

HIL INDUSTRIES BERHAD

(Company No: 8812-M)

Condensed Consolidated Statements of Comprehensive Income For The Financial Year Ended 31 December 2017 - Unaudited

	Note	Individual Period		Cumulative Period	
		3 months ended		12 months ended	
		31.12.2017	31.12.2016	31.12.2017	31.12.2016
Revenue	9	29,328	27,452	102,192	97,343
Cost of sales		(27,090)	(19,038)	(79,090)	(68,999)
Gross profit		2,238	8,414	23,102	28,344
Other items of income:					
– Interest income		916	940	5,037	3,791
– Other income		812	1,340	1,031	1,393
Operating expenses		(3,313)	(2,754)	(13,723)	(11,122)
Operating profit		653	7,940	15,447	22,406
Finance costs		(9)	(16)	(43)	(67)
Profit before taxation	9 & 19	644	7,924	15,404	22,339
Taxation	20	2,991	(1,921)	(1,885)	(6,403)
Profit for the period		3,635	6,003	13,519	15,936
Other comprehensive profit, net of tax					
Items that may be reclassified subsequently to profit or loss:					
Foreign currency translation differences for foreign operations		(273)	770	(643)	(788)
Total comprehensive income for the period		3,362	6,773	12,876	15,148

HIL INDUSTRIES BERHAD

(Company No: 8812-M)

Condensed Consolidated Statements of Comprehensive Income For The Financial Year Ended 31 December 2017 - Unaudited (Continued)

	Note	Individual Period		Cumulative Period	
		3 months ended		12 months ended	
		31.12.2017	31.12.2016	31.12.2017	31.12.2016
		RM'000	RM'000	RM'000	RM'000
Profit attributable to:					
Owners of the Company		3,526	6,744	13,490	16,385
Non-controlling interests		109	(741)	29	(449)
Profit for the period		3,635	6,003	13,519	15,936
Total comprehensive profit attributable to:					
Owners of the Company		3,253	7,514	12,847	15,597
Non-controlling interests		109	(741)	29	(449)
Total comprehensive income for the period		3,362	6,773	12,876	15,148
Earnings per share attributable to owners of the Company:					
- Basic	25	1.06	2.03	4.06	4.94
- Diluted	25	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 2016 and the accompanying explanatory notes attached to the interim financial statements.

HIL INDUSTRIES BERHAD

(Company No: 8812-M)

Condensed Consolidated Statement of Financial Position As at 31 December 2017 - Unaudited

	Note	<u>Unaudited</u> As at 31.12.2017 RM'000	<u>Audited</u> As at 31.12.2016 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	10	54,459	60,261
Investment properties		23,514	23,578
Other investments		2,596	202
Goodwill		4,932	4,932
		<hr/>	<hr/>
		85,501	88,973
		<hr/>	<hr/>
Current assets			
Inventories		17,688	14,800
Property development costs		56,815	70,564
Trade and other receivables		45,283	30,544
Accrued billings		9,466	7,906
Prepaid expenses		3,346	1,110
Tax recoverable		30	30
Deposits with licensed banks		129,038	137,709
Cash and bank balances		27,303	14,829
		<hr/>	<hr/>
		288,969	277,492
		<hr/>	<hr/>
TOTAL ASSETS	9	<u>374,470</u>	<u>366,465</u>
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital		167,019	139,357
Share premium		-	1,281
Treasury shares		(947)	(947)
Capital reserve		308	308
Currency translation reserve		4,562	5,205
Retained profits		158,266	175,544
		<hr/>	<hr/>
		329,208	320,748
Non-controlling interests		<hr/>	<hr/>
		937	908
		<hr/>	<hr/>
Total equity		<u>330,145</u>	<u>321,656</u>
		<hr/>	<hr/>

HIL INDUSTRIES BERHAD

(Company No: 8812-M)

Condensed Consolidated Statement of Financial Position As at 31 December 2017 - Unaudited (Continued)

	Note	<u>Unaudited</u> As at 31.12.2017 RM'000	<u>Audited</u> As at 31.12.2016 RM'000
Non-current liabilities			
Finance lease liabilities	22	378	713
Deferred tax liabilities		16,029	21,288
		<hr/>	<hr/>
		16,407	22,001
		<hr/>	<hr/>
Current liabilities			
Trade and other payables		25,222	21,114
Finance lease liabilities	22	336	407
Bank overdraft	22	866	-
Provision for taxation		1,494	1,287
		<hr/>	<hr/>
		27,918	22,808
		<hr/>	<hr/>
Total liabilities		44,325	44,809
		<hr/>	<hr/>
TOTAL EQUITY AND LIABILITIES		374,470	366,465
		<hr/> <hr/>	<hr/> <hr/>
Net assets per share			
attributable to owners of the Company (RM)		0.99	1.16
		<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 2016 and the accompanying explanatory notes attached to the interim financial statements.

HIL INDUSTRIES BERHAD

(Company No: 8812-M)

Condensed Consolidated Statement Of Changes In Equity For The Financial Year Ended 31 December 2017 - 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 2017	139,357	1,281	(947)	308	5,205	175,544	320,748	908	321,656
Total comprehensive (loss)/income for the year	-	-	-	-	(643)	13,490	12,847	29	12,876
<u>Transactions with owners:</u>									
Increase/(Decrease) in equity interest in subsidiary company	-	-	-	-	-	(238)	(238)	-	(238)
Bonus issue	27,662	(1,281)	-	-	-	(26,381)	-	-	-
Dividends on ordinary shares	-	-	-	-	-	(4,149)	(4,149)	-	(4,149)
At 31 December 2017	167,019	-	(947)	308	4,562	158,266	329,208	937	330,145

HIL INDUSTRIES BERHAD

(Company No: 8812-M)

Condensed Consolidated Statement Of Changes In Equity For The Financial Year Ended 31 December 2017 - 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 2016	139,357	1,281	(947)	308	5,993	162,991	308,983	1,634	310,617
Total comprehensive income for the year	-	-	-	-	(788)	16,385	15,597	(449)	15,148
<u>Transactions with owners:</u>									
Increase/(Decrease) in equity interest in subsidiary company	-	-	-	-	-	317	317	(277)	40
Dividends on ordinary shares	-	-	-	-	-	(4,149)	(4,149)	-	(4,149)
At 31 December 2016	139,357	1,281	(947)	308	5,205	175,544	320,748	908	321,656

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial statements.

HIL INDUSTRIES BERHAD

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Condensed Consolidated Statement of Cash Flows For The Financial Year Ended 31 December 2017 - Unaudited

	Cumulative Period	
	12 months ended 31.12.2017	31.12.2016
	RM'000	RM'000
Cash flows from operating activities		
Profit before taxation	15,404	22,339
Adjustments for non-cash items	3,005	4,374
Operating profit before working capital changes	18,409	26,713
Working capital changes		
Inventories	(2,888)	(2,894)
Property development costs	13,749	(1,558)
Receivables, deposits and prepayments	(18,535)	7,958
Payables and accruals	4,108	(669)
Cash generated from operations	14,843	29,550
Interest paid	(43)	(67)
Interest received	5,037	3,791
Income tax paid	(6,999)	(7,558)
Income tax recovered	62	8
Net cash from operating activities	12,900	25,724
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,464)	(845)
Proceeds from disposal of property, plant and equipment	50	-
Proceeds from issue of ordinary share	-	40
Purchase of other investments	(2,394)	(7)
Net cash used in investing activities	(4,808)	(812)

HIL INDUSTRIES BERHAD

(Company No: 8812-M)

Condensed Consolidated Statement of Cash Flows For The Financial Year Ended 31 December 2017 - Unaudited (Continued)

	Cumulative Period	
	12 months ended	
	31.12.2017	31.12.2016
	RM'000	RM'000
Cash flows from financing activities		
Repayment of finance lease liabilities	(407)	(461)
Dividends paid on ordinary shares	(4,149)	(4,149)
Net cash used in financing activities	(4,556)	(4,610)
Net increase in cash and cash equivalents	3,536	20,302
Cash and cash equivalents at beginning of the financial year	152,538	131,482
Effects of foreign exchange rate changes	(599)	754
Cash and cash equivalents at end of the financial year	155,475	152,538
Cash and cash equivalents comprise:		
Deposits with licensed banks	129,038	137,709
Cash and bank balances	27,303	14,829
Bank overdrafts	(866)	-
	155,475	152,538

The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial statements.

HIL INDUSTRIES BERHAD

(Company No: 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 28 February 2018.

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 2016. 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 2016.

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 2016, except for the adoption of Amendments to Standards and Issue Committee (IC) interpretations effective as of 1 January 2017.

2.1 Adoption of Amendments to Standards and IC Interpretations

The Group has adopted the following Amendments to Standards and IC Interpretations, with a date of initial application of 1 January 2017.

Amendments to MFRS 12	Disclosure of Interest in Other Entities (Annual Improvements 2014-2016 Cycle)
Amendments to MFRS 107	Statement of Cash Flows - Disclosure initiative
Amendments to MFRS 112	Income taxes - Recognition of Deferred Tax Asset for Unrealised Losses

The adoption of the above pronouncements did not have any material impact on the financial statements of the Group.

HIL INDUSTRIES BERHAD

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

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

2. Significant Accounting Policies (Continued)

2.2 Standard issued but not yet effective

At the date of authorisation of the condensed consolidated interim financial statements, the following Standards were issued but not yet effective and have not been adopted by the Group:

Effective for financial periods beginning on or after 1 January 2018

MFRS 9	Financial Instruments (IFRS 9 as issued by International Accounting Standards Board ("IASB") in July 2014)
Amendments to MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2014-2016 Cycle)
Amendments to MFRS 2	Share-based payments - Classification and Measurement of Share-based Payment Transactions
Amendments to MFRS 128	Investment in Associates and Joint Ventures (Annual Improvements 2014-2016 Cycle)
Amendments to MFRS 140	Investment Properties - Transfers of Investment Property
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration

Effective for financial periods beginning on or after 1 January 2019

MFRS 16	Leases
IC Interpretation 23	Uncertainty over Income Tax Treatments
Amendments to MFRS 9	Prepayment Features with Negative Compensation
Amendments to MFRS 128	Long-term Interests in Associates and Joint Ventures

Effective for financial periods beginning on or after 1 January 2021

MFRS 17	Insurance Contracts
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The Group will adopt the above pronouncements when they become effective in the respective financial periods. These pronouncements are not expected to have any effect to the financial statements of the Group upon their initial application, other than for MFRS 9 Financial Instruments and MFRS 16 Leases. The Group will assess the financial implications of MFRS 9 and MFRS 16 when full standard is issued.

3. Auditors' Report on Proceeding Annual Financial Statements

The auditors' report on the financial statements for the financial year ended 31 December 2016 was not qualified.

HIL INDUSTRIES BERHAD

(Company No: 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 2017, the Company paid a first and final single tier dividend of 3% or 1.5 sen per ordinary share of RM0.50 each, amounting to RM4,149,258 in respect of the financial year ended 31 December 2016.

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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	
	31.12.2017	31.12.2016
	RM’000	RM’000
Segment Revenue		
Revenue from:		
Manufacturing	71,134	62,959
Property development and management	31,446	34,772
	<hr/>	<hr/>
Total revenue including inter-segment revenue	102,580	97,731
Elimination of inter-segment revenue	(388)	(388)
	<hr/>	<hr/>
Revenue from external customers	102,192	97,343
	<hr/> <hr/>	<hr/> <hr/>
Segment Results (External)		
Results from:		
Manufacturing	(4,115)	(473)
Property development and management	14,531	19,093
Trading, services and others	(6)	(5)
	<hr/>	<hr/>
Interest income	10,410	18,615
Finance costs	5,037	3,791
	(43)	(67)
	<hr/>	<hr/>
Profit before tax	15,404	22,339
Taxation	(1,885)	(6,403)
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Profit after tax	13,519	15,936
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HIL INDUSTRIES BERHAD

(Company No: 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	
	31.12.2017	31.12.2016
	RM'000	RM'000
Segment Assets		
Segment assets of:		
Manufacturing	203,107	206,642
Property development and management	166,388	154,845
Trading, services and others	14	15
	<hr/>	<hr/>
	369,509	361,502
Unallocated assets	4,961	4,962
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Total consolidated assets	374,470	366,464
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The Group's revenue for the twelve months ended 31 December 2017 based on geographical location is presented as follows:

	Cumulative Period	
	12 months ended	
	31.12.2017	31.12.2016
	RM'000	RM'000
Location:		
Hong Kong	3,176	91
Malaysia	85,248	88,836
People's Republic of China	13,023	8,416
Taiwan	39	-
Thailand	706	-
	<hr/>	<hr/>
Total revenue	102,192	97,343
	<hr/> <hr/>	<hr/> <hr/>

HIL INDUSTRIES BERHAD

(Company No: 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 2017, the Group acquired items of property, plant and equipment with a cost of RM2,464,000 (financial year ended 31 December 2016: RM845,000). Items of property, plant and equipment with a net book value of RM14,000 were disposed during the financial year ended 31 December 2017 (financial year ended 31 December 2016: RM Nil), resulting in a gain on disposal of RM36,000 (financial year ended 31 December 2016: gain on disposal of RM Nil).

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 material events subsequent to the end of the financial period-to-date except as disclosed in Note 21.

12. Changes in Composition of the Group

There were no changes in the composition of the Group in the current financial period-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 2016.

14. Capital Commitments

Capital commitments not provided for in the interim financial report as at 31 December 2017 were as follows:

	RM'000
Approved and contracted for:	
- Proposed acquisition (Note 21)	63,900
- Property, plant and equipment	939
	<hr/>
	64,839
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HIL INDUSTRIES BERHAD

(Company No: 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 RM102.192 million and RM15.404 million respectively.

This represented an increase of RM4.849 million in revenue or 4.98% of the revenue for the same period in the previous financial year ended 31 December 2016. The increase in revenue was mainly due to higher sales from our overseas subsidiary subsequent to the introduction of some new projects.

For the cumulative twelve months ended 31 December 2017, the decrease in the results for the financial period-to-date was RM6.935 million or 31.04% of the results for the same period in the previous financial year ended 31 December 2016. The decrease in results is mainly due to the higher foreign currency exchange loss of RM1.875 million as compared to exchange gain of RM1.074 million in the previous financial year subsequent to the strengthening of RM against USD.

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 12.98% and a decrease in results of 62.18% for Msia and decrease in loss of 30.16% for China, for the current financial period-to-date respectively as compared to the revenue and results in the corresponding financial period-to-date in the preceding financial year. The increase in revenue was mainly contributed from our overseas subsidiary subsequent to the introduction of some new projects. The decrease in results is mainly due to the higher foreign currency exchange loss of RM1.875 million as compared to exchange gain of RM1.074 million in the previous financial year subsequent to the strengthening of RM against USD.

b) Property development and management segment

The property development and management segment registered a decrease in revenue and in results for the current financial period-to-date of 9.57% and -23.90% respectively as compared to the results in the corresponding financial period-to-date in the preceding financial year. The decrease in revenue and results are mainly due to the lower sales recognition for one completed project, namely Quadz @ Kemuning Greenhills in Bukit Kemuning.

c) Trading, services and others segment

This segment is not active.

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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 RM29.328 million and RM0.644 million respectively compared to revenue of RM29.457 million and profit before tax of RM8.776 million for the immediate preceding quarter ended 30 September 2017. The lower revenue and result in this fourth quarter was mainly due to higher profit recognition upon completion of the project, namely Quadz @ Kemuning Greenhills in the previous quarter.

17. Current Year Prospects

The manufacturing division 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. The manufacturing division is expected to improve domestically with the expected good response to the launch of the new Myvi as we have secured quite a number of components for this new project. 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, the group plans to launch Kemuning Hijauan III, which is the final phase of our sold out double-storey terraced houses in Bukit Kemuning. Besides that, the group has also entered into two conditional share sale agreements for acquiring companies with land which is ready for development and we expect to launch these 2 projects in 2018. (Please refer to notes 21 for further information on the proposed acquisition.) The management is optimistic that the property division will contribute satisfactorily to the group's performance as we are developing properties that are within the affordable range in the Klang Valley and in particular the Kota Kemuning area.

18. Profit Forecast or Profit Guarantee

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

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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

19. Profit before taxation

	Current Quarter	Year-To- Date
	3 months ended	12 months ended
	31.12.2017	31.12.2017
	RM'000	RM'000
Profit before taxation is arrived at after charging:		
Depreciation of property, plant and equipment and investment properties	2,004	8,262
Stock written off	137	137
Allowance for doubtful debts	160	160
Interest expense	9	43
Interest income	(916)	(5,037)
Net foreign exchange gain:		
– Realised	36	36
– Unrealised	250	1,540

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.

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(Company No: 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

20. Taxation

	Individual Period		Cumulative Period	
	3 months ended		12 months ended	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
	RM'000	RM'000	RM'000	RM'000
In respect of current financial year:				
- Malaysian income tax	1,563	2,140	7,145	7,570
- Deferred tax	(4,554)	(215)	(5,260)	(1,167)
	(2,991)	1,925	1,885	6,403
In respect of prior financial years:				
- Malaysian income tax	-	(4)	-	-
	-	(4)	-	-
	(2,991)	1,921	1,885	6,403

The decrease in tax for the current quarter and the financial period-to-date is mainly due to over-recognition of deferred tax.

HIL INDUSTRIES BERHAD

(Company No: 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. Status of Corporate Proposals

Save as disclosed below, there were no other corporate proposals that have been announced but not yet completed during the period under review:

- (a) **Proposed acquisition by AMJ Construction Sdn. Bhd. ("AMJC"), a wholly-owned subsidiary of Hil Industries Berhad ("HIL") through Satu Tunas Sdn. Bhd. and Hil Properties Sdn. Bhd., of 99% equity interest in A&M Concrete Products Sdn. Bhd. ("A&M Concrete") from Steven Junior Ng Kwee Leng and Malcolm Jeremy Ng Kwee Seng for a total purchase consideration of RM22,000,000; and**

Proposed acquisition by AMJC of the entire equity interest in Show Piece Sdn. Bhd. ("Show Piece"), which in turn holds 100% equity interest in Innocentral Sdn. Bhd., from Tan Sri Dato' Ng Boon Thong @ Ng Thian Hock and Dato' Milton Norman Ng Kwee Leong for a purchase consideration of RM49,000,000.

(Collectively referred to as the "Proposed Acquisitions")

On 16 January 2017, Mercury Securities Sdn. Bhd. ("Mercury Securities"), on behalf of the Board of Directors of HIL announced that AMJC, a wholly-owned subsidiary of HIL through Satu Tunas Sdn. Bhd. and Hil Properties Sdn. Bhd., had on 16 January 2017, entered into the following agreements:

- (i) a conditional share sale agreement between AMJC and Steven Junior Ng Kwee Leng and Malcolm Jeremy Ng Kwee Seng (collectively, "A&M Concrete Vendor") for the Proposed Acquisitions of A&M Concrete ("A&M Concrete SSA") and;
- (ii) a conditional share sale agreement between AMJC and Tan Sri Dato' Ng Boon Thong @ Ng Thian Hock and Dato' Milton Norman Ng Kwee Leong (collectively, "Show Piece Vendors") for the Proposed Acquisition of Show Piece ("Show Piece SSA")

Please refer to the Company's announcement dated 16 January 2017 for further details on the individual owners and the said companies being the subject matter of the Proposed Acquisitions.

Pursuant to Paragraph 9.33(1)(a) of the Listing Requirements, the Company is required to submit the draft circular in relation to the Proposed Acquisitions to Bursa Securities no later than two (2) months from the date of the announcement. Mercury Securities, on behalf of the Board of HIL had then on 13 March 2017 announced that an application has been submitted to Bursa Securities to seek for an extension of time to 16 September 2017 to submit the draft circular. Subsequently on 20 March 2017, Mercury Securities, on behalf of the Board of HIL announced that Bursa Securities had, on 16 March 2017, resolved to grant the Company an extension of time until 16 September 2017 to submit the draft circular to Bursa Securities.

On 11 July 2017, Mercury Securities, on behalf of the Board, announce that the Independent Valuer has updated the valuation, with the material date of valuation being 10 April 2017. The updated valuation reports are dated 22 June 2017 and the market values remain as per our initial announcement.

On 14 September 2017, Mercury Securities, on behalf of the Board, announce that AMJC, A&M Concrete Vendors and Show Piece Vendors had mutually agreed on 13 September 2017 to extend the cut-off date from 16 September 2017 to 16 December 2017 to comply with the Conditions Precedent of the A&M Concrete SSA and Show Piece SSA respectively.

In January 2018, both A&M Concrete SSA and Show Piece SSA became the subsidiaries of the Company after obtaining the relevant approvals from the statutory departments.

HIL INDUSTRIES BERHAD

(Company No: 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

22. Borrowings

	As at 31.12.2017 RM'000	As at 31.12.2016 RM'000
Non-current		
– Secured	378	713
Current		
– Secured	335	407
– Unsecured	866	-
	<hr/> 1,579	<hr/> 1,120

The borrowings are all denominated in Ringgit Malaysia.

23. Material Litigation

As at the reporting date, there was no material litigation against the Group.

24. Dividend

The Board of Directors has proposed a first and final single tier dividend of 1.75 sen per ordinary share, in respect of the financial year ended 31 December 2017, which is subject to shareholders' approval at the forthcoming Annual General Meeting. The entitlement and payment date have yet to be fixed and will be announced later.

HIL INDUSTRIES BERHAD

(Company No: 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

25. 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		12 months ended	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
Profit for the period attributable to owners of the Company (RM'000)	3,526	6,744	13,490	16,385
Weighted average number of ordinary shares in issue ('000)*	331,941	331,941	331,941	331,941
Basic earnings per share (sen)	1.06	2.03	4.06	4.94

* Inclusive of Bonus Shares issued on 26 October 2017, in accordance with MFRS 133 Earnings per Share.

(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.