



Continuous Innovation & Quality

Hovid Bhd (Company no: 58476 A)
Condensed Consolidated Statement of Financial Position (Unaudited)
for the third financial quarter of financial year ending 30 June 2011

	As at current period ended 31/3/2011 (Unaudited) RM'000	As at preceding financial year ended 30/06/2010 (Audited) RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	91,330	389,778
Intangible assets	26,817	25,290
Investment property	850	850
Investment in associate	16,935	-
Deferred tax assets	107	108
Rights to reimbursement under insurance policies	281	269
	136,320	416,295
Current Assets		
Inventories	24,609	83,162
Trade receivables	27,498	40,322
Other receivables, deposits and prepayments	4,803	7,485
Amount owing by associate	1,491	-
Cash and bank balances	8,557	9,609
	66,958	140,578
Total Assets	203,278	556,873
EQUITY		
Equity Attributable to Shareholders of the Company		
Share capital	76,208	76,208
Share premium	90	90
Revaluation and other reserves	13,257	20,640
Retained earnings	7,736	5,268
	97,291	102,206
Non-controlling interests	5,139	24,429
Total Equity	102,430	126,635
LIABILITIES		
Non-Current Liabilities		
Deferred tax liabilities	11,220	11,201
Term loans	5,555	4,853
Hire purchase creditors	1,996	612
Provision for retirement benefit	1,621	1,444
	20,392	18,110
Current Liabilities		
Trade payables	12,470	25,687
Other payables and accruals	18,735	40,948
Term loans	8,692	195,022
Short term borrowings	29,631	114,310
Bank overdrafts	5,571	27,743
Hire purchase creditors	2,220	6,695
Tax payable	3,137	1,723
	80,456	412,128
Total Liabilities	100,848	430,238
Total Equity And Liabilities	203,278	556,873
Net Assets Per Share Attributable To Ordinary Equity Holders Of The Company (Sen)	RM 12.8	RM 13.4

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 30 June 2010 and the accompanying explanatory notes attached to the interim financial statements.



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Hovid Bhd (Company no: 58476 A)
Condensed Consolidated Income Statement (unaudited)
for the third financial quarter of financial year ending 30 June 2011

	Individual quarter 3 months ended 31 March		Cumulative quarter 9 months ended 31 March	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Revenue	37,279	107,079	118,906	278,237
Other operating income	206	7,523	6,960	16,535
Operating expenses	(29,693)	(87,636)	(106,655)	(233,607)
Profit from operations (Note B1)	7,792	26,966	19,211	61,165
Depreciation & amortisation	(1,444)	(7,852)	(7,127)	(23,285)
Finance costs	(1,097)	(3,820)	(4,915)	(11,843)
Share of losses of associate, net of tax	(4,496)	-	(7,630)	-
Profit/(Loss) before taxation	755	15,294	(461)	26,037
Taxation	(1,751)	(2,472)	(4,370)	(4,973)
Profit/(Loss) for the quarter/period	(996)	12,822	(4,831)	21,064
Attributable to:				
Equity holders of the Company	(780)	8,927	(4,722)	16,395
Non-controlling interests	(216)	3,895	(109)	4,669
Profit/(Loss) for the quarter/period	(996)	12,822	(4,831)	21,064
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)	1.2	(0.6)	2.2
- Diluted at nominal value of RM0.10 per share	(0.1)	0.8	(0.4)	1.4

The Condensed Consolidated Income Statement should be read in conjunction with the audited financial statements for the year ended 30 June 2010 and the accompanying explanatory notes attached to the interim financial statements.



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Hovid Bhd (Company no: 58476 A)
Condensed Consolidated Statement of Comprehensive Income (unaudited)
for the third financial quarter of financial year ending 30 June 2011

	Individual quarter 3 months ended 31 March		Cumulative quarter 9 months ended 31 March	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Profit/(Loss) for the quarter/period	(996)	12,822	(4,831)	21,064
Other comprehensive income/(expense):-				
Foreign currency translation differences for foreign operations	(176)	166	(457)	416
Realisation of revaluation surplus on disposal of a subsidiary	-	-	44	-
Derecognition of non-controlling interests in subsidiary disposed	-	-	(18,961)	-
	(176)	166	(19,374)	416
Total comprehensive income/(expense) for the quarter/period	(1,172)	12,988	(24,205)	21,480
Attributable to:				
Equity holders of the Company	(956)	9,093	(4,915)	16,810
Non-controlling interests	(216)	3,895	(19,290)	4,670
Total comprehensive income/(expense) for the quarter/period	(1,172)	12,988	(24,205)	21,480

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 30 June 2010 and the accompanying explanatory notes attached to the interim financial statements.



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Hovid Bhd (Company no: 58476 A)
Condensed Consolidated Statements of Changes in Equity (unaudited)
for the third financial quarter of financial year ending 30 June 2011

	Attributable to Equity Holders of the Company					Non-controlling Interests	Total Equity
	Non-distributable			Distributable	Total		
	Share capital RM'000	Share premium RM'000	Reserves RM'000	Retained earnings RM'000			
PERIOD ENDED 31 MARCH 2011							
At 1 July 2010	76,208	90	20,640	5,268	102,206	24,429	126,635
Total comprehensive income/ (expense) for the period	-	-	(7,383)	2,468	(4,915)	(19,290)	(24,205)
At 31 March 2011	76,208	90	13,257	7,736	97,291	5,139	102,430
PERIOD ENDED 31 MARCH 2010							
At 1 July 2009	76,208	90	20,671	59,220	156,189	39,035	195,224
Total comprehensive income for the period	-	-	415	16,395	16,810	4,670	21,480
Increase in equity of a subsidiary					-	18,864	18,864
At 31 March 2010	76,208	90	21,086	75,615	172,999	62,569	235,568

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 30 June 2010 and the accompanying explanatory notes attached to the interim financial statements.



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Hovid Bhd (Company no: 58476 A)
Condensed Consolidated Statement of Cash Flows (unaudited)
for the third financial quarter of financial year ending 30 June 2011

	Cumulative 9 months ended 31 March		
	Note	2011 RM'000	2010 RM'000
Cash generated in operating activities		31,918	3,244
Net cash generated/(used) in investing activities		25,555	(34,159)
Net cash generated/(used) in financing activities		(36,859)	41,714
Change in cash and cash equivalents		20,613	10,799
Effect of exchange rate changes		3	(3)
Cash and cash equivalents at beginning of the period		(18,485)	(12,025)
Cash and cash equivalents at end of the period	(I)	2,131	(1,229)

Note:

(I) Cash and cash equivalents comprises:

	<u>RM'000</u>	<u>RM'000</u>
Cash and bank balances	8,557	12,556
Less: Pledged deposits with licenced banks	(855)	-
Cash and bank balances excluding pledged deposits	<u>7,702</u>	<u>12,556</u>
Bank overdraft	<u>(5,571)</u>	<u>(13,785)</u>
	<u>2,131</u>	<u>(1,229)</u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the year ended 30 June 2010 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 2011
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 2010. 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 2010.

A2 Accounting Policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 30 June 2010, except for the following new/revised standards applicable for annual periods beginning on or after 1st July 2010:-

a FRS 101 (revised) – Presentation of Financial Statements

The revised FRS 101 introduces changes in the presentation and disclosure of financial statements. The revised Standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity to be presented as a single line. The Standard also introduces the statement of comprehensive income, with all items of income and expense recognised directly in equity, to be presented either in one single statement, or in two statements. The Group has elected to show other comprehensive income in a separate statement from the income statement. The adoption of this standard does not have any impact on the financial position and results of the Group.

b Amendments to FRS 117 – Leases

The amendments to FRS 117 clarify the classification of lease of land and require entities with existing leases of land and buildings to reassess the classification of land as finance or operating lease.

The Group has reassessed and determined that all leasehold land are in substance finance lease and has reclassified the leasehold land to property, plant and equipment. The adoption of these amendments will result in a change in accounting policy which will be applied retrospectively in accordance with the transitional provisions and has no effect on reported profit or equity.

The following comparative figures have been restated following the adoption of the amendments to FRS 117:-

	As previously reported	Adoption of FRS 117	As restated at 30/06/2010
	RM'000	RM'000	RM'000
Property, plant and equipment	372,600	17,178	389,778
Prepaid lease payments	17,178	(17,178)	-



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Explanatory Notes as per FRS 134, Interim Financial Reporting

c FRS 139 - Financial Instruments : Recognition and Measurement

Prior to the adoption of FRS 139, financial derivatives were recognised on their settlement dates. Outstanding derivatives at the reporting date were not recognised. With the adoption of FRS 139, all financial assets and financial liabilities, including derivatives, are recognised at contract dates when, and only when the Group becomes a party to the contractual provisions of the instruments. The recognition, derecognition and measurement are applied prospectively from 1 July 2010.

A3 Audit report of preceding annual financial statements

The auditors' report on the Company's financial statements for the year ended 30 June 2010 was qualified in the manner of Disclaimer of Opinion due to the following significant material uncertainties on the ability of the Group and the Company to continue as going concerns:-

The Group and the Company incurred a net loss of RM92.6 million and RM37.5 million respectively for the year ended 30 June 2010 and, as of that date, the current liabilities of the Group and the Company exceeded their current assets by RM271.6 million and RM27.5 million respectively.

On 1 July 2010, the Board of Directors of Carotech Bhd ("Carotech"), a then subsidiary, made an announcement pursuant to the Guidance Note 5 ("GN5") of the Bursa Malaysia Securities Berhad ACE Market Listing Requirements, regarding its defaults on repayment and has sought the assistance of the Corporate Debt Restructuring Committee ("CDRC") to mediate between the subsidiary and the lenders on its Proposed Debt Restructuring scheme ("the proposed scheme"). The CDRC has agreed to mediate and allowed a period of 6 months from 1 July 2010 to complete the proposed scheme. The lenders are currently reviewing and considering the proposed scheme but no decision has been made as at the date the financial statements for the year ended 30 June 2010 was approved by the Board of Carotech.

Certain banking facilities of the Company include cross default terms which allows the lender banks to proceed with legal proceedings against the Company, recall the facilities, interest thereon and all other monies payable to the lender banks or to withdraw the facilities if there is a default in repayment by any one of the related companies. Management has notified the respective lender banks of the Company of the cross default which was a result of the subsidiary defaulting on its borrowings. To date the lender banks have continued to make available the borrowing facilities and have not taken any action against the Company as a result of this cross default.

The above events may affect the ability of the Group and the Company to obtain continued financial support from the lenders and also to achieve sufficient positive cash flows in the future to fulfill their obligations as and when they fall due.

Consequently, pursuant to Paragraph 8.04 and Paragraph 2.1(d) of Practice Note 17 of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia, the Company has been categorised as a PN17 Company. The Company is required by the MMLR to submit a regularisation plan to the Securities Commission or Bursa Malaysia for approval within 12 months from 29 October 2010.

Hovid is in discussion with its advisors and Bursa Securities on a Regularisation Plan, as required for a PN17 company. The Regularisation Plan would be duly announced in due course as per the requirement of PN17.



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Explanatory Notes as per FRS 134, Interim Financial Reporting

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, other than the following non-recurring items recognised in the Income Statement:-

	RM'000
Allowance for amount owing by Carotech	(21,536)
Gain on disposal of investment in Carotech	10,773
Net amount (refer also to Note B1)	<u>(10,763)</u>

These non-recurring items have impacted the result of the Group for 6 months period ended 31 Dec 2010, as follows:-

	RM'000
Loss after taxation for the period	(4,831)
Add back : Non-recurring items	10,763
Profit after taxation for the period excluding non-recurring items	<u>5,932</u>

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 results.

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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A9 Segment information

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

The Group operates in two main business segments:

	Individual quarter ended 31 March		Cumulative 12 months ended 31 March	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Revenue				
Hovid Segment	37,279	31,484	110,638	89,258
Carotech Segment	-	75,595	8,268	188,979
Group revenue	37,279	107,079	118,906	278,237
Profit/(Loss) before tax and non-recurring items				
Hovid Segment	5,251	4,126	17,477	12,344
Carotech Segment				
- As subsidiary	-	11,168	455	13,693
- As associate, share of loss net of tax	(4,496)	-	(7,630)	-
Group profit/(loss) before tax	755	15,294	10,302	26,037
Non-recurring items				
Carotech Segment				
<i>Allowance for amount owing by Carotech</i>	-	-	(21,536)	-
<i>Gain on disposal of investment in Carotech</i>	-	-	10,773	-
Total non-recurring items	-	-	(10,763)	-
Profit/(Loss) before tax and after non-recurring items				
Hovid Segment	5,251	4,126	17,477	12,344
Carotech Segment				
- As subsidiary	-	11,168	(10,308)	13,693
- As associate, share of loss net of tax	(4,496)	-	(7,630)	-
Group profit/(loss) before tax	755	15,294	(461)	26,037
Profit/(loss) after tax and non-recurring items				
Hovid Segment	3,500	3,071	13,121	9,940
Carotech Segment				
- As subsidiary	-	9,751	(10,321)	11,124
- As associate, share of loss net of tax	(4,496)	-	(7,631)	-
Net profit/(loss) after tax	(996)	12,822	(4,831)	21,064



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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 2010, 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.

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	
Plant and equipment	220
Total	220
Authorised but not contracted	
Buildings	6,552
Total	6,552
Total capital commitments	6,772



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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 31 March		Cumulative 9 months ended 31 March	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Revenue				
Hovid Segment	37,279	31,484	110,638	89,258
Carotech Segment	-	75,595	8,268	188,979
Group revenue	37,279	107,079	118,906	278,237
Profit/(Loss) before tax and non-recurring items				
Hovid Segment	5,251	4,126	17,477	12,344
Carotech Segment				
- As subsidiary	-	11,168	455	13,693
- As associate, share of loss net of tax	(4,496)	-	(7,630)	-
Group profit/(loss) before tax	755	15,294	10,302	26,037
Non-recurring items				
Carotech Segment				
<i>Allowance for amount owing by Carotech</i>	-	-	(21,536)	-
<i>Gain on disposal of investment in Carotech</i>	-	-	10,773	-
Total non-recurring items	-	-	(10,763)	-
Profit/(Loss) before tax and after non-recurring items				
Hovid Segment	5,251	4,126	17,477	12,344
Carotech Segment				
- As subsidiary	-	11,168	(10,308)	13,693
- As associate, share of loss net of tax	(4,496)	-	(7,630)	-
Group profit/(loss) before tax	755	15,294	(461)	26,037
Profit/(loss) after tax and non-recurring items				
Hovid Segment	3,500	3,071	13,121	9,940
Carotech Segment				
- As subsidiary	-	9,751	(10,321)	11,124
- As associate, share of loss net of tax	(4,496)	-	(7,631)	-
Net profit/(loss) after tax	(996)	12,822	(4,831)	21,064



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

B1 For the Quarter

cont. The Group's revenue for the current financial quarter ended 31 March 2011 of RM37.3 million was 65% lower as compared to the same quarter for the financial year ended 2010 of RM107.1 million.

Arising from the disposal of 8.8% interest in Carotech in August 2010, Carotech was no longer a subsidiary since the end of August, as the effective shareholding was 49.4%. Subsequent to August 2010, the result of Carotech was accounted for under equity accounting as an associated company. Currently, the shareholding of Hovid in Carotech is 38.5%.

Hovid segment recorded a 18% growth in revenue as compared to the same quarter for the preceding year. The growth was due to the increase in demand for pharmaceutical products during the quarter.

The Group recorded a profit before taxation ("PBT") of RM0.8 million for the current financial quarter as compared to RM15.3 million in the same quarter for the financial year 2010, a decrease of 95% or RM14.5 million. The Hovid segment PBT has increased by RM1.1 million or 27.3% during the current quarter in comparison to the same quarter for the previous financial year. This is mainly due to the increase in revenue and gross profit margin arising from higher margin products and the lean culture practice.

Carotech segment performance was affected by the curtailed operation activity due to the lack of working capital while its debts are being restructured with its lenders.

Year-to-date

For the current period ended 31 March 2011, the Group recorded a revenue of RM118.9 million, an decrease of 57% or RM159.3 million compared to the revenue of RM278.2 million registered in the corresponding period of the previous financial year. This significant decrease arose from Carotech's revenue not being consolidated with effect from end of August 2010 when it was no longer a subsidiary.

Hovid segment recorded a 24% growth in revenue as compared to the same period for the preceding year. The growth was due to the increase in demand for pharmaceutical products during the current period.

The result of the Group was affected by the following non-recurring items arising from Carotech segment, during the period:-

- a) Allowance for amount owing by Carotech of RM21.5 million, and
- b) Gain on disposal of investment in Carotech of RM10.8 million.

The Group recorded a PBT of RM10.3 million before including the above non-recurring items for the financial period ended 31 March 2011, a decrease of 60%, compared to a PBT of RM26.0 million in the corresponding period last year. However, taking into account the non-recurring items, the Group suffered a loss before tax of RM0.5 million.

The Hovid segment PBT has increased by 42% or RM5.1 million during the current financial period in comparison to the same quarter for the previous financial year. The improved result is mainly due to the increase in revenue and gross profit margin arising from higher margin products and the lean culture practice.



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

B1 Carotech segment performance was affected by the curtailed operational activity due to the lack of working capital while its debts are being restructured with its lenders. Included in the current period of Carotech's segment (as subsidiary) are the above mentioned non-recurring items of RM10.8 million. LBT including the share of loss (as associate) before the non-recurring items was RM7.2 million as compared to a PBT of RM13.7 million for the same period in the preceding year. Taking into the account the non-recurring items, Carotech segment suffered a LBT of RM17.9 million.

Loss after tax ("LAT") for the current period was RM4.8 million, compared to a profit after tax ("PAT") of RM21.1 million for the previous year corresponding period. The adverse performance mainly arose from Carotech segment. Carotech segment performance was affected by the curtailed operational activity due to the lack of working capital while its debts are being restructured with its lenders. Included in the current period of Carotech's segment (as subsidiary) are non-recurring items totalling RM10.8 million.

Hovid segment recorded a PAT RM13.1 million for the current period, an significant increased of 32% or RM3.2 million, as compared to a PAT of RM9.9 million for the corresponding period last year.

B2 Results comparison with preceding quarter

	Quarter ended	
	31 Mar 2011 RM'000	31 Dec 2010 RM'000
Revenue		
Hovid Segment	37,279	39,211
Carotech Segment	-	-
Group	37,279	39,211
Profit / (Loss) before taxation		
Hovid Segment	5,251	7,138
Carotech Segment		
- As subsidiary	-	-
- As associate, share of loss net of tax	(4,496)	(4,202)
Group	755	2,936

The Group's revenue from Hovid segment recorded a revenue of RM37.3 million during the reporting quarter as compared to RM39.2 million for the preceding quarter, representing a reduction of 5%. Carotech segment was not consolidated since Carotech was no longer a subsidiary with effect from end of August 2010.

The Group recorded a PBT of RM0.8 million during the reporting quarter as compared to RM2.9 million for the preceding quarter. The Hovid segment recorded a decrease in PBT of RM1.9 million or 26%. Despite the decrease in revenue, the gross profit for Hovid segment has increased by RM0.5 million. However, this increase was offset by the increase in administrative and financial expenses and a reduction in foreign exchange gain, as compared to the preceding quarter.

The Carotech segment profit has been equity accounted during the reporting quarter since it is no longer a subsidiary with effect from end of August 2010. The adverse performance of Carotech segment was mainly due to the curtailed operation activity due to the lack of working capital while its debts are being restructured with its lenders.



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

B3 Commentary on Prospects

Barring any unforeseen circumstances, the outlook for the Hovid segment in the Group is expected to be satisfactory as the Group is actively securing new overseas markets and registration of new products in the Pharmaceutical segment.

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 the Pharma Segment.

The coming financial year will be challenging for Carotech with its newly restructured debts and the continued poor economic sentiments globally.

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		Cumulative quarter	
	3 months		9 months	
	ended 31 March		ended 31 March	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Income taxation	1,352	667	4,260	2,492
Deferred taxation	399	1,806	110	2,481
Based on the results for the quarter/period	1,751	2,472	4,370	4,973

The effective tax rate of the Group for the financial year is higher than the statutory rate applicable mainly due to certain expenses not allowed 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.

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.



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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 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.
- b On 29 October 2010, the Board announced that the Company is a PN17 Company pursuant to Paragraph 8.04 and Paragraph 2.1(d) of Practice Note 17 of the MMLR. The management is in discussion with its advisors and Bursa Securities on a Regularisation Plan, as required for a PN17 company. The Regularisation Plan would be duly announced in due course as per the requirement of PN17.

B9 Borrowings and debt securities

Details of the Group's bank borrowings as at 31 March 2011 are as follows :-

	Current RM'000	Non-current RM'000	Total RM'000
Secured	19,231	7,551	26,782
Unsecured	26,883	-	26,883
Total	46,114	7,551	53,665

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

Denominated in US Dollar	1,261
Denominated in Philippines Peso	212
Denominated in Indian Rupees	<u>4,147</u>

On 1 July 2010, the Board of Carotech 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 to regularise its borrowings.

As certain of the Company's banking facilities include cross default terms which allows the lender banks to proceed with legal proceedings against the Company, recall the facilities, interest thereon and all other monies payable to the lender banks or to withdraw the facilities if there is a default in repayment by any one of the related companies, the affected banking facilities have been reclassified as current liability in compliance with the provision under FRS 101, Presentation of Financial Statements.

B10 Off balance sheet financial instruments

There were no off balance sheet 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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B11 The following two claims lodged against the Company that were pending since the last annual balance sheet date, in respect of the following have been dismissed by the Court during the reporting period:-

- i) Alleged infringement of claimants' trademark and producing, manufacturing, distributing and offering for sale of products bearing a name relating to claimants' trademark; and
- ii) Specific performance of a manufacturing agreement by another claimant and the refund of RM60,000 deposited on the manufacturing contract retained by the Company as cost to defend the claim mentioned in (i) above.

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 attributable to shareholders by the weighted average number of ordinary shares in issue during the current financial period ended 31 March 2011. 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	
	2011	2010	2011	2010
Net (loss)/profit attributable to shareholders	<u>RM'000</u> (780)	<u>RM'000</u> 8,927	<u>RM'000</u> (4,722)	<u>RM'000</u> 16,395
<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>(Loss)/Earning per share</u>				
	<u>Sen</u>	<u>Sen</u>	<u>Sen</u>	<u>Sen</u>
Earning per share at nominal value of RM0.10 per share:-				
Basic	(0.1)	1.2	(0.6)	2.2
Diluted	(0.1)	0.8	(0.4)	1.4

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



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B14 Realised and unrealised profits and losses disclosure

	As at current period 31/3/2011 RM'000	As at preceding financial year 30/06/2010 RM'000
Total retained profits/(accumulated losses) of Hovid and its subsidiaries:-		
Realised	18,771	Note: Comparative figures are not required in the first financial year of complying with the Realised and Unrealised Profits/Losses Disclosure
Unrealised	(12,303)	
Total	6,468	
Total share of retained profits/(accumulated losses) from associated company:-		
Realised	(9,386)	
Unrealised	1,756	
Total	(7,630)	
Consolidation adjustments	8,899	
Total group retained earnings	7,736	

Authorisation for issue

On 27 May 2011, the Board of Directors authorised this interim report for issue.

On behalf of the Board,

Goh Tian Hock

Ng Yuet Seam

Joint Secretaries