



Continuous Innovation & Quality

Hovid Bhd (Company no: 58476 A)

Condensed Consolidated Statements of Profit or Loss

And Other Comprehensive Income (unaudited)

For the Fourth Financial Quarter Ended 30 June 2015

	3 months ended		Year-to-date ended	
	30.6.2015 RM'000	30.6.2014 RM'000	30.6.2015 RM'000	30.6.2014 RM'000
Revenue	42,698	48,044	188,406	183,542
Other income	1,768	1,050	8,379	2,854
Operating expenses	(36,683)	(40,047)	(162,662)	(154,184)
Profit from operations	7,783	9,047	34,123	32,212
Depreciation & amortisation	(1,493)	(1,562)	(5,984)	(6,036)
Finance income	162	-	163	1
Finance costs	(154)	(319)	(826)	(1,368)
Profit before tax	6,298	7,166	27,476	24,809
Income tax expense	(1,410)	(2,580)	(6,295)	(6,507)
Profit for the year	4,888	4,586	21,181	18,302
Other comprehensive income, net of tax:- <i>Items that will not be reclassified subsequently to profit or loss</i>				
Revaluation of land and buildings	9,054	-	9,054	-
Remeasurement of retirement benefit liabilities	-	483	-	483
<i>Items that will be reclassified subsequently to profit or loss</i>				
Foreign currency translation differences for foreign operations	36	253	(2,002)	582
Other comprehensive income for the year	9,090	736	7,052	1,065
Total comprehensive income for the year	13,978	5,322	28,233	19,367
Profit attributable to:				
Owners of the Company	4,799	4,697	21,205	18,084
Non-controlling interests	89	(111)	(24)	218
Profit for the year	4,888	4,586	21,181	18,302
Total comprehensive income attributable to:				
Owners of the Company	13,005	5,501	27,261	19,106
Non-controlling interests	973	(179)	972	261
Total comprehensive income for the year	13,978	5,322	28,233	19,367
Earning per share attributable to owners of the Company (sen) (Note B10)				
- Basic at nominal value of RM0.10 per share	0.62	0.62	2.77	2.37
- Diluted at nominal value of RM0.10 per share	0.48	0.50	2.18	1.89

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 Fourth Financial Quarter Ended 30 June 2015

	As at 30.6.2015 (Unaudited) RM'000	As at 30.6.2014 (Audited) RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	128,715	98,415
Intangible assets	19,410	18,008
Investment properties	2,600	2,400
Available-for-sale investment	-	-
Deferred tax assets	592	520
	151,317	119,343
Current Assets		
Inventories	27,062	26,494
Trade receivables	35,280	30,252
Other receivables, deposits and prepayments	15,256	10,228
Cash and deposits	23,113	22,670
	100,711	89,644
Assets classified as held for sale	-	18,725
Total Assets	252,028	227,712
EQUITY		
Equity Attributable to Owners of the Company		
Share capital	78,135	76,381
Share premium	2,018	263
Reserves	38,424	32,489
Retained earnings	65,372	52,036
	183,949	161,169
Non-controlling interests	2,310	4,988
Total Equity	186,259	166,157
LIABILITIES		
Non-Current Liabilities		
Deferred tax liabilities	11,782	11,956
Term loans	8,725	1,990
Finance lease liabilities	538	152
Provision for retirement benefits	3,750	3,214
	24,795	17,312
Current Liabilities		
Trade payables	11,248	12,181
Other payables and accruals	19,170	12,578
Term loans	773	788
Short term borrowings	6,531	2,939
Finance lease liabilities	209	137
Tax payable	3,043	4,826
	40,974	33,449
Liabilities classified as held for sale	-	10,794
Total Liabilities	65,769	61,555
Total Equity And Liabilities	252,028	227,712
Net Assets Per Share Attributable To Owners Of The Company (Sen)	23.54	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.



Continuous Innovation & Quality

Hovid Bhd (Company no: 58476 A)

Condensed Consolidated Statements of Changes in Equity (unaudited)

For the Fourth Financial Quarter Ended 30 June 2015

	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		
YEAR ENDED 30 JUNE 2015							
At 1 July 2014	76,381	263	32,489	52,036	161,169	4,988	166,157
Total comprehensive income for the year	-	-	6,286	20,975	27,261	972	28,233
Transactions with owners of the Company							
Issuance of shares to non-controlling interests	-	-	-	-	-	67	67
Conversion of warrants	1,754	1,755	(351)	-	3,158	-	3,158
Interim dividend	-	-	-	(7,639)	(7,639)	-	(7,639)
Derecognition of non-controlling interests in a subsidiary disposed	-	-	-	-	-	(3,717)	(3,717)
At 30 June 2015	78,135	2,018	38,424	65,372	183,949	2,310	186,259
YEAR ENDED 30 JUNE 2014							
At 1 July 2013	76,208	90	31,995	47,036	155,329	4,680	160,009
Effect of adopting new MFRS 119	-	-	-	(2,318)	(2,318)	-	(2,318)
At 1 July 2013, restated	76,208	90	31,995	44,718	153,011	4,680	157,691
Total comprehensive income for the year	-	-	539	18,567	19,106	261	19,367
Transactions with owners of the Company							
Issuance of shares to non-controlling interests	-	-	-	-	-	47	47
Warrant issue expenses	-	-	(11)	-	(11)	-	(11)
Conversion of warrants	173	173	(34)	-	312	-	312
Interim dividend	-	-	-	(11,249)	(11,249)	-	(11,249)
At 30 June 2014	76,381	263	32,489	52,036	161,169	4,988	166,157

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 Fourth Financial Quarter Ended 30 June 2015

	Note	12 months ended	
		30.6.2015 RM'000	30.6.2014 RM'000
Cash flows from operating activities			
Profit before tax		27,476	24,809
<i>Adjustments for:</i>			
Amortisation of intangible assets		582	596
Change in fair value of investment properties		(200)	(400)
Bad debts written off		-	13
Provision for retirement benefits		483	(43)
Depreciation of property, plant and equipment		5,402	5,440
Gain on disposals of properties, plant and equipment		(3)	(3)
Gain on disposal of a subsidiary		(1,365)	-
Impairment loss on receivables		75	163
Interest expense		826	1,368
Interest income		(163)	(1)
Inventories written down		-	33
Inventories written off		407	521
Product development expenditure written off		279	2,570
Property, plant and equipment written off		127	19
Reversal of impairment loss on receivables		(73)	(115)
Unrealised (gain)/loss on foreign exchange		(3,821)	96
Allowance for slow moving inventories		172	545
Operating profit before changes in working capital		30,204	35,611
Change in inventories		(3,030)	(2,618)
Change in receivables, deposits and prepayments		(9,627)	(4,966)
Change in payables and accruals		10,893	(618)
Bankers' acceptances		3,592	(972)
Cash generated from operations		32,032	26,437
Tax paid		(8,540)	(4,761)
Net cash from operating activities		23,492	21,676
Cash flows from investing activities			
Acquisition of property, plant and equipment		(29,661)	(6,280)
Disposal of a subsidiary, net of cash		7,824	-
Interest received		163	1
Proceeds from disposals of property, plant and equipment		66	25
Product development expenditure incurred		(2,263)	(2,314)
Net cash used in investing activities		(23,871)	(8,568)



Continuous Innovation & Quality

Hovid Bhd (Company no: 58476 A)

Condensed Consolidated Statements of Cash Flows (unaudited)

For the Fourth Financial Quarter Ended 30 June 2015

	Note	12 months ended	
		30.6.2015 RM'000	30.6.2014 RM'000
Cash flows from financing activities			
Interest paid		(821)	(2,420)
Withdrawal of pledged deposits with licensed banks		24	495
Repayments of finance lease liabilities		(156)	(490)
Drawdown of finance lease liabilities		614	-
Repayments of term loans		(427)	(2,658)
Drawdown of term loans		7,119	-
Payment of warrants issue expenses		-	(11)
Proceeds from issuance of shares to non-controlling interests		67	47
Interim dividends paid		(7,639)	(11,249)
Proceeds from warrants conversion		3,158	312
Net cash used in financing activities		1,939	(15,974)
Change in cash and cash equivalents		1,560	(2,866)
Effect of exchange rates fluctuations on cash held		222	(17)
Cash and cash equivalents at beginning of the year		20,256	23,139
Cash and cash equivalents at end of the year	(I)	22,038	20,256

Note (I) Cash and cash equivalents comprises:

Cash and bank balances	22,038	21,570
Less: Classified as held for sale		
Cash and deposits	-	347
Bank overdraft	-	(1,661)
	-	(1,314)
	<u>22,038</u>	<u>20,256</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 Fourth Financial Quarter Ended 30 June 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 year, 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 17,485,971 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 Fourth Financial Quarter Ended 30 June 2015

Explanatory Notes as per MFRS 134, Interim Financial Reporting

A8 Dividend paid

During the year, 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

During the quarter under review, certain of the Group's land and buildings were revalued based on valuation performed by independent professional valuers using comparison method, assets depreciated replacement cost method and residual method.

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.

Subsequent to the year end, on 14 July 2015, the Company incorporated a wholly-owned subsidiary in Singapore known as Hovid Pte. Ltd. ("HPL") with an issued and fully paid-up share capital of SGD1,000.00 comprising 1,000 ordinary share of SGD1.00 each. The intended principal activity of HPL is that of Research and Development.

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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Quarterly financial report (unaudited)

For the Fourth Financial Quarter Ended 30 June 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	
	30.6.2015 RM'000	30.6.2014 RM'000	30.6.2015 RM'000	30.6.2014 RM'000
Carotech Group				
Sales	-	465	79	468
Reallocation of common cost	-	30	86	151
Purchases	(22)	(458)	(707)	(458)
Steam service expenses	-	(283)	(589)	(699)
Rental of boiler and motor vehicle	-	(4)	(11)	(18)
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	16,562
Authorised but not contracted	32,492
Total capital commitments	49,054

B1 Review of performance

For the Quarter

The Group recorded a revenue of RM42.7 million during the current quarter which represents a 11.1% decrease as compared to the preceding year corresponding quarter's revenue of RM48.0 million. The lower revenue was due to the exclusion of BPPL's performance from the Group since the beginning of the current financial quarter, and lower sales arising from the stock-up by local customers in the prior quarter before the implementation of the Goods and Service Tax ("GST") which took effect from 1 April 2015. BPPL contributed 5.0% to the Group's sales during the preceding year quarter.

The Group's pre-tax profit decreased by 12.1% from RM7.2 million in the preceding year corresponding quarter to RM6.3 million in the current quarter mainly due to decrease in sales, increase in operating and sales promotional expenses. The increase in expenses was offset to some extent by the increase in higher exchange gain arising from the stronger United States of America Dollar ("USD").

Year-to-date

The Group's revenue for the current year amounting to RM188.4 million is 2.7% higher compared to the previous financial year of RM183.5 million. BPPL contributed 6.8% to the Group's sales last year. Excluding BPPL's revenue for comparison purpose, the Group's revenue increased by 5.9% during the current year. The increase was due to increase in orders and the stronger USD.

The Group's pre-tax profit was RM27.5 million for the current year, an increase of 10.8% as compared to previous financial year of RM24.8 million, mainly due to increase in sales, gain on disposal of BPPL and higher foreign exchange gain arising from the stronger USD, offset to some extent by the increase in operational and sales promotional expenses.

B2 Results comparison with preceding quarter

	Quarter ended	
	30.6.2015 RM'000	31.3.2015 RM'000
Revenue	42,698	48,653
Profit before tax	6,298	7,474

The Group recorded a revenue of RM42.7 million during the current quarter which represents a 12.2% decrease as compared to the preceding quarter's revenue of RM48.7 million. The lower revenue was due to the exclusion of BPPL's performance from the Group since the beginning of the current financial quarter, and lower sales arising from the stock-up by local customers in the prior quarter before the implementation of GST which took effect from 1 April 2015.

Pre-tax profit decreased by 15.7% from RM7.5 million in the preceding quarter to RM6.3 million in the current quarter due to gain in disposal of BPPL recorded during the preceding quarter amounting to RM1.365 million, boosted to some extent by the better gross profit margin 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, registration of new products and expanding its tablet and capsule production facility.

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.

Hovid Bhd (Company no: 58476 A)

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

B5 Income tax expense

	3 months ended		Year-to-date ended	
	30.6.2015 RM'000	30.6.2014 RM'000	30.6.2015 RM'000	30.6.2014 RM'000
Income tax expense				
Current period/year	1,330	2,674	6,647	6,612
Under provision in prior year	36	339	36	339
	1,366	3,013	6,683	6,951
Deferred taxation	44	(433)	(388)	(444)
	1,410	2,580	6,295	6,507

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

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 year were as follows :-

	Current RM'000	Non-current RM'000	Total RM'000
Secured	7,513	9,263	16,776
Unsecured	-	-	-
Total	7,513	9,263	16,776

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

Philippines Peso	RM'000 <u>516</u>
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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 year, 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.

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For the Fourth Financial Quarter Ended 30 June 2015

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

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	
	30.6.2015 RM'000	30.6.2014 RM'000	30.6.2015 RM'000	30.6.2014 RM'000
Net profit attributable to shareholders	4,799	4,697	21,205	18,084
<u>Number of ordinary shares</u>				
	'000	'000	'000	'000
Weighted average number of ordinary shares (basic)	769,449	762,670	765,224	762,591
Effects of dilution in outstanding Warrants	225,036	170,570	207,852	192,255
Weighted average number of ordinary shares (diluted)	994,485	933,240	973,076	954,846
<u>Earning per share</u>				
	Sen	Sen	Sen	Sen
Earning per share at nominal value of RM0.10 per share:-				
Basic	0.62	0.62	2.77	2.37
Diluted	0.48	0.50	2.18	1.89

B11 Profit for the period

Included in the profit for the period are:-

	3 months ended		Year-to-date ended	
	30.6.2015 RM'000	30.6.2014 RM'000	30.6.2015 RM'000	30.6.2014 RM'000
Finance income	162	-	163	1
Other income	244	669	1,205	1,223
Finance cost	(154)	(319)	(826)	(1,368)
Depreciation and amortisation	(1,493)	(1,562)	(5,984)	(6,036)
Impairment loss on receivables	(15)	(92)	(75)	(163)
Reversal of impairment loss on receivables	8	23	73	115
Gain on disposal of property, plant and equipment	4	(1)	3	3
Gain on disposal of a subsidiary	-	-	1,365	-
Inventories written off	(132)	(147)	(407)	(521)
Foreign exchange gain	1,511	383	5,732	1,539
Inventories written down	-	(33)	-	(33)
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 30.6.2015 RM'000	As at 30.6.2014 RM'000
Total retained profits of Company and its subsidiaries:-		
Realised	73,479	55,675
Unrealised	(8,934)	(14,389)
Total	64,545	41,286
Consolidation adjustments	827	10,750
Total group retained earnings	65,372	52,036

Authorisation for issue

On 28 August 2015, the Board of Directors authorised this interim report for issue.

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