

# HIL INDUSTRIES BERHAD

(Company No: 8812-M)

## Condensed Consolidated Statements of Comprehensive Income For The Financial Year Ended 31 March 2019 - Unaudited

	Individual Period		Cumulative Period	
	3 months ended		3 months ended	
	31.3.2019	31.3.2018	31.3.2019	31.3.2018
	RM'000	RM'000	RM'000	RM'000
Revenue	35,550	20,632	35,550	20,632
Cost of sales	(29,869)	(17,406)	(29,869)	(17,406)
<b>Gross profit</b>	5,681	3,226	5,681	3,226
Other items of income:				
– Interest income	962	1,132	962	1,132
– Other income	40	5,355	40	5,355
Operating expenses	(4,158)	(4,043)	(4,158)	(4,043)
<b>Operating profit</b>	2,525	5,670	2,525	5,670
Finance costs	(8)	(9)	(8)	(9)
<b>Profit before taxation</b>	2,517	5,661	2,517	5,661
Taxation	(1,034)	(288)	(1,034)	(288)
<b>Profit for the period</b>	1,483	5,373	1,483	5,373
<b>Other comprehensive profit, net of tax</b>				
Items that may be reclassified subsequently to profit or loss:				
Foreign currency translation differences for foreign operations	134	(65)	134	(65)
<b>Total comprehensive income for the period</b>	1,617	5,308	1,617	5,308

# HIL INDUSTRIES BERHAD

(Company No: 8812-M)

## Condensed Consolidated Statements of Comprehensive Income For The Financial Year Ended 31 March 2019 - Unaudited (Continued)

	Individual Period		Cumulative Period	
	3 months ended		3 months ended	
	31.3.2019	31.3.2018	31.3.2019	31.3.2018
	RM'000	RM'000	RM'000	RM'000
<b>Profit attributable to:</b>				
Owners of the Company	1,522	5,397	1,522	5,397
Non-controlling interests	(39)	(24)	(39)	(24)
<b>Profit for the period</b>	<b>1,483</b>	<b>5,373</b>	<b>1,483</b>	<b>5,373</b>
<b>Total comprehensive profit attributable to:</b>				
Owners of the Company	1,656	5,332	1,656	5,332
Non-controlling interests	(39)	(24)	(39)	(24)
<b>Total comprehensive income for the period</b>	<b>1,617</b>	<b>5,308</b>	<b>1,617</b>	<b>5,308</b>
<b>Earnings per share attributable to owners of the Company (sen):</b>				
- Basic	0.46	1.63	0.46	1.63
- Diluted	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 2018 and the accompanying explanatory notes attached to the interim financial statements.

# HIL INDUSTRIES BERHAD

(Company No: 8812-M)

## Condensed Consolidated Statement of Financial Position As at 31 March 2019 - Unaudited

	Note	<u>Unaudited</u> As at 31.3.2019 RM'000	<u>Audited</u> As at 31.12.2018 RM'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	10	50,604	52,169
Investment properties		23,451	23,451
Inventories		12,012	12,012
Other investments		3,329	215
Goodwill		5,910	5,910
		<hr/>	<hr/>
		95,306	93,757
		<hr/>	<hr/>
<b>Current assets</b>			
Inventories		220,141	214,156
Trade and other receivables		17,306	17,246
Contract assets		21,177	25,636
Prepaid expenses		934	830
Tax recoverable		29	154
Deposits with licensed banks		88,837	93,229
Cash and bank balances		24,943	19,699
		<hr/>	<hr/>
		373,367	370,950
		<hr/>	<hr/>
<b>TOTAL ASSETS</b>	9	<hr/> <hr/> 468,673	<hr/> <hr/> 464,707
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital		167,019	167,019
Treasury shares		(947)	(947)
Capital reserve		308	308
Currency translation reserve		4,146	4,012
Retained profits		164,732	163,210
		<hr/>	<hr/>
		335,258	333,602
<b>Non-controlling interests</b>		<hr/> 754	<hr/> 793
		<hr/>	<hr/>
<b>Total equity</b>		<hr/> 336,012	<hr/> 334,395

# HIL INDUSTRIES BERHAD

(Company No: 8812-M)

## Condensed Consolidated Statement of Financial Position As at 31 March 2019 - Unaudited (Continued)

	Note	<u>Unaudited</u> As at 31.3.2019 RM'000	<u>Audited</u> As at 31.12.2018 RM'000
<b>Non-current liabilities</b>			
Finance lease liabilities	21	329	389
Deferred tax liabilities		35,200	35,965
		<hr/>	<hr/>
		35,529	36,354
		<hr/>	<hr/>
<b>Current liabilities</b>			
Trade and other payables		96,076	92,714
Finance lease liabilities	21	314	357
Provision for taxation		742	887
		<hr/>	<hr/>
		97,132	93,958
		<hr/>	<hr/>
<b>Total liabilities</b>		132,661	130,312
		<hr/>	<hr/>
<b>TOTAL EQUITY AND LIABILITIES</b>		468,673	464,707
		<hr/> <hr/>	<hr/> <hr/>
<b>Net assets per share</b>			
attributable to owners of the Company (RM)		1.01	1.00
		<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 2018 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 March 2019 - 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			
<b>Unaudited</b>									
At 1 January 2019	167,019	-	(947)	308	4,012	163,210	333,602	793	334,395
Total comprehensive income/(loss) for the period	-	-	-	-	134	1,522	1,656	(39)	1,617
At 31 March 2019	167,019	-	(947)	308	4,146	164,732	335,258	754	336,012

## HIL INDUSTRIES BERHAD

(Company No: 8812-M)

### Condensed Consolidated Statement Of Changes In Equity For The Financial Year Ended 31 March 2019 - 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			
<b>Unaudited</b>									
<b>At 1 January 2018</b>	167,019	-	(947)	308	4,562	158,266	329,208	937	330,145
Impact arising from adoption of: - MFRS 9	-	-	-	-	-	(930)	(930)	-	(930)
As at 1 January 2018	167,019	-	(947)	308	4,562	157,336	328,278	937	329,215
Total comprehensive income for the period	-	-	-	-	(65)	5,397	5,332	(24)	5,308
<u>Transactions with owners:</u>									
Increase in equity interest in subsidiary company	-	-	-	-	-	-	-	213	213
<b>At 31 March 2018</b>	167,019	-	(947)	308	4,497	162,733	333,610	1,126	334,736

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2018 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 March 2019 - Unaudited

	Cumulative Period	
	3 months ended	
	31.3.2019 RM'000	31.3.2018 RM'000
<b>Cash flows from operating activities</b>		
Profit before taxation	2,517	5,661
Adjustments for non-cash items	197	(5,641)
Operating profit before working capital changes	2,714	20
Working capital changes		
Inventories	580	(724)
Property development costs	(6,565)	(29,461)
Receivables, deposits and prepayments	4,296	14,632
Payables and accruals	3,362	22,740
Cash generated from operations	4,387	7,207
Interest paid	(8)	(9)
Interest received	962	1,132
Income tax paid	(1,244)	(1,294)
<b>Net cash from operating activities</b>	<b>4,097</b>	<b>7,036</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(55)	(256)
Proceeds from disposal of property, plant and equipment	-	-
Net cash outflow from acquisition of subsidiaries	-	(30,165)
Purchase of other investments	(3,114)	(22)
<b>Net cash used in investing activities</b>	<b>(3,169)</b>	<b>(30,443)</b>

# HIL INDUSTRIES BERHAD

(Company No: 8812-M)

## Condensed Consolidated Statement of Cash Flows For The Financial Year Ended 31 March 2019 - Unaudited (Continued)

	Cumulative Period	
	3 months ended 31.3.2019	31.3.2018
	RM'000	RM'000
<b>Cash flows from financing activities</b>		
Repayment of finance lease liabilities	(103)	(33)
<b>Net cash used in financing activities</b>	(103)	(33)
<b>Net increase/(decrease) in cash and cash equivalents</b>	825	(23,440)
<b>Cash and cash equivalents at beginning of the financial period</b>	112,927	155,475
<b>Effects of foreign exchange rate changes</b>	28	(11)
<b>Cash and cash equivalents at end of the financial period</b>	113,780	132,024
<b>Cash and cash equivalents comprise:</b>		
Deposits with licensed banks	88,837	115,354
Cash and bank balances	24,943	17,645
Bank overdrafts	-	(975)
	113,780	132,024

The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2018 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 23 May 2019.

### 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”).

The interim financial report should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2018. 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 2018.

### 2. Significant Accounting Policies

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 2018, except for the adoption of Amendments to Standards and Issue Committee (IC) interpretations effective as of 1 January 2019, as disclosed below:

MFRS 16	Leases
Amendments to MFRS 3	Business Combinations (Annual Improvements 2015-2018 Cycle)
Amendments to MFRS 11	Joint Arrangements (Annual Improvements 2015-2018 Cycle)
Amendments to MFRS 112	Income taxes (Annual Improvements 2015-2018 Cycle)
Amendments to MFRS 128	Long-term Interests in Associates and Joint Ventures
IC Interpretation 23	Uncertainty over Income Tax Treatments Settlement

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

### 3. Auditors' Report on Proceeding Annual Financial Statements

The auditors' report on the financial statements for the financial year ended 31 December 2018 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**

No dividend was paid by the Company during the financial period ended 31 March 2018.

# 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.

	Cumulative Period	
	31.3.2019 RM’000	31.3.2018 RM’000
<b>Segment Revenue</b>		
Revenue from:		
Manufacturing	19,870	18,326
Property development and management	15,777	2,403
	<hr/>	<hr/>
Total revenue including inter-segment revenue	35,647	20,729
Elimination of inter-segment revenue	(97)	(97)
	<hr/>	<hr/>
Revenue from external customers	35,550	20,632
	<hr/> <hr/>	<hr/> <hr/>
<b>Segment Results (External)</b>		
Results from:		
Manufacturing	(773)	(1,106)
Property development and management	2,337	5,645
Trading, services and others	(1)	(1)
	<hr/>	<hr/>
Interest income	1,563	4,538
Finance costs	962	1,132
	(8)	(9)
	<hr/>	<hr/>
Profit before tax	2,517	5,661
Taxation	(1,034)	(288)
	<hr/>	<hr/>
Profit after tax	1,483	5,373
	<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	
	3 months ended	
	31.3.2019	31.3.2018
	RM'000	RM'000
<b>Segment Assets</b>		
Segment assets of:		
Manufacturing	170,405	180,342
Property development and management	292,316	278,137
Trading, services and others	14	14
	462,735	458,493
Unallocated assets	5,938	5,925
Total consolidated assets	468,673	464,418

The Group's revenue for the three months ended 30 March 2019 based on geographical location is presented as follows:

	Cumulative Period	
	3 months ended	
	31.3.2019	31.3.2018
	RM'000	RM'000
Location:		
Hong Kong	23	1,120
Malaysia	32,044	18,773
People's Republic of China	1,879	699
Taiwan	1,604	40
Total revenue	35,550	20,632

## **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

#### **10. Property, Plant and Equipment**

##### *Acquisitions and disposals*

During the three months ended 31 March 2019, the Group acquired items of property, plant and equipment with a cost of RM55,000 (three months ended 31 March 2018: RM256,000). There were no disposals during the current and previous financial period-to-date.

##### *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 year-to-date.

#### **12. Changes in Composition of the Group**

There were no changes in the composition of the Group in the current financial year-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 2018.

#### **14. Capital Commitments**

There were no capital commitment as at 30 March 2019.

# 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 RM35.550 million and RM2.517 million respectively.

This represented an increase of RM14.918 million in revenue or 72.31% of the revenue for the same period in the previous financial year ended 31 December 2018.

For the cumulative three months ended 31 March 2019, the decrease in the results for the financial period-to-date was RM3.144 million or 55.54% of the results for the same period in the previous financial year ended 31 December 2018.

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 overall manufacturing segment registered an increase in revenue of 8.43%, increase in results of 95.7% for Malaysia and decrease in loss of 19.09% for China, for the current financial period-to-date respectively as compared to the corresponding financial period-to-date in the preceding financial year. Both revenue and results for the current quarter is higher than the preceeding year corresponding quarter mainly due to launching of new projects for our overseas' subsidiary and good response from the sales of new Myvi.

#### b) Property development and management segment

The property development and management segment registered an increase in revenue and decrease in results for the current financial period-to-date of 556.55% and 58.63% respectively as compared to the corresponding financial period-to-date in the preceding financial year. The increase in revenue for the current quarter is higher than the preceeding year corresponding quarter mainly due to progressive revenue recognition from our ongoing projects; Amverton Greens, 108 terraces houses in Bukit Kemuning and Amverton Links consisting of 100 units of 2-storey link houses. The lower results in this current quarter is mainly due to one-off gain from acquisition of subsidiary amounting to RM5.3 million that was recognised in preceeding year corresponding quarter.

#### 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 RM35.550 million and RM2.517 million respectively compared to revenue of RM35.706 million and profit before tax of RM8.008 million for the immediate preceding quarter ended 31 December 2018. The lower revenue and results in the first quarter is mainly due to the lower profit recognition from our ongoing projects as compared to the recognition of ongoing and completed projects in the preceding quarter. Besides, the foreign currency loss in the first quarter has also contributed to the decrease in results.

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

The manufacturing division performance would be dependent on orders from existing customers and the gradual recovery of the global economy as well as the performance of our overseas subsidiary. This division is expected to continue to improve domestically with the good response subsequent to the launch of the new Myvi and Perodua Aruz. We are also continuously looking for new business opportunities and will intensify efforts to streamline our manufacturing process to achieve cost optimization through greater efficiency. Our new JV for the supply of headlining products have also just begun for the newly launched Perodua SUV (Aruz).

As for the property division, revenue will be mainly from our on-going Amverton Greens, 108 terrace house in Bukit Kemuning and our newly launched Amverton Links Phase 1, which comprises of 100 units of 2-storey link houses in this quarter. The management plans to launch Amverton Links Phase 2 by the end of 2019. The management is optimistic that the property division will contribute satisfactorily to the group's performance as we are developing properties that are within the affordable range in the Klang Valley and in particular the Kota Kemuning area.

#### **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

	<b>Current Quarter</b>	<b>Year-To- Date</b>
	<b>3 months ended</b>	<b>3 months ended</b>
	<b>31.3.2019</b>	<b>31.3.2019</b>
	<b>RM'000</b>	<b>RM'000</b>
Profit before taxation is arrived at after charging/(crediting):		
Depreciation of property, plant and equipment and investment properties	1,702	1,702
Interest expense	8	8
Interest income	(962)	(962)
Net foreign exchange loss:		
– Realised	22	22
– Unrealised	608	608

Other than the above items, there were no other income including investment income, gain or loss on disposal of quoted and unquoted investment or properties, impairment of assets, gain or loss on derivatives and other exceptional items.

#### 20. Taxation

	<b>Individual Period</b>		<b>Cumulative Period</b>	
	<b>3 months ended</b>		<b>3 months ended</b>	
	<b>31.3.2019</b>	<b>31.3.2018</b>	<b>31.3.2019</b>	<b>31.3.2018</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
In respect of current financial year:				
– Malaysian income tax	1,799	389	1,799	389
– Deferred tax	(765)	(101)	(765)	(101)
	1,034	288	1,034	288

The effective tax rate for the current quarter and the financial period-to-date were 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. Borrowings

	As at 31.3.2019 RM'000	As at 31.12.2018 RM'000
<b>Non-current</b>		
– Secured	329	389
<b>Current</b>		
– Secured	314	357
	<u>643</u>	<u>746</u>

The borrowings are all denominated in Ringgit Malaysia.

### 22. Material Litigation

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

### 23. Dividend

No dividend has been declared for the financial period ended 31 March 2019.

### 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 31.3.2019	31.3.2018	3 months ended 31.3.2019	31.3.2018
Profit for the period attributable to owners of the Company (RM'000)	1,522	5,397	1,522	5,397
Weighted average number of ordinary shares in issue ('000)	331,941	331,941	331,941	331,941
Basic earnings per share (sen)	0.46	1.63	0.46	1.63

#### (b) Diluted earnings per share

Diluted earnings per share is not applicable for the financial period as the unexercised warrants issued during the current financial period is anti-dilutive in nature. This is due to the company's share price is below the exercise price.