



Continuous Innovation & Quality

Hovid Bhd (Company no: 58476 A)

Condensed Consolidated Statements of Profit or Loss

And Other Comprehensive Income (unaudited)

For the First Financial Quarter Ended 30 September 2015

	3 months ended		Year-to-date ended	
	30.9.2015 RM'000	30.9.2014 RM'000	30.9.2015 RM'000	30.9.2014 RM'000
Revenue	41,049	48,910	41,049	48,910
Other income	6,853	1,394	6,853	1,394
Operating expenses	(38,782)	(40,878)	(38,782)	(40,878)
Profit from operations	9,120	9,426	9,120	9,426
Depreciation & amortisation	(1,398)	(1,384)	(1,398)	(1,384)
Finance income	3	-	3	-
Finance costs	(88)	(385)	(88)	(385)
Profit before tax	7,637	7,657	7,637	7,657
Income tax expense	(1,538)	(1,926)	(1,538)	(1,926)
Profit for the period	6,099	5,731	6,099	5,731
Other comprehensive income, net of tax:-				
<i>Item that will be reclassified subsequently to profit or loss</i>				
Foreign currency translation differences for foreign operations	(1,203)	(593)	(1,203)	(593)
Other comprehensive income for the period	(1,203)	(593)	(1,203)	(593)
Total comprehensive income for the period	4,896	5,138	4,896	5,138
Profit attributable to:				
Owners of the Company	6,154	5,809	6,154	5,809
Non-controlling interests	(55)	(78)	(55)	(78)
Profit for the period	6,099	5,731	6,099	5,731
Total comprehensive income attributable to:				
Owners of the Company	5,155	5,219	5,155	5,219
Non-controlling interests	(259)	(81)	(259)	(81)
Total comprehensive income for the period	4,896	5,138	4,896	5,138
Earning per share attributable to owners of the Company (sen) (Note B10)				
- Basic at nominal value of RM0.10 per share	0.79	0.76	0.79	0.76
- Diluted at nominal value of RM0.10 per share	0.62	0.60	0.62	0.60

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 2015 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 2015

	As at 30.9.2015 (Unaudited) RM'000	As at 30.6.2015 (Audited) RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	128,705	128,808
Intangible assets	18,580	19,410
Investment properties	2,600	2,600
Available-for-sale investment	-	-
Deferred tax assets	892	787
	150,777	151,605
Current Assets		
Inventories	34,154	27,123
Trade receivables	34,858	35,024
Other receivables, deposits and prepayments	21,035	14,977
Cash and deposits	27,877	22,922
	117,924	100,046
Total Assets	268,701	251,651
EQUITY		
Equity Attributable to Owners of the Company		
Share capital	78,760	78,135
Share premium	2,642	2,018
Reserves	37,174	38,298
Retained earnings	71,404	65,250
	189,980	183,701
Non-controlling interests	2,051	2,310
Total Equity	192,031	186,011
LIABILITIES		
Non-Current Liabilities		
Deferred tax liabilities	11,212	11,128
Term loans	14,619	8,725
Finance lease liabilities	509	557
Provision for retirement benefits	3,780	3,617
	30,120	24,027
Current Liabilities		
Trade payables	13,385	11,248
Other payables and accruals	19,679	19,044
Term loans	756	773
Short term borrowings	8,986	6,531
Finance lease liabilities	191	190
Tax payable	3,553	3,827
	46,550	41,613
Total Liabilities	76,670	65,640
Total Equity And Liabilities	268,701	251,651
Net Assets Per Share Attributable To Owners Of The Company (Sen)	24.12	23.51

The Condensed Consolidated Statements of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 30 June 2015 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 First Financial Quarter Ended 30 September 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 30 SEPTEMBER 2015							
At 1 July 2015	78,135	2,018	38,298	65,250	183,701	2,310	186,011
Total comprehensive income/(loss) for the period	-	-	(999)	6,154	5,155	(259)	4,896
Transaction with owners of the Company Conversion of warrants	625	624	(125)	-	1,124	-	1,124
At 30 September 2015	78,760	2,642	37,174	71,404	189,980	2,051	192,031
PERIOD ENDED 30 SEPTEMBER 2014							
At 1 July 2014	76,381	263	32,489	52,036	161,169	4,988	166,157
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)
At 30 September 2014	76,382	264	31,899	54,026	162,571	4,939	167,510

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 2015 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 First Financial Quarter Ended 30 September 2015

	Note	3 months ended	
		30.9.2015 RM'000	30.9.2014 RM'000
Cash flows from operating activities			
Profit before tax		7,637	7,657
<i>Adjustments for:</i>			
Amortisation of intangible assets		151	143
Provision for retirement benefits		117	110
Depreciation of property, plant and equipment		1,247	1,241
Impairment loss on receivables		34	48
Interest expense		88	385
Interest income		(3)	-
Inventories written off		68	104
Product development expenditure written off		1,750	650
Property, plant and equipment written off		1	-
Reversal of impairment loss on receivables		(6)	(16)
Unrealised gain on foreign exchange		(5,863)	(71)
Allowance for slow moving inventories		(3)	-
Operating profit before changes in working capital		5,218	10,251
Change in inventories		(7,096)	(1,440)
Change in receivables, deposits and prepayments		(5,920)	(7,343)
Change in payables and accruals		9,427	282
Bankers' acceptances		2,455	6,434
Cash generated from operations		4,084	8,184
Tax paid		(1,757)	(1,399)
Net cash from operating activities		2,327	6,785
Cash flows from investing activities			
Acquisition of property, plant and equipment		(3,362)	(1,496)
Interest received		3	-
Proceeds from disposals of property, plant and equipment		1	-
Product development expenditure incurred		(1,071)	(978)
Net cash used in investing activities		(4,429)	(2,474)



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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 2015

	Note	3 months ended	
		30.9.2015 RM'000	30.9.2014 RM'000
Cash flows from financing activities			
Interest paid		(113)	(267)
Placement of pledged deposits with licensed banks		(6)	(23)
Repayments of finance lease liabilities		(47)	(48)
Repayments of term loans		(149)	(213)
Drawdown of term loans		5,957	-
Proceeds from issuance of shares to non-controlling interests		-	32
Proceeds from warrants conversion		1,124	2
Net cash from/(used in) financing activities		6,766	(517)
Change in cash and cash equivalents		4,664	3,794
Effect of exchange rates fluctuations on cash held		285	8
Cash and cash equivalents at beginning of the period		21,847	20,256
Cash and cash equivalents at end of the period	(I)	26,796	24,058

Note (I) Cash and cash equivalents comprises:

Cash and bank balances	26,796	25,714
Bank overdrafts	-	(359)
	<u>26,796</u>	<u>25,355</u>
Less: Classified as held for sale		
Cash and deposits	-	151
Bank overdraft	-	(1,448)
	-	<u>(1,297)</u>
	<u>26,796</u>	<u>24,058</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 2015 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 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 2015. 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 2015.

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 2015. 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.

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 6,243,100 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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Hovid Bhd (Company no: 58476 A)

Quarterly financial report (unaudited)

For the First Financial Quarter Ended 30 September 2015

Explanatory Notes as per MFRS 134, Interim Financial Reporting

A8 Dividend paid

No dividend was paid during the quarter under review.

A9 Segment information

The Group is principally confined to the manufacturing and sale of pharmaceutical and herbal products.

Operating segment information has therefore not been prepared as the Group's revenue and operating profit before tax are mainly confined to one operating segment.

A10 Valuation of property, plant and equipment

The Group did not carry out any revaluation on its property, plant and equipment during the quarter under review.

A11 Material subsequent events

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

A12 Changes in the composition of the Group

On 14 July 2015, the Company incorporated a wholly-owned subsidiary in Singapore known as Hovid Pte. Ltd. with an issued and fully paid-up share capital of SGD1,000.00 comprising 1,000 ordinary shares. The intended principal activity of the subsidiary is that of research and development.

There were no other 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 2015, to the date of this report.

A14 Significant related parties transactions

There were no significant related parties transactions during the quarter under review.

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	19,275
Authorised but not contracted	23,731
Total capital commitments	43,006

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

B1 Review of performance

The Group recorded a revenue of RM41.0 million during the current quarter which represents a 16.1% decrease as compared to the preceding year corresponding quarter's revenue of RM48.9 million. The lower revenue was due to the timing of deliveries to customers and the exclusion of Biodeal Pharmaceuticals Private Limited's ("BPPL") performance from the Group since 1 April 2015 with the completion of its disposal. BPPL contributed 4.8% to the Group's sales during the preceding year quarter.

The Group's pre-tax profit remains substantially the same as the preceding year corresponding quarter at RM7.6 million despite the lower revenue mainly due to higher foreign exchange gain arising from the stronger United States of America Dollar ("USD").

B2 Results comparison with preceding quarter

	Quarter ended	
	30.9.2015 RM'000	30.6.2015 RM'000
Revenue	41,049	42,698
Profit before tax	7,637	5,861

The Group recorded a revenue of RM41.0 million during the current quarter which represents a 3.9% decrease as compared to the preceding quarter's revenue of RM42.7 million. The lower revenue was due to the timing of deliveries to customers.

Pre-tax profit increased by 30.3% from RM5.9 million in the preceding quarter to RM7.6 million in the current quarter due to higher foreign exchange gain arising from the stronger USD.

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.



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For the First Financial Quarter Ended 30 September 2015

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

B5 Income tax expense

	3 months ended		Year-to-date ended	
	30.9.2015 RM'000	30.9.2014 RM'000	30.9.2015 RM'000	30.9.2014 RM'000
Income tax expense for current period	1,454	2,189	1,454	2,189
Deferred taxation	84	(263)	84	(263)
	1,538	1,926	1,538	1,926

The effective tax rate is lower than the statutory tax rate mainly due to non-taxable unrealised foreign exchange gain.

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	9,933	15,128	25,061
Unsecured	-	-	-
Total	9,933	15,128	25,061

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

Philippines Peso	RM'000 542
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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

On 28 August 2015, the Directors declared the following single-tier dividends in respect of the financial year ended 30 June 2015, which were paid on 2 October 2015:-

- i) an interim dividend of 0.5 sen per ordinary share; and
- ii) a special interim dividend of 0.35 sen per ordinary share.

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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	
	30.9.2015 RM'000	30.9.2014 RM'000	30.9.2015 RM'000	30.9.2014 RM'000
Net profit attributable to shareholders	6,154	5,809	6,154	5,809
<u>Number of ordinary shares</u>				
	'000	'000	'000	'000
Weighted average number of ordinary shares (basic)	783,832	763,814	783,832	763,814
Effects of dilution in outstanding Warrants	215,646	211,244	215,646	211,244
Weighted average number of ordinary shares (diluted)	999,478	975,058	999,478	975,058
<u>Earning per share</u>				
	Sen	Sen	Sen	Sen
Earning per share at nominal value of RM0.10 per share:-				
Basic	0.79	0.76	0.79	0.76
Diluted	0.62	0.60	0.62	0.60

B11 Profit for the period

Included in the profit for the period are:-

	3 months ended		Year-to-date ended	
	30.9.2015 RM'000	30.9.2014 RM'000	30.9.2015 RM'000	30.9.2014 RM'000
Finance income	3	-	3	-
Other income	130	520	130	520
Finance cost	(88)	(385)	(88)	(385)
Depreciation and amortisation	(1,398)	(1,384)	(1,398)	(1,384)
Impairment loss on receivables	(34)	(48)	(34)	(48)
Reversal of impairment loss on receivables	6	16	6	16
Inventories written off	(68)	(103)	(68)	(103)
Foreign exchange gain	6,716	858	6,716	858
Inventories written down	-	-	-	-
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 30.9.2015 RM'000	As at 30.6.2015 RM'000
Total retained profits of Company and its subsidiaries:-		
Realised	75,553	72,703
Unrealised	(5,401)	(8,280)
Total	70,152	64,423
Consolidation adjustments	1,252	827
Total group retained earnings	71,404	65,250

Authorisation for issue

On 26 November 2015, the Board of Directors authorised this interim report for issue.

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