Southern Acids (M) Berhad

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

2023
annual report

Inside This Report

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

Datuk Wira Lim Kim Long
Executive Director
Non-Independent Executive Director

Chung Kin Mun
Senior Independent Non-Executive Director

Stephen Wan Yeng Leong
Independent Non-Executive Director

AUDIT COMMITTEE

Chung Kin Mun (Chairman)
Tan Sri Datuk Seri Panglima Sulong Matjeraie
Stephen Wan Yeng Leong

NOMINATION & REMUNERATION COMMITTEE

Chung Kin Mun (Chairman)
Tan Sri Datuk Seri Panglima Sulong Matjeraie
Stephen Wan Yeng Leong

SENIOR MANAGEMENT TEAM

Key Day-To-Day Management : Corporate

Managing Director - **Dr. Nick Low**
Executive Director - **Datuk Wira Lim Kim Long**
Chief Financial Officer - **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

Thevakumar Kaliaperumal
General Manager Operations
Milling & Cultivation

Herry Mukiat
General Manager Development
Milling & Cultivation

Tiong Chuu Ling
Chief Operating Officer
Oleochemical Manufacturing

Khoo Chin Tee
General Manager
Oleochemical Manufacturing

Tan Suet Guan
Hospital Director
Healthcare Services

COMPANY SECRETARIES

Lim Kui Suang
SSM PC NO. 202008001175
MAICSA 0783327

Ng Shu Ling
SSM PC NO. 201908001194
MAICSA 7068807

REGISTERED OFFICE

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

Tel : 03-3323 1916
Email : info@kcteh.com

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
Email : bsr.helpdesk@boardroomlimited.com

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

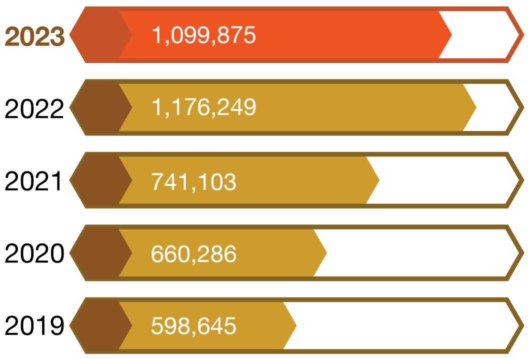
CIMB Bank Berhad
Citibank Berhad
OCBC Bank (Malaysia) Berhad

FINANCIAL HIGHLIGHTS

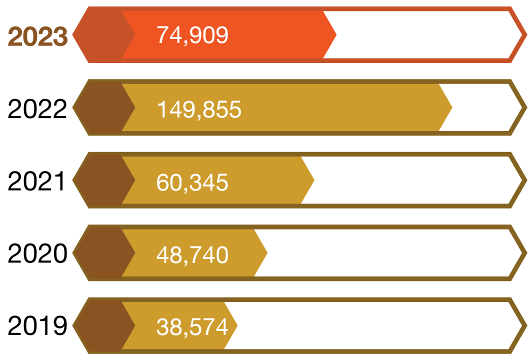
Financial Highlights

Financial Year	2019	2020	2021	2022	2023
Financial Performance (RM'000)					
Revenue	598,645	660,286	741,103	1,176,249	1,099,875
Profit before tax	38,574	48,740	60,345	149,855	74,909
Profit for the financial year	25,468	39,229	47,783	118,120	53,974
Financial Position (RM'000)					
Total assets	731,557	727,388	810,778	968,484	972,739
Total liabilities	75,542	77,166	101,429	145,134	102,130
Net current assets	280,610	310,861	359,164	477,717	514,145
Shareholders' equity	601,281	594,422	637,662	727,470	754,927
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)	15.69	23.37	27.28	68.95	24.31
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)	4.39	4.34	4.66	5.31	5.51

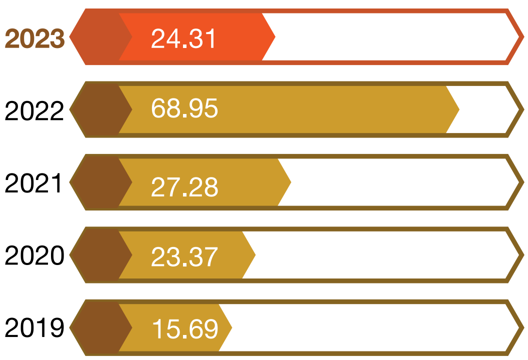
REVENUE
(RM'000)



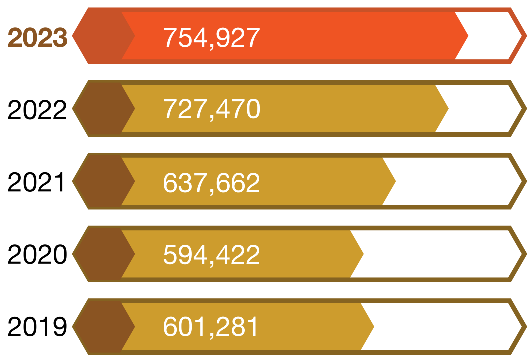
PROFIT BEFORE TAX
(RM'000)



EARNINGS PER SHARE
(Sen)



SHAREHOLDERS' EQUITY
(RM'000)



Southern Acids (M) Berhad

[Registration No. 198001010791 (64577-K)]

Oleochemical Manufacturing

- 100% Southern Acids Industries Sdn. Bhd. [199001015379 (207048-P)]

Healthcare Services

- 100% Southern Medicare Sdn. Bhd. [199501023596 (352799-M)]

Milling & Cultivation

- 100% Pembinaan Gejati Sdn. Bhd. [199401034518 (320201-W)]
- 90% Firstview Development Sdn. Bhd. [199701017925 (433422-W)]
  - 70.0% PT Mustika Agro Sari (9120204100477)
    - 37.5% PT Wanasari Nusantara (8120108961197)
  - 43.75% PT Wanasari Nusantara (8120108961197)

Investment & Services

- 100% Imayos Letting Sdn. Bhd. [201101003431 (931569-W)]
- 100% PKE Transport (Malaysia) Sdn. Berhad [198701003184 (161855-T)]
- 100% SAB Bio-Fuel Sdn. Bhd. [199501034784 (363986-K)]
- 100% SAB (East Asia) Holdings Limited (476922)
- 100% SAB Plantation Sdn. Berhad [199801014293 (470422-X)]
- 100% SAB Properties Development Co. Sdn. Berhad [199401038702 (324387-H)]
- 100% Southern Acids Cronos Resource Sdn. Bhd. [198001011690 (65476-P)]
- 100% Wilstar Sdn. Bhd. [199701017546 (433043-M)]
- 100% Noble Interest Sdn. Bhd. [199501020742 (349945-V)]
- 100% Parson Medithor Medical Sdn. Bhd. [200001020442 (523049-H)]
- 38.5% PKE (Malaysia) Sdn. Berhad [198001002503 (56287-D)]

Milling & Cultivation

Oleochemical Manufacturing

Healthcare Services

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 of SAB and its subsidiaries ("SAB Group" or "the Group") for the financial year ended 31 March 2023 ("FY2023").

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 Manufacturing, Milling & Cultivation and Healthcare Services. The Group currently employs 1,737 staff members and has operations in Malaysia and Indonesia.

ECONOMIC REVIEW

As the pandemic crisis subsides and Covid-19 restrictions lifted, recovery in our economy gathered pace. Malaysia's Gross Domestic Product ("GDP") growth expanded 8.7% in 2022 from 3.1% achieved in 2021 (Source: Bank Negara Malaysia). Overall economic recovery in 2022 was largely supported by stronger domestic demand with rising private consumption of 11.3% and private investment of 7.2%. Manufacturing and services sectors were the key growth contributors having expanded 8.1% and 10.9% respectively.

Led by sustained domestic demand, Malaysia's first quarter 2023 GDP growth further expanded 5.6%.

Despite the positive economic growth, 2022 was not without its challenges. The conflict in Ukraine remains unresolved, and the global economy continues to be weighed down by a high inflation and high interest rates environment. This has impacted our performance and sets a more cautious tone as we head into 2023, with a higher risk of an impending global economic slowdown.

FY2023 FINANCIAL REVIEW

SAB GROUP FIVE YEAR FINANCIAL HIGHLIGHTS

	FY2019 RM'000	FY2020 RM'000	FY2021 RM'000	FY2022 RM'000	FY2023 RM'000
Revenue	598,645	660,286	741,103	1,176,249	1,099,875
Profit before interest and tax	38,611	49,149	60,816	150,657	75,838
Finance costs	37	409	471	802	929
Profit for the financial year	25,468	39,229	47,783	118,120	53,974
Shareholders' equity	601,281	594,422	637,662	727,470	754,927
Total assets	731,557	727,388	810,778	968,484	972,739
Borrowings	399	5,987	5,093	22,233	2,936
Earnings per share (sen)	15.69	23.37	27.28	68.95	24.31
Net assets per share attributable to shareholders of the Company (RM)	4.39	4.34	4.66	5.31	5.51
Dividend per share (sen)	5.00	5.00	5.00	5.00	5.00

During the financial year under review, SAB reported a revenue of RM1.1 billion, a 6.5% decline compared to RM1.2 billion recorded in the financial year ended 31 March 2022 ("FY2022"). Profit before tax ("PBT") decreased 50.0% to RM74.9 million from RM149.9 million achieved in the preceding financial year. Our revenue performance was largely impacted by lower contributions from both Oleochemical Manufacturing and Milling & Cultivation.

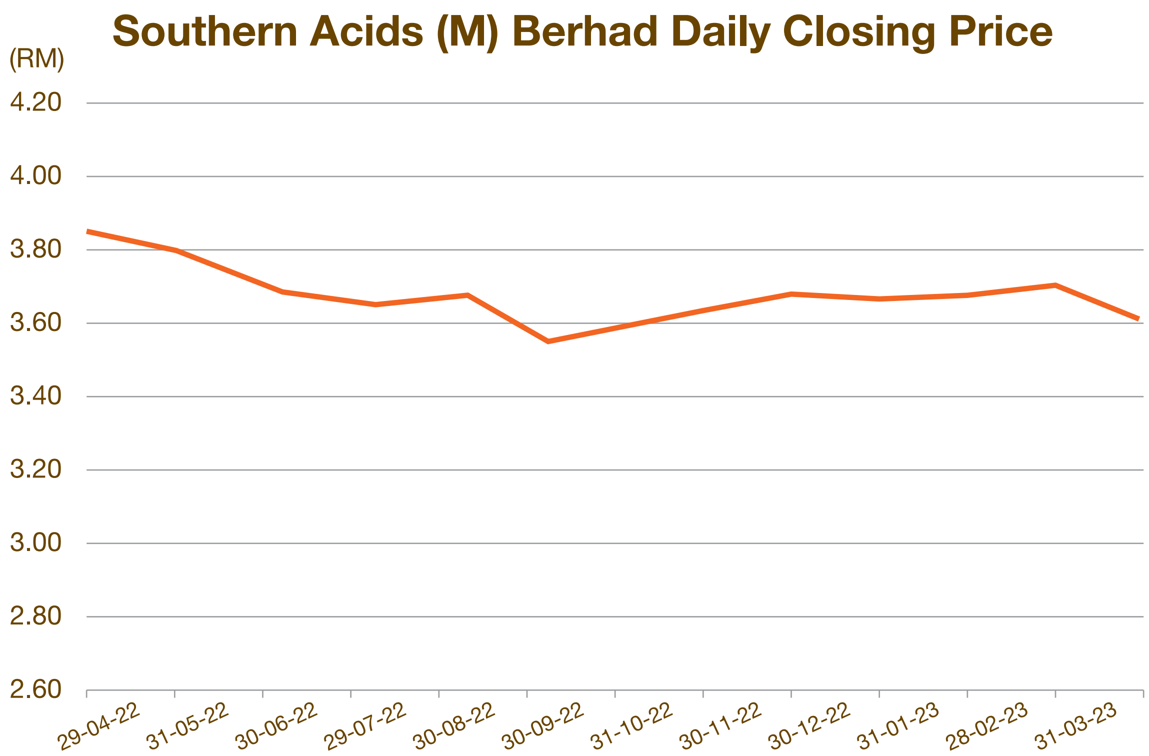
Oleochemical Manufacturing and Milling & Cultivation contributed approximately 87.6% of total Group revenue in FY2023, compared to 90.4% reported in FY2022. The performance of these two segments was impacted by lower average selling prices ("ASP") of our commodity products such as glycerine, crude palm oil ("CPO") and palm kernel ("PK"). Consequently, profit performance for these two segments were also weaker.

For the year, our Healthcare Services achieved higher growth in revenue and PBT respectively.

As part of our commitment to deliver operational efficiencies, the SAB Group is constantly looking to improve and upgrade our facilities. In FY2023, the Group undertook total capital expenditure ("Capex") amounting to approximately RM26.5 million.

We spent RM13.7 million for our Milling & Cultivation, with RM7.0 million on additions to our bearer plants. The remaining was deployed for the additions to plant, machinery, equipment, electrical installations and land improvements. Within our Healthcare Services, we spent a total of RM7.2 million towards medical equipment; the most significant being our installation of the latest 160 slice Ultra Helical CT Scan machine in our Radiology Department for approximately RM2.9 million. The remaining was spent on renovation works, purchase of office equipment, as well as furniture and fittings. RM3.7 million was consumed at our Oleochemical Manufacturing, mainly for the additions to plant, machinery, equipment, and electrical installation.

SAB SHARE PRICE PERFORMANCE



Oleochemical Manufacturing

Oleochemical Manufacturing 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 96,000 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 75.4% of segment revenue is derived from exports whilst the balance is from domestic sales.

Oleochemical Manufacturing (cont'd)

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 Manufacturing	FY2023	FY2022	Changes
Financial Highlights			
Revenue (RM'000)	478,996	494,334	-3.1%
(Loss)/ Profit Before Tax (RM'000)	(27,149)	43,763	-162.0%
Core (Loss)/Profit Before Tax (RM'000)	(27,777)	33,317	-183.4%
Non-Financial Highlights			
Production Capacity (MT)	96,000	100,000	-4.0%
Production (MT)	69,996	81,666	-14.3%
Production Utilisation (%)	72.9%	81.7%	-10.8%
Quantity Sold (MT)	71,140	81,442	-12.6%
Overseas Sales Quantity (MT)	52,149	57,816	-9.8%
Overseas Sales Quantity (%)	73.3%	71.0%	3.3%
Overseas Sales (RM'000)	360,978	368,041	-1.9%
Overseas Sales Revenue (%)	75.4%	74.5%	1.2%

In FY2023, revenue in our Oleochemical Manufacturing declined 3.1% to RM479.0 million from RM494.3 million achieved in FY2022. ASP for fatty acids rose 12.9% whilst ASP for glycerine declined 5.4%. Overall sales volume during the financial year was 12.6% lower at 71,140 MT. In tandem with the lower sales volume, production volume slid 14.3% to 69,996 MT whilst production utilisation declined to 72.9% from 81.7% reported in the preceding financial year. Performance was impacted by higher production cost, volatile commodity prices and weaker market sentiment. As commodity prices come off from their highs, we were also impacted from a lower closing inventory value as compared to the preceding financial year.

Our Oleochemical Manufacturing incurred loss before tax ("LBT") of RM27.1 million, as compared to PBT of RM43.8 million achieved in FY2022. In the year, the segment LBT included a RM5.0 million inventories written down. The financial results comprised core LBT of RM27.7 million and non-core PBT of RM0.6 million. The non-core PBT was mainly derived from realised and unrealised gains on foreign exchange as well as interest income.

Milling & Cultivation

Milling & Cultivation 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 & Cultivation	FY2023	FY2022	Changes
Financial Highlights			
Revenue (RM'000)	484,796	568,484	-14.7%
Profit Before Tax (RM'000)	74,552	86,652	-14.0%
Core Profit Before Tax (RM'000)	52,404	71,510	-26.7%
Non-Financial Highlights			
FFB Processed (MT)	598,960	616,464	-2.8%
CPO Production (MT)	121,595	125,881	-3.4%
PK Production (MT)	31,350	32,424	-3.3%
FFB Production (MT)	93,842	90,820	3.3%
Average CPO Selling Price per MT	3,437	3,725	-7.7%
Average PK Selling Price per MT	1,985	2,600	-23.7%

The POMs together produced a total of 121,595 MT of CPO in FY2023, compared to 125,881 MT of CPO production in FY2022. Total FFB processed in FY2023 was lower at 598,960 MT as compared to 616,464 MT FFB processed in FY2022.

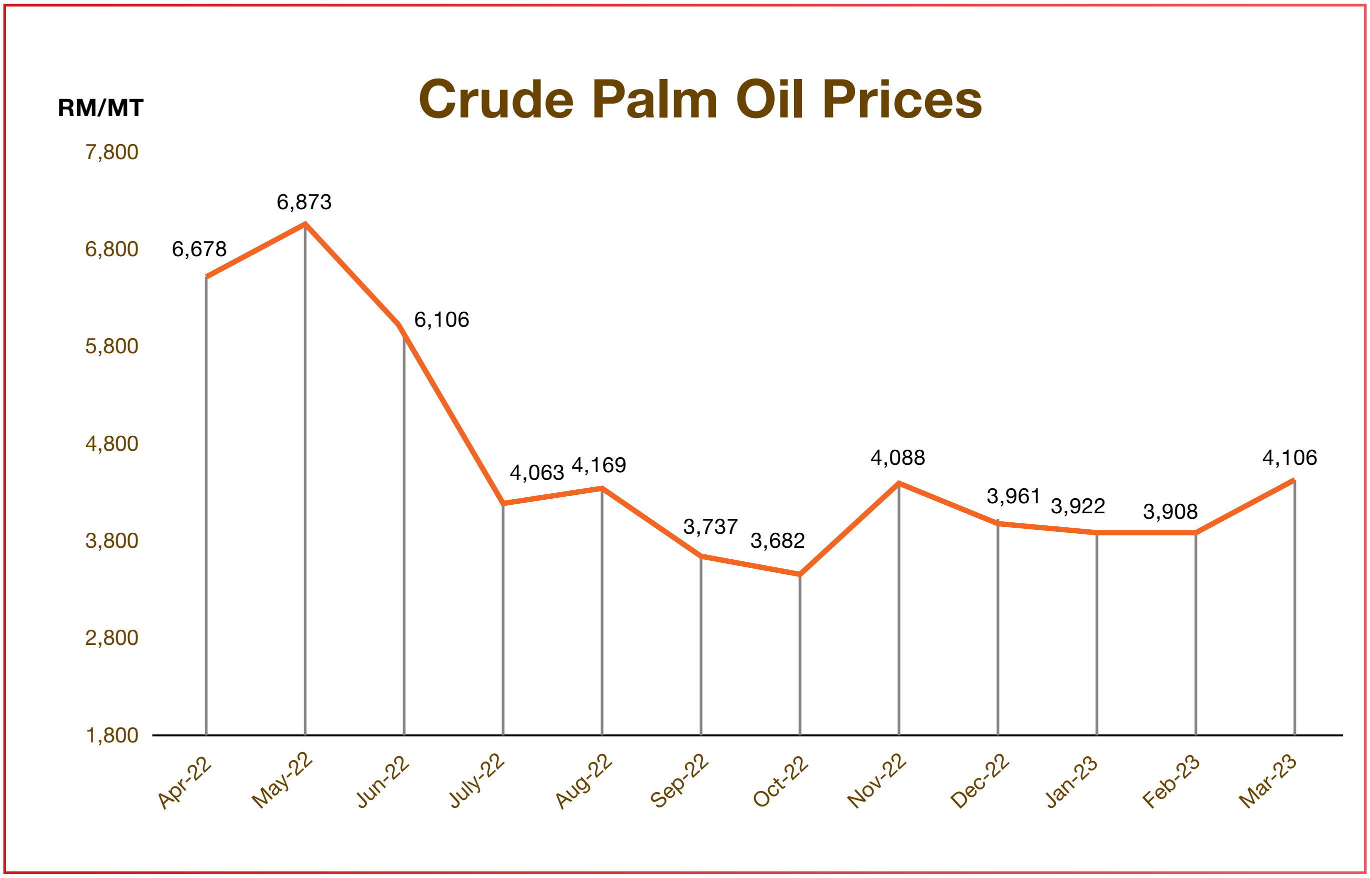
The FFB required by our POMs are supplied by our internal estates as well as from third-party external estates. The FFB production from our 4,916 hectares ("Ha") of planted area in Riau yielded 93,842 MT in FY2023, providing approximately 15.7% of the POMs requirements. Out of the 4,916 Ha of planted area, 3,440 Ha are mature whilst the remaining 1,476 Ha are immature. The age profile of our palms is equally spread between young, prime and old and has a weighted average age of ten 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 since November 2017 and August 2019, respectively.

Milling & Cultivation (cont'd)

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

FY2023 revenue in our Milling & Cultivation declined 14.7% to RM484.8 million from RM568.5 million reported in the preceding financial year. ASP of CPO was lower by 7.7% at RM3,437 per MT, whilst ASP of PK declined 23.7% to RM1,985 per MT. Production volume of CPO and PK dropped 3.4% and 3.3% to 121,595 MT and 31,350 MT respectively. Weaker commodity prices and higher operating costs have continued to impact our performance.



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

Consequently, segment PBT declined 14.0% to RM74.6 million from RM86.7 million reported in FY2022. Core PBT for the financial year amounted to RM52.4 million whilst non-core PBT stood at RM22.2 million. The non-core PBT was mainly derived from sales proceeds from disposal of PK shells as well as sludge oil, gains from sales of scraps and interest income.

Healthcare Services

Healthcare Services is driven by our 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. We have received the Malaysia Health & Wellness Award 2022 in December 2022, and the Healthcare Asia Awards for the Facilities Improvement Initiative of the Year – Malaysia in March 2023. We are also a Malaysian Society for Quality in Health ("MSQH") accredited hospital since year 2011. These recent and past awards are endorsements of Sri Kota's success during its twenty-four (24) years in operations.

Sri Kota currently has thirty-nine (39) resident consultants and forty-eight (48) visiting consultants specialising in various disciplines. The following major specialities and sub-specialities are available at our hospital:-

1. Cardiology
2. E.N.T./Head and Neck Surgery
3. Hand and Microsurgery
4. Nephrology
5. Neurosurgery
6. Orthopaedic Surgery
7. Obstetrics and Gynaecology
8. Radiotherapy and Oncology

The new purchase of the 160 Slice Ultra Helical CT Scan machine, coupled with the advanced Magnetic Resonance Imaging system we installed last year, we can lay claim to having state-of-the art system in our Radiology Department. Sri Kota's commitment to deliver high quality healthcare services to our patients is paramount.

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 Services	FY2023	FY2022	Changes
Financial Highlights			
Revenue (RM'000)	112,727	95,998	17.4%
Profit Before Tax (RM'000)	31,420	26,469	18.7%
Core Profit Before Tax (RM'000)	28,808	23,251	23.9%
Non-Financial Highlights			
Number of Patient			
- *Outpatient*	82,155	84,509	-2.8%
- *Inpatient*	11,676	8,018	45.6%
Number of Resident Consultants	39	37	5.4%
Number of Visiting Consultants	48	49	-2.0%

In FY2023, revenue in our Healthcare Services rose 17.4% to RM112.7 million from RM96.0 million recorded in the preceding financial year. Notably our number of registered inpatients increased 45.6% to 11,676.

Consequently, segment PBT rose 18.7% to RM31.4 million from RM26.5 million achieved in the preceding financial year. This comprised core PBT of RM28.8 million and non-core PBT of RM2.6 million. The non-core PBT was mainly derived from interest income and rental income.

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 Manufacturing

Oleochemical Manufacturing 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 & Cultivation

Milling & Cultivation is a net buyer of FFB for feedstock for our milling operations as our internal estates only supply approximately 15.7% 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 Services

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

OUTLOOK AND PROSPECTS

Oleochemical Manufacturing

Oleochemical Manufacturing continues to face challenges in a highly competitive global market. Our current size of operation lacks the economies of scale in the global context. Rising production cost, volatility in commodity prices have added pressures to our tough operating environment. Going forward, weaker consumer confidence resulting from a slowing global economy may further cloud the outlook for this business segment.

We will continue to automate our processes and rationalise costs to further improve on our operational efficiencies. Product customisation has also been effective as a value-add approach to strengthen our relations with loyal customers.

Milling & Cultivation

CPO prices have continued to ease from its highs last year, dragged lower by weaker global commodity prices such as crude oil, as well as other vegetable oils. Daily CPO prices as quoted by the Malaysian Palm Oil Board declined from RM4,151/MT as at 30 March 2023 to hover around RM3,400/MT currently.

Weather changes and the risk of El Nino impacting production may lend some support to CPO prices, but the industry continues to be thwarted by higher labour and fertiliser costs. Concerns on slower global demand may dampen our outlook further. China has been slow to recover despite the reopening of its economy, and fear of a global recession lingers.

Healthcare Services

Malaysia has successfully transitioned to the endemic phase of Covid-19. It is gratifying that we have played a part in delivering the government's national vaccination programme in overcoming this pandemic crisis.

Overall prospects in private healthcare is 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. Sri Kota is proud to uphold itself as a centre of excellence in our cancer centre, heart centre and our hand/microsurgery unit.

FY2024 Budgeted Capital Expenditure

For the financial year ending 31 March 2024 ("FY2024"), the Group has budgeted approximately RM86.2 million for our capex requirements. RM53.1 million will be allocated to our Milling & Cultivation, RM16.5 million to Healthcare Services, RM6.7 million to Oleochemical Manufacturing, and RM9.9 million under Investment and Services.

Capex allocation in Milling & Cultivation includes RM15.2 million earmarked for the expansion of our cultivation landbank in Riau, Indonesia. Plans are also in place to enhance the total planted area by approximately 2,200 Ha over the course of the next four years with a total capex commitment of approximately RM85.0 million.

Other capex allocation in FY2024 include RM20.9 million for our immature field and nursery expenditure at our Riau estates and RM0.4 million on general upkeep of the Group's two POMs and the estates' infrastructure. Others include spending on construction of new buildings, road hardening works as well as purchases of new machineries.

Capex for our Healthcare Services entails the purchase of new hospital and ward equipment, upgrading of hospital systems, IT hardware and software equipment, as well as our maintenance and security equipment. Capex at our Oleochemical Manufacturing is focused on upgrading our plant's storage, equalisation, wastewater tanks and high-pressure boiler. Capex for Investment and Services comprises of hospital building upgrades and renovations works.

General Outlook

The International Monetary Fund ("IMF") is projecting a slower growth of 2.8% in 2023 from 3.4% in 2022 (Source: World Economic Outlook, April 2023), with a more pronounced slowdown in advanced economies to 1.3% in 2023 from 2.7% last year. Ongoing conflict in Ukraine, disruptions in global supply chain and rising interest rates to counter high inflation are key challenges that have spilled over from last year and contributing to the more subdued outlook. The IMF even hinted on downside risks to these projections if global financial conditions are further stressed by the current tight policy stances.

Bank Negara Malaysia expects the Malaysian economy to grow by 4.0%-5.0% in 2023, with higher consumption spending and investment activities driving domestic demand. Nonetheless risk remains that a weaker than expected global growth and a volatile global financial market may disrupt our domestic growth momentum.

Faced with such global headwinds, we remain cautious on the Group's prospects. Near term, we will continue with our efforts to strengthen our operational platform and sustain a healthy balance sheet in navigating through these external challenges.

DIVIDENDS

With respect to our FY2022, the Board proposed a single-tier final dividend of 5 sen per ordinary share on 19 May 2022. This was duly tabled and approved at our 41st Annual General Meeting ("AGM") held on 30 August 2022. The dividend was subsequently paid to shareholders on 28 November 2022.

With respect to our FY2023, the Board proposed to continue with a single-tier final dividend of 5 sen per ordinary share on 26 May 2023. The proposal will be tabled for shareholders' approval during our forthcoming 42nd 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

As we conclude the financial year, the Board would like to extend our appreciation to our valued shareholders and stakeholders for your support. Our gratitude to our management team and all our staff for your contribution and dedication to the Group. Your efforts and achievements are well recognised and truly respected.

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 Manufacturing, Milling & Cultivation, and Healthcare Services, 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.

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 2022 to 31 March 2023 is included unless otherwise specified. The reporting period aligns with the Group's financial year ("FY").

The scope of this statement covers the business and operations of the Group's three core segments; Oleochemical Manufacturing, Milling & Cultivation, and Healthcare Services. 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

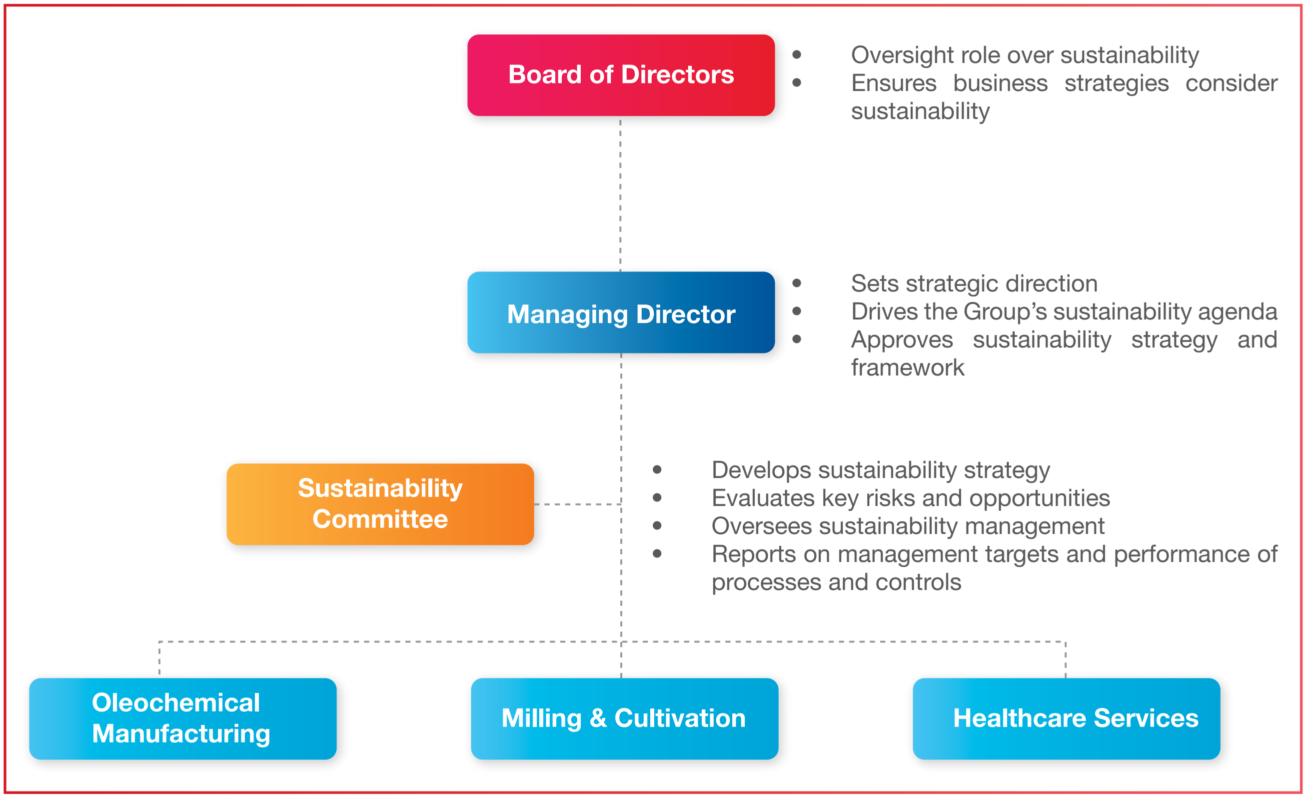


Figure: SAB's sustainability governance structure

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 2023 ("AR 2023").

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.

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	• Surveys • Corporate website • Electronic direct mails • Phone calls	• On-going • On-going • As needed • As needed	• Customer service • Customer experience • Product quality	• Customer satisfaction • Accreditations and adherence to quality standards • Biodiversity
Employees	• Town hall meetings, Workshops, Focus group discussion, Internal committee meetings, Surveys, Events, Internal circulars and Newsletters	• On-going	• Company direction and performance • Career development and training opportunities • Workplace health and safety • Well-being of employees	• Innovation • Employee management • Health and safety
Investors	• General meeting • Corporate website	• Annually /As needed • On-going	• Operational and financial performance • Shareholder returns	• Innovation • Governance
Local Communities	• Community engagement programmes	• On-going	• Community development and support • Quality, safety, health and environment	• Community development and relations • Health and safety • Effluents and waste management • Emissions
Government and Authorities	• Industry workshops • Meeting and consultations • Reporting	• On-going • On-going • On-going	• Regulatory compliance • Improving efficiency and productivity	• Innovation • Governance • Energy efficiency • Effluents and waste management • Emissions • Water management • Health and safety
Suppliers	• Procurement system • Supplier surveys	• On-going • On-going	• Transparency in procurement process • Knowledge sharing and capability building	• Supply chain management

5. MATERIALITY ASSESSMENT

Materiality assessment provides the foundation of identifying and assessing a wide range of sustainability matters, determining matters that have significant 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:

1

DETERMINE SCOPE AND BOUNDARY

- We define our scope of reporting to cover our core business segments. Kindly refer to page 21 for details on our scope and boundaries.

2

IDENTIFYING MATERIAL MATTERS

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

Stakeholder Engagement

3

PRIORITISATION

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

4

VALIDATION AND APPROVAL

- The materiality matrix generated are validated by the heads of core business segments, and presented to the MD for endorsement. The Board is updated regularly on our sustainability journey.

6. MATERIALITY MATRIX

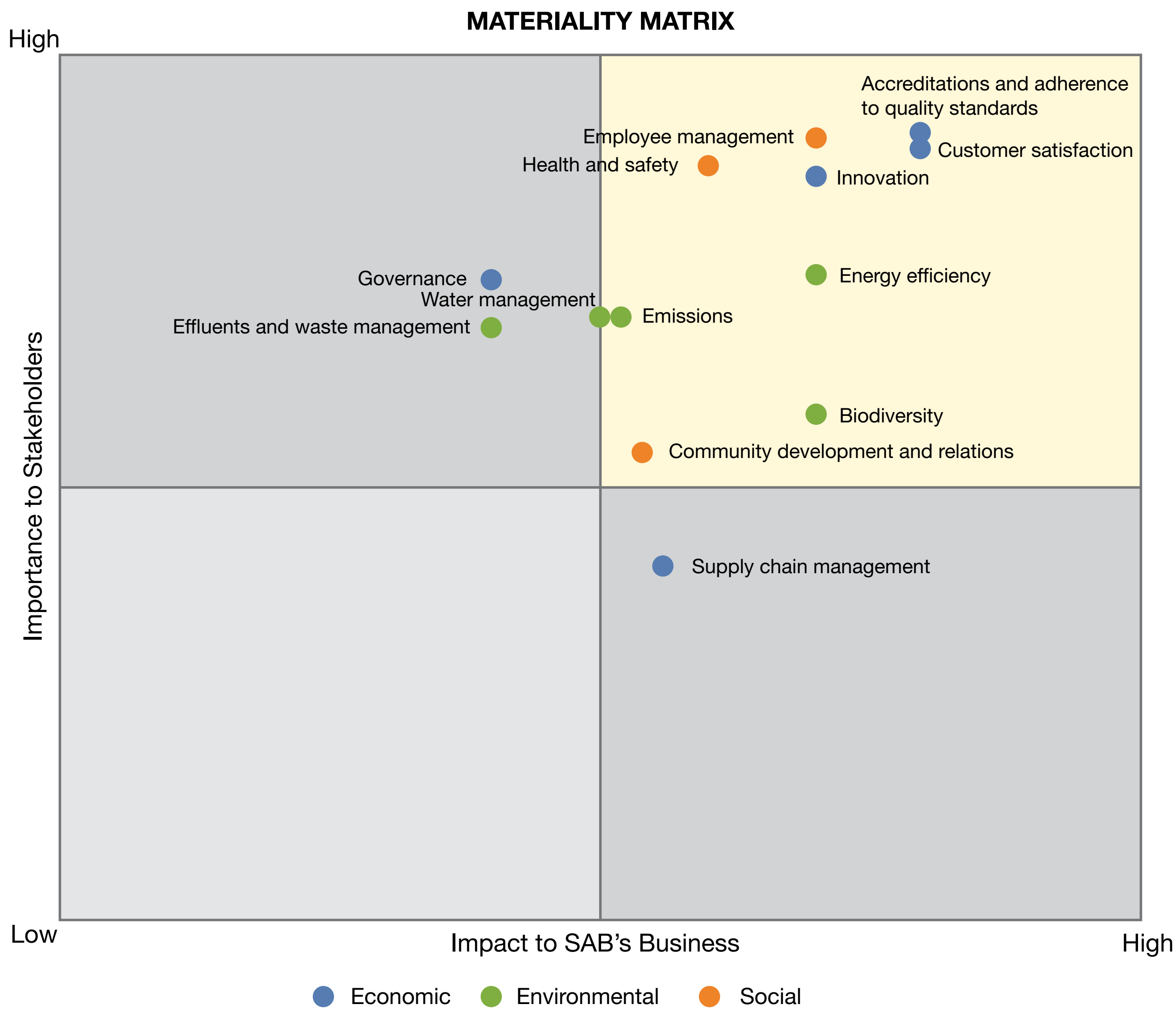


Chart: Materiality Matrix for SAB

In our FY2023 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 developments goals where SAB can likely play a role in contributing to the national and global agenda through our business operations in the Oleochemical Manufacturing, Milling & Cultivation, and Healthcare Services.

Figure: SAB's contribution to the UNSDGs

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 FY2023: ECONOMIC

SAB aims to enhance shareholders' 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 our Healthcare Services. 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 FY2023, which is the highest in four years. The chart below provides information on Sri Kota's performance with regards to customer satisfaction from FY2020 to FY2023.

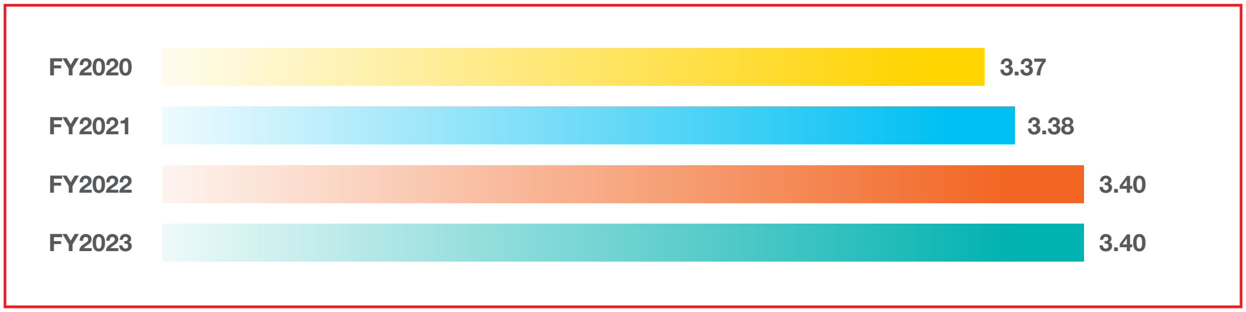


Chart: Customer Service Index for Sri Kota from FY2020 to FY2023

9. MONITORING AND MANAGING SUSTAINABILITY MATERIAL MATTERS FOR FY2023: ECONOMIC (CONT'D)

9.1. CUSTOMER SATISFACTION (cont'd)

Every six months, a hospital-wide survey is conducted to assess the patient journey experience. The survey is given to patients or their close relatives who were directly admitted from the Emergency Department until the day of discharge. Its aim is to gauge the patients' satisfaction with the services provided at every touchpoint during their stay at Sri Kota. Sri Kota has achieved a customer satisfaction score of 98% in FY2023.

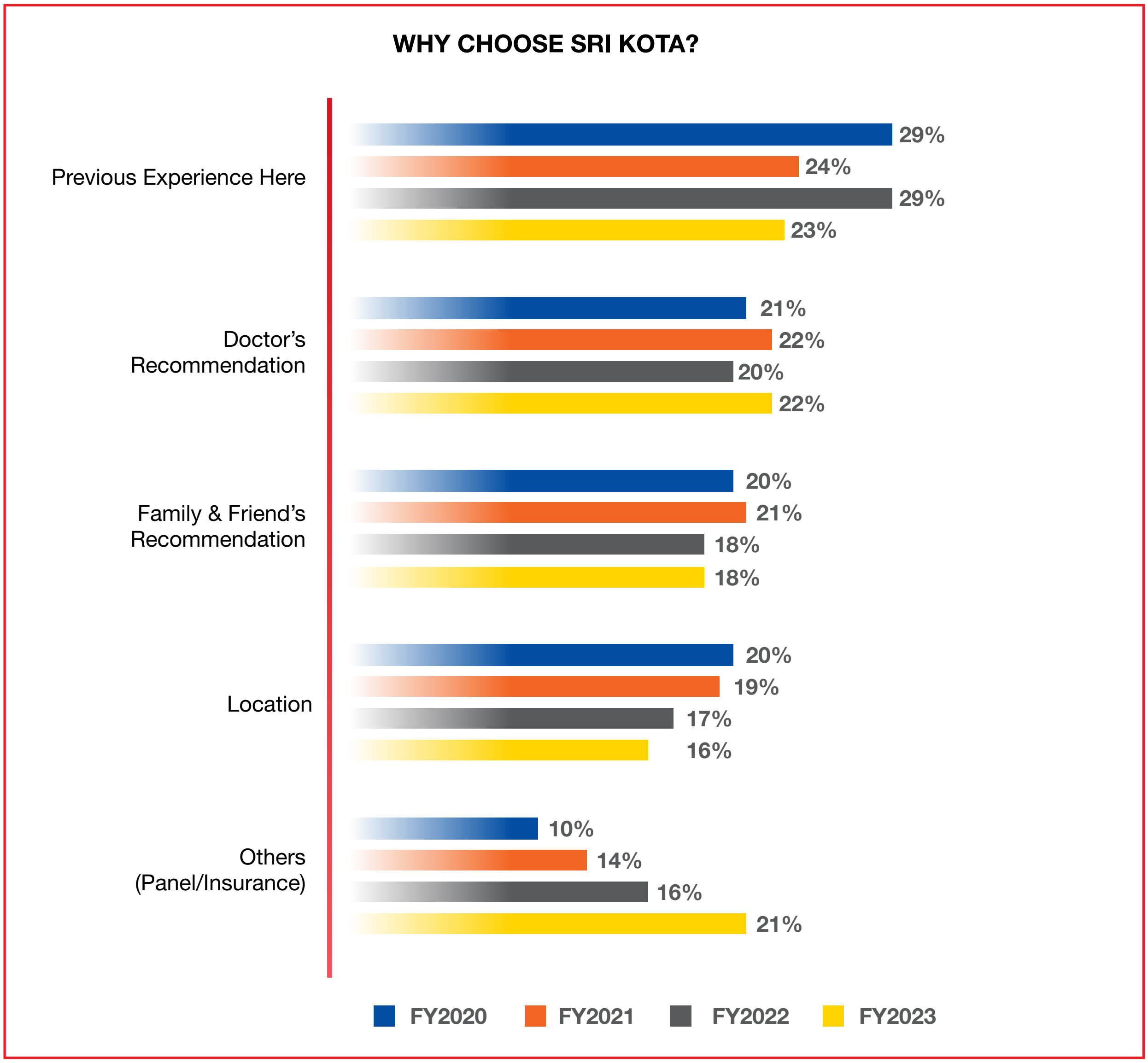


Chart: Reasons for patients returning to Sri Kota from FY2020 to FY2023

9. MONITORING AND MANAGING SUSTAINABILITY MATERIAL MATTERS FOR FY2023: 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 thirty-six (36) customer satisfaction related trainings were conducted for our staffs in FY2023, 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 "First Class Services".

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 FY2023, almost 9,154 patients have signed up for this program since its inception in the year 2015. A program for our junior patients, Sri Kota Kids Club is 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.

9. MONITORING AND MANAGING SUSTAINABILITY MATERIAL MATTERS FOR FY2023: ECONOMIC (CONT'D)

9.2. ACCREDITATIONS AND ADHERENCE TO QUALITY STANDARDS

MANAGEMENT AND QUALITY STANDARDS	SUSTAINABLE SUPPLY CHAIN
• ISO 9001:2015 • ISO 22000:2018 • FOOD GMP MS 1514:2009	• RSPO SCCS • MSPO SCCS
PRODUCT QUALITY AND SAFETY STANDARD	
• 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 Manufacturing 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.

Figure: Oleochemical Manufacturing Plant in Kapar, Selangor

9. MONITORING AND MANAGING SUSTAINABILITY MATERIAL MATTERS FOR FY2023: ECONOMIC (CONT'D)

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

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 greenhouse gases emissions and draw attention to environmental issues.

In order to ensure that our Milling & Cultivation operations are benchmarked to sustainable standards, the Group has started its ISPO certification efforts for its mills and oil palm cultivation 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.

Figure: Oil Palm Fresh Fruit Bunch Processing

9. MONITORING AND MANAGING SUSTAINABILITY MATERIAL MATTERS FOR FY2023: ECONOMIC (CONT'D)

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

MANAGEMENT AND QUALITY STANDARDS	SAFETY STANDARD
• MSQH ACCREDITATION • HOSPITAL LICENSING INSPECTION FROM MINISTRY OF HEALTH ("MOH")	• BOMBA LICENSING INSPECTION

WINNING PRESTIGIOUS AWARDS
• HEALTHCARE ASIA AWARDS 2022 – RECEIVED IN APRIL 2022 • MALAYSIA HEALTH & WELLNESS BRAND AWARDS 2022 – RECEIVED IN OCTOBER 2022

Figure: Sri Kota received the Healthcare Asia Awards 2022 in April 2022 (for Most Improved Community Hospital of the Year - Malaysia)

9. MONITORING AND MANAGING SUSTAINABILITY MATERIAL MATTERS FOR FY2023: ECONOMIC (CONT'D)

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

Figure: Sri Kota received the Malaysia Health & Wellness Brand Awards in October 2022

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.

9. MONITORING AND MANAGING SUSTAINABILITY MATERIAL MATTERS FOR FY2023: 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 mindset that drives our businesses to adopt new technologies and solutions.

9.3.1. INFORMATION TECHNOLOGY AND MEDICAL FACILITY

Figure: Sri Kota's latest 160 slice Ultra Helical CT Scan Machine

In our efforts to strengthen our Healthcare Services 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.

As part of our commitment to delivering high-quality healthcare services to our patients, Sri Kota is continually upgrading its facilities and services. We have invested RM7.2 million for the upgrade and purchase of facilities and equipment. For FY2023, the most significant achievement of Sri Kota was the installation of the latest 160 slice Ultra Helical CT Scan machine. 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.

We have also completed our renovation to accommodate additional consultant clinics and Health Screening Centre. The additional consultant clinics will provide more specialised medical services to cater to the needs of patients who require specialised care. On the other hand, the Health Screening Centre will provide a range of health screening services for patients who wish to take proactive steps in managing their health.

9. MONITORING AND MANAGING SUSTAINABILITY MATERIAL MATTERS FOR FY2023: ECONOMIC (CONT'D)

9.3. INNOVATION (cont'd)

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

Figure: Newly renovated additional consultant clinics at Sri Kota

A further budget is earmarked to be invested in the upgrading of Sri Kota's other targeted medical equipment and facilities in FY2024, namely:

- Upgrading of the Hospital's entrance staircase with the installation of an escalator
- Upgrading of Level 3 – Pharmacy and cafeteria area

9. MONITORING AND MANAGING SUSTAINABILITY MATERIAL MATTERS FOR FY2023: 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 the exchange of experience and knowledge between global specialists and professors with our in-house consultants. A total of six Continuous Medical Education ("CME") talks were conducted by Sri Kota's consultants in FY2023.

ECONOMIC	KEY PERFORMANCE INDICATOR	FY2023 TARGET
• Customer satisfaction	• Customer Service Index	• Score of at least 3.00 out of 4.00
• Accreditations and adherence to quality standards	• Management and quality standards	• To maintain validity of all certifications
	• Number of ISPO-certified estates	• 100% of oil palm cultivation estates under PTMAS and PTWan are certified
	• Number of ISPO-certified mills	• 100% of mills under PTMAS and PTWan are certified
	• Accreditations and certifications	• To retain all accreditations and certifications • To win at least one prestigious award
• Innovation	• Improvement of medical system and facility	• To continuously invest in targeted medical equipment and facility upgrades
	• Forum of exchange with healthcare experts	• To have at least one forum of exchange

10. MONITORING AND MANAGING SUSTAINABILITY MATERIAL MATTERS FOR FY2023: 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 equipment such as LED lighting are used to increase the energy efficiency in the hospital. We have fully converted the high-energy consuming air-conditioning appliances to hybrid chiller system as a major energy efficiency initiative back in FY2019. The conversion started in calendar year ("CY") 2017, and upon completion in CY2018, the operation for air-conditioning has been more efficient and resulted in significant electricity cost savings of up to 19%.

Sri Kota is taking further proactive steps to improve the energy efficiency of their operations. As part of their efforts, they are currently studying ways to upgrade the chiller system, which will not only reduce electricity costs but also contribute to a more sustainable and environmentally-friendly approach to their operations. This effort demonstrates Sri Kota's commitment to continuously enhance their processes and seek innovative solutions that align with their values of efficiency, cost-effectiveness, and environmental responsibility.

10.2. EMISSIONS

The Group has begun plans to monitor and track GHG emissions from our Oleochemical Manufacturing 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.

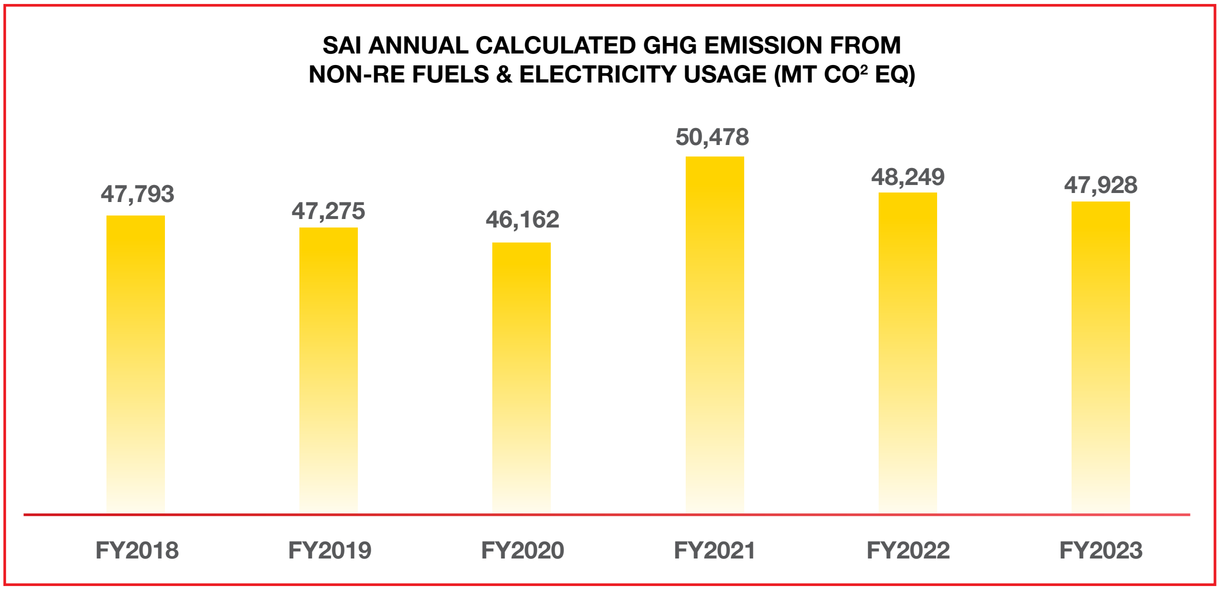


Chart: Southern Acids Industries Sdn. Bhd. ("SAI") calculated GHG emission from electricity usage and non-renewable fuels ("Non-RE Feuls & Electricity)

10. MONITORING AND MANAGING SUSTAINABILITY MATERIAL MATTERS FOR FY2023: ENVIRONMENTAL (CONT'D)

10.2. EMISSIONS (cont'd)

GHG Emission Intensity (Non-RE Fuels & Electricity)	MT CO^2 eq/ MT Production
FY2018	0.51
FY2019	0.57
FY2020	0.53
FY2021	0.60
FY2022	0.59
FY2023	0.68

Figure: SAI's calculated GHG emission intensity from Non-RE Fuels & Electricity

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

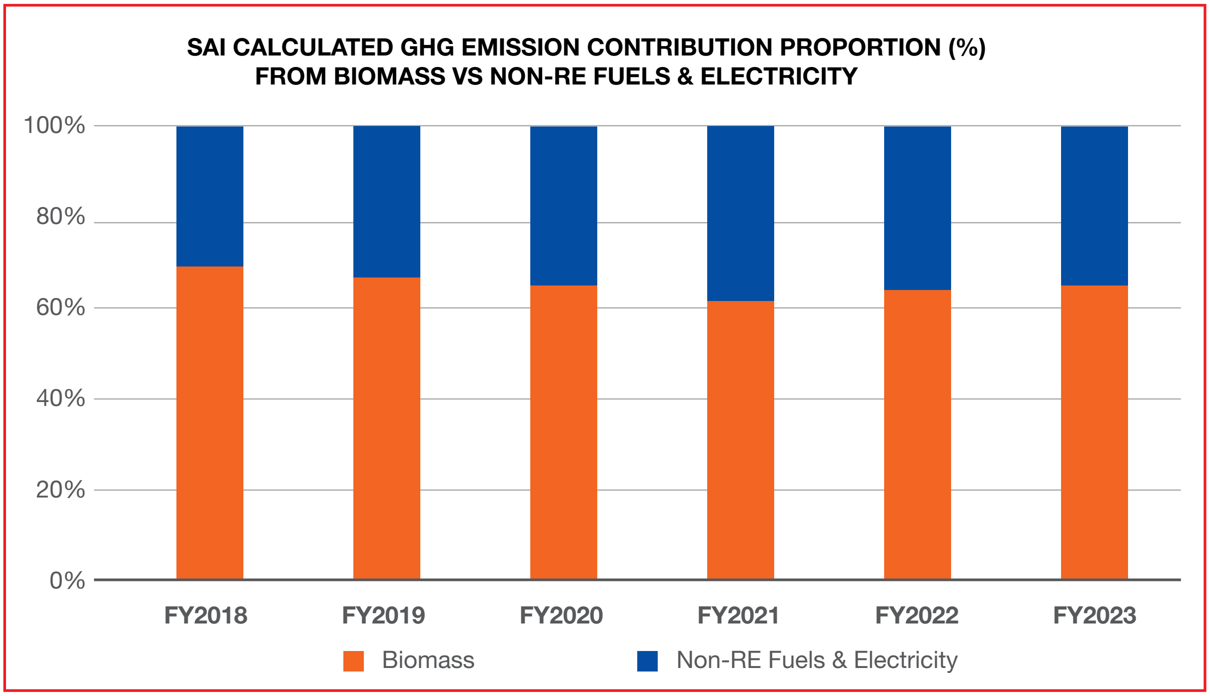


Chart: SAI's calculated GHG emission contribution proportion (%) from biomass vs non-renewable fuels and electricity

10. MONITORING AND MANAGING SUSTAINABILITY MATERIAL MATTERS FOR FY2023: ENVIRONMENTAL (CONT'D)

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 oil palm cultivation estate operation site (along Sungei Sako, Sungei Pohkahan and Anak Sungei Pohkahan), and another two are located in PTWan oil palm cultivation estate operation site (Sungei Kuning and Anak Sungei Jake). SAB has put in place several practices to mitigate our impact from our Milling & Cultivation 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 oil palm cultivation estate operation 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.

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 one hundred and five (105) Barn Owl Boxes at PTWan oil palm cultivation 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 oil palm cultivation 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 oil palm cultivation estates.

Figure: Monitoring condition of conservation and buffer areas designated as HCV areas at PTWan oil palm cultivation estate operation site

10. MONITORING AND MANAGING SUSTAINABILITY MATERIAL MATTERS FOR FY2023: ENVIRONMENTAL (CONT'D)

10.3. BIODIVERSITY (cont'd)


Figure: Monitoring condition of conservation and buffer areas designated as HCV areas at PTMAS oil palm cultivation estate operation site

ENVIRONMENTAL	KEY PERFORMANCE INDICATOR	FY2023 TARGET
• Energy efficiency	• Electricity cost reduction	• To conduct study to upgrade the chiller system.
• Emissions	• GHG Emission Intensity (Non-RE Fuels & Electricity)	• To achieve below 0.60 MT CO^2 eq/MT End Product.
	• GHG emission from biomass	• To maintain GHG emission from biomass sources above 60%.
• Biodiversity	• Monitor and maintain HCV area	• To conduct routing monitoring of HCV area.
	• Integrated pest management	• Maintain usage of Barn Owls as biological control agents for rodents at PTMAS and PTWan oil palm cultivation estate operations.

11. MONITORING AND MANAGING SUSTAINABILITY MATERIAL MATTERS FOR FY2023: 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.

In March 2022, the Government of Malaysia announced that the country will enter into the "Transition to Endemic" phase starting 1 April 2022, which includes the opening of national borders for tourism and the abolishment of limitations to capacity and operating hours of business premises. On 27 May 2022, MOH shared a set of relaxed standard operating procedures ("SOP") that will take place in the country effective 1 May 2022.

All Covid-19 SOPs and measures are adhered to and implemented for all levels of employees to prevent the spread of the disease. While our operations have returned to office effective 1 April 2022, we ensure safety and well-being of our people as a top priority by maintaining tight SOP to comply with all criteria set by Majlis Keselamatan Negara. Some of the measures include arranging routine Rapid Test Kit ("RTK") tests for all personnels, limiting the room capacity of all physical meetings, enforcement of mask wearing in office premises, and maintaining flexible working arrangements.

The World Health Organization ended its categorization of Covid-19 as a global health emergency on 5 March 2023. However, SAB remains vigilant with measures to protect our people as there is still a public health threat out there in terms of the continued evolution of the virus.

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

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 the 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 a top consideration for SAB. 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.

11. MONITORING AND MANAGING SUSTAINABILITY MATERIAL MATTERS FOR FY2023: SOCIAL (CONT'D)

11.2. HEALTH AND SAFETY (cont'd)

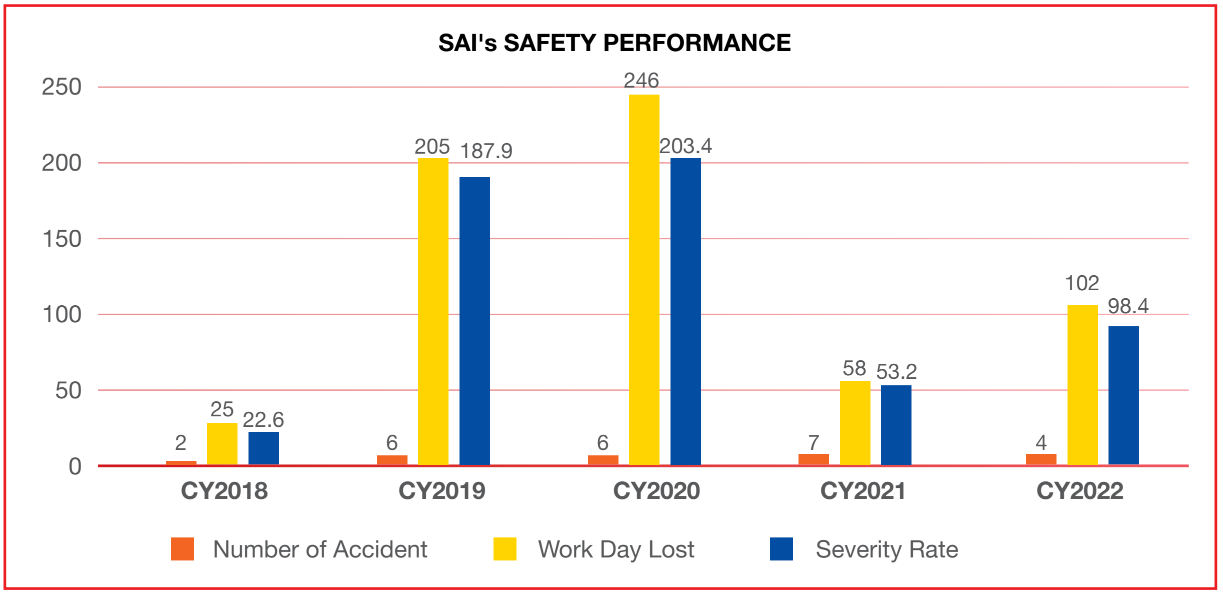


Figure: The Chart above shows SAI's safety performance from CY2018 to CY2022.
The calculation for severity rate = (lost time injury in hours x 1,000,000)/(total man hours worked)

Healthcare Services workers are exposed to various diseases, which may even be fatal. To protect our staff, SAB aims to reduce exposure of our employees in Healthcare Services 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 FY2023: SOCIAL (CONT'D)

11.2. HEALTH AND SAFETY (cont'd)

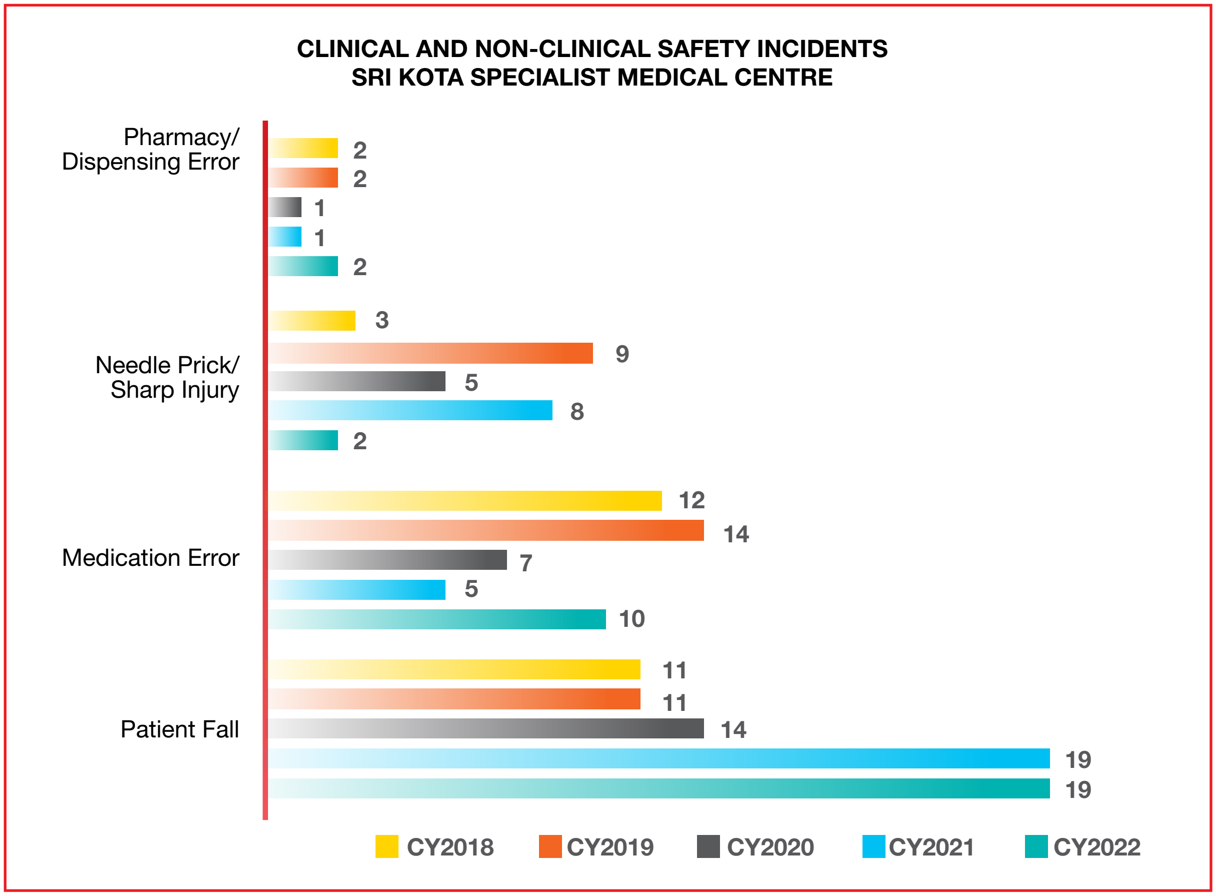


Chart: Clinical and Non-Clinical Safety Incidents reported in Sri Kota from CY2018 to CY2022

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") trainings are shown in the chart below. We aim to achieve full attendance.

11. MONITORING AND MANAGING SUSTAINABILITY MATERIAL MATTERS FOR FY2023: SOCIAL (CONT'D)

11.2. HEALTH AND SAFETY (cont'd)

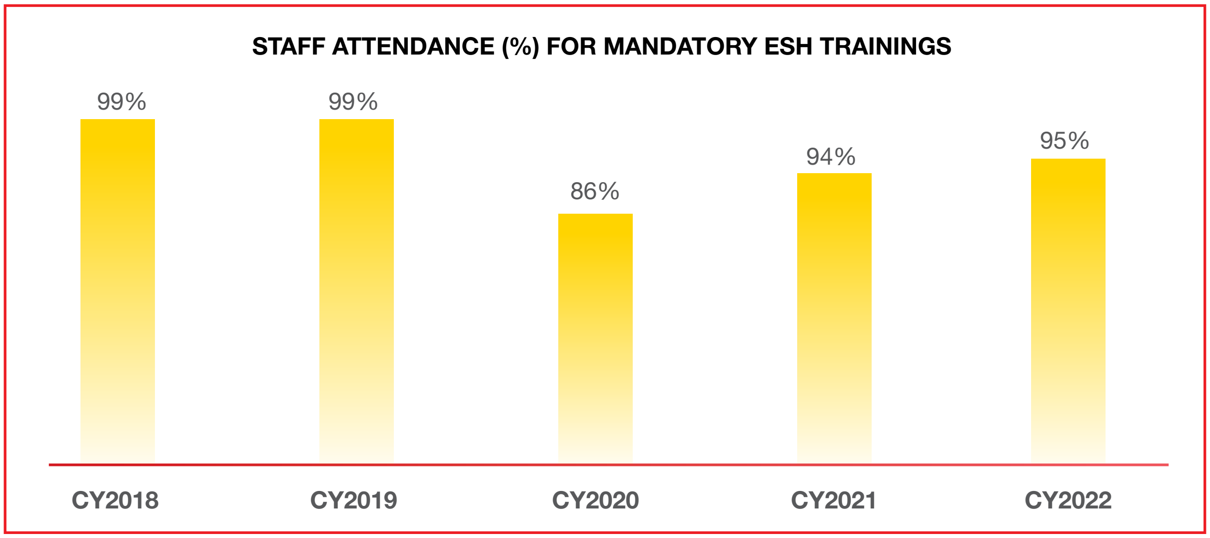


Figure: Percentage of Sri Kota's staff who attended mandatory ESH trainings from CY2018 to CY2022

In CY2022, there was a slight increase in the proportion of employees who attended the training compared to the previous year, thanks to improved awareness among the staff about meeting regulatory obligations.

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.

With a vigilant and forward-looking approach, the management of Sri Kota recognises the need to adapt to the changing circumstances brought about by the Covid-19 pandemic. Although the situation has improved, and regulatory measures have been relaxed, the management understands that there is a need to upscale the training budget to address new safety protocols and procedures, upskill employees to adapt to changing business needs, and enhance workforce resilience. In this regard, a budget of RM1 million has been allocated for various Nursing development programs for FY2023.

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.

11. MONITORING AND MANAGING SUSTAINABILITY MATERIAL MATTERS FOR FY2023: SOCIAL (CONT'D)

11.3. EMPLOYEE MANAGEMENT (cont'd)

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 staff engagement session

11. MONITORING AND MANAGING SUSTAINABILITY MATERIAL MATTERS FOR FY2023: 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.

Category	Community Outreach and Development Programs
Engagement and development of rural community	• Assisting and managing Plasma Scheme development. • Supplied "Sembako" (Food and Groceries) and face masks to the local community during the Covid-19 pandemic. • Contributed funds and supplies to support the education of schools located in rural communities through donation. • Provided financial assistance and resources to local festivals as a means of commemorating and preserving their cultural heritage. • Contributed funds and supplies to assist and develop local places of worship like mosques and churches. • Sponsored and hosted various sports tournaments and health awareness campaigns. • Developing and maintaining roads and infrastructure for the local community.
Sponsorship	• Sponsored the Charity Movie Programme at TGV i-City as part of our Christmas special Corporate Social Responsibility initiative. It was organised for kids from House of Love and Persatuan Kasih Sayang Kanak-Kanak Padmasambhava, Klang. • Sponsored the Rotary Club of Klang for event District Interact Conference 2023. • Sponsored a Local District Silat Competition at Banting, Selangor on March 2023. • Sponsored Timmy Tan, a national bowler athlete, for his tournaments as a part of our initiatives to promote sports excellence and support young local athletes in Malaysia. • Contributed RM3,000 to Malaysia Medical Association & Commonwealth Medical Association 26th Triennial Conference & Council Meeting. • Main sponsors for the Make-A-Wish Foundation Malaysia Annual Charity Golf Tournament 2022 with the contribution of RM20,000 to support the Foundation's mission to provide life-changing hope, strength and joy to children battling life-threatening medical conditions. • During Hari Raya Aidilfitri 2022, visited Pertubuhan Kebajikan Anak-Anak Yatim & Miskin Sungai Pinang, Klang to distribute some Bubur Lambuk and handover a cash contribution of RM1,000. Delivered some Bubur Lambuk to frontliners of Hospital Tengku Ampuan Rahimah Klang, Balai Polis Klang and Balai Bomba Kota Raja.
Education	• Contributed RM1,500 to Sekolah Menengah Chung Hua Klang for school development fund. • Sponsored the Sinaran Sin Chew Weekly Paper to SJK (C) Perempuan & SJK (C) Tiong Hua Kok Bin to encourage reading among students. • Hand hygiene lessons were conducted for around 700 preschool students in the nearby vicinity. The students were given hand sanitisers, and face masks were distributed to students in SJK (C) Ying Wah, SJK (T) Methodist, and SMK Sg Kapar Indah. This is to encourage better hygiene and to reinforce the importance of regular hand washing to mitigate the spread of germs.
Public Health Awareness Campaign	• Hosted the SIHAT FEST 2022, which was held at Taman Rakyat Klang. This initiative aims to raise the general population's health awareness, create a channel for health education, and offer free health screenings. Almost 200 Klang residents participated in this health event. • A series of thirty two (32) health awareness campaigns were carried out in different locations to promote the significance of health screening among adults on a regular basis. • Free Comprehensive Health Screening packages were offered to about 250 Klang residents aged fifty (50) and above.

11. MONITORING AND MANAGING SUSTAINABILITY MATERIAL MATTERS FOR FY2023: SOCIAL (CONT'D)

11.4. COMMUNITY DEVELOPMENT AND RELATIONS (cont'd)

Figure: Sri Kota sponsored a local district Silat Competition at Banting, Selangor on March 2023

Figure: Sri Kota sponsored Timmy Tan, a national bowler athlete, for his tournaments as a part of our initiative to promote sports excellence and support young local athletes in Malaysia

11. MONITORING AND MANAGING SUSTAINABILITY MATERIAL MATTERS FOR FY2023: SOCIAL (CONT'D)

11.4. COMMUNITY DEVELOPMENT AND RELATIONS (cont'd)

Figure: SAB and Sri Kota were the main sponsors for the Make-A-Wish Foundation Malaysia Annual Charity Golf Tournament 2022 with the contribution of RM20,000 to support the Foundation's mission to provide life-changing hope, strength and joy to children battling life-threatening medical conditions

Figure: Sri Kota conducted hand hygiene lessons to preschoolers at 3Q MRC Junior Bandar Botanic, Klang

Figure: Sri Kota sponsored the Sinaran Sin Chew Weekly Paper to SJK (C) Perempuan & SJK (C) Tiong Hua Kok Bin to encourage reading among students

Figure: Sri Kota hosted the SIHAT FEST 2022, which was held at Taman Rakyat Klang. This initiative aims to raise the general population's health awareness, create a channel for health education, and offer free health screenings. Almost 200 Klang residents had participated in this health event

11. MONITORING AND MANAGING SUSTAINABILITY MATERIAL MATTERS FOR FY2023: SOCIAL (CONT'D)

11.4. COMMUNITY DEVELOPMENT AND RELATIONS (cont'd)

PLASMA SCHEME REPORT (FY2023) - PTMAS	
MEMBERS	514
TOTAL AREA (HA)	500
FFB PRODUCTION (MT/YEAR)	12,155
SUPPLY (%)	4.4%

Chart: Plasma scheme report FY2023 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: PTMAS donated cement bags to a local mosque at Desa Tanjung Pauh, Singingi Hilir, Riau, Indonesia

SOCIAL	KEY PERFORMANCE INDICATOR	FY2023 TARGET
• Health & safety	• Clinical and Non-Clinical safety incidents • Staff attendance for ESH trainings • Severity rate	• To reduce incidents from the previous year. • To achieve full 100% attendance. • To maintain severity rate of below 100.
• Employee management	• Training for nurses • Total number of employee engagement activities	• RM1 million was budgeted for various Nursing development programs. • To maintain a similar amount of activities as the previous year.
• Community development and relations	• Community engagement and development activities	• To continue with community engagement efforts and activities.

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 76, Male, Malaysian

Tan Sri Datuk Seri Panglima Sulong was appointed to the Board on 6 August 2014 and subsequently appointed as Independent Non-Executive Chairman on 15 July 2015. 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 an Independent 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 follows:

- 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 director and/or major shareholder of SAB, nor any conflict of interest with the Company.

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

Tan Sri Datuk Seri Panglima Sulong attended all six Board meetings held in FY2023.

DR. NICK LOW
Managing Director
Non-Independent Executive Director
Aged 44, 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 director and/or major shareholder of SAB. The Group has entered into recurrent related party transactions with parties in which Dr. Nick Low has direct and/or indirect interests as disclosed in the notes to the financial statements section of AR 2023.

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

Dr. Nick Low attended all six Board meetings held in FY2023.

DATUK WIRA LIM KIM LONG
Executive Director
Non-Independent Executive Director
Aged 63, Male, Malaysian

Datuk Wira 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.

Datuk Wira Lim does not have any family relationship with any other director and/or major shareholder of SAB. The Group has entered into recurrent related party transactions with parties in which Datuk Wira Lim has direct and/or indirect interests as disclosed in the notes to the financial statements section of AR 2023.

Datuk Wira Lim has no convictions for any offence within the past five years.

Datuk Wira Lim attended all six Board meetings held in FY2023.

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 fellow member of Certified Practising Account ("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 director and/or major shareholder of SAB, nor any conflict of interest with the Company.

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

Mr. Chung attended all six Board meetings held in FY2023.

STEPHEN WAN YENG LEONG
Independent Non-Executive Director
Member of the Audit Committee
Member of the Nomination & Remuneration Committee
Aged 56, Male, Malaysian

Mr. Stephen Wan was appointed to the Board on 27 March 2023 and subsequently appointed as the member of the Audit Committee and Nomination & Remuneration Committee on 26 May 2023. He is currently also the Independent Non-Executive Director of HCK Capital Group Berhad.

He is a member of the Malaysian Institute of Accountants ("MIA") and member of the Malaysian Institute of Certified Public Accountants.

Mr. Stephen Wan is an approved Company Auditor and is currently the Managing Partner of Moore Stephens Associates PLT, an independent member firm of Moore Global Network Limited. He has also been appointed by the MIA to be a member of the Capital Market Advisory Committee that serve as a liaison between the MIA, regulators and key stakeholders on capital market related matters.

Mr. Stephen Wan has twenty-five (25) years of professional experience which includes more than twenty (20) years of experience in Big Four Accounting Firms. He has professional experience in valuation of shares, and business of companies for purposes of takeover, merger and restructuring exercises, initial public offerings and due diligence. In addition, his experience includes audit and assurance for various listed companies, property development and construction, manufacturing, cement production, trading, publishing, industrial engineering, textile, hotel, investment holding, forwarding agencies, plantation and operational headquarters.

Mr. Stephen Wan does not have any family relationship with any director and/or major shareholder of SAB, nor any conflict of interest with the Company.

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

Profile Of **Senior Management**

CHEONG KEE YOONG
Chief Financial Officer
Aged 55, Male, Malaysian

ALEX CHAN CHOON HOONG
Chief Strategic Development Officer
Aged 51, Male, Malaysian

Mr. Cheong was appointed as Chief Financial Officer of the Company on 1 October 2013. He is also currently the Independent Non-Executive Director of Eden Inc. 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 investors relation activities in various industries. He was mainly attached to the corporate office of public listed company in his career.

Mr. Cheong does not have any family relationship with any director and/or major shareholder of SAB, nor any conflict of interest with the Company.

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

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 and/or major shareholder of SAB, nor any conflict of interest with the Company.

Mr. Alex Chan has no convictions for any offence within the past five years.

JENNIFER LOW SWEE YIM
Strategic Integration Director
Aged 43, 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 multi-national companies globally.

Ms. Jennifer Low does not have any family relationship with any director and/or major shareholder of SAB, nor any conflict of interest with the Company.

Ms. Jennifer Low has no convictions for any offence within the past five years.

EDWARD LAI (LAI FU KHATE)
Special Technology Affairs Director
Aged 35, 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 and/or major shareholder of SAB, nor any conflict of interest with the Company.

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

Thevakumar Kaliaperumal
General Manager Operations, Milling & Cultivation
Aged 53, Male, Malaysian

Mr. Thevakumar joined SAB on 1 December 2013. He was promoted to Deputy General Manager in 1 October 2021 and General Manager Operations on 1 January 2023.

Mr. Thevakumar holds a Diploma in Mechanical Engineering from Bedford College, Kuala Lumpur. He is currently in-charge of SAB's Milling & Cultivation operation business unit 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 and/or major shareholder of SAB, nor any conflict of interest with the Company.

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

Herry Mukiat
General Manager Development, Milling & Cultivation
Aged 59, Male, Indonesian

Mr. Mukiat was appointed as General Manager Development on 1 January 2023. He has spent several years with Indonesian conglomerates of Raja Garuda Mas from 2004 to 2010 and held various directorships at Barito Pacific across Indonesia. He has also spent seven years in corporate banking with Credit Lyonnais in Indonesia and France from 1991 to 1998. He holds a degree in Bachelor of Business from University of Incarnate Word, Texas, USA in 1988 with and a Master of Business Administration degree from University of Texas at San Antonio, USA.

He was appointed as a Commissioner for PTMAS and PTWan between 7th October 2010 to 14 September 2022. He was subsequently appointed as the Director for PTMAS and PTWan on 14 September 2022.

Mr. Mukiat does not have any family relationship with any director and/or major shareholder of SAB, nor any conflict of interest with the Company.

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

TIONG CHUU LING
Chief Operating Officer, Oleochemical Manufacturing
Aged 70, 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.

He 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 Manufacturing.

Mr. Tiong does not have any family relationship with any director and/or major shareholder of SAB, nor any conflict of interest with the Company.

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

KHOO CHIN TEE
General Manager, Oleochemical Manufacturing
Aged 61, Male, Malaysian

Mr. Khoo joined Southern Acids Industries Sdn. Bhd., a subsidiary of SAB on 8 January 1990. He was promoted as the General Manager on 2 January 2023.

He holds a Bachelor of Science from Campbell University, USA. He has thirty three (33) years of extensive experience in sales and marketing in the oleochemical industry. He currently oversees the sales and marketing operation of SAB's Oleochemical Manufacturing.

Mr. Khoo does not have any family relationship with any director and/or major shareholder of SAB, nor any conflict of interest with the Company.

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

TAN SUET GUAN
Hospital Director, Healthcare Services
Aged 65, 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 Services. 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 and/or major shareholder of SAB, nor any conflict of interest with the Company.

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Corporate Governance **Overview Statement**

The Board strongly advocates the importance of robust, strong corporate governance and continued to play an active oversight role in instilling good corporate governance practices and values across the SAB Group.

The Board is pleased to report on the application of the recommended practices of the Malaysia Code on Corporate Governance ("MCCG") issued by the Securities Commission Malaysia ("SC") to shareholders on the Group's corporate governance practices during FY2023 in accordance with the MCCG and Bursa Securities MMLR.

This Statement is to be read in conjunction with the Company's Corporate Governance Report 2023 ("CG Report 2023"), which is made available on the Company's website at www.southernacids.com. The CG Report 2023 further elaborates on the detailed application of each practice and the extent of compliance with the best practices set out in MCCG as well as alternative measures that were taken during FY2023 with reference to the three key principles of the MCCG:

Principle A:	Board leadership and effectiveness
Principle B:	Effective audit and risk management
Principle C:	Integrity in corporate reporting and meaningful relationship with stakeholders

The following section sets out the Board's commitment towards the application of the principles and practices in the MCCG and achieving its intended outcomes of the practices.

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

Board Responsibilities

The Board

The Board is collectively responsible 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 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 discharging its duties and responsibilities, the Board delegates specific responsibilities to Board Committees, namely the Audit Committee (AC") and Nomination & Remuneration Committee ("NRC") which have their own clearly defined Terms of Reference ("TOR") respectively which are available for reference on the Company's website at www.southernacids.com.

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

Board Charter

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 as directors. 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.

Distinct Roles between Chairman and Managing Director

The role and responsibilities of the Non-Executive Chairman and the MD are distinct and separate to ensure there is a balance of power and authority and at the same time promotes accountability and good corporate governance.

The Chairman heads the Board and is responsible for the leadership, effectiveness, conduct and governance of the Board. 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. In contrast, the MD, supported by the senior management of the Company ("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.

The roles and responsibilities of the Chairman and MD are prescribed in the Board Charter which is available on the Company's website.

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

Directors' Fit and Proper Policy

On 19 May 2022, the Board has approved Director's Fit and Proper Policy to improve the overall quality of Directors and promote greater transparency on the criterion for Board appointments. The policy also ensures that individuals of high calibre and who possess the right blend of qualifications, expertise, track record, competence, diligence, character, honesty, integrity and judgement to perform the duties properly are appointed to the Board which would be in tandem with good corporate governance practices. A copy of this Policy is accessible on the Company's website.

Access to Information and Independent Professional Advice

The Board collectively or Board members in their individual capacity, may seek independent professional advice in the furtherance of their duties at the Company's expense whenever necessary.

All Board members have direct access to the advice and services of the company secretaries of the Company ("Company Secretaries") 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.

All Directors are provided with an agenda and meeting papers, which are circulated at least five working days prior to each meeting of the Board and Board Committees. 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 which is pertinent in discharging of their duties.

Board Committees to Enhance Governance

The Board is assisted by Board Committees, namely NRC in carrying their roles and responsibilities.

The Board Committees, namely AC and NRC review matters within their TOR 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 effectiveness of renewal and succession planning. The NRC comprised of solely Independent Directors.

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

Board Committees to Enhance Governance (cont'd)

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 evaluation 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.

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.
- Carry out assessment of the Board, Board Committees, individual directors of the Company and Independent Directors.

Board Evaluation

The criteria of the assessment of the Board, Board Committees, individual directors of the Company and Independent Directors are as follows:

(a) Board

The effectiveness of the Board was assessed based on MCCG requirements in terms of its Board structure, Board operation and interaction – structures and procedures and Board roles and responsibilities.

(b) Board Committees

Board Committees were evaluated based on the following contribution of interaction of the following:

- 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

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

Board Evaluation (cont'd)

(c) Individual director's peer assessment

The annual assessment of individual director was assessed (peer assessment) based on the contribution of interaction, quality of input, understanding of role, mix of skill/expertise/ mindset, intrinsic values and include the evaluation of their:

- Will and ability of critically challenge and ask the right questions;
- Character and integrity in dealing with potential conflict of interest situations
- Commitment to serve, due diligence and integrity; and
- Confidence to stand up for a point of view.

(d) Independent Directors

The evaluation of the independence of Independent Directors was mainly based on the criteria set out under paragraph 1.01 of the Bursa Securities MMLR.

Activities of NRC during FY2023

The NRC met four times during FY2023 and the key activities of the NRC are as follows:

- Carried out annual assessment of the Board, Board Committees, individual directors of the Company, Independent Directors and Company Secretary
- 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 retention of an Independent Non-Executive Director who has served for a cumulative term of more than nine years and twelve (12) years
- Reviewed and recommended directors due for re-election at the forthcoming AGM
- Reviewed of Board Charter
- Reviewed and recommended on the Directors' fees for FY2022 for shareholders' approval at the 41st AGM
- Reviewed and recommended on payment of Directors' benefits
- Reviewed the Director's Fit and Proper Policy and recommended to the Board for adoption
- Reviewed and recommended on the remuneration packages of EDs and Senior Management within the Group and made recommendations to the Board for approval
- Reviewed the TOR of NRC
- Reviewed the evaluation assessment forms of the Board, Board Committees, Directors, Independent Directors and Company Secretary
- Reviewed the Board composition and made recommendations to the Board on potential candidates
- Assessed the training needs of Directors

Board Composition

As at 31 March 2023, the Board comprises of six members; one Senior Independent Non-Executive Director, three Independent Non-Executive Directors and two Non-Independent Executive Directors.

The Details of the Directors, which include their dates of appointment, qualifications and experience, are set out in the Directors' Profile section in this AR 2023.

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

Board Composition (cont'd)

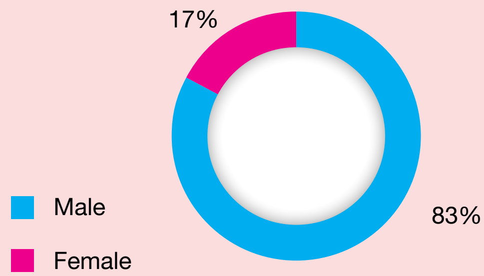
Analysis of Board Composition:

Board Balance and Composition

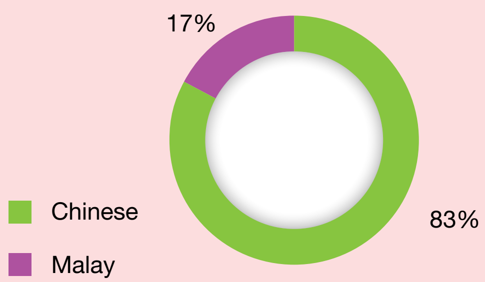
4 Independent Non-Executive Directors

2 Non-Independent Executive Directors

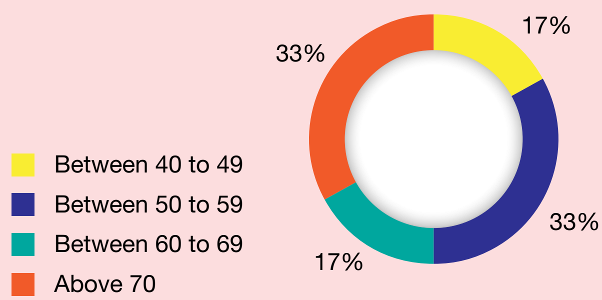
Gender of Directors



Ethnic Diversity



Age Diversity



Main Skills & Experience

Medical

Oil palm cultivation

Palm oil milling

Finance and accounting

Economics

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

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 record of attendance held during the financial year are provided below:

Name of Director	Designation	Number of Meeting Held in FY2023			
		Board Meeting	AC Meeting	NRC Meeting	Total Attendance at Meeting
Tan Sri Datuk Seri Panglima Sulong	Independent Non-Executive Chairman	6/6	5/5	4/4	15/15
Dr. Nick Low	Managing Director	6/6	-	-	6/6
Datuk Wira Lim Kim Long	Executive Director	6/6	-	-	6/6
Chung Kin Mun	Senior Independent Non-Executive Director	6/6	5/5	4/4	15/15
Leong So Seh	Independent Non-Executive Director	6/6	5/5	4/4	15/15
Stephen Wan Yeng Leong^^	Independent Non-Executive Director	-	-	-	-
Number of Meetings Held		**6**	**5**	**4**	**15**

^^ Mr. Stephen Wan Yeng Leong was appointed as an Independent Non-Executive Director on 27 March 2023.

Directors' Training

The Company Directors are encouraged to attend appropriate education programmes, seminars, workshops and conferences to enhance their skills and knowledge and to ensure that they are kept abreast of regulatory changes, new developments and various issues facing the changing business environment in which the Group operates to effectively discharge their duties as Directors.

During FY2023, all Directors had attended various trainings and programmes, which are outlined as follows:

DIRECTORS	TRAINING PROGRAMMES ATTENDED
Tan Sri Datuk Seri Panglima Sulong	• Program Borneo Leadership Talk Series: Leadership for Innovation • 10th International Borneo Business Conference (IBBC) 2022 - Diversification of Economy and Business Sustainability: Opportunities and Challenges • Asia Alternative Dispute Resolution Week 2022 • Engagement Session: Accountants and Sustainable Leadership • E-Borneo Knowledge Fair 9, 2022 Conference: Climate Change, Sustainable Biodiversity and Indigenous Knowledge on the Island of Borneo • 2022 AOB Conversation with Audit Committees • Understanding the challenges of Compliance with Listing Requirements • Program Borneo Leadership Talk Series "Cabaran Kepimpinan Untuk Melahirkan Graduan Holistik Pasca-Pandemik" • International Conference on WAKAF and ENDOWMENT

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

Directors' Training (cont'd)

DIRECTORS	TRAINING PROGRAMMES ATTENDED
Dr. Nick Low	• Practical Forensics Investigation • Palm & Lauric Oils Price Outlook Conference & Exhibition (POC 2023) • APHM International Healthcare Conference and Exhibition 2022 • Healthcare Expo – Taiwan
Datuk Wira Lim Kim Long	• Palm & Lauric Oils Price Outlook Conference & Exhibition (POC 2023)
Chung Kin Mun	• Let's talk tax: VA Programme • Everything Investor Relations Managers need to know about ESG reporting • Executive Masterclass: Developing Malaysia's Roadmap to Net Zero • Introduction to Digital Banking • ICDM Power Talk ESG Series #4 on "ESG Disclosure At a Glance: Key Developments and Future Trends" • Blazing the digital trail: Emerging giants of Malaysia • ESG & tax: A governance point of view • 2022 AOB Conversation with Audit Committees • The art of Greenwashing • Foreign source income: to remit or not to remit • Tax update series: Budget 2023 – what are the changes? • 2023 Malaysian Budget Webinar
Leong So Seh	• Employer and Employee Tax Obligations in Malaysia • 2022 AOB Conversation with Audit Committees • Everything Investor Relation Managers need to know about ESG reporting

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 whistleblower 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

- 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

- Yearly fixed remuneration

Allowance

- Benefits-in-kind

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 payment of fees for FY2023 at the coming 42nd AGM.

Category	Type	Directors' Remuneration for FY2023 (RM)	
		Chairman	**Member**
Fees (Per Annum)	Board AC	135,000 135,000	90,000 90,000
Meeting Allowance (Per Meeting)	Board Committee	1,600 1,600	800 800

Director benefits up to an amount of RM125,000.00 for the period from 31 August 2022 to 41st AGM in August 2023 was approved at the 41st AGM held on 30 August 2022.

The details of the remuneration of Directors of the Company comprising remuneration received or to be received by Directors from the Company and subsidiaries for FY2023 are set out 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	504,600	199,250	12,600	36,007	84,258	926,715	41,356	968,071
Datuk Wira Lim Kim Long	90,000	384,600	149,250	12,000	47,538	64,128	747,516	41,356	788,872
Non-Executive Directors									
Tan Sri Datuk Seri Panglima Sulong	135,000	-	-	16,800	-	-	151,800	-	151,800
Chung Kin Mun	135,000	-	-	19,200	-	-	154,200	-	154,200
Leong So Seh	90,000	-	-	12,600	-	-	102,600	-	102,600
Stephen Wan Yeng Leong^^	986	-	-	-	-	-	986	-	986

^^ Mr. Stephen Wan Yeng Leong was appointed as an Independent Non-Executive Director on 27 March 2023.

Senior Management Remuneration

The top five Senior Management's remuneration (excluding EDs) of the Group in alphabetical order in FY2023 are as follows:

- Alex Chan Choon Hoong
- Cheong Kee Yoong
- Tan Suet Guan
- Thevakumar Kaliaperumal
- Tiong Chuu Ling

The aggregate remuneration of top five Senior Management of the Group during FY2023 was RM3.5 million. The remuneration is computed on an aggregate basis, taking into account the relevant personnel's salary, allowances, bonus, inclusive of employer contributions to provident fund, benefits-in-kind and other emoluments.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

Audit Committee

As at 31 March 2023, 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 fellow 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, to be appointed as an AC member.

Further details of the AC's activities are set out in the AC Report on page 72 to page 75 of the AR 2023.

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 SAB 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 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 ("CSA") 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 ("SORMIC") on page 76 to page 79 of the AR 2023.

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

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 41st AGM dated 29 July 2022 was circulated at least more than twenty-eight (28) days prior to the AGM, which was held on 30 August 2022.

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. 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 Corporate Governance Overview Statement was approved by the Board of SAB on 6 July 2023.

AUDIT COMMITTEE REPORT

Audit Committee Report

The AC of SAB is pleased to present the AC Report for FY2023 in compliance with paragraph 15.15 of Bursa Securities MMLR.

The main 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 and 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

The AC comprises of three members, all of whom are Independent Non-Executive Directors. The Chairman of the AC is Mr. Chung Kin Mun, appointed by the Board as Senior Independent Non-Executive Director on 25 July 2013. Subsequently, he was appointed as the Chairman of the AC on 19 November 2013. The AC Chairman is also a fellow 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 MCCG.

As of 31 March 2023, the AC composition and the attendance record of its members of the five meetings held during FY2023 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

Meetings and Attendance

During the financial year, five AC meetings were held with full attendance recorded for all committee members, fulfilling the requisite quorum stipulated in the TOR of the AC. This also satisfied the minimum number of meetings stipulated in the AC TOR which requires the AC to meet at least five times in a financial year.

Invitations were extended to MD, ED, CFO, Deloitte PLT ("External Auditors") and the Internal Auditor by the AC for its meetings when necessary.

The AC Chairman submits a report on matters deliberated together with recommendations to the Board for deliberation and decision after each AC meeting. The minutes of each AC meeting are recorded by the Company Secretary and tabled for confirmation at the following meeting to subsequently presented to the Board for notation.

Activities During the Year

In line with the TOR of the AC, the following activities were carried out by the AC during FY2023 in discharging its functions and duties:

Financial Reporting

- Reviewed and deliberated the unaudited quarterly interim financial results including announcements to the Bursa Securities as well as annual financial statements, and recommended to the Board for approval, focusing particularly on:
  (a) Overall performance and prospects of the Group;
  (b) Changes and 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 with the accounting standards, regulatory and other legal requirements;
- Going concern assumption; and
- 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; and
  - ❖ Assessment of the impacts of the Covid-19 crisis on the areas of focus and audit approach.
- Reviewed and deliberated on the proposed audit fees, and recommended to the Board for approval
- Reviewed the External Auditors Audit Plan which detailed the following:
  - ❖ Engagement of statutory audit;
  - ❖ Audit approach;
  - ❖ Independence of the audit firm;
  - ❖ Risk assessment and areas of audit focus;
  - ❖ Auditing timeline; and
  - ❖ Latest development in laws and regulations as well as Bursa Securities MMLR.

Internal Audit

- Reviewed and recommended the internal audit reports and the work performed by the Internal Auditor including audit findings, proposed action plans and status updates of its recommendations to the Board for approval. During the financial year under review, three internal audit reports were presented by the Internal Auditor, namely:
  - ❖ Oleochemical Manufacturing: Review on Fixed Assets
  - ❖ Milling & Cultivation: Fixed Assets and Sales Management
  - ❖ Oleochemical Manufacturing: Procurement and Treasury
- Reviewed and recommended the proposed appointment of PwC RAS as the Outsourced Internal Auditor for FY2023 to the Board for approval. The proposed scope of review for FY2023 were as follows:
  - ❖ Cycle 1 – Milling & Cultivation: Fixed Assets and Sales Management
  - ❖ Cycle 2 – Oleochemical Manufacturing: Procurement and Treasury

Risk Management and Internal Control Systems

- Reviewed and recommended the AC Report and SORMIC to the Board for approval for inclusion in the Annual Report.
- Received presentation by Tricor Axcelasia Sdn. Bhd. on the Corruption Risk Assessment Report pertaining to risk rating summary and risks control score of SAB Group.

Related Party Transaction ("RPT") and 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 on an arm's length basis on normal commercial terms which were not detrimental to the interests of the Company, and in compliance with the Bursa Securities MMLR and other relevant rules and regulations; and
  - ❖ Internal control procedures were adequately in place for 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 RPTs of a Revenue or Trading Nature in respect of the proposed shareholders' mandate for RRPTs for Board's approval.

Internal Audit Function

The Group outsourced its internal audit function to an independent professional firm, namely PwC RAS. The Internal Auditor assists the AC in discharging its 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.

To ensure its independence, the Internal Auditor reports directly to the AC on a functional basis and to the MD administratively. The internal audit plan is formulated based on a risk-based approach and 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. Feedback from the MD and ED were also sought by the AC on the appropriateness and relevance of the suggested audit areas which reflects the changing risk landscape for consideration prior to the AC's approval of the Audit Plan for the Internal Auditor to commence audit work.

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

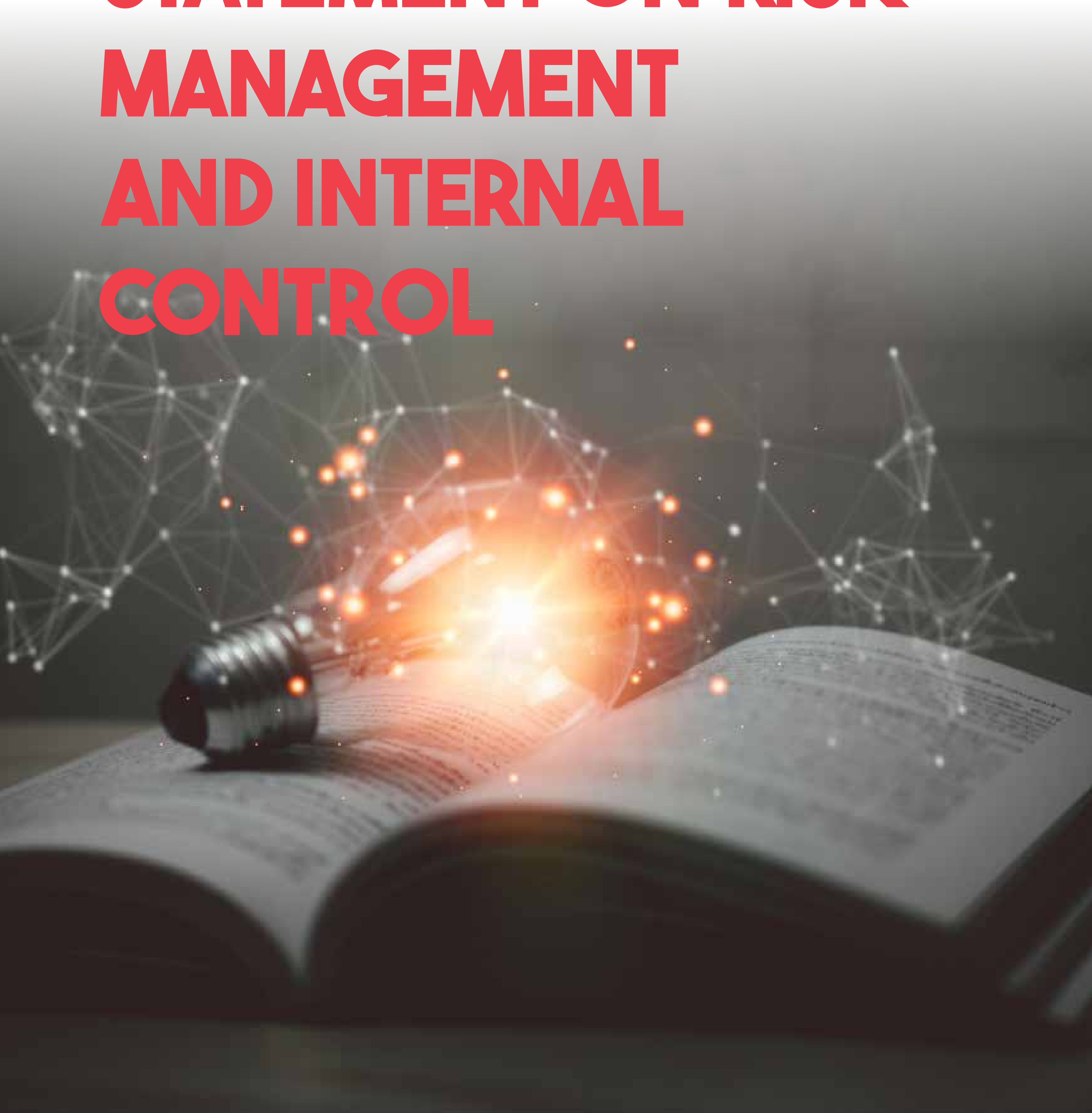
The approach undertaken in carrying out the engagement were as follows:

- ❖ 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 were noted;
- ❖ Provide recommendations to address the gaps identified; and
- ❖ Present audit observations to the AC.

The total costs incurred by the Internal Auditor in discharging its function and responsibilities amounted to RM92,277 for FY2023.

The AC Report was approved by the Board on 6 July 2023.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL



Statement On Risk Management And Internal Control

The Board is pleased to present its SORMIC for FY2023 which outlines the nature and key features of risk management and internal control of SAB Group. This statement is prepared pursuant to Paragraph 15.26 (b) of the Bursa Securities MMLR, guided by the MCCG and the Statement on Risk Management and Internal Control - Guidelines for Directors of Listed Issuers.

Board Responsibility

The Board is dedicated in upholding its overall commitment and responsibility in establishing a sound and effective risk management and internal control systems covering not only financial controls but also controls in assets management, strategic, organisational, operational, regulatory and compliance, and for reviewing its adequacy, effectiveness and integrity of these systems.

The risk management and internal control systems are essential to sound corporate governance in safeguarding shareholders' interest and the groups' assets and as such its adequacy and effectiveness should continuously be evaluated. The AC assists the Board in its oversight responsibilities of risk management and internal control systems. The AC periodically assessed the viability and robustness of the internal control systems in relation to the internal audits performed by Internal Auditor. At the AC meetings, the Internal Auditor's findings and management's responses to address any issues identified were discussed and deliberated, of which are recorded and presented to the Board.

Notwithstanding the above, the Board acknowledges these systems are designed to manage and mitigate 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.

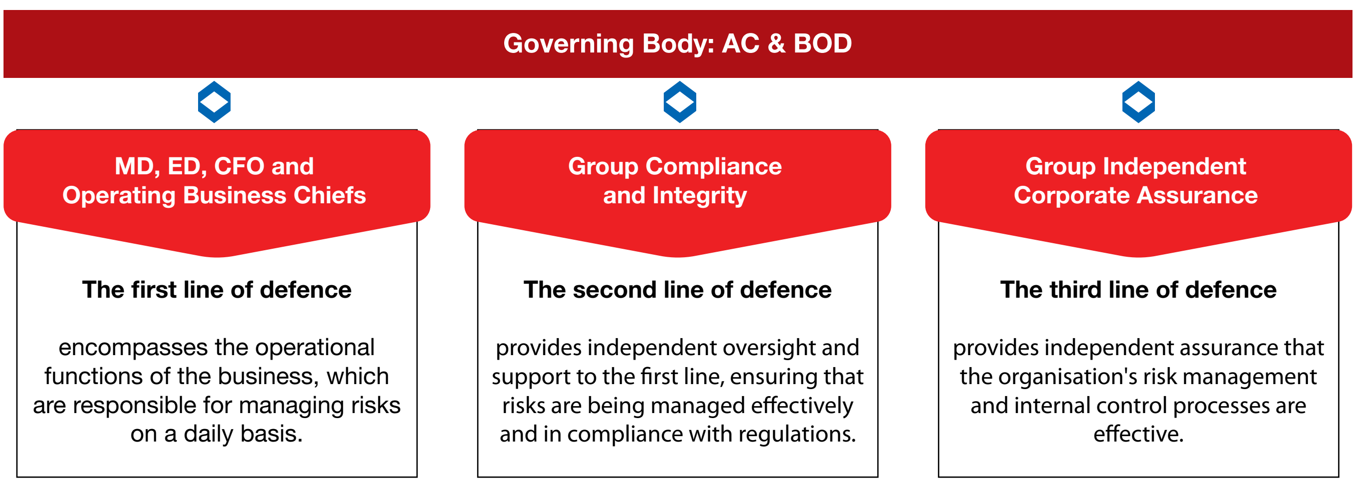
Risk Management and Risk Governance Structure

The Group has put in place an ERM framework for enhancing its risk management capabilities to meet the needs of its current business environment. SAB Group uses the CSA technique to define risk management and risk governance responsibilities in the ERM Framework. In CSA, the control assessments are directly carried out by departments and functional teams who are involved in their respective divisions, functions or processes. This approach empowers the employees to assess and identify risks at the operational level within their respective areas of responsibility, which can lead to improved internal controls, risk management, and overall organisational performance.

The Group applies the "Three Lines of Defence" model for managing of its risk management activities where there is defined functional responsibilities and accountabilities of risk ownership. The model promotes accountability and transparency, while reducing the likelihood of errors, fraud, and non-compliance. Each line of defence is supported by risk governance guidance to facilitate the ERM framework. The MD, ED, and Senior Management are the primary risk owners responsible for overseeing the ERM activities of SAB Group. They demonstrate their strong dedication and commitment towards an ERM through the Annual Statement on Continuous Commitment annually, which 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 Group level.

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



Key Features of Internal Control System

Internal control system, a key feature 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**
  As part of the Group's initiatives to promote greater efficiency, effective cost management and higher degree of responsiveness to the business environment, certain key functions such as finance, investment, treasury, corporate affairs, compliances, tender committee, purchasing committee and human resources have been centralised.

- **Operational Controls**
  The Group has the following operational controls 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 operate 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 findings and corrective measures regularly reported 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.

Key Features of Internal Control System (cont'd)

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

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 2023.

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 2023.

Please refer to the AC Report on page 72 to page 75 of the AR 2023 on the risk management and internal control activities undertaken during FY2023.

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 SORMIC included in the annual report issued by the Malaysian Institute of Accountants for inclusion in the annual report of the Company for the FY2023. 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 annual report of the Company, in all material respects:

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

AAPG 3 does not require Deloitte PLT to consider whether the SORMIC covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control systems, 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

For the financial year under review, and up to the date of approval of this Statement for inclusion into the annual report, the Board is of the view that the Group's overall risk management and internal control systems are sound and adequate to safeguard shareholders' interest and the groups' assets in all material aspects. The Board has received the same assurance from both the MD and CFO of the Group. The Board together with the Management will continuously assess the adequacy and effectiveness of the Group's system of risk management and internal control and will take corrective measures to enhance the system, as and when required. There is no potential, present failure or weakness have arisen from any inadequacy or failure of the Group's systems 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 was approved by the Board on 6 July 2023.

Additional Compliance Information Disclosures

The information set out below is disclosed in compliance with the 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 FY2023 are as follows:

	Company (RM'000)	Group (RM)
Audit Fees	110	496
Non-audit Fees	10	10
Total	120	506

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 FY2023 or entered into since the previous financial year.

Recurrent Related Party Transactions

At the 41st AGM of the Company held on 30 August 2022, the Company obtained shareholders' mandate for the Group to enter into RRPTs of revenue or trading nature ("Shareholders' Mandate") which is necessary for its day-to-day operations. The Shareholders' Mandate shall expire at the conclusion of the forthcoming AGM and is subject to renewal by the shareholders at the said AGM.

The aggregate value of transactions conducted pursuant to the Shareholders' Mandate during the FY2023 is disclosed in Note 26 of the financial statements.

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 2023, and of the results and cash flows of the Group and of the Company for the financial year.

In preparing the financial statements, the Directors have:

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

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

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

FINANCIAL STATEMENTS

Financial **Statements**

OUR FINANCIAL PERFORMANCE

Directors' Report

The Directors of **SOUTHERN ACIDS (M) BERHAD** have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 March 2023.

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	74,909	13,771
Income tax expense	(20,935)	-
Profit for the financial year	53,974	13,771
Attributable to:		
Equity holders of the Company	33,292	13,771
Non-controlling interests	20,682	-
	53,974	13,771

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 28 November 2022.

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 2024.

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 the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

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

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

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

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

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

DIRECTORS

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

Tan Sri Datuk Seri Panglima Sulong Matjeraie
Dr. Low Kok Thye
Datuk Wira Lim Kim Long
Chung Kin Mun
Stephen Wan Yeng Leong (Appointed on 27 March 2023)
Leong So Seh (Stepped down on 1 June 2023)

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
Datuk Wira Lim Kim Long
Chan Choon Hoong
Cheong Kee Yoong
Dr. Sadasivam A/L Kandiah
Lou Ai Choo
Tiong Chuu Ling
Herry Mukiat (Appointed on 14 September 2022)
Low Swee Yim (Appointed on 14 September 2022)
Herry Amin (Resigned on 14 September 2022)
Low Wei Hao (Resigned on 16 June 2023)

DIRECTORS' INTERESTS

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

		Number of ordinary shares		
	As at 1.4.2022	**Acquired**	**Disposed**	**As at 31.3.2023**
Shares in the Company				
Registered in name of the Directors				
Direct interest				
Dr. Low Kok Thye	30,416	-	-	30,416
Datuk Wira Lim Kim Long	49,276	-	-	49,276
Indirect interest				
Dr. Low Kok Thye*	65,692,824	-	-	65,692,824
Datuk Wira Lim Kim Long**	69,032,267	-	(277,971)	68,754,296

Notes:

* By virtue of his interest in Dataran Dagang Asia Sdn. Bhd., 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., 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 or at the beginning and end of the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors of the Company has received or become entitled to receive a benefit (other than the benefits included in the aggregate of remuneration received or due and receivable by the Directors as shown below) 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.

Details of the Directors' remuneration are as follows:

	The Group RM'000	**The Company RM'000**
Salaries and other emoluments	3,806	1,852
Contribution to EPF	303	148
	4,109	2,000

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.

SUBSEQUENT EVENT

Significant event subsequent to the end of the financial year is disclosed in Note 45 to the financial statements.

AUDITORS

The auditors, Deloitte PLT, have indicated their willingness to continue in office.

AUDITORS' REMUNERATION

The amount paid/payable as remuneration of the auditors for the financial year ended 31 March 2023 are as follows:

	The Group RM'000	The Company RM'000
Statutory audit fee	496	110
Non-statutory audit fee	100	10
	596	120

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

DR. LOW KOK THYE

DATUK WIRA LIM KIM LONG

Klang
6 July 2023

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 2023, 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 92 to 179.

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 2023, 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**
<u>Impairment Assessment of Property, Plant and Equipment</u>	
At 31 March 2023, included in property, plant and equipment are factory building and oleochemical plant ("assets") of a subsidiary with carrying value of RM31,326,915. These assets are located on land owned by a major shareholder of the Company, Southern Realty (Malaya) Sdn. Bhd. ("SRM").	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.
SRM has agreed to extend the lease agreement to 31 March 2026 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 2026.	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.
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.	We evaluated management's assessment of the renewal which includes the historical trend of the lease agreement being renewed.
The accounting policy for impairment of property, plant and equipment and the critical judgements involved in assessing the likelihood of renewal of the lease agreement which may have an impact on the carrying value of the property, plant and equipment are set out in Note 3 and Note 4(i)(a) to the financial statements respectively. The details of the property, plant and equipment have been disclosed in Note 13 to the financial statements.	We 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.

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.

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 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.

- 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 2023

Statements Of Profit Or Loss
And Other Comprehensive Income
For The Financial Year Ended 31 March 2023

		The Group		The Company	
	Note	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Revenue	5	**1,099,875**	1,176,249	**23,096**	17,817
Interest income	6	**6,864**	4,633	**320**	218
Other operating income		**24,172**	24,871	**141**	69
Changes in inventories of finished goods and work-in-progress		**(18,707)**	20,074	**-**	-
Raw materials and consumables used		**(843,090)**	(903,483)	**-**	-
Depreciation of property, plant and equipment	13	**(22,868)**	(22,090)	**(441)**	(450)
Depreciation of right-of-use assets	14	**(1,460)**	(1,475)	**(35)**	-
Directors' remuneration	7	**(4,109)**	(4,919)	**(2,000)**	(1,884)
Employee benefits expenses	8	**(77,152)**	(71,822)	**(4,885)**	(4,930)
Other operating expenses		**(87,822)**	(71,424)	**(2,424)**	(1,396)
Finance costs	9	**(929)**	(802)	**(1)**	-
Share of results of an associate company	17	**135**	43	**-**	-
Profit before tax	8	**74,909**	149,855	**13,771**	9,444
Income tax expense	10	**(20,935)**	(31,735)	**-**	-
Profit for the financial year		**53,974**	118,120	**13,771**	9,444
Profit for the financial year attributable to:					
Equity holders of the Company		**33,292**	94,420	**13,771**	9,444
Non-controlling interests	16	**20,682**	23,700	**-**	-
		53,974	118,120	**13,771**	9,444
Earnings per share (sen) attributable to equity holders of the Company					
Basic and diluted	11	**24.31**	68.95		

	Note	The Group 2023 RM'000	The Group 2022 RM'000	The Company 2023 RM'000	The Company 2022 RM'000
Profit for the financial year		**53,974**	118,120	**13,771**	9,444
Other comprehensive income/(loss):					
Items that may be reclassified subsequently to profit or loss:					
Foreign currency translation differences on foreign operation		**1,639**	5,592	**-**	-
Item that will not be reclassified subsequently to profit or loss:					
Share of other comprehensive loss of an associate company		**-**	*	**-**	-
Loss arising from fair value changes in other investments		**(500)**	(1,855)	**(500)**	(1,855)
Remeasurement of defined benefit obligations, net of tax		**765**	738	**-**	72
		1,904	4,475	**(500)**	(1,783)
Total comprehensive income for the financial year, net of tax		**55,878**	122,595	**13,271**	7,661
Total comprehensive income attributable to:					
Equity holders of the Company		**34,304**	96,655	**13,271**	7,661
Non-controlling interests	16	**21,574**	25,940	**-**	-
		55,878	122,595	**13,271**	7,661

* Amount less than RM1,000

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

Statements Of **Financial Position**

As At 31 March 2023

	Note	The Group 2023 RM'000	The Group 2022 RM'000	The Company 2023 RM'000	The Company 2022 RM'000
ASSETS					
Non-Current Assets					
Land held for property development	12	**139,868**	139,868	**-**	-
Property, plant and equipment	13	**199,267**	195,132	**4,334**	4,310
Right-of-use assets	14	**3,843**	2,768	**35**	-
Investment properties	15	**5,017**	3,318	**-**	-
Investments in subsidiary companies	16	**-**	-	**245,599**	245,599
Investment in an associate company	17	**2,437**	2,302	**917**	917
Other investments	18	**29,487**	29,380	**29,487**	29,380
Deferred tax assets	20	**2,743**	2,600	**-**	-
Total Non-Current Assets		**382,662**	375,368	**280,372**	280,206
Current Assets					
Biological assets	21	**1,953**	3,655	**-**	-
Inventories	22	**89,258**	112,397	**-**	-
Derivative financial assets	23	**195**	9,679	**-**	-
Trade receivables	24 & 26	**56,407**	73,281	**-**	-
Other receivables, deposits and prepaid expenses	25 & 26	**48,899**	65,917	**437**	227
Amount owing by subsidiary companies	26	**-**	-	**1,464**	13,399
Amount owing by an associate company	27	**924**	715	**81**	61
Tax recoverable		**6,860**	5,184	**-**	-
Cash and cash equivalents	28	**385,581**	322,288	**20,959**	2,668
Total Current Assets		**590,077**	593,116	**22,941**	16,355
TOTAL ASSETS		**972,739**	968,484	**303,313**	296,561

	Note	The Group 2023 RM'000	The Group 2022 RM'000	The Company 2023 RM'000	The Company 2022 RM'000
EQUITY AND LIABILITIES					
Capital and Reserves					
Share capital	29	**171,255**	171,255	**171,255**	171,255
Reserves	30	**583,672**	556,215	**128,601**	122,177
Equity attributable to equity holders of the Company		**754,927**	727,470	**299,856**	293,432
Non-controlling interests	16	**115,682**	95,880	**-**	-
Total Equity		**870,609**	823,350	**299,856**	293,432
Non-Current and Deferred Liabilities					
Loans and borrowings	31	**900**	2,100	**-**	-
Hire purchase payables	32	**436**	175	**-**	-
Lease liabilities	33	**2,807**	1,577	**-**	-
Provision for retirement benefits	34	**15,880**	16,416	**1,340**	1,203
Payables for KKPA Program	19	**218**	1,411	**-**	-
Deferred tax liabilities	20	**5,957**	8,056	**-**	-
Total Non-Current and Deferred Liabilities		**26,198**	29,735	**1,340**	1,203
Current Liabilities					
Trade payables	26 & 35	**23,581**	32,832	**-**	-
Other payables and accrued expenses	35	**37,106**	39,406	**1,997**	1,844
Amount owing to subsidiary companies	26	**-**	-	**85**	82
Contract liabilities	36	**7,451**	4,138	**-**	-
Derivative financial liabilities	23	**423**	3,730	**-**	-
Loans and borrowings	31	**1,200**	19,700	**-**	-
Hire purchase payables	32	**400**	258	**-**	-
Lease liabilities	33	**1,297**	1,544	**35**	-
Tax liabilities		**4,474**	13,791	**-**	-
Total Current Liabilities		**75,932**	115,399	**2,117**	1,926
Total Liabilities		**102,130**	145,134	**3,457**	3,129
TOTAL EQUITY AND LIABILITIES		**972,739**	968,484	**303,313**	296,561

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

Statements Of **Changes In Equity**
For The Financial Year Ended 31 March 2023

The Group	Note	Share capital RM'000	Foreign exchange reserve RM'000	Other reserve RM'000	Fair value reserve RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
		Attributable to equity holders of Company							
			Non-distributable			Distributable			
As at 1 April 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	38	-	-	-	-	(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
As at 1 April 2022		171,255	(11,483)	(322)	3,613	564,407	727,470	95,880	823,350
Profit for the financial year		-	-	-	-	33,292	33,292	20,682	53,974
Other comprehensive income/(loss)		-	1,031	-	(500)	481	1,012	892	1,904
Total comprehensive income/(loss) for the financial year		-	1,031	-	(500)	33,773	34,304	21,574	55,878
Dividends paid	38	-	-	-	-	(6,847)	(6,847)	-	(6,847)
Dividends paid to non-controlling interests		-	-	-	-	-	-	(1,772)	(1,772)
As at 31 March 2023		**171,255**	**(10,452)**	**(322)**	**3,113**	**591,333**	**754,927**	**115,682**	**870,609**

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 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
As at 1 April 2022		171,255	3,613	118,564	293,432
Profit for the financial year		-	-	13,771	13,771
Other comprehensive loss		-	(500)	-	(500)
Total comprehensive (loss)/income for the financial year		-	(500)	13,771	13,271
Dividends paid	38	-	-	(6,847)	(6,847)
As at 31 March 2023		**171,255**	**3,113**	**125,488**	**299,856**

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

Statements Of **Cash Flows**
For The Financial Year Ended 31 March 2023

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES				
Profit before tax	**74,909**	149,855	**13,771**	9,444
Adjustments for:				
Depreciation of property, plant and equipment	**22,868**	22,090	**441**	450
Depreciation of right-of-use assets	**1,460**	1,475	**35**	-
Unrealised gain on foreign exchange	**(136)**	(44)	**-**	-
Provision for retirement benefits	**1,751**	2,310	**137**	130
Net fair value change in biological assets	**1,728**	(1,622)	**-**	-
Gain on disposal of property, plant and equipment	**(56)**	(14)	**(78)**	-
Impairment losses on trade receivables	**432**	354	**-**	-
Reversal of impairment losses on trade receivables no longer required	**(13)**	-	**-**	-
Inventories written off	**15**	23	**-**	-
Inventories written down	**5,017**	-	**-**	-
Finance costs	**929**	802	**1**	-
Property, plant and equipment written off	**13**	108	**7**	-
Share of results of an associate company	**(135)**	(43)	**-**	-
Waiver of specialist fee	**(23)**	(6)	**-**	-
Changes in fair value of derivatives	**6,177**	(6,095)	**-**	-
Dividend income	**(5,140)**	(1,059)	**(17,152)**	(12,609)
Interest income	**(6,864)**	(4,633)	**(320)**	(218)
Operating Profit/(Loss) Before Working Capital Changes	**102,932**	163,501	**(3,158)**	(2,803)
(Increase)/Decrease in:				
Inventories	**18,194**	(29,629)	**-**	-
Trade receivables	**16,588**	(22,528)	**-**	-
Other receivables, deposits and prepaid expenses	**20,667**	(19,788)	**(210)**	(91)
Amount owing by subsidiary companies	-	-	**11,935**	(4,886)
Amount owing by an associate company	**(209)**	104	**(20)**	(61)
Increase/(Decrease) in:				
Trade payables	**(9,368)**	(585)	**-**	-
Other payables and accrued expenses	**(2,376)**	8,284	**153**	202
Amount owing to subsidiary companies	**-**	-	**3**	(20)
Amount owing to an associate company	**-**	(361)	**-**	(70)
Contract liabilities	**3,297**	1,977	**-**	-
Cash Generated From/(Used In) Operations	**149,725**	100,975	**8,703**	(7,729)
Retirement benefits paid	**(1,348)**	(748)	**-**	(200)
Income tax refunded	**767**	774	**-**	-
Income tax paid	**(38,544)**	(15,832)	**-**	-
Net Cash From/(Used In) Operating Activities	**110,600**	85,169	**8,703**	(7,929)

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
CASH FLOWS (USED IN)/FROM INVESTING ACTIVITIES				
Interest income received	**6,864**	4,633	**320**	218
Dividends received	**4,963**	981	**16,975**	12,531
Proceeds from disposal of property, plant and equipment	**93**	49	**80**	-
Additions to investment properties	**(1,699)**	-	**-**	-
Additions to other investments	**(430)**	(400)	**(430)**	(400)
Additions to property, plant and equipment [Note (i)]	**(25,795)**	(20,421)	**(474)**	(680)
(Additions to)/Amount recovered for KKPA program	**(1,205)**	600	**-**	-
Net Cash (Used In)/From Investing Activities	**(17,209)**	(14,558)	**16,471**	11,669
CASH FLOWS (USED IN)/FROM FINANCING ACTIVITIES				
(Repayment)/Drawdown of loans and borrowings - net	**(19,700)**	17,300	**-**	-
Repayment of hire purchase payables	**(324)**	(264)	**-**	-
Repayment of lease liabilities	**(1,552)**	(1,473)	**(35)**	-
Dividend paid by:				
- Subsidiary companies to non-controlling interests	**(1,772)**	(1,747)	**-**	-
- The Company	**(6,847)**	(6,847)	**(6,847)**	(6,847)
Finance costs paid	**(929)**	(802)	**(1)**	-
Net Cash (Used In)/From Financing Activities	**(31,124)**	6,167	**(6,883)**	(6,847)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**62,267**	76,778	**18,291**	(3,107)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	**322,288**	242,163	**2,668**	5,775
EFFECT OF TRANSLATION DIFFERENCES	**1,026**	3,347	**-**	-
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR (NOTE 28)	**385,581**	322,288	**20,959**	2,668

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

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

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Hire purchase	**724**	88	**-**	-
Cash payments	**25,795**	20,421	**474**	680
	26,519	20,509	**474**	680

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

1. GENERAL INFORMATION

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

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

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 2023.

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 relevant to its operations and effective for annual periods beginning on or after 1 April 2022 as follows:

Amendments to MFRS 3	Reference to the Conceptual Framework
Amendments to MFRS 116	Property, Plant and Equipment - Proceeds before Intended Use
Amendments to MFRS 137	Onerous Contracts - Cost of Fulfilling a Contract
Amendments to MFRSs	Annual Improvements to MFRS Standards 2018 - 2020

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.

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

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[1]
Amendments to MFRS 4	Extension of the Temporary Exemption from Applying MFRS 9[1]
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 16	Lease Liability in a Sale and Leaseback[2]
Amendments to MFRS 17	Insurance Contracts[1]
Amendments to MFRS 17	Initial Application of MFRS 17 and MFRS 9 – Comparative Information[1]
Amendments to MFRS 101	Disclosure of Accounting Policies[1]
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current[2]
Amendments to MFRS 101	Non-current Liabilities with Covenants[2]
Amendments to MFRS 107 and MFRS 7	Supplier Finance Arrangements[2]
Amendments to MFRS 108	Definition of Accounting Estimates[1]
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[1]
Amendments to MFRS 112	International Tax Reform - Pillar Two Model Rules[1]

[1] Effective for annual periods beginning on or after 1 January 2023, with earlier application permitted.
[2] Effective for annual periods beginning on or after 1 January 2024, with earlier application permitted.
[3] Effective date deferred to a date to be determined and announced, with earlier application permitted.

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Subsidiaries and Basis of Consolidation (cont'd)

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.

Investments in Subsidiary Companies

Investments 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Business Combinations (cont'd)

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

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 of goods, 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, rental income and interest 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Revenue (cont'd)

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:

Sales of goods - upon delivery of products and customer acceptance and when the control over the goods have passed to the buyer at gross invoiced value of sales less returns and discounts.

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.

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.

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

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.

(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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Employee Benefits (cont'd)

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

(b) Defined benefit plans (cont'd)

(ii) Indonesia

The Group's subsidiary companies in Indonesia provide for employee benefit liabilities in accordance with the labour law requirements in that country where the amount of benefits that employees have earned in return for their services in the current and prior years is estimated. 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 2023.

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.

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.

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.

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 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 Group and the Company remeasure the lease liability and make a corresponding adjustment to the related right-of-use asset whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of modification.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Leases (cont'd)

The Group as lessee (cont'd)

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.

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 and housing accommodations under construction, is stated at cost less impairment losses, if any.

Depreciation of housing accommodations under construction commences when they are ready for their intended use.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Investment in an Associate

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

The results and assets and liabilities of an associate are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with MFRS 5 *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.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate, or when the investment is classified as held for sale. When the Group retains an interest in the former associate and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with MFRS 136.

The difference between the carrying amount of the associate at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Impairment of Non-Financial Assets

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

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

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

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

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

Inventories

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Provisions

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

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

Financial Instruments

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

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

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

Financial Assets

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

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

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

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

(i) Financial assets at amortised cost

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial Assets (cont'd)

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

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

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

(ii) Financial assets at FVTPL

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

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

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. 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Impairment of financial assets (cont'd)

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'.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial Liabilities and Equity Instruments (cont'd)

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 2026, 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 2026 and accordingly, no impairment loss needs to be considered for the factory building and plant, machinery and equipment of the oleochemical plant with carrying amount of RM31,326,915 (2022: RM31,369,301).

(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 since 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 RM16,785,546 (2022: RM17,372,932), which is constructed on the said land.

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

(ii) Key sources of estimation uncertainty

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

(a) 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	
	2023 RM'000	**2022 RM'000**
Trade receivables	**1,287**	945

(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	
	2023 RM'000	**2022 RM'000**
Deferred tax assets	**2,743**	2,600

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

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

(c) Impairment loss on investments in subsidiary companies

Determining whether the investments 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 investments. As at 31 March 2023, the Company has recognised impairment losses as follows:

	The Company	
	2023	**2022**
	RM'000	**RM'000**
Impairment losses on investments 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.

5. REVENUE

	The Group		The Company	
	2023	**2022**	**2023**	**2022**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Revenue from contracts with customers:				
Sale of plantation products and produces	**963,792**	1,062,818	**-**	-
Healthcare services	**112,727**	95,998	**-**	-
Warehousing and bulk conveyor operations	**8,320**	7,887	**-**	-
Administrative services fees	**9,628**	8,238	**-**	-
Management fees	**268**	249	**5,944**	5,208
	1,094,735	1,175,190	**5,944**	5,208
Revenue from other sources:				
Dividend income	**5,140**	1,059	**17,152**	12,609
	1,099,875	1,176,249	**23,096**	17,817

5. REVENUE (CONT'D)

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Timing of revenue recognition for revenue from contract with customers:				
Point in time	**1,084,839**	1,166,703	**-**	-
Over time	**9,896**	8,487	**5,944**	5,208
	1,094,735	1,175,190	**5,944**	5,208

6. INTEREST INCOME

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Interest income on fixed deposits and short-term placements	**6,864**	4,633	**289**	115
Interest income on advances to a subsidiary	**-**	-	**31**	103
	6,864	4,633	**320**	218

7. DIRECTORS' REMUNERATION

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Directors of the Company				
Executive Directors:				
Fees	**180**	180	**180**	180
Other emoluments	**1,262**	1,156	**1,262**	1,156
Contributions to EPF	**148**	136	**148**	136
	1,590	1,472	**1,590**	1,472
Non-executive Directors:				
Fees	**361**	360	**361**	360
Other emoluments	**49**	52	**49**	52
	410	412	**410**	412
	2,000	1,884	**2,000**	1,884
Directors of the subsidiary companies				
Fees	**124**	286	**-**	-
Other emoluments	**1,830**	2,599	**-**	-
Contributions to EPF	**155**	150	**-**	-
	2,109	3,035	**-**	-
Total	**4,109**	4,919	**2,000**	1,884

The estimated monetary value of benefits-in-kind received by the Directors otherwise than in cash from the Group and the Company amounted to RM113,041 and RM83,545 (2022: RM96,453 and RM67,801) respectively.

8. PROFIT BEFORE TAX

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

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Changes in fair value of derivatives	**(6,177)**	6,095	**-**	-
Rental income	**1,084**	1,081	**69**	69
Gain/(Loss) on foreign exchange (net):				
Unrealised	**136**	44	**-**	-
Realised	**5,013**	2,931	**-**	(6)
Fees paid/payable to external auditors:				
Statutory audit:				
Auditors of the Company	**(380)**	(313)	**(110)**	(91)
Other auditors	**(116)**	(109)	**-**	-
Non-audit services:				
Auditors of the Company	**(10)**	(22)	**(10)**	(7)
Other auditors	**(90)**	(128)	**-**	(43)
Gain on disposal of property, plant and equipment	**56**	14	**78**	-
Employee benefits expenses	**(77,152)**	(71,822)	**(4,885)**	(4,930)
Impairment losses on trade receivables (Note 24)	**(432)**	(354)	**-**	-
Reversal of impairment losses on trade receivables no longer required (Note 24)	**13**	-	**-**	-
Net fair value change in biological assets (Note 21)	**(1,728)**	1,622	**-**	-
Inventories written off (Note 22)	**(15)**	(23)	**-**	-
Inventories written down (Note 22)	**(5,017)**	-	**-**	-
Property, plant and equipment written off	**(13)**	(108)	**(7)**	-
Waiver of specialist fee	**23**	6	**-**	-

Included in the employee benefits expenses are as follows:

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Contributions to EPF	**5,700**	5,924	**449**	610
Provision for retirement benefits	**1,751**	2,310	**137**	130

9. FINANCE COSTS

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Interest expense on:				
Hire purchase payables	**57**	74	**-**	-
Lease liabilities	**115**	181	**1**	-
Loans and borrowings	**757**	547	**-**	-
	929	802	**1**	-

10. INCOME TAX EXPENSE

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Estimated tax payable:				
Current financial year	**23,921**	27,510	**-**	-
(Over)/Under provision in prior financial years	**(527)**	395	**-**	-
	23,394	27,905	**-**	-
Deferred tax (Note 20):				
Current financial year	**(4,178)**	3,672	**-**	-
Under provision in prior financial years	**1,719**	158	**-**	-
	(2,459)	3,830	**-**	-
	20,935	31,735	**-**	-

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2022: 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	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Profit before tax	**74,909**	149,855	**13,771**	9,444
Tax at the Malaysian statutory income tax rate of 24%	**17,978**	35,965	**3,305**	2,267
Different tax rates in other jurisdictions	**(1,437)**	(1,655)	**-**	-
Tax effects of:				
Non-deductible expenses	**2,325**	2,228	**374**	272
Non-taxable income	**(2,821)**	(2,718)	**(4,179)**	(3,078)
Realisation of deferred tax assets previously not recognised	**(6)**	(3,454)	**-**	-
Deferred tax assets not recognised	**3,704**	816	**500**	539
(Over)/Under provision in prior years:				
Current tax	**(527)**	395	**-**	-
Deferred tax	**1,719**	158	**-**	-
Income tax expense	**20,935**	31,735	**-**	-

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 RM7,661,090 (2022: RM7,650,530) 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 RM177,930,000 (2022: 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.

10. INCOME TAX EXPENSE (CONT'D)

A subsidiary company has tax-exempt income under the Income Tax (Amendment) Act, 1999 amounting to approximately RM715,000 (2022: 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.

A subsidiary company has tax-exempt account amounting to RM48,219,150 (2022: 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 2023, the estimated amount of deducible 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	
	2023 RM'000	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
Deductible temporary differences arising from:				
Inventories	**5,017**	-	**-**	-
Financial derivatives	**229**	-	**-**	-
Provision for retirement benefits	**7,599**	2,711	**1,339**	1,203
Trade receivables	**167**	167	**-**	-
Other receivables	**142**	142	**-**	-
Other payables and accrued expenses	**4,981**	1,304	**1,135**	1,294
Lease liabilities	**-**	2	**-**	-
Unabsorbed capital allowances	**(13,310)**	3,268	**2,390**	2,110
Unused tax losses	**37,538**	19,359	**19,259**	17,433
	42,363	26,953	**24,123**	22,040

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	
	2023 RM'000	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
Year of assessment 2028	**13,951**	13,951	**12,024**	12,024
Year of assessment 2029	**1,260**	1,260	**1,260**	1,260
Year of assessment 2030	**1,057**	1,057	**1,057**	1,057
Year of assessment 2031	**1,293**	1,293	**1,293**	1,293
Year of assessment 2032	**1,798**	1,798	**1,799**	1,799
Year of assessment 2033	**18,179**	-	**1,826**	-
	37,538	19,359	**19,259**	17,433

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

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	
	2023	**2022**
Profit for the financial year attributable to ordinary equity holders of the Company (RM'000)	**33,292**	94,420
Number of ordinary shares in issue ('000)	**136,934**	136,934
Basic earnings per share (sen)	**24.31**	68.95

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	
	2023 **RM'000**	**2022** **RM'000**
Freehold land at cost	**134,285**	134,285
Development costs	**5,583**	5,583
	139,868	139,868

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

13. PROPERTY, PLANT AND EQUIPMENT

The Group Cost	As at 1 April 2022 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 2023 RM'000
Leasehold land	3,251	-	-	-	-	22	**3,273**
Freehold land	4,950	-	-	-	-	-	**4,950**
Freehold office	8,544	-	-	-	-	-	**8,544**
Factory buildings	14,160	8	-	-	-	8	**14,176**
Palm oil mills	58,762	-	-	-	-	401	**59,163**
Hospital building	29,369	-	-	-	-	-	**29,369**
Medical equipment	51,939	4,942	(831)	(979)	-	-	**55,071**
Plant, machinery, equipment and electrical installation	191,037	5,478	(692)	-	-	180	**196,003**
Motor vehicles	11,085	1,560	(626)	-	-	29	**12,048**
Office equipment, furniture and fittings	36,068	3,141	(32)	(6)	-	8	**39,179**
Staff quarters cum office block	8,796	217	-	-	-	60	**9,073**
Land improvements	8,571	1,734	-	-	-	56	**10,361**
Construction in-progress:							
Plant and machinery	7	29	-	-	-	-	**36**
Palm oil mills	-	1,557	-	-	-	(2)	**1,555**
Renovation	4,410	900	-	(8)	-	-	**5,302**
Bearer plants	46,619	6,953	-	-	-	297	**53,869**
Total	477,568	26,519	(2,181)	(993)	-	1,059	**501,972**

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

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

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

The Group Accumulated Depreciation	As at 1 April 2022 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 2023 RM'000
Leasehold land	1,526	62	-	-	-	10	**1,598**
Freehold land	-	-	-	-	-	-	**-**
Freehold office	1,329	171	-	-	-	-	**1,500**
Factory buildings	5,351	351	-	-	-	-	**5,702**
Palm oil mills	31,572	2,728	-	-	-	212	**34,512**
Hospital building	11,996	587	-	-	-	-	**12,583**
Medical equipment	26,922	4,519	(828)	(974)	-	-	**29,639**
Plant, machinery, equipment and electrical installation	148,718	7,847	(662)	-	-	130	**156,033**
Motor vehicles	7,159	1,172	(624)	-	-	20	**7,727**
Office equipment, furniture and fittings	24,056	2,651	(30)	(5)	-	6	**26,678**
Staff quarters cum office block	6,231	397	-	-	-	42	**6,670**
Land improvements	5,323	449	-	-	-	36	**5,808**
Construction in-progress:							
Plant and machinery	-	-	-	-	-	-	**-**
Palm oil mills	-	-	-	-	-	-	**-**
Renovation	1,286	353	-	(1)	-	-	**1,638**
Bearer plants	10,967	1,581	-	-	-	69	**12,617**
Total	282,436	22,868	(2,144)	(980)	-	525	**302,705**

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

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

The Group	Carrying Amount 2023 RM'000	2022 RM'000
Leasehold land	**1,675**	1,725
Freehold land	**4,950**	4,950
Freehold office	**7,044**	7,215
Factory buildings	**8,474**	8,809
Palm oil mills	**24,651**	27,190
Hospital building	**16,786**	17,373
Medical equipment	**25,432**	25,017
Plant, machinery, equipment and electrical installation	**39,970**	42,319
Motor vehicles	**4,321**	3,926
Office equipment, furniture and fittings	**12,501**	12,012
Staff quarters cum office block	**2,403**	2,565
Land improvements	**4,553**	3,248
Construction in-progress:		
Plant and machinery	**36**	7
Palm oil mills	**1,555**	-
Renovation	**3,664**	3,124
Bearer plants	**41,252**	35,652
Total	**199,267**	195,132

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 2021	3,593	2,080	1,456	1,462	8,591
Additions	-	538	104	38	680
Disposals	-	-	(2)	-	(2)
As at 31 March 2022/1 April 2022	3,593	2,618	1,558	1,500	9,269
Additions	-	-	447	27	474
Disposals	-	(187)	(9)	-	(196)
Write offs	-	-	-	(8)	(8)
As at 31 March 2023	**3,593**	**2,431**	**1,996**	**1,519**	**9,539**
Accumulated Depreciation					
As at 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 2022/1 April 2022	850	1,638	1,379	1,092	4,959
Charge for the financial year	72	244	74	51	441
Disposals	-	(185)	(9)	-	(194)
Write offs	-	-	-	(1)	(1)
As at 31 March 2023	**922**	**1,697**	**1,444**	**1,142**	**5,205**

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

The Company	Freehold office RM'000	Motor vehicles RM'000	Office equipment, furniture and fittings RM'000	Renovation RM'000	Total RM'000
Carrying Amount					
As at 31 March 2023	**2,671**	**734**	**552**	**377**	**4,334**
As at 31 March 2022	2,743	980	179	408	4,310

(i) 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 2026, 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 2026 and accordingly, no impairment loss needs to be considered for the factory building and plant, machinery and equipment of the oleochemical plant with carrying amount of RM31,326,915 (2022: RM31,369,301).

(ii) 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 since 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 RM16,785,546 (2022: RM17,372,932), which is constructed on the said land.

(iii) Included in property, plant and equipment of the Group and of the Company are fully depreciated assets with cost amounting to RM172,635,936 (2022: RM160,317,102) and RM3,655,302 (2022: RM3,413,419) respectively, 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 RM1,065,347 (2022: RM694,105).

14. RIGHT-OF-USE ASSETS

The Group	Land RM'000	Building RM'000	Total RM'000
Cost			
As at 1 April 2021	6,020	682	6,702
Addition	-	202	202
Disposal[1]	-	(259)	(259)
As at 31 March 2022	6,020	625	6,645
Addition due to lease modification	2,465	-	2,465
Addition	-	70	70
As at 31 March 2023	**8,485**	**695**	**9,180**

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

The Group	Land RM'000	Building RM'000	Total RM'000
Accumulated Depreciation			
As at 1 April 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
Charge for the financial year	1,200	260	1,460
As at 31 March 2023	**4,793**	**544**	**5,337**
Carrying Amount			
As at 31 March 2023	**3,692**	**151**	**3,843**
As at 31 March 2022	2,427	341	2,768

[1] Relates 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 (2022: 2 to 10 years). The maturity analysis of lease liabilities is presented in Note 33.

The total cash outflow for leases amount to RM1,918,000 (2022: RM1,958,000).

The Company	Motor vehicle RM'000
Cost	
As at 1 April 2021/31 March 2022	-
Addition	70
As at 31 March 2023	**70**
Accumulated Depreciation	
As at 1 April 2021/31 March 2022	-
Charge for the financial year	35
As at 31 March 2023	**35**
Carrying Amount	
As at 31 March 2023	**35**
As at 31 March 2022	-

The lease of the Company has contractual term of 2 years (2022: Nil). The maturity analysis of lease liabilities is presented in Note 33.

The total cash outflow of the Company for leases amount to RM50,000 (2022: RM13,000).

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

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

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Depreciation expense on right-of-use assets	**1,460**	1,475	**35**	-
Finance costs on lease liabilities (Note 33)	**115**	181	**1**	-
Expense relating to short-term leases	**149**	212	**-**	-
Expense relating to leases of low-value assets	**102**	92	**14**	13

15. INVESTMENT PROPERTIES

	The Group	
	2023 RM'000	2022 RM'000
Cost		
At beginning of the financial year	**3,318**	3,318
Additions	**1,699**	-
At end of the financial year	**5,017**	3,318
Fair value	**14,200**	14,200

Investment properties consist of a piece of vacant freehold land in Klang and two parcels of housing accommodations under construction in Kuala Lumpur.

A valuation was carried out by an independent firm of professional valuers on the piece of vacant freehold land in Klang 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. The fair value of the housing accommodations under construction is not reliably determinable until the construction is complete.

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

Direct operating expenses arising from the investment properties during the financial year amounted to RM73,389 (2022: RM73,389).

Details of the Group's investment properties 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 2023	**-**	**-**	**14,200**	**14,200**
As at 31 March 2022	-	-	14,200	14,200

16. INVESTMENTS IN SUBSIDIARY COMPANIES

	The Company 2023 RM'000	The Company 2022 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 (2022: RM7,742,000) as at the end of the reporting period is deemed adequate in respect of investments in the subsidiary companies.

The details of subsidiary companies are as follows:

Direct subsidiary companies	Country of incorporation	Equity interest 2023	Equity interest 2022	Principal activities
Southern Acids Cronos Resource Sdn. Bhd.	Malaysia	**100%**	100%	Provision of administrative and accounting services
Southern Acids Industries Sdn. Bhd.	Malaysia	**100%**	100%	Manufacturing and marketing of oleochemical products for commercial use
PKE Transport (Malaysia) Sdn. 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

16. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

Indirect subsidiary companies	Country of incorporation	Equity interest 2023	Equity interest 2022	Principal activities
PT Mustika Agro Sari* (Held through Firstview Development Sdn. Bhd.)	Indonesia	**63%**	63%	Oil palm plantation operations and commercial milling
PT Wanasari Nusantara* (Held through 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.

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 2023	2022
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 2023	2022
Sale of oil palm fruit, crude palm oil and palm kernel	Indonesia	**2**	2
Others	Malaysia	**1**	1
		3	3

16. INVESTMENTS 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
2023					
Firstview Development. Sdn. Bhd	Malaysia	10.0%	**(116)**	**(116)**	**12,828**
PT Mustika Agro Sari (Held through Firstview Development Sdn. Bhd.)	Indonesia	37.0%	**10,325**	**10,902**	**67,049**
PT Wanasari Nusantara (Held through Firstview Development Sdn. Bhd. and PT Mustika Agro Sari)	Indonesia	37.0%	**10,473**	**10,788**	**35,805**
Total			**20,682**	**21,574**	**115,682**
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

16. INVESTMENTS 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	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Statement of financial position						
Current assets	**33,555**	30,541	**204,203**	190,018	**119,590**	99,846
Non-current assets	**17,940**	17,940	**53,886**	42,313	**75,938**	71,092
Current liabilities	**416**	354	**15,356**	22,735	**83,024**	87,471
Non-current liabilities	**-**	-	**4,507**	5,836	**4,427**	4,399
Equity attributable to equity holders of the Company	**38,251**	35,183	**171,177**	145,841	**72,272**	54,051
Non-controlling interests	**12,828**	12,944	**67,049**	57,919	**35,805**	25,017
Statement of profit or loss and other comprehensive income						
Revenue	**4,164**	4,066	**215,595**	247,839	**264,454**	315,373
Other expenses	**(725)**	(572)	**(180,296)**	(203,052)	**(227,846)**	(277,360)
Profit before tax	**3,439**	3,494	**35,299**	44,787	**36,608**	38,013
Income tax expense	**(487)**	(439)	**(7,391)**	(9,942)	**(8,300)**	(8,331)
Profit for the financial year	**2,952**	3,055	**27,908**	34,845	**28,308**	29,682
Profit attributable to equity holders of the Company	**3,068**	3,230	**17,583**	21,952	**17,835**	18,700
(Loss)/Profit attributable to non-controlling interests	**(116)**	(175)	**10,325**	12,893	**10,473**	10,982
Profit for the financial year	**2,952**	3,055	**27,908**	34,845	**28,308**	29,682
Other comprehensive income for the financial year	**-**	-	**1,561**	4,296	**850**	1,760
Total comprehensive income attributable to equity holders of the Company	**3,068**	3,230	**18,567**	24,658	**18,370**	19,810
Total comprehensive (loss)/income attributable to non-controlling interests	**(116)**	(175)	**10,902**	14,483	**10,788**	11,632
Total comprehensive income for the financial year	**2,952**	3,055	**29,469**	39,141	**29,158**	31,442

16. INVESTMENTS 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. (cont'd)

	Firstview Development Sdn. Bhd.		**PT Mustika Agro Sari**		**PT Wanasari Nusantara**	
	2023 RM'000	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
Statement of cash flows						
Net cash from/(used in) operating activities	**18,007**	(21,854)	**23,044**	39,630	**40,086**	38,591
Net cash from/(used in) investing activities	**5,011**	4,618	**1,446**	(1,532)	**(10,622)**	(5,933)
Net cash from/(used in) financing activities	**52**	(49)	**(6,234)**	(5,824)	**(1,872)**	(2,045)
Net cash inflow/(outflow)	**23,070**	(17,285)	**18,256**	32,274	**27,592**	30,613
Dividend paid to non-controlling interests	**-**	-	**(1,772)**	(1,747)	**-**	-

17. INVESTMENT IN AN ASSOCIATE COMPANY

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 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	**(675)**	(718)	**-**	-
Share of results of an associate company	**135**	43	**-**	-
	(540)	(675)	**-**	-
At end of the financial year	**2,437**	2,302	**917**	917

Associate company	Country of incorporation	Proportion of ownership interest 2023	Proportion of ownership interest 2022	Principal activities
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.

	2023 RM'000	2022 RM'000
PKE (Malaysia) Sdn. Berhad.		
<u>Statement of financial position</u>		
Current assets	**4,725**	4,010
Non-current assets	**9,775**	11,268
Current liabilities	**(3,583)**	(3,333)
Non-current liabilities	**(4,439)**	(5,819)
Net assets	**6,478**	6,126

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)

	2023 RM'000	2022 RM'000
PKE (Malaysia) Sdn. Berhad.		
Statement of profit or loss and other comprehensive income		
Revenue	**11,770**	11,137
Expenses	**(11,418)**	(11,025)
Profit for the financial year	**352**	112
Remeasurement of defined benefit obligations	**-**	(2)
Total comprehensive income for the financial year	**352**	110
Group's share of net assets	**2,493**	2,358
Group's share of results of an associate company	**135**	43
Group's share of other comprehensive income of an associate company	**-**	*

* Amount less than RM1,000

18. OTHER INVESTMENTS

	The Group and the Company 2023 RM'000	2022 RM'000
Shares in Malaysia:		
Quoted shares - at fair value	**29,487**	29,380

18. OTHER INVESTMENTS (CONT'D)

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

	The Group and the Company	
	2023	2022
	RM'000	RM'000
At beginning of the financial year	**29,380**	30,717
Additions during the financial year	**607**	518
Changes in fair value	**(500)**	(1,855)
At end of the financial year	**29,487**	29,380

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

	The Group	
	2023	2022
	RM'000	RM'000
At beginning of the financial year	**(1,411)**	(785)
Additions	**1,205**	2,033
Amount recovered during the financial year	**-**	(2,633)
Effects of foreign exchange translation	**(12)**	(26)
At end of the financial year	**(218)**	(1,411)

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.

Accumulated plasma plantation development costs are presented net of the proceeds received from plasma plantations investment credit and the FFB purchased from the plasma farmers as Advances or Payables for KKPA Program.

20. DEFERRED TAX ASSETS/(LIABILITIES)

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

	The Group		The Company	
	2023	**2022**	**2023**	**2022**
	RM'000	**RM'000**	**RM'000**	**RM'000**
At beginning of the financial year	**(5,456)**	(1,584)	**-**	-
Credited/(Charged) to profit or loss (Note 10):				
Property, plant and equipment	**4,368**	(6,572)	**-**	-
Right-of-use assets	**913**	(897)	**-**	-
Biological assets	**357**	(342)	**-**	-
Trade receivables	**85**	73	**-**	-
Other receivables	**(30)**	30	**-**	-
Other payables and accrued expenses	**(1,136)**	1,858	**-**	-
Lease liabilities	**(1,007)**	894	**-**	-
Provision for retirement benefits	**(899)**	1,350	**-**	-
Unabsorbed capital allowances	**(192)**	(224)	**-**	-
	2,459	(3,830)	**-**	-
Credited/(Charged) to other comprehensive income:				
Provision for retirement benefits	**(234)**	-	**-**	-
Translation of foreign operations	**17**	(42)	**-**	-
At end of the financial year	**(3,214)**	(5,456)	**-**	-

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	
	2023	**2022**	**2023**	**2022**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Deferred tax assets	**2,743**	2,600	**-**	-
Deferred tax liabilities	**(5,957)**	(8,056)	**-**	-
	(3,214)	(5,456)	**-**	-

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	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Deferred tax assets (before offsetting)				
Temporary differences arising from:				
Trade receivables	**242**	157	**-**	-
Other receivables	**-**	30	**-**	-
Other payables and accrued expenses	**2,144**	3,271	**-**	-
Provision for retirement benefits	**1,822**	2,943	**-**	-
Lease liabilities	**394**	1,401	**-**	-
Unabsorbed capital allowances	**315**	507	**-**	-
Unused tax losses	**28**	28	**-**	-
	4,945	8,337	**-**	-
Offsetting	**(2,202)**	(5,737)	**-**	-
Deferred tax assets (after offsetting)	**2,743**	2,600	**-**	-
Deferred tax liabilities (before offsetting)				
Temporary differences arising from:				
Property, plant and equipment	**(7,424)**	(11,792)	**-**	-
Biological assets	**(404)**	(757)	**-**	-
Right-of-use assets	**(331)**	(1,244)	**-**	-
	(8,159)	(13,793)	**-**	-
Offsetting	**2,202**	5,737	**-**	-
Deferred tax liabilities (after offsetting)	**(5,957)**	(8,056)	**-**	-

21. BIOLOGICAL ASSETS

	The Group	
	2023	**2022**
	RM'000	**RM'000**
At beginning of the financial year	**3,655**	1,972
Net fair value changes (Note 8)	**(1,728)**	1,622
Effects of foreign exchange translation	**26**	61
At end of the financial year	**1,953**	3,655

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% (2022: 10%), the impact of the fair value of FFB would be as follows:

	The Group	
	2023	**2022**
	RM'000	**RM'000**
FFB tonnage increase by 10% (2022: 10%)	**200**	366
FFB tonnage decrease by 10% (2022: 10%)	**(200)**	(366)

During the financial year, the Group harvested approximately 99,024 tonnes of FFB (2022: 95,924 tonnes). The quantity of unharvested FFB of the Group as at 31 March 2023 included in the fair valuation of FFB was 3,403 tonnes (2022: 4,258 tonnes).

22. INVENTORIES

	The Group	
	2023	**2022**
	RM'000	**RM'000**
At cost:		
Raw materials	**-**	19,231
Work-in-progress	**-**	44,586
Finished goods	**8,638**	32,421
Medical and surgical supplies	**3,561**	2,775
Consumables	**11,949**	13,384
	24,148	112,397
At net realisable value:		
Raw materials	**15,366**	-
Work-in-progress	**37,708**	-
Finished goods	**12,036**	-
	65,110	-
Total	**89,258**	112,397

For the financial year ended 31 March 2023, cost of inventories recognised as an expense of the Group amounted to RM861,797,000 (2022: RM883,409,000).

The cost of inventories recognised is after taking into consideration a write down of inventories of RM5,017,000 (2022: RM Nil) to net realisable value and inventories written off of RM15,000 (2022: RM23,000).

23. DERIVATIVE FINANCIAL ASSETS/(LIABILITIES)

	The Group	
	2023 RM'000	2022 RM'000
Derivative financial assets		
Commodity future contracts	**195**	9,443
Foreign currency forward contracts	**-**	236
	195	9,679
Derivative financial liabilities		
Commodity future contracts	**(317)**	(3,730)
Foreign currency forward contracts	**(106)**	-
	(423)	(3,730)

For the financial year ended 31 March 2023, the unrealised fair value loss of the foreign currency forward contracts amounting to RM342,000 (2022: fair value gain of RM628,000) and unrealised fair value loss of the commodity future contracts amounting to RM5,835,000 (2022: fair value gain of RM5,467,000) 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	
	2023 RM'000	2022 RM'000
Trade receivables	**57,694**	74,226
Less: Impairment losses	**(1,287)**	(945)
	56,407	73,281

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 (2022: 7 to 90 days).

An allowance of RM1,287,000 (2022: RM945,000) 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 RM14,796,000 (2022: RM20,590,000), 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 (2022: 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.

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	
	2023	**2022**
	RM'000	**RM'000**
Neither past due nor impaired	**41,611**	52,691
Past due but not impaired:		
30 days and below	**3,917**	12,767
31 - 60 days	**7,144**	4,840
61 - 90 days	**2,800**	2,254
91 - 120 days	**935**	134
121-150 days	**-**	595
	14,796	20,590
Past due and impaired:		
More than 120 days	**1,287**	945
Total trade receivables	**57,694**	74,226

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

24. TRADE RECEIVABLES (CONT'D)

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

	The Group	
	2023 RM'000	2022 RM'000
At beginning of the financial year	945	608
Charge for the financial year	432	354
Bad debts written off	(77)	(17)
Reversal of loss allowance no longer required	(13)	-
At end of the financial year	1,287	945

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 4 (2022: 5) major customers, which constitutes approximately 29% (2022: 36%) 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	
	2023 RM'000	2022 RM'000
United States Dollar	28,055	39,083
Ringgit Malaysia	27,003	31,605
Pound Sterling	-	313
Euro	1,349	2,280
	56,407	73,281

25. OTHER RECEIVABLES, DEPOSITS AND PREPAID EXPENSES

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Other receivables	**39,893**	55,809	**119**	101
Less: Impairment losses	**(142)**	(142)	**-**	-
	39,751	55,667	**119**	101
Refundable deposits	**477**	909	**53**	53
Prepaid expenses	**8,671**	9,341	**265**	73
	48,899	65,917	**437**	227

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

	The Group	
	2023 RM'000	2022 RM'000
At beginning/end of the financial year	**142**	142

Analysis of currency profile of other receivables and refundable deposits is as follows:

	The Group	
	2023 RM'000	2022 RM'000
Ringgit Malaysia	**9,171**	14,909
Hong Kong Dollar	**87**	83
Indonesian Rupiah	**30,969**	41,583
United States Dollar	**1**	1
	40,228	56,576

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 subsidiary companies

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

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

	The Company	
	2023 RM'000	2022 RM'000
Ringgit Malaysia	**13**	-
Hong Kong Dollar	**72**	82
	85	82

(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	
	2023 RM'000	2022 RM'000
Subsidiary companies		
Management fees received/ receivable		
Southern Acids Industries Sdn. Bhd.	**2,153**	1,822
PKE Transport (Malaysia) Sdn. Berhad	**530**	502
Southern Medicare Sdn. Bhd.	**1,447**	1,253
Southern Acids Cronos Resource Sdn. Bhd.	**64**	48
Noble Interest Sdn. Bhd.	**-**	8
Pembinaan Gejati Sdn. Bhd.	**129**	97
Firstview Development Sdn. Bhd.	**1,353**	1,229
Dividends received/receivable		
Southern Medicare Sdn. Bhd.	**12,012**	11,550

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Associate company				
PKE (Malaysia) Sdn. Berhad				
Management fee received/receivable	**268**	249	**268**	249
Rental of overhead conveyor system received/receivable	**8,320**	7,887	**-**	-
Administrative charge received/receivable	**255**	283	**-**	-
Administrative charge paid/payable	**(953)**	(884)	**-**	-

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 Datuk Wira 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	
	2023	**2022**
	RM'000	**RM'000**
Related parties		
Southern Realty (Malaya) Sdn. Bhd.		
Administrative charges	**4,343**	3,760
Share of property, plant and equipment charges	**37**	35
Purchases of goods	**(8,446)**	(2,823)
Plantation advisory paid/ payable	**(96)**	(96)
Leases paid/payable for:		
Factory land	**(1,054)**	(970)
Short-term leases	**(98)**	(84)
Bukit Rotan Palm Oil Sdn. Bhd.		
Administrative charges	**31**	40
Southern Edible Oil Industries (M) Sdn. Berhad		
Sale of goods	**-**	33
Purchases of goods	**(5,278)**	(13,691)
Administrative charges	**1,205**	972
Share of property, plant and equipment charges	**37**	35
Southern Keratong Plantations Sdn. Bhd.		
Purchase of goods	**(1,166)**	-
Administrative charges	**1,512**	1,261
Share of property, plant and equipment charges	**3**	1

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

(e) Related party transactions with related parties (cont'd)

	The Group	
	2023 RM'000	2022 RM'000
Torita Rubber Works Sdn. Bhd.		
Administrative charges	**32**	55
Southern Hockjoo Plantation Sdn. Bhd.		
Administrative charges	**188**	157
Banting Hock Hin Estate Company Sdn. Bhd.		
Administrative charges	**215**	211
Southern Products Marketing Sdn. Bhd.		
Administrative charges	**104**	80
Kumsobina Development Sdn. Bhd.		
Administrative charges	**78**	73
Southern Realty Plantations Company Sdn. Bhd.		
Administrative charges	**38**	37
Kee Hup Oil & Cake Sdn. Bhd.		
Rental paid/ payable for staff quarters	**(46)**	(46)
Administrative charges	**59**	54
Torita Trading (M) Sdn. Bhd.		
Administrative charges	**16**	8
Victory Investment Company Sdn. Bhd.		
Administrative charges	**47**	29
Victory Enghoe Plantations Sdn. Bhd.		
Administrative charges	**1,314**	1,027
Bekalan Utama Sdn. Berhad		
Administrative charges	**33**	27
Naga Wira Sdn. Berhad		
Administrative charges	**24**	20

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

(e) Related party transactions with related parties (cont'd)

	The Group	
	2023 RM'000	2022 RM'000
Perindustrian Sawit Karak Sdn. Bhd.		
Administrative charges	**29**	25
Guan Heng Edible Oil Industries Sdn. Bhd.		
Administrative charges	**22**	19
Maxcentury Oil Palm (Sabah) Sdn. Bhd.		
Administrative charges	**102**	64
Southern Realty Resource Sdn. Bhd.		
Administrative charges	**47**	38
Kelompok Tani Anugrah Logas		
Purchase of goods	**1,265**	-
Kelompok Tani Anugrah Tanjung Medang		
Purchase of goods	**705**	-
Kelompok Tani Anugerah Sahabat Sejati		
Purchase of goods	**622**	-
PT Swarna Bhumi Perkasa		
Purchase of goods	**156**	158
PT Mikroba Anugerah Perkasa		
Purchase of goods	**645**	-

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

(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	
	2023	**2022**
	RM'000	**RM'000**
Trade receivables		
Southern Realty (Malaya) Sdn. Bhd.	**564**	528
Southern Keratong Plantations Sdn. Bhd.	**487**	241
Victory Enghoe Plantations Sdn. Bhd.	**244**	141
Southern Edible Oil Industries (M) Sdn. Berhad	**180**	73
Southern Hockjoo Plantation Sdn. Bhd.	**22**	23
Southern Products Marketing Sdn. Bhd.	**33**	14
Banting Hock Hin Estate Company Sdn. Bhd.	**25**	13
Kumsobina Development Sdn. Bhd.	**8**	10
Kee Hup Oil & Cake Sdn. Bhd.	**7**	7
Maxcentury Oil Palm (Sabah) Sdn. Bhd.	**19**	6
Victory Investment Company Sdn. Bhd.	**6**	6
Southern Realty Plantation Company Sdn. Bhd.	**5**	5
Southern Realty Resource Sdn. Bhd.	**6**	5
Bekalan Utama Sdn. Berhad	**4**	4
Bukit Rotan Palm Oil Sdn. Bhd.	**4**	4
Guan Heng Edible Oil Industries Sdn. Bhd.	**3**	3
Naga Wira Sdn. Berhad	**3**	3
Perindustrian Sawit Karak Sdn. Bhd.	**3**	3
Torita Rubber Works Sdn. Bhd.	**4**	2
Torita Trading (M) Sdn. Bhd.	**1**	1
	1,628	1,092
Other receivables, deposits and prepaid expenses		
Southern Edible Oil Industries (M) Sdn. Berhad	**151**	64
Trade payables		
Southern Realty (Malaya) Sdn. Bhd.	**41**	727
Bukit Rotan Palm Oil Sdn. Bhd.	**5**	5
Southern Keratong Plantations Sdn. Bhd.	**493**	-
Southern Edible Oil Industries (M) Sdn. Berhad	**-**	1,171
	539	1,903

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

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 or 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	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Short-term employment benefits	**9,267**	9,843	**3,392**	3,710
Post-employment benefits	**873**	851	**333**	371
	10,140	10,694	**3,725**	4,081

Included in the total compensation of key management personnel are:

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Directors' remuneration (Note 7)	**4,109**	4,919	**2,000**	1,884

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 RM272,702 and RM118,545 (2022: RM333,304 and RM104,828) respectively.

27. AMOUNT OWING BY AN ASSOCIATE COMPANY

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

28. CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Cash and bank balances	**206,363**	190,379	**4,974**	1,206
Fixed deposits with licensed banks	**50,704**	47,430	**-**	-
Short-term placements	**128,514**	84,479	**15,985**	1,462
	385,581	322,288	**20,959**	2,668

The short-term placements of the Group and of the Company 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 2.25% to 9.50% (2022: 1.25% to 7.65%) per annum and have maturity periods ranging from 1 day to 1 year (2022: 1 day to 1 year).

The effective interest rates for short-term placements of the Group range from 2.97% to 3.85% (2022: 1.48% to 2.13%) and have no fixed maturity period which allows prompt redemption on demand.

Analysis of cash and cash equivalents by currency is as follows:

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Ringgit Malaysia	**163,746**	109,513	**20,959**	2,668
Indonesian Rupiah	**209,554**	159,680	**-**	-
United States Dollar	**12,262**	53,086	**-**	-
Hong Kong Dollar	**19**	9	**-**	-
	385,581	322,288	**20,959**	2,668

29. SHARE CAPITAL

	The Group and the Company			
	2023		2022	
	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

30. RESERVES

	The Group 2023 RM'000	The Group 2022 RM'000	The Company 2023 RM'000	The Company 2022 RM'000
Non-distributable:				
Foreign exchange reserve	**(10,452)**	(11,483)	**-**	-
Other reserve	**(322)**	(322)	**-**	-
Fair value reserve	**3,113**	3,613	**3,113**	3,613
	(7,661)	(8,192)	**3,113**	3,613
Distributable:				
Retained earnings	**591,333**	564,407	**125,488**	118,564
	583,672	556,215	**128,601**	122,177

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 2023 RM'000	The Group 2022 RM'000
Unsecured:		
Bankers acceptances	**-**	18,500
Term loan	**2,100**	3,300
	2,100	21,800
Less:		
Current portion:		
Bankers acceptances	**-**	18,500
Term loan	**1,200**	1,200
	1,200	19,700
Non-current portion	**900**	2,100

31. LOANS AND BORROWINGS (CONT'D)

The non-current portion is payable as follows:

	The Group	
	2023	**2022**
	RM'000	**RM'000**
Between 1 - 2 years	**900**	1,200
Between 2 - 5 years	**-**	900
	900	2,100

The unsecured term loan and bankers acceptances of the Group bore effective interest rate at 3.97% and 3.92% (2022: 3.36% and 2.45%) per annum, respectively.

32. HIRE PURCHASE PAYABLES

	The Group	
	2023	**2022**
	RM'000	**RM'000**
Minimum lease payments	**942**	482
Less: Future finance charges	**(106)**	(49)
Present value of hire purchase liabilities	**836**	433
Less: Amount due within 12 months (shown under current liabilities)	**(400)**	(258)
Non-current portion	**436**	175

The non-current portion is payable as follows:

	The Group	
	2023	**2022**
	RM'000	**RM'000**
Between 1 - 2 years	**248**	175
Between 2 - 5 years	**188**	-
	436	175

The average term of hire purchase is approximately 3 years (2022: 3 years). For the financial year ended 31 March 2023, the effective borrowing rate ranged from 6.66% to 13.11% (2022: 6% 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.

33. LEASE LIABILITIES

	The Group	
	2023	**2022**
	RM'000	**RM'000**
At beginning of the financial year	**3,121**	4,392
Additions due to lease modification	**2,465**	-
Additions	**70**	202
Finance costs (Note 9)	**115**	181
Payment of lease rental	**(1,667)**	(1,654)
At end of the financial year	**4,104**	3,121
Payable within 1 year	**1,297**	1,544
Payable more than 1 year but less than 5 years	**2,807**	1,577
	4,104	3,121

	The Company
	2023
	RM'000
At beginning of the financial year	**-**
Additions	**70**
Finance costs (Note 9)	**1**
Payment of lease rental	**(36)**
At end of the financial year	**35**
Payable within 1 year	**35**
Payable more than 1 year but less than 5 years	**-**
	35

33. LEASE LIABILITIES (CONT'D)

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 2023			
Outstanding contracts			
Less than 1 year	**1,460**	**(163)**	**1,297**
Between 1 - 5 years	**2,953**	**(146)**	**2,807**
	4,413	**(309)**	**4,104**
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

The Company

31 March 2023			
Outstanding contracts			
Less than 1 year	**35**	**-**	**35**

The incremental borrowing rates of the Group applied to the lease liabilities ranges from 2.27% to 5.15% (2022: 4.95% to 5.35%).

The incremental borrowing rate of the Company applied to the lease liabilities is 2.27%.

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 (2022: 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:

		The Group	
	Malaysia RM'000	**Indonesia RM'000**	**Total RM'000**
As at 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
As at 31 March 2022/1 April 2022	7,767	8,649	16,416
Adjustment due to change in attribution period (Note 8)	-	(435)	(435)
Additions in current financial year (Note 8)	784	1,402	2,186
Actuarial gain arising from changes in financial assumptions	-	(999)	(999)
Benefits paid	(954)	(394)	(1,348)
Effects of foreign exchange translation	-	60	60
As at 31 March 2023	7,597	8,283	15,880

	The Company	
	2023 RM'000	**2022 RM'000**
At beginning of the financial year	**1,203**	1,345
Additions in current financial year (Note 8)	**137**	130
Actuarial gain arising from changes in financial assumptions	**-**	(72)
Benefits paid	**-**	(200)
At end of the financial year	**1,340**	1,203

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

		The Group	
	Malaysia RM'000	**Indonesia RM'000**	**Total RM'000**
2023			
Present value of defined benefit obligations	**7,597**	**8,283**	**15,880**
2022			
Present value of defined benefit obligations	7,767	8,649	16,416

34. PROVISION FOR RETIREMENT BENEFITS (CONT'D)

	The Company	
	2023 RM'000	2022 RM'000
Present value of defined benefit obligations	1,340	1,203

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

	The Group		
	Malaysia RM'000	Indonesia RM'000	Total RM'000
2023			
At beginning of the financial year	**7,767**	**8,649**	**16,416**
Adjustment due to change in attribution period (Note 8)	**-**	**(435)**	**(435)**
Current service cost (Note 8)	**461**	**922**	**1,383**
Interest cost on obligation (Note 8)	**323**	**480**	**803**
Actuarial gain arising from changes in financial assumptions	**-**	**(999)**	**(999)**
Benefits paid	**(954)**	**(394)**	**(1,348)**
Effects of foreign exchange translation	**-**	**60**	**60**
At end of the financial year	**7,597**	**8,283**	**15,880**
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

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

	The Group		
	Malaysia RM'000	Indonesia RM'000	Total RM'000
2023			
Adjustment due to change in attribution period (Note 8)	**-**	**(435)**	**(435)**
Current service cost (Note 8)	**461**	**922**	**1,383**
Interest cost on obligation (Note 8)	**323**	**480**	**803**
	784	**967**	**1,751**
2022			
Current service cost	422	972	1,394
Interest cost on obligation	359	557	916
	781	1,529	2,310

34. PROVISION FOR RETIREMENT BENEFITS (CONT'D)

	The Company	
	2023	**2022**
	RM'000	**RM'000**
Current service cost	**105**	87
Interest cost on obligation	**32**	43
	137	130

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

	2023	**2022**
Malaysia		
Discount rate (%)	**4.70**	4.70
Future salary increments (%)	**5.00**	5.00
Normal retirement age:		
Male	**60**	60
Female	**60**	60
Indonesia		
Discount rate (%)	**7.04**	7.26
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 RM1,446,000 (2022: RM1,662,000) and RM1,265,000 (2022: RM1,428,000) respectively.

2. If the expected salary growth increase/(decrease) by 1%, the defined benefit obligation would increase and decrease by RM1,517,000 (2022: RM1,650,000) and RM1,350,000 (2022: RM1,447,000) 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.

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 (2022: 7 to 60) days.

Analysis of currency profile of trade payables is as follows:

	The Group	
	2023 RM'000	**2022 RM'000**
Ringgit Malaysia	**8,790**	16,098
Indonesian Rupiah	**14,791**	16,734
	23,581	32,832

(b) Other Payables and Accrued Expenses

	The Group		The Company	
	2023 RM'000	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
Other payables	**4,154**	6,627	**102**	-
Advances from customers	**-**	3,806	**-**	-
Accrued expenses	**32,657**	28,731	**1,774**	1,723
Deposits received	**174**	121	**-**	-
Dividend payable	**121**	121	**121**	121
	37,106	39,406	**1,997**	1,844

Other payables arose mainly in respect of indirect costs and administrative expenditures. These amounts are unsecured, interest-free and are repayable within 60 days (2022: 60 days) from the transaction dates.

Analysis of currency profile of other payables, accrued expenses, deposits received and dividend payable is as follows:

	The Group		The Company	
	2023 RM'000	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
Ringgit Malaysia	**29,203**	26,872	**1,997**	1,844
Indonesian Rupiah	**7,651**	8,507	**-**	-
Hong Kong Dollar	**206**	192	**-**	-
Euro	**1**	-	**-**	-
United States Dollar	**45**	29	**-**	-
	37,106	35,600	**1,997**	1,844

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	
	2023 RM'000	2022 RM'000
Ringgit Malaysia	**528**	174
Indonesian Rupiah	**5,916**	2,968
United States Dollar	**-**	996
Chinese Renminbi	**1,007**	-
	7,451	4,138

37. BANKING FACILITIES

The Group and the Company have bank guarantee and other credit facilities amounting to RM77,000,000 and RM6,000,000 (2022: RM47,000,000 and RM6,000,000) respectively, out of which RM65,000,000 (2022: 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 3.92% - 3.97% (2022: 2.45% - 3.36%) per annum.

As at 31 March 2023, the Group and the Company have utilised RM12,875,000 and RM760,000 (2022: RM31,323,000 and RM802,000) respectively, of the bank guarantee and other credit facilities.

38. DIVIDENDS

	The Group and the Company	
	2023 RM'000	2022 RM'000
Final dividend of 5 sen, single tier, in respect of financial year ended:		
- 31 March 2023	**6,847**	-
- 31 March 2022	**-**	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 Manufacturing
(ii) Healthcare Services
(iii) Milling & Cultivation
(iv) Investments & Services

The entities included in the respective reportable operating segments have changed from the financial year ended 31 March 2023 due to the changes in the internal management reporting structure to the CODM. Comparatives have been restated to conform to the revised reportable operating segments.

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.

39. SEGMENTAL INFORMATION (CONT'D)

The Group 2023	Oleochemical Manufacturing RM'000	Healthcare Services RM'000	Milling & Cultivation RM'000	Investment & Services RM'000	Eliminations RM'000	The Group RM'000
Revenue						
External sales	478,996	112,727	484,796	18,216	-	1,094,735
External dividend income	-	-	-	5,140	-	5,140
Inter-segment sales	-	-	-	9,201	(9,201)	-
Total revenue	478,996	112,727	484,796	32,557	(9,201)	1,099,875
Financial Results						
Segment results	(26,484)	31,543	74,609	(3,965)	-	75,703
Profit from operations						75,703
Finance costs						(929)
Share of results of an associate company						135
Profit before tax						74,909
Income tax expense						(20,935)
Profit for the financial year						53,974
Other Information:						
Capital expenditure	3,728	7,227	13,710	1,854	-	26,519
Non-cash expenses/(income):						
Depreciation of property, plant and equipment	3,867	6,869	8,710	3,422	-	22,868
Depreciation of right-of-use assets	848	203	-	409	-	1,460
Provision for retirement benefits	443	-	969	339	-	1,751
Property, plant and equipment written off	-	6	-	7	-	13
Inventories written off	-	15	-	-	-	15
Inventories written down	5,017	-	-	-	-	5,017
(Reversal of impairment losses)/ Impairment losses on trade receivables	(13)	432	-	-	-	419
Unrealised loss/(gain) on foreign exchange - net	(132)	-	(4)	-	-	(136)
(Gain)/Loss on disposal of property, plant and equipment	(15)	(39)	14	(16)	-	(56)
Loss arising from fair value change in derivatives	6,177	-	-	-	-	6,177
Loss arising from fair value change in biological assets	-	-	1,728	-	-	1,728

39. SEGMENTAL INFORMATION (CONT'D)

The Group 2023	**Oleochemical Manufacturing RM'000**	**Healthcare Services RM'000**	**Milling & Cultivation RM'000**	**Investment & Services RM'000**	**Eliminations RM'000**	**The Group RM'000**
Statement of Financial Position						
Assets						
Segment assets	**178,446**	**125,236**	**522,427**	**137,027**	**-**	**963,136**
Deferred tax assets	**-**	**-**	**2,743**	**-**	**-**	**2,743**
Tax recoverable	**3,798**	**-**	**2,032**	**1,030**	**-**	**6,860**
Consolidated assets						**972,739**
Liabilities						
Segment liabilities	**22,195**	**24,013**	**38,202**	**7,289**	**-**	**91,699**
Deferred tax liabilities	**-**	**2,837**	**-**	**3,120**	**-**	**5,957**
Tax liabilities	**-**	**1,470**	**3,004**	**-**	**-**	**4,474**
Consolidated liabilities						**102,130**

The Group 2022						
Revenue						
External sales	494,334	95,998	568,484	16,374	-	1,175,190
External dividend income	-	-	-	1,059	-	1,059
Inter-segment sales	-	-	-	8,254	(8,254)	-
Total revenue	494,334	95,998	568,484	25,687	(8,254)	1,176,249
Financial Results						
Segment results	44,240	26,617	86,728	(6,971)	-	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

39. SEGMENTAL INFORMATION (CONT'D)

The Group 2022	Oleochemical Manufacturing RM'000	Healthcare Services RM'000	Milling & Cultivation RM'000	Investment & Services RM'000	Eliminations RM'000	The Group RM'000
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	6,064	8,880	3,302	-	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)
Statement of Financial Position						
Assets						
Segment assets	285,322	103,156	459,049	113,173	-	960,700
Deferred tax assets	-	-	2,600	-	-	2,600
Tax recoverable	1,961	-	2,370	853	-	5,184
Consolidated assets						968,484
Liabilities						
Segment liabilities	52,894	23,182	42,867	4,344	-	123,287
Deferred tax liabilities	2,500	2,822	-	2,734	-	8,056
Tax liabilities	-	1,411	12,220	160	-	13,791
Consolidated liabilities						145,134

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 2023 RM'000	2022 RM'000
Asia:		
Malaysia	**261,260**	246,258
Indonesia	**479,587**	563,212
Others	**216,586**	205,624
Europe	**45,754**	53,573
America	**61,539**	73,923
Others	**35,149**	33,659
	1,099,875	1,176,249

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	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Asia:				
Malaysia	**598,751**	617,424	**12,918**	12,246
Indonesia	**348,744**	317,897	**13,601**	8,263
Others	**12,552**	14,454	**-**	-
Europe	**6,322**	4,688	**-**	-
America	**2,360**	8,684	**-**	-
Others	**4,010**	5,337	**-**	-
	972,739	968,484	**26,519**	20,509

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 2023, the Group has approved and contracted for capital commitments in respect of purchase of property, plant and equipment amounting to RM16,626,000 (2022: RM6,801,000).

41. CORPORATE GUARANTEES

As at 31 March 2023, the Company has issued corporate guarantees without security to licensed financial institutions for credit facilities totalling RM65,000,000 (2022: 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 banking facilities 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	
	2023 RM'000	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
Financial assets				
FVTOCI:				
Other investments	**29,487**	29,380	**29,487**	29,380
FVTPL:				
Derivative financial assets	**195**	9,679	**-**	-
Short-term placements	**128,514**	84,479	**15,985**	1,462
Amortised cost:				
Trade receivables	**56,407**	73,281	**-**	-
Other receivables and refundable deposits	**40,228**	56,576	**172**	154
Amount owing by subsidiary companies	**-**	-	**1,464**	13,399
Amount owing by an associate company	**924**	715	**81**	61
Cash and bank balances	**206,363**	190,379	**4,974**	1,206
Fixed deposits with licensed banks	**50,704**	47,430	**-**	-

42. FINANCIAL INSTRUMENTS (CONT'D)

Categories of financial instruments (cont'd)

	The Group		The Company	
	2023	**2022**	**2023**	**2022**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Financial liabilities				
FVTPL:				
Derivative financial liabilities	**423**	3,730	**-**	-
Amortised cost:				
Trade payables	**23,581**	32,832	**-**	-
Other payables and accrued expenses	**37,106**	35,600	**1,997**	1,844
Amount owing to subsidiary companies	**-**	-	**85**	82
Loans and borrowings	**2,100**	21,800	**-**	-
Hire purchase payables	**836**	433	**-**	-
Lease liabilities	**4,104**	3,121	**35**	-

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.

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	
	2023 RM'000	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
The Group				
United States Dollar	**40,318**	92,170	**45**	29
Indonesian Rupiah	**240,523**	201,263	**23,278**	25,674
Euro	**1,349**	2,280	**1**	-
Pound Sterling	**-**	313	**-**	-
Hong Kong Dollar	**106**	92	**206**	192
The Company				
Hong Kong Dollar	**-**	-	**72**	82

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**	**IDR RM'000**
The Group					
2023					
Strengthened 10%	**4,027**	**(10)**	**-**	**135**	**21,725**
Weakened 10%	**(4,027)**	**10**	**-**	**(135)**	**(21,725)**
2022					
Strengthened 10%	9,214	(10)	31	228	17,559
Weakened 10%	(9,214)	10	(31)	(228)	(17,559)
The Company					
2023					
Strengthened 10%	**-**	**(7)**	**-**	**-**	**-**
Weakened 10%	**-**	**7**	**-**	**-**	**-**
2022					
Strengthened 10%	-	(8)	-	-	-
Weakened 10%	-	8	-	-	-

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

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 2023				
Sell USD				
- Less than 3 months	**4.4159**	**11,143**	**49,207**	**49,219**
- 3 to 6 months	**4.3931**	**3,722**	**16,351**	**16,440**
- More than 6 months	**4.4080**	**656**	**2,892**	**2,897**
		15,521	**68,450**	**68,556**
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

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.

42. FINANCIAL INSTRUMENTS (CONT'D)

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 2023			
Contract period for 4 months	**3,450**	**13,568**	**13,251**
31 March 2022			
Contract period for 9 months	18,225	98,770	108,213
Sell Crude Palm Oil			
31 March 2023			
Contract period for 4 months	**1,350**	**5,470**	**5,275**
31 March 2022			
Contract period for 9 months	11,500	66,154	69,884

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 RM6,115,914 (2022: RM24,521,041) 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 4 (2022: 5) major customers, which constitutes approximately 29% (2022: 36%) 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.

42. FINANCIAL INSTRUMENTS (CONT'D)

Liquidity risk management

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arise primarily from mismatches of the maturities of financial assets and liabilities.

The Group and the Company practise prudent liquidity risk management to minimise the mismatch of financial assets and financial liabilities and to maintain sufficient credit facilities for contingent funding requirement of working capital.

The financial liabilities of the Group and of the Company, categorised as financial liabilities measured at amortised cost and FVTPL are non-interest bearing and have maturities within the next twelve months except for term loan, hire purchase payables, and lease liabilities.

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 2023						
Financial liabilities						
Non-interest bearing:						
Derivative financial liabilities	-	423	-	-	423	423
Trade payables	-	23,581	-	-	23,581	23,581
Other payables and accrued expenses	-	37,106	-	-	37,106	37,106
		61,110	-	-	61,110	61,110
Interest bearing:						
Term loan	3.97	1,248	936	-	2,184	2,100
Hire purchase payables	6.66 - 13.11	465	477	-	942	836
Lease liabilities	2.27 - 5.15	1,460	2,953	-	4,413	4,104
		3,173	4,366	-	7,539	7,040
		64,283	4,366	-	68,649	68,150

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 Group						
31 March 2022						
Financial liabilities						
Non-interest bearing:						
Derivative financial liabilities	-	3,730	-	-	3,730	3,730
Trade payables	-	32,832	-	-	32,832	32,832
Other payables and accrued expenses	-	35,600	-	-	35,600	35,600
		72,162	-	-	72,162	72,162
Interest bearing:						
Term loan	3.36	1,240	2,170	-	3,410	3,300
Bankers acceptances	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
		94,311	4,066	-	98,377	97,516
The Company						
31 March 2023						
Financial liabilities						
Non-interest bearing:						
Other payables and accrued expenses		**1,997**	**-**	**-**	**1,997**	**1,997**
Amount owing to a subsidiary company		**85**	**-**	**-**	**85**	**85**
		2,082	**-**	**-**	**2,082**	**2,082**
Interest bearing:						
Lease liabilities	**2.27**	**35**	**-**	**-**	**35**	**35**
		2,117	**-**	**-**	**2,117**	**2,117**
Financial guarantee contracts		**6,116**	**-**	**-**	**6,116**	**-**
31 March 2022						
Financial liabilities						
Non-interest bearing:						
Other payables and accrued expenses	-	1,844	-	-	1,844	1,844
Amount owing to a subsidiary company	-	82	-	-	82	82
		1,926	-	-	1,926	1,926
Financial guarantee contracts		24,521	-	-	24,521	-

42. FINANCIAL INSTRUMENTS (CONT'D)

Fair values of financial instruments

(a) Financial instruments carried at amortised cost

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

(iii) Short-term placements

Fair value of the short-term placements has been determined by reference to the net assets value of the placements at the end of the reporting period as quoted by the fund managers.

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).

42. FINANCIAL INSTRUMENTS (CONT'D)

Fair value hierarchy (cont'd)

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
31 March 2023				
Financial Assets/(Liabilities)				
The Group				
Other investments	**29,487**	**-**	**-**	**29,487**
Commodities future contracts	**-**	**(122)**	**-**	**(122)**
Foreign currency forward contracts	**-**	**(106)**	**-**	**(106)**
Short-term placements	**128,514**	**-**	**-**	**128,514**
The Company				
Other investments	**29,487**	**-**	**-**	**29,487**
Short-term placements	**15,985**	**-**	**-**	**15,985**
31 March 2022				
Financial Assets/(Liabilities)				
The Group				
Other investments	29,380	-	-	29,380
Commodities future contracts	-	5,713	-	5,713
Foreign currency forward contracts	-	236	-	236
Short-term placements	84,479	-	-	84,479
The Company				
Other investments	29,380	-	-	29,380
Short-term placements	1,462	-	-	1,462

43. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the liabilities of the Group and of the Company 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 as financing activities in the statements of cash flows of the Group and of the Company.

	The Group	
	2023 RM'000	2022 RM'000
Loans and borrowings (Note 31)		
At beginning of the financial year	**21,800**	4,500
Drawdown	**118,500**	106,304
Repayment	**(138,200)**	(89,004)
Finance costs paid	**(757)**	(547)
Accretion of interest	**757**	547
At end of the financial year	**2,100**	21,800

43. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES (CONT'D)

	The Group	
	2023 RM'000	2022 RM'000
Hire purchase payables (Note 32)		
At beginning of the financial year	**433**	593
Acquisition of property, plant and equipment by hire purchase	**724**	88
Repayment	**(324)**	(264)
Finance costs paid	**(57)**	(74)
Accretion of interest	**57**	74
Effect of foreign exchange translation	**3**	16
At end of the financial year	**836**	433
Lease liabilities (Note 33)		
At beginning of the financial year	**3,121**	4,392
Addition due to lease modification	**2,535**	-
Additions	**-**	202
Repayment	**(1,552)**	(1,473)
Finance costs paid	**(115)**	(181)
Accretion of interest	**115**	181
At end of the financial year	**4,104**	3,121

	The Company	
	2023 RM'000	2022 RM'000
Lease liabilities (Note 33)		
At beginning of the financial year	**-**	-
Additions	**70**	-
Repayment	**(35)**	-
Finance costs paid	**(1)**	-
Accretion of interest	**1**	-
At end of the financial year	**35**	-

44. OPERATING LEASE COMMITMENTS

Operating lease, in which the Group is the lessor, relates to a lease contract with lease term of 30 years. The lease contract contains upward revision of the rental charges every 10 years over the lease period.

	The Group	
	2023	**2022**
	RM'000	**RM'000**
Maturity analysis of operating lease receivable:		
Year 1	**70**	-
Year 2	**70**	-
Year 3	**70**	-
Year 4	**70**	-
Year 5	**70**	-
Year 6 and onwards	**4,673**	-
	5,023	-

45. SUBSEQUENT EVENT

On 28 June 2021, Pembinaan Gejati Sdn Bhd ("PGSB"), a subsidiary of the Company, entered into an Early Surrender Agreement with Bandar Rimbayu Sdn Bhd ("BRSB") for agreeing to early surrender a portion of land where the 960m of the 2.2km multi-connectivity access road is situated to the relevant authorities at the request of BRSB where BRSB agrees to pay an amount of RM10.0 million to PGSB as an early surrender incentive.

Subsequent to the financial year ended 31 March 2023, the early surrender was completed on 22 June 2023 upon PGSB's notification to BRSB on the receipt of the new land title issued by Pejabat Daerah/Tanah Kuala Langat.

Statement **By Directors**

The Directors of **SOUTHERN ACIDS (M) BERHAD** state that, in their opinion, the accompanying financial statements of the Group and of the Company are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2023 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, as approved by the Board
in accordance with a resolution of the Directors,

DR. LOW KOK THYE

DATUK WIRA LIM KIM LONG

Klang
6 July 2023

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 requirements of the Statutory Declarations Act, 1960.

CHEONG KEE YOONG
(MIA Membership No. 12292)

Subscribed and solemnly declared by the
abovenamed **CHEONG KEE YOON**G at
KLANG in the state of **SELANGOR** this
6th day of July 2023.

Before me,

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 2023 (RM'000)
1	**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
2	**PT Wanasari Nusantara** Kebun Sei Jake Province of Riau, Sumatera Indonesia	Land & Building	5,315.95 hectares	Oil Palm Cultivation, Palm Oil Mill & Workers Quarters	Leasehold expiring on 31-12-2029 and 29-1-2032	Ranging from 8 to 34 years	28,016
3	**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 24 years	4,950 16,786
4	**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 28 to 42 years	7,742
5	**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	16 years	4,374
6	**PT Mustika Agro Sari** Kebun Tanjung Pauh, Province of Riau, Sumatera Indonesia	Land & Buildings	2,179.75 hectares	Oil Palm Cultivation, Palm Oil Mill & Workers Quarters	Leasehold expiring on 20-3-2036 and 9-4-2036	21 years	3,945
7	**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
8	**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	16 years	2,670
9	**PT Mustika Agro Sari** Simpang Tiga Province of Riau, Pekanbaru Indonesia	Land	0.357 hectares	Office & Workers Quarters	Leasehold expiring 2044	N/A	2,053
10	**PT Wanasari Nusantara** No 5, JI Datuk Setia Maharaja, Pekanbaru, Indonesia	Building	0.0245 hectares	Building	Leasehold expiring on 9-6-2051	2 years	329

Statistics Of **Shareholdings**
As At 30 June 2023

DISTRIBUTION SCHEDULE OF SHARE AS AT 30 JUNE 2023

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Shares Held
Less than 100	244	10.83	6,402	0.00
100 to 1,000	575	25.52	393,977	0.29
1,001 to 10,000	1,050	46.60	4,124,541	3.01
10,001 to 100,000	319	14.16	9,432,003	6.89
100,001 to 6,846,705 (less than 5% of issued shares)	61	2.71	45,734,354	33.39
6,846,706 (5% of issued shares) and above	4	0.18	77,242,855	56.42
TOTAL	**2,253**	**100.00**	**136,934,132**	**100.00**

LIST OF SUBSTANTIAL SHAREHOLDERS AS AT 30 JUNE 2023

No.	Names	Shareholding	%
1.	Southern Palm Industries Sdn. Bhd.	42,840,270	31.29
2.	Lembaga Tabung Haji	15,482,500	11.31
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 2023

		Direct Holdings		Deemed Holdings	
No.	Name of Directors	No of Shares	%	No of Shares	%
1.	Tan Sri Datuk Seri Panglima Sulong Matjeraie	0	0.00	0	0.00
2.	Dr. Low Kok Thye	30,416	0.02	65,692,824	47.97
3.	Datuk Wira Lim Kim Long	49,276	0.04	68,754,296	50.21
4.	Chung Kin Mun	0	0.00	0	0.00
5.	Stephen Wan Yeng Leong	0	0.00	0	0.00

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	15,482,500	11.31
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	900,000	0.66
22	UOB Kay Hian Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Teo Siew Lai	896,900	0.65
23	Sai Yee @ Sia Say Yee	800,000	0.58
24	Ng Phaik Lean	786,900	0.57
25	Naga Wira Sdn. Berhad	720,938	0.53
26	Bekalan Utama Sdn. Berhad	694,166	0.51
27	Neong Kok Hooi	691,800	0.51
28	CGS-CIMB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Oh Boon Hong	663,832	0.48
29	Mong Teck Sdn. Berhad	559,972	0.41
30	Wong Lok Jee @ Ong Lok Jee	470,000	0.34
	TOTAL	**116,360,940**	**84.99**

Abbreviations

Abbreviation	Description
AAPG	Audit and Assurance Practice Guide
AC	Audit Committee
AGM	Annual General Meeting
AR 2023	Annual Report 2023
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 2023	Corporate Governance Report 2023
CME	Continuous Medical Education
Company Secretary	Company secretary of Southern Acids (M) Berhad
CPA	Certified Practising Accountant
CPO	Crude palm oil
CSA	Control-Self Assessment
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
FY2017	Financial year ended 31 March 2017
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 ended 31 March 2023
FY2024	Financial year ending 31 March 2024
GDP	Gross domestic product
GHG	Greenhouse gas
Ha	Hectare
HCV	High conservation values

Abbreviation	Description
IFRS	International Financial Reporting Standards
IMF	International Monetary Fund
IPM	Integrated pest management
ISPO	Indonesian Sustainable Palm Oil
LBT	Loss before tax
MCCG	Malaysia Code on Corporate Governance
MD	Managing Director
MFRS	Malaysian Financial Reporting Standards
MMLR or Listing Requirements	Main Market Listing Requirements
MOH	Ministry of Health
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
RTK	Rapid Test Kit
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-Second Annual General Meeting

NOTICE IS HEREBY GIVEN that the Forty-Second ("42nd") Annual General Meeting ("AGM") of Southern Acids (M) Berhad ("the Company") to be conducted virtually through live streaming from the broadcast venue at Tricor Business Centre, Gemilang Meeting 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 on Wednesday, 30 August 2023 at 2.30 p.m. for the following purposes:

AGENDA

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 March 2023 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 2023. **Ordinary Resolution 1**

3. To approve the payment of Directors' fees amounting to RM540,986 for the financial year ended 31 March 2023. **Ordinary Resolution 2**

4. To approve the payment of Directors' Benefits up to an amount of RM250,000 for the period from 31 August 2023 until the next AGM of the Company to be held in 2024. (Note 8) **Ordinary Resolution 3**

5. To re-elect Mr Chung Kin Mun who is retiring under Clause 113 of the Company's Constitution, and being eligible, has offered himself for re-election. **Ordinary Resolution 4**

6. To re-elect Mr Stephen Wan Yeng Leong who is retiring under Clause 112 of the Company's Constitution, and being eligible, has offered himself for re-election. **Ordinary Resolution 5**

7. 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:

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.** **Ordinary Resolution 7**

   (Note 9)

   "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."

9. **Authority to Issue Shares Pursuant to Sections 75 and 76 of the Companies Act, 2016** **Ordinary Resolution 8**

   (Note 10)

   "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 Recurrent Related Party Transactions of a Revenue or Trading Nature** (Note 11) **Ordinary Resolution 9**

"That subject always to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given for the renewal of shareholders' mandate for the Company and/ or its subsidiaries to enter into the categories of recurrent related party transactions of a revenue or trading nature and with those Related Parties ("Proposed Renewal of Shareholders' Mandate") as specified in the Circular to Shareholders dated 28 July 2023 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.

FURTHER NOTICE IS HEREBY GIVEN THAT for the purpose of determining a member who shall be entitled to attend the 42nd 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 2023. Only a depositor whose name appears on the Record of Depositors as at 23 August 2023 shall be entitled to attend the said meeting or appoint proxies to attend and vote on his/her behalf.

NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS ALSO HEREBY GIVEN THAT subject to the shareholders' approval for the payment of Single Tier Final Dividend of 5 sen per ordinary share in respect of the financial year ended 31 March 2023 ("Dividend") under Ordinary Resolution 1 at the 42nd AGM of the Company on 30 August 2023, the Dividend will be paid to the shareholders on 26 October 2023. The entitlement date for the Dividend shall be 4 October 2023.

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 2 October 2023 (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 4 October 2023 (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

Ng Shu Ling
SSM PC No. 201908001194
MAICSA 7068807
Secretaries

Klang, Selangor Darul Ehsan
Date: 28 July 2023

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 42nd AGM of the Company will be conducted virtually through live streaming from the broadcast venue at Tricor Business Centre, Gemilang Meeting 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 42nd 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 Chairperson of the meeting to be present at the main venue of the meeting.

   No members or proxies 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 TIIH Online website at https://tiih.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 TIIH Online website at https://tiih.online. Please refer to the Administrative Guide for further information on electronic submission.

7. <u>Directors' Report, Audited Financial Statements and Auditors' Report</u>

   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. <u>Directors' Benefits Payable</u>

   The Directors' Benefits comprised the following:

Description of Benefits	
Meeting Allowance per Meeting based on Attendance	(i) Board Chairman - RM1,600 (ii) Board Committee Chairman - RM1,600 (iii) Board member - RM800 each (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 RM250,000 to the Directors by the Company from 31 August 2023 up to the next AGM of the Company to be held in 2024. The estimated amount of RM250,000 is calculated based on the expected number of meetings for the Board and Board Committees and benefits for the period from 31 August 2023 up to the next AGM of the Company to be held in 2024.

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

The Ordinary Resolution 7, if approved, will enable the retention of Mr Chung Kin Mun as an 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 an 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.

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

The proposed Ordinary Resolution 8, if approved, will give the Directors authority to issue and allot new ordinary shares up to an amount not exceeding 10% of the total number of issued shares of the Company for such purposes as the Directors consider would be in the best interest of the Company. This authority will commence from the date of this AGM and unless revoked or varied by the Company at a general meeting, expire at the conclusion of the next AGM of the Company.

The approval is a renewed general mandate and is sought to provide flexibility to the Company for any possible fund raising activities, including but not limited to placing of shares, for purposes of funding future investment project(s), working capital, acquisitions or such other applications as the Directors deem fit. This would avoid any delay and cost involved in convening a general meeting to approve such issue of shares.

As at the date of this Notice, no new shares in the Company were issued pursuant to the authority granted to the Directors at the last AGM of the Company held on 30 August 2022 and which lapse at the conclusion of the 42nd AGM.

11. Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

The proposed Ordinary Resolution 9, if passed, will authorise the Company and/or its subsidiary companies to enter into recurrent related party transactions of a revenue or trading nature. This authority will, unless revoked or varied by the Company in General Meeting, expire at the next AGM of Company. Please refer to the Circular to Shareholders dated 28 July 2023, which is despatched together with the Company's Annual Report 2023, for more information.

12. Voting by poll

In compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice will be voted by poll.

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 42nd Annual General Meeting:-

   (i) Mr Chung Kin Mun, pursuant to Clause 113 of the Company's Constitution.

   (ii) Mr Stephen Wan Yeng Leong, pursuant to Clause 112 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 54 and 55 of the Annual Report.

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

FORTY-SECOND 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-Second (42nd) Annual General Meeting ("AGM") of Southern Acids (M) Berhad ("the Company") to be conducted virtually through live streaming from the broadcast venue at Tricor Business Centre, Gemilang Meeting 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 on Wednesday, 30 August 2023 at 2.30 p.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 2023.		
2	**Ordinary Resolution 2** To approve the payment of Directors' fees amounting to RM540,986 for the financial year ended 31 March 2023.		
3	**Ordinary Resolution 3** To approve the payment of Directors' benefits up to an amount of RM250,000 for the period from 31 August 2023 until the next AGM of the Company to be held in 2024.		
4	**Ordinary Resolution 4** To re-elect Mr Chung Kin Mun as Director of the Company in accordance with Clause 113 of the Company's Constitution.		
5	**Ordinary Resolution 5** To re-elect Mr Stephen Wan Yeng Leong as Director of the Company in accordance with Clause 112 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 Mr Chung Kin Mun as an Independent Non-Executive Director.		
8	**Ordinary Resolution 8** To approve the Authority to issue Shares pursuant to Sections 75 and 76 of the Companies Act, 2016.		
9	**Ordinary Resolution 9** To approve the Proposed Renewal of Shareholders' Mandate for 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 ____________________ 2023

____

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 2023. Only a depositor whose name appears on the General Record of Depositors as at 23 August 2023 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 42nd AGM of the Company will be conducted virtually through live streaming from the broadcast venue at Tricor Business Centre, Gemilang Meeting 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 42nd 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 Chairperson of the meeting to be present at the main venue of the meeting.
   No members or proxies 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 TIIH Online website at https://tiih.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 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. 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 28 July 2023.

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The Poll Administrator

SOUTHERN ACIDS (M) BERHAD **[198001010791 (64577-K)]**
c/o Tricor Investor & Issuing House Services Sdn Bhd
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No. 8, Jalan Kerinchi,
59200 Kuala Lumpur,
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Southern Acids (M) Berhad
[Registration No. 198001010791 (64577-K)]
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