



Continuous Innovation & Quality

Hovid Bhd (Company no: 58476 A)

Condensed Consolidated Income Statements (unaudited)

For the Fourth Financial Quarter Ended 30 June 2013

	3 months ended		Year-to-date ended	
	30.6.2013 RM'000	30.6.2012 RM'000	30.6.2013 RM'000	30.6.2012 RM'000
<b>Revenue</b>	<b>40,615</b>	<b>47,857</b>	<b>172,551</b>	<b>164,808</b>
Other income/(expenses)	1,928	(4,896)	3,074	6,752
Operating expenses	(32,729)	(38,859)	(141,045)	(132,970)
<b>Profit from operations</b>	<b>9,814</b>	<b>4,102</b>	<b>34,580</b>	<b>38,590</b>
Depreciation & amortisation	(1,451)	(1,640)	(5,879)	(5,682)
Finance income	2	283	3	1,647
Finance costs	(448)	(365)	(2,375)	(3,193)
Share of loss of associate, net of tax	-	-	-	(9,106)
<b>Profit before tax</b>	<b>7,917</b>	<b>2,380</b>	<b>26,329</b>	<b>22,256</b>
Income tax expense	(1,745)	(2,319)	(5,699)	(6,498)
<b>Profit for the period/year</b>	<b>6,172</b>	<b>61</b>	<b>20,630</b>	<b>15,758</b>
<b>Attributable to:</b>				
Owners of the Company	6,077	240	20,324	15,682
Non-controlling interests	95	(179)	306	76
<b>Profit for the period/year</b>	<b>6,172</b>	<b>61</b>	<b>20,630</b>	<b>15,758</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>0.8</b>	<b>0.0</b>	<b>2.7</b>	<b>2.1</b>
- Diluted at nominal value of RM0.10 per share	<b>0.5</b>	<b>0.0</b>	<b>1.8</b>	<b>1.4</b>

The Condensed Consolidated Income Statements 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 Statements of Comprehensive Income (unaudited)**

**For the Fourth Financial Quarter Ended 30 June 2013**

	3 months ended		Year-to-date ended	
	30.6.2013 RM'000	30.6.2012 RM'000	30.6.2013 RM'000	30.6.2012 RM'000
<b>Profit for the period/year</b>	<b>6,172</b>	<b>61</b>	<b>20,630</b>	<b>15,758</b>
<b>Other comprehensive income/(loss):-</b>				
Foreign currency translation differences for foreign operations	(798)	(502)	(803)	(1,453)
Share of other comprehensive loss 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 reserve, net of deferred tax	22,704	-	22,704	-
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
	21,906	1,461	21,901	(1,414)
<b>Total comprehensive income for the period/year</b>	<b>28,078</b>	<b>1,522</b>	<b>42,531</b>	<b>14,344</b>
<b>Attributable to:</b>				
Owners of the Company	28,458	2,001	42,460	15,039
Non-controlling interests	(380)	(479)	71	(695)
<b>Total comprehensive income for the period/year</b>	<b>28,078</b>	<b>1,522</b>	<b>42,531</b>	<b>14,344</b>

The Condensed Consolidated Statements 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 Statements of Financial Position (Unaudited)**

**For the Fourth Financial Quarter Ended 30 June 2013**

	As at 30.6.2013 (Unaudited) RM'000	As at 30.06.2012 (Audited) RM'000
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant and equipment	110,785	91,054
Intangible assets	18,860	19,663
Investment properties	2,000	1,680
Deferred tax assets	180	186
	<b>131,825</b>	<b>112,583</b>
<b>Current Assets</b>		
Inventories	26,228	29,543
Trade receivables	30,113	33,133
Other receivables, deposits and prepayments	7,867	11,710
Cash and deposits	26,831	23,207
	<b>91,039</b>	<b>97,593</b>
<b>Total Assets</b>	<b>222,864</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	33,240	11,029
Retained earnings	47,021	19,459
	<b>156,559</b>	<b>106,786</b>
<b>Non-controlling interests</b>	4,830	4,485
<b>Total Equity</b>	<b>161,389</b>	<b>111,271</b>
<b>LIABILITIES</b>		
<b>Non-Current Liabilities</b>		
Deferred tax liabilities	11,817	11,514
Term loans	3,931	5,547
Finance lease liabilities	289	684
Provision for retirement benefit	1,584	1,385
Long-term advances	6,067	6,041
	<b>23,688</b>	<b>25,171</b>
<b>Current Liabilities</b>		
Trade payables	10,886	13,532
Other payables and accruals	16,058	20,495
Term loans	1,510	2,939
Short term borrowings	3,912	25,304
Bank overdrafts	1,922	7,533
Finance lease liabilities	489	1,168
Tax payable	3,010	2,763
	<b>37,787</b>	<b>73,734</b>
<b>Total Liabilities</b>	<b>61,475</b>	<b>98,905</b>
<b>Total Equity And Liabilities</b>	<b>222,864</b>	<b>210,176</b>
<b>Net Assets Per Share Attributable To Owners Of The Company (Sen)</b>	<b>20.54</b>	<b>14.01</b>

The Condensed Consolidated Statements 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.



Continuous Innovation & Quality

Hovid Bhd (Company no: 58476 A)

Condensed Consolidated Statements of Changes in Equity (unaudited)

For the Fourth Financial Quarter Ended 30 June 2013

	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		
<b>YEAR ENDED 30 JUNE 2013</b>							
<b>At 1 July 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>
Total comprehensive income for the year	-	-	22,136	20,324	42,460	71	42,531
Transactions with owners							
Realisation of warrant reserve upon expiry of warrants 2008/2013	-	-	(6,992)	6,992	-	-	-
Issue of warrants 2013/2018	-	-	7,621	-	7,621	-	7,621
Warrant issue expenses	-	-	(554)	-	(554)	-	(554)
Issuance of shares to non-controlling interests	-	-	-	-	-	520	520
Dilution of interest in a subsidiary	-	-	-	246	246	(246)	-
<b>At 30 June 2013</b>	<b>76,208</b>	<b>90</b>	<b>33,240</b>	<b>47,021</b>	<b>156,559</b>	<b>4,830</b>	<b>161,389</b>
<b>YEAR ENDED 30 JUNE 2012</b>							
<b>At 1 July 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>
Total comprehensive income/(loss) 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>

The Condensed Consolidated Statements 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 Statements of Cash Flows (unaudited)**

**For the Fourth Financial Quarter Ended 30 June 2013**

	Note	12 months ended	
		30.6.2013 RM'000	30.6.2012 RM'000
<b>Cash flows from operating activities</b>			
Profit before tax		26,329	22,256
<i>Adjustments for:</i>			
Amortisation of intangible assets		550	494
Allowance for slow moving inventories		(75)	-
Change in fair value of investment properties		(320)	(150)
Defined benefit plan expenses for a Director		199	186
Depreciation of property, plant and equipment		5,329	5,188
Gain on disposals of properties, plant and equipment		(60)	(30)
Gain on deemed disposal of an associate		-	(7,684)
Gain on distribution of dividend-in-specie		-	(952)
Impairment loss on available-for-sale investment		-	6,412
Impairment loss for goodwill		-	4,212
Impairment loss on receivables		83	306
Interest expense		2,375	3,193
Interest income		(3)	(1,647)
Inventories written down		-	183
Inventories written off		428	763
Product development expenditure written off		2,545	2,226
Property, plant and equipment written off		42	35
Reversal of impairment loss on investment in associate		-	(1,422)
Reversal of impairment loss on receivables		(718)	(4,397)
Unrealised loss on foreign exchange		121	152
Share of loss in an associate, net of tax		-	9,106
<b>Operating profit before changes in working capital</b>		<b>36,825</b>	<b>38,430</b>
Change in inventories		2,962	(6,801)
Change in receivables, deposits and prepayments		7,498	(3,546)
Change in payables and accruals		(8,115)	7,679
Bankers' acceptances		(21,392)	(2,091)
<b>Cash generated from operations</b>		<b>17,778</b>	<b>33,671</b>
Tax paid		(5,358)	(4,779)
<b>Net cash from operating activities</b>		<b>12,420</b>	<b>28,892</b>



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

**Condensed Consolidated Statements of Cash Flows (unaudited)**

**For the Fourth Financial Quarter Ended 30 June 2013**

	Note	12 months ended	
		30.6.2013 RM'000	30.6.2012 RM'000
<b>Cash flows from investing activities</b>			
Acquisition of property, plant and equipment		(3,230)	(7,691)
Repayment from an associate		-	516
Interest received		1	1,647
Proceeds from disposals of property, plant and equipment		117	89
Product development expenditure incurred		(2,292)	(2,435)
<b>Net cash used in investing activities</b>		<b>(5,404)</b>	<b>(7,874)</b>
<b>Cash flows from financing activities</b>			
Interest paid		(1,315)	(2,737)
(Placement)/withdrawal of pledged deposits with licensed banks		(1,028)	309
Repayments of finance lease liabilities		(1,179)	(2,216)
Repayments of term loans		(3,032)	(3,334)
Drawdown of term loans		62	-
Proceeds from issuance of warrants		7,621	-
Payment of warrants issue expenses		(554)	-
Proceeds from issuance of shares to non-controlling interests		520	-
<b>Net cash from/(used) in financing activities</b>		<b>1,095</b>	<b>(7,978)</b>
Change in cash and cash equivalents		8,111	13,040
Effect of exchange rates fluctuations on cash held		96	273
Cash and cash equivalents at beginning of the year		15,089	1,776
<b>Cash and cash equivalents at end of the year</b>	(I)	<b>23,296</b>	<b>15,089</b>

Note (I) Cash and cash equivalents comprises:

Deposits with licensed banks	1,613	585
Less: Pledged deposits with licensed banks	<u>(1,613)</u>	<u>(585)</u>
	-	-
Cash and bank balances	25,218	22,622
Bank overdraft	<u>(1,922)</u>	<u>(7,533)</u>
	<u><u>23,296</u></u>	<u><u>15,089</u></u>

The Condensed Consolidated Statements 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 Fourth Financial Quarter Ended 30 June 2013

Explanatory Notes as per MFRS 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 was 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 except for that disclosed in Note B6 on the "Status of corporate proposal and its proceeds utilisation".



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Quarterly financial report (unaudited)

For the Fourth Financial Quarter Ended 30 June 2013

Explanatory Notes as per MFRS 134, Interim Financial Reporting

**A7 Dividend paid**

No dividend was paid during the quarter under review.

**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	
	30.6.2013 RM'000	30.6.2012 RM'000	30.6.2013 RM'000	30.6.2012 RM'000
<b>Revenue</b>				
Hovid Segment	40,615	47,857	172,551	164,808
Carotech Segment	-	-	-	-
Group revenue	40,615	47,857	172,551	164,808
<b>Profit before tax and non-recurring items</b>				
Hovid Segment	7,917	8,638	26,329	27,562
Carotech Segment (a)	-	-	-	(9,106)
Group profit before tax	7,917	8,638	26,329	18,456
<b>Non-recurring items</b>				
Hovid Segment				
<i>Impairment of goodwill in a subsidiary</i>	-	(4,212)	-	(4,212)
<i>Gain on distribution of dividend-in-specie</i>	-	-	-	952
Carotech Segment (b)				
<i>Gain on disposal of investment in Carotech</i>	-	-	-	7,684
<i>Impairment loss for investment in Carotech</i>	-	(6,412)	-	(4,990)
<i>Reversal of impairment loss on amount owing by Carotech</i>	-	4,366	-	4,366
Total non-recurring items	-	(6,258)	-	3,800
<b>Profit before tax and after non-recurring items</b>				
Hovid Segment	7,917	4,426	26,329	24,302
Carotech Segment (a+b)	-	(2,046)	-	(2,046)
Group profit before tax and after non-recurring items	7,917	2,380	26,329	22,256
<b>Profit after tax and non-recurring items</b>				
Hovid Segment	6,172	2,107	20,630	17,804
Carotech Segment	-	(2,046)	-	(2,046)
Net profit after tax and non-recurring items	6,172	61	20,630	15,758





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**For the Fourth Financial Quarter Ended 30 June 2013**

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

**A9 Valuation of property, plant and equipment**

During the quarter under review, the Group's land and buildings were revalued based on valuation performed by independent professional valuers using the Assets Depreciated Replacement Cost and Comparison Method and by comparing with current prices in an active market for similar properties in the same location and condition determined by the Company's directors.

**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.

**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.

**A13 Significant related parties transactions**

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

	3 months ended		Year-to-date ended	
	30.6.2013 RM'000	30.6.2012 RM'000	30.6.2013 RM'000	30.6.2012 RM'000
<b>Carotech Group</b>				
Sales	3	3	59	91
Interest income	-	276	-	1,638
Reallocation of common cost	47	82	179	415
Purchases	(7)	(3,323)	(724)	(4,887)
Steam service income/(expenses)	314	(90)	66	(360)

**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>Property, plant and equipment</b>	
Authorised and contracted	515
Authorised but not contracted	37,370
<b>Total capital commitments</b>	37,885

B1 Review of performance

	3 months ended		Year-to-date ended	
	30.6.2013 RM'000	30.6.2012 RM'000	30.6.2013 RM'000	30.6.2012 RM'000
<b>Revenue</b>				
Hovid Segment	40,615	47,857	172,551	164,808
Carotech Segment	-	-	-	-
Group revenue	40,615	47,857	172,551	164,808
<b>Profit before tax and non-recurring items</b>				
Hovid Segment	7,917	8,638	26,329	27,562
Carotech Segment	-	-	-	-
- Share of loss in an associate, net of tax	-	-	-	(9,106)
Group profit before tax and non-recurring items	7,917	8,638	26,329	18,456
<b>Non-recurring items</b>				
Hovid Segment				
<i>Impairment of goodwill in a subsidiary</i>	-	(4,212)	-	(4,212)
<i>Gain on distribution of dividend-in-specie</i>	-	-	-	952
Carotech Segment				
<i>Gain on disposal of investment in Carotech</i>	-	-	-	7,684
<i>Impairment loss for investment in Carotech</i>	-	(6,412)	-	(4,990)
<i>Reversal of impairment loss on amount owing by Carotech</i>	-	4,366	-	4,366
Total non-recurring items	-	(6,258)	-	3,800
<b>Profit before tax and after non-recurring items</b>				
Hovid Segment	7,917	4,426	26,329	24,302
Carotech Segment	-	(2,046)	-	(2,046)
Group profit before tax and after non-recurring items	7,917	2,380	26,329	22,256
<b>Profit after tax and non-recurring items</b>				
Hovid Segment	6,172	2,107	20,630	17,804
Carotech Segment	-	(2,046)	-	(2,046)
Net profit after tax and non-recurring items	6,172	61	20,630	15,758



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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 which arose solely from Hovid segment, amounted to RM40.6 million was 15.1% lower as compared to the corresponding quarter last year of RM47.9 million mainly due to a different sales of mix of products.

###### Non-recurring items

The result of the Group for the corresponding quarter last year was affected by non-recurring items amounting to RM6.3 million, details of which 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 RM7.9 million for the current quarter, a decrease of 8.3% or RM0.7 million as compared to the corresponding quarter last year of RM8.6 million. The poorer result was mainly due to lower sales during the current quarter.

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

After accounting for non-recurring items, the group's pre-tax profit amounted to RM7.9 million, an increase of 232.6% or RM5.5 million as compared to the corresponding quarter last year of RM2.4 million. Hovid segment pre-tax profit after accounting for non-recurring items was RM7.9 million, an increase of 78.9% or RM3.5 million as compared to the corresponding quarter last year of RM4.4 million. While Carotech segment incurred a loss before tax of RM2.0 million for the previous year's corresponding quarter.

##### Year-to-date

###### Revenue

The Group's revenue amounted to RM172.6 million was 4.7% higher as compared to the previous financial year of RM164.8 million mainly due to increased demand.

###### Non-recurring items

The result of the Group for the previous financial year was affected by the non-recurring items totalling RM3.8 million, details of which have been listed above.

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

Before taking into account the non-recurring items, the Group recorded a pre-tax profit of RM26.3 million for the current financial year as compared to RM18.4 million for last year, an increase of 42.7%. Hovid segment recorded a pre-tax profit of RM26.3 million for the current year, a decrease of 4.5% as compared to previous year of RM27.6 million. The poorer result was mainly due to increase in staff costs arising from the implementation of minimum wages, operational expenses and promotional discounts given.

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 in the previous financial year.

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

After accounting for the non-recurring items, the Group pre-tax profit was RM26.3 million for the current year, an increase of 18.3% as compared to previous financial year of RM22.3 million. Hovid segment pre-tax profit was RM26.3 million for the current financial year, an increase of 8.3% as compared to previous year of RM24.3 million. Hovid segment result of the previous financial year was dragged down by the non-recurring items totalling RM3.3 million.

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

## B2 Results comparison with preceding quarter

	Quarter ended	
	30.6.2013 RM'000	31.3.2013 RM'000
<b>Revenue</b>		
Hovid Segment	40,615	45,925
Carotech Segment	-	-
Group	40,615	45,925
<b>Profit before tax</b>		
Hovid Segment	7,917	6,654
Carotech Segment	-	-
Group	7,917	6,654

The Group's revenue which arose solely from Hovid segment amounted to RM40.6 million during the reporting quarter as compared to RM45.9 million for the preceding quarter, representing a decrease of 11.6%. The lower sales was due to sales mix of products.

The Group PBT for the current quarter was RM7.9 million, an increase of 19.0% in comparison to the preceding quarter of RM6.7 million. The improved result was due to a better sales mix of high margin products.

## 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	
	30.6.2013 RM'000	30.6.2012 RM'000	30.6.2013 RM'000	30.6.2012 RM'000
Income tax expense	1,495	1,532	5,593	5,984
Deferred taxation	250	787	106	514
Based on the results for the period/year	1,745	2,319	5,699	6,498

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

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## B6 Status of corporate proposal and its proceeds utilisation

### Corporate proposal

On 10 June 2013, the Board announced that the Rights Issue of Warrants on the basis of one Warrant for every two existing ordinary share of RM0.10 each held in the Company, at the issue price of RM0.02 for each Warrant, has been completed with the listing of 381,040,000 Warrants pursuant to the Rights Issue of Warrants on the Main Market of Bursa Malaysia Securities Berhad.

There are no other corporate proposals announced but not completed for the quarter under review.

### Utilisation of proceeds

The gross proceeds raised by the Company under the renounceable Rights Issue of 381,040,000 Warrants amounted to RM7,620,800. The status of the utilisation of the proceeds on 30 August 2013 is as follows:-

Purpose	Proposed utilisation RM'000	Actual utilisation RM'000	Intended timeframe for utilisation	Balance to be Utilised	
				RM'000	%
Working capital - payment for raw materials	7,071	7,057	By 9 Dec 2013	-	0%
Warrants issue expenses	550	564	By 9 July 2013	-	0%
	7,621	7,621		-	0%

The portion for working capital has been partially used. The remaining portion is expected to be used within the next quarter.

## B7 Borrowings and debt securities

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

	Current RM'000	Non-current RM'000	Total RM'000
Secured	7,778	4,198	11,976
Unsecured	55	22	77
<b>Total</b>	<b>7,833</b>	<b>4,220</b>	<b>12,053</b>

The bank borrowings denominated in foreign currencies in RM equivalent are as follows:-

	RM'000
Philippines Peso	290
Colombian Peso	78
Indian Rupees	<u>1,542</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 current quarter under review.

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## 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/year. 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/year have been adjusted for the dilutive effects of all potential ordinary shares, ie, warrants in issue.

	3 months ended		Year-to-date ended	
	30.6.2013	30.6.2012	30.6.2013	30.6.2012
Net profit attributable to shareholders	RM'000 6,077	RM'000 240	RM'000 20,324	RM'000 15,682
Number of ordinary shares				
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 per share</u>				
Earning per share at nominal value of RM0.10 per share:-	Sen	Sen	Sen	Sen
Basic	0.8	0.0	2.7	2.1
Diluted	0.5	0.0	1.8	1.4

## B11 Profit for the period/year

Included in the profit for the period/year are:-

	Current quarter RM'000	Year-to-date RM'000
Finance income	2	3
Other income	417	963
Finance cost	(448)	(2,375)
Depreciation and amortisation	(1,451)	(5,879)
Impairment loss on receivables	(46)	(83)
Impairment loss on receivables written back	696	718
Gain on disposal of property, plant and equipment	14	60
Inventories written off	(152)	(428)
Allowance for slow moving inventories	75	75
Foreign exchange gain/(loss)	802	1,334
Gain/(loss) on derivatives	-	-
Exceptional items	-	-



Continuous Innovation & Quality

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

	As at 30.6.2013 RM'000	As at 30.06.2012 RM'000
Total retained profits of Hovid and its subsidiaries:-		
Realised	49,163	20,925
Unrealised	(13,247)	(12,631)
Total	35,916	8,294
Consolidation adjustments	11,105	11,165
Total group retained earnings	47,021	19,459

**B13 Review by External Auditors**

The condensed consolidated interim financial statements have been reviewed by the Company's external auditors in accordance with the International Standard on Review Engagements 2410, "*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*", as directed by Bursa as per its letter dated 4 February 2013.

Authorisation for issue

On 30 August 2013, the Board of Directors authorised this interim report for issue.

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