

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 2017

THIRD FINANCIAL QUARTER ENDED 31 DECEMBER 2016
(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 2017
INTERIM FINANCIAL REPORT
THIRD FINANCIAL QUARTER ENDED 31 DECEMBER 2016

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

FINANCIAL YEAR ENDING 31 MARCH 2017
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE THIRD FINANCIAL QUARTER ENDED 31 DECEMBER 2016

	Note	Third Quarter Ended 31.12.2016 RM'000	31.12.2015 RM'000	Cumulative 9-month Ended 31.12.2016 RM'000	31.12.2015 RM'000
Revenue	A8	191,902	124,470	519,983	377,129
- Cost of sales		(158,599)	(107,347)	(444,501)	(317,371)
Gross profit		33,303	17,123	75,482	59,758
- Administrative expenses		(12,163)	(12,375)	(36,505)	(38,840)
- Other income		3,030	5,800	10,393	9,929
Profit from operations		24,170	10,548	49,370	30,847
- Interest expense		(19)	-	(62)	-
- Share of results of an associate (net)		(1,129)	(349)	(1,032)	(326)
Profit before tax	A8	23,022	10,199	48,276	30,521
- Income tax expense	B5	(5,216)	(3,308)	(11,661)	(8,590)
Profit for the period	B13	17,806	6,891	36,615	21,931
Attributable to:					
- Equity holders of the Company		14,126	6,515	31,842	19,986
- Non-controlling interests		3,680	376	4,773	1,945
		17,806	6,891	36,615	21,931
Earnings per share (sen) attributable to equity holders of the Company					
- Basic and diluted	B11	10.32	4.76	23.25	14.60



SOUTHERN ACIDS (M) BERHAD
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FINANCIAL YEAR ENDING 31 MARCH 2017
CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE
INCOME FOR THE THIRD FINANCIAL QUARTER ENDED 31 DECEMBER 2016

	Note	Third Quarter Ended		Cumulative 9-month Ended	
		31.12.2016	31.12.2015	31.12.2016	31.12.2015
		RM'000	RM'000	RM'000	RM'000
Profit for the period	B13	17,806	6,891	36,615	21,931
Other comprehensive income					
Items that may be reclassified					
subsequently to profit or loss:					
- Available-for-sale financial					
assets		263	83	(4,119)	1,003
- Exchange differences on					
translation of foreign					
subsidiaries		6,933	5,327	16,042	12,074
Items that will not be					
reclassified					
subsequently to profit or loss:					
- Remeasurement of defined					
benefit obligation		-	-	-	-
Total comprehensive income					
for the period		<u>25,002</u>	<u>12,301</u>	<u>48,538</u>	<u>35,008</u>
Attributable to:					
- Equity holders of the		18,756	9,372	37,825	28,009
Company					
- Non-controlling interests		<u>6,246</u>	<u>2,929</u>	<u>10,713</u>	<u>6,999</u>
		<u>25,002</u>	<u>12,301</u>	<u>48,538</u>	<u>35,008</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 2016, and the accompanying notes attached to these interim financial statements.



SOUTHERN ACIDS (M) BERHAD
(Incorporated in Malaysia)
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FINANCIAL YEAR ENDING 31 MARCH 2017
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF 31 DECEMBER 2016

	Note	Unaudited As of 31.12.2016 RM'000	Audited As of 31.03.2016 RM'000
ASSETS			
Non-Current Assets			
Land held for property development		141,944	141,944
Property, plant and equipment	A9	142,493	132,200
Investment property		3,318	3,318
Biological assets		24,509	19,428
Investment in an associate		2,309	3,341
Available-for-sale investments		34,866	38,780
Advances for KKPA program		5,995	4,431
Deferred tax assets		1,769	1,574
		357,203	345,016
Current Assets			
Inventories		92,131	61,952
Derivative financial assets	B8	-	2,359
Trade receivables		50,869	27,704
Other receivables, deposits and prepaid expenses		13,941	9,156
Amounts owing by an associate company		2,230	123
Tax recoverable		21,001	16,036
Cash and cash equivalents		144,578	164,026
		324,750	281,356
TOTAL ASSETS		681,953	626,372



SOUTHERN ACIDS (M) BERHAD
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FINANCIAL YEAR ENDING 31 MARCH 2017
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF 31 DECEMBER 2016 (cont'd)

	Unaudited	Audited
	As of	As of
	31.12.2016	31.03.2016
	RM'000	RM'000
EQUITY AND LIABILITIES		
Capital and Reserves		
Share capital	136,934	136,934
Reserves	407,986	377,008
	<hr/>	<hr/>
Equity attributable to equity holders of the Company	544,920	513,942
Non-controlling interests	55,289	44,576
	<hr/>	<hr/>
Total Equity	600,209	558,518
	<hr/>	<hr/>
Non-Current and Deferred Liabilities		
Hire purchase payable	B7 238	481
Provision for retirement benefits	11,654	10,019
Deferred tax liabilities	1,422	1,422
	<hr/>	<hr/>
	13,314	11,922
	<hr/>	<hr/>
Current Liabilities		
Trade payables	34,106	21,698
Other payables and accrued expenses	30,717	33,606
Amounts owing to an associate company	-	33
Derivative financial liabilities	2,827	-
Hire purchase payable	B7 403	327
Tax liabilities	256	147
Dividend payable	121	121
	<hr/>	<hr/>
	68,430	55,932
	<hr/>	<hr/>
TOTAL LIABILITIES	81,744	67,854
	<hr/>	<hr/>
TOTAL EQUITY AND LIABILITIES	681,953	626,372
	<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 2016, and the accompanying notes attached to these interim financial statements.



SOUTHERN ACIDS (M) BERHAD
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FINANCIAL YEAR ENDING 31 MARCH 2017
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THIRD FINANCIAL QUARTER ENDED 31 DECEMBER 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 2015	136,934	34,321	(11,705)	(322)	14,569	319,595	493,392	45,683	539,075
Profit for the period	-	-	-	-	-	19,986	19,986	1,945	21,931
Other comprehensive income/(loss)	-	-	7,020	-	1,003	-	8,023	5,054	13,077
Total comprehensive income/(loss)	-	-	7,020	-	1,003	19,986	28,009	6,999	35,008
Acquisition of non-controlling interests	-	-	-	-	-	115	115	(1,140)	(1,025)
Disposal of a subsidiary	-	-	-	-	-	-	-	(1,766)	(1,766)
Dividend paid	-	-	-	-	-	(6,847)	(6,847)	-	(6,847)
Dividend paid to non-controlling shareholders of a subsidiary company	-	-	-	-	-	-	-	(1,918)	(1,918)
As of 31 December 2015	136,934	34,321	(4,685)	(322)	15,572	332,849	514,669	47,858	562,527
As of 1 April 2016	136,934	34,321	(9,042)	(322)	14,238	337,813	513,942	44,576	558,518
Profit for the period	-	-	-	-	-	31,842	31,842	4,773	36,615
Other comprehensive income/(loss)	-	-	10,102	-	(4,119)	-	5,983	5,940	11,923
Total comprehensive income/(loss)	-	-	10,102	-	(4,119)	31,842	37,825	10,713	48,538
Dividend paid	-	-	-	-	-	(6,847)	(6,847)	-	(6,847)
Dividend paid to non-controlling shareholders of a subsidiary company	-	-	-	-	-	-	-	-	-
As of 31 December 2016	136,934	34,321	1,060	(322)	10,119	362,808	544,920	55,289	600,209

The consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 31 March 2016, and the accompanying notes attached to these interim financial statements.



SOUTHERN ACIDS (M) BERHAD
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FINANCIAL YEAR ENDING 31 MARCH 2017
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THIRD FINANCIAL QUARTER ENDED 31 DECEMBER 2016

	Cumulative 9-month Ended	
	31.12.2016	31.12.2015
	RM'000	RM'000
Cash Flows From/(Used In) Operating Activities		
Profit before tax	48,276	30,521
Adjustments for:		
- Dividend income	(1,856)	(1,535)
- Interest income	(3,484)	(4,056)
- Interest expense	62	-
- Unrealised gain on foreign exchange	(7,632)	(587)
- Depreciation of property, plant and equipment	10,418	8,608
- Inventories written down and write off	213	(202)
- Loss/(gain) arising from derivative financial assets	5,186	(2,527)
- Provision for retirement benefits	1,395	1,305
- Amortisation of biological assets	599	417
- Net loss from acquisition and disposal of shares in subsidiaries	-	392
- Share of results of an associate (net)	1,032	326
- Property, plant and equipment written off	1	-
- Loss/(gain) on disposal of property, plant and equipment	117	(6)
Operating Profit Before Working Capital Changes	54,327	32,656
(Increase)/decrease in :		
- Inventories	(30,392)	(5,030)
- Trade receivables	(17,575)	2,812
- Other receivables, deposit and prepaid expenses	(9,743)	(3,716)
- Associate company	(2,139)	-
Increase/(decrease) in:		
- Trade payables	12,408	9,771
- Other payables and accrued expenses	(2,889)	931
Cash Generated From Operating Activities	3,997	37,424
- Income tax paid, net	(10,196)	(13,534)
- Retirement benefits paid, net	(360)	(63)
Net Cash From Operating Activities	(6,559)	23,827



SOUTHERN ACIDS (M) BERHAD
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FINANCIAL YEAR ENDING 31 MARCH 2017
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THIRD FINANCIAL QUARTER ENDED 31 DECEMBER 2016 (cont'd)

	Cumulative 9-month Ended	
	31.12.2016	31.12.2015
	RM'000	RM'000
Cash Flows From/(Used In) Investing Activities		
- Interest received	3,484	4,056
- Dividend received	1,856	1,535
- Investment in quoted share	(205)	(18)
- Interest expenses	(62)	-
- Net conversion for KKPA and Plasma projects	(1,565)	(1,410)
- 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)
- Proceeds from disposal of property, plant and equipment	12	7
- Addition to:		
- property, plant and equipment (net)	(12,458)	(9,248)
- biological assets	(3,130)	(5,080)
Net Cash Used In Investing Activities	(12,068)	(11,576)
Cash Flows Used In Financing Activity		
- Repayment of finance lease	(274)	-
- Dividend paid	(6,847)	(8,765)
Net Cash Used In Financing Activity	(7,121)	(8,765)
Net Increase in Cash and Cash Equivalents	(25,748)	3,486
Cash and Cash Equivalents at Beginning of Financial Period	164,026	154,425
Effect of Translation Differences	6,300	5,959
Cash and Cash Equivalents at End of Financial Period	144,578	163,870
Composition of Cash and Cash Equivalents:		
- Cash and bank balances	61,513	65,798
- Fixed deposits with licensed banks	12,350	24,079
- Short-term placements	70,715	73,993
	144,578	163,870

The consolidated statement of cash flow should be read in conjunction with the audited financial statements for the financial year ended 31 March 2016, and the accompanying notes attached to these interim financial statements.



SOUTHERN ACIDS (M) BERHAD
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FINANCIAL YEAR ENDING 31 MARCH 2017
THIRD FINANCIAL QUARTER ENDED 31 DECEMBER 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 2016. 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 2016.

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 2016. 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 107	Statement of Cash Flows (Amendments relating to Disclosure Initiative) ¹
FRS 112	Income Taxes (Amendments relating to Recognition of Deferred Tax Assets for Unrealised Losses) ¹
FRS 1, FRS 12 and FRS 128	Annual Improvements to FRSs 2014 – 2016 Cycle ^{1&2} (a) FRS 1 First-time adoption of Financial Reporting Standards – Deletion of short-term exemptions for first-time adopters (b) FRS 12 Disclosure of Interests in Other Entities – Clarification of the scope of the Standard* (c) FRS 128 Investments in Associates and Joint Ventures – Measuring an associate or joint venture at fair value
FRS 9	Financial Instruments (IFRS 9 as issued by IASB in July 2014) ³
FRS 140	Amendments relating to Transfers of Investment Property ³



IC Interpretation 22	Foreign Currency Transactions and Advance Consideration ³
FRS 10 and FRS 128	Amendments relating to Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴

- 1 Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.
- 2 Comprise amendments to three FRSs (individual amendments can be early adopted without the need to early adopt all the other amendments)
- 3 Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted
- 4 Effective date deferred to a date to be determined and announced, with earlier application permitted.

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 24 August 2016 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 which amounting to RM6,846,707 for FY2016. The dividends were subsequently paid on 30 September 2016.

**A8. Segmental Information**

	Cumulative 9-month Ended 31.12.2016		Cumulative 9-month Ended 31.12.2015	
	Revenue RM'000	Profit/(loss) before tax RM'000	Revenue RM'000	Profit/(loss) before tax RM'000
Manufacture and sales of oleochemical products	252,794	15,802	219,670	14,409
Sales of oil palm fruit and crude palm oil	199,433	19,973	95,399	9,994
Private hospital operations	58,188	13,040	51,067	8,160
Others	9,568	493	10,993	(1,716)
	<u>519,983</u>	<u>49,308</u>	<u>377,129</u>	<u>30,847</u>
Share of profits of an associate (net)	-	(1,032)	-	(326)
	<u>519,983</u>	<u>48,276</u>	<u>377,129</u>	<u>30,521</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 2016 to the current quarter 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

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 2016.

A13. Capital Commitments

Capital commitments not recognized in the interim financial statements as at 31 December 2016 is as follows :

Capital expenditure :

	RM'000
Contracted but not provided for	<u>17,965</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 9-month Ended 31.12.2016 RM'000	Cumulative 9-month Ended 31.12.2015 RM'000
Sales of goods	1,130	738
Purchase of goods	6,082	2,959
Provision of administrative services	<u>3,804</u>	<u>3,043</u>



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

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

Current Quarter vs Preceding Corresponding Quarter

In the current quarter under review, the Group's revenue increased by 54.2% to RM191.9 million compared to the preceding corresponding quarter's revenue of RM124.5 million and the Group's profit before taxation ("PBT") increased by 125.7% to RM23.0 million compared to the preceding corresponding PBT of RM 10.2 million. The increase in PBT of RM 12.8 million was contributed by all the three core divisions.

1. Oleochemical Division

Oleochemical Division registered an increase of 40.6% in revenue to RM96.7 million and an increase of 4.6% in PBT to RM6.2 million compared to the preceding corresponding quarter.

The increase in revenue of RM27.9 million was mainly due to increase in sales volume and average selling price ("ASP") by 15.7% and 14.4% respectively.

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

- Higher operational profit by RM3.4 million; and
- Lower other operating loss by RM3.1 million which was mainly due to unrealised foreign currency loss.

2. Plantation & Milling Division

Plantation & Milling Division registered an increase of 103.7% in revenue to RM72.5 million and an increase of 530.0% in PBT to RM13.7 million compared to the preceding corresponding quarter.

The increase in revenue was mainly due to increase in sales volume and ASP by 17.8% and 73.0% respectively.

The increase in PBT of RM11.5 million was mainly contributed by higher operational profit.

3. Healthcare Division

Healthcare Division registered an increase of 12.7% in revenue to RM19.3 million and an increase of 71.6% in PBT to RM4.5 million compared to the preceding corresponding quarter.

The increase in revenue and PBT were mainly due to higher bed occupancy rate and higher average revenue per patient.

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



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 37.9% to RM520.0 million compared to the preceding corresponding period revenue of RM377.1 million. In line with the increase in revenue, the Group's PBT also increased by 58.2% to RM48.3 million. The increase in PBT was contributed by all three core divisions.

1. Oleochemical Division

Oleochemical Division registered an increase in revenue by 15.1% to RM252.8 million and increase of 9.7% in PBT to RM15.8 million compared to the preceding corresponding period.

The increase in revenue and PBT were mainly due to the increase in sales volume and ASP by 2.4% and 7.7% respectively.

The increase in PBT of RM1.4million was mainly due to the following: -

- Higher operational profit by RM3.0 million; and
- Lower other income by RM1.6 million which mainly due to lower net unrealised foreign currency translation loss.

2. Plantation & Milling Division

Plantation & Milling Division registered an increase of 109.1% in revenue to RM199.4 million and 99.8% in PBT to RM20.0 million compared to the preceding corresponding period.

The increase in revenue was mainly due to 43.4% increase in sales volume and 46.1% increase in ASP. The increase in revenue was mainly contributed by the new 60MT palm oil mill.

The increase in PBT of RM10.0 million was mainly contributed by the following:-

- Higher operational profit by RM8.5 million; and
- Higher other income by RM1.5 million which mainly contributed by palm kernel shell and scrap sales.

3. Healthcare Division

Healthcare Division registered an increase in revenue by 13.9% to RM58.2 million and increase of 59.8% in PBT to RM13.0 million compared to the preceding corresponding period.

The increase in revenue was mainly due to higher bed occupancy rate and higher average revenue per patient.

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 an increase of 71.6% in PBT to RM23.0 million compared to the immediate preceding quarter. The higher PBT of RM9.6 million was mainly contributed by Plantation & Milling Division. The better performance by Plantation & Milling Division was due to higher sales volume and ASP by 8.3% and 11.6% respectively.

B3. Prospect of the Group

For the first nine months of FY2017, the Group's PBT of RM48.3 million has exceeded its whole FY2016's PBT by 30.9% or RM11.4 million. Out of the RM11.4 million, 95.6% was contributed by Plantation & Milling Division.

Plantation & Milling Division

The division's PBT of RM20.0 million for the first nine months of FY2017 has already exceeded its whole FY2016's PBT by 119.4% or RM10.9 million. The impact of El Nino onto FY2017 was not severe as it was initially expected. The supply of FFB has improved as well as its quality. In addition, the current bullish sentiment on CPO price is expected to continue till first quarter of 2017. Hence, this division performance is expected continue to do well in the remaining quarter of FY2017.

Oleochemical Division

In the first nine months of FY2017, this division's PBT of RM15.8 million has achieved 97.1% of its whole FY2016's PBT of RM16.3 million. This division is expected to run its production capacity at the maximum from Jan to March 2017. And in addition, the higher ASP achieved in the first nine months of FY2017 is expected to be maintained in the remaining quarter of FY2017.

Healthcare Division

In the first nine months of FY2017, this division's PBT of RM13.0 million has achieved 96.4% of its whole FY2016's PBT of RM13.5 million. The higher average revenue per patient and higher bed occupancy rate achieved in the first nine months of FY2017 is expected to be maintained in the remaining quarter of FY2017.

Overall

~~Based on the respective commentaries above, Group's overall performance is expected to do well in FY2017.~~

Based on the improved performance of all core divisions, the overall performance of the Group for FY2017 is expected to be better than the previous financial year.

**B4. Profit Forecast**

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

B5. Income Tax Expense

	Third Quarter Ended		Cumulative 9-month Ended	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
	RM'000	RM'000	RM'000	RM'000
Estimated tax payable				
- Malaysian tax expense	2,563	2,960	7,170	6,482
- Overseas tax expense	2,653	348	4,491	2,108
	<hr/>	<hr/>	<hr/>	<hr/>
	5,216	3,308	11,661	8,590
- Provision of deferred tax	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total	5,216	3,308	11,661	8,590
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

B6. Corporate Proposals

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

B7. Group Borrowings and Debt Securities

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

	Unaudited As of 31.12.2016 RM'000	Audited As of 30.03.2016 RM'000
Short term (Secured)		
- Hire purchase payable Denominated in IDR (IDR1,212 million)	<hr/> 403	<hr/> 327
Long term (Secured)		
- Hire purchase payable Denominated in IDR (IDR714 million)	<hr/> 238	<hr/> 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 December 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	72,762	75,589	(2,827)

(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 December 2016, total net outstanding commodity future contracts of the Group amounted to RM13.8 million, with effective dates of execution up to July 2017.

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 2016.

**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

	Third Quarter Ended		Cumulative 9-month Ended	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
Profit attributable to equity holders of the Company (in RM'000)	14,126	6,515	31,842	19,986
Weighted average number of ordinary shares in issue (in '000)	136,934	136,934	136,934	136,934
Basic earnings per share (in Sen)	10.32	4.76	23.25	14.60

B12. Realised and Unrealised Retained Earnings

	Unaudited As of 31.12.2016 RM'000	Audited As of 30.03.2016 RM'000
Total retained earnings of the Group		
- Realised	372,552	345,380
- Unrealised	257	461
	<u>372,809</u>	<u>345,841</u>
Less: Consolidation adjustments	(10,001)	(8,028)
Total Group retained earnings	<u><u>362,808</u></u>	<u><u>337,813</u></u>

**B13. Profit for the period**

	Cumulative 9-month Ended	
	31.12.2016	31.12.2015
	RM'000	RM'000
Profit for the period is arrived at after crediting /(debiting) the following income/(expenses):		
- Interest income	3,484	4,056
- Interest expense	(62)	-
- Other income	3,313	1,644
- Depreciation and amortization	(11,017)	(9,025)
- Inventories written down, net	(213)	202
- Net loss from acquisition and disposal of shares in subsidiaries	-	(392)
- (Loss)/gain on foreign exchange:		
Realised	1,150	1,498
Unrealised	7,632	587
- Unrealised gain/(loss) on derivatives financial asstes/liabilities	(5,186)	2,527

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 2016 was not subject to any qualifications.

This Interim Financial Report of Southern Acids (M) Berhad for the third quarter of FY2017, was authorised for issuance by the Board of Directors of the Company on 28 February 2017.