

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 2023

FIRST FINANCIAL QUARTER ENDED 30 JUNE 2022
(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 2023
INTERIM FINANCIAL REPORT
FIRST FINANCIAL QUARTER ENDED 30 JUNE 2022

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SOUTHERN ACIDS (M) BERHAD
(Incorporated in Malaysia)
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FINANCIAL YEAR ENDING 31 MARCH 2023
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE FIRST FINANCIAL QUARTER ENDED 30 JUNE 2022

	Note	First Quarter ended			Cumulative 3-months ended		
		30.06.2022 RM'000	30.06.2021 RM'000	Changes %	30.06.2022 RM'000	30.06.2021 RM'000	Changes %
Revenue	A8	296,998	257,963	15.1%	296,998	257,963	15.1%
- Cost of sales		(241,897)	(213,520)	-13.3%	(241,897)	(213,520)	-13.3%
Gross profit		55,101	44,443	24.0%	55,101	44,443	24.0%
- Administrative expenses		(39,064)	(15,149)	<-100%	(39,064)	(15,149)	<-100%
- Other income		8,824	6,282	40.5%	8,824	6,282	40.5%
Profit from operations		24,861	35,576	-30.1%	24,861	35,576	-30.1%
- Finance costs		(284)	(186)	-52.7%	(284)	(186)	-52.7%
- Share of results of an associate company		92	18	>100%	92	18	>100%
Profit before tax	A8	24,669	35,408	-30.3%	24,669	35,408	-30.3%
- Income tax expense	B5	(4,895)	(7,089)	30.9%	(4,895)	(7,089)	30.9%
Profit for the period	B13	19,774	28,319	-30.2%	19,774	28,319	-30.2%
Attributable to:							
- Equity holders of the Company		14,849	23,482	-36.8%	14,849	23,482	-36.8%
- Non-controlling interests		4,925	4,837	1.8%	4,925	4,837	1.8%
		19,774	28,319	-30.2%	19,774	28,319	-30.2%
Earnings per share attributable to equity holders of the Company							
- Basic and diluted (sen)	B12	10.84	17.15	-36.8%	10.84	17.15	-36.8%



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FINANCIAL YEAR ENDING 31 MARCH 2023
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME (cont'd)
FOR THE FIRST FINANCIAL QUARTER ENDED 30 JUNE 2022

	Note	First Quarter ended			Cumulative 3-months ended		
		30.06.2022 RM'000	30.06.2021 RM'000	Changes %	30.06.2022 RM'000	30.06.2021 RM'000	Changes %
Profit for the period	B13	19,774	28,319	-30.2%	19,774	28,319	-30.2%
Other comprehensive income/(loss):							
Item that may be reclassified subsequently to profit or loss:							
- Foreign currency translation differences on foreign operation		2,438	621	>100%	2,438	621	>100%
Item that will not be reclassified subsequently to profit or loss:							
- Loss arising from fair value changes in other investments		(2,933)	(2,488)	-17.9%	(2,933)	(2,488)	-17.9%
Total comprehensive income for the period, net of tax		<u>19,279</u>	<u>26,452</u>	-27.1%	<u>19,279</u>	<u>26,452</u>	-27.1%
Attributable to:							
- Equity holders of the Company		13,450	21,382	-37.1%	13,450	21,382	-37.1%
- Non-controlling interests		5,829	5,070	15.0%	5,829	5,070	15.0%
		<u>19,279</u>	<u>26,452</u>	-27.1%	<u>19,279</u>	<u>26,452</u>	-27.1%

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 2022, and the accompanying notes attached to these interim financial statements.



SOUTHERN ACIDS (M) BERHAD
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FINANCIAL YEAR ENDING 31 MARCH 2023
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022

	Note	Unaudited As at 30.06.2022 RM'000	Audited As at 31.03.2022 RM'000
ASSETS			
Non-Current Assets			
Land held for property development		139,868	139,868
Property, plant and equipment	A9	193,832	195,132
Right-of-use assets		2,397	2,768
Investment property		3,318	3,318
Investment in an associate company		2,394	2,302
Other investments		26,542	29,380
Deferred tax assets		2,971	2,600
Total Non-Current Assets		371,322	375,368
Current Assets			
Biological assets		2,141	3,655
Inventories		133,795	112,397
Derivative financial assets	B9	5,767	9,679
Trade receivables	B14	83,466	73,281
Other receivables, deposits and prepaid expenses		80,679	65,917
Amount owing by an associate company		73	715
Tax recoverable		6,736	5,184
Cash and cash equivalents		333,771	322,288
Total Current Assets		646,428	593,116
TOTAL ASSETS		1,017,750	968,484



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FINANCIAL YEAR ENDING 31 MARCH 2023
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (cont'd)
AS AT 30 JUNE 2022

	Unaudited	Audited
	As at	As at
	30.06.2022	31.03.2022
	RM'000	RM'000
EQUITY AND LIABILITIES		
Capital and Reserves		
Share capital	171,255	171,255
Reserves	569,665	556,215
Equity attributable to equity holders of the Company	740,920	727,470
Non-controlling interests	101,709	95,880
Total Equity	842,629	823,350
Non-Current and Deferred Liabilities		
Loans and borrowings	B7 1,800	2,100
Hire purchase payables	B7 111	175
Lease liabilities	1,439	1,577
Provision for retirement benefits	16,680	16,416
Payables for KKPA program	968	1,411
Deferred tax liabilities	8,056	8,056
Total Non-Current and Deferred Liabilities	29,054	29,735
Current Liabilities		
Trade payables	23,636	32,832
Other payables and accrued expenses	49,191	39,285
Amount owing to an associate company	88	-
Contract liabilities	4,450	4,138
Derivative financial liabilities	B9 20,087	3,730
Loans and borrowings	B7 29,700	19,700
Hire purchase payables	B7 259	258
Lease liabilities	1,303	1,544
Tax liabilities	17,232	13,791
Dividend payable	121	121
Total Current Liabilities	146,067	115,399
Total Liabilities	175,121	145,134
TOTAL EQUITY AND LIABILITIES	1,017,750	968,484

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 March 2022, and the accompanying notes attached to these interim financial statements.

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SOUTHERN ACIDS (M) BERHAD
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FINANCIAL YEAR ENDING 31 MARCH 2023
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FIRST FINANCIAL QUARTER ENDED 30 JUNE 2022

The Group	<----- Attributable to equity holders of the Company ----->							Total equity RM'000
	<----- Non-distributable ----->				<Distributable>		RM'000	
	Share capital RM'000	Foreign exchange reserve RM'000	Other reserve RM'000	Fair value reserve RM'000	Retained earnings RM'000	RM'000		
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	-	388	-	(2,488)	-	(2,100)	233	(1,867)
Total comprehensive income for the period	-	388	-	(2,488)	23,482	21,382	5,070	26,452
Dividend paid to non-controlling interests	-	-	-	-	-	-	(1,721)	(1,721)
As at 30 June 2021	171,255	(14,617)	(322)	2,980	499,748	659,044	75,036	734,080



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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (cont'd)
FOR THE FIRST FINANCIAL QUARTER ENDED 30 JUNE 2022

The Group	<----- Attributable to equity holders of the Company ----->							Total equity RM'000
	<----- 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	RM'000		
As at 1 April 2022	171,255	(11,483)	(322)	3,613	564,407	727,470	95,880	823,350
Profit for the period	-	-	-	-	14,849	14,849	4,925	19,774
Other comprehensive income/(loss)	-	1,534	-	(2,933)	-	(1,399)	904	(495)
Total comprehensive income/(loss) for the period	-	1,534	-	(2,933)	14,849	13,450	5,829	19,279
As at 30 June 2022	171,255	(9,949)	(322)	680	579,256	740,920	101,709	842,629

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 2022, and the accompanying notes attached to these interim financial statements.



SOUTHERN ACIDS (M) BERHAD
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FINANCIAL YEAR ENDING 31 MARCH 2023
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FIRST FINANCIAL QUARTER ENDED 30 JUNE 2022

	Cumulative 3-months ended	
	30.06.2022	30.06.2021
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	24,669	35,408
Adjustments for:		
Depreciation of property, plant and equipment	5,579	5,377
Depreciation of right-of-use assets	369	369
Unrealised (gain)/loss on foreign exchange	(1,369)	200
Provision for retirement benefits	286	301
Net fair value change in biological assets	1,564	231
Gain on disposal of property, plant and equipment	(25)	-
Impairment losses on trade receivables	101	20
Inventories written off	1	9
Finance costs	284	186
Property, plant and equipment written off	14	25
Share of results of an associate company	(92)	(18)
Changes in fair value of derivatives	20,269	(1,525)
Dividend income	(883)	(785)
Interest income	(1,203)	(1,092)
Operating Profit Before Working Capital Changes	49,564	38,706
(Increase)/Decrease in:		
Inventories	(21,420)	(21,934)
Trade receivables	(8,922)	(11,456)
Other receivables, deposits and prepaid expenses	(13,864)	(8,009)
Amount owing by an associate company	642	(692)
Increase/(Decrease) in:		
Trade payables	(9,465)	1,702
Other payables and accrued expenses	9,830	(16)
Amount owing to an associate company	88	(57)
Contract liabilities	253	212
Cash Generated From/(Used In) Operations carried forward	6,706	(1,544)



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FINANCIAL YEAR ENDING 31 MARCH 2023
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (cont'd)
FOR THE FIRST FINANCIAL QUARTER ENDED 30 JUNE 2022

	Cumulative 3-months ended	
	30.06.2022	30.06.2021
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES (cont'd)		
Cash Generated From/(Used In) Operations brought forward		
	6,706	(1,544)
Retirement benefits paid	(111)	(28)
Income tax paid	(3,991)	(2,243)
	<hr/>	<hr/>
Net Cash From/(Used In) Operating Activities	2,604	(3,815)
CASH FLOWS USED IN INVESTING ACTIVITIES		
Interest received	1,203	1,092
Dividends received	883	785
Proceeds from disposal of property, plant and equipment	27	-
Additions to other investments	-	(400)
Additions to property, plant and equipment	(3,482)	(3,261)
Additions for KKPA program	(462)	(28)
	<hr/>	<hr/>
Net Cash Used In Investing Activities	(1,831)	(1,812)
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		
Drawdown of loans and borrowings - net	9,700	20,764
Repayment of hire purchase payables	(68)	(64)
Repayment of lease liabilities	(378)	(362)
Finance costs paid	(284)	(186)
	<hr/>	<hr/>
Net Cash From Financing Activities	8,970	20,152



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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (cont'd)
FOR THE FIRST FINANCIAL QUARTER ENDED 30 JUNE 2022

	Cumulative 3-months ended	
	30.06.2022	30.06.2021
	RM'000	RM'000
NET INCREASE IN CASH AND CASH EQUIVALENTS	9,743	14,525
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	322,288	242,163
EFFECT OF TRANSLATION DIFFERENCES	1,740	354
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	<u>333,771</u>	<u>257,042</u>
Composition of Cash and Cash Equivalents:		
Cash and bank balances	185,535	112,900
Fixed deposits with licensed banks	47,915	40,578
Short-term placements	100,321	103,564
	<u>333,771</u>	<u>257,042</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 2022, and the accompanying notes attached to these interim financial statements.



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FINANCIAL YEAR ENDING 31 MARCH 2023
FIRST FINANCIAL QUARTER ENDED 30 JUNE 2022
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 2022 (“FY2022”). 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 FY2022.

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 FY2022, except for the adoption of the Amendments to MFRSs effective on or after 1 April 2022.

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 2022:

Amendments to MFRS 3	Reference to the Conceptual Framework
Amendments to MFRS 116	Property, Plant and Equipment - Proceeds before Intended Use
Amendments to MFRS 137	Onerous Contracts - Cost of Fulfilling a Contract
Amendments to MFRSs	Annual Improvements to MFRS Standards 2018 - 2020

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 ¹
Amendments to MFRS 4	Extension of the Temporary Exemption from Applying MFRS 9 ¹
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ²
Amendments to MFRS 17	Insurance Contracts ¹
Amendments to MFRS 17	Initial Application of MFRS 17 and MFRS 91 – Comparative Information
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current ¹
Amendments to MFRS 101	Disclosure of Accounting Policies ¹
Amendments to MFRS 108	Definition of Accounting Estimates ¹
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ¹

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

² 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 & Cultivation is affected by seasonal crop production, seasonal external supply of fresh fruits bunch and fluctuating commodity prices whereas the Group's Oleochemical Manufacturing 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 Manufacturing			Milling & Cultivation			Healthcare Services			Investment & Services			Consolidated		
	30.06.22 RM'000	30.06.21 RM'000	Changes %	30.06.22 RM'000	30.06.21 RM'000	Changes %	30.06.22 RM'000	30.06.21 RM'000	Changes %	30.06.22 RM'000	30.06.21 RM'000	Changes %	30.06.22 RM'000	30.06.21 RM'000	Changes %
Revenue															
Total revenue	164,841	119,968	37.4%	100,896	109,768	-8.1%	26,780	23,508	13.9%	6,496	6,564	-1.0%	299,013	259,808	15.1%
Less:															
Inter-segment sales	-	-		-	-		-	-		(2,015)	(1,845)	9.2%	(2,015)	(1,845)	9.2%
External revenue	164,841	119,968	37.4%	100,896	109,768	-8.1%	26,780	23,508	13.9%	4,481	4,719	-5.0%	296,998	257,963	15.1%
Results															
Segment results	1,484	9,851	-84.9%	17,204	18,455	-6.8%	7,779	7,642	1.8%	(1,606)	(372)	<-100%	24,861	35,576	-30.1%
Finance costs	(217)	(96)	<-100%	(14)	(21)	33.3%	(31)	(41)	24.4%	(22)	(28)	21.4%	(284)	(186)	-52.7%
Share of results of an associate company	-	-		-	-		-	-		92	18	>100%	92	18	>100%
Profit/(Loss) before tax	1,267	9,755	-87.0%	17,190	18,434	-6.7%	7,748	7,601	1.9%	(1,536)	(382)	<-100%	24,669	35,408	-30.3%
Assets															
Segment assets	304,677	222,791	36.8%	475,866	400,868	18.7%	112,258	107,944	4.0%	124,949	124,334	0.5%	1,017,750	855,937	18.9%
Liabilities															
Segment liabilities	84,424	62,084	-36.0%	50,826	28,947	-75.6%	29,514	20,791	-42.0%	10,357	10,035	-3.2%	175,121	121,857	-43.7%
Exchange Rate	Financial Position – Closing Rate			Profit or Loss – Average Rate											
	30.06.22	30.06.21	Changes	30.06.22	30.06.21	Changes									
USD : RM	4.4080	4.1520	6.2%	4.3521	4.1285	5.4%									
IDR : RM	0.0002960	0.0002860	3.5%	0.0002988	0.0002868	4.2%									
HKD : RM	0.5619	0.5347	5.1%	0.5547	0.5316	4.3%									

**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 FY2022.

A13. Capital Commitments

The capital commitments not recognised in the interim financial statements as at 30 June 2022 amounted to RM7.8 million.

A14. Related Party Transactions

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

	Cumulative 3-months ended	
	30.06.2022	30.06.2021
	RM'000	RM'000
Administrative charges received/receivable	1,946	1,709
Advisory fee paid/payable	(75)	-
Lease rental paid/payable	(264)	(286)
Plantation advisory fee paid/payable	(24)	(24)
Purchase of goods	(1,428)	(4,710)



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			
	30.06.2022 RM'000	30.06.2021 RM'000	Changes RM'000	Changes %
Revenue	296,998	257,963	39,035	15.1%
Operation profit	24,861	35,576	(10,715)	-30.1%
Profit before interest and tax	24,953	35,594	(10,641)	-29.9%
Profit before tax	24,669	35,408	(10,739)	-30.3%
Profit after tax	19,774	28,319	(8,545)	-30.2%
Profit attributable to equity holders of the Company	14,849	23,482	(8,633)	-36.8%

In the first quarter of our financial year ending 31 March 2023 (“FY2023”), Group revenue rose 15.1% to RM297.0 million from RM258.0 million recorded in the preceding corresponding quarter of our FY2022. Growth was mainly attributable to higher revenue contributions from the Oleochemical Manufacturing and Healthcare Services.

Group profit before tax (“PBT”) declined 30.3% to RM24.7 million, compared to RM35.4 million reported in the same quarter of FY2022. The decline was largely due to lower PBT contributions from the Oleochemical Manufacturing and Milling & Cultivation whereas Healthcare Services PBT was relatively unchanged.



Oleochemical Manufacturing

	First Quarter ended			
	30.06.2022	30.06.2021	Changes	Changes
	RM'000	RM'000	RM'000	%
(A) Financial Highlights:				
Revenue	164,841	119,968	44,873	37.4%
Operation profit	1,484	9,851	(8,367)	-84.9%
Profit before interest and tax	1,484	9,851	(8,367)	-84.9%
Profit before tax	1,267	9,755	(8,488)	-87.0%
(B) Non-Financial Highlights:				
Production capacity (MT)	24,000	24,000	-	-
Production utilisation (%)	82.8%	96.3%	-13.5%	-14.0%
Quantity sold (MT)	20,538	22,794	(2,256)	-9.9%
Gross profit margin (%)	12.2%	7.1%	5.1%	71.6%

Revenue in the Oleochemical Manufacturing rose 37.4% to RM164.8 million from RM120.0 million reported in the first quarter of FY2022. Average Selling Price (“ASP”) for fatty acids and glycerine increased 45% and 144% respectively in line with the increase in commodity prices during the quarter. Sales volume declined 9.9% to 20,538 metric tonnes (“MT”). Consequently, production capacity utilisation rate also fell to 82.8% from 96.3% achieved in the same quarter of FY2022.

The Oleochemical Manufacturing PBT declined 87.0% to RM1.3 million from RM9.8 million achieved in the first quarter of FY2022. Oleochemical Manufacturing PBT comprised core PBT of RM18.4 million and non-core loss before tax (“LBT”) of RM17.1 million. The non-core LBT was primarily derived from unrealised loss on Crude Palm Oil (“CPO”) contracts and unrealised loss on forward foreign exchange contracts.



Milling & Cultivation

	First Quarter ended			
	30.06.2022	30.06.2021	Changes	Changes
	RM'000	RM'000	RM'000	%
(A) Financial Highlights:				
Revenue	100,896	109,768	(8,872)	-8.1%
Operation profit	17,204	18,455	(1,251)	-6.8%
Profit before interest and tax	17,204	18,455	(1,251)	-6.8%
Profit before tax	17,190	18,434	(1,244)	-6.7%
(B) Non-Financial Highlights:				
FFB processed (MT)	133,820	151,520	(17,700)	-11.7%
FFB production (MT)	24,821	22,708	2,113	9.3%
CPO sales volume (MT)	18,402	30,697	(12,295)	-40.1%
PK sales volume (MT)	6,641	7,799	(1,158)	-14.8%
Average CPO selling price per MT (RM)	4,233	3,020	1,213	40.2%
Average PK selling price per MT (RM)	3,224	2,032	1,192	58.7%

Revenue in our Milling & Cultivation decreased 8.1% to RM100.9 million from RM109.8 million recorded in the first quarter of FY2022. ASP for CPO increased 40.2%, whilst ASP for Palm Kernel (“PK”) increased 58.7% respectively in line with the increase in commodity prices. Sales volume for CPO and PK declined 40.1% and 14.8% respectively, impacted by a three-week export ban on palm oil imposed by the Government of Indonesia which began on 28 April 2022 and was lifted on 23 May 2022. In line with the lower sales volume, Fresh Fruit Bunches (“FFB”) processed decreased 11.7% to 133,820 MT.

The Milling & Cultivation delivered PBT of RM17.2 million, a decline of 6.7% from RM18.4 million reported in the first quarter of FY2022. This comprised core PBT of RM12.2 million and non-core PBT of RM5.0 million. The non-core PBT was mainly derived from sales proceeds from the disposal of PK shells and interest income.



Healthcare Services

	First Quarter ended			
	30.06.2022	30.06.2021	Changes	Changes
	RM'000	RM'000	RM'000	%
(A) Financial Data:				
Revenue	26,780	23,508	3,272	13.9%
Operation profit	7,779	7,642	137	1.8%
Profit before interest and tax	7,779	7,642	137	1.8%
Profit before tax	7,748	7,601	147	1.9%
(B) Statistics:				
Bed Occupancy Rate (%)	52.3%	38.2%	14.1%	36.9%
Number of patients:				
a. Outpatient	20,126	21,653	(1,527)	-7.1%
b. Inpatient	2,753	1,958	795	40.6%

Revenue in our Healthcare Services rose 13.9% to RM26.8 million, compared to RM23.5 million reported in the same quarter of FY2022.

During the quarter, the number of registered outpatients decreased 7.1% to 20,126 whilst number of registered inpatients increased 40.6% to 2,753. Overall bed occupancy rate was higher at 52.3% from 38.2% previously.

Healthcare Services PBT of RM7.7 million was comparable to RM7.6 million reported in the first quarter of FY2022. This comprised core PBT of RM7.2 million and non-core PBT of RM0.5 million. The non-core PBT was mainly derived from rental income and interest income.



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

The Group	Individual Quarter ended			
	30.06.2022 RM'000	31.03.2022 RM'000	Changes RM'000	Changes %
Revenue	296,998	364,420	(67,422)	-18.5%
Operation profit	24,861	47,076	(22,215)	-47.2%
Profit before interest and tax	24,953	46,999	(22,046)	-46.9%
Profit before tax	24,669	46,804	(22,135)	-47.3%
Profit after tax	19,774	34,775	(15,001)	-43.1%
Profit attributable to equity holders of the Company	14,849	26,646	(11,797)	-44.3%

Compared to the immediate preceding quarter, our Group revenue declined 18.5% to RM297.0 million from RM364.4 million. The decline was due to lower revenue contributions from Milling & Cultivation as compared to the fourth quarter of FY2022.

Consequently, group PBT was lower at RM24.7 million from RM46.8 million achieved in the previous quarter. This was mainly due to lower PBT reported in Oleochemical Manufacturing and Milling & Cultivation as compared to the immediate preceding quarter.

B3. Prospect of the Group

Oleochemical Manufacturing

Overall, our Oleochemical Manufacturing operates in a difficult environment. The global industry remains highly competitive. Our current size of operation lacks the economies of scale in the global context. Current volatility in commodity prices and currencies pose added challenges to our operation.

Against this backdrop, we will further automate our processes and look to further rationalise costs to improve on our operational efficiencies. Emphasis on a value-add approach via product customisation has been fruitful, and we will continue with this approach to strengthen our relations with loyal customers.

Milling & Cultivation

CPO prices corrected from its peak in March 2022 to range RM4,000/MT currently. Rising palm stockpiles on the back of higher seasonal output may place further pressure on CPO prices. Amidst global uncertainties over slowing economies and rising cost, we remain cautious of our prospects.



Healthcare Services

As COVID-19 restrictions are lifted and the domestic economy re-opens, our healthcare services should also ease back into normalcy. Nonetheless, COVID-19 is still amongst us and we remain mindful of new variants that may emerge to risk critical outbreaks in the communities again.

Prospects in private healthcare continue to be underscored by rising health awareness and an expanding middle income population. We will strive on delivering high quality healthcare services; upgrading our medical facilities to provide superior medical care and to build on our pool of medical professionals to improve on our patient care.

Overall

Overall outlook remains challenging, clouded by geopolitical issues and concerns over global economic slowdown amidst a rising interest rates environment. Where COVID-19 is concerned, the risk of a renewed flare up of the pandemic could potentially add stress to economic activities again.

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	
	30.06.2022 RM'000	30.06.2021 RM'000	30.06.2022 RM'000	30.06.2021 RM'000
Estimated tax payable				
- Malaysian tax expense	2,105	2,065	2,105	2,065
- Overseas tax expense	3,138	4,793	3,138	4,793
	5,243	6,858	5,243	6,858
Deferred tax	(348)	231	(348)	231
Total	4,895	7,089	4,895	7,089

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 2022: -

	Unaudited		Audited	
	As at 30.06.2022 Foreign Currency IDR million	As at 30.06.2022 RM Equivalent RM'000	As at 31.03.2022 Foreign Currency IDR million	As at 31.03.2022 RM Equivalent RM'000
Short term				
<i>Unsecured</i>				
- Term loan	-	1,200	-	1,200
- Bankers' acceptance	-	28,500	-	18,500
<i>Secured</i>				
- Hire purchase payables denominated in IDR	874	259	879	258
Long term				
<i>Unsecured</i>				
- Term loan	-	1,800	-	2,100
<i>Secured</i>				
- Hire purchase payables denominated in IDR	375	111	599	175
Effective interest rate		2.70% to 14.00%		2.45% to 14.00%

B8. Financial Instruments

As at 30 June 2022, the fair values of the outstanding derivatives are as follows:

Types of Derivatives	Based Currency	Contract/Notional Value RM'000	Fair Value as at 30.06.2022 RM'000
(i) Forward foreign exchange contracts			
- Less than 1 year	USD	139,195	144,049
(ii) Commodity future contracts			
<i>Buy</i>			
- Less than 1 year	RM	110,895	95,662
<i>Sell</i>			
- Less than 1 year	RM	47,107	41,340



Forward foreign exchange contracts

The forward foreign exchange contracts were entered into by the Group's Oleochemical Manufacturing 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 commodity future contracts are used to manage and hedge the Group's Oleochemical Manufacturing'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 FY2022:

- 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	Fair Value Net gains/(losses) 30.06.2022 RM'000
(i) Forward foreign exchange contracts - Less than 1 year	The difference between the contracted rates and the Bank Negara closing rates	(4,854)
(ii) Commodity future contracts - Less than 1 year	The difference between the contracted prices and the market forward prices	(9,466)

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 FY2022.



B11. Dividends

The Board of Directors had on 19 May 2022 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 2022. The dividend proposal is subject to the approval by shareholders at the forthcoming Annual General Meeting of the Company.

B12. Earnings per Share

	First Quarter ended		Cumulative 3-months ended	
	30.06.2022	30.06.2021	30.06.2022	30.06.2021
Profit attributable to equity holders of the Company (in RM'000)	14,849	23,482	14,849	23,482
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	10.84	17.15	10.84	17.15

B13. Profit for the Period

	Cumulative 3-months ended	
	30.06.2022 RM'000	30.06.2021 RM'000
Profit for the period is arrived at after crediting /(debiting) the following income/(expenses):		
- Interest income	1,203	1,092
- Finance costs	(284)	(186)
- Depreciation of property, plant and equipment	(5,579)	(5,377)
- Depreciation of right-of-use assets	(369)	(369)
- Impairment losses on trade receivables	(101)	(20)
- Inventories written off	(1)	(9)
- Net fair value change in biological assets	1,564	231
- Gain/(Loss) on foreign exchange:		
Realised	1,362	926
Unrealised	1,369	(200)
- Changes in fair value of derivatives	(20,269)	1,525

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 30.06.2022 RM'000	Audited As at 31.03.2022 RM'000
Third parties	82,991	73,134
Related parties	1,521	1,092
Trade receivables	84,512	74,226
Less: Loss allowance	(1,046)	(945)
Trade receivables, net	<u>83,466</u>	<u>73,281</u>

The credit period granted on sales of goods and services rendered ranges from 7 to 90 days (2022: 7 to 90 days).

An allowance of RM1,046,000 (2022: RM945,000) 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 30.06.2022 RM'000	Audited As at 31.03.2022 RM'000
Neither past due nor impaired	62,918	52,691
Past due but not impaired:		
30 days and below	10,016	12,767
31 – 60 days	6,414	4,840
61 – 90 days	2,078	2,254
91 – 120 days	804	134
121 – 150 days	1,236	595
	<u>20,548</u>	<u>20,590</u>
Past due and impaired	1,046	945
Trade receivables	<u>84,512</u>	<u>74,226</u>



B15. Auditors' Report on Preceding Annual Financial Statements

The audit report for the FY2022 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 2023 was authorised for issuance by the Board of Directors of the Company on 29 August 2022.