

SOUTHERN ACIDS (M) BHD (64577-K)**Condensed Consolidated Income Statement**
For the 12 months ended 30 April 2006

(The figures have not been audited)

	2006 Current qtr Ended 30 Apr. (RM)	2005 Comparative qtr Ended 30 Apr. (RM)	2006 12 months Cumulative to date (RM)	2005 Comparative 12 months Cumulative to date (RM)
Revenue	85,771,873	80,941,020	336,214,427	375,057,306
Operating Expenses	(86,859,830)	(81,000,065)	(333,716,874)	(370,527,907)
Other Operating income	<u>2,212,158</u>	<u>8,465,329</u>	<u>2,278,837</u>	<u>8,642,108</u>
Profit from Operations	1,124,201	8,406,284	4,776,390	13,171,507
Finance costs	(448,841)	(490,273)	(1,810,915)	(1,363,678)
Investing Results	<u>239,629</u>	<u>(180,975)</u>	<u>1,060,982</u>	<u>1,095,196</u>
Profit before tax	914,989	7,735,036	4,026,457	12,903,025
Taxation	<u>(1,059,956)</u>	<u>1,240,611</u>	<u>(2,224,883)</u>	<u>188,476</u>
Profit after tax	(144,967)	8,975,647	1,801,574	13,091,501
Minority interests	<u>(993,480)</u>	<u>617,189</u>	<u>(1,587,238)</u>	<u>(518,745)</u>
Net (loss) / profit for the period	<u>(1,138,447)</u>	<u>9,592,836</u>	<u>214,336</u>	<u>12,572,756</u>
EPS - Basic - in sen	<u>(0.83)</u>	<u>7.01</u>	<u>0.16</u>	<u>9.18</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 2005)

SOUTHERN ACIDS (M) BHD (64577-K)**Condensed Consolidated Balance Sheet****As at 30 April 2006**

	Unaudited As at 30 Apr. 2006 (RM)	Audited As at 30 Apr. 2005 (RM)
Property, Plant & Equipment	264,140,371	270,142,191
Deferred Tax Assets	14,970,452	15,550,291
Investment In Associated Company	6,642,956	6,642,956
Property Development Expenditure	4,098,630	3,977,112
Other Investments	23,574,955	22,764,971
Current Assets		
Inventories	38,799,642	39,159,303
Trade and other receivables	39,277,205	37,068,762
Amount owing by associated company	462,000	462,000
Fixed deposits, short term placements, cash & bank balances	40,940,491	41,152,373
	<u>119,479,338</u>	<u>117,842,438</u>
Current Liabilities		
Trade and other payables	(41,176,507)	(40,612,863)
Overdraft and short term borrowings	(6,056,420)	(4,897,328)
Amount owing to directors	(1,871)	(74,786)
Tax liabilities	(43,596)	(334,211)
Dividend payable	(121,500)	(121,500)
	<u>(47,399,894)</u>	<u>(46,040,688)</u>
Net Current Assets	<u>72,079,444</u>	<u>71,801,750</u>
	<u>385,506,808</u>	<u>390,879,271</u>
Share Capital	136,934,132	136,934,132
Reserves	223,565,944	230,410,449
Shareholders' Equity	<u>360,500,076</u>	<u>367,344,581</u>
Minority Interests	6,438,587	4,851,349
Long Term Liabilities		
Term loan	15,781,505	16,038,313
Other deferred liabilities	2,786,640	2,645,028
	<u>385,506,808</u>	<u>390,879,271</u>

(The Condensed Consolidated Balance Sheet should be read in conjunction with the Annual Financial Report for the year ended 30 April 2005)

SOUTHERN ACIDS (M) BHD (64577-K)**(Indirect method)****Condensed Consolidated Cash Flow Statement**
For the 12 months ended 30 April 2006

	Unaudited <u>2006</u> 12 months ended 30 Apr. (RM)	Audited <u>2005</u> 12 months ended 30 Apr. (RM)
Profit before tax	4,026,457	12,903,025
Adjustment for non-cash flow:-		
Non-cash items	16,529,327	15,884,364
Non-operating items (which are investing / financing)	<u>(5,021,528)</u>	<u>(8,354,652)</u>
Operating Profit Before Changes In Working Capital	15,534,256	20,432,737
Changes in working capital		
Net change in current assets	2,578,787	5,529,041
Net change in current liabilities	542,852	<u>(7,469,046)</u>
Net cash flows from operating activities	<u>18,655,895</u>	<u>18,492,732</u>
Investing Activities		
- Dividend received	1,515,789	1,200,611
- Equity Investments	0	(1,647,842)
- Other investments	<u>(14,164,321)</u>	<u>(9,189,922)</u>
	<u>(12,648,532)</u>	<u>(9,637,153)</u>
Financing Activities		
- Proceeds from term loan	3,952,331	0
- Repayment of bank borrowings	(4,014,275)	(2,363,600)
- Repayment of hire purchase liabilities	0	(5,320)
- Dividend paid	<u>(7,531,377)</u>	<u>(7,394,443)</u>
	<u>(7,593,321)</u>	<u>(9,763,363)</u>
Net Change in Cash and Cash Equivalents	(1,585,958)	(907,784)
Cash and Cash Equivalents at 1 May 2005 and 1 May 2004	40,936,645	41,844,429
Cash and Cash Equivalents at 30 Apr. 2006 and 30 Apr. 2005 (Note 1)	<u>39,350,687</u>	<u>40,936,645</u>

Note 1

Cash and Cash Equivalents comprises of:-

	as at 30 Apr. 2006	as at 30 Apr. 2005
	<u>RM</u>	<u>RM</u>
Fixed deposits, short term placements, cash & bank balances	40,940,491	41,152,373
Bank overdrafts	<u>(1,589,804)</u>	<u>(215,728)</u>
	<u>39,350,687</u>	<u>40,936,645</u>

(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Report for the year ended 30 April 2005)

SOUTHERN ACIDS (M) BHD (64577-K)**Condensed Consolidated Statement of Changes in Equity**
For the 12 months ended 30 April 2006

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. 2006</u>					
Balance at beginning of year	136,934,132	41,664,224	0	188,746,225	367,344,581
Movements during the period -cumulative	0	472,536	0	(7,317,041)	(6,844,505)
Balance at 30 Apr. 2006	<u>136,934,132</u>	<u>42,136,760</u>	<u>0</u>	<u>181,429,184</u>	<u>360,500,076</u>

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. 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	(3,370,541)	0	5,178,313	1,807,772
Balance at 30 Apr. 2005	<u>136,934,132</u>	<u>41,664,224</u>	<u>0</u>	<u>188,746,225</u>	<u>367,344,581</u>

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 2005)

SOUTHERN ACIDS (M) BHD (64577-K)

**Condensed Consolidated Statement of
Recognised Gains and Losses
For the 12 months ended 30 April 2006**

	2006 12 months cumulative to date (RM)	2005 12 months cumulative to date (RM)
Surplus / (deficit) on revaluation	0	0
Exchange differences arising on translation of foreign controlled entities	<u>472,536</u>	<u>(3,370,541)</u>
Net gain / (loss) not recognised in the income statement	472,536	(3,370,541)
Net (loss) / gain - Cumulative	(7,317,041)	5,178,313
Total recognised (losses) / gains	<u>(6,844,505)</u>	<u>1,807,772</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 2005)

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 2005.

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 2005.

A2. Status of Audit Qualifications

The auditors’ report on the financial statements for the financial year ended 30 April 2005 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

A 5.50% tax exempt dividend in respect of the financial year-ended 30 April 2005 amounting to RM7,531,377 was paid on 29 November 2005.

A8. Segmental Reporting (Analysis by Business Segments)

	Twelve Months Ended 30 April 2006	
	Revenue	Profit/(Loss) before tax
	RM'000	RM'000
Manufacturing and Marketing	203,170	(3,191)
Warehouse and Bulk Conveyor Operation	4,287	869
Development, Managing and Operating of Private Hospital	43,442	5
Plantation	81,834	4,530
Others	3,481	1,813
	<u>336,214</u>	<u>4,026</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 2005.

A10. Events Subsequent to Balance Sheet Date

There have not arisen in the interval between 30 April 2006 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 2005.

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

B1. Review of Performance

The Group recorded a revenue of RM336.21 million for the twelve months ended 30 April 2006 as compared with RM375.06 million in the previous financial year. Lower sales by the oleochemical division accounted for much of the reduced revenue.

Group profit before taxation, on the other hand was RM4.026 million, RM8.877 million lower than the RM12.903 million recorded in the last financial year.

This is mainly because results for the last financial year included a RM7.57 million write back of provision for diminution in value of the Company's quoted shares. In addition, the oleochemical division registered a loss of RM3.081 million in this financial year against a profit of RM0.594 million in the last financial year mainly because of lower glycerine selling prices and a far more competitive market following the introduction of new oleochemical plants in the last one year which has exerted additional pressure on selling prices and sales volume.

Improved performances by the Hospital and the Indonesian operations mitigated the adverse results of the above. The Hospital registered a profit of RM0.573 million against a loss of RM0.131 million in the last financial year, its maiden profit since incorporation on the back of higher revenue. Better results were also registered by the Indonesian operations whose combined profits of RM4.062 million is RM1.246 million higher than the RM2.815 million recorded in the last financial year mainly because of better FFB yields from the Estates division.

B2. Variation of Results to Preceding Quarter

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

(RM '000)	Current Quarter	Immediate Preceding Quarter	+ / (-)
Manufacturing & Marketing	(2,161)	(3,056)	895
Warehouse and Bulk Conveyor Operation	(71)	47	(118)
Development, Managing and Operating of Private Hospital	732	(361)	1,093
Plantation	2,036	2,497	(461)
Others	379	716	(337)
	915	(157)	1,072
Group's Share In Associated Company	0	0	0
Profit Before Tax	915	(157)	1,072

For the quarter under review, the Group registered a profit before taxation of RM0.915 million as compared to the immediate preceding quarter's loss before taxation of RM0.157 million. The improved performance was largely contributed by improved results from the healthcare division and lower loss from the oleochemical division.

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. 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 April 2006 RM '000	12 Months Ended 30 April 2006 RM '000
Deferred Taxation	855	855
Current year's corporate tax	<u>205</u>	<u>1,370</u>
	<u>1,060</u>	<u>2,225</u>

The effective tax rate of the Group for the current quarter and the year-to-date is higher than the statutory income tax rate due to the non-availability of group tax relief for the losses incurred by certain subsidiary companies.

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.

(b) Investments in quoted securities as at 30 April 2006 were as follows:-

	<u>RM</u>
Long-term investments:	
- At Cost	27,201,931
- At Carrying Value	23,118,955
- At Market Value	23,118,955

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 2006 were as follows:-

(a) <u>Short Term</u>	<u>Amount</u>	<u>Nature</u>
(i) Term Loan (due within 1 year)	USD1,232,000 (RM 4,466,616)	Secured
(b) <u>Long Term</u>		
(i) Term Loan (due above 1 year)	USD4,050,000 (RM 15,781,505)	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 21 June 2006 (being a date not earlier than 7 days from the date of the quarterly report) in Ringgit equivalent was RM26,768,325. The maturity period of these contracts ranged from June 2006 to July 2006.

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 3.50% per ordinary shares of RM1.00 each amounting to RM4,792,695 in respect of the financial year ended 30 April 2006 (2005:5.50% tax exempt). This dividend is subject to approval by the shareholders at the forthcoming Annual General Meeting of the Company.

B13. Earnings Per Share

	3 MONTHS ENDED		12 MONTHS ENDED		
	30 APRIL		30 APRIL		
	2006	2005	2006	2005	
a) Basic					
Net profit	RM	<u>(1,138,447)</u>	<u>9,592,836</u>	<u>214,336</u>	<u>12,572,756</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>(0.83)</u>	<u>7.01</u>	<u>0.16</u>	<u>9.18</u>

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 authorised for issue by the Board of Directors in accordance with a resolution of the directors on 27 June 2006.