



Continuous Innovation & Quality

Hovid Bhd (Company no: 58476 A)

Condensed Consolidated Income Statement (unaudited)

for the first financial quarter of financial year ending 30 June 2012

	Individual quarter 3 months ended 30 September		Cumulative quarter 3 months ended 30 September	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
<b>Revenue</b>	37,075	42,416	37,075	42,416
Other operating income	1,122	5,817	1,122	5,817
Operating expenses	(27,980)	(45,726)	(27,980)	(45,726)
<b>Profit from operations (Note B1)</b>	<b>10,217</b>	<b>2,507</b>	<b>10,217</b>	<b>2,507</b>
Depreciation & amortisation	(1,357)	(4,280)	(1,357)	(4,280)
Finance costs	(336)	(3,447)	(336)	(3,447)
Share of profit/(loss) of associate, net of tax	(6,273)	1,068	(6,273)	1,068
<b>Profit/(Loss) before taxation</b>	<b>2,251</b>	<b>(4,152)</b>	<b>2,251</b>	<b>(4,152)</b>
Taxation	(1,440)	(1,011)	(1,440)	(1,011)
<b>Profit/(Loss) for the quarter/period</b>	<b>811</b>	<b>(5,163)</b>	<b>811</b>	<b>(5,163)</b>
<b>Attributable to:</b>				
Equity holders of the Company	504	(5,411)	504	(5,411)
Non-controlling interests	307	248	307	248
<b>Profit/(Loss) for the quarter/period</b>	<b>811</b>	<b>(5,163)</b>	<b>811</b>	<b>(5,163)</b>
<b>Earning/(Loss) per share attributable to equity holders of the Company (sen) (Note B13)</b>				
- Basic at nominal value of RM0.10 per share	0.1	(0.7)	0.1	(0.7)
- Diluted at nominal value of RM0.10 per share	0.0	(0.5)	0.0	(0.5)

The Condensed Consolidated Income Statement should be read in conjunction with the audited financial statements for the year ended 30 June 2011 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 first financial quarter of financial year ending 30 June 2012

	Individual quarter 3 months ended 30 September		Cumulative quarter 3 months ended 30 September	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
<b>Profit/(Loss) for the quarter/period</b>	<b>811</b>	<b>(5,163)</b>	<b>811</b>	<b>(5,163)</b>
<b>Other comprehensive income/(expense):-</b>				
Foreign currency translation differences for foreign operations	(377)	(83)	(377)	(83)
Share of other comprehensive expense of associate	(32)	-	(32)	-
Revaluation surplus realised on disposal of a subsidiary	-	44	-	44
	(409)	(39)	(409)	(39)
<b>Total comprehensive income/(expense) for the quarter/period</b>	<b>402</b>	<b>(5,202)</b>	<b>402</b>	<b>(5,202)</b>
<b>Attributable to:</b>				
Equity holders of the Company	299	(5,322)	299	(5,322)
Non-controlling interests	103	120	103	120
<b>Total comprehensive income/(expense) for the quarter/period</b>	<b>402</b>	<b>(5,202)</b>	<b>402</b>	<b>(5,202)</b>

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 30 June 2011 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 Financial Position (Unaudited)

for the first financial quarter of financial year ending 30 June 2012

	As at current period ended 30/9/2011 (Unaudited) RM'000	As at preceding financial year ended 30/06/2011 (Audited) RM'000
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant and equipment	91,113	91,618
Intangible assets	25,306	24,160
Investment property	850	850
Investment in associate	9,180	14,033
Deferred tax assets	130	125
	<b>126,579</b>	<b>130,786</b>
<b>Current Assets</b>		
Inventories	25,198	23,688
Trade receivables	28,962	30,744
Other receivables, deposits and prepayments	8,451	6,495
Amount owing by associate	1,117	516
Cash and bank balances	16,226	8,769
	<b>79,954</b>	<b>70,212</b>
<b>Total Assets</b>	<b>206,533</b>	<b>200,998</b>
<b>EQUITY</b>		
<b>Equity Attributable to Shareholders of the Company</b>		
Share capital	76,208	76,208
Share premium	90	90
Revaluation and other reserves	11,467	11,672
Retained earnings	12,854	12,350
	<b>100,619</b>	<b>100,320</b>
<b>Non-controlling interests</b>	<b>5,283</b>	<b>5,180</b>
<b>Total Equity</b>	<b>105,902</b>	<b>105,500</b>
<b>LIABILITIES</b>		
<b>Non-Current Liabilities</b>		
Deferred tax liabilities	11,150	11,346
Term loans	8,024	8,912
Hire purchase creditors	1,363	1,664
Provision for retirement benefit	1,245	1,199
Long-term advances	6,116	6,348
	<b>27,898</b>	<b>29,469</b>
<b>Current Liabilities</b>		
Trade payables	15,672	12,974
Other payables and accruals	14,410	12,288
Term loans	3,041	3,363
Short term borrowings	26,260	27,395
Bank overdrafts	8,607	6,096
Hire purchase creditors	2,122	2,173
Tax payable	2,621	1,740
	<b>72,733</b>	<b>66,029</b>
<b>Total Liabilities</b>	<b>100,631</b>	<b>95,498</b>
<b>Total Equity And Liabilities</b>	<b>206,533</b>	<b>200,998</b>
<b>Net Assets Per Share Attributable To Ordinary Equity Holders Of The Company (Sen)</b>	<b>13.20</b>	<b>13.16</b>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 30 June 2011 and the accompanying explanatory notes attached to the interim financial statements.



Continuous Innovation & Quality

Hovid Bhd (Company no: 58476 A)

**Condensed Consolidated Statements of Changes in Equity (unaudited)  
for the first financial quarter of financial year ending 30 June 2012**

	Attributable to Equity Holders of the Company				Total	Non-controlling Interests	Total Equity
	Non-distributable		Distributable				
	Share capital RM'000	Share premium RM'000	Reserves RM'000	Retained earnings RM'000			
<b>PERIOD ENDED 30 SEPTEMBER 2011</b>							
At 1 July 2011	76,208	90	11,672	12,350	100,320	5,180	105,500
Total comprehensive income/ (expense) for the quarter/period	-	-	(205)	504	299	103	402
At 30 September 2011	76,208	90	11,467	12,854	100,619	5,283	105,902
<b>PERIOD ENDED 30 SEPTEMBER 2010</b>							
At 1 July 2010	76,208	90	23,788	6,313	106,399	27,449	133,848
Total comprehensive income/ (expense) for the quarter/period	-	-	(1,705)	(3,617)	(5,322)	120	(5,202)
Derecognition of non-controlling interests in a subsidiary disposed	-	-	-	-	-	(18,960)	(18,960)
At 30 September 2010	76,208	90	22,083	2,696	101,077	8,609	109,686

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 30 June 2011 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 first financial quarter of financial year ending 30 June 2012**

	Cumulative 3 months ended 30 September		
	Note	2011 RM'000	2010 RM'000
Cash generated in operating activities		10,870	14,504
Net cash generated/(used) in investing activities		(3,382)	34,097
Net cash used in financing activities		(2,294)	(28,686)
Change in cash and cash equivalents		5,194	19,915
Effect of exchange rate changes		63	-
Cash and cash equivalents at beginning of the year		1,776	(18,134)
Cash and cash equivalents at end of the period	(1)	7,033	1,781

**Note:**

(1) Cash and cash equivalents comprises:

	<u>RM'000</u>	<u>RM'000</u>
Cash and bank balances	16,226	7,044
Less: Pledged deposits with licenced banks	(586)	-
Cash and bank balances excluding pledged deposits	<u>15,640</u>	<u>7,044</u>
Bank overdraft	(8,607)	(5,263)
	<u>7,033</u>	<u>1,781</u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the year ended 30 June 2011 and the accompanying explanatory notes attached to the interim financial statements.



**Continuous Innovation & Quality**

**Hovid Bhd (Company no: 58476 A)**

**Quarterly financial report (unaudited)**

**for the first financial quarter of financial year ending 30 June 2012**

**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 2011. 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 2011.

**A2 Accounting Policies**

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 30 June 2011, except for those standards, amendments and interpretations which are effective for financial periods beginning on or after 1 July 2011. The adoption of these standards, amendments and interpretations have no material impact to these interim financial statements.

**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 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 year.

**A8 Dividends**

No dividend has been declared or recommended in respect of the financial period under review other than the following:-

On 15 August 2011, the Board announced that the Company is proposing to distribute a portion of its shareholding interest in the former subsidiary by way of dividend-in-specie to the shareholders of the Company, on the basis of 25 ordinary shares of RM0.10 each in the former subsidiary for every 100 ordinary shares of RM0.10 each held in the Company ("Proposed DIS"). On 15 November 2011, the Securities Commission has approved the Proposed DIS. On 16 November 2011, the Circular on the Proposed DIS and the Notice of Extraordinary General Meeting scheduled to be held on 1 December 2011, were sent to the shareholders.

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Continuous Innovation & Quality

Hovid Bhd (Company no: 58476 A)

Quarterly financial report (unaudited)

for the first financial quarter of financial year ending 30 June 2012

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 September		Cumulative 12 months ended 30 September	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
<b>Revenue</b>				
Hovid Segment	37,075	34,148	37,075	34,148
Carotech Segment	-	8,268	-	8,268
Group revenue	37,075	42,416	37,075	42,416
<b>Profit/(Loss) before tax and non-recurring items</b>				
Hovid Segment	7,102	5,088	7,102	5,088
Carotech Segment				
- As subsidiary	-	455	-	455
- As associate, share of loss net of tax	(6,273)	1,068	(6,273)	1,068
- Impairment of investment in Carotech	1,422	-	1,422	-
Group profit before tax	2,251	6,611	2,251	6,611
<b>Non-recurring items</b>				
Carotech Segment				
<i>Allowance for amount owing by Carotech</i>	-	(21,536)	-	(21,536)
<i>Gain on disposal of investment in Carotech</i>	-	10,773	-	10,773
Total non-recurring items	-	(10,763)	-	(10,763)
<b>Profit/(Loss) before tax and after non-recurring items</b>				
Hovid Segment	7,102	5,088	7,102	5,088
Carotech Segment				
- As subsidiary	-	(10,308)	-	(10,308)
- As associate, share of loss net of tax	(6,273)	1,068	(6,273)	1,068
- Impairment of investment in Carotech	1,422	-	1,422	-
Group profit/(loss) before tax	2,251	(4,152)	2,251	(4,152)
<b>Profit/(loss) after tax and non-recurring items</b>				
Hovid Segment	5,662	4,091	5,662	4,091
Carotech Segment				
- As subsidiary	-	(10,322)	-	(10,322)
- As associate, share of loss net of tax	(6,273)	1,068	(6,273)	1,068
- Impairment of investment in Carotech	1,422	-	1,422	-
Net profit/(loss) after tax	811	(5,163)	811	(5,163)



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**Explanatory Notes as per FRS 134, Interim Financial Reporting**

**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.

On 28 September 2011, Ho Yan Hor (S) Pte, Ltd. ("HYH"), a 80%-owned subsidiary had made an application to the Accounting and Corporate Regulatory Authority of Singapore for strike-off. HYH is a dormant company and has no intention to commence any business activities in future. The striking-off will reduce the administrative resources and costs incurred for maintaining the company. The striking-off of HYH will have no material effect on the earnings and net tangible assets of the Group.

**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 2011, 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
<b>Authorised and contracted</b>	
Plant and equipment	1,004
Total	1,004
<b>Authorised but not contracted</b>	
Buildings	6,552
Total	6,552
<b>Total capital commitments</b>	7,556





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for the first financial quarter of financial year ending 30 June 2012

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

**B1 Review of performance**

	Individual quarter 3 months ended 30 September		Cumulative 3 months ended 30 September	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
<b>Revenue</b>				
Hovid Segment	37,075	34,148	37,075	34,148
Carotech Segment	-	8,268	-	8,268
Group revenue	37,075	42,416	37,075	42,416
<b>Profit/(Loss) before tax and non-recurring items</b>				
Hovid Segment	7,102	5,088	7,102	5,088
Carotech Segment				
- As subsidiary	-	455	-	455
- As associate, share of loss net of tax	(6,273)	1,068	(6,273)	1,068
- Impairment of investment in Carotech	1,422	-	1,422	-
Group profit before tax	2,251	6,611	2,251	6,611
<b>Non-recurring items</b>				
Carotech Segment				
<i>Allowance for amount owing by Carotech</i>	-	(21,536)	-	(21,536)
<i>Gain on disposal of investment in Carotech</i>	-	10,773	-	10,773
Total non-recurring items	-	(10,763)	-	(10,763)
<b>Profit/(Loss) before tax and after non-recurring items</b>				
Hovid Segment	7,102	5,088	7,102	5,088
Carotech Segment				
- As subsidiary	-	(10,308)	-	(10,308)
- As associate, share of loss net of tax	(6,273)	1,068	(6,273)	1,068
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Group profit/(loss) before tax	2,251	(4,152)	2,251	(4,152)
<b>Profit/(loss) after tax and non-recurring items</b>				
Hovid Segment	5,662	4,091	5,662	4,091
Carotech Segment				
- As subsidiary	-	(10,322)	-	(10,322)
- As associate, share of loss net of tax	(6,273)	1,068	(6,273)	1,068
- Impairment of investment in Carotech	1,422	-	1,422	-
Net profit/(loss) after tax	811	(5,163)	811	(5,163)



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

#### **B1 Review of performance (cont.)**

The Group's revenue for the current financial quarter ended 30 September 2011 of RM37.1 million was 12.6% lower as compared to the corresponding quarter last year of RM42.4 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 2010, 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 8.6% 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 for the first quarter of previous financial year was affected by the non-recurring items arising from the Carotech segment, totalling RM10.8 million. There are no such non-recurring items during the current quarter.

The Group recorded a pre-tax profit ("PBT") of RM2.3 million for the current quarter, a decrease of 66.0% as compared to the corresponding quarter last year of RM6.6 million before including the above non-recurring items. Taking into account the above non-recurring items, the Group pre-tax loss ("LBT") for previous year corresponding quarter was RM4.2 million.

The Hovid segment PBT has increased by RM2.0 million or 39.6% 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 some improvement in gross profit margin.

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. The adverse result of Carotech during the current quarter was significantly attributed to its unrealised foreign exchange loss incurred during the current quarter, as compared to the unrealised foreign exchange gain recorded for the same quarter last year.

#### **B2 Results comparison with preceding quarter**

	Quarter ended	
	30 Sept 2011 RM'000	30 Jun 2011 RM'000
<b>Revenue</b>		
Hovid Segment	37,075	34,550
Carotech Segment	-	-
Group	37,075	34,550
<b>Profit / (Loss) before taxation</b>		
Hovid Segment	7,102	5,942
Carotech Segment		
- As subsidiary	-	(4,752)
- As associate, share of loss net of tax	(6,273)	(1,478)
- Impairment of investment in Carotech	1,422	(1,422)
Group	2,251	(1,710)



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

**B2 Results comparison with preceding quarter (cont.)**

The Group's revenue from Hovid segment recorded a revenue of RM37.1 million during the reporting quarter as compared to RM34.6 million for the preceding quarter, representing an increase 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 PBT of RM2.3 million during the reporting quarter as compared to a LBT of RM1.7 million for the preceding quarter. The Hovid segment recorded an increase in PBT of RM1.2 million or 19.5% as compared to the preceding quarter. The increase was mainly due to the increase in revenue.

The Carotech segment profit has been equity accounted with effect from September 2010 since it is no longer a subsidiary. The share of loss net of tax of Carotech has increased by RM4.8 million or 324.4% as compared to the preceding quarter. The impairment loss of RM1.4 million provided in the preceding quarter has been reversed in the current quarter as the fair value at the end of the quarter exceeded the net carrying value of the investment in Carotech after accounting for the share of loss net of tax.

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. The increase in share of loss in Carotech during the current quarter as compared to the preceding quarter was mainly attributed to its increase in unrealised foreign exchange loss incurred during the current quarter.

**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 while its debts are being restructured 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.



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

**B5 Taxation**

	Individual quarter 3 months ended 30 September		Cumulative quarter 3 months ended 30 September	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Income taxation	1,568	913	1,568	913
Deferred taxation	(128)	98	(128)	98
Based on the results for the quarter/year	1,440	1,011	1,440	1,011

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 Executives' share option scheme

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 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.

On 28 October 2011, the Company announced it had submitted an application for extension of time to undertake the Company's regularisation plan to Bursa Securities, for a further four (4) months to 28 February 2012, as the Company has not yet completed the implementation of Proposed Dividend-In-Specie ("Proposed DIS") which is part of the regularisation plan of Hovid, and that a letter from Bursa Securities noting that the application for extension of time has been received.

Bursa Securities had, via its letter dated 14 November 2011, granted an extension of time up to 28 February 2012.



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

**B8 Status of corporate proposal (cont.)**

**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 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 September 2011 are as follows :-

	<b>Current RM'000</b>	<b>Non-current RM'000</b>	<b>Total RM'000</b>
<b>Secured</b>	40,030	9,387	49,417
<b>Unsecured</b>	-	-	-
<b>Total</b>	<b>40,030</b>	<b>9,387</b>	<b>49,417</b>

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

Denominated in US Dollar	1,009
Denominated in Philippines Peso	175
Denominated in Indian Rupees	<u>3,755</u>

**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.



**Continuous Innovation & Quality**

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**Quarterly financial report (unaudited)**

**for the first financial quarter of financial year ending 30 June 2012**

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

**B12 Dividend**

No dividend has been declared or recommended in respect of the financial period under review, other than the following:-

On 15 August 2011, the Board announced that the Company is proposing to distribute a portion of its shareholding interest in the former subsidiary by way of dividend-in-specie to the shareholders of the Company, on the basis of 25 ordinary shares of RM0.10 each in the former subsidiary for every 100 ordinary shares of RM0.10 each held in the Company ("Proposed DIS"). On 15 November 2011, the Securities Commission has approved the Proposed DIS. On 16 November 2011, the Circular on the Proposed DIS and the Notice of Extraordinary General Meeting scheduled to be held on 1 December 2011, were sent to the shareholders.

**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 30 September 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 30 September		Cumulative quarter 3 months ended 30 September	
	2011	2010	2011	2010
Net profit/(loss) attributable to shareholders	RM'000 504	RM'000 (5,411)	RM'000 504	RM'000 (5,411)
<u>Number of ordinary shares</u>				
Weighted average number of ordinary shares (basic)	'000 762,080	'000 762,080	'000 762,080	'000 762,080
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>				
Earning per share at nominal value of RM0.10 per share:-	Sen	Sen	Sen	Sen
Basic	0.1	(0.7)	0.1	(0.7)
Diluted	0.0	(0.5)	0.0	(0.5)



**Continuous Innovation & Quality**

**Hovid Bhd (Company no: 58476 A)**

**Quarterly financial report (unaudited)**

**for the first financial quarter of financial year ending 30 June 2012**

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

**B14 Realised and unrealised profits and losses disclosure**

	<b>As at current period 30/9/2011 RM'000</b>	<b>As at preceding financial year 30/06/2011 RM'000</b>
Total retained profits/(accumulated losses) of Hovid and its subsidiaries:-		
Realised	16,219	14,628
Unrealised	(9,263)	(13,040)
Total	6,956	1,588
Total share of retained profits/(accumulated losses) from associated company:-		
Realised	3,009	(12,823)
Unrealised	(9,295)	3,471
Total	(6,286)	(9,352)
Consolidation adjustments	12,184	20,114
Total group retained earnings	12,854	12,350

**Authorisation for issue**

**On 25 November 2011, the Board of Directors authorised this interim report for issue.**

**On behalf of the Board,**

**Goh Tian Hock**

**Ng Yuet Seam**

**Joint Secretaries**