

HIL INDUSTRIES BERHAD

(Company No: 8812-M)

Condensed Consolidated Statements of Comprehensive Income For The Financial Year Ended 30 September 2010 - Unaudited

		Individual Period		Cumulative Period	
		3 months ended		9 months ended	
	Note	30.9.2010	30.9.2009	30.9.2010	30.9.2009
		RM'000	RM'000	RM'000	RM'000
Revenue	9	35,499	42,347	122,104	112,080
Cost of sales		(25,680)	(27,288)	(83,632)	(73,446)
Gross profit		9,819	15,059	38,472	38,634
Other income		950	240	1,525	1,460
Operating expenses		(5,897)	(4,572)	(16,828)	(12,307)
Operating profit	9	4,872	10,727	23,169	27,787
Finance costs		(8)	(11)	(26)	(35)
Profit before taxation		4,864	10,716	23,143	27,752
Taxation	19	(591)	(575)	(3,553)	(2,350)
Profit for the period		4,273	10,141	19,590	25,402
Other comprehensive income, net of tax					
Foreign currency translation differences for foreign operations		(2,479)	(640)	(5,139)	(238)
Total comprehensive income for the period		1,794	9,501	14,451	25,164

HIL INDUSTRIES BERHAD

(Company No: 8812-M)

Condensed Consolidated Statements of Comprehensive Income For The Financial Year Ended 30 September 2010 - Unaudited (Continued)

	Individual Period		Cumulative Period		
	3 months ended		9 months ended		
Note	30.9.2010	30.9.2009	30.9.2010	30.9.2009	
	RM'000	RM'000	RM'000	RM'000	
Profit/(Loss) attributable to:					
Owners of the Company	4,239	10,130	19,698	25,553	
Minority interests	34	11	(108)	(151)	
Profit for the period	4,273	10,141	19,590	25,402	
Total comprehensive income attributable to:					
Owners of the Company	1,760	9,490	14,559	25,315	
Minority interests	34	11	(108)	(151)	
Total comprehensive income for the period	1,794	9,501	14,451	25,164	
Earnings per share					
attributable to owners of the Company:					
- Basic	27	1.52	3.63	7.07	9.17
- 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 30 September 2010 - Unaudited

	Note	<u>Unaudited</u> As at 30.9.2010 RM'000	<u>Audited</u> As at 31.12.2009 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	10	97,222	96,452
Prepaid lease payments		4,005	4,084
Investment properties		23,956	23,956
Goodwill		4,932	4,932
		<hr/>	<hr/>
		130,115	129,424
		<hr/>	<hr/>
Current assets			
Inventories		22,474	21,628
Property development costs		62,018	61,932
Trade and other receivables		52,527	69,191
Tax recoverable		2,874	3,052
Deposits with licensed banks		44,974	35,524
Cash and bank balances		13,182	7,024
		<hr/>	<hr/>
		198,049	198,351
		<hr/>	<hr/>
TOTAL ASSETS		<hr/> <hr/>	<hr/> <hr/>
		328,164	327,775
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		(3,517)	1,622
Retained profits		136,085	123,181
		<hr/>	<hr/>
		273,778	266,013
Minority interests		<hr/>	<hr/>
		3,111	3,219
		<hr/>	<hr/>
Total equity		<hr/>	<hr/>
		276,889	269,232
		<hr/>	<hr/>

HIL INDUSTRIES BERHAD

(Company No: 8812-M)

Condensed Consolidated Statement of Financial Position As at 30 September 2010 - Unaudited (Continued)

	Note	Unaudited As at 30.9.2010 RM'000	Audited As at 31.12.2009 RM'000
Non-current liabilities			
Borrowings	23	244	392
Deferred tax liabilities		22,426	21,887
		<hr/>	<hr/>
		22,670	22,279
		<hr/>	<hr/>
Current liabilities			
Trade and other payables		27,679	35,758
Borrowings	23	222	284
Provision for taxation		704	222
		<hr/>	<hr/>
		28,605	36,264
		<hr/>	<hr/>
Total liabilities		51,275	58,543
		<hr/>	<hr/>
TOTAL EQUITY AND LIABILITIES		328,164	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 30 September 2010 - Unaudited

Note	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	-	-	-	(238)	25,553	25,315	(151)	25,164
At 30 September 2009	139,357	1,281	572	2,264	112,848	256,322	3,067	259,389
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	-	-	-	(5,139)	19,698	14,559	(108)	14,451
Dividends to owners of the Company	-	-	-	-	(6,794)	(6,794)	-	(6,794)
At 30 September 2010	139,357	1,281	572	(3,517)	136,085	273,778	3,111	276,889

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 30 September 2010 - Unaudited

	Cumulative Period	
	9 months ended 30.9.2010 RM'000	30.9.2009 RM'000
Net cash generated from operating activities	36,244	22,871
Net cash used in investing activities	(10,608)	(10,541)
Net cash used in financing activities	(7,018)	(215)
Net increase in cash and cash equivalents	18,618	12,115
Cash and cash equivalents at beginning of financial period	42,548	26,665
Effects of foreign exchange rate changes	(3,024)	(249)
Cash and cash equivalents at end of financial period	58,142	38,531
Cash and cash equivalents comprise:		
Deposits with licensed banks	44,974	29,840
Cash and bank balances	13,182	8,692
Bank overdrafts	(14)	(1)
	58,142	38,531

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

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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.

HIL INDUSTRIES BERHAD

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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

On 18 August 2010, the Company paid a first and final dividend of 6.50% or 3.25 sen per ordinary share of RM0.50 each less income tax at 25% amounting to RM6.794 million in respect of the financial year ended 31 December 2009.

9. Operating Segments

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

	Cumulative Period	
	9 months ended 30.9.2010 RM'000	30.9.2009 RM'000
Segment Revenue		
Revenue from:		
Manufacturing	121,357	110,776
Property development and management	975	1,532
Trading, services and others	-	-
Total revenue including inter-segment revenue	122,332	112,308
Elimination of inter-segment revenue	(228)	(228)
Revenue from external customers	122,104	112,080

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Notes To The Interim Financial Report (Continued)

9. Operating Segments (Continued)

	Cumulative Period	
	9 months ended	
	30.9.2010	30.9.2009
	RM'000	RM'000
Segment Results (External)		
Results from:		
Manufacturing	22,890	26,985
Property development and management	281	805
Trading, services and others	(2)	(3)
Operating profit	23,169	27,787

10. Property, Plant and Equipment

(a) *Acquisitions and disposals*

During the nine months ended 30 September 2010, the Group acquired items of property, plant and equipment with a cost of RM10,838,000 (nine months ended 30 September 2009: RM10,550,000). Items of property, plant and equipment with a net book value of RM Nil were disposed of during the nine months ended 30 September 2010 (nine months ended 30 September 2009: RM Nil), resulting in a gain on disposal of RM230,000 (nine months ended 30 September 2009: gain on disposal of RM9,000).

(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.

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 30 September 2010 is as follows:

	RM'000
Authorised by the Directors and contracted for	1,009
Authorised by the Directors but not contracted for	-
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	1,009
	<hr/> <hr/>

15. Performance Review

The revenue and profit before tax recorded by the Group for the financial period-to-date was RM122.104 million and RM23.143 million respectively.

This represented an increase of RM10.024 million in revenue or 8.94% of the revenue for the same period in the previous financial year.

For the cumulative nine months ended 30 September 2010, the decrease in profit before tax was RM4.609 million or 16.61% of the results for the same period in the previous financial year ended 31 December 2009. Despite the increase in revenue, the decrease in profit before tax was mainly due to a change in the product mix from our electronic and electrical sector, and foreign exchange losses incurred.

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(Company No: 8812-M)

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 RM35.499 million and RM4.864 million respectively compared to revenue of RM40.259 million and profit before tax of RM7.366 million for the immediate preceding quarter ended 30 June 2010. The decrease in profit before tax was mainly attributed to decrease in orders from the IT industry for this quarter due to the softening and uncertainty of the economic situation in the world.

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 30.9.2010 RM'000	9 months ended 30.9.2010 RM'000
Current tax:		
– Malaysian	(81)	1,368
– Overseas	274	1,646
	193	3,014
Deferred tax	398	539
Total	591	3,553

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 30.9.2010 RM'000	As at 31.12.2009 RM'000
Non-current		
– Secured	244	392
	<hr/>	
Current		
– Secured	208	284
– Unsecured	14	-
	<hr/>	
	222	284
	<hr/>	
	466	676
	<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

No dividend has been declared for the financial period ended 30 September 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 30.9.2010	30.9.2009	9 months ended 30.9.2010	30.9.2009
Profit for the period attributable to owners of the Company (RM'000)	4,239	10,130	19,698	25,553
Weighted average number of ordinary shares in issue ('000)	278,714	278,714	278,714	278,714
Basic earnings per share (sen)	1.52	3.63	7.07	9.17

(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 November 2010.