

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 2024

FIRST FINANCIAL QUARTER ENDED 30 JUNE 2023
(Figures are not audited unless otherwise specified)
(In Ringgit Malaysia)



SOUTHERN ACIDS (M) BERHAD
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AND ITS SUBSIDIARY COMPANIES

FINANCIAL YEAR ENDING 31 MARCH 2024
INTERIM FINANCIAL REPORT
FIRST FINANCIAL QUARTER ENDED 30 JUNE 2023

CONTENTS	PAGE(S)
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 – 16
Part B: Pursuant to Paragraph 9.22 of the Main Market Listing Requirements and any revision thereon	17 - 28



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

FINANCIAL YEAR ENDING 31 MARCH 2024
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE FIRST FINANCIAL QUARTER ENDED 30 JUNE 2023

	Note	First Quarter ended			Cumulative 3-months ended		
		30.06.2023 RM'000	30.06.2022 RM'000	Changes %	30.06.2023 RM'000	30.06.2022 RM'000	Changes %
Revenue	A8	215,325	296,998	-27.5%	215,325	296,998	-27.5%
- Cost of sales		(194,700)	(241,897)	19.5%	(194,700)	(241,897)	19.5%
Gross profit		20,625	55,101	-62.6%	20,625	55,101	-62.6%
- Administrative expenses		(21,520)	(39,064)	44.9%	(21,520)	(39,064)	44.9%
- Other income		20,132	8,824	>100%	20,132	8,824	>100%
Profit from operations		19,237	24,861	-22.6%	19,237	24,861	-22.6%
- Finance costs		(208)	(284)	26.8%	(208)	(284)	26.8%
- Share of results of an associate company		22	92	-76.1%	22	92	-76.1%
Profit before tax	A8	19,051	24,669	-22.8%	19,051	24,669	-22.8%
- Income tax expense	B5	(6,206)	(4,895)	-26.8%	(6,206)	(4,895)	-26.8%
Profit for the period	B13	12,845	19,774	-35.0%	12,845	19,774	-35.0%
Attributable to:							
- Equity holders of the Company		9,129	14,849	-38.5%	9,129	14,849	-38.5%
- Non-controlling interests		3,716	4,925	-24.5%	3,716	4,925	-24.5%
		12,845	19,774	-35.0%	12,845	19,774	-35.0%
Earnings per share attributable to equity holders of the Company							
- Basic and diluted (sen)	B12	6.67	10.84	-38.5%	6.67	10.84	-38.5%



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

FINANCIAL YEAR ENDING 31 MARCH 2024
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME (cont'd)
FOR THE FIRST FINANCIAL QUARTER ENDED 30 JUNE 2023

	Note	First Quarter ended			Cumulative 3-months ended		
		30.06.2023 RM'000	30.06.2022 RM'000	Changes %	30.06.2023 RM'000	30.06.2022 RM'000	Changes %
Profit for the period	B13	12,845	19,774	-35.0%	12,845	19,774	-35.0%
Other comprehensive income/(loss):							
Item that may be reclassified subsequently to profit or loss:							
- Foreign currency translation differences on foreign operation		16,674	2,438	>100%	16,674	2,438	>100%
Item that will not be reclassified subsequently to profit or loss:							
- Gain/(Loss) arising from fair value changes in other investments		108	(2,933)	>100%	108	(2,933)	>100%
Total comprehensive income for the period, net of tax		<u>29,627</u>	<u>19,279</u>	53.7%	<u>29,627</u>	<u>19,279</u>	53.7%
Attributable to:							
- Equity holders of the Company		19,738	13,450	46.8%	19,738	13,450	46.8%
- Non-controlling interests		9,889	5,829	69.7%	9,889	5,829	69.7%
		<u>29,627</u>	<u>19,279</u>	53.7%	<u>29,627</u>	<u>19,279</u>	53.7%

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 2023, 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 2024
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023

	Note	Unaudited As at 30.06.2023 RM'000	Audited As at 31.03.2023 RM'000
ASSETS			
Non-Current Assets			
Land held for property development		139,868	139,868
Property, plant and equipment	A9	203,197	199,267
Right-of-use assets		3,493	3,843
Investment properties		5,017	5,017
Investment in an associate company		2,459	2,437
Other investments		29,371	29,487
Advances for KKPA program		374	-
Deferred tax assets		2,791	2,743
		<hr/>	<hr/>
Total Non-Current Assets		386,570	382,662
Current Assets			
Biological assets		2,544	1,953
Inventories		102,185	89,258
Derivative financial assets	B9	1,288	195
Trade receivables	B14	49,907	56,407
Other receivables, deposits and prepaid expenses		68,270	48,899
Amount owing by an associate company		522	924
Tax recoverable		8,176	6,860
Cash and cash equivalents		394,997	385,581
		<hr/>	<hr/>
Total Current Assets		627,889	590,077
		<hr/>	<hr/>
TOTAL ASSETS		1,014,459	972,739



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

FINANCIAL YEAR ENDING 31 MARCH 2024
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (cont'd)
AS AT 30 JUNE 2023

	Unaudited	Audited
	As at	As at
	30.06.2023	31.03.2023
	RM'000	RM'000
EQUITY AND LIABILITIES		
Capital and Reserves		
Share capital	171,255	171,255
Reserves	603,410	583,672
Equity attributable to equity holders of the Company	774,665	754,927
Non-controlling interests	125,571	115,682
Total Equity	900,236	870,609
Non-Current and Deferred Liabilities		
Loans and borrowings	B7 600	900
Hire purchase payables	B7 752	436
Lease liabilities	2,507	2,807
Provision for retirement benefits	16,518	15,880
Payables for KKPA program	-	218
Deferred tax liabilities	5,681	5,957
Total Non-Current and Deferred Liabilities	26,058	26,198
Current Liabilities		
Trade payables	28,157	23,581
Other payables and accrued expenses	40,881	37,106
Contract liabilities	7,153	7,451
Derivative financial liabilities	B9 2,987	423
Loans and borrowings	B7 1,200	1,200
Hire purchase payables	B7 429	400
Lease liabilities	1,258	1,297
Tax liabilities	6,100	4,474
Total Current Liabilities	88,165	75,932
Total Liabilities	114,223	102,130
TOTAL EQUITY AND LIABILITIES	1,014,459	972,739

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 March 2023, and the accompanying notes attached to these interim financial statements.

Registration No. 198001010791 (64577-K)



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

FINANCIAL YEAR ENDING 31 MARCH 2024
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FIRST FINANCIAL QUARTER ENDED 30 JUNE 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 2022	171,255	(11,483)	(322)	3,613	564,407	727,470	95,880	823,350	
Profit for the period	-	-	-	-	14,849	14,849	4,925	19,774	
Other comprehensive income/(loss)	-	1,534	-	(2,933)	-	(1,399)	904	(495)	
Total comprehensive income/(loss) for the period	-	1,534	-	(2,933)	14,849	13,450	5,829	19,279	
As at 30 June 2022	171,255	(9,949)	(322)	680	579,256	740,920	101,709	842,629	



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

FINANCIAL YEAR ENDING 31 MARCH 2024
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (cont'd)
FOR THE FIRST FINANCIAL QUARTER ENDED 30 JUNE 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 2023	171,255	(10,452)	(322)	3,113	591,333	754,927	115,682	870,609	
Realisation on fair value of equity instruments	-	-	-	(224)	224	-	-	-	
Profit for the period	-	-	-	-	9,129	9,129	3,716	12,845	
Other comprehensive income	-	10,501	-	108	-	10,609	6,173	16,782	
Total comprehensive income for the period	-	10,501	-	108	9,129	19,738	9,889	29,627	
As at 30 June 2023	171,255	49	(322)	2,997	600,686	774,665	125,571	900,236	

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 2023, 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 2024
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FIRST FINANCIAL QUARTER ENDED 30 JUNE 2023

	Cumulative 3-months ended	
	30.06.2023	30.06.2022
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	19,051	24,669
Adjustments for:		
Depreciation of property, plant and equipment	5,289	5,579
Depreciation of right-of-use assets	350	369
Unrealised gain on foreign exchange	(1,115)	(1,369)
Provision for retirement benefits	291	286
Net fair value change in biological assets	(482)	1,564
Gain on disposal of property, plant and equipment	-	(25)
Impairment losses on trade receivables	302	101
Reversal of impairment losses on trade receivables	(7)	-
Inventories written off	3	1
Inventories written back	(2,173)	-
Finance costs	208	284
Property, plant and equipment written off	8	14
Share of results of an associate company	(22)	(92)
Changes in fair value of derivatives	1,470	20,269
Dividend income	(974)	(883)
Interest income	(2,757)	(1,203)
Operating Profit Before Working Capital Changes	19,442	49,564
(Increase)/Decrease in:		
Inventories	(10,057)	(21,420)
Trade receivables	7,105	(8,922)
Other receivables, deposits and prepaid expenses	(15,792)	(13,864)
Amount owing by an associate company	402	642
Increase/(Decrease) in:		
Trade payables	3,821	(9,465)
Other payables and accrued expenses	3,343	9,830
Amount owing to an associate company	-	88
Contract liabilities	(612)	253
Cash Generated From Operations carried forward	7,652	6,706



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

FINANCIAL YEAR ENDING 31 MARCH 2024
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (cont'd)
FOR THE FIRST FINANCIAL QUARTER ENDED 30 JUNE 2023

	Cumulative 3-months ended	
	30.06.2023	30.06.2022
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES (cont'd)		
Cash Generated From Operations		
brought forward	7,652	6,706
Retirement benefits paid	(104)	(111)
Income tax refunded	1,023	-
Income tax paid	(7,660)	(3,991)
	<hr/>	<hr/>
Net Cash From Operating Activities	911	2,604
CASH FLOWS USED IN INVESTING ACTIVITIES		
Interest income received	2,757	1,203
Dividends received	28	883
Proceeds from disposal of property, plant and equipment	10	27
Proceeds from disposal of other investments	223	-
Additions to property, plant and equipment	(4,216)	(3,482)
Additions to KKPA program	(591)	(462)
	<hr/>	<hr/>
Net Cash Used In Investing Activities	(1,789)	(1,831)
CASH FLOWS (USED IN)/FROM FINANCING ACTIVITIES		
(Repayment)/Drawdown of loans and borrowings - net	(300)	9,700
Repayment of hire purchase payables	(119)	(68)
Repayment of lease liabilities	(339)	(378)
Finance costs paid	(208)	(284)
	<hr/>	<hr/>
Net Cash (Used In)/From Financing Activities	(966)	8,970



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(Incorporated in Malaysia)
AND ITS SUBSIDIARY COMPANIES

FINANCIAL YEAR ENDING 31 MARCH 2024
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (cont'd)
FOR THE FIRST FINANCIAL QUARTER ENDED 30 JUNE 2023

	Cumulative 3-months ended	
	30.06.2023	30.06.2022
	RM'000	RM'000
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(1,844)	9,743
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	385,581	322,288
EFFECT OF TRANSLATION DIFFERENCES	11,260	1,740
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	394,997	333,771
Composition of Cash and Cash Equivalents:		
Cash and bank balances	203,652	185,535
Fixed deposits with licensed banks	53,451	47,915
Short-term placements	137,894	100,321
	394,997	333,771

The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the financial year ended 31 March 2023, 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 2024
FIRST FINANCIAL QUARTER ENDED 30 JUNE 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 2023 (“FY2023”). 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 FY2023.

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 FY2023, except for the adoption of the Amendments to MFRSs effective on or after 1 April 2023.

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 2023:

MFRS 17	Insurance Contracts
Amendments to MFRS 4	Extension of the Temporary Exemption from Applying MFRS 9
Amendments to MFRS 17	Insurance Contracts
Amendments to MFRS 17	Initial Application of MFRS 17 and MFRS 9 - Comparative Information
Amendments to MFRS 101	Disclosure of Accounting Policies
Amendments to MFRS 108	Definition of Accounting Estimates
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to MFRS 112	International Tax Reform - Pillar Two Model Rules

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:

Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ²
Amendments to MFRS 16	Lease Liability in a Sale and Leaseback ¹
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current ¹
Amendments to MFRS 101	Non-current Liabilities with Covenants ¹
Amendments to MFRS 107 and MFRS 7	Supplier Finance Arrangements ¹

¹ Effective for annual periods beginning on or after 1 January 2024, with earlier application permitted.

² Effective date deferred to a date to be determined and announced, with earlier application permitted.

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 Quarter/Results for the Year-to-date

	Oleochemical Manufacturing			Milling & Cultivation			Healthcare Services			Investment & Services			Consolidated		
	30.06.23 RM'000	30.06.22 RM'000	Changes %	30.06.23 RM'000	30.06.22 RM'000	Changes %	30.06.23 RM'000	30.06.22 RM'000	Changes %	30.06.23 RM'000	30.06.22 RM'000	Changes %	30.06.23 RM'000	30.06.22 RM'000	Changes %
Revenue															
Total revenue	82,832	164,841	-49.8%	101,363	100,896	0.5%	26,586	26,780	-0.7%	6,488	6,496	-0.1%	217,269	299,013	-27.3%
Less: Inter-segment sales	-	-	-	-	-	-	-	-	-	(1,944)	(2,015)	3.5%	(1,944)	(2,015)	3.5%
External revenue	82,832	164,841	-49.8%	101,363	100,896	0.5%	26,586	26,780	-0.7%	4,544	4,481	1.4%	215,325	296,998	-27.5%
Results															
Segment results	(8,251)	1,484	<-100%	22,082	17,204	28.4%	7,087	7,779	-8.9%	(1,681)	(1,606)	-4.7%	19,237	24,861	-22.6%
Finance costs	(91)	(217)	58.1%	(71)	(14)	<-100%	(29)	(31)	6.5%	(17)	(22)	22.7%	(208)	(284)	26.8%
Share of results of an associate company	-	-	-	-	-	-	-	-	-	22	92	-76.1%	22	92	-76.1%
(Loss)/Profit before tax	(8,342)	1,267	<-100%	22,011	17,190	28.0%	7,058	7,748	-8.9%	(1,676)	(1,536)	-9.1%	19,051	24,669	-22.8%
Assets															
Segment assets	184,507	304,677	-39.4%	562,826	475,866	18.3%	135,176	112,258	20.4%	131,950	124,949	5.6%	1,014,459	1,017,750	-0.3%
Liabilities															
Segment liabilities	33,494	84,424	60.3%	43,750	50,826	13.9%	26,298	29,514	10.9%	10,681	10,357	-3.1%	114,223	175,121	34.8%
Exchange Rate	Financial Position – Closing Rate			Profit or Loss – Average Rate											
	30.06.23	30.06.22	Changes	30.06.23	30.06.22	Changes									
USD : RM	4.6650	4.4080	5.8%	4.5301	4.3521	4.1%									
IDR : RM	0.0003110	0.0002960	5.1%	0.0003046	0.0002988	1.9%									
HKD : RM	0.5954	0.5619	6.0%	0.5779	0.5547	4.2%									

**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 FY2023.

A13. Capital Commitments

The capital commitments not recognised in the interim financial statements as at 30 June 2023 amounted to RM17.6 million.

A14. Related Party Transactions

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

	Cumulative 3-months ended	
	30.06.2023	30.06.2022
	RM'000	RM'000
Administrative charges received/receivable	2,099	1,946
Advisory fee paid/payable	(75)	(75)
Lease rental paid/payable	(240)	(264)
Plantation advisory fee paid/payable	(24)	(24)
Purchase of goods	(2,863)	(1,428)



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

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

Current Quarter vs Preceding Corresponding Quarter

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

The Group	First Quarter ended			
	30.06.2023 RM'000	30.06.2022 RM'000	Changes RM'000	Changes %
Revenue	215,325	296,998	(81,673)	-27.5%
Operation profit	19,237	24,861	(5,624)	-22.6%
Profit before interest and tax	19,259	24,953	(5,694)	-22.8%
Profit before tax	19,051	24,669	(5,618)	-22.8%
Profit after tax	12,845	19,774	(6,929)	-35.0%
Profit attributable to equity holders of the Company	9,129	14,849	(5,720)	-38.5%

In the first quarter of our financial year ending 31 March 2024 (“FY2024”), Group revenue declined 27.5% to RM215.3 million from RM297.0 million reported in the corresponding quarter of FY2023. This was mainly due to lower revenue contribution from Oleochemical Manufacturing.

Group profit before tax (“PBT”) decreased 22.8% to RM19.1 million from RM24.7 million achieved in the corresponding quarter of FY2023. The decline was primarily due a loss before tax (“LBT”) reported in Oleochemical Manufacturing. This was however cushioned by higher PBT from Milling & Cultivation.



Oleochemical Manufacturing

	First Quarter ended			
	30.06.2023	30.06.2022	Changes	Changes
	RM'000	RM'000	RM'000	%
(A) Financial Highlights:				
Revenue	82,832	164,841	(82,009)	-49.8%
Operation (loss)/profit	(8,251)	1,484	(9,735)	<-100%
(Loss)/Profit before interest and tax	(8,251)	1,484	(9,735)	<-100%
(Loss)/Profit before tax	(8,342)	1,267	(9,609)	<-100%
(B) Non-Financial Highlights:				
Production capacity (MT)	24,000	24,000	-	-
Production utilisation (%)	69.3%	82.8%	-13.5%	-16.3%
Quantity sold (MT)	16,181	20,538	(4,357)	-21.2%
Gross(loss)/profit margin (%)	-9.1%	12.2%	-21.3%	<-100%

Revenue in Oleochemical Manufacturing declined 49.8% to RM82.8 million from RM164.8 million achieved in the preceding first quarter of FY2023. Average Selling Price (“ASP”) of fatty acids and glycerine fell 33.2% and 65.5% respectively. Meanwhile, sales volume decreased 21.2% to 16,181 metric tonnes (“MT”) during the quarter under review. In line with the drop in sales volume, product capacity utilisation fell to 69.3% from 82.8% achieved in the preceding first quarter of FY2023.

Oleochemical Manufacturing recorded a LBT of RM8.3 million, compared to a PBT of RM1.3 million reported in the preceding first quarter of FY2023. Oleochemical Manufacturing LBT comprised mainly core LBT of RM8.9 million and non-core PBT of RM0.6 million. The non-core PBT was mainly derived from realised and unrealised gain in foreign exchange as well as unrealised gain on CPO future contracts.



Milling & Cultivation

	First Quarter ended			
	30.06.2023	30.06.2022	Changes	Changes
	RM'000	RM'000	RM'000	%
(A) Financial Highlights:				
Revenue	101,363	100,896	467	0.5%
Operation profit	22,082	17,204	4,878	28.4%
Profit before interest and tax	22,082	17,204	4,878	28.4%
Profit before tax	22,011	17,190	4,821	28.0%
(B) Non-Financial Highlights:				
FFB processed (MT)	145,151	133,820	11,331	8.5%
FFB production (MT)	20,866	24,821	(3,955)	-15.9%
CPO sales volume (MT)	27,435	18,402	9,033	49.1%
PK sales volume (MT)	7,355	6,641	714	10.8%
Average CPO selling price per MT (RM)	3,219	4,233	(1,014)	-24.0%
Average PK selling price per MT (RM)	1,650	3,224	(1,574)	-48.8%

Revenue in Milling and Cultivation rose marginally by 0.5% to RM101.4 million from RM100.9 million recorded in the preceding first quarter of FY2023. ASP for Crude Palm Oil (“CPO”) declined 24.0%, whilst the ASP for Palm Kernel (“PK”) decreased 48.8%, as compared to the preceding corresponding quarter of FY2023. This was cushioned by higher sales volume for CPO and PK, which rose 49.1% to 27,435 MT and 10.8% to 7,355 MT respectively.

In line with higher revenue, overall Fresh Fruit Bunches (“FFB”) processed improved 8.5% to 145,151 MT from 133,820 MT registered in the first quarter of FY2023.

Milling & Cultivation PBT rose 28.0% to RM22.0 million from RM17.2 million reported in the first quarter of FY2023. This comprised core PBT of RM5.0 million and non-core PBT of RM17.0 million.



Healthcare Services

	30.06.2023 RM'000	First Quarter ended		Changes RM'000	Changes %
		30.06.2022	RM'000		
(A) Financial Data:					
Revenue	26,586	26,780	(194)	-0.7%	
Operation profit	7,087	7,779	(692)	-8.9%	
Profit before interest and tax	7,087	7,779	(692)	-8.9%	
Profit before tax	7,058	7,748	(690)	-8.9%	
(B) Statistics:					
Number of patients:					
a. Outpatient	16,837	20,126	(3,289)	-16.3%	
b. Inpatient	2,601	2,753	(152)	-5.5%	

Revenue in our Healthcare Services declined marginally by 0.7% to RM26.6 million compared to RM26.8 million recorded in the preceding first quarter of FY2023. In the quarter, the number of registered outpatients and inpatients fell 16.3% and 5.5% respectively.

Healthcare Services PBT fell 8.9% to RM7.1 million as compared to RM7.7 million reported in the preceding first quarter of FY2023. This comprised core PBT of RM6.4 million and non-core PBT of RM0.7 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			
	30.06.2023 RM'000	31.03.2023 RM'000	Changes RM'000	Changes %
Revenue	215,325	246,968	(31,643)	-12.8%
Operation profit/(loss)	19,237	(8,370)	27,607	>100%
Profit/(Loss) before interest and tax	19,259	(8,351)	27,610	>100%
Profit/(Loss) before tax	19,051	(8,483)	27,534	>100%
Profit/(Loss) after tax	12,845	(8,979)	21,824	>100%
Profit/(Loss) attributable to equity holders of the Company	9,129	(9,510)	18,639	>100%

Compared to the immediate preceding quarter, Group revenue declined 12.8% to RM215.3 million, compared to RM247.0 million. This was mainly due to lower revenue contribution from Milling & Cultivation and Healthcare Services as compared to the fourth quarter of FY2023. This was partly cushioned by higher revenue contribution from Oleochemical Manufacturing.

The Group recorded a PBT of RM19.1 million in the quarter under review, an improvement from the LBT of RM8.5 million reported in the immediate preceding quarter. This was mainly attributable to higher PBT contribution from Milling & Cultivation and Healthcare Services as well as lower reported LBT from Oleochemical Manufacturing.

B3. Prospect of the Group

Oleochemical Manufacturing

Overall, our Oleochemical Manufacturing continues to operate in a highly competitive global market. Our current size of operation lacks the economies of scale in the global context. Rising production costs, current volatility in commodity prices and risk of lower sales volume are added challenges that may cloud the outlook for this business segment.

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



Milling & Cultivation

We remain cautious of the outlook in Milling and Cultivation. CPO prices have eased from 2022 highs, dragged lower by weaker global commodity prices such as crude oil, as well as other vegetable oils. Daily CPO prices as quoted by the Malaysian Palm Oil Board has stabilised around RM3,850/MT currently.

Weather changes and the risk of *El Nino* impacting production may lend some support to CPO prices, but the industry continues to be thwarted by higher wages and fertiliser expenses as well as lower than expected production output. Concerns on slower global demand may dampen our outlook further. China has been slow to recover despite the reopening of its economy, and fear of a global recession lingers.

Healthcare Services

With movement restrictions firmly behind us, our Healthcare Services have steadily returned to normal operations. Nonetheless, we are wary that health measures must still be in place to prevent another widespread occurrence.

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

Overall

Overall outlook remains challenging amidst a global environment faced with rising inflation and a slowing growth. Near term, we will continue with our efforts to strengthen our operational platform and sustain a healthy balance sheet in navigating through these external challenges.

B4. Profit Forecast

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

**B5. Income Tax Expense**

	First Quarter ended		Cumulative 3-months ended	
	30.06.2023 RM'000	30.06.2022 RM'000	30.06.2023 RM'000	30.06.2022 RM'000
Estimated tax payable:				
Current financial year				
- Malaysian tax expense	3,771	2,105	3,771	2,105
- Overseas tax expense	2,612	3,138	2,612	3,138
	6,383	5,243	6,383	5,243
Deferred tax				
Current financial year	(177)	(348)	(177)	(348)
	(177)	(348)	(177)	(348)
Total	6,206	4,895	6,206	4,895

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 30 June 2023: -

	Unaudited		Audited	
	As at 30.06.2023 Foreign Currency IDR million	As at 30.06.2023 RM Equivalent RM'000	As at 31.03.2023 Foreign Currency IDR million	As at 31.03.2023 RM Equivalent RM'000
Short term				
Unsecured				
- Term loan	-	1,200	-	1,200
- Bankers' acceptance	-	-	-	-
Secured				
- Hire purchase payables denominated in IDR	1,379	429	1,357	400
Long term				
Unsecured				
- Term loan	-	600	-	900
Secured				
- Hire purchase payables denominated in IDR	2,418	752	1,477	436
Effective interest rate		5.20% to 13.11%		3.97% to 13.11%

B8. Financial Instruments

As at 30 June 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 30.06.2023 RM'000
(i) Forward foreign exchange contracts			
- Less than 1 year	USD	58,180	60,645
(ii) Commodity future contracts			
<i>Buy</i>			
- Less than 1 year	RM	18,525	19,813
<i>Sell</i>			
- Less than 1 year	RM	12,278	12,800



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 FY2023:

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

B9. Fair Value Changes of Financial Assets or Liabilities

Types of Derivatives	Basis of Fair Value Measurement	Fair Value Net gains/(losses) 30.06.2023 RM'000
(i) Forward foreign exchange contracts - Less than 1 year	The difference between the contracted rates and the Bank Negara closing rates	(2,465)
(ii) Commodity future contracts - Less than 1 year	The difference between the contracted prices and the market forward prices	766

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 FY2023.



B11. Dividends

The Board of Directors had on 26 May 2023 recommended a Single Tier Final Dividend of 5.0 sen per ordinary share, amounting to a total payout of RM6,846,707 in respect of the financial year ended 31 March 2023. The dividend proposal is subject to the approval by shareholders at the forthcoming Annual General Meeting of the Company.

B12. Earnings per Share

	First Quarter ended		Cumulative 3-months ended	
	30.06.2023	30.06.2022	30.06.2023	30.06.2022
Profit attributable to equity holders of the Company (in RM'000)	9,129	14,849	9,129	14,849
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	6.67	10.84	6.67	10.84

B13. Profit for the Period

	Cumulative 3-months ended	
	30.06.2023 RM'000	30.06.2022 RM'000
Profit for the period is arrived at after crediting /(debiting) the following income/(expenses):		
- Interest income	2,757	1,203
- Finance costs	(208)	(284)
- Depreciation of property, plant and equipment	(5,289)	(5,579)
- Depreciation of right-of-use assets	(350)	(369)
- Impairment losses on trade receivables	(302)	(101)
- Reversal of impairment losses on trade receivables	7	-
- Inventories written off	(3)	(1)
- Inventories written back	2,173	-
- Net fair value change in biological assets	482	(1,564)
- Gain on foreign exchange:		
Realised	692	1,362
Unrealised	1,115	1,369
- Changes in fair value of derivatives	(1,470)	(20,269)

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

**B14. Trade Receivables**

	Unaudited As at 30.06.2023 RM'000	Audited As at 31.03.2023 RM'000
Third parties	50,379	56,066
Related parties	1,109	1,628
Trade receivables	51,488	57,694
Less: Impairment losses	(1,581)	(1,287)
Trade receivables, net	<u>49,907</u>	<u>56,407</u>

The credit period granted on sales of goods and services rendered ranges from 7 to 90 days (2023: 7 to 90 days).

An allowance of RM1,581,000 (2023: RM1,287,000) for the Group has been made for estimated irrecoverable amounts from the sale of goods and services rendered. This allowance has been determined based on estimates of possible losses which may arise from non-collection of certain receivable accounts.

The aging analysis of trade receivables is as follows:-

	Unaudited As at 30.06.2023 RM'000	Audited As at 31.03.2023 RM'000
Neither past due nor impaired	37,272	41,611
Past due but not impaired:		
30 days and below	3,784	3,917
31 – 60 days	5,213	7,144
61 – 90 days	2,288	2,800
91 – 120 days	1,344	935
121 – 150 days	6	-
	<u>12,635</u>	<u>14,796</u>
Past due and impaired	1,581	1,287
Trade receivables	<u>51,488</u>	<u>57,694</u>



B15. Auditors' Report on Preceding Annual Financial Statements

The audit report for the FY2023 was not subject to any qualifications.

This Interim Financial Report of Southern Acids (M) Berhad for the first quarter of financial year ending 31 March 2024 was authorised for issuance by the Board of Directors of the Company on 29 August 2023.