



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 2014**

	3 months ended		Year-to-date ended	
	30.9.2014 RM'000	30.9.2013 RM'000	30.9.2014 RM'000	30.9.2013 RM'000
<b>Revenue</b>	<b>48,910</b>	<b>40,432</b>	<b>48,910</b>	<b>40,432</b>
Other income	1,394	584	1,394	584
Operating expenses	(40,878)	(33,179)	(40,878)	(33,179)
<b>Profit from operations</b>	<b>9,426</b>	<b>7,837</b>	<b>9,426</b>	<b>7,837</b>
Depreciation & amortisation	(1,384)	(1,405)	(1,384)	(1,405)
Finance costs	(385)	(362)	(385)	(362)
<b>Profit before tax</b>	<b>7,657</b>	<b>6,070</b>	<b>7,657</b>	<b>6,070</b>
Income tax expense	(1,926)	(1,315)	(1,926)	(1,315)
<b>Profit for the period</b>	<b>5,731</b>	<b>4,755</b>	<b>5,731</b>	<b>4,755</b>
<b>Attributable to:</b>				
Owners of the Company	5,809	4,579	5,809	4,579
Non-controlling interests	(78)	176	(78)	176
<b>Profit for the period</b>	<b>5,731</b>	<b>4,755</b>	<b>5,731</b>	<b>4,755</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>0.76</b>	<b>0.60</b>	<b>0.76</b>	<b>0.60</b>
- Diluted at nominal value of RM0.10 per share	<b>0.60</b>	<b>0.53</b>	<b>0.60</b>	<b>0.53</b>

The Condensed Consolidated Income Statements should be read in conjunction with the audited financial statements for the year ended 30 June 2014 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 First Financial Quarter Ended 30 September 2014**

	3 months ended		Year-to-date ended	
	30.9.2014 RM'000	30.9.2013 RM'000	30.9.2014 RM'000	30.9.2013 RM'000
<b>Profit for the period</b>	<b>5,731</b>	<b>4,755</b>	<b>5,731</b>	<b>4,755</b>
<b>Other comprehensive income:-</b> <i>Items that will be reclassified subsequently to profit or loss</i>				
Foreign currency translation differences for foreign operations	(593)	180	(593)	180
	(593)	180	(593)	180
<b>Total comprehensive income for the period</b>	<b>5,138</b>	<b>4,935</b>	<b>5,138</b>	<b>4,935</b>
<b>Attributable to:</b>				
Owners of the Company	5,219	4,820	5,219	4,820
Non-controlling interests	(81)	115	(81)	115
<b>Total comprehensive income for the period</b>	<b>5,138</b>	<b>4,935</b>	<b>5,138</b>	<b>4,935</b>

The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 30 June 2014 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 First Financial Quarter Ended 30 September 2014**

	As at 30.9.2014 (Unaudited) RM'000	As at 30.6.2014 (Audited) RM'000
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant and equipment	97,871	98,415
Intangible assets	18,193	18,008
Investment properties	2,400	2,400
Available-for-sale investment	-	-
Deferred tax assets	516	520
	<b>118,980</b>	<b>119,343</b>
<b>Current Assets</b>		
Inventories	27,613	26,494
Trade receivables	35,488	30,252
Other receivables, deposits and prepayments	12,283	10,228
Cash and deposits	26,814	22,670
	<b>102,198</b>	<b>89,644</b>
Assets classified as held for sale	18,521	18,725
<b>Total Assets</b>	<b>239,699</b>	<b>227,712</b>
<b>EQUITY</b>		
<b>Equity Attributable to Owners of the Company</b>		
Share capital	76,382	76,381
Share premium	264	263
Reserves	31,899	32,489
Retained earnings	54,026	52,036
	<b>162,571</b>	<b>161,169</b>
<b>Non-controlling interests</b>	4,939	4,988
<b>Total Equity</b>	<b>167,510</b>	<b>166,157</b>
<b>LIABILITIES</b>		
<b>Non-Current Liabilities</b>		
Deferred tax liabilities	11,693	11,956
Term loans	1,839	1,990
Finance lease liabilities	123	152
Provision for retirement benefits	3,321	3,214
	<b>16,976</b>	<b>17,312</b>
<b>Current Liabilities</b>		
Trade payables	11,374	12,181
Other payables and accruals	16,978	12,578
Term loans	724	788
Short term borrowings	9,373	2,939
Bank overdrafts	359	-
Finance lease liabilities	118	137
Tax payable	5,528	4,826
	<b>44,454</b>	<b>33,449</b>
Liabilities classified as held for sale	10,759	10,794
<b>Total Liabilities</b>	<b>72,189</b>	<b>61,555</b>
<b>Total Equity And Liabilities</b>	<b>239,699</b>	<b>227,712</b>
<b>Net Assets Per Share Attributable To Owners Of The Company (Sen)</b>	<b>21.28</b>	<b>21.10</b>

The Condensed Consolidated Statements of Financial Position should be read in conjunction with the audited financial statements for the year ended 30 June 2014 and the accompanying explanatory notes attached to the interim financial statements.



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Hovid Bhd (Company no: 58476 A)

**Condensed Consolidated Statements of Changes in Equity (unaudited)  
For the First Financial Quarter Ended 30 September 2014**

	Attributable to Owners of the Company					Non-controlling Interests	Total Equity
	Non-distributable			Distributable	Total		
	Share capital	Share premium	Reserves	Retained earnings			
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<b>PERIOD ENDED 30 SEPTEMBER 2014</b>							
<b>At 1 July 2014</b>	<b>76,381</b>	<b>263</b>	<b>32,489</b>	<b>52,036</b>	<b>161,169</b>	<b>4,988</b>	<b>166,157</b>
Total comprehensive income/(loss) for the period	-	-	(590)	5,809	5,219	(81)	5,138
Transactions with owners of the Company							
Issuance of shares to non-controlling interests	-	-	-	-	-	32	32
Conversion of warrants	1	1	-	-	2	-	2
Interim dividend	-	-	-	(3,819)	(3,819)	-	(3,819)
<b>At 30 September 2014</b>	<b>76,382</b>	<b>264</b>	<b>31,899</b>	<b>54,026</b>	<b>162,571</b>	<b>4,939</b>	<b>167,510</b>
<b>PERIOD ENDED 30 SEPTEMBER 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	-	-	241	4,579	4,820	115	4,935
Transactions with owners of the Company							
Warrant issue expenses	-	-	(10)	-	(10)	-	(10)
<b>At 30 September 2013</b>	<b>76,208</b>	<b>90</b>	<b>32,226</b>	<b>51,615</b>	<b>160,139</b>	<b>4,795</b>	<b>164,934</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 2014 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 2014**

	Note	3 months ended	
		30.9.2014 RM'000	30.9.2013 RM'000
<b>Cash flows from operating activities</b>			
Profit before tax		7,657	6,070
<i>Adjustments for:</i>			
Amortisation of intangible assets		143	142
Bad debts written off		-	13
Provision for retirement benefits		110	50
Depreciation of property, plant and equipment		1,241	1,263
Gain on disposals of properties, plant and equipment		-	(4)
Impairment loss on receivables		48	16
Interest expense		385	362
Inventories written off		104	121
Allowance for product development expenditure		650	200
Property, plant and equipment written off		-	6
Reversal of impairment loss on receivables		(16)	(43)
Unrealised (gain)/loss on foreign exchange		(71)	42
<b>Operating profit before changes in working capital</b>		10,251	8,238
Change in inventories		(1,440)	(4,495)
Change in receivables, deposits and prepayments		(7,343)	(7,702)
Change in payables and accruals		282	2,961
Bankers' acceptances		6,434	6,387
<b>Cash generated from operations</b>		8,184	5,389
Tax paid		(1,399)	(728)
<b>Net cash from operating activities</b>		6,785	4,661
<b>Cash flows from investing activities</b>			
Acquisition of property, plant and equipment		(1,496)	(1,473)
Proceeds from disposals of property, plant and equipment		-	7
Product development expenditure incurred		(978)	(1,065)
<b>Net cash used in investing activities</b>		(2,474)	(2,531)



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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 2014**

	Note	3 months ended	
		30.9.2014 RM'000	30.9.2013 RM'000
<b>Cash flows from financing activities</b>			
Interest paid		(267)	(939)
Withdrawal of pledged deposits with licensed banks		(23)	(42)
Repayments of finance lease liabilities		(48)	(146)
Repayments of term loans		(213)	(406)
Payment of warrants issue expenses		-	(10)
Proceeds from issuance of shares to non-controlling interests		32	-
Proceeds from warrants conversion		2	-
<b>Net cash used in financing activities</b>		<b>(517)</b>	<b>(1,543)</b>
Change in cash and cash equivalents		3,794	587
Effect of exchange rates fluctuations on cash held		8	74
Cash and cash equivalents at beginning of the period		20,256	23,139
<b>Cash and cash equivalents at end of the period</b>	(I)	<b>24,058</b>	<b>23,800</b>

Note (I) Cash and cash equivalents comprises:

Cash and bank balances	25,714	25,893
Bank overdrafts	(359)	(2,093)
	<u>25,355</u>	<u>23,800</u>
 Add: Classified as held for sale		
Cash and deposits	151	-
Bank overdraft	(1,448)	-
	<u>(1,297)</u>	<u>-</u>
	<u>24,058</u>	<u>23,800</u>

The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the audited financial statements for the year ended 30 June 2014 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 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 2014. 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 2014.

#### **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 2014. 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 7,500 ordinary shares of RM0.10 each for cash arising from the conversion of Warrants at an exercise price of RM0.18 per ordinary share.

Other than the above, 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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**Quarterly financial report (unaudited)**

**For the First Financial Quarter Ended 30 September 2014**

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

**A8 Dividend paid**

No dividend was paid during the quarter under review.

Subsequent to the quarter under review, an interim dividend of 0.5 sen per ordinary share under the single tier system in respect for the financial year ended 30 June 2014, declared by the Directors on 26 August 2014, was paid on 3 October 2014.

**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 Disposal group classified as held for sale**

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 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, which currently has been extended to 30 November 2014:-

- 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.





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**For the First Financial Quarter Ended 30 September 2014**

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

**A11 Disposal group classified as held for sale (continued)**

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.

At the end of the reporting period, the assets and liabilities of BPPL have been presented in the statement of financial position as "Assets classified as held for sale" and "Liabilities classified as held for sale", respectively.

**A12 Material subsequent events**

There were no material events subsequent to the end of the current quarter.

**A13 Changes in the composition of the Group**

There were no changes to the composition of the Group during the quarter under review.

**A14 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 2014, to the date of this report.

**A15 Significant related parties transactions**

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

	3 months ended		Year-to-date ended	
	30.9.2014 RM'000	30.9.2013 RM'000	30.9.2014 RM'000	30.9.2013 RM'000
<b>Carotech Group</b>				
Sales	1	1	1	1
Reallocation of common cost	39	46	39	46
Purchases	(299)	-	(299)	-
Steam service expenses	(388)	(24)	(388)	(24)
Rental of boiler and motor vehicle	(5)	(5)	(5)	(5)
Product development services rendered	306	-	306	-

**A16 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	18,577
Authorised but not contracted	47,265
<b>Total capital commitments</b>	<b>65,842</b>

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Quarterly financial report (unaudited)

For the First Financial Quarter Ended 30 September 2014

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

## B1 Review of performance

The Group recorded a revenue of RM48.9 million during the current quarter, which represents a 21.0% increase as compared to the preceding year corresponding quarter's revenue of RM40.4 million. The Group's pre-tax profit increased by 26.1% from RM6.1 million in the preceding year corresponding quarter to RM7.7 million in the current quarter mainly due to increase in sales and foreign exchange gain.

## B2 Results comparison with preceding quarter

	Quarter ended	
	30.9.2014 RM'000	30.6.2014 RM'000
Revenue	48,910	48,044
Profit before tax	7,657	7,166

The Group recorded a revenue of RM48.9 million during the current quarter, which represents a 1.8% increase as compared to the preceding quarter's revenue of RM48.0 million. Pre-tax profit increased by 6.9% from RM7.2 million in the preceding quarter to RM7.7 million in the current quarter due to better sales mix margin and increase in foreign exchange gain.

## 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	
	30.9.2014 RM'000	30.9.2013 RM'000	30.9.2014 RM'000	30.9.2013 RM'000
Income tax expense				
Current period	2,189	1,339	2,189	1,339
Under/(over) provision in prior years	-	-	-	-
	2,189	1,339	2,189	1,339
Deferred taxation	(263)	(24)	(263)	(24)
Based on the results for the period	1,926	1,315	1,926	1,315

The effective tax rate approximates the statutory tax rate.

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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	10,559	1,962	12,521
Unsecured	15	-	15
<b>Total</b>	<b>10,574</b>	<b>1,962</b>	<b>12,536</b>

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

	RM'000
Philippines Peso	180
Colombian Peso	15

**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 proposed or declared**

An interim dividend of 0.5 sen per ordinary share under the single tier system in respect of the financial year ended 30 June 2014 was declared by the Directors on 26 August 2014, and was paid on 3 October 2014.

**B10 Earnings per share**

The basic earnings 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 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	
	30.9.2014 RM'000	30.9.2013 RM'000	30.9.2014 RM'000	30.9.2013 RM'000
Net profit attributable to shareholders	5,809	4,579	5,809	4,579
<u>Number of ordinary shares</u>				
	'000	'000	'000	'000
Weighted average number of ordinary shares (basic)	763,814	762,080	763,814	762,080
Effects of dilution in outstanding Warrants	211,244	109,408	211,244	109,408
Weighted average number of ordinary shares (diluted)	975,058	871,488	975,058	871,488
<u>Earning per share</u>				
	Sen	Sen	Sen	Sen
Earning per share at nominal value of RM0.10 per share:-				
Basic	0.76	0.60	0.76	0.60
Diluted	0.60	0.53	0.60	0.53

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Quarterly financial report (unaudited)

For the First Financial Quarter Ended 30 September 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	-	-
Other income	520	520
Finance cost	(385)	(385)
Depreciation and amortisation	(1,384)	(1,384)
Impairment loss on receivables	(48)	(48)
Impairment loss on receivables written back	16	16
Inventories written off	(103)	(103)
Foreign exchange gain	858	858
Gain/(loss) on derivatives	-	-
Exceptional items	-	-

## B12 Realised and unrealised profits and losses disclosure

	As at 30.9.2014 RM'000	As at 30.6.2013 Restated RM'000
Total retained profits of Company and its subsidiaries:-		
Realised	56,989	55,675
Unrealised	(16,370)	(14,389)
Total	40,619	41,286
Consolidation adjustments	13,407	10,750
Total group retained earnings	54,026	52,036

Authorisation for issue

On 25 November 2014, the Board of Directors authorised this interim report for issue.

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