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

	As at current year ended 30/6/2011 (Unaudited) RM'000	As at preceding financial year ended 30/06/2010 (Audited) RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	91,620	389,778
Intangible assets	24,159	25,290
Investment property	850	850
Investment in associate	14,033	-
Deferred tax assets	107	108
Rights to reimbursement under insurance policies	-	269
	130,769	416,295
Current Assets		
Inventories	23,562	83,162
Trade receivables	30,761	40,322
Other receivables, deposits and prepayments	6,417	7,485
Amount owing by associate	516	-
Cash and bank balances	8,764	9,609
	70,020	140,578
Total Assets	**200,789**	**556,873**
EQUITY		
Equity Attributable to Shareholders of the Company		
Share capital	76,208	76,208
Share premium	90	90
Revaluation and other reserves	11,673	20,640
Retained earnings	8,564	5,268
	96,535	102,206
Non-controlling interests	5,176	24,429
Total Equity	101,711	126,635
LIABILITIES		
Non-Current Liabilities		
Deferred tax liabilities	11,226	11,201
Term loans	8,911	4,853
Hire purchase creditors	1,664	612
Provision for retirement benefit	1,199	1,444
Long-term advances	6,348	-
	29,348	18,110
Current Liabilities		
Trade payables	12,971	25,687
Other payables and accruals	16,302	40,948
Term loans	3,363	195,022
Short term borrowings	27,395	114,310
Bank overdrafts	6,096	27,743
Hire purchase creditors	2,173	6,695
Tax payable	1,430	1,723
	69,730	412,128
Total Liabilities	99,078	430,238
Total Equity And Liabilities	**200,789**	**556,873**
Net Assets Per Share Attributable To Ordinary Equity Holders Of The Company (Sen)	**12.67**	**13.41**

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.

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 2011

	Individual quarter 3 months ended 30 June		Cumulative quarter 12 months ended 30 June	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Revenue	**34,550**	**86,935**	**153,456**	**365,166**
Other operating income	390	(3,461)	7,299	13,042
Operating expenses	(33,439)	(202,532)	(140,095)	(436,102)
Profit from operations (Note B1)	**1,501**	**(119,058)**	**20,660**	**(57,894)**
Depreciation & amortisation	(1,234)	152	(8,361)	(23,133)
Finance costs	(377)	(4,808)	(5,241)	(16,651)
Share of losses of associate, net of tax	(1,680)	-	(9,310)	-
Profit/(Loss) before taxation	**(1,790)**	**(123,714)**	**(2,252)**	**(97,678)**
Taxation	911	10,052	(3,458)	5,080
Profit/(Loss) for the quarter/year	**(879)**	**(113,662)**	**(5,710)**	**(92,598)**
Attributable to:				
Equity holders of the Company	(922)	(70,347)	(5,644)	(53,952)
Non-controlling interests	43	(43,315)	(66)	(38,646)
Profit/(Loss) for the quarter/year	**(879)**	**(113,662)**	**(5,710)**	**(92,598)**
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)**	**(9.2)**	**(0.7)**	**(7.1)**
- Diluted at nominal value of RM0.10 per share	**(0.1)**	**(6.2)**	**(0.5)**	**(4.7)**

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.

Continuous Innovation & Quality

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

	Individual quarter 3 months ended 30 June		Cumulative quarter 12 months ended 30 June	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Profit/(Loss) for the quarter/year	**(879)**	**(113,662)**	**(5,710)**	**(92,598)**
Other comprehensive income/(expense):-				
Foreign currency translation differences for foreign operations	160	(732)	(297)	(316)
Realisation of revaluation surplus on disposal of a subsidiary	-	-	44	-
Derecognition of non-controlling interests in subsidiary disposed	-	-	(18,961)	-
	160	(732)	54,366	(316)
Total comprehensive income/(expense) for the quarter/year	(719)	(114,394)	48,656	(92,914)
Attributable to:				
Equity holders of the Company	(762)	(70,793)	(5,671)	(53,983)
Non-controlling interests	43	(43,601)	(19,253)	(38,931)
Total comprehensive income/(expense) for the quarter/year	(719)	(114,394)	(24,924)	(92,914)

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 fourth financial quarter of financial year ended 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	RM'000	RM'000	RM'000
YEAR ENDED 30 JUNE 2011							
At 1 July 2010	**76,208**	**90**	**20,640**	**5,268**	**102,206**	**24,429**	**126,635**
Total comprehensive income/ (expense) for the quarter/year	-	-	**(8,967)**	**3,296**	**(5,671)**	**(19,253)**	**(24,924)**
At 30 June 2011	**76,208**	**90**	**11,673**	**8,564**	**96,535**	**5,176**	**101,711**
YEAR ENDED 30 JUNE 2010							
At 1 July 2009	**76,208**	**90**	**20,671**	**59,220**	**156,189**	**39,035**	**195,224**
Total comprehensive income for the quarter/year	-	-	(31)	(53,952)	**(53,983)**	**(38,931)**	**(92,914)**
Increase in equity of a subsidiary	-	-	-	-	-	**19,074**	**19,074**
Non-controlling interest arising from acquisition of a subsidiary	-	-	-	-	-	**5,251**	**5,251**
At 30 June 2010	**76,208**	**90**	**20,640**	**5,268**	**102,206**	**24,429**	**126,635**

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 fourth financial quarter of financial year ended 30 June 2011

		Cumulative 12 months ended 30 June	
	Note	2011 RM'000	2010 RM'000
Cash generated in operating activities		30,306	37,022
Net cash generated/(used) in investing activities		31,427	(20,575)
Net cash generated/(used) in financing activities		(41,479)	(22,876)
Change in cash and cash equivalents		20,254	(6,429)
Effect of exchange rate changes		3	(31)
Cash and cash equivalents at beginning of the year		(18,485)	(12,025)
Cash and cash equivalents at end of the year	(I)	1,772	(18,485)

Note:

(I) Cash and cash equivalents comprises:

	RM'000	RM'000
Cash and bank balances	8,764	9,609
Less: Pledged deposits with licenced banks	(896)	(351)
Cash and bank balances excluding pledged deposits	7,868	9,258
Bank overdraft	(6,096)	(27,743)
	1,772	(18,485)

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.

Hovid Bhd (Company no: 58476 A)
Quarterly financial report (unaudited)
for the fourth financial quarter of financial year ended 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)	-

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. Todate 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.

On 26 May 2011, the Company has issued two debentures, and signed a Priority and Security Sharing Agreement with all its lenders, with the exception of Affin Investment Bank Bhd ("Affin") who declined participation in the debenture, in consideration of the lenders waiving all events of default that had arisen prior to the date of the debentures. Affin has given its consent to the creation of the debentures in favour of the other lenders and waived the event of default that has arisen by reason of Carotech's default under its financing documents.

As mentioned in note B8 (c), the Board has proposed to distribute a portion of its shareholding interest in Carotech by way of dividend-in-specie to the shareholders of Hovid. The Proposed DIS will therefore serve towards rectifying the status of Hovid as a PN17 Company by virtue of reducing Hovid’s equity stakes in Carotech. Upon completion of the Proposed DIS, Hovid will hold less than 20% of Carotech and hence, Carotech will only be considered as an investment in Hovid's books. Therefore, Carotech will no longer be an associate company of Hovid and the significance of Carotech in the Hovid Group would be substantially reduced. Subsequently, Hovid will make an application to Bursa Securities for the uplifting of its PN17 status.

Hovid Bhd (Company no: 58476 A)
Quarterly financial report (unaudited)
for the fourth financial quarter of financial year ended 30 June 2011
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	(22,092)
Gain on disposal of investment in Carotech	10,773
Impairment loss for investment in Carotech	(1,220)
Net amount (refer also to Note B1)	(12,539)

These non-recurring items have impacted the result of the Group, as follows:-

	RM'000
Loss after taxation for the year	(5,710)
Add back : Non-recurring items	12,539
Profit after taxation for the year excluding non-recurring items	6,829

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 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 year.

A8 **Dividends**

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

Hovid Bhd (Company no: 58476 A)
Quarterly financial report (unaudited)
for the fourth financial quarter of financial year ended 30 June 2011
Explanatory Notes as per FRS 134, Interim Financial Reporting

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 30 June		Cumulative 12 months ended 30 June	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Revenue				
Hovid Segment	34,550	34,003	145,188	123,259
Carotech Segment	-	52,932	8,268	241,907
Group revenue	34,550	86,935	153,456	365,166
Profit/(Loss) before tax and non-recurring items				
Hovid Segment	1,665	4,005	19,142	16,348
Carotech Segment				
- As subsidiary	-	(4,746)	455	8,947
- As associate, share of loss net of tax	(1,679)	-	(9,310)	-
Group profit/(loss) before tax	(14)	(741)	10,287	25,295
Non-recurring items				
Carotech Segment				
Allowance for amount owing by Carotech	*(556)*	-	*(22,092)*	-
Gain on disposal of investment in Carotech	-	-	*10,773*	-
Impairment loss for investment in Carotech	*(1,220)*	-	*(1,220)*	-
Goodwill in Carotech impaired	-	*(12,481)*	-	*(12,481)*
Impairment loss for plant and equipment	-	*(12,754)*	-	*(12,754)*
Allowance for slow-moving inventories	-	*(97,738)*	-	*(97,738)*
Total non-recurring items	(1,776)	(122,973)	(12,539)	(122,973)
Profit/(Loss) before tax and after non-recurring items				
Hovid Segment	1,665	4,005	19,142	16,348
Carotech Segment				
- As subsidiary	(1,776)	(127,719)	(12,084)	(114,026)
- As associate, share of loss net of tax	(1,679)	-	(9,310)	-
Group profit/(loss) before tax	(1,790)	(123,714)	(2,252)	(97,678)
Profit/(loss) after tax and non-recurring items				
Hovid Segment	2,576	2,413	15,697	12,354
Carotech Segment				
- As subsidiary	(1,776)	(116,075)	(12,097)	(104,952)
- As associate, share of loss net of tax	(1,679)	-	(9,310)	-
Net profit/(loss) after tax	(879)	(113,662)	(5,710)	(92,598)

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 year 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	1,004
Total	1,004
Authorised but not contracted	
Buildings	6,552
Total	6,552
Total capital commitments	7,556

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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	
	2011 RM'000	**2010 RM'000**	**2011 RM'000**	**2010 RM'000**
Revenue				
Hovid Segment	34,550	34,003	145,188	123,259
Carotech Segment	-	52,932	8,268	241,907
Group revenue	34,550	86,935	153,456	365,166
Profit/(Loss) before tax and non-recurring items				
Hovid Segment	1,665	4,005	19,142	16,348
Carotech Segment				
- As subsidiary	-	(4,746)	455	8,947
- As associate, share of loss net of tax	(1,679)	-	(9,310)	-
Group profit/(loss) before tax	(14)	(741)	10,287	25,295
Non-recurring items				
Carotech Segment				
Allowance for amount owing by Carotech	*(556)*	-	*(22,092)*	-
Gain on disposal of investment in Carotech	-	-	*10,773*	-
Impairment loss for investment in Carotech	*(1,220)*	-	*(1,220)*	-
Goodwill in Carotech impaired	-	*(12,481)*	-	*(12,481)*
Impairment loss for plant and equipment	-	*(12,754)*	-	*(12,754)*
Allowance for slow-moving inventories	-	*(97,738)*	-	*(97,738)*
Total non-recurring items	(1,776)	(122,973)	(12,539)	(122,973)
Profit/(Loss) before tax and after non-recurring items				
Hovid Segment	1,665	4,005	19,142	16,348
Carotech Segment				
- As subsidiary	(1,776)	(127,719)	(12,084)	(114,026)
- As associate, share of loss net of tax	(1,679)	-	(9,310)	-
Group profit/(loss) before tax	(1,790)	(123,714)	(2,252)	(97,678)
Profit/(loss) after tax and non-recurring items				
Hovid Segment	2,576	2,413	15,697	12,354
Carotech Segment				
- As subsidiary	(1,776)	(116,075)	(12,097)	(104,952)
- As associate, share of loss net of tax	(1,679)	-	(9,310)	-
Net profit/(loss) after tax	(879)	(113,662)	(5,710)	(92,598)

B1 cont. **For the Quarter**

The Group's revenue for the current financial quarter ended 30 June 2011 of RM34.5 million was 60.3% lower as compared to the same quarter for the financial year ended 2010 of RM86.9 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 marginal 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 result of the Group was affected by the non-recurring items arising from the Carotech segment, totalling RM1.8 million during the current quarter compared to RM123.0 million for the corresponding quarter last year.

The Group recorded a pre-tax loss ("LBT") of RM14 thousand before including the above non-recurring items for the current financial quarter, a reduction of RM0.7 million recorded in the corresponding quarter last year. The Hovid segment pre-tax profit ("PBT") has decreased by RM2.3 million or 58.4% during the current quarter in comparison to the same quarter for the previous financial year. This is mainly due to the increase in operating expenses.

The 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.

Taking into account the above non-recurring items, the Group LBT for the current quarter was RM1.8 million compared to a LBT of RM123.7 million for the corresponding quarter last year.

Year-to-date

For the current year ended 30 June 2011, the Group recorded a revenue of RM153.5 million, a decrease of 58.0% or RM211.7 million compared to the revenue of RM365.2 million registered in 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 17.8% growth in revenue as compared the previous year. The growth was due to the increase in demand for pharmaceutical products during the current year.

The result of the Group was affected by the non-recurring items arising from the Carotech segment, totalling RM12.5 million during the year, compared to RM123.0 million for last year.

The Group recorded a PBT of RM10.3 million before including the above non-recurring items for the financial year, a decrease of RM15.0 million or 59.3%, compared to RM25.3 million last year. However, taking into account the non-recurring items, the Group LBT was RM2.3 million, compared to a LBT of RM97.7 million last year.

The Hovid segment PBT has increased by 17.1% or RM2.8 million during the current financial year in comparison to previous financial year. The improved result is mainly due to the increase in revenue.

B1 cont. 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 year of Carotech's segment (as subsidiary) are the above mentioned non-recurring items of RM12.5 million, while that of previous year was RM123.0 million. LBT including the share of loss (as associate) before the non-recurring items was RM8.9 million as compared to a PBT of RM8.9 million for the preceding year. Taking into the account the non-recurring items, Carotech segment suffered a LBT of RM21.4 million, previous year was RM114.0 million.

The Group loss after tax ("LAT") for the current year was RM5.7 million, compared RM92.6 million for the previous year. The significant adverse performance for previous year mainly arose from non-recurring items in Carotech segment.

B2 Results comparison with preceding quarter

	Quarter ended	
	30 Jun 2011 RM'000	**31 Mar 2011 RM'000**
Revenue		
Hovid Segment	34,550	37,279
Carotech Segment	-	-
Group	34,550	37,279
Profit / (Loss) before taxation		
Hovid Segment	1,665	5,251
Carotech Segment		
- As subsidiary	(1,776)	-
- As associate, share of loss net of tax	(1,679)	(4,496)
Group	(1,790)	755

The Group's revenue from Hovid segment recorded a revenue of RM34.5 million during the reporting quarter as compared to RM37.3 million for the preceding quarter, representing a reduction of 7.3%. Carotech segment was not consolidated since Carotech was no longer a subsidiary with effect from end of August 2010.

The Group recorded a LBT of RM1.8 million during the reporting quarter as compared to RM0.8 million for the preceding quarter. The Hovid segment recorded a decrease in PBT of RM3.6 million or 68.3%. The decrease was mainly due to the decrease in revenue and increase in operating expenses.

The Carotech segment profit has been equity accounted with effect from end of August 2010 since it is no longer a subsidiary. 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. Carotech segment has shown improvement during the current quarter as compared to the preceding quarter. The improvement arose from better revenue mainly attributed to the sales of phytonutrients of existing stocks. Accordingly, the share of losses after tax is lower in comparison.

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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 it's 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 3 months ended 30 June		Cumulative quarter 12 months ended 30 June	
	2011 RM'000	**2010 RM'000**	**2011 RM'000**	**2010 RM'000**
Income taxation	(890)	1,524	3,370	4,015
Deferred taxation	(21)	(11,576)	88	(9,095)
Based on the results for the quarter/year	(911)	(10052)	3,458	(5080)

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.

B8 Status of corporate proposal

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

a <u>Executives' share option scheme</u>

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.

B8 Status of corporate proposal (cont.)

b PN17 classification

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.

c Proposed dividend-in-specie

On 15 August 2011, Hong Leong Investment Bank Berhad, on behalf of the Board announced that the Board is proposing to distribute a portion of its shareholding interest in Carotech by way of dividend-in specie ("DIS") to the shareholders of Hovid, on the basis of 25 ordinary shares of RM0.10 each in Carotech for every 100 ordinary shares of RM0.10 each held in Hovid. The Proposed DIS is subject to the approval of the shareholders.

The Proposed DIS will therefore serve towards rectifying the status of Hovid as a PN17 Company by virtue of reducing Hovid's equity stakes in Carotech. Upon completion of the Proposed DIS, Hovid will hold less than 20% of Carotech and hence, Carotech will only be considered as a simple investment in Hovid’s books. Therefore, Carotech will no longer be an associate company of Hovid and the significance of Carotech in the Hovid Group would be substantially reduced. Subsequently, Hovid will make an application to Bursa Securities for the uplifting of its PN17 status.

B9 Borrowings and debt securities

Details of the Group’s bank borrowings as at 30 June 2011 are as follows :-

	Current	Non-current	Total
	RM'000	RM'000	RM'000
Secured	15,181	10,110	**25,291**
Unsecured	23,846	465	**24,311**
Total	39,027	10,575	**49,602**

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

Denominated in US Dollar	1,092
Denominated in Philippines Peso	190
Denominated in Indian Rupees	4,207

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.

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. On 26 May 2011, the Company has issued two debentures, and signed a Priority and Security Sharing Agreement to all its lenders, with the exception of Affin Investment Bank Bhd who declined participation in the debenture, in consideration of them waiving all events of default that had arisen prior to the date of the debentures.

B10 Off balance sheet financial instruments

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

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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.

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 current financial year:-

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 year 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 year ended 30 June 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/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**	
	2011	**2010**	**2011**	**2010**
	RM'000	RM'000	RM'000	RM'000
Net profit/(loss) attributable to shareholders	(922)	(70,347)	(5,644)	(53,952)
Number of ordinary shares				
	'000	'000	'000	'000
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
Earning/(Loss) per share				
	Sen	Sen	Sen	Sen
Earning per share at nominal value of RM0.10 per share:-				
Basic	(0.1)	(9.2)	(0.7)	(7.1)
Diluted	(0.1)	(6.2)	(0.5)	(4.7)

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

B14 Realised and unrealised profits and losses disclosure

	As at current year 30/6/2011 RM'000	As at preceding financial year 30/06/2010 RM'000
Total retained profits/(accumulated losses) of Hovid and its subsidiaries:-		
Realised	10,250	Note:
Unrealised	(12,262)	Comparative
Total	(2,013)	figures are not
		required in the
Total share of retained profits/(accumulated losses) from		first financial
associated company:-		year of
Realised	(11,185)	complying with
Unrealised	1,891	the Realised and
Total	(9,293)	Unrealised
		Profits/Losses
Consolidation adjustments	19,870	Disclosure
Total group retained earnings	8,564	

Authorisation for issue

On 29 August 2011, the Board of Directors authorised this interim report for issue.

On behalf of the Board,
Goh Tian Hock
Ng Yuet Seam
Joint Secretaries