Southern Acids (M) Berhad

[Registration No. 198001010791 (64577-K)]
(Incorporated in Malaysia)

Annual Report
2020

WASH HANDS FREQUENTLY

WEAR A PROTECTIVE MASK

AVOID CROWDED PLACES

DISINFECT SURFACES

KEEP DISTANCE FROM SICK PEOPLE

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Tan Sri Datuk Seri Panglima Sulong Matjeraie
Chairman / Independent Non-Executive Director

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

Lim Kim Long
Executive Director

Chung Kin Mun
Senior Independent Non-Executive Director

Leong So Seh
Independent Non-Executive Director

Teo Leng
Independent Non-Executive Director

AUDIT COMMITTEE

Chung Kin Mun *(Chairman)*
Leong So Seh
Teo Leng

NOMINATION & REMUNERATION COMMITTEE

Chung Kin Mun *(Chairman)*
Leong So Seh
Tan Sri Datuk Seri Panglima Sulong Matjeraie

SENIOR MANAGEMENT TEAM

Key Day-To-Day Management : Corporate

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

Alex Chan Choon Hoong
Chief Strategic Development Officer

Jennifer Low Swee Yim
Integration Director

Tiong Chuu Ling
Chief Operating Officer - Oleochemical Segment

Lee Choo Chai
General Manager - Milling & Estate Segment

Tan Suet Guan
Hospital Director - Healthcare Segment

COMPANY SECRETARIES

Lim Kui Suang
SSM PC No. 202008001175
MAICSA 0783327

Paul Ignatius Stanislaus
SSM PC No. 202008001655
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 / PRINCIPAL 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 REGISTRARS

Boardroom Share Registrars Sdn. Bhd.
Registration Number: 199601006647 (378993-D)
11th Floor, Menara Symphony
No. 5 Jalan Prof Khoo Kay Kim, Seksyen 13
46200 Petaling Jaya,
Selangor Darul Ehsan,
Malaysia
Helpdesk : 03-7890 4700
Fax : 03-7890 4670

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad

LEGAL STATUS

Public listed company limited by shares

AUDITORS

Deloitte PLT (LLP0010145-LCA)
Chartered Accountants (AF 0080)
Level 16, Menara LGB
1 Jalan Wan Kadir
Taman Tun Dr. Ismail
60000 Kuala Lumpur,
Malaysia

PRINCIPAL BANKERS

AmFunds Management Berhad
CIMB Bank Berhad
Citibank Berhad

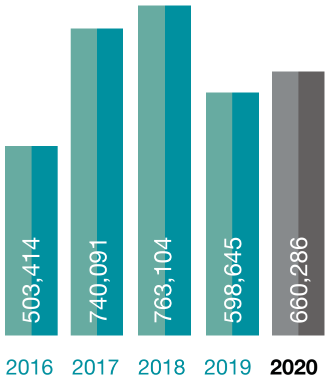
FINANCIAL HIGHLIGHTS

Financial Year	2016	2017	2018	2019	2020
Financial Performance (RM'000)					
Revenue	503,414	740,091	763,104	598,645	660,286
Profit before tax	34,666	73,929	51,019 *	38,574	48,740
Profit for the year	23,714	57,442	37,039 *	25,468	39,229
Financial Position (RM'000)					
Total assets	642,052	705,106 *	717,050 *	731,557	727,388
Total liabilities	67,854	77,444 *	79,981 *	75,542	77,166
Net current assets	225,424	274,344 *	272,275 *	280,610	310,861
Equity attributable to shareholders of the Company	512,318	568,758 *	586,376 *	601,281	594,422
Share capital	136,934	171,255	171,255	171,255	171,255
Number of ordinary shares ('000)	136,934	136,934	136,934	136,934	136,934
Key Figures					
Earnings per share (sen)	17.01	35.58	23.78*	15.69	23.37
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)	3.74	4.15	4.28*	4.39	4.34

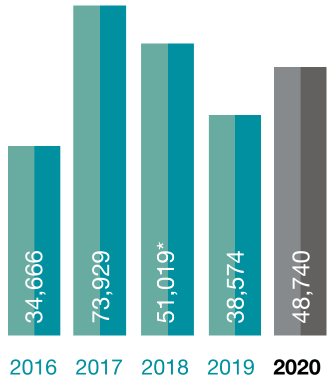
* *Restated*

FINANCIAL
HIGHLIGHTS
(CONT'D)

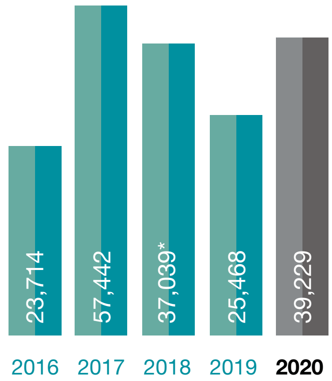
REVENUE
(RM'000)



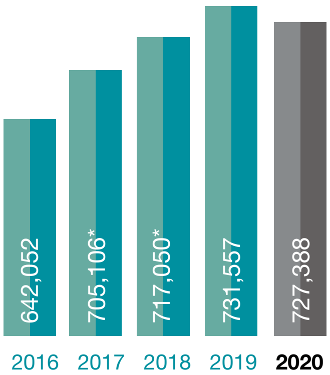
PROFIT BEFORE TAX
(RM'000)



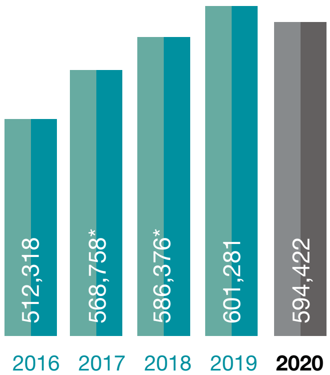
PROFIT FOR THE YEAR
(RM'000)



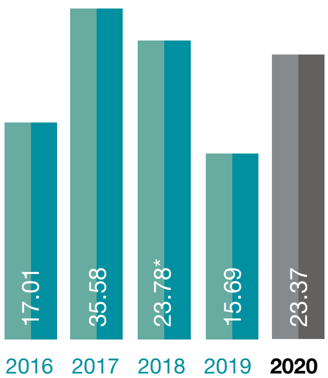
TOTAL ASSETS
(RM'000)



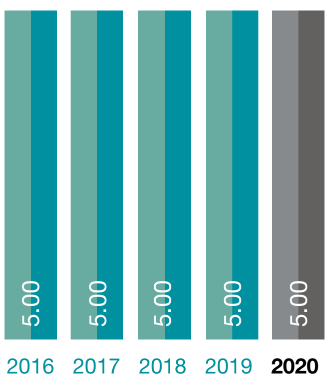
SHAREHOLDERS' EQUITY
(RM'000)



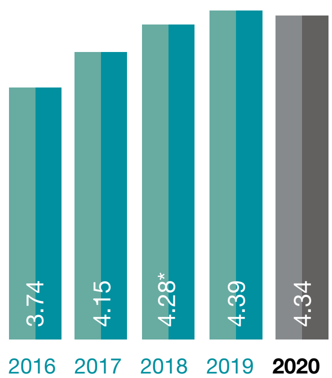
EARNINGS PER SHARE
(Sen)



DIVIDEND PER SHARE (NET)
(Sen)



NET ASSETS PER SHARE
(RM)



CORPORATE STRUCTURE

Southern Acids (M) Berhad
[198001010791(64577-K)]

- **Oleochemical**
  - 100.0% Southern Acids Industries Sdn. Bhd. [199001015379 (207048-P)]
- **Healthcare**
  - 100.0% Noble Interest Sdn. Bhd. [199501020742 (349945-V)]
  - 100.0% Parson Medithor Medical Sdn. Bhd. [200001020442 (523049-H)]
  - 100.0% Southern Medicare Sdn. Bhd. [199501023596 (352799-M)]
- **Milling & Estate**
  - 100.0% Pembinaan Gejati Sdn. Bhd. [199401034518 (320201-W)]
  - 90.0% Firstview Development Sdn. Bhd. [199701017925 (433422-W)]
    - 70.0% PT. Mustika Agro Sari (9120204100477)
      - 83.3% PT. Wanasari Nusantara (8120108961197)
    - 11.7% PT. Wanasari Nusantara (8120108961197)
- **Investment & Services**
  - 100.0% Imayos Letting Sdn. Bhd. [201101003431 (931569-W)]
  - 100.0% PKE Transport (Malaysia) Sdn. Berhad [198701003184 (161855-T)]
  - 100.0% SAB Bio-Fuel Sdn. Bhd. [199501034784 (363986-K)]
  - 100.0% SAB (East Asia) Holdings Limited (476922)
  - 100.0% SAB Plantation Sdn. Berhad [199801014293 (470422-X)]
  - 100.0% SAB Properties Development Co. Sdn. Berhad [199401038702 (324387-H)]
  - 100.0% Southern Acids Cronos Resource Sdn. Bhd. [198001011690 (65476-P)]
  - 100.0% Wilstar Sdn. Bhd. [199701017546 (433043-M)]
  - 38.6% PKE (Malaysia) Sdn. Berhad [198001002503 (56287-D)]

Oleochemical Segment

Milling & Estate Segment

Healthcare Segment

MANAGEMENT DISCUSSION AND ANALYSIS

MANAGEMENT DISCUSSION AND ANALYSIS

Dear Valued Shareholders,

On behalf of the Board of Directors (‘the Board”) of Southern Acids (M) Berhad (“SAB” or “the Company”), it is my pleasure to present the Management Discussion and Analysis (“MDA”) of SAB and its subsidiaries (“the Group”) for the financial year ended 31 March 2020 (“FY2020”).

BACKGROUND

SAB was founded in 1980 and commenced manufacturing of oleochemical products. The Group subsequently undertook a vertical integration exercise by venturing into the upstream oil palm segment. This strategic move was to capitalise on palm oil as an alternative feedstock to the oleochemical industry which was then still largely based on tallow and coconut oil.

Building on its early success, SAB’s core activities have expanded and currently encompasses Oleochemical, Milling & Estate and Healthcare. The Group currently employs 1,693 staff members and has operations in Malaysia and Indonesia.

FY2020 FINANCIAL HIGHLIGHTS

Calender year 2019 (“CY2019”) has been another challenging year for the Malaysian economy as growth moderated to 4.3% (BNM), the lowest since the 2008 Global Financial Crisis. Resilient private consumption and growth in the services and manufacturing sectors were offset by supply disruptions in the agriculture and mining sectors, hampering overall annual growth.

In the first quarter of Calender year 2020 (“CY2020”), the global and Malaysian economy experienced the unprecedented negative impacts of the novel coronavirus disease (“COVID-19”). The disease was first reported in China in December 2019 before rapidly spreading around the world. This prompted the World Health Organisation to declare COVID-19 a pandemic. Many countries responded to this by closing their borders and implementing people movement controls.

Similarly, Malaysia implemented the Movement Control Order (“MCO”) on 18 March 2020, a lockdown aimed at preventing the spread of COVID-19 in the country. Such restrictions had a significant impact on the local economy as demand and supply of good and services were severely affected.

SAB reported a revenue of RM660.3 million and a profit before tax (“PBT”) of RM48.7 million for FY2020. Revenue increased 10.3% from RM598.6 million achieved in the preceding financial year (“FY2019”) and PBT grew 26.4% to RM48.7 million.

The Group's improved performance was supported by the Milling & Estate and Healthcare Segments. The Milling & Estate Segment benefited from a slightly higher average selling price and a significant increase in sales volume of crude palm oil ("CPO") as well as an increase in production of FFB in the PTWanasari Nusantara ("PTWan") estates operations. These factors led to an increase in overall efficiency and profitability for the segment. The Healthcare Segment continued to experience an increase in patient numbers as well as the average revenue per patient ("ARPP"). These segments accounted for 54.6% of Group revenue during the financial year.

During the year, the Group undertook capital expenditure amounting to approximately RM15.8 million. Topping the list is the Healthcare Segment at RM7.5 million followed by Milling & Estate Segment at RM4.5 million and Oleochemical Segment at RM2.6 million.

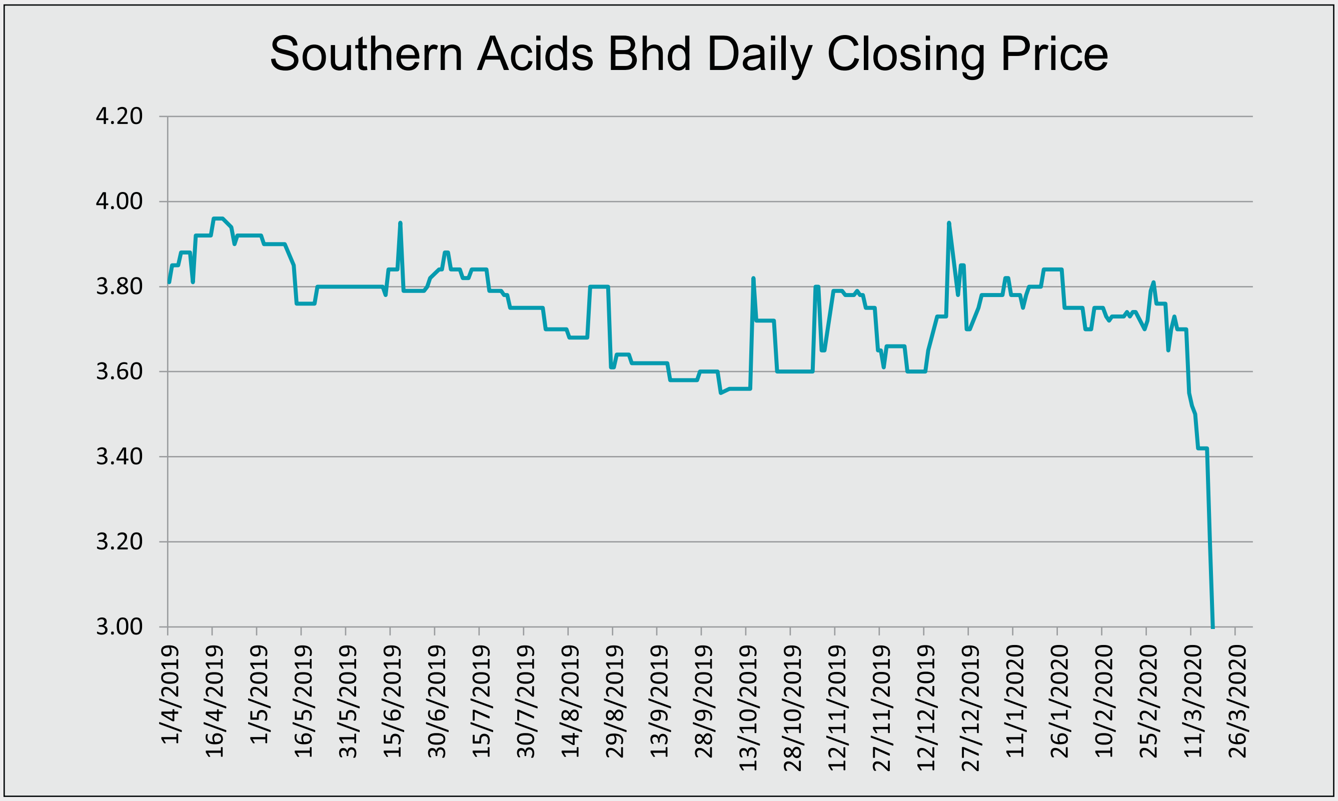
Out of the capital expenditure for the Healthcare Segment, approximately RM4.0 million was for purchasing new medical equipment while the balance was for the upgrading of facilities and IT infrastructure. The Milling & Estate Segment incurred approximately RM3.0 million for the construction of additional CPO storage tanks and the upgrading of our palm oil mills ("POM") while the balance was for the upgrading of facilities. As for the Oleochemical Segment, RM2.6 million was incurred for the upgrading of the plant's cooling system. All capital expenditure except for motor vehicles was funded via internally generated funds.

SAB GROUP FIVE YEAR FINANCIAL HIGHLIGHTS

	FY2016 RM'000	FY2017 RM'000 (Restated)	FY2018 RM'000 (Restated)	FY2019 RM'000	FY2020 RM'000
Revenue	503,414	740,091	763,104	598,645	660,286
Profit before tax & interest	34,735	74,010	51,075*	38,611	49,149
Finance costs	69	81	56	37	409
Net income	23,714	57,442	37,039*	25,468	39,229
Shareholders' equity	512,318	568,758*	586,376*	601,281	594,422
Total assets	642,052	705,106*	717,050*	731,557	727,388
Borrowings	808	605	340	399	5,987
Earnings per share (sen)	17.01	35.58	23.78*	15.69	23.37
Net assets per share (RM)	3.74	4.15	4.28*	4.39	4.34
Dividend per share (sen)	5.00	5.00	5.00	5.00	5.00

* *Restated*

SAB SHARE PRICE PERFORMANCE



		FY2020	FY2019
1	High	RM3.96	RM4.05
2	Low	RM2.75	RM3.58
3	Close	RM2.80	RM3.81
4	Average Daily Trading volume (shares)	6,548	9,959
5	Market capitalisation At Year End (million)	RM383.4	RM 521.7
6	Earnings Per Share (sen)	23.37	15.69
7	Price Earnings Ratio (times)	12.0	24.3

Oleochemical Segment

The Oleochemical Segment is involved in the manufacturing and marketing of fatty acids and glycerine with a production mix ratio of approximately 90:10 between fatty acids and glycerine.

The manufacturing plant is located in Kapar, Klang and was commissioned in the 1980s. It has an annual manufacturing capacity of approximately 100,000 metric tons ("MT"). This plant has been awarded with 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;
- RSPO - Roundtable on Sustainable Palm Oil;
- MSPO - Malaysian Sustainable Palm Oil;
- Kosher (Products); and
- Halal (Manufacturing).

This segment's product offerings are used in diverse end-use applications including personal care, cleaning agents and food products. Approximately 78.3% of segment revenue is derived from exports whilst the balance is from domestic sales.
The current plant has been in operation for more than thirty years. Given the age of the plant, our long-term focus remains on upgrading the plant. This will enhance the plant's manufacturing and cost efficiency via modernization and process automation.

	FY2020	FY2019	Changes
Financial Highlights			
Revenue (RM'000)	282,410	290,651	-2.8%
Loss Before Tax (RM'000)	(3,219)	(2,445)	-31.7%
Core Loss Before Tax (RM'000)	(5,210)	(7,099)	26.6%
Non-Financial Highlights			
Production Capacity (MT)	100,000	100,000	0.0%
Production (MT)	86,925	82,953	4.8%
Production Utilisation (%)	86.9%	83.0%	4.7%
Overseas Sales (RM'000)	221,088	223,672	-1.2%
Overseas Sales Revenue (%)	78.3%	77.0%	1.7%

In FY2020, revenue in the Oleochemical Segment declined marginally by 2.8% to RM282.4 million from RM290.7 million achieved in the preceding year. Overall sales volume rose 7.1% to 87,946 MT, whilst average selling price ("ASP") for both fatty acids and glycerine declined by 7.3% and 17.9% respectively. Production capacity utilisation rate increased to 86.9% from 83.0% reported in the preceding year.

The Oleochemical Segment reported a loss before tax ("LBT") of RM3.2 million in FY2020 despite the higher sales volume due to a decline in ASPs of fatty acids and glycerine. The segment's core LBT amounted to RM5.2 million and non-core PBT stood at RM2.0 million. The non-core PBT was mainly due to net gains from foreign exchange and interest income.

The Oleochemical Segment was given permission to operate during the MCO period with strict standard operating procedures ("SOP"). The operations and financial performance of this segment was impacted slightly by the MCO (implemented during SAB's 4Q2020) during FY2020. During the initial two weeks MCO period which was in the 4Q2020, the plant operations were shut down until the approval from Ministry of International Trade and Industry was attained.

Milling & Estate Segment

The Milling & Estate Segment is principally engaged in the processing of fresh fruit bunches ("FFB") into CPO and palm kernel ("PK") as well as oil palm cultivation.

The Group operates two (2) POMs located in Riau, Indonesia with a combined milling capacity of 100 MT per hour. The first POM was commissioned in June 2002 followed by the second POM that was commissioned in August 2015.

Both the mills in total produced 111.829 MT of CPO in FY2020 as compared to 88,558 MT of CPO in FY2019. Total FFB processed in both the POMs were 535,950 MT of FFB in FY2020 as compared to 426,589 MT of FFB processed in FY2019.

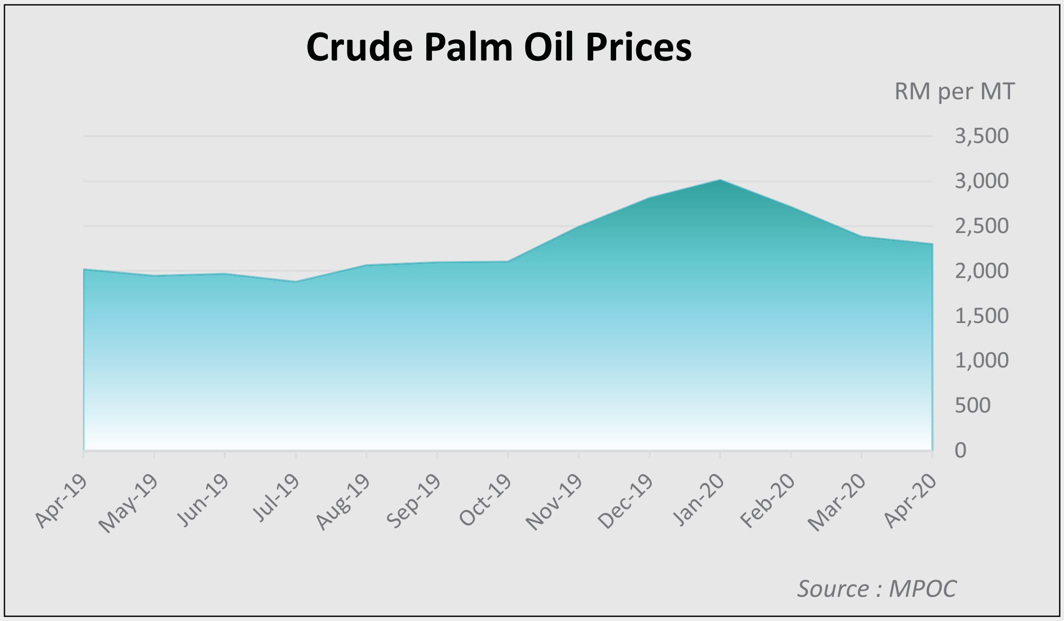
The FFB required by our POMs are supplied by our internal estates as well as from third-party external estates. The FFB production from our 4,214 hectares ("ha") of planted area in Riau yielded 91,635 MT, providing approximately 17.1% of the POMs current requirements. Out of the 4,214 ha of planted area, 3,951 ha are mature whilst the remaining 263 ha are immature. The age profile of our palms is equally spread between the young, prime and old and with a weighted average age of 14 years old.

Both the Group's PT Mustika Agro Sari ("PTMAS") and PTWan estates in Riau are Indonesian Sustainable Palm Oil ("ISPO") compliant, having been awarded the certification in November 2017 and August 2019. The certification is valid for five years until November 2022 and August 2024.

The Group's long-term strategy is to increase production efficiency which will in-turn positively affect our cost structure.

	FY2020	FY2019	Changes
Financial Highlights			
Revenue (RM'000)	269,453	205,796	30.9%
Profit Before Tax (RM'000)	28,037	16,628	68.6%
Core Profit Before Tax (RM'000)	19,413	11,499	68.8%
Non-Financial Highlights			
FFB Processed (MT)	535,950	426,589	25.6%
CPO Production (MT)	111,829	88,558	26.3%
FFB Production (MT)	91,635	87,064	5.3%
Average CPO Selling Price Per MT (RM)	2,138	1,970	8.5%
Average PK Selling Price Per MT (RM)	1,181	1,430	-17.4%

In FY2020, revenue in the Milling & Estate Segment rose 30.9% to RM269.5 million from RM205.8 million achieved in the preceding year. The increase can be attributed to higher sales volumes of CPO.



FFB production from internal estates increased 5.3% to 91,635 MT as more areas reached maturity; supporting the heightened demand for FFB as sales volumes of CPO increased 26.1% to 110,105 MT during the year.

Segment PBT grew 68.6% to RM28.0 million, boosted by the 8.5% uptick in ASP of CPO and a 24.7% increase in total sales volume. The segment's core PBT stood at RM19.4 million whilst non-core PBT amounted to RM8.6 million. The non-core PBT was mainly derived from interest income and the disposal of PK shells and scraps.

The Milling & Estate Segment operates in Riau, Indonesia; this province implemented Pembatasan Sosial Berskala Besar ("PSBB") on the 17 April 2020. The restrictions prohibited mass gatherings and closed public places and public transport. However, the PSBB was implemented on 17 April 2020 and therefore had no impact on the segment's operational and financial performance for FY2020.

Healthcare Segment

The Healthcare Segment operates Sri Kota Specialist Medical Centre ("Sri Kota"), an award winning 232-bedded private tertiary hospital located in Klang, Selangor. Sri Kota was commissioned in September 1999 and has maintained the status of Klang's leading private tertiary hospital during the past two decades.

Throughout the years, Sri Kota's notable achievements include the Facilities Improvement Initiative award from Health Asia and the Health and Wellness Brand award from Sin Chew Daily. These awards are endorsements of Sri Kota's success during its 20 years of operations.

The following major specialities and sub-specialities are available at our hospital:-

1. Anaesthesiology;
2. Surgical;
3. Medicine;
4. Oncology;
5. Obstetrics and Gynaecology;
6. Radiology; and
7. Paediatrics.

Sri Kota currently has thirty-five (35) resident consultants and forty-five (45) visiting consultants specialising in the above core disciplines. Sri Kota is accredited with the full 4-year prestigious Malaysian Society for Quality in Health ("MSQH") 5th Edition (3rd Cycle) for period of 6 December 2018 to 5 December 2022.

The Group's long-term strategy is to strategically expand our core disciplines whilst delivering healthcare services with a holistic approach to patient care.

	FY2020	FY2019	Changes
Financial Highlights			
Revenue (RM'000)	91,365	84,216	8.5%
Profit Before Tax (RM'000)	25,410	22,997	10.5%
Core Profit Before Tax (RM'000)	22,635	20,115	12.5%
Non-Financial Highlights			
Number Of Patient			
- Outpatient	85,443	81,015	5.5%
- Inpatient	12,868	12,582	2.3%
ARPP (RM)			
- Outpatient	184	178	3.4%
- Inpatient	5,611	5,283	6.2%
Number Of Licensed Beds	163	161	1.2%
Bed Occupancy Rate (%)	56.9%	57.0%	-0.2%
Number Of Resident Consultants	35	33	6.1%
Number Of Visiting Consultants	45	43	4.7%

In FY2020, revenue in the Healthcare Segment increased 8.5% to RM91.4 million from the preceding year.

Driving the uptick in revenue was growth in patient numbers and ARPP. The number of registered outpatients and inpatients rose 5.5% and 2.3% to 85,443 and 12,868 respectively. The ARPP for outpatients grew 3.4% to RM184 whilst inpatients' ARPP registered an increase of 6.2% to RM5,611.

Overall bed occupancy rate was marginally lower at 56.9% from 57.0% previously.

Segment PBT rose 10.5% to RM25.4 million in FY2020. This comprised core PBT of RM22.6 million and non-core PBT of RM2.8 million.

The Healthcare Segment continued to operate throughout the MCO period to serve the local community as an essential tertiary healthcare service during this difficult pandemic outbreak. The operations and financial performance of this segment in the 4Q2020 was directly impacted by the MCO (implemented during SAB's 4Q2020).

KEY RISKS AND MITIGATION

The Group employs a proactive approach to risk identification and management for all the business segments. Our internal risk management framework outlines an internal control mechanism underpinned by an independent review and audit process by the Board.

Oleochemical Segment

The Oleochemical Segment faces competitive risk due to competition, forex risk from exports and a threat of substitutes from petrochemical products. The Group mitigates competition risk by maintaining close relationships with long term customers via a value-added approach that allows product customisation and differentiation. Given the uptrend in crude oil prices, petrochemical substitutes are less price competitive and pose less of a concern.

Milling & Estate Segment

The Milling & Estate Segment is a net buyer of FFB for feedstock for our milling operations as our internal estates only supply 17.1% of the required volume. In addition, fluctuations in CPO prices is also a key risk as this determines the selling price to our customers. As CPO prices are a function of global supply and demand, the Group focuses on increasing the production of FFB in our internal estates and to lower the processing cost of the mill.

Healthcare

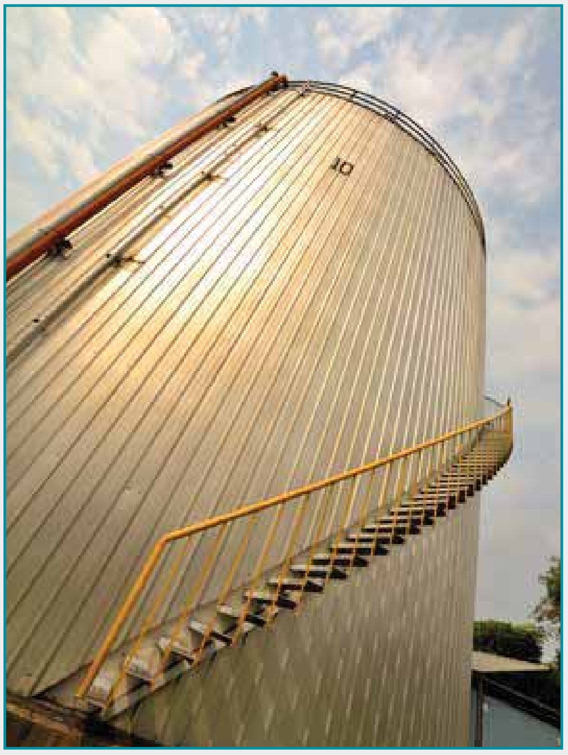
The Healthcare Segment operates in the private healthcare space, which is subject to competition from other healthcare providers and risk of professional misconduct and incompetence. The Group mitigates these risks by continually improving internal processes to ensure that our consultants and nurses discharge their duties in accordance with the highest standards of professional conduct. These measures give customers confidence in our abilities and encourages brand loyalty and retention.

OUTLOOK AND PROSPECTS

Oleochemical Segment

Prospects for our Oleochemical Segment will remain challenging. The Covid-19 pandemic and the ensuing global economic lockdown has disrupted operations and depressed global economic activities. These make for a more difficult environment where our current size of operations would face heightened competition from our global peers with larger production capacity. Major currencies have also been volatile, and this may continue to be a cause for concern given the export-oriented nature of our Oleochemical business.

Amidst these external headwinds, we will focus on drawing greater efficiencies through process automation and cost rationalisation, as well as enhancing product customisation. Longer term, this should enable us to strengthen our operational platform and improve our competitiveness in the market.



Milling & Estate Segment

Our Milling & Estate Segment would also likely be affected by the current adverse economic conditions brought on by the Covid-19 pandemic. CPO prices have come off from its peak of approximately RM3,000 per MT earlier in the year to RM2,400 per MT currently, impacted by rising inventories and weaker demand resulting from restrictions on economic activities in key markets.

CPO Price Source: http://bepi.mpob.gov.my/index.php/en/?option=com_content&view=article&id=906&Itemid=138

The easing of global lockdowns may bring about a pick-up in demand. However, the risk of a prolonged economic slowdown may further undermine our Segment performance for the year.

Healthcare Segment

We foresee a tougher year ahead for our Healthcare Segment. Patient volumes have declined as a result of the MCO introduced in March 2020 in response to the Covid-19 pandemic. Albeit restrictions are being eased and patient volumes are recovering, we expect near term prospects to remain subdued amidst this pandemic overhang. In these unprecedented times, the priority remains to ensure the safety of our healthcare workers who have dedicated themselves to contain this pandemic.

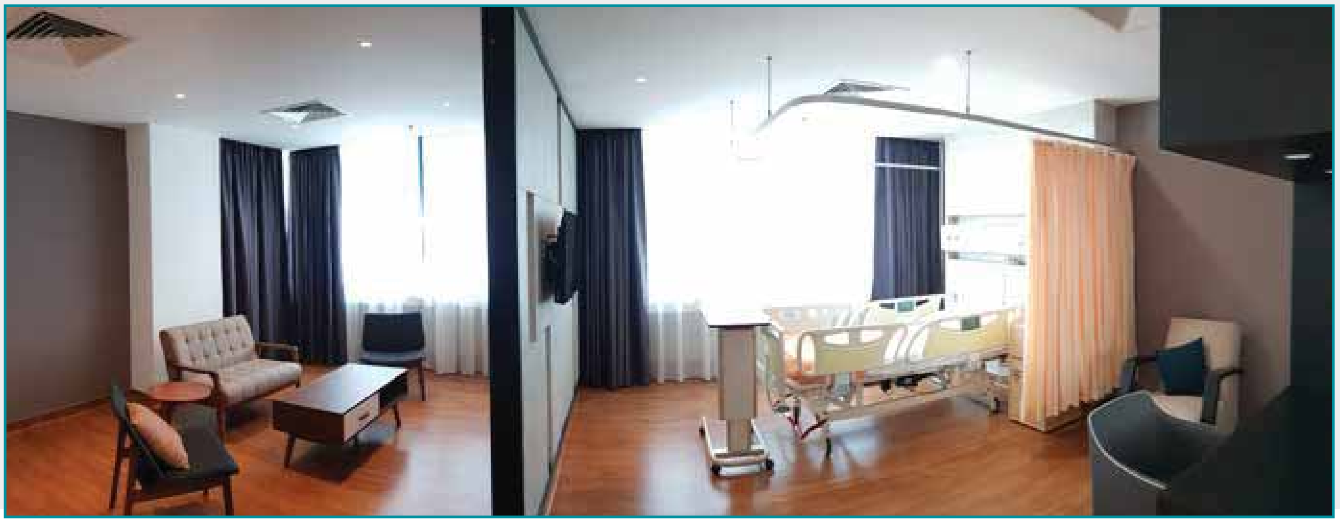
Our Healthcare Segment continues to be driven by growing healthcare awareness, rising medical insurance coverage, expanding middle income group and an ageing population. We will continue to focus on further upgrading our medical facilities building on our pool of medical professionals, nurses and consultants expanded to better serve the needs of all our patients.

BUDGETED CAPITAL EXPENDITURE

For the financial year ending 31 March 2021 ("FY2021"), SAB has budgeted approximately RM25.8 million for capital expenditure requirements. Topping the list is the Healthcare Segment at RM10.5 million followed by the Milling & Estate Segment at RM9.0 million and the Oleochemical Segment at RM6.3 million.

The Healthcare Segment's capex allocation will be used for the purchase of medical equipment and the upgrading of existing facilities and IT infrastructure. The Milling & Estate Segment's capex allocation will be used for the general upgrading of two of the Group's POMs and estate upkeep. The Oleochemical Segment's capex allocation will be used for the upgrading of the plant's cooling, air pollution and heating systems.

Additionally, the Group intends to carry out a replanting exercise covering 774 ha of their estate in Riau, Indonesia. This replanting exercise is estimated to cost approximately RM12 mil.



GENERAL

The global lockdown implemented to contain the Covid-19 pandemic has had an adverse impact on economic activities. The International Monetary Fund projected global growth to decline 4.9% in 2020, recovering 5.4% in 2021. Bank Negara Malaysia guided Malaysia's Gross Domestic Product growth to range between -2.0% to +0.5% this year. As economies reopen, there is fear of second wave of the pandemic surfacing. Potential threat of trade conflicts re-emerging may also derail the expectation of a quick economic recovery.

Undermined by this negative growth environment, the Group's outlook is expected to remain challenging. We will continue to further improve on our core competencies and strengthen the delivery platform in the Group's respective core businesses whilst we ride the difficult storm ahead.

DIVIDENDS

On 28 May 2019, the Board proposed a single-tier final dividend of 5 sen per ordinary share in respect of FY2019. and was duly tabled and approved at the Annual General Meeting ("AGM") held on 30 August 2019. The dividend was subsequently paid to shareholders on 27 September 2019.

On 26 June 2020, the Board proposed a single-tier final dividend of 5 sen per ordinary share for FY2020. The proposal will be tabled for shareholders' approval during our forthcoming AGM.

We will endeavour to reward our loyal shareholders, balanced with the capital needs for business growth. Future dividend payments will depend on the Group's performance and liquidity position taking into account working capital requirements and budgeted capital expenditure.

APPRECIATION

First and foremost, on behalf of the Board we wish to extend our gratitude to all the frontline and healthcare workers for their dedication in serving the community against this pandemic. Their selfless commitment to the course is deeply admired and appreciated. Special recognition should also go to the community for adhering to the MCO SOPs and staying home to help flatten the curve.

To all our valued shareholders and stakeholders, we thank you for your continuing support and confidence in us. We will persevere in our drive towards generating sustainable growth for the Group. We would also like to thank our management and staff for your hard work and dedication. To my fellow Directors, I truly valued your wisdom and insight, and I look forward to being guided by your contribution in the year ahead.

Dr. Nick Low
Managing Director

SUSTAINABILITY STATEMENT

SUSTAINABILITY STATEMENT

1. INTRODUCTION

Figure: UN Sustainability Development Goals 2030

At SAB, we believe that in order to grow our businesses in a sustainable manner, we must balance our commitments to our wide range of stakeholders – our investors, customers, governmental authorities and the communities where we operate, with the goal of our business which is the creation of value based on the three key pillars of sustainability; Economic, Environmental and Social ("EES").

We view sustainability as a routine practice essential to remain competitive and keep pace with environmental change and disruptions. To future-proof our business and create inclusive economic growth for all stakeholders, we are constantly refining our long-term strategic alignment to systematically capture value and drive positive returns.

We continue to integrate the principles of sustainability across three core segments of the business and operations of the Group; Oleochemical, Milling & Estate, and Healthcare, by delivering value through building resilient businesses focussing on our customers, innovation and operational excellence, being environmentally sensitive, retaining a strong commitment to employee welfare and development, and partnering with the communities we serve to make a positive impact.

We recognise that while corporate growth and continual positive financial performance are pivotal to our business, the pursuit of sustainability impacts in economic growth, environmental protection, and social living standards are fundamental to us as a responsible corporate citizen. We wish to reiterate that sustainability has always been and will be part and parcel of SAB's culture as we continue **Embedding Sustainability Principles Into Corporate Thinking and Actions**.

We acknowledge that the journey of sustainability is a long and arduous one. We are prepared and committed to undertake this endeavour by remaining steadfast to our corporate values.

2. REPORTING PERIOD AND SCOPE

This is our third Sustainability Statement in our journey towards embedding sustainability principles into corporate thinking and action. As part of our sustainability agenda, we will continue to strengthen our performance by monitoring our specific targets and key performance indicators, fostering close relationships with our stakeholders, as well as harmonising sustainability principles across the Group.

A full year's data from 1st April 2019 to 31st March 2020 is included unless otherwise specified. The reporting period aligns with the Group's financial year.

The scope of this statement covers the business and operations of the Group's three (3) core segments; Oleochemical, Milling & Estate, and Healthcare. Unless otherwise specified, all information provided refers to initiatives undertaken by all our business operations and employees in Malaysia and Indonesia which we have direct managerial control over.

This statement has been prepared in accordance with Bursa Malaysia Securities Berhad's Main Market Listing Requirements ("MMLR") relating to Sustainability Statements in Annual Reports of Listed Issuers, guided by the Sustainability Reporting Guide (2nd Edition) and Toolkits issued by Bursa Malaysia Securities Berhad ("Bursa Securities"). We also mapped our sustainability initiatives to the United Nations Sustainability Development Goals ("SDGs") to support Malaysia's commitment in implementing the 2030 Agenda for Sustainable Development.

We are putting in place the required systems and processes to progressively improve our ability to monitor, collect, analyse and report quantitative data, to enhance the integrity and accuracy of our statements over the years.

We have not sought any external assurance for the current statement. However, we recognise the added value of an independent assessment and will consider such assurance as our reporting matures.

3. SUSTAINABILITY GOVERNANCE

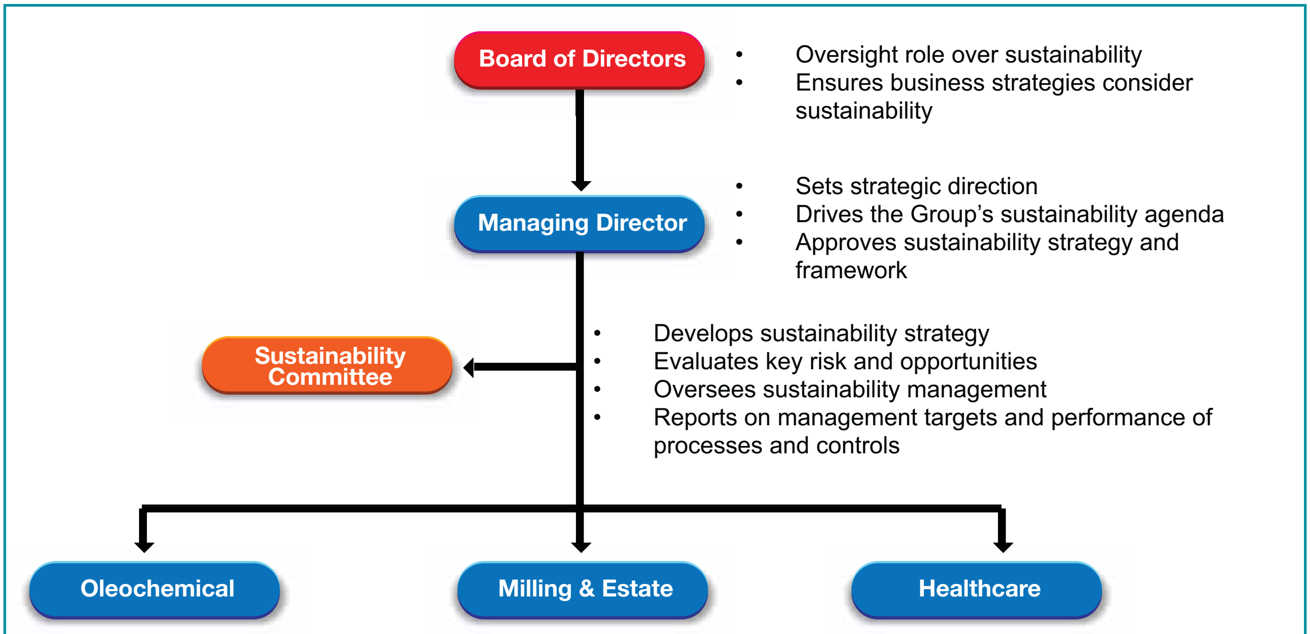


Figure: SAB's sustainability governance structure.

Good governance, accountability and transparency play a fundamental role in the way we operate. Our statement on corporate governance can be found in the Corporate Governance Overview Statement ("CGOS") section of this Annual Report 2020 ("AR 2020").

Our sustainability governance model provides a foundation and a formal structure that ensures our sustainability strategies are implemented and integrated into our business, delivering long-term value to our stakeholders.

The Board is ultimately responsible for the sustainability direction of the Group and ensures that our goals are met through actions taken at the management and operational levels. Our Managing Director ("MD"), mandated by the Board, drives our sustainability agenda and has the overall responsibility over our strategic direction. The Sustainability Committee is responsible for assisting the MD in the implementation of sustainability strategy by ensuring that processes and controls are in place, and reports on performance and management targets.

The Sustainability Committee, represented by heads of core business segments and Group function, is tasked to drive governance and delivery of the Group's sustainability agenda. Besides overseeing sustainability management, the Sustainability Committee will champion the incorporation of sustainability into long-term strategic planning and our core business processes. To ensure quality and accuracy of reporting, the Sustainability Committee will also ensure that data integrity is upheld, driving accountability among our teams.

4. STAKEHOLDER ENGAGEMENT

We have a wide range of stakeholders, whom we identify as groups that have a significant impact on, and keen interest in our operations. We seek to develop strong relationships based on trust with each group respectively through engagement on different platforms. The aim is to understand our stakeholders' needs and expectations for us to communicate in a transparent manner.

Stakeholder Group	Engagement Methods	Frequency	Topics of Concern and Interest	Material Matters
Customers	• Surveys • Corporate website • Electronic direct mail • Phone calls	• On-going • On-going • As needed • As needed	• Customer service • Customer experience • Product quality	• Customer Satisfaction • Accreditations and adherence to quality standards • Biodiversity
Employees	• Town hall meetings, workshops, Focus group discussion, Internal, Committee meetings, Surveys, Events, Internal circulars and newsletter	• On-going	• Company direction and performance • Career development and training opportunities • Workplace health and safety • Well-being of employees	• Innovation • Employee Management • Health and Safety
Investors	• Annual general meeting • Corporate website	• Annually • On-going	• Operational and financial performance • Shareholders' returns	• Innovation • Governance
Local Communities	• Community engagement programmes	• On-going	• Community development and support • Quality, safety, health and environment	• Community Development and Relations • Health and Safety • Effluents and Waste Management • Emissions • Health and Safety
Government and Authorities	• Industry workshops • Meeting and consultations • Reporting	• On-going • On-going • On-going	• Regulatory Compliance • Improving efficiency and productivity	• Innovation • Governance • Energy Efficiency • Effluents and Waste Management • Emissions • Water Management • Health and Safety
Suppliers	• Procurement system • Supplier surveys	• On-going • On-going	• Transparency in procurement process • Knowledge sharing and capability building	• Supply Chain Management

5. MATERIALITY ASSESSMENT

Materiality assessment provides the foundation of identifying and assessing a wide range of sustainability matters, determining matters that have significant economic, environmental and social (EES) impacts on the Group and those that are important to our stakeholders.

SAB identifies economic, social and environmental impact that has the greatest influence on stakeholder assessment and decisions. Aspects that are material to both SAB's operating environment and business context, as well as its stakeholders, provide the basis for the selection of indicators that we use to measure our performance.

The assessment is subject to an annual review by our Sustainability Committee to ensure that we report on material aspects and measure our performance against the right indicators. Our materiality assessment involved a structured process comprising the four steps below:

1

- **DETERMINE SCOPE AND BOUNDARY**
- We defined our scope of reporting to cover our core business segments. Kindly refer to page 21 for details on our scope and boundaries.

2

- **IDENTIFYING MATERIAL MATTERS**
- A list of potential material matters were identified using a materiality assessment process, which is in compliance with Bursa Securities Sustainability Reporting Guidelines, by peer benchmarking together with input from key stakeholders of the Group, desktop research, best practices, and other internal and external sources.

Stakeholder Engagement

3

- **PRIORITISATION**
- Our stakeholder groups have different requirements. The heads of key core business segments were required to identify the key stakeholders to the Group. Kindly refer to page 23 for more details on our stakeholder engagement. We review these Material Matters to identify their degree of materiality, both from the business perspective and with inputs from identified key stakeholders.

4

- **VALIDATION AND APPROVAL**
- The materiality matrix generated was validated by the heads of core business segments, and presented to the Group's MD for endorsement. The Board is updated regularly on our sustainability journey.

6. MATERIALITY MATRIX

Chart: Materiality Matrix for SAB

In our FY2020 assessment, our thirteen (13) material matters remain unchanged.

The nine (9) high priority material matters indicated in the matrix above (top right quadrant) are seen to be key to our sustainability and form the focus of this year's reporting.

It should be noted that the material issues outside the scope of coverage are just as important considerations to us and disclosure of our progress in addressing these concerns continue to be made through other appropriate channels.

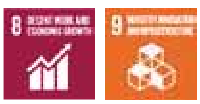
Moving forward, we will enhance our sustainability reporting disclosures to address these material sustainability matters and thereby strengthen the corresponding three (3) key EES pillars that SAB has embedded in the Group's processes and activities.

7. UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS ("UN SDGs")

This year, we are aligning our material matters to the global sustainable development agenda, the UN SDGs. We identified nine SDGs where SAB can likely play a role in contributing to the national and global agenda through our business operations in the Oleochemical, Milling & Estate and Healthcare Segments.

Figure: SAB's contribution to the UN SDGs.

8. OUR MATERIAL MATTERS

Sustainability Pillars	Material Matters	Level of Priority	Definition
Economic 	Customer Satisfaction	High	Measures in place to deliver and meet customer's needs and expectations.
	Accreditations and adherence to quality standards	High	To ensure the operations are benchmarked to global standards and also serves to provide a reliable source of assurance to stakeholders that the Company's products are produced sustainably, responsibly and ethically, with the necessary safeguards put in place to mitigate risks.
	Innovation	High	New ideas or improvements to create value which includes new design, technology, services or processes.
	Governance	Medium	Board and management oversight, ethics and transparency, anti-corruption.
	Supply Chain Management	Medium	Creating value, efficiencies and competitiveness by developing a robust supply chain with responsible buying.

8. OUR MATERIAL MATTERS (CONT'D)

Sustainability Pillars	Material Matters	Level of Priority	Definition
Environmental	Energy Efficiency	High	The efficient use and consumption of electricity as well as energy generated from renewable sources.
	Emissions	High	Discharge of environmentally hazardous substances (eg. dust, dark smoke), and greenhouse gas (eg. carbon dioxide, methane) to the atmosphere.
	Biodiversity	High	Identification and assessment of risk associated with biodiversity by reporting on the potential impact on land, fresh water and marine environments that lies within, contains, or is adjacent to areas with high biodiversity value.
	Water Management	Medium	Efficient consumption of water resource.
	Effluent and Waste Management	Medium	Management of effluents, hazardous and non-hazardous waste.
Social	Health and Safety	High	Anticipation, recognition, evaluation and control of hazards arising in or from the workplace that could impair the health and well-being of workers.
	Employee Management	High	Management of employees in terms of fair treatment, training, career development and diversity.
	Community Development and Relations	High	Contribution to local communities needs and mitigating impact on local communities.

Chart: Our List of Material Matters.

9. MONITORING AND MANAGING SUSTAINABILITY MATERIAL MATTERS FOR FY2020: ECONOMIC

SAB aims to enhance shareholders' value by building sustainable, long-term profitability for its shareholders. As a responsible company, profitability is also a basic requirement for sustainable development, for customers to trust us, and for our employees to have a stable income.

9.1. CUSTOMER SATISFACTION

Customer satisfaction is essential to uphold our reputation as a leader in delivering quality products and services, especially in the Healthcare Segment. We regularly seek patients' feedback on our services rendered in Sri Kota in order to identify their expectations and areas where we fall short. The satisfaction levels of our patients are measured through the Customer Service Index, which is done by conducting surveys for both Outpatient and Inpatient customers. The results of which are reported to Head of Departments on a monthly basis. In circumstances where a downward performance trend is experienced or foreseen, robust action plans have been executed for continuous improvement and to maintain the performance of the indicators.

The overall Customer Service Index score for these surveys has been steadily improving. We are proud to achieve a Customer Service Index score of 3.37 (out of 4.00) in FY2020, which is the highest in four years. The chart below provides information on Sri Kota's performance with regards to customer satisfaction for FY2017 to FY2020.

9. MONITORING AND MANAGING SUSTAINABILITY MATERIAL MATTERS FOR FY2020: ECONOMIC (CONT'D)

9.1. CUSTOMER SATISFACTION (CONT'D)

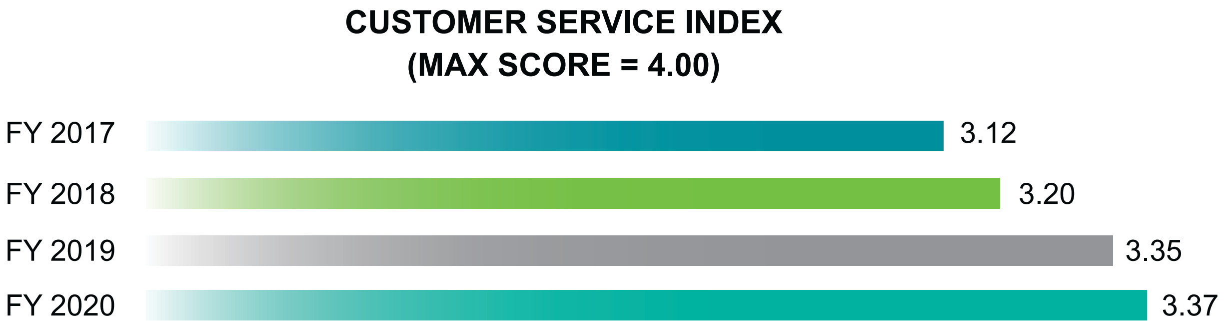


Chart: Customer Service Index for Sri Kota Specialist Medical Centre, Klang for FY2017 to FY2020.

The customer satisfaction survey also showed that the main reason for respondents returning to Sri Kota is due to their previous experience there. Almost all of the survey respondents (99%) in FY2020 and (98%) in FY2019 replied that they will recommend Sri Kota to their family and friends.

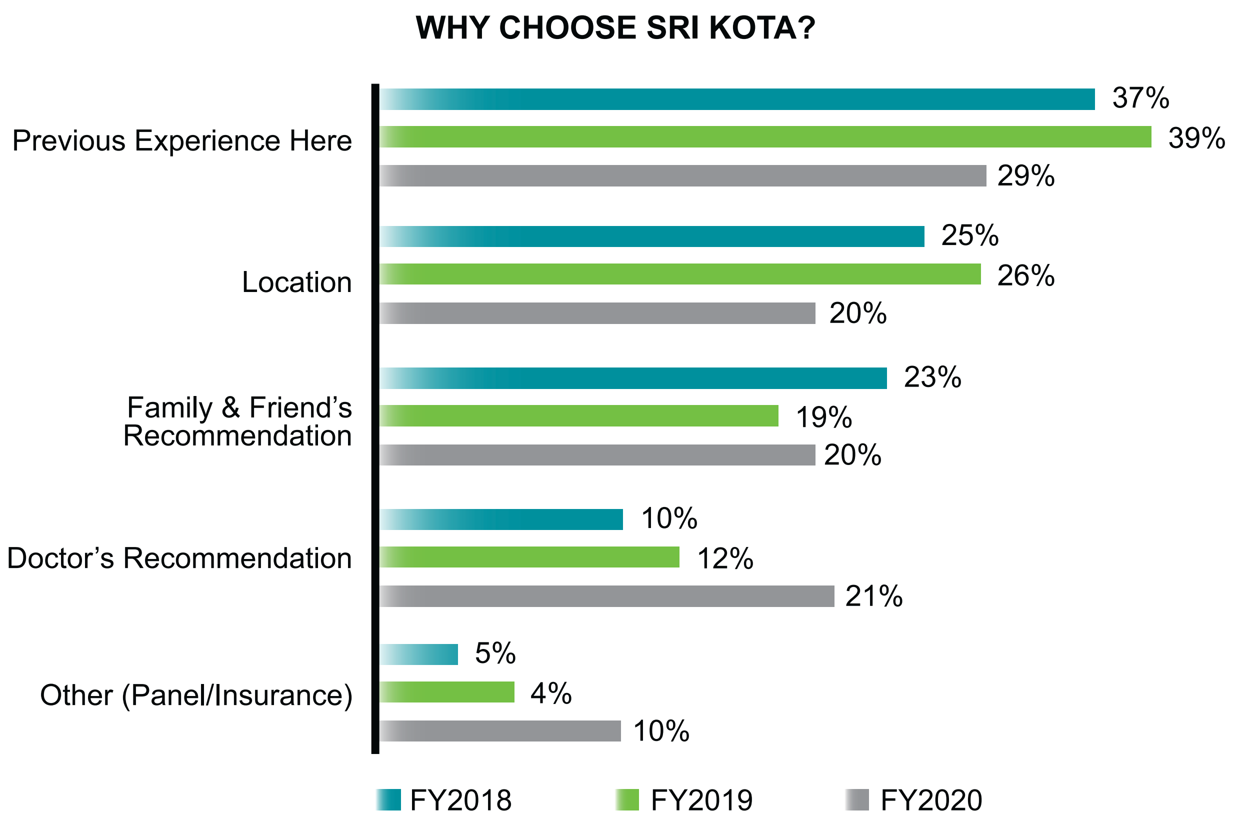


Chart: Reasons for patients returning to Sri Kota from FY2018 to FY2020.

9. MONITORING AND MANAGING SUSTAINABILITY MATERIAL MATTERS FOR FY2020: ECONOMIC (CONT'D)

9.1. CUSTOMER SATISFACTION (CONT'D)

Figure: Delivering smiles at Sri Kota.

SAB is committed to maintain and improve on our customer satisfaction. Several policies are in place like Patients & Family Rights, and Grievance Mechanism. We have a Service Standard Manual which includes a standard communication script and telephone etiquette to guide our people to deliver a consistent and quality service experience. More than forty (40) customer satisfaction related trainings were conducted for our staff annually.

Structured programs are in place to reward patients who have invested their trust in us to nurture their health and wellbeing. The Senior Citizen Program is a loyalty program by Sri Kota to all our elderly patients who are at the age of 60 and above. This program offers discounts on selected hospital services. As of FY2020, almost 7000 patients have signed up for this program since its inception in the year 2015. A program for our junior patients, Sri Kota Kids Club are awarded to children born at Sri Kota. This program was launched in December 2018 and it offers discounts to the members who seek medical treatment in Sri Kota.

SEGMENT	KEY PERFORMANCE INDICATOR	FY2020 TARGET
Healthcare	• Customer Service Index	• Score of at least 3.00 out of 4.00

9.2 ACCREDITATIONS AND ADHERENCE TO QUALITY STANDARDS

9.2.1. CERTIFICATIONS AND ACCREDITATIONS IN THE OLEOCHEMICAL SEGMENT

MANAGEMENT & QUALITY STANDARDS	SUSTAINABLE SUPPLY CHAIN
• ISO 9001:2015	• RSPO SCCS
• ISO 22000:2005	• MSPO SCCS
• FOOD GMP MS 1514:2009	
PRODUCT QUALITY AND SAFETY STANDARD	
• HAZARD ANALYSIS CRITICAL CONTROL POINTS (HACCP MS 11480:2007)	
• HALAL MS1500:2009	
• KOSHER	

A wide and diverse spectrum of oleochemicals and derivatives are available in RSPO-certified grades for customers, who further process these products along the value chain. A difference can be made by extending sustainability credibility to the next customer through sustainable products. SAB's Oleochemical Segment offers various RSPO-certified products. We offer RSPO-certified materials since the attainment of the RSPO Supply Chain Certification System (SCCS) certification for the plants in Kapar, Selangor in 2014. The products are offered as RSPO certified Mass Balance (MB).

For FY2020, the Group's Oleochemical Segment has achieved one of our key commitments which was to obtain the MSPO SCCS in December 2019. In line with our commitments to high standards in food grade product safety management, we are working on upgrading our existing ISO 22000 and HACCP certifications to the latest standard in FY2021.

SEGMENT	KEY PERFORMANCE INDICATOR	FY2020 TARGET
Oleochemical	• Management and Quality Standards	• To retain renewal of all certifications • To obtain MSPO SCCS Certification

9.2 ACCREDITATIONS AND ADHERENCE TO QUALITY STANDARDS (CONT'D)

9.2.2. CERTIFICATIONS AND ACCREDITATIONS IN THE MILLING & ESTATE SEGMENT

ISPO CERTIFICATION
• 2 MILLS CERTIFIED
• 2 ESTATES CERTIFIED

The ISPO system is a policy adopted by the Ministry of Agriculture on behalf of the Indonesian Government. The aim is to improve the competitiveness of Indonesian Palm Oil in the global market and to reduce greenhouse gases emissions and draw attention to environmental issues.

In order to ensure that our Milling & Estate operations are benchmarked to sustainable standards, the Group has started its ISPO certification efforts for its mills and estates in Riau, Indonesia since year 2016. We are committed to fulfil and maintain the ISPO principles and criteria to ensure that the operations are environmentally and socially responsible. We are proud to announce that all our business units in Indonesia have achieved full ISPO certification at the end of 2019.

SEGMENT	KEY PERFORMANCE INDICATOR	FY2020 TARGET
Milling & Estate	• Number of ISPO-certified estates • Number of ISPO-certified mills	• 100% of estates under PTMAS and PTWan are certified • 100% of mills under PTMAS and PTWan are certified.

9.2 ACCREDITATIONS AND ADHERENCE TO QUALITY STANDARDS (CONT'D)

9.2.3. CERTIFICATIONS AND ACCREDITATIONS IN THE HEALTHCARE SEGMENT

MANAGEMENT & QUALITY STANDARDS	SAFETY STANDARD
• MSQH ACCREDITATION	• BOMBA LICENSING INSPECTION
• HOSPITAL LICENSING INSPECTION FROM MOH (MINISTRY OF HEALTH)	
WINNING PRESTIGIOUS AWARDS	
• HEALTHCARE ASIA AWARD 2020 (FACILITIES IMPROVEMENT INITATIVES OF THE YEAR)	
• 2020 THE BRANDLAUREATE BESTBRANDS OF THE DECADE AWARD (PRIVATE HOSPITAL CATEGORY)	

Figure: Sri Kota was awarded the Healthcare Asia Awards 2020 – Facilities Improvement Initiatives of the Year in April 2020.

SEGMENT	KEY PERFORMANCE INDICATOR	FY2020 TARGET
Healthcare	• Accreditations and Certifications	• To retain all Accreditations and Certifications • To win at least one prestigious award

9.3. INNOVATION

The group is cognisant of the need to embrace innovation considering current shifts in the business landscape. Our focus on innovation gives us a competitive advantage in delivering quality products, and services. Innovation provides opportunities for our business to continuously differentiate ourselves and keep us ahead of the curve. It is this mind-set that drives our business to adopt new technologies and solutions.

9.3.1. INFORMATION TECHNOLOGY AND MEDICAL FACILITY

In our efforts to strengthen our healthcare presence and to widen the scope of our business, we have invested considerably in developing information technology and upgrading of medical facilities to facilitate demand for specialised healthcare services in the years to come.

For FY2020, we have invested close to RM35 million in Sri Kota's upgrade and purchase of medical facilities and equipment. The most significant achievement of Sri Kota was the relaunch of the upgraded Cancer Centre in November 2019. The floor space of the facility has been almost doubled from 450 sqm to 850 sqm. The Cancer Centre is equipped with TomoTherapy to deliver advanced radiation therapy to more than 16 patients a day. TomoTherapy is a state-of-the-art radiation treatment innovation whereby 3D-imaging is integrated to deliver Image-guided, intensity-Modulated Radiation Therapy (IMRT), Stereotactic Radiosurgery (SRS), and Stereotactic Body Radiotherapy (SBRT). The combination of these techniques with image-guidance will ensure accurate and precise dosage of radiation to the targeted area at all times, while minimizing damage to the surrounding healthy tissues.

A further budget is earmarked to be invested in the upgrading of Sri Kota's other targeted medical equipment and facility upgrades in FY2021 as part of our commitment to continuously deliver high quality healthcare services to our patients.

Figure: Sri Kota has relaunched the Cancer Centre in November 2019.

Figure: Sri Kota's state of the art TomoTherapy system to deliver advanced imaged guided radiation therapy.

Figure: The new 160-slice high end CT System introduced in Sri Kota in September 2019.

9.3. INNOVATION (CONT'D)

9.3.2.ENGAGING HEALTHCARE EXPERTS

As a healthcare services provider, we regularly build networks with healthcare professionals to improve understanding of new data and healthcare experiences. We regularly organize forums for exchange of experience and knowledge between global specialists and professors with our in-house consultants. For FY2020, we organized two such forums of exchange- with Dr. Guo-Ning, a Consultant Cardiologist from China in April 2019 and with Dr. Wirash Kehasukcharoen, Consultant Cardiologist from Thailand in October 2019. We believe that these scientific dialogue and engagements with experts are in the interest of all those working to develop and improve healthcare practice and care for patients.

SEGMENT	KEY PERFORMANCE INDICATOR	FY2020 TARGET
Healthcare	• Improvement of medical system and facility • Forum of exchange with healthcare experts	• To continuously invest in targeted medical equipment and facility upgrades • To have at least one forum of exchange

10. MONITORING AND MANAGING SUSTAINABILITY MATERIAL MATTERS FOR FY2020: ENVIRONMENTAL

10.1. ENERGY EFFICIENCY

At SAB, energy consumption is of high importance as it impacts the Group's environmental and carbon footprint. SAB places high emphasis on monitoring and managing energy consumption in order to reduce operational costs and minimize the negative impact to the environment. The major source of energy used at Sri Kota is electricity, which is essential for the hospital's daily operations.

Sri Kota implements various measures to save energy. Electricity-saving equipment such as LED lighting are used to increase the energy efficiency in the hospital. We have fully converted the high-energy consuming air-conditioning appliances to a hybrid chiller system as a major energy efficiency initiative back in FY2019. The conversion started in calendar year 2017 ("CY2017"), and upon completion in calendar year 2018 ("CY2018"), the operation for air-conditioning has been more efficient and resulted in significant monthly electricity cost savings of up to 15%. However, for CY2019, we did not achieve the targeted electricity reduction of 10% due to increase of in-patient census and higher than usual ambient temperature which lead to higher loading on the chiller system.

SRI KOTA'S AVERAGE MONTHLY YEAR-ON-YEAR ELECTRICITY COST REDUCTION % COMPARED TO YEAR 2016

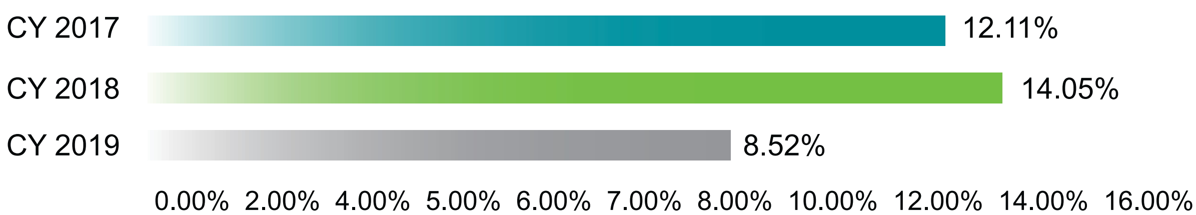


Chart: Average monthly year-on-year (calendar year basis based on July and August months) electricity cost savings compared to Year 2016 for Sri Kota.

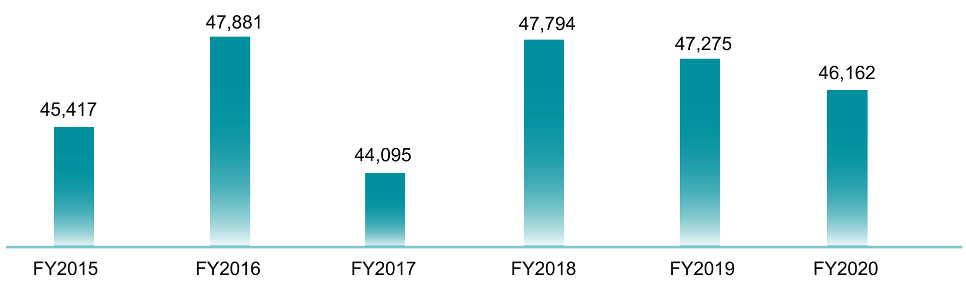
SEGMENT	KEY PERFORMANCE INDICATOR	FY2020 TARGET
Healthcare	• Electricity Cost Reduction	• To achieve 10% electricity cost reduction with the hybrid chiller system project

10. MONITORING AND MANAGING SUSTAINABILITY MATERIAL MATTERS FOR FY2020: ENVIRONMENTAL (CONT'D)

10.2. EMISSIONS

The Group has begun plans to monitor and track Greenhouse Gas ("GHG") emissions from our Oleochemical operations since the year 2014. Our biggest source of emissions come from burning of fuels to produce steam for both process and heating usages. We strive to reduce GHG emissions to lower the negative environmental impact. It is a delicate balance between increasing the efficiency of our industrial processes and attempting to reduce the use of non-renewable resources and fossil fuel.

SAI ANNUAL CALCULATED GHG EMISSION FROM NON-RE FUELS & ELECTRICITY USAGE (MT CO^2 EQ)



GHG Emission Intensity (Non-RE and Electricity)	MT CO2 eq/ MT Production
FY2015	0.45
FY2016	0.55
FY2017	0.47
FY2018	0.51
FY2019	0.57
FY2020	0.53

Chart: Southern Acids Industries ("SAI") calculated GHG emission and GHG emission intensity from electricity usage and non-renewable fuels ("Non-RE and Electricity").

About 68% of our energy usage currently comes from renewable biomass sources. We aim to continue optimizing the usage of biomass energy while addressing energy efficiency matters. We have noted the slight reduction in biomass GHG emission contribution proportion in FY2019 and FY2020. The decrease is due to the deteriorating condition of the biomass boiler fuel feeding system, which we aim to rectify by FY2021.

CALCULATED GHG EMISSION CONTRIBUTION PROPORTION (%) FROM BIOMASS VS NON-RENEWABLE FUELS & ELECTRICITY

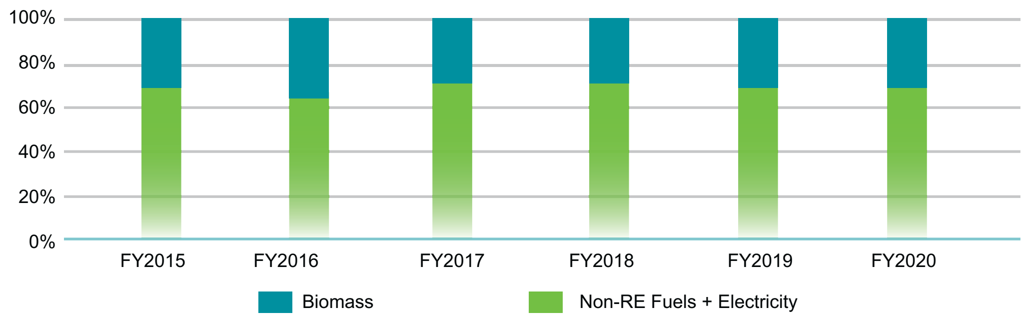


Chart: SAI's calculated GHG emission contribution proportion from biomass vs non-renewable fuels and electricity

10. MONITORING AND MANAGING SUSTAINABILITY MATERIAL MATTERS FOR FY2020: ENVIRONMENTAL (CONT'D)

10.2. EMISSIONS (CONT'D)

SAI will be upgrading the biomass boiler Air Pollution Control system in FY2021 by installing a Continuous Emissions Monitoring System (CEMS) to monitor dust particulate emission to comply with the latest air emission regulations, namely the Clean Air Regulations 2014 (CAR 2014) enforced by Department of Environment Malaysia.

Figure: Biomass Boiler Monitoring system. Left: Personnel monitoring the biomass boiler system in the boiler room, Right: CEMS system to be installed at the biomass boiler chimney stack to monitor dust particulate emission.

SEGMENT	KEY PERFORMANCE INDICATOR	FY2020 TARGET
Oleochemical	• GHG Emission Intensity (Non-RE and Electricity) • GHG Emission from Biomass	• To achieve below 0.60 MT CO2 eq/MT End Product • To maintain GHG emission from biomass sources above 60%

10.3. BIODIVERSITY

SAB applies the High Conservation Values ("HCV") approach. It manages five (5) areas of land with high biodiversity value, located across Riau, Indonesia. Three (3) areas are in PTMAS estate operation site (along Sungei Sako, Sungei Pohkahan and Anak Sungei Pohkahan), and another two (2) are located in PTWan estate operation site (Sungei Kuning and Anak Sungei Jake). SAB has put in place several practices to mitigate our impact from our Milling & Estate operations on the surrounding environment's biodiversity.

A monitoring and management procedure was established in the previous year and this procedure has been evaluated by an external third-party assessment. HCV areas are mapped out to ensure proper management and monitoring plans. HCV assessment for every estate is reviewed and updated annually to track changes in requirement, law and regulations. These include annual wildlife population assessments, soil conservation treatments, growing beneficial plants and monitoring HCV areas.

10. MONITORING AND MANAGING SUSTAINABILITY MATERIAL MATTERS FOR FY2020: ENVIRONMENTAL (CONT'D)

10.3. BIODIVERSITY (CONT'D)

To reduce pesticide and chemical use, we have implemented an integrated pest management ("IPM") programme that adopts a biological control method like using Barn Owls to effectively control rat populations. This year, we have built 60 Barn Owl Boxes at PTMAS and 60 Barn Owl Boxes at PTWan estate respectively. These boxes provide roosting and nesting places to attract and encourage Barn Owls to nest at our estates and serve as natural predators to the resident rodent activities. We observed a significant reduction in rodent population with an estimated effectiveness of 70% using this method. Since FY2017, we have also implemented the usage of a biological control method using a fungus that grows naturally in soils for leaf eating pests at PTWan's estate. Since then, we observed an estimated 80% effectiveness in controlling the said pest population. These IPM solutions are able to sustainably control pests and reduce the need for pesticide intervention at our estates.

Figure: Monitoring condition of conservation and buffer areas designated as HCV areas at PTMAS estate operations. From left to right: Sungei Sako, Sungei Pohkahan and Anak Sungei Pohkahan

Figure: Monitoring condition of conservation and buffer areas designated as HCV areas at PTWan estate operations. From left to right: Sungei Kuning, Anak Sungei Jake

10. MONITORING AND MANAGING SUSTAINABILITY MATERIAL MATTERS FOR FY2020: ENVIRONMENTAL (CONT'D)

10.3. BIODIVERSITY (CONT'D)

Figure: Barn Owl Boxes at PTMAS and PTWan estate operations.

SEGMENT	KEY PERFORMANCE INDICATOR	FY2020 TARGET
Milling & Estate	• Monitor and Maintain HCV Area • Integrated Pest Management	• To conduct third-party assessment of HCV area • Fully implemented the usage of Barn Owls as biological control agents for rodents at PTMAS and PTWan estate operations

11. MONITORING AND MANAGING SUSTAINABILITY MATERIAL MATTERS FOR FY2020: SOCIAL

11.1. HEALTH AND SAFETY

As a responsible employer, SAB aims to address and mitigate the variety of health and safety risks that employees are exposed to, wherever possible. Health and safety hazards can arise with the use of unsafe equipments, machineries, processes and practices. They can also arise with the use of dangerous substances, such as chemical, physical and biological agents. Therefore, we place health and safety as a top priority in our operations.

SAB constantly monitors the working conditions of its employees to ensure that they comply with national standards issued by government agencies or associations such as DOSH (Department of Occupational Safety and Health), and MSQH. The management of SAB is committed to comply with the local occupational safety and health and all other relevant regulations. SAB undertakes all measures and practices to ensure the safety, health and welfare of all its employees and people in the community who may be affected by its operations.

Process safety is top consideration for SAB's Oleochemical Segment. We are committed to maintain a safe and healthy workplace. Personal protection equipment (PPE) and Standard Operation Procedures (SOP) are enforced on site. External and internal training are provided annually. We aim to take appropriate steps to reduce the number of accidents, workday lost and severity rate.

11. MONITORING AND MANAGING SUSTAINABILITY MATERIAL MATTERS FOR FY2020: SOCIAL (CONT'D)

11.1. HEALTH AND SAFETY (CONT'D)

SAI SAFETY PERFORMANCE			
CALENDAR YEAR	No of Accident	Work Day Lost	Severity Rate
2014	8	96	87.0
2015	2	54	49.8
2016	4	38	35.7
2017	3	64	58.4
2018	2	25	22.6
2019	6	205	187.9

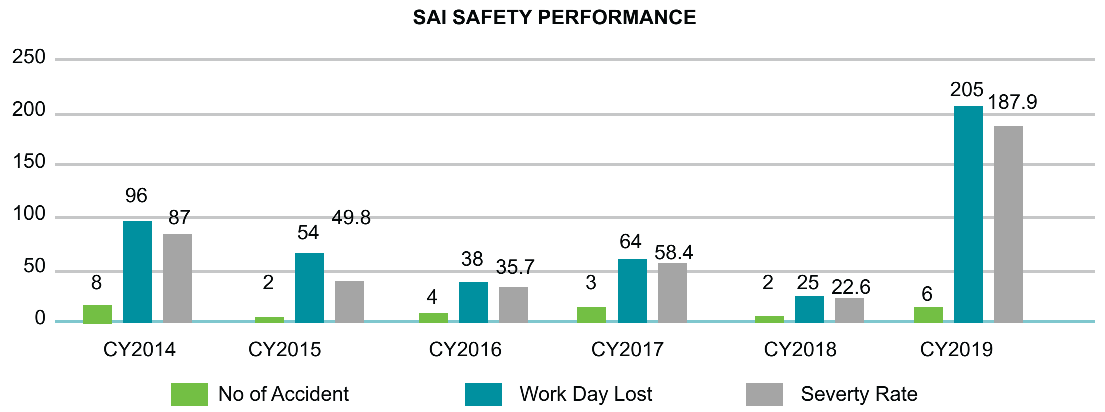


Chart: The table and chart above shows SAI's safety performance from CY2014 to CY2019. The calculation for severity rate = (lost time injury in hours x 1,000,000)/(total man hours worked)

It is with regret that we experienced incidents this year, arising from two accidents at the workplace which required workers to take long medical leave days of more than sixty days. We have conducted internal investigations for these unfortunate incidents. As a result of these accidents, we were unable to meet our target to maintain the severity rate of below hundred. Moving forward, in order to accomplish the desired targets, regular compliance inspections accompanied by enhancement of safety and health management system will be carried out.

Healthcare workers are exposed to various diseases, which may even be fatal. To protect staff, SAB aims to reduce exposure of its employees in the Healthcare Segment to these hazards through implementing an Occupational Health and Safety system. Policies and procedures are in place and reviewed by management. All staff are required to undertake health screening before they commence employment at Sri Kota. An emergency response team is well trained to assist staff, visitors and patients during emergency situations. Fire and disaster drills are conducted annually to train staff on emergency procedures.

11. MONITORING AND MANAGING SUSTAINABILITY MATERIAL MATTERS FOR FY2020: SOCIAL (CONT'D)

11.1. HEALTH AND SAFETY (CONT'D)

CLINICAL AND NON-CLINICAL SAFETY INCIDENTS SRI KOTA SPECIALIST MEDICAL CENTRE

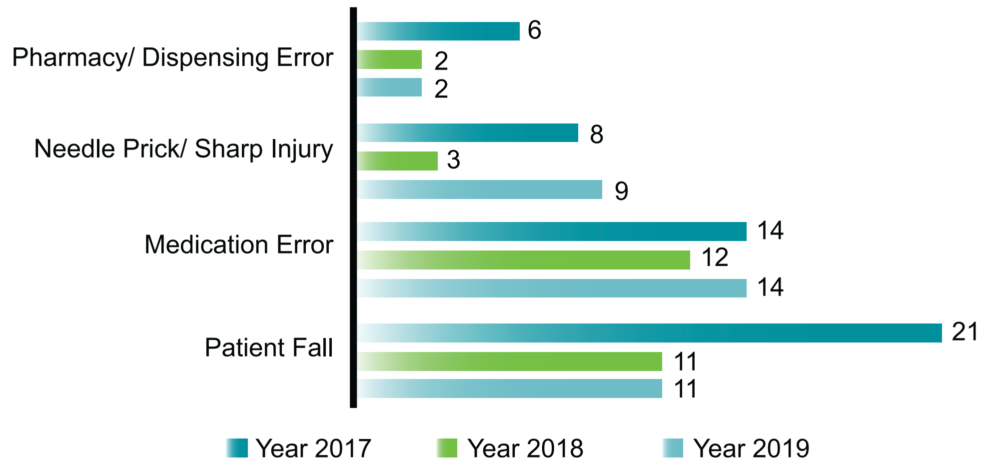


Chart: Clinical and Non-Clinical Safety Incidents reported in Sri Kota for CY2017 to CY2019.

We have established a system to monitor clinical and non-clinical incident reporting. The aim is to identify activities of high risk and formulate mitigation methods to reduce the incidents. Percentage of staff who attended mandatory Environment, Safety and Health shown in the table below. We aim to achieve full attendance going foward.

Calendar Year	Percentage of Staff who attended ESH training
2017	95%
2018	99%
2019	99%

Table: Percentage of Staff who attended the mandatory Environment, Safety and Health ("ESH") training from CY2017 to CY2019.

SEGMENT	KEY PERFORMANCE INDICATOR	FY2020 TARGET
Healthcare	• Clinical and Non-Clinical Safety Incidents • Staff attendance for ESH training • Severity Rate	• To reduce incidents from the previous year • To achieve full 100% attendance • To maintain severity rate of below 100

11.2. EMPLOYEE MANAGEMENT

It is our strong belief that our people are our most important assets as their level of engagement and productivity are key to the Group's overall performance in delivering quality work and innovative solutions. While charting steady growth across our business segments, the Group remains committed to not only attracting the right talent, but also nurturing and retaining them as we grow. All of our staff are exposed to learning and development opportunities, while the management team ensures that each individual is given the appropriate training to handle their daily tasks.

11. MONITORING AND MANAGING SUSTAINABILITY MATERIAL MATTERS FOR FY2020: SOCIAL (CONT'D)

11.2. EMPLOYEE MANAGEMENT (CONT'D)

We ensure that our employees' welfare, benefits and career development are taken care of and aim to continue to maintain a competitive compensation and benefits framework based on market benchmark. At Sri Kota, we have a succession framework in place where we identify second liners for key positions to ensure business continuity. We support this framework by providing all the required training opportunities (On-The-Job, and various internal and external trainings). Sri Kota believes that it is vital to cultivate the employees skills and thus, we support and offer various supports and opportunities for employees to improve their skills and leadership development.

SRI KOTA EMPLOYEE SPONSORSHIP, TRAINING AND DEVELOPMENT EXPENSES (RM)

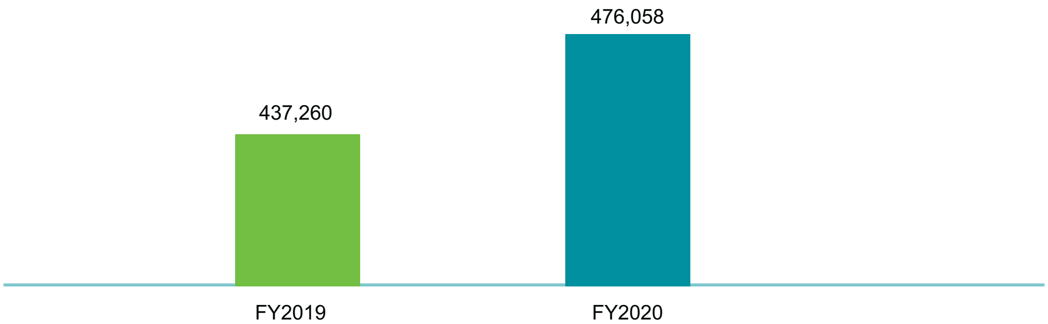


Chart: Amount spent by Sri Kota in the form sponsorship, training and development expenses to support the career development of the employees.

SAB's employee engagement initiatives are aimed at strengthening our connection with our employees and collectively identifying mechanisms to set up the right working environment for them to work to the best of their ability each day.

These initiatives strengthen the commitment of our employees and their motivation to achieve their personal career development goals while meeting SAB's overall business goals and targets. They also create an avenue for employees to provide feedback and innovative ideas that are taken into consideration when making decisions for the Group.

Townhalls, operational meetings, employee wellness programs, cultural celebration events and educational programs are some of the employee engagement activities undertaken across SAB's business segments.

Figure: Employee development and engagement initiatives by Sri Kota for FY2020: Some of the winners for the Wellness Program – 100 days Weight Loss Challenge.

11. MONITORING AND MANAGING SUSTAINABILITY MATERIAL MATTERS FOR FY2020: SOCIAL (CONT'D)

11.2. EMPLOYEE MANAGEMENT (CONT'D)

Figure: Sri Kota's annual town hall meeting held in August 2019 (Left), and Best Employee Award for Year 2019 (Right).

SEGMENT	KEY PERFORMANCE INDICATOR	FY2020 TARGET
Healthcare	• Training hours for nursing and non-nursing staff • Total number of employee engagement activities	• Minimum training hours of 32 hours per year for nursing staff, and 16 hrs per year for non-nursing staff • To maintain a similar amount of activities as the previous year

11.3. COMMUNITY DEVELOPMENT AND RELATIONS

SAB has a number of community development and engagement programmes to create a social impact in the communities where we operate. We want to enhance the community's living standards through developing infrastructure, and donations to places of worship. The Group also actively promotes and organizes initiatives such as health awareness campaigns, provide direct aid to the underprivileged and more.

Segment	Community Outreach and Development Programs	
Milling & Estate	• Developing and maintaining roads and infrastructure for the local community	FY2020
	• Assisting and managing Plasma Scheme development.	FY2020
Healthcare	• Chinese New Year Corporate Social Responsibility ("CSR") activities at Sentosa Home	Feb 2019
	• Majlis Buka Puasa with insurance agents	May 2019
	• Collaboration with Hospital Tengku Ampuan Rahimah Klang (HTAR) for blood donation drive at Sri Kota.	May 2019
	• Hari Raya CSR activities to HTAR, orphanages, mosques, and patients in the wards	May 2019
	• Sponsorship of RM10,000 to The Star Newspaper-in-Education (NiE) Education Programme 2019	Jun 2019
	• Contribution of RM50,000 to Malaysia Ice Skating Federation (MISF)	Oct 2019
	• Deepavali CSR activities at orphanages and patients in the wards	Oct 2019
	• 1000 boxes of colour pencil contribution to schools	Jan 2020
	• Puberty Talk at schools and contribution of sanitary pads to female students	FY2020
	• Hand Hygiene Lessons at 15 kindergarten schools around Klang, and contribution of hand sanitizers to more than 1,000 pre-school students	FY2020
	• Organizing more than 60 health awareness campaigns and health talks for the community.	FY2020

11. MONITORING AND MANAGING SUSTAINABILITY MATERIAL MATTERS FOR FY2020: SOCIAL (CONT'D)

11.3. COMMUNITY DEVELOPMENT AND RELATIONS (CONT'D)

Figure: Sri Kota organised "The Hunt for Pink October", a treasure hunt event that is aimed to raise awareness and educate the public about breast cancer at Central i-City on 20th October 2019.

Figure: Sri Kota's contribution of RM50,000.00 to the Malaysia Ice Skating Federation (MISF) athletes to celebrate their stellar achievement at the SEA Games in Manila and to promote the uptake of sport and physical activities particularly with Malaysian youths.

11. MONITORING AND MANAGING SUSTAINABILITY MATERIAL MATTERS FOR FY2020: SOCIAL (CONT'D)

11.3. COMMUNITY DEVELOPMENT AND RELATIONS (CONT'D)

Figure: Hand Hygiene lessons to pre-schoolers at Beaconhouse, Klang on April 2019.

Figure: Free Public Basic Health Screening at EcoArdence on December 2019

Figure: Sponsorship to The Star NiE (Newspaper-in-Education) Education Programme 2019 on Jun 2019. This is the fifth year that Sri Kota is sponsoring Star-NiE pullouts.

Figure: Developing and maintaining roads and infrastructure for the local community at PTWan's milling & estate operations in Riau, Indonesia. From left to right: Contribution of a new front gate for a police station at Singingi Hilir, Assistance in providing sand to the local Youth Organization ("Karang Taruna") in Sungai Buluh Village.

11. MONITORING AND MANAGING SUSTAINABILITY MATERIAL MATTERS FOR FY2020: SOCIAL (CONT'D)

11.3. COMMUNITY DEVELOPMENT AND RELATIONS (CONT'D)

PLASMA SCHEME REPORT (FY2020) - PTMAS	
MEMBERS	514
TOTAL AREA (HA)	500
FFB PRODUCTION (MT/YEAR)	11,072
SUPPLY (%)	4.44

Chart: Plasma scheme report FY2020 for PTMAS. The plasma scheme is designed to develop small-time oil palm plantation owners or scheme smallholders among the local community in Indonesia. We assist the cooperative scheme smallholders through services and the management of their oil palm properties.

Figure: Socioeconomic upliftment and improvement of living conditions of local settlers under the Plasma Scheme. Top: Housing (Rumah Transmigrasi) condition of settlers during start of PTWan's Plasma Scheme, Bottom: FY2020 photos taken of the general improvement in housing condition of PTWan's Plasma Scheme settlers.

SEGMENT	KEY PERFORMANCE INDICATOR	FY2020 TARGET
All	• Community engagement and development activities	• To continue with community engagement efforts and activities

BOARD OF DIRECTORS

01 TAN SRI DATUK SERI PANGLIMA SULONG MATJERAIE

02 DR. NICK LOW

03 LIM KIM LONG

BOARD OF
DIRECTORS
(CONT'D)

04 CHUNG KIN MUN

05 LEONG SO SEH

06 TEO LENG

PROFILE OF DIRECTORS

TAN SRI DATUK SERI PANGLIMA SULONG MATJERAIE

Independent Non-Executive Director

Chairman of the Board of Directors

Member of the Nomination & Remuneration Committee

73, Male, Malaysian

Tan Sri Datuk Seri Panglima Sulong was appointed to the Board on 6 August 2014 and subsequently appointed as Independent Non-Executive Chairman on 15 July 2015. On 27 February 2018 he was appointed as a member of the Nomination & Remuneration Committee.

Other than SAB, he is also an Independent Non-Executive Chairman of Petra Energy Berhad and Ho Hup Construction Company Berhad, and an Independent Non-Executive Director of WTK Holdings Berhad. He is also the Chairman of the Board of Directors of University of Malaysia, Sarawak (UNIMAS).

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 (1) of the four (4) eminent persons appointed by the Prime Minister of Malaysia to serve in the Judicial Appointments Commission for two terms. His first term began on 10 February 2013 to 9 February 2015 and his second term was from 10 February 2016 to 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:-

- 1970; obtained his Bachelor of Arts (Honours) Degree from University of Malaya;
- 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 (5) years.

During the FY2020, Tan Sri Datuk Seri Panglima Sulong attended all of the five (5) Board meetings.

DR. NICK LOW

Non-Independent Executive Director
Managing Director
41, Male, Malaysian

Dr. Nick Low was appointed to the Board on 15 July 2015.

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

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

Dr. Nick Low does not have any family relationship with any other director or major shareholder of SAB.

Dr. Nick Low has had no convictions for any offence within the past five (5) years.

During the FY2020, Dr. Nick Low attended all of the five (5) Board meetings.

LIM KIM LONG

Non-Independent Executive Director
Executive Director
60, Male, Malaysian

Mr. Lim was appointed to the Board on 10 August 2005.

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 does not have any family relationship with any other director or major shareholder of SAB.

Mr. Lim has had no convictions for any offence within the past five (5) years.

During the FY2020, Mr. Lim attended all of the five (5) Board meetings.

PROFILE OF DIRECTORS (CONT'D)

CHUNG KIN MUN

Senior Independent Non-Executive Director
Chairman of the Audit Committee
Chairman of the Nomination & Remuneration Committee
53, Male, Malaysian

Mr. Chung was appointed to the Board on 20 March 2012 and subsequently appointed as the Senior Independent Non-Executive Director on 25 July 2013. He was also appointed as the Chairman of the Audit Committee and the Chairman of the Nomination & Remuneration Committee on 19 November 2013 and 26 November 2013 respectively.

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 the 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 (5) years.

During the FY2020, Mr. Chung attended all of the five (5) Board meetings.

LEONG SO SEH

Independent Non-Executive Director
Member of the Audit Committee
Member of the Nomination & Remuneration Committee
68, Female, Malaysian

Madam Leong was appointed to the Board on 8 April 2009 and subsequently appointed as the member of the Audit Committee on 1 May 2010. On 26 November 2013 she was also appointed as the member of the Nomination & Remuneration Committee.

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 the 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 (5) years.

During the FY2020, Madam Leong attended all of the five (5) Board meetings.

Mr. Teo was appointed to the Board on 1 December 2010 and subsequently appointed as the member of the Audit Committee on 19 November 2013. Other than directorship in SAB and a director of certain subsidiaries of SAB, he is also a Non-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 (5) years.

During the FY2020, Mr. Teo attended all of the five (5) Board meetings.

TEO LENG

Independent Non-Executive Director

Member of the Audit Committee

68, Male, Malaysian

SENIOR MANAGEMENT

DR. NICK LOW

LIM KIM LONG

CHEONG KEE YOONG

ALEX CHAN CHOON HOONG

JENNIFER LOW SWEE YIM

TIONG CHUU LING

LEE CHOO CHAI

TAN SUET GUAN

PROFILE OF SENIOR MANAGEMENT

CHEONG KEE YOONG

Chief Financial Officer
52, Male, Malaysian

Mr. Cheong was appointed as Chief Financial Officer ("CFO") of the Company on 1 October 2013. He is also the Senior Independent Non-Executive Director of Grand-Flo Berhad.

He graduated from the Association of Certified Chartered Accountants ("ACCA") and a member of the Malaysian Institute of Accountants ("MIA"). He has more than twenty years of working experience particularly full spectrum of financial management, corporate planning, treasury management, risk management, tax planning and investors relation activities in various industries. He was mainly attached to the corporate office of public listed company in his career.

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

Mr. Cheong has had no convictions for any offence within the past five (5) years.

ALEX CHAN CHOON HOONG

Chief Strategic Development Officer
48, Male, Malaysian

Mr. Alex Chan joined Southern Acids Cronos Resource Sdn. Bhd., a subsidiary of SAB on 15 December 2010.

He holds a Degree in Mechanical Engineering (B.ENG) from King's College, University of London. Mr. Alex Chan is currently involved in the strategic development of palm oil and related businesses. In addition, he also oversees the palm kernel expeller overhead conveyor loading services business and management services business. Prior to joining the Group, Mr. Alex Chan was the head of the business development team of an environmental packaging products company.

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

Mr. Alex Chan has had no convictions for any offence within the past five (5) years.

JENNIFER LOW SWEE YIM

Integration Director
40, Female, Malaysian

Ms Jennifer Low joined Southern Acids Cronos Resources Sdn. Bhd., a subsidiary of SAB on 5 January 2009.

She holds a Bachelor's Degree in Information Technology (B.IT) from Charles Sturt University, Australia and a Master's Degree in Commerce (Majoring in Accounting and Information System) from University of Sydney, Australia. Since January 2015, Ms Jennifer has been involved in supporting the strategic re-engineering of the Group's palm oil and related businesses' assets with a role on strategic integration. In March 2019, Ms Jennifer Low was appointed as Integration Director of SAI.

Prior to joining the Group, Ms Jennifer Low was a Manager in Business Assurance with PricewaterhouseCoopers Australia, specialising in systems and process reviews for large multi-national companies globally.

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

Ms Jennifer Low has had no convictions for any offence within the past five (5) years.

TIONG CHUU LING

Chief Operating Officer, Oleochemical Segment

67, Male, Malaysian

Mr. Tiong joined Southern Acids Industries Sdn. Bhd., a subsidiary of SAB on 1 July 1982. He was promoted as the Chief Operating Officer on 18 January 2011.

Mr. Tiong holds a Bachelor of Science from University of Auckland. He has vast experience in oleochemical industry particularly in marketing aspects. He currently oversees the whole operation of SAB's Oleochemical Segment.

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

Mr. Tiong has had no convictions for any offence within the past five (5) years.

LEE CHOO CHAI

General Manager, Milling & Estate Segment

66, Male, Malaysian

Mr. Lee joined PT. MAS, an indirect subsidiary of SAB on 15 December 2010.

Mr. Lee holds the Associate Diploma of Incorporated Society of Planters. He has more than thirty years of experience in the oil palm industry especially in oil palm cultivation and plantation management. He is currently in-charge of SAB's Milling & Estate Segment which is based in Riau, Indonesia. He started his career with Kluang Rubber Company (Malaysia) Berhad in 1978. His second job was with EPA Management Sdn Bhd ("EPA"), a subsidiary of Kulim Malaysia Berhad which he joined in 1980 and left in 2007. During the period, he was seconded to Papua New Guinea (from 1996 to 1997) and Kalimantan Barat (from 2006 to 2007). His last position was Senior Plantation Manager. He then joined Kim Loong Resources Berhad in 2007 and subsequently PT. Khaleda Agroprima Malindo in 2010 before joining the Group.

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

Mr. Lee has had no convictions for any offence within the past (5) five years.

TAN SUET GUAN

Hospital Director, Healthcare Segment

62, Female, Malaysian

Madam Tan was appointed as Hospital Director of Southern Medicare Sdn. Bhd., a subsidiary of SAB on 2 September 2014.

She holds a Diploma in Management from University of Malaya. She has more than thirty years of experience in the healthcare industry and involved in the areas of accounting, information technology and management. She is currently in-charge of SAB's Healthcare Segment. Madam Tan began her career with Pantai Hospital ("Pantai") as an Accounts Officer in 1982 and rose to the rank of Chief Executive Officer before she left and joined Sunway Medical Centre ("SMC") in 2013. During her stint with Pantai, Madam Tan introduced the new Paediatric Ward, Satellite Pharmacy, Hearing Centre, Endoscopy Services, Cancer Centre, Breast Care Centre and Spine & Joint Centre. In 2009, she guided Pantai Hospital Kuala Lumpur to achieve the prestigious Joint Commission International ("JCI") Accreditation. During her short tenure with SMC, she steered SMC to become the first hospital in Southeast Asia to achieve the Australia Council on Healthcare Standards ("ACHS") Award in 2014.

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

Madam Tan has had no convictions for any offence within the past five (5) years.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of SAB is a strong advocate of good corporate governance and believes that commitment to a high standard of corporate governance is essential to the long-term sustainability of the businesses and performance of the Group.

The Board is pleased to present this statement to provide shareholders and investors with an overview of our application of the principles and practices set out in the Malaysia Code on Corporate Governance 2017 (“MCCG 2017”) and Paragraph 15.25 of the Bursa Securities MMLR, and is to be read together with the Company Corporate Governance Report 2020 (“CG Report 2020”) which is made available on the Company’s website at www.southernacids.com.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

I. Board Responsibilities

The Board is collectively responsible for leading and setting the strategic direction of the Group as well as overseeing the overall management and business affairs of the Group.

The Board is guided by its Charter which in line with that provided by the MCCG 2017, sets out the purposes, composition, key roles and principal responsibilities as well as the internal procedural matters for the Board. The Board Charter also serves as a source of reference for Board members to assist them in discharging their fiduciary duties as directors.

The Board has a fundamental and legal responsibility to provide an effective oversight of the conduct of the Group’s businesses, ensures appropriate risk management, internal control system and anti-bribery and corruption policies are in place as well as periodically update to ensure their adequacy, integrity and effectiveness.

The roles of the Board are clear and distinct from that of the MD.

Separate of Function between the Chairman and the MD

As defined in the Board Charter, there is a clear segregation of roles and responsibilities between the Chairman who is an Independent Non-Executive Director and the MD to ensure balance of power and authority.

The primary responsibility of the Chairman is to lead the Board to ensure its effectiveness in its governing process.

The key roles of the MD are to implement the policies and strategies approved by the Board as well as to manage the Group’s businesses and the day to day operations.

Access to Information & Independent Professional Advice

The Board members have unrestricted access to the advice and services of the Company Secretaries. The Company Secretaries who are suitably qualified, competent and are accountable directly to the Board, will advise the Board on the overall functions of the Board and ensure compliance with the following: -
- Company’s Constitution;
- Companies Act 2016 (“CA 2016”);
- Bursa Securities MMLR; and
- MCCG 2017.

Independent Non-Executive Directors have access to the MD, Executive Director (“ED”) and the senior management, and where necessary and appropriate, to independent professional for the purposes of obtaining relevant information and advice required in discharging their duties of directors.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

I. Board Responsibilities (Cont'd)

Board Committees

The Board has established and empowered Board Committees to assist in providing an effective oversight over specific areas of the governance process in accordance with their respective terms of reference ("TOR"). The respective TORs will be periodically reviewed by the Board. Both TORs are made available on the Company's website @ www.southernacids.com.The Board Committees are as follow: -

- Audit Committee
- Nomination & Remuneration Committee

The Chairman of the respective Board Committees reports to the Board on the key matters deliberated and recommendations made by the Board Committees. The ultimate decision-making responsibility, however, lies with the Board collectively.

Audit Committee ("AC")

The details are disclosed under Principle B: Effective Audit and Risk Management.

Nomination & Remuneration Committee ("NRC")

During the FY2020, the NRC continued to play its key role according with its TOR in supporting the Board to fulfill its collective oversight responsibilities.

The NRC of the Company comprises three (3) Independent Non-Executive Directors and is chaired by a Senior Independent Non-Executive Director. The NRC is responsible for, inter alia: -

- reviewing the policy on board composition, size, diversity and balance of the Board;
- reviewing succession planning for senior management, including nominations of Board member and appointment of c-suites;
- reviewing the criteria used in the Board recruitment process; and
- facilitating the annual assessment of the Board, Board Committees and individual directors.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

I. Board Responsibilities (Cont'd)

Nomination & Remuneration Committee ("NRC") (Cont'd)

During the FY2020, the following meetings were held: -

	Meeting Date	Key Matters Deliberated
1	27 May 2019	a. Annual performance evaluation was carried out on the following: - • Chairman; • Individual directors; • SAB Board; • Audit Committee; • Nomination & Remuneration Committee; • Director Independence; and • Company Secretary. b. Deliberated and recommended on the retention of Madam Leong So Seh as Independent Non-Executive Director who has served for more than nine years. c. Deliberated on the re-election of the following directors: - • Tan Sri Datuk Panglima Sulong bin Matjeraie; • Teo Leng; and • Mohd Hisham Harun. d. Reviewed and recommended the FY2019 directors' fees for shareholders' approval at the AGM. e. Reviewed the FY2019 directors' benefits for shareholders' approval at the AGM.
2	9 July 2019	a. Recommended to put forth Tan Sri Datuk Panglima Sulong Matjeraie and Teo Leng to the shareholders for the re-election as directors of the Company at the AGM. b. Recommended revision of directors' fees for shareholders' approval at the AGM.
3	25 Feb 2020	a. Deliberated and recommended that Key Performance Indicators be set for EDs and CFO, and to be reviewed by the NRC. b. Deliberated on the proposed Independent Non-Executive Director candidate by Lembaga Tabung Haji. c. Finalized and approved the annual performance evaluation on the following: - • Chairman; • Individual directors; • SAB Board; • Audit Committee; • Nomination & Remuneration Committee; • Director Independence; and • Company Secretary.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

II. Board Composition

As at 31 March 2020, there are six (6) Board members in the Board including a non-executive Chairman, comprising the following: -

- two (2) Executive Directors;
- three (3) Independent Non-Executive Directors; and
- one (1) Senior Independent Non-Executive Director.

The primary roles of the Senior Independent Non-Executive Director are as follows: -

- To work closely and act as a sounding board for the Chairman;
- To act as a point of contact in providing leadership and advice to the Board in the event of a situation where the Board is undergoing a period of stress, and/or there is a perceived conflict of interest involving the Chairman; and
- To serve as a designated contact for direct communication with shareholders, stakeholders and whistle-blower and also to attend to any query or concern raised by them.

The Board is cognizant of the benefits of having diversity in its membership in establishing a well-functioning board. The following is the current Board matric of the Company as at 31 March 2020:-

1	**Composition**	
	Independent Non-Executive Director	66.7%
	Non-Independent Executive Director	33.3%
2	**Major Experience & Skills**	
	Medical	✓
	Oil Palm Cultivation	✓
	Palm Oil Milling	✓
	Legal	✓
	Finance & Accounting	✓
	Economy	✓
3	**Tenure**	
	More than 1 year and up to 3 years	-
	More than 3 years and up to 6 years	33.3%
	More than 6 years and up to 9 years	16.7%
	More than 9 years	50.0%
4	**Age**	
	Between 40 to 49	16.7%
	Between 50 to 59	16.7%
	Between 60 to 69	50.0%
	Above 70	16.6%
5	**Gender**	
	Male	83.3%
	Female	16.7%
6	**Race/Ethnicity**	
	Chinese	83.3%
	Malay	16.7%

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

II. Board Composition (Cont'd)

The Board is required to meet at least five times per financial year and additional meetings are convened, as and when necessary. The annual Board meeting calendar is planned ahead and communicated to the Directors in advance. Details of the Board composition since the date of the last AR, and their attendance record of the meetings held during the current financial year are as follows:

No	Name of Director	Board	AC	NRC
1.	Tan Sri Datuk Seri Panglima Sulong (Independent Non-Executive Chairman)	5/5	-	3/3
2.	Dr. Nick Low (Managing Director)	5/5	-	-
3.	Lim Kim Long (Non-Independent Executive Director)	5/5	-	-
4.	Chung Kin Mun (Senior Independent Non-Executive Director)	5/5	5/5	3/3
5.	Leong So Seh (Independent Non-Executive Director)	5/5	5/5	3/3
6.	Teo Leng (Independent Non-Executive Director)	5/5	5/5	-
7.	Mohd Hisham Harun ^ (Non-Independent Non-Executive Director)	2/3	-	-

^ Retired on 30 August 2019

During the FY2020, the Directors continued to participate in training and development to enhance their skills and knowledge. While the Board has no written policy on directors training at the moment, the Board has always encouraged the Directors to attend relevant continuing education programs on a regular basis. The following are the various training programs and seminars attended by the Directors during the FY2020:-

No	Name of Director	Title of Programme / (Date)
1.	Tan Sri Datuk Seri Panglima Sulong	• Business Transformation (8 May 2019) • Corporate Liability Provisions with The MACC Act 2009 And the ISO 37001 And 2016 Anti Bribery Management System (27 May 2019) • Business Growth & Risk Management & Strategies (18 July 2019) • Corporate Liability Act Protection for Company (3 Dec 2019)
2.	Dr. Nick Low	• Corporate Liability Provisions with The MACC Act 2009 And the ISO 37001 And 2016 Anti Bribery Management System (27 May 2019) • Seminar on MFRS 16 Leases (3 Sept 2019) • 7th Oleochemicals Outlook (25 – 26 Sep 2019) • Reach & Remind Friends of The Industry Seminar 2020 & Dialogue (4 Feb 2020)
3.	Lim Kim Long	• Corporate Liability Provisions with The MACC Act 2009 And the ISO 37001 And 2016 Anti Bribery Management System (27 May 2019) • National Tax Conference (5 – 6 Aug 2019) • Seminar on MFRS 16 Leases (3 Sept 2019)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

II. Board Composition (Cont'd)

No	Name of Director	Title of Programme / (Date)
4.	Chung Kin Mun	• Corporate Liability Provisions with The MACC Act 2009 And the ISO 37001 And 2016 Anti Bribery Management System (27 May 2019) • Seminar on MFRS 16 Leases (3 Sept 2019) • Invitation to The Securities Commission Malaysia's Audit Oversight Board Conversation with Audit Committees (22 Nov 2019)
5.	Leong So Seh	• Engagement Session with Audit Committee Member (30 Apr 2019) • Launch of The Corporate Governance Monitor 2019 (6 May 2019) • Corporate Liability Provisions with The MACC Act 2009 And the ISO 37001 And 2016 Anti Bribery Management System (27 May 2019) • Seminar on MFRS 16 leases (3 Sept 2019) • Case Study Workshop for Independent Directors (9 Oct 2019) • Audit Oversight Board : Annual Inspection Report 2018 - Finding and Insights (8 Nov 2019) • Board Evaluation & Effectiveness Assessment for a Transformative Board (28 Nov 2019)
6.	Teo Leng	• Case Study Workshop for Independent Directors (18 Apr 2019) • Corporate Liability Provisions with The MACC Act 2009 And the ISO 37001 And 2016 Anti Bribery Management System (27 May 2019) • Seminar on MFRS 16 Leases (3 Sept 2019) • The Cooler Earth: Sustainability Summit (1 Oct 2019)

III. Board Remuneration

The remuneration matter of the Group falls under the purview of the NRC. The NRC is guided by the principles that remuneration should be competitive, appropriate, and in alignment with the Company's objectives and long-term goals. The annual directors' fees and benefits payable are reviewed each financial year and are subject to shareholders' approval at the AGM.

In line with best practices, the Directors concerned would abstain from deliberation and decision relating to their own remuneration.

In view of the increasing demands on the Directors, such as legal compliances which include the corporate liabilities they entail and the growing business complexities, the NRC, after due deliberation, have recommended a revision to the existing Directors' remuneration. Pursuant to the NRC's recommendation, the Board will be seeking shareholders' approval at the coming 39th AGM on the following revision of directors' remuneration: -

Category	Type	Existing Directors' Remuneration for the FY2019 (RM)		Proposed Directors' Remuneration for the FY2020 (RM)	
		Chairman	Member	Chairman	Member
Fees (per annum)	Board	99,000	66,000	114,000	76,000
	AC	99,000	-	114,000	76,000
Meeting Allowance (per meeting)	Board	1,600	800	1,600	800
	Committee	1,600	800	1,600	800

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

III. Board Remuneration (Cont'd)

Subject to the approval of shareholders in the coming 39th AGM, the total Directors' remuneration payable for the FY2020 will be as follow: -

	Company						Subsidiary	Group
	Fee	Salary	Bonus	Meeting Allowance	Benefits -In-Kind	Total	Fees	Total
	(RM)	(RM)	(RM)	(RM)	(RM)	(RM)	(RM)	(RM)
Executive Directors								
Dr. Nick Low	76,000	414,450	175,300	10,700	35,200	711,650	38,220	749,870
Lim Kim Long	76,000	294,450	122,800	10,400	19,945	523,595	38,220	561,815
Non-Executive Directors								
Tan Sri Datuk Seri Panglima Sulong	114,000	-	-	11,200	-	125,200	-	125,200
Chung Kin Mun	114,000	-	-	16,800	-	130,800	-	130,800
Leong So Seh	76,000	-	-	10,700	-	86,700	-	86,700
Teo Leng	76,000	-	-	8,000	-	84,000	38,220	122,220
Mohd Hisham Harun*	31,667	-	-	1,600	-	33,267	-	33,267

* Retired on 30 August 2019

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

I. Audit Committee

The AC is responsible to ensure the integrity of the Group's financial reporting process, monitoring the management of the Group's risk management and internal control systems, internal and external process and compliance with relevant applicable legal and regulatory matters.

The AC comprises three (3) members who are all Independent Non-Executive Directors. The Chairman of the AC is not the Chairman of the Board. Details of the composition, responsibilities and activities of the AC are set out in the AC Report on page 65 to 69 of the AR2020.

Annually, the Board, via the NRC assesses the composition, performance and effectiveness of the AC. The NRC also ensures members of the AC are financially literate and have sufficient understanding of the Group's businesses. The Board is satisfied that the AC and its members discharged their function, duties and responsibilities in accordance with its TOR.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

II. Risk Management and Internal Control Framework

The Board remains committed towards maintaining a sound system of enterprise risk management ("ERM") and internal control systems which enables the Board to continually review the adequacy and effectiveness of the Company's risk management and internal controls.

The Board, via the AC, oversees the risk management function of the Group. The AC will identify, mitigate and monitor the critical risks highlighted by the Management. In assisting the AC to discharge its functions, the Company is using Tricor Roots Consulting Sdn Bhd ("TRC") Corporate Risk Scorecard ("CRS") for its ERM framework and the Q-Radar System, which is used to support the ERM processes. In addition, PricewaterhouseCoopers Risk Services Sdn Bhd ("PwC RAS") has been appointed as the outsourced internal auditor to assist the AC in the areas of governance, risk and control.

More specific disclosures on the activities of the risk management and internal controls in relation to Practice 9.1 and Practice 9.2 to the MCCG 2017 are set out in the CG Report 2020 as well as the Statement on Risk Management and Internal Control ("SORMIC") on page 70 to 72 of the AR 2020.

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONS WITH STAKEHOLDERS

I. Communication with Stakeholders

The Board is committed to maintain an active and proactive communication approach with its shareholders and other stakeholders in a transparent, effective and timely manner. Internally, the Company has in place a Corporate Disclosure Policy which serves as a guide to enhance awareness amongst the employees on the Company's disclosure obligations and procedures.

The Company leverages on various communication channels to reach out to shareholders and stakeholders. These include among others: -

a. The Company's website
b. BURSA LINK maintained by Bursa Securities;
c. Annual report;
d. General meeting; and
e. Analysts briefings including sessions with the investment fraternity initiated by external stockbroking and/or research companies.

II. Conduct of Annual General Meeting

The AGM is the principal forum for shareholders to share their views. It also provides an open dialogue opportunity and interaction between the Board and the shareholders.

At the AGM, all directors and senior management personnel would be present to engage directly with, and to be accountable to the shareholders on their stewardship in managing the Company. The CFO would present on the Group's financial performance, including its prospects and challenges. In addition, written queries raised in advance by the Minority Shareholder Watchdog Group would be presented to the shareholders at the general meeting, together with the Group's responses.

Ample time will be provided for a Questions and Answers session. Questions raised by shareholders will be clarified by the Directors, Senior Management and/or Deloitte PLT. Suggestions and comments given by the shareholders also be duly noted by management for due consideration.

The Company has leveraged on technology to facilitate e-polling voting and has conducted e-polling at its 38th AGM. A scrutineer is appointed to validate the votes cast at the AGM. Poll results are announced immediately after the e-polling is conducted.

This CGOS was approved by the Board of SAB on 4 August 2020.

AUDIT COMMITTEE REPORT

AUDIT COMMITTEE REPORT

The Board is pleased to present the AC Report for the FY2020.

1. COMPOSITION AND ATTENDANCE OF MEETINGS

The composition of the AC and the attendance record of its members of the five meetings held during the FY2020 are set out below: -

No	Name of Director	Designation	Attendance of meetings
1.	Chung Kin Mun (Senior Independent Non-Executive Director)	Chairman	5/5
2.	Leong So Seh (Independent Non-Executive Director)	Member	5/5
3.	Teo Leng (Independent Non-Executive Director)	Member	5/5

The AC comprises three members, all of whom are Independent Non-Executive Directors. Mr. Chung Kin Mun, the AC Chairman, is a member of CPA Australia. Accordingly, the composition of the AC complies with Paragraph 15.09 of the Bursa Securities MMLR.

In the FY2020, five AC meetings were held which met the minimum number of meetings required in a financial year as stipulated in its TOR. Prior to each meeting, the following were provided inter alia in advance: -

1. Meeting agenda;
2. Minutes of the previous meeting; and
3. Relevant board papers.

Depending on the subject matters, the following persons will be invited by the AC to attend the meeting: -

	Invitees	Purpose
1	MD, ED and CFO	To present the Group's financial performance and business operations and to provide clarification on audit matters including addressing queries raised by the AC.
2	PwC RAS	To present annual internal audit plan, internal audit reports and ad hoc reports, if any.
3	Deloitte PLT	To present audit plan, the audit findings, auditors' report as well as any other matters in respect of the Group deemed important for the attention of the AC.
4	Senior Management	To explain on specific issues involving their respective areas of responsibilities or matters of interest, if any.

The AC Chairman reports to the Board on matters deliberated in every AC meeting as well as recommendations made by the AC for the Board deliberation and approval. The minutes as recorded by the Company Secretary will be tabled for confirmation at the following AC meeting, and subsequently circulated to the Board for notation.

3. TERMS OF REFERENCE

The scope of responsibilities of the AC is outlined in its TOR which is made available on the Company's website at www.southernacids.com.

4. SUMMARY OF ACTIVITIES

The main activities carried out by the AC during the FY2020 comprised the following: -

Financial Reporting

The AC reviewed the Group's unaudited quarterly financial results and relevant announcements to Bursa Securities before recommending them to the Board for approval. In reviewing and deliberating the financial results and statements, the main focus was to ensure that the financial reporting and disclosures are in compliance with the Bursa Securities MMLR, applicable Malaysian Financial Reporting Standards ("MFRSs"), provisions of CA 2016, and any other relevant legal and regulatory requirements.

The five AC meetings held during the FY2020 and its main activities are set out below: -

Date of Meeting	Summary of Main Activities
27 May 2019	• Deliberated and approved on the proposed new audit fee by the external auditors; • Deliberated and approved the unaudited fourth quarter results for the FY2019; and • Reviewed on the recurrent related party transactions ("RRPT") transpired within SAB Group in the quarter under review and year to date.
10 July 2019	• Deliberated and approved the Audited Financial Statements for the FY2019; • Deliberated and approved the circular in relation to the Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions Of A Revenue Or Trading Nature And Proposed New Shareholders' Mandate For Additional Related Party Transactions Of A Revenue Or Trading Nature; • Deliberated and approved the AC Report and SORMIC as part of the content of the Company's AR 2019; and • Deliberated and approved the proposed appointment of PwC RAS as the new outsourced internal auditor for the FY2020.
27 August 2019	• Deliberated and approved the unaudited first quarter results for the FY2020; and • Reviewed on the RRPTs transpired within SAB Group in the quarter under review and year to date.
26 November 2019	• Deliberated and approved the unaudited second quarter results for the FY2020; • Deliberated and approved the proposed appointment of Crowe Indonesia as the new external auditors for the Indonesian subsidiaries of the Company; and • Reviewed on the RRPTs transpired within SAB Group in the quarter under review and year to date.
24 February 2020	• Deliberated and approved the threshold amount for low value assets to be excluded from assessment under the MFRS 16 Leases; and • Deliberated and approved the unaudited third quarter results for the FY2020; and • Reviewed on the RRPTs transpired within SAB Group in the quarter under review and year to date.

External Audit

During the FY2020, the AC met with Deloitte PLT on the following dates: -

Date of Meeting	Briefing & Key Highlights by Deloitte PLT
27 May 2019	Presentation of Audit Planning Memorandum for the FY2019 by Deloitte PLT. The key highlights were as follows: - • Setting of materiality level • Areas of Audit Focus, there were as follows: - - Property, Plant and Equipment; - Allowance for doubtful debts; - Allowance for loss on conversion of advances for KKPA program; - Related party transaction; and - First year adoption of MFRS. • Significant Risks. No significant risk was identified; and • Presented on the proposed new audit fees for the FY2019 and its justification.
24 February 2020	Presentation of Audit Planning Memorandum for the FY2020 by Deloitte PLT. The key highlights were as follows: - • Setting of materiality level • Significant Risks and Areas of Audit Focus, there were as follows: - - Management override of controls; - Revenue recognition; - Impairment of Property, Plant and Equipment; - Land held for property development; and - Adoption of MRFS 16 Leases • The overall audit timeline.

Internal Audit

During the FY2020, the AC met with PwC RAS on the following dates: -

Date of Meeting	Briefings & Key Highlights by PwC RAS
26 November 2019	Two internal audit reports were presented by PwC RAS. • This first report was on the Cybersecurity Cycle at the Company level. The focus areas were as follows: - - Cyber Governance / Security Management; - Threat and Vulnerability Management; - System Resiliency / Security Architecture; and - Identity Access Management. • The second report was on the Governance Cycle at the Company level. The focus areas were as follows: - - Management Oversight; and - Risk Management and Code Of Conduct. Key observations were duly noted and actions will be taken by the Management to address the concern in due course.

Date of Meeting	Briefings & Key Highlights by PwC RAS
24 February 2020	• Presentation of internal audit report by PwC RAS on Oleochemical Cycle; and • The focus area was on the inventory management. Key observations were duly noted and actions will be taken by the Management to address the concern in due course;

<u>Related Party Transactions ("RPTs")</u>

The AC reviewed the quarterly RPTs as disclosed in the unaudited quarterly financial results to ensure that the transactions with related parties were carried within the ambit of the shareholders' mandate approved in the last AGM. This is also to ensure that all RPTs are carried out on arm's length basis and under normal commercial terms, the transactions were not prejudicial to the interest of the Company, and in compliance with the Bursa Securities MMLR and other relevant rules and regulations.

On 10 July 2019, the AC reviewed and approved the Circular to Shareholders in relation to the Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions Of A Revenue Or Trading Nature And Proposed New Shareholders' Mandate For Additional Related Party Transactions Of A Revenue Or Trading Nature as well as statements by the AC in respect of the proposed shareholders' mandate for RRPTs.

5. INTERNAL AUDIT FUNCTION

Internal Audit Function

The AC is supported by PwC RAS which provides independent validation and recommendations for improvement in the areas of governance, risk and control. The PwC RAS reports directly to the AC on a functional basis and to the MD administratively.

The internal audit was performed in accordance with generally acceptable internal auditing practices. The approach to be undertaken by PwC RAS is as follow: -

1. Discussions with management to obtain an understanding of the processes in the organization;
2. Identify and test the key processes or controls under the review area;
3. Highlight governance and control recommendations based on industry good practices;
4. Discuss preliminary observations with the management to obtain their comments and action plans; and
5. Present the final internal audit report to the AC.

The total expenses charged by PwC RAS in discharging its function and responsibilities amounted to RM90,254 for the FY2020.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Pursuant to Paragraph 15.26(b) of the Bursa Securities MMLR, the Board is pleased to provide the SORMIC of the Group, which has been prepared in accordance with Principle B of the MCCG 2017 as well as guidance from the Statement of Risk Management and Internal Control: Guidelines for Directors of Listed Issuers.

Board Responsibility

The Board affirms its commitment and responsibility towards effective risk management framework and system of internal controls which includes periodic evaluation on its adequacy and integrity in order to safeguard shareholders' investments and assets of the Group.

A system is designed to identify, evaluate and manage, rather than eliminate, the risk of failure in achieving the Group's business objectives. As such, it can only provide reasonable and not absolute assurance against material misstatement of management and financial information, operational failures, financial losses or fraud.

The process for assessing the adequacy and effectiveness of the risk management and internal control were reviewed by the AC in relation to the audits conducted by PwC RAS during the year. Audit issues and actions taken by management to address the issues tabled by PwC RAS were deliberated during the AC meeting, of which are recorded and presented to the Board.

Risk Management

Q-RADAR System, a program which is based on TRC's ERM framework, is being used as the tool in facilitating the Group's ERM process. The Q-RADAR System features the CRS which is the core risk management module and captures all risk information with the intention to empower the users and providing for a control-self assessment ("CSA") environment. CSA is a technique that allows managers and work teams directly involved in their respective divisions, functions or processes to participate in assessing the organisation's risk management and control processes.

CSA is being used as part of the Group's ERM framework while pending on the progression of the full rollout of the Q-RADAR system. On risks relating to the Group's strategic objectives are assessed at the Group level.

The full roll-out of the Q-RADAR System for the Group will take some time and the progress of implementation are reported to the AC in its quarterly meeting.

Main Features of Internal Control System

The following is the summary of the key elements of the Group's internal control system:

1. **Organisation Structure**
   The Company has an organisational structure with formal lines of responsibility and authorisation procedures within which senior management operates and is accountable for.

2. **Centralised Key Functions**
   In order to achieve greater efficiency, more effective cost management and higher degree of responsiveness to the business environment, several key functions such as finance, investment, treasury, corporate affairs, compliances, tender committee, purchasing and human resources have been centralised.

3. **Operational Controls**
   The following operational controls are in place: -
   - level of authority for each level of management staff;
   - approval processes for capital expenditure and operational expenditure; and
   - business planning and annual budgeting process for the respective business units with periodical monitoring of performance.

4. **Financial Reporting Controls**
   Financial reports are generated on a monthly basis and deliberated at appropriate management meeting respectively whereas the Group's financial statements will be reviewed and deliberated by the AC and Board on a quarterly basis.

5. **Internal Audit**
   PwC RAS operates independently from the activities it audits. The internal audit function provides the AC with the assurance regarding the adequacy and effectiveness of the system of risk management and internal control. A systematic and disciplined approach is employed to draw up the annual audit plan for the AC's review and approval before the commencement of internal audit work. Assessment of internal controls in the key activities of the Group's businesses are carried out with the outcome reported directly to the AC.

6. **External Audit**
   Deloitte PLT 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 the AC and management any identified procedures, controls and other aspects that needs improvement which may come to their attention.

7. **Whistleblower Policy**
   The Group has established a Whistleblower Policy which outlined the Group commitment towards enabling employees and stakeholders to raise concerns in a responsible manner in regards to any wrongdoings without being subject to victimisation or discriminately treatment. All disclosures made under the policy will be dealt with in strict confidence.

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

For the FY2020 under review, some weaknesses in internal controls were identified but were deemed immaterial to be mentioned in this SORMIC as none of the weaknesses had materially impacted the businesses or operations of the Group. Nevertheless, measures have been or are being taken to address these weaknesses.

Please refer to the AC Report on page 65 to page 69 of the Annual Report on the risk management and internal control activities undertaken during the FY2020.

Review of the SORMIC by Deloitte PLT

Deloitte PLT have reviewed this SORMIC pursuant to the scope set out in Audit and Assurance Practice Guide ("AAPG") 3, Guidance for Auditors on Engagements to Report on the SORMIC included in the Annual Report issued by the Malaysian Institute of Accountants for inclusion in the Annual Report of the Company for the FY2020, and reported to the Board that nothing has come to their attention that caused them to believe that the SORMIC intended to be included in the Annual Report of the Company, in all material respects:

- has not been prepared in accordance with the disclosures required by paragraphs 41 and 42 of the Guidelines; or
- Is factually inaccurate.

AAPG 3 does not require Deloitte PLT to consider whether the SORMIC covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system, including the assessment and opinion by the Board and management thereon. Deloitte PLT are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the annual report will, in fact, remedy the problems.

CONCLUSION

The Board is of the view that the system of risk management and internal control is in place to safeguard the interest of stakeholders. There was no potential, present failure or weakness identified that would have material adverse effect on the Group's financial statements for the year under review.

The Board has received assurance from the MD and the CFO that the Group's risk management and internal control framework is operating adequately and effectively in all material aspects. In addition, the management are responsible for their respective implementing and monitoring the effectiveness of internal control system and processes have also given their assurance on their commitments by signing the 'Annual Statement on Continuous Commitment to an Effective ERM Framework'.

This Statement has excluded its insignificant associate company's state of risk management and internal control.

This Statement is made in accordance with a resolution of the Board dated 4 August 2020.

ADDITIONAL COMPLIANCE INFORMATION

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

Utilisation of Proceeds Raised From Corporate Proposals

There were no proceeds raised from corporate proposals during the financial year.

Material Contracts

There were no material contracts other than in the ordinary course of business entered into by the Company and/or its subsidiaries involving Directors' and/or major shareholders interests either subsisting at the end of the FY2020 or entered into since the previous financial year.

Audit and Non-Audit Fees

The amount of non-audit fees incurred and payable to the external auditors and its affiliates by the Group for the FY2020 are as follows:

	Company (RM)	Group (RM)
Audit services rendered	81,000	389,157
Non-audit services rendered		
• Review of the Statement on Risk Management and Internal Control	7,000	7,000
• Provision of accounting review services with respect to MFRS 16 Leases	5,000	55,000

Recurrent Related Party Transactions of Revenue or Trading Nature

The details of the recurrent related party transactions are disclosed in Note 26 of the Financial Statements on pages 136 to 140 of the AR 2020.

STATEMENT OF DIRECTORS' RESPONSIBILITY
FOR THE AUDITED FINANCIAL STATEMENTS

The Directors are required by the CA 2016 to prepare the financial statements for each financial year which have been made out in accordance with the applicable MFRSs, the requirements of the CA 2016 in Malaysia and Bursa Securities MMLR.

The Directors are responsible to ensure that the financial statements give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year, and of the results and cash flows of the Group and of the Company for the financial year.

In preparing the financial statements, the Directors have:

- adopted appropriate accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent; and
- prepared the financial statements on a going concern basis.

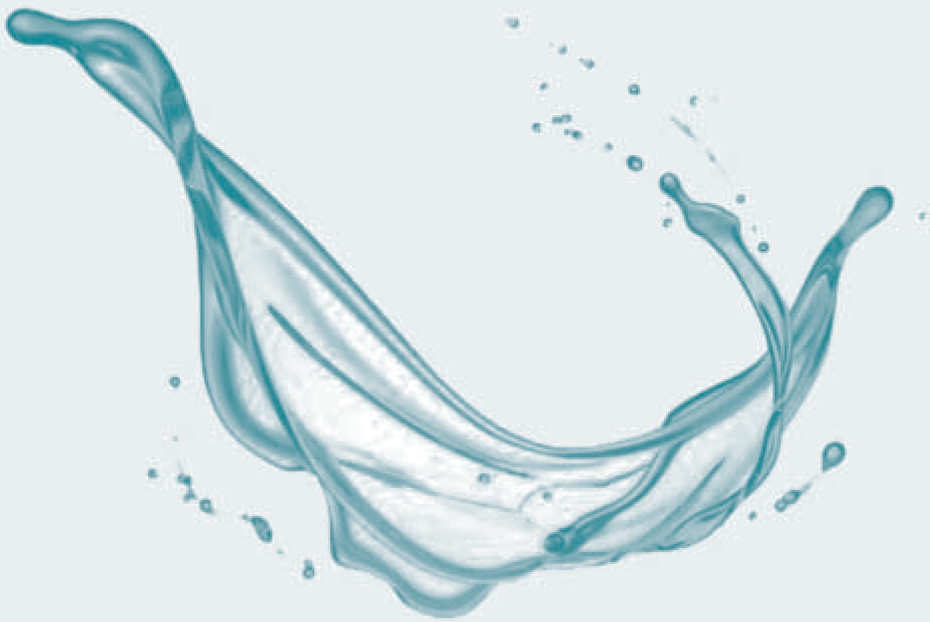
The Directors are responsible to ensure that the Group and the Company keep accounting records which disclose the financial position of the Group and of the Company with reasonable accuracy, enabling them to ensure that the financial statements comply with the CA 2016.

The Directors are responsible for taking such steps as are reasonably open to them to safeguard the assets of the Group and of the Company, and to detect and prevent fraud and other irregularities.

FINANCIAL STATEMENTS

FINANCIAL STATEMENTS

OUR FINANCIAL PERFORMANCE



DIRECTORS' REPORT

The directors of SOUTHERN ACIDS (M) BERHAD have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 March 2020.

PRINCIPAL ACTIVITIES

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

The information on the name, place of incorporation, principal activities and percentage of issued share capital held by the Company in the subsidiaries are disclosed in Note 16 to the Financial Statements.

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	48,740	6,025
Income tax expense	(9,511)	-
Profit for the year	39,229	6,025
Attributable to:		
Equity holders of the Company	31,998	6,025
Non-controlling interests	7,231	-
	39,229	6,025

In the opinion of the directors, the results of operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature other than the significant event as disclosed in Note 43 to the Financial Statements.

DIVIDENDS

Final dividend of 5 sen per share, single tier, amounting to RM6,846,707, proposed in the previous financial year and dealt with in the previous directors' report was paid on 27 September 2019.

In respect of the current financial year, the directors have proposed a final dividend of 5 sen per share, 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 has not been included as 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 2021.

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

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

SHARE OPTIONS

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

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

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were prepared, 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 satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and

(b) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records of the Group and of the Company had been written down to an amount which the current assets might be expected so to realise.

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

(a) which would render the amount written off for bad debts or the amount of 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 would 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 the financial statements of the Group and of the Company which would render any amount stated in the financial statements 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 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 in the financial year in which this report is made.

DIRECTORS

The directors of the Company in office during the financial year and during the period from the end of the financial year to the date of this report are:

Tan Sri Datuk Seri Panglima Sulong Matjeraie
Dr. Low Kok Thye
Lim Kim Long
Chung Kin Mun
Leong So Seh
Teo Leng
Mohd Hisham Harun (Retired on 30.8.2019)

The directors who held office in the subsidiaries of the Company during the financial year and up to the date of this report are:

Dr. Low Kok Thye
Lim Kim Long
Teo Leng
Chan Choon Hoong
Cheong Kee Yoong
Dr. Sadasivam A/L Kandiah
Herry Amin
Herry Mukiat
Lou Ai Choo
Tan Sri Dato' Low Boon Eng
Tiong Chuu Ling
Mohd Hisham Harun (Retired on 30.8.2019)
Leong So Seh (Retired on 30.8.2019)

DIRECTORS' INTERESTS

The shareholdings in the Company of those who were directors at the end of the financial year according to the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act, 2016, are as follows:

		Number of ordinary shares		
	As at 1.4.2019	**Bought**	**Sold**	**As at 31.3.2020**
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**
Deemed interest				
Dr. Low Kok Thye*	65,692,824	-	-	**65,692,824**
Lim Kim Long**	69,032,267	-	-	**69,032,267**

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. Bhd., 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 directors above are also deemed to have an interest in the shares of the subsidiary companies to the extent that the Company has an interest.

Other than as disclosed above, none of the other directors in office at the end of the financial year held shares or had any beneficial interest in shares of the Company or its related companies during or at the beginning and 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 a benefit (other than the benefit included in the aggregate amount of emoluments received or due and receivable by the directors as disclosed in Note 7 to 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.

INDEMNITY AND INSURANCE FOR DIRECTORS, OFFICERS AND AUDITORS

The Company maintains directors' and officers' liability insurance for purposes of Section 289 of the Companies Act, 2016, throughout the year, which provides appropriate insurance cover for the directors and officers of the Company and its group of companies. The amount of insurance cover paid during the year amounted to RM11,224.

There were no indemnity given to or insurance effected for the auditors of the Company.

AUDITORS' REMUNERATION

The amount paid or payable as remuneration of the auditors for the financial year ended 31 March 2020 is as disclosed in Note 8 to the Financial Statements.

AUDITORS

The auditors, Deloitte PLT, 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
4 August 2020

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

Report on the Audit of the Financial Statements

Opinion

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 at 31 March 2020 and the statements of profit or loss and 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 notes to the financial statements, including a summary of significant accounting policies, as set out on pages 85 to 161.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 March 2020, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws* (On Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters	**How the scope of our audit responded to the key audit matter**
<u>Impairment Assessment of Property, Plant and Equipment</u> At 31 March 2020, included in property, plant and equipment are factory building and oleochemical plant ("assets") of a subsidiary with carrying value of RM31,983,032. These assets are located on land owned by a major shareholder of the Company, Southern Realty (Malaya) Sdn. Berhad ("SRM"). SRM has agreed to extend the lease agreement to 31 March 2023 which is significantly shorter than the remaining useful lives of the assets located on the land which range from 11 to 30 years. The Company intends to apply for a renewal of the lease agreement with SRM prior to its expiry on 31 March 2023. Management judgement is involved in assessing the likelihood of renewal of the lease agreement for the near future. In the event that the lease agreement is not renewed, management may have to assess if the assets are impaired. The accounting policy for impairment of property, plant and equipment and the critical judgements involved in assessing the likelihood of renewal of the lease agreement which may have an impact on the carrying value of the property, plant and equipment are set out in Note 3 and Note 4(i)(a) to the Financial Statements respectively. The details of the property, plant and equipment have been disclosed in Note 13 to the Financial Statements.	We held discussions with the directors of the Company to gain an understanding of the future plans of the subsidiary and likelihood of renewal of the lease agreement. We examined the latest lease agreement and read all relevant correspondence between the Company and SRM to identify matters, if any, that would adversely affect the future likelihood of renewal of the lease agreement. We evaluated management's assessment of the renewal which includes the historical trend of the lease agreement being renewed. We have also assessed the adequacy and appropriateness of the disclosures made in Note 3 and Note 4(i)(a) to the Financial Statements.

We have determined that there are no key audit matters in the audit of the separate financial statements of the Company to communicate in our auditors' report.

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's and of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

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

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 16 to the Financial Statements.

Other Matter

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act, 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

DELOITTE PLT (LLP0010145-LCA)
Chartered Accountants (AF 0080)

MURALI A/L SAMY
Partner - 03377/06/2022 J
Chartered Accountant

Kuala Lumpur
4 August 2020

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2020

	Note(s)	The Group 2020 RM'000	The Group 2019 RM'000	The Company 2020 RM'000	The Company 2019 RM'000
Revenue	5	**660,286**	598,645	**13,563**	13,058
Investment revenue	6	**5,812**	5,205	**198**	209
Other operating income		**10,691**	9,833	**66**	58
Changes in inventories of finished goods and work-in-progress		**4,165**	(3,191)	**-**	-
Raw materials and consumables used		**(467,722)**	(405,265)	**-**	-
Depreciation of property, plant and equipment	13	**(18,570)**	(15,764)	**(430)**	(436)
Depreciation of right-of-use assets	14	**(1,297)**	-	**-**	-
Directors' remuneration	7	**(3,664)**	(3,543)	**(1,640)**	(1,559)
Employee benefits expenses	8	**(57,883)**	(51,902)	**(4,059)**	(3,665)
Other operating expenses		**(82,418)**	(95,500)	**(1,673)**	(652)
Finance costs	9	**(409)**	(37)	**-**	-
Share of results of an associate	17	**(251)**	93	**-**	-
Profit before tax	8	**48,740**	38,574	**6,025**	7,013
Income tax expense	10	**(9,511)**	(13,106)	**-**	-
Profit for the year		**39,229**	25,468	**6,025**	7,013
Attributable to:					
Equity holders of the Company		**31,998**	21,484	**6,025**	7,013
Non-controlling interests	16	**7,231**	3,984	**-**	-
		39,229	25,468	**6,025**	7,013
Earnings per share (sen) attributable to equity holders of the Company					
Basic and diluted	11	**23.37**	15.69		

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONT'D) FOR THE YEAR ENDED 31 MARCH 2020

	The Group		The Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Profit for the year	**39,229**	25,468	**6,025**	7,013
Other comprehensive income/(loss):				
Items that may be reclassified subsequently to profit or loss:				
Fair value loss on other investments	**(22,263)**	(1,897)	**(22,263)**	(1,897)
Exchange differences on translating foreign operations	**(13,327)**	2,899	**-**	-
Item that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit obligations	**(1,001)**	619	**(85)**	-
	(36,591)	1,621	**(22,348)**	(1,897)
Total comprehensive income/(loss) for the year, net of tax	**2,638**	27,089	**(16,323)**	5,116
Total comprehensive income/(loss) attributable to:				
Equity holders of the Company	**(12)**	21,752	**(16,323)**	5,116
Non-controlling interests	**2,650**	5,337	**-**	-
	2,638	27,089	**(16,323)**	5,116

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

STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2020

	Note(s)	The Group 2020 RM'000	The Group 2019 RM'000	The Company 2020 RM'000	The Company 2019 RM'000
ASSETS					
Non-Current Assets					
Land held for property development	12	**139,868**	139,868	**-**	-
Property, plant and equipment	13	**186,203**	195,682	**3,319**	3,699
Right-of-use assets	14	**4,982**	-	**-**	-
Investment property	15	**3,318**	3,318	**-**	-
Investment in subsidiary companies	16	**-**	-	**245,599**	245,489
Investment in an associate company	17	**2,361**	2,612	**917**	917
Other investments	18	**25,075**	47,152	**25,075**	47,152
Advances for KKPA program	19	**87**	491	**-**	-
Deferred tax assets	20	**3,059**	1,261	**-**	-
Total Non-Current Assets		**364,953**	390,384	**274,910**	297,257
Current Assets					
Biological assets	21	**1,339**	1,143	**-**	-
Inventories	22	**68,060**	64,853	**-**	-
Derivative financial assets	23	**234**	257	**-**	-
Trade receivables	24 & 26	**40,659**	34,846	**-**	-
Other receivables, deposits and prepaid expenses	25 & 26	**13,483**	12,944	**171**	154
Amount owing by subsidiary companies	26	**-**	-	**1,310**	1,203
Amount owing by an associate company	27	**803**	1,079	**126**	111
Tax recoverable		**28,919**	26,140	**-**	-
Cash and cash equivalents	28	**208,938**	199,911	**6,158**	6,585
Total Current Assets		**362,435**	341,173	**7,765**	8,053
TOTAL ASSETS		**727,388**	731,557	**282,675**	305,310

STATEMENTS OF FINANCIAL POSITION (CONT'D) AS AT 31 MARCH 2020

	Note(s)	The Group 2020 RM'000	The Group 2019 RM'000	The Company 2020 RM'000	The Company 2019 RM'000
EQUITY AND LIABILITIES					
Capital and Reserves					
Share capital	29	**171,255**	171,255	**171,255**	171,255
Reserves	30	**423,167**	430,026	**108,387**	131,557
Equity attributable to equity holders of the Company		**594,422**	601,281	**279,642**	302,812
Non-controlling interests	16	**55,800**	54,734	**-**	-
Total Equity		**650,222**	656,015	**279,642**	302,812
Non-Current and Deferred Liabilities					
Term loan	31	**4,500**	-	**-**	-
Hire purchase payables	32	**130**	212	**-**	-
Lease liabilities	33	**4,032**	-	**-**	-
Provision for retirement benefits	34	**13,184**	10,852	**1,208**	1,022
Deferred tax liabilities	20	**3,746**	3,915	**-**	-
Total Non-Current and Deferred Liabilities		**25,592**	14,979	**1,208**	1,022
Current Liabilities					
Trade payables	26 & 35	**21,142**	21,875	**-**	-
Other payables and accrued expenses	26 & 35	**23,845**	36,550	**1,591**	1,233
Amount owing to a subsidiary company	26	**-**	-	**113**	122
Contract liabilities		**1,193**	1,001	**-**	-
Derivative financial liabilities	23	**1,655**	-	**-**	-
Term loan	31	**1,200**	-	**-**	-
Hire purchase payables	32	**157**	187	**-**	-
Lease liabilities	33	**1,174**	-	**-**	-
Tax liabilities		**1,087**	829	**-**	-
Dividend payable		**121**	121	**121**	121
Total Current Liabilities		**51,574**	60,563	**1,825**	1,476
Total Liabilities		**77,166**	75,542	**3,033**	2,498
TOTAL EQUITY AND LIABILITIES		**727,388**	731,557	**282,675**	305,310

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2020

The Group	Note	Share capital RM'000	Foreign exchange reserve RM'000	Other reserve RM'000	Fair value reserve RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
		Attributable to equity holders of company							
		Non-distributable				Distributable			
As at 1 April 2018									
As previously reported		171,255	(14,553)	(322)	23,986	406,175	586,541	50,481	637,022
Adoption of MFRSs		-	(89)	-	-	(76)	(165)	212	47
As restated		171,255	(14,642)	(322)	23,986	406,099	586,376	50,693	637,069
Profit for the year		-	-	-	-	21,484	21,484	3,984	25,468
Other comprehensive income/(loss)		-	1,884	-	(1,897)	281	268	1,353	1,621
Total comprehensive Income/(loss) for the year		-	1,884	-	(1,897)	21,765	21,752	5,337	27,089
Dividends paid	37	-	-	-	-	(6,847)	(6,847)	-	(6,847)
Dividends paid to non-controlling interests		-	-	-	-	-	-	(1,296)	(1,296)
As at 31 March 2019		171,255	(12,758)	(322)	22,089	421,017	601,281	54,734	656,015
As at 1 April 2019		171,255	(12,758)	(322)	22,089	421,017	601,281	54,734	656,015
Profit for the year		-	-	-	-	31,998	31,998	7,231	39,229
Other comprehensive loss		-	(9,493)	-	(22,263)	(254)	(32,010)	(4,581)	(36,591)
Total comprehensive (loss)/income for the year		-	(9,493)	-	(22,263)	31,744	(12)	2,650	2,638
Dividends paid	37			-	-	(6,847)	(6,847)	-	(6,847)
Dividends paid to non-controlling interests		-	-	-	-	-	-	(1,584)	(1,584)
As at 31 March 2020		171,255	(22,251)	(322)	(174)	445,914	594,422	55,800	650,222

STATEMENTS OF CHANGES
IN EQUITY (CONT'D)
FOR THE YEAR ENDED 31 MARCH 2019

The Company	Note	Attributable to equity holders of Company / Non-distributable: Share capital RM'000	Non-distributable: Fair value reserve RM'000	Distributable: Retained earnings RM'000	Total equity RM'000
As at 1 April 2018		171,255	23,986	109,302	304,543
Profit for the year		-	-	7,013	7,013
Other comprehensive loss		-	(1,897)	-	(1,897)
Total comprehensive (loss)/income for the year		-	(1,897)	7,013	5,116
Dividends paid	37	-	-	(6,847)	(6,847)
As at 31 March 2019		171,255	22,089	109,468	302,812
As at 1 April 2019		171,255	22,089	109,468	302,812
Profit for the year		-	-	6,025	6,025
Other comprehensive loss		-	(22,263)	(85)	(22,348)
Total comprehensive (loss)/income for the year		-	(22,263)	5,940	(16,323)
Dividends paid	37	-	-	(6,847)	(6,847)
As at 31 March 2020		171,255	(174)	108,561	279,642

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

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2020

	The Group		The Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES				
Profit before tax	**48,740**	38,574	**6,025**	7,013
Adjustments for:				
Depreciation of property, plant and equipment	**18,570**	15,764	**430**	436
Depreciation of right-of-use assets	**1,297**	-	**-**	-
Unrealised loss/(gain) on foreign exchange	**105**	(4,204)	**-**	(48)
Provision for retirement benefits	**1,861**	1,585	**101**	125
Net fair value change in biological assets	**(431)**	(136)	**-**	-
(Gain)/Loss on disposal of property, plant and equipment	**(3)**	123	**-**	-
Reversal of loss allowance for:				
- Trade receivables	**(112)**	(191)	**-**	-
- KKPA receivables	**(400)**	-	**-**	-
Impairment on investment in subsidiaries	**-**	-	**540**	-
Inventories written off	**48**	64	**-**	-
Finance costs	**409**	37	**-**	-
Reduction of land cost for land held for development	**-**	2,058	**-**	-
Property, plant and equipment written off	**1,166**	54	**-**	-
Share of results of an associate	**251**	(93)	**-**	-
Changes in fair value of derivatives	**1,678**	341	**-**	-
Dividend income	**(1,987)**	(1,977)	**(8,917)**	(8,906)
Investment revenue	**(5,812)**	(5,205)	**(198)**	(209)
Operating Profit/(Loss) Before Working Capital Changes	**65,380**	46,794	**(2,019)**	(1,589)
(Increase)/Decrease in:				
Inventories	**(2,540)**	5,984	**-**	-
Trade receivables	**(4,714)**	17,381	**-**	-
Other receivables, deposits and prepaid expenses	**(7,439)**	2,691	**(17)**	7
Amount owing by an associate company	**276**	(488)	**(15)**	(18)
Amount owing by subsidiary companies	**-**	-	**(107)**	127
Increase/(Decrease) in:				
Trade payables	**98**	3,739	**-**	-
Amount owing to a subsidiary company	**-**	-	**(9)**	(8)
Other payables and accrued expenses	**(13,316)**	(3,685)	**358**	123
Contract liabilities	**192**	475	**-**	-
Cash Generated From/(Used In) Operations	**37,937**	72,891	**(1,809)**	(1,358)
Retirement benefits paid	**(197)**	(307)	**-**	-
Income tax refunded	**3,289**	3	**-**	-
Income tax paid	**(11,228)**	(6,899)	**-**	-
Net Cash From/(Used In) Operating Activities	**29,801**	65,688	**(1,809)**	(1,358)

STATEMENTS OF
CASH FLOWS (CONT'D)
FOR THE YEAR ENDED 31 MARCH 2020

	The Group		The Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES				
Interest income received	**5,812**	5,205	**198**	209
Dividends received	**1,987**	1,977	**8,917**	8,906
Proceeds from disposal of property, plant and equipment	**7**	47	**-**	-
Additions to other investments	**(186)**	(154)	**(186)**	(154)
Additions to property, plant and equipment	**(15,840)**	(38,963)	**(50)**	(28)
Addition to investment in subsidiary companies	**-**	-	**(650)**	(700)
Amount recovered/(additions) for KKPA program	**733**	(1,947)	**-**	-
Net Cash (Used In)/From Investing Activities	**(7,487)**	(33,835)	**8,229**	8,233
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES				
Drawdown of term loan	**6,000**	-	**-**	-
Repayment of term loan	**(300)**	-	**-**	-
Repayment of hire purchase payables	**(80)**	(260)	**-**	-
Repayment of lease liabilities	**(1,073)**	-	**-**	-
Dividend paid by:				
Subsidiary companies to non-controlling interests	**(1,584)**	(1,296)	**-**	-
The Company	**(6,847)**	(6,847)	**(6,847)**	(6,847)
Finance costs paid	**(409)**	(37)	**-**	-
Net Cash Used In Financing Activities	**(4,293)**	(8,440)	**(6,847)**	(6,847)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**18,021**	23,413	**(427)**	28
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**199,911**	174,381	**6,585**	6,557
EFFECT OF TRANSLATION DIFFERENCES	**(8,994)**	2,117	**-**	-
CASH AND CASH EQUIVALENTS AT END OF YEAR (NOTE 28)	**208,938**	199,911	**6,158**	6,585

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.

The information on the name, place of incorporation, principal activities, and percentage of issued share capital held by the Company in the subsidiaries are disclosed in Note 16.

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 4 August 2020.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

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

Adoption of New and Amendments to MFRS and Issues Committee ("IC") Interpretation

In the current financial year, the Group and the Company has adopted all the new Standards, Amendments and IC Interpretation issued by the Malaysian Accounting Standards Board ("MASB") that are relevant to its operations and effective for annual periods beginning on or after 1 January 2019 as follows:

MFRS 16	Leases
Amendments to MFRS 9	Prepayment Features with Negative Compensation
Amendments to MFRS 119	Plan Amendment, Curtailment or Settlement
Amendments to MFRS 128	Long-term Interest in Associates and Joint Ventures
IC Interpretation 23	Uncertainty over Income Tax Treatments
Annual Improvements to MFRSs 2015 - 2017 Cycle	

The adoption of these new Standards, Amendments and IC Interpretation have not affected the amounts reported on the financial statements of the Group and of the Company in the current and previous financial year, except as discussed below:

MFRS 16 Leases

In the current year, the Group and the Company have applied MFRS 16 Leases that is effective for an annual period that begins on or after 1 January 2019.

MFRS 16 introduces significant changes to leasee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement of all leases, except for short-term leases and leases of low-value assets when such recognition exemptions are adopted. In contrast to leasee accounting, the requirements for lessor accounting have remained largely unchanged.

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

MFRS 16 Leases (Cont'd)

The date of initial application of MFRS 16 for the Group and the Company is 1 April 2019 and the Group and the Company have applied MFRS 16 using the cumulative catch-up approach which:

(a) requires the Group and the Company to recognises the cumulative effect of initial applying MFRS 16 as an adjustment to the opening balance of retained earnings at the date of initial application; and

(b) does not permit restatement of comparatives, which continue to be presented under MFRS 117 Leases and IC Interpretation 4 *Determining Whether an Arrangement contains a Lease*.

The Group and the Company have made use of the practical expedient on transition to MFRS 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with MFRS 117 and IC Interpretation 4 will continue to be applied to those leases entered or changed before 1 April 2019.

The change in definition of a lease mainly relates to the concept of control. MFRS 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group and the Company apply the definition of a lease and related guidance set out in MFRS 16 to all lease contracts entered into or changed on or after 1 April 2019 and the new definition in MFRS 16 did not significantly change the scope of contracts that meet the definition of a lease for the Group and the Company.

MFRS 16 changes how the Group and the Company accounts for leases previously classified as operating leases under MFRS 117, which were off balance sheet. Applying MFRS 16, the Group and the Company:

(a) recognises right-of-use assets and leases liabilities in the Group's and the Company's statement of financial position, initially measured at the present value of the future lease payments, with the right-of-use assets adjusted by the amount of any prepaid or accrued lease payment in accordance with MFRS 16:C8(b)(ii);

(b) recognise depreciation of right-of-use assets and interest on lease liabilities in the Group's and the Company's statement of profit or loss; and

(c) separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within financing activities) in the Group's and the Company's statement of cash flows.

The Group and the Company have adopted the following practical expedients when applying the cumulative catch-up approach to leases previously classified as operating leases applying MRFS 117:

(a) single discount rate to a portfolio of leases with reasonably similar characteristics;

(b) exclusion of initial direct costs from the measurement of the right-of-use assets at the date of initial application;

(c) non-recognition of right-of-use assets and lease liabilities to leases which the lease term ends within 12 months of the days of initial application;

(d) hindsight used when determining the lease term when the contract contains options to extend or terminate the lease; and

(e) no separation of non-lease components, and account for the lease and associated non-lease components as a single arrangement.

For short-term leases and leases of low-value assets, the Group and the Company have opted to recognise a lease expense on a straight-line basis as permitted by MFRS 16. This expense is presented within 'Other operating expenses' in the Group's and the Company's statement of profit or loss.

Under MFRS 16, right-of-use assets are tested for impairment in accordance with MFRS 136 *Impairment of Assets*. This replaces the previous requirement to recognise a provision for onerous lease contracts.

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

MFRS 16 Leases (Cont'd)

The directors of the Group and the Company reviewed and assessed the Group's and the Company's operating lease commitment applying MFRS 117 as at 31 March 2019 and concluded that the initial application of MFRS 16 has had the following impact:

	The Group RM'000
Operating lease commitments as at 31 March 2019	4,291
Effect of discounting the above amounts	(645)
Add:	
Present value of the lease payments due in periods covered by extension options that are included in the lease term and not previously included in operating lease	2,633
Lease liabilities recognised as at 1 April 2019	6,279

The Group recognised RM6,279,000 of right-of-use assets and lease liabilities in the Group's statement of financial position as at 1 April 2019. The weighted average lessees incremental borrowing rate applied to lease liabilities recognised at 1 April 2019 ranging from 4.95% to 5.15%. The initial application of MFRS 16 has had no impact on the Group's retained earnings as at 1 April 2019.

For lessor accounting, the application of MFRS 16 has had no impact on the Group's and the Company's financial statements.

Standards and Amendments in Issue but Not Yet Effective

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

MFRSs	Amendments to References to the Conceptual Framework in MFRS Standards[1]
MFRS 17	Insurance contracts[3]
Amendments to MFRS 3	Definition of a Business[1]
Amendments to MFRS 3	Reference to the Conceptual Framework[4]
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[5]
Amendments to MFRS 101	Classification of Liabilities as Current or Non-Current[4]
Amendments to MFRS 101 and MFRS 108	Definition of Material[1]
Amendments to MFRS 9, MFRS 139 and MFRS 7	Interest Rate Benchmark Reform[1]
Amendments to MFRS 16	Covid-19 - Related Rent Concessions[2]
Amendments to MFRS 116	Property, Plant and Equipment - Proceeds before Intended Use[4]
Amendments to MFRS 137	Onerous Contracts - Cost of Fulfilling a Contract[4]
Annual Improvements to MFRS 2018 - 2020 Cycle[4]	

1 Effective for annual periods beginning on or after 1 January 2020, with earlier application permitted.
2 Effective for annual periods beginning on or after 1 June 2020, with earlier application permitted.
3 Effective for annual periods beginning on or after 1 January 2021, with earlier application permitted.
4 Effective for annual periods beginning on or after 1 January 2022, with earlier application permitted.
5 Effective date deferred to a date to be determined and announced.

The directors anticipate that the abovementioned Standards and Amendments 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 and Amendments 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 for goods and services.

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 MFRS 2 *Share-based Payment*, leasing transactions that are within the scope of MFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in MFRS 102 *Inventorie*s or value in use in MFRS 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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Subsidiaries and Basis of Consolidation (Cont'd)

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 MFRS 9 *Financial Instruments* or, when applicable, the cost on initial recognition of an investment in an associate or joint venture.

Investment in Subsidiary Companies

Investment in subsidiary companies, which is eliminated on consolidation, is stated at cost less any impairment losses in the Company's separate financial statements. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

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 acquiree 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 MFRS 112 *Income Taxes* and MFRS 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 MFRS 2 Share-based Payment at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

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 MFRSs.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Business Combinations (Cont'd)

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 MFRS 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 at the acquisition date that, if known, would have affected the amounts recognised at that date.

Revenue

Revenue of the Company consists of dividend income and management fees through provision of group services.

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 when or as a performance obligation in the contract with customer is satisfied, i.e. when the "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation is a promise to transfer a distinct good or service (or a series of distinct goods or services that are substantially the same and that have the same pattern of transfer) to the customer that is explicitly stated in the contract and implied in the Group's customary business practices.

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer. Revenue from contracts with customers is measured at its transaction price, being the amount of consideration which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties such as sales taxes or goods and services taxes. If the amount of consideration varies due to discounts, rebates, refunds, credits, incentives, penalties or other similar items, the Group estimates the amount of consideration to which it will be entitled based on the expected value or the most likely outcome. If the contract with customer contains more than one performance obligation, the amount of consideration is allocated to each performance obligation based on the relative stand-alone selling prices of the goods or services promised in the contract.

The revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Revenue (Cont'd)

The control of the promised goods or services may be transferred over time or at a point in time. The control over the goods or services is transferred over time and revenue is recognised over time if:

(i) the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;

(ii) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

(iii) the Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

Revenue for performance obligation that is not satisfied over time is recognised at the point in time at which the customer obtains control of the promised goods or services.

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 control over the goods 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.

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 expenses 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 2019, and the valuation covers the financial years ended 31 March 2019 to 31 March 2022.

(ii) Indonesia

The Group's subsidiary companies in Indonesia provide for employee benefit liabilities in accordance with the Labour Law No. 13 Year 2003 ("Law No. 13/2003"), which was enacted on 25 March 2003. Provision for retirement benefits is made based on an actuarial valuation carried out by a qualified actuary using the "Projected Unit Credit" method. The latest actuarial valuation was undertaken on 31 March 2020.

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 employee benefits expenses.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for recognition.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Income Tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statements of profit or loss and other comprehensive income because items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's and the Company's liability for the current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally 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 those deductible temporary differences, unused tax losses and unused tax credits can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group and the Company expect, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off 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 its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items that are recognised outside profit or loss (whether in other comprehensive income or directly in equity), in which case the tax is recognised in other comprehensive income or directly in equity respectively.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Land Held for Property Development

Land held for property development is classified as non-current asset and is stated at lower of costs and net realisable value. Land held for property development consists of land where no significant 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%
Staff quarters cum office block	5% - 10%
Land improvements	5%
Renovation	10%
Bearer plants	5%

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.

Bearer plants are living plants that are used in the production or supply of agricultural produce, which are expected to bear produce for more than one period and has a remote likelihood of being sold as agricultural produce, except for incidental scrap sales.

Bearer plants (oil palm trees) include mature plantations (fresh fruit bunches), immature plantations and nursery that are established or acquired by the Group.

Mature plantations are stated at cost, less accumulated depreciation and any impairment losses where the recoverable amount of the asset is estimated to be lower than its carrying amount. Depreciation is charged so as to write off the cost of mature plantations, using the straight-line method, over the estimated useful lives of 20 years.

Costs incurred in the preparation of the nursery, purchase of seedlings and their maintenance are stated at cost. The accumulated costs will be transferred to immature plantations account at the time of planting.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Property, Plant and Equipment (Cont'd)

Immature plantations are stated at cost. The costs of immature plantations consist mainly of the accumulated cost of planting, fertilising and maintaining the plantation, including borrowing costs on such borrowings and other indirect overhead costs up to the time the trees are harvestable and to the extent appropriate. An oil palm plantation is considered mature when such plantation starts to produce at the beginning of the fourth year.

Bearer plants are derecognised upon disposal or when no future economic benefits are expected from its use or disposed. Any gains or losses on disposal of bearer plants are recognised in the income statement in the year of disposal.

The residual values and useful lives of bearer plants are reviewed, and adjusted as appropriate, at the end of each reporting period.

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

<u>The Group as lessor</u>

The Group enters into lease agreements as a lessor that subleases out certain land and buildings.

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownerships to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance lease or operating lease by reference to the classification from the head lease.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on straight-line basis over the lease term.

Amount due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

When a contract includes lease and non-lease components, the Group applied MFRS 15 *Revenue from Contracts with Customers* to allocate the consideration under the contract to each component.

<u>The Group as lessee</u>

Accounting policies applied from 1 April 2019

The Group assesses whether a contract is or contains a lease, at inception of the contract and recognises right-of-use assets and lease liabilities at commencement date.

The lease liability is initially measured at the present value of the lease payments, which comprise the fixed lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Accounting policies applied from 1 April 2019 (Cont'd)

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset at the commencement date and the Group applies MFRS 136 to determine whether a right-of-use asset is impaired.

Lease that is associated to short-term leases and leases of low value assets is recognised as an operating expense in the profit or loss on a straight-line basis over the term of the lease. Short-term leases are leases with a lease term of 12 months or less. Low value assets are those newly purchased assets with value less than RM25,000 each.

Accounting policies applied until 31 March 2019

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 statements 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 above). 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

Biological assets comprise of produce growing on bearer plants. Produce growing on bearer plants are accounted for as biological assets until the point of harvest. Biological assets are measured on initial recognition and at the end of each reporting period at its fair value less costs to sell.

Changes in fair value of growing produce on bearer plants are recognised in profit or loss. Fair value is determined based on the present value of expected net cash flows from the biological assets. The expected cash flows are estimated using the expected output method and the estimated market price of the biological assets.

Biological assets are classified as current assets for bearer plants that are expected to be harvested on a date not more than 12 months after the reporting date, and the balance are classified as non-current.

At the time of harvest, produces are measured at fair value less costs to sell and transferred to inventories.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 MFRS 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.

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 MFRS 136 Impairment of Assets 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 MFRS 136 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 MFRS 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 MFRS 136.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Impairment of Non-Financial Assets

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

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

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

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

Advances for KKPA Program

Advances for Kredit Koperasi Primer untuk Anggotanya ("KKPA") program in respect of another subsidiary company in Indonesia, as further explained in Note 19, 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 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.

The cost of fresh fruit bunches ("FFB") transferred from biological assets is its fair value less costs to sell at the date of harvest.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

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 ("FVTPL"), which are initially measured at fair value.

Financial Assets

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.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Financial assets are classified as subsequently measured at amortised cost, FVTPL or fair value through other comprehensive income ("FVTOCI"). The classification depends on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

A financial asset is any asset that is cash, a contractual right to receive cash or another financial asset from another enterprise, a contractual right to exchange financial instruments with another enterprise under conditions that are potentially favourable, or an equity instrument of another enterprise.

(i) Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial Assets (Cont'd)

(i) Financial assets at amortised cost (Cont'd)

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 (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Income from financial assets is recognised on an effective interest method for debt instruments other than those financial assets classified as FVTPL.

(ii) Financial assets at FVTPL

Financial assets that do not meet the amortised cost criteria or the FVTOCI criteria are measured at FVTPL. In addition, financial assets that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss.

(iii) Equity instruments designated as at FVTOCI

On initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI.

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs.

Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investments revaluation reserve. The cumulative gain or loss is not to be reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings.

Dividends on these investments in equity instruments are recognised in profit or loss in accordance with MFRS 9, unless the dividends clearly represent a recovery of part of the cost of the investment.

Impairment of financial assets

The Group and the Company recognise a loss allowance for expected credit losses ("ECL") on all trade and other receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group and the Company recognise lifetime ECL for trade receivables and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group and the Company recognise lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group and the Company measure the loss allowance for that financial instrument at an amount equal to 12-month ECL.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Impairment of financial assets (Cont'd)

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and includes forward-looking information.

Financial Liabilities and Equity Instruments

Classification as debt or equity

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

Equity instruments

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

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

Financial liabilities

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

Financial liabilities at FVTPL

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

A financial liability is classified as held for trading if:

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

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

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial Liabilities and Equity Instruments (Cont'd)

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 in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by a group entity are initially measured at their fair values and, if not designated as FVPTL, are subsequently measured at the higher of:

- The amount of the obligation under the contract, as determined in accordance to MFRS 9; and
- The amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies.

Derivative Financial Instruments

The Group and the Company enter into derivatives, namely foreign currency forward contracts and commodity future contracts, to manage foreign currency exposures and adverse price movements in commodities as a result of receipts in foreign currency and purchase of commodities.

Derivatives are initially recognised at their fair values at the date the derivative contract is entered into and are subsequently re-measured to their fair values at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of recognition in profit or loss depends on nature of the hedge relationship.

Derivatives with a positive fair value are recognised as a financial asset; and derivatives with a negative fair value are recognised as a financial liability.

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 lease 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 of SAI are located is expiring on 31 March 2023, which is significantly shorter than the useful lives of the property, plant and equipment on the land. Pursuant to the said lease agreement, SAI intends to apply for a renewal of the lease agreement with SRM upon its expiry. Based on past experience of successful renewal of the lease agreement and since SRM is a major shareholder of the Company, the directors of the subsidiary company are confident that the said lease agreement will be successfully renewed upon its expiry on 31 March 2023 and accordingly, no impairment loss needs to be considered for the factory building and oleochemical plant with net book value of RM31,983,032 (2019: RM31,465,530).

(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 RM18,547,704 (2019: RM19,135,089), which is constructed on the said land.

(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) Calculation for loss allowance

The Group measures the loss allowance for trade receivables at an amount equal to lifetime expected credit loss ("ECLs"). The ECLs on trade receivables are estimated by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over two years past due, whichever occurs earlier.

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

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

(a) Calculation for loss allowance (Cont'd)

As at the end of the reporting period, loss allowance on receivables provided by the Group is as follows:

	The Group	
	2020	**2019**
	RM'000	**RM'000**
Trade receivables	**959**	1,074
Other receivables	**142**	142
	1,101	1,216

(b) 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 at the end of the reporting period, the total carrying amount of deferred tax assets recognised by the Group is as follows:

	The Group	
	2020	**2019**
	RM'000	**RM'000**
Deferred tax assets	**3,059**	1,261

(c) 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 at 31 March 2020, the Company has recognised impairment loss in respect of the following asset:

	The Company	
	2020	**2019**
	RM'000	**RM'000**
Impairment loss on investment in subsidiary companies	**7,742**	7,202

(d) Provision for retirement benefits

The Group makes contribution to a defined benefit plans that provide pension for eligible employees of the Group. The amount is determined based on the years of service and salaries of the employees at the time of pension. Due to the long term nature of the defined benefit plan, such estimates are subject to significant uncertainty. The amount of defined benefit asset recognised in the statements of financial position is limited to the present value of economic benefits in the form of refunds or reductions in future contributions to the fund. The levels of future contributions to the plan which are used to assess this limit is subject to some uncertainty due to other assumptions which requires the director's best estimate.

The carrying amount of provision for retirement benefits is disclosed in Note 34.

5. REVENUE

An analysis of revenue is as follows:

	The Group		The Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Revenue from contracts with customers:				
Sale of plantation products and produces	**551,863**	496,447	**-**	-
Healthcare services	**91,365**	84,216	**-**	-
Warehousing and bulk conveyor operations	**7,843**	9,027	**-**	-
	651,071	589,690	**-**	-
Revenue from other sources:				
Administrative services fees	**6,832**	6,184	**-**	-
Dividend income	**1,987**	1,977	**8,917**	8,906
Management fees	**396**	794	**4,646**	4,152
	660,286	598,645	**13,563**	13,058

The timing of revenue from contract with customers is at a point in time.

6. INVESTMENT REVENUE

	The Group		The Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Interest income on fixed deposits and short-term placements	**5,812**	5,205	**198**	209

7. DIRECTORS' REMUNERATION

	The Group		The Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Directors of the Company				
Executive directors:				
Fees	**152**	132	**152**	132
Other emoluments	**1,028**	956	**1,028**	956
	1,180	1,088	**1,180**	1,088
Non-executive directors:				
Fees	**412**	423	**412**	423
Other emoluments	**48**	48	**48**	48
	460	471	**460**	471
	1,640	1,559	**1,640**	1,559
Directors of the subsidiaries				
Fees	**268**	238	**-**	-
Other emoluments	**1,756**	1,746	**-**	-
	2,024	1,984	**-**	-
Total	**3,664**	3,543	**1,640**	1,559

7. DIRECTORS' REMUNERATION (CONT'D)

Contributions to EPF for the directors of the Group and of the Company during the current financial year amounted to RM255,096 and RM120,888 (2019: RM253,951 and RM112,440) 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 RM97,532 and RM55,145 (2019: RM139,160 and RM70,760) respectively.

8. PROFIT BEFORE TAX

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

	The Group		The Company	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
Share of common expense	**-**	941	**-**	-
Changes in fair value of derivatives	**(1,678)**	(341)	**-**	-
Rental income	**1,059**	1,045	**-**	-
(Loss)/Gain on foreign exchange (net):				
Unrealised	**(105)**	4,204	**-**	48
Realised	**944**	(1,148)	**12**	5
Provision for retirement benefits	**(1,861)**	(1,585)	**(101)**	(125)
Fees paid/payable to external auditors:				
Statutory audit:				
Auditors of the Company	**(285)**	(256)	**(81)**	(81)
Member firm of the auditors of the Company	**-**	(193)	**-**	-
Other auditors	**(104)**	(30)	**-**	-
Non-audit services:				
Auditors of the Company:				
Current year	**(62)**	(22)	**(12)**	(7)
Underprovision in prior year	**(9)**	(3)	**(9)**	(3)
Other auditors	**(91)**	(98)	**(45)**	(12)
Gain/(Loss) on disposal of property, plant and equipment	**3**	(123)	**-**	-
Employee benefits expenses	**(57,883)**	(51,902)	**(4,059)**	(3,665)
Reversal of loss allowance for:				
- Trade receivables (Note 24)	**112**	191	**-**	-
- KKPA receivables (Note 19)	**400**	-	**-**	-
Net fair value change in biological assets (Note 21)	**431**	136	**-**	-
Inventories written off (Note 22)	**(48)**	(64)	**-**	-
Property, plant and equipment written off	**(1,166)**	(54)	**-**	-
Impairment on investment in subsidiaries	**-**	-	**(540)**	-

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 RM4,991,835 and RM477,046 (2019: RM4,575,939 and RM407,110) respectively.

9. FINANCE COSTS

	The Group	
	2020	**2019**
	RM'000	**RM'000**
Interest expense on:		
Hire purchase payables	**56**	37
Lease liabilities	**280**	-
Term loan	**73**	-
	409	37

10. INCOME TAX EXPENSE

	The Group		The Company	
	2020	**2019**	**2020**	**2019**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Estimated tax payable:				
Current year	**12,627**	11,064	**-**	-
Overprovision in prior years	**(957)**	(155)	**-**	-
	11,670	10,909	**-**	-
Deferred tax (Note 20):				
Current year	**(225)**	2,252	**-**	-
Overprovision in prior years	**(1,934)**	(55)	**-**	-
	(2,159)	2,197	**-**	-
	9,511	13,106	**-**	-

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2019: 24%) of the estimated taxable profit for the year. Taxation of other jurisdictions is calculated at the rate prevailing in the respective jurisdictions.

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	
	2020	**2019**	**2020**	**2019**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Profit before tax	**48,740**	38,574	**6,025**	7,012
Tax at the Malaysian statutory income tax rate of 24% (2019: 24%)	**11,698**	9,258	**1,446**	1,683
Different tax rate in other jurisdiction	**265**	161	**-**	-
Tax effects of:				
Non-deductible expenses	**482**	5,351	**284**	98
Non-taxable income	**(1,885)**	(1,787)	**(2,188)**	(2,020)
Realisation of deferred tax assets previously not recognised	**(57)**	(74)	**-**	-
Deferred tax assets not recognised	**1,899**	407	**458**	239
Overprovision in prior years:				-
Current	**(957)**	(155)	**-**	-
Deferred tax	**(1,934)**	(55)	**-**	-
Income tax expense	**9,511**	13,106	**-**	-

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 RM7,628,000 (2019: RM7,616,000) 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 RM171,823,000 (2019: RM171,823,000) 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 (2019: 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 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	
	2020	**2019**
Profit for the year attributable to ordinary equity holders of the Company (RM'000)	**31,998**	21,484
Number of ordinary shares in issue	**136,934,132**	136,934,132
Basic earnings per share (sen)	**23.37**	15.69

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	
	2020	**2019**
	RM'000	**RM'000**
Freehold land at cost	**134,285**	134,285
Development costs	**5,583**	5,583
	139,868	139,868

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

13. PROPERTY, PLANT AND EQUIPMENT

The Group Cost	As of 1 April 2019 RM'000	Additions RM'000	Disposals RM'000	Write offs RM'000	Reclassifications RM'000	Effects of foreign exchange translation RM'000	As of 31 March 2020 RM'000
Leasehold land	2,386	-	-	-	-	(168)	**2,218**
Freehold land	5,118	-	-	-	-	(13)	**5,105**
Freehold office	8,545	-	-	-	-	-	**8,545**
Factory buildings	12,878	-	-	-	-	(147)	**12,731**
Palm oil mills	66,824	457	-	(525)	-	(5,356)	**61,400**
Hospital building	29,369	-	-	-	-	-	**29,369**
Medical equipment	43,516	3,962	-	(6,464)	11,660	-	**52,674**
Plant, machinery, equipment and electrical installation	160,890	4,545	(250)	(2,442)	15,328	(1,215)	**176,856**
Motor vehicles	7,735	187	-	(227)	-	(283)	**7,412**
Office equipment, furniture and fittings	29,548	3,769	(10)	(829)	-	(53)	**32,425**
Staff quarters cum office block	6,382	56	-	(34)	-	(498)	**5,906**
Land improvements	7,294	369	-	-	-	(583)	**7,080**
Construction in-progress:							
Plant and machinery	14,881	447	-	-	(15,328)	-	**-**
Building	193	-	-	-	-	(9)	**184**
Medical equipment	11,660	-	-	-	(11,660)	-	**-**
Renovation	1,065	-	-	-	-	-	**1,065**
Bearer plants	32,588	2,048	-	(1,081)	-	(2,459)	**31,096**
Total	440,872	15,840	(260)	(11,602)	-	(10,784)	**434,066**

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

The Group Cost	As of 1 April 2018 RM'000	Additions RM'000	Disposals RM'000	Write offs RM'000	Reclassifications RM'000	Effects of foreign exchange translation RM'000	As of 31 March 2019 RM'000
Leasehold land	2,342	-	-	-	-	44	2,386
Freehold land	5,115	-	-	-	-	3	5,118
Freehold office	8,545	-	-	-	-	-	8,545
Factory buildings	11,159	1,719	-	-	-	-	12,878
Palm oil mills	63,524	1,888	-	-	-	1,412	66,824
Hospital building	29,369	-	-	-	-	-	29,369
Medical equipment	41,154	4,431	(3)	(2,066)	-	-	43,516
Plant, machinery, equipment and electrical installation	155,431	5,395	(168)	(10)	-	242	160,890
Motor vehicles	7,084	794	(209)	-	-	66	7,735
Office equipment, furniture and fittings	26,509	3,002	(5)	(51)	105	(12)	29,548
Staff quarters cum office block	5,941	317	-	-	-	124	6,382
Land improvements	6,428	710	-	-	-	156	7,294
Construction in-progress:							
Plant and machinery	10,104	4,777	-	-	-	-	14,881
Building	212	84	-	-	(105)	2	193
Medical equipment	-	11,660	-	-	-	-	11,660
Renovation	1,065	-	-	-	-	-	1,065
Bearer plants	27,848	4,186	-	-	-	554	32,588
Total	401,830	38,963	(385)	(2,127)	-	2,591	440,872

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

The Group Accumulated Depreciation	As of 1 April 2019 RM'000	Charge for the year RM'000	Disposals RM'000	Write offs RM'000	Reclassifications RM'000	Effects of foreign exchange translation RM'000	As of 31 March 2020 RM'000
Leasehold land	1,468	39	-	-	-	(109)	**1,398**
Freehold land	-	-	-	-	-	-	**-**
Freehold office	817	171	-	-	-	-	**988**
Factory buildings	4,097	317	-	-	-	(31)	**4,383**
Palm oil mills	27,255	4,245	-	(337)	-	(2,631)	**28,532**
Hospital building	10,234	587	-	-	-	-	**10,821**
Medical equipment	33,117	2,402	-	(6,455)	-	-	**29,064**
Plant, machinery, equipment and electrical installation	129,349	5,743	(250)	(2,438)	-	(847)	**131,557**
Motor vehicles	5,189	679	-	(227)	-	(201)	**5,440**
Office equipment, furniture and fittings	18,443	1,826	(6)	(817)	-	(49)	**19,397**
Staff quarters cum office block	3,823	474	-	(34)	-	(346)	**3,917**
Land improvements	4,003	426	-	-	-	(363)	**4,066**
Construction in-progress:							
Plant and machinery	-	-	-	-	-	-	**-**
Building							
Medical equipment	-	-	-	-	-	-	**-**
Renovation	901	107	-	-	-	-	**1,008**
Bearer plants	6,494	1,554	-	(128)	-	(628)	**7,292**
Total	245,190	18,570	(256)	(10,436)	-	(5,205)	**247,863**

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

The Group Accumulated Depreciation	As of 1 April 2018 RM'000	Charge for the year RM'000	Disposals RM'000	Write offs RM'000	Reclassifications RM'000	Effects of foreign exchange translation RM'000	As of 31 March 2019 RM'000
Leasehold land	1,381	60	-	-	-	27	1,468
Freehold land	-	-	-	-	-	-	-
Freehold office	646	171	-	-	-	-	817
Factory buildings	3,835	262	-	-	-	-	4,097
Palm oil mills	22,553	3,918	-	-	-	784	27,255
Hospital building	9,647	587	-	-	-	-	10,234
Medical equipment	33,427	1,717	(2)	(2,025)	-	-	33,117
Plant, machinery, equipment and electrical installation	123,897	5,170	-	(7)	-	289	129,349
Motor vehicles	4,767	606	(209)	-	-	25	5,189
Office equipment, furniture and fittings	17,034	1,501	(4)	(41)	-	(47)	18,443
Staff quarters cum office block	3,263	482	-	-	-	78	3,823
Land improvements	3,558	365	-	-	-	80	4,003
Construction in-progress:							
Plant and machinery	-	-	-	-	-	-	-
Building							
Medical equipment	-	-	-	-	-	-	-
Renovation	795	106	-	-	-	-	901
Bearer plants	5,557	819	-	-	-	118	6,494
Total	230,360	15,764	(215)	(2,073)	-	1,354	245,190

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

The Group	Net Book Value 2020 RM'000	2019 RM'000
Leasehold land	**820**	918
Freehold land	**5,105**	5,118
Freehold office	**7,557**	7,728
Factory buildings	**8,348**	8,781
Palm oil mills	**32,868**	39,569
Hospital building	**18,548**	19,135
Medical equipment	**23,610**	10,399
Plant, machinery, equipment and electrical installation	**45,299**	31,541
Motor vehicles	**1,972**	2,546
Office equipment, furniture and fittings	**13,028**	11,105
Staff quarters cum office block	**1,989**	2,559
Land improvements	**3,014**	3,291
Construction in-progress:		
Plant and machinery	**-**	14,881
Building	**184**	193
Medical equipment	**-**	11,660
Renovation	**57**	164
Bearer plants	**23,804**	26,094
Total	**186,203**	195,682

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 at 1 April 2018	3,593	1,522	1,376	1,065	7,556
Additions	-	-	28	-	28
As at 31 March 2019/1 April 2019	3,593	1,522	1,404	1,065	7,584
Additions	-	-	50	-	50
Write offs	-	-	(24)	-	(24)
As at 31 March 2020	**3,593**	**1,522**	**1,430**	**1,065**	**7,610**
Accumulated Depreciation					
As at 1 April 2018	563	1,019	1,072	795	3,449
Charge for the year	72	134	124	106	436
As at 31 March 2019/1 April 2019	635	1,153	1,196	901	3,885
Charge for the year	72	134	118	106	430
Write offs	-	-	(24)	-	(24)
As at 31 March 2020	**707**	**1,287**	**1,290**	**1,007**	**4,291**
Net Book Value					
As at 31 March 2020	**2,886**	**235**	**140**	**58**	**3,319**
As at 31 March 2019	**2,958**	**369**	**208**	**164**	**3,699**

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, where the hospital building is constructed, 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 needs to be considered on the private hospital building with net book value of RM18,547,704 (2019: RM19,135,089), which is constructed on the said land.

(ii) As at 31 March 2020, the strata titles in respect of freehold office with net book value of RM7,557,056 (2019: RM7,727,939) and RM2,886,000 (2019: RM2,957,833) belonging to the Group and the Company respectively have not yet been issued.

(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 is expiring on 31 March 2023, which is significantly shorter than the remaining useful life of the property, plant and equipment on the land. SAI intends to apply for a renewal of the lease agreement with SRM upon its expiry on 31 March 2023 and accordingly, no impairment loss needs to be considered for the factory building and oleochemical plant with net book value of RM31,983,032 (2019: RM31,465,530).

(iv) Included in property, plant and equipment of the Group are fully depreciated assets with cost amounting to RM151,501,531 (2019: RM153,381,757), 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 amounted to RM371,861 (2019: RM733,781).

14. RIGHT-OF-USE ASSETS

The Group	**Land RM'000**	**Building RM'000**	**Total RM'000**
Cost			
As at 1 April 2019/ 31 March 2020	**6,020**	**259**	**6,279**
Accumulated Depreciation			
As at 1 April 2019	-	-	-
Charge for the year	(1,198)	(99)	(1,297)
As at 31 March 2020	**(1,198)**	**(99)**	**(1,297)**
Net Book Value			
As at 31 March 2020	**4,822**	**160**	**4,982**

The leases have contractual terms ranging from 3 to 10 years. The maturity analysis of lease liabilities is presented in Note 33.

The total cash outflow for leases amount to RM1,353,000.

Amounts recognised in profit or loss

	RM'000
Depreciation expense on right-of-use assets	1,297
Finance costs on lease liabilities (Note 33)	280
Expense relating to short-term leases	185
Expense relating to leases of low-value assets	5

15. INVESTMENT PROPERTY

	The Group	
	2020	**2019**
	RM'000	**RM'000**
Cost		
At beginning of year/end of year	**3,318**	3,318
Fair value	**14,200**	14,200

Investment property consists of a piece of vacant freehold land in Klang. A valuation was carried out by an independent firm of professional valuers in May 2019, using the comparison method, involving comparison to other similar properties in the same location to arrive at a fair value of RM14,200,000 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 RM29,000 (2019: RM14,000).

Details of the Group's investment property and information about the fair value hierarchy as at 31 March 2020 are as follows:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Fair value RM'000
2020				
Investment property	**-**	**-**	**14,200**	**14,200**
2019				
Investment property	-	-	14,200	14,200

16. INVESTMENT IN SUBSIDIARY COMPANIES

	The Company	
	2020	**2019**
	RM'000	**RM'000**
Unquoted shares at cost		
At beginning of the year	**252,691**	251,991
Additions during the year	**650**	700
At end of the year	**253,341**	252,691
Accumulated impairment losses:		
At beginning of the year	**(7,202)**	(7,202)
Additions during the year	**(540)**	-
At end of the year	**(7,742)**	(7,202)
Total	**245,599**	245,489

16. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

Additions of investment in subsidiaries in 2020

In 2020, the Company subscribed to the following new ordinary shares of subsidiaries:

	Name of subsidiaries ordinary shares RM'000	Number of Consideration paid RM'000
SAB Properties Development Co. Sdn. Bhd.	600	600
Wilstar Sdn. Bhd.	50	50
	650	650

The effective interest of these companies remains unchanged at 100% as at 31 March 2020.

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 RM7,742,000 (2019: RM7,202,000) as at the end of the reporting period is deemed adequate in respect of investment in the subsidiary companies.

The details of subsidiary companies are as follows:

Direct subsidiary companies	Country of incorporation	Proportion of ownership interest 2020	2019	Principal activities
Southern Acids Cronos Resource 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. Bhd.	Malaysia	**100%**	100%	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. Bhd	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

16. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

Direct subsidiary companies	Country of incorporation	Proportion of ownership interest 2020	2019	Principal activities
Parson Medithor Medical Sdn. Bhd.	Malaysia	**100%**	100%	Dormant
SAB Bio-Fuel Sdn. Bhd.	Malaysia	**100%**	100%	Pre-operating
Imayos Letting Sdn. Bhd.	Malaysia	**100%**	100%	Pre-operating
Indirect subsidiary companies				
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

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

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 2020	2019
Manufacturing and marketing of oleochemical products	Malaysia	**1**	1
Managing and operating of private hospital	Malaysia	**3**	3
Sale of oil palm fruit	Malaysia	**1**	1
Bulk conveyor operations	Malaysia	**1**	1
Others	Malaysia	**6**	6
Others	Hong Kong	**1**	1
		13	13

Principal activity	Place of incorporation and operation	Number of non-wholly-owned subsidiary companies 2020	2019
Sales of oil palm fruit and crude palm oil	Indonesia	**2**	2
Others	Malaysia	**1**	1
		3	3

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/(Loss) allocated to non-controlling interest RM'000	Accumulated non-controlling interests RM'000
2020				
Firstview Development Sdn. Bhd.	Malaysia	**10.0%**	**235**	**12,703**
PT Mustika Agro Sari (Held through Firstview Development Sdn. Bhd.)	Indonesia	**37.0%**	**4,266**	**37,920**
PT Wanasari Nusantara (Held through PT Mustika Agro Sari)	Indonesia	**37.0%**	**2,730**	**5,177**
Total			**7,231**	**55,800**
2019				
Firstview Development Sdn. Bhd.	Malaysia	10.0%	255	12,468
PT Mustika Agro Sari (Held through Firstview Development Sdn. Bhd.)	Indonesia	37.0%	4,178	39,082
PT Wanasari Nusantara (Held through PT Mustika Agro Sari)	Indonesia	37.0%	(449)	3,184
Total			3,984	54,734

16. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

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

	Firstview Development Sdn. Bhd.		PT Mustika Agro Sari		PT Wanasari Nusantara	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Statement of financial position						
Current assets	**32,143**	29,773	**118,837**	121,364	**35,140**	27,886
Non-current assets	**9,041**	8,741	**17,559**	20,956	**61,482**	66,957
Current liabilities	**276**	256	**9,222**	11,276	**69,634**	75,876
Non-current liabilities	**-**	-	**2,838**	2,516	**3,134**	2,526
Equity attributable to owners of the Company	**28,205**	25,790	**86,416**	89,446	**18,677**	13,257
Non-controlling interests	**12,703**	12,468	**37,920**	39,082	**5,177**	3,184
Statement of profit or loss and other comprehensive income						
Revenue	**3,996**	2,952	**125,592**	100,132	**141,670**	103,521
Expenses	**(1,165)**	(57)	**(110,634)**	(84,855)	**(132,352)**	(103,487)
Profit before tax	**2,831**	2,895	**14,958**	15,277	**9,318**	34
Income tax expense	**(482)**	(341)	**(3,427)**	(3,985)	**(1,940)**	(1,247)
Profit/(Loss) for the year	**2,349**	2,554	**11,531**	11,292	**7,378**	(1,213)
Profit/(Loss) attributable to owners of the Company	**2,114**	2,299	**7,265**	7,114	**4,648**	(764)
Profit/(Loss) attributable to non-controlling interests	**235**	255	**4,266**	4,178	**2,730**	(449)
Profit/(Loss) for the year	**2,349**	2,554	**11,531**	11,292	**7,378**	(1,213)
Other comprehensive (loss)/income for the year	**-**	-	**(136)**	361	**(213)**	258
Total comprehensive income/(loss) attributable to owners of the Company	**2,114**	2,299	**7,179**	7,341	**4,514**	(602)
Total comprehensive income/(loss) attributable to the non-controlling interests	**235**	255	**4,216**	4,312	**2,651**	(353)
Total comprehensive income/(loss) for the year	**2,349**	2,554	**11,395**	11,653	**7,165**	(955)
Statement of cash flows						
Net cash (used in)/ from operating activities	**(1,651)**	(1,395)	**10,136**	9,953	**14,459**	15,719
Net cash generated from/(used in) investing activities	**5,088**	3,865	**2,815**	(2,201)	**(5,399)**	(5,870)
Net cash generated from/(used in) financing activities	**25**	12	**(5,344)**	(4,213)	**(1,124)**	(1,222)
Net cash inflow	**3,462**	2,482	**7,607**	3,539	**7,936**	8,627

17. INVESTMENT IN AN ASSOCIATE COMPANY

	The Group		The Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Unquoted shares at cost At beginning of the year	**2,977**	2,977	**917**	917
Share of post acquisition reserve At beginning of the year	**(365)**	(458)	**-**	-
Share of results of associate	**(251)**	93	**-**	-
At end of the year	**(616)**	(365)	**-**	-
At end of the year	**2,361**	2,612	**917**	917

Associate company	Country of incorporation	Proportion of ownership interest 2020	2019	Principal activities
PKE (Malaysia) Sdn. Berhad	Malaysia	**38.6%**	38.6%	Provision of warehousing and overhead conveyor goods loading services

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

	2020 RM'000	2019 RM'000
PKE (Malaysia) Sdn. Berhad		
Statement of financial position		
Current assets	**3,145**	4,052
Non-current assets	**13,973**	5,362
Current liabilities	**3,011**	2,482
Non-current liabilities	**7,826**	-
Equity	**6,281**	6,932
Statement of profit or loss and other comprehensive income		
Revenue	**11,372**	13,618
Expenses	**(12,023)**	(13,376)
(Loss)/profit for the year/Total comprehensive (loss)/income for the year	**(651)**	242

18. OTHER INVESTMENTS

	The Group and The Company 2020 RM'000	2019 RM'000
Shares in Malaysia:		
Quoted shares - at fair value	**25,075**	47,152

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

	The Group and The Company 2020 RM'000	2019 RM'000
At beginning of year	**47,152**	48,895
Additions during the year	**186**	154
Changes in fair value	**(22,263)**	(1,897)
At end of year	**25,075**	47,152

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

	The Group 2020 RM'000	2019 RM'000
Cost		
At beginning of year	**891**	7,781
Additions	**2,796**	1,947
Amount recovered during the year	**(3,529)**	(9,004)
Effects of foreign exchange translation	**(71)**	167
At end of year	**87**	891
Accumulated Allowance for Loss on Conversion of KKPA Program		
At beginning of year	**400**	400
Reversal of loss allowance	**(400)**	-
At end of year	**-**	400
Net Book Value	**87**	491

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 maintain plasma plantations, totalling 500 (2019: 500) hectares, which are currently being self-financed by a subsidiary company.

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

20. DEFERRED TAX ASSETS/(LIABILITIES)

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

	The Group		The Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
At beginning of year	**(2,654)**	(280)	**-**	-
Credited/(Charged) to profit or loss (Note 10):				
Property, plant and equipment	**(2,101)**	(586)	**-**	-
Right-of-use assets	**(1,081)**	-	**-**	-
Trade receivables	**1,448**	(2,125)	**-**	-
Other payables and accrued expenses	**(644)**	194	**-**	-
Lease liabilities	**1,209**	-	**-**	-
Provision for retirement benefits	**461**	222	**-**	-
Derivatives	**(137)**	354	**-**	-
Unabsorbed capital allowances	**1,955**	(256)	**-**	-
Unused tax losses	**1,049**	-	**-**	-
	2,159	(2,197)	**-**	-
Credited/(Charged) to other comprehensive income:				
Biological assets	**(41)**	(42)	**-**	-
Provision for retirement benefits	**(119)**	(476)	**-**	-
Translation of foreign operations	**(32)**	341	**-**	-
At end of year	**(687)**	(2,654)	**-**	-

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	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Deferred tax assets	**3,059**	1,261	**-**	-
Deferred tax liabilities	**(3,746)**	(3,915)	**-**	-
	(687)	(2,654)	**-**	-

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

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

	The Group		The Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Deferred tax assets (before offsetting)				
Temporary differences arising from:				
Trade receivables	**1,473**	25	**-**	-
Other payables and accrued expenses	**1,443**	2,087	**-**	-
Provision for retirement benefits	**2,696**	2,354	**-**	-
Lease liabilities	**1,209**	-		
Derivatives	**-**	82	**-**	-
Translation of foreign operations	**-**	32	**-**	-
Unabsorbed capital allowances	**1,635**	-	**-**	-
Unused tax losses	**1,049**	-	**-**	-
	9,505	4,580	**-**	-
Offsetting	**(6,446)**	(3,319)	**-**	-
Deferred tax assets (after offsetting)	**3,059**	1,261	**-**	-
Deferred tax liabilities				
Temporary differences arising from:				
Property, plant and equipment	**(8,737)**	(6,636)	**-**	-
Biological assets	**(319)**	(278)	**-**	-
Right-of-use assets	**(1,081)**	-	**-**	-
Derivatives	**(55)**	-	**-**	-
Unabsorbed capital allowances	**-**	(320)	**-**	-
	(10,192)	(7,234)	**-**	-
Offsetting	**6,446**	3,319	**-**	-
Deferred tax liabilities (after offsetting)	**(3,746)**	(3,915)	**-**	-

As mentioned in Note 3, the tax effects of deductible temporary differences, unused tax losses and unused tax credits which would give rise to 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 at 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, are as follows:

	The Group		The Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Temporary differences arising from provision for retirement benefits	**2,612**	2,210	**1,208**	1,022
Other payables and accrued expenses	**872**	-	**864**	-
Unabsorbed capital allowances	**3,012**	2,922	**1,646**	1,556
Unused tax losses	**21,170**	14,861	**14,151**	13,383
	27,666	19,993	**17,869**	15,961

The comparative figures of the Group have been revised to reflect the previous year's tax submission.

Based on Finance Act, 2018, the unutilised tax losses with no expiry period amounted to RM12,809,000 as at 31 March 2018 will be imposed with a time limit utilisation of seven years (i.e. from year of assessments 2019 to 2025). Subsequently any unutilised tax losses from year of assessment 2019 onward can be carried forward for maximum of seven consecutive years of assessment. The unabsorbed capital allowances do not expire under current tax legislation and is available for offset against future taxable profits indefinitely.

21. BIOLOGICAL ASSETS

	The Group	
	2020	**2019**
	RM'000	**RM'000**
At beginning of year	**1,143**	974
Transfers to produce stocks	**(1,054)**	(995)
Fair value changes	**1,485**	1,131
Effects of foreign exchange translation	**(235)**	33
At end of year	**1,339**	1,143

The biological assets of the Group comprise fresh fruit bunches ("FFB") prior to harvest. The fair value measurement of the biological assets is determined by using the present value of net cash flows expected to be generated from the sale of FFB, adjusted for estimated oil content of unharvested FFB, less harvesting, transport and other costs to sell and is categorised within Level 3 of the fair value hierarchy. Changes to the estimated oil content of unharvested FFB included in the valuation will have a direct effect on the reported valuation.

If the Group's FFB tonnage changes by 10% (2019: 10%), the impact of the fair value of FFB would be as follow:

	The Group	
	2020	**2019**
	RM'000	**RM'000**
FFB tonnage increase by 10% (2019: 10%)	178	140
FFB tonnage decrease by 10% (2019: 10%)	(178)	(140)

During the financial year, the Group harvested approximately 96,772 tonnes of FFB (2019: 91,618 tonnes). The quantity of unharvested FFB of the Group as at 31 March 2020 included in the fair valuation of FFB was 4,368 tonnes (2019: 3,699 tonnes).

22. INVENTORIES

	The Group	
	2020	**2019**
	RM'000	**RM'000**
At cost:		
Raw materials	**12,823**	13,015
Work-in-progress	**22,333**	23,048
Finished goods	**15,686**	16,233
Medical and surgical supplies	**2,884**	2,107
Consumables	**9,684**	10,450
	63,410	64,853
At net realisable value:		
Work-in-progress	**1,937**	-
Finished goods	**2,713**	-
	4,650	-
Total	**68,060**	64,853

For the year ended 31 March 2020, cost of inventories recognised as an expense of the Group amounted to RM463,558,000 (2019: RM408,457,000).

The cost of inventories recognised is after taking into consideration of inventories written off of RM48,000 (2019: RM64,000).

23. DERIVATIVE FINANCIAL ASSETS/(LIABILITIES)

	The Group	
	2020 RM'000	2019 RM'000
Derivative financial assets		
Commodity future contracts	**234**	-
Foreign currency forward contracts	**-**	257
	234	257
Derivative financial liabilities		
Commodity future contracts	**4**	-
Foreign currency forward contracts	**1,651**	-
	1,655	-

For the year ended 31 March 2020, the fair value loss of the foreign currency forward contracts amounting to RM1,907,000 (2019: fair value loss of RM610,000) and fair value gain of the commodity future contracts amounting to RM229,000 (2019: RM269,000) has been recognised in statement of profit or loss. The details of the derivatives are disclosed in Note 41.

24. TRADE RECEIVABLES

	The Group	
	2020 RM'000	2019 RM'000
Trade receivables	**41,618**	35,920
Less: Loss allowance	**(959)**	(1,074)
	40,659	34,846

Trade receivables comprise amounts receivable for the sale of goods and services rendered. The credit period granted on sale of goods and services rendered ranges from 30 to 90 days (2019: 30 to 90 days).

An allowance of RM959,000 (2019: RM1,074,000) 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 RM12,769,000 (2019: RM6,719,000), which are past due at the end of reporting period for which no allowance 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 Group always measures the loss allowance for trade receivables at an amount equal to lifetime expected credit loss ("ECLs"). The ECLs on trade receivables are estimated by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over two years past due, whichever occurs earlier.

24. TRADE RECEIVABLES (CONT'D)

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

	The Group	
	2020 RM'000	2019 RM'000
Neither past due nor impaired	**27,890**	28,127
Past due but not impaired:		
31 - 60 days	**9,783**	6,359
61 - 90 days	**2,411**	273
91 - 120 days	**575**	82
121-150 days	**-**	5
	12,769	6,719
Past due and impaired:		
More than 120 days	**959**	1,074
Total trade receivables	**41,618**	35,920

The Group's current credit risk grading framework comprises the following categories:

Category	Description	Basis for recognising expected credit losses ("ECL")
Performing	The counterparty has a low risk of default and does not have any past-due amounts.	12-month ECL
Doubtful	Amount is > 30 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL - not credit impaired
In default	Amount is > 90 days past due or there is evidence indicating the asset is credit impaired.	Lifetime ECL - credit impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery.	Amount is written off

Movement in the loss allowance for trade receivables during the reporting period is as follows:

	The Group	
	2020 RM'000	2019 RM'000
At beginning of year	**1,074**	1,373
Bad debts written off	**(3)**	(108)
Reversal of loss allowance	**(112)**	(191)
At end of year	**959**	1,074

In determining the recoverability of trade receivables, the Group considers 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 (2019: 1) major customer, which constitutes approximately 9% (2019: 7%) of the total trade receivables.

24. TRADE RECEIVABLES (CONT'D)

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

Analysis of currency profile of trade receivables is as follows:

	The Group	
	2020	**2019**
	RM'000	**RM'000**
United States Dollar	**19,954**	16,133
Ringgit Malaysia	**20,455**	18,538
Pound Sterling	**132**	177
Euro	**733**	274
Chinese Renminbi	**344**	798
	41,618	35,920

25. OTHER RECEIVABLES, DEPOSITS AND PREPAID EXPENSES

	The Group		The Company	
	2020	**2019**	**2020**	**2019**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Other receivables	**3,380**	6,925	**-**	55
Less: Loss allowance	**(142)**	(142)	**-**	-
Net	**3,238**	6,783	**-**	55
Refundable deposits	**4,046**	1,374	**46**	47
Prepaid expenses	**6,199**	4,787	**126**	52
	13,483	12,944	**172**	154

The movement in the loss allowance for other receivables during the reporting period is as follows:

	The Group	
	2020	**2019**
	RM'000	**RM'000**
At beginning and end of year	**142**	142

Analysis of currency profile of other receivables is as follows:

	The Group		The Company	
	2020	**2019**	**2020**	**2019**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Ringgit Malaysia	**3,273**	6,884	**-**	55
Hong Kong Dollar	**86**	-	**-**	-
Indonesian Rupiah	**21**	41	**-**	-
	3,380	6,925	**-**	55

26. RELATED COMPANIES AND RELATED PARTY TRANSACTIONS

(a) Amount owing by subsidiary companies

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.

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

	The Company	
	2020	**2019**
	RM'000	**RM'000**
Ringgit Malaysia	**1,310**	1,203

(b) Amount owing to a subsidiary company

Amount owing to a subsidiary company represents mainly unsecured advances and payments made on behalf, net of management fees receivable. The amount is unsecured, interest-free and repayable on demand.

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

	The Company	
	2020	**2019**
	RM'000	**RM'000**
Hong Kong Dollar	**113**	122

(c) Related Party Transactions with Group Companies

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

	The Company	
	2020	**2019**
	RM'000	**RM'000**
Management fees receivable		
Subsidiary companies		
Southern Acids Industries Sdn. Bhd.	**1,722**	1,569
PKE Transport (Malaysia) Sdn. Berhad	**389**	388
Southern Medicare Sdn. Bhd.	**1,061**	904
Pembinaan Gejati Sdn. Bhd.	**57**	33
Firstview Development Sdn. Bhd.	**1,021**	898
Associate company		
PKE (Malaysia) Sdn. Berhad	**396**	360

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., Southern Realty Resource Sdn. Bhd., Naga Wira Sdn. Bhd., Bekalan Utama Sdn. Bhd., Victory Investment Land (J) Sdn. Bhd., Victory Enghoe Plantations Sdn. Bhd., Victory Investment Company Sdn. Bhd., Kee Hup Oil & Cake Sdn. Bhd., and Maxcentury Oil Palm (Sabah) Sdn. Bhd.	Companies in which Dr. Low Kok Thye and Mr Lim Kim Long, 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	
	2020	**2019**
	RM'000	**RM'000**
Related parties		
Southern Realty (Malaya) Sdn. Berhad		
Administrative charges	**2,515**	2,567
Sale of goods	**436**	1,466
Share of property, plant and equipment charges	**44**	32
Purchases of goods	**(944)**	(450)
Plantation advisory	**(96)**	(96)
Leases paid/payable for:		
Factory land	**(882)**	(882)
Short-term leases	**(119)**	(192)
Bukit Rotan Palm Oil Sdn. Bhd.		
Administrative charges	**13**	16
Southern Edible Oil Industries (M) Sdn. Berhad		
Sale of goods	**158**	202
Purchases of goods	**(3,640)**	(6,935)
Administrative charges	**482**	720
Share of property, plant and equipment charges	**44**	32
Southern Keratong Plantations Sdn. Berhad		
Administrative charges	**1,046**	975

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

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

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

	The Group	
	2020	**2019**
	RM'000	**RM'000**
Torita Rubber Works Sdn. Bhd.		
Sale of goods	**-**	7
Administrative charges	**31**	7
Southern Hockjoo Plantation Sdn. Bhd.		
Administrative charges	**186**	186
Banting Hock Hin Estate Company Sdn. Bhd.		
Administrative charges	**153**	149
Southern Products Marketing Sdn. Bhd.		
Administrative charges	**74**	84
Kumsobina Development Sdn. Bhd.		
Administrative charges	**68**	66
Southern Realty Plantations Sdn. Bhd.		
Administrative charges	**28**	22
Kee Hup Oil & Cake Sdn. Bhd.		
Rental paid/ payable for staff quarters	**(46)**	(46)
Administrative charges	**50**	44
Torita Trading (M) Sdn. Bhd.		
Administrative charges	**31**	2
Victory Investment Company Sdn. Bhd.		
Administrative charges	**9**	-
Victory Investment Land (J) Sdn. Bhd.		
Administrative charges	**-**	18
Victory Enghoe Plantations Sdn. Bhd.		
Administrative charges	**540**	404
Bekalan Utama Sdn. Bhd.		
Administrative charges	**24**	22
Naga Wira Sdn. Bhd.		
Administrative charges	**18**	17

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

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

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

	The Group	
	2020	2019
	RM'000	RM'000
Perindustrian Sawit Karak Sdn. Bhd.		
Administrative charges	**20**	19
Guan Hing Edible Oil Ind Sdn. Bhd.		
Administrative charges	**17**	15
VI Land Development Sdn Bhd		
Administrative charges	**-**	3
Maxcentury Oil Palm (Sabah) Sdn. Bhd.		
Administrative charges	**20**	3
Southern Realty Resource Sdn. Bhd.		
Administrative charges	**22**	21

Related Party Balances

Included under the following accounts of the Group 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	
	2020	2019
	RM'000	RM'000
Trade receivables		
Southern Realty (Malaya) Sdn. Berhad	**536**	296
Southern Edible Oil Industries (M) Sdn. Berhad	**184**	103
Southern Keratong Plantations Sdn. Berhad	**153**	74
Victory Enghoe Plantations Sdn. Bhd.	**47**	32
Southern Hockjoo Plantations Sdn. Bhd.	**20**	15
Banting Hock Hin Estate Company Sdn. Bhd.	**10**	11
Southern Products Marketing Sdn. Bhd.	**30**	8
Kumsobina Development Sdn. Bhd.	**9**	4
Bekalan Utama Sdn. Bhd.	**4**	2
Kee Hup Oil & Cake Sdn. Bhd.	**7**	3
Torita Rubber Works Sdn. Bhd.	**8**	2
Bukit Rotan Palm Oil Sdn. Bhd.	**3**	1
Southern Realty Plantation Co. Sdn. Bhd.	**6**	2
Victory Investment Company Sdn. Bhd.	**2**	-
Guan Hing Edible Oil Ind Sdn. Bhd.	**3**	1
Naga Wira Sdn. Bhd.	**3**	1
Southern Realty Resource Sdn. Bhd.	**3**	2
Perindustrian Sawit Karak Sdn. Bhd.	**3**	2
Torita Trading (M) Sdn. Bhd.	**1**	1
	1,032	560

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

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

Related Party Balances (Cont'd)

Included under the following accounts of the Group 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	
	2020 RM'000	2019 RM'000
Other receivables, deposits and prepaid expenses		
Southern Edible Oil Industries (M) Sdn. Berhad	**160**	230
Trade payables		
Southern Realty (Malaya) Sdn. Berhad	**24**	19
Bukit Rotan Palm Oil Sdn. Bhd.	**5**	5
	29	24
Other payables		
Southern Realty (Malaya) Sdn. Berhad	**-**	5
Kee Hup Oil & Cake Sdn. Bhd.	**-**	4
	-	9

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	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Short-term employment benefits	**8,214**	7,830	**2,781**	2,685
Post-employment benefits	**748**	701	**259**	249
	8,962	8,531	**3,040**	2,934

Included in the total compensation of key management personnel are:

	The Group		The Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Directors' remuneration (Note 7)	**3,664**	3,543	**1,640**	1,559

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 RM311,557 and RM67,746 (2019: RM297,903 and RM83,360) respectively.

27. AMOUNT OWING BY AN ASSOCIATE COMPANY

The amount owing 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	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Cash and bank balances	**96,130**	98,393	**610**	1,218
Fixed deposits with licensed banks	**71,571**	22,348	**-**	-
Short-term placements	**41,237**	79,170	**5,548**	5,367
	208,938	199,911	**6,158**	6,585

Included in short-term placements of the Group and of the Company is an amount of RM41,237,000 and RM5,548,000 (2019: RM79,170,000 and RM5,367,000), 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 9.50% (2019: 2.28% to 9.50%) per annum respectively and have maturity periods ranging from 1 day to 1 year (2019: 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	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Ringgit Malaysia	**121,872**	131,553	**6,158**	6,536
Indonesian Rupiah	**65,209**	57,475	**-**	-
United States Dollar	**21,857**	10,883	**-**	49
	208,938	199,911	**6,158**	6,585

29. SHARE CAPITAL

	The Group and the Company			
	2020		2019	
	No. of shares ('000)	Amount RM'000	No. of shares ('000)	Amount RM'000
Issued and fully paid:				
Ordinary shares:				
At beginning of year/end of year	**136,934**	171,255	**136,934**	171,255

30. RESERVES

	The Group		The Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Non-distributable:				
Foreign exchange reserve	**(22,251)**	(12,758)	**-**	-
Other reserve	**(322)**	(322)	**-**	-
Fair value reserve	**(174)**	22,089	**(174)**	22,089
	(22,747)	9,009	**(174)**	22,089
Distributable:				
Retained earnings	**445,914**	421,017	**108,561**	109,468
	423,167	430,026	**108,387**	131,557

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 of other investments.

Retained earnings

Distributable reserves are those available for distribution as dividends.

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

31. TERM LOAN

	The Group	
	2020 RM'000	2019 RM'000
Unsecured:		
Non-current	**4,500**	-
Current	**1,200**	-
	5,700	-

31. TERM LOAN (CONT'D)

The non-current portion is payable as follows:

	The Group	
	2020	**2019**
	RM'000	**RM'000**
Between 1 - 2 years	**1,200**	-
Between 2 - 5 years	**3,300**	-
	4,500	-

The unsecured term loan of the Group bear an effective interest rate at 4.91% (2019: Nil) per annum.

32. HIRE PURCHASE PAYABLES

	The Group	
	2020	**2019**
	RM'000	**RM'000**
Total outstanding	**336**	436
Less: Interest-in-suspense	**(49)**	(37)
Principal outstanding	**287**	399
Less: Amount due within 12 months (shown under current liabilities)	**(157)**	(187)
Non-current portion	**130**	212

The non-current portion is payable as follows:

	The Group	
	2020	**2019**
	RM'000	**RM'000**
Between 1 - 2 years	**79**	179
Between 2 - 5 years	**51**	33
	130	212

The average term of hire purchase is approximately 3 years. For the financial year ended 31 March 2020, the effective borrowing rate ranged from 9% to 15% (2019: 9% to 15%) 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.

33. LEASE LIABILITIES

The Group

	2020 RM'000
As at 1 April 2019	**6,279**
Finance costs (Note 9)	**280**
Payment of lease payment	**(1,353)**
As at 31 March 2020	**5,206**
Payable within 1 year	**1,174**
Payable more than 1 year but less than 5 years	**3,798**
Payable more than 5 years	**234**
As at 31 March 2020	**5,206**

The minimum lease payments for the lease liabilities are payable as follows:

The Group

31 March 2020	Future minimum lease payments RM'000	Interest RM'000	Present value of minimum payments RM'000
Outstanding contracts			
Less than 1 year	1,400	(226)	1,174
Between 1 to 5 years	4,199	(401)	3,798
More than 5 years	236	(2)	234
	5,835	(629)	5,206

34. PROVISION FOR RETIREMENT BENEFITS

The Group and the Company operate an unfunded defined Retirement Benefit Gratuity Scheme for the eligible employees. A lump sum benefit is payable to the eligible employees on attaining the mandatory retirement age of 60 (2019: 60) calculated with reference to their length of service and last drawn salary. The eligible employees are those who have served a minimum of 10 years with the Group and the Company.

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

	The Group		
	Malaysia RM'000	Indonesia RM'000	Total RM'000
As at 1 April 2018	5,534	4,778	10,312
Addition in current year (Note 8)	624	961	1,585
Actuarial gain arising from changes in financial assumptions	-	(619)	(619)
Benefits paid	(141)	(166)	(307)
Effects of foreign exchange translation	-	(119)	(119)
As at 31 March 2019/1 April 2019	6,017	4,835	10,852
Addition in current year (Note 8)	750	1,111	1,861
Actuarial gain arising from changes in financial assumptions	639	362	1,001
Benefits paid	(69)	(128)	(197)
Effects of foreign exchange translation	-	(333)	(333)
As at 31 March 2020	**7,337**	**5,847**	**13,184**

	The Company	
	2020 RM'000	2019 RM'000
At beginning of year	**1,022**	897
Addition (Note 8)	**145**	125
Actuarial gain arising from changes in financial assumptions	**85**	-
Transfer to subsidiary company	**(44)**	-
At end of year	**1,208**	1,022

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

	The Group		
	Malaysia RM'000	Indonesia RM'000	Total RM'000
2020			
Present value of defined benefit obligations	**7,337**	**5,847**	**13,184**
2019			
Present value of defined benefit obligations	6,017	4,835	10,852

34. PROVISION FOR RETIREMENT BENEFITS (CONT'D)

	The Company	
	2020 RM'000	2019 RM'000
Present value of defined benefit obligations	**1,208**	1,022

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

		The Group	
	Malaysia RM'000	Indonesia RM'000	Total RM'000
2020			
At beginning of year	6,017	4,835	10,852
Current service cost	418	735	1,153
Interest cost on obligation	332	376	708
Actuarial gain arising from changes in financial assumptions	639	362	1,001
Benefits paid	(69)	(128)	(197)
Effects of foreign exchange translation	-	(333)	(333)
At end of year	**7,337**	**5,847**	**13,184**
2019			
At beginning of year	5,534	4,778	10,312
Current service cost	336	621	957
Interest cost on obligation	288	340	628
Actuarial gain arising from changes in financial assumptions	-	(619)	(619)
Benefits paid	(141)	(166)	(307)
Effects of foreign exchange translation	-	(119)	(119)
At end of year	6,017	4,835	10,852

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

		The Group	
	Malaysia RM'000	Indonesia RM'000	Total RM'000
2020			
Current service cost	418	735	1,153
Interest cost on obligation	332	376	708
	750	**1,111**	**1,861**
2019			
Current service cost	336	621	957
Interest cost on obligation	288	340	628
	624	961	1,585

34. PROVISION FOR RETIREMENT BENEFITS (CONT'D)

	The Company	
	2020	**2019**
	RM'000	**RM'000**
Current service cost	**92**	78
Interest cost on obligation	**53**	47
	145	125

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

	2020	**2019**
Malaysia		
Discount rate (%)	**5.00**	5.30
Future salary increments (%)	**6.00**	6.00
Normal retirement age:		
Male	**60**	60
Female	**60**	60
Indonesia		
Discount rate (%)	**8.07**	8.71
Future salary increments (%)	**10.00**	10.00
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 has 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 9% (decrease by 9%).

If the expected salary growth rate increase (decrease) by 1%, the defined benefit obligation would increase by 9% (decrease by 9%).

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.

35. 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 (2019: 7 to 60) days.

Analysis of currency profile of trade payables is as follows:

	The Group	
	2020	**2019**
	RM'000	**RM'000**
Ringgit Malaysia	**11,239**	11,253
ndonesian Rupiah	**9,804**	10,371
United States Dollar	**99**	251
	21,142	21,875

(b) Other Payables and Accrued Expenses

	The Group		The Company	
	2020	**2019**	**2020**	**2019**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Other payables	**2,864**	14,258	**1**	169
Advances from customers	**1,510**	2,374	**-**	-
Accrued expenses	**19,471**	19,918	**1,590**	1,064
	23,845	36,550	**1,591**	1,233

Other payables arose mainly in respect of indirect costs and administrative expenditures. These amounts are unsecured, interest-free and are repayable within 60 days (2019: 60 days) from the transaction dates.

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

	The Group		The Company	
	2020	**2019**	**2020**	**2019**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Ringgit Malaysia	**1,472**	12,633	**1**	169
Indonesian Rupiah	**2,689**	3,785	**-**	-
Hong Kong Dollar	**178**	-	**-**	-
Euro	**35**	1	**-**	-
United States Dollar	**-**	213	**-**	-
	4,374	16,632	**1**	169

36. BANKING FACILITIES

The Group and the Company have bank guarantee and other credit facilities amounting to RM50,000,000 (2019: RM45,000,000) and RM6,000,000 (2019: RM6,000,000) respectively, out of which RM38,000,000 (2019: RM39,000,000) of the Group's credit facilities are secured by the corporate guarantee from the Company.

These facilities bear interest at rate of 4.91% - 7.35% (2019: 8.00%) per annum.

As at 31 March 2020, the Group and the Company have utilised RM11,804,083 and RM778,000 (2019: RM4,644,100 and RM778,000), respectively, of the bank guarantee and other credit facility.

37. DIVIDENDS

	The Group and The Company	
	2020 RM'000	**2019 RM'000**
Final dividend of 5 sen, single tier, in respect of financial year ended:		
31 March 2019	**6,847**	-
31 March 2018	**-**	6,847

38. SEGMENTAL INFORMATION

For the Group's chief operating decision maker ("CODM") purposes, the Group is organised into business units based on their products and services, and has four reportable operating segments as follows:

(i) Oleochemical
(ii) Healthcare
(iii) Milling & Estate
(iv) Investments & services

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.

38. SEGMENTAL INFORMATION (CONT'D)

The Group
2020

	Oleochemical RM'000	Healthcare RM'000	Milling & Estate RM'000	Investments & Services RM'000	Eliminations RM'000	Consolidated RM'000
Revenue						
External sales	282,410	91,365	269,453	15,071	-	658,299
External dividend income	-	-	-	1,987	-	1,987
Inter-segment sales	-	-	-	5,730	(5,730)	-
Total revenue	282,410	91,365	269,453	22,788	(5,730)	660,286
Financial Results						
Segment results	(4,085)	23,838	25,262	(1,427)	-	43,588
Profit from operations						43,588
Investment revenue						5,812
Finance costs						(409)
Share of results of an associate						(251)
Profit before tax						48,740
Income tax expense						(9,511)
Profit for the year						39,229
Other Information:						
Capital expenditure	2,558	7,489	4,626	1,167	-	15,840
Additions of other investments	-	-	-	186	-	186
Non-cash expenses/(income):						
Depreciation of property, plant and equipment	3,915	4,531	8,867	1,257	-	18,570
Provision for retirement benefits	433	-	1,113	315	-	1,861
Property, plant and equipment written off	-	20	1,146	-	-	1,166
Inventories written off	-	48	-	-	-	48
Reversal of loss allowance for:						
- Trade receivables	-	(112)	-	-	-	(112)
- KCPA receivables	-	-	(400)	-	-	(400)
Unrealised (gain)/loss on foreign exchange - net	(987)	-	1,092	-	-	105
(Gain)/Loss on disposal of property, plant and equipment	(1)	3	-	(5)	-	(3)
Loss arising from derivative financial assets	1,678	-	-	-	-	1,678

38. SEGMENTAL INFORMATION (CONT'D)

The Group
2020

	Oleochemical RM'000	Healthcare RM'000	Milling & Estate RM'000	Investments & Services RM'000	Eliminations RM'000	Consolidated RM'000
Statement of Financial Position						
Assets						
Segment assets	172,286	135,614	316,103	71,407	-	695,410
Deferred tax assets	-	-	3,059	-	-	3,059
Tax recoverable	4,471	-	23,403	1,045	-	28,919
Consolidated assets						727,388
Liabilities						
Segment liabilities	23,071	20,213	23,368	5,681	-	72,333
Deferred tax liabilities	-	2,913	-	833	-	3,746
Tax liabilities	-	1,022	-	65	-	1,087
Consolidated liabilities						77,166

The Group
2019

	Oleochemical RM'000	Healthcare RM'000	Milling & Estate RM'000	Investments & Services RM'000	Eliminations RM'000	Consolidated RM'000
Revenue						
External sales	290,651	84,216	205,796	16,005	-	596,668
External dividend income	-	-	-	1,977	-	1,977
Inter-segment sales	-	-	-	4,379	(4,379)	-
Total revenue	290,651	84,216	205,796	22,361	(4,379)	598,645
Financial Results						
Segment results	(3,374)	21,245	14,416	1,026	-	33,313
Profit from operations						33,313
Investment revenue						5,205
Finance costs						(37)
Share of results of an associate						93
Profit before tax						38,574
Income tax expense						(13,106)
Profit for the year						25,468

38. SEGMENTAL INFORMATION (CONT'D)

The Group
2019

	Oleochemical RM'000	Healthcare RM'000	Milling & Estate RM'000	Investments & Services RM'000	Eliminations RM'000	Consolidated RM'000
Other Information:						
Capital expenditure	5,275	18,768	10,898	4,022	-	38,963
Additions of other investments	-	-	-	154	-	154
Non-cash expenses/(income):						
Depreciation of property, plant and equipment	3,917	3,510	7,567	770	-	15,764
Provision for retirement benefits	373	-	963	249	-	1,585
Property, plant and equipment written off	-	51	3	-	-	54
Inventories written off	-		64		-	
Reversal of loss allowance	(27)	(164)	-	-	-	(191)
Unrealised gain on foreign exchange - net	(4,107)	-	(96)	(1)	-	(4,204)
(Gain)/Loss on disposal of property, plant and equipment	(25)	2	167	(21)	-	123
Loss arising from derivative financial assets	341	-	-	-	-	341
Statement of Financial Position						
Assets						
Segment assets	172,200	127,273	315,296	334,896	(245,509)	704,156
Deferred tax assets	-	-	1,261	-	-	1,261
Tax recoverable	5,197	-	22,037	71	(1,165)	26,140
Consolidated assets						731,557
Liabilities						
Segment liabilities	19,041	25,012	23,671	4,857	(1,783)	70,798
Deferred tax liabilities	1,991	1,429	51	444	-	3,915
Tax liabilities	-	829	1,165	-	(1,165)	829
Consolidated liabilities						75,542

38. 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	
	2020	**2019**
	RM'000	**RM'000**
Asia:		
Malaysia	**110,614**	103,664
Indonesia	**267,263**	204,330
Others	**195,089**	207,530
Europe	**23,070**	19,294
America	**39,250**	44,277
Others	**25,000**	19,550
	660,286	598,645

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

	Carrying amount of total assets		Capital expenditure	
	2020	**2019**	**2020**	**2019**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Asia:				
Malaysia	**541,351**	549,873	**11,283**	28,107
Indonesia	**164,973**	164,215	**4,557**	10,856
Others	**15,983**	9,058	**-**	-
Europe	**2,252**	1,698	**-**	-
America	**2,173**	3,699	**-**	-
Others	**656**	3,014	**-**	-
	727,388	731,557	**15,840**	38,963

The Group's operations are diverse in terms of the range of products and services it offers and the geographical coverage. There is no single customer that contributed 10% or more to the Group's revenue.

39. COMMITMENTS

(a) Capital Commitments

As at 31 March 2020, the Group has approved and contracted for capital commitments in respect of purchase of property, plant and equipment amounting to RM6,163,408 (2019: RM6,464,940).

39. COMMITMENTS (CONT'D)

(b) Lease Commitments

As at 31 March 2019, total future minimum lease payment commitments are as follows:

	The Group 2019 RM'000
Within one year	1,221
Between two years to five years	2,237
More than five years	833

40. CONTINGENCIES

As at 31 March 2020, the Company has contingencies in respect of guarantees given by the Company for credit facilities obtained by subsidiary companies.

The Company has issued corporate guarantees without security to licensed financial institutions for credit facilities totalling RM38,000,000 (2019: RM39,000,000) granted to a 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.

41. 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	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
Financial assets				
FVTOCI:				
Other investments	**25,075**	47,152	**25,075**	47,152
FVTPL:				
Derivative financial assets	**234**	257	**-**	-
Amortised cost:				
Trade receivables	**40,659**	34,846	**-**	-
Other receivables and refundable deposits	**7,284**	8,157	**46**	102
Amount owing by subsidiary companies	**-**	-	**1,310**	1,203
Amount owing by an associate company	**803**	1,079	**126**	111
Cash and cash equivalents	**208,938**	199,911	**6,158**	6,585

41. FINANCIAL INSTRUMENTS (CONT'D)

Categories of financial instruments (Cont'd)

	The Group		The Company	
	2020	**2019**	**2020**	**2019**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Financial liabilities				
FVTPL:				
Derivative financial liabilities	**1,655**	-	**-**	-
Amortised cost:				
Trade payables	**21,142**	21,875	**-**	-
Other payables and accrued expenses	**23,845**	36,550	**1,591**	1,233
Contract liabilities	**1,193**	1,001	**-**	-
Amount owing to a subsidiary company	**-**	-	**113**	122
Term loan	**5,700**	-	**-**	-
Hire purchase payables	**287**	399	**-**	-
Lease liabilities	**5,206**	-	**-**	-
Dividend payable	**121**	121	**121**	121

Significant accounting policies

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the bases of measurement, and the bases for recognition of income and expenses) for each class of financial assets, financial liabilities and equity instrument are disclosed in Note 3.

Financial risk management objectives

The operations of the Group and of the Company are subject to a variety of financial risks, including foreign currency risk, price fluctuation risk, credit risk and liquidity risk. The Group and the Company have taken measures to minimise their exposure to risks and/or costs associated with the financing, investing and operating activities of the Group and of the Company.

Foreign currency risk management

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group and the Company undertake trade transactions in foreign currencies, which are mainly denominated in United States Dollar, Euro, Pound Sterling, Chinese Renminbi and Indonesian Rupiah, 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.

41. FINANCIAL INSTRUMENTS (CONT'D)

Foreign currency risk management (Cont'd)

The Group's and the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	Assets		Liabilities	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
The Group				
United States Dollar	**41,811**	27,016	**99**	464
Indonesian Rupiah	**65,230**	57,516	**12,493**	14,156
Euro	**733**	274	**35**	1
Pound Sterling	**132**	177	**-**	-
Chinese Renminbi	**344**	798	**-**	-
Hong Kong Dollar	**86**	-	**178**	-
The Company				
Hong Kong Dollar	-	48	113	122

Sensitivity analysis on translation of foreign currency denominated assets and liabilities

The Group and the Company conduct business transactions in foreign currency 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.

If the relevant foreign currency strengthens/weakens by 10% against the functional currency of each group entity, profit or loss will increase/(decrease) by:

	USD RM	**HKD RM**	**GBP RM**	**EUR RM**	**RMB RM**	**IDR RM**
The Group						
2020						
Strengthened 10%	**4,171**	**(9)**	**13**	**70**	**34**	**5,274**
Weakened 10%	**(4,171)**	**9**	**(13)**	**(70)**	**(34)**	**(5,274)**
2019						
Strengthened 10%	2,655	-	18	273	80	4,336
Weakened 10%	(2,655)	-	(18)	(273)	(80)	(4,336)
The Company						
2020						
Strengthened 10%	**-**	**(11)**	**-**	**-**	**-**	**-**
Weakened 10%	**-**	**11**	**-**	**-**	**-**	**-**
2019						
Strengthened 10%	-	8	-	-	-	-
Weakened 10%	-	(8)	-	-	-	-

The above sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the year end exposure does not reflect the exposure during the year.

41. FINANCIAL INSTRUMENTS (CONT'D)

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
31 March 2020				
Sell USD				
- Less than 3 months	**4.1718**	**9,130**	**37,971**	**39,378**
- 3 to 6 months	**4.2545**	**3,990**	**16,992**	**17,209**
- More than 6 months	**4.2787**	**780**	**3,337**	**3,364**
31 March 2019				
Sell USD				
- Less than 3 months	4.1060	9,000	36,954	36,765
- 3 to 6 months	4.1099	2,700	11,097	11,030

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 and refined palm oils. The Company mitigates its risk to the price fluctuation on these key raw materials by entering into commodity future contracts to minimise exposure to adverse price movements of these key raw materials.

Commodity future contracts

During the reporting period, the Group entered into 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	Quantity (metric tonne) MT	Notional value/ Contract value RM'000	Fair value RM'000
Buy Crude Palm Oil			
31 March 2020			
Contract period for 4 months	**2,400**	**5,511**	**5,745**
31 March 2019			
Contract period for 4 months	50	106	105
Sell Crude Palm Oil			
31 March 2020			
Contract period for 2 months	**400**	**984**	**988**
31 March 2019			
Contract period for 3 months	50	105	107

41. FINANCIAL INSTRUMENTS (CONT'D)

Credit risk management

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations.

The Group's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including other 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 has no significant concentration of credit risk except for amounts due from 1 (2019: 1) major customer, which constitutes approximately 9% (2019: 7%) of the total trade receivables as disclosed in Note 24.

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 term loan, hire purchase payables, and lease liabilities. The maturity analysis are disclosed in Note 31, 32, 33 respectively.

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 RM5,026,083 (2019: RM4,779,200).

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 except for non-current portion of term loan, hire purchase payables, and lease liabilities for which the fair value changes are determined to be immaterial. The fair value are estimated based on discounted cash flow using current interest rate for similar instruments at the end of the reporting period.

41. FINANCIAL INSTRUMENTS (CONT'D)

Fair Values of Financial Instruments (Cont'd)

(b) Other financial instruments at fair value

(i) Other investments

The fair value of other investments in quoted shares is estimated based on the market value as at the end of the reporting period.

(ii) Derivative financial assets/liabilities

The fair values of derivatives are calculated using quoted prices. Foreign currency forward contracts and commodity future contracts are measured using quoted forward exchange rates, future rates and yield curves derived from independent and reputable sources matching maturities of the contracts.

Fair Value Hierarchy

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

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

2020	**Level 1 RM'000**	**Level 2 RM'000**	**Level 3 RM'000**	**Total RM'000**
Financial Assets/(Liabilities)				
The Group				
Other investments - quoted shares	**25,075**	**-**	**-**	**25,075**
Foreign currency forward contracts	**-**	**230**	**-**	**230**
Commodities future contracts	**-**	**(1,651)**	**-**	**(1,651)**
The Company				
Other investments	**25,075**	**-**	**-**	**25,075**

2019	**Level 1 RM'000**	**Level 2 RM'000**	**Level 3 RM'000**	**Total RM'000**
Financial Assets/(Liabilities)				
The Group				
Other investments - quoted shares	47,152	-	-	47,152
Foreign currency forward contracts	-	257	-	257
The Company				
Other investments	47,152	-	-	47,152

42. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing are those for which cash flows were, or future cash flows will be, classified in the Group's statement of cash flow from/(used in) financing activities.

	2020 RM'000	2019 RM'000
Term Loan (Note 31)		
At beginning of year	**-**	-
Repayments	**(300)**	-
Drawdown during the year	**6,000**	-
Finance costs paid	**(73)**	-
Accretion of interest	**73**	-
At end of year	**5,700**	-
Hire Purchases Payables (Note 32)		
At beginning of year	**399**	340
Repayments	**(80)**	(260)
New hire-purchase	**-**	312
Effect of foreign exchange translation	**(32)**	7
At end of year	**287**	399
Lease liabilities (Note 33)		
At beginning of year	**-**	-
Arising from adoption of MFRS 16	**6,279**	-
Repayments	**(1,073)**	-
At end of year	**5,206**	-

43. SIGNIFICANT EVENT

On 11 March 2020, the World Health Organisation declared the Coronavirus ("Covid-19") outbreak as a pandemic in recognition of its rapid spread across the globe. The Covid-19 outbreak has resulted in travel restrictions, quarantines, lockdown and other precautionary measures imposed in various countries. The emergence of the Covid-19 outbreak since early 2020 has brought significant economic uncertainties in Malaysia, Indonesia and markets in which the Group operates.

(a) On 16 March 2020, the Malaysian Government imposed the Movement Control Order ("MCO") starting from 18 March 2020 and subsequently implemented the Conditional Movement Control Order ("CMCO") starting from 4 May 2020, and the Recovery Movement Control Order ("RMCO") starting from 10 June 2020 to 31 August 2020 to curb the spread of the Covid-19 outbreak in Malaysia.

As a result of the MCO, the manufacturing plant of the Group located in Klang, Selangor was shut down for operations on 18 March 2020 in align with the MCO policy. Subsequently on 1 April 2020, the plant resumed operations at 50% capacity after obtaining permit from the Ministry of International Trade & Industry (MITI). The plant resumed to 100% capacity on 4 May 2020 after announcement of Conditional MCO by the Prime Minister on 1 May 2020.

The medical service sector is classified as "essential service" by the Ministry of Health ("MOH") in Malaysia, where hospitals are allowed to continue its normal business operation while adhering to certain standard operating procedures ("SOP") set by the MOH during the MCO. The Group's healthcare operation in Sri Kota Specialist Medical Centre, located in Klang was allowed to operate throughout the MCO. The medical centre was not selected by the MOH to facilitate Covid-19 screening and referral hospitals to treat Covid-19 suspected and positive cases.

The management assessed that the disruption in the Group's operations in Malaysia was minimal as the production and operation was only affected for 2 weeks from 18 March 2020 to 31 March 2020 with a minimal disruption in supply chain.

The Group is financially strong with a net asset position of RM650,222,000, and holding cash and cash equivalents of RM208,938,000 as of 31 March 2020, and has no issue in its ability to continue as going concern in the foreseeable future.

The impact for expected credit losses ("ECL") on receivables are minimal as the Group implements effective credit control, such as strict customer creditworthiness assessment process, credit period granted, and monitoring on collection. The receivables balance as at 31 March 2020 has been substantially collected as at the report date.

(b) On 31 March 2020, the Indonesia government declared the Covid-19 pandemic as a national public health emergency, where the government imposed large-scale social restrictions ("PSBB" - *Pembatasan Sosial Berskala Besar*) to curb the spread of the Covid-19 outbreak in Indonesia.

On 12 April 2020, the Ministry of Health in Indonesia imposed the PSBB in the city of Pekanbaru, Riau Province including measures such as closing public places, restricting public transport, and limiting travel to and from restricted regions.

The management assessed that the disruption in the Group's operations in Indonesia was minimal as the Group's mills and estates operation in Riau Province were not affected by the PSBB as the mills and estates were located outside the city of Pekanbaru. The mills and estates were allowed to continue its normal business operation during the PSBB.

As the situation is still evolving and the uncertainty of the outcome of the current events, the Group will continuously monitor the impact of Covid-19 on its operations and its financial performance. The Group will also be taking appropriate and timely measures to minimise the impact of the outbreak on the Group's operations.

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 Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2020 and of the financial performance and the cash flows of the Group and of the Company for the year ended on that date.

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

DR. LOW KOK THYE

LIM KIM LONG

Klang
4 August 2020

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
(MIA Membership No. 12292)

Subscribed and solemnly declared by the abovenamed **CHEONG KEE YOONG** at **KLANG** in the state of **SELANGOR** this 4th day of August, 2020.

Before me,

P. DEV ANAND PILLAI (B253)
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 2020 (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	13 years	2,886
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 24 to 38 years	8,552
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 Jawa 42450 Klang Selangor	Land	644.49 acres	Oil Palm Cultivation	Freehold	N/A	139,868
5.	**Noble Interest Sdn Bhd** P.T. 1288, Seksyen 14, Mukim Klang, Daerah Klang, Selangor	Land & Building	1.62 acres & 262,000 sq ft	Hospital Building	Freehold	N/A 21 years	4,950 18,548
6.	**Imayos Letting Sdn Bhd** Level 30 Centro Tower No 8 Jalan Batu Tiga Lama 41300 Klang, Selangor	Office Lot	12,178 sq ft	Office	Freehold	13 years	4,671
7.	**P.T. Mustika Agro Sari** Kebun Tanjung Pauh & Kebun Petai, Province of Riau, Sumatera Indonesia	Land & Buildings	7,181 acres	Oil Palm Cultivation, Palm Oil Mill & Workers Quarters	Leasehold expiring on 20-3-2036 and 9-4-2036	18 years	3,908
8.	**P.T. Mustika Agro Sari** Simpang Tiga Province of Riau, Pekanbaru Indonesia	Land	0.822 acres	Office & Workers Quarters	Leasehold expiring 2044	N/A	1,837
9.	**P.T. Wanasari Nusantara** Kebun Sei Jake Province of Riau, Sumatera Indonesia	Land & Building	13,136 acres	Oil Palm Cultivation, Palm Oil Mill & Workers Quarters	Leasehold expiring on 31-12-2029 and 29-1-2032	Ranging from 5 to 31 years	34,414

STATISTICS OF SHAREHOLDINGS
AS AT 30 JULY 2020

DISTRIBUTION SCHEDULE OF SHARE AS AT 30 JULY 2020

Size of Shareholdings	No of Shareholders	% Shares Held	No of Shares Held	% of Shares Held
Less than 100	235	10.25	6,854	0.01
100 to 1,000	599	26.12	409,253	0.30
1,001 to 10,000	1,099	47.93	4,247,396	3.10
10,001 to 100,000	297	12.95	8,702,282	6.35
100,001 to 6,846,705 (less than 5% of issued shares)	59	2.57	43,959,892	32.10
6,846,706 (5% of issued shares) and above	4	0.18	79,608,455	58.14
TOTAL	**2,293**	**100.00**	**136,934,132**	**100.00**

LIST OF SUBSTANTIAL SHAREHOLDERS AS AT 30 JULY 2020

No.	Names	Shareholding	%
1.	Southern Palm Industries Sdn. Bhd.	42,840,270	31.29
2.	Lembaga Tabung Haji	17,848,100	13.03
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 AT 30 JULY 2020

		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	65,692,824	47.97
3.	Lim Kim Long	49,276	0.04	69,032,267	50.41
4.	Chung Kin Mun	0	0.00	0	0.00
5.	Leong So Seh	0	0.00	0	0.00
6.	Teo Leng	0	0.00	0	0.00

STATISTICS OF SHAREHOLDINGS
AS AT 30 JULY 2020

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	17,848,100	13.03
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.	Banting Hock Hin Estate Company Sdn. Bhd.	1,487,500	1.09
13.	Leong Kok Tai	1,337,500	0.98
14.	Low Mun Chong	1,248,398	0.91
15.	Southern Hockjoo Plantation Sdn. Bhd.	991,666	0.72
16	Ng Kin Lan	965,532	0.71
17.	Wong Lok Jee @ Ong Lok Jee	888,000	0.65
18.	Naga Wira Sdn. Berhad	720,938	0.53
19.	Bekalan Utama Sdn. Berhad	694,166	0.51
20.	Ng Phaik Lean	683,900	0.50
21.	Teo Kwee Hock	639,900	0.47
22.	Lou Ai Choo	601,835	0.44
23.	CIMB Group Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Mong Hua @ Low Mong Hua (4851DHAM)	600,000	0.44
24.	Neong Kok Hooi	595,700	0.44
25.	Sai Yee @ Sia Say Yee	595,000	0.43
26.	Low Mong Hua Sdn. Bhd.	585,000	0.43
27.	Mong Teck Sdn. Berhad	559,972	0.41
28.	UOB Kay Hian Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Teo Siew Lai	377,600	0.28
29.	CGS-CIMB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Oh Boon Hong (TM RAYA - CL)	362,732	0.26
30.	Low King Ling @ Low Kim Leng	360,750	0.26
	TOTAL	**116,649,086**	**85.21**

NOTICE OF THE THIRTY-NINTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Thirty-Ninth ("39th") Annual General Meeting ("AGM") of Southern Acids (M) Berhad ("the Company") will be held at Function Room 1, Setia City Convention Centre, No 1 Jalan Setia Dagang AG U13/AG, Setia Alam, Seksyen U13, 40170 Shah Alam, Selangor Darul Ehsan, Malaysia on Friday, 25 September 2020 at 11.00 a.m. for the following purposes:

AGENDA

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 March 2020 together with the Reports of the Directors and Auditors thereon. (Note 5)

2. To approve the payment of Single Tier Final Dividend of 5 sen per ordinary share in respect of the financial year ended 31 March 2020. **Ordinary Resolution 1**

3. To approve the payment of Directors' fees amounting to RM563,667 for the financial year ended 31 March 2020. (Note 6) **Ordinary Resolution 2**

4. To approve the payment of Directors' Benefits payable up to an amount of RM125,000 for the period from 26 September 2020 until the next AGM of the Company to be held in 2021. (Note 7) **Ordinary Resolution 3**

5. To re-elect the following Directors who are retiring under Clause 113 of the Company's Constitution, and being eligible, have offered themselves for re-election: -

   a) Lim Kim Long **Ordinary Resolution 4**

   b) Chung Kin Mun **Ordinary Resolution 5**

6. To re-appoint M/s Deloitte PLT as Auditors to hold office until the conclusion of the next AGM at a remuneration to be fixed by the Directors. **Ordinary Resolution 6**

SPECIAL BUSINESS

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

7. **Retention of Independent Director (Note 8)** **Ordinary Resolution 7**

   "THAT Madam Leong So Seh who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years be and is hereby retained as an Independent Non-Executive Director until the conclusion of the next AGM in accordance with the Malaysian Code on Corporate Governance."

8. **Authority to Issue Shares Pursuant to Sections 75 and 76 of the Companies Act, 2016 (Note 9)** **Ordinary Resolution 8**

   "That subject always to the Companies Act 2016, and the approvals of the relevant governmental and/or regulatory authorities, if applicable, the Directors be and are hereby authorised, pursuant to Sections 75 and 76 of the Companies Act, 2016, to allot and issue shares in the Company from time to time at such price and upon such terms and conditions and for such purposes as the Directors may in absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the total number of issued shares of the Company as at the date of this AGM and that the Directors be and are also empowered to obtain approval for the listing of and quotation for additional shares so issued on Bursa Malaysia Securities Berhad and that such authority shall continue to be in force until the conclusion of the next AGM of the Company."

9. **Proposed Renewal of Shareholders' Mandate for Existing Recurrent Related Party Transactions of a Revenue or Trading Nature (Note 10)** **Ordinary Resolution 9**

"That subject always to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given for the renewal of shareholders' mandate for the Company and/or its subsidiaries to enter into the categories of recurrent related party transactions of a revenue or trading nature and with those Related Parties ("Proposed Renewal of Shareholders' Mandate") as specified in the Circular to Shareholders dated 26 August 2020 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 Renewal of 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 340(2) of the Companies Act, 2016 ("CA") (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of CA); or
- revoked or varied by resolution passed by the shareholders in General Meeting,

whichever is the earlier.

AND FURTHER THAT the Directors of the Company/ or any of them be and are/is (as the case may be) hereby authorised to complete and to do all acts and things (including executing such documents under the common seal in accordance with the provisions of the Constitution of the Company, as may be required) as they may consider expedient or necessary to give effect to the Proposed Renewal of Shareholders' Mandate.

10. **Proposed New Shareholders' Mandate for Additional Recurrent Related Party Transactions of a Revenue or Trading Nature (Note 11)** **Ordinary Resolution 10**

"That subject always to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given for the new shareholders' mandate for the Company and/or its subsidiaries to enter into the categories of recurrent related party transactions of a revenue or trading nature and with those Related Parties ("Proposed New Shareholders' Mandate") as specified in the Circular to Shareholders dated 26 August 2020 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 New 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 340(2) of the Companies Act, 2016 ("CA") (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of CA); or

   - revoked or varied by resolution passed by the shareholders in General Meeting,

   whichever is the earlier.

AND FURTHER THAT the Directors of the Company/ or any of them be and are/is (as the case may be) hereby authorised to complete and to do all acts and things (including executing such documents under the common seal in accordance with the provisions of the Constitution of the Company, as may be required) as they may consider expedient or necessary to give effect to the Proposed New Shareholders' Mandate.

FURTHER NOTICE IS HEREBY GIVEN THAT for the purpose of determining a member who shall be entitled to attend the 39th AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Clause 78 of the Company's Constitution and Section 34(1) of the Securities Industry (Central Depositories) Act 1991, to issue a General Meeting Record of Depositors as at 17 September 2020. Only a depositor whose name appears on the Record of Depositors as at 17 September 2020 shall be entitled to attend the said meeting or appoint proxies to attend and vote on his/her behalf.

NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS ALSO HEREBY GIVEN THAT subject to the shareholders' approval for the payment of Single Tier Final Dividend of 5 sen per ordinary share in respect of the financial year ended 31 March 2020 ("Dividend") under Ordinary Resolution 1 at the 39th AGM of the Company on 25 September 2020, the Dividend will be paid to the shareholders on 23 October 2020. The entitlement date for the Dividend shall be 2 October 2020.

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 30 September 2020 (in respect of shares which are exempted from Mandatory Deposit);

b) shares transferred into the Depositor's Securities Account before 4:30 p.m. on 2 October 2020 (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
SSM PC No. 202008001175
MAICSA 0783327
Paul Ignatius Stanislaus
SSM PC No. 202008001655
MACS 01330
Secretaries

Klang, Selangor Darul Ehsan
Date: 26 August 2020

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

   Agenda No 1 is meant for discussion only as under the provision of Section 340(1)(a) of the Companies Act 2016, formal approval by members is not required to be obtained. Hence, the matter will not be put forward for voting.

6. Directors' Fees

The Board of Directors proposed the increase in Directors' Fees for the financial year ended 31 March 2020, subject to approval from the shareholders at the 39th AGM, as follows:

a) Chairman of the Board – from RM99,000 to RM114,000
b) Chairman of the Audit Committee – from RM99,000 to RM114,000
c) Board Member – from RM66,000 to RM76,000

7. Directors' Benefits Payable

The Directors' Benefits comprised the following:

Description of Benefits	
Meeting Allowance per Meeting based on Attendance	(i) Board Chairman - RM1,600 (ii) Board Committee Chairman - RM1,600 (iii) Board member - RM800 each (vi) Board Committee member - RM800 each
Other benefits	Directors and Officers Liability Insurance, travelling allowance, medical and other claimable benefits

The Ordinary Resolution 3, if approved, will authorise the payment of Directors' benefits of an amount up to RM125,000 to the Directors by the Company from 26 September 2020 up to the next AGM of the Company to be held in 2021. The estimated amount of RM125,000 is calculated based on the expected number of meetings for the Board and Board Committees and benefits for the period from 26 September 2020 up to the next AGM of the Company, tentatively scheduled to be held in August 2021.

8. Retention of Independent Director

The Ordinary Resolution 7, if approved, will enable the retention of Madam Leong So Seh as an Independent Non-Executive Director of the Company. Madam Leong So Seh is currently an Independent Non-Executive Director of Company. She had completed the 9-year tenure on 8 April 2018.

The Board has vide the Nomination & Remuneration Committee conducted an annual performance evaluation and assessment of Madam Leong So Seh and strongly recommend to the members of the Company to vote in favour of the resolution for Madam Leong So Seh to continue to act as an Independent Non-Executive Director on the following basis:-

(a) She has demonstrated and continues to be able to exercise independent judgement and to act in the best interest of the Company;

(b) She has also the necessary knowledge of the business and has proven commitment, experience and competency;

(c) She has participated and contributed actively during deliberations or discussions at Board meetings; and

(d) She has met the criteria for independence under the definition of an independent Director in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

9. Authority to issue Shares pursuant to Sections 75 and 76 of the Companies Act, 2016.

The proposed Ordinary Resolution 8, if approved, will give the Directors authority to issue and allot new ordinary shares up to an amount not exceeding 10% of the total number of issued shares of the Company for such purposes as the Directors consider would be in the best interest of the Company. This authority will commence from the date of this AGM and unless revoked or varied by the Company at a general meeting, expire at the conclusion of the next AGM of the Company.

The approval is a renewed general mandate and is sought to provide flexibility to the Company for any possible fund raising activities, including but not limited to placing of shares, for purposes of funding future investment project(s), working capital, acquisitions or such other applications as the Directors deem fit. This would avoid any delay and cost involved in convening a general meeting to approve such issue of shares.

As at the date of this Notice, no new shares in the Company were issued pursuant to the authority granted to the Directors at the last AGM of the Company held on 30 August 2019 and which lapse at the conclusion of the 39th AGM.

10. Proposed Renewal of Shareholders' Mandate for Existing Recurrent Related Party Transactions of a Revenue or Trading Nature

The proposed Ordinary Resolution 9, 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 26 August 2020, which is despatched together with the Company's Annual Report 2020, for more information.

11. Proposed New Shareholders' Mandate for Additional Recurrent Related Party Transactions of a Revenue or Trading Nature

The proposed Ordinary Resolution 10, if passed, will authorise the Company and/or its subsidiary companies to enter into recurrent related party transactions of a revenue or trading nature. This authority will, unless revoked or varied by the Company in General Meeting, expire at the next AGM of Company. Please refer to the Circular to Shareholders dated 26 August 2020, which is despatched together with the Company's Annual Report 2020, for more information.

12. Voting by poll

In compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice will be voted by poll.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of the Bursa Malaysia Securities Berhad

1. The following are the Directors who are seeking re-election at the 39th Annual General Meeting:-

   (i) Mr Lim Kim Long, pursuant to Clause 113 of the Company's Constitution.

   (ii) Mr Chung Kin Mun, pursuant to Clause 113 of the Company's Constitution.

2. The details of the two (2) Directors seeking re-election are set out in the Directors' Profile from pages 46 to 50 and the Directors' Shareholdings in the Company on page 164 of the Annual Report.

SOUTHERN ACIDS (M) BERHAD [198001010791 (64577-K)]
THIRTY-NINTH ANNUAL GENERAL MEETING

PROXY FORM

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	NRIC No. / Passport No.	Proportion of shareholdings	
		Number of shares	Percentage (%)
Address			

and/or failing him/her

Second Proxy

Full Name of Proxy in capital letters	NRIC No. / Passport No.	Proportion of shareholdings	
		Number of shares	Percentage (%)
Address			

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-Ninth Annual General Meeting ("AGM") of Southern Acids (M) Berhad ("the Company") to be held on 25 September 2020 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
1	Ordinary Resolution 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 2020.		
2	Ordinary Resolution 2 To approve the payment of Directors' fees amounting to RM563,667 for the financial year ended 31 March 2020.		
3	Ordinary Resolution 3 To approve the payment of Directors' benefits of RM125,000 for the period from 26 September 2020 until the next AGM of the Company to be held in 2021.		
4	Ordinary Resolution 4 To re-elect Mr Lim Kim Long as Director of the Company in accordance with Clause 113 of the Company's Constitution.		
5	Ordinary Resolution 5 To re-elect Mr Chung Kin Mun as Director of the Company in accordance with Clause 113 of the Company's Constitution.		
6	Ordinary Resolution 6 To re-appoint M/s Deloitte PLT as Auditors to hold office until the conclusion of the next AGM at a remuneration to be fixed by the Directors.		
7	Ordinary Resolution 7 To retain Madam Leong So Seh as an Independent Non-Executive Director.		
8	Ordinary Resolution 8 To approve the Authority to issue Shares pursuant to Sections 75 and 76 of the Companies Act, 2016.		
9	Ordinary Resolution 9 To approve the Proposed Renewal of Shareholders' Mandate for Existing Recurrent Related Party Transactions of a Revenue or Trading Nature.		
10	Ordinary Resolution 10 To approve the Proposed New Shareholders' Mandate for Additional Recurrent Related Party Transactions of a Revenue or Trading Nature		

(Please indicate with (X) in the appropriate box whether you wish your vote to be cast for or against the resolution. In the absence of specific direction, your proxy will vote or abstain as he/she thinks fits.)

Dated this ____________ day of ____________________________ 2020

Number of Shares held

CDS Account No.

____

Signature/Common Seal of Shareholder(s)

MEMBERS ENTITLED TO ATTEND

For purpose of determining a member who shall be entitled to attend the AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd, in accordance with Clause 78 of the Company's Constitution and Section 34(1) of the Securities Industry (Central Depositories) Act 1991, to issue a General Meeting Record of Depositors as at 17 September 2020. Only a depositor whose name appears on the General Record of Depositors as at 17 September 2020 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. 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.

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6. Voting by poll

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STAMP

The Company Secretary

SOUTHERN ACIDS (M) BERHAD **[198001010791 (64577-K)]**
9, Jalan Bayu Tinggi 2A/KS6
Taipan 2, Batu Unjur
41200 Klang
Selangor Darul Ehsan
Malaysia

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Southern Acids (M) Berhad
[Registration No. 198001010791 (64577-K)]
(Incorporated in Malaysia)
Level 29, Centro Tower, No. 8, Jalan Batu Tiga Lama
41300 Klang, Selangor Darul Ehsan, Malaysia
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