

HIL INDUSTRIES BERHAD

(Company No: 196901000472 (8812-M))

Condensed Consolidated Statements of Comprehensive Income For The Financial Period Ended 30 June 2021 - Unaudited

	Individual Period		Cumulative Period	
	3 months ended 30.6.2021 RM'000	30.6.2020 RM'000	6 months ended 30.6.2021 RM'000	30.6.2020 RM'000
Revenue	25,592	21,911	60,276	53,895
Cost of sales	(17,572)	(17,793)	(42,165)	(43,049)
Gross profit	8,020	4,118	18,111	10,846
Other items of income:				
– Interest income	349	515	685	1,125
– Other income	196	681	835	977
Operating expenses	(3,514)	(3,199)	(6,925)	(5,606)
Operating profit	5,051	2,115	12,706	7,342
Finance costs	(3)	(4)	(5)	(8)
Profit before taxation	5,048	2,111	12,701	7,334
Taxation	(780)	(112)	(2,287)	(1,314)
Profit for the period	4,268	1,999	10,414	6,020
Other comprehensive profit, net of tax				
Items that may be reclassified subsequently to profit or loss:				
Foreign currency translation differences for foreign operations	344	(96)	974	451
Total comprehensive income for the period	4,612	1,903	11,388	6,471

HIL INDUSTRIES BERHAD

(Company No: 196901000472 (8812-M))

Condensed Consolidated Statements of Comprehensive Income For The Financial Period Ended 30 June 2021 - Unaudited (Continued)

	Individual Period		Cumulative Period	
	3 months ended		6 months ended	
	30.6.2021 RM'000	30.6.2020 RM'000	30.6.2021 RM'000	30.6.2020 RM'000
Profit attributable to:				
Owners of the Company	4,281	2,149	10,486	6,280
Non-controlling interests	(13)	(150)	(72)	(260)
Profit for the period	4,268	1,999	10,414	6,020
Total comprehensive profit attributable to:				
Owners of the Company	4,625	2,053	11,460	6,731
Non-controlling interests	(13)	(150)	(72)	(260)
Total comprehensive income for the period	4,612	1,903	11,388	6,471
Earnings per share attributable to owners of the Company (sen):				
- Basic	1.29	0.65	3.16	1.89
- 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 2020 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 June 2021 - Unaudited

	Note	<u>Unaudited</u> As at 30.6.2021 RM'000	<u>Audited</u> As at 31.12.2020 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	10	40,754	42,184
Right-of-use assets		2,904	3,019
Investment properties		23,325	23,325
Other investments		223	221
Goodwill		5,910	5,910
		<hr/>	<hr/>
		73,116	74,659
		<hr/>	<hr/>
Current assets			
Inventories		210,153	224,495
Trade and other receivables		39,986	40,672
Contract assets		21,193	45,474
Investment		846	3,342
Deposits with licensed banks		58,452	59,721
Cash and bank balances		77,352	47,754
		<hr/>	<hr/>
		407,982	421,458
		<hr/>	<hr/>
TOTAL ASSETS	9	<u>481,098</u>	<u>496,117</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		5,406	4,432
Retained profits		205,055	199,510
		<hr/>	<hr/>
		376,841	370,322
Non-controlling interests		(227)	(155)
		<hr/>	<hr/>
Total equity		<u>376,614</u>	<u>370,167</u>

HIL INDUSTRIES BERHAD

(Company No: 196901000472 (8812-M))

Condensed Consolidated Statement of Financial Position As at 30 June 2021 - Unaudited (Continued)

		<u>Unaudited</u> As at 30.6.2021 RM'000	<u>Audited</u> As at 31.12.2020 RM'000
Non-current liabilities			
Finance lease liabilities	21	101	148
Deferred tax liabilities		27,338	28,380
		<hr/> 27,439	<hr/> 28,528
Current liabilities			
Trade and other payables		71,723	96,473
Finance lease liabilities	21	86	77
Provision for taxation		257	872
Dividends payable		4,979	-
		<hr/> 77,045	<hr/> 97,422
Total liabilities		<hr/> 104,484	<hr/> 125,950
TOTAL EQUITY AND LIABILITIES		<hr/> <hr/> 481,098	<hr/> <hr/> 496,117
Net assets per share			
attributable to owners of the Company (RM)		<hr/> <hr/> 1.13	<hr/> <hr/> 1.11

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2020 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 Period Ended 30 June 2021 - 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 2021	167,019	-	(947)	308	4,432	199,510	370,322	(155)	370,167
Total comprehensive income/(loss) for the period	-	-	-	-	974	10,486	11,460	(72)	11,388
<u>Transactions with owners:</u>									
Increase in equity interest in subsidiary company	-	-	-	-	-	38	38	-	38
Dividends on ordinary shares	-	-	-	-	-	(4,979)	(4,979)	-	(4,979)
At 30 June 2021	167,019	-	(947)	308	5,406	205,055	376,841	(227)	376,614

HIL INDUSTRIES BERHAD

(Company No: 196901000472 (8812-M))

Condensed Consolidated Statement Of Changes In Equity For The Financial Period Ended 30 June 2021 - Unaudited (Continued)

Note	Attributable to shareholders of the Company							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	Total 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	-	-	-	-	451	6,280	6,731	(260)	6,471
<u>Transactions with owners:</u>									
Dividends on ordinary shares	-	-	-	-	-	(3,983)	(3,983)	-	(3,983)
At 30 June 2020	167,019	-	(947)	308	4,122	181,171	351,673	151	351,824

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2020 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 Period Ended 30 June 2021 - Unaudited

	Cumulative Period	
	6 months ended 30.6.2021 RM'000	30.6.2020 RM'000
Cash flows from/(used in) operating activities		
Profit before taxation	12,701	7,334
Adjustments for non-cash items	1,773	838
Operating profit before working capital changes	14,474	8,172
Working capital changes		
Inventories	(58,088)	1,859
Property development costs	72,430	(6,915)
Receivables, deposits and prepayments	24,967	(2,767)
Payables and accruals	(19,771)	(2,755)
Cash generated from/(used in) operations	34,012	(2,406)
Interest paid	(5)	(8)
Interest received	685	1,125
Income tax paid	(3,870)	(2,086)
Net cash from/(used in) operating activities	30,822	(3,375)
Cash flows used in investing activities		
Purchase of property, plant and equipment	(854)	(1,407)
Proceeds from disposal of property, plant and equipment	79	-
Proceeds from redemption of other investments	(2,496)	-
Net cash used in investing activities	(3,271)	(1,407)

HIL INDUSTRIES BERHAD

(Company No: 196901000472 (8812-M))

Condensed Consolidated Statement of Cash Flows For The Financial Period Ended 30 June 2021 - Unaudited (Continued)

	Cumulative Period	
	6 months ended	
	30.6.2021 RM'000	30.6.2020 RM'000
Cash flows used in financing activities		
Repayment of finance lease liabilities	(38)	(126)
Net cash used in financing activities	(38)	(126)
Net increase/(decrease) in cash and cash equivalents	27,513	(4,908)
Cash and cash equivalents at beginning of the financial period	107,475	97,387
Effects of foreign exchange rate changes	816	351
Cash and cash equivalents at end of the financial period	135,804	92,830
Cash and cash equivalents comprise:		
Deposits with licensed banks	58,452	62,143
Cash and bank balances	77,352	30,687
	135,804	92,830

The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2020 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 14.09.2021.

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 2020. 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 2020.

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 2020, except for the adoption of Amendments to Standards and Issue Committee (IC) interpretations effective as of 1 January 2021, as disclosed below:

Effective for financial periods beginning on or after 1 January 2021

Amendments to MFRS 4,7,9,16 and 139 Interest Rate Benchmark Reform - Phase 2

Effective for financial periods beginning on or after 1 January 2022

Amendments to MFRS 3	Reference to the Conceptual Framework
MFRS 17	Insurance Contracts
Amendments to MFRS 101	Presentation of Financial Statements (Classification of Liabilities as Current or Non-Current)
Amendments to MFRS 137	Onerous Contracts
Amendments to MFRS 10	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

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 2020 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 30 June 2021.

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	
	6 months ended	
	30.6.2021	30.6.2020
	RM’000	RM’000
Segment Revenue		
Revenue from:		
Manufacturing	36,242	29,057
Property development and management	24,228	25,032
	<hr/>	<hr/>
Total revenue including inter-segment revenue	60,470	54,089
Elimination of inter-segment revenue	(194)	(194)
	<hr/>	<hr/>
Revenue from external customers	60,276	53,895
	<hr/> <hr/>	<hr/> <hr/>
Segment Results (External)		
Results from:		
Manufacturing	3,218	(172)
Property development and management	8,804	6,390
Trading, services and others	(1)	(1)
	<hr/>	<hr/>
Interest income	12,021	6,217
Finance costs	685	1,125
	(5)	(8)
	<hr/>	<hr/>
Profit before tax	12,701	7,334
Taxation	(2,287)	(1,314)
	<hr/>	<hr/>
Profit after tax	10,414	6,020
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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	
	6 months ended	
	30.6.2021	30.6.2020
	RM'000	RM'000
Segment Assets		
Segment assets of:		
Manufacturing	154,420	145,054
Property development and management	320,726	323,404
Trading, services and others	14	14
	475,160	468,472
Unallocated assets	5,938	5,938
Total consolidated assets	481,098	474,410

The Group's revenue for the six months ended 30 June 2021 based on geographical location is presented as follows:

	Cumulative Period	
	6 months ended	
	30.6.2021	30.6.2020
	RM'000	RM'000
Location:		
Hong Kong	30	12
Malaysia	50,034	47,976
People's Republic of China	2,619	2,593
Taiwan	6,945	3,314
Thailand	648	-
Total revenue	60,276	53,895

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 six months ended 30 June 2021, the Group acquired items of property, plant and equipment with a cost of RM854,000 (six months ended 30 June 2020: RM1,407,000). Items of property, plant and equipment with a net book value of RM52,000 were disposed during the six months ended 30 June 2021 (six months ended 30 June 2020: RM34,000), resulting in a gain on disposal of RM27,000 (six months ended 30 June 2020: gain on disposal of RM148,000).

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 2020.

14. Capital Commitments

The amount of commitments in the interim financial report as at 30 June 2021 is as follows:

	RM'000
Authorised by the Directors but not contracted for	1,437
	<hr/>
	1,437
	<hr/> <hr/>

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 RM60.276 million and RM12.701 million respectively.

This represented an increase of RM6.381 million in revenue or 11.84% of the revenue for the same period in the previous financial year ended 31 December 2020.

For the cumulative six months ended 30 June 2021, the increase in the results for the financial period-to-date was RM5.367 million or 73.18% of the results for the same period in the previous financial year ended 31 December 2020.

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 24.72% and increase in results of 1970.93% for the current financial period-to-date as compared to the corresponding financial period-to-date in the preceding financial year. Both revenue and results were higher mainly due to the launch of several new models during the financial period and also increased sales enjoyed by our customers on the extension of the waiver of sales tax under the Penjana plan. The increase in revenue and results were also due to the number of days affected by the imposition of the Movement Control Order ("MCO"). In 2020, for the second quarter, MCO was imposed in the country with effect from 18 March 2020 to 3 May 2020 which was for a total of 47 days, while in quarter 2 2021, full MCO was imposed with effect from 1 June 2021 which was for 30 days only.

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 3.21% and 37.78% respectively as compared to the corresponding financial period-to-date in the preceding financial year. The increase in results were mainly due to the higher profit recognition subsequent to the completion of Amverton Greens in quarter 1.

c) Trading, services and others segment

This segment is not active.

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(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 RM25.592 million and RM5.048 million respectively compared to revenue of RM34.684 million and profit before tax of RM7.653 million for the immediate preceding quarter ended 31 March 2021. This was mainly attributed to the lower profit recognition from our property division and also to the implementation of full MCO by our government starting from 1 June 2021.

17. Current Year Prospects

Overall, the Malaysian economy is expected to continue with its gradual but uneven recovery path supported by the improved global demand and gradual normalisation in domestic economic activities. The growth prospects were partly driven by the recovery in the domestic and global economy, the launch of the National Covid-19 Immunisation Programme and also the provision of the economic stimulus packages. The Group will continue to implement various costs containment exercise focusing on productivity improvements, and strive to be proactive in aligning its market strategies to capture the opportunities in both manufacturing and property division.

As for the manufacturing division, the full MCO which was imposed by the government has affected our performance for this period, however, we are optimistic that we can recover strongly from this pandemic with the current high vaccination rate as well as the opening up of most business segments as more states move out from Phase 1 of the MCO. Our staff are almost 100% fully vaccinated. Based on the pent up demand from our customers, we anticipate to rebound strongly subsequent to the end of the MCO and will work tirelessly to recover the lost revenue during the periods of shut down as a result of the MCO.

As for the property division, revenue will be mainly from our Amverton Links as well as our completed project, 108 terrace house in Bukit Kemuning and Amverton Greens. The Company will also launch 100 units of townhouses in 2021 as well as the next phase of terrace houses in Amverton Links. On top of that, the Group has entered into 4 joint ventures with landowners to undertake property development projects. The joint ventures are subject to shareholders' approval in an upcoming shareholders' meeting. The developments are expected to increase the revenue and profit contribution from the property development segment as well as the overall financial performance of the Group.

Barring any unforeseen circumstances including any new full MCO, the Group is optimistic that the manufacturing and property division will contribute positively to the group's performance subsequent to the lifting of the MCO from the 15th of August 2021 for the remaining of 2021.

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 3 months ended 30.6.2021 RM'000	Year-To- Date 6 months ended 30.6.2021 RM'000
Profit before taxation is arrived at after charging/(crediting):		
Depreciation of property, plant and equipment and investment properties	1,139	2,394
Loss/(Gain) on disposal of property, plant and equipment	1	(27)
Interest expense	3	5
Interest income	(349)	(685)
Net foreign exchange gain:		
– Realised	79	53
– Unrealised	(23)	(501)

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		6 months ended	
	30.6.2021	30.6.2020	30.6.2021	30.6.2020
	RM'000	RM'000	RM'000	RM'000
In respect of current financial year:				
– Malaysian income tax	972	717	3,267	2,584
– Deferred tax	(192)	(605)	(980)	(1,270)
	780	112	2,287	1,314

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 30.6.2021 RM'000	As at 31.12.2020 RM'000
Non-current		
– Secured	101	148
Current		
– Secured	86	77
	<u>187</u>	<u>225</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

A single tier dividend in respect of the financial year ended 31 December 2020 was paid on 18 August 2021.

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.

	<u>Individual Period</u>		<u>Cumulative Period</u>	
	3 months ended		6 months ended	
	30.6.2021	30.6.2020	30.6.2021	30.6.2020
Profit for the period attributable to owners of the Company (RM'000)	4,281	2,149	10,486	6,280
Weighted average number of ordinary shares in issue ('000)	331,941	331,941	331,941	331,941
Basic earnings per share (sen)	1.29	0.65	3.16	1.89

(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.