

HIL INDUSTRIES BERHAD

(Company No: 196901000472 (8812-M))

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

	Individual Period		Cumulative Period	
	3 months ended 30.9.2021 RM'000	30.9.2020 RM'000	9 months ended 30.9.2021 RM'000	30.9.2020 RM'000
Revenue	37,307	49,147	97,583	103,042
Cost of sales	(25,317)	(31,636)	(67,482)	(74,685)
Gross profit	11,990	17,511	30,101	28,357
Other items of income:				
– Interest income	468	404	1,153	1,529
– Other income	92	38	927	1,015
Operating expenses	(3,162)	(4,068)	(10,087)	(9,674)
Operating profit	9,388	13,885	22,094	21,227
Finance costs	(3)	(3)	(8)	(11)
Profit before taxation	9,385	13,882	22,086	21,216
Taxation	(1,918)	(3,229)	(4,205)	(4,543)
Profit for the period	7,467	10,653	17,881	16,673
Other comprehensive profit, net of tax				
Items that may be reclassified subsequently to profit or loss:				
Foreign currency translation differences for foreign operations	154	156	1,128	607
Total comprehensive income for the period	7,621	10,809	19,009	17,280

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Condensed Consolidated Statements of Comprehensive Income For The Financial Period Ended 30 September 2021 - Unaudited (Continue

	Individual Period		Cumulative Period	
	3 months ended		9 months ended	
	30.9.2021	30.9.2020	30.9.2021	30.9.2020
	RM'000	RM'000	RM'000	RM'000
Profit attributable to:				
Owners of the Company	7,587	10,842	18,073	17,122
Non-controlling interests	(120)	(189)	(192)	(449)
Profit for the period	7,467	10,653	17,881	16,673
Total comprehensive profit attributable to:				
Owners of the Company	7,741	10,998	19,201	17,729
Non-controlling interests	(120)	(189)	(192)	(449)
Total comprehensive income for the period	7,621	10,809	19,009	17,280
Earnings per share attributable to owners of the Company (sen):				
- Basic	2.29	3.27	5.44	5.16
- 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 September 2021 - Unaudited

	Note	<u>Unaudited</u> As at 30.9.2021 RM'000	<u>Audited</u> As at 31.12.2020 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	10	45,169	42,184
Right-of-use assets		2,846	3,019
Investment properties		23,325	23,325
Other investments		224	221
Goodwill		5,910	5,910
		<hr/>	<hr/>
		77,474	74,659
		<hr/>	<hr/>
Current assets			
Inventories		206,923	224,495
Trade and other receivables		48,396	40,672
Contract assets		18,228	45,474
Investment		850	3,342
Deposits with licensed banks		60,128	59,721
Cash and bank balances		59,110	47,754
		<hr/>	<hr/>
		393,635	421,458
		<hr/>	<hr/>
TOTAL ASSETS	9	<hr/> <hr/> 471,109	<hr/> <hr/> 496,117
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		5,560	4,432
Retained profits		212,642	199,510
		<hr/>	<hr/>
		384,582	370,322
Non-controlling interests		(347)	(155)
		<hr/>	<hr/>
Total equity		<hr/> <hr/> 384,235	<hr/> <hr/> 370,167

HIL INDUSTRIES BERHAD

(Company No: 196901000472 (8812-M))

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

		<u>Unaudited</u> As at 30.9.2021 RM'000	<u>Audited</u> As at 31.12.2020 RM'000
Non-current liabilities			
Finance lease liabilities	21	88	148
Deferred tax liabilities		26,093	28,380
		<u>26,181</u>	<u>28,528</u>
Current liabilities			
Trade and other payables		58,101	96,473
Finance lease liabilities	21	120	77
Provision for taxation		2,472	872
Dividends payable		-	-
		<u>60,693</u>	<u>97,422</u>
Total liabilities		<u>86,874</u>	<u>125,950</u>
TOTAL EQUITY AND LIABILITIES		<u><u>471,109</u></u>	<u><u>496,117</u></u>
Net assets per share			
attributable to owners of the Company (RM)		<u>1.16</u>	<u>1.11</u>

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 September 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	-	-	-	-	1,128	18,073	19,201	(192)	19,009
<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 September 2021	167,019	-	(947)	308	5,560	212,642	384,582	(347)	384,235

HIL INDUSTRIES BERHAD

(Company No: 196901000472 (8812-M))

Condensed Consolidated Statement Of Changes In Equity For The Financial Period Ended 30 September 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	-	-	-	-	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

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 September 2021 - Unaudited

	Cumulative Period	
	9 months ended 30.9.2021 RM'000	30.9.2020 RM'000
Cash flows from operating activities		
Profit before taxation	22,086	21,216
Adjustments for non-cash items	1,658	2,241
Operating profit before working capital changes	23,744	23,457
Working capital changes		
Inventories	17,572	8,434
Receivables, deposits and prepayments	19,522	(17,762)
Payables and accruals	(38,372)	1,993
Cash generated from operations	22,466	16,122
Interest paid	(8)	(11)
Interest received	1,153	1,529
Income tax paid	(4,818)	(5,543)
Net cash from operating activities	18,793	12,097
Cash flows used in investing activities		
Purchase of property, plant and equipment	(5,546)	(2,633)
Proceeds from disposal of property, plant and equipment	79	-
Purchase of investments	-	(568)
Proceeds from redemption of other investments	(2,492)	-
Net cash used in investing activities	(7,959)	(3,201)

HIL INDUSTRIES BERHAD

(Company No: 196901000472 (8812-M))

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

	Cumulative Period	
	9 months ended	
	30.9.2021	30.9.2020
	RM'000	RM'000
Cash flows used in financing activities		
Repayment of finance lease liabilities	(17)	(145)
Dividends paid on ordinary shares	-	(3,983)
Net cash used in financing activities	(17)	(4,128)
Net increase in cash and cash equivalents	10,817	4,768
Cash and cash equivalents at beginning of the financial period	107,475	97,387
Effects of foreign exchange rate changes	946	482
Cash and cash equivalents at end of the financial period	119,238	102,637
Cash and cash equivalents comprise:		
Deposits with licensed banks	60,128	63,037
Cash and bank balances	59,110	39,600
	119,238	102,637

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 25.11.2021.

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 September 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	
	9 months ended	
	30.9.2021	30.9.2020
	RM’000	RM’000
Segment Revenue		
Revenue from:		
Manufacturing	49,225	52,923
Property development and management	48,649	50,410
Total revenue including inter-segment revenue	97,874	103,333
Elimination of inter-segment revenue	(291)	(291)
Revenue from external customers	97,583	103,042
Segment Results (External)		
Results from:		
Manufacturing	3,059	3,490
Property development and management	17,885	16,211
Trading, services and others	(3)	(3)
	20,941	19,698
Interest income	1,153	1,529
Finance costs	(8)	(11)
Profit before tax	22,086	21,216
Taxation	(4,205)	(4,543)
Profit after tax	17,881	16,673

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	
	30.9.2021	30.9.2020
	RM'000	RM'000
Segment Assets		
Segment assets of:		
Manufacturing	148,249	148,670
Property development and management	316,908	332,961
Trading, services and others	14	14
	465,171	481,645
Unallocated assets	5,938	5,938
Total consolidated assets	471,109	487,583

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

	Cumulative Period	
	9 months ended	
	30.9.2021	30.9.2020
	RM'000	RM'000
Location:		
Hong Kong	54	12
Malaysia	81,743	87,041
People's Republic of China	4,151	4,466
Taiwan	10,794	11,523
Thailand	841	-
Total revenue	97,583	103,042

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 2021, the Group acquired items of property, plant and equipment with a cost of RM5,546,000 (nine months ended 30 September 2020: RM2,633,000). Items of property, plant and equipment with a net book value of RM52,000 were disposed during the nine months ended 30 September 2021 (nine months ended 30 September 2020: RM35,000), resulting in a gain on disposal of RM27,000 (nine months ended 30 September 2020: gain on disposal of RM149,000).

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 September 2021 is as follows:

	RM'000
Authorised by the Directors but not contracted for	688
	<hr/>
	688
	<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 RM97.583 million and RM22.086 million respectively.

This represented a decrease of RM5.459 million in revenue or 5.30% of the revenue for the same period in the previous financial year ended 31 December 2020.

For the cumulative nine months ended 30 September 2021, the increase in the results for the financial period-to-date was RM0.870 million or 4.10% 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 a decrease in both revenue and results of 6.98% and 12.35% respectively 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 and results were mainly due to Covid-19 pandemic outbreak. In the current financial period-to-date, the full Movement Control Order ("MCO") was imposed from 1 June 2021 to 15 August 2021 which for a total of 76 days. While in the corresponding financial period-to-date in the preceding financial year, the MCO was imposed from 18 March 2020 to 3 May 2020 which was for a total of 47 days. The longer implementation of the MCO by Malaysia government has caused disruptions in the operations and hence affected the sales and results in the current financial period-to-date.

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 3.49% and 10.33% 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 and Amverton Links Phase 1 in quarter 3.

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 RM37.307 million and RM9.385 million respectively compared to revenue of RM25.592 million and profit before tax of RM5.048 million for the immediate preceding quarter ended 30 June 2021. This was mainly attributed to the higher profit recognition from our property division due to completion of Amverton Links Phase 1 in current quarter.

17. Current Year Prospects

Whilst the COVID-19 pandemic still remains a major challenge, the reopening of more economic and social sectors bodes well for both global and domestic recovery. 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, with the successful vaccination programmes under the National Covid-19 Immunisation Programme and various stimulus and assistance packages to support the people and revitalise the economy, we are optimistic that the manufacturing division is in a good position to manage the challenges and continue to contribute positively to the Group. We expect the automotive sector to do well especially with the extension of the sales tax exemption under the Penjana scheme.

As for the property division, revenue will be mainly from our on-going Amverton Links Phase 2 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. With the extension of the Home Ownership Campaign ("HOC") until 31 December 2021, the management is optimistic that the property division will contribute satisfactorily to the group's performance.

Barring any unforeseen circumstances, the Group is optimistic that the manufacturing and property division will contribute positively to the group's performance 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 30.9.2021 RM'000	Year-To- Date 9 months ended 30.9.2021 RM'000
Profit before taxation is arrived at after charging/(crediting):		
Depreciation of property, plant and equipment and investment properties	301	2,695
Loss/(Gain) on disposal of property, plant and equipment	-	(27)
Interest expense	3	8
Interest income	(468)	(1,153)
Net foreign exchange gain:		
– Realised	2	55
– Unrealised	(123)	(624)

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	
	30.9.2021	30.9.2020	30.9.2021	30.9.2020
	RM'000	RM'000	RM'000	RM'000
In respect of current financial year:				
– Malaysian income tax	3,163	4,171	6,430	6,755
– Deferred tax	(1,245)	(942)	(2,225)	(2,212)
	1,918	3,229	4,205	4,543

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 30.9.2021 RM'000	As at 31.12.2020 RM'000
Non-current		
– Secured	88	148
Current		
– Secured	120	77
	<u>208</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>	
	<u>3 months ended</u>	<u>3 months ended</u>	<u>9 months ended</u>	<u>9 months ended</u>
	<u>30.9.2021</u>	<u>30.9.2020</u>	<u>30.9.2021</u>	<u>30.9.2020</u>
Profit for the period attributable to owners of the Company (RM'000)	7,587	10,842	18,073	17,122
Weighted average number of ordinary shares in issue ('000)	331,941	331,941	331,941	331,941
Basic earnings per share (sen)	2.29	3.27	5.44	5.16

(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.