

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 2025

SECOND FINANCIAL QUARTER ENDED 30 SEPTEMBER 2024
(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 2025
INTERIM FINANCIAL REPORT
SECOND FINANCIAL QUARTER ENDED 30 SEPTEMBER 2024

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 – 17
Part B: Pursuant to Paragraph 9.22 of the Main Market Listing Requirements and any revision thereon	18 - 33



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

FINANCIAL YEAR ENDING 31 MARCH 2025
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE SECOND FINANCIAL QUARTER ENDED 30 SEPTEMBER 2024

	Note	Second Quarter ended			Cumulative 6-months ended		
		30.09.2024 RM'000	30.09.2023 RM'000	Changes %	30.09.2024 RM'000	30.09.2023 RM'000	Changes %
Revenue	A8	298,072	232,458	28.2%	539,108	447,783	20.4%
- Cost of sales		(271,190)	(220,198)	-23.2%	(489,443)	(414,898)	-18.0%
Gross profit		26,882	12,260	>100%	49,665	32,885	52.0%
- Administrative expenses		(24,725)	(16,923)	-46.1%	(46,370)	(38,443)	-20.6%
- Other income		10,532	8,021	31.3%	19,454	28,153	-30.9%
Profit from operations		12,689	3,358	>100%	22,749	22,595	0.7%
- Finance costs		(434)	(240)	-80%	(692)	(448)	-54.5%
- Share of results of an associate company		166	(823)	>100%	353	(801)	>100%
Profit before tax	A8	12,421	2,295	>100%	22,410	21,346	5.0%
- Income tax expense	B5	(4,849)	(5,006)	3.1%	(10,572)	(11,212)	5.7%
Profit/(Loss) for the period	B13	7,572	(2,711)	>100%	11,838	10,134	16.8%
Attributable to:							
- Equity holders of the Company		5,160	(5,378)	>100%	6,837	3,751	82.3%
- Non-controlling interests		2,412	2,667	-9.6%	5,001	6,383	-21.7%
		7,572	(2,711)	>100%	11,838	10,134	16.8%
Earnings/(Loss) per share attributable to equity holders of the Company							
- Basic and diluted (sen)	B12	3.77	(3.93)	>100%	4.99	2.74	82.1%



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

FINANCIAL YEAR ENDING 31 MARCH 2025
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME (cont'd)
FOR THE SECOND FINANCIAL QUARTER ENDED 30 SEPTEMBER 2024

	Note	Second Quarter ended			Cumulative 6-months ended		
		30.09.2024 RM'000	30.09.2023 RM'000	Changes %	30.09.2024 RM'000	30.09.2023 RM'000	Changes %
Profit for the period	B13						
Other comprehensive income/(loss):		7,572	(2,711)	>100%	11,838	10,134	16.8%
Item that may be reclassified subsequently to profit or loss:							
- Foreign currency translation differences on foreign operation		(18,466)	(7,431)	>-100%	(29,701)	9,243	<-100%
Item that will not be reclassified subsequently to profit or loss:							
-(Loss)/ Gain arising from fair value changes in other investments		(1,286)	7,396	<-100%	(2,101)	7,504	<-100%
Total comprehensive (loss)/income for the period, net of tax		<u>(12,180)</u>	<u>(2,746)</u>	>-100%	<u>(19,964)</u>	<u>26,881</u>	<-100%
Attributable to:							
- Equity holders of the Company		(9,045)	(2,664)	<-100%	(16,047)	17,074	<-100%
- Non-controlling interests		(3,135)	(82)	<-100%	(3,917)	9,807	<-100%
		<u>(12,180)</u>	<u>(2,746)</u>	<-100%	<u>(19,964)</u>	<u>26,881</u>	<-100%

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 2024, 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 2025
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2024

	Note	Unaudited As at 30.09.2024 RM'000	Audited As at 31.03.2024 RM'000
ASSETS			
Non-Current Assets			
Land held for property development		139,868	139,868
Property, plant and equipment	A9	207,244	209,633
Right-of-use assets		1,523	2,875
Investment properties		8,880	7,950
Investment in an associate company		2,242	1,889
Other investments		39,931	42,032
Deferred tax assets		1,653	1,996
Total Non-Current Assets		401,341	406,243
Current Assets			
Biological assets		2,058	1,444
Inventories		92,696	77,286
Derivative financial assets	B9	4,543	2,521
Trade receivables	B14	66,587	61,938
Other receivables, deposits and prepaid expenses		62,957	56,480
Amount owing by an associate company		479	864
Tax recoverable		11,460	15,145
Cash and cash equivalents		369,859	397,022
Total Current Assets		610,639	612,700
TOTAL ASSETS		1,011,980	1,018,943



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

FINANCIAL YEAR ENDING 31 MARCH 2025
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (cont'd)
AS AT 30 SEPTEMBER 2024

	Unaudited	Audited
	As at	As at
	30.09.2024	31.03.2024
	RM'000	RM'000
EQUITY AND LIABILITIES		
Capital and Reserves		
Share capital	171,255	171,255
Reserves	592,268	608,315
Equity attributable to equity holders of the Company	763,523	779,570
Non-controlling interests	95,211	99,128
Total Equity	858,734	878,698
Non-Current and Deferred Liabilities		
Hire purchase payables	1,163	368
Lease liabilities	1,141	1,720
Provision for retirement benefits	14,515	15,247
Other payable	12,020	13,000
Payables for KKPA program	949	1,382
Deferred tax liabilities	5,722	5,871
Total Non-Current and Deferred Liabilities	35,510	37,588
Current Liabilities		
Trade payables	37,392	31,609
Other payables and accrued expenses	43,284	37,520
Contract liabilities	6,544	6,427
Derivative financial liabilities	-	1,428
Loans and borrowings	25,300	20,900
Hire purchase payables	876	406
Lease liabilities	1,344	1,421
Tax liabilities	2,996	2,946
Total Current Liabilities	117,736	102,657
Total Liabilities	153,246	140,245
TOTAL EQUITY AND LIABILITIES	1,011,980	1,018,943

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 March 2024, 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 2025
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SECOND FINANCIAL QUARTER ENDED 30 SEPTEMBER 2024

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	-	-	-	-	3,751	3,751	6,383	10,134
Other comprehensive income	-	5,819	-	7,504	-	13,323	3,424	16,747
Total comprehensive income for the period	-	5,819	-	7,504	3,751	17,074	9,807	26,881
Dividend declared to non-controlling interests of a subsidiary company	-	-	-	-	-	-	(1,826)	(1,826)
As at 30 September 2023	171,255	(4,633)	(322)	10,393	595,308	772,001	123,663	895,664



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

FINANCIAL YEAR ENDING 31 MARCH 2025
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (cont'd)
FOR THE SECOND FINANCIAL QUARTER ENDED 30 SEPTEMBER 2024

	<----- Attributable to equity holders of the Company ----->							
	<----- 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	Non- controlling interests RM'000	Total equity RM'000
As at 1 April 2024	171,255	(9,065)	(322)	15,660	602,042	779,570	99,128	878,698
Profit for the period	-	-	-	-	6,837	6,837	5,001	11,838
Other comprehensive loss	-	(20,783)	-	(2,101)	-	(22,884)	(8,918)	(31,802)
Total comprehensive (loss)/income for the period	-	(20,783)	-	(2,101)	6,837	(16,047)	(3,917)	(19,964)
As at 30 September 2024	171,255	(29,848)	(322)	13,559	608,879	763,523	95,211	858,734

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 2024, 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 2025
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SECOND FINANCIAL QUARTER ENDED 30 SEPTEMBER 2024

	Cumulative 6-months ended	
	30.09.2024	30.09.2023
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	22,410	21,346
Adjustments for:		
Depreciation of property, plant and equipment	11,961	11,122
Depreciation of right-of-use assets	1,352	682
Unrealised loss/(gain) on foreign exchange	4,422	(599)
Provision for retirement benefits	576	582
Net fair value change in biological assets	(766)	(212)
(Gain)/Loss on disposal of property, plant and equipment	(7)	17
Impairment losses on trade receivables	105	225
Reversal of impairment losses on trade receivables no longer required	-	(5)
Inventories written off	15	8
Inventories written down	1,000	123
Finance costs	692	448
Property, plant and equipment written off	1,029	17
Share of results of an associate company	(353)	801
Changes in fair value of derivatives	(3,450)	920
Dividend income	(1,326)	(1,832)
Interest income	(7,809)	(5,917)
Operating Profit Before Working Capital Changes	29,851	27,726
(Increase)/Decrease in:		
Inventories	(18,088)	12,564
Trade receivables	(9,125)	3,372
Other receivables, deposits and prepaid expenses	(9,130)	(7,856)
Amount owing by an associate company	385	269
Increase/(Decrease) in:		
Trade payables	7,383	3,583
Other payables and accrued expenses	5,666	(3,409)
Contract liabilities	480	(3,393)
Cash Generated From Operations carried forward	7,422	32,856



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

FINANCIAL YEAR ENDING 31 MARCH 2025
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (cont'd)
FOR THE SECOND FINANCIAL QUARTER ENDED 30 SEPTEMBER 2024

	Cumulative 6-months ended	
	30.09.2024	30.09.2023
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES (cont'd)		
Cash Generated From Operations brought forward	7,422	32,856
Retirement benefits paid	(686)	(341)
Income tax refunded	2,799	1,342
Income tax paid	(11,459)	(16,100)
Net Cash (Used In)/From Operating Activities	(1,924)	17,757
CASH FLOWS USED IN INVESTING ACTIVITIES		
Interest income received	7,809	5,917
Dividends received	1,326	1,832
Addition to investment properties	(950)	(634)
Proceeds from disposal of property, plant and equipment	9	13
Proceed from disposal of other investments	-	223
Additions to property, plant and equipment (Payment) /Additional to KKPA program	(19,836)	(13,639)
	(330)	39
Net Cash Used In Investing Activities	(11,972)	(6,249)
CASH FLOWS USED IN FINANCING ACTIVITIES		
Drawdown of loans and borrowings - net	4,400	9,400
Drawdown /(Repayment)of hire purchase payables -net	1,408	(308)
Repayment of lease liabilities	(656)	(675)
Dividend paid by :		
- Subsidiary company to non-controlling interest	-	(1,826)
Finance costs paid	(692)	(448)
Net Cash From Financing Activities	4,460	6,143



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

FINANCIAL YEAR ENDING 31 MARCH 2025
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (cont'd)
FOR THE SECOND FINANCIAL QUARTER ENDED 30 SEPTEMBER 2024

	Cumulative 6-months ended	
	30.09.2024	30.09.2023
	RM'000	RM'000
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(9,436)	17,651
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	397,022	385,581
EFFECT OF TRANSLATION DIFFERENCES	(17,727)	6,427
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	369,859	409,659

Composition of Cash and Cash Equivalents:

Cash and bank balances	171,272	203,725
Fixed deposits with licensed banks	46,760	52,250
Short-term placements	151,827	153,684
	369,859	409,659

The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the financial year ended 31 March 2024, 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 2025
SECOND FINANCIAL QUARTER ENDED 30 SEPTEMBER 2024
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 2024 (“FY2024”). 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 FY2024.

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 FY2024, except for the adoption of the Amendments to MFRSs effective on or after 1 April 2024.

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 2024:

Amendments to:

MFRS 16	Lease Liability in a Sale and Leaseback
MFRS 101	Classification of Liabilities as Current or Non-current
MFRS 101	Non-current Liabilities with Covenants
MFRS 107 and MFRS 7	Supplier Finance Arrangements

The adoption of these Amendments to MFRSs have not resulted in any material impact on the financial statements of the Group.

Standards and Amendments that are issued, but not yet effective and have not been early adopted

The Group has not adopted the following 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 18	Presentation and Disclosure in Financial Statements ³
MFRS 19	Subsidiaries without Public Accountability Disclosures ³



Amendments to:

MFRS 121	Lack of Exchangeability ¹
MFRS 7 and MFRS 9	Amendments to the Classification and Measurement of Financial Instruments ²
MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴

- ¹ Effective for annual periods beginning on or after 1 January 2025, with earlier application permitted.
- ² Effective for annual periods beginning on or after 1 January 2026, with earlier application permitted.
- ³ Effective for annual periods beginning on or after 1 January 2027, with earlier application permitted.
- ⁴ Effective date deferred a date to be determined and announced by MASB.

The Directors anticipate that the abovementioned Standards and Amendments will be adopted in the annual financial statements of the Group when they become effective and that the adoption of these Standards and Amendments will have no material impact on the financial statements of the Group in the period of initial application.

A2. Qualification of Audit Report of The Preceding Annual Financial Statements

There was no qualification of audit report for the preceding annual financial statements.

A3. Seasonal or Cyclical Factors

The financial performance of the Group's Milling & Cultivation is affected by seasonal crop production, seasonal external supply of fresh fruits bunch and fluctuating commodity prices whereas the Group's Oleochemical Manufacturing is mainly affected by its fluctuating feedstock prices and commodity.

A4. Unusual Items affecting Assets, Liabilities, Equity, Net Income or Cash Flows

There were no items of an unusual nature, size or incidence which materially affect the assets, liabilities, equity, net income or cash flows during the financial period under review.



A5. Material Changes in Estimates

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

A6. Debt and Equity Securities

There was no issuance, cancellation, repurchases, resale and/or repayment of debt and equity securities during the financial period under review.

A7. Dividends Paid

No dividend was paid by the Company during the financial period under review.



A8. Segmental Information

(a) Results for the Quarter

	Oleochemical Manufacturing			Milling & Cultivation			Healthcare Services			Investment & Services			Consolidated		
	30.09.24 RM'000	30.09.23 RM'000	Changes %	30.09.24 RM'000	30.09.23 RM'000	Changes %	30.09.24 RM'000	30.09.23 RM'000	Changes %	30.09.24 RM'000	30.09.23 RM'000	Changes %	30.09.24 RM'000	30.09.23 RM'000	Changes %
Revenue															
Total revenue	127,133	84,161	51.1%	132,159	113,233	16.7%	33,604	30,607	9.8%	7,259	6,424	13.0%	300,155	234,425	28.0%
Less:															
Inter-segment sales	-	-	-	-	-	-	-	-	-	(2,083)	(1,967)	-5.9%	(2,083)	(1,967)	-5.9%
External revenue	127,133	84,161	51.1%	132,159	113,233	16.7%	33,604	30,607	9.8%	5,176	4,457	16.1%	298,072	232,458	28.2%
Results															
Segment results	(6,257)	(16,676)	-62.5%	10,718	10,295	4.1%	9,838	11,654	-15.6%	(1,610)	(1,915)	-15.9%	12,689	3,358	>100%
Finance costs	(331)	(157)	<-100%	(29)	(42)	31.0%	(62)	(23)	<-100%	(12)	(18)	33.3%	(434)	(240)	-80.8%
Share of results of an associate company	-	-	-	-	-	-	-	-	-	166	(823)	>100%	166	(823)	>100%
(Loss)/Profit before tax	(6,588)	(16,833)	-60.9%	10,689	10,253	4.3%	9,776	11,631	-15.9%	(1,456)	(2,756)	-47.2%	12,421	2,295	>100%



A8. Segmental Information

(b) Results for the Year-to-date

	Oleochemical Manufacturing			Milling & Cultivation			Healthcare Services			Investment & Services			Consolidated		
	30.09.24 RM'000	30.09.23 RM'000	Changes %	30.09.24 RM'000	30.09.23 RM'000	Changes %	30.09.24 RM'000	30.09.23 RM'000	Changes %	30.09.24 RM'000	30.09.23 RM'000	Changes %	30.09.24 RM'000	30.09.23 RM'000	Changes %
Revenue															
Total revenue	225,037	166,993	34.8%	240,626	214,596	12.1%	63,570	57,193	11.1%	14,060	12,912	8.9%	543,293	451,694	20.3%
Less:															
Inter-segment sales	-	-	-	-	-	--	-	-	-	(4,185)	(3,911)	-7.0%	(4,185)	(3,911)	-7.0%
External revenue	225,037	166,993	34.8%	240,626	214,596	12.1%	63,570	57,193	11.1%	9,875	9,001	9.7%	539,108	447,783	20.4%
Results															
Segment results	(17,728)	(24,927)	-28.9%	23,198	32,377	-28.45	19,545	18,741	4.3%	(2,266)	(3,596)	-37.0%	22,749	22,595	0.7%
Finance costs	(546)	(248)	<-100%	(44)	(113)	61.1%	(78)	(52)	-50.0%	(24)	(35)	31.4%	(692)	(448)	-54.5%
Share of results of an associate company	-	-	-	-	-	-	-	-	-	353	(801)	>100%	353	(801)	>100%
(Loss)/Profit before tax	(18,274)	(25,175)	-27.4%	23,154	32,264	-28.2%	19,467	18,689	4.2%	(1,937)	(4,432)	-56.3%	22,410	21,346	5.0%
Assets															
Segment assets	168,845	172,050	-1.9%	550,779	553,359	-0.5%	149,742	140,867	6.3%	142,614	139,723	2.1%	1,011,980	1,011,980	0.6%
Liabilities															
Segment liabilities	58,813	38,478	-52.8%	42,293	36,326	-16.4%	20,120	24,338	17.3%	32,019	11,193	<-100%	153,242	110,335	-38.9%
Exchange Rate	Financial Position – Closing Rate			Profit or Loss – Average Rate											
	30.09.24	30.09.23	Changes	30.09.24	30.09.23	Changes									
USD : RM	4.1220	4.6920	-12.1%	4.5878	4.5799	0.2%									
IDR : RM	0.0002720	0.0003040	-10.5%	0.0002874	0.0003043	-5.6%									
HKD : RM	0.5307	0.5993	-11.4%	0.5876	0.5849	0.5%									



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 FY2024.

A13. Capital Commitments

The capital commitments not recognised in the interim financial statements as at 30 September 2024 amounted to RM18.8million.

A14. Related Party Transactions

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

	Cumulative 6-months ended	
	30.09.2024	30.09.2023
	RM'000	RM'000
Administrative charges received/receivable	4,636	4,249
Advisory fee paid/payable	(162)	(75)
Lease rental paid/payable	(481)	(481)
Plantation advisory fee paid/payable	(48)	(48)
Purchase of goods	(24,581)	(4,875)



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

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

Current Quarter vs Preceding Corresponding Quarter

The Group	Second Quarter ended			
	30.09.2024	30.09.2023	Changes	Changes
	RM'000	RM'000	RM'000	%
Revenue	298,072	232,458	65,614	28.25
Operation profit	12,689	3,358	9,331	>100%
Profit before interest and tax	12,855	2,535	10,320	>100%
Profit before tax	12,421	2,295	10,126	>100%
Profit/(Loss) after tax	7,572	(2,711)	10,283	>100%
Profit/(Loss) attributable to equity holders of the Company	5,160	(5,378)	10,538	>100%

In the second quarter of our financial year ending 31 March 2025 (“FY2025”), Group revenue increased 28.3% to RM298.1 million from RM232.5 million recorded in the corresponding quarter of financial year ended 31 March 2024 (“FY2024”). This was mainly driven by higher revenue contribution across our three core business segments.

Group profit before tax (“PBT”) RM12.4 million, up from RM2.3 million in the corresponding quarter of FY2024. This improvement was mainly driven by higher PBT from Milling and Cultivation and a reduced loss before tax (“LBT”) reported in Oleochemical Manufacturing.



Oleochemical Manufacturing

	Second Quarter ended			
	30.09.2024	30.09.2023	Changes	Changes
	RM'000	RM'000	RM'000	%
(A) Financial Highlights:				
Revenue	127,133	84,161	42,972	51.15
Operation loss	(6,257)	(16,676)	10,419	-62.5%
Loss before interest and tax	(6,257)	(16,676)	10,419	-62.5%
Loss before tax	(6,588)	(16,833)	10,245	-60.9%
(B) Non-Financial Highlights:				
Production capacity (MT)	24,000	24,000	-	-
Production utilisation (%)	104.0%	71.9%	32.1%	44.7%
Quantity sold (MT)	24,004	17,740	6,264	35.3%
Gross loss margin (%)	-4.1%	-19.6%	15.5%	-78.9%

Revenue in Oleochemical Manufacturing increased 51.2% to RM127.1 million from RM84.2 million reported in the second quarter of FY2024. Average Selling Price (“ASP”) of fatty acids and glycerine increased 12.3% and 3.5% respectively during the quarter under review. Sales volume rose 35.3% to 24,004 metric tonnes (“MT”), whilst our production was at full capacity, from 71.9% recorded in the second quarter of FY2024.

Oleochemical Manufacturing reported a LBT of RM6.6 million, compared to a LBT of RM16.8 million reported in the second quarter of FY2024. Oleochemical Manufacturing LBT comprised mainly core LBT of RM6.6 million.



Milling & Cultivation

	Second Quarter ended			
	30.09.2024	30.09.2023	Changes	Changes
	RM'000	RM'000	RM'000	%
(A) Financial Highlights:				
Revenue	132,159	113,233	18,926	16.7%
Operation profit	10,718	10,295	423	4.1%
Profit before interest and tax	10,718	10,295	423	4.1%
Profit before tax	10,689	10,253	436	4.3%
(B) Non-Financial Highlights:				
FFB processed (MT)	160,069	147,589	12,480	8.5%
FFB production (MT)	21,109	24,949	(3,840)	-15.4%
CPO sales volume (MT)	31,267	30,978	289	0.9%
PK sales volume (MT)	7,653	7,926	(273)	-3.4%
Average CPO selling price per MT (RM)	3,588	3,232	356	11.0%
Average PK selling price per MT (RM)	2,431	1,502	929	61.9%

Revenue in Milling & Cultivation increased 16.7% to RM132.2 million from RM113.2 million achieved in the second quarter of FY2024. ASP for CPO rose 11.0%, whilst ASP for Palm Kernel (“PK”) surged 61.9% compared to the preceding corresponding quarter of FY2024.

Sales volume for CPO increased marginally to 31,267 MT; whilst sales volume for PK declined 3.4% to 7,653 MT. Processed Fresh Fruit Bunches (“FFB”) increased 8.5% to 160,069 MT from 147,589 MT reported in the second quarter of FY2024.

Milling & Cultivation PBT improved 4.3% to RM10.7 million from RM10.3 million reported in the second quarter of FY2024. This comprised core PBT of RM4.6 million and non-core PBT of RM6.1 million. The non-core PBT was mainly derived from sales proceeds from the disposal of PK shells and interest income.



Healthcare Services

	Second Quarter ended			
	30.09.2024 RM'000	30.09.2023 RM'000	Changes RM'000	Changes %
(A) Financial Data:				
Revenue	33,604	30,607	2,997	9.8%
Operation profit	9,838	11,654	(1,816)	-15.6%
Profit before interest and tax	9,838	11,654	(1,816)	-15.6%
Profit before tax	9,776	11,631	(1,855)	-15.9%
(B) Statistics:				
Number of patients:				
a. Outpatient	18,748	19,138	(390)	-2.0%
b. Inpatient	3,257	3,187	70	2.2%

Revenue in our Healthcare Services increased 9.8% to RM33.6 million, compared to RM30.6 million recorded in the second quarter of FY2024. During the quarter, the number of registered outpatients declined slightly by 2.0%, whilst the number of inpatients increased 2.2%.

Healthcare Services PBT declined 15.9% to RM9.8 million from RM11.6 million achieved in the second quarter of FY2024. This comprised core PBT of RM8.8 million and non-core PBT of RM1.0 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 6-months ended			
	30.09.2024 RM'000	30.09.2023 RM'000	Changes RM'000	Changes %
Revenue	539,108	447,783	91,325	20.4%
Operation profit	22,749	22,595	154	0.7%
Profit before interest and tax	23,102	21,794	1,308	6.0%
Profit before tax	22,410	21,346	1,064	5.0%
Profit after tax	11,838	10,134	1,704	16.8%
Profit attributable to equity holders of the Company	6,837	3,751	3,086	82.3%

In the cumulative 6-month period of FY2025, Group revenue increased 20.4% to RM539.1 million from RM447.8 million achieved in the corresponding period of FY2024. This was mainly driven by higher revenue contribution across our three core business segments during the period under review.

Group PBT improved 5.0% to RM22.4 million from RM21.3 million recorded in the preceding corresponding period. Milling and Cultivation registered a decline in PBT, but this was cushioned by a reduced LBT reported in our Oleochemical Manufacturing and a higher PBT contribution from Healthcare Services.



Oleochemical Manufacturing

	Cumulative 6-months ended			
	30.09.2024	30.09.2023	Changes	Changes
	RM'000	RM'000	RM'000	%
(A) Financial Highlights:				
Revenue	225,037	166,993	58,044	34.8%
Operation loss	(17,728)	(24,927)	7,199	-28.9%
Loss before interest and tax	(17,728)	(24,927)	7,199	-28.9%
Loss before tax	(18,274)	(25,175)	6,901	-27.4%
(B) Non-Financial Highlights:				
Production capacity (MT)	48,000	48,000	-	-
Production utilisation (%)	90.2%	70.6%	19.6%	27.8%
Quantity sold (MT)	42,488	33,921	8,567	25.3%
Gross profit margin (%)	-6.1%	-14.4%	8.3%	-57.7%

Revenue in our Oleochemical Manufacturing improved 34.8% to RM225.0 million from RM167.0 million achieved in the preceding corresponding period of FY2024. During the 6-month period under review, ASP for fatty acids increased 9.2%, whilst ASP for glycerine was largely unchanged. Overall sales volume during the period under review rose 25.3% to 42,488 MT. In line with the higher sales volume, production utilisation was higher at 90.2%, up from 70.6% previously.

The Oleochemical Manufacturing incurred LBT of RM18.3 million, as compared to LBT of RM25.2 million recorded in the corresponding period of FY2024. Oleochemical Manufacturing LBT comprised core LBT of RM16.9 million, whilst non-core LBT was RM1.4 million. Non-core PBT was mainly derived from realised and unrealised loss on foreign exchange, unrealised gain on forward foreign exchange contracts, as well as unrealised loss on CPO futures contracts.



Milling & Cultivation

	Cumulative 6-months ended			
	30.09.2024	30.09.2023	Changes	Changes
	RM'000	RM'000	RM'000	%
(A) Financial Highlights:				
Revenue	240,626	214,596	26,030	12.1%
Operation profit	23,198	32,377	(9,179)	-28.4%
Profit before interest and tax	23,198	32,377	(9,179)	-28.4%
Profit before tax	23,154	32,264	(9,110)	-28.2%
(B) Non-Financial Highlights:				
FFB processed (MT)	292,907	292,740	167	0.1%
FFB production (MT)	42,820	45,815	(2,995)	-6.5%
CPO sales volume (MT)	57,266	58,413	(1,147)	-2.0%
PK sales volume (MT)	14,249	15,281	(1,032)	-6.8%
Average CPO selling price per MT (RM)	3,589	3,226	363	11.3%
Average PK selling price per MT (RM)	2,279	1,573	706	44.9%

Revenue in our Milling & Cultivation increased 12.1% to RM240.6 million from RM214.6 million achieved in the preceding corresponding period of FY2024. Sales volume for both CPO and PK declined 2.0% and 6.8% respectively during the 6-month period under review. ASP of CPO rose 11.3%, whilst ASP of PK was 44.9% higher as compared to the preceding corresponding period. Meanwhile, processed FFB was largely unchanged at 292,907 MT compared to 292,740 MT in the corresponding period of FY2024.

Milling & Cultivation PBT declined by 28.2% to RM23.2 million from RM32.3 million recorded in the corresponding 6-month period of FY2024. This comprised core and non-core PBT of RM11.6 million respectively. The non-core PBT was mainly derived from sale proceeds from the disposal of PK shells and sludge oil, and interest income.



Healthcare Services

	Cumulative 6-months ended			
	30.09.2024 RM'000	30.09.2023 RM'000	Changes RM'000	Changes %
(A) Financial Data:				
Revenue	63,570	57,193	6,377	11.1%
Operation profit	19,545	18,741	804	4.3%
Profit before interest and tax	19,545	18,741	804	4.3%
Profit before tax	19,467	18,689	778	4.2%
(B) Statistics:				
Number of patients:				
a. Outpatient	36,952	35,975	977	2.7%
b. Inpatient	6,260	5,788	472	8.2%

Revenue in the Healthcare Services increased 11.1% to RM63.6 million from RM57.2 million recorded in the preceding corresponding period of FY2024. In the 6-month period, the number of registered outpatients increased 2.7%, whilst the number of inpatients was 8.2% higher compared to the preceding corresponding period of FY2024.

Healthcare Services PBT improved 4.2% to RM19.5 million as compared to RM18.7 million reported in the preceding corresponding period of FY2024. This comprised core PBT of RM17.7 million and non-core PBT of RM1.8 million. The non-core PBT was mainly derived from rental income and interest income.



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

The Group	Individual Quarter ended			
	30.09.2024	31.03.2024	Changes	Changes
	RM'000	RM'000	RM'000	%
Revenue	298,072	241,036	57,036	23.7%
Operation profit	12,689	10,060	2,629	26.1%
Profit before interest and tax	12,855	10,247	2,608	25.5%
Profit before tax	12,421	9,989	2,432	24.3%
Profit after tax	7,572	4,266	3,306	77.5%
Profit attributable to equity holders of the Company	5,160	1,677	3,483	>100%

Compared to the immediate preceding quarter, Group revenue rose 23.7% to RM298.1 million from RM241.0 million. This was attributed to higher revenue contribution across all three core business segments during the quarter under review.

Consequently, Group PBT improved 24.3% to RM12.4 million, up from RM10.0 million recorded in the immediate preceding quarter. This was mainly driven by higher PBT contributions from Healthcare Services and a reduced LBT in Oleochemical Manufacturing.

B3. Prospect of the Group

Oleochemical Manufacturing

The global oleochemical market is highly competitive and fragmented. Due to our smaller operational scale, the Group is particularly sensitive to production costs, shift in sales and fluctuations in commodity prices. Additionally, slower global economic growth and geopolitical conflicts may also impact the outlook in our Oleochemical Manufacturing business.

We remain focus on cost optimization costs and improving operational efficiency. Our approach of customizing products has also proven to be a valuable strategy, deepening relationships with our long-standing customers and attracting new ones.

Milling & Cultivation

We maintain a cautious outlook on Milling & Cultivation. CPO prices reached a 2-year high of approximately RM4,950/tonne in early November 2024, up from approximately RM3,650/tonne at the start of year 2024 (*source: Malaysia Palm Oil Board*). In the medium term, several factors are expected to support CPO prices, including tight supplies due to reduced production in Indonesia, demand from Indonesia's transition to the B40 biofuel mandate by 2025, and overall higher global demand.



Nonetheless, CPO price volatility remains a concern, likely influenced by demand and inventory levels among key importing countries. Seasonal nature of palm oil production and competitive pressures from alternative edible oils, such soybean, rapeseed and sunflower oils, could also impact both the industry and our business segment.

Healthcare Services

Our Healthcare Services has consistently maintained stable performance, driven by increasing awareness of private healthcare among a growing middle-income population. We remained committed to providing high-quality healthcare services, upgrading our medical facilities and expanding our team of medical professionals to continually enhance patient care standard.

We will continue to adapt and innovate to meet the evolving healthcare needs of our community, with a steadfast commitment to delivering exceptional medical care at all times.

Overall

We expect improved prospects in the coming year, nonetheless we remain mindful of potential global challenges that could impact our operations. We are committed to further strengthening our operational efficiency and maintaining a solid balance sheet to effectively navigate any potential challenges that may arise.

B4. Profit Forecast

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

**B5. Income Tax Expense**

	Second Quarter ended		Cumulative 6-months ended	
	30.09.2024 RM'000	30.09.2023 RM'000	30.09.2024 RM'000	30.09.2023 RM'000
Estimated tax payable:				
Current financial period	2,501	2,772	4,868	6,543
- Malaysian tax expense	2,201	2,124	5,674	4,736
- Overseas tax expense				
	4,702	4,896	10,542	11,279
Deferred tax				
Current financial period	147	110	30	(67)
Total	4,849	5,006	10,572	11,212

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 September 2024: -

	Unaudited		Audited	
	As at 30.09.2024 Foreign Currency IDR million	As at 30.09.2024 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	-	300	-	900
- Bankers' acceptance	-	25,000	-	20,000
<i>Secured</i>				
- Hire purchase payables denominated in IDR	3,220	876	1,363	406
Long term				
<i>Unsecured</i>				
- Term loan				-
<i>Secured</i>				
- Hire purchase payables denominated in IDR	4,278	1,163	1,236	368
Effective interest rate		4.95% to 11.74%		8.35% to 13.11%

B8. Financial Instruments

As at 30 September 2024, the fair values of the outstanding derivatives are as follows:

Types of Derivatives	Based Currency	Contract/Notional Value RM'000	Fair Value as at 30.09.2024 RM'000
(i) Forward foreign exchange contracts			
- Less than 1 year	USD	49,172	45,607
(ii) Commodity future contracts			
<i>Buy</i>			
- Less than 1 year	RM	16,655	17,786
<i>Sell</i>			
- Less than 1 year	RM	-	-



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 FY2024:

- 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) 30.09.2024 RM'000
(i) Forward foreign exchange contracts - Less than 1 year	The difference between the contracted rates and the Bank Negara closing rates	3,412
(ii) Commodity future contracts - Less than 1 year	The difference between the contracted prices and the market forward prices	1,131

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 FY2024.

**B11. Dividends**

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

B12. Earnings/(Loss) per Share

	Second Quarter ended		Cumulative 6-months ended	
	30.09.2024	30.09.2023	30.09.2024	30.09.2023
Profit/(Loss) attributable to equity holders of the Company (in RM'000)	5,160	(5,378)	6,837	3,751
Weighted average number of ordinary shares in issue (in '000)	136,934	136,934	136,934	136,934
Earnings/(Loss) per share (in sen) – basic and diluted	<u>3.77</u>	<u>(3.93)</u>	<u>4.99</u>	<u>2.74</u>

B13. Profit for the Period

	Cumulative 6-months ended	
	30.09.2024	30.09.2023
	RM'000	RM'000
Profit for the period is arrived at after crediting /(debiting) the following income/(expenses):		
- Interest income	7,809	5,917
- Finance costs	(692)	(448)
- Depreciation of property, plant and equipment	(11,961)	(11,122)
- Depreciation of right-of-use assets	(1,352)	(682)
- (Gain)/Loss on disposal of property, plant and equipment	(7)	17
- Impairment losses on trade receivables	(105)	(225)
- Inventories written off	-	5
- Inventories written down	(15)	(8)
- Net fair value change in biological assets	(1,000)	(123)
- Reversal of impairment losses on trade receivable no longer required	766	212
- Gain/(Loss) on foreign exchange:		
Realised	221	1,166
Unrealised	(4,422)	599
- Changes in fair value of derivatives	3,450	(920)

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 30.09.2024 RM'000	Audited As at 31.03.2024 RM'000
Third parties	67,077	63,096
Related parties	1,802	1,053
Trade receivables	68,879	64,149
Less: Impairment losses	(2,292)	(2,211)
Trade receivables, net	<u>66,587</u>	<u>61,938</u>

The credit period granted on sales of goods and services rendered ranges from 7 to 90 days (2024: 7 to 90 days).

An allowance of RM2,292,000 (2024: RM2,211,000) 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 30.09.2024 RM'000	Audited As at 31.03.2024 RM'000
Neither past due nor impaired	45,527	47,622
Past due but not impaired:		
30 days and below	11,203	7,304
31 – 60 days	6,092	4,803
61 – 90 days	2,055	1,708
91 – 120 days	1,663	490
121 – 150 days	47	11
	21,060	14,316
Past due and impaired	2,292	2,211
Trade receivables	<u>68,879</u>	<u>64,149</u>



B15. Auditors' Report on Preceding Annual Financial Statements

The audit report for the FY2024 was not subject to any qualifications.

This Interim Financial Report of Southern Acids (M) Berhad for the second quarter of financial year ending 31 March 2025 was authorised for issuance by the Board of Directors of the Company on 26 November 2024.