

HIL INDUSTRIES BERHAD

(Company No: 196901000472 (8812-M))

Condensed Consolidated Statements of Comprehensive Income For The Financial Period Ended 31 December 2021 - Unaudited

	Individual Period		Cumulative Period	
	3 months ended 31.12.2021 RM'000	31.12.2020 RM'000	12 months ended 31.12.2021 RM'000	31.12.2020 RM'000
Revenue	75,651	59,962	173,234	163,004
Cost of sales	(54,621)	(45,002)	(122,103)	(119,687)
Gross profit	21,030	14,960	51,131	43,317
Other items of income:				
– Interest income	348	356	1,501	1,885
– Other income	(58)	1,530	869	2,545
Operating expenses	(6,652)	(6,907)	(16,739)	(16,581)
Operating profit	14,668	9,939	36,762	31,166
Finance costs	(2)	(3)	(10)	(14)
Profit before taxation	14,666	9,936	36,752	31,152
Taxation	(2,495)	(2,556)	(6,700)	(7,099)
Profit for the period	12,171	7,380	30,052	24,053
Other comprehensive profit, net of tax				
Items that may be reclassified subsequently to profit or loss:				
Foreign currency translation differences for foreign operations	300	155	1,428	762
Total comprehensive income for the period	12,471	7,535	31,480	24,815

HIL INDUSTRIES BERHAD

(Company No: 196901000472 (8812-M))

Condensed Consolidated Statements of Comprehensive Income For The Financial Period Ended 31 December 2021 - Unaudited (Continued)

	Individual Period		Cumulative Period	
	3 months ended		12 months ended	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
	RM'000	RM'000	RM'000	RM'000
Profit attributable to:				
Owners of the Company	12,322	7,456	30,395	24,578
Non-controlling interests	(151)	(76)	(343)	(525)
Profit for the period	12,171	7,380	30,052	24,053
Total comprehensive profit attributable to:				
Owners of the Company	12,622	7,611	31,823	25,340
Non-controlling interests	(151)	(76)	(343)	(525)
Total comprehensive income for the period	12,471	7,535	31,480	24,815
Earnings per share attributable to owners of the Company (sen):				
- Basic	3.71	2.25	9.16	7.40
- 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 2020 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 2021 - Unaudited

	Note	<u>Unaudited</u> As at 31.12.2021 RM'000	<u>Audited</u> As at 31.12.2020 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	10	45,501	42,184
Right-of-use assets		2,809	3,019
Investment properties		23,262	23,325
Other investments		225	221
Goodwill		4,278	5,910
		<hr/>	<hr/>
		76,075	74,659
		<hr/>	<hr/>
Current assets			
Inventories		205,008	224,495
Trade and other receivables		62,643	40,672
Contract assets		12,125	45,474
Investment		854	3,342
Deposits with licensed banks		49,763	59,721
Cash and bank balances		63,389	47,754
		<hr/>	<hr/>
		393,782	421,458
		<hr/>	<hr/>
TOTAL ASSETS	9	<hr/> <hr/> 469,857	<hr/> <hr/> 496,117
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		5,861	4,432
Retained profits		224,964	199,510
		<hr/>	<hr/>
		397,205	370,322
Non-controlling interests		<hr/> (499)	<hr/> (155)
		<hr/>	<hr/>
Total equity		<hr/> 396,706	<hr/> 370,167

HIL INDUSTRIES BERHAD

(Company No: 196901000472 (8812-M))

Condensed Consolidated Statement of Financial Position As at 31 December 2021 - Unaudited (Continued)

	Note	<u>Unaudited</u> As at 31.12.2021 RM'000	<u>Audited</u> As at 31.12.2020 RM'000
Non-current liabilities			
Finance lease liabilities	21	68	148
Deferred tax liabilities		23,632	28,380
		<hr/>	<hr/>
		23,700	28,528
		<hr/>	<hr/>
Current liabilities			
Trade and other payables		47,158	96,473
Finance lease liabilities	21	82	77
Provision for taxation		2,211	872
Dividends payable		-	-
		<hr/>	<hr/>
		49,451	97,422
		<hr/>	<hr/>
Total liabilities		73,151	125,950
		<hr/>	<hr/>
TOTAL EQUITY AND LIABILITIES		469,857	496,117
		<hr/> <hr/>	<hr/> <hr/>
Net assets per share			
attributable to owners of the Company (RM)		1.20	1.11
		<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 2020 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 December 2021 - 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 2021	167,019	-	(947)	308	4,433	199,509	370,322	(155)	370,167
Total comprehensive income/(loss) for the year	-	-	-	-	1,428	30,395	31,823	(344)	31,479
<u>Transactions with owners:</u>									
Increase in equity interest in subsidiary company	-	-	-	-	-	39	39	-	39
Dividends on ordinary shares	-	-	-	-	-	(4,979)	(4,979)	-	(4,979)
At 31 December 2021	167,019	-	(947)	308	5,861	224,964	397,205	(499)	396,706

HIL INDUSTRIES BERHAD

(Company No: 196901000472 (8812-M))

Condensed Consolidated Statement Of Changes In Equity For The Financial Period Ended 31 December 2021 - Unaudited (Continued)

Note	Attributable to shareholders of the Company							Non-controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Share premium RM'000	Treasury shares RM'000	Capital reserve RM'000	Currency translation reserve RM'000	Retained profits RM'000	Total RM'000		
At 1 January 2020	167,019	-	(947)	308	3,671	178,874	348,925	411	349,336
Total comprehensive income/(loss) for the year	-	-	-	-	762	24,578	25,340	(525)	24,815
<u>Transactions with owners:</u>									
Increase in equity interest in subsidiary	-	-	-	-	-	40	40	(41)	(1)
Dividends on ordinary shares	-	-	-	-	-	(3,983)	(3,983)	-	(3,983)
At 31 December 2020	167,019	-	(947)	308	4,433	199,509	370,322	(155)	370,167

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2020 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 December 2021 - Unaudited

	Cumulative Period	
	12 months ended	
	31.12.2021	31.12.2020
	RM'000	RM'000
Cash flows from operating activities		
Profit before taxation	36,752	31,152
Adjustments for non-cash items	4,763	4,761
Operating profit before working capital changes	41,515	35,913
Working capital changes		
Inventories	19,487	9,218
Receivables, deposits and prepayments	11,378	(21,086)
Payables and accruals	(49,315)	7,807
Cash generated from operations	23,065	31,852
Interest paid	(10)	(14)
Interest received	1,501	1,885
Income tax paid	(10,057)	(12,976)
Net cash from operating activities	14,499	20,747
Cash flows used in investing activities		
Purchase of property, plant and equipment	(7,579)	(4,235)
Proceeds from disposal of property, plant and equipment	134	183
Purchase of investments	-	(3,075)
Proceeds from redemption of other investments	(2,488)	-
Net cash used in investing activities	(9,933)	(7,127)

HIL INDUSTRIES BERHAD

(Company No: 196901000472 (8812-M))

Condensed Consolidated Statement of Cash Flows For The Financial Period Ended 31 December 2021 - Unaudited (Continued)

	Cumulative Period	
	31.12.2021	31.12.2020
	RM'000	RM'000
Cash flows used in financing activities		
Repayment of finance lease liabilities	(75)	(164)
Dividends paid on ordinary shares	-	(3,983)
Net cash used in financing activities	(75)	(4,147)
Net increase in cash and cash equivalents	4,491	9,473
Cash and cash equivalents at beginning of the financial year	107,475	97,387
Effects of foreign exchange rate changes	1,186	612
Cash and cash equivalents at end of the financial year	113,152	107,472
Cash and cash equivalents comprise:		
Deposits with licensed banks	49,763	59,721
Cash and bank balances	63,389	47,751
	113,152	107,472

The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2020 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 24.02.2022.

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 2020. 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 2020.

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 2020 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 2021, the Company paid a first and final single tier dividend in respect of the financial year ended 31 December 2020 of 1.50 sen per ordinary share, amounting to RM4,979,108.

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	
	31.12.2021	31.12.2020
	RM’000	RM’000
Segment Revenue		
Revenue from:		
Manufacturing	85,717	82,905
Property development and management	87,905	80,487
	<hr/>	<hr/>
Total revenue including inter-segment revenue	173,622	163,392
Elimination of inter-segment revenue	(388)	(388)
	<hr/>	<hr/>
Revenue from external customers	173,234	163,004
	<hr/> <hr/>	<hr/> <hr/>
Segment Results (External)		
Results from:		
Manufacturing	9,293	8,817
Property development and management	25,972	20,468
Trading, services and others	(4)	(4)
	<hr/>	<hr/>
	35,261	29,281
Interest income	1,501	1,885
Finance costs	(10)	(14)
	<hr/>	<hr/>
Profit before tax	36,752	31,152
Taxation	(6,700)	(7,099)
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Profit after tax	30,052	24,053
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HIL INDUSTRIES BERHAD

(Company No: 196901000472 (8812-M))

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

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

9. Operating Segments (Continued)

	Cumulative Period	
	12 months ended	
	31.12.2021	31.12.2020
	RM'000	RM'000
Segment Assets		
Segment assets of:		
Manufacturing	164,827	159,224
Property development and management	300,710	330,866
Trading, services and others	14	14
	465,551	490,104
Unallocated assets	4,306	6,013
Total consolidated assets	469,857	496,117

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

	Cumulative Period	
	12 months ended	
	31.12.2021	31.12.2020
	RM'000	RM'000
Location:		
Hong Kong	54	21
Malaysia	151,073	137,330
People's Republic of China	5,502	8,460
Taiwan	15,629	17,193
Thailand	976	-
Total revenue	173,234	163,004

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 2021, the Group acquired items of property, plant and equipment with a cost of RM7,579,000 (financial year ended 31 December 2020: RM4,235,000). Items of property, plant and equipment with a net book value of RM53,000 were disposed during the financial year ended 31 December 2021 (financial year ended 31 December 2020: RM35,000), resulting in a gain on disposal of RM81,000 (financial year ended 31 December 2020: gain on disposal of RM149,000).

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 2020.

14. Capital Commitments

The amount of commitments in the interim financial report as at 31 December 2021 is as follows:

	RM'000
Authorised by the Directors but not contracted for	2,225
	<hr/>
	2,225
	<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 RM173.234 million and RM36.752 million respectively.

This represented an increase of RM10.230 million in revenue or 6.28% of the revenue for the same period in the previous financial year ended 31 December 2020.

For the cumulative twelve months ended 31 December 2021, the increase in the results for the financial period-to-date was RM5.600 million or 17.98% of the results for the same period in the previous financial year ended 31 December 2020.

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

Despite the recent flood disaster that hit the majority of Peninsular Malaysia, the overall manufacturing segment registered an increase in both revenue and results of 3.39% and 5.41% 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 and also due to the launch of several new models. 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 an increase in both revenue and results for the current financial period-to-date of 9.22% and 26.89% respectively as compared to the corresponding financial period-to-date in the preceding financial year. The increase in both revenue and results were mainly due to the higher profit recognition subsequent to the completion of Amverton Greens in quarter 1, Amverton Links Phase 1 in quarter 3 and also the good take-up rate for our Amverton Links Phase 2 project.

c) Trading, services and others segment

This segment is not active.

HIL INDUSTRIES BERHAD

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

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

16. Variation of Results Against Preceding Quarter

The revenue and profit before tax for the current quarter were RM75.651 million and RM14.666 million respectively compared to revenue of RM37.307 million and profit before tax of RM9.385 million for the immediate preceding quarter ended 30 September 2021. The increase in revenue and profit before tax was mainly attributable to better sales in Malaysia post MCO for both the manufacturing and property division.

17. Current Year Prospects

Malaysia's economy is set for a gradual recovery, with real gross domestic product growth at 3.1% in 2021 and projected to accelerate to about 5.75% 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 launch of the new Myvi, Ativa and several other new models. 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. Our proposed joint venture was recently approved in the EGM on 12 January 2022, the Company intends to launch several projects such as 154 units double-storey terraces houses in Sungai Buloh, 78 units of double-storey terrace houses in Klang, 141 units bungalows in Carey Island and Phase 1 of town houses in Carey Island in 2022. The Company also intends to launch 100 units of townhouses and Phase 3 of its double-storey terraces houses in Amverton Links. The management is optimistic that the property division will contribute satisfactorily to the group's performance in 2022.

Barring any unforeseen circumstances, the Group is expected to perform well in the coming financial year 2022. However, there are certain potential risks, including a possible full lockdown being imposed due to the surge in covid-19 cases due to the Omicron wave and/or any subsequent variants which may have a significant impact on our operations.

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
	31.12.2021	31.12.2021
	RM'000	RM'000
Profit before taxation is arrived at after charging/(crediting):		
Depreciation of property, plant and equipment and investment properties	1,013	3,708
Loss/(Gain) on disposal of property, plant and equipment	(54)	(81)
Interest expense	2	10
Interest income	(348)	(1,501)
Net foreign exchange gain:		
– Realised	66	121
– Unrealised	229	(395)

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	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
	RM'000	RM'000	RM'000	RM'000
In respect of current financial year:				
– Malaysian income tax	5,017	4,422	11,447	11,177
– Deferred tax	(2,522)	(1,866)	(4,747)	(4,078)
	2,495	2,556	6,700	7,099

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 31.12.2021 RM'000	As at 31.12.2020 RM'000
Non-current		
– Secured	68	148
Current		
– Secured	82	77
	<u>150</u>	<u>225</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 intends to declare a single-tier final dividend in respect of the financial year ended 31 December 2021, which will be announced 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.

	<u>Individual Period</u> 3 months ended		<u>Cumulative Period</u> 12 months ended	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
Profit for the period attributable to owners of the Company (RM'000)	12,322	7,456	30,395	24,578
Weighted average number of ordinary shares in issue ('000)	331,941	331,941	331,941	331,941
Basic earnings per share (sen)	3.71	2.25	9.16	7.40

(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.