

SOUTHERN ACIDS (M) BHD**Condensed Consolidated Income Statements**
For the quarter ended 31st October 2002

	2002 Current qtr Ended 31 Oct (RM)	2001 Comparative qtr Ended 31 Oct (RM)	2002 6 month Cumulative to date (RM)	2001 6 month Cumulative to date (RM)
Revenue	80,471,821	54,787,000	151,039,060	104,092,000
Operating Expenses	(73,498,276)	(49,439,000)	(137,222,568)	(89,839,000)
Other Operating income	91,848	153,000	110,131	238,000
Profit from Operations	7,065,393	5,501,000	13,926,623	14,491,000
Finance costs	(111,188)	(58,000)	(227,695)	(118,000)
Investing Results	<u>400,522</u>	<u>600,000</u>	<u>1,832,183</u>	<u>1,543,000</u>
Profit before tax	7,354,727	6,043,000	15,531,111	15,916,000
Taxation	<u>(76,340)</u>	<u>(76,000)</u>	<u>(288,182)</u>	<u>(261,000)</u>
Profit after tax	7,278,387	5,967,000	15,242,929	15,655,000
Minority Interest	<u>(483,630)</u>	<u>148,000</u>	<u>(405,618)</u>	<u>205,000</u>
Net Profit for the period	<u>6,794,757</u>	<u>6,115,000</u>	<u>14,837,311</u>	<u>15,860,000</u>
EPS - Basic (in sen)	<u>6.48</u>	<u>5.83</u>	<u>14.15</u>	<u>15.13</u>
- Dilluted (in sen)	<u>5.08</u>	<u>4.55</u>	<u>11.08</u>	<u>11.80</u>

(The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the year ended 30th April 2002)

SOUTHERN ACIDS (M) BHD**Condensed Consolidated Balance Sheets**
As at 31st October 2002

	Quarter ended 31 Oct. 2002 (RM)	Year ended 30 Apr. 2002 (RM)
Property, Plant & Equipment	263,024,970	266,542,378
Intangible Assets	1,781,055	1,679,224
Investments in Associate and Joint Ventures	5,551,561	5,243,181
Other Investments	17,015,530	19,801,630
Current Assets		
Inventories	36,002,617	26,205,240
Debtors	49,054,097	45,720,035
Cash & Cash Equivalents	12,350,609	16,315,688
	<u>97,407,323</u>	<u>88,240,963</u>
Current Liabilities		
Trade & Other Creditors	(32,854,272)	(38,934,241)
Overdraft & Short Term Borrowings	(5,484,846)	(13,672,757)
Taxation	(181,140)	(86,522)
	<u>(38,520,258)</u>	<u>(52,693,520)</u>
Net Current Assets	<u>58,887,065</u>	<u>35,547,443</u>
	<u>346,260,181</u>	<u>328,813,856</u>
Share Capital	104,873,187	104,873,187
Reserves	228,194,114	212,783,207
Shareholders' Fund	<u>333,067,301</u>	<u>317,656,394</u>
Minorities Interest	1,922,148	1,516,530
Long Term Liabilities		
Borrowings	9,498,513	7,978,713
Other deferred liabilities	1,772,219	1,662,219
	<u>346,260,181</u>	<u>328,813,856</u>

(The Condensed Consolidated Balance Sheets should be read in conjunction with the Annual Financial Report for the year ended 30th April 2002)

SOUTHERN ACIDS (M) BHD

(Indirect method)

Condensed Consolidated Cash Flow Statements
For the quarter ended 31st October 2002

	<u>2002</u> 6 month ended 31 Oct (RM)	<u>2001</u> 6 month ended 31 Oct (RM)
Net Profit before tax	15,531,111	N/A
Adjustment for non-cash flow:-		
Non-cash items	7,816,131	N/A
Non-operating items (which are investing / financing)	1,211,284	N/A
Operating profit before changes in working capital	24,558,526	N/A
Changes in working capital		
Net Change in current assets	(13,131,439)	N/A
Net Change in current liabilities	(15,663,329)	N/A
Net cash flows from operating activities	<u>(4,236,242)</u>	<u>N/A</u>
Investing Activities		
- Equity investments	1,243,908	N/A
- Other investments	(3,982,612)	N/A
	<u>(2,738,704)</u>	<u>N/A</u>
Financing Activities		
- Bank borrowings	1,519,800	N/A
	<u>1,519,800</u>	<u>N/A</u>
Net Change in Cash & Cash Equivalents	(5,455,146)	N/A
Cash & Cash Equivalents at 1 May 2002	16,149,931	N/A
Cash & Cash Equivalents at 31 Oct 2002	<u>10,694,785</u>	<u>N/A</u>

(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Report for the year ended 30th April 2002)

SOUTHERN ACIDS (M) BHD

Condensed Consolidated Statements of Changes in Equity
For the quarter ended 31st October 2002

	<u>Share Capital</u> (RM)	<u>Reserve attributable to Capital</u> (RM)	<u>Reserve attributable to revenue</u> (RM)	<u>Retained Profits</u> (RM)	<u>Total</u> (RM)
<u>6 month quarter ended 31 Oct 2002</u>					
Balance at beginning of year	104,873,187	25,841,589	0	186,941,618	317,656,394
Movements during the period (cumulative)	0	573,596	0	14,837,311	15,410,907
Balance at end period	<u>104,873,187</u>	<u>26,415,185</u>	<u>0</u>	<u>201,778,929</u>	<u>333,067,301</u>

	<u>Share Capital</u> (RM)	<u>Reserve attributable to Capital</u> (RM)	<u>Reserve attributable to revenue</u> (RM)	<u>Retained Profits</u> (RM)	<u>Total</u> (RM)
<u>6 month quarter ended 31 Oct 2001</u>					
Balance at beginning of year	N/A	N/A	N/A	N/A	N/A
Movements during the period (cumulative)	N/A	N/A	N/A	N/A	N/A
Balance at end period	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

(The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 30th April 2002)

**Condensed Consolidated Statement of
Recognised Gains and Losses
For quarter ended 31st October 2002**

	2002 6 month cumulative to date (RM)	2001 6 month cumulative to date (RM)
Surplus / (deficit) on revaluation	0	0
Exchange differences arising on translation of foreign controlled entities	<u>573,596</u>	<u>(292,048)</u>
Net gains (losses) not recognised in the income statement	573,596	(292,048)
Net Profit (Cumulative)	14,837,311	15,860,000
Total recognised gains and losses	<u>15,410,907</u>	<u>15,567,952</u>

(The Condensed Consolidated Statement of Recognised Gains and Losses should be read in conjunction with the Annual Financial Report for the year ended 30th April 2002)

SOUTHERN ACIDS (M) BHD
(64577-K)
(Incorporated in Malaysia)

Notes to Interim Financial Reports

A Explanatory Notes as per MASB 26 Requirements

A1. Accounting Policies

This interim financial report is unaudited and has been prepared in compliance with MASB 26 – Interim Financial Reporting.

The interim financial report should be read in conjunction with the audited financial statements of the Group for the year ended 30 April 2002.

The accounting policies and method of computation used in the preparation of the interim financial report are consistent with that of the annual financial statements ended 30 April 2002.

A2. Status of Audit Qualifications

The audited financial statements of the Group for year ended 30 April 2002 was not subject to any audit qualification.

A3. Seasonal or Cyclical Factors

The principal subsidiary, Pofachem (M) Sdn Bhd is subject to cyclical prices in their raw material supplies. The principal raw materials are crude palm oil, crude palm stearine and palm kernel oil.

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

There were no other unusual items affecting assets, liabilities, equity, net income or cash flows that are unusual because of their nature, size or incidence for the financial period under review.

A5. Material Changes in Estimates

There were no material changes in estimates used in the preparation of the financial statements in the current financial quarter as compared with the previous financial quarters or previous financial year.

A6. Issuance or Repayment of Debts and Equity Securities

There were no issuance and repayment of debts and equity securities, share buy-backs, share cancellation, shares held as treasury shares or resale of treasury shares for the current financial year to-date.

A7. Dividends Paid

During the current quarter, a tax-exempt interim dividend of 2.5 sen per ordinary share has been approved by the board of directors as disclosed in Note B12.

A8. Segmental Reporting (Analysis by Business Segments)

	Revenue	Profit/Loss before tax
	RM'000	RM'000
Manufacturing & Marketing	129,690	14,608
Warehouse & Bulk Conveyor Operation	1,473	88
Development, Managing & Operating of Private Hospital	19,393	(520)
Plantation	522	149
Others	(39)	898
	151,039	15,223
Group's Share in Associated Company	-	308
	<u>151,039</u>	<u>15,531</u>

A9. Valuations of Property, Plant and Equipment

There were no valuations of property, plant and equipment that have been brought forward without amendment from the previous financial statements.

A10. Events Subsequent to Balance Sheet Date

In the interval between the end of the reporting period and the date of this report, no material events have arisen which have not been reflected in the interim financial statements.

A11. Changes in the composition of the Group

During the current quarter and financial year to date, there were no changes in the composition of the Group including business combination, acquisition, or disposal of subsidiaries and long term investments, restructuring and discontinuing operations.

A12. Changes in Contingent Liabilities or Contingent Assets

During the current quarter, the Company has issued a corporate guarantee without security of USD 4.07 million to a local bank for credit facilities totalling USD 7.4 million granted to a subsidiary company.

Explanatory Notes of the KLSE Revised Listing Requirements

B1. Review of Performance

The earnings of the Group for the current quarter has increased by 21.7% compared to the preceding quarter. This is largely due to increase turnover from one of its subsidiaries, P.T. Mustika Agro Sari during this current quarter. However, the earnings of the Group for the current financial year-to-date has decreased slightly by 2.4% compared to the preceding financial year-to-date. This is due to the increase of raw materials cost such as Crude Palm Oil, Crude Palm Stearine and Palm Kernel Oil.

B2. Variation of Results to Preceding Quarter

The profit before tax of the Group for this quarter is RM 7.355 million compared to RM 6.043 million in the preceding quarter. This increase in profit largely comes from its subsidiary, P.T. Mustika Agro Sari which is now operating at higher capacity compared to the previous year.

B3. Current Financial Year Prospects

Barring any unforeseen circumstances, the Group anticipate similar results for the remaining period of the current financial year compared to the current quarter.

B4. Profit Forecast and Profit Guarantee

The Group did not issue any profit forecast or profit guarantee.

B5. Tax Expense

	Current Year Quarter 31 Oct 2002 RM '000	Cumulative Current Year-To-Date 31 Oct 2002 RM'000
Tax on Dividend Income	46	171
Tax on non-exempt business income	13	87
Tax on Interest Income	17	30
	<u>76</u>	<u>288</u>

The effective tax rate of the Group for the current quarter and financial year-to-date is lower than the statutory income tax rate due to the availability of unabsorbed tax losses and tax allowances brought forward to set-off against the profit for the current period of certain subsidiary companies.

B6. Sale of Unquoted Investments and Properties

There was no sale of any unquoted investment or properties for the current quarter. However, for the financial year-to-date, there was a gain of RM 684,909 due to sale of an unquoted investment.

B7. Quoted Securities

(a) There were no purchases or disposals of quoted securities for the current financial quarter and year-to-date.

(b) Investments in quoted securities as at 31 October 2002 were as follows:-

	<u>RM</u>
Long-term investments:	
- At Cost	25,554,090
- At Carrying Value	13,087,873
- At Market Value	17,696,279

B8. Status of Corporate Proposals

There are no corporate proposals.

B9. Group Borrowings and Debt Securities

The status of Group borrowings as at 31 October 2002 was as follows:-

(a) <u>Short Term</u>	<u>Amount</u>	<u>Nature</u>
(i) Bankers Acceptance and Overdraft	RM 5,484,846	Unsecured
(ii) Term Loan (due within 2 years)	USD 333,333	Secured
(b) <u>Long Term</u>		
(i) Term Loan (due above 2 years)	USD 2,166,667	Secured

B10. Financial Instruments with Off Balance Sheet Risk

As at the date of this report, the Group does not have any financial instruments with off balance sheet risk.

B11. Material Litigation

There was no pending material litigation as at date of this report.

B12. Dividend

(a)(i) A tax-exempt interim dividend has been approved by the board of directors for the current quarter ended 31 October 2002.

(ii) The amount is 2.5 sen per ordinary share.

(iii) No dividend was recommended for the previous corresponding period.

(iv) The dividend will be payable on 21 February 2003, and

(v) In respect of a Depositor with the Malaysian Central Depository, entitlement to dividend will be determined on the following basis:-

- (a) Shares deposited into the Depositor's Securities Account before 12.30 pm on 27 January 2003 (in respect of shares which are exempted from Mandatory Deposit.)
 - (b) Shares transferred into the Depositor's Securities Account before 4.00 pm on 29 January 2003 in respect of ordinary transfers; and
 - (c) Shares bought on the Kuala Lumpur Stock Exchange on a cum entitlement basis according to the rules of Kuala Lumpur Stock Exchange.
- (b) The total tax-exempt dividend for the current financial year is 2.5 sen per share.

B13. Earnings Per Share

a) Basic

The calculation of basic earnings per share for the current financial quarter and year-to-date is based on the net profit attributable to ordinary shareholders of RM 6,794,757 and RM 14,837,311 respectively and the weighted average number of 104,873,187 ordinary shares in issue during the period.

b) Fully-Dilluted

The calculation of basic earnings per share for the current financial quarter and year-to-date is based on the adjusted net profit attributable to ordinary shareholders of RM 6,982,462 and RM 15,247,192 respectively and the total weighted average number of 104,873,187 ordinary shares and 32,701,442 warrants in issue during the period.