

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

THIRD FINANCIAL QUARTER ENDED 31 DECEMBER
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
THIRD FINANCIAL QUARTER ENDED 31 DECEMBER 2022

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SOUTHERN ACIDS (M) BERHAD
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AND ITS SUBSIDIARY COMPANIES

FINANCIAL YEAR ENDING 31 MARCH 2023
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE THIRD FINANCIAL QUARTER ENDED 31 DECEMBER 2022

	Note	Third Quarter ended			Cumulative 9-months ended		
		31.12.2022 RM'000	31.12.2021 RM'000	Changes %	31.12.2022 RM'000	31.12.2021 RM'000	Changes %
Revenue	A8	275,856	307,158	-10.2%	852,907	811,829	5.1%
- Cost of sales		(249,437)	(261,408)	4.6%	(734,023)	(684,211)	-7.3%
Gross profit		26,419	45,750	-42.3%	118,884	127,618	-6.8%
- Administrative expenses		(3,414)	(16,903)	79.8%	(60,612)	(46,136)	-31.4%
- Other income		9,218	9,249	-0.3%	25,801	22,056	17.0%
Profit from operations		32,223	38,096	-15.4%	84,073	103,538	-18.8%
- Finance costs		(140)	(211)	33.6%	(797)	(607)	-31.3%
- Share of results of an associate company		6	17	-64.7%	116	120	-3.3%
Profit before tax	A8	32,089	37,902	-15.3%	83,392	103,051	-19.1%
- Income tax expense	B5	(8,399)	(5,589)	-50.3%	(20,439)	(19,706)	-3.7%
Profit for the period	B13	23,690	32,313	-26.7%	62,953	83,345	-24.5%
Attributable to:							
- Equity holders of the Company		16,793	27,150	-38.1%	42,802	67,774	-36.8%
- Non-controlling interests		6,897	5,163	33.6%	20,151	15,571	29.4%
		23,690	32,313	-26.7%	62,953	83,345	-24.5%
Earnings per share attributable to equity holders of the Company							
- Basic and diluted (sen)	B12	12.26	19.83	-38.2%	31.26	49.49	-36.8%



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CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME (cont'd)
FOR THE THIRD FINANCIAL QUARTER ENDED 31 DECEMBER 2022

	Note	Third Quarter ended			Cumulative 9-months ended		
		31.12.2022 RM'000	31.12.2021 RM'000	Changes %	31.12.2022 RM'000	31.12.2021 RM'000	Changes %
Profit for the period	B13	23,690	32,313	-26.7%	62,953	83,345	-24.5%
Other comprehensive income/(loss):							
Item that may be reclassified subsequently to profit or loss:							
- Foreign currency translation differences on foreign operation		(22,018)	(836)	<-100%	(12,124)	4,723	<-100%
Item that will not be reclassified subsequently to profit or loss:							
- Loss arising from fair value changes in other investments		3,342	(1,231)	>100%	409	(3,571)	>100%
Total comprehensive income for the period, net of tax		<u>5,014</u>	<u>30,246</u>	-83.4%	<u>51,238</u>	<u>84,497</u>	-39.4%
Attributable to:							
- Equity holders of the Company		6,266	25,380	-75.3%	35,570	67,179	-47.1%
- Non-controlling interests		(1,252)	4,866	<-100%	15,668	17,318	-9.5%
		<u>5,014</u>	<u>30,246</u>	-83.4%	<u>51,238</u>	<u>84,497</u>	-39.4%

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 31 DECEMBER 2022

	Note	Unaudited As at 31.12.2022 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	193,253	195,132
Right-of-use assets		1,661	2,768
Investment property		3,318	3,318
Investment in an associate company		2,418	2,302
Other investments		29,966	29,380
Deferred tax assets		2,828	2,600
Total Non-Current Assets		373,312	375,368
Current Assets			
Biological assets		1,950	3,655
Inventories		108,567	112,397
Derivative financial assets	B9	731	9,679
Trade receivables	B14	61,483	73,281
Other receivables, deposits and prepaid expenses		39,247	65,917
Amount owing by an associate company		862	715
Tax recoverable		6,803	5,184
Cash and cash equivalents		383,402	322,288
Total Current Assets		603,045	593,116
TOTAL ASSETS		976,357	968,484



SOUTHERN ACIDS (M) BERHAD
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FINANCIAL YEAR ENDING 31 MARCH 2023
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (cont'd)
AS AT 31 DECEMBER 2022

	Unaudited	Audited
	As at	As at
	31.12.2022	31.03.2022
	RM'000	RM'000
EQUITY AND LIABILITIES		
Capital and Reserves		
Share capital	171,255	171,255
Reserves	584,938	556,215
Equity attributable to equity holders of the Company	756,193	727,470
Non-controlling interests	110,649	95,880
Total Equity	866,842	823,350
Non-Current and Deferred Liabilities		
Loans and borrowings	B7 1,200	2,100
Hire purchase payables	B7 472	175
Lease liabilities	1,199	1,577
Provision for retirement benefits	16,519	16,416
Payables for KKPA program	624	1,411
Deferred tax liabilities	7,658	8,056
Total Non-Current and Deferred Liabilities	27,672	29,735
Current Liabilities		
Trade payables	24,412	32,832
Other payables and accrued expenses	44,928	39,285
Contract liabilities	987	4,138
Derivative financial liabilities	B9 339	3,730
Loans and borrowings	B7 1,200	19,700
Hire purchase payables	B7 89	258
Lease liabilities	759	1,544
Tax liabilities	9,008	13,791
Dividend payable	121	121
Total Current Liabilities	81,843	115,399
Total Liabilities	109,515	145,134
TOTAL EQUITY AND LIABILITIES	976,357	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.



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

The Group	<----- Attributable to equity holders of the Company ----->							Non- controlling interests RM'000	Total equity RM'000
	<----- Non-distributable ----->				<Distributable>		Total RM'000		
	Share capital RM'000	Foreign exchange reserve RM'000	Other reserve RM'000	Fair value reserve RM'000	Retained earnings RM'000				
As at 1 April 2021	171,255	(15,005)	(322)	5,468	476,266	637,662	71,687	709,349	
Profit for the period	-	-	-	-	67,774	67,774	15,571	83,345	
Other comprehensive income/(loss)	-	2,976	-	(3,571)	-	(595)	1,747	1,152	
Total comprehensive income/(loss) for the period	-	2,976	-	(3,571)	67,774	67,179	17,318	84,497	
Dividend paid	-	-	-	-	(6,847)	(6,847)	-	(6,847)	
Dividend declared to non-controlling interests of a subsidiary company	-	-	-	-	-	-	(1,745)	(1,745)	
As at 31 December 2021	171,255	(12,029)	(322)	1,897	537,193	697,994	87,260	785,254	



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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (cont'd)
FOR THE THIRD FINANCIAL QUARTER ENDED 31 DECEMBER 2022

	<----- Attributable to equity holders of the Company ----->						Non- controlling interests RM'000	Total equity RM'000
	<----- Non-distributable ----->			<Distributable>				
The Group	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		
As at 1 April 2022	171,255	(11,483)	(322)	3,613	564,407	727,470	95,880	823,350
Profit for the period	-	-	-	-	42,802	42,802	20,151	62,953
Other comprehensive income/(loss)	-	(7,641)	-	409	-	(7,232)	(4,483)	(11,715)
Total comprehensive income/(loss) for the period	-	(7,641)	-	409	42,802	35,570	15,668	51,238
Dividend paid	-	-	-	-	(6,847)	(6,847)	-	(6,847)
Dividend declared to non-controlling interests of a subsidiary company	-	-	-	-	-	-	(899)	(899)
As at 31 December 2022	171,255	(19,124)	(322)	4,022	600,362	756,193	110,649	866,842

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 THIRD FINANCIAL QUARTER ENDED 31 DECEMBER 2022

	Cumulative 9-months ended	
	31.12.2022	31.12.2021
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	83,392	103,051
Adjustments for:		
Depreciation of property, plant and equipment	16,976	16,415
Depreciation of right-of-use assets	1,109	1,106
Unrealised loss on foreign exchange	328	329
Provision for retirement benefits	856	1,500
Net fair value change in biological assets	1,658	(625)
Gain on disposal of property, plant and equipment	(41)	-
Impairment losses on trade receivables	907	286
Inventories written off	10	21
Inventories written down	5,445	-
Finance costs	797	607
Property, plant and equipment written off	6	33
Share of results of an associate company	(116)	(120)
Changes in fair value of derivatives	5,558	(6,126)
Dividend income	(1,755)	(944)
Interest income	(4,457)	(3,507)
Operating Profit Before Working Capital Changes	110,673	112,026
(Increase)/Decrease in:		
Inventories	(2,609)	(31,530)
Trade receivables	10,560	(15,671)
Other receivables, deposits and prepaid expenses	26,178	(18,653)
Amount owing by an associate company	(147)	455
Increase/(Decrease) in:		
Trade payables	(7,980)	(4,675)
Other payables and accrued expenses	6,377	1,423
Amount owing to an associate company	-	(70)
Contract liabilities	(3,198)	1,549
Cash Generated From Operations carried forward	139,854	44,854



SOUTHERN ACIDS (M) BERHAD
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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (cont'd)
FOR THE THIRD FINANCIAL QUARTER ENDED 31 DECEMBER 2022

	Cumulative 9-months ended	
	31.12.2022	31.12.2021
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES (cont'd)		
Cash Generated From Operations		
brought forward	139,854	44,854
Retirement benefits paid	(428)	(310)
Income tax refunded	773	760
Income tax paid	(28,278)	(12,479)
	<hr/>	<hr/>
Net Cash From Operating Activities	111,921	32,825
CASH FLOWS USED IN INVESTING ACTIVITIES		
Interest received	4,457	3,507
Dividends received	1,578	867
Proceeds from disposal of property, plant and equipment	69	47
Additions to other investments	-	(400)
Additions to property, plant and equipment	(18,259)	(14,676)
(Additions)/Amount recovered for KKPA program	(774)	140
	<hr/>	<hr/>
Net Cash Used In Investing Activities	(12,929)	(10,515)
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		
(Repayment)/Drawdown of loans and borrowings - net	(19,400)	19,100
Drawdown of hire purchase payables	364	88
Repayment of hire purchase payables	(211)	(201)
Repayment of lease liabilities	(1,165)	(1,099)
Dividend paid by:		
- Subsidiary companies to non-controlling interests	(899)	(1,745)
- The Company	(6,847)	(6,847)
Finance costs paid	(797)	(607)
	<hr/>	<hr/>
Net Cash (Used In)/From Financing Activities	(28,955)	8,689



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

	Cumulative 9-months ended	
	31.12.2022	31.12.2021
	RM'000	RM'000
NET INCREASE IN CASH AND CASH EQUIVALENTS	70,037	30,999
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	322,288	242,163
EFFECT OF TRANSLATION DIFFERENCES	(8,923)	2,665
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	383,402	275,827
Composition of Cash and Cash Equivalents:		
Cash and bank balances	219,357	158,734
Fixed deposits with licensed banks	45,653	41,428
Short-term placements	118,392	75,665
	383,402	275,827

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
THIRD FINANCIAL QUARTER ENDED 31 DECEMBER 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 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 ³
Amendments to MFRS 16	Lease Liability in a Sale and Leaseback ²
Amendments to MFRS 17	Initial Application of MFRS 17 and MFRS 9 – Comparative Information ¹
Amendments to MFRS 101	Disclosure of Accounting Policies ¹
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current ²
Amendments to MFRS 101	Non-current Liabilities with Covenants ²
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 for annual periods beginning on or after 1 January 2024, 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 & 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

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

	31.12.2022	31.12.2021
Final dividend		
For the financial year ended	31 March 2022	31 March 2021
Declared date	19 May 2022	25 May 2021
Approved date	30 August 2022	27 August 2021
Payment date	28 November 2022	24 September 2021
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 Manufacturing			Milling & Cultivation			Healthcare Services			Investment & Services			Consolidated		
	31.12.22 RM'000	31.12.21 RM'000	Changes %	31.12.22 RM'000	31.12.21 RM'000	Changes %	31.12.22 RM'000	31.12.21 RM'000	Changes %	31.12.22 RM'000	31.12.21 RM'000	Changes %	31.12.22 RM'000	31.12.21 RM'000	Changes %
Revenue															
Total revenue	99,401	135,972	-26.9%	142,980	141,651	0.9%	27,639	24,459	13.0%	8,502	7,604	11.8%	278,522	309,686	-10.1%
Less:															
Inter-segment sales	-	-	-	-	-	-	-	-	-	(2,666)	(2,528)	-5.5%	(2,666)	(2,528)	-5.5%
External revenue	99,401	135,972	-26.9%	142,980	141,651	0.9%	27,639	24,459	13.0%	5,836	5,076	15.0%	275,856	307,158	-10.2%
Results															
Segment results	1,070	14,258	-92.5%	24,764	19,469	27.2%	8,125	6,268	29.6%	(1,736)	(1,899)	8.6%	32,223	38,096	-15.4%
Finance costs	(72)	(134)	46.3%	(17)	(16)	-6.3%	(30)	(35)	14.3%	(21)	(26)	19.2%	(140)	(211)	33.6%
Share of results of an associate company	-	-	-	-	-	-	-	-	-	6	17	-64.7%	6	17	-64.7%
Profit/(Loss) before tax	998	14,124	-92.9%	24,747	19,453	27.2%	8,095	6,233	29.9%	(1,751)	(1,908)	-8.2%	32,089	37,902	-15.3%



A8. Segmental Information

(b) Results for the Year-to-date

	Oleochemical Manufacturing			Milling & Cultivation			Healthcare Services			Investment & Services			Consolidated		
	31.12.22 RM'000	31.12.21 RM'000	Changes %	31.12.22 RM'000	31.12.21 RM'000	Changes %	31.12.22 RM'000	31.12.21 RM'000	Changes %	31.12.22 RM'000	31.12.21 RM'000	Changes %	31.12.22 RM'000	31.12.21 RM'000	Changes %
Revenue															
Total revenue	399,122	341,362	16.9%	355,775	384,002	-7.4%	83,179	72,581	14.6%	21,482	19,997	7.4%	859,558	817,942	5.1%
Less:															
Inter-segment sales	-	-	-	-	-	-	-	-	-	(6,651)	(6,113)	-8.8%	(6,651)	(6,113)	-8.8%
External revenue	399,122	341,362	16.9%	355,775	384,002	-7.4%	83,179	72,581	14.6%	14,831	13,884	6.8%	852,907	811,829	5.1%
Results															
Segment results	(7,843)	25,595	<-100%	71,564	58,894	21.5%	25,427	22,783	11.6%	(5,075)	(3,734)	-35.9%	84,073	103,538	-18.8%
Finance costs	(599)	(356)	-68.3%	(42)	(57)	26.3%	(91)	(115)	20.9%	(65)	(79)	17.7%	(797)	(607)	-31.3%
Share of results of an associate company	-	-	-	-	-	-	-	-	-	116	120	-3.3%	116	120	-3.3%
Profit/(Loss) before tax	(8,442)	25,239	<-100%	71,522	58,837	21.6%	25,336	22,668	11.8%	(5,024)	(3,693)	-36.0%	83,392	103,051	-19.1%
Assets															
Segment assets	203,579	250,358	-18.7%	516,198	440,909	17.1%	133,224	95,571	39.4%	123,356	115,526	6.8%	976,357	902,364	8.2%
Liabilities															
Segment liabilities	25,463	51,198	50.3%	45,803	34,909	-31.2%	27,587	21,336	-29.3%	10,662	9,667	-10.3%	109,515	117,110	6.5%
Exchange Rate	Financial Position – Closing Rate			Profit or Loss – Average Rate											
	31.12.22	31.12.21	Changes	31.12.22	31.12.21	Changes									
USD : RM	4.3900	4.165	5.4%	4.4697	4.1708	7.2%									
IDR : RM	0.0002820	0.0002920	-3.4%	0.0002976	0.0002908	2.3%									
HKD : RM	0.5630	0.5342	5.4%	0.5702	0.5362	6.3%									

**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 31 December 2022 amounted to RM16.1 million.

A14. Related Party Transactions

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

	Cumulative 9-months ended	
	31.12.2022	31.12.2021
	RM'000	RM'000
Sale of goods	-	33
Administrative charges received/receivable	7,003	6,232
Advisory fee paid/payable	(225)	(180)
Lease rental paid/payable	(791)	(813)
Plantation advisory fee paid/payable	(72)	(72)
Purchase of goods	(15,839)	(16,152)



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	Third Quarter ended			
	31.12.2022 RM'000	31.12.2021 RM'000	Changes RM'000	Changes %
Revenue	275,856	307,158	(31,302)	-10.2%
Operation profit	32,223	38,096	(5,873)	-15.4%
Profit before interest and tax	32,229	38,113	(5,884)	-15.4%
Profit before tax	32,089	37,902	(5,813)	-15.3%
Profit after tax	23,690	32,313	(8,623)	-26.7%
Profit attributable to equity holders of the Company	16,793	27,150	(10,357)	-38.1%

In the third quarter of our financial year ending 31 March 2023 (“FY2023”), Group revenue decreased 10.2% to RM275.9 million from RM307.2 million reported in the preceding third quarter of FY2022. This was mainly due to lower revenue contribution from Oleochemical Manufacturing.

Group profit before tax (“PBT”) fell 15.3% to RM32.1 million from RM37.9 million reported in the third quarter of FY2022. The decline was mainly due to lower PBT contribution from Oleochemical Manufacturing. This was cushioned by higher PBT achieved in both Milling & Cultivation and Healthcare Services respectively.



Oleochemical Manufacturing

	Third Quarter ended			
	31.12.2022	31.12.2021	Changes	Changes
	RM'000	RM'000	RM'000	%
(A) Financial Highlights:				
Revenue	99,401	135,972	(36,571)	-26.9%
Operation profit	1,070	14,258	(13,188)	-92.5%
Profit before interest and tax	1,070	14,258	(13,188)	-92.5%
Profit before tax	998	14,124	(13,126)	-92.9%
(B) Non-Financial Highlights:				
Production capacity (MT)	24,000	25,000	(1,000)	-4.0%
Production utilisation (%)	67.5%	86.7%	-19.2%	-22.1%
Quantity sold (MT)	16,446	22,126	(5,680)	-25.7%
Gross(loss)/profit margin (%)	-12.7%	8.4%	-21.1%	<-100%

Revenue in Oleochemical Manufacturing decreased 26.9% to RM99.4 million from RM136.0 million reported in the preceding third quarter of FY2022. Average Selling Price (“ASP”) for fatty acids increased marginally by 0.5% whilst ASP for glycerine declined 23.1%. Sales volume was 25.7% lower at 16,446 metric tonnes (“MT”). Production capacity utilisation fell to 67.5% from 86.7% achieved in the third quarter of FY2022, in line with the decline in sales volume.

Oleochemical Manufacturing delivered PBT of RM1.0 million, compared to PBT of RM14.1 million reported in the third quarter of FY2022. Oleochemical Manufacturing PBT comprised core loss before tax (“LBT”) of RM14.2 million and non-core PBT of RM15.2 million. Non-core PBT was mainly derived from unrealised gain on CPO futures contracts and unrealised gain on forward foreign exchange contracts.



Milling & Cultivation

	Third Quarter ended			
	31.12.2022	31.12.2021	Changes	Changes
	RM'000	RM'000	RM'000	%
(A) Financial Highlights:				
Revenue	142,980	141,651	1,329	0.9%
Operation profit	24,764	19,469	5,295	27.2%
Profit before interest and tax	24,764	19,469	5,295	27.2%
Profit before tax	24,747	19,453	5,294	27.2%
(B) Non-Financial Highlights:				
FFB processed (MT)	165,841	149,248	16,593	11.1%
FFB production (MT)	23,650	20,996	2,654	12.6%
CPO sales volume (MT)	37,458	29,168	8,290	28.4%
PK sales volume (MT)	8,790	7,761	1,029	13.3%
Average CPO selling price per MT (RM)	3,402	4,044	(642)	-15.9%
Average PK selling price per MT (RM)	1,653	2,875	(1,222)	-42.5%

Revenue in Milling & Cultivation increased marginally by 0.9% to RM143.0 million from RM141.7 million reported in the preceding third quarter of FY2022. ASP for Crude Palm Oil (“CPO”) decreased 15.9%, whilst ASP for Palm Kernel (“PK”) fell 42.5%, compared to the third quarter of FY2022.

Sales volume for CPO rose 28.4% to 37,458 MT whilst sales volume for PK increased 13.3% to 8,790 MT. In line with the higher sales volume, processed Fresh Fruit Bunches (“FFB”) increased 11.1% to 165,841 MT whilst FFB production also picked up 12.6% to 23,650 MT during this third quarter under review.

Milling & Cultivation PBT rose 27.2% to RM24.7 million from RM19.5 million achieved in the third quarter of FY2022. This comprised core PBT of RM16.8 million and non-core PBT of RM7.9 million. The non-core PBT was mainly derived from sales proceeds from the disposal of PK shells, as well as from interest income.



Healthcare Services

	Third Quarter ended			
	31.12.2022 RM'000	31.12.2021 RM'000	Changes RM'000	Changes %
(A) Financial Data:				
Revenue	27,639	24,459	3,180	13.0%
Operation profit	8,125	6,268	1,857	29.6%
Profit before interest and tax	8,125	6,268	1,857	29.6%
Profit before tax	8,095	6,233	1,862	29.9%
(B) Statistics:				
Bed Occupancy Rate (%)	52.8%	40.0%	12.8%	32.0%
Number of patients:				
a. Outpatient	20,081	21,782	(1,701)	-7.8%
b. Inpatient	2,727	2,111	616	29.2%

Revenue in our Healthcare Services rose 13.0% to RM27.6 million, compared to RM24.5 million recorded in the preceding third quarter of FY2022. This was partly due to the increase in the number of registered inpatients, which rose 29.2% to 2,727.

Overall bed occupancy was higher at 52.8% from 40.0% previously.

Healthcare Services PBT increased 29.9% to RM8.1 million as compared to RM6.2 million achieved in third quarter of FY2022. This comprised core PBT of RM7.4 million and non-core PBT of RM0.7 million. The non-core PBT was mainly derived from interest income and rental income.



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

The Group	Cumulative 9-months ended			
	31.12.2022 RM'000	31.12.2021 RM'000	Changes RM'000	Changes %
Revenue	852,907	811,829	41,078	5.1%
Operation profit	84,073	103,538	(19,465)	-18.8%
Profit before interest and tax	84,189	103,658	(19,469)	-18.8%
Profit before tax	83,392	103,051	(19,659)	-19.1%
Profit after tax	62,953	83,345	(20,392)	-24.5%
Profit attributable to equity holders of the Company	42,802	67,774	(24,972)	-36.8%

In the cumulative 9-month period of FY2023, Group revenue increased 5.1% to RM852.9 million from RM811.8 million achieved in the preceding 9 months of FY2022. Revenue growth was attributable to higher revenue contribution from Oleochemical Manufacturing and Healthcare Services respectively.

Group PBT declined 19.1% to RM83.4 million from RM103.1 million reported in the 9 months of FY2022. Lower Group PBT was mainly due to LBT incurred in Oleochemical Manufacturing. This was cushioned by higher PBT achieved in Milling and Cultivation and Healthcare Services respectively.



Oleochemical Manufacturing

	Cumulative 9-months ended			
	31.12.2022	31.12.2021	Changes	Changes
	RM'000	RM'000	RM'000	%
(A) Financial Highlights:				
Revenue	399,122	341,362	57,760	16.9%
Operation (loss)/profit	(7,843)	25,595	(33,438)	<-100%
(Loss)/Profit before interest and tax	(7,843)	25,595	(33,438)	<-100%
(Loss)/Profit before tax	(8,442)	25,239	33,681	<-100%
(B) Non-Financial Highlights:				
Production capacity (MT)	72,000	75,000	(3,000)	-4.0%
Production utilisation (%)	76.5%	80.5%	-4.0%	-5.0%
Quantity sold (MT)	56,125	59,960	(3,835)	-6.4%
Gross (loss)/profit margin (%)	-1.0%	6.1%	-7.1%	<-100%

Oleochemical Manufacturing revenue rose 16.9% to RM399.1 million from RM341.4 million reported in the preceding 9 months of FY2022. ASPs for fatty acids and glycerine were 24.8% and 26.1% higher respectively. Overall sales volume declined 6.4% to 56,125 MT whilst production utilisation dropped to 76.5% from 80.5% achieved in the 9 months of FY2022.

Oleochemical Manufacturing incurred LBT of RM8.4 million, as compared to PBT of RM25.2 million achieved in the 9 months of FY2022. Oleochemical Manufacturing LBT included a RM5.4 million inventories write down. Oleochemical Manufacturing LBT comprised core LBT of RM9.0 million, and non-core PBT of RM0.6 million. Non-core PBT was mainly derived from realised gains on foreign exchange.



Milling & Cultivation

	Cumulative 9-months ended			
	31.12.2022	31.12.2021	Changes	Changes
	RM'000	RM'000	RM'000	%
(A) Financial Highlights:				
Revenue	355,775	384,002	(28,227)	-7.4%
Operation profit	71,564	58,894	12,670	21.5%
Profit before interest and tax	71,564	58,894	12,670	21.5%
Profit before tax	71,522	58,837	12,685	21.6%
(B) Non-Financial Highlights:				
FFB processed (MT)	446,337	455,337	(9,000)	-2.0%
FFB production (MT)	74,654	66,899	7,755	11.6%
CPO sales volume (MT)	88,012	94,137	(6,125)	-6.5%
PK sales volume (MT)	22,900	23,973	(1,073)	-4.5%
Average CPO selling price per MT (RM)	3,451	3,467	(16)	-0.5%
Average PK selling price per MT (RM)	2,109	2,241	(132)	-5.9%

Revenue in Milling & Cultivation declined 7.4% to RM355.8 million from RM384.0 million achieved in the preceding 9 months of FY2022. ASP of CPO was largely unchanged at RM3,451 per MT, whilst ASP of PK dropped 5.9% to RM2,109 per MT. Sales volume for CPO and PK declined 6.5% and 4.5% respectively. Processed FFB declined 2.0% to 446,337 MT as compared to 455,337 MT in the 9 months of FY2022.

Milling & Cultivation PBT rose 21.6% to RM71.5 million from RM58.8 million achieved in the 9 months of FY2022. This was mainly due to the lower cost of production during this 9 months under review. This comprised core PBT of RM54.9 million and non-core PBT of RM16.6 million. The non-core PBT was mainly derived from sales proceeds from disposal of PK shells, as well as gains from sales of scraps and interest income.



Healthcare Services

	Cumulative 9-months ended			
	31.12.2022 RM'000	31.12.2021 RM'000	Changes RM'000	Changes %
(A) Financial Data:				
Revenue	83,179	72,581	10,598	14.6%
Operation profit	25,427	22,783	2,644	11.6%
Profit before interest and tax	25,427	22,783	2,644	11.6%
Profit before tax	25,336	22,668	2,668	11.8%
(B) Statistics:				
Bed Occupancy Rate (%)	56.6%	38.9%	17.7%	45.5%
Number of patients:				
a. Outpatient	62,723	64,228	(1,505)	-2.3%
b. Inpatient	8,594	5,832	2,762	47.4%

Revenue in the Healthcare Services increased 14.6% to RM83.2 million from RM72.6 million achieved in the preceding 9 months of FY2022. This was partly due to the increase in the number of registered inpatients, which rose 47.4% to 8,594.

Overall bed occupancy rose to 56.6%, from 38.9% previously.

Healthcare Services PBT rose 11.8% to RM25.3 million in the 9 months of FY2023. This comprised core PBT of RM23.4 million and non-core PBT of RM1.9 million. The non-core PBT was mainly derived from interest income and rental income.



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

The Group	Individual Quarter ended			
	31.12.2022 RM'000	30.09.2022 RM'000	Changes RM'000	Changes %
Revenue	275,856	280,053	(4,197)	-1.5%
Operation profit	32,223	26,989	5,234	19.4%
Profit before interest and tax	32,229	27,007	5,222	19.3%
Profit before tax	32,089	26,634	5,455	20.5%
Profit after tax	23,690	19,489	4,201	21.6%
Profit attributable to equity holders of the Company	16,793	11,160	5,633	50.5%

In the current quarter under review, Group revenue declined to RM275.9 million from RM280.1 million achieved in the immediate preceding second quarter of FY2023. This was largely due to lower revenue contribution from Oleochemical Manufacturing and Healthcare Services respectively.

Group PBT rose 20.5% to RM32.1 million from RM26.6 million achieved in the second quarter of FY2023. This was mainly attributable to the recovery in PBT in Oleochemical Manufacturing from LBT reported in the second quarter of FY2023. PBT in Milling and Cultivation and Healthcare Services were lower respectively.

B3. Prospect of the Group

Oleochemical Manufacturing

Prospects for our Oleochemical Manufacturing segment 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 rationalize costs to further improve on our productivity. Product customization 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 Milling and Cultivation. CPO prices are projected to trend lower from its highs in 2022, driven by seasonal factors and easing labour issues. Higher operating costs and risk of a global economic slowdown are potential concerns that may impact this business division.



Healthcare Services

Our Healthcare Services is running normal with COVID-19 standard operating procedures in place. Nonetheless there is still risk of critical virus outbreaks, 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 a higher interest rates environment, rising inflationary costs and concerns over a potential global recession. We will continue cautious and diligent in our business strategies to weather through current uncertainties that may impact our prospects.

B4. Profit Forecast

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

B5. Income Tax Expense

	Third Quarter ended		Cumulative 9-months ended	
	31.12.2022 RM'000	31.12.2021 RM'000	31.12.2022 RM'000	31.12.2021 RM'000
Estimated tax payable				
- Malaysian tax expense	(1,425)	720	5,435	5,758
- Overseas tax expense	5,733	4,801	15,746	13,577
	4,308	5,521	21,181	19,335
Deferred tax	4,091	68	(742)	371
Total	8,399	5,589	20,439	19,706

The Group's effective tax rates for the financial period is higher than the statutory tax rate mainly due to certain expenses which are not allowable and deferred tax assets not recognised on losses in 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 31 December 2022: -

	Unaudited		Audited	
	As at 31.12.2022 Foreign Currency IDR million	As at 31.12.2022 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	-	-	-	18,500
<i>Secured</i>				
- Hire purchase payables denominated in IDR	316	89	879	258
Long term				
<i>Unsecured</i>				
- Term loan	-	1,200	-	2,100
<i>Secured</i>				
- Hire purchase payables denominated in IDR	1,672	472	599	175
Effective interest rate		3.70% to 13.11%		2.45% to 14.00%



B8. Financial Instruments

As at 31 December 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 31.12.2022 RM'000
(i) Forward foreign exchange contracts - Less than 1 year	USD	49,767	49,611
(ii) Commodity future contracts <i>Buy</i> - Less than 1 year	RM	13,073	13,648
<i>Sell</i> - Less than 1 year	RM	10,084	10,423

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) 31.12.2022 RM'000
(i) Forward foreign exchange contracts - Less than 1 year	The difference between the contracted rates and the Bank Negara closing rates	156
(ii) Commodity future contracts - Less than 1 year	The difference between the contracted prices and the market forward prices	236

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**

	Third Quarter ended		Cumulative 9-months ended	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
Profit attributable to equity holders of the Company (in RM'000)	16,793	27,150	42,802	67,774
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	12.26	19.83	31.26	49.49

B13. Profit for the Period

	Cumulative 9-months ended	
	31.12.2022 RM'000	31.12.2021 RM'000
Profit for the period is arrived at after crediting /(debiting) the following income/(expenses):		
- Interest income	4,457	3,507
- Finance costs	(797)	(607)
- Depreciation of property, plant and equipment	(16,976)	(16,415)
- Depreciation of right-of-use assets	(1,109)	(1,106)
- Impairment losses on trade receivables	(907)	(286)
- Inventories written off	(10)	(21)
- Inventories written down	(5,445)	-
- Net fair value change in biological assets	(1,658)	625
- Gain/(Loss) on foreign exchange:		
Realised	5,348	2,121
Unrealised	(328)	(329)
- Changes in fair value of derivatives	(5,558)	6,126

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

**B14. Trade Receivables**

	Unaudited As at 31.12.2022 RM'000	Audited As at 31.03.2022 RM'000
Third parties	61,795	73,134
Related parties	1,540	1,092
Trade receivables	63,335	74,226
Less: Impairment losses	(1,852)	(945)
Trade receivables, net	<u>61,483</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 RM1,852,000 (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 31.12.2022 RM'000	Audited As at 31.03.2022 RM'000
Neither past due nor impaired	43,397	52,691
Past due but not impaired:		
30 days and below	8,878	12,767
31 – 60 days	6,019	4,840
61 – 90 days	1,305	2,254
91 – 120 days	1,408	134
121 – 150 days	476	595
	18,086	20,590
Past due and impaired	1,852	945
Trade receivables	<u>63,335</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 third quarter of financial year ending 31 March 2023 was authorised for issuance by the Board of Directors of the Company on 24 February 2023.