

SOUTHERN ACIDS (M) BHD (64577-K)

Condensed Consolidated Income Statements
For the three month period ended 31 January 2005

	2005 Current qtr Ended 31 Jan (RM)	2004 Comparative qtr Ended 31 Jan (RM)	2005 9 months Cumulative to date (RM)	2004 9 months Cumulative to date (RM)
Revenue	88,703,241	86,812,328	294,116,286	255,771,077
Operating Expenses	(86,756,417)	(82,107,229)	(289,527,842)	(243,990,874)
Other Operating income	<u>3,781</u>	<u>57,667</u>	<u>176,779</u>	<u>137,667</u>
Profit from Operations	1,950,605	4,762,766	4,765,223	11,917,870
Finance costs	(356,348)	(247,694)	(873,405)	(459,476)
Investing Results	<u>366,939</u>	<u>555,946</u>	<u>1,276,171</u>	<u>1,007,719</u>
Profit before tax	1,961,196	5,071,018	5,167,989	12,466,113
Taxation	<u>(96,285)</u>	<u>(107,805)</u>	<u>(1,052,135)</u>	<u>(288,807)</u>
Profit after tax	1,864,911	4,963,213	4,115,854	12,177,306
Minority Interest	<u>(212,209)</u>	<u>(726,232)</u>	<u>(1,135,934)</u>	<u>(1,269,670)</u>
Net Profit for the period	<u>1,652,702</u>	<u>4,236,981</u>	<u>2,979,920</u>	<u>10,907,636</u>
EPS - Basic - in sen	<u>1.21</u>	<u>3.09</u>	<u>2.18</u>	<u>7.97</u>
- Diluted - in sen	<u>1.21</u>	<u>3.09</u>	<u>2.18</u>	<u>7.97</u>

(The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the year ended 30 April 2004)

SOUTHERN ACIDS (M) BHD (64577-K)

Condensed Consolidated Balance Sheet
As at 31 January 2005

	As at 31 Jan. 2005 (RM)	As at 30 Apr. 2004 (RM)
Property, Plant & Equipment	272,826,329	280,292,822
Deferred Tax Assets	13,317,000	13,313,400
Investment In Associated Company	6,642,955	6,218,384
Property Development Expenditure	3,755,616	3,601,851
Other Investments	15,191,714	13,543,873
Current Assets		
Inventories	40,853,249	38,353,796
Trade and other receivables	37,637,797	41,187,589
Amount owing by associated company	663,829	663,829
Fixed deposits, short term placements, cash & bank balances	42,526,128	45,293,286
	<u>121,681,003</u>	<u>125,498,500</u>
Current Liabilities		
Trade and other payables	(42,250,334)	(42,826,673)
Overdraft and short term borrowings	(6,756,272)	(5,580,657)
Amount owing to directors	(6,868)	(463,500)
Tax liabilities	(55,332)	(79,263)
Dividend payable	(121,500)	(121,500)
	<u>(49,190,306)</u>	<u>(49,071,593)</u>
Net Current Assets	<u>72,490,697</u>	<u>76,426,907</u>
	<u>384,224,311</u>	<u>393,397,237</u>
Share Capital	136,934,132	136,934,132
Reserves	221,721,956	228,602,677
Shareholders' Equity	<u>358,656,088</u>	<u>365,536,809</u>
Minority Interests	5,540,784	4,404,850
Long Term Liabilities		
Term loan	17,440,513	20,951,713
Other deferred liabilities	2,586,926	2,503,865
	<u>19,997,439</u>	<u>23,455,578</u>
	<u>384,224,311</u>	<u>393,397,237</u>

(The Condensed Consolidated Balance Sheets should be read in conjunction with the Annual Financial Report for the year ended 30 April 2004)

SOUTHERN ACIDS (M) BHD (64577-K)

(Indirect method)

Condensed Consolidated Cash Flow Statement
For the 9 month period ended 31 January 2005

	<u>2005</u> 9 months ended 31 Jan (RM)	<u>2004</u> 9 months ended 31 Jan (RM)
Net profit before tax	5,167,989	12,466,113
Adjustment for non-cash flow:-		
Non-cash items	12,220,890	11,666,643
Non-operating items (which are investing / financing)	<u>(4,221,456)</u>	<u>2,396,509</u>
Operating Profit Before Changes In Working Capital	13,167,423	26,529,265
Changes in working capital		
Net change in current assets	1,138,956	(766,958)
Net change in current liabilities	<u>(3,406,676)</u>	<u>8,431,661</u>
Net cash flows from operating activities	<u>10,899,703</u>	<u>34,193,968</u>
Investing Activities		
- Dividend received	1,200,360	798,561
- Equity Investments	(1,647,841)	(16,747,869)
- Other investments	<u>(7,693,806)</u>	<u>(29,164,872)</u>
	<u>(8,141,287)</u>	<u>(45,114,180)</u>
Financing Activities		
- Proceeds from term loan	0	11,461,871
- Repayment of term loan	(1,438,546)	0
- Proceeds from exercise of warrants	0	51,297,512
- Dividend paid	<u>(7,394,443)</u>	<u>(52,465,415)</u>
	<u>(8,832,989)</u>	<u>10,293,968</u>
Net Change in Cash and Cash Equivalents	(6,074,573)	(626,244)
Cash and Cash Equivalents at 1 May 2004 and 1 May 2003	41,844,429	23,137,771
Cash and Cash Equivalents at 31 Jan. 2005 and 31 Jan. 2004 (Note 1)	<u>35,769,856</u>	<u>22,511,527</u>

Note 1

Cash and Cash Equivalents comprises of:-

	as at 31 Jan. 2005	as at 31 Jan. 2004
	<u>RM</u>	<u>RM</u>
Cash and bank balances	42,526,128	29,777,816
Bank overdrafts	(2,538,272)	(4,416,289)
Term loan payable within 1 year	<u>(4,218,000)</u>	<u>(2,850,000)</u>
	<u>35,769,856</u>	<u>22,511,527</u>

(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Report for the year ended 30 April 2004)

SOUTHERN ACIDS (M) BHD (64577-K)

Condensed Consolidated Statements of Changes in Equity
For the 9 month period ended 31 January 2005

	Share Capital (RM)	Reserve Attributable To Capital (RM)	Reserve Attributable To Revenue (RM)	Retained Profits (RM)	Total (RM)
<u>9 months period ended 31 Jan. 2005</u>					
Balance at beginning of year	136,934,132	45,034,765	0	183,567,912	365,536,809
Movements during the period (cumulative)	0	(2,466,198)	0	(4,414,523)	(6,880,721)
Balance at end period	<u>136,934,132</u>	<u>42,568,567</u>	<u>0</u>	<u>179,153,389</u>	<u>358,656,088</u>

	Share Capital (RM)	Reserve Attributable To Capital (RM)	Reserve Attributable To Revenue (RM)	Retained Profits (RM)	Total (RM)
<u>9 months period ended 31 Jan. 2004</u>					
Balance at beginning of year	104,873,187	26,012,255	0	208,549,752	339,435,194
Movements during the period (cumulative)	32,060,945	20,378,792	0	(41,557,779)	10,881,958
Balance at end period	<u>136,934,132</u>	<u>46,391,047</u>	<u>0</u>	<u>166,991,973</u>	<u>350,317,152</u>

Note

(The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 30 April 2004)

SOUTHERN ACIDS (M) BHD (64577-K)

**Condensed Consolidated Statement of
Recognised Gains and Losses
For the 9 month period ended 31 January 2005**

	2005 9 months cumulative to date (RM)	2004 9 months cumulative to date (RM)
Surplus / (deficit) on revaluation	0	0
Exchange differences arising on translation of foreign controlled entities	<u>(2,466,198)</u>	<u>1,142,225</u>
Net (losses) or gains not recognised in the income statement	(2,466,198)	1,142,225
Net Profit - Cumulative	(4,414,523)	(41,557,779)
Total recognised (losses) or gains	<u>(6,880,721)</u>	<u>(40,415,554)</u>

(The Condensed Consolidated Statement of Recognised Gains and Losses should be read in conjunction with the Annual Financial Report for the year ended 30 April 2004)

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

Notes to Interim Financial Report

A. EXPLANATORY NOTES PURSUANT TO MASB 26

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 Bursa Malaysia Securities Berhad (“BMSB”) Listing Requirements and should be read in conjunction with the audited financial statements for the financial year ended 30 April 2004.

The accounting policies and method of computation used in the preparation of this interim financial report are consistent with that of the annual financial statements for the financial year ended 30 April 2004.

A2. Status of Audit Qualifications

The auditors’ report on the financial statements for the financial year ended 30 April 2004 was not qualified.

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 Due To Their Nature, Size Or Incidence

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the current quarter.

A5. Material Changes in Estimates

There were no material changes in estimates that have had a material effect in the current quarter results.

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 during the current quarter.

A7. Dividends Paid

There was no dividend paid during the current quarter.

A8. Segmental Reporting (Analysis by Business Segments)

	Nine Months Ended 31 January 2005	
	Revenue	Profit/(Loss) before tax
	<u>RM'000</u>	<u>RM'000</u>
Manufacturing and Marketing	182,409	(530)
Warehouse and Bulk Conveyor Operation	2,563	503
Development, Managing and Operating of Private Hospital	29,353	(304)
Plantation	77,578	3,901
Others	2,213	1,173
	<u>294,116</u>	<u>4,743</u>
Group's Share in Associated Company	-	425
	<u>294,116</u>	<u>5,168</u>

A9. Valuations of Property, Plant and Equipment

The valuation of property, plant and equipment have been brought forward without amendment from the financial statements for the financial year ended 30 April 2004.

A10. Events Subsequent to Balance Sheet Date

There were no material events subsequent to 31 January 2005 that have not been reflected in the interim financial statements.

A11. Changes in the Composition of the Group

There were no changes in the composition of the Group during the current quarter.

A12. Changes in Contingent Liabilities or Contingent Assets

There were no changes in contingent assets or contingent liabilities since the last annual balance sheet as at 30 April 2004.

B. ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS

B1. Review of Performance

The Group recorded a turnover of RM88.70 million for the current quarter as compared to RM86.81 million for the corresponding quarter in the last financial year.

Turnover was fairly consistent for the two quarters in question but current quarter Group profit before taxation of RM1.96 million was RM3.11 million lower than the RM5.07 million recorded during the same period in the last financial year.

The lower profit arose mainly from the less favourable results registered by the oleochemical and the plantation divisions. The oleochemical division results were affected by higher raw materials and fuel costs and its restricted ability to transfer these increased costs to its customers in the form of higher selling prices; mainly because of the existing competition in the oleochemical industry. As for the plantation division, the increased competition for fresh fruit bunches among the palm oil mills around the vicinity of our mill in Indonesia has affected the division profit margin.

B2. Variation of Results to Preceding Quarter

Profit/(loss) before taxation (by business segment):

(RM ' 000)	Current Quarter	Immediate Preceding Quarter	+ / (-)
Manufacturing & Marketing	987	366	621
Warehouse and Bulk Conveyor Operation	115	172	(57)
Healthcare	(298)	(118)	(180)
Plantation	557	1,542	(985)
Others	518	77	441
	1,879	2,039	(160)
Group's Share In Associated Company	82	173	(91)
Profit Before Tax	1,961	2,212	(251)

The Group profit before taxation of RM1.96 million for the current quarter was lower than the RM2.21 million recorded in the immediate preceding quarter. This was mainly due to the less favourable results registered by the plantation division in Indonesia. The competition for fresh fruit bunches among palm oil mills in the vicinity of our mill in Indonesia has affected the plantation division profit margin. However, better results were recorded by the oleochemical division in the Group. Higher dividend income was also recorded from the Group's quoted shares in the current quarter.

Lower share of profit was recorded from JWS Projects Sdn Bhd (JWS) in the current quarter, an associated company of Southern Acids (M) Bhd where it has a 30% shareholding interest. JWS is in the process of negotiating the sale of its 51% shareholding interest in Yangzhong Changjiang Great Bridge Co. Ltd (Yangzhong Changjiang) to its Chinese joint venture counterpart Yangzhong Bureau Bridge Co and on prudent ground JWS had accounted for its share of profits in Yangzhong Changjiang until December 2004 only pending finalisation of the sale

B3. Commentary on Prospects

The Directors are of the view that the overall performance of the Group will hinge substantially on the oleochemical and plantation businesses. Profit margin from the oleochemical division has improved over the last two quarters and if this persists, it should augur well for the Group. The plantation results will depend largely on the supply and prices of fresh fruit bunches, the oil extraction rate and crude palm oil prices.

B4. Profit Forecast and Profit Guarantee

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

B5. Tax Expense

	Current Year Quarter 31 Jan. 2005 RM '000	Cumulative Current Year-To-Date 31 Jan. 2005 RM '000
Tax on non-exempt business income	87	1,025
Tax on interest income	9	27
	<u>96</u>	<u>1,052</u>

The effective tax rate of the Group 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 of certain subsidiary companies.

B6. Sale of Unquoted Investments and Properties

There was no sale of any unquoted investment or properties for the current financial quarter and year-to-date.

B7. Quoted Securities

(a) Total purchase of quoted shares in the current quarter and year-to-date amounted to RM1,647,841. There were no disposals of quoted securities for the current financial quarter and year-to-date.

(b) Investments in quoted securities as at 31 January 2005 were as follows:-

	<u>RM</u>
Long-term investments:	
- At Cost	27,201,931
- At Carrying Value	14,735,714
- At Market Value	23,909,610

B8. Status of Corporate Proposals

There were no corporate proposals announced during the current quarter.

B9. Group Borrowings and Debt Securities

The status of Group borrowings as at 31 January 2005 was as follows:-

<u>(a) Short Term</u>	<u>Amount</u>	<u>Nature</u>
(i) Term Loan (due within 1 year)	USD1,110,000 (RM 4,218,000)	Secured
<u>(b) Long Term</u>		
(i) Term Loan (due above 1 year)	USD4,590,000 (RM 17,440,513)	Secured

B10. Financial Instruments with Off Balance Sheet Risk

The Group entered into forward foreign exchange contracts to limit the exposure to potential changes in foreign currency exchange rates with respect to the Group's foreign currency denominated estimated receipts.

Total off balance sheet forward foreign exchange sales contracts outstanding as at 23 March 2005 (being a date not earlier than 7 days from the date of the quarterly report) in Ringgit equivalent was RM38,000,500. The maturity period of these contracts ranged from April 2005 to May 2005.

There is minimal credit risk because these contracts were entered into with a reputable bank. All gains and losses arising from forward foreign exchange contracts are dealt with through the income statements upon maturity.

B11. Material Litigation

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

B12. Dividend

A final dividend of 7.5%, less tax in respect of the financial year ended 30 April 2004 was approved by the shareholders at the Annual General Meeting held on 29 October 2004 and has been paid on 29 November 2004.

B13. Earnings Per Share

		3 MONTHS ENDED		9 MONTHS ENDED	
		31 JAN		31 JAN	
		2005	2004	2005	2004
a) Basic					
Profit attributable to shareholders	RM	<u>1,652,702</u>	<u>4,236,981</u>	<u>2,979,920</u>	<u>10,907,636</u>
Weighted average number of ordinary shares in issue		<u>136,934,132</u>	<u>136,934,132</u>	<u>136,934,132</u>	<u>136,934,132</u>
Basic earnings per share	sen	<u>1.21</u>	<u>3.09</u>	<u>2.18</u>	<u>7.97</u>
b) Diluted					
Profit attributable to shareholders	RM	<u>1,652,702</u>	<u>4,236,981</u>	<u>2,979,920</u>	<u>10,907,636</u>
Weighted average number of ordinary shares in issue		<u>136,934,132</u>	<u>136,934,132</u>	<u>136,934,132</u>	<u>136,934,132</u>
Adjusted for warrants 1999/2003		<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Adjusted weighted average number of ordinary shares in issue and issuable		<u>136,934,132</u>	<u>136,934,132</u>	<u>136,934,132</u>	<u>136,934,132</u>
Fully diluted earnings per share	sen	<u>1.21</u>	<u>3.09</u>	<u>2.18</u>	<u>7.97</u>

The interim financial statements were authorized for issue by the Board of Directors in accordance with a resolution of the directors on 30 March 2005.