

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 ENDED 31 MARCH 2023

FOURTH FINANCIAL QUARTER ENDED 31 MARCH 2023
(Figures are not audited unless otherwise specified)
(In Ringgit Malaysia)



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

FINANCIAL YEAR ENDED 31 MARCH 2023
INTERIM FINANCIAL REPORT
FOURTH FINANCIAL QUARTER ENDED 31 MARCH 2023

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

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

	Note	Fourth Quarter ended			Cumulative 12-months ended		
		31.03.2023 RM'000	31.03.2022 RM'000	Changes %	31.03.2023 RM'000	31.03.2022 RM'000	Changes %
Revenue	A8	246,968	364,420	-32.2%	1,099,875	1,176,249	-6.5%
- Cost of sales		(240,357)	(303,411)	20.8%	(974,380)	(987,622)	1.3%
Gross profit		6,611	61,009	-89.2%	125,495	188,627	-33.5%
- Administrative expenses		(21,865)	(21,381)	-2.3%	(82,477)	(67,517)	-22.2%
- Other income		6,889	7,448	-7.5%	32,690	29,504	10.8%
(Loss)/Profit from operations		(8,365)	47,076	<-100%	75,708	150,614	-49.7%
- Finance costs		(132)	(195)	32.3%	(929)	(802)	-15.8%
- Share of results of an associate company		19	(77)	>100%	135	43	>100%
(Loss)/Profit before tax	A8	(8,478)	46,804	<-100%	74,914	149,855	-50.0%
- Income tax expense	B5	(468)	(12,029)	96.1%	(20,907)	(31,735)	34.1%
(Loss)/Profit for the period/year	B13	(8,946)	34,775	<-100%	54,007	118,120	-54.3%
Attributable to:							
- Equity holders of the Company		(9,490)	26,646	<-100%	33,312	94,420	-64.7%
- Non-controlling interests		544	8,129	-93.3%	20,695	23,700	-12.7%
		(8,946)	34,775	<-100%	54,007	118,120	-54.3%
(Loss)/Earnings per share attributable to equity holders of the Company							
- Basic and diluted (sen)	B12	(6.93)	19.46	<-100%	24.33	68.95	-64.7%



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CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME (cont'd)
FOR THE FOURTH FINANCIAL QUARTER ENDED 31 MARCH 2023

	Note	Fourth Quarter ended			Cumulative 12-months ended		
		31.03.2023 RM'000	31.03.2022 RM'000	Changes %	31.03.2023 RM'000	31.03.2022 RM'000	Changes %
(Loss)/Profit for the period/year	B13	(8,946)	34,775	<-100%	54,007	118,120	-54.3%
Other comprehensive income/(loss):							
Item that may be reclassified subsequently to profit or loss:							
- Foreign currency translation differences on foreign operation		13,765	869	>100%	1,640	5,592	-70.7%
Item that will not be reclassified subsequently to profit or loss:							
- (Loss)/Gain arising from fair value changes in other investments		(910)	1,716	<-100%	(501)	(1,855)	73.0%
- Remeasurement of defined benefit obligations, net of tax		765	738	3.7%	765	738	3.7%
Total comprehensive income for the period/year, net of tax		<u>4,674</u>	<u>38,098</u>	-87.7%	<u>55,911</u>	<u>122,595</u>	-54.4%
Attributable to:							
- Equity holders of the Company		(1,245)	29,476	<-100%	34,324	96,655	-64.5%
- Non-controlling interests		5,919	8,622	-31.4%	21,587	25,940	-16.8%
		<u>4,674</u>	<u>38,098</u>	-87.7%	<u>55,911</u>	<u>122,595</u>	-54.4%

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 ENDED 31 MARCH 2023
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2023

	Note	Unaudited As at 31.03.2023 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	199,273	195,132
Right-of-use assets		3,843	2,768
Investment property		3,318	3,318
Investment in an associate company		2,437	2,302
Other investments		29,487	29,380
Deferred tax assets		2,771	2,600
Total Non-Current Assets		380,997	375,368
Current Assets			
Biological assets		1,953	3,655
Inventories		89,258	112,397
Derivative financial assets	B9	195	9,679
Trade receivables	B14	56,400	73,281
Other receivables, deposits and prepaid expenses		50,599	65,917
Amount owing by an associate company		924	715
Tax recoverable		6,860	5,184
Cash and cash equivalents		385,581	322,288
Total Current Assets		591,770	593,116
TOTAL ASSETS		972,767	968,484



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FINANCIAL YEAR ENDED 31 MARCH 2023
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (cont'd)
AS AT 31 MARCH 2023

	Unaudited	Audited
	As at	As at
	31.03.2023	31.03.2022
	RM'000	RM'000
EQUITY AND LIABILITIES		
Capital and Reserves		
Share capital	171,255	171,255
Reserves	583,692	556,215
Equity attributable to equity holders of the Company	754,947	727,470
Non-controlling interests	115,695	95,880
Total Equity	870,642	823,350
Non-Current and Deferred Liabilities		
Loans and borrowings	B7 900	2,100
Hire purchase payables	B7 436	175
Lease liabilities	2,807	1,577
Provision for retirement benefits	15,880	16,416
Payables for KKPA program	218	1,411
Deferred tax liabilities	5,957	8,056
Total Non-Current and Deferred Liabilities	26,198	29,735
Current Liabilities		
Trade payables	22,604	32,832
Other payables and accrued expenses	38,078	39,406
Contract liabilities	7,451	4,138
Derivative financial liabilities	B9 423	3,730
Loans and borrowings	B7 1,200	19,700
Hire purchase payables	B7 400	258
Lease liabilities	1,297	1,544
Tax liabilities	4,474	13,791
Total Current Liabilities	75,927	115,399
Total Liabilities	102,125	145,134
TOTAL EQUITY AND LIABILITIES	972,767	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 ENDED 31 MARCH 2023
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FOURTH FINANCIAL QUARTER ENDED 31 MARCH 2023

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 year	-	-	-	-	94,420	94,420	23,700	118,120	
Other comprehensive income/(loss)	-	3,522	-	(1,855)	568	2,235	2,240	4,475	
Total comprehensive income/(loss) for the year	-	3,522	-	(1,855)	94,988	96,655	25,940	122,595	
Dividend paid	-	-	-	-	(6,847)	(6,847)	-	(6,847)	
Dividend paid to non-controlling interests of a subsidiary company	-	-	-	-	-	-	(1,747)	(1,747)	
As at 31 March 2022	171,255	(11,483)	(322)	3,613	564,407	727,470	95,880	823,350	



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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (cont'd)
FOR THE FOURTH FINANCIAL QUARTER ENDED 31 MARCH 2023

	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 year	-	-	-	-	33,312	33,312	20,695	54,007
Other comprehensive income/(loss)	-	1,031	-	(501)	482	1,012	892	1,904
Total comprehensive income/(loss) for the year	-	1,031	-	(501)	33,794	34,324	21,587	55,911
Dividend paid	-	-	-	-	(6,847)	(6,847)	-	(6,847)
Dividend paid to non-controlling interests of a subsidiary company	-	-	-	-	-	-	(1,772)	(1,772)
As at 31 March 2023	171,255	(10,452)	(322)	3,112	591,354	754,947	115,695	870,642

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 ENDED 31 MARCH 2023
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FOURTH FINANCIAL QUARTER ENDED 31 MARCH 2023

	Cumulative 12-months ended	
	31.03.2023	31.03.2022
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	74,914	149,855
Adjustments for:		
Depreciation of property, plant and equipment	22,863	22,090
Depreciation of right-of-use assets	1,459	1,475
Unrealised gain on foreign exchange	(136)	(44)
Provision for retirement benefits	1,751	2,310
Net fair value change in biological assets	1,728	(1,622)
Gain on disposal of property, plant and equipment	(50)	(14)
Impairment losses on trade receivables	432	354
Reversal of impairment losses on trade receivables	(13)	-
Inventories written off	15	23
Inventories written down	5,017	-
Finance costs	929	802
Property, plant and equipment written off	6	108
Share of results of an associate company	(135)	(43)
Waiver of specialist fee	(23)	(6)
Changes in fair value of derivatives	6,177	(6,095)
Dividend income	(5,140)	(1,059)
Interest income	(6,864)	(4,633)
Operating Profit Before Working Capital Changes	102,930	163,501
(Increase)/Decrease in:		
Inventories	18,194	(29,629)
Trade receivables	16,594	(22,528)
Other receivables, deposits and prepaid expenses	18,967	(19,788)
Amount owing by an associate company	(209)	104
Increase/(Decrease) in:		
Trade payables	(10,345)	(585)
Other payables and accrued expenses	(1,409)	8,284
Amount owing to an associate company	-	(361)
Contract liabilities	3,297	1,977
Cash Generated From Operations carried forward	148,019	100,975



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

	Cumulative 12-months ended	
	31.03.2023	31.03.2022
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES (cont'd)		
Cash Generated From Operations brought forward		
	148,019	100,975
Retirement benefits paid	(1,348)	(748)
Income tax refunded	767	774
Income tax paid	(38,545)	(15,832)
Net Cash From Operating Activities	108,893	85,169
CASH FLOWS USED IN INVESTING ACTIVITIES		
Interest income received	6,864	4,633
Dividends received	4,963	981
Proceeds from disposal of property, plant and equipment	94	49
Additions to other investments	(430)	(400)
Additions to property, plant and equipment	(25,795)	(20,421)
(Additions)/Amount recovered for KKPA program	(1,205)	600
Net Cash Used In Investing Activities	(15,509)	(14,558)
CASH FLOWS (USED IN)/FROM FINANCING ACTIVITIES		
(Repayment)/Drawdown of loans and borrowings - net	(19,700)	17,300
Repayment of hire purchase payables	(324)	(264)
Repayment of lease liabilities	(1,551)	(1,473)
Dividend paid by:		
- Subsidiary companies to non-controlling interests	(1,772)	(1,747)
- The Company	(6,847)	(6,847)
Finance costs paid	(929)	(802)
Net Cash (Used In)/From Financing Activities	(31,123)	6,167



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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (cont'd)
FOR THE FOURTH FINANCIAL QUARTER ENDED 31 MARCH 2023

	Cumulative 12-months ended	
	31.03.2023	31.03.2022
	RM'000	RM'000
NET INCREASE IN CASH AND CASH EQUIVALENTS	62,261	76,778
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	322,288	242,163
EFFECT OF TRANSLATION DIFFERENCES	1,032	3,347
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	385,581	322,288
Composition of Cash and Cash Equivalents:		
Cash and bank balances	206,363	190,379
Fixed deposits with licensed banks	50,704	47,430
Short-term placements	128,514	84,479
	385,581	322,288

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 ENDED 31 MARCH 2023
FOURTH FINANCIAL QUARTER ENDED 31 MARCH 2023
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 year under review.

A5. Material Changes in Estimates

There were no material changes in the estimates of amounts reported during the financial year 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 year under review.

A7. Dividends Paid

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

	31.03.2023	31.03.2022
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		
	31.03.23 RM'000	31.03.22 RM'000	Changes %	31.03.23 RM'000	31.03.22 RM'000	Changes %	31.03.23 RM'000	31.03.22 RM'000	Changes %	31.03.23 RM'000	31.03.22 RM'000	Changes %	31.03.23 RM'000	31.03.22 RM'000	Changes %
Revenue															
Total revenue	79,874	152,972	-47.8%	129,021	184,482	-30.1%	29,548	23,417	26.2%	11,075	5,688	94.7%	249,518	366,559	-31.9%
Less:															
Inter-segment sales	-	-	-	-	-	-	-	-	-	(2,550)	(2,139)	-19.2%	(2,550)	(2,139)	-19.2%
External revenue	79,874	152,972	-47.8%	129,021	184,482	-30.1%	29,548	23,417	26.2%	8,525	3,549	>100%	246,968	364,420	-32.2%
Results															
Segment results	(18,641)	18,645	<-100%	3,050	27,834	-89.0%	6,116	3,834	59.5%	1,110	(3,237)	>100%	(8,365)	47,076	<-100%
Finance costs	(66)	(121)	45.5%	(15)	(17)	11.8%	(32)	(33)	3.0%	(19)	(24)	20.8%	(132)	(195)	32.3%
Share of results of an associate company	-	-	-	-	-	-	-	-	-	19	(77)	>100%	19	(77)	>100%
(Loss)/Profit before tax	(18,707)	18,524	<-100%	3,035	27,817	-89.1%	6,084	3,801	60.1%	1,110	(3,338)	>100%	(8,478)	46,804	<-100%



A8. Segmental Information

(b) Results for the Year-to-date

	Oleochemical Manufacturing			Milling & Cultivation			Healthcare Services			Investment & Services			Consolidated		
	31.03.23 RM'000	31.03.22 RM'000	Changes %	31.03.23 RM'000	31.03.22 RM'000	Changes %	31.03.23 RM'000	31.03.22 RM'000	Changes %	31.03.23 RM'000	31.03.22 RM'000	Changes %	31.03.23 RM'000	31.03.22 RM'000	Changes %
Revenue															
Total revenue	478,996	494,334	-3.1%	484,796	568,484	-14.7%	112,727	95,998	17.4%	32,557	25,685	26.8%	1,109,076	1,184,501	-6.4%
Less: Inter-segment sales	-	-	-	-	-	-	-	-	-	(9,201)	(8,252)	-11.5%	(9,201)	(8,252)	-11.5%
External revenue	478,996	494,334	-3.1%	484,796	568,484	-14.7%	112,727	95,998	17.4%	23,356	17,433	34.0%	1,099,875	1,176,249	-6.5%
Results															
Segment results	(26,484)	44,240	<-100%	74,614	86,728	-14.0%	31,543	26,617	18.5%	(3,965)	(6,971)	-43.1%	75,708	150,614	-49.7%
Finance costs	(665)	(477)	-39.4%	(57)	(74)	23.0%	(123)	(148)	16.9%	(84)	(103)	18.4%	(929)	(802)	-15.8%
Share of results of an associate company	-	-	-	-	-	-	-	-	-	135	43	>100%	135	43	>100%
(Loss)/Profit before tax	(27,149)	43,763	<-100%	74,557	86,654	-14.0%	31,420	26,469	18.7%	(3,914)	(7,031)	-44.3%	74,914	149,855	-50.0%
Assets															
Segment assets	182,244	287,283	-36.6%	527,235	464,019	13.6%	125,231	100,447	24.7%	138,057	116,735	18.3%	972,767	968,484	0.4%
Liabilities															
Segment liabilities	22,195	55,394	59.9%	41,206	55,087	25.2%	28,334	24,881	-13.9%	10,390	9,772	-6.3%	102,125	145,134	29.6%
Exchange Rate	Financial Position – Closing Rate			Profit or Loss – Average Rate											
	31.03.23	31.03.22	Changes	31.03.23	31.03.22	Changes									
USD : RM	4.4170	4.206	5.0%	4.4516	4.1764	6.6%									
IDR : RM	0.0002950	0.0002930	0.7%	0.0002954	0.0002912	1.4%									
HKD : RM	0.5627	0.5372	4.7%	0.5679	0.5364	5.9%									

**A9. Carrying Amount of Revalued Assets**

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

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

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 year 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 March 2023 amounted to RM16.6 million.

A14. Related Party Transactions

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

	Cumulative 12-months ended	
	31.03.2023	31.03.2022
	RM'000	RM'000
Sale of goods	-	33
Administrative charges received/receivable	9,532	9,035
Advisory fee paid/payable	(300)	(240)
Lease rental paid/payable	(1,054)	(1,076)
Plantation advisory fee paid/payable	(96)	(96)
Purchase of goods	(17,116)	(20,734)



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	Fourth Quarter ended			
	31.03.2023 RM'000	31.03.2022 RM'000	Changes RM'000	Changes %
Revenue	246,968	364,420	(117,452)	-32.2%
Operation (loss)/profit	(8,365)	47,076	(55,441)	<-100%
(Loss)/Profit before interest and tax	(8,346)	46,999	(55,345)	<-100%
(Loss)/Profit before tax	(8,478)	46,804	(55,282)	<-100%
(Loss)/Profit after tax	(8,946)	34,775	(43,721)	<-100%
(Loss)/Profit attributable to equity holders of the Company	(9,490)	26,646	(36,136)	<-100%

In the fourth quarter of the financial year ended 31 March 2023 (“FY2023”), Group revenue declined 32.2% to RM247.0 million from RM364.4 million recorded in the preceding fourth quarter of FY2022. This was primarily due to lower revenue contribution from Oleochemical Manufacturing and Milling & Cultivation.

Group reported a loss before tax (“LBT”) of RM8.5 million in the quarter under review. This was mainly attributable to a LBT reported in Oleochemical Manufacturing and lower profit before tax (“PBT”) contribution from Milling & Cultivation. This was cushioned by higher PBT achieved in Healthcare Services.



Oleochemical Manufacturing

	Fourth Quarter ended			
	31.03.2023	31.03.2022	Changes	Changes
	RM'000	RM'000	RM'000	%
(A) Financial Highlights:				
Revenue	79,874	152,972	(73,098)	-47.8%
Operation (loss)/profit	(18,641)	18,645	(37,286)	<-100%
(Loss)/Profit before interest and tax	(18,641)	18,645	(37,286)	<-100%
(Loss)/Profit before tax	(18,707)	18,524	(37,231)	<-100%
(B) Non-Financial Highlights:				
Production capacity (MT)	24,000	25,000	(1,000)	-4.0%
Production utilisation (%)	62.2%	85.0%	-22.8%	-26.8%
Quantity sold (MT)	15,015	21,482	(6,467)	-30.1%
Gross(loss)/profit margin (%)	-21.8%	11.9%	-33.7%	<-100%

Revenue in Oleochemical Manufacturing decreased 47.8% to RM79.9 million from RM153.0 million recorded in the preceding fourth quarter of FY2022. Average Selling Price (“ASP”) for fatty acids and glycerine fell 19.2% and 64.3% respectively. Sales volume during the quarter declined 30.1% to 15,015 metric tonnes (“MT”) from 21,482 MT. Meanwhile production capacity utilisation fell to 62.2% from 85.0% achieved in the fourth quarter of FY2022, in line with the decline in sales volume.

Oleochemical Manufacturing recorded a LBT of RM18.7 million, compared to a PBT of RM18.5 million recorded in the preceding fourth quarter of FY2022. Oleochemical Manufacturing LBT comprised mainly core LBT of RM18.7 million whereas the non-core LBT was immaterial.



Milling & Cultivation

	Fourth Quarter ended			
	31.03.2023	31.03.2022	Changes	Changes
	RM'000	RM'000	RM'000	%
(A) Financial Highlights:				
Revenue	129,021	184,482	(55,461)	-30.1%
Operation profit	3,050	27,834	(24,784)	-89.0%
Profit before interest and tax	3,050	27,834	(24,784)	-89.0%
Profit before tax	3,035	27,817	(24,782)	-89.1%
(B) Non-Financial Highlights:				
FFB processed (MT)	152,623	161,127	(8,504)	-5.3%
FFB production (MT)	19,188	23,921	(4,733)	-19.8%
CPO sales volume (MT)	33,678	34,324	(646)	-1.9%
PK sales volume (MT)	8,238	8,606	(368)	-4.3%
Average CPO selling price per MT (RM)	3,399	4,432	(1,033)	-23.3%
Average PK selling price per MT (RM)	1,640	3,599	(1,959)	-54.4%

Revenue in Milling & Cultivation declined 30.1% to RM129.0 million from RM184.5 million reported in the preceding fourth quarter of FY2022. ASP for Crude Palm Oil (“CPO”) decreased 23.3%, whilst the ASP for Palm Kernel (“PK”) fell 54.4% compared to the fourth quarter of FY2022.

Sales volume of CPO declined 1.9% to 33,678 MT, and sales volume of PK fell 4.3% to 8,238 MT. Overall, Fresh Fruit Bunches (“FFB”) processed decreased 5.3% to 152,623 MT whilst FFB production declined 19.8% to 19,188 MT in this fourth quarter under review.

Milling & Cultivation PBT declined 89.1% to RM3.0 million from RM27.8 million achieved in the fourth quarter of FY2022. This comprised core LBT of RM2.5 million and non-core PBT of RM5.5 million. The non-core PBT was mainly derived from the sales proceeds from the disposal of PK shells and sludge oil, gains from sales of scraps as well as interest income.



Healthcare Services

	Fourth Quarter ended			
	31.03.2023 RM'000	31.03.2022 RM'000	Changes RM'000	Changes %
(A) Financial Data:				
Revenue	29,548	23,417	6,131	26.2%
Operation profit	6,116	3,834	2,282	59.5%
Profit before interest and tax	6,116	3,834	2,282	59.5%
Profit before tax	6,084	3,801	2,283	60.1%
(B) Statistics:				
Number of patients:				
a. Outpatient	19,432	20,281	(849)	-4.2%
b. Inpatient	3,082	2,186	896	41.0%

Revenue in our Healthcare Services rose 26.2% to RM29.5 million, compared to RM23.4 million reported in the preceding fourth quarter of FY2022. This was partly attributable to the increase in the number of registered inpatients, which rose 41.0% to 3,082.

Healthcare Services PBT rose 60.1% to RM6.1 million as compared to RM3.8 million achieved in the fourth quarter of FY2022. This comprised core PBT of RM5.3 million and non-core PBT of RM0.8 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 12-months ended			
	31.03.2023 RM'000	31.03.2022 RM'000	Changes RM'000	Changes %
Revenue	1,099,875	1,176,249	(76,374)	-6.5%
Operation profit	75,708	150,614	(74,906)	-49.7%
Profit before interest and tax	75,843	150,657	(74,814)	-49.7%
Profit before tax	74,914	149,855	(74,941)	-50.0%
Profit after tax	54,007	118,120	(64,113)	-54.3%
Profit attributable to equity holders of the Company	33,312	94,420	(61,108)	-64.7%

In the cumulative 12 months of FY2023, Group revenue declined 6.5% to RM1.1 billion compared to RM1.18 billion recorded in FY2022. This was largely due to lower revenue contribution from both Oleochemical Manufacturing and Milling & Cultivation. Healthcare Services reported higher revenue contribution in FY2023.

Group PBT declined 50.0% to RM74.9 million from RM149.9 million achieved in FY2022. FY2023 Group PBT was attributable to LBT incurred in Oleochemical Manufacturing and lower PBT contribution from Milling & Cultivation. This was cushioned by higher PBT achieved in Healthcare Services.



Oleochemical Manufacturing

	Cumulative 12-months ended			
	31.03.2023 RM'000	31.03.2022 RM'000	Changes RM'000	Changes %
(A) Financial Highlights:				
Revenue	478,996	494,334	(15,338)	-3.1%
Operation (loss)/profit	(26,484)	44,240	(70,724)	<-100%
(Loss)/Profit before interest and tax	(26,484)	44,240	(70,724)	<-100%
(Loss)/Profit before tax	(27,149)	43,763	(70,912)	<-100%
(B) Non-Financial Highlights:				
Production capacity (MT)	96,000	100,000	(4,000)	-4.0%
Production utilisation (%)	72.9%	81.7%	-8.8%	-10.8%
Quantity sold (MT)	71,140	81,442	(10,302)	-12.6%
Gross (loss)/profit margin (%)	-4.5%	7.9%	-12.4%	<-100%

Revenue in Oleochemical Manufacturing declined marginally by 3.1% to RM479.0 million from RM494.3 million recorded in FY2022. ASP for fatty acids rose 12.9% whilst ASP for glycerine declined 5.4%. Overall sales volume during the financial year was 12.6% lower at 71,140 MT whilst production utilisation was lower at 72.9% from 81.7% previously.

Oleochemical Manufacturing incurred LBT of RM27.1 million, as compared to PBT of RM43.8 million achieved in FY2022. Oleochemical Manufacturing LBT included a RM5.0 million inventories written down. The financial results comprised core LBT of RM27.7 million and non-core PBT of RM0.6 million. The non-core PBT was mainly derived from realised and unrealised gains on foreign exchange as well as interest income.



Milling & Cultivation

	Cumulative 12-months ended			
	31.03.2023	31.03.2022	Changes	Changes
	RM'000	RM'000	RM'000	%
(A) Financial Highlights:				
Revenue	484,796	568,484	(83,688)	-14.7%
Operation profit	74,614	86,728	(12,114)	-14.0%
Profit before interest and tax	74,614	86,728	(12,114)	-14.0%
Profit before tax	74,557	86,654	(12,097)	-14.0%
(B) Non-Financial Highlights:				
FFB processed (MT)	598,960	616,464	(17,504)	-2.8%
FFB production (MT)	93,842	90,820	3,022	3.3%
CPO sales volume (MT)	121,690	128,461	(6,771)	-5.3%
PK sales volume (MT)	31,138	32,579	(1,441)	-4.4%
Average CPO selling price per MT (RM)	3,437	3,725	(288)	-7.7%
Average PK selling price per MT (RM)	1,985	2,600	(615)	-23.7%

Revenue in our Milling & Cultivation decreased 14.7% to RM484.8 million from RM568.5 million reported in FY2022. ASP of CPO was lower by 7.7% at RM3,437 per MT, whilst ASP of PK declined 23.7% to RM1,985 per MT. Sales volume of CPO and PK dropped 5.3% and 4.4% respectively. FFB processed decreased 2.8% to 598,960 MT during this financial year under review.

Milling & Cultivation PBT was 14.0% lower at RM74.6 million as compared to RM86.7 million reported in FY2022. Core PBT for the financial year amounted to RM52.4 million whilst non-core PBT stood at RM22.2 million. The non-core PBT was mainly derived from sales proceeds from disposal of PK shells and sludge oil, gains from sales of scraps and interest income.



Healthcare Services

	Cumulative 12-months ended			
	31.03.2023 RM'000	31.03.2022 RM'000	Changes RM'000	Changes %
(A) Financial Data:				
Revenue	112,727	95,998	16,729	17.4%
Operation profit	31,543	26,617	4,926	18.5%
Profit before interest and tax	31,543	26,617	4,926	18.5%
Profit before tax	31,420	26,469	4,951	18.7%
(B) Statistics:				
Number of patients:				
a. Outpatient	82,155	84,509	(2,354)	-2.8%
b. Inpatient	11,676	8,018	3,658	45.6%

Revenue in the Healthcare Services rose 17.4% to RM112.7 million from RM96.0 million recorded in FY2022. This was partly attributable to the increase in the number of registered inpatients, which rose 45.6% to 11,676 in the year.

Healthcare Services PBT increased 18.7% to RM31.4 million from RM26.5 million reported in FY2022. This comprised core PBT of RM28.8 million and non-core PBT of RM2.6 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			
	31.03.2023 RM'000	31.12.2022 RM'000	Changes RM'000	Changes %
Revenue	246,968	275,856	(28,888)	-10.5%
Operation (loss)/profit	(8,365)	32,223	(40,588)	<-100%
(Loss)/Profit before interest and tax	(8,346)	32,229	(40,575)	<-100%
(Loss)/Profit before tax	(8,478)	32,089	(40,567)	<-100%
(Loss)/Profit after tax	(8,946)	23,690	(32,636)	<-100%
(Loss)/Profit attributable to equity holders of the Company	(9,490)	16,793	(26,283)	<-100%

In this fourth quarter under review, Group revenue decreased 10.5% to RM247.0 million from RM275.9 million achieved in the immediate preceding third quarter of FY2023. This was mainly due to lower revenue contribution from both Oleochemical Manufacturing and Milling & Cultivation.

The Group recorded a LBT of RM8.5 million as compared to PBT of RM32.1 million achieved in the immediate preceding quarter. This was mainly attributable to LBT incurred in Oleochemical Manufacturing in this fourth quarter under review as well as lower PBT contribution from Milling & Cultivation.

B3. Prospect of the Group

Oleochemical Manufacturing

Oleochemical Manufacturing continues to face challenges in a highly competitive global market. Rising production costs, volatility in commodity prices and risk of lower sales volume have further added pressure to our tough operating environment. 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 maintain our cautious outlook in Milling and Cultivation. CPO prices have eased lower from its 2022 highs, led by overall weaker commodity prices, including crude oil and other vegetable oils such as soybean and rapeseed. Higher operating costs and risk of a global economic slowdown are potential concerns that may impact this business division.

Healthcare Services

With movement restrictions behind us, our Healthcare Services have returned to normal operations. We expect growth in this segment to be underpinned by growing health awareness, rising medical insurance coverage and an expanding middle income group and aging population.

In an effort to deliver the highest quality and advanced healthcare services, it remains our priority to constantly upgrade our medical facilities and strengthen our pool of medical professionals in offering holistic care to our patients.

Overall

Overall outlook remains challenging amidst a global environment faced with rising inflation and a potential global recession. We will continue to adopt a prudent approach in all our core business segments and maintain a healthy balance sheet to weather through current prevailing economic headwinds.

B4. Profit Forecast

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



B5. Income Tax Expense

	Fourth Quarter ended		Cumulative 12-months ended	
	31.03.2023 RM'000	31.03.2022 RM'000	31.03.2023 RM'000	31.03.2022 RM'000
Estimated tax payable:				
Current financial year				
- Malaysian tax expense	1,892	3,410	7,870	9,267
- Overseas tax expense	305	4,666	16,051	18,243
Under/(Over) provision in prior financial period/years	16	494	(527)	395
	2,213	8,570	23,394	27,905
Deferred tax				
Current financial year	(1,836)	3,460	(4,206)	3,672
Under/(Over) provision in prior financial period/years	91	(1)	1,719	158
	(1,745)	3,459	(2,487)	3,830
Total	468	12,029	20,907	31,735

The Group's effective tax rates for the financial year 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 March 2023: -

	Unaudited		Audited	
	As at 31.03.2023 Foreign Currency IDR million	As at 31.03.2023 RM Equivalent RM'000	As at 31.03.2022 Foreign Currency IDR million	As at 31.03.2022 RM Equivalent RM'000
Short term				
Unsecured				
- Term loan	-	1,200	-	1,200
- Bankers' acceptance	-	-	-	18,500
Secured				
- Hire purchase payables denominated in IDR	1,357	400	879	258
Long term				
Unsecured				
- Term loan	-	900	-	2,100
Secured				
- Hire purchase payables denominated in IDR	1,477	436	599	175
Effective interest rate		3.97% to 13.11%		2.45% to 14.00%

B8. Financial Instruments

As at 31 March 2023, the fair values of the outstanding derivatives are as follows:

Types of Derivatives	Based Currency	Contract/Notional Value RM'000	Fair Value as at 31.03.2023 RM'000
(i) Forward foreign exchange contracts			
- Less than 1 year	USD	68,450	68,556
(ii) Commodity future contracts			
<i>Buy</i>			
- Less than 1 year	RM	13,567	13,250
<i>Sell</i>			
- Less than 1 year	RM	5,469	5,274



B8. Financial Instruments

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) 31.03.2023 RM'000
(i) Forward foreign exchange contracts - Less than 1 year	The difference between the contracted rates and the Bank Negara closing rates	(106)
(ii) Commodity future contracts - Less than 1 year	The difference between the contracted prices and the market forward prices	(122)

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

A proposed single tier final dividend of 5.00 sen per ordinary share for the financial year ended 31 March 2023 has been recommended by the Board of Directors.

The proposed final dividend is subject to the approval of the shareholders at the forthcoming Annual General Meeting to be held on a date to be announced.

B12. (Loss)/Earnings per Share

	Fourth Quarter ended		Cumulative 12-months ended	
	31.03.2023	31.03.2022	31.03.2023	31.03.2022
(Loss)/Profit attributable to equity holders of the Company (in RM'000)	(9,490)	26,646	33,312	94,420
Weighted average number of ordinary shares in issue (in '000)	136,934	136,934	136,934	136,934
(Loss)/Earnings per share (in sen) – basic and diluted	(6.93)	19.46	24.33	68.95

B13. Profit for the Year

	Cumulative 12-months ended	
	31.03.2023 RM'000	31.03.2022 RM'000
Profit for the year is arrived at after crediting /((debiting) the following income/(expenses):		
- Interest income	6,864	4,633
- Finance costs	(929)	(802)
- Depreciation of property, plant and equipment	(22,863)	(22,090)
- Depreciation of right-of-use assets	(1,459)	(1,475)
- Impairment losses on trade receivables	(432)	(354)
- Reversal of impairment losses on trade receivables	13	-
- Inventories written off	(15)	(23)
- Inventories written down	(5,017)	-
- Net fair value change in biological assets	(1,728)	1,622
- Gain/(Loss) on foreign exchange:		
Realised	5,013	2,931
Unrealised	136	44
- Changes in fair value of derivatives	(6,177)	6,095

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 31.03.2023 RM'000	Audited As at 31.03.2022 RM'000
Third parties	55,887	73,134
Related parties	1,799	1,092
Trade receivables	57,686	74,226
Less: Impairment losses	(1,286)	(945)
Trade receivables, net	<u>56,400</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 RM1,286,000 (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 31.03.2023 RM'000	Audited As at 31.03.2022 RM'000
Neither past due nor impaired	41,395	52,691
Past due but not impaired:		
30 days and below	3,918	12,767
31 – 60 days	7,352	4,840
61 – 90 days	2,800	2,254
91 – 120 days	935	134
121 – 150 days	-	595
	<u>15,005</u>	<u>20,590</u>
Past due and impaired	1,286	945
Trade receivables	<u>57,686</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 fourth quarter of financial year ended 31 March 2023 was authorised for issuance by the Board of Directors of the Company on 26 May 2023.