

SOUTHERN ACIDS (M) BHD (64577-K)

Condensed Consolidated Income Statement

For the 12 month ended 30 April 2005

(The figures have not been audited)

	2005 Current qtr Ended 30 Apr (RM)	2004 Comparative qtr Ended 30 Apr (RM)	2005 12 months Cumulative to date (RM)	2004 Comparative 12 months Cumulative to date (RM)
Revenue	85,289,163	102,899,981	379,405,449	358,671,058
Operating Expenses	(83,786,740)	(100,891,627)	(373,314,582)	(344,882,501)
Other Operating income	<u>7,746,951</u>	<u>744,288</u>	<u>7,923,730</u>	<u>881,955</u>
Profit from Operations	9,249,374	2,752,642	14,014,597	14,670,512
Finance costs	(319,784)	(420,016)	(1,193,189)	(879,492)
Investing Results	<u>230,573</u>	<u>274,873</u>	<u>1,506,744</u>	<u>1,282,592</u>
Profit before tax	9,160,163	2,607,499	14,328,152	15,073,612
Taxation	<u>1,403,640</u>	<u>(4,212,459)</u>	<u>351,505</u>	<u>(4,501,266)</u>
Profit or (loss) after tax	10,563,803	(1,604,960)	14,679,657	10,572,346
Minority Interest	<u>375,518</u>	<u>814,899</u>	<u>(760,416)</u>	<u>(454,771)</u>
Net Profit / (loss) for the period	<u>10,939,321</u>	<u>(790,061)</u>	<u>13,919,241</u>	<u>10,117,575</u>
EPS - Basic - in sen	<u>7.99</u>	<u>(0.67)</u>	<u>10.16</u>	<u>8.62</u>
- Diluted - in sen	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

(The Condensed Consolidated Income 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 Balance Sheet
As at 30 April 2005

	Unaudited As at 30 Apr. 2005 (RM)	Audited As at 30 Apr. 2004 (RM)
Property, Plant & Equipment	269,941,682	280,292,822
Deferred Tax Assets	16,522,453	13,313,400
Investment In Associated Company	6,642,955	6,218,384
Property Development Expenditure	3,939,292	3,601,851
Other Investments	22,860,971	13,543,873
Current Assets		
Inventories	39,152,391	38,353,796
Trade and other receivables	38,138,651	41,187,589
Amount owing by associated company	462,000	663,829
Fixed deposits, short term placements, cash & bank balances	41,116,095	45,293,286
	<u>118,869,137</u>	<u>125,498,500</u>
Current Liabilities		
Trade and other payables	(41,747,529)	(42,826,673)
Overdraft and short term borrowings	(4,897,328)	(5,580,657)
Amount owing to directors	(76,657)	(463,500)
Tax liabilities	(65,628)	(79,263)
Dividend payable	(121,500)	(121,500)
	<u>(46,908,642)</u>	<u>(49,071,593)</u>
Net Current Assets	<u>71,960,495</u>	<u>76,426,907</u>
	<u>391,867,848</u>	<u>393,397,237</u>
Share Capital	136,934,132	136,934,132
Reserves	231,066,539	228,602,677
Shareholders' Equity	<u>368,000,671</u>	<u>365,536,809</u>
Minority Interests	5,165,266	4,404,850
Long Term Liabilities		
Term loan	16,038,313	20,951,713
Other deferred liabilities	2,663,598	2,503,865
	<u>391,867,848</u>	<u>393,397,237</u>

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

Condensed Consolidated Cash Flow Statement
For the year ended 30 April 2005

	Unaudited <u>2005</u> 12 months ended 30 Apr. (RM)	Audited <u>2004</u> 12 months ended 30 Apr. (RM)
Profit before tax	14,328,152	15,073,612
Adjustment for non-cash flow:-		
Non-cash items	16,477,034	15,557,878
Non-operating items (which are investing / financing)	<u>(11,376,665)</u>	<u>567,220</u>
Operating Profit Before Changes In Working Capital	19,428,521	31,198,710
Changes in working capital		
Net change in current assets	2,177,243	484,069
Net change in current liabilities	<u>(1,198,537)</u>	<u>(2,848,586)</u>
Net cash flows from operating activities	<u>20,407,227</u>	<u>28,834,193</u>
Investing Activities		
- Dividend received	1,200,611	842,277
- Equity Investments	(1,647,841)	(16,068,086)
- Other investments	<u>(11,140,696)</u>	<u>(8,954,613)</u>
	<u>(11,587,926)</u>	<u>(24,180,422)</u>
Financing Activities		
- Proceeds from term loans	0	14,060,000
- Repayment of bank borrowings	(2,363,600)	(475,000)
- Proceeds from exercise of warrants	0	51,297,512
- Proceeds from issuance of shares to minority shareholders	0	1,683,750
- Repayment of hire purchase liabilities	(5,320)	(47,960)
- Dividend paid	<u>(7,394,443)</u>	<u>(52,465,415)</u>
	<u>(9,763,363)</u>	<u>14,052,887</u>
Net Change in Cash and Cash Equivalents	(944,062)	18,706,658
Cash and Cash Equivalents at 1 May 2004 and 1 May 2003	41,844,429	23,137,771
Cash and Cash Equivalents at 30 Apr. 2005 and 30 Apr. 2004 (Note 1)	<u>40,900,367</u>	<u>41,844,429</u>

Note 1

Cash and Cash Equivalents comprises of:-

	as at 30 Apr. 2005 <u>RM</u>	as at 30 Apr. 2004 <u>RM</u>
Fixed deposits, short term placements, cash & bank balances	41,116,095	45,293,286
Bank overdrafts	<u>(215,728)</u>	<u>(3,448,857)</u>
	<u>40,900,367</u>	<u>41,844,429</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 Statement of Changes in Equity
For the 12 month ended 30 April 2005

Unaudited	Share Capital	Reserve Attributable To Capital	Reserve Attributable To Revenue	Retained Profits	Total
	(RM)	(RM)	(RM)	(RM)	(RM)
<u>12 months ended 30 Apr. 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	(4,060,936)	0	6,524,798	2,463,862
Balance at 30 April 2005	136,934,132	40,973,829	0	190,092,710	368,000,671
Audited	Share Capital	Reserve Attributable To Capital	Reserve Attributable To Revenue	Retained Profits	Total
	(RM)	(RM)	(RM)	(RM)	(RM)
<u>12 months ended 30 Apr. 2004</u>					
Balance at beginning of year	104,873,187	26,012,255	0	225,915,752	356,801,194
Movements during the period -cumulative	32,060,945	19,022,510	0	(42,347,840)	8,735,615
Balance at 30 April 2004	136,934,132	45,034,765	0	183,567,912	365,536,809

Note

(The Condensed Consolidated Statement 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 12 month ended 30 April 2005**

	2005 12 months cumulative to date (RM)	2004 12 months cumulative to date (RM)
Surplus / (deficit) on revaluation	0	0
Exchange differences arising on translation of foreign controlled entities	<u>(4,060,936)</u>	<u>(214,057)</u>
Net (losses) not recognised in the income statement	(4,060,936)	(214,057)
Net Profit or (loss) - Cumulative	6,524,798	(42,347,840)
Total recognised gains or (losses)	<u>2,463,862</u>	<u>(42,561,897)</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

During the quarter under review, the Company revalued the carrying value of its quoted securities at lower of cost and market value as at 30 April, 2005. As a result, RM7,669,257 of the RM12,466,217 provision for diminution in value which were made previously to reflect the impairment in value of these securities were written back to the income statement during the current quarter.

The market value of the Company’s quoted securities have stabilized recently and the Company is of the opinion that the write back is timely. The Company will continue to monitor the values of these securities and will, if necessary make further adjustments to account for any material impairment or appreciation in value.

Other than the above, 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 were no dividends paid during the current quarter.

A8. Segmental Reporting (Analysis by Business Segments)

	Twelve Months Ended 30 April 2005	
	Revenue	Profit/(Loss) before tax
	RM'000	RM'000
Manufacturing and Marketing	238,643	495
Warehouse and Bulk Conveyor Operation	3,554	603
Development, Managing and Operating of Private Hospital	39,325	(656)
Plantation	95,157	4,629
Others	2,726	8,833
	<u>379,405</u>	<u>13,903</u>
Group's Share in Associated Company	-	425
	<u>379,405</u>	<u>14,328</u>

A9. Valuation 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 has not arisen in the interval between 30 April 2005 and the date of this announcement any material events 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 Assets or Contingent Liabilities

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 RM85.29 million for the current quarter. This is RM17.61 million lower than the RM102.90 million recorded during the corresponding quarter last year. Lower sales volume recorded by the palm oil mill in Indonesia contributed to the reduced revenue.

Despite the lower revenue, current quarter Group profit before taxation of RM9.16 million was RM6.55 million higher than the RM2.61 million recorded during the same period in the last financial year. This was mainly due to the write back of the provision for diminution in value of the Company's quoted securities as explained in paragraph A4 above and the improved results from the healthcare division. However, the two favourable factors here were partially offset by the lower profits registered by the oleochemical division and the palm oil mill operations in Indonesia. Lower profit margins were recorded by these two divisions during the current quarter as compared to against the corresponding quarter last year. This is mainly due to the existing competition in the oleochemical industry and the increased competition for fresh fruit bunches among the palm oil mills around the vicinity of the Group's mill in Indonesia.

B2. Variation of Results to Preceding Quarter

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

(RM ' 000)	Current Quarter	Immediate Preceding Quarter	+ / (-)
Manufacturing & Marketing	1,025	987	38
Warehouse and Bulk Conveyor Operation	100	115	(15)
Development, Managing and Operating of Private Hospital	(352)	(298)	(54)
Plantation	728	557	171
Others	7,659	518	7,141
	9,160	1,879	7,281
Group's Share In Associated Company	0	82	(82)
Profit Before Tax	9,160	1,961	7,199

The Group profit before taxation of RM9.16 million for the current quarter was higher than the RM1.96 million recorded in the immediate preceding quarter. This was mainly due to the write back of the provision for diminution in value of the Company's quoted securities as explained in paragraph A4 above.

As explained in the last quarterly report, the Company had accounted for the share of profit from JWS Projects Sdn Bhd (JWS) until 31st December 2004 only. JWS is 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 finalization 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 three 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 Quarter Ended 30 Apr. 2005 RM '000	12 Months Ended 30 Apr. 2005 RM '000
Current year's provision	403	1,455
Under provision in prior year	1,398	1,398
	1,801	2,853
Deferred taxation	(3,205)	(3,205)
	(1,404)	(352)

The under provision of tax in prior year is for the Indonesian palm oil mill operations. The provision for diminution in value of the Company's quoted securities as explained in paragraph A4 is not taxable. The Group had also accounted for deferred tax assets accruing to two companies in the Group during the current quarter under review.

B6. Sale of Unquoted Investments and Properties

There were no sale of any unquoted investments and properties for the current financial quarter and year-to-date.

B7. Quoted Securities

(a) There were no additions or disposals of quoted securities in the current financial quarter. The total purchase of quoted shares during the year-to-date amounted to RM1,647,841.

(b) Investments in quoted securities as at 30 April 2005 were as follows:-

	RM
Long-term investments:	
- At Cost	27,201,931
- At Carrying Value	22,404,971
- At Market Value	22,993,474

B8. Status of Corporate Proposals

There were no corporate proposals announced during the current financial quarter.

B9. Group Borrowings and Debt Securities

The status of the Group borrowings as at 30 April 2005 were as follows:-

<u>(a) Short Term</u>	<u>Amount</u>	<u>Nature</u>
(i) Term Loan (due within 1 year)	USD1,232,000 (RM 4,681,600)	Secured
<u>(b) Long Term</u>		
(i) Term Loan (due above 1 year)	USD4,282,000 (RM 16,038,313)	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 22 June 2005 (being a date not earlier than 7 days from the date of the quarterly report) in Ringgit Malaysia equivalent amounted to RM25,676,851. The maturity period of these contracts ranged from June 2005 to July 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

The Directors recommend a final dividend (tax exempt) of 5.50% per ordinary shares of RM1.00 each amounting to RM7,531,377 in respect of the financial year ended 30 April 2005 (2004: 7.50% less 28% tax) to be paid on a date to be announced later.

B13. Earnings Per Share

	3 MONTHS ENDED		12 MONTHS ENDED		
	30 APRIL		30 APRIL		
	2005	2004	2005	2004	
a) Basic					
Net profit	RM	10,939,321	(790,061)	13,919,241	10,117,575
Weighted average number of ordinary shares in issue		136,934,132	117,417,751	136,934,132	117,417,751
Basic earnings per share	sen	7.99	(0.67)	10.16	8.62

b) **Diluted**

No diluted earnings per share is presented as the unexercised warrants 1999/2003 of 640,497 have expired on 16 December 2003.

The interim financial statements were authorized for issue by the Board of Directors in accordance with a resolution of the directors on 27 June 2005.