

# **Carotech**

**Berhad**

**Carotech Berhad (Company no: 200964 W)**

**Quarterly Announcement - BURSA MALAYSIA**

**QUARTER 1**

**FINANCIAL PERIOD ENDED**

**@ 30 SEPTEMBER 2009**

**Announcement Date : 23-Nov-09**

# Carotech

Berhad

Carotech Berhad (Company no: 200964 W)

## Condensed consolidated balance sheet (unaudited) for the first financial quarter ended 30 September 2009

	As at current quarter ended 30 Sep 2009	As at preceding financial year ended 30 June 2009 (Audited)
	RM '000	RM '000
<b>Non-current assets</b>		
Property, plant and equipment	308,059	314,249
Prepaid lease payments	9,280	9,304
Investment in jointly controlled entity	-	-
Product development expenditure	396	402
	<b>317,735</b>	<b>323,955</b>
<b>Current assets</b>		
Inventories	161,288	145,768
Trade receivables	20,194	15,411
Other receivables, deposits and prepayments	20,117	13,021
Tax recoverable	28	28
Cash and bank balances	5,034	5,222
	<b>206,661</b>	<b>179,450</b>
<b>Current liabilities</b>		
Trade payables	32,261	16,543
Other payables and accruals	30,632	31,039
Amount owing to holding company	33,543	16,546
Amount owing to a fellow subsidiary company	18	6
Short term bank borrowings & overdrafts	89,887	107,532
Hire purchase creditors	898	884
Term loans	57,984	58,053
Tax payable	151	156
	<b>245,374</b>	<b>230,759</b>
<b>Net current liabilities</b>	<b>(38,713)</b>	<b>(51,309)</b>
<b>Non-current liabilities</b>		
Hire purchase creditors	814	1,044
Term loans	169,983	169,615
Deferred tax liabilities	9,693	9,118
	<b>180,490</b>	<b>179,777</b>
	<b>98,532</b>	<b>92,869</b>
Financed by:		
<b>Capital and reserves</b>		
Share capital	45,614	45,614
Share premium	4,702	4,702
Revaluation reserve	11,598	11,598
Exchange fluctuation reserve	1,342	1,342
Retained earnings	35,276	29,613
	<b>98,532</b>	<b>92,869</b>
<b>Net assets per share attributable to ordinary equity holders of the parent (sen)</b>	<b>21.5</b>	<b>20.3</b>

The Condensed Consolidated Balance Sheet should be read in conjunction with the audited financial statements for the year ended 30 June 2009 and the notes to the interim financial statements

# Carotech

Berhad

Carotech Berhad (Company no: 200964 W)

## Condensed consolidated income statement (unaudited) for the first financial quarter ended 30 September 2009

	Individual quarter 3 months ended 30 September		Cumulative quarter 3 months ended 30 September	
	2009 RM '000	2008 RM '000	2009 RM '000	2008 RM '000
Revenue	67,522	21,498	67,522	21,498
Other operating income	0	107	0	107
Operating expenses	(51,024)	(29,139)	(51,024)	(29,139)
<b>Profit from operations (Note B1)</b>	<b>16,498</b>	<b>(7,534)</b>	<b>16,498</b>	<b>(7,534)</b>
Depreciation & amortisation	(6,424)	(1,906)	(6,424)	(1,906)
Finance costs	(3,836)	(1,025)	(3,836)	(1,025)
<b>Profit/ (Loss) before taxation</b>	<b>6,238</b>	<b>(10,465)</b>	<b>6,238</b>	<b>(10,465)</b>
Taxation	(575)	106	(575)	106
<b>Profit/ (Loss) after tax and before minority interest</b>	<b>5,663</b>	<b>(10,359)</b>	<b>5,663</b>	<b>(10,359)</b>
Minority interest	-	-	-	-
<b>Net profit/ (loss) for the period/year</b>	<b>5,663</b>	<b>(10,359)</b>	<b>5,663</b>	<b>(10,359)</b>
<b>Earnings per share (sen) (Note B13)</b>				
- Basic	1.24	(2.27)	1.24	(2.27)
- 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 2009 and the notes to the interim financial statements

**Carotech Berhad** (Company no: 200964 W)

**Condensed consolidated statement of changes in equity (unaudited)  
for the first financial quarter ended 30 September 2009**

	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	Translation reserve RM '000	Revaluation reserve RM '000	Retained earnings RM '000	RM '000
<b>At 1 July 2008</b>	<b>456,144</b>	<b>45,614</b>	<b>4,702</b>	<b>358</b>	<b>-</b>	<b>47,075</b>	<b>97,749</b>
Net loss for the year						(17,462)	(17,462)
Revaluation surplus					11,598		11,598
Foreign exchange translation differences				984			984
<b>At 30 June 2009/ 1 July 2009</b> (Nominal value of RM0.10 per share)	<b>456,144</b>	<b>45,614</b>	<b>4,702</b>	<b>1,342</b>	<b>11,598</b>	<b>29,613</b>	<b>92,869</b>
Net profit for the period						5,663	5,663
<b>At 30 Sep 2009</b> (Nominal value of RM0.10 per share)	<b>456,144</b>	<b>45,614</b>	<b>4,702</b>	<b>1,342</b>	<b>11,598</b>	<b>35,276</b>	<b>98,532</b>

The Condensed Consolidated Statement Of Changes In Equity should be read in conjunction with the audited financial statements for the year ended 30 June 2009 and the notes to the interim financial statements

# Carotech

Berhad

**Carotech Berhad** (Company no: 200964 W)

## Condensed consolidated cash flow statement (unaudited) for the first financial quarter ended 30 September 2009

	Cumulative 3 months ended 30 September		
	Note	2009 RM '000	2008 RM '000
Cash (used in)/generated from operations		(2,253)	10,349
Net cash used in investing activities		(204)	(15,846)
Net cash generated from financing activities		5,998	7,612
Net decrease in cash and cash equivalents during the year		3,541	2,115
Cash and cash equivalents at beginning of year		(15,926)	(10,357)
Cash and cash equivalents at end of year	(I)	(12,385)	(8,242)

**Note:**

(I) Cash and cash equivalents comprises:

	RM '000	RM '000
Cash and bank balances	5,034	1,854
Bank overdrafts	(17,419)	(10,096)
	<u>(12,385)</u>	<u>(8,242)</u>

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the audited financial statements for the year ended 30 June 2009 and the notes to the interim financial statements

# Carotech

## Berhad

Carotech Berhad (Company no: 200964 W)

### Explanatory Notes as per FRS 134, Interim Financial Reporting

#### **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 ACE Market.

The interim financial report should be read in conjunction with the annual audited financial statements for the year ended 30 June 2009.

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 2009.

#### **A2 Audit report of preceding annual financial statements**

The auditor's report on the financial statements for the year ended 30 June 2009 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.

#### **A7 Dividends**

No dividend has been declared or recommended in respect of the financial period under review.

# Carotech

Berhad

Carotech Berhad (Company no: 200964 W)

## Explanatory Notes as per 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 September		Cumulative quarter 30 September	
	2009	2008	2009	2008
	RM '000	RM '000	RM '000	RM '000
Turnover				
Phytonutrients	8,059	6,624	8,059	6,624
Oleochemicals/bio-diesel	59,463	14,874	59,463	14,874
Total	67,522	21,498	67,522	21,498
Profit/ (Loss) before tax				
Phytonutrients	745	(3,225)	745	(3,225)
Oleochemicals/bio-diesel	5,494	(7,240)	5,494	(7,240)
Total	6,239	(10,465)	6,239	(10,465)
Profit/ (Loss) after tax				
Phytonutrients	676	(3,192)	676	(3,192)
Oleochemicals/bio-diesel	4,987	(7,167)	4,987	(7,167)
Total	5,663	(10,359)	5,663	(10,359)

### A9 Valuation of property, plant and equipment

The company did not carry out any revaluation on its property, plant and equipment in the reporting quarter.

### A10 Material subsequent events

There were no material subsequent events since 30 September 2009 until the date of this report.

### A11 Changes in the composition of the group

There are no changes to the composition of the Group for the financial period under review.

### A12 Contingent liabilities or assets

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

# Carotech

Berhad

Carotech Berhad (Company no: 200964 W)

## Explanatory Notes as per FRS 134, Interim Financial Reporting

### A 13 Capital commitments

Capital commitments as at 30 September 2009 are as follows:-

	RM '000
<u>Authorised and contracted :</u>	
Leasehold land	489
Building	72
Plant and machinery	65
Laboratory and office equipment, furniture & fittings	10
	<u>636</u>

### 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		Cumulative quarter	
	30 September		30 September	
	2009	2008	2009	2008
	RM '000	RM '000	RM '000	RM '000
Sales of goods	431	299	431	299
Purchase of goods	-93	-13	-93	-13
Steam service income	90	90	90	90
Interest income/(expense)	-226	-118	-226	-118
Reallocation of common costs	-244	-228	-244	-228



## B1 Review of performance

	Individual quarter 3 months ended 30 September		Cumulative 3 months ended 30 September	
	2009 RM '000	2008 RM '000	2009 RM '000	2008 RM '000
Revenue	67,522	21,498	67,522	21,498
Other operating income	0	107	0	107
Operating expenses	(53,508)	(18,023)	(53,508)	(18,023)
Unrealised foreign exchange (loss)/gain	2,484	(11,116)	2,484	(11,116)
Profit from operations (Note B1)	16,498	(7,534)	16,498	(7,534)

The Group posted a turnover of RM67.5 million during the quarter ended 30 September 2009, representing a 214% growth compared to the corresponding quarter in the previous financial year. The growth was attributed to the higher sales of both bio-diesel and oleochemical products following the commercial production of the new plant in Lumut, Perak since January 2009.

The Group recorded a profit before tax ("PBT") of RM6.2 million in the current reporting quarter compared to a loss before tax ("LBT") of RM10.5 million in the same period last year. Apart from higher sales, the improvement in profit was attributed to the unrealised foreign exchange gain of RM2.5 million from the translation of US Dollar loans due to the strengthening of Ringgit Malaysia at the end of the current reporting quarter.

## B2 Variation of results against the preceding quarter

	Quarter ended	
	30 Sep 2009	30 June 2009
	RM '000	RM '000
Revenue	67,522	47,154
Profit/(Loss) before taxation	6,238	(323)

The Group posted a revenue of RM67.5 million in the reporting quarter, which was 43% higher than the previous quarter's revenue of RM47.2 million. The increase was due to the deferment of the June 2009 bio-diesel shipment of a major customer to the current reporting quarter, at the request of the customer, together with higher phytonutrient sales.

The Group recorded a PBT of RM6.2 million in the current reporting quarter, against a LBT of RM0.3 million in the immediate preceding quarter. The improvement was mainly contributed by the higher phytonutrient sales and the strengthening of Ringgit Malaysia over the USD, which has resulted in an unrealised foreign exchange gain of RM2.5 million during the quarter under review.

## B3 Commentary on prospects

Barring any unforeseen circumstances, the Directors expect the Group's performance for the rest of this financial year to improve with the full year contribution of the new plant in Lumut, Perak beginning January 2009.

The Group will continue to 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 higher cost of crude palm oil, our main raw material.

Carotech Berhad (Company no: 200964 W)

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

**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.

**B5 Taxation**

	Individual quarter 3 months ended 30 September		Cumulative 3 months ended 30 September	
	2009 RM '000	2008 RM '000	2009 RM '000	2008 RM '000
Income taxation	0	42	0	42
Deferred taxation	575	(148)	575	(148)
	575	(106)	575	(106)

The effective tax rate of the Company for the financial period is lower than the statutory rate applicable mainly due to the adjustment to deferred taxation due to timing difference of certain expenses allowed for tax deduction and the availability of unutilised tax allowances.

**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.

**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.

**B8 Status of corporate proposal as at 17 November 2009**

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

There are no corporate proposals announced but not completed for the quarter under review other than the following:-

- (a) 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 dispatched to shareholders on 5 April 2006. The final proceeds of 5% is not paid pending the perfection of land purchase documentation.
- (b) On 24 December 2007, the Company's wholly owned subsidiary, Ying Kou Carotech Bio Energy Co. Ltd. (YKC) entered into a Sale and Purchase Agreement with Liaoning Dayang Bio Energy Co. Ltd. to acquire an industrial land in Ying Kou, Liaoning Province, China for a consideration of Renminbi (RMB) 14,666,740 (equivalent to approximately RM6,670,000). An announcement was made to the Bursa Malaysia on 26 December 2007. The balance proceeds of 50% is not paid pending the issuance of qualified individual document of title and the finalisation of shareholders agreement for the issue of ordinary shares in YKC for the settlement of balance proceeds of 50%.
- (c) On 21 August 2009, the Company made an announcement to Bursa Malaysia its Proposed Renounceable Rights issue of up to 456,144,000 New Ordinary Shares of RM0.10 each in Carotech ("Carotech Shares") ("Rights shares") on the basis of One (1) Rights share for every one (1) existing Carotech share held. The Company has appointed Affin Investment Bank Berhad (9999-V) as the Advisor to this proposed corporate exercise. Barring any unforeseen circumstances, the exercise is expected to be completed by end of 2009.

Carotech Berhad (Company no: 200964 W)

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

## B9 Borrowings and debt securities

Details of Group's bank borrowings as at 30 September 2009 are as follows :-

	Current	Non-current	Total
	RM '000	RM '000	RM '000
Secured			
- Short term bank borrowings	4,246	-	4,246
- Hire purchases	898	814	1,712
- Term loans	57,985	169,982	227,967
	63,129	170,797	233,925
Unsecured			
- Short term bank borrowings	85,641	-	85,641
	85,641	-	85,641
Total borrowings	148,769	170,797	319,566

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

Denominated in US Dollar

191,980

## B10 Off balance sheet financial instruments

The Company entered into the following:

- 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.
- Commodity hedging contracts to manage exposure to fluctuations in the purchase price of crude palm oil ("CPO")

As at 17 November 2009 (the latest practicable date which is not earlier than 7 days from the date of issue of the quarterly report), the Company had no outstanding foreign currency forward and commodity hedging contracts.

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.

# Carotech

**Berhad**

Carotech Berhad (Company no: 200964 W)

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

## B11 Material litigation

There were no material litigation up to 17 November 2009.

## B12 Dividend

No dividend has been declared or recommended in respect of the financial period under review.

## B13 Earnings per share

The basic earnings per share of the Group is calculated by dividing the net profit attributable to shareholders of RM5.7 million by the weighted average number of ordinary shares in issue for the current financial period ended 30 September 2009.

	Individual quarter 3 months ended 30 September		Cumulative quarter 3 months ended 30 September	
	2009	2008	2009	2008
<b>Basic earnings per share</b>				
Net profit/ (loss) attributable to shareholders (RM'000)	5,663	(10,359)	5,663	(10,359)
Weighted average number of ordinary shares ('000)	456,144	456,144	456,144	456,144
Basic earnings per share (sen)	1.24	(2.27)	1.24	(2.27)

## Authorisation for issue

On 23 November 2009, the Board of Directors authorised this report for issue.

By Order of the Board

**Goh Tian Hock**  
**Ng Yuet Seam**  
**Joint Secretaries**

# Carotech

Berhad

Carotech Berhad (Company no: 200964 W)

## Summary Of Key Financial Information (unaudited) for the first financial quarter ended 30 September 2009

	Individual Period		Cumulative Period	
	Current year quarter	Preceding year corresponding quarter	Current year to-date	Preceding year corresponding period
	30 September 2009 RM '000	30 September 2008 RM '000	30 September 2009 RM '000	30 September 2008 RM '000
1 Revenue	67,522	21,498	67,522	21,498
2 Profit/(Loss) before tax	6,238	(10,465)	6,238	(10,465)
3 Profit/ (Loss) after tax and minority interest	5,663	(10,359)	5,663	(10,359)
4 Net profit/ (loss) for the period/year	5,663	(10,359)	5,663	(10,359)
5 Basic earnings per shares (sen)	1.24	(2.27)	1.24	(2.27)
6 Dividend per share (sen)	-	-	-	-
			<b>As At End Of Current Quarter</b>	<b>As At Preceding Financial Year End</b>
7 Net assets per share attributable to ordinary equity holders of the parent (RM)			0.215	0.203

### Additional Information

	Individual Period		Cumulative Period	
	Current year quarter	Preceding year corresponding quarter	Current year to-date	Preceding year corresponding period
	30 September 2009 RM '000	30 September 2008 RM '000	30 September 2009 RM '000	30 September 2008 RM '000
1 Gross interest income	-	6	-	6
2 Gross interest expense	3,836	1,025	3,836	1,025