

HIL INDUSTRIES BERHAD

(Company No: 196901000472 (8812-M))

Condensed Consolidated Statements of Comprehensive Income For The Financial Year Ended 31 December 2020 - Unaudited

	Individual Period		Cumulative Period	
	3 months ended		12 months ended	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
	RM'000	RM'000	RM'000	RM'000
Revenue	65,195	40,217	168,237	154,839
Cost of sales	(50,173)	(30,848)	(124,858)	(118,784)
Gross profit	15,022	9,369	43,379	36,055
Other items of income:				
– Interest income	365	900	1,894	3,720
– Other income	1,574	833	2,589	1,123
Operating expenses	(6,982)	(3,561)	(16,656)	(13,408)
Operating profit	9,979	7,541	31,206	27,490
Finance costs	(3)	(5)	(14)	(25)
Profit before taxation	9,976	7,536	31,192	27,465
Taxation	(2,556)	(976)	(7,099)	(6,374)
Profit for the period	7,420	6,560	24,093	21,091
Other comprehensive profit, net of tax				
Items that may be reclassified subsequently to profit or loss:				
Foreign currency translation differences for foreign operations	109	(38)	716	(341)
Total comprehensive income for the period	7,529	6,522	24,809	20,750

HIL INDUSTRIES BERHAD

(Company No: 196901000472 (8812-M))

Condensed Consolidated Statements of Comprehensive Income For The Financial Year Ended 31 December 2020 - Unaudited (Continued)

	Individual Period		Cumulative Period	
	3 months ended 31.12.2020 RM'000	31.12.2019 RM'000	12 months ended 31.12.2020 RM'000	31.12.2019 RM'000
Profit attributable to:				
Owners of the Company	7,496	6,638	24,618	21,473
Non-controlling interests	(76)	(78)	(525)	(382)
Profit for the period	7,420	6,560	24,093	21,091
Total comprehensive profit attributable to:				
Owners of the Company	7,605	6,600	25,334	21,132
Non-controlling interests	(76)	(78)	(525)	(382)
Total comprehensive income for the period	7,529	6,522	24,809	20,750
Earnings per share attributable to owners of the Company (sen):				
- Basic	2.26	2.00	7.42	6.47
- 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 2019 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 December 2020 - Unaudited

	Note	<u>Unaudited</u> As at 31.12.2020 RM'000	<u>Audited</u> As at 31.12.2019 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	10	44,253	46,175
Right-of-use assets		104	245
Investment properties		23,325	23,388
Inventories		-	12,057
Other investments		221	223
Goodwill		5,910	5,910
		<hr/>	<hr/>
		73,813	87,998
		<hr/>	<hr/>
Current assets			
Inventories		224,494	234,617
Trade and other receivables		38,211	19,986
Contract assets		48,370	33,181
Investment		3,342	268
Deposits with licensed banks		59,721	72,780
Cash and bank balances		47,751	24,607
		<hr/>	<hr/>
		421,889	385,439
		<hr/>	<hr/>
TOTAL ASSETS	9	<u>495,702</u>	<u>473,437</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		4,387	3,671
Retained profits		199,509	178,874
		<hr/>	<hr/>
		370,276	348,925
Non-controlling interests		(155)	411
		<hr/>	<hr/>
Total equity		<u>370,121</u>	<u>349,336</u>

HIL INDUSTRIES BERHAD

(Company No: 196901000472 (8812-M))

Condensed Consolidated Statement of Financial Position As at 31 December 2020 - Unaudited (Continued)

	Note	<u>Unaudited</u> As at 31.12.2020 RM'000	<u>Audited</u> As at 31.12.2019 RM'000
Non-current liabilities			
Finance lease liabilities	21	148	225
Deferred tax liabilities		28,379	32,457
		<hr/>	<hr/>
		28,527	32,682
		<hr/>	<hr/>
Current liabilities			
Trade and other payables		96,105	88,662
Finance lease liabilities	21	77	164
Provision for taxation		872	2,593
		<hr/>	<hr/>
		97,054	91,419
		<hr/>	<hr/>
Total liabilities		125,581	124,101
		<hr/>	<hr/>
TOTAL EQUITY AND LIABILITIES		495,702	473,437
		<hr/> <hr/>	<hr/> <hr/>
Net assets per share			
attributable to owners of the Company (RM)		1.11	1.05
		<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 2019 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 Year Ended 31 December 2020 - 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 2020	167,019	-	(947)	308	3,671	178,874	348,925	411	349,336
Total comprehensive income/(loss) for the year	-	-	-	-	716	24,618	25,334	(525)	24,809
<u>Transactions with owners:</u>									
Increase in equity interest in subsidiary company	-	-	-	-	-	-	-	(41)	(41)
Dividends on ordinary shares	-	-	-	-	-	(3,983)	(3,983)	-	(3,983)
At 31 December 2020	167,019	-	(947)	308	4,387	199,509	370,276	(155)	370,121

HIL INDUSTRIES BERHAD

(Company No: 196901000472 (8812-M))

Condensed Consolidated Statement Of Changes In Equity For The Financial Year Ended 31 December 2020 - 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 2019	167,019	-	(947)	308	4,012	163,210	333,602	793	334,395
Total comprehensive income for the year	-	-	-	-	(341)	21,473	21,132	(382)	20,750
<u>Transactions with owners:</u>									
Dividends on ordinary shares	-	-	-	-	-	(5,809)	(5,809)	-	(5,809)
At 31 December 2019	167,019	-	(947)	308	3,671	178,874	348,925	411	349,336

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2019 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 Year Ended 31 December 2020 - Unaudited

	Cumulative Period	
	31.12.2020 RM'000	31.12.2019 RM'000
Cash flows from operating activities		
Profit before taxation	31,192	27,465
Adjustments for non-cash items	3,504	2,499
Operating profit before working capital changes	34,696	29,964
Working capital changes		
Inventories	3,186	1,429
Property development costs	18,994	(23,214)
Receivables, deposits and prepayments	(33,340)	(8,278)
Payables and accruals	7,466	(4,050)
Cash generated from/(used in) operations	31,002	(4,149)
Interest paid	(14)	(25)
Interest received	1,894	3,720
Income tax paid	(12,959)	(8,040)
Net cash from/(used in) operating activities	19,923	(8,494)
Cash flows from investing activities		
Purchase of property, plant and equipment	(3,183)	(769)
Purchase of investments	(3,075)	-
Proceeds from redemption of other investments	-	44
Net cash used in investing activities	(6,258)	(725)

HIL INDUSTRIES BERHAD

(Company No: 196901000472 (8812-M))

Condensed Consolidated Statement of Cash Flows For The Financial Year Ended 31 December 2020 - Unaudited (Continued)

	Cumulative Period	
	31.12.2020	31.12.2019
	RM'000	RM'000
Cash flows from financing activities		
Repayment of finance lease liabilities	(164)	(294)
Dividends paid on ordinary shares	(3,983)	(5,809)
Net cash used in financing activities	(4,147)	(6,103)
Net increase/(decrease) in cash and cash equivalents	9,518	(15,322)
Cash and cash equivalents at beginning of the financial year	97,387	112,928
Effects of foreign exchange rate changes	567	(219)
Cash and cash equivalents at end of the financial year	107,472	97,387
Cash and cash equivalents comprise:		
Deposits with licensed banks	59,721	72,780
Cash and bank balances	47,751	24,607
	107,472	97,387

The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2019 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 25.02.2021.

1. Basis of Preparation

These unaudited condensed consolidated interim financial statements have been prepared in accordance with Paragraph 9.22 of the Listing Requirements of the Bursa Malaysia Securities Berhad and MFRS 134, *Interim Financial Reporting*, issued by the Malaysian Accounting Standards Board (“MASB”).

The interim financial report should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2019. 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 2019.

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 2019, except for the adoption of Amendments to Standards and Issue Committee (IC) interpretations effective as of 1 January 2020, as disclosed below:

Amendments to MFRS 3	Business Combinations (Definitions of a Business)
Amendments to MFRS 101	Presentation of Financial Statements (Definition of Material)
Amendments to MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors (Definition of Material)
Amendments to MFRS 9	Financial Instruments (Interest Rate Benchmark Reform)
Amendments to MFRS 139	Financial Instruments: Recognition and Measurement (Interest Rate Benchmark Reform)
Amendments to MFRS 7	Financial Instruments: Disclosures (Interest Rate Benchmark Reform)

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 2019 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

On 18 August 2020, the Company paid a first and final single tier dividend in respect of the financial year ended 31 December 2019 of 1.20 sen per ordinary share, amounting to RM3,983,279.

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	
	12 months ended	
	31.12.2020	31.12.2019
	RM’000	RM’000
Segment Revenue		
Revenue from:		
Manufacturing	88,113	85,925
Property development and management	80,512	69,302
Total revenue including inter-segment revenue	168,625	155,227
Elimination of inter-segment revenue	(388)	(388)
Revenue from external customers	168,237	154,839
Segment Results (External)		
Results from:		
Manufacturing	9,231	5,446
Property development and management	20,085	18,330
Trading, services and others	(4)	(6)
	29,312	23,770
Interest income	1,894	3,720
Finance costs	(14)	(25)
Profit before tax	31,192	27,465
Taxation	(7,099)	(6,374)
Profit after tax	24,093	21,091

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	
	12 months ended	
	31.12.2020	31.12.2019
	RM'000	RM'000
Segment Assets		
Segment assets of:		
Manufacturing	159,611	155,438
Property development and management	330,064	312,046
Trading, services and others	14	14
	489,689	467,498
Unallocated assets	6,013	5,939
Total consolidated assets	495,702	473,437

The Group's revenue for the twelve months ended 31 December 2020 based on geographical location is presented as follows:

	Cumulative Period	
	12 months ended	
	31.12.2020	31.12.2019
	RM'000	RM'000
Location:		
Hong Kong	21	47
Malaysia	142,563	136,630
People's Republic of China	8,460	7,449
Taiwan	17,193	10,713
Total revenue	168,237	154,839

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 financial year ended 31 December 2020, the Group acquired items of property, plant and equipment with a cost of RM3,183,000 (financial year ended 31 December 2019: RM769,000). Items of property, plant and equipment with a net book value of RM35,000 were disposed during the financial year ended 31 December 2020 (financial year ended 31 December 2019: RM647,000), resulting in a gain on disposal of RM148,000 (financial year ended 31 December 2019: gain on disposal of RM44,000).

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 2019.

14. Capital Commitments

There were no capital commitment as at 31 December 2020.

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 RM168.237 million and RM31.192 million respectively.

This represented an increase of RM13.398 million in revenue or 8.65% of the revenue for the same period in the previous financial year ended 31 December 2019.

For the cumulative twelve months ended 31 December 2020, the increase in the results for the financial period-to-date was RM3.727 million or 13.57% of the results for the same period in the previous financial year ended 31 December 2019.

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 increase in revenue of 2.55% and increase in results of 69.50% for the current financial period-to-date as compared to the corresponding financial period-to-date in the preceeding financial year. Both revenue and results were higher mainly due to the improvement of our Malaysian and overseas subsidiary operations despite the implementation of the Movement Control Order ("MCO") by the Malaysian government.

b) Property development and management segment

The property development and management segment registered an increase in revenue results for the current financial period-to-date of 16.18% and 9.57% respectively as compared to the corresponding financial period-to-date in the preceding financial year. The increase in revenue and results were mainly due to the higher profit recognition subsequent to the completion of 108 terraces house in Bukit Kemuning and also the good take-up rate for our Amverton Links project.

c) Trading, services and others segment

This segment is not active.

HIL INDUSTRIES BERHAD

(Company No: 196901000472 (8812-M))

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

In compliance with Bursa Malaysia Listing Requirements: Chapter 9, Appendix 9B, Part A

16. Variation of Results Against Preceding Quarter

The revenue and profit before tax for the current quarter were RM65.195 million and RM9.976 million respectively compared to revenue of RM49.147 million and profit before tax of RM13.882 million for the immediate preceding quarter ended 30 September 2020. The increase in revenue was mainly attributable to better sales in Malaysia post MCO for manufacturing division and also improved results from our overseas subsidiary. The drop in results from the property division was mainly due to the higher recognition of profit in the preceding quarter as a result of the completion of 108 terrace house in Bukit Kemuning.

17. Current Year Prospects

The outbreak of COVID-19 contagious disease has caused global concern and increasing economic hardship for consumers and businesses, created uncertainties in the market and dampening the global economic outlook.

As 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. With the recently announced extension of waiver of sales tax until June 2021, we expect our major customers will continue to enjoy the increased sales, which will result in strong demand for our products. Additionally, the Group has also recently secured several upcoming new models and additional new parts and components from several automotive companies and as such this will augur well for the division's future performance.

The Group also ventured into Personal Protective Equipment and Healthcare in July 2020. The performance for this division has been satisfactory and the Group will continue to look for new business opportunities to expand this division.

As for the property division, revenue will be mainly from our on-going Amverton Greens and Amverton Links Phase 1, which comprises of 100 units of 2-storey link houses as well as our completed project, 108 terrace house in Bukit Kemuning. The management plans to launch Amverton Links Phase 2 and Amverton Links townhouse that are already in the pipeline by early of 2021. The recent Budget 2021 is another extension of the stimulus measures rolled out by the Government whereby all the first-time buyers will get full stamp duty exemption for the memorandum of transfer and for the loan agreement for houses worth up to RM500,000 which will take effect from 1 January 2021 until 31 December 2025. We believe that this exemption will benefit the Group as it is the Group's direction to build homes within the affordable range and in the Klang Valley. On top of that, the Group is also looking at several opportunities to increase the development portfolios via acquisitions and/or joint ventures.

Barring any unforeseen circumstances, the Group is optimistic that the manufacturing and property division will contribute positively to the group's performance in 2021.

18. Profit Forecast or Profit Guarantee

The Group did not issue any profit forecast or profit guarantee.

HIL INDUSTRIES BERHAD

(Company No: 196901000472 (8812-M))

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

In compliance with Bursa Malaysia Listing Requirements: Chapter 9, Appendix 9B, Part A

19. Profit before taxation

	Current Quarter	Year-To- Date
	3 months ended	12 months ended
	31.12.2020	31.12.2020
	RM'000	RM'000
Profit before taxation is arrived at after charging/(crediting):		
Depreciation of property, plant and equipment and investment properties	1,216	5,177
Gain on disposal of property, plant and equipment	-	(148)
Interest expense	3	14
Interest income	(365)	(1,894)
Net foreign exchange loss:		
– Realised	91	323
– Unrealised	1,070	812

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		12 months ended	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
	RM'000	RM'000	RM'000	RM'000
In respect of current financial year:				
– Malaysian income tax	4,422	2,285	11,177	9,881
– Deferred tax	(1,866)	(1,309)	(4,078)	(3,507)
	2,556	976	7,099	6,374

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 31.12.2020 RM'000	As at 31.12.2019 RM'000
Non-current		
– Secured	148	225
Current		
– Secured	77	164
	<u>225</u>	<u>389</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

The Board of Directors has approved and declared a first and final single tier dividend of 1.50 sen per ordinary share for the financial year ended 31 December 2020. The dividend entitlement and payment dates will be determined at a later date.

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.

	Individual Period		Cumulative Period	
	3 months ended 31.12.2020	31.12.2019	12 months ended 31.12.2020	31.12.2019
Profit for the period attributable to owners of the Company (RM'000)	7,496	6,638	24,618	21,473
Weighted average number of ordinary shares in issue ('000)	331,941	331,941	331,941	331,941
Basic earnings per share (sen)	2.26	2.00	7.42	6.47

(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.