



Continuous Innovation & Quality

Hovid Bhd (Company no: 58476 A)

Condensed Consolidated Statements of Profit or Loss

And Other Comprehensive Income (unaudited)

For the Second Financial Quarter Ended 31 December 2017

	3 months ended		Year-to-date ended	
	31.12.2017 RM'000	31.12.2016 RM'000	31.12.2017 RM'000	31.12.2016 RM'000
<b>Revenue</b>	<b>54,454</b>	<b>49,337</b>	<b>104,111</b>	<b>93,476</b>
Other income	268	2,728	123	3,697
Operating expenses	(48,136)	(44,010)	(92,751)	(82,107)
<b>Profit from operations</b>	<b>6,586</b>	<b>8,055</b>	<b>11,483</b>	<b>15,066</b>
Depreciation & amortisation	(2,161)	(1,632)	(3,809)	(3,219)
Finance income	10	24	21	43
Finance costs	(595)	(376)	(883)	(678)
<b>Profit before tax</b>	<b>3,840</b>	<b>6,071</b>	<b>6,812</b>	<b>11,212</b>
Income tax	(1,055)	(1,016)	(1,872)	(2,031)
<b>Profit for the period</b>	<b>2,785</b>	<b>5,055</b>	<b>4,940</b>	<b>9,181</b>
<b>Other comprehensive income/(loss), net of tax:-</b>				
<i>Item that will be reclassified subsequently to profit or loss</i>				
Foreign currency translation differences for foreign operations	(558)	(227)	(256)	562
<b>Other comprehensive loss for the period</b>	<b>(558)</b>	<b>(227)</b>	<b>(256)</b>	<b>562</b>
<b>Total comprehensive income for the period</b>	<b>2,227</b>	<b>4,828</b>	<b>4,684</b>	<b>9,743</b>
<b>Profit attributable to:</b>				
Owners of the Company	2,633	4,921	4,763	8,970
Non-controlling interests	152	134	177	211
<b>Profit for the period</b>	<b>2,785</b>	<b>5,055</b>	<b>4,940</b>	<b>9,181</b>
<b>Total comprehensive income attributable to:</b>				
Owners of the Company	2,540	4,744	4,279	9,541
Non-controlling interests	(313)	84	405	202
<b>Total comprehensive income for the period</b>	<b>2,227</b>	<b>4,828</b>	<b>4,684</b>	<b>9,743</b>
<b>Earning per share attributable to owners of the Company (sen) (Note B10)</b>				
- Basic per share	<b>0.32</b>	<b>0.60</b>	<b>0.58</b>	<b>1.10</b>
- Diluted per share	<b>0.27</b>	<b>0.50</b>	<b>0.49</b>	<b>0.91</b>

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 2017 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 Second Financial Quarter Ended 31 December 2017**

	As at 31.12.2017 (Unaudited) RM'000	As at 30.6.2017 (Audited) RM'000
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant and equipment	205,837	204,822
Intangible assets	19,349	19,830
Investment properties	5,000	5,000
Available-for-sale investment	-	-
Deferred tax assets	898	952
	231,084	230,604
<b>Current Assets</b>		
Inventories	41,870	31,515
Trade receivables	34,426	28,239
Other receivables, deposits and prepayments	20,244	11,961
Tax recoverable	4,082	5,191
Cash and deposits	20,384	15,864
	121,006	92,770
<b>Total Assets</b>	<b>352,090</b>	<b>323,374</b>
<b>EQUITY</b>		
<b>Equity Attributable to Owners of the Company</b>		
Share capital	88,060	88,060
Reserves	39,264	39,748
Retained earnings	75,158	70,395
	202,482	198,203
<b>Non-controlling interests</b>	3,351	2,946
<b>Total Equity</b>	205,833	201,149
<b>LIABILITIES</b>		
<b>Non-Current Liabilities</b>		
Deferred tax liabilities	15,284	16,040
Government grants	90	96
Term loans	44,248	47,429
Finance lease liabilities	450	513
Provision for retirement benefits	5,801	5,421
	65,873	69,499
<b>Current Liabilities</b>		
Government grants	14	14
Trade payables	20,076	10,829
Other payables and accruals	22,191	24,267
Term loans	10,655	10,922
Short term borrowings	27,321	6,564
Finance lease liabilities	127	130
	80,384	52,726
<b>Total Liabilities</b>	146,257	122,225
<b>Total Equity And Liabilities</b>	<b>352,090</b>	<b>323,374</b>
<b>Net Assets Per Share Attributable To Owners Of The Company (Sen)</b>	<b>24.67</b>	<b>24.14</b>

The Condensed Consolidated Statements of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 30 June 2017 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 Second Financial Quarter Ended 31 December 2017

	Attributable to Owners of the Company				Total	Non-controlling Interests	Total Equity
	Non-distributable		Distributable	RM'000			
	Share capital RM'000	Share premium RM'000	Reserves RM'000				
<b>PERIOD ENDED 31 DECEMBER 2017</b>							
At 1 July 2017	88,060	-	39,748	70,395	198,203	2,946	201,149
Total comprehensive income/(loss) for the period	-	-	(484)	4,763	4,279	405	4,684
At 31 December 2017	88,060	-	39,264	75,158	202,482	3,351	205,833
<b>PERIOD ENDED 31 DECEMBER 2016</b>							
At 1 July 2016	81,482	5,364	38,428	76,426	201,700	2,623	204,323
Total comprehensive income for the period	-	-	571	8,970	9,541	202	9,743
Transactions with owners of the Company:-							
Conversion of warrants	460	460	(92)	-	828	-	828
Interim dividend	-	-	-	(4,089)	(4,089)	-	(4,089)
At 31 December 2016	81,942	5,824	38,907	81,307	207,980	2,825	210,805

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 2017 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 Second Financial Quarter Ended 31 December 2017**

	Note	6 months ended	
		31.12.2017 RM'000	31.12.2016 RM'000
<b>Cash flows from operating activities</b>			
Profit before tax		6,812	11,212
<i>Adjustments for:</i>			
Amortisation of intangible assets		303	324
Provision for retirement benefits		408	338
Depreciation of property, plant and equipment		3,506	2,895
Gain on disposals of properties, plant and equipment		(23)	(87)
Impairment loss on receivables		47	32
Interest expense		883	678
Interest income		(21)	(43)
Inventories written down		34	-
Inventories written off		290	180
Impairment of product development expenditure		1,200	800
Property, plant and equipment written off		140	10
Reversal of impairment loss on receivables		(18)	(11)
Unrealised (gain)/loss on foreign exchange		544	(2,976)
Amortisation of government grants		(7)	-
Government grants recognised as income		(24)	-
<b>Operating profit before changes in working capital</b>		14,074	13,352
Change in inventories		(11,190)	(3,669)
Change in receivables, deposits and prepayments		(14,499)	2,689
Change in payables and accruals		7,501	8,614
Short term borrowings		13,595	2,772
Revolving credit		7,162	-
<b>Cash generated from operations</b>		16,643	23,758
Tax paid		(1,418)	(2,846)
<b>Net cash from operating activities</b>		15,225	20,912
<b>Cash flows from investing activities</b>			
Acquisition of property, plant and equipment		(6,100)	(31,383)
Interest received		21	43
Proceeds from disposals of property, plant and equipment		33	330
Product development expenditure incurred		(1,022)	(1,916)
Proceeds from government grants		25	2,766
<b>Net cash used in investing activities</b>		(7,043)	(30,160)



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**Hovid Bhd (Company no: 58476 A)**

**Condensed Consolidated Statements of Cash Flows (unaudited)  
For the Second Financial Quarter Ended 31 December 2017**

	Note	6 months ended	
		31.12.2017 RM'000	31.12.2016 RM'000
<b>Cash flows from financing activities</b>			
Interest paid		(880)	(678)
Placement of pledged deposits with a licensed bank		(9)	(14)
Repayment of finance lease liabilities		(66)	(79)
Repayment of term loans		(7,035)	(1,859)
Drawdown of term loans		4,448	12,992
Interim dividends paid		-	(4,089)
Proceeds from warrants conversion		-	828
<b>Net cash from financing activities</b>		<b>(3,542)</b>	<b>7,101</b>
Change in cash and cash equivalents		4,640	(2,147)
Effect of exchange rates fluctuations on cash held		(129)	(897)
Cash and cash equivalents at beginning of the period		13,699	21,940
<b>Cash and cash equivalents at end of the period</b>	(I)	<b>18,210</b>	<b>18,896</b>

Note (I) Cash and cash equivalents comprises:

Cash and bank balances	20,384	20,320
Less: Fixed deposits pledged to banks	(2,174)	(1,424)
	<u>18,210</u>	<u>18,896</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 2017 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 Second Financial Quarter Ended 31 December 2017

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 2017. 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 2017.

**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 years beginning on or after 1 July 2017. 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**

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.

**A8 Dividends paid**

No dividend was paid during the quarter under review.



**Continuous Innovation & Quality**

**Hovid Bhd (Company no: 58476 A)**

**Quarterly financial report (unaudited)**

**For the Second Financial Quarter Ended 31 December 2017**

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

**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 events**

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

**A12 Significant events**

On 9 October 2017, the Company announced that a notice of conditional voluntary take-over offer ("the Offer") was received from Fajar Astoria Sdn Bhd and Mr Ho Sue San @ David Ho Sue San, the Managing Director and Chairman of the Company ("Joint Offerors") in respect of the Joint Offerors' intention to undertake the Offer to acquire all the remaining ordinary shares in the Company ("Hovid Shares"), all the outstanding warrants 2013/2018 in the Company ("Hovid Warrants") and any new Hovid Shares that may be issued prior to the closing date of the Offer arising from the exercise of the outstanding Hovid Warrants not already owned by the Joint Offerors. The offer price is RM0.38 per Hovid Share and RM0.20 per Hovid Warrant.

On 30 October 2017, the Offer Documents were circulated to the shareholders and warrant holders of Hovid ("Holders") by the Joint Offerors, and the first closing date was 20 November 2017.

On 9 November 2017, Hovid's Independent Advisor, AmInvestment Bank Berhad ("AmInvestment Bank"), circulated the Independent Advice Circular to the Holders. AmInvestment Bank was of the view that the Offer was fair and reasonable, and accordingly recommended the Holders to accept the Offer.

On 17 November 2017, the Joint Offerors extended the closing date of the Offer from 20 November 2017 to 4 December 2017.

On 22 November 2017, the Joint Offerors informed that the Acceptance Condition for the Offer has been revised to the condition that "The Joint Offerors receive, on or before the Closing Date, acceptances by the Holders of the Offer Shares, which will result in the Joint Offerors holding in aggregate (together with such Shares that are already acquired, held or entitled to be acquired or held by the Joint Offerors) more than 75% of the total Shares ("Revised Acceptance Condition")". Additionally, the Offer has been extended to 7 December 2017.

On 4 December 2017, the Joint Offerors informed that the closing date of the Offer for acceptances of the Offer has been extended to 29 December 2017 ("Final Closing Date").

On 14 December 2017, the Joint Offerors informed that the Acceptance Condition for the Offer has been revised to the condition that "The Joint Offerors receive, on or before the Final Closing Date, acceptances by the Holders of the Offer Shares, which will result in the Joint Offerors holding in aggregate (together with such Shares that are already acquired, held or entitled to be acquired or held by the Joint Offerors) at least 67% of the total Shares ("Final Acceptance Condition")". The closing date for the acceptance of the Offer remained on the Final Closing Date, ie, on 29 December 2017, being 14 days from the date of the posting of the Final Notice of Revision.



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**For the Second Financial Quarter Ended 31 December 2017**

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

#### **A12 Significant events (cont.)**

On 20 December 2017, the Joint Offerors informed that the Joint Offerors have received valid acceptances in respect of the Offer Shares resulting in the Joint Offerors holding in aggregate (together with such Shares that are already acquired, held or entitled to be acquired or held by the Joint Offerors) 68.20% of the total Shares as at 5.00 p.m. 20 December 2017. As such, the Final Acceptance Condition of the Offer has been fulfilled and the Offer has become unconditional as to acceptances on 20 December 2017 (“Unconditional Date”).

Pursuant to Paragraph 12.01(3)(c) of the Rules and in accordance with Section 2.4(b) Appendix I of the Offer Document, the Joint Offerors shall keep the Offer open for acceptances for at least another 14 days from the Unconditional Date, which shall not be later than the 74th day from the Posting Date. Accordingly, the closing date and time for the acceptances of the Offer was extended to 12 January 2018 (“Extended Closing Date”).

On 11 January 2018, the Company announced that as a result of valid acceptances under the Offer, as at 10 January 2018, the Joint Offerors collectively hold 75.64% of the total issued ordinary share capital of the Company. Following this, Hovid’s public shareholding spread as at 10 January 2018 was 24.36% of its total issued ordinary shares. Accordingly, Hovid does not comply with the required public shareholding spread pursuant to Section 8.02(1) of the Listing Requirements whereby a listed issuer must ensure that at least 25% of its total listed shares are in the hands of public shareholders (“Public Spread Requirement”).

Under Sections 4.1(ii) and 4.1(iv) of the Offer Document dated 30 October 2017, the Joint Offerors have stated that they do not intend to maintain the listing status of Hovid and may procure Hovid to take the requisite steps to withdraw its listing status from the Official List in accordance with Paragraph 16 of the Listing Requirements.

On 12 January 2018, the Joint Offerors informed that the Offer has closed at 5.00 p.m. on 12 January 2018 (“Final Extended Closing Date”).

In accordance with Paragraph 13.01 of the Rules, the detailed disclosure on the level of acceptances of the Offer on the Final Extended Closing Date was set out in the Press Notice attached to the announcement. For information, the Joint Offerors were holding an aggregate of 79.55% of Hovid Shares and 84.22% of Hovid Warrants as at 12 January 2018.

There were no other significant events during 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 2017, to the date of this report.





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Explanatory Notes as per MFRS 134, Interim Financial Reporting

A15 Significant related parties transactions

	3 months ended		Year-to-date ended	
	31.12.2017 RM'000	31.12.2016 RM'000	31.12.2017 RM'000	31.12.2016 RM'000
<b>Transactions with companies in which a Director is also a director of those companies</b>				
Sales	1	1	8	4
Reallocation of common costs	16	17	26	25
Purchases	(897)	(481)	(2,162)	(996)
Steam supply income	103	177	83	271
Rental of boiler expense	(5)	(5)	(10)	(9)
<b>Transactions with a company in which a person connected with a Director has substantial financial interests</b>				
Purchase of computer equipment and accessories	(14)	(42)	(66)	(65)

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	2,781
<b>Total capital commitments</b>	2,781



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For the Second Financial Quarter Ended 31 December 2017

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 RM54.5 million during the current quarter which represents an increase of 10.4% or RM5.2 million as compared to the preceding year corresponding quarter's revenue of RM49.3 million. The production capacity was boosted with the commissioning of Plant A in December 2017, and with all the production plants operating 24 hours a day since the previous quarter to deliver the back-orders received during the period the licences were revoked, revenue had therefore increased.

The Group's pre-tax profit was RM3.8 million, a decrease of RM2.2 million or 36.7% in comparison to preceding year corresponding quarter's result of RM6.0 million. The significant decrease in profit was due to higher operating expenses arising from staff costs, sales commissions and a significant decrease in foreign exchange gain of RM2.4 million arising from a weaker United State of America Dollar ("USD") in comparison to the previous year's quarter.

**Year-to-date**

The Group's revenue for the current financial period amounting to RM104.1 million was RM10.6 million or 11.4% higher in comparison to RM93.5 million achieved in the previous financial period. The production capacity was boosted with the commissioning of Plant A in December 2017, and with all the production plants operating 24 hours a day since the start of the current financial year to deliver the back-orders received during the period the licences were revoked, revenue had therefore increased.

The Group's pre-tax profit for the current financial period of RM6.8 million was RM4.4 million lower in comparison to the previous financial period's profit of RM11.2 million. The significant decrease in profit was due to higher operating expenses arising from staff costs, sales commission and a significant decrease in foreign exchange gain of RM3.3 million arising from a weaker USD in comparison to the previous year corresponding period.

**B2 Results comparison with preceding quarter**

	Quarter ended	
	31.12.2017 RM'000	30.9.2017 RM'000
<b>Revenue</b>	54,454	49,657
<b>Profit before tax</b>		
Profit before tax and before foreign exchange differences	3,837	3,239
Add/(less):		
Unrealised foreign exchange loss	(188)	(356)
Realised foreign exchange gain	191	89
Net foreign exchange gain/(loss)	3	(267)
<b>Profit before tax</b>	3,840	2,972

The Group recorded a revenue of RM54.5 million during the current financial quarter which represents an increase of RM4.8 million or 9.7% as compared to the preceding financial quarter's revenue of RM49.7 million. The production capacity was boosted with the commissioning of Plant A in December 2017 and this contributed to the increase in output to deliver the back-orders received during the period the licences were revoked.



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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's pre-tax profit for the current quarter of RM3.8 million was RM0.8 million higher in comparison to the preceding quarter's profit of RM3.0 million arising from the improved revenue.

**B3 Commentary on Prospects**

Barring any unforeseen circumstances, the outlook for the Group is expected to be satisfactory given that the Group has expanded its 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 together with the increase in depreciation and interest expense arising from the new expansions.

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	
	31.12.2017 RM'000	31.12.2016 RM'000	31.12.2017 RM'000	31.12.2016 RM'000
Income tax expense	1,330	1,181	2,541	1,800
Deferred tax expense	(275)	(165)	(669)	231
Total	1,055	1,016	1,872	2,031

The effective tax rate for the period is higher than the statutory tax rate mainly due to non-deductible expenses and unrecognised tax losses in subsidiaries.

**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 the end of the period were as follows :-

	Current RM'000	Non-current RM'000	Total RM'000
Secured	38,103	44,698	82,801

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

	RM'000
US Dollar	21,373
Philippines Peso	228
	<u>228</u>



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

**B8 Material litigation**

There were no material litigation against the Group as at the reporting date that arose since the date of our last annual report, other than the following litigation which is not material but disclosed here for information:-

As disclosed in the annual report for the financial year ended 30 June 2017, on 24 December 2014, our Company's competitor ("Plaintiffs") took action against our Company for patent infringement for manufacturing and selling one of our Company's products. Our Company had defended the suit and counterclaimed against the Plaintiffs to invalidate the subject patent.

On 21 July 2016, the High Court of Kuala Lumpur had decided in favour of our Company and granted, inter alia, an order invalidating the subject patent and accordingly decided that there was no patent infringement. The claim against our Company for patent infringement was dismissed with costs by the High Court.

On 30 August 2016, the High Court awarded our Company total costs including disbursements of RM656,853.03, with interest of 5% per annum calculated on the total costs from 30 August 2016 until the date of full payment by the Plaintiffs. The amount awarded together with interest was received on 30 November 2016.

On 29 September 2016, the Plaintiffs filed a notice of appeal to the Court of Appeal of Malaysia against the decision of the High Court. The Company is defending the appeal by the Plaintiffs. The Court of Appeal had originally fixed the hearing on 21 August 2017, but was later adjourned to 19 September 2017. On 19 September 2017, the Court of Appeal maintained the High Court's decision to invalidate the subject patent and dismissed the infringement suit.

On 17 October 2017, the Plaintiffs filed an application to the Federal Court to appeal against the Court of Appeal's decision. The hearing was originally fixed on 2 January 2018, but was postponed to 30 January, and further adjourned to 14 March 2018.

**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	
	31.12.2017 RM'000	31.12.2016 RM'000	31.12.2017 RM'000	31.12.2016 RM'000
Net profit attributable to shareholders	2,633	4,921	4,763	8,970
<u>Number of ordinary shares</u>				
	'000	'000	'000	'000
Weighted average number of ordinary shares (basic)	820,889	818,504	820,889	817,611
Effects of dilution in outstanding Warrants	158,269	161,729	151,638	167,604
Weighted average number of ordinary shares (diluted)	979,158	980,233	972,527	985,215
<u>Earning per share</u>				
	Sen	Sen	Sen	Sen
Earning per share:-				
Basic	0.32	0.60	0.58	1.10
Diluted	0.27	0.50	0.49	0.91



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Hovid Bhd (Company no: 58476 A)

Quarterly financial report (unaudited)

For the Second Financial Quarter Ended 31 December 2017

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:-

	3 months ended		Year-to-date ended	
	31.12.2017 RM'000	31.12.2016 RM'000	31.12.2017 RM'000	31.12.2016 RM'000
Finance income	10	24	21	43
Other income	214	266	385	751
Finance cost	(595)	(376)	(883)	(678)
Depreciation and amortisation	(2,161)	(1,632)	(3,809)	(3,219)
Impairment loss on receivables	(19)	(28)	(47)	(32)
Reversal of impairment loss on receivables	2	2	18	11
Write off of receivables	-	-	-	(40)
Gain on disposal of property, plant and equipment	2	34	23	87
Inventories written off	(189)	(49)	(290)	(180)
Foreign exchange gain/(loss)	3	2,405	(264)	3,088
Inventories written down	(2)	-	(34)	-

**B12 Realised and unrealised profits and losses disclosure**

	As at 31.12.2017 RM'000	As at 30.6.2017 RM'000
Total retained profits of Company and its subsidiaries:-		
Realised	85,876	78,363
Unrealised	(10,583)	(8,241)
Total	75,293	70,122
Consolidation adjustments	(135)	273
Total group retained earnings	75,158	70,395

Authorisation for issue

On 27 February 2018, the Board of Directors authorised this interim report for issue.

On behalf of the Board,

Goh Tian Hock

Ng Yuet Seam

Joint Secretaries