



Southern Acids (M) Berhad

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



ANNUAL REPORT 2022

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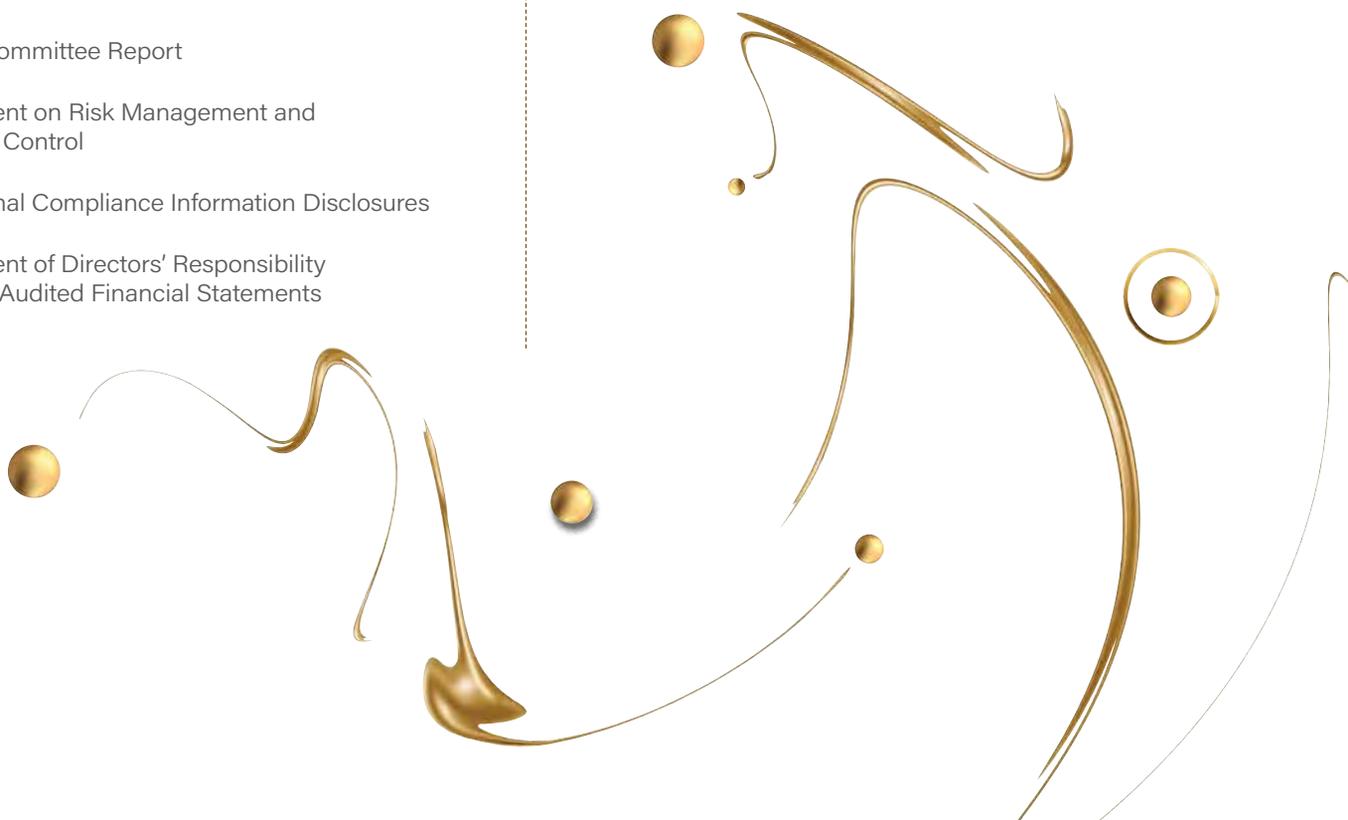
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CORPORATE INFORMATION

BOARD OF DIRECTORS

Tan Sri Datuk Seri Panglima Sulong Matjeraie

Non-Executive Chairman

Independent Non-Executive Director

Dr. Nick Low (Dr. Low Kok Thye)

Managing Director

Non-Independent Executive Director

Lim Kim Long

Executive Director

Non-Independent Executive Director

Chung Kin Mun

Senior Independent Non-Executive Director

Leong So Seh

Independent Non-Executive Director

AUDIT COMMITTEE

Chung Kin Mun (Chairman)

Leong So Seh

Tan Sri Datuk Seri Panglima Sulong Matjeraie

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

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

Alex Chan Choon Hoong

Chief Strategic Development Officer

Jennifer Low Swee Yim

Strategic Integration Director

Edward Lai (Lai Fu Khate)

Special Technology Affairs Director

Tiong Chuu Ling

Chief Operating Officer

Oleochemical Segment

Thevakumar Kaliaperumal

Acting Deputy General Manager

Milling & Estate Segment

Tan Suet Guan

Hospital Director

Healthcare Segment

CORPORATE INFORMATION (cont'd)

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

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 HIGHLIGHTS

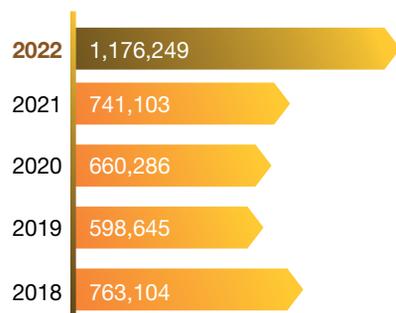
Financial Year	2018	2019	2020	2021	2022
Financial Performance (RM'000)					
Revenue	763,104	598,645	660,286	741,103	1,176,249
Profit before tax	51,019*	38,574	48,740	60,345	149,855
Profit for the financial year	37,039*	25,468	39,229	47,783	118,120
Financial Position (RM'000)					
Total assets	717,050*	731,557	727,388	810,778	968,484
Total liabilities	79,981*	75,542	77,166	101,429	145,134
Net current assets	272,275*	280,610	310,861	359,164	477,717
Shareholders' equity	586,376*	601,281	594,422	637,662	727,470
Share capital	171,255	171,255	171,255	171,255	171,255
Number of ordinary shares ('000)	136,934	136,934	136,934	136,934	136,934
Financial Ratio					
Earnings per share (sen)	23.78*	15.69	23.37	27.28	68.95
Dividend per share (sen)	5.00	5.00	5.00	5.00	5.00
Net assets per share attributable to shareholders of the Company (RM)	4.28*	4.39	4.34	4.66	5.31

* Restated

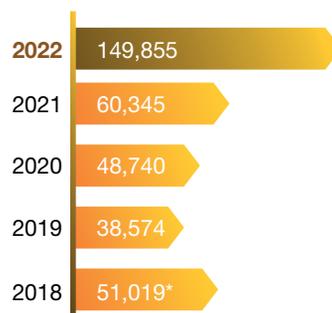
FINANCIAL HIGHLIGHTS (cont'd)

FINANCIAL PERFORMANCE

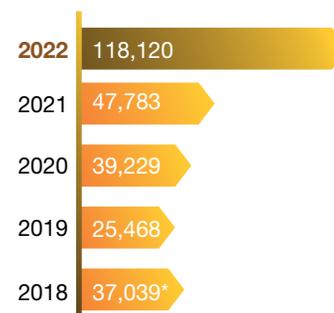
REVENUE (RM'000)



PROFIT BEFORE TAX (RM'000)

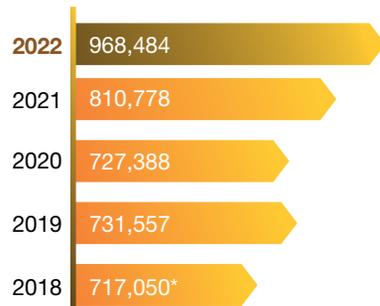


PROFIT FOR THE FINANCIAL YEAR (RM'000)

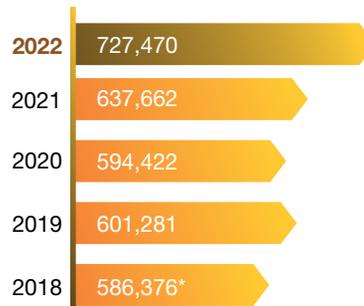


FINANCIAL POSITION

TOTAL ASSETS (RM'000)



SHAREHOLDERS' EQUITY (RM'000)

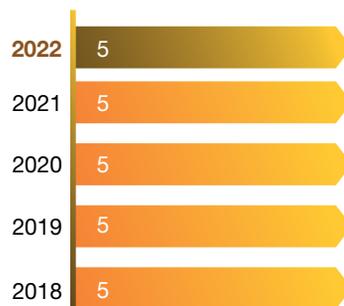


FINANCIAL RATIO

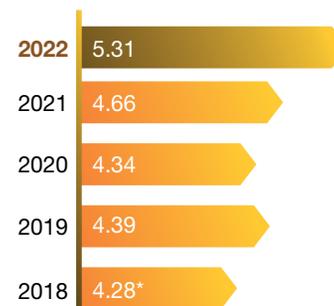
EARNINGS PER SHARE (Sen)



DIVIDEND PER SHARE (Sen)



NET ASSETS PER SHARE (RM)

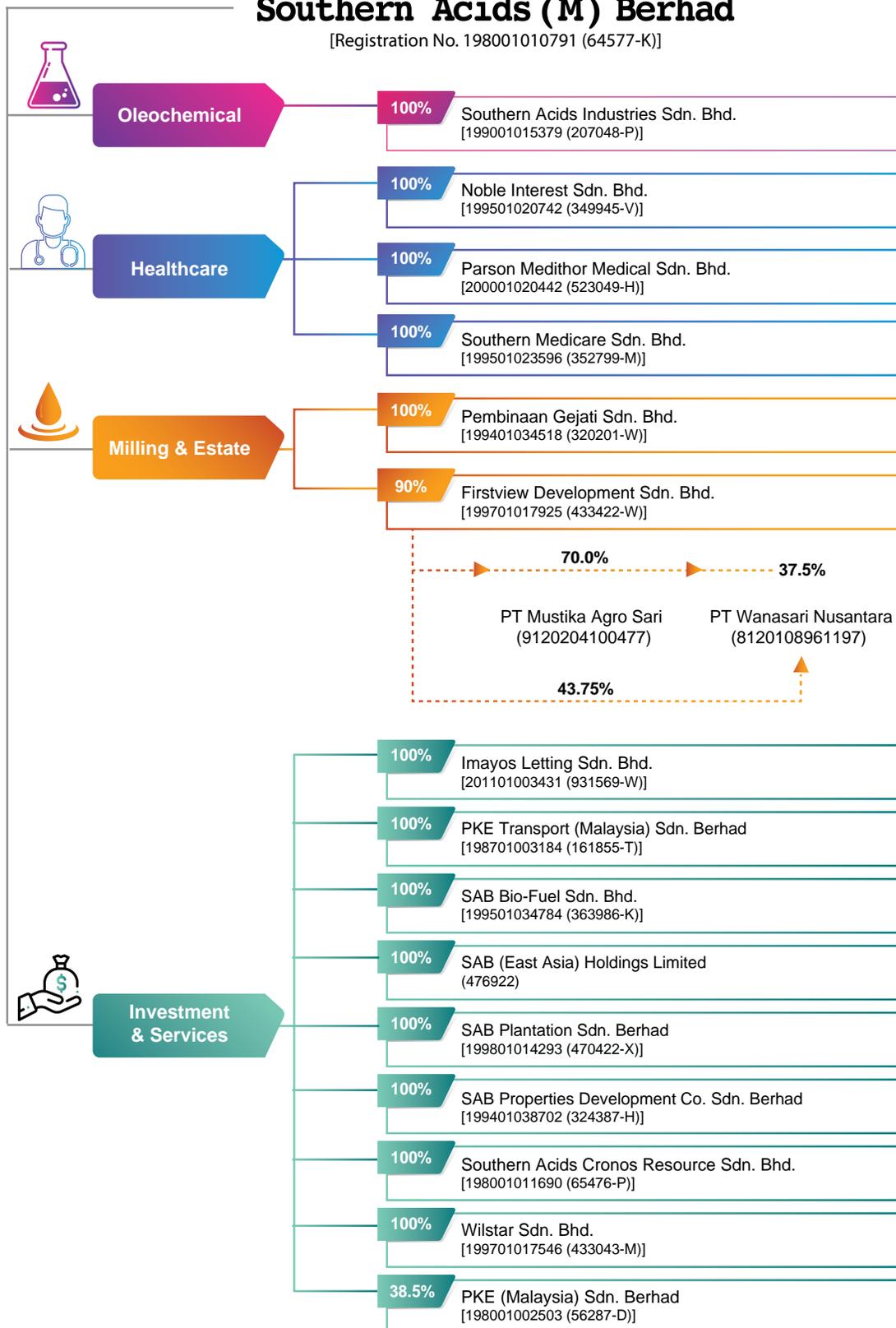


CORPORATE STRUCTURE



Southern Acids (M) Berhad

[Registration No. 198001010791 (64577-K)]





◀ **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 ("SAB Group" or "the Group") for the financial year ended 31 March 2022 ("FY2022").

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.

SAB Group's core activities have expanded and currently encompasses Oleochemical, Milling & Estate and Healthcare Services. The Group currently employs 1,671 staff members and has operations in Malaysia and Indonesia.

ECONOMIC REVIEW

In calendar year ("CY") 2021, Malaysia staged a modest recovery as we tentatively emerged from the critical phase of the Coronavirus disease ("Covid-19") pandemic. This was made possible through a successful nationwide vaccination programme and the government's National Recovery Plan, aimed at a conditional reopening of economic sectors and lifting of travel restrictions. Malaysia's gross domestic product ("GDP") rebounded 3.1% in 2021, following a contraction of 5.6% in 2020 (*Bank Negara Malaysia Annual Report 2021*).

Although growth was still below the pre-pandemic level of 2019, the recovery was lifted by an improvement in domestic demand as Malaysians adapted to the less severe containment measures. External demand was also stronger, supported by improved global economic conditions. Malaysia's gross exports rose 26.0% in 2021 following a decline of 1.1% in 2020. Overall growth in 2021 was led by the manufacturing and the services sectors, which grew 9.5% and 1.9% respectively, whilst the other economic sectors were subdued.

Our GDP further expanded 5.0% in the first quarter of 2022. Manufacturing and services sectors remained the key drivers. Nonetheless we are wary the onset of the conflict in Ukraine may well compound the economic fallout from the Covid-19 pandemic, displacing this recovery momentum.

FY2022 FINANCIAL REVIEW

During the financial year under review, SAB recorded a revenue of RM1,176.3 million and a profit before tax ("PBT") of RM149.9 million. Revenue increased 58.7% from RM741.1 million achieved in the preceding financial year while PBT rose 148.3% from RM60.3 million in the financial year ended 31 March 2021 ("FY2021"). Our revenue growth was underpinned by all three of our core business segments, namely Oleochemical, Milling & Estate and Healthcare.

MANAGEMENT DISCUSSION & ANALYSIS (cont'd)

FY2022 FINANCIAL REVIEW (CONT'D)

The Oleochemical and Milling & Estate Segments, which contributed 90.4% of total Group revenue, recorded revenue growth of 51.8% and 81.9% respectively. This was largely driven by higher average selling prices (“ASP”) of fatty acids, glycerine, crude palm oil (“CPO”) and palm kernel (“PK”) brought on by **higher commodity prices**. Consequently, profit before tax for both these segments was also higher.

For the year, our Healthcare Segment delivered revenue growth of 24.0% and profit before tax increased 51.0%.

During the financial year, the Group undertook capital expenditure amounting to approximately RM20.5 million. In-line with our emphasis on continually improving our facilities, the Healthcare Segment deployed a total of RM6.2 million towards the purchase of medical equipment, general renovation works, office equipment, furniture and fittings whereas the Oleochemical Segment deployed a total of RM4.6 million mainly for the upgrading of biomass boiler, IT hardware and software as well as new storage tanks. As for the Milling & Estate Segment, a total of RM8.3 million had been deployed mainly for the additions to bearer plants as well as new plant and machineries. Out of the Capex for the additions to bearer plants, RM3.1 million were spent on the rehabilitation of 751.9 Ha of estate cultivation land and for the said land to reach its maturity an additional capex of approximately RM15.0 million is expected to be incurred in the next two financial years. The Investment & Services Segment incurred capital expenditure of RM1.4 million for the purchase of machineries, motor vehicles, office equipment, furniture and fittings.

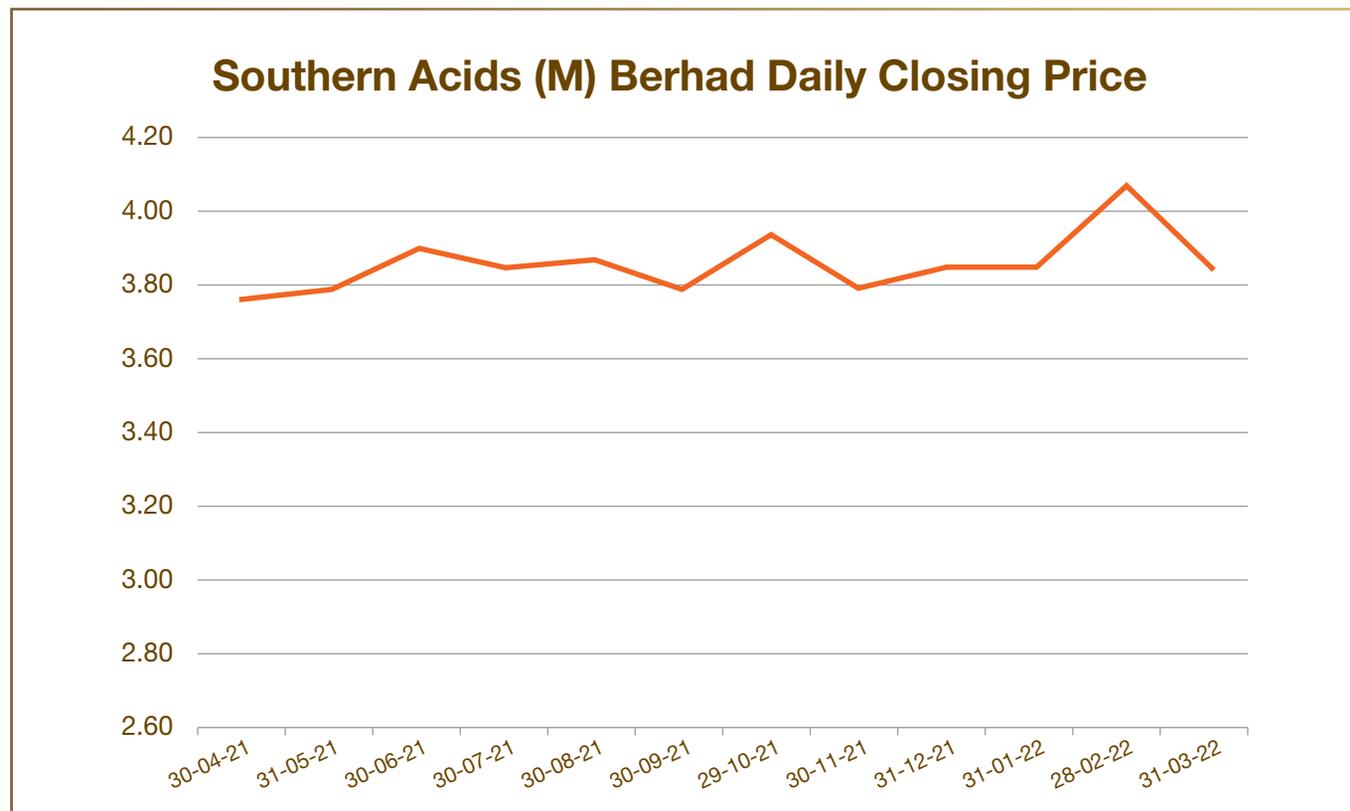
SAB GROUP FIVE YEAR FINANCIAL HIGHLIGHTS

	FY2018 RM'000 (Restated)	FY2019 RM'000	FY2020 RM'000	FY2021 RM'000	FY2022 RM'000
Revenue	763,104	598,645	660,286	741,103	1,176,249
Profit before interest & tax	51,075*	38,611	49,149	60,816	150,657
Finance costs	56	37	409	471	802
Profit for the financial year	37,039*	25,468	39,229	47,783	118,120
Shareholders' equity	586,376*	601,281	594,422	637,662	727,470
Total assets	717,050*	731,557	727,388	810,778	968,484
Borrowings	340	399	5,987	5,093	22,233
Earnings per share (sen)	23.78*	15.69	23.37	27.28	68.95
Net assets per share attributable to shareholders of the Company (RM)	4.28*	4.39	4.34	4.66	5.31
Dividend per share (sen)	5.00	5.00	5.00	5.00	5.00

* Restated

MANAGEMENT DISCUSSION & ANALYSIS (cont'd)

SAB SHARE PRICE PERFORMANCE



	FY2022	FY2021
1 High	RM4.19	RM3.99
2 Low	RM3.67	RM2.91
3 Close	RM3.85	RM3.76
4 Average Daily Trading volume (number of shares)	26,991	13,199
5 Market capitalisation At Year End (million)	RM527.2	RM514.9
6 Earnings Per Share (sen)	68.95	27.28
7 Price Earnings Ratio (times)	5.6	13.8

MANAGEMENT DISCUSSION & ANALYSIS (cont'd)

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 tonnes ("MT"). This plant has been awarded with the following accreditations and certifications: -

- ISO 22000 Food Safety Management Systems;
- 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 74.5% 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 (30) years. Given the age of the plant, our long-term focus remains on upgrading and replacing the plant. This will enhance the plant's manufacturing and cost efficiency via modernisation and process automation.



Oleochemical Segment	FY2022	FY2021	Changes
Financial Highlights			
Revenue (RM'000)	494,334	325,541	51.8%
Profit/(Loss) Before Tax (RM'000)	43,763	(548)	>100%
Core Profit/(Loss) Before Tax (RM'000)	33,317	(2,138)	>100%
Non-Financial Highlights			
Production Capacity (MT)	100,000	100,000	0.0%
Production (MT)	81,666	84,209	-3.0%
Production Utilisation (%)	81.7%	84.2%	-3.0%
Quantity Sold (MT)	81,442	82,213	-0.9%
Overseas Sales Quantity (MT)	57,816	58,537	-1.2%
Overseas Sales Quantity (%)	71.0%	71.2%	-0.3%
Overseas Sales (RM'000)	368,041	236,867	55.4%
Overseas Sales Revenue (%)	74.5%	72.8%	2.3%

In FY2022, revenue in our Oleochemical Segment grew 51.8% to RM494.3 million from RM325.5 million in FY2021. This was mainly attributable to higher ASPs for both fatty acids and glycerine, which rose 50.1% and 81.9% respectively, benefited from the increase in the prices of commodities. Sales volume during the financial year fell 0.9% to 81,442 MT. Production volume was 3% lower at 81,666 MT with a concurrent drop in production utilisation to 81.7% from 84.2% in the preceding financial year. The segment experienced a decline in both production and sales volumes in 2QFY2022, impacted by the reinstatement of Movement Control Order restrictions in the period.

MANAGEMENT DISCUSSION & ANALYSIS (cont'd)

Oleochemical Segment (cont'd)

The Oleochemical Segment achieved PBT of RM43.8 million in FY2022, reversing a loss before tax ("LBT") of RM0.5 million in the preceding financial year. This turnaround was largely underpinned by higher ASPs of fatty acids and glycerine in the year and to certain extent the higher closing inventory value driven by higher feedstock prices. The segment's core PBT for FY2022 stood at RM33.3 million whilst non-core PBT came in at RM10.5 million. Non-core PBT was mainly derived from unrealised gain on CPO futures contracts as well as realised and unrealised gains on foreign exchange.

Throughout the financial year, our Oleochemical plant continued to operate with stringent standard operating procedures ("SOP") in place and early screening for detection and prevention of Covid-19 outbreaks at the workplace.

Milling & Estate Segment

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

The Group operates two palm oil mills ("POM") 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.



Milling & Estate Segment	FY2022	FY2021	Changes
Financial Highlights			
Revenue (RM'000)	568,484	312,545	81.9%
Profit Before Tax (RM'000)	86,652	38,285	>100%
Core Profit Before Tax (RM'000)	71,510	23,522	>100%
Non-Financial Highlights			
FFB Processed (MT)	616,464	529,463	16.4%
CPO Production (MT)	125,881	108,218	16.3%
PK Production (MT)	32,424	26,313	23.2%
FFB Production (MT)	90,820	89,786	1.2%
Average CPO Selling Price Per MT	3,725	2,493	49.4%
Average PK Selling Price Per MT	2,600	1,496	73.8%



The POMs together produced a total of 125,881 MT of CPO in FY2022, higher from 108,218 MT of CPO production in FY2021. Concurrently, total FFB processed was also higher at 616,464 MT in FY2022 as compared to 529,463 MT FFB processed in FY2021.

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 4,965 hectares ("Ha") of planted area in Riau yielded 90,820 MT in FY2022, providing approximately 14.7% of the POMs current requirements. Out of the 4,965 Ha of planted area, 3,235 Ha are mature whilst the remaining 1,730 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 10 years old.

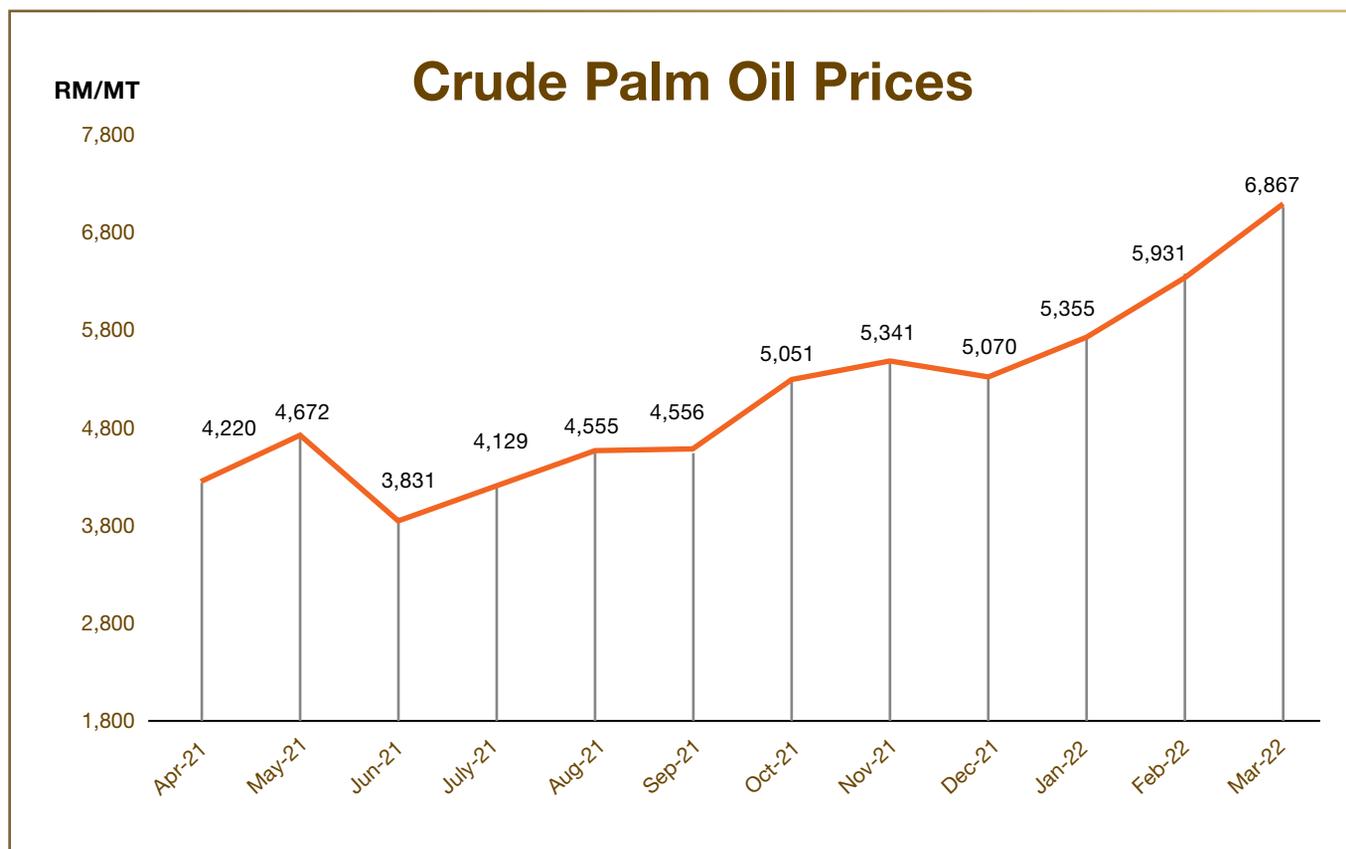
Both the Group's PT Mustika Agro Sari ("PTMAS") and PT Wanasari Nusantara ("PTWan") estates in Riau are Indonesian Sustainable Palm Oil ("ISPO") compliant, having been awarded the certification in November 2017 and August 2019. The certification is valid for five years until November 2022 and August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

MANAGEMENT DISCUSSION & ANALYSIS (cont'd)

Milling & Estate Segment (cont'd)

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

In FY2022, revenue in our Milling & Estate Segment increased 81.9% to RM568.5 million from RM312.5 million recorded in the preceding financial year. The growth in revenue was mainly lifted by an overall increase in the prices of commodities. Sales volumes were also higher, as CPO sales increased 18.6% to 128,461 MT and PK sales rose 22.8% to 32,579 MT respectively. Processed FFB rose by 16.4% to 616,464 MT in tandem with the higher sales volumes during the year.



Source: Average Monthly Malaysia Prices of Crude Palm Oil from Malaysian Palm Oil Board website

Segment PBT increased 126.3% to RM86.7 million from RM38.3 million reported in FY2021. The improved profitability was primarily contributed by higher ASPs of CPO and PK, which rose 49.4% and 73.8% respectively. Core PBT stood at RM71.5 million whilst non-core PBT amounted to RM15.2 million. Non-core PBT was mainly derived from sales proceeds from disposal of PK shells as well as sludge oil.

MANAGEMENT DISCUSSION & ANALYSIS (cont'd)

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 has obtained numerous achievements and accreditations. More recently, we received the Healthcare Asia Awards 2021 for Facilities Improvement Initiative of the Year and was conferred with the Asia Pacific Excellence Awards 2021. These awards are endorsements of Sri Kota's success during its twenty (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.

One of the more significant achievements of Sri Kota was the installation of the most advanced Magnetic Resonance Imaging ("MRI") system in Klang. This new system in the Radiology Department marked yet another milestone in Sri Kota's commitment to deliver high quality healthcare services to our patients.

Sri Kota currently has thirty-seven (37) resident consultants and forty-nine (49) 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.

Healthcare Segment	FY2022	FY2021	Changes
Financial Highlights			
Revenue (RM'000)	95,998	77,448	24.0%
Profit Before Tax (RM'000)	25,201	16,685	51.0%
Core Profit Before Tax (RM'000)	21,716	13,369	62.4%
Non-Financial Highlights			
Number of Patient			
- Outpatient	84,509	77,654	8.8%
- Inpatient	8,018	7,273	10.2%
Average Revenue Per Patient ("ARPP")(RM)			
- Outpatient	245	234	4.7%
- Inpatient	9,022	7,800	15.7%
Number of Licensed Beds	162	163	-0.6%
Bed Occupancy Rate (%)	40.1%	32.6%	23.0%
Number of Resident Consultants	37	36	2.8%
Number of Visiting Consultants	49	46	6.5%

MANAGEMENT DISCUSSION & ANALYSIS (cont'd)

Healthcare Segment (cont'd)

In FY2022, revenue in the Healthcare Segment rose 24.0% to RM96.0 million from RM77.4 million recorded in the preceding financial year.

Coming from a lower base, our patient figures improved in the year. Number of registered outpatients and inpatients increased 8.8% and 10.2% to 84,509 and 8,018 respectively. Notably our inpatient ARPP was also higher, having increased 15.7% to RM9,022 in FY2022.

In tandem with the rise in patient numbers, overall bed occupancy increased to 40.1% from 32.6% previously.

Consequently, segment PBT rose 51.0% to RM25.2 million from RM16.7 million reported in FY2021. This comprised core PBT of RM21.7 million and non-core PBT of RM3.5 million.

The Healthcare Segment continued to operate throughout the various movement controls to serve the local community as an essential tertiary healthcare service during the year. We were actively involved in the government's national vaccination programme or Program Imunisasi COVID-19 Kebangsaan ("PICK") since its implementation in February 2021 to curb the spread of Covid-19. Through vaccines and booster shots, Malaysia has been successful in achieving one of the highest levels of immunisation rate against Covid-19.



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. The Group mitigates competition risk by maintaining close relationships with long term customers via a value-added approach that allows product customisation and differentiation.

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 approximately 14.7% of the required volume. As CPO prices are a function of global supply and demand, the Group focuses on the processing cost of the mill and potential expansion of planted area located in Riau province.

Healthcare Segment

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.

MANAGEMENT DISCUSSION & ANALYSIS (cont'd)

OUTLOOK AND PROSPECTS

Oleochemical Segment

Overall, our Oleochemical Segment operates in a difficult environment. The global industry remains highly competitive. Our current size of operation lacks the economies of scale in the global context.

Performance in this segment have been lifted by higher selling prices, but this may not be sustainable. The ongoing conflict in Ukraine has distorted the global supply and demand situation, and concerns over higher raw material (CPO and PK) prices as well as currency volatility remain key challenging factors faced by our Oleochemical Segment in the current year.

The performance of Oleochemical Segment in FY2022 was generally benefited from the increase in commodities prices which was at record high. Closing inventory value had increased year-on-year which in turn favoured the reported earnings. On a flip side, if the commodities price is on a reversing trend from its peak in the coming reporting quarters or the financial year ending 31 March 2023 ("FY2023"), the impact of a lower closing inventory value at a reporting date would be the reverse.

Against this backdrop, we will further automate our processes and look to further rationalise costs to improve on our operational efficiencies. Emphasis on a value-add approach via product customisation has been fruitful, and we will continue with this approach to strengthen our relations with loyal customers.

Milling & Estate Segment

CPO prices escalated on the back of tighter supply and higher prices of vegetable oils triggered by the conflict in Ukraine. Daily CPO prices as quoted by the Malaysian Palm Oil Board spiked to a high of RM8,076.50/MT in March 2022 before dropping back to range RM4,000/MT currently.

Current geopolitical issues have led to volatility in CPO prices and may cloud the outlook in our Milling & Estate Segment. Concern also arises as the plantation sector faces higher labour and fertiliser costs. CPO prices may also face further pressure as palm oil production and palm stockpiles rise on the back of higher seasonal output.

Healthcare Segment

We are proud to have played an active role in the successful implementation of the government's national vaccination programme. Malaysia is transitioning to the endemic phase of Covid-19, and we welcome the lifting of restrictions and re-opening of economic sectors in the country. Healthcare services in our hospital will normalise with prescribed SOPs in place. Nonetheless, Covid-19 is still amongst us and we remain mindful of new variants that may emerge to risk critical outbreaks in the communities again.

Overall prospects in private healthcare continue to be underscored by rising health awareness and an expanding middle income population. We will strive on delivering high quality healthcare services; upgrading our medical facilities to provide superior medical care and to build on our pool of medical professionals to improve on our patient care.

Budgeted Capex

For the FY2023, the Group has budgeted approximately RM38.4 million for Capex requirements. RM20.7 million will be allocated to our Milling & Estate Segment, followed by the Healthcare Segment at RM15.6 million and the Oleochemical Segment at RM2.1 million.

Operating out of Riau, Indonesia, the Milling & Estate Segment's Capex allocation will be for the general upgrading of the Group's two POMs and the estate's infrastructure as well as the purchase of equipment and machineries. Also included in the estate Capex is RM11.5 million allocated for the immature field and nursery expenditures for its estate in Riau, Indonesia.

In addition, the Board is also currently deliberating a proposed major rehabilitation of estate cultivation land. A decision is expected to be made in FY2023. If this proposed Capex is approved after due consideration, it will involve a total Capex of about RM85.0 million over the next four financial years and upon completion it would enhance the total planted area by approximately 2,200 Ha.

Capex for our Healthcare Segment will involve the purchase of new ward and maintenance & security equipment, as well as general renovation and upgrading of its information technology ("IT") infrastructure. The Oleochemical Segment's Capex allocation will be used for the upgrading of the plant's storage tanks and air compressors.

MANAGEMENT DISCUSSION & ANALYSIS (cont'd)

General Outlook

The International Monetary Fund is projecting a slowdown in global growth to 3.6% in 2022 from an estimated 6.1% in 2021 (*World Economic Outlook, April 2022*). Growth momentum has been derailed by the conflict in Ukraine, which has added to inflation as food and fuel prices escalate. Central banks are raising interest rates to rein in these pricing pressures, but impact on global growth remains a concern.

After chalking up GDP growth of 3.1% p.a. in 2021, the Malaysian economy is expected to improve by 5.3%-6.3% p.a. in 2022 (Bank Negara Malaysia Annual Report 2021). As we make the transition to epidemic phase for Covid-19, the economy looks to be on a recovery track driven by stronger domestic demand and external trade. Nonetheless, there are challenges that will weigh on this outlook. The extent of a global slowdown remains uncertain. A prolonged conflict in Ukraine and China's lockdowns amidst a strict zero-Covid strategy could further compound global supply chain disruptions and keep inflationary pressures high. Risk of a renewed flare up of the pandemic could potentially add stress to economic activities again.

Our core businesses continue to face heightened uncertainties in this current environment.

Dividends

With respect to our FY2021, the Board proposed a single-tier final dividend of 5 sen per ordinary share on 25 May 2021. This was duly tabled and approved at our 40th Annual General Meeting ("AGM") held on 27 August 2021. The dividend was subsequently paid to shareholders on 24 September 2021.

With respect to our FY2022, the Board proposed to continue with a single-tier final dividend of 5 sen per ordinary share on 19 May 2022. The proposal will be tabled for shareholders' approval during our forthcoming 41st AGM.

The Company has established a healthy consistent dividend track record over the years. Our aim is to grow the Company for the long-term benefit of all shareholders.

Appreciation

The Board wishes to express our deepest appreciation to our medical workers, frontliners and volunteers in combating the Covid-19 pandemic. It is with your selfless services that has helped the country to reach the current transition to endemic phase.

We thank our valued shareholders and stakeholders for your confidence and continuous support in us. To our management team and staff, we truly appreciate your hard work and dedication. You are all an asset to the Company.

Dr. Nick Low
Managing Director

SUSTAINABILITY STATEMENT



SUSTAINABILITY STATEMENT

1. INTRODUCTION



Figure: United Nation Sustainable Development Goals (“UNSDGs”) Logo

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 in 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 to keep pace with environmental changes and disruptions. To future-proof our business and create inclusive economic growth for all stakeholders, we continuously refine 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 on 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 Action**.

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.

SUSTAINABILITY STATEMENT (cont'd)

2. REPORTING PERIOD AND SCOPE

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 1 April 2021 to 31 March 2022 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 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 ("Bursa Securities") Main Market Listing Requirements ("MMLR") relating to Sustainability Statements in Annual Reports of Listed Issuers, and guided by the Sustainability Reporting Guide (2nd Edition) and Toolkits issued by Bursa Securities. We also mapped our sustainability initiatives to the UNSDGs 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

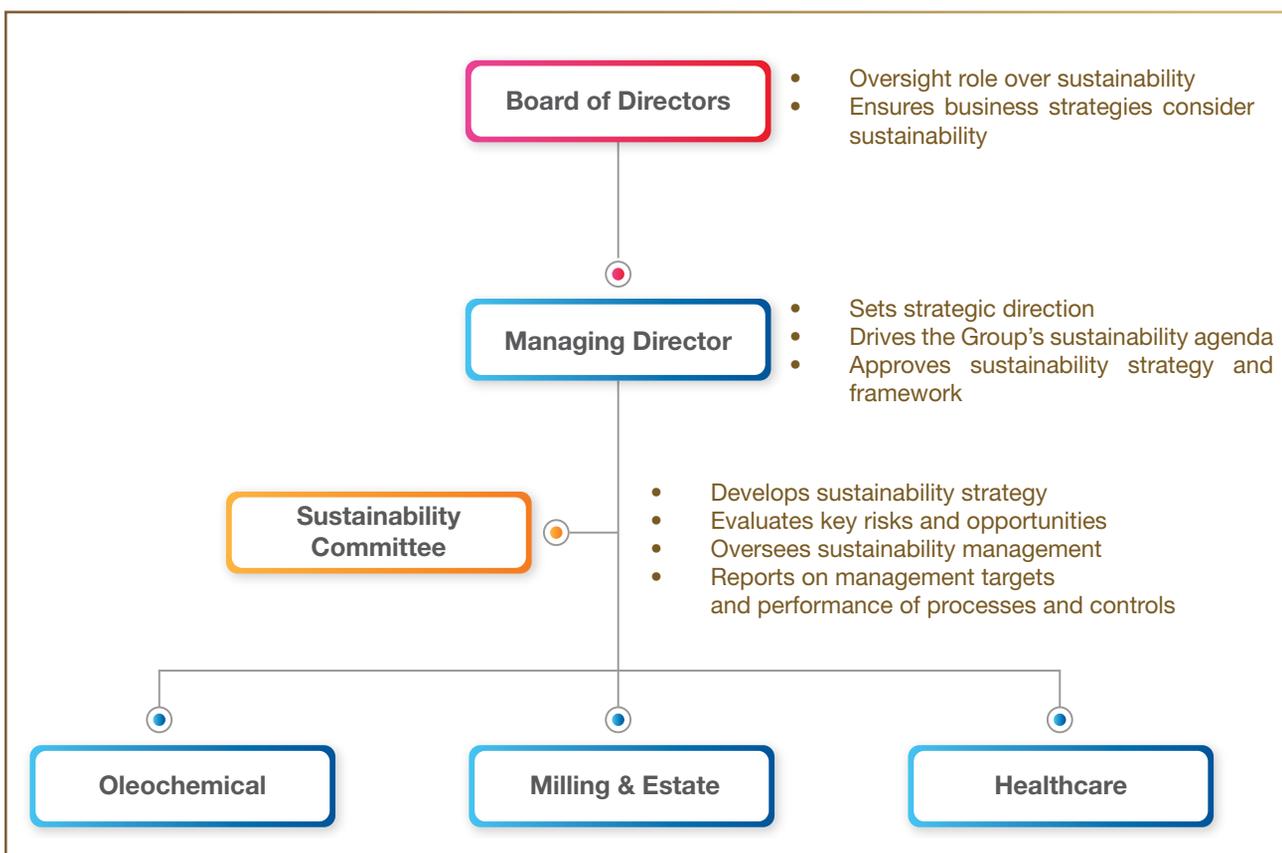


Figure: SAB's sustainability governance structure

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 section of this Annual Report 2022 ("AR 2022").

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 safeguard quality and accuracy of reporting, the Sustainability Committee will also ensure that data integrity is upheld, driving accountability among our teams.

SUSTAINABILITY STATEMENT (cont'd)

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 the respective groups through engagement on different platforms. The aim is to understand our stakeholders' needs and expectations for us to communicate in a transparent manner.

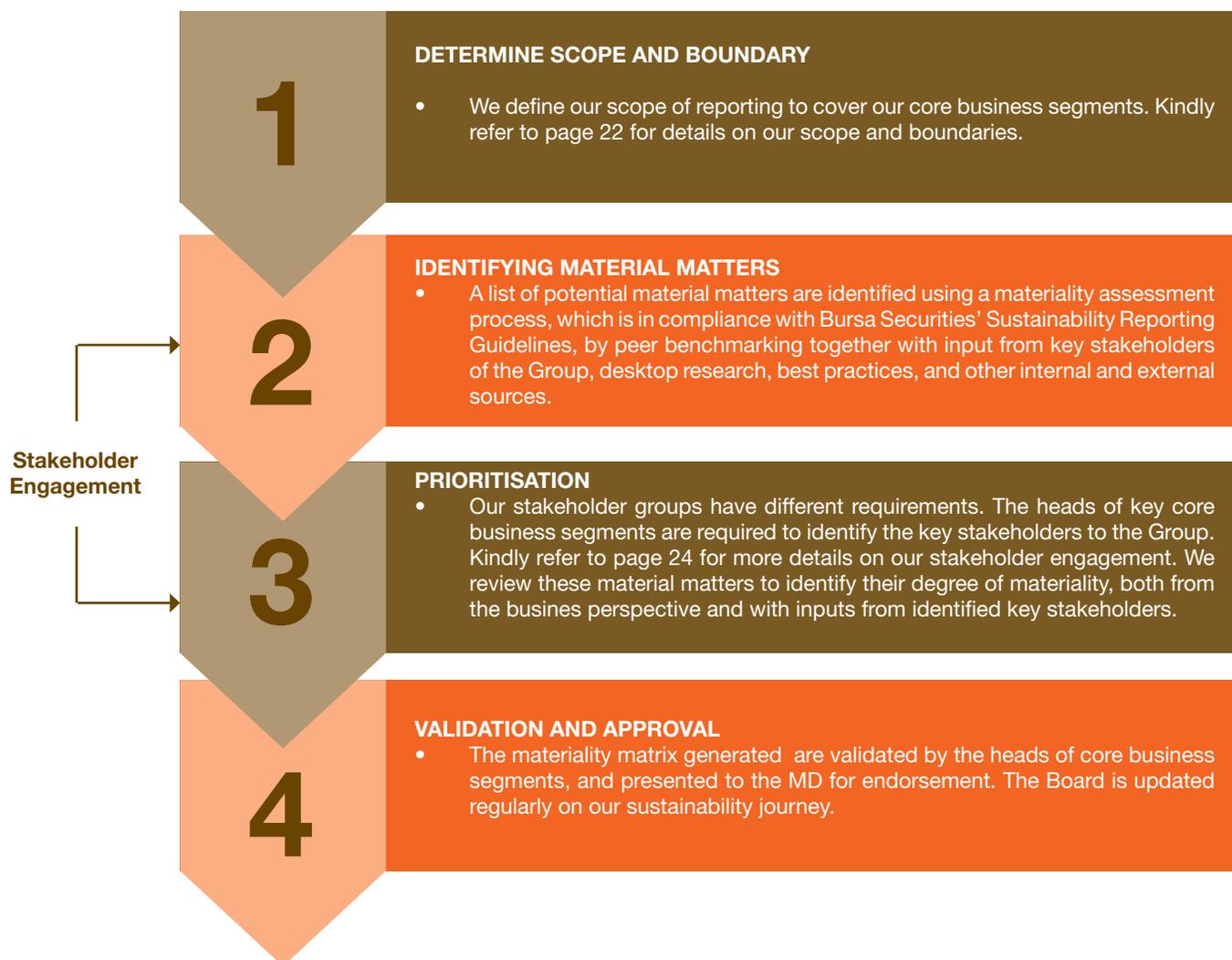
Stakeholder Group	Engagement Methods	Frequency	Topics of concern and Interest	Material Matters
Customers	<ul style="list-style-type: none"> Surveys Corporate website Electronic direct mail Phone calls 	<ul style="list-style-type: none"> On-going On-going As needed As needed 	<ul style="list-style-type: none"> Customer service Customer experience Product quality 	<ul style="list-style-type: none"> Customer satisfaction Accreditations and adherence to quality standards Biodiversity
Employees	<ul style="list-style-type: none"> Town hall meetings, workshops, Focus group discussion, Internal committee meetings, Surveys, Events, Internal circulars and newsletter 	<ul style="list-style-type: none"> On-going 	<ul style="list-style-type: none"> Company direction and performance Career development and training opportunities Workplace health and safety Well-being of employees 	<ul style="list-style-type: none"> Innovation Employee management Health and safety
Investors	<ul style="list-style-type: none"> AGM Corporate website 	<ul style="list-style-type: none"> Annually On-going 	<ul style="list-style-type: none"> Operational and financial performance Shareholder returns 	<ul style="list-style-type: none"> Innovation Governance
Local Communities	<ul style="list-style-type: none"> Community engagement programmes 	<ul style="list-style-type: none"> On-going 	<ul style="list-style-type: none"> Community development and support Quality, safety, health and environment 	<ul style="list-style-type: none"> Community development and relations Health and safety Effluents and waste management Emissions Health and safety
Government and Authorities	<ul style="list-style-type: none"> Industry workshops Meeting and consultations Reporting 	<ul style="list-style-type: none"> On-going On-going On-going 	<ul style="list-style-type: none"> Regulatory compliance Improving efficiency and productivity 	<ul style="list-style-type: none"> Innovation Governance Energy efficiency Effluents and waste management Emissions Water management Health and safety
Suppliers	<ul style="list-style-type: none"> Procurement system Supplier surveys 	<ul style="list-style-type: none"> On-going On-going 	<ul style="list-style-type: none"> Transparency in procurement process Knowledge sharing and capability building 	<ul style="list-style-type: none"> 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 EES impacts on the Group and those that are important to our stakeholders.

SAB identifies EES impacts that have 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:



SUSTAINABILITY STATEMENT
(cont'd)

6. MATERIALITY MATRIX

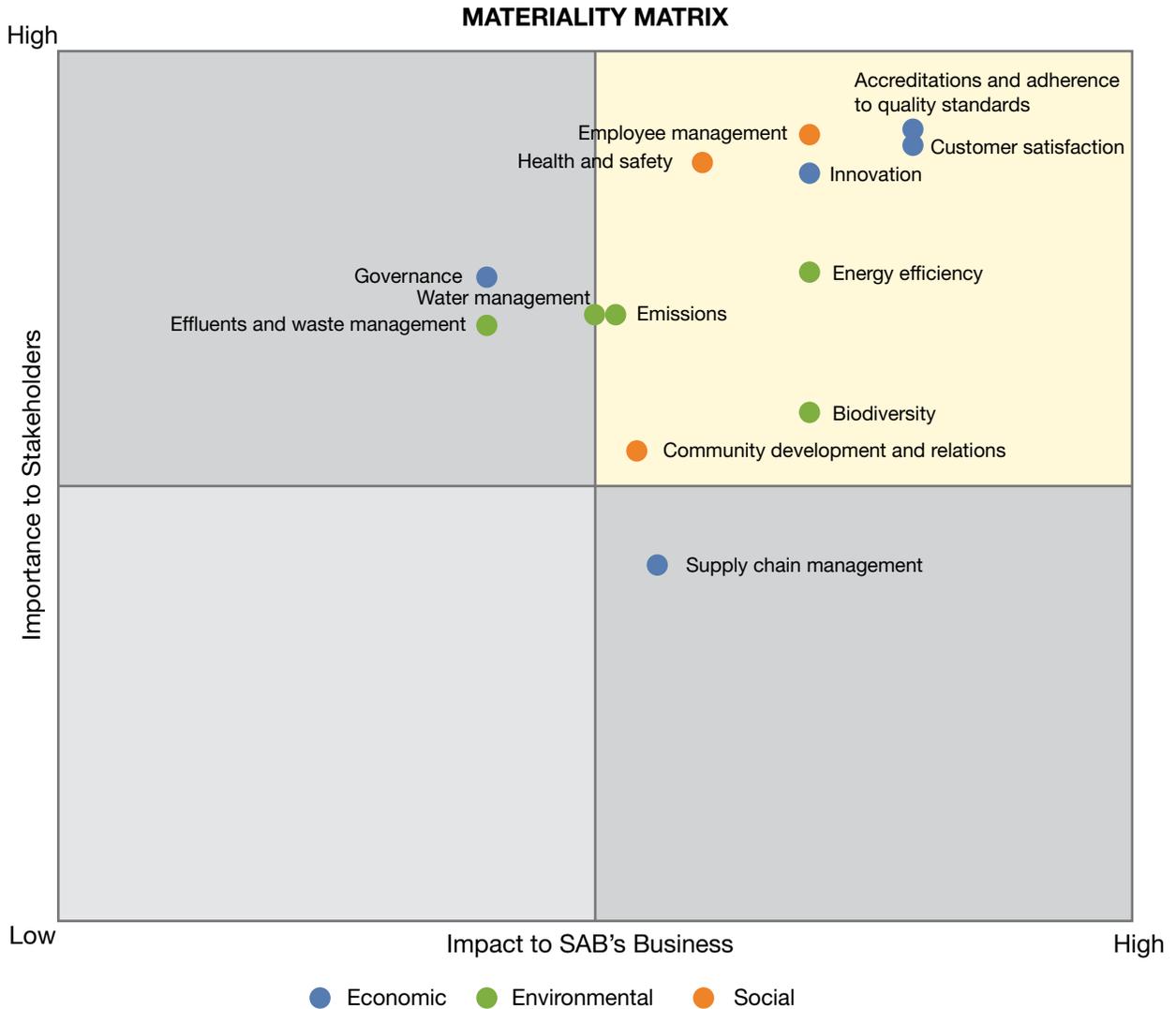


Chart: Materiality Matrix for SAB

In our FY2022 assessment, our thirteen (13) material matters remain unchanged.

The nine 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 no less 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, thereby further strengthening the corresponding three key EES pillars that SAB has embedded in the Group's processes and activities.

7. UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

Since FY2020, we have aligned our material matters to the global sustainable development agenda, the UNSDGs. We identified nine sustainable development goals 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 UNSDGs

SUSTAINABILITY STATEMENT (cont'd)

8. OUR MATERIAL MATTERS

Sustainability Pillars	Material Matters	Level of Priority	Definition
Economic  	Customer satisfaction	High	Measures in place to deliver and meet customers' 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.
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 ("GHG") (eg. carbon dioxide, methane) to the atmosphere.
	Biodiversity	High	Identification and assessment of risks 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 the needs of local communities and mitigating impact on local communities.

Chart: Our List of Material Matters

9. MONITORING AND MANAGING SUSTAINABILITY MATERIAL MATTERS FOR FY2022: ECONOMIC

SAB aims to enhance shareholder value by building sustainable, long-term profitability for its shareholders. Profitability is also a basic requirement for sustainable development as a responsible company; 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 patient 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 3.40 (out of 4.00) in FY2022, which is the highest in five years. The chart below provides information on Sri Kota's performance with regards to customer satisfaction for financial year ended 31 March 2018 ("FY2018") to FY2022.

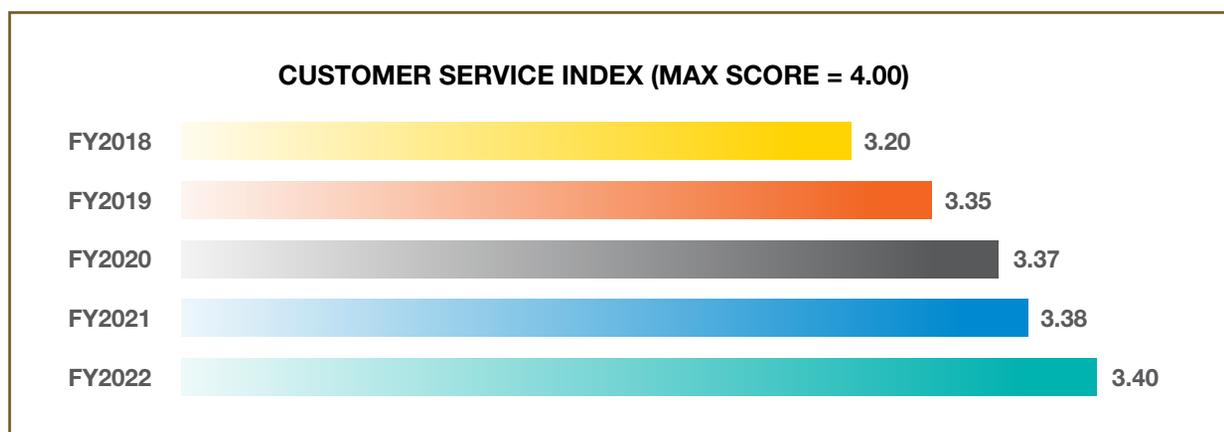


Chart: Customer Service Index for Sri Kota from FY2018 to FY2022

SUSTAINABILITY STATEMENT
(cont'd)

9. MONITORING AND MANAGING SUSTAINABILITY
MATERIAL MATTERS FOR FY2022: ECONOMIC (CONT'D)

9.1. CUSTOMER SATISFACTION (cont'd)

The customer satisfaction survey also showed that the main reason for respondents returning to Sri Kota is due to their previous positive experience there. Almost all the survey respondents (99%) in FY2022, (99%) in FY2021, and (99%) in FY2020, replied that they will recommend Sri Kota to their family and friends.

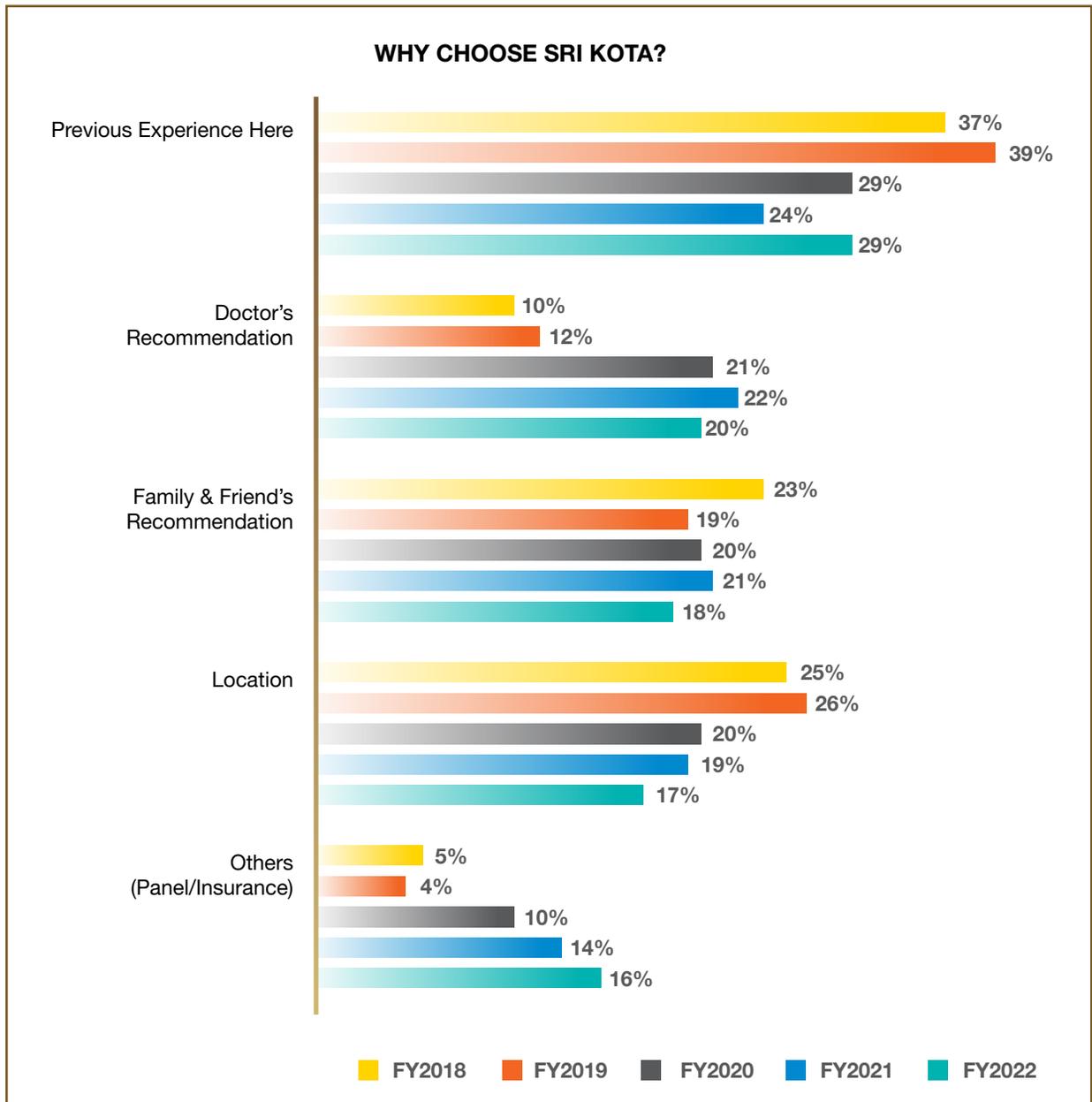


Chart: Reasons for patients returning to Sri Kota from FY2018 to FY2022

9. MONITORING AND MANAGING SUSTAINABILITY MATERIAL MATTERS FOR FY2022: ECONOMIC (CONT'D)

9.1. CUSTOMER SATISFACTION (cont'd)



Figure: Delivering smiles at Sri Kota

Sri Kota is committed to maintain and improve on our customer satisfaction. Several policies are in place like Patients & Family Rights, and Grievance Mechanism (Information on these can be accessed via Sri Kota's website at www.srikotamedical.com).

We also 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. A total of twenty (20) customer satisfaction related trainings were conducted for our staff in FY2022, which include:

- Training on how to handle aggressive patients and visitors;
- Individual Customer Service Training for staff nurses;
- Customer Service Audit for Non-Clinical, Clinical and Ward Staff; and
- Customer Service Campaign 'Patients First & I am Polite'.

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 sixty (60) and above. This program offers discounts on selected hospital services. As of FY2022, almost 8,730 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	FY2022 TARGET
Healthcare	<ul style="list-style-type: none"> • Customer Service Index 	<ul style="list-style-type: none"> • Score of at least 3.00 out of 4.00

SUSTAINABILITY STATEMENT (cont'd)

9. MONITORING AND MANAGING SUSTAINABILITY MATERIAL MATTERS FOR FY2022: ECONOMIC (CONT'D)

9.2. ACCREDITATIONS AND ADHERENCE TO QUALITY STANDARDS

9.2.1. CERTIFICATIONS AND ACCREDITATIONS IN THE OLEOCHEMICAL SEGMENT

MANAGEMENT & QUALITY STANDARDS	SUSTAINABLE SUPPLY CHAIN
<ul style="list-style-type: none"> • ISO 9001:2015 • ISO 22000:2018 • FOOD GMP MS 1514:2009 	<ul style="list-style-type: none"> • RSPO SCCS • MSPO SCCS
PRODUCT QUALITY AND SAFETY STANDARD	
<ul style="list-style-type: none"> • HACCP MS 1480:2019 • 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 in 2014 for the plants in Kapar, Selangor. The products are offered as RSPO certified Mass Balance.



SEGMENT	KEY PERFORMANCE INDICATOR	FY2022 TARGET
Oleochemical	<ul style="list-style-type: none"> • Management and quality standards 	<ul style="list-style-type: none"> • To maintain validity of all certifications

9. MONITORING AND MANAGING SUSTAINABILITY MATERIAL MATTERS FOR FY2022: ECONOMIC (CONT'D)

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 Indonesia Government. The aim is to improve the competitiveness of the Indonesian Palm Oil in the global market and to reduce GHG 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 since end of 2019.

SEGMENT	KEY PERFORMANCE INDICATOR	FY2022 TARGET
Milling & Estate	<ul style="list-style-type: none"> • Number of ISPO-certified estates • Number of ISPO-certified mills 	<ul style="list-style-type: none"> • 100% of estates under PTMAS and PTWan are certified • 100% of mills under PTMAS and PTWan are certified

SUSTAINABILITY STATEMENT (cont'd)

9. MONITORING AND MANAGING SUSTAINABILITY MATERIAL MATTERS FOR FY2022: ECONOMIC (CONT'D)

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
<ul style="list-style-type: none"> MSQH ACCREDITATION HOSPITAL LICENSING INSPECTION FROM MINISTRY OF HEALTH 	<ul style="list-style-type: none"> BOMBA LICENSING INSPECTION
WINNING PRESTIGIOUS AWARDS	
<ul style="list-style-type: none"> HEALTHCARE ASIA AWARDS 2021 – RECEIVED IN MAY 2021 ASIA PACIFIC EXCELLENCE AWARDS 2021 – RECEIVED IN JUNE 2021 	



Figure: Sri Kota received the Healthcare Asia Awards 2021 (for Facilities Improvement Initiative of the Year) in May 2021



Figure: Sri Kota received the Asia Pacific Excellence Awards 2021 (for demonstrating sustainable growth, responsible leadership and operational excellence) in June 2021

9. MONITORING AND MANAGING SUSTAINABILITY MATERIAL MATTERS FOR FY2022: ECONOMIC (CONT'D)

9.2. ACCREDITATIONS AND ADHERENCE TO QUALITY STANDARDS (cont'd)

9.2.3. CERTIFICATIONS AND ACCREDITATIONS IN THE HEALTHCARE SEGMENT (cont'd)



Figure: Sri Kota is the first and only tertiary private hospital in Klang holding the Preferred Hospital status from five major insurance companies in Malaysia, namely: AIA, Great Eastern, PruBSN, Allianz and Manulife. The status is awarded by the insurance companies based on the quality and efficiency of the healthcare services provided by Sri Kota to their existing stakeholders.

SEGMENT	KEY PERFORMANCE INDICATOR	FY2022 TARGET
Healthcare	<ul style="list-style-type: none"> Accreditations and certifications 	<ul style="list-style-type: none"> To retain all accreditations and certifications To win at least one prestigious award

SUSTAINABILITY STATEMENT (cont'd)

9. MONITORING AND MANAGING SUSTAINABILITY MATERIAL MATTERS FOR FY2022: ECONOMIC (CONT'D)

9.3. INNOVATION

The Group is cognisant of the need to embrace innovation in light of 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 businesses to continuously differentiate ourselves and keep us ahead of the curve. It is this mind-set that drives our businesses to adopt new technologies and solutions.

9.3.1. INFORMATION TECHNOLOGY AND MEDICAL FACILITY



Figure: The installation and launch of Sri Kota's new Signa Voyager MRI machine in FY2022

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 FY2022, the most significant achievement of Sri Kota was the installation of the most advanced MRI system in Klang, namely the Signa Voyager with 1.5 Tesla and a bore size of 70cm in diameter. The new system in the Radiology Department marked yet another milestone in Sri Kota's commitment to deliver high quality healthcare services to our patients.

Sri Kota has also fully migrated to the new Hospital Information System to further enhance our ability to provide the best coordinated care to our patients.

9. MONITORING AND MANAGING SUSTAINABILITY MATERIAL MATTERS FOR FY2022: ECONOMIC (CONT'D)

9.3. INNOVATION (cont'd)

9.3.1. INFORMATION TECHNOLOGY AND MEDICAL FACILITY (cont'd)

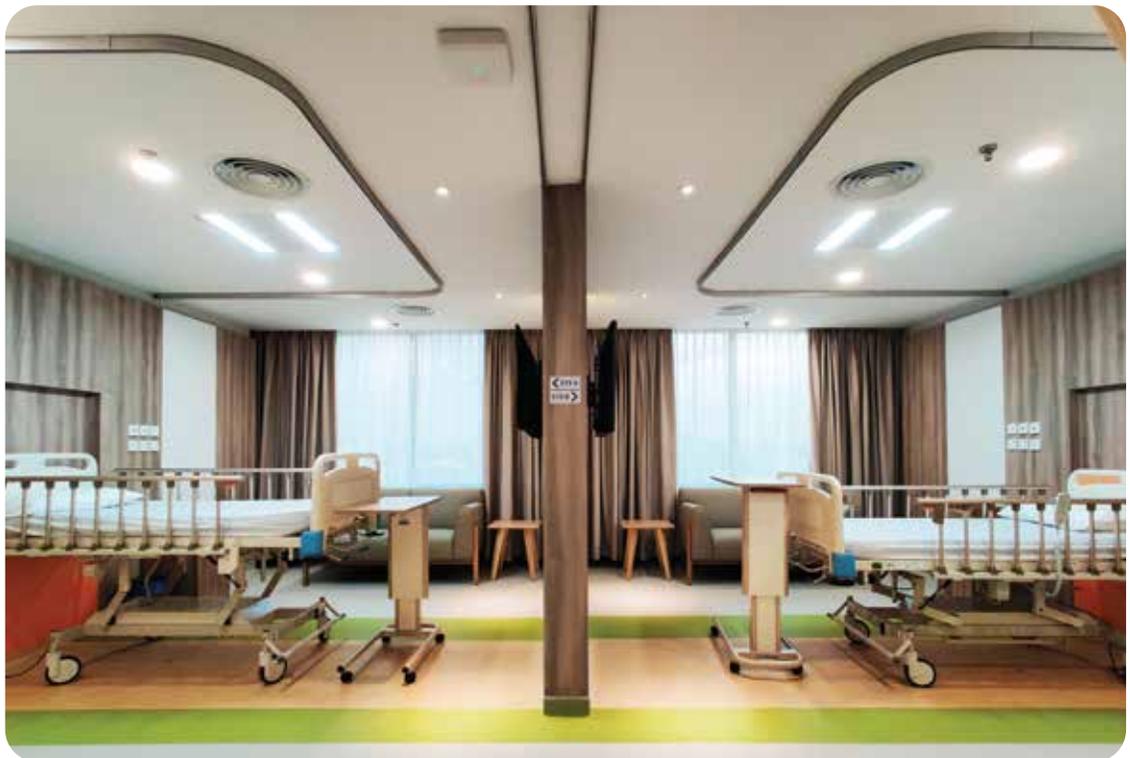


Figure: Sri Kota has renovated the medical ward at Level 5, Wing B to provide a comfortable stay for our patients

Sri Kota is constantly upgrading its facilities and services as part of our commitment to continuously deliver high quality healthcare services to our patients. A further budget of about RM13 million is earmarked to be invested in the upgrading of Sri Kota's other targeted medical equipment and facilities in FY2023, namely:

- Upgrade of the hospital's entrance with the installation of an escalator
- Renovation to accommodate additional consultant clinics
- Renovation of the Health Screening Centre
- New computerised tomography scan machine

SUSTAINABILITY STATEMENT (cont'd)

9. MONITORING AND MANAGING SUSTAINABILITY MATERIAL MATTERS FOR FY2022: ECONOMIC (CONT'D)

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 organise forums for exchange of experience and knowledge between global specialists and professors with our in-house consultants.



Figure: Sri Kota organised the first Klang Cancer Symposium in January 2022

Sri Kota has organised the first Klang Cancer Symposium in January 2022 which featured eight consultant specialists from various disciplines. More than thirty (30) medical practitioners attended the symposium.

Furthermore, a total of five Continuous Medical Education talks were conducted by our consultants in FY2022.

SEGMENT	KEY PERFORMANCE INDICATOR	FY2022 TARGET
Healthcare	<ul style="list-style-type: none"> Improvement of medical system and facility Forum of exchange with healthcare experts 	<ul style="list-style-type: none"> 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 FY2022: ENVIRONMENTAL

10.1. ENERGY EFFICIENCY

At SAB, energy consumption is of high importance as it impacts the Group's environmental and carbon footprints. SAB places high emphasis on monitoring and managing energy consumption in order to reduce operational costs and minimise 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 equipments 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 hybrid chiller system as a major energy efficiency initiative back in FY2019. The conversion started in CY2017, and upon completion in CY2018, the operation for air-conditioning has been more efficient and resulted in significant monthly electricity cost savings of up to 19%.

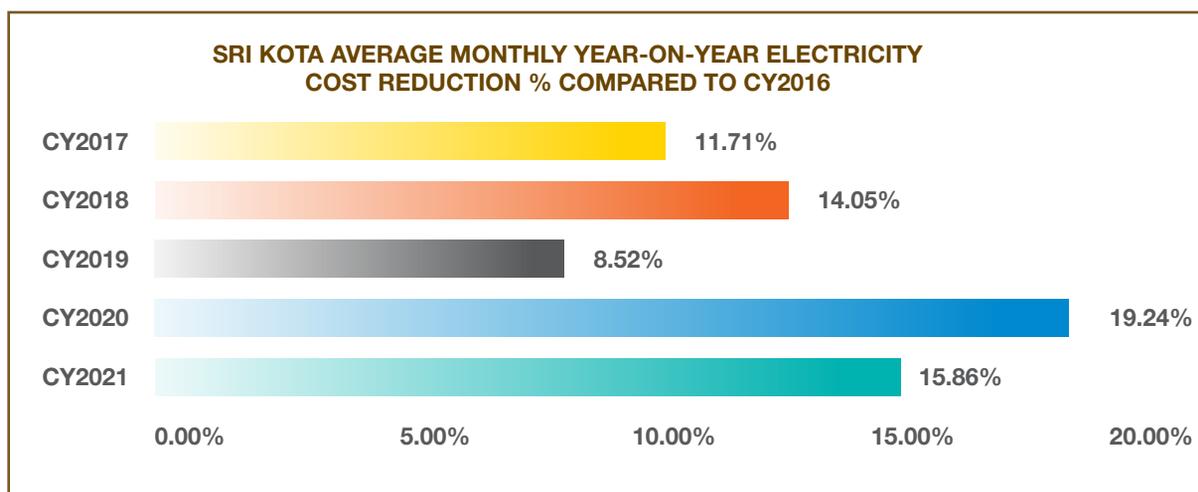


Chart: Average monthly year-on-year (CY basis based on July and August months) electricity cost savings compared to CY2016 for Sri Kota

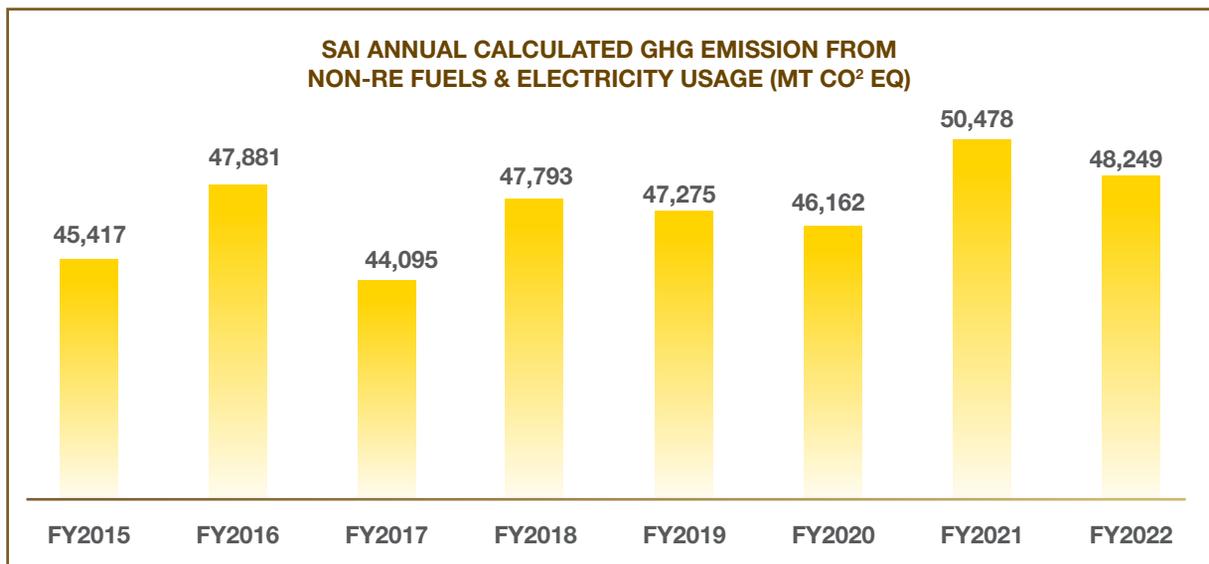
SEGMENT	KEY PERFORMANCE INDICATOR	FY2022 TARGET
Healthcare	<ul style="list-style-type: none"> Electricity cost reduction 	<ul style="list-style-type: none"> To achieve 10% electricity cost reduction with the hybrid chiller system project

SUSTAINABILITY STATEMENT (cont'd)

10. MONITORING AND MANAGING SUSTAINABILITY MATERIAL MATTERS FOR FY2022: ENVIRONMENTAL (CONT'D)

10.2. EMISSIONS

The Group has begun plans to monitor and track 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.



GHG Emission Intensity (Non-RE Fuels & Electricity)	MT CO ² eq/ MT Production
FY2015	0.45
FY2016	0.55
FY2017	0.47
FY2018	0.51
FY2019	0.57
FY2020	0.53
FY2021	0.60
FY2022	0.59

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

10. MONITORING AND MANAGING SUSTAINABILITY MATERIAL MATTERS FOR FY2022: ENVIRONMENTAL (CONT'D)

10.2. EMISSIONS

About 60-70% of our energy usage currently comes from renewable biomass sources. We aim to continue optimising the usage of biomass energy while addressing energy efficiency matters.

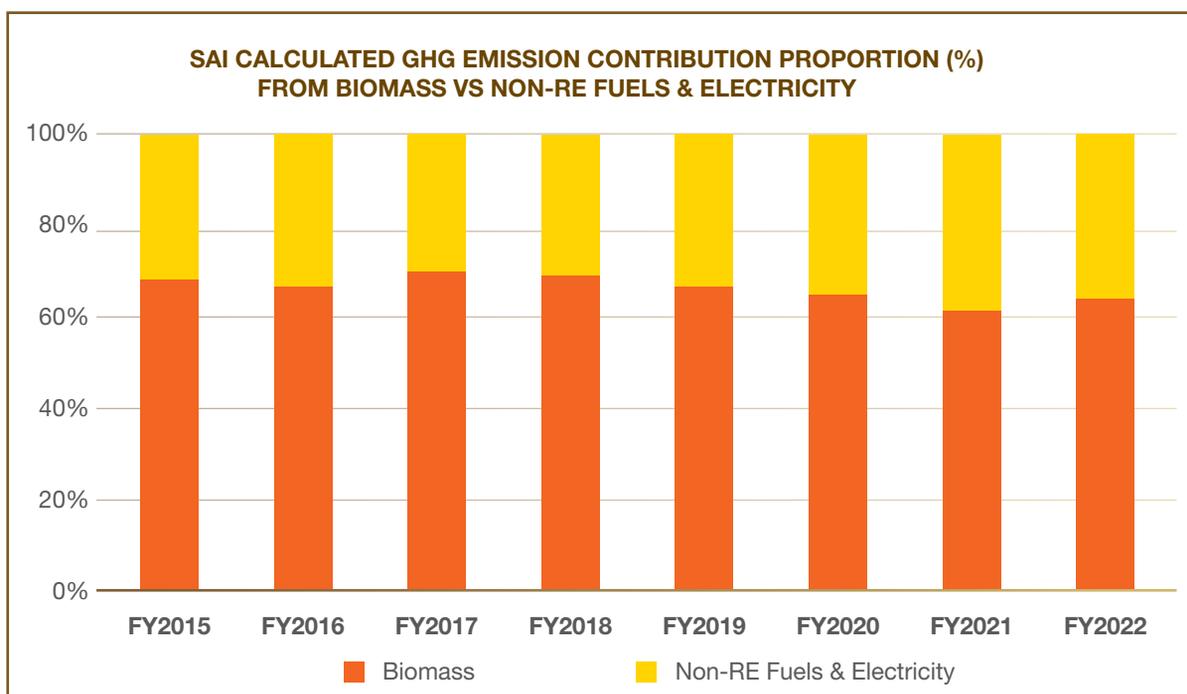


Chart: SAI's calculated GHG emission contribution proportion from biomass vs Non-RE Fuels & Electricity

SEGMENT	KEY PERFORMANCE INDICATOR	FY2022 TARGET
Oleochemical	<ul style="list-style-type: none"> GHG Emission Intensity (Non-RE Fuels & Electricity) GHG Emission from Biomass 	<ul style="list-style-type: none"> 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 areas of land with high biodiversity value, located across Riau, Indonesia. Three areas are in PTMAS estate operation site (along Sungei Sako, Sungei Pohkahan and Anak Sungei Pohkahan), and another two 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. A virtual surveillance audit was conducted in June 2021 for PTWan estate and in October 2021 for PTMAS estate by certified external auditors respectively.

SUSTAINABILITY STATEMENT
(cont'd)

10. MONITORING AND MANAGING SUSTAINABILITY MATERIAL MATTERS FOR FY2022: ENVIRONMENTAL (CONT'D)

10.3. BIODIVERSITY (cont'd)

To reduce pesticide and chemical use, we have implemented an integrated pest management (“IPM”) programme that uses biological control method such as using Barn Owls to effectively control rat populations. Since FY2020, we have built sixty (60) Barn Owl Boxes at PTMAS and sixty (60) Barn Owl Boxes at PTWan estate operations. These boxes provide roosting and nesting places to attract and encourage Barn Owls to nest at our estates and serve as natural predators for the resident rodent activity. 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



Figure: Monitoring condition of conservation and buffer areas designated as HCV areas at PTWan estate operations

SEGMENT	KEY PERFORMANCE INDICATOR	FY2022 TARGET
Milling & Estate	<ul style="list-style-type: none"> Monitor and maintain HCV area Integrated pest management 	<ul style="list-style-type: none"> To conduct surveillance audit of HCV area Maintain usage of Barn Owls as biological control agents for rodents at PTMAS and PTWan estate operations

11. MONITORING AND MANAGING SUSTAINABILITY MATERIAL MATTERS FOR FY2022: SOCIAL

11.1. COVID-19 PANDEMIC MANAGEMENT

SAB adhered to all regulations and guidelines issued by the Malaysia government (and the Indonesia government for SAB's operations in Riau, Indonesia) in response to the Covid-19 outbreak to safeguard our employees and communities from the disease.

A special committee was set up since FY2021 to handle the pandemic, which is headed by the MD of SAB. The objective is to prevent spreading of the Covid-19 pandemic at our workplace, develop procedures and work instructions on Covid-19 preventive measures, and support government initiatives in fighting the Covid-19 pandemic.

All Covid-19 SOPs and measures are adhered to and implemented for all levels of employees to prevent the spread of the disease. We maintained day-to-day business operations with staggered and flexible working arrangements, virtual meetings, and trainings while making the safety and well-being of our people a top priority. We ensure that all our employees are given vaccinations as soon as the vaccines are available in their localities.

Sri Kota was selected as one of the designated Vaccination Centres in the Klang district since March 2021. Approximately 20,000 vaccine doses were administered to the healthcare frontliners and the public community. Sri Kota has also introduced an online helpline known as 'The Direct 2 Doctor Careline' to support the community in receiving urgent and updated information. This service allows the public to consult with a doctor from the comfort of their own home. The helpline also provides a virtual Covid-19 Monitoring Program for those who were newly diagnosed with the Covid-19 disease. A personalised set of medication will be prepared and delivered directly to the patient. Post Covid-19 Recovery Screening can also be done at Sri Kota after recovery from Covid-19, especially when an individual suffers Long Covid symptoms like extreme tiredness (fatigue) and shortness of breath.

Despite these challenges brought on by the pandemic, we are optimistic in the resilience of our people and business.



Figure: Sri Kota was selected as one of the designated Vaccination Centres in the Klang district since March 2021



Figure: Social Distancing SOPs being adhered to as part of a Covid-19 prevention measure in SAB's operations in Riau, Indonesia

SUSTAINABILITY STATEMENT (cont'd)

11. MONITORING AND MANAGING SUSTAINABILITY MATERIAL MATTERS FOR FY2022: SOCIAL (CONT'D)

11.2. 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 over the use of unsafe equipment, machinery, 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 the 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 and SOPs 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.

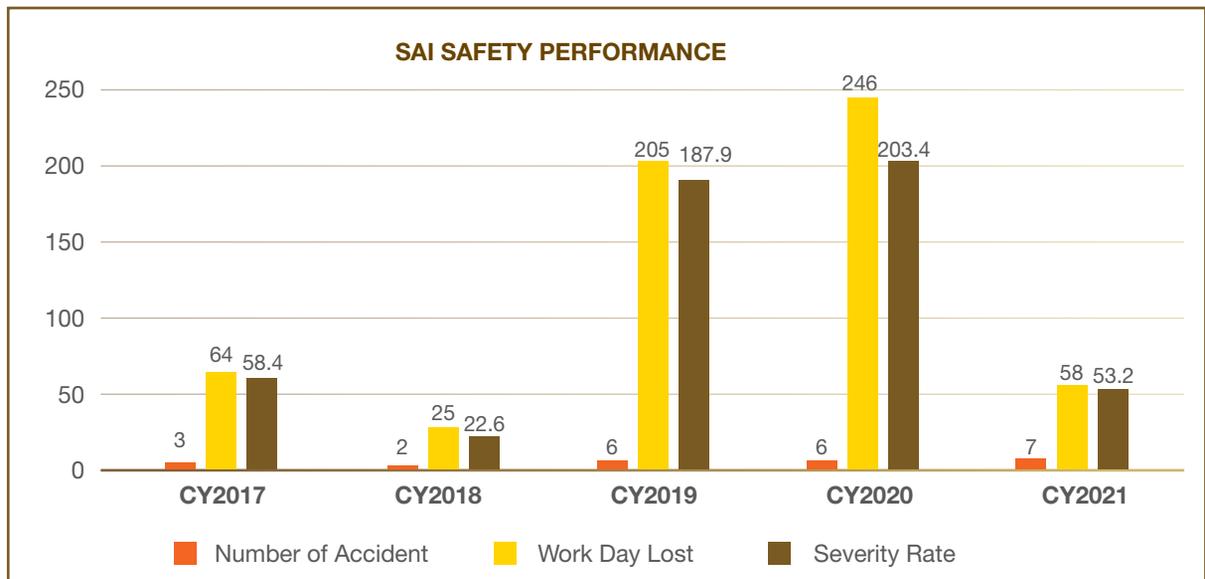


Figure: The Chart above shows SAI's safety performance from CY2017 to CY2021.
The calculation for severity rate = $(\text{lost time injury in hours} \times 1,000,000) / (\text{total man hours worked})$

Healthcare workers are exposed to various diseases, which may even be fatal. To protect our staff, SAB aims to reduce exposure of our employees in the Healthcare Segment to these hazards through 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 FY2022: SOCIAL (CONT'D)

11.2. HEALTH AND SAFETY (cont'd)

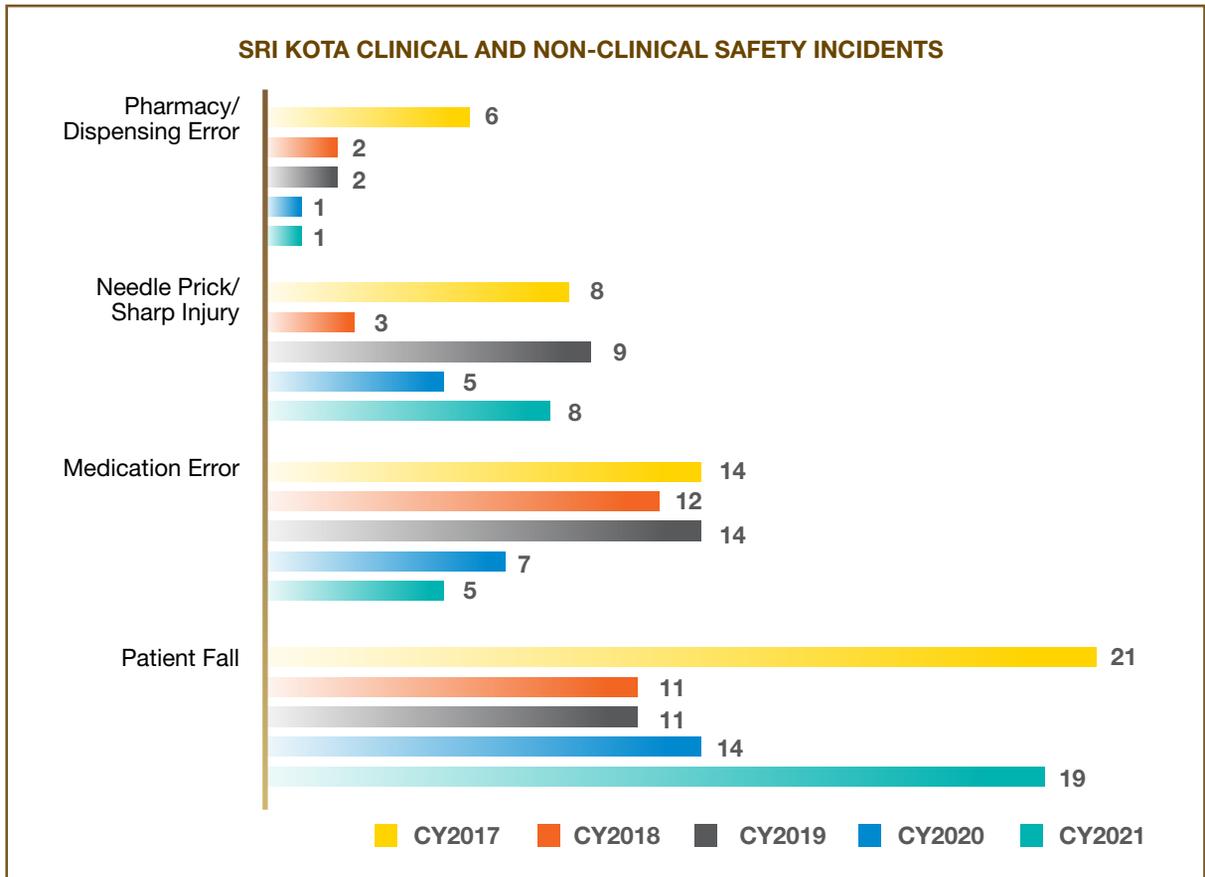


Chart: Clinical and Non-Clinical Safety Incidents reported in Sri Kota from CY2017 to CY2021

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. The percentage of staff who attended mandatory Environment, Safety and Health (“ESH”) are shown in the chart below. We aim to achieve full attendance.

SUSTAINABILITY STATEMENT (cont'd)

11. MONITORING AND MANAGING SUSTAINABILITY MATERIAL MATTERS FOR FY2022: SOCIAL (CONT'D)

11.2. HEALTH AND SAFETY (cont'd)

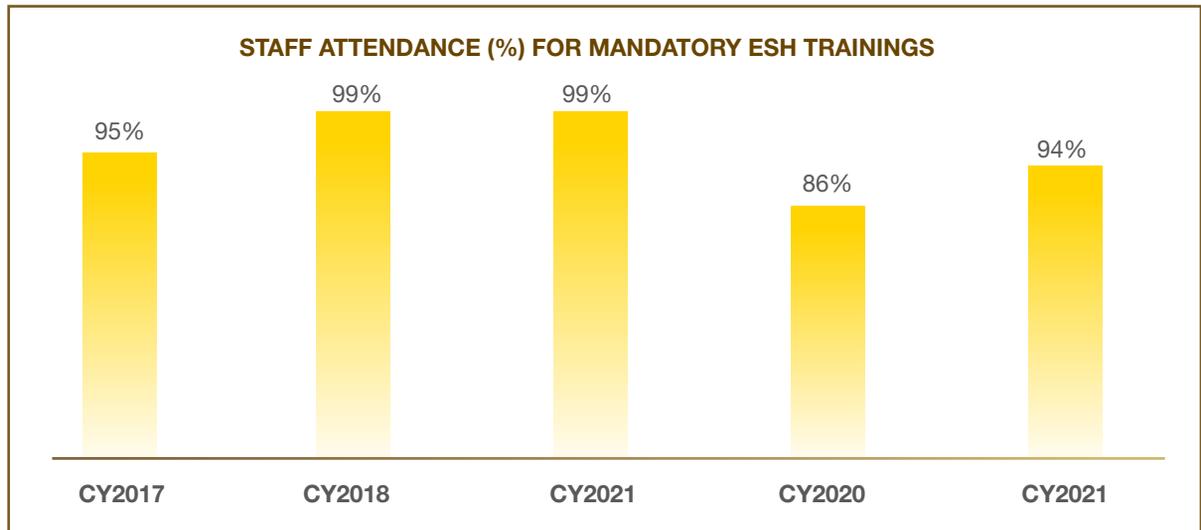


Figure: Percentage of Sri Kota's staff who attended mandatory ESH trainings for CY2017 to CY2021

For CY2021, Sri Kota has conducted ESH training online to encourage more participants to attend. As such, the percentage of staff who attended the training has increased significantly from the previous year.

SEGMENT	KEY PERFORMANCE INDICATOR	FY2022 TARGET
Healthcare	<ul style="list-style-type: none"> Clinical and Non-Clinical safety incidents Staff attendance for ESH training 	<ul style="list-style-type: none"> To reduce incidents from the previous year To achieve full 100% attendance
Oleochemical	<ul style="list-style-type: none"> Severity rate 	<ul style="list-style-type: none"> To maintain severity rate of below hundred (100)

11.3. 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.

We ensure that our employees' welfare, benefits and career development are taken care of and aim to continue maintaining 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 opportunities for employees to improve their skills and leadership development.

11. MONITORING AND MANAGING SUSTAINABILITY MATERIAL MATTERS FOR FY2022: SOCIAL (CONT'D)

11.3. EMPLOYEE MANAGEMENT (cont'd)

As the Covid-19 pandemic was still rampant in the country, scaling up investments in training and development of health employees especially nurses remain vital. Therefore, RM400,000 was budgeted for various nursing development programs in FY2022.

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: Sri Kota's annual town hall meeting held virtually in FY2022

SEGMENT	KEY PERFORMANCE INDICATOR	FY2022 TARGET
Healthcare	<ul style="list-style-type: none"> Training hours for nursing and non-nursing staff Total number of employee engagement activities 	<ul style="list-style-type: none"> Minimum training hours of thirty-two (32) hours per year for nursing staff, and sixteen (16) hours per year for non-nursing staff To maintain a similar amount of activities as the previous year

SUSTAINABILITY STATEMENT (cont'd)

11. MONITORING AND MANAGING SUSTAINABILITY MATERIAL MATTERS FOR FY2022: SOCIAL (CONT'D)

11.4. 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 organises initiatives such as health awareness campaigns, provide direct aid to the underprivileged and more.

Segment	Community Outreach and Development Programs
Milling & Estate	<ul style="list-style-type: none"> Assisting and managing Plasma Scheme development. Supplied 'Sembako' (food and groceries) and face masks to the local community during the Covid-19 pandemic. Provided pre-schooling (kindergarten) to children of local employees. Supported the livelihood of local community by contracting various petty jobs to them.
Healthcare	<ul style="list-style-type: none"> Sponsored Nur Athirah Binti Bidin, a rising Muay Thai athlete for her upcoming International Federation of Muay Thai Amateur ("IFMA") Youth and Senior World Championship 2021. Contributed 200 pieces of face shield for 'Kaji Selidik Pematuhan SOP Pasar Pagi dan Malam Majlis Perbandaran Klang' at Pasar Pagi Batu Bukit Tinggi 2 Klang in collaboration with Majlis Perbandaran Klang ("MPK"). Conducted Virtual Hand Hygiene Lesson and distributed 300 bottles of hand sanitisers to students and teachers at Tadika Twinkle, Tadika I-Genius, Tadika Sri Hasrat and Tadika Bijaya Wawasan. Distributed 475 packs of Sanitary Pad (Women Sanitary Aid) at SK (P) Methodist, Klang. Distributed 300 pieces of Bubur Lambuk at Hospital Tengku Ampuan Rahimah Klang ("HTAR") during Ramadan month. Distributed 500 pieces of face shields to MPK front-liners. Distributed 498 bottles of hand sanitisers and 15,000 pieces of surgical masks at SJK (C) Pandamaran B, SJKT Panglima Garang, SJKT Jenjarom, SJKT Sg Manggis, SJKT Telok Datok, SJKT Jugra, SJK(C) Hin Hua Klang, SJK(C) Perempuan, SK Convent 1 & 2 and SMK Convent, SJK(C) Kong Hoe. Visited and conducted Corporate Social Responsibility ("CSR") activities at House of Love (orphanage) and Sentosa Old Folks Home during Chinese New Year ("CNY") 2022. Contributed RM1,000 to each home. In addition, a total of seventy (70) pax received ang pow packets. Distributed CNY goodies to a total of eighty (80) inpatients during CNY 2022. Sponsored RM20,000 to Southern Football Club for their endeavour in the upcoming season in the Football Association of Selangor ("FAS") League 2022. Collaborated with HTAR for two blood donation campaigns in Sri Kota which collected more than hundred (100) packs of blood for HTAR.

11. MONITORING AND MANAGING SUSTAINABILITY MATERIAL MATTERS FOR FY2022: SOCIAL (CONT'D)

11.4. COMMUNITY DEVELOPMENT AND RELATIONS (cont'd)



Figure: Sri Kota sponsored Nur Athirah Binti Bidin, a rising Muay Thai athlete for her upcoming IFMA Youth and Senior World Championship 2021



Figure: Sri Kota sponsored RM20,000 to Southern Football Club for their endeavour in the upcoming season in the FAS League 2022

SUSTAINABILITY STATEMENT (cont'd)

11. MONITORING AND MANAGING SUSTAINABILITY MATERIAL MATTERS FOR FY2022: SOCIAL (CONT'D)

11.4. COMMUNITY DEVELOPMENT AND RELATIONS (cont'd)



Figure: Sri Kota distributed hand sanitisers and surgical masks to SJK(T) Telok Datok



Figure: Distributed 300 pieces of Bubur Lambuk at HTAR during Ramadan month



Figure: Sri Kota visited and conducted CSR activities at House of Love orphanage home (Left) and Sentosa Old Folks Home during CNY 2022 (Right). Contributed RM1,000 to each home. In addition, a total of seventy (70) pax received ang pow packets.



Figure: Sri Kota contributed 200 pieces of face shields for 'Kaji Selidik Pematuhan SOP Pasar Pagi dan Malam Majlis Perbandaran Klang' at Pasar Pagi Batu Bukit Tinggi 2 Klang in collaboration with MPK



Figure: Distributed 475 packs of Sanitary Pad (Women Sanitary Aid) at SK (P) Methodist, Klang

11. MONITORING AND MANAGING SUSTAINABILITY MATERIAL MATTERS FOR FY2022: SOCIAL (CONT'D)

11.4. COMMUNITY DEVELOPMENT AND RELATIONS (cont'd)

PTMAS PLASMA SCHEME REPORT (FY2022)	
MEMBERS	514
TOTAL AREA (HA)	500
FFB PRODUCTION (MT/YEAR)	11,953
SUPPLY (%)	4.4%

Chart: Plasma scheme report FY2022 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: PTWan volunteering to repair a nearby village's main access road

SEGMENT	KEY PERFORMANCE INDICATOR	FY2022 TARGET
All	<ul style="list-style-type: none"> Community engagement and development activities 	<ul style="list-style-type: none"> To continue with community engagement efforts and activities

PROFILE OF DIRECTORS



TAN SRI DATUK SERI PANGLIMA SULONG MATJERAIE

Non-Executive Chairman

Independent Non-Executive Director

Member of the Audit Committee

Member of the Nomination & Remuneration Committee

Aged 75, Male, Malaysian

Tan Sri Datuk Seri Panglima Sulong was appointed to the Board on 6 August 2014 and subsequently appointed as Non-Executive Chairman on 15 July 2015. He was appointed as a member of the Nomination & Remuneration Committee and the Audit Committee on 27 February 2018 and 26 November 2020 respectively.

Other than SAB, he is also the Non-Executive Chairman of Petra Energy Berhad and 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 (30) years of legal and judicial experience, was a Federal Court Judge before his retirement in 2013.

He was one of the four eminent persons appointed by the Prime Minister of Malaysia to serve in the Judicial Appointments Commission for 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;
- 1978: awarded a Certificate in Advanced Management Programme by Banff School of Advanced Management, Canada; and
- 2001: attended the Nineteen International Symposium on Economic Crime at Jesus College, University of Cambridge.

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

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

Tan Sri Datuk Seri Panglima Sulong attended all of the seven Board meetings held in FY2022.

PROFILE OF DIRECTORS
(cont'd)**DR. NICK LOW**

Managing Director

Non-Independent Executive Director

Aged 43, 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 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 years.

Dr. Nick Low attended all of the seven Board meetings held in FY2022.

PROFILE OF DIRECTORS (cont'd)

**LIM KIM LONG***Executive Director**Non-Independent Executive Director**Aged 62, Male, Malaysian*

Mr. Lim was appointed to the Board on 10 August 2005 and was redesignated as an Executive Director on 28 August 2008.

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 years.

Mr. Lim attended all of the seven Board meetings held in FY2022.

**CHUNG KIN MUN***Senior Independent Non-Executive Director**Chairman of the Audit Committee**Chairman of the Nomination & Remuneration Committee**Aged 55, 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 Certified Practising Accountant ("CPA") Australia. He has over twenty (20) 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 years.

Mr. Chung attended all of the seven Board meetings held in FY2022.

PROFILE OF DIRECTORS
(cont'd)**LEONG SO SEH***Independent Non-Executive Director**Member of the Audit Committee**Member of the Nomination & Remuneration Committee**Aged 70, 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 years.

Madam Leong attended all of the seven Board meetings held in FY2022.

PROFILE OF SENIOR MANAGEMENT



CHEONG KEE YOONG
Chief Financial Officer
 Aged 54, Male, Malaysian

Mr. Cheong was appointed as Chief Financial Officer of the Company on 1 October 2013. He is also the Senior Independent Non-Executive Director of NCT Alliance 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 (20) years of working experience particularly full spectrum of financial management, corporate planning, treasury management, risk management, tax planning and investor relations 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 years.



ALEX CHAN CHOON HOONG
Chief Strategic Development Officer
 Aged 50, 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 years.

PROFILE OF SENIOR MANAGEMENT (cont'd)



JENNIFER LOW SWEE YIM
Strategic Integration Director
Aged 42, Female, Malaysian

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

She holds a 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 Low has been involved in supporting the strategic re-engineering of the Group's operating business management body for palm oil and related technical operation assets with specialisation on strategic integration. In March 2019, Ms. Jennifer Low was appointed as Integration Director of Southern Acids Industries Sdn. Bhd. and was shortly after promoted as Strategic Integration Director of SAB in March 2020.

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 multinational 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 years.



EDWARD LAI (LAI FU KHATE)
Special Technology Affairs Director
Aged 34, Male, Malaysian

Mr. Edward Lai joined Southern Edible Oil Industries (M) Sdn. Bhd. ("SEOI"), a sister company of SAB on 16 July 2014 and subsequently transferred to the Chief Executive Officer's office of SAB on 1 January 2022.

He holds a Master of Science in Chemical Engineering (MSc ChE) from National University of Singapore, Singapore.

Mr. Edward Lai has been involved in supporting the technical operations of palm oil refining and specialty fats making as well as the commercial marketing and sales of palm oil products during his employment period with SEOI. Prior to joining SEOI, Mr. Edward Lai was a CZ Technology Engineer with Siltronic Samsung Wafer Pte. Ltd. Singapore, specialising in silicon crystal growing process technology to manufacture 300mm silicon wafers.

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

PROFILE OF SENIOR MANAGEMENT (cont'd)



TIONG CHUU LING

Chief Operating Officer, Oleochemical Segment
Aged 69, 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 years.



THEVAKUMAR KALIAPERUMAL

Acting Deputy General Manager, Milling & Estate Segment
Aged 52, Male, Malaysian

Mr. Thevakumar joined PTMAS, an indirect subsidiary of SAB on 1 December 2013 and was subsequently transferred to another indirect subsidiary of SAB, PTWan on 1 November 2017. He was promoted as Acting Deputy General Manager on 1 October 2021.

Mr. Thevakumar holds a Diploma in Mechanical Engineering from Bedford College, Kuala Lumpur. He is currently in-charge of SAB's Milling & Estate Segment which is based in Riau, Indonesia. He started his career with an oil palm plantation and milling group, JC Chang Group Ltd in 1989. He was the senior assistant manager while at JC Chang Group in the milling section. He subsequently left in 2011 to join Kurnia Setia Bhd prior to joining the Group. While at Kurnia Setia Bhd, he was also assigned similar post and handled milling side.

Over the years, he has accumulated more than thirty (30) years of experience in the oil palm industry especially in milling management.

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

PROFILE OF SENIOR MANAGEMENT
(cont'd)**TAN SUET GUAN**

Hospital Director, Healthcare Segment
Aged 64, 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 (30) 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 years.

CORPORATE GOVERNANCE OVERVIEW STATEMENT



CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board is pleased to present the SAB Group's Corporate Governance Overview Statement which sets out the principles and Guidelines of the Group's Corporate Governance framework and practices.

The Board advocates for good corporate governance and remains committed to achieving the highest standards of corporate governance practices, values and business conduct across the SAB Group.

This statement provides an insight to stakeholders with an overview of our application of the principles and practices set out in the revised Malaysia Code on Corporate Governance ("MCCG") issued by the Securities Commission Malaysia ("SC") on 28 April 2021. This statement is to be read together with the Company's Corporate Governance Report 2022 ("CG Report 2022"), which is available on the Company's website at www.southernacids.com. The CG Report 2022 describes in detail on how the Company has applied the principles, the extent of compliance with the best practices set out in MCCG and alternative measures taken where applicable during the FY2022.

The Board is pleased to present this statement and explain how the Group has applied the three principles of the MCCG :

- (a) Board leadership and effectiveness;
- (b) Effective audit and risk management; and
- (c) Integrity in corporate reporting and meaningful relationship with stakeholders.

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

Board Responsibilities

The Board has the collective responsibility for establishing strategies and policies to drive the affairs of the Group to build and deliver long-term shareholders' value whilst meeting the interests of the shareholders and other stakeholders.

The Board is guided by a Board Charter that sets out the roles and responsibilities of the Board to assist them in discharging their fiduciary duties of a director. The Board Charter further defines the respective roles of Board Committees, Chairman and MD. The Board Charter is available for reference on the Company's website.

The Board is also responsible to provide an effective oversight of the conduct of the Group's businesses in ensuring appropriate risk management protocols, a sound internal control system and advocate adoption of corporate governance best practices including the anti-bribery and anti-corruption policies. In line with the Guidelines on Adequate Procedures pursuant to Section 17A of the Malaysian Anti-Corruption Commission Act 2009, the Board will review these policies from time to time, whenever necessary.

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

Division of Roles & Responsibilities of Chairman and Managing Director

The Group practices a distinct and clear division of responsibilities and authority between the Non-Executive Chairman and the MD to instil good corporate governance and effective balance of power and authority.

The Chairman provides a leadership role to the Board whilst maintaining the highest standard of the overall governance systems and practices. In addition, the Chairman is also responsible in ensuring effective communications with shareholders and stakeholders, to promote constructive and respectful relations between Directors, as well as between the Board and the management.

The MD, supported by the senior management of the Group ("Senior Management"), is responsible for the overall implementation of the Board's policies and decisions and to manage the Group's businesses and the day-to-day operations.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

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

Access to Information & Independent Professional Advice

All Board members have unrestricted access to the advice and services of the company secretaries of the Company ("Company Secretary") who are suitably qualified and competent. The Company Secretaries attend all Board meetings and are accountable directly to the Board, through the Board Chairman, on the effectiveness of the overall functions of the Board, including compliance with the Company's Constitution, Companies Act 2016 ("CA 2016"), Bursa Securities MMLR, SC Guidelines and other relevant rules and regulations whichever applicable to the Company.

The Board collectively or Board members in their individual capacity, is at liberty to seek independent professional advice at the Company's expense to facilitate independent and informed decision-making, whenever necessary.

In order for Board members to effectively discharge its duties and responsibilities, comprehensive meeting papers will be circulated at least five working days prior to the Board meetings. In addition, independent Non-Executive Directors also have separate and independent access to the MD, Executive Director ("ED") and/or Senior Management for supplementary or explanatory information in furtherance of their duties.

Board Committees to Enhance Governance

The Board has established two Board Committees, namely Audit Committee ("AC") and Nomination & Remuneration Committee ("NRC") to assist the Board in carrying their roles and responsibilities as set out in their Terms of Reference ("TOR") respectively, which are available for reference on the Company's website.

The Board Committees review matters within their TORs and make the necessary recommendations to the Board for approval, where relevant. The Board is kept apprised of the activities of respective board committees meetings through an update on meeting deliberations and outcomes by respective Chairman of the Board Committees and circulation of minutes of the Board Committees meetings.

The Board retains the ultimate responsibility for decision-making notwithstanding the discretionary delegation of authorities to these committees to deliberate and decide on certain key matters. The Board reviews the TOR of the Board Committees as and when necessary.

(a) Audit Committee

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

(b) Nomination & Remuneration Committee

As at the date of this statement, the NRC of the Company comprises three Independent Non-Executive Directors and is chaired by the Senior Independent Non-Executive Director. The NRC oversees the process of the Company recruitment and appointment of executive and non-executive directors including succession planning and effectiveness of the renewal of their leadership. The NRC comprised of solely Independent Directors.

The primary role and responsibilities of the NRC are as follows:-

Nomination Function

- Establish a clear and appropriate criterion on the selection and recruitment as well as the annual assessment of the Board, Board Committees, individual directors of the Company ("Director"), Independent Directors and the Company Secretary;
- Assess and recommend on the re-election and re-appointment of directors;
- Review succession planning of the Senior Management; and
- Identify training needs for directors.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

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

Remuneration Function

- Review, develop and administrate a fair and transparent procedure for setting policy on remuneration for individual Directors and Senior Management, to ensure that remuneration packages are determined based on merit, qualification and competence, having regard to the Company's operating performance and comparable market statistics.

During the financial year, the NRC carried out annual assessment of the effectiveness of the Board, Board Committees, individual Directors of the Company and Independent Directors. The assessment criteria used are summarised as follows:-

Board Evaluation

- Board Structure
- Board Operation and Interaction – Structures and Procedures
- Board Roles and Responsibilities

Board Committees Evaluation

- Shares information or insights
- Participates actively in Committee activities, works constructively with peers
- Takes strong constructive stands at Committee meetings when necessary
- Confronts conflicts and provides solutions
- Provides logical honest opinions on issues presented
- Provide unique insights to issues/matters presented – has valuable skills
- Prioritises context of issues to be in line with objectives and offers practical/realistic advice.
- Applies analytical and conceptual skills to the decision-making process
- Communicates persuasively in a clear and non-confrontational manner
- Well prepared and adds value to committee meetings
- Takes initiative to request for more information
- Ensures that individual contribution is relevant and up-to-date with developments
- Focuses on accomplishing the objectives
- Assesses and links short-term issues to the long-term strategy

Individual Director's Peer Evaluation

- Contribution of interaction
- Quality of input
- Understanding of role
- Mix of skill/expertise
- Mindset & intrinsic values

Independent Directors Assessment

- Mainly based on criteria set under paragraph 1.01 of the Bursa Securities MMLR

During the FY2022, three NRC meetings were held, and the key activities were as follows:-

Meeting date - 24 May 2021

- Briefing on the succession planning for the respective operating business chiefs of SAB's subsidiaries
- Carried out annual assessment of the following, and recommendation to the Board for approval.
 - o Individual Director
 - o SAB Board
 - o Audit Committee
 - o Nomination & Remuneration Committee
 - o Director independence
 - o Company Secretary
- Reviewed and recommended on the retention of Independent Non-Executive Directors who have served for a cumulative term of more than nine years

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

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

Meeting date - 24 May 2021 (cont'd)

- Reviewed and recommended on the retention of an Independent Non-Executive Director who has served for a cumulative term of more than twelve (12) years
- Reviewed and recommended directors due for re-election at the forthcoming AGM
- Reviewed and recommended on payment of Directors' benefits
- Reviewed of Board Charter

Meeting date - 7 July 2021

- Briefing on the succession planning for the respective operating business chiefs of SAB's subsidiaries
- Succession planning review of SAB's subsidiaries
- Reviewed and recommended on the Directors' fees for FY2021 for shareholders' approval in the forthcoming AGM

Meeting date – 25 February 2022

- Briefing on the succession planning for the respective operating business chiefs of SAB's subsidiaries
- Review of the composition of Board and Board Committees

Board Composition

The Board comprises of five members; one Senior Independent Non-Executive Director, two Independent Non-Executive Directors and two Non-Independent Executive Directors as at 31 March 2022.

Details of the Directors, which include their dates of appointment, qualifications and experience, are set out in the Board of Directors' profile section in this AR 2022.

Analysis of Board composition:-



The Board acknowledges the importance of gender diversity for the Board and Senior Management. However, the Group practices the selection of suitable candidates based on the candidates' knowledge, merit, qualification, competency and other qualities in meeting the needs of the Group.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

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

Board and Board Committees Meetings

As set out in the Board Charter, the Board is required to convene at least four times in each financial year and additional meetings are convened as and when necessary. Board meetings, meetings of Board Committees are scheduled in advance for Directors to plan ahead.

Details of the Board composition and their respective attendance record of the meetings held during the financial year are provided below:

Name of Director	Designation	Number of Meeting Held in FY2022			Total Attendance at Meeting
		Board Meeting	AC Meeting	NRC Meeting	
Tan Sri Datuk Seri Panglima Sulong	Non-Executive Chairman	7/7	5/5	3/3	15/15
Dr. Nick Low	Managing Director	7/7			7/7
Lim Kim Long	Executive Director	7/7			7/7
Chung Kin Mun	Senior Independent Non-Executive Director	7/7	5/5	3/3	15/15
Leong So Seh	Independent Non-Executive Director	7/7	5/5	3/3	15/15
Number of Meetings Held		7	5	3	15

Directors' Training

The Company Directors are encouraged to attend continuous education programmes, seminars, workshops and conferences to enhance their skills and knowledge and to ensure that they are kept abreast of regulatory changes and new developments in the business environment and corporate governance.

Details of the trainings and programmes attended by the Directors during FY2022 are outlined below:

DIRECTORS	TRAINING PROGRAMME
Tan Sri Datuk Seri Panglima Sulong	<ul style="list-style-type: none"> Rethinking Corporate Risk to Manage Market Uncertainty - Ethics Regulatory Compliance and Control Environment Doubling down on Corporate Governance Watch 2020 and Malaysian Code on Corporate Governance (2021 Update) Latest Guidelines on Conduct of Directors of Listed Corporations and Their Subsidiaries & Malaysian Code of Corporate Governance (Revised) (MCCG) Key Update on Tax Budget Fraud Risk Management Workshop
Dr. Nick Low	<ul style="list-style-type: none"> Doubling down on Corporate Governance Watch 2020 and Malaysian Code on Corporate Governance (2021 Update) PwC Malaysia's Budget 2022 Webinar Reach & Remind Friends of The Industry Seminar 2022 & Dialogue – Meeting Market Challenges in 2022
Lim Kim Long	<ul style="list-style-type: none"> Doubling down on Corporate Governance Watch 2020 and Malaysian Code on Corporate Governance (2021 Update) PwC Malaysia's Budget 2022 Webinar POC2022 Palm & Lauric Oils Price Outlook Conference & Exhibition

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

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

Directors' Training (cont'd)

DIRECTORS	TRAINING PROGRAMME
Chung Kin Mun	<ul style="list-style-type: none"> • Tea talk with Dr Veerinderjeet Singh – Tax Landscape in Malaysia • Investing in gold • The Asia-Pacific Board Leadership Centre Webinar on “Board and Audit Committee Priorities 2021” • BNPL – Love it or hate it, you can't ignore it • Covid-19 crisis – Malaysia's economic recovery strategy • Doubling down on Corporate Governance Watch 2020 and Malaysian Code on Corporate Governance (2021 Update) • Implementing Amendments in The Malaysian Code on Corporate Governance • The future of Accountants through data and analytics • Training into our core values • Value-based mindfulness • The tax audit landscape in Malaysia • Cryptographic money – is it a safe investment option? • Building confidence and resilience • Key tax developments – 3rd quarter 2021 • Climate change, modern slavery and the sustainable development goals
Leong So Seh	<ul style="list-style-type: none"> • Doubling down on Corporate Governance Watch 2020 and Malaysian Code on Corporate Governance (2021 Update) • Audit Oversight Board (AOB)'s Conversation with Audit Committee • Facilitation Skills Talk • Employer and Employee Tax Obligations in Malaysia

Senior Independent Non-Executive Director

The Company's Senior Independent Non-Executive Director, Mr. Chung Kin Mun has been appointed to the position on 25 July 2013. Mr. Chung is the designated contact point for direct communication with shareholders, stakeholders and whistle-blower on any concerns or queries on the affairs of the Company. He also provides a sounding board for the Chairman and serves as an intermediary for the other Directors, if necessary.

Board Remuneration

The Board, supported by NRC, has established a fair and transparent process in determining the remuneration package for the Board.

Directors' Remuneration Policy	
Principles	<ul style="list-style-type: none"> • Alignment with strategy to drive the long-term success of the Company • Alignment with shareholders' interest • Adequate to attract, motivate and retain quality non-executive directors • Comparable with market/industry practices • Consistency and transparency
Fixed	<ul style="list-style-type: none"> • Yearly fixed remuneration
Allowance	<ul style="list-style-type: none"> • Benefits-in-kind

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

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

Board Remuneration (cont'd)

The Directors concerned would abstain from deliberation and decisions relating to their own remuneration. The annual Directors' fees and benefits payable are reviewed each financial year and are subject to shareholders' approval at the AGM.

In view of the same, the Company is seeking shareholders' approval for the following proposed revision of payment of fees for FY2022 at the coming 41st AGM.

Category	Type	Proposed Directors' Remuneration for FY2022 (RM)		Existing Directors' Remuneration for FY2021 (RM)	
		Chairman	Member	Chairman	Member
Fees (Per Annum)	Board	135,000	90,000	127,500	85,000
	AC	135,000	90,000	127,500	85,000
Meeting Allowance (Per Meeting)	Board	1,600	800	1,600	800
	Committee	1,600	800	1,600	800

Directors' benefits up to an amount of RM125,000.00 for the period from 28 August 2021 to 41st AGM in August 2022 was approved in the 40th AGM which was held on 27 August 2021.

The details of the remuneration of Directors of the Company comprising remuneration received and receivables from the Company and subsidiaries for FY2022 are as follows:-

	Company							Subsidiaries	Group
	Fees (RM)	Salaries (RM)	Bonus (RM)	Meeting Allowance (RM)	Benefits -In-kind (RM)	EPF (RM)	Total (RM)	Fees (RM)	Total (RM)
Executive Directors									
Dr. Nick Low	90,000	462,600	187,250	13,100	43,064	78,048	874,062	40,768	914,830
Lim Kim Long	90,000	342,600	137,250	12,800	24,737	57,648	665,035	40,768	705,803
Non-Executive Directors									
Tan Sri Datuk Seri Panglima Sulong	135,000	-	-	19,200	-	-	154,200	-	154,200
Chung Kin Mun	135,000	-	-	19,200	-	-	154,200	-	154,200
Leong So Seh	90,000	-	-	13,100	-	-	103,100	-	103,100

Senior Management Remuneration

For FY2022, the top five Senior Management's remuneration (excluding EDs) of the Group in alphabetical order are as follow:

- Alex Chan Choon Hoong
- Cheong Kee Yoong
- Lee Teong Beng
- Tan Suet Guan (Madam)
- Tiong Chuu Ling

The aggregate remuneration of top five Senior Management received in FY2022 was RM2.9 million. The remuneration is computed on an aggregate basis, taking into account the relevant personnel's salary, allowances, bonus, benefits-in-kind and other emoluments.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

Audit Committee

As at 31 March 2022, the AC of the Company comprises three Independent Non-Executive Directors, all of whom are Non-Executive Directors. The Chairman of the AC is not the Chairman of the Board and is chaired by the Senior Independent Non-Executive Director who is a member of CPA Australia.

The AC assists the Board in fulfilling its fiduciary responsibilities with regards to the Group's financial reporting practices, accounting policies, internal control and risk management as well as assessing the suitability and independence of the Group's external auditors and the internal auditor.

The NRC conducts annual assessment of the members of the AC to ensure its effectiveness, objectivity and the composition of the AC. In addition, the NRC will also ensure that a director who is financially literate and have sufficient understanding of the Group's businesses, be appointed as an AC member.

Further details of the AC's activities are set out in the AC Report on page 70 to page 73 of the AR 2022.

Risk Management and Internal Control Framework

The Board is committed to its overall responsibility in establishing a sound and effective system of risk management and internal control and for reviewing its adequacy and integrity of risk management and internal control system within the Group. The Board is assisted by the AC with oversight responsibilities of risk management and internal control system. The Board continues to review the adequacy and effectiveness of the Company's risk management and internal control on an ongoing basis.

Presently, the AC has been given the primary risk management and internal control oversight responsibilities. PricewaterhouseCoopers Risk Services Sdn. Bhd. ("PwC RAS" or "Internal Auditor") has been appointed as the outsourced internal auditor to assist the AC in the areas of governance, risk and control.

The Group has in place an Enterprise Risk Management ("ERM") framework for enhancing its risk management capabilities to meet the needs of its current business environment. Risk management and risk governance responsibilities in SAB Group are defined in the ERM Framework using the Control-Self Assessment technique.

Further details on the activities of the risk management and internal control are set out in the Statement on Risk Management and Internal Control on page 74 to page 77 of the AR 2022.

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

Communication with Stakeholders

The Board recognises the importance for transparency and accountability to the Company's shareholders and regular communication with all its stakeholders. The Company has in place a corporate disclosure policy which sets out the persons authorised and responsible to approve and disclose material information. It also serves as a guide to enhance awareness amongst the employees on the Company's disclosure obligations and procedures.

Our Group communication channels include the following:-

- Corporate Website
- Quarterly Financial Results and Announcements
- Annual Report
- General Meetings

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONS WITH STAKEHOLDERS (CONT'D)

Conduct of AGM

The AGM is the principal forum for shareholders' engagement where shareholders can have an open dialogue with the Board.

The Notice of the 40th AGM dated 29 July 2021 was circulated at least more than 28 days prior to the AGM, which was held on 27 August 2021.

The highlights of the Group's financial performance, including its prospects and challenges will be presented by Chief Financial Officer ("CFO"). Shareholders are encouraged to attend and participate in the Questions and Answers session.

All queries raised by the Minority Shareholders Watch Group with regards to the Company's financial performance, strategic and corporate governance matters will be presented to the shareholders at the AGM together with the Company's responses. Valid suggestions and feedbacks given by the shareholders will also be duly noted by the Board for due consideration.

In compliance with Bursa Securities MMLR, all resolutions tabled at the AGM will be voted by poll. The Company continues to leverage on technology to facilitate voting via e-polling, and e-polling was conducted in last year's AGM. Poll results were announced almost immediately after the e-polling is conducted by the poll administrator and validated by the poll scrutineer.

This statement was approved by the Board of SAB on 6 July 2022.

AUDIT COMMITTEE REPORT



AUDIT COMMITTEE REPORT

The Board of SAB is pleased to present the AC Report for the FY2022.

The primary objective of the AC is to assist the Board in fulfilling its fiduciary responsibilities and overall responsibilities of the Group's activities, mainly in the oversight of the following areas :-

- Financial reporting process
- External audit function
- Internal audit function
- Risk management & internal control systems
- Related party transactions

The TOR of AC including its objectives, authorities and functions can be viewed on the Company's website at www.southernacids.com.

Composition and Attendance

As of 31 March 2022, the AC composition and the attendance record of its members of the five meetings held during the FY2022 are set out below:-

Name of Director	Directorship	Position	AC Meeting
Chung Kin Mun	Senior Independent Non-Executive Director	Chairman	5/5
Leong So Seh	Independent Non-Executive Director	Member	5/5
Tan Sri Datuk Seri Panglima Sulong	Independent Non-Executive Chairman	Member	5/5
Number of Meetings Held			5

The AC Chairman is also a member of CPA Australia. Accordingly, the current AC composition complies with paragraph 15.09(1) (a), (b) and (c) of the Bursa Securities MMLR as well as Practice 9.1 of the MCGG.

Meetings

During the financial year, AC convened five meetings to discharge its duties and responsibilities. This satisfies the minimum number of meetings stipulated in the AC's TOR which requires the AC to meet at least five times in a financial year.

The AC extends invitation to the MD, ED, CFO, Deloitte PLT ("External Auditors") and the Internal Auditor for its meetings as and when necessary.

A report on matters deliberated together with recommendations are submitted by the AC Chairman to the Board for deliberation and decisions after each meeting. The minutes of each AC meeting are recorded by the Company Secretary and tabled for confirmation at the following AC meeting, and subsequently circulated to the Board for notation.

AUDIT COMMITTEE REPORT (cont'd)

Summary of Activities

The following summary sets out the activities of the AC during the financial year under review in discharging its functions and duties:

Financial Reporting

- Reviewed and deliberated the unaudited quarterly interim financial results including announcements to the Bursa Securities and annual financial statements and recommended to the Board for approval

In reviewing the unaudited quarterly interim financial results and year-end financial statements, the AC focused on the following key areas:

- changes in or implementation of major accounting policies and practices
- significant matters raised by the External Auditors which included financial reporting issues, significant judgements made by management, significant events or transactions as well as feedback from management on the subject matters
- compliance in the accounting standards, regulatory and other legal requirements in view of the latest new regulations
- going concern assumption
- any material adjustments arising from the audit

External Audit

- Reviewed the briefing by the External Auditors on the audit progress of the financial year-end audit. Key highlights, amongst others, were as follows: -
 - New accounting policies
 - Key audit matters
 - Significant matters
 - Compliance with accounting standards and legal requirements
 - Assessment of impact of Covid-19 on the business
- Reviewed and deliberated on the proposed audit fees, and recommended to the Board for approval
- Reviewed the External Auditors Audit Planning which detailed the following: -
 - Engagement of statutory audit
 - Audit approach
 - Independence of the audit firm
 - Audit approach
 - Areas of audit focus
 - Risk assessment
 - Auditing timeline
 - Latest development in laws and regulations as well as Bursa Securities MMLR

Internal Audit

- Presentation of two internal audit reports by the Internal Auditor, the reports were as follows: -
 - Healthcare Segment Review on patient medical record, revenue/credit control and customer service management
 - Business Continuity Management Review
- Reviewed and recommended the proposed appointment of PwC RAS as the outsourced internal auditor for FY2022 to the Board for approval. The proposed scope of review for FY2022 were as follows: -
 - Cycle 1 – Healthcare – Review on patient medical record, revenue/credit control and customer service management
 - Cycle 2 – Oleochemical – Sales commission process flow and standard operating policies

Risk Management & Internal Control Systems

- Reviewed and recommended the AC report and Statement on Risk Management and Internal Control to the Board for approval for inclusion in the AR 2022.
- Reviewed and recommended the approval on the purchase of the new version Enterprise Risk Management System Tricor Radar ERM from Tricor Roots Sdn. Bhd.

AUDIT COMMITTEE REPORT (cont'd)

Summary of Activities (cont'd)

Related Party Transaction (“RPT”) & Recurrent Related Party Transaction (“RRPT”)

- Quarterly review of all RRPTs entered within SAB Group to ensure that the following are in order: -
 - Transactions with related parties were carried out within the ambit of the shareholders’ mandate obtained in the last AGM;
 - All RPTs were carried out at arm’s length basis and under normal commercial terms, the transactions were not prejudicial to the interests of the Company;
 - In compliance with the Bursa Securities MMLR and other relevant rules and regulations; and
 - Procedures and processes were adequate in identifying, monitoring, reporting and reviewing the RPTs.
- Reviewed and recommended the circular to shareholders in relation to the proposed renewal of shareholders’ mandate for existing RRPTs of a revenue or trading nature and proposed new shareholders’ mandate for additional RRPTs of a revenue or trading nature as well as the AC statement in respect of the proposed shareholders’ mandate for RRPTs for Board approval.

Internal Audit Function

The AC is supported by an outsourced internal auditor, PwC RAS, in discharging the AC’s duties and responsibilities. The key role of the Internal Auditor is to provide reasonable assurance to the AC on the effectiveness of the risk management and internal control processes within SAB Group.

The Internal Auditor reports directly to the AC on a functional basis and to the MD administratively. An annual risk-based internal audit plan is presented to the AC for approval after due evaluation on the adequacy of the scope, functions and resources of the Internal Auditor as well as the competency of the Internal Auditor.

The internal audit was performed in accordance with generally acceptable internal auditing practices.

The approach undertaken in carrying out the engagement were as follows:

- Discuss with management to understand the key issues in the organisation
- Identify and test the key/ selected controls for the areas under review
- Discuss the exceptions with the process owners and obtain their comments where exceptions are noted
- Provide recommendations to address the gaps identified
- Present audit observations to the AC

The total costs incurred by the Internal Auditor in discharging its function and responsibilities amounted to RM85,335 for the FY2022.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board is pleased to provide the Statement on Risk Management and Internal Control ("SORMIC") which outlines the nature of risk management and internal control within SAB Group for the financial year under review. This statement has been prepared in accordance with guidelines as set out in the "Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers" which is in line with the requirements of paragraph 15.26 (b) of the Bursa Securities MMLR.

Board Responsibility

The Board is committed to its overall responsibility in establishing a sound and effective system of risk management and internal control and for reviewing its adequacy and integrity of risk management and internal control system within SAB Group. The Board is assisted by the AC with oversight responsibilities of risk management and internal control system. The system of internal control covers activities such as assets management, risk management, strategy, corporate governance, organisational, operational, regulatory, compliance and other control activities.

The system of risk management and internal control are fundamental to good corporate governance in safeguarding shareholders' interest and the groups assets and therefore its adequacy and effectiveness should continuously be improved. Periodic evaluation on the viability and robustness of the internal control systems were reviewed by the AC in relation to the internal audits conducted by the internal auditor. Based on the work performed by internal auditor, audit issues, if any, and management's responses to address the said issues identified were deliberated during the AC meetings, of which are recorded and presented to the Board.

Notwithstanding the above, the Board acknowledges that the system of risk management and internal control implemented are designed to manage risk exposures rather than to eliminate all risks and therefore provides reasonable but not absolute assurance against material misstatement of management and financial information, operational failures, financial losses or fraud.

Risk Management and Risk Governance Structure

The Group has in place an ERM framework for enhancing its risk management capabilities to meet the needs of its current business environment. Risk management and risk governance responsibilities in SAB Group are defined in the ERM Framework using the Control-Self Assessment ("CSA") technique. CSA is a tool that supports ERM which allows departments and functional teams to be directly involved in their respective divisions, functions or processes to participate in assessing and identifying risk at the operational level relating to strategic business objectives.

The Group adopts the "Three Lines of Defence" model as the first principle of the risk management framework where there is clear functional responsibilities and accountabilities of risk ownership. At each line of defence, there is risk governance guidance to support the ERM framework. Primary risk owners, the MD and the ED together with the Senior Management, are responsible for overseeing the ERM activities of SAB Group. They reaffirm their strong dedication and commitment towards an ERM via the Annual Statement on Continuous Commitment annually. This is in line with the best practices in corporate governance guided by the MCCG as an integral part of the Group's business, operations and financial performance.

Risks relating to the Group's strategic objectives are assessed at the Group level.

The diagram below depicts the current overview of the governance structure:



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (cont'd)

Internal Control System

Internal control system, a key component of the Company's risk management framework, is designed to minimise risks and protect assets, ensure accuracy of records, promote operational efficiency, and encourage adherence to policies, rules, regulations, and laws. The following is the summary of the key features of SAB Group's internal control systems, but not limiting to:

- **Organisation Structure**
The Company has established an organisational structure outlined the formal lines of responsibility and authorisation procedures within which Senior Management operates and is accountable for.
- **Centralised Key Functions**
Certain key functions such as finance, investment, treasury, corporate affairs, compliances, tender committee, purchasing committee and human resources have been centralised as part of the Group's initiatives to promote greater efficiency, effective cost management and higher degree of responsiveness to the business environment.
- **Operational Controls**
The following operational controls are in place: -
 - level of authority for each level of management staff;
 - approval processes for Capex and operational expenditure; and
 - business planning and annual budgeting process for the respective business units with periodical monitoring of performance.
- **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.
- **Internal Audit**
The Internal Auditor 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.
- **External Audit**
The External Auditors perform 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 on any identified procedures, controls and other aspects that needs improvement which may come to their attention.
- **Anti-Bribery & Anti-Corruption Policy & Guidelines**
The Group has put in place this policy and guidelines which sets out the Company's responsibilities, and providing information and guidelines to Board and employees and stakeholders to conduct our business with integrity and in accordance with all applicable laws, rules and regulations.
- **Code of Conduct & Ethics**
The Code of Conduct & Ethics is established as an integral part of SAB's governance regime that sets out the ethical principles and expected standard of conducts in conducting business and the compliance with applicable laws and regulations for all of its directors and employees within the Group.
- **Whistleblower Policy**
The Group has set in place Whistleblower Policy outlined the Group's commitment towards enabling employees and stakeholders to raise concerns in a responsible and confidential manner in regards to any wrongdoings without being subject to victimisation or discriminately treatment.

The Anti-Bribery & Anti-Corruption Policy & Guidelines, the Code of Conduct & Ethics and the Whistleblower Policy are made available on the Company's website.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (cont'd)

Internal Control System (cont'd)

For the financial year under review, some weaknesses in internal controls were identified, all of which have been or being addressed. None of the weaknesses have resulted in material losses, contingencies or uncertainties that require disclosure in AR 2022.

A number of minor internal control weaknesses were identified during the year, all of which has been or is being addressed. None of the weaknesses have resulted in any material losses, contingencies or uncertainties that would require a disclosure in the AR 2022.

Please refer to the AC Report on page 70 to page 73 of the AR 2022 on the risk management and internal control activities undertaken during FY2022.

Review of the Statement by External Auditors

As required by paragraph 15.23 of the Bursa Securities MMLR, the External Auditors have reviewed this SORMIC. The review was in accordance to the scope set out in Audit and Assurance Practice Guide (“AAPG”) 3, *Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report* issued by the Malaysian Institute of Accountants for inclusion in the AR 2022. The External Auditors have 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 AR 2022 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. The External Auditors 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 Group’s overall risk management and internal control system is sound and adequate in all material aspects, and has received the same assurance from both the MD and the CFO of the Group. The Board is satisfied that the risk management process in identifying, evaluating and managing significant risks is operating adequately and effectively throughout the financial year up to the date of approval of this statement for inclusion into the AR 2022. No potential, present failure or weakness have arisen from any inadequacy or failure of the Group’s system of internal control that would require separate disclosure in the Group’s financial statements.

This disclosures in this SORMIC do not include the risk management and internal control practices of its insignificant associate company.

This SORMIC is made in accordance with a resolution of the Board dated 6 July 2022.

ADDITIONAL COMPLIANCE INFORMATION DISCLOSURES

The information set out below is disclosed in compliance with the of Bursa Securities MMLR:

Utilisation of Proceeds Raised from Corporate Proposals

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

Audit and Non-Audit Fees

The amount of audit and non-audit fees paid and payable to the External Auditors and/or its affiliates by the Company and the Group for FY2022 are as follows:

	Company (RM'000)	Group (RM'000)
Audit Fee	91	313
Non-audit Fee	7	22
Total	98	335

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 FY2022 or entered into since the previous financial year.

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 in accordance with applicable Malaysian Financial Reporting Standards ("MFRS"), the International Financial Reporting Standards ("IFRS"), and the requirements of the CA 2016 in Malaysia.

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 as at 31 March 2022, 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.

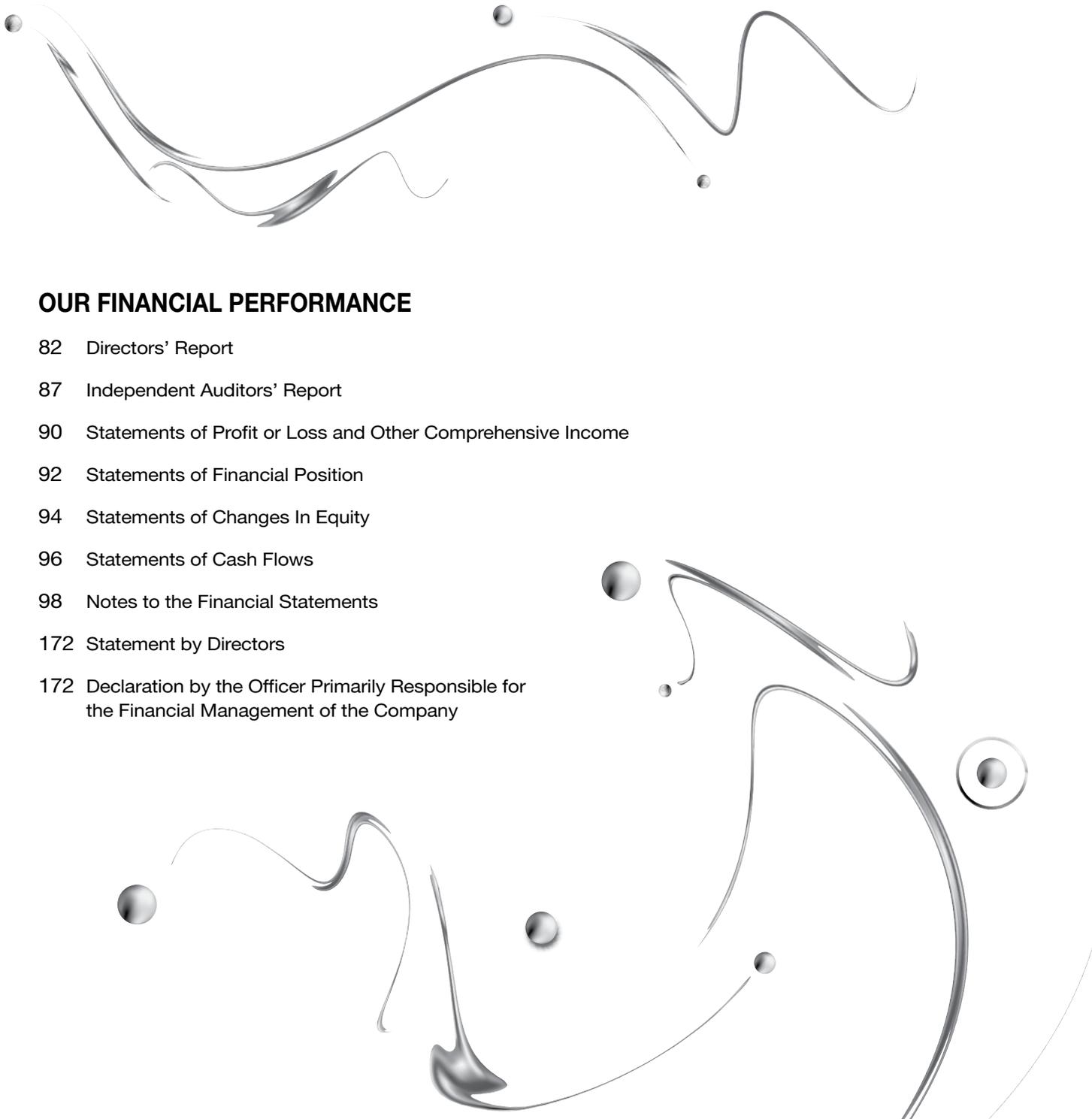
The Directors are responsible to ensure that the Group and the Company keep accounting records which disclose the financial position of the Group and of the Company with reasonable accuracy, enabling them to ensure that the financial statements comply with the CA 2016.

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



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DIRECTORS' REPORT

The Directors of **SOUTHERN ACIDS (M) BERHAD** have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 March 2022.

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 subsidiary companies are disclosed in Note 16 to the financial statements.

RESULTS OF OPERATIONS

The results 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	149,855	9,444
Income tax expense	(31,735)	-
Profit for the financial year	118,120	9,444
Attributable to:		
Equity holders of the Company	94,420	9,444
Non-controlling interests	23,700	-
	118,120	9,444

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

DIVIDENDS

Final dividend of 5 sen per 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 24 September 2021.

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 dividend is 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 2023.

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 made out, the Directors took reasonable steps:

- (a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and satisfied themselves that all known bad debts have 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 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' REPORT (cont'd)

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

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
Chan Choon Hoong
Cheong Kee Yoong
Dr. Sadasivam A/L Kandiah
Herry Amin
Herry Mukiat
Lou Ai Choo
Tiong Chuu Ling
Low Wei Hao (Appointed on 25 March 2022)

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act 2016, none of the Directors who held office at the end of the financial year held any shares in the Company or its subsidiaries during the financial year except as follows:

	As at 1.4.2021	Number of ordinary shares		As at 31.3.2022
		Acquired	Disposed	
Shares in the Company				
Registered in name of the Directors				
Direct interest				
Dr. Low Kok Thye	30,416	-	-	30,416
Lim Kim Long	49,276	-	-	49,276
Indirect interest				
Dr. Low Kok Thye*	65,692,824	-	-	65,692,824
Lim Kim Long**	69,032,267	-	-	69,032,267

DIRECTORS' REPORT
(cont'd)**Notes:**

- * By virtue of his interest in Dataran Dagang Asia Sdn. Bhd. (formerly known as Southern Cocoa Products (M) Sdn. Berhad), Banting Hock Hin Estate Company Sdn. Bhd., Southern Realty (Malaya) Sdn. Bhd., Southern Hockjoo Plantation Sdn. Bhd., Naga Wira Sdn. Berhad, Bekalan Utama Sdn. Berhad, Southern Edible Oil Industries (M) Sdn. Berhad, Southern Palm Industries Sdn. Bhd., Eng Leong Holdings Sdn. Berhad and family members.
- ** By virtue of his interest in Dataran Dagang Asia Sdn. Bhd. (formerly known as Southern Cocoa Products (M) Sdn. Berhad), Banting Hock Hin Estate Company Sdn. Bhd., Southern Realty (Malaya) Sdn. Bhd., Southern Hockjoo Plantation Sdn. Bhd., 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 any interest in the shares of the Company and its related corporations during 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 benefits included in the aggregate of remuneration 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 the 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 premium paid during the year amounted to RM11,786.

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

SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

The details of significant event during the financial year is disclosed in Note 44 to the financial statements.

AUDITORS' REMUNERATION

The amount paid or payable as remuneration of the auditors for the financial year ended 31 March 2022 is as disclosed in Note 8 to the financial statements.



DIRECTORS' REPORT (cont'd)

AUDITORS

The auditors, Deloitte PLT, have indicated their willingness to accept re-appointment.

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

DR. LOW KOK THYE

LIM KIM LONG

Klang
6 July 2022

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 2022, 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 90 to 171.

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 2022, 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 Matter	How the Scope of our Audit Responded to the Key Audit Matter
<p><u>Impairment Assessment of Property, Plant and Equipment</u></p> <p>At 31 March 2022, included in property, plant and equipment are factory building and oleochemical plant ("assets") of a subsidiary with carrying value of RM31,369,300. These assets are located on land owned by a major shareholder of the Company, Southern Realty (Malaya) Sdn. Bhd. ("SRM").</p> <p>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 8 to 47 years. The subsidiary intends to apply for a renewal of the lease agreement with SRM prior to its expiry on 31 March 2023.</p> <p>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.</p> <p>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.</p>	<p>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.</p> <p>We examined the latest lease agreement and read all relevant correspondence between the subsidiary and SRM to identify matters, if any, that would adversely affect the future likelihood of renewal of the lease agreement.</p> <p>We evaluated management's assessment of the renewal which includes the historical trend of the lease agreement being renewed.</p> <p>We have also assessed the adequacy and appropriateness of the disclosures made in Note 3, Note 4(i)(a) and Note 13 to the financial statements.</p>

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

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

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 of the Group 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 and will 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 identified above 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 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.

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

- 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.
- 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 of 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 - 03377/06/2024 J
Chartered Accountant

Kuala Lumpur
6 July 2022

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

	Note	The Group		The Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Revenue	5	1,176,249	741,103	17,817	20,980
Interest income	6	4,633	4,823	218	187
Other operating income		24,871	15,424	69	68
Changes in inventories of finished goods and work-in-progress		20,074	13,103	-	-
Raw materials and consumables used		(903,483)	(551,256)	-	-
Depreciation of property, plant and equipment	13	(22,090)	(20,558)	(450)	(343)
Depreciation of right-of-use assets	14	(1,475)	(1,364)	-	-
Directors' remuneration	7	(4,919)	(3,982)	(1,884)	(1,768)
Employee benefits expenses	8	(71,822)	(65,357)	(4,930)	(3,980)
Other operating expenses		(71,424)	(71,018)	(1,396)	(963)
Finance costs	9	(802)	(471)	-	-
Share of results of an associate company	17	43	(102)	-	-
Profit before tax	8	149,855	60,345	9,444	14,181
Income tax expense	10	(31,735)	(12,562)	-	-
Profit for the financial year		118,120	47,783	9,444	14,181
Profit for the financial year attributable to:					
Equity holders of the Company		94,420	37,357	9,444	14,181
Non-controlling interests	16	23,700	10,426	-	-
		118,120	47,783	9,444	14,181
Earnings per share (sen) attributable to equity holders of the Company					
Basic and diluted	11	68.95	27.28		

**STATEMENTS OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME (cont'd)
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022**

Note	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Profit for the financial year	118,120	47,783	9,444	14,181
Other comprehensive income/(loss):				
Items that may be reclassified subsequently to profit or loss:				
Foreign currency translation differences on foreign operation	5,592	10,709	-	-
Items that will not be reclassified subsequently to profit or loss:				
Share of other comprehensive loss of an associate company	*	-	-	-
(Loss)/Gain arising from fair value changes in other investments	(1,855)	5,642	(1,855)	5,642
Remeasurement of defined benefit obligations, net of tax	738	(264)	72	-
	4,475	16,087	(1,783)	5,642
Total comprehensive income for the financial year, net of tax	122,595	63,870	7,661	19,823
Total comprehensive income attributable to:				
Equity holders of the Company	96,655	50,087	7,661	19,823
Non-controlling interests	25,940	13,783	-	-
	122,595	63,870	7,661	19,823

* Amount less than RM1,000

The accompanying Notes form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION

AS AT 31 MARCH 2022

	Note	The Group		The Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
ASSETS					
Non-Current Assets					
Land held for property development	12	139,868	139,868	-	-
Property, plant and equipment	13	195,132	194,740	4,310	4,080
Right-of-use assets	14	2,768	4,041	-	-
Investment property	15	3,318	3,318	-	-
Investment in subsidiary companies	16	-	-	245,599	245,599
Investment in an associate company	17	2,302	2,259	917	917
Other investments	18	29,380	30,717	29,380	30,717
Deferred tax assets	20	2,600	2,774	-	-
Total Non-Current Assets		375,368	377,717	280,206	281,313
Current Assets					
Biological assets	21	3,655	1,972	-	-
Inventories	22	112,397	82,387	-	-
Derivative financial assets	23	9,679	247	-	-
Trade receivables	24 & 26	73,281	51,343	-	-
Other receivables, deposits and prepaid expenses	25 & 26	65,917	45,145	227	176
Amount owing by subsidiary companies	26	-	-	13,399	8,513
Amount owing by an associate company	27	715	819	61	-
Tax recoverable		5,184	8,985	-	-
Cash and cash equivalents	28	322,288	242,163	2,668	5,775
Total Current Assets		593,116	433,061	16,355	14,464
TOTAL ASSETS		968,484	810,778	296,561	295,777

STATEMENTS OF FINANCIAL POSITION (cont'd) AS AT 31 MARCH 2022

	Note	The Group		The Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
EQUITY AND LIABILITIES					
Capital and Reserves					
Share capital	29	171,255	171,255	171,255	171,255
Reserves	30	556,215	466,407	122,177	121,363
<hr/>					
Equity attributable to equity holders of the Company		727,470	637,662	293,432	292,618
Non-controlling interests	16	95,880	71,687	-	-
<hr/>					
Total Equity		823,350	709,349	293,432	292,618
<hr/>					
Non-Current and Deferred Liabilities					
Loans and borrowings	31	2,100	3,300	-	-
Hire purchase payables	32	175	359	-	-
Lease liabilities	33	1,577	2,956	-	-
Provision for retirement benefits	34	16,416	15,774	1,203	1,345
Payables for KKPA Program	19	1,411	785	-	-
Deferred tax liabilities	20	8,056	4,358	-	-
<hr/>					
Total Non-Current and Deferred Liabilities		29,735	27,532	1,203	1,345
<hr/>					
Current Liabilities					
Trade payables	26 & 35	32,832	33,070	-	-
Other payables and accrued expenses	35	39,285	30,670	1,723	1,521
Amount owing to a subsidiary company	26	-	-	82	102
Amount owing to an associate company	27	-	70	-	70
Contract liabilities	36	4,138	2,143	-	-
Derivative financial liabilities	23	3,730	393	-	-
Loans and borrowings	31	19,700	1,200	-	-
Hire purchase payables	32	258	234	-	-
Lease liabilities	33	1,544	1,436	-	-
Tax liabilities		13,791	4,560	-	-
Dividend payable		121	121	121	121
<hr/>					
Total Current Liabilities		115,399	73,897	1,926	1,814
<hr/>					
Total Liabilities		145,134	101,429	3,129	3,159
<hr/>					
TOTAL EQUITY AND LIABILITIES		968,484	810,778	296,561	295,777

The accompanying Notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

The Group	Attributable to equity holders of Company							Total equity RM'000
	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	
As at 1 April 2020	171,255	(22,251)	(322)	(174)	445,914	594,422	55,800	650,222
Profit for the financial year	-	-	-	-	37,357	37,357	10,426	47,783
Other comprehensive income/(loss)	-	7,246	-	5,642	(158)	12,730	3,357	16,087
Total comprehensive income for the financial year	-	7,246	-	5,642	37,199	50,087	13,783	63,870
Issuance of shares by a subsidiary company to non-controlling interests	-	-	-	-	-	-	3,814	3,814
Dividends paid	-	-	-	-	(6,847)	(6,847)	-	(6,847)
Dividends paid to non-controlling interests	-	-	-	-	-	-	(1,710)	(1,710)
As at 31 March 2021	171,255	(15,005)	(322)	5,468	476,266	637,662	71,687	709,349
As at 1 April 2021	171,255	(15,005)	(322)	5,468	476,266	637,662	71,687	709,349
Profit for the financial year	-	-	-	-	94,420	94,420	23,700	118,120
Other comprehensive income/(loss)	-	3,522	-	(1,855)	568	2,235	2,240	4,475
Total comprehensive income/(loss) for the financial year	-	3,522	-	(1,855)	94,988	96,655	25,940	122,595
Dividends paid	-	-	-	-	(6,847)	(6,847)	-	(6,847)
Dividends paid to non-controlling interests	-	-	-	-	-	-	(1,747)	(1,747)
As at 31 March 2022	171,255	(11,483)	(322)	3,613	564,407	727,470	95,880	823,350

Note

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STATEMENTS OF CHANGES IN EQUITY (cont'd) FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

The Company	Note	Share capital RM'000	Non- distributable Fair value reserve RM'000	Distributable Retained earnings RM'000	Total equity RM'000
As at 1 April 2020		171,255	(174)	108,561	279,642
Profit for the financial year		-	-	14,181	14,181
Other comprehensive income		-	5,642	-	5,642
Total comprehensive income for the financial year		-	5,642	14,181	19,823
Dividends paid	38	-	-	(6,847)	(6,847)
As at 31 March 2021		171,255	5,468	115,895	292,618
As at 1 April 2021		171,255	5,468	115,895	292,618
Profit for the financial year		-	-	9,444	9,444
Other comprehensive (loss)/income		-	(1,855)	72	(1,783)
Total comprehensive (loss)/income for the financial year		-	(1,855)	9,516	7,661
Dividends paid	38	-	-	(6,847)	(6,847)
As at 31 March 2022		171,255	3,613	118,564	293,432

The accompanying Notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES				
Profit before tax	149,855	60,345	9,444	14,181
Adjustments for:				
Depreciation of property, plant and equipment	22,090	20,558	450	343
Depreciation of right-of-use assets	1,475	1,364	-	-
Unrealised gain on foreign exchange	(44)	(868)	-	-
Provision for retirement benefits	2,310	2,208	130	137
Net fair value change in biological assets	(1,622)	(535)	-	-
Gain on disposal of property, plant and equipment	(14)	(237)	-	(21)
Impairment losses/(Reversal of impairment losses) on trade receivables	354	(250)	-	-
Inventories written off	23	39	-	-
Inventories written down	-	816	-	-
Finance costs	802	471	-	-
Property, plant and equipment written off	108	49	-	-
Share of results of an associate company	(43)	102	-	-
Waiver of specialist fee	(6)	-	-	-
Changes in fair value of derivatives	(6,095)	(1,275)	-	-
Dividend income	(1,059)	(9,269)	(12,609)	(16,199)
Interest income	(4,633)	(4,823)	(218)	(187)
Operating Profit/(Loss) Before Working Capital Changes	163,501	68,695	(2,803)	(1,746)
(Increase)/Decrease in:				
Inventories	(29,629)	(15,548)	-	-
Trade receivables	(22,528)	(10,340)	-	-
Other receivables, deposits and prepaid expenses	(19,788)	(8,178)	(91)	(5)
Amount owing by subsidiary companies	-	-	(4,886)	(273)
Amount owing by an associate company	104	(16)	(61)	126
Increase/(Decrease) in:				
Trade payables	(585)	11,224	-	-
Other payables and accrued expenses	8,284	7,315	202	(70)
Amount owing to a subsidiary company	-	-	(20)	(11)
Amount owing to an associate company	(361)	70	(70)	70
Contract liabilities	1,977	950	-	-
Cash Generated From/(Used In) Operations	100,975	54,172	(7,729)	(1,909)
Retirement benefits paid	(748)	(395)	(200)	-
Income tax refunded	774	64	-	-
Income tax paid	(15,832)	(5,337)	-	-
Net Cash From/(Used In) Operating Activities	85,169	48,504	(7,929)	(1,909)

STATEMENTS OF CASH FLOWS (cont'd) FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
CASH FLOWS (USED IN)/FROM INVESTING ACTIVITIES				
Interest income received	4,633	4,823	218	187
Dividends received	981	9,269	12,531	9,269
Proceeds from disposal of property, plant and equipment	49	302	-	21
Additions to other investments	(400)	-	(400)	-
Additions to property, plant and equipment [Note (i)]	(20,421)	(22,960)	(680)	(1,104)
Amount recovered for KKPA program	600	887	-	-
Net Cash (Used In)/From Investing Activities	(14,558)	(7,679)	11,669	8,373
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES				
Drawdown/ (Repayment) of loans and borrowings - net	17,300	(1,200)	-	-
Repayment of hire purchase payables	(264)	(428)	-	-
Repayment of lease liabilities	(1,473)	(1,238)	-	-
Dividend paid by:				
- Subsidiary companies to non-controlling interests	(1,747)	(1,710)	-	-
- The Company	(6,847)	(6,847)	(6,847)	(6,847)
Finance costs paid	(802)	(471)	-	-
Net Cash From/(Used In) Financing Activities	6,167	(11,894)	(6,847)	(6,847)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	76,778	28,931	(3,107)	(383)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	242,163	208,938	5,775	6,158
EFFECT OF TRANSLATION DIFFERENCES	3,347	4,294	-	-
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR (NOTE 28)	322,288	242,163	2,668	5,775

Note (i) : Additions to property, plant and equipment

During the financial year, the Group acquired property, plant and equipment by the following means:

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Hire purchase	88	714	-	-
Cash payments	20,421	22,960	680	1,104
	20,509	23,674	680	1,104

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 subsidiary companies 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 6 July 2022.

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 Amendments to MFRS

In the current financial year, the Group and the Company have adopted all the amendments to MFRSs issued by the Malaysian Accounting Standards Board (“MASB”) that are effective for annual periods beginning on or after 1 April 2021 as follows:

Amendment to MFRS 16	Covid-19 - Related Rent Concessions beyond 30 June 2021
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16	Interest Rate Benchmark Reform - Phase 2

The adoption of these Amendments to MFRSs have not affected the amounts reported on the financial statements of the Group and of the Company in the current and previous financial year.

New Standards and Amendments to MFRSs in Issue but Not Yet Effective

At the date of authorisation for issue of these financial statements, the 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:

MFRS 17	Insurance Contracts ²
Amendments to MFRS 3	Reference to the Conceptual Framework ¹
Amendments to MFRS 4	Extension of the Temporary Exemption from Applying MFRS 9 ²
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to MFRS 17	Insurance Contracts ²
Amendments to MFRS 17	Initial Application of MFRS 17 and MFRS 9 – Comparative Information ²
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current ²
Amendments to MFRS 101	Disclosure of Accounting Policies ²
Amendments to MFRS 108	Definition of Accounting Estimates ²

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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

New Standards and Amendments to MFRSs in Issue but Not Yet Effective (cont'd)

At the date of authorisation for issue of these financial statements, the 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: (cont'd)

Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ²
Amendments to MFRS 116	Property, Plant and Equipment - Proceeds before Intended Use ¹
Amendments to MFRS 137	Onerous Contracts - Cost of Fulfilling a Contract ¹
Amendments to MFRSs	Annual Improvements to MFRS Standards 2018 - 2020 ¹

¹ Effective for annual periods beginning on or after 1 January 2022, with earlier application permitted.

² Effective for annual periods beginning on or after 1 January 2023, with earlier application permitted.

³ Effective date deferred to a date to be announced by MASB.

The Directors anticipate that the abovementioned New Standards and Amendments to MFRSs 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 new 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 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in MFRS 102 *Inventories* or value in use in MFRS 136 *Impairment of Assets*.

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

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

The principal accounting policies adopted are set out below.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Subsidiaries and Basis of Consolidation

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

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

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

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

Consolidation of a subsidiary company begins when the Company obtains control over the subsidiary company and ceases when the Company loses control of the subsidiary company. Specifically, income and expenses of a subsidiary company acquired or disposed of during the financial 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 equity holders of the Company and to the non-controlling interests. Total comprehensive income of subsidiary companies is attributed to the equity holders of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

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

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

When the Group loses control of a subsidiary company, 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 company 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 company 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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 and service taxes or value-added tax. 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.

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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Contract Liabilities

Contract liability is the obligation to transfer goods or services to customers for which the Group has received the consideration or has billed the customers. Contract liability is recognised as revenue when the Group performs its obligation under the contracts.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Employee Benefits (cont'd)

(ii) Post-employment benefits (cont'd)

(b) Defined benefit plans

(i) Malaysia

The Company and its subsidiary companies operate an unfunded defined retirement benefit scheme for its eligible employees. An actuarial valuation carried out by a qualified actuary using the "Projected Unit Credit" method was undertaken on 31 March 2022, and the valuation covers the financial years ended 31 March 2022 to 31 March 2025.

(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 2022.

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 statements 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 subsequently 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.

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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 financial 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.

Land Held for Property Development

Land held for property development is classified as non-current asset and is stated at lower of cost 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.

Cost includes 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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 35 years
Freehold office	2%
Factory buildings	2% - 10%
Palm oil mills	5% - 25%
Hospital building	2%
Medical equipment	10% - 15%
Plant, machinery, equipment and electrical installation	7.5% - 25%
Motor vehicles	10% - 25%
Office equipment, furniture and fittings	10% - 25%
Staff quarters cum office block	5% - 25%
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 the statements of profit or loss and other comprehensive income.

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.

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 statements of profit or loss and other comprehensive income 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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Property, Plant and Equipment under Hire Purchase Arrangements

Property, plant and equipment acquired under hire purchase arrangements are capitalised in the financial statements and the corresponding obligations treated as liabilities. Finance charges are allocated to the statements of profit or loss and other comprehensive income 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

The Group as lessor

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 ownership 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 a 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.

The Group as lessee

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.

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 *Impairment of Assets* 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 assets with value less than RM25,000 each.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 the statements of profit or loss and other comprehensive income. 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.

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 *Non-current Assets Held for Sale and Discontinued Operations*. 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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Investment in an Associate (cont'd)

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.

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 financial 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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Advances for KKPA Program (cont'd)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial Assets (cont'd)

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 the statements of profit or loss and other comprehensive income.

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 the statements of profit or loss and other comprehensive income.

(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 fair value reserve. The cumulative gain or loss will not be reclassified subsequently 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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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.

Derecognition of financial assets

Financial assets are derecognised when the contractual rights to receive cash flows from the financial assets have expired or have been transferred and the Group and the Company have transferred substantially all the risks and rewards of ownership.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the consideration received and receivable is recognised in profit or loss, except for the derecognition of an investment in equity instruments measured at FVTOCI, the cumulative gain or loss is transferred within equity, not recognised in profit or loss.

Financial Liabilities and Equity Instruments

Classification as debt or equity

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

Equity instruments

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

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

Financial liabilities

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial Liabilities and Equity Instruments (cont'd)

Financial liabilities at FVTPL

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

A financial liability is classified as held for trading if:

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

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

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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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. Bhd. ("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 carrying amount of RM31,369,300 (2021: RM29,899,783).

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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

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

Impairment of property, plant and equipment (cont'd)

As referred to in Note 13: (cont'd)

- (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 carrying amount of RM17,372,932 (2021: RM17,960,318), 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 trade receivables 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.

As at the end of the reporting period, impairment losses on trade receivables provided by the Group is as follows:

	The Group	
	2022	2021
	RM'000	RM'000
Trade receivables	945	608

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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

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

(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	
	2022	2021
	RM'000	RM'000
Deferred tax assets	2,600	2,774

(c) Impairment loss on investment in subsidiary companies

Determining whether the investment in subsidiary companies are impaired requires an estimation of the recoverable amount of the investment. Management exercises its judgement in estimating the recoverable amounts of these investment. As at 31 March 2022, the Company has recognised impairment loss as follows:

	The Company	
	2022	2021
	RM'000	RM'000
Impairment losses on investment in subsidiary companies	7,742	7,742

(d) Provision for retirement benefits

The Group makes contribution to a defined benefit plan that provides 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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

5. REVENUE

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Revenue from contracts with customers:				
Sale of plantation products and produces	1,062,818	638,086	-	-
Healthcare services	95,998	77,448	-	-
Warehousing and bulk conveyor operations	7,887	8,824	-	-
Administrative services fees	8,238	7,260	-	-
Management fees	249	216	5,208	4,781
	1,175,190	731,834	5,208	4,781
Revenue from other sources:				
Dividend income	1,059	9,269	12,609	16,199
	1,176,249	741,103	17,817	20,980

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Timing of revenue recognition for revenue from contract with customers:				
Point in time	1,166,703	724,358	-	-
Over time	8,487	7,476	5,208	4,781
	1,175,190	731,834	5,208	4,781

6. INTEREST INCOME

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Interest income on fixed deposits and short-term placements	4,633	4,823	218	187

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

7. DIRECTORS' REMUNERATION

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Directors of the Company				
Executive Directors:				
Fees	180	170	180	170
Other emoluments	1,156	1,043	1,156	1,043
Contributions to EPF	136	123	136	123
	1,472	1,336	1,472	1,336
Non-executive Directors:				
Fees	360	381	360	381
Other emoluments	52	51	52	51
	412	432	412	432
	1,884	1,768	1,884	1,768
Directors of the subsidiary companies				
Fees	286	282	-	-
Other emoluments	2,599	1,793	-	-
Contributions to EPF	150	139	-	-
	3,035	2,214	-	-
Total	4,919	3,982	1,884	1,768

The estimated monetary value of benefits-in-kind received by the Directors otherwise than in cash from the Group and the Company amounted to RM96,453 and RM67,801 (2021: RM108,657 and RM55,948) respectively.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

8. PROFIT BEFORE TAX

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

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Changes in fair value of derivatives	6,095	1,275	-	-
Rental income	1,081	1,043	69	54
Gain/(Loss) on foreign exchange (net):				
Unrealised	44	868	-	-
Realised	2,931	(1,046)	(6)	(6)
Fees paid/payable to external auditors:				
Statutory audit:				
Auditors of the Company	(313)	(305)	(91)	(88)
Other auditors	(109)	(102)	-	-
Non-audit services:				
Auditors of the Company:				
Current financial year	(22)	(7)	(7)	(7)
Other auditors	(128)	(128)	(43)	(45)
Gain on disposal of property, plant and equipment	14	237	-	21
Employee benefits expenses	(71,822)	(65,357)	(4,930)	(3,980)
(Impairment loss)/Reversal of impairment losses on trade receivables (Note 24)	(354)	250	-	-
Net fair value change in biological assets (Note 21)	1,622	535	-	-
Inventories written off (Note 22)	(23)	(39)	-	-
Inventories written down (Note 22)	-	(816)	-	-
Property, plant and equipment written off	(108)	(49)	-	-
Waiver of specialist fee	6	-	-	-

Included in the employee benefits expenses are as follows:

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Contributions to EPF	5,924	5,350	610	483
Provision for retirement benefits	2,310	2,208	130	137

9. FINANCE COSTS

	The Group	
	2022 RM'000	2021 RM'000
Interest expense on:		
Hire purchase payables	74	39
Lease liabilities	181	233
Loans and borrowings	547	199
	802	471

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

10. INCOME TAX EXPENSE

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Estimated tax payable:				
Current financial year	27,510	11,480	-	-
Under/(Over)provision in prior financial years	395	(122)	-	-
	27,905	11,358	-	-
Deferred tax (Note 20):				
Current financial year	3,672	2,069	-	-
Under/(Over)provision in prior financial years	158	(865)	-	-
	3,830	1,204	-	-
	31,735	12,562	-	-

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2021: 24%) of the estimated taxable profit for the financial 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	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Profit before tax	149,855	60,345	9,444	14,181
Tax at the Malaysian statutory income tax rate of 24%	35,965	14,483	2,267	3,403
Different tax rates in other jurisdictions	(1,655)	697	-	-
Tax effects of:				
Non-deductible expenses	2,228	939	272	157
Non-taxable income	(2,718)	(3,433)	(3,078)	(3,933)
Realisation of deferred tax assets previously not recognised	(3,454)	-	-	-
Deferred tax assets not recognised	816	863	539	373
Under/(Over)provision in prior years:				
Current tax	395	(122)	-	-
Deferred tax	158	(865)	-	-
Income tax expense	31,735	12,562	-	-

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 RM7,650,530 (2021: RM7,640,000) 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 (2021: 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 (2021: 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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

10. INCOME TAX EXPENSE (CONT'D)

A subsidiary company has tax-exempt account amounting to RM35,623,954 (2021: RM35,623,954) arising from foreign source dividend received from Indonesia subsidiary companies. This tax-exempt account, which is subject to approval by the tax authorities, is available for distribution of tax-exempt dividends.

As mentioned in Note 3, the tax effects of deductible temporary differences, unused tax losses and unabsorbed capital allowances 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 unabsorbed capital allowances can be utilised. As at 31 March 2022, the estimated amount of deductible temporary difference, unused tax losses and unabsorbed capital allowances for which no deferred tax asset has been recognised in the financial statements due to uncertainty of realisation, is as follows:

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Deductible temporary differences arising from:				
Provision for retirement benefits	2,711	7,967	1,203	1,345
Trade receivables	167	253	-	-
Other receivables	142	132	-	-
Other payables and accrued expenses	1,304	3,654	1,294	1,257
Lease liabilities	2	161	-	-
Unabsorbed capital allowances	3,268	2,169	2,110	1,904
Unused tax losses	19,594	23,843	17,781	15,634
	27,188	38,179	22,388	20,140

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

Under the Malaysia Finance Act 2018 which was gazetted on 27 December 2018, any accumulated tax losses brought forward from year of assessment 2018 can be carried forward for another 7 consecutive years of assessment. The Finance Act 2021 was published on 31 December 2021 with extension of the time period for carrying forward unused tax losses to 10 years from existing 7 years. The expiry of the unused tax losses is as below:

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Year of assessment 2025	-	20,233	-	12,024
Year of assessment 2026	-	1,260	-	1,260
Year of assessment 2027	-	1,057	-	1,057
Year of assessment 2028	13,837	1,293	12,024	1,293
Year of assessment 2029	1,260	-	1,260	-
Year of assessment 2030	1,057	-	1,057	-
Year of assessment 2031	1,293	-	1,293	-
Year of assessment 2032	2,147	-	2,147	-
	19,594	23,843	17,781	15,634

The unabsorbed capital allowances do not expire under the current tax legislation and is available for offset against future taxable profits indefinitely.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

11. EARNINGS PER SHARE

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

	The Group	
	2022	2021
	RM'000	RM'000
Profit for the financial year attributable to ordinary equity holders of the Company (RM'000)	94,420	37,357
Number of ordinary shares in issue ('000)	136,934	136,934
Basic earnings per share (sen)	68.95	27.28

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

12. LAND HELD FOR PROPERTY DEVELOPMENT

	The Group	
	2022	2021
	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.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

13. PROPERTY, PLANT AND EQUIPMENT

The Group Cost	As at 1 April 2021 RM'000	Additions RM'000	Disposals RM'000	Write offs RM'000	Reclassifications RM'000	Effects of foreign exchange translation RM'000	As at 31 March 2022 RM'000
Leasehold land	3,162	-	-	-	-	89	3,251
Freehold land	4,950	-	-	-	-	-	4,950
Freehold office	8,544	-	-	-	-	-	8,544
Factory buildings	13,582	559	-	-	-	19	14,160
Palm oil mills	55,526	1,056	-	-	621	1,559	58,762
Hospital building	29,369	-	-	-	-	-	29,369
Medical equipment	51,829	2,141	(203)	(1,828)	-	-	51,939
Plant, machinery, equipment and electrical installation	184,313	6,475	-	(885)	415	719	191,037
Motor vehicles	9,842	1,227	-	(102)	-	118	11,085
Office equipment, furniture and fittings	34,042	2,098	(2)	(97)	(1)	28	36,068
Staff quarters cum office block	8,535	20	-	-	1	240	8,796
Land improvements	8,303	35	-	-	-	233	8,571
Construction in-progress:							
Plant and machinery	422	-	-	-	(415)	-	7
Palm oil mills	604	-	-	-	(621)	17	-
Renovation	2,517	1,943	-	(50)	-	-	4,410
Bearer plants	40,574	4,955	-	-	-	1,090	46,619
Total	456,114	20,509	(205)	(2,962)	-	4,112	477,568

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

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

The Group Cost	As at 1 April 2020 RM'000	Additions RM'000	Disposals RM'000	Write offs RM'000	Reclassifications RM'000	Effects of foreign exchange translation RM'000	As at 31 March 2021 RM'000
Leasehold land	3,009	-	-	-	-	153	3,162
Freehold land	4,938	-	-	-	-	12	4,950
Freehold office	8,544	-	-	-	-	-	8,544
Factory buildings	13,405	42	-	-	-	135	13,582
Palm oil mills	50,336	308	-	-	-	4,882	55,526
Hospital building	29,369	-	-	-	-	-	29,369
Medical equipment	53,079	6,399	(6,912)	(737)	-	-	51,829
Plant, machinery, equipment and electrical installation	184,631	2,347	(4,598)	(16)	833	1,116	184,313
Motor vehicles	7,845	2,290	(550)	-	23	234	9,842
Office equipment, furniture and fittings	32,447	1,628	(27)	(51)	-	45	34,042
Staff quarters cum office block	8,077	1	-	-	-	457	8,535
Land improvements	7,741	-	-	-	-	562	8,303
Construction in-progress:							
Plant and machinery	-	1,278	-	-	(856)	-	422
Palm oil mills	596	-	-	-	-	8	604
Renovation	1,064	1,453	-	-	-	-	2,517
Bearer plants	30,395	7,928	-	-	-	2,251	40,574
Total	435,476	23,674	(12,087)	(804)	-	9,855	456,114

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

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

The Group Accumulated Depreciation	As at 1 April 2021 RM'000	Charge for the financial year RM'000	Disposals RM'000	Write offs RM'000	Reclassifications RM'000	Effects of foreign exchange translation RM'000	As at 31 March 2022 RM'000
Leasehold land	1,425	61	-	-	-	40	1,526
Freehold land	-	-	-	-	-	-	-
Freehold office	1,158	171	-	-	-	-	1,329
Factory buildings	5,013	326	-	-	-	12	5,351
Palm oil mills	27,926	2,844	-	-	-	802	31,572
Hospital building	11,409	587	-	-	-	-	11,996
Medical equipment	24,765	4,152	(169)	(1,826)	-	-	26,922
Plant, machinery, equipment and electrical installation	141,472	7,836	-	(836)	-	246	148,718
Motor vehicles	6,107	1,077	-	(102)	-	77	7,159
Office equipment, furniture and fittings	21,627	2,333	(1)	(86)	(1)	184	24,056
Staff quarters cum office block	5,459	524	-	-	1	247	6,231
Land improvements	4,786	400	-	-	-	137	5,323
Construction in-progress:							
Plant and machinery	-	-	-	-	-	-	-
Palm oil mills	-	-	-	-	-	-	-
Renovation	1,071	219	-	(4)	-	-	1,286
Bearer plants	9,156	1,560	-	-	-	251	10,967
Total	261,374	22,090	(170)	(2,854)	-	1,996	282,436

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

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

The Group Accumulated Depreciation	As at 1 April 2020 RM'000	Charge for the financial year RM'000	Disposals RM'000	Write offs RM'000	Reclassifications RM'000	Effects of foreign exchange translation RM'000	As at 31 March 2021 RM'000
Leasehold land	1,288	38	-	-	-	99	1,425
Freehold land	-	-	-	-	-	-	-
Freehold office	987	171	-	-	-	-	1,158
Factory buildings	4,678	308	-	-	-	27	5,013
Palm oil mills	21,527	4,151	-	-	-	2,248	27,926
Hospital building	10,822	587	-	-	-	-	11,409
Medical equipment	29,108	3,281	(6,912)	(712)	-	-	24,765
Plant, machinery, equipment and electrical installation	138,399	7,008	(4,536)	(16)	-	617	141,472
Motor vehicles	5,712	790	(550)	-	-	155	6,107
Office equipment, furniture and fittings	19,670	1,972	(24)	(27)	-	36	21,627
Staff quarters cum office block	4,724	436	-	-	-	299	5,459
Land improvements	4,232	233	-	-	-	321	4,786
Construction in-progress:							
Plant and machinery	-	-	-	-	-	-	-
Palm oil mills	-	-	-	-	-	-	-
Renovation	1,008	63	-	-	-	-	1,071
Bearer plants	7,118	1,520	-	-	-	518	9,156
Total	249,273	20,558	(12,022)	(755)	-	4,320	261,374

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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

The Group	Carrying Amount	
	2022 RM'000	2021 RM'000
Leasehold land	1,725	1,737
Freehold land	4,950	4,950
Freehold office	7,215	7,386
Factory buildings	8,809	8,569
Palm oil mills	27,190	27,600
Hospital building	17,373	17,960
Medical equipment	25,017	27,064
Plant, machinery, equipment and electrical installation	42,319	42,841
Motor vehicles	3,926	3,735
Office equipment, furniture and fittings	12,012	12,415
Staff quarters cum office block	2,565	3,076
Land improvements	3,248	3,517
Construction in-progress:		
Plant and machinery	7	422
Palm oil mills	-	604
Renovation	3,124	1,446
Bearer plants	35,652	31,418
Total	195,132	194,740

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 2020	3,593	1,522	1,430	1,065	7,610
Additions	-	671	36	397	1,104
Disposals	-	(113)	(10)	-	(123)
As at 31 March 2021/1 April 2021	3,593	2,080	1,456	1,462	8,591
Additions	-	538	104	38	680
Disposals	-	-	(2)	-	(2)
As at 31 March 2022	3,593	2,618	1,558	1,500	9,269
Accumulated Depreciation					
As at 1 April 2020	707	1,287	1,290	1,007	4,291
Charge for the financial year	71	179	58	35	343
Disposals	-	(113)	(10)	-	(123)
As at 31 March 2021/1 April 2021	778	1,353	1,338	1,042	4,511
Charge for the financial year	72	285	43	50	450
Disposals	-	-	(2)	-	(2)
As at 31 March 2022	850	1,638	1,379	1,092	4,959
Carrying Amount					
As at 31 March 2022	2,743	980	179	408	4,310
As at 31 March 2021	2,815	727	118	420	4,080

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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

- (i) On 31 October 1995, NISB, a subsidiary company, entered into a Sale and Purchase Agreement (“SPA”) with SRM, a major shareholder of the Company, to purchase several parcels of freehold land, 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 carrying amount of RM17,372,932 (2021: RM17,960,318), which is constructed on the said land.
- (ii) 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 carrying amount of RM31,369,300 (2021: RM29,899,783).
- (iii) Included in property, plant and equipment of the Group are fully depreciated assets with cost amounting to RM160,317,102 (2021: RM149,807,242), which are still in use.
- (iv) At the end of the reporting period, the carrying amount of property, plant and equipment of the Group acquired under hire purchase amounted to RM694,105 (2021: RM1,177,144).

14. RIGHT-OF-USE ASSETS

The Group	Land RM'000	Building RM'000	Total RM'000
Cost			
As at 1 April 2020	6,020	259	6,279
Addition	-	423	423
As at 31 March 2021	6,020	682	6,702
Addition	-	202	202
Disposal ¹	-	(259)	(259)
As at 31 March 2022	6,020	625	6,645
Accumulated Depreciation			
As at 1 April 2020	1,198	99	1,297
Charge for the financial year	1,198	166	1,364
As at 31 March 2021	2,396	265	2,661
Charge for the financial year	1,197	278	1,475
Disposal ¹	-	(259)	(259)
As at 31 March 2022	3,593	284	3,877
Carrying Amount			
As at 31 March 2022	2,427	341	2,768
As at 31 March 2021	3,624	417	4,041

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

14. RIGHT-OF-USE ASSETS (CONT'D)

¹Relates to derecognition of right-of-use assets in accordance with MFRS 16 *Leases* following the expiry of the lease agreements.

The leases have contractual terms ranging from 2 to 10 years (2021: 2 to 10 years). The maturity analysis of lease liabilities is presented in Note 33.

The total cash outflow for leases amount to RM1,958,000 (2021: RM1,694,000).

Amounts recognised in statements of profit or loss and other comprehensive income

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Depreciation expense on right-of-use assets	1,475	1,364	-	-
Finance costs on lease liabilities (Note 33)	181	233	-	-
Expense relating to short-term leases	212	178	-	-
Expense relating to leases of low-value assets	92	45	13	-

15. INVESTMENT PROPERTY

	The Group	
	2022 RM'000	2021 RM'000
Cost		
At beginning/end of the financial 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. In relying on the valuation report, the Directors have exercised their judgement and are satisfied that the valuation method and estimates are reflective of current market conditions.

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

Direct operating expenses arising from the investment property during the financial year amounted to RM73,389 (2021: RM73,000).

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

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Fair value RM'000
As at 31 March 2022	-	-	14,200	14,200
As at 31 March 2021	-	-	14,200	14,200

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

16. INVESTMENT IN SUBSIDIARY COMPANIES

	The Company	
	2022 RM'000	2021 RM'000
Unquoted shares at cost		
At beginning and end of the financial year	253,341	253,341
Less: Accumulated impairment losses:		
At beginning and end of the financial year	(7,742)	(7,742)
Total	245,599	245,599

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 (2021: RM7,742,000) 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	Equity interest		Principal activities
		2022	2021	
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. Berhad	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. Berhad	Malaysia	100%	100%	Investment holding and lease of property
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. Berhad	Malaysia	100%	100%	Pre-operating
Firstview Development Sdn. Bhd.	Malaysia	90%	90%	Investment holding
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
SAB (East Asia) Holdings Ltd.*	Hong Kong	100%	100%	Dormant

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

16. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

The details of subsidiary companies are as follows: (cont'd)

Indirect subsidiary companies	Country of incorporation	Equity interest		Principal activities
		2022	2021	
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 Firstview Development Sdn. Bhd. and PT Mustika Agro Sari)	Indonesia	63%	63%	Oil palm plantation operations and commercial milling

* The subsidiary companies are audited by firms of auditors other than Deloitte PLT.

On 4 January 2021, the subsidiary company, Firstview Development Sdn. Bhd. increased its investment in PT Wanasari Nusantara by subscription of 30,800 new ordinary shares at Indonesian Rupiah ("IDR") 1,000,000 each, with a cash consideration of IDR 30,800,000,000 (equivalent to RM8,780,000). Upon the subscription of these new ordinary shares, the effective interest of Firstview Development Sdn. Bhd. in PT Wanasari Nusantara remains unchanged at 63%.

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	
		2022	2021
Manufacturing and marketing of oleochemical products	Malaysia	1	1
Managing and operating of private hospital	Malaysia	1	1
Sale of oil palm fruit	Malaysia	1	1
Bulk conveyor operations	Malaysia	1	1
Others	Malaysia	8	8
Others	Hong Kong	1	1
		13	13

Principal activity	Place of incorporation and operation	Number of non-wholly-owned subsidiary companies	
		2022	2021
Sale of oil palm fruit, crude palm oil and palm kernel	Indonesia	2	2
Others	Malaysia	1	1
		3	3

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

16. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

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

Subsidiary companies	Place of incorporation and principal place of business	Proportion of ownership interest and voting rights held by non-controlling interests	Profit/(Loss) allocated to non-controlling interest RM'000	Total comprehensive income/(loss) allocated to non-controlling interests RM'000	Carrying amount of non-controlling interests RM'000
2022					
Firstview Development Sdn. Bhd.	Malaysia	10.0%	(175)	(175)	12,944
PT Mustika Agro Sari (Held through Firstview Development Sdn. Bhd.)	Indonesia	37.0%	12,893	14,483	57,919
PT Wanasari Nusantara (Held through Firstview Development Sdn. Bhd. and PT Mustika Agro Sari)	Indonesia	37.0%	10,982	11,632	25,017
Total			23,700	25,940	95,880
2021					
Firstview Development Sdn. Bhd.	Malaysia	10.0%	416	416	13,119
PT Mustika Agro Sari (Held through Firstview Development Sdn. Bhd.)	Indonesia	37.0%	6,472	8,972	45,183
PT Wanasari Nusantara (Held through Firstview Development Sdn. Bhd. and PT Mustika Agro Sari)	Indonesia	37.0%	3,538	4,395	13,385
Total			10,426	13,783	71,687

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<u>Statement of financial position</u>						
Current assets	30,541	27,516	190,018	147,616	99,846	59,864
Non-current assets	17,940	17,941	42,313	18,553	71,092	68,657
Current liabilities	355	385	22,735	15,613	87,471	76,763
Non-current liabilities	-	-	5,836	4,968	4,399	3,984
Equity attributable to equity holders of the Company	35,182	31,953	145,841	100,405	54,051	34,389
Non-controlling interests	12,944	13,119	57,919	45,183	25,017	13,385
<u>Statement of profit or loss and comprehensive income</u>						
Revenue	4,066	4,028	247,839	140,843	315,373	168,910
Other income/(expenses)	(572)	599	(203,052)	(118,437)	(277,360)	(155,986)
Profit before tax	3,494	4,627	44,787	22,406	38,013	12,924
Income tax expense	(439)	(463)	(9,942)	(4,913)	(8,331)	(3,363)
Profit for the financial year	3,055	4,164	34,845	17,493	29,682	9,561
Profit attributable to equity holders of the Company	3,230	3,748	21,952	11,021	18,700	6,023
(Loss)/Profit attributable to non-controlling interests	(175)	416	12,893	6,472	10,982	3,538
Profit for the financial year	3,055	4,164	34,845	17,493	29,682	9,561
Other comprehensive income for the financial year	-	-	4,296	6,756	1,760	2,317
Total comprehensive income attributable to equity holders of the Company	3,230	3,748	24,658	15,277	19,810	7,483
Total comprehensive (loss)/income attributable to non-controlling interests	(175)	416	14,483	8,972	11,632	4,395
Total comprehensive income for the financial year	3,055	4,164	39,141	24,249	31,442	11,878
<u>Statement of cash flows</u>						
Net cash (used in)/from operating activities	(21,854)	(1,714)	39,630	26,860	38,591	23,729
Net cash from/(used in) investing activities	4,618	(4,124)	(1,532)	(2,891)	(5,933)	(8,050)
Net cash (used in)/from financing activities	(49)	90	(5,824)	(5,373)	(2,045)	2,824
Net cash (outflow)/inflow	(17,285)	(5,748)	32,274	18,596	30,613	18,503
Dividend paid to non-controlling interests	-	-	(1,747)	(1,710)	-	-

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

17. INVESTMENT IN AN ASSOCIATE COMPANY

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Unquoted shares, at cost				
At beginning of the financial year	2,977	2,977	917	917
Share of post acquisition reserve				
At beginning of the financial year	(718)	(616)	-	-
Share of results of an associate company	43	(102)	-	-
	(675)	(718)	-	-
At end of the financial year	2,302	2,259	917	917

Associate company	Country of incorporation	Proportion of ownership interest		Principal activities
		2022	2021	
PKE (Malaysia) Sdn. Berhad.	Malaysia	38.5%	38.5%	Provision of warehousing and overhead conveyor goods loading services

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

	2022 RM'000	2021 RM'000
PKE (Malaysia) Sdn. Berhad.		
<u>Statement of financial position</u>		
Current assets	4,010	3,302
Non-current assets	11,268	12,527
Current liabilities	(3,333)	(3,067)
Non-current liabilities	(5,819)	(6,746)
Net assets	6,126	6,016

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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

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

	2022	2021
	RM'000	RM'000
PKE (Malaysia) Sdn. Berhad.		
<u>Statement of profit or loss and other comprehensive income</u>		
Revenue	11,137	12,000
Expenses	(11,025)	(12,265)
	112	(265)
Income/(Loss) for the financial year		
Remeasurement of defined benefit obligations	(2)	-
	110	(265)
Total comprehensive income/(loss) for the financial year		
Group's share of net assets	2,358	2,322
	43	(102)
Group's share of results of an associate company		
Group's share of other comprehensive income of an associate company	*	-
	*	-
* Amount less than RM1,000		

18. OTHER INVESTMENTS

	The Group and the Company	
	2022	2021
	RM'000	RM'000
Shares in Malaysia:		
Quoted shares - at fair value	29,380	30,717
	29,380	30,717

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

18. OTHER INVESTMENTS (CONT'D)

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

	The Group and the Company	
	2022 RM'000	2021 RM'000
At beginning of the financial year	30,717	25,075
Additions during the financial year	518	-
Changes in fair value	(1,855)	5,642
At end of the financial year	29,380	30,717

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

	The Group	
	2022 RM'000	2021 RM'000
At beginning of the financial year	(785)	87
Additions	2,033	2,224
Amount recovered during the financial year	(2,633)	(3,111)
Effects of foreign exchange translation	(26)	15
At end of the financial year	(1,411)	(785)

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, train and develop the skills of the plasma farmers, and purchase the fresh fruit bunches ("FFB") harvested by plasma farmers at prevailing prices determined by the Indonesian Government.

The advances made by the Group in the form of plasma plantation development costs are recoverable from the plasma farmers upon the completion of the plasma plantation projects, either through direct repayments from the plasma farmers or netted-off with the FFB purchased from the plasma farmers.

Advances for KKPA program represent the accumulated costs to maintain plasma plantations, totalling 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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

20. DEFERRED TAX ASSETS/(LIABILITIES)

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

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
At beginning of the financial year	(1,584)	(687)	-	-
Credited/(Charged) to profit or loss (Note 10):				
Property, plant and equipment	(6,572)	3,416	-	-
Right-of-use assets	(897)	734	-	-
Biological assets	(342)	(57)	-	-
Trade receivables	73	(1,462)	-	-
Other receivables	30	-	-	-
Other payables and accrued expenses	1,858	(48)	-	-
Lease liabilities	894	(702)	-	-
Provision for retirement benefits	1,350	(1,215)	-	-
Derivatives	-	55	-	-
Unabsorbed capital allowances	(224)	(904)	-	-
Unused tax losses	-	(1,021)	-	-
	(3,830)	(1,204)	-	-
Credited/(Charged) to other comprehensive income:				
Provision for retirement benefits	-	67	-	-
Translation of foreign operations	(42)	240	-	-
At end of the financial year	(5,456)	(1,584)	-	-

Certain deferred tax assets and liabilities have been offset in accordance with the Group'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	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Deferred tax assets	2,600	2,774	-	-
Deferred tax liabilities	(8,056)	(4,358)	-	-
	(5,456)	(1,584)	-	-

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Deferred tax assets (before offsetting)				
Temporary differences arising from:				
Trade receivables	157	84	-	-
Other receivables	30	-	-	-
Other payables and accrued expenses	3,271	1,390	-	-
Provision for retirement benefits	2,943	1,663	-	-
Lease liabilities	1,401	507	-	-
Unabsorbed capital allowances	507	731	-	-
Unused tax losses	28	28	-	-
	8,337	4,403	-	-
Offsetting	(5,737)	(1,629)	-	-
Deferred tax assets (after offsetting)	2,600	2,774	-	-
Deferred tax liabilities (before offsetting)				
Temporary differences arising from:				
Property, plant and equipment	(11,792)	(5,239)	-	-
Biological assets	(757)	(401)	-	-
Right-of-use assets	(1,244)	(347)	-	-
	(13,793)	(5,987)	-	-
Offsetting	5,737	1,629	-	-
Deferred tax liabilities (after offsetting)	(8,056)	(4,358)	-	-

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

21. BIOLOGICAL ASSETS

	The Group	
	2022 RM'000	2021 RM'000
At beginning of the financial year	1,972	1,339
Net fair value changes	1,622	535
Effects of foreign exchange translation	61	98
At end of the financial year	3,655	1,972

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% (2021: 10%), the impact of the fair value of FFB would be as follows:

	The Group	
	2022 RM'000	2021 RM'000
FFB tonnage increase by 10% (2021: 10%)	366	230
FFB tonnage decrease by 10% (2021: 10%)	(366)	(230)

During the financial year, the Group harvested approximately 95,924 tonnes of FFB (2021: 94,437 tonnes). The quantity of unharvested FFB of the Group as at 31 March 2022 included in the fair valuation of FFB was 4,258 tonnes (2021: 4,195 tonnes).

22. INVENTORIES

	The Group	
	2022 RM'000	2021 RM'000
At cost:		
Raw materials	19,231	11,953
Work-in-progress	44,586	26,477
Finished goods	32,421	26,042
Medical and surgical supplies	2,775	2,346
Consumables	13,384	11,498
	112,397	78,316
At net realisable value:		
Work-in-progress	-	1,130
Finished goods	-	2,941
	-	4,071
Total	112,397	82,387

For the financial year ended 31 March 2022, cost of inventories recognised as an expense of the Group amounted to RM883,409,000 (2021: RM538,153,000).

The cost of inventories recognised is after taking into consideration a write down of inventories of RM Nil (2021: RM816,000) to net realisable value and inventories written off of RM23,000 (2021: RM39,000).

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

23. DERIVATIVE FINANCIAL ASSETS/(LIABILITIES)

	The Group	
	2022 RM'000	2021 RM'000
Derivative financial assets		
Commodity future contracts	9,443	247
Foreign currency forward contracts	236	-
	9,679	247
Derivative financial liabilities		
Commodity future contracts	(3,730)	-
Foreign currency forward contracts	-	(393)
	(3,730)	(393)

For the financial year ended 31 March 2022, the fair value gain of the foreign currency forward contracts amounting to RM628,000 (2021: fair value gain of RM1,258,000) and unrealised fair value gain of the commodity future contracts amounting to RM5,467,000 (2021: RM17,000) has been recognised in statement of profit or loss and other comprehensive income. The details of the derivatives are disclosed in Note 42 to the financial statements.

24. TRADE RECEIVABLES

	The Group	
	2022 RM'000	2021 RM'000
Trade receivables	74,226	51,951
Less: Impairment losses	(945)	(608)
	73,281	51,343

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 7 to 90 days (2021: 7 to 90 days).

An allowance of RM945,000 (2021: RM608,000) 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 RM20,590,000 (2021: RM12,666,000), 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 30 days and below to 150 days (2021: 30 days and below 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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

24. TRADE RECEIVABLES (CONT'D)

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.

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

	The Group	
	2022	2021
	RM'000	RM'000
Neither past due nor impaired	52,691	38,677
Past due but not impaired:		
30 days and below	12,767	7,043
31 - 60 days	4,840	4,240
61 - 90 days	2,254	1,239
91 - 120 days	134	60
121-150 days	595	84
	20,590	12,666
Past due and impaired:		
More than 120 days	945	608
	74,226	51,951

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

24. TRADE RECEIVABLES (CONT'D)

Movement in the impairment losses for trade receivables during the reporting period is as follows:

	The Group	
	2022 RM'000	2021 RM'000
At beginning of the financial year	608	959
Charge for the financial year	354	-
Bad debts written off	(17)	(101)
Reversal of loss allowance no longer required	-	(250)
	<hr/>	<hr/>
At end of the financial year	945	608

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 5 (2021: 5) major customers, which constitutes approximately 36% (2021: 33%) of the total trade receivables.

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	
	2022 RM'000	2021 RM'000
United States Dollar	39,208	27,156
Ringgit Malaysia	32,426	22,300
Pound Sterling	313	704
Euro	2,279	1,791
	<hr/>	<hr/>
	74,226	51,951

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

25. OTHER RECEIVABLES, DEPOSITS AND PREPAID EXPENSES

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Other receivables	55,809	36,970	101	-
Less: Impairment losses	(142)	(142)	-	-
	55,667	36,828	101	-
Refundable deposits	909	1,485	53	90
Prepaid expenses	9,341	6,832	73	86
	65,917	45,145	227	176

The movement in the impairment losses for other receivables during the reporting period is as follows:

	The Group	
	2022 RM'000	2021 RM'000
At beginning/end of the financial year	142	142

Analysis of currency profile of other receivables is as follows:

	The Group	
	2022 RM'000	2021 RM'000
Ringgit Malaysia	14,142	7,280
Hong Kong Dollar	83	82
Indonesian Rupiah	41,583	29,595
United States Dollar	1	13
	55,809	36,970

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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.

(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.

The amount owing to a subsidiary company is denominated in Hong Kong Dollar.

(c) Related party transactions with group companies

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

	The Company			
	2022 RM'000	2021 RM'000		
Subsidiary companies				
Management fees received/ receivable				
Southern Acids Industries Sdn. Bhd.	1,822	1,817		
PKE Transport (Malaysia) Sdn. Berhad	502	440		
Southern Medicare Sdn. Bhd.	1,253	1,104		
Southern Acids Cronos Resource Sdn. Bhd.	48	41		
Noble Interest Sdn. Bhd.	8	7		
Pembinaan Gejati Sdn. Bhd.	97	69		
Firstview Development Sdn. Bhd.	1,229	1,087		
	<hr/>			
Dividends received/receivable				
Southern Medicare Sdn. Bhd.	11,550	6,930		
	<hr/>			
	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Associate company				
PKE (Malaysia) Sdn. Berhad				
Management fee received/receivable	249	216	249	216
Rental of overhead conveyor system received/receivable	7,887	8,824	-	-
Administrative charge received/ receivable	283	694	-	-
Administrative charge paid/payable	(884)	(238)	-	-
	<hr/>		<hr/>	

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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

(d) Related parties

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

Name of related parties	Relationship
Banting Hock Hin Estate Company Sdn. Bhd., Southern Edible Oil Industries (M) Sdn. Berhad, Southern Realty (Malaya) Sdn. Bhd., Torita Rubber Works Sdn. Bhd., Torita Trading (M) Sdn. Bhd., SKP Borneo Sdn. Bhd., Southern Keratong Plantations Sdn. Bhd., Bukit Rotan Palm Oil Sdn. Bhd., Southern Products Marketing Sdn. Bhd., Southern Hockjoo Plantation Sdn. Bhd., Southern Realty Plantations Company Sdn. Bhd., Kumsobina Development Sdn. Bhd., Perindustrian Sawit Karak Sdn. Bhd., Guan Heng Edible Oil Industries Sdn. Bhd., Southern Realty Resource Sdn. Bhd., Naga Wira Sdn. Berhad, Bekalan Utama Sdn. Berhad, 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	
	2022 RM'000	2021 RM'000
Related parties		
Southern Realty (Malaya) Sdn. Bhd.		
Administrative charges	3,760	3,038
Share of property, plant and equipment charges	35	71
Purchases of goods	(2,823)	(245)
Plantation advisory paid/ payable	(96)	(96)
Leases paid/payable for:		
Factory land	(970)	(882)
Short-term leases	(84)	(111)
	<hr/>	<hr/>
Bukit Rotan Palm Oil Sdn. Bhd.		
Administrative charges	40	27
	<hr/>	<hr/>
Southern Edible Oil Industries (M) Sdn. Berhad		
Sale of goods	33	230
Purchases of goods	(13,691)	(11,426)
Administrative charges	972	772
Share of property, plant and equipment charges	35	71
	<hr/>	<hr/>
Southern Keratong Plantations Sdn. Bhd.		
Administrative charges	1,261	1,100
Share of property, plant and equipment charges	1	-
	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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	
	2022 RM'000	2021 RM'000
Torita Rubber Works Sdn. Bhd. Administrative charges	55	55
Southern Hockjoo Plantation Sdn. Bhd. Administrative charges	157	142
Banting Hock Hin Estate Company Sdn. Bhd. Administrative charges	211	171
Southern Products Marketing Sdn. Bhd. Administrative charges	80	69
Kumsobina Development Sdn. Bhd. Administrative charges	73	67
Southern Realty Plantations Company Sdn. Bhd. Administrative charges	37	39
Kee Hup Oil & Cake Sdn. Bhd. Rental paid/ payable for staff quarters Administrative charges	(46) 54	(46) 55
Torita Trading (M) Sdn. Bhd. Administrative charges	8	7
Victory Investment Company Sdn. Bhd. Administrative charges	29	23
Victory Enghoe Plantations Sdn. Bhd. Administrative charges	1,027	793
Bekalan Utama Sdn. Berhad Administrative charges	27	26
Naga Wira Sdn. Berhad Administrative charges	20	19

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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	
	2022	2021
	RM'000	RM'000
Perindustrian Sawit Karak Sdn. Bhd. Administrative charges	25	22
Guan Heng Edible Oil Industries Sdn. Bhd. Administrative charges	19	23
Maxcentury Oil Palm (Sabah) Sdn. Bhd. Administrative charges	64	49
Southern Realty Resource Sdn. Bhd. Administrative charges	38	24
Victory Investment Land (J) Sdn. Bhd. Administrative charges	-	2

(f) 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	
	2022	2021
	RM'000	RM'000
Trade receivables		
Southern Realty (Malaya) Sdn. Bhd.	528	331
Southern Keratong Plantations Sdn. Bhd.	241	332
Victory Enghoe Plantations Sdn. Bhd.	141	124
Southern Edible Oil Industries (M) Sdn. Berhad	73	135
Southern Hockjoo Plantation Sdn. Bhd.	23	10
Southern Products Marketing Sdn. Bhd.	14	11
Banting Hock Hin Estate Company Sdn. Bhd.	13	19
Kumsobina Development Sdn. Bhd.	10	5
Kee Hup Oil & Cake Sdn. Bhd.	7	3
Maxcentury Oil Palm (Sabah) Sdn. Bhd.	6	-
Victory Investment Company Sdn. Bhd.	6	3
Southern Realty Plantation Company Sdn. Bhd.	5	1
Southern Realty Resource Sdn. Bhd.	5	5
Bekalan Utama Sdn. Berhad	4	2
Bukit Rotan Palm Oil Sdn. Bhd.	4	6
Guan Heng Edible Oil Industries Sdn. Bhd.	3	1
Naga Wira Sdn. Berhad	3	1
Perindustrian Sawit Karak Sdn. Bhd.	3	2
Torita Rubber Works Sdn. Bhd.	2	8
Torita Trading (M) Sdn. Bhd.	1	1
	1,092	1,000

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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

(f) 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: (Cont'd)

	The Group	
	2022	2021
	RM'000	RM'000
Other receivables, deposits and prepaid expenses		
Southern Edible Oil Industries (M) Sdn. Berhad	64	193
Trade payables		
Southern Realty (Malaya) Sdn. Bhd.	727	26
Bukit Rotan Palm Oil Sdn. Bhd.	5	5
Southern Edible Oil Industries (M) Sdn. Berhad	1,171	3,122
	1,903	3,153

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 financial year are as follows:

	The Group		The Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Short-term employment benefits	9,843	8,282	3,710	2,894
Post-employment benefits	851	775	371	280
	10,694	9,057	4,081	3,174

Included in the total compensation of key management personnel are:

	The Group		The Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Directors' remuneration (Note 7)	4,919	3,982	1,884	1,768

The estimated monetary value of benefit-in-kind received by the Directors and other members of key management otherwise than in cash from the Group and the Company amounted to RM333,304 and RM104,828 (2021: RM313,100 and RM69,692) respectively.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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

The amount owing by/(to) 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	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Cash and bank balances	190,379	102,391	1,206	1,591
Fixed deposits with licensed banks	47,430	40,436	-	-
Short-term placements	84,479	99,336	1,462	4,184
	322,288	242,163	2,668	5,775

Included in short-term placements of the Group and of the Company is an amount of RM84,479,000 and RM1,462,000 (2021: RM99,336,000 and RM4,184,000) respectively, which represent 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 1.25% to 7.65% (2021: 1.00% to 5.60%) per annum and have maturity periods ranging from 1 day to 1 year (2021: 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 cash and cash equivalents by currency is as follows:

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Ringgit Malaysia	109,513	113,595	2,668	5,775
Indonesian Rupiah	159,680	101,700	-	-
United States Dollar	53,086	26,868	-	-
Hong Kong Dollar	9	-	-	-
	322,288	242,163	2,668	5,775

29. SHARE CAPITAL

	The Group and the Company			
	2022	2021	2022	2021
	No. of shares (‘000)	Amount RM'000	No. of shares (‘000)	Amount RM'000
Issued and fully paid:				
Ordinary shares:				
At beginning/ end of the financial year	136,934	171,255	136,934	171,255

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30. RESERVES

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Non-distributable:				
Foreign exchange reserve	(11,483)	(15,005)	-	-
Other reserve	(322)	(322)	-	-
Fair value reserve	3,613	5,468	3,613	5,468
	(8,192)	(9,859)	3,613	5,468
Distributable:				
Retained earnings	564,407	476,266	118,564	115,895
	556,215	466,407	122,177	121,363

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 dividends under the single tier tax system.

31. LOANS AND BORROWINGS

	The Group	
	2022 RM'000	2021 RM'000
Unsecured:		
Bankers acceptance	18,500	-
Term loan	3,300	4,500
	21,800	4,500
Less:		
Current portion:		
Bankers acceptance	18,500	-
Term loan	1,200	1,200
	19,700	1,200
Non-current portion	2,100	3,300

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31. LOANS AND BORROWINGS (CONT'D)

The non-current portion is payable as follows:

	The Group	
	2022	2021
	RM'000	RM'000
Between 1 - 2 years	1,200	1,200
Between 2 - 5 years	900	2,100
	2,100	3,300

The unsecured term loan and bankers acceptance of the Group bear effective interest rate at 3.36% and 2.45% (2021: 3.81% and Nil) per annum, respectively.

32. HIRE PURCHASE PAYABLES

	The Group	
	2022	2021
	RM'000	RM'000
Minimum lease payments	482	707
Less: Future finance charges	(49)	(114)
	433	593
Present value of lease liability	433	593
Less: Amount due within 12 months (shown under current liabilities)	(258)	(234)
	175	359

The non-current portion is payable as follows:

	The Group	
	2022	2021
	RM'000	RM'000
Between 1 - 2 years	175	210
Between 2 - 5 years	-	149
	175	359

The average term of hire purchase is approximately 3 years (2021: 3 years). For the financial year ended 31 March 2022, the effective borrowing rate ranged from 6% to 14% (2021: 9% to 14%) per annum. Interest rates are fixed at the inception of the hire purchase arrangements. The Group's hire purchase payables are denominated in Indonesian Rupiah and are secured by the financial institutions' charge over the assets under hire purchase.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

33. LEASE LIABILITIES

	The Group	
	2022 RM'000	2021 RM'000
At beginning of the financial year	4,392	5,207
Additions	202	423
Finance costs (Note 9)	181	233
Payment of lease rental	(1,654)	(1,471)
At end of the financial year	3,121	4,392
Payable within 1 year	1,544	1,436
Payable more than 1 year but less than 5 years	1,577	2,722
Payable more than 5 years	-	234
	3,121	4,392

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

The Group	Future minimum lease payments RM'000	Interest RM'000	Present value of minimum payments RM'000
31 March 2022			
Outstanding contracts			
Less than 1 year	1,658	(114)	1,544
Between 1 - 5 years	1,712	(135)	1,577
	3,370	(249)	3,121
31 March 2021			
Outstanding contracts			
Less than 1 year	1,614	(178)	1,436
Between 1 - 5 years	2,962	(240)	2,722
More than 5 years	236	(2)	234
	4,812	(420)	4,392

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

34. PROVISION FOR RETIREMENT BENEFITS

The Group and the Company operate unfunded defined Retirement Benefit Gratuity Schemes for the eligible employees. A lump sum benefit is payable to the eligible employees on attaining the mandatory retirement age range from 55 to 60 (2021: 55 to 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:

	Malaysia RM'000	The Group Indonesia RM'000	Total RM'000
As at 1 April 2020	7,337	5,847	13,184
Additions in current financial year (Note 8)	785	1,423	2,208
Actuarial loss arising from changes in financial assumptions	-	331	331
Benefits paid	(155)	(240)	(395)
Effects of foreign exchange translation	-	446	446
	7,967	7,807	15,774
As at 31 March 2021/1 April 2021	7,967	7,807	15,774
Additions in current financial year (Note 8)	781	1,529	2,310
Actuarial gain arising from changes in financial assumptions	(276)	(577)	(853)
Transferred to an associate company	(290)	-	(290)
Benefits paid	(415)	(333)	(748)
Effects of foreign exchange translation	-	223	223
	7,767	8,649	16,416
As at 31 March 2022	7,767	8,649	16,416

	The Company	
	2022 RM'000	2021 RM'000
At beginning of the financial year	1,345	1,208
Additions in current financial year (Note 8)	130	137
Actuarial gain arising from changes in financial assumptions	(72)	-
Benefits paid	(200)	-
	1,203	1,345
At end of the financial year	1,203	1,345

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

	Malaysia RM'000	The Group Indonesia RM'000	Total RM'000
2022			
Present value of defined benefit obligations	7,767	8,649	16,416
2021			
Present value of defined benefit obligations	7,967	7,807	15,774

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

34. PROVISION FOR RETIREMENT BENEFITS (CONT'D)

	The Company	
	2022 RM'000	2021 RM'000
Present value of defined benefit obligations	1,203	1,345

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

	Malaysia RM'000	The Group Indonesia RM'000	Total RM'000
2022			
At beginning of the financial year	7,967	7,807	15,774
Current service cost	422	972	1,394
Interest cost on obligation	359	557	916
Actuarial gain arising from changes in financial assumptions	(276)	(577)	(853)
Transferred to an associate company	(290)	-	(290)
Benefits paid	(415)	(333)	(748)
Effects of foreign exchange translation	-	223	223
At end of the financial year	7,767	8,649	16,416
2021			
At beginning of the financial year	7,337	5,847	13,184
Current service cost	430	929	1,359
Interest cost on obligation	355	494	849
Actuarial loss arising from changes in financial assumptions	-	331	331
Benefits paid	(155)	(240)	(395)
Effects of foreign exchange translation	-	446	446
At end of the financial year	7,967	7,807	15,774

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

	Malaysia RM'000	The Group Indonesia RM'000	Total RM'000
2022			
Current service cost	422	972	1,394
Interest cost on obligation	359	557	916
	781	1,529	2,310
2021			
Current service cost	430	929	1,359
Interest cost on obligation	355	494	849
	785	1,423	2,208

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

34. PROVISION FOR RETIREMENT BENEFITS (CONT'D)

	The Company	
	2022 RM'000	2021 RM'000
Current service cost	87	89
Interest cost on obligation	43	48
	130	137

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

	2022	2021
Malaysia		
Discount rate (%)	4.70	5.00
Future salary increments (%)	5.00	6.00
Normal retirement age:		
Male	60	60
Female	60	60
Indonesia		
Discount rate (%)	7.26	7.30
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.

1. If the discount rate decrease/(increase) by 1%, the defined benefit obligation would increase and decrease by RM1,662,000 (2021: RM1,637,000) and RM1,428,000 (2021: RM1,407,000) respectively.
2. If the expected salary growth increase/(decrease) by 1%, the defined benefit obligation would increase and decrease by RM1,650,000 (2021: RM1,702,000) and RM1,447,000 (2021: RM1,490,000) respectively.

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

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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 (2021: 7 to 60) days.

Analysis of currency profile of trade payables is as follows:

	The Group	
	2022 RM'000	2021 RM'000
Ringgit Malaysia	16,098	21,830
Indonesian Rupiah	16,734	11,240
	32,832	33,070

(b) Other Payables and Accrued Expenses

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Other payables	6,627	4,497	-	-
Advances from customers	3,806	6,348	-	-
Accrued expenses	28,731	19,825	1,723	1,521
Deposits received	121	-	-	-
	39,285	30,670	1,723	1,521

Other payables arose mainly in respect of indirect costs and administrative expenditures. These amounts are unsecured, interest-free and are repayable within 60 days (2021: 60 days) from the transaction dates.

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

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Ringgit Malaysia	4,603	3,269	-	-
Indonesian Rupiah	5,622	7,370	-	-
Hong Kong Dollar	179	177	-	-
Euro	-	2	-	-
United States Dollar	29	27	-	-
	10,433	10,845	-	-

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

36. CONTRACT LIABILITIES

The contract liabilities represent advance consideration received from customers for trade purchases.

Analysis of currency profile of contract liabilities is as follows:

	The Group	
	2022 RM'000	2021 RM'000
Ringgit Malaysia	174	325
Indonesian Rupiah	2,968	-
United States Dollar	996	1,659
Chinese Renminbi	-	159
	4,138	2,143

37. BANKING FACILITIES

The Group and the Company have bank guarantee and other credit facilities amounting to RM47,000,000 and RM6,000,000 (2021: RM47,000,000 and RM6,000,000) respectively, out of which RM35,000,000 (2021: RM35,000,000) of the Group's credit facilities are secured by the corporate guarantee from the Company.

These facilities bear interest at rate of 2.45% - 3.36% (2021: 3.81% - 6.60%) per annum.

As at 31 March 2022, the Group and the Company have utilised RM31,323,000 and RM802,000 (2021: RM11,125,000 and RM770,000) respectively, of the bank guarantee and other credit facilities.

38. DIVIDENDS

	The Group and the Company	
	2022 RM'000	2021 RM'000
Final dividend of 5 sen, single tier, in respect of financial year ended:		
- 31 March 2021	6,847	-
- 31 March 2020	-	6,847

39. 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) Investment & 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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

39. SEGMENTAL INFORMATION (CONT'D)

The Group 2022	Oleochemical RM'000	Healthcare RM'000	Milling & Estate RM'000	Investment & Services RM'000	Eliminations RM'000	The Group RM'000
Revenue						
External sales	494,334	95,998	568,484	16,374	-	1,175,190
External dividend income	-	-	-	1,059	-	1,059
Inter-segment sales	-	-	-	5,424	(5,424)	-
Total revenue	494,334	95,998	568,484	22,857	(5,424)	1,176,249
Financial Results						
Segment results	44,240	25,349	86,728	(5,703)	-	150,614
Profit from operations						150,614
Finance costs						(802)
Share of results of an associate company						43
Profit before tax						149,855
Income tax expense						(31,735)
Profit for the financial year						118,120
Other Information:						
Capital expenditure	4,621	6,223	8,266	1,399	-	20,509
Non-cash expenses/(income):						
Depreciation of property, plant and equipment	3,844	6,943	8,880	2,423	-	22,090
Depreciation of right-of-use assets	847	202	-	426	-	1,475
Provision for retirement benefits	482	-	1,531	297	-	2,310
Property, plant and equipment written off	2	10	51	45	-	108
Inventories written off	-	23	-	-	-	23
Impairment losses on trade receivables	39	315	-	-	-	354
Unrealised loss/(gain) on foreign exchange - net	236	-	(280)	-	-	(44)
(Gain)/Loss on disposal of property, plant and equipment	(4)	(11)	-	1	-	(14)
Gain arising from fair value change in derivatives	(6,095)	-	-	-	-	(6,095)
Gain arising from fair value change in biological assets	-	-	(1,622)	-	-	(1,622)

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

39. SEGMENTAL INFORMATION (CONT'D)

The Group 2022	Oleochemical RM'000	Healthcare RM'000	Milling & Estate RM'000	Investment & Services RM'000	Eliminations RM'000	The Group RM'000
Statement of Financial Position						
Assets						
Segment assets	285,322	138,735	459,049	77,594	-	960,700
Deferred tax assets	-	-	2,600	-	-	2,600
Tax recoverable	1,961	-	2,370	853	-	5,184
Consolidated assets						<u>968,484</u>
Liabilities						
Segment liabilities	52,894	20,695	42,867	6,831	-	123,287
Deferred tax liabilities	2,500	4,195	-	1,361	-	8,056
Tax liabilities	-	1,411	12,220	160	-	13,791
Consolidated liabilities						<u>145,134</u>
The Group 2021						
Revenue						
External sales	325,541	77,448	312,545	16,300	-	731,834
External dividend income	-	-	-	9,269	-	9,269
Inter-segment sales	-	-	-	6,141	(6,141)	-
Total revenue	<u>325,541</u>	<u>77,448</u>	<u>312,545</u>	<u>31,710</u>	<u>(6,141)</u>	<u>741,103</u>
Financial Results						
Segment results	(440)	16,895	38,324	6,139	-	60,918
Profit from operations						60,918
Finance costs						(471)
Share of results of an associate company						(102)
Profit before tax						60,345
Income tax expense						(12,562)
Profit for the financial year						<u>47,783</u>

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

39. SEGMENTAL INFORMATION (CONT'D)

The Group 2021	Oleochemical RM'000	Healthcare RM'000	Milling & Estate RM'000	Investment & Services RM'000	Eliminations RM'000	The Group RM'000
Other Information:						
Capital expenditure	2,566	8,539	10,817	1,752	-	23,674
Non-cash expenses/(income):						
Depreciation of property, plant and equipment	3,835	5,627	8,829	2,267	-	20,558
Depreciation of right-of- use assets	847	147	-	370	-	1,364
Provision for retirement benefits	463	-	1,424	321	-	2,208
Property, plant and equipment written off	-	49	-	-	-	49
Inventories written off	-	39	-	-	-	39
Inventories written down	816	-	-	-	-	816
Reversal of impairment losses on trade receivables	(15)	(235)	-	-	-	(250)
Unrealised loss/(gain) on foreign exchange - net	252	-	(1,120)	-	-	(868)
(Gain)/Loss on disposal of property, plant and equipment	(48)	(216)	49	(22)	-	(237)
Gain arising from fair value change in derivatives	(1,275)	-	-	-	-	(1,275)
Gain arising from fair value change in biological assets	-	-	(535)	-	-	(535)
Statement of Financial Position						
Assets						
Segment assets	182,229	145,001	391,658	80,131	-	799,019
Deferred tax assets	-	-	2,774	-	-	2,774
Tax recoverable	4,471	253	2,961	1,300	-	8,985
Consolidated assets						810,778
Liabilities						
Segment liabilities	35,072	17,357	32,585	7,497	-	92,511
Deferred tax liabilities	-	3,145	-	1,213	-	4,358
Tax liabilities	-	-	4,560	-	-	4,560
Consolidated liabilities						101,429

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

39. 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	
	2022 RM'000	2021 RM'000
Asia:		
Malaysia	246,258	195,984
Indonesia	563,212	309,752
Others	205,624	144,391
Europe	53,573	31,791
America	73,923	41,949
Others	33,659	17,236
	1,176,249	741,103

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	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Asia:				
Malaysia	617,424	553,634	12,246	12,860
Indonesia	317,897	227,950	8,263	10,814
Others	14,454	13,445	-	-
Europe	4,688	5,306	-	-
America	8,684	8,129	-	-
Others	5,337	2,314	-	-
	968,484	810,778	20,509	23,674

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.

40. CAPITAL COMMITMENTS

As at 31 March 2022, the Group has approved and contracted for capital commitments in respect of purchase of property, plant and equipment amounting to RM6,801,000 (2021: RM4,640,000).

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

41. CORPORATE GUARANTEES

As at 31 March 2022, the Company has provided corporate guarantees to licensed financial institutions pertaining to the credit facilities granted to its subsidiary company.

The Company has issued corporate guarantees without security to licensed financial institutions for credit facilities totalling RM35,000,000 (2021: RM35,000,000) granted to a Malaysian subsidiary company. The financial guarantees have not been recognised since the fair value on initial recognition was not material as the financial guarantees provided by the Company did not contribute towards credit enhancement of the subsidiary company's borrowings and it is not probable that the counterparties to financial guarantee contracts will claim under the contracts.

42. 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	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Financial assets				
FVTOCI:				
Other investments	29,380	30,717	29,380	30,717
FVTPL:				
Derivative financial assets	9,679	247	-	-
Amortised cost:				
Trade receivables	73,281	51,343	-	-
Other receivables and refundable deposits	56,576	38,313	154	90
Amount owing by subsidiary companies	-	-	13,399	8,513
Amount owing by an associate company	715	819	61	-
Cash and cash equivalents	322,288	242,163	2,668	5,775

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

42. FINANCIAL INSTRUMENTS (CONT'D)

Categories of financial instruments (cont'd)

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Financial liabilities				
FVTPL:				
Derivative financial liabilities	3,730	393	-	-
Amortised cost:				
Trade payables	32,832	33,070	-	-
Other payables and accrued expenses	35,358	24,322	1,723	1,521
Amount owing to a subsidiary company	-	-	82	102
Amount owing to an associate company	-	70	-	70
Contract liabilities	4,138	2,143	-	-
Loans and borrowings	21,800	4,500	-	-
Hire purchase payables	433	593	-	-
Lease liabilities	3,121	4,392	-	-
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 to the financial statements.

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, Hong Kong Dollar and Indonesian Rupiah, with their trade debtors and trade creditors where the amounts outstanding are exposed to currency fluctuation risks.

The Group also holds cash and bank balances denominated in United States Dollar, Hong Kong Dollar and Indonesian Rupiah for working capital purposes.

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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

42. 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	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
The Group				
United States Dollar	92,170	53,952	1,025	1,686
Indonesian Rupiah	201,263	131,297	30,054	24,660
Euro	2,279	1,791	-	2
Pound Sterling	313	704	-	-
Chinese Renminbi	-	-	-	159
Hong Kong Dollar	92	82	192	186
The Company				
Hong Kong Dollar	-	-	82	102

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'000	HKD RM'000	GBP RM'000	EUR RM'000	RMB RM'000	IDR RM'000
The Group						
2022						
Strengthened 10%	9,115	(10)	31	228	-	17,121
Weakened 10%	(9,115)	10	(31)	(228)	-	(17,121)
2021						
Strengthened 10%	5,227	(10)	70	179	(16)	10,664
Weakened 10%	(5,227)	10	(70)	(179)	16	(10,664)
The Company						
2022						
Strengthened 10%	-	(8)	-	-	-	-
Weakened 10%	-	8	-	-	-	-
2021						
Strengthened 10%	-	(10)	-	-	-	-
Weakened 10%	-	10	-	-	-	-

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

42. 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 USD'000	Notional value RM'000	Fair value RM'000
31 March 2022				
Sell USD				
- Less than 3 months	4.2129	21,729	91,542	91,392
- 3 to 6 months	4.2093	11,116	46,791	46,754
- More than 6 months	4.2169	4,500	18,976	18,927
		37,345	157,309	157,073
31 March 2021				
Sell USD				
- Less than 3 months	4.1180	12,580	51,804	52,157
- 3 to 6 months	4.1264	2,000	8,253	8,292
- More than 6 months	4.1448	780	3,233	3,234
		15,360	63,290	63,683

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 2022			
Contract period for 9 months	18,225	98,770	108,213
31 March 2021			
Contract period for 9 months	4,475	15,581	15,767
Sell Crude Palm Oil			
31 March 2022			
Contract period for 9 months	11,500	66,154	69,884
31 March 2021			
Contract period for 9 months	1,150	4,069	4,008

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

42. 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 amount owing by subsidiary companies. The maximum exposure to credit risk in relation to the financial corporate guarantees given amounts to RM35,000,000 (2021: RM35,000,000) as at the end of the reporting period representing the outstanding banking facilities of the subsidiary as at the end of financial year as described in Note 41. 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 5 (2021: 5) major customers, which constitutes approximately 36% (2021: 33%) 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 and FVTPL are non-interest bearing and maturities within the next twelve months except for term loan, hire purchase payables, and lease liabilities.

The amounts for financial guarantee contracts as described in Note 41 are the maximum amounts that the Group and the Company 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 and the Company consider 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 and the Company could be forced to settle under the financial guarantee contracts if the fully guaranteed amount is claimed by the counterparties to the guarantee are RM31,323,000 and RM802,000 (2021: RM11,125,000 and RM770,000) respectively.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

42. FINANCIAL INSTRUMENTS (CONT'D)

The table below summarises the maturity profile of the Group's and of the Company's financial liabilities at the reporting date based on contractual undiscounted repayment of obligations.

	Weighted average effective interest rate per annum %	Less than 1 year RM'000	1 to 5 years RM'000	Over 5 years RM'000	Total contractual amount RM'000	Total carrying amount RM'000
The Group						
31 March 2022						
Financial liabilities						
<u>Non-interest bearing:</u>						
Derivative financial liabilities	-	3,730	-	-	3,730	3,730
Trade payables	-	32,832	-	-	32,832	32,832
Other payables and accrued expenses	-	35,358	-	-	35,358	35,358
Contract liabilities	-	4,138	-	-	4,138	4,138
Dividend payable	-	121	-	-	121	121
		76,179	-	-	76,179	76,179
<u>Interest bearing:</u>						
Term loan	3.36	1,240	2,170	-	3,410	3,300
Bankers acceptance	2.45	18,953	-	-	18,953	18,500
Hire purchase payables	6.00 - 14.00	298	184	-	482	433
Lease liabilities	4.95 - 5.35	1,658	1,712	-	3,370	3,121
		22,149	4,066	-	26,215	25,354
		98,328	4,066	-	102,394	101,533
The Group						
31 March 2021						
Financial liabilities						
<u>Non-interest bearing:</u>						
Derivative financial liabilities	-	393	-	-	393	393
Trade payables	-	33,070	-	-	33,070	33,070
Other payables and accrued expenses	-	24,322	-	-	24,322	24,322
Amount owing to an associate company	-	70	-	-	70	70
Contract liabilities	-	2,143	-	-	2,143	2,143
Dividend payable	-	121	-	-	121	121
		60,119	-	-	60,119	60,119
<u>Interest bearing:</u>						
Term loan	3.81	1,225	3,630	-	4,855	4,500
Hire purchase payables	9.00 - 14.00	279	428	-	707	593
Lease liabilities	4.95 - 5.35	1,614	2,962	236	4,812	4,392
		3,118	7,020	236	10,374	9,485
		63,237	7,020	236	70,493	69,604

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

42. FINANCIAL INSTRUMENTS (CONT'D)

	Weighted average effective interest rate per annum %	Less than 1 year RM'000	1 to 5 years RM'000	Over 5 years RM'000	Total contractual amount RM'000	Total carrying amount RM'000
The Company						
31 March 2022						
Financial liabilities						
<u>Non-interest bearing:</u>						
Other payables and accrued expenses	-	1,723	-	-	1,723	1,723
Amount owing to a subsidiary company	-	82	-	-	82	82
Dividend payable	-	121	-	-	121	121
		1,926	-	-	1,926	1,926
Financial guarantee contracts	-	35,000	-	-	35,000	-
31 March 2021						
Financial liabilities						
<u>Non-interest bearing:</u>						
Other payables and accrued expenses	-	1,521	-	-	1,521	1,521
Amount owing to a subsidiary company	-	102	-	-	102	102
Amount owing to an associate company	-	70	-	-	70	70
Dividend payable	-	121	-	-	121	121
		1,814	-	-	1,814	1,814
Financial guarantee contracts	-	35,000	-	-	35,000	-

Fair values of financial instruments

(a) Financial instruments carried at amortised cost

The Directors consider that the carrying amounts of financial assets and financial liabilities carried at amortised cost in the financial statements approximate their fair values due to their relatively short maturity periods 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

42. FINANCIAL INSTRUMENTS (CONT'D)

Fair value hierarchy

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

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

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
31 March 2022				
Financial Assets/(Liabilities)				
The Group				
Other investments - quoted shares	29,380	-	-	29,380
Commodities future contracts	-	5,713	-	5,713
Foreign currency forward contracts	-	236	-	236
<hr/>				
The Company				
Other investments	29,380	-	-	29,380
<hr/>				
31 March 2021				
Financial Assets/(Liabilities)				
The Group				
Other investments - quoted shares	30,717	-	-	30,717
Commodities future contracts	-	247	-	247
Foreign currency forward contracts	-	(393)	-	(393)
<hr/>				
The Company				
Other investments	30,717	-	-	30,717
<hr/>				

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

43. 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 flows from/(used in) financing activities.

	The Group	
	2022	2021
	RM'000	RM'000
Loans and borrowings (Note 31)		
At beginning of the financial year	4,500	5,700
Drawdown	106,304	-
Repayment	(89,004)	(1,200)
Finance costs paid	(547)	(199)
Accretion of interest	547	199
	<hr/>	<hr/>
At end of the financial year	21,800	4,500
	<hr/>	<hr/>
Hire purchase payables (Note 32)		
At beginning of the financial year	593	287
Acquisition of property, plant and equipment by hire purchase	88	714
Repayment	(264)	(428)
Finance costs paid	(74)	(39)
Accretion of interest	74	39
Effect of foreign exchange translation	16	20
	<hr/>	<hr/>
At end of the financial year	433	593
	<hr/>	<hr/>
Lease liabilities (Note 33)		
At beginning of the financial year	4,392	5,207
Additions	202	423
Repayment	(1,473)	(1,238)
Finance costs paid	(181)	(233)
Accretion of interest	181	233
	<hr/>	<hr/>
At end of the financial year	3,121	4,392
	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

44. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

The financial year has been challenging and uncertain due to the global Covid-19 pandemic that had adversely affected both the local and global economies arising from suspension of businesses, imposition of travel restrictions and limited movement of people. The financial year started with a further lockdown in the nation with states being governed by various degrees of Movement Control Order (MCO) as a result of the escalation of Covid-19 pandemic cases that had further impacted market conditions and sentiments.

Whilst the global economy continues to deal with the resurgence of the Covid-19 infections, the rollout of vaccine programmes has provided hope of a global recovery. The pace of recovery will depend on the delivery of the vaccine and on continued policy support.

Since the onset of Covid-19, the Group's priorities have been to keep people safe and protect the Group's statement of financial position. With the collective efforts from the Government, businesses and the public, the situation should stabilise and recover in time. Determination and perseverance to overcome this crisis is critical for the nation and the Group to bounce back quickly. Therefore, the Group will continue to monitor this crisis, take appropriate actions and act astutely in selection of opportunities to take advantage of the eventual recovery when this Covid-19 pandemic is over with renewed positive sentiment and optimism.

45. COMPARATIVE FIGURES

Certain comparative figures in the financial statements of the Group have been reclassified to conform with the presentation in the current financial year as follows:

	As previously reported RM'000	Reclassification RM'000	As reclassified RM'000
The Group			
At 31 March 2021			
Statements of financial position			
Other receivables, deposits and prepaid expenses	15,611	29,534	45,145
Tax recoverable	33,959	(24,974)	8,985
Tax liabilities	-	4,560	4,560
<hr/>			
The Group			
Year ended 31 March 2021			
Statements of cash flows			
Increase in other receivables, deposits and prepaid expenses	(8,851)	673	(8,178)
Effect of translation differences	4,967	(673)	4,294
<hr/>			

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 provisions 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 2022 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
6 July 2022

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
6th day of July 2022.

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	Carrying Amount 31 March 2022 (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	15 years	2,742
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 27 to 41 years	8,012
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	260.82 Ha	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 23 years	4,950 17,373
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	15 years	4,473
7	PT Mustika Agro Sari Kebun Tanjung Pauh & Kebun Petai, Province of Riau, Sumatera Indonesia	Land & Buildings	2,179.75 Ha	Oil Palm Cultivation, Palm Oil Mill & Workers Quarters	Leasehold expiring on 20-3-2036 and 9-4-2036	20 years	3,749
8	PT Mustika Agro Sari Desa Simpang Tiga Province of Riau, Pekanbaru Indonesia	Land	0.33 Ha	Office & Workers Quarters	Leasehold expiring 2044	N/A	2,039
9	PT Wanasari Nusantara Kebun Sei Jake Province of Riau, Sumatera Indonesia	Land & Building	5,315.95 Ha	Oil Palm Cultivation, Palm Oil Mill & Workers Quarters	Leasehold expiring on 31-12-2029 and 29-1-2032	Ranging from 7 to 33 years	29,738

STATISTICS OF SHAREHOLDINGS

AS AT 30 JUNE 2022

DISTRIBUTION SCHEDULE OF SHARE AS AT 30 JUNE 2022

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Shares Held
Less than 100	247	10.70	6,704	0.00
100 to 1,000	594	25.74	409,348	0.30
1,001 to 10,000	1,074	46.53	4,181,435	3.05
10,001 to 100,000	330	14.30	9,665,636	7.06
100,001 to 6,846,705 (less than 5% of issued shares)	59	2.56	45,299,254	33.08
6,846,706 (5% of issued shares) and above	4	0.17	77,371,755	56.51
TOTAL	2,308	100.00	136,934,132	100.00

LIST OF SUBSTANTIAL SHAREHOLDERS AS AT 30 JUNE 2022

No.	Names	Shareholding	%
1.	Southern Palm Industries Sdn. Bhd.	42,840,270	31.29
2.	Lembaga Tabung Haji	15,611,400	11.40
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 JUNE 2022

No.	Name of Directors	Direct Holdings		Deemed Holdings	
		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

STATISTICS OF SHAREHOLDINGS

AS AT 30 JUNE 2022

LIST OF TOP 30 HOLDERS

No.	Name	No. of Shares Held	% of Shares Held
1	Southern Palm Industries Sdn. Bhd.	42,840,270	31.29
2	Lembaga Tabung Haji	15,611,400	11.40
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	Low Mong Hua Sdn. Bhd.	3,806,940	2.78
7	Lim Thye Peng Realty Sdn. Bhd.	3,101,159	2.26
8	Ng Kin Lan	2,801,941	2.05
9	Angsana Sutera Sdn. Bhd.	2,714,942	1.98
10	Leong Kok Tai	2,378,300	1.74
11	Dataran Dagang Asia Sdn. Bhd.	2,102,632	1.54
12	Olive Lim Swee Lian	2,047,300	1.50
13	Banting Hock Hin Estate Company Sdn. Bhd.	1,487,500	1.09
14	Low Mun Chong	1,248,398	0.91
15	Southern Hockjoo Plantation Sdn. Bhd.	991,666	0.72
16	Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Low Ai Fuah	951,148	0.69
17	Low Ai Hong	914,104	0.67
18	Low Ai Fuen	914,038	0.67
19	Low Kok Bo	913,104	0.67
20	Lou Ai Choo	913,073	0.67
21	AllianceGroup Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Teo Kwee Hock (7004011)	900,000	0.66
22	UOB Kay Hian Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Teo Siew Lai	872,400	0.64
23	Sai Yee @ Sia Say Yee	800,000	0.58
24	Ng Phaik Lean	756,000	0.55
25	Naga Wira Sdn. Berhad	720,938	0.53
26	Bekalan Utama Sdn. Berhad	694,166	0.51
27	Neong Kok Hooi	678,300	0.50
28	Wong Lok Jee @ Ong Lok Jee	650,000	0.47
29	CGS-CIMB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Oh Boon Hong (TM RAYA-CL)	585,632	0.43
30	Mong Teck Sdn. Berhad	559,972	0.41
TOTAL		116,522,740	85.12

ABBREVIATIONS

Abbreviation	Description
AAPG	Audit and Assurance Practice Guide
AC	Audit Committee
AGM	Annual General Meeting
AR 2022	Annual Report 2022
ARPP	Average revenue per patient
ASP	Average selling price
Board	Board of Directors
Board Committee	Audit Committee or Nomination & Remuneration Committee
Bursa Securities	Bursa Malaysia Securities Berhad
CA 2016	Companies Act 2016
Capex	Capital expenditure
CFO	Chief Financial Officer
CG Report 2022	Corporate Governance Report 2022
CNY	Chinese New Year
Company Secretary	Company secretary of Southern Acids (M) Berhad
CPA	Certified Practising Accountant
CPO	Crude palm oil
CSA	Control-Self Assessment
CSR	Corporate Social Responsibility
CY	Calendar year
Director	Individual directors of the Company
ED	Executive Director
EES	Economic, Environmental and Social
ERM	Enterprise Risk Management
ESH	Environmental, Safety and Health
External Auditors	Deloitte PLT
FAS	Football Association of Selangor
FFB	Fresh fruit bunches
FY2018	Financial year ended 31 March 2018
FY2019	Financial year ended 31 March 2019
FY2020	Financial year ended 31 March 2020
FY2021	Financial year ended 31 March 2021
FY2022	Financial year ended 31 March 2022
FY2023	Financial year ending 31 March 2023
GDP	Gross domestic product
GHG	Greenhouse gas
Ha	Hectare
HCV	High conservation values
HTAR	Hospital Tengku Ampuan Rahimah Klang
IFMA	International Federation of Muay Thai Amateur
IFRS	International Financial Reporting Standards
IPM	Integrated pest management

ABBREVIATIONS (cont'd)

Abbreviation	Description
ISPO	Indonesian Sustainable Palm Oil
LBT	Loss before tax
MCCG	Malaysia Code on Corporate Governance
MD	Managing Director
MDA	Management Discussion and Analysis
MFRS	Malaysian Financial Reporting Standards
MMLR or Listing Requirements	Main Market Listing Requirements
MPK	Majlis Perbandaran Klang
MRI	Magnetic Resonance Imaging
MSPO	Malaysian Sustainable Palm Oil
MSQH	Malaysian Society for Quality in Health
MT	Metric tonne
Non-RE & Electricity	Non-renewable fuels and electricity
NRC	Nomination & Remuneration Committee
PBT	Profit before tax
PK	Palm kernel
POM	Palm oil mill
PTMAS	PT Mustika Agro Sari
PTWan	PT Wanasari Nusantara
PwC RAS or Internal Auditor	PricewaterhouseCoopers Risk Services Sdn Bhd
RPT	Related Party Transaction
RRPT	Recurrent Related Party Transaction
RSPO	Roundtable on Sustainable Palm Oil
SAB or the Company	Southern Acids (M) Berhad
SAB Group or the Group	Southern Acids (M) Berhad and its subsidiaries
SAI	Southern Acids Industries Sdn. Bhd.
SC	Securities Commission Malaysia
SCCS	Supply Chain Certification System
Senior Management	Senior Management of the Group
SEOI	Southern Edible Oil Industries (M) Sdn. Bhd.
SOP	Standard operating procedure
SORMIC	Statement on Risk Management and Internal Control
Sri Kota	Sri Kota Specialist Medical Centre
TOR	Terms of Reference
UNSDG	United Nation Sustainable Development Goal

NOTICE OF THE FORTY-FIRST ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Forty-First (“41st”) Annual General Meeting (“AGM”) of Southern Acids (M) Berhad (“the Company”) will be conducted on virtual basis through live streaming from the broadcast venue at Tricor Business Centre, Gemilang Room, Unit 29-01, Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia (“Broadcast Venue”) on Tuesday, 30 August 2022 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 2022 together with the Reports of the Directors and Auditors thereon. (Note 7)
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 2022. **Ordinary Resolution 1**
3. To approve the payment of Directors’ fees amounting to RM540,000 for the financial year ended 31 March 2022. (Note 8) **Ordinary Resolution 2**
4. To approve the payment of Directors’ benefits up to an amount of RM125,000 for the period from 31 August 2022 until the next AGM of the Company to be held in 2023. (Note 9) **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) Tan Sri Datuk Seri Panglima Sulong Matjeraie **Ordinary Resolution 4**
 - b) Mr Lim Kim Long **Ordinary Resolution 5**
6. To re-appoint 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. **Proposed retention of Madam Leong So Seh who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than twelve (12) years, to continue to act as an Independent Non-Executive Director of the Company.** (Note 10) **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 twelve (12) years be and is hereby retained as an Independent Non-Executive Director until the conclusion of the next AGM.”
8. **Proposed retention of Mr Chung Kin Mun who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company.** (Note 11) **Ordinary Resolution 8**
 “THAT Mr Chung Kin Mun 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.”

NOTICE OF THE FORTY-FIRST ANNUAL GENERAL MEETING (cont'd)

9. Authority to Issue Shares Pursuant to Sections 75 and 76 of the Companies Act, 2016 **Ordinary Resolution 9**
(Note 12)

“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.”

10. Proposed Renewal of Shareholders' Mandate for Existing Recurrent Related Party Transactions of a Revenue or Trading Nature **Ordinary Resolution 10**
(Note 13)

“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 29 July 2022 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.

NOTICE OF THE FORTY-FIRST ANNUAL GENERAL MEETING (cont'd)

11. Proposed New Shareholders' Mandate for Additional Recurrent Related Party Transactions of a Revenue or Trading Nature Ordinary Resolution 11 (Note 14)

"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 29 July 2022 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.

NOTICE OF THE FORTY-FIRST ANNUAL GENERAL MEETING (cont'd)

FURTHER NOTICE IS HEREBY GIVEN THAT for the purpose of determining a member who shall be entitled to attend the 41st 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 23 August 2022. Only a depositor whose name appears on the Record of Depositors as at 23 August 2022 shall be entitled to attend the said meeting or appoint proxies to attend and vote on his/her behalf.

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 2022 ("Dividend") under Ordinary Resolution 1 at the 41st AGM of the Company on 30 August 2022, the Dividend will be paid to the shareholders on 28 November 2022. The entitlement date for the Dividend shall be 9 November 2022.

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 7 November 2022 (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 9 November 2022 (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: 29 July 2022

Notes:

1. Virtual Meeting

As part of the measures taken by the Company to curb the spread of Covid-19 and taking into consideration the paramount safety and well-being of the members of the Company, the 41st AGM of the Company will be conducted on virtual basis through live streaming from the broadcast venue at Tricor Business Centre, Gemilang Room, Unit 29-01, Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia ("Broadcast Venue") using the Remote Participation and Voting ("RPV") facilities provided by Tricor Investor & Issuing House Services Sdn. Bhd. via the TIIH Online website at <https://tiih.online>. Please follow the procedures provided in the Administrative Guide for the 41st AGM in order to register, participate and vote remotely via the RPV Facilities.

The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the meeting to be present at the main venue of the meeting.

No members or proxies from the public shall be physically present at the Broadcast Venue on the day of the meeting.

2. A member entitled to attend and vote at this meeting is entitled to appoint any person to be his/her proxy to attend and vote in his/her stead. A proxy may but need not be a member of the Company and there shall be no restriction as to the qualification of the proxy. A proxy shall have the same rights as the member to speak and vote at the meeting. A member who has appointed a proxy to participate at the meeting must request his/her proxy to register himself/herself for the RPV at Tricor's TIIH Online website at <https://tiih.online>.

NOTICE OF THE FORTY-FIRST ANNUAL GENERAL MEETING (cont'd)

3. Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
4. When a member appoints more than one proxy, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding to be represented by each proxy.
5. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his/her attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised.
6. The instrument appointing a proxy may be made via hardcopy or by electronic means in the following manner and must be received by the Company's Poll Administrator, Tricor, not less than forty-eight (48) hours before the time appointed for holding the meeting or at any adjournment thereof:
 - (a) Lodgement of Form of Proxy in hardcopy - To be deposited at Tricor's office at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia, or alternatively, at Tricor's Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia; OR
 - (b) Electronic lodgement of Form of Proxy - The Form of Proxy can be lodged electronically via TIIH Online website at <https://tiih.online>. Please refer to the Administrative Guide for further information on electronic submission.
7. 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.

8. Directors' Fees

The Board of Directors proposed the increase in Directors' Fees for the financial year ended 31 March 2022, subject to approval from the shareholders at the 41st AGM, as follows:

(i) Chairman of the Company	- from RM127,500 to RM135,000
(ii) Chairman of the Audit Committee	- from RM127,500 to RM135,000
(iii) Board members	- from RM85,000 to RM90,000

9. Directors' Benefits Payable

The Directors' Benefits comprised the following:

Description of Benefits									
Meeting Allowance per Meeting based on Attendance	<table border="0"> <tr> <td>(i) Board Chairman</td> <td>- RM1,600</td> </tr> <tr> <td>(ii) Board Committee Chairman</td> <td>- RM1,600</td> </tr> <tr> <td>(iii) Board member</td> <td>- RM800 each</td> </tr> <tr> <td>(iv) Board Committee member</td> <td>- RM800 each</td> </tr> </table>	(i) Board Chairman	- RM1,600	(ii) Board Committee Chairman	- RM1,600	(iii) Board member	- RM800 each	(iv) Board Committee member	- RM800 each
(i) Board Chairman	- RM1,600								
(ii) Board Committee Chairman	- RM1,600								
(iii) Board member	- RM800 each								
(iv) 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 31 August 2022 up to the next AGM of the Company to be held in 2023. 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 31 August 2022 up to the next AGM of the Company, tentatively scheduled to be held in August 2023.

NOTICE OF THE FORTY-FIRST ANNUAL GENERAL MEETING (cont'd)

10. Proposed Retention of Madam Leong So Seh as 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 12-years tenure on 8 April 2021.

The Board of Directors via the Nomination & Remuneration Committee, after having assessed the collective skills, experience and independence of Madam Leong So Seh through the conduct of annual performance evaluation and assessment, regarded her to be independent based on among others, the following justifications and strongly recommends that Madam Leong So Seh be retained as an Independent Non-Executive Director of the Company, subject to the approval from the shareholders of the Company through a two-tier voting process:-

- (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.

11. Proposed Retention of Mr Chung Kin Mun as Independent Director

The Ordinary Resolution 8, if approved, will enable the retention of Mr Chung Kin Mun as a Senior Independent Non-Executive Director of the Company. Mr Chung Kin Mun is currently Senior Independent Non-Executive Director of Company. He had completed the 9-years tenure on 20 March 2021.

The Board of Directors via the Nomination & Remuneration Committee, after having assessed the collective skills, experience and independence of Mr Chung Kin Mun through the conduct of annual performance evaluation and assessment, regarded him to be independent based on among others, the following justifications and strongly recommends that Mr Chung Kin Mun be retained as a Senior Independent Non-Executive Director of the Company, subject to the approval from the shareholders of the Company:-

- (a) He has demonstrated and continues to be able to exercise independent judgement and to act in the best interest of the Company;
- (b) He has also the necessary knowledge of the business and has proven commitment, experience and competency;
- (c) He has participated and contributed actively during deliberations or discussions at Board meetings; and
- (d) He has met the criteria for independence under the definition of an independent Director in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

12. Authority to issue Shares pursuant to Sections 75 and 76 of the Companies Act, 2016.

The proposed Ordinary Resolution 9, 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 27 August 2021 and which lapse at the conclusion of the 41st AGM.

NOTICE OF THE FORTY-FIRST ANNUAL GENERAL MEETING (cont'd)

13. Proposed Renewal of Shareholders' Mandate for Existing 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 29 July 2022, which is despatched together with the Company's Annual Report 2022, for more information.

14. Proposed New Shareholders' Mandate for Additional Recurrent Related Party Transactions of a Revenue or Trading Nature

The proposed Ordinary Resolution 11, if passed, will authorise the Company and/or its subsidiary companies to enter into recurrent related party transactions of a revenue or trading nature. This authority will, unless revoked or varied by the Company in General Meeting, expire at the next AGM of Company. Please refer to the Circular to Shareholders dated 29 July 2022, which is despatched together with the Company's Annual Report 2022, for more information.

15. 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.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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 41st Annual General Meeting:-
 - (i) Tan Sri Datuk Seri Panglima Sulong Matjeraie, pursuant to Clause 113 of the Company's Constitution.
 - (ii) Mr Lim Kim Long, 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 on pages 52 and 54 of the Annual Report respectively and the Directors' Shareholdings in the Company on page 174 of the Annual Report.

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SOUTHERN ACIDS (M) BERHAD [198001010791 (64577-K)]

FORTY-FIRST 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 Forty-First Annual General Meeting (“AGM”) of Southern Acids (M) Berhad (“the Company”) which will be conducted on virtual basis through live streaming from the broadcast venue at Tricor Business Centre, Gemilang Room, Unit 29-01, Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia (“Broadcast Venue”) on Tuesday, 30 August 2022 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 2022.		
2	Ordinary Resolution 2 To approve the payment of Directors’ fees amounting to RM540,000 for the financial year ended 31 March 2022.		
3	Ordinary Resolution 3 To approve the payment of Directors’ benefits up to an amount of RM125,000 for the period from 31 August 2022 until the next AGM of the Company to be held in 2023.		
4	Ordinary Resolution 4 To re-elect Tan Sri Datuk Seri Panglima Sulong Matjeraie as Director of the Company in accordance with Clause 113 of the Company’s Constitution.		
5	Ordinary Resolution 5 To re-elect Mr Lim Kim Long as Director of the Company in accordance with Clause 113 of the Company’s Constitution.		
6	Ordinary Resolution 6 To re-appoint 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 retain Mr Chung Kin Mun as an Independent Non-Executive Director.		
9	Ordinary Resolution 9 To approve the Authority to issue Shares pursuant to Sections 75 and 76 of the Companies Act, 2016.		
10	Ordinary Resolution 10 To approve the Proposed Renewal of Shareholders’ Mandate for Existing Recurrent Related Party Transactions of a Revenue or Trading Nature.		
11	Ordinary Resolution 11 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 _____ 2022

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 23 August 2022. Only a depositor whose name appears on the General Record of Depositors as at 23 August 2022 shall be entitled to attend the said meeting or appoint a proxy to attend and vote on such depositor’s behalf.

NOTES:

1. Virtual Meeting

As part of the measures taken by the Company to curb the spread of Covid-19 and taking into consideration the paramount safety and well-being of the members of the Company, the 41st AGM of the Company will be conducted on virtual basis through live streaming from the broadcast venue at Tricor Business Centre, Gemilang Room, Unit 29-01, Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia ("Broadcast Venue") using the Remote Participation and Voting ("RPV") facilities provided by Tricor Investor & Issuing House Services Sdn. Bhd. via the TIH Online website at <https://tjih.online>. Please follow the procedures provided in the Administrative Guide for the 41st AGM in order to register, participate and vote remotely via the RPV Facilities. The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the meeting to be present at the main venue of the meeting. No members or proxies from the public shall be physically present at the Broadcast Venue on the day of the meeting.

2. A member entitled to attend and vote at this meeting is entitled to appoint any person(s) to be his/her proxy(ies) to attend and vote in his/her stead. A proxy may but need not be a member of the Company and there shall be no restriction as to the qualification of the proxy. A proxy shall have the same rights as the member to speak and vote at the meeting. A member who has appointed a proxy to participate at the meeting must request his/her proxy to register himself/herself for the RPV at Tricor's TIH Online website at <https://tjih.online>.

3. Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

4. When a member appoints more than one proxy the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding to be represented by each proxy.

5. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his/her attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised.

6. The instrument appointing a proxy may be made via hardcopy or by electronic means in the following manner and must be received by the Company's Poll Administrator, Tricor, not less than forty-eight (48) hours before the time appointed for holding the meeting or at any adjournment thereof:

(a) Lodgement of Form of Proxy in hardcopy - To be deposited at Tricor's office at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia, or alternatively, at Tricor's Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia; OR

(b) Electronic lodgement of Form of Proxy - The Form of Proxy can be lodged electronically via TIH Online website at <https://tjih.online>. Please refer to the Administrative Guide for further information on electronic submission.

7. 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.

8. 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.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and /or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 29 July 2022.

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The Poll Administrator

SOUTHERN ACIDS (M) BERHAD [198001010791 (64577-K)]

c/o Tricor Investor & Issuing House Services Sdn Bhd

Unit 32-01, Level 32, Tower A,

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No. 8, Jalan Kerinchi,

59200 Kuala Lumpur,

Malaysia

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Southern Acids (M) Berhad

[Registration No. 198001010791 (64577-K)]
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