

# HIL INDUSTRIES BERHAD

(Company No: 8812-M)

## Condensed Consolidated Income Statements For The Financial Year Ended 31 March 2009 - Unaudited

	Note	Individual Period		Cumulative Period	
		3 months ended		3 months ended	
		31.3.2009 RM'000	30.3.2008 RM'000	31.3.2009 RM'000	30.3.2008 RM'000
<b>Revenue</b>	9	26,440	32,099	26,440	32,099
Cost of sales		(17,752)	(22,261)	(17,752)	(22,261)
<b>Gross profit</b>		8,688	9,838	8,688	9,838
Other income		1,112	264	1,112	264
Operating expenses		(3,448)	(2,977)	(3,448)	(2,977)
<b>Operating profit</b>	9	6,352	7,125	6,352	7,125
Finance costs		(13)	(21)	(13)	(21)
<b>Profit before taxation</b>		6,339	7,104	6,339	7,104
Taxation	19	(614)	(540)	(614)	(540)
<b>Profit for the period</b>		5,725	6,564	5,725	6,564
<b>Attributable to:</b>					
Shareholders of the Company		5,722	6,641	5,722	6,641
Minority interest		3	(77)	3	(77)
<b>Profit for the period</b>		5,725	6,564	5,725	6,564
<b>Basic earnings per share attributable to shareholders of the Company</b>	27	2.05	2.38	2.05	2.38

The condensed consolidated income statements should be read in conjunction with the audited financial statements for the year ended 31 December 2008 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 2009 - Unaudited

	Note	<u>Unaudited</u> As at 31.3.2009 RM'000	<u>Audited</u> As at 31.12.2008 RM'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	10	95,667	94,089
Prepaid lease payments		4,164	4,191
Investment properties		23,956	23,956
Goodwill		4,932	4,932
		<hr/>	<hr/>
		128,719	127,168
		<hr/>	<hr/>
<b>Current assets</b>			
Inventories		23,856	20,973
Property development costs		61,852	61,836
Trade and other receivables		46,223	55,182
Tax recoverable		2,835	2,909
Deposits with licensed banks		24,841	19,180
Cash and bank balances		4,034	8,413
		<hr/>	<hr/>
		163,641	168,493
		<hr/>	<hr/>
<b>TOTAL ASSETS</b>		<hr/> <b>292,360</b> <hr/>	<hr/> <b>295,661</b> <hr/>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to shareholders of the Company</b>			
Share capital		139,357	139,357
Share premium		1,281	1,281
Revaluation reserve		572	572
Currency translation reserve		4,229	2,502
Retained profits		93,017	87,295
		<hr/>	<hr/>
		238,456	231,007
<b>Minority interest</b>		<hr/> <b>3,221</b> <hr/>	<hr/> <b>3,218</b> <hr/>
<b>Total equity</b>		<hr/> <b>241,677</b> <hr/>	<hr/> <b>234,225</b> <hr/>

# HIL INDUSTRIES BERHAD

(Company No: 8812-M)

## Condensed Consolidated Balance Sheet As at 31 March 2009 - Unaudited (Continued)

	Note	<u>Unaudited</u> As at 31.3.2009 RM'000	<u>Audited</u> As at 31.12.2008 RM'000
<b>Non-current liabilities</b>			
Borrowings	23	689	676
Deferred tax liabilities		21,392	21,497
		<hr/>	<hr/>
		22,081	22,173
		<hr/>	<hr/>
<b>Current liabilities</b>			
Trade and other payables		25,381	37,620
Borrowings	23	2,378	1,215
Provision for taxation		843	428
		<hr/>	<hr/>
		28,602	39,263
		<hr/>	<hr/>
<b>Total liabilities</b>		50,683	61,436
		<hr/>	<hr/>
<b>TOTAL EQUITY AND LIABILITIES</b>		292,360	295,661
		<hr/> <hr/>	<hr/> <hr/>
<b>Net assets per share attributable to shareholders of the Company</b>		0.86	0.83
		<hr/> <hr/>	<hr/> <hr/>

The condensed consolidated balance sheet should be read in conjunction with the audited financial statements for the year ended 31 December 2008 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 Financial Year Ended 31 March 2009 - Unaudited

	Attributable to shareholders of the Company						Minority interest	Total equity
	Share capital	Share premium	Revaluation reserve	Currency translation reserve	Retained profits	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
<b>At 1 January 2008</b>	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
<b>At 31 March 2008</b>	139,357	1,281	572	73	66,212	207,495	3,125	210,620

## HIL INDUSTRIES BERHAD

(Company No: 8812-M)

### Condensed Consolidated Statement Of Changes In Equity For The Financial Year Ended 31 March 2009 - Unaudited (Continued)

	Attributable to shareholders of the Company						Minority interest	Total equity
	Share capital	Share premium	Revaluation reserve	Currency translation reserve	Retained profits	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
<b>At 1 January 2009</b>	139,357	1,281	572	2,502	87,295	231,007	3,218	234,225
Group currency translation differences	-	-	-	1,727	-	1,727	-	1,727
Net gains not recognised in income statement	-	-	-	1,727	-	1,727	-	1,727
Profit for the period	-	-	-	-	5,722	5,722	3	5,725
<b>At 31 March 2009</b>	139,357	1,281	572	4,229	93,017	238,456	3,221	241,677

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2008 and the accompanying explanatory notes attached to the interim financial statements.

# HIL INDUSTRIES BERHAD

(Company No: 8812-M)

## Condensed Consolidated Cash Flow Statement For The Financial Year Ended 31 March 2009 - Unaudited

	Cumulative Period	
	3 months ended	
	31.3.2009 RM'000	30.3.2008 RM'000
Net cash generated from operating activities	2,403	1,534
Net cash used in investing activities	(2,652)	(4,268)
Net cash used in financing activities	(71)	(68)
Net decrease in cash and cash equivalents	(320)	(2,802)
Cash and cash equivalents at beginning of financial period	26,665	23,611
Currency translation differences	355	(10)
Cash and cash equivalents at end of financial period	26,700	20,799
Cash and cash equivalents comprise:		
Deposits with licensed banks	24,841	19,655
Cash and bank balances	4,034	4,729
Bank overdrafts	(2,175)	(3,585)
	26,700	20,799

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 December 2008 and the accompanying explanatory notes attached to the interim financial statements.

# HIL INDUSTRIES BERHAD

(Company No: 8812-M)

## 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 2008 annual financial statements.

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 2008. 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 2008.

The financial information relating to the financial year ended 31 December 2008 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 2008.

The following FRSs and Interpretations have been issued by the MASB but are not yet effective and have not been applied by the Group in preparing these financial statements:

Effective for financial periods beginning on or after 1 July 2009:

FRS 8: Operating Segments

Effective for financial periods beginning on or after 1 January 2010:

FRS 4:	Insurance Contracts
FRS 7:	Financial Instruments: Disclosures
FRS 139:	Financial Instruments: Recognition and Measurement
IC Interpretation 9:	Reassessment of Embedded Derivatives
IC Interpretation 10:	Interim Financial Reporting and Impairment

# **HIL INDUSTRIES BERHAD**

(Company No: 8812-M)

## **Notes To The Interim Financial Report (Continued)**

### **3. Auditors' Report on Preceding Annual Financial Statements**

The auditors' report on the financial statements for the financial year ended 31 December 2008 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.

### **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.



# HIL INDUSTRIES BERHAD

(Company No: 8812-M)

## Notes To The Interim Financial Report (Continued)

### 9. Segmental Information

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

	<b>Cumulative Period</b>	
	<b>3 months ended</b>	
	<b>31.3.2009</b>	<b>30.3.2008</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Segment Revenue</b>		
Revenue from:		
Manufacturing	25,834	31,700
Property development and management	682	488
Trading, services and others	-	-
	<hr/>	<hr/>
Total revenue including inter-segment revenue	26,516	32,188
Elimination of inter-segment revenue	(76)	(89)
	<hr/>	<hr/>
Revenue from external customers	26,440	32,099
	<hr/> <hr/>	<hr/> <hr/>
<b>Segment Results (External)</b>		
Results from:		
Manufacturing	5,940	7,088
Property development and management	412	296
Trading, services and others	-	(259)
	<hr/>	<hr/>
Operating profit	6,352	7,125
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# **HIL INDUSTRIES BERHAD**

(Company No: 8812-M)

## **Notes To The Interim Financial Report (Continued)**

### **10. Property, Plant and Equipment**

#### *(a) Acquisitions and disposals*

During the three months ended 31 March 2009, the Group acquired items of property, plant and equipment with a cost of RM2,652,000 (three months ended 31 March 2008: RM4,404,000). Items of property, plant and equipment with a net book value of RM Nil were disposed of during the three months ended 31 March 2009 (three months ended 31 March 2008: RM Nil), resulting in a gain on disposal of RM Nil (three months ended 31 March 2008: gain on disposal of RM26,000).

#### *(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.

### **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 2008.

# HIL INDUSTRIES BERHAD

(Company No: 8812-M)

## Notes To The Interim Financial Report (Continued)

### 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 2009 is as follows:

	<b>RM'000</b>
Authorised by the Directors and contracted for	2,084
Authorised by the Directors but not contracted for	-
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	2,084
	<hr/> <hr/>

### 15. Performance Review

The revenue and profit before tax recorded by the Group for the financial period-to-date was RM26.440 million and RM6.339 million respectively.

This represented a decrease of RM5.659 million in revenue or 18% of the revenue for the same period in the previous financial year.

For the cumulative three months ended 31 March 2009, the decrease in profit before tax was RM0.765 million or 10.8% of the results for the same period in the previous financial year. The current global economic slowdown which began at the end of the previous financial year has impacted both the revenue and profit of the Group.

### 16. Variation of Results Against Preceding Quarter

The revenue and profit before tax for the current quarter were RM26.440 million and RM6.339 million respectively compared to revenue of RM38.888 million and profit before tax of RM5.800 million for the immediate preceding quarter. The increase in profit before tax was predominantly attributable to product mix with higher margin. Ongoing improvement projects and initiatives led to increased efficiency leading to better results in the current quarter.

# HIL INDUSTRIES BERHAD

(Company No: 8812-M)

## Notes To The Interim Financial Report (Continued)

### 17. Current Year Prospects

The Board of Directors is optimistic that the Group will continue to achieve satisfactory results. However, the Board is cautious of the likely effects that may arise from current world economic slowdown.

### 18. Profit Forecast or Profit Guarantee

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

### 19. Taxation

	<b>Current Quarter</b>	<b>Year-To- Date</b>
	<b>3 months ended 31.3.2009 RM'000</b>	<b>3 months ended 31.3.2009 RM'000</b>
Current tax - Malaysian Tax	719	719
Deferred tax	(105)	(105)
Total	614	614

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.

### 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.

# HIL INDUSTRIES BERHAD

(Company No: 8812-M)

## Notes To The Interim Financial Report (Continued)

### 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 31.3.2009 RM'000	As at 31.12.2008 RM'000
<b>Non-current</b>		
– Secured	689	676
	<hr/>	
<b>Current</b>		
– Secured	203	287
– Unsecured	2,175	928
	<hr/>	
	2,378	1,215
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	3,067	1,891
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### 24. Off Balance Sheet Financial Instruments

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

# HIL INDUSTRIES BERHAD

(Company No: 8812-M)

## Notes To The Interim Financial Report (Continued)

### 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 2009.

### 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 31.3.2009	30.3.2008	3 months ended 31.3.2009	30.3.2008
Profit for the period attributable to shareholders of the Company (RM'000)	5,722	6,641	5,722	6,641
Weighted average number of ordinary shares in issue ('000)	278,714	278,714	278,714	278,714
Basic earnings per share (sen)	2.05	2.38	2.05	2.38

### 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 27 May 2009.