



Continuous Innovation & Quality

Hovid Bhd (Company no: 58476 A)

Condensed Consolidated Statements of Profit or Loss (unaudited)

For the Third Financial Quarter Ended 31 March 2014

	3 months ended		Year-to-date ended	
	31.3.2014 RM'000	31.3.2013 RM'000	31.3.2014 RM'000	31.3.2013 RM'000
Revenue	50,655	45,925	135,498	131,936
Other income	180	763	1,804	1,244
Operating expenses	(41,883)	(37,985)	(114,137)	(108,414)
Profit from operations	8,952	8,703	23,165	24,766
Depreciation & amortisation	(1,525)	(1,490)	(4,474)	(4,428)
Finance income	1	1	1	1
Finance costs	(320)	(562)	(1,049)	(1,927)
Profit before tax	7,108	6,652	17,643	18,412
Income tax expense	(1,862)	(1,526)	(3,927)	(3,954)
Profit for the period	5,246	5,126	13,716	14,458
Attributable to:				
Owners of the Company	5,155	5,096	13,387	14,247
Non-controlling interests	91	30	329	211
Profit for the period	5,246	5,126	13,716	14,458
Earning per share attributable to owners of the Company (sen) (Note B10)				
- Basic at nominal value of RM0.10 per share	0.68	0.67	1.76	1.87
- Diluted at nominal value of RM0.10 per share	0.45	0.67	1.17	1.87

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 Third Financial Quarter Ended 31 March 2014

	3 months ended		Year-to-date ended	
	31.3.2014 RM'000	31.3.2013 RM'000	31.3.2014 RM'000	31.3.2013 RM'000
Profit for the period	5,246	5,126	13,716	14,458
Other comprehensive income:-				
Foreign currency translation differences for foreign operations	(1,071)	38	329	(5)
	(1,071)	38	329	(5)
Total comprehensive income for the period	4,175	5,164	14,045	14,453
Attributable to:				
Owners of the Company	4,221	5,025	13,605	14,002
Non-controlling interests	(46)	139	440	451
Total comprehensive income for the period	4,175	5,164	14,045	14,453

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 Third Financial Quarter Ended 31 March 2014

	As at 31.3.2014 (Unaudited) RM'000	As at 30.6.2013 (Audited) RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	112,408	111,555
Intangible assets	18,367	18,860
Investment properties	2,000	2,000
Available-for-sale investment	-	-
Deferred tax assets	448	451
	133,223	132,866
Current Assets		
Inventories	24,427	26,337
Trade receivables	37,093	29,907
Other receivables, deposits and prepayments	9,932	7,765
Cash and deposits	21,269	26,805
	92,721	90,814
Total Assets	225,944	223,680
EQUITY		
Equity Attributable to Owners of the Company		
Share capital	76,230	76,208
Share premium	112	90
Revaluation and other reserves	32,198	31,995
Retained earnings	52,993	47,036
	161,533	155,329
Non-controlling interests	5,120	4,680
Total Equity	166,653	160,009
LIABILITIES		
Non-Current Liabilities		
Deferred tax liabilities	14,041	13,998
Term loans	2,211	3,926
Finance lease liabilities	180	289
Provision for retirement benefit	1,734	1,584
Long-term advances	5,698	6,067
	23,864	25,864
Current Liabilities		
Trade payables	11,254	11,687
Other payables and accruals	10,135	15,718
Term loans	1,146	1,510
Short term borrowings	7,252	3,911
Bank overdrafts	1,648	2,067
Finance lease liabilities	178	490
Tax payable	3,814	2,424
	35,427	37,807
Total Liabilities	59,291	63,671
Total Equity And Liabilities	225,944	223,680
Net Assets Per Share Attributable To Owners Of The Company (Sen)	21.19	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.



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Hovid Bhd (Company no: 58476 A)

Condensed Consolidated Statements of Changes in Equity (unaudited)

For the Third Financial Quarter Ended 31 March 2014

	Attributable to Owners of the Company				Total	Non-controlling Interests	Total Equity
	Non-distributable		Distributable	RM'000			
	Share capital RM'000	Share premium RM'000	Reserves RM'000				
PERIOD ENDED 31 MARCH 2014							
At 1 July 2013	76,208	90	31,995	47,036	155,329	4,680	160,009
Total comprehensive income for the period	-	-	218	13,387	13,605	440	14,045
Transactions with owners							
Warrant issue expenses	-	-	(11)	-	(11)	-	(11)
Conversion of warrants	22	22	(4)	-	40	-	40
Interim dividend	-	-	-	(7,430)	(7,430)	-	(7,430)
At 31 March 2014	76,230	112	32,198	52,993	161,533	5,120	166,653
PERIOD ENDED 31 MARCH 2013							
At 1 July 2012	76,208	90	11,029	19,459	106,786	4,485	111,271
Total comprehensive income/(loss) for the period	-	-	(245)	14,247	14,002	451	14,453
Transactions with owners							
Warrant issue expenses	-	-	(346)	-	(346)	-	(346)
Realisation of warrant reserve upon expiry of warrants 2008/2013	-	-	(6,855)	6,855	-	-	-
Issuance of shares to non-controlling interests	-	-	-	-	-	521	521
Dilution of interest in a subsidiary	-	-	-	247	247	(247)	-
At 31 March 2013	76,208	90	3,583	40,808	120,689	5,210	125,899

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 Third Financial Quarter Ended 31 March 2014

	Note	9 months ended	
		31.3.2014 RM'000	31.3.2013 RM'000
Cash flows from operating activities			
Profit before tax		17,643	18,412
<i>Adjustments for:</i>			
Amortisation of intangible assets		441	403
Bad debts written off		13	-
Defined benefit plan expenses for a Director		150	149
Depreciation of property, plant and equipment		4,033	4,025
Gain on disposals of properties, plant and equipment		(4)	(46)
Impairment loss on receivables		71	37
Interest expense		1,049	1,927
Interest income		(1)	(1)
Inventories written off		374	276
Product development expenditure written off		1,950	2,650
Property, plant and equipment written off		16	28
Reversal of impairment loss on receivables		(92)	(22)
Unrealised (gain)/loss on foreign exchange		(176)	7
Operating profit before changes in working capital		25,467	27,845
Change in inventories		1,536	2,819
Change in receivables, deposits and prepayments		(9,345)	2,845
Change in payables and accruals		(5,213)	(2,117)
Bankers' acceptances		3,341	(16,230)
Cash generated from operations		15,786	15,162
Tax paid		(3,023)	(4,069)
Net cash from operating activities		12,763	11,093
Cash flows from investing activities			
Acquisition of property, plant and equipment		(4,394)	(2,741)
Interest received		1	1
Proceeds from disposals of property, plant and equipment		11	94
Product development expenditure incurred		(1,898)	(1,896)
Net cash used in investing activities		(6,280)	(4,542)



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Hovid Bhd (Company no: 58476 A)

Condensed Consolidated Statements of Cash Flows (unaudited)

For the Third Financial Quarter Ended 31 March 2014

	Note	9 months ended	
		31.3.2014 RM'000	31.3.2013 RM'000
Cash flows from financing activities			
Interest paid		(1,697)	(872)
Placement of pledged deposits with licensed banks		(64)	(37)
Repayments of finance lease liabilities		(421)	(1,034)
Repayments of term loans		(2,077)	(2,251)
Payment of warrants issue expenses		(11)	(346)
Proceeds from issuance of shares to non-controlling interests		-	521
Interim dividend paid		(7,430)	-
Proceeds from warrants conversion		40	-
Net cash in financing activities		(11,660)	(4,019)
Change in cash and cash equivalents		(5,177)	2,532
Effect of exchange rates fluctuations on cash held		(4)	1
Cash and cash equivalents at beginning of the period		23,139	15,089
Cash and cash equivalents at end of the period	(I)	17,958	17,622

Note (I) Cash and cash equivalents comprises:

Deposits with licensed banks	1,663	622
Less: Pledged deposits with licensed banks	<u>(1,663)</u>	<u>(622)</u>
	-	-
Cash and bank balances	19,606	20,411
Bank overdraft	<u>(1,648)</u>	<u>(2,789)</u>
	<u>17,958</u>	<u>17,622</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.



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Hovid Bhd (Company no: 58476 A)

Quarterly financial report (unaudited)

For the Third Financial Quarter Ended 31 March 2014

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.

A8 Dividend paid

No dividend was paid during the quarter under review.



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For the Third Financial Quarter Ended 31 March 2014

Explanatory Notes as per MFRS 134, Interim Financial Reporting

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

On 8 April 2014, the Company announced that the Company together with the other existing shareholders (collectively referred to as "the Sellers") of Biodeal Pharmaceuticals Private Limited ("BPPL"), a subsidiary company in which Hovid owns 51% shares, have on 8 April 2014 entered into a Share Purchase Agreement ("the Agreement") with Mr Anurag Kumar, Nri and Mr Subodh Prasad Singh ("the Purchasers") and BPPL for the sale of the entire share capital of 25,000,000 Equity Shares of Indian Rupees ("Rs.") 10 each and the control and management of BPPL to the Purchasers, at a consideration of Rs.300,000,000 to be paid by the Purchasers to the Sellers in the following form and subject to the fulfillment of the Conditions Precedent and other terms and conditions set out in the Agreement:-

- i) Rs.200,000,000 towards the entire paid up Equity Share Capital of BPPL held by the Sellers ("Purchase Consideration Equity Component"); and
- ii) Rs.100,000,000 towards the unsecured loans granted to BPPL by the Sellers cum Unsecured Lenders ("Purchase Consideration Loan Component").

The Purchase Consideration Equity Component shall be subject to following adjustments to arrive at the final Purchase Consideration Equity Component ("Adjusted Purchase Consideration Equity Component") on the Closing Date, a date not later than 3 months from the date of the Agreement unless mutually agreed to be extended:-

- i) Difference in current assets minus current liabilities as on Closing Date. If the difference is a positive figure, the Purchase Consideration Equity Component will be increased to that extent, and if the said difference is a negative figure, the Purchase Consideration Equity Component will reduce to that extent, and
- ii) In addition, missing assets amounting to Rs.974,640 will be deducted directly from Purchase Consideration Equity Component.

The salient terms of the Agreement affecting Hovid are as follows:-

On the Closing Date, upon fulfilment of all the Conditions Precedent stipulated in the Agreement, the Purchasers will first acquire 51% shareholding in BPPL held by Hovid by making 51% payment of Adjusted Purchase Consideration Equity Component. The 51% shares held by Hovid will be transferred simultaneously into the name of the Purchasers immediately upon such payment.

Thereafter, the terms of the Agreement relating to Hovid would have been completed.

Upon the completion of the abovementioned disposal, BPPL will cease to be a subsidiary company of Hovid.

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



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For the Third Financial Quarter Ended 31 March 2014

Explanatory Notes as per MFRS 134, Interim Financial Reporting

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	
	31.3.2014 RM'000	31.3.2013 RM'000	31.3.2014 RM'000	31.3.2013 RM'000
Carotech Group				
Sales	1	6	3	55
Reallocation of common cost	36	44	122	133
Purchases	-	-	-	(718)
Steam service expenses	(317)	(8)	(416)	(248)

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	2,851
Authorised but not contracted	45,907
Total capital commitments	48,758

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Quarterly financial report (unaudited)

For the Third Financial Quarter Ended 31 March 2014

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 RM50.7 million during the current quarter, which represents a 10.3% increase as compared to the preceding year corresponding quarter's revenue of RM45.9 million. Profit before tax increased by 6.9% from RM6.7 million in the preceding year corresponding quarter to RM7.1 million in the current quarter due to increased revenue.

Year-to-date

The Group's revenue for the current period amounting to RM135.5 million was 2.7% higher as compared to the previous financial period of RM131.9 million due to increased in orders.

The Group's pre-tax profit was RM17.6 million for the current period, a decrease of 4.2% as compared to previous financial period of RM18.4 million was mainly due to some increase in operational costs and lower sales mix margin.

B2 Results comparison with preceding quarter

	Quarter ended	
	31.3.2014 RM'000	31.12.2013 RM'000
Revenue	50,655	44,411
Profit before tax	7,108	4,465

The Group recorded a revenue of RM50.7 million during the current quarter, which represents a 14.1% increase as compared to the preceding quarter's revenue of RM44.4 million. Pre-tax profit increased by 59.2% from RM4.5 million in the preceding quarter to RM7.1 million in the current quarter, attributed by better sales mix margins.

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	
	31.3.2014 RM'000	31.3.2013 RM'000	31.3.2014 RM'000	31.3.2013 RM'000
Income tax expense	1,799	1,591	3,938	4,098
Deferred taxation	63	(65)	(11)	(144)
Based on the results for the period	1,862	1,526	3,927	3,954

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.

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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	10,194	2,391	12,585
Unsecured	30	-	30
Total	10,224	2,391	12,615

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

	RM'000
Philippines Peso	224
Colombian Peso	30
Indian Rupees	<u>1,648</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

A single-tier interim dividend of 0.5 sen per Ordinary share in respect of the financial year ending 30 June 2014, was declared by the Directors on 21 March 2014 and paid on 18 April 2014.

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	
	31.3.2014	31.3.2013	31.3.2014	31.3.2013
Net profit attributable to shareholders	RM'000 5,155	RM'000 5,096	RM'000 13,387	RM'000 14,247
<u>Number of ordinary shares</u>				
Weighted average number of ordinary shares (basic)	'000 762,299	'000 762,080	'000 762,299	'000 762,080
Effects of Warrants	380,821	-	380,821	-
Weighted average number of ordinary shares (diluted)	<u>1,143,120</u>	<u>762,080</u>	<u>1,143,120</u>	<u>762,080</u>
<u>Earning per share</u>				
Earning per share at nominal value of RM0.10 per share:-	Sen	Sen	Sen	Sen
Basic	0.68	0.67	1.76	1.87
Diluted	0.45	0.67	1.17	1.87



Continuous Innovation & Quality

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Quarterly financial report (unaudited)

For the Third Financial Quarter Ended 31 March 2014

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
Finance income	1	1
Other income	143	554
Finance cost	(320)	(1,049)
Depreciation and amortisation	(1,525)	(4,474)
Impairment loss on receivables	(19)	(71)
Impairment loss on receivables written back	37	92
Gain on disposal of property, plant and equipment	-	4
Inventories written off	(175)	(374)
Foreign exchange gain	1	1,156
Gain/(loss) on derivatives	-	-
Exceptional items	-	-

B12 Realised and unrealised profits and losses disclosure

	As at 31.3.2014 RM'000	As at 30.6.2013 RM'000
Total retained profits of Hovid and its subsidiaries:-		
Realised	57,038	50,840
Unrealised	(14,850)	(15,070)
Total	42,188	35,770
Consolidation adjustments	10,805	11,266
Total group retained earnings	52,993	47,036

Authorisation for issue

On 30 May 2014, the Board of Directors authorised this interim report for issue.

On behalf of the Board,

Goh Tian Hock

Ng Yuet Seam

Joint Secretaries