

HIL INDUSTRIES BERHAD

(Company No: 196901000472 (8812-M))

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

	Individual Period		Cumulative Period	
	3 months ended		6 months ended	
	30.6.2022	30.6.2021	30.6.2022	30.6.2021
	RM'000	RM'000	RM'000	RM'000
Revenue	42,068	25,592	81,622	60,276
Cost of sales	(31,576)	(17,572)	(60,173)	(42,165)
Gross profit	10,492	8,020	21,449	18,111
Other items of income:				
– Interest income	447	349	805	685
– Other income	116	196	165	835
Operating expenses	(2,700)	(3,514)	(6,236)	(6,925)
Operating profit	8,355	5,051	16,183	12,706
Finance costs	(1)	(3)	(3)	(5)
Profit before taxation	8,354	5,048	16,180	12,701
Taxation	(1,504)	(780)	(2,802)	(2,287)
Profit for the period	6,850	4,268	13,378	10,414
Other comprehensive profit, net of tax				
Items that may be reclassified subsequently to profit or loss:				
Foreign currency translation differences for foreign operations	(162)	344	124	974
Total comprehensive income for the period	6,688	4,612	13,502	11,388

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(Company No: 196901000472 (8812-M))

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

	Individual Period		Cumulative Period	
	3 months ended		6 months ended	
	30.6.2022	30.6.2021	30.6.2022	30.6.2021
	RM'000	RM'000	RM'000	RM'000
Profit attributable to:				
Owners of the Company	6,951	4,281	13,616	10,486
Non-controlling interests	(101)	(13)	(238)	(72)
Profit for the period	6,850	4,268	13,378	10,414
Total comprehensive profit attributable to:				
Owners of the Company	6,789	4,625	13,740	11,460
Non-controlling interests	(101)	(13)	(238)	(72)
Total comprehensive income for the period	6,688	4,612	13,502	11,388
Earnings per share attributable to owners of the Company (sen):				
- Basic	2.09	1.29	4.10	3.16
- 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 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 June 2022 - Unaudited**

		<u>Unaudited</u>	<u>Audited</u>
	Note	As at 30.6.2022 RM'000	As at 31.12.2021 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	10	46,604	45,501
Right-of-use assets		2,756	2,809
Investment properties		23,231	23,262
Other investments		2,989	2,982
Goodwill		5,910	5,910
		<hr/>	<hr/>
		81,490	80,464
		<hr/>	<hr/>
Current assets			
Inventories		177,021	183,833
Trade and other receivables		51,083	63,706
Contract assets		31,572	29,758
Tax recoverable		1,150	503
Investment		861	854
Deposits with licensed banks		58,557	47,005
Cash and bank balances		72,995	63,250
		<hr/>	<hr/>
		393,239	388,909
		<hr/>	<hr/>
TOTAL ASSETS	9	<hr/> <hr/> 474,729	<hr/> <hr/> 469,373
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		6,030	5,906
Retained profits		231,861	224,884
		<hr/>	<hr/>
		404,271	397,170
Non-controlling interests		<hr/> (786)	<hr/> (646)
		<hr/>	<hr/>
Total equity		<hr/> 403,485	<hr/> 396,524

HIL INDUSTRIES BERHAD

(Company No: 196901000472 (8812-M))

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

		<u>Unaudited</u> As at 30.6.2022 RM'000	<u>Audited</u> As at 31.12.2021 RM'000
Non-current liabilities			
Finance lease liabilities	21	30	68
Deferred tax liabilities		22,822	23,932
		<hr/>	<hr/>
		22,852	24,000
		<hr/>	<hr/>
Current liabilities			
Trade and other payables		40,646	46,076
Finance lease liabilities	21	79	81
Provision for taxation		1,029	2,692
Dividends payable		6,639	-
		<hr/>	<hr/>
		48,393	48,849
		<hr/>	<hr/>
Total liabilities		71,245	72,849
		<hr/>	<hr/>
TOTAL EQUITY AND LIABILITIES		474,730	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 30 June 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	-	-	-	-	124	13,616	13,740	(238)	13,502
<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 June 2022	167,019	-	(947)	308	6,030	231,861	404,271	(786)	403,485

HIL INDUSTRIES BERHAD

(Company No: 196901000472 (8812-M))

Condensed Consolidated Statement Of Changes In Equity For The Financial Period Ended 30 June 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			
Audited									
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 30 June 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 30 June 2022 - Unaudited

	Cumulative Period	
	6 months ended	
	30.6.2022 RM'000	30.6.2021 RM'000
Cash flows from operating activities		
Profit before taxation	16,180	12,701
Adjustments for non-cash items	1,625	1,773
Operating profit before working capital changes	17,805	14,474
Working capital changes		
Inventories	6,812	14,342
Receivables, deposits and prepayments	10,809	33,761
Payables and accruals	(5,430)	(28,578)
Cash generated from operations	29,996	33,999
Interest paid	(3)	(5)
Interest received	805	685
Income tax paid	(6,182)	(3,870)
Net cash from operating activities	24,616	30,809
Cash flows used in investing activities		
Purchase of property, plant and equipment	(3,395)	(854)
Proceeds from disposal of property, plant and equipment	-	79
Purchase of other investments	(7)	(2,496)
Net cash used in investing activities	(3,402)	(3,271)

HIL INDUSTRIES BERHAD

(Company No: 196901000472 (8812-M))

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

	Cumulative Period	
	6 months ended	
	30.6.2022	30.6.2021
	RM'000	RM'000
Cash flows used in financing activities		
Repayment of finance lease liabilities	(40)	(38)
Net cash used in financing activities	(40)	(38)
Net increase in cash and cash equivalents	21,174	27,500
Cash and cash equivalents at beginning of the financial period	110,255	107,475
Effects of foreign exchange rate changes	123	816
Cash and cash equivalents at end of the financial period	131,552	135,791
Cash and cash equivalents comprise:		
Deposits with licensed banks	58,557	58,452
Cash and bank balances	72,995	77,339
	131,552	135,791

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 25.08.2022.

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
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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 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 June 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	
	6 months ended	
	30.6.2022 RM’000	30.6.2021 RM’000
Segment Revenue		
Revenue from:		
Manufacturing	55,035	36,242
Property development and management	26,742	24,228
Trading, services and others	39	-
Total revenue including inter-segment revenue	81,816	60,470
Elimination of inter-segment revenue	(194)	(194)
Revenue from external customers	81,622	60,276
Segment Results (External)		
Results from:		
Manufacturing	9,282	3,218
Property development and management	6,142	8,804
Trading, services and others	(46)	(1)
Interest income	15,378	12,021
Finance costs	805	685
	(3)	(5)
Profit before tax	16,180	12,701
Taxation	(2,802)	(2,287)
Profit after tax	13,378	10,414

HIL INDUSTRIES BERHAD

(Company No: 196901000472 (8812-M))

Notes To The Unaudited Condensed Consolidated Interim Financial Statements (Continued)

In compliance with Malaysian Financial Reporting Standard (“MFRS”) 134, Interim Financial Reporting

9. Operating Segments (Continued)

	Cumulative Period	
	6 months ended	
	30.6.2022	30.6.2021
	RM'000	RM'000
Segment Assets		
Segment assets of:		
Manufacturing	166,395	154,420
Property development and management	301,963	320,726
Trading, services and others	461	14
	468,819	475,160
Unallocated assets	5,910	5,938
Total consolidated assets	474,729	481,098

The Group's revenue for the six months ended 31 December 2022 based on geographical location is presented as follows:

	Cumulative Period	
	6 months ended	
	30.6.2022	30.6.2021
	RM'000	RM'000
Location:		
Hong Kong	2	30
Malaysia	80,016	50,034
People's Republic of China	1,215	2,619
Taiwan	260	6,945
Thailand	129	648
Total revenue	81,622	60,276

HIL INDUSTRIES BERHAD

(Company No: 196901000472 (8812-M))

Notes To The Unaudited Condensed Consolidated Interim Financial Statements (Continued)

In compliance with Malaysian Financial Reporting Standard (“MFRS”) 134, Interim Financial Reporting

10. Property, Plant and Equipment

Acquisitions and disposals

During the six months ended 30 June 2022, the Group acquired items of property, plant and equipment with a cost of RM3,395,000 (six months ended 30 June 2021: RM854,000). There were no disposals during the six months ended 30 June 2022. Items of property, plant and equipment with a net book value of RM30,000 were disposed of during the six months ended 30 June 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 30 June 2022 is as follows:

	RM'000
Authorised by the Directors but not contracted for	1,983
	<hr/>
	1,983
	<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 RM81.622 million and RM16.180 million respectively.

This represented an increase of RM21.346 million in revenue or 35.41% of the revenue for the same period in the previous financial year ended 31 December 2021.

For the cumulative six months ended 30 June 2022, the increase in the results for the financial period-to-date was RM3.479 million or 27.39% 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 51.85%, increase in results of 188.44% 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 was largely due to the increased orders from our automotive customers as a result of consumers rushing to purchase their vehicles before the expiry of the SST exemption under the Penjana Scheme as well as the launch of several new models.

b) Property development and management segment

The property development and management segment registered an increase in revenue and decrease in results for the current financial period-to-date of 10.38% and -30.24% respectively as compared to the corresponding financial period-to-date in the preceding financial year.

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 RM42.068 million and RM8.354 million respectively compared to revenue of RM39.554 million and profit before tax of RM7.826 million for the immediate preceding quarter ended 31 March 2022. The increase in revenue and profit 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 accelerate to about 5.9% 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 and extended for vehicles ordered before 30 June 2022 and registered before March 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. 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 and shortage of labour affecting the construction industry, 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. With the opening up by the government to allow the new intake of foreign labour, we expect this situation to improve in the very near future. At the same time also, building materials prices are expected to return to more normalised rates which would allow us significant cost savings as compared if we had awarded contracts in Q1 this year. Overall, 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	Year-To- Date
	3 months ended 30.6.2022 RM'000	6 months ended 30.6.2022 RM'000
Profit before taxation is arrived at after charging/(crediting):		
Depreciation of property, plant and equipment and investment properties	993	1,964
Interest expense	1	3
Interest income	(447)	(805)
Net foreign exchange loss/(gain):		
– Realised	(113)	8
– Unrealised	(69)	28

Other than the above items, there were no other income including investment income, gain or loss on disposal of quoted and unquoted investment or properties, impairment of assets, gain or loss on derivatives and other exceptional items.

20. Taxation

	Individual Period		Cumulative Period	
	3 months ended		6 months ended	
	30.6.2022	30.6.2021	30.6.2022	30.6.2021
	RM'000	RM'000	RM'000	RM'000
In respect of current financial year:				
– Malaysian income tax	2,221	972	3,912	3,267
– Deferred tax	(717)	(192)	(1,110)	(980)
	1,504	780	2,802	2,287

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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

21. Borrowings

	As at 30.6.2022 RM'000	As at 31.12.2021 RM'000
Non-current		
– Secured	30	68
Current		
– Secured	79	81
	<u>109</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, amounting to RM 6,638,816.24 was declared on 18th April 2022 and paid on 15th 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>	
	3 months ended 30.6.2022	30.6.2021	6 months ended 30.6.2022	30.6.2021
Profit for the period attributable to owners of the Company (RM'000)	6,951	4,281	13,616	10,486
Weighted average number of ordinary shares in issue ('000)	331,941	331,941	331,941	331,941
Basic earnings per share (sen)	2.09	1.29	4.10	3.16

(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.