

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**

**SECOND FINANCIAL QUARTER ENDED 30 SEPTEMBER 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**  
**SECOND FINANCIAL QUARTER ENDED 30 SEPTEMBER 2022**

<b>CONTENTS</b>	<b>PAGE(S)</b>
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	3 - 4
Condensed Consolidated Statement of Financial Position	5 - 6
Condensed Consolidated Statement of Changes in Equity	7 - 8
Condensed Consolidated Statement of Cash Flows	9 - 11
Explanatory Notes to the Interim Financial Report:	
Part A: Pursuant to Malaysian Financial Reporting Standard No. 134	12 - 17
Part B: Pursuant to Paragraph 9.22 of the Main Market Listing Requirements and any revision thereon	18 - 33



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

**FINANCIAL YEAR ENDING 31 MARCH 2023**  
**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS**  
**AND OTHER COMPREHENSIVE INCOME**  
**FOR THE SECOND FINANCIAL QUARTER ENDED 30 SEPTEMBER 2022**

	Note	Second Quarter ended			Cumulative 6-months ended		
		30.09.2022 RM'000	30.09.2021 RM'000	Changes %	30.09.2022 RM'000	30.09.2021 RM'000	Changes %
Revenue	<b>A8</b>	280,053	246,708	13.5%	577,051	504,671	14.3%
- Cost of sales		(242,689)	(209,283)	-16.0%	(484,586)	(422,803)	-14.6%
Gross profit		37,364	37,425	-0.2%	92,465	81,868	12.9%
- Administrative expenses		(18,134)	(14,084)	-28.8%	(57,198)	(29,233)	-95.7%
- Other income		7,759	6,525	18.9%	16,583	12,807	29.5%
Profit from operations		26,989	29,866	-9.6%	51,850	65,442	-20.8%
- Finance costs		(373)	(210)	-77.6%	(657)	(396)	-65.9%
- Share of results of an associate company		18	85	-78.8%	110	103	6.8%
Profit before tax	<b>A8</b>	26,634	29,741	-10.4%	51,303	65,149	-21.3%
- Income tax expense	<b>B5</b>	(7,145)	(7,028)	-1.7%	(12,040)	(14,117)	14.7%
Profit for the period	<b>B13</b>	19,489	22,713	-14.2%	39,263	51,032	-23.1%
Attributable to:							
- Equity holders of the Company		11,160	17,142	-34.9%	26,009	40,624	-36.0%
- Non-controlling interests		8,329	5,571	49.5%	13,254	10,408	27.3%
		19,489	22,713	-14.2%	39,263	51,032	-23.1%
<b>Earnings per share attributable to equity holders of the Company</b>							
- Basic and diluted (sen)	<b>B12</b>	8.15	12.52	-34.9%	18.99	29.67	-36.0%



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

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

	Note	Second Quarter ended			Cumulative 6-months ended		
		30.09.2022 RM'000	30.09.2021 RM'000	Changes %	30.09.2022 RM'000	30.09.2021 RM'000	Changes %
Profit for the period	<b>B13</b>	19,489	22,713	-14.2%	39,263	51,032	-23.1%
Other comprehensive income/(loss):							
Item that may be reclassified subsequently to profit or loss:							
- Foreign currency translation differences on foreign operation		7,456	4,938	51.0%	9,894	5,559	78.0%
Item that will not be reclassified subsequently to profit or loss:							
- Loss arising from fair value changes in other investments		-	148	-100.0%	(2,933)	(2,340)	-25.3%
Total comprehensive income for the period, net of tax		<u>26,945</u>	<u>27,799</u>	-3.1%	<u>46,224</u>	<u>54,251</u>	-14.8%
Attributable to:							
- Equity holders of the Company		15,854	20,417	-22.3%	29,304	41,799	-29.9%
- Non-controlling interests		11,091	7,382	50.2%	16,920	12,452	35.9%
		<u>26,945</u>	<u>27,799</u>	-3.1%	<u>46,224</u>	<u>54,251</u>	-14.8%

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**  
(Incorporated in Malaysia)  
**AND ITS SUBSIDIARY COMPANIES**

**FINANCIAL YEAR ENDING 31 MARCH 2023**  
**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 SEPTEMBER 2022**

	Note	Unaudited As at 30.09.2022 RM'000	Audited As at 31.03.2022 RM'000
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Land held for property development		139,868	139,868
Property, plant and equipment	<b>A9</b>	194,802	195,132
Right-of-use assets		2,028	2,768
Investment property		3,318	3,318
Investment in an associate company		2,412	2,302
Other investments		26,542	29,380
Deferred tax assets		3,014	2,600
Total Non-Current Assets		<u>371,984</u>	<u>375,368</u>
<b>Current Assets</b>			
Biological assets		2,246	3,655
Inventories		131,681	112,397
Derivative financial assets	<b>B9</b>	8,881	9,679
Trade receivables	<b>B14</b>	68,277	73,281
Other receivables, deposits and prepaid expenses		74,814	65,917
Amount owing by an associate company		547	715
Tax recoverable		11,270	5,184
Cash and cash equivalents		378,751	322,288
Total Current Assets		<u>676,467</u>	<u>593,116</u>
<b>TOTAL ASSETS</b>		<u><b>1,048,451</b></u>	<u><b>968,484</b></u>



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

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

	<b>Unaudited</b>	<b>Audited</b>
	<b>As at</b>	<b>As at</b>
	<b>30.09.2022</b>	<b>31.03.2022</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Capital and Reserves</b>		
Share capital	171,255	171,255
Reserves	585,519	556,215
Equity attributable to equity holders of the Company	756,774	727,470
Non-controlling interests	111,901	95,880
<b>Total Equity</b>	<b>868,675</b>	<b>823,350</b>
<b>Non-Current and Deferred Liabilities</b>		
Loans and borrowings	<b>B7</b> 1,500	2,100
Hire purchase payables	<b>B7</b> 44	175
Lease liabilities	1,314	1,577
Provision for retirement benefits	16,917	16,416
Payables for KKPA program	367	1,411
Deferred tax liabilities	5,570	8,056
Total Non-Current and Deferred Liabilities	25,712	29,735
<b>Current Liabilities</b>		
Trade payables	21,311	32,832
Other payables and accrued expenses	48,231	39,285
Contract liabilities	2,256	4,138
Derivative financial liabilities	<b>B9</b> 23,703	3,730
Loans and borrowings	<b>B7</b> 41,200	19,700
Hire purchase payables	<b>B7</b> 268	258
Lease liabilities	1,046	1,544
Tax liabilities	15,016	13,791
Dividend payable	1,033	121
Total Current Liabilities	154,064	115,399
<b>Total Liabilities</b>	<b>179,776</b>	<b>145,134</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,048,451</b>	<b>968,484</b>

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.



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

**FINANCIAL YEAR ENDING 31 MARCH 2023**  
**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE SECOND FINANCIAL QUARTER ENDED 30 SEPTEMBER 2022**

The Group	<----- Attributable to equity holders of the Company ----->					Total RM'000	Non- controlling interests RM'000	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			
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)
<b>As at 30 September 2021</b>	<b>171,255</b>	<b>(11,490)</b>	<b>(322)</b>	<b>3,128</b>	<b>510,043</b>	<b>672,614</b>	<b>82,403</b>	<b>755,017</b>



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

**FINANCIAL YEAR ENDING 31 MARCH 2023**  
**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (cont'd)**  
**FOR THE SECOND FINANCIAL QUARTER ENDED 30 SEPTEMBER 2022**

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
<b>As at 1 April 2022</b>	171,255	(11,483)	(322)	3,613	564,407	727,470	95,880	823,350
Profit for the period	-	-	-	-	26,009	26,009	13,254	39,263
Other comprehensive income/(loss)	-	6,228	-	(2,933)	-	3,295	3,666	6,961
Total comprehensive income/(loss) for the period	-	6,228	-	(2,933)	26,009	29,304	16,920	46,224
Dividend declared to non-controlling interests of a subsidiary company	-	-	-	-	-	-	(899)	(899)
<b>As at 30 September 2022</b>	<b>171,255</b>	<b>(5,255)</b>	<b>(322)</b>	<b>680</b>	<b>590,416</b>	<b>756,774</b>	<b>111,901</b>	<b>868,675</b>

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**  
(Incorporated in Malaysia)  
**AND ITS SUBSIDIARY COMPANIES**

**FINANCIAL YEAR ENDING 31 MARCH 2023**  
**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE SECOND FINANCIAL QUARTER ENDED 30 SEPTEMBER 2022**

	<b>Cumulative 6-months ended</b>	
	<b>30.09.2022</b>	<b>30.09.2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	51,303	65,149
Adjustments for:		
Depreciation of property, plant and equipment	11,209	10,847
Depreciation of right-of-use assets	738	737
Unrealised (gain)/loss on foreign exchange	(2,661)	62
Provision for retirement benefits	572	899
Net fair value change in biological assets	1,518	(102)
Gain on disposal of property, plant and equipment	(41)	(1)
Impairment losses/(Reversal of impairment losses)		
on trade receivables	313	(7)
Inventories written off	4	17
Inventories written down	8,693	-
Finance costs	657	396
Property, plant and equipment written off	3	30
Share of results of an associate company	(110)	(103)
Changes in fair value of derivatives	20,772	(2,607)
Dividend income	(1,601)	(826)
Interest income	(2,649)	(2,289)
<b>Operating Profit Before Working Capital Changes</b>	<b>88,720</b>	<b>72,202</b>
(Increase)/Decrease in:		
Inventories	(27,271)	(29,356)
Trade receivables	7,349	3,713
Other receivables, deposits and prepaid expenses	(6,343)	(16,895)
Amount owing by an associate company	168	279
Increase/(Decrease) in:		
Trade payables	(12,035)	1,915
Other payables and accrued expenses	8,335	(1,961)
Amount owing to an associate company	-	(70)
Contract liabilities	(1,949)	1,758
<b>Cash Generated From Operations carried forward</b>	<b>56,974</b>	<b>31,585</b>



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

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

	<b>Cumulative 6-months ended</b>	
	<b>30.09.2022</b>	<b>30.09.2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES (cont'd)</b>		
<b>Cash Generated From Operations</b>		
<b>brought forward</b>	<b>56,974</b>	<b>31,585</b>
Retirement benefits paid	(395)	(203)
Income tax refunded	-	1,100
Income tax paid	(20,779)	(9,527)
	<hr/>	<hr/>
<b>Net Cash From Operating Activities</b>	<b>35,800</b>	<b>22,955</b>
<b>CASH FLOWS USED IN INVESTING ACTIVITIES</b>		
Interest received	2,649	2,289
Dividends received	1,505	826
Proceeds from disposal of property, plant and equipment	57	1
Additions to other investments	-	(400)
Additions to property, plant and equipment	(7,929)	(6,955)
(Additions)/Amount recovered for KKPA program	(1,081)	1,139
	<hr/>	<hr/>
<b>Net Cash Used In Investing Activities</b>	<b>(4,799)</b>	<b>(3,100)</b>
<b>CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES</b>		
Drawdown of loans and borrowings - net	20,900	19,100
Repayment of hire purchase payables	(136)	(131)
Repayment of lease liabilities	(761)	(729)
Dividend paid	-	(6,847)
Finance costs paid	(657)	(396)
	<hr/>	<hr/>
<b>Net Cash From Financing Activities</b>	<b>19,346</b>	<b>10,997</b>



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

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

	<b>Cumulative 6-months ended</b>	
	<b>30.09.2022</b>	<b>30.09.2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>50,347</b>	<b>30,852</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>	322,288	242,163
<b>EFFECT OF TRANSLATION DIFFERENCES</b>	6,116	3,091
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<b>378,751</b>	<b>276,106</b>
 <b>Composition of Cash and Cash Equivalents:</b>		
Cash and bank balances	235,081	131,398
Fixed deposits with licensed banks	49,208	41,569
Short-term placements	94,462	103,139
	<b>378,751</b>	<b>276,106</b>

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.



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

**FINANCIAL YEAR ENDING 31 MARCH 2023**  
**SECOND FINANCIAL QUARTER ENDED 30 SEPTEMBER 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 these interim financial statements but are not yet effective for the Group:

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

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

<sup>2</sup> 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

	Oleochemical Manufacturing			Milling & Cultivation			Healthcare Services			Investment & Services			Consolidated		
	30.09.22 RM'000	30.09.21 RM'000	Changes %	30.09.22 RM'000	30.09.21 RM'000	Changes %	30.09.22 RM'000	30.09.21 RM'000	Changes %	30.09.22 RM'000	30.09.21 RM'000	Changes %	30.09.22 RM'000	30.09.21 RM'000	Changes %
<b>Revenue</b>															
Total revenue	134,880	85,422	57.9%	111,899	132,583	-15.6%	28,760	24,614	16.8%	6,484	5,829	11.2%	282,023	248,448	13.5%
Less:															
Inter-segment sales	-	-	-	-	-	-	-	-	-	(1,970)	(1,740)	-13.2%	(1,970)	(1,740)	-13.2%
External revenue	134,880	85,422	57.9%	111,899	132,583	-15.6%	28,760	24,614	16.8%	4,514	4,089	10.4%	280,053	246,708	13.5%
<b>Results</b>															
Segment results	(10,397)	1,486	<-100%	29,596	20,970	41.1%	9,523	8,874	7.3%	(1,733)	(1,464)	-18.4%	26,989	29,866	-9.6%
Finance costs	(310)	(126)	<-100%	(11)	(20)	45.0%	(30)	(39)	23.1%	(22)	(25)	12.0%	(373)	(210)	-77.6%
Share of results of an associate company	-	-	-	-	-	-	-	-	-	18	85	-78.8%	18	85	-78.8%
Profit/(Loss) before tax	(10,707)	1,360	<-100%	29,585	20,950	41.2%	9,493	8,835	7.4%	(1,737)	(1,404)	-23.7%	26,634	29,741	-10.4%



## A8. Segmental Information

### (b) Results for the Year-to-date

	Oleochemical Manufacturing			Milling & Cultivation			Healthcare Services			Investment & Services			Consolidated		
	30.09.22 RM'000	30.09.21 RM'000	Changes %	30.09.22 RM'000	30.09.21 RM'000	Changes %	30.09.22 RM'000	30.09.21 RM'000	Changes %	30.09.22 RM'000	30.09.21 RM'000	Changes %	30.09.22 RM'000	30.09.21 RM'000	Changes %
<b>Revenue</b>															
Total revenue	299,721	205,390	45.9%	212,795	242,351	-12.2%	55,540	48,122	15.4%	12,980	12,393	4.7%	581,036	508,256	14.3%
Less:															
Inter-segment sales	-	-	-	-	-	-	-	-	-	(3,985)	(3,585)	-11.2%	(3,985)	(3,585)	-11.2%
External revenue	299,721	205,390	45.9%	212,795	242,351	-12.2%	55,540	48,122	15.4%	8,995	8,808	2.1%	577,051	504,671	14.3%
<b>Results</b>															
Segment results	(8,913)	11,337	<-100%	46,800	39,425	18.7%	17,302	16,515	4.8%	(3,339)	(1,835)	-82.0%	51,850	65,442	-20.8%
Finance costs	(527)	(222)	<-100%	(25)	(41)	39.0%	(61)	(80)	23.8%	(44)	(53)	17.0%	(657)	(396)	-65.9%
Share of results of an associate company	-	-	-	-	-	-	-	-	-	110	103	6.8%	110	103	6.8%
Profit/(Loss) before tax	(9,440)	11,115	<-100%	46,775	39,384	18.8%	17,241	16,435	4.9%	(3,273)	(1,785)	-83.4%	51,303	65,149	-21.3%
<b>Assets</b>															
Segment assets	282,045	224,468	25.7%	504,240	424,468	18.8%	115,676	113,780	1.7%	146,490	118,077	24.1%	1,048,451	880,793	19.0%
<b>Liabilities</b>															
Segment liabilities	91,772	62,890	-45.9%	50,114	31,839	-57.4%	27,115	20,617	-31.5%	10,775	10,430	-3.3%	179,776	125,776	-42.9%
<b>Exchange Rate</b>	<b>Financial Position – Closing Rate</b>			<b>Profit or Loss – Average Rate</b>											
	30.09.22	30.09.21	Changes	30.09.22	30.09.21	Changes									
USD : RM	4.6340	4.1870	10.7%	4.4206	4.1629	6.2%									
IDR : RM	0.0003040	0.0002930	3.8%	0.0002996	0.0002894	3.5%									
HKD : RM	0.5903	0.5376	9.8%	0.5633	0.5356	5.2%									



**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 September 2022 amounted to RM18.0 million.

**A14. Related Party Transactions**

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

	<b>Cumulative 6-months ended</b>	
	<b>30.09.2022</b>	<b>30.09.2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Sale of goods	-	33
Administrative charges received/receivable	3,717	3,332
Advisory fee paid/payable	(150)	(120)
Lease rental paid/payable	(527)	(616)
Plantation advisory fee paid/payable	(48)	(48)
Purchase of goods	(11,285)	(12,795)



## 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			
	30.09.2022 RM'000	30.09.2021 RM'000	Changes RM'000	Changes %
Revenue	280,053	246,708	33,345	13.5%
Operation profit	26,989	29,866	(2,877)	-9.6%
Profit before interest and tax	27,007	29,951	(2,944)	-9.8%
Profit before tax	26,634	29,741	(3,107)	-10.4%
Profit after tax	19,489	22,713	(3,224)	-14.2%
Profit attributable to equity holders of the Company	11,160	17,142	(5,982)	-34.9%

In the second quarter of our financial year ending 31 March 2023 (“FY2023”), Group revenue rose 13.5% to RM280.1 million from RM246.7 million achieved in the preceding corresponding quarter of FY2022.

Group profit before tax (“PBT”) declined 10.4% to RM26.6 million, from RM29.7 million reported in the corresponding quarter of FY2022. The decline was mainly due to loss before tax (“LBT”) incurred in our Oleochemical Manufacturing. This was cushioned by higher PBT achieved in both our Milling & Cultivation and Healthcare Services respectively.



### Oleochemical Manufacturing

	Second Quarter ended			
	30.09.2022	30.09.2021	Changes	Changes
	RM'000	RM'000	RM'000	%
<b>(A) Financial Highlights:</b>				
Revenue	134,880	85,422	49,458	57.9%
Operation (loss)/profit	(10,397)	1,486	(11,883)	<-100%
(Loss)/Profit before interest and tax	(10,397)	1,486	(11,883)	<-100%
(Loss)/Profit before tax	(10,707)	1,360	(12,067)	<-100%
<b>(B) Non-Financial Highlights:</b>				
Production capacity (MT)	24,000	25,000	(1,000)	-4.0%
Production utilisation (%)	79.1%	62.6%	16.5%	26.4%
Quantity sold (MT)	19,141	15,040	4,101	27.3%
Gross(loss)/profit margin (%)	-8.6%	1.0%	-9.6%	<-100%

Revenue in the Oleochemical Manufacturing increased 57.9% to RM134.9 million from RM85.4 million recorded in the same quarter of FY2022. Average Selling Price (“ASP”) for fatty acids was 29% higher in the quarter, whilst ASP for glycerine declined 13.2%. Sales volume rose 27.3% to 19,141 metric tonnes (“MT”) and production capacity utilisation increased to 79.1% from 62.6% achieved in the same quarter of FY2022.

The Oleochemical Manufacturing incurred LBT of RM10.7 million, compared to PBT of RM1.4 million reported in the second quarter of FY2022. Oleochemical Manufacturing LBT in the second quarter of FY2023 included RM8.7 million inventories written down. Oleochemical Manufacturing LBT comprised core LBT of RM13.3 million and non-core PBT of RM2.6 million. Non-core PBT was mainly derived from realised and unrealised gains on foreign exchange.



## Milling & Cultivation

	Second Quarter ended			
	30.09.2022	30.09.2021	Changes	Changes
	RM'000	RM'000	RM'000	%
<b>(A) Financial Highlights:</b>				
Revenue	111,899	132,583	(20,684)	-15.6%
Operation profit	29,596	20,970	8,626	41.1%
Profit before interest and tax	29,596	20,970	8,626	41.1%
Profit before tax	29,585	20,950	8,635	41.2%
<b>(B) Non-Financial Highlights:</b>				
FFB processed (MT)	146,676	154,569	(7,893)	-5.1%
FFB production (MT)	26,183	23,195	2,988	12.9%
CPO sales volume (MT)	32,152	34,272	(2,120)	-6.2%
PK sales volume (MT)	7,469	8,413	(944)	-11.2%
Average CPO selling price per MT (RM)	3,062	3,377	(315)	-9.3%
Average PK selling price per MT (RM)	1,653	1,850	(197)	-10.6%

Revenue in our Milling & Cultivation declined 15.6% to RM111.9 million from RM132.6 million recorded in the same quarter of FY2022. ASP for Crude Palm Oil (“CPO”) decreased 9.3%, whilst ASP for Palm Kernel (“PK”) decreased 10.6%. Sales volume for CPO declined 6.2% to 32.152 MT and sales volume for PK declined 11.2% to 7,469 MT. In line with the lower sales volume, processed Fresh Fruit Bunches (“FFB”) decreased 5.1% to 146,676 MT.

Milling & Cultivation PBT improved 41.2% to RM29.6 million from RM21.0 million achieved in the second quarter of FY2022. This was mainly due to lower production costs during the quarter under review. This comprised core PBT of RM25.9 million and non-core PBT of RM3.7 million. The non-core PBT was mainly derived from sales proceeds from the disposal of PK shells and sludge oil as well as interest income.



## Healthcare Services

	Second Quarter ended			
	30.09.2022	30.09.2021	Changes	Changes
	RM'000	RM'000	RM'000	%
<b>(A) Financial Data:</b>				
Revenue	28,760	24,614	4,146	16.8%
Operation profit	9,523	8,874	649	7.3%
Profit before interest and tax	9,523	8,874	649	7.3%
Profit before tax	9,493	8,835	658	7.4%
<b>(B) Statistics:</b>				
Bed Occupancy Rate (%)	64.8%	38.6%	26.2%	67.9%
Number of patients:				
a. Outpatient	22,516	20,793	1,723	8.3%
b. Inpatient	3,114	1,763	1,351	76.6%

Revenue in our Healthcare Services rose 16.8% to RM28.8 million, compared to RM24.6 million reported in the corresponding quarter of FY2022. This was partly due to the increase in the number of registered inpatients, which rose 76.6% to 3,114.

Overall bed occupancy was significantly higher at 64.8% from 38.6% previously.

Healthcare Services PBT was higher at RM9.5 million as compared to RM8.8 million recorded in second quarter of FY2022. This comprised core PBT of RM8.9 million and non-core PBT of RM0.6 million. The non-core PBT was mainly derived from rental income and interest income.



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

The Group	Cumulative 6-months ended			
	30.09.2022 RM'000	30.09.2021 RM'000	Changes RM'000	Changes %
Revenue	577,051	504,671	72,380	14.3%
Operation profit	51,850	65,442	(13,592)	-20.8%
Profit before interest and tax	51,960	65,545	(13,585)	-20.7%
Profit before tax	51,303	65,149	(13,846)	-21.3%
Profit after tax	39,263	51,032	(11,769)	-23.1%
Profit attributable to equity holders of the Company	26,009	40,624	(14,615)	-36.0%

In the cumulative 6-month period of FY2023, Group revenue increased 14.3% to RM577.1 million from RM504.7 million reported in the corresponding period of FY2022. Growth was mainly attributed to higher revenue contributions from our Oleochemical Manufacturing and Healthcare Services respectively.

Group PBT declined 21.3% to RM51.3 million from RM65.1 million recorded in the preceding corresponding period. Lower Group PBT was mainly due to LBT incurred in our Oleochemical Manufacturing in the 6-month period under review. This was cushioned by higher PBT achieved in both our Milling and Cultivation and Healthcare Services respectively.



## Oleochemical Manufacturing

	Cumulative 6-months ended			
	30.09.2022	30.09.2021	Changes	Changes
	RM'000	RM'000	RM'000	%
<b>(A) Financial Highlights:</b>				
Revenue	299,721	205,390	94,331	45.9%
Operation (loss)/profit	(8,913)	11,337	(20,250)	<-100%
(Loss)/Profit before interest and tax	(8,913)	11,337	(20,250)	<-100%
(Loss)/Profit before tax	(9,440)	11,115	(20,555)	<-100%
<b>(B) Non-Financial Highlights:</b>				
Production capacity (MT)	48,000	50,000	(2,000)	-4.0%
Production utilisation (%)	81.0%	77.5%	3.5%	4.5%
Quantity sold (MT)	39,679	37,834	1,845	4.9%
Gross profit margin (%)	2.8%	4.6%	-1.8%	-39.1%

Revenue in our Oleochemical Manufacturing rose 45.9% to RM299.7 million from RM205.4 million achieved in the preceding corresponding period of FY2022. ASP for both fatty acids and glycerine were 37.7% and 54.9% higher respectively. Overall sales volume during the period under review rose 4.9% to 39,679 MT and production utilisation was higher at 81.0% from 77.5% previously.

The Oleochemical Manufacturing incurred LBT of RM9.4 million, as compared to PBT of RM11.1 million reported in the corresponding period of FY2022. Oleochemical Manufacturing LBT in the cumulative 6-month period of FY2023 included RM8.7 million inventories written down. Oleochemical Manufacturing LBT comprised core PBT of RM5.1 million, whilst non-core LBT was RM14.5 million. Non-core LBT was mainly derived from unrealised loss on CPO futures contracts, unrealised loss on forward foreign exchange contracts, as well realised and unrealised gains on foreign exchange.



## Milling & Cultivation

	Cumulative 6-months ended			
	30.09.2022	30.09.2021	Changes	Changes
	RM'000	RM'000	RM'000	%
<b>(A) Financial Highlights:</b>				
Revenue	212,795	242,351	(29,556)	-12.2%
Operation profit	46,800	39,425	7,375	18.7%
Profit before interest and tax	46,800	39,425	7,375	18.7%
Profit before tax	46,775	39,384	7,391	18.8%
<b>(B) Non-Financial Highlights:</b>				
FFB processed (MT)	280,496	306,089	(25,593)	-8.4%
FFB production (MT)	51,004	45,903	5,101	11.1%
CPO sales volume (MT)	50,554	64,969	(14,415)	-22.2%
PK sales volume (MT)	14,110	16,212	(2,102)	-13.0%
Average CPO selling price per MT (RM)	3,488	3,208	280	-8.7%
Average PK selling price per MT (RM)	2,393	1,937	456	23.5%

Revenue in the Milling & Cultivation decreased 12.2% to RM212.8 million from RM242.4 million recorded in the preceding corresponding period of FY2022. Sales volume for CPO declined 22.2% and PK sales volume was lower by 13.0%. ASP of CPO decreased 8.7%, whilst ASP of PK rose 23.5% during the 6-month period. Meanwhile, processed FFB declined 8.4% to 280,496 MT as compared to 306,089 MT in the corresponding period of FY2022.

Milling & Cultivation PBT rose 18.8% to RM46.8 million from RM39.4 million reported in the corresponding 6-month period of FY2022. This was mainly due to the lower cost of production during the 6-month period under review. This comprised core PBT of RM38.1 million and non-core PBT of RM8.7 million. The non-core PBT was mainly derived from sales proceeds from disposal of PK shells and sludge oil as well as interest income.





## Healthcare Services

	Cumulative 6-months ended			
	30.09.2022 RM'000	30.09.2021 RM'000	Changes RM'000	Changes %
<b>(A) Financial Data:</b>				
Revenue	55,540	48,122	7,418	15.4%
Operation profit	17,302	16,515	787	4.8%
Profit before interest and tax	17,302	16,515	787	4.8%
Profit before tax	17,241	16,435	806	4.9%
<b>(B) Statistics:</b>				
Bed Occupancy Rate (%)	58.6%	38.4%	20.2%	52.6%
Number of patients:				
a. Outpatient	42,642	42,446	196	0.5%
b. Inpatient	5,867	3,721	2,146	57.7%

Revenue in the Healthcare Services increased 15.4% to RM55.5 million from RM48.1 million achieved in the preceding corresponding 6-month period of FY2022. This was partly due to the increase in the number of registered inpatients, which rose 57.7% to 5,867.

Overall bed occupancy rose to 58.6%, from 38.4% previously.

Healthcare Services PBT rose 4.9% to RM17.2 million in the cumulative 6-month period. This comprised core PBT of RM16.1 million and non-core PBT of RM1.1 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			
	30.09.2022 RM'000	30.06.2022 RM'000	Changes RM'000	Changes %
Revenue	280,053	296,998	(16,945)	-5.7%
Operation profit	26,989	24,861	2,128	8.6%
Profit before interest and tax	27,007	24,953	2,054	8.2%
Profit before tax	26,634	24,669	1,965	8.0%
Profit after tax	19,489	19,774	(285)	-1.4%
Profit attributable to equity holders of the Company	11,160	14,849	(3,689)	-24.8%

Compared to the immediate preceding quarter, our Group revenue declined 5.7% to RM280.1 million from RM297.0 million. The decline was due to lower revenue contribution from Oleochemical Manufacturing as compared to the first quarter of FY2023.

Group PBT rose 8.0% to RM26.6 million from RM24.7 million achieved in the immediate preceding quarter. Our Milling & Cultivation and Healthcare Services achieved higher PBT, whilst our Oleochemical Manufacturing incurred LBT in the second quarter of FY2023.

## B3. Prospect of the Group

### Oleochemical Manufacturing

Prospects for our Oleochemical Manufacturing remains challenging as we operate in a highly competitive global environment. Higher cost pressures and volatility in commodity prices and currency movements are potential concerns. Reported earnings could also be impacted by adjustments in closing inventory values due to fluctuations in commodity prices within the financial period.

We will continue to automate our processes and rationalise costs to further improve on our productivity. Product customisation has also been effective as a value-add approach to cultivate and strengthen our relations with loyal customers.

### Milling & Cultivation

We remain cautious on the outlook for our Milling and Cultivation. CPO prices have continued to trend lower as palm stockpiles increase, driven by seasonal factors. Labour issues and higher fertiliser costs are added concerns that may impact Milling & Cultivation.



### Healthcare Services

Our Healthcare Services is returning to normal following the lifting of Covid-19 restrictions. Nonetheless there is still risk of critical outbreaks with the Covid-19 virus, and rising costs from inflationary pressures remain a concern.

Prospects in private healthcare continue to be underscored by rising health awareness and an expanding middle income population.

We aim to deliver the highest quality and advanced healthcare services; we are constantly upgrading our medical facilities and strengthening our pool of medical professionals in offering holistic care to our patients.

### Overall

The general outlook remains challenging amidst rising inflationary costs, rising global interest rates and concerns over a potential global recession. The risk of a renewed flare up of the COVID-19 pandemic could further stress the economy again.

These are sources of uncertainty that could weigh on our near-term prospects.

## **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	
	30.09.2022 RM'000	30.09.2021 RM'000	30.09.2022 RM'000	30.09.2021 RM'000
Estimated tax payable				
- Malaysian tax expense	4,755	2,350	6,860	4,415
- Overseas tax expense	6,875	4,606	10,013	9,399
	<u>11,630</u>	<u>6,956</u>	<u>16,873</u>	<u>13,814</u>
Deferred tax	(4,485)	72	(4,833)	303
<b>Total</b>	<b><u>7,145</u></b>	<b><u>7,028</u></b>	<b><u>12,040</u></b>	<b><u>14,117</u></b>

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 2022: -

	Unaudited		Audited	
	As at 30.09.2022 Foreign Currency IDR million	As at 30.09.2022 RM Equivalent RM'000	As at 31.03.2022 Foreign Currency IDR million	As at 31.03.2022 RM Equivalent RM'000
<b>Short term</b>				
<i>Unsecured</i>				
- Term loan	-	1,200	-	1,200
- Bankers' acceptance	-	40,000	-	18,500
<i>Secured</i>				
- Hire purchase payables denominated in IDR	881	268	879	258
<b>Long term</b>				
<i>Unsecured</i>				
- Term loan	-	1,500	-	2,100
<i>Secured</i>				
- Hire purchase payables denominated in IDR	144	44	599	175
Effective interest rate		2.95% to 14.00%		2.45% to 14.00%

## B8. Financial Instruments

As at 30 September 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 30.09.2022 RM'000
(i) Forward foreign exchange contracts			
- Less than 1 year	USD	77,150	82,104
(ii) Commodity future contracts			
<i>Buy</i>			
- Less than 1 year	RM	55,202	36,453
<i>Sell</i>			
- Less than 1 year	RM	42,922	34,041



#### 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**

<b>Types of Derivatives</b>	<b>Basis of Fair Value Measurement</b>	<b>Fair Value Net gains/(losses) 30.09.2022 RM'000</b>
(i) Forward foreign exchange contracts - Less than 1 year	The difference between the contracted rates and the Bank Negara closing rates	(4,954)
(ii) Commodity future contracts - Less than 1 year	The difference between the contracted prices and the market forward prices	(9,868)

The fair value gain/(loss) 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 gain/(loss) 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**

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

**B12. Earnings per Share**

	<b>Second Quarter ended</b>		<b>Cumulative 6-months ended</b>	
	<b>30.09.2022</b>	<b>30.09.2021</b>	<b>30.09.2022</b>	<b>30.09.2021</b>
Profit attributable to equity holders of the Company (in RM'000)	11,160	17,142	26,009	40,624
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	8.15	12.52	18.99	29.67

**B13. Profit for the Period**

	<b>Cumulative 6-months ended</b>	
	<b>30.09.2022</b>	<b>30.09.2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Profit for the period is arrived at after crediting /(debiting) the following income/(expenses):		
- Interest income	2,649	2,289
- Finance costs	(657)	(396)
- Depreciation of property, plant and equipment	(11,209)	(10,847)
- Depreciation of right-of-use assets	(738)	(737)
- (Impairment losses on)/Reversal of loss allowance for trade receivables	(313)	7
- Inventories written off	(4)	(17)
- Inventories written down	(8,693)	-
- Net fair value change in biological assets	(1,518)	102
- Gain/(Loss) on foreign exchange:		
Realised	2,764	1,528
Unrealised	2,661	(62)
- Changes in fair value of derivatives	(20,772)	2,607

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**

	<b>Unaudited As at 30.09.2022 RM'000</b>	<b>Audited As at 31.03.2022 RM'000</b>
Third parties	68,476	73,134
Related parties	1,059	1,092
Trade receivables	69,535	74,226
Less: Impairment losses	(1,258)	(945)
Trade receivables, net	<u>68,277</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 RM1,258,000 (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:-

	<b>Unaudited As at 30.09.2022 RM'000</b>	<b>Audited As at 31.03.2022 RM'000</b>
Neither past due nor impaired	49,176	52,691
Past due but not impaired:		
30 days and below	10,939	12,767
31 – 60 days	5,853	4,840
61 – 90 days	1,653	2,254
91 – 120 days	629	134
121 – 150 days	27	595
	19,101	20,590
Past due and impaired	1,258	945
Trade receivables	<u>69,535</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 second quarter of financial year ending 31 March 2023 was authorised for issuance by the Board of Directors of the Company on 24 November 2022.