

HIL INDUSTRIES BERHAD

(Company No: 8812-M)

Condensed Consolidated Income Statements For The Three Months Ended 31 March 2008 - Unaudited

		Individual Period		Cumulative Period	
	Note	3 months ended		3 months ended	
		31.3.2008	31.3.2007	31.3.2008	31.3.2007
		RM'000	RM'000	RM'000	RM'000
Revenue	9	32,099	14,008	32,099	14,008
Cost of sales		(22,261)	(11,563)	(22,261)	(11,563)
Gross profit		9,838	2,445	9,838	2,445
Other income		264	104	264	104
Operating expenses		(2,977)	(2,034)	(2,977)	(2,034)
Operating profit	9	7,125	515	7,125	515
Finance costs		(21)	(12)	(21)	(12)
Profit before taxation		7,104	503	7,104	503
Taxation	19	(540)	(278)	(540)	(278)
Profit for the period		6,564	225	6,564	225
Attributable to:					
Shareholders of the Company		6,641	203	6,641	203
Minority interest		(77)	22	(77)	22
Profit for the period		6,564	225	6,564	225
Basic earnings per share attributable to shareholders of the Company	27	2.38	0.08	2.38	0.08

The condensed consolidated income statements should be read in conjunction with the audited financial statements for the year ended 31 December 2007 and the accompanying explanatory notes attached to the interim financial statements.

HIL INDUSTRIES BERHAD

(Company No: 8812-M)

Condensed Consolidated Balance Sheet As at 31 March 2008 - Unaudited

	Note	<u>Unaudited</u> As at 31.3.2008 RM'000	<u>Audited</u> As at 31.12.2007 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	10	118,814	116,506
Prepaid lease payments		4,270	4,297
Goodwill		4,932	4,932
		<hr/>	<hr/>
		128,016	125,735
		<hr/>	<hr/>
Current assets			
Inventories		14,382	13,095
Property development costs		61,736	61,713
Trade and other receivables		57,750	51,694
Tax recoverable		2,867	2,864
Deposits with licensed banks		19,655	24,657
Cash and bank balances		4,729	2,503
		<hr/>	<hr/>
		161,119	156,526
		<hr/>	<hr/>
TOTAL ASSETS		<hr/> <hr/> 289,135	<hr/> <hr/> 282,261
EQUITY AND LIABILITIES			
Equity attributable to shareholders of the Company			
Share capital		139,357	139,357
Share premium		1,281	1,281
Revaluation reserve		572	572
Currency translation reserve		73	-
Retained profits		66,212	59,571
		<hr/>	<hr/>
		207,495	200,781
Minority interest		<hr/> 3,125	<hr/> 3,202
		<hr/>	<hr/>
Total equity		<hr/> 210,620	<hr/> 203,983

HIL INDUSTRIES BERHAD

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Condensed Consolidated Balance Sheet As at 31 March 2008 - Unaudited (Continued)

	Note	<u>Unaudited</u> As at 31.3.2008 RM'000	<u>Audited</u> As at 31.12.2007 RM'000
Non-current liabilities			
Borrowings	23	892	963
Deferred tax liabilities		20,974	21,100
		<hr/>	<hr/>
		21,866	22,063
		<hr/>	<hr/>
Current liabilities			
Trade and other payables		51,913	52,068
Borrowings	23	3,863	3,715
Provision for taxation		873	432
		<hr/>	<hr/>
		56,649	56,215
		<hr/>	<hr/>
Total liabilities		<hr/>	<hr/>
		78,515	78,278
		<hr/>	<hr/>
TOTAL EQUITY AND LIABILITIES		<hr/>	<hr/>
		289,135	282,261
		<hr/>	<hr/>

The condensed consolidated balance sheet should be read in conjunction with the audited financial statements for the year ended 31 December 2007 and the accompanying explanatory notes attached to the interim financial statements.

HIL INDUSTRIES BERHAD

(Company No: 8812-M)

Condensed Consolidated Statement Of Changes In Equity For The Three Months Ended 31 March 2008 - Unaudited

	Attributable to shareholders of the Company						Minority interest	Total equity	
	Share capital	Share premium	Treasury shares	Revaluation reserve	Currency translation reserve	Retained profits			Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
At 1 January 2007	130,847	608	-	572	(20)	51,813	183,820	3,206	187,026
Group currency translation differences	-	-	-	-	(122)	-	(122)	-	(122)
Net losses not recognised in income statement	-	-	-	-	(122)	-	(122)	-	(122)
Profit for the period	-	-	-	-	-	203	203	22	225
Purchase of treasury shares	-	-	(3,060)	-	-	-	(3,060)	-	(3,060)
At 31 March 2007	130,847	608	(3,060)	572	(142)	52,016	180,841	3,228	184,069

HIL INDUSTRIES BERHAD

(Company No: 8812-M)

Condensed Consolidated Statement Of Changes In Equity For The Three Months Ended 31 March 2008 - Unaudited (Continued)

	Attributable to shareholders of the Company						Total	Minority interest	Total equity
	Share capital	Share premium	Treasury shares	Revaluation reserve	Currency translation reserve	Retained profits			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2008	139,357	1,281	-	572	-	59,571	200,781	3,202	203,983
Group currency translation differences	-	-	-	-	73	-	73	-	73
Net gains not recognised in income statement	-	-	-	-	73	-	73	-	73
Profit/(Loss) for the period	-	-	-	-	-	6,641	6,641	(77)	6,564
At 31 March 2008	139,357	1,281	-	572	73	66,212	207,495	3,125	210,620

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2007 and the accompanying explanatory notes attached to the interim financial statements.

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Condensed Consolidated Cash Flow Statement For The Three Months Ended 31 March 2008 - Unaudited

	Cumulative Period	
	3 months ended 31.3.2008 RM'000	31.3.2007 RM'000
Net cash from operating activities	1,534	6,037
Net cash used in investing activities	(4,268)	(2,045)
Net cash used in financing activities	(68)	(3,081)
Net (decrease)/increase in cash and cash equivalents	(2,802)	911
Cash and cash equivalents at beginning of financial period	23,611	22,168
Currency translation differences	(10)	(11)
Cash and cash equivalents at end of financial period	20,799	23,068
Cash and cash equivalents comprise:		
Deposits with licensed banks	19,655	24,271
Cash and bank balances	4,729	1,998
Bank overdrafts	(3,585)	(3,094)
	20,799	23,175
Less: Deposits pledged to licensed bank	-	(107)
	20,799	23,068

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 December 2007 and the accompanying explanatory notes attached to the interim financial statements.

HIL INDUSTRIES BERHAD

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Notes To The Interim Financial Report

1. Basis of Preparation

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Listing Requirements of the Bursa Malaysia Securities Berhad, including compliance with Financial Reporting Standard (FRS) 134, *Interim Financial Reporting*, issued by the Malaysian Accounting Standards Board (MASB).

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2007 annual financial statements, except for the accounting policy change as set out in Note 2.

The preparation of an interim financial report in conformity with FRS 134 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The interim financial report should be read in conjunction with the audited financial statements for the year ended 31 December 2007. These explanatory notes attached to the interim financial report 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 year ended 31 December 2007.

The financial information relating to the financial year ended 31 December 2007 that is included in the interim financial report as being previously reported information does not constitute the Company's statutory financial statements for that financial year but is derived from those financial statements.

2. Changes in Accounting Policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the financial year ended 31 December 2007 except for the adoption of the following amendments to Financial Reporting Standards ("FRSs") and Interpretations which are relevant to the Group effective for financial periods beginning on or after 1 July 2007:

Amendment to FRS 107:	Cash Flow Statements
Amendment to FRS 111:	Construction Contracts
Amendment to FRS 112:	Income Taxes
Amendment to FRS 118:	Revenue
Amendment to FRS 120:	Accounting for Government Grants and Disclosure of Government Assistance
Amendment to FRS 121:	The Effects of Changes in Foreign Exchange Rates – Net Investment in a Foreign Operation
Amendment to FRS 134:	Interim Financial Reporting
Amendment to FRS 137:	Provisions, Contingent Liabilities and Contingent Assets

HIL INDUSTRIES BERHAD

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Notes To The Interim Financial Report (Continued)

2. Changes in Accounting Policies (Continued)

IC Interpretation 1:	Changes in Existing Decommissioning, Restoration and Similar Liabilities
IC Interpretation 2:	Members' Shares in Co-operative Entities and Similar Instruments
IC Interpretation 5:	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
IC Interpretation 6:	Liabilities arising from Participation in a Specific Market – Waste Electrical and Electronic Equipment
IC Interpretation 7:	Applying the Restatement Approach under FRS 129 – Financial Reporting in Hyperinflationary Economies
IC Interpretation 8:	Scope of FRS 2

The adoption of the amendments to FRSs and Interpretations above does not have any significant impact on the financial statements of the Group.

3. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the financial year ended 31 December 2007 was not qualified.

4. Comments about Seasonal or Cyclical Factors

The business operations of the Group are not materially affected by any seasonal or cyclical factors during the quarter under review.

5. Unusual Items due to their Nature, Size or Incidence

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the current quarter and financial period-to-date, except for the change in accounting policy as disclosed in Note 2.

HIL INDUSTRIES BERHAD

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Notes To The Interim Financial Report (Continued)

6. Changes in Estimates

There were no changes in estimates that have had material effect in the current quarter and financial period-to-date results.

7. Debt and Equity Securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities for the financial period-to-date.

8. Dividends Paid

No dividend was paid in the current financial period-to-date.

9. Segmental Information

The Company's primary format for reporting segment information is business segments.

	Cumulative Period	
	3 months ended	
	31.3.2008	31.3.2007
	RM'000	RM'000
Segment Revenue		
Revenue from:		
Manufacturing	31,700	13,487
Property development and management	488	574
Trading, services and others	-	-
Total revenue including inter-segment revenue	32,188	14,061
Elimination of inter-segment revenue	(89)	(53)
Revenue from external customers	32,099	14,008

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Notes To The Interim Financial Report (Continued)

9. Segmental Information (Continued)

	Cumulative Period	
	3 months ended	
	31.3.2008	31.3.2007
	RM'000	RM'000
Segment Results (External)		
Results from:		
Manufacturing	7,088	592
Property development and management	296	(88)
Trading, services and others	(259)	11
Operating profit	7,125	515

10. Property, Plant and Equipment

(a) *Acquisitions and disposals*

During the three months ended 31 March 2008, the Group acquired items of property, plant and equipment with a cost of RM4,404,000 (three months ended 31 March 2007: RM2,044,000). Items of property, plant and equipment with a net book value of RM Nil were disposed of during the three months ended 31 March 2008 (three months ended 31 March 2007: RM Nil), resulting in a gain on disposal of RM26,000 (three months ended 31 March 2007: gain on disposal of RM Nil).

(b) *Valuation*

The valuations of property, plant and equipment have been brought forward without amendment from the previous annual financial statements.

11. Subsequent Events

There were no material events subsequent to the end of the financial period-to-date.

HIL INDUSTRIES BERHAD

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Notes To The Interim Financial Report (Continued)

12. Changes in Composition of the Group

There were no changes in the composition of the Group in the current financial period-to-date.

13. Changes in Contingent Liabilities or Contingent Assets

There were no contingent liabilities or contingent assets since the last annual balance sheet as at 31 December 2007.

14. Capital Commitments

The amount of commitments for the purchase of property, plant and equipment not provided for in the interim financial report as at 31 March 2008 is as follows:

	RM'000
Authorised by the Directors and contracted for	2,149
Authorised by the Directors but not contracted for	-
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	2,149
	<hr/> <hr/>

15. Performance Review

The revenue and profit before tax recorded by the Group for the financial period-to-date was RM32.099 million and RM7.104 million respectively.

This represented a increase of RM18.091 million in revenue or 129% higher than the revenue for the same period in the previous financial year. The revenue increase was attributable by the continued good performance maintained since the 2nd half of 2007 by the manufacturing division.

For the cumulative three months ended 31 March 2008, the increase in profit before tax was RM6.601 million or 1,312% higher than the profit for the same period in the previous financial year. The exceptionally high increase in profit before tax was predominantly attributable to higher revenue generated by the manufacturing division and as we continue to strive for further cost efficiency. This includes contribution from our new start-up plant in Suzhou, China where brought forward losses has reduced significantly.

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Notes To The Interim Financial Report (Continued)

16. Variation of Results Against Preceding Quarter

The revenue and profit before tax for the current quarter were RM32.099 million and RM7.104 million respectively compared to revenue of RM31.666 million and profit before tax of RM7.624 million for the immediate preceding quarter. The very much improved results in the current quarter was mainly attributable to the outstanding performance by the manufacturing division.

17. Current Year Prospects

The Board of Directors is optimistic that the Group will continue to achieve positive results for the coming financial year barring any unforeseen circumstances.

18. Profit Forecast or Profit Guarantee

The Company did not issue any profit forecast or profit guarantee.

19. Taxation

	Current Quarter	Year-To- Date
	3 months ended 31.3.2008 RM'000	3 months ended 31.3.2008 RM'000
Current tax - Malaysian Tax	666	666
Deferred tax	(126)	(126)
Total	540	540

The effective tax rate for the current quarter and for the financial period-to-date was lower than the statutory tax rate principally due to certain income not subject to tax.

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Notes To The Interim Financial Report (Continued)

20. Sale of Unquoted Investments and Properties

There was no sale of unquoted investments and/or properties for the quarter under review and financial period-to-date.

21. Quoted Securities

There was no purchase or disposal of quoted securities for the quarter under review and financial period-to-date.

22. Status of Corporate Proposals

There were no corporate proposals announced.

23. Borrowings

	As at 31.3.2008 RM'000	As at 31.12.2007 RM'000
Non-current		
– Secured	892	963
	<hr/>	<hr/>
Current		
– Secured	278	275
– Unsecured	3,585	3,440
	<hr/>	<hr/>
	3,863	3,715
	<hr/>	<hr/>
	4,755	4,678
	<hr/> <hr/>	<hr/> <hr/>

HIL INDUSTRIES BERHAD

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Notes To The Interim Financial Report (Continued)

24. Off Balance Sheet Financial Instruments

As at the reporting date, the Group does not have any off balance sheet financial instruments.

25. Material Litigation

As at the reporting date, there was no material litigation against the Group.

26. Dividend Payable

No dividend has been declared for the financial period ended 31 March 2008.

27. Basic Earnings Per Share

Basic earnings per share is calculated by dividing the profit for the period attributable to shareholders of the Company by the weighted average number of ordinary shares in issue during the period.

	Individual Period		Cumulative Period	
	3 months ended 31.3.2008	31.3.2007	3 months ended 31.3.2008	31.3.2007
Profit for the period (RM'000)	6,564	225	6,564	225
Less: Amount attributable to minority interest (RM'000)	77	(22)	77	(22)
Profit for the period attributable to shareholders of the Company (RM'000)	6,641	203	6,641	203
Weighted average number of ordinary shares in issue ('000)	278,714	261,695	278,714	261,695
Basic earnings per share (sen)	2.38	0.08	2.38	0.08

HIL INDUSTRIES BERHAD

(Company No: 8812-M)

Notes To The Interim Financial Report (Continued)

28. Authorisation for Issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 29 May 2008.