

Company No. 64577 - K



SOUTHERN ACIDS (M) BERHAD
(Company No. 64577- K)
(Incorporated in Malaysia)
AND ITS SUBSIDIARY COMPANIES

INTERIM FINANCIAL REPORT
FOR THE FINANCIAL YEAR ENDING 31 MARCH 2013

SECOND FINANCIAL QUARTER ENDED 30 SEPTEMBER 2012
(Figures are not audited unless otherwise specified)
(In Ringgit Malaysia)



SOUTHERN ACIDS (M) BERHAD
(Incorporated in Malaysia)
AND ITS SUBSIDIARY COMPANIES

FINANCIAL YEAR ENDING 31 MARCH 2013
INTERIM FINANCIAL REPORT
SECOND FINANCIAL QUARTER ENDED 30 SEPTEMBER 2012

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SOUTHERN ACIDS (M) BERHAD
(Incorporated in Malaysia)
AND ITS SUBSIDIARY COMPANIES

FINANCIAL YEAR ENDING 31 MARCH 2013
CONDENSED CONSOLIDATED INCOME STATEMENTS
FOR THE SECOND FINANCIAL QUARTER AND SIX-MONTH PERIOD ENDED 30
JUNE 2012

(With unaudited comparative figures for the financial quarter and six-month period ended 30 September 2011)

	Note	Second Quarter Ended		6-month Ended	
		30.09.2012 RM'000	30.09.2011 RM'000	30.09.2012 RM'000	30.09.2011 RM'000
Revenue	A7	156,429	148,972	304,926	281,406
- Cost of sales		(132,127)	(127,874)	(257,403)	(246,292)
Gross profit		24,302	21,098	47,523	35,114
- Other income		(261)	4,903	3,830	6,149
- Selling and distribution costs		(1,390)	(2,621)	(2,719)	(3,842)
- Administrative expenses		(9,427)	(9,120)	(19,099)	(16,920)
- Other operating expenses		(1,529)	(1,752)	(3,491)	(3,644)
- Finance costs		-	-	-	-
Profit from operations		11,695	12,508	26,044	16,857
- Net gain/(loss) on financial assets and liabilities held for trading		-	-	-	-
Profit before tax	A7	11,695	12,508	26,044	16,857
- Income tax expense	B5	(2,260)	(3,039)	(4,729)	(4,267)
Profit for the period	B13	9,435	9,469	21,315	12,590
Attributable to:					
- Equity holders of the Company		7,471	6,471	16,908	7,415
- Minority interests		1,964	2,998	4,407	5,175
		9,435	9,469	21,315	12,590
Earnings per share (sen) attributable to equity holders of the Company					
- Basic and diluted	B11	5.46	4.73	12.35	5.42



SOUTHERN ACIDS (M) BERHAD
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FINANCIAL YEAR ENDING 31 MARCH 2013
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE SECOND FINANCIAL QUARTER AND SIX-MONTH PERIOD ENDED 30
SEPTEMBER 2012

(With unaudited comparative figures for the financial quarter and six-month period ended 30 September 2011)

	Note	Second Quarter Ended		6-month Ended	
		30.09.2012	30.09.2011	30.09.2012	30.09.2011
		RM'000	RM'000	RM'000	RM'000
Profit for the period	B13	9,435	9,469	21,315	12,590
Other comprehensive income/(expense)					
- Available-for-sale financial assets		(3,690)	(11,005)	(1,675)	(6,335)
- Exchange differences on translation of foreign subsidiaries		(3,551)	2,115	(3,268)	3,029
Total comprehensive income for the period		<u>2,194</u>	<u>579</u>	<u>16,372</u>	<u>9,284</u>
Attributable to:					
- Equity holders of the Company		1,262	(2,763)	13,075	3,195
- Minority interests		932	3,342	3,297	6,089
		<u>2,194</u>	<u>579</u>	<u>16,372</u>	<u>9,284</u>

The consolidated income statements and consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 March 2012, and the accompanying notes attached to these interim financial statements.



SOUTHERN ACIDS (M) BERHAD
(Incorporated in Malaysia)
AND ITS SUBSIDIARY COMPANIES

FINANCIAL YEAR ENDING 31 MARCH 2013
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF 30 SEPTEMBER 2012
(With audited comparative figures as of 31 March 2012)

	Note	As of 30.09.2012 RM'000	As of 31.03.2012 RM'000
ASSETS			
Non-Current Assets			
Land held for property development		141,944	141,944
Property, plant and equipment	A11	104,770	105,174
Investment property		3,318	3,318
Biological assets		9,859	10,291
Available-for-sale investments		33,228	34,903
Advances for Plasma PIR-TRANS program		680	1,534
Advances for KKPA program		5,407	3,699
Deferred tax assets		790	919
		<hr/>	<hr/>
		299,996	301,782
		<hr/>	<hr/>
Current Assets			
Inventories		67,935	64,669
Derivative financial assets		6	-
Trade receivables		46,947	50,670
Other receivables, deposits and prepaid expenses		3,032	2,222
Tax recoverable		1,031	868
Fixed deposits, short-term placements, and cash and bank balances		114,422	94,858
		<hr/>	<hr/>
		233,373	213,287
		<hr/>	<hr/>
TOTAL ASSETS		533,369	515,069



SOUTHERN ACIDS (M) BERHAD
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FINANCIAL YEAR ENDING 31 MARCH 2013
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF 30 SEPTEMBER 2012 (cont'd)
(With audited comparative figures as of 31 March 2012)

	As of 30.09.2012 RM'000	As of 31.03.2012 RM'000
EQUITY AND LIABILITIES		
Capital and Reserves		
Share capital	136,934	136,934
Reserves	296,725	283,650
	<hr/>	<hr/>
Equity attributable to equity holders of the Company	433,659	420,584
Minority interests	31,545	30,616
	<hr/>	<hr/>
Total Equity	465,204	451,200
	<hr/>	<hr/>
Non-Current Liabilities		
Provision for retirement benefits	6,893	6,762
Deferred tax liabilities	9	13
	<hr/>	<hr/>
	6,902	6,775
	<hr/>	<hr/>
Current Liabilities		
Trade payables	30,073	25,460
Other payables and accrued expenses	28,657	28,663
Derivative financial liabilities	-	79
Tax liabilities	2,411	697
Dividend payable	122	2,195
	<hr/>	<hr/>
	61,263	57,094
	<hr/>	<hr/>
TOTAL LIABILITIES	68,165	63,869
	<hr/>	<hr/>
TOTAL EQUITY AND LIABILITIES	533,369	515,069
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The consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 March 2012, and the accompanying notes attached to these interim financial statements.



SOUTHERN ACIDS (M) BERHAD
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FINANCIAL YEAR ENDING 31 MARCH 2013
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE SIX-MONTH PERIOD ENDED 30 SEPTEMBER 2012
(With unaudited comparative figures for the six-month period ended 30 September 2011)

The Group	Non-distributable reserves			Fair value reserve RM'000	Other reserve RM'000	Distributable reserve - Retained earnings RM'000	Equity attributable to equity holders of the Company RM'000	Minority interests RM'000	Total Equity RM'000
	Share capital RM'000	Share premium RM'000	Foreign exchange reserve 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 period	-	-	-	-	-	7,415	7,415	5,175	12,590
Other comprehensive income/(expense) for the period	-	-	2,115	(6,335)	-	-	(4,220)	914	(3,306)
Total comprehensive income/(expense) for the period	-	-	2,115	(6,335)	-	7,415	3,195	6,089	9,284
As of 30 September 2011	136,934	34,321	3,314	13,926	-	233,088	421,583	36,575	458,158
As of 1 April 2012	136,934	34,321	(2,573)	14,843	(322)	237,381	420,584	30,616	451,200
Profit for the period	-	-	-	-	-	16,908	16,908	4,407	21,315
Other comprehensive income/(expense) for the period	-	-	(2,158)	(1,675)	-	-	(3,833)	(1,110)	(4,943)
Dividend paid to non-controlling shareholders of a subsidiary company	-	-	-	-	-	-	-	(2,368)	(2,368)
Total comprehensive income for the period	-	-	(2,158)	(1,675)	-	16,908	13,075	929	14,004
As of 30 September 2012	136,934	34,321	(4,731)	13,168	(322)	254,289	433,659	31,545	465,204

The consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 31 March 2012, and the accompanying notes attached to these interim financial statements.



SOUTHERN ACIDS (M) BERHAD
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FINANCIAL YEAR ENDING 31 MARCH 2013
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX-MONTH PERIOD ENDED 30 SEPTEMBER 2012
(With unaudited comparative figures for the six-month period ended 30 September 2011)

	6-month Ended 30.09.2012 RM'000	6-month Ended 30.09.2011 RM'000
Cash Flows From/(Used In) Operating Activities		
Profit before tax	26,044	16,857
Adjustments for:		
- Dividend income	(1,130)	(1,988)
- Interest income	(1,434)	(1,178)
- Gain on disposal of quoted investments	-	-
- Waiver of debts by other creditors	-	-
- Unrealised loss/(gain) on foreign exchange	493	(6,248)
- Allowance for doubtful debts no longer required	-	-
- Gain on disposal of property, plant and equipment	-	-
- Depreciation of property, plant and equipment	4,190	3,985
- Inventories written down	368	462
- (Gain)/Loss arising from derivative financial assets	(85)	2,255
- Provision for retirement benefits	306	72
- Amortisation of biological assets	385	174
- Allowance for doubtful debts	-	-
- Property, plant and equipment written off	2	21
- Bad debts written off	-	-
	<hr/>	<hr/>
Operating Profit Before Working Capital Changes	29,139	14,412
Increase/(decrease) in :		
- Inventories	(3,634)	6,475
- Trade receivables	3,229	(1,958)
- Other receivables, deposit and prepaid expenses	(810)	47
Increase/(decrease) in:		
- Trade payables	4,613	(9,958)
- Other payables and accrued expenses	(4)	10,797
- Dividend payable	(2,073)	-
	<hr/>	<hr/>
Cash Generated From Operations	30,460	19,815



SOUTHERN ACIDS (M) BERHAD
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FINANCIAL YEAR ENDING 31 MARCH 2013
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX-MONTH PERIOD ENDED 30 SEPTEMBER 2012 (cont'd)
(With unaudited comparative figures for the six-month period ended 30 September 2011)

	6-month Ended 30.09.2012 RM'000	6-month Ended 30.09.2011 RM'000
Cash Generated From Operations	30,460	19,815
- Interest received	1,434	1,178
- Income tax paid	(3,055)	(5,567)
- Retirement benefits paid	(60)	(762)
	<hr/>	<hr/>
Net Cash From Operations	28,779	14,664
	<hr/>	<hr/>
Cash Flows From/(Used In) Investing Activities		
- Dividend received	1,130	1,988
- Net conversion for KKPA and Plasma projects	(854)	169
- Proceeds from disposal of:		
- property, plant and equipment	18	-
- Addition to:		
- development costs	-	-
- property, plant and equipment	(4,687)	(10,064)
- biological assets	(345)	-
- investment property	-	-
- Acquisition of non-controlling interest	-	-
	<hr/>	<hr/>
Net Cash Used In Investing Activities	(4,738)	(7,907)
	<hr/>	<hr/>
Cash Flows From/(Used In) Financing Activities		
- Dividend paid	(2,368)	-
- Repayment of hire purchase obligation	-	-
	<hr/>	<hr/>
Net Cash Used In Financing Activities	(2,368)	-
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SOUTHERN ACIDS (M) BERHAD
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FINANCIAL YEAR ENDING 31 MARCH 2013
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX-MONTH PERIOD ENDED 30 SEPTEMBER 2012 (cont'd)
(With unaudited comparative figures for the six-month period ended 30 September 2011)

	6-month Ended 30.09.2012 RM'000	6-month Ended 30.09.2011 RM'000
Net Increase in Cash and Cash Equivalents	21,673	6,757
Cash and Cash Equivalents at Beginning of Period	94,858	88,418
Effect of Translation Differences	(2,109)	1,891
Cash and Cash Equivalents at End of Period	114,422	97,066
Composition of Cash and Cash Equivalents:		
- Fixed deposits and short term placements	81,261	65,972
- Cash at bank and in hand	33,161	31,094
	114,422	97,066

The consolidated statement of cash flow should be read in conjunction with the audited financial statements for the financial year ended 31 March 2012, and the accompanying notes attached to these interim financial statements.



SOUTHERN ACIDS (M) BERHAD
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FINANCIAL YEAR ENDING 31 MARCH 2013
SECOND FINANCIAL QUARTER ENDED 30 SEPTEMBER 2012
EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT

This Interim Financial Report is prepared in accordance with the requirements of paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and complies with the requirements of the Financial Reporting Standard (FRS) No. 134 – Interim Financial Reporting and other FRS issued by the Malaysian Accounting Standards Board (“MASB”).

This Interim Financial Report is unaudited and should be read in conjunction with the Group’s annual audited financial statements for the financial year ended 31 March 2012. The explanatory notes to the Interim Financial Report provide explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 March 2012.

A. Explanatory Notes Pursuant To FRS 134

A1. Basis of Preparation

A1.1. The accounting policies and presentation adopted for this Interim Financial Report is consistent with those adopted for the annual financial statements for the financial year ended 31 March 2012, except for the adoption of the new/revised FRSs, amendments to FRSs and IC (Interpretation Committee of the MASB) Interpretations (“IC Int.”) that are mandatory for adoption for annual financial period beginning on or after 1 April 2012, as follows:

<u>New, revision and amendments to FRS</u>		Effective for annual period on or after:
FRS 7	Financial Instruments: Disclosures – Transfers of Financial Assets.	1 January 2012
FRS 112	Income Taxes: Deferred Tax – Recovery of Underlying Assets.	1 January 2012
FRS 124	Related Party Disclosures (Revised).	1 January 2012
<u>IC Interpretations</u>		
IC Int. 14	FRS 119 – The Limit on a Defined Benefit Asset - Prepayment of a Minimum Funding Requirement.	1 July 2011
IC Int. 19	Extinguishing Financial Liabilities with Equity Instruments.	1 July 2011



The adoption of the above said new/revised FRSs, amendment to FRSs and IC Interpretations, if applicable, do not have any significant impact on the financial information of the Group during the interim financial periods under review.

A1.2. FRSs under the existing FRS Framework that have yet to be adopted in this Interim Financial report are as follows:

<u>New, revision and amendments to FRS</u>		Effective for annual period on or after:
FRS 101	Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income.	1 July 2012
FRS 9	Financial Instruments – IFRS 9 issued by IASB in November 2009)	1 January 2013
FRS 9	Financial Instruments – IFRS 9 issued by IASB in October 2010	1 January 2013
FRS 10	Consolidated Financial Statements.	1 January 2013
FRS 11	Joint Arrangements.	1 January 2013
FRS 12	Disclosure of Interests in Other Entities.	1 January 2013
FRS 13	Fair Value Measurement.	1 January 2013
FRS 119	Employee Benefits.	1 January 2013
FRS 127	Separate Financial Statements.	1 January 2013
FRS 128	Investments In Associates and Joint Ventures.	1 January 2013
<u>IC Interpretations</u>		
IC Int. 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2013

These new/revised FRSs, amendments to FRSs or IC Interpretations, which are to be applied prospectively, are not expected to have any material financial impacts on the financial statements for the current or prior periods upon their initial adoptions, if applicable.

A1.3. Malaysian Financial Reporting Standards

On 19 November 2011, MASB issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (“MFRS”).

MFRSs are applicable to all entities, other than private entities, in Malaysia. The effective date of MFRSs application is on annual financial reporting periods beginning on or after 1 January 2012, with the exception for Transitioning Entities that subject to the application of (a) MFRS 141: Agriculture and/or (b) IC Int. 15: Agreements for the Construction of Real Estate. 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 on or after 1 January 2012. The Transitioning Entities are given an option to defer adoption of the MFRS Framework for an additional two (2) years, i.e. annual period beginning on or after 1 January 2014 and in the case of the Group and the Company, their financial year commencing on 1 April 2014.



A1. Basis of Preparation (cont'd)

A1.3. Malaysian Financial Reporting Standards (cont'd)

The Group and the Company, being Transitioning Entities, have availed themselves of this transitional arrangement and will continue to apply FRSs in the current financial year ending 31 March 2013.

A2. Seasonal or Cyclical Factors

The performance and results of the Group oleochemical division which uses palm oils as its main ingredient, and the plantation and milling division, are subject to the cyclical fluctuation in prices of palm oils, which are affected by seasonal weather conditions.

A3. Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows

There was no item of an unusual nature, size or incidence which materially affect the assets, liabilities, equity, net income or cash flow of the Group during the interim financial period under review.

A4. Material Changes in Estimates

There were no changes in the estimates of amounts reported in previous financial periods, that have a material effect on the results for the interim financial period under review.

A5. Debt and Equity Securities

There was no issuance or repayment of debt securities during the interim financial period under review.

A6. Dividend Paid

A final dividend of 6.67 sen per ordinary share of RM1.00 each, less 25% tax, amounted to RM6,850,130 in respect of the preceding financial year ended 31 March 2012 has been approved by the shareholders of the Company at its Annual General Meeting held on 26 September 2012, and was paid on 31 October 2012.

**A7. Segmental Information**

	6-month Ended 30.09.2012		6-month Ended 30.09.2011	
	Revenue RM'000	Profit/(loss) before tax RM'000	Revenue RM'000	Profit/(loss) before tax RM'000
Manufacturing and marketing of oleochemical products	207,003	9,628	197,561	646
Sales of oil palm fruit and crude palm oil	56,743	15,875	44,074	13,266
Managing and operating of private hospital	35,957	1,588	32,903	1,630
Warehousing and bulk conveyor operations	3,076	595	3,773	1,860
Others	2,147	(1,642)	3,095	(545)
	<u>304,926</u>	<u>26,044</u>	<u>281,406</u>	<u>16,857</u>

A8. Material Event Subsequent to the End of the Interim Financial Period

There was no material event subsequent to the end of the interim financial period up to 20 November 2012, being a date not earlier than seven days from the date of this Interim Financial Report.

A9. Changes in Composition of the Group

There was no change in the composition of the Group, including business combination, acquisition and/or disposal of subsidiary companies and long term investments, restructuring, and discontinued operations during the interim financial period under review.

A10. Changes in Contingencies

There are no changes in the contingencies from the status as disclosed in the audited financial statements of the Group for the preceding financial year ended 31 March 2012.

Detailed litigation proceedings of the contingent material litigation are disclosed in Note B9 to this Interim Financial Report.



A11. Property, Plant and Equipment

- (a) The title to several parcels of freehold land of a wholly-owned subsidiary company, namely Noble Interest Sdn Bhd ("NISB"), with carrying value of RM4.9 million (31 March 2012: RM4.9 million), which house the operations of a private hospital of another subsidiary company, have not been registered in the name of NISB. The said land was purchased by the subsidiary company from Southern Realty (Malaya) Sdn. Berhad ("SRM", a major shareholder of the Company) and the purchase price has been fully settled since November 2000. The directors of the Company and NISB are confident that the said registration of land ownership by NISB will eventually be successful and hence, no impairment loss on the land cost and value of hospital building need to be considered at this juncture.
- (b) The freehold warehouse of a subsidiary company, PKE (Malaysia) Sdn. Berhad ("PKEM"), with carrying value of RM1.6 million (31 March 2012: RM1.6 million) is located on a parcel of freehold land belonging to a related party.
- (c) As of 30 September 2012, the strata title in respect of a freehold office premises with carrying value of RM3.4 million (31 March 2012: RM3.5 million) belonging to the Company has not yet been issued to the Company.
- (d) The factory building and oleochemical plant of a subsidiary company, Southern Acids Industries Sdn. Bhd. ("SAInd"), are constructed on a parcel of land belonging to SRM. The existing rental agreement between SRM and SAInd had expired on 30 April 2012 but the parties had agreed in principle to extend the said rental agreement to 30 April 2013 pending the execution of the renewed tenancy agreement. Pursuant to the tenancy agreement, SAInd intends to extend the lease tenure 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 Company and SAInd are confident that the said tenancy agreement will be successfully renewed and accordingly, no impairment loss on the factory building and oleochemical plant need to be considered.
- (e) As of 30 September 2012, a piece of leasehold land of SAB Bio-Fuel Sdn. Bhd. located in the Palm Oil Industrial Cluster at Lahad Datu, Sabah has yet to be registered in the name of SAB Bio-Fuel Sdn. Bhd. pending settlement of the purchase consideration, which is subject to re-scheduling on terms of payments.

A12. Litigation Settlement

All legal suits engaged by the Group and in progress since the preceding financial year ended 31 March 2012 are still proceeding at courts, as disclosed in Note B9 to this Interim Financial Report.

**A13. Related Party Transactions**

During the financial period under review, the material business transactions entered by the Group with related parties were as follows:

	6-month Ended 30.09.2012 RM'000	6-month Ended 30.09.2011 RM'000
Sales of goods	515	733
Provision of administrative services	1,142	1,110
Purchase of raw materials	3,097	3,461



B. Explanatory Notes Pursuant to Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

B1. Detailed Analysis of Group Performance

The Group recorded a total revenue of RM156.4 million and profit before tax of RM11.7 million in the second financial quarter ended 30 September 2012. The total revenue was 5% higher when compared to last year due mainly to higher contribution from the Plantation and Milling Division. However, profit before tax was 6% lower, due mainly to higher operating expenses incurred.

For the 6 months period, profit before tax was RM26.0 million, on a total revenue of RM304.9 million. These results were 54% and 8% higher respectively when compared to last year, which were adversely affected by plantation workers' strike and oleochemical machinery breakdown.

With reference to Note A7 – Segmental information, of this Interim Financial Report, the analysis of the performance of the core operating segments of the Group is as follows: -

- (a) Oleochemical Division delivered better results, despite intense competition from oleochemical producers in Indonesia which are enjoying favourable government incentives for palm oil downstream processing. This is mainly attributable to the good reputation in the delivery of quality products and the niche market in which we served.
- (b) Plantation and Milling division continued to be a major contributor to the results of the group. Yield of fresh fruit bunches from our estates continued to increase as a result of the planned fertilizer programme started two years ago. In addition, our palm oil mill has increased the purchase of fresh fruit bunches from external sources and its oil extraction rate remained stable and consistent.
- (c) Healthcare Division, which operates the Sri Kota Specialist Medical Centre (SKMC) in the town centre of Klang, recorded higher patient registration when compared with last year. However, despite the increase in revenue, the Division recorded a marginal drop in profit due mainly to higher operation costs.
- (d) Overall results of Warehousing and Conveying Division for the 1st six months still trailed those of last year due mainly to higher repair and maintenance costs incurred this period.



B2. Material Changes in Financial Results as Compared to that of the Preceding Quarter

	Second Quarter Ended 30.09.2012		First Quarter Ended 30.06.2012	
	Revenue RM'000	Profit/(loss) before tax RM'000	Revenue RM'000	Profit/(loss) before tax RM'000
Oleochemical division	104,477	5,288	102,526	4,340
Plantation and milling division	32,103	7,016	24,640	8,859
Healthcare division	17,380	463	18,577	1,125
Warehousing and conveying division	1,628	385	1,448	210
Others	841	(1,457)	1,306	(185)
	156,429	11,695	148,497	14,349

The Group's 2nd Quarter total revenue increased by RM7.9 million or 5% when compared with 1st Quarter. All core business divisions, except for the Healthcare Division, achieved higher revenue against the backdrop of increase in the demand and supply, and movements in prices of the Group's products and services. The lower revenue of the Healthcare Division was due to a marginal drop in patient registration during the 2nd Quarter.

The Group's profit before tax in the 2nd Quarter was lower by 18%, due mainly to the incurrance of periodical operation costs like fertilizing expenses.

B3. Prospect of the Group

The Group's results, especially its profitability was significantly higher when compared to last year, which was adversely affected by incidents of interruption in production.

The recent announcement by the Malaysian government to reduce the export duty of crude palm oil effective from 1 January 2013, to level the competitiveness of Malaysian downstream palm oil industry segments with those in Indonesia, may benefit the Group's Oleochemical Division in terms of lower prices of feedstock. However, the Directors and Management remain cautious about the challenges which lie ahead, especially impacts of the increase in the level of competition in the palm oil industry.



B4. Profit Forecast

There was no profit forecast and profit guarantee issued by the Group and the Company for the interim financial period under review.

B5. Income Tax Expense

	Second Quarter Ended		6-month Ended	
	30.09.2012	30.09.2011	30.09.2012	30.09.2011
	RM'000	RM'000	RM'000	RM'000
Estimated tax payable				
- Malaysian tax expense	266	309	421	803
- Overseas tax expense	1,994	2,065	4,308	3,464
	<u>2,260</u>	<u>2,374</u>	<u>4,729</u>	<u>4,267</u>
- Reversal of deferred tax assets	-	665	-	-
	<u>-</u>	<u>665</u>	<u>-</u>	<u>-</u>
Total	<u>2,260</u>	<u>3,039</u>	<u>4,729</u>	<u>4,267</u>

B6. Corporate Proposals

There is no pending corporate proposal as of 20 November 2012, being a date no earlier than seven days from the date of this Interim Financial Report.

B7. Group Borrowings and Debt Securities

As of 30 September 2012, the Group does not have any outstanding borrowings and debt securities.

B8. Financial Instruments

The Group did not enter into any new type of derivatives during the interim financial period under review that had not been disclosed in the preceding year's annual audited financial statements.

(a) Foreign currency forward contract

Sales denominated in foreign currencies constitute a substantial portion of the Group annual revenue. The Group enters into foreign currency exchange contracts to manage its exposure to fluctuations in foreign currency exchange rates.



(b) Commodity future contracts

Commodity future contracts were entered into to manage exposure to adverse movements in crude palm oil prices. These contracts were entered into and continue to be held for the purpose of the receipt or delivery of the physical commodity in accordance with the Group's usage requirements.

Gains or losses arising from these contracts were recognised only upon the completion of the transactions.

As of 20 November 2012, being a date not earlier than seven days from the date of this Interim Financial Report, the Group has no outstanding commodity future contract.

B9. Material Litigation

On 7 April 2010, Southern Management (M) Sdn Bhd ("SMSB", a wholly owned subsidiary of the Company) was served with a Writ of Summons and Statement of Claim filed by Southern Palm Industries Sdn Bhd ("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 to two (2) companies which certain employees of SMSB hold directorship. The sum claimed is for repayment of cost of funds of approximately RM62.0 million, plus further interest and costs. SMSB has retained solicitors to defend the action. The case is pending court hearing to be fixed.

Except as disclosed, the Group does not have other material litigation proceeding up to 20 November 2012, being a date not earlier than seven days from the date of this Interim Financial Report.

B10. Dividend

No dividend has been proposed for the interim financial period under review.

**B11. Earnings per Share**

	Second Quarter Ended		6-month Ended	
	30.09.2012	30.09.2011	30.09.2012	30.09.2011
Profit attributable to equity holders of the Company (in RM'000)	7,471	6,471	16,908	7,415
Weighted average number of ordinary shares in issue (in '000)	136,934	136,934	136,934	136,934
Basic earnings per share (in Sen)	5.46	4.73	12.35	5.42

B12. Realised and Unrealised Retained Profits

	As of 30.09.2012 RM'000	As of 31.03.2012 RM'000
Total retained profits of the Group		
- Realised	265,266	247,505
- Unrealised	786	704
	266,052	248,209
Less: Consolidation adjustments	(11,763)	(10,828)
Total Group retained profits	254,289	237,381

B13. Detailed Incomes and Expenses for the Periods

	6-month Ended	
	30.09.2012 RM'000	30.09.2011 RM'000
- Interest income	1,434	1,178
- Other income including investment income	2,904	3,693
- Depreciation and amortization	4,575	4,159
- Inventories written down	368	462
- Gain on foreign exchange	247	5,840
- Gain on derivatives	85	(2,255)

Other items of disclosure pursuant to Appendix 9B, Part A, paragraphs 16 and 17 of the Main market Listing requirements of Bursa Malaysia Securities Berhad are not applicable.



B14. Auditors' Report on Preceding Annual Financial Statements

The Auditors' Report on the financial statements for the preceding financial year ended 31 March 2012 was not qualified but at the material time the auditors had drawn attention to certain matters as follow:

- (a) 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.

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 these allegations are proven.

- (b) Southern Management (M) Sdn. Bhd. ("SMSB"), a subsidiary company, was served 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 retained solicitors to defend against the claim.

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.

This Interim Financial Report of Southern Acids (M) Berhad for the first financial quarter of financial year ending 31 March 2013, was authorised for issuance by the Board of Directors of the Company during its meeting on 26 November 2012.