

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 2016

SECOND FINANCIAL QUARTER ENDED 30 SEPTEMBER 2015
(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 2016
INTERIM FINANCIAL REPORT
SECOND FINANCIAL QUARTER ENDED 30 SEPTEMBER 2015

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

FINANCIAL YEAR ENDING 31 MARCH 2016
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE SECOND FINANCIAL QUARTER ENDED 30 SEPTEMBER 2015

	Note	Second Quarter Ended		Cumulative 6-month Ended	
		30.09.2015 RM'000	30.09.2014 RM'000	30.09.2015 RM'000	30.09.2014 RM'000
Revenue	A8	130,916	148,580	252,659	299,749
- Cost of sales		<u>(109,359)</u>	<u>(129,322)</u>	<u>(205,412)</u>	<u>(254,989)</u>
Gross profit		21,557	19,258	47,247	44,760
- Other income		805	1,485	4,129	1,853
- Selling and distribution costs		(2,765)	(2,774)	(5,093)	(5,606)
- Administrative expenses		(14,289)	(12,150)	(25,984)	(22,883)
- Share of results of an associate (net)		23	-	23	-
Profit before tax	A8	<u>5,331</u>	<u>5,819</u>	<u>20,322</u>	<u>18,124</u>
- Income tax expense	B5	<u>(1,845)</u>	<u>(1,155)</u>	<u>(5,282)</u>	<u>(3,908)</u>
Profit for the period	B13	<u>3,486</u>	<u>4,664</u>	<u>15,040</u>	<u>14,216</u>
Attributable to:					
- Equity holders of the Company		2,890	2,937	13,471	10,685
- Non-controlling interests		<u>596</u>	<u>1,727</u>	<u>1,569</u>	<u>3,531</u>
		<u>3,486</u>	<u>4,664</u>	<u>15,040</u>	<u>14,216</u>
Earnings per share (sen) attributable to equity holders of the Company					
- Basic and diluted	B11	<u>2.11</u>	<u>2.14</u>	<u>9.84</u>	<u>7.80</u>



SOUTHERN ACIDS (M) BERHAD
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FINANCIAL YEAR ENDING 31 MARCH 2016
CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE
INCOME FOR THE SECOND FINANCIAL QUARTER ENDED 30 SEPTEMBER 2015

	Note	Second Quarter Ended		Cumulative 6-month Ended	
		30.09.2015	30.09.2014	30.09.2015	30.09.2014
		RM'000	RM'000	RM'000	RM'000
Profit for the period	B13	3,486	4,664	15,040	14,216
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss:					
- Available-for-sale financial assets		(7,396)	1,463	920	156
- Exchange differences on translation of foreign subsidiaries		6,745	(653)	6,747	(6,271)
Items that will not reclassified subsequently to profit or loss:					
- Remeasurement of defined benefit obligation		-	-	-	-
Total comprehensive income for the period		<u>2,835</u>	<u>5,474</u>	<u>22,707</u>	<u>8,101</u>
Attributable to:					
- Equity holders of the Company		(259)	3,870	18,637	6,772
- Non-controlling interests		<u>3,094</u>	<u>1,604</u>	<u>4,070</u>	<u>1,329</u>
		<u>2,835</u>	<u>5,474</u>	<u>22,707</u>	<u>8,101</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 2015, and the accompanying notes attached to these interim financial statements.



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

FINANCIAL YEAR ENDING 31 MARCH 2016
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF 30 SEPTEMBER 2015

	Note	Unaudited As of 30.09.2015 RM'000	Audited As of 31.03.2015 RM'000
ASSETS			
Non-Current Assets			
Land held for property development		141,944	141,944
Property, plant and equipment	A9	134,947	134,913
Investment property		3,318	3,318
Investment in an associate		3,000	-
Biological assets		16,474	13,347
Available-for-sale investments		40,013	39,093
Advances for KKPA program		4,076	2,981
Deferred tax assets		2,284	2,228
		346,056	337,824
Current Assets			
Inventories		53,981	53,050
Trade receivables		45,443	48,083
Other receivables, deposits and prepaid expenses		7,030	3,922
Tax recoverable		9,993	7,618
Cash and cash equivalents		167,334	154,425
		283,781	267,098
TOTAL ASSETS		629,837	604,922



SOUTHERN ACIDS (M) BERHAD
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FINANCIAL YEAR ENDING 31 MARCH 2016
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF 30 SEPTEMBER 2015 (cont'd)

	Unaudited As of 30.09.2015 RM'000	Audited As of 31.03.2015 RM'000
EQUITY AND LIABILITIES		
Capital and Reserves		
Share capital	136,934	136,934
Reserves	368,363	356,458
	<hr/>	<hr/>
Equity attributable to equity holders of the Company	505,297	493,392
Non-controlling interests	46,847	45,683
	<hr/>	<hr/>
Total Equity	552,144	539,075
	<hr/>	<hr/>
Non-Current and Deferred Liabilities		
Provision for retirement benefits	9,622	8,777
Deferred tax liabilities	1,336	1,336
	<hr/>	<hr/>
	10,958	10,113
	<hr/>	<hr/>
Current Liabilities		
Trade payables	19,597	12,413
Other payables and accrued expenses	40,707	39,933
Derivative financial liabilities	5,621	2,728
Tax liabilities	689	539
Dividend payable	121	121
	<hr/>	<hr/>
	66,735	55,734
	<hr/>	<hr/>
TOTAL LIABILITIES	77,693	65,847
	<hr/>	<hr/>
TOTAL EQUITY AND LIABILITIES	629,837	604,922
	<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 2015, and the accompanying notes attached to these interim financial statements.



SOUTHERN ACIDS (M) BERHAD
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FINANCIAL YEAR ENDING 31 MARCH 2016
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SECOND FINANCIAL QUARTER ENDED 30 SEPTEMBER 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 2014	136,934	34,321	(10,790)	(322)	15,324	299,104	474,571	40,592	515,163
Profit for the period	-	-	-	-	-	10,685	10,685	3,531	14,216
Other comprehensive 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	22,269
As of 1 April 2015	136,934	34,321	(11,705)	(322)	14,569	319,595	493,392	45,683	539,075
Profit for the period	-	-	-	-	-	13,471	13,471	1,569	15,040
Other comprehensive income/(loss)	-	-	4,246	-	920	-	5,166	2,501	7,667
Total comprehensive income/(loss)	-	-	4,246	-	920	13,471	18,637	4,070	22,707
Acquisition of additional shares in subsidiaries	-	-	-	115	-	-	115	(1,140)	(1,025)
Disposal of shares in a subsidiary	-	-	-	-	-	-	-	(1,766)	(1,766)
Dividend paid	-	-	-	-	-	(6,847)	(6,847)	-	(6,847)
Dividend paid to non-controlling shareholders of a subsidiary company	-	-	-	-	-	-	-	-	-
As of 30 September 2015	136,934	34,321	(7,459)	(207)	15,489	326,219	505,297	46,847	552,144

The consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 31 March 2015, and the accompanying notes attached to these interim financial statements.



SOUTHERN ACIDS (M) BERHAD
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FINANCIAL YEAR ENDING 31 MARCH 2016
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SECOND FINANCIAL QUARTER ENDED 30 SEPTEMBER 2015

	Cumulative 6-month Ended	
	30.09.2015	30.09.2014
	RM'000	RM'000
Cash Flows From/(Used In) Operating Activities		
Profit before tax	20,322	18,124
Adjustments for:		
- Dividend income	(1,513)	(1,428)
- Interest income	(2,758)	(1,909)
- Unrealised gain on foreign exchange	(3,053)	(347)
- Depreciation of property, plant and equipment	5,111	4,553
- Inventories written down and write off/(reversal)	73	225
- Loss arising from derivative financial assets	2,893	2,319
- Provision for retirement benefits	862	542
- Amortisation of biological assets	373	357
- Net loss from acquisition and disposal of shares in subsidiaries	392	-
- Share of results of an associate (net)	(23)	-
- Gain on disposal of property, plant and equipment	(6)	(153)
	<hr/>	<hr/>
Operating Profit Before Working Capital Changes	22,673	22,283
(Increase)/decrease in :		
- Inventories	(1,004)	6,490
- Trade receivables	3,639	(2,530)
- Other receivables, deposit and prepaid expenses	(3,153)	681
Increase/(decrease) in:		
- Trade payables	9,135	(704)
- Other payables and accrued expenses	957	(104)
	<hr/>	<hr/>
Cash Generated From Operating Activities	32,247	26,116
- Income tax paid, net	(7,571)	(10,553)
- Retirement benefits paid, net	(31)	(193)
	<hr/>	<hr/>
Net Cash From Operating Activities	24,645	15,370
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SOUTHERN ACIDS (M) BERHAD
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FINANCIAL YEAR ENDING 31 MARCH 2016
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SECOND FINANCIAL QUARTER ENDED 30 SEPTEMBER 2015 (cont'd)

	Cumulative 6-month Ended	
	30.09.2015	30.09.2014
	RM'000	RM'000
Cash Flows From/(Used In) Investing Activities		
- Interest received	2,758	1,909
- Dividend received	1,513	1,428
- Investment in quoted share	-	(4,250)
- Net conversion for KKPA and Plasma projects	(1,095)	(787)
- Proceeds from disposal of property, plant and equipment	7	214
- Proceeds from disposal of shares in a subsidiary	2,462	-
- Cash outflow arising from acquisition of shares in subsidiaries	(903)	-
- Investment in an associate	(2,977)	-
- Addition to:		
- property, plant and equipment (net)	(7,384)	(19,931)
- biological assets	(2,708)	(1,943)
Net Cash Used In Investing Activities	(8,327)	(23,360)
Cash Flows Used In Financing Activity		
- Dividend paid	(6,847)	(995)
Net Cash Used In Financing Activity	(6,847)	(995)
Net Increase in Cash and Cash Equivalents	9,471	(8,985)
Cash and Cash Equivalents at Beginning of Financial Period	154,425	156,742
Effect of Translation Differences	3,438	(4,364)
Cash and Cash Equivalents at End of Financial Period	167,334	143,393
Composition of Cash and Cash Equivalents:		
- Cash and bank balances	73,011	30,392
- Fixed deposits with licensed banks	23,232	53,462
- Short-term placements	71,091	59,539
	167,334	143,393

The consolidated statement of cash flow should be read in conjunction with the audited financial statements for the financial year ended 31 March 2015, and the accompanying notes attached to these interim financial statements.



SOUTHERN ACIDS (M) BERHAD
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FINANCIAL YEAR ENDING 31 MARCH 2016
SECOND FINANCIAL QUARTER ENDED 30 SEPTEMBER 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 ó Interim Financial Reporting and other FRS issued by the Malaysian Accounting Standards Board (óMASBö).

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 2015. 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 2015

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 2015. 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 10	Consolidated Financial Statements (Amendments relating to Investment Entities: Applying the Consolidation Exceptions) ²
MFRS 10	Consolidated Financial Statements (Sale or Contribution of Assets between an Investor and its Associate or Joint Venture) ²
MFRS 12	Disclosures of Interests in Other Entities (Amendments relating to Investment Entities: Applying the Consolidation Exceptions) ²
MFRS 101	Presentation of Financial Statements (Amendments relating to Disclosure Initiative) ²
MFRS 116	Property, Plant and Equipment (Amendments relating to Clarification of Acceptable Methods of Depreciation and Amortisation) ²



MFRS 116	Property, Plant and Equipment (Amendments relating to Agriculture: Bearer Plants) ²
MFRS 128	Investments in Associates and Joint Ventures (Amendments relating to Investment Entities: Applying the Consolidation Exceptions) ²
MFRS 128	Investments in Associates and Joint Ventures (Sale or Contribution of Assets between an Investor and its Associate or Joint Venture) ²
MFRS 138	Intangible Assets (Amendments relating to Clarification of Acceptable Methods of Depreciation and Amortisation) ²
MFRS 141	Agriculture (Amendments relating to Bearer Plants) ²
Annual Improvements to MFRSs 2012 - 2014 cycle ²	

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

² Effective for annual periods beginning on or after 1 January 2016

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, except for the application of FRS 9 in the future may have a material impact on the amounts reported and disclosures made in the Group's financial statements. However, it is not practicable to provide a reasonable estimate of the effect of FRS 9 until the Group performs a detailed review.

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 Plants, 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 Oleochemical 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 financial period under review.

A5. Material Changes in Estimates

There were no material changes in the estimates of amounts reported during the financial period under review.

A6. Debt and Equity Securities

There were no issuance, cancellation, repurchases, resale and/or repayment of debt and equity securities during the financial period under review.

A7. Dividends Paid

The Company had on 28 August 2015 obtained its shareholders' approval at the Annual General Meeting of the Company on the proposed Single Tier Final Dividend of 5 sen per ordinary share of RM1.00 each, amounting to RM6,846,707 for FY2015. The dividends were paid on 3 October 2015.



A8. Segmental Information

	Cumulative 6-month Ended 30.09.2015		Cumulative 6-month Ended 30.09.2014	
	Revenue RM'000	Profit/(loss) before tax RM'000	Revenue RM'000	Profit/(loss) before tax RM'000
Manufacture and sales of oleochemical products	150,917	8,462	191,904	1,076
Sales of oil palm fruit and crude palm oil	59,821	7,817	56,539	11,500
Private hospital operations	33,940	5,529	43,939	4,132
Others	7,981	(1,509)	7,367	1,416
Share of profits of an associate (net)	-	23	-	-
	<u>252,659</u>	<u>20,322</u>	<u>299,749</u>	<u>18,124</u>

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 2015 to the financial period under review.

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

The Company (öSABö) had on 4 September 2015 entered into an agreement with Kong Global Capital Sdn Bhd (formerly known as Jolly Good Apps Sdn. Bhd) to dispose of its 973,750 ordinary shares of RM1.00 each held in subsidiary company, PKE (Malaysia) Sdn. Berhad ("PKEM"). The proposed agreement was completed on even date. Upon completion of the proposed disposal, PKEM ceased to be a direct subsidiary and became a direct associate company of SAB.



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 2015.

A13. Capital Commitments

Capital commitments not recognized in the interim financial statements as at 30 September 2015 is as follows :

Capital expenditure :

	RM'000
Contracted but not provided for	<u>3,439</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 30.09.2015 RM'000	Cumulative 6-month Ended 30.09.2014 RM'000
Sales of goods	533	313
Purchase of goods	1,165	1,655
Provision of administrative services	<u>2,136</u>	<u>1,530</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 decreased by 11.9% to RM130.9 million compared to the preceding corresponding quarter's revenue of RM148.6 million. The Group's profit before taxation (PBT) decreased by 8.4% to RM5.3 million compared to the preceding corresponding PBT of RM5.8 million. The decrease in PBT of RM0.5 million was mainly due to lower contribution from Plantation & Milling Division.

1. Oleochemical Division

Oleochemical Division registered an increase of 125.0% in PBT to RM0.6 million despite a decrease of 22.1% in revenue to RM72.6 million compared to the preceding corresponding quarter.

The decrease in revenue of RM20.6 million was mainly due to decrease in sales volume and average selling price (ASP) by 17.4% and 2.2% respectively.

The increase in PBT of RM2.9 million was mainly due to the following:-

- Higher operational profit of RM3.9 million; and
- Lower other income mainly from unrealised forex loss of RM1.0 million.

2. Plantation & Milling Division

Plantation & Milling Division registered an increase of 26.6% in revenue to RM37.5 million. However, PBT decreased by 25.3% to RM4.5 million compared to the preceding corresponding quarter.

The increase in revenue was mainly due to increase in sales volume by 47.6% despite decrease in ASP by 12.3%. The increase in revenue was significantly contributed by newly commissioned mill.

The decrease in PBT of RM1.5 million was mainly due to the following:-

- Lower operational profit of RM2.2 million; and
- Higher other operating income mainly from unrealised forex gain of RM0.7 million.



3. Healthcare Division

Healthcare Division registered an increase of 69.1% in PBT to RM2.8 million despite a decrease of 23.6% in revenue to RM16.6 million compared to the preceding corresponding quarter.

The decrease in revenue was mainly due to the Company currently recognising only its administration fees and other incidental costs chargeable to consultants as part of its revenue with effect from 1 April 2015. The difference amounted to RM4.3 million.

The increase in PBT of RM1.1 million was mainly due to higher operational profit compared to preceding corresponding quarter.

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 15.7% to RM252.7 million compared to the preceding corresponding period revenue of RM299.7 million. The Group's PBT increased by 12.1% to RM20.3 million. The increase in PBT was due to higher contribution by Oleochemical Division despite lower contribution from Plantation & Milling Division.

1. Oleochemical Division

Oleochemical Division registered an increase in PBT by 686.4% to RM8.5 million despite a decrease of 21.4% in revenue to RM150.9 million compared to the preceding corresponding period.

The decrease in revenue was mainly due to 16.3% and 4.9% decrease in sales volume and ASP respectively.

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

- Increase in operational profit of RM6.0 million; and
- Higher other income mainly from unrealised forex gain of RM1.4 million.

2. Plantation & Milling Division

Plantation & Milling Division registered an increase of 5.8% in revenue to RM59.8 million. However, PBT decreased by 32.0% to RM7.8 million compared to the preceding corresponding period.

The increase in revenue was mainly due to 23.7% increase in sales volume despite 14.3% decrease in ASP. The increase in revenue was significantly contributed by newly commissioned mill.



The decrease in PBT of RM3.7 million was mainly due to the following:-

- Decrease in operational profit of RM4.6 million; and
- Increase in other income mainly from unrealised forex gain of RM0.9 million.

3. Healthcare Division

Healthcare Division registered an increase in PBT by 33.8% to RM5.5 million despite a decrease of 22.8% in revenue to RM33.9 million compared to the preceding corresponding period.

The decrease in revenue was mainly due to the Company currently recognising only its administration fees and other incidental costs chargeable to consultants as part of its revenue with effect from 1 April 2015. The difference amounted to RM8.5 million.

The increase in PBT was mainly contributed by higher operational profit.

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 64.4% in PBT to RM5.3 million compared to the immediate preceding quarter. The lower PBT of RM9.7 million was mainly due to the following:-

- Lower contribution of RM7.3 million by Oleochemical Division; and
- Lower contribution of RM3.4 million by Other Divisions.

B3. Prospect of the Group

In the financial year ending 31 March 2016 (FY2016), the operating environment remains challenging and very much dependant on the following critical factors:-

- uncertainty and volatility in currency exchange rate of USD/MYR and MYR/IDR;
- uncertainty and volatility in CPO prices;
- anticipated weather conditions that would impact on the production of FFB; and
- changes in relevant government regulations and policies at the operating countries such as biodiesel mandate, export tariff, minimum wages and utilities costs.

Nevertheless the Company will continue to strive in improving the operation efficiency and productivity besides exploring effective ways of cost optimization to mitigate the possible impact on the financial results. With the cautious measures, the Board is of the opinion that the Group's performance for FY2016 would be satisfactory.

**B4. Profit Forecast**

There were no profit forecast and profit guarantee issued during the financial period under review.

B5. Income Tax Expense

	Second Quarter Ended		Cumulative 6-month Ended	
	30.09.2015	30.09.2014	30.09.2015	30.09.2014
	RM'000	RM'000	RM'000	RM'000
Estimated tax payable				
- Malaysian tax expense	922	(286)	3,522	896
- Overseas tax expense	923	1,441	1,760	3,012
	<hr/>	<hr/>	<hr/>	<hr/>
	1,845	1,155	5,282	3,908
- Provision of deferred tax assets	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total	1,845	1,155	5,282	3,908
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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 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 30 September 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	42,729	48,350	(5,621)

(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 2015, total outstanding commodity future contracts of the Group amounted to RM6.9 million, with effective dates of execution up to May 2016.

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 2015.

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	
	30.09.2015	30.09.2014	30.09.2015	30.09.2014
Profit attributable to equity holders of the Company (in RM'000)	2,890	2,937	13,471	10,685
Weighted average number of ordinary shares in issue (in '000)	136,934	136,934	136,934	136,934
Basic earnings per share (in Sen)	2.11	2.14	9.84	7.80

**B12. Realised and Unrealised Retained Earnings**

	Unaudited As of 30.09.2015 RM'000	Audited As of 31.03.2015 RM'000
Total retained earnings of the Group		
- Realised	333,091	331,756
- Unrealised	1,620	(436)
	<u>334,711</u>	<u>331,320</u>
Total retained earnings of the Associate		
- Realised	23	-
Less: Consolidation adjustments	(8,515)	(11,725)
Total Group retained earnings	<u>326,219</u>	<u>319,595</u>

B13. Profit for the Period

	Cumulative 6-month Ended 30.09.2015 RM'000	30.09.2014 RM'000
Profit for the period is arrived at after crediting /(debiting) the following income/(expenses):		
- Interest income	2,758	1,909
- Other income	903	1,532
- Depreciation and amortization	(5,484)	(4,910)
- Inventories written down	(73)	225
- Net loss from acquisition and disposal of shares in subsidiaries	(392)	-
- Gain on foreign exchange:		
Realised	700	384
Unrealised	3,053	347
- Unrealised loss on derivatives financial liabilities	(2,893)	(2,319)

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 2015 was not subject to any qualifications.

This Interim Financial Report of Southern Acids (M) Berhad for the second quarter of FY2016, was authorised for issuance by the Board of Directors of the Company on 30 November 2015.