

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 2014

FOURTH FINANCIAL QUARTER ENDED 31 MARCH 2014
(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 2014
INTERIM FINANCIAL REPORT
FOURTH FINANCIAL QUARTER ENDED 31 MARCH 2014

CONTENTS	PAGE(S)
Condensed Consolidated Statement of Profit or Loss	3
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	4
Condensed Consolidated Statement of Financial Position	5 – 6
Condensed Consolidated Statement of Changes in Equity	7
Condensed Consolidated Statement of Cash Flows	8 – 9
Explanatory Notes to the Interim Financial Report:	
Part A: Pursuant to Financial Reporting Standard # 134	10 – 16
Part B: Pursuant to paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and any revision thereon	17 – 22



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

FINANCIAL YEAR ENDED 31 MARCH 2014
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE
FOURTH FINANCIAL QUARTER AND YEAR ENDED 31 MARCH 2014

	Note	Fourth Quarter Ended		Cumulative 12-month Ended	
		31.03.2014	31.03.2013	31.03.2014	31.03.2013
		RM'000	RM'000	RM'000	RM'000
Revenue	A8	140,181	135,505	544,053	581,425
- Cost of sales		(114,138)	(109,867)	(433,913)	(479,362)
Gross profit		26,043	25,638	110,140	102,063
- Other income		4,489	2,257	9,975	9,113
- Selling and distribution costs		(2,709)	(2,761)	(10,662)	(11,069)
- Administrative expenses		(10,923)	(10,741)	(41,048)	(43,226)
- Finance costs		-	-	-	-
Profit before tax	A8	16,900	14,393	68,405	56,881
- Income tax expense	B5	(4,131)	(3,726)	(17,872)	(11,246)
Profit for the year	B13	12,769	10,667	50,533	45,635
Attributable to:					
- Equity holders of the Company		10,244	8,617	40,674	36,616
- Non-controlling interests		2,525	2,050	9,859	9,019
		12,769	10,667	50,533	45,635
Earnings per share (sen) attributable to equity holders of the Company					
- Basic and diluted	B11	7.48	6.29	29.70	26.74



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

FINANCIAL YEAR ENDED 31 MARCH 2014
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME FOR THE FOURTH FINANCIAL QUARTER AND
YEAR ENDED 31 MARCH 2014

	Note	Fourth Quarter Ended		Cumulative 12-month Ended	
		31.03.2014	31.03.2013	31.03.2014	31.03.2013
		RM'000	RM'000	RM'000	RM'000
Profit for the year	B13	12,769	10,667	50,533	45,635
Other comprehensive income					
Items that may be reclassified					
subsequently to profit or loss:					
- Available-for-sale financial				1,556	
assets		1,788	757		(1,075)
- Exchange differences on					
translation of foreign					
subsidiaries		6,285	286	(8,710)	(3,800)
Items that will not reclassified					
subsequently to profit or loss:					
- Remeasurement of defined				207	-
benefit obligation		207	-		
Total comprehensive income					
for the year		<u>21,049</u>	<u>11,710</u>	<u>43,586</u>	<u>40,760</u>
Attributable to:					
- Equity holders of the		16,232	9,553	36,745	33,049
Company					
- Non-controlling interests		<u>4,817</u>	<u>2,157</u>	<u>6,841</u>	<u>7,711</u>
		<u>21,049</u>	<u>11,710</u>	<u>43,586</u>	<u>40,760</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 2013, 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 2014
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF 31 MARCH 2014

	Note	Unaudited As of 31.03.2014 RM'000	Audited As of 31.03.2013 RM'000
ASSETS			
Non-Current Assets			
Land held for property development		141,944	141,944
Property, plant and equipment	A9	115,325	105,322
Investment property		3,318	3,318
Biological assets		10,424	9,912
Available-for-sale investments		35,478	33,828
Advances for Plasma PIR-TRANS program		-	133
Advances for KKPA program		1,478	6,220
Deferred tax assets		970	1,036
		<hr/> 308,937	<hr/> 301,713
Current Assets			
Inventories		61,400	54,532
Derivative financial assets		1,188	161
Trade receivables		45,660	37,716
Other receivables, deposits and prepaid expenses		6,852	4,249
Tax recoverable		2,328	2,491
Fixed deposits, short-term placements, and cash and bank balances		<hr/> 156,722	<hr/> 148,497
		<hr/> 274,150	<hr/> 247,646
TOTAL ASSETS		<hr/> 583,087	<hr/> 549,359



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

FINANCIAL YEAR ENDED 31 MARCH 2014
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF 31 MARCH 2014 (cont'd)

	Unaudited As of 31.03.2014 RM'000	Audited As of 31.03.2013 RM'000
EQUITY AND LIABILITIES		
Capital and Reserves		
Share capital	136,934	136,934
Reserves	339,747	309,849
	<hr/>	<hr/>
Equity attributable to equity holders of the Company	476,681	446,783
Non-controlling interests	40,689	35,972
	<hr/>	<hr/>
Total Equity	517,370	482,755
	<hr/>	<hr/>
Non-Current Liabilities		
Provision for retirement benefits	7,350	7,945
Deferred tax liabilities	4,311	3,428
	<hr/>	<hr/>
	11,661	11,373
	<hr/>	<hr/>
Current Liabilities		
Trade payables	17,683	25,229
Other payables and accrued expenses	33,895	28,217
Tax liabilities	2,357	1,664
Dividend payable	121	121
	<hr/>	<hr/>
	54,056	55,231
	<hr/>	<hr/>
TOTAL LIABILITIES	65,717	66,604
	<hr/>	<hr/>
TOTAL EQUITY AND LIABILITIES	583,087	549,359
	<hr/> <hr/>	<hr/> <hr/>

The consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 March 2013, 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 2014
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2014

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	Non-controlling interests RM'000	Total Equity RM'000
	Share capital RM'000	Share premium RM'000	Foreign exchange reserve RM'000						
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	-	-	-	-	-	36,616	36,616	9,019	45,635
Other comprehensive loss	-	-	(2,492)	(1,075)	-	-	(3,567)	(1,308)	(4,875)
Total comprehensive income/(loss)	-	-	(2,492)	(1,075)	-	36,616	33,049	7,711	40,760
Dividend paid	-	-	-	-	-	(6,850)	(6,850)	-	(6,850)
Dividend paid to non-controlling shareholders of a subsidiary company	-	-	-	-	-	-	-	(2,355)	(2,355)
As of 31 March 2013	136,934	34,321	(5,065)	13,768	(322)	267,147	446,783	35,972	482,755
As of 1 April 2013	136,934	34,321	(5,065)	13,768	(322)	267,147	446,783	35,972	482,755
Profit for the year	-	-	-	-	-	40,674	40,674	9,859	50,533
Other comprehensive income/(loss)	-	-	(5,731)	1,556	-	246	(3,929)	(3,018)	(6,947)
Total comprehensive income/(loss)	-	-	(5,731)	1,556	-	40,920	36,745	6,841	43,586
Dividend paid	-	-	-	-	-	(6,847)	(6,847)	-	(6,847)
Dividend paid to non-controlling shareholders of a subsidiary company	-	-	-	-	-	-	-	(2,124)	(2,124)
As of 31 March 2014	136,934	34,321	(10,796)	15,324	(322)	301,220	476,681	40,689	517,370

The consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 31 March 2013, 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 2014
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2014

	Cumulative 12-month Ended	
	31.03.2014	31.03.2013
	RM'000	RM'000
Cash Flows From/(Used In) Operating Activities		
Profit before tax	68,405	56,881
Adjustments for:		
- Dividend income	(1,520)	(1,420)
- Interest income	(4,335)	(3,154)
- Unrealised loss/(gain) on foreign exchange	708	(428)
- Depreciation of property, plant and equipment	8,952	8,544
- Inventories written down	236	191
- Gain arising from derivative financial assets	(1,027)	(240)
- Provision for retirement benefits	473	1,454
- Amortisation of biological assets	727	754
- Gain on disposal of property, plant and equipment	(59)	(20)
- Property, plant and equipment written off	8	2,287
- Allowance for doubtful debts	313	534
- Allowance for loss on conversion of Plasma-RIP-TRANS	-	119
	<hr/>	<hr/>
Operating Profit Before Working Capital Changes	72,881	65,502
(Increase)/decrease in :		
- Inventories	(7,103)	9,946
- Trade receivables	(8,428)	12,872
- Other receivables, deposit and prepaid expenses	(2,616)	(2,051)
Increase/(decrease) in:		
- Trade payables	(7,546)	2,834
- Other payables and accrued expenses	5,573	(446)
	<hr/>	<hr/>
Cash Generated From Operating Activities	52,761	88,657
- Income tax paid	(15,924)	(8,604)
- Retirement benefits paid	(375)	(120)
	<hr/>	<hr/>
Net Cash From Operating Activities	36,462	79,933



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

FINANCIAL YEAR ENDED 31 MARCH 2014
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2014 (cont'd)

	Cumulative 12-month Ended	
	31.03.2014	31.03.2013
	RM'000	RM'000
Cash Flows From/(Used In) Investing Activities		
- Interest received	4,335	3,154
- Dividend received	1,520	1,420
- Investment in quoted share	(94)	-
- Net conversion for KKPA and Plasma projects	4,876	(4,376)
- Proceeds from disposal of property, plant and equipment	130	24
- Addition to:		
- property, plant and equipment	(20,998)	(11,919)
- biological assets	(1,826)	(828)
Net Cash Used In Investing Activities	(12,057)	(12,525)
Cash Flows Used In Financing Activity		
- Dividend paid	(8,971)	(11,279)
Net Cash Used In Financing Activity	(8,971)	(11,279)
Net Increase in Cash and Cash Equivalents	15,434	56,129
Cash and Cash Equivalents at Beginning of Year	148,497	94,858
Effect of Translation Differences	(7,209)	(2,490)
Cash and Cash Equivalents at End of Year	156,722	148,497
Composition of Cash and Cash Equivalents:		
- Fixed deposits with licensed banks	105,820	60,280
- Short-term placements	7,090	54,760
- Cash and bank balances	43,812	33,457
	156,722	148,497

The consolidated statement of cash flow should be read in conjunction with the audited financial statements for the financial year ended 31 March 2013, 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 2014
FOURTH FINANCIAL QUARTER ENDED 31 MARCH 2014
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 2013. 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 2013.

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 2013, 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 2013, 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 1	First-time Adoption of Financial Reporting Standards - Government Loans	1 January 2013
FRS 7	Financial Instruments: Disclosures – Offsetting Financial Assets and Liabilities.	1 January 2013
FRS 10	Consolidated Financial Statements.	1 January 2013
FRS 10	Consolidated Financial Statements (Amendments relating to Transition Guidance.	1 January 2013
FRS 11	Joint Arrangements).	1 January 2013
FRS 11	Joint Arrangements (Amendments relating to Transition Guidance).	1 January 2013



<u>New, revision and amendments to FRS (cont'd)</u>		Effective for annual period on or after:
FRS 12	Disclosure of Interests in Other Entities.	1 January 2013
FRS 12	Disclosure of Interests in Other Entities (Amendments relating to Transition Guidance).	1 January 2013
FRS 13	Fair Value Measurement.	1 January 2013
FRS 116	Property, Plant and Equipment (Classification of servicing equipment).	1 January 2013
FRS 119	Employee Benefits (IAS 19 as amended by IASB in June 2011).	1 January 2013
FRS127	Separate Financial Statements (IAS 27 as amended by IASB in May 2011)	1 January 2013
FRS 128	Investment in Associates and Joint Ventures (IAS 28 as amended by IASB in May 2011)	1 January 2013

IC Interpretations

IC Int 20	Stripping Costs in the Production Phase of a Surface Mine.	1 January 2013
	Amendments to FRSs contained in the document entitled Annual Improvements 2009-2011 cycle.	1 January 2013

The adoption of these new and revised FRSs and IC Interpretations did not result in significant changes in the accounting policies of the Group and of the Company and has no significant effect on the financial performance or position of the Group and of the Company except as disclosed below.

FRS 13 Fair Value Measurement

The Group and the Company have applied FRS 13 for the first time in the current year. FRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The scope of FRS 13 is broad; the fair value measurements of FRS 13 apply to both financial instrument items and nonfinancial instrument items for which other FRSs require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of FRS 2 *Share-based Payment*, leasing transactions that are within the scope of FRS 117 *Leases*, and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).



FRS 13 Fair Value Measurement (cont'd)

FRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under FRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, FRS 13 includes extensive disclosure requirements.

FRS 13 requires prospective application from 1 January 2013. In addition, specific transitional provisions were given to entities such that they need not apply the disclosure requirements set out in the Standard in comparative information provided for periods before the initial application of the Standard.

Amendments to FRS 101: Presentation of Items of Other Comprehensive Income

The Group and the Company have applied the amendments to FRS 101 *Presentation of Items of Other Comprehensive Income* for the first time in the current year. The amendments introduce new terminology, whose use is not mandatory, for the statement of comprehensive income and income statement. Under the amendments to FRS 101, the “statement of comprehensive income” is renamed as the “statement of profit or loss and other comprehensive income” and the “income statement” is renamed as the “statement of profit or loss”. The amendments to FRS 101 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to FRS 101 require items of other comprehensive income to be grouped into two categories in the other comprehensive income section: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to FRS 101 has not resulted in any impact on profit or loss, other comprehensive income and total comprehensive income.

FRS 119 Employee Benefits (IAS 19 as amended by IASB in June 2011)

In the current year, the Group and the Company have applied FRS 119 *Employee Benefits* (IAS 19 as amended by IASB in June 2011) and the related consequential amendments for the first time.



FRS 119 Employee Benefits (IAS 19 as amended by IASB in June 2011) (cont'd)

FRS 119 (IAS 19 as amended by IASB in June 2011) changes the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and in the fair value of plan assets. The amendments require the recognition of changes in defined benefit obligations and in the fair value of plan assets when they occur, and hence eliminate the 'corridor approach' permitted under the previous version of FRS 119 and accelerate the recognition of past service costs. All actuarial gains and losses are recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the statement of financial position to reflect the full value of the plan deficit or surplus. Further, the interest cost and expected return on plan assets used in the previous version of FRS 119 are replaced with a "net-interest" amount under FRS 119 (IAS 19 as amended by IASB in June 2011), which is calculated by applying the discount rate to the net defined benefit liability or asset. These changes have had an impact on the amounts recognised in profit or loss and other comprehensive income in prior years. In addition, FRS 119 (IAS 19 as amended by IASB in June 2011) introduces certain changes in the presentation of the defined benefit cost including more extensive disclosures.

Specific transitional provisions are applicable to first-time application of FRS 11 (IAS 19 as amended by IASB in June 2011). The Group and the Company have applied the relevant transitional provisions and restated the comparative amounts on a retrospective basis.

A1.2. Malaysian Financial Reporting Standards

On 19 November 2011, the Malaysian Accounting Standards Board ("MASB") issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards Framework ("MFRS Framework"), a fully-IFRS compliant framework.

Entities other than private entities shall apply the MFRS Framework for annual period beginning on or after 1 January 2012, with the exception of Transitioning Entities. Transitioning Entities, being entities within the scope of MFRS 141 Agriculture and/or IC Interpretation 15: Agreements for the Construction of Real Estate, including its parents, significant investors and venturers were given a transitional period of two years, which allowed these entities an option to continue with the FRS Framework. Following the announcement by the MASB on 7 August 2013, the transitional period for Transitioning Entities has been extended for an additional year.

The Group falls within the scope definition of Transitioning Entities and has opted to defer adoption of the new MFRS Framework. Accordingly, the Group will be required to prepare its first set of MFRS financial statements when the MFRS Framework is mandated by MASB.



A2. Qualification Of Audit Report Of The Preceding Annual Financial Statements

There was no qualification of audit report for the preceding annual financial statements.

A3. Seasonal or Cyclical Factors

The performance and results of the Group's Oleochemicals Division which uses palm oils as its main ingredient, and the Plantation & Milling division, are subject to the cyclical fluctuation in prices of palm oils, which are affected by seasonal weather conditions.

A4. Unusual Items

There were no items of an unusual nature, size or incidence which materially affect the assets, liabilities, equity, net income or cash flow during the current quarter under review and financial year-to-date.

A5. Material Changes in Estimates

There were no changes in the estimates of amounts reported in the prior interim periods of the current financial year-to-date or changes in estimates of amounts reported in prior financial years.

A6. Debt and Equity Securities

There were no issuance, cancellation, repurchases, resale and/or repayment of debt and equity securities during the current quarter under review and financial year-to-date.

A7. Dividend Paid

The company has paid the following final dividends for the financial year ended 31 March 2013:

- (a) 3 sen per ordinary share of RM1.00 each, less 25% tax, amounting to RM3,081,018; and
- (b) 2.75 sen per ordinary share of RM1.00 each, single tier, amounting to RM3,765,689.

The above final dividends have been approved by the shareholders in an Annual General Meeting held on 26 September 2013 and were paid on 31 October 2013.

**A8. Segmental Information**

	Cumulative 12-month Ended 31.03.2014		Cumulative 12-month Ended 31.03.2013	
	Revenue RM'000	Profit/(loss) before tax RM'000	Revenue RM'000	Profit/(loss) before tax RM'000
Manufacture and sales of oleochemical products	341,788	30,540	375,447	23,180
Sales of oil palm fruit and crude palm oil	113,917	34,308	122,314	32,109
Private hospital operations	76,419	3,469	72,872	3,836
Warehouse and bulk conveyor operations	7,618	3,079	6,895	1,839
Others	4,311	(2,991)	3,897	(4,083)
	<u>544,053</u>	<u>68,405</u>	<u>581,425</u>	<u>56,881</u>

The warehouse and bulk conveyor operations are now operating based on a short-term land lease at Northport of Pelabuhan Klang.

A9. Carrying Amount of Revalued Assets

There were no changes to the valuation of property, plant and equipment valuation brought forward from the previous audited financial statements for the financial year ended 31 March 2013 to the current quarter under review and financial year-to-date.

A10. Material Event Subsequent to the End of the Interim Financial Period

There were no material events subsequent to be disclosed as at the date of this report.

A11. Changes in Composition of the Group

There were no change in the composition of the Group during the current quarter under review and financial year-to-date other than those disclosed as follows:

The company had on 25 March 2014 subscribed 136,900,000 new ordinary shares of RM1.00 each in Pembinaan Gejati Sdn Bhd ("PGSB"), an indirect 100% owned subsidiary for a total consideration of RM136,900,000.00 which was settled via combination of cash consideration and intercompany set-offs. With the completion of the subscription of new shares, PGSB is now a direct 99% owned subsidiary of SAB whereas the new paid up capital of PGSB is RM137,000,000.00 comprising 137,000,000 ordinary shares of RM1.00 each.



A12. Changes in Contingencies

There were no changes in the contingencies liabilities or contingencies assets since the last audited financial statements for the financial year ended 31 March 2013.

Particularly referring to Note 34 (a) and (b) of the Contingencies of the last financial year ended 31 March 2013, the Board had on its meeting held on 29 May 2014 mandated the Chairman of Governance and Audit Committee and the Chief Financial Officer/Executive Director to take necessary steps to resolve both contingencies which have been long outstanding .

On Note 34 (a) of the Contingency, as an immediate step the Company will officially write to Southern Realty (Malaya) Sdn. Berhad. seeking cooperation to access all relevant information on the questionable transactions allegedly committed by the four former senior officials of the Company. This is because the alleged questionable transactions occurred between the periods from 1989 to 2002 and are inter-related involving at least thirteen other private companies which are not within SAB's control. In addition, all SAB's key personnel involved during the said periods are no longer with the SAB & its subsidiaries.

On Note 34 (b) of the Contingency, immediate instruction will be given to the Company's solicitors to contact the counterparty's solicitors to get the latest status and seeking solution to the alleged claim. To the best knowledge of the Board, none of the seven other defendants have filed their defence as at todate.

A13. Capital Commitments

Capital commitments not recognized in the interim financial statements as at 31 March 2014 is as follows :

Capital expenditure :

	RM'000
Contracted but not provided for	<u>36,632</u>

A14. Related Party Transactions

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

	Cumulative 12-month Ended 31.03.2014 RM'000	Cumulative 12-month Ended 31.03.2013 RM'000
Sales of goods	2,584	1,530
Purchase of goods	2,084	5,785
Provision of administrative services	<u>2,360</u>	<u>2,080</u>



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

B1. Detailed Analysis of the Performance of the Group's Operating Segments

Current Quarter vs Preceding Corresponding Quarter

In the current quarter under review, the Group's revenue increased by 3.5% to RM140.2 million compared to the preceding corresponding quarter's revenue of RM135.5 million. Despite a marginal increase in revenue, the Group's profit before taxation ("PBT") registered a 17.4% increase to RM16.9 million compared to PBT of RM14.4 million. The increase in PBT of RM2.5 million was mainly contributed by Plantations & Milling Division and Warehousing & Conveying Division.

1. Oleochemicals Division

Oleochemicals Division registered an increase of 6.7% revenue to RM86.4 million however PBT decreased by 11.3% to RM6.4 million compared to the preceding corresponding quarter. The decrease in PBT of RM0.8 million was due to the following:-

- Decrease in PBT from operation of RM1.5 million; and
- Increase in other income of RM0.7 million.

The decrease in PBT from operation was due to higher raw material cost and higher upkeep of plant and machinery whereas the increase in other income was mainly attributed by RM0.6 million of unrealised gain on foreign currency forward contracts.

2. Plantations & Milling Division

Plantations & Milling Division registered a decrease of 10.6% in revenue to RM29.8 million and 33.7% increase in PBT to RM9.2 million compared to the preceding corresponding quarter. The decrease in revenue was mainly due to 28.9% decreased in sales volume and 13.7% depreciation in IDR/MYR exchange rate. The increase in PBT of RM2.3 million was attributed to the following:-

- Increase in PBT from operation of RM1.7 million; and
- Increase in other income of RM0.6 million.

The increase in PBT from operation was mainly due to higher gross margin as a result of a 12.0% higher internal crops supply whereas additional interest income contributed to higher other income.

3. Healthcare Division

Healthcare Division registered revenue of RM20.7 million and PBT of RM0.8 million which is an increase of 9.5% and a decrease of 39.4% respectively compared to the preceding corresponding quarter. The increase in revenue was contributed by 33.3% higher in bed occupancy whereas the decrease in PBT was due to 6.2% lower in Average Revenue Per Patient ("ARPP").



4. Warehousing & Conveying Division

Warehousing & Conveying Division registered 43.4% increase in revenue to RM2.5 million and 240.3% increase in PBT to RM1.1 million compared to the preceding corresponding quarter.

In the current quarter under review, new revised rate for both warehousing and handling were implemented. The new revised rate and 10.7% increase in PKE handling volume contributed to both higher revenue and PBT.

Current Financial Year-To-Date vs Preceding Corresponding Financial Year-To-Date

In the financial year-to-date under review, the Group's revenue decreased by 6.4% to RM544.1 million compared to the last year corresponding period revenue of RM581.4 million. Despite the decrease in revenue, the Group's PBT increased by 20.3% to RM68.4 million.

1. Oleochemicals Division

Oleochemicals Division registered a decrease of 9.0% in revenue to RM341.8 million. Despite the lower revenue, the PBT increased by 31.8% to RM30.5 million compared to the preceding corresponding year.

The decrease in revenue was due to 12.4% lower in fatty acids average selling price even though there was an increase of 0.9% in sales volume.

The increase in PBT of RM7.4 million was mainly due to the following: -

- RM5.3 million from other income which was contributed by gain from foreign exchange and foreign currency forward contract as well as interest income; and
- RM2.1 million from operation PBT which was mainly due to lower cost of sales.

2. Plantations & Milling Division

Plantations & Milling Division registered 6.9% decrease in revenue to RM113.9 million and an increase of 6.8% in PBT to RM34.3 million compared to the preceding corresponding year.

The decrease in revenue was due to 11.7% decrease in sales volume and 6.8% decrease in sales value. Excluding the 10.7% translation losses from IDR/MYR exchange rate, the sales value would otherwise registered a marginal increase.

The increase in PBT of RM2.2 million was mainly due to the following:-

- Increase in operation PBT of RM3.4 million; and
- Decrease in other income of RM1.2 million.

The increase in PBT from operation mainly contributed by higher gross margin as a result of 9.0% higher internal crops supply whereas the lower in other income was due to unrealised foreign exchange translation loss.



3. Healthcare Division

Healthcare Division registered 4.9% increase in revenue to RM76.4 million and 9.6% decrease in PBT to RM3.5 million compared to the preceding corresponding year.

The increase in revenue was contributed by 4.6% increase in ARPP and 3.8% increase in bed occupancy. However the lower PBT was due to 4.8% decrease in number of outpatient.

4. Warehousing & Conveying Division

Warehousing & Conveying Division registered 10.5% increase in revenue to RM7.6 million and 67.4% increase in PBT to RM3.5 million compared to the preceding corresponding year.

The increase in both revenue and PBT were contributed by new revised rate for both warehousing and handling and an increase of 10.7% in PKE handling volume.

B2. Material Changes in Financial Results compared to that of the Immediate Preceding Quarter

In the current quarter under review, the Group registered a 22.8% decrease in PBT to RM16.9 million compared to the immediate preceding quarter's PBT of RM21.9 million. The lower PBT of RM5.0 million, of which 66.1% and 33.9% came from Plantation & Milling Division, and Oleochemical Division respectively was due to lower sales volume recorded by both Divisions.

B3. Prospect of the Group

In the financial year ended 31 March 2014, the Group registered a PBT of RM68.4 million out of which RM10.0 million was contributed by other income comprising of foreign exchange gain and interest income.

In the coming financial year ending 31 March 2015 (FYE 2015), the critical factors which will affect the Group's performance are:

- CPO Price; The current CPO price which is higher than last year is expected to sustain boosted by the higher biodiesel mandate in both Malaysia and Indonesia.
- Foreign Exchange Rates; The volatility of the exchange rate for both IDR against MYR and MYR against USD will be a challenge in FYE 2015;
- Interest Rate; The expected increase of interest rate in Malaysia and Indonesia in the 2nd half of 2014 will bode well for the Group as the Group is sitting on net cash position.

In view of the above factors, the Board is of the opinion that the Group's performance for FYE 2015 will remain challenging and as such will take necessary steps to maintain the good financial performance.



B4. Profit Forecast

There were no profit forecast and profit guarantee issued during the current quarter under review and financial year-to-date.

B5. Income Tax Expense

	Fourth Quarter Ended		Cumulative 12-month Ended	
	31.03.2014 RM'000	31.03.2013 RM'000	31.03.2014 RM'000	31.03.2013 RM'000
Estimated tax payable				
- Malaysian tax expense	1,607	122	8,140	778
- Overseas tax expense	1,758	306	8,966	7,170
	<hr/>	<hr/>	<hr/>	<hr/>
	3,365	428	17,106	7,948
- Provision of deferred tax assets	766	3,298	766	3,298
	<hr/>	<hr/>	<hr/>	<hr/>
Total	4,131	3,726	17,872	11,246
	<hr/>	<hr/>	<hr/>	<hr/>

B6. Corporate Proposals

There were no outstanding corporate proposals announced but not completed as at the date of this report.

B7. Group Borrowings and Debt Securities

There were no outstanding borrowing and debt securities as at 31 March 2014.

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.



The outstanding foreign currency exchange contracts as at 31 March 2014 was as follows :

	Contract Value RM'000	Fair Value RM'000	Derivative Assets/(Liabilities) RM'000
Based Currency	< 1 year	< 1 year	< 1 year
USD	54,619	53,431	1,188

(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 at 31 March 2014, total outstanding commodity future contract of the group amounted to RM6.4 million, with effective dates of execution up to Sept 2014.

B9. Material Litigation

As at the date of this report, there were no material litigation since the last audited financial statements for the financial year ended 31 March 2013.

B10. Dividends

There was no interim dividend declared or recommended in the current quarter under review and financial year-to-date.

B11. Earnings per Share

	Fourth Quarter Ended		Cumulative 12-month Ended	
	31.03.2014	31.03.2013	31.03.2014	31.03.2013
Profit attributable to equity holders of the Company (in RM'000)	10,244	8,617	40,674	36,616
Weighted average number of ordinary shares in issue (in '000)	136,934	136,934	136,934	136,934
Basic earnings per share (in Sen)	7.48	6.29	29.70	26.74

**B12. Realised and Unrealised Retained Earnings**

	Unaudited As of 31.03.2014 RM'000	Audited As of 31.03.2013 RM'000
Total retained earnings of the Group		
- Realised	313,221	280,989
- Unrealised	(2,861)	(1,803)
	<u>310,360</u>	<u>279,186</u>
Less: Consolidation adjustments	(9,140)	(12,039)
Total Group retained earnings	<u>301,220</u>	<u>267,147</u>

B13. Profit for the Year

	Cumulative 12-month Ended 31.03.2014 RM'000	31.03.2013 RM'000
Profit for the year is arrived at after crediting /(debiting) the following income /(expenses):		
- Interest income	4,335	3,154
- Other income including investment income	2,377	5,183
- Depreciation and amortization	(9,679)	(9,298)
- Inventories written down	236	191
- Gain on foreign exchange:		
Realised	708	108
Unrealised	1,528	428
- Unrealised gain on derivatives financial assets	1,027	240

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 audit report for the financial year ended 31 March 2013 was not subject to any qualifications.

This Interim Financial Report of Southern Acids (M) Berhad for the fourth quarter of financial year ended 31 March 2014, was authorised for issuance by the Board of Directors of the Company during its meeting held on 29 May 2014.