

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

FOURTH FINANCIAL QUARTER ENDED 31 MARCH 2021
(Figures are not audited unless otherwise specified)
(In Ringgit Malaysia)



SOUTHERN ACIDS (M) BERHAD
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FINANCIAL YEAR ENDED 31 MARCH 2021
INTERIM FINANCIAL REPORT
FOURTH FINANCIAL QUARTER ENDED 31 MARCH 2021

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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 FOURTH FINANCIAL QUARTER ENDED 31 MARCH 2021

	Note	Fourth Quarter ended			Cumulative 12-months ended		
		31.03.2021 RM'000	31.03.2020 RM'000	Changes %	31.03.2021 RM'000	31.03.2020 RM'000	Changes %
Revenue	A8	222,449	179,686	23.8%	741,103	660,286	12.2%
- Cost of sales		(198,592)	(157,996)	-25.7%	(644,293)	(565,276)	-14.0%
Gross profit		23,857	21,690	10.0%	96,810	95,010	1.9%
- Administrative expenses		(13,816)	(13,883)	0.5%	(56,142)	(59,492)	5.6%
- Other income		4,716	1,030	>100%	20,247	13,882	45.9%
Profit from operations		14,757	8,837	67.0%	60,915	49,400	23.3%
- Finance costs		(117)	(143)	18.2%	(469)	(409)	-14.7%
- Share of results of an associate		(3)	(148)	98.0%	(101)	(251)	59.8%
Profit before tax	A8	14,637	8,546	71.3%	60,345	48,740	23.8%
- Income tax expense	B5	(4,041)	(297)	<-100%	(12,562)	(9,511)	-32.1%
Profit for the period/year	B13	10,596	8,249	28.5%	47,783	39,229	21.8%
Attributable to:							
- Equity holders of the Company		6,463	8,699	-25.7%	37,357	31,998	16.7%
- Non-controlling interests		4,133	(450)	>100%	10,426	7,231	44.2%
		10,596	8,249	28.5%	47,783	39,229	21.8%
Earnings per share (sen) attributable to equity holders of the Company							
- Basic and diluted	B12	4.72	6.35	-25.7%	27.28	23.37	16.7%



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

	Note	Fourth Quarter ended			Cumulative 12-months ended		
		31.03.2021 RM'000	31.03.2020 RM'000	Changes %	31.03.2021 RM'000	31.03.2020 RM'000	Changes %
Profit for the period/year	B13	10,596	8,249	28.5%	47,783	39,229	21.8%
Other comprehensive income / (loss)							
Item that may be reclassified subsequently to profit or loss:							
- Fair value gain / (loss) on other investments		31	(17,730)	>100%	5,642	(22,263)	>100%
- Exchange differences on translating foreign operations		2,962	(18,035)	>100%	14,523	(13,327)	>100%
- Remeasurement of defined benefit obligations		(264)	385	<-100%	(264)	(1,001)	73.6%
Total comprehensive income / (loss) for the period/year, net of tax		<u>13,325</u>	<u>(27,131)</u>	>100%	<u>67,684</u>	<u>2,638</u>	>100%
Attributable to:							
- Equity holders of the Company		13,075	(20,632)	>100%	58,149	(12)	>100%
- Non-controlling interests		250	(6,499)	>100%	9,535	2,650	>100%
		<u>13,325</u>	<u>(27,131)</u>	>100%	<u>67,684</u>	<u>2,638</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
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FINANCIAL YEAR ENDED 31 MARCH 2021
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2021

	Note	Unaudited As at 31.03.2021 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	194,740	186,203
Right-of-use assets		4,041	4,982
Investment property		3,318	3,318
Investment in an associate company		2,259	2,361
Other investments		30,717	25,075
Advances for KKPA program		-	87
Deferred tax assets		2,774	3,059
		<u>377,717</u>	<u>364,953</u>
Current Assets			
Biological assets		1,972	1,339
Inventories		82,387	68,060
Derivative financial assets	B8	247	234
Trade receivables	B14	51,343	40,659
Other receivables, deposits and prepaid expenses		15,611	13,483
Amount owing by an associate company		749	803
Tax recoverable		33,959	28,919
Cash and cash equivalents		242,163	208,938
		<u>428,431</u>	<u>362,435</u>
TOTAL ASSETS		806,148	727,388



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

	Unaudited	Audited
	As at	As at
	31.03.2021	31.03.2020
	RM'000	RM'000
EQUITY AND LIABILITIES		
Capital and Reserves		
Share capital	171,255	171,255
Reserves	474,469	423,167
Equity attributable to equity holders of the Company	645,724	594,422
Non-controlling interests	63,625	55,800
Total Equity	709,349	650,222
Non-Current and Deferred Liabilities		
Term loan	B7 3,300	4,500
Hire purchase payable	B7 336	130
Lease liabilities	2,956	4,032
Provision for retirement benefits	15,774	13,184
Deferred tax liabilities	4,358	3,746
	26,724	25,592
Current Liabilities		
Trade payables	33,855	21,142
Other payables and accrued expenses	30,670	23,845
Contract liabilities	2,143	1,193
Derivative financial liabilities	B8 393	1,655
Term loan	B7 1,200	1,200
Hire purchase payable	B7 257	157
Lease liabilities	1,436	1,174
Tax liabilities	-	1,087
Dividend payable	121	121
	70,075	51,574
TOTAL LIABILITIES	96,799	77,166
TOTAL EQUITY AND LIABILITIES	806,148	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 ENDED 31 MARCH 2021
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FOURTH FINANCIAL QUARTER ENDED 31 MARCH 2021

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 year	-	-	-	-	31,998	31,998	7,231	39,229
Other comprehensive loss	-	(9,493)	-	(22,263)	(254)	(32,010)	(4,581)	(36,591)
Total comprehensive (loss) / income	-	(9,493)	-	(22,263)	31,744	(12)	2,650	2,638
Dividend paid	-	-	-	-	(6,847)	(6,847)	-	(6,847)
Dividend paid to non-controlling interest	-	-	-	-	-	-	(1,584)	(1,584)
As at 31 March 2020	171,255	(22,251)	(322)	(174)	445,914	594,422	55,800	650,222
As at 1 April 2020	171,255	(22,251)	(322)	(174)	445,914	594,422	55,800	650,222
Profit for the year	-	-	-	-	37,357	37,357	10,426	47,783
Other comprehensive income / (loss)	-	15,308	-	5,642	(158)	20,792	(891)	19,901
Total comprehensive income	-	15,308	-	5,642	37,199	58,149	9,535	67,684
Dividend paid	-	-	-	-	(6,847)	(6,847)	-	(6,847)
Dividend paid to non-controlling interest	-	-	-	-	-	-	(1,710)	(1,710)
As at 31 March 2021	171,255	(6,943)	(322)	5,468	476,266	645,724	63,625	709,349

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 ENDED 31 MARCH 2021
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FOURTH FINANCIAL QUARTER ENDED 31 MARCH 2021

	Cumulative 12-months ended	
	31.03.2021	31.03.2020
	RM'000	RM'000
Cash Flows from Operating Activities		
Profit before tax	60,345	48,740
Adjustments for:		
- Depreciation of property, plant and equipment	20,633	18,570
- Depreciation of right-of-use assets	1,364	1,297
- Unrealised (gain)/loss on foreign exchange	(868)	105
- Provision for retirement benefits	2,030	1,861
- Net fair value change in biological assets	(536)	(431)
- Gain on disposal of property, plant and equipment	(233)	(3)
- Gain on disposal of interest in an associate	(2)	-
- Reversal of loss allowance for trade receivables	(250)	(112)
- Reversal of loss allowance for KKPA receivables	-	(400)
- Inventories written off	39	48
- Finance costs	469	409
- Property, plant and equipment written off	49	1,166
- Share of results of an associate	102	251
- Net fair value change in derivatives	(1,275)	1,678
- Dividend income	(9,269)	(1,987)
- Investment revenue	(4,823)	(5,812)
Operating Profit Before Working Capital Changes	67,775	65,380
(Increase)/Decrease in:		
- Inventories	(13,417)	(2,540)
- Trade receivables	(10,701)	(4,714)
- Other receivables, deposits and prepaid expenses	(7,757)	(7,439)
- Amount owing by an associate company	121	276
Increase/(Decrease) in:		
- Trade payables	11,946	98
- Other payables and accrued expenses	5,144	(13,316)
- Contract liabilities	950	192
Cash Generated From Operations	54,061	37,937
- Income tax refunded	64	3,289
- Income tax paid	(5,272)	(11,228)
- Retirement benefits paid	(155)	(197)
Net Cash From Operating Activities	48,698	29,801



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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (cont'd)
FOR THE FOURTH FINANCIAL QUARTER ENDED 31 MARCH 2021

	Cumulative 12-months ended	
	31.03.2021	31.03.2020
	RM'000	RM'000
Cash Flows Used In Investing Activities		
- Investment revenue received	4,823	5,812
- Dividend received	9,269	1,987
- Proceeds from disposal of property, plant and equipment	303	7
- Additions to other investments	-	(186)
- Additions to property, plant and equipment	(23,749)	(15,840)
- Amount recovered for KKPA program	94	733
	<u>94</u>	<u>733</u>
Net Cash Used In Investing Activities	(9,260)	(7,487)
Cash Flows Used In Financing Activities		
- Drawdown of term loan	-	6,000
- Repayment of term loan	(1,200)	(300)
- Net drawdown / (repayment) of hire purchase payables	286	(80)
- Repayment of lease liabilities	(1,471)	(1,073)
- Dividend paid by:		
- Subsidiary company to non-controlling interests	(1,710)	(1,584)
- The Company	(6,847)	(6,847)
- Finance costs paid	(238)	(409)
	<u>(238)</u>	<u>(409)</u>
Net Cash Used In Financing Activities	(11,180)	(4,293)
NET INCREASE IN CASH AND CASH EQUIVALENTS	28,258	18,021
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR	208,938	199,911
EFFECT OF TRANSLATION DIFFERENCES	4,967	(8,994)
	<u>4,967</u>	<u>(8,994)</u>
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	242,163	208,938
	<u>242,163</u>	<u>208,938</u>
Composition of Cash and Cash Equivalents:		
- Cash and bank balances	102,391	96,130
- Fixed deposits with licensed banks	40,436	71,571
- Short-term placements	99,336	41,237
	<u>99,336</u>	<u>41,237</u>
	242,163	208,938
	<u>242,163</u>	<u>208,938</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
FOURTH FINANCIAL QUARTER ENDED 31 MARCH 2021
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 16	Covid-19 - Related Rent Concessions beyond 30 June 2021 ³
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 ⁵
Amendments to MFRS 4	Extension of Temporary Exemption from Applying MFRS 9 ⁵
Amendments to MFRS 3	Reference to the Conceptual Framework ⁴
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁶
Amendments to MFRS 101	Classification of Liabilities as Current or Non-Current ⁵
Amendments to MFRS 101	Disclosure of Accounting Policies ⁵
Amendments to MFRS 108	Definition of Accounting Estimates ⁵
Amendments to MFRS 116	Property, Plant and Equipment - Proceeds before Intended Use ⁴
Amendments to MFRS 137	Onerous Contracts - Cost of Fulfilling a Contract ⁴
Annual Improvements to MFRS 2018 - 2020 Cycle ⁴	

- 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 April 2021, with earlier application permitted.
- ⁴ Effective for annual periods beginning on or after 1 January 2022, with earlier application permitted.
- ⁵ Effective for annual periods beginning on or after 1 January 2023, with earlier application permitted.
- ⁶ 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 year under review.

A5. Material Changes in Estimates

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

A6. Debt and Equity Securities

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

A7. Dividends Paid

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

	31.03.2021	31.03.2020
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		
	31.03.21 RM'000	31.03.20 RM'000	Changes %	31.03.21 RM'000	31.03.20 RM'000	Changes %	31.03.21 RM'000	31.03.20 RM'000	Changes %	31.03.21 RM'000	31.03.20 RM'000	Changes %	31.03.21 RM'000	31.03.20 RM'000	Changes %
Revenue															
Total revenue	102,831	71,749	43.3%	97,039	82,016	18.3%	19,170	23,220	-17.4%	12,849	4,955	>100%	231,889	181,940	27.5%
Less:															
Inter-segment sales	-	-	-	-	-	-	-	-	-	(9,440)	(2,254)	<-100%	(9,440)	(2,254)	<-100%
External sales	102,831	71,749	43.3%	97,039	82,016	18.3%	19,170	23,220	-17.4%	3,409	2,701	26.2%	222,449	179,686	23.8%
Results															
Segment results	(963)	(667)	-44.4%	13,018	3,841	>100%	4,268	6,747	-36.7%	(1,566)	(1,084)	-44.5%	14,757	8,837	67.0%
Finance costs	(23)	(33)	30.3%	(23)	(9)	<-100%	(44)	(75)	41.3%	(27)	(26)	-3.8%	(117)	(143)	18.2%
Share of results of an associate	-	-	-	-	-	-	-	-	-	(3)	(148)	98.0%	(3)	(148)	-98.0%
(Loss) /Profit before tax	(986)	(700)	-40.9%	12,995	3,832	>100%	4,224	6,672	-36.7%	(1,596)	(1,258)	-26.9%	14,637	8,546	71.3%

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

	Oleochemical			Milling & Estate			Healthcare			Investment & Services			Consolidated		
	31.03.21 RM'000	31.03.20 RM'000	Changes %	31.03.21 RM'000	31.03.20 RM'000	Changes %	31.03.21 RM'000	31.03.20 RM'000	Changes %	31.03.21 RM'000	31.03.20 RM'000	Changes %	31.03.21 RM'000	31.03.20 RM'000	Changes %
Revenue															
Total revenue	325,541	282,410	15.3%	312,545	269,453	16.0%	77,448	91,365	-15.2%	41,265	22,788	81.1%	756,799	666,016	13.6%
Less:															
Inter-segment sales	-	-	-	-	-	-	-	-	-	(15,696)	(5,730)	<-100%	(15,696)	(5,730)	<-100%
External sales	325,541	282,410	15.3%	312,545	269,453	16.0%	77,448	91,365	-15.2%	25,569	17,058	49.9%	741,103	660,286	12.2%
Results															
Segment results	(440)	(3,074)	85.7%	38,324	27,070	41.6%	16,895	25,494	-33.7%	6,136	(91)	>100%	60,915	49,399	23.3%
Finance costs	(108)	(145)	25.5%	(39)	(55)	29.1%	(210)	(84)	<-100%	(112)	(124)	9.7%	(469)	(408)	-15.0%
Share of results of an associate	-	-	-	-	-	-	-	-	-	(101)	(251)	59.8%	(103)	(251)	59.8%
(Loss) / Profit before tax	(548)	(3,219)	83.0%	38,285	27,015	41.7%	16,685	25,410	-34.3%	5,923	(466)	>100%	60,345	48,740	23.8%
Assets															
Segment assets	186,700	176,747	5.6%	392,833	342,565	14.7%	145,254	135,372	7.3%	81,361	72,704	11.9%	806,148	727,388	10.8%
Liabilities															
Segment liabilities	35,072	22,406	-56.5%	32,585	22,964	-41.9%	20,502	23,663	13.4%	8,640	8,133	-6.2%	96,799	77,166	-25.4%
Exchange Rate	Financial Position – Closing Rate			Profit or Loss – Average Rate											
	31.03.21	31.03.20	Changes	31.03.21	31.03.20	Changes									
USD : RM	4.1460	4.3130	-3.9%	4.1739	4.1647	0.2%									
IDR : RM	0.0002850	0.0002640	8.0%	0.0002876	0.0002940	-2.2%									
HKD : RM	0.5333	0.5563	-4.1%	0.5383	0.5329	1.0%									

**A9. Carrying Amount of Revalued Assets**

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

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

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

A11. Changes in Composition of the Group

There was no change in the composition of the Group, including business combination, acquisition and/or disposal of subsidiary companies and long-term investments, restructuring, and discontinued operations during the financial year 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 March 2021 amounted to RM4.7 million.

A14. Related Party Transactions

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

	Cumulative 12-months ended 31.03.2021 RM'000	Cumulative 12-months ended 31.03.2020 RM'000
Sales of goods	230	436
Purchase of goods	14,463	5,987
Provision of administrative services	7,929	7,389



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

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

Current Quarter vs Preceding Corresponding Quarter

The Group	Fourth Quarter ended			
	31.03.2021 RM'000	31.03.2020 RM'000	Changes RM'000	Changes %
Revenue	222,449	179,686	42,763	23.8%
Operation profit	14,757	8,837	5,920	67.0%
Profit before interest and tax	14,754	8,689	6,068	69.8%
Profit before tax	14,637	8,546	6,091	71.3%
Profit after tax	10,596	8,249	2,347	28.5%
Profit attributable to equity holders of the Company	6,463	8,699	(2,236)	-25.7%

In the fourth quarter of our financial year ended 31 Mar 2021 (“FY2021”), Group revenue rose 23.8% to RM222.4 million from RM179.7 million reported in the preceding corresponding quarter of FY2020. The growth in revenue was mainly driven by the performance of the Oleochemical and Milling & Estate Segments which was contributed by the increase in the price of CPO over the period and sales volume of fatty acids, glycerine and crude palm oil (“CPO”). This effectively offset the Covid-19 induced decline in revenue of the Healthcare Segment.

In tandem with the growth in revenue, profit before tax (“PBT”) rose by 71.3% to RM14.6 million, compared to RM8.5 million achieved in the same quarter of FY2020. The improvement in profitability was due to a performance from the Group’s Milling & Estate Segment which benefitted from an increase in the commodity price of CPO and sales volumes of CPO.



Oleochemical Segment

	Fourth Quarter ended			
	31.03.2021	31.03.2020	Changes	Changes
	RM'000	RM'000	RM'000	%
(A) Financial Highlights:				
Revenue	102,831	71,749	31,082	43.3%
Operation loss	(963)	(667)	(296)	-44.4%
Loss before interest and tax	(963)	(667)	(296)	-44.4%
Loss before tax	(986)	(700)	(286)	-40.9%
(B) Non-Financial Highlights:				
Production capacity (MT)	25,000	25,000	-	-
Production utilisation (%)	85.5%	71.1%	14.4%	20.3%
Quantity sold (MT)	22,393	19,543	2,850	14.6%
Gross profit margin (%)	0.9%	1.7%	-0.8%	-47.1%

Revenue in our Oleochemical Segment increased 43.3% to RM102.8 million from RM71.7 million reported in the fourth quarter of FY2020. The ASP for fatty acids and glycerine increased 24.4% and 44.8% respectively as a result of the general increase the commodity price of CPO. Sales volume in the quarter increased by 14.6% to 22,393 metric tonnes (“MT”). Meanwhile, production capacity utilization rate increased to 85.5% from 71.1% achieved in the same quarter of FY2020.

The Segment reported loss before tax (“LBT”) of RM0.99 million for the quarter. This comprised core LBT of RM0.20 million and non-core LBT of RM0.79 million. The non-core PBT was mainly due to realized and unrealized losses from foreign exchange.



Milling & Estate Segment

	Fourth Quarter ended			
	31.03.2021	31.03.2020	Changes	Changes
	RM'000	RM'000	RM'000	%
(A) Financial Highlights:				
Revenue	97,039	82,016	15,023	18.3%
Operation profit	13,018	3,841	9,177	>100%
Profit before interest and tax	13,018	3,841	9,177	>100%
Profit before tax	12,995	3,832	9,163	>100%
(B) Non-Financial Highlights:				
FFB processed (MT)	148,077	129,439	18,638	14.4%
FFB production (MT)	22,225	20,312	1,913	9.4%
CPO sales volume (MT)	29,230	28,838	392	1.4%
PK sales volume (MT)	7,486	6,702	784	11.7%
Average CPO selling price per MT (RM)	2,784	2,497	287	11.5%
Average PK selling price per MT (RM)	1,996	1,411	585	41.5%

Our Milling & Estate Segment revenue grew 18.3% to RM97.0 million from RM82.0 million reported in the fourth quarter of FY2020. The ASP for Crude Palm Oil (“CPO”) increased by 11.5%, whilst the ASP for Palm Kernel (“PK”) increased by 41.5%. Sales volume of CPO marginally by 1.4% to 29,230 MT, and sales volume for PK rose 11.7% to 7,486 MT. Overall, Fresh Fruit Bunches (“FFB”) processed increased 14.4% to 148,077 MT.

Segment PBT rose significantly to RM13.0 million, an outperformance compared to the fourth quarter of FY2020. Core PBT stood at RM8.7 million and non-core PBT of RM4.3 million. The non-core PBT was mainly derived from the disposal of PK shells and scraps, interest income, realized and unrealized foreign exchange gains.



Healthcare Segment

	Fourth Quarter ended			
	31.03.2021	31.03.2020	Changes	Changes
	RM'000	RM'000	RM'000	%
(A) Financial Data:				
Revenue	19,170	23,220	(4,050)	-17.4%
Operation profit	4,268	6,747	(2,479)	-36.7%
Profit before interest and tax	4,268	6,747	(2,479)	-36.7%
Profit before tax	4,224	6,672	(2,448)	-36.7%
(B) Statistics:				
Bed Occupancy Rate (%)	29.4%	59.0%	-29.6%	-50.2%
Number of patients:				
a. Outpatient	20,872	21,432	(560)	-2.6%
b. Inpatient	1,594	3,177	(1,583)	-49.8%
Average revenue per patient ("ARPP") (RM):				
a. Outpatient	254	188	66	35.1%
b. Inpatient	8,331	5,772	2,559	44.3%

Revenue in our Healthcare Segment decreased 17.4% to RM19.2 million from RM23.2 million reported in the same quarter of FY2020.

The number of registered outpatients and inpatients decreased by 2.6% and 49.8% to 20,872 and 1,594 respectively. The ARPP for outpatients rose 35.1% to RM254 whilst inpatients' ARPP increased 44.3% to RM8,331.

In tandem with the decline in patient numbers, overall bed occupancy rate decreased to 29.4% from 59.0% previously.

Tracking the significant decrease in patient numbers and occupancy as a result of Covid-19, PBT declined to RM4.2 million.. Non-core PBT amounted to RM0.6 million for the quarter.



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

The Group	Cumulative 12-months ended			
	31.03.2021 RM'000	31.03.2020 RM'000	Changes RM'000	Changes %
Revenue	741,103	660,286	80,817	12.2%
Operation profit	60,915	49,399	11,516	23.3%
Profit before interest and tax	60,814	49,148	11,666	23.7%
Profit before tax	60,345	48,740	11,605	23.8%
Profit after tax	47,783	39,229	8,554	21.8%
Profit attributable to equity holders of the Company	37,357	31,998	5,359	16.7%

In the cumulative 12 months of FY2021, Group revenue rose 12.2% to RM741.1 million compared to RM660.3 million reported in FY2020. This was largely driven by revenue growth in our Oleochemical and Milling & Estate Segments respectively. The Oleochemical Segment, which accounted for 43.9% of Group revenue, reported a 15.3% growth in revenue for FY2021.

Overall, Group PBT increased 23.8% to RM60.3 million from RM48.7 million achieved in FY2020. The better profit performance was due to the stronger segmental PBT from our Milling & Estate Segment due to the uptrend in commodity price of CPO and a reduction in losses from our Oleochemical Segment. Notably, a RM7.8 million special dividend received from a quoted share in the first quarter of FY2021 increase the profitability.



Oleochemical Segment

	Cumulative 12-months ended			
	31.03.2021	31.03.2020	Changes	Changes
	RM'000	RM'000	RM'000	%
(A) Financial Highlights:				
Revenue	325,541	282,410	43,131	15.3%
Operation loss	(440)	(3,074)	2,634	85.7%
Loss before interest and tax	(440)	(3,074)	2,634	85.7%
Loss before tax	(548)	(3,219)	2,671	83.0%
(B) Non-Financial Highlights:				
Production capacity (MT)	100,000	100,000	-	-
Production utilisation (%)	84.2%	86.9%	-2.7%	-3.1%
Quantity sold (MT)	82,213	87,946	(5,733)	-6.5%
Gross profit/(loss) margin (%)	0.8%	-0.2%	1.0%	>100%

Revenue in our Oleochemical Segment increased 15.3% to RM325.5 million from RM282.4 million reported in FY2020. The growth in revenue was driven by an increase in ASP for both fatty acids and glycerine by 22.1% and 30.0% respectively as a result of increasing commodity price of CPO. Overall sales volume declined 6.5% to 82,213 MT. In tandem with the decline in sales volume, production utilisation rate was lower at 84.2% from 86.9% in FY2020.

The Segment reported a LBT of RM0.5 million in FY2021. This comprised core LBT of RM2.1 million and non-core PBT of RM1.6 million. The non-core PBT was mainly due to interest income and both realized losses and unrealized gains from foreign exchange.



Milling & Estate Segment

	Cumulative 12-months ended			
	31.03.2021	31.03.2020	Changes	Changes
	RM'000	RM'000	RM'000	%
(A) Financial Highlights:				
Revenue	312,545	269,453	43,092	16.0%
Operation profit	38,324	27,070	11,254	41.6%
Profit before interest and tax	38,324	27,070	11,254	41.6%
Profit before tax	38,285	27,015	11,270	41.7%
(B) Non-Financial Highlights:				
FFB processed (MT)	529,463	535,949	(6,486)	-1.2%
FFB production (MT)	89,786	91,635	(1,849)	-2.0%
CPO sales volume (MT)	108,340	110,105	(1,765)	-1.6%
PK sales volume (MT)	26,526	26,977	(451)	-1.7%
Average CPO selling price per MT (RM)	2,493	2,138	355	16.6%
Average PK selling price per MT (RM)	1,496	1,181	315	26.7%

Revenue in our Milling & Estate Segment rose 16.0% to RM312.5 million from RM269.5 million achieved in FY2020. The commodity price of CPO and PK rose 16.6% and 26.7% respectively. CPO sales volume decreased 1.6% to 108,340 MT whilst PK sales volume decreased 1.7% to 26,526 MT. Processed FFB decreased 1.2% in the period to 529,463 MT.

Despite the largely unchanged sales and production volume in FY2021, segment PBT rose 41.7% to RM38.3 million. This outperformance was largely driven by higher prices and favourable foreign exchange movements. Core PBT stood at RM23.8 million whilst non-core PBT came in at RM14.5 million. The non-core PBT was mainly derived from interest income as well as sales proceeds from the disposal of PK shells and scraps.



Healthcare Segment

	Cumulative 12-months ended			
	31.03.2021	31.03.2020	Changes	Changes
	RM'000	RM'000	RM'000	%
(A) Financial Data:				
Revenue	77,448	91,365	(13,917)	-15.2%
Operation profit	16,895	25,494	(8,599)	-33.7%
Profit before interest and tax	16,895	25,494	(8,599)	-33.7%
Profit before tax	16,685	25,410	(8,725)	-34.3%
(B) Statistics:				
Bed Occupancy Rate (%)	32.6%	56.9%	-24.3%	-42.7%
Number of patients:				
a. Outpatient	77,654	85,443	(7,789)	-9.1%
b. Inpatient	7,273	12,868	(5,595)	-43.5%
Average revenue per patient ("ARPP") (RM):				
a. Outpatient	234	184	50	27.2%
b. Inpatient	7,800	5,611	2,189	39.0%

Revenue in our Healthcare Segment decreased 15.2% to RM77.4 million from RM91.4 million in FY2020.

The number of registered outpatients and inpatients decreased by 9.1% and 43.5% to 77,654 and 7,273 respectively. The ARPP for outpatients rose 27.2% to RM234 whilst inpatients' ARPP increased 39.0% to RM7,800.

In tandem with the decline in patient numbers, overall bed occupancy rate decreased to 32.6% from 56.9% previously.

Tracking the significant decrease in patient numbers and occupancy as a result of Covid-19, PBT declined to RM16.7 million. Non-core PBT amounted to RM3.2 million for the quarter.



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

The Group	Individual Quarter ended			
	31.03.2021 RM'000	31.12.2020 RM'000	Changes RM'000	Changes %
Revenue	222,449	185,640	36,809	19.8%
Operation profit	14,757	10,970	3,787	34.5%
Profit before interest and tax	14,754	10,904	3,850	35.3%
Profit before tax	14,637	10,799	3,838	35.5%
Profit after tax	10,596	7,980	2,616	32.8%
Profit attributable to equity holders of the Company	6,463	5,580	883	15.8%

Compared to the immediate preceding quarter, Group revenue increased 19.8% to RM222.4 million from RM185.6 million. The higher revenue was due to revenue growth across the Oleochemical and Milling & Estate Segments as a result of an overall uptrend in commodity prices.

Group PBT increased 35.5% to RM14.6 million from RM10.8 million reported in the previous quarter. This was mainly due to a stronger performance from the Oleochemical and Milling & Estate Segments as well as a gradual recovery in the Healthcare Segment.

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.

We will focus on drawing greater efficiencies through process automation and cost rationalization, as well as enhancing product customization.



Milling & Estate Segment

CPO prices have continued to trend upwards in tandem with the on-going commodity boom. The lofty CPO prices continues to be supported by concerns of lower inventory levels and lower production output for the short term..

However, the current high CPO prices are not likely to continue as production is expected to improve and with the expected slowdown in economic due to another wave of Covid-19 the demand market will likely change.

During this time, we will take advantage to improve the operation efficiency and be prepared for a lower CPO price trend.

Healthcare Segment

We foresee a tough year ahead for our Healthcare Segment. Patient volumes have not recovered to pre-Covid levels. 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 but the Group has 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 year under review.

B5. Income Tax Expense

	Fourth Quarter ended		Cumulative 12-months ended	
	31.03.2021 RM'000	31.03.2020 RM'000	31.03.2021 RM'000	31.03.2020 RM'000
Estimated tax payable				
- Malaysian tax expense	279	4,087	3,272	7,270
- Overseas tax expense	2,558	(674)	8,147	5,357
	2,837	3,413	11,419	12,627
Overprovision in prior years	-	(957)	(61)	(957)
	2,837	2,456	11,358	11,670
Deferred tax				
- Current year	2,083	(225)	2,083	(225)
- Overprovision in prior years	(879)	(1,934)	(879)	(1,934)
	1,204	(2,159)	1,204	(2,159)
Total	4,041	297	12,562	9,511

The Group's effective tax rates for the financial year 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 March 2021: -

	Unaudited		Audited	
	As at 31.03.2021 Unaudited Foreign Currency IDR million	As at 31.03.2021 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	902	257	596	157
Long term				
<i>Unsecured</i>				
- Term loan	-	3,300	-	4,500
<i>Secured</i>				
- Hire purchase payable Denominated in IDR	1,180	336	491	130
Effective interest rate		3% 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 March 2021, the fair values of these derivatives are as follows:

Types of Derivatives	Based Currency	Contract/Notional Value RM'000	Fair Value as at 31.03.2021 RM'000
(i) Forward foreign exchange contracts			
- Less than 1 year	USD	63,290	63,683
(ii) Commodity future contracts			
<i>Buy</i>			
- Less than 1 year	RM	15,581	15,767
<i>Sell</i>			
- Less than 1 year	RM	4,069	4,008



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	31.03.2021 RM'000
(i) Forward foreign exchange contracts - Less than 1 year	The difference between the contracted rates and the Bank Nagara closing rates	(393)
(ii) Commodity future contracts - Less than 1 year	The difference between the contracted prices and the market forward prices	247

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**

A proposed single tier final dividend of 5.00 sen per ordinary share for the financial year ended 31 March 2021 has been recommended by the Board of Directors.

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

B12. Earnings per Share

	Fourth Quarter ended		Cumulative 12-months ended	
	31.03.2021	31.03.2020	31.03.2021	31.03.2020
Profit attributable to equity holders of the Company (in RM'000)	6,463	8,699	37,357	31,998
Weighted average number of ordinary shares in issue (in '000)	136,934	136,934	136,934	136,934
Basic earnings per share (in sen)	4.72	6.35	27.28	23.37

B13. Profit for the Year

	Cumulative 12-months ended	
	31.03.2021 RM'000	31.03.2020 RM'000
Profit for the year is arrived at after crediting /((debiting) the following income/(expenses):		
- Investment revenue	4,823	5,812
- Finance costs	(469)	(409)
- Depreciation of property, plant and equipment	(20,633)	(18,570)
- Depreciation of right-of-use assets	(1,364)	(1,297)
- Reversal of loss allowance for trade receivables	250	112
- Inventories written off	(39)	(48)
- Net fair value change in biological assets	536	431
- Gain / (Loss) on foreign exchange:		
Realised	(1,046)	944
Unrealised	868	(105)
- Net fair value change in derivatives	1,275	(1,678)

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

**B14. Trade Receivables**

	Unaudited As at 31.03.2021 RM'000	Audited As at 31.03.2020 RM'000
Third parties	50,514	40,349
Related parties	1,437	1,269
Trade receivables	51,951	41,618
Less: Loss allowance	(608)	(959)
Trade receivables, net	<u>51,343</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 RM608,000 (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 31.03.2021 RM'000	Audited As at 31.03.2020 RM'000
Neither past due nor impaired	38,665	27,890
Past due but not impaired		
31 – 60 days	11,280	9,783
61 – 90 days	1,237	2,411
91 – 120 days	77	575
121 – 150 days	84	-
	<u>12,678</u>	<u>12,769</u>
Past due and impaired	608	959
Trade receivables	<u>51,951</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 fourth quarter of financial year ended 31 March 2021 was authorised for issuance by the Board of Directors of the Company on 25 May 2021.