

HIL INDUSTRIES BERHAD

(Company No: 8812-M)

Condensed Consolidated Statements of Comprehensive Income For The Financial Year Ended 30 September 2019 - Unaudited

	Individual Period		Cumulative Period	
	3 months ended		9 months ended	
	30.9.2019	30.9.2018	30.9.2019	30.9.2018
	RM'000	RM'000	RM'000	RM'000
Revenue	43,146	20,620	114,622	69,710
Cost of sales	(30,854)	(17,141)	(87,936)	(56,712)
Gross profit	12,292	3,479	26,686	12,998
Other items of income:				
– Interest income	832	1,079	2,820	3,466
– Other income	142	31	290	5,420
Operating expenses	(2,635)	(2,749)	(9,847)	(9,211)
Operating profit	10,631	1,840	19,949	12,673
Finance costs	(5)	(6)	(20)	(22)
Profit before taxation	10,626	1,834	19,929	12,651
Taxation	(2,196)	(741)	(5,398)	(2,443)
Profit for the period	8,430	1,093	14,531	10,208
Other comprehensive profit, net of tax				
Items that may be reclassified subsequently to profit or loss:				
Foreign currency translation differences for foreign operations	(338)	(241)	(303)	(620)
Total comprehensive income for the period	8,092	852	14,228	9,588

HIL INDUSTRIES BERHAD

(Company No: 8812-M)

Condensed Consolidated Statements of Comprehensive Income For The Financial Year Ended 30 September 2019 - Unaudited (Continued)

	Individual Period		Cumulative Period	
	3 months ended 30.9.2019 RM'000	30.9.2018 RM'000	9 months ended 30.9.2019 RM'000	30.9.2018 RM'000
Profit attributable to:				
Owners of the Company	8,658	1,117	14,835	10,277
Non-controlling interests	(228)	(24)	(304)	(69)
Profit for the period	8,430	1,093	14,531	10,208
Total comprehensive profit attributable to:				
Owners of the Company	8,320	876	14,532	9,657
Non-controlling interests	(228)	(24)	(304)	(69)
Total comprehensive income for the period	8,092	852	14,228	9,588
Earnings per share attributable to owners of the Company (sen):				
- Basic	2.61	0.34	4.47	3.10
- 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 30 September 2019 - Unaudited

	Note	<u>Unaudited</u> As at 30.9.2019 RM'000	<u>Audited</u> As at 31.12.2018 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	10	47,551	52,169
Investment properties		23,451	23,451
Inventories		12,017	12,012
Other investments		221	215
Goodwill		5,910	5,910
		<hr/>	<hr/>
		89,150	93,757
		<hr/>	<hr/>
Current assets			
Inventories		234,595	214,156
Trade and other receivables		19,427	17,246
Contract assets		28,359	25,636
Prepaid expenses		1,227	830
Tax recoverable		28	154
Deposits with licensed banks		91,114	93,229
Cash and bank balances		20,878	19,699
		<hr/>	<hr/>
		395,628	370,950
		<hr/>	<hr/>
TOTAL ASSETS	9	<u>484,778</u>	<u>464,707</u>
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital		167,019	167,019
Treasury shares		(947)	(947)
Capital reserve		308	308
Currency translation reserve		3,709	4,012
Retained profits		172,236	163,210
		<hr/>	<hr/>
		342,325	333,602
Non-controlling interests		<hr/>	<hr/>
		489	793
		<hr/>	<hr/>
Total equity		<u>342,814</u>	<u>334,395</u>

HIL INDUSTRIES BERHAD

(Company No: 8812-M)

Condensed Consolidated Statement of Financial Position As at 30 September 2019 - Unaudited (Continued)

	Note	<u>Unaudited</u> As at 30.9.2019 RM'000	<u>Audited</u> As at 31.12.2018 RM'000
Non-current liabilities			
Finance lease liabilities	21	244	389
Deferred tax liabilities		33,767	35,965
		<hr/>	<hr/>
		34,011	36,354
		<hr/>	<hr/>
Current liabilities			
Trade and other payables		104,517	92,714
Finance lease liabilities	21	208	357
Provision for taxation		3,228	887
		<hr/>	<hr/>
		107,953	93,958
		<hr/>	<hr/>
Total liabilities		141,964	130,312
		<hr/>	<hr/>
TOTAL EQUITY AND LIABILITIES		484,778	464,707
		<hr/> <hr/>	<hr/> <hr/>
Net assets per share			
attributable to owners of the Company (RM)		1.03	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 30 September 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			
Unaudited									
At 1 January 2019	167,019	-	(947)	308	4,012	163,210	333,602	793	334,395
Total comprehensive income/(loss) for the period	-	-	-	-	(303)	14,835	14,532	(304)	14,228
<u>Transactions with owners:</u>									
Dividends on ordinary shares	-	-	-	-	-	(5,809)	(5,809)	-	(5,809)
At 30 September 2019	167,019	-	(947)	308	3,709	172,236	342,325	489	342,814

HIL INDUSTRIES BERHAD

(Company No: 8812-M)

Condensed Consolidated Statement Of Changes In Equity For The Financial Year Ended 30 September 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			
Unaudited									
At 1 January 2018	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	-	-	-	-	(620)	10,277	9,657	(69)	9,588
<u>Transactions with owners:</u>									
Dividends on ordinary shares	-	-	-	-	-	(5,809)	(5,809)	-	(5,809)
At 30 September 2018	167,019	-	(947)	308	3,942	161,804	332,126	868	332,994

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 30 September 2019 - Unaudited

	Cumulative Period	
	9 months ended	
	30.9.2019	30.9.2018
	RM'000	RM'000
Cash flows from operating activities		
Profit before taxation	19,929	12,651
Adjustments for non-cash items	3,278	(276)
Operating profit before working capital changes	23,207	12,375
Working capital changes		
Inventories	1,429	(2,009)
Property development costs	(21,873)	(40,272)
Receivables, deposits and prepayments	(5,301)	13,963
Payables and accruals	11,804	20,344
Cash generated from operations	9,266	4,401
Interest paid	(15)	(22)
Interest received	1,988	3,466
Income tax paid	(5,128)	(3,961)
Net cash from operating activities	6,111	3,884
Cash flows from investing activities		
Purchase of property, plant and equipment	(769)	(3,208)
Proceeds from disposal of property, plant and equipment	44	-
Net cash outflow from acquisition of subsidiaries	-	(31,210)
Net cash used in investing activities	(725)	(34,418)

HIL INDUSTRIES BERHAD

(Company No: 8812-M)

Condensed Consolidated Statement of Cash Flows For The Financial Year Ended 30 September 2019 - Unaudited (Continued)

	Cumulative Period	
	9 months ended 30.9.2019	30.9.2018
	RM'000	RM'000
Cash flows from financing activities		
Repayment of finance lease liabilities	(294)	(205)
Dividends paid on ordinary shares	(5,809)	(5,809)
Net cash used in financing activities	(6,103)	(6,014)
Net decrease in cash and cash equivalents	(717)	(36,548)
Cash and cash equivalents at beginning of the financial period	112,928	155,475
Effects of foreign exchange rate changes	(219)	(477)
Cash and cash equivalents at end of the financial period	111,992	118,450
Cash and cash equivalents comprise:		
Deposits with licensed banks	91,114	104,148
Cash and bank balances	20,878	14,502
Bank overdrafts	-	(200)
	111,992	118,450

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 22.11.2019.

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

On 16 August 2019, the Company paid a first and final single tier dividend in respect of the financial year ended 31 December 2018 of 1.75 sen per ordinary share, amounting to RM5,808,964.

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	
	30.9.2019 RM’000	30.9.2018 RM’000
Segment Revenue		
Revenue from:		
Manufacturing	62,165	49,751
Property development and management	52,748	20,250
	<hr/>	<hr/>
Total revenue including inter-segment revenue	114,913	70,001
Elimination of inter-segment revenue	(291)	(291)
	<hr/>	<hr/>
Revenue from external customers	114,622	69,710
	<hr/> <hr/>	<hr/> <hr/>
Segment Results (External)		
Results from:		
Manufacturing	2,414	(1,011)
Property development and management	14,718	10,220
Trading, services and others	(3)	(2)
	<hr/>	<hr/>
	17,129	9,207
Interest income	2,820	3,466
Finance costs	(20)	(22)
	<hr/>	<hr/>
Profit before tax	19,929	12,651
Taxation	(5,398)	(2,443)
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Profit after tax	14,531	10,208
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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	
	9 months ended	
	30.9.2019	30.9.2018
	RM'000	RM'000
Segment Assets		
Segment assets of:		
Manufacturing	169,323	170,466
Property development and management	309,503	281,886
Trading, services and others	14	14
	478,840	452,366
Unallocated assets	5,938	6,202
Total consolidated assets	484,778	458,568

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

	Cumulative Period	
	9 months ended	
	30.9.2019	30.9.2018
	RM'000	RM'000
Location:		
Hong Kong	47	-
Malaysia	102,013	62,993
People's Republic of China	6,047	6,717
Taiwan	6,515	-
Total revenue	114,622	69,710

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 nine months ended 30 September 2019, the Group acquired items of property, plant and equipment with a cost of RM769,000 (nine months ended 30 September 2018: RM3,208,000). Items of property, plant and equipment with a net book value of RM565,000 were disposed during the nine months ended 30 September 2019 (nine months ended 30 September 2018: RM Nil), resulting in a gain on disposal of RM44,000 (nine months ended 30 September 2018: gain 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.

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 September 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 RM114.622 million and RM19.929 million respectively.

This represented an increase of RM44.912 million in revenue or 64.43% of the revenue for the same period in the previous financial year ended 31 December 2018.

For the cumulative nine months ended 30 September 2019, the increase in the results for the financial period-to-date was RM7.278 million or 57.53% 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 24.95%, increase in results of 2045.61% for Malaysia and decrease in loss of 16.32% 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 the improvement of our Malaysian and overseas subsidiary operations.

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 160.48% and 44.01% respectively as compared to the corresponding financial period-to-date in the preceding financial year. The increase in revenue and results for the current quarter is higher than the preceeding year corresponding quarter mainly due to progressive profit recognition from our ongoing projects.

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 RM43.146 million and RM10.626 million respectively compared to revenue of RM35.926 million and profit before tax of RM6.786 million for the immediate preceding quarter ended 30 June 2019. This was mainly attributed to the increase in demand in the local automotive industries and progressive profit recognition from our ongoing housing projects.

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.

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 together with several upcoming projects that are already in the pipeline by end of 2020. 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

	Current Quarter	Year-To- Date
	3 months ended	9 months ended
	30.9.2019	30.9.2019
	RM'000	RM'000
Profit before taxation is arrived at after charging/(crediting):		
Depreciation of property, plant and equipment and investment properties	1,507	4,710
Gain on disposal of property, plant and equipment	(44)	(44)
Interest expense	5	20
Interest income	(832)	(2,820)
Net foreign exchange (gain)/loss:		
– Realised	(7)	22
– Unrealised	(579)	(97)

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

	Individual Period		Cumulative Period	
	3 months ended		9 months ended	
	30.9.2019	30.9.2018	30.9.2019	30.9.2018
	RM'000	RM'000	RM'000	RM'000
In respect of current financial year:				
– Malaysian income tax	3,280	507	7,596	2,914
– Deferred tax	(1,084)	234	(2,198)	(471)
	2,196	741	5,398	2,443

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 30.9.2019 RM'000	As at 31.12.2018 RM'000
Non-current		
– Secured	244	389
Current		
– Secured	208	357
	<u>452</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 30 September 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 30.9.2019	30.9.2018	9 months ended 30.9.2019	30.9.2018
Profit for the period attributable to owners of the Company (RM'000)	8,658	1,117	14,835	10,277
Weighted average number of ordinary shares in issue ('000)	331,941	331,941	331,941	331,941
Basic earnings per share (sen)	2.61	0.34	4.47	3.10

(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.