



Continuous Innovation & Quality

Hovid Bhd (Company no: 58476 A)

Condensed Consolidated Income Statement (unaudited)

For the First Financial Quarter Ended 30 September 2012

	3 months ended		Year-to-date ended	
	30.9.2012 RM'000	30.9.2011 RM'000	30.9.2012 RM'000	30.9.2011 RM'000
<b>Revenue</b>	<b>42,841</b>	<b>37,075</b>	<b>42,841</b>	<b>37,075</b>
Other income/(expenses)	(276)	1,122	(276)	1,122
Operating expenses	(34,095)	(27,980)	(34,095)	(27,980)
<b>Profit from operations</b>	<b>8,470</b>	<b>10,217</b>	<b>8,470</b>	<b>10,217</b>
Depreciation & amortisation	(1,452)	(1,357)	(1,452)	(1,357)
Finance income	28	456	28	456
Finance costs	(617)	(792)	(617)	(792)
Share of loss of associate, net of tax	-	(6,273)	-	(6,273)
<b>Profit before tax</b>	<b>6,429</b>	<b>2,251</b>	<b>6,429</b>	<b>2,251</b>
Income tax expense	(1,398)	(1,440)	(1,398)	(1,440)
<b>Profit for the period</b>	<b>5,031</b>	<b>811</b>	<b>5,031</b>	<b>811</b>
<b>Attributable to:</b>				
Owners of the Company	4,942	504	4,942	504
Non-controlling interests	89	307	89	307
<b>Profit for the period</b>	<b>5,031</b>	<b>811</b>	<b>5,031</b>	<b>811</b>
<b>Earning per share attributable to owners of the Company (sen) (Note B10)</b>				
- Basic at nominal value of RM0.10 per share	<b>0.6</b>	<b>0.1</b>	<b>0.6</b>	<b>0.1</b>
- Diluted at nominal value of RM0.10 per share	<b>0.4</b>	<b>0.0</b>	<b>0.4</b>	<b>0.0</b>

The Condensed Consolidated Income Statement should be read in conjunction with the audited financial statements for the year ended 30 June 2012 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 Ended 30 September 2012**

	3 months ended		Year-to-date ended	
	30.9.2012 RM'000	30.9.2011 RM'000	30.9.2012 RM'000	30.9.2011 RM'000
<b>Profit for the period</b>	<b>5,031</b>	<b>811</b>	<b>5,031</b>	<b>811</b>
<b>Other comprehensive income/(loss):-</b>				
Foreign currency translation differences for foreign operations	82	(377)	82	(377)
Share of other comprehensive loss of associate	-	(32)	-	(32)
	82	(409)	82	(409)
<b>Total comprehensive income for the period</b>	<b>5,113</b>	<b>402</b>	<b>5,113</b>	<b>402</b>
<b>Attributable to:</b>				
Owners of the Company	4,811	299	4,811	299
Non-controlling interests	302	103	302	103
<b>Total comprehensive income for the period</b>	<b>5,113</b>	<b>402</b>	<b>5,113</b>	<b>402</b>

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 30 June 2012 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 Ended 30 September 2012**

	As at 30.9.2012 (Unaudited) RM'000	As at 30.06.2012 (Audited) RM'000
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant and equipment	90,964	91,054
Intangible assets	19,642	19,663
Investment properties	1,680	1,680
Deferred tax assets	181	186
	112,467	112,583
<b>Current Assets</b>		
Inventories	31,491	29,543
Trade receivables	33,200	33,133
Other receivables, deposits and prepayments	13,117	11,710
Cash and bank balances	24,090	23,207
	101,898	97,593
<b>Total Assets</b>	<b>214,365</b>	<b>210,176</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	10,898	11,029
Retained earnings	24,401	19,459
	111,597	106,786
<b>Non-controlling interests</b>	4,787	4,485
<b>Total Equity</b>	116,384	111,271
<b>LIABILITIES</b>		
<b>Non-Current Liabilities</b>		
Deferred tax liabilities	11,509	11,514
Term loans	4,971	5,547
Hire purchase creditors	577	684
Provision for retirement benefit	1,435	1,385
Long-term advances	6,199	6,041
	24,691	25,171
<b>Current Liabilities</b>		
Trade payables	15,078	13,532
Other payables and accruals	20,573	20,495
Term loans	2,798	2,939
Short term borrowings	24,714	25,304
Bank overdrafts	6,747	7,533
Hire purchase creditors	813	1,168
Tax payable	2,567	2,763
	73,290	73,734
<b>Total Liabilities</b>	97,981	98,905
<b>Total Equity And Liabilities</b>	<b>214,365</b>	<b>210,176</b>
<b>Net Assets Per Share Attributable To Owners Of The Company (Sen)</b>	<b>14.64</b>	<b>14.01</b>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 30 June 2012 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 First Financial Quarter Ended 30 September 2012

	Attributable to Owners 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
<b>PERIOD ENDED 30 SEPTEMBER 2012</b>							
At 1 July 2012	76,208	90	11,029	19,459	106,786	4,485	111,271
Total comprehensive income for the period	-	-	(131)	4,942	4,811	302	5,113
At 30 September 2012	76,208	90	10,898	24,401	111,597	4,787	116,384
<b>YEAR 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/(loss) for the period	-	-	(205)	504	299	103	402
At 30 September 2011	76,208	90	11,467	12,854	100,619	5,283	105,902

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 30 June 2012 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 First Financial Quarter Ended 30 September 2012**

	Note	3 months ended	
		30.9.2012 RM'000	30.9.2011 RM'000
<b>Cash flows from operating activities</b>			
Profit/(Loss) before tax		6,429	2,251
<i>Adjustments for:</i>			
Impairment loss on receivables		4	7
Amortisation of intangible assets		126	123
Defined benefit plan expenses for a Director		50	46
Depreciation of property, plant and equipment		1,324	1,234
Gain on disposals of properties, plant and equipment		(16)	-
Reversal of impairment loss for investment in an associate		-	(1,422)
Reversal of impairment loss on receivables		(3)	
Interest expense		617	504
Interest income		(28)	(456)
Product development expenditure written off		1,050	-
Property, plant and equipment written off		1	7
Share of loss in an associate, net of tax		-	6,273
Unrealised (gain)/loss on foreign exchange		(53)	318
<b>Operating profit before changes in working capital</b>		<b>9,501</b>	<b>8,885</b>
Change in inventories		(1,948)	(1,608)
Change in receivables, deposits and prepayments		(1,475)	(181)
Change in payables and accruals		1,374	3,892
<b>Cash generated from operations</b>		<b>7,452</b>	<b>10,988</b>
Interest received		486	838
Interest paid		(667)	(162)
Tax paid		(1,675)	(794)
<b>Net cash from operating activities</b>		<b>5,596</b>	<b>10,870</b>



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

	Note	3 months ended	
		30.9.2012 RM'000	30.9.2011 RM'000
<b>Cash flows from investing activities</b>			
Acquisition of property, plant and equipment		(983)	(1,543)
Repayment from an associate		-	(601)
Proceeds from disposals of property, plant and equipment		50	1
Product development expenditure incurred		(1,156)	(1,239)
<b>Net cash (used in) / from investing activities</b>		<b>(2,089)</b>	<b>(3,382)</b>
<b>Cash flows from financing activities</b>			
Pledged deposits with licensed banks		(21)	311
Repayments of short-term bank borrowings		(590)	(1,135)
Repayments of hire purchase liabilities		(461)	(352)
Repayments of term loans		(746)	(1,118)
<b>Net cash used in financing activities</b>		<b>(1,818)</b>	<b>(2,294)</b>
Change in cash and cash equivalents		1,689	5,194
Effect of exchange rates fluctuations on cash held		(42)	63
Cash and cash equivalents at beginning of the period		15,088	1,776
<b>Cash and cash equivalents at end of the period</b>	(I)	<b>16,735</b>	<b>7,033</b>

Note (I) Cash and cash equivalents comprises:

Deposits with licensed banks	607	586
Less: Pledged deposits with licensed banks	(607)	(586)
	-	-
Cash and bank balances	23,483	15,640
Bank overdraft	(6,747)	(8,607)
	<u>16,736</u>	<u>7,033</u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the year ended 30 June 2012 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 Ended 30 September 2012

Explanatory Notes as per FRS 134, Interim Financial Reporting

**A1 Basis of preparation**

The condensed interim financial statements are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standard (“MFRS”) 134, *Interim Financial Reporting* issued by the Malaysian Accounting Standards Board (“MASB”), and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. These condensed interim financial statements also comply with International Accounting Standard (“IAS”) 34, *Interim Financial Reporting* issued by the International Accounting Standard Board (“IASB”).

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 June 2012. The 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 2012.

Since the previous annual audited financial statements as at 30 June 2012 were issued, the Group has adopted the MFRS framework issued by the MASB with effect from 1 July 2012. This MFRS framework was introduced by the MASB in order to fully converge Malaysia’s existing Financial Reporting Standards (“FRS”) framework with the International Financial Reporting Standards (“IFRS”) framework issued by the IASB.

In compliance with MFRS, MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards* has been applied in this interim report. The transition from FRS to MFRS does not have any significant impact to the financial statements of the Group. The audited financial statements of the Group for the financial year ended 30 June 2012 were prepared in accordance with FRS. As the requirements under FRS are similar, the significant accounting policies and method of computation adopted in these quarterly interim financial statements are consistent with those adopted in the most recent annual audited financial statements for the year ended 30 June 2012.

**A2 Audit report of preceding annual financial statements**

The audit report of the preceding annual financial statements was not subject to any qualification.

**A3 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.

**A4 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.

**A5 Significant estimates and changes in estimates**

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

**A6 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.

**A7 Dividend paid**

No dividend was paid during the quarter under review.



**Continuous Innovation & Quality**

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**For the First Financial Quarter Ended 30 September 2012**

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

**A8 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.

	3 months ended		Year-to-date ended	
	30.9.2012 RM'000	30.9.2011 RM'000	30.9.2012 RM'000	30.9.2011 RM'000
<b>Revenue</b>				
Hovid Segment	42,841	37,075	42,841	37,075
Carotech Segment	-	-	-	-
Group revenue	42,841	37,075	42,841	37,075
<b>Profit before tax</b>				
Hovid Segment	6,429	7,102	6,429	7,102
Carotech Segment	-	(4,851)	-	(4,851)
Group profit before tax	6,429	2,251	6,429	2,251
<b>Profit after tax</b>				
Hovid Segment	5,031	5,662	5,031	5,662
Carotech Segment	-	(4,851)	-	(4,851)
Net profit/(loss) after tax	5,031	811	5,031	811

**A9 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.

**A10 Material subsequent events**

There was no material event subsequent to the end of the current financial quarter.

**A11 Changes in the composition of the Group**

There were no changes to the composition of the Group during the quarter under review, other than the following:-

On 25 September 2012, the Company incorporated a wholly-owned subsidiary in Hong Kong known as Hovid (Hong Kong) Limited ("HHKL") with an authorised capital of HKD10,000 divided into 10,000 ordinary shares of HKD1.00 each with an issued and fully paid-up share capital of HKD1.00 comprising 1 ordinary share of HKD1.00 each. The principal activity of HHKL is trading of pharmaceutical products.

**A12 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 2012, to the date of this report.





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Explanatory Notes as per FRS 134, Interim Financial Reporting

**A13 Significant related parties transactions**

Transactions with a company in which a director has substantial financial interest:-

	3 months ended		Year-to-date ended	
	30.9.2012 RM'000	30.9.2011 RM'000	30.9.2012 RM'000	30.9.2011 RM'000
<b>Carotech Bhd</b>				
Sales	2	-	2	-
Reallocation of common cost	77	-	77	-
Purchases	(706)	-	(706)	-
Steam service expense	(90)	-	(90)	-
Rental of boiler	(3)	-	(3)	-

**A14 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	1,648
Authorised but not contracted	37,500
<b>Total capital commitments</b>	39,148

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For the First Financial Quarter Ended 30 September 2012

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

## B1 Review of performance

	3 months ended		Year-to-date ended	
	30.9.2012 RM'000	30.9.2011 RM'000	30.9.2012 RM'000	30.9.2011 RM'000
<b>Revenue</b>				
Hovid Segment	42,841	37,075	42,841	37,075
Carotech Segment	-	-	-	-
Group revenue	42,841	37,075	42,841	37,075
<b>Profit before tax</b>				
Hovid Segment	6,429	7,102	6,429	7,102
Carotech Segment				
- Share of loss in an associate, net of tax	-	(6,273)	-	(6,273)
- Reversal of impairment loss on investment in Carotech	-	1,422	-	1,422
Group profit before tax	6,429	2,251	6,429	2,251
<b>Profit after tax</b>				
Hovid Segment	5,031	5,662	5,031	5,662
Carotech Segment				
- Share of loss in an associate, net of tax	-	(6,273)	-	(6,273)
- Reversal of impairment loss on investment in Carotech	-	1,422	-	1,422
Net profit after tax	5,031	811	5,031	811

The Group's revenue which arose solely from Hovid segment, amounted to RM42.8 million was 15.6% higher as compared to the corresponding quarter last year of RM37.1 million. Arising from the commissioning of additional production capacity during the fourth quarter of previous financial year, the Group had managed to increase the output to meet the increasing demand from the customers.

The Group's pre-tax profit ("PBT") was RM6.4 million for the first quarter, an increase of 185.6% as compared to the corresponding quarter last year of RM2.3 million. Hovid segment PBT for the first quarter was RM6.4 million, a decrease of 9.5% as compared to the corresponding quarter last year of RM7.1 million. The decrease was mainly due to the increase in operating expenses and a reduction in other income.

Carotech was an associate company up to 22 December 2011, thereafter it became a simple investment to the Group. Accordingly, the share of result in Carotech was accounted for the period up to 22 December 2011.

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

## B2 Results comparison with preceding quarter

	Quarter ended	
	30.9.2012 RM'000	30.6.2012 RM'000
<b>Revenue</b>		
Hovid Segment	42,841	47,857
Carotech Segment	-	-
Group	42,841	47,857
<b>Profit before tax and non-recurring items</b>		
Hovid Segment	6,429	8,637
Carotech Segment	-	-
Group	6,429	8,637
<b>Non-recurring items</b>		
Hovid Segment		
<i>Impairment of goodwill in a subsidiary</i>	-	(4,212)
Carotech Segment		
<i>Impairment loss for investment in Carotech</i>	-	(6,412)
<i>Reversal of impairment loss on amount</i>	-	4,366
<i>owing by Carotech</i>		
Group	-	(6,258)
<b>Profit before tax and after non-recurring items</b>		
Hovid Segment	6,429	4,425
Carotech Segment	-	(2,046)
Group	6,429	2,379

The Group's revenue which solely arose from Hovid segment amounted to RM42.8 million during the reporting quarter as compared to RM47.9 million for the preceding quarter, representing a decrease of 10.5%. The drop in sales in comparison to the preceding quarter was due to the usual higher sales activity during the fourth quarter of each financial year, coupled with the temporary closure of one of the plants during the current quarter for renovation and plant conversion.

The result of the Group for the preceding quarter was affected by the non-recurring items totalling RM6.3 million, the details of which are listed above.

The Group PBT for the current quarter was RM6.4 million, a decrease of 25.6% in comparison to the preceding quarter of RM8.6 million before accounting for the non-recurring items. The poorer result was due to the lower revenue achieved during the current quarter.

After accounting for the non-recurring items, the Group PBT of RM6.4 million during the current quarter was 170.2% higher in comparison to the preceding quarter of RM2.4 million.

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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 Group 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	
	30.9.2012 RM'000	30.9.2011 RM'000	30.9.2012 RM'000	30.9.2011 RM'000
Income tax expense	1,449	1,568	1,449	1,568
Deferred taxation	(51)	(128)	(51)	(128)
Based on the results for the period	1,398	1,440	1,398	1,440

The effective tax rate of the Group for the financial year is lower than the statutory rate applicable mainly due the tax incentive enjoyed by the Group.

### B6 Status of corporate proposal

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

On 4 October 2012, the Board announced that the Company is proposing to undertake a renounceable rights issue of up to 571,560,000 Warrants at an issue price of RM0.02 for each Warrant on the basis of one (1) Warrant for every two (2) existing ordinary shares of RM 0.10 each held in the Company. In view of the Warrants 2008/2013 will only expire on 28 January 2013, the Proposed Rights Issue of Warrants is expected to be implemented after the expiry of Warrants 2008/2013.

### B7 Borrowings and debt securities

Details of the Group's bank borrowings as at end of the reporting period were as follows :-

	Current RM'000	Non-current RM'000	Total RM'000
Secured	35,072	5,548	40,620

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

Denominated in US Dollar	446
Denominated in Philippines Peso	252
Denominated in Indian Rupees	<u>2,416</u>

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

**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 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	
	30.9.2012	30.9.2011	30.9.2012	30.9.2011
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Net profit attributable to shareholders	4,942	504	4,942	504
<u>Number of ordinary shares</u>	<u>'000</u>	<u>'000</u>	<u>'000</u>	<u>'000</u>
Weighted average number of ordinary shares (basic)	762,080	762,080	762,080	762,080
Effects of Warrants	381,040	381,040	381,040	381,040
Weighted average number of ordinary shares (diluted)	1,143,120	1,143,120	1,143,120	1,143,120
<u>Earning per share</u>	<u>Sen</u>	<u>Sen</u>	<u>Sen</u>	<u>Sen</u>
Earning per share at nominal value of RM0.10 per share:-				
Basic	0.6	0.1	0.6	0.1
Diluted	0.4	0.0	0.4	0.0

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Quarterly financial report (unaudited)

For the First Financial Quarter Ended 30 September 2012

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

**B11 Profit for the period**

Included in the profit for the period are:-

	<b>Current quarter RM'000</b>	<b>Year-to-date RM'000</b>
Finance income	28	28
Other income	90	90
Finance cost	(617)	(617)
Depreciation and amortisation	(1,451)	(1,451)
Impairment loss on receivables	(4)	(4)
Impairment loss on receivables written back	3	3
Provision for and write off of inventories	(82)	(82)
Gain on disposal of property, plant and equipment	16	16
Foreign exchange gain/(loss)	(385)	(385)
Gain/(loss) on derivatives	-	-
Exceptional items	-	-

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

	<b>As at 30.9.2012 RM'000</b>	<b>As at 30.06.2012 RM'000</b>
Total retained profits of Hovid and its subsidiaries:-		
Realised	25,710	20,925
Unrealised	(12,923)	(12,631)
Total	12,787	8,294
Consolidation adjustments	11,614	11,165
Total group retained earnings	24,401	19,459

Authorisation for issue

On 26 November 2012, the Board of Directors authorised this interim report for issue.

On behalf of the Board,

Goh Tian Hock

Ng Yuet Seam

Joint Secretaries