



Continuous Innovation & Quality

Hovid Bhd (Company no: 58476 A)

Condensed Consolidated Statements of Profit or Loss (unaudited)

For the First Financial Quarter Ended 30 September 2013

| | 3 months ended | | Year-to-date ended | |
|---|---------------------|---------------------|---------------------|---------------------|
| | 30.9.2013 RM'000 | 30.9.2012 RM'000 | 30.9.2013 RM'000 | 30.9.2012 RM'000 |
| Revenue | 40,432 | 42,841 | 40,432 | 42,841 |
| Other income/(expenses) | 584 | (276) | 584 | (276) |
| Operating expenses | (33,179) | (34,095) | (33,179) | (34,095) |
| Profit from operations | 7,837 | 8,470 | 7,837 | 8,470 |
| Depreciation & amortisation | (1,405) | (1,452) | (1,405) | (1,452) |
| Finance income | - | 28 | - | 28 |
| Finance costs | (362) | (617) | (362) | (617) |
| Profit before tax | 6,070 | 6,429 | 6,070 | 6,429 |
| Income tax expense | (1,315) | (1,398) | (1,315) | (1,398) |
| Profit for the period | 4,755 | 5,031 | 4,755 | 5,031 |
| Attributable to: | | | | |
| Owners of the Company | 4,579 | 4,942 | 4,579 | 4,942 |
| Non-controlling interests | 176 | 89 | 176 | 89 |
| Profit for the period | 4,755 | 5,031 | 4,755 | 5,031 |
| Earning per share attributable to owners of the Company (sen) (Note B10) | | | | |
| - Basic at nominal value of RM0.10 per share | 0.60 | 0.65 | 0.60 | 0.65 |
| - Diluted at nominal value of RM0.10 per share | 0.40 | 0.43 | 0.40 | 0.43 |

The Condensed Consolidated Income Statements should be read in conjunction with the audited financial statements for the year ended 30 June 2013 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 First Financial Quarter Ended 30 September 2013

| | 3 months ended | | Year-to-date ended | |
|---|---------------------|---------------------|---------------------|---------------------|
| | 30.9.2013 RM'000 | 30.9.2012 RM'000 | 30.9.2013 RM'000 | 30.9.2012 RM'000 |
| Profit for the period | 4,755 | 5,031 | 4,755 | 5,031 |
| Other comprehensive income:- | | | | |
| Foreign currency translation differences for foreign operations | 180 | 82 | 180 | 82 |
| | 180 | 82 | 180 | 82 |
| Total comprehensive income for the period | 4,935 | 5,113 | 4,935 | 5,113 |
| Attributable to: | | | | |
| Owners of the Company | 4,820 | 4,811 | 4,820 | 4,811 |
| Non-controlling interests | 115 | 302 | 115 | 302 |
| Total comprehensive income for the period | 4,935 | 5,113 | 4,935 | 5,113 |
| | | | | |

The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 30 June 2013 and the accompanying explanatory notes attached to the interim financial statements.



Continuous Innovation & Quality

Hovid Bhd (Company no: 58476 A)

Condensed Consolidated Statements of Financial Position (Unaudited)

For the First Financial Quarter Ended 30 September 2013

| | As at 30.9.2013 (Unaudited) RM'000 | As at 30.6.2013 (Audited) RM'000 |
|---|---|---|
| ASSETS | | |
| Non-Current Assets | | |
| Property, plant and equipment | 111,441 | 111,555 |
| Intangible assets | 19,583 | 18,860 |
| Investment properties | 2,000 | 2,000 |
| Available-for-sale investment | - | - |
| Deferred tax assets | 458 | 451 |
| | 133,482 | 132,866 |
| Current Assets | | |
| Inventories | 30,711 | 26,337 |
| Trade receivables | 32,415 | 29,907 |
| Other receivables, deposits and prepayments | 12,973 | 7,765 |
| Cash and deposits | 27,534 | 26,805 |
| | 103,633 | 90,814 |
| Total Assets | 237,115 | 223,680 |
| EQUITY | | |
| Equity Attributable to Owners of the Company | | |
| Share capital | 76,208 | 76,208 |
| Share premium | 90 | 90 |
| Revaluation and other reserves | 32,226 | 31,995 |
| Retained earnings | 51,615 | 47,036 |
| | 160,139 | 155,329 |
| Non-controlling interests | 4,795 | 4,680 |
| Total Equity | 164,934 | 160,009 |
| LIABILITIES | | |
| Non-Current Liabilities | | |
| Deferred tax liabilities | 13,945 | 13,998 |
| Term loans | 2,604 | 3,926 |
| Finance lease liabilities | 240 | 289 |
| Provision for retirement benefit | 1,634 | 1,584 |
| Long-term advances | 5,970 | 6,067 |
| | 24,393 | 25,864 |
| Current Liabilities | | |
| Trade payables | 14,824 | 11,687 |
| Other payables and accruals | 14,706 | 15,718 |
| Term loans | 2,430 | 1,510 |
| Short term borrowings | 10,298 | 3,911 |
| Bank overdrafts | 2,093 | 2,067 |
| Finance lease liabilities | 392 | 490 |
| Tax payable | 3,045 | 2,424 |
| | 47,788 | 37,807 |
| Total Liabilities | 72,181 | 63,671 |
| Total Equity And Liabilities | 237,115 | 223,680 |
| Net Assets Per Share Attributable To Owners Of The Company (Sen) | 21.01 | 20.38 |

The Condensed Consolidated Statements of Financial Position should be read in conjunction with the audited financial statements for the year ended 30 June 2013 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 Ended 30 September 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 | RM'000 |
| PERIOD ENDED 30 SEPTEMBER 2013 | | | | | | | |
| At 1 July 2013 | 76,208 | 90 | 31,995 | 47,036 | 155,329 | 4,680 | 160,009 |
| Total comprehensive income/(loss) for the period | - | - | 241 | 4,579 | 4,820 | 115 | 4,935 |
| Transactions with owners Warrant issue expenses | - | - | (10) | - | (10) | - | (10) |
| At 30 September 2013 | 76,208 | 90 | 32,226 | 51,615 | 160,139 | 4,795 | 164,934 |
| PERIOD ENDED 30 SEPTEMBER 2012 | | | | | | | |
| At 1 July 2012 | 76,208 | 90 | 11,029 | 19,459 | 106,786 | 4,485 | 111,271 |
| Total comprehensive income/(loss) 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 |

The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 30 June 2013 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 First Financial Quarter Ended 30 September 2013

| | Note | 3 months ended | |
|---|------|---------------------|---------------------|
| | | 30.9.2013 RM'000 | 30.9.2012 RM'000 |
| Cash flows from operating activities | | | |
| Profit before tax | | 6,070 | 6,429 |
| <i>Adjustments for:</i> | | | |
| Amortisation of intangible assets | | 142 | 126 |
| Bad debts written off | | 13 | - |
| Defined benefit plan expenses for a Director | | 50 | 50 |
| Depreciation of property, plant and equipment | | 1,263 | 1,324 |
| Gain on disposals of properties, plant and equipment | | (4) | (16) |
| Impairment loss on receivables | | 16 | 4 |
| Interest expense | | 362 | 617 |
| Interest income | | - | (28) |
| Inventories written off | | 121 | - |
| Product development expenditure written off | | 200 | 1,050 |
| Property, plant and equipment written off | | 6 | 1 |
| Reversal of impairment loss on receivables | | (43) | (3) |
| Unrealised loss/(gain) on foreign exchange | | 42 | (53) |
| Operating profit before changes in working capital | | 8,238 | 9,501 |
| Change in inventories | | (4,495) | (1,948) |
| Change in receivables, deposits and prepayments | | (7,702) | (1,475) |
| Change in payables and accruals | | 2,961 | 1,374 |
| Bankers' acceptances | | 6,387 | (590) |
| Cash generated from operations | | 5,389 | 6,862 |
| Tax paid | | (728) | (1,675) |
| Net cash from operating activities | | 4,661 | 5,187 |
| Cash flows from investing activities | | | |
| Acquisition of property, plant and equipment | | (1,473) | (983) |
| Interest received | | - | 28 |
| Proceeds from disposals of property, plant and equipment | | 7 | 50 |
| Product development expenditure incurred | | (1,065) | (1,156) |
| Net cash used in investing activities | | (2,531) | (2,061) |



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Hovid Bhd (Company no: 58476 A)

Condensed Consolidated Statements of Cash Flows (unaudited)

For the First Financial Quarter Ended 30 September 2013

| | Note | 3 months ended | |
|---|------|---------------------|---------------------|
| | | 30.9.2013 RM'000 | 30.9.2012 RM'000 |
| Cash flows from financing activities | | | |
| Interest paid | | (939) | (209) |
| Placement of pledged deposits with licensed banks | | (42) | (21) |
| Repayments of finance lease liabilities | | (146) | (461) |
| Repayments of term loans | | (406) | (746) |
| Payment of warrants issue expenses | | (10) | - |
| Net cash in financing activities | | (1,543) | (1,437) |
| Change in cash and cash equivalents | | 587 | 1,689 |
| Effect of exchange rates fluctuations on cash held | | 74 | (42) |
| Cash and cash equivalents at beginning of the period | | 23,139 | 15,089 |
| Cash and cash equivalents at end of the period | (I) | 23,800 | 16,736 |

Note (I) Cash and cash equivalents comprises:

| | | |
|--|---------------|---------------|
| Deposits with licensed banks | 1,641 | 607 |
| Less: Pledged deposits with licensed banks | (1,641) | (607) |
| | - | - |
| Cash and bank balances | 25,893 | 23,483 |
| Bank overdraft | (2,093) | (6,747) |
| | <u>23,800</u> | <u>16,736</u> |

The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the audited financial statements for the year ended 30 June 2013 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 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 condensed interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 June 2013. The explanatory notes attached to the condensed 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 2013.

A2 Changes in accounting policies

During the period, the Group adopted all new and revised MFRSs and IC Interpretations ("IC Int.") and amendments to MFRSs and IC Int. issued that are relevant to the Group's operations and effective for accounting periods beginning on or after 1 July 2013. The adoption of these new and revised MFRSs and IC Int. have not resulted in material change to the Group's accounting policies.

Standards and IC Interpretations ("IC Int.") in issue but not yet effective

The Group has not elected for early adoption of the relevant new and revised MFRSs and IC Int. and amendments to MFRSs and IC Int. which have been issued but not yet effective at the date of authorisation for issue of these financial statements. The directors anticipate that the adoption of these Standards and IC Int. when they become effective will have no material impact on the financial statements of the Group in the period of initial recognition.

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.

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 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.



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For the First Financial Quarter Ended 30 September 2013

Explanatory Notes as per MFRS 134, Interim Financial Reporting

A8 Dividend paid

No dividend was paid during the quarter under review.

A9 Segment information

The Group is principally confined to the manufacturing and sale of pharmaceutical and herbal products. Operating segment information has therefore not been prepared as the Group's revenue and operating profit before tax are mainly confined to one operating segment.

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 2013, to the date of this report.

A14 Significant related parties transactions

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

| | 3 months ended | | Year-to-date ended | |
|---------------------------------|---------------------|---------------------|---------------------|---------------------|
| | 30.9.2013 RM'000 | 30.9.2012 RM'000 | 30.9.2013 RM'000 | 30.9.2012 RM'000 |
| Carotech Group | | | | |
| Sales | 1 | 9 | 1 | 9 |
| Reallocation of common cost | 46 | 77 | 46 | 77 |
| Purchases | - | (706) | - | (706) |
| Steam service income/(expenses) | (24) | (90) | (24) | (90) |

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 |
|--------------------------------------|--------|
| Property, plant and equipment | |
| Authorised and contracted | 570 |
| Authorised but not contracted | 37,274 |
| Total capital commitments | 37,844 |
| | |

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Quarterly financial report (unaudited)

For the First Financial Quarter Ended 30 September 2013

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

B1 Review of performance

The Group recorded a revenue of RM40.4 million during the current quarter, which represents a 5.6% decrease as compared to the preceding year corresponding quarter's revenue of RM42.8 million. Profit before tax has decreased by 5.6% from RM6.4 million in the preceding year corresponding quarter to RM6.1 million in the current quarter, attributed mainly to the lower sales arising from sales mix of products.

B2 Results comparison with preceding quarter

| | Quarter ended | |
|-------------------|---------------------|---------------------|
| | 30.9.2013 RM'000 | 30.6.2013 RM'000 |
| Revenue | 40,432 | 40,574 |
| Profit before tax | 6,070 | 7,357 |

The Group recorded a revenue of RM40.4 million during the current quarter, which represents a 0.3% decrease as compared to the preceding quarter's revenue of RM40.6 million. Profit before tax has decreased by 17.5% from RM7.4 million in the preceding quarter to RM6.1 million in the current quarter, attributed by the lower gross profit margin arising from sales mix of products; decreased in other income amounting to RM1.2 million arising from reversal of impairment loss on receivables, realised foreign exchange differences and revaluation surplus on investment properties; cushioned by the reduced operating overheads.

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 | |
|-------------------------------------|---------------------|---------------------|---------------------|---------------------|
| | 30.9.2013 RM'000 | 30.9.2012 RM'000 | 30.9.2013 RM'000 | 30.9.2012 RM'000 |
| Income tax expense | 1,339 | 1,449 | 1,339 | 1,449 |
| Deferred taxation | (24) | (51) | (24) | (51) |
| Based on the results for the period | 1,315 | 1,398 | 1,315 | 1,398 |

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

B6 Status of corporate proposal and its proceeds utilisation

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

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Quarterly financial report (unaudited)

For the First Financial Quarter Ended 30 September 2013

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

B7 Borrowings and debt securities

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

| | Current RM'000 | Non-current RM'000 | Total RM'000 |
|--------------|-------------------|-----------------------|-----------------|
| Secured | 15,182 | 2,829 | 18,011 |
| Unsecured | 31 | 15 | 46 |
| Total | 15,213 | 2,844 | 18,057 |

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

| | |
|------------------|--------------|
| | RM'000 |
| Philippines Peso | 272 |
| Colombian Peso | 46 |
| Indian Rupees | <u>1,600</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

An interim dividend of 1.3 sen per Ordinary share less 25% tax in respect of the financial year ended 30 June 2013, payable on 20 November 2013, has been declared by the Directors.

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 | |
|--|----------------|-----------|--------------------|-----------|
| | 30.9.2013 | 30.9.2012 | 30.9.2013 | 30.9.2012 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Net profit attributable to shareholders | 4,579 | 4,942 | 4,579 | 4,942 |
| <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) | 1,143,120 | 1,143,120 | 1,143,120 | 1,143,120 |
| <u>Earning per share</u> | | | | |
| | Sen | Sen | Sen | Sen |
| Earning per share at nominal value of RM0.10 per share:- | | | | |
| Basic | 0.60 | 0.65 | 0.60 | 0.65 |
| Diluted | 0.40 | 0.43 | 0.40 | 0.43 |

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For the First Financial Quarter Ended 30 September 2013

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:-

| | Current quarter RM'000 | Year-to- date RM'000 |
|---|------------------------------|----------------------------|
| Other income | 257 | 257 |
| Finance cost | (362) | (362) |
| Depreciation and amortisation | (1,405) | (1,405) |
| Reversal of impairment loss on receivables | (16) | (16) |
| Impairment loss on receivables written back | 43 | 43 |
| Gain on disposal of property, plant and equipment | 4 | 4 |
| Inventories written off | (121) | (121) |
| Foreign exchange gain | 281 | 281 |
| Gain/(loss) on derivatives | - | - |
| Exceptional items | - | - |

B12 Realised and unrealised profits and losses disclosure

| | As at 30.9.2013 RM'000 | As at 30.6.2013 RM'000 |
|--|------------------------------|------------------------------|
| Total retained profits of Hovid and its subsidiaries:- | | |
| Realised | 55,737 | 50,840 |
| Unrealised | (15,096) | (15,070) |
| Total | 40,641 | 35,770 |
| Consolidation adjustments | 10,974 | 11,266 |
| Total group retained earnings | 51,615 | 47,036 |

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 25 November 2013, the Board of Directors authorised this interim report for issue.

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