

# HIL INDUSTRIES BERHAD

(Company No: 8812-M)

## Condensed Consolidated Income Statements For The Financial Year Ended 30 June 2009 - Unaudited

		Individual Period		Cumulative Period	
	Note	3 months ended		6 months ended	
		30.6.2009	30.6.2008	30.6.2009	30.6.2008
		RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>	9	43,293	31,364	69,733	63,463
Cost of sales		(28,406)	(21,342)	(46,158)	(43,603)
<b>Gross profit</b>		14,887	10,022	23,575	19,860
Other income		108	1,989	1,220	2,253
Operating expenses		(4,287)	(2,493)	(7,735)	(5,470)
<b>Operating profit</b>	9	10,708	9,518	17,060	16,643
Finance costs		(11)	(21)	(24)	(42)
<b>Profit before taxation</b>		10,697	9,497	17,036	16,601
Taxation	19	(1,161)	(929)	(1,775)	(1,469)
<b>Profit for the period</b>		9,536	8,568	15,261	15,132
<b>Attributable to:</b>					
Shareholders of the Company		9,701	8,588	15,423	15,229
Minority interest		(165)	(20)	(162)	(97)
<b>Profit for the period</b>		9,536	8,568	15,261	15,132
<b>Basic earnings per share attributable to shareholders of the Company</b>	27	3.48	3.08	5.53	5.46

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 30 June 2009 - Unaudited

	Note	<u>Unaudited</u> As at 30.6.2009 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	92,624	94,089
Prepaid lease payments		4,137	4,191
Investment properties		23,956	23,956
Goodwill		4,932	4,932
		<hr/>	<hr/>
		125,649	127,168
		<hr/>	<hr/>
<b>Current assets</b>			
Inventories		21,335	20,973
Property development costs		61,926	61,836
Trade and other receivables		58,561	55,182
Tax recoverable		2,790	2,909
Deposits with licensed banks		25,824	19,180
Cash and bank balances		6,016	8,413
		<hr/>	<hr/>
		176,452	168,493
		<hr/>	<hr/>
<b>TOTAL ASSETS</b>		<b>302,101</b>	<b>295,661</b>
		<hr/> <hr/>	<hr/> <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		2,904	2,502
Retained profits		102,718	87,295
		<hr/>	<hr/>
		246,832	231,007
<b>Minority interest</b>		<b>3,056</b>	<b>3,218</b>
		<hr/>	<hr/>
<b>Total equity</b>		<b>249,888</b>	<b>234,225</b>
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# HIL INDUSTRIES BERHAD

(Company No: 8812-M)

## Condensed Consolidated Balance Sheet As at 30 June 2009 - Unaudited (Continued)

	Note	<u>Unaudited</u> As at 30.6.2009 RM'000	<u>Audited</u> As at 31.12.2008 RM'000
<b>Non-current liabilities</b>			
Borrowings	23	616	676
Deferred tax liabilities		21,265	21,497
		<hr/>	<hr/>
		21,881	22,173
		<hr/>	<hr/>
<b>Current liabilities</b>			
Trade and other payables		28,276	37,620
Borrowings	23	205	1,215
Provision for taxation		1,851	428
		<hr/>	<hr/>
		30,332	39,263
		<hr/>	<hr/>
<b>Total liabilities</b>		52,213	61,436
		<hr/>	<hr/>
<b>TOTAL EQUITY AND LIABILITIES</b>		302,101	295,661
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<b>Net assets per share attributable to shareholders of the Company</b>		0.89	0.83
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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 30 June 2009 - Unaudited

	Attributable to shareholders of the Company							
	Share capital	Share premium	Revaluation reserve	Currency translation reserve	Retained profits	Total	Minority interest	Total equity
	RM'000	RM'000	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	-	-	-	812	-	812	-	812
Net gains not recognised in income statement	-	-	-	812	-	812	-	812
Profit/(Loss) for the period	-	-	-	-	15,229	15,229	(97)	15,132
<b>At 30 June 2008</b>	139,357	1,281	572	812	74,800	216,822	3,105	219,927

# HIL INDUSTRIES BERHAD

(Company No: 8812-M)

## Condensed Consolidated Statement Of Changes In Equity For The Financial Year Ended 30 June 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	-	-	-	402	-	402	-	402
Net gains not recognised in income statement	-	-	-	402	-	402	-	402
Profit/(Loss) for the period	-	-	-	-	15,423	15,423	(162)	15,261
<b>At 30 June 2009</b>	139,357	1,281	572	2,904	102,718	246,832	3,056	249,888

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 30 June 2009 - Unaudited

	Cumulative Period	
	30.6.2009 RM'000	30.6.2008 RM'000
Net cash generated from operating activities	8,327	1,612
Net cash used in investing activities	(3,029)	(3,027)
Net cash used in financing activities	(142)	(109)
Net increase/(decrease) in cash and cash equivalents	5,156	(1,524)
Cash and cash equivalents at beginning of financial period	26,665	23,611
Currency translation differences	19	(289)
Cash and cash equivalents at end of financial period	31,840	21,798
Cash and cash equivalents comprise:		
Deposits with licensed banks	25,824	24,584
Cash and bank balances	6,016	2,224
Bank overdrafts	-	(5,010)
	31,840	21,798

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>6 months ended</b>	
	<b>30.6.2009</b>	<b>30.6.2008</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Segment Revenue</b>		
Revenue from:		
Manufacturing	68,759	62,764
Property development and management	1,126	877
Trading, services and others	-	-
	<hr/>	<hr/>
Total revenue including inter-segment revenue	69,885	63,641
Elimination of inter-segment revenue	(152)	(178)
	<hr/>	<hr/>
Revenue from external customers	69,733	63,463
	<hr/> <hr/>	<hr/> <hr/>
<b>Segment Results (External)</b>		
Results from:		
Manufacturing	16,447	14,503
Property development and management	616	2,193
Trading, services and others	(3)	(53)
	<hr/>	<hr/>
Operating profit	17,060	16,643
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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 six months ended 30 June 2009, the Group acquired items of property, plant and equipment with a cost of RM3,038,000 (six months ended 30 June 2008: RM8,074,000). Items of property, plant and equipment with a net book value of RM Nil were disposed of during the six months ended 30 June 2009 (six months ended 30 June 2008: RM3,121,000), resulting in a gain on disposal of RM9,000 (six months ended 30 June 2008: gain on disposal of RM1,817,000).

#### *(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 30 June 2009 is as follows:

	<b>RM'000</b>
Authorised by the Directors and contracted for	3,219
Authorised by the Directors but not contracted for	-
	<hr/>
	3,219
	<hr/> <hr/>

### 15. Performance Review

The revenue and profit before tax recorded by the Group for the financial period-to-date was RM69.733 million and RM17.036 million respectively.

This represented an increase of RM6.270 million in revenue or 10% of the revenue for the same period in the previous financial year.

For the cumulative six months ended 30 June 2009, the increase in profit before tax was RM0.435 million or 2.6% of the results for the same period in the previous financial year. The increase in revenue and profit before tax is mainly due to the good performance of our overseas subsidiary, which began operations in late 2007.

### 16. Variation of Results Against Preceding Quarter

The revenue and profit before tax for the current quarter were RM43.293 million and RM10.697 million respectively compared to revenue of RM26.440 million and profit before tax of RM6.339 million for the immediate preceding quarter. The increase in revenue and profit before tax was predominantly attributable to improved performance in our overseas subsidiary.

# 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.

### 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 30.6.2009 RM'000</b>	<b>6 months ended 30.6.2009 RM'000</b>
Current tax - Malaysian Tax	1,288	2,007
Deferred tax	(127)	(232)
Total	1,161	1,775

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 30.6.2009 RM'000	As at 31.12.2008 RM'000
<b>Non-current</b>		
– Secured	616	676
	<hr/>	
<b>Current</b>		
– Secured	205	287
– Unsecured	-	928
	<hr/>	
	205	1,215
	<hr/>	
	821	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 30 June 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 30.6.2009	30.6.2008	6 months ended 30.6.2009	30.6.2008
Profit for the period attributable to shareholders of the Company (RM'000)	9,701	8,588	15,423	15,229
Weighted average number of ordinary shares in issue ('000)	278,714	278,714	278,714	278,714
Basic earnings per share (sen)	3.48	3.08	5.53	5.46

### 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 August 2009.