

HIL INDUSTRIES BERHAD

(Company No: 196901000472 (8812-M))

Condensed Consolidated Statements of Comprehensive Income For The Financial Period Ended 31 March 2023 - Unaudited

	<u>Individual Period</u>		<u>Cumulative Period</u>	
	3 months ended		3 months ended	
	31.3.2023	31.3.2022	31.3.2023	31.3.2022
	RM'000	RM'000	RM'000	RM'000
Revenue	42,837	39,554	42,837	39,554
Cost of sales	(29,988)	(28,597)	(29,988)	(28,597)
Gross profit	12,849	10,957	12,849	10,957
Other items of income:				
– Interest income	813	358	813	358
– Other income	81	49	81	49
Operating expenses	(4,129)	(3,536)	(4,129)	(3,536)
Operating profit	9,614	7,828	9,614	7,828
Finance costs	(1)	(2)	(1)	(2)
Profit before taxation	9,613	7,826	9,613	7,826
Taxation	(2,453)	(1,298)	(2,453)	(1,298)
Profit after taxation	7,160	6,528	7,160	6,528
Profit for the period	7,160	6,528	7,160	6,528
Other comprehensive profit, net of tax				
Items that may be reclassified subsequently to profit or loss:				
Foreign currency translation differences for foreign operations	304	286	304	286
Total comprehensive income for the period	7,464	6,814	7,464	6,814

HIL INDUSTRIES BERHAD

(Company No: 196901000472 (8812-M))

Condensed Consolidated Statements of Comprehensive Income For The Financial Period Ended 31 March 2023 - Unaudited (Continued)

	<u>Individual Period</u>		<u>Cumulative Per'umulative Period</u>	
	<u>3 months ended</u> <u>31.3.2023</u> <u>RM'000</u>	<u>31.3.2022</u> <u>RM'000</u>	<u>3 months ended</u> <u>31.3.2023</u> <u>RM'000</u>	<u>9 months ended</u> <u>31.3.2022</u> <u>RM'000</u>
Profit attributable to:				
Owners of the Company	7,169	6,665	7,169	6,665
Non-controlling interests	(9)	(137)	(9)	(137)
	<hr/>	<hr/>	<hr/>	<hr/>
Profit for the period	<u>7,160</u>	<u>6,528</u>	<u>7,160</u>	<u>6,528</u>
	<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive profit attributable to:				
Owners of the Company	7,473	6,951	7,473	6,951
Non-controlling interests	(9)	(137)	(9)	(137)
	<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive income for the period	<u>7,464</u>	<u>6,814</u>	<u>7,464</u>	<u>6,814</u>
	<hr/>	<hr/>	<hr/>	<hr/>
Earnings per share attributable to owners of the Company (sen):				
- Basic	2.16	2.01	2.16	2.01
- Diluted	N/A	N/A	N/A	N/A
	<hr/>	<hr/>	<hr/>	<hr/>

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 2022 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 2023 - Unaudited

	Note	<u>Unaudited</u> As at 31.3.2023 RM'000	<u>Audited</u> As at 31.12.2022 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	10	48,062	47,284
Right-of-use assets		2,703	2,703
Investment properties		23,183	23,199
Other investments		3,048	3,048
Goodwill		5,910	5,910
Deposits with licensed banks		1,251	1,243
		<hr/>	<hr/>
		84,157	83,387
		<hr/>	<hr/>
Current assets			
Inventories		199,504	188,352
Trade and other receivables		55,204	43,886
Contract assets		9,284	25,871
Tax recoverable		3,611	2,393
Investment		14,982	16,847
Deposits with licensed banks		72,653	63,056
Cash and bank balances		45,357	54,504
		<hr/>	<hr/>
		400,595	394,909
		<hr/>	<hr/>
TOTAL ASSETS	9	<hr/> <hr/> 484,752	<hr/> <hr/> 478,296
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		5,387	5,083
Retained profits		249,315	242,146
		<hr/>	<hr/>
		421,082	413,609
Non-controlling interests		<hr/> 746	<hr/> 755
		<hr/>	<hr/>
Total equity		<hr/> 421,828	<hr/> 414,364
		<hr/>	<hr/>

HIL INDUSTRIES BERHAD

(Company No: 196901000472 (8812-M))

Condensed Consolidated Statement of Financial Position As at 31 March 2023 - Unaudited (Continued)

	Note	<u>Unaudited</u> As at 31.3.2023 RM'000	<u>Audited</u> As at 31.12.2022 RM'000
Non-current liabilities			
Finance lease liabilities	21	-	-
Deferred tax liabilities		22,487	22,671
		<hr/>	<hr/>
		22,487	22,671
		<hr/>	<hr/>
Current liabilities			
Trade and other payables		39,575	40,577
Finance lease liabilities	21	48	68
Bank overdraft	21	-	-
Provision for taxation		814	616
Dividends payable		-	-
		<hr/>	<hr/>
		40,437	41,261
		<hr/>	<hr/>
Total liabilities		62,924	63,932
		<hr/>	<hr/>
TOTAL EQUITY AND LIABILITIES		484,752	478,296
		<hr/> <hr/>	<hr/> <hr/>
Net assets per share			
attributable to owners of the Company (RM)		1.27	1.25
		<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 2022 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 31 March 2023 - 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 2023	167,019	-	(947)	308	5,083	242,146	413,609	755	414,364
Total comprehensive income/(loss) for the period	-	-	-	-	304	7,169	7,473	(9)	7,464
<u>Transactions with owners:</u>									
Increase in equity interest in subsidiary company	-	-	-	-	-	-	-	-	-
Dividends on ordinary shares	-	-	-	-	-	-	-	-	-
At 31 March 2023	167,019	-	(947)	308	5,387	249,315	421,082	746	421,828

HIL INDUSTRIES BERHAD

(Company No: 196901000472 (8812-M))

Condensed Consolidated Statement Of Changes In Equity For The Financial Period Ended 31 March 2023 - 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		
Audited									
At 1 January 2022	167,019	-	(947)	308	5,906	224,884	397,170	(646)	396,524
Total comprehensive income/(loss) for the period	-	-	-	-	(823)	23,866	23,043	(762)	22,281
<u>Transactions with owners:</u>									
Changes in composition of the Group						35	35	(35)	-
Increase in equity interest in subsidiary	-	-	-	-	-	-	-	2,198	2,198
Dividends on ordinary shares	-	-	-	-	-	(6,639)	(6,639)	-	(6,639)
At 31 December 2022	167,019	-	(947)	308	5,083	242,146	413,609	755	414,364

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2022 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 31 March 2023 - Unaudited

	Cumulative Period	
	3 months ended	
	31.3.2023	31.3.2022
	RM'000	RM'000
Cash flows from operating activities		
Profit before taxation	9,613	7,826
Adjustments for non-cash items	280	(1,241)
Operating profit before working capital changes	9,893	6,585
Working capital changes		
Inventories	(11,152)	(3,844)
Receivables, deposits and prepayments	5,269	17,674
Payables and accruals	(1,002)	(5,028)
Cash generated from operations	3,008	15,387
Interest paid	(1)	(2)
Interest received	813	358
Income tax paid	(3,657)	(1,455)
Net cash from operating activities	163	14,288
Cash flows used in investing activities		
Purchase of property, plant and equipment	(1,909)	(583)
Proceeds from disposal of property, plant and equipment	55	-
Purchase of other investments	1,865	-
Proceeds from redemption of investments	-	4
Proceeds from disposal of short term investment	-	-
Net cash from/(used in) investing activities	11	(579)

HIL INDUSTRIES BERHAD

(Company No: 196901000472 (8812-M))

Condensed Consolidated Statement of Cash Flows For The Financial Period Ended 31 March 2023 - Unaudited (Continued)

	Cumulative Period	
	3 months ended	
	31.3.2023	31.3.2022
	RM'000	RM'000
Cash flows used in financing activities		
Repayment of finance lease liabilities	(20)	(21)
Placement of fixed deposits under lien	(8)	-
Payment of dividends	-	-
Net cash used in financing activities	(28)	(21)
Net increase in cash and cash equivalents	146	13,688
Cash and cash equivalents at beginning of the financial period	117,560	110,255
Effects of foreign exchange rate changes	304	238
Cash and cash equivalents at end of the financial period	118,010	124,181
Cash and cash equivalents comprise:		
Deposits with licensed banks	72,653	57,122
Cash and bank balances	45,357	67,059
	118,010	124,181

The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2022 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 27.02.2023.

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 2022. 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 2022.

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 2021, except for the adoption of Amendments to Standards and Issue Committee (IC) interpretations effective as of 1 January 2022, as disclosed below:

Effective for financial periods beginning on or after 1 January 2022

Amendments to MFRS 3	Reference to the Conceptual Framework
Amendments to MFRS 116	Proceeds before Intended Use
Amendments to MFRS 137	Onerous Contracts – Cost of Fulfilling a Contract
Annual improvement to MFRSs 2018-2020 Cycle	

Effective for financial periods beginning on or after 1 January 2023

MFRS 17	Insurance Contracts
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current
Amendments to MFRS 101	Disclosure of Accounting Policies
Amendments to MFRS 108	Definition of Accounting Estimates
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

Effective date deferred

Amendments to MFRS 10 and MFRS 128	Sales or Contribution of Assets between an Investor and its Associate or Joint Venture
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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 2022 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 December 2022.

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	
	3 months ended	
	31.3.2023	31.3.2022
	RM’000	RM’000
Segment Revenue		
Revenue from:		
Manufacturing	33,448	27,462
Property development and management	9,414	12,189
Trading, services and others	197	-
	<hr/>	<hr/>
Total revenue including inter-segment revenue	43,059	39,651
Elimination of inter-segment revenue	(222)	(97)
	<hr/>	<hr/>
Revenue from external customers	42,837	39,554
	<hr/> <hr/>	<hr/> <hr/>
Segment Results (External)		
Results from:		
Manufacturing	6,528	4,576
Property development and management	2,279	2,899
Trading, services and others	(6)	(5)
	<hr/>	<hr/>
	8,801	7,470
Interest income	813	358
Finance costs	(1)	(2)
	<hr/>	<hr/>
Profit before tax	9,613	7,826
Taxation	(2,453)	(1,298)
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Profit after tax	7,160	6,528
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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	
	31.3.2023 RM'000	31.3.2022 RM'000
Segment Assets		
Segment assets of:		
Manufacturing	170,125	192,795
Property development and management	281,003	270,145
Trading, services and others	27,714	14
	478,842	462,954
Unallocated assets	5,910	5,910
Total consolidated assets	484,752	468,864

The Group's revenue for the **three months ended 31 March 2023** based on geographical location is presented as follows:

	Cumulative Period	
	3 months ended	
	31.3.2023 RM'000	31.3.2022 RM'000
Location:		
Hong Kong	90	2
Malaysia	39,041	37,456
People's Republic of China	1,696	1,968
Taiwan	1,556	-
Thailand	454	128
Total revenue	42,837	39,554

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 2023, the Group acquired items of property, plant and equipment with a cost of RM1,909,000 (three months ended 31 March 2022: RM583,000). Items of property, plant and equipment with a net book value of RM15,000 were disposed during the three months ended 31 March 2023 (three months ended 31 March 2022: RM265,000), resulting in a gain on disposal of RM55,000 (three months ended 31 March 2022: gain on disposal of RM81,000).

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 2022.

14. Capital Commitments

The amount of commitments in the interim financial report as at 31 March 2023 is as follows:

	RM'000
Authorised by the Directors but not contracted for	20,159
	<hr/>
	20,159
	<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 RM42.837 million and RM9.613 million respectively.

This represented an increase of RM3.283 million in revenue or 8.30% of the revenue for the same period in the previous financial year ended 31 December 2022.

For the cumulative three months ended 31 March 2023, the increase in the results for the financial period-to-date was RM1.787 million or 22.83% of the results for the same period in the previous financial year ended 31 December 2022.

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 21.80% and an increase in results of 42.66% , for the current financial period-to-date respectively as compared to the corresponding financial period-to-date in the preceding financial year. The increase in the revenue and results in the period were primarily due to the continued good demand for our products as a result of the strong performance of the automotive sector. According to MAA press release, the monthly TIV reached a new all-time high in March 2023 with 78,849 units, due to fulfillment of bookings made during the sales exemption period and Hari Raya festive season promotional campaigns.

b) Property development and management segment

The property development and management segment registered a decrease in revenue and results for the current financial period-to-date of 22.77% and 21.39% respectively as compared to the corresponding financial period-to-date in the preceding financial year. This decrease in revenue and results for this financial period-to-date were due to the early stages of construction for our Amverton Hills terraces project.

c) Trading, services and others segment

Our pharmacy division began operations in June 2022. As such there are no comparative figures for this quarter ended 31 March 2023

HIL INDUSTRIES BERHAD

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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 RM42.837 million and RM9.613 million respectively compared to revenue of RM44.522 million and profit before tax of RM5.669 million for the immediate preceding quarter ended 31 December 2022. The increase in results was mainly from manufacturing as well as a slightly better performance from our property division.

17. Current Year Prospects

For our manufacturing division we expect to continue to perform well due to the continual strong demand and performance of the automotive industry, with the launch of several new models as well as expanding our product range that we supply to our automotive customers. There is also outstanding backlog orders from our automotive customers that range from 2 to 6 months waiting list. This augurs well to ensure that the demand for our components will continue to be good. Our new factory in Bukit Sentosa is expected to start operations in Q3 2023 and will enable us to expand our capacity. We will continue to source and bid for new customers as well as try to obtain new sources of business from our existing customers to ensure the continual growth of our company.

As for the property division, our 100 units garden townhouses has seen good demand since our launch in Q4 2022. We expect to achieve 100% sales by end of 2023. At the same time we have also launched our 154 units terraces in Sungai Buloh and the response has also been very encouraging and we also expect to achieve 100% sales for this project by the end of this year. These 2 projects would be our main revenue contributor whilst we wait to launch our other projects in Carey Island as well as our super link terrace houses in Amverton Links towards the later part of 2023.

Barring any unforeseen circumstances, such as a worldwide recession, the Group is expected to continue to perform well in the coming financial year 2023.

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 31.3.2023 RM'000	3 months ended 31.3.2023 RM'000
Profit before taxation is arrived at after charging/(crediting):		
Depreciation of property, plant and equipment and investment properties	1,209	1,209
Loss/(Gain) on disposal of property, plant and equipment	55	55
Interest expense	1	1
Interest income	(813)	(813)
Net foreign exchange loss/(gain):		
– Realised - (Gain)/Loss	81	81
– Unrealised - (Gain)/Loss	416	416

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	
	31.3.2023	31.3.2022	31.3.2023	31.3.2022
	RM'000	RM'000	RM'000	RM'000
In respect of current financial year:				
– Malaysian income tax	2,453	1,691	2,453	1,691
– Deferred tax	-	(393)	-	(393)
	2,453	1,298	2,453	1,298

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 31.3.2023 RM'000	As at 31.12.2022 RM'000
Non-current		
– Secured	-	-
Current		
– Secured	48	68
	<u>48</u>	<u>68</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

On 10 April 2023, the Board of Directors approved and declared a single-tier final dividend of 2.0 sen per ordinary share in respect of the financial year ended 31 December 2022.

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>	
	31.3.2023	31.3.2022	31.3.2023	31.3.2022
Profit for the period attributable to owners of the Company (RM'000)	7,169	6,665	7,169	6,665
Weighted average number of ordinary shares in issue ('000)	331,941	331,941	331,941	331,941
Basic earnings per share (sen)	2.16	2.01	2.16	2.01

(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.