

SOUTHERN ACIDS (M) BHD (64577-K)

Condensed Consolidated Income Statements
For the quarter ended 31st July, 2003

	2003 Current qtr Ended 31 July (RM)	2002 Comparative qtr Ended 31 July (RM)	2003 3 months Cumulative to date (RM)	2002 3 months Cumulative to date (RM)
Revenue	83,919,785	70,567,239	83,919,785	70,567,239
Operating Expenses	(80,959,896)	(63,734,619)	(80,959,896)	(63,734,619)
Other Operating income	<u>3,870</u>	<u>74,272</u>	<u>3,870</u>	<u>74,272</u>
Profit from Operations	2,963,759	6,906,892	2,963,759	6,906,892
Finance costs	(82,127)	(116,507)	(82,127)	(116,507)
Investing Results	<u>193,639</u>	<u>1,385,999</u>	<u>193,639</u>	<u>1,385,999</u>
Profit before tax	3,075,271	8,176,384	3,075,271	8,176,384
Taxation	<u>(80,908)</u>	<u>(211,842)</u>	<u>(80,908)</u>	<u>(211,842)</u>
Profit after tax	2,994,363	7,964,542	2,994,363	7,964,542
Minority Interest	<u>(431,464)</u>	<u>78,012</u>	<u>(431,464)</u>	<u>78,012</u>
Net Profit for the period	<u>2,562,899</u>	<u>8,042,554</u>	<u>2,562,899</u>	<u>8,042,554</u>
EPS - Basic (in sen)	<u>2.44</u>	<u>7.67</u>	<u>2.44</u>	<u>7.67</u>
- Diluted (in sen)	<u>2.08</u>	<u>6.12</u>	<u>2.08</u>	<u>6.12</u>

(The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the year ended 30th April 2003)

SOUTHERN ACIDS (M) BHD (64577-K)

Condensed Consolidated Balance Sheets
As at 31st July, 2003

	Quarter ended 31 Jul. 2003 (RM)	Year ended 30 Apr. 2003 (RM)
Property, Plant & Equipment	260,319,691	260,711,083
Intangible Assets	1,874,255	1,807,603
Investments in Associate and Joint Ventures	5,769,417	5,690,687
Other Investments	17,073,713	15,207,326
Current Assets		
Inventories	31,503,768	32,343,107
Debtors	58,994,254	45,639,301
Amount owing by associated company	1,101,000	1,767,000
Cash & Cash Equivalents	20,206,934	24,395,780
	<u>111,805,956</u>	<u>104,145,188</u>
Current Liabilities		
Trade & Other Creditors	(25,544,566)	(31,724,972)
Overdraft & Short Term Borrowings	(8,474,110)	(1,733,009)
Amount owing to directors	(789,037)	(765,435)
Provision for taxation	(273,823)	(192,915)
Dividend Payable	(121,500)	(121,500)
	<u>(35,203,036)</u>	<u>(34,537,831)</u>
Net Current Assets	<u>76,602,920</u>	<u>69,607,357</u>
	<u>361,639,996</u>	<u>353,024,056</u>
Share Capital	104,879,587	104,873,187
Reserves	238,034,437	234,562,007
Shareholders' Fund	<u>342,914,024</u>	<u>339,435,194</u>
Minorities Interest	2,697,793	2,266,329
Long Term Liabilities		
Borrowings	13,678,513	9,023,513
Other deferred liabilities	2,349,666	2,299,020
	<u>361,639,996</u>	<u>353,024,056</u>

(The Condensed Consolidated Balance Sheets should be read in conjunction with the Annual Financial Report for the year ended 30th April 2003)

Condensed Consolidated Cash Flow Statements
For the quarter ended 31st July, 2003

	<u>2003</u> 3 months ended 31 Jul (RM)	<u>2002</u> 3 months ended 31 Jul (RM)
Net Profit before tax	3,075,271	N/A
Adjustment for non-cash flow:-		
Non-cash items	3,892,715	N/A
Non-operating items (which are investing / financing)	(3,229,050)	N/A
Operating profit before changes in working capital	3,738,936	N/A
Changes in working capital		
Net Change in current assets	(11,849,614)	N/A
Net Change in current liabilities	(6,156,804)	N/A
Net cash flows from operating activities	<u>(14,267,482)</u>	<u>N/A</u>
Investing Activities		
- Equity investments	424,020	N/A
- Other investments	(2,925,396)	N/A
	<u>(2,501,376)</u>	<u>N/A</u>
Financing Activities		
- Bank borrowings	5,353,671	N/A
- Proceeds from exercise of warrants	10,240	N/A
- Payment of dividend	0	N/A
	<u>5,363,911</u>	<u>N/A</u>
Net Change in Cash & Cash Equivalents	(11,404,947)	N/A
Cash & Cash Equivalents at 1 May 2003	23,137,771	N/A
Cash & Cash Equivalents at 31 Jul. 2003 (Note 1)	<u>11,732,824</u>	<u>N/A</u>

Note 1

Cash & Cash Equivalents comprises of:-

	<u>RM</u>
Cash & Bank Balances	20,206,934
Bank Overdrafts	(7,524,110)
Term loan payable within one year	(950,000)
	<u>11,732,824</u>

(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Report for the year ended 30th April 2003)

SOUTHERN ACIDS (M) BHD (64577-K)

Condensed Consolidated Statements of Changes in Equity
For the quarter ended 31st July, 2003

	Share Capital (RM)	Reserve attributable to Capital (RM)	Reserve attributable to revenue (RM)	Retained Profits (RM)	Total (RM)
<u>3 months quarter ended 31 July 2003</u>					
Balance at beginning of year	104,873,187	26,012,255	0	208,549,752	339,435,194
Movements during the period (cumulative)	6,400	909,531	0	2,562,899	3,478,830
Balance at end period	<u>104,879,587</u>	<u>26,921,786</u>	<u>0</u>	<u>211,112,651</u>	<u>342,914,024</u>

	Share Capital (RM)	Reserve attributable to Capital (RM)	Reserve attributable to revenue (RM)	Retained Profits (RM)	Total (RM)
<u>3 months quarter ended 31 July 2002</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 2003)

SOUTHERN ACIDS (M) BHD (64577-K)

**Condensed Consolidated Statement of
Recognised Gains and Losses
For quarter ended 31st July, 2003**

	2003 3 months cumulative to date (RM)	2002 3 months cumulative to date (RM)
Surplus / (deficit) on revaluation	0	0
Exchange differences arising on translation of foreign controlled entities	<u>905,691</u>	<u>(1,373,457)</u>
Net gains (losses) not recognised in the income statement	905,691	(1,373,457)
Net Profit (Cumulative)	2,562,899	8,042,554
Total recognised gains and losses	<u>3,468,590</u>	<u>6,669,097</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 2003)

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 2003.

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 2003.

A2. Status of Audit Qualifications

There were no audit qualifications on the annual financial statements for year ended 30 April 2003.

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) An 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
	RM'000	before tax RM'000
Manufacturing & Marketing	72,138	2,423
Warehouse & Bulk Conveyor Operation	989	228
Development, Managing & Operating of Private Hospital	9,688	(293)
Plantation	310	174
Others	795	465
	83,920	2,997
Group's Share in Associated Company	-	78
	<u>83,920</u>	<u>3,075</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 RM83.92 million and a net profit of RM2.56 million for the current quarter as compared to a turnover of RM70.57 million and a net profit of RM8.04 million for the corresponding quarter last year. The decrease in net profit is mainly due to higher raw material prices for the oleochemical manufacturing business.

B2. Variation of Results to Preceding Quarter

The Group reported a profit before tax of RM2.56 million this quarter as compared to a profit before tax of RM5.11 million in the immediate preceding quarter. The reduction in net profit is mainly due to keener competition resulting in lower selling prices of glycerine and fatty acids. In addition, the weaker demand from the United States and Europe has affected the selling prices and sales quantity.

B3. Current Financial Year Prospects

The Directors are of the opinion that the oleochemical industry will continue to be affected by keener competition in the remaining periods of the year and the profit for the financial year ending 30 April 2004 will be lower than the profit recorded in the financial year ended 30 April 2003.

B4. Profit Forecast and Profit Guarantee

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

B5. Tax Expense

	Current Year Quarter 31 Jul 2003 RM '000	Cumulative Current Year-To-Date 31 Jul 2003 RM'000
Tax on non-exempt business income	32	32
Tax on Interest Income	49	49
	<u>81</u>	<u>81</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.

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 July 2003 were as follows:-

	<u>RM</u>
Long-term investments:	
- At Cost	25,554,090
- At Carrying Value	13,087,873
- At Market Value	17,556,608

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. As at the date of this announcement, a supplementary agreement was signed on 23 September 2003. The details of the supplementary agreement are set out in the formal announcement dated 30 September 2003.

B9. Group Borrowings and Debt Securities

The status of Group borrowings as at 31 Jul 2003 was as follows:-

<u>(a) Short Term</u>	<u>Amount</u>	<u>Nature</u>
(i) Bankers Acceptance and Overdraft	RM 7,524,110	Unsecured
(ii) Term Loan (due within 1 year)	USD 250,000 (RM 950,000)	Secured
<u>(b) Long Term</u>		
(i) Term Loan (due above 1 year)	USD 3,600,000 (RM 13,678,518)	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

The total dividend declared for the financial year ended 30 April 2003 is 7.5 sen per ordinary share comprising:-

- (i) Final tax-exempt dividend of 5.0 sen per ordinary share which is subject to approval by the shareholders of the Company at the forthcoming Annual General Meeting.
- (ii) Interim tax exempt dividend of 2.5 sen per ordinary share which was paid on 21 February 2003.

For the previous corresponding period, the total dividend declared was 5.0 sen per ordinary share.

B13. Earnings Per Share

		3 MONTHS ENDED 31 JULY		3 MONTHS ENDED 31 JULY	
		2003	2002	2003	2002
a) Basic					
Profit attributable to shareholders	(RM)	<u>2,562,899</u>	<u>8,042,554</u>	<u>2,562,899</u>	<u>8,042,554</u>
Weighted average number of ordinary shares in issue		<u>104,879,587</u>	<u>104,873,187</u>	<u>104,879,587</u>	<u>104,873,187</u>
Basic earnings per share	(sen)	<u>2.44</u>	<u>7.67</u>	<u>2.44</u>	<u>7.67</u>
b) Diluted					
Profit attributable to shareholders	(RM)	<u>2,864,217</u>	<u>8,419,275</u>	<u>2,864,217</u>	<u>8,419,275</u>
Weighted average number of ordinary shares in issue		<u>104,879,587</u>	<u>104,873,187</u>	<u>104,879,587</u>	<u>104,873,187</u>
Adjusted for warrants 1999/2003		<u>32,695,042</u>	<u>32,701,442</u>	<u>32,695,042</u>	<u>32,701,442</u>
Adjusted weighted average number of ordinary shares in issue and issuable		<u>137,574,629</u>	<u>137,574,629</u>	<u>137,574,629</u>	<u>137,574,629</u>
Fully diluted earnings per share	(sen)	<u>2.08</u>	<u>6.12</u>	<u>2.08</u>	<u>6.12</u>