



Continuous Innovation & Quality

Hovid Bhd (Company no: 58476 A)

Condensed consolidated income statement (unaudited)

for the third financial quarter of financial year ending 30 June 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	107,079	80,143	278,237
Other operating income	7,523	121	16,535	94
Operating expenses	(87,636)	(66,372)	(233,607)	(151,953)
Profit from operations (Note B1)	26,966	13,892	61,165	16,342
Depreciation & amortisation	(7,852)	(8,343)	(23,285)	(17,126)
Finance costs	(3,820)	(3,598)	(11,843)	(8,532)
Profit / (Loss) before taxation	15,294	1,951	26,037	(9,316)
Taxation	(2,472)	3,534	(4,973)	2,531
Profit / (Loss) for the quarter/period	12,822	5,485	21,064	(6,785)
Attributable to:				
Equity holders of the Company	8,927	4,739	16,395	(1,149)
Minority interest	3,895	746	4,669	(5,636)
Profit/(Loss) for the quarter/period	12,822	5,485	21,064	(6,785)
Earning/(loss) per share attributable to equity holders of the Company (sen) (Note B13)				
- Basic at nominal value of RM0.10 per share	1.2	0.6	2.2	(0.2)
- Diluted at nominal value of RM0.10 per share	0.8	0.4	1.4	(0.1)

The Condensed Consolidated Income Statement should be read in conjunction with the audited financial statements for the year ended 30 June 2009 and the accompanying explanatory notes attached to the interim financial statements.



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Hovid Bhd (Company no: 58476 A)
Condensed consolidated balance sheet (Unaudited)
for the third financial quarter of financial year ending 30 June 2010

	As at current quarter ended 31/3/10 (Unaudited)	As at preceding financial year ended 30/06/09 (Audited)
	RM '000	RM '000
ASSETS		
Non-Current Assets		
Property, plant and equipment	361,524	379,441
Prepaid lease payments	16,714	16,818
Intangible assets	38,533	36,133
Investment property	850	850
Deferred tax assets	100	101
Rights to reimbursement under insurance policies	265	252
	417,986	433,595
Current Assets		
Inventories	183,483	164,075
Trade receivables	46,325	41,062
Other receivables, deposits and prepayments	28,692	28,474
Cash and bank balances	12,556	14,208
	271,056	247,819
Total Assets	689,042	681,414
EQUITY		
Equity Attributable to Shareholders of the Company		
Share capital	76,208	76,208
Share premium	90	90
Revaluation and other reserves	21,086	20,671
Retained earnings	75,615	59,220
	172,999	156,189
Minority Interest	62,569	39,035
Total Equity	235,568	195,224
LIABILITIES		
Non-Current Liabilities		
Deferred tax liabilities	21,385	18,905
Term loans	161,598	177,799
Hire purchase creditors	4,540	7,204
Provision for retirement benefit	1,385	1,208
	188,908	205,116
Current Liabilities		
Trade payables	16,675	26,911
Other payables and accruals	41,679	38,880
Term loans	57,621	46,904
Short term borrowings	128,846	123,214
Bank overdrafts	13,785	39,297
Hire purchase creditors	3,737	3,956
Tax payable	2,223	1,912
	264,566	281,074
Total Liabilities	453,474	486,190
Total Equity And Liabilities	689,042	681,414
Net Assets Per Share Attributable To Ordinary Equity Holders Of The Company (Sen)	22.7	20.5

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



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Hovid Bhd (Company no: 58476 A)

Condensed consolidated cash flow statement (unaudited)

for the third financial quarter of financial year ending 30 June 2010

	Cumulative 9 months ended 31 March		
	Note	2010 RM '000	2009 RM '000
Cash generated/(used) in operating activities		3,244	(25,015)
Net cash used in investing activities		(34,159)	(26,143)
Net cash generated from financing activities		41,714	48,309
Net increase/(decrease) in cash and cash equivalents		10,799	(2,849)
Effect of exchange rate changes		(3)	58
Cash and cash equivalents at beginning of the period		(12,025)	(2,073)
Cash and cash equivalents at end of the period	(I)	(1,229)	(4,864)

Note:

(I) Cash and cash equivalents comprises:

	<u>RM '000</u>	<u>RM '000</u>
Cash and bank balances	12,556	13,073
Bank overdraft	(13,785)	(17,937)
	<u>(1,229)</u>	<u>(4,864)</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 accompanying explanatory notes attached to the interim financial statements.

Hovid Bhd (Company no: 58476 A)
Condensed consolidated statement of changes in equity (unaudited)
for the third financial quarter of financial year ending 30 June 2010

	Attributable to Equity Holders of the Parent					Minority Interest RM '000	Total Equity RM '000
	Non-distributable			Distributable	Total RM '000		
	Share capital RM '000	Share premium RM '000	Reserves RM '000	Retained earnings RM '000			
PERIOD ENDED 31 MARCH 2010							
At 1 July 2009	76,208	90	20,671	59,220	156,189	39,035	195,224
Increase in equity of a subsidiary						18,864	18,864
Foreign exchange translation			415		415	1	416
Net profit for the period				16,395	16,395	4,669	21,064
At 31 March 2010	76,208	90	21,086	75,615	172,999	62,569	235,568
PERIOD ENDED 31 MARCH 2009							
At 1 July 2008	76,208	90	10,869	58,803	145,970	40,869	186,839
Warrant reserve			10		10		10
Revaluation reserve			10,330		10,330	4,850	15,180
Foreign exchange translation			(1,004)		(1,004)		(1,004)
Net loss for the period				(1,149)	(1,149)	(5,636)	(6,785)
At 31 March 2009	76,208	90	20,205	57,654	154,157	40,083	194,240

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 accompanying explanatory notes attached to the interim financial statements.



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Hovid Bhd (Company no: 58476 A)
Quarterly financial report (unaudited)
for the third financial quarter of financial year ending 30 June 2010
Explanatory Notes as per FRS 134, Interim Financial Reporting

A1 Basis of preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of FRS 134, Interim Financial Reporting, and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 30 June 2009. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 30 June 2009.

A2 Accounting Policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 30 June 2009.

A3 Audit report of preceding annual financial statements

The audit report of the preceding annual financial statements was not subjected to any qualification.

A4 Comment about 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.

A5 Unusual items affecting assets, liabilities, equities, net income or cash flows

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

A6 Significant estimates and changes in estimates

There were no changes in estimates that have had any material effect in the current quarter and financial period result.

A7 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 period.

A8 Dividends

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



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Explanatory Notes as per FRS 134, Interim Financial Reporting

A9 Segment information

The Group's primary reporting format is based on business segment, which is the pharmaceutical ("Hovid Segment") and phytonutrient/olechemical/biodiesel ("Carotech Segment") industries.

The Group operates in two main business segments:

	Individual quarter ended 31 March		Cumulative quarter ended 31 March	
	2010 RM '000	2009 2,009.00	2010 RM '000	2009 RM '000
Revenue				
Hovid Segment	31,484	27,471	89,258	79,211
Carotech Segment	75,595	52,672	188,979	88,990
Group Revenue	107,079	80,143	278,237	168,201
Profit/(loss) before tax				
Hovid Segment	4,126	5,181	12,344	9,999
Carotech Segment	11,168	(3,230)	13,693	(19,315)
Group profit/(loss) before tax	15,294	1,951	26,037	(9,316)
Profit/(loss) after tax				
Hovid Segment	3,071	4,206	9,940	7,945
Carotech Segment	9,751	1,279	11,124	(14,730)
Net profit/(loss) after tax	12,822	5,485	21,064	(6,785)

A10 Valuation of property, plant and equipment

The Group did not carry out any revaluation on its property, plant and equipment during the current financial quarter.

A11 Material subsequent events

There was no material event subsequent to the end of the current financial quarter.

A12 Changes in the composition of the Group

There were no changes to the composition of the Group during the current financial quarter.

A13 Changes in contingent liabilities and contingent assets

There were no material changes in contingent liabilities or contingent assets since the date of last annual report as at 30 June 2009, to the date of this report.

A14 Significant related parties transactions

There were no significant related parties transactions during this reporting quarter and financial period to date.



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for the third financial quarter of financial year ending 30 June 2010

Explanatory Notes as per FRS 134, Interim Financial Reporting

A15 Capital commitments

The Group's capital commitments not provided for in the interim financial statements as at balance sheet date were as follows:

	RM '000
Authorised and contracted	
Leasehold land and building	562
Property, plant and equipment	1,223
Investment in a proposed subsidiary	397
Total	2,182
Authorised but not contracted	
Buildings	24,392
Total	24,392
Total capital commitments	26,574



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for the third financial quarter of financial year ending 30 June 2010

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

B1 Review of performance

	Individual quarter 3 months ended 31 March		Cumulative 9 months ended 31 March	
	2010	2009	2010	2009
	RM '000	RM '000	RM '000	RM '000
Revenue	107,079	80,143	278,237	168,201
Other operating income	7,523	121	16,535	94
Operating expenses	(94,859)	(56,661)	(245,834)	(129,750)
Unrealised foreign exchange gain/(loss)	7,223	(9,711)	12,227	(22,203)
Profit from operations	26,966	13,892	61,165	16,342

For the Quarter

The Group's revenue for the current financial quarter ended 31 March 2010 of RM107.1 million was 34% higher as compared with the same quarter for the financial year ended 2009 of RM80.1 million. The Group recorded a profit before taxation ("PBT") of RM15.3 million for current quarter as compared to RM2.0 million in the same quarter for the financial year 2009.

The growth in revenue for the current financial quarter was mainly attributed to higher sales of both the biodiesel and oleochemical products at a subsidiary, Carotech Bhd, and the increase in sales in pharmaceutical segment.

The current quarter improved PBT was mainly attributed to the unrealised foreign exchange gain of RM7.2 million arising from the translation of US Dollar loans, at Carotech, due to the strengthened Ringgit Malaysia at the end of the quarter.

Year-to-date

For the current financial period ended 31 March 2010, the Group recorded a revenue of RM278.2 million, an increase of 65% compared to the revenue of RM168.2 million registered in the corresponding period of the previous financial year. The higher revenue was largely contributed by the higher sales of biodiesel and oleochemical products at a subsidiary, Carotech Bhd, and the increase in sales in pharmaceutical segment.

The Group recorded a profit before tax of RM26.0 million for the financial period ended 31 March 2010, compared to a loss before tax ("LBT") of RM9.3 million in the corresponding period last year. Profit after tax ("PAT") for the current period was RM21.1 million, compared to a loss after tax ("LAT") of RM6.8 million for the corresponding period for previous year. The significant improvement in the performance mainly arose from higher sales achieved by both pharmaceutical and Carotech segments, and an unrealised foreign exchange gain at Carotech. The unrealised foreign exchange gain from the translation of US Dollar loans as a result of strengthened Ringgit Malaysia at Carotech Bhd, was RM12.2 million for the current period in comparison to an unrealised foreign exchange loss of RM22.2 million for the corresponding period last year.



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

B2 Results comparison with preceding quarter

	Quarter ended	
	31 Mar 10 RM '000	31 Dec 09 RM '000
Turnover	107,079	72,646
Profit/(Loss) before taxation	15,294	(1,211)

The Group recorded a revenue of RM107.1 million during the reporting quarter as compared to RM72.6 million for the preceding quarter, representing an increase of 47%. The increase mainly arose from the deferment of December 2009 bio-diesel shipment of a customer of Carotech, to 2010, as agreed with the customer, coupled with the increased sales in this current quarter.

The Group recorded a PBT of RM15.3 million during the reporting quarter as compared to a LBT of RM1.2 million for the preceding quarter. The improved performance was mainly attributed to the improved sales in both Hovid and Carotech segments, and an increase in unrealised foreign exchange gain arising from the translation of US Dollar loans at Carotech of RM7.2 million during the current quarter against a preceding quarter of RM2.5 million.

B3 Commentary on Prospects

Barring any unforeseen circumstances, the outlook for the Group is expected to be satisfactory as the Group is actively securing new overseas market and registration of new products. The Directors expect the performance of its subsidiary, Carotech Bhd, to improve with the full year's contribution from its new plant in Lumut and new contracts obtained.

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.

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 quarter 9 months ended 31 March	
	2010 RM '000	2009 2,009.00	2010 RM '000	2009 RM '000
Income taxation	667	1,012	2,492	2,163
Deferred taxation	1,806	(4,546)	2,481	(4,694)
Based on the results for the quarter/period	2,472	(3,534)	4,973	(2,531)

The effective tax rate of the Group for the financial period is lower than the statutory rate applicable mainly due to the 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 reporting quarter under review and financial period.



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

B7 Particulars on quoted securities

(other than securities in existing subsidiaries and associated companies)

There were no purchase or disposal of quoted securities during the current quarter and financial period.

B8 Status of corporate proposal

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

- a On 6 February 2006, Carotech 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% has not been paid pending the perfection of the land purchase documentaion.
- b On 8 October 2007, the Company had announced an executives' share option scheme ("ESOS") for the benefit of the eligible directors of the Company and eligible executives of the Company and its subsidiaries. The proposal was approved by the shareholders during the Company's Extraordinary General Meeting held on 27 November 2007.
- c On 24 December 2007, Carotech's wholly owned subsidiary, Ying Kou Carotech Bio Energy Co. Ltd. (YKC) entered into a Sale and Purchase Agreement with Lioaning Dayang Bio Energy Co. Ltd. to acquire an industrial land in Ying Kou, Lioaning 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% has not been 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 the balance proceeds of 50%.

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	75,336	164,878	240,214
Unsecured	128,653	1,260	129,913
Total	203,989	166,138	370,127

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

Denominated in US Dollar	173,172
Denominated in Philippines Peso	<u>305</u>

B10 Off balance sheet financial instruments

There were no off balance sheet financial financial instruments as at the reporting date.

B11 Material litigation

There were no material litigation against the Group as at the reporting date, that arose since the last annual balance sheet date.



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

B12 Dividend

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

B13 Earnings per share

The basic earning per share has been calculated by dividing the Group's net profit/loss attributable to shareholders by the weighted average number of ordinary shares in issue during the current financial period ended 31 March 2010. For the purpose of calculating diluted earnings per share, the profit/loss attributable to shareholders and the weighted average number of ordinary shares in issue during the quarter/period have been adjusted for the dilutive effects of all potential ordinary shares, ie, warrants in issue.

	Individual quarter 3 months ended 31 March		Cumulative quarter 9 months ended 31 March	
	2010	2009	2010	2009
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Net profit / (loss) attributable to shareholders	8,927	4,739	16,395	(1,149)
<u>Number of ordinary shares</u>	<u>'000</u>	<u>'000</u>	<u>'000</u>	<u>'000</u>
Weighted average number of ordinary shares (basic)	762,080	762,080	762,080	762,080
Effects of Warrants	381,040	381,040	381,040	381,040
Weighted average number of ordinary shares (diluted)	1,143,120	1,143,120	1,143,120	1,143,120
<u>Earning/(loss) per share</u>	<u>Sen</u>	<u>Sen</u>	<u>Sen</u>	<u>Sen</u>
Earning/(loss) per share at nominal value of RM0.10 per share:-				
Basic	1.2	0.6	2.2	(0.2)
Diluted	0.8	0.4	1.4	(0.1)

The comparative figures were recomputed based on the enlarged number of ordinary shares in issue assuming full exercise of the Warrants issued.

Authorisation for issue

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

On behalf of the Board,

Goh Tian Hock

Ng Yuet Seam

Joint Secretaries