



Continuous Innovation & Quality

Hovid Bhd (Company no: 58476 A)

Condensed Consolidated Statements of Profit or Loss

And Other Comprehensive Income (unaudited)

For the Third Financial Quarter Ended 31 March 2015

	3 months ended		Year-to-date ended	
	31.3.2015 RM'000	31.3.2014 RM'000	31.3.2015 RM'000	31.3.2014 RM'000
Revenue	48,653	50,655	145,708	135,498
Other income	3,120	180	6,611	1,804
Operating expenses	(42,717)	(41,883)	(125,979)	(114,137)
Profit from operations	9,056	8,952	26,340	23,165
Depreciation & amortisation	(1,601)	(1,525)	(4,491)	(4,474)
Finance income	-	1	1	1
Finance costs	19	(320)	(672)	(1,049)
Profit before tax	7,474	7,108	21,178	17,643
Income tax expense	(1,425)	(1,862)	(4,885)	(3,927)
Profit for the period	6,049	5,246	16,293	13,716
Other comprehensive income:- <i>Items that will be reclassified subsequently to profit or loss</i>				
Foreign currency translation differences for foreign operations	(56)	(1,071)	(2,038)	329
	(56)	(1,071)	(2,038)	329
Total comprehensive income for the period	5,993	4,175	14,255	14,045
Profit attributable to:				
Owners of the Company	6,030	5,155	16,406	13,387
Non-controlling interests	19	91	(113)	329
Profit for the period	6,049	5,246	16,293	13,716
Total comprehensive income attributable to:				
Owners of the Company	5,787	4,221	14,256	13,605
Non-controlling interests	206	(46)	(1)	440
Total comprehensive income for the period	5,993	4,175	14,255	14,045
Earning per share attributable to owners of the Company (sen) (Note B10)				
- Basic at nominal value of RM0.10 per share	0.79	0.68	2.15	1.76
- Diluted at nominal value of RM0.10 per share	0.62	0.55	1.68	1.46

The Condensed Consolidated Statements of Profit or Loss And Other Comprehensive Income should be read in conjunction with the audited financial statements for the financial 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 Financial Position (Unaudited)
For the Third Financial Quarter Ended 31 March 2015

	As at 31.3.2015 (Unaudited) RM'000	As at 30.6.2014 (Audited) RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	110,063	98,415
Intangible assets	17,116	18,008
Investment properties	2,400	2,400
Available-for-sale investment	-	-
Deferred tax assets	585	520
	130,164	119,343
Current Assets		
Inventories	28,308	26,494
Trade receivables	39,269	30,252
Other receivables, deposits and prepayments	23,115	10,228
Cash and deposits	19,566	22,670
	110,258	89,644
Assets classified as held for sale	-	18,725
Total Assets	240,422	227,712
EQUITY		
Equity Attributable to Owners of the Company		
Share capital	76,387	76,381
Share premium	269	263
Reserves	30,568	32,489
Retained earnings	60,573	52,036
	167,797	161,169
Non-controlling interests	1,335	4,988
Total Equity	169,132	166,157
LIABILITIES		
Non-Current Liabilities		
Deferred tax liabilities	11,524	11,956
Term loans	1,936	1,990
Finance lease liabilities	575	152
Provision for retirement benefits	3,602	3,214
	17,637	17,312
Current Liabilities		
Trade payables	11,394	12,181
Other payables and accruals	19,404	12,578
Term loans	649	788
Short term borrowings	17,607	2,939
Finance lease liabilities	219	137
Tax payable	4,380	4,826
	53,653	33,449
Liabilities classified as held for sale	-	10,794
Total Liabilities	71,290	61,555
Total Equity And Liabilities	240,422	227,712
Net Assets Per Share Attributable To Owners Of The Company (Sen)	21.97	21.10

The Condensed Consolidated Statements of Financial Position should be read in conjunction with the audited financial statements for the financial 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 Third Financial Quarter Ended 31 March 2015

	Attributable to Owners of the Company				Total	Non-controlling Interests	Total Equity
	Non-distributable		Distributable				
	Share capital RM'000	Share premium RM'000	Reserves RM'000	Retained earnings RM'000			
PERIOD ENDED 31 MARCH 2015							
At 1 July 2014	76,381	263	32,489	52,036	161,169	4,988	166,157
Total comprehensive income/(loss) for the period	-	-	(1,920)	16,176	14,256	(1)	14,255
Transactions with owners of the Company							
Issuance of shares to non-controlling interests	-	-	-	-	-	65	65
Conversion of warrants	6	6	(1)	-	11	-	11
Interim dividend	-	-	-	(7,639)	(7,639)	-	(7,639)
Derecognition of non-controlling interests in a subsidiary disposed	-	-	-	-	-	(3,717)	(3,717)
At 31 March 2015	76,387	269	30,568	60,573	167,797	1,335	169,132
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 of the Company							
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

The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the audited financial statements for the financial 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 Cash Flows (unaudited)

For the Third Financial Quarter Ended 31 March 2015

	Note	9 months ended	
		31.3.2015 RM'000	31.3.2014 RM'000
Cash flows from operating activities			
Profit before tax		21,178	17,643
<i>Adjustments for:</i>			
Amortisation of intangible assets		433	441
Bad debts written off		-	13
Provision for retirement benefits		341	150
Depreciation of property, plant and equipment		4,058	4,033
Gain on disposals of properties, plant and equipment		1	(4)
Gain on disposal of a subsidiary		(1,365)	-
Impairment loss on receivables		60	71
Interest expense		959	1,049
Interest income		(1)	(1)
Inventories written off		275	374
Allowance for product development expenditure		2,350	1,950
Property, plant and equipment written off		90	16
Reversal of impairment loss on receivables		(65)	(92)
Unrealised gain on foreign exchange		(2,654)	(176)
Operating profit before changes in working capital		25,660	25,467
Change in inventories		(2,953)	1,536
Change in receivables, deposits and prepayments		(21,468)	(9,345)
Change in payables and accruals		5,226	(5,213)
Bankers' acceptances		14,668	3,341
Cash generated from operations		21,133	15,786
Tax paid		(5,829)	(3,023)
Net cash from operating activities		15,304	12,763
Cash flows from investing activities			
Acquisition of property, plant and equipment		(15,265)	(4,394)
Disposal of a subsidiary, net of cash		7,869	-
Interest received		1	1
Proceeds from disposals of property, plant and equipment		1	11
Product development expenditure incurred		(1,891)	(1,898)
Net cash used in investing activities		(9,285)	(6,280)



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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 2015**

	Note	9 months ended	
		31.3.2015 RM'000	31.3.2014 RM'000
Cash flows from financing activities			
Interest paid		(701)	(1,697)
Placement of pledged deposits with licensed banks		(10)	(64)
Repayments of finance lease liabilities		(109)	(421)
Drawdown of finance lease liabilities		614	-
Repayments of term loans		(218)	(2,077)
Payment of warrants issue expenses		-	(11)
Proceeds from issuance of shares to non-controlling interests		65	-
Interim dividend paid		(7,639)	(7,430)
Proceeds from warrants conversion		11	40
Net cash used in financing activities		(7,987)	(11,660)
Change in cash and cash equivalents		(1,968)	(5,177)
Effect of exchange rates fluctuations on cash held		214	(4)
Cash and cash equivalents at beginning of the period		20,256	23,139
Cash and cash equivalents at end of the period	(I)	18,502	17,958

Note (I) Cash and cash equivalents comprises:

Cash and bank balances	18,502	19,606
Bank overdrafts	-	(1,648)
	<u>18,502</u>	<u>17,958</u>

The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the audited financial statements for the financial 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 Third Financial Quarter Ended 31 March 2015

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 condensed interim 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, other than the gain of RM1.365 million on disposal of Biodeal Pharmaceutical Private Limited, a 51%-owned subsidiary, as disclosed in Note A11.

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 52,500 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 Third Financial Quarter Ended 31 March 2015

Explanatory Notes as per MFRS 134, Interim Financial Reporting

A8 Dividend paid

During the period, the following dividends under the single-tier system were paid:-

i. Interim dividend of 0.5 sen per ordinary share in respect for the financial year ended 30 June 2014, declared by the Directors on 26 August 2014, was paid on 3 October 2014, and

ii. Interim dividend of 0.5 sen per ordinary share in respect for the financial year ended 30 June 2015, declared by the Directors on 25 February 2015, was paid on 27 March 2015.

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% of its shares, have on 8 April 2014 entered into a Share Purchase 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 subject to the fulfillment of the Conditions Precedent and other terms and conditions set out in the Agreement.

The Closing Date for the transaction was on 31 March 2015 and the transaction was duly completed on 7 April 2015, following the settlement of the Adjusted Purchase Consideration Equity Component by the Purchasers for the 51% shares held by Hovid. The gain arising from the disposal amounted to RM1.365 million, as disclosed in Note A5.

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 other than the disposal of BPPL as disclosed in Note A11.

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.



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For the Third Financial Quarter Ended 31 March 2015

Explanatory Notes as per MFRS 134, Interim Financial Reporting

A15 Significant related parties transactions

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

	3 months ended		Year-to-date ended	
	31.3.2015 RM'000	31.3.2014 RM'000	31.3.2015 RM'000	31.3.2014 RM'000
Carotech Group				
Sales	77	1	79	3
Reallocation of common cost	8	36	86	122
Purchases	(77)	-	(685)	-
Steam service expenses	(40)	(317)	(589)	(416)
Rental of boiler and motor vehicle	(2)	(5)	(11)	(29)
Product development services rendered	-	-	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
Property, plant and equipment	
Authorised and contracted	18,278
Authorised but not contracted	37,589
Total capital commitments	55,867

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For the Third Financial Quarter Ended 31 March 2015

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 RM48.7 million during the current quarter which represents a 4.0% decrease as compared to the preceding year corresponding quarter's revenue of RM50.7 million. The lower revenue was due to some shipments being postponed.

The Group's pre-tax profit increased by 5.1% from RM7.1 million in the preceding year corresponding quarter to RM7.5 million in the current quarter mainly due to the gain on disposal of BPPL of RM1.365 million, and a higher foreign exchange gain arising from the stronger United States of America Dollar ("USD").

Year-to-date

The Group's revenue for the current period amounting to RM145.7 million was 7.5% higher as compared to the previous financial period of RM135.5 million due to improved productivity and increase in orders.

The Group's pre-tax profit was RM21.2 million for the current period, an increase of 20.0% as compared to previous financial period of RM17.6 million, mainly due to increase in sales, gain on disposal of BPPL and higher foreign exchange gain arising from the stronger USD.

B2 Results comparison with preceding quarter

	Quarter ended	
	31.3.2015 RM'000	31.12.2014 RM'000
Revenue	48,653	48,145
Profit before tax	7,474	6,047

The Group recorded a revenue of RM48.7 million during the current quarter which represents a 1.1% increase as compared to the preceding quarter's revenue of RM48.1 million. Pre-tax profit increased by 23.6% from RM6.0 million in the preceding quarter to RM7.5 million in the current quarter due to better sales mix margin and gain in disposal of BPPL during the current quarter.

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	
	31.3.2015 RM'000	31.3.2014 RM'000	31.3.2015 RM'000	31.3.2014 RM'000
Income tax expense				
Current period	1,472	1,799	5,317	3,938
Under/(over) provision in prior years	-	-	-	-
	1,472	1,799	5,317	3,938
Deferred taxation	(47)	63	(432)	(11)
	1,425	1,862	4,885	3,927

The effective tax rate is lower than the statutory tax rate mainly due to non-taxable income.

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	18,475	2,511	20,986
Unsecured	-	-	-
Total	18,475	2,511	20,986

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

Philippines Peso	RM'000 547
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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

During the period, the following dividends under the single-tier system were declared:-

i. Interim dividend of 0.5 sen per ordinary share in respect for the financial year ended 30 June 2014 was declared by the Directors on 26 August 2014, and was paid on 3 October 2014, and

ii. Interim dividend of 0.5 sen per ordinary share in respect for the financial year ended 30 June 2015 was declared by the Directors on 25 February 2015, and was paid on 27 March 2015.

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	
	31.3.2015 RM'000	31.3.2014 RM'000	31.3.2015 RM'000	31.3.2014 RM'000
Net profit attributable to shareholders	6,030	5,155	16,406	13,387
<u>Number of ordinary shares</u>				
	'000	'000	'000	'000
Weighted average number of ordinary shares (basic)	763,834	762,299	763,821	762,193
Effects of dilution in outstanding Warrants	211,215	176,961	209,860	156,809
Weighted average number of ordinary shares (diluted)	975,049	939,260	973,681	919,002
<u>Earning per share</u>				
	Sen	Sen	Sen	Sen
Earning per share at nominal value of RM0.10 per share:-				
Basic	0.79	0.68	2.15	1.76
Diluted	0.62	0.55	1.68	1.46

B11 Profit for the period

Included in the profit for the period are:-

	3 months ended		Year-to-date ended	
	31.3.2015 RM'000	31.3.2014 RM'000	31.3.2015 RM'000	31.3.2014 RM'000
Finance income	-	1	1	1
Other income	270	143	961	554
Finance cost	19	(320)	(672)	(1,049)
Depreciation and amortisation	(1,601)	(1,525)	(4,491)	(4,474)
Impairment loss on receivables	(6)	(19)	(60)	(71)
Reversal of impairment loss on receivables	16	37	65	92
Gain on disposal of property, plant and equipment	(1)	-	(1)	4
Gain on disposal of a subsidiary	1,365	-	1,365	-
Inventories written off	(165)	(175)	(275)	(374)
Foreign exchange gain	1,470	1	4,221	1,156
Gain/(loss) on derivatives	-	-	-	-
Exceptional items	-	-	-	-



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

B12 Realised and unrealised profits and losses disclosure

	As at 31.3.2015 RM'000	As at 30.6.2014 RM'000
Total retained profits of Company and its subsidiaries:-		
Realised	66,138	55,675
Unrealised	(9,854)	(14,389)
Total	56,284	41,286
Consolidation adjustments	4,289	10,750
Total group retained earnings	60,573	52,036

Authorisation for issue

On 29 May 2015, the Board of Directors authorised this interim report for issue.

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