

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 2022

FIRST FINANCIAL QUARTER ENDED 30 JUNE 2021
(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 2022
INTERIM FINANCIAL REPORT
FIRST FINANCIAL QUARTER ENDED 30 JUNE 2021

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

FINANCIAL YEAR ENDING 31 MARCH 2022
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE FIRST FINANCIAL QUARTER ENDED 30 JUNE 2021

	Note	First Quarter ended			Cumulative 3-months ended		
		30.06.2021 RM'000	30.06.2020 RM'000	Changes %	30.06.2021 RM'000	30.06.2020 RM'000	Changes %
Revenue	A8	257,963	158,354	62.9%	257,963	158,354	62.9%
- Cost of sales		(213,520)	(131,152)	-62.8%	(213,520)	(131,152)	-62.8%
Gross profit		44,443	27,202	63.4%	44,443	27,202	63.4%
- Administrative expenses		(15,149)	(13,170)	-15.0%	(15,149)	(13,170)	-15.0%
- Other income		6,282	7,250	-13.4%	6,282	7,250	-13.4%
Profit from operations		35,576	21,282	67.2%	35,576	21,282	67.2%
- Finance costs		(186)	(131)	-42.0%	(186)	(131)	-42.0%
- Share of results of an associate company		18	13	38.5%	18	13	38.5%
Profit before tax	A8	35,408	21,164	67.3%	35,408	21,164	67.3%
- Income tax expense	B5	(7,089)	(2,101)	<-100%	(7,089)	(2,101)	<-100%
Profit for the period	B13	28,319	19,063	48.6%	28,319	19,063	48.6%
Attributable to:							
- Equity holders of the Company		23,482	17,161	36.8%	23,482	17,161	36.8%
- Non-controlling interests		4,837	1,902	>100%	4,837	1,902	>100%
		28,319	19,063	48.6%	28,319	19,063	48.6%
Earnings per share attributable to equity holders of the Company							
- Basic and diluted (sen)	B12	17.15	12.53	36.9%	17.15	12.53	36.9%



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FINANCIAL YEAR ENDING 31 MARCH 2022
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME (cont'd)
FOR THE FIRST FINANCIAL QUARTER ENDED 30 JUNE 2021

	Note	First Quarter ended			Cumulative 3-months ended		
		30.06.2021 RM'000	30.06.2020 RM'000	Changes %	30.06.2021 RM'000	30.06.2020 RM'000	Changes %
Profit for the period	B13	28,319	19,063	48.6%	28,319	19,063	48.6%
Other comprehensive income/(loss):							
Item that may be reclassified subsequently to profit or loss:							
- Exchange differences on translating foreign operations		621	19,331	-96.8%	621	19,331	-96.8%
Item that will not be reclassified subsequently to profit or loss:							
- (Loss)/Gain arising from fair value changes in other investments		(2,488)	7,226	<-100%	(2,488)	7,226	<-100%
Total comprehensive income for the period, net of tax		<u>26,452</u>	<u>45,620</u>	-42.0%	<u>26,452</u>	<u>45,620</u>	-42.0%
Attributable to:							
- Equity holders of the Company		21,382	33,104	-35.4%	21,382	33,104	-35.4%
- Non-controlling interests		5,070	12,516	-59.5%	5,070	12,516	-59.5%
		<u>26,452</u>	<u>45,620</u>	-42.0%	<u>26,452</u>	<u>45,620</u>	-42.0%

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 2021, and the accompanying notes attached to these interim financial statements.



SOUTHERN ACIDS (M) BERHAD
(Incorporated in Malaysia)
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FINANCIAL YEAR ENDING 31 MARCH 2022
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021

	Note	Unaudited As at 30.06.2021 RM'000	Audited As at 31.03.2021 RM'000
ASSETS			
Non-Current Assets			
Land held for property development		139,868	139,868
Property, plant and equipment	A9	192,872	194,740
Right-of-use assets		3,672	4,041
Investment property		3,318	3,318
Investment in an associate company		2,277	2,259
Other investments		28,669	30,717
Deferred tax assets		2,690	2,774
Total Non-Current Assets		373,366	377,717
Current Assets			
Biological assets		1,684	1,972
Inventories		104,360	82,387
Derivative financial assets	B8	1,655	247
Trade receivables	B14	62,547	51,343
Other receivables, deposits and prepaid expenses		18,397	15,611
Amount owing by an associate company		1,511	819
Tax recoverable		35,375	33,959
Cash and cash equivalents		257,042	242,163
Total Current Assets		482,571	428,501
TOTAL ASSETS		855,937	806,218



SOUTHERN ACIDS (M) BERHAD
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FINANCIAL YEAR ENDING 31 MARCH 2022
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (cont'd)
AS AT 30 JUNE 2021

	Unaudited	Audited
	As at	As at
	30.06.2021	31.03.2021
	RM'000	RM'000
EQUITY AND LIABILITIES		
Capital and Reserves		
Share capital	171,255	171,255
Reserves	487,789	466,407
Equity attributable to equity holders of the Company	659,044	637,662
Non-controlling interests	75,036	71,687
Total Equity	734,080	709,349
Non-Current and Deferred Liabilities		
Loans and borrowings	B7 3,000	3,300
Hire purchase payables	B7 306	359
Lease liabilities	2,602	2,956
Provision for retirement benefits	16,073	15,774
Payables for KKPA program	760	785
Deferred tax liabilities	4,431	4,358
Total Non-Current and Deferred Liabilities	27,172	27,532
Current Liabilities		
Trade payables	34,817	33,070
Other payables and accrued expenses	30,708	30,670
Amount owing to an associate company	12	70
Contract liabilities	2,354	2,143
Derivative financial liabilities	B8 277	393
Loans and borrowings	B7 22,264	1,200
Hire purchase payables	B7 226	234
Lease liabilities	1,427	1,436
Tax liabilities	763	-
Dividend payables	1,837	121
Total Current Liabilities	94,685	69,337
Total Liabilities	121,857	96,869
TOTAL EQUITY AND LIABILITIES	855,937	806,218

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 March 2021, and the accompanying notes attached to these interim financial statements.



SOUTHERN ACIDS (M) BERHAD
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FINANCIAL YEAR ENDING 31 MARCH 2022
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FIRST FINANCIAL QUARTER ENDED 30 JUNE 2021

The Group	<----- Attributable to equity holders of the Company ----->					Total 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 2020	171,255	(22,251)	(322)	(174)	445,914	594,422	55,800	650,222
Profit for the period	-	-	-	-	17,161	17,161	1,902	19,063
Other comprehensive income	-	8,717	-	7,226	-	15,943	10,614	26,557
Total comprehensive income for the period	-	8,717	-	7,226	17,161	33,104	12,516	45,620
As at 30 June 2020	171,255	(13,534)	(322)	7,052	463,075	627,526	68,316	695,842
As at 1 April 2021	171,255	(15,005)	(322)	5,468	476,266	637,662	71,687	709,349
Profit for the period	-	-	-	-	23,482	23,482	4,837	28,319
Other comprehensive income/(loss)	-	388	-	(2,488)	-	(2,100)	233	(1,867)
Total comprehensive income/(loss) for the period	-	388	-	(2,488)	23,482	21,382	5,070	26,452
Dividend declared to non-controlling interests of a subsidiary company	-	-	-	-	-	-	(1,721)	(1,721)
As at 30 June 2021	171,255	(14,617)	(322)	2,980	499,748	659,044	75,036	734,080

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 2021, and the accompanying notes attached to these interim financial statements.



SOUTHERN ACIDS (M) BERHAD
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FINANCIAL YEAR ENDING 31 MARCH 2022
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FIRST FINANCIAL QUARTER ENDED 30 JUNE 2021

	Cumulative 3-months ended	
	30.06.2021	30.06.2020
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	35,408	21,164
Adjustments for:		
Depreciation of property, plant and equipment	5,377	5,093
Depreciation of right-of-use assets	369	324
Unrealised loss on foreign exchange	200	753
Provision for retirement benefits	301	533
Net fair value change in biological assets	231	473
Loss allowance for trade receivables	20	-
Reversal of loss allowance for trade receivables	-	(126)
Inventories written off	9	14
Finance costs	186	131
Property, plant and equipment written off	25	-
Share of results of an associate company	(18)	(13)
Changes in fair value of derivatives	(1,525)	(1,926)
Dividend income	(785)	(7,970)
Interest income	(1,092)	(1,366)
Operating Profit Before Working Capital Changes	38,706	17,084
(Increase)/Decrease in:		
Inventories	(21,934)	5,117
Trade receivables	(11,456)	4,696
Other receivables, deposits and prepaid expenses	(10,858)	(2,797)
Amount owing by an associate company	(692)	(1,298)
Increase/(Decrease) in:		
Trade payables	1,702	(1,270)
Other payables and accrued expenses	(16)	3,702
Amount owing to an associate company	(57)	-
Contract liabilities	212	207
Cash (Used In)/Generated From Operations	(4,393)	25,441
Interest received	320	-
Retirement benefits paid	(28)	-
Income tax refunded	3,044	-
Income tax paid	(2,438)	(1,833)
Net Cash (Used In)/From Operating Activities	(3,495)	23,608



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

	Cumulative 3-months ended	
	30.06.2021	30.06.2020
	RM'000	RM'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	772	1,366
Dividend received	785	7,970
Additions to other investments	(400)	-
Additions to property, plant and equipment	(3,261)	(2,497)
Additions for KKPA program	(28)	(399)
	<u>(2,132)</u>	<u>6,440</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of loans and borrowings	21,064	-
Repayment of loans and borrowings	(300)	(300)
Repayment of hire purchase payables	(64)	(56)
Repayment of lease liabilities	(362)	(345)
Finance costs paid	(186)	(69)
	<u>20,152</u>	<u>(770)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	14,525	29,278
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	242,163	208,938
EFFECT OF TRANSLATION DIFFERENCES	354	7,421
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	<u>257,042</u>	<u>245,637</u>
Composition of Cash and Cash Equivalents:		
Cash and bank balances	112,900	153,247
Fixed deposits with licensed banks	40,578	83,028
Short-term placements	103,564	9,362
	<u>257,042</u>	<u>245,637</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 2021, and the accompanying notes attached to these interim financial statements.



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FINANCIAL YEAR ENDING 31 MARCH 2022
FIRST FINANCIAL QUARTER ENDED 30 JUNE 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 (“MASB”) 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 2021. The explanatory notes attached to this 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 2021.

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 2021, except for the adoption of the Amendments to MFRSs effective on or after 1 April 2021.

The Group has adopted the following Amendments to MFRSs that are relevant to its operations and effective for annual periods beginning on or after 1 April 2021:

Amendments to MFRS 16	Covid-19 - Related Rent Concessions
Amendments to MFRS 16	Covid-19 - Related Rent Concessions beyond 30 June 2021
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16	Interest Rate Benchmark Reform - Phase 2

The adoption of these Amendments to MFRSs have not resulted in any material impact on the financial statements of the Group.



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

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

MFRS 17	Insurance Contracts ²
Amendments to MFRS 17	Insurance Contracts ²
Amendments to MFRS 3	Reference to the Conceptual Framework ¹
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current ²
Amendments to MFRS 116	Property, Plant and Equipment - Proceeds before Intended Use ¹
Amendments to MFRS 137	Onerous Contracts - Cost of Fulfilling a Contract ¹
Amendments to MFRS 4	Extension of the Temporary Exemption from Applying MFRS 9 ²
Amendments to MFRS 101	Disclosure of Accounting Policies ²
Amendments to MFRS 108	Definition of Accounting Estimates ²
Amendments to MFRSs	Annual Improvements to MFRS Standards 2018 - 2020 ¹
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ²

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

² Effective for annual periods beginning on or after 1 January 2023, with earlier application permitted.

³ Effective date deferred to a date to be announced by MASB.

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 affecting Assets, Liabilities, Equity, Net Income or Cash Flows

There were no items of an unusual nature, size or incidence which materially affect the assets, liabilities, equity, net income or cash flows 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 was no issuance, cancellation, repurchases, resale and/or repayment of debt and equity securities during the financial period under review.

A7. Dividends Paid

No dividend was paid by the Company during the financial period under review.



A8. Segmental Information

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

	Oleochemical			Milling & Estate			Healthcare			Investment & Services			Consolidated		
	30.06.21 RM'000	30.06.20 RM'000	Changes %	30.06.21 RM'000	30.06.20 RM'000	Changes %	30.06.21 RM'000	30.06.20 RM'000	Changes %	30.06.21 RM'000	30.06.20 RM'000	Changes %	30.06.21 RM'000	30.06.20 RM'000	Changes %
Revenue															
Total revenue	119,968	61,499	95.1%	109,768	67,003	63.8%	23,508	17,370	35.3%	5,854	14,138	-58.6%	259,098	160,010	61.9%
Less:															
Inter-segment sales	-	-	-	-	-	-	-	-	-	(1,135)	(1,656)	-31.5%	(1,135)	(1,656)	-31.5%
External revenue	119,968	61,499	95.1%	109,768	67,003	63.8%	23,508	17,370	35.3%	4,719	12,482	-62.2%	257,963	158,354	62.9%
Results															
Segment results	9,851	1,812	>100%	18,455	7,996	>100%	7,336	3,130	>100%	(66)	8,344	<-100%	35,576	21,282	67.2%
Finance costs	(96)	(30)	<-100%	(21)	(7)	<-100%	(41)	(65)	36.9%	(28)	(29)	3.4%	(186)	(131)	-42.0%
Share of results of an associate company	-	-	-	-	-	-	-	-	-	18	13	38.5%	18	13	38.5%
Profit/(Loss) before tax	9,755	1,782	>100%	18,434	7,989	>100%	7,295	3,065	>100%	(76)	8,328	<-100%	35,408	21,164	67.3%
Assets															
Segment assets	222,791	176,651	26.1%	400,868	373,292	7.4%	145,079	137,261	5.7%	87,199	89,716	-2.8%	855,937	776,920	10.2%
Liabilities															
Segment liabilities	62,084	21,023	<-100%	28,947	28,124	-2.9%	21,984	23,351	5.9%	8,842	8,580	-3.1%	121,857	81,078	-50.3%
Exchange Rate	Financial Position – Closing Rate						Profit or Loss – Average Rate								
	30.06.21	30.06.20	Changes	30.06.21	30.06.20	Changes									
USD : RM	4.1520	4.2825	-3.0%	4.1285	4.3220	-4.5%									
IDR : RM	0.0002860	0.0003000	-4.7%	0.0002868	0.0002903	-1.2%									
HKD : RM	0.5347	0.5526	-3.2%	0.5316	0.5576	-4.7%									



A9. Carrying Amount of Revalued Assets

There were no valuations of property, plant and equipment in the financial period under review.

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

There were no material subsequent events 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 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 2021.

A13. Capital Commitments

The capital commitments not recognised in the interim financial statements as at 30 June 2021 amounted to RM2.9 million.

A14. Related Party Transactions

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

	Cumulative 3-months ended 30.06.2021 RM'000	Cumulative 3-months ended 30.06.2020 RM'000
Purchase of goods	4,153	1,453
Provision of administrative services	1,709	1,446



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

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

Current Quarter vs Preceding Corresponding Quarter

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

The Group	First Quarter ended			
	30.06.2021 RM'000	30.06.2020 RM'000	Changes RM'000	Changes %
Revenue	257,963	158,354	99,609	62.9%
Operation profit	35,576	21,282	14,294	67.2%
Profit before interest and tax	35,594	21,295	14,299	67.1%
Profit before tax	35,408	21,164	14,244	67.3%
Profit after tax	28,319	19,063	9,256	48.6%
Profit attributable to equity holders of the Company	23,482	17,161	6,321	36.8%

In the first quarter of our financial year ending 31 Mar 2022 (“FY2022”), Group revenue rose 62.9% to RM258.0 million from RM158.4 million reported in the preceding corresponding quarter of FY2021. Strong commodity prices lifted performance of our Oleochemical and Milling & Estate Segments. Overall, the Group’s three core business Segments delivered better performance, partly due to the low base effect of our corresponding first quarter of FY2021.

Group profit before tax (“PBT”) rose by 67.3% to RM35.4 million, compared to RM21.2 million achieved in the same quarter of FY2021. All our three core business Segments contributed positively to the profit growth in the quarter.



Oleochemical Segment

	First Quarter ended			
	30.06.2021	30.06.2020	Changes	Changes
	RM'000	RM'000	RM'000	%
(A) Financial Highlights:				
Revenue	119,968	61,499	58,469	95.1%
Operation profit	9,851	1,812	8,039	>100%
Profit before interest and tax	9,851	1,812	8,039	>100%
Profit before tax	9,755	1,782	7,973	>100%
(B) Non-Financial Highlights:				
Production capacity (MT)	25,000	25,000	-	-
Production utilisation (%)	92.4%	71.4%	21.0%	29.4%
Quantity sold (MT)	22,794	16,902	5,892	34.9%
Gross profit margin (%)	7.1%	0.9%	6.2%	>100%

In the quarter, in tandem with higher commodities prices revenue in the Oleochemical Segment increased 95.1% to RM120.0 million from RM61.5 million reported in the first quarter of FY2021. The Average Selling Price (“ASP”) for fatty acids and glycerine increased 44.6% and 34.9% respectively. Sales volume in the quarter increased 34.9% to 22,794 metric tonnes (“MT”). Our production capacity utilisation rate increased to 92.4% from 71.4% achieved in the same quarter of FY2021.

The Segment reported higher PBT of RM9.8 million for the quarter, compared to RM1.8 million achieved in the first quarter of FY2021. The better profits comprised core PBT of RM7.0 million and non-core PBT of RM2.8 million. The non-core PBT was mainly derived from interest income, realized gains from foreign exchange and unrealized gains from Crude Palm Oil (“CPO”) futures.



Milling & Estate Segment

	First Quarter ended			
	30.06.2021	30.06.2020	Changes	Changes
	RM'000	RM'000	RM'000	%
(A) Financial Highlights:				
Revenue	109,768	67,003	42,765	63.8%
Operation profit	18,455	7,996	10,459	>100%
Profit before interest and tax	18,455	7,996	10,459	>100%
Profit before tax	18,434	7,989	10,445	>100%
(B) Non-Financial Highlights:				
FFB processed (MT)	151,520	129,193	22,327	17.3%
FFB production (MT)	22,708	23,849	(1,141)	-4.8%
CPO sales volume (MT)	30,697	28,088	2,609	9.3%
PK sales volume (MT)	7,799	6,663	1,136	17.0%
Average CPO selling price per MT (RM)	3,020	2,087	933	44.7%
Average PK selling price per MT (RM)	2,032	1,171	861	73.5%

Our Milling & Estate Segment revenue grew 63.8% to RM109.8 million from RM67.0 million reported in the first quarter of FY2021. In tandem with higher commodities prices, ASP for CPO increased 44.7%, whilst the ASP for Palm Kernel (“PK”) increased by 73.5%. Sales volume of CPO rose 9.3% to 30,697 MT, and sales volume of PK rose 17.0% to 7,799 MT. Overall, our Fresh Fruit Bunches (“FFB”) processed increased 17.3% to 151,520 MT.

The Segment reported higher PBT of RM18.4 million for the quarter, compared to RM8.0 million achieved in the first quarter of FY2021. The better profits comprised core PBT of RM16.1 million and non-core PBT of RM2.3 million. The non-core PBT was mainly derived from interest income and proceeds from the sale of PK shell.



Healthcare Segment

	First Quarter ended			
	30.06.2021	30.06.2020	Changes	Changes
	RM'000	RM'000	RM'000	%
(A) Financial Data:				
Revenue	23,508	17,370	6,138	35.3%
Operation profit	7,336	3,130	4,206	>100%
Profit before interest and tax	7,336	3,130	4,206	>100%
Profit before tax	7,295	3,065	4,230	>100%
(B) Statistics:				
Bed Occupancy Rate (%)	38.2%	31.1%	7.1%	22.8%
Number of patients:				
a. Outpatient	21,653	15,921	5,732	36.0%
b. Inpatient	1,958	1,539	419	27.2%
Average revenue per patient ("ARPP") (RM):				
a. Outpatient	245	238	7	2.9%
b. Inpatient	8,924	8,465	459	5.4%

Revenue in our Healthcare Segment increased 35.3% to RM23.5 million, compared to RM17.4 million reported in the same quarter of FY2021.

The number of registered outpatients and inpatients increased by 36.0% and 27.2% to 21,653 and 1,958 respectively. The ARPP for outpatients rose 2.9% to RM245 whilst inpatients' ARPP increased 5.4% to RM8,924.

Overall bed occupancy rate was higher at 38.2% from 31.1% previously.

The Segment reported higher PBT of RM7.3 million for the quarter, compared to RM3.1 million achieved in the first quarter of FY2021. The better profits comprised core PBT of RM6.2 million and non-core PBT of RM1.1 million. The non-core PBT was mainly derived from interest income and rental income.



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

The Group	Individual Quarter ended			
	30.06.2021 RM'000	31.3.2021 RM'000	Changes RM'000	Changes %
Revenue	257,963	222,449	35,514	16.0%
Operation profit	35,576	14,760	20,816	>100%
Profit before interest and tax	35,594	14,757	20,837	>100%
Profit before tax	35,408	14,638	20,770	>100%
Profit after tax	28,319	10,597	17,722	>100%
Profit attributable to equity holders of the Company	23,482	6,462	17,020	>100%

Compared to the immediate preceding quarter, our Group revenue increased 16.0% to RM258.0 million from RM222.4 million. The higher revenue was due to stronger revenue growth across all our three core business Segments.

Group PBT was sharply higher at RM35.4 million from RM14.6 million achieved in the previous quarter. All our three core business Segments delivered improved profit performance in the quarter under review.

B3. Prospect of the Group

Oleochemical Segment

We remain cautious on our prospects for the Oleochemical Segment. Our current operation lacks the economies of scale in the global context where competition is rife. Disruption to our plant activities amidst economic lockdowns, higher raw material prices and currency volatility may negatively impact our performance.

We continue to focus on improving our efficiencies through process automation and cost rationalizing exercises. Adopting a value-add approach via product customization has delivered positive results, and we will keep to this approach to further strengthen our relations with loyal customers.

Milling & Estate Segment

Current economic weakness will affect our Milling & Estate Segment. CPO prices have been volatile. Prices were lifted by a boom in commodity prices, and positively impacted our performance. Daily MPOB CPO prices reached a low of RM3,471 per MT this year to recover above RM4,500 per MT currently.



However CPO prices are expected to ease, with higher seasonal output and better weather conditions potentially raising production and inventory levels. Demand could also be dampened by the wave of rising new Covid-19 cases in several countries.

Healthcare Segment

Prospects for our Healthcare Segment remain subdued as the country wrestles with the Covid-19 pandemic. Our patient volumes have yet to recover to pre-pandemic levels. Meanwhile the surge in new cases this year along with the emergence of new Covid-19 strains has continued to place tremendous pressure on the government healthcare framework.

Over this period, our emphasis will be more on getting involve in the country's healthcare framework to support the nation in riding through these difficult times.

Longer term, prospects in the private healthcare will be driven by rising health awareness and an expanding middle-income population. We will stress on upgrading our medical facilities and building on our pool of medical professionals to deliver high quality healthcare services and patient care.

Overall

It is encouraging that Malaysia has accelerated its vaccine drive, but the outlook is still clouded with uncertainties that hinges on the containment of the Covid-19 pandemic. Amidst the current restrictions and disruptions to our operations, we remain cautious on the prospects for our core business Segments. We will continue to adopt a prudent approach. Drawing on our strong balance sheet to sustain our solid foundation in withstanding economic headwinds.

B4. Profit Forecast

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



B5. Income Tax Expense

	First Quarter ended		Cumulative 3-months ended	
	30.06.2021 RM'000	30.06.2020 RM'000	30.06.2021 RM'000	30.06.2020 RM'000
Estimated tax payable				
- Malaysian tax expense	2,065	684	2,065	684
- Overseas tax expense	4,793	1,417	4,793	1,417
	6,858	2,101	6,858	2,101
Deferred tax	231	-	231	-
Total	7,089	2,101	7,089	2,101

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 borrowings as at 30 June 2021: -

	Unaudited		Audited	
	As at 30.06.2021 Foreign Currency IDR million	As at 30.06.2021 RM Equivalent RM'000	As at 31.03.2021 Foreign Currency IDR million	As at 31.03.2021 RM Equivalent RM'000
Short term				
<i>Unsecured</i>				
- Term loan	-	1,200	-	1,200
- Bankers' acceptance	-	21,064	-	-
<i>Secured</i>				
- Hire purchase payables denominated in IDR	791	226	819	234
Long term				
<i>Unsecured</i>				
- Term loan	-	3,000	-	3,300
<i>Secured</i>				
- Hire purchase payables denominated in IDR	1,068	306	1,263	359
Effective interest rate		3% to 14%		4% to 14%

B8. Financial Instruments

The Group uses forward foreign exchange contracts to manage its exposure to various financial risks. As at 30 June 2021, the fair values of these derivatives are as follows:

Types of Derivatives	Based Currency	Contract/Notional Value RM'000	Fair Value as at 30.06.2021 RM'000
(i) Forward foreign exchange contracts			
- Less than 1 year	USD	116,332	116,609
(ii) Commodity future contracts			
<i>Buy</i>			
- Less than 1 year	RM	44,902	45,264
<i>Sell</i>			
- Less than 1 year	RM	31,371	30,078



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 2021:

- 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	30.06.2021 RM'000
(i) Forward foreign exchange contracts - Less than 1 year	The difference between the contracted rates and the Bank Negara closing rates	(277)
(ii) Commodity future contracts - Less than 1 year	The difference between the contracted prices and the market forward prices	1,655

The fair value of the forward foreign exchange contracts is determined by reference to the difference between the contracted rates and the market rates as at the reporting date whereas the fair value of the commodity futures contracts is determined by reference to the difference between the contracted rates and the forward rates 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 2021.



B11. Dividends

The Board of Directors had on 25 May 2021 recommended a Single Tier Final Dividend of 5.0 sen per ordinary share, amounting to a total payout of RM6,846,707 in respect of the financial year ended 31 March 2021. The final dividend has been approved by shareholders at the 40th Annual General Meeting of the Company held on 27 August 2021 and shall be paid on 24 September 2021.

B12. Earnings per Share

	First Quarter ended		Cumulative 3-months ended	
	30.06.2021	30.06.2020	30.06.2021	30.06.2020
Profit attributable to equity holders of the Company (in RM'000)	23,482	17,161	23,482	17,161
Weighted average number of ordinary shares in issue (in '000)	136,934	136,934	136,934	136,934
Earnings per share (in sen) – basic and diluted	17.15	12.53	17.15	12.53

B13. Profit for the Period

	Cumulative 3-months ended	
	30.06.2021 RM'000	30.06.2020 RM'000
Profit for the period is arrived at after crediting /(debiting) the following income/(expenses):		
- Interest income	1,092	1,366
- Finance costs	(186)	(131)
- Depreciation of property, plant and equipment	(5,377)	(5,093)
- Depreciation of right-of-use assets	(369)	(324)
- Loss allowance for trade receivables	(20)	-
- Reversal of loss allowance for trade receivables	-	126
- Inventories written off	(9)	(14)
- Net fair value change in biological assets	(231)	(473)
- Gain/(Loss) on foreign exchange:		
Realised	926	2,385
Unrealised	(200)	(753)
- Changes in fair value of derivatives	1,525	1,926

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 30.06.2021 RM'000	Audited As at 31.03.2021 RM'000
Third parties	62,241	50,951
Related parties	934	1,000
Trade receivables	63,175	51,951
Less: Loss allowance	(628)	(608)
Trade receivables, net	<u>62,547</u>	<u>51,343</u>

The credit period granted on sales of goods and services rendered ranges from 7 to 90 days (2021: 7 to 90 days).

An allowance of RM628,000 (2021: RM608,000) 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 30.06.2021 RM'000	Audited As at 31.03.2021 RM'000
Neither past due nor impaired	46,106	38,677
Past due but not impaired:		
30 days and below	9,048	7,043
31 – 60 days	4,189	4,240
61 – 90 days	1,589	1,239
91 – 120 days	1,032	60
121 – 150 days	583	84
	16,441	12,666
Past due and impaired	628	608
Trade receivables	<u>63,175</u>	<u>51,951</u>



B15. Auditors' Report on Preceding Annual Financial Statements

The audit report for the financial year ended 31 March 2021 was not subject to any qualifications.

This Interim Financial Report of Southern Acids (M) Berhad for the first quarter of financial year ending 31 March 2022 was authorised for issuance by the Board of Directors of the Company on 21 September 2021.