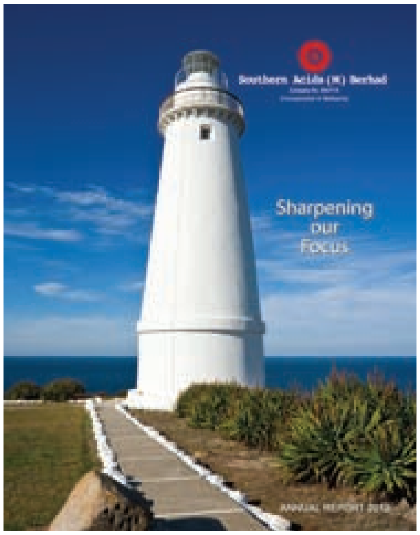
Southern Acids (M) Berhad

Company No. 64577-K
(Incorporated in Malaysia)

Sharpening
our
Focus

ANNUAL REPORT 2012



the lighthouse

The cover design illustrates Southern Acids's determination, commitment and staying the course to achieve our desired targets in each division that we operate in. Honing our skills and reshaping our focus are key elements that will enable Southern Acids to make that quantum leap and progressively enhance stakeholders value.

Lighthouses mark dangerous coastlines, hazardous shoals, reefs, safe entries to harbour. Akin to the lighthouse, Southern Acids operates in the same manner, staying focused and managing risks by avoiding financial pitfalls. Opportunities to grow is analogous to exploring an open sea with unlimited horizon albeit on a course that's charted and reflected in our clear statement of our operating procedures.

contents

corporate information

BOARD OF DIRECTORS

Tan Sri Dato' Low Boon Eng (PSM, DPMS, JP)	Chairman, Non-Independent Non-Executive Director
Lim Kim Long	Non-Independent Executive Director
Sukhinderjit Singh Muker	Non-Independent Non-Executive Director
Mohd. Hisham bin Harun	Independent Non-Executive Director
Leong So Seh	Independent Non-Executive Director
Teo Leng	Independent Non-Executive Director
Raymond Wong Kwong Yee	Non-Independent Non-Executive Director
Chung Kin Mun	Independent Non-Executive Director

AUDIT COMMITTEE

Mohd. Hisham bin Harun *Chairman*
Sukhinderjit Singh Muker
Leong So Seh

REMUNERATION COMMITTEE

Leong So Seh *Chairperson*
Mohd. Hisham bin Harun

NOMINATION COMMITTEE

Mohd. Hisham bin Harun *Chairman*
Tan Sri Dato' Low Boon Eng (PSM, DPMS, JP)
Sukhinderjit Singh Muker
Leong So Seh

CORPORATE GOVERNANCE COMMITTEE

Leong So Seh *Chairperson*
Lim Kim Long
Mohd. Hisham bin Harun

COMPANY SECRETARIES

Lim Kui Suang (MAICSA 0783327)
Paul Ignatius Stanislaus (MACS 01330)

SENIOR EXECUTIVE OFFICERS

Corporate Head Office

Chief Executive Officer - Leong Kian Ming
Chief Financial Officer - Siew Fatt Chyn
Chief Internal Auditor - Ruzita Mazni binti Arshad

Oleochemical Division

Chief Operating Officer - Tiong Chuu Ling

Plantation and Milling Division

General Manager - Lee Choo Chai

Health Care Division

Chief Executive Officer - Gideon Lim

Warehousing and Conveying Division

Head of Operation - S. Thamil Sudar

corporate information (cont'd)

REGISTERED OFFICE
9, Jalan Bayu Tinggi 2A/KS6,
Taipan 2, Batu Unjur,
41200 Klang,
Selangor Darul Ehsan,
Malaysia.
Tel : 03-3323 1916
Fax : 03-3323 3584

SHARE REGISTRAR
Symphony Share Registrars Sdn Bhd
Level 6, Symphony House, Block D13
Pusat Dagangan Dana 1,
Jalan PJU 1A/46,
47301 Petaling Jaya,
Selangor Darul Ehsan,
Malaysia.
Tel : 03-7841 8000
Fax : 03-7841 8151

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

AUDITORS
Messrs Deloitte KassimChan
Level 19, Uptown 1,
Damansara Uptown,
1, Jalan SS 21/58,
47400 Petaling Jaya,
Selangor Darul Ehsan,
Malaysia.

PRINCIPAL BANKER
CIMB Bank Berhad

STOCK EXCHANGE LISTING
Main Market of Bursa Malaysia Securities Berhad

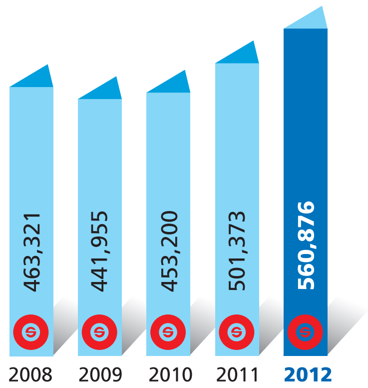
LEGAL STATUS
Public listed company limited by shares

COUNTRY OF DOMICILE & INCORPORATION
Malaysia

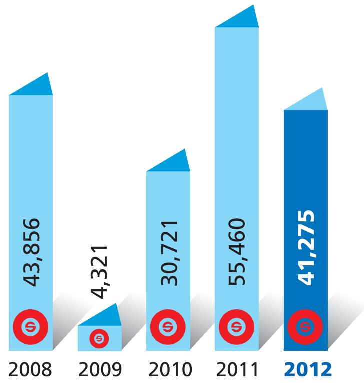
5-year group financial summary

	2008	2009	2010	2011	**2012**
FINANCIAL PERFORMANCE (in RM'000)					
Revenue	463,321	441,955	453,200	501,373	**560,876**
Profit before taxation	43,856	4,321	30,721	55,460	**41,275**
Profit for the year	28,989	924	20,271	40,950	**28,014**
FINANCIAL POSITION (in RM'000)					
Total Assets	458,093	438,246	451,346	506,564	**512,004**
Total Liabilities	62,433	53,401	52,908	57,690	**60,804**
Net Current Assets	121,572	110,241	122,810	158,450	**159,258**
Equity Attributable to Shareholders of the Company	383,264	367,952	374,561	418,388	**420,584**
Issued Share Capital	136,934	136,934	136,934	136,934	**136,934**
Net Assets	395,660	384,845	398,438	448,874	**451,200**
KEY FIGURES					
Earnings/(Loss) Per Share Sen	16.93	(2.86)	8.50	21.44	**14.55**
Dividend Per Share (Net) Sen	8.00	5.00	6.00	6.00	**5.00**
Net Assets Per Share RM	2.89	2.81	2.91	3.28	**3.30**

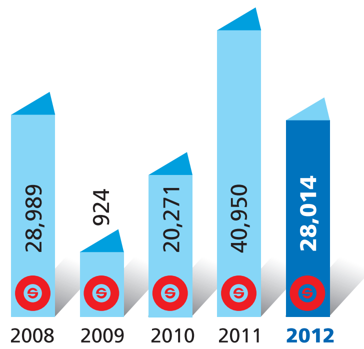
5-year group financial summary (cont'd)



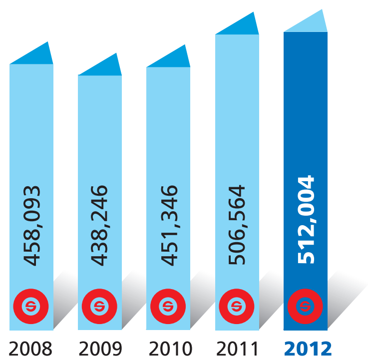
REVENUE
(RM'000)



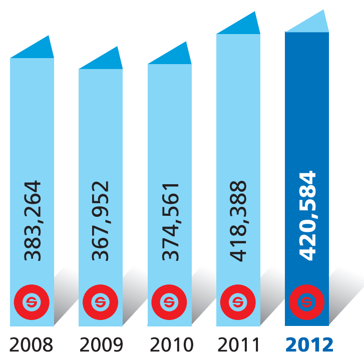
PROFIT BEFORE TAXATION
(RM'000)



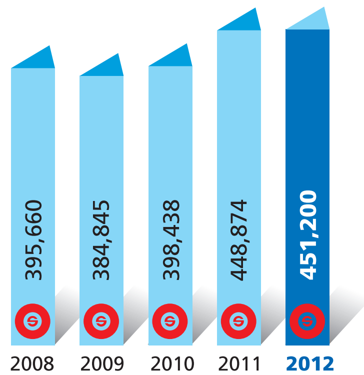
PROFIT FOR THE YEAR
(RM'000)



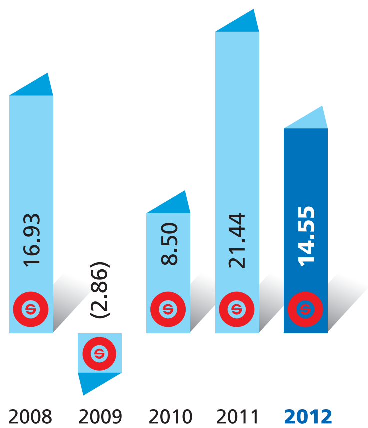
TOTAL ASSETS
(RM'000)



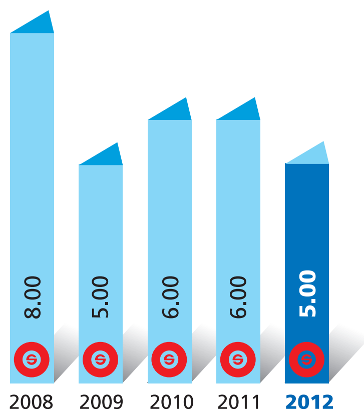
SHAREHOLDERS' EQUITY
(RM'000)



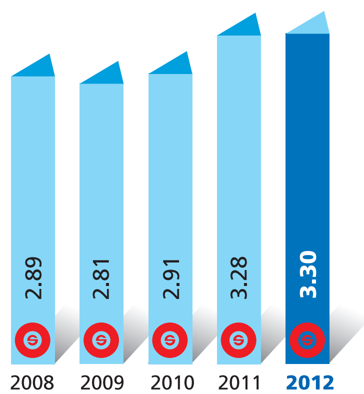
NET ASSETS
(RM'000)



EARNINGS / (LOSS) PER SHARE
(Sen)

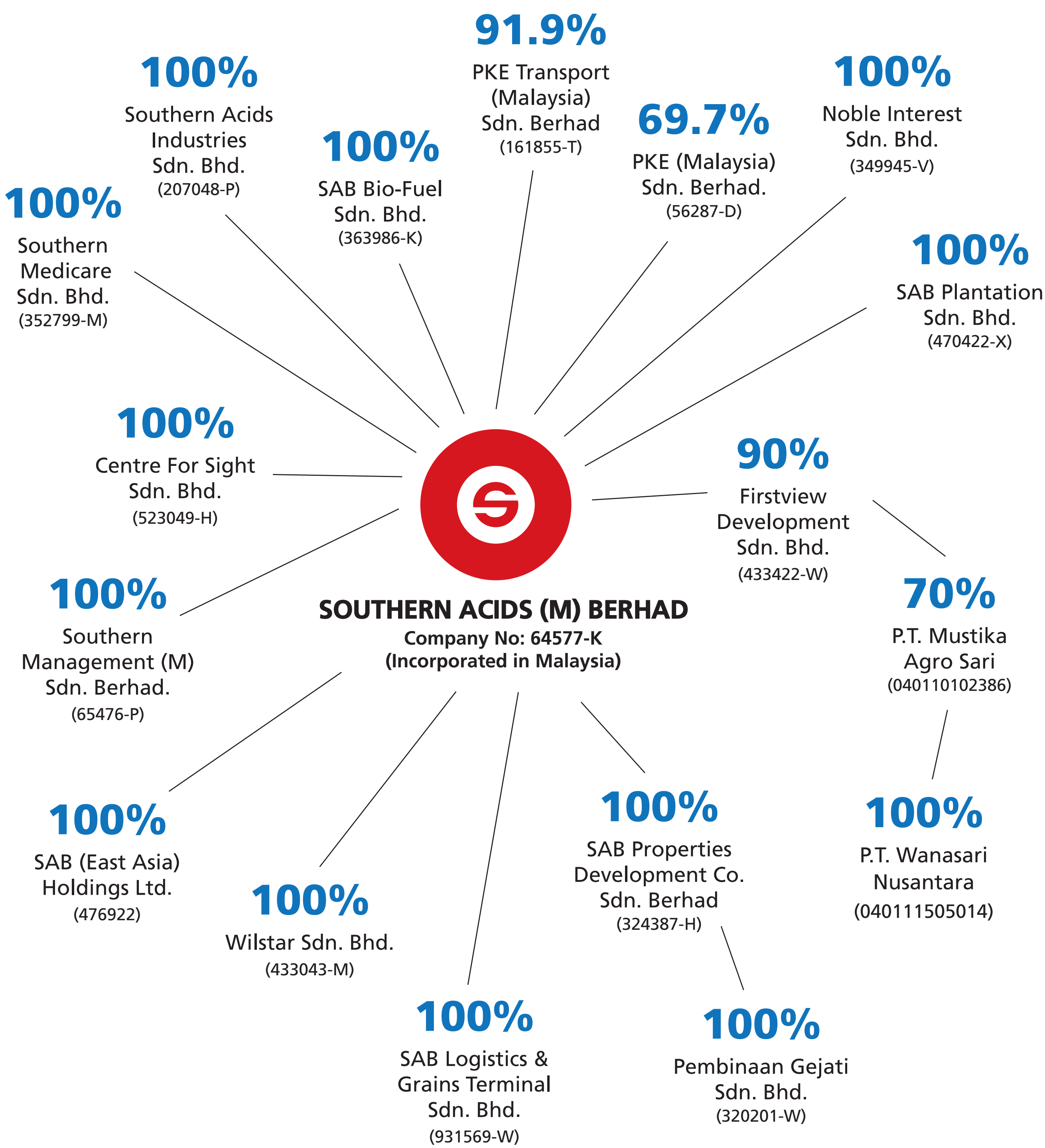


DIVIDEND PER SHARE (NET)
(Sen)



NET ASSETS PER SHARE
(RM)

corporate structure

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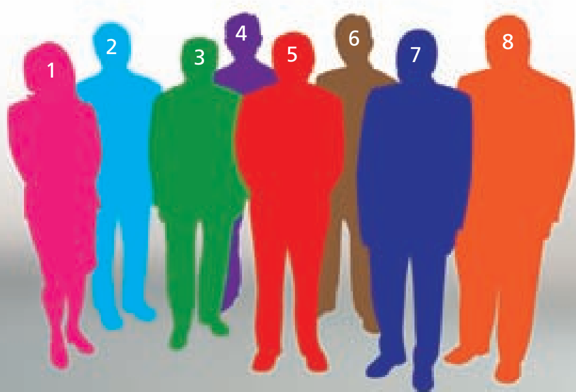
board of directors



1 Mdm. Leong So Seh
2 Mr. Teo Leng
3 En. Mohd. Hisham bin Harun
4 Mr. Raymond Wong Kwong Yee
5 Tan Sri Dato' Low Boon Eng
6 Mr. Chung Kin Mun
7 Mr. Sukhinderjit Singh Muker
8 Mr. Lim Kim Long

profile of directors

TAN SRI DATO' LOW BOON ENG

(Non-Independent Non-Executive Director; Aged 62; Malaysian)

- *Chairman of the Board of Director; and*
- *Member of Nomination Committee.*

Tan Sri Dato' Low was appointed to the Board on 10 August 2005. Other than directorship in the Company and certain subsidiaries, Tan Sri Dato' Low also hold directorship in several private companies.

Tan Sri Dato' Low holds a Bachelor of Science in Mechanical Engineering from the Imperial College, London. He is an entrepreneur whose experiences spanned over thirty (30) years in operations and management of oil palm plantation and palm oil milling.

Tan Sri Dato' Low has equity interests in the Company, directly, and indirectly through certain private companies in which he is shareholder and director. Details of his direct and indirect interests are disclosed on page 51 on this Annual Report.

Tan Sri Dato' Low is also deemed interested in certain related party transactions with the Company and certain subsidiaries as disclosed on page 103 to page 109 of this Annual Report.

Tan Sri Dato' Low has no family relationship with any other director of the Company.

During the financial year ended 31 March 2012, Tan Sri Dato' Low attended all fourteen (14) meetings of the Board of Directors.

profile of directors (cont'd)

SUKHINDERJIT SINGH MUKER

(Non-Independent Non-Executive Director; Aged 65; Malaysian)
- *Member of Audit Committee; and*
- *Member of Nomination Committee.*

Mr. Muker was appointed to the Board on 28 July 1994. Other than directorship in the Company, he is also a director of Harvest Court Industries Berhad and Pahanco Corporation Berhad, both listed on the Main Market of Bursa Malaysia Securities Berhad.

Mr. Muker is a practicing lawyer. He obtained his Bachelor of Laws (Honour) from the University of London in 1972, and was conferred the Degree of Utter Barrister by the Honourable Society of Grays Inn in 1973. He was called to the Malaysian Bar in 1974.

Mr. Muker has no family relationship with any other director or major shareholder of the Company.

During the financial year ended 31 March 2012, Mr. Muker attended thirteen (13) out of fourteen (14) of the Board of Directors' meetings.

LIM KIM LONG

(Non-Independent Executive Director; Aged 52; Malaysian)
- *Member of Corporate Governance Committee*

Mr. Lim was appointed to the Board on 10 August 2005. Other than directorship in the Company and all its subsidiaries, he is also director of several private companies.

Mr. Lim pursued his pre-university education at Kolej Tunku Abdul Rahman, Kuala Lumpur. He is actively involved in the corporate affairs and general management of the Group, especially in the area of oil palm plantation and employee relations.

Mr. Lim has equity interests in the Company, directly, and indirectly through certain private companies in which he is shareholder and director. Details of his direct and indirect interests are disclosed on page 51 on this Annual Report.

Mr. Lim is also deemed interested in certain related party transactions with the Company and certain subsidiaries as disclosed on page 103 to page 109 of this Annual Report.

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

During the financial year ended 31 March 2012, Mr. Lim attended all fourteen (14) meetings of the Board of Directors.

MOHD. HISHAM BIN HARUN

(Independent Non-Executive Director; Aged 44; Malaysian)

- *Chairman of Audit Committee;*
- *Chairman of Nomination Committee;*
- *Member of Remuneration Committee; and*
- *Member of Corporate Governance Committee.*

Encik Mohd. Hisham was appointed to the Board on 10 August 2005. He is also a director of a subsidiary of the Company.

Encik Mohd. Hisham is a member of the Chartered Institute of Management Accountants, UK. He started his career with Coopers & Lybrand / PriceWaterhouse Coopers, where he was attached to the Audit Division and the Consultancy Division. He is currently the Senior General Manager of Corporate Finance and Services of Lembaga Tabung Haji, a major shareholder of the Company.

Encik Mohd. Hisham has no family relationship with any other director or major shareholder of the Company.

During the financial year ended 31 March 2012, Encik Mohd. Hisham attended all fourteen (14) meetings of the Board of Directors.

LEONG SO SEH

(Independent Non-Executive Director; Aged 60; Malaysian)

- *Chairperson of Corporate Governance Committee;*
- *Chairperson of Remuneration Committee;*
- *Member of Audit Committee; and*
- *Member of Nomination Committee.*

Madam Leong was appointed to the Board on 8 April 2009. She is also a director of certain subsidiaries of the Company.

Madam Leong holds a Bachelor of Economics from University of Malaya and a Master Degree in Economics from Vanderbilt University, USA. Prior to her appointment to the Board of the Company, she has held senior positions in the Economic Planning Unit of the Prime Minister Department of Malaysia and the Securities Commission of Malaysia.

Madam Leong has no family relationship with any other director or major shareholder of the Company.

During the financial year ended 31 March 2012, Madam Leong attended all fourteen (14) meetings of the Board of Directors.

TEO LENG

(Independent Non-Executive Director; Aged 60; Malaysian)

Mr. Teo was appointed to the Board on 1 December 2010.

Mr. Teo holds a Bachelor of Agricultural Science (First Class Honours) from University of Malaya and a Master of Science (Soil Chemistry) from University of Wisconsin @ Madison, USA. He has over thirty (30) years of experience in the palm oil industry, with private companies and public listed corporations and government organisations. This includes implementation of Roundtable on Sustainable Palm Oil (RSPO) certification and development of Mill Integrated Waste Management System.

Mr. Teo has no family relationship with any other director or major shareholder of the Company.

During the financial year ended 31 March 2012, Mr. Teo attended eleven (11) out of fourteen (14) meetings of the Board of Directors.

RAYMOND WONG KWONG YEE

(Non-Independent Non-Executive Director; Aged 42; Malaysian)

Mr. Wong was appointed to the Board on 18 October 2011. Other than the directorship in the Company and certain subsidiaries, he is also a director of several private companies.

Mr. Wong is a practicing lawyer and the managing partner of a legal firm. He obtained his Bachelor of Laws (Honour) from the University of London in 1991, and was called to the Malaysian Bar in 1996.

Mr. Wong has no family relationship with any other director or major shareholder of the Company.

During the financial year ended 31 March 2012, Mr. Wong attended five (5) out of five (5) of the Board of Directors' meetings.

CHUNG KIN MUN

(Independent Non-Executive Director; Aged 45; Malaysian)

Mr. Chung was appointed to the Board on 20 March 2012.

Mr. Chung holds a Bachelor of Business (Accounting) from the Phillip Institute of Technology, Australia and is a member of CPA Australia. He has over twenty (20) years of experience in merchant banking, corporate finance, accounting and general management. Prior to the appointment to the Board of the Company, Mr. Chung was the Group Chief Financial Officer of Zelan Berhad, a company that is listed on the Main Market of Bursa Malaysia Securities Berhad.

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

During the financial year ended 31 March 2012, Mr. Chung attended one (1) out of one (1) meeting of the Board of Directors.

None of the Directors have been convicted for any offence within the past ten (10) years.

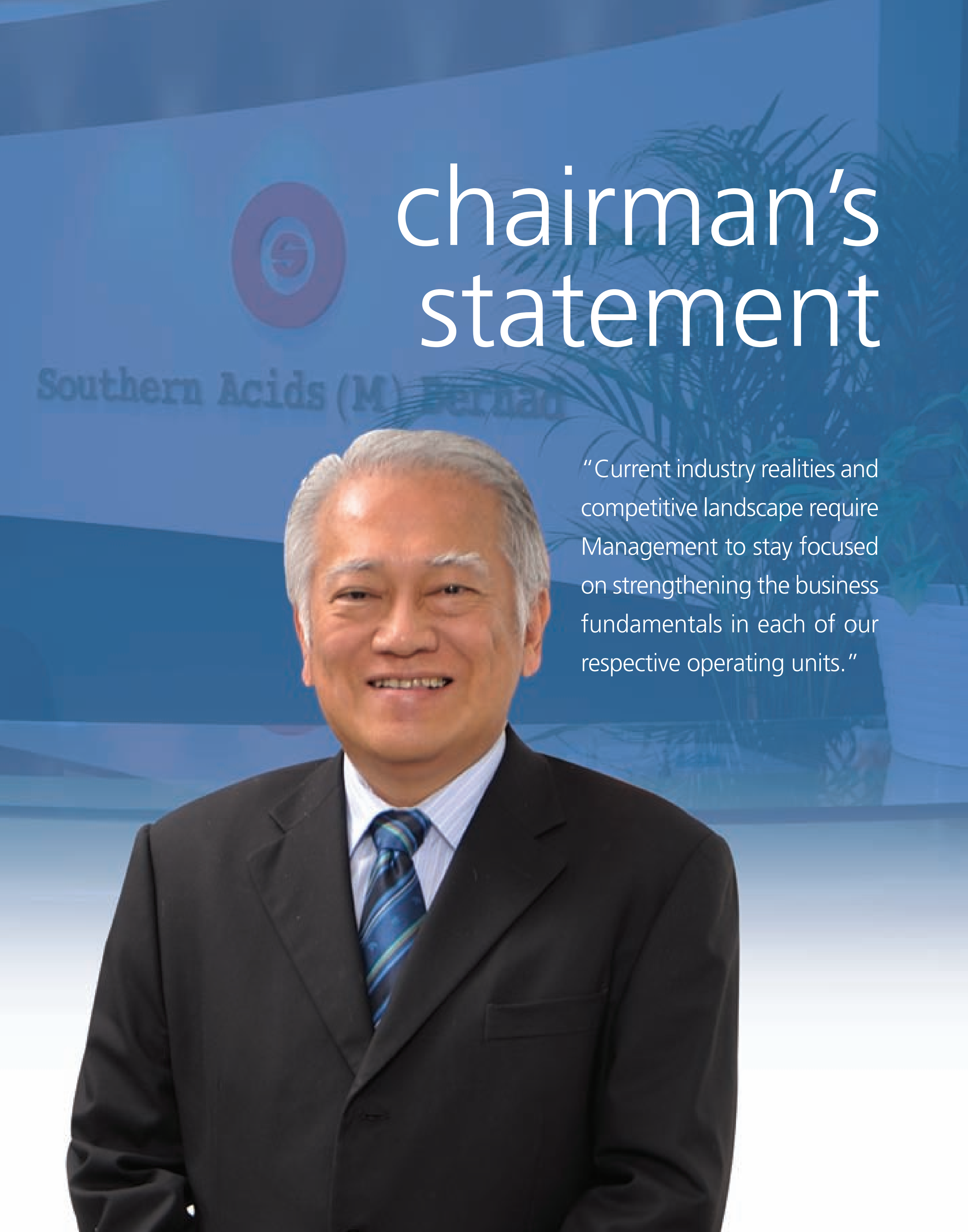
ceo's profile

LEONG KIAN MING, a Malaysian, aged 55, was appointed as the Chief Executive Officer on 1 June, 2009. Mr. Leong, a Chartered Accountant by profession, is a Fellow of the Association of Chartered Certified Accountants (ACCA) and a Fellow of CPA Australia.

Mr. Leong's experience spanned more than twenty (20) years in Senior Management positions and across a range of industries including chain-store retailing, wholesale trading, discreet manufacturing and assembling, steel manufacturing and processing, forestry, wood-based processing, healthcare, mining and renewable energy. Before assuming the Chief Executive Officer position, Mr. Leong was the Executive Director and Chief Executive Officer of a company listed on both the Australian Securities Exchange (ASX) and the Singapore Stock Exchange (SGX).

Mr. Leong has no family relationship with any director or major shareholder of the Company. He has never been convicted for any offence within the past ten (10) years.

chairman's statement



"Current industry realities and competitive landscape require Management to stay focused on strengthening the business fundamentals in each of our respective operating units."

chairman's statement (cont'd)

OPERATING ENVIRONMENT

The Group operated under conditions of uncertainty in an economic environment in which concerns about the contagion effects of the Eurozone sovereign debt crisis and the slower pace of China's economic growth dampened business confidence during FY2012. This is further exacerbated by a new export tax regime introduced by the Indonesian Government in September 2011 which had adversely affected not only our oleochemical division in Malaysia but our palm oil milling division in Indonesia as well. These divisions will continue to be adversely impacted in the new financial year ("FY2013") with its attending risk on earnings and operating margins.

Amidst the very challenging operating environment, all our business divisions demonstrated resilience in maintaining support from our loyal customer bases, thus averting the full impact of market shocks on all our businesses. SAB's oleochemical division, however, reported significantly reduced margins and bottom-line earnings during FY2012. Our plantation and milling division in Indonesia also reported reduced earnings being affected by lower crude palm oil ("CPO") prices and the Indonesian Government's new export tax regime favouring processed palm products. Our private healthcare division reported slightly increased earnings amidst increased competition from entry of new players in the private healthcare market, while our warehousing & conveying division reported improved bottom-line earnings in FY2012.

OVERVIEW OF RESULTS

The SAB Group returned a pre-tax profit of RM41.3 million (FY2011 (11 months): RM55.5 million) on the back of total Group revenue of RM560.9 million (FY2011 (11 months): RM501.4 million). On an annualised basis, Group pre-tax profit dropped by 32% despite an increase in Group turnover of 3%. Group after-tax profit amounted to RM28.0 million (FY2011 (11 months): RM41.0 million) – a decrease of 37% on an annualised basis.

Earnings per share (EPS) attributable to equity holders of the Company reduced from 21.44 sen (for the 11 months ended 31 March 2011) to 14.55 sen (for the 12 months in FY2012), while net asset per share increased marginally from RM3.28 per share to RM3.30 per share.

A more detailed report and management discussion on each operating division is provided in the **CEO's Review of Operations**.

BOARDROOM

We welcome Mr. Raymond Wong Kwong Yee and Mr. Chung Kin Mun to your Board. Mr. Raymond Wong, a practising lawyer, joined the Board on 18 October 2011 as a Non-Independent Non-Executive Director, while Mr. Chung Kin Mun, a qualified accountant, joined the Board on 20 March 2012 as an Independent Non-Executive Director. Both Mr. Raymond Wong Kwong Kee and Mr. Chung Kin Mun bring with them new experiences and expertise from their respective professional and corporate backgrounds and are expected to lend value and insight into board deliberations and discussions. In accordance with the Company's Articles of Association, both shall retire at the forthcoming Annual General Meeting (AGM), and being eligible, offer themselves for re-election.

Madam Leong So Seh retires by rotation in the forthcoming AGM in accordance with the Company's Articles of Association, and being eligible offers herself for re-election.

PLATFORMS FOR FUTURE GROWTH

Your Board is mindful of its responsibilities to ensure that all our operating business divisions stay 'ahead of the game' in order to generate sustainable long-term returns for shareholders. Toward this end, Management has been directed to sharpen its focus on current core competencies and synthesize its performance imperatives into 3 strategic platforms. These platforms shall be Management's key focus areas for laying a strong foundation for future growth in our core businesses. More specifically, these 3 platforms aim to focus Management's activities in: (1) Building on strong business fundamentals, (2) Strengthening core competencies and leadership at every level of management, and (3) Effective risk management for business sustainability.

Current industry realities and competitive landscape require Management to stay focused on strengthening the business fundamentals in each of our respective operating units, with emphasis on recognising and responding speedily to customer needs, shifts in market trends and threats. This means putting customers first and diverting more resources to support frontline sales and marketing efforts, and reducing layers of management for faster feedback and response.

The Group will also commit capital expenditure in FY2013 to improve better interface between sales and production planning, more efficient procurement, production tracking and inventory control. Staff at every level are also encouraged to recognise and measure cost savings as a 'here and now' opportunity to contribute to the Group's bottom line earnings. During FY2012, every initiative by ground management to control operation costs were given strong support.

Improvement in management competencies and leadership is an area given added emphasis during FY2012 where resources were allocated for human resources development and training. The aim is to train and retain our best and most talented managers and staff within the Group, enhance decision-making and performance capabilities of our professional workforce in the longer term.

In my report to shareholders last year, I stated that Management had been entrusted with appropriate authority and power to effectively discharge their responsibilities and to realise the goals of their respective units. This emphasis on management empowerment will continue to form an important tenet of our management culture into the future. Thus, managers who had been given a trust must continue to prove faithful.

During FY2012, effective risk management was also given high priority. The Board, through its Corporate Governance Committee, engaged KPMG Management & Risk Consulting Sdn Bhd ("KPMG") to spearhead a pilot project in developing an Enterprise Risk Management (ERM) Framework for our oleochemical division. This exercise, when completed, will be replicated in all our other business divisions within the Group. The aim of this exercise is to build a strong risk awareness culture within the Group where principal business risks faced by each business division are clearly identified, evaluated, prioritised and communicated.

This year's annual report theme of "**Sharpening our Focus**" encapsulates the unifying ideas expressed in the Board's 3 strategic platforms for building strong and sustainable businesses across SAB Group.

OUTLOOK AND PROSPECTS

Concerns about the Eurozone debt crisis and China's economic growth will continue into FY2013. Management's assessment of the competitive landscape in each of our business divisions produced a mix of prospects and challenges in the ensuing 12 months. The Group's oleochemical division must anticipate fierce and intense competition from Indonesia in FY2013 when newly installed plant capacities, taking advantage of favourable Government incentives for downstream processing, are commissioned and supported by the further advantage of cheaper raw materials in Indonesia. Product margins in FY2013 may be further squeezed by upward price pressures of CPO caused by reduced availability of CPO raw-materials feed-stocks for refiners and oleochemical producers following the Malaysian Government's decision to increase the duty-free export quota for CPO. As a stand-alone (non-integrated) oleochemical producer, we expect our ability to hold on to our traditional market share to be severely challenged by our competitors from Indonesia.

Our plantation & milling division, operated through our Indonesian subsidiaries, PT Mustika Agro Sari and PT Wanasari Nusantara, is expected to continue to contribute the lion's share of the Group's bottom-line in FY2013. The current lower CPO prices in Indonesia may eventually reverse as the increase in refining and oleochemical plant capacities in Indonesia will lead to stiffer competition for CPO supply and result in higher domestic CPO selling prices for Indonesian planters. Efforts to increase fresh fruit bunches yield through our fertilizer programme will see results in FY2013.

chairman's statement (cont'd)

Our private healthcare division, operating as Sri Kota Specialist Medical Centre ("Sri Kota") is expected to exceed FY2012's performance through increased inpatient and outpatient registrations.

Sri Kota celebrated its landmark achievement by being awarded a 3-year Malaysian Society for Quality Health ("MSQH") Accreditation. Following this award, Sri Kota is now a participating private tertiary hospital in the Malaysian Government-sponsored health tourism programme, and would benefit from the Government's efforts to position Malaysia as an attractive medical tourism destination.

While new players have entered the market space served by Sri Kota, Management is confident that our emphasis on "people first" and our continuous strive to uphold the trust and confidence of the community we serve, will position Sri Kota as a tertiary private hospital of choice.

Our warehousing and conveying division, operated by PKE (Malaysia) Sdn Berhad and PKE Malaysia (Transport) Sdn Berhad (collectively, "PKE"), currently operates at Wharf 15 of Northport, Pelabuhan Kelang, is expected to maintain its current contribution to Group earnings. Our plan, last year, to relocate PKE's operations to Westport had to be aborted due to the latter's withdrawal from its earlier plan to build a berth for the export of palm kernel expeller. PKE's current lease in Northport is likely to be extended until September 2013. Discussions with Northport and Port Klang Authority (LPK), and all industry stakeholders is continuing with a view to finding a long-term "win-win" solution towards resolving PKE's business continuity and the interest of affected stakeholders in this palm oil industry sub-sector.

DIVIDEND

Your Board is pleased to recommend a final dividend of 6.67 sen per ordinary share of RM1.00 each, less 25% tax, for the financial year ended 31 March 2012. The Board seeks your approval of the proposed dividend at the forthcoming AGM.

ACKNOWLEDGEMENT

On behalf of the Board of Directors, I wish to thank our Management and staff for their steadfast loyalty and dedication during FY2012. Their commitment to the Group and their continued vigilance in an ever changing and uncertain business environment deserves our heartfelt praise and honour. Our valued shareholders, customers, business partners, financiers and all stakeholders deserve our sincere thanks for their continued support, trust and confidence in SAB.

Last but not least, I am grateful to my Board colleagues for their wise guidance, support and invaluable contribution.

Thank you.

Tan Sri Dato' Low Boon Eng, PSM, DPMS, JP
Chairman


SIEMENS
I-class
MAGNETOM Avanto

". . . we remain vigilant and are focused on striving for maximization of profit margins in each and every business divisions and will intensify efforts to improve efficiencies across all our operations."

chief executive officer's review of operations

chief executive officer's review of operations

OVERVIEW

The **Southern Acids (M) Berhad** ("**SAB**") Group returned a pre-tax profit of RM41.3 million for the financial year ended 31 March 2012 ("**FY2012**"). This result represents a decrease of RM14.2 million or 26% compared to the pre-tax profit for the last financial period ended 31 March 2011 (FY2011 (**11-months**) : RM55.5 million) ("**FY2011**"). Group after-tax profit achieved for FY2012 amounted to RM28.0 million (FY2011 : RM41.0 million), a decrease of 32%, on a total revenue of RM560.9 million (FY2011 : RM501.4 million). Group after-tax profit attributable to equity holders of SAB amounted to RM19.9 million against RM29.4 million achieved in FY2011.

During FY2012, although the Group operated under conditions of global economic uncertainty and an extremely volatile business environment, all our operating divisions returned positive bottom-line earnings. SAB's oleochemical manufacturing division however saw its operating margins eroded by cost-subsidized products from Indonesia entering the market while the plantation and milling division saw prices of its crude palm oil (CPO) artificially reduced by the Indonesian Government policies favoring downstream activities in the palm oil industry such as refineries and oleochemical producers. Pre-tax profit achieved by the oleochemical division during FY2012 was RM10.6 million against RM20.3 million in FY2011 – a decrease of 48%.

Plantation and milling division, while continuing to be the leading contributor of Group profits, posted a pre-tax profit of RM26.2 million or a 14% decrease against RM30.5 million in FY2011. The private healthcare division continued to build on the stronger support base from its corporate clients and increase in both its inpatient and outpatient registration during FY2012. This division delivered a pre-tax profit of RM3.3 million (FY2011 : RM2.8 million) - an increase of 18%. Results of the warehousing and port conveying division is a function of the increased cargo and warehousing load tonnage and returned a pre-tax profit of RM3.0 million (FY2011 : RM2.1 million) - an increase of 43%.

Overall, Group earnings per share (**EPS**) reduced from 21.44 sen per ordinary share in FY2011 to 14.55 sen per ordinary share, while net assets per share (**NAV**) increased marginally to RM3.30 per ordinary share from RM3.28 per ordinary share in FY2011.

A more detailed discussion of each operating division's performance is as follows:-

oleochemical division

chief executive officer's review of operations (cont'd)

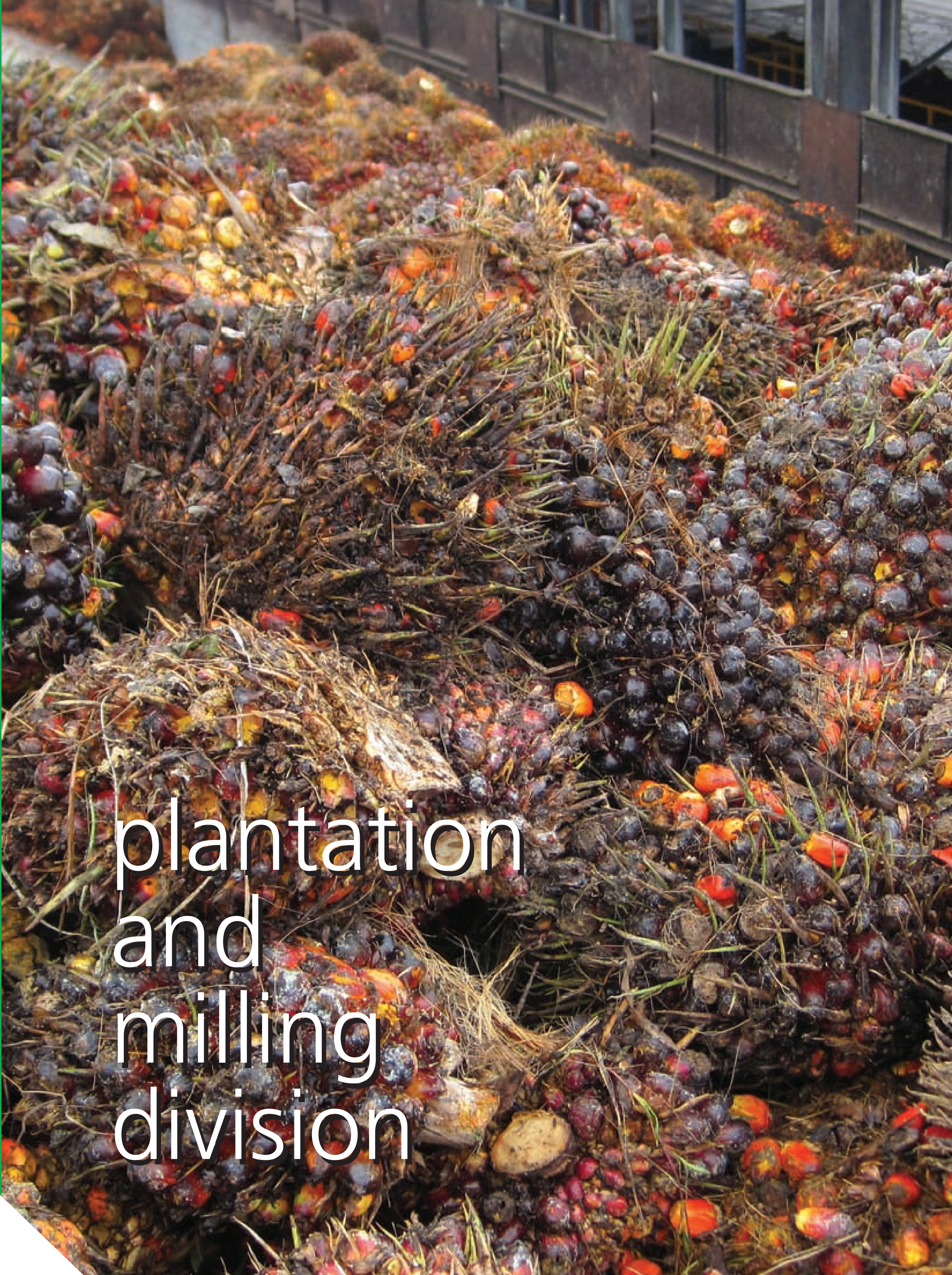
OLEOCHEMICAL DIVISION

Sales performance of the oleochemical division, operated through **Southern Acids Industries Sdn. Bhd.** ("**SA Industries**"), continued to be supported by stable global demand for fatty acids and glycerine and a favourable US Dollar exchange rate vis-à-vis the Malaysian Ringgit during the 2nd half of FY2012. Revenue from sales of fatty acids and glycerine increased by RM27.9 million or 8%, to RM376.3 million (FY2011 : RM348.4 million). Operating profits however deteriorated by 48% to RM10.6 million (FY2011 : RM20.3 million) due to intense competition from downstream operators in Indonesia which have benefited from the revamped export duty structure introduced by the Indonesian Government since September 2011. This new export tax regime had the effect of subsidizing the cost of input raw-materials in the form of cheaper domestic crude palm oil (CPO) and crude palm kernel oil (CPKO). This had adversely impacted the cost competiveness of Malaysian downstream operators including that of our oleochemical division, which suffered erosion of margins during FY2012. Cost of raw-materials were 13%-33% (for CPO) and 13%-69% (for CPKO) higher than the corresponding months in the previous year for the 1st half of FY2012 before tapering down to an average CPO price of RM3,153/mt (Average (FY2011) : RM3,023/mt) and an average CPKO price of RM4,026/mt (Average (FY2011) : RM4,513/mt).

Notwithstanding the threat from our neighbor, Management has been successful in securing customers in new export destinations beyond our traditional markets of Europe, East and South Asia. Management resilience in holding the fort against price assault from our Indonesian competitors is to be commended in an environment of extreme price volatility. The order book during FY2012 enabled the oleochemical manufacturing plant to operate at full capacity.

The glycerine market was generally more buoyant during FY2012 than FY2011. Sales volume of refined glycerine increased by 16% to 10,136 mt (FY2011 : 8,772 mt) supported by a generally improved average selling price. Revenue from sales of refined glycerine totaled RM24.5 million (FY2011 : RM18.9 million).

The market demand for glycerine is expected to show steady growth in the foreseeable future with the coming on-stream of glycerine-based chemicals and the growing environmental push for green alternatives to petrochemical. With regional oleochemical industry in the state of uncertainty due to over-capacity and volatile commodity prices; glycerine, a co-product in the manufacture of oleochemicals, may be leading the industry into what could well be a new era.



plantation and milling division

PLANTATION AND MILLING DIVISION

The plantation and milling division, operated through **PT Mustika Agro Sari** and **PT Wanasari Nusantara** (collectively, **"Indonesian subsidiaries"**), delivered a pre-tax profit of RM26.2 million for FY2012 – a decrease of 14% compared to RM30.5 million in FY2011. Pre-tax profits from this division contributed 63% of Group pre-tax profit of RM41.3 million.

Revenue from sale of CPO and palm kernel (PK) increased by 18% to RM103.4 million (FY2011 : 87.8 million) during FY2012. Sales volume of CPO and PK was in tandem with increase in production during FY2012. This division was disadvantaged by the new export tax regime introduced by the Indonesian Government in September 2011 which favoured processed palm oil products and depressed domestic CPO prices below those in Malaysia. Average CPO selling prices (SP) per mt fell from its highest level of RM2,765/mt in June 2011 to its lowest level of RM2,432/mt in November 2011 – averaging at RM2,574/mt ex-mill for FY2012 (FY2011 Av. SP : RM2,622/mt). Prices of PK moved in tandem with domestic CPO; falling from its highest level of RM2,192/mt in June 2011 to RM1,021/mt in November 2011 – averaging at RM1,401/mt ex-mill for FY2012 (FY2011 Av. SP : RM1,787/mt).

During FY2012, Management continued with the planned fertiliser programme which commenced in FY2011. Disciplined plantation management practices were pursued systematically in order to improve fresh fruit bunches (FFB) yield per hectare (mt/ha) in FY2013 and beyond. Average FFB yield achieved during FY2012 was unsatisfactory at 15.1 mt/ha (FY2011 : 14.8 mt/ha). Management is working towards achieving an average FFB yield of 20 mt/ha from our plantations in the foreseeable 12-24 months. Plantation management practices and initiatives began in FY2011, in compliance with Indonesian Government policy, continued to make progress in FY2012 with a view to attaining accreditation under the Indonesian Sustainable Palm Oil (**ISPO**) in FY2014.

FFB processed during FY2012 totaled 147,184 mt (FY2011 : 127,046 mt). These include FFB from smallholders under the Plasma and KKPA programme developed by our Indonesian subsidiaries, and from third party suppliers. Oil extraction rate (OER) of 23.4% achieved during FY2012 for CPO was consistent with previous year (FY2011 : 23.5%) while PK extraction was slightly higher at 5.1% (FY2011 : 4.8%).

warehousing and conveying division

WAREHOUSING AND CONVEYING DIVISION

The warehousing and conveying division, operated through **PKE (Malaysia) Sdn. Berhad and PKE Transport (Malaysia) Sdn. Berhad** (collectively, "**PKE**") delivered improved pre-tax profit of RM3.0 million (FY2011 : RM2.1 million) – an increase of 43%. Revenue generated from PKE's cargo handling operation increased by 59% to RM8.1 million (FY2011 : RM5.1 million) due to an increase in throughput volume handled at PKE's warehouse and conveyor loading facilities at Wharf 15, Northport, Pelabuhan Kelang. Total volume received into PKE's warehouse during FY2012 was 299,435 mt (FY2011 : 255,500 mt) – an increase of 17%, and tonnage handled by PKE's conveyor loading facility totaled 533,872 mt (FY2011 : 372,600 mt) – an increase of 43%.

PKE's warehousing and conveying facilities are currently located on a land adjacent to Wharf 15 at Northport, Pelabuhan Klang. The lease on the land expired in September 2011 but was extended for another year until September 2012. PKE had previously planned to relocate its existing warehousing and conveying operations to Westport, Pelabuhan Klang but this plan had to be aborted due to Westports Malaysia Sdn. Bhd. withdrawing from its earlier intention to construct a dedicated wharf for export of palm kernel expeller from Westport.

Management is currently in discussion with Northport Malaysia Berhad, the current lessor, for a further extension of the PKE lease until a more permanent solution is found concerning how producers and shippers of palm kernel expeller may best be served in the longer term. In view of the importance of this sub-segment to the Palm Oil industry in the Central Region of Peninsula Malaysia and the strategic role played by PKE in the export of palm kernel expeller, Management is hopeful that Northport Malaysia Berhad will be receptive to PKE's application for extension of its current lease; given the strong support it has received from Lembaga Pelabuhan Klang and the Ministry of Plantation Industries and Commodities.

healthcare division

HEALTHCARE DIVISION

The healthcare division, operated through **Sri Kota Specialist Medical Centre** (**"Sri Kota"**) and managed by **Southern Medicare Sdn. Bhd.**, returned a pre-tax profit of RM3.3 million during FY2012 - an increase of 18% (FY2011 : RM2.8 million).

Notwithstanding a highly competitive operating environment where Sri Kota competes with a number of existing and new private hospitals in the Klang Valley, the healthcare division continues to build on the strong support it receives from the discerning community of Klang and its vicinity townships and from its base of corporate clients. Operating revenue increased by 27% to RM68.7 million (FY2011 : RM54.3 million) due to a 16% increase in patient registration from 81,883 in FY2011 to 95,108 during FY2012.

Sri Kota's efforts to improve its standard of healthcare and services to the community at large and to all walk-in patients bore fruits in November 2011 when it achieved the prestigious **Malaysian Society for Quality Healthcare** (**MSQH**) Accreditation for 3 years. This award was the result of 3 years of diligent preparation by Sri Kota's management and staff, and appropriately adorns its motto – "**The Heart of Healthcare**". Following this landmark achievement, Sri Kota is now a participating private tertiary hospital in the Malaysian Government-sponsored medical tourism programme and hopes to benefit from the Government's efforts to position Malaysia as an attractive medical tourism destination.

Current initiatives to broaden our customer base via regular sponsorships of continuous medical education for General Practitioners (**GP**), organizing and sponsoring public and corporate healthcare forums to reinforce awareness of Sri Kota as a committed and caring player in the local healthcare scene, will continue to be pursued. Management is confident that our emphasis on '**people first**' and our continuous commitment to uphold the trust and confidence of the community we serve, will position Sri Kota as a tertiary private hospital of choice.

chief executive officer's review of operations (cont'd)

OUTLOOK

Performance of the various business divisions in FY2013 will no doubt be affected by uncertainties in the global business environment. Concerns about the lack-lustre US economic recovery, the potential contagion effects of the Eurozone sovereign debt crisis on the region and the extent of China's economic slowdown may each pose downside risk to business and consumer confidence although a global slowdown triggered by these uncertainties is unlikely to be nearly as deep as it was in 2009 when the world skidded into recession. Management will, during FY2013, sharpen its focus on the Group's business fundamentals and risk management, and be vigilant in strengthening each of SAB's core businesses to prepare for potential global shocks which may impact our operating performance in FY2013 and beyond.

Performance of both our oleochemical division (based in Klang, Selangor), and our plantation & milling division (based in Riau Province, Sumatra) in FY2013 will continue to be impacted by Indonesia's new export tax regime which favours its domestic downstream refinery and oleochemical operators. The lower prices of Indonesian domestic CPO vis-à-vis prices in Malaysia will continue to give Indonesian refiners and downstream oleochemical operators a significant cost advantage over their Malaysian counter-parts. Non-integrated downstream operators in Malaysia, including SA Industries, will find little relief from their current predicament when their margins are further reduced by a near term boost in CPO prices arising from the Malaysian Government's plan to increase the tax-free export quota of CPO. This move, although intended to help local oil palm plantations cope with higher production output in the ensuing few months, could reduced the availability of CPO for domestic refiners and oleochemical operators, hence potentially driving CPO prices upwards with the consequential effects of further eroding an already thin margin.

In anticipation of current and near term industry realities, Management has taken steps to position our markets where demands for fatty acids and refined glycerine remain reasonably robust. Notwithstanding this, our oleochemical division is bracing for a year where profit margins will continue to be diluted by the more competitively priced oleochemical and processed palm oil products from Indonesia entering the market.

Our plantation and milling division is expected to maintain its current performance in FY2013 amidst the lower CPO prices in Indonesia. Efforts to further improve plantation yield in terms of FFB harvested are continuing with planned fertilizer programme being systematically implemented. This determination to drastically improve our plantation performance and yield is reinforced by the implementation of recommended plantation management practices to seek accreditation under Indonesian Sustainable Palm Oil (ISPO) in 2014. Management is also mindful of the risk of an outbreak of the drought-inducing El Nino weather phenomenon during FY2013. An onset of El Nino will have an impact on palm oil production although this may in turn trigger a potential CPO price rally due to lower inventory levels in both Malaysia and Indonesia.

Our healthcare division is expected to exceed FY2012 performance through a further increase in inpatient and outpatient registration.

The award of a 3-year Malaysian Society for Quality Health ("**MSQH**") Accreditation to our healthcare division operated under Sri Kota Specialist Medical Centre (Sri Kota) provides the healthcare division with a further platform to strengthen the community's trust and confidence in our medical professionals and in the quality of our services.

Further, as a participating private tertiary hospital in the Medical Healthcare Travel Council (MHTC) programme, Sri Kota hopes to reap the benefits from the Government's efforts under the Economic Transformation Programme (ETP) to position Malaysia as an attractive medical tourism destination where healthcare tourists can expect to receive world-class medical care and services at an affordable cost.

While new players have entered the market space served by Sri Kota, Management is confident that our emphasis on '**people first**' will position Sri Kota as a tertiary private hospital of choice.

Given this overall outlook, we remain vigilant and are focused on striving for maximization of profit margins in each and every business divisions and will intensify efforts to improve efficiencies across all our operations. Measures to contain energy cost are in place as are steps to contain controllable costs.

Management will give priority to effective risk management during FY2013. The Enterprise Risk Management (ERM) Framework developed in FY2012 for our oleochemical division will be replicated in all the other business divisions within the SAB Group. This is aimed at building a strong risk awareness culture within the Group where principal business risks faced by each business division are clearly identified, evaluated, prioritized and communicated.

Finally, Management is mindful of the need to stay ahead of the game in order to generate sustainable long-term returns for shareholders. Towards this end, Management will remain sharply focused on strengthening the business fundamentals in each of our four business divisions, build on our in-house industry knowledge and business core competencies developed over the years, and to develop an effective risk management and control system - as a platform for future growth. No doubt, this will involve commitment to the deliberate training and development of human capital, enhancing managerial competencies at every level of Group management so as to create a team of highly trained, risk-aware and a strategy-focused workforce.

Thank you.

Leong Kian Ming
Chief Executive Officer

27 August 2012

FOCUSED

Our utmost responsibility lies in effective governance practices, safety, health and environmental efforts and maintaining stringent guidelines in product manufacturing.

audit committee report

Ensuring Efficiency with proper procedures through stringent checks and balances.

The Board of Directors ("the Board") of Southern Acids (M) Berhad established its Audit Committee ("AC") on 29 July 1994.

1. TERMS OF REFERENCE

a) Membership

The AC shall be appointed by the Board from amongst the members of the Board and shall consists of not less than three (3) members, with the following conditions:

i) majority of the AC's members shall be independent non-executive directors who is not an alternate director;

ii) at least one (1) member shall be a member of the Malaysian Institute of Accountants or whom shall fulfil requirements as prescribed in Chapter 15.10 of the Listing Requirements of Bursa Malaysia Securities Berhad, with minimum three (3) years of working experience; and

iii) the AC shall elect an independent non-executive director from amongst its members to be the Chairman.

In the event a member of the AC resigns or for any other reason ceases to be a member with the result that the number of members is reduced below three (3), the Board shall within three (3) months from that event, appoint such number of new member as may be required to make up the minimum number of members.

b) Authority

The AC has the following mandate from the Board:

i) sufficient and competent resources, including access to external independent professional advice that it considers reasonable and necessary, to perform its duties;

ii) full and unrestricted access to information, reports, records, properties and personnel of all level of management;

iii) direct channels of communication with both the internal auditors and external auditors, and if deemed necessary, convene meetings without the presence of executive management;

iv) put in place a periodical or annual internal audit plans and ensure the efficiency and effectiveness of such plans in meeting the desired objectives; and

1. TERMS OF REFERENCE (cont'd)

b) Authority (cont'd)

The AC has the following mandate from the Board: (cont'd)

v) investigate any matter that is deemed necessary, within its Terms of References.

The AC reports to the Board on matters considered and its recommendations thereon, pertaining to the affairs of the Company and the Group.

c) Duties and Responsibilities

The duties and responsibilities of the AC are:

i) oversee the system of internal control including internal audit, management accounting, financial reporting and business ethics, to ensure operational efficiencies and effectiveness in safeguarding shareholders' investments and the Group's assets;

ii) ensure the internal audit function is equipped with sufficient and competent resources, and has the necessary authority to carry out its work;

iii) oversee the management of the internal audit personnel including appraisal of performance, and assessment of appointment, resignation or termination of personnel.

iv) review of the internal audit plans or any programme and processes of investigation, assessment of the results thereon and formulation of remedial action plans if necessary;

v) consider and recommend to the Board, the appointment, resignation or dismissal of external auditors, and the determination of audit fee;

vi) review and assess the scope of the external audit of financial statements and system of internal control, and subsequently the audit findings, if any, and the response of the management to the audit findings;

vii) review and assess both the Company and Group's quarterly interim financial reports and annual financial statements with focus on the following areas:

- any change in accounting policies and practices, and its implementation;
- compliance with applicable accounting standards and regulatory requirements;
- significant transaction or event of unusual nature;
- significant adjustment arising from the audit; and
- the going concern assumptions in the preparation of financial statements;

before submission to the Board for deliberation and approval if deemed fit;

ix) review and monitor any form of related party transaction and conflict of interest that may arise within the Company and/or the Group including any transaction, procedure or course of conduct that raises questions of management integrity;

x) report to the Board if there is any breach on the Listing Requirements and recommend corrective measures;

xi) report promptly to Bursa Malaysia where a matter reported by the AC to the Board has not been satisfactorily resolved resulting in a breach of the Listing Requirements;

xii) ensure employees at all levels of the Company and the Group give adequate assistance and cooperation during the processes of internal and external audit; and

xiii) undertake such other function and assignment as may be agreed to by the AC and the Board.

2. COMPOSITION AND MEETING

a) Composition

The AC during the financial year comprised three (3) members from the Board, of which two (2) are independent non-executive directors and one (1) is a non-independent non-executive director.

b) Meeting and Attendance

The AC shall meet at least four (4) times during a financial year. The Chairman may call and convene additional meeting upon request by any member or the management or the internal auditors or external auditors to consider any matter within the scope and responsibilities of the AC.

2. COMPOSITION AND MEETING (cont'd)

b) Meeting and Attendance (cont'd)

Quorum of the AC meeting shall be two (2) members, majority of whom must be independent non-executive directors. The Company Secretary shall be the secretary of the AC and minutes of meeting shall be distributed to all members of the AC.

Other members of the Board and employees of the Group companies may also attend the AC meeting upon the invitation of the AC.

The AC members and details of attendance of each member at the AC meetings convened during the financial year are:

No.	Name	Position	Attendance of meetings
i)	Mohd. Hisham bin Harun *(Independent Non-Executive Director)*	Chairman	6 of 6
ii)	Sukhinderjit Singh Muker *(Non-Independent Non-Executive Director)*	Member	3 of 6
iii)	Leong So Seh *(Independent Non-Executive Director)*	Member	6 of 6

3. SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR

During the current financial year, the main activities carried out by the AC in the discharge of its functions and duties were as follows:

a) Financial Reporting

Review of the quarterly unaudited interim financial reports, annual audited financial statements, annual report and circular to shareholders of the Company and/or of the Group prior to submission to the Board for consideration and approval, and submission to Bursa Malaysia thereto.

The review is to ensure that the financial reports were in compliance with the relevant legal and regulatory requirements, applicable financial reporting standards and Listing Requirements of Bursa Malaysia.

b) Internal Audit and External Audit

i) Review of the internal audit programmes and reports, including matters pertaining to the management of the resources of the internal audit department;

ii) Review of the audit planning memorandum presented by external auditors and the proposed audit fee, discussion on audit findings and recommendations, and assessment of management's responses thereto; and

iii) Review of the management report pertaining to changes in applicable financial reporting standards and impact of the changes to the financial reports of the Company and the Group thereto.

INTERNAL AUDIT FUNCTION

An in-house internal audit department ("IAD") supports the AC in the discharge of its duties and responsibilities. The IAD, headed by a senior manager who reports directly to the AC, provides independent assurance on the adequacy and integrity of the internal control, risk management and governance processes. The purpose, authority and responsibility of the IAD are articulated in an Internal Audit Charter.

The principle activities of the IAD are as follows:

a) review and appraise the soundness and adequacy of the Group's system of internal controls and procedures that are specifically designed to ensure efficiency and effectiveness of operations;

b) provide assurance and active support in the risk management process;

c) ascertain and review the reliability and integrity of financial and operational information generated, and the procedures and processes used to identify, measure, classify and report such information;

d) ascertain the accuracy, reliability, completeness and relevancy of financial and accounting records, and to ensure compliance with best accounting practices and applicable financial reporting standards; and

e) perform ad-hoc tasks as assigned by AC or management from time to time.

Total cost incurred for the internal audit function during the current financial year was RM424,713.

statement on corporate governance

Focusing on good Corporate Governance is key to Integrity and Trust

The Board of Directors of Southern Acids (M) Berhad ("the Board") is committed in ensuring that high standards of corporate governance principles and best practices as recommended by the Malaysian Code on Corporate Governance ("the Code") are practised throughout the Group to promote continuous and sustainable growth for the interests of all its stakeholders.

The application and incorporation of the Code within the corporate and business framework and structures of the Group are as detailed below:

1. THE BOARD

The Board is responsible for the overall strategic direction of the Group; establish its corporate goals and assessment of achievement of goals.

a) The Board comprises four (4) independent non-executive directors, three (3) non-independent non-executive directors and one (1) non-independent executive director.

   The Board meets at least four (4) times during a financial year. Additional meetings will be convened as and when necessary.

1. THE BOARD (cont'd)

Details of the Board composition, number of meetings held and their attendance were as follows:

No.	Name	Position	Attendance of meetings
i)	Tan Sri Dato' Low Boon Eng *(Non-Independent Non-Executive Director)*	Chairman	14 of 14
ii)	Lim Kim Long *(Non-Independent Executive Director)*	Member	14 of 14
iii)	Mohd. Hisham bin Harun *(Independent Non-Executive Director)*	Member	14 of 14
iv)	Sukhinderjit Singh Muker *(Non-Independent Non-Executive Director)*	Member	13 of 14
v)	Leong So Seh *(Independent Non-Executive Director)*	Member	14 of 14
vi)	Teo Leng *(Independent Non-Executive Director)*	Member	11 of 14
vii)	Raymond Wong Kwong Yee *(Non-Independent Non-Executive Director)*	Member *(Appointed on 18 October 2011)*	5 of 5
viii)	Chung Kin Mun *(Independent Non-Executive Director)*	Member *(Appointed on 20 March 2012)*	1 of 1

b) Members of the Board have diverse professional and entrepreneurial backgrounds, varied skills and experiences required for the discharge of Board's functions;

c) The presence of independent non-executive directors is to provide, amongst others, unbiased views and advice on management proposals sponsored by the executive director and chief executive officer, in the best interests of the shareholders and investors; and

d) Mr. Leong Kian Ming is the Chief Executive Officer who, supported by the Executive Director, is primarily responsible for the Group's day-to-day management and operations in accordance to the direction of the Board.

Supply of Information

In discharging their duties and responsibilities, all members of the Board have full and unrestricted access to information from internal management personnel pertaining to the management and operations of the Group, and if necessary, to seek external independent professional services.

Prior to the meeting of the Board or Board Committee, directors will be given adequate notice of meeting detailing the agenda together with the necessary board papers that contain qualitative and/or quantitative information relevant to the business of the meeting. This allows the directors to obtain further information, explanations and/or clarifications, where necessary, in order that the deliberations at the meeting are focused and constructive. Also included in the agenda of each meeting are the minutes of the preceding meeting for confirmation of contents, and if necessary, follow-up on any matter arising.

The agenda include, inter-alia, the following which have been frequently and/or routinely tabled at Board meetings:

a) financial reports including financial and operating budget, quarterly unaudited interim financial report, annual audited financial statements and annual report;

b) proposals and discussion papers of various Board Committees, which require ultimate decision by the Board; and

c) significant corporate proposal and strategic business plan.

The Chairman of the meeting is assisted by the Company Secretary to ensure that all required formalities of all meetings are in place, and to record the minutes of all meetings.

2. BOARD COMMITTEES

The Board has established four (4) Board Committees in order to attend to and discharge its responsibilities in a more effective manner.

a) Corporate Governance Committee ("CGC")

The CGC was formed on 16 July 2009. Its main function include oversight of governance practices and assessment on the Board's effectiveness as a whole, the Board Committees and contribution of each director, including independent non-executive director and the group chief executive officer. The CGC is also responsible to review the adequacy, integrity and implementation of appropriate system of risk management. Its role in the oversight of risk management include:

a) embed a holistic risk management framework in all aspects of the Group's activities;

b) review and ensure the effectiveness of the Group's risk management structure, procedures and processes in meeting its desired objectives;

c) evaluate the principal risks and ensure these risks are communicated to the management;

d) ensure timely and regular receipt of reports from management of principal risks and that appropriate follow-up measures are implemented on a timely basis; and

e) communicate and monitor risks assessment results and risk appetite to the Board.

The CGC meets at least twice a year and the members of the CGC who served since the date of the last Annual Report are:

i) Leong So Seh (Chairperson);
ii) Lim Kim Long
iii) Mohd. Hisham bin Harun

b) Audit Committee ("AC")

The AC was formed on 29 July 1994. The terms of reference, composition, responsibilities and activities of the AC during the financial year are set out in the Audit Committee Report on page 32 to page 35 of this Annual Report.

c) Nomination Committee ("NC")

The NC is responsible for the identification, assessment and recommendation of suitable candidate for appointment to the Board and Board Committees. In making recommendations to the Board and Board Committees, the NC will consider the required mixture of skills and experiences and other qualities and core competencies, to ensure the overall effectiveness of the Board structures. The NC meets at least once a year and the directors who served since the date of the last Annual Report are:

i) Mohd. Hisham bin Harun *(Chairman)*
ii) Tan Sri Dato' Low Boon Eng
iii) Sukhinderjit Singh Muker
iv) Leong So Seh

Appointment, Re-election and Re-appointment of Director

In accordance to the Company's Articles of Association, the number of directors shall not be less than two (2) and more than twelve (12). Appointment of director is made by the Board with due consideration of the assessment and recommendation made by the NC. A director who is appointed by the Board shall retire from office at the next ordinary meeting of shareholders but shall be eligible for re-election.

At every Annual General Meeting ("AGM") of the Company, one-third (1/3) of the directors (including the managing director if there is such appointment) for the time being, or if their number is not a multiple of three (3), then the number nearest to one-third (1/3), shall retire from office by rotation and be eligible for re-election. Also, pursuant to Section 129 (6) of the Companies Act, 1965, a director who is over the age of seventy (70) years shall retire at every AGM and subject for re-appointment.

The names and details of directors seeking re-election and/or re-appointment in the forthcoming AGM are disclosed in the profile of the Board and Notice of AGM in this Annual Report.

2. BOARD COMMITTEES (cont'd)

c) Nomination Committee ("NC") (cont'd)

Directors' Training and Education

All directors appointed to the Board have attended and completed the Mandatory Accreditation Programme sponsored by Bursa Malaysia Securities Berhad ("Bursa Malaysia"). Also during the financial year, unless otherwise indicated, all directors have participated in conferences and seminars organised by relevant regulatory authorities or professional bodies as follows:

	Name of Director	Title of programme	Date attended
i)	Tan Sri Dato' Low Boon Eng	• MPOB International Palm Oil Conference 2011	15 – 17 November 2011
		• 7th Indonesian Palm Oil Conference & 2012 Price Outlook	1 & 2 December 2011
		• Palm and Lauric Oils Conference & Exhibition Price Outlook 2012	5 – 7 March 2012
		• Independent Directors, Audit and Risk Committees Seminar	14 March 2012
ii)	Lim Kim Long	• MPOB International Palm Oil Conference 2011	15 – 17 November 2011
		• Independent Directors, Audit and Risk Committees Seminar	14 March 2012
iii)	Mohd. Hisham bin Harun	• The New Corporate Governance Blueprint and Regulatory Updates Seminar 2011	14 December 2011
iv)	Leong So Seh	• China International Oil and Oilseeds Conference	12 & 13 November 2011
		• Understanding and Interpreting Financial Statements	14 December 2011
v)	Teo Leng	• MPOB International Palm Oil Conference 2011	15 – 17 November 2011
		• Palm and Lauric Oils Conference & Exhibition Price Outlook 2012	5 – 7 March 2012
vi)	Raymond Wong Kwong Yee	• Mandatory Accreditation Programme for Directors of Public Listed Companies	12 & 13 December 2011
		• Merger & Acquisition Workshop	16 & 17 April 2012
vii)	Chung Kin Mun	• Mandatory Accreditation Programme for Directors of Public Listed Companies	16 & 17 May 2012

Mr. Sukhinderjit Singh Muker was unable to attend any training course during the financial year due to travelling and other business commitments. He however, shall endeavour to participate in such relevant courses and seminars in the coming financial year.

d) Remuneration Committee ("RC")

The RC was formed on 17 November 2001. It is responsible to review and recommend to the Board the appropriate remuneration packages of the executive director and the group chief executive officer, taking into consideration the level of experience and responsibilities undertaken by them. Notwithstanding the role of RC, the ultimate decision on the remuneration package of the executive director and the group chief executive officer lies with the Board while decision on fee payable to any or all the members of the Board is subject to approval by the shareholders of the Company. The RC meets at least once a year and the members who served since the date of the last Annual Report are:

i) Leong So Seh (Chairperson)
ii) Sukhinderjit Singh Muker
iii) Mohd. Hisham bin Harun

2. BOARD COMMITTEES (cont'd)

d) Remuneration Committee ("RC") (cont'd)

Directors' Remuneration

The aggregate directors' remuneration paid and payable to all directors of the Company by the Group for the current financial year (including directors' fees which is subject to approval by the shareholders in the forthcoming AGM of the Company), are categorised into the following components and bands:

	Fees RM	Salaries RM	Allowance RM	Total RM
Executive Director	167,696	165,191	17,000	349,887
Non-Executive Directors	280,563	–	137,800	418,363
	448,259	165,191	154,800	768,250

	No. of Directors Executive	Non-Executive	Total
Below RM50,000	–	2	2
RM50,001 to RM100,000	–	3	3
RM100,001 to RM150,000	–	2	2
RM300,000 to RM350,000	1	–	1

3. INVESTOR RELATION AND COMMUNICATION WITH SHAREHOLDERS

The Board recognises the importance of effective and timely communication with shareholders, the investing community and other stakeholders, to keep them informed of the Group's latest corporate and business developments. Such communication is handled through dissemination of information via the Company's annual reports, circulars to shareholders, quarterly interim financial reports, and various announcements made from time to time through the website of Bursa Malaysia at http://www.bursamalaysia.com and/or nation-wide newspapers.

In addition, in order to promote direct communication with stakeholders, the Group has:

a) established a website at http://www.southernacids.com for access by shareholders and the public to corporate information, financial statements, business profiles, news and events specifically related to the Group; and

b) assigned a dedicated investors relation officer with the following contact details:

Name : Mr. Lim Choo Guan
Address : Level 29, Centro Tower, No. 8, Jalan Batu Tiga Lama, 41300 Klang, Selangor Darul Ehsan, Malaysia.
Tel. No. : +603 3258 3333
Fax. No. : +603 3258 3300.

Notwithstanding the above-mentioned channels of communication, the AGM of the Company remains the principal avenue for dialogue with shareholders and other stakeholders, where they may seek clarification on the Group's performances and major developments, as well as on the resolutions being proposed. Members of the Board, senior executives and independent professionals such as external auditors will be present to attend to questions raised.

4. ACCOUNTABILITY AND AUDIT

a) Financial Reporting

The Board is responsible to present a balanced, clear and comprehensive assessment on the financial performance, position and prospects of the Company and of the Group through quarterly and annual financial statements and reports to stakeholders.

In this regard, the Board with the assistance of the Audit Committee will ensure that the financial statements and reports are prepared in accordance with:

i) appropriate accounting policies;
ii) reasonable and prudent accounting judgment;
iii) applicable financial reporting standards;
iv) Companies Act, 1965 in Malaysia; and
v) Listing Requirements of Bursa Malaysia.

b) Internal Control

Under the surveillance of the Board, the Group continues to maintain and review its internal control procedures to ensure a sound and effective system of internal control is in place for the safeguard of shareholders' interests.

4. ACCOUNTABILITY AND AUDIT (cont'd)

b) Internal Control (cont'd)

The Statement on Internal Control set out on page 44 to page 46 of this Annual Report provides an overview of the state of internal controls of the Group.

c) Relationship with Auditors

The Board, through the AC, maintains transparent and appropriate relationships with both internal and external auditors. The role of the AC in relation to the auditors is set out in the Audit Committee Report on page 32 to page 35 of this Annual Report.

5. ADDITIONAL COMPLIANCE INFORMATION

Disclosures pursuant to paragraph 9.25 on the Main Market Listing Requirements of Bursa Malaysia:

a) Whistleblowing Policy

In line with its commitment to the highest possible standards of ethical, moral and legal business conduct through open communication, the Board has introduced a whistle blowing policy to provide an avenue for employees, vendors and customers to raise matters of serious concerns which could have an impact on the interest of the Group. Under the policy a whistle blower is assured of confidentiality of matter reported and protection against retaliation.

b) Related Party Transactions

All related party transactions entered into by the Group were made in the ordinary course of business at arm's length and are based on the Group's normal commercial terms that are not more favourable to the transacting related party than those generally available to non-related party and will not be detrimental to the interests of minority shareholders in the Group. Details of the related party transactions entered into by the Group during the current financial year are disclosed in Note 23 to the Financial Statements on pages 103 to 109 of this Annual Report.

At the thirtieth (30th) AGM of the Company held on 30 September 2011, the Company had obtained the approval from shareholders for the renewal of the shareholders' mandate to enter into recurrent related party transactions of a revenue or trading nature with certain related parties, in the ordinary course of business. The said mandate took effect from 30 September 2011 until the conclusion of the forthcoming thirty-first (31st) AGM, in which the Company intends to seek for a fresh renewal of the shareholders' mandate. The details of the shareholders' mandate to be sought are furnished in the Circular to Shareholders dated 3 September 2012.

c) Corporate Social Responsibility

The Group is committed to the welfare of its employees and to the communities at locations in which it conducts its businesses. The management recognises that for long-term sustainability, its strategic business orientation will need to cater beyond financial parameters.

i) Workplace Practices

The Group continues to implement various measures to ensure the well being of its employees. Our Occupational Safety and Health ("OSH") guidelines are effectively embedded within our operations to ensure that safety and health policies are ingrained amongst employees. Our OSH management systems are reviewed periodically and continuously improved upon to ensure their effectiveness.

ii) Environmental Practices

The Group is committed to the protection and conservation of the environment. Our oleochemical plant in Malaysia adopts the best industry practices with respect to treatment of plant effluents and wastewater, management of noise level as well as compliance to emission standards. It will also seek to maximise the use of renewable energy resources in its operations. Our palm oil mill in Indonesia is using plantation waste and residues as its main sources of heating materials for operations.

5. ADDITIONAL COMPLIANCE INFORMATION (cont'd)

c) Corporate Social Responsibility (cont'd)

iii) Community Initiatives

During the year, the Group has made contribution of funds to charitable organisations and associations and sponsorship of events of non-profitable organisation and schools. Our business entities in Indonesia provide facilities for the promotion of education among the children of our employees.

d) Share buyback

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

e) Options, Warrants and Convertible Securities

The Company did not issue any options, warrants or convertible securities during the current financial year.

There were no outstanding options, warrants and convertible securities as of the end of the current financial year.

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

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

g) Imposition of Sanctions and/or Penalties

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

h) Profit Guarantee

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

i) Material Contracts

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

j) Variation in Results

The Group did not release any profit estimate, forecast or projection for the current financial year. There was no significant variance between the unaudited financial performance previously announced by the Company for the Group, and the results presented in the audited financial statements in this Annual Report.

k) Non-Audit Fee

The Group did not pay any non-audit fee to the external auditors during the financial year except for a total sum of RM27,000 being payment made for consultation service and professional tax advisory services rendered by the external auditors and its affiliated firm.

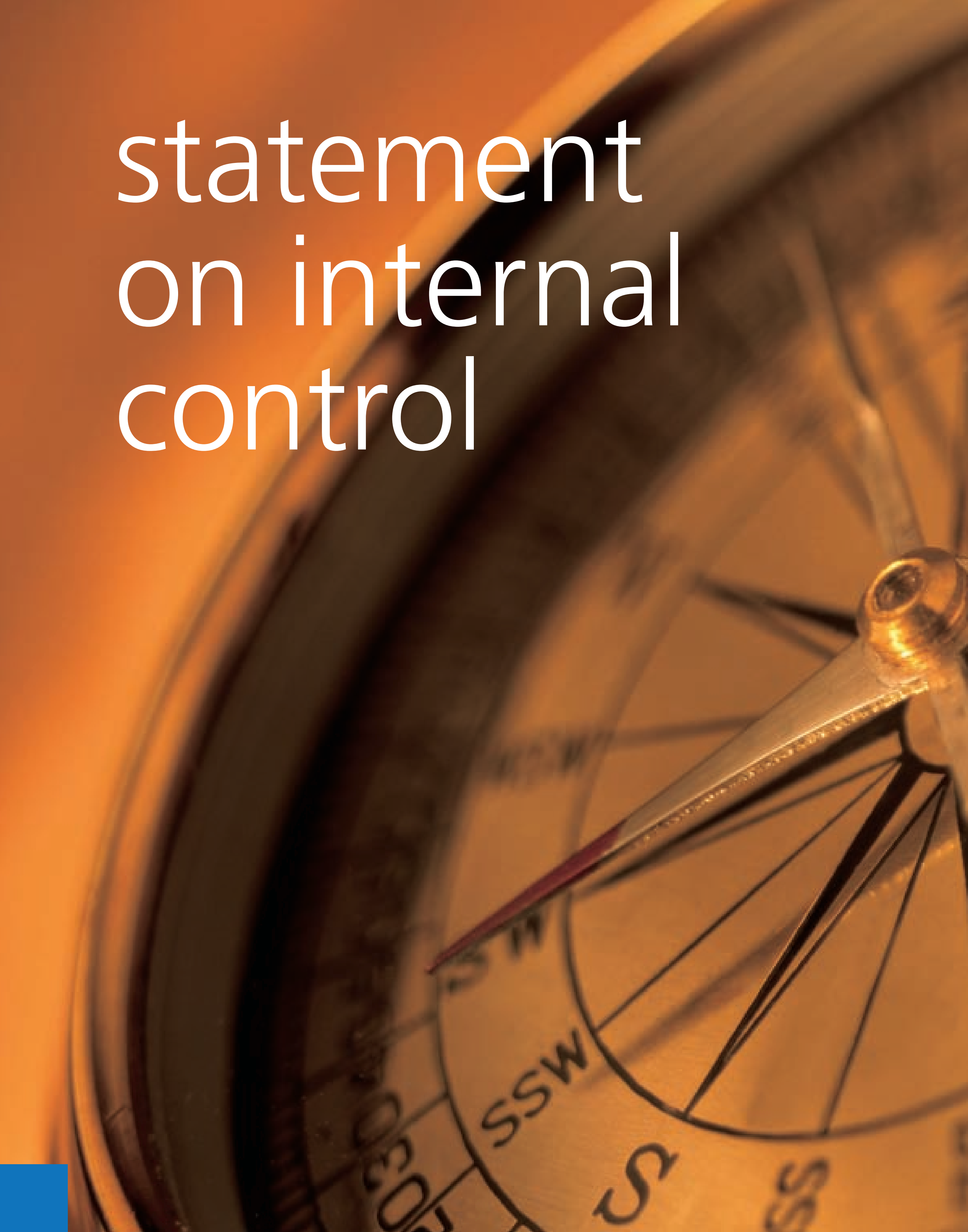
l) Revaluation Policy

The Group does not have a revaluation policy on landed properties.

COMPLIANCE STATEMENT

The Board is of the opinion that it has during the current financial year complied with the principles of best practices outlined in the Code in all material aspects.

statement on internal control



Always on Track to Identify and Manage Risks

RESPONSIBILITY OF THE BOARD OF DIRECTORS

The Board of Directors of Southern Acids (M) Berhad ("the Board") affirms its commitment, and acknowledges its overall responsibility, in maintaining a sound system of internal control in the Group to safeguard shareholders' investments and assets of the Group.

Notwithstanding the above, the Board also recognises that the internal control system in place can only reduce but not eliminate the possibility of poor judgment in decision making; human error; control process being deliberately circumvented by employees; management overriding controls; and the occurrence of unforeseeable circumstances. Consequently, the system can therefore provide only reasonable but not absolute assurance against failure to achieve business objectives or any material misstatement, operational failures, fraud, losses or breaches of laws and regulations.

The following statements outline the state of internal control within the Group during the current financial year.

RISK MANAGEMENT FRAMEWORK

The Board recognises the importance of sound internal control and risk management practices and good corporate governance as an on-going process. For this reason, the Group strives to embed a risk management process in the conduct of its day-to-day business operations so as to provide reasonable assurance of achieving the Group's business objectives while safeguarding Group's assets and enhancing shareholders' investment.

The management is entrusted with the responsibility of managing risks and internal controls associated with the operations, and ensuring compliance with applicable laws and regulations. The main underlying principles of the Group Risk Management policy are:

- each division is expressly informed to be responsible for managing the risks associated with its business and investment objectives, as risk management is a collective responsibility;
- improve decision making, planning and prioritisation based on comprehensive understanding of the reward to risk balance;
- all material risks are to be identified, analysed, treated, quantified where possible, monitored and reported; and
- risk management is to be embedded within the Group strategic planning process, performance measurement system and day-to-day operations

During the financial year under review, the Company has appointed KPMG Management & Risk Consulting Sdn. Bhd. to provide Enterprise Risk Management ("ERM") services for the Group. The engagement involves KPMG's assistance in establishing a structured enterprise risk management framework for the Group, focusing on Southern Acids Industries Sdn. Bhd., a wholly owned subsidiary of the Company, as the pilot company for a full scope ERM project to be carried out. Once completed, the management will then roll out the ERM projects to the rest of the companies in the Group. In essence, the structured ERM framework seeks to

statement on internal control (cont'd)

RISK MANAGEMENT FRAMEWORK (cont'd)

identify principal risks affecting or likely to affect the Group, and helps to enable the implementation of appropriate and adequate systems to manage these risks on a prioritised basis.

KEY INTERNAL CONTROL SYSTEM

The Board is fully committed in ensuring that a proper control environment is maintained and there is an on-going process for identifying, evaluating and managing the significant risks faced by the Group. The key processes that the Board has established to review the adequacy and integrity of the system of internal controls are as follows:

- a formal and clear organisation structure for the operating units with defined reporting lines and responsibilities to the Board level, with respective authority limits defined in the Group Policies and Authorities ("GPA"), to ensure accountabilities in risk management and control activities.
- comprehensive management reports are generated on a regular and consistent basis to facilitate the Board and the Management in performing financial and operational reviews.
- regular Board and Senior Management meetings and visits to operating units to assess the Group's performance and controls.
- training and development programmes are conducted and actively encouraged to ensure that employees are kept up-to-date with necessary competencies to carry out their respective duties towards achieving the Company's objectives.
- the Audit Committee reviews the quarterly financial statements and performance of the Group before they are tabled to the Board for review and approval. The Board through the Audit Committee also reviews reports from Internal Audit Department ("IAD") on internal control, to help to ensure the adequacy and integrity of the internal control system of the Group.
- the embedment of internal audit function by the IAD in the governance process. The IAD, which is independent of Management, and carry out its functionalities within the Audit Charter approved by the Audit Committee and the Board, performs internal audit in diverse areas and environment for the review of internal control; management; financial accounting and reporting; and operational activities within the Group. The internal audit efforts are directed towards areas of significant risks as identified by Management and the risk management process. The IAD reports, functionally to the Audit Committee, and administratively to the group chief executive officer.
- The Management reviews the findings of the IAD and adopts the recommendations put forth by the IAD, where appropriate.

WHISTLE BLOWING POLICY

The Group has established a whistle blowing policy to provide employees, customers and vendors an avenue to raise matters of serious concerns that could have an impact on the Group, as in line with the commitment of SAB to the highest possible standards of ethical, moral and legal business conduct and its commitment to open communication. The said policy encourages employees to report actual or suspected malpractice, misconduct or violations of the company's policies and regulations in a safe and confidential manner.

EXTERNAL AUDITORS

The external auditors, where applicable, issue Management Letter highlighting issues and weaknesses that came to their attention during the conduct of their normal audit procedures.

The external auditors have also reviewed this Statement on Internal Control and reported to the Board that nothing has come to their attention that causes them to believe that the statement is inconsistent with their understanding of the processes adopted by the Board in reviewing the adequacy and integrity of the system of internal controls.

CONCLUSION

The Board is of the view that the system of internal control that has been put in place throughout the Group is adequate. Notwithstanding this, the Board will ensure that review on the internal controls is carried out continuously to ensure on-going adequacy and effectiveness of the system of internal controls and risk management practices to attend to the robust operating environment.

During the financial year under review, there were no material internal control failures or adverse events that have directly resulted in any material losses to the Group.

This statement is made in accordance with a resolution of the Board dated 9 August 2012.

financial statement

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 2012.

PRINCIPAL ACTIVITIES

The Company is principally an investment holding company. During the current and previous financial years, the Company had been involved in the sales and marketing of oleochemical products for a wholly-owned subsidiary company, and had ceased such activities on 31 July 2011.

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

Other than those disclosed above, there have been no significant changes in the nature of the activities of the Company and of its subsidiary companies during the financial year.

RESULTS OF OPERATIONS

The results of operations of the Group and of the Company for the financial year are as follows:

	The Group RM'000	The Company RM'000
Profit before tax	**41,275**	**5,897**
Income tax expense	**(13,261)**	**(2,244)**
Profit for the year	**28,014**	**3,653**
Attributable to:		
Equity holders of the Company	**19,924**	**3,653**
Non-controlling interests	**8,090**	**–**
	28,014	**3,653**

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

DIVIDENDS

A final dividend of 6.0 sen, tax exempt, per ordinary share of RM1.00 each, amounting to RM8,216,048 proposed in the previous financial period and dealt with in the previous directors' report was paid by the Company on 28 October 2011.

The directors propose a final dividend of 6.67 sen per ordinary share of RM1.00 each, less 25% tax, amounting to RM6,846,707 in respect of the current financial year. This dividend is subject to approval by the shareholders at the forthcoming Annual General Meeting of the Company and has not been included as a liability in the financial statements.

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

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

SHARE OPTIONS

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

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

OTHER STATUTORY INFORMATION

Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:

(a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and have satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and

(b) to ensure that any current assets which were unlikely to realise their book values in the ordinary course of business have been written down to their estimated realisable values.

OTHER STATUTORY INFORMATION (cont'd)

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

(a) which would render the amount written off as bad debts or the amount of allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or

(b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or

(c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or

(d) not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

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

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

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

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

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

DIRECTORS

The following directors served on the Board of the Company since the date of the last report:

Tan Sri Dato' Low Boon Eng, PSM, DPMS, JP
Lim Kim Long
Mohd Hisham Bin Harun
Sukhinderjit Singh Muker
Leong So Seh
Teo Leng
Raymond Wong Kwong Yee (appointed on 18 October 2011)
Chung Kin Mun (appointed on 20 March 2012)

DIRECTORS' INTERESTS

The shareholdings in the Company of those who were directors at the end of the financial year, as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965, are as follows:

	Number of ordinary shares of RM1.00 each			
	As of 1.4.2011	Bought	Sold	As of 31.3.2012
Shares in the Company				
Registered in name of directors				
Direct interest				
Tan Sri Dato' Low Boon Eng, PSM, DPMS, JP	2,487	–	–	2,487
Lim Kim Long	49,276	–	–	49,276
Deemed interest				
Tan Sri Dato' Low Boon Eng, PSM, DPMS, JP *	65,626,507	–	–	65,626,507
Lim Kim Long **	69,052,267	–	–	69,052,267

Notes:

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

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

By virtue of their interest in the shares of the Company, the above directors are deemed to have beneficial interests in the shares of all the subsidiary companies to the extent that the Company has an interest.

Other than as disclosed above, none of the other directors in office at the end of the financial year held shares or had any interest or beneficial interest in the shares of the Company or its related companies during and at the end of the financial year.

The deemed interest of directors disclosed above have been made in accordance with the requirements of the Companies Act, 1965 and does not in any way reflect the beneficial interest of the directors in the above companies.

DIRECTORS' BENEFITS

Since the end of the previous financial period, none of the directors of the Company has received or become entitled to receive any benefit (other than the benefit included in the aggregate amount of emoluments received or due and receivable by the directors as disclosed in the financial statements) by reason of a contract made by the Company or a related corporation with any director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for any benefit which may be deemed to have arisen by virtue of the balances and transactions with companies in which certain directors of the Company are also directors and/or have substantial financial interests as disclosed in Note 23 to the Financial Statements.

During and at the end of the financial year, no arrangement subsisted to which the Company was a party whereby directors of the Company might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

AUDITORS

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

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

TAN SRI DATO' LOW BOON ENG, PSM, DPMS, JP

LIM KIM LONG

Klang,
24 July 2012

independent auditors' report to the members of Southern Acids (M) Berhad

Report on the Financial Statements

We have audited the financial statements of **SOUTHERN ACIDS (M) BERHAD**, which comprise the statements of financial position of the Group and of the Company as of 31 March 2012 and the income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 56 to 133.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence that we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 March 2012 and their financial performance and cash flows for the year then ended.

independent auditors' report to the members of Southern Acids (M) Berhad (cont'd)

Report on the Financial Statements (cont'd)

Emphasis of Matter

Without qualifying our opinion, we draw attention to the following:

(a) As mentioned in Note 34(a)(i) to the Financial Statements, in the financial year ended 30 April 2009, the Company received a letter from a related party, Southern Realty (Malaya) Sdn. Berhad, which is also a major shareholder of the Company, alleging numerous questionable transactions involving certain companies within the Group with certain related parties, and amongst related parties during the past several years. Most of these allegations are directed at Southern Management (M) Sdn. Bhd., a wholly-owned subsidiary of the Company, which provided administrative and accounting services to these related parties.

The Company had in March 2009 appointed a third party to commence investigation into those allegations. However, in May 2009, the said third party withdrew its involvement in the said investigation. The Company's plan to appoint another party to resume the said investigation was halted pending the outcome of the application by the Company to set aside the order for the appointment of Interim Receivers and Managers to the Company, as mentioned in Note 34(a)(ii) to the Financial Statements.

Subsequent to the decision by the court to set aside the ex-parte order for the appointment of Interim Receivers and Managers, and the action by the Petitioners for the said ex-parte order to withdraw their Petition, management of the Company is assessing various approaches to resolving the allegations, taking into consideration the limitation on access to records and documents belonging to the said related parties to enable any investigation exercise to begin.

The Group and the Company may be exposed to potential claims, the amount of which is not presently determinable, in the event that those allegations are proven.

(b) As mentioned in Note 34(a)(iii) to the Financial Statements, Southern Management (M) Sdn. Bhd. ("SMSB"), a subsidiary company, was served with a Writ of Summons and Statement of Claim for RM62.0 million filed by Southern Palm Industries Sdn. Berhad ("SPI"), a major shareholder of the Company against SMSB and seven (7) other defendants. The claim is for fraud and breach of fiduciary duties allegedly committed by SMSB and other defendants in relation to loans extended by SPI in prior years to two (2) companies in which certain employees of SMSB hold directorship. The sums claimed are for repayment of cost of funds of approximately RM62.0 million, plus further interest and costs. SMSB has filed a memorandum of appearance and the case is now fixed for case-management on 10 August 2012 and also fixed for full trial on 10 and 11 August 2012.

Also, as mentioned in Note 34(a)(iii) to the Financial Statements, the directors are unable to ascertain, at this juncture, whether there would be any material financial impact on the Group arising from the abovesaid claim.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report that:

(a) in our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and by the subsidiary companies of which we have acted as auditors, have been properly kept in accordance with the provisions of the Act;

(b) we have considered the accounts and auditors' reports of the subsidiary companies, of which we have not acted as auditors, as mentioned in Note 15 to the Financial Statements, being accounts that have been included in the financial statements of the Group;

Report on the Financial Statements (cont'd)

(c) we are satisfied that the accounts of the subsidiary companies that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations as required by us for these purposes; and

(d) the auditors' reports on the accounts of the subsidiary companies were not subject to any qualification and did not include any comment made under Sub-section (3) of Section 174 of the Act.

Other Reporting Responsibilities

The supplementary information set out on page 134 of the Financial Statements, is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1 "Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements" as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility towards any other person for the contents of this report.

DELOITTE KASSIMCHAN
AF 0080
Chartered Accountants

YEE YOON CHONG
Partner - 1829/07/13 (J)
Chartered Accountant

Petaling Jaya
24 July 2012

income statements

for the year ended 31 March 2012
(With comparative figures for the period 1 May 2010 to 31 March 2011)

	Note	The Group Year ended 31 March 2012 (12 months) RM'000	 Period ended 31 March 2011 (11 months) RM'000	The Company Year ended 31 March 2012 (12 months) RM'000	 Period ended 31 March 2011 (11 months) RM'000
Revenue	5	**560,876**	501,373	**120,494**	352,218
Investment revenue	6	**2,727**	1,833	**169**	572
Other operating income		**3,877**	4,082	**245**	1,718
Changes in inventories of finished goods and work-in-progress		**(8,748)**	19,617	**–**	–
Raw materials and consumables used		**(359,353)**	(339,925)	**–**	–
Purchase of trading merchandise		**–**	(395)	**(107,088)**	(348,120)
Depreciation of property, plant and equipment	12	**(8,257)**	(7,152)	**(578)**	(372)
Amortisation of biological assets	14	**(802)**	(745)	**–**	–
Directors' remuneration	8	**(1,150)**	(1,339)	**(379)**	(410)
Employee benefits expense	7	**(40,644)**	(32,745)	**(3,385)**	(2,876)
Other operating expenses		**(107,251)**	(89,144)	**(3,581)**	(3,426)
Profit/(Loss) before tax	7	**41,275**	55,460	**5,897**	(696)
Income tax expense	9	**(13,261)**	(14,510)	**(2,244)**	(9)
Profit/(Loss) for the year/period		**28,014**	40,950	**3,653**	(705)
Attributable to:					
Equity holders of the Company		**19,924**	29,361	**3,653**	(705)
Non-controlling interests		**8,090**	11,589	**–**	–
		28,014	40,950	**3,653**	(705)
Earnings per share (sen) attributable to equity holders of the Company					
Basic and diluted	10	**14.55**	21.44		

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

statements of comprehensive income

for the year ended 31 March 2012
(With comparative figures for the period 1 May 2010 to 31 March 2011)

	The Group		The Company	
	Year ended 31 March 2012 (12 months) RM'000	Period ended 31 March 2011 (11 months) RM'000	Year ended 31 March 2012 (12 months) RM'000	Period ended 31 March 2011 (11 months) RM'000
Profit/(Loss) for the year/period	**28,014**	40,950	**3,653**	(705)
Other comprehensive income				
(Loss)/Gain arising from revaluation of available-for-sale investments	**(5,418)**	9,841	**(5,418)**	9,841
Exchange differences on translating foreign operations	**(2,709)**	366	**–**	–
	(8,127)	10,207	**(5,418)**	9,841
Total comprehensive income/(loss) for the year/period, net of tax	**19,887**	51,157	**(1,765)**	9,136
Total comprehensive income/(loss) attributable to:				
Equity holders of the Company	**10,734**	39,951	**(1,765)**	9,136
Non-controlling interests	**9,153**	11,206	**–**	–
	19,887	51,157	**(1,765)**	9,136

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

statements of financial position

as of 31 March 2012

	Note(s)	The Group 2012 RM'000	The Group 2011 RM'000	The Company 2012 RM'000	The Company 2011 RM'000
ASSETS					
Non-Current Assets					
Land held for property development	11	**141,944**	141,944	**–**	–
Property, plant and equipment	12	**105,174**	91,539	**5,787**	6,232
Investment property	13	**3,318**	3,318	**–**	–
Biological assets	14	**10,291**	11,298	**–**	–
Investment in subsidiary companies	15	**–**	–	**50,773**	44,073
Available-for-sale investments	16	**34,903**	40,321	**34,903**	40,321
Advances for Plasma PIR-TRANS program	17	**1,534**	1,849	**–**	–
Advances for KKPA program	18	**634**	809	**–**	–
Deferred tax assets	19	**919**	4,815	**–**	1,965
Total Non-Current Assets		**298,717**	295,893	**91,463**	92,591
Current Assets					
Inventories	20	**64,669**	75,104	**–**	–
Derivative financial assets		**–**	125	**–**	125
Trade receivables	21 & 23	**50,670**	42,530	**–**	35,814
Other receivables, deposits and prepaid expenses	22 & 23	**2,222**	2,802	**276**	435
Tax recoverable		**868**	1,692	**–**	13
Amount owing by subsidiary companies	23	**–**	–	**212,769**	208,135
Fixed deposits, short-term placements, and cash and bank balances	24	**94,858**	88,418	**6,017**	13,994
Total Current Assets		**213,287**	210,671	**219,062**	258,516
TOTAL ASSETS		**512,004**	506,564	**310,525**	351,107
EQUITY AND LIABILITIES					
Capital and Reserves					
Share capital	25	**136,934**	136,934	**136,934**	136,934
Reserves	26	**283,650**	281,454	**80,453**	90,434
Equity attributable to equity holders of the Company		**420,584**	418,388	**217,387**	227,368
Non-controlling interests		**30,616**	30,486	**–**	–
Total Equity		**451,200**	448,874	**217,387**	227,368

statements of financial position (cont'd)

as of 31 March 2012

	Note(s)	The Group		The Company	
		2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Non-Current and Deferred Liabilities					
Provision for retirement benefits	27	**6,762**	5,462	**1,280**	1,089
Deferred tax liabilities	19	**13**	7	**–**	–
Total Non-Current and Deferred Liabilities		**6,775**	5,469	**1,280**	1,089
Current Liabilities					
Trade payables	23 & 28	**22,395**	29,769	**–**	–
Other payables and accrued expenses	23 & 28	**28,663**	19,502	**1,508**	6,541
Amount owing to subsidiary companies	23	**–**	–	**90,150**	115,988
Derivative financial liabilities		**79**	–	**79**	–
Tax liabilities		**697**	2,829	**–**	–
Dividend payable		**2,195**	121	**121**	121
Total Current Liabilities		**54,029**	52,221	**91,858**	122,650
Total Liabilities		**60,804**	57,690	**93,138**	123,739
TOTAL EQUITY AND LIABILITIES		**512,004**	506,564	**310,525**	351,107

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

statements of changes in equity

for the year ended 31 March 2012 (With comparative figures for the period 1 May 2010 to 31 March 2011)

The Group	Note	Share capital RM'000	Non-distributable reserves Share premium RM'000	Foreign exchange reserve RM'000	Fair value reserve RM'000	Distributable reserve- Retained earnings RM'000	Equity attributable to equity holders of the Company RM'000	Non-controlling interests RM'000	Total equity RM'000
As of 1 May 2010									
As previously reported		136,934	34,321	450	–	202,856	374,561	23,877	398,438
Effect of changes in accounting policy - adoption of FRS 139		–	–	–	10,420	1,672	12,092	–	12,092
As restated		136,934	34,321	450	10,420	204,528	386,653	23,877	410,530
Profit for the period		–	–	–	–	29,361	29,361	11,589	40,950
Other comprehensive income/(loss)		–	–	749	9,841	–	10,590	(383)	10,207
Total comprehensive income for the period, net of tax		–	–	749	9,841	29,361	39,951	11,206	51,157
Dividends paid	31	–	–	–	–	(8,216)	(8,216)	–	(8,216)
Dividend paid to non-controlling shareholders of a subsidiary company		–	–	–	–	–	–	(4,597)	(4,597)
As of 31 March 2011		136,934	34,321	1,199	20,261	225,673	418,388	30,486	448,874

statements of changes in equity (cont'd)

for the year ended 31 March 2012 (With comparative figures for the period 1 May 2010 to 31 March 2011)

The Group	Note	Share capital RM'000	Share premium RM'000	Non-distributable reserves Foreign exchange reserve RM'000	Other reserve RM'000	Fair value reserve RM'000	Distributable reserve- Retained earnings RM'000	Equity attributable to equity holders of the Company RM'000	Non-controlling interests RM'000	Total equity RM'000
As of 1 April 2011		136,934	34,321	1,199	–	20,261	225,673	418,388	30,486	448,874
Profit for the year		–	–	–	–	–	19,924	19,924	8,090	28,014
Other comprehensive income/(loss)		–	–	(3,772)	–	(5,418)	–	(9,190)	1,063	(8,127)
Total comprehensive income/(loss) for the year, net of tax		–	–	(3,772)	–	(5,418)	19,924	10,734	9,153	19,887
Acquisition of non-controlling interests in a subsidiary company	15	–	–	–	(322)	–	–	(322)	(6,278)	(6,600)
Dividends paid	31	–	–	–	–	–	(8,216)	(8,216)	–	(8,216)
Dividend paid to non-controlling shareholders of subsidiary companies		–	–	–	–	–	–	–	(2,745)	(2,745)
As of 31 March 2012		**136,934**	**34,321**	**(2,573)**	**(322)**	**14,843**	**237,381**	**420,584**	**30,616**	**451,200**

statements of changes in equity (cont'd)

for the year ended 31 March 2012 (With comparative figures for the period 1 May 2010 to 31 March 2011)

The Company	Note	Share capital RM'000	Non-distributable reserve Share premium RM'000	Non-distributable reserve Fair value reserve RM'000	Distributable reserve- Retained earnings RM'000	Total equity RM'000
As of 1 May 2010						
As previously reported		136,934	34,321	–	43,101	214,356
Effect of changes in accounting policy - adoption of FRS 139		–	–	10,420	1,672	12,092
As restated		136,934	34,321	10,420	44,773	226,448
Loss for the period		–	–	–	(705)	(705)
Other comprehensive income		–	–	9,841	–	9,841
Total comprehensive income/(loss) for the period, net of tax		–	–	9,841	(705)	9,136
Dividends paid	31	–	–	–	(8,216)	(8,216)
As of 31 March 2011		136,934	34,321	20,261	35,852	227,368
As of 1 April 2011		136,934	34,321	20,261	35,852	227,368
Profit for the year		–	–	–	3,653	3,653
Other comprehensive loss		–	–	(5,418)	–	(5,418)
Total comprehensive income/(loss) for the year, net of tax		–	–	(5,418)	3,653	(1,765)
Dividends paid	31	–	–	–	(8,216)	(8,216)
As of 31 March 2012		**136,934**	**34,321**	**14,843**	**31,289**	**217,387**

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

statements of cash flows

for the year ended 31 March 2012 (With comparative figures for the period 1 May 2010 to 31 March 2011)

	The Group		The Company	
	Year ended 31 March 2012 (12 months) RM'000	Period ended 31 March 2011 (11 months) RM'000	Year ended 31 March 2012 (12 months) RM'000	Period ended 31 March 2011 (11 months) RM'000
CASH FLOWS FROM/ (USED IN) OPERATING ACTIVITIES				
Profit/(Loss) before tax	**41,275**	55,460	**5,897**	(696)
Adjustments for:				
Depreciation of property, plant and equipment	**8,257**	7,152	**578**	372
Inventories written down	**461**	1,839	**–**	–
Loss arising from derivative financial assets	**204**	1,547	**204**	1,547
Provision for retirement benefits	**1,832**	1,239	**191**	95
Amortisation of biological assets	**802**	745	**–**	–
Allowance for doubtful debts	**–**	671	**1,800**	37
Property, plant and equipment written off	**14**	20	**–**	–
Biological assets written off	**14**	–	**–**	–
Bad debts written off	**2**	16	**–**	–
Dividend income	**(2,147)**	(4,097)	**(10,077)**	(4,097)
Interest income	**(2,727)**	(1,833)	**(169)**	(572)
Gain on disposal of quoted shares	**–**	(1,199)	**–**	(1,199)
Waiver of debts by other creditors	**–**	(412)	**–**	–
Unrealised loss/(gain) on foreign exchange	**202**	(128)	**–**	(128)
Allowance for doubtful debts no longer required	**(87)**	(78)	**(157)**	–
Gain on disposal of property, plant and equipment	**(34)**	(73)	**–**	–
Operating Profit/(Loss) Before Working Capital Changes	**48,068**	60,869	**(1,733)**	(4,641)
(Increase)/Decrease in:				
Inventories	**9,974**	(18,409)	**–**	–
Trade receivables	**(8,251)**	(2,570)	**35,851**	(3,198)
Other receivables, deposits and prepaid expenses	**578**	(1,081)	**159**	210
Increase/(Decrease) in:				
Trade payables	**(7,374)**	3,923	**–**	–
Other payables and accrued expenses	**1,962**	589	**(5,033)**	1,600
Amount owing to subsidiary companies	**–**	–	**(22,238)**	(6,828)

statements of cash flows (cont'd)

for the year ended 31 March 2012 (With comparative figures for the period 1 May 2010 to 31 March 2011)

	The Group		The Company	
	Year ended 31 March 2012 (12 months) RM'000	Period ended 31 March 2011 (11 months) RM'000	Year ended 31 March 2012 (12 months) RM'000	Period ended 31 March 2011 (11 months) RM'000
Cash Generated From/(Used In) Operations	**44,957**	43,321	**7,006**	(12,857)
Interest received	**2,727**	1,833	**169**	572
Income tax paid	**(10,680)**	(11,380)	**(279)**	(817)
Income tax refund	**13**	–	**13**	–
Retirement benefits paid	**(419)**	(111)	**–**	–
Net Cash From/(Used In) Operating Activities	**36,598**	33,663	6,909	(13,102)
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES				
Dividends received	**2,147**	4,097	**2,147**	4,097
Acquisition of non-controlling interests in a subsidiary company (Note 15)	**(6,600)**	–	**–**	–
Net conversion for:				
Plasma PIR-TRANS program	**255**	120	**–**	–
KKPA program	**134**	363	**–**	–
Proceeds from disposal of property, plant and equipment	**55**	170	**–**	–
Proceeds from disposal of quoted shares	**–**	1,741	**–**	1,741
Additions to development costs (Note 11)	**–**	(684)	**–**	–
Additions to property, plant and equipment (Note)	**(15,907)**	(7,952)	**(133)**	(953)
Additions to biological assets (Note 14)	**(178)**	(586)	**–**	–
Additions to investment in subsidiary companies	**–**	–	**(6,700)**	–
Net Cash (Used In)/From Investing Activities	**(20,094)**	(2,731)	**(4,686)**	4,885

statements of cash flows (cont'd)

for the year ended 31 March 2012 (With comparative figures for the period 1 May 2010 to 31 March 2011)

	Note	The Group Year ended 31 March 2012 (12 months) RM'000	The Group Period ended 31 March 2011 (11 months) RM'000	The Company Year ended 31 March 2012 (12 months) RM'000	The Company Period ended 31 March 2011 (11 months) RM'000
CASH FLOWS FROM/ (USED IN) FINANCING ACTIVITIES					
Dividend paid		**(8,216)**	(12,813)	**(8,216)**	(8,216)
Repayment of hire-purchase obligation		**–**	(6)	**–**	–
(Repayments to)/ Advances from subsidiary companies		**–**	–	**(1,984)**	709
Net Cash Used In Financing Activities		**(8,216)**	(12,819)	**(10,200)**	(7,507)
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS		**8,288**	18,113	**(7,977)**	(15,724)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR/PERIOD		**88,418**	69,371	**13,994**	29,718
EFFECT OF TRANSLATION DIFFERENCES		**(1,848)**	934	**–**	–
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD	**30**	**94,858**	88,418	**6,017**	13,994

Note:

During the current financial year, the Group acquired property, plant and equipment through the following arrangements:

	The Group Year ended 31 March 2012 (12 months) RM'000	The Group Period ended 31 March 2011 (11 months) RM'000
Total costs of property, plant and equipment	**22,433**	–
Less: Purchase consideration satisfied by other payable (Note 28(b))	**(6,526)**	–
	15,907	–

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

1. GENERAL INFORMATION

The Company is principally an investment holding company. During the current and previous financial years, the Company had been involved in the sales and marketing of oleochemical products for a wholly-owned subsidiary company, and had ceased such activities on 31 July 2011.

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

Other than as disclosed above, there have been no significant changes in the nature of the activities of the Company and of its subsidiary companies during the financial year.

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 registered office of the Company is located at 9, Jalan Bayu Tinggi 2A/KS6, Taipan 2, Batu Unjur, 41200 Klang, Selangor Darul Ehsan.

The principal place of business of the Company is located at Level 29, Centro Tower, No. 8, Jalan Batu Tiga Lama, 41300 Klang, Selangor Darul Ehsan.

The financial statements of the Group and of the Company have been approved by the Board of Directors and were authorised for issuance on 24 July 2012.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the Group and of the Company have been prepared in accordance with the Companies Act, 1965 and Financial Reporting Standards ("FRSs") in Malaysia.

Adoption of new and revised Financial Reporting Standards

FRS 1	First-time Adoption of Financial Reporting Standards (Revised)
FRS 1	First-time Adoption of Financial Reporting Standards (Amendments relating to limited exemption from Comparative FRS 7 Disclosures for First-time Adopters)
FRS 1	First-time Adoption of Financial Reporting Standards (Amendments relating to additional exemptions for First-time Adopters)
FRS 2	Share-based Payment (Amendments relating to group-cash settled share-based payment transactions)
FRS 2	Share-based Payment (Amendments relating to scope of FRS 2 and revised FRS 3)
FRS 3	Business Combinations (Revised)
FRS 5	Non-current Assets Held for Sale and Discontinued Operations (Amendments relating to plan to sell controlling interest in a subsidiary)
FRS 7	Financial Instruments: Disclosures (Amendments relating to improving disclosures about financial instruments)
FRS 127	Consolidated and Separate Financial Statements (Revised)
FRS 138	Intangible Assets (Amendments relating to additional consequential amendments arising from revised FRS 3)
Improvements to FRSs 2010	
IC Interpretation 4	Determining whether an Arrangement contains a lease
IC Interpretation 9	Reassessment of Embedded Derivatives (Amendments relating to additional consequential amendments arising from revised FRS 3)
IC Interpretation 12	Service Concession Arrangements
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (cont'd)

Adoption of new and revised Financial Reporting Standards (cont'd)

IC Interpretation 17	Distributions of Non-cash Assets to Owners
IC Interpretation 18	Transfers of Assets from Customers

Standards and IC Interpretations affecting presentation and disclosure only

Amendments to FRS 7 Financial Instruments: Disclosures (Improving disclosures about financial instruments)

The amendments to FRS 7 expand the disclosures required in respect of fair value measurements and liquidity risk. The Group has elected not to provide comparative information for these expanded disclosures in the current year in accordance with the transitional reliefs offered in these amendments.

Amendments to FRS 101 Presentation of Financial Statements

The amendments to FRS 101 clarify that an entity may choose to present the required analysis of items of other comprehensive income either in the statement of changes in equity or in the notes to the financial statements. In the current year, for each component of equity, the Group and the Company have chosen to present such analysis in the Group's and the Company's statement of changes in equity. These amendments have been applied retrospectively.

Standards and IC Interpretations affecting financial performance and/or financial position

FRS 3 (revised in 2010) Business Combinations

FRS 3 (revised in 2010) has been applied in the current year prospectively to business combinations for which the acquisition date is on or after 1 January 2011 in accordance with the relevant transitional provisions. Its adoption has affected the accounting for business combinations in the current year.

The impact of the application of FRS 3 (revised in 2010) is as follows:

- FRS 3 (revised in 2010) allows a choice on a transaction-by-transaction basis for the measurement of non-controlling interests at the date of acquisition (previously referred to as minority interests) either at fair value or at the non-controlling interests' share of recognised identifiable net assets of the acquiree.

- FRS 3 (revised in 2010) changes the recognition and subsequent accounting requirements for contingent consideration. Previously, contingent consideration was recognised at the acquisition date only if payment of the contingent consideration was probable and it could be measured reliably; any subsequent adjustments to the contingent consideration were always made against the cost of the acquisition. Under the revised Standard, contingent consideration is measured at fair value at the acquisition date; subsequent adjustments to the consideration are recognised against the cost of the acquisition only to the extent that they arise from new information obtained within the measurement period (a maximum of 12 months from the acquisition date) about the fair value at the date of acquisition. All other subsequent adjustments to contingent consideration classified as an asset or a liability are recognised in profit or loss.

- FRS 3 (revised in 2010) requires the recognition of a settlement gain or loss when the business combination in effect settles a pre-existing relationship between the Group and the acquiree.

- FRS 3 (revised in 2010) requires acquisition-related costs to be accounted for separately from the business combination, generally leading to those costs being recognised as an expense in profit or loss as incurred, whereas previously they were accounted for as part of the cost of the acquisition.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (cont'd)

FRS 3 (revised in 2010) Business Combinations (cont'd)

As part of Improvements to FRSs issued in 2011, FRS 3 (revised in 2010) was amended to clarify that the measurement choice regarding non-controlling interests at the date of acquisition is only available in respect of non-controlling interests that are present ownership interests and that entitle their holders to a proportionate share of the entity's net assets in the event of liquidation. All other types of non-controlling interests are measured at their acquisition-date fair value, unless another measurement basis is required by other Standards.

In addition, as part of Improvements to FRSs issued in 2011, FRS 3 (revised in 2010) was amended to give more guidance regarding the accounting for share-based payment awards held by the acquiree's employees. Specifically, the amendments specify that share-based payment transactions of the acquiree that are not replaced should be measured in accordance with FRS 2 Share-based Payment at the acquisition date ("market-based measure").

FRS 127 (revised in 2010) Consolidated and Separate Financial Statements

The application of FRS 127 (revised in 2010) has resulted in changes in the Group's accounting policies for changes in ownership interests in subsidiaries.

Specifically, the revised Standard has affected the Group's accounting policies regarding changes in ownership interests in its subsidiaries that do not result in loss of control. In prior years, in the absence of specific requirements in FRSs, increases in interests in existing subsidiaries were treated in the same manner as the acquisition of subsidiaries, with goodwill or a bargain purchase gain being recognised when appropriate; for decreases in interests in existing subsidiaries that did not involve a loss of control, the difference between the consideration received and the adjustment to the non-controlling interests was recognised in profit or loss. Under FRS 127 (revised in 2010), all such increases or decreases are dealt with in equity, with no impact on goodwill or profit or loss.

When control of a subsidiary is lost as a result of a transaction, event or other circumstance, the revised Standard requires that the Group derecognises all assets, liabilities and non-controlling interests at their carrying amount and to recognise the fair value of the consideration received. Any retained interest in the former subsidiary is recognised at its fair value at the date control is lost. The resulting difference is recognised as a gain or loss in profit or loss.

Malaysian Financial Reporting Standards Framework ("MFRS Framework")

On 19 November 2011, the Malaysian Accounting Standards Board ("MASB") issued a new MASB approved accounting framework, the MFRS Framework in conjunction with its planned convergence of FRSs with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board on 1 January 2012.

The MFRS Framework is a fully IFRS-compliant framework, equivalent to IFRSs which is mandatory for adoption by all Entities Other than Private Entities for annual periods beginning on or after 1 January 2012, with the exception for Transitioning Entities. Transitioning Entities, being entities which are subject to the application of MFRS 141 Agriculture and/or IC Interpretation 15 Agreements for the Construction of Real Estate are given an option to defer adoption of the MFRS Framework for an additional one year. Transitioning Entities also includes those entities that consolidate, equity account or proportionately consolidate an entity that has chosen to continue to apply the FRS Framework for annual periods beginning on or after 1 January 2012. However, on 30 June 2012, the MASB decided to extend the aforementioned transitional period for another one year. Thus, Transitioning Entities are given an additional option to continue to apply the FRS Framework for annual periods beginning on or after 1 January 2013. Consequently, the MFRS Framework will be mandatory for application for annual periods beginning on or after 1 January 2014.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (cont'd)

Malaysian Financial Reporting Standards Framework ("MFRS Framework") (cont'd)

Accordingly, the Group and the Company, being Transitioning Entities, have availed themselves of this transitional arrangement and will continue to apply FRSs in their next set of financial statements. Therefore, the Group and the Company will be required to apply MFRS 1 First-time Adoption of Malaysian Financial Reporting Standard ("MFRS 1") in their financial statements for the financial year ending 31 March 2015, being the first set of financial statements prepared in accordance with the new MFRS Framework. Further, an explicit and unreserved statement of compliance with IFRSs will be made in these financial statements.

The Group and the Company are currently assessing the impact of adoption of MFRS 1, including identification of the differences in existing accounting policies as compared to the new MFRSs and the use of optional exemption as provided for in MFRS 1. As at the date of authorisation of issue of the financial statements, accounting policy decisions or elections have not been finalised. Thus, the impact of adopting the new MFRS Framework on the Group's and the Company's first set of financial statements prepared in accordance with the MFRS Framework cannot be determined and estimated reliably until the process is complete.

FRSs, Amendments to FRSs and IC Interpretations issued but not yet effective

At the date of authorisation for issue of these financial statements, the new and revised FRSs, IC Interpretation and amendments to FRSs and IC Interpretation which were issued but not yet effective until future periods are as listed below:

FRS 7	Financial Instruments: Disclosures (Amendments relating to Disclosures - Transfers of Financial Assets)[2]
FRS 9	Financial Instruments (IFRS 9 issued by IASB in November 2009)[4]
FRS 9	Financial Instruments (IFRS 9 issued by IASB in October 2010)[4]
FRS 10	Consolidated Financial Statements[4]
FRS 11	Joint Arrangements[4]
FRS 12	Disclosures of Interests in Other Entities[4]
FRS 13	Fair Value Measurement[4]
FRS 101	Presentation of Financial Statements (Amendments relating to Presentation of Items of Other Comprehensive Income)[3]
FRS 112	Income Taxes (Amendments relating to Deferred Tax - Recovery of Underlying Assets)[2]
FRS 119	Employee Benefits (2011)[4]
FRS 124	Related Party Disclosures (Revised)[2]
FRS 127	Separate Financial Statements (2011)[4]
FRS 128	Investments in Associates and Joint Ventures (2011)[4]
IC Interpretation 14	FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction (Amendments relating to prepayments of a minimum funding requirement)[1]
IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments[1]
IC Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine[4]

1 Effective for annual periods beginning on or after 1 July 2011
2 Effective for annual periods beginning on or after 1 January 2012
3 Effective for annual periods beginning on or after 1 July 2012
4 Effective for annual periods beginning on or after 1 January 2013

Consequential amendments were also made to various FRSs as a result of these new/revised FRSs.

The abovementioned Standards and IC Interpretations will be adopted in the annual financial statements of the Group and of the Company when they become effective and the adoption of these Standards and IC Interpretations will have no material impact on the amounts reported in 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.

Basis of Consolidation

The financial statements of the Group incorporate the financial statements of the Company and entities controlled by the Group as shown in Note 15 made up to the end of the financial period. Control is achieved where the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Control is presumed to exist when the Group owns, directly or indirectly through subsidiary companies, more than half of the voting power of the entity.

The consolidated financial statements incorporate the financial statements of the Company and of its subsidiary companies acquired or disposed of during the period from the effective date of acquisition or up to the effective date of disposal, as appropriate.

When 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.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. The interests of non-controlling shareholders may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interests in subsidiaries that do not result in a loss of 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 subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted at the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

Where the Group loses control of a subsidiary, the profit or loss on disposal 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. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 139 Financial Instruments: Recognition and Measurement or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

Business Combinations

The acquisition of subsidiary companies is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for the recognition under FRS 3 Business Combinations are recognised at their fair values at the acquisition date, except for non-current assets that are classified as held for sale in accordance with FRS 5 Non-current Assets Held for Sale and Discontinued Operations, which are recognised and measured at fair value less costs to sell.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Business Combinations (cont'd)

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments. All other subsequent changes in the fair value of contingent consideration classified as an asset or liability are accounted for in accordance with relevant FRSs. Changes in the fair value of contingent consideration classified as equity are not recognised.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date 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.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under FRS 3 (revised) are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with FRS 112 Income Taxes and FRS 119 Employee Benefits respectively;

- liabilities or equity instruments related to the replacement by the Group of an acquiree's share-based payment awards are measured in accordance with FRS 2 Share-based Payment; and

- assets (or disposal groups) that are classified as held for sale in accordance with FRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

If the initial accounting for a business combination is incomplete by end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items of which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date, and is subject to a maximun of one year.

Revenue

Revenue of the Company consists of dividend income, management fees through provision of group services and gross invoiced value of sales less returns and discounts.

Revenue of the Group consists mainly of gross invoiced value of sales less returns and discounts, medical and consultation charges for services rendered in connection with hospital operations, income from plantation, income from administrative services, provision of warehousing and port cargo handling services, dividend income and rental income.

Revenue is recognised on the following basis:

Gross invoiced value of sales less returns and discounts - upon delivery of products and customer acceptance and when the risks and rewards of ownership have passed to the buyer.

Services rendered in connection with management fees through provision of group services, hospital operations, administrative services and port cargo handling services - when services are rendered.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Revenue (cont'd)

Services rendered in provision of warehousing - on a time basis, based on the days of storage and applicable rate of rental.

Dividend income - when the shareholder's right to receive payment is established.

Rental income - over the tenure of the rental period of properties.

Interest income - on an accrual basis, by reference to the principal outstanding and at the effective interest rate.

Foreign Currencies

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in Ringgit Malaysia, 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 Ringgit Malaysia 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 plans

The Group and the Company contribute to Employees Provident Fund ("EPF"), the national defined contribution plan. The contributions are charged to profit or loss in the period to which they relate. Once the contributions have been paid, the Group and the Company have no further payment obligations. The contributions to EPF are included under employee benefits expense in Note 7.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Employee Benefits (cont'd)

(ii) Post employment benefits (cont'd)

(b) Defined benefit plans

i) Malaysia

The Company and a subsidiary company operate an unfunded defined retirement benefit scheme for eligible non-unionised employees who have completed a minimum of 5 and 10 years of service respectively. The retirement benefit obligations are measured by using an actuarial valuation method, the Projected Unit Credit Method.

ii) Indonesia

The Group's subsidiary companies in Indonesia provide for employee benefit liabilities in accordance with the Labour Law No. 13 Year 2003 ("Law No. 13/2003"), which was enacted on 25 March 2003. The retirement benefits provision is made based on the Projected Unit Credit Method.

Under the Projected Unit Credit Method, the cost of providing the retirement benefits is charged to profit or loss so as to spread the cost over the service life of the employees. The actuarial gains or losses are recognised as income or expense if the net cumulative unrecognised actuarial gains or losses at the end of the reporting period exceed the greater of 10% of the present value of the defined benefit obligation and 10% of the fair value of any scheme assets at that date. The cumulative unrecognised gains or losses are amortised over the expected average remaining future service lives of the employees which is estimated as 12 years in accordance with the advice of actuaries who carry out a full valuation of the plan every three years for the Company and a subsidiary company in Malaysia. The latest actuarial valuation was undertaken on 30 April 2010. Actuarial valuation of the plan for the Group's subsidiary companies in Indonesia was carried out on an annual basis. The latest actuarial valuation was undertaken on 31 March 2012.

Income Tax

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

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

The carrying 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 sufficient future taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability settled, based on tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group and the Company intend to settle the current tax assets and liabilities on a net basis.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Land Held for Property Development

Land held for property development is stated at cost less impairment losses, if any. Land held for property development consists of land where no development activities have been undertaken or where development activities are not expected to be completed within the normal operating cycle.

Costs include cost of land, professional fees and other direct development expenditure and related overheads. Land held for property development is reclassified as property development costs at the point when development works have been undertaken and where it can be demonstrated that the development activities are expected to be completed within the normal operating cycle.

Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

Depreciation of property, plant and equipment, other than freehold land and construction-in-progress which are not depreciated, is computed on the straight-line method at rates based on their estimated useful lives. The principal annual rates used are as follows:

Leasehold land	91 years
Freehold office	2%
Factory buildings	2%
Palm oil mills	3.33%
Hospital building	2%
Medical equipment	10%
Plant, machinery, equipment and electrical installation	7.5% - 25%
Motor vehicles	10% - 25%
Office equipment, furniture and fittings	5% - 25%
Leasehold warehouse cum office block	10%
Staff quarter cum office block	5% - 10%
Freehold warehouse	2%
Land improvements	5%
Renovation	10%

At the end of each reporting period, the residual values, useful lives and depreciation method of the property, plant and equipment are reviewed, and the effects of any changes are recognised prospectively.

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

Investment Property

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

Biological Assets

Biological assets, consisting of costs for land clearing, planting and replanting and upkeep of trees to maturity, are initially recorded at cost. Upon maturity of crops, the biological assets are amortised over 20 years, representing the economic useful lives of the crops.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Investment in Subsidiary Companies

Investment in unquoted shares of the subsidiary companies, which is eliminated on consolidation, is stated at cost less any impairment losses in the Company's financial statements.

Impairment of Assets

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

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

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

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

Advances for Plasma PIR-TRANS Program and KKPA Program

Advances for Plasma PIR-TRANS program in respect of a subsidiary company in Indonesia, as further explained in Note 17, represent the accumulated costs (including borrowing costs and indirect overhead costs) financed by a bank to develop plasma plantations for plasma farmers under a scheme imposed by the Indonesian government. When a plasma plantation program is substantially completed and ready to be transferred or handed-over to the plasma farmers, the corresponding investment credit from the bank is also transferred to the plasma farmers.

Advances for Kredit Koperasi Primer untuk Anggotanya ("KKPA") program in respect of another subsidiary company in Indonesia, as further explained in Note 18, represent the accumulated costs to develop plasma plantations measuring 500 (2011: 470) hectares out of total land required to be developed of 500 (2011: 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 the cooperative.

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

Inventories

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Inventories (cont'd)

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

Provisions

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where 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.

Financial Instruments

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

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

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

Financial Assets

Financial assets are classified into the following specified categories: financial asset 'at fair value through profit or loss' ("FVTPL"), 'held-to-maturity' investments, 'available-for-sale' ("AFS") financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

<u>Effective interest rate method</u>

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

<u>Financial assets at FVTPL</u>

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

A financial asset is classified as held for trading if:

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

Held-to-maturity investments

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

Loans and receivables

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

Available-for-sale financial assets

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

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

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by deliver of such unquoted instruments, which shall be measured at cost.

Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's and the Company's right to receive the dividends is established.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the end of the reporting period.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

3. **SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

Impairment of financial assets (cont'd)

(a) Loans and receivables

Receivables assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

In respect of receivables carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

(b) Available-for-sale ("AFS") financial assets

For equity instruments classified as AFS, a significant or prolonged decline in the fair value of the securities below its cost is considered to be objective evidence of impairment.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are classified to profit or loss in the period.

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

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

Derecognition of financial assets

Financial assets are derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Financial Liabilities and Equity Instruments

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity inaccordance with the substance of the contractual arrangement.

3. **SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

Equity instruments

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

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

Financial liabilities

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

Financial liabilities at FVTPL

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

A financial liability is classified as held for trading if:

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

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

Other financial liabilities

The Group's and the Company's other financial liabilities include trade payables, other payables and accrued expenses, amount owing to subsidiary companies and dividend payables.

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 rate 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 the Company's obligations are discharged, cancelled or they expire.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial Guarantee Contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee. If the debtor fails to make payment relating to financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the end of the reporting period and the amount initially recognised less cumulative amortisation.

Derivative Financial Instruments

The Group and the Company enter into derivative financial instruments such as foreign currency forward contracts to manage foreign currency exposures as a result of receipts and payments in foreign currency.

Foreign currency forward contracts are initially recognised at fair value at the date the derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately.

Foreign currency forward contracts with a positive fair value are recognised as a financial asset; foreign currency forward contracts with a negative fair value are recognised as a financial liability. Foreign currency forward contracts are presented as current liabilities unless the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months.

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, which comprise fixed deposits, short-term placements, and cash and bank balances, 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 discussed below:

Impairment of property, plant and equipment

As referred to in Note 12:

(a) The tenancy agreement for rental by a subsidiary company, Southern Acids Industries Sdn. Bhd., of a parcel of land belonging to Southern Realty (Malaya) Sdn. Berhad ("SRM") expired on 30 April 2012 but SRM has agreed in principle to extend the said rental agreement to 30 April 2013 pending the execution of the renewed tenancy agreement. Pursuant to the said tenancy agreement, the subsidiary company intends to apply for a renewal of the tenancy agreement with SRM upon its expiry in April 2013. Based on past experience of successful renewal of the tenancy agreement and since SRM is a major shareholder of the Company, the directors of the subsidiary company are confident that the said tenancy agreement will be successfully renewed upon its expiry in April 2013 and accordingly, no impairment loss needs to be considered on the factory building and oleochemical plant with net book value of RM26,887,055 (2011: RM27,387,098).

(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. The said purchase consideration has been fully settled since 4 November 2000. In view of the delay in transferring the land title by SRM, NISB had in year 2010, lodged a caveat to protect its interest on the land. The directors of NISB are confident that the land title will eventually be transferred as NISB has fully satisfied all the conditions as stipulated in the said agreement. Accordingly, the directors of NISB believe that no impairment loss needs to be considered on the private hospital building with net book value of RM22,142,383 (2011: RM22,473,539) belonging to NISB, which is constructed on the said piece of land.

(ii) Key sources of estimation uncertainty

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

(a) Allowance for doubtful debts

The Group makes allowance for doubtful debts based on an assessment of the recoverability of receivables. Allowance is applied to receivables where events or changes in circumstances indicate that the balances may not be collectible. The identification of doubtful debts requires use of judgement and estimates. Where the expectation is different from the original estimate, such difference will impact the carrying value of the receivables and doubtful debts expense in the year in which such estimate has been changed. As of 31 March 2012, allowance for doubtful debts on receivables provided by the Group and by the Company are as follows:

	The Group		The Company	
	2012 RM'000	**2011 RM'000**	**2012 RM'000**	**2011 RM'000**
Amount owing by subsidiary companies	**–**	–	**2,591**	911
Trade receivables	**1,654**	1,741	**–**	37
Other receivables	**228**	244	**–**	–
	1,882	1,985	**2,591**	948

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (cont'd)

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

(b) Allowance for losses on conversion of Advances for Plasma PIR-TRANS Program and KKPA Program

The Group makes allowance for losses on conversion of advances for Plasma PIR-TRANS program and KKPA program based on an assessment of the recoverability of advances. Allowance is applied to advances where events or changes in circumstances indicate that the balances may not be collectible. The identification of allowance for losses requires use of judgement and estimates. Where the expectation is different from the original estimate, such difference will impact the carrying value of the advances and allowance for losses on conversion expenses in the period in which such estimate has been changed. As of 31 March 2012, allowance for losses on conversion of advances provided by the Group is as follows:

	The Group	
	2012 RM'000	2011 RM'000
Advances for Plasma PIR-TRANS program	**776**	806
Advances for KKPA program	**400**	400
	1,176	1,206

(c) Deferred tax assets

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

As of 31 March 2012, the total carrying amount of deferred tax assets recognised by the Group and the Company are as follows:

	The Group		The Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Deferred tax assets	**919**	4,815	**–**	1,965

(d) Impairment of assets

Determining whether assets are impaired requires an estimation of the recoverable amount of the assets. Management exercises its judgement in estimating the recoverable amounts of these assets. As of 31 March 2012, the Company has recognised impairment losses in respect of the following asset:

	The Company	
	2012 RM'000	2011 RM'000
Impairment losses on investment in subsidiary companies	**501**	501

5. REVENUE

An analysis of revenue is as follows:

	The Group		The Company	
	Year ended 31 March 2012 (12 months) RM'000	Period ended 31 March 2011 (11 months) RM'000	Year ended 31 March 2012 (12 months) RM'000	Period ended 31 March 2011 (11 months) RM'000
Manufacturing and marketing of oleochemical products	**376,282**	348,380	**107,088**	348,121
Sales of oil palm fruit and crude palm oil	**103,375**	87,806	**–**	–
Managing and operating of private hospital	**68,746**	54,288	**–**	–
Warehousing and bulk conveyor operations	**8,066**	5,055	**–**	–
Administrative services fee	**2,260**	1,716	**–**	–
Dividend income from:				
Quoted shares	**2,147**	4,097	**2,147**	4,097
Unquoted shares	**–**	–	**7,659**	–
Management fees	**–**	–	**3,600**	–
Rental income	**–**	31	**–**	–
	560,876	501,373	**120,494**	352,218

6. INVESTMENT REVENUE

	The Group		The Company	
	Year ended 31 March 2012 (12 months) RM'000	Period ended 31 March 2011 (11 months) RM'000	Year ended 31 March 2012 (12 months) RM'000	Period ended 31 March 2011 (11 months) RM'000
Interest income on fixed deposits and short-term placements	**2,727**	1,833	**169**	572

7. PROFIT/(LOSS) BEFORE TAX

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

	The Group		The Company	
	Year ended 31 March 2012 (12 months) RM'000	Period ended 31 March 2011 (11 months) RM'000	Year ended 31 March 2012 (12 months) RM'000	Period ended 31 March 2011 (11 months) RM'000
Rental income	**1,402**	1,432	**–**	–
Waiver of debts by other creditors	**–**	412	**–**	–
Realised gain on conversion of Plasma PIR-TRANS program	**–**	189	**–**	–
Allowance for doubtful debts no longer required:				
Trade receivables (Note 21)	**87**	78	**37**	–
Amount owing by subsidiary company (Note 23)	**–**	–	**120**	–
Gain on disposal of property, plant and equipment	**34**	73	**–**	–
Inventories written down (Note 20)	**(461)**	(1,839)	**–**	–
Loss arising from derivative financial assets	**(204)**	(1,547)	**(204)**	(1,547)
Provision for retirement benefits (Note 27)	**(1,832)**	(1,239)	**(191)**	(95)
Allowance for doubtful debts:				
Trade receivables (Note 21)	**–**	(437)	**–**	(37)
Other receivables (Note 22)	**–**	(234)	**–**	–
Amount owing by subsidiary companies (Note 23)	**–**	–	**(1,800)**	–
Bad debts written off	**(2)**	(16)	**–**	–
Fees paid/payable to external auditors:				
Statutory audit:				
Auditors of the Company	**(207)**	(207)	**(65)**	(65)
Other member firm of the auditors of the Company	**(82)**	(121)	**–**	–
Other auditors	**(5)**	(6)	**–**	–
Non-audit services:				
Auditors of the Company	**(6)**	(6)	**(6)**	(6)
Other member firm of the auditors of the Company	**(21)**	(18)	**–**	–
Other auditors	**(4)**	(8)	**–**	–
Gain on disposal of quoted shares	**–**	1,199	**–**	1,199
Gain/(Loss) on foreign exchange:				
Realised	**2,156**	1,058	**131**	308
Unrealised	**(202)**	128	**–**	128
Lease rental of land	**(541)**	(335)	**–**	–
Property, plant and equipment written off	**(14)**	(20)	**–**	–
Biological assets written off	**(14)**	–	**–**	–
Rental of:				
Land paid/payable to a related party (Note 23)	**(140)**	(128)	**–**	–
Storage tanks	**(210)**	(182)	**–**	–
Premises paid/payable to a related party (Note 23)	**(11)**	(14)	**–**	–
Staff quarter paid/ payable to a related party (Note 23)	**(58)**	(46)	**–**	–
Equipment paid/ payable to a related party (Note 23)	**(23)**	(26)	**–**	–
Premises paid/payable to third parties	**(7)**	(12)	**–**	–
Plant and machinery	**(63)**	(3)	**–**	–
Office equipment	**(4)**	(9)	**–**	–
Motor vehicles	**–**	(1)	**–**	–

7. PROFIT/(LOSS) BEFORE TAX (cont'd)

Employee benefits expense include salaries, bonus, contributions to EPF and all other related expenses. Post employment benefits for the staff during the current financial year for the Group and for the Company amounted to RM3,064,301 and RM338,444 (2011: RM2,745,338 and RM265,719) respectively.

8. DIRECTORS' REMUNERATION

	The Group		The Company	
	Year ended 31 March 2012 (12 months) RM'000	**Period ended 31 March 2011 (11 months) RM'000**	**Year ended 31 March 2012 (12 months) RM'000**	**Period ended 31 March 2011 (11 months) RM'000**
Directors of the Company				
Executive directors:				
Fees	**42**	44	**42**	44
Other emoluments	**17**	8	**17**	8
	59	52	**59**	52
Non-executive directors:				
Fees	**183**	256	**183**	256
Other emoluments	**137**	102	**137**	102
	320	358	**320**	358
	379	410	**379**	410
Directors of the Subsidiaries				
Fees	**174**	199	**–**	–
Other emoluments	**597**	730	**–**	–
	771	929	**–**	–
Total	**1,150**	1,339	**379**	410

Contributions to EPF for the directors by the Group during the current financial year amounted to RM44,544 (2011: RM71,703).

The estimated monetary value of benefits-in-kind received by the directors otherwise than in cash from the Group amounted to RM21,000 (2011: RM8,800).

9. INCOME TAX EXPENSE

	The Group		The Company	
	Year ended 31 March 2012 (12 months) RM'000	Period ended 31 March 2011 (11 months) RM'000	Year ended 31 March 2012 (12 months) RM'000	Period ended 31 March 2011 (11 months) RM'000
Estimated tax payable:				
Current	**9,387**	10,569	**279**	817
Overprovision in prior years	**(28)**	(11)	**–**	–
	9,359	10,558	**279**	817
Deferred tax (Note 19):				
Current	**4,226**	4,152	**1,962**	(728)
(Over)/Underprovision in prior years	**(324)**	(200)	**3**	(80)
	3,902	3,952	**1,965**	(808)
	13,261	14,510	**2,244**	9

The income tax expense varied from the amount of income tax expense determined by applying the applicable statutory income tax rate to profit/(loss) before tax as a result of the following differences:

	The Group		The Company	
	Year ended 31 March 2012 (12 months) RM'000	Period ended 31 March 2011 (11 months) RM'000	Year ended 31 March 2012 (12 months) RM'000	Period ended 31 March 2011 (11 months) RM'000
Profit/(Loss) before tax	**41,275**	55,460	**5,897**	(696)
Tax at the Malaysian statutory income tax rate of 25% (2011: 25%)	**10,319**	13,865	**1,474**	(174)
Differential in tax rate in other jurisdiction	**–**	173	**–**	–
Tax effects of:				
Non-deductible expenses	**2,449**	2,963	**522**	770
Non-taxable income	**(1,136)**	(1,539)	**(2,452)**	(507)
Realisation of deferred tax assets previously not recognised	**–**	(741)	**–**	–
Deferred tax assets not recognised	**1,981**	–	**2,697**	–
(Over)/Underprovision in prior years:				
Current	**(28)**	(11)	**–**	–
Deferred tax	**(324)**	(200)	**3**	(80)
Income tax expense	**13,261**	14,510	**2,244**	9

9. INCOME TAX EXPENSE (cont'd)

The Company has tax-exempt income amounting to RM7,305,732 (2011: RM12,192,580) which, subject to agreement of the Inland Revenue Board, is available for distribution of its retained earnings as tax-exempt dividends.

A subsidiary company has tax-exempt accounts amounting to approximately RM170,290,000 (2011: RM173,890,000) arising from tax-exempt income earned during the pioneer period under the Promotion of Investments Act, 1986. The exempt income accounts are available for distribution of its retained earnings as tax-exempt dividends to the shareholder of the said subsidiary company and is subject to approval by the tax authorities.

A subsidiary company has tax-exempt income under the Income Tax (Amendment) Act, 1999 amounting to approximately RM715,000 (2011: RM715,000). This amount, which arose from tax waiver on the chargeable income earned in 1999, is available for distribution of its retained earnings as tax-exempt dividends.

10. EARNINGS PER SHARE

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

	The Group	
	2012	**2011**
Profit for the year/period attributable to ordinary equity holders of the Company (RM'000)	**19,924**	29,361
Number of ordinary shares in issue	**136,934,132**	136,934,132
Basic earnings per share (sen)	**14.55**	21.44

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

11. LAND HELD FOR PROPERTY DEVELOPMENT

The Group	Freehold land - at cost RM'000	Development costs RM'000	Total RM'000
As of 1 May 2010	136,354	4,906	141,260
Addition	–	684	684
As of 31 March 2011/1 April 2011/31 March 2012	**136,354**	**5,590**	**141,944**

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

12. PROPERTY, PLANT AND EQUIPMENT

The Group	Cost						
	As of 1 May 2010 RM'000	Additions RM'000	Disposals RM'000	Write offs RM'000	Reclassifications RM'000	Effects of foreign exchange translation RM'000	As of 31 March 2011 RM'000
Leasehold land	6,974	–	–	–	–	(51)	**6,923**
Freehold land	5,158	–	–	–	–	(4)	**5,154**
Freehold office	3,593	–	–	–	–	–	**3,593**
Factory buildings	7,665	86	–	–	–	–	**7,751**
Palm oil mills	17,903	378	–	–	–	(356)	**17,925**
Hospital building	28,021	54	–	–	–	–	**28,075**
Medical equipment	41,714	831	(89)	–	–	–	**42,456**
Plant, machinery, equipment and electrical installation	119,864	2,747	–	(10)	990	(89)	**123,502**
Motor vehicles	4,977	1,245	(484)	(1)	89	(22)	**5,804**
Office equipment, furniture and fittings	19,107	885	(80)	(950)	–	(10)	**18,952**
Leasehold warehouse cum office block	5,933	–	–	–	–	–	**5,933**
Staff quarter cum office block	1,609	6	–	–	363	(34)	**1,944**
Freehold warehouse	2,313	–	–	(18)	–	–	**2,295**
Land improvements	6,320	–	–	–	264	(126)	**6,458**
Construction in-progress:							
Plant and machinery	206	1,204	–	–	(1,079)	–	**331**
Building	349	453	(54)	–	(627)	(6)	**115**
Renovation	925	63	–	–	–	–	**988**
Total	272,631	7,952	(707)	(979)	–	(698)	**278,199**

12. **PROPERTY, PLANT AND EQUIPMENT (cont'd)**

	Cost						
The Group	**As of 1 April 2011 RM'000**	**Additions RM'000**	**Disposals RM'000**	**Write offs RM'000**	**Reclassifications RM'000**	**Effects of foreign exchange translation RM'000**	**As of 31 March 2012 RM'000**
Leasehold land	6,923	13,053	–	–	–	(78)	**19,898**
Freehold land	5,154	–	–	–	–	(7)	**5,147**
Freehold office	3,593	–	–	–	–	–	**3,593**
Factory buildings	7,751	18	–	–	–	–	**7,769**
Palm oil mills	17,925	588	–	–	598	(717)	**18,394**
Hospital building	28,075	232	–	–	–	–	**28,307**
Medical equipment	42,456	1,748	(484)	(465)	–	–	**43,255**
Plant, machinery, equipment and electrical installation	123,502	2,140	-	(6)	1,191	(199)	**126,628**
Motor vehicles	5,804	421	(240)	(11)	203	(54)	**6,123**
Office equipment, furniture and fittings	18,952	1,189	(6)	(119)	–	(20)	**19,996**
Leasehold warehouse cum office block	5,933	–	–	–	–	–	**5,933**
Staff quarter cum office block	1,944	1	–	–	529	(93)	**2,381**
Freehold warehouse	2,295	–	–	–	–	–	**2,295**
Land improvements	6,458	–	–	–	–	(242)	**6,216**
Construction in-progress:							
Plant and machinery	331	1,167	–	–	(1,394)	–	**104**
Building	115	1,866	–	–	(1,127)	(33)	**821**
Renovation	988	10	–	–	–	–	**998**
Total	278,199	22,433	(730)	(601)	–	(1,443)	**297,858**

notes to the financial statements (cont'd)
for the year ended 31 March 2012

12. PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Accumulated Depreciation						
The Group	**As of 1 May 2010 RM'000**	**Charge for the period RM'000**	**Disposals RM'000**	**Write offs RM'000**	**Reclassification RM'000**	**Effects of foreign exchange translation RM'000**	**As of 31 March 2011 RM'000**
Leasehold land	1,162	112	–	–	–	(20)	**1,254**
Freehold land	–	–	–	–	–	–	**–**
Freehold office	–	60	–	–	–	–	**60**
Factory buildings	2,222	153	–	–	–	–	**2,375**
Palm oil mills	13,217	465	–	–	–	(263)	**13,419**
Hospital building	5,085	514	–	–	–	–	**5,599**
Medical equipment	34,126	1,092	(90)	–	–	–	**35,128**
Plant, machinery, equipment and electrical installation	97,168	3,223	-	(9)	–	(58)	**100,324**
Motor vehicles	3,422	466	(462)	(1)	–	(11)	**3,414**
Office equipment, furniture and fittings	16,456	474	(58)	(944)	–	(8)	**15,920**
Leasehold warehouse cum office block	5,918	14	–	–	–	–	**5,932**
Staff quarter cum office block	595	161	–	–	–	(13)	**743**
Freehold warehouse	539	42	–	(5)	–	–	**576**
Land improvements	1,573	297	–	–	–	(33)	**1,837**
Construction in-progress:							
Plant and machinery	–	–	–	–	–	–	**–**
Building	–	–	–	–	–	–	**–**
Renovation	–	79	–	–	–	–	**79**
Total	181,483	7,152	(610)	(959)	–	(406)	**186,660**

12. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Accumulated Depreciation

The Group	As of 1 April 2011 RM'000	Charge for the period RM'000	Disposals RM'000	Write offs RM'000	Reclassification RM'000	Effects of foreign exchange translation RM'000	As of 31 March 2012 RM'000
Leasehold land	1,254	310	–	–	–	(39)	**1,525**
Freehold land	–	–	–	–	–	–	**–**
Freehold office	60	72	–	–	–	–	**132**
Factory buildings	2,375	167	–	–	–	–	**2,542**
Palm oil mills	13,419	922	–	–	–	(567)	**13,774**
Hospital building	5,599	563	–	–	3	–	**6,165**
Medical equipment	35,128	1,235	(466)	(459)	–	–	**35,438**
Plant, machinery, equipment and electrical installation	100,324	3,146	–	(4)	–	(172)	**103,294**
Motor vehicles	3,414	651	(240)	(11)	–	(28)	**3,786**
Office equipment, furniture and fittings	15,920	539	(3)	(113)	(3)	(15)	**16,325**
Leasehold warehouse cum office block	5,932	1	–	–	–	–	**5,933**
Staff quarter cum office block	743	126	–	–	–	(33)	**836**
Freehold warehouse	576	46	–	–	–	–	**622**
Land improvements	1,837	379	–	–	–	(83)	**2,133**
Construction in-progress:							
Plant and machinery	–	–	–	–	–	–	**–**
Building	–	–	–	–	–	–	**–**
Renovation	79	100	–	–	–	–	**179**
Total	186,660	8,257	(709)	(587)	–	(937)	**192,684**

12. PROPERTY, PLANT AND EQUIPMENT (cont'd)

The Group	Net Book Value 2012 RM'000	2011 RM'000
Leasehold land	**18,373**	5,669
Freehold land	**5,147**	5,154
Freehold office	**3,461**	3,533
Factory buildings	**5,227**	5,376
Palm oil mills	**4,620**	4,506
Hospital building	**22,142**	22,476
Medical equipment	**7,817**	7,328
Plant, machinery, equipment and electrical installation	**23,334**	23,178
Motor vehicles	**2,337**	2,390
Office equipment, furniture and fittings	**3,671**	3,032
Leasehold warehouse cum office block	**–**	1
Staff quarter cum office block	**1,545**	1,201
Freehold warehouse	**1,673**	1,719
Land improvements	**4,083**	4,621
Construction in-progress:		
Plant and machinery	**104**	331
Building	**821**	115
Renovation	**819**	909
Total	**105,174**	91,539

The Company	Freehold office RM'000	Motor vehicles RM'000	Office equipment, furniture and fittings RM'000	Renovation RM'000	Total RM'000
Cost					
As of 1 May 2010	3,593	719	575	925	5,812
Additions	–	677	213	63	953
As of 31 March 2011/1 April 2011	3,593	1,396	788	988	6,765
Additions	–	–	123	10	133
As of 31 March 2012	**3,593**	**1,396**	**911**	**998**	**6,898**

12. 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
Accumulated depreciation					
As of 1 May 2010	–	150	11	–	161
Charge for the period	60	144	89	79	372
As of 31 March 2011/1 April 2011	60	294	100	79	533
Charge for the year	72	279	128	99	578
As of 31 March 2012	**132**	**573**	**228**	**178**	**1,111**
Net book value					
As of 31 March 2012	**3,461**	**823**	**683**	**820**	**5,787**
As of 31 March 2011	3,533	1,102	688	909	6,232

On 31 October 1995, Noble Interest Sdn. Bhd. ("NISB"), a subsidiary company, entered into a Sale and Purchase Agreement with Southern Realty (Malaya) Sdn. Berhad ("SRM") to purchase several parcels of freehold land at a total purchase consideration of RM4,950,000. The said purchase consideration has been fully settled since 4 November 2000. In view of the delay in transferring the land title by SRM, NISB had in year 2010, lodged a caveat to protect its interest on the land. The directors of NISB are confident that the land title will eventually be transferred as NISB has fully satisfied all the conditions as stipulated in the said agreement. Accordingly, the directors of NISB believe that no impairment loss needs to be considered on the private hospital building with net book value of RM22,142,383 as of 31 March 2012 (2011: RM22,473,539) belonging to NISB, which is constructed on the said piece of land as referred to in Note 36(b).

On 30 June 2011, SAB Bio-Fuel Sdn. Bhd., a wholly-owned subsidiary company of the Company, entered into a sale and purchase agreement with POIC Sabah Sdn. Bhd. for the acquisition of a piece of land for a total purchase consideration of RM13,052,314. The land measuring approximately 1,087,693 square feet is located in the Palm Oil Industrial Cluster at Lahad Datu, Sabah.

As of 31 March 2012, the strata title in respect of a freehold office with carrying value of RM3,460,785 (2011: RM3,532,635) belonging to the Company has not yet been issued to the Company.

As of 31 March 2012, the freehold warehouse of a subsidiary company, PKE (Malaysia) Sdn. Berhad, with carrying value of RM1,627,433 (2011: RM1,718,284) is located on a parcel of freehold land belonging to a related party.

A factory building and oleochemical plant of a subsidiary company, Southern Acids Industries Sdn. Bhd., are constructed on a parcel of land belonging to SRM. Accordingly, SRM charged the subsidiary company rental for use of the said land. The existing rental agreement between SRM and the subsidiary company expired on 30 April 2012 but SRM has agreed in principle to extend the said rental agreement to 30 April 2013 pending the execution of the renewed tenancy agreement. Pursuant to the said tenancy agreement, the subsidiary company intends to apply for a renewal of the tenancy agreement with SRM upon its expiry in April 2013. Based on past experience of successful renewal of the tenancy agreement and since SRM is a major shareholder of the Company, the directors of the subsidiary company are confident that the said tenancy agreement will be successfully renewed upon its expiry in April 2013 and accordingly, no impairment loss needs to be considered on the factory building and oleochemical plant with net book value of RM26,887,055 (2011: RM27,387,098).

Included in property, plant and equipment of the Group are fully depreciated assets which are still in use, with cost amounting to RM147,264,041 (2011: RM146,766,994).

13. INVESTMENT PROPERTY

	The Group 2012 RM'000	2011 RM'000
At cost	**3,318**	3,318
Fair value	**8,500**	4,479

Investment property consists of a piece of freehold land in Kampung Jawa, Klang, which had been rented out to a third party in prior years. The said freehold land was vacant during and as of the end of the reporting period. The investment property is stated at fair value as of 31 March 2012 which is determined by reference to a professional valuation carried out on 7 December 2011 by Lim Chang Mee, a registered valuer of the independent professional valuer company, Jordan Lee and Jaafar. The fair value of the investment property as of 31 March 2011 was estimated by the directors based on recent prices of similar properties in the same location.

The rental income earned by a subsidiary company from its investment property during the year amounted to RM Nil (2011: RM31,455). Direct operating expenses arising from the investment property during the year amounted to RM14,151 (2011: RM12,972).

14. BIOLOGICAL ASSETS

	The Group 2012 RM'000	2011 RM'000
Cost		
At beginning of year/period	**16,978**	16,723
Additions	**178**	586
Write-offs	**(232)**	–
Effects of foreign exchange translation	**(607)**	(331)
At end of year/period	**16,317**	16,978
Accumulated Amortisation		
At beginning of year/period	**5,680**	5,038
Charge for the year/period	**802**	745
Write-offs	**(218)**	–
Effects of foreign exchange translation	**(238)**	(103)
At end of year/period	**6,026**	5,680
Net book value	**10,291**	11,298

15. INVESTMENT IN SUBSIDIARY COMPANIES

	The Company 2012 RM'000	2011 RM'000
Unquoted shares - at cost	**51,274**	44,574
Less: Accumulated impairment loss	**(501)**	(501)
Net	**50,773**	44,073

On 22 July 2011, the Company incorporated a wholly owned subsidiary company, SAB Logistics & Grains Terminal Sdn. Bhd. ("SABLGT"). The initial authorised share capital of SABLGT is RM500,000 comprising 500,000 ordinary shares of RM1.00 each and the paid-up share capital is RM100,000 comprising 100,000 ordinary shares of RM1.00 each. SABLGT is currently dormant and its intended business activity is that of port handling services.

On 16 January 2012, the Company acquired 300,000 ordinary shares of RM1.00 each in Firstview Development Sdn. Bhd. ("FVD") from two minority shareholders, representing 10% of the equity interest, for a total cash consideration of RM6.6 million. FVD is principally an investment holding company with two subsidiary companies in the oil palm plantation and palm oil milling operations in Indonesia. Following the acquisition, the Company's total equity interest in FVD increased from 80% to 90%. The effect of changes in the ownership interest of FVD on the equity attributable to owners of the Company during the year is summarised as follows:

	2012 RM'000	2011 RM'000
Carrying amount of non-controlling interests acquired	**6,278**	–
Consideration paid to non-controlling interests	**(6,600)**	–
Excess of consideration paid recognised in the Company's equity	**(322)**	–

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 RM501,000 (2011: RM501,000) as of the end of the financial year is deemed adequate in respect of investment in the subsidiary companies.

The subsidiary companies, all incorporated in Malaysia except as otherwise indicated, are as follows:

Direct subsidiary companies	Country of incorporation	Effective equity interest 2012	2011	Principal activities
Southern Management (M) Sdn. Bhd. #	Malaysia	**100%**	100%	Provision of administrative and accounting services
Southern Acids Industries Sdn. Bhd.	Malaysia	**100%**	100%	Manufacturing and marketing of oleochemical products for commercial use
PKE (Malaysia) Sdn. Berhad	Malaysia	**69.7%**	69.7%	Provision of warehousing and overhead conveyor goods loading services
PKE Transport (Malaysia) Sdn. Berhad.	Malaysia	**91.9%**	91.9%	Provision of overhead conveyor goods loading services

15. INVESTMENT IN SUBSIDIARY COMPANIES (cont'd)

Direct subsidiary companies	Country of incorporation	Effective equity interest 2012	2011	Principal activities
SAB Properties Development Co. Sdn. Berhad	Malaysia	**100%**	100%	Investment holding and lease of property
SAB (East Asia) Holdings Ltd.* #	Hong Kong	**100%**	100%	Dormant
Noble Interest Sdn. Bhd. #	Malaysia	**100%**	100%	Property holding and lease of a hospital building
Southern Medicare Sdn. Bhd. #	Malaysia	**100%**	100%	Private hospital and healthcare services
Wilstar Sdn. Bhd. #	Malaysia	**100%**	100%	Manufacturing and distribution of fertilizers
SAB Plantation Sdn. Bhd. #	Malaysia	**100%**	100%	Pre-operating
Firstview Development Sdn. Bhd.	Malaysia	**90%**	80%	Investment holding
Centre For Sight Sdn. Bhd. #	Malaysia	**100%**	100%	Dormant
SAB Bio-Fuel Sdn. Bhd. #	Malaysia	**100%**	100%	Pre-operating
SAB Logistics & Grains Terminal Sdn. Bhd.	Malaysia	**100%**	–	Pre-operating
Indirect subsidiary companies				
Pembinaan Gejati Sdn. Bhd. (Held through SAB Properties Development Co. Sdn. Berhad)	Malaysia	**100%**	100%	Property development and oil palm plantation
PT Mustika Agro Sari @ (Held through Firstview Development Sdn. Bhd.)	Indonesia	**63%**	56%	Oil palm plantation operations
PT Wanasari Nusantara ^ (Held through PT Mustika Agro Sari)	Indonesia	**63%**	56%	Oil palm plantation operations

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

The auditors' reports on the financial statements of these subsidiary companies include an emphasis of matter regarding the ability of these subsidiary companies to continue as a going-concern in view of their capital deficiency positions as at the end of the financial year. The financial statements of these subsidiary companies have been prepared on a going-concern basis as the Company has undertaken to continue providing financial support to these subsidiary companies.

@ The financial statements of this subsidiary company are examined by other member firm of Deloitte.

^ The accounting period of this subsidiary company is 30 April 2012 instead of 31 March 2012. Hence, the consolidation is based on the management accounts for the period 1 April 2011 to 31 March 2012, which were examined by other member firm of Deloitte.

16. AVAILABLE-FOR-SALE INVESTMENTS

	The Group and The Company	
	2012 RM'000	2011 RM'000
Shares in Malaysia:		
Quoted Shares – at fair value	**34,447**	39,865
Unquoted Shares – at cost	**456**	456
Total	**34,903**	40,321

17. ADVANCES FOR PLASMA PIR-TRANS PROGRAM

	The Group	
	2012 RM'000	2011 RM'000
Cost		
At beginning of year/period	**2,655**	2,830
Conversion	**(255)**	(120)
Effects of foreign exchange translation	**(90)**	(55)
At end of year/period	**2,310**	2,655
Accumulated allowance for losses on conversion of Plasma PIR-TRANS program		
At beginning of year/period	**806**	822
Effects of foreign exchange translation	**(30)**	(16)
At end of year/period	**776**	806
Net book value	**1,534**	1,849

In accordance with the Indonesian government policy, oil palm plantation owners/operators are required to develop plantations for smallholders (herein referred to as "Plasma Farmers"). This form of assistance to the Plasma Farmers is known as the "Perusahaan Inti Rakyat Transmigrasi (PIR-TRANS)" program. Under the PIR-TRANS program, the oil palm plantation owners/operators are also required to train and develop the skills of the Plasma Farmers, and purchase the fresh fruit bunches harvested by Plasma Farmers at prices determined by the government.

The PIR-TRANS program is funded by state-owned banks. The investment credit is rendered to the oil palm plantation owners/operators, which receive the funds in several tranches during the plantation development period (land preparation up to the end of theimmature stage). When the plasma plantation projects are completed and ready for conversion, the investment credit is transferred to the Plasma Farmers who then operate the Plasma PIR-TRANS program under the supervision of the oil palm plantation owners/operators. In the event the planting development costs incurred exceeds the estimated agreed price during harvest time, an allowance for losses on conversion will be made on the advances extended and will be charged to profit or loss.

A subsidiary company in Indonesia has commitment to develop oil palm plantations for the Plasma Farmers under this program covering a total area of 8,800 hectares of which 8,055 (2011: 8,024) hectares have been converted.

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

	The Group	
	2012 RM'000	2011 RM'000
Cost		
At beginning of year/period	**1,209**	1,601
Additions	**1,511**	1,187
Conversion	**(1,645)**	(1,550)
Effects of foreign exchange translation	**(41)**	(29)
At end of year/period	**1,034**	1,209
Accumulated allowance for losses on conversion of KKPA program		
At beginning/end of year/period	**400**	400
Net book value	**634**	809

Under an existing government policy in Indonesia, oil palm plantation owners/operators are required to assist in the development of plantations for small holders (herein referred to as the "Plasma Farmers") through a program called "Kredit Koperasi Primer untuk Anggotanya" or "KKPA". Under the KKPA programs, all participating Plasma Farmers are under the coordination of a cooperative, and any investment credit availed during the development of the plantations (land preparation up to the end of the immature stage) shall also be rendered to the cooperative. The oil palm plantation owners/operators, on the other hand, served as the contractors for developing the plantations.

Advances for KKPA program represent the accumulated costs to develop plasma plantations, totalling 500 (2011: 470) hectares, which are currently being self-financed by a subsidiary company. Upon the cooperative obtaining KKPA financing from the creditor bank, the said advances will be recovered from the cooperative.

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

19. DEFERRED TAX ASSETS/(LIABILITIES)

Deferred tax assets pertaining to the Company and certain subsidiary companies are as follows:

	The Group		The Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
At beginning of year/period	**4,808**	8,760	**1,965**	1,157
Credited/(Charged) to profit or loss (Note 9):				
Property, plant and equipment	**(1,527)**	(1,267)	**20**	(136)
Trade receivables	**(41)**	(20)	**–**	–
Other payables and accrued expenses	**706**	(113)	**–**	–
Provision for retirement benefits	**5**	281	**47**	24
Unrealised loss/(gain) on foreign exchange	**83**	(128)	**22**	(128)
Unabsorbed capital allowances	**(2,748)**	(4,061)	**(383)**	168
Unused tax losses	**(380)**	1,356	**(1,671)**	880
	(3,902)	(3,952)	**(1,965)**	808
At end of year/period	**906**	4,808	**–**	1,965

19. DEFERRED TAX ASSETS/(LIABILITIES) (cont'd)

Certain deferred tax assets and liabilities have been offset in accordance with the Group's and the Company's accounting policy. The following is an analysis of the deferred tax balances (after offset) for statements of financial position purposes:

	The Group		The Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Deferred tax assets	**919**	4,815	**–**	1,965
Deferred tax liabilities	**(13)**	(7)	**–**	–
	906	4,808	**–**	1,965

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

	The Group		The Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Deferred tax assets (before offsetting)				
Temporary differences arising from:				
Trade receivables	**243**	284	**–**	–
Advances for Plasma PIRTRANS program	**230**	230	**–**	–
Other payables and accrued expenses	**1,240**	534	**–**	–
Provision for retirement benefits	**1,373**	1,368	**320**	273
Unrealised loss on foreign exchange	**50**	–	**–**	–
Unabsorbed capital allowances	**597**	3,345	**6**	389
Unused tax losses	**5,253**	5,633	**–**	1,671
	8,986	11,394	**326**	2,333
Offsetting	**(8,067)**	(6,579)	**(326)**	(368)
Deferred tax assets (after offsetting)	**919**	4,815	**–**	1,965
Deferred tax liabilities				
Temporary differences arising from:				
Property, plant and equipment	**(8,080)**	(6,553)	**(315)**	(335)
Unrealised gain on foreign exchange	**–**	(33)	**(11)**	(33)
	(8,080)	(6,586)	**(326)**	(368)
Offsetting	**8,067**	6,579	**326**	368
Deferred tax liabilities (after offsetting)	**(13)**	(7)	**–**	–

19. DEFERRED TAX ASSETS/(LIABILITIES) (cont'd)

As mentioned in Note 3, the tax effects of deductible temporary differences, unused tax losses and unused tax credits which would give rise to net deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. As of 31 March 2012, the estimated amount of unused tax losses and unabsorbed capital allowances, for which the tax effects are not recognised in the financial statements due to uncertainty of their realisation, is as follows:

	The Group		The Company	
	2012 RM'000	**2011 RM'000**	**2012 RM'000**	**2011 RM'000**
Unabsorbed capital allowances	**12,374**	13,602	**–**	–
Unused tax losses	**15,614**	6,462	**10,789**	–
	27,988	20,064	**10,789**	–

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

20. INVENTORIES

	The Group	
	2012 RM'000	**2011 RM'000**
At cost:		
Raw materials	**12,613**	14,574
Work-in-progress	**24,954**	32,564
Finished goods	**15,471**	14,774
Medical and surgical supplies	**2,945**	2,461
Consumables	**7,987**	8,103
Goods-in-transit	**–**	94
	63,970	72,570
At net realisable value:		
Finished goods	**699**	2,534
Total	**64,669**	75,104

The cost of inventories recognised as an expense of the Group includes RM461,000 (2011: RM1,839,000) in respect of write down of inventories to net realisable value.

21. TRADE RECEIVABLES

	The Group		The Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Trade receivables	**52,324**	44,271	–	35,851
Less: Allowance for doubtful debts	**(1,654)**	(1,741)	–	(37)
Net	**50,670**	42,530	–	35,814

Trade receivables comprise amounts receivable for the sale of goods and services rendered. Trade receivables disclosed above are classified as loans and receivables and are therefore measured at amortised cost.

The credit period granted on sale of goods and services rendered ranges from 30 to 90 days (2011: 30 to 90 days).

An allowance of RM1,654,000 and RM Nil (2011: RM1,741,000 and RM37,000) for the Group and for the Company respectively, have been made for estimated irrecoverable amounts from the sale of goods and services rendered. These allowances have been determined based on estimates of possible losses which may arise from noncollection of certain receivable accounts.

Included in the Group's and the Company's trade receivables balance are debtors with a carrying amount of RM2,237,000 and RM Nil (2011: RM5,287,000 and RM3,305,000) respectively, which are past due at the end of reporting period for which the Group and the Company have not provided as there has not been a significant change in credit quality and the Group and the Company believe that the amounts are fully recoverable. The Group and the Company do not hold any collateral over these balances. The past due aging for these receivables ranges from 31 to 150 days.

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

	The Group		The Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Neither past due nor impaired	**48,433**	37,243	–	32,509
Past due but not impaired:				
31 - 60 days	**1,167**	2,796	–	1,868
61 - 90 days	**413**	1,540	–	1,166
91 - 120 days	**308**	358	–	271
121 - 150 days	**349**	593	–	–
	2,237	5,287	–	3,305
	50,670	42,530	–	35,814
Past due and impaired:				
More than 120 days	**1,654**	1,741	–	37
Total trade receivables	**52,324**	44,271	–	35,851

21. TRADE RECEIVABLES (cont'd)

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

	The Group		The Company	
	2012	**2011**	**2012**	**2011**
	RM'000	**RM'000**	**RM'000**	**RM'000**
At beginning of year/period	**1,741**	1,382	**37**	–
Impairment losses recognised on receivables (Note 7)	**–**	437	**–**	37
Amounts recovered during the year/period (Note 7)	**(87)**	(78)	**(37)**	–
At end of year/period	**1,654**	1,741	**–**	37

In determining the recoverability of trade receivables, the Group and the Company consider any change 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 and the Company have no significant concentration of credit risk except for amounts due from 5 (2011: 2) major customers for the Group and Nil (2011: 4) major customers for the Company, which constitute approximately 40% (2011: 20%) and Nil (2011: 35%) respectively of the total trade receivables.

Analysis of currency profile of trade receivables is as follows:

	The Group		The Company	
	2012	**2011**	**2012**	**2011**
	RM'000	**RM'000**	**RM'000**	**RM'000**
United States Dollar	**35,258**	28,374	**–**	28,374
Ringgit Malaysia	**16,664**	14,997	**–**	6,577
Pound Sterling	**273**	468	**–**	468
Euro	**129**	432	**–**	432
	52,324	44,271	**–**	35,851

22. OTHER RECEIVABLES, DEPOSITS AND PREPAID EXPENSES

	The Group		The Company	
	2012	**2011**	**2012**	**2011**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Other receivables	**1,545**	2,275	**24**	271
Less: Allowance for doubtful debts	**(228)**	(244)	**–**	–
Net	**1,317**	2,031	**24**	271
Refundable deposits	**163**	183	**85**	111
Prepaid expenses	**742**	588	**167**	53
	2,222	2,802	**276**	435

22. OTHER RECEIVABLES, DEPOSITS AND PREPAID EXPENSES (cont'd)

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

	The Group		The Company	
	2012 RM'000	**2011 RM'000**	**2012 RM'000**	**2011 RM'000**
At beginning of year/period	**244**	35	**–**	–
Impairment losses recognised on receivables (Note 7)	**–**	234	**–**	–
Amount written off during the year/period as uncollectible	**(16)**	(25)	**–**	–
At end of year/period	**228**	244	**–**	–

Analysis of currency profile of other receivables is as follows:

	The Group		The Company	
	2012 RM'000	**2011 RM'000**	**2012 RM'000**	**2011 RM'000**
Ringgit Malaysia	**1,471**	2,156	**24**	271
Indonesian Rupiah	**74**	119	**–**	–
	1,545	2,275	**24**	271

23. RELATED COMPANIES AND RELATED PARTY TRANSACTIONS

(a) Amount owing by subsidiary companies

	The Company	
	2012 RM'000	**2011 RM'000**
Amount owing by subsidiary companies	**215,360**	209,046
Less: Allowance for doubtful debts	**(2,591)**	(911)
Net	**212,769**	208,135

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.

23. RELATED COMPANIES AND RELATED PARTY TRANSACTIONS (cont'd)

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

Movement in the allowance for doubtful debts as of the end of the reporting period:

	The Company	
	2012	**2011**
	RM'000	**RM'000**
At beginning of year/period	**911**	911
Impairment losses recognised on receivables (Note 7)	**1,800**	–
Amount recovered during the year/period (Note 7)	**(120)**	–
At the end of year/period	**2,591**	911

An allowance of RM2,591,000 (2011: RM911,000) has been made for estimated irrecoverable amounts due from certain subsidiary companies.

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

	The Company	
	2012	**2011**
	RM'000	**RM'000**
Ringgit Malaysia	**215,357**	209,046
United States Dollar	**3**	–
	215,360	209,046

(b) Amount owing to subsidiary companies

Amount owing to subsidiary companies represent mainly trade payables, net of dividend receivable and management fees receivable, unsecured advances and payments made on behalf. These amounts are unsecured, interest-free and repayable on demand.

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

	The Company	
	2012	**2011**
	RM'000	**RM'000**
Ringgit Malaysia	**90,010**	115,848
United States Dollar	**140**	140
	90,150	115,988

23. RELATED COMPANIES AND RELATED PARTY TRANSACTIONS (cont'd)

(c) Related Party Transactions with Group Companies

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

	The Company	
	Year Ended 31 March 2012 (12 months) RM'000	Period Ended 31 March 2011 (11 months) RM'000
Subsidiary companies		
Southern Acids Industries Sdn. Bhd.		
Dividend receivable	**3,600**	–
Management fees receivable	**1,978**	–
Purchases of goods	**(107,088)**	(348,120)
Realised loss on foreign exchange	**(1,012)**	(623)
PKE Transport (Malaysia) Sdn. Berhad		
Dividend receivable	**3,059**	–
Management fees receivable	**334**	–
Southern Medicare Sdn. Bhd.		
Dividend receivable	**1,000**	–
Management fees receivable	**546**	–
PKE (Malaysia) Sdn. Berhad		
Management fees receivable	**473**	–
Pembinaan Gejati Sdn. Bhd.		
Management fees receivable	**118**	–
Firstview Development Sdn. Bhd.		
Management fees receivable	**121**	–
SAB Bio-Fuel Sdn. Bhd.		
Management fees receivable	**30**	–
Southern Management (M) Sdn. Bhd.		
Administrative charges	**(168)**	(277)

23. RELATED COMPANIES AND RELATED PARTY TRANSACTIONS (cont'd)

(d) Related Parties

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

Name of related parties	Relationship
Banting Hock Hin Estate Company Sdn. Bhd., Southern Edible Oil Industries (M) Sdn. Berhad, Southern Realty (Malaya) Sdn. Berhad, Southern Palm Industries Sdn. Berhad, Torita Rubber Works Sdn. Bhd., Torita Trading (M) Sdn. Bhd., SKP Borneo Sdn. Bhd., Southern Keratong Plantations Sdn. Berhad, Sunny Futures Sdn. Bhd. and Bukit Rotan Palm Oil Sdn. Bhd.	Companies in which Tan Sri Dato' Low Boon Eng, PSM, DPMS, JP. and Mr Lim Kim Long, who are directors of the Company, have 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		The Company	
	Year ended 31 March 2012 (12 months) RM'000	Period ended 31 March 2011 (11 months) RM'000	Year ended 31 March 2012 (12 months) RM'000	Period ended 31 March 2011 (11 months) RM'000
Related parties				
Southern Realty (Malaya) Sdn. Berhad				
Purchases of goods	**(323)**	(5,608)	**–**	–
Sales of goods	**1,059**	1,531	**–**	–
Administrative charges	**1,041**	794	**–**	–
Rental paid/payable for:				
Land (Note 7)	**(140)**	(128)	**–**	–
Premises (Note 7)	**(11)**	(14)	**–**	–
Staff quarters (Note 7)	**(58)**	(46)	**–**	–
Equipment (Note 7)	**(23)**	(26)	**–**	–
Bukit Rotan Palm Oil Sdn. Bhd.				
Purchases of goods	**–**	(128)	**–**	–
Administrative charges	**126**	121	**–**	–
Southern Edible Oil Industries (M) Sdn. Berhad				
Sales of goods	**559**	333	**–**	333
Purchases of goods	**(5,228)**	(14)	**–**	–
Administrative charges	**305**	242	**–**	–
Rental paid/payable for equipment	**(13)**	(11)	**–**	–

23. RELATED COMPANIES AND RELATED PARTY TRANSACTIONS (cont'd)

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

	The Group		The Company	
	Year ended 31 March 2012 (12 months) RM'000	**Period ended 31 March 2011 (11 months) RM'000**	**Year ended 31 March 2012 (12 months) RM'000**	**Period ended 31 March 2011 (11 months) RM'000**
Related parties (cont'd)				
Southern Keratong Plantations Sdn. Berhad				
Purchases of goods	**(498)**	(371)	**–**	–
Administrative charges	**410**	292	**–**	–
SKP Borneo Sdn. Bhd.				
Administrative charges	**168**	179	**–**	–
Torita Rubber Works Sdn. Bhd.				
Sales of goods	**111**	126	**33**	126
Administrative charges	**59**	62	**–**	–
Sunny Futures Sdn. Bhd.				
Administrative charges	**11**	5	**–**	–

(f) Related Party Balances

Included under the following accounts of the Group and of the Company are significant outstanding balances arising from trade and non-trade transactions which were determined based on negotiations, as agreed with the above related parties:

	The Group		The Company	
	2012 RM'000	**2011 RM'000**	**2012 RM'000**	**2011 RM'000**
Trade receivables				
Torita Rubber Works Sdn. Bhd.	**57**	325	**–**	74
Torita Trading (M) Sdn. Bhd.	**177**	176	**–**	–
Southern Realty (Malaya) Sdn. Berhad	**155**	149	**–**	–
Southern Edible Oil Industries (M) Sdn. Berhad	**36**	92	**–**	75
Banting Hock Hin Estate Company Sdn. Bhd.	**29**	23	**–**	–
Southern Keratong Plantations Sdn. Berhad	**26**	19	**–**	–
Bukit Rotan Palm Oil Sdn. Bhd.	**7**	16	**–**	–
SKP Borneo Sdn. Bhd.	**13**	13	**–**	–
Sunny Futures Sdn. Bhd.	**13**	2	**–**	–
	513	815	**–**	149

23. RELATED COMPANIES AND RELATED PARTY TRANSACTIONS (cont'd)

(f) Related Party Balances (cont'd)

	The Group		The Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Other receivables, deposits and prepaid expenses				
Torita Trading (M) Sdn. Bhd.	**62**	60	**–**	–
Torita Rubber Works Sdn. Bhd.	**30**	27	**–**	–
Southern Palm Industries Sdn. Berhad	**24**	24	**24**	24
Banting Hock Hin Estate Company Sdn. Bhd.	**9**	9	**–**	–
Southern Realty (Malaya) Sdn. Berhad	**8**	8	**–**	–
Southern Edible Oil Industries (M) Sdn. Berhad	**21**	2	**–**	–
Sunny Futures Sdn. Bhd.	**2**	–	**–**	–
Southern Keratong Plantations Sdn. Berhad	**2**	–	**–**	–
	158	130	**24**	24
Trade payables				
Southern Realty (Malaya) Sdn. Berhad	**120**	608	**–**	–
Southern Keratong Plantations Sdn. Berhad	**58**	50	**–**	–
Bukit Rotan Palm Oil Sdn. Bhd.	**5**	5	**–**	–
Southern Edible Oil Industries (M) Sdn. Berhad	**957**	1	**–**	–
	1,140	664	**–**	–
Other payables				
Southern Realty (Malaya) Sdn. Berhad	**20**	13	**–**	13
SKP Borneo Sdn. Bhd.	**1**	1	**–**	–
Southern Edible Oil Industries (M) Sdn. Berhad	**25**	–	**–**	–
	46	14	**–**	13

Compensation of Key Management Personnel

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

23. RELATED COMPANIES AND RELATED PARTY TRANSACTIONS (cont'd)

Compensation of Key Management Personnel (cont'd)

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

	The Group		The Company	
	Year ended 31 March 2012 (12 months) RM'000	Period ended 31 March 2011 (11 months) RM'000	Year ended 31 March 2012 (12 months) RM'000	Period ended 31 March 2011 (11 months) RM'000
Short-term employment benefits	**3,424**	3,165	**1,400**	1,283
Post employment benefits	**306**	281	**123**	105
	3,730	3,446	**1,523**	1,388
Included in the total compensation of key management personnel are:				
Directors' remuneration (Note 8)	**1,150**	1,339	**379**	410

24. FIXED DEPOSITS, SHORT-TERM PLACEMENTS, AND CASH AND BANK BALANCES

	The Group		The Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Cash and bank balances	**24,167**	36,143	**1,017**	4,126
Fixed deposits and short-term placements	**70,691**	52,275	**5,000**	9,868
	94,858	88,418	**6,017**	13,994

Included in fixed deposits and short-term placements is an amount of RM8,697,890 (2011: RM3,007,048) for an investment in trust funds managed by a licensed investment management company, which is tax exempt, fixed-deposit-linked and allows prompt redemption at any time.

24. FIXED DEPOSITS, SHORT-TERM PLACEMENTS, AND CASH AND BANK BALANCES (cont'd)

The effective interest rates for fixed deposits and short-term placements of the Group and of the Company range from 0.75% to 6.75% (2011: 0.95% to 6.75%) and 0.75% to 1.80% (2011: 0.95% to 3.40%) per annum respectively and have maturity periods ranging from 1 day to 1.5 years (2011: 1 day to 1.5 years).

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

	The Group		The Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Ringgit Malaysia	**37,956**	49,734	**4,417**	11,234
Indonesian Rupiah	**55,198**	35,815	**–**	–
Pound Sterling	**1,564**	2,724	**1,564**	2,724
Hong Kong Dollar	**104**	109	**–**	–
United States Dollar	**36**	36	**36**	36
	94,858	88,418	**6,017**	13,994

25. SHARE CAPITAL

	The Group and The Company	
	2012 RM'000	2011 RM'000
Authorised:		
200,000,000 ordinary shares of RM1 each	**200,000**	200,000
Issued and fully paid:		
136,934,132 ordinary shares of RM1 each	**136,934**	136,934

26. RESERVES

	The Group		The Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Non-distributable:				
Share premium	**34,321**	34,321	**34,321**	34,321
Foreign exchange reserve	**(2,573)**	1,199	**–**	–
Other reserve	**(322)**	–	**–**	–
Fair value reserve	**14,843**	20,261	**14,843**	20,261
	46,269	55,781	**49,164**	54,582
Distributable:				
Retained earnings	**237,381**	225,673	**31,289**	35,852
	283,650	281,454	**80,453**	90,434

26. RESERVES (cont'd)

Share premium

Share premium arose from the following issue of shares:

	The Group and The Company	
	2012 RM'000	2011 RM'000
2,700,000 ordinary shares issued at a premium of RM1.45 per share in 1991, net of share issue expenses of RM1,048,207	**2,867**	2,867
Expenses relating to bonus issue in 1996	**(357)**	(357)
2,186,463 ordinary shares issued at a premium of RM3.00 per share in 1997	**6,559**	6,559
Exercise of 100 warrants 1996/2001 at a premium of RM3.80 per share in 1997	**1**	1
32,715,908 ordinary shares issued at a premium of RM0.20 per share in 2000, net of share issue expenses of RM537,074	**6,006**	6,006
Exercise of 14,000 warrants 1999/2003 at a premium of RM0.60 per share in 2002	**8**	8
Exercise of 32,060,945 warrants 1999/2003 at a premium of RM0.60 per share in 2004	**19,237**	19,237
	34,321	34,321

Foreign exchange reserve

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

Other reserve

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

Fair value reserve

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

Retained earnings

In accordance with the Finance Act 2007, the single tier income tax system became effective from the year of assessment 2008. Under this system, tax on a company's profit is a final tax, and dividends paid are exempted from tax in the hands of the shareholders. Unlike the previous imputation system, the recipient of the dividend would no longer be able to claim any tax credit.

26. RESERVES (cont'd)

Retained earnings (cont'd)

Companies without Section 108 tax credits balance will automatically move to the single tier income tax system on 1 January 2008. However, companies with such tax credits are given an irrevocable option to elect for the single tier income tax system and disregard the tax credit or to continue to use the tax credits under Section 108 account to frank the payment of cash dividends on ordinary shares for a period of 6 years ending 31 December 2013 or upon full utilisation of tax credits, whichever comes first. During the transitional period, any tax paid will not be added to the Section 108 account and any tax credits utilised will reduce the tax credit balance. All companies will be on the new system on 1 January 2014.

The Company did not elect for the irrevocable option to disregard the Section 108 balance. Accordingly, during the transitional period, the Company may utilise the credit in the Section 108 balance as of 31 March 2012 to distribute cash dividend payments to ordinary shareholders as defined under the Finance Act 2007.

As of 31 March 2012, the Company has tax exempt profits of approximately RM3,980,000 (2011: RM12,193,000) available for distribution, subject to the agreement of the Inland Revenue Board.

As of 31 March 2012, subject to the agreement of the Inland Revenue Board and based on the prevailing tax rate applicable to dividends, the Company has sufficient credit in the Section 108 and the balance in the tax exempt income account to frank approximately RM14,070,000 (2011: RM22,283,000) out of its retained earnings as of 31 March 2012 if distributed by way of cash dividends. The balance of retained earnings of RM17,219,000 (2011: RM13,569,000) which is not covered by tax credits, if distributed as dividends, would be under single tier income tax systems as explained above.

27. PROVISION FOR RETIREMENT BENEFITS

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

		The Group	
	Malaysia RM'000	**Indonesia RM'000**	**Total RM'000**
As of 1 May 2010	3,559	795	4,354
Addition (Note 7):			
Current	224	576	800
Underprovision in prior years	–	439	439
	224	1,015	1,239
Utilised during the period	(50)	(61)	(111)
Effects of foreign exchange translation	–	(20)	(20)
As of 31 March 2011/1 April 2011	3,733	1,729	5,462
Addition (Note 7):			
Current	576	507	1,083
Underprovision in prior years	10	739	749
	586	1,246	1,832
Utilised during the year	(278)	(141)	(419)
Effects of foreign exchange translation	–	(113)	(113)
As of 31 March 2012	**4,041**	**2,721**	**6,762**

27. PROVISION FOR RETIREMENT BENEFITS (cont'd)

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

	The Company 2012 RM'000	The Company 2011 RM'000
At beginning of year/period	**1,089**	994
Addition:		
Current	**181**	95
Underprovision in prior years	**10**	–
	191	95
At end of year/period	**1,280**	1,089

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

	The Group Malaysia RM'000	The Group Indonesia RM'000	The Group Total RM'000
2012			
Present value of defined benefit obligations	**4,013**	**2,721**	**6,734**
Unrecognised actuarial gain	**28**	**–**	**28**
	4,041	**2,721**	**6,762**
2011			
Present value of defined benefit obligations	3,715	1,729	5,444
Unrecognised actuarial gain	18	–	18
	3,733	1,729	5,462

	The Company 2012 RM'000	The Company 2011 RM'000
Present value of defined benefit obligations	**1,687**	1,524
Unrecognised actuarial losses	**(407)**	(435)
	1,280	1,089

27. PROVISION FOR RETIREMENT BENEFITS (cont'd)

The amount recognised in the statements of comprehensive income are as follows:

	The Group		
	Malaysia RM'000	Indonesia RM'000	Total RM'000
2012			
Current service cost	**294**	**364**	**658**
Interest cost on obligation	**293**	**143**	**436**
Net actuarial loss recognised	**(11)**	**–**	**(11)**
	576	**507**	**1,083**
2011			
Current service cost	217	220	437
Interest cost on obligation	166	123	289
Net actuarial gain recognised	22	233	255
Benefits paid	(181)	–	(181)
	224	576	800

	The Company	
	2012 RM'000	2011 RM'000
Current service cost	**104**	155
Interest cost on obligation	**59**	88
Net actuarial gain recognised	**18**	33
Benefits paid	**–**	(181)
	181	95

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

	2012	2011
Malaysia		
Discount rate (%)	**7.0**	7.0
Future salary increments (%)	**5.0**	5.0
Normal retirement age:		
Male	**55**	55
Female	**50**	50
Indonesia		
Discount rate (%)	**7.0**	9.0
Future salary increments (%)	**10.0**	10.0
Normal retirement age:		
Male	**55**	55
Female	**55**	55

28. 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 (2011: 7 to 60) days.

Analysis of currency profile of trade payables is as follows:

	The Group	
	2012	**2011**
	RM'000	**RM'000**
Ringgit Malaysia	**20,777**	27,656
Indonesian Rupiah	**1,618**	2,113
	22,395	29,769

(b) Other Payables and Accrued Expenses

	The Group		The Company	
	2012	**2011**	**2012**	**2011**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Other payables	**13,606**	6,199	**316**	3,761
Advances from customers	**1,284**	500	**–**	–
Accrued expenses	**12,917**	11,547	**1,192**	2,780
Loans from shareholders of subsidiary companies	**856**	1,256	**–**	–
	28,663	19,502	**1,508**	6,541

Other payables arose mainly in respect of indirect costs and administrative expenditure. These amounts are unsecured, interest-free and are repayable within 60 (2011: 60) days from the transaction dates.

Included in other payables is an amount of RM6,526,159 representing the balance of purchase consideration payable to a third party for the acquisition of a piece of leasehold land as disclosed in Note 12.

The loans from shareholders of subsidiary companies are unsecured, interest-free and repayable on demand. The loans from shareholders of subsidiary companies are denominated in Ringgit Malaysia.

28. TRADE PAYABLES, OTHER PAYABLES AND ACCRUED EXPENSES (cont'd)

(b) Other Payables and Accrued Expenses (cont'd)

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

	The Group		The Company	
	2012 RM'000	**2011 RM'000**	**2012 RM'000**	**2011 RM'000**
Ringgit Malaysia	**12,058**	5,534	**316**	3,207
Indonesian Rupiah	**2,328**	518	**–**	–
United States Dollar	**504**	647	**–**	554
	14,890	6,699	**316**	3,761

29. BANKING FACILITIES

The Group and the Company have credit facilities totalling RM14,605,000 (2011: RM17,605,000) and RM10,000,000 (2011: RM10,000,000) respectively, which are secured by:

(a) negative pledge on the assets of the Company and the subsidiary companies; and
(b) debentures over all fixed and floating assets of the subsidiary companies.

The facilities of the subsidiary companies, which are also guaranteed by the Company, bear interest at rates ranging from 4.60% to 8.60% (2011: 4.30% to 7.30%) per annum.

30. CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2012 RM'000	**2011 RM'000**	**2012 RM'000**	**2011 RM'000**
Cash and bank balances	**24,167**	36,143	**1,017**	4,126
Fixed deposits and short-term placements	**70,691**	52,275	**5,000**	9,868
	94,858	88,418	**6,017**	13,994

31. DIVIDENDS

	The Group and The Company	
	2012	2011
	RM'000	RM'000
Final dividend of 6.0 sen, tax exempt, in respect of financial period ended 31 March 2011	**8,216**	–
Final dividend of 6.0 sen, tax exempt, in respect of financial year ended 30 April 2010	**–**	8,216
	8,216	8,216

A final dividend of 6.0 sen, tax exempt, per ordinary share of RM1.00 each amounting to RM8,216,048 proposed in the previous financial period and dealt with in the previous directors' report was paid by the Company on 28 October 2011.

The directors propose a final dividend of 6.67 sen per ordinary share of RM1.00 each, less 25% tax, amounting to RM6,846,707 in respect of the current financial year. This dividend is subject to approval by the shareholders at the forthcoming Annual General Meeting of the Company and has not been included as a liability in the financial statements.

32. SEGMENTAL INFORMATION

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

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

Included in other operating divisions are investment holding, warehousing and port cargo handling services and administrative services.

Segment revenue, expenses and results include transactions between business segments and are eliminated on consolidation.

32. SEGMENTAL INFORMATION (cont'd)

The Group 2012	Manufacturing and marketing of oleochecimal products RM'000	Managing and operating of private hospital RM'000	Sales of oil palm fruit and crude palm oil RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
Revenue						
External sales	376,282	68,746	103,375	10,326	–	558,729
External dividend income	2,147	–	–	–	–	2,147
Inter-segment sales	–	–	–	541	(541)	–
Total revenue	378,429	68,746	103,375	10,867	(541)	560,876
Financial Results						
Segment results	6,766	3,288	26,195	2,299	–	38,548
Profit from operations						38,548
Investment revenue						2,727
Profit before tax						41,275
Income tax expense						(13,261)
Profit for the year						28,014
Other Information						
Capital expenditure	3,278	2,846	3,234	13,075	–	22,433
Non-cash Expense						
Depreciation of property, plant and equipment	3,860	2,143	1,993	261	–	8,257
Provision for retirement benefits	586	–	1,246	–	–	1,832
Amortisation of biological assets	–	–	802	–	–	802
Inventories written down	461	–	–	–	–	461
Loss arising from derivative financial asets	204	–	–	–	–	204
Unrealised loss on foreign exchange - net	202	–	–	–	–	202
Bad debts written off	–	–	–	2	–	2
Property, plant and equipment written off	1	9	–	4	–	14
Biological assets written off	–	–	14	–	–	14

32. SEGMENTAL INFORMATION (cont'd)

The Group 2012	Manufacturing and marketing of oleochecimal products RM'000	Managing and operating of private hospital RM'000	Sales of oil palm fruit and crude palm oil RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
Non-cash Income:						
Allowance for doubtful debts no longer required	**37**	**45**	**–**	**5**	**–**	**87**
Gain on disposal of property, plant and equipment	**11**	**10**	**–**	**13**	**–**	**34**
Statement of Financial Position						
Assets						
Segment assets	**540,031**	**58,459**	**247,434**	**58,727**	**(394,434)**	**510,217**
Income tax assets	**527**	**–**	**1,573**	**381**	**(694)**	**1,787**
Consolidated assets						**512,004**
Liabilities						
Segment liabilities	**121,253**	**76,172**	**150,516**	**50,341**	**(338,188)**	**60,094**
Income tax liabilities	**–**	**–**	**701**	**6**	**3**	**710**
Consolidated liabilities						**60,804**

32. SEGMENTAL INFORMATION (cont'd)

The Group 2011	Manufacturing and marketing of oleochecimal products RM'000	Managing and operating of private hospital RM'000	Sales of oil palm fruit and crude palm oil RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
Revenue						
External sales	348,380	54,288	87,806	6,802	–	497,276
External dividend income	4,097	–	–	–	–	4,097
Inter-segment sales	–	–	–	808	(808)	–
Total revenue	352,477	54,288	87,806	7,610	(808)	501,373
Financial Results						
Segment results	19,570	2,793	30,516	748	–	53,627
Profit from operations						53,627
Investment revenue						1,833
Profit before tax						55,460
Income tax expense						(14,510)
Profit for the period						40,950
Other Information						
Capital expenditure	5,033	1,337	1,570	12	–	7,952
Non-cash Expense						
Depreciation of property, plant and equipment	3,291	1,890	1,626	345	–	7,152
Provision for retirement benefits	224	–	1,015	–	–	1,239
Amortisation of biological assets	–	–	745	–	–	745
Allowance for doubtful debts	37	–	132	502	–	671
Inventories written down	1,839	–	–	–	–	1,839
Loss arising from derivative financial assets	1,547	–	–	–	–	1,547
Bad debts written off	–	–	–	16	–	16
Property, plant and equipment written off	1	2	2	15	–	20

32. SEGMENTAL INFORMATION (cont'd)

The Group 2011	Manufacturing and marketing of oleochecimal products RM'000	Managing and operating of private hospital RM'000	Sales of oil palm fruit and crude palm oil RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'00
Non-cash Income						
Waiver of debts by other creditors	–	–	–	412	–	412
Allowance for doubtful debts no longer required	–	78	–	–	–	78
Gain on disposal of property, plant and equipment	42	13	18	–	–	73
Gain on disposal of quoted shares	1,199	–	–	–	–	1,199
Unrealised gain on foreign exchange - net	128	–	–	–	–	128
Statement of Financial Position						
Assets						
Segment assets	576,824	54,009	232,207	43,496	(406,479)	500,057
Income tax assets	4,244	–	1,923	340	–	6,507
Consolidated assets						506,564
Liabilities						
Segment liabilities	155,023	73,480	148,346	33,259	(355,254)	54,854
Income tax liabilities	–	–	2,826	10	–	2,836
Consolidated liabilities						57,690

32. SEGMENTAL INFORMATION (cont'd)

Geographical Segments

The Group's operations are located in Malaysia and Indonesia.

The following is an analysis of the Group's revenue by geographical market:

	Sales revenue by geographical market	
	2012	**2011**
	RM'000	**RM'000**
Asia:		
Malaysia	**162,205**	150,996
Indonesia	**102,316**	86,275
Others	**235,477**	216,832
Europe	**39,178**	31,007
America	**12,570**	15,395
Others	**9,130**	868
	560,876	501,373

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

	Carrying amount of segment assets		Capital expenditure	
	2012	**2011**	**2012**	**2011**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Asia:				
Malaysia	**375,223**	408,372	**19,224**	6,382
Indonesia	**88,371**	71,240	**3,209**	1,570
Others	**46,005**	23,653	**–**	–
Europe	**1,245**	2,844	**–**	–
America	**986**	455	**–**	–
Others	**174**	–	**–**	–
	512,004	506,564	**22,433**	7,952

33. COMMITMENTS

(a) Capital Commitments

As of 31 March 2012, the Group and the Company have approved and contracted for capital commitments in respect of purchase of property, plant and equipment amounting to RM702,000 (2011: RM601,000) and RM88,000 (2011: RM Nil) respectively.

(b) Lease Commitments

As of 31 March 2012, total future minimum lease payments not provided for in the financial statements are as follows:

	The Group	
	2012	**2011**
	RM'000	**RM'000**
Within one year	**410**	196
Between one year to two years	**10**	12
	420	208

34. CONTINGENCIES

(a) Contingencies in respect of material litigations

(i) In the financial year ended 30 April 2009, the Company received a letter from a related party, Southern Realty (Malaya) Sdn. Berhad, which is also a major shareholder of the Company, alleging numerous questionable transactions involving certain companies within the Group with certain related parties, and amongst related parties, during the past several years. Most of these allegations are directed at Southern Management (M) Sdn. Bhd., a wholly owned subsidiary of the Company, which provided administrative and accounting services to those related parties.

The Company had in March 2009 appointed a third party to commence investigation into those allegations. However, in May 2009, the said third party withdrew its involvement in the said investigation. The Company's plan to appoint another party to resume the said investigation was halted pending the outcome of the application by the Company to set aside the order for the appointment of Interim Receivers and Managers to the Company, as detailed in Paragraph (ii) below.

Subsequent to the decision by the court to set aside the ex-parte order for the appointment of Interim Receivers and Managers, and the action by the Petitioners for the ex-parte order to withdraw their Petition, management of the Company is assessing various approaches to resolving the allegations, taking into consideration the limitation on access to records and documents belonging to the said related parties to enable any investigation exercise to begin.

The Group and the Company may be exposed to potential claims, the amount of which is not presently determinable, in the event that those allegations are proven.

34. CONTINGENCIES (cont'd)

(a) Contingencies in respect of material litigations (cont'd)

(ii) On 6 July 2009, the Company was served with an ex-parte order from the court for the appointment of Interim Receivers and Managers to the Company pursuant to a petition under Section 181 of the Companies Act, 1965 filed by two (2) shareholders ("Petitioners") in respect of numerous alleged questionable actions and transactions in the Company and certain of its subsidiary companies. The suit petition was followed by a series of legal actions between the Company, its shareholders and directors, and the Petitioners over a period of two (2) years as follows:

(a) application by the Company to set aside the said ex-parte order which the court has responded with an order to suspend the said order over the appointment of Interim Receivers and Managers pending inter-parte hearing of the said application by the Company;

(b) contempt proceedings filed by the Petitioners against five (5) directors of the Company for breach of ex-parte order in relation to the filing of a legal suit as detailed in Notes 36(a) and 36(b); and

(c) application by the directors to strike out/set aside the order granting leave, which was granted ex-parte, to commence contempt proceedings.

On 1 October 2010, the Company announced that the High Court has set aside with costs the ex-parte order for leave to commence contempt proceedings as stated in (b) and (c) above, which the Petitioners responded with an appeal to the court.

On 27 December 2010, the Company announced that the High Court has set aside the ex-parte order for the appointment of Interim Receivers and Managers and at the same time dismissed the application by the Company to strike out the petition. All costs will be borne by the party who is ultimately unsuccessful and the court will assess damages suffered by the Company arising from the ex-parte order. The Petitioners subsequently appealed against the court's decisions.

On 26 January 2011, Lembaga Tabung Haji in its capacity as a major shareholder of the Company applied to, and was allowed by, the court to intervene and be heard in the proceedings.

On 18 April 2011, the Petitioners informed the court that they wish to withdraw their Petition without costs. Upon hearing from the counsel from the Petitioners and from the Company, the court ordered that the Petition be struck out with no liberty to file afresh on the same grounds and the Petitioners to pay costs to all respondents in the suits.

Costs awarded to the Company in the sum of RM320,000 arising from the ex-parte order appointing the Interim Receivers and Managers is pending payment by the Petitioners.

(iii) In April 2010, Southern Management (M) Sdn. Bhd. ("SMSB"), a wholly owned subsidiary company of the Company, was served with a Writ of Summons and Statement of Claim filed by Southern Palm Industries Sdn. Berhad ("SPI"), a major shareholder of the Company, against SMSB and seven (7) other defendants. The claim is for fraud and breach of fiduciary duties allegedly committed by SMSB and other defendants in relation to loans extended by SPI in prior years to two (2) companies in which certain employees of SMSB hold directorship. The sums claimed are for repayment of cost of funds of approximately RM62 million, plus further interest and costs. SMSB has retained solicitors to defend the action. The case is now fixed for case-management on 10 August 2012 and also fixed for full trial on 10 and 11 August 2012.

At this juncture, the directors are unable to ascertain whether there would be any material financial impact on the Group arising from the abovesaid claim.

34. CONTINGENCIES (cont'd)

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

As of 31 March 2012, the Company has issued corporate guarantees without security to licensed financial institutions for credit facilities totalling RM4,605,000 (2011: RM6,190,000) granted to three Malaysian subsidiary companies. Accordingly, the Company is contingently liable to the extent of credit facilities utilised by the said subsidiary companies. The fair values of the financial guarantees have not been recognised in the financial statements since their fair values on initial recognition are negligible.

35. FINANCIAL INSTRUMENTS

Capital risk management

The objective of the Group's and 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 retained earnings. 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. The Group and the Company have no indebtedness.

Categories of financial instruments

	The Group		The Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Financial assets				
Available-for-sale investments	**34,903**	40,321	**34,903**	40,321
Fair value through profit or loss:				
Derivative financial assets	**–**	125	**–**	125
Loans and receivables:				
Advances for Plasma PIR-TRANS program	**1,534**	1,849	**–**	–
Advances for KKPA program	**634**	809	**–**	–
Trade receivables	**50,670**	42,530	**–**	35,814
Other receivables and refundable deposits	**1,480**	2,214	**109**	382
Amount owing by subsidiary companies	**–**	–	**212,769**	208,135
Cash and cash equivalents	**94,858**	88,418	**6,017**	13,994
	184,079	176,266	**253,798**	298,771

35. FINANCIAL INSTRUMENTS (cont'd)

Categories of financial instruments (cont'd)

	The Group		The Company	
	2012	**2011**	**2012**	**2011**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Financial liabilities				
Fair value through profit or loss:				
Derivative financial liabilities	**79**	–	**79**	–
Amortised cost:				
Trade payables	**22,395**	29,769	**–**	–
Other payables and accrued expenses	**28,663**	19,502	**1,508**	6,541
Amount owing to subsidiary companies	**–**	–	**90,150**	115,988
Dividend payable	**2,195**	121	**121**	121
	53,332	49,392	**91,858**	122,650

Significant accounting policies

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

Financial risk management objectives

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

Foreign currency risk management

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

The Group and the Company undertake trade transactions in foreign currencies, which are mainly denominated in United States Dollar, Euro, Pound Sterling and Hong Kong Dollar, with their trade debtors and trade creditors where the amounts outstanding are exposed to currency fluctuation risks.

The Group and the Company enter into foreign currency forward contracts in the normal course of business to manage their exposure against foreign currency fluctuations on sales and purchase transactions denominated in foreign currencies.

35. FINANCIAL INSTRUMENTS (cont'd)

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	
	2012	**2011**	**2012**	**2011**
	RM'000	**RM'000**	**RM'000**	**RM'000**
The Group				
United States Dollar	**35,294**	28,410	**504**	647
Pound Sterling	**1,837**	3,192	**–**	–
Euro	**129**	432	**–**	–
Hong Kong Dollar	**104**	109	**–**	–
	37,364	32,143	**504**	647
The Company				
United States Dollar	**39**	28,410	**140**	694
Pound Sterling	**1,564**	3,192	**–**	–
Euro	**–**	432	**–**	–
	1,603	32,034	**140**	694

(a) Sensitivity analysis on translation of foreign currency denominated assets and liabilities

The Group and the Company conduct business transactions in foreign currencies and hence are subject to risks associated with fluctuations in rates of exchange of foreign currencies. The following table details the Group's and the Company's sensitivity to a 10% increase and decrease in the Ringgit Malaysia against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 10% change in foreign currency rates. A positive number below indicates a gain in the profit or loss and other equity where the Ringgit Malaysia weakens 10% against the relevant currencies.

For a 10% strengthening of the Ringgit Malaysia against the relevant currencies, there would be a comparable impact on the profit or loss, and the balances below would be negative.

	The Group		The Company	
	2012	**2011**	**2012**	**2011**
	RM'000	**RM'000**	**RM'000**	**RM'000**
United States Dollar	**3,479**	2,776	**(10)**	2,772
Pound Sterling	**184**	319	**156**	319
Euro	**13**	43	**–**	43
Hong Kong Dollar	**10**	11		–
Total	**3,686**	3,149	**146**	3,134

35. FINANCIAL INSTRUMENTS (cont'd)

Foreign currency risk management (cont'd)

(b) Forward foreign exchange contracts

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

Outstanding Contracts	Average exchange rate	Foreign currency FC'000	Notional value RM'000	Fair value RM'000
2012				
Buy USD				
- Less than 3 months	**3.06**	**7,490**	**22,883**	**(79)**
Buy EURO				
- Less than 3 months	**4.09**	**31**	**129**	**–**
Total			**23,012**	**(79)**
2011				
Buy USD				
- Less than 3 months	3.05	5,384	16,418	125
Buy EURO				
- Less than 3 months	4.24	5	19	–
Buy GBP				
- Less than 3 months	4.91	8	39	–
Total			16,476	125

Price fluctuation risk management

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

(a) Commodity future contracts

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

35. FINANCIAL INSTRUMENTS (cont'd)

Price fluctuation risk management (cont'd)

(a) Commodity future contracts (cont'd)

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

Outstanding Contracts	Average price per metric tonne RM	Notional value/ Contract value RM'000	Fair value RM'000
Buy Crude Palm Oil			
2012			
Contract period for 3 months	**3,433**	**858**	**858**
2011			
Contract period for:			
- 1 month	3,720	744	676
- 2 months	3,766	3,971	3,512
- 3 months	3,552	1,915	1,829
Total		6,630	6,017

Credit risk management

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

The Group's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including available-for-sale investments, cash and cash equivalents and derivatives), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Company's exposure to credit risk arises primarily from subsidiary companies. The Company monitors on an ongoing basis the results of the subsidiary companies, and repayments made by the subsidiary companies.

Credit risk is controlled by careful selection of customers, setting credit limit and the period of credit.

The Group's and the Company's objective is to seek continual growth while minimising losses incurred due to credit risk exposure. The Group and the Company trade only with recognised and creditworthy third parties. It is the Group's and the Company's policy that all customers are subject to credit verification procedures. Receivables are monitored on an ongoing basis.

35. FINANCIAL INSTRUMENTS (cont'd)

Credit risk management (cont'd)

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.

<u>Credit risk concentration profile</u>

The Group and the Company have no significant concentration of credit risk except for amounts due from 5 (2011: 2) major customers for the Group and Nil (2011: 4) major customers for the Company, which constitute approximately 40% (2011: 20%) and Nil (2011: 35%) respectively of the total trade receivables, as disclosed in Note 21.

<u>Financial assets that are neither past due nor impaired</u>

Information regarding trade receivables and other receivables that are neither past due nor impaired is disclosed in Notes 21 and 22, respectively. Fixed deposits and short-term placements and derivatives that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

<u>Financial assets that are past due and impaired</u>

Information regarding trade receivables that are past due and impaired is disclosed in Note 21.

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 consisting of trade payables, other payables and accrued expenses, amount owing to subsidiary companies and dividend payables totaling RM53,332,000 (2011: RM49,392,000) and RM91,858,000 (2011: RM122,650,000) respectively, are non-interest bearing and with maturities within the next twelve months.

35. FINANCIAL INSTRUMENTS (cont'd)

Fair Values of Financial Instruments

(a) Financial instruments carried at amortised cost

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

(b) Other financial instruments

	The Group and The Company			
	2012		2011	
	Carrying Amount RM'000	Fair Value RM'000	Carrying Amount RM'000	Fair Value RM'000
Financial Assets				
Available-for-sale investments (quoted shares)	**34,447**	**34,447**	39,865	39,865
Derivative financial assets	**–**	**–**	125	125
Financial Liability				
Derivative financial liabilities	**79**	**79**	–	

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

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

(ii) Derivative financial assets/liabilities

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

Fair Value Hierarchy

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

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

35. FINANCIAL INSTRUMENTS (cont'd)

Fair Values of Financial Instruments (cont'd)

Fair Value Hierarchy (cont'd)

	The Group and the Company			
	Level 1 RM'000	**Level 2 RM'000**	**Level 3 RM'000**	**Level 4 RM'000**
2012				
Financial Asset				
Available-for-sale investments	**34,447**	**–**	**–**	**34,447**
Financial Liability				
Derivative financial liabilities	**–**	**79**	**–**	**79**
2011				
Financial Assets				
Available-for-sale investments	39,865	–	–	39,865
Derivative financial assets	–	125	–	125
	39,865	125	–	39,990

36. MATERIAL LITIGATIONS

(a) On 6 August 2009, the Company and Southern Acids Industries Sdn. Bhd. ("SA Industries"), a wholly owned subsidiary company of the Company filed a suit at the High Court against certain former directors or employees of the Company or SA Industries. The claim is for damages including interest and costs for breach of fiduciary duty and for breach of Section 132(1) and 132(1A) of the Companies Act, 1965 arising from the failure of the defendants to secure a renewal of a tenancy over a piece of land in which the factory building and oleochemical plant of SA Industries with aggregated net book value of RM26,887,055 (2011: RM27,387,098) is constructed. The said land belongs to Southern Realty (Malaya) Sdn. Berhad ("SRM"), a major shareholder of the Company.

The Company and SA Industries had on 3 October 2011 withdrawn the said litigation case as SRM has agreed to renew the tenancy arrangement.

(b) On 6 August 2009, the Company and Noble Interest Sdn. Bhd. ("NISB") (the "Plaintiff") filed a suit at the High Court against certain former directors or employees of the Company and NISB. The claim is for interest and costs for breach of fiduciary duty and breach of Section 132(1) and 132(1A) of the Companies Act, 1965 and arose from the failure of the defendants to secure the transfer of the title of a piece of land purchased by NISB from SRM, a major shareholder of the Company. A private hospital building with net book value of RM22,142,383 as of 31 March 2012 (2011: RM22,473,539) belonging to NISB, with the hospital operations carried out by a subsidiary company of the Company, Southern Medicare Sdn. Bhd., is constructed on the said piece of land. The said suit also included a claim to account for secret profits in the sum of RM2,105,200, within the land sale and purchase transaction, against a former director of the Company.

The Company and NISB had on 3 October 2011 withdrawn the case, with liberty to file afresh, as negotiation with SRM is still in progress for the transfer of the land title.

(c) On 6 April 2010, the Company filed a civil suit against Standard Chartered Bank Malaysia Berhad ("SCB") at the High Court claiming for liquidated and unliquidated sums by virtue of the Company's position that various foreign currency exchange transactions between the Company and SCB are void. The liquidated amount claimed by the Company is approximately RM40.0 million.

SCB responded to the suit with an application for stay, which the High Court allowed on 17 December 2010. Subsequently the Court of Appeal has dismissed the appeal by the Company on the High Court's decision. The Company had then applied for leave to appeal to the Federal Court but the application was also dismissed.

The Company had on 7 October 2011 announced its decision not to pursue this matter further.

supplementary information on disclosure of realised and unrealised profits

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

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

The breakdown of the retained earnings of the Group and of the Company as of 31 March 2012 into realised and unrealised profits or losses, pursuant to the directive, is as follows:

	The Group		The Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Total retained earnings:				
Realised	**247,505**	230,945	**31,289**	33,759
Unrealised	**704**	5,061	**–**	2,093
	248,209	236,006	**31,289**	35,852
Less: Consolidation adjustments	**(10,828)**	(10,333)	**–**	–
Total retained earnings	**237,381**	225,673	**31,289**	35,852

The determination of realised and unrealised profits or losses is based on Guidance of Special Matter No. 1 "Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Securities Listing Requirements" as issued by the Malaysian Institute of Accountants on 20 December 2010. A charge or credit to the profit or loss of a legal entity is deemed realised when it is resulting from the consumption of resource of all types and form, regardless of whether it is consumed in the ordinary course of business or otherwise. A resource may be consumed through sale or use. Where a credit or a charge to the profit or loss upon initial recognition or subsequent measurement of an asset or a liability is not attributed to consumption of resource, such credit or charge should not be deemed as realised until the consumption of resource could be demonstrated.

This supplementary information have been made solely for complying with the disclosure requirements as stipulated in the directive of Bursa Malaysia Securities Berhad and is not made for any other purposes.

statement by directors

The directors of **SOUTHERN ACIDS (M) BERHAD** state that, in their opinion, the accompanying financial statements are drawn up in accordance with the Companies Act, 1965 and Financial Reporting Standards in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 March 2012 and of the financial performance and the cash flows of the Group and of the Company for the year ended on that date.

The supplementary information set out in page 134, which is not part of the financial statements, is prepared in all material respects, in accordance with Guidance on Special Matter No. 1 'Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements' as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

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

TAN SRI DATO' LOW BOON ENG,
PSM, DPMS, JP

LIM KIM LONG

Klang
24 July 2012

declaration by the officer primarily responsible for the financial management of the company

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

LEONG KIAN MING

Subscribed and solemnly declared by the
abovenamed **LEONG KIAN MING** at **KUALA LUMPUR**
on this 24th day of July, 2012.

Before me,

SHAFIE B. DAUD (W 350)
COMMISSIONER FOR OATHS

properties of the group

as of 31 March 2012

	Company and Location of Property	Type of Property	Area	Nature / Purpose	Tenure	Age of Building	Net Book Value 31 March 2012 (in 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	644.49 acres	Oil palm Plantation	Freehold	N/A	141,944
2.	**Southern Acids Industries Sdn. Bhd.**						
	Golconda Estate, Persiaran Hamzah Alang, 10th Mile Jalan Kapar, 42200 Kapar Klang, Selangor	Industrial Buildings	27.90 acres	Oleochemical Factory	N/A	Ranging from 17 to 31 years	5,226
3.	**Noble Interest Sdn. Bhd.**						
	P.T. 1288, Seksyen 14 Mukim Klang Daerah Klang, Selangor	Land & Buildings	1.62 acres & 6,458 sq. mtr.	Hospital Buildings	Freehold N/A	N/A 13 years	4,950 22,142
4.	**PKE (Malaysia) Sdn. Berhad**						
	(a) Lot No. 15, Section 7 Taman Perusahaan Pulau Indah Pulau Indah, Mukim Klang Daerah Klang Selangor	Industrial Land	6.67 acres	Vacant	Leasehold expiring 24 February 2097	N/A	4,108
	(b) Lot 6579, Jalan Jerung, Pelabuhan Utara, 42000 Klang, Selangor.	Building	132,858 sq. ft.	Warehouse	Lease rental expiring 15 September 2012	21 years	1
	(c) No.18, Jalan Firma 2/1 Kawasan Perindustrian Tebrau Johor Bahru, Johor	Building	50,400 sq.ft	Warehouse	N/A	15 years	1,672
5.	**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

properties of the group (cont'd)

as of 31 March 2012

	Company and Location of Property	Type of Property	Area	Nature / Purpose	Tenure	Age of Building	Net Book Value 31 March 2012 (in RM'000)
6.	**SAB Bio-Fuel Sdn. Bhd.**						
	Lot 3B, Phase 1, POIC Lahad Datu, Sabah	Industrial Land	24.97 acres	Vacant	Leasehold expiring 31 December 2104	N/A	12,948
7.	**P.T. Mustika Agro Sari**						
	Kebun Tanjung Pauh & Kebun Petai, Province of Riau, Sumatera, Indonesia.	Land & Buildings	5,387 acres	Oil palm Plantation, palm oil mill & workers quarters	Leasehold expiring 20 March 2036 and 9 April 2036	10 years	9,325
8.	**P.T. Wanasari Nusantara**						
	Kebun Wanasari Province of Riau Sumatera, Indonesia	Land & Buildings	13,136 acres	Oil palm Plantation & workers quarters	Leasehold expiring 31 December, 2029 and 29 January, 2032	24 years	3,115
							208,749

analysis of shareholdings

as of 9 August 2012

DISTRIBUTION SCHEDULE OF SHARE AS OF 9 AUGUST 2012

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Shares Held
less than 100	219	8.88	8,133	0.01
101 to 1,000	585	23.73	421,727	0.30
1,001 to 10,000	1,287	52.19	4,964,478	3.62
10,001 to 100,000	313	12.69	9,273,931	6.77
100,001 – 6,846,706 (less than 5% of issued shares)	58	2.35	42,640,903	31.14
6,846,707 (5% of issued shares) and above	4	0.16	79,624,960	58.16
Total	**2,466**	**100.00**	**136,934,132**	**100.00**

LIST OF SUBSTANTIAL SHAREHOLDERS AS OF 9 AUGUST 2011

Nos.	Names	Shareholding	%
1.	Southern Palm Industries Sdn. Bhd.	42,840,270	31.29
2.	Lembaga Tabung Haji	17,864,605	13.05
3.	Southern Realty (Malaya) Sdn. Bhd.	11,527,419	8.42
4.	Rasional Sdn. Bhd.	7,392,666	5.40

INFORMATION ON DIRECTORS' SHAREHOLDINGS AS OF 9 AUGUST 2012

		Direct Interest		Deemed Interest	
Nos.	Name of Directors	No. of Shares	%	No. of Shares	%
1.	Tan Sri Dato' Low Boon Eng	2,487	0.00	65,626,507	47.93
2.	Haji Mohd. Hisham bin Harun	0	0.00	–	–
3.	Sukhinderjit Singh Muker	0	0.00	–	–
4.	Lim Kim Long	49,276	0.04	69,052,267	50.43
5.	Leong So Seh	0	0.00	–	–
6.	Teo Leng	0	0.00	–	–
7.	Raymond Wong Kwong Yee	0	0.00	–	–
8.	Chung Kin Mun	0	0.00	–	–

LIST OF TOP 30 HOLDERS

Nos.	Name	No. of Share Held	% of Issued Shares
1.	Southern Palm Industries Sdn. Bhd.	42,840,270	31.29
2.	Lembaga Tabung Haji	17,864,605	13.05
3.	Southern Realty (Malaya) Sdn. Bhd.	11,216,419	8.19
4.	Rasional Sdn. Berhad	7,392,666	5.40
5.	Southern Edible Oil Industries (M) Sdn. Berhad	4,958,332	3.62
6.	CIMB Group Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Mong Hua @ Low Mong Hua (PSB-CBDG9)*	4,909,237	3.59
7.	Glamour Partnership Sdn. Bhd.	3,221,940	2.35
8.	Angsana Sutera Sdn. Bhd.	2,714,942	1.98
9.	Southern Cocoa Products (M) Sdn. Berhad	2,102,632	1.54
10.	Olive Lim Swee Lian	2,047,300	1.50
11.	Ng Kin Lan	1,882,832	1.37
12.	Lim Boon Eng	1,820,837	1.33
13.	Low Mun Chong	1,516,498	1.11
14.	Banting Hock Hin Estate Company Sdn. Bhd.	1,487,500	1.09
15.	CIMB Group Nominees (Tempatan) Sdn. Bhd. *PSB-CBG9 for Lou Ai Choo* (49246 DHAM)	1,000,000	0.73
16.	Southern HockJoo Plantation Sdn. Berhad	991,666	0.72
17.	Lim Thye Peng Realty Sdn. Bhd.	976,559	0.71
18.	Naga Wira Sdn. Berhad	720,938	0.53
19.	Bekalan Utama Sdn. Berhad	694,166	0.51
20.	Sai Yee @ Sia Say Yee	640,000	0.47
21.	CIMB Group Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Mong Hua @ Low Mong Hua (4851DHAM)*	600,000	0.44
22.	Teo Kwee Hock	597,300	0.44
23.	CIMB Group Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Low Mong Hua Sdn. Bhd. (PSB-CBG9)*	585,000	0.43
24.	Mong Teck Sdn. Berhad	559,972	0.41
25.	Toh Kam Choy	540,000	0.39
26.	Yeoh Kean Hua	455,700	0.33
27.	Maybank Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Low Ai Choo*	400,035	0.29
28.	Ooi Lay Suan	384,500	0.28
29.	Tong Yoke Kim Sdn. Bhd.	367,000	0.27
30.	Leong Kok Tai	354,800	0.26
Total		**115,843,646**	**84.62**

notice of the 31st annual general meeting

Notice is hereby given that the Thirty-First Annual General Meeting of the Company will be held at Melati Room 1, 2 & 3, Grand Dorsett Subang Hotel, Jalan SS 12/1, 47500 Subang Jaya, Selangor Darul Ehsan, Malaysia on Wednesday, 26 September 2012 at 10:00 a.m. for the following purposes:

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 March 2012 together with the Reports of the Directors and Auditors thereon (Note 5).

2. To declare a Final Dividend of 6.67sen per ordinary share, less 25% tax, for the financial year ended 31 March 2012. **Resolution 1**

3. To approve the payment of Directors' Fees for the financial year ended 31 March 2012. **Resolution 2**

4. To re-elect the following Directors who are retiring under Articles 95 and 96 of the Company's Articles of Association, and being eligible, have offered themselves for re-election:

   a) Tan Sri Dato' Low Boon Eng, PSM, DPMS, JP **Resolution 3**

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

5. To re-elect the following Directors who are retiring under Article 101 of the Company's Articles of Association, and being eligible, have offered themselves for re-election:

   a) Mr Raymond Wong Kwong Yee **Resolution 5**

   b) Mr Chung Kin Mun **Resolution 6**

6. To re-appoint Messrs Deloitte KassimChan as Auditors to hold office until the conclusion of the next Annual General Meeting at a remuneration to be fixed by the Directors. **Resolution 7**

SPECIAL BUSINESS

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

   ORDINARY RESOLUTION

   a) Authority to Issue Shares Pursuant to Section 132D of the Companies Act, 1965 (Note 6) **Resolution 8**

   "That subject always to the Companies Act, 1965, and the approvals of the relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered, pursuant to Section 132D of the Companies Act, 1965, to issue shares in the Company from time to time at such price, upon such terms and conditions, for such purposes and to such person or persons whomsoever as the Directors may deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued share capital of the Company for the time being and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company."

b) Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions (Note 7) **Resolution 9**

"That subject always to the Listing Requirement of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and/or its subsidiary companies to enter into the categories of recurrent transactions of a revenue or trading nature and with those Related Parties as specified in Section 2.7 of the Circular to Shareholders dated 3 September 2012 subject further to the following:

i. that the transactions are in the ordinary course of business and are on terms that are not more favourable to the Related Parties than those generally available to the public and are not detrimental to the minority shareholders of the Company;

ii. that the transactions are made on an arm's length basis and on normal commercial terms; and

iii. that disclosure shall be made in the Annual Report of a breakdown of the aggregate value of all transactions conducted pursuant to the Proposed Shareholders' Mandate during the financial year, based on the following information:-

- the type of the Recurrent Related Party Transactions made; and

- the names of the Related Parties involved in each type of the Recurrent Related Party Transactions entered into and their relationships with the Company.

iv. that such approvals shall only continue to be in force until:-

- the conclusion of the next Annual General Meeting ("AGM") of the Company following this AGM at which such mandate is passed, at which time it will lapse, unless by a resolution passed at such AGM whereby the authority is renewed;

- the expiration of the period within which the next AGM of the Company after that date is required to be held pursuant to Section 143(1) of the Companies Act, 1965 ("CA") (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of CA); or

- revoked or varied by resolution passed by the shareholders in general meeting, whichever is the earlier.

NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS ALSO HEREBY GIVEN that a Final Dividend of 6.67 sen per ordinary share of RM1.00 each, less 25% tax, will be payable on 31 October 2012 to depositors who are registered in the Record of Depositors at the close of business on 11 October 2012, if approved by members at the Thirty-First Annual General Meeting on 26 September 2012.

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

a) shares deposited into the Depositor's Securities Account before 12.30 p.m. on 9 October 2012 (in respect of shares which are exempted from Mandatory Deposit).

b) shares transferred into the Depositor's Securities Account before 4.00 p.m. on 11 October 2012 in respect of ordinary transfers; 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

LIM KUI SUANG (F) (MAICSA 0783327)
PAUL IGNATIUS STANISLAUS (MACS 01330)
Secretaries

Klang, Selangor Darul Ehsan
3 September 2012

NOTES:

1. A member entitled to attend and vote at the Meeting of the Company is entitled to appoint a proxy to attend and vote on his behalf. A proxy shall be in writing (in the common seal or usual form) under the hand of appointer or of his attorney duly authorized in writing, or, if the appointer is a corporation, either under seal or under the hand of an officer or attorney duly authorized. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
2. A member shall be entitled to appoint one (1) proxy to attend and vote at the meeting
3. Where a member appoints more than one (1) proxy the appointment shall be invalid
4. The instrument appointing a proxy must be deposited at the Registered Office of the Company at No 9, Jalan Bayu Tinggi 2A/KS6, Taipan 2, Batu Unjur, 41200 Klang, Selangor Darul Ehsan not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof
5. <u>Directors' Report, Audited Financial Statements and Auditors' Report</u>

   Agenda No 1 is meant for discussion only. The provision of Section 169 of the Companies Act, 1965 and the Articles of Association of the Company require that the Audited Financial Statements and the Reports of the Directors and Auditors thereon be laid before the Company at its Annual General Meeting, Hence, this Agenda item is not a business which requires a resolution to be put to vote by shareholders.
6. <u>Authority to issue Shares pursuant to Section 132D of the Companies Act, 1965.</u>

   The proposed Ordinary Resolution 8, is proposed for the purpose of granting a renewed general mandate for issuance of shares by the Company under Section 132D of the Act. The Ordinary Resolution 8, if passed, will give the Directors of the Company authority to issue ordinary shares in the Company at any time in their absolute discretion without convening a General Meeting. The authorisation, unless revoked or varied by the Company at a General Meeting, will expire at the conclusion of the next AGM of the Company.

   The Company had, at the 30th Annual General Meeting held on 30 September 2011, obtained its shareholders' approval for the general mandate for issuance of shares pursuant to Section 132D of the Companies Act, 1965 ("the Act"). The Company did not issue any new shares pursuant to this mandate obtained as at the date of this notice. The Ordinary Resolution 8 proposed under item 7(a) of the Agenda is a renewal of the general mandate for issuance of shares by the Company under Section 132D of the Act. At this juncture, there is no decision to issue new shares. If there should be a decision to issue new shares after the general mandate is obtained, an announcement will be made by the Company in respect of the purpose and utilisation of proceeds arising from such issue.

   The general mandate if granted will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for the purpose of funding future investment project(s), working capital and/or acquisition(s).
7. <u>Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions.</u>

   The proposed Resolution 9, if passed, will authorize the Company and/or its subsidiary companies to enter into recurrent related party transactions of a revenue or trading nature. This authority will, unless revoked or varied by the Company in general meeting, expire at the next Annual General Meeting of Company. Please refer to Section 2.7 of the Circular to Shareholders dated 3 September 2012 for more information.

statement accompanying notice of annual general meeting

Pursuant to Paragraph 8.28(2) of the Lisitng Requirements of Bursa Malaysia Securities Berhad

1. Thirty-First Annual General Meeting of Southern Acids (M) Berhad

   Place : Melati Room 1, 2 & 3, Grand Dorsett Subang Hotel, Jalan SS 12/1, Subang Jaya, Selangor Darul Ehsan, Malaysia

   Date : Wednesday, 26 September 2012

   Time : 10.00 AM

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

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

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

   (iii) Mr. Raymond Wong Kwong Yee, pursuant to Article 101 of the Company's Articles of Association.

   (iv) Mr. Chung Kin Mun, pursuant to Article 101 of the Company's Articles of Association.

   The details of the four (4) Directors seeking re-election and/or re-appointment are set out in the Directors' Profile from pages 9 to 13 and the Directors' Shareholdings in the Company on page 51 of the Annual Report.

3. Board Meetings held during the financial year ended 31 March 2012.

   A total of Fourteen (14) Board of Directors' Meetings were held during the year 2012:

   – twelve (12) Board of Directors' Meetings were held at Level 29, Centro Tower, No. 8, Jalan Batu Tiga Lama, 41300 Klang, Selangor Darul Ehsan.

   – two (2) Board of Directors' Meetings were held at Level 29, Ibu Pejabat Tabung Haji, Jalan Tun Razak, Kuala Lumpur.

   The dates and times for these Board of Directors' Meetings are tabulated below:-

   * 11 April 2011 (6.00 PM)
   * 15 April 2011 (4.00 PM)
   * 27 April 2011 (2.00 PM)
   * 30 May 2011 (10.00 AM)
   * 29 June 2011 (9.30 AM)
   * 5 July 2011 (2.30 PM)
   * 25 July 2011 (2.30 PM)
   * 25 August 2011 (10.00 AM)
   * 28 September 2011 (2.30 PM)
   * 8 November 2011 (10.00 AM)
   * 25 November 2011 (2.30 PM)
   * 4 December 2011 (2.30 PM)
   * 28 February 2012 (2.30 PM)
   * 26 March 2012 (2.30 PM)

statement accompanying notice of annual general meeting (cont'd)

Pursuant to Paragraph 8.28(2) of the Lisitng Requirements of Bursa Malaysia Securities Berhad

4. Details of attendance of Directors in office during the financial year ended 31 March 2012 for Board Meetings which were held during the financial year are as follows:

Number of Director	Number of Meetings held in financial period during Director's tenure in office	Number of Meetings Attended	%
Tan Sri Dato Low Boon Eng, P.S.M., DPMS, JP	14	14/14	100
Sukhinderjit Singh Muker	14	13/14	93
Lim Kim Long	14	14/14	100
Haji Mohd Hisham Bin Harun	14	14/14	100
Leong So Seh (f)	14	14/14	100
Teo Leng	14	11/14	79
Raymond Wong Kwong Yee (Appointed on 18/10/2011)	5	5/5	100
Chung Kin Mun (Appointed on 20/3/2012)	1	1/1	100

PROXY FORM

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

I/We, ____
(Full name and NRIC No. / Company No. in block letters)

of ____
(Full address in block letters)

being a member(s) of Southern Acids (M) Berhad hereby appoint ____
(Full name and NRIC No. in block letters)

of ____
(Full address in block letters)

or failing him / her, ____
(Full name and NRIC No. in block letters)

of ____
(Full address in block letters)

or failing him/her, the Chairman of the meeting, as my/our proxy to vote for me/us on my/our behalf at the Thirty-First Annual General Meeting of the Company to be held on 26 September 2012 at 10:00 a.m., and at any adjournment thereof in respect of my/our holdings of shares in the manner indicated below:

RESOLUTION	DESCRIPTION	FOR	AGAINST
	To receive the Audited Financial Statements for the financial year ended 31 March 2012 together with the Reports of the Directors and Auditors thereon.		
1.	To declare a Final Dividend of 6.67 sen per ordinary share of RM1.00 each, less 25% tax, for the financial year ended 31 March 2012.		
2.	To approve the payment of Directors' Fees.		
3.	To re-elect Tan Sri Dato Low Boon Eng, PSM, DPMS, JP as Director of the Company in accordance with Articles 95 and 96 of the Company's Articles of Association.		
4.	To re-elect Madam Leong So Seh as Director of the Company in accordance with Articles 95 and 96 of the Company's Articles of Association.		
5.	To re-elect Mr Raymond Wong Kwong Yee as Director of the Company in accordance with Article 101 of the Company's Articles of Association.		
6.	To re-elect Mr Chung Kin Mun as Director of the Company in accordance with Article 101 of the Company's Articles of Association.		
7.	To re-appoint Messrs Deloitte KassimChan as Auditors and to authorise the Directors to fix their remuneration.		
8.	To approve the Resolution pertaining to the Authority to issue shares pursuant to Section 132D of the Companies Act, 1965.		
9.	To approve the Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions		

(Please indicate with a (✓) 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 ______________ 2012

Number of Shares held

____
Signature/Common Seal of Shareholder(s)

NOTES:

1. A member entitled to attend and vote at the Meeting of the Company is entitled to appoint a proxy to attend and vote on his behalf. A proxy shall be in writing (in the common seal or usual form) under the hand of appointer or of his attorney duly authorized in writing, or, if the appointer is a corporation, either under seal or under the hand of an officer or attorney duly authorized. A proxy may but need not be a member of the Company and the provisions of Section 149 (1)(b) of the Companies Act, 1965 shall not apply to the Company.
2. A member shall be entitled to appoint one (1) proxy to attend and vote at the meeting.
3. Where a member appoints more than one (1) proxy the appointment shall be invalid.
4. The instrument appointing a proxy must be deposited at the Registered Office of the Company at No 9, Jalan Bayu Tinggi 2A/KS6, Taipan 2, Batu Unjur, 41200 Klang, Selangor Darul Ehsan not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.
5. Directors' Report, Audited Financial Statements and Auditors' Report

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

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STAMP

The Company Secretary
SOUTHERN ACIDS (M) BERHAD (Company No.: 64577-K)
9, Jalan Bayu Tinggi 2A/KS6
Taipan 2, Batu Unjur
41200 Klang
Selangor Darul Ehsan
Malaysia

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Southern Acids (M) Berhad (64577-K)

Level 29, Centro Tower
No. 8, Jalan Batu Tiga Lama
41300 Klang
Selangor Darul Ehsan
Malaysia

Telephone : 03-3258 3333
Facsimile : 03-3258 3300
Website : www.southernacids.com