

Registration No. 198001010791 (64577-K)



SOUTHERN ACIDS (M) BERHAD
(Registration No. 198001010791 (64577- K))
(Incorporated in Malaysia)
AND ITS SUBSIDIARY COMPANIES

INTERIM FINANCIAL REPORT
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

FOURTH FINANCIAL QUARTER ENDED 31 MARCH 2020
(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 2020
INTERIM FINANCIAL REPORT
FOURTH FINANCIAL QUARTER ENDED 31 MARCH 2020

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SOUTHERN ACIDS (M) BERHAD
(Incorporated in Malaysia)
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FINANCIAL YEAR ENDED 31 MARCH 2020
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE FOURTH FINANCIAL QUARTER ENDED 31 MARCH 2020

	Note	Fourth Quarter ended			Cumulative 12-month ended		
		31.03.2020 RM'000	31.03.2019 RM'000 (Restated)	Changes %	31.03.2020 RM'000	31.03.2019 RM'000 (Audited)	Changes %
Revenue	A8	180,707	141,006	28.2%	661,308	598,645	10.5%
- Cost of sales		(157,996)	(119,093)	-32.7%	(565,276)	(509,262)	-11.0%
Gross profit		22,711	21,913	3.6%	96,032	89,383	7.4%
- Administrative expenses		(14,904)	(20,046)	25.7%	(60,514)	(64,003)	5.5%
- Other income		1,030	3,659	-71.9%	13,882	13,138	5.7%
Profit from operations		8,837	5,526	59.9%	49,400	38,518	28.3%
- Finance cost		(143)	(13)	>-100%	(409)	(37)	>-100%
- Share of results of an associate (net)		(148)	(449)	67.0%	(251)	93	>-100%
Profit before tax	A8	8,546	5,064	68.8%	48,740	38,574	26.4%
- Income tax expense	B5	(682)	(5,751)	88.1%	(9,897)	(13,106)	24.5%
Profit for the period/year	B13	7,864	(687)	>100%	38,843	25,468	52.5%
Attributable to:							
- Equity holders of the Company		8,314	921	>100%	31,612	21,484	47.1%
- Non-controlling interests		(450)	(1,608)	72.0%	7,231	3,984	81.5%
		7,864	(687)	>100%	38,843	25,468	52.5%
Earnings per share (Sen) attributable to equity holder of the Company							
- Basic and diluted	B12	6.07	0.67	>100%	23.09	15.69	47.1%



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FINANCIAL YEAR ENDED 31 MARCH 2020
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME (cont'd)
FOR THE FOURTH FINANCIAL QUARTER ENDED 31 MARCH 2020

	Note	Fourth Quarter ended			Cumulative 12-month ended		
		31.03.2020	31.03.2019	Changes	31.03.2020	31.03.2019	Changes
		RM'000	(Restated) RM'000	%	RM'000	(Audited) RM'000	%
Profit for the period/year	B13	7,864	(687)	>100%	38,843	25,468	52.5%
Other comprehensive income							
Item that may be reclassified subsequently to profit or loss:							
- Loss arising from revaluation of other investments		(17,730)	(2,304)	>-100%	(22,264)	(1,897)	>-100%
- Exchange differences on translating foreign operations		(17,650)	(689)	>-100%	(13,688)	2,899	>-100%
Item that will not be reclassified subsequently to profit or loss:							
- Remeasurement of defined benefit obligations		-	619	-100.0%	(639)	619	>-100%
Total comprehensive (loss) / income for the period/year		(27,516)	(3,061)	<-100%	2,252	27,089	-91.7%
Attributable to:							
- Equity holders of the Company		(21,016)	(1,413)	>-100%	(398)	21,752	>-100%
- Non-controlling interests		(6,500)	(1,648)	>-100%	2,650	5,337	-50.3%
		(27,516)	(3,061)	>-100%	2,252	27,089	-91.7%

The condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 March 2019, and the accompanying notes attached to these interim financial statements.



SOUTHERN ACIDS (M) BERHAD
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FINANCIAL YEAR ENDED 31 MARCH 2020
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2020

	Note	Unaudited As at 31.03.2020 RM'000	Audited As at 31.03.2019 RM'000
ASSETS			
Non-Current Assets			
Land held for property development		139,868	139,868
Property, plant and equipment	A9	186,203	195,682
Right-of-use assets		4,982	-
Investment property		3,318	3,318
Investment in an associate company		2,362	2,612
Other investments		25,075	47,152
Advances for KKPA program		87	491
Deferred tax assets		3,059	1,261
		<u>364,954</u>	<u>390,384</u>
Current Assets			
Biological assets		1,339	1,143
Inventories		68,060	64,853
Derivative financial assets	B8	234	257
Trade receivables	B14	40,659	34,846
Other receivables, deposits and prepaid expenses		13,483	12,944
Amounts owing by an associate company		803	1,079
Tax recoverable		28,919	26,140
Cash and cash equivalents		208,938	199,911
		<u>362,435</u>	<u>341,173</u>
TOTAL ASSETS		<u><u>727,389</u></u>	<u><u>731,557</u></u>



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FINANCIAL YEAR ENDED 31 MARCH 2020
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (cont'd)
AS AT 31 MARCH 2020

	Unaudited	Audited
	As at	As at
	31.03.2020	31.03.2019
	RM'000	RM'000
EQUITY AND LIABILITIES		
Capital and Reserves		
Share capital	171,255	171,255
Reserves	422,781	430,026
Equity attributable to equity holders of the Company	594,036	601,281
Non-controlling interests	55,800	54,734
Total Equity	649,836	656,015
Non-Current and Deferred Liabilities		
Term loan	B7 4,500	-
Hire purchase payable	B7 130	212
Lease liabilities	4,049	-
Provision for retirement benefits	13,184	10,852
Deferred tax liabilities	4,131	3,915
	25,994	14,979
Current Liabilities		
Trade payables	21,142	21,875
Other payables and accrued expenses	23,847	36,550
Contract liabilities	1,193	1,001
Derivative financial liabilities	B8 1,655	-
Term loan	B7 1,200	-
Hire purchase payable	B7 157	187
Lease liabilities	1,157	-
Tax liabilities	1,087	829
Dividend payable	121	121
	51,559	60,563
TOTAL LIABILITIES	77,553	75,542
TOTAL EQUITY AND LIABILITIES	727,389	731,557

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 March 2019, and the accompanying notes attached to these interim financial statements.



SOUTHERN ACIDS (M) BERHAD
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FINANCIAL YEAR ENDED 31 MARCH 2020
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FOURTH FINANCIAL QUARTER ENDED 31 MARCH 2020

The Group	Non-distributable reserves			Distributable reserve		Equity attributable to equity holders of the Company RM'000	Non-controlling interests RM'000	Total Equity RM'000
	Share capital RM'000	Foreign exchange reserve RM'000	Other reserve RM'000	Fair value reserve RM'000	Retained earnings RM'000			
As at 1 April 2018, as restated	171,255	(14,642)	(322)	23,986	406,099	586,376	50,693	637,069
Profit for the year	-	-	-	-	21,484	21,484	3,984	25,468
Other comprehensive income/(loss)	-	1,884	-	(1,897)	281	268	1,353	1,621
Total comprehensive income/(loss)	-	1,884	-	(1,897)	21,765	21,752	5,337	27,089
Dividend paid	-	-	-	-	(6,847)	(6,847)	-	(6,847)
Dividend paid to non-controlling interests	-	-	-	-	-	-	(1,296)	(1,296)
As at 31 March 2019	171,255	(12,758)	(322)	22,089	421,017	601,281	54,734	656,015
As at 1 April 2019	171,255	(12,758)	(322)	22,089	421,017	601,281	54,734	656,015
Profit for the year	-	-	-	-	31,612	31,612	7,231	38,843
Other comprehensive loss	-	(9,459)	-	(22,264)	(287)	(32,010)	(4,581)	(36,591)
Total comprehensive (loss)/income	-	(9,459)	-	(22,264)	31,325	(398)	2,650	2,252
Dividend paid	-	-	-	-	(6,847)	(6,847)	-	(6,847)
Dividend paid to non-controlling interests	-	-	-	-	-	-	(1,584)	(1,584)
As at 31 March 2020	171,255	(22,217)	(322)	(175)	445,495	594,036	55,800	649,836

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 31 March 2019, and the accompanying notes attached to these interim financial statements.



SOUTHERN ACIDS (M) BERHAD
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FINANCIAL YEAR ENDED 31 MARCH 2020
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FOURTH FINANCIAL QUARTER ENDED 31 MARCH 2020

	Cumulative 12-month ended	
	31.03.2020	31.03.2019
	RM'000	RM'000
Cash Flows from Operating Activities		
Profit before tax	48,740	38,574
Adjustments for:		
- Allowance for advances for KKPA program no longer required	(400)	-
- Dividend income	(1,983)	(1,977)
- Investment revenue	(5,814)	(5,205)
- Finance cost	409	37
- Depreciation of property, plant and equipment	18,570	15,764
- Depreciation of right-of-use assets	1,297	-
- (Gain)/Loss on disposal of property, plant and equipment	(3)	123
- Property, plant and equipment written off	1,165	54
- Share of results of an associate company	251	(93)
- Inventories written off	48	64
- Provision for doubtful debts no longer required	(132)	(191)
- Unrealised loss/(gain) on foreign exchange	105	(4,204)
- Net fair value gain on biological assets	(33)	(136)
- Net revaluation loss on derivatives	1,678	341
- Provision for retirement benefits	1,671	1,585
- Reduction of land cost for land held for development	-	2,058
	<hr/>	<hr/>
Operating Profit Before Working Capital Changes	65,569	46,794
(Increase)/decrease in:		
- Inventories	(3,599)	5,984
- Trade receivables	(4,693)	17,381
- Other receivables, deposit and prepaid expenses	(3,048)	2,691
- Amounts owing by an associate company	383	(488)
Increase/(decrease) in:		
- Trade payables	(10,292)	3,739
- Other payables and accrued expenses	(390)	(3,685)
- Contract liabilities	(192)	475
	<hr/>	<hr/>
Cash Generated from Operating Activities	43,738	72,891
- Income tax paid, net	(10,941)	(6,896)
- Retirement benefits paid	(69)	(307)
	<hr/>	<hr/>
Net Cash Generated from Operating Activities	32,728	65,688



SOUTHERN ACIDS (M) BERHAD
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FINANCIAL YEAR ENDED 31 MARCH 2020
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (cont'd)
FOR THE FOURTH FINANCIAL QUARTER ENDED 31 MARCH 2020

	Cumulative 12-month ended	31.03.2019
	31.03.2020	31.03.2019
	RM'000	RM'000
Cash Flows Used in Investing Activities		
- Dividend received	1,983	1,977
- Investment revenue received	5,814	5,205
- Additions to other investments	(186)	(154)
- Proceeds from disposal of property, plant and equipment	7	47
- Additions for KKPA program	816	(1,947)
- Additions to property, plant and equipment	(15,309)	(38,963)
Net Cash Used in Investing Activities	(6,875)	(33,835)
Cash Flows Used in Financing Activities		
- Drawdown of term loan	6,000	-
- Repayment of term loan	(300)	-
- Repayment of hire purchase payables	(112)	(260)
- Repayment of lease liabilities	(1,408)	-
- Finance cost paid	(74)	(37)
- Dividend paid by:		
- The Company	(6,847)	(6,847)
- Subsidiary company to non-controlling interests	(1,584)	(1,296)
Net Cash Used in Financing Activities	(4,325)	(8,440)
Net Increase in Cash and Cash Equivalents	21,528	23,413
Cash and Cash Equivalents at Beginning of Financial Year	199,911	174,381
Effect of Translation Differences	(12,501)	2,117
Cash and Cash Equivalents at End of Financial Year	208,938	199,911
Composition of Cash and Cash Equivalents:		
- Cash and bank balances	114,604	98,393
- Fixed deposits with licensed banks	26,368	22,348
- Short-term placements	67,966	79,170
	208,938	199,911

The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the financial year ended 31 March 2019, and the accompanying notes attached to these interim financial statements.



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FINANCIAL YEAR ENDED 31 MARCH 2020
FOURTH FINANCIAL QUARTER ENDED 31 MARCH 2020
EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT

This Interim Financial Report has been prepared in accordance with the requirements of Malaysian Financial Reporting Standard (“MFRS”) No. 134 – Interim Financial Reporting and other MFRSs issued by the Malaysian Accounting Standards Board and paragraph 9.22 of the Main Market Listing Requirements.

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 2019. The explanatory notes attached to the Interim Financial Report provide an 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 2019.

A. Explanatory Notes Pursuant to MFRS 134

A1. Basis of Preparation

The accounting policies adopted by the Group for the Interim Financial Report are consistent with those adopted in the annual audited financial statements for the financial year ended 31 March 2019, except for the adoption of the new and revised Standards and Amendments effective on or after 1 April 2019.

The Group adopted the following amendments to MFRSs and IC Interpretations, mandatory for annual financial periods beginning on or after 1 April 2019.

MFRS 16	Leases
Amendments to MFRS 9	Prepayment Features with Negative Compensation
Amendments to MFRS 119	Plan Amendment, Curtailment or Settlement
Amendments to MFRS 128	Long-term Interests in Associates and Joint Ventures
IC Interpretation 23	Uncertainty over Income Tax Payments
Amendments to MFRSs	Annual Improvements to MFRS 2015 - 2017 Cycle

The adoption of these new and revised MFRSs and IC Interpretations have not resulted in any material impact on the financial statements of the Group except as disclosed below:

a) MFRS 16 Leases

MFRS 16 specifies how a MFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with MFRS 16’s approach to lessor accounting substantially unchanged from its predecessor, MFRS 117.



At lease commencement, a lessee will recognise a right-of-use asset and a lease liability. The right-of-use asset is treated similarly to other non-financial assets and depreciated accordingly and the liability accrues interest. The lease liability is initially measured at the present value of the lease payments payable over the lease term, discounted at the rate implicit in the lease if that can be readily determined. If that rate cannot be readily determined, the lessees shall use their incremental borrowing rate.

The Group adopted MFRS 16 using the modified retrospective method of adoption with the date of application of 1 April 2019. Under this method, comparative figures are not restated and the cumulative effect of initially applying the standard is recognised as an adjustment to the opening balance of retained earnings of the date of initial application. The Group also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases'), and lease contracts for which the underlying asset is of low value ('low value assets'). The effect of the adoption of MFRS 16 Leases is as follows:

	Note	As at 1 April 2019 RM'000	Adoption of MFRS 16 RM'000	As at 1 April 2019 RM'000
Non-current assets				
Right-of-use assets	i	-	6,279	6,279
Non-current liabilities				
Lease liabilities		-	5,206	5,206
Current liabilities				
Lease liabilities		-	1,073	1,073
Total lease liabilities	ii	-	6,279	6,279

Note:

- i) The right-of-use assets representing the right to use the underlying asset during the lease term. The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions), less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability.
- ii) The lease liability is initially measured at present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications.
- iii) There is no impact to the Group's retained earnings as at 1 April 2019.



Standards, Amendments and IC Interpretations in Issue but Not Yet Effective

At the date of authorisation for issue of this interim financial statement, the new and revised MFRSs, amendments to MFRSs and Issues Committee Interpretations (“IC Interpretations”) which were in issue but not yet effective and not early adopted by the Group are as listed below:

MFRSs	Amendments to Reference to the Conceptual Framework in MFRS Standards ¹
MFRS 17	Insurance Contracts ²
Amendments to MFRS 3	Definition of a Business ¹
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current ³
Amendments to MFRS 101 and MFRS 108	Definition of Material ¹
Amendments to MFRS 9, MFRS 139 and MFRS 7	Interest Rate Benchmark Reform ¹

¹ Effective for annual periods beginning on or after 1 April 2020.

² Effective for annual periods beginning on or after 1 April 2021.

³ Effective for annual periods beginning on or after 1 April 2022.

⁴ Effective date deferred to a date to be announced by MASB.

The directors anticipate that the abovementioned Standards, Amendments and IC Interpretation will be adopted in the annual financial statements of the Group when they become effective and that the adoption of these Standards will have no material impact on the financial statements of the Group in the period of initial application.

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 year under review.

A5. Material Changes in Estimates

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

A7. Dividends Paid

The following dividend was paid during the current and previous corresponding financial year ended:

	31.03.2020	31.03.2019
Final Dividend		
For the financial year ended	31 March 2019	31 March 2018
Declared date	28 May 2019	25 May 2018
Approved date	30 August 2019	30 August 2018
Payment date	27 September 2019	28 September 2018
No of outstanding shares ('000)	136,934	136,934
Dividend per share (single tier) (Sen)	5.0	5.0
Net dividend paid (RM'000)	6,847	6,847



A8. Segmental Information

(a) Results for the Quarter

	Oleochemical			Milling & Estate			Healthcare			Investment & Services			Consolidated		
	31.03.20 RM'000	31.03.19 (Restated) RM'000	Changes %	31.03.20 RM'000	31.03.19 (Restated) RM'000	Changes %	31.03.20 RM'000	31.03.19 (Restated) RM'000	Changes %	31.03.20 RM'000	31.03.19 RM'000	Changes %	31.03.20 RM'000	31.03.19 (Restated) RM'000	Changes %
Revenue															
Total revenue	71,749	66,381	8.1%	82,016	50,497	62.4%	23,220	21,200	9.5%	4,954	3,950	25.4%	181,939	142,028	28.1%
Less:															
Inter-segment sales	-	-	-	-	-	-	-	-	-	(1,232)	(1,022)	-20.5%	(1,232)	(1,022)	-20.5%
External sales	71,749	66,381	8.1%	82,016	50,497	62.4%	23,220	21,200	9.5%	3,722	2,928	27.1%	180,707	141,006	28.2%
Results															
Segment results	(667)	(143)	>-100%	3,840	(249)	>100%	6,747	6,153	9.7%	(1,083)	(235)	>-100%	8,837	5,526	59.9%
Finance cost	(33)	-	-	(8)	(13)	38.5%	(75)	-	-100%	(27)	-	-	(143)	(13)	>-100%
Share of result of an associate (net)	-	-	-	-	-	-	-	-	-	(148)	(449)	67.0%	(148)	(449)	67.0%
Profit before tax	(700)	(143)	>-100%	3,832	(262)	>100%	6,672	6,153	8.4%	(1,258)	(684)	-83.9%	8,546	5,064	68.8%

**A8. Segmental Information** (cont'd)**(b) Results for the Year**

	Oleochemical			Milling & Estate			Healthcare			Investment & Services			Consolidated		
	31.03.20 RM'000	31.03.19 RM'000	Changes %	31.03.20 RM'000	31.03.19 RM'000	Changes %	31.03.20 RM'000	31.03.19 RM'000	Changes %	31.03.20 RM'000	31.03.19 RM'000	Changes %	31.03.20 RM'000	31.03.19 RM'000	Changes %
Revenue															
Total revenue	282,410	290,651	-2.8%	269,453	205,796	30.9%	91,365	84,216	8.5%	23,178	22,361	3.7%	666,406	603,024	10.5%
Less:															
Inter-segment sales	-	-	-	-	-	-	-	-	-	(5,098)	(4,379)	-16.4%	(5,098)	(4,379)	-16.4%
External sales	282,410	290,651	-2.8%	269,453	205,796	30.9%	91,365	84,216	8.5%	18,080	17,982	0.5%	661,308	598,645	10.5%
Results															
Segment results	(3,074)	(2,445)	-25.7%	27,070	16,665	62.4%	25,494	22,997	10.9%	(90)	1,301	>-100%	49,400	38,518	28.3%
Finance cost	(145)	-	100.0%	(55)	(37)	-48.6%	(84)	-	-100.0%	(125)	-	-100.0%	(409)	(37)	>-100%
Share of results of an associate (net)	-	-	-	-	-	-	-	-	-	(251)	93	>-100%	(251)	93	>-100%
Profit before tax	(3,219)	(2,445)	-31.7%	27,015	16,628	62.5%	25,410	22,997	10.5%	(466)	1,394	>-100%	48,740	38,574	26.4%
Assets															
Segment assets	176,747	177,388	-0.4%	342,565	337,429	1.5%	135,372	127,048	6.6%	72,705	89,692	-18.9%	727,389	731,557	-0.6%
Liabilities															
Segment liabilities	22,406	20,499	-9.3%	22,964	23,313	1.5%	23,663	26,794	11.7%	8,520	4,936	-72.6%	77,553	75,542	-2.7%
Exchange Rate	Financial Position – Closing Rate			Profit or Loss – Average Rate											
	31.03.20	31.03.19	Changes	31.03.20	31.03.19	Changes									
USD : RM	4.3130	4.0850	5.6%	4.1647	4.0770	2.2%									
IDR : RM	0.0002640	0.0002870	-8.0%	0.0002940	0.0002837	3.6%									
HKD : RM	0.5563	0.5204	6.9%	0.5329	0.5199	2.5%									

**A9. Carrying Amount of Revalued Assets**

There were no valuation of property, plant and equipment in the current year under review.

A10. Material Event Subsequent to the End of the Financial Year

There were no material events subsequent to be disclosed as at the date of this report.

A11. Changes in Composition of the Group

There was 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 current quarter and financial year ended 31 March 2020.

A12. Changes in Contingencies

There was no change in the contingent liabilities or contingent assets since the last audited financial statements for the financial year ended 31 March 2019.

A13. Capital Commitments

The capital commitments not recognised in the interim financial statements as at 31 March 2020 amounted to RM6.2 million.

A14. Related Party Transactions

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

	Cumulative 12-months ended 31.03.2020 RM'000	Cumulative 12-months ended 31.03.2019 RM'000
Sales of goods	436	1,342
Purchase of goods	5,987	7,901
Provision of administrative services	7,389	5,209



B. Explanatory Notes Pursuant to Paragraph 9.22 of the Main Market Listing Requirements

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

Current Quarter vs Preceding Corresponding Quarter

The Group	Fourth Quarter ended			
	31.03.2020	31.03.2019	Changes	Changes
	RM'000	RM'000	RM'000	%
Revenue	180,707	141,006	39,701	28.2%
Operation profit	8,837	5,526	3,311	59.9%
Profit before interest and tax	8,689	5,077	3,612	71.1%
Profit before tax	8,546	5,064	3,482	68.8%
Profit/(loss) after tax	7,864	(687)	8,551	>100%
Profit attributable to equity holders of the Company	8,314	921	7,393	>100%

In the fourth quarter of our financial year ended 31 March 2020 (“FY2020”), Group revenue rose 28.2% to RM180.7 million from RM141.0 million reported in the preceding corresponding quarter of financial year ended 31 March 2019 (“FY2019”). The growth in revenue was mainly due to higher contributions from all the Group’s core business segments.

Group profit before tax (“PBT”) rose by 68.8% to RM8.5 million, compared to RM5.1 million achieved in the same quarter of FY2019. The Milling & Estate Segment and Healthcare Segment delivered improved profit performance in this quarter under review.



Oleochemical Segment

	Fourth Quarter ended			
	31.03.2020	31.03.2019	Changes	Changes
	RM'000	RM'000	RM'000	%
(A) Financial Highlights:				
Revenue	71,749	66,381	5,368	8.1%
Operation Loss	(667)	(143)	(524)	>-100%
Loss before interest and tax	(667)	(143)	(524)	>-100%
Loss before tax	(700)	(143)	(557)	>-100%
(B) Non-Financial Highlights:				
Production Capacity (MT)	25,000	25,000	-	-
Production Utilisation (%)	71.1%	79.7%	-8.6%	-10.8%
Quantity Sold (MT)	19,543	20,020	(477)	-2.4%
Gross Profit Margin (%)	1.7%	0.4%	1.3%	>100%

Comparing the quarterly performance, revenue in the Oleochemical Segment increased 8.1% to RM71.7 million from RM66.4 million reported in the fourth quarter of FY2019. The average selling price (“ASP”) for fatty acids and glycerine increased 8.5% and 34.4% respectively. Sales volume in the quarter fell marginally by 2.4% to 19,543 metric tonnes (“MT”). Meanwhile, our production capacity utilisation rate decreased to 71.1% from 79.7% achieved in the same quarter of FY2019.

The segment reported loss before tax (“LBT”) of RM0.7 million for the quarter. This comprised core LBT of RM0.2 million and non-core LBT of RM0.5 million. The non-core LBT was mainly due to unrealised losses from forward exchange.



Milling & Estate Segment

	Fourth Quarter ended			
	31.03.2020	31.03.2019	Changes	Changes
	RM'000	(Restated) RM'000	RM'000	%
(A) Financial Highlights:				
Revenue	82,016	50,497	31,519	62.4%
Operation profit/(loss)	3,840	(249)	4,089	>100%
Profit/(Loss) before interest and tax	3,840	(249)	4,089	>100%
Profit/(Loss) before tax	3,832	(262)	4,094	>100%
(B) Non-Financial Highlights:				
FFB Processed (MT)	129,439	102,807	26,632	25.9%
FFB Production (MT)	20,312	19,668	644	3.3%
CPO Sale Volume (MT)	28,838	21,832	7,006	32.1%
PK Sales Volume (MT)	6,702	6,150	552	9.0%
Average CPO Selling Price per MT (RM)	2,497	1,901	596	31.4%
Average PK Selling Price Per MT (RM)	1,411	1,242	169	13.6%

Our Milling & Estate Segment revenue grew 62.4% to RM82.0 million from RM50.5 million reported in the fourth quarter of FY2019. The ASP for Crude Palm Oil (“CPO”) increased by 31.4%, whilst the ASP for Palm Kernel (“PK”) increased by 13.6%. Sales volume of CPO rose 32.1% to 28,838 MT, and sales volume for PK rose 9.0% to 6,702 MT. Overall, Fresh Fruit Bunches (“FFB”) processed increased 25.9% to 129,439 MT.

The segment PBT amounted to RM3.8 million, overturning a marginal loss reported in the fourth quarter of FY2019. This comprised core PBT of RM3.1 million and non-core PBT of RM0.7 million. The non-core PBT was mainly derived from sales proceeds from the disposal of PK shells.



Healthcare Segment

	31.03.2020	Fourth Quarter ended		
		31.03.2019 (Restated)	Changes	Changes
	RM'000	RM'000	RM'000	%
(A) Financial Data:				
Revenue	23,220	21,200	2,020	9.5%
Operation profit	6,747	6,153	594	9.7%
Profit before interest and tax	6,747	6,153	594	9.7%
Profit before tax	6,672	6,153	519	8.4%
(B) Statistics:				
Bed Occupancy Rate (%)	59.0%	59.2%	-0.2%	-0.3%
Number of patients:				
a. Outpatient	21,432	20,170	1,262	6.3%
b. Inpatient	3,177	3,142	35	1.1%
Average revenue per patient ("ARPP") (RM):				
a. Outpatient	188	176	12	6.8%
b. Inpatient	5,772	5,354	418	7.8%

Revenue in our Healthcare Segment increased 9.5% to RM23.2 million, compared to RM21.2 million reported in the same quarter of FY2019.

The number of registered outpatients and inpatients increased by 6.3% and 1.1% to 21,432 and 3,177 respectively. The ARPP for outpatients rose 6.8% to RM188 whilst inpatients' ARPP increased 7.8% to RM5,772.

Overall bed occupancy rate was marginally lower at 59.0% from 59.2% previously.

Segment PBT rose 8.4% to RM6.7 million for the quarter. This comprised core PBT of RM6.0 million and non-core PBT of RM0.7 million.



Current Financial Year-To-Date vs Preceding Corresponding Financial Year-To-Date

The Group	Cumulative 12-months ended			
	31.03.2020	31.03.2019	Changes	Changes
	RM'000	(Restated) RM'000	RM'000	%
Revenue	661,308	598,645	62,663	10.5%
Operation profit	49,400	38,518	10,882	28.3%
Profit before interest and tax	49,149	38,611	10,538	27.3%
Profit before tax	48,740	38,574	10,166	26.4%
Profit after tax	38,843	25,468	13,375	52.5%
Profit attributable to equity holders of the Company	31,612	21,484	10,128	47.1%

In the cumulative 12 months of FY2020, our Group revenue rose 10.5% to RM661.3 million compared to RM598.6 million reported in FY2019. This was driven by revenue growth in our core Milling & Estate Segment and the Healthcare Segment respectively. The Oleochemical Segment, which accounted for 42.7% of Group revenue, reported marginally lower revenue in FY2020.

Overall, our Group PBT increased 26.4% to RM48.7 million from RM38.6 million achieved in FY2019. The better profit performance was due to the stronger segmental PBT from our Milling & Estate Segment and Healthcare Segment.



Oleochemical Segment

	Cumulative 12-months ended			
	31.03.2020	31.03.2019	Changes	Changes
	RM'000	RM'000	RM'000	%
(A) Financial Highlights:				
Revenue	282,410	290,651	(8,241)	-2.8%
Operation loss	(3,074)	(2,445)	(629)	-25.7%
Loss before interest and tax	(3,074)	(2,445)	(629)	-25.7%
Loss before tax	(3,219)	(2,445)	(774)	-31.7%
(B) Non-Financial Highlights:				
Production Capacity (MT)	100,000	100,000	-	-
Production Utilisation (%)	86.9%	83.0%	3.9%	4.7%
Quantity Sold (MT)	87,946	82,114	5,832	7.1%
Gross Loss Margin (%)	-0.2%	-0.9%	0.7%	77.8%

Revenue in our Oleochemical Segment declined 2.8% to RM282.4 million from RM290.7 million reported in FY2019. Although overall sales volume rose 7.1% to 87,946 MT, ASP for both fatty acids and glycerine declined 7.3% and 17.9% respectively. Production utilisation rate was higher at 86.9% from 83.0% in FY2019.

The Segment reported LBT of RM3.2 million in FY2020. This comprised core LBT of RM5.2 million and non-core PBT of RM2.0 million. The non-core PBT was mainly due to net gains from foreign exchange and interest income.



Milling & Estate Segment

	Cumulative 12-months ended			
	31.03.2020	31.03.2019	Changes	Changes
	RM'000	(Restated) RM'000	RM'000	%
(A) Financial Highlights:				
Revenue	269,453	205,796	63,657	30.9%
Operation profit	27,070	16,665	10,405	62.4%
Profit before interest and tax	27,070	16,665	10,405	62.4%
Profit before tax	27,015	16,628	10,387	62.5%
(B) Non-Financial Highlights:				
FFB Processed (MT)	535,949	426,589	109,360	25.6%
FFB Production (MT)	91,635	87,064	4,571	5.3%
CPO Sales Volume (MT)	110,105	87,305	22,800	26.1%
PK Sales Volume (MT)	26,977	22,645	4,332	19.1%
Average CPO Selling Price Per MT	2,138	1,970	168	8.5%
Average PK Selling Price Per MT	1,181	1,430	(249)	-17.4%

Revenue in our Milling & Estate Segment rose 30.9% to RM269.5 million from RM205.8 million achieved in FY2019. The ASP of CPO was 8.5% higher, whilst the ASP of PK was lower by 17.4%. CPO sales volume increased 26.1% to 110,105 MT and PK sales volume was 19.1% higher at 26,977 MT. Processed FFB increased 25.6% in the year to 535,949 MT.

Segment PBT rose 62.5 % to RM27.0 million in FY2020. This comprised core PBT of RM18.4 million and non-core PBT of RM8.6 million. The non-core PBT was mainly derived from interest income and sales proceeds from the disposal of PK shells and scraps.



Healthcare Segment

	Cumulative 12-months ended			
	31.03.2020	31.03.2019	Changes	Changes
	RM'000	RM'000	RM'000	%
(A) Financial Highlights:				
Revenue	91,365	84,216	7,149	8.5%
Operation profit	25,494	22,997	2,497	10.9%
Profit before interest and tax	25,494	22,997	2,497	10.9%
Profit before tax	25,410	22,997	2,413	10.5%
(B) Non-Financial Highlights:				
Bed Occupancy Rate (%)	56.9%	57.0%	-0.1%	-0.2%
Number of Patients:				
a. Outpatient	85,443	81,015	4,428	5.5%
b. Inpatient	12,868	12,582	286	2.3%
Average revenue per patient ("ARPP") (RM):				
a. Outpatient	184	178	6	3.4%
b. Inpatient	5,611	5,283	328	6.2%

Revenue in the Healthcare Segment increased 8.5% to RM91.4 million from RM84.2 million reported in FY2019.

During the year, we delivered growth in the number of patients as well as ARPP. The number of registered outpatients and inpatients rose 5.5% and 2.3% to 85,443 and 12,868 respectively. The ARPP for outpatients grew 3.3% to RM184 whilst inpatients' ARPP registered an increase of 6.2% to RM5,611.

Overall bed occupancy rate was marginally lower at 56.9% from 57.0% previously.

Segment PBT rose 10.5% to RM25.4 million in FY2020. This comprised core PBT of RM22.6 million and non-core PBT of RM2.8 million.



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

The Group	Individual Quarter ended			
	31.03.2020	31.12.2019	Changes	Changes
	RM'000	RM'000	RM'000	%
Revenue	180,707	171,252	9,455	5.5%
Operation profit	8,837	18,974	(10,137)	-53.4%
Profit before interest and tax	8,689	18,823	(10,134)	-53.8%
Profit before tax	8,546	18,579	(10,033)	-54.0%
Profit after tax	7,864	14,459	(6,595)	-45.6%
Profit attributable to equity holders of the Company	8,314	10,427	(2,113)	-20.3%

Compared to the immediate preceding quarter, our Group revenue increased 5.5% to RM180.7 million from RM171.3 million. The higher revenue was due to stronger revenue growth across all our core business segments.

Group PBT decreased 54.0% to RM8.5 million from RM18.6 million reported in the previous quarter. This was mainly due to a high base effect from the bumper performance in our Milling & Estate Segment in the immediate preceding quarter.

B3. Prospect of the Group

Oleochemical Segment

Prospects for our Oleochemical Segment remain challenging. Key factors that may affect our operation include:

- a) Disruption from the global economic lockdown brought on by the Covid19 pandemic;
- b) Market competition and greater threat from petrochemical products with the decline in crude oil prices; and
- c) Currency volatility given the export nature of this segment.

We aim to continue improving on our operational efficiencies, mainly through

- a) Progressively upgrading our manufacturing plant through process automation; and
- b) Providing greater value-added services such as product customization, especially to our loyal customers.



Milling & Estate Segment

CPO prices retraced amidst disruptions from the pandemic lockdown. Nonetheless, prices have since recovered slightly with demand picking up as global economic restrictions slowly eases. Prices were also buoyed by Malaysia and Indonesia stressing their commitment to continue with their biodiesel programmes despite lower crude oil prices.

We remain cautious on the outlook for CPO. Key factors that may affect longer term prospects include:

- a) Prolonged economic slowdown impacted by the pandemic;
- b) Uncertainty from potential global trade conflicts; and
- c) Risk of biodiesel mandates being scaled back.

Healthcare Segment

Our Healthcare Segment is expected to deliver steady growth on a long term, underpinned by growing healthcare awareness, rising medical insurance coverage, expanding middle income group and an ageing population.

Our Sri Kota Specialist Medical Centre is a MSQH accredited hospital, with core disciplines in Heart, Spine and Cancer care. Since we started, we have successfully expanded both our number of specialists residing at the Hospital, as well as our fields of medicine offered.

Despite saying this, we are aware that there will be a direct impact from the MCO period and the current COVID 19 Pandemic which will affect the growth for the financial year ending 31 March 2021.

We will continue to grow our Healthcare Segment to further capitalize on the increasing demand for private healthcare in Malaysia. Our commitment to improving our service levels include:

- a) Constant upgrading and refurbishing of our existing facilities;
- b) Strengthening our human resources to build on our team of experienced nurses and reputable and highly-skilled consultants across all disciplines

Overall

Outlook for the Group remains challenging. The global economy is expected to deliver negative growth this year, with the pace of economic recovery yet to be determined. The threat of trade conflicts could further undermined the pick-up in economic activities. Amidst these uncertainties, we will continue to improve on our core competencies and further strengthen our delivery platform. The Group has maintained a healthy balance sheet and has adequate capital resources to allocate to our required capital expenditure.



B4. Profit Forecast

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

B5. Income Tax Expense

	Fourth Quarter ended		Cumulative 12-month ended	
	31.03.2020	31.03.2019 (Restated)	31.03.2020	31.03.2019 (Restated)
	RM'000	RM'000	RM'000	RM'000
Estimated tax payable				
- Malaysian tax expense	632	2,735	3,816	5,677
- Overseas tax expense	(674)	819	5,357	5,232
	(42)	3,554	9,173	10,909
- Provision of deferred tax	724	2,197	724	2,197
Total	682	5,751	9,897	13,106

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 borrowing as at 31 March 2020: -

	Unaudited		Audited	
	As at 31.03.2020 Unaudited Foreign Currency IDR million	As at 31.03.2020 Unaudited RM Equivalent RM'000	As at 31.03.2019 Audited Foreign Currency IDR million	As at 31.03.2019 Audited RM Equivalent RM'000
Short term				
<i>Unsecured</i>				
- Term loan	-	1,200	-	-
<i>Secured</i>				
- Hire purchase payable Denominated in IDR	596	157	651	187
Long term				
<i>Unsecured</i>				
- Term loan	-	4,500	-	-
<i>Secured</i>				
- Hire purchase payable Denominated in IDR	491	130	739	212
Effective interest rate		5% to 14%		9% to 15%

B8. Financial Instruments

The Group uses forward foreign exchange contracts to manage its exposure to various financial risks. As at 31 March 2020, the fair values of these derivatives are as follows:

Types of Derivatives	Based Currency	Contract/Notional Value RM'000	Fair Value as at 31.03.2020 RM'000
(i) Forward foreign exchange contracts			
- Less than 1 year	USD	58,300	59,951
(ii) Commodity future contracts			
<i>Buy</i>			
- Less than 1 year	RM	5,511	5,745
<i>Sell</i>			
- Less than 1 year	RM	984	988



Forward foreign exchange contracts

The forward foreign exchange contracts were entered into by the Group's Oleochemical Segment as hedges for its export sales mainly denominated in USD currency in order to manage exposure to fluctuations in foreign exchange currency rates on specific transactions.

Commodity future contracts

The forward foreign exchange contracts are used to manage and hedge the Group's Oleochemical Segment's exposure to adverse price movements in crude palm oil prices. There is no significant change for the financial derivatives in respect of the following since the previous financial year ended 31 March 2019:

- i. The credit risk, market risk and liquidity risk associated with those financial derivatives;
- ii. The cash requirements of the financial derivatives; and
- iii. The policy in place for mitigating or controlling the risks associated with those financial derivatives.

B9. Fair Value Changes of Financial Assets or Liabilities

Types of Derivatives	Basis of Fair Value Measurement	31.03.2020 RM'000
(i) Forward foreign exchange contracts - Less than 1 year	The difference between the contracted rates and the Bank Nagara closing rates	(1,651)
(ii) Commodity future contracts - Less than 1 year	The difference between the contracted prices and the market forward prices	230

The fair value of the forward foreign exchange contracts is determined by reference to the difference between the contracted rate and the market rate as at the reporting date whereas the fair value of the commodity futures contracts is determined by reference to the difference between the contracted rate and the forward rate as at the reporting date.

B10. Material Litigation

As at the date of this report, there was no material litigation since the last audited financial statements for the financial year ended 31 March 2019.



B11. Dividends

A proposed single tier final dividend of 5.00 sen per ordinary share for the financial year ended 31 March 2020 has been recommended by the directors.

The proposed final dividend is subject to the approval of the shareholders at the forthcoming Annual General Meeting to be held on a date to be announced.

B12. Earnings per Share

	Fourth Quarter ended		Cumulative 12-month ended	
	31.03.2020	31.03.2019	31.03.2020	31.03.2019
Profit attributable to equity holders of the Company (in RM'000)	8,314	921	31,612	21,484
Weighted average number of ordinary shares in issue (in '000)	136,934	136,934	136,934	136,934
Basic earnings per share (in Sen)	6.07	0.67	23.09	15.69

B13. Profit for the year

	Cumulative 12-months ended	
	31.03.2020 RM'000	31.03.2019 RM'000
Profit for the year is arrived at after crediting /((debiting) the following income/(expenses):		
- Investment revenue	5,814	5,205
- Finance cost	(409)	(37)
- Depreciation of property, plant and equipment	(18,570)	(15,764)
- Depreciation of right-of-use assets	(1,297)	-
- Inventories written off	(48)	(64)
- Provision for doubtful debts no longer required	132	191
- Gain/(loss) on foreign exchange:		
Realised	(638)	(1,148)
Unrealised	(105)	4,204
- Net revaluation loss on derivatives	(1,678)	(341)

Other items of disclosure pursuant to Appendix 9B, Part A, paragraphs 16 of the Main Market Listing Requirements are not applicable for disclosure.

**B14. Trade Receivables**

	Unaudited As at 31.03.2020 RM'000	Audited As at 31.03.2019 RM'000
Third parties	40,349	35,146
Related parties	1,269	774
Trade receivable	41,618	35,920
Less: allowance for doubtful debts	(959)	(1,074)
Trade receivable, net	<u>40,659</u>	<u>34,846</u>

The credit period granted on sales of goods and services rendered ranges from 30 to 90 days (2019: 30 to 90 days).

An allowance of RM959,000 (2019: RM1,074,000) for the Group has been made for estimated irrecoverable amounts from the sale of goods and services rendered. This allowance has been determined based on estimates of possible losses which may arise from non-collection of certain receivable accounts.

The aging analysis of trade receivables is as follows: -

	Unaudited As at 31.03.2020 RM'000	Audited As at 31.03.2019 RM'000
Neither past due nor impaired	28,316	28,127
Past due but not impaired		
31 – 60 days	10,429	6,359
61 – 90 days	1,814	273
91 – 120 days	250	82
121 – 150 days	501	5
	<u>12,994</u>	<u>6,719</u>
Past due and impaired	308	1,074
Trade receivable	<u>41,618</u>	<u>35,920</u>



B15. Auditors' Report on Preceding Annual Financial Statements

The audit report for the financial year ended 31 March 2019 was not subject to any qualifications.

This Interim Financial Report of Southern Acids (M) Berhad for the fourth quarter of financial year ended 31 March 2020 was authorised for issuance by the Board of Directors of the Company on 26 June 2020.