

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

THIRD FINANCIAL QUARTER ENDED 31 DECEMBER 2023
(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 2024
INTERIM FINANCIAL REPORT
THIRD FINANCIAL QUARTER ENDED 31 DECEMBER 2023

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SOUTHERN ACIDS (M) BERHAD
(Incorporated in Malaysia)
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FINANCIAL YEAR ENDING 31 MARCH 2024
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE THIRD FINANCIAL QUARTER ENDED 31 DECEMBER 2023

	Note	Third Quarter ended			Cumulative 9-months ended		
		31.12.2023 RM'000	31.12.2022 RM'000	Changes %	31.12.2023 RM'000	31.12.2022 RM'000	Changes %
Revenue	A8	232,576	275,856	-15.7%	680,359	852,907	-20.2%
- Cost of sales		(208,740)	(249,437)	16.3%	(623,638)	(734,023)	15.0%
Gross profit		23,836	26,419	-9.8%	56,721	118,884	-52.3%
- Administrative expenses		(19,908)	(3,414)	<-100%	(58,351)	(60,612)	3.7%
- Other income		8,073	9,218	-12.4%	36,226	25,801	40.4%
Profit from operations		12,001	32,223	-62.8%	34,596	84,073	-58.9%
- Finance costs		(148)	(140)	-5.7%	(596)	(797)	25.2%
- Share of results of an associate company		48	6	>100%	(753)	116	<-100%
Profit before tax	A8	11,901	32,089	-62.9%	33,247	83,392	-60.1%
- Income tax expense	B5	(4,329)	(8,399)	48.5%	(15,541)	(20,439)	24.0%
Profit for the period	B13	7,572	23,690	-68%	17,706	62,953	-71.9%
Attributable to:							
- Equity holders of the Company		4,565	16,793	-72.8%	8,316	42,802	-80.6%
- Non-controlling interests		3,007	6,897	-56.4%	9,390	20,151	-53.4%
		7,572	23,690	-68.0%	17,706	62,953	-71.9%
Earnings per share attributable to equity holders of the Company							
- Basic and diluted (sen)	B12	3.33	12.26	-72.8%	6.07	31.26	-80.6%



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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 2023

	Note	Third Quarter ended			Cumulative 9-months ended		
		31.12.2023 RM'000	31.12.2022 RM'000	Changes %	31.12.2023 RM'000	31.12.2022 RM'000	Changes %
Profit for the period	B13	7,572	23,690	-68.0%	17,706	62,953	-71.9%
Other comprehensive income/(loss):							
Item that may be reclassified subsequently to profit or loss:							
- Foreign currency translation differences on foreign operation		(6,495)	(22,018)	-70.5%	2,748	(12,124)	>100%
Item that will not be reclassified subsequently to profit or loss:							
- Gain/(Loss) arising from fair value changes in other investments		(1,838)	3,342	<-100%	5,666	409	>100%
Total comprehensive (expense)/income for the period, net of tax		(761)	5,014	<-100%	26,120	51,238	-49.0%
Attributable to:							
- Equity holders of the Company		(1,364)	6,266	<-100%	15,711	35,570	-55.8%
- Non-controlling interests		603	(1,252)	>100%	10,409	15,668	-33.6%
		(761)	5,014		26,120	51,238	-49.0%

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
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FINANCIAL YEAR ENDING 31 MARCH 2024
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

	Note	Unaudited As at 31.12.2023 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	208,041	199,267
Right-of-use assets		3,027	3,843
Investment properties		5,651	5,017
Investment in an associate company		1,684	2,437
Other investments		34,929	29,487
Deferred tax assets		2,751	2,743
Total Non-Current Assets		395,951	382,662
Current Assets			
Biological assets		2,076	1,953
Inventories		90,371	89,258
Derivative financial assets	B9	852	195
Trade receivables	B14	54,015	56,407
Other receivables, deposits and prepaid expenses		56,916	48,899
Amount owing by an associate company		651	924
Tax recoverable		10,543	6,860
Cash and cash equivalents		389,780	385,581
Total Current Assets		605,204	590,077
TOTAL ASSETS		1,001,155	972,739



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

	Unaudited	Audited
	As at	As at
	31.12.2023	31.03.2023
	RM'000	RM'000
EQUITY AND LIABILITIES		
Capital and Reserves		
Share capital	171,255	171,255
Reserves	592,536	583,672
Equity attributable to equity holders of the Company	763,791	754,927
Non-controlling interests	124,272	115,682
Total Equity	888,063	870,609
Non-Current and Deferred Liabilities		
Loans and borrowings	B7 -	900
Hire purchase payables	B7 613	436
Lease liabilities	2,006	2,807
Provision for retirement benefits	16,439	15,880
Payables for KKPA program	933	218
Deferred tax liabilities	6,077	5,957
Total Non-Current and Deferred Liabilities	26,068	26,198
Current Liabilities		
Trade payables	33,722	23,581
Other payables and accrued expenses	33,981	37,106
Contract liabilities	3,232	7,451
Derivative financial liabilities	B9 183	423
Loans and borrowings	B7 11,200	1,200
Hire purchase payables	B7 339	400
Lease liabilities	1,289	1,297
Tax liabilities	3,078	4,474
Total Current Liabilities	87,024	75,932
Total Liabilities	113,092	102,130
TOTAL EQUITY AND LIABILITIES	1,001,155	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.



SOUTHERN ACIDS (M) BERHAD
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FINANCIAL YEAR ENDING 31 MARCH 2024
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THIRD FINANCIAL QUARTER ENDED 31 DECEMBER 2023

The Group	<----- Attributable to equity holders of the Company ----->							
	<----- Non-distributable ----->			<Distributable>		Total RM'000	Non- controlling interests RM'000	Total equity 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	-	-	-	-	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 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



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

The Group	<----- Attributable to equity holders of the Company ----->							
	<----- Non-distributable ----->				<Distributable>			
	Share capital RM'000	Foreign exchange reserve RM'000	Other reserve RM'000	Fair value reserve RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
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	-	-	-	-	8,316	8,316	9,390	17,706
Other comprehensive income	-	1,729	-	5,666	-	7,395	1,019	8,414
Total comprehensive income for the period	-	1,729	-	5,666	8,316	15,711	10,409	26,120
Dividend paid	-	-	-	-	(6,847)	(6,847)	-	(6,847)
Dividend declared to non-controlling interests of a subsidiary company	-	-	-	-	-	-	(1,819)	(1,819)
As at 31 December 2023	171,255	(8,723)	(322)	8,555	593,026	763,791	124,272	888,063

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
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FINANCIAL YEAR ENDING 31 MARCH 2024
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THIRD FINANCIAL QUARTER ENDED 31 DECEMBER 2023

	Cumulative 9-months ended	
	31.12.2023	31.12.2022
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	33,247	83,392
Adjustments for:		
Depreciation of property, plant and equipment	17,033	16,976
Depreciation of right-of-use assets	1,018	1,109
Unrealised loss on foreign exchange	658	328
Provision for retirement benefits	872	856
Net fair value change in biological assets	(106)	1,658
Gain on disposal of property, plant and equipment	(3)	(41)
Impairment losses on trade receivables	225	907
Reversal of impairment losses on trade receivables no longer required	3	-
Inventories written off	11	10
Inventories written (back)/down	(1,923)	5,445
Finance costs	596	797
Property, plant and equipment written off	974	6
Share of results of an associate company	753	(116)
Changes in fair value of derivatives	(897)	5,558
Dividend income	(2,002)	(1,755)
Interest income	(9,234)	(4,457)
Operating Profit Before Working Capital Changes	41,225	110,673
(Increase)/Decrease in:		
Inventories	854	(2,609)
Trade receivables	1,546	10,560
Other receivables, deposits and prepaid expenses	(5,194)	26,178
Amount owing by an associate company	273	(147)
Increase/(Decrease) in:		
Trade payables	10,009	(7,980)
Other payables and accrued expenses	(3,241)	6,377
Contract liabilities	(4,359)	(3,198)
Cash Generated From Operations carried forward	41,113	139,854



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

	Cumulative 9-months ended	
	31.12.2023	31.12.2022
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES (cont'd)		
Cash Generated From Operations		
brought forward	41,113	139,854
Retirement benefits paid	(396)	(428)
Income tax refunded	1,342	773
Income tax paid	(24,458)	(28,278)
Net Cash From Operating Activities	17,601	111,921
CASH FLOWS USED IN INVESTING ACTIVITIES		
Interest income received	9,234	4,457
Dividends received	2,002	1,578
Additional to investment property	(634)	-
Proceeds from disposal of property, plant and equipment	34	69
Proceeds from disposal of other investments	223	-
Additions to property, plant and equipment	(25,624)	(18,259)
Amount recovered for /(Additional to) KKPA program	727	(774)
Net Cash Used In Investing Activities	(14,038)	(12,929)
CASH FLOWS USED IN FINANCING ACTIVITIES		
Drawdown of loans and borrowings - net	9,100	(19,400)
Drawdown of hire purchase payables	-	364
Repayment of hire purchase payables	(428)	(211)
Repayment of lease liabilities	(1,011)	(1,165)
Dividend paid by:		
- Subsidiary company to non-controlling interests	(1,819)	(899)
- The Company	(6,847)	(6,847)
Finance costs paid	(596)	(797)
Net Cash Used In Financing Activities	(1,601)	(28,955)



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

	Cumulative 9-months ended	
	31.12.2023	31.12.2022
	RM'000	RM'000
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,962	70,037
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	385,581	322,288
EFFECT OF TRANSLATION DIFFERENCES	2,237	(8,923)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	389,780	383,402
Composition of Cash and Cash Equivalents:		
Cash and bank balances	192,048	219,357
Fixed deposits with licensed banks	51,221	45,653
Short-term placements	146,511	118,392
	389,780	383,402

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.



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THIRD FINANCIAL QUARTER ENDED 31 DECEMBER 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 ³
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
Amendments to MFRS 121	Lack of Exchangeability ²

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

² Effective for annual periods beginning on or after 1 January 2025, with earlier application permitted.

³ 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

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

	31.12.2023	31.12.2022
Final dividend		
For the financial year ended	31 March 2023	31 March 2022
Declared date	26 May 2023	19 May 2022
Approved date	30 August 2023	30 August 2022
Payment date	26 October 2023	28 November 2022
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		
	31.12.23 RM'000	31.12.22 RM'000	Changes %	31.12.23 RM'000	31.12.22 RM'000	Changes %	31.12.23 RM'000	31.12.22 RM'000	Changes %	31.12.23 RM'000	31.12.22 RM'000	Changes %	31.12.23 RM'000	31.12.22 RM'000	Changes %
Revenue															
Total revenue	87,379	99,401	-12.1%	109,601	142,980	-23.3%	30,106	27,639	8.9%	8,190	8,502	-3.7%	235,276	278,522	-15.5%
Less:															
Inter-segment sales	-	-	-	-	-	-	-	-	-	(2,700)	(2,666)	-1.3%	(2,700)	(2,666)	-1.3%
External revenue	87,379	99,401	-12.1%	109,601	142,980	-23.3%	30,106	27,639	8.9%	5,490	5,836	-5.9%	232,576	275,856	-15.7%
Results															
Segment results	(4,802)	1,070	<-100%	10,544	24,764	-57.4%	9,689	8,125	19.2%	(3,430)	(1,736)	-97.6%	12,001	32,223	-62.8%
Finance costs	(89)	(72)	-23.6%	(22)	(17)	-29.4%	(22)	(30)	26.7%	(15)	(21)	28.6%	(148)	(140)	-5.7%
Share of results of an associate company	-	-	-	-	-	-	-	-	-	48	6	>100%	48	6	>100%
(Loss)/Profit before tax	(4,891)	998	<-100%	10,522	24,747	-57.5%	9,667	8,095	19.4%	(3,397)	(1,751)	-94%	11,901	32,089	-62.9%



A8. Segmental Information

(b) Results for the Year-to-date

	Oleochemical Manufacturing			Milling & Cultivation			Healthcare Services			Investment & Services			Consolidated		
	31.12.23 RM'000	31.12.22 RM'000	Changes %	31.12.23 RM'000	31.12.22 RM'000	Changes %	31.12.23 RM'000	31.12.22 RM'000	Changes %	31.12.23 RM'000	31.12.22 RM'000	Changes %	31.12.23 RM'000	31.12.22 RM'000	Changes %
Revenue															
Total revenue	254,372	399,122	-36.3%	324,197	355,775	-8.9%	87,299	83,179	5.0%	21,102	21,482	-1.8%	686,970	859,558	-20.1%
Less:															
Inter-segment sales	-	-	-	-	-	-	-	-	-	(6,611)	(6,651)	0.6%	(6,611)	(6,651)	0.6%
External revenue	254,372	399,122	-36.3%	324,197	355,775	-8.9%	87,299	83,179	5.0%	14,491	14,831		680,359	852,907	-20.2%
Results															
Segment results	(29,729)	(7,843)	<-100%	42,921	71,564	-40%	28,430	25,427	11.8%	(7,026)	(5,075)	-38.4%	34,596	84,073	-58.9%
Finance costs	(337)	(599)	43.7%	(135)	(42)	<-100%	(74)	(91)	18.7%	(50)	(65)	23.1%	(596)	(797)	25.2%
Share of results of an associate company	-	-	-	-	-	-	-	-	-	(753)	116	<-100%	(753)	116	<-100%
(Loss)/Profit before tax	(30,066)	(8,442)	<-100%	42,786	71,522	-40.2%	28,356	25,336	11.9%	(7,829)	(5,024)	-55.8%	33,247	83,392	-60.1%
Assets															
Segment assets	170,500	203,579	-16.2%	556,181	516,198	7.7%	146,625	133,224	10.1%	129,091	123,356	4.6%	1,002,397	976,357	2.7%
Liabilities															
Segment liabilities	42,458	25,463	-66.7%	37,850	45,803	17.4%	24,121	27,587	12.6%	9,905	10,662	7.1%	114,334	109,515	-4.4%
Exchange Rate	Financial Position – Closing Rate			Profit or Loss – Average Rate											
	31.12.23	31.12.22	Changes	31.12.23	31.12.22	Changes									
USD : RM	4.5900	4.3900	4.6%	4.6210	4.4697	3.4%									
IDR : RM	0.0002980	0.0002820	5.7%	0.0003032	0.0002976	1.9%									
HKD : RM	0.5876	0.5630	4.4%	0.5905	0.5702	3.6%									



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 31 December 2023 amounted to RM21.5 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	
	31.12.2023	31.12.2022
	RM'000	RM'000
Administrative charges received/receivable	7,842	7,033
Advisory fee paid/payable	(75)	(225)
Lease rental paid/payable	(721)	(791)
Plantation advisory fee paid/payable	(72)	(72)
Purchase of goods	(6,697)	(15,839)



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			
	31.12.2023 RM'000	31.12.2022 RM'000	Changes RM'000	Changes %
Revenue	232,576	275,856	(43,280)	-15.7%
Operation profit	12,001	32,223	(20,222)	-62.8%
Profit before interest and tax	12,049	32,229	(20,180)	-62.6%
Profit before tax	11,901	32,089	(20,188)	-62.9%
Profit after tax	7,572	23,690	(16,118)	-68.0%
Profit attributable to equity holders of the Company	4,565	16,793	(12,228)	-72.8%

In the third quarter of our financial year ending 31 March 2024 (“FY2024”), Group revenue declined 15.7% to RM232.6 million from RM275.9 million reported in the preceding corresponding quarter of FY2023. The was mainly due to lower revenue contributions from Oleochemical Manufacturing and Milling & Cultivation respectively.

Group profit before tax (“PBT”) decreased 62.9% to RM11.9 million from RM32.1 million recorded in the preceding corresponding quarter of FY2023. The decline was mainly due to loss before tax (“LBT”) incurred in Oleochemical Manufacturing and lower PBT contribution from Milling & Cultivation.



Oleochemical Manufacturing

	Third Quarter ended			
	31.12.2023	31.12.2022	Changes	Changes
	RM'000	RM'000	RM'000	%
(A) Financial Highlights:				
Revenue	87,379	99,401	(12,022)	-12.1%
Operation loss	(4,802)	1,070	(5,872)	<-100%
(Loss)/Profit before interest and tax	(4,802)	1,070	(5,872)	<-100%
(Loss)/Profit before tax	(4,891)	998	(5,889)	<-100%
(B) Non-Financial Highlights:				
Production capacity (MT)	24,000	24,000	-	-
Production utilisation (%)	79.8%	67.5%	12.3%	18.2%
Quantity sold (MT)	18,282	16,446	1,836	11.2%
Gross loss margin (%)	-5.6%	-12.7%	7.2%	-56.2%

Revenue in Oleochemical Manufacturing decreased 12.1% to RM87.4 million from RM99.4 million reported in the third quarter of FY2023. Average Selling Price (“ASP”) of fatty acids and glycerine fell 19.7% and 32.5% respectively during the quarter under review. Sales volume increased 11.2% to 18,282 metric tonnes (“MT”). In line with the increase in sales volume, production utilisation increased to 79.8% from 67.5% achieved in the third quarter of FY2023.

Oleochemical Manufacturing reported a LBT of RM4.9 million, compared to a PBT of RM1.0 million delivered in the third quarter of FY2023. Oleochemical Manufacturing LBT comprised mainly core LBT of RM6.5 million and non-core PBT of RM1.6 million. The non-core PBT was mainly derived from realised and unrealised gains on foreign exchange as well as unrealised gains on Crude Palm Oil (“CPO”) futures contracts.



Milling & Cultivation

	31.12.2023 RM'000	Third Quarter ended		Changes %
		31.12.2022 RM'000	Changes RM'000	
(A) Financial Highlights:				
Revenue	109,601	142,980	(33,379)	-23.3%
Operation profit	10,544	24,764	(14,220)	-57.4%
Profit before interest and tax	10,544	24,764	(14,220)	-57.4%
Profit before tax	10,522	24,747	(14,225)	-57.5%
(B) Non-Financial Highlights:				
FFB processed (MT)	149,337	165,841	(16,504)	-10.0%
FFB production (MT)	25,396	23,650	1,746	7.4%
CPO sales volume (MT)	29,472	37,458	(7,986)	-21.3%
PK sales volume (MT)	8,048	8,790	(742)	-8.4%
Average CPO selling price per MT (RM)	3,257	3,402	(145)	-4.3%
Average PK selling price per MT (RM)	1,551	1,653	(102)	-6.2%

Revenue in Milling & Cultivation declined 23.3% to RM109.6 million from RM143.0 million reported in the third quarter of FY2023. ASP for CPO fell 4.3%, whilst ASP for Palm Kernel (“PK”) declined 6.2% compared to the preceding corresponding quarter of FY2023.

Sales volume for CPO decreased 21.3% to 29,472 MT whilst sales volume for PK fell 8.4% to 8,048 MT. Processed Fresh Fruit Bunches (“FFB”) declined 10.0% to 149,337 MT from 165,841 MT recorded in the third quarter of FY2023.

Milling & Cultivation PBT declined 57.5% to RM10.5 million from RM24.7 million recorded in the third quarter of FY2023. This comprised core PBT of RM5.0 million and non-core PBT of RM5.5 million. The non-core PBT was mainly derived from sales proceeds from the disposal of PK shells, sludge oil as well as interest income.



Healthcare Services

	Third Quarter ended			
	31.12.2023 RM'000	31.12.2022 RM'000	Changes RM'000	Changes %
(A) Financial Data:				
Revenue	30,106	27,639	2,467	8.9%
Operation profit	9,689	8,125	1,564	19.2%
Profit before interest and tax	9,689	8,125	1,564	19.2%
Profit before tax	9,667	8,095	1,572	19.4%
(B) Statistics:				
Number of patients:				
a. Outpatient	18,787	20,081	(1,294)	-6.4%
b. Inpatient	2,945	2,727	218	8.0%

Revenue in our Healthcare Services improved 8.9% to RM30.1 million, compared to RM27.6 million achieved in the third quarter of FY2023. In the quarter, the number of registered outpatients declined 6.4%, whilst the number of inpatients grew 8.0%.

Healthcare Services PBT rose 19.4% to RM9.7 million from RM8.1 million delivered in the preceding corresponding quarter of FY2023. This comprised core PBT of RM8.8 million and non-core PBT of RM0.9 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			
	31.12.2023 RM'000	31.12.2022 RM'000	Changes RM'000	Changes %
Revenue	680,359	852,907	(172,548)	-20.2%
Operation profit	34,596	84,073	(49,477)	-58.9%
Profit before interest and tax	33,843	84,189	(50,346)	-59.8%
Profit before tax	33,247	83,392	(50,145)	-60.1%
Profit after tax	17,706	62,953	(45,247)	-71.9%
Profit attributable to equity holders of the Company	8,316	42,802	(34,486)	-80.6%

In the cumulative 9-month period of FY2024, Group revenue declined 20.2% to RM680.4 million from RM852.9 million reported in the preceding corresponding period of FY2023. This was mainly attributed to lower revenue contributions from our Oleochemical Manufacturing and Milling & Cultivation respectively.

Group PBT decreased 60.1% to RM33.2 million from RM83.4 million recorded in the preceding corresponding period. Lower Group PBT was attributable to higher LBT incurred in our Oleochemical Manufacturing and lower PBT contribution from Milling and Cultivation. Nevertheless, this was cushioned by higher PBT contribution from our Healthcare Services.



Oleochemical Manufacturing

	Cumulative 9-months ended			
	31.12.2023	31.12.2022	Changes	Changes
	RM'000	RM'000	RM'000	%
(A) Financial Highlights:				
Revenue	254,372	399,122	(144,750)	-36.3%
Operation loss	(29,729)	(7,843)	(21,886)	<-100%
Loss before interest and tax	(29,729)	(7,843)	(21,886)	<-100%
Loss before tax	(30,066)	(8,442)	(21,624)	<-100%
(B) Non-Financial Highlights:				
Production capacity (MT)	72,000	72,000	-	-
Production utilisation (%)	73.7%	76.5%	-2.8%	-3.7%
Quantity sold (MT)	52,204	56,125	(3,921)	-7.0%
Gross profit margin (%)	-11.4%	-1.0%	-10.3	<-100%

Oleochemical Manufacturing revenue declined 36.3% to RM254.4 million from RM399.1 million achieved in the preceding corresponding period of FY2023. During the period under review, ASP for both fatty acids and glycerine declined 29.9% and 50.4% respectively. Overall sales volume decreased 7.0% to 52,204 MT whilst production utilisation was lower at 73.7%, compared to 76.3% previously.

Oleochemical Manufacturing incurred LBT of RM30.1 million, as compared to LBT of RM8.4 million recorded in the preceding corresponding period of FY2023. Oleochemical Manufacturing LBT comprised core LBT of RM33.3 million, whilst non-core PBT was RM3.2 million. The non-core PBT was mainly derived from unrealised loss on CPO futures contracts, unrealised loss on forward foreign exchange contracts, as well as realised and unrealised gains on foreign exchange.



Milling & Cultivation

	Cumulative 9-months ended			
	31.12.2023	31.12.2022	Changes	Changes
	RM'000	RM'000	RM'000	%
(A) Financial Highlights:				
Revenue	324,197	355,775	(31,578)	-8.9%
Operation profit	42,921	71,564	(28,643)	-40.0%
Profit before interest and tax	42,921	71,564	(28,643)	-40.0%
Profit before tax	42,786	71,522	(28,736)	-40.2%
(B) Non-Financial Highlights:				
FFB processed (MT)	442,077	446,337	(4,260)	-1.0%
FFB production (MT)	71,211	74,654	(3,443)	-4.6%
CPO sales volume (MT)	87,885	88,012	(127)	-0.1%
PK sales volume (MT)	23,329	22,900	429	1.9%
Average CPO selling price per MT (RM)	3,237	3,451	(214)	-6.2%
Average PK selling price per MT (RM)	1,566	2,109	(543)	-25.7%

Revenue in our Milling & Cultivation declined 8.9% to RM324.2 million, compared to RM355.8 million achieved in the preceding corresponding period of FY2023. ASP of CPO declined 6.2%, whilst ASP of PK was 25.7% lower as compared to the preceding corresponding period of FY2023. Sales volume for CPO was largely unchanged at 87,885 MT, whilst sales volume for PK grew 1.9% to 23,329 MT. Meanwhile, processed FFB declined marginally by 1.0% to 442,077 MT, compared to 446,337 MT in the preceding corresponding period of FY2023.

Milling & Cultivation PBT declined 40.2% to RM42.8 million from RM71.5 million reported in the preceding corresponding 9-month period of FY2023. This comprised core PBT of RM14.1 million and non-core PBT of RM28.7 million.



Healthcare Services

	Cumulative 9-months ended			
	31.12.2023 RM'000	31.12.2022 RM'000	Changes RM'000	Changes %
(A) Financial Data:				
Revenue	87,299	83,179	4,120	5.0%
Operation profit	28,430	25,427	3,003	11.8%
Profit before interest and tax	28,430	25,427	3,003	11.8%
Profit before tax	28,356	25,336	3,020	11.9%
(B) Statistics:				
Number of patients:				
a. Outpatient	54,762	62,723	(7,961)	-12.7%
b. Inpatient	8,733	8,594	139	1.6%

Revenue in the Healthcare Services rose 5.0% to RM87.3 million from RM83.2 million reported in the preceding corresponding period of FY2023. In the 9-month period, the number of registered outpatients fell 12.7% while the number of registered inpatients was 1.6% higher compared to the preceding corresponding period of FY2023.

Healthcare Services PBT rose 11.9% to RM28.4 million as compared to RM25.3 million achieved in the preceding corresponding 9-month period of FY2023. This comprised core PBT of RM25.9 million and non-core PBT of RM2.4 million. The non-core PBT was mainly derived from rental income and interest income.



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

The Group	Individual Quarter ended			
	31.12.2023 RM'000	30.09.2023 RM'000	Changes RM'000	Changes %
Revenue	232,576	232,458	118	0.1%
Operation profit	12,001	3,358	8,643	>100%
Profit before interest and tax	12,049	2,535	9,514	>100%
Profit before tax	11,901	2,295	9,606	>100%
Profit/(Loss)/Profit after tax	7,572	(2,711)	10,283	>100%
Profit/(Loss) attributable to equity holders of the Company	4,565	(5,378)	9,943	>100%

In the current quarter under review, our Group revenue remained relatively unchanged at RM232.5 million compared to the immediate preceding quarter of FY2024. This was primarily attributed to comparable revenue contributions from all three business segments during the quarter under review.

Group PBT improved to RM11.9 million, compared to RM2.3 million recorded in immediate preceding quarter of FY2024. The growth was mainly attributed to lower reported LBT from Oleochemical Manufacturing. PBT contribution from Milling & Cultivation remained largely unchanged whilst Healthcare Services PBT decreased slightly compared to the immediate preceding quarter.

B3. Prospect of the Group

Oleochemical Manufacturing

Oleochemical Manufacturing continues to operate in a highly competitive global market. Our current operational size lacks the economies of scale needed to compete effectively in the global space. Higher production costs, volatility in commodity prices, and the risk of lower sales volume are some of the challenges that could cloud the outlook for this business segment.

Milling & Cultivation

We remain cautious on the outlook for Milling and Cultivation. CPO prices have stabilised around RM3,780/MT currently, compared to the peak of approximately RM6,500 – RM7,500/MT in 2022.

Looking forward, CPO prices may remain rangebound, impacted by factors such as production output, the impact of weather conditions, government policies of exporting countries and global demand, which is highly dependent on economic conditions.



Healthcare Services

The overall outlook for private healthcare appears promising, fueled by the increasing awareness of health and the growing middle-income population. Our commitment lies in providing top-tier healthcare services, augmenting our medical facilities to deliver exceptional medical care, and reinforcing our pool of medical professionals to further elevate our standard of patient care.

As we move forward, we will continue to adapt and innovate to meet the evolving healthcare needs of our community, ensuring an unwavering commitment to delivering exceptional medical care at all times.

Overall

The prospects of a slowing global economy may continue to test the Group's business outlook. Near term, we will focus on initiatives to reinforce our operational platform and strengthen our balance sheet as we navigate 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**

	Third Quarter ended		Cumulative 9 months ended	
	31.12.2023 RM'000	31.12.2022 RM'000	31.12.2023 RM'000	31.12.2022 RM'000
Estimated tax payable				
- Malaysian tax expense	1,766	(1,425)	8,309	5,435
- Overseas tax expense	2,356	5,733	7,092	15,746
	4,122	4,308	15,401	21,181
Deferred tax				
- Current year	207	4,091	140	(742)
Total	4,329	8,399	15,541	20,439

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 2023: -

	Unaudited		Audited	
	As at 31.12.2023 Foreign Currency IDR million	As at 31.12.2023 RM Equivalent RM'000	As at 31.03.2023 Foreign Currency IDR million	As at 31.03.2023 RM Equivalent RM'000
Short term				
<i>Unsecured</i>				
- Term loan	-	1,200	-	1,200
- Bankers' acceptance	-	10,000	-	-
<i>Secured</i>				
- Hire purchase payables denominated in IDR	1,136	339	1,357	400
Long term				
<i>Unsecured</i>				
- Term loan		-	-	900
<i>Secured</i>				
- Hire purchase payables denominated in IDR	2,056	613	1,477	436
Effective interest rate		4.03% to 13.11%		3.97% to 13.11%

B8. Financial Instruments

As at 31 December 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 31.12.2023 RM'000
(i) Forward foreign exchange contracts			
- Less than 1 year	USD	65,139	65,866
(ii) Commodity future contracts			
<i>Buy</i>			
- Less than 1 year	RM	15,220	15,037
<i>Sell</i>			
- Less than 1 year	RM	8,880	8,713



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) 31.12.2023 RM'000
(i) Forward foreign exchange contracts - Less than 1 year	The difference between the contracted rates and the Bank Negara closing rates	(727)
(ii) Commodity future contracts - Less than 1 year	The difference between the contracted prices and the market forward prices	(36)

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**

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	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
Profit attributable to equity holders of the Company (in RM'000)	4,565	16,793	8,316	42,802
Weighted average number of ordinary shares in issue (in '000)	136,934	136,934	9,390	136,934
Earnings per share (in sen) – basic and diluted	3.33	12.26	6.07	31.26

B13. Profit for the Period

	Cumulative 9-months ended	
	31.12.2023 RM'000	31.12.2022 RM'000
Profit for the period is arrived at after crediting /(debiting) the following income/(expenses):		
- Interest income	9,234	4,457
- Finance costs	(596)	(797)
- Depreciation of property, plant and equipment	(17,033)	(16,976)
- Depreciation of right-of-use assets	(1,018)	(1,109)
- Impairment losses on trade receivables	(225)	(907)
- Inventories written off	(11)	(10)
- Inventories written back/(down)	1,923	(5,445)
- Net fair value change in biological assets	106	(1,658)
- Gain/(Loss) on foreign exchange:		
Realised	1,685	5,348
Unrealised	(658)	(328)
- Changes in fair value of derivatives	897	(5,558)

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 31.12.2023 RM'000	Audited As at 31.03.2023 RM'000
Third parties	54,525	56,066
Related parties	1,080	1,628
Trade receivables	55,605	57,694
Less: Impairment losses	(1,590)	(1,287)
Trade receivables, net	<u>54,015</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 RM1,590,000 (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 31.12.2023 RM'000	Audited As at 31.03.2023 RM'000
Neither past due nor impaired	37,509	41,611
Past due but not impaired:		
30 days and below	9,401	3,917
31 – 60 days	4,154	7,144
61 – 90 days	1,990	2,800
91 – 120 days	961	935
121 – 150 days	-	-
	<u>16,506</u>	<u>14,796</u>
Past due and impaired	1,590	1,287
Trade receivables	<u>55,605</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 third quarter of financial year ending 31 March 2024 was authorised for issuance by the Board of Directors of the Company on 29 February 2024.