

HIL INDUSTRIES BERHAD

(Company No: 8812-M)

Condensed Consolidated Statements of Comprehensive Income For The Financial Year Ended 30 June 2015 - Unaudited

	Note	Individual Period		Cumulative Period	
		3 months ended		6 months ended	
		30.6.2015 RM'000	30.6.2014 RM'000	30.6.2015 RM'000	30.6.2014 RM'000
Revenue	9	29,849	32,345	60,206	56,597
Cost of sales		(20,985)	(24,228)	(44,518)	(43,004)
Gross profit		8,864	8,117	15,688	13,593
Other items of income:					
– Interest income		1,013	748	1,907	1,440
– Other income		218	(92)	921	(10)
Operating expenses		(3,215)	(3,189)	(6,369)	(5,839)
Operating profit		6,880	5,584	12,147	9,184
Finance costs		(13)	(9)	(27)	(17)
Profit before taxation	9 & 19	6,867	5,575	12,120	9,167
Taxation	20	(2,034)	(1,386)	(3,557)	(2,389)
Profit for the period		4,833	4,189	8,563	6,778
Other comprehensive profit, net of tax					
Items that may be reclassified subsequently to profit or loss:					
Foreign currency translation differences for foreign operations		376	(389)	2,058	(1,204)
Total comprehensive income for the period		5,209	3,800	10,621	5,574

HIL INDUSTRIES BERHAD

(Company No: 8812-M)

Condensed Consolidated Statements of Comprehensive Income For The Financial Year Ended 30 June 2015 - Unaudited (Continued)

		Individual Period		Cumulative Period	
	Note	3 months ended		6 months ended	
		30.6.2015	30.6.2014	30.6.2015	30.6.2014
		RM'000	RM'000	RM'000	RM'000
Profit attributable to:					
Owners of the Company		4,794	4,138	8,468	6,730
Non-controlling interests		39	51	95	48
Profit for the period					
		4,833	4,189	8,563	6,778
Total comprehensive profit attributable to:					
Owners of the Company		5,170	3,749	10,526	5,526
Non-controlling interests		39	51	95	48
Total comprehensive income for the period					
		5,209	3,800	10,621	5,574
Earnings per share attributable to owners of the Company:					
- Basic	25	1.73	1.50	3.06	2.43
- Diluted	25	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 2014 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 June 2015 - Unaudited

	Note	<u>Unaudited</u> As at 30.6.2015 RM'000	<u>Audited</u> As at 31.12.2014 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	10	71,486	74,941
Investment properties		23,672	23,704
Other investments		192	189
Goodwill		4,932	4,932
		<hr/>	<hr/>
		100,282	103,766
		<hr/>	<hr/>
Current assets			
Inventories		13,346	15,528
Property development costs		65,264	65,041
Trade and other receivables		40,270	57,200
Prepaid expenses		5,132	1,567
Tax recoverable		43	59
Deposits with licensed banks		100,896	90,646
Cash and bank balances		38,532	17,525
		<hr/>	<hr/>
		263,483	247,566
		<hr/>	<hr/>
TOTAL ASSETS	9	<u><u>363,765</u></u>	<u><u>351,332</u></u>
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital		139,357	139,357
Share premium		1,281	1,281
Treasury shares		(947)	(947)
Capital reserve		308	308
Currency translation reserve		3,886	1,828
Retained profits		154,260	149,941
		<hr/>	<hr/>
		298,145	291,768
Non-controlling interests		<hr/>	<hr/>
		1,740	1,645
		<hr/>	<hr/>
Total equity		<u>299,885</u>	<u>293,413</u>
		<hr/>	<hr/>

HIL INDUSTRIES BERHAD

(Company No: 8812-M)

Condensed Consolidated Statement of Financial Position As at 30 June 2015 - Unaudited (Continued)

	Note	<u>Unaudited</u> As at 30.6.2015 RM'000	<u>Audited</u> As at 31.12.2014 RM'000
Non-current liabilities			
Finance lease liabilities	22	744	905
Deferred tax liabilities		22,643	22,938
		<hr/>	<hr/>
		23,387	23,843
		<hr/>	<hr/>
Current liabilities			
Trade and other payables		33,321	32,071
Finance lease liabilities	22	1,055	308
Provision for taxation		1,968	1,697
Dividends payable		4,149	-
		<hr/>	<hr/>
		40,493	34,076
		<hr/>	<hr/>
Total liabilities		63,880	57,919
		<hr/>	<hr/>
TOTAL EQUITY AND LIABILITIES		363,765	351,332
		<hr/> <hr/>	<hr/> <hr/>
Net assets per share			
attributable to owners of the Company (RM)		1.08	1.05
		<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 2014 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 June 2015 - Unaudited

Note	Attributable to shareholders of the Company						Total RM'000	Non- controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Share premium RM'000	Treasury shares RM'000	Capital reserve RM'000	Currency translation reserve RM'000	Retained profits RM'000			
Unaudited									
At 1 January 2015	139,357	1,281	(947)	308	1,828	149,941	291,768	1,645	293,413
Total comprehensive income for the period	-	-	-	-	2,058	8,468	10,526	95	10,621
<u>Transactions with owners:</u>									
Dividends on ordinary shares	-	-	-	-	-	(4,149)	(4,149)	-	(4,149)
At 30 June 2015	139,357	1,281	(947)	308	3,886	154,260	298,145	1,740	299,885

HIL INDUSTRIES BERHAD

(Company No: 8812-M)

Condensed Consolidated Statement Of Changes In Equity For The Financial Year Ended 30 June 2015 - Unaudited (Continued)

Note	Attributable to shareholders of the Company						Total RM'000	Non- controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Share premium RM'000	Treasury shares RM'000	Capital reserve RM'000	Currency translation reserve RM'000	Retained profits RM'000			
At 1 January 2014	139,357	1,281	(947)	308	784	134,372	275,155	1,630	276,785
Total comprehensive (loss)/income for the period	-	-	-	-	(1,204)	6,730	5,526	48	5,574
<u>Transactions with owners:</u>									
Dividends on ordinary shares	-	-	-	-	-	(4,149)	(4,149)	-	(4,149)
At 30 June 2014	139,357	1,281	(947)	308	(420)	136,953	276,532	1,678	278,210

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2014 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 June 2015 - Unaudited

	Cumulative Period	
	6 months ended 30.6.2015 RM'000	30.6.2014 RM'000
Cash flows from operating activities		
Profit before taxation	12,120	9,167
Adjustments for non-cash items	2,825	1,697
Operating profit before working capital changes	14,945	10,864
Working capital changes		
Inventories	2,182	(1,103)
Property development costs	(223)	(1,694)
Receivables, deposits and prepayments	13,365	915
Payables and accruals	1,250	689
Cash generated from operations	31,519	9,671
Interest paid	(27)	(8)
Interest received	1,907	692
Income tax paid	(3,585)	(461)
Income tax recovered	20	2,716
Net cash from operating activities	29,834	12,610
Cash flows from investing activities		
Purchase of property, plant and equipment	(644)	(2,731)
Proceeds from disposal of property, plant and equipment	50	-
Purchase of other investments	(3)	(1)
Net cash used in investing activities	(597)	(2,732)

HIL INDUSTRIES BERHAD

(Company No: 8812-M)

Condensed Consolidated Statement of Cash Flows For The Financial Year Ended 30 June 2015 - Unaudited (Continued)

	Cumulative Period	
	6 months ended 30.6.2015 RM'000	30.6.2014 RM'000
Cash flows from financing activities		
Repayment of finance lease liabilities	(153)	(45)
Net cash used in financing activities	(153)	(45)
Net increase in cash and cash equivalents	29,084	9,833
Cash and cash equivalents at beginning of the financial period	108,171	94,492
Effects of foreign exchange rate changes	1,434	(506)
Cash and cash equivalents at end of the financial period	138,689	103,819
Cash and cash equivalents comprise:		
Deposits with licensed banks	100,896	90,911
Cash and bank balances	38,532	7,333
	138,689	98,244

The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2014 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 August 2015.

1. Basis of Preparation

These unaudited condensed consolidated interim financial statements have been prepared in accordance with Paragraph 9.22 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 2014. 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 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

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 2014, except for the adoption of Amendments to Standards and Issue Committee (IC) interpretations effective as of 1 January 2015.

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 2015.

Amendments to MFRS 119	Defined Benefit Plans: Employee Contributions
Annual Improvements to MFRSs 2010 - 2012 Cycle	
Annual Improvements to MFRSs 2011 - 2013 Cycle	

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:

Effective for financial periods beginning on or after 1 January 2016

MFRS 14	Regulatory Deferral Accounts
Amendments for MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments for MFRS 10 and MFRS 12	Investment Entities: Applying the Consolidation Exception
Amendments to MFRS 11	Accounting for Acquisitions of Interests in Joint Venture
Amendments to MFRS 101	Disclosure Initiative
Amendments to MFRS 116 and MFRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to MFRS 116 and MFRS 141	Agriculture - Bearer Plants
Amendments to MFRS 127	Equity Method in Separate Financial Statements
Annual Improvements to MFRSs 2012 - 2014 Cycle	

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)

Effective for financial periods beginning on or after 1 January 2018

MFRS 9	Financial Instruments (IFRS 9 as issued by International Accounting Standards Board ("IASB") in July 2014
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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 2014 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

During the Company's 45th Annual General Meeting held on 25 June 2015, the shareholders of the Company had approved the payment of a first and final single tier dividend in respect of the financial year ended 31 December 2014 of 3% or 1.5 sen per ordinary share of 0.50 sen each, amounting to RM4,149,257. The dividend was paid on 18 August 2015.

HIL INDUSTRIES BERHAD

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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.

	Cumulative Period	
	6 months ended	
	30.6.2015	30.6.2014
	RM’000	RM’000
Segment Revenue		
Revenue from:		
Manufacturing	44,382	55,855
Property development and management	16,018	936
	<hr/>	<hr/>
Total revenue including inter-segment revenue	60,400	56,791
Elimination of inter-segment revenue	(194)	(194)
	<hr/>	<hr/>
Revenue from external customers	60,206	56,597
	<hr/> <hr/>	<hr/> <hr/>
Segment Results (External)		
Results from:		
Manufacturing	5,176	8,670
Property development and management	6,945	496
Trading, services and others	(1)	1
	<hr/>	<hr/>
Profit before tax	12,120	9,167
	<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	
	6 months ended	
	30.6.2015	30.6.2014
	RM'000	RM'000
Segment Assets		
Segment assets of:		
Manufacturing	212,480	214,351
Property development and management	146,297	121,696
Trading, services and others	13	13
	<hr/>	<hr/>
	358,790	336,060
Unallocated assets	4,975	4,992
	<hr/>	<hr/>
Total consolidated assets	363,765	341,052
	<hr/> <hr/>	<hr/> <hr/>

10. Property, Plant and Equipment

Acquisitions and disposals

During the six months ended 30 June 2015, the Group acquired items of property, plant and equipment with a cost of RM644,000 (six months ended 30 June 2014: RM2,834,000). Items of property, plant and equipment with a net book value of RM Nil were disposed of during the six months ended 30 June 2015 (six months ended 30 June 2014: RM Nil), resulting in a gain on disposal of RM50,000 (six months ended 30 June 2014: loss on disposal of RM Nil).

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 2014.

14. Capital Commitments

There were no capital commitments as at 30 June 2015.

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 RM60.206 million and RM12.120 million respectively.

This represented an increase of RM3.609 million in revenue or 6.38% of the revenue for the same period in the previous financial year ended 31 December 2014. The increase in revenue was mainly attributable to the two ongoing property projects in Shah Alam namely Kemuning Greenhills and Kemuning Hijauan 2.

For the cumulative six months ended 30 June 2015, the increase in the results for the financial period-to-date was RM2.953 million or 32.21% of the results for the same period in the previous financial year ended 31 December 2014. Both our property projects as mentioned above 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 a decrease in revenue and results for the current financial period-to-date of 20.54% and 40.30% respectively as compared to the revenue and results in the corresponding financial period-to-date in the preceding financial year. This was due to weaker demand from our customers in Malaysia and China.

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 1,611.32% and 1,300.20% respectively as compared to the revenue and results in the corresponding financial period-to-date in the preceding financial year. The increase was due to the above two property projects being launched in the 3rd quarter of last year.

c) Trading, services and others segment

This segment is not active.

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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 RM29.849 million and RM6.867 million respectively compared to revenue of RM30.357 million and profit before tax of RM5.253 million for the immediate preceding quarter ended 31 March 2015. For the manufacturing sector, the drop in revenue was mainly due to lower orders from certain customers in Malaysia and a generally weaker demand from our customers in China. As for the property sector, the increase in revenue and profit is mainly due to higher revenue recognition from the on-going projects.

17. Current Year Prospects

Given the unstable global economic outlook, we expect 2015 to be a very challenging year. However, the group is cautiously optimistic that we will be able to achieve satisfactory results for the year ending 31 December

As for our China operations, we are in the midst of securing several new contracts which are expected to contribute positively to our earnings in the very near future.

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

	Current Quarter	Year-To- Date
	3 months ended 30.6.2015	6 months ended 30.6.2015
	RM'000	RM'000
Profit before taxation is arrived at after charging:		
Depreciation of property, plant and equipment and investment properties	2,370	4,754
Interest expense	13	27
Net foreign exchange gain:		
– Realised	(237)	(311)
– Unrealised	(136)	(812)

20. Taxation

	Individual Period		Cumulative Period	
	3 months ended		6 months ended	
	30.6.2015	30.6.2014	30.6.2015	30.6.2014
	RM'000	RM'000	RM'000	RM'000
In respect of current financial year:				
– Malaysian income tax	2,180	1,453	3,852	2,556
– Deferred tax	(146)	(94)	(295)	(194)
	2,034	1,359	3,557	2,362
In respect of prior financial years:				
– Deferred tax	-	27	-	27
	-	27	-	27
	2,034	1,386	3,557	2,389

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

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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 30.6.2015 RM'000	As at 31.12.2014 RM'000
Non-current		
– Secured	744	905
Current		
– Secured	316	308
– Unsecured	739	-
	<hr/> 1,799	<hr/> 1,213
	<hr/> <hr/>	<hr/> <hr/>

23. Material Litigation

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

24. Dividend

No dividend has been declared for the financial period ended 30 June 2015.

HIL INDUSTRIES BERHAD

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

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

25. 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		6 months ended	
	30.6.2015	30.6.2014	30.6.2015	30.6.2014
Profit for the period attributable to owners of the Company (RM'000)	4,794	4,138	8,468	6,730
Weighted average number of ordinary shares in issue ('000)	276,617	276,617	276,617	276,617
Basic earnings per share (sen)	1.73	1.50	3.06	2.43

(b) Diluted earnings per share

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

26. 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 30.6.2015 RM'000	As at 31.12.2014 RM'000
Realised and unrealised profits of the Company and its subsidiaries:		
- Realised	192,849	188,875
- Unrealised	(6,668)	(7,098)
	186,181	181,777
Less: Consolidation adjustments	(31,921)	(31,836)
Total retained profits	154,260	149,941