

HIL INDUSTRIES BERHAD

(Company No: 196901000472 (8812-M))

Condensed Consolidated Statements of Comprehensive Income For The Financial Period Ended 31 March 2022 - Unaudited

	Individual Period		Cumulative Period	
	3 months ended 31.3.2022 RM'000	31.3.2021 RM'000	3 months ended 31.3.2022 RM'000	31.3.2021 RM'000
Revenue	39,554	34,684	39,554	34,684
Cost of sales	(28,597)	(24,593)	(28,597)	(24,593)
Gross profit	10,957	10,091	10,957	10,091
Other items of income:				
– Interest income	358	336	358	336
– Other income	49	639	49	639
Operating expenses	(3,536)	(3,411)	(3,536)	(3,411)
Operating profit	7,828	7,655	7,828	7,655
Finance costs	(2)	(2)	(2)	(2)
Profit before taxation	7,826	7,653	7,826	7,653
Taxation	(1,298)	(1,507)	(1,298)	(1,507)
Profit for the period	6,528	6,146	6,528	6,146
Other comprehensive profit, net of tax				
Items that may be reclassified subsequently to profit or loss:				
Foreign currency translation differences for foreign operations	286	630	286	630
Total comprehensive income for the period	6,814	6,776	6,814	6,776

HIL INDUSTRIES BERHAD

(Company No: 196901000472 (8812-M))

Condensed Consolidated Statements of Comprehensive Income For The Financial Period Ended 31 March 2022 - Unaudited (Continued)

	Individual Period		Cumulative Period	
	3 months ended 31.3.2022 RM'000	31.3.2021 RM'000	3 months ended 31.3.2022 RM'000	31.3.2021 RM'000
Profit attributable to:				
Owners of the Company	6,665	6,205	6,665	6,205
Non-controlling interests	(137)	(59)	(137)	(59)
Profit for the period	6,528	6,146	6,528	6,146
Total comprehensive profit attributable to:				
Owners of the Company	6,951	6,835	6,951	6,835
Non-controlling interests	(137)	(59)	(137)	(59)
Total comprehensive income for the period	6,814	6,776	6,814	6,776
Earnings per share attributable to owners of the Company (sen):				
- Basic	2.01	1.87	2.01	1.87
- 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 31 March 2022 - Unaudited

	Note	<u>Unaudited</u> As at 31.3.2022 RM'000	<u>Audited</u> As at 31.12.2021 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	10	44,897	45,501
Right-of-use assets		2,806	2,809
Investment properties		23,247	23,262
Other investments		2,995	2,982
Goodwill		5,910	5,910
		<hr/>	<hr/>
		79,855	80,464
		<hr/>	<hr/>
Current assets			
Inventories		187,677	183,833
Trade and other receivables		55,722	63,088
Contract assets		20,571	30,879
Investment		858	854
Deposits with licensed banks		57,122	47,005
Cash and bank balances		67,059	63,250
		<hr/>	<hr/>
		389,009	388,909
		<hr/>	<hr/>
TOTAL ASSETS	9	<u>468,864</u>	<u>469,373</u>
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital		167,099	167,019
Treasury shares		(947)	(947)
Capital reserve		308	308
Currency translation reserve		6,192	5,906
Retained profits		231,549	224,884
		<hr/>	<hr/>
		404,201	397,170
Non-controlling interests		(783)	(646)
		<hr/>	<hr/>
Total equity		<u>403,418</u>	<u>396,524</u>

HIL INDUSTRIES BERHAD

(Company No: 196901000472 (8812-M))

Condensed Consolidated Statement of Financial Position As at 31 March 2022 - Unaudited (Continued)

	Note	<u>Unaudited</u> As at 31.3.2022 RM'000	<u>Audited</u> As at 31.12.2021 RM'000
Non-current liabilities			
Finance lease liabilities	21	48	68
Deferred tax liabilities		23,438	23,932
		<hr/>	<hr/>
		23,486	24,000
		<hr/>	<hr/>
Current liabilities			
Trade and other payables		41,048	46,076
Finance lease liabilities	21	80	81
Provision for taxation		832	2,692
Dividends payable		-	-
		<hr/>	<hr/>
		41,960	48,849
		<hr/>	<hr/>
Total liabilities		65,446	72,849
		<hr/>	<hr/>
TOTAL EQUITY AND LIABILITIES		468,864	469,373
		<hr/> <hr/>	<hr/> <hr/>
Net assets per share			
attributable to owners of the Company (RM)		1.22	1.20
		<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 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 31 March 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	-	-	-	-	286	6,665	6,951	(137)	6,814
<u>Transactions with owners:</u>									
Increase in equity interest in subsidiary company	80	-	-	-	-	-	80	-	80
Dividends on ordinary shares	-	-	-	-	-	-	-	-	-
At 31 March 2022	167,099	-	(947)	308	6,192	231,549	404,201	(783)	403,418

HIL INDUSTRIES BERHAD

(Company No: 196901000472 (8812-M))

Condensed Consolidated Statement Of Changes In Equity For The Financial Period Ended 31 March 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			
At 1 January 2021	167,019	-	(947)	308	4,433	199,509	370,322	(155)	370,167
Total comprehensive income/(loss) for the period	-	-	-	-	1,473	30,315	31,788	(491)	31,297
<u>Transactions with owners:</u>									
Increase in equity interest in subsidiary	-	-	-	-	-	39	39	-	39
Dividends on ordinary shares	-	-	-	-	-	(4,979)	(4,979)	-	(4,979)
At 31 December 2021	167,019	-	(947)	308	5,906	224,884	397,170	(646)	396,524

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 31 March 2022 - Unaudited

	Cumulative Period	
	3 months ended	
	31.3.2022 RM'000	31.3.2021 RM'000
Cash flows from operating activities		
Profit before taxation	7,826	7,653
Adjustments for non-cash items	(1,241)	538
Operating profit before working capital changes	6,585	8,191
Working capital changes		
Inventories	(3,844)	3,856
Receivables, deposits and prepayments	17,674	7,187
Payables and accruals	(5,028)	(22,454)
Cash generated from/(used in) operations	15,387	(3,220)
Interest paid	(2)	(2)
Interest received	358	336
Income tax paid	(1,455)	(1,260)
Net cash from/(used in) operating activities	14,288	(4,146)
Cash flows used in investing activities		
Purchase of property, plant and equipment	(583)	(576)
Proceeds from disposal of property, plant and equipment	-	-
Purchase of investments	-	-
Proceeds from redemption of other investments	4	(2,528)
Net cash used in investing activities	(579)	(3,104)

HIL INDUSTRIES BERHAD

(Company No: 196901000472 (8812-M))

Condensed Consolidated Statement of Cash Flows For The Financial Period Ended 31 March 2022 - Unaudited (Continued)

	Cumulative Period	
	3 months ended	
	31.3.2022	31.3.2021
	RM'000	RM'000
Cash flows used in financing activities		
Repayment of finance lease liabilities	(21)	(18)
Dividends paid on ordinary shares	-	-
Net cash used in financing activities	(21)	(18)
Net increase/(decrease) in cash and cash equivalents	13,688	(7,268)
Cash and cash equivalents at beginning of the financial period	110,255	107,475
Effects of foreign exchange rate changes	238	797
Cash and cash equivalents at end of the financial period	124,181	101,004
Cash and cash equivalents comprise:		
Deposits with licensed banks	57,122	60,295
Cash and bank balances	67,059	40,709
	124,181	101,004

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 30.05.2022.

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 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 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 31 March 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	
	31.3.2022	31.3.2021
	RM'000	RM'000
Segment Revenue		
Revenue from:		
Manufacturing	27,462	18,825
Property development and management	12,189	15,956
Total revenue including inter-segment revenue	39,651	34,781
Elimination of inter-segment revenue	(97)	(97)
Revenue from external customers	39,554	34,684
Segment Results (External)		
Results from:		
Manufacturing	4,576	1,971
Property development and management	2,899	5,349
Trading, services and others	(5)	(1)
	7,470	7,319
Interest income	358	336
Finance costs	(2)	(2)
Profit before tax	7,826	7,653
Taxation	(1,298)	(1,507)
Profit after tax	6,528	6,146

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	
	31.3.2022	31.3.2021
	RM'000	RM'000
Segment Assets		
Segment assets of:		
Manufacturing	192,795	149,794
Property development and management	270,145	318,844
Trading, services and others	14	14
	462,954	468,652
Unallocated assets	5,910	5,938
Total consolidated assets	468,864	474,590

The Group's revenue for the six months ended 31 December 2021 based on geographical location is presented as follows:

	Cumulative Period	
	3 months ended	
	31.3.2022	31.3.2021
	RM'000	RM'000
Location:		
Hong Kong	2	12
Malaysia	37,456	30,968
People's Republic of China	1,968	1,357
Taiwan	-	2,037
Thailand	128	310
Total revenue	39,554	34,684

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 2022, the Group acquired items of property, plant and equipment with a cost of RM583,000 (three months ended 31 March 2021: RM576,000). There were no disposals during the three months ended 31 March 2022. Items of property, plant and equipment with a net book value of RM30,000 were disposed of during the three months ended 31 March 2021, resulting in a gain on disposal of RM28,000.

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 31 March 2022 is as follows:

	RM'000
Authorised by the Directors but not contracted for	2,727
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	2,727
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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 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 RM39.554 million and RM7.826 million respectively.

This represented an increase of RM4.870 million in revenue or 14.04% of the revenue for the same period in the previous financial year ended 31 December 2021.

For the cumulative three months ended 31 March 2022, the increase in the results for the financial period-to-date was RM0.173 million or 2.26% 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 a sharp increase in both revenue and results of 45.88% and 132.17% respectively 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 improvement of our Malaysian subsidiary operations as a result of the good demand for our products from our major customers especially in the automotive industry. Improved efficiency and better cost control management also led to the better results.

b) Property development and management segment

The property development and management segment registered a decrease in both revenue and results for the current financial period-to-date of 23.61% and 45.80% respectively as compared to the corresponding financial period-to-date in the preceding financial year. The decrease in both revenue and results were mainly due to the delay in the launches of several of our projects mainly as a result of the delay in obtaining the approval for our corporate exercise for the 4 Joint Ventures which was only approved in January 2022. Whilst response to our Amverton Links Phase 2 has been overwhelming (the project is almost fully sold out), the delay in the launch of additional new projects, including the 100 units of townhouse, has affected our results.

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 RM39.554 million and RM7.826 million respectively compared to revenue of RM71.666 million and profit before tax of RM14.784 million for the immediate preceding quarter ended 31 December 2021. For the property division, the decrease in revenue and profit before tax was mainly attributable to the delay of new launches in Quarter 1 2022, and the rush for the signing of SPAs during the last quarter 2021, due to the home ownership campaign expiring at the end of Dec 2021.

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 accelerate to about 5.61% 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 as well as the performance of our overseas subsidiary. This division is expected to continue to improve domestically with the good response subsequent to the extension of the sales tax exemption under the Penjana Scheme to June 2022. We are also fortunate that most of our main customers orders have not been severely affected by the worldwide shortage of semi-conductors. 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. As a result in the delay in obtaining the approval for our proposed joint venture (approved in the EGM on 12 January 2022), the Company expects to launch the projects consisting of 154 units double-storey terraces houses in Sungai Buloh, 72 units of double-storey terrace houses in Klang, 141 units bungalows in Carey Island and Phase 1 of town houses in Carey Island only in late 2022. The Company also intends to launch 100 units of townhouses and Phase 3 of its double-storey terraces houses in Amverton Links in Q3 2022. Due to the delay of the corporate exercises, we expect minimal contribution from the joint venture proposals in 2022, as it is our policy to start construction work to a significant level before launching the projects. However, we still expect the property division to contribute positively in 2022 from Phase 2 of Amverton Links 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 3 months ended 31.3.2022 RM'000	Year-To- Date 3 months ended 31.3.2022 RM'000
Profit before taxation is arrived at after charging/(crediting):		
Depreciation of property, plant and equipment and investment properties	971	1,255
Loss/(Gain) on disposal of property, plant and equipment	-	(28)
Interest expense	2	2
Interest income	(358)	(336)
Net foreign exchange loss/(gain):		
– Realised	121	(26)
– Unrealised	97	(478)

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	
	31.3.2022	31.3.2021	31.3.2022	31.3.2021
	RM'000	RM'000	RM'000	RM'000
In respect of current financial year:				
– Malaysian income tax	1,691	2,295	1,691	2,295
– Deferred tax	(393)	(788)	(393)	(788)
	1,298	1,507	1,298	1,507

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 31.3.2022 RM'000	As at 31.12.2021 RM'000
Non-current		
– Secured	48	81
Current		
– Secured	80	126
	<u>128</u>	<u>207</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 18 April 2022, 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 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>	
	31.3.2022	31.3.2021	31.3.2022	31.3.2021
Profit for the period attributable to owners of the Company (RM'000)	6,665	6,205	6,665	6,205
Weighted average number of ordinary shares in issue ('000)	331,941	331,941	331,941	331,941
Basic earnings per share (sen)	2.01	1.87	2.01	1.87

(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.