interests	**3,794**	5,180
Profit for the year	**12,495**	16,216

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

16. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

	2016 RM'000	2015 RM'000
PT Mustika Agro Sari (cont'd)		
Statement of other comprehensive income		
Other comprehensive income/(loss) for the year	**24**	(46)
Total comprehensive income attributable to owners of the Company	**7,887**	10,187
Total comprehensive income attributable to the non-controlling interests	**4,632**	5,983
Total comprehensive income for the year	**12,519**	16,170
Statement of cash flows		
Dividends paid to non-controlling interests	**(1,470)**	(849)
Net cash from operating activities	**7,054**	17,986
Net cash used in investing activities	**(14,589)**	(34,427)
Net cash used in financing activities	**(4,958)**	(2,877)
Net cash outflow	**(13,963)**	(20,167)
PT Wanasari Nusantara		
Statement of financial position		
Current assets	**14,275**	10,023
Non-current assets	**73,845**	61,386
Current liabilities	**62,460**	41,793
Non-current liabilities	**2,502**	1,810
Equity attributable to owners of the Company	**18,072**	20,507
Non-controlling interests	**5,086**	7,299
Statement of profit or loss		
Revenue	**45,477**	19,377
Expenses	**(53,369)**	(17,704)
(Loss)/Profit for the year	**(7,892)**	1,673
(Loss)/Profit attributable to owners of the Company	**(4,972)**	1,075
(Loss)/Profit attributable to the non-controlling interests	**(2,920)**	598
(Loss)/Profit for the year	**(7,892)**	1,673

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

16. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

	2016 RM'000	2015 RM'000
PT Wanasari Nusantara (cont'd)		
Statement of other comprehensive income		
Other comprehensive income/(loss) for the year	**92**	(216)
Total comprehensive (loss)/income attributable to owners of the Company	**(4,914)**	918
Total comprehensive income attributable to the non-controlling interests	**(2,886)**	539
Total comprehensive (loss)/income for the year	**(7,800)**	1,457
Statement of cash flows		
Net cash used in operating activities	**(1,563)**	(2,503)
Net cash used in investing activities	**(11,471)**	(38,071)
Net cash from financing activities	**12,609**	35,313
Net cash outflow	**(425)**	(5,261)

Disposal of subsidiary

On 4 September 2015, the Company disposed 973,750 ordinary shares of RM1 each in PKE (Malaysia) Sdn. Berhad ("PKEM") representing 38.56% of the issued and paid up capital of PKEM for a total cash consideration of RM2,462,148. Upon completion of the disposal, the Company no longer has control over PKEM and ceased to be the subsidary of the Group and is accounted for as an associate of the Group.

The effect of the disposal on the financial position of the Group is as follows:

ASSETS	**The Group 2016 RM'000**
Non-current Asset	
Property, plant and equipment	**5,544**
Current Assets	
Trade receivables	**2,003**
Other receivables and prepaid expenses	**57**
Cash and cash equivalents	**4,159**
Tax recoverable	**130**
Non-current Liability	
Provision for retirement benefit	**(204)**
Current Liabilities	
Trade payables	**(108)**
Other payables and accrual expenses	**(2,283)**
Amount owing to other related companies	**(1,579)**
Net assets disposed of	**7,719**
Consideration:	
Cash, representing consideration received	**2,462**

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

16. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

	The Group 2016 RM'000
Disposal of subsidiary (cont'd)	
Loss on disposal of subsidiary:	
Total consideration	2,462
Net assets disposed	(7,719)
Non-controlling interests	1,765
Reclassification to investment in associate	2,977
Loss on disposal of subsidiary	(515)

The loss on disposal of subsidiary is recorded as part of profit for the year.

Cash outflow arising on disposal of subsidiary is as follows:

	The Group 2016 RM'000
Cah consideration received	2,462
Less: Cash and cash equivalents disposed	(4,159)
	(1,697)

17. INVESTMENT IN AN ASSOCIATE COMPANY

	The Group 2016 RM'000	The Group 2015 RM'000	The Company 2016 RM'000	The Company 2015 RM'000
Unquoted shares at cost				
At beginning of the year	-	-	-	-
Reclassification from investment in direct subsidiary	2,977	-	971	-
At end of year	2,977	-	971	-
Share of post acquisition reserve				
At beginning of the year	-	-	-	-
Share of results of associate	364	-	-	-
At end of the year	364	-	-	-
Share of net assets	3,341	-	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

17. INVESTMENT IN AN ASSOCIATE COMPANY (CONT'D)

Associate company	Country of incorporation	Proportion of interest ownership 2016	Proportion of interest ownership 2015	Principal Activities
PKE (Malaysia) Sdn. Berhad	Malaysia	**38.6%**	-	Provision of warehousing and overhead conveyor goods loading services

Summarised financial information in respect of the each of the Group's material associates is set out below. The summarised financial information below represents amounts shown in associate's financial statements prepared in accordance with MFRSs.

	2016 RM'000	2015 RM'000
PKE (Malaysia) Sdn. Berhad		
Statement of financial position		
Current assets	**4,325**	5,182
Non-current assets	**5,478**	5,590
Current liabilities	**1,054**	1,950
Non-current liabilities	**-**	195
Equity	**8,749**	8,627
Statement of profit or loss		
Revenue	**10,073**	9,386
Expenses	**(9,951)**	(7,753)
Profit for the year	**122**	1,633
Statement of other comprehensive income		
Other comprehensive income for the year	**-**	-
Total comprehensive income	**122**	1,633

18. AVAILABLE-FOR-SALE INVESTMENTS

	The Group and The Company 2016 RM'000	2015 RM'000
Shares in Malaysia:		
Quoted Shares - at fair value	**38,324**	38,637
Unquoted Shares - at cost	**456**	456
Total	**38,780**	39,093

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

18. AVAILABLE-FOR-SALE INVESTMENTS (CONT'D)

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

	The Group and The Company	
	2016 RM'000	2015 RM'000
At beginning of year	**38,637**	35,022
Addition during the year	**18**	4,370
Loss arising from revaluation of available-for-sale investments	**(331)**	(755)
At end of year	**38,324**	38,637

19. ADVANCES FOR PLASMA PIR-TRANS PROGRAM

	The Group	
	2016 RM'000	2015 RM'000
Cost		
At beginning of year	**328**	395
Conversion	**(334)**	(62)
Effects of foreign exchange translation	**6**	(5)
At end of year	**-**	328

	The Group	
	2016 RM'000	2015 RM'000
Accumulated Allowance for Loss on Conversion of Plasma PIR-TRANS Program		
At beginning of year	**328**	395
Provision no longer required (Note 8)	**(334)**	(62)
Effects of foreign exchange translation	**6**	(5)
At end of year	**-**	328
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.

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 (2015: 8,800) hectares have been converted.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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

	The Group	
	2016 RM'000	2015 RM'000
Cost		
At beginning of year	**3,381**	1,878
Additions	**1,932**	2,170
Amount recovered during the year	**(638)**	(630)
Effects of foreign exchange translation	**156**	(37)
At end of year	**4,831**	3,381
Accumulated Allowance for Loss on Conversion of KKPA Program		
At beginning and end of year	**400**	400
Net Book Value	**4,431**	2,981

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 (2015: 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.

21. DEFERRED TAX ASSETS/(LIABILITIES)

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

	The Group		The Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
At beginning of year	**892**	(2,776)	**-**	-
Credited/(Charged) to profit or loss (Note 8):				
Property, plant and equipment	**2,718**	(2,817)	**-**	-
Trade receivables	**-**	(17)	**-**	-
Advances for Plasma PIR-TRANS program	**(82)**	429	**-**	-
Other payables and accrued expenses	**(1,146)**	3,101	**-**	-
Provision for retirement benefits	**266**	305	**-**	-
Unrealised gain on foreign exchange	**1,526**	1,276	**-**	-
Derivative financial assets	**(2,200)**	(431)	**-**	-
Unabsorbed capital allowances	**(1,793)**	1,793	**-**	-
Unused tax losses	**(29)**	29	**-**	-
	(740)	3,668	**-**	-
At end of year	**152**	892	**-**	-

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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

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	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Deferred tax assets	**1,574**	2,228	**-**	-
Deferred tax liabilities	**(1,422)**	(1,336)	**-**	-
	152	892	**-**	-

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

	The Group		The Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Deferred tax assets (before offsetting)				
Temporary differences arising from:				
Trade receivables	**413**	413	**-**	-
Advances for Plasma PIR-TRANS program	**-**	82	**-**	-
Other payables and accrued expenses	**2,705**	3,851	**-**	-
Provision for retirement benefits	**2,119**	1,853	**-**	-
Derivative financial assets	**-**	979	**-**	-
Unrealised loss on foreign exchange	**1,095**	-	**-**	-
Unabsorbed capital allowances	**-**	1,793	**-**	-
Unused tax losses	**-**	29	**-**	-
	6,332	9,000	**-**	-
Offsetting	**(4,758)**	(6,772)	**-**	-
Deferred tax assets (after offsetting)	**1,574**	2,228	**-**	-

	The Group		The Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Deferred tax liabilities				
Temporary differences arising from:				
Property, plant and equipment	**(4,959)**	(7,677)	**-**	-
Unrealised gain on foreign exchange	**-**	(431)	**-**	-
Derivative financial assets	**(1,221)**	-	**-**	-
	(6,180)	(8,108)	**-**	-
Offsetting	**4,758**	6,772	**-**	-
Deferred tax liabilities (after offsetting)	**(1,422)**	(1,336)	**-**	-

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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

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	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Temporary difference arising from provision for retirement benefits	**1,159**	1,800	**1,159**	1,796
Unabsorbed capital allowances	**2,287**	2,756	**725**	1,231
Unused tax losses	**13,130**	13,399	**9,834**	9,834
	16,576	17,955	**11,718**	12,861

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.

22. INVENTORIES

	The Group	
	2016 RM'000	2015 RM'000
At cost:		
Raw materials	**12,462**	9,923
Work-in-progress	**23,244**	22,003
Finished goods	**13,605**	8,483
Medical and surgical supplies	**2,836**	2,748
Consumables	**9,027**	9,011
	61,174	52,168
At net realisable value:		
Finished goods	**778**	882
Total	**61,952**	53,050

As of 31 March 2016, cost of inventories recognised as an expense of the Group amounted to RM314,351,000 (2015: RM329,340,000).

The cost of inventories recognised is after taking into consideration a write down of inventories of RM370,160 (2015: RM269,000) to net realisable value and inventories written off of RM78,000 (2015: RM44,559).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

23. DERIVATIVE FINANCIAL ASSETS/(LIABILITIES)

	The Group	
	2016 RM'000	2015 RM'000
Derivative financial assets		
Foreign currency forward contracts	**2,359**	-
Derivative financial liabilities		
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 RM20 million (2015: RM57 million) as a hedge against exchange loss on future sales of goods and proceeds from accounts receivables by a subsidiary company.

The fair value gain of the currency derivatives amounting to RM2,359,000 (2015: fair value loss of RM2,728,000) has been recognised in statement of profit or loss.

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
2016				
Buy USD				
- Less than 9 months	**4.41**	**4,600**	**20,308**	**2,359**
2015				
Buy USD				
- Less than 6 months	3.53	16,000	56,528	(2,728)

24. TRADE RECEIVABLES

	The Group	
	2016 RM'000	2015 RM'000
Trade receivables	**30,069**	50,448
Less: Allowance for doubtful debts	**(2,365)**	(2,365)
Net	**27,704**	48,083

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 (2015: 30 to 90 days).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

24. TRADE RECEIVABLES (CONT'D)

An allowance of RM2,365,000 (2015: 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 RM9,246,000 (2015: RM10,933,000), 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.

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

	The Group	
	2016	**2015**
	RM'000	**RM'000**
Neither past due nor impaired	**21,617**	37,150
Past due but not impaired:		
31 - 60 days	**4,457**	6,043
61 - 90 days	**1,332**	2,920
91 - 120 days	**298**	1,355
121 - 150 days	**-**	615
	6,087	10,933
Not past due but impaired	**-**	7
Past due and impaired:		
More than 120 days	**2,365**	2,358
	2,365	2,365
Total trade receivables	**30,069**	50,448

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

	The Group	
	2016	**2015**
	RM'000	**RM'000**
At beginning of year	**2,365**	2,365
Impairment loss recognised on receivables	**-**	-
Amount no longer required	**-**	-
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 (2015: 1) major customer, which constitute approximately 10% (2015: 8%) of the total trade receivables.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

24. TRADE RECEIVABLES (CONT'D)

Analysis of currency profile of trade receivables is as follows:

	The Group	
	2016	**2015**
	RM'000	**RM'000**
United States Dollar	**11,521**	28,983
Ringgit Malaysia	**18,375**	21,284
Pound Sterling	**173**	181
	30,069	50,448

25. OTHER RECEIVABLES, DEPOSITS AND PREPAID EXPENSES

	The Group		The Company	
	2016	**2015**	**2016**	**2015**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Other receivables	**6,261**	2,573	**112**	6
Less: Allowance for doubtful debts	**(255)**	(255)	**-**	-
Net	**6,006**	2,318	**112**	65
Refundable deposits	**70**	560	**48**	48
Prepaid expenses	**3,080**	1,044	**57**	20
	9,156	3,922	**217**	133

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

	The Group	
	2016	**2015**
	RM'000	**RM'000**
At beginning of year	**255**	255
Impairment loss recognised on receivables	**-**	-
Amount no longer required	**-**	-
At end of year	**255**	255

Analysis of currency profile of other receivables is as follows:

	The Group		The Company	
	2016	**2015**	**2016**	**2015**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Ringgit Malaysia	**6,237**	2,537	**112**	65
Indonesian Rupiah	**24**	36	**-**	-
	6,261	2,573	**112**	65

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

26. RELATED COMPANIES AND RELATED PARTY TRANSACTIONS

(a) Amount owing by subsidiary companies

	The Company	
	2016 RM'000	2015 RM'000
Amount owing by subsidiary companies	**889**	3,679
Less: Allowance for doubtful debts	**-**	-
Net	**889**	3,679

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.

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

	The Company	
	2016 RM'000	2015 RM'000
At beginning of year	**-**	4,049
Amount no longer required (Note 8)	**-**	(4,049)
At end of year	-	-

An allowance of RMNil (2015: RMNil) 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	
	2016 RM'000	2015 RM'000
Ringgit Malaysia	**889**	3,637
Indonesian Rupiah	**-**	42
	889	3,679

(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	
	2016 RM'000	2015 RM'000
Hong Kong Dollar	**140**	140

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

26. 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	
	2016 RM'000	2015 RM'000
Subsidiary companies		
Southern Acids Industries Sdn. Bhd.		
Dividend receivable (Note 5)	**7,500**	7,500
Management fees receivable	**1,087**	1,307
PKE Transport (Malaysia) Sdn. Berhad		
Management fees receivable	**384**	336
Southern Medicare Sdn. Bhd.		
Management fees receivable	**687**	585
PKE (Malaysia) Sdn. Berhad		
Management fees receivable	**133**	352
Pembinaan Gejati Sdn. Bhd.		
Management fees receivable	**17**	18
Firstview Development Sdn. Bhd.		
Management fees receivable	**596**	447
Southern Management (M) Sdn. Bhd		
Administrative charges payable	**(26)**	(322)
PT Mustika Agro Sari		
Management fees receivable	**-**	120

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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

(d) Related Parties

The related parties in which the Group has transacted with 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, Torita Rubber Works Sdn. Bhd., Torita Trading (M) Sdn. Bhd., SKP Borneo Sdn. Bhd., Southern Keratong Plantations Sdn. Berhad, Bukit Rotan Palm Oil Sdn. Bhd., Southern Products Marketing Sdn. Bhd., Southern Hockjoo Plantation Sdn. Bhd., Southern Realty Plantations Sdn. Bhd., Kumsobina Development Sdn. Bhd., Perindustrian Sawit Karak Sdn. Bhd., Guan Hing Edible Oil Sdn. Bhd., SG Plantations (Sabah) Sdn. Bhd., Naga Wira Sdn. Bhd., Bekalan Utama Sdn. Bhd., Victory Investment Land (J) Sdn. Bhd., Victory Enghoe Plantations Sdn. Bhd., PT Senabangun Anekapertiwi, PT Pradisi Gunatama and Kee Hup Oil & Cake Sdn. Bhd.	Companies in which Dr. Low Kok Thye, Mr Lim Kim Long, and Tan Sri Dato' Low Boon Eng. who are directors of the Company, are also directors and/or have substantial financial interests.

(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	
	2016	**2015**
	RM'000	**RM'000**
Related parties		
Southern Realty (Malaya) Sdn. Berhad		
Administrative charges	**1,348**	1,196
Sale of goods	**953**	668
Share of property, plant and equipment charges	**16**	16
Purchases of goods	**(1,362)**	(2,637)
Plantation advisory	**(96)**	(96)
Rental paid/payable for:		
Land (Note 8)	**(140)**	(140)
Premises (Note 8)	**(56)**	(54)
Staff quarters (Note 8)	**(68)**	(115)
Equipment (Note 8)	**(9)**	(9)
Bukit Rotan Palm Oil Sdn. Bhd.		
Administrative charges	**30**	2

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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

	The Group	
	2016 RM'000	2015 RM'000
Southern Edible Oil Industries (M) Sdn. Berhad		
Sale of goods	**241**	219
Purchases of goods	**(1,872)**	-
Administrative charges	**427**	379
Share of common expense	**871**	-
Share of property, plant and equipment charges	**16**	16
Southern Keratong Plantations Sdn. Berhad		
Purchases of goods	**(295)**	(405)
Administrative charges	**491**	527
SKP Borneo Sdn. Bhd.		
Administrative charges	**-**	353
Torita Rubber Works Sdn. Bhd.		
Sale of goods	**35**	36
Administrative charges	**74**	68
Southern Hockjoo Plantation Sdn. Bhd.		
Administrative charges	**137**	84
Banting Hock Hing Estate Company Sdn. Bhd.		
Administrative charges	**104**	84
Southern Products Marketing Sdn. Bhd.		
Administrative charges	**96**	10
Network charges	**(2)**	(2)
Kumsobina Development Sdn. Bhd.		
Administrative charges	**27**	-
Southern Realty Plantations Sdn. Bhd.		
Administrative charges	**21**	-
Kee Hup Oil & Cake Sdn. Bhd.		
Rental paid/ payable for:		
Staff quarters	**(54)**	-
Torita Trading (M) Sdn. Bhd.		
Administrative charges	**18**	22

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

26. RELATED COMPANIES AND RELATED PARTY TRANSACTIONS (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	
	2016 RM'000	2015 RM'000
Trade receivables		
Torita Rubber Works Sdn. Bhd.	**382**	434
PT Pradisi Gunatama	**248**	-
Torita Trading (M) Sdn. Bhd.	**212**	227
Southern Realty (Malaya) Sdn. Berhad	**180**	162
PT Senabangun Anekapertiwi	**91**	-
Southern Edible Oil Industries (M) Sdn. Berhad	**63**	112
Southern Keratong Plantations Sdn. Berhad	**25**	36
Victory Enghoe Plantations Sdn. Bhd.	**15**	-
Southern Hockjoo Plantations Sdn. Bhd.	**11**	7
Banting Hock Hin Estate Company Sdn. Bhd.	**6**	25
Southern Products Marketing Sdn. Bhd.	**5**	12
Kumsobina Development Sdn. Bhd.	**4**	-
Bukit Rotan Palm Oil Sdn. Bhd.	**2**	2
Southern Realty Plantation Co. Sdn. Bhd.	**2**	1
Bekalan Utama Sdn. Bhd.	**2**	-
Kee Hup Oil & Cake Sdn. Bhd.	**2**	-
Victory Investment Land (J) Sdn. Bhd.	**2**	-
Guan Hing Edible Oil Ind Sdn. Bhd.	**1**	-
Naga Wira Sdn. Bhd.	**1**	-
SG Plantations (Sabah) Sdn. Bhd.	**1**	-
Perindustrian Sawit Karak Sdn. Bhd.	**1**	-
SKP Borneo Sdn. Bhd.	**-**	636
	1,256	1,654

	The Group		The Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Other receivables, deposits and prepaid expenses				
Torita Rubber Works Sdn. Bhd.	**94**	61	**-**	-
Torita Trading (M) Sdn. Bhd.	**70**	70	**-**	-
Southern Edible Oil Industries (M) Sdn. Berhad	**41**	53	**-**	-
Southern Palm Industries Sdn. Berhad	**24**	24	**-**	24
Southern Realty (Malaya) Sdn. Berhad	**22**	21	**-**	-
PT Pradisi Gunatama	**22**	-	**-**	-
Southern Keratong Plantations Sdn. Berhad	**7**	6	**-**	-
PT Senabangun Anekapertiwi	**4**	-	**-**	-
Southern Products Marketing Sdn. Bhd.	**2**	8	**-**	-
Southern Hockjoo Plantations Sdn. Bhd.	**2**	1	**-**	-
Victory Enghoe Plantations Sdn. Bhd.	**2**	-	**-**	-
Banting Hock Hin Estate Company Sdn. Bhd.	**1**	3	**-**	-
Victory Investment Land (J) Sdn. Bhd.	**1**	-	**-**	-
SKP Borneo Sdn. Bhd.	**-**	26	**-**	-
	292	273	**-**	24

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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

	The Group	
	2016 RM'000	2015 RM'000
Trade payables		
Southern Realty (Malaya) Sdn. Berhad	**54**	42
Bukit Rotan Palm Oil Sdn. Bhd.	**5**	5
	59	47
Other Payables		
Southern Edible Oil Industries (M) Sdn. Berhad	**25**	25
Southern Realty (Malaya) Sdn. Berhad	**20**	20
Southern Products Marketing Sdn. Bhd.	**5**	5
Southern Keratong Plantations Sdn. Bhd.	**4**	-
SKP Borneo Sdn. Bhd.	**-**	1
	54	51

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	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Short-term employment benefits	**6,105**	5,275	**1,981**	1,514
Post-employment benefits	**512**	440	**174**	119
	6,617	5,715	**2,155**	1,633

Included in the total compensation of key management personnel are:

	The Group		The Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Directors' remuneration (Note 7)	**3,077**	3,131	**1,048**	1,025

The estimated monetary value of benefit-in-kind received by the key management personnel otherwise than in cash from the Group and the Company amounted to RM79,662 and RM45,020 (2015: RM51,200 and RM42,900) respectively.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

27. AMOUNT OWING (TO)/BY AN ASSOCIATE COMPANY

The amount owing (to)/by an associate company, which arose from trade and non-trade transactions, are unsecured, interest free and repayable on demand.

28. CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Cash and bank balances	**70,067**	48,702	**10,728**	2,118
Fixed deposits with licensed banks	**19,729**	24,752	**-**	-
Short-term placements	**74,230**	80,971	**12,212**	15,299
	164,026	154,425	**22,940**	17,417

Included in short-term placements of the Group and of the Company is an amount of RM74,230,000 and RM12,212,000 (2015: RM80,971,000 and RM15,299,000), 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 2.54% to 9.00% (2015: 2.34% to 9.00%) per annum respectively and have maturity periods ranging from 1 day to 1 year (2015: 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	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Ringgit Malaysia	**100,346**	96,674	**22,894**	17,374
Indonesian Rupiah	**43,554**	52,542	**-**	-
Hong Kong Dollar	**86**	90	**-**	-
United States Dollar	**20,040**	5,119	**46**	43
	164,026	154,425	**22,940**	17,417

29. SHARE CAPITAL

	The Group and The Company	
	2016 RM'000	2015 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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30. RESERVES

	The Group		The Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Non-distributable:				
Share premium	**34,321**	34,321	**34,321**	34,321
Foreign exchange reserve	**(9,042)**	(11,705)	**-**	-
Other reserve	**(322)**	(322)	**-**	-
Fair value reserve	**14,238**	14,569	**14,238**	14,569
	39,195	36,863	**48,559**	48,890
Distributable:				
Retained earnings	**337,813**	319,595	**119,293**	116,068
	377,008	356,458	**167,852**	164,958

Share premium

Share premium arose from the following issue of shares:

	The Group and The Company	
	2016	2015
	RM'000	RM'000
2,700,000 ordinary shares issued at a premium of RM1.45 per share in 1991, net of share issue expenses of RM1,048,207	**2,867**	2,867
Expenses relating to bonus issue in 1996	**(357)**	(357)
2,186,463 ordinary shares issued at a premium of RM3.00 per share in 1997	**6,559**	6,559
Exercise of 100 warrants 1996/2001 at a premium of RM3.80 per share in 1997	**1**	1
32,715,908 ordinary shares issued at a premium of RM0.20 per share in 2000, net of share issue expenses of RM537,074	**6,006**	6,006
Exercise of 14,000 warrants 1999/2003 at a premium of RM0.60 per share in 2002	**8**	8
Exercise of 32,060,945 warrants 1999/2003 at a premium of RM0.60 per share in 2004	**19,237**	19,237
	34,321	34,321

Foreign exchange reserve

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

Other reserve

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

Fair value reserve

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30. RESERVES (CONT'D)

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.

31. HIRE PURCHASE PAYABLES

	The Group	
	2016 RM'000	2015 RM'000
Total outstanding	912	-
Less: Interest-in-suspense	(104)	-
Principal outstanding	808	-
Less: Amount due within 12 months (shown under current liabilities)	327	-
Non-current portion	481	-

The non-current portion is payable as follows:

	The Group	
	2016 RM'000	2015 RM'000
Not later than 1 year	336	-
More than 1 year and less than 5 years	145	-
	481	-

The average term of hire purchase is approximately 3 years. For the financial year ended 31 March 2016, the effective borrowing rate ranged from 9% to 15% (2015: Nil) per annum. Interest rates are fixed at the inception of the hire purchase arrangements. The Group's hire purchase payables are secured by the financial institutions' charge over the assets under hire purchase.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

32. PROVISION FOR RETIREMENT BENEFITS

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

	The Group		
	Malaysia RM'000	Indonesia RM'000	Total RM'000
As of 1 April 2014	4,756	2,594	7,350
Addition (Note 8):			
Current	590	486	1,076
Overprovision in prior years	-	349	349
	590	835	1,425
Actuarial (gain)/loss arising from changes in financial assumptions	-	260	260
Benefits paid	-	(215)	(215)
Effects of foreign exchange translation	-	(43)	(43)
As of 31 March 2015/1 April 2015	5,346	3,431	8,777
Addition (Note 8):			
Current	657	886	1,543
Actuarial loss arising from changes in financial assumptions	-	(155)	(155)
Benefits paid	(24)	(72)	(96)
Derecognition	(195)	-	(195)
Effects of foreign exchange translation	-	145	145
As of 31 March 2016	**5,784**	**4,235**	**10,019**

	The Company	
	2016 RM'000	2015 RM'000
At beginning of year	1,226	1,044
Addition (Note 8)	214	182
At end of year	1,440	1,226

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

	The Group		
	Malaysia RM'000	Indonesia RM'000	Total RM'000
2016			
Present value of defined benefit obligations	**5,784**	**4,235**	**10,019**
2015			
Present value of defined benefit obligations	5,346	3,431	8,777

	The Company	
	2016 RM'000	2015 RM'000
Present value of defined benefit obligations	**1,440**	1,226

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

32. PROVISION FOR RETIREMENT BENEFITS (CONT'D)

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

2016		The Group	
	Malaysia RM'000	Indonesia RM'000	Total RM'000
At beginning of year	**5,346**	**3,431**	**8,777**
Current service cost	**341**	**617**	**958**
Interest cost on obligation	**316**	**269**	**585**
Overprovision in prior years	**-**	**-**	**-**
Actuarial loss arising from changes in financial assumptions	**-**	**(155)**	**(155)**
Benefits paid	**(24)**	**(72)**	**(96)**
Derecognition	**(195)**	**-**	**(195)**
Effects of foreign exchange translation	**-**	**145**	**145**
At end of year	**5,784**	**4,235**	**10,019**
2015			
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

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

		The Group	
	Malaysia RM'000	Indonesia RM'000	Total RM'000
2016			
Current service cost	**341**	**617**	**958**
Interest cost on obligation	**316**	**269**	**585**
	657	**886**	**1,543**
2015			
Current service cost	316	282	598
Interest cost on obligation	274	204	478
Overprovision in prior years	-	349	349
	590	835	1,425

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

32. PROVISION FOR RETIREMENT BENEFITS (CONT'D)

	The Company	
	2016 RM'000	2015 RM'000
Current service cost	**137**	122
Interest cost on obligation	**77**	60
	214	182

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

	2016	2015
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 (%)	**8.4**	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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

33. 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 (2015: 7 to 60) days.

Analysis of currency profile of trade payables is as follows:

	The Group	
	2016 RM'000	2015 RM'000
Ringgit Malaysia	**12,563**	8,189
Indonesian Rupiah	**9,135**	4,224
	21,698	12,413

(b) Other Payables and Accrued Expenses

	The Group		The Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Other payables	**4,812**	7,542	**53**	24
Advances from customers	**3,988**	6,775	**-**	-
Accrued expenses	**19,758**	21,095	**1,254**	2,213
Provision for incremental rental charges	**5,048**	4,021	**-**	-
Loans from shareholders of subsidiary companies	**-**	500	**-**	-
	33,606	39,933	**1,307**	2,237

Other payables arose mainly in respect of indirect costs and administrative expenditures. These amounts are unsecured, interest-free and are repayable within 60 days (2015: 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	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Ringgit Malaysia	**3,170**	4,569	**53**	24
Indonesian Rupiah	**5,485**	3,745	**-**	-
Euro	**5**	674	**-**	-
United States Dollar	**140**	5,329	**-**	-
	8,800	14,317	**53**	24

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

34. BANKING FACILITIES

The Group and the Company have credit facilities totalling RM20,000,000 (2015: RM20,058,000) and RM11,000,000 (2015: 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 rate of 7.85% (2015: 7.60% to 8.60%) per annum.

As of 31 March 2016, the Group and the Company have utilised RM4,482,628 and RM868,428 (2015: RM4,102,325 and RM818,788), respectively, of the bank guarantee facility.

35. DIVIDENDS

	The Group and The Company	
	2016	**2015**
	RM'000	**RM'000**
Final dividend of 5 sen, single tier, in respect of financial year ended 31 March 2015	**6,847**	-
Final dividend of 5 sen, single tier, in respect of financial year ended 31 March 2014	**-**	6,847
	6,847	6,847

36. 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

36. SEGMENTAL INFORMATION (CONT'D)

The Group 2016	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	284,020	71,257	135,010	7,822	3,687	-	501,796
External dividend income	-	-	-	-	1,618	-	1,618
Inter-segment sales	-	-	-	-	11,242	(11,242)	-
Total revenue	284,020	71,257	135,010	7,822	16,547	(11,242)	503,414
Financial Results							
Segment results	14,553	13,022	7,006	65	(3,284)	-	31,362
Profit from operations							31,362
Investment revenue							5,259
Finance cost							(69)
Share of results of associate							364
Profit before tax							36,916
Income tax expense							(10,952)
Profit for the year							25,964
Other Information:							
Capital expenditure	1,331	2,692	7,887	418	61	-	12,389
Additions to biological assets	-	-	6,229	-	-	-	6,229
Additions of available-for -sale investments	-	-	-	-	18	-	18
Non-cash expenses:							
Depreciation of property, plant and equipment	3,550	2,792	5,033	76	489	-	11,940
Provision for retirement benefits	443	-	887	-	213	-	1,543
Amortisation of biological assets	-	-	720	-	-	-	720
Inventories written down	370	-	-	-	-	-	370
Inventories written off	-	78	-	-	-	-	78
Provision for incremental rental charges	1,027	-	-	-	-	-	1,027
Unrealised loss/(gain) on foreign exchange - net	4,561	-	(601)	-	(3)	-	3,957

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

36. SEGMENTAL INFORMATION (CONT'D)

The Group 2016	Manufacturing and marketing of oleochemical products RM'000	Managing and operating of private hospital RM'000	Sales of oil palm fruit and crude palm oil RM'000	Warehousing and bulk conveyor operations RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
Non-cash income:							
Gain arising from derivative financial assets	5,087	-	-	-	-	-	5,087
Gain on disposal of property, plant and equipment	6	-	1	-	2	-	9
Allowance for loss on conversion of Plasma PIR-TRANS program no longer required	-	-	(334)	-	-	-	(334)
Statement of Financial Position							
Assets							
Segment assets	163,931	75,315	296,716	8,194	313,201	(248,595)	608,762
Deferred tax assets	-	-	1,472	-	-	102	1,574
Tax recoverable	2,357	511	13,153	15	-	-	16,036
Consolidated assets							626,372
Liabilities							
Segment liabilities	24,209	16,540	23,547	325	3,420	(1,756)	66,285
Deferred tax liabilities	893	493	-	36	-	-	1,422
Tax liabilities	-	-	770	-	-	(623)	147
Consolidated liabilities							67,854

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

36. 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
Revenue							
External sales	349,850	66,761	106,041	9,386	3,011	-	535,049
External dividend income	-	-	-	-	1,616	-	1,616
Inter-segment sales	-	-	-	-	11,103	(11,103)	-
Total revenue	349,850	66,761	106,041	9,386	15,730	(11,103)	536,665
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
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
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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

36. 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
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
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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

36. 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	
	2016 RM'000	2015 RM'000
Asia:		
Malaysia	**156,777**	147,216
Indonesia	**134,809**	109,363
Others	**131,410**	201,671
Europe	**20,498**	19,647
America	**35,834**	31,951
Others	**24,086**	26,817
	503,414	536,665

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	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Asia:				
Malaysia	**476,228**	453,529	**4,502**	7,409
Indonesia	**139,151**	124,994	**7,887**	35,292
Others	**4,920**	18,116	**-**	-
Europe	**985**	1,921	**-**	-
America	**1,418**	3,128	**-**	-
Others	**3,670**	3,234	**-**	-
	626,372	604,922	**12,389**	42,701

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

37. COMMITMENTS

(a) Capital Commitments

As of 31 March 2016, the Group has approved and contracted for capital commitments in respect of purchase of property, plant and equipment amounting to RM3,547,057 (2015: RM7,916,166).

(b) Lease Commitments

As of 31 March 2016, total future minimum lease payment commitments are as follows:

	The Group	
	2016 RM'000	**2015 RM'000**
Within one year	**211**	408
Between one year to two years	**-**	12
	211	420

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

As of 31 March 2016, the Company has issued corporate guarantees without security to licensed financial institutions for credit facilities totalling RM9,000,000 (2015: RM9,000,000) granted to one (2015: 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

39. 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.

Categories of financial instruments

	The Group		The Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Financial assets				
Available-for-sale investments	**38,780**	39,093	**38,780**	39,093
Fair value through profit or loss:				
Derivative financial assets	**2,359**	-	**-**	-
Loans and receivables:				
Advances for KKPA program	**4,431**	2,981	**-**	-
Trade receivables	**27,704**	48,083	**-**	-
Other receivables and refundable deposits	**6,076**	2,878	**160**	113
Amount owing by subsidiary companies	**-**	-	**889**	3,679
Amount owing by an associate company	**123**	-	**97**	-
Fixed deposits, short-term placements, and cash and bank balances	**164,026**	154,425	**22,940**	17,417

	The Group		The Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Financial liabilities				
Fair value through profit or loss:				
Derivative financial liabilities	**-**	2,728	**-**	-
Other financial liabilities:				
Trade payables	**21,698**	12,413	**-**	-
Other payables and accrued expenses	**33,606**	39,933	**1,307**	2,237
Amount owing to an associate company	**33**	-	**-**	-
Amount owing to subsidiary companies	**-**	-	**140**	140
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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

39. FINANCIAL INSTRUMENTS (CONT'D)

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.

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	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
The Group				
United States Dollar	**14,384**	27,331	**2**	5,083
Pound Sterling	**196**	185	**-**	-
Hong Kong Dollar	**86**	90	**-**	-
Euro	**-**	-	**5**	679
	14,666	27,606	**7**	5,762
The Company				
United States Dollar	**46**	43	**-**	-
Hong Kong Dollar	**-**	-	**140**	140
	46	43	**140**	140

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

39. FINANCIAL INSTRUMENTS (CONT'D)

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	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
United States Dollar	**1,438**	2,733	**-**	508
Pound Sterling	**20**	19	**-**	-
Hong Kong Dollar	**9**	9	**-**	-
Euro	**-**	-	**1**	68
Total	**808**	2,761	**1**	576

Forward foreign exchange contracts

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

Outstanding contracts	Average exchange rate	Foreign currency FC'000	Notional value RM'000	Fair value RM'000
2016				
Buy USD				
- Less than 9 months	**4.41**	**4,600**	**20,308**	**2,359**
2015				
Buy USD				
- Less than 6 months	3.53	16,000	56,528	(2,728)

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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

39. FINANCIAL INSTRUMENTS (CONT'D)

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			
2016			
Contract period for 3 months	**2,466**	**2,097**	**2,438**
2015			
Contract period for 3 months	-	-	-

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 except for hire purchase payables. The maturity analysis of hire purchase payables is disclosed in Note 31.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

39. FINANCIAL INSTRUMENTS (CONT'D)

Liquidity risk management (Cont'd)

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 RM4,483,000 (2015: RM4,102,000).

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			
	2016		2015	
	The Group RM'000	The Company RM'000	The Group RM'000	The Company RM'000
Financial Assets				
Available-for-sale investments (quoted shares)	**38,324**	**38,324**	38,637	38,637
Derivative financial assets/(liabilities)	**2,359**	**-**	(2,728)	-

(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 derivative 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

39. FINANCIAL INSTRUMENTS (CONT'D)

Fair Value Hierarchy

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

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

	2016			
	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)	**38,324**	**-**	**-**	**38,324**
Derivative financial assets	**-**	**2,359**	**-**	**2,359**
The Company				
Available-for-sale investments (quoted shares)	38,324	-	-	38,324

	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

40. RECLASSIFICATIONS

Certain comparative amounts for the prior financial year have been reclassified to conform to current financial year's presentation as per below. Such reclassifications had no effect on total comprehensive income or equity for the previous financial year.

	As previously reported RM'000	**Reclassification RM'000**	**As reclassified RM'000**
Statements of Profit or Loss			
The Group			
Revenue	562,029	(25,364)	536,665
Other operating expenses	(137,592)	25,364	(112,228)

SUPPLEMENTARY INFORMATION
ON DISCLOSURE OF REALISED AND UNREALISED PROFITS

On 25 March 2010, Bursa Malaysia Securities Berhad ("Bursa Malaysia") issued a directive to all listed issuers pursuant to Paragraphs 2.06 and 2.23 of the Bursa Securities Main Market Listing Requirements which requires all listed issuers to disclose the breakdown of the retained earnings or accumulated losses as of the end of the reporting period, into realised and unrealised profits or losses.

On 20 December 2010, Bursa Malaysia further issued guidance on the disclosure and the prescribed format of disclosure.

The breakdown of the retained earnings of the Group and of the Company as of 31 March 2016 into realised and unrealised profits or losses, pursuant to the directive, is as follows:

	The Group		**The Company**	
	2016 RM'000	**2015 RM'000**	**2016 RM'000**	**2015 RM'000**
Total retained earnings/(losses):				
Realised	**345,380**	331,756	**119,290**	116,068
Unrealised	**461**	(436)	**3**	-
	345,841	331,320	**119,293**	116,068
Less: Consolidation adjustments	**(8,028)**	(11,725)	**-**	-
Total retained earnings	**337,813**	319,595	**119,293**	116,068

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 2016 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 135, 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,

DR. LOW KOK TYHE

LIM KIM LONG

Klang
30 June 2016

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 30 June 2016.

Before me,

KAPT. (B) JASNI BIN YUSOFF (W465)
COMMISSIONER FOR OATHS

LIST OF PROPERTIES

No	Company and Location of Property	Type of Property	Area	Existing Use/ Purpose	Tenure	Age of Building	Net Book Value 31 March 2016 (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	9 years	3,173
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 21 to 35 years	7,323
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 17 years	4,950 20,820
6.	**PT. 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	14 years	7,222
7.	**PT. 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 2 to 28 years	51,140

ANALYSIS OF SHAREHOLDINGS
AS OF 30 JUNE 2016

DISTRIBUTION SCHEDULE OF SHARE AS OF 30 JUNE 2016

Size of Shareholdings	No of Shareholders	% Shares Held	No of Shares Held	% of Shares Held
Less than 100	210	8.00	7,046	0.01
100 to 1,000	674	25.68	489,816	0.36
1,001 to 10,000	1,338	50.97	5,133,729	3.75
10,001 to 100,000	344	13.10	9,880,623	7.21
100,001 to 6,846,705 (less than 5% of issued shares)	55	2.10	41,797,958	30.51
6,846,706 (5% of issued shares) and above	4	0.15	79,624,960	58.16
TOTAL	**2,625**	**100.00**	**136,934,132**	**100.00**

LIST OF SUBSTANTIAL SHAREHOLDERS AS OF 30 JUNE 2016

No.	Names	Shareholding	%
1.	Southern Palm Industries Sdn. Bhd.	42,840,270	31.29
2.	Lembaga Tabung Haji	17,864,605	13.05
3.	Southern Realty (Malaya) Sdn. Bhd.	11,527,419	8.42
4.	Rasional Sdn. Berhad	7,392,666	5.40

INFORMATION ON DIRECTORS' SHAREHOLDINGS AS OF 30 JUNE 2016

		Direct Interest		Deemed Interest	
No.	Name of Directors	No of Shares	%	No of Shares	%
1.	Tan Sri Datuk Seri Panglima Sulong Matjeraie	0	0.00	0	0.00
2.	Dr. Low Kok Thye	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 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

ANALYSIS OF SHAREHOLDINGS (CONT'D)
AS OF 30 JUNE 2016

LIST OF TOP 30 HOLDERS

No.	Name	No. Of Shares 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)	1,178,300	0.86
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.	354,000	0.26
26.	Toh Kam Choy	350,200	0.26
27.	Tan Soon Muay @ Tan Kim Huay	319,666	0.23
28.	Ng Kim Chai	303,082	0.22
29.	Teo Kwee Hock	287,800	0.21
30.	Ong Beng Kee	280,000	0.20
	TOTAL	**116,242,757**	**84.89**

NOTICE OF THE THIRTY-FIFTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Thirty-Fifth ("35th") 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 Wednesday, 24 August 2016 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 2016 together with the Reports of the Directors and Auditors thereon (Note 6).

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 2016. **Resolution 1**

3. To approve the payment of Directors' fees amounting to RM450,000 for the financial year ended 31 March 2016. **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) Mohd. Hisham Harun **Resolution 3**

   b) Teo Leng **Resolution 4**

   c) Tan Sri Datuk Seri Panglima Sulong Matjeraie **Resolution 5**

5. 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 6**

SPECIAL BUSINESS

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

6. Authority to Issue Shares Pursuant to Section 132D of the Companies Act, 1965 (Note 7) **Resolution 7**

"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."

NOTICE OF THE THIRTY-FIFTH ANNUAL GENERAL MEETING (CONT'D)

7. Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions (Note 8) **Resolution 8**

"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 29 July 2016 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 35th 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 17 August 2016. Only a depositor whose name appears on the Record of Depositors as at 17 August 2016 shall be entitled to attend the said meeting or appoint proxies to attend and vote on his/her behalf.

NOTICE OF THE THIRTY-FIFTH ANNUAL GENERAL MEETING (CONT'D)

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 2016 ("Dividend") under Resolution 1 at the 35th AGM of the Company on 24 August 2016 the Dividend will be paid to the shareholders on 30 September 2016. The entitlement date for the Dividend shall be 8 September 2016.

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

a) shares deposited into the Depositor's Securities Account before 12:30 p.m. on 6 September 2016 (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 8 September 2016 (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: 29 July 2016

NOTICE OF THE THIRTY-FIFTH ANNUAL GENERAL MEETING (CONT'D)

Notes:

1. A member entitled to attend and vote at this meeting is entitled to appoint at least one (1) proxy to attend and vote in his/her stead. A proxy may but need not be a member of the Company and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the meeting shall have the same rights as the member to speak and vote at the meeting.

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 authorised.

3. Where a member is an exempt authorised nominee (EAN) as defined under the Securities Industry (Central Depositories) Act, 1991 which holds ordinary shares in the Company for multiple beneficial owners in one securities account (omnibus account), there shall be no limit to the number of proxies which the EAN may appoint in respect of each omnibus account it holds.

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. In line with Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in the notice of the 35th AGM of the Company are subjected to voting by poll. The Company will appoint at least one (1) scrutineer to validate the votes cast at the 35th AGM of the Company.

6. 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.

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

   The proposed Ordinary Resolution 7, 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 7, 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 34th AGM held on 28 August 2015, 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 7 proposed under item 6 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.

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

   The proposed Ordinary Resolution 8, if passed, will authorise the Company and/or its subsidiary companies to enter into recurrent related party transactions of a revenue or trading nature. This authority will, unless revoked or varied by the Company in General Meeting, expire at the next AGM of Company. Please refer to the Circular to Shareholders dated 29 July 2016, which is dispatched together with the Company's Annual Report 2016, for more information.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

1. Directors who are seeking re-election and/or re-appointment are as follows:-

   (i) Mohd. Hisham Harun, pursuant to Articles 95 and 96 of the Company's Articles of Association.

   (ii) Teo Leng, pursuant to Articles 95 and 96 of the Company's Articles of Association.

   (iii) Tan Sri Datuk Seri Panglima Sulong Matjeraie, pursuant to Articles 95 and 96 of the Company's Articles of Association.

2. The details of the three Directors seeking re-election and/or re-appointment are set out in the Directors' Profile from pages 10 to 14 and the Directors' Shareholdings in the Company on page 138 of the Annual Report.

PROXY FORM

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

I/We, (FULL NAME IN CAPITAL LETTERS) ____________________

NRIC No./Passport No./Company No. ____________________

of (FULL ADDRESS) ____________________

____

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

First Proxy

Full Name of Proxy in capital letters		Proportion of shareholdings	
		Number of shares	Percentage (%)

and/or failing him/her

Second Proxy

Full Name of Proxy in capital letters		Proportion of shareholdings	
		Number of shares	Percentage (%)

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-Fifth Annual General Meeting ("AGM") of Southern Acids (M) Berhad ("the Company") to be held on 24 August 2016 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 2016 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 2016.		
2	To approve the payment of Directors' fees amounting to RM450,000 for the financial year ended 31 March 2016.		
3	To re-elect Mohd. Hisham Harun as Director of the Company in accordance with Articles 95 and 96 of the Company's Articles of Association.		
4	To re-elect Teo Leng as Director of the Company in accordance with Articles 95 and 96 of the Company's Articles of Association.		
5	To re-elect Tan Sri Datuk Seri Panglima Sulong Matjeraie as Director in accordance with Articles 95 and 96 of the Company's Articles of Association.		
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.		
7	To approve the Authority to issue Shares pursuant to Section 132D of the Companies Act, 1965.		
8	To approve the Renewal of Shareholder's Mandate for Recurrent Related Party Transactions.		

Dated this ....day of...2016

....
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 17 August 2016. Only a depositor whose name appears on the General Record of Depositors as at 17 August 2016 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 this meeting is entitled to appoint at least one (1) proxy to attend and vote in his/her stead. A proxy may but need not be a member of the Company and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the meeting shall have the same rights as the member to speak and vote at the meeting.

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 authorised.

3. Where a member is an exempt authorised nominee (EAN) as defined under the Securities Industry (Central Depositories) Act, 1991 which holds ordinary shares in the Company for multiple beneficial owners in one securities account (omnibus account), there shall be no limit to the number of proxies which the EAN may appoint in respect of each omnibus account it holds.

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. In line with Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in the notice of the 35th AGM of the Company are subjected to voting by poll. The Company will appoint at least one (1) scrutineer to validate the votes cast at the 35th AGM of the Company.

6. 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.

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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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