

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 2016

FOURTH FINANCIAL QUARTER ENDED 31 MARCH 2016
(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 2016
INTERIM FINANCIAL REPORT
FOURTH FINANCIAL QUARTER ENDED 31 MARCH 2016

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 – 14
Part B: Pursuant to paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and any revision thereon	15 - 21



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

FINANCIAL YEAR ENDED 31 MARCH 2016
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE FOURTH FINANCIAL QUARTER ENDED 31 MARCH 2016

	Note	Fourth Quarter Ended 31.03.2016 RM'000	31.03.2015 RM'000	Cumulative 12-month Ended 31.03.2016 RM'000	31.03.2015 RM'000
Revenue	A8	126,285	127,462	503,414	562,029
- Cost of sales		(109,034)	(102,536)	(419,546)	(465,354)
Gross profit		17,251	24,926	83,868	96,675
- Administrative expenses		(13,306)	(17,272)	(59,005)	(58,541)
- Other income		1,872	3,260	11,801	5,557
Profit from operations		5,817	10,914	36,664	43,691
- Interest expense		(70)	-	(70)	-
- Share of results of an associate (net)		690	-	364	-
Profit before tax	A8	6,437	10,914	36,958	43,691
- Income tax expense	B5	(2,338)	(2,958)	(10,928)	(9,585)
Profit for the period/year	B13	4,099	7,956	26,030	34,106
Attributable to:					
- Equity holders of the Company		4,938	6,958	24,924	27,521
- Non-controlling interests		(839)	998	1,106	6,585
		4,099	7,956	26,030	34,106
Earnings per share (sen) attributable to equity holders of the Company					
- Basic and diluted	B11	3.61	5.08	18.20	20.10



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

FINANCIAL YEAR ENDED 31 MARCH 2016
CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE
INCOME FOR THE FOURTH FINANCIAL QUARTER ENDED 31 MARCH 2016

	Note	Fourth Quarter Ended		Cumulative 12-month Ended	
		31.03.2016	31.03.2015	31.03.2016	31.03.2015
		RM'000	RM'000	RM'000	RM'000
Profit for the period/year	B13	4,099	7,956	26,030	34,106
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss:					
- Available-for-sale financial assets		(1,333)	488	(330)	(755)
- Exchange differences on translation of foreign subsidiaries		(6,927)	358	5,147	(1,284)
Items that will not be reclassified subsequently to profit or loss:					
- Remeasurement of defined benefit obligation		115	(261)	115	(261)
Total comprehensive income for the period/year		<u>(4,046)</u>	<u>8,541</u>	<u>30,962</u>	<u>31,806</u>
Attributable to:					
- Equity holders of the Company		(672)	7,507	27,337	25,668
- Non-controlling interests		<u>(3,374)</u>	<u>1,034</u>	<u>3,625</u>	<u>6,138</u>
		<u>(4,046)</u>	<u>8,541</u>	<u>30,962</u>	<u>31,806</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 ENDED 31 MARCH 2016
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF 31 MARCH 2016

	Note	Unaudited As of 31.03.2016 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	132,200	134,913
Investment property		3,318	3,318
Investment in an associate		3,341	-
Biological assets		19,428	13,347
Available-for-sale investments		38,780	39,093
Advances for KKPA program		4,431	2,981
Deferred tax assets		1,574	2,228
		345,016	337,824
Current Assets			
Inventories		61,995	53,050
Trade receivables		27,844	48,083
Other receivables, deposits and prepaid expenses		9,303	3,922
Derivative financial assets		2,359	-
Tax recoverable		16,025	7,618
Cash and cash equivalents		163,912	154,425
		281,438	267,098
TOTAL ASSETS		626,454	604,922



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

FINANCIAL YEAR ENDED 31 MARCH 2016
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF 31 MARCH 2016 (cont'd)

	Unaudited As of 31.03.2016 RM'000	Audited As of 31.03.2015 RM'000
EQUITY AND LIABILITIES		
Capital and Reserves		
Share capital	136,934	136,934
Reserves	377,063	356,458
	<hr/>	<hr/>
Equity attributable to equity holders of the Company	513,997	493,392
Non-controlling interests	44,589	45,683
	<hr/>	<hr/>
Total Equity	558,586	539,075
	<hr/>	<hr/>
Non-Current and Deferred Liabilities		
Finance lease	481	-
Provision for retirement benefits	10,019	8,777
Deferred tax liabilities	1,388	1,336
	<hr/>	<hr/>
	11,888	10,113
	<hr/>	<hr/>
Current Liabilities		
Trade payables	21,810	12,413
Other payables and accrued expenses	33,575	39,933
Derivative financial liabilities	-	2,728
Finance lease	327	-
Tax liabilities	147	539
Dividend payable	121	121
	<hr/>	<hr/>
	55,980	55,734
	<hr/>	<hr/>
TOTAL LIABILITIES	67,868	65,847
	<hr/>	<hr/>
TOTAL EQUITY AND LIABILITIES	626,454	604,922
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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 2015, 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 2016
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FOURTH FINANCIAL QUARTER ENDED 31 MARCH 2016

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 year	-	-	-	-	-	27,521	27,521	6,585	34,106
Other comprehensive loss	-	-	(915)	-	(755)	(183)	(1,853)	(447)	(2,300)
Total comprehensive income/(loss)	-	-	(915)	-	(755)	27,338	25,668	6,138	31,806
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	(11,705)	(322)	14,569	319,595	493,392	45,683	539,075
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 year	-	-	-	-	-	24,924	24,924	1,106	26,030
Other comprehensive income/(loss)	-	-	2,662	-	(330)	81	2,413	2,519	4,932
Total comprehensive income/(loss)	-	-	2,662	-	(330)	25,005	27,337	3,625	30,962
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	-	-	-	-	-	-	-	(1,813)	(1,813)
As of 31 March 2016	136,934	34,321	(9,043)	(207)	14,239	337,753	513,997	44,589	558,586

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
(Incorporated in Malaysia)
AND ITS SUBSIDIARY COMPANIES

FINANCIAL YEAR ENDED 31 MARCH 2016
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FOURTH FINANCIAL QUARTER ENDED 31 MARCH 2016

	Cumulative 12-month Ended	
	31.03.2016	31.03.2015
	RM'000	RM'000
Cash Flows From/(Used In) Operating Activities		
Profit before tax	36,958	43,691
Adjustments for:		
- Dividend income	(1,618)	(1,616)
- Interest income	(5,259)	(4,922)
- Interest expense	70	-
- Unrealised loss on foreign exchange	3,957	1,577
- Depreciation of property, plant and equipment	11,940	9,170
- Inventories written down and write off	149	274
- (Gain)/loss arising from derivative financial assets	(5,087)	3,916
- Provision for retirement benefits	1,976	1,425
- Amortisation of biological assets	720	730
- Net loss from acquisition and disposal of shares in subsidiaries	392	-
- Share of results of an associate (net)	(364)	-
- Reversal of amortisation of leasehold land	-	(384)
- Reversal for loss on Plasma PIR-TRANS program	-	(62)
- Property, plant and equipment written off	-	479
- Gain on disposal of property, plant and equipment	(8)	(139)
	<hr/>	<hr/>
Operating Profit Before Working Capital Changes	43,826	54,139
(Increase)/decrease in :		
- Inventories	(9,094)	8,093
- Trade receivables	14,555	10,129
- Other receivables, deposit and prepaid expenses	(5,426)	(3,913)
Increase/(decrease) in:		
- Trade payables	11,348	(4,980)
- Other payables and accrued expenses	(6,161)	2,827
	<hr/>	<hr/>
Cash Generated From Operating Activities	49,048	66,295
- Income tax paid, net	(18,639)	(20,948)
- Retirement benefits paid, net	(96)	(215)
	<hr/>	<hr/>
Net Cash From Operating Activities	30,313	45,132



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

FINANCIAL YEAR ENDED 31 MARCH 2016
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FOURTH FINANCIAL QUARTER ENDED 31 MARCH 2016 (cont'd)

	Cumulative 12-month Ended	Cumulative 12-month Ended
	31.03.2016	31.03.2015
	RM'000	RM'000
Cash Flows From/(Used In) Investing Activities		
- Interest received	5,259	4,922
- Dividend received	1,618	1,616
- Investment in quoted share	(18)	(4,370)
- Refund from rescindment of SPA for leasehold land	-	6,471
- Net conversion for KKPA and Plasma projects	(1,450)	(1,478)
- Proceeds from disposal of property, plant and equipment	8	317
- 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)	(12,436)	(42,701)
- biological assets	(6,229)	(3,803)
Net Cash Used In Investing Activities	(14,666)	(39,026)
Cash Flows Used In Financing Activity		
- Proceeds from finance lease	998	-
- Repayment of finance lease	(260)	-
- Dividend paid	(8,660)	(7,894)
Net Cash Used In Financing Activity	(7,922)	(7,894)
Net Increase in Cash and Cash Equivalents	7,725	(1,788)
Cash and Cash Equivalents at Beginning of Financial Year	154,425	156,742
Effect of Translation Differences	1,762	(529)
Cash and Cash Equivalents at End of Financial Year	163,912	154,425
Composition of Cash and Cash Equivalents:		
- Cash and bank balances	69,952	48,703
- Fixed deposits with licensed banks	19,729	24,752
- Short-term placements	74,231	80,970
	163,912	154,425

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
(Incorporated in Malaysia)
AND ITS SUBSIDIARY COMPANIES

FINANCIAL YEAR ENDED 31 MARCH 2016
FOURTH FINANCIAL QUARTER ENDED 31 MARCH 2016
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 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 as issued by IASB in November 2009) ²
FRS 9	Financial Instruments (IFRS 9 as issued by IASB in October 2010) ²
FRS 9	Financial Instruments (Hedging Accounting and amendments to FRS 9, FRS 7 and FRS 139) ²
FRS 9	Financial Instruments (IFRS 9 as issued by IASB in July 2014) ²
FRS 101	Presentation of Financial Statements (Amendments relating to Disclosure Initiative) ¹
FRS 127	Consolidated and Separate Financial Statements (Amendments relating to Equity Method in Separate Financial Statements) ¹
FRS 9 and FRS 7	Mandatory Effective Date of FRS9 (IFRS 9 as issued by IASB in November 2009 and October 2010) and Transition Disclosures ²



FRS 10 and FRS 128	Amendments relating to Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
FRS 10, FRS 12 and FRS128	Amendments relating to Investment Entities: Applying the Consolidation Exceptions ¹
FRS 116 and FRS 138	Amendments relating to Clarification of Acceptable Methods of Depreciation and Amortisation ¹
Annual Improvements to MFRSs 2012 - 2014 cycle ¹	

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

² Effective for annual periods beginning on or after 1 January 2018

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 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 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 12-month Ended 31.03.2016		Cumulative 12-month Ended 31.03.2015	
	Revenue RM'000	Profit/(loss) before tax RM'000	Revenue RM'000	Profit before tax RM'000
Manufacture and sales of oleochemical products	284,020	16,269	349,850	9,038
Sales of oil palm fruit and crude palm oil	135,010	9,144	106,040	23,659
Private hospital operations	71,257	13,529	92,125	9,306
Others	13,127	(2,348)	14,014	1,688
	<u>503,414</u>	<u>36,594</u>	<u>562,029</u>	<u>43,691</u>
Share of profits of an associate (net)	-	364	-	-
	<u>503,414</u>	<u>36,958</u>	<u>562,029</u>	<u>43,691</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 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

The Company ("SAB") 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 31 March 2016 is as follows :

Capital expenditure :

	RM'000
Contracted but not provided for	<u>3,547</u>

A14. Related Party Transactions

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

	Cumulative 12-month Ended 31.03.2016 RM'000	Cumulative 12-month Ended 31.03.2015 RM'000
Sales of goods	953	923
Purchase of goods	3,506	3,029
Provision of administrative services	<u>4,731</u>	<u>3,293</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 marginally by 0.9% to RM126.3 million compared to the preceding corresponding quarter's revenue of RM127.5 million. The Group's profit before taxation ("PBT") decreased by 41.0% to RM6.4 million compared to the preceding corresponding PBT of RM10.9 million. The decrease in PBT of RM4.5 million was mainly due to lower contribution from Plantation & Milling and Oleochemical Division.

1. Oleochemical Division

Oleochemical Division registered a decrease of 15.6% in revenue to RM64.4 million and a decrease of 58.7% in PBT to RM1.9 million compared to the preceding corresponding quarter.

The decrease in revenue of RM11.9 million was mainly due to decrease in sales volume by 14.0%.

The decrease in PBT of RM2.6 million mainly due to higher operation costs.

2. Plantation & Milling Division

Plantation & Milling Division registered an increase of 86.0% in revenue to RM39.6 million. However, PBT decreased by 118.3% to RM0.9 million losses compared to the preceding corresponding quarter.

The increase in revenue was mainly due to increase in sales volume by 121.7%. The increase in revenue was significantly contributed by the newly commissioned mill.

The decrease in PBT of RM5.5 million was mainly due to the following:-

- Lower operational profit of RM4.3 million; and
- Lower other income mainly due to unrealised forex loss of RM1.2 million.



3. Healthcare Division

Healthcare Division registered an increase of 359.3% in PBT to RM5.4 million despite a decrease of 23.7% in revenue to RM20.2 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 RM7.5 million.

The increase in PBT was mainly contributed by higher operational profit and lower administrative 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 decreased by 10.4% to RM503.4 million compared to the preceding corresponding year revenue of RM562.0 million. The Group's PBT decreased by 15.4% to RM37.0 million. The decrease in PBT was mainly due to lower contribution by Plantation & Milling and Others Division.

1. Oleochemical Division

Oleochemical Division registered an increase in PBT by 80.0% to RM16.3 million despite a decrease of 18.8% in revenue to RM284.0 million compared to the preceding corresponding year.

The decrease in revenue was mainly due to 15.8% decrease in sales volume.

The increase in PBT of RM7.2 million was mainly due to the following: -

- Increase in operational profit of RM0.9 million; and
- Higher other income mainly from unrealised forex gain of RM6.3 million.



2. Plantation & Milling Division

Plantation & Milling Division registered an increase of 27.3% in revenue to RM135.0 million. However, PBT decreased by 61.4% to RM9.1 million compared to the preceding corresponding year.

The increase in revenue was mainly due to 55.7% increase in sales volume despite a decrease of 17.1% in ASP. The increase in revenue was significantly contributed by the newly commissioned mill.

The decrease in PBT of RM14.5 million was mainly due to decrease in operational profit.

3. Healthcare Division

Healthcare Division registered an increase in PBT by 45.4% to RM13.5 million despite a decrease of 22.7% in revenue to RM71.3 million compared to the preceding corresponding year.

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 RM25.2 million.

The increase in PBT was mainly contributed by higher operational profit and lower administrative expenses.

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

In the current quarter under review, the Group registered an decrease of 36.9% in PBT to RM6.4 million compared to the immediate preceding quarter. The lower PBT of RM3.8 million was mainly due to the following:-

- Lower contribution of RM4.1 million by Oleochemical Division;
- Lower contribution of RM3.0 million by Plantation & Milling Division; and
- Higher contribution of RM2.7 million by Healthcare Division.



B3. Prospect of the Group

In the financial year ended 31 March 2016, the Group registered a 15.4% lower in PBT to RM37.0 million compared to the preceding year. The lower PBT was mainly due to lower contribution from Plantations & Milling Division. Besides the low CPO prices, the shortage of FFB supply was another main factor to its weak performance.

In the financial year ending 31 March 2017 (“FY2017”), the same uncontrollable factors will continue to affect Oleochemical and Plantation & Milling Division’s performance. In addition, our Group’s performance is also subject to the following uncontrollable factors:-

- keener competition from competitors;
- frequent changes in relevant government regulations/policies for the biodiesel mandate, minimum wages and export tariff; and
- uncertainty and volatility in currency exchange rate namely USD/MYR and MYR/IDR;

In view of the above factors, FY2017 will remain challenging for our Group. The Board is cautiously optimistic on its financial performance in FY2017 and will take the necessary steps to achieve a better financial performance.

B4. Profit Forecast

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

B5. Income Tax Expense

	Fourth Quarter Ended		Cumulative 12-month Ended	
	31.03.2016	31.03.2015	31.03.2016	31.03.2015
	RM'000	RM'000	RM'000	RM'000
Estimated tax payable				
- Malaysian tax expense	(687)	4,458	5,795	6,342
- Overseas tax expense	2,312	2,168	4,420	6,911
	1,625	6,626	10,215	13,253
- Provision of deferred tax	713	(3,668)	713	(3,668)
	2,338	2,958	10,928	9,585
Total	2,338	2,958	10,928	9,585



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

The Group's borrowing as at 31 March 2016:-

	Unaudited As of 31.03.2016 RM'000	Audited As of 31.03.2015 RM'000
Short term (Secured)		
- Finance lease liabilities Denominated in IDR (IDR1,114 million)	327	-
Long term (Secured)		
- Finance lease liabilities Denominated in IDR (IDR1,635 million)	481	-

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 2016 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	20,308	17,949	2,359



(b) Commodity future contracts

Commodity future contracts were entered into to manage exposure to adverse movements in crude palm oil prices. These contracts were entered into and continue to be held for the purpose of the receipt or delivery of the physical commodity in accordance with the Group's usage requirements.

Gains or losses arising from these contracts are deferred and included in the measurement of the purchase or sale transactions only upon the recognition of the anticipated transactions.

As at 31 March 2016, total outstanding commodity future contracts of the Group amounted to RM2.4 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

The Board of Directors has on 31 May 2016 recommended a first and final single-tier dividend of 5.0 sen per share of RM1.00 each for the financial year ended 31 March 2016 which is subject to the approval of the shareholders in the forthcoming annual general meeting.

The entitlement and payment shall be finalized and announced in due course.

B11. Earnings per Share

	Fourth Quarter Ended		Cumulative 12-month Ended	
	31.03.2016	31.03.2015	31.03.2016	31.03.2015
Profit attributable to equity holders of the Company (in RM'000)	4,938	6,958	24,924	27,521
Weighted average number of ordinary shares in issue (in '000)	136,934	136,934	136,934	136,934
Basic earnings per share (in Sen)	3.61	5.08	18.20	20.10

**B12. Realised and Unrealised Retained Earnings**

	Unaudited As of 31.03.2016 RM'000	Audited As of 31.03.2015 RM'000
Total retained earnings of the Group		
- Realised	344,005	331,756
- Unrealised	1,412	(436)
	<u>345,417</u>	<u>331,320</u>
Total retained earnings of the Associate		
- Realised	364	-
Less: Consolidation adjustments	(8,028)	(11,725)
Total Group retained earnings	<u><u>337,753</u></u>	<u><u>319,595</u></u>

B13. Profit for the year

	Cumulative 12-month Ended 31.03.2016 RM'000	31.03.2015 RM'000
Profit for the year is arrived at after crediting /(debiting) the following income/(expenses):		
- Interest income	5,259	4,922
- Interest expense	(70)	-
- Other income	3,077	2,397
- Depreciation and amortization	(12,660)	(9,900)
- Inventories written down, net	(149)	(274)
- Net loss from acquisition and disposal of shares		
In subsidiaries	(392)	-
- (Loss)/gain on foreign exchange:		
Realised	2,727	577
Unrealised	(3,957)	1,577
- Unrealised gain/(loss) on derivatives financial asstes/liabilities	5,087	(3,916)

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 Fourth Quarter of FY2016, was authorised for issuance by the Board of Directors of the Company on 31 May 2016.