

Carotech Berhad (Company no: 200964 W)

Condensed consolidated balance sheet (unaudited)
for the third financial quarter ended 31 March 2010

	As at current quarter ended 31 March 2010	As at preceding financial year ended 30 June 2009 (Audited)
	RM '000	RM '000
Non-current assets		
Property, plant and equipment	295,491	314,249
Prepaid lease payments	9,232	9,304
Investment in jointly controlled entity	-	-
Product development expenditure	384	402
	305,107	323,955
Current assets		
Inventories	163,129	145,768
Trade receivables	21,466	15,411
Other receivables, deposits and prepayments	16,082	13,021
Amount owing by holding company	2,364	1,618
Tax recoverable	28	28
Cash and bank balances	1,518	5,222
	204,587	181,068
Current liabilities		
Trade payables	7,361	16,543
Other payables and accruals	27,548	31,039
Amount owing to holding company	21,082	18,164
Amount owing to a fellow subsidiary company	66	6
Short term bank borrowings & overdrafts	100,553	107,532
Hire purchase creditors	911	884
Term loans	51,001	58,053
Tax payable	151	156
	208,673	232,377
Net current liabilities	(4,086)	(51,309)
Non-current liabilities		
Hire purchase creditors	359	1,044
Term loans	139,885	169,615
Deferred tax liabilities	11,668	9,118
	151,912	179,777
	149,109	92,869
Financed by:		
Capital and reserves		
Share capital	91,229	45,614
Share premium	4,200	4,702
Revaluation reserve	11,598	11,598
Exchange fluctuation reserve	1,342	1,342
Retained earnings	40,740	29,613
	149,109	92,869
Net assets per share attributable to ordinary equity holders of the parent (sen)	16.3	20.3

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 (Company no: 200964 W)

**Condensed consolidated income statement (unaudited)
for the third financial quarter ended 31 March 2010**

	Individual quarter 3 months ended 31 March		Cumulative quarter 9 months ended 31 March	
	2010 RM '000	2009 RM '000	2010 RM '000	2009 RM '000
Revenue	75,930	53,102	190,044	90,162
Other operating income	9	0	24	175
Operating expenses	(55,301)	(45,691)	(146,364)	(88,279)
Profit from operations (Note B1)	20,638	7,411	43,704	2,058
Depreciation & amortisation	(6,598)	(7,117)	(19,620)	(13,557)
Finance costs	(3,283)	(3,039)	(10,388)	(6,593)
Profit/ (Loss) before taxation	10,757	(2,745)	13,696	(18,092)
Taxation	(1,417)	4,509	(2,569)	4,585
Profit/ (Loss) after tax and before minority interest	9,340	1,764	11,127	(13,507)
Minority interest	-	-	-	-
Net profit/ (loss) for the period	9,340	1,764	11,127	(13,507)
Earnings/ (Loss) per share (sen) (Note B13)				
- Basic	1.42	0.39	1.69	(2.96)
- 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 third financial quarter ended 31 March 2010**

	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
At 1 July 2008	456,144	45,614	4,702	358	-	47,075	97,749
Net loss for the year						(17,462)	(17,462)
Revaluation surplus					11,598		11,598
Foreign exchange translation differences				984			984
At 30 June 2009/ 1 July 2009 (Nominal value of RM0.10 per share)	456,144	45,614	4,702	1,342	11,598	29,613	92,869
Net profit for the period						11,127	11,127
Rights Issue	456,144	45,615	(502)				45,615
Expenses relating to Rights Issue							(502)
At 31 March 2010 (Nominal value of RM0.10 per share)	912,288	91,229	4,200	1,342	11,598	40,740	149,109

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 (Company no: 200964 W)

**Condensed consolidated cash flow statement (unaudited)
for the third financial quarter ended 31 March 2010**

	Cumulative 9 months ended 31 March		
	Note	2010 RM '000	2009 RM '000
Cash used in operations		(19,055)	(18,717)
Net cash used in investing activities		(702)	(21,801)
Net cash generated from financing activities		28,119	44,526
Net increase in cash and cash equivalents during the period		8,362	4,008
Cash and cash equivalents at beginning of period		(15,926)	(10,357)
Cash and cash equivalents at end of period	(1)	(7,564)	(6,349)

Note:

(1) Cash and cash equivalents comprises:

	RM '000	RM '000
Cash and bank balances	1,518	2,848
Bank overdrafts	(9,082)	(9,197)
	<u>(7,564)</u>	<u>(6,349)</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 (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

In December 2009, the Company issued 456,144,000 new ordinary shares of RM0.10 each on the basis of one (1) Rights Share for every one (1) existing Carotech Share held. The Company's issued and paid up capital was thus increased to RM91.2 million comprising 912,288,000 ordinary shares of RM0.10 each.

There were no other 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 (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		Cumulative quarter	
	31 March		31 March	
	2010	2009	2010	2009
	RM '000	RM '000	RM '000	RM '000
Turnover				
Phytonutrients	8,748	6,643	26,090	19,167
Oleochemicals/bio-diesel	67,182	46,459	163,954	70,995
Total	75,930	53,102	190,044	90,162
Profit/ (Loss) before tax				
Phytonutrients	1,239	(344)	1,880	(3,846)
Oleochemicals/bio-diesel	9,518	(2,401)	11,816	(14,246)
Total	10,757	(2,745)	13,696	(18,092)
Profit/ (Loss) after tax				
Phytonutrients	1,076	221	1,528	(2,871)
Oleochemicals/bio-diesel	8,264	1,543	9,599	(10,636)
Total	9,340	1,764	11,127	(13,507)

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 31 March 2010 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 (Company no: 200964 W)

Explanatory Notes as per FRS 134, Interim Financial Reporting

A 13 Capital commitments

Capital commitments as at 31 March 2010 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	
	31 March		31 March	
	2010	2009	2010	2009
	RM '000	RM '000	RM '000	RM '000
Sales of goods	335	430	1,065	1,172
Purchase of goods	-0	-25	-319	-38
Steam service income	90	90	270	270
Interest income/(expense)	-434	-168	-1,187	-458
Reallocation of common costs	-266	-329	-803	-782



Carotech Berhad (Company no: 200964 W)

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

B1 Review of performance

	Individual quarter 3 months ended 31 March		Cumulative 9 months ended 31 March	
	2010 RM '000	2009 RM '000	2010 RM '000	2009 RM '000
Revenue	75,930	53,102	190,044	90,162
Other operating income	9	0	24	175
Operating expenses	(62,524)	(35,980)	(158,591)	(66,076)
Unrealised foreign exchange gain/(loss)	7,223	(9,711)	12,227	(22,203)
Profit from operations (Note B1)	20,638	7,411	43,704	2,058

The Group posted a turnover of RM75.9 million for the third financial quarter ended 31 March 2010, representing a 43% growth compared to the preceding corresponding quarter. The growth was attributed to the higher sales of both bio-diesel and phytonutrient products in the current quarter.

The Group recorded a profit before tax ("PBT") of RM10.8 million in the current reporting quarter compared to the loss before tax ("LBT") of RM2.7 million in the same quarter last year. The current quarter profit was mainly attributed to the unrealised foreign exchange gain of RM7.2 million arising from the translation of US Dollar loans due to the strengthened Ringgit Malaysia at the end of the quarter.

For the cumulative period ended 31 March 2010, the Group registered a revenue of RM190.0 million, a 111% increase compared to RM90.2 million recorded in last year's corresponding period. The substantial growth was attributed to the higher sales of bio-diesel following the full commencement of commercial production of our Lumut plant in January 2009.

The Group reported a PBT of RM13.7 million in the current financial period, compared to a LBT of RM18.1 million in the corresponding period of last year, mainly due to the unrealised foreign exchange gain of RM12.2 million arising from the translation of US Dollar loans.

B2 Variation of results against the preceding quarter

	Quarter ended	
	31 March 2010 RM '000	31 December 2009 RM '000
Revenue	75,930	46,593
Profit/(Loss) before taxation	10,757	(3,300)

The Group posted a revenue of RM75.9 million in the current reporting quarter, which was 63% higher compared to the immediate preceding quarter of RM46.6 million. The lower sales in the preceding quarter was due to the deferment of December 2009 bio-diesel shipment of a major customer to 2010, as agreed with the customer.

The Group recorded a PBT of RM10.8 million in the current reporting quarter, against a LBT of RM3.3 million in the immediate preceding quarter as a result of the unrealised foreign exchange gain of RM7.2 million arising from the translation of US Dollar loans and higher sales in the current quarter.

Carotech Berhad (Company no: 200964 W)

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

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.

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 31 March		Cumulative 9 months ended 31 March	
	2010 RM '000	2009 RM '000	2010 RM '000	2009 RM '000
Income taxation	17	37	19	109
Deferred taxation	1,400	(4,546)	2,550	(4,694)
	1,417	(4,509)	2,569	(4,585)

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 19 May 2010

(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, Liaoning Carotech Bio Energy Co. Ltd ("LC")(formerly known as Ying Kou Carotech Bio Energy Co. Ltd) 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 LC for the settlement of balance proceeds of 50%.



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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 31 March 2010 are as follows :-

	Current	Non-current	Total
	RM '000	RM '000	RM '000
Secured			
- Short term bank borrowings	4,991	-	4,991
- Hire purchases	911	359	1,270
- Term loans	51,001	139,885	190,886
	56,903	140,244	197,147
Unsecured			
- Short term bank borrowings	95,562	-	95,562
	95,562	-	95,562
Total borrowings	152,465	140,244	292,709

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

Denominated in US Dollar

170,829

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

As at 19 May 2010 (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 (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 19 May 2010.

B12 Dividend

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

B13 Earnings/(Loss) per share

The basic earnings per share of the Group is calculated by dividing the net profit attributable to shareholders of RM9.3 million by the weighted average number of ordinary shares in issue for the current financial period ended 31 March 2010.

	Individual quarter 3 months ended 31 March		Cumulative quarter 9 months ended 31 March	
	2010	2009	2010	2009
Basic earnings/(loss) per share				
Net profit/(loss) attributable to shareholders (RM'000)	9,340	1,764	11,127	(13,507)
Weighted average number of ordinary shares ('000)	658,875	456,144	658,875	456,144
Basic earnings/(loss) per share (sen)	1.42	0.39	1.69	(2.96)

Authorisation for issue

On 24 May 2010, the Board of Directors authorised this report for issue.

By Order of the Board

Goh Tian Hock
Ng Yuet Seam
Joint Secretaries