



Continuous Innovation & Quality

Hovid Bhd (Company no: 58476 A)

Condensed Consolidated Income Statement (unaudited)

For the Fourth Quarter Ended 30 June 2012

	3 months ended		Year-to-date ended	
	30.6.2012 RM'000	30.6.2011 RM'000	30.6.2012 RM'000	30.6.2011 RM'000
<b>Revenue (Note A9)</b>	<b>45,667</b>	<b>34,550</b>	<b>162,618</b>	<b>153,456</b>
Other income/(expenses)	(4,898)	390	6,751	7,299
Operating expenses	(36,666)	(33,812)	(130,778)	(140,467)
<b>Profit from operations</b>	<b>4,103</b>	<b>1,128</b>	<b>38,591</b>	<b>20,288</b>
Depreciation & amortisation	(1,641)	(1,235)	(5,683)	(8,362)
Finance income	283	482	1,647	1,561
Finance costs	(365)	(607)	(3,193)	(6,551)
Share of loss of associate, net of tax	-	(1,478)	(9,106)	(9,108)
<b>Profit/(Loss) before tax</b>	<b>2,380</b>	<b>(1,710)</b>	<b>22,256</b>	<b>(2,172)</b>
Income tax expense	(2,319)	424	(6,498)	(3,945)
<b>Profit/(Loss) for the period/year</b>	<b>61</b>	<b>(1,286)</b>	<b>15,758</b>	<b>(6,117)</b>
<b>Attributable to:</b>				
Owners of the Company	240	(1,329)	15,682	(6,051)
Non-controlling interests	(179)	43	76	(66)
<b>Profit/(Loss) for the period/year</b>	<b>61</b>	<b>(1,286)</b>	<b>15,758</b>	<b>(6,117)</b>
<b>Earning/(Loss) per share attributable to owners of the Company (sen) (Note B10)</b>				
- Basic at nominal value of RM0.10 per share	<b>0.0</b>	<b>(0.2)</b>	<b>2.1</b>	<b>(0.8)</b>
- Diluted at nominal value of RM0.10 per share	<b>0.0</b>	<b>(0.1)</b>	<b>1.4</b>	<b>(0.5)</b>

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 Fourth Quarter Ended 30 June 2012**

	3 months ended		Year-to-date ended	
	30.6.2012 RM'000	30.6.2011 RM'000	30.6.2012 RM'000	30.6.2011 RM'000
<b>Profit/(Loss) for the period/year</b>	<b>61</b>	<b>(1,286)</b>	<b>15,758</b>	<b>(6,117)</b>
<b>Other comprehensive income:-</b>				
Foreign currency translation differences for foreign operations	(502)	171	(1,453)	(298)
Share of other comprehensive expense of associate	-	-	(32)	-
Realisation of other comprehensive income on disposal of associate	-	-	32	-
Foreign exchange reserve realised on strike-off of a subsidiary	-	-	(1)	-
Foreign exchange reserve transferred to profit and loss account	(481)	-	-	-
Revaluation surplus realised on disposal of a subsidiary	-	-	-	44
Revaluation of properties, plant and equipment upon transfer of properties to investment properties	40	-	40	-
Fair value of available-for-sale investment	-	-	(2,404)	-
Impairment loss on available-for-sale investment, reclassified to profit and loss account	2,404	-	2,404	-
	1,461	171	(1,414)	(254)
<b>Total comprehensive income/(expense) for the period/year</b>	<b>1,522</b>	<b>(1,115)</b>	<b>14,344</b>	<b>(6,371)</b>
<b>Attributable to:</b>				
Owners of the Company	2,001	(1,158)	15,039	(6,079)
Non-controlling interests	(479)	43	(695)	(292)
<b>Total comprehensive income/(expense) for the period/year</b>	<b>1,522</b>	<b>(1,115)</b>	<b>14,344</b>	<b>(6,371)</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 Fourth Quarter Ended 30 June 2012**

	As at 30.6.2012 (Unaudited) RM'000	As at 30.06.2011 (Audited) RM'000
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant and equipment	91,054	91,618
Intangible assets	19,662	24,160
Investment property	1,680	850
Investment in associate	-	14,033
Available-for-sale investment	-	-
Deferred tax assets	186	125
	112,582	130,786
<b>Current Assets</b>		
Inventories	29,543	23,688
Trade receivables	33,133	30,744
Other receivables, deposits and prepayments	11,711	6,495
Amount owing by associate	-	516
Cash and bank balances	23,208	8,769
	97,595	70,212
<b>Total Assets</b>	<b>210,177</b>	<b>200,998</b>
<b>EQUITY</b>		
<b>Equity Attributable to Owners of the Company</b>		
Share capital	76,208	76,208
Share premium	90	90
Revaluation and other reserves	11,029	11,672
Retained earnings	19,459	12,350
	106,786	100,320
<b>Non-controlling interests</b>	4,485	5,180
<b>Total Equity</b>	111,271	105,500
<b>LIABILITIES</b>		
<b>Non-Current Liabilities</b>		
Deferred tax liabilities	11,514	11,346
Term loans	5,547	8,912
Hire purchase creditors	684	1,664
Provision for retirement benefit	1,385	1,199
Long-term advances	6,042	6,348
	25,172	29,469
<b>Current Liabilities</b>		
Trade payables	13,532	12,974
Other payables and accruals	20,495	12,288
Term loans	2,939	3,363
Short term borrowings	25,304	27,395
Bank overdrafts	7,533	6,096
Hire purchase creditors	1,168	2,173
Tax payable	2,763	1,740
	73,734	66,029
<b>Total Liabilities</b>	98,906	95,498
<b>Total Equity And Liabilities</b>	<b>210,177</b>	<b>200,998</b>
<b>Net Assets Per Share Attributable To Owners Of The Company (Sen)</b>	<b>14.01</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.



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Hovid Bhd (Company no: 58476 A)

Condensed Consolidated Statements of Changes in Equity (unaudited)

For the Fourth Quarter Ended 30 June 2012

	Attributable to Owners 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>YEAR ENDED 30 JUNE 2012</b>							
<b>At 1 July 2011</b>	76,208	90	11,672	12,350	100,320	5,180	105,500
Total comprehensive income/ (expense) for the year	-	-	(643)	15,682	15,039	(695)	14,344
Transactions with owners							
Dividend-in-specie distributed	-	-	-	(8,573)	(8,573)	-	(8,573)
<b>At 30 June 2012</b>	<b>76,208</b>	<b>90</b>	<b>11,029</b>	<b>19,459</b>	<b>106,786</b>	<b>4,485</b>	<b>111,271</b>
<b>YEAR ENDED 30 JUNE 2011</b>							
<b>At 1 July 2010</b>	76,208	90	20,640	5,268	102,206	24,429	126,635
Prior year adjustment			3,148	1,045	4,193	3,020	7,213
	76,208	90	23,788	6,313	106,399	27,449	133,848
Total comprehensive income/ (expense) for the year	-	-	(12,116)	6,037	(6,079)	(292)	(6,371)
Transactions with owners							
Derecognition of non-controlling interests in a subsidiary disposed	-	-	-	-	-	(21,977)	(21,977)
<b>At 30 June 2011</b>	<b>76,208</b>	<b>90</b>	<b>11,672</b>	<b>12,350</b>	<b>100,320</b>	<b>5,180</b>	<b>105,500</b>

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.



Continuous Innovation & Quality

**Hovid Bhd (Company no: 58476 A)**  
**Condensed Consolidated Statement of Cash Flows (unaudited)**  
**For the Fourth Quarter Ended 30 June 2012**

	Note	12 months ended	
		30.6.2012 RM'000	30.6.2011 RM'000
<b>Cash flows from operating activities</b>			
Profit/(Loss) before tax		22,256	(2,172)
<i>Adjustments for:</i>			
Impairment loss on receivables		306	22,163
Allowance for slow moving inventories		89	246
Amortisation of intangible assets		494	531
Defined benefit plan expenses for a Director		186	24
Depreciation of property, plant and equipment		5,189	7,831
Gain on disposals of properties, plant and equipment		(30)	(236)
Gain on disposal of an associate		(7,684)	-
Gain on disposal of a subsidiary		-	(6,576)
Reversal of impairment loss for investment in associate		(1,422)	1,422
Reversal of impairment loss on receivables		(4,397)	-
Impairment of available-for-sale investment		6,412	-
Impairment loss for goodwill		4,213	-
Finance cost		3,193	6,551
Finance income		(1,633)	(1,561)
Product development expenditure written off		2,226	3,573
Property, plant and equipment written off		35	305
Revaluation surplus realised on disposal of a subsidiary		-	44
Share of loss of associate, net of tax		9,106	9,108
Unrealised (gain)/loss on foreign exchange		452	(5,205)
Change in fair value of investment property		(150)	-
Foreign exchange reserve realised on strike-off of a subsidiary		(1)	-
Gain on distribution of dividend-in-specie		(953)	-
<b>Operating profit before changes in working capital</b>		<b>37,887</b>	<b>36,048</b>
Change in inventories		(6,290)	813
Change in receivables, deposits and prepayments		(3,514)	2,769
Change in payables and accruals		7,046	(1,268)
<b>Cash generated from operations</b>		<b>35,129</b>	<b>38,362</b>
Interest received		3,325	3,083
Interest paid		(4,019)	(7,614)
Tax paid		(4,580)	(3,827)
<b>Net cash from operating activities</b>		<b>29,855</b>	<b>30,004</b>



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**Hovid Bhd (Company no: 58476 A)**  
**Condensed Consolidated Statement of Cash Flows (unaudited)**  
**For the Fourth Quarter Ended 30 June 2012**

	Note	12 months ended	
		30.6.2012 RM'000	30.6.2011 RM'000
<b>Cash flows from investing activities</b>			
Acquisition of property, plant and equipment		(7,884)	(3,284)
Advances to/(repayment from) an associate		516	(516)
Acquisition of additional shares in a subsidiary		-	(117)
Disposal of a subsidiary, net of cash		-	31,602
Proceeds from disposals of property, plant and equipment		90	346
Proceeds from disposals of shares in an associate		-	7,000
Product development expenditure incurred		(2,435)	(3,100)
<b>Net cash (used in) / from investing activities</b>		<b>(9,713)</b>	<b>31,931</b>
<b>Cash flows from financing activities</b>			
Pledged deposits with licensed banks		309	(546)
Repayments of short-term bank borrowings		(2,091)	(20,183)
Repayments of hire purchase liabilities		(1,986)	(2,778)
Repayments of term loans		(3,334)	(20,770)
Proceeds from term loans and other long-term borrowings		-	2,600
<b>Net cash used in financing activities</b>		<b>(7,102)</b>	<b>(41,677)</b>
Change in cash and cash equivalents		13,040	20,258
Effect of exchange rates fluctuations on cash held		273	3
Cash and cash equivalents at beginning of the period		1,776	(18,485)
<b>Cash and cash equivalents at end of the period</b>	(I)	<b>15,089</b>	<b>1,776</b>

Note (I) Cash and cash equivalents comprises:

Deposits with licensed banks	586	897
Less: Pledged deposits with licensed banks	(586)	(897)
	-	-
Cash and bank balances	22,622	7,872
Bank overdraft	(7,533)	(6,096)
	<u>15,089</u>	<u>1,776</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 Fourth Quarter Ended 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 during the quarter under review, other than the following:-

On 11 May 2012, Carotech shares were removed from the Official List of Bursa Securities. The investment in Carotech shares, disclosed as available-for-sale Investment, totalling RM6.4 million was impaired.

Goodwill arising from consolidation of Biodeal Pharmaceutical Private Limited ("BPPL"), a 51% owned subsidiary, of RM4.2 million was impaired. BPPL has under performed since the acquisition in May 2010.

**A6 Significant estimates and changes in estimates**

There were no changes in estimates that have had any material effect during the quarter under review.

**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 during the quarter under review.

**A8 Dividend paid**

No dividend was paid during the quarter under review.



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For the Fourth Quarter Ended 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. Prior to 23 December 2011, the group business segments were the pharmaceutical ("Hovid Segment") and the phytonutrient/oleochemical/biodiesel ("Carotech Segment") industries. From 23 December 2011, the Group's business segment is solely in pharmaceutical industry as subsequent to the completion of the dividend-in-specie ("DIS"), where the Company distributed a portion of its shareholding interest in Carotech Berhad, the interest in Carotech Berhad was diluted from an associate to a simple investment.

	3 months ended		Year-to-date ended	
	30.6.2012 RM'000	30.6.2011 RM'000	30.6.2012 RM'000	30.6.2011 RM'000
<b>Revenue</b>				
Hovid Segment	45,667	34,550	162,618	145,188
Carotech Segment	-	-	-	8,268
Group revenue	45,667	34,550	162,618	153,456
<b>Profit/(Loss) before tax and non-recurring items</b>				
Hovid Segment	8,639	5,944	27,562	23,421
Carotech Segment (a)	-	(1,478)	(9,106)	(8,655)
Group profit before tax	8,639	4,466	18,456	14,766
<b>Non-recurring items</b>				
Hovid Segment				
<i>Impairment of goodwill in a subsidiary</i>	(4,213)	-	(4,213)	-
<i>Gain on distribution of dividend-in-specie</i>	-	-	953	-
Carotech Segment				
<i>Impairment loss on amount owing by Carotech</i>	-	(556)	-	(22,092)
<i>Gain on disposal of investment in Carotech</i>	-	(4,198)	7,684	6,576
<i>Impairment loss for investment in Carotech</i>	(6,412)	(1,422)	(4,990)	(1,422)
<i>Reversal of impairment loss on amount owing by Carotech</i>	4,366	-	4,366	-
Total non-recurring items (b)	(6,259)	(6,176)	3,800	(16,938)
<b>Profit/(Loss) before tax and after non-recurring items</b>				
Hovid Segment	4,426	5,944	24,302	23,421
Carotech Segment (a+b)	(2,046)	(7,654)	(2,046)	(25,593)
Group profit/(loss) before tax	2,380	(1,710)	22,256	(2,172)
<b>Profit/(Loss) after tax and non-recurring items</b>				
Hovid Segment	2,107	6,368	17,804	19,490
Carotech Segment	(2,046)	(7,654)	(2,046)	(25,607)
Net profit/(loss) after tax	61	(1,286)	15,758	(6,117)





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

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**For the Fourth Quarter Ended 30 June 2012**

**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 quarter under review.

**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 quarter under review.

**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**

Transactions with a company in which a director has substantial financial interest and two of the Company's directors are common directors:-

	3 months ended		Year-to-date ended	
	30.6.2012 RM'000	30.6.2011 RM'000	30.6.2012 RM'000	30.6.2011 RM'000
<b>Carotech Bhd</b>				
Sales	-	-	39	-
Interest income	275	-	716	-
Reallocation of common cost	82	-	246	-
Purchases	(3,323)	-	(4,037)	-
Steam service expense	(90)	-	(180)	-

**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>Plant and equipment</b>	
Authorised and contracted	1,777
Authorised but not contracted	5,000
<b>Total capital commitments</b>	<b>6,777</b>



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Hovid Bhd (Company no: 58476 A)

Quarterly financial report (unaudited)

For the Fourth Quarter Ended 30 June 2012

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

B1 Review of performance

	3 months ended		Year-to-date ended	
	30.6.2012 RM'000	30.6.2011 RM'000	30.6.2012 RM'000	30.6.2011 RM'000
<b>Revenue</b>				
Hovid Segment	45,667	34,550	162,618	145,188
Carotech Segment	-	-	-	8,268
Group revenue	45,667	34,550	162,618	153,456
<b>Profit before tax and non-recurring items</b>				
Hovid Segment	8,639	5,944	27,562	23,421
Carotech Segment				
- As subsidiary	-	-	-	453
- As associate, share of loss net of tax	-	(1,478)	(9,106)	(9,108)
Group profit before tax	8,639	4,466	18,456	14,766
<b>Non-recurring items</b>				
Hovid Segment				
<i>Impairment of goodwill in a subsidiary</i>	(4,213)	-	(4,213)	-
<i>Gain on distribution of dividend-in-specie</i>	-	-	953	-
Carotech Segment				
<i>Impairment loss on amount owing by Carotech</i>	-	(556)	-	(22,092)
<i>Gain on disposal of investment in Carotech</i>	-	(4,198)	7,684	6,576
<i>Impairment loss for investment in Carotech</i>	(6,412)	(1,422)	(4,990)	(1,422)
<i>Reversal of impairment loss on amount owing by Carotech</i>	4,366	(4,754)	4,366	(15,516)
Total non-recurring items	(6,259)	(10,930)	3,800	(32,454)
<b>Profit/(Loss) before tax and after non-recurring items</b>				
Hovid Segment	4,426	5,944	24,302	23,421
Carotech Segment				
- As subsidiary	-	(6,176)	-	(15,063)
- As associate, share of loss net of tax	-	(1,478)	(9,106)	(9,108)
- Gain on disposal of investment in Carotech	-	-	7,684	-
- Impairment of investment in Carotech	(6,412)	-	(4,990)	(1,422)
- Reversal of impairment loss on amount owing by Carotech	4,366	-	4,366	-
Group profit/(loss) before tax	2,380	(1,710)	22,256	(2,172)
<b>Profit/(Loss) after tax and non-recurring items</b>				
Hovid Segment	2,107	6,368	17,804	19,490
Carotech Segment				
- As subsidiary	-	(6,176)	-	(15,077)
- As associate, share of loss net of tax	-	(1,478)	(9,106)	(9,108)
- Gain on disposal of investment in Carotech	-	-	7,684	-
- Impairment of investment in Carotech	(6,412)	-	(4,990)	(1,422)
- Reversal of impairment loss on amount owing by Carotech	4,366	-	4,366	-
Net profit/(loss) after tax	61	(1,286)	15,758	(6,117)



**Continuous Innovation & Quality**

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

**Quarterly financial report (unaudited)**

**For the Fourth Quarter Ended 30 June 2012**

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

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

### **For the Quarter**

#### Revenue

The Group's revenue for the current quarter, arose solely from Hovid segment, amounted to RM45.7 million was 32.2% higher as compared to the corresponding quarter last year of RM34.6 million. Arising from the commissioning of the additional production capacity during the current quarter, the Group managed to increase the output to meet the increasing demand from the customers.

#### Non-recurring items

The results of the Group for current quarter and the corresponding quarter last year, were affected by non-recurring items. Non-recurring items loss amounted to RM6.3 million during the current quarter, a decrease of 42.7% as compared to the corresponding quarter last year of RM10.9 million. Details of the non-recurring items have been listed above.

#### Pre-tax profit before non-recurring items

The Group's pre-tax profit ("PBT") before accounting for the non-recurring items, was RM8.6 million for the current quarter, an increase of 93.4% as compared to the corresponding quarter last year of RM4.5 million. This entire amount of RM8.6 million was contributed by Hovid segment. Hovid segment PBT has increased by 45.3% as compared to the corresponding quarter last year of RM5.9 million. This increase was mainly contributed by the increase in revenue. Since 23 December 2011, Carotech was no longer an associate company, according there was no share of result of associate for the current quarter. The share of loss in the associate company was RM1.5 million for the corresponding quarter last year.

#### Pre-tax profit after non-recurring items

After accounting for non-recurring items, the group's pre-tax profit amounted to RM2.4 million, in comparison to a pre-tax loss ("LBT") of RM1.7 million incurred last year corresponding period. Hovid segment pre-tax profit after accounting for non-recurring item was RM4.4 million, a decrease of 25.5% as compared to the corresponding quarter last year of RM5.9 million. Overall, Carotech segment LBT after non-recurring items amounted to RM2.0 million, a decrease of 73.3% as compared to the corresponding quarter last year of RM7.7 million.

### **Year-to-date**

#### Revenue

The Group recorded a revenue of RM162.6 million for the year, an increase of 6.0% compared RM153.5 million registered in the previous financial year. Hovid segment revenue increased by 12.0% from RM145.2 million last year to RM162.6 million during the current financial year. This increase was made possible with the commissioning of the additional production capacity during the fourth quarter to meet the increasing demand from customers. Carotech's revenue was consolidated for two month to August 2010 in the previous financial period. Thereafter, its revenue was not consolidated as it was no longer a subsidiary.

#### Non-recurring items

The results for the current and previous financial year were affected by the non-recurring items. Non-recurring items gain amounted to RM3.8 million during the current financial year as compared a loss of RM32.5 million incurred during last year. Details of the non-recurring items have been listed above.



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

Pre-tax profit before non-recurring items

Before taking into account the non-recurring items, the Group recorded a PBT of RM18.5 million for the current financial year as compared to RM14.8 million for last year, an increase of 25.0%. Hovid segment recorded a PBT of RM27.6 million for the current year, an increase of 17.7% as compared to previous year of RM23.4 million. This increase was mainly attributed to the increase in sales.

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

Pre-tax profit after non-recurring items

The Group PBT after accounting for the non-recurring items for the current financial year was RM22.3 million compared to a LBT of RM2.2 million in previous financial year. Hovid segment PBT for the current year was RM24.3 million which is comparable to previous financial year of RM23.4 million. Overall, Carotech segment recorded a LBT of RM2.0 million for the current year against previous year loss of RM25.6 million.

Carotech was a subsidiary until end of August 2010. From September 2010 until 23 December 2011, it was an associate company. Thereafter it became a simple investment in the books of Hovid. Accordingly, its result was consolidated for two months as subsidiary, equity accounted for period from September 2010 to 23 December 2011.

**B2 Results comparison with preceding quarter**

	Quarter ended	
	30.6.2012 RM'000	31.3.2012 RM'000
<b>Revenue</b>		
Hovid Segment	45,667	39,373
Carotech Segment	-	-
Group	45,667	39,373
<b>Profit before tax and non-recurring items</b>		
Hovid Segment	8,639	5,042
Carotech Segment	-	-
Group	8,639	5,042
<b>Non-recurring items</b>		
Hovid Segment		
<i>Impairment of goodwill in a subsidiary</i>	(4,213)	-
Carotech Segment		
<i>Impairment loss for investment in Carotech</i>	(6,412)	-
<i>Reversal of impairment loss on amount owing by Carotech</i>	4,366	-
Group	(6,259)	-
<b>Profit before tax and after non-recurring items</b>		
Hovid Segment	4,426	5,042
Carotech Segment	(2,046)	-
Group	2,380	5,042



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

Revenue

The Group's revenue which was solely from Hovid segment, recorded a revenue of RM45.7 million during the reporting quarter as compared to RM39.4 million for the preceding quarter, representing an increase of 16.0%. The increase was due to the commissioning of the additional production capacity to meet the increasing demand from customers.

Non-recurring items

The result of the Group for current quarter was affected by non-recurring items. Non-recurring items loss amounted to RM6.3 million during the current quarter, while there was no non-recurring for the preceding quarter.

Pre-tax profit before non-recurring items

Profit before tax and non-recurring items for the current quarter of RM8.6 million against RM5.0 million in the preceding quarter, an increase of 71.3%, arose solely from Hovid segment.

Pre-tax profit after non-recurring items

The Group recorded a PBT after non-recurring items of RM2.4 million during the reporting quarter as compared to RM5.0 million for the preceding quarter, a decrease of 52.8%. Hovid segment recorded a PBT after non-recurring item of RM4.4 million, a decrease of 12.2% as compared to the preceding quarter of RM5.0 million. Carotech segment current quarter LAT of RM2.0 million was the result of the non-recurring items as disclosed above.

**B3 Commentary on Prospects**

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

The Group will continue to enhance its competitive edge by continually placing emphasis in research and development and improving its production processes to achieve better efficiency.

**B4 Profit forecast, profit guarantee and internal targets**

The Group did not provide any profit forecast, profit guarantee and internal targets in any public document or any announcements made.

**B5 Income tax expense**

	3 months ended		Year-to-date ended	
	30.6.2012 RM'000	30.6.2011 RM'000	30.6.2012 RM'000	30.6.2011 RM'000
Income tax expense	1,532	(365)	5,984	3,895
Deferred taxation	787	(59)	514	50
Based on the results for the period	2,319	(424)	6,498	3,945

The effective tax rate of the Group for the financial year is higher than the statutory rate applicable mainly due to non-allowable expenses.

**B6 Status of corporate proposal**

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

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.

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**B7 Borrowings and debt securities**

Details of the Group's bank borrowings, as at 30 June 2012 are as follows :-

	Current RM'000	Non-current RM'000	Total RM'000
<b>Secured</b>	36,944	6,231	43,175

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

Denominated in US Dollar	587
Denominated in Philippines Peso	295
Denominated in Indian Rupees	<u>2,596</u>

**B8 Material litigation**

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

**B9 Dividend payable**

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

**B10 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 financial period. 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 period have been adjusted for the dilutive effects of all potential ordinary shares, ie, warrants in issue.

	3 months ended		Year-to-date ended	
	30.6.2012	30.6.2011	30.6.2012	30.6.2011
	RM'000	RM'000	RM'000	RM'000
Net profit/(loss) attributable to shareholders	240	(1,329)	15,682	(6,051)
<u>Number of ordinary shares</u>				
	'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)	<u>1,143,120</u>	<u>1,143,120</u>	<u>1,143,120</u>	<u>1,143,120</u>
<u>Earning/(Loss) per share</u>				
	Sen	Sen	Sen	Sen
Earning/(loss) per share at nominal value of RM0.10 per share:-				
Basic	0.0	(0.2)	2.1	(0.8)
Diluted	0.0	(0.1)	1.4	(0.5)



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**B11 Profit for the period**

Included in the profit for the period are:-

	Current quarter RM'000	Year-to-date RM'000
Finance income	283	1,647
Other income/(expense)	136	1,172
Finance cost	(365)	(3,193)
Depreciation and amortisation	(1,640)	(5,682)
Impairment loss on receivables	(284)	(306)
Impairment loss on receivables written back	4,397	4,397
Gain on disposal of investment in associate	-	7,684
Reversal of impairment of investment in associate	-	1,422
Provision for and write off of inventories	(751)	(751)
Impairment loss on available-for-sale investment	(6,412)	(6,412)
Impairment of goodwill in a subsidiary	(4,213)	(4,213)
Gain on disposal of property, plant and equipment	31	30
Foreign exchange gain/(loss)	1,164	1,719
Gain/(loss) on derivatives	-	-
Exceptional items	-	-

**B12 Realised and unrealised profits and losses disclosure**

	As at 30.6.2012 RM'000	As at 30.06.2011 RM'000
Total retained profits of Hovid and its subsidiaries:-		
Realised	20,925	14,628
Unrealised	(12,631)	(13,040)
Total	8,294	1,588
Total share of accumulated losses from associate:-		
Realised	-	(12,823)
Unrealised	-	3,471
Total	-	(9,352)
Consolidation adjustments	11,165	20,114
Total group retained earnings	19,459	12,350

Authorisation for issue

On 29 August 2012, the Board of Directors authorised this interim report for issue.

On behalf of the Board,

Goh Tian Hock

Ng Yuet Seam

Joint Secretaries