

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 ENDED 31 MARCH 2013

FOURTH FINANCIAL QUARTER ENDED 31 MARCH 2013
(Figures are not audited unless otherwise specified)
(In Ringgit Malaysia)



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

FINANCIAL YEAR ENDED 31 MARCH 2013
INTERIM FINANCIAL REPORT
FOURTH FINANCIAL QUARTER ENDED 31 MARCH 2013

CONTENTS	PAGE(S)
Condensed Consolidated Income Statements	3
Condensed Consolidated Statements of Comprehensive Income	4
Condensed Consolidated Statements of Financial Position	5 – 6
Condensed Consolidated Statements of Changes in Equity	7
Condensed Consolidated Statements of Cash Flows	8 – 10
Explanatory Notes to the Interim Financial Report:	
Part A: Pursuant to Financial Reporting Standard # 134	11 – 16
Part B: Pursuant to paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad as amended from time to time and any re-enactment thereon	17 – 23



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

FINANCIAL YEAR ENDED 31 MARCH 2013
CONDENSED CONSOLIDATED INCOME STATEMENTS FOR THE FOURTH
FINANCIAL QUARTER AND YEAR ENDED 31 MARCH 2013

	Note	Unaudited		Audited	
		Fourth Quarter Ended 31.03.2013 RM'000	31.03.2012 RM'000	Year Ended 31.03.2013 RM'000	31.03.2012 RM'000
Revenue	A7	135,312	142,535	581,232	560,876
- Cost of sales		(105,538)	(119,967)	(479,477)	(474,482)
Gross profit		29,774	22,568	101,755	86,394
- Other income		2,410	(378)	9,266	7,221
- Selling and distribution costs		(7,205)	(2,191)	(11,069)	(8,277)
- Administrative expenses		(9,050)	(11,217)	(36,577)	(37,030)
- Other operating expenses		(1,607)	(1,933)	(6,565)	(7,033)
- Finance costs		-	-	-	-
Profit from operations		14,322	6,849	56,810	41,275
- Net gain/(loss) on financial assets and liabilities held for trading		-	-	-	-
Profit before tax	A7	14,322	6,849	56,810	41,275
- Income tax expense	B5	(5,643)	(4,167)	(13,163)	(13,261)
Profit for the year	B13	8,679	2,682	43,647	28,014
Attributable to:					
- Equity holders of the Company		6,465	(576)	34,464	19,924
- Minority interests		2,214	3,258	9,183	8,090
		8,679	2,682	43,647	28,014
Earnings per share (sen) attributable to equity holders of the Company					
- Basic and diluted	B11	4.72	(0.42)	25.17	14.55



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

FINANCIAL YEAR ENDED 31 MARCH 2013
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FOURTH FINANCIAL QUARTER AND YEAR ENDED 31 MARCH 2013

	Note	Unaudited		Audited	
		31.03.2013	31.03.2012	31.03.2013	31.03.2012
		RM'000	RM'000	RM'000	RM'000
Profit for the year	B13	8,679	2,682	43,647	28,014
Other comprehensive income/(expense)					
- Available-for-sale financial assets		757	1,302	(1,075)	(5,418)
- Exchange differences on translation of foreign subsidiaries		282	(5,955)	(3,804)	(2,709)
Total comprehensive income/(loss) for the year		<u>9,718</u>	<u>(1,971)</u>	<u>38,768</u>	<u>19,887</u>
Attributable to:					
- Equity holders of the Company		7,400	(1,282)	30,896	10,734
- Minority interests		2,318	(689)	7,872	9,153
		<u>9,718</u>	<u>(1,971)</u>	<u>38,768</u>	<u>19,887</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 ENDED 31 MARCH 2013
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF 31 MARCH 2013

	Note	Unaudited As of 31.03.2013 RM'000	Audited 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	105,845	105,174
Investment property		3,318	3,318
Biological assets		9,408	10,291
Available-for-sale investments		33,828	34,903
Advances for Plasma PIR-TRANS program		319	1,534
Advances for KKPA program		6,220	3,699
Deferred tax assets		1,072	919
		301,954	301,782
Current Assets			
Inventories		54,467	64,669
Derivative financial assets		161	-
Trade receivables		37,708	50,670
Other receivables, deposits and prepaid expenses		4,241	2,222
Tax recoverable		1,838	868
Fixed deposits, short-term placements, and cash and bank balances		148,434	94,858
		246,849	213,287
TOTAL ASSETS		548,803	515,069



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

FINANCIAL YEAR ENDED 31 MARCH 2013
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF 31 MARCH 2013 (cont'd)

	Unaudited As of 31.03.2013 RM'000	Audited As of 31.03.2012 RM'000
EQUITY AND LIABILITIES		
Capital and Reserves		
Share capital	136,934	136,934
Reserves	307,696	283,650
Equity attributable to equity holders of the Company	444,630	420,584
Minority interests	36,135	30,616
Total Equity	480,765	451,200
Non-Current Liabilities		
Provision for retirement benefits	7,945	6,762
Deferred tax liabilities	4,139	13
	12,084	6,775
Current Liabilities		
Trade payables	25,318	25,460
Other payables and accrued expenses	28,215	28,663
Derivative financial liabilities	-	79
Tax liabilities	2,299	697
Dividend payable	122	2,195
	55,954	57,094
TOTAL LIABILITIES	68,038	63,869
TOTAL EQUITY AND LIABILITIES	548,803	515,069

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
(Incorporated in Malaysia)
AND ITS SUBSIDIARY COMPANIES

FINANCIAL YEAR ENDED 31 MARCH 2013
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2013

(With audited comparative figures for the year ended 31 March 2012)

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 year	-	-	-	-	-	19,924	19,924	8,090	28,014
Other comprehensive income/(expense)	-	-	(3,772)	(5,418)	-	-	(9,190)	1,063	(8,127)
Total comprehensive income/(expense)	-	-	(3,772)	(5,418)	-	19,924	10,734	9,153	19,887
Acquisition of non-controlling interest	-	-	-	-	(322)	-	(322)	(6,278)	(6,600)
Dividend paid	-	-	-	-	-	(8,216)	(8,216)	(2,745)	(10,961)
As of 31 March 2012	136,934	34,321	(2,573)	14,843	(322)	237,381	420,584	30,616	451,200
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 year	-	-	-	-	-	34,464	34,464	9,183	43,647
Other comprehensive income/(expense)	-	-	(2,493)	(1,075)	-	-	(3,568)	(1,311)	(4,879)
Total comprehensive income/(expense)	-	-	(2,493)	(1,075)	-	34,464	30,896	7,872	38,768
Dividend paid	-	-	-	-	-	(6,850)	(6,850)	-	(6,850)
Dividend paid to non-controlling shareholders of a subsidiary company	-	-	-	-	-	-	-	(2,353)	(2,353)
As of 31 March 2013	136,934	34,321	(5,066)	13,768	(322)	264,995	444,630	36,135	480,765

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
(Incorporated in Malaysia)
AND ITS SUBSIDIARY COMPANIES

FINANCIAL YEAR ENDED 31 MARCH 2013
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2013

	Unaudited Year Ended 31.03.2013 RM'000	Audited Year Ended 31.03.2012 RM'000
Cash Flows From/(Used In) Operating Activities		
Profit before tax	56,810	41,275
Adjustments for:		
- Dividend income	(1,421)	(2,147)
- Interest income	(3,067)	(2,727)
- Unrealised (gain)/loss on foreign exchange	(416)	202
- Property, plant and equipment written off	-	14
- Loss/(gain) on disposal of property, plant and equipment	2	(34)
- Depreciation of property, plant and equipment	8,543	8,257
- Inventories written down	333	461
- (Gain)/loss arising from derivative financial assets	(240)	204
- Provision for retirement benefits	1,454	1,832
- Amortisation of biological assets	754	802
- Allowance for doubtful debts no longer required	-	(87)
- Biological assets written off	-	14
- Bad debts written off	-	2
	<hr/>	<hr/>
Operating Profit Before Working Capital Changes	62,752	48,068
Increase/(decrease) in :		
- Inventories	9,869	9,974
- Trade receivables	13,377	(8,251)
- Other receivables, deposit and prepaid expenses	(2,016)	578
Increase/(decrease) in:		
- Trade payables	(142)	(7,374)
- Other payables and accrued expenses	(446)	1,962
- Dividend payable	(2,074)	-
	<hr/>	<hr/>
Cash From Operating Activities Carried Forward	81,320	44,957



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

FINANCIAL YEAR ENDED 31 MARCH 2013
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2013 (cont'd)

	Unaudited Year Ended 31.03.2013 RM'000	Audited Year Ended 31.03.2012 RM'000
Cash From Operating Activities Brought Forward	81,320	44,957
- Interest received	3,067	2,727
- Income tax paid	(7,625)	(10,680)
- Income tax refund	-	13
- Retirement benefits paid	(120)	(419)
	<hr/>	<hr/>
Net Cash From Operating Activities	76,642	36,598
	<hr/>	<hr/>
Cash Flows From/(Used In) Investing Activities		
- Dividend received	1,421	2,147
- Acquisition of non-controlling interests in a subsidiary company	-	(6,600)
- Net conversion for KKPA and Plasma projects	(1,306)	389
- Proceeds from disposal of property, plant and equipment	19	55
- Addition to:		
- property, plant and equipment	(9,666)	(15,907)
- biological assets	(826)	(178)
	<hr/>	<hr/>
Net Cash Used In Investing Activities	(10,358)	(20,094)
	<hr/>	<hr/>
Cash Flows From/(Used In) Financing Activities		
- Dividend paid	(9,203)	(8,216)
- Repayment of hire purchase obligation	-	-
	<hr/>	<hr/>
Net Cash Used In Financing Activities	(9,203)	(8,216)
	<hr/>	<hr/>



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

FINANCIAL YEAR ENDED 31 MARCH 2013
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2013 (cont'd)

	Unaudited Year Ended 31.03.2013 RM'000	Audited Year Ended 31.03.2012 RM'000
Net Increase in Cash and Cash Equivalents	57,081	8,288
Cash and Cash Equivalents at Beginning of Year	94,858	88,418
Effect of Translation Differences	(3,505)	(1,848)
Cash and Cash Equivalents at End of Year	148,434	94,858
Composition of Cash and Cash Equivalents:		
- Fixed deposits and short term placements	112,979	70,691
- Cash and bank balances	35,455	24,167
	148,434	94,858

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
(Incorporated in Malaysia)
AND ITS SUBSIDIARY COMPANIES

FINANCIAL YEAR ENDED 31 MARCH 2013
FOURTH FINANCIAL QUARTER ENDED 31 MARCH 2013
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 Intepretations</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 Intepretions, 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 M0 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 had continued to apply FRSs in the current financial year ended 31 March 2013.

A2. Seasonal or Cyclical Factors

The performance and results of the Group's 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 are no items 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 and year 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 and year under review.

A5. Debt and Equity Securities

There were no issuance and/or repayment of debt securities during the interim financial period and year under review.

A6. Dividend Paid

A final dividend of 6.67 sen per ordinary share of RM1.00 each, less 25% tax, amounted to RM6,850,123 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 30 October 2012.



A7. Segmental Information

	Unaudited Year Ended 31.03.2013		Audited Year Ended 31.03.2012	
	Revenue RM'000	Profit/(loss) before tax RM'000	Revenue RM'000	Profit/(loss) before tax RM'000
Manufacture and sales of oleochemical products	375,255	23,162	376,282	10,558
Sales of oil palm fruit and crude palm oil	121,520	31,573	103,375	26,195
Private hospital operations	72,871	3,829	68,746	3,288
Warehouse and bulk conveyor operations	6,896	1,838	8,066	2,956
Others	4,690	(3,592)	4,407	(1,722)
	<u>581,232</u>	<u>56,810</u>	<u>560,876</u>	<u>41,275</u>

The warehouse and bulk conveyor operations are now operating based on a short-term land lease at Northport of Pelabuhan Klang. A proposal for relocation of operations had been submitted and is pending approval.

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

There is no material event subsequent to the end of the interim financial period up to 21 May 2013, being a date not earlier than seven days from the date of this Interim Financial Report.

A9. Changes in Composition of the Group

There is 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 and year 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, 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 31 March 2013, 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) A factory building and oleochemical plant of a subsidiary company, Southern Acids Industries Sdn. Bhd. ("SA Industries"), are constructed on a parcel of land belonging to SRM. The existing rental agreement between SRM and SA Industries had expired on 30 April 2013 but the parties had agreed in principle to extend the said rental agreement to 30 April 2014 pending the execution of the renewed tenancy agreement. Pursuant to the tenancy agreement, SA Industries intends to extend the lease tenure upon its expiry in April 2014. 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 SA Industries 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 31 March 2013, 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 year under review, the material business transactions entered by the Group with related parties were as follows:

	Unaudited Year Ended 31.03.2013 RM'000	Audited Year Ended 31.03.2012 RM'000
Sales of goods	1,529	1,729
Provision of administrative services	2,249	2,120
Purchase of raw materials	4,858	6,049



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 concluded the current financial year ended 31 March 2013 with total revenue of RM581.2 million and pre-tax profit of RM56.8 million. The total revenue was 4% higher than last year's RM560.9 million due mainly to contribution from the Plantation & Milling Division. The pre-tax profit, on the other hand, was 38% higher when compared to last year's RM41.3 million attributed mainly to the Oleochemical and Plantation & Milling Divisions.

As for the current quarter, the total revenue of RM135.3 million was 5% lower against last year's RM142.5 million due mainly to lower revenue registered by the Oleochemical Division. Despite lower revenue, the pre-tax profit of RM14.3 million was 109% higher than last year's RM6.8 million contributed mainly by the Oleochemical and Plantation & Milling Divisions.

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

- (a) Oleochemical Division delivered total revenue of RM80.7 million and RM375.3 million for the current quarter and full financial year respectively. These revenues, when compared to last year's corresponding periods, were lower by 12% and 0.3% respectively due mainly to lower selling price of fatty acids as a result of the declining prices of feedstock. Despite the lower revenues, the pre-tax profits for the current quarter and full financial year of RM7.2 million and RM23.2 million respectively were substantially higher against last year's RM1.8 million and RM10.6 million due mainly to increase in sales volume and effectiveness in management of production cost.
- (b) Plantation and Milling Division recorded total revenue of RM32.6 million and RM121.5 million for the current quarter and full financial year respectively. These revenues, when compared to last year RM29.4 million and RM103.4 million, were higher by 11% and 18% respectively due mainly to higher production and sales volume of crude palm oil ("CPO"), notwithstanding a 12% year-on-year decline in the average selling price of CPO. Consequently the pre-tax profits rose from last year's RM5.9 million and RM26.2 million to current year's RM6.3 million and RM31.6 million.
- (c) Healthcare Division registered total revenue of RM18.9 million and RM72.9 million for the current quarter and full financial year respectively. These revenues, when compared to last year's corresponding periods, were higher by 4% and 6% respectively due mainly to the increase in average income per patient. In line with the higher revenues, the pre-tax profits increased from last year's RM0.9 million and RM3.3 million to current year's RM1.3 million and RM3.8 million.



- (d) Warehousing and Conveying Division reported total revenue of RM1.7 million and RM6.9 million for the current quarter and full financial year respectively. These revenues, when compared to last year's RM2.2 million and RM8.1 million, were lower by 22% and 15% respectively attributed mainly to lower volume of goods handled. On the other hand, the pre-tax profits suffered deeper drop from last year's RM0.9 million and RM3.0 million to current year's RM0.3 million and RM1.8 million due mainly to costs incurred on repair and maintenance of machinery.

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

	Unaudited Fourth Quarter Ended 31.03.2013		Unaudited Third Quarter Ended 31.12.2012	
	Revenue RM'000	Profit/(loss) before tax RM'000	Revenue RM'000	Profit/(loss) before tax RM'000
Oleochemical division	80,737	7,216	87,515	6,318
Plantation and milling division	32,560	6,347	32,217	9,351
Healthcare division	18,872	1,273	18,042	968
Warehousing and conveying division	1,744	330	2,076	913
Others	1,399	(844)	1,144	(1,106)
	135,312	14,322	140,994	16,444

The Group's current quarter revenue of RM135.3 million was 4% lower when compared to the preceding quarter. This was due mainly to the decrease in revenue from Oleochemical Division as a result of lower average price of its fatty acids. The Plantation and Milling Division's revenue was marginally higher due to increase in sales volume and a slight rebound in CPO price when compared to the preceding quarter. The increase in revenue of the Private Healthcare Division was attributed to higher average income per patient while the drop in revenue of the Warehousing and Conveying Division was due to lower income from warehousing service.

Despite a drop in revenue, the Oleochemical Division recorded higher pre-tax profit due to a lower cost of production. The lower pre-tax profit registered by the Plantation and Milling Division was due mainly to costs incurred on fertilising program and estate maintenance. Overall, the pre-tax profit of RM14.3 million was 13% lower against the preceding quarter.



B3. Prospect of the Group

The Group concluded the current financial year ended 31 March 2013 with a robust performance despite challenging business environment shadowed by continuing global economic uncertainties and increasing competition between the palm oil industry of Malaysia and Indonesia.

The Board of Directors however remain cautious about the challenges which lie ahead especially our Oleochemical Division in Malaysia and Plantation & Milling Division in Indonesia. These include the impact of the recent decision by the Malaysian government to drastically reduce the export duty of CPO, and the potential counter-action from Indonesia, on the price of CPO in the near and medium term. Other factors of concern are the continuous increase in CPO and palm oil oleochemical products output from Indonesia which might adversely affect the prices and profit margin at the backdrop of weak global business sentiment.

B4. Profit Forecast

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

B5. Income Tax Expense

	Fourth Quarter Ended		Year Ended	
	31.03.2013	31.03.2012	31.03.2013	31.03.2012
	Unaudited	Unaudited	Unaudited	Audited
	RM'000	RM'000	RM'000	RM'000
Estimated tax payable				
- Malaysian tax expense	391	1,012	1,047	1,299
- Overseas tax expense	1,122	1,226	7,986	8,060
	<u>1,513</u>	<u>2,238</u>	<u>9,033</u>	<u>9,359</u>
- Provision/(Reversal) of deferred tax assets	4,130	1,929	4,130	3,902
	<u>5,643</u>	<u>4,167</u>	<u>13,163</u>	<u>13,261</u>
Total	<u>5,643</u>	<u>4,167</u>	<u>13,163</u>	<u>13,261</u>

B6. Corporate Proposals

There is no pending corporate proposal as of 21 May 2013, being a date no earlier than seven days from the date of this Interim Financial Report.



B7. Group Borrowings and Debt Securities

As of 31 March 2013, 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 and year 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 are deferred and included in the measurement of the purchase or sale transactions only upon the recognition of the anticipated transactions.

As of 21 May 2013, being a date not earlier than seven days from the date of this Interim Financial Report, the Group does not have any commodity future contract outstanding for execution.

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 above, the Group does not have other material litigation proceeding as at 21 May 2013, being a date not earlier than seven days from the date of this Interim Financial Report.

**B10. Dividends**

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

B11. Earnings per Share

	Fourth Quarter Ended		Year Ended	
	Unaudited 31.03.2013	Unaudited 31.03.2012	Unaudited 31.03.2013	Audited 31.03.2012
Profit/(loss) attributable to equity holders of the Company (in RM'000)	6,465	(576)	34,464	19,924
Weighted average number of ordinary shares in issue (in '000)	136,934	136,934	136,934	136,934
Basic earnings/(loss) per share (in Sen)	4.72	(0.42)	25.17	14.55

B12. Realised and Unrealised Retained Profits

	Unaudited As of 31.03.2013 RM'000	Audited As of 31.03.2012 RM'000
Total retained profits of the Group		
- Realised	279,630	247,505
- Unrealised	(2,490)	704
	277,140	248,209
Less: Consolidation adjustments	(12,145)	(10,828)
Total Group retained profits	264,995	237,381

**B13. Detailed Income and Expenses for the Year**

	Year Ended	
	31.03.2013	31.03.2012
	Unaudited	Audited
	RM'000	RM'000
- Interest income	3,067	2,727
- Other income including investment income	5,420	2,147
- Depreciation and amortization	(9,290)	(9,059)
- Inventories written down	(333)	(461)
- Realised gain on foreign exchange	95	2,156
- Unrealised gain/(loss) on derivatives financial assets	240	(204)

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 for disclosure.

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 fourth quarter of financial year ended 31 March 2013, was authorised for issuance by the Board of Directors of the Company during its meeting on 27 May 2013.