

Carotech

Berhad

Carotech Berhad (Company no: 200964 W)

Condensed consolidated balance sheet (unaudited) for the fourth financial quarter ended 30 June 2007

	As at current quarter ended 30 June 2007	As at preceding financial year ended 30 June 2006 (Audited)
	RM '000	RM '000
Non-current assets		
Property, plant and equipment	179,835	99,986
Product development expenditure	457	444
	180,292	100,430
Current assets		
Inventories	64,122	29,658
Trade receivables	4,339	10,750
Other receivables, deposits and prepayments	4,125	492
Tax recoverable	254	313
Cash and bank balances	10,104	1,180
	82,944	42,393
Current liabilities		
Trade payables	2,647	3,855
Other payables and accruals	25,426	12,785
Amount owing to holding company	2,256	1,440
Amount owing to a fellow subsidiary company	4	5
Bankers' acceptances	37,002	12,287
Bank overdrafts	3,295	-
Hire purchase creditors	774	101
Term loan	4,405	620
Tax payable	8	6
	75,817	31,099
Net current assets	7,127	11,294
Non-current liabilities		
Hire purchase creditors	2,757	489
Term loan	85,971	30,928
Deferred tax liabilities	8,508	4,207
	97,236	35,624
	90,183	76,100
Financed by:		
Capital and reserves		
Share capital	45,614	45,614
Share premium	4,702	4,702
Retained earnings	39,867	25,784
	90,183	76,100
Net assets per share attributable to ordinary equity holders of the parent (sen)	19.7	16.6

The Condensed Consolidated Balance Sheet should be read in conjunction with the audited financial statements for the year ended 30 June 2006 and the notes to the interim financial statements

Carotech Berhad (Company no: 20096)

Condensed consolidated income statement (unaudited)

for the fourth financial quarter ended 30 June 2007

	Individual quarter 3 months ended 30 June		Cumulative quarter 12 months ended 30 June	
	2007 RM '000	2006 RM '000	2007 RM '000	2006 RM '000
Revenue	31,081	18,660	93,529	60,627
Other operating income	1,109	35	2,993	166
Operating expenses	(21,685)	(13,146)	(65,295)	(41,893)
Profit from operations	10,505	5,549	31,227	18,900
Depreciation & amortisation	(2,248)	(1,031)	(6,658)	(3,361)
Finance costs	(1,083)	(167)	(2,700)	(303)
Profit before taxation	7,174	4,351	21,869	15,236
Taxation	(1,524)	(1,200)	(4,365)	(2,898)
Profit after tax before minority interest	5,650	3,151	17,504	12,338
Minority interest	-	-	-	-
Net profit for the period	5,650	3,151	17,504	12,338
Earnings per share (sen)				
- Basic	1.24	0.69	3.84	2.71
- Diluted	n/a	n/a	n/a	n/a

The Condensed Consolidated Income Statements should be read in conjunction with the audited financial statements for the year ended 30 June 2006 and the notes to the interim financial statements

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Condensed consolidated statement of changes in equity (unaudited) for the fourth financial quarter ended 30 June 2007

	Issued and fully paid ordinary shares of RM0.10 each		Non-distributable	Distributable	Total
	Number of shares 000	Nominal value RM '000	Share premium RM '000	Retained earnings RM '000	RM '000
At 1 July 2005	285,090	28,509	21,807	13,446	63,762
Net profit for the year				12,338	12,338
Bonus issue (nominal value of RM0.10 per share)	171,054	17,105	(17,105)		
At 30 June 2006/ 1 July 2006 (Nominal value of RM0.10 per share)	456,144	45,614	4,702	25,784	76,100
Net profit for the year				17,504	17,504
Interim dividend payable				(3,421)	(3,421)
At 30 June 2007 (Nominal value of RM0.10 per share)	456,144	45,614	4,702	39,867	90,183

The Condensed Consolidated Statement Of Changes In Equity should be read in conjunction with the audited financial statements for the year ended 30 June 2006 and the notes to the interim financial statements

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Carotech Berhad (Company no: 200964 W)

Condensed consolidated cash flow statement (unaudited) for the fourth financial quarter ended 30 June 2007

	Cumulative 12 months ended 30 June		
	Note	2007 RM '000	2006 RM '000
Cash generated from operations		7,535	19,536
Net cash used in investing activities		(84,969)	(59,229)
Net cash generated from financing activities		83,063	41,460
Net increase in cash and cash equivalents during the period		5,629	1,767
Cash and cash equivalents at beginning of period		1,180	(587)
Cash and cash equivalents at end of period	(I)	6,809	1,180

Note:

(I) Cash and cash equivalents comprises:

	RM '000	RM '000
Cash and bank balances	10,104	1,180
Bank overdrafts	(3,295)	-
	<u>6,809</u>	<u>1,180</u>

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the audited financial statements for the year ended 30 June 2006 and the notes to the interim financial statements

A1 Basis of preparation

The interim financial report is unaudited and has been prepared in accordance with FRS 134, Interim Financial Reporting and Chapter 9 Part K 9.22 of the Listing Requirement of Bursa Malaysia Securities Berhad for the MESDAQ Market.

The interim financial report should be read in conjunction with the annual audited financial statements for the year ended 30 June 2006.

The accounting policies and methods of computation adopted for the interim financial statements are consistent with those adopted in the annual financial statements for the year ended 30 June 2006 except for the adoption of the new/revised FRS's effective from 1 July 2006.

The adoption of FRS's does not have any significant financial impact on the Group.

A2 Audit report of preceding annual financial statements

The auditor's report on the financial statements for the year ended 30 June 2006 was not subject to any qualification.

A3 Seasonal or cyclical factors

The business operations of the Group were not materially affected by any seasonal or cyclical factors during the quarter under review.

A4 Unusual items affecting assets, liabilities, equities, net income or cash flow

There were no items affecting assets, liabilities, equity, net income or cash flows that are unusual because of their nature, size or incidence.

A5 Material changes in estimates

There were no changes in estimates that have had material effect in the current quarter under review.

A6 Debt and equity securities

There were no issuance and repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the current quarter and financial year to date.

A7 Dividends

No dividend has been declared or recommended in respect of the financial period under review. For the financial period to-date, an interim tax exempt dividend of 0.75 sen per share or 7.5% (2005: Nil) was declared on 20 November 2006 and was paid on 22 January 2007.

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Explanatory Notes as per Financial Reporting Standards ("FRS") 134, Interim Financial Reporting

A8 Segment information

The Group's primary reporting format is based on business segment, and is operating in the phytonutrients and oleochemicals / bio-diesel industries.

	Individual quarter 30 June		Cumulative quarter 30 June	
	2007 RM '000	2006 RM '000	2007 RM '000	2006 RM '000
Turnover				
Phytonutrients	7,637	5,047	23,286	19,070
Oleochemicals/bio-diesel	23,444	13,613	70,243	41,557
Total	31,081	18,660	93,529	60,627
Profit before tax				
Phytonutrients	1,763	1,177	5,445	4,792
Oleochemicals/bio-diesel	5,411	3,174	16,424	10,444
Total	7,174	4,351	21,869	15,236
Profit after tax				
Phytonutrients	1,388	852	4,358	3,881
Oleochemicals/bio-diesel	4,262	2,299	13,146	8,457
Total	5,650	3,151	17,504	12,338

A9 Valuation of property, plant and equipment

The Company has not carried out valuation on its property, plant and equipment in the reporting quarter and financial year-to-date.

A10 Material subsequent events

There were no material subsequent events since 30 June 2006 until the date of this report, which have not been announced.

A11 Changes in the composition of the group

There are no changes to the composition of the Group for this current quarter.

A12 Contingent liabilities or assets

There were no material contingent liabilities as at the date of this report.

A 13 Capital commitments

Capital commitments as at 30 June 2007 are as follows:-

	RM'000
<u>Authorised and contracted :</u>	
Leasehold land	489
Building	2,199
Plant and machinery	64,423
Laboratory and office equipment, furniture & fittings	397
	<u>67,508</u>

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Explanatory Notes as per Financial Reporting Standards ("FRS") 134, Interim Financial Reporting

A14 Significant related parties transactions

The group has the following significant transactions with its holding company, Hovid Berhad, based on terms agreed between the parties:-

	Individual quarter 30 June		Cumulative quarter 30 June	
	2007 RM '000	2006 RM '000	2007 RM '000	2006 RM '000
Sales of goods	10	298	838	880
Purchase of goods	(27)	(20)	(90)	(22)
Steam service income	90	90	360	360
Interest income/(expense)	(57)	-	(115)	63
Reallocation of common costs	(190)	(136)	(713)	(539)

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Explanatory Notes Pursuant to the Listing Requirement of Bursa Malaysia Securities Berhad

B1 Review of performance

The Group's revenue for the current financial quarter ended 30 June 2007 of RM31.1 million was 66% higher compared with the same period for the financial year 2006 of RM18.7 million. Profit before taxation ("PBT") of RM7.2 million was 64% higher compared with RM4.4 million in the same period for the financial year 2006. The higher revenue and PBT for the current financial quarter was mainly due to increase in the sales of both biodiesel and phytonutrient products as a result of the 100% increase in its new production capacity to 32,000 metric tonnes since August 2006, and the commissioning of phytonutrient plant at end of April 2007. The late commissioning of phytonutrient plant has inadvertently resulted in higher work-in-progress stocks.

The Group's revenue for the financial year ended 30 June 2007 increased by 54% to RM93.5 million compared to the preceding financial year ended 30 June 2006 of RM60.6 million. The Group's PBT for the financial year ended 30 June 2007 increased to RM21.9 million, an increase of 44% compared to the preceding financial year ended 30 June 2006 of RM15.2 million. The higher revenue and PBT was due to the same reasons as discussed above. However, the increase in PBT was negated by higher raw material cost of crude palm oil.

B2 Variation of results against the preceding quarter

	Quarter ended	
	31 Mar 2007 RM '000	30 June 2007 RM '000
Revenue	16,912	31,081
Profit before taxation	4,042	7,174

The Group recorded a revenue and PBT of RM31.1 million and RM7.2 million respectively for the current financial quarter. Revenue was higher by 84% compared to the previous quarter due to the delivery of bulk shipment of biodiesel delayed to the 4th quarter as requested by customers. PBT of RM7.2 million was higher by 80% as a result of increased biodiesel sales.

B3 Commentary on prospects

Barring any unforeseen circumstances, the Directors expect the performance of the Group for the next financial year to improve, given the commitment to increase the production capacity from 32,000 metric tonnes to 120,000 metric tonnes per annum expected by early 2008 to meet the current high demand.

The Group will further enhance its competitive edge by continually placing emphasis in research and development and improving its production processes to achieve better efficiency in view of the prevailing high cost of crude palm oil, its main raw material.

B4 Profit forecast, profit guarantee and internal targets

The Group did not provide any profit forecast, profit guarantee and internal targets in any public document or any announcements made.

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Explanatory Notes Pursuant to the Listing Requirement of Bursa Malaysia Securities Berhad

B5 Taxation

	Individual quarter 3 months ended 30 June		Cumulative quarter 12 months ended 30 June	
	2007	2006	2007	2006
	RM '000	RM '000	RM '000	RM '000
Income taxation	20	18	64	66
Deferred taxation	1,504	1,182	4,301	2,832
	1,524	1,200	4,365	2,898

The effective tax rate of the Company is lower than the statutory rate applicable mainly due to the tax incentive granted under the Promotion of Investment Act, 1986 for High Technology Companies.

B6 Profit/(Loss) on sale of unquoted investments and/or properties

There was no disposal of unquoted investments and/or properties for the current quarter and financial year to date.

B7 Particulars on quoted securities

(other than securities in existing subsidiaries and associated companies)

There was no purchase or disposal of quoted securities for the current quarter and financial year to date.

B8 Status of corporate proposal as at 22 August 2007

(being the latest practicable date prior to the quarterly report announcement)

There are no corporate proposals announced but not completed as at 22 August 2007 other than the following:-

- i) On 6 February 2006, the Company entered into a Sale and Purchase Agreement with Lumut Maritime Terminal Sdn Bhd to acquire four (4) plots of land for a cash consideration of RM9,785,230. An information circular was despatched to shareholders on 5 April 2006. The final proceeds of 5% is not paid pending the issuance of qualified individual document of title, and obtaining the consent of Menteri Besar of Perak to the transfer of the plots of land purchased.

B9 Borrowings and debt securities

Details of Group's bank borrowings as at 30 June 2007 are as follows :-

	Current	Non-current	Total
	RM '000	RM '000	RM'000
Secured			
- Hire purchase	774	2,757	3,531
- Term loans	4,405	85,971	90,376
	5,179	88,728	93,907
Unsecured			
- Bankers acceptances	34,002	-	34,002
- Revolving credit	3,000	-	3,000
- Bank overdraft	3,295	-	3,295
	40,297	-	40,297
Total borrowings	45,476	88,728	134,204

The bank borrowings denominated in foreign currency is as follows:-

Denominated in US Dollar

88,196

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Explanatory Notes Pursuant to the Listing Requirement of Bursa Malaysia Securities Berhad

B10 Off balance sheet financial instruments

The Company entered into the following:

- (a) Foreign currency forward contracts in currencies other than its functional currency to manage exposure to fluctuations in foreign currency exchange rates for receivables, sale contracts and term loan commitments.
- (b) Commodity hedging contracts to manage exposure to fluctuations in the purchase price of crude palm oil ("CPO").

As at 22 August 2007 (the latest practicable date which is not earlier than 7 days from the date of issue of the quarterly report), the Company had entered into foreign currency forward and commodity hedging contracts with the following notional amounts and maturities:-

	<u>Currency</u>	Amount in Foreign <u>Currency</u> '000	Notional <u>Amount</u> RM'000
Within 1 year			
Foreign currency forward contracts	USD	6,000	20,563
Commodity hedging contracts	RM	n/a	20,312

Transactions in foreign currencies are converted into Ringgit Malaysia at the rates of exchange approximating those ruling at the transaction dates. Foreign currency monetary assets and liabilities are translated into Ringgit Malaysia at exchange rates ruling at the balance sheet date.

Exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities, and the gain or loss arising from commodity hedging are included in the income statement.

The Company does not foresee any significant credit and market risks posed by the above off balance sheet financial instruments.

There is no cash requirement as the Company uses fixed forward foreign exchange contracts and commodity hedging contracts as its hedging instruments.

B11 Material litigation

There were no material litigation up to 22 August 2007.

B12 Dividend

An interim tax exempt dividend of 0.75 sen per share was declared on 20 November 2006 and paid on 22 January 2007. The entitlement date for the dividend was 5 January 2007. There was no dividend declared for the previous corresponding financial period. The total dividend for the current financial year-to-date is 0.75 sen per share.

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Explanatory Notes Pursuant to the Listing Requirement of Bursa Malaysia Securities Berhad

B13 Earnings per share

The basic earnings per share of the Group is calculated by dividing the net profit attributable to shareholders of RM5.65 million by the weighted average number of ordinary shares in issue for current financial year at 30 June 2007.

	Individual quarter 3 months ended 30 June		Cumulative quarter 12 months ended 30 June	
	2007	2006	2007	2006
Basic earnings per share				
Net profit attributable to shareholders (RM'000)	5,650	3,151	17,504	12,338
Weighted average number of ordinary shares ('000)	456,144	456,144	456,144	456,144
Basic earnings per share (sen)	1.24	0.69	3.84	2.71

Authorisation for issue

On 29 August 2007, the Board of Directors authorised this interim report for issue.

By Order of the Board

Goh Tian Hock
Ng Yuet Seam
Joint Secretaries