

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 2015

SECOND FINANCIAL QUARTER ENDED 30 SEPTEMBER 2014
(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 2015
INTERIM FINANCIAL REPORT
SECOND FINANCIAL QUARTER ENDED 30 SEPTEMBER 2014

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

FINANCIAL YEAR ENDING 31 MARCH 2015
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE SECOND FINANCIAL QUARTER ENDED 30 SEPTEMBER 2014

	Note	Second Quarter Ended		Cumulative 6-month Ended	
		30.09.2014	30.09.2013	30.09.2014	30.09.2013
		RM'000	RM'000	RM'000	RM'000
Revenue	A8	148,580	128,992	299,749	259,109
- Cost of sales		(129,322)	(102,521)	(254,989)	(208,503)
Gross profit		19,258	26,471	44,760	50,606
- Other income		1,485	2,575	1,853	4,049
- Selling and distribution costs		(2,774)	(2,806)	(5,606)	(5,342)
- Administrative expenses		(12,150)	(10,092)	(22,883)	(19,707)
Profit before tax	A8	5,819	16,148	18,124	29,606
- Income tax expense	B5	(1,155)	(4,474)	(3,908)	(7,951)
Profit for the year	B13	4,664	11,674	14,216	21,655
Attributable to:					
- Equity holders of the Company		2,937	9,773	10,685	18,101
- Non-controlling interests		1,727	1,901	3,531	3,554
		4,664	11,674	14,216	21,655
Earnings per share (sen) attributable to equity holders of the Company					
- Basic and diluted	B11	2.14	7.14	7.80	13.22



SOUTHERN ACIDS (M) BERHAD
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FINANCIAL YEAR ENDING 31 MARCH 2015
CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE
INCOME FOR THE SECOND FINANCIAL QUARTER ENDED 30 SEPTEMBER 2014

	Note	Second Quarter Ended		Cumulative 6-month Ended	
		30.09.2014	30.09.2013	30.09.2014	30.09.2013
		RM'000	RM'000	RM'000	RM'000
Profit for the year	B13	4,664	11,674	14,216	21,655
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss:					
- Available-for-sale financial assets		1,463	(1,365)	156	(505)
- Exchange differences on translation of foreign subsidiaries		(653)	(11,905)	(6,271)	(11,273)
Items that will not be reclassified subsequently to profit or loss:					
- Remeasurement of defined benefit obligation		-	-	-	-
Total comprehensive income for the year		<u>5,474</u>	<u>(1,596)</u>	<u>8,101</u>	<u>9,877</u>
Attributable to:					
- Equity holders of the Company		3,870	663	6,772	10,248
- Non-controlling interests		<u>1,604</u>	<u>(2,259)</u>	<u>1,329</u>	<u>(371)</u>
		<u>5,474</u>	<u>(1,596)</u>	<u>8,101</u>	<u>9,877</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 2014, and the accompanying notes attached to these interim financial statements.



SOUTHERN ACIDS (M) BERHAD
(Incorporated in Malaysia)
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FINANCIAL YEAR ENDING 31 MARCH 2015
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF 30 SEPTEMBER 2014

	Note	Unaudited As of 30.09.2014 RM'000	Audited As of 31.03.2014 RM'000
ASSETS			
Non-Current Assets			
Land held for property development		141,944	141,944
Property, plant and equipment	A9	128,377	115,325
Investment property		3,318	3,318
Biological assets		11,380	10,424
Available-for-sale investments		39,883	35,478
Advances for KKPA program		2,265	1,478
Deferred tax assets		739	782
		<hr/>	<hr/>
		327,906	308,749
Current Assets			
Inventories		54,697	61,412
Derivative financial assets		-	1,188
Trade receivables		49,359	45,747
Other receivables, deposits and prepaid expenses		6,788	7,469
Tax recoverable		9,012	2,328
Fixed deposits, short-term placements, and cash and bank balances		143,393	156,742
		<hr/>	<hr/>
		263,249	274,886
		<hr/>	<hr/>
TOTAL ASSETS		591,155	583,635



SOUTHERN ACIDS (M) BERHAD
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FINANCIAL YEAR ENDING 31 MARCH 2015
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF 30 SEPTEMBER 2014 (cont'd)

	Unaudited As of 30.09.2014 RM'000	Audited As of 31.03.2014 RM'000
EQUITY AND LIABILITIES		
Capital and Reserves		
Share capital	136,934	136,934
Reserves	344,409	337,637
	<hr/>	<hr/>
Equity attributable to equity holders of the Company	481,343	474,571
Non-controlling interests	40,926	40,592
	<hr/>	<hr/>
Total Equity	522,269	515,163
	<hr/>	<hr/>
Non-Current Liabilities		
Provision for retirement benefits	7,535	7,350
Deferred tax liabilities	3,558	3,558
	<hr/>	<hr/>
	11,093	10,908
	<hr/>	<hr/>
Current Liabilities		
Trade payables	16,689	17,393
Other payables and accrued expenses	37,003	37,106
Derivative financial liabilities	1,131	-
Tax liabilities	2,849	2,944
Dividend payable	121	121
	<hr/>	<hr/>
	57,793	57,564
	<hr/>	<hr/>
TOTAL LIABILITIES	68,886	68,472
	<hr/>	<hr/>
TOTAL EQUITY AND LIABILITIES	591,155	583,635
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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 2014, and the accompanying notes attached to these interim financial statements.



SOUTHERN ACIDS (M) BERHAD
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FINANCIAL YEAR ENDING 31 MARCH 2015
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SECOND FINANCIAL QUARTER ENDED 30 SEPTEMBER 2014

The Group	Non-distributable Reserves				Fair value reserve RM'000	Distributable reserve - Retained earnings RM'000	Equity attributable to equity holders of the Company RM'000	Non-controlling interests RM'000	Total Equity RM'000
	Share capital RM'000	Share premium RM'000	Foreign exchange reserve RM'000	Other reserve RM'000					
As of 1 April 2013	136,934	34,321	(5,065)	(322)	13,768	267,147	446,783	35,972	482,755
Profit for the year	-	-	-	-	-	18,101	18,101	3,554	21,655
Other comprehensive loss	-	-	(7,348)	-	(505)	-	(7,853)	(3,925)	(11,778)
Total comprehensive income/(loss)	-	-	(7,348)	-	(505)	18,101	10,248	(371)	9,877
Dividend paid	-	-	-	-	-	-	-	-	-
Dividend paid to non-controlling shareholders of a subsidiary company	-	-	-	-	-	-	-	(2,065)	(2,065)
As of 30 September 2013	136,934	34,321	(12,413)	(322)	13,263	285,248	457,031	33,536	490,567
As of 1 April 2014	136,934	34,321	(10,790)	(322)	15,324	299,104	474,571	40,592	515,163
Profit for the year	-	-	-	-	-	10,685	10,685	3,531	14,216
Other comprehensive income/(loss)	-	-	(4,069)	-	156	-	(3,913)	(2,202)	(6,115)
Total comprehensive income/(loss)	-	-	(4,069)	-	156	10,685	6,772	1,329	8,101
Dividend paid	-	-	-	-	-	-	-	-	-
Dividend paid to non-controlling shareholders of a subsidiary company	-	-	-	-	-	-	-	(995)	(995)
As of 30 September 2014	136,934	34,321	(14,859)	(322)	15,480	309,789	481,343	40,926	522,269

The consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 31 March 2014, and the accompanying notes attached to these interim financial statements.



SOUTHERN ACIDS (M) BERHAD
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FINANCIAL YEAR ENDING 31 MARCH 2015
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SECOND FINANCIAL QUARTER ENDED 30 SEPTEMBER 2014

	Cumulative 6-month Ended	
	30.09.2014	30.09.2013
	RM'000	RM'000
Cash Flows From/(Used In) Operating Activities		
Profit before tax	18,124	29,606
Adjustments for:		
- Dividend income	(1,428)	(1,305)
- Interest income	(1,909)	(2,039)
- Unrealised gain on foreign exchange	(347)	(523)
- Depreciation of property, plant and equipment	4,553	4,465
- Inventories written down	225	95
- Loss arising from derivative financial assets	2,319	61
- Provision for retirement benefits	542	206
- Amortisation of biological assets	357	359
- (Gain)/loss on disposal of property, plant and equipment	(153)	4
Operating Profit Before Working Capital Changes	22,283	30,929
(Increase)/decrease in :		
- Inventories	6,490	4,012
- Trade receivables	(2,530)	(7,654)
- Other receivables, deposit and prepaid expenses	681	90
Increase/(decrease) in:		
- Trade payables	(704)	(5,506)
- Other payables and accrued expenses	(104)	4,220
Cash Generated From Operating Activities	26,116	26,091
- Income tax paid	(10,553)	(4,621)
- Retirement benefits paid	(193)	(303)
Net Cash From Operating Activities	15,370	21,167



SOUTHERN ACIDS (M) BERHAD
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FINANCIAL YEAR ENDING 31 MARCH 2015
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SECOND FINANCIAL QUARTER ENDED 30 SEPTEMBER 2014 (cont'd)

	Cumulative 6-month Ended	
	30.09.2014	30.09.2013
	RM'000	RM'000
Cash Flows From/(Used In) Investing Activities		
- Interest received	1,909	2,039
- Dividend received	1,428	1,305
- Investment in quoted share	(4,250)	-
- Net conversion for KKPA and Plasma projects	(787)	(526)
- Proceeds from disposal of property, plant and equipment	214	-
- Addition to:		
- property, plant and equipment	(19,931)	(6,597)
- biological assets	(1,943)	(573)
Net Cash Used In Investing Activities	(23,360)	(4,352)
Cash Flows Used In Financing Activity		
- Dividend paid	(995)	(2,065)
Net Cash Used In Financing Activity	(995)	(2,065)
Net (Decrease)/Increase in Cash and Cash Equivalents	(8,985)	14,750
Cash and Cash Equivalents at Beginning of Year	156,742	148,497
Effect of Translation Differences	(4,364)	(8,015)
Cash and Cash Equivalents at End of Year	143,393	155,232
Composition of Cash and Cash Equivalents:		
- Fixed deposits with licensed banks	30,392	29,122
- Short-term placements	53,462	74,508
- Cash and bank balances	59,539	51,602
	143,393	155,232

The consolidated statement of cash flow should be read in conjunction with the audited financial statements for the financial year ended 31 March 2014, and the accompanying notes attached to these interim financial statements.



SOUTHERN ACIDS (M) BERHAD
(Incorporated in Malaysia)
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FINANCIAL YEAR ENDING 31 MARCH 2015
SECOND FINANCIAL QUARTER ENDED 30 SEPTEMBER 2014
EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT

This Interim Financial Report has been 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 2014. 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 2014

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 2014, except for the adoption of the new/revised Standards and IC Interpretations which were in issue but not yet effective and not early adopted by the Group are as listed below:

FRS 9	Financial Instruments (IFRS 9 issued by IASB in November 2009) ¹
FRS 9	Financial Instruments (IFRS 9 issued by IASB in October 2010) ¹
FRS 9	Financial Instruments (Hedge Accounting and amendments relating to FRS 9, FRS 7 and FRS 139) ¹
FRS 14	Regulatory Deferral Accounts ⁴
FRS 15	Revenue from Contracts with Customers ⁵
IC Interpretation 21	Levies ²
Amendments to FRS 9 and FRS 7	Mandatory Effective Date of FRS 9 (IFRS 9 issued by IASB in November 2009 and October 2010 respectively) and Transition Disclosures ¹
Amendments to FRS 10, FRS 12 and FRS 127	Investment Entities ²
Amendments to FRS 11	Joint Arrangements (Amendments relating to Accounting for Acquisitions of Interests in Joint Operations) ⁴
Amendments to FRS 116 and FRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation ⁴



Amendments to FRS 119	Employee Benefits (Amendments relating to Defined Benefit Plans: Employee Contributions) ³
Amendments to FRS 132	Financial Instruments: Presentation (Amendments relating to Offsetting Financial Assets and Financial Liabilities) ²
Amendments to FRS 136	Impairment of Assets (Amendments relating to Recoverable Amounts Disclosures for Non-Financial Assets) ²
Amendments to FRS 139	Financial Instruments: Recognition and Measurement (Amendments relating to Novation of Derivatives and Continuation of Hedge Accounting) ²
Annual Improvements to FRSs 2010 – 2012 cycle ³	
Annual Improvements to FRSs 2011 – 2013 cycle ³	

¹ The mandatory effective date of FRS 9 (IFRS 9 issued by IASB in November 2009 and October 2010 respectively) which was for annual period beginning on or after 1 January 2015 has been removed with the issuance of FRS 9 Financial Instruments: Hedge Accounting and amendments to FRS 9, FRS 7 and FRS 139. The effective date of FRS 9 will be decided when IASB's IFRS 9 project is closer to completion. However, each version of the FRS 9 is available for early adoption

² Effective for annual periods beginning on or after 1 January 2014

³ Effective for annual periods beginning on or after 1 July 2014

⁴ Effective for annual periods beginning on or after 1 January 2016

⁵ Effective for annual periods beginning on or after 1 January 2017

The adoption of these new/revised Standards and IC Interpretations when they become effective, are not expected to have material financial impacts on the financial statements in the period of initial adoptions, if applicable.

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 periods beginning on or after 1 January 2012, with the exception of Transitioning Entities (“TEs”).

TEs, 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.



Accordingly, the Group, being TE, has availed itself of this transitional arrangement and will continue to apply FRSS in their next set of financial statements. 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. Dividends Paid

The Company had on 23 July 2014 announced the proposed single tier dividend of 5 sen per ordinary share of RM1.00 each amounting to RM6,846,707 in respect of the financial year ended 31 March 2014.

The proposed dividends were approved by shareholders in the Annual General Meeting held on 25 September 2014 and the dividends were paid on 31 October 2014.

**A8. Segmental Information**

	Cumulative 6-month Ended 30.09.2014		Cumulative 6-month Ended 30.09.2013	
	Revenue RM'000	Profit/(loss) before tax RM'000	Revenue RM'000	Profit/(loss) before tax RM'000
Manufacture and sales of oleochemical products	191,904	1,076	166,125	15,634
Sales of oil palm fruit and crude palm oil	56,539	11,500	50,297	11,846
Private hospital operations	43,939	4,132	36,560	1,683
Warehouse and bulk conveyor operations	4,407	2,310	3,381	1,289
Others	2,960	(894)	2,746	(846)
	<u>299,749</u>	<u>18,124</u>	<u>259,109</u>	<u>29,606</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 2014 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, 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.



A12. Changes in Contingencies

There were no change in the contingent liabilities or contingent assets since the last audited financial statements for the financial year ended 31 March 2014 save for the following:

Particularly referring to Note 33 (a) and (b) of the Contingencies of the last financial year ended 31 March 2014, the Board had on its meeting held on 28 May 2014 mandated the Chairman of Governance & Audit Committee and the Chief Financial Officer/Executive Director to take necessary steps to resolve both contingencies which have been long outstanding .

- On Note 33 (a) of the Contingency, the Company had on 28 May 2014 wrote 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 Southern Acids (M) Berhad's ("SAB") control. In addition, all SAB's key personnel involved during the said periods are no longer with the SAB & its subsidiaries. As at the date of this report, the Company has not received any reply yet.

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

- On Note 33 (b) of the Contingency, the Company had on 10 July 2014 appointed Messrs David Lai & Tan to contact the counterparty's solicitors as soon as possible to get the latest status and to seek solution to the alleged claim. To the best knowledge of the Board, none of the seven other defendants have filed their defence as at to date.

Subsequently on 19 August 2014 , our solicitors had received a letter dated 15 August 2014 from the Plaintiff's lawyer proposing a withdrawal of the suit with no order as to costs. In response, the Company had on 21 August 2014 instructed our solicitors to accept the proposed withdrawal. Our official acceptance letter dated 22 August 2014 was acknowledged by the Plaintiff's lawyer on even date. With that, the suit is now deemed settled.



A13. Capital Commitments

Capital commitments not recognized in the interim financial statements as at 30 September 2014 is as follows :

Capital expenditure :

	RM'000
Contracted but not provided for	<u>23,064</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 6-month Ended 30.09.2014 RM'000	Cumulative 6-month Ended 30.09.2013 RM'000
Sales of goods	313	675
Purchase of goods	1,655	915
Provision of administrative services	<u>1,530</u>	<u>1,195</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 15.2% to RM148.6 million compared to the preceding corresponding quarter's revenue of RM129.0 million. Despite an increase in revenue, the Group's profit before taxation ("PBT") decreased 64.0% by RM10.3 million to RM5.8 million compared to PBT of RM16.1 million. The decrease in PBT was mainly due to lower contribution from Oleochemical Division.

1. Oleochemicals Division

Oleochemicals Division registered an increase of 14.5% in revenue to RM93.2 million, however it registered a Loss Before Tax ("LBT") of RM2.3 million in the current quarter. The decrease in PBT of 128.1% or RM10.5 million was mainly due to the following:-

- Lower PBT of RM8.6 million from operation; and
- Lower other income of RM1.6 million.

The decrease in PBT from operation was due to lower margin and higher operating costs. The decrease in other income was mainly due to forex realised loss of RM0.8 million compared to forex realised gain of RM1.7 million in the preceding corresponding quarter.

2. Plantations & Milling Division

Plantations & Milling Division registered an increase of 13.1% in revenue to RM29.6 million, however PBT decreased by 1.7% to RM6.0 million compared to the preceding corresponding quarter. The increase in revenue was mainly due to 3.6% increase in average selling price despite a 11.1% depreciation in IDR/MYR exchange rate. The marginal decrease in PBT was due to the following:-

- Lower PBT of RM0.7 million from operation; and
- Higher other income of RM1.1 million.

3. Healthcare Division

Healthcare Division registered revenue of RM21.8 million and PBT of RM1.6 million which is an increase of 19.2% and 46.3% respectively compared to the preceding corresponding quarter. The increase in revenue and PBT were contributed by a 17.8% increase in number of inpatients as well as 24.2% increase in bed occupancy rate and 8.6% increase in Average Revenue Per Patient ("ARPP").



4. Warehousing & Conveying Division

Warehousing & Conveying Division registered 36.9% increase in revenue to RM2.5 million and 80.4% increase in PBT to RM1.3 million compared to the preceding corresponding quarter.

Both higher revenue and PBT were contributed by 36.9% increase in sales value out of which 59.8% was contributed by conveyor handling and the balance by warehousing income.

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

In the financial year-to-date under review, the Group's revenue increased by 15.7% to RM299.7 million compared to the last year corresponding period revenue of RM259.1 million. Despite the increase in revenue, the Group's PBT decreased by 38.8% to RM18.1 million. The decrease in PBT was due to lower contribution by Oleochemical Division.

1. Oleochemicals Division

Oleochemicals Division registered an increase of 15.5% in revenue to RM191.9 million. Despite the higher revenue, the PBT decreased by 93.1% to RM1.1 million compared to the preceding corresponding period.

The increase in revenue was mainly due to 12.8% increase in average selling price and 3.8% increase in sales volume of fatty acids.

The decrease in PBT of RM14.6 million was mainly due to the following: -

- Lower PBT of RM10.5 million from operation; and
- Lower other income of RM3.2 million.

The decrease in PBT from operation was due to lower margin and higher operating costs. The decrease in other income was mainly due to the following:-

- Lower realised forex gain of RM1.4 million; and
- Higher unrealised forex loss of RM1.7 million.

2. Plantations & Milling Division

Plantations & Milling Division registered 12.4% increase in revenue to RM56.5 million. Despite the higher revenue, the PBT decreased by 2.9% to RM11.5 million compared to the preceding corresponding period.

The increase in revenue was due to 5.5% increase in sales volume and 14.5% increase in average selling price despite a 10.2% translation losses from IDR/MYR exchange rate.

The decrease in PBT of RM0.3 million was mainly due to the following:-

- Decrease in operation PBT of RM0.1 million; and
- Increase in other income of RM0.7 million.



3. Healthcare Division

Healthcare Division registered 20.2% increase in revenue to RM43.9 million and 145.5% increase in PBT to RM4.1 million compared to the preceding corresponding period.

The increase in revenue and PBT was contributed by 22.8% increase in number of inpatients as well as 30.4% increase in bed occupancy rate and 4.1% increase in ARPP.

4. Warehousing & Conveying Division

Warehousing & Conveying Division registered 30.3% increase in revenue to RM4.4 million and 79.2% increase in PBT to RM2.3 million compared to the preceding corresponding period.

Both higher revenue and PBT were contributed by 30.4% increase in sales value out of which 62.5% was contributed by conveyor handling and the balance by warehousing income.

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

In the current quarter under review, the Group registered a 52.7% decrease in PBT to RM5.8 million compared to the immediate preceding quarter's PBT. The lower PBT of RM6.5 million was mainly due to lower contribution of RM5.7 million by Oleochemical Division which experienced lower margin and higher operating costs.

B3. Prospect of the Group

For the current financial year ending 31 March 2015 ("FY2015"), the Company may not achieve the same strong financial results of last financial year ended 31 March 2014. Nevertheless the Company will continue to strive in improving the operation efficiency and productivity besides exploring effective ways of cost optimization as measures to mitigate the financial impact from the following factors in the FY2015: -

- Uncertainty and volatility in currency exchange rate of USD/MYR and MYR/IDR;
- Uncertainty and volatility in CPO prices;
- Respective relevant government regulations and policies for biodiesel mandate and export tariff;
- Unpredictable weather conditions; and
- Land lease renewal for the Warehousing & Conveying Division.

In summary, whilst the year-to-date financial performance is lower than the preceding corresponding period, the Board is of the opinion that the Group's performance for FY2015 would be satisfactory .

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**

	Second Quarter Ended		Cumulative 6-month Ended	
	30.09.2014 RM'000	30.09.2013 RM'000	30.09.2014 RM'000	30.09.2013 RM'000
Estimated tax payable				
- Malaysian tax expense	(286)	2,253	896	4,253
- Overseas tax expense	1,441	2,221	3,012	3,698
	1,155	4,474	3,908	7,951
- Provision of deferred tax assets	-	-	-	-
Total	1,155	4,474	3,908	7,951

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 30 September 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 30 September 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	103,797	104,928	(1,131)



(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 30 September 2014, total outstanding commodity future contracts of the Group amounted to RM2.5 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 2014.

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

	Second Quarter Ended		Cumulative 6-month Ended	
	30.09.2014	30.09.2013	30.09.2014	30.09.2013
Profit attributable to equity holders of the Company (in RM'000)	2,937	9,773	10,685	18,101
Weighted average number of ordinary shares in issue (in '000)	136,934	136,934	136,934	136,934
Basic earnings per share (in Sen)	2.14	7.14	7.80	13.22

**B12. Realised and Unrealised Retained Earnings**

	Unaudited As of 30.09.2014 RM'000	Audited As of 31.03.2014 RM'000
Total retained earnings of the Group		
- Realised	317,521	306,182
- Unrealised	2,212	2,044
	<u>319,733</u>	<u>308,226</u>
Less: Consolidation adjustments	(9,944)	(9,122)
Total Group retained earnings	<u>309,789</u>	<u>299,104</u>

B13. Profit for the Year

	Cumulative 6-month Ended 30.09.2014 RM'000	30.09.2013 RM'000
Profit for the year is arrived at after crediting /(debiting) the following income/(expenses):		
- Interest income	1,909	2,039
- Other income	1,532	(203)
- Depreciation and amortization	(4,910)	(4,824)
- Inventories written down	225	(95)
- Gain on foreign exchange:		
Realised	384	1,751
Unrealised	347	523
- Unrealised loss on derivatives financial assets	(2,319)	(61)

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 2014 was not subject to any qualifications.

This Interim Financial Report of Southern Acids (M) Berhad for the second quarter of FY2015, was authorised for issuance by the Board of Directors of the Company during its meeting held on 28 November 2014.