

HIL INDUSTRIES BERHAD

(Company No: 196901000472 (8812-M))

Condensed Consolidated Statements of Comprehensive Income For The Financial Year Ended 31 March 2020 - Unaudited

	Individual Period		Cumulative Period	
	3 months ended		3 months ended	
	31.3.2020	31.3.2019	31.3.2020	31.3.2019
	RM'000	RM'000	RM'000	RM'000
Revenue	31,984	35,550	31,984	35,550
Cost of sales	(25,256)	(29,869)	(25,256)	(29,869)
Gross profit	6,728	5,681	6,728	5,681
Other items of income:				
– Interest income	610	962	610	962
– Other income	296	40	296	40
Operating expenses	(2,407)	(4,158)	(2,407)	(4,158)
Operating profit	5,227	2,525	5,227	2,525
Finance costs	(4)	(8)	(4)	(8)
Profit before taxation	5,223	2,517	5,223	2,517
Taxation	(1,202)	(1,034)	(1,202)	(1,034)
Profit for the period	4,021	1,483	4,021	1,483
Other comprehensive profit, net of tax				
Items that may be reclassified subsequently to profit or loss:				
Foreign currency translation differences for foreign operations	547	134	547	134
Total comprehensive income for the period	4,568	1,617	4,568	1,617

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(Company No: 196901000472 (8812-M))

Condensed Consolidated Statements of Comprehensive Income For The Financial Year Ended 31 March 2020 - Unaudited (Continued)

	Individual Period		Cumulative Period	
	3 months ended		3 months ended	
	31.3.2020	31.3.2019	31.3.2020	31.3.2019
	RM'000	RM'000	RM'000	RM'000
Profit attributable to:				
Owners of the Company	4,131	1,522	4,131	1,522
Non-controlling interests	(110)	(39)	(110)	(39)
Profit for the period	4,021	1,483	4,021	1,483
Total comprehensive profit attributable to:				
Owners of the Company	4,678	1,656	4,678	1,656
Non-controlling interests	(110)	(39)	(110)	(39)
Total comprehensive income for the period	4,568	1,617	4,568	1,617
Earnings per share attributable to owners of the Company (sen):				
- Basic	1.24	0.46	1.24	0.46
- 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 2019 and the accompanying explanatory notes attached to the interim financial statements.

HIL INDUSTRIES BERHAD

(Company No: 196901000472 (8812-M))

Condensed Consolidated Statement of Financial Position As at 31 March 2020 - Unaudited

	Note	<u>Unaudited</u> As at 31.3.2020 RM'000	<u>Audited</u> As at 31.12.2019 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	10	44,976	46,175
Right-of-use assets		210	245
Investment properties		23,388	23,388
Inventories		12,066	12,057
Other investments		225	223
Goodwill		5,910	5,910
		<hr/>	<hr/>
		86,775	87,998
		<hr/>	<hr/>
Current assets			
Inventories		240,771	234,617
Trade and other receivables		20,585	19,957
Contract assets		36,382	33,181
Tax recoverable		27	29
Investment		272	268
Deposits with licensed banks		67,506	72,780
Cash and bank balances		22,092	24,607
		<hr/>	<hr/>
		387,635	385,439
		<hr/>	<hr/>
TOTAL ASSETS	9	<u>474,410</u>	<u>473,437</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		4,218	3,671
Retained profits		183,005	178,874
		<hr/>	<hr/>
		353,603	348,925
Non-controlling interests		<hr/>	<hr/>
		301	411
		<hr/>	<hr/>
Total equity		<u>353,904</u>	<u>349,336</u>

HIL INDUSTRIES BERHAD

(Company No: 196901000472 (8812-M))

Condensed Consolidated Statement of Financial Position As at 31 March 2020 - Unaudited (Continued)

	Note	<u>Unaudited</u> As at 31.3.2020 RM'000	<u>Audited</u> As at 31.12.2019 RM'000
Non-current liabilities			
Finance lease liabilities	21	207	225
Deferred tax liabilities		31,792	32,457
		<hr/>	<hr/>
		31,999	32,682
		<hr/>	<hr/>
Current liabilities			
Trade and other payables		86,176	88,662
Finance lease liabilities	21	122	164
Provision for taxation		2,209	2,593
		<hr/>	<hr/>
		88,507	91,419
		<hr/>	<hr/>
Total liabilities		120,506	124,101
		<hr/>	<hr/>
TOTAL EQUITY AND LIABILITIES		474,410	473,437
		<hr/> <hr/>	<hr/> <hr/>
Net assets per share			
attributable to owners of the Company (RM)		1.06	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 2019 and the accompanying explanatory notes attached to the interim financial statements.

HIL INDUSTRIES BERHAD

(Company No: 196901000472 (8812-M))

Condensed Consolidated Statement Of Changes In Equity For The Financial Year Ended 31 March 2020 - 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 2020	167,019	-	(947)	308	3,671	178,874	348,925	411	349,336
Total comprehensive income/(loss) for the period	-	-	-	-	547	4,131	4,678	(110)	4,568
At 31 March 2020	167,019	-	(947)	308	4,218	183,005	353,603	301	353,904

HIL INDUSTRIES BERHAD

(Company No: 196901000472 (8812-M))

Condensed Consolidated Statement Of Changes In Equity For The Financial Year Ended 31 March 2020 - 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 2019	167,019	-	(947)	308	4,012	163,210	333,602	793	334,395
Total comprehensive income 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

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements.

HIL INDUSTRIES BERHAD

(Company No: 196901000472 (8812-M))

Condensed Consolidated Statement of Cash Flows For The Financial Year Ended 31 March 2020 - Unaudited

	Cumulative Period	
	3 months ended 31.3.2020 RM'000	31.3.2019 RM'000
Cash flows from operating activities		
Profit before taxation	5,223	2,517
Adjustments for non-cash items	(206)	197
Operating profit before working capital changes	5,017	2,714
Working capital changes		
Inventories	1,013	580
Property development costs	(7,167)	(6,565)
Receivables, deposits and prepayments	(3,829)	4,296
Payables and accruals	(2,486)	3,362
Cash (used in)/generated from operations	(7,452)	4,387
Interest paid	(25)	(8)
Interest received	610	962
Income tax paid	(1,259)	(1,244)
Net cash (used in)/from operating activities	(8,126)	4,097
Cash flows from investing activities		
Purchase of property, plant and equipment	(44)	(55)
Proceeds from redemption of other investments	-	(3,114)
Net cash used in investing activities	(44)	(3,169)

HIL INDUSTRIES BERHAD

(Company No: 196901000472 (8812-M))

Condensed Consolidated Statement of Cash Flows For The Financial Year Ended 31 March 2020 - Unaudited (Continued)

	Cumulative Period	
	3 months ended 31.3.2020 RM'000	31.3.2019 RM'000
Cash flows from financing activities		
Repayment of finance lease liabilities	(60)	(103)
Net cash used in financing activities	(60)	(103)
Net (decrease)/increase in cash and cash equivalents	(8,230)	825
Cash and cash equivalents at beginning of the financial period	97,387	112,927
Effects of foreign exchange rate changes	441	28
Cash and cash equivalents at end of the financial period	89,598	113,780
Cash and cash equivalents comprise:		
Deposits with licensed banks	67,506	88,837
Cash and bank balances	22,092	24,943
	89,598	113,780

The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements.

HIL INDUSTRIES BERHAD

(Company No: 196901000472 (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 25.06.2020.

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 2019. 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 2019.

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 2019, except for the adoption of Amendments to Standards and Issue Committee (IC) interpretations effective as of 1 January 2020, as disclosed below:

Amendments to MFRS 3	Business Combinations (Definitions of a Business)
Amendments to MFRS 101	Presentation of Financial Statements (Definition of Material)
Amendments to MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors (Definition of Material)
Amendments to MFRS 9	Financial Instruments (Interest Rate Benchmark Reform)
Amendments to MFRS 139	Financial Instruments: Recognition and Measurement (Interest Rate Benchmark Reform)
Amendments to MFRS 7	Financial Instruments: Disclosures (Interest Rate Benchmark Reform)

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 2019 was not qualified.

HIL INDUSTRIES BERHAD

(Company No: 196901000472 (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 2020.

HIL INDUSTRIES BERHAD

(Company No: 196901000472 (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	
	31.3.2020 RM’000	31.3.2019 RM’000
Segment Revenue		
Revenue from:		
Manufacturing	16,203	19,870
Property development and management	15,878	15,777
	<hr/>	<hr/>
Total revenue including inter-segment revenue	32,081	35,647
Elimination of inter-segment revenue	(97)	(97)
	<hr/>	<hr/>
Revenue from external customers	31,984	35,550
	<hr/> <hr/>	<hr/> <hr/>
Segment Results (External)		
Results from:		
Manufacturing	711	(773)
Property development and management	3,907	2,337
Trading, services and others	(1)	(1)
	<hr/>	<hr/>
	4,617	1,563
Interest income	610	962
Finance costs	(4)	(8)
	<hr/>	<hr/>
Profit before tax	5,223	2,517
Taxation	(1,202)	(1,034)
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Profit after tax	4,021	1,483
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HIL INDUSTRIES BERHAD

(Company No: 196901000472 (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	
	31.3.2020	31.3.2019
	RM'000	RM'000
Segment Assets		
Segment assets of:		
Manufacturing	147,929	170,405
Property development and management	320,529	292,316
Trading, services and others	14	14
	468,472	462,735
Unallocated assets	5,938	5,938
Total consolidated assets	474,410	468,673

The Group's revenue for the three months ended 31 March 2020 based on geographical location is presented as follows:

	Cumulative Period	
	3 months ended	
	31.3.2020	31.3.2019
	RM'000	RM'000
Location:		
Hong Kong	47	23
Malaysia	27,895	32,044
People's Republic of China	2,542	1,879
Taiwan	1,500	1,604
Total revenue	31,984	35,550

HIL INDUSTRIES BERHAD

(Company No: 196901000472 (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 2020, the Group acquired items of property, plant and equipment with a cost of RM44,000 (three months ended 31 March 2019: RM55,000). 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

On 21 May 2020, the Board of Directors approved and declared a first and final single tier dividend of 1.20 sen per ordinary share for the financial year ended 31 December 2019 amounting to a total dividend payment of approximately RM3,983,290.

There were no other 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 2019.

14. Capital Commitments

There were no capital commitment as at 31 March 2020.

HIL INDUSTRIES BERHAD

(Company No: 196901000472 (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 RM31.984 million and RM5.223 million respectively.

This represented a decrease of RM3.566 million in revenue or 10.03% of the revenue for the same period in the previous financial year ended 31 December 2019.

For the cumulative three months ended 31 March 2020, the increase in the results for the financial period-to-date was RM2.706 million or 107.51% of the results for the same period in the previous financial year ended 31 December 2019.

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 a decrease in revenue of 18.45% and increase in results of 192% for the current financial period-to-date as compared to the corresponding financial period-to-date in the preceding financial year. The decrease in revenue was mainly due to festive season in the month of January 2020 and the temporary closure of business beginning from 18th March 2020 as a preventive measure from Covid-19 pandemic. On the other hand, the improved results was mainly due to the increase in demand from our overseas subsidiary.

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 0.64% and 67.11% 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 period 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: 196901000472 (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 RM31.984 million and RM5.223 million respectively compared to revenue of RM40.217 million and profit before tax of RM7.537 million for the immediate preceding quarter ended 31 December 2019. This was mainly attributed to the lower profit recognition from our property division. Besides, the drop in profit from manufacturing division was resulted from lower sales during Chinese Lunar New Year festive season in the month of January 2020 and also stoppage of production due to Movement Control Order ("MCO") starting from 18th March 2020.

17. Current Year Prospects

Since the emergence of Coronavirus Disease 2019 ("Covid-19"), and the subsequent implementation of MCO by Malaysia government to counteract the outbreak of Covid-19, we are cognisant that our existing business continuity plan needs further adaptation in handling the potential risk and threat posed by this unprecedented pandemic phenomenon. We have undertaken various proactive countermeasures in managing the business operations to ensure viability and sustainability of the Group.

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: 196901000472 (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	3 months ended
	31.3.2020	31.3.2020
	RM'000	RM'000
Profit before taxation is arrived at after charging/(crediting):		
Depreciation of property, plant and equipment and investment properties	1,359	1,359
Interest expense	4	4
Interest income	(610)	(610)
Net foreign exchange (gain)/loss:		
– Realised	139	139
– Unrealised	(992)	(992)

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		3 months ended	
	31.3.2020	31.3.2019	31.3.2020	31.3.2019
	RM'000	RM'000	RM'000	RM'000
In respect of current financial year:				
– Malaysian income tax	1,867	1,799	1,867	1,799
– Deferred tax	(665)	(765)	(665)	(765)
	1,202	1,034	1,202	1,034

HIL INDUSTRIES BERHAD

(Company No: 196901000472 (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 31.3.2020 RM'000	As at 31.12.2019 RM'000
Non-current		
– Secured	207	225
Current		
– Secured	122	164
	<u>329</u>	<u>389</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 2020.

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 31.3.2020	31.3.2019	3 months ended 31.3.2020	31.3.2019
Profit for the period attributable to owners of the Company (RM'000)	4,131	1,522	4,131	1,522
Weighted average number of ordinary shares in issue ('000)	331,941	331,941	331,941	331,941
Basic earnings per share (sen)	1.24	0.46	1.24	0.46

(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.