



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 2016

	3 months ended		Year-to-date ended	
	30.6.2016 RM'000	30.6.2015 RM'000	30.6.2016 RM'000	30.6.2015 RM'000
Revenue	51,140	42,698	189,026	188,406
Other income	1,570	1,566	4,107	8,177
Operating expenses	(44,015)	(36,899)	(164,044)	(162,878)
Profit from operations	8,695	7,365	29,089	33,705
Depreciation & amortisation	(1,399)	(1,491)	(5,703)	(5,982)
Finance income	53	163	71	164
Finance costs	(307)	(176)	(763)	(848)
Profit before tax	7,042	5,861	22,694	27,039
Income tax expense	(760)	(1,269)	(4,544)	(6,154)
Profit for the year	6,282	4,592	18,150	20,885
Other comprehensive income, net of tax:-				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Revaluation of land and buildings	2,207	8,951	2,207	8,951
Remeasurement of retirement benefit liabilities	(25)	173	(25)	173
	2,182	9,124	2,182	9,124
<i>Item that will be reclassified subsequently to profit or loss</i>				
Foreign currency translation differences for foreign operations	184	13	(1,565)	(2,025)
	184	13	(1,565)	(2,025)
Other comprehensive income for the year	2,366	9,137	617	7,099
Total comprehensive income for the year	8,648	13,729	18,767	27,984
Profit attributable to:				
Owners of the Company	6,216	4,503	17,896	20,909
Non-controlling interests	66	89	254	(24)
Profit for the year	6,282	4,592	18,150	20,885
Total comprehensive income attributable to:				
Owners of the Company	8,617	12,756	18,670	27,012
Non-controlling interests	31	973	97	972
Total comprehensive income for the year	8,648	13,729	18,767	27,984
Earning per share attributable to owners of the Company (sen) (Note B10)				
- Basic at nominal value of RM0.10 per share	0.76	0.59	2.24	2.73
- Diluted at nominal value of RM0.10 per share	0.62	0.45	1.80	2.15

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 Fourth Financial Quarter Ended 30 June 2016

	As at 30.6.2016 (Unaudited) RM'000	As at 30.6.2015 (Audited) RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	169,507	128,808
Intangible assets	20,472	19,410
Investment properties	2,600	2,600
Available-for-sale investment	-	-
Deferred tax assets	926	787
	193,505	151,605
Current Assets		
Inventories	34,181	27,123
Trade receivables	39,827	35,024
Other receivables, deposits and prepayments	21,577	14,977
Tax recoverable	309	-
Cash and deposits	23,350	22,922
	119,244	100,046
Total Assets	312,749	251,651
EQUITY		
Equity Attributable to Owners of the Company		
Share capital	81,482	78,135
Share premium	5,364	2,018
Reserves	38,428	38,298
Retained earnings	76,426	65,250
	201,700	183,701
Non-controlling interests	2,623	2,310
Total Equity	204,323	186,011
LIABILITIES		
Non-Current Liabilities		
Deferred tax liabilities	13,912	11,128
Term loans	35,092	8,725
Finance lease liabilities	539	557
Provision for retirement benefits	4,246	3,617
	53,789	24,027
Current Liabilities		
Trade payables	11,218	11,248
Other payables and accruals	17,747	19,044
Term loans	7,076	773
Short term borrowings	18,468	6,531
Finance lease liabilities	128	190
Tax payable	-	3,827
	54,637	41,613
Total Liabilities	108,426	65,640
Total Equity And Liabilities	312,749	251,651
Net Assets Per Share Attributable To Owners Of The Company (Sen)	24.75	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.



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Hovid Bhd (Company no: 58476 A)

Condensed Consolidated Statements of Changes in Equity (unaudited)

For the Fourth Financial Quarter Ended 30 June 2016

	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			
YEAR ENDED 30 JUNE 2016							
At 1 July 2015	78,135	2,018	38,298	65,250	183,701	2,310	186,011
Total comprehensive income for the year	-	-	799	17,871	18,670	97	18,767
Transactions with owners of the Company							
Issuance of shares to non-controlling interests	-	-	-	-	-	216	216
Conversion of warrants	3,347	3,346	(669)	-	6,024	-	6,024
Interim dividends	-	-	-	(6,695)	(6,695)	-	(6,695)
At 30 June 2016	81,482	5,364	38,428	76,426	201,700	2,623	204,323
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	-	-	6,160	20,852	27,012	972	27,984
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 dividends	-	-	-	(7,638)	(7,638)	-	(7,638)
Derecognition of non-controlling interests of a subsidiary disposed	-	-	-	-	-	(3,717)	(3,717)
At 30 June 2015	78,135	2,018	38,298	65,250	183,701	2,310	186,011

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 Fourth Financial Quarter Ended 30 June 2016**

	Note	12 months ended	
		30.6.2016 RM'000	30.6.2015 RM'000
Cash flows from operating activities			
Profit before tax		22,694	27,039
<i>Adjustments for:</i>			
Amortisation of intangible assets		628	582
Change in fair value of investment properties		-	(200)
Bad debts written off		3	2
Provision for retirement benefits		575	598
Depreciation of property, plant and equipment		5,075	5,400
Gain on disposals of properties, plant and equipment		(3)	(3)
Gain on disposal of a subsidiary		-	(1,365)
Impairment loss on receivables		103	239
Interest expense		763	848
Interest income		(70)	(164)
Inventories written down		271	87
Inventories written off		429	407
Product development expenditure written off		1,169	279
Property, plant and equipment written off		95	128
Reversal of impairment loss on receivables		(62)	(73)
Unrealised gain on foreign exchange		(923)	(3,618)
Allowance for slow moving inventories		254	168
Operating profit before changes in working capital		31,001	30,354
Change in inventories		(8,012)	(2,155)
Change in receivables, deposits and prepayments		(11,447)	(9,258)
Change in payables and accruals		(988)	7,716
Bankers' acceptances		11,937	3,592
Cash generated from operations		22,491	30,249
Tax paid		(6,108)	(8,524)
Net cash from operating activities		16,383	21,725
Cash flows from investing activities			
Acquisition of property, plant and equipment		(44,256)	(27,267)
Disposal of a subsidiary, net of cash		-	7,824
Interest received		70	164
Proceeds from disposals of property, plant and equipment		116	66
Product development expenditure incurred		(2,859)	(2,263)
Net cash used in investing activities		(46,929)	(21,476)



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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 2016

	Note	12 months ended	
		30.6.2016 RM'000	30.6.2015 RM'000
Cash flows from financing activities			
Interest paid		(796)	(843)
(Placement)/withdrawal of pledged deposits with a licensed bank		(335)	24
Repayments of finance lease liabilities		(190)	(156)
Repayments of term loans		(368)	(427)
Drawdown of term loans		33,012	7,119
Proceeds from issuance of shares to non-controlling interests		216	67
Interim dividends paid		(6,695)	(7,638)
Proceeds from warrants conversion		6,024	3,158
Net cash from financing activities		30,868	1,304
Change in cash and cash equivalents		322	1,553
Effect of exchange rates fluctuations on cash held		(229)	38
Cash and cash equivalents at beginning of the year		21,847	20,256
Cash and cash equivalents at end of the year	(I)	21,940	21,847

Note (I) Cash and cash equivalents comprises:

Cash and bank balances	23,350	22,922
Less: Fixed deposits pledged to banks	(1,410)	(1,075)
	<u>21,940</u>	<u>21,847</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.



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Hovid Bhd (Company no: 58476 A)

Quarterly financial report (unaudited)

For the Fourth Financial Quarter Ended 30 June 2016

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 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 years 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 other than the foreign exchange gain amounting to RM1.5 million, arising from the strengthening of United States of America Dollar ("USD") against Ringgit Malaysia ("RM") during the current quarter.

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 3,488,200 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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Explanatory Notes as per MFRS 134, Interim Financial Reporting

A8 Dividends 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 of the financial year ended 30 June 2015, declared by the Directors on 28 August 2015, was paid on 2 October 2015, and

ii. Special dividend of 0.35 sen per ordinary share in respect of the financial year ended 30 June 2015, declared by the Directors on 28 August 2015, was paid on 2 October 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 and assets depreciated replacement cost method.

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

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 2015, to the date of this report.

A14 Significant related parties transactions

	3 months ended		Year-to-date ended	
	30.6.2016 RM'000	30.6.2015 RM'000	30.6.2016 RM'000	30.6.2015 RM'000
Transactions with a company in which a Director is also a director of that company				
<u>ExcelVite Sdn Bhd</u>				
Sales	1	-	7	-
Reallocation of common costs	12	-	41	-
Purchases	(63)	-	(1,721)	-
Steam service expenses	(8)	-	(73)	-
Rental expense	(7)	-	(13)	-
Research services rendered	-	-	10	-
Transactions with companies in which a person connected with a Director has substantial financial interests				
<u>Aglo1 Sdn Bhd and Future Express Sdn Bhd</u>				
Purchase of computer equipment and accessories	(107)	(207)	(316)	(376)



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For the Fourth Financial Quarter Ended 30 June 2016

Explanatory Notes as per MFRS 134, Interim Financial Reporting

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	29,062
Authorised but not contracted	4,653
Total capital commitments	33,715



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For the Fourth Financial Quarter Ended 30 June 2016

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 RM51.1 million during the current quarter which represents a 19.8% increase as compared to the preceding year corresponding quarter's revenue of RM42.7 million. The increase in local sales by 14.6% was due to marketing effort and price increase effective January 2016, while the improvement in overseas markets by 5.2% was due to the continued promotional activities undertaken by the overseas subsidiaries and the spillover of delayed shipments from previous quarter.

The Group's pre-tax profit of RM7.0 million was RM1.2 million or 20.2% higher in comparison to preceding year corresponding quarter's result of RM5.8 million arising mainly from the improved sales performance.

Year-to-date

The Group's revenue for the current year amounting to RM189.0 million was slightly higher in comparison to RM188.4 million achieved in the previous financial year.

A 51%-owned subsidiary, Biodeal Pharmaceuticals Private Limited ("BPPL"), was disposed during the previous financial year on 31 March 2015. BPPL contributed RM7.3 million to the Group's sales last year. Excluding BPPL's revenue for comparison purpose, the Group's revenue has increased by RM8.0 million or 4.4% for the current financial year.

The Group's pre-tax profit for the current year of RM22.7 million was RM4.3 million or 16.1% lower in comparison to previous financial year's of RM27.0 million. The poorer result was due a lower foreign exchange gain recorded for the year of RM3.6 million in comparison to RM5.5 million for the previous year that arose from the fluctuation of USD against RM and higher operating expenses caused by the weak RM. Additionally, included in the previous year's result was a gain of RM1.4 million from the disposal of BPPL.

B2 Results comparison with preceding quarter

	Quarter ended	
	30.6.2016 RM'000	31.3.2016 RM'000
Revenue	51,140	40,893
Profit before tax		
Profit before tax and before foreign exchange differences	5,563	5,556
Add/(less):		
Unrealised foreign exchange gain/(loss)	886	(4,629)
Realised foreign exchange gain	593	1,064
Net foreign exchange gain/(loss)	1,479	(3,565)
Profit before tax	7,042	1,991

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

B2 Results comparison with preceding quarter (cont.)

The Group recorded a revenue of RM51.1 million during the current quarter which represents a RM10.2 million or 25.1% increase as compared to the preceding quarter's revenue of RM40.9 million. The higher revenue was due to the spillover of delayed shipments amounting to RM4.2 million from preceding quarter. Additionally, local sales for preceding quarter was lower due to the festive seasons and customers stocking up by end of second quarter before the price increase in January 2016.

The Group's pre-tax profit was RM7.0 million, an increase of RM5.1 million or 253.7% as compared to preceding quarter's RM2.0 million. The increase was mainly attributed to an increase in foreign exchange gain of RM5.0 million, current quarter was a gain of RM1.5 million while preceding quarter was a loss of RM3.5 million.

B3 Commentary on Prospects

Barring any unforeseen circumstances, the outlook for the Group is expected to be satisfactory as the Group is expanding its tablet and capsule production facility and actively securing new overseas markets and registration of new products. However, the fluctuation of RM against the USD and the resulting unrealised forex exchange gains / loss may cause some fluctuations to our RM denominated financial results.

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	
	30.6.2016 RM'000	30.6.2015 RM'000	30.6.2016 RM'000	30.6.2015 RM'000
Income tax expense				
Income tax expense for current year	57	2,128	4,043	7,445
(Over)/under provision in prior year	(1,803)	36	(1,803)	36
Total income tax expense	(1,746)	2,164	2,240	7,481
Deferred tax expense				
Origination/(reversal) of temporary differences	645	(895)	443	(1,327)
Under provision in prior year	1,861	-	1,861	-
Total deferred tax expense	2,506	(895)	2,304	(1,327)
Total	760	1,269	4,544	6,154

The effective tax rate for the year is lower than the statutory tax rate mainly due to tax incentive from reinvestment allowance.

B6 Status of corporate proposal and its proceeds utilisation

There are no corporate proposals announced but not completed for the quarter under review.

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For the Fourth Financial Quarter Ended 30 June 2016

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

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	25,672	35,631	61,303

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

	RM'000
US Dollar	12,459
Philippines Peso	461
Colombian Peso	678
Singapore Dollar	<u>1,878</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 proposed or declared

No dividend has been proposed or declared during the current quarter.

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	
	30.6.2016 RM'000	30.6.2015 RM'000	30.6.2016 RM'000	30.6.2015 RM'000
Net profit attributable to shareholders	6,216	4,503	17,896	20,909
<u>Number of ordinary shares</u>				
	<u>'000</u>	<u>'000</u>	<u>'000</u>	<u>'000</u>
Weighted average number of ordinary shares (basic)	812,835	769,449	798,335	765,224
Effects of dilution in outstanding Warrants	183,728	225,036	195,849	207,852
Weighted average number of ordinary shares (diluted)	996,563	994,485	994,184	973,076
<u>Earning per share</u>				
	Sen	Sen	Sen	Sen
Earning per share at nominal value of RM0.10 per share:-				
Basic	0.76	0.59	2.24	2.73
Diluted	0.62	0.45	1.80	2.15



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For the Fourth Financial Quarter Ended 30 June 2016

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

B11 Profit for the year

Included in the profit for the year are:-

	3 months ended		Year-to-date ended	
	30.6.2016 RM'000	30.6.2015 RM'000	30.6.2016 RM'000	30.6.2015 RM'000
Finance income	53	163	71	164
Other income	(104)	244	234	1,205
Finance cost	(307)	(176)	(763)	(848)
Depreciation and amortisation	(1,399)	(1,491)	(5,703)	(5,982)
Impairment loss on receivables	(52)	(179)	(103)	(239)
Reversal of impairment loss on receivables	9	8	62	73
Write off of receivables	(43)	-	(43)	-
Gain/(loss) on disposal of property, plant and equipment	(4)	4	3	3
Gain on disposal of a subsidiary	-	-	-	1,365
Inventories written off	(69)	(132)	(429)	(407)
Foreign exchange gain	1,479	1,304	3,614	5,525
Inventories written down	(271)	(87)	(271)	(87)
Allowance for slow moving inventories	(258)	(168)	(254)	(168)
Gain/(loss) on derivatives	-	-	-	-
Exceptional items	-	-	-	-

B12 Realised and unrealised profits and losses disclosure

	As at 30.6.2016 RM'000	As at 30.6.2015 RM'000
Total retained profits of Company and its subsidiaries:-		
Realised	91,675	72,703
Unrealised	(14,172)	(8,280)
Total	77,503	64,423
Consolidation adjustments	(1,077)	827
Total group retained earnings	76,426	65,250

Authorisation for issue

On 30 August 2016, the Board of Directors authorised this interim report for issue.

On behalf of the Board,

Goh Tian Hock

Ng Yuet Seam

Joint Secretaries