

SOUTHERN ACIDS (M) BHD (64577-K)

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

	2003 Current qtr Ended 31 Oct (RM)	2002 Comparative qtr Ended 31 Oct (RM)	2003 6 months Cumulative to date (RM)	2002 6 months Cumulative to date (RM)
Revenue	85,038,964	80,471,821	168,958,749	151,039,060
Operating Expenses	(80,923,749)	(73,498,276)	(161,883,645)	(137,222,568)
Other Operating income	<u>76,130</u>	<u>91,848</u>	<u>80,000</u>	<u>110,131</u>
Profit from Operations	4,191,345	7,065,393	7,155,104	13,926,623
Finance costs	(129,655)	(111,188)	(211,782)	(227,695)
Investing Results	<u>258,134</u>	<u>400,522</u>	<u>451,773</u>	<u>1,832,183</u>
Profit before tax	4,319,824	7,354,727	7,395,095	15,531,111
Taxation	<u>(100,094)</u>	<u>(76,340)</u>	<u>(181,002)</u>	<u>(288,182)</u>
Profit after tax	4,219,730	7,278,387	7,214,093	15,242,929
Minority Interest	<u>(111,974)</u>	<u>(483,630)</u>	<u>(543,438)</u>	<u>(405,618)</u>
Net Profit for the period	<u>4,107,756</u>	<u>6,794,757</u>	<u>6,670,655</u>	<u>14,837,311</u>
EPS - Basic (in sen)	<u>3.91</u>	<u>6.48</u>	<u>6.36</u>	<u>14.15</u>
- Diluted (in sen)	<u>3.20</u>	<u>5.21</u>	<u>5.29</u>	<u>11.33</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 October, 2003

	Quarter ended 31 Oct. 2003 (RM)	Year ended 30 Apr. 2003 (RM)
Property, Plant & Equipment	260,190,919	260,711,083
Intangible Assets	1,828,183	1,807,603
Investments in Associate and Joint Ventures	5,815,419	5,690,687
Other Investments	17,089,462	15,207,326
Current Assets		
Inventories	31,455,692	32,343,107
Debtors	59,820,135	45,639,301
Amount owing by associated company	964,000	1,767,000
Cash & Cash Equivalents	33,607,740	24,395,780
	<u>125,847,567</u>	<u>104,145,188</u>
Current Liabilities		
Trade & Other Creditors	(28,848,574)	(31,724,972)
Overdraft & Short Term Borrowings	(7,034,298)	(1,733,009)
Amount owing to directors	(955,861)	(765,435)
Provision for taxation	(354,716)	(192,915)
Dividend Payable	(121,500)	(121,500)
	<u>(37,314,949)</u>	<u>(34,537,831)</u>
Net Current Assets	<u>88,532,618</u>	<u>69,607,357</u>
	<u>373,456,601</u>	<u>353,024,056</u>
Share Capital	104,932,620	104,873,187
Reserves	242,111,364	234,562,007
Shareholders' Fund	<u>347,043,984</u>	<u>339,435,194</u>
Minorities Interest	2,809,767	2,266,329
Long Term Liabilities		
Borrowings	21,197,218	9,023,513
Other deferred liabilities	2,405,632	2,299,020
	<u>373,456,601</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 October, 2003

	<u>2003</u> 6 months ended 31 Oct (RM)	<u>2002</u> 6 months ended 31 Oct (RM)
Net Profit before tax	7,395,095	15,531,111
Adjustment for non-cash flow:-		
Non-cash items	7,972,487	7,816,131
Non-operating items (which are investing / financing)	(137,782)	1,211,284
Operating profit before changes in working capital	15,229,800	24,558,526
Changes in working capital		
Net Change in current assets	(12,490,419)	(13,131,439)
Net Change in current liabilities	(4,498,974)	(15,663,329)
Net cash flows from operating activities	<u>(1,759,593)</u>	<u>(4,236,242)</u>
Investing Activities		
- Equity investments	0	1,243,908
- Other investments	(6,598,534)	(3,982,612)
	<u>(6,598,534)</u>	<u>(2,738,704)</u>
Financing Activities		
- Bank borrowings	11,698,705	1,519,800
- Proceeds from exercise of warrants	95,093	0
- Payment of dividend	0	0
	<u>11,793,798</u>	<u>1,519,800</u>
Net Change in Cash & Cash Equivalents	3,435,671	(5,455,146)
Cash & Cash Equivalents at 1 May 2003	23,137,771	16,149,931
Cash & Cash Equivalents at 31 October, 2003 (Note 1)	<u>26,573,442</u>	<u>10,694,785</u>

Note 1

Cash & Cash Equivalents comprises of:-

	<u>RM</u>
Cash & Bank Balances	33,607,740
Bank Overdrafts	(5,609,298)
Term loan payable within one year	(1,425,000)
	<u>26,573,442</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 October, 2003

	Share Capital (RM)	Reserve attributable to Capital (RM)	Reserve attributable to revenue (RM)	Retained Profits (RM)	Total (RM)
6 months quarter ended 31 Oct. 2003					
Balance at beginning of year	104,873,187	26,012,255	0	208,549,752	339,435,194
Movements during the period (cumulative)	59,433	878,702	0	6,670,655	7,608,790
Balance at end period	104,932,620	26,890,957	0	215,220,407	347,043,984
6 months quarter ended 31 Oct. 2002					
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	104,873,187	26,415,185	0	201,778,929	333,067,301

(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 October, 2003**

	2003 6 months cumulative to date (RM)	2002 6 months cumulative to date (RM)
Surplus / (deficit) on revaluation	0	0
Exchange differences arising on translation of foreign controlled entities	<u>843,042</u>	<u>573,596</u>
Net gains (losses) not recognised in the income statement	843,042	573,596
Net Profit (Cumulative)	6,670,655	14,837,311
Total recognised gains and losses	<u>7,513,697</u>	<u>15,410,907</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 is no audit qualification 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 is 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 is no material change 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 is no issuance and repayment of debt 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 2003 amounting to RM5,246,631 was approved by the shareholders of the Company at the Annual General Meeting held on 28 October 2003 and has been paid on 29 November 2003.
- b) A Special Interim tax-exempt dividend of 35 sen per ordinary share for the financial year ending 30 April 2004, amounting to RM47,218,783 was approved by the Board of Directors on 21 October 2003 and has been paid on 29 November 2003.

A8. Segmental Reporting (Analysis by Business Segments)

	Revenue	Profit/Loss before tax
	RM'000	RM'000
Manufacturing & Marketing	146,324	7,640
Warehouse & Bulk Conveyor Operation	1,812	333
Development, Managing & Operating of Private Hospital	18,834	(1,084)
Plantation	673	416
Others	1,316	(35)
	168,959	7,270
Group's Share in Associated Company	-	125
	168,959	7,395

A9. Valuations of Property, Plant and Equipment

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

A10. Events Subsequent to Balance Sheet Date

- (i) The issued and paid-up ordinary share capital of the Company has increased from RM104,932,620 to RM134,910,811 by an issue of 29,978,191 ordinary shares of RM1.00 each by virtue of the conversion of 29,978,191 Warrants 1999/2003 at a conversion price of RM1.60 per ordinary share.
- (ii) A Final tax exempt dividend of 5.0 sen per ordinary share and a Special Interim tax-exempt dividend of 35.0 sen per ordinary share amounting to RM5,246,631 and RM47,218,783 respectively was paid on 29 November 2003.

Save as disclosed above, there is no material events subsequent to the end of the current quarter.

A11. Changes in the Composition of the Group

During the current quarter and financial year to date, there is no change 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 RM85.04 million and a net profit of RM4.11 million for the current quarter as compared to a turnover of RM80.47 million and a net profit of RM6.79 million for the corresponding quarter last year. The decrease in net profit is mainly due to lower profit margin as a result of higher raw material prices for the oleochemical manufacturing business. In addition, the profit is affected by the drop in sales volume of fatty acids coupled with the decrease in selling price as a result of keener competition.

B2. Variation of Results to Preceding Quarter

The Group reported a net profit of RM4.11 million this quarter as compared to a net profit of RM2.56 million in the immediate preceding quarter. The slight improvement in net profit is mainly due to lower raw material prices for the manufacturing of oleochemicals.

B3. Current Financial Year Prospects

The Directors are of the opinion that the oleochemical business will remain competitive and the profit margin will be lower as compared to last year. As a result, the Group's profit for the current financial year is expected to be lower than the profit recorded for the last financial year.

B4. Profit Forecast and Profit Guarantee

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

B5. Tax Expense

	Current Year Quarter 31 Oct 2003 RM '000	Cumulative Current Year-To-Date 31 Oct 2003 RM'000
Tax on non-exempt business income	32	64
Tax on Interest Income	68	117
	<u>100</u>	<u>181</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 is 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 October 2003 were as follows:-

	<u>RM</u>
Long-term investments:	
- At Cost	25,554,090
- At Carrying Value	13,087,873
- At Market Value	19,101,185

B8. Status of Corporate Proposals

On 4 September 2002, the Company announced the acquisition of all the 13,000 ordinary shares in P.T. Wanasari Nusantara for a total cash consideration of Indonesia Rupiah 41.0 billion (approximately RM18.0 million) by P.T. 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. Subsequently, 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. As at 31 October 2003, the proposed acquisition is pending completion.

B9. Group Borrowings and Debt Securities

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

(a) <u>Short Term</u>	<u>Amount</u>	<u>Nature</u>
(i) Bankers Acceptance and Overdraft	RM 5,609,298	Unsecured
(ii) Term Loan (due within 1 year)	USD 375,000 (RM 1,425,000)	Secured
 (b) <u>Long Term</u>		
(i) Term Loan (due above 1 year)	USD 5,578,637 (RM 21,197,218)	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 is no pending material litigation as at date of this report.

B12. Dividend

The total dividend declared for the financial period ended 31 October 2003 is 40 sen per ordinary share comprising:-

- (i) Final tax-exempt dividend of 5.0 sen per ordinary share; and
- (ii) Special Interim tax exempt dividend of 35.0 sen per ordinary share

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

B13. Earnings Per Share

		3 MONTHS ENDED 31 OCT		6 MONTHS ENDED 31 OCT	
		2003	2002	2003	2002
a) Basic					
Profit attributable to shareholders	(RM)	<u>4,107,756</u>	<u>6,794,757</u>	<u>6,670,655</u>	<u>14,837,311</u>
Weighted average number of ordinary shares in issue		<u>104,932,620</u>	<u>104,873,187</u>	<u>104,932,620</u>	<u>104,873,187</u>
Basic earnings per share	(sen)	<u>3.91</u>	<u>6.48</u>	<u>6.36</u>	<u>14.15</u>
b) Diluted					
Profit attributable to shareholders	(RM)	<u>4,408,585</u>	<u>7,171,478</u>	<u>7,272,313</u>	<u>15,590,752</u>
Weighted average number of ordinary shares in issue		<u>104,932,620</u>	<u>104,873,187</u>	<u>104,932,620</u>	<u>104,873,187</u>
Adjusted for warrants 1999/2003		<u>32,642,009</u>	<u>32,701,442</u>	<u>32,642,009</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>3.20</u>	<u>5.21</u>	<u>5.29</u>	<u>11.33</u>