

HIL INDUSTRIES BERHAD

(Company No: 8812-M)

Condensed Consolidated Statements of Comprehensive Income For The Financial Year Ended 31 March 2010 - Unaudited

		Individual Period		Cumulative Period	
	Note	3 months ended		3 months ended	
		31.3.2010	31.3.2009	31.3.2010	31.3.2009
		RM'000	RM'000	RM'000	RM'000
Revenue	9	46,346	26,440	46,346	26,440
Cost of sales		(30,385)	(17,752)	(30,385)	(17,752)
Gross profit		15,961	8,688	15,961	8,688
Other income		343	1,112	343	1,112
Operating expenses		(5,382)	(3,448)	(5,382)	(3,448)
Operating profit	9	10,922	6,352	10,922	6,352
Finance costs		(9)	(13)	(9)	(13)
Profit before taxation		10,913	6,339	10,913	6,339
Taxation	19	(1,775)	(614)	(1,775)	(614)
Profit for the period		9,138	5,725	9,138	5,725
Other comprehensive income, net of tax					
Foreign currency translation differences for foreign operations		(2,718)	1,727	(2,718)	1,727
Total comprehensive income for the period		6,420	7,452	6,420	7,452

HIL INDUSTRIES BERHAD

(Company No: 8812-M)

Condensed Consolidated Statements of Comprehensive Income For The Financial Year Ended 31 March 2010 - Unaudited (Continued)

	Individual Period		Cumulative Period		
	3 months ended		3 months ended		
Note	31.3.2010	31.3.2009	31.3.2010	31.3.2009	
	RM'000	RM'000	RM'000	RM'000	
Profit/(Loss) attributable to:					
Owners of the Company	9,188	5,722	9,188	5,722	
Minority interests	(50)	3	(50)	3	
Profit for the period	9,138	5,725	9,138	5,725	
Total comprehensive income attributable to:					
Owners of the Company	6,470	7,449	6,470	7,449	
Minority interests	(50)	3	(50)	3	
Total comprehensive income for the period	6,420	7,452	6,420	7,452	
Earnings per share					
attributable to owners of the Company:					
- Basic	27	3.30	2.05	3.30	2.05
- Diluted	27	N/A	N/A	N/A	N/A

Notes:

“N/A” – Not applicable

The condensed consolidated statements of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements.

HIL INDUSTRIES BERHAD

(Company No: 8812-M)

Condensed Consolidated Statement of Financial Position As at 31 March 2010 - Unaudited

	Note	<u>Unaudited</u> As at 31.3.2010 RM'000	<u>Audited</u> As at 31.12.2009 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	10	95,201	96,452
Prepaid lease payments		4,058	4,084
Investment properties		23,956	23,956
Goodwill		4,932	4,932
		<hr/>	<hr/>
		128,147	129,424
		<hr/>	<hr/>
Current assets			
Inventories		24,554	21,628
Property development costs		61,938	61,932
Trade and other receivables		73,620	69,191
Tax recoverable		2,861	3,052
Deposits with licensed banks		38,812	35,524
Cash and bank balances		8,808	7,024
		<hr/>	<hr/>
		210,593	198,351
		<hr/>	<hr/>
TOTAL ASSETS		<hr/> 338,740 <hr/>	<hr/> 327,775 <hr/>
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital		139,357	139,357
Share premium		1,281	1,281
Revaluation reserve		572	572
Currency translation reserve		(1,096)	1,622
Retained profits		132,369	123,181
		<hr/>	<hr/>
		272,483	266,013
Minority interests		<hr/> 3,169 <hr/>	<hr/> 3,219 <hr/>
Total equity		<hr/> 275,652 <hr/>	<hr/> 269,232 <hr/>

HIL INDUSTRIES BERHAD

(Company No: 8812-M)

Condensed Consolidated Statement of Financial Position As at 31 March 2010 - Unaudited (Continued)

	Note	<u>Unaudited</u> As at 31.3.2010 RM'000	<u>Audited</u> As at 31.12.2009 RM'000
Non-current liabilities			
Borrowings	23	399	392
Deferred tax liabilities		21,916	21,887
		<hr/>	<hr/>
		22,315	22,279
		<hr/>	<hr/>
Current liabilities			
Trade and other payables		39,039	35,758
Borrowings	23	203	284
Provision for taxation		1,531	222
		<hr/>	<hr/>
		40,773	36,264
		<hr/>	<hr/>
Total liabilities		63,088	58,543
		<hr/>	<hr/>
TOTAL EQUITY AND LIABILITIES		338,740	327,775
		<hr/> <hr/>	<hr/> <hr/>
Net assets per share attributable to owners of the Company (RM)		0.98	0.95
		<hr/> <hr/>	<hr/> <hr/>

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to the interim

HIL INDUSTRIES BERHAD

(Company No: 8812-M)

Condensed Consolidated Statement Of Changes In Equity For The Financial Year Ended 31 March 2010 - Unaudited

	Attributable to shareholders of the Company						Minority interests	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		
At 1 January 2009	139,357	1,281	572	2,502	87,295	231,007	3,218	234,225
Total comprehensive income for the period	-	-	-	1,727	5,722	7,449	3	7,452
At 31 March 2009	139,357	1,281	572	4,229	93,017	238,456	3,221	241,677
At 1 January 2010	139,357	1,281	572	1,622	123,181	266,013	3,219	269,232
Total comprehensive income for the period	-	-	-	(2,718)	9,188	6,470	(50)	6,420
At 31 March 2010	139,357	1,281	572	(1,096)	132,369	272,483	3,169	275,652

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements.

HIL INDUSTRIES BERHAD

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Condensed Consolidated Statement of Cash Flows For The Financial Year Ended 31 March 2010 - Unaudited

	Cumulative Period	
	3 months ended 31.3.2010 RM'000	31.3.2009 RM'000
Net cash generated from operating activities	9,253	2,403
Net cash used in investing activities	(2,575)	(2,652)
Net cash used in financing activities	(74)	(71)
Net increase/(decrease) in cash and cash equivalents	6,604	(320)
Cash and cash equivalents at beginning of financial period	42,548	26,665
Effects of foreign exchange rate changes	(1,532)	355
Cash and cash equivalents at end of financial period	47,620	26,700
Cash and cash equivalents comprise:		
Deposits with licensed banks	38,812	24,841
Cash and bank balances	8,808	4,034
Bank overdrafts	-	(2,175)
	47,620	26,700

The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2009 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 2009 annual financial statements, except for the accounting policy changes 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 2009. 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 2009.

The financial information relating to the financial year ended 31 December 2009 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 2009 except for the adoption of the following new Financial Reporting Standards ("FRS") and Interpretations, and amendments to certain Standards and Interpretations effective 1 January 2010 as disclosed below:

FRS 4	Insurance Contracts
FRS 7	Financial Instruments: Disclosures
FRS 8	Operating Segments
FRS 101	Presentation of Financial Statements (revised)
FRS 123	Borrowing Costs
FRS 139	Financial Instruments: Recognition and Measurement
Amendment to FRS 2	Share-based Payment: Vesting Conditions and Cancellations
Amendments to FRS 1 and FRS 127	First-time Adoption of Financial Reporting Standards and Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
Amendments to FRS 132	Financial Instruments: Presentation
Amendments to FRS 139, FRS 7 and IC Interpretation 9	Financial Instruments: Recognition and Measurement, Disclosures and Reassessment of Embedded Derivatives

HIL INDUSTRIES BERHAD

(Company No: 8812-M)

Notes To The Interim Financial Report (Continued)

2. Changes in Accounting Policies (Continued)

Improvement to FRSs 2009	Improvement to FRSs (2009)
IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 10	Interim Financial Reporting and Impairment
IC Interpretation 11	FRS 2 - Group and Treasury Share Transactions
IC Interpretation 13	Customer Loyalty Programmes
IC Interpretation 14	FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The adoption of the above does not have any significant impact to the Group except as described below:

(a) FRS 7: Financial Instruments: Disclosures

The adoption of FRS 7 requires additional disclosures regarding fair value measurements and liquidity risk in the full year financial statements, and has no effect on reported profit or equity. However, FRS 7 disclosures are not required in the interim financial statements, and hence, no further disclosures have been made in these interim financial statements.

(b) FRS 101: Presentation of Financial Statements (revised)

The Group applies FRS 101 (revised) which became effective as of 1 January 2010. As a result, the Group presents all non-owner changes in equity in the consolidated statement of comprehensive income.

Comparative information has been represented so that it is in conformity with the revised standard. The change only affects presentation aspects.

(c) Improvement to FRSs (2009) - FRS 117: Leases

FRS 117 clarifies on the classification of leases of land and buildings. The Group reassessed the classification of a leasehold land as a finance lease or an operating lease based on the extent of risks and rewards associated with the land. The Group has determined that leasehold land of the Group is in substance an operating lease. The amendments did not have any impact on the financial position and results of the Group.

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Notes To The Interim Financial Report (Continued)

2. Changes in Accounting Policies (Continued)

The following revised FRSs and Interpretations, and amendments to certain Standards and Interpretations have been issued by the MASB and are effective for annual periods commencing on or after 1 July 2010. They have yet to be adopted as they are not yet effective for the current quarter ended 31 March 2010 and current financial year ending 31 December 2010:

FRS 1	FRS 1 First-time Adoption of Financial Reporting Standards
FRS 3	Business Combinations (revised)
FRS 127	Consolidated and Separate Financial Statements (amended)
Amendments to FRS 2	Share-based Payment
Amendments to FRS 5	Non-current Assets Held for Sale and Discontinued Operations
Amendments to FRS 138	Intangible Assets
Amendments to IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 12	Service Concession Arrangements
IC Interpretation 15	Agreements for the Construction of Real Estate
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation
IC Interpretation 17	Distributions of Non-cash Assets to Owners

The Group will adopt the above pronouncements at the beginning of 1 January 2011. The adoption of these new pronouncements in the next financial year is not expected to result in any significant impact in the accounting policies 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 2009 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.

HIL INDUSTRIES BERHAD

(Company No: 8812-M)

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 by the Company during the financial period ended 31 March 2010.

9. Operating Segments

Segment information is presented in respect of the Group's business segments.

	Cumulative Period	
	3 months ended	
	31.3.2010	31.3.2009
	RM'000	RM'000
Segment Revenue		
Revenue from:		
Manufacturing	46,032	25,834
Property development and management	390	682
Trading, services and others	-	-
Total revenue including inter-segment revenue	46,422	26,516
Elimination of inter-segment revenue	(76)	(76)
Revenue from external customers	46,346	26,440

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Notes To The Interim Financial Report (Continued)

9. Operating Segments (Continued)

	Cumulative Period	
	3 months ended	
	31.3.2010	31.3.2009
	RM'000	RM'000
Segment Results (External)		
Results from:		
Manufacturing	10,773	5,940
Property development and management	149	412
Trading, services and others	-	-
Operating profit	10,922	6,352

10. Property, Plant and Equipment

(a) *Acquisitions and disposals*

During the three months ended 31 March 2010, the Group acquired items of property, plant and equipment with a cost of RM2,575,000 (three months ended 31 March 2009: RM2,652,000). There were no disposals during the current and previous financial period-to-date.

(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

(Company No: 8812-M)

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 2009.

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 2010 is as follows:

	RM'000
Authorised by the Directors and contracted for	2,065
Authorised by the Directors but not contracted for	-
	<hr/>
	2,065
	<hr/> <hr/>

15. Performance Review

The revenue and profit before tax recorded by the Group for the financial period-to-date was RM46.346 million and RM10.913 million respectively.

This represented an increase of RM19.906 million in revenue or 75.29% of the revenue for the same period in the previous financial year.

For the cumulative three months ended 31 March 2010, the increase in profit before tax was RM4.574 million or 72.16% of the results for the same period in the previous financial year ended 31 December 2009. The increase in revenue and profit before tax is mainly due to the continued good performance of our overseas subsidiary company.

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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 RM46.346 million and RM10.913 million respectively compared to revenue of RM49.908 million and profit before tax of RM10.506 million for the immediate preceding quarter ended 31 December 2009. The slight increase in profit before tax was mainly due to product mix.

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 Group did not issue any profit forecast or profit guarantee.

19. Taxation

	Current Quarter	Year-To- Date
	3 months ended 31.3.2010 RM'000	3 months ended 31.3.2010 RM'000
Current tax:		
– Malaysian	849	849
– Overseas	897	897
	1,746	1,746
Deferred tax	29	29
Total	1,775	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.

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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 31.3.2010 RM'000	As at 31.12.2009 RM'000
Non-current		
– Secured	399	392
	<hr/>	<hr/>
Current		
– Secured	203	284
– Unsecured	-	-
	<hr/>	<hr/>
	203	284
	<hr/>	<hr/>
	602	676
	<hr/> <hr/>	<hr/> <hr/>

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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

No dividend has been declared for the financial period ended 31 March 2010.

27. Earnings Per Share

(a) 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 31.3.2010	31.3.2009	3 months ended 31.3.2010	31.3.2009
Profit for the period attributable to owners of the Company (RM'000)	9,188	5,722	9,188	5,722
Weighted average number of ordinary shares in issue ('000)	278,714	278,714	278,714	278,714
Basic earnings per share (sen)	3.30	2.05	3.30	2.05

(b) Diluted earnings per share

Diluted earnings per share is not disclosed as it is not applicable.

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 25 May 2010.