



Continuous Innovation & Quality

Hovid Bhd (Company no: 58476 A)

**Condensed Consolidated Statements of Profit or Loss (unaudited)  
For the Second Financial Quarter Ended 31 December 2013**

	3 months ended		Year-to-date ended	
	31.12.2013 RM'000	31.12.2012 RM'000	31.12.2013 RM'000	31.12.2012 RM'000
<b>Revenue</b>	<b>44,411</b>	<b>43,170</b>	<b>84,843</b>	<b>86,011</b>
Other income	1,040	720	1,624	444
Operating expenses	(39,075)	(36,299)	(72,254)	(70,394)
<b>Profit from operations</b>	<b>6,376</b>	<b>7,591</b>	<b>14,213</b>	<b>16,061</b>
Depreciation & amortisation	(1,544)	(1,486)	(2,949)	(2,938)
Finance costs	(367)	(776)	(729)	(1,365)
<b>Profit before tax</b>	<b>4,465</b>	<b>5,329</b>	<b>10,535</b>	<b>11,758</b>
Income tax expense	(750)	(1,030)	(2,065)	(2,428)
<b>Profit for the period</b>	<b>3,715</b>	<b>4,299</b>	<b>8,470</b>	<b>9,330</b>
<b>Attributable to:</b>				
Owners of the Company	3,653	4,207	8,232	9,149
Non-controlling interests	62	92	238	181
<b>Profit for the period</b>	<b>3,715</b>	<b>4,299</b>	<b>8,470</b>	<b>9,330</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>0.48</b>	<b>0.55</b>	<b>1.08</b>	<b>1.20</b>
- Diluted at nominal value of RM0.10 per share	<b>0.32</b>	<b>0.37</b>	<b>0.72</b>	<b>0.80</b>

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.



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

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

**For the Second Financial Quarter Ended 31 December 2013**

	3 months ended		Year-to-date ended	
	31.12.2013 RM'000	31.12.2012 RM'000	31.12.2013 RM'000	31.12.2012 RM'000
<b>Profit for the period</b>	<b>3,715</b>	<b>4,299</b>	<b>8,470</b>	<b>9,330</b>
<b>Other comprehensive income:-</b>				
Foreign currency translation differences for foreign operations	1,220	(125)	1,400	(43)
	1,220	(125)	1,400	(43)
<b>Total comprehensive income for the period</b>	<b>4,935</b>	<b>4,174</b>	<b>9,870</b>	<b>9,287</b>
<b>Attributable to:</b>				
Owners of the Company	4,564	4,164	9,384	8,975
Non-controlling interests	371	10	486	312
<b>Total comprehensive income for the period</b>	<b>4,935</b>	<b>4,174</b>	<b>9,870</b>	<b>9,287</b>

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.



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**Hovid Bhd (Company no: 58476 A)**  
**Condensed Consolidated Statements of Financial Position (Unaudited)**  
**For the Second Financial Quarter Ended 31 December 2013**

	As at 31.12.2013 (Unaudited) RM'000	As at 30.6.2013 (Audited) RM'000
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant and equipment	114,046	111,555
Intangible assets	19,264	18,860
Investment properties	2,000	2,000
Available-for-sale investment	-	-
Deferred tax assets	483	451
	<b>135,793</b>	<b>132,866</b>
<b>Current Assets</b>		
Inventories	29,752	26,337
Trade receivables	35,035	29,907
Other receivables, deposits and prepayments	10,629	7,765
Cash and deposits	16,499	26,805
	<b>91,915</b>	<b>90,814</b>
<b>Total Assets</b>	<b>227,708</b>	<b>223,680</b>
<b>EQUITY</b>		
<b>Equity Attributable to Owners of the Company</b>		
Share capital	76,230	76,208
Share premium	112	90
Revaluation and other reserves	33,132	31,995
Retained earnings	47,838	47,036
	<b>157,312</b>	<b>155,329</b>
<b>Non-controlling interests</b>	<b>5,166</b>	<b>4,680</b>
<b>Total Equity</b>	<b>162,478</b>	<b>160,009</b>
<b>LIABILITIES</b>		
<b>Non-Current Liabilities</b>		
Deferred tax liabilities	14,028	13,998
Term loans	2,386	3,926
Finance lease liabilities	210	289
Provision for retirement benefit	1,684	1,584
Long-term advances	6,443	6,067
	<b>24,751</b>	<b>25,864</b>
<b>Current Liabilities</b>		
Trade payables	11,984	11,687
Other payables and accruals	13,236	15,718
Term loans	1,954	1,510
Short term borrowings	7,618	3,911
Bank overdrafts	1,969	2,067
Finance lease liabilities	279	490
Tax payable	3,439	2,424
	<b>40,479</b>	<b>37,807</b>
<b>Total Liabilities</b>	<b>65,230</b>	<b>63,671</b>
<b>Total Equity And Liabilities</b>	<b>227,708</b>	<b>223,680</b>
<b>Net Assets Per Share Attributable To Owners Of The Company (Sen)</b>	<b>20.64</b>	<b>20.38</b>

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 Second Financial Quarter Ended 31 December 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			
<b>PERIOD ENDED 31 DECEMBER 2013</b>							
<b>At 1 July 2013</b>	<b>76,208</b>	<b>90</b>	<b>31,995</b>	<b>47,036</b>	<b>155,329</b>	<b>4,680</b>	<b>160,009</b>
Total comprehensive income for the period	-	-	1,152	8,232	9,384	486	<b>9,870</b>
Transactions with owners							
Warrant issue expenses	-	-	(11)	-	(11)	-	<b>(11)</b>
Conversion of Warrants	22	22	(4)	-	40	-	<b>40</b>
Interim dividend	-	-	-	(7,430)	(7,430)	-	<b>(7,430)</b>
<b>At 31 December 2013</b>	<b>76,230</b>	<b>112</b>	<b>33,132</b>	<b>47,838</b>	<b>157,312</b>	<b>5,166</b>	<b>162,478</b>
<b>PERIOD ENDED 31 DECEMBER 2012</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/(loss) for the period	-	-	(174)	9,149	8,975	312	<b>9,287</b>
Transactions with owners							
Warrant issue expenses	-	-	(137)	-	(137)	-	<b>(137)</b>
Issuance of shares to non-controlling interests	-	-	-	-	-	521	<b>521</b>
Dilution of interest in a subsidiary	-	-	-	247	247	(247)	<b>-</b>
<b>At 31 December 2012</b>	<b>76,208</b>	<b>90</b>	<b>10,718</b>	<b>28,855</b>	<b>115,871</b>	<b>5,071</b>	<b>120,942</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 2013 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 Cash Flows (unaudited)**

**For the Second Financial Quarter Ended 31 December 2013**

	Note	6 months ended	
		31.12.2013 RM'000	31.12.2012 RM'000
<b>Cash flows from operating activities</b>			
Profit before tax		10,535	11,758
<i>Adjustments for:</i>			
Amortisation of intangible assets		289	260
Bad debts written off		13	-
Defined benefit plan expenses for a Director		100	100
Depreciation of property, plant and equipment		2,660	2,678
Gain on disposals of properties, plant and equipment		(4)	(47)
Impairment loss on receivables		52	19
Interest expense		729	1,365
Inventories written off		199	-
Product development expenditure impaired		900	1,600
Property, plant and equipment written off		7	20
Reversal of impairment loss on receivables		(55)	(10)
Unrealised loss/(gain) on foreign exchange		(264)	100
<b>Operating profit before changes in working capital</b>		<b>15,161</b>	<b>17,843</b>
Change in inventories		(3,614)	1,029
Change in receivables, deposits and prepayments		(8,002)	1,247
Change in payables and accruals		(1,146)	(2,117)
Bankers' acceptances		3,707	(12,533)
<b>Cash generated from operations</b>		<b>6,106</b>	<b>5,469</b>
Tax paid		(1,601)	(2,728)
<b>Net cash from operating activities</b>		<b>4,505</b>	<b>2,741</b>
<b>Cash flows from investing activities</b>			
Acquisition of property, plant and equipment		(3,605)	(1,656)
Proceeds from disposals of property, plant and equipment		11	91
Product development expenditure incurred		(1,593)	(1,634)
<b>Net cash used in investing activities</b>		<b>(5,187)</b>	<b>(3,199)</b>



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

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

**For the Second Financial Quarter Ended 31 December 2013**

	Note	6 months ended	
		31.12.2013 RM'000	31.12.2012 RM'000
<b>Cash flows from financing activities</b>			
Interest paid		(760)	(514)
Placement of pledged deposits with licensed banks		(53)	(33)
Repayments of finance lease liabilities		(290)	(880)
Repayments of term loans		(1,116)	(1,450)
Payment of warrants issue expenses		(11)	(137)
Proceeds from issuance of shares to non-controlling interests		-	521
Interim dividend paid		(7,430)	-
Proceeds from Warrants conversion		40	-
<b>Net cash in financing activities</b>		<b>(9,620)</b>	<b>(2,493)</b>
Change in cash and cash equivalents		(10,302)	(2,951)
Effect of exchange rates fluctuations on cash held		41	7
Cash and cash equivalents at beginning of the period		23,139	15,089
<b>Cash and cash equivalents at end of the period</b>	(I)	<b>12,878</b>	<b>12,145</b>

Note (I) Cash and cash equivalents comprises:

Deposits with licensed banks	1,652	618
Less: Pledged deposits with licensed banks	<u>(1,652)</u>	<u>(618)</u>
	-	-
Cash and bank balances	14,847	13,791
Bank overdraft	<u>(1,969)</u>	<u>(1,646)</u>
	<u>12,878</u>	<u>12,145</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 Second Financial Quarter Ended 31 December 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**

During the current quarter, the Company issued 219,300 ordinary shares of RM0.10 each for cash arising from the conversion of Warrants at an exercise price of RM0.18 per ordinary share.

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 other than as disclosed above.



**Continuous Innovation & Quality**

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

**Quarterly financial report (unaudited)**

**For the Second Financial Quarter Ended 31 December 2013**

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

**A8 Dividend paid**

Interim dividend of 1.3 sen per ordinary share less 25% tax in respect of the financial year ended 30 June 2013 was paid on 20 November 2013.

No other 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	
	31.12.2013 RM'000	31.12.2012 RM'000	31.12.2013 RM'000	31.12.2012 RM'000
<b>Carotech Group</b>				
Sales	1	41	2	50
Reallocation of common cost	40	11	86	88
Purchases	-	(11)	-	(718)
Steam service expenses	(75)	(150)	(99)	(240)
Rental of boiler and motor vehicle	(19)	(6)	(24)	(9)

**A15 Capital commitments**

The Group's capital commitments not provided for in the interim financial statements as at the reporting date were as follows:-

	RM'000
<b>Property, plant and equipment</b>	
Authorised and contracted	1,193
Authorised but not contracted	37,250
<b>Total capital commitments</b>	<b>38,443</b>



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Quarterly financial report (unaudited)

For the Second Financial Quarter Ended 31 December 2013

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

## B1 Review of performance

### For the Quarter

The Group recorded a revenue of RM44.4 million during the current quarter, which represents a 2.9% increase as compared to the preceding year corresponding quarter's revenue of RM43.2 million. Profit before tax has decreased by 16.2% from RM5.3 million in the preceding year corresponding quarter to RM4.5 million in the current quarter mainly due to different sales mix with lower profit margin, and higher operational costs.

### Year-to-date

The Group's revenue for the current period amounted to RM84.8 million was 1.4% lower as compared to the previous financial period of RM86.0 million mainly due to lower sales to export markets.

The Group's pre-tax profit was RM10.5 million for the current period, a decrease of 10.4% as compared to previous financial period of RM11.8 million. The poorer result was mainly due to lower sales to export markets with a different sales mix with lower profit margin and higher operational costs.

## B2 Results comparison with preceding quarter

	Quarter ended	
	31.12.2013 RM'000	30.9.2013 RM'000
Revenue	44,411	40,432
Profit before tax	4,465	6,070

The Group recorded a revenue of RM44.4 million during the current quarter, which represents a 9.8% increase as compared to the preceding quarter's revenue of RM40.4 million. Pre-tax profit has decreased by 26.4% from RM6.1 million in the preceding quarter to RM4.5 million in the current quarter, attributed by the lower gross profit margin sales mix and higher operational expenses.

## 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	
	31.12.2013 RM'000	31.12.2012 RM'000	31.12.2013 RM'000	31.12.2012 RM'000
Income tax expense	800	1,058	2,139	2,507
Deferred taxation	(50)	(28)	(74)	(79)
Based on the results for the period	750	1,030	2,065	2,428

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

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For the Second Financial Quarter Ended 31 December 2013

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

**B6 Status of corporate proposal and its proceeds utilisation**

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

**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	11,788	2,591	14,379
Unsecured	32	5	37
<b>Total</b>	<b>11,820</b>	<b>2,596</b>	<b>14,416</b>

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

	RM'000
Philippines Peso	264
Colombian Peso	37
Indian Rupees	<u>1,553</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 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	
	31.12.2013	31.12.2012	31.12.2013	31.12.2012
Net profit attributable to shareholders	RM'000 3,653	RM'000 4,207	RM'000 8,232	RM'000 9,149
<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)	762,299	762,080	762,299	762,080
Effects of Warrants	380,821	381,040	380,821	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 per share</u>				
	Sen	Sen	Sen	Sen
Earning per share at nominal value of RM0.10 per share:-				
Basic	0.48	0.55	1.08	1.20
Diluted	0.32	0.37	0.72	0.80

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Quarterly financial report (unaudited)

For the Second Financial Quarter Ended 31 December 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	154	411
Finance cost	(367)	(729)
Depreciation and amortisation	(1,544)	(2,949)
Impairment loss on receivables	(36)	(52)
Reversal of impairment loss on receivables	12	55
Gain on disposal of property, plant and equipment	-	4
Inventories written off	(78)	(199)
Foreign exchange gain	874	1,155
Gain/(loss) on derivatives	-	-
Exceptional items	-	-

## B12 Realised and unrealised profits and losses disclosure

	As at 31.12.2013 RM'000	As at 30.6.2013 RM'000
Total retained earnings of Hovid and its subsidiaries:-		
Realised	51,454	50,840
Unrealised	(14,320)	(15,070)
Total	37,134	35,770
Consolidation adjustments	10,704	11,266
Total group retained earnings	47,838	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 24 February 2014, the Board of Directors authorised this interim report for issue.

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