

HIL INDUSTRIES BERHAD

(Company No: 8812-M)

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

	Individual Period		Cumulative Period	
	3 months ended		12 months ended	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
	RM'000	RM'000	RM'000	RM'000
Revenue	38,759	36,804	153,381	106,514
Cost of sales	(29,126)	(26,464)	(117,062)	(83,176)
Gross profit	9,633	10,340	36,319	23,338
Other items of income:				
– Interest income	852	973	3,672	4,439
– Other income	833	612	1,123	6,032
Operating expenses	(3,596)	(3,874)	(13,443)	(13,085)
Operating profit	7,722	8,051	27,671	20,724
Finance costs	(5)	(8)	(25)	(30)
Profit before taxation	7,717	8,043	27,646	20,694
Taxation	(1,240)	(1,313)	(6,638)	(3,756)
Profit for the period	6,477	6,730	21,008	16,938
Other comprehensive profit, net of tax				
Items that may be reclassified subsequently to profit or loss:				
Foreign currency translation differences for foreign operations	(38)	70	(341)	(550)
Total comprehensive income for the period	6,439	6,800	20,667	16,388

HIL INDUSTRIES BERHAD

(Company No: 8812-M)

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

	Individual Period		Cumulative Period	
	3 months ended		12 months ended	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
	RM'000	RM'000	RM'000	RM'000
Profit attributable to:				
Owners of the Company	6,555	6,805	21,390	17,082
Non-controlling interests	(78)	(75)	(382)	(144)
Profit for the period	6,477	6,730	21,008	16,938
Total comprehensive profit attributable to:				
Owners of the Company	6,517	6,875	21,049	16,532
Non-controlling interests	(78)	(75)	(382)	(144)
Total comprehensive income for the period	6,439	6,800	20,667	16,388
Earnings per share attributable to owners of the Company (sen):				
- Basic	1.97	2.05	6.44	5.15
- 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 December 2019 - Unaudited

	Note	<u>Unaudited</u> As at 31.12.2019 RM'000	<u>Audited</u> As at 31.12.2018 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	10	46,392	52,169
Investment properties		23,388	23,451
Inventories		12,057	12,012
Other investments		223	215
Goodwill		5,910	5,910
		<hr/>	<hr/>
		87,970	93,757
		<hr/>	<hr/>
Current assets			
Inventories		234,505	214,156
Trade and other receivables		16,841	17,246
Contract assets		34,253	25,636
Prepaid expenses		1,041	830
Tax recoverable		28	154
Deposits with licensed banks		79,401	93,229
Cash and bank balances		18,650	19,699
		<hr/>	<hr/>
		384,719	370,950
		<hr/>	<hr/>
TOTAL ASSETS	9	472,689	464,707
		<hr/> <hr/>	<hr/> <hr/>
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		3,671	4,012
Retained profits		178,790	163,210
		<hr/>	<hr/>
		348,841	333,602
Non-controlling interests		<hr/>	<hr/>
		411	793
		<hr/>	<hr/>
Total equity		349,252	334,395
		<hr/>	<hr/>

HIL INDUSTRIES BERHAD

(Company No: 8812-M)

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

	Note	<u>Unaudited</u> As at 31.12.2019 RM'000	<u>Audited</u> As at 31.12.2018 RM'000
Non-current liabilities			
Finance lease liabilities	21	225	389
Deferred tax liabilities		32,458	35,965
		<hr/>	<hr/>
		32,683	36,354
		<hr/>	<hr/>
Current liabilities			
Trade and other payables		87,734	92,714
Finance lease liabilities	21	164	357
Provision for taxation		2,856	887
		<hr/>	<hr/>
		90,754	93,958
		<hr/>	<hr/>
Total liabilities		123,437	130,312
		<hr/>	<hr/>
TOTAL EQUITY AND LIABILITIES		472,689	464,707
		<hr/> <hr/>	<hr/> <hr/>
Net assets per share attributable to owners of the Company (RM)		1.05	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 December 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 year	-	-	-	-	(341)	21,390	21,049	(382)	20,667
<u>Transactions with owners:</u>									
Dividends on ordinary shares	-	-	-	-	-	(5,810)	(5,810)	-	(5,810)
At 31 December 2019	167,019	-	(947)	308	3,671	178,790	348,841	411	349,252

HIL INDUSTRIES BERHAD

(Company No: 8812-M)

Condensed Consolidated Statement Of Changes In Equity For The Financial Year Ended 31 December 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	-	-	-	-	-	(6,329)	(6,329)	-	(6,329)
As at 1 January 2018	167,019	-	(947)	308	4,562	151,937	322,879	937	323,816
Total comprehensive income for the year	-	-	-	-	(550)	17,082	16,532	(144)	16,388
<u>Transactions with owners:</u>									
Dividends on ordinary shares	-	-	-	-	-	(5,809)	(5,809)	-	(5,809)
At 31 December 2018	167,019	-	(947)	308	4,012	163,210	333,602	793	334,395

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 December 2019 - Unaudited

	Cumulative Period	
	12 months ended	
	31.12.2019	31.12.2018
	RM'000	RM'000
Cash flows from operating activities		
Profit before taxation	27,646	20,694
Adjustments for non-cash items	(175)	(3,254)
Operating profit before working capital changes	27,471	17,440
Working capital changes		
Inventories	2,295	(4,228)
Property development costs	(22,688)	(19,389)
Receivables, deposits and prepayments	(8,423)	(35,795)
Payables and accruals	(4,980)	39,371
Cash used in operations	(6,325)	(2,601)
Interest paid	(25)	(30)
Interest received	3,672	4,399
Income tax paid	(5,128)	(6,424)
Net cash used in operating activities	(7,806)	(4,656)
Cash flows from investing activities		
Purchase of property, plant and equipment	(769)	(2,582)
Proceeds from disposal of property, plant and equipment	44	73
Net cash outflow from acquisition of subsidiaries	-	(31,210)
Proceeds from redemption of other investments	-	2,388
Net cash used in investing activities	(725)	(31,331)

HIL INDUSTRIES BERHAD

(Company No: 8812-M)

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

	Cumulative Period	
	12 months ended 31.12.2019	31.12.2018
	RM'000	RM'000
Cash flows from financing activities		
Repayment of finance lease liabilities	(294)	(347)
Dividends paid on ordinary shares	(5,809)	(5,809)
Net cash used in financing activities	(6,103)	(6,156)
Net decrease in cash and cash equivalents	(14,634)	(42,143)
Cash and cash equivalents at beginning of the financial year	112,928	155,475
Effects of foreign exchange rate changes	(243)	(404)
Cash and cash equivalents at end of the financial year	98,051	112,928
Cash and cash equivalents comprise:		
Deposits with licensed banks	79,401	93,229
Cash and bank balances	18,650	19,699
	98,051	112,928

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 27.02.2020.

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	
	12 months ended	
	31.12.2019	31.12.2018
	RM’000	RM’000
Segment Revenue		
Revenue from:		
Manufacturing	84,468	68,641
Property development and management	69,301	38,261
	<hr/>	<hr/>
Total revenue including inter-segment revenue	153,769	106,902
Elimination of inter-segment revenue	(388)	(388)
	<hr/>	<hr/>
Revenue from external customers	153,381	106,514
	<hr/> <hr/>	<hr/> <hr/>
Segment Results (External)		
Results from:		
Manufacturing	5,339	(3)
Property development and management	18,666	16,294
Trading, services and others	(6)	(6)
	<hr/>	<hr/>
	23,999	16,285
Interest income	3,672	4,439
Finance costs	(25)	(30)
	<hr/>	<hr/>
Profit before tax	27,646	20,694
Taxation	(6,638)	(3,756)
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Profit after tax	21,008	16,938
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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	
	12 months ended	
	31.12.2019	31.12.2018
	RM'000	RM'000
Segment Assets		
Segment assets of:		
Manufacturing	154,790	167,378
Property development and management	311,947	291,251
Trading, services and others	14	14
	466,751	458,643
Unallocated assets	5,938	6,064
Total consolidated assets	472,689	464,707

The Group's revenue for the twelve months ended 31 December 2019 based on geographical location is presented as follows:

	Cumulative Period	
	12 months ended	
	31.12.2019	31.12.2018
	RM'000	RM'000
Location:		
Hong Kong	47	1,725
Malaysia	135,172	95,069
People's Republic of China	7,449	7,601
Taiwan	10,713	2,119
Total revenue	153,381	106,514

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 financial year ended 31 December 2019, the Group acquired items of property, plant and equipment with a cost of RM769,000 (financial year ended 31 December 2018: RM2,582,000). Items of property, plant and equipment with a net book value of RM647,000 were disposed during the financial year ended 31 December 2019 (financial year ended 31 December 2018: RM Nil), resulting in a loss on disposal of RM44,000 (financial year ended 31 December 2018: gain on disposal of RM73,000).

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 31 December 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 RM153.381 million and RM27.646 million respectively.

This represented an increase of RM46.867 million in revenue or 44.00% of the revenue for the same period in the previous financial year ended 31 December 2018.

For the cumulative twelve months ended 31 December 2019, the increase in the results for the financial period-to-date was RM6.952 million or 33.59% 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 23.06%, increase in results of 375.84% for Malaysia and decrease in loss of 155.91% 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 financial period is higher than the preceding financial year 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 81.13% and 14.56% respectively as compared to the corresponding financial period-to-date in the preceding financial year. The increase in revenue and results for the current financial period is higher than the preceding financial year 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 RM38.759 million and RM7.717 million respectively compared to revenue of RM43.146 million and profit before tax of RM10.626 million for the immediate preceding quarter ended 30 September 2019. This was mainly attributed to the lower profit recognition from our property division. Besides, the drop in profit from manufacturing division is due to an unexpected downtime by one of our customers.

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	12 months ended
	31.12.2019	31.12.2019
	RM'000	RM'000
Profit before taxation is arrived at after charging/(crediting):		
Depreciation of property, plant and equipment and investment properties	2,841	6,044
Gain on disposal of property, plant and equipment	(44)	(44)
Interest expense	10	25
Interest income	(852)	(3,672)
Net foreign exchange (gain)/loss:		
– Realised	75	104
– Unrealised	(470)	12

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		12 months ended	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
	RM'000	RM'000	RM'000	RM'000
In respect of current financial year:				
– Malaysian income tax	2,549	2,777	10,145	5,691
– Deferred tax	(1,309)	(1,464)	(3,507)	(1,935)
	1,240	1,313	6,638	3,756

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 31.12.2019 RM'000	As at 31.12.2018 RM'000
Non-current		
– Secured	225	389
Current		
– Secured	164	357
	<u>389</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 December 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 31.12.2019	31.12.2018	12 months ended 31.12.2019	31.12.2018
Profit for the period attributable to owners of the Company (RM'000)	6,555	6,805	21,390	17,082
Weighted average number of ordinary shares in issue ('000)	331,941	331,941	331,941	331,941
Basic earnings per share (sen)	1.97	2.05	6.44	5.15

(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.