

**SOUTHERN ACIDS (M) BHD (64577-K)****Condensed Consolidated Income Statements**  
**For the quarter ended 30th April 2003**

	2003 Current qtr Ended 30 Apr (RM)	2002 Comparative qtr Ended 30 Apr (RM)	2003 12 months Cumulative to date (RM)	2002 12 months Cumulative to date (RM)
Revenue	84,178,320	57,144,669	309,642,155	213,403,732
Operating Expenses	(79,786,715)	(54,191,042)	(286,177,666)	(194,470,559)
Other Operating income	<u>166,403</u>	<u>121,246</u>	<u>323,682</u>	<u>169,231</u>
Profit from Operations	4,558,008	3,074,873	23,788,171	19,102,404
Finance costs	(158,968)	(104,492)	(503,782)	(346,792)
Investing Results	<u>706,843</u>	<u>(175,836)</u>	<u>2,874,185</u>	<u>2,436,461</u>
Profit before tax	5,105,883	2,794,545	26,158,574	21,192,073
Taxation	<u>(334,225)</u>	<u>170,551</u>	<u>(716,296)</u>	<u>(340,999)</u>
Profit after tax	4,771,658	2,965,096	25,442,278	20,851,074
Minority Interest	<u>(6,139)</u>	<u>249,841</u>	<u>(362,628)</u>	<u>571,714</u>
Net Profit for the period	<u>4,765,519</u>	<u>3,214,937</u>	<u>25,079,650</u>	<u>21,422,788</u>
EPS - Basic (in sen)	<u>4.54</u>	<u>3.07</u>	<u>23.91</u>	<u>20.43</u>
- Diluted (in sen)	<u>3.68</u>	<u>2.61</u>	<u>19.11</u>	<u>16.67</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 (64577-K)****Condensed Consolidated Balance Sheets**  
**As at 30th April 2003**

	Quarter ended 30 Apr. 2003 (RM)	Year ended 30 Apr. 2002 (RM)
Property, Plant & Equipment	260,698,140	266,542,378
Intangible Assets	1,807,603	1,679,224
Investments in Associate and Joint Ventures	5,721,745	5,243,181
Other Investments	18,389,365	19,801,630
Current Assets		
Inventories	32,343,300	26,205,240
Debtors	41,524,964	42,858,035
Amount owing by associated company	1,767,000	2,862,000
Cash & Cash Equivalents	24,247,697	16,315,688
	<u>99,882,961</u>	<u>88,240,963</u>
Current Liabilities		
Trade & Other Creditors	(30,152,857)	(33,103,306)
Overdraft & Short Term Borrowings	(1,134,440)	(13,672,757)
Amount owing to directors	(756,917)	(465,776)
Provision for taxation	(227,990)	(86,522)
Dividend Payable	(121,500)	(121,500)
Dividend Proposed	0	(5,243,659)
	<u>(32,393,704)</u>	<u>(52,693,520)</u>
Net Current Assets	<u>67,489,257</u>	<u>35,547,443</u>
	<u>354,106,110</u>	<u>328,813,856</u>
Share Capital	104,873,187	104,873,187
Reserves	235,419,557	212,783,207
Shareholders' Fund	<u>340,292,744</u>	<u>317,656,394</u>
Minorities Interest	1,879,158	1,516,530
Long Term Liabilities		
Borrowings	9,498,513	7,978,713
Other deferred liabilities	2,435,695	1,662,219
	<u>354,106,110</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 (64577-K)****(Indirect method)****Condensed Consolidated Cash Flow Statements**  
**For the quarter ended 30th April 2003**

	<u>2003</u> 12 months ended 30 Apr (RM)	<u>2002</u> 12 months ended 30 Apr (RM)
Net Profit before tax	26,158,574	21,192,073
Adjustment for non-cash flow:-		
Non-cash items	15,411,716	15,639,869
Non-operating items (which are investing / financing)	(2,446,192)	(2,958,145)
Operating profit before changes in working capital	39,124,098	33,873,797
Changes in working capital		
Net Change in current assets	(4,804,989)	(11,432,828)
Net Change in current liabilities	(15,056,157)	(18,195,704)
Net cash flows from operating activities	<u>19,262,952</u>	<u>4,245,265</u>
Investing Activities		
- Equity investments	661,186	595,872
- Other investments	(5,517,382)	(14,440,032)
	<u>(4,856,196)</u>	<u>(13,844,160)</u>
Financing Activities		
- Bank borrowings	1,556,499	8,423,444
- Exercise of warrants	0	22,400
- Payment of dividend	(7,865,489)	(5,242,959)
	<u>(6,308,990)</u>	<u>3,202,885</u>
Net Change in Cash & Cash Equivalents	8,097,766	(6,396,010)
Cash & Cash Equivalents at 1 May 2002	16,149,931	22,545,941
Cash & Cash Equivalents at 30 Apr 2003	<u>24,247,697</u>	<u>16,149,931</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 (64577-K)**

**Condensed Consolidated Statements of Changes in Equity**  
**For the quarter ended 30 th April 2003**

	<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>12 months quarter ended 30 Apr 2003</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	178,530	0	22,457,820	22,636,350
Balance at end period	<u>104,873,187</u>	<u>26,020,119</u>	<u>0</u>	<u>209,399,438</u>	<u>340,292,744</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>12 months quarter ended 30 Apr 2002</u>					
Balance at beginning of year	104,859,187	22,526,933	0	170,762,489	298,148,609
Movements during the period (cumulative)	14,000	3,314,656	0	16,179,129	19,507,785
Balance at end period	<u>104,873,187</u>	<u>25,841,589</u>	<u>0</u>	<u>186,941,618</u>	<u>317,656,394</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)

**SOUTHERN ACIDS (M) BHD (64577-K)**

**Condensed Consolidated Statement of  
Recognised Gains and Losses  
For quarter ended 30th April 2003**

	2003 12 months cumulative to date (RM)	2002 12 months cumulative to date (RM)
Surplus / (deficit) on revaluation	0	0
Exchange differences arising on translation of foreign controlled entities	<u>178,530</u>	<u>3,306,256</u>
Net gains (losses) not recognised in the income statement	178,530	3,306,256
Net Profit (Cumulative)	25,079,650	21,422,788
Total recognised gains and losses	<u>25,258,180</u>	<u>24,729,044</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 Malaysian Accounting Standards Board 26 “Interim Financial Reporting” and Paragraph 9.22 of the Kuala Lumpur Listing Requirements, and should be read in conjunction with the Group’s annual financial statements 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**

There were no audit qualifications on the annual financial statements for year ended 30 April 2002.

**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, RBD 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

- a) A final tax-exempt dividend of 5.0 sen per ordinary share in respect of the financial year ended 30 April 2002 amounting to RM5,243,659 was approved by the shareholders of the Company at the Annual General Meeting held on 28 October 2002 and has been paid on 29 November 2002.
- b) A interim tax-exempt dividend of 2.5 sen per ordinary share for the financial year ending 30 April 2003, amounting to RM2,621,829 was approved by the Board of Directors on 31 December 2002 and has been paid on 21 February 2003.

## A8. Segmental Reporting (Analysis by Business Segments)

	Revenue	Profit/Loss before tax
	RM'000	RM'000
Manufacturing & Marketing	269,294	25,598
Warehouse & Bulk Conveyor Operation	2,461	(60)
Development, Managing & Operating of Private Hospital	36,346	(2,190)
Plantation	982	605
Others	559	1,727
	<u>309,642</u>	<u>25,680</u>
Group's Share in Associated Company	-	479
	<u>309,642</u>	<u>26,159</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, there were no changes in the composition of contingent liabilities or contingent assets. However, for the financial year to date, 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.



## **B. ADDITIONAL INFORMATION REQUIRED BY THE KUALA LUMPUR STOCK EXCHANGE LISTING REQUIREMENTS**

### **B1. Review of Performance**

The Group reported a turnover of RM84.18 million and a net profit of RM4.77 million for the current quarter as compared to a turnover of RM57.14 million and a net profit of RM3.21 million for the corresponding quarter last year. The increase in turnover and the improved net profit for the current quarter as compared to the corresponding quarter last year were mainly due to the rise in average selling price of oleochemical products and the contribution from a subsidiary company namely PT. Mustika Agro Sari (“PTMAS”).

For the financial year ended 30 April 2003, the Group reported an increase of 17.07% in profit after tax of RM25.08 million when compared to the preceding year’s profit. The rise in the average selling price of oleochemical products coupled with profit derived from the subsidiary company in Indonesia namely PTMAS were the main reasons for the Group’s improved results.

### **B2. Variation of Results to Preceding Quarter**

The Group reported a profit before tax of RM5.11 million this quarter as compared to a profit before tax of RM5.52 million in the immediate preceding quarter. The decline in profit before tax was mainly due to the weaker performance recorded in the health care business.

### **B3. Current Financial Year Prospects**

The Directors are of the opinion that the results for the financial year ending 30 April 2004 will not deviate significantly from the results recorded in year 2003 provided that there is no significant change in market condition and raw material prices for the manufacturing of oleochemical products.

### **B4. Profit Forecast and Profit Guarantee**

Not applicable as there was no profit forecast or profit guarantee.

### **B5. Tax Expense**

	Current Year Quarter 30 Apr 2003 RM ‘000	Cumulative Current Year-To-Date 30 Apr 2003 RM’000
Tax on Dividend Income	1	208
Tax on non-exempt business income	55	169
Tax on Interest Income	1	62
Underprovision of tax	277	277
	<u>334</u>	<u>716</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 30 April 2003 were as follows:-

	<u>RM</u>
Long-term investments:	
- At Cost	26,218,410
- At Carrying Value	13,752,193
- At Market Value	16,799,361

#### **B8. Status of Corporate Proposals**

On 4 September 2002, the Company announced the acquisition of all the 13,000 ordinary shares in PT. Wanasari Nusantara for a total cash consideration of Rp41,000,000,000 (approximately RM18.0 million) by PT. Mustika Agro Sari which is a 70% owned subsidiary of First View Development Sdn Bhd, which in turn is a 80% owned subsidiary of the Company (“Proposed Acquisition”). As at the date of this announcement, a total of Rp20,500,000,000, representing 50% of the total consideration has been paid and as such, the Proposed Acquisition is pending completion.

#### **B9. Group Borrowings and Debt Securities**

The status of Group borrowings as at 30 April 2003 was as follows:-

<u>(a) Short Term</u>	<u>Amount</u>	<u>Nature</u>
(i) Bankers Acceptance and Overdraft	RM 1,324,659	Unsecured
(ii) Term Loan (due within 2 years)	USD 583,333 (RM 2,216,665)	Secured
<u>(b) Long Term</u>		
(i) Term Loan (due above 2 years)	USD 1,916,667 (RM 7,283,335)	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

- (i) The Board of Directors recommended a Final Tax Exempt Dividend of 5.0 sen per ordinary share be declared for the Financial Year Ended 30 April 2003 subject to approval by the shareholders of the Company at the forthcoming Annual General Meeting.
- (ii) For the previous corresponding period, a Final Tax Exempt Dividend of 5.0 sen per ordinary share was declared and paid on 29 November 2002.

## B13. Earnings Per Share

		3 MONTHS ENDED 30 APRIL		12 MONTHS ENDED 30 APRIL	
		2003	2002	2003	2002
a) <b>Basic</b>					
Profit attributable to shareholders	(RM)	<u>4,765,519</u>	3,214,937	<u>25,079,650</u>	21,422,788
Weighted average number of ordinary shares in issue		<u>104,873,187</u>	104,866,187	<u>104,873,187</u>	104,866,187
Basic earnings per share	(sen)	<u>4.54</u>	3.07	<u>23.91</u>	20.43
b) <b>Diluted</b>					
Profit attributable to shareholders	(RM)	<u>5,066,895</u>	3,591,658	<u>26,285,156</u>	22,929,670
Weighted average number of ordinary shares in issue		<u>104,873,187</u>	104,866,187	<u>104,873,187</u>	104,866,187
Adjusted for warrants 1999/2003		<u>32,701,442</u>	32,701,442	<u>32,701,442</u>	32,701,442
Adjusted weighted average number of ordinary shares in issue and issuable		<u>137,574,629</u>	137,567,629	<u>137,574,629</u>	137,567,629
Fully diluted earnings per share	(sen)	<u>3.68</u>	2.61	<u>19.11</u>	16.67