

HIL INDUSTRIES BERHAD

(Company No: 196901000472 (8812-M))

Condensed Consolidated Statements of Comprehensive Income For The Financial Period Ended 30 September 2022 - Unaudited

	<u>Individual Period</u>		<u>Cumulative Period</u>	
	<u>3 months ended</u>		<u>9 months ended</u>	
	<u>30.9.2022</u>	<u>30.9.2021</u>	<u>30.9.2022</u>	<u>30.9.2021</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Revenue	43,546	37,307	125,168	97,583
Cost of sales	(30,766)	(25,317)	(90,939)	(67,482)
Gross profit	12,780	11,990	34,229	30,101
Other items of income:				
– Interest income	543	468	1,348	1,153
– Other income	1	92	166	927
Operating expenses	(4,022)	(3,162)	(10,258)	(10,087)
Operating profit	9,302	9,388	25,485	22,094
Finance costs	(2)	(3)	(5)	(8)
Profit before taxation	9,300	9,385	25,480	22,086
Taxation	(2,132)	(1,918)	(4,934)	(4,205)
Profit for the period	7,168	7,467	20,546	17,881
Other comprehensive profit, net of tax				
Items that may be reclassified subsequently to profit or loss:				
Foreign currency translation differences for foreign operations	(398)	154	(112)	1,128
Total comprehensive income for the period	6,770	7,621	20,434	19,009

HIL INDUSTRIES BERHAD

(Company No: 196901000472 (8812-M))

Condensed Consolidated Statements of Comprehensive Income For The Financial Period Ended 30 September 2022 - Unaudited (Continued)

	<u>Individual Period</u>		<u>Cumulative Perumulative Period</u>	
	<u>3 months ended</u> <u>30.9.2022</u> <u>RM'000</u>	<u>30.9.2021</u> <u>RM'000</u>	<u>9 months ended</u> <u>30.9.2022</u> <u>RM'000</u>	<u>9 months ended</u> <u>30.9.2021</u> <u>RM'000</u>
Profit attributable to:				
Owners of the Company	7,419	7,587	21,035	18,073
Non-controlling interests	(251)	(120)	(489)	(192)
Profit for the period	7,168	7,467	20,546	17,881
Total comprehensive profit attributable to:				
Owners of the Company	7,021	7,741	20,923	19,201
Non-controlling interests	(251)	(120)	(489)	(192)
Total comprehensive income for the period	6,770	7,621	20,434	19,009
Earnings per share attributable to owners of the Company (sen):				
- Basic	2.24	2.29	6.34	5.44
- 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 2021 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 2022 - Unaudited

	Note	<u>Unaudited</u> As at 30.9.2022 RM'000	<u>Audited</u> As at 31.12.2021 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	10	45,762	45,501
Right-of-use assets		2,729	2,809
Investment properties		23,215	23,262
Other investments		229	2,982
Goodwill		5,910	5,910
		<hr/>	<hr/>
		77,845	80,464
		<hr/>	<hr/>
Current assets			
Inventories		198,688	183,833
Trade and other receivables		50,729	63,706
Contract assets		12,045	29,758
Tax recoverable		1,303	503
Investment		15,930	854
Deposits with licensed banks		63,890	47,005
Cash and bank balances		58,231	63,250
		<hr/>	<hr/>
		400,816	388,909
		<hr/>	<hr/>
TOTAL ASSETS	9	<u>478,661</u>	<u>469,373</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		5,794	5,906
Retained profits		239,279	224,884
		<hr/>	<hr/>
		411,453	397,170
Non-controlling interests		<hr/>	<hr/>
		(1,036)	(646)
		<hr/>	<hr/>
Total equity		<u>410,417</u>	<u>396,524</u>

HIL INDUSTRIES BERHAD

(Company No: 196901000472 (8812-M))

Condensed Consolidated Statement of Financial Position**As at 30 September 2022 - Unaudited (Continued)**

	Note	Unaudited As at 30.9.2022 RM'000	Audited As at 31.12.2021 RM'000
Non-current liabilities			
Finance lease liabilities	21	12	68
Deferred tax liabilities		22,435	23,932
		<hr/> 22,447	<hr/> 24,000
Current liabilities			
Trade and other payables		44,297	46,076
Finance lease liabilities	21	79	81
Provision for taxation		1,421	2,692
Dividends payable		-	-
		<hr/> 45,797	<hr/> 48,849
Total liabilities		<hr/> 68,244	<hr/> 72,849
TOTAL EQUITY AND LIABILITIES		<hr/> <hr/> 478,661	<hr/> <hr/> 469,373
Net assets per share attributable to owners of the Company (RM)		<hr/> <hr/> 1.24	<hr/> <hr/> 1.20

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2021 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 2022 - 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 2022	167,019	-	(947)	308	5,906	224,884	397,170	(646)	396,524
Total comprehensive income/(loss) for the period	-	-	-	-	(112)	21,035	20,923	(489)	20,434
<u>Transactions with owners:</u>									
Increase in equity interest in subsidiary company	-	-	-	-	-	-	-	98	98
Dividends on ordinary shares	-	-	-	-	-	(6,639)	(6,639)	-	(6,639)
At 30 September 2022	167,019	-	(947)	308	5,794	239,279	411,453	(1,036)	410,417

HIL INDUSTRIES BERHAD

(Company No: 196901000472 (8812-M))

**Condensed Consolidated Statement Of Changes In Equity
For The Financial Period Ended 30 September 2022 - 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			
<u>Audited</u>									
At 1 January 2021	167,019	-	(947)	308	4,432	199,510	370,322	(155)	370,167
- MFRS 9	-	-	-	-	-	-	-	-	-
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	-	-	-	-	-	38	38	-	38
Dividends on ordinary shares	-	-	-	-	-	(4,979)	(4,979)	-	(4,979)
At 30 Sept 2021	167,019	-	(947)	308	5,560	212,642	384,582	(347)	384,235

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2021 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 2022 - Unaudited

	Cumulative Period	
	9 months ended	
	30.9.2022	30.9.2021
	RM'000	RM'000
Cash flows from operating activities		
Profit before taxation	25,480	22,086
Adjustments for non-cash items	(2,478)	1,658
Operating profit before working capital changes	23,002	23,744
Working capital changes		
Inventories	(14,855)	17,572
Receivables, deposits and prepayments	30,690	19,522
Payables and accruals	(1,779)	(38,372)
Cash generated from operations	37,058	22,466
Interest paid	(5)	(8)
Interest received	1,348	1,153
Income tax paid	(7,781)	(4,818)
Net cash from operating activities	30,620	18,793
Cash flows used in investing activities		
Purchase of property, plant and equipment	(3,510)	(5,546)
Proceeds from disposal of property, plant and equipment	3	79
Purchase of other investments	(15,076)	(2,492)
Net cash used in investing activities	(18,583)	(7,959)

HIL INDUSTRIES BERHAD

(Company No: 196901000472 (8812-M))

Condensed Consolidated Statement of Cash Flows For The Financial Period Ended 30 September 2022 - Unaudited (Continued)

	Cumulative Period	
	9 months ended	
	30.9.2022	30.9.2021
	RM'000	RM'000
Cash flows used in financing activities		
Repayment of finance lease liabilities	(58)	(17)
Net cash used in financing activities	(58)	(17)
Net increase in cash and cash equivalents	11,979	10,817
Cash and cash equivalents at beginning of the financial period	110,255	107,475
Effects of foreign exchange rate changes	(113)	946
Cash and cash equivalents at end of the financial period	122,121	119,238
Cash and cash equivalents comprise:		
Deposits with licensed banks	63,890	60,128
Cash and bank balances	58,231	59,110
	122,121	119,238

The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2021 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 23.11.2022.

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 2021. 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 2021.

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
------------------------------------	--

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 2021 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 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	
	9 months ended 30.9.2022 RM’000	30.9.2021 RM’000
Segment Revenue		
Revenue from:		
Manufacturing	85,096	49,225
Property development and management	40,176	48,649
Trading, services and others	208	-
Total revenue including inter-segment revenue	125,480	97,874
Elimination of inter-segment revenue	(312)	(291)
Revenue from external customers	125,168	97,583
Segment Results (External)		
Results from:		
Manufacturing	15,866	3,059
Property development and management	8,314	17,885
Trading, services and others	(43)	(3)
Interest income	24,137	20,941
Finance costs	1,348	1,153
	(5)	(8)
Profit before tax	25,480	22,086
Taxation	(4,934)	(4,205)
Profit after tax	20,546	17,881

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	
	30.9.2022	30.9.2021
	RM'000	RM'000
Segment Assets		
Segment assets of:		
Manufacturing	180,130	148,249
Property development and management	291,816	316,908
Trading, services and others	805	14
	<hr/>	<hr/>
	472,751	465,171
Unallocated assets	5,910	5,938
	<hr/>	<hr/>
Total consolidated assets	478,661	471,109
	<hr/> <hr/>	<hr/> <hr/>

The Group's revenue for the nine months ended 30 September 2022 based on geographical location is presented as follows:

	Cumulative Period	
	9 months ended	
	30.9.2022	30.9.2021
	RM'000	RM'000
Location:		
Hong Kong	90	54
Malaysia	124,258	81,743
People's Republic of China	469	4,151
Taiwan	-	10,794
Thailand	351	841
	<hr/>	<hr/>
Total revenue	125,168	97,583
	<hr/> <hr/>	<hr/> <hr/>

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 2022, the Group acquired items of property, plant and equipment with a cost of RM3,510,000 (nine months ended 30 September 2021: RM5,546,000). Items of property, plant and equipment with a net book value of RM Nil were disposed during the nine months ended 30 September 2022 (nine months ended 30 September 2021: RM52,000), resulting in a gain on disposal of RM3,000 (nine months ended 30 September 2021: gain on disposal of RM27,000).

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 2021.

14. Capital Commitments

The amount of commitments in the interim financial report as at 30 September 2022 is as follows:

	RM'000
Authorised by the Directors but not contracted for	867
	<hr/>
	867
	<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 RM125.168 million and RM25.480 million respectively.

This represented an increase of RM27.585 million in revenue or 28.27% of the revenue for the same period in the previous financial year ended 31 December 2021.

For the cumulative nine months ended 30 September 2022, the increase in the results for the financial period-to-date was RM3.394 million or 15.37% of the results for the same period in the previous financial year ended 31 December 2021.

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 72.87% and an increase in results of 418.67% , 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 for this financial period were primarily due to the increased orders from our automotive customers. For the corresponding period in the previous financial year 30 September 2021, our operations were affected for 6 weeks due to MCO.

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 17.42% and 53.51% respectively as compared to the corresponding financial period-to-date in the preceding financial year. The decrease in the revenue and results for this financial period were due to lower profit recognition for the on going project, and the delay in the launching of several new projects.

c) Trading, services and others segment

In June 2022, our Pharmacy began operations.

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 RM43.546 million and RM9.300 million respectively compared to revenue of RM42.068 million and profit before tax of RM8.354 million for the immediate preceding quarter ended 30 June 2022. The increase in revenue was mainly attributed from the manufacturing division due to the high demand for our components that we supply to the automotive industry.

17. Current Year Prospects

Malaysia's economy is set for a gradual recovery, with real gross domestic product growth at 3.13% in 2021 and projected to be in the range of 5.3% to 6.4% in 2022. The Group will continue to maintain and improve product quality, reduced cost, and strive to be proactive in aligning its market strategies to capture opportunities in both manufacturing and property divisions.

For the manufacturing division, its performance would be dependent on orders from existing customers and the gradual recovery of the global economy. This division is expected to continue to do well with the existing backlog of orders of cars which is expected to last until late 2023. We are also fortunate that most of our main customers orders have not been severely affected by the worldwide shortage of components including semi-conductors. Whilst labour shortage is still an issue for most industries, with the opening up by our government of the hiring of foreign workers, this bodes well for the economy including the manufacturing sector where we expect this labour shortage to be alleviated in the very near future. At the same time, we have also secured additional businesses from our existing customers and we expect to grow our business with the upcoming launch of several new models in the upcoming months. We are also continuously looking for new business opportunities and will intensify efforts to streamline our manufacturing process to achieve cost optimization through greater efficiency.

As for the property division, revenue will be mainly from our on-going Amverton Links Phase 2 as well as our completed project, Amverton Greens in Bukit Kemuning. The Company has also recently done a soft launch of 100 units of townhouses in mid Sept 2022. The Company expects to launch 154 units double-storey terrace houses in Sungai Buloh, in Q1 2023, Phase 3 of double-storey super link (24 x 80) terrace houses in Amverton Links, together with Phase 1 of Carey Circles consisting of 56 units of stratified bungalows with independent living facilities. Overall, we still expect the property division to contribute positively in 2022 from Phase 2 of Amverton Links and townhouses as well as the sale of our completed units at Amverton Greens.

Barring any unforeseen circumstances, such as a worldwide recession, the Group is expected to continue to perform well in the coming financial year 2022.

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
	30.9.2022	30.9.2022
	RM'000	RM'000
Profit before taxation is arrived at after charging/(crediting):		
Depreciation of property, plant and equipment and investment properties	1,008	2,972
Interest expense	2	5
Interest income	(543)	(1,348)
Net foreign exchange loss/(gain):		
– Realised	113	121
– Unrealised	(55)	(27)

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	
	30.9.2022	30.9.2021	30.9.2022	30.9.2021
	RM'000	RM'000	RM'000	RM'000
In respect of current financial year:				
– Malaysian income tax	2,416	3,163	6,328	6,430
– Deferred tax	(284)	(1,245)	(1,394)	(2,225)
	2,132	1,918	4,934	4,205

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 30.9.2022 RM'000	As at 31.12.2021 RM'000
Non-current		
– Secured	12	68
Current		
– Secured	79	81
	<u>91</u>	<u>149</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 final dividend of 2.0 sen per ordinary share in respect of the financial year ended 31 December 2021, for RM 6,638,816.24 was paid on 15 July 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>9 months ended</u>	
	30.9.2022	30.9.2021	30.9.2022	30.9.2021
Profit for the period attributable to owners of the Company (RM'000)	7,419	7,587	21,035	18,073
Weighted average number of ordinary shares in issue ('000)	331,941	331,941	331,941	331,941
Basic earnings per share (sen)	2.24	2.29	6.34	5.44

(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.