Hiap Teck Venture Berhad

(Company No. 421340-U)
(Incorporated in Malaysia)

and its subsidiaries

Consolidated statements of changes in equity for the year ended 31 July 2015

		/------Attributable to shareholders of the Group------/									
		/------ Non distributable ------/						Distributable			
	Note	Share capital RM'000	Share premium RM'000	Treasury shares RM'000	Warrant reserves RM'000	Other reserves RM'000	Share option reserves RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
At 31 July 2013/1 August 2013		356,871	37,973	(7,494)	18,459	1,019	1,047	501,138	909,013	-	909,013
Foreign currency translation differences for foreign operations		-	-	-	-	(670)	-	-	(670)	-	(670)
Net change in fair value of available-for-sale financial assets		-	-	-	-	(845)	-	-	(845)	-	(845)
Total other comprehensive expense		-	-	-	-	(1,515)	-	-	(1,515)	-	(1,515)
Profit for the year		-	-	-	-	-	-	45,565	45,565	-	45,565
Total comprehensive income for the year		-	-	-	-	(1,515)	-	45,565	44,050	-	44,050
Purchase of treasury shares		-	-	(1)	-	-	-	-	(1)	-	(1)
Share options exercised		2,106	-	-	-	-	-	-	2,106	-	2,106
Warrants exercised		1	1	-	-	-	-	-	2	-	2
Equity-settled share based payments		-	-	-	-	-	1,713	-	1,713	-	1,713
Transfer to share premium for share option exercised		-	169	-	-	-	(169)	-	-	-	-
Dividends to owners of the Company	24	-	-	-	-	-	-	(4,250)	(4,250)	-	(4,250)
Total contribution from/(distribution to) owners		2,107	170	(1)	-	-	1,544	(4,250)	(430)	-	(430)
At 31 July 2014/ 1 August 2014		358,978	38,143	(7,495)	18,459	(496)	2,591	542,453	952,633	-	952,633
		/------ Note 14 ------/									

Consolidated statements of changes in equity for the year ended 31 July 2015 (continued)

	/---Attributable to shareholders of the Group---/									
	/--- Non distributable ---/						*Distributable*			
	Share capital RM'000	**Share premium RM'000**	**Treasury shares RM'000**	**Warrant reserves RM'000**	**Other reserves RM'000**	**Share option reserves RM'000**	**Retained earnings RM'000**	**Total RM'000**	**Non-controlling interests RM'000**	**Total equity RM'000**
At 31 July 2014/1 August 2014	358,978	38,143	(7,495)	18,459	(496)	2,591	542,453	952,633	-	952,633
Foreign currency translation differences for foreign operations	-	-	-	-	(33)	-	-	(33)	-	(33)
Net change in fair value of available- for-sale financial assets	-	-	-	-	(468)	-	-	(468)	-	(468)
Total other comprehensive expense	-	-	-	-	(501)	-	-	(501)	-	(501)
Loss for the year	-	-	-	-	-	-	(77,089)	(77,089)	283	(76,806)
Total comprehensive expense for the year	-	-	-	-	(501)	-	(77,089)	(77,590)	283	(77,307)
Subtotal	358,978	38,143	(7,495)	18,459	(997)	2,591	465,364	875,043	283	875,326

Consolidated statements of changes in equity for the year ended 31 July 2015 (continued)

	Note	Share capital RM'000	Share premium RM'000	Treasury shares RM'000	Warrant reserves RM'000	Other reserves RM'000	Share option reserves RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
		/------Attributable to shareholders of the Group------/									
		/------Non distributable------/						*Distributable*			
At 31 July 2014/1 August 2014 (continued)											
Subtotal (continued)		358,978	38,143	(7,495)	18,459	(997)	2,591	465,364	875,043	283	875,326
Purchase of treasury shares		-	-	(1)	-	-	-	-	(1)	-	(1)
Share options exercised		217	-	-	-	-	-	-	217	-	217
Warrants exercised		-	-	-	-	-	-	-	-	-	-
Equity-settled share based payments		-	-	-	-	-	1,168	-	1,168	-	1,168
Acquisition of subsidiary		-	-	-	-	-	-	-	-	509	509
Transfer to share premium for share option exercised		-	17	-	-	-	(17)	-	-	-	-
Dividends to owners of the Company	24	-	-	-	-	-	-	(4,278)	(4,278)	-	(4,278)
Total contribution from/ (distribution to) owners		217	-	(1)	-	-	1,151	(4,278)	(2,894)	509	(2,385)
At 31 July 2015		359,195	38,160	(7,496)	18,459	(997)	3,742	461,086	872,149	792	872,941
		/------Note 14------/									

The notes set out on pages 19 to 96 are an integral part of these financial statements.

Hiap Teck Venture Berhad
(Company No. 421340-U)
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and its subsidiaries

Company statements of changes in equity for the year ended 31 July 2015

	Note	/---*Attributable to shareholders of the Company*							/---/
		/--- *Non distributable*					---/	*Distributable*	
	Note	**Share capital RM'000**	**Share premium RM'000**	**Treasury shares RM'000**	**Warrant reserves RM'000**	**Other reserves RM'000**	**Share option reserves RM'000**	**Retained earnings RM'000**	**Total equity RM'000**
At 1 August 2013		356,871	37,973	(7,494)	18,459	(353)	1,047	118,512	525,015
Profit and total comprehensive income for the year		-	-	-	-	-	-	11,157	11,157
Purchase of treasury shares		-	-	(1)	-	-	-	-	(1)
Share options exercised		2,106	-	-	-	-	-	-	2,106
Warrants exercised		1	1	-	-	-	-	-	2
Equity-settled share based payments		-	-	-	-	-	1,713	-	1,713
Transfer to share premium for share option exercised		-	169	-	-	-	(169)	-	-
Dividends to owners of the Company	24	-	-	-	-	-	-	(4,250)	(4,250)
Total (distribution to)/ contribution from owners		2,107	170	(1)	-	-	1,544	(4,250)	(430)
At 31 July 2014/1 August 2014		358,978	38,143	(7,495)	18,459	(353)	2,591	125,419	535,742

Company statements of changes in equity for the year ended 31 July 2015 (continued)

	Note	Share capital RM'000	Share premium RM'000	Treasury shares RM'000	Warrant reserves RM'000	Other reserves RM'000	Share option reserves RM'000	Retained earnings RM'000	Total equity RM'000
		/---Attributable to shareholders of the Company---/							
		/--- Non distributable ---/						*Distributable*	
At 1 August 2014		358,978	38,143	(7,495)	18,459	(353)	2,591	125,419	535,742
Loss and total comprehensive expense for the year		-	-	-	-	-	-	(29,926)	(29,926)
Purchase of treasury shares		-	-	(1)	-	-	-	-	(1)
Share options exercised		217	-	-	-	-	-	-	217
Warrants exercised		-	-	-	-	-	-	-	-
Equity-settled share based payments		-	-	-	-	-	1,168	-	1,168
Transfer to share premium for share option exercised		-	17	-	-	-	(17)	-	-
Dividends to owners of the Company	24	-	-	-	-	-	-	(4,278)	(4,278)
Total contribution from/(distribution to) owners		217	-	(1)	-	-	1,151	(4,278)	(2,894)
At 31 July 2015		359,195	38,160	(7,496)	18,459	(353)	3,742	91,215	502,922
		/--- Note 14 ---/							

The notes set out on pages 19 to 96 are an integral part of these financial statements.

Hiap Teck Venture Berhad
(Company No. 421340-U)
(Incorporated in Malaysia)
and its subsidiaries
Statements of cash flows for the year ended 31 July 2015

	Note	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
Cash flows from operating activities					
(Loss)/Profit before tax		(66,460)	49,851	(27,970)	14,370
Adjustments for:					
Net unrealised foreign exchange gain		(3,014)	(1,698)	-	-
Reversal of impairment loss of trade receivables		-	(2)	-	-
Depreciation of property, plant and equipment		23,842	23,638	234	241
Depreciation of investment properties		159	158	1,315	1,315
Property, plant and equipment written off		110	57	-	-
Interest expense		32,101	26,388	11,910	9,936
Finance income:					
Deposits		(532)	(329)	(123)	(99)
Available-for-sale financial assets		(1,601)	(1,008)	(85)	(25)
Joint venture		(20,215)	(18,031)	(20,215)	(18,031)
Subsidiary		-	-	(1,606)	(1,606)
Net overdue interest income		(145)	(175)	-	-
Dividends income		(123)	(100)	(19,560)	(6,240)
Gain on disposal of property, plant and equipment		(2,442)	(2,272)	-	-
Gain on disposals of available-for-sale financial assets		-	(255)	-	-
Equity-settled share based payments		1,168	1,713	1,168	1,713
Write-down of inventories		8,805	916	-	-
Acquisition of subsidiary - gain on bargain purchase	33	(72)	-	-	-
Impairment loss on investment in joint venture		55,000	-	55,000	-
Share of loss/(profit) of equity accounted investees, net of tax		59,674	(484)	-	-
Operating profit before changes in working capital		86,255	78,367	68	1,574
Changes in working capital:					
Inventories		52,878	51,227	-	-
Trade and other receivables		(27,600)	(8,960)	42,581	51,833
Trade and other payables		2,831	27,187	1,872	1,170
Cash generated from operations		114,364	147,821	44,521	54,577
Interest paid		(28,360)	(26,444)	(8,323)	(6,665)
Net overdue interest income		145	175	-	-
Income tax paid		(9,938)	(4,476)	(3,821)	(3,636)
Net cash from operating activities		76,211	117,076	32,377	44,276

Statements of cash flows for the year ended 31 July 2015 (continued)

		Group		Company	
		2015	2014	2015	2014
	Note	RM'000	RM'000	RM'000	RM'000
Cash flows from investing activities					
Proceeds from withdrawal of available-for-sale financial assets		26,645	29,135	933	1,802
Dividend received		123	100	19,560	6,240
Proceeds from disposal of property, plant and equipment		3,633	3,327	-	-
Finance income:					
Deposits		532	329	123	99
Available-for-sale financial assets		1,601	1,008	85	25
Joint venture		20,215	18,031	20,215	18,031
Subsidiary		-	-	1,606	1,606
Purchase of property, plant and equipment		(10,354)	(5,304)	(11)	-
Additions to mining exploration and evaluation assets		(1,417)	-	-	-
Advances to joint venture		(53,643)	(99,116)	(53,229)	(99,116)
Investment in available-for-sale financial assets		(123)	(49)	-	-
Investment in an associate		(480)	-	-	-
Acquisition of subsidiary - net of cash received	33	47	-	-	-
Net cash used in investing activities		(13,221)	(52,539)	(10,718)	(71,313)
Cash flows from financing activities					
Issuance of ordinary shares		217	2,108	217	2,108
(Repayment)/Drawdown of borrowings		(52,858)	(58,074)	-	30,000
Purchase of treasury shares		(1)	(1)	(1)	(1)
Dividends paid to owners of the Company		(4,278)	(4,250)	(4,278)	(4,250)
Net cash (used in)/from financing activities		(56,920)	(60,217)	(4,062)	27,857
Net increase in cash and cash equivalents		6,070	4,320	17,597	820
Effect of exchange rate changes		4,473	(828)	-	-
Cash and cash equivalents at beginning of year		54,941	51,449	4,459	3,639
Cash and cash equivalents at end of year		65,484	54,941	22,056	4,459

Statements of cash flows for the year ended 31 July 2015 (continued)

Cash and cash equivalents

Cash and cash equivalents included in the statements of cash flows comprise the following statements of financial position amounts:

		Group		Company	
	Note	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Deposits placed with licensed banks	13	27,501	3,497	21,239	3,497
Cash and bank balances	13	37,983	53,180	817	962
Less: Bank overdraft	15	-	(1,736)	-	-
		65,484	54,941	22,056	4,459

The notes set out on pages 19 to 96 are an integral part of these financial statements.

Hiap Teck Venture Berhad
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Notes to the financial statements

Hiap Teck Venture Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The address of the principal place of business and registered office of the Company is as follows:

Registered office and principal place of business
Lot 6096, Jalan Haji Abdul Manan
Batu 5½, Off Jalan Meru
41050 Klang
Selangor Darul Ehsan

The consolidated financial statements of the Company as at and for the financial year ended 31 July 2015 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities") and the Group's interest in joint venture and associate. The financial statements of the Company as at and for the financial year ended 31 July 2015 do not include other entities.

The Company is principally engaged in investment and property holdings and the provision of management services, whilst the principal activities of the subsidiaries are as stated in Note 6 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

These financial statements were authorised for issue by the Board of Directors on 26 October 2015.

1. Basis of preparation

(a) Statement of compliance

The financial statements of the Group and the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

The following are accounting standards, amendments and interpretations of the MFRSs that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group and the Company:

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2016

- MFRS 14, *Regulatory Deferral Accounts*
- Amendments to MFRS 5, *Non-current Assets Held for Sale and Discontinued Operations (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 7, *Financial Instruments: Disclosures (Annual Improvements 2012-2014 Cycle)*

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2016 (continued)

- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
- *Amendments to MFRS 10, Consolidated Financial Statements, MFRS 12, Disclosure of Interests in Other Entities and MFRS 128, Investments in Associates and Joint Ventures – Investment Entities: Applying the Consolidation Exception*
- *Amendments to MFRS 11, Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations*
- *Amendments to MFRS 101, Presentation of Financial Statements – Disclosure Initiative*
- Amendments to MFRS 116, *Property, Plant and Equipment* and MFRS 138, *Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation*
- Amendments to MFRS 116, *Property, Plant and Equipment* and MFRS 141, *Agriculture – Agriculture: Bearer Plants*
- Amendments to MFRS 119, *Employee Benefits (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 127, *Separate Financial Statements – Equity Method in Separate Financial Statements*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2018

- MFRS 9, *Financial Instruments* (2014)
- MFRS 15, *Revenue from Contracts with Customers*

The initial application of the abovementioned accounting standards, amendments or interpretations are not expected to have any material impacts to the financial statements of the Group and the Company except as mentioned below:

MFRS 15, *Revenue from Contracts with Customers*

MFRS 15 replaces the guidance in MFRS 111, *Construction Contracts,* MFRS 118, *Revenue,* IC Interpretation 13, *Customer Royalty Programmes,* IC Interpretation 15, *Agreements for Construction of Real Estate,* IC Interpretation 18, *Transfers of Assets from Customers* and IC Interpretation 131, *Revenue – Barter Transactions Involving Advertising Services.* Upon adoption of MFRS 15, it is expected that the timing of revenue recognition might be different as compared with the current practices.

The adoption of MFRS 15 will result in a change in accounting policy. The Group is currently assessing the financial impact of adopting MFRS 15.

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

MFRS 9, *Financial Instruments*

MFRS 9 replaces the guidance in MFRS 139, *Financial Instruments: Recognition and Measurement* on the classification and measurement of financial assets. Upon adoption of MFRS 9, financial assets will be measured at either fair value of amortised cost. It is expected that the Group's investment in unquoted shares will be measured at fair value through other comprehensive income.

The adoption of MFRS 9 will result in a change in accounting policy. The Group is currently assessing the financial impact of adopting MFRS 9.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 2.

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

(d) Use of estimates and judgements

The preparation of the financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes:

- Note 7 – Investment in joint venture
- Note 10 - Recognition of deferred tax assets
- Note 30 - Contingent liabilities

2. Significant accounting policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements and have been applied consistently by Group entities, unless otherwise stated.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Investment in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

(ii) Business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

2. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(ii) Business combinations (continued)

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

(iii) Acquisition of non-controlling interests

The Group accounts for all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

(iv) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(v) Associates

Associates are entities, including unincoporated entities, in which the Group has significant influence, but not control, over the financial and operating policies.

Investment in associates are accounted for in the consolidated financial statements using the equity method less any impairment losses, unless it is classified as held for sale or distribution. The cost of the investment includes transaction costs. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the associates, after adjustments if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influences ceases.

2. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(v) Associates (continued)

When the Group's share of losses exceeds its interest in associate, the carrying amount of that interest including any long-term investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associates.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in the profit or loss.

When the Group's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not remeasured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to the profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

Investments in associates are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

(vi) Joint arrangements

Joint arrangements are arrangements of which the Group has joint control, established by contracts requiring unanimous consent for decisions about the activities that significantly affect the arrangements' returns.

2. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(vi) Joint arrangements (continued)

Joint arrangements are classified and accounted for as follows:

- A joint arrangement is classified as "joint operation" when the Group or the Company has rights to the assets and obligations for the liabilities relating to an arrangement. The Group and the Company account for each of its share of the assets, liabilities and transactions, including its share of those held or incurred jointly with the other investors, in relation to the joint operation.
- A joint arrangement is classified as "joint venture" when the Group has rights only to the net assets of the arrangements. The Group accounts for its interest in the joint venture using the equity method.

(vii) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and owners of the Company.

Losses applicable to the non-controlling interests in subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(viii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity-accounted investees and joint ventures are eliminated against the investment to the extent of the Group's interest in the investees. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

2. Significant accounting policies (continued)

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at historical cost are translated using the exchange rate as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments or a financial instrument designated as a hedge of currency risk, which are recognised in other comprehensive income.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains or losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the foreign currency translation reserve ("FCTR") equity.

(ii) Operations denominated in functional currencies other than Ringgit Malaysia

The assets and liabilities of operations denominated in functional currencies other than RM are translated to RM at exchange rates at the end of the reporting period. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to RM at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the FCTR in equity. However, if the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the FCTR related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

2. Significant accounting policies (continued)

(b) Foreign currency (continued)

(ii) Operations denominated in functional currencies other than Ringgit Malaysia (continued)

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

(c) Financial instruments

(i) Initial recognition and measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

(ii) Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows:

Financial assets

(a) Financial assets at fair value through profit or loss

Fair value through profit or loss category comprises financial assets that are held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial assets that are specifically designated into this category upon initial recognition.

2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(ii) Financial instrument categories and subsequent measurement (continued)

Financial assets

(a) Financial assets at fair value through profit or loss (continued)

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

Other financial assets categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

(b) Loans and receivables

Loans and receivables category comprises trade and other receivables and cash and cash equivalents.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

(c) Available-for-sale financial assets

Available-for-sale category comprises investment in equity and debt securities instruments that are not held for trading.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost. Other financial assets categorised as available-for-sale are subsequently measured at their fair values with the gain or loss recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses arising from monetary items and gains and losses of hedged items attributable to hedge risks of fair value hedges which are recognised in profit or loss. On derecognition, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss. Interest calculated for a debt instrument using the effective interest method is recognised in profit or loss.

All financial assets, except for those measured at fair value through profit or loss, are subject to review for impairment (see Note 2(j)(i)).

2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(ii) Financial instrument categories and subsequent measurement (continued)

Financial liabilities

All financial liabilities are subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are held for trading, derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of equity instruments that do not have a quoted price in an active market for identical instruments whose fair values otherwise cannot be reliably measured are measured at cost.

Other financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

(iii) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Fair value arising from financial guarantee contracts are classified as deferred income and is amortised to profit or loss using a straight-line method over the contractual period or, when there is no specific contractual period, recognised in profit or loss upon discharge of the guarantee. When settlement of a financial guarantee contract becomes probable, an estimate of the obligation is made. If the carrying value of the financial guarantee contract is lower than the obligation, the carrying value is adjusted to the obligation amount and accounted for as a provision.

2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(iv) Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs.

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged between knowledgeable willing parties in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items when available and replacement cost when appropriate.

2. Significant accounting policies (continued)

(d) Property, plant and equipment (continued)

(i) Recognition and measurement (continued)

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within "other operating income" and "other operating expenses" respectively in profit or loss.

(ii) Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group or the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed. If a component has a useful life that is different from the remainder of the asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

2. Significant accounting policies (continued)

(d) Property, plant and equipment (continued)

(iii) Depreciation (continued)

The estimated useful lives for the current and comparative periods are as follows:

• Leasehold land	60 years
• Buildings	50 years
• Plant and machinery	5 - 12 years
• Motor vehicles	5 years
• Other assets	3 - 10 years

Depreciation methods, useful lives and residual values are reviewed at the end of the reporting period, and adjusted as appropriate.

(e) Leased assets

(i) Finance lease

Leases in terms of which the Group or the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. On initial recognition of the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Leasehold land which in substance is a finance lease is classified as property, plant and equipment or as investment property if held to earn rental income or for capital appreciation or for both.

2. Significant accounting policies (continued)

(e) Leased assets (continued)

(ii) Operating lease

Leases, where the Group or the Company does not assume substantially all the risks and rewards of ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised on the statement of financial position. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property and measured using fair value model.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

Leasehold land which in substance is an operating lease is classified as prepaid lease payments.

(f) Exploration and evaluation of mineral resources

Exploration and evaluation costs, including the costs of acquiring licenses, are initially capitalised as intangible exploration and evaluation assets ("E&E assets") according to the nature of the assets acquired. The costs are accumulated in cost centres by field or exploration area pending determination of technical feasibility and commercial viability.

E&E assets that are available for use are amortised over their estimated useful lives based on the unit of production method and recognised in profit or loss upon the commencement of commercial production.

E&E assets are assessed for impairment if sufficient data exists to determine technical feasibility and commercial viability, and facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

2. Significant accounting policies (continued)

(f) Exploration and evaluation of mineral resources (continued)

The technical feasibility and commercial viability of extracting a mineral resource is considered to be determinable when proven reserves are determined to exist. A review of each exploration license or field is carried out, to ascertain whether proven reserves have been discovered. Upon determination of proven reserves, intangible E&E assets attributable to those reserves are tested for impairment and then reclassified from E&E assets to a separate category within tangible assets.

Expenditure deemed to be unsuccessful is recognised in profit or loss immediately.

(g) Investment properties

Investment properties at cost

Investment properties are properties which are owned to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are measured at cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the investment property.

Freehold land has an unlimited useful life and therefore is not depreciated. Leasehold land is depreciated over the lease term and their useful lives of 60 years.

Depreciation of buildings is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life of 50 years.

An investment property is derecognised on its disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period in which the item is derecognised.

2. Significant accounting policies (continued)

(h) Inventories

Inventories are measured at the lower of cost and net realisable value.

The cost of inventories is measured based on weighted average cost formula, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of work-in-progress and finished goods, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(i) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts.

(j) Impairment

(i) Financial assets

All financial assets (except for investment in subsidiaries, investment in joint venture and investment in associate) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised.

For an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment. If any such objective evidence exists, then the impairment loss of the financial asset is estimated.

An impairment loss in respect of loans and receivables is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

2. Significant accounting policies (continued)

(j) Impairment (continued)

(i) Financial assets (continued)

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and the asset's current fair value, less any impairment loss previously recognised. Where a decline in the fair value of an available-for-sale financial asset has been recognised in the other comprehensive income, the cumulative loss in other comprehensive income is reclassified from equity to profit or loss.

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available-for-sale is not reversed through profit or loss.

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.

(ii) Other assets

The carrying amounts of other assets (except for inventories and deferred tax assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, the recoverable amount is estimated each period at the same time.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets (known as cash-generating unit). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

2. Significant accounting policies (continued)

(j) Impairment (continued)

(ii) Other assets (continued)

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit or the group of cash-generating units and then to reduce the carrying amount of the other assets in the cash-generating unit (or a group of cash-generating units) on a *pro rata* basis.

In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

(k) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

(i) Issue expenses

Costs directly attributable to issue of instruments classified as equity are recognised as a deduction from equity.

2. Significant accounting policies (continued)

(k) Equity instruments (continued)

(ii) Repurchase, disposal and reissue of share capital

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares that are not subsequently cancelled are classified as treasury shares in the statement of changes in equity.

When treasury shares are sold or reissued subsequently, the difference between the sales consideration net of directly attributable costs and the carrying amount of the treasury shares is recognised in equity.

(l) Compound financial instruments

A compound financial instrument is a non-derivative financial instrument that contains both a liability and an equity component.

Compound financial instruments issued by the Group comprise redeemable convertible secured bonds that can be converted to share capital at the option of the holder, when the number of shares to be issued does not vary with changes in their fair value.

The liability component of a compound financial instrument is recognised initially at fair value of a similar liability that does not have an equity conversion option. The equity component is recognised initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not remeasured subsequent to initial recognition.

Interest and losses and gains relating to the financial liability are recognised in profit or loss. On conversion, the financial liability is reclassified to equity; no gain or loss is recognised on conversion.

2. Significant accounting policies (continued)

(m) Employee benefits

(i) Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short term cash bonus if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) Defined contribution plans

The Group's contributions to statutory pension funds are charged to profit or loss in the financial year to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

(iii) Share-based payment transactions

The grant date fair value of share-based payment granted to employees is recognised as an employee expense, with corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

The fair value of the employee share options is measured using a binomial lattice model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

2. Significant accounting policies (continued)

(n) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(o) Revenue and other income

(i) Goods sold

Revenue from the sale of goods in the course of ordinary activities is measured at fair value of the consideration received or receivable, net of returns and allowances, trade discount, volume rebates and sales taxes.

Revenue is recognised when persuasive evidence exists, that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

(ii) Service income

Revenue is recognised when the services have been performed.

(iii) Dividend income

Dividend income is recognised in profit or loss on the date that the Group's or the Company's right to receive payment is established.

2. Significant accounting policies (continued)

(o) Revenue and other income (continued)

(iv) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss except for interest income arising from temporary investment of borrowings taken specifically for the purpose of obtaining a qualifying asset which is accounted for in accordance with the accounting policy on borrowing costs.

(v) Rental income

Rental income related to rental of properties and scaffoldings are recognised over the period of tenancy or usage, as appropriate.

(vi) Management fees

Management fees are recognised when services are rendered.

(p) Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

2. Significant accounting policies (continued)

(q) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unutilised reinvestment allowance and investment tax allowance, being tax incentives that is not a tax base of an asset, is recognised as a deferred tax asset to the extent that it is probable that the future taxable profits will be available against the unutilised tax incentive can be utilised.

2. Significant accounting policies (continued)

(r) Earnings per ordinary share

The Group presents basic and diluted earnings per share data for its ordinary shares ("EPS").

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise warrants, ESOS and redeemable convertible secured bonds.

(s) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker, which in this case is the Executive Director and Group Operation Director of the Group, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

(t) Fair value measurement

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

2. Significant accounting policies (continued)

(t) Fair value measurement (continued)

When measuring the fair value of an asset or liability, the Group uses observable market data as far as possible. Fair value are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: unobservable inputs for the assets or liability.

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

3. Property, plant and equipment

Group	Note	Freehold land RM'000	Buildings RM'000	Leasehold land RM'000	Plant and machinery RM'000	Capital-in progress RM'000	Motor vehicles RM'000	Others assets RM'000	Total RM'000
Cost									
At 1 August 2013		76,417	139,260	1,070	205,368	1,049	7,570	55,550	486,284
Additions		-	106	-	500	1,661	232	2,805	5,304
Disposals		-	-	-	-	-	(1,977)	(2,176)	(4,153)
Written off		-	-	-	(1,775)	-	(15)	(177)	(1,967)
Transfers		-	-	-	-	-	-	(51)	(51)
Effect of movement in exchange rates		-	-	-	-	-	-	63	63
At 31 July 2014/1 August 2014		76,417	139,366	1,070	204,093	2,710	5,810	56,014	485,480
Additions		-	130	-	1,152	1,747	829	6,496	10,354
Acquisition of subsidiary	33	-	-	-	690	-	376	419	1,485
Disposals		-	-	-	-	-	(315)	(2,945)	(3,260)
Written off		-	-	-	-	-	-	(259)	(259)
Transfers		-	-	-	190	(190)	-	-	-
Effect of movement in exchange rates		-	-	-	9	-	9	1,364	1,382
At 31 July 2015		76,417	139,496	1,070	206,134	4,267	6,709	61,089	495,182

3. Property, plant and equipment (continued)

Group	Note	Freehold land RM'000	Buildings RM'000	Leasehold land RM'000	Plant and machinery RM'000	Capital-in progress RM'000	Motor vehicles RM'000	Others assets RM'000	Total RM'000
Accumulated depreciation									
At 1 August 2013		-	21,225	240	123,621	-	5,382	28,189	178,657
Charge for the year		-	2,828	18	12,715	-	581	7,496	23,638
Disposals		-	-	-	-	-	(1,676)	(1,422)	(3,098)
Written off		-	-	-	(1,775)	-	(10)	(125)	(1,910)
Effect of movement in exchange rates		-	-	-	-	-	-	5	5
At 31 July 2014/1 August 2014		-	24,053	258	134,561	-	4,277	34,143	197,292
Charge for the year		-	2,832	19	12,681	-	710	7,600	23,842
Acquisition of a subsidiary	33	-	-	-	54	-	71	36	161
Disposals		-	-	-	-	-	(315)	(1,754)	(2,069)
Written off		-	-	-	-	-	-	(149)	(149)
Effect of movement in exchange rates		-	-	-	3	-	5	383	391
At 31 July 2015		-	26,885	277	147,299	-	4,748	40,259	219,468
Carrying amounts									
At 1 August 2013		76,417	118,035	830	81,747	1,049	2,188	27,361	307,627
At 31 July 2014/1 August 2014		76,417	115,313	812	69,532	2,710	1,533	21,871	288,188
At 31 July 2015		76,417	112,611	793	58,835	4,267	1,961	20,830	275,714

Other assets of the Group comprise equipment for hire, office renovations, furniture and fittings, heavy equipment, office equipment, tools, computer software, electrical installation, forklift, dies and jigs and container.

3. Property, plant and equipment (continued)

Company	Motor vehicles RM'000	Renovation RM'000	Office equipment RM'000	Total RM'000
Cost				
At 1 August 2013	424	701	130	1,255
Disposals	-	(51)	-	(51)
At 31 July 2014/ 1 August 2014	424	650	130	1,204
Additions	-	7	4	11
At 31 July 2015	424	657	134	1,215
Accumulated depreciation				
At 1 August 2013	262	137	13	412
Charge for the year	85	130	26	241
At 31 July 2014/ 1 August 2014	347	267	39	653
Charge for the year	77	131	26	234
At 31 July 2015	424	398	65	887
Carrying amounts				
At 1 August 2013	162	564	117	843
At 31 July 2014/ 1 August 2014	77	383	91	551
At 31 July 2015	-	259	69	328

Security

At 31 July 2015, the redeemable convertible bonds (see Note 15) are secured by a first legal charge over property of a subsidiary with carrying amount of RM66,751,000 (2014 : RM67,804,000) and the land and buildings of the Company with carrying amount of RM100,735,000 (2014 : RM102,050,000) (see Note 5).

4. Mining exploration and evaluation assets

	Note	Group RM'000
At 1 August 2014		-
Acquisition of subsidiary	33	17,287
Additions		1,417
At 31 July 2015		18,704

5. Investment properties

Group	Leasehold land RM'000	Freehold land RM'000	Buildings RM'000	Total RM'000
Cost				
At 1 August 2013/31 July 2014/ 31 July 2015	3,950	485	6,429	10,864
Accumulated depreciation				
At 1 August 2013	1,432	-	1,480	2,912
Charge for the year	54	-	104	158
At 31 July 2014/1 August 2014	1,486	-	1,584	3,070
Charge for the year	54	-	105	159
At 31 July 2015	1,540	-	1,689	3,229
Carrying amounts				
At 1 August 2013	2,518	485	4,949	7,952
At 31 July 2014/1 August 2014	2,464	485	4,845	7,794
At 31 July 2015	2,410	485	4,740	7,635

Company	Freehold land RM'000	Buildings RM'000	Total RM'000
Cost			
At 1 August 2013/31 July 2014/31 July 2015	48,062	65,740	113,802
Accumulated depreciation			
At 1 August 2013	-	10,437	10,437
Charge for the year	-	1,315	1,315
At 31 July 2014/1 August 2014	-	11,752	11,752
Charge for the year	-	1,315	1,315
At 31 July 2015	-	13,067	13,067

5. Investment properties (continued)

Company (continued)	**Freehold land RM'000**	**Buildings RM'000**	**Total RM'000**
Carrying amounts			
At 1 August 2013	48,062	55,303	103,365
At 31 July 2014/1 August 2014	48,062	53,988	102,050
At 31 July 2015	48,062	52,673	100,735

Investment properties of the Group comprise a leasehold land which is being leased to third party. The estimated fair value of investment properties of the Group and of the Company are RM10,600,000 and RM144,240,000 (2014: RM10,600,000 and RM144,240,000) respectively. Investment properties are stated at cost and are not revalued.

The following are recognised in profit or loss in respect of investment properties:

	Group		**Company**	
	2015 RM'000	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**
Rental income	948	862	7,992	7,920
Direct operating expenses:				
- income generating investment properties	(158)	(180)	(1,315)	(1,315)

Fair value of investment properties are categorised as follows:

	Level 1 RM'000	**Level 2 RM'000**	**Level 3 RM'000**	**Total RM'000**
2015				
Group				
Land	-	-	2,880	2,880
Buildings	-	-	7,720	7,720
	-	-	10,600	10,600
Company				
Land	-	-	68,870	68,870
Buildings	-	-	75,370	75,370
	-	-	144,240	144,240

5. Investment properties (continued)

Fair value of investment properties are categorised as follows: (continued)

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
2014				
Group				
Land	-	-	2,880	2,880
Buildings	-	-	7,720	7,720
	-	-	10,600	10,600
Company				
Land	-	-	68,870	68,870
Buildings	-	-	75,370	75,370
	-	-	144,240	144,240

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical investment properties that the entity can access at the measurement date.

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the investment property, either directly or indirectly.

Level 2 fair values of land and buildings have been generally derived using the sales comparison approach. Sales price of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable properties.

Transfer between Level 1 and 2 fair values

There is no transfer between Level 1 and 2 fair values during the financial year.

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the investment property.

6. Investment in subsidiaries

	Company 2015 RM'000	Company 2014 RM'000
At cost:		
Unquoted shares in Malaysia	93,970	93,970

Details of the subsidiaries are as follows:

Name of subsidiary	Country of incorporation	Principal activities	Effective ownership interest 2015 %	Effective ownership interest 2014 %
Hiap Teck Hardware Sdn. Bhd.	Malaysia	Importer, exporter and general dealer of steel products, hardware and building materials	100	100
Tiek Hong Hardware (B'worth) Sdn. Bhd.	Malaysia	Dormant	100	100
Alpine Pipe Manufacturing Sdn. Bhd.	Malaysia	Manufacturing and selling of pipes, hollow sections and other steel products	100	100
Briliant Decade Transport Agency Sdn. Bhd.	Malaysia	Provision of transportation services	100	100
Huatraco Scaffold Sdn. Bhd.	Malaysia	Manufacturing, selling and renting of scaffolding equipment and range of steel products	100	100
Hiap Teck Resources Sdn. Bhd	Malaysia	Dormant	100	100
Subsidiary of Hiap Teck Hardware Sdn. Bhd.				
Hiap Teck Property Sdn. Bhd	Malaysia	Dormant	100	100
Subsidiary of Hiap Teck Resources Sdn. Bhd.				
Vista Mining Sdn. Bhd.	Malaysia	Exploring, contracting and activities related to the mining, processing and sale of iron ore	55	-

6. Investment in subsidiaries (continued)

Details of the subsidiaries are as follows (continued):

Name of subsidiary	Country of incorporation	Principal activities	Effective ownership interest 2015 %	2014 %
Subsidiaries of Huatraco Scaffold Sdn. Bhd.				
Huatraco Contracts Sdn. Bhd.	Malaysia	Dormant	100	100
Huatraco Investment Pte. Ltd.#	Singapore	Investment holding	100	100
Subsidiary of Huatraco Investment Pte. Ltd.				
Huatraco Singapore Pte. Ltd.#	Singapore	Scaffolding works and wholesale of industrial, construction and related machinery and equipment	100	100

\# Audited by a firm other than KPMG

7. Investment in joint venture

	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
Unquoted shares in Malaysia at cost	275,798	139,618	275,798	139,618
Share of post-acquisition reserves	(66,422)	(6,749)	-	-
Less: Impairment loss	(55,000)	-	(55,000)	-
	154,376	132,869	220,798	139,618

Details of the joint venture are as follows:

Name of entity	Country of incorporation	Principal activities	Effective ownership interest 2015 %	2014 %
Eastern Steel Sdn. Bhd.	Malaysia	Manufacturing, selling and dealing in a range of steel products using blast furnace plant	55	55

7. Investment in joint venture (continued)

On 15 March 2012, the Company entered into the Shareholders' Agreement with the shareholders of a joint venture, Eastern Steel Sdn. Bhd. ("ESSB"), namely Orient Steel Investment Pte. Ltd. ("Orient Steel") and Chinaco Investment Pte. Ltd. ("Chinaco"). The agreement set out the rights and obligations and to regulate the shareholders' relationship of the three parties in respect of dealing with ESSB.

The agreement gives the Company and Orient Steel joint control over ESSB and hence, ESSB is considered as a joint venture of the Company.

The following tables summarise the financial information of Eastern Steel Sdn. Bhd. The tables also reconcile the summarised financial information to the carrying amount of the Group's interest in Eastern Steel Sdn. Bhd., which is accounted for using the equity method.

	2015 RM'000	2014 RM'000
Group		
Summarised financial information		
As at 31 July		
Non-current assets	1,272,281	1,036,727
Current assets	199,849	28,681
Non-current liabilities	(243,657)	(837,327)
Current liabilities	(939,709)	(78,421)
Net assets	288,764	149,660
Year ended 31 July		
(Loss)/Profit and total comprehensive (expense)/income for the year	(108,496)	880
Included in the total comprehensive income/(expense):		
Interest income	148	1,113
Interest expense	(3,769)	(371)
Income tax expense	(115)	(131)
Reconciliation of net assets to carrying amount		
As at 31 July		
Group's share of net assets (net of impairment loss)	154,376	82,313
Goodwill	-	50,556
Carrying amount in the statement of financial position	154,376	132,869
Group's share of results		
Year ended 31 July		
Group's share of (loss)/profit and total comprehensive (expense)/income for the year	(59,673)	484

8. Investment in associate

	Company 2015 RM'000	Company 2014 RM'000
Unquoted shares in Malaysia at cost	480	-
Share of post-acquisition reserves	(1)	-
	479	-

Details of the associate are as follows:

Name of entity	Country of incorporation	Principal activities	Effective ownership interest 2015	Effective ownership interest 2014
Huatraco GES Scaffold Sdn. Bhd. ("HGES")	Malaysia	Dormant	48	-

The Group, via its wholly-owned subsidiary, Huatraco Scaffold Sdn. Bhd., had on 23 December 2014 subscribed for 480,000 new ordinary shares of RM1.00 each at par in HGES representing 48% of the enlarged issued and paid up share capital of HGES.

The following are the summarised financial information of the associate.

	2015 RM'000
As at 31 July	
Total assets	1,003
Total liabilities	(5)
Net assets	998
Group's share of net assets	479
Period from 23 December 2014 to 31 July 2015	**RM'000**
Net loss	(3)
Group's share of net loss	(1)

9. Available-for-sale financial assets

	2015		2014	
	Carrying amount RM'000	Market value of quoted investments RM'000	Carrying amount RM'000	Market value of quoted investments RM'000
Group				
Non-current				
Club membership, unquoted	140	-	140	-
Equity instruments, quoted in Malaysia	1,966	1,966	2,311	2,311
	2,106		2,451	
Current				
Unit trust fund of licensed financial institution within Malaysia	1,234	1,234	27,879	27,879
	3,340		30,330	
Company				
Current				
Unit trust fund of licensed financial institution within Malaysia	73	73	1,006	1,006

10. Deferred tax assets/(liabilities)

Recognised deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Group						
Property, plant and equipment	-	1	(22,180)	(24,168)	(22,180)	(24,167)
Investment properties	-	-	(111)	(96)	(111)	(96)
Loans and borrowings	2,735	1,834	(6,644)	(6,644)	(3,909)	(4,810)
Other payables	7,270	8,197	-	-	7,270	8,197
Tax loss carry-forwards	-	6	-	-	-	6
Reinvestment allowance	3,482	6,342	-	-	3,482	6,342
Allowance for increased export	5,448	5,448	-	-	5,448	5,448
Tax assets/(liabilities)	18,935	21,828	(28,935)	(30,908)	(10,000)	(9,080)
Set-off of tax	(17,584)	(19,158)	17,584	19,158	-	-
Net tax assets/(liabilities)	1,351	2,670	(11,351)	(11,750)	(10,000)	(9,080)

10. Deferred tax assets/(liabilities) (continued)

Recognised deferred tax assets/(liabilities) (continued)

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2015	**2014**	**2015**	**2014**	**2015**	**2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Company						
Loans and borrowings	2,735	1,834	(6,644)	(6,644)	(3,909)	(4,810)

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items (stated at gross):

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Unabsorbed capital allowances	6,132	6,181	-	-
Tax loss carry-forwards	1,630	1,542	-	-
Other deductible temporary differences	(923)	(53)	-	-
	6,839	7,670	-	-

Deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

10. Deferred tax assets/(liabilities) (continued)

Movement in temporary differences during the year

	At 1.8.2013 RM'000	Recognised in profit or loss (Note 20) RM'000	Recognised in other comprehensive income RM'000	At 31.7.2014/ 1.8.2014 RM'000	Recognised in profit or loss (Note 20) RM'000	At 31.7.2015 RM'000
Group						
Property, plant and equipment	(27,191)	3,045	(21)	(24,167)	1,987	(22,180)
Investment properties	(75)	(21)	-	(96)	(15)	(111)
Loans and borrowings	(5,637)	827	-	(4,810)	901	(3,909)
Other payables	10,210	(2,013)	-	8,197	(927)	7,270
Tax loss carry-forwards	1	5	-	6	(6)	-
Reinvestment allowance	11,633	(5,291)	-	6,342	(2,860)	3,482
Allowance for increased export	-	5,448	-	5,448	-	5,448
Others	964	(964)	-	-	-	-
	(10,095)	1,036	(21)	(9,080)	(920)	(10,000)
Company						
Loans and borrowings	(5,637)	827	-	(4,810)	901	(3,909)

11. Trade and other receivables

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Non-current				
Non-trade				
Amount due from a subsidiary	-	-	22,623	30,324
Amount due from joint venture	152,336	466,678	152,336	466,678
	152,336	466,678	174,959	497,002
Current				
Trade				
Trade receivables	277,051	260,060	-	-
Less: Allowance for impairment loss	(32)	(689)	-	-
	277,019	259,371	-	-
Amount due from joint venture	415	-	-	-
	277,434	259,371	-	-
Non-trade				
Other receivables	21,158	34,453	30	8
Amount due from joint venture	231,390	-	231,390	-
Less: Allowance for impairment loss	-	(22,014)	-	-
	252,548	12,439	231,420	8
Deposits	820	1,072	30	30
Prepayments	3,419	3,620	76	76
	256,787	17,131	231,526	114
	534,221	276,502	231,526	114
	686,557	743,180	406,485	497,116

The Group's normal trade credit term ranges from 14 to 90 (2014: 14 to 90) days. Other credit terms are assessed and approved on a case-by-case basis.

The allowance for impairment loss in other receivables of the Group related to the quantity discounts receivable from a supplier in prior years. During the financial year, the allowance for impairment loss had been written off after due consideration by the management.

11. Trade and other receivables (continued)

Amount due from a subsidiary

The amount due from a subsidiary is unsecured and subject to interest rate of 5% (2014: 5%) per annum and repayable in 2017.

Amount due from joint venture

The trade amount due from joint venture is subject to normal trade terms.

The non-trade amount due from joint venture is unsecured and subject to interest rates of 4.6% to 9.2% (2014: 4.6% to 9.2%) per annum. The non-current balance is repayable in 2017.

12. Inventories

	Group	
	2015	2014
	RM'000	RM'000
Raw materials	47,823	99,649
Work-in-progress	19,213	21,851
Finished goods	101,104	100,941
Merchandise goods	122,815	130,047
Spare parts	2,202	2,352
At 31 July	293,157	354,840

13. Cash and cash equivalents

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Deposits placed with licensed banks	27,501	3,497	21,239	3,497
Cash and bank balances	37,983	53,180	817	962
	65,484	56,677	22,056	4,459

14. Capital and reserves

Share capital

	Group and Company			
	Amount 2015 RM'000	**Number of shares 2015 '000**	**Amount 2014 RM'000**	**Number of shares 2014 '000**
Authorised:				
Ordinary shares of RM0.50 each	1,000,000	2,000,000	1,000,000	2,000,000
Issued and fully paid:				
Ordinary shares of RM0.50 each				
At 1 August	358,978	717,956	356,871	713,742
Share options exercised	217	434	2,106	4,212
Warrants exercised	-	-	1	3
At 31 July	359,195	718,390	358,978	717,957

Ordinary shares

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company and rank equally with regard to the Company's residual assets. In respect of the Company's treasury shares that are held by the Group (see below), all rights are suspended until those shares are reissued.

Reserves

		Group		Company	
	Note	**2015 RM'000**	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**
Non-distributable:					
Share premium		38,160	38,143	38,160	38,143
Warrant reserves	14.1	18,459	18,459	18,459	18,459
Other reserves					
Translation reserves	14.2.1	(140)	(107)	-	-
Fair value reserves	14.2.2	(504)	(36)	-	-
Capital reserves	14.2.3	(353)	(353)	(353)	(353)
Share option reserves	14.3	3,742	2,591	3,742	2,591
Treasury shares	14.4	(7,496)	(7,495)	(7,496)	(7,495)
		51,868	51,202	52,512	51,345
Distributable:					
Retained earnings		461,086	542,453	91,215	125,419
		512,954	593,655	143,727	176,764

14. Capital and reserves (continued)

Reserves (continued)

14.1 Warrant reserves

The warrant reserves arose from the allocation of the proceeds received from the issuance of the warrants by reference to the fair value of the warrants and net of expenses incurred in relation to the rights issue in the previous financial year.

Warrants 2013/2017
No warrants were exercised during the financial year and the number of warrants outstanding as at 31 July 2015 was 88,533,692.

The salient terms of the Warrants 2013/2017 are as follows:

(a) The Warrants can be exercised any time during the tenure of 5 years commencing from the date of issue of 10 January 2012 to 9 January 2017 ("Exercise Period"). Warrants not exercised during the Exercise Period will lapse and cease to be valid; and

(b) Each warrant entitles holder to subscribe for one new ordinary share in the Company at the exercise price of RM0.69 at any time during the Exercise Period.

14.2 Other reserves

14.2.1 Translation reserves

The translation reserves comprise all foreign currency differences arising from the translation of the financial statements of foreign operations.

14.2.2 Fair value reserves

The fair value reserves comprise the cumulative net change in the fair value of available-for-sale financial assets until the investments are derecognised or impaired.

14.2.3 Capital reserves

The capital reserves comprise the equity component of redeemable convertible secured bonds. It represents the residual amount of the convertible bonds after deducting the fair value of the liability component. The amount is presented net of transaction costs and deferred tax liabilities.

14.3 Share option reserves

The share option reserve comprises the cumulative value of employee services received for the issue of share options. When the option is exercised, the amount from the share option reserve is transferred to share premium. When the share options expire, the amount from the share option reserve is transferred to retained earnings.

14. Capital and reserves (continued)

14.4 Treasury shares

During the financial year, the Company repurchased 1,000 of its issued share capital from the open market. The average price paid for the shares repurchased was RM0.58 per share including transaction costs, and the repurchase transactions were financed by internally generated funds. The shares repurchased are held as treasury shares. As at 31 July 2015, a total of 5,482,000 buy-back shares were held as treasury shares and carried at cost.

15. Loans and borrowings

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Non-current				
Secured:				
Redeemable convertible bonds	131,346	127,758	131,346	127,758
Current				
Secured:				
Redeemable convertible bonds	2,199	2,199	2,199	2,199
Bankers' acceptances	363,181	386,039	-	-
Bank overdrafts	-	1,736	-	-
Revolving credit	30,000	60,000	30,000	30,000
	395,380	449,974	32,199	32,199
	526,726	577,732	163,545	159,957

Security

(a) The redeemable convertible bonds are secured by a first legal charge over property of a subsidiary with carrying amount of RM66,751,000 (2014 : RM67,804,000) and the land and buildings of the Company with carrying amount of RM100,735,000 (2014 : RM102,050,000) (see Note 5).

(b) The Company has extended corporate guarantees amounting to RM393,181,000 (2014 : RM447,775,000) as at the reporting date to financial institutions for banking facilities granted to certain subsidiaries. The Directors have assessed the financial guarantee contracts and concluded that the financial impact of the guarantees is not material as the subsidiaries concerned are in positive financial standings to meet their obligations as and when they fall due.

15. Loans and borrowings (continued)

Redeemable convertible secured bonds ("the Bonds")

On 5 April 2012 ("Issue date"), the Company issued a 7-year RM147 million nominal value of 4.5% redeemable convertible secured bonds. The liability component of the Bonds is recognised in statements of financial position as follows:

	Group and Company	
	2015	**2014**
	RM'000	**RM'000**
At 1 August	129,957	126,686
Accreted interest	3,588	3,271
At 31 July	133,545	129,957

The holder of the Bonds may on 5th anniversary of the Issue date (ie. 5 April 2017) require the Company to redeem all or part of the Bonds by giving no less than 90 days irrevocable prior written notice to the Company.

Unless previously redeemed, converted, purchased and cancelled, the Bonds shall be redeemed by the Company at its nominal value on the 7th anniversary of the Issue date (ie. 5 April 2019) ("Maturity date").

The Bonds are convertible into ordinary shares of RM0.50 each at the option of the holder at conversion price of RM0.70 at any time between issuance up to Maturity date.

The Bonds carry a coupon rate of 4.5% per annum on the nominal value payable semi-annually in arrears.

16. Trade and other payables

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Current				
Trade				
Trade payables	34,027	43,936	-	-
Amount due to a related party	19,268	3,771	-	-
	53,295	47,707	-	-
Non-trade				
Other payables	18,045	6,538	112	8
Accruals	19,632	14,598	4,129	2,373
Deposits received	2,844	2,630	12	-
Advances from customers	-	4,016	-	-
Amount due to subsidiaries	-	-	169,278	134,378
Amount due to a related party	3,531	-	-	-
	44,052	27,782	173,531	136,759
	97,347	75,489	173,531	136,759

Amount due to a related party

The trade amount due to a related party is subject to normal trade terms.

The non-trade amount due to a related party is unsecured, non-interest bearing and repayable upon demand.

Amount due to subsidiaries

The amount due to subsidiaries are non-trade in nature, unsecured, non-interest bearing and repayable upon demand. The amount due to subsidiaries will be offset against future dividends and rental receivable from these subsidiaries.

17. Revenue

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Sale of goods and services	1,242,030	1,098,550	-	-
Rental of scaffolding equipment	15,397	11,820	-	-
Dividend income	-	-	19,560	6,240
Rental of properties	192	120	7,992	7,920
Management fee	-	-	3,720	3,720
	1,257,619	1,110,490	31,272	17,880

18. Cost of sales

	Group	
	2015 RM'000	2014 RM'000
Cost of inventories sold	1,139,763	1,008,347
Depreciation of scaffolding equipment for hire	5,893	5,521
	1,145,656	1,013,868

Included in the cost of inventories sold are the following:

Direct and indirect labour costs	12,022	11,393
Upkeep of property, plant and equipment	5,883	5,487
Depreciation of property, plant and equipment	14,613	14,717

19. Finance costs

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Interest expense on:				
Bank overdrafts	121	142	-	-
Bankers' acceptances	18,403	14,515	-	-
Invoice financing	-	84	-	-
Revolving credit	3,271	1,216	1,726	14
Onshore foreign currency loan	122	509	-	-
Redeemable convertible secured bonds	10,184	9,922	10,184	9,922
	32,101	26,388	11,910	9,936

20. Income tax expense

Recognised in profit or loss

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Current tax				
Malaysian - current	10,130	9,612	3,295	3,929
- prior years	(704)	(4,290)	(438)	111
	9,426	5,322	2,857	4,040
Deferred tax				
Origination and reversal of temporary differences	1,667	3,010	(901)	(827)
Over provision in prior years	(747)	(4,046)	-	-
	920	(1,036)	(901)	(827)
Total income tax expense	10,346	4,286	1,956	3,213

20. Income tax expense (continued)

Reconciliation of tax expense

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
(Loss)/Profit before tax	(66,460)	49,851	(27,970)	14,370
Share of loss/(profit) after tax of equity accounted investees	59,674	(484)	-	-
	(6,786)	49,367	(27,970)	14,370
Income tax calculated using Malaysian tax rate of 25%	(1,696)	12,342	(6,992)	3,593
Effect of tax rate in foreign jurisdictions	(39)	153	-	-
Income not subject to tax	(915)	(1,269)	(4,911)	(1,563)
Non-deductible expenses	14,671	1,490	14,297	1,072
Double deduction expenses	(25)	(39)	-	-
Temporary difference for which no deferred tax assets was recognised	(199)	(55)	-	-
Over provision of deferred tax in prior years	(747)	(4,046)	-	-
(Over)/Under provision of current tax in prior years	(704)	(4,290)	(438)	111
Income tax expense	10,346	4,286	1,956	3,213

21. (Loss)/Profit for the year

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
(Loss)/Profit for the year is arrived after charging/ (crediting):				
Personnel expenses:				
Salaries, wages and others	39,253	33,305	8,152	6,727
Defined contribution plan	3,944	3,298	1,004	832
Auditors' remuneration:				
- Audit fees				
KPMG in Malaysia	305	280	85	83
Other auditors	18	16	-	-
- Non audit fees				
KPMG in Malaysia	20	20	20	20
Reversal of impairment loss of trade receivables	-	(2)	-	-
Depreciation of property, plant and equipment	23,842	23,638	234	241

21. (Loss)/Profit for the year (continued)

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
(Loss)/Profit for the year is arrived after charging/(crediting):				
Depreciation of investment properties	159	158	1,315	1,315
Equity-settled share based payments	1,168	1,713	1,168	1,713
Minimum lease payments recognised as operating lease expense for:				
- Land and buildings	1,212	1,096	-	-
- Office equipment	17	9	-	-
- Gas tank	9	10	-	-
Property, plant and equipment written off	110	57	-	-
Write down of inventories	8,805	916	-	-
Impairment loss - investment in joint venture	55,000	-	55,000	-
Gain on bargain purchase arising from acquisition of subsidiary	(72)	-	-	-
Gain on disposals of property, plant and equipment	(2,442)	(2,272)	-	-
Gain on disposals of available-for-sale financial assets	-	(255)	-	-
Rental income from investment properties	(948)	(862)	(7,992)	(7,920)
Gross dividend income	(123)	(100)	(19,560)	(6,240)
Net foreign exchange gain				
- Realised	(4,503)	(3,341)	-	-
- Unrealised	(3,014)	(1,698)	-	-
Net overdue interest income	(145)	(175)	-	-
Finance income:				
- Deposits	(532)	(329)	(123)	(99)
- Available-for-sale financial assets	(1,601)	(1,008)	(85)	(25)
- Joint venture	(20,215)	(18,031)	(20,215)	(18,031)
- Subsidiary	-	-	(1,606)	(1,606)

22. Key management personnel compensation

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Executive directors				
- Remuneration	4,163	3,919	3,592	3,207
- Other short-term employee benefits	-	20	-	-
	4,163	3,939	3,592	3,207
Non-executive directors:				
- Fees	353	352	315	315
- Other emoluments	18	24	18	24
	371	376	333	339
	4,534	4,315	3,925	3,546

23. (Loss)/Earnings per ordinary share

Basic (loss)/earnings per ordinary share

The calculation of basic (loss)/earnings per ordinary share at 31 July 2015 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

	Group	
	2015	2014
(Loss)/Profit attributable to ordinary shareholders (RM'000)	(77,089)	45,565
Weighted average number of ordinary shares ('000)		
Issued ordinary shares at 1 August	713,742	713,742
Effect of treasury shares held	(5,482)	(5,481)
Effect of ordinary shares issued	361	1,115
Weighted average number of ordinary shares at 31 July	708,621	709,376
Basic (loss)/earnings per share (sen)	(10.88)	6.42

Diluted (loss)/earnings per ordinary share

The calculation of diluted (loss)/earnings per ordinary share at 31 July 2015 was based on (loss)/profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding after adjustment for the effects of all potential ordinary shares.

No diluted (loss)/earnings per share is disclosed as there are no dilutive potential ordinary shares.

24. Dividends

Dividends recognised by the Company:

	Sen per share	Total amount RM'000	Date of payment
2015			
Final 2014 ordinary (single tier)	0.60	4,278	13 February 2015
2014			
Final 2013 ordinary (single tier)	0.60	4,250	22 January 2014

After the reporting period, the following dividends were proposed by the Directors. This dividend will be recognised in subsequent financial period upon approval by the shareholders of the Company at the forthcoming Annual General Meeting.

	Group	
	Sen per share	Total Amount RM'000
Final 2015 ordinary (single tier)	0.30	2,155

25. Operating segments

(a) Business Segments

For management purposes, the Group is organised into business units based on their products and services, and has four reportable operating segments as follows:

(i) The trading segment is importers, exporters and general dealers in steel products, hardware and building materials;

(ii) The manufacturing segment involved in manufacturing, renting and distributing of steel pipes, hollow sections, scaffolding equipment, accessories and other steel products;

(iii) The property and investment segment involved in investment in and renting out property and investment holding; and

(iv) The transportation segment involved in provision of transportation of goods by lorries.

(v) The mining exploration segment involved in exploring, contracting and activities related to the mining, processing and sale of iron ore.

25. Operating segments (continued)

(a) Business Segments (continued)

Except as indicated above, no operating segment has been aggregated to form the above reportable operating segments.

Group income taxes are managed on a group basis and are not allocated to operating segments.

(b) Geographical Segments

No segmental information is provided on a geographical basis as the activities of the Group are carried out predominantly in Malaysia.

The Directors are of the opinion that all inter-segment transactions have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

Performance is measured based on segment profit before tax, interest and depreciation as included in the internal management reports that are reviewed by the Executive Director and Group Operation Director. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Segment assets

The total of segment asset is measured based on all assets (including goodwill) of a segment, as included in the internal management reports that are reviewed by the Executive Director and Group Operation Director. Segment total asset is used to measure the return of assets of each segment.

Segment liabilities

Segment liabilities information is included in the internal management reports and provided regularly to the Executive Director and Group Operation Director. Hence disclosure is made on segment liability.

Segment capital expenditure

Segment capital expenditure is the total cost incurred during the financial year to acquire property, plant and equipment.

25. Operating segments (continued)

2015	Trading RM'000	Manufacturing RM'000	Property and investment RM'000	Transportation RM'000	Mining exploration RM'000	Eliminations RM'000	Total RM'000
Revenue							
External customers	647,224	610,201	192	2	-	-	1,257,619
Inter-segment	2,535	28,947	31,080	3,922	-	(66,484)	-
Total segment revenue	649,759	639,148	31,272	3,924	-	(66,484)	1,257,619
Results							
Segment profit	10,182	31,285	(49,492)	534	633	(59,602)	(66,460)
Included in the measure of segment profit are:							
Finance income	1,021	885	20,423	20	-	-	22,349
Dividend income	-	-	123	-	-	-	123
Finance cost	9,297	10,893	11,911	-	-	-	32,101
Depreciation	4,021	17,826	235	424	-	1,172	23,678
Share of loss of joint venture	-	-	-	-	-	-	(59,673)
Share of loss of associate	-	-	-	-	-	-	(1)
Assets							
Segment assets	427,671	574,689	731,711	3,877	20,459	(255,068)	1,503,339
Unallocated assets	-	-	-	-	-	-	5,567
Total assets	427,671	574,689	731,711	3,877	20,459	(255,068)	1,508,906
Liabilities							
Segment liabilities	297,354	224,749	337,846	509	18,696	(255,077)	624,077
Unallocated liabilities	-	-	-	-	-	-	11,888
Total liabilities	297,354	224,749	337,846	509	18,696	(255,077)	635,965
Other information							
Addition to non-current assets other than financial instruments and deferred tax assets	1,708	8,009	12	512	145	(32)	10,354
Property, plant and equipment written off	-	110	-	-	-	-	110
Write-down of inventories	-	8,805	-	-	-	-	8,805

25. Operating segments (continued)

2014	Trading RM'000	Manufacturing RM'000	Property and investment RM'000	Transportation RM'000	Eliminations RM'000	Total RM'000
Revenue						
External customers	535,818	574,552	120	-	-	1,110,490
Inter-segment	2,308	23,924	17,760	3,939	(47,931)	-
Total segment revenue	538,126	598,476	17,880	3,939	(47,931)	1,110,490
Results						
Segment profit	4,837	37,277	6,809	444	484	49,851
Included in the measure of segment profit are:						
Finance income	669	517	18,167	15	-	19,368
Dividend income	-	-	100	-	-	100
Finance cost	6,926	9,526	9,936	-	-	26,388
Depreciation	3,341	18,140	1,961	354	-	23,796
Share of profit of joint venture	-	-	-	-	-	484
Assets						
Segment assets	411,559	614,441	725,072	3,755	(143,401)	1,611,426
Unallocated assets	-	-	-	-	-	6,178
Total assets	411,559	614,441	725,072	3,755	(143,401)	1,617,604
Liabilities						
Segment liabilities	286,459	272,976	236,758	448	(143,420)	653,221
Unallocated liabilities	-	-	-	-	-	11,750
Total liabilities	286,459	272,976	236,758	448	(143,420)	664,971
Other information						
Addition to non-current assets other than financial instruments and deferred tax assets	854	4,218	-	232	-	5,304
Property, plant and equipment written off	-	52	-	5	-	57
Reversal of impairment loss of trade receivables	2	-	-	-	-	2
Write-down of inventories	916	-	-	-	-	916

26. Financial instruments

26.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

(a) Loans and receivables ("L&R");
(b) Available-for-sale financial assets ("AFS"); and
(c) Other financial liabilities measured at amortised cost ("OL").

2015	Carrying amount RM'000	L&R/ (OL) RM'000	AFS RM'000
Financial assets			
Group			
Available-for-sale financial assets	3,340	-	3,340
Trade and other receivables (excluding prepayments)	683,138	683,138	-
Cash and cash equivalents	65,484	65,484	-
	751,962	748,622	3,340
Company			
Available-for-sale financial assets	73	-	73
Trade and other receivables (excluding prepayments)	406,409	406,409	-
Cash and cash equivalents	22,056	22,056	-
	428,538	428,465	73
Financial liabilities			
Group			
Loans and borrowings	(526,726)	(526,726)	-
Trade and other payables	(97,347)	(97,347)	-
	(624,073)	(624,073)	-
Company			
Loans and borrowings	(163,545)	(163,545)	-
Trade and other payables	(173,531)	(173,531)	-
	(337,076)	(337,076)	-

26. Financial instruments (continued)

26.1 Categories of financial instruments (continued)

2014	Carrying amount RM'000	L&R/ (OL) RM'000	AFS RM'000
Financial assets			
Group			
Available-for-sale financial assets	30,330	-	30,330
Trade and other receivables (excluding prepayments)	739,560	739,560	-
Cash and cash equivalents	56,677	56,677	-
	826,567	796,237	30,330
Company			
Available-for-sale financial assets	1,006	-	1,006
Trade and other receivables (excluding prepayments)	497,040	497,040	-
Cash and cash equivalents	4,459	4,459	-
	502,505	501,499	1,006
Financial liabilities			
Group			
Loans and borrowings	(577,732)	(577,732)	-
Trade and other payables	(75,489)	(75,489)	-
	(653,221)	(653,221)	-
Company			
Loans and borrowings	(159,957)	(159,957)	-
Trade and other payables	(136,759)	(136,759)	-
	(296,716)	(296,716)	-

26.2 Net gains and losses arising from financial instruments

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Net gains/(losses) on:				
Available-for-sale financial assets	1,256	518	85	25
Loans and receivables	27,732	23,576	21,821	19,736
Financial liabilities measured at amortised cost	(32,101)	(26,388)	(11,910)	(9,936)
	(3,113)	(2,294)	9,996	9,825

26. Financial instruments (continued)

26.3 Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

26.4 Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers and advances to joint venture. The Company's exposure to credit risk arises principally from loans and advances to joint venture and a subsidiary and corporate guarantees given to banks for credit facilities granted to subsidiaries and joint venture.

Receivables

Risk management objectives, policies and processes for managing the risk

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statement of financial position.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due more than 90 days, which are deemed to have higher credit risk, are monitored individually.

26. Financial instruments (continued)

26.4 Credit risk (continued)

The exposure of credit risk for trade receivables as at the end of the reporting period by geographic region was:

	Group	
	2015	2014
	RM'000	RM'000
Domestic	245,525	230,716
Asia	31,909	28,549
Australia/New Zealand	-	106
	277,434	259,371

Impairment losses

The ageing of trade receivables as at the end of the reporting period was:

	Gross RM'000	Individual impairment RM'000	Net RM'000
2015			
Not past due	213,766	-	213,766
Past due 1 - 30 days	54,812	-	54,812
Past due 31 - 60 days	2,902	-	2,902
Past due 61 - 90 days	4,857	-	4,857
Past due more than 90 days	1,129	(32)	1,097
	277,466	(32)	277,434
2014			
Not past due	200,011	-	200,011
Past due 1 - 30 days	53,945	-	53,945
Past due 31 - 60 days	1,327	-	1,327
Past due 61 - 90 days	2,603	-	2,603
Past due more than 90 days	2,174	(689)	1,485
	260,060	(689)	259,371

26. Financial instruments (continued)

26.4 Credit risk (continued)

The movements in the allowance for impairment losses of trade receivables during the financial year were:

	Group	
	2015	**2014**
	RM'000	**RM'000**
At 1 August	689	691
Impairment loss reversed	-	(2)
Impairment loss written off	(657)	-
At 31 July	32	689

The allowance account in respect of receivables is used to record impairment losses. Unless the Group is satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly.

Available-for-sale financial assets

Risk management objectives, policies and processes for managing the risk

Investments in available-for-sale financial assets are allowed only in liquid securities and only with counterparties that have a credit rating equal to or better than the Group. Transactions involving derivative financial instruments are with approved financial institutions.

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk is represented by the carrying amounts in the statement of financial position.

In view of the sound credit rating of counterparties, management does not expect any counterparty to fail to meet its obligations. The Group does not have overdue investments that have not been impaired.

The available-for-sale financial assets are unsecured.

Impairment losses

As at the end of the reporting period, there was no indication that the investments and other financial assets are not recoverable.

26. Financial instruments (continued)

26.4 Credit risk (continued)

Financial guarantees

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured corporate guarantees to banks in respect of banking facilities granted to certain subsidiaries. The Company monitors on an ongoing basis the results and repayments made by the subsidiaries.

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk amounts to RM393,181,000 (2014 : RM447,775,000) representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period.

As at the end of the reporting period, there was no indication that any subsidiary would default on repayment.

The financial guarantees have not been recognised since the fair value on initial recognition was not material.

Inter company balances

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured loans and advances to its subsidiary and joint venture. The Company monitors the results of these entities regularly.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Impairment losses

As at the end of the reporting period, there was no indication that the loans and advances to the subsidiary and joint venture are not recoverable.

26.5 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

The Group maintains a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

26. Financial instruments (continued)

26.5 Liquidity risk (continued)

Maturity analysis

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

Group	Carrying amount RM'000	Contractual interest rate coupon	Contractual cash flows RM'000	Under 1 year RM'000	1-2 years RM'000	2-5 years RM'000	More than 5 years RM'000
2015							
Non-derivative financial liabilities							
Secured bank loans and facilities	393,181	3.73% - 5.55%	393,181	393,181	-	-	-
Redeemable convertible secured bonds	133,545	4.50%	173,460	6,615	6,615	160,230	-
Trade and other payables*	97,347	-	97,347	97,347	-	-	-
	624,073		663,988	497,143	6,615	160,230	-
2014							
Non-derivative financial liabilities							
Secured bank loans and facilities	447,775	3.63% - 7.60%	447,775	447,775	-	-	-
Redeemable convertible secured bonds	129,957	4.50%	180,057	6,597	6,615	166,845	-
Trade and other payables*	75,489	-	75,489	75,489	-	-	-
	653,221		703,321	529,861	6,615	166,845	-

26. Financial instruments (continued)

26.5 Liquidity risk (continued)

Maturity analysis (continued)

Company	Carrying amount RM'000	Contractual interest rate coupon	Contractual cash flows RM'000	Under 1 year RM'000	1-2 years RM'000	2-5 years RM'000	More than 5 years RM'000
2015							
Non-derivative financial liabilities							
Redeemable convertible secured bonds	133,545	4.50%	173,460	6,615	6,615	160,230	-
Revolving credit	30,000	5.40% - 5.55%	30,000	30,000	-	-	-
Trade and other payables*	173,531	-	173,531	173,531	-	-	-
	337,076		376,991	210,146	6,615	160,230	
2014							
Non-derivative financial liabilities							
Redeemable convertible secured bonds	129,957	4.50%	180,057	6,597	6,615	166,845	-
Revolving credit	30,000	5.10% - 5.30%	30,000	30,000	-	-	-
Trade and other payables*	136,759	-	136,759	136,759	-	-	-
	296,716		346,816	173,356	6,615	166,845	-

* *The contractual cash flows of trade and other payables exclude derivatives, and where applicable, accruals for interest on borrowings have been included in the contractual cash flows of the respective financial liabilities.*

26. Financial instruments (continued)

26.6 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices that will affect the Group's financial position or cash flows.

26.6.1 Currency risk

The Group is exposed to foreign currency risk on sales and cash and cash equivalents that are denominated in a currency other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily U.S. Dollar (USD) and Singapore Dollar (SGD).

Risk management objectives, policies and processes for managing the risk

Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level. Material foreign currency transaction exposures are hedged, mainly with derivative financial instruments such as forward foreign exchange contracts. Most of the forward exchange contracts have maturities of less than one year after the end of the reporting period.

Exposure to foreign currency risk

The Group's exposure to foreign currency (a currency which is other than the currencies of the Group entities) risk, based on carrying amounts as at the end of the reporting period was:

	Denominated in	
	USD	***SGD***
Group	**RM'000**	**RM'000**
2015		
Trade receivables	2,452	24,599
Cash and cash equivalents	838	15,476
Total exposure	3,290	40,075
2014		
Trade receivables	4,917	20,825
Cash and cash equivalents	19,586	7,442
Total exposure	24,503	28,267

26. Financial instruments (continued)

26.6 Market risk (continued)

26.6.1 Currency risk (continued)

Currency risk sensitivity analysis

Foreign currency risk of the Group entities mainly arises from transactions dealing in SGD and USD. The exposure to other currency is not material and hence sensitivity analysis is not presented for other currency.

A 10% and 10% (2014: 5% and 5%) strengthening of the SGD and USD respectively against the functional currencies of the Group entities at the end of the reporting period would have increased/(decreased) post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted sales and purchases.

	Profit or loss	
	2015	**2014**
Group	**RM'000**	**RM'000**
SGD	3,006	1,060
USD	247	918

A 10% and 10% (2014: 5% and 5%) weakening of the SGD and USD respectively against the above currency at the end of the reporting period would have had equal but opposite effect on the above currency to the amounts shown above, on the basis that all other variables remained constant.

26.6.2 Interest rate risk

The Group's fixed rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Investments in equity securities, available-for-sale financial assets and short term receivables and payables are not significantly exposed to interest rate risk.

Risk management objectives, policies and processes for managing the risk

The Group manages its interest rate exposure by maintaining fixed and floating rate borrowings. The Group reviews its debts portfolio, taking into account the investment holding period and nature of its assets.

26. Financial instruments (continued)

26.6 Market risk (continued)

26.6.2 Interest rate risk (continued)

Exposure to interest rate risk

The interest rate profile of the Group's and the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Fixed rate instruments				
Financial liabilities				
Revolving credit	30,000	60,000	30,000	30,000
Bankers' acceptances	363,181	386,039	-	-
Redeemable convertible secured bonds	133,545	129,957	133,545	129,957
	526,726	575,996	163,545	159,957
Floating rate instruments				
Bank overdrafts	-	1,736	-	-
	526,726	577,732	163,545	159,957

Interest rate risk sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

The Group and the Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group and the Company does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

The exposure to interest rate risk arising from floating rate instruments is not material, and hence, sensitivity analysis is not presented.

26. Financial instruments (continued)

26.6 Market risk (continued)

26.6.3 Other price risk

Equity price risk arises from the Group's investments in quoted equity securities. The quoted equity securities is listed on the Bursa Malaysia Securities Berhad. The instrument is classified as available-for-sale investments.

Risk management objectives, policies and processes for managing the risk

Management of the Group monitors the equity investments on an individual basis and all buy and sell decisions are approved by the management.

Equity price risk sensitivity analysis

At the reporting date, if the share price had been 5% (2014: 5%) higher/lower, with all other variables held constant, the Group's other reserve in equity would have been RM97,950 (2014 : RM115,200) higher/lower, arising as a result of an increase/decrease in the fair value of equity instruments classified as available-for-sale.

Investment in unit trust funds

The Group's investment in unit trust funds in licensed financial institution within Malaysia is a fixed income fund which provides regular income stream and stable investment returns. The Group invested in the fund for cash management purpose. The exposure to the equity risk is not material and hence sensitivity analysis is not presented.

26.7 Fair value information

The carrying amounts of cash and cash equivalents, short term receivables and payables and short term borrowings approximate fair values due to the relatively short term nature of these financial instruments.

It was not practicable to estimate the fair value of the Group's and the Company's investment in unquoted shares due to the lack of comparable quoted market prices and the inability to estimate fair value without incurring excessive costs.

26. Financial instruments (continued)

26.7 Fair value information (continued)

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position.

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
2015	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**		
Group	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Financial assets										
Investment in quoted shares	1,966	-	-	1,966	-	-	-	-	1,966	1,966
Investment in unit trust funds	-	1,234	-	1,234	-	-	-	-	1,234	1,234
Amount due from joint venture	-	-	-	-	-	-	384,141	384,141	384,141	384,141
	1,966	1,234	-	3,200	-	-	384,141	384,141	387,341	387,341
Financial liabilities										
Redeemable convertible secured bonds	-	-	-	-	-	-	(133,545)	(133,545)	(133,545)	(133,545)
Company										
Financial assets										
Investment in unit trust funds	-	73	-	73	-	-	-	-	73	73
Amount due from a subsidiary	-	-	-	-	-	-	22,623	22,623	22,623	22,623
Amount due from joint venture	-	-	-	-	-	-	383,726	383,726	383,726	383,726
	-	73	-	73	-	-	406,349	406,349	406,422	406,422
Financial liabilities										
Redeemable convertible secured bonds	-	-	-	-	-	-	(133,545)	(133,545)	(133,545)	(133,545)

26. Financial instruments (continued)

26.7 Fair value information (continued)

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position.

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
2014	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**		
Group	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Financial assets										
Investment in quoted shares	2,311	-	-	2,311	-	-	-	-	2,311	2,311
Investment in unit trust funds	-	27,879	-	27,879	-	-	-	-	27,879	27,879
Amount due from joint venture	-	-	-	-	-	-	466,678	466,678	466,678	466,678
	2,311	27,879	-	30,190	-	-	466,678	466,678	496,868	496,868
Financial liabilities										
Redeemable convertible secured bonds	-	-	-	-	-	-	(129,957)	(129,957)	(129,957)	(129,957)
Company										
Financial assets										
Investment in unit trust funds	-	1,006	-	1,006	-	-	-	-	1,006	1,006
Amount due from subsidiaries	-	-	-	-	-	-	30,324	30,324	30,324	30,324
Amount due from joint venture	-	-	-	-	-	-	466,678	466,678	466,678	466,678
	-	1,006	-	1,006	-	-	497,002	497,002	498,008	498,008
Financial liabilities										
Redeemable convertible secured bonds	-	-	-	-	-	-	(129,957)	(129,957)	(129,957)	(129,957)

26. Financial instruments (continued)

26.7 Fair value information (continued)

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical financial assets or liabilities that the entity can access at the measurement date.

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the financial assets or liabilities, either directly or indirectly.

Transfers between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and 2 fair values during the financial year (2014: no transfer in either directions).

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the financial assets and liabilities.

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the key unobservable inputs used in the valuation models.

Financial instruments not carried at fair value

Type	Description of valuation technique and inputs used
Amount due from joint venture and redeemable convertible secured bonds	Discounted cash flows using a rate based on the current market rate of bowing of the Company at the reporting date.

26. Financial instruments (continued)

26.7 Fair value information (continued)

Level 3 fair value (continued)

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period. In respect of the liability component of convertible notes, the market rate of interest is determined by reference to similar liabilities that do not have a conversion option.

27. Capital management

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Directors monitor and are determined to maintain an optimal debt-to-equity ratio that complies with bond covenants and regulatory requirements.

During 2015, the Group's strategy, which was unchanged from 2014, was to maintain the debt-to-equity ratio of less than 1.0. The debt-to-equity ratios were as follows:

		Group	
	Note	**2015**	**2014**
		RM'000	**RM'000**
Loans and borrowings	15	526,726	577,732
Less: Cash and cash equivalents	13	(65,484)	(56,677)
Less: Available-for-sale financial assets - current	9	(1,234)	(27,879)
Net debt		460,008	493,176
Total equity		872,941	952,633
Debt-to-equity ratios		0.53	0.52

There were no changes in the Group's approach to capital management during the financial year.

Under the requirement of Bursa Malaysia Practice Note No. 17/2005, the Company is required to maintain a consolidated shareholders' equity equal to or not less than the 25 percent of the issued and paid-up capital (excluding treasury shares) and such shareholders' equity is not less than RM40 million. The Company has complied with this requirement.

The Group is also required to maintain minimum debt service cover ratio of 1.5 and debt-to-equity ratio of less than 1.0 to comply with bond covenant, failing which, the bank may call it an event of default. The Group has complied with the requirement.

28. Operating leases

Leases as lessee

Non-cancellable operating lease rental are payable as follows:

	Group	
	2015	**2014**
	RM'000	**RM'000**
Less than one year	68	130
Between one and five years	22	122
	90	252

Operating lease payments represent rental payable by the Group for use of buildings and gas tank.

Leases as lessor

The Group leases out their investment properties under operating leases (see Note 4). The future minimum lease receivables under non-cancellable leases are as follows:

	Group	
	2015	**2014**
	RM'000	**RM'000**
Less than one year	752	692

29. Capital commitment

	Group	
	2015	**2014**
	RM'000	**RM'000**
Share of capital commitments of joint venture:		
Approved and contracted for	24,024	49,940
Approved but not contracted for	-	3,402
	24,024	53,342

30. Contingent liabilities

	Group	
	2015	**2014**
	RM'000	**RM'000**
Unsecured		
In respect of indemnity provided for bank guarantees issued	15,523	6,751
In respect of guarantees issued in favour of Royal Customs and Excise Department	3,000	3,000
In respect of corporate guarantees issued to a joint venture	138,744	35,329

31. Related parties

Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group or the Company if the Group or the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. Key management personnel includes all the Directors of the Group, and certain members of senior management of the Group.

The significant related party transactions of the Group and the Company, other than key management personnel compensation (see Note 22), are as follows:

Transaction with related parties

	2015	**2014**
	RM'000	**RM'000**
Group		
Purchases of steel products from a company in which certain directors of the Company have significant interests:		
JK Ji Seng Sdn. Bhd.	155,854	89,870
Sales of steel products to joint venture		
Eastern Steel Sdn. Bhd.	(1,856)	(1,981)
Rental income from joint venture		
Eastern Steel Sdn. Bhd.	(192)	(120)

31. Related parties (continued)

Transaction with related parties (continued)

Company	2015 RM'000	2014 RM'000
Rental income from subsidiaries:		
Alpine Pipe Manufacturing Sdn. Bhd.	(3,120)	(3,120)
Huatraco Scaffold Sdn. Bhd.	(1,560)	(1,560)
Hiap Teck Hardware Sdn. Bhd.	(3,120)	(3,120)
Gross dividends income from subsidiaries:		
Hiap Teck Hardware Sdn. Bhd.	(3,000)	(1,800)
Alpine Pipe Manufacturing Sdn. Bhd.	(12,000)	(3,000)
Huatraco Scaffold Sdn. Bhd.	(4,200)	(900)
Briliant Decade Transport Agency Sdn. Bhd.	(360)	(180)
Hiap Teck Resources Sdn. Bhd.	-	(360)

The Directors of the Group and the Company are of the opinion that the above transactions have been entered into in the normal course of business and the terms have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

Intercompany balances with the related parties

Group	2015 RM'000	2014 RM'000
Amount due to a related party		
JK Ji Seng Sdn. Bhd.	19,268	3,771
Wong Chin Dong (shareholder of Vista Mining Sdn. Bhd.)	3,531	-
Amount due from joint venture		
Eastern Steel Sdn. Bhd.	(384,141)	(466,678)
Company		
Amount due to subsidiaries (net)		
Alpine Pipe Manufacturing Sdn. Bhd.	25,520	17,819
Huatraco Scaffold Sdn. Bhd.	4,300	4,432
Hiap Teck Hardware Sdn. Bhd.	116,563	80,232
Briliant Decade Transport Agency Sdn. Bhd.	272	295
Hiap Teck Resources Sdn. Bhd.	-	1,276
Amount due from joint venture		
Eastern Steel Sdn. Bhd.	(383,726)	(466,678)

32. Employee benefit

Share option programme (equity-settled)

On 19 April 2013, the Company granted 48,800,000 of share options to eligible Directors and employees under Employee Share Option Scheme ("ESOS"), approved by the shareholders of the Company on 23 November 2011. On 10 January 2014, the Company further granted 11,020,000 of share options on similar terms (except for exercise price) to eligible Directors and employees. On 15 January 2015, additional 8,950,000 of share options were granted on similar terms (except for exercise price) to eligible Directors and employees.

The salient terms of the ESOS are as follows:

(i) Eligible Director named in the register of directors of the Group or an employee who is a confirmed full time employee of the Group and must attained the age of eighteen (18) years;

(ii) For employee other than Directors, he must have been confirmed and must have served the Group on a continuous basis for a period of not less than one year on the 12 April 2012 ("Effective Date").

(iii) The aggregate number of shares to be issued under the ESOS shall not exceed 10% of the total issued and paid-up ordinary share capital of the Company;

(iv) The Scheme shall be in force for a period of five (5) years from the Effective Date and may be extended or renewed (as the case may be) for a further period of five years, at the sole and absolute discretion of the Board upon the recommendation by the ESOS Committee, provided always that the initial Scheme period stipulated above and such extension of the Scheme made pursuant to these ESOS By-laws shall not in aggregate exceed a duration of ten (10) years from the Effective Date;

(v) The option price shall not be at a discount of more than 10% (or such discount as the relevant authorities shall permit) from the 5-day weighted average market price of the shares of the Company preceding the date of offer and shall in no event be less than par value of the shares of the Company of RM0.50;

(vi) An option holder may, in a particular year, exercise up to such maximum number of shares in the offer letter at vesting date at 2 January 2014, 2015, 2016 and 2017 subject to the yearly performance targets set by the Board of Directors of the Company;

(vii) The option granted to eligible Director/employee will lapse when they are no longer in employment of the Group.

32. Employee benefit (continued)

The number and weighted average exercise prices of share options are as follows:

	Weighted average exercise price 2015	Number of options ('000) 2015	Weighted average exercise price 2014	Number of options ('000) 2014
Outstanding at 1 Aug	RM0.53	50,523	RM0.50	46,530
Granted during the year	RM0.53	8,950	RM0.67	11,020
Forfeited during the year	RM0.53	(2,808)	RM0.54	(2,305)
Rejected during the year	-	-	RM0.67	(510)
Exercised during the year	RM0.50	(434)	RM0.50	(4,212)
Outstanding at 31 July	RM0.53	56,231	RM0.53	50,523
Exercisable at 31 July	RM0.50	38,539	RM0.50	40,493

The options outstanding at 31 July 2015 have an exercise price in range of RM0.50 to RM0.53 (2014: RM0.50 to RM0.67) and a weighted average contractual life of 2 years (2014: 3 years).

During the financial year, 434,000 (2014: 4,212,000) share options have been exercised. The weighted average share price at the date of exercise for the year was RM0.50 (2014: RM0.50).

The fair value of services received in return for share options granted is based on the fair value of share options granted, measured using a binomial lattice model, with the following inputs:

	2015	2014
Fair value of share options and assumptions		
Fair value at grant date	RM0.07	RM0.21
Weighted average share price	RM0.74	RM0.76
Share price at grant date	RM0.64	RM0.73
Option life (expected weighted average life)	2 years	3 years
Risk-free interest rate	3.8%	3.0%

Value of employee services received for issue of share options

	Group and Company 2015 RM'000	2014 RM'000
Share options granted in 2013	326	607
Share options granted in 2014	432	1,106
Share options granted in 2015	410	-
Total expense recognised as share based payments	1,168	1,713

The share options expense is recognised in the profit or loss.

33. Acquisition of subsidiary

On 18 September 2014, the Group, via its wholly-owned subsidiary, Hiap Teck Resources Sdn. Bhd., entered into a Subscription Agreement with Vista Mining Sdn. Bhd. ("Vista") for the subscription of 550,000 new ordinary shares of RM1 each in Vista at an issue price of RM1 per share, representing 55% of the issued and paid-up share capital of Vista for a total consideration of RM550,000.

The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the acquisition date:

Fair value of consideration transferred

	Note	Group 2015 RM'000
Cash paid		550
Identifiable assets acquired and liabilities assumed		
Property, plant and equipment	3	1,324
Mining exploration and evaluation assets	4	17,287
Trade and other receivables		58
Cash and cash equivalents		597
Trade and other payables		(18,135)
Total identifiable net assets		1,131
Gain on bargain purchase		
Gain on bargain purchase was recognised in profit or loss as a result of the acquisition as follows:		
Total consideration transferred		550
Fair value of identifiable net assets		(1,131)
Non-controlling interests, based on their proportionate interest in the recognised amounts of the asset and liabilities of the acquiree		509
Gain on bargain purchase		(72)
Net cash inflow arising from acquisition of subsidiary		
Purchase consideration settled in cash and cash equivalents		550
Cash and cash equivalents acquired		(597)
		(47)

34. Significant event

On 1 June 2015, the Company had made an announcement that the Company is proposing to undertake the following proposal:

(i) A Renounceable Rights Issue of up to RM213,718,300 nominal value of five (5)-year 5% Redeemable Convertible Unsecured Islamic Debt Securities ("RCUIDS") at 100% of its nominal value on the basis of two (2) RM0.50 nominal value of RCUIDS for every five (5) existing ordinary shares of RM0.50 each in the Company ("HTVB shares" or "shares") held on an entitlement date to be determined later together with up to 320,577,450 free detachable warrants ("new warrants") on the basis of three (3) new warrants for every four (4) RM0.50 nominal value of RCUIDS subscribed ("Proposed Rights Issue");

(ii) A Bonus issue of up to 213,718,300 new HTVB shares to be credited as fully paid-up ("bonus shares") on the basis of one (1) bonus share for every two (2) RM0.50 nominal value of RCUIDS subscribed by the entitled shareholders of the Company and/or their renounce(s) pursuant to the proposed rights issue ("Proposed Bonus Issue");

(iii) An increase in the authorised share capital of the Company from RM1,000,000,000 comprising 2,000,000,000 HTVB shares of RM0.50 each to RM2,000,000,000 comprising 4,000,000,000 HTVB shares of RM0.50 each ("Proposed ISAC"); and

(iv) An amendment to the Memorandum and Articles of Association of the Company ("Proposed Amendments").

The Proposed Rights Issue, Proposed Bonus Issue, Proposed ISAC and Proposed Amendments are inter-conditional upon each other.

The Ministry of International Trade and Industry had, via its letter dated 13 August 2015, confirmed that it has no objection to the Proposed Rights Issue and Proposed Bonus Issue.

The Securities Commission Malaysia ("SC") had, vide its letter dated 1 October 2015, approved the issuance of the RCUIDS, subject to compliance with the standard conditions and continuing obligations as stipulated in the Guidelines on Issuance of Private Debt Securities and Sukuk to Retail Investors.

35. Supplementary financial information on the breakdown of realised and unrealised profits or losses

The breakdown of the retained earnings of the Group and of the Company as at 31 July, into realised and unrealised profits, pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements, are as follows:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Total retained earnings of the Company and its subsidiaries				
- realised	560,271	583,923	95,124	130,229
- unrealised	13,014	10,778	(3,909)	(4,810)
	573,285	594,701	91,215	125,419
Total share of accumulated losses of equity accounted investees				
- realised	(35,467)	(9,654)	-	-
- unrealised	(51,893)	(18,033)	-	-
Less: Consolidation adjustments	(24,839)	(24,561)	-	-
Total retained earnings	461,086	542,453	91,215	125,419

The determination of realised and unrealised profits is based on the Guidance of Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants on 20 December 2010.

Hiap Teck Venture Berhad
(Company No. 421340-U)
(Incorporated in Malaysia)
and its subsidiaries

Statement by Directors pursuant to Section 169(15) of the Companies Act, 1965

In the opinion of the Directors, the financial statements set out on pages 7 to 96 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 July 2015 and of their financial performance and cash flows for the financial year then ended.

In the opinion of the Directors, the information set out in Note 35 on page 96 to the financial statements has been compiled in accordance with the Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements,* issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

x

....

Tan Sri Dato' Law Tien Seng

....

Foo Kok Siew

Kuala Lumpur,

Date: 26 October 2015

Hiap Teck Venture Berhad
(Company No. 421340-U)
(Incorporated in Malaysia)
and its subsidiaries

Statutory declaration pursuant to Section 169(16) of the Companies Act, 1965

I, **Ooi Ai Leng**, the officer primarily responsible for the financial management of Hiap Teck Venture Berhad, do solemnly and sincerely declare that the financial statements set out on pages 7 to 96 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the above named in Kuala Lumpur in the Federal Territory on 26 October 2015.

....
Ooi Ai Leng

Before me: 26 October 2015

PESURUHJAYA SUMPAH
No. W 350
SHAFIE B. DAUD
MALAYSIA

38A, JALAN TUN MOHD FUAD 1
TAMAN TUN DR. ISMAIL
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KPMG

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Independent auditors' report to the members of Hiap Teck Venture Berhad

(Company No. 421340-U)
(Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of Hiap Teck Venture Berhad, which comprise the statements of financial position as at 31 July 2015 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 7 to 95.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 July 2015 and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(b) We have considered the financial statements and the auditors' report of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 6 to the financial statements.

(c) We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

(d) The audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Reporting Responsibilities

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The information set out in Note 35 on page 96 to the financial statements has been compiled by the Company as required by the Bursa Malaysia Securities Berhad Listing Requirements. We have extended our audit procedures to report on the process of compilation of such information. In our opinion, the information has been properly compiled, in all material respects, in accordance with the Guidance of Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements,* issued by the Malaysian Institute of Accountants and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

KPMG

KPMG
Firm Number: AF 0758
Chartered Accountants

Lam Shuh Siang
Approval Number: 3045/02/17(J)
Chartered Accountant

Petaling Jaya,

Date: 26 October 2015

Lodged by:-
STRATEGY CORPORATE SECRETARIAT SDN. BHD.
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Company No. 421340-U

APPENDIX VII

UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE SIX (6)-MONTH FPE 31 JANUARY 2016

Certified True Copy

Director / Secretary
NG YIM KONG
Company Secretary
(LS 0009297)

HIAP TECK VENTURE BERHAD
(Company No:421340-U)
(Incorporated in Malaysia)

Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income for 2nd quarter from November 2015 to 31 January 2016

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To-date	Preceding Year Corresponding Period
	31/01/2016	31/01/2015	31/01/2016	31/01/2015
	RM'000	RM'000	RM'000	RM'000
Revenue	275,094	301,115	592,467	608,572
Cost of Sales	(246,806)	(274,578)	(540,334)	(557,894)
Gross Profit	28,288	26,537	52,133	50,678
Other Income	2,254	11,353	15,764	19,611
Operating Expenses	(12,922)	(15,436)	(27,624)	(30,317)
Other Expenses	(3,974)	(485)	(4,759)	(730)
Profit from Operations	13,646	21,969	35,514	39,242
Finance Costs	(7,780)	(7,803)	(15,240)	(15,121)
Share of loss of equity accounted investees, net of tax	(25,019)	(16,113)	(75,229)	(21,081)
(Loss)/Profit Before Tax	(19,153)	(1,947)	(54,955)	3,040
Income tax	(4,030)	(4,143)	(5,440)	(6,283)
Loss for the Period	(23,183)	(6,090)	(60,395)	(3,243)
Other Comprehensive Income				
Net loss on available-for-sale financial assets - fair value changes	(174)	(491)	(381)	(143)
Foreign currency translation	(40)	(85)	(231)	(89)
	(214)	(576)	(612)	(232)
Total Comprehensive Income	(23,397)	(6,666)	(61,007)	(3,475)
Loss Attributable to:				
Owners of the parent	(22,805)	(6,087)	(60,025)	(3,239)
Minority Interest	(378)	(3)	(370)	(4)
	(23,183)	(6,090)	(60,395)	(3,243)
Total Comprehensive Income Attributable to:				
Owners of the parent	(23,019)	(6,663)	(60,637)	(3,471)
Minority Interest	(378)	(3)	(370)	(4)
	(23,397)	(6,666)	(61,007)	(3,475)
Loss Per Share (LPS)				
(a) Basic (sen)	(3.20)	(0.85)	(8.42)	(0.45)
(b) Diluted (sen)	N/A	N/A	N/A	N/A

The Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 31 July 2015 and the accompanying explanatory notes attached to the interim financial statements.

UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE SIX (6)-MONTH FPE 31 JANUARY 2016 *(Cont'd)*

HIAP TECK VENTURE BERHAD
(Company No:421340-U)
(Incorporated in Malaysia)

Condensed Consolidated Statements of Financial Position as at 31 January 2016

	31/01/2016 (Unaudited)	31/7/2015 (Audited)
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	265,287	275,714
Mining exploration & evaluation asset	19,195	18,704
Investment properties	7,556	7,635
Investment in jointly controlled entity	79,150	154,376
Investment in associate	476	479
Available-for-sale - financial assets	1,725	2,106
Deferred tax assets	45	1,351
Trade and other receivables (Amount due from jointly controlled entity)	189,076	152,336
	562,510	612,701
Current assets		
Inventories	291,559	293,157
Trade and other receivables	545,787	534,221
Tax recoverable	2,852	2,109
Available-for-sale - financial assets	20,372	1,234
Cash and cash equivalents	111,719	65,484
	972,289	896,205
Total assets	**1,534,799**	**1,508,906**
EQUITY AND LIABILITIES		
Equity		
Share capital	359,195	359,195
Share premium	38,160	38,160
Treasury shares	(7,496)	(7,496)
Warrant reserve	18,459	18,459
Foreign reserve	(371)	(140)
Share option reserve	3,966	3,742
Fair value adjustment reserve	(885)	(504)
Equity component of redeemable convertible secured bonds, net of tax	(353)	(353)
Retained profits	398,922	461,086
	809,597	**872,149**
Minority Interest	422	792
Total equity	**810,019**	**872,941**
Non-current liabilities		
Borrowings	133,232	131,346
Deferred tax liabilities	12,060	11,351
	145,292	142,697
Current liabilities		
Borrowings	495,650	395,380
Trade and other payables	82,800	97,347
Tax payable	1,038	541
	579,488	493,268
Total liabilities	**724,780**	**635,965**
Total equity and liabilities	**1,534,799**	**1,508,906**
Net assets per share attributable to owners of the parent (RM)	1.14	1.22

The Condensed Consolidated Statements of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 July 2015 and the accompanying explanatory notes attached to the interim financial statement.

UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE SIX (6)-MONTH FPE 31 JANUARY 2016 *(Cont'd)*

HIAP TECK VENTURE BERHAD
(Company No:421340-U)
(Incorporated in Malaysia)

Condensed Consolidated Statements of Cash Flows for the period ended 31 January 2016

	Current Year To-date 31/01/2016 RM'000	Preceding Year Corresponding Period 31/01/2015 RM'000
Operating Activities		
(Loss)/Profit Before Tax	(54,955)	3,040
Adjustments for:		
Depreciation of investment property	80	79
Depreciation of property, plant and equipment	11,775	11,722
Equity-settled share based payments	224	448
Gain on bargain purchase	-	(71)
Gain on disposal of property, plant and equipment	(1,390)	(1,462)
Interest expense	15,240	15,121
Finance income:		
Available-for-sale financial assets	(373)	(927)
Deposits	(547)	(138)
Jointly controlled entity	-	(10,095)
Net overdue interest income	(224)	(106)
Net unrealised foreign exchange loss / (gain)	3,860	(1,946)
Property, plant and equipment written off	-	21
Share of loss of equity accounted investees, net of tax	75,229	21,081
Operating profit before changes in working capital	48,919	36,767
Net change in current assets	5,884	(61,326)
Net change in current liabilities	(15,070)	(19,682)
Cash from / (used in) operations	39,733	(44,241)
Interest paid	(9,458)	(11,546)
Net overdue interest income received	224	106
Taxes paid, net of taxes refunded	(3,674)	(4,822)
Net cash from / (used in) operating activities	26,825	(60,503)
Investing Activities		
Finance income:		
Available-for-sale financial assets	373	927
Deposits	547	138
Jointly controlled entity	-	10,095
Investment in available-for-sale financial assets	(19,138)	(36,989)
Investment in share of associate	-	(480)
Acquisition of subsidiary, net of cash received	-	47
Proceeds from disposal of property, plant and equipment	3,264	1,934
Purchase of property, plant and equipment	(2,946)	(5,272)
Additions to mining exploration and evaluation asset	(491)	(735)
Advances to jointly controlled entity	(58,827)	(10,416)
Net cash used in investing activities	(77,218)	(40,751)
Financing Activities		
Dividends paid	(2,139)	-
Issuance of ordinary shares	-	203
Purchase of treasury shares	-	(1)
Drawndown/(repayment) of borrowings	100,270	81,932
Net cash from financing activities	98,131	82,134
Net Change in Cash and Cash Equivalents	47,738	(19,120)
Effect of exchange rate changes	(1,503)	(185)
Cash and Cash Equivalents at beginning of period	65,484	56,677
Cash and Cash Equivalents at end of period	111,719	37,372

The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Annual Financial Report for the year ended 31 July 2015 and the accompanying explanatory notes attached to the interim financial statements.

UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE SIX (6)-MONTH FPE 31 JANUARY 2016 *(Cont'd)*

HIAP TECK VENTURE BERHAD
(Company No:421340-U)
(Incorporated in Malaysia)

Condensed Consolidated Statements of Changes in Equity for the period ended 31 January 2016

	<---- Attributable to equity holders of the parent ---->											
	<---- Non-distributable ---->								<-Distributable->			
	Share Capital RM'000	Treasury Shares RM'000	Share Premium RM'000	Warrant Reserve RM'000	Foreign Reserve RM'000	Share Option Reserve RM'000	Fair Value Adjustment Reserve RM'000	Equity Component of Redeemable Convertible Secured Bonds, net of tax RM'000	Retained Profits RM'000	Total RM'000	Minority Interests RM'000	Total Equity RM'000
As at end of current quarter ended 31 January 2016												
Opening balance as at 1 August 2015	359,195	(7,496)	38,160	18,459	(140)	3,742	(504)	(353)	461,086	872,149	792	872,941
Total comprehensive income	-	-	-	-	(231)	-	(381)	-	(60,025)	(60,637)	(370)	(61,007)
Transactions with owners												
Equity-settled share based payments	-	-	-	-	-	224	-	-	-	224	-	224
Final dividend for the financial year ended 31 July 2015 (Single tier of 0.6%)	-	-	-	-	-	-	-	-	(2,139)	(2,139)	-	(2,139)
Transactions with owners	-	-	-	-	-	224	-	-	(2,139)	(1,915)	-	(1,915)
Closing balance as at 31 January 2016	359,195	(7,496)	38,160	18,459	(371)	3,966	(885)	(353)	398,922	809,597	422	810,019
As at preceding year corresponding quarter ended 31 January 2015												
Opening balance as at 1 August 2014	358,978	(7,495)	38,143	18,459	(107)	2,591	(36)	(353)	542,453	952,633	-	952,633
Total comprehensive income	-	-	-	-	(89)	-	(143)	-	(3,239)	(3,471)	(4)	(3,475)
Transactions with owners												
Share options exercised	203	-	-	-	-	-	-	-	-	203	-	203
Purchase of treasury shares	-	(1)	-	-	-	-	-	-	-	(1)	-	(1)
Transfer to share premium for share options exercised	-	-	16	-	-	(16)	-	-	-	-	-	-
Equity-settled share based payment						448	-	-	-	448	-	448
Minority Interest on Acquisiation of Subsidiary	-	-	-	-	-	-	-	-	-	-	509	509
Final dividend for the financial year ended 31 July 2014 (Single tier of 1.2%)	-	-	-	-	-	-	-	-	(4,278)	(4,278)	-	(4,278)
Transactions with owners	203	(1)	16	-	-	432	-	-	(4,278)	(3,628)	509	(3,119)
Closing balance as at 31 January 2015	359,181	(7,496)	38,159	18,459	(196)	3,023	(179)	(353)	534,936	945,534	505	946,039

The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 July 2015 and the accompanying explanatory notes attached to the interim financial statements

HIAP TECK VENTURE BERHAD
(Company No: 421340-U)

Notes to the Quarterly Report – 31 January 2016

PART A : EXPLANATORY NOTES AS PER MALAYSIAN FINANCIAL REPORTING STANDARDS ("MFRS") 134, INTERIM FINANCIAL REPORTING

1. Basis of preparation

These interim financial statements are unaudited and have been prepared in accordance with MFRS 134 "Interim Financial Reporting" issued by Malaysian Accounting Standards Board ("MASB") and paragraph 9.22 of the Listing Requirement of Bursa Malaysia Securities Berhad.

The interim financial report should be read in conjunction with the Company's annual audited financial statements for the year ended 31 July 2015. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 July 2015.

2. Significant Accounting Policies

This interim financial report has been prepared based on accounting policies and methods of computation which are consistent with those adopted in the annual audited financial statements for the year ended 31 July 2015.

The Group has not adopted the following standards and interpretations that have been issued but not yet effective:

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2016

- MFRS 14, Regulatory Deferral Accounts
- Amendments to MFRS 5, Non-current Assets Held for Sale and Discontinued Operations (Annual Improvements 2012-2014 Cycle)
- Amendments to MFRS 7, Financial Instruments: Disclosures (Annual Improvements 2012-2014 Cycle)
- Amendments to MFRS 10, Consolidated Financial Statements and MFRS 128, Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

2. Significant Accounting Policies (cont'd)

- Amendments to MFRS 10, Consolidated Financial Statements, MFRS 12, Disclosure of Interests in Other Entities and MFRS 128, Investments in Associates and Joint Ventures – Investment Entities: Applying the Consolidation Exception
- Amendments to MFRS 11, Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations
- Amendments to MFRS 101, Presentation of Financial Statements – Disclosure Initiative
- Amendments to MFRS 116, Property, Plant and Equipment and MFRS 138, Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation
- Amendments to MFRS 116, Property, Plant and Equipment and MFRS 141, Agriculture – Agriculture: Bearer Plants
- Amendments to MFRS 119, Employee Benefits (Annual Improvements 2012-2014 Cycle)
- Amendments to MFRS 127, Separate Financial Statements – Equity Method in Separate Financial Statements

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2018

- MFRS 9, Financial Instruments (2014)
- MFRS 15, Revenue from Contraets with Customers

The initial application of the abovementioned accounting standards, amendments or interpretations are not expeeted to have any material impaets to the financial statements of the Group and the Company.

3. Audit qualification

There were no audit qualifications on the annual financial statements of the Group for the year ended 31 July 2015.

4. Seasonal or cyclical factors

The Group's business operations are not materially affected by any major seasonal factors except during Hari Raya, Christmas and Chinese New Year festive seasons where business activities generally slow down.

5. Material unusual items

There were no unusual nature and amount of items affecting assets, liabilities, equity, net income or cash flows during the quarter.

6. Material changes in estimates

There were no material changes in estimates of amount reported in prior interim period that have material impact in the current quarter under review.

7. Issuances, cancellation, repurchase, resale and repayment of debt and equity securities

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current quarter under review.

As at quarter ended 31 January 2016, a total of 5,482,000 buy-back shares were held as treasury shares and carried at cost.

8. Dividend paid

A single tier final dividend of 0.3 sen per ordinary share in respect of the financial year ended 31 July 2015 was approved by the shareholders on the 19th Annual General Meeting of the Company held on 15 December 2015. A total amount of RM2,138,726.62 was paid on 27 January 2016 to depositors registered in the Record of Depositors at the close of business on 8 January 2016.

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9. Segment information

The Group's activities are identified into the following business segments:

	6 months ended 31 January 2016						
	Trading	**Manufac-turing**	**Property and Investment**	**Transport-ation**	**Mining explor-ation**	**Elimina-tion**	**Group**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
SALES							
- External sales	312,258	278,890	96	1	1,222	-	**592,467**
- Intersegment sales	-	2,790	12,213	2,072	-	(17,075)	-
Total sales	**312,258**	**281,680**	**12,309**	**2,073**	**1,222**	**(17,075)**	**592,467**
RESULTS							
Finance income	187	301	421	11	-	-	920
Finance costs	4,915	4,454	5,871	-	-	-	15,240
Inventories recovered	-	4,877	-	-	-	-	4,877
Depreciation & amortisation	1,508	8,529	1,597	221	-	-	11,855
Share of loss of jointly controlled entity	-	-	-	-	-	-	(75,229)
Segment profit/(loss)	2,959	23,916	(6,001)	215	(815)	(75,229)	(54,955)

10. Valuation of property, plant and equipment

The valuations of property, plant and equipment have been brought forward without amendments from the previous annual report.

11. Significant events

On 25 February 2016, the Company announced that the Royal Malaysian Customs Department (RMCD) had taken custody of certain documents of two (2) of its subsidiaries and frozen certain bank accounts of one (1) of the said subsidiaries for purposes of audit and investigation. The Company understands from the Malaysian Iron & Steel Industry Federation and an article from the Edge Financial Daily dated 25 February 2016 that RMCD has concurrently conducted similar audit visits to other companies in the steel industry in Malaysia.

The RMCD had on 16 March 2016 completed its audit in respect of the two (2) subsidiaries, and RMCD had returned all documents taken into custody and released the bank aecounts of the subsidiary frozen for the purpose of the audit.

There were no material effects to the operations of the Group.

11. Significant events (cont'd)

Save for the above, there were no material events subsequent to the end of the interim period up to the date of this report.

12. Changes in the composition of the Group

There were no significant changes in the composition of the Group as at the date of this report.

13. Changes in contingent liabilities and assets

The contingent liabilities as at 31 January 2016 are as follow:

	Group	
Unsecured Contingent Liabilities :-	**31.01.2016 RM'000**	**31.01.2015 RM'000**
In respect of indemnity provided for bank guarantees issued	6,466	10,506
In respect of guarantees issued in favour of Royal Custom and Excise Department	3,000	3,000
In respect of corporate guarantees issued to a jointly controlled entity	79,345	108,016
Total	**88,811**	**121,522**

14. Capital commitments

Share of capital commitments of the jointly controlled entity as at 31 January 2016 are as follow:

	RM'000
Capital expenditure:	
Approved and contracted for	29,108
	29,108

15. Related party transactions

Related party transactions for the quarter under review in which certain Directors have direct/indirect interest are as follows:

	Group	
	Current year quarter 31.01.2016	**Current year-to-date 31.01.2016**
	RM'000	**RM'000**
Sales of steel products by certain wholly owned subsidiaries of the Group to 55% owned jointly controlled entity, Eastern Steel Sdn. Bhd. ("ES")	-	33
Purchases of steel products by certain wholly owned subsidiaries of the Group from JK Ji Seng Sdn.Bhd.	31,753	77,895
Sales of steel products from trial production by ES to JK Ji Seng Sdn.Bhd.	64,510	141,435
Purchases of equipment, products, services and raw materials by ES from Shougang Corporation	162	276

These transactions have been entered into in the normal course of business and at arm's length basis and on terms no more favourable to the related party than those generally available to the public and are not detrimental to minority shareholders.

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PART B: ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS

16. Review of performance

The Group reported revenue of RM275.09 million for the 2nd quarter of FY 2016, representing a decrease of 8.64% over the preceding year corresponding quarter's revenue of RM301.12 million.

Both the trading and manufacturing divisions reported lower revenues as compared to the preceding year corresponding quarter. Manufacturing division reported revenue of RM141.8 million as compared to RM150.4 million in the preceding year corresponding quarter. Trading division reported revenue of RM134.4 million as compared to RM150.6 million in the preceding year corresponding quarter. The decline in revenues as compared to the preceding year corresponding quarter was due to lower selling prices following the depressed global steel market. Average selling prices dropped from RM2,300/mt to RM2,015/mt, a decreased of 12.4%.

The Group registered a loss before tax of RM19.15 million in Q2FY2016 as compared to a loss before tax of RM1.95 million in Q2FY2015 mainly due to lower interest income and a higher share of loss from the Jointly Controlled Entity ("JCE") in the reporting quarter. The higher share of losses from the JCE was due to losses associated with its trial production and weak market conditions. To minimise losses, the JCE has temporarily suspended its trial production in October 2015 until market conditions improved. As a result, the Group has also ceased to recognize interest income from the JCE effective FY2016.

17. Comparison with immediate preceding quarter's results

For the quarter under review, the Group's revenue decreased by 13.32% from RM317.37 million in the immediate preceding quarter to RM275.09 million, mainly due to lower sales volume.

The Group's loss before tax of RM19.15 million in Q2FY2016 was lower than the loss before tax of RM35.80 million in Q1FY2016, due principally to a lower share of loss from the JCE of RM25.02 million as compared to RM50.21 million previously. A write back of inventory of RM4.9 million was included in Q1FY2016 results.

While overall gross profit margin has improved, the Group's performance in Q2FY2016 was affected by poor market sentiment which resulted in lower sales volume. The Group's performance was also adversely affected by the increased volatility in the foreign exchange markets.

18. Prospects

2015 was a turbulent year for the steel industry with falling prices, economic slowdown in China, cheaper imports into the country and greater volatility in the foreign exchange markets. As we enter 2016, the challenging conditions that have prevailed seem to be moderating. And in Malaysia, the 11th Malaysia Plan has reaffirmed the strong pipeline of construction jobs till 2020 driven by public transport, oil & gas downstream infrastructure and water-related projects. This will help sustain the robustness of the steel seetor

The Group will continue to actively enhance its productivity and efficiency and to increase its competitiveness within the sector.

19. Variance of actual and forecast profit

Not applicable.

20. Tax

	Group	
	Current year quarter 31.01.2016 RM'000	Current year-to-date 31.01.2016 RM'000
Income tax	1,753	3,424
Deferred tax	2,277	2,016
	4,030	5,440

The Group's effective tax rate was higher than the statutory income tax rate of 25% mainly due to share of loss of jointly controlled entity which resulted in a loss before tax. The Group's effective tax rate was approximate the statutory income tax rate should the calculation exclude the share of loss of the jointly controlled entity.

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21. Status of corporate proposal

On 1 June 2015, the Company had made an announcement ("Initial Announcement") that the Company is proposing to undertake the following proposal:

(i) A Renounceable Rights Issue of up to RM213,718,300.00 nominal value of five (5)-year 5% Redeemable Convertible Unsecured Islamic Debt Securities ("RCUIDS") at 100% of its nominal value on the basis of two (2) RM0.50 nominal value of RCUIDS for every five (5) existing ordinary shares of RM0.50 each in the Company ("HTVB shares" or "shares") held on an entitlement date to be determined later together with up to 320,577,450 free detachable warrants ("new warrants") on the basis of three (3) new warrants for every four (4) RM0.50 nominal value of RCUIDS subscribed ("Initial Proposed Rights Issue");

(ii) A Bonus issue of up to 213,718,300 new HTVB shares to be credited as fully paid-up ("bonus shares") on the basis of one (1) bonus share for every two (2) RM0.50 nominal value of RCUIDS subscribed by the entitled shareholders of the Company and/or their renounce(s) pursuant to the proposed rights issue ("Initial Proposed Bonus Issue");

(iii) An increase in the authorised share capital of the Company from RM1,000,000,000 comprising 2,000,000,000 HTVB shares to RM2,000,000,000 comprising 4,000,000,000 HTVB shares ("Proposed ISAC"); and

(iv) An amendment to the Memorandum and Articles of Association of the Company ("Proposed Amendments").

The Proposed Rights Issue, Proposed Bonus Issue, Proposed ISAC and Proposed Amendments ("Initial Proposed Corporate Exercise") are inter-conditional upon each other.

The Initial Proposed Corporate Exercise has been approved by all the relevant authorities. However, having considered the current challenging market conditions, the Company believes that it would be in the best interest of the Company and its shareholders that the Proposed Corporate Exercise be implemented at a later date when both (i) the market conditions as well as investors' sentiment and confidence have improved; and (ii) the Company's share price performance have recovered and stabilised.

An application has been made for an extension of time for the Company to issue the Circular. On 29 October 2015, the Bursa Securities had, vide its letter dated 28 October 2015, approved the application for an extension of time until 3 February 2016 for the Company to issue the Circular.

21. Status of corporate proposal (cont'd)

Since the Initial Announcement, the market price of HTVB Shares has declined from RM0.505, being the closing market price of HTVB Shares as at 1 June 2015, to RM0.205 being the closing markct price of HTVB Shares as 13 January 2016, which is a discount of 50.5% to the par value of HTVB Shares of RM0.50 each.

Our Board, having considered among others, the historical market price of HTVB Shares for the past seven (7) months, the minimum issue price of RM0.50 each for the RCUIDS and the prevailing market condition, had resolved to enhance the attractiveness of the Initial Proposed Rights Issue. Hence, on 15 January 2016 the Company made an announcement proposing to revise the basis of entitlement of the Initial Proposed Rights Issue and Initial Proposed Bonus Issue to as follows:

(i) Renounceable Rights Issue of up to RM213,534,700.00 nominal value of RCUIDS at 100% of its nominal value on the basis of two (2) RM0.50 nominal value of RCUIDS for every five (5) HTVB Shares held on the Entitlement Date together with up to 427,069,400 New Warrants on the basis of one (1) New Warrant for every one (1) RM0.50 nominal value of RCUIDS subscribed ("Proposed Right Issue"); and

(ii) Bonus Issue of up to 854,138,800 new HTVB Shares to be credited as fully paid-up on the basis of two (2) Bonus Shares for every one (1) RM0.50 nominal value of RCUIDS subscribed by the Entitled Shareholders and/or their renouncee(s) pursuant to the Proposed Rights Issue ("Proposed Bonus Issue").

In summary, for every 100 HTVB Shares held by the Entitled Shareholders, the Entitled Shareholders' entitlements pursuant to the Proposed Rights Issue and Proposed Bonus Issue would be 40 RM0.50 nominal value of RCUIDS amounting to RM20.00 together with 40 New Warrants and 80 Bonus Shares.

On 5 February 2016, Ministry of International Trade and Industry (MITI) had, via its letter dated 4 February 2016, confirmed that it has no objection to and has taken note of the Proposed Rights Issue and Proposed Bonus Issue.

On 24 February 2016, Securities Commissions Malaysia (SC) had, via its letter dated 23 February 2016, approved the revision of the terms and conditions of the RCUIDS pursuant to Paragraph 13.02 (Chapter 13 – Revision to Principal Terms and Conditions) of the Guidelines.

On 26 February 2016, the listing application in relation to the Proposed Rights Issue, the Proposed Bonus Issue and the adjustments to the number and/or conversion price of the existing convertible securities of HTVB pursuant to the Proposed Rights Issue and/or Proposed Bonus Issue has been submitted to Bursa Seeurities Malaysia.

22. Borrowings

The Group's borrowings as at 31 January 2016 are as follows:

	Long Term RM'000	Short Term RM'000	Total RM'000
Secured:			
Bankers' Acceptances	-	394,660	394,660
Revolving credit	-	60,000	60,000
Term Loan	-	38,791	38,791
Liability component of redeemable convertible secured bonds	133,232	2,199	135,431
	133,232	495,650	628,882

Bankers' Acceptances and revolving credit are secured by corporate guarantees of the Company.

As at 31 January 2016, the Company has extended corporate guarantees amounting to RM454.66 million to financial institutions for banking facilities granted to certain subsidiaries. The financial impact of the guarantees is not material as the subsidiaries concerned are in positive financial standings to meet their obligations as and when they fall due.

The redeemable convertible secured bonds are constituted by a Trust Deed entered into between the Company and the trustee on 21 March 2012.

23. Material litigation

There is no material litigation for the quarter under review.

24. Dividend

The Board of Directors does not recommend any dividend for the period under review.

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25. Loss per share ("LPS")

a) Basic LPS

The basic loss per share is calculated by dividing the Group's net loss attributable to ordinary equity holders for the period by the weighted average number of ordinary shares in issue.

	Current Year Quarter 31.01.2016	Current Year-to-date 31.01.2015
Loss attributable to owners of the parent (RM'000)	(22,805)	(60,025)
Weighted average number of ordinary shares in issue ('000)	712,909	712,909
Basic loss per share (sen)	**(3.20)**	**(8.42)**

b) Diluted LPS

The diluted loss per share is calculated by dividing the Group's net loss attributable to ordinary equity holders for the period by the weighted average number of ordinary shares that would have been in issue upon full exercise of the remaining options under ESOS, warrants and redeemable convertible secured bonds, adjusted for the number of such ordinary shares that would have been issued at fair value.

No diluted loss per share is disclosed as there was no effect on loss per share for the current period as the exercise price for option under ESOS and warrants and conversion price of redeemable convertible secured bonds were higher than the average market price.

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26. Realised and unrealised profit disclosure

	Current Year Quarter 31.01.2016 RM'000	Immediate Preceding Quarter 31.10.2015 RM'000
Total retained earnings of the Company and its subsidiaries		
- Realised	586,190	571,564
- Unrealised	(64)	14,794
	586,126	586,358
Total share of accumulated losses of the joint venture		
- Realised	(127,492)	(91,264)
- Unrealised	(34,244)	(45,455)
Less: Consolidation adjustments	(25,468)	(25,773)
Total retained profits	398,922	423,866

27. Profit from operations

	Current Year Quarter 31.01.2016 RM'000	Current Year-to-date 31.01.2016 RM'000
Profit for the year is arrived at after charging:		
Depreciation of property, plant and equipment	5,465	11,775
Depreciation of investment property	40	80
Equity-settled share based payments	112	224
Finance costs	7,780	15,240
and after crediting/(charging):		
Gain on disposal of property, plant and equipment	657	1,390
Finance income:		
Available-for-sale financial assets	311	373
Deposits	377	547
Inventories recovered	-	4,877
Net foreign exchange gain/(loss)		
Realised	2,361	7,606
Unrealised	(5,876)	(3,860)
Rental income	201	402

28. Authorisation for Issue

The Interim Financial Statements were authorised for issue by the Board of Directors on 25th March 2016.

Hiap Teck Venture Berhad
Shariah Pronouncement

Maybank Islamic

SHARIAH PRONOUNCEMENT

In the name of Allah, the Most Gracious, the Most Merciful
All praise is due to Allah, the Cherisher of the world, and peace and blessing upon The Prophet of Allah, on his family and all his companions

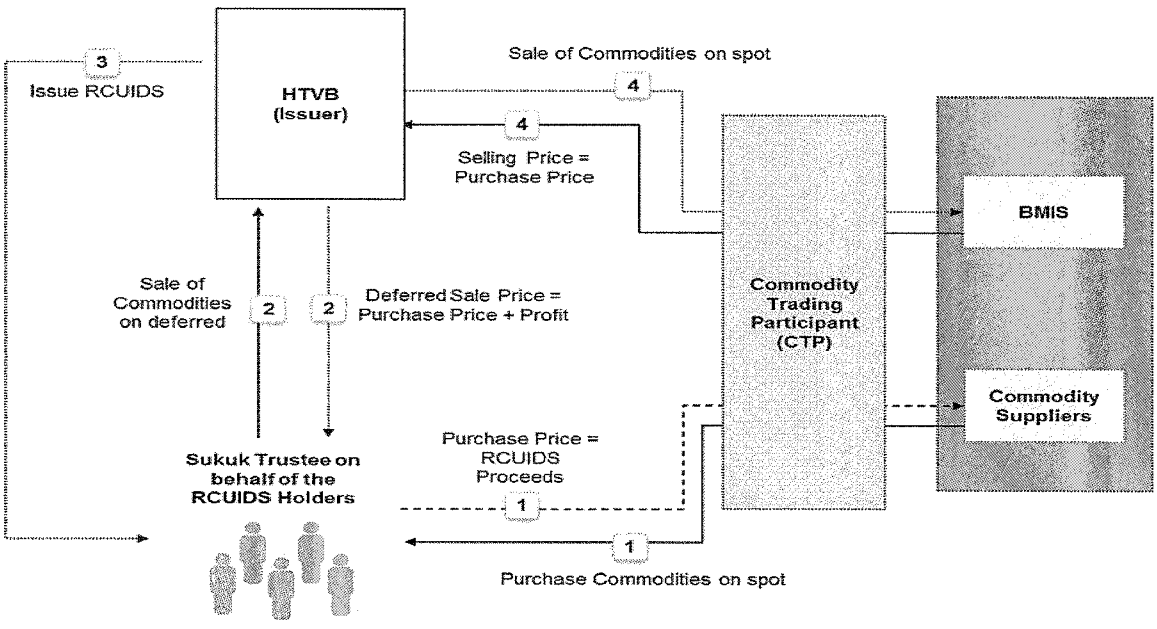
HIAP TECK VENTURE BERHAD

PROPOSED ISSUANCE OF UP TO RM213,534,700.00 NOMINAL VALUE OF FIVE (5)-YEAR 5% REDEEMABLE CONVERTIBLE UNSECURED ISLAMIC DEBT SECURITIES BASED ON SHARIAH PRINCIPLES OF MURABAHAH (VIA TAWARRUQ ARRANGEMENT) ("RCUIDS")

Maybank Islamic Berhad as the Shariah Adviser (**"Shariah Adviser"**) has reviewed the structure and mechanism to be entered into in respect of the proposed RCUIDS by Hiap Teck Venture Berhad ("**HTVB**" or the "**Issuer**").

The defined terms used in this Shariah Pronouncement have the same meanings appeared in the Principal Terms and Conditions ("**PTC**") in respect of the RCUIDS. Certain figures stipulated in this pronouncement are not exhaustive and may be subject to changes, which in any case, shall always be in accordance with Shariah.

1. Description of Transaction Structure



The issuance of the RCUIDS is pursuant to the proposed renounceable rights issue of the RCUIDS at 100% of its nominal value on the basis of two (2) RM0.50 nominal value of RCUIDS for every five (5) existing ordinary shares of RM0.50 each in HTVB ("**HTVB Shares**") held on an entitlement date to be determined later by the Board of Directors of the Issuer (**"Entitlement Date"**).

The RCUIDS shall be issued together with free detachable warrants in HTVB ("**New Warrants**") on the basis of one (1) New Warrants for every one (1) nominal value of RM0.50 RCUIDS, as well as new HTVB Shares to be credited as fully paid-up ("**Bonus Shares**") on the basis of two (2) Bonus Shares for every one (1) RM0.50 RCUIDS subscribed, provided that the proposed renounceable rights issue of RCUIDS has met the Minimum Subscription Level (as defined below) in accordance with the following procedures:

(1) The Sukuk Trustee (on behalf of the holders of RCUIDS ("**RCUIDS Holders**")) will appoint the Commodity Trading Participant ("**CTP**")_ to purchase on a spot basis the Commodities (as defined below) from commodity supplier(s) in the Bursa Suq Al-Sila' commodity market ("**Commodity Supplier**") at a purchase price which shall be an amount equivalent to the proceeds of the RCUIDS ("**Purchase Price**").

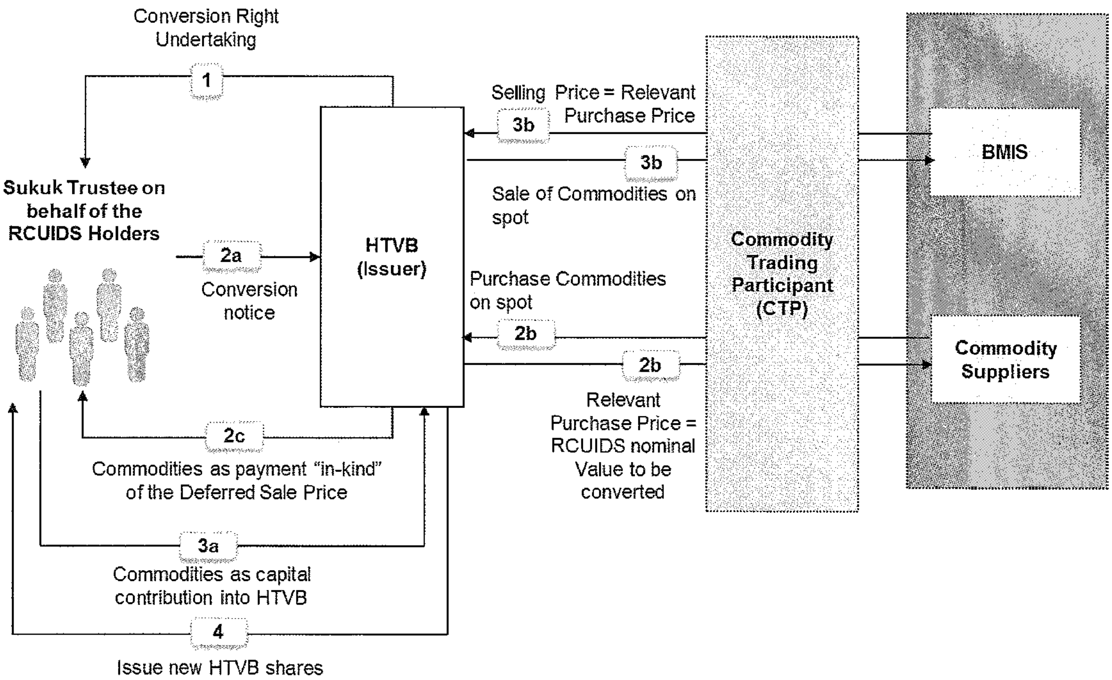
(2) The Sukuk Trustee (on behalf of the RCUIDS Holders) will then sell the Commodities to HTVB at deferred sale price (the "**Deferred Sale Price**") (which shall be an amount equivalent to the Purchase Price plus aggregate of the periodic profit payments).

(3) HTVB will issue the RCUIDS to RCUIDS Holders to evidence its payment obligation of the Deferred Sale Price to the RCUIDS Holders.

(4) Upon completion of purchase from the RCUIDS Holders, HTVB shall appoint the CTP to sell on a spot basis the Commodities to Bursa Malaysia Islamic Services Sdn Bhd ("**BMIS**") at a selling price equivalent to the Purchase Price.

The proposed renounceable rights issue of the RCUIDS will be undertaken on a minimum level of subscription of RM79,000,000.00 nominal value of RCUIDS ("**Minimum Subscription Level**").

Steps to be taken upon the exercise of the conversion rights under the RCUIDS by the RCUIDS Holders



1) The Issuer shall issue conversion right undertaking (the "**Conversion Right Undertaking**") in favour of the RCUIDS Holders to convert their RCUIDS into the new HTVB Shares at the relevant Conversion Price on the Conversion Date (i.e. at any time during the Conversion Period including upon the declaration of an event of default) by way of issuing a conversion notice under the Conversion Right Undertaking.

2) Upon issuance of a conversion notice by the RCUIDS Holder pursuant to the Conversion Right Undertaking given by HTVB, HTVB shall purchase on spot basis the Commodities from the Commodity Supplier at the relevant purchase price (which shall be an amount equivalent to the nominal value of RCUIDS to be converted into new HTVB Shares) ("**Relevant Purchase Price**"). HTVB shall thereafter exchange the Commodities as payment "in kind" of its existing obligation under the RCUIDS (which shall be an amount equivalent to the RCUIDS' nominal value and the accrued but unpaid RCUIDS periodic profit payments), pursuant to the Issuer's obligation to pay the Deferred Sale Price.

3) Subsequently, the relevant RCUIDS Holder shall contribute the Commodities (which the value is known) as capital contribution into HTVB. HTVB shall thereafter sell the Commodities to BMIS to obtain cash. For avoidance of doubt the value of the Commodities is equal to the nominal value of RCUIDS that each RCUIDS Holders wish to convert.

4) Pursuant to the capital contribution in the form of Commodities made by the relevant RCUIDS Holder, HTVB shall issue new HTVB Shares to the relevant RCUIDS Holder of which the number of new HTVB Shares to be issued to the relevant RCUIDS Holder shall be based on the relevant Conversion Price and computed based on the Relevant Purchase Price. The relevant RCUIDS shall thereafter be cancelled.

"**Commodities**" means the Shariah-compliant commodities which may include but not limited to crude palm oil or such other acceptable commodities (excluding ribawi items in the category of medium of exchange such as currency, gold and silver) which are provided through the commodity trading platform (Bursa Suq Al-Sila') as approved by the Shariah Adviser which will be identified at or around the time of issuance of the RCUIDS or conversion of the RCUIDS, as the case may be.

2. Important Shariah Highlight

The Shariah Adviser wishes to highlight the following:-

2.1 Application of Shariah Concept of Relinquishment of Liability by Paying the Equivalent (الوفاء بالمقابل)

Upon issuance of a conversion notice by the RCUIDS Holder, HTVB shall purchase Commodities from the Commodity Supplier at the relevant purchase price (which shall be an amount equivalent to the nominal value of RCUIDS to be converted into new HTVB Shares). HTVB shall thereafter exchange the Commodities as payment "in kind" of its existing obligation under the RCUIDS (which shall be an amount equivalent to the RCUIDS' nominal value and the accrued but unpaid RCUIDS periodic profit payments).

The act of exchanging the Commodities as payment in-kind which is of equivalent value to the Deferred Sale Price is in accordance with a concept approved by Shariah namely relinquishment of liability by paying the equivalent (الوفاء بالمقابل) . The concept is acceptable as long as the payment in-kind is equivalent in value with the liability to be relinquished and both parties agreed to apply the concept[1]. As for this issuance, HTVB and the RCUIDS Holders have agreed on the application of the concept.

2.2 Conversion Rights

The RCUIDS shall be convertible into new HTVB Shares on any market day after the Issue Date and up to the Maturity Date.

As at the date of this pronouncement, HTVB Shares are included in the list of Shariah-Compliant securities issued by Securities Commission Malaysia ("**SC**")'s Shariah Advisory Council ("**SAC**") ("**List of Shariah-Compliant Securities**"). To ensure that the conversion of the RCUIDS into HTVB shares will not breach Shariah requirement, it is to be noted that the HTVB Shares shall remain in the List of Shariah-Compliant Securities all at times.

However, if the RCUIDS Holders intend to convert the RCUIDS in the event HVTB Shares are removed from the List of Shariah-Compliant Securities, the RCUIDS Holders have the rights to do the following:

(a) convert RCUIDS into new HTVB Shares and may follow SAC's guide on the timing for the disposal of securities which have been classified as Shariah non-compliant ("**Guidance on Disposal of Shariah Non-Compliant Securities**");

(b) sell the RCUIDS to a third party; and/or

(c) require the Issuer to redeem the RCUIDS in cash at 100% nominal amount of the RCUIDS, including any accrued but unpaid RCUIDS periodic profit payments.

However, if the RCUIDS have been converted into new HTVB Shares and the HTVB Shares are removed from the List of Shariah-Compliant Securities, the Guidance on Disposal of Shariah Non-Compliant Securities may be applicable.

[1] Dr Rushdi Shihatah Abu Zaid, انقضاء الإلتزام بما يعادل الوفاء, p.523-524

2.3 Issuance of New Warrants and Bonus Shares

In addition to the issuance of RCUIDS, HTVB will also issue New Warrants and Bonus Shares to the entitled shareholders who subscribed for the RCUIDS. The package is to encourage the entitled shareholders to subscribe for the RCUIDS. It is a condition precedent that the HTVB Shares are in the List of Shariah-Compliant Securities before the issuance of RCUIDS to ensure the New Warrants and Bonus Shares to be issued are Shariah-compliant as well.

In the event the New Warrants have not been exercised and the HTVB Shares are removed from the List of Shariah-Compliant Securities, the Guidance on Disposal of Shariah non-compliant Securities may be applicable.

2.4 Capital Contribution under the Conversion Rights exercise

Upon HTVB exchanging the Commodities with the RCUIDS as payment "in kind", the RCUIDS Holders shall contribute the Commodities (which the value is known) as capital contribution into HTVB. HTVB shall thereafter sell the Commodities to the Commodity Supplier to obtain cash and the proceeds will be used for Shariah compliant purposes.

This permissibility is in line with the Shariah principle of Musharakah where the capital contributed to the Musharakah venture can be in the form of cash or cash in-kind. The AAOIFI Shariah Standards (standard no.12, item 3/1/2/1, p.204), allow for the Musharakah partners to provide tangible asset (commodities) as capital for the partnership provided that the monetary values of these assets are determined and expressed in terms of the currency used for the venture in order to ascertain the share contributed by each partner in that venture.

Moreover, by converting the RCUIDS into ordinary shares (as per the steps mentioned under the Description of Transaction Structure), from Shariah perspective, the RCUIDS Holders has become a Musharakah partner to HTVB and shall be subjected to requirements of the Shariah principle of Musharakah.

2.5 Ibra' upon the occurrence of event of default

Ibra' refers to an act of releasing absolutely or conditionally one's rights and claims on any obligation against another party which would result in the latter being discharged of his/its obligations or liabilities towards the former. The release may be either partially or in full.

As stipulated in the PTC, Ibra' is allowed to be given to HTVB upon declaration of event of default ("**EOD**") where the RCUIDS Holders will Ibra' all unaccrued profit that is due from the date of EOD is being declared under the RCUIDS;

The incorporation of Ibra' clause in the agreement is in accordance with the Resolutions of the Shariah Advisory Council of the Securities Commission Malaysia (2012-2014), page 13 whereby the SAC resolved that:

i) Sukukholders may offer Ibra' to the issuer based on the application made by the issuer for early redemption of sukuk upon occurrence of any event of default, call option, regulatory redemption or tax redemption, etc;

ii) The formula for the computation of early settlement may be stated as a guide to the issuer; and

iii) The Ibra' clause and the formula for the computation of early settlement may be stated in the main agreement of the sukuk contract which is based on `uqud mu`awadhat. However, the Ibra' clause in the main agreement shall be separated from the part related to the price of the transacted asset. The Ibra' clause shall only be stated under the section for mode of payment or settlement in the said agreement.

Under the above circumstances, from Shariah perspective, the RCUIDS Holders at his sole discretion may provide the Ibra' to HTVB based on Shariah principle of Dha' wa Taajjal (which means the action of a creditor writing off part of the debt when the debtor settles the balance of his debt earlier) which has been approved by the SAC.

2.6 Ta'widh (Compensation)

In the event of delay in payments of the Deferred Sale Price under the RCUIDS, the Issuer shall pay to the RCUIDS Holders Ta'widh (compensation) of such delayed payments at the rate and in the manner prescribed by the SAC from time to time.

The imposition of Ta'widh (compensation) is part of the terms and conditions which is agreed upon by the contracting parties as compensation that can rightfully be claimed by the RCUIDS Holders for any delayed payments of the Deferred Sale Price under the RCUIDS. This is in accordance with the Resolutions of the SAC, page 4-8.

Furthermore, the imposition of Ta`widh (compensation) is permissible in accordance with SC's Guidelines on Issuance of Private Debt Securities and Sukuk to Retail Investors, Chapter 17.10 where "Ta`widh (compensation) is permissible under sukuk bai` bithaman ajil, sukuk murabahah, sukuk istisna` and sukuk ijarah only if the issuer/obligor delays the payment of any amount due and payable to the sukukholders."

SHARIAH PRONOUNCEMENT *(Cont'd)*

3. Shariah Endorsement

Based on the foregoing, Maybank Islamic Berhad as the Shariah Adviser is of the view that the contract involved in the RCUIDS is in compliance with the principles of Shariah and hereby approve the RCUIDS, subject to satisfactory documentation.

And Allah knows best.

For and on behalf of the Shariah Adviser:

I, Assoc. Prof. Dr. Aznan Hasan, hereby confirms that all members of the Shariah committee have been consulted and made aware of all the Shariah issues in relation to this proposed RCUIDS.

.... 02 FEB 2016
Assoc. Prof. Dr. Aznan Hasan Date
(Chairman, Shariah Committee)

Maybank Islamic Berhad (787435-M)
Level 10, Tower A, Dataran Maybank,
No 1, Jalan Maarof, 59000 Kuala Lumpur
Telephone +603 2297 2001
Facsimile +603 2297 2002
www.maybankislamic.com.my

Maybank Islamic Berhad ("Maybank Islamic") is a licensed financial institution approved by Bank Negara Malaysia to carry out Islamic Banking Scheme. As such and pursuant to Chapter 15.0 of the Guidelines on Issuance of Private Debt Securities and Sukuk to Retail Investors issued by the Securities Commission, Maybank Islamic is authorised to advise on all Shariah aspects in relation to the issuance of RCUIDS.

Maybank Islamic has extensive experience as Shariah Adviser. For the year 2015, Maybank Islamic was the Shariah Adviser for notable Sukuk issuances such as a USD200 Million Sukuk Murabahah (under a RM7 Billion Multi Currency Sukuk Programme) and Islamic Trust Certificates with an aggreagate value of USD700 Million. As of 29 April 2016, being the latest practicable date prior to the date of the abridged prospectus dated 27 May 2016 issued by HTVB, Maybank Islamic is the Shariah Adviser for a RM3 Billion Sukuk Programme.

H T V B

HIAP TECK VENTURE BERHAD

(421340-U)

Registered Office:

Lot 6096, Jalan Haji Abdul Manan
Batu 5½, Off Jalan Meru
41050 Klang
Selangor Darul Ehsan

Date: 19 May 2016

To: The Shareholders of Hiap Teck Venture Berhad ("HTVB")

Dear Sir/Madam,

On behalf of the Board of Directors of HTVB ("**Board**"), I wish to report that after making due enquiries in relation to the period between 31 July 2015, being the date on which the last audited financial statements of HTVB and its subsidiaries ("**Group**") have been made up, and up to the date hereof, being a date not earlier than fourteen (14) days before the date of issue of this Abridged Prospectus:

(a) the business of the Group has, in the opinion of the Board, been satisfactorily maintained;

(b) in the opinion of the Board, no circumstances have arisen since the last audited financial statements of the Group, which have adversely affected the trading or the value of the assets of the Group;

(c) the current assets of the Group appear in the books at values which are believed to be realisable in the ordinary course of business;

(d) save as disclosed in this Abridged Prospectus, there are no other contingent liabilities which have arisen by reason of any guarantee or indemnity given by any company within the Group;

(e) there has been, since the last audited financial statements of the Group, no default or any known event that could give rise to a default situation, on payments of either interest and/or principal sums in relation to any borrowings of the Group; and

(f) save as disclosed in this Abridged Prospectus, there has been, since the last audited financial statements of the Group, no material change in the published reserves or any unusual factors affecting the profits of the Group.

Yours faithfully,
For and on behalf of the Board
HIAP TECK VENTURE BERHAD

FOO KOK SIEW
EXECUTIVE DIRECTOR

Wisma Hiap Teck, Lot 6096, Jln. Haji Abdul Manan, Batu 5½, Off Jalan Meru, 41050 Klang, Selangor Darul Ehsan.
Peti Surat No. 239, Pejabat Pos Pekan Kapar, 42200 Klang, Selangor Darul Ehsan.
Tel : (603) 3377 8888 (Hunting Line) Fax : (603) 3377 8898 / 3392 9136
Website : www.htgrp.com.my

FURTHER INFORMATION

1. SHARE CAPITAL

Save as disclosed in this Abridged Prospectus, no securities shall be allotted or issued on the basis of this Abridged Prospectus later than 12 months after the date of this Abridged Prospectus.

As at the LPD, save as disclosed below, no person has been or would be entitled to be granted an option to subscribe for any securities in our Company:

(i) our Entitled Shareholders and/or their renouncee(s) and/or transferee(s), if applicable, who shall be provisionally allotted the RCUIDS, New Warrants and Bonus Shares to be issued pursuant to the Corporate Exercises;

(ii) the directors and employees of our Group who are eligible to participate in the ESOS with an exercise period from 12 April 2012 to 11 April 2017 for a duration of five (5) years (“**Eligible Employees**”).

Under the ESOS, the maximum number of new HTVB Shares that may be offered for subscription and allotted upon the exercise of the Options to the Eligible Employees shall not exceed in aggregate, 10% of the total issued and paid-up share capital of our Company (excluding treasury shares) at any point in time during the duration of the ESOS;

As at the LPD, there are 54,979,000 Options outstanding which are exercisable into 54,979,000 new HTVB Shares at the exercise prices of RM0.50, RM0.53 or RM0.67. Up to 24,369,685 additional Options at the same exercise prices will be issued pursuant to the Adjustments, which are exercisable into up to 24,369,685 new HTVB Shares;

(iii) the holders of the existing Warrants 2012/2017 who had been issued with Warrants 2012/2017 constituted by the deed poll dated 25 November 2011 with an exercise period from 10 January 2012 to 9 January 2017 for a duration of five (5) years.

As at the LPD, there are 88,533,692 Warrants 2012/2017 outstanding which are exercisable into 88,533,692 new HTVB Shares at the exercise price of RM0.69. Up to 39,242,953 additional Warrants 2012/2017 at the same exercise price will be issued pursuant to the Adjustments, which are exercisable into up to 39,242,953 new HTVB Shares; and

(iv) the holders of the Convertible Bonds who had subscribed for the Convertible Bonds and constituted by the trust deed dated 21 March 2012 with a conversion period from 5 April 2012 to 4 April 2019 for a duration of seven (7) years.

As at the LPD, there are RM147,000,000.00 nominal value of Convertible Bonds outstanding which are convertible into 210,000,000 new HTVB Shares at the exercise price of RM0.70. The exercise price of such Convertible Bonds will be adjusted downwards to no lower than RM0.50 pursuant to the Adjustments. Thus, the outstanding RM147,000,000.00 nominal value of Convertible Bonds will be convertible into up to 294,000,000 new HTVB Shares.

2. ARTICLES OF ASSOCIATION

The provision in the Articles of Association of our Company for the remuneration of our Directors is as follows:

Article 86

"The fees payable to Directors shall from time to time be determined by the Company in general meeting, and such fees shall be divided among the Directors in such proportions and manner as that Directors may determine provided always that:

(a) fees payable to Directors who hold no executive office in the Company shall be paid by a fixed sum and not by a commission on or percentage of profits or turnover;

(b) salaries payable to Directors who do hold an executive office in the Company may not include a commission on or percentage of turnover;

(c) fees payable to Directors shall not be increased except pursuant to a resolution passed at a general meeting, where notice of the proposed increase has been given in the notice convening the meeting; and

(d) any fee paid to an Alternate Director shall be such amount as shall be agreed between himself and the Director nominating him and shall be paid out of the remuneration of the latter.

The Directors may also be paid all travelling, hotel and other expenses properly incurred by them in attending and returning from meeting of the Directors or any committee of the Directors or general meetings of the Company or in connection with the business of the Company. Any Director who is appointed to any executive office including the office of Chairman or who serves on any committee or who otherwise performs services which in the opinion of the Directors are outside the scope of the ordinary duties of a Director, may be paid such extra remuneration by way of salary percentage of profits or otherwise as the Directors may determine but not a commission on or percentage of turnover. Any such extra remuneration payable to a non-executive Director shall not include a commission on or percentage of profits or turnover."

3. CONSENTS

Our Joint Principal Advisers, principal bankers, Company Secretary, Share Registrar, Paying Agent, Solicitors, Sukuk Trustee, Shariah Adviser, Joint Managing Underwriters and Joint Underwriters for the Corporate Exercises have given and have not subsequently withdrawn their written consents for the inclusion of their names and all references thereto in the form and context in which they appear in this Abridged Prospectus.

Messrs KPMG, our Auditors and Reporting Accountants, have given and have not subsequently withdrawn their written consent for the inclusion of their name, the Reporting Accountants' letter relating to our proforma consolidated statements of financial position as at 31 July 2015 and our audited consolidated financial statements for the FYE 31 July 2015 together with the auditors' report thereon, and all references thereto in the form and context in which they appear in this Abridged Prospectus.

Bloomberg Finance L.P. has given and has not subsequently withdrawn its written consent for the inclusion of its name as the source of the historical share prices of our Company, and all references thereto in the form and context in which they appear in this Abridged Prospectus.

South East Asia Iron & Steel Institute has given and has not subsequently withdrawn its written consent for the inclusion of its name as the source on outlook of the iron and steel industry, and all references thereto in the form and context in which they appear in this Abridged Prospectus.

4. MATERIAL CONTRACTS

Save for the Trust Deed, Deed Poll and Underwriting Agreement, there are no material contracts (not being contracts entered into in the ordinary course of business) which have been entered into by our Group within the 2 years immediately preceding the date of this Abridged Prospectus.

5. MATERIAL LITIGATION

As at the LPD, our Group is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, and our Board is not aware of any such proceedings pending or threatened against our Group or of any facts likely to give rise to any such proceedings which may materially and adversely affect the financial position or business of our Group.

6. GENERAL

(i) Save for the service agreement between our Company and Tan Sri Dato' Law Tien Seng dated 5 October 2011, there are no existing or proposed service contracts between our directors and our Company or our subsidiaries, other than those which are expiring or determinable by the employing company without payment or compensation (other than statutory compensation) within one (1) year from the date of this Abridged Prospectus.

(ii) Save as disclosed in this Abridged Prospectus and to the best knowledge of our Board, the financial condition and operations of our Group are not affected by any of the following:

(a) material information including special trade factors or risks which are unlikely to be known or anticipated by the general public and which could materially affect the profits of our Group;

(b) known trends, demands, commitments, events or uncertainties that will or are likely to materially increase or decrease our Group's liquidity;

(c) material commitments for capital expenditure;

(d) unusual, infrequent events or transactions or significant economic changes that materially affect the amount of reported income from our operations; and

(e) known trends or uncertainties that have had, or that our Group reasonably expects to have, a material favourable or unfavourable impact on our Group's revenues or operating income.

7. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of our Company at Lot 6096, Jalan Haji Abdul Manan, Batu 5½, Off Jalan Meru, 41050 Klang, Selangor Darul Ehsan during normal business hours from Monday to Friday (except public holidays) for a period of twelve (12) months from the date of this Abridged Prospectus:

(i) our Memorandum and Articles of Association;

(ii) the Trust Deed;

(iii) the Deed Poll;

(iv) the deed poll constituting the Warrants 2012/2017;

(v) the trust deed constituting the Convertible Bonds;

(vi) the by-laws governing the ESOS;

(vii) the Directors' Report as set out in **Appendix IX** of this Abridged Prospectus;

(viii) the Shariah pronouncement prepared by the Shariah Adviser as set out in **Appendix VIII** of this Abridged Prospectus;

(ix) the consent letters referred to in Section 3 of this Appendix;

(x) the service agreement between our Company and Tan Sri Dato' Law Tien Seng referred to in Section 6(i) of this Appendix;

(xi) our audited consolidated financial statements for the past two (2) FYE 31 July 2014 and 31 July 2015 and our unaudited consolidated financial statements for the six (6)-month FPE 31 January 2016;

(xii) the proforma consolidated statements of financial position of our Group as at 31 July 2015 together with the Reporting Accountants' letter as set out in **Appendix V** of this Abridged Prospectus;

(xiii) the letter for the Undertaking as referred to in Section 2.1.6.2 of this Abridged Prospectus; and

(xiv) the Underwriting Agreement.

8. RESPONSIBILITY STATEMENT

Our Board has seen and approved the Documents. They collectively and individually accept full responsibility for the accuracy of the information given and confirm that, after having made all reasonable enquiries and to the best of their knowledge and belief, there are no false or misleading statements or other facts which, if omitted, would make any statement in the Documents false or misleading.

Maybank IB and HLIB, being the Joint Principal Advisers for the Corporate Exercises, acknowledge that, based on all available information and to the best of their knowledge and belief, this Abridged Prospectus constitutes a full and true disclosure of all material facts concerning the Corporate Exercises.

NOTICE OF PROVISIONAL ALLOTMENTS

TERMS DEFINED IN THE ABRIDGED PROSPECTUS DATED 27 MAY 2016 ("ABRIDGED PROSPECTUS") SHALL HAVE THE SAME MEANINGS WHEN USED IN THIS NOTICE OF PROVISIONAL ALLOTMENT ("NPA") UNLESS OTHERWISE STATED. THE PROVISIONAL ALLOTMENTS AS CONTAINED IN THIS NPA ARE PRESCRIBED SECURITIES PURSUANT TO SECTION 14(5) OF THE SECURITIES INDUSTRY (CENTRAL DEPOSITORIES) ACT, 1991 ("SICDA") AND THEREFORE THE SICDA (INCLUDING ALL AMENDMENTS THEREOF) AND THE RULES OF BURSA MALAYSIA DEPOSITORY SDN BHD ("BURSA DEPOSITORY") SHALL APPLY IN RESPECT OF DEALINGS IN THE PROVISIONAL ALLOTMENT.

HTVB

HIAP TECK VENTURE BERHAD

(Company No.: 421340-U)
(Incorporated in Malaysia under the Companies Act, 1965)

(I) RENOUNCEABLE RIGHTS ISSUE OF UP TO RM213,284,300.00 NOMINAL VALUE OF FIVE (5)-YEAR 5% REDEEMABLE CONVERTIBLE UNSECURED ISLAMIC DEBT SECURITIES ("RCUIDS") AT 100% OF ITS NOMINAL VALUE ON THE BASIS OF TWO (2) RM0.50 NOMINAL VALUE OF RCUIDS FOR EVERY FIVE (5) EXISTING ORDINARY SHARES OF RM0.50 EACH IN HTVB ("HTVB SHARES") HELD AS AT 5.00 P.M. ON 27 MAY 2016 TOGETHER WITH UP TO 426,568,600 FREE DETACHABLE WARRANTS ("NEW WARRANTS") ON THE BASIS OF ONE (1) NEW WARRANT FOR EVERY ONE (1) RM0.50 NOMINAL VALUE OF RCUIDS SUBSCRIBED ("RIGHTS ISSUE"); AND

(II) BONUS ISSUE OF UP TO 853,137,200 NEW HTVB SHARES ("BONUS SHARES") TO BE CREDITED AS FULLY PAID-UP ON THE BASIS OF TWO (2) BONUS SHARES FOR EVERY ONE (1) RM0.50 NOMINAL VALUE OF RCUIDS SUBSCRIBED PURSUANT TO THE RIGHTS ISSUE ("BONUS ISSUE")

(COLLECTIVELY REFERRED TO AS "CORPORATE EXERCISES")

Joint Principal Advisers, Joint Managing Underwriters and Joint Underwriters

Maybank Investment Bank
Maybank Investment Bank Berhad (15938-H)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

HongLeong Investment Bank
Hong Leong Investment Bank Berhad (10209-W)
(A Participating Organisation of Bursa Malaysia Securities Berhad)
(A Trading Participant of Bursa Malaysia Derivatives Berhad)

Joint Underwriters

INTER-PACIFIC SECURITIES SDN. BHD.
(12738-U)
A Participating Organisation of Bursa Malaysia Securities Berhad
A Trading Participant of Bursa Malaysia Derivatives Berhad

Mercury Securities Sdn Bhd
(Company No. 113193-W)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

To: The Shareholders of HTVB

Dear Sir/Madam,

The Board of Directors of HTVB ("**Board**") has provisionally allotted to you, in accordance with the approval of the Securities Commission Malaysia via its letters dated 1 October 2015 and 23 February 2016, Bursa Malaysia Securities Berhad ("**Bursa Securities**") via its letter dated 8 April 2016 and the ordinary resolution passed by the shareholders of HTVB at the extraordinary general meeting held on 6 May 2016, the number of RCUIDS together with New Warrants and Bonus Shares as indicated below ("**Provisional Allotments**").

We wish to advise that the Provisional Allotments in respect of the Corporate Exercises have been confirmed by Bursa Depository and will be credited into your Central Depository System ("**CDS**") account as stated below, subject to the terms and conditions as stated in the Abridged Prospectus and the accompanying rights subscription form.

The Provisional Allotments are made subject to the terms and conditions in the Abridged Prospectus. Bursa Securities has prescribed the securities of HTVB listed on the Main Market of Bursa Securities to be deposited with Bursa Depository. Accordingly, the Provisional Allotments are prescribed securities and as such, all dealings in the Provisional Allotments will be by book entries through CDS accounts and will be governed by the SICDA and the Rules of Bursa Depository.

ALL RCUIDS, NEW WARRANTS AND BONUS SHARES TO BE ISSUED PURSUANT TO CORPORATE EXERCISES WILL BE ALLOTTED BY WAY OF CREDITING THE RCUIDS, NEW WARRANTS AND BONUS SHARES INTO THE CDS ACCOUNTS OF THE SHAREHOLDERS OF HTVB WHOSE NAME APPEAR, IN THE RECORD OF DEPOSITORS OF HTVB ON THE ENTITLEMENT DATE ("ENTITLED SHAREHOLDERS") AND/OR THEIR RENOUNCEE(S) AND/OR TRANSFEREE(S), IF APPLICABLE. NO PHYSICAL RCUIDS OR WARRANTS OR SHARE CERTIFICATES WILL BE ISSUED.

It is the intention of the Board to allot the excess RCUIDS with New Warrants and Bonus Shares which are not taken up or not validly taken up by the Entitled Shareholders and/or their renouncee(s) and/or transferee(s), if applicable, ("Excess RCUIDS"), if any, in a fair and equitable manner to the Entitled Shareholders and/or their renouncee(s) and/or transferee(s), if applicable, who have applied for Excess RCUIDS in the following priority:

(i) firstly, to minimise the incidence of odd lots;
(ii) secondly, to ensure the spread requirements of the RCUIDS and New Warrants of a minimum one hundred (100) holders holding not less than one (1) board lot each is met prior to the listing of the RCUIDS and New Warrants on the Main Market of Bursa Securities;
(iii) thirdly, for allocation to our Entitled Shareholders who have applied for Excess RCUIDS, on a pro-rata basis and in board lots, calculated based on their respective shareholdings in our Company as at the Entitlement Date; and
(iv) lastly, for allocation to our Entitled Shareholders and/or their renouncee(s) and/or transferee(s), if applicable, who have applied for Excess RCUIDS, on a pro-rata basis and in board lots, calculated based on the quantum of their respective Excess RCUIDS application.

In the event of any Excess RCUIDS balance after the above allocations are completed, the balance will be allocated in the processes set out in (iii) to (iv) above.

Nevertheless, the Board reserves the right to allot any Excess RCUIDS applied for in such manner as the Board deems fit or expedient and in the best interest of HTVB, subject always to such allocation being made on a fair and equitable basis and that the intention of the Board set out in (i) to (iv) above is achieved. The Board reserves the right at its absolute discretion not to accept any application for Excess RCUIDS, in full or in part, without assigning any reason thereof.

NAME, ADDRESS AND CDS ACCOUNT NUMBER OF ENTITLED SHAREHOLDER

NUMBER OF HTVB SHARES HELD AT 5.00 P.M. ON 27 MAY 2016	NUMBER OF RIGHTS RCUIDS PROVISIONALLY ALLOTTED TO YOU	NUMBER OF NEW WARRANTS ATTACHED TO THE RCUIDS PROVISIONALLY ALLOTTED TO YOU	NUMBER OF BONUS SHARES ATTACHED TO THE RCUIDS PROVISIONALLY ALLOTTED TO YOU	AMOUNT PAYABLE IN FULL UPON ACCEPTANCE AT RM0.50 PER RCUIDS (RM)

IMPORTANT RELEVANT DATES AND TIMES:

Entitlement Date	:	Friday, 27 May 2016 at 5.00 p.m.
Last date and time for the sale of Provisional Allotments	:	Friday, 3 June 2016 at 5.00 p.m.
Last date and time for the transfer of Provisional Allotments	:	Wednesday, 8 June 2016 at 4.00 p.m.
Last date and time for acceptance and payment	:	Monday, 13 June 2016 at 5.00 p.m.*
Last date and time for excess application and payment	:	Monday, 13 June 2016 at 5.00 p.m.*

* *or such later date and time as the Board and the Joint Managing Underwriters may, at their absolute discretion, decide and announce not less than two (2) Market Days before the stipulated date and time.*

By Order of the Board

NG YIM KONG (LS 0009297)
Company Secretary

Share Registrar
SYMPHONY SHARE REGISTRARS SDN BHD (378993-D)
Level 6, Symphony House, Pusat Dagangan Dana 1
Jalan PJU 1A/46, 47301 Petaling Jaya
Selangor Darul Ehsan
Tel. no.: 03 7849 0777
Fax no.: 03 7841 8151/8152

THIS NOTICE OF PROVISIONAL ALLOTMENTS IS DATED 27 MAY 2016

RIGHTS SUBSCRIPTION FORM

TERMS DEFINED IN THE ABRIDGED PROSPECTUS DATED 27 MAY 2016 ("ABRIDGED PROSPECTUS") SHALL HAVE THE SAME MEANINGS WHEN USED IN THIS RIGHTS SUBSCRIPTION FORM ("RSF") UNLESS OTHERWISE STATED. THIS RIGHTS SUBSCRIPTION FORM ("RSF") IS ISSUED FOR THE PURPOSE OF ACCEPTING THE PROVISIONAL ALLOTMENTS AND APPLYING FOR EXCESS RCUIDS PURSUANT TO THE CORPORATE EXERCISES OF HIAP TECK VENTURE BERHAD ("HTVB"). THE LAST DATE AND TIME FOR ACCEPTANCE AND PAYMENT AS WELL AS EXCESS APPLICATION AND PAYMENT IS 5.00 P.M. ON 13 JUNE 2016 OR SUCH LATER DATE AND TIME AS THE BOARD OF DIRECTORS OF HTVB ("BOARD") AND THE JOINT MANAGING UNDERWRITERS MAY, AT THEIR ABSOLUTE DISCRETION, DECIDE AND ANNOUNCE NOT LESS THAN TWO (2) MARKET DAYS BEFORE THE STIPULATED DATE AND TIME. THIS RSF IS ONLY APPLICABLE TO PERSONS WHO HAVE PROVISIONAL ALLOTMENTS STANDING TO THE CREDIT OF THEIR CDS ACCOUNTS.

HTVB

HIAP TECK VENTURE BERHAD

(Company No.: 421340-U)
(Incorporated in Malaysia under the Companies Act, 1965)

(I) RENOUNCEABLE RIGHTS ISSUE OF UP TO RM213,284,300.00 NOMINAL VALUE OF FIVE (5)-YEAR 5% REDEEMABLE CONVERTIBLE UNSECURED ISLAMIC DEBT SECURITIES ("RCUIDS") AT 100% OF ITS NOMINAL VALUE ON THE BASIS OF TWO (2) RM0.50 NOMINAL VALUE OF RCUIDS FOR EVERY FIVE (5) EXISTING ORDINARY SHARES OF RM0.50 EACH IN HTVB ("HTVB SHARES") HELD AS AT 5.00 P.M. ON 27 MAY 2016 TOGETHER WITH UP TO 426,568,600 FREE DETACHABLE WARRANTS ("NEW WARRANTS") ON THE BASIS OF ONE (1) NEW WARRANT FOR EVERY ONE (1) RM0.50 NOMINAL VALUE OF RCUIDS SUBSCRIBED ("RIGHTS ISSUE"); AND

(II) BONUS ISSUE OF UP TO 853,137,200 NEW HTVB SHARES ("BONUS SHARES") TO BE CREDITED AS FULLY PAID-UP ON THE BASIS OF TWO (2) BONUS SHARES FOR EVERY ONE (1) RM0.50 NOMINAL VALUE OF RCUIDS SUBSCRIBED PURSUANT TO THE RIGHTS ISSUE ("BONUS ISSUE")

(COLLECTIVELY REFERRED TO AS "CORPORATE EXERCISES")

NAME AND ADDRESS (in block letters as per the record of Bursa Depository) :

NRIC NO./ PASSPORT NO. (state/ country)/ **COMPANY NO.** :

CDS ACCOUNT NO. : _ _ _ - _ _ _ - _ _ _ _ _ _ _ _ _

To: The Board

PART I – ACCEPTANCE OF PROVISIONAL ALLOTMENTS AND APPLICATION FOR EXCESS RCUIDS

In accordance with the terms of this RSF and the Abridged Prospectus of HTVB dated 27 May 2016 ("**Abridged Prospectus**"), I/ we# hereby irrevocably:

(a) #accept the number of RCUIDS together with New Warrants and Bonus Shares provisionally allotted to me/ us# ("**Provisional Allotments**") as stated below, which were provisionally allotted/ renounced/ transferred to me/ us#; and

(b) #apply for the number of excess RCUIDS together with New Warrants and Bonus Shares ("**Excess RCUIDS**") as stated below in addition to my/ our# acceptance stated below,

in accordance with and subject to the Memorandum and Articles of Association of HTVB.

I/ We# enclose herewith the appropriate remittance(s) as stated below, in favour of the respective account stated below and crossed "**A/C PAYEE ONLY**", being the full and exact amount payable for the RCUIDS accepted and/ or Excess RCUIDS applied for, and hereby request for the said RCUIDS and/or Excess RCUIDS together with New Warrants and Bonus Shares to be credited into my/ our# CDS account as stated above:

NO. OF RCUIDS ACCEPTED/ EXCESS RCUIDS APPLIED FOR		AMOUNT PAYABLE AT RM0.50 PER RCUIDS (RM)	BANKER'S DRAFT/ CASHIER'S ORDER/ MONEY ORDER/ POSTAL ORDER NO.	PAYABLE TO
(a) ACCEPTANCE				**HTVB RIGHTS ISSUE ACCOUNT**
(b) EXCESS				**HTVB EXCESS RIGHTS ISSUE ACCOUNT**

Note: If you have subsequently purchased additional Provisional Allotments from the open market, you should indicate your acceptance of the total provisional RCUIDS that you have standing to the credit in your CDS account under Part I(a).

PART II - DECLARATION

I/ We# hereby confirm and declare that:

(i) all information provided by me/ us# is true and correct;

(ii) all information is identical with the information in the records of Bursa Depository and further agree and confirm that in the event the said information differs from Bursa Depository's record, the exercise of my/ our# rights may be rejected; and

- I am 18 years of age or over and am not an undischarged bankrupt.
- I am/ we are# resident(s) of Malaysia.
- I am/ we are# resident(s) of .... (country) and having .... citizenship.
- I am/ we are# nominee(s) of a person who is a Bumiputera/ non-Bumiputera/ non-citizen# resident in .... (country) and having .... citizenship.

I/ We# consent to HTVB and the Share Registrar of HTVB collecting the information and personal data (collectively "**Data**") required herein, to process and disclose such Data to any person for the purposes of implementing the Corporate Exercises and storing such Data in any servers located in Malaysia or outside Malaysia in accordance with the relevant laws and regulations.

I/ We# have read and understood and hereby accept all the terms and conditions set out in this RSF and the Abridged Prospectus and further confirm compliance with all requirements for acceptance and payment.

AFFIX MALAYSIAN REVENUE STAMP OF RM10.00 HERE

Date

Signature/ Authorised Signatory(ies)
(Corporate bodies must affix their Common Seal)

Contact telephone number during office hours

LAST DATE AND TIME FOR:

Acceptance and payment for the Provisional Allotments	:	Monday, 13 June 2016 at 5.00 p.m.*
Excess application and payment	:	Monday, 13 June 2016 at 5.00 p.m.*

** or such later date and time as the Board and Joint Managing Underwriters may, at their absolute discretion, decide and announce not less than two (2) Market Days before the stipulated date and time.*

 # Please delete whichever is not applicable.

NOTES AND INSTRUCTIONS FOR COMPLETION OF THIS RSF

THIS RSF IS NOT A TRANSFERABLE OR NEGOTIABLE INSTRUMENT. IN ACCORDANCE WITH THE REQUIREMENTS OF THE CAPITAL MARKETS AND SERVICES ACT 2007, THIS RSF MUST NOT BE CIRCULATED UNLESS ACCOMPANIED BY THE ABRIDGED PROSPECTUS.

IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY. All enquiries concerning the Corporate Exercises should be addressed to the Share Registrar of HTVB, Symphony Share Registrars Sdn Bhd, at Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan. **YOU SHOULD READ AND UNDERSTAND THE CONTENTS OF THE ABRIDGED PROSPECTUS TO WHICH THIS RSF RELATES BEFORE COMPLETING AND SIGNING THIS RSF.**

Approval for the Corporate Exercises has been obtained from the shareholders of HTVB at the extraordinary general meeting held on 6 May 2016. The Securities Commission Malaysia ("**SC**") had, on 1 October 2015 and 23 February 2016, approved the issuance of the RCUIDS and the revision of the principal terms and conditions of the RCUIDS respectively. Approval has been obtained from Bursa Malaysia Securities Berhad ("**Bursa Securities**") on 8 April 2016 for the admission of the RCUIDS and the New Warrants to the Official List of Bursa Securities and the listing of and quotation for the RCUIDS, New Warrants, Bonus Shares and new HTVB Shares to be issued pursuant to the conversion of the RCUIDS and exercise of the New Warrants on the Main Market of Bursa Securities. The official listing of and quotation for the RCUIDS, New Warrants and Bonus Shares will commence after, among others, receipt of confirmation from Bursa Depository that all CDS accounts of the successful shareholders whose names appear in the Record of Depositors of HTVB on the Entitlement Date ("**Entitled Shareholders**") and/ or their renouncee(s) and/ or transferee(s), if applicable, have been duly credited with the RCUIDS, New Warrants, and Bonus Shares allotted to them and notices of allotment have been despatched to them.

The Abridged Prospectus together with the notice of provisional allotments and this RSF (collectively referred to as the "**Documents**") are not intended to be (and will not be) issued, circulated or distributed, and the Corporate Exercises is not intended to be (and will not be) made or offered or deemed to be made or offered for purchase or subscription, in any country or jurisdiction other than Malaysia or to persons who are or may be subject to the laws of any country or jurisdiction other than the laws of Malaysia. No action has been or will be taken to ensure that either the Corporate Exercises or the Documents complies with the laws of any country or jurisdiction other than the laws of Malaysia. The Corporate Exercises to which the Documents relate is only available to the persons receiving the Documents within Malaysia. Accordingly, the Documents will not be despatched to the Entitled Shareholders who do not have a registered address in Malaysia or who have not provided the Share Registrar of HTVB with an address in Malaysia for the despatch of the Documents by the Entitlement Date. Persons receiving the Documents (including without limitation, custodians, nominees and trustees), must not, in connection with the Corporate Exercises, distribute or send the Documents outside of Malaysia. It shall be the sole responsibility of the Entitled Shareholders and/ or their renouncee(s) and/ or transferee(s), if applicable, who are or may be subject to the laws of country or jurisdiction other than Malaysia to consult their legal advisers and/ or other professional advisers as to whether the acceptance/ renunciation in any manner whatsoever of the Corporate Exercises would result in the contravention of any law of such country or jurisdiction. The Documents do not constitute an offer, solicitation or invitation to subscribe for the Rights Issue in any country or jurisdiction other than Malaysia or to any person to whom it would be unlawful to make such an offer, solicitation or invitation. Neither HTVB, its Directors, the Joint Principal Advisers, the Joint Managing Underwriters and Joint Underwriters, nor any other professional advisers for the Corporate Exercises shall accept any responsibility or liability in the event that any acceptance or sale/ transfer of the Provisional Allotments made by the Entitled Shareholders and/ or their renouncee(s) and/ or transferee(s), if applicable, is or shall become illegal, unenforceable, voidable or void in any such country or jurisdiction.

A copy of the Abridged Prospectus has been registered with the SC. The registration of the Abridged Prospectus should not be taken to indicate that the SC recommends the Corporate Exercises or assumes responsibility for the correctness of any statement made or opinion or report expressed in the Abridged Prospectus. The SC has not, in any way, considered the merits of the securities being offered for investment. A copy of the Documents have also been lodged with the Registrar of Companies who takes no responsibility for their contents.

The Board has seen and approved all the documentation relating to the Corporate Exercises including the Documents. The Board collectively and individually accepts full responsibility for the accuracy of the information given and confirms that, after having made all reasonable enquiries and to the best of the Board's knowledge and belief, there are no false or misleading statements or other facts which, if omitted, would make any statement in the Documents false or misleading.

Unless otherwise stated, the unit of currency used in this RSF is Ringgit Malaysia (or "**RM**" in abbreviation). Terms defined in the Abridged Prospectus shall have the same meanings when used in this RSF, unless they are otherwise defined here or the context otherwise requires.

INSTRUCTIONS:

(I) LAST DATE AND TIME FOR ACCEPTANCE AND PAYMENT

This RSF is valid for acceptance until 5.00 p.m. on Monday, 13 June 2016 (or such later date and time as the Board and the Joint Managing Underwriters may, at their absolute discretion, decide and announce not less than two (2) Market Days before the stipulated date and time) ("**Closing Date**").

If acceptance and payment for the Provisional Allotments in the manner specified in this RSF are not received (whether in full or in part) by the Share Registrar of HTVB, **Symphony Share Registrars Sdn Bhd at Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan** by 5.00 p.m. of the Closing Date, your and/ or your renouncee(s)' and/ or transferee(s)', if applicable, Provisional Allotments will be deemed to have been declined and will be cancelled. Such Provisional Allotments not taken up will be allotted to the applicants applying for the Excess RCUIDS and, subsequently, to the Joint Underwriters if the RCUIDS are not fully taken up in the manner as set out in Note (III) below.

(II) FULL OR PART ACCEPTANCE OF THE PROVISIONAL ALLOTMENTS

If you wish to accept your entitlement to the Provisional Allotments, either in full or in part, please complete Parts I(a) and II of this RSF in accordance with the notes and instructions contained in the RSF. Each completed RSF must be accompanied by remittance in RM for the full and exact amount payable in respect of the Provisional Allotments accepted, in the form of banker's draft(s), cashier's order(s), money order(s) or postal order(s) drawn on a bank or post office in Malaysia and made payable to "**HTVB RIGHTS ISSUE ACCOUNT**", crossed "**A/C PAYEE ONLY**" and **endorsed on the reverse side with your name in block letters, your address, contact number and CDS account number**, to be received by the Share Registrar of HTVB, Symphony Share Registrars Sdn Bhd at the address set out above, on the Closing Date.

If acceptance and payment for the Provisional Allotments allotted to you (whether in full or in part) are not received by the Share Registrar by the Closing Date or such later date and time as the Board and the Joint Managing Underwriters may, at their absolute discretion, decide and announce not less than two (2) Market Days before the Closing Date, such Provisional Allotments to you will be deemed to have been declined and will be cancelled. Our Board will then have the right to allot such RCUIDS with New Warrants and Bonus Shares not taken up to applicants applying for Excess RCUIDS in the manner as stated in Note (III) below.

The payment must be made for the exact amount payable for the Provisional Allotments accepted. Any acceptance accompanied by excess or insufficient payment or payment in the manner other than stated above may or may not be accepted at the absolute discretion of the Board. No acknowledgement will be issued for the receipt of this RSF or the accompanying subscription monies in respect of the Rights Issue. However, if your subscription is successful, a notice of allotment will be despatched to you by ordinary post to the address shown in Bursa Depository's record at your own risk within 8 Market Days from the Closing Date or such other period as may be prescribed by Bursa Securities.

(III) APPLICATION FOR EXCESS RCUIDS

If you wish to apply for Excess RCUIDS in addition to your Provisional Allotments, please complete Part I(b) of this RSF (in addition to Parts I(a) and II). Each completed RSF must be accompanied by a **separate remittance** in RM for the full and exact amount payable in respect of the Excess RCUIDS applied for, in the form of banker's draft(s), cashier's order(s), money order(s) or postal order(s) drawn on a bank or post office in Malaysia and made payable to "**HTVB EXCESS RIGHTS ISSUE ACCOUNT**", crossed "**A/C PAYEE ONLY**" and **endorsed on the reverse side with your name in block letters, your address, contact number and CDS account number**, to be received by the Share Registrar of HTVB, Symphony Share Registrars Sdn Bhd at the address set out above, on the Closing Date.

The payment must be made for the exact amount payable for the Excess RCUIDS applied for. Any application accompanied by excess or insufficient payment or payment in the manner other than stated above may or may not be accepted at the absolute discretion of the Board. No acknowledgement will be issued for the receipt of this RSF or the accompanying application monies in respect of the Excess RCUIDS. However, if your application for Excess RCUIDS is successful, a notice of allotment will be despatched to you by ordinary post to the address shown in Bursa Depository's record at your own risk within 8 Market Days from the Closing Date or such other period as may be prescribed by Bursa Securities.

In respect of unsuccessful or partially successful Excess RCUIDS applications, the full amount or the surplus of the application monies, as the case may be, will be refunded without interest and shall be despatched to you by ordinary post to the address shown in Bursa Depository's record at your own risk within 15 Market Days from the Closing Date.

It is the intention of the Board to allot the Excess RCUIDS, if any, in a fair and equitable manner to the Entitled Shareholders and/ or their renouncee(s) and/ or transferee(s), if applicable, who have applied for Excess RCUIDS in the following priority:

(a) firstly, to minimise the incidence of odd lots;
(b) secondly, to ensure the spread requirements of the RCUIDS and New Warrants of a minimum one hundred (100) holders holding not less than one (1) board lot each is met prior to the listing of the RCUIDS and New Warrants on the Main Market of Bursa Securities;
(c) thirdly, for allocation to our Entitled Shareholders who have applied for Excess RCUIDS, on a pro-rata basis and in board lots, calculated based on their respective shareholdings in our Company as at the Entitlement Date; and
(d) lastly, for allocation to our Entitled Shareholders and/or their renouncee(s) and/or transferee(s), if applicable, who have applied for Excess RCUIDS, on a pro-rata basis and in board lots, calculated based on the quantum of their respective Excess RCUIDS application.

In the event of any Excess RCUIDS balance after the above allocations are completed, the balance will be allocated in the processes set out in Notes (c) and (d) above.

Nevertheless, the Board reserves the right to allot any Excess RCUIDS applied for under Part I(b) of this RSF in such manner as the Board deems fit or expedient and in the best interest of HTVB, subject always to such allocation being made on a fair and equitable basis and that the intention of the Board set out in (a) to (d) above is achieved. The Board reserves the right at its absolute discretion not to accept any application for Excess RCUIDS, in full or in part, without assigning any reason thereof.

(IV) SALE OR TRANSFER OF THE PROVISIONAL ALLOTMENTS

If you wish to sell or transfer all or part of your Provisional Allotments to one or more persons, you may do so through your stockbroker for the period up to the last date and time for the sale or transfer of Provisional Allotments (in accordance with the Rules of Bursa Depository) without first having to request for a split of the Provisional Allotments standing to the credit of your CDS account(s). To sell or transfer all or part of your Provisional Allotments, you may sell such entitlement on the open market or transfer such Provisional Allotments to such person(s) as may be allowed under the Rules of Bursa Depository.

In selling or transferring all or part of your Provisional Allotments, you need not deliver any document (including this RSF) to your stockbroker. However, you must ensure that you have sufficient Provisional Allotments standing to the credit of your CDS account(s) before such sale or transfer.

Renouncee(s) and/ or transferee(s), if applicable, of the Provisional Allotments may obtain a copy of the Abridged Prospectus and this RSF from their stockbrokers, the Share Registrar of HTVB, the Registered Office of HTVB or Bursa Securities' website at http://www.bursamalaysia.com.

If you have sold or transferred only part of your Provisional Allotments, you may still accept the balance of your Provisional Allotments by completing Parts I(a) and II of this RSF.

(V) GENERAL INSTRUCTIONS

(a) All applicants must sign on the front page of this RSF. All corporate bodies must affix their Common Seals.
(b) A Malaysian Revenue Stamp (not postage stamp) of Ringgit Malaysia Ten (RM10.00) must be affixed on this RSF.
(c) Any interest or other benefit accruing on or arising from or in connection with any subscription and/ or application monies shall be for the benefit of HTVB and HTVB shall not be under any obligation to account for such interest or other benefit to you.
(d) The contract arising from your acceptance of the Provisional Allotments shall be governed by and construed in accordance with the laws of Malaysia and you shall be deemed to have irrevocably and unconditionally submitted to the exclusive jurisdiction of the courts of Malaysia in respect of any matter in connection with this RSF and the contract arising therefrom.
(e) HTVB reserves the right to accept or reject any acceptance and/ or application if the instructions stated above are not strictly adhered to or which are illegible.
(f) The RCUIDS, New Warrants and Bonus Shares subscribed by the Entitled Shareholders and/ or their renouncee(s) and/ or transferee(s), if applicable, will be credited into their respective CDS accounts as stated in this RSF or exact CDS accounts appearing on Bursa Depository's records.
(g) Entitled Shareholders and/or their renouncee(s) and/or transferee(s), if applicable, should note that this RSF and remittances so lodged with the Share Registrar of HTVB will be irrevocable and cannot be subsequently withdrawn.