

HIL INDUSTRIES BERHAD

(Company No: 8812-M)

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

	Note	Individual Period		Cumulative Period	
		3 months ended		12 months ended	
		31.12.2009 RM'000	31.12.2008 RM'000	31.12.2009 RM'000	31.12.2008 RM'000
Revenue	9	49,908	36,205	161,988	140,432
Cost of sales		(34,447)	(25,328)	(107,893)	(96,999)
Gross profit		15,461	10,877	54,095	43,433
Other income		192	164	1,652	4,506
Operating expenses		(5,137)	(5,208)	(17,444)	(15,972)
Operating profit	9	10,516	5,833	38,303	31,967
Finance costs		(10)	(36)	(45)	(97)
Profit before taxation		10,506	5,797	38,258	31,870
Taxation	19	(69)	(1,074)	(2,419)	(4,130)
Profit for the period		10,437	4,723	35,839	27,740
Attributable to:					
Shareholders of the Company		10,251	4,631	35,804	27,724
Minority interest		186	92	35	16
Profit for the period		10,437	4,723	35,839	27,740
Basic earnings per share attributable to shareholders of the Company	27	3.68	1.66	12.85	9.95

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 December 2009 - Unaudited

	Note	<u>Unaudited</u> As at 31.12.2009 RM'000	<u>Audited</u> As at 31.12.2008 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	10	96,451	94,089
Prepaid lease payments		4,084	4,191
Investment properties		23,956	23,956
Goodwill		4,932	4,932
		<hr/>	<hr/>
		129,423	127,168
		<hr/>	<hr/>
Current assets			
Inventories		21,079	20,973
Property development costs		61,932	61,836
Trade and other receivables		69,759	55,182
Tax recoverable		2,857	2,909
Deposits with licensed banks		35,524	19,180
Cash and bank balances		7,018	8,413
		<hr/>	<hr/>
		198,169	168,493
		<hr/>	<hr/>
TOTAL ASSETS		<hr/> 327,592 <hr/>	<hr/> 295,661 <hr/>
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		1,621	2,502
Retained profits		123,099	87,295
		<hr/>	<hr/>
		265,930	231,007
Minority interest		<hr/> 3,253 <hr/>	<hr/> 3,218 <hr/>
Total equity		<hr/> 269,183 <hr/>	<hr/> 234,225 <hr/>

HIL INDUSTRIES BERHAD

(Company No: 8812-M)

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

	Note	Unaudited As at 31.12.2009 RM'000	Audited As at 31.12.2008 RM'000
Non-current liabilities			
Borrowings	23	474	676
Deferred tax liabilities		21,906	21,497
		<hr/>	<hr/>
		22,380	22,173
		<hr/>	<hr/>
Current liabilities			
Trade and other payables		35,822	37,620
Borrowings	23	201	1,215
Provision for taxation		6	428
		<hr/>	<hr/>
		36,029	39,263
		<hr/>	<hr/>
Total liabilities		58,409	61,436
		<hr/>	<hr/>
TOTAL EQUITY AND LIABILITIES		327,592	295,661
		<hr/> <hr/>	<hr/> <hr/>
Net assets per share attributable to shareholders of the Company		0.95	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 December 2009 - Unaudited

	Attributable to shareholders of the Company					Total	Minority interest	Total equity
	Share capital	Share premium	Revaluation reserve	Currency translation reserve	Retained profits			
	RM'000	RM'000	RM'000	RM'000	RM'000			
<u>Audited</u>								
At 1 January 2008	139,357	1,281	572	-	59,571	200,781	3,202	203,983
Group currency translation differences	-	-	-	2,502	-	2,502	-	2,502
Net gains not recognised in income statement	-	-	-	2,502	-	2,502	-	2,502
Profit for the year	-	-	-	-	27,724	27,724	16	27,740
At 31 December 2008	139,357	1,281	572	2,502	87,295	231,007	3,218	234,225

HIL INDUSTRIES BERHAD

(Company No: 8812-M)

Condensed Consolidated Statement Of Changes In Equity For The Financial Year Ended 31 December 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		
Unaudited								
At 1 January 2009	139,357	1,281	572	2,502	87,295	231,007	3,218	234,225
Group currency translation differences	-	-	-	(881)	-	(881)	-	(881)
Net losses not recognised in income statement	-	-	-	(881)	-	(881)	-	(881)
Profit for the year	-	-	-	-	35,804	35,804	35	35,839
At 31 December 2009	139,357	1,281	572	1,621	123,099	265,930	3,253	269,183

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.

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

	Cumulative Period	
	12 months ended 31.12.2009	31.12.2008
	RM'000	RM'000
Net cash generated from operating activities	29,332	7,752
Net cash used in investing activities	(12,641)	(4,296)
Net cash used in financing activities	(288)	(353)
Net increase in cash and cash equivalents	16,403	3,103
Cash and cash equivalents at beginning of financial year	26,665	23,611
Currency translation differences	(526)	(49)
Cash and cash equivalents at end of financial year	42,542	26,665
Cash and cash equivalents comprise:		
Deposits with licensed banks	35,524	19,180
Cash and bank balances	7,018	8,413
Bank overdrafts	-	(928)
	42,542	26,665

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

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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

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Notes To The Interim Financial Report (Continued)

9. Segmental Information

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

	Cumulative Period	
	12 months ended	
	31.12.2009	31.12.2008
	RM'000	RM'000
Segment Revenue		
Revenue from:		
Manufacturing	160,306	138,982
Property development and management	1,986	1,754
Trading, services and others	-	-
	<hr/>	<hr/>
Total revenue including inter-segment revenue	162,292	140,736
Elimination of inter-segment revenue	(304)	(304)
	<hr/>	<hr/>
Revenue from external customers	161,988	140,432
	<hr/> <hr/>	<hr/> <hr/>
Segment Results (External)		
Results from:		
Manufacturing	37,479	27,813
Property development and management	835	4,214
Trading, services and others	(11)	(60)
	<hr/>	<hr/>
Operating profit	38,303	31,967
	<hr/> <hr/>	<hr/> <hr/>

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 financial year ended 31 December 2009, the Group acquired items of property, plant and equipment with a cost of RM12,650,000 (financial year ended 31 December 2008: RM13,320,000). Items of property, plant and equipment with a net book value of RM Nil were disposed of during the financial year ended 31 December 2009 (financial year ended 31 December 2008: RM5,212,000), resulting in a gain on disposal of RM9,000 (financial year ended 31 December 2008: gain on disposal of RM2,970,000).

(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 December 2009 is as follows:

	RM'000
Authorised by the Directors and contracted for	1,160
Authorised by the Directors but not contracted for	-
	<hr/>
	1,160
	<hr/> <hr/>

15. Performance Review

The revenue and profit before tax recorded by the Group for the financial period-to-date was RM161.988 million and RM38.258 million respectively.

This represented an increase of RM21.556 million in revenue or 15.35% of the revenue for the same period in the previous financial year.

For the cumulative twelve months ended 31 December 2009, the increase in profit before tax was RM6.388 million or 20.04% of the results for the same period in the previous financial year ended 31 December 2008. The increase in revenue and profit before tax is mainly due to the continued good performance of our overseas subsidiary company.

16. Variation of Results Against Preceding Quarter

The revenue and profit before tax for the current quarter were RM49.908 million and RM10.506 million respectively compared to revenue of RM42.347 million and profit before tax of RM10.716 million for the immediate preceding quarter ended 30 September 2009. The slight decrease in profit before tax was mainly due to product mix.

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(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, barring any unforeseen drastic changes in the world economy.

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 31.12.2009 RM'000	12 months ended 31.12.2009 RM'000
Current tax - Malaysian Tax	(211)	2,010
Deferred tax	280	409
Total	69	2,419

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.

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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 31.12.2009 RM'000	As at 31.12.2008 RM'000
Non-current		
– Secured	474	676
	<hr/>	
Current		
– Secured	201	287
– Unsecured	-	928
	<hr/>	
	201	1,215
	<hr/>	
	675	1,891
	<hr/> <hr/>	

24. Off Balance Sheet Financial Instruments

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

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(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

The Board of Directors has proposed a first and final dividend of 6.50% or 3.25 sen per ordinary share of RM0.50 each, less income tax at 25% (2008: Not applicable) in respect of the financial year ended 31 December 2009, which is subject to shareholders' approval at the forthcoming Annual General Meeting. The entitlement and payment dates have yet to be fixed and will be announced later.

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 31.12.2009	31.12.2008	12 months ended 31.12.2009	31.12.2008
Profit for the period attributable to shareholders of the Company (RM'000)	10,251	4,631	35,804	27,724
Weighted average number of ordinary shares in issue ('000)	278,714	278,714	278,714	278,714
Basic earnings per share (sen)	3.68	1.66	12.85	9.95

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 23 February 2010.