



Continuous Innovation & Quality

Hovid Bhd (Company no: 58476 A)

Condensed consolidated income statement (unaudited)

for the fourth financial quarter of financial year ended 30 June 2010

	Individual quarter 3 months ended 30 June		Cumulative quarter 12 months ended 30 June	
	2010 RM '000	2009 RM '000	2010 RM '000	2009 RM '000
Revenue	86,700	80,406	364,937	248,607
Other operating income	4,161	224	20,696	318
Operating expenses	(76,265)	(63,104)	(309,872)	(215,059)
Profit from operations (Note B1)	14,596	17,526	75,761	33,866
Depreciation & amortisation	(7,948)	(8,472)	(31,233)	(25,597)
Finance costs	(5,104)	(3,981)	(16,947)	(12,513)
Profit / (Loss) before taxation	1,544	5,073	27,581	(4,244)
Taxation	(2,986)	(5,113)	(7,959)	(2,582)
Profit / (Loss) for the quarter/year	(1,442)	(40)	19,622	(6,826)
Attributable to:				
Equity holders of the Company	1,021	1,566	17,416	417
Minority interest	(2,463)	(1,606)	2,206	(7,243)
Profit/(Loss) for the quarter/year	(1,442)	(40)	19,622	(6,826)
Earning/(loss) per share attributable to equity holders of the Company (sen) (Note B13)				
- Basic at nominal value of RM0.10 per share	0.1	0.2	2.3	0.1
- Diluted at nominal value of RM0.10 per share	0.1	0.1	1.5	0.0

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.



Continuous Innovation & Quality

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

	As at current quarter ended 30/6/10 (Unaudited) RM '000	As at preceding financial year ended 30/06/09 (Audited) RM '000
ASSETS		
Non-Current Assets		
Property, plant and equipment	371,411	379,441
Prepaid lease payments	17,178	16,818
Intangible assets	39,792	36,133
Investment property	850	850
Other investment	3	-
Deferred tax assets	108	101
Rights to reimbursement under insurance policies	269	252
	429,611	433,595
Current Assets		
Inventories	182,150	164,075
Trade receivables	40,300	41,062
Other receivables, deposits and prepayments	23,493	28,474
Cash and bank balances	9,609	14,208
	255,552	247,819
Total Assets	685,163	681,414
EQUITY		
Equity Attributable to Shareholders of the Company		
Share capital	76,208	76,208
Share premium	90	90
Revaluation and other reserves	20,627	20,671
Retained earnings	76,636	59,220
	173,561	156,189
Minority Interest	65,043	39,035
Total Equity	238,604	195,224
LIABILITIES		
Non-Current Liabilities		
Deferred tax liabilities	23,878	18,905
Term loans	22,169	177,799
Hire purchase creditors	3,785	7,204
Provision for retirement benefit	1,444	1,208
	51,276	205,116
Current Liabilities		
Trade payables	24,553	26,911
Other payables and accruals	45,504	38,880
Term loans	190,527	46,904
Short term borrowings	114,310	123,214
Bank overdrafts	14,922	39,297
Hire purchase creditors	3,524	3,956
Tax payable	1,943	1,912
	395,283	281,074
Total Liabilities	446,559	486,190
Total Equity And Liabilities	685,163	681,414
Net Assets Per Share Attributable To Ordinary Equity Holders Of The Company (Sen)	22.8	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 fourth financial quarter of financial year ended 30 June 2010

	Cumulative 12 months ended 30 June		
	Note	2010 RM '000	2009 RM '000
Cash generated/(used) in operating activities		37,712	(20,001)
Net cash used in investing activities		(20,437)	(23,924)
Net cash generated from financing activities		(10,522)	33,743
Net increase/(decrease) in cash and cash equivalents		6,753	(10,182)
Effect of exchange rate changes		(41)	230
Cash and cash equivalents at beginning of the period		(12,025)	(2,073)
Cash and cash equivalents at end of the period	(I)	(5,313)	(12,025)

Note:

(I) Cash and cash equivalents comprises:

	<u>RM '000</u>	<u>RM '000</u>
Cash and bank balances	9,609	14,208
Bank overdraft	(14,922)	(26,233)
	<u>(5,313)</u>	<u>(12,025)</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 fourth financial quarter of financial year ended 30 June 2010

	Attributable to Equity Holders of the Parent					Minority Interest	Total Equity
	Non-distributable			Distributable	Total		
	Share capital RM '000	Share premium RM '000	Reserves RM '000	Retained earnings RM '000	RM '000		
PERIOD ENDED 30 JUNE 2010							
At 1 July 2009	76,208	90	20,671	59,220	156,189	39,035	195,224
Increase in equity of a subsidiary						24,079	24,079
Foreign exchange translation			(44)		(44)	(277)	(321)
Net profit for the year				17,416	17,416	2,206	19,622
At 30 June 2010	76,208	90	20,627	76,636	173,561	65,043	238,604
PERIOD ENDED 30 JUNE 2009							
At 1 July 2008	76,208	90	10,869	58,803	145,970	40,869	186,839
Revaluation reserve			9,911		9,911	4,850	14,761
Foreign exchange translation			(109)		(109)	559	450
Net profit/(loss) for the year				417	417	(7,243)	(6,826)
At 30 June 2009	76,208	90	20,671	59,220	156,189	39,035	195,224

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 fourth financial quarter of financial year ended 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 subject 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 year 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 year.

A8 Dividends

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



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for the fourth financial quarter of financial year ended 30 June 2010
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 30 June		Cumulative 12 months ended 30 June	
	2010 RM '000	2009 RM '000	2010 RM '000	2009 RM '000
Revenue				
Hovid Segment	34,057	33,333	123,315	112,543
Carotech Segment	52,643	47,073	241,622	136,064
Group Revenue	86,700	80,406	364,937	248,607
Profit/(loss) before tax				
Hovid Segment	6,306	5,214	18,650	15,213
Carotech Segment	(4,762)	(141)	8,931	(19,457)
Group profit/(loss) before tax	1,544	5,073	27,581	(4,244)
Profit/(loss) after tax				
Hovid Segment	4,822	3,733	14,761	11,678
Carotech Segment	(6,264)	(3,773)	4,861	(18,504)
Net profit/(loss) after tax	(1,442)	(40)	19,622	(6,826)

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 year to date.



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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	999
Total	1,561
Authorised but not contracted	
Buildings	6,565
Total	6,565
Total capital commitments	8,126



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

B1 Review of performance

	Individual quarter 3 months ended 30 June		Cumulative 12 months ended 30 June	
	2010	2009	2010	2009
	RM '000	RM '000	RM '000	RM '000
Revenue				
Hovid Segment	34,057	33,333	123,315	112,543
Carotech Segment	52,643	47,073	241,622	136,064
Group	86,700	80,406	364,937	248,607
Profit / (Loss) before taxation				
Hovid Segment	6,306	5,214	18,650	15,213
Carotech Segment	(4,762)	(141)	8,931	(19,457)
Group	1,544	5,073	27,581	(4,244)
Unrealised foreign exchange gain/(loss)				
Hovid Segment	(693)	-	(693)	-
Carotech Segment	779	8,449	13,007	(13,754)
Group	86	8,449	12,314	(13,754)
Profit / (Loss) before taxation excluding unrealised foreign exchange gain/(loss)				
Hovid Segment	6,999	5,214	19,343	15,213
Carotech Segment	(5,541)	(8,590)	(4,076)	(5,703)
Group	1,458	(3,376)	15,267	9,510
Profit/(loss) after tax				
Hovid Segment	4,822	3,733	14,761	11,678
Carotech Segment	(6,264)	(3,773)	4,861	(18,504)
Group	(1,442)	(40)	19,622	(6,826)

For the Quarter

The Group's revenue for the current financial quarter ended 30 June 2010 of RM86.7 million was 8% higher as compared with the same quarter for the financial year ended 2009 of RM80.4 million. The growth in revenue for the current financial quarter was attributed to the increasing demand in phytonutrient products at a subsidiary, Carotech Bhd, and the increase in sales in pharmaceutical segment.



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The Group recorded a profit before taxation ("PBT") of RM1.5 million for current quarter as compared to RM5.1 million in the same quarter for the financial year 2009. Hovid Segment PBT has improved by RM1.1 million during the current financial quarter in comparison to the same quarter for the financial year 2009. This, however, was off-set by a greater loss in the Carotech Segment. The increased loss before tax ("LBT") of Carotech Segment was mainly due a much lower unrealised foreign exchange gain recorded during the current financial quarter in comparison to the same quarter of the preceding year. Excluding this unrealised foreign exchange gain, Carotech Segment posted a lower LBT of RM5.5 million during the current quarter as compared to RM8.6 million for previous year corresponding quarter, despite higher depreciation and interest expense. The unrealised foreign exchange gain arose 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 year ended 30 June 2010, the Group recorded a revenue of RM364.9 million, an increase of 47% compared to the revenue of RM248.6 million registered for the previous financial year. The substantial growth was largely attributed to the higher sales of biodiesel and the increasing demand in phtonutrient products at a subsidiary, Carotech Bhd, and the increase in sales in pharmaceutical segment.

The Group recorded a profit before tax of RM27.6 million for the financial year ended 30 June 2010, compared to a loss before tax ("LBT") of RM4.2 million for the previous financial year. Profit after tax ("PAT") for the current year was RM19.6 million, compared to a loss after tax ("LAT") of RM6.8 million for the previous financial 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 mainly at Carotech. The Hovid segment registered an increase of 26.4% in PAT despite a revenue increase of only 9.6%, due to ongoing cost reduction programmes and sale of higher margin products. The unrealised foreign exchange arose from the translation of US Dollar loans as a result of strengthened Ringgit Malaysia was RM12.3 million for the current year in comparison to an unrealised foreign exchange loss of RM13.8 million for previous financial year.



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

B2 Results comparison with preceding quarter

	Quarter ended	
	30 June 10 RM '000	31 Mar 10 RM '000
Revenue		
Hovid Segment	34,057	31,484
Carotech Segment	52,643	75,595
Group	86,700	107,079
Profit / (Loss) before taxation		
Hovid Segment	6,306	4,126
Carotech Segment	(4,762)	11,168
Group	1,544	15,294
Unrealised foreign exchange gain/(loss)		
Hovid Segment	(693)	-
Carotech Segment	779	7,223
Group	86	7,223
Profit / (Loss) before taxation excluding unrealised foreign exchange gain/(loss)		
Hovid Segment	6,999	4,126
Carotech Segment	(5,541)	3,945
Group	1,458	8,071

The Group recorded a revenue of RM86.7 million during the reporting quarter as compared to RM107.1 million for the preceding quarter, representing an reduction of 19%. The lower revenue mainly arose from the lower bio-diesel sales at Carotech.

The Group recorded a PBT of RM1.5 million during the reporting quarter as compared to RM15.3 million for the preceding quarter. The Hovid Segment registered an increase in PBT of 53% despite an increase in revenue of only 8.2%, arising from ongoing cost reductions programmes and sale of higher margin products. Nevertheless, the adverse performance was mainly attributed to the reduced sales in Carotech segment during the current quarter, coupled with a higher unrealised foreign exchange gain of RM7.2 million in the previous quarter arising from the translation of US Dollar loans as a result of strengthened Ringgit Malaysia, at Carotech.

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 be satisfactory in the coming financial year with the increasing demand in phytonutrients, coupled with the debt restructuring exercise under the mediation of CDRC in order to improve the Group cash position.

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.



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Explanatory Notes Pursuant to the Listing Requirements 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 June		Cumulative quarter 12 months ended 30 June	
	2010 RM '000	2009 RM '000	2010 RM '000	2009 RM '000
	Income taxation	1,501	781	3,993
Deferred taxation	1,485	4,332	3,966	(362)
Based on the results for the quarter/year	2,986	5,113	7,959	2,582

The effective tax rate of the Group for the financial year is higher than the statutory rate applicable mainly due to certain expenses disallowed for tax deduction.

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 year.

**B7 Particulars on quoted securities
(other than securities in existing subsidiaries)**

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

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.



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- c On 24 December 2007, Carotech'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%.

Due to the delay in the enactment of the biodiesel policy in the People’s Republic of China, Carotech is currently in talks with Liaoning Dayang Bio Energy Co. Ltd. and the local government to either temporarily delay the developments on the land or rescind the contract in return for payments made on the said land.

B9 Borrowings and debt securities

Details of Group’s bank borrowings as at 30 June 2010 are as follows :-

	Current RM'000	Non-current RM'000	Total RM '000
Secured	216,023	24,817	240,840
Unsecured	107,260	1,137	108,397
Total	323,283	25,954	349,237

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

Denominated in US Dollar	171,939
Denominated in Philippines Peso	<u>278</u>

On 1 July 2010, the Board of Carotech Bhd made an announcement pursuant to Guidance Note 5 ("GN5") of the Bursa Malaysia Securities Berhad ACE Market Listing Requirements, that Carotech has defaulted its bank borrowings during the financial year and has sought the assistance of the Corporate Debt Restructuring Committee ("CDRC") to mediate with its banks on a proposed debt restructuring scheme ("The Scheme") to regularise its borrowings. Despite the involvement of CDRC to mediate with a timeframe of six (6) months from 1 July 2010 to complete the proposed scheme, Carotech has reclassified the non-current portion of its term loans as current liability in compliance with the provision under FRS 101, Presentation of Financial Statements, pending the finalisation of the proposed scheme.

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.

B12 Dividend

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



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Quarterly financial report (unaudited)

for the fourth financial quarter of financial year ended 30 June 2010

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

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 year ended 30 June 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/year have been adjusted for the dilutive effects of all potential ordinary shares, ie, warrants in issue.

	Individual quarter 3 months ended 30 June		Cumulative quarter 12 months ended 30 June	
	2010	2009	2010	2009
Net profit / (loss) attributable to shareholders	<u>RM'000</u> 1,021	<u>RM'000</u> 1,566	<u>RM'000</u> 17,416	<u>RM'000</u> 417
<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	0.1	0.2	2.3	0.1
Diluted	0.1	0.1	1.5	0.0

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 30 August 2010, the Board of Directors authorised this interim report for issue.

On behalf of the Board,

Goh Tian Hock

Ng Yuet Seam

Joint Secretaries