

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 2021**

**FIRST FINANCIAL QUARTER ENDED 30 JUNE 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 2021**  
**INTERIM FINANCIAL REPORT**  
**FIRST FINANCIAL QUARTER ENDED 30 JUNE 2020**

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**SOUTHERN ACIDS (M) BERHAD**  
(Incorporated in Malaysia)  
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**FINANCIAL YEAR ENDED 31 MARCH 2021**  
**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS**  
**AND OTHER COMPREHENSIVE INCOME**  
**FOR THE FIRST FINANCIAL QUARTER ENDED 30 JUNE 2020**

|   | Note       | First Quarter ended  |                      |              | Cumulative 3-months ended |                      |              |
|---|------------|----------------------|----------------------|--------------|---------------------------|----------------------|--------------|
|   |            | 30.06.2020<br>RM'000 | 30.06.2019<br>RM'000 | Changes<br>% | 30.06.2020<br>RM'000      | 30.06.2019<br>RM'000 | Changes<br>% |
| Revenue   | <b>A8</b>  | 158,354              | 142,575              | 11.1%        | 158,354                   | 142,575              | 11.1%        |
| - Cost of sales   |            | (131,152)            | (125,062)            | -4.9%        | (131,152)                 | (125,062)            | -4.9%        |
| Gross profit  |            | 27,202               | 17,513               | 55.3%        | 27,202                    | 17,513               | 55.3%        |
| - Administrative expenses   |            | (13,170)             | (14,189)             | 7.2%         | (13,170)                  | (14,189)             | 7.2%         |
| - Other income  |            | 7,250                | 4,097                | 77.0%        | 7,250                     | 4,097                | 77.0%        |
| Profit from operations  |            | 21,282               | 7,421                | >100%        | 21,282                    | 7,421                | >100%        |
| - Finance costs   |            | (131)                | (11)                 | <-100%       | (131)                     | (11)                 | <-100%       |
| - Share of results of an associate  |            | 13                   | 112                  | -88.4%       | 13                        | 112                  | -88.4%       |
| Profit before tax   | <b>A8</b>  | 21,164               | 7,522                | >100%        | 21,164                    | 7,522                | >100%        |
| - Income tax expense  | <b>B5</b>  | (2,101)              | (1,682)              | -24.9%       | (2,101)                   | (1,682)              | -24.9%       |
| Profit for the period   | <b>B13</b> | 19,063               | 5,840                | >100%        | 19,063                    | 5,840                | >100%        |
| Attributable to:  |            |                      |                      |              |                           |                      |              |
| - Equity holders of the Company   |            | 17,161               | 5,181                | >100%        | 17,161                    | 5,181                | >100%        |
| - Non-controlling interests   |            | 1,902                | 659                  | >100%        | 1,902                     | 659                  | >100%        |
|   |            | 19,063               | 5,840                | >100%        | 19,063                    | 5,840                | >100%        |
| <b>Earnings per share (sen) attributable to equity holders of the Company</b> |            |                      |                      |              |                           |                      |              |
| - Basic and diluted   | <b>B12</b> | 12.53                | 3.78                 | >100%        | 12.53                     | 3.78                 | >100%        |



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**FINANCIAL YEAR ENDED 31 MARCH 2021**  
**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS**  
**AND OTHER COMPREHENSIVE INCOME (cont'd)**  
**FOR THE FIRST FINANCIAL QUARTER ENDED 30 JUNE 2020**

|   | Note       | First Quarter ended  |                      |              | Cumulative 3-months ended |                      |              |
|---|------------|----------------------|----------------------|--------------|---------------------------|----------------------|--------------|
|   |            | 30.06.2020<br>RM'000 | 30.06.2019<br>RM'000 | Changes<br>% | 30.06.2020<br>RM'000      | 30.06.2019<br>RM'000 | Changes<br>% |
| Profit for the period   | <b>B13</b> | 19,063               | 5,840                | >100%        | 19,063                    | 5,840                | >100%        |
| Other comprehensive income                                    |            |                      |                      |              |                           |                      |              |
| Item that may be reclassified subsequently to profit or loss: |            |                      |                      |              |                           |                      |              |
| - Fair value gain on other investments                        |            | 7,226                | 5,148                | 40.4%        | 7,226                     | 5,148                | 40.4%        |
| - Exchange differences on translating foreign operations      |            | 19,331               | 2,931                | >100%        | 19,331                    | 2,931                | >100%        |
| Total comprehensive income for the period, net of tax         |            | <u>45,620</u>        | <u>13,919</u>        | >100%        | <u>45,620</u>             | <u>13,919</u>        | >100%        |
| Attributable to:  |            |                      |                      |              |                           |                      |              |
| - Equity holders of the Company                               |            | 33,104               | 12,174               | >100%        | 33,104                    | 12,174               | >100%        |
| - Non-controlling interests                                   |            | 12,516               | 1,745                | >100%        | 12,516                    | 1,745                | >100%        |
|   |            | <u>45,620</u>        | <u>13,919</u>        | >100%        | <u>45,620</u>             | <u>13,919</u>        | >100%        |

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 2020, and the accompanying notes attached to these interim financial statements.



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

**FINANCIAL YEAR ENDED 31 MARCH 2021**  
**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2021**

|  | Note       | Unaudited<br>As at<br>30.06.2020<br>RM'000 | Audited<br>As at<br>31.03.2020<br>RM'000 |
|--|------------|--|--|
| <b>ASSETS</b>                                    |            |  |  |
| <b>Non-Current Assets</b>                        |            |  |  |
| Land held for property development               |            | 139,868                                    | 139,868                                  |
| Property, plant and equipment                    | <b>A9</b>  | 193,057                                    | 186,203                                  |
| Right-of-use assets                              |            | 4,658                                      | 4,982                                    |
| Investment property                              |            | 3,318                                      | 3,318                                    |
| Investment in an associate company               |            | 2,374                                      | 2,361                                    |
| Other investments                                |            | 32,301                                     | 25,075                                   |
| Advances for KKPA program                        |            | 498  | 87                                       |
| Deferred tax assets                              |            | 3,585                                      | 3,059                                    |
|  |            | 379,659                                    | 364,953                                  |
| <b>Current Assets</b>                            |            |  |  |
| Biological assets                                |            | 1,024                                      | 1,339                                    |
| Inventories                                      |            | 64,585                                     | 68,060                                   |
| Derivative financial assets                      | <b>B8</b>  | 505  | 234                                      |
| Trade receivables                                | <b>B14</b> | 35,336                                     | 40,659                                   |
| Other receivables, deposits and prepaid expenses |            | 13,383                                     | 13,483                                   |
| Amount owing by an associate company             |            | 2,101                                      | 803                                      |
| Tax recoverable                                  |            | 34,690                                     | 28,919                                   |
| Cash and cash equivalents                        |            | 245,637                                    | 208,938                                  |
|  |            | 397,261                                    | 362,435                                  |
| <b>TOTAL ASSETS</b>                              |            | <b>776,920</b>                             | <b>727,388</b>                           |



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**FINANCIAL YEAR ENDED 31 MARCH 2021**  
**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (cont'd)**  
**AS AT 31 MARCH 2021**

|  | <b>Unaudited</b>  | <b>Audited</b>    |
|--|-------------------|-------------------|
|  | <b>As at</b>      | <b>As at</b>      |
|  | <b>30.06.2020</b> | <b>31.03.2020</b> |
|  | <b>RM'000</b>     | <b>RM'000</b>     |
| <b>EQUITY AND LIABILITIES</b>                        |                   |                   |
| <b>Capital and Reserves</b>                          |                   |                   |
| Share capital  | 171,255           | 171,255           |
| Reserves   | 456,271           | 423,167           |
| Equity attributable to equity holders of the Company | 627,526           | 594,422           |
| Non-controlling interests                            | 68,316            | 55,800            |
| <b>Total Equity</b>                                  | <b>695,842</b>    | <b>650,222</b>    |
| <b>Non-Current and Deferred Liabilities</b>          |                   |                   |
| Term loan  | <b>B7</b> 4,200   | 4,500             |
| Hire purchase payable                                | <b>B7</b> 147     | 130               |
| Lease liabilities                                    | 3,697             | 4,032             |
| Provision for retirement benefits                    | 14,519            | 13,184            |
| Deferred tax liabilities                             | 3,746             | 3,746             |
|  | 26,309            | 25,592            |
| <b>Current Liabilities</b>                           |                   |                   |
| Trade payables                                       | 21,209            | 21,142            |
| Other payables and accrued expenses                  | 28,685            | 23,845            |
| Contract liabilities                                 | 1,400             | 1,193             |
| Derivative financial liabilities                     | <b>B8</b> -       | 1,655             |
| Term loan  | <b>B7</b> 1,200   | 1,200             |
| Hire purchase payable                                | <b>B7</b> 123     | 157               |
| Lease liabilities                                    | 1,227             | 1,174             |
| Tax liabilities                                      | 804               | 1,087             |
| Dividend payable                                     | 121               | 121               |
|  | 54,769            | 51,574            |
| <b>TOTAL LIABILITIES</b>                             | <b>81,078</b>     | <b>77,166</b>     |
| <b>TOTAL EQUITY AND LIABILITIES</b>                  | <b>776,920</b>    | <b>727,388</b>    |

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 March 2020, and the accompanying notes attached to these interim financial statements.



**SOUTHERN ACIDS (M) BERHAD**  
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**FINANCIAL YEAR ENDED 31 MARCH 2021**  
**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE FIRST FINANCIAL QUARTER ENDED 30 JUNE 2020**

| The Group                  | <----- Attributable to equity holders of the Company -----> |                                    |                         |                              |                             | Equity attributable to equity holders of the Company<br>RM'000 | Non-controlling interests<br>RM'000 | Total equity<br>RM'000 |
|----------------------------|---|------------------------------------|-------------------------|------------------------------|-----------------------------|--|-------------------------------------|------------------------|
|                            | Share capital<br>RM'000                                     | Foreign exchange reserve<br>RM'000 | Other reserve<br>RM'000 | Fair value reserve<br>RM'000 | Retained earnings<br>RM'000 |  |                                     |                        |
| <b>As at 1 April 2019</b>  | 171,255   | (12,758)                           | (322)                   | 22,089                       | 421,017                     | 601,281  | 54,734                              | 656,015                |
| Profit for the period      | -   | -                                  | -                       | -                            | 5,181                       | 5,181  | 659                                 | 5,840                  |
| Other comprehensive income | -   | 1,845                              | -                       | 5,148                        | -                           | 6,993  | 1,086                               | 8,079                  |
| Total comprehensive income | -   | 1,845                              | -                       | 5,148                        | 5,181                       | 12,174   | 1,745                               | 13,919                 |
| <b>As at 30 June 2019</b>  | <b>171,255</b>  | <b>(10,913)</b>                    | <b>(322)</b>            | <b>27,237</b>                | <b>426,198</b>              | <b>613,455</b>   | <b>56,479</b>                       | <b>669,934</b>         |
| <b>As at 1 April 2020</b>  | 171,255   | (22,251)                           | (322)                   | (174)                        | 445,914                     | 594,422  | 55,800                              | 650,222                |
| Profit for the period      | -   | -                                  | -                       | -                            | 17,161                      | 17,161   | 1,902                               | 19,063                 |
| Other comprehensive income | -   | 8,717                              | -                       | 7,226                        | -                           | 15,943   | 10,614                              | 26,557                 |
| Total comprehensive income | -   | 8,717                              | -                       | 7,226                        | 17,161                      | 33,104   | 12,516                              | 45,620                 |
| <b>As at 30 June 2020</b>  | <b>171,255</b>  | <b>(13,534)</b>                    | <b>(322)</b>            | <b>7,052</b>                 | <b>463,075</b>              | <b>627,526</b>   | <b>68,316</b>                       | <b>695,842</b>         |

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 2020, and the accompanying notes attached to these interim financial statements.



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**FINANCIAL YEAR ENDED 31 MARCH 2021**  
**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE FIRST FINANCIAL QUARTER ENDED 30 JUNE 2020**

|  | <b>Cumulative 3-months ended</b> |                   |
|--|----------------------------------|-------------------|
|  | <b>30.06.2020</b>                | <b>30.06.2019</b> |
|  | <b>RM'000</b>                    | <b>RM'000</b>     |
| <b>Cash Flows from Operating Activities</b>            |                                  |                   |
| Profit before tax                                      | 21,164                           | 7,522             |
| Adjustments for:                                       |                                  |                   |
| - Depreciation of property, plant and equipment        | 5,093                            | 4,237             |
| - Depreciation of right-of-use assets                  | 324                              | -                 |
| - Unrealised loss/(gain) on foreign exchange           | 753                              | (462)             |
| - Provision for retirement benefits                    | 533                              | 625               |
| - Net fair value change in biological assets           | 473                              | (235)             |
| - Reversal of loss allowance for trade receivables     | (126)                            | (2)               |
| - Inventories written off                              | 14                               | 16                |
| - Finance costs  | 131                              | 11                |
| - Property, plant and equipment written off            | -                                | 4                 |
| - Share of results of an associate                     | (13)                             | (112)             |
| - Net fair value change in derivatives                 | (1,926)                          | 30                |
| - Dividend income                                      | (7,970)                          | (119)             |
| - Investment revenue                                   | (1,366)                          | (1,501)           |
| <b>Operating Profit Before Working Capital Changes</b> | <b>17,084</b>                    | <b>10,014</b>     |
| (Increase)/Decrease in:                                |                                  |                   |
| - Inventories  | 5,117                            | (1,444)           |
| - Trade receivables                                    | 4,696                            | (6,507)           |
| - Other receivables, deposits and prepaid expenses     | (2,797)                          | 116               |
| - Amount owing by an associate company                 | (1,298)                          | 131               |
| Increase/(Decrease) in:                                |                                  |                   |
| - Trade payables                                       | (1,270)                          | (1,609)           |
| - Other payables and accrued expenses                  | 3,702                            | (1,207)           |
| - Contract liabilities                                 | 207                              | (51)              |
| <b>Cash Generated From / (Used In) Operations</b>      | <b>25,441</b>                    | <b>(557)</b>      |
| - Income tax paid                                      | (1,833)                          | (7,376)           |
| <b>Net Cash From / (Used In) Operating Activities</b>  | <b>23,608</b>                    | <b>(7,933)</b>    |





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**FINANCIAL YEAR ENDED 31 MARCH 2021**  
**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (cont'd)**  
**FOR THE FIRST FINANCIAL QUARTER ENDED 30 JUNE 2020**

|   | <b>Cumulative 3-months ended</b> |                   |
|---|----------------------------------|-------------------|
|   | <b>30.06.2020</b>                | <b>30.06.2019</b> |
|   | <b>RM'000</b>                    | <b>RM'000</b>     |
| <b>Cash Flows From / (Used In) Investing Activities</b>           |                                  |                   |
| - Investment revenue received                                     | 1,366                            | 1,501             |
| - Dividend received   | 7,970                            | 119               |
| - Additions to other investments                                  | -                                | (85)              |
| - Additions to property, plant and equipment                      | (2,497)                          | (1,736)           |
| - Additions for KKPA program                                      | (399)                            | (835)             |
|   | <u>6,440</u>                     | <u>(1,036)</u>    |
| <b>Net Cash From / (Used In) Investing Activities</b>             |                                  |                   |
| <b>Cash Flows Used In Financing Activities</b>                    |                                  |                   |
| - Repayment of term loan  | (300)                            | -                 |
| - Repayment of hire purchase payables                             | (56)                             | (38)              |
| - Repayment of lease liabilities                                  | (345)                            | -                 |
| - Finance costs paid  | (69)                             | (11)              |
|   | <u>(770)</u>                     | <u>(49)</u>       |
| <b>Net Cash Used In Financing Activities</b>                      |                                  |                   |
| <b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>       | <b>29,278</b>                    | <b>(9,018)</b>    |
| <b>CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD</b> | <b>208,938</b>                   | <b>199,911</b>    |
| <b>EFFECT OF TRANSLATION DIFFERENCES</b>                          | <b>7,421</b>                     | <b>1,462</b>      |
| <b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD</b>       | <b>245,637</b>                   | <b>192,355</b>    |
| <b>Composition of Cash and Cash Equivalents:</b>                  |                                  |                   |
| - Cash and bank balances  | 153,247                          | 102,790           |
| - Fixed deposits with licensed banks                              | 83,028                           | 23,326            |
| - Short-term placements   | 9,362                            | 66,239            |
|   | <u>245,637</u>                   | <u>192,355</u>    |

The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the financial year ended 31 March 2020, and the accompanying notes attached to these interim financial statements.



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**FINANCIAL YEAR ENDED 31 MARCH 2021**  
**FIRST FINANCIAL QUARTER ENDED 30 JUNE 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 2020. 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 2020.

**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 2020, except for the adoption of the new and revised Standards and Amendments effective on or after 1 April 2020.

The Group adopted the following amendments to MFRSs and IC Interpretations, mandatory for annual financial periods beginning on or after 1 April 2020.

| MFRSs                                     | Amendments to References to the Conceptual Framework in MFRS Standards |
|---|--|
| Amendments to MFRS 3                      | Definition of a Business   |
| Amendments to MFRS 101 and MFRS 108       | Definition of Material   |
| Amendments to MFRS 9, MFRS 139 and MFRS 7 | Interest Rate Benchmark Reform   |
| Amendments to MFRS 16                     | Covid-19-Related Rent Concessions                                      |

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.



**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

### (a) Results for the Quarter/ Results for the Year-to-date

|                                  | Oleochemical                             |                    |              | Milling & Estate                     |                    |              | Healthcare         |                    |              | Investment & Services |                    |              | Consolidated       |                    |              |
|----------------------------------|--|--------------------|--------------|--------------------------------------|--------------------|--------------|--------------------|--------------------|--------------|-----------------------|--------------------|--------------|--------------------|--------------------|--------------|
|                                  | 30.06.20<br>RM'000                       | 30.06.19<br>RM'000 | Changes<br>% | 30.06.20<br>RM'000                   | 30.06.19<br>RM'000 | Changes<br>% | 30.06.20<br>RM'000 | 30.06.19<br>RM'000 | Changes<br>% | 30.06.20<br>RM'000    | 30.06.19<br>RM'000 | Changes<br>% | 30.06.20<br>RM'000 | 30.06.19<br>RM'000 | Changes<br>% |
| <b>Revenue</b>                   |  |                    |              |                                      |                    |              |                    |                    |              |                       |                    |              |                    |                    |              |
| Total revenue                    | 61,499                                   | 68,742             | -10.5%       | 67,003                               | 47,809             | 40.1%        | 17,370             | 21,769             | -20.2%       | 14,138                | 5,192              | >100%        | 160,010            | 143,512            | 11.5%        |
| Less:                            |  |                    |              |                                      |                    |              |                    |                    |              |                       |                    |              |                    |                    |              |
| Inter-segment sales              | -  | -                  | -            | -                                    | -                  | -            | -                  | -                  | -            | (1,656)               | (937)              | 76.7%        | (1,656)            | (937)              | 76.7%        |
| External sales                   | 61,499                                   | 68,742             | -10.5%       | 67,003                               | 47,809             | 40.1%        | 17,370             | 21,769             | -20.2%       | 12,482                | 4,255              | >100%        | 158,354            | 142,575            | 11.1%        |
| <b>Results</b>                   |  |                    |              |                                      |                    |              |                    |                    |              |                       |                    |              |                    |                    |              |
| Segment results                  | 1,812                                    | (1,218)            | >100%        | 7,996                                | 2,186              | >100%        | 3,130              | 6,074              | -48.5%       | 8,344                 | 379                | >100%        | 21,282             | 7,421              | >100%        |
| Finance costs                    | (30)                                     | -                  | <-100%       | (7)                                  | (11)               | 36.4%        | (65)               | -                  | <-100%       | (29)                  | -                  | <-100%       | (131)              | (11)               | <-100%       |
| Share of results of an associate | -  | -                  | -            | -                                    | -                  | -            | -                  | -                  | -            | 13                    | 112                | -88.4%       | 13                 | 112                | -88.4%       |
| Profit /(Loss) before tax        | 1,782                                    | (1,218)            | >100%        | 7,989                                | 2,175              | >100%        | 3,065              | 6,074              | -49.5%       | 8,328                 | 491                | >100%        | 21,164             | 7,522              | >100%        |
| <b>Assets</b>                    |  |                    |              |                                      |                    |              |                    |                    |              |                       |                    |              |                    |                    |              |
| Segment assets                   | 176,651                                  | 177,542            | -0.5%        | 373,292                              | 338,026            | 10.4%        | 137,261            | 132,079            | 3.9%         | 89,716                | 95,809             | -6.4%        | 776,920            | 743,456            | 4.5%         |
| <b>Liabilities</b>               |  |                    |              |                                      |                    |              |                    |                    |              |                       |                    |              |                    |                    |              |
| Segment liabilities              | 21,023                                   | 22,104             | 4.9%         | 28,124                               | 19,323             | -45.5%       | 23,351             | 27,242             | 14.3%        | 8,580                 | 4,853              | -76.8%       | 81,078             | 73,522             | -10.3%       |
| <b>Exchange Rate</b>             | <b>Financial Position – Closing Rate</b> |                    |              | <b>Profit or Loss – Average Rate</b> |                    |              |                    |                    |              |                       |                    |              |                    |                    |              |
|                                  | 30.06.20                                 | 30.06.19           | Changes      | 30.06.20                             | 30.06.19           | Changes      |                    |                    |              |                       |                    |              |                    |                    |              |
| USD : RM                         | 4.2825                                   | 4.1335             | 3.6%         | 4.3220                               | 4.1472             | 4.2%         |                    |                    |              |                       |                    |              |                    |                    |              |
| IDR : RM                         | 0.0003000                                | 0.0002930          | 2.4%         | 0.0002903                            | 0.0002911          | -0.3%        |                    |                    |              |                       |                    |              |                    |                    |              |
| HKD : RM                         | 0.5526                                   | 0.5293             | 4.4%         | 0.5576                               | 0.5290             | 5.4%         |                    |                    |              |                       |                    |              |                    |                    |              |

**A9. Carrying Amount of Revalued Assets**

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

**A10. Material Event Subsequent to the End of the 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 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 interim financial period under review.

**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 2020.

**A13. Capital Commitments**

The capital commitments not recognised in the interim financial statements as at 30 June 2020 amounted to RM7.2 million.

**A14. Related Party Transactions**

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

|                                      | <b>Cumulative<br/>3-months ended<br/>30.06.2020<br/>RM'000</b> | <b>Cumulative<br/>3-months ended<br/>30.06.2019<br/>RM'000</b> |
|--------------------------------------|--|--|
| Sales of goods                       | -  | 310  |
| Purchase of goods                    | 1,453  | 2,219  |
| Provision of administrative services | 1,446  | 1,329  |



**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**

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

| The Group  | First Quarter ended  |                      |                   |              |
|--|----------------------|----------------------|-------------------|--------------|
|  | 30.06.2020<br>RM'000 | 30.06.2019<br>RM'000 | Changes<br>RM'000 | Changes<br>% |
| Revenue  | 158,354              | 142,575              | 15,779            | 11.1%        |
| Operation profit                                     | 21,282               | 7,421                | 13,861            | >100%        |
| Profit before interest and tax                       | 21,295               | 7,533                | 13,762            | >100%        |
| Profit before tax                                    | 21,164               | 7,522                | 13,642            | >100%        |
| Profit after tax                                     | 19,063               | 5,840                | 13,223            | >100%        |
| Profit attributable to equity holders of the Company | 17,161               | 5,181                | 11,980            | >100%        |

In the first quarter of our financial year ending 31 March 2021 (“FY2021”), Group revenue rose 11.1% to RM158.4 million from RM142.6 million reported in the corresponding quarter of FY2020. The uptick in revenue was mainly due to higher contributions from the Milling & Estate Segment.

Group profit before tax (“PBT”) rose by 181.4% to RM21.2 million, compared to RM7.5 million achieved in the same quarter of FY2020. The key contributor to the significant improvement in profitability was the Milling & Estate Segment whilst the Oleochemical Segment overturned a loss reported in the same quarter last year.

Additionally, the Group’s revenue was boosted by a special dividend received from Paramount Corporation Berhad amounting to RM7.8 million.



### Oleochemical Segment

|                                       | First Quarter ended |            |         |         |
|---------------------------------------|---------------------|------------|---------|---------|
|                                       | 30.06.2020          | 30.06.2019 | Changes | Changes |
|                                       | RM'000              | RM'000     | RM'000  | %       |
| <b>(A) Financial Highlights:</b>      |                     |            |         |         |
| Revenue                               | 61,499              | 68,742     | (7,243) | -10.5%  |
| Operation profit/(loss)               | 1,812               | (1,218)    | 3,030   | >100%   |
| Profit/(loss) before interest and tax | 1,812               | (1,218)    | 3,030   | >100%   |
| Profit/(loss) before tax              | 1,782               | (1,218)    | 3,000   | >100%   |
| <b>(B) Non-Financial Highlights:</b>  |                     |            |         |         |
| Production capacity (MT)              | 25,000              | 25,000     | -       | -       |
| Production utilisation (%)            | 71.4%               | 86.4%      | -15.0%  | -17.4%  |
| Quantity sold (MT)                    | 16,902              | 22,022     | (5,120) | -23.2%  |
| Gross profit/(loss) margin (%)        | 0.9%                | -1.3%      | 2.2%    | >100%   |

Revenue in the Oleochemical Segment decreased 10.5% to RM61.5 million from RM68.7 million reported in the same quarter of FY2020. Sales volume in the quarter decreased by 23.2% to 16,902 metric tonnes (“MT”) whilst Average Selling Price (“ASP”) for fatty acids and glycerine increased 17.2% and 12.2% respectively. In tandem with the decline in sales volume, production capacity utilisation rate decreased to 71.4% from 86.4% achieved in the same quarter of last year.

The Segment reported PBT of RM1.8 million for the quarter. This comprised core loss before tax (“LBT”) of RM0.5 million and non-core PBT of RM2.3 million. The non-core PBT was mainly due to interest income and gains from foreign exchange.

During the quarter under review, the Oleochemical Segment was given permission to operate during the Movement Control Order (“MCO”) period with strict standard operating procedures.



## Milling & Estate Segment

|                                       | First Quarter ended |            |         |         |
|---------------------------------------|---------------------|------------|---------|---------|
|                                       | 30.06.2020          | 30.06.2019 | Changes | Changes |
|                                       | RM'000              | RM'000     | RM'000  | %       |
| <b>(A) Financial Highlights:</b>      |                     |            |         |         |
| Revenue                               | 67,003              | 47,809     | 19,194  | 40.1%   |
| Operation profit                      | 7,996               | 2,186      | 5,810   | >100%   |
| Profit before interest and tax        | 7,996               | 2,186      | 5,810   | >100%   |
| Profit before tax                     | 7,989               | 2,175      | 5,814   | >100%   |
| <b>(B) Non-Financial Highlights:</b>  |                     |            |         |         |
| FFB processed (MT)                    | 129,193             | 125,711    | 3,482   | 2.8%    |
| FFB production (MT)                   | 23,849              | 20,945     | 2,904   | 13.9%   |
| CPO sale volume (MT)                  | 28,088              | 21,769     | 6,319   | 29.0%   |
| PK sales volume (MT)                  | 6,663               | 5,305      | 1,358   | 25.6%   |
| Average CPO selling price per MT (RM) | 2,087               | 1,911      | 176     | 9.2%    |
| Average PK selling price Per MT (RM)  | 1,171               | 1,098      | 73      | 6.6%    |

Revenue in our Milling & Estate Segment increased 40.1% to RM67.0 million from RM47.8 million reported in the same of last year. The ASP for Crude Palm Oil (“CPO”) increased by 9.2%, whilst the ASP for Palm Kernel (“PK”) increased by 6.6%. Sales volume of CPO rose 29.0% to 28,088 MT, and sales volume for PK rose 25.6% to 6,663 MT. Fresh Fruit Bunches (“FFB”) processed increased marginally by 2.8% to 129,193 MT.

The Segment delivered a PBT of RM8.0 million, an increase of 267.3% from the same quarter last year. This comprised core PBT of RM3.9 million and non-core PBT of RM4.1 million. The non-core PBT was mainly the sales proceeds from the disposal of PK shells and scraps, interest income and gains from foreign exchange.

This Segment has its operations in Riau, Indonesia which implemented Pembatasan Sosial Berskala Besar (“PSBB”) on the 17 April 2020, as the government’s measure to curb Covid-19. The implementation of the PSBB had no adverse impact on the segment’s operational and financial performance during the quarter.





## Healthcare Segment

|  | 30.06.2020<br>RM'000 | First Quarter ended                |         | Changes<br>RM'000 | Changes<br>% |
|--|----------------------|------------------------------------|---------|-------------------|--------------|
|  |                      | 30.06.2019<br>(Restated)<br>RM'000 |         |                   |              |
| <b>(A) Financial Data:</b>                 |                      |                                    |         |                   |              |
| Revenue                                    | 17,370               | 21,769                             | (4,399) |                   | -20.2%       |
| Operation profit                           | 3,130                | 6,074                              | (2,944) |                   | -48.5%       |
| Profit before interest and tax             | 3,130                | 6,074                              | (2,944) |                   | -48.5%       |
| Profit before tax                          | 3,065                | 6,074                              | (3,009) |                   | -49.5%       |
| <b>(B) Statistics:</b>                     |                      |                                    |         |                   |              |
| Bed Occupancy Rate (%)                     | 31.1%                | 53.3%                              | -22.2%  |                   | -41.7%       |
| Number of patients:                        |                      |                                    |         |                   |              |
| a. Outpatient                              | 15,921               | 20,341                             | (4,420) |                   | -21.7%       |
| b. Inpatient                               | 1,539                | 3,016                              | (1,477) |                   | -49.0%       |
| Average revenue per patient ("ARPP") (RM): |                      |                                    |         |                   |              |
| a. Outpatient                              | 238                  | 182                                | 56      |                   | 30.8%        |
| b. Inpatient                               | 8,465                | 5,712                              | 2,753   |                   | 48.2%        |

Revenue in our Healthcare Segment decreased 20.2% to RM17.4 million, compared to RM21.8 million reported in the same quarter of last year.

The number of registered outpatients and inpatients decreased by 21.7% and 49.0% to 15,921 and 1,539 respectively. The ARPP for outpatients rose 30.8% to RM238 whilst inpatients' ARPP increased 48.2% to RM8,465.

Overall bed occupancy rate was marginally lower at 31.1% from 53.3% previously.

In line with the decrease in revenue and patient numbers, segment PBT declined 49.5% to RM3.1 million. This comprised core PBT of RM2.3 million and non-core PBT of RM0.8 million.

During the quarter under review, the Healthcare Segment continued to operate throughout the MCO period. However, the operations and financial performance of this segment was directly impacted as overall patient volumes declined.



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

| The Group  | Individual Quarter ended |                          |          |         |
|--|--------------------------|--------------------------|----------|---------|
|  | 30.06.2020               | 31.03.2020<br>(Restated) | Changes  | Changes |
|  | RM'000                   | RM'000                   | RM'000   | %       |
| Revenue  | 158,354                  | 179,686                  | (21,332) | -11.9%  |
| Operation profit                                     | 21,282                   | 8,837                    | 12,445   | >100%   |
| Profit before interest and tax                       | 21,295                   | 8,689                    | 12,606   | >100%   |
| Profit before tax                                    | 21,164                   | 8,546                    | 12,618   | >100%   |
| Profit after tax                                     | 19,063                   | 8,250                    | 10,813   | >100%   |
| Profit attributable to equity holders of the Company | 17,161                   | 8,700                    | 8,461    | 97.3%   |

Compared to the immediate preceding quarter, Group revenue decreased 11.9% to RM158.4 million from RM179.7 million. The decline in revenue was due to a weaker performance by the Healthcare Segment and Oleochemical Segment as patient numbers and production volume decreased respectively.

Group PBT increased 147.6% to RM21.2 million from RM8.5 million reported in the previous quarter. This was mainly due to a markedly improved performance in the Milling & Estate Segment, favorable foreign exchange movements and a low base effect in the immediate preceding quarter.

## B3. Prospect of the Group

### Oleochemical Segment

Prospects for our Oleochemical Segment will remain challenging. The Covid-19 pandemic and the ensuing global economic lockdown has depressed global economic activities. These factors are expected to make for a more difficult environment where our current size of operations would face heightened competition from our global peers with larger production capacity. Major currencies have also been volatile; a cause for concern given the export-oriented nature of our Oleochemical business.

Amidst these external headwinds, we will focus on drawing greater efficiencies through process automation and cost rationalisation, as well as enhancing product customisation. Longer term, this should enable us to strengthen our operational platform and improve our competitiveness in the market.



### Milling & Estate Segment

Our Milling & Estate Segment is likely be affected by the current adverse economic conditions brought on by the Covid-19 pandemic. CPO prices have come off from its peak of approximately RM3,000 per MT earlier in the year to RM2,600 per MT currently, impacted by rising inventories and weaker demand resulting from restrictions on economic activities in key markets.

The easing of global lockdowns may bring about a pick-up in demand. However, the risk of a prolonged economic slowdown may undermine our Segment performance for the year.

### Healthcare Segment

We foresee a tougher year ahead for our Healthcare Segment. Patient volumes have declined as a result of the Movement Control Order introduced in March 2020 in response to the Covid-19 pandemic. Albeit restrictions being eased and the gradual recovery of patient volumes, we expect near term prospects to remain subdued amidst this pandemic overhang. In these unprecedented times, the priority remains to ensure the safety of our healthcare workers who have dedicated themselves to contain this pandemic.

Over the long term, our Healthcare Segment continues to be driven by growing healthcare awareness, rising medical insurance coverage, expanding middle income group and an ageing population. We will continue to focus on further upgrading our medical facilities building on our pool of medical professionals, nurses and consultants expanded to better serve the needs of all our patients.

### Overall

The general outlook for the Group's core business segments is expected to remain challenging as we weather the prolonged negative effects of the Covid-19 pandemic. That being said, the Group is on a strong foundation to weather the storm supported by our strong balance sheet, healthy cashflows and liquidity position.

## **B4. Profit Forecast**

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

**B5. Income Tax Expense**

|                             | First Quarter ended  |                      | Cumulative 3-months ended |                      |
|-----------------------------|----------------------|----------------------|---------------------------|----------------------|
|                             | 30.06.2020<br>RM'000 | 30.06.2019<br>RM'000 | 30.06.2020<br>RM'000      | 30.06.2019<br>RM'000 |
| Estimated tax payable       |                      |                      |                           |                      |
| - Malaysian tax expense     | 684                  | 1,224                | 684                       | 1,224                |
| - Overseas tax expense      | 1,417                | 458                  | 1,417                     | 458                  |
|                             | 2,101                | 1,682                | 2,101                     | 1,682                |
| - Provision of deferred tax | -                    | -                    | -                         | -                    |
| <b>Total</b>                | <b>2,101</b>         | <b>1,682</b>         | <b>2,101</b>              | <b>1,682</b>         |

The Group's effective tax rates for the financial period is lower than the statutory tax rate mainly due to certain income not subject to tax and utilisation of tax losses and unabsorbed capital allowance by certain subsidiaries.

**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 30 June 2020: -

|   | Unaudited  |  | Audited  |  |
|---|--|--|--|--|
|   | As at<br>30.06.2020<br>Unaudited<br>Foreign<br>Currency<br>IDR million | As at<br>30.06.2020<br>Unaudited<br>RM<br>Equivalent<br>RM'000 | As at<br>31.03.2020<br>Audited<br>Foreign<br>Currency<br>IDR million | As at<br>31.03.2020<br>Audited<br>RM<br>Equivalent<br>RM'000 |
| <b>Short term</b>                             |  |  |  |  |
| <i>Unsecured</i>                              |  |  |  |  |
| - Term loan                                   | -  | 1,200  | -  | 1,200  |
| <i>Secured</i>                                |  |  |  |  |
| - Hire purchase payable<br>Denominated in IDR | 408  | 123  | 596  | 157  |
| <b>Long term</b>                              |  |  |  |  |
| <i>Unsecured</i>                              |  |  |  |  |
| - Term loan                                   | -  | 4,200  | -  | 4,500  |
| <i>Secured</i>                                |  |  |  |  |
| - Hire purchase payable<br>Denominated in IDR | 491  | 147  | 491  | 130  |
| <b>Effective interest rate</b>                |  | 4% to 15%  |  | 5% to 15%  |

## B8. Financial Instruments

The Group uses forward foreign exchange contracts to manage its exposure to various financial risks. As at 30 June 2020, the fair values of these derivatives are as follows:

| Types of Derivatives                      | Based<br>Currency | Contract/Notional<br>Value<br>RM'000 | Fair Value as at<br>30.06.2020<br>RM'000 |
|---|-------------------|--------------------------------------|--|
| (i) Forward foreign exchange<br>contracts |                   |                                      |  |
| - Less than 1 year                        | USD               | 54,945                               | 54,559                                   |
| (ii) Commodity future contracts           |                   |                                      |  |
| <i>Buy</i>                                |                   |                                      |  |
| - Less than 1 year                        | RM                | 4,978                                | 4,986                                    |
| <i>Sell</i>                               |                   |                                      |  |
| - Less than 1 year                        | RM                | 2,800                                | 2,689                                    |



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 2020:

- 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**

| <b>Types of Derivatives</b>                                  | <b>Basis of Fair Value Measurement</b>  | <b>30.06.2020<br/>RM'000</b> |
|--|---|------------------------------|
| (i) Forward foreign exchange contracts<br>- Less than 1 year | The difference between the contracted rates and the Bank Nagara closing rates | 386                          |
| (ii) Commodity future contracts<br>- Less than 1 year        | The difference between the contracted prices and the market forward prices    | 119                          |

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 2020.



### B11. Dividends

The Board of Directors had on 26 June 2020 recommended a Single Tier Final Dividend of 5.0 sen per ordinary share, amounting to a total payout of RM6,846,707 in respect of the financial year ended 31 March 2020. The dividend proposal is subject to the approval by shareholders at the forthcoming Annual General Meeting of the Company.

On 25 August 2020, the Board of Directors had further announced that the recommended Single Tier Final Dividend, if approved by the shareholders, shall be paid on 23 October 2020.

### B12. Earnings per Share

|  | First Quarter ended |            | Cumulative 3-months ended |            |
|--|---------------------|------------|---------------------------|------------|
|  | 30.06.2020          | 30.06.2019 | 30.06.2020                | 30.06.2019 |
| Profit attributable to equity holders of the Company (in RM'000) | 17,161              | 5,181      | 17,161                    | 5,181      |
| Weighted average number of ordinary shares in issue (in '000)    | 136,934             | 136,934    | 136,934                   | 136,934    |
| Basic earnings per share (in sen)                                | 12.53               | 3.78       | 12.53                     | 3.78       |

### B13. Profit for the Period

|   | Cumulative 3-months ended |                      |
|---|---------------------------|----------------------|
|   | 30.06.2020<br>RM'000      | 30.06.2019<br>RM'000 |
| Profit for the period is arrived at after crediting /((debiting) the following income/(expenses): |                           |                      |
| - Investment revenue  | 1,366                     | 1,501                |
| - Finance costs   | (131)                     | (11)                 |
| - Depreciation of property, plant and equipment   | (5,093)                   | (4,237)              |
| - Depreciation of right-of-use assets   | (324)                     | -                    |
| - Reversal of loss allowance for trade receivables  | 126                       | 2                    |
| - Inventories written off   | (14)                      | (16)                 |
| - Net fair value change in biological assets  | (473)                     | 235                  |
| - Gain/(loss) on foreign exchange:  |                           |                      |
| Realised  | 2,385                     | (25)                 |
| Unrealised  | (753)                     | 462                  |
| - Net fair value change in derivatives  | 1,926                     | (30)                 |



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

|                        | <b>Unaudited<br/>As at<br/>30.06.2020<br/>RM'000</b> | <b>Audited<br/>As at<br/>31.03.2020<br/>RM'000</b> |
|------------------------|--|--|
| Third parties          | 34,688   | 40,349   |
| Related parties        | 1,457  | 1,269  |
| Trade receivables      | 36,145   | 41,618   |
| Less: Loss allowance   | (809)  | (959)  |
| Trade receivables, net | <u>35,336</u>  | <u>40,659</u>                                      |

The credit period granted on sales of goods and services rendered ranges from 30 to 90 days (2020: 30 to 90 days).

An allowance of RM959,000 (2020: RM959,000) 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: -

|                               | <b>Unaudited<br/>As at<br/>30.06.2020<br/>RM'000</b> | <b>Audited<br/>As at<br/>31.03.2020<br/>RM'000</b> |
|-------------------------------|--|--|
| Neither past due nor impaired | 26,917   | 27,890   |
| Past due but not impaired     |  |  |
| 31 – 60 days                  | 7,170  | 9,783  |
| 61 – 90 days                  | 585  | 2,411  |
| 91 – 120 days                 | 660  | 575  |
| 121 – 150 days                | 4  | -  |
|                               | <u>8,419</u>   | <u>12,769</u>                                      |
| Past due and impaired         | 809  | 959  |
| Trade receivables             | <u>36,145</u>  | <u>41,618</u>                                      |





**B15. Auditors' Report on Preceding Annual Financial Statements**

The audit report for the financial year ended 31 March 2020 was not subject to any qualifications.

**By order of the Board**

Lim Kui Suang  
Paul Ignatius Stanislaus  
**Company Secretaries**  
**Klang**  
**25 August 2020**