

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

SECOND FINANCIAL QUARTER ENDED 30 SEPTEMBER 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
SECOND FINANCIAL QUARTER ENDED 30 SEPTEMBER 2021

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SOUTHERN ACIDS (M) BERHAD
(Incorporated in Malaysia)
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FINANCIAL YEAR ENDING 31 MARCH 2022
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE SECOND FINANCIAL QUARTER ENDED 30 SEPTEMBER 2021

	Note	Second Quarter ended			Cumulative 6-months ended		
		30.09.2021 RM'000	30.09.2020 RM'000	Changes %	30.09.2021 RM'000	30.09.2020 RM'000	Changes %
Revenue	A8	246,708	174,660	41.3%	504,671	333,014	51.5%
- Cost of sales		(209,283)	(150,208)	-39.3%	(422,803)	(281,360)	-50.3%
Gross profit		37,425	24,452	53.1%	81,868	51,654	58.5%
- Administrative expenses		(14,084)	(14,282)	1.4%	(29,233)	(27,452)	-6.5%
- Other income		6,525	3,735	74.7%	12,807	10,985	16.6%
Profit from operations		29,866	13,905	>100%	65,442	35,187	86.0%
- Finance costs		(210)	(116)	-81.0%	(396)	(247)	-60.3%
- Share of results of an associate company		85	(46)	>100%	103	(33)	>100%
Profit before tax	A8	29,741	13,743	>100%	65,149	34,907	86.6%
- Income tax expense	B5	(7,028)	(3,601)	-95.2%	(14,117)	(5,701)	<-100%
Profit for the period	B13	22,713	10,142	>100%	51,032	29,206	74.7%
Attributable to:							
- Equity holders of the Company		17,142	8,153	>100%	40,624	25,315	60.5%
- Non-controlling interests		5,571	1,989	>100%	10,408	3,891	>100%
		22,713	10,142	>100%	51,032	29,206	74.7%
Earnings per share attributable to equity holders of the Company							
- Basic and diluted (sen)	B12	12.52	5.96	>100%	29.67	18.49	60.5%



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

	Note	Second Quarter ended			Cumulative 6-months ended		
		30.09.2021 RM'000	30.09.2020 RM'000	Changes %	30.09.2021 RM'000	30.09.2020 RM'000	Changes %
Profit for the period	B13	22,713	10,142	>100%	51,032	29,206	74.7%
Other comprehensive income/(loss):							
Item that may be reclassified subsequently to profit or loss:							
- Exchange differences on translating foreign operations		4,938	(11,777)	>100%	5,559	7,554	-26.4%
Item that will not be reclassified subsequently to profit or loss:							
- Gain/(Loss) arising from fair value changes in other investments		148	(4,975)	>100%	(2,340)	2,251	<-100%
Total comprehensive income/(loss) for the period, net of tax		<u>27,799</u>	<u>(6,610)</u>	>100%	<u>54,251</u>	<u>39,011</u>	39.1%
Attributable to:							
- Equity holders of the Company		20,417	381	>100%	41,799	33,484	24.8%
- Non-controlling interests		7,382	(6,991)	>100%	12,452	5,527	>100%
		<u>27,799</u>	<u>(6,610)</u>	>100%	<u>54,251</u>	<u>39,011</u>	39.1%

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
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FINANCIAL YEAR ENDING 31 MARCH 2022
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2021

	Note	Unaudited As at 30.09.2021 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	192,981	194,740
Right-of-use assets		3,367	4,041
Investment property		3,318	3,318
Investment in an associate company		2,362	2,259
Other investments		28,817	30,717
Deferred tax assets		2,677	2,774
Total Non-Current Assets		<u>373,390</u>	<u>377,717</u>
Current Assets			
Biological assets		2,139	1,972
Inventories		112,113	82,387
Derivative financial assets	B9	5,042	247
Trade receivables	B14	47,324	51,343
Other receivables, deposits and prepaid expenses		20,981	15,611
Amount owing by an associate company		540	819
Tax recoverable		43,158	33,959
Cash and cash equivalents		276,106	242,163
Total Current Assets		<u>507,403</u>	<u>428,501</u>
TOTAL ASSETS		<u>880,793</u>	<u>806,218</u>



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FINANCIAL YEAR ENDING 31 MARCH 2022
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (cont'd)
AS AT 30 SEPTEMBER 2021

	Unaudited	Audited
	As at	As at
	30.09.2021	31.03.2021
	RM'000	RM'000
EQUITY AND LIABILITIES		
Capital and Reserves		
Share capital	171,255	171,255
Reserves	501,359	466,407
Equity attributable to equity holders of the Company	672,614	637,662
Non-controlling interests	82,403	71,687
Total Equity	755,017	709,349
Non-Current and Deferred Liabilities		
Loans and borrowings	B7 2,700	3,300
Hire purchase payables	B7 258	359
Lease liabilities	2,269	2,956
Provision for retirement benefits	16,698	15,774
Payables for KKPA program	1,961	785
Deferred tax liabilities	4,502	4,358
Total Non-Current and Deferred Liabilities	28,388	27,532
Current Liabilities		
Trade payables	35,288	33,070
Other payables and accrued expenses	28,996	30,670
Amount owing to an associate company	-	70
Contract liabilities	3,901	2,143
Derivative financial liabilities	B9 2,581	393
Loans and borrowings	B7 20,900	1,200
Hire purchase payables	B7 220	234
Lease liabilities	1,457	1,436
Tax liabilities	2,166	-
Dividend payables	1,879	121
Total Current Liabilities	97,388	69,337
Total Liabilities	125,776	96,869
TOTAL EQUITY AND LIABILITIES	880,793	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 SECOND FINANCIAL QUARTER ENDED 30 SEPTEMBER 2021

The Group	<----- Attributable to equity holders of the Company ----->							
	<----- Non-distributable ----->			<Distributable>				
	Share capital RM'000	Foreign exchange reserve RM'000	Other reserve RM'000	Fair value reserve RM'000	Retained earnings RM'000	Total RM'000	Non- controlling interests RM'000	Total equity 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	-	-	-	-	25,315	25,315	3,891	29,206
Other comprehensive income	-	5,918	-	2,251	-	8,169	1,636	9,805
Total comprehensive income for the period	-	5,918	-	2,251	25,315	33,484	5,527	39,011
As at 30 September 2020	171,255	(16,333)	(322)	2,077	471,229	627,906	61,327	689,233
As at 1 April 2021	171,255	(15,005)	(322)	5,468	476,266	637,662	71,687	709,349
Profit for the period	-	-	-	-	40,624	40,624	10,408	51,032
Other comprehensive income/(loss)	-	3,515	-	(2,340)	-	1,175	2,044	3,219
Total comprehensive income/(loss) for the period	-	3,515	-	(2,340)	40,624	41,799	12,452	54,251
Dividend paid	-	-	-	-	(6,847)	(6,847)	-	(6,847)
Dividend declared to non-controlling interests of a subsidiary company	-	-	-	-	-	-	(1,736)	(1,736)
As at 30 September 2021	171,255	(11,490)	(322)	3,128	510,043	672,614	82,403	755,017

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 SECOND FINANCIAL QUARTER ENDED 30 SEPTEMBER 2021

	Cumulative 6-months ended	
	30.09.2021	30.09.2020
	RM'000	RM'000
CASH FLOWS FROM/(USED IN)		
OPERATING ACTIVITIES		
Profit before tax	65,149	34,907
Adjustments for:		
Depreciation of property, plant and equipment	10,847	10,129
Depreciation of right-of-use assets	737	654
Unrealised loss on foreign exchange	62	1,695
Provision for retirement benefits	899	1,066
Net fair value change in biological assets	(102)	(402)
Gain on disposal of property, plant and equipment	(1)	(67)
Reversal of loss allowance for trade receivables	(7)	(126)
Inventories written off	17	18
Finance costs	396	247
Property, plant and equipment written off	30	46
Share of results of an associate company	(103)	33
Changes in fair value of derivatives	(2,607)	(2,392)
Dividend income	(826)	(9,205)
Interest income	(2,289)	(2,623)
Operating Profit Before Working Capital Changes	72,202	33,980
(Increase)/Decrease in:		
Inventories	(29,356)	(10,092)
Trade receivables	3,713	5,083
Other receivables, deposits and prepaid expenses	(22,481)	(5,174)
Amount owing by an associate company	279	(412)
Increase/(Decrease) in:		
Trade payables	1,915	304
Other payables and accrued expenses	(1,961)	1,654
Amount owing to an associate company	(70)	-
Contract liabilities	1,758	149
Cash Generated From Operations	25,999	25,492
Retirement benefits paid	(203)	(115)
Income tax refunded	7,177	64
Income tax paid	(10,018)	(2,963)
Net Cash From Operating Activities	22,955	22,478



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

	Cumulative 6-months ended	
	30.09.2021	30.09.2020
	RM'000	RM'000
CASH FLOWS FROM/(USED IN)		
INVESTING ACTIVITIES		
Interest received	2,289	2,623
Dividend received	826	9,205
Proceeds from disposal of property, plant and equipment	1	67
Additions to other investments	(400)	-
Additions to property, plant and equipment	(6,955)	(5,844)
Amount recovered for KKPA program	1,139	601
Net Cash (Used In)/From Investing Activities	(3,100)	6,652
CASH FLOWS FROM/(USED IN)		
FINANCING ACTIVITIES		
Drawdown of loans and borrowings	49,804	-
Repayment of loans and borrowings	(30,704)	(600)
Repayment of hire purchase payables	(131)	(102)
Repayment of lease liabilities	(729)	(695)
Dividend paid	(6,847)	-
Finance costs paid	(396)	(126)
Net Cash From/(Used In) Financing Activities	10,997	(1,523)
NET INCREASE IN CASH AND CASH EQUIVALENTS	30,852	27,607
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	242,163	208,938
EFFECT OF TRANSLATION DIFFERENCES	3,091	2,355
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	276,106	238,900



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

	Cumulative 6-months ended	
	30.09.2021	30.09.2020
	RM'000	RM'000
Composition of Cash and Cash Equivalents:		
Cash and bank balances	131,398	107,392
Fixed deposits with licensed banks	41,569	27,309
Short-term placements	103,139	104,199
	276,106	238,900
	276,106	238,900

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
SECOND FINANCIAL QUARTER ENDED 30 SEPTEMBER 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 (“FY2021”). 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 FY2021.

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 FY2021, 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:

Amendment to MFRS 16	Covid-19 - Related Rent Concessions
Amendment 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 were no issuance, cancellation, repurchases, resale and/or repayment of debt and equity securities during the financial period under review.

A7. Dividends Paid

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

	30.09.2021	30.09.2020
Final dividend		
For the financial year ended	31 March 2021	31 March 2020
Declared date	25 May 2021	26 June 2020
Approved date	27 August 2021	25 September 2020
Payment date	24 September 2021	23 October 2020
Number of outstanding shares ('000)	136,934	136,934
Dividend per share (single tier)	5.0 sen	5.0 sen
Net dividend paid (RM'000)	6,847	6,847



A8. Segmental Information

(a) Results for the Quarter

	Oleochemical			Milling & Estate			Healthcare			Investment & Services			Consolidated		
	30.09.21 RM'000	30.09.20 RM'000	Changes %	30.09.21 RM'000	30.09.20 RM'000	Changes %	30.09.21 RM'000	30.09.20 RM'000	Changes %	30.09.21 RM'000	30.09.20 RM'000	Changes %	30.09.21 RM'000	30.09.20 RM'000	Changes %
Revenue															
Total revenue	85,422	75,655	12.9%	132,583	71,868	84.5%	24,614	22,200	10.9%	5,120	6,828	-25.0%	247,739	176,551	40.3%
Less:															
Inter-segment sales	-	-	-	-	-	-	-	-	-	(1,031)	(1,891)	45.5%	(1,031)	(1,891)	45.5%
External revenue	85,422	75,655	12.9%	132,583	71,868	84.5%	24,614	22,200	10.9%	4,089	4,937	-17.2%	246,708	174,660	41.3%
Results															
Segment results	1,486	(602)	>100%	20,970	7,709	>100%	8,556	6,393	33.8%	(1,146)	405	<-100%	29,866	13,905	>100%
Finance costs	(126)	(29)	<-100%	(20)	(5)	<-100%	(39)	(53)	26.4%	(25)	(29)	13.8%	(210)	(116)	-81.0%
Share of results of an associate company	-	-	-	-	-	-	-	-	-	85	(46)	>100%	85	(46)	>100%
Profit/(Loss) before tax	1,360	(631)	>100%	20,950	7,704	>100%	8,517	6,340	34.3%	(1,086)	330	<-100%	29,741	13,743	>100%

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

	Oleochemical			Milling & Estate			Healthcare			Investment & Services			Consolidated		
	30.09.21 RM'000	30.09.20 RM'000	Changes %	30.09.21 RM'000	30.09.20 RM'000	Changes %	30.09.21 RM'000	30.09.20 RM'000	Changes %	30.09.21 RM'000	30.09.20 RM'000	Changes %	30.09.21 RM'000	30.09.20 RM'000	Changes %
Revenue															
Total revenue	205,390	137,154	49.8%	242,351	138,871	74.5%	48,122	39,570	21.6%	10,974	20,966	-47.7%	506,837	336,561	50.6%
Less:															
Inter-segment sales	-	-	-	-	-	-	-	-	-	(2,166)	(3,547)	38.9%	(2,166)	(3,547)	38.9%
External revenue	205,390	137,154	49.8%	242,351	138,871	74.5%	48,122	39,570	21.6%	8,808	17,419	-49.4%	504,671	333,014	51.5%
Results															
Segment results	11,337	1,210	>100%	39,425	15,705	>100%	15,892	9,523	66.9%	(1,212)	8,749	<-100%	65,442	35,187	86.0%
Finance costs	(222)	(59)	<-100%	(41)	(12)	<-100%	(80)	(118)	32.2%	(53)	(58)	8.6%	(396)	(247)	-60.3%
Share of results of an associate company	-	-	-	-	-	-	-	-	-	103	(33)	>100%	103	(33)	>100%
Profit/(Loss) before tax	11,115	1,151	>100%	39,384	15,693	>100%	15,812	9,405	68.1%	(1,162)	8,658	<-100%	65,149	34,907	86.6%
Assets															
Segment assets	224,468	179,407	25.1%	424,468	362,550	17.1%	151,310	141,559	6.9%	80,547	86,383	-6.8%	880,793	769,899	14.4%
Liabilities															
Segment liabilities	62,890	24,916	<-100%	31,839	23,823	-33.6%	21,885	23,050	5.1%	9,162	8,877	-3.2%	125,776	80,666	-55.9%
Exchange Rate	Financial Position – Closing Rate			Profit or Loss – Average Rate											
	30.09.21	30.09.20	Changes	30.09.21	30.09.20	Changes									
USD : RM	4.1870	4.1555	0.8%	4.1629	4.2611	-2.3%									
IDR : RM	0.0002930	0.0002790	5.0%	0.0002894	0.0002884	0.3%									
HKD : RM	0.5376	0.5362	0.3%	0.5356	0.5498	-2.6%									



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 FY2021.

A13. Capital Commitments

The capital commitments not recognised in the interim financial statements as at 30 September 2021 amounted to RM3.2 million.

A14. Related Party Transactions

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

	Cumulative 6-months ended	
	30.09.2021	30.09.2020
	RM'000	RM'000
Sale of goods	33	-
Purchase of goods	(12,795)	(3,232)
Administrative charges received/receivable	3,332	2,993
Plantation advisory fee paid/payable	(48)	-
Lease rental paid/payable	(616)	-



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

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

Current Quarter vs Preceding Corresponding Quarter

The Group	Second Quarter ended			
	30.09.2021 RM'000	30.09.2020 RM'000	Changes RM'000	Changes %
Revenue	246,708	174,660	72,048	41.3%
Operation profit	29,866	13,905	15,961	>100%
Profit before interest and tax	29,951	13,859	16,092	>100%
Profit before tax	29,741	13,743	15,998	>100%
Profit after tax	22,713	10,142	12,571	>100%
Profit attributable to equity holders of the Company	17,142	8,153	8,989	>100%

In the second quarter of our financial year ending 31 March 2022 (“FY2022”), Group revenue increased 41.3% to RM246.7 million from RM174.7 million achieved in the preceding corresponding quarter. This outperformance was largely driven by the Milling & Estate Segment which benefitted from stronger commodity prices.

Consequently, Group profit before tax (“PBT”) increased 116% to RM29.7 million, compared to RM13.7 million achieved in the same quarter of FY2021. The better profit performance was driven by higher PBT contribution across three core business segments during the quarter under review.



Oleochemical Segment

	Second Quarter ended			
	30.09.2021	30.09.2020	Changes	Changes
	RM'000	RM'000	RM'000	%
(A) Financial Highlights:				
Revenue	85,422	75,655	9,767	12.9%
Operation profit/(loss)	1,486	(602)	2,088	>100%
Profit/(Loss) before interest and tax	1,486	(602)	2,088	>100%
Profit/(Loss) before tax	1,360	(631)	1,991	>100%
(B) Non-Financial Highlights:				
Production capacity (MT)	25,000	25,000	-	0.0%
Production utilisation (%)	62.6%	84.5%	-21.9%	-25.9%
Quantity sold (MT)	15,040	20,835	(5,795)	-27.8%
Gross profit margin (%)	1.0%	0.5%	0.5%	100%

Revenue in the Oleochemical Segment increased 12.9% to RM85.4 million from RM75.7 million achieved in the preceding corresponding quarter of FY2021. In tandem with the decline in sales volume, production utilization rate decreased to 62.6% from 84.5% achieved in the same quarter of last financial year.

Notably, the impact of decline in sales volume was mitigated by a significant increase in commodity prices which resulted to a higher Average Selling Price (“ASP”) of fatty acids and glycerine which led to an improvement in revenue.

The Oleochemical Segment reported a PBT of RM1.4 million in the quarter under review, an improvement from the loss before tax (“LBT”) of RM0.6 million reported in the same quarter of last financial year. The PBT comprised of core LBT of RM0.6 million and non-core PBT of RM2.0 million. The non-core PBT comprises of interest income and unrealised gain on Crude Palm Oil (“CPO”) futures contract as well as net foreign exchange gains.



Milling & Estate Segment

	Second Quarter ended			
	30.09.2021	30.09.2020	Changes	Changes
	RM'000	RM'000	RM'000	%
(A) Financial Highlights:				
Revenue	132,583	71,868	60,715	84.5%
Operation profit	20,970	7,709	13,261	>100%
Profit before interest and tax	20,970	7,709	13,261	>100%
Profit before tax	20,950	7,704	13,246	>100%
(B) Non-Financial Highlights:				
FFB processed (MT)	154,569	128,514	26,055	20.3%
FFB production (MT)	23,195	21,796	1,399	6.4%
CPO sales volume (MT)	34,272	26,068	8,204	31.5%
PK sales volume (MT)	8,413	6,285	2,128	33.9%
Average CPO selling price per MT (RM)	3,377	2,443	934	38.2%
Average PK selling price per MT (RM)	1,850	1,261	589	46.7%

In tandem with higher commodity prices, revenue in the Milling & Estate Segment increased 84.5% to RM132.6 million from RM71.9 million recorded in the same quarter of last financial year. The growth in revenue was driven by higher ASP of CPO and palm kernel (“PK”), which increased 38.2% and 46.7%, respectively. Sales volume of CPO increased 31.5% to 34,272 MT, whilst sales volume of PK increased 33.9% to 8,413 MT. Fresh Fruit Brunches (“FFB”) processed was 20.3% higher at 154,569 MT.

The Milling & Estate Segment achieved a PBT of RM21.0 million, an increase of 172% from RM7.7 million achieved in the corresponding quarter of last financial year. The segment PBT comprised core PBT of RM17.2 million and non-core PBT of RM3.8 million. The non-core PBT are mainly derived from sale proceeds of PK shells and scraps, interest income and net foreign exchange gains.



Healthcare Segment

	Second Quarter ended			
	30.09.2021 RM'000	30.09.2020 RM'000	Changes RM'000	Changes %
(A) Financial Data:				
Revenue	24,614	22,200	2,414	10.9%
Operation profit	8,556	6,393	2,163	33.8%
Profit before interest and tax	8,556	6,393	2,163	33.8%
Profit before tax	8,517	6,340	2,177	34.3%
(B) Statistics:				
Bed Occupancy Rate (%)	38.6%	40.6%	-2.0%	-4.9%
Number of patients:				
a. Outpatient	20,793	20,573	220	1.1%
b. Inpatient	1,763	2,384	(621)	-26.0%
Average revenue per patient ("ARPP") (RM):				
a. Outpatient	262	218	44	20.2%
b. Inpatient	10,493	7,103	3,390	47.7%

Revenue in our Healthcare Segment increased 10.9% to RM24.6 million from RM22.2 million recorded in the same quarter of last financial year.

During the quarter under review, the number of registered outpatients increased marginally by 1.1% to 20,793, whilst number of registered inpatients decreased 26.0% to 1,763 from 2,384 recorded in the preceding quarter of last year.

In line with the decline in registered number of inpatients, overall bed occupancy rate decreased to 38.6% from 40.6% previously.

Segment PBT rose 34.3% to RM8.5 million from RM6.3 million reported in the same quarter of preceding year. This was mainly brought on by an increase in overall ARPP that mitigated the effects of a decline in number of inpatients. Core PBT amounted to RM7.9 million whilst non-core PBT amounted to RM0.6 million.



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

The Group	Cumulative 6-months ended			
	30.09.2021 RM'000	30.09.2020 RM'000	Changes RM'000	Changes %
Revenue	504,671	333,014	171,657	51.5%
Operation profit	65,442	35,187	30,255	86.0%
Profit before interest and tax	65,545	35,154	30,391	86.5%
Profit before tax	65,149	34,907	30,242	86.6%
Profit after tax	51,032	29,206	21,826	74.7%
Profit attributable to equity holders of the Company	40,624	25,315	15,309	60.5%

In the cumulative 6-month period of FY2022, Group revenue increased 51.5% to RM504.7 million from RM333.0 million reported in the preceding corresponding period. Revenue growth was mainly attributed to higher revenue contributions from three core business segments.

Consequently, Group PBT rose 86.6% to RM65.1 million from RM34.9 million reported in the preceding corresponding period. The improvement in profitability was mainly driven by improvement from all three core business segments.



Oleochemical Segment

	Cumulative 6-months ended			
	30.09.2021 RM'000	30.09.2020 RM'000	Changes RM'000	Changes %
(A) Financial Highlights:				
Revenue	205,390	137,154	68,236	49.8%
Operation profit	11,337	1,210	10,127	>100%
Profit before interest and tax	11,337	1,210	10,127	>100%
Profit before tax	11,115	1,151	9,964	>100%
(B) Non-Financial Highlights:				
Production capacity (MT)	50,000	50,000	-	0.0%
Production utilisation (%)	77.5%	77.9%	-0.4%	-0.5%
Quantity sold (MT)	37,834	37,738	96	0.3%
Gross profit margin (%)	4.6%	0.7%	3.9%	>100%

Revenue in our Oleochemical Segment rose 49.8% to RM205.4 million from RM137.2 million achieved in the preceding corresponding period. Sales volume and production utilization remained largely unchanged at 37,834 MT and 77.5% respectively.

The Segment reported PBT of RM11.1 million, an increase from RM1.2 million reported in the same period of last financial year. The improvement in profitability was mainly attributed to the increase in ASPs of fatty acids and glycerine by 50.3% and 39.3%, respectively which was in line with the higher commodity prices.

For the period under review, core PBT amounted RM6.3 million whilst non-core PBT amounted to RM4.8 million. The non-core PBT comprises of interest income, unrealised gain on CPO futures contract and net foreign exchange gains.



Milling & Estate Segment

	Cumulative 6-months ended			
	30.09.2021	30.09.2020	Changes	Changes
	RM'000	RM'000	RM'000	%
(A) Financial Highlights:				
Revenue	242,351	138,871	103,480	74.5%
Operation profit	39,425	15,705	23,720	>100%
Profit before interest and tax	39,425	15,705	23,720	>100%
Profit before tax	39,384	15,693	23,691	>100%
(B) Non-Financial Highlights:				
FFB processed (MT)	306,089	257,707	48,382	18.8%
FFB production (MT)	45,903	45,645	258	0.6%
CPO sales volume (MT)	64,969	54,157	10,812	20.0%
PK sales volume (MT)	16,212	12,948	3,264	25.2%
Average CPO selling price per MT (RM)	3,208	2,251	957	42.5%
Average PK selling price per MT (RM)	1,937	1,211	726	60.0%

Revenue in the Milling & Estate Segment increased 74.5% to RM242.4 million from RM138.9 million reported in the preceding corresponding period. In tandem with higher commodity prices, the performance mainly brought on by higher ASPs of CPO and PK, which increased 42.5% and 60.0%, respectively. It was also boosted by an 18.8% increase in FFB processed as well as higher CPO and PK sales volume, which rose 20.0% and 25.2%, respectively.

Consequently, Segment PBT rose 151% to RM39.4 million from RM15.7 million for the cumulative 6-month period. This comprised core PBT of RM33.3 million and non-core PBT of RM6.1 million. The non-core PBT was mainly derived from sales proceeds from disposal of PK shells and scraps, interest income, net foreign exchange gains.



Healthcare Segment

	Cumulative 6-months ended			
	30.09.2021 RM'000	30.09.2020 RM'000	Changes RM'000	Changes %
(A) Financial Data:				
Revenue	48,122	39,570	8,552	21.6%
Operation profit	15,892	9,523	6,369	66.9%
Profit before interest and tax	15,892	9,523	6,369	66.9%
Profit before tax	15,812	9,405	6,407	68.1%
(B) Statistics:				
Bed Occupancy Rate (%)	38.4%	35.9%	2.5%	7.0%
Number of patients:				
a. Outpatient	42,446	36,494	5,952	16.3%
b. Inpatient	3,721	3,923	(202)	-5.1%
Average revenue per patient ("ARPP") (RM):				
a. Outpatient	254	227	27	11.9%
b. Inpatient	9,667	7,637	2,030	26.6%

Revenue in the Healthcare Segment increased 21.6% to RM48.1 million from RM39.6 million reported in the preceding corresponding period.

The number of registered outpatients increased 16.3% to 42,446 whilst inpatients declined 5.1% to 3,721.

Overall bed occupancy rate was 7.0% higher at 38.4%, up from 35.9% previously.

Segment PBT surged 68.1% to RM15.8 million in the cumulative 6-month period. This comprised core PBT of RM14.1 million and non-core PBT of RM1.7 million.



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

The Group	Individual Quarter ended			
	30.09.2021 RM'000	30.6.2021 RM'000	Changes RM'000	Changes %
Revenue	246,708	257,963	(11,255)	-4.4%
Operation profit	29,866	35,576	(5,710)	-16.1%
Profit before interest and tax	29,951	35,594	(5,643)	-15.9%
Profit before tax	29,741	35,408	(5,667)	-16.0%
Profit after tax	22,713	28,319	(5,606)	-19.8%
Profit attributable to equity holders of the Company	17,142	23,482	(6,340)	-27.0%

Group revenue declined slightly by 4.4% to RM246.7 million from RM258.0 million achieved in the immediate preceding quarter. This was mainly due to lower revenue contribution from our Oleochemical Segment, which declined 28.8% due to an overall 34.0% decline in the sales volumes due to implementation of a lock down during the period.

Group PBT decreased 16.0% to RM29.7 million from RM35.4 million reported in the preceding quarter. This was mainly due to a lower contribution from our Oleochemical Segment, which fell 86.0% in the comparative period.

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

The Milling & Estate Segment has been benefited from the rally in CPO prices that started in mid-2020. Supply side constraints, including labour shortages in major producers in Malaysia, low inventory level and strong prices of competing oil have lifted CPO prices to all time high of RM5,405 per MT as at 3rd November 2021.

While CPO prices are not expected to fall substantially any time soon, it is unlikely to be sustained at the current spot market level over the longer term as supply and demand fundamentals improving. As such, CPO prices are broadly expected to normalize in 2022.

The recent Malaysian Budget 2022 announcement on the change to the windfall tax threshold and tax rate for FFB, which is applicable to plantation companies in Malaysia, is not expected to affect our Milling & Estate Segment that operates mainly from Riau, Indonesia.

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 healthcare framework.

Over this period, our emphasis will be on getting involved 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

Over the medium term, our Malaysian economy is expected to slowly recover, supported by the reopening of most economic sectors and the nationwide vaccination programme. Having said that, the outlook is still clouded with uncertainties that hinges on the containment of the Covid-19 pandemic. We remain cautious on the prospects for our respective 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

	Second Quarter ended		Cumulative 6-months ended	
	30.09.2021 RM'000	30.09.2020 RM'000	30.09.2021 RM'000	30.09.2020 RM'000
Estimated tax payable				
- Malaysian tax expense	2,350	1,572	4,415	2,255
- Overseas tax expense	4,606	2,029	9,399	3,446
	6,956	3,601	13,814	5,701
Deferred tax	72	-	303	-
Total	7,028	3,601	14,117	5,701

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 September 2021: -

	Unaudited		Audited	
	As at 30.09.2021 Foreign Currency IDR million	As at 30.09.2021 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	-	19,700	-	-
<i>Secured</i>				
- Hire purchase payables denominated in IDR	750	220	819	234
Long term				
<i>Unsecured</i>				
- Term loan	-	2,700	-	3,300
<i>Secured</i>				
- Hire purchase payables denominated in IDR	879	258	1,263	359
Effective interest rate		2% 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 September 2021, the fair values of these derivatives are as follows:

Types of Derivatives	Based Currency	Contract/Notional Value RM'000	Fair Value as at 30.09.2021 RM'000
(i) Forward foreign exchange contracts			
- Less than 1 year	USD	137,892	137,991
(ii) Commodity future contracts			
<i>Buy</i>			
- Less than 1 year	RM	35,425	40,467
<i>Sell</i>			
- Less than 1 year	RM	19,680	22,162



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 CPO prices.

There is no significant change for the financial derivatives in respect of the following since the previous FY2021:

- i. The credit risk, market risk and liquidity risk associated with those financial derivatives;
- ii. The cash requirements of the financial derivatives; and
- iii. The policy in place for mitigating or controlling the risks associated with those financial derivatives.

B9. Fair Value Changes of Financial Assets or Liabilities

Types of Derivatives	Basis of Fair Value Measurement	30.09.2021 RM'000
(i) Forward foreign exchange contracts - Less than 1 year	The difference between the contracted rates and the Bank Negara closing rates	(99)
(ii) Commodity future contracts - Less than 1 year	The difference between the contracted prices and the market forward prices	2,560

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 FY2021.

**B11. Dividends**

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

B12. Earnings per Share

	Second Quarter ended		Cumulative 6-months ended	
	30.09.2021	30.09.2020	30.09.2021	30.09.2020
Profit attributable to equity holders of the Company (in RM'000)	17,142	8,153	40,624	25,315
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	12.52	5.96	29.67	18.49

B13. Profit for the Period

	Cumulative 6-months ended	
	30.09.2021 RM'000	30.09.2020 RM'000
Profit for the period is arrived at after crediting /(debiting) the following income/(expenses):		
- Interest income	2,289	2,623
- Finance costs	(396)	(247)
- Depreciation of property, plant and equipment	(10,847)	(10,129)
- Depreciation of right-of-use assets	(737)	(654)
- Reversal of loss allowance for trade receivables	7	126
- Inventories written off	(17)	(18)
- Net fair value change in biological assets	102	402
- Gain/(Loss) on foreign exchange:		
Realised	1,528	(1,573)
Unrealised	(62)	(1,695)
- Changes in fair value of derivatives	2,607	2,392

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

**B14. Trade Receivables**

	Unaudited As at 30.09.2021 RM'000	Audited As at 31.03.2021 RM'000
Third parties	47,014	50,951
Related parties	911	1,000
Trade receivables	47,925	51,951
Less: Loss allowance	(601)	(608)
Trade receivables, net	<u>47,324</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 RM601,000 (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 30.09.2021 RM'000	Audited As at 31.03.2021 RM'000
Neither past due nor impaired	37,893	38,677
Past due but not impaired:		
30 days and below	2,444	7,043
31 – 60 days	2,585	4,240
61 – 90 days	2,715	1,239
91 – 120 days	689	60
121 – 150 days	998	84
	<u>9,431</u>	<u>12,666</u>
Past due and impaired	601	608
Trade receivables	<u>47,925</u>	<u>51,951</u>



B15. Auditors' Report on Preceding Annual Financial Statements

The audit report for the FY2021 was not subject to any qualifications.

This Interim Financial Report of Southern Acids (M) Berhad for the second quarter of financial year ending 31 March 2022 was authorised for issuance by the Board of Directors of the Company on 25 November 2021.