

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

THIRD FINANCIAL QUARTER ENDED 31 DECEMBER 2020
(Figures are not audited unless otherwise specified)
(In Ringgit Malaysia)



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

FINANCIAL YEAR ENDING 31 MARCH 2021
INTERIM FINANCIAL REPORT
THIRD FINANCIAL QUARTER ENDED 31 DECEMBER 2020

CONTENTS	PAGE(S)
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	3 – 4
Condensed Consolidated Statement of Financial Position	5 – 6
Condensed Consolidated Statement of Changes in Equity	7
Condensed Consolidated Statement of Cash Flows	8 – 9
Explanatory Notes to the Interim Financial Report:	
Part A: Pursuant to Malaysian Financial Reporting Standard No. 134	10 – 15
Part B: Pursuant to paragraph 9.22 of the Main Market Listing Requirements and any revision thereon	16 – 31



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

FINANCIAL YEAR ENDING 31 MARCH 2021
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE THIRD FINANCIAL QUARTER ENDED 31 DECEMBER 2020

	Note	Third Quarter ended			Cumulative 9-months ended		
		31.12.2020 RM'000	31.12.2019 RM'000	Changes %	31.12.2020 RM'000	31.12.2019 RM'000	Changes %
Revenue	A8	185,640	171,252	8.4%	518,653	480,600	7.9%
- Cost of sales		(164,340)	(141,604)	-16.1%	(445,700)	(407,280)	-9.4%
Gross profit		21,300	29,648	-28.2%	72,953	73,320	-0.5%
- Administrative expenses		(14,876)	(15,306)	2.8%	(42,326)	(45,610)	7.2%
- Other income		4,546	4,632	-1.9%	15,531	12,852	20.8%
Profit from operations		10,970	18,974	-42.2%	46,158	40,562	13.8%
- Finance costs		(105)	(244)	57.0%	(352)	(266)	-32.3%
- Share of results of an associate		(66)	(151)	56.3%	(99)	(103)	3.9%
Profit before tax	A8	10,799	18,579	-41.9%	45,707	40,193	13.7%
- Income tax expense	B5	(2,819)	(4,120)	31.6%	(8,521)	(9,214)	7.5%
Profit for the period	B13	7,980	14,459	-44.8%	37,186	30,979	20.0%
Attributable to:							
- Equity holders of the Company		5,580	10,427	-46.5%	30,895	23,298	32.6%
- Non-controlling interests		2,400	4,032	-40.5%	6,291	7,681	-18.1%
		7,980	14,459	-44.8%	37,186	30,979	20.0%
Earnings per share (sen) attributable to equity holders of the Company							
- Basic and diluted	B12	4.07	7.61	-46.5%	22.56	17.01	32.6%



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

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

	Note	Third Quarter ended			Cumulative 9-months ended		
		31.12.2020 RM'000	31.12.2019 RM'000	Changes %	31.12.2020 RM'000	31.12.2019 RM'000	Changes %
Profit for the period	B13	7,980	14,459	-44.8%	37,186	30,979	20.0%
Other comprehensive income							
Item that may be reclassified subsequently to profit or loss:							
- Fair value gain / (loss) on other investments		3,360	(2,722)	>100%	5,611	(4,533)	>100%
- Exchange differences on translating foreign operations		4,008	(3)	>100%	11,561	3,961	>100%
- Remeasurement of defined benefit obligations		-	-	-	-	(639)	100%
Total comprehensive income for the period, net of tax		<u>15,348</u>	<u>11,734</u>	30.8%	<u>54,358</u>	<u>29,768</u>	82.6%
Attributable to:							
- Equity holders of the Company		11,588	7,702	50.5%	45,074	20,619	>100%
- Non-controlling interests		3,760	4,032	-6.7%	9,284	9,149	1.5%
		<u>15,348</u>	<u>11,734</u>	30.8%	<u>54,358</u>	<u>29,768</u>	82.6%

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 ENDING 31 MARCH 2021
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Note	Unaudited As at 31.12.2020 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	187,192	186,203
Right-of-use assets		4,188	4,982
Investment property		3,318	3,318
Investment in an associate company		2,262	2,361
Other investments		30,686	25,075
Advances for KKPA program		-	87
Deferred tax assets		3,242	3,059
		<u>370,756</u>	<u>364,953</u>
Current Assets			
Biological assets		1,715	1,339
Inventories		87,496	68,060
Derivative financial assets	B8	978	234
Trade receivables	B14	35,186	40,659
Other receivables, deposits and prepaid expenses		18,844	13,483
Amount owing by an associate company		1,160	803
Tax recoverable		36,866	28,919
Cash and cash equivalents		233,076	208,938
		<u>415,321</u>	<u>362,435</u>
TOTAL ASSETS		<u>786,077</u>	<u>727,388</u>



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

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

	Unaudited	Audited
	As at	As at
	31.12.2020	31.03.2020
	RM'000	RM'000
EQUITY AND LIABILITIES		
Capital and Reserves		
Share capital	171,255	171,255
Reserves	461,394	423,167
Equity attributable to equity holders of the Company	632,649	594,422
Non-controlling interests	65,084	55,800
Total Equity	697,733	650,222
Non-Current and Deferred Liabilities		
Term loan	B7 3,600	4,500
Hire purchase payable	B7 140	130
Lease liabilities	2,350	4,032
Provision for retirement benefits	15,136	13,184
Payables for KKPA program	605	-
Deferred tax liabilities	3,746	3,746
	25,577	25,592
Current Liabilities		
Trade payables	28,514	21,142
Other payables and accrued expenses	28,121	23,845
Contract liabilities	1,445	1,193
Derivative financial liabilities	B8 182	1,655
Term loan	B7 1,200	1,200
Hire purchase payable	B7 27	157
Lease liabilities	2,179	1,174
Tax liabilities	978	1,087
Dividend payable	121	121
	62,767	51,574
TOTAL LIABILITIES	88,344	77,166
TOTAL EQUITY AND LIABILITIES	786,077	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
(Incorporated in Malaysia)
AND ITS SUBSIDIARY COMPANIES

FINANCIAL YEAR ENDING 31 MARCH 2021
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THIRD FINANCIAL QUARTER ENDED 31 DECEMBER 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	-	-	-	-	23,298	23,298	7,681	30,979
Other comprehensive income / (loss)	-	2,493	-	(4,533)	(639)	(2,679)	1,468	(1,211)
Total comprehensive income / (loss)	-	2,493	-	(4,533)	22,659	20,619	9,149	29,768
Dividend paid	-	-	-	-	(6,847)	(6,847)	-	(6,847)
Dividend paid to non-controlling interest	-	-	-	-	-	-	(1,770)	(1,770)
As at 31 December 2019	171,255	(10,265)	(322)	17,556	436,829	615,053	62,113	677,166
As at 1 April 2020	171,255	(22,251)	(322)	(174)	445,914	594,422	55,800	650,222
Profit for the period	-	-	-	-	30,895	30,895	6,291	37,186
Other comprehensive income	-	8,568	-	5,611	-	14,179	2,993	17,172
Total comprehensive income	-	8,568	-	5,611	30,895	45,074	9,284	54,358
Dividend paid	-	-	-	-	(6,847)	(6,847)	-	(6,847)
As at 31 December 2020	171,255	(13,683)	(322)	5,437	469,962	632,649	65,084	697,733

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
(Incorporated in Malaysia)
AND ITS SUBSIDIARY COMPANIES

FINANCIAL YEAR ENDING 31 MARCH 2021
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THIRD FINANCIAL QUARTER ENDED 31 DECEMBER 2020

	Cumulative 9-months ended	
	31.12.2020	31.12.2019
	RM'000	RM'000
Cash Flows from Operating Activities		
Profit before tax	45,707	40,193
Adjustments for:		
- Depreciation of property, plant and equipment	15,158	13,379
- Depreciation of right-of-use assets	995	1,030
- Unrealised loss/(gain) on foreign exchange	765	(203)
- Provision for retirement benefits	1,592	1,388
- Net fair value change in biological assets	(271)	(27)
- Gain on disposal of property, plant and equipment	-	(4)
- Reversal of loss allowance for trade receivables	(138)	(66)
- Inventories written off	136	43
- Finance costs	352	266
- Property, plant and equipment written off	48	7
- Share of results of an associate	99	103
- Net fair value change in derivatives	(2,216)	(749)
- Dividend income	(9,265)	(1,983)
- Investment revenue	(3,722)	(4,414)
Operating Profit Before Working Capital Changes	49,240	48,963
(Increase)/Decrease in:		
- Inventories	(18,560)	(8,680)
- Trade receivables	4,833	(1,843)
- Other receivables, deposits and prepaid expenses	(14,662)	2,274
- Amount owing by an associate company	(417)	367
Increase/(Decrease) in:		
- Trade payables	6,555	(4,229)
- Other payables and accrued expenses	4,055	(679)
- Contract liabilities	252	(1,366)
Cash Generated From Operations	31,296	34,807
- Income tax refunded	64	-
- Income tax paid	(5,506)	(10,082)
- Retirement benefits paid	(115)	-
Net Cash From Operating Activities	25,739	24,725



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

FINANCIAL YEAR ENDING 31 MARCH 2021
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (cont'd)
FOR THE THIRD FINANCIAL QUARTER ENDED 31 DECEMBER 2020

	Cumulative 9-months ended	
	31.12.2020	31.12.2019
	RM'000	RM'000
Cash Flows From / (Used In) Investing Activities		
- Investment revenue received	3,722	4,414
- Dividend received	9,265	1,983
- Proceeds from disposal of property, plant and equipment	67	7
- Additions to other investments	-	(186)
- Additions to property, plant and equipment	(10,405)	(13,645)
- Amount recovered / (additions) for KKPA program	699	(2,680)
	<hr/>	<hr/>
Net Cash From / (Used In) Investing Activities	3,348	(10,107)
Cash Flows Used In Financing Activities		
- Drawdown of term loan	-	6,000
- Repayment of term loan	(900)	-
- Repayment of hire purchase payables	(143)	(25)
- Repayment of lease liabilities	(1,057)	-
- Finance costs paid	(174)	(46)
- Dividend paid by:		
- The Company	(6,847)	(6,847)
- Subsidiary company to non-controlling interests	-	(1,770)
	<hr/>	<hr/>
Net Cash Used In Financing Activities	(9,121)	(2,688)
NET INCREASE IN CASH AND CASH EQUIVALENTS	19,966	11,930
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	208,938	199,911
EFFECT OF TRANSLATION DIFFERENCES	4,172	853
	<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	233,076	212,694
	<hr/>	<hr/>
Composition of Cash and Cash Equivalents:		
- Cash and bank balances	138,471	127,365
- Fixed deposits with licensed banks	65	29,391
- Short-term placements	94,540	55,938
	<hr/>	<hr/>
	233,076	212,694
	<hr/>	<hr/>

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.



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

FINANCIAL YEAR ENDING 31 MARCH 2021
THIRD FINANCIAL QUARTER ENDED 31 DECEMBER 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.



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 and commodity.

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:

	31.12.2020	31.12.2019
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		
	31.12.20 RM'000	31.12.19 RM'000	Changes %	31.12.20 RM'000	31.12.19 RM'000	Changes %	31.12.20 RM'000	31.12.19 RM'000	Changes %	31.12.20 RM'000	31.12.19 RM'000	Changes %	31.12.20 RM'000	31.12.19 RM'000	Changes %
Revenue															
Total revenue	85,556	66,941	27.8%	76,635	76,135	0.7%	18,708	23,096	-19.0%	7,449	6,710	11.0%	188,348	172,882	8.9%
Less:															
Inter-segment sales	-	-	-	-	-	-	-	-	-	(2,708)	(1,630)	-66.1%	(2,708)	(1,630)	-66.1%
External sales	85,556	66,941	27.8%	76,635	76,135	0.7%	18,708	23,096	-19.0%	4,741	5,080	-6.7%	185,640	171,252	8.4%
Results															
Segment results	(687)	1,219	<-100%	9,601	11,971	-19.8%	3,104	6,355	-51.2%	(1,048)	(571)	-83.5%	10,970	18,974	-42.2%
Finance costs	(26)	(112)	76.8%	(4)	(24)	83.3%	(48)	(9)	<-100%	(27)	(99)	72.7%	(105)	(244)	57.0%
Share of results of an associate	-	-	-	-	-	-	-	-	-	(66)	(151)	56.3%	(66)	(151)	56.3%
(Loss) /Profit before tax	(713)	1,107	<-100%	9,597	11,947	-19.7%	3,056	6,346	-51.8%	(1,141)	(821)	-39.0%	10,799	18,579	-41.9%

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

	Oleochemical			Milling & Estate			Healthcare			Investment & Services			Consolidated		
	31.12.20 RM'000	31.12.19 RM'000	Changes %	31.12.20 RM'000	31.12.19 RM'000	Changes %	31.12.20 RM'000	31.12.19 RM'000	Changes %	31.12.20 RM'000	31.12.19 RM'000	Changes %	31.12.20 RM'000	31.12.19 RM'000	Changes %
Revenue															
Total revenue	222,710	210,660	5.7%	215,506	187,437	15.0%	58,278	68,144	-14.5%	28,415	24,766	14.7%	524,909	491,007	6.9%
Less:															
Inter-segment sales	-	-	-	-	-	-	-	-	-	(6,256)	(10,407)	39.9%	(6,256)	(10,407)	39.9%
External sales	222,710	210,660	5.7%	215,506	187,437	15.0%	58,278	68,144	-14.5%	22,159	14,359	54.3%	518,653	480,600	7.9%
Results															
Segment results	523	(2,407)	>100%	25,306	23,229	8.9%	12,627	18,747	-32.6%	7,702	993	>100%	46,158	40,562	13.8%
Finance costs	(85)	(112)	24.1%	(16)	(46)	65.2%	(166)	(9)	<-100%	(85)	(99)	14.1%	(352)	(266)	-32.3%
Share of results of an associate	-	-	-	-	-	-	-	-	-	(99)	(103)	-3.9%	(99)	(103)	-3.9%
Profit /(Loss) before tax	438	(2,519)	>100%	25,290	23,183	9.1%	12,461	18,738	-33.5%	7,518	791	>100%	45,707	40,193	13.7%
Assets															
Segment assets	188,097	178,998	5.1%	375,254	359,803	4.3%	141,494	131,670	7.5%	81,232	90,661	-10.4%	786,077	761,132	3.3%
Liabilities															
Segment liabilities	34,788	24,755	-40.5%	25,422	27,625	8.0%	20,666	23,929	13.6%	7,468	7,657	2.5%	88,344	83,966	-5.2%
Exchange Rate	Financial Position – Closing Rate			Profit or Loss – Average Rate											
	31.12.20	31.12.19	Changes	31.12.20	31.12.19	Changes									
USD : RM	4.1700	4.0930	1.9%	4.2084	4.1588	1.2%									
IDR : RM	0.0002860	0.0002950	-3.1%	0.0002877	0.0002819	2.1%									
HKD : RM	0.5182	0.5256	-1.4%	0.5428	0.5194	4.5%									

**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 31 December 2020 amounted to RM6.4 million.

A14. Related Party Transactions

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

	Cumulative 9-months ended 31.12.2020 RM'000	Cumulative 9-months ended 31.12.2019 RM'000
Sales of goods	-	436
Purchase of goods	9,338	4,059
Provision of administrative services	5,842	5,402



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	Third Quarter ended			
	31.12.2020 RM'000	31.12.2019 RM'000	Changes RM'000	Changes %
Revenue	185,640	171,252	14,388	8.4%
Operation profit	10,970	18,974	(8,004)	-42.2%
Profit before interest and tax	10,904	18,823	(7,919)	-42.1%
Profit before tax	10,799	18,579	(7,780)	-41.9%
Profit after tax	7,980	14,459	(6,479)	-44.8%
Profit attributable to equity holders of the Company	5,580	10,427	(4,847)	-46.5%

In the third quarter of our financial year ending 31 Mar 2021 (“FY2021”), Group revenue increased 8.4% to RM185.6 million from RM171.3 million reported in the corresponding quarter of FY2020. The growth in revenue was driven by the increase in commodity prices leading to higher average selling price (“ASP”).

Despite the growth in revenue, Group profit before tax (“PBT”) declined by 41.9% to RM10.8 million, compared to RM18.6 million achieved in the corresponding quarter of FY2020. This decline in profitability is largely brought about by lower sales volume whilst the Healthcare Segment experienced a significant decline in patient numbers as a result of Covid-19, leading to a decline in profitability.



Oleochemical Segment

	Third Quarter ended			
	31.12.2020	31.12.2019	Changes	Changes
	RM'000	RM'000	RM'000	%
(A) Financial Highlights:				
Revenue	85,556	66,941	18,615	27.8%
Operation (loss) / profit	(687)	1,219	(1,906)	<-100%
(Loss) / Profit before interest and tax	(687)	1,219	(1,906)	<-100%
(Loss) / Profit before tax	(713)	1,107	(1,820)	<-100%
(B) Non-Financial Highlights:				
Production capacity (MT)	25,000	25,000	-	-
Production utilisation (%)	95.4%	91.0%	4.4%	4.8%
Quantity sold (MT)	22,082	21,246	836	3.9%
Gross profit/(loss) margin (%)	1.0%	0.6%	0.4%	66.7%

Revenue in our Oleochemical Segment increased to RM85.6 million from RM67.0 million reported in the same quarter of FY2020. Sales volume in the quarter increased marginally by 3.9% to 22,082 metric tonnes (“MT”) whilst commodity prices increase 35.2% and leading to an average increase in ASP of 23.5%. In tandem with the higher sales volume, production capacity utilisation rate increased to 95.4% from 91.0% achieved in the same quarter of last year.

On the back of increase in revenue, the segment reported a loss before tax (“LBT”) of RM0.7 million for the quarter compared to the PBT of RM1.1 million reported in the same quarter of last year. This was largely due to realised and unrealised profit from foreign exchanges that occurred during the previous correspondence period.

For the quarter under review, core LBT amounted to RM0.6 million whilst non-core LBT amounted to RM0.1 million. The non-core LBT comprises of realised and unrealised foreign exchange losses.



Milling & Estate Segment

	Third Quarter ended			
	31.12.2020	31.12.2019	Changes	Changes
	RM'000	RM'000	RM'000	%
(A) Financial Highlights:				
Revenue	76,635	76,135	500	0.7%
Operation profit	9,601	11,971	(2,370)	-19.8%
Profit before interest and tax	9,601	11,971	(2,370)	-19.8%
Profit before tax	9,597	11,947	(2,350)	-19.7%
(B) Non-Financial Highlights:				
FFB processed (MT)	123,679	141,417	(17,738)	-12.5%
FFB production (MT)	21,916	24,073	(2,157)	-9.0%
CPO sales volume (MT)	24,952	30,421	(5,469)	-18.0%
PK sales volume (MT)	6,092	8,142	(2,050)	-25.2%
Average CPO selling price per MT (RM)	2,691	2,165	526	24.3%
Average PK selling price per MT (RM)	1,494	1,133	361	31.9%

Revenue in our Milling & Estate Segment increased marginally to RM76.6 million from RM76.1 million reported in the same quarter of last year. The ASP for Crude Palm Oil (“CPO”) increased by 24.3%, whilst the ASP for Palm Kernel (“PK”) increased by 31.9%. Sales volume of CPO declined 18.0% to 24,952 MT, and sales volume for PK declined 25.2% to 6,092 MT. Fresh Fruit Bunches (“FFB”) processed decreased by 12.5% to 123,679 MT. Notably, revenue for the Segment remained largely unchanged as the increase in ASPs of CPO and PK offset the decline in sales volumes. Total internal FFB production drop by 9.0% due to replanting exercise.

Tracking the decrease in sales volumes, the segment reported a lower PBT of RM9.6 million, a decline of 19.7% from the same quarter last year.



Healthcare Segment

	Third Quarter ended			
	31.12.2020	31.12.2019	Changes	Changes
	RM'000	RM'000	RM'000	%
(A) Financial Data:				
Revenue	18,708	23,096	(4,388)	-19.0%
Operation profit	3,104	6,355	(3,251)	-51.2%
Profit before interest and tax	3,104	6,355	(3,251)	-51.8%
Profit before tax	3,056	6,346	(3,290)	-51.8%
(B) Statistics:				
Bed Occupancy Rate (%)	29.1%	57.2%	-28.1%	-49.1%
Number of patients:				
a. Outpatient	20,288	21,572	(1,284)	-6.0%
b. Inpatient	1,756	3,319	(1,563)	-47.1%
Average revenue per patient ("ARPP") (RM):				
a. Outpatient	227	188	39	20.7%
b. Inpatient	7,681	5,482	2,199	40.1%

Revenue in our Healthcare Segment decreased 19.0% to RM18.7 million from RM23.1 million reported in the same quarter of last year.

The number of registered outpatients and inpatients decreased by 6.0% and 47.1% to 20,288 and 1,756 respectively. The ARPP for outpatients rose 20.7% to RM227 whilst inpatients' ARPP increased 40.1% to RM7,681.

In tandem with the decline in patient numbers, overall bed occupancy rate decreased to 29.1% from 57.2% previously.

Tracking the significant decrease in patient numbers and occupancy as a result of Covid-19, PBT declined to RM3.1 million. ARPP increase as patients are avoiding hospital due to Covid-19 and only present themselves when very critical or urgently requiring surgical intervention.



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

The Group	Cumulative 9-months ended			
	31.12.2020 RM'000	31.12.2019 RM'000	Changes RM'000	Changes %
Revenue	518,653	480,600	38,053	7.9%
Operation profit	46,158	40,562	5,596	13.8%
Profit before interest and tax	46,059	40,459	5,600	13.8%
Profit before tax	45,707	40,193	5,514	13.7%
Profit after tax	37,186	30,979	6,207	20.0%
Profit attributable to equity holders of the Company	30,895	23,298	7,597	32.6%

In the cumulative 9-month period of FY2021, Group revenue increased 7.9% to RM518.7 million from RM480.6 million achieved in the preceding corresponding period. Revenue growth was driven by the general increase in commodity prices which offset the decline in the Healthcare Segment.

Group PBT increased 13.7% to RM45.7 million from RM40.2 million reported in the preceding corresponding period. The improvement in profitability was boosted by one-off special dividend from quoted investment amounting to RM7.8million.



Oleochemical Segment

	Cumulative 9-months ended			
	31.12.2020	31.12.2019	Changes	Changes
	RM'000	RM'000	RM'000	%
(A) Financial Highlights:				
Revenue	222,710	210,660	12,050	5.7%
Operation profit / (loss)	523	(2,407)	2,930	>100%
Profit / (loss) before interest and tax	523	(2,407)	2,930	>100%
Profit / (loss) before tax	438	(2,519)	2,957	>100%
(B) Non-Financial Highlights:				
Production capacity (MT)	75,000	75,000	-	-
Production utilisation (%)	83.8%	92.2%	-8.4%	-9.1%
Quantity sold (MT)	59,820	68,403	(8,583)	-12.5%
Gross profit/(loss) margin (%)	0.8%	-0.9%	1.7%	>100%

Revenue in our Oleochemical Segment increased 5.7% to RM222.7 million from RM210.7 million achieved in the preceding corresponding period. Sales volume during the period fell 12.5% to 59,820 MT as production utilisation declined to 83.8% with weaker market demand and downtime of the plant for upgradework. The increasing commodity prices leading to increase ASP's lead to the mitigating the negative effects of a downtick in sales volumes.

The segment reported PBT of RM0.4 million for the period, overturning a LBT of RM2.5 million reported in the same period last year. Notably, the decline in sales volume negatively affected the performance of the Oleochemical Segment; a significant increase in ASPs of glycerine which led to an improvement in profitability during the period.

For the period under review, core LBT amounted to RM1.9 million whilst non-core PBT amounted to RM2.3 million. The non-core PBT comprises of interest income and realised and unrealised foreign exchange gains.



Milling & Estate Segment

	Cumulative 9-months ended			
	31.12.2020	31.12.2019	Changes	Changes
	RM'000	RM'000	RM'000	%
(A) Financial Highlights:				
Revenue	215,506	187,437	28,069	15.0%
Operation profit	25,306	23,229	2,077	8.9%
Profit before interest and tax	25,306	23,229	2,077	8.9%
Profit before tax	25,290	23,183	2,107	9.1%
(B) Non-Financial Highlights:				
FFB processed (MT)	381,386	406,511	(25,125)	-6.2%
FFB production (MT)	67,561	71,324	(3,763)	-5.3%
CPO sales volume (MT)	79,109	81,267	(2,158)	-2.7%
PK sales volume (MT)	19,040	20,275	(1,235)	-6.1%
Average CPO selling price per MT (RM)	2,386	2,011	375	18.6%
Average PK selling price per MT (RM)	1,300	1,105	195	17.6%

Revenue in our Milling & Estate Segment increased 15.0% to RM215.5 million from RM187.4 million achieved in the preceding corresponding period. The ASPs of CPO and PK increased 18.6% and 17.6% respectively. FFB processed declined to 381,386 MT whilst CPO sales volume declined 2.7% to 79,109 MT.

Despite the slight downtick in sales volumes, segment PBT rose 9.1% to RM25.3 million for the cumulative 9-month period. The increase in profitability is due to a marked rise in ASPs, thus offsetting the decline in sales volumes. Core PBT for the period amounted to RM15.1 million and whilst non-core PBT stood at RM10.1 million. The non-core PBT was mainly derived from interest income, the disposal of PK shells and scraps and foreign exchange gains.



Healthcare Segment

	Cumulative 9-months ended			
	31.12.2020	31.12.2019	Changes	Changes
	RM'000	RM'000	RM'000	%
(A) Financial Data:				
Revenue	58,278	68,144	(9,866)	-14.5%
Operation profit	12,627	18,747	(6,120)	-32.6%
Profit before interest and tax	12,627	18,747	(6,120)	-32.6%
Profit before tax	12,461	18,738	(6,277)	-33.5%
(B) Statistics:				
Bed Occupancy Rate (%)	33.6%	56.3%	-22.7%	-40.3%
Number of patients:				
a. Outpatient	56,782	64,011	(7,229)	-11.3%
b. Inpatient	5,679	9,691	(4,012)	-41.4%
Average revenue per patient ("ARPP") (RM):				
a. Outpatient	227	183	44	24.0%
b. Inpatient	7,650	5,558	2,092	37.6%

Revenue in our Healthcare Segment decreased 14.5% to RM58.3 million from RM68.1 million reported in the same period last year.

The number of registered outpatients and inpatients decreased by 11.3% and 41.4% to 56,782 and 5,679 respectively. The ARPP for outpatients rose 24.0% to RM227 whilst inpatients' ARPP increased 37.6% to RM7,650.

Tracking the decline in patient numbers, overall bed occupancy rate decreased to 33.6% from 56.3% previously.

The significant decrease in patient numbers and occupancy due to the Covid-19 pandemic led to a decline in PBT to RM12.5 million. Non-core PBT amounted to RM2.6 million for the period.



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

The Group	Individual Quarter ended			
	31.12.2020 RM'000	30.09.2020 RM'000	Changes RM'000	Changes %
Revenue	185,640	174,660	10,980	6.3%
Operation profit	10,970	13,905	(2,935)	-21.1%
Profit before interest and tax	10,904	13,859	(2,955)	-21.3%
Profit before tax	10,799	13,743	(2,944)	-21.4%
Profit after tax	7,980	10,142	(2,162)	-21.3%
Profit attributable to equity holders of the Company	5,580	8,153	(2,573)	-31.6%

Compared to the immediate preceding quarter, Group revenue increased 6.3% to RM185.6 million from RM174.7 million. The growth in revenue was largely due to revenue growth from the Oleochemical and Milling & Estate Segments as ASPs continued to increase quarter on quarter (“QOQ”).

Despite the increase in revenue, Group PBT decreased 21.4% to RM10.8 million from RM13.7 million reported in the previous quarter. This decline is largely due to the underperformance of the Healthcare Segment as patient numbers decreased significantly as a result of Covid-19.

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. 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.



Milling & Estate Segment

CPO prices have continued to stay above the RM3,000 per MT and currently hover at around RM4,000 per MT.

However, despite the seemingly robust demand and firm CPO prices, we are cognizant that the risk of an overarching economic slowdown due to current wave of Covid-19 and the delay in vaccine rollouts 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**

	Third Quarter ended		Cumulative 9-months ended	
	31.12.2020 RM'000	31.12.2019 RM'000	31.12.2020 RM'000	31.12.2019 RM'000
Estimated tax payable				
- Malaysian tax expense	738	1,169	2,993	3,183
- Overseas tax expense	2,142	2,951	5,589	6,031
	2,880	4,120	8,582	9,214
Overprovision in prior years	(61)	-	(61)	-
Total	2,819	4,120	8,521	9,214

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 31 December 2020: -

	Unaudited		Audited	
	As at 31.12.2020 Unaudited Foreign Currency IDR million	As at 31.12.2020 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	95	27	596	157
Long term				
<i>Unsecured</i>				
- Term loan	-	3,600	-	4,500
<i>Secured</i>				
- Hire purchase payable Denominated in IDR	491	140	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 31 December 2020, the fair values of these derivatives are as follows:

Types of Derivatives	Based Currency	Contract/Notional Value RM'000	Fair Value as at 31.12.2020 RM'000
(i) Forward foreign exchange contracts			
- Less than 1 year	USD	17,417	17,431
(ii) Commodity future contracts			
<i>Buy</i>			
- Less than 1 year	RM	11,175	12,153
<i>Sell</i>			
- Less than 1 year	RM	6,860	7,028



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	31.12.2020 RM'000
(i) Forward foreign exchange contracts - Less than 1 year	The difference between the contracted rates and the Bank Nagara closing rates	(14)
(ii) Commodity future contracts - Less than 1 year	The difference between the contracted prices and the market forward prices	810

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

	Third Quarter ended		Cumulative 9-months ended	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
Profit attributable to equity holders of the Company (in RM'000)	5,580	10,427	30,895	23,298
Weighted average number of ordinary shares in issue (in '000)	136,934	136,934	136,934	136,934
Basic earnings per share (in sen)	4.07	7.61	22.56	17.01

B13. Profit for the Period

	Cumulative 9-months ended	
	31.12.2020 RM'000	31.12.2019 RM'000
Profit for the period is arrived at after crediting /(debiting) the following income/(expenses):		
- Investment revenue	3,722	4,414
- Finance costs	(352)	(266)
- Depreciation of property, plant and equipment	(15,158)	(13,379)
- Depreciation of right-of-use assets	(995)	(1,030)
- Reversal of loss allowance for trade receivables	138	66
- Inventories written off	(136)	(43)
- Net fair value change in biological assets	271	27
- Gain / (Loss) on foreign exchange:		
Realised	809	(3,160)
Unrealised	(765)	203
- Net fair value change in derivatives	2,216	749

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

**B14. Trade Receivables**

	Unaudited As at 31.12.2020 RM'000	Audited As at 31.03.2020 RM'000
Third parties	33,600	40,349
Related parties	2,282	1,269
Trade receivables	35,882	41,618
Less: Loss allowance	(696)	(959)
Trade receivables, net	<u>35,186</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 RM696,000 (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 31.12.2020 RM'000	Audited As at 31.03.2020 RM'000
Neither past due nor impaired	27,551	27,890
Past due but not impaired		
31 – 60 days	6,247	9,783
61 – 90 days	1,001	2,411
91 – 120 days	152	575
121 – 150 days	235	-
	<u>7,635</u>	<u>12,769</u>
Past due and impaired	696	959
Trade receivables	<u>35,882</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.

This Interim Financial Report of Southern Acids (M) Berhad for the third quarter of financial year ended 31 March 2021 was authorised for issuance by the Board of Directors of the Company on 25 February 2021.