

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 2015

FOURTH FINANCIAL QUARTER ENDED 31 MARCH 2015
(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 2015
INTERIM FINANCIAL REPORT
FOURTH FINANCIAL QUARTER ENDED 31 MARCH 2015

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 – 15
Part B: Pursuant to paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and any revision thereon	16 - 22



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

FINANCIAL YEAR ENDED 31 MARCH 2015
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE FOURTH FINANCIAL QUARTER ENDED 31 MARCH 2015

	Note	Fourth Quarter Ended		Cumulative 12-month Ended	
		31.3.2015	31.3.2014	31.3.2015	31.3.2014
		RM'000	RM'000	RM'000	RM'000
Revenue	A8	127,462	140,183	562,029	544,055
- Cost of sales		(102,536)	(117,528)	(465,354)	(437,303)
Gross profit		24,926	22,655	96,675	106,752
- Other income		2,043	4,771	4,340	10,257
- Selling and distribution costs		(2,380)	(2,709)	(10,500)	(10,662)
- Administrative expenses		(14,442)	(10,645)	(47,591)	(40,770)
Profit before tax	A8	10,147	14,072	42,924	65,577
- Income tax expense	B5	(2,799)	(3,658)	(9,426)	(17,399)
Profit for the year	B13	7,348	10,414	33,498	48,178
Attributable to:					
- Equity holders of the Company		6,350	7,988	26,913	38,418
- Non-controlling interests		998	2,426	6,585	9,760
		7,348	10,414	33,498	48,178
Earnings per share (sen) attributable to equity holders of the Company					
- Basic and diluted	B11	4.64	5.83	19.65	28.06



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

FINANCIAL YEAR ENDED 31 MARCH 2015
CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE
INCOME FOR THE FOURTH FINANCIAL QUARTER ENDED 31 MARCH 2015

	Note	Fourth Quarter Ended		Cumulative 12-month Ended	
		31.3.2015	31.3.2014	31.3.2015	31.3.2014
		RM'000	RM'000	RM'000	RM'000
Profit for the year	B13	7,348	10,414	33,498	48,178
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss:					
- Available-for-sale financial assets		489	1,788	(754)	1,556
- Exchange differences on translation of foreign subsidiaries		357	6,291	(1,285)	(8,704)
Items that will not reclassified subsequently to profit or loss:					
- Remeasurement of defined benefit obligation		(261)	348	(261)	348
Total comprehensive income for the year		<u>7,933</u>	<u>18,841</u>	<u>31,198</u>	<u>41,378</u>
Attributable to:					
- Equity holders of the Company		6,896	14,122	25,057	34,635
- Non-controlling interests		<u>1,037</u>	<u>4,719</u>	<u>6,141</u>	<u>6,743</u>
		<u>7,933</u>	<u>18,841</u>	<u>31,198</u>	<u>41,378</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)
AND ITS SUBSIDIARY COMPANIES

FINANCIAL YEAR ENDED 31 MARCH 2015
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF 31 MARCH 2015

	Note	Unaudited As of 31.3.2015 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	134,913	115,325
Investment property		3,318	3,318
Biological assets		13,347	10,424
Available-for-sale investments		39,093	35,478
Advances for KKPA program		2,981	1,478
Deferred tax assets		2,329	782
		<u>337,925</u>	<u>308,749</u>
Current Assets			
Inventories		53,050	61,412
Derivative financial assets		-	1,188
Trade receivables		47,176	45,747
Other receivables, deposits and prepaid expenses		4,060	7,469
Tax recoverable		7,679	2,328
Fixed deposits, short-term placements, and cash and bank balances		<u>154,425</u>	<u>156,742</u>
		<u>266,390</u>	<u>274,886</u>
TOTAL ASSETS		<u>604,315</u>	<u>583,635</u>



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

FINANCIAL YEAR ENDED 31 MARCH 2015
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF 31 MARCH 2015 (cont'd)

	Unaudited As of 31.3.2015 RM'000	Audited As of 31.03.2014 RM'000
EQUITY AND LIABILITIES		
Capital and Reserves		
Share capital	136,934	136,934
Reserves	355,847	337,637
	<hr/>	<hr/>
Equity attributable to equity holders of the Company	492,781	474,571
Non-controlling interests	45,686	40,592
	<hr/>	<hr/>
Total Equity	538,467	515,163
	<hr/>	<hr/>
Non-Current Liabilities		
Provision for retirement benefits	8,777	7,350
Deferred tax liabilities	1,336	3,558
	<hr/>	<hr/>
	10,113	10,908
	<hr/>	<hr/>
Current Liabilities		
Trade payables	12,412	17,393
Other payables and accrued expenses	39,933	37,106
Derivative financial liabilities	2,728	-
Tax liabilities	541	2,944
Dividend payable	121	121
	<hr/>	<hr/>
	55,735	57,564
	<hr/>	<hr/>
TOTAL LIABILITIES	65,848	68,472
	<hr/>	<hr/>
TOTAL EQUITY AND LIABILITIES	604,315	583,635
	<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 2014, 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 2015
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FOURTH FINANCIAL QUARTER ENDED 31 MARCH 2015

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	-	-	-	-	-	38,418	38,418	9,760	48,178
Other comprehensive loss	-	-	(5,725)	-	1,556	386	(3,783)	(3,017)	(6,800)
Total comprehensive income/(loss)	-	-	(5,725)	-	1,556	38,804	34,635	6,743	41,378
Dividend paid	-	-	-	-	-	(6,847)	(6,847)	-	(6,847)
Dividend paid to non-controlling shareholders of a subsidiary company	-	-	-	-	-	-	-	(2,123)	(2,123)
As of 31 March 2014	136,934	34,321	(10,790)	(322)	15,324	299,104	474,571	40,592	515,163
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	-	-	-	-	-	26,913	26,913	6,585	33,498
Other comprehensive income/(loss)	-	-	(919)	-	(754)	(183)	(1,856)	(444)	(2,300)
Total comprehensive income/(loss)	-	-	(919)	-	(754)	26,730	25,057	6,141	31,198
Dividend paid	-	-	-	-	-	(6,847)	(6,847)	-	(6,847)
Dividend paid to non-controlling shareholders of a subsidiary company	-	-	-	-	-	-	-	(1,047)	(1,047)
As of 31 March 2015	136,934	34,321	(11,709)	(322)	14,570	318,987	492,781	45,686	538,467

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
(Incorporated in Malaysia)
AND ITS SUBSIDIARY COMPANIES

FINANCIAL YEAR ENDED 31 MARCH 2015
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FOURTH FINANCIAL QUARTER ENDED 31 MARCH 2015

	Cumulative 12-month Ended	
	31.3.2015	31.3.2014
	RM'000	RM'000
Cash Flows From/(Used In) Operating Activities		
Profit before tax	42,924	65,577
Adjustments for:		
- Dividend income	(1,616)	(1,519)
- Interest income	(4,922)	(4,335)
- Unrealised (gain)/loss on foreign exchange	(1,577)	456
- Depreciation of property, plant and equipment	9,171	8,949
- Inventories written down and write off/(reversal)	119	480
- Allowance for doubtful debt and no longer required	-	204
- Allowance for loss on Plasma no longer required	-	(386)
- (Gain)/loss arising from derivative financial assets	3,916	(1,027)
- Provision for retirement benefits	1,623	589
- Amortisation of biological assets	730	727
- (Gain)/loss on disposal of property, plant and equipment	(130)	(36)
- Provision for incremental rental charges	1,021	2,700
- Property, plant and equipment written off	2	3
	<hr/>	<hr/>
Operating Profit Before Working Capital Changes	51,261	72,382
(Increase)/decrease in :		
- Inventories	8,243	(7,360)
- Trade receivables	197	(8,688)
- Other receivables, deposit and prepaid expenses	3,409	(3,223)
Increase/(decrease) in:		
- Trade payables	(4,981)	(7,836)
- Other payables and accrued expenses	1,807	6,189
	<hr/>	<hr/>
Cash Generated From Operating Activities	59,936	51,464
- Income tax paid, net	(20,623)	(15,572)
- Retirement benefits paid	(199)	(377)
	<hr/>	<hr/>
Net Cash From Operating Activities	39,114	35,515
	<hr/>	<hr/>



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

FINANCIAL YEAR ENDED 31 MARCH 2015
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FOURTH FINANCIAL QUARTER ENDED 31 MARCH 2015 (cont'd)

	Cumulative 12-month Ended	
	31.3.2015	31.3.2014
	RM'000	RM'000
Cash Flows From/(Used In) Investing Activities		
- Interest received	4,922	4,335
- Dividend received	1,616	1,519
- Investment in quoted share	(4,370)	(94)
- Net conversion for KKPA and Plasma projects	(1,503)	4,699
- Proceeds from disposal of property, plant and equipment	284	98
- Addition to:		
- property, plant and equipment	(29,550)	(20,999)
- biological assets	(3,803)	(2,146)
Net Cash Used In Investing Activities	(32,404)	(12,588)
Cash Flows Used In Financing Activity		
- Dividend paid	(7,894)	(8,970)
Net Cash Used In Financing Activity	(7,894)	(8,970)
Net (Decrease)/Increase in Cash and Cash Equivalents	(1,184)	13,957
Cash and Cash Equivalents at Beginning of Year	156,742	148,497
Effect of Translation Differences	(1,133)	(5,712)
Cash and Cash Equivalents at End of Year	154,425	156,742
Composition of Cash and Cash Equivalents:		
- Cash and bank balances	48,703	43,631
- Fixed deposits with licensed banks	24,752	41,812
- Short-term placements	80,970	71,299
	154,425	156,742

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)
AND ITS SUBSIDIARY COMPANIES

FINANCIAL YEAR ENDED 31 MARCH 2015
FOURTH FINANCIAL QUARTER ENDED 31 MARCH 2015
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 relevant 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 July 2014) ¹
MFRS 15	Revenue from Contracts with Customers ⁵
IC Interpretation 21	Levies ²
Amendments to FRS 10, FRS 12 and FRS 127	Investment Entities ²
Amendments to FRS 10, FRS 12 and FRS 128	Investment Entities: Applying the Consolidation Exception ⁴
Amendments to FRS 10 and FRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
Amendments to FRS 11	Joint Arrangements (Amendments relating to Accounting for Acquisitions of Interests in Joint Operations) ⁴
Amendments to FRS 101	Disclosure Initiative ⁴



Amendments to FRS 116 and FRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation ⁴
Amendments to FRS 127	Equity Method in Separate Financial Statements 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 Continuation of Hedge Accounting) ²

¹ Effective for annual periods beginning on or after 1 January 2018

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”) has 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 allowed to defer the adoption of MFRS Framework until such time as mandated by the MASB. On 2 September 2014, with the issuance of MFRS 15 Revenue from Contracts with Customer and Amendments to MFRS 116 and MFRS 141 Agriculture: Bearer Plans, the MASB announced that TEs which have chosen to continue with the FRS framework is not required to adopt the MFRS Framework latest by 1 January 2017.



Accordingly, the Group, being TEs, has availed themselves of this transitional arrangement and will continue to apply FRSs in their next set of financial statements. Accordingly, the Group will be required to apply MFRS 1 First-time adoption of Malaysian Financial Reporting Standards in their financial statements for the financial year ending 31 March 2018, being the first set of financial statements prepared in accordance with new MFRS Framework

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 12-month Ended 31.3.2015		Cumulative 12-month Ended 31.3.2014	
	Revenue RM'000	Profit/(loss) before tax RM'000	Revenue RM'000	Profit/(loss) before tax RM'000
Manufacture and sales of oleochemical products	349,850	9,038	341,788	27,841
Sales of oil palm fruit and crude palm oil	106,040	23,660	113,917	34,318
Private hospital operations	92,125	9,306	76,421	3,469
Warehouse and bulk conveyor operations	9,386	4,436	7,618	2,940
Others	4,628	(3,516)	4,311	(2,991)
	<u>562,029</u>	<u>42,924</u>	<u>544,055</u>	<u>65,577</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 31 March 2015 is as follows :

Capital expenditure :

Contracted but not provided for	RM'000
	<u>7,916</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 31.3.2015 RM'000	Cumulative 12-month Ended 31.3.2014 RM'000
Sales of goods	923	2,584
Purchase of goods	3,029	2,084
Provision of administrative services	3,293	2,360



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 decreased by 9.1% to RM127.5 million compared to the preceding corresponding quarter's revenue of RM140.2 million.

The Group's profit before taxation ("PBT") decreased by 27.9% to RM10.1 million compared to the preceding corresponding PBT of RM14.1 million. The decrease in PBT of RM3.9 million was mainly due to lower contribution from Plantations & Milling Division.

1. Oleochemicals Division

Oleochemicals Division registered an increase of 21.4% in PBT to RM4.5 million despite a 11.7% decrease in revenue to RM76.2 million compared to the preceding corresponding quarter.

The decrease in revenue of RM10.1 million was mainly due to 7.9% decrease in fatty acids sales volume whereas the increase in PBT of RM0.8 million was a result of higher operational profit of RM1.1 million which was due to better sales margin, despite higher realised forex loss of RM0.3 million.

2. Plantations & Milling Division

Plantations & Milling Division registered a decrease of 28.6% in revenue to RM21.3 million and a decrease of 49.6% in PBT to RM4.6 million compared to the preceding corresponding quarter.

The decrease in revenue was mainly due to decrease in sales volume and average selling price by 20.5% and 10.0% respectively.

The decrease in PBT was mainly due to the following:-

- Lower operational profit of RM3.7 million; and
- Lower other income of RM0.9 million.

In addition to lower sales volume and average selling price, the lower PBT was also due to additional tax payable for previous years.



3. Healthcare Division

Healthcare Division registered an increase of 28.1% in revenue to RM26.5 million and an increase of 50.5% in PBT to RM1.2 million compared to the preceding corresponding quarter.

The increase in revenue and PBT were mainly due to dengue outbreak with higher flu and viral fever patients.

4. Warehousing & Conveying Division

Warehousing & Conveying Division registered a decrease of 2.4% in revenue to RM2.4 million compared to the preceding corresponding quarter. Despite the lower revenue, PBT registered an increase of 38.6% to RM1.4 million.

The decrease in revenue was mainly due to lower volume handled whereas the increase in PBT of RM0.4 million was due to higher interest income and lower operating expenses.

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 3.3% to RM562.0 million compared to the preceding year's revenue of RM544.1 million. Despite the increase in revenue, the Group's PBT decreased by 34.5% to RM42.9 million. The decrease in PBT was due to lower contribution by Oleochemicals Division and Plantations & Milling Division despite higher contribution by Healthcare and Warehousing & Conveying Division.

1. Oleochemicals Division

Oleochemicals Division registered an increase of 2.4% in revenue to RM349.8 million. Despite the higher revenue, the PBT decreased by 67.5% to RM9.0 million compared to the preceding year.

The increase in revenue was mainly due to an increase of 6.1% in average selling price per MT of fatty acids.

The decrease in PBT of RM18.8 million was mainly due to the following: -

- Lower operational profit of RM13.0 million; and
- Lower other income of RM5.8 million.

The decrease in operational profit was due to 2.1% decrease in sales volume of fatty acids, 15.5% decrease in average selling price of glycerine and higher operating costs. In addition, there was a reversal of RM1.7 million provision in the preceeding year.



The decrease in other income of RM5.8 million was due to the following:-

- Net of lower realised forex gain and higher unrealised forex gain of RM0.7 million; and
- Unrealised forward currency contract loss of RM5.1 million.

2. Plantations & Milling Division

Plantations & Milling Division registered a decrease of 6.9% in revenue to RM106.0 million as well as a decrease of 31.1% in PBT to RM23.7 million compared to the preceding year.

The decrease in revenue was due to the decrease of 6.3% and 2.5% in sales volume and average selling price respectively.

The lower PBT of RM10.7 million was due to the following:-

- Decrease in operational profit of RM11.2 million; and
- Increase in other income of RM0.5 million.

In addition to the decrease in both sales volume and average selling price, the decrease in PBT was also due to 8.3% increase in production cost for both CPO and PK. There was also an reversal of about RM1.4 million provision in the preceding year.

3. Healthcare Division

Healthcare Division registered an increase of 20.5% in revenue to RM92.1 million and an increase of 168.2% in PBT to RM9.3 million compared to the preceding year.

The increase in PBT of RM5.8 million was mainly due to the following: -

- Higher operational profit of RM5.6 million; and
- Higher other income of RM0.2 million.

The increase in revenue and PBT was due to dengue outbreak with higher flu and viral fever patients.

4. Warehousing & Conveying Division

Warehousing & Conveying Division registered 23.2% increase in revenue to RM9.4 million and 50.9% increase in PBT to RM4.4 million compared to the preceding year.

Both higher revenue and PBT were due to 23.1% increase in sales value out of which 59.3% 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 decrease of 30.7% in PBT to RM10.1 million compared to the immediate preceding quarter's PBT. The lower PBT of RM4.5 million was mainly due to the following:-

- lower contribution of RM2.8 million by Plantations & Milling Division which was mainly due to 25.9% lower in sales volume;
- lower contribution of RM2.8 million by Healthcare Division which was due to additional provision; and
- despite higher contribution of RM1.1 million by Oleochemicals Division.

B3. Prospect of the Group

In the financial year ended 31 March 2015, the Group registered a lower PBT of RM41.9 million than the preceding year. Our Oleochemicals Division business was facing keen competition in international markets whereas Plantations & Milling Division was facing challenges in the form of lower average CPO price and higher production costs.

The same critical factors will prevail in the current financial year ending 31 March 2016 (FY2016). In addition, our Group's performance will also subject to the following:-

- uncertainty and volatility in currency exchange rate of USD/MYR as well as MYR/IDR and CPO prices;
- changes in relevant government regulations/policies for the biodiesel mandate and export tariff; and
- unpredictable weather conditions.

In view of the above factors, the Board is of the opinion that the Group's performance for FY2016 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	
	31.3.2015 RM'000	31.3.2014 RM'000	31.3.2015 RM'000	31.3.2014 RM'000
Estimated tax payable				
- Malaysian tax expense	4,325	1,514	6,209	8,047
- Overseas tax expense	2,168	1,760	6,911	8,968
	6,493	3,274	13,120	17,015
- Provision of deferred tax assets	(3,694)	384	(3,694)	384
Total	2,799	3,658	9,426	17,399

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 2015.

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 2015 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	56,528	59,256	(2,728)



(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.

There was no outstanding commodity future contracts as at 31 March 2015.

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

	Fourth Quarter Ended		Cumulative 12-month Ended	
	31.3.2015	31.3.2014	31.3.2015	31.3.2014
Profit attributable to equity holders of the Company (in RM'000)	6,350	7,988	26,913	38,418
Weighted average number of ordinary shares in issue (in '000)	136,934	136,934	136,934	136,934
Basic earnings per share (in Sen)	4.64	5.83	19.65	28.06

**B12. Realised and Unrealised Retained Earnings**

	Unaudited As of 31.3.2015 RM'000	Audited As of 31.03.2014 RM'000
Total retained earnings of the Group		
- Realised	329,755	306,182
- Unrealised	(158)	2,044
	<u>329,597</u>	<u>308,226</u>
Less: Consolidation adjustments	(10,610)	(9,122)
Total Group retained earnings	<u>318,987</u>	<u>299,104</u>

B13. Profit for the Year

	Cumulative 12-month Ended	
	31.3.2015 RM'000	31.3.2014 RM'000
Profit for the year is arrived at after crediting /(debiting) the following income/(expenses):		
- Interest income	4,922	4,335
- Other income	1,180	2,377
- Depreciation and amortization	(9,901)	(9,676)
- Inventories written down	119	(480)
- Gain on foreign exchange:		
Realised	577	2,953
Unrealised	1,577	(456)
- Unrealised loss on derivatives financial liabilities	(3,916)	1,027

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 fourth quarter of FY2015, was authorised for issuance by the Board of Directors of the Company during its meeting held on 27 May 2015.