

# HIL INDUSTRIES BERHAD

(Company No: 8812-M)

## Condensed Consolidated Statements of Comprehensive Income For The Financial Year Ended 30 September 2011 - Unaudited

		Individual Period		Cumulative Period	
	Note	3 months ended		9 months ended	
		30.9.2011	30.9.2010	30.9.2011	30.9.2010
		RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>	9	27,030	35,499	81,593	122,104
Cost of sales		(22,316)	(25,680)	(68,546)	(83,632)
<b>Gross profit</b>		4,714	9,819	13,047	38,472
Other income		1,113	950	2,097	1,525
Operating expenses		(4,331)	(5,897)	(13,268)	(16,828)
<b>Operating profit</b>		1,496	4,872	1,876	23,169
Finance costs		(7)	(8)	(20)	(26)
<b>Profit before taxation</b>	9	1,489	4,864	1,856	23,143
Taxation	19	(246)	(591)	(1,631)	(3,553)
<b>Profit for the period</b>		1,243	4,273	225	19,590
<b>Other comprehensive income/(loss), net of tax</b>					
Foreign currency translation differences for foreign operations		3,787	(2,479)	3,904	(5,139)
<b>Total comprehensive income for the period</b>		5,030	1,794	4,129	14,451

# HIL INDUSTRIES BERHAD

(Company No: 8812-M)

## Condensed Consolidated Statements of Comprehensive Income For The Financial Year Ended 30 September 2011 - Unaudited (Continued)

		Individual Period		Cumulative Period	
	Note	3 months ended		9 months ended	
		30.9.2011	30.9.2010	30.9.2011	30.9.2010
		RM'000	RM'000	RM'000	RM'000
<b>(Loss)/Profit attributable to:</b>					
Owners of the Company		1,240	4,239	176	19,698
Minority interests		3	34	49	(108)
<b>Profit for the period</b>		<b>1,243</b>	<b>4,273</b>	<b>225</b>	<b>19,590</b>
<b>Total comprehensive income attributable to:</b>					
Owners of the Company		5,027	1,760	4,080	14,559
Minority interests		3	34	49	(108)
<b>Total comprehensive income for the period</b>		<b>5,030</b>	<b>1,794</b>	<b>4,129</b>	<b>14,451</b>
<b>Earnings per share attributable to owners of the Company:</b>					
- Basic	28	0.45	1.52	0.06	7.07
- Diluted	28	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 2010 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 2011 - Unaudited

	Note	<u>Unaudited</u> As at 30.9.2011 RM'000	<u>Audited</u> As at 31.12.2010 RM'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	10	94,627	97,004
Prepaid lease payments		3,898	3,978
Investment properties		23,956	23,956
Goodwill		4,932	4,932
		<hr/>	<hr/>
		127,413	129,870
		<hr/>	<hr/>
<b>Current assets</b>			
Inventories		16,183	20,495
Property development costs		62,111	62,021
Trade and other receivables		38,786	44,349
Tax recoverable		2,855	3,190
Deposits with licensed banks		66,851	46,493
Cash and bank balances		5,966	20,244
		<hr/>	<hr/>
		192,752	196,792
		<hr/>	<hr/>
<b>TOTAL ASSETS</b>		<hr/> <hr/>	<hr/> <hr/>
		320,165	326,662
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital		139,357	139,357
Share premium		1,281	1,281
Treasury shares		(947)	-
Revaluation reserve		572	572
Currency translation reserve		1,052	(2,852)
Retained profits		133,826	137,550
		<hr/>	<hr/>
		275,141	275,908
<b>Minority interests</b>		<hr/>	<hr/>
		2,415	2,366
		<hr/>	<hr/>
<b>Total equity</b>		<hr/> <hr/>	<hr/> <hr/>
		277,556	278,274

# HIL INDUSTRIES BERHAD

(Company No: 8812-M)

## Condensed Consolidated Statement of Financial Position As at 30 September 2011 - Unaudited (Continued)

	Note	<u>Unaudited</u> As at 30.9.2011 RM'000	<u>Audited</u> As at 31.12.2010 RM'000
<b>Non-current liabilities</b>			
Borrowings	23	18	182
Deferred tax liabilities		22,930	22,627
		<hr/>	<hr/>
		22,948	22,809
		<hr/>	<hr/>
<b>Current liabilities</b>			
Trade and other payables		17,955	25,094
Borrowings	23	1,123	210
Provision for taxation		583	275
		<hr/>	<hr/>
		19,661	25,579
		<hr/>	<hr/>
<b>Total liabilities</b>		42,609	48,388
		<hr/>	<hr/>
<b>TOTAL EQUITY AND LIABILITIES</b>		320,165	326,662
		<hr/> <hr/>	<hr/> <hr/>
<b>Net assets per share attributable to owners of the Company (RM)</b>		0.99	0.99
		<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 2010 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 September 2011 - Unaudited

Note	Attributable to shareholders of the Company						Total	Minority interests	Total equity
	Share capital	Share premium	Treasury shares	Revaluation reserve	Currency translation reserve	Retained profits			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000			
<b>At 1 January 2010</b>	139,357	1,281	-	572	1,622	123,181	266,013	3,219	269,232
Total comprehensive (loss)/income for the period	-	-	-	-	(5,139)	19,698	14,559	(108)	14,451
Transactions with owners:									
- Dividends on ordinary shares	-	-	-	-	-	(6,794)	(6,794)	-	(6,794)
<b>At 30 September 2010</b>	139,357	1,281	-	572	(3,517)	136,085	273,778	3,111	276,889
<b>At 1 January 2011</b>	139,357	1,281	-	572	(2,852)	137,550	275,908	2,366	278,274
Total comprehensive income/(loss) for the period	-	-	-	-	3,904	176	4,080	49	4,129
Transactions with owners:									
- Purchase of treasury shares	-	-	(947)	-	-	-	(947)	-	(947)
- Dividends on ordinary shares	-	-	-	-	-	(3,900)	(3,900)	-	(3,900)
<b>At 30 September 2011</b>	139,357	1,281	(947)	572	1,052	133,826	275,141	2,415	277,556

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements.

# HIL INDUSTRIES BERHAD

(Company No: 8812-M)

## Condensed Consolidated Statement of Cash Flows For The Financial Year Ended 30 September 2011 - Unaudited

	Cumulative Period	
	9 months ended 30.9.2011 RM'000	30.9.2010 RM'000
Net cash generated from operating activities	11,848	36,244
Net cash used in investing activities	(4,127)	(10,608)
Net cash used in financing activities	(5,004)	(7,018)
Net increase in cash and cash equivalents	2,717	18,618
Cash and cash equivalents at beginning of financial period	66,737	42,548
Effects of foreign exchange rate changes	2,457	(3,024)
Cash and cash equivalents at end of financial period	71,911	58,142
Cash and cash equivalents comprise:		
Deposits with licensed banks	66,851	44,974
Cash and bank balances	5,966	13,182
Bank overdrafts	(906)	(14)
	71,911	58,142

The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2010 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 2010 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 2010. 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 2010.

The financial information relating to the financial year ended 31 December 2010 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 2010 except for the adoption of the following new Financial Reporting Standards ("FRS") and IC Interpretations as disclosed below:

*Effective for financial periods beginning on or after 1 July 2010*

FRS 1 First-time Adoption of Financial Reporting Standards (revised)  
FRS 3 Business Combinations (revised)  
FRS 127 Consolidated and Separate Financial Statements (revised)  
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  
IC Interpretation 12 Service Concession Arrangements  
IC Interpretation 16 Hedges of a Net Investment in a Foreign Operation  
IC Interpretation 17 Distributions of Non-cash Assets to Owners  
Amendments to IC Interpretation 9 Reassessment of Embedded Derivatives

# HIL INDUSTRIES BERHAD

(Company No: 8812-M)

## Notes To The Interim Financial Report (Continued)

### 2. Changes in Accounting Policies (Continued)

Effective for financial periods beginning on or after 1 March 2010

Amendments to FRS 132 Financial Instruments: Presentation

Effective for financial periods beginning on or after 1 January 2011

Additional Exemptions for First-time Adopters (Amendments to FRS 1)

Amendments to FRS 1 Limited Exemption from Comparative FRS 7

Disclosures for First-time Adopters

Group Cash-settled Share-based Payment Transactions (Amendments to FRS 2)

Amendments to FRS 7 Improving Disclosures about Financial Instruments

Improvements to FRSs issued in 2010

IC Interpretation 4 Determining whether an Arrangement contains a Lease

IC Interpretation 18 Transfers of Assets from Customers

The adoption of the above does not have any significant financial impact to the Group's results.

The Group has not adopted the following new Financial Reporting Standards ("FRS") and IC Interpretations that have been issued but not yet effective.

Effective for financial periods beginning on or after 1 July 2011

Prepayments of a Minimum Funding Requirement (Amendments to IC Interpretation 14)

IC Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments

Effective for financial periods beginning on or after 1 January 2012

FRS 124 Related Party Disclosures (revised)

IC Interpretation 15 Agreements for the Construction of Real Estate



# **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 2010 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**

On 18 August 2011, the Company paid a first and final dividend of 3.76% or 1.88 sen per ordinary share of RM0.50 each less income tax at 25% amounting to RM3,900,398 in respect of the financial year ended 31 December 2010.

# HIL INDUSTRIES BERHAD

(Company No: 8812-M)

## Notes To The Interim Financial Report (Continued)

### 9. Operating Segments

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

	<b>Cumulative Period</b>	
	<b>9 months ended</b>	
	<b>30.9.2011</b>	<b>30.9.2010</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Segment Revenue</b>		
Revenue from:		
Manufacturing	80,748	121,357
Property development and management	1,107	975
Trading, services and others	-	-
Total revenue including inter-segment revenue	81,855	122,332
Elimination of inter-segment revenue	(262)	(228)
Revenue from external customers	81,593	122,104
<b>Segment Results (External)</b>		
Results from:		
Manufacturing	1,379	22,864
Property development and management	477	281
Trading, services and others	-	(2)
Profit before tax	1,856	23,143
<b>Segment Assets</b>		
Segment assets of:		
Manufacturing	203,075	211,898
Property development and management	109,048	108,447
Trading, services and others	255	13
Unallocated assets	312,378	320,358
	7,787	7,806
Total consolidated assets	320,165	328,164

# 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 nine months ended 30 September 2011, the Group acquired items of property, plant and equipment with a cost of RM4,220,000 (nine months ended 30 September 2010: RM10,838,000). Items of property, plant and equipment with a net book value of RM Nil were disposed of during the nine months ended 30 September 2011 (nine months ended 30 September 2010: RM Nil), resulting in a gain on disposal of RM93,000 (nine months ended 30 September 2010: gain on disposal of RM230,000).

#### (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 2010.

### 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 2011 is as follows:

	<b>RM'000</b>
Authorised by the Directors and contracted for	1,434
Authorised by the Directors but not contracted for	-
	<hr/>
	1,434
	<hr/> <hr/>

# **HIL INDUSTRIES BERHAD**

(Company No: 8812-M)

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

### **15. Performance Review**

The revenue and profit before tax recorded by the Group for the financial period-to-date was RM81.593 million and RM1.856 million respectively.

This represented a decrease of RM40.511 million in revenue or 33.18% of the revenue for the same period in the previous financial year ended 31 December 2010.

For the cumulative nine months ended 30 September 2011, the decrease in profit before tax was RM21.287 million or 91.98% of the results for the same period in the previous financial year ended 31 December 2010. The decrease in revenue and profit before tax was mainly due to foreign exchange losses, and decrease in revenue from our overseas subsidiary.

### **16. Variation of Results Against Preceding Quarter**

The revenue and profit before tax for the current quarter were RM27.030 million and RM1.489 million respectively compared to revenue of RM26.743 million and loss before tax of RM0.721 million for the immediate preceding quarter ended 30 June 2011. The increase in profit before tax was predominantly attributable to product mix.

### **17. Current Year Prospects**

Given the uncertainty and currently weak economic situation, the Board is cautious but still optimistic that the Company will be able to produce satisfactory results

### **18. Profit Forecast or Profit Guarantee**

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

# HIL INDUSTRIES BERHAD

(Company No: 8812-M)

## Notes To The Interim Financial Report (Continued)

### 19. Taxation

	<b>Current Quarter</b>	<b>Year-To- Date</b>
	<b>3 months ended 30.9.2011 RM'000</b>	<b>9 months ended 30.9.2011 RM'000</b>
Current tax:		
– Malaysian	44	1,255
– Overseas	-	73
	44	1,328
Deferred tax	202	303
	246	1,631

The effective tax rate for the current quarter was lower than the statutory tax rate principally due to certain income not subject to tax.

The effective tax rate for the financial period-to-date was higher than the statutory tax rate principally due to the losses of certain subsidiary companies which cannot be set off against the taxable profits made by other subsidiary companies, and certain expenses which are not deductible for tax purposes.

### 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.

# HIL INDUSTRIES BERHAD

(Company No: 8812-M)

## Notes To The Interim Financial Report (Continued)

### 23. Borrowings

	As at 30.9.2011 RM'000	As at 31.12.2010 RM'000
<b>Non-current</b>		
– Secured	18	182
	<hr/>	
<b>Current</b>		
– Secured	217	210
– Unsecured	906	-
	<hr/>	
	1,123	210
	<hr/>	
	1,141	392
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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.

### 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 2011.

### 27. Inventories

During the nine months ended 30 September 2011, inventories amounting to RM444,393 were written off because they had reached the end of their product life cycle.

# HIL INDUSTRIES BERHAD

(Company No: 8812-M)

## Notes To The Interim Financial Report (Continued)

### 28. 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 30.9.2011	30.9.2010	9 months ended 30.9.2011	30.9.2010
Profit for the period attributable to owners of the Company (RM'000)	1,240	4,239	176	19,698
Weighted average number of ordinary shares in issue ('000)	276,620	278,714	277,857	278,714
Basic earnings per share (sen)	0.45	1.52	0.06	7.07

#### (b) Diluted earnings per share

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

### 29. Breakdown of retained profits into realised and unrealised profits or losses

The breakdown of the retained profits of the Group as at the reporting date, into realised and unrealised profits or losses, is as follows:

	As at 30.9.2011 RM'000	As at 31.12.2010 RM'000
Realised and unrealised profits/(losses) of the Company and its subsidiaries:		
- Realised	173,091	177,928
- Unrealised	(7,457)	(8,651)
	165,634	169,277
Less: Consolidation adjustments	(31,808)	(31,727)
Total retained profits	133,826	137,550

# **HIL INDUSTRIES BERHAD**

(Company No: 8812-M)

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

### **30. 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 November 2011.