

# HIL INDUSTRIES BERHAD

(Company No: 8812-M)

## Condensed Consolidated Statements of Comprehensive Income For The Financial Year Ended 31 December 2014 - Unaudited

|   |        | Individual Period |            | Cumulative Period |            |
|---|--------|-------------------|------------|-------------------|------------|
|   | Note   | 3 months ended    |            | 12 months ended   |            |
|   |        | 31.12.2014        | 31.12.2013 | 31.12.2014        | 31.12.2013 |
|   |        | RM'000            | RM'000     | RM'000            | RM'000     |
| <b>Revenue</b>  | 9      | 42,498            | 23,697     | 136,405           | 81,650     |
| Cost of sales   |        | (30,633)          | (19,162)   | (101,518)         | (67,734)   |
| <b>Gross profit</b>   |        | 11,865            | 4,535      | 34,887            | 13,916     |
| Other items of income:  |        |                   |            |                   |            |
| – Interest income   |        | 789               | 675        | 2,956             | 2,412      |
| – Other income  |        | 686               | (372)      | 911               | 727        |
| Operating expenses  |        | (3,138)           | (1,930)    | (12,091)          | (11,496)   |
| <b>Operating profit</b>   |        | 10,202            | 2,908      | 26,663            | 5,559      |
| Finance costs   |        | (14)              | (10)       | (45)              | (41)       |
| <b>Profit before taxation</b>                                   | 9 & 19 | 10,188            | 2,898      | 26,618            | 5,518      |
| Taxation  | 20     | (2,572)           | (806)      | (6,890)           | (2,858)    |
| <b>Profit for the period</b>                                    |        | 7,616             | 2,092      | 19,728            | 2,660      |
| <b>Other comprehensive profit, net of tax</b>                   |        |                   |            |                   |            |
| Foreign currency translation differences for foreign operations |        | 1,514             | 437        | 1,044             | 2,588      |
| <b>Total comprehensive income for the period</b>                |        | 9,130             | 2,529      | 20,772            | 5,248      |

# HIL INDUSTRIES BERHAD

(Company No: 8812-M)

## Condensed Consolidated Statements of Comprehensive Income For The Financial Year Ended 31 December 2014 - Unaudited (Continued)

|  |      | Individual Period |            | Cumulative Period |            |
|--|------|-------------------|------------|-------------------|------------|
|  |      | 3 months ended    |            | 12 months ended   |            |
|  | Note | 31.12.2014        | 31.12.2013 | 31.12.2014        | 31.12.2013 |
|  |      | RM'000            | RM'000     | RM'000            | RM'000     |
| <b>Profit attributable to:</b>                                   |      |                   |            |                   |            |
| Owners of the Company  |      | 7,737             | 2,111      | 19,713            | 2,787      |
| Non-controlling interests  |      | (121)             | (19)       | 15                | (127)      |
| <b>Profit for the period</b>                                     |      |                   |            |                   |            |
|  |      | 7,616             | 2,092      | 19,728            | 2,660      |
| <b>Total comprehensive profit attributable to:</b>               |      |                   |            |                   |            |
| Owners of the Company  |      | 9,251             | 2,548      | 20,757            | 5,375      |
| Non-controlling interests  |      | (121)             | (19)       | 15                | (127)      |
| <b>Total comprehensive income for the period</b>                 |      |                   |            |                   |            |
|  |      | 9,130             | 2,529      | 20,772            | 5,248      |
| <b>Earnings per share attributable to owners of the Company:</b> |      |                   |            |                   |            |
| - Basic  | 24   | 2.80              | 0.76       | 7.13              | 1.01       |
| - Diluted  | 24   | 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 2013 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 December 2014 - Unaudited

|   | Note | <u>Unaudited</u><br>As at<br>31.12.2014<br>RM'000 | <u>Audited</u><br>As at<br>31.12.2013<br>RM'000 |
|---|------|---|---|
| <b>ASSETS</b>                                       |      |   |   |
| <b>Non-current assets</b>                           |      |   |   |
| Property, plant and equipment                       | 10   | 74,941  | 80,033  |
| Investment properties                               |      | 23,704  | 23,767  |
| Other investments                                   |      | 189   | 184   |
| Goodwill  |      | 4,932   | 4,932   |
|   |      | <hr/>   | <hr/>   |
|   |      | 103,766   | 108,916   |
|   |      | <hr/>   | <hr/>   |
| <b>Current assets</b>                               |      |   |   |
| Inventories   |      | 15,528  | 12,271  |
| Property development costs                          |      | 65,041  | 62,667  |
| Trade and other receivables                         |      | 57,054  | 41,055  |
| Prepaid expenses                                    |      | 1,371   | 1,177   |
| Tax recoverable                                     |      | 59  | 2,760   |
| Deposits with licensed banks                        |      | 90,646  | 87,691  |
| Cash and bank balances                              |      | 17,779  | 6,801   |
|   |      | <hr/>   | <hr/>   |
|   |      | 247,478   | 214,422   |
|   |      | <hr/>   | <hr/>   |
| <b>TOTAL ASSETS</b>                                 | 9    | <u>351,244</u>                                    | <u>323,338</u>                                  |
| <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)   | (947)   |
| Capital reserve                                     |      | 308   | 308   |
| Currency translation reserve                        |      | 1,828   | 784   |
| Retained profits                                    |      | 149,936   | 134,372   |
|   |      | <hr/>   | <hr/>   |
|   |      | 291,763   | 275,155   |
| <b>Non-controlling interests</b>                    |      | <hr/>   | <hr/>   |
|   |      | 1,645   | 1,630   |
|   |      | <hr/>   | <hr/>   |
| <b>Total equity</b>                                 |      | <u>293,408</u>                                    | <u>276,785</u>                                  |
|   |      | <hr/>   | <hr/>   |

# HIL INDUSTRIES BERHAD

(Company No: 8812-M)

## Condensed Consolidated Statement of Financial Position As at 31 December 2014 - Unaudited (Continued)

|   | Note | <u>Unaudited</u><br>As at<br>31.12.2014<br>RM'000 | <u>Audited</u><br>As at<br>31.12.2013<br>RM'000 |
|---|------|---|---|
| <b>Non-current liabilities</b>                    |      |   |   |
| Finance lease liabilities                         | 22   | 799   | 610   |
| Deferred tax liabilities                          |      | 22,938  | 23,238  |
|   |      | <hr/>   | <hr/>   |
|   |      | 23,737  | 23,848  |
|   |      | <hr/>   | <hr/>   |
| <b>Current liabilities</b>                        |      |   |   |
| Trade and other payables                          |      | 31,921  | 21,520  |
| Finance lease liabilities                         | 22   | 483   | 184   |
| Provision for taxation                            |      | 1,695   | 1,001   |
|   |      | <hr/>   | <hr/>   |
|   |      | 34,099  | 22,705  |
|   |      | <hr/>   | <hr/>   |
| <b>Total liabilities</b>                          |      | 57,836  | 46,553  |
|   |      | <hr/>   | <hr/>   |
| <b>TOTAL EQUITY AND LIABILITIES</b>               |      | 351,244   | 323,338   |
|   |      | <hr/> <hr/>                                       | <hr/> <hr/>                                     |
| <b>Net assets per share</b>                       |      |   |   |
| <b>attributable to owners of the Company (RM)</b> |      | 1.05  | 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 2013 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 2014 - Unaudited

| Note                                    | Attributable to shareholders of the Company |                            |                              |                              |  |                               | Total<br>RM'000 | Non-<br>controlling<br>interests<br>RM'000 | Total<br>equity<br>RM'000 |
|---|---|----------------------------|------------------------------|------------------------------|--|-------------------------------|-----------------|--|---------------------------|
|   | Share<br>capital<br>RM'000                  | Share<br>premium<br>RM'000 | Treasury<br>shares<br>RM'000 | Capital<br>reserve<br>RM'000 | Currency<br>translation<br>reserve<br>RM'000 | Retained<br>profits<br>RM'000 |                 |  |                           |
| <b>Unaudited</b>                        |   |                            |                              |                              |  |                               |                 |  |                           |
| <b>At 1 January 2014</b>                | 139,357                                     | 1,281                      | (947)                        | 308                          | 784  | 134,372                       | 275,155         | 1,630                                      | 276,785                   |
| Total comprehensive income for the year | -   | -                          | -                            | -                            | 1,044  | 19,713                        | 20,757          | 15   | 20,772                    |
| <u>Transactions with owners:</u>        |   |                            |                              |                              |  |                               |                 |  |                           |
| Dividends on ordinary shares            | -   | -                          | -                            | -                            | -  | (4,149)                       | (4,149)         | -  | (4,149)                   |
| <b>At 31 December 2014</b>              | 139,357                                     | 1,281                      | (947)                        | 308                          | 1,828  | 149,936                       | 291,763         | 1,645                                      | 293,408                   |

# HIL INDUSTRIES BERHAD

(Company No: 8812-M)

## Condensed Consolidated Statement Of Changes In Equity For The Financial Year Ended 31 December 2014 - Unaudited (Continued)

| Note   | Attributable to shareholders of the Company |                            |                              |                              |  |                               | Total<br>RM'000 | Non-<br>controlling<br>interests<br>RM'000 | Total<br>equity<br>RM'000 |
|--|---|----------------------------|------------------------------|------------------------------|--|-------------------------------|-----------------|--|---------------------------|
|  | Share<br>capital<br>RM'000                  | Share<br>premium<br>RM'000 | Treasury<br>shares<br>RM'000 | Capital<br>reserve<br>RM'000 | Currency<br>translation<br>reserve<br>RM'000 | Retained<br>profits<br>RM'000 |                 |  |                           |
| <b><u>Audited</u></b>                          |   |                            |                              |                              |  |                               |                 |  |                           |
| <b>At 1 January 2013</b>                       | 139,357                                     | 1,281                      | (947)                        | 308                          | (1,804)                                      | 131,585                       | 269,780         | 1,757                                      | 271,537                   |
| Total comprehensive (loss)/income for the year | -   | -                          | -                            | -                            | 2,588  | 2,787                         | 5,375           | (127)                                      | 5,248                     |
| <b>At 31 December 2013</b>                     | 139,357                                     | 1,281                      | (947)                        | 308                          | 784  | 134,372                       | 275,155         | 1,630                                      | 276,785                   |

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2013 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 31 December 2014 - Unaudited

|   | Cumulative Period |              |
|---|-------------------|--------------|
|   | 12 months ended   |              |
|   | 31.12.2014        | 31.12.2013   |
|   | RM'000            | RM'000       |
| <b>Cash flows from operating activities</b>             |                   |              |
| Profit before taxation                                  | 26,618            | 5,518        |
| Adjustments for non-cash items                          | 6,534             | 7,308        |
| Operating profit before working capital changes         | 33,152            | 12,826       |
| Working capital changes                                 |                   |              |
| Inventories   | (3,257)           | (2,138)      |
| Property development costs                              | (2,374)           | (467)        |
| Receivables, deposits and prepayments                   | (16,193)          | (7,661)      |
| Payables and accruals                                   | 10,401            | 6,552        |
| Cash generated from operations                          | 21,729            | 9,112        |
| Interest paid   | (45)              | (40)         |
| Interest received                                       | 2,956             | 2,412        |
| Income tax paid   | (6,517)           | (2,561)      |
| Income tax recovered                                    | 2,722             | 88           |
| <b>Net cash from operating activities</b>               | <b>20,845</b>     | <b>9,011</b> |
| <b>Cash flows from investing activities</b>             |                   |              |
| Purchase of property, plant and equipment               | (3,472)           | (564)        |
| Proceeds from disposal of property, plant and equipment | -                 | 1,154        |
| Purchase of other investments                           | (5)               | (5)          |
| <b>Net cash (used in)/from investing activities</b>     | <b>(3,477)</b>    | <b>585</b>   |

# HIL INDUSTRIES BERHAD

(Company No: 8812-M)

## Condensed Consolidated Statement of Cash Flows For The Financial Year Ended 31 December 2014 - Unaudited (Continued)

|   | Cumulative Period |               |
|---|-------------------|---------------|
|   | 12 months ended   |               |
|   | 31.12.2014        | 31.12.2013    |
|   | RM'000            | RM'000        |
| <b>Cash flows from financing activities</b>                         |                   |               |
| Repayment of finance lease liabilities                              | (216)             | (175)         |
| Dividends paid on ordinary shares                                   | (4,149)           | -             |
| <b>Net cash used in financing activities</b>                        | <b>(4,365)</b>    | <b>(175)</b>  |
| <b>Net increase in cash and cash equivalents</b>                    | <b>13,003</b>     | <b>9,421</b>  |
| <b>Cash and cash equivalents at beginning of the financial year</b> | <b>94,492</b>     | <b>83,014</b> |
| <b>Effects of foreign exchange rate changes</b>                     | <b>762</b>        | <b>2,057</b>  |
| <b>Cash and cash equivalents at end of the financial year</b>       | <b>108,257</b>    | <b>94,492</b> |
| <b>Cash and cash equivalents comprise:</b>                          |                   |               |
| Deposits with licensed banks  | 90,646            | 87,691        |
| Cash and bank balances  | 17,779            | 6,801         |
|   | <b>108,257</b>    | <b>94,492</b> |

The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements.



# **HIL INDUSTRIES BERHAD**

(Company No: 8812-M)

## **Notes To The Unaudited Condensed Consolidated Interim Financial Statements**

In compliance with Malaysian Financial Reporting Standard (“MFRS”) 134, Interim Financial Reporting

Hil Industries Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of the Bursa Malaysia Securities Berhad.

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 26 February 2015.

### **1. Basis of Preparation**

These unaudited condensed consolidated interim financial statements have been prepared in accordance with the applicable disclosure provisions of the Listing Requirements of the Bursa Malaysia Securities Berhad and MFRS 134, *Interim Financial Reporting*, issued by the Malaysian Accounting Standards Board (“MASB”). These condensed consolidated interim financial statements also comply with IAS 34 Interim Financial Reporting issued by the International Accounting Standards Board.

The interim financial report should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2013. These explanatory notes attached to the interim financial report provide an explanation of events and transactions that are significant to the understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2013.

The preparation of an interim financial report in conformity with MFRS 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.

# HIL INDUSTRIES BERHAD

(Company No: 8812-M)

## Notes To The Unaudited Condensed Consolidated Interim Financial Statements (Continued)

In compliance with Malaysian Financial Reporting Standard (“MFRS”) 134, Interim Financial Reporting

### 2. Significant Accounting Policies and Application of MFRS 1

The significant accounting policies adopted in the preparation of the condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group's audited financial statements for the financial year ended 31 December 2013, except for the adoption of Amendments to Standards and Issue Committee (IC) interpretations effective as of 1 January 2014.

#### 2.1 Adoption of Amendments to Standards and IC Interpretations

The Group has adopted the following Amendments to Standards and IC Interpretations, with a date of initial application of 1 January 2014.

|                        |   |
|------------------------|---|
| Amendments to MFRS 10  | Consolidated Financial Statements: Investment Entities                                      |
| Amendments to MFRS 12  | Disclosure of Interests in Other Entities: Investment Entities                              |
| Amendments to MFRS 127 | Separate Financial Statements: Investment Entities  |
| Amendments to MFRS 132 | Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities |
| Amendments to MFRS 136 | Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets              |
| Amendments to MFRS 139 | Novation of Derivatives and Continuation of Hedge Accounting                                |
| MFRS 15                | Revenue from Contracts with Customers   |
| IC Interpretation 21   | Levies  |

The adoption of the above pronouncements did not have any impact on the financial statements of the Group.

#### 2.2 Standard issued but not yet effective

At the date of authorisation of the condensed consolidated interim financial statements, the following Standards were issued but not yet effective and have not been adopted by the Group:

| Description  | Effective for financial periods beginning on or after |
|--|---|
| Amendments to MFRS 119 Defined Benefits Plans : Employee Contributions | 1 July 2014   |
| Annual Improvements to MFRSs 2010 - 2012 Cycle                         | 1 July 2014   |
| Annual Improvements to MFRSs 2011 - 2013 Cycle                         | 1 July 2014   |

# **HIL INDUSTRIES BERHAD**

(Company No: 8812-M)

## **Notes To The Unaudited Condensed Consolidated Interim Financial Statements (Continued)**

In compliance with Malaysian Financial Reporting Standard (“MFRS”) 134, Interim Financial Reporting

### **2. Significant Accounting Policies and Application of MFRS 1 (Continued)**

#### 2.2 Standard issued but not yet effective (Continued)

|        |   |                |
|--------|---|----------------|
| MFRS 9 | Financial Instruments (IFRS 9 issued by International Accounting Standards Board (IASB) in July 2014) | 1 January 2018 |
|--------|---|----------------|

The Group will adopt the above pronouncements when they become effective in the respective financial periods. These pronouncements are not expected to have any effect to the financial statements of the Group upon their initial application, other than for MFRS 9 Financial Instruments. The Group will assess the financial implications of MFRS 9 Financial Instruments when full standard is issued.

### **3. Auditors’ Report on Preceding Annual Financial Statements**

The auditors’ report on the financial statements for the financial year ended 31 December 2013 was not qualified.

# **HIL INDUSTRIES BERHAD**

(Company No: 8812-M)

## **Notes To The Unaudited Condensed Consolidated Interim Financial Statements (Continued)**

In compliance with Malaysian Financial Reporting Standard (“MFRS”) 134, Interim Financial Reporting

### **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 2014, the Company paid a first and final single tier dividend of 3% or 1.5 sen per ordinary share of RM0.50 each, amounting to RM4,149,258 in respect of the financial year ended 31 December 2013.

# HIL INDUSTRIES BERHAD

(Company No: 8812-M)

## Notes To The Unaudited Condensed Consolidated Interim Financial Statements (Continued)

In compliance with Malaysian Financial Reporting Standard ("MFRS") 134, Interim Financial Reporting

### 9. Operating Segments

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

|   | <b>Cumulative Period</b> |                   |
|---|--------------------------|-------------------|
|   | <b>12 months ended</b>   |                   |
|   | <b>31.12.2014</b>        | <b>31.12.2013</b> |
|   | <b>RM'000</b>            | <b>RM'000</b>     |
| <b>Segment Revenue</b>                        |                          |                   |
| Revenue from:                                 |                          |                   |
| Manufacturing                                 | 107,652                  | 79,901            |
| Property development and management           | 29,141                   | 2,053             |
| Trading, services and others                  | -                        | -                 |
|   | <hr/>                    | <hr/>             |
| Total revenue including inter-segment revenue | 136,793                  | 81,954            |
| Elimination of inter-segment revenue          | (388)                    | (304)             |
|   | <hr/>                    | <hr/>             |
| Revenue from external customers               | 136,405                  | 81,650            |
|   | <hr/> <hr/>              | <hr/> <hr/>       |
| <b>Segment Results (External)</b>             |                          |                   |
| Results from:                                 |                          |                   |
| Manufacturing                                 | 13,083                   | 4,347             |
| Property development and management           | 13,537                   | 1,169             |
| Trading, services and others                  | (2)                      | 2                 |
|   | <hr/>                    | <hr/>             |
| Profit before tax                             | 26,618                   | 5,518             |
|   | <hr/> <hr/>              | <hr/> <hr/>       |

# HIL INDUSTRIES BERHAD

(Company No: 8812-M)

## Notes To The Unaudited Condensed Consolidated Interim Financial Statements (Continued)

In compliance with Malaysian Financial Reporting Standard (“MFRS”) 134, Interim Financial Reporting

### 9. Operating Segments (Continued)

|                                     | Cumulative Period |            |
|-------------------------------------|-------------------|------------|
|                                     | 12 months ended   |            |
|                                     | 31.12.2014        | 31.12.2013 |
|                                     | RM'000            | RM'000     |
| <b>Segment Assets</b>               |                   |            |
| Segment assets of:                  |                   |            |
| Manufacturing                       | 212,134           | 203,462    |
| Property development and management | 134,105           | 111,915    |
| Trading, services and others        | 14                | 269        |
|                                     | <hr/>             | <hr/>      |
| Unallocated assets                  | 346,253           | 315,646    |
|                                     | 4,991             | 7,692      |
|                                     | <hr/>             | <hr/>      |
| Total consolidated assets           | 351,244           | 323,338    |
|                                     | <hr/>             | <hr/>      |

### 10. Property, Plant and Equipment

#### *Acquisitions and disposals*

During the financial year ended 31 December 2014, the Group acquired items of property, plant and equipment with a cost of RM4,008,000 (financial year ended 31 December 2013: RM565,000). Items of property, plant and equipment with a net book value of RM Nil were disposed of during the financial year ended 31 December 2014 (financial year ended 31 December 2013: RM1,407,000), resulting in a loss on disposal of RM Nil (financial year ended 31 December 2013: loss on disposal of RM252,000).

#### *Valuation*

The valuations of property, plant and equipment have been brought forward without amendment from the previous annual financial statements.

# HIL INDUSTRIES BERHAD

(Company No: 8812-M)

## Notes To The Unaudited Condensed Consolidated Interim Financial Statements (Continued)

In compliance with Malaysian Financial Reporting Standard (“MFRS”) 134, Interim Financial Reporting

### 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 2013.

### 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 2014 is as follows:

|  | <b>RM'000</b> |
|--|---------------|
| Authorised by the Directors and contracted for | 372           |

# HIL INDUSTRIES BERHAD

(Company No: 8812-M)

## Notes To The Unaudited Condensed Consolidated Interim Financial Statements (Continued)

In compliance with Bursa Malaysia Listing Requirements: Chapter 9, Appendix 9B, Part A

### 15. Performance Review

The revenue and profit before tax recorded by the Group for the financial period-to-date was RM136.405 million and RM26.618 million respectively.

This represented an increase of RM54.755 million in revenue or 67.06% of the revenue for the same period in the previous financial year ended 31 December 2013. The increase in revenue was mainly attributable to the improved demand from both our Malaysian and China operations and our successful and well received launching from the two property projects in Shah Alam namely Kemuning Greenhills and Kemuning Hijauan 2.

For the cumulative twelve months ended 31 December 2014, the increase in the results for the financial period-to-date was RM21.100 million or 382.38% of the results for the same period in the previous financial year ended 31 December 2013. The improved performance and better cost control of both our Malaysian and China operations contributed to the increase in the results. At the same time, both our property projects as mentioned above also contributed positively to our results.

The performance of the respective operating segments for the financial period-to-date as compared to the corresponding financial period-to-date in the preceding financial year is analysed as follows:

#### a) Manufacturing segment

The manufacturing segment registered an increase in revenue and results for the current financial period-to-date of 34.73% and 200.97% respectively as compared to the revenue and results in the corresponding financial period-to-date in the preceding financial year. Improvement in both our Malaysian and overseas operations has led to the overall increase in result.

#### b) Property development and management segment

The property development and management segment registered an increase in revenue and results for the current financial period-to-date of 1,319.43% and 1,058.00% respectively as compared to the revenue and results in the corresponding financial period-to-date in the preceding financial year.

#### c) Trading, services and others segment

This segment is not active.



# **HIL INDUSTRIES BERHAD**

(Company No: 8812-M)

## **Notes To The Unaudited Condensed Consolidated Interim Financial Statements (Continued)**

In compliance with Bursa Malaysia Listing Requirements: Chapter 9, Appendix 9B, Part A

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

The revenue and profit before tax for the current quarter were RM42.498 million and RM10.188 million respectively compared to revenue of RM37.310 million and profit before tax of RM7.263 million for the immediate preceding quarter ended 30 September 2014. This was mainly attributable to the improved demand from both our Malaysian and China operations and the successful and well received launching of our two property projects namely Kemuning Greehills and Kemuning Hijauan 2 in Shah Alam.

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

The Group's domestic performance from the automotive industries is expected to continue to be positive. HIL will leverage on this to increase its market share in the automotive industry, and expect to further improve our results in the coming financial period.

At the same time, the management is encouraged by the improved results of the Group's overseas subsidiary, and will continue to strive to improve its profitability.

As for the property segment, the management is very encouraged with the overwhelming response to our two property projects in Shah Alam, which will contribute positively to our earnings for the next few quarters. At the same time, the Group is planning on additional launches, also located in the Shah Alam area and expect similarly to have a good response.

### **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 Unaudited Condensed Consolidated Interim Financial Statements (Continued)

In compliance with Bursa Malaysia Listing Requirements: Chapter 9, Appendix 9B, Part A

### 19. Profit before taxation

|   | <u>Current<br/>Quarter</u><br>3 months<br>ended<br>31.12.2014<br>RM'000 | <u>Year-To-<br/>Date</u><br>12 months<br>ended<br>31.12.2014<br>RM'000 |
|---|---|--|
| Profit before taxation is arrived at after charging:                    |   |  |
| Depreciation of property, plant and equipment and investment properties | 2,356   | 9,445  |
| Interest expense  | 14  | 45   |
| Net foreign exchange gain:  |   |  |
| – Realised  | (242)   | (74)   |
| – Unrealised  | (202)   | (676)  |
|   | <hr/> <hr/>   | <hr/> <hr/>  |

### 20. Taxation

|                                       | <u>Individual Period</u> |             | <u>Cumulative Period</u> |             |
|---------------------------------------|--------------------------|-------------|--------------------------|-------------|
|                                       | 3 months ended           |             | 12 months ended          |             |
|                                       | 31.12.2014               | 31.12.2013  | 31.12.2014               | 31.12.2013  |
|                                       | RM'000                   | RM'000      | RM'000                   | RM'000      |
| In respect of current financial year: |                          |             |                          |             |
| – Malaysian income tax                | 2,641                    | 760         | 7,185                    | 2,911       |
| – Deferred tax                        | (69)                     | (25)        | (326)                    | (143)       |
|                                       | 2,572                    | 735         | 6,859                    | 2,768       |
| In respect of prior financial years:  |                          |             |                          |             |
| – Malaysian income tax                | -                        | 71          | 4                        | 69          |
| – Deferred tax                        | -                        | -           | 27                       | 21          |
|                                       | -                        | 71          | 31                       | 90          |
|                                       | <hr/> <hr/>              | <hr/> <hr/> | <hr/> <hr/>              | <hr/> <hr/> |
|                                       | 2,572                    | 806         | 6,890                    | 2,858       |

The effective tax rate for the current quarter and 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.

# HIL INDUSTRIES BERHAD

(Company No: 8812-M)

## Notes To The Unaudited Condensed Consolidated Interim Financial Statements (Continued)

In compliance with Bursa Malaysia Listing Requirements: Chapter 9, Appendix 9B, Part A

### 21. Status of Corporate Proposals

There were no corporate proposals announced.

### 22. Borrowings

|                    | As at<br>31.12.2014<br>RM'000 | As at<br>31.12.2013<br>RM'000 |
|--------------------|-------------------------------|-------------------------------|
| <b>Non-current</b> |                               |                               |
| – Secured          | 799                           | 610                           |
| <b>Current</b>     |                               |                               |
| – Secured          | 315                           | 184                           |
| – Unsecured        | 168                           | -                             |
|                    | <hr/> 1,282                   | <hr/> 794                     |
|                    | <hr/> <hr/>                   | <hr/> <hr/>                   |

### 23. Material Litigation

As at the reporting date, there was no material litigation against the Group.

# HIL INDUSTRIES BERHAD

(Company No: 8812-M)

## Notes To The Unaudited Condensed Consolidated Interim Financial Statements (Continued)

In compliance with Bursa Malaysia Listing Requirements: Chapter 9, Appendix 9B, Part A

### 24. Earnings Per Share

#### (a) Basic earnings per share

Basic earnings per share is calculated by dividing the profit for the period attributable to owners of the Company by the weighted average number of ordinary shares in issue during the period.

|  | Individual Period |            | Cumulative Period |            |
|--|-------------------|------------|-------------------|------------|
|  | 3 months ended    |            | 12 months ended   |            |
|  | 31.12.2014        | 31.12.2013 | 31.12.2014        | 31.12.2013 |
| Profit for the period attributable to owners of the Company (RM'000) | 7,737             | 2,111      | 19,713            | 2,787      |
| Weighted average number of ordinary shares in issue ('000)           | 276,617           | 276,617    | 276,617           | 276,617    |
| Basic earnings per share (sen)                                       | 2.80              | 0.76       | 7.13              | 1.01       |

#### (b) Diluted earnings per share

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

### 25. 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<br>31.12.2014<br>RM'000 | As at<br>31.12.2013<br>RM'000 |
|--|-------------------------------|-------------------------------|
| Realised and unrealised profits of the Company and its subsidiaries: |                               |                               |
| - Realised   | 188,870                       | 173,832                       |
| - Unrealised   | (7,098)                       | (7,722)                       |
|  | 181,772                       | 166,110                       |
| Less: Consolidation adjustments                                      | (31,836)                      | (31,738)                      |
| Total retained profits   | 149,936                       | 134,372                       |