

HIL INDUSTRIES BERHAD

(Company No: 196901000472 (8812-M))

Condensed Consolidated Statements of Comprehensive Income For The Financial Year Ended 30 September 2020 - Unaudited

	Individual Period		Cumulative Period	
	3 months ended		9 months ended	
	30.9.2020	30.9.2019	30.9.2020	30.9.2019
	RM'000	RM'000	RM'000	RM'000
Revenue	49,147	43,146	103,042	114,622
Cost of sales	(31,636)	(30,854)	(74,685)	(87,936)
Gross profit	17,511	12,292	28,357	26,686
Other items of income:				
– Interest income	404	832	1,529	2,820
– Other income	38	142	1,015	290
Operating expenses	(4,068)	(2,635)	(9,674)	(9,847)
Operating profit	13,885	10,631	21,227	19,949
Finance costs	(3)	(5)	(11)	(20)
Profit before taxation	13,882	10,626	21,216	19,929
Taxation	(3,229)	(2,196)	(4,543)	(5,398)
Profit for the period	10,653	8,430	16,673	14,531
Other comprehensive profit, net of tax				
Items that may be reclassified subsequently to profit or loss:				
Foreign currency translation differences for foreign operations	156	(338)	607	(303)
Total comprehensive income for the period	10,809	8,092	17,280	14,228

HIL INDUSTRIES BERHAD

(Company No: 196901000472 (8812-M))

Condensed Consolidated Statements of Comprehensive Income For The Financial Year Ended 30 September 2020 - Unaudited (Continued)

	Individual Period		Cumulative Period	
	3 months ended 30.9.2020 RM'000	30.9.2019 RM'000	9 months ended 30.9.2020 RM'000	30.9.2019 RM'000
Profit attributable to:				
Owners of the Company	10,842	8,658	17,122	14,835
Non-controlling interests	(189)	(228)	(449)	(304)
Profit for the period	10,653	8,430	16,673	14,531
Total comprehensive profit attributable to:				
Owners of the Company	10,998	8,320	17,729	14,532
Non-controlling interests	(189)	(228)	(449)	(304)
Total comprehensive income for the period	10,809	8,092	17,280	14,228
Earnings per share attributable to owners of the Company (sen):				
- Basic	3.27	2.61	5.16	4.47
- 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 30 September 2020 - Unaudited

	Note	<u>Unaudited</u> As at 30.9.2020 RM'000	<u>Audited</u> As at 31.12.2019 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	10	44,988	46,175
Right-of-use assets		139	245
Investment properties		23,388	23,388
Inventories		12,171	12,057
Other investments		227	223
Goodwill		5,910	5,910
		<hr/>	<hr/>
		86,823	87,998
		<hr/>	<hr/>
Current assets			
Inventories		226,183	234,617
Trade and other receivables		23,562	19,986
Contract assets		47,543	33,181
Investment		835	268
Deposits with licensed banks		63,037	72,780
Cash and bank balances		39,600	24,607
		<hr/>	<hr/>
		400,760	385,439
		<hr/>	<hr/>
TOTAL ASSETS	9	<hr/> <hr/> 487,583	<hr/> <hr/> 473,437
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		4,278	3,671
Retained profits		192,013	178,874
		<hr/>	<hr/>
		362,671	348,925
Non-controlling interests		<hr/> (38)	<hr/> 411
		<hr/>	<hr/>
Total equity		<hr/> 362,633	<hr/> 349,336

HIL INDUSTRIES BERHAD

(Company No: 196901000472 (8812-M))

Condensed Consolidated Statement of Financial Position As at 30 September 2020 - Unaudited (Continued)

		<u>Unaudited</u> As at 30.9.2020 RM'000	<u>Audited</u> As at 31.12.2019 RM'000
Non-current liabilities			
Finance lease liabilities	21	168	225
Deferred tax liabilities		30,245	32,457
		<hr/>	<hr/>
		30,413	32,682
		<hr/>	<hr/>
Current liabilities			
Trade and other payables		90,655	88,662
Finance lease liabilities	21	76	164
Provision for taxation		3,806	2,593
		<hr/>	<hr/>
		94,537	91,419
		<hr/>	<hr/>
Total liabilities		124,950	124,101
		<hr/>	<hr/>
TOTAL EQUITY AND LIABILITIES		487,583	473,437
		<hr/> <hr/>	<hr/> <hr/>
Net assets per share			
attributable to owners of the Company (RM)		1.09	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 30 September 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			
At 1 January 2020	167,019	-	(947)	308	3,671	178,874	348,925	411	349,336
Total comprehensive income/(loss) for the period	-	-	-	-	607	17,122	17,729	(449)	17,280
<u>Transactions with owners:</u>									
Dividends on ordinary shares	-	-	-	-	-	(3,983)	(3,983)	-	(3,983)
At 30 September 2020	167,019	-	(947)	308	4,278	192,013	362,671	(38)	362,633

HIL INDUSTRIES BERHAD

(Company No: 196901000472 (8812-M))

Condensed Consolidated Statement Of Changes In Equity For The Financial Year Ended 30 September 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			
At 1 January 2019	167,019	-	(947)	308	4,012	163,210	333,602	793	334,395
Total comprehensive income 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

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 30 September 2020 - Unaudited

	Cumulative Period	
	30.9.2020 RM'000	30.9.2019 RM'000
Cash flows from operating activities		
Profit before taxation	21,216	19,929
Adjustments for non-cash items	2,241	3,278
Operating profit before working capital changes	23,457	23,207
Working capital changes		
Inventories	(9,928)	1,429
Property development costs	18,362	(21,873)
Receivables, deposits and prepayments	(17,762)	(5,301)
Payables and accruals	1,993	11,804
Cash generated from operations	16,122	9,266
Interest paid	(11)	(15)
Interest received	1,529	1,988
Income tax paid	(5,543)	(5,128)
Net cash from operating activities	12,097	6,111
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,633)	(769)
Purchase of investments	(568)	-
Proceeds from redemption of other investments	-	44
Net cash used in investing activities	(3,201)	(725)

HIL INDUSTRIES BERHAD

(Company No: 196901000472 (8812-M))

Condensed Consolidated Statement of Cash Flows For The Financial Year Ended 30 September 2020 - Unaudited (Continued)

	Cumulative Period	
	30.9.2020	30.9.2019
	RM'000	RM'000
Cash flows from financing activities		
Repayment of finance lease liabilities	(145)	(294)
Dividends paid on ordinary shares	(3,983)	(5,809)
Net cash used in financing activities	(4,128)	(6,103)
Net increase/(decrease) in cash and cash equivalents	4,768	(717)
Cash and cash equivalents at beginning of the financial period	97,387	112,928
Effects of foreign exchange rate changes	482	(219)
Cash and cash equivalents at end of the financial period	102,637	111,992
Cash and cash equivalents comprise:		
Deposits with licensed banks	63,037	91,114
Cash and bank balances	39,600	20,878
	102,637	111,992

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 26.11.2020.

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

On 18 August 2020, the Company paid a first and final single tier dividend in respect of the financial year ended 31 December 2019 of 1.20 sen per ordinary share, amounting to RM3,983,279.

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	
	9 months ended 30.9.2020 RM’000	30.9.2019 RM’000
Segment Revenue		
Revenue from:		
Manufacturing	52,923	62,165
Property development and management	50,410	52,748
Total revenue including inter-segment revenue	103,333	114,913
Elimination of inter-segment revenue	(291)	(291)
Revenue from external customers	103,042	114,622
Segment Results (External)		
Results from:		
Manufacturing	3,490	2,414
Property development and management	16,211	14,718
Trading, services and others	(3)	(3)
	19,698	17,129
Interest income	1,529	2,820
Finance costs	(11)	(20)
Profit before tax	21,216	19,929
Taxation	(4,543)	(5,398)
Profit after tax	16,673	14,531

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	
	9 months ended	
	30.9.2020	30.9.2019
	RM'000	RM'000
Segment Assets		
Segment assets of:		
Manufacturing	148,670	169,323
Property development and management	332,961	309,503
Trading, services and others	14	14
	481,645	478,840
Unallocated assets	5,938	5,938
Total consolidated assets	487,583	484,778

The Group's revenue for the nine months ended 30 September 2020 based on geographical location is presented as follows:

	Cumulative Period	
	9 months ended	
	30.9.2020	30.9.2019
	RM'000	RM'000
Location:		
Hong Kong	12	47
Malaysia	87,041	102,013
People's Republic of China	4,466	6,047
Taiwan	11,523	6,515
Total revenue	103,042	114,622

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 nine months ended 30 September 2020, the Group acquired items of property, plant and equipment with a cost of RM2,633,000 (nine months ended 30 September 2019: RM769,000). Items of property, plant and equipment with a net book value of RM35,000 were disposed during the nine months ended 30 September 2020 (nine months ended 30 September 2019: RM565,000), resulting in a gain on disposal of RM149,000 (nine months ended 30 September 2019: gain on disposal of RM44,000).

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 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 30 September 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 RM103.042 million and RM21.216 million respectively.

This represented a decrease of RM11.580 million in revenue or 10.10% of the revenue for the same period in the previous financial year ended 31 December 2019.

For the cumulative nine months ended 30 September 2020, the increase in the results for the financial period-to-date was RM1.287 million or 6.46% 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 14.87% and increase in results of 44.57% 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 the shutdown of our factories due to the implementation of Movement Control Order ("MCO") by the government from mid March till end of April 2020 and most of our major customers only started their operations towards middle of June 2020. The increase in results was mainly contributed from cost efficiency improvement activities and the better performance of our overseas subsidiary.

b) Property development and management segment

The property development and management segment registered a decrease in revenue and an increase in results for the current financial period-to-date of 4.43% and 10.14% respectively as compared to the corresponding financial period-to-date in the preceding financial year. The increase in results was mainly due to the higher profit recognition subsequent to the completion of 108 terraces house in Bukit Kemuning.

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 RM49.147 million and RM13.882 million respectively compared to revenue of RM21.911 million and profit before tax of RM2.111 million for the immediate preceding quarter ended 30 June 2020. The increase in revenue and results were mainly attributable to better sales in Malaysia post MCO for both our properties and manufacturing division and also improved results from our overseas subsidiary.

17. Current Year Prospects

The outbreak of COVID-19 contagious disease has caused global concern and increasing economic hardship for consumers and businesses, created uncertainties in the market and dampening the global economic outlook.

As for the manufacturing division, its 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. With the recently announced Short-Term Recovery Plan ("Penjana") under the Recovery Movement Control Order ("RMCO"), which involved the waiver of sales tax, we have seen our major customers enjoying increased sales, which has resulted in strong demand for our products. Additionally, the Group has also recently secured several upcoming new models and additional new parts and components from several automotive companies and as such this will augur well for the division's future performance.

The Group has started to venture into Personal Protective Equipment and Healthcare in July 2020. The performance for this division has been satisfactory and the Group will continue to look for new business opportunities to expand this division.

As for the property division, revenue will be mainly from our on-going Amverton Greens and Amverton Links Phase 1, which comprises of 100 units of 2-storey link houses as well as our completed project, 108 terrace house in Bukit Kemuning. The management plans to launch Amverton Links Phase 2 and Amverton Links townhouse that are already in the pipeline by end of 2020 and early of 2021 respectively. The recent Budget 2021 is another extension of the stimulus measures rolled out by the Government whereby all the first-time buyers will get full stamp duty exemption for the memorandum of transfer and for the loan agreement for houses worth up to RM500,000 which will take effect from 1 January 2021 until 31 December 2025. We believe that this exemption will benefit the Group as it is the Group's direction to build homes within the affordable range and in the Klang Valley.

Barring any unforeseen circumstances, for example a second lockdown, the management is very optimistic that both the manufacturing and property division will continue to contribute positively to the group's performance for the last quarter in 2020.

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	9 months ended
	30.9.2020	30.9.2020
	RM'000	RM'000
Profit before taxation is arrived at after charging/(crediting):		
Depreciation of property, plant and equipment and investment properties	1,309	3,961
Gain on disposal of property, plant and equipment	-	(149)
Interest expense	3	11
Interest income	(404)	(1,529)
Net foreign exchange (gain)/loss:		
– Realised	25	232
– Unrealised	888	(258)

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	
	30.9.2020	30.9.2019	30.9.2020	30.9.2019
	RM'000	RM'000	RM'000	RM'000
In respect of current financial year:				
– Malaysian income tax	4,171	3,280	6,755	7,596
– Deferred tax	(942)	(1,084)	(2,212)	(2,198)
	3,229	2,196	4,543	5,398

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 30.9.2020 RM'000	As at 31.12.2019 RM'000
Non-current		
– Secured	168	225
Current		
– Secured	76	164
	<u>244</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 30 September 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 30.9.2020	30.9.2019	9 months ended 30.9.2020	30.9.2019
Profit for the period attributable to owners of the Company (RM'000)	10,842	8,658	17,122	14,835
Weighted average number of ordinary shares in issue ('000)	331,941	331,941	331,941	331,941
Basic earnings per share (sen)	3.27	2.61	5.16	4.47

(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.