

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 ENDING 31 MARCH 2021

SECOND FINANCIAL QUARTER ENDED 30 SEPTEMBER 2020
(Figures are not audited unless otherwise specified)
(In Ringgit Malaysia)



SOUTHERN ACIDS (M) BERHAD
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AND ITS SUBSIDIARY COMPANIES

FINANCIAL YEAR ENDING 31 MARCH 2021
INTERIM FINANCIAL REPORT
SECOND FINANCIAL QUARTER ENDED 30 SEPTEMBER 2020

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

	Note	Second Quarter ended			Cumulative 6-months ended		
		30.09.2020 RM'000	30.09.2019 RM'000	Changes %	30.09.2020 RM'000	30.09.2019 RM'000	Changes %
Revenue	A8	174,660	166,773	4.7%	333,014	309,348	7.7%
- Cost of sales		(150,208)	(140,614)	-6.8%	(281,360)	(265,676)	-5.9%
Gross profit		24,452	26,159	-6.5%	51,654	43,672	18.3%
- Administrative expenses		(14,282)	(16,115)	11.4%	(27,452)	(30,304)	9.4%
- Other income		3,735	4,123	-9.4%	10,985	8,220	33.6%
Profit from operations		13,905	14,167	-1.8%	35,187	21,588	63.0%
- Finance costs		(116)	(11)	<-100%	(247)	(22)	<-100%
- Share of results of an associate		(46)	(64)	28.1%	(33)	48	<-100%
Profit before tax	A8	13,743	14,092	-2.5%	34,907	21,614	61.5%
- Income tax expense	B5	(3,601)	(3,412)	-5.5%	(5,701)	(5,094)	-11.9%
Profit for the period	B13	10,142	10,680	-5.0%	29,206	16,520	76.8%
Attributable to:							
- Equity holders of the Company		8,153	7,690	6.0%	25,315	12,871	96.7%
- Non-controlling interests		1,989	2,990	-33.5%	3,891	3,649	6.6%
		10,142	10,680	-5.0%	29,206	16,520	76.8%
Earnings per share (sen) attributable to equity holders of the Company							
- Basic and diluted	B12	5.96	5.62	6.0%	18.49	9.40	96.7%



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

	Note	Second Quarter ended			Cumulative 6-months ended		
		30.09.2020 RM'000	30.09.2019 RM'000	Changes %	30.09.2020 RM'000	30.09.2019 RM'000	Changes %
Profit for the period	B13	10,142	10,680	-5.0%	29,206	16,520	76.8%
Other comprehensive income							
Item that may be reclassified subsequently to profit or loss:							
- Fair value (loss) / gain on other investments		(4,975)	(6,959)	28.5%	2,251	(1,811)	>100%
- Exchange differences on translating foreign operations		(11,777)	1,033	<-100%	7,554	3,964	90.6%
- Remeasurement of defined benefit obligations		-	(639)	100.0%	-	(639)	100.0%
Total comprehensive (loss) /income for the period, net of tax		(6,610)	4,115	<-100%	39,011	18,034	>100%
Attributable to:							
- Equity holders of the Company		381	743	-48.7%	33,484	12,917	>100%
- Non-controlling interests		(6,991)	3,372	<-100%	5,527	5,117	8.0%
		(6,610)	4,115	<-100%	39,011	18,034	>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
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FINANCIAL YEAR ENDING 31 MARCH 2021
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2020

	Note	Unaudited As at 30.09.2020 RM'000	Audited As at 31.03.2020 RM'000
ASSETS			
Non-Current Assets			
Land held for property development		139,868	139,868
Property, plant and equipment	A9	185,977	186,203
Right-of-use assets		4,529	4,982
Investment property		3,318	3,318
Investment in an associate company		2,328	2,361
Other investments		27,326	25,075
Advances for KKPA program		-	87
Deferred tax assets		3,132	3,059
		366,478	364,953
Current Assets			
Biological assets		1,801	1,339
Inventories		78,824	68,060
Derivative financial assets	B8	1,200	234
Trade receivables	B14	34,007	40,659
Other receivables, deposits and prepaid expenses		13,785	13,483
Amount owing by an associate company		1,215	803
Tax recoverable		33,689	28,919
Cash and cash equivalents		238,900	208,938
		403,421	362,435
TOTAL ASSETS		769,899	727,388



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FINANCIAL YEAR ENDING 31 MARCH 2021
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (cont'd)
AS AT 30 SEPTEMBER 2020

	Unaudited	Audited
	As at	As at
	30.09.2020	31.03.2020
	RM'000	RM'000
EQUITY AND LIABILITIES		
Capital and Reserves		
Share capital	171,255	171,255
Reserves	456,651	423,167
Equity attributable to equity holders of the Company	627,906	594,422
Non-controlling interests	61,327	55,800
Total Equity	689,233	650,222
Non-Current and Deferred Liabilities		
Term loan	B7 3,900	4,500
Hire purchase payable	B7 137	130
Lease liabilities	3,321	4,032
Provision for retirement benefits	14,440	13,184
Payables for KKPA program	509	-
Deferred tax liabilities	3,746	3,746
	26,053	25,592
Current Liabilities		
Trade payables	22,003	21,142
Other payables and accrued expenses	26,072	23,845
Contract liabilities	1,342	1,193
Derivative financial liabilities	B8 229	1,655
Term loan	B7 1,200	1,200
Hire purchase payable	B7 65	157
Lease liabilities	1,513	1,174
Tax liabilities	2,068	1,087
Dividend payable	121	121
	54,613	51,574
TOTAL LIABILITIES	80,666	77,166
TOTAL EQUITY AND LIABILITIES	769,899	727,388

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 ENDING 31 MARCH 2021
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SECOND FINANCIAL QUARTER ENDED 30 SEPTEMBER 2020

The Group	<----- Attributable to equity holders of the Company ----->					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 2019	171,255	(12,758)	(322)	22,089	421,017	601,281	54,734	656,015
Profit for the period	-	-	-	-	12,871	12,871	3,649	16,520
Other comprehensive income/(loss)	-	2,496	-	(1,811)	(639)	46	1,468	1,514
Total comprehensive income/(loss)	-	2,496	-	(1,811)	12,232	12,917	5,117	18,034
Dividend paid	-	-	-	-	(6,847)	(6,847)	-	(6,847)
Dividend paid to non-controlling interest	-	-	-	-	-	-	(1,770)	(1,770)
As at 30 September 2019	171,255	(10,262)	(322)	20,278	426,402	607,351	58,081	665,432
As at 1 April 2020	171,255	(22,251)	(322)	(174)	445,914	594,422	55,800	650,222
Profit for the period	-	-	-	-	25,315	25,315	3,891	29,206
Other comprehensive income	-	5,918	-	2,251	-	8,169	1,636	9,805
Total comprehensive income	-	5,918	-	2,251	25,315	33,484	5,527	39,011
As at 30 September 2020	171,255	(16,333)	(322)	2,077	471,229	627,906	61,327	689,233

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.



SOUTHERN ACIDS (M) BERHAD
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FINANCIAL YEAR ENDING 31 MARCH 2021
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SECOND FINANCIAL QUARTER ENDED 30 SEPTEMBER 2020

	Cumulative 6-months ended	
	30.09.2020	30.09.2019
	RM'000	RM'000
Cash Flows from Operating Activities		
Profit before tax	34,907	21,614
Adjustments for:		
- Depreciation of property, plant and equipment	10,129	8,698
- Depreciation of right-of-use assets	654	-
- Unrealised loss/(gain) on foreign exchange	1,695	(761)
- Provision for retirement benefits	1,066	1,048
- Net fair value change in biological assets	(402)	(65)
- Gain on disposal of property, plant and equipment	(67)	(3)
- Reversal of loss allowance for trade receivables	(126)	(66)
- Inventories written off	18	30
- Finance costs	247	22
- Property, plant and equipment written off	46	5
- Share of results of an associate	33	(48)
- Net fair value change in derivatives	(2,392)	978
- Dividend income	(9,205)	(1,830)
- Investment revenue	(2,623)	(3,014)
	33,980	26,608
Operating Profit Before Working Capital Changes		
(Increase)/Decrease in:		
- Inventories	(10,092)	1,954
- Trade receivables	5,083	(6,585)
- Other receivables, deposits and prepaid expenses	(5,174)	1,310
- Amount owing by an associate company	(412)	586
Increase/(Decrease) in:		
- Trade payables	304	(7,654)
- Other payables and accrued expenses	1,654	5,136
- Contract liabilities	149	(56)
	25,492	21,299
Cash Generated From Operations		
- Income tax refunded	64	-
- Income tax paid	(2,963)	(5,188)
- Retirement benefits paid	(115)	-
	22,478	16,111
Net Cash From Operating Activities		



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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (cont'd)
FOR THE SECOND FINANCIAL QUARTER ENDED 30 SEPTEMBER 2020

	Cumulative 6-months ended	
	30.09.2020	30.09.2019
	RM'000	RM'000
Cash Flows From / (Used In) Investing Activities		
- Investment revenue received	2,623	3,014
- Dividend received	9,205	1,830
- Proceeds from disposal of property, plant and equipment	67	7
- Additions to other investments	-	(85)
- Additions to property, plant and equipment	(5,844)	(10,853)
- Amount recovered / (additions) for KKPA program	601	(1,674)
	<u>6,652</u>	<u>(7,761)</u>
Net Cash From / (Used In) Investing Activities		
Cash Flows Used In Financing Activities		
- Repayment of term loan	(600)	-
- Repayment of hire purchase payables	(102)	(84)
- Repayment of lease liabilities	(695)	-
- Finance costs paid	(126)	(22)
- Dividend paid by:		
- The Company	-	(6,847)
- Subsidiary company to non-controlling interests	-	(1,770)
	<u>(1,523)</u>	<u>(8,723)</u>
Net Cash Used In Financing Activities		
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	27,607	(373)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	208,938	199,911
EFFECT OF TRANSLATION DIFFERENCES	2,355	1,491
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	<u>238,900</u>	<u>201,029</u>
Composition of Cash and Cash Equivalents:		
- Cash and bank balances	107,392	127,328
- Fixed deposits with licensed banks	27,309	23,486
- Short-term placements	104,199	50,215
	<u>238,900</u>	<u>201,029</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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SECOND FINANCIAL QUARTER ENDED 30 SEPTEMBER 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 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

The adoption of these new and revised amendments to MFRSs have not resulted in any material impact on the financial statements of the Group.



New and revised Standards and Amendments that are issued, but not yet effective and have not been early adopted.

The Group have not adopted the following new and revised Standards and Amendments that have been issued as at the date of authorisation of this interim financial statement but are not yet effective for the Group:

Amendments to MFRS 16	Covid-19 - Related Rent Concessions ¹
Amendments to MFRS 9, MFRS 139 and MFRS 7, MFRS 4 and MFRS 16	Interest Rate Benchmark Reform - Phase 2 ²
MFRS 17	Insurance contracts ⁴
Amendments to MFRS 4	Extension of Temporary Exemption from Applying MFRS 9 ⁴
Amendments to MFRS 3	Reference to the Conceptual Framework ³
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁵
Amendments to MFRS 101	Classification of Liabilities as Current or Non-Current ⁴
Amendments to MFRS 116	Property, Plant and Equipment - Proceeds before Intended Use ³
Amendments to MFRS 137	Onerous Contracts - Cost of Fulfilling a Contract ³
Annual Improvements to MFRS 2018 - 2020 Cycle ³	

¹ Effective for annual periods beginning on or after 1 June 2020, with earlier application permitted.

² Effective for annual periods beginning on or after 1 January 2021, with earlier application permitted.

³ Effective for annual periods beginning on or after 1 January 2022, with earlier application permitted.

⁴ Effective for annual periods beginning on or after 1 January 2023, with earlier application permitted.

⁵ Effective date deferred to a date to be determined and announced.

The directors anticipate that the abovementioned Standards and Amendments will be adopted in the annual financial statements of the Group when they become effective and that the adoption of these Standards and Amendments 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 period under review.

A5. Material Changes in Estimates

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

A6. Debt and Equity Securities

There were no issuance, cancellation, repurchases, resale and/or repayment of debt and equity securities during the financial period under review.

A7. Dividends Paid

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

	30.09.2020	30.09.2019
Final dividend		
For the financial year ended	31 March 2020	31 March 2019
Declared date	26 June 2020	28 May 2019
Approved date	25 September 2020	30 August 2019
Payment date	23 October 2020	27 September 2019
No of outstanding shares ('000)	136,934	136,934
Dividend per share (single tier)	5.0 sen	5.0 sen
Net dividend paid (RM'000)	6,847	6,847



A8. Segmental Information

(a) Results for the Quarter

	Oleochemical			Milling & Estate			Healthcare			Investment & Services			Consolidated		
	30.09.20 RM'000	30.09.19 RM'000	Changes %	30.09.20 RM'000	30.09.19 RM'000	Changes %	30.09.20 RM'000	30.09.19 RM'000	Changes %	30.09.20 RM'000	30.09.19 RM'000	Changes %	30.09.20 RM'000	30.09.19 RM'000	Changes %
Revenue															
Total revenue	75,655	74,977	0.9%	71,868	63,493	13.2%	22,200	23,279	-4.6%	6,828	12,864	-46.9%	176,551	174,613	1.1%
Less:															
Inter-segment sales	-	-	-	-	-	-	-	-	-	(1,891)	(7,840)	75.9%	(1,891)	(7,840)	75.9%
External sales	75,655	74,977	0.9%	71,868	63,493	13.2%	22,200	23,279	-4.6%	4,937	5,024	-1.7%	174,660	166,773	4.7%
Results															
Segment results	(602)	(2,408)	75.0%	7,709	9,072	-15.0%	6,393	6,318	1.2%	405	1,185	-65.8%	13,905	14,167	-1.8%
Finance costs	(29)	-	<-100%	(5)	(11)	54.5%	(53)	-	<-100%	(29)	-	<-100%	(116)	(11)	<-100%
Share of results of an associate	-	-	-	-	-	-	-	-	-	(46)	(64)	28.1%	(46)	(64)	28.1%
(Loss) /Profit before tax	(631)	(2,408)	73.8%	7,704	9,061	-15.0%	6,340	6,318	0.3%	330	1,121	-70.6%	13,743	14,092	-2.5%

**A8. Segmental Information (Cont'd)****(b) Results for the Year-To-Date**

	Oleochemical			Milling & Estate			Healthcare			Investment & Services			Consolidated		
	30.09.20 RM'000	30.09.19 RM'000	Changes %	30.09.20 RM'000	30.09.19 RM'000	Changes %	30.09.20 RM'000	30.09.19 RM'000	Changes %	30.09.20 RM'000	30.09.19 RM'000	Changes %	30.09.20 RM'000	30.09.19 RM'000	Changes %
Revenue															
Total revenue	137,154	143,719	-4.6%	138,871	111,302	24.8%	39,570	45,048	-12.2%	20,966	18,056	16.1%	336,561	318,125	5.8%
Less:															
Inter-segment sales	-	-	-	-	-	-	-	-	-	(3,547)	(8,777)	59.6%	(3,547)	(8,777)	59.6%
External sales	137,154	143,719	-4.6%	138,871	111,302	24.8%	39,570	45,048	-12.2%	17,419	9,279	87.7%	333,014	309,348	7.7%
Results															
Segment results	1,210	(3,626)	>100%	15,705	11,258	39.5%	9,523	12,392	-23.2%	8,749	1,564	>100%	35,187	21,588	63.0%
Finance costs	(59)	-	<-100%	(12)	(22)	45.5%	(118)	-	<-100%	(58)	-	<-100%	(247)	(22)	<-100%
Share of results of an associate	-	-	-	-	-	-	-	-	-	(33)	48	<-100%	(33)	48	<-100%
Profit /(Loss) before tax	1,151	(3,626)	>100%	15,693	11,236	39.7%	9,405	12,392	-24.1%	8,658	1,612	>100%	34,907	21,614	61.5%
Assets															
Segment assets	179,407	176,794	1.5%	362,550	352,735	2.8%	141,559	119,996	18.0%	86,383	91,147	-5.2%	769,899	740,672	3.9%
Liabilities															
Segment liabilities	24,916	24,021	-3.7%	23,823	28,563	16.6%	23,050	17,322	-33.1%	8,877	5,334	-66.4%	80,666	75,240	-7.2%
Exchange Rate	Financial Position – Closing Rate			Profit or Loss – Average Rate											
	30.09.20	30.09.19	Changes	30.09.20	30.09.19	Changes									
USD : RM	4.1555	4.1900	-0.8%	4.2611	4.1558	2.5%									
IDR : RM	0.0002790	0.0002950	-5.4%	0.0002884	0.0002930	-1.6%									
HKD : RM	0.5362	0.5344	0.3%	0.5498	0.5305	3.6%									



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 September 2020 amounted to RM8.8 million.

A14. Related Party Transactions

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

	Cumulative 6-months ended 30.09.2020 RM'000	Cumulative 6-months ended 30.09.2019 RM'000
Sales of goods	-	944
Purchase of goods	3,232	2,721
Provision of administrative services	2,993	2,763



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	Second Quarter ended			
	30.09.2020 RM'000	30.09.2019 RM'000	Changes RM'000	Changes %
Revenue	174,660	166,773	7,887	4.7%
Operation profit	13,905	14,167	(262)	-1.8%
Profit before interest and tax	13,859	14,103	(244)	-1.7%
Profit before tax	13,743	14,092	(349)	-2.5%
Profit after tax	10,142	10,680	(538)	-5.0%
Profit attributable to equity holders of the Company	8,153	7,690	463	6.0%

In the second quarter of our financial year ending 31 March 2021 (“FY2021”), Group revenue rose 4.7% to RM174.7 million from RM166.8 million reported in the corresponding quarter of FY2020. The improved performance was driven by stronger revenue growth from the Milling & Estate Segment due to an increase in overall ASPs of Crude Palm Oil (“CPO”) and Palm Kernel (“PK”).

Despite the slight uptick in revenue, Group profit before tax (“PBT”) declined marginally by 2.5% to RM13.7 million, compared to RM14.1 million achieved in the same quarter of FY2020. From a segmental perspective, the Milling & Estate segment reported a decline in PBT brought about by lower sales volume whilst the Oleochemical segment achieved a significantly lower loss before tax (“LBT”) compared to the same period last year.



Oleochemical Segment

	Second Quarter ended			
	30.09.2020	30.09.2019	Changes	Changes
	RM'000	RM'000	RM'000	%
(A) Financial Highlights:				
Revenue	75,655	74,977	678	0.9%
Operation loss	(602)	(2,408)	1,806	75.0%
Loss before interest and tax	(602)	(2,408)	1,806	75.0%
Loss before tax	(631)	(2,408)	1,777	73.8%
(B) Non-Financial Highlights:				
Production capacity (MT)	25,000	25,000	-	-
Production utilisation (%)	84.5%	99.1%	-14.6%	-14.7%
Quantity sold (MT)	20,835	25,135	(4,300)	-17.1%
Gross profit/(loss) margin (%)	0.5%	-1.7%	2.2%	>100%

Revenue in our Oleochemical Segment increased slightly to RM75.7 million from RM75.0 million reported in the same quarter of FY2020. Sales volume in the quarter decreased by 17.1% to 20,835 metric tonnes (“MT”) whilst Average Selling Price (“ASP”) for fatty acids and glycerine increased 16.8% and 45.1% respectively. In tandem with the decline in sales volume, production capacity utilisation rate decreased to 84.5% from 99.1% achieved in the same quarter of last year.

The Segment reported LBT of RM0.6 million for the quarter, an improvement from the LBT of RM2.4 million reported in the same quarter of last year. Notably, the decline in sales volume negatively affected the performance of the Oleochemical segment; however, this was mitigated by a significant increase in ASPs of fatty acids and glycerine which led to an improvement in profitability during the quarter.

For the quarter under review, core LBT amounted to RM0.7 million whilst non-core PBT amounted to RM0.1 million. The non-core PBT comprises of interest income and realized and unrealized foreign exchange gains.



Milling & Estate Segment

	Second Quarter ended			
	30.09.2020	30.09.2019	Changes	Changes
	RM'000	RM'000	RM'000	%
(A) Financial Highlights:				
Revenue	71,868	63,493	8,375	13.2%
Operation profit	7,709	9,072	(1,363)	-15.0%
Profit before interest and tax	7,709	9,072	(1,363)	-15.0%
Profit before tax	7,704	9,061	(1,357)	-15.0%
(B) Non-Financial Highlights:				
FFB processed (MT)	128,514	139,383	(10,869)	-7.8%
FFB production (MT)	21,796	26,307	(4,511)	-17.1%
CPO sales volume (MT)	26,068	29,076	(3,008)	-10.3%
PK sales volume (MT)	6,285	6,829	(544)	-8.0%
Average CPO selling price per MT (RM)	2,443	1,903	540	28.4%
Average PK selling price per MT (RM)	1,261	1,066	195	18.3%

Revenue in our Milling & Estate Segment increased 13.2% to RM71.9 million from RM63.5 million reported in the same quarter of last year. The ASP for Crude Palm Oil (“CPO”) increased by 28.4%, whilst the ASP for Palm Kernel (“PK”) increased by 18.3%. Sales volume of CPO declined 10.3% to 26,068 MT, and sales volume for PK declined 8.0% to 6,285 MT. Fresh Fruit Bunches (“FFB”) processed decreased by 7.8% to 128,514 MT.

The Segment delivered a PBT of RM7.7 million, a decline of 15.0% from the same quarter last year. This comprised core PBT of RM5.2 million and non-core PBT of RM2.5 million. The non-core PBT was mainly derived from the disposal of PK shells and scraps, interest income and gains from foreign exchange.



Healthcare Segment

	Second Quarter ended			
	30.09.2020	30.09.2019	Changes	Changes
	RM'000	RM'000	RM'000	%
(A) Financial Data:				
Revenue	22,200	23,279	(1,079)	-4.6%
Operation profit	6,393	6,318	75	1.2%
Profit before interest and tax	6,393	6,318	75	1.2%
Profit before tax	6,340	6,318	22	0.3%
(B) Statistics:				
Bed Occupancy Rate (%)	40.6%	58.3%	-17.7%	-30.4%
Number of patients:				
a. Outpatient	20,573	22,098	(1,525)	-6.9%
b. Inpatient	2,384	3,356	(972)	-29.0%
Average revenue per patient ("ARPP") (RM):				
a. Outpatient	218	179	39	21.8%
b. Inpatient	7,103	5,495	1,608	29.3%

Revenue in our Healthcare Segment decreased 4.6% to RM22.2 million from RM23.3 million reported in the same quarter of last year.

The number of registered outpatients and inpatients decreased by 6.9% and 29.0% to 20,573 and 2,384 respectively. The ARPP for outpatients rose 21.8% to RM218 whilst inpatients' ARPP increased 29.3% to RM7,103.

In tandem with the decline in patient numbers, overall bed occupancy rate decreased to 40.6% from 58.3% previously.

Despite the decrease in patient numbers and occupancy, segment PBT remained largely unchanged at RM6.3 million. This was largely due to an increase in overall ARPP that mitigated the effects of a decline in patient numbers. Non-core PBT amounted to RM1.0 million for the quarter.



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

The Group	Cumulative 6-months ended			
	30.09.2020 RM'000	30.09.2019 RM'000	Changes RM'000	Changes %
Revenue	333,014	309,348	23,666	7.7%
Operation profit	35,187	21,588	13,599	63.0%
Profit before interest and tax	35,154	21,636	13,518	62.5%
Profit before tax	34,907	21,614	13,293	61.5%
Profit after tax	29,206	16,520	12,686	76.8%
Profit attributable to equity holders of the Company	25,315	12,871	12,444	96.7%

In the cumulative 6-month period of FY2021, Group revenue increased 7.7% to RM333.0 million from RM309.3 million achieved in the preceding corresponding period. Revenue growth was driven by the outperformance of Milling & Estate Segment, which offset the declines in the Oleochemical and Healthcare Segments.

Group PBT increased 61.5% to RM34.9 million from RM21.6 million reported in the preceding corresponding period. The significant improvement in profitability was mainly due to the underperformance of the Oleochemical and Milling & Estate Segment in the same period last year whilst the Group's other income was boosted by a special dividend received from Paramount Corporation Berhad amounting to RM7.8 million in the current period.



Oleochemical Segment

	Cumulative 6-months ended			
	30.09.2020	30.09.2019	Changes	Changes
	RM'000	RM'000	RM'000	%
(A) Financial Highlights:				
Revenue	137,154	143,719	(6,565)	-4.6%
Operation profit/(loss)	1,210	(3,626)	4,836	>100%
Profit/(loss) before interest and tax	1,210	(3,626)	4,836	>100%
Profit/(loss) before tax	1,151	(3,626)	4,777	>100%
(B) Non-Financial Highlights:				
Production capacity (MT)	50,000	50,000	-	-
Production utilisation (%)	77.9%	92.8%	-14.9%	-16.1%
Quantity sold (MT)	37,738	47,157	(9,419)	-20.0%
Gross profit/(loss) margin (%)	0.7%	-1.5%	2.2%	>100%

Revenue in our Oleochemical Segment decreased 4.6% to RM137.2 million from RM143.7 million achieved in the preceding corresponding period. Sales volume during the period fell 20.0% to 37,738 MT as production utilisation declined to 77.9%. Mitigating the negative effects of a slowdown in sales volumes, ASPs of fatty acids and glycerine increased 16.9% and 28.4% respectively.

The Segment reported PBT of RM1.2 million for the period, overturning a LBT of RM3.6 million reported in the same period last year. Notably, the decline in sales volume negatively affected the performance of the Oleochemical segment; however, this was mitigated by a significant increase in ASPs of fatty acids and glycerine which led to an improvement in profitability during the period.

For the period under review, core LBT amounted to RM1.2 million whilst non-core PBT amounted to RM2.4 million. The non-core PBT comprises of interest income and realized and unrealized foreign exchange gains.



Milling & Estate Segment

	Cumulative 6-months ended			
	30.09.2020	30.09.2019	Changes	Changes
	RM'000	RM'000	RM'000	%
(A) Financial Highlights:				
Revenue	138,871	111,302	27,569	24.8%
Operation profit	15,705	11,258	4,447	39.5%
Profit before interest and tax	15,705	11,258	4,447	39.5%
Profit before tax	15,693	11,236	4,457	39.7%
(B) Non-Financial Highlights:				
FFB processed (MT)	257,707	265,094	(7,387)	-2.8%
FFB production (MT)	45,645	47,251	(1,606)	-3.4%
CPO sales volume (MT)	54,157	50,845	3,312	6.5%
PK sales volume (MT)	12,948	12,133	815	6.7%
Average CPO selling price per MT (RM)	2,251	1,912	339	17.7%
Average PK selling price per MT (RM)	1,211	1,083	128	11.8%

Revenue in our Milling & Estate Segment increased 24.8% to RM138.9 million from RM111.3 million achieved in the preceding corresponding period. Notably, the ASPs of CPO and PK increased 17.7% and 11.8% respectively. FFB processed declined marginally to 257,707 MT whilst CPO sales volume increased 6.5% to 54,157 MT.

As a result of the uptick in sales volume and ASPs, Segment PBT rose 39.7% to RM15.7 million for the cumulative 6-month period. This comprised core PBT of RM9.1 million and non-core PBT of RM6.6 million. The non-core PBT was mainly derived from interest income and the disposal of PK shells and scraps.



Healthcare Segment

	Cumulative 6-months ended			
	30.09.2020	30.09.2019	Changes	Changes
	RM'000	RM'000	RM'000	%
(A) Financial Data:				
Revenue	39,570	45,048	(5,478)	-12.2%
Operation profit	9,523	12,392	(2,869)	-23.2%
Profit before interest and tax	9,523	12,392	(2,869)	-23.2%
Profit before tax	9,405	12,392	(2,987)	-24.1%
(B) Statistics:				
Bed Occupancy Rate (%)	35.9%	55.8%	-19.9%	-35.7%
Number of patients:				
a. Outpatient	36,494	42,439	(5,945)	-14.0%
b. Inpatient	3,923	6,372	(2,449)	-38.4%
Average revenue per patient ("ARPP") (RM):				
a. Outpatient	227	181	46	25.4%
b. Inpatient	7,637	5,597	2,040	36.4%

Revenue in our Healthcare Segment decreased 12.2% to RM39.6 million from RM45.0 million reported in the same period last year.

The number of registered outpatients and inpatients decreased by 14.0% and 38.4% to 36,494 and 3,923 respectively. The ARPP for outpatients rose 25.4% to RM227 whilst inpatients' ARPP increased 36.4% to RM7,637.

In tandem with the decline in patient numbers, overall bed occupancy rate decreased to 35.9% from 55.8% previously.

The significant decrease in patient numbers and occupancy due to the Covid-19 pandemic led to a decline in segment PBT to RM9.4 million. That being said, an increase in overall ARPP that mitigated the effects of a decline in patient numbers. Non-core PBT amounted to RM1.8 million for the quarter.



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

The Group	Individual Quarter ended			
	30.09.2020 RM'000	30.06.2020 RM'000	Changes RM'000	Changes %
Revenue	174,660	158,354	16,306	10.3%
Operation profit	13,905	21,282	(7,377)	-34.7%
Profit before interest and tax	13,859	21,295	(7,436)	-34.9%
Profit before tax	13,743	21,164	(7,421)	-35.1%
Profit after tax	10,142	19,063	(8,921)	-46.8%
Profit attributable to equity holders of the Company	8,153	17,161	(9,008)	-52.5%

Compared to the immediate preceding quarter, Group revenue increased 10.3% to RM174.7 million from RM158.4 million. The growth in revenue was largely due to revenue growth from the Oleochemical and Milling & Estate segments as ASPs increased during the period under review.

Despite the increase in revenue, Group PBT decreased 46.8% to RM10.1 million from RM19.1 million reported in the previous quarter. This was mainly due to a special dividend of RM7.8 million from Paramount Corporation Berhad leading to a high base effect in the previous 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 prolonged adverse economic conditions brought on by the Covid-19 pandemic. That being said, CPO prices are on an uptrend and currently hover at around RM3,200 per MT. The increase in CPO prices are brought about by concerns of reduced supply and lower production output as demand stays firm. This is expected to continue in the near term if the dry spell continues into the first half of CY2021.

Despite the recent spike in CPO prices, we are cognizant that the risk of a prolonged economic slowdown due to a second wave of Covid-19 may undermine our Segment performance in the coming quarters.

Healthcare Segment

We foresee a tougher year ahead for our Healthcare Segment. Patient volumes have not recovered to pre-Covid levels. 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**

	Second Quarter ended		Cumulative 6-months ended	
	30.09.2020 RM'000	30.09.2019 RM'000	30.09.2020 RM'000	30.09.2019 RM'000
Estimated tax payable				
- Malaysian tax expense	1,572	791	2,255	2,014
- Overseas tax expense	2,029	2,621	3,446	3,080
Total	3,601	3,412	5,701	5,094

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 September 2020: -

	Unaudited		Audited	
	As at 30.09.2020 Unaudited Foreign Currency IDR million	As at 30.09.2020 Unaudited RM Equivalent RM'000	As at 31.03.2020 Audited Foreign Currency IDR million	As at 31.03.2020 Audited RM Equivalent RM'000
Short term				
<i>Unsecured</i>				
- Term loan	-	1,200	-	1,200
<i>Secured</i>				
- Hire purchase payable Denominated in IDR	231	65	596	157
Long term				
<i>Unsecured</i>				
- Term loan	-	3,900	-	4,500
<i>Secured</i>				
- Hire purchase payable Denominated in IDR	491	137	491	130
Effective interest rate		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 September 2020, the fair values of these derivatives are as follows:

Types of Derivatives	Based Currency	Contract/Notional Value RM'000	Fair Value as at 30.09.2020 RM'000
(i) Forward foreign exchange contracts			
- Less than 1 year	USD	26,537	25,515
(ii) Commodity future contracts			
<i>Buy</i>			
- Less than 1 year	RM	8,164	7,935
<i>Sell</i>			
- Less than 1 year	RM	3,649	3,471



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

Types of Derivatives	Basis of Fair Value Measurement	30.09.2020 RM'000
(i) Forward foreign exchange contracts - Less than 1 year	The difference between the contracted rates and the Bank Nagara closing rates	1,022
(ii) Commodity future contracts - Less than 1 year	The difference between the contracted prices and the market forward prices	(51)

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**

There is no interim dividend declared or recommended in the current quarter under review.

B12. Earnings per Share

	Second Quarter ended		Cumulative 6-months ended	
	30.09.2020	30.09.2019	30.09.2020	30.09.2019
Profit attributable to equity holders of the Company (in RM'000)	8,153	7,690	25,315	12,871
Weighted average number of ordinary shares in issue (in '000)	136,934	136,934	136,934	136,934
Basic earnings per share (in sen)	5.96	5.62	18.49	9.40

B13. Profit for the Period

	Cumulative 6-months ended	
	30.09.2020 RM'000	30.09.2019 RM'000
Profit for the period is arrived at after crediting /(debiting) the following income/(expenses):		
- Investment revenue	2,623	3,014
- Finance costs	(247)	(22)
- Depreciation of property, plant and equipment	(10,129)	(8,698)
- Depreciation of right-of-use assets	(654)	-
- Reversal of loss allowance for trade receivables	126	66
- Inventories written off	(18)	(30)
- Net fair value change in biological assets	402	65
- (Loss)/ Gain on foreign exchange:		
Realised	(1,573)	(294)
Unrealised	(1,695)	761
- Net fair value change in derivatives	2,392	(978)

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 30.09.2020 RM'000	Audited As at 31.03.2020 RM'000
Third parties	33,653	40,349
Related parties	1,042	1,269
Trade receivables	34,695	41,618
Less: Loss allowance	(688)	(959)
Trade receivables, net	<u>34,007</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 RM688,000 (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: -

	Unaudited As at 30.09.2020 RM'000	Audited As at 31.03.2020 RM'000
Neither past due nor impaired	25,348	27,890
Past due but not impaired		
31 – 60 days	7,086	9,783
61 – 90 days	1,170	2,411
91 – 120 days	403	575
121 – 150 days	-	-
	<u>8,659</u>	<u>12,769</u>
Past due and impaired	688	959
Trade receivables	<u>34,695</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
26 November 2020