

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 2018

FIRST FINANCIAL QUARTER ENDED 30 JUNE 2017
(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 2018
INTERIM FINANCIAL REPORT
FIRST FINANCIAL QUARTER ENDED 30 JUNE 2017

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

FINANCIAL YEAR ENDING 31 MARCH 2018
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE FIRST FINANCIAL QUARTER ENDED 30 JUNE 2017

	Note	Cumulative 3-month Ended	
		30.06.2017	30.06.2016
		RM'000	RM'000
Revenue	A8	178,659	166,762
- Cost of sales		(154,922)	(147,443)
		<hr/>	<hr/>
Gross profit		23,737	19,319
- Administrative expenses		(14,147)	(11,888)
- Other income		983	4,429
		<hr/>	<hr/>
Profit from operations		10,573	11,860
- Interest expense		(12)	(22)
- Share of results of an associate (net)		125	38
		<hr/>	<hr/>
Profit before tax	A8	10,686	11,876
- Income tax expense	B5	(2,023)	(3,105)
		<hr/>	<hr/>
Profit for the year	B13	<u>8,663</u>	<u>8,771</u>
Attributable to:			
- Equity holders of the Company		7,748	9,097
- Non-controlling interests		915	(326)
		<hr/>	<hr/>
		<u>8,663</u>	<u>8,771</u>
Earnings per share (sen) attributable to equity holders of the Company			
- Basic and diluted	B11	<u>5.66</u>	<u>6.64</u>



SOUTHERN ACIDS (M) BERHAD
(Incorporated in Malaysia)
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FINANCIAL YEAR ENDING 31 MARCH 2018
CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE
INCOME FOR THE FIRST FINANCIAL QUARTER ENDED 30 JUNE 2017

	Note	Cumulative 3-month Ended	
		30.06.2017 RM'000	30.06.2016 RM'000
Profit for the year	B13	8,663	8,771
Other comprehensive income			
Items that may be reclassified			
subsequently to profit or loss:			
- Available-for-sale financial			
assets		2,707	(5,797)
- Exchange differences on			
translation of foreign			
subsidiaries		(3,276)	4,290
Items that will not be			
reclassified			
subsequently to profit or loss:			
- Remeasurement of defined			
benefit obligation		-	-
Total comprehensive income			
for the period		<u>8,094</u>	<u>7,264</u>
Attributable to:			
- Equity holders of the		8,774	5,999
Company			
- Non-controlling interests		<u>(680)</u>	<u>1,265</u>
		<u>8,094</u>	<u>7,264</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 2017, 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 2018
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2017

	Note	Unaudited As at 30.06.2017 RM'000	Audited As at 31.03.2017 RM'000
ASSETS			
Non-Current Assets			
Land held for property development		141,944	141,944
Property, plant and equipment	A9	145,511	143,389
Investment property		3,318	3,318
Biological assets		25,908	25,696
Investment in an associate		2,332	2,207
Available-for-sale investments		45,775	42,991
Advances for KKPA program		6,857	6,731
Deferred tax assets		2,668	2,339
		374,313	368,615
Current Assets			
Inventories		80,644	80,253
Derivative financial assets	B8	273	580
Trade receivables		35,383	53,475
Other receivables, deposits and prepaid expenses		15,632	18,232
Amounts owing by an associate company		1,798	373
Tax recoverable		22,937	21,060
Cash and cash equivalents		181,594	164,225
		338,261	338,198
TOTAL ASSETS		712,574	706,813



SOUTHERN ACIDS (M) BERHAD
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FINANCIAL YEAR ENDING 31 MARCH 2018
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2017 (cont'd)

	Unaudited	Audited
	As at	As at
	30.06.2017	31.03.2017
	RM'000	RM'000
EQUITY AND LIABILITIES		
Capital and Reserves		
Share capital	171,255	171,255
Reserves	407,740	398,966
	<hr/>	<hr/>
Equity attributable to equity holders of the Company	578,995	570,221
Non-controlling interests	58,737	59,417
	<hr/>	<hr/>
Total Equity	637,732	629,638
	<hr/>	<hr/>
Non-Current and Deferred Liabilities		
Hire purchase payable	191	197
Provision for retirement benefits	11,307	10,957
Deferred tax liabilities	568	1,357
	<hr/>	<hr/>
	12,066	12,511
	<hr/>	<hr/>
Current Liabilities		
Trade payables	27,464	32,389
Other payables and accrued expenses	34,609	30,706
Amounts owing to an associate company	-	-
Derivative financial liabilities	281	1,040
Hire purchase payable	301	408
Tax liabilities	-	-
Dividend payable	121	121
	<hr/>	<hr/>
	62,776	64,664
	<hr/>	<hr/>
TOTAL LIABILITIES	74,842	77,175
	<hr/>	<hr/>
TOTAL EQUITY AND LIABILITIES	712,574	706,813
	<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 2017, 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 2018
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FIRST FINANCIAL QUARTER ENDED 30 JUNE 2017

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 at 1 April 2016	136,934	34,321	(9,042)	(322)	14,238	337,813	513,942	44,576	558,518
Profit for the year	-	-	-	-	-	9,097	9,097	(326)	8,771
Other comprehensive income/(loss)	-	-	2,699	-	(5,797)	-	(3,098)	1,591	(1,507)
Total comprehensive income/(loss)	-	-	2,699	-	(5,797)	9,097	5,999	1,265	7,264
Dividend paid	-	-	-	-	-	-	-	-	-
As at 30 June 2016	136,934	34,321	(6,343)	(322)	8,441	346,910	519,941	45,841	565,782
As at 1 April 2017	171,255	-	980	(322)	18,244	380,064	570,221	59,417	629,638
Profit for the year	-	-	-	-	-	7,748	7,748	915	8,663
Other comprehensive income/(loss)	-	-	(1,681)	-	2,707	-	1,026	(1,595)	(569)
Total comprehensive income/(loss)	-	-	(1,681)	-	2,707	7,748	8,774	(680)	8,094
Dividend paid	-	-	-	-	-	-	-	-	-
As at 30 June 2017	171,255	-	(1,967)	(322)	20,951	387,812	578,995	58,737	637,732

The consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 31 March 2017, 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 2018
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FIRST FINANCIAL QUARTER ENDED 30 JUNE 2017

	Cumulative 3-month Ended	
	30.06.2017	30.06.2016
	RM'000	RM'000
Cash Flows From/(Used In) Operating Activities		
Profit before tax	10,686	11,876
Adjustments for:		
- Dividend income	(1,274)	(1,207)
- Interest income	(1,111)	(1,060)
- Interest expense	12	22
- Depreciation of property, plants and equipments	3,888	3,366
- Amortisation of biological assets	451	210
- Loss on disposal of property, plants and equipments	10	5
- Property, plants and equipments write off	190	1
- Share of profit of associate (net)	(125)	(38)
- Inventories written down and write off	513	(22)
- Bad debt written off	12	-
- Provision for incremental rental	185	257
- Unrealised loss/(gain) on foreign exchange	1,929	(2,888)
- Net revaluation loss on derivative	186	880
- Provision for retirement benefits	175	434
Operating Profit Before Working Capital Changes	15,727	11,836
(Increase)/decrease in :		
- Inventories	(905)	(5,518)
- Trade receivables	17,270	(2,063)
- Other receivables, deposit and prepaid expenses	(3,538)	(4,202)
- Associate company	(1,424)	(278)
Increase/(decrease) in:		
- Trade payables	(5,867)	1,542
- Other payables and accrued expenses	2,845	(3,300)
Cash Generated From Operating Activities	24,108	(1,983)
- Income tax paid, net	(2,991)	(3,400)
- Retirement benefits paid, net	8	(47)
Net Cash From Operating Activities	21,125	(5,430)



SOUTHERN ACIDS (M) BERHAD
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FINANCIAL YEAR ENDING 31 MARCH 2018
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FIRST FINANCIAL QUARTER ENDED 30 JUNE 2017 (cont'd)

	Cumulative 3-month Ended	
	30.06.2017	30.06.2016
	RM'000	RM'000
Cash Flows From/(Used In) Investing Activities		
- Interest received	1,111	1,060
- Dividend received	1,274	1,207
- Investment in quoted share	(77)	(68)
- Interest expenses	(12)	(22)
- Net conversion for KKPA and Plasma projects	(126)	(385)
- Proceeds from disposal of property, plant and equipment	133	2
- Addition to property, plant and equipment (net)	(8,184)	(1,512)
- Addition to biological assets	(651)	(767)
Net Cash Used In Investing Activities	(6,532)	(485)
Cash Flows Used In Financing Activity		
- Repayment of finance lease	(113)	(51)
- Dividend paid	-	-
Net Cash Used In Financing Activity	(113)	(51)
Net Increase in Cash and Cash Equivalents	14,480	(5,966)
Cash and Cash Equivalents at Beginning of Financial Period	164,539	164,026
Effect of Translation Differences	2,575	1,260
Cash and Cash Equivalents at End of Financial Period	181,594	159,320
Composition of Cash and Cash Equivalents:		
- Cash and bank balances	93,202	70,594
- Fixed deposits with licensed banks	25,197	11,316
- Short-term placements	63,195	77,410
	181,594	159,320

The consolidated statement of cash flow should be read in conjunction with the audited financial statements for the financial year ended 31 March 2017, and the accompanying notes attached to these interim financial statements.



SOUTHERN ACIDS (M) BERHAD
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FINANCIAL YEAR ENDING 31 MARCH 2018
FIRST FINANCIAL QUARTER ENDED 30 JUNE 2017
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 2017. 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 2017.

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 2017. 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:

Amendments to FRSs	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) ¹
FRS 140	Amendments relating to Transfers of Investment Property ¹
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration ¹
FRS 10 and FRS 128	Amendments relating to Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³



- 1 Effective for annual periods beginning on or after 1 January 2018, 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 a date to be determined.

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") 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 the MFRS Framework until such time as mandated by the MASB. On 2 September 2014, with the issuance of MFRS 15 Revenue from Contracts with Customers 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 now required to adopt the MFRS Framework latest by 1 January 2017.

On 8 September 2015, the MASB confirmed that the effective date of MFRS 15 will be deferred to annual periods beginning on or after 1 January 2018. However, early application of MFRS 15 is still permitted.

The Group and the Company fall within the scope definition of TEs and have availed themselves of this transitional arrangement and will continue to apply FRSs in the preparation of their financial statements. Accordingly, the Group and the Company will be required to apply MFRS 1 First-time Adoption of MFRS in their financial statements for the financial year ending 31 March 2019, being the first set of financial statements prepared in accordance with the 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 financial performance of the Group's Milling & Estate Segment is affected by seasonal crop production, seasonal external supply of fresh fruits bunch and fluctuating commodity prices whereas the Group's Oleochemical Segment is mainly affected by its fluctuating feedstock prices.

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

No dividend was paid by the Company during the interim financial period under review.



A8. Segmental Information

	Cumulative 3-month Ended 30.06.2017		Cumulative 3-month Ended 30.06.2016	
	Revenue RM'000	Profit/(loss) before tax RM'000	Revenue RM'000	Profit/(loss) before tax RM'000
Manufacture and sales of oleochemical products	97,176	2,040	76,809	6,031
Sales of oil palm fruit and crude palm oil	55,863	2,542	66,780	105
Private hospital operations	21,204	4,947	19,600	4,792
Others	4,416	1,032	3,573	910
	<u>178,659</u>	<u>10,561</u>	<u>166,762</u>	<u>11,838</u>
Share of profits of an associate (net)	-	125	-	38
	<u>178,659</u>	<u>10,686</u>	<u>166,762</u>	<u>11,876</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 2017 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 2017.

A13. Capital Commitments

Capital commitments not recognized in the interim financial statements as at 30 June 2017 is as follows :

Capital expenditure :

	RM'000
Contracted but not provided for	<u>16,053</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 3-month Ended 30.06.2017 RM'000	Cumulative 3-month Ended 30.06.2016 RM'000
Sales of goods	490	294
Purchase of goods	211	2,188
Provision of administrative services	<u>1,265</u>	<u>1,102</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 7.1% to RM178.7 million compared to the preceding corresponding quarter's revenue of RM166.8 million. However, the Group's profit before taxation ("PBT") decreased by 11.1% to RM10.7 million compared to the preceding corresponding PBT of RM11.9 million. The decrease in PBT by RM1.2 million was mainly due to lower contribution from Oleochemical Segment.

1. Oleochemical Segment

Despite 26.5% increase in revenue to RM97.2 million, Oleochemical Segment registered a decrease of 66.2% in PBT to RM2.0 million compared to the preceding corresponding quarter.

The increase in revenue by RM20.4 million was due to the marginal increase in sales volume and better average selling price ("ASP") by 3.6% and 22.2% respectively. The plant capacity utilisation was higher from 85.7% to 91.0%.

The lower PBT by RM4.0 million was mainly due to higher production cost. As a result, the gross profit margin was lower from 6.9% to 3.5%.

The PBT of RM2.0 million was mainly contributed by core business operation.

2. Milling & Estate Segment

Milling & Estate Segment registered a substantial increase in PBT from RM0.1 million to RM2.5 million inspite of 16.3% decrease in revenue to RM55.9 million compared to the preceding corresponding quarter.

The decrease in revenue was mainly due to lower in sales volume and ASP by 20.2% and 3.8% respectively. The total fresh fruit bunches ("FFB") processed was lower by 20.8% to 91,692MT, out of which 84.3% was from external purchased FFB. The lower FFB processed was also due to shorter working days given the Hari Raya Aidilfitri celebration. The average palm oil mill utilisation for the current quarter review was at 84.0%.

The improved PBT was due to better gross profit margin benefitting mainly from lower cost of external purchased FFB as well as better quality of FFB processed. The average CPO extraction rate was higher from 19.4% to 21.0% however PK extraction rate was lower from 5.2% to 4.9%.

Out of the PBT of RM2.5 million, only RM0.3 million was contributed from other income whereas the balance was contributed from core business operation.



3. Hospital Segment

Hospital Segment registered an increase of 8.2% in revenue to RM21.2 million and a marginal increase of 3.2% in PBT to RM4.9 million compared to the preceding corresponding quarter.

The increase in revenue and PBT were due to the following factors:-

- Benefiting from more complex and better margin treatments, the average revenue per patient (“ARPP”) of inpatient was higher by 1.9% to RM4,979.00 whereas the ARPP of outpatient was higher by 5.8% to RM181.00;
- The number of inpatients was higher by 1.3% to 3,357 whereas the number of outpatients was also higher by 3.7% in to 20,081; and
- Based on the number of licensed beds of 161, the bed occupancy rate was higher from 59.0% to 62.0%.

Out of the PBT of RM4.9 million, only RM0.5 million was contributed from other income whereas the balance was contributed from core business operation.

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 58.2% in PBT to RM10.7 million compared to the immediate preceding quarter. The lower PBT of RM14.9 million was due to lower contribution by all segments. Topping the list was Milling & Estate Segment which PBT was lower by RM11.1 million, followed by Oleochemical Segment and Hospital Segment which were lower by RM3.6 million and RM1.5 million respectively.

Particularly on Milling & Estate Segment, its revenue was lower by 33.2% to RM55.8 million compared to the immediate preceding quarter. This was due to lower sales volume of CPO and PK by 21.5% and 26.8% respectively. In addition, ASP of both CPO and PK were also lower by 9.8% and 35.6% respectively

B3. Prospect of the Group

Oleochemical Segment

In view of the weak financial results for the first quarter of financial year ending 2018 (“FY2018”), the prospect of this segment for FY2018 will remain more challenging. Effort will be more focused on cost management while striving to achieve its full production capacity. Meanwhile the continuing of MYR strengthening against USD since early April 2017 poses challenges to the segment.



Milling & Estate Segment

For the FY2018, this division is expecting to be challenging due to the bearish CPO prices for FY2018. Generally after taking into consideration of all major factors, the market is expected an average CPO price of about RM2,600 per MT for 2017. On the positive side, the production of FFB is expecting to rebound from July 2017 onwards.

Hospital Segment

The first quarter financial results are within the expectation. This segment is expected to continue to enjoy stable growth supported by growing awareness in healthcare prevention, rising medical insurance coverage, the rise in the middle income group and an ageing population. In view of the entry of new players, this segment is expected to deliver moderate growth.

Overall

Due to the factors mentioned above, it will be very challenging for the Group in FY2018 to sustain its financial year ended 2017 performance. The Board will take necessary steps to achieve the best result for the Group.

B4. Profit Forecast

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

B5. Income Tax Expense

	Cumulative 3-month Ended	
	30.06.2017	30.06.2016
	RM'000	RM'000
Estimated tax payable		
- Malaysian tax expense	1,543	2,686
- Overseas tax expense	480	419
	2,023	3,105
- Provision of deferred tax	-	-
Total	2,023	3,105



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 30 June 2017:-

	Unaudited As at 30.06.2017 RM'000	Audited As at 31.03.2017 RM'000
Short term (Secured)		
- Hire purchase payable Denominated in IDR (IDR933 million)	<u>301</u>	<u>408</u>
Long term (Secured)		
- Hire purchase payable Denominated in IDR (IDR595 million)	<u>191</u>	<u>197</u>

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 June 2017 was as follows :

	Contract Value RM'000	Fair Value attributed to price changes at period closing Asset/(Liabilities) RM'000
Based Currency	< 1 year	< 1 year
USD	7,142	272



(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 June 2017, the outstanding Commodity future contracts with effective dates of execution up to May 2018 were as follows :

	Contract Value RM'000	Fair Value attributed to price changes at period closing Asset/(Liabilities) RM'000
Commodity	< 1 year	< 1 year
Sell	(123)	(281)
Buy	14,019	1

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 2017.

B10. Dividends

The Board of Directors had on 30 May 2017 recommended a Single Tier Final Dividend of 5.0 sen per ordinary share of RM1.00 each, amounting to a total payout of RM6,846,707 in respect of the financial year ended 31 March 2017. This dividend proposal is subject to the approval by shareholders at the forthcoming Annual General Meeting of the Company.

On 28 July 2017, the Board of Directors had further announced that the recommended Single Tier Final Dividend, if approved by the shareholders, shall be paid on 29 September 2017.

**B11. Earnings per Share**

	Cumulative 3-month Ended	
	30.06.2017	30.06.2016
Profit attributable to equity holders of the Company (in RM'000)	7,748	9,097
Weighted average number of ordinary shares in issue (in '000)	136,934	136,934
Basic earnings per share (in Sen)	5.66	6.64

B12. Realised and Unrealised Retained Earnings

	Unaudited As at 30.06.2017 RM'000	Audited As of 31.03.2017 RM'000
Total retained earnings of the Group		
- Realised	400,097	396,810
- Unrealised	(1,482)	(5,919)
	398,615	390,891
Less: Consolidation adjustments	(10,804)	(10,827)
Total Group retained earnings	387,812	380,064

**B13. Profit for the year**

	Cumulative 3-month Ended	
	30.06.2017	30.06.2016
	RM'000	RM'000
Profit for the year is arrived at after crediting /(debiting) the following income/(expenses):		
- Interest income	1,111	1,060
- Interest expense	(12)	(22)
- Other income	886	1,398
- Depreciation and amortization	(4,339)	(3,576)
- Inventories written down and write off	(513)	22
- Bad debt written off	(12)	-
- Gain/(loss) on foreign exchange:		
Realised	462	(36)
Unrealised	(1,929)	2,888
- Net revaluation loss on derivatives financial asstes/liabilities	(186)	(880)

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 2017 was not subject to any qualifications.

This Interim Financial Report of Southern Acids (M) Berhad for the first quarter of FY2018, was authorised for issuance by the Board of Directors of the Company on 24 August 2017.