

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

Notes to the Quarterly Report – 31st July 2009

**PART A : EXPLANATORY NOTES AS PER FINANCIAL REPORTING
STANDARDS (“FRS”) 134, INTERIM FINANCIAL REPORTING**

1. Basis of preparation

These interim financial statements are prepared in compliance with FRS 134 “Interim Financial Reporting” issued by Malaysian Accounting Standards Board (“MASB”) and Chapter 9 Part K 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 31st July 2008.

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 31st July 2008.

2. Audit qualification

There were no audit qualifications on the annual financial statements of the Group for the year ended 31st July 2008.

3. 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.

4. Unusual nature and amount of items affecting assets, liabilities, equity, net income or cash flows

Provision for Diminution in Value of Inventories

In the current quarter under review, a total amount of RM15.790 million for the provision of diminution in value of inventories was written back. The Group recognised an impairment loss on inventories of RM5.338 million for the year ended 31st July 2009 of which the cost of inventories were higher than the replacement cost or net realisable value.

5. 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.

6. Debt and equity securities

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

The details of shares held as treasury shares as at 31st July 2009 are as follows:

	No. of Shares Purchased	Average Purchase Price (RM)	Consideration Paid (RM)
As at 1.8.2008	2,317,400	1.64	3,793,387
August 2008	882,600	1.45	1,277,809
September 2008	1,800,000	1.16	2,092,864
November 2008	200,000	0.67	133,070
December 2008	200,000	0.62	123,379
July 2009	10,000	0.92	9,167
As at 31.7.2009	5,410,000	1.37	7,429,676

7. Dividend paid

No dividend has been paid during the period under review.

8. Segment information

The Group's activities, which are located in Malaysia, are identified into the following business segments:

Steel related activities - Manufacturer & distributor of various iron and steel products

Others - Investment in & renting out of property, transportation and dormant companies

8. Segment information (cont'd)

← 12 months ended 31st July 2009 →

	Steel related activities RM'000	Others RM'000	Inter- segment elimination RM'000	Total RM'000
Revenue				
Sales to external customers	1,159,249	76	-	1,159,325
Inter-segment sales	-	22,328	(22,328)	-
Total revenue	1,159,249	22,404	(22,328)	1,159,325
Results				
Operating profit	48,178	2,129	-	50,307
Finance costs				(17,426)
Profit before tax				32,881
Income tax expense				9,830
Net profit for the year				42,711

9. Valuation of property, plant and equipment

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

10. Material events subsequent to the end of the interim period

There were no material events subsequent to the end of the interim period up to the date of this report.

11. Changes in the composition of the Group

There were no changes in the composition of the Group for the current quarter under review.

12. Changes in contingent liabilities and assets

The contingent liabilities of the Company are as follow:

	As at 31.7.2009 RM	As at 31.7.2008 RM
Corporate Guarantee in favour of financial institutions for facilities granted to subsidiaries	980.21 Million	830.47 Million
Corporate Guarantee to suppliers for credit facilities granted to subsidiaries	9 Million	9 Million

13. Capital commitments

As at 31st July 2009, Capital Commitment approved by the Board and contracted for plant and equipment amounted to RM10 million.

14. Related party transactions

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

	Current year Quarter 31.7.2009 RM'000	Current Year-to-date 31.7.2009 RM'000
- sales of steel products	34	315
- rental expense	77	3,677
- renting of scaffolding equipment	57	207
- professional fees	8	277

These transactions have been entered into in the normal course of business and at arms 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.

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

15. Review of performance

During the current quarter under review, the Group achieved a turnover of RM302.625 million, a decrease of 37.48% as compared to RM484.077 million for the corresponding period of the previous year. This was mainly due to lower selling prices.

The Group's pre-tax profit has decreased by 49.70% from RM87.981 million in the corresponding period of previous year to RM44.251 million for the fourth quarter of Financial Year 2009.

16. Comparison with preceding quarter's results

The Group recorded a turnover of RM302.625 million for the current quarter ended 31st July 2009 as compared to RM273.721 million achieved in the immediate preceding quarter. Better demand and stabilization of steel prices led to improvement in turnover by 10.56%.

Profit before tax increased significantly from a loss before tax of RM17.649 million in the immediate preceding quarter to a pre-tax profit of RM44.251 million in the current quarter under review. The increase was mainly due to write back of provision for diminution in value of inventories and gain on foreign exchange.

17. Prospects for the next financial year

The international and domestic steel prices have shown signs of improvement. Although market has stabilised, the Group is cautious and will continue its efforts to further improve operational efficiency and optimise its operating capacity in its manufacturing division.

The Group will make every effort to improve on the results for the financial year ending 31st July 2010.

18. Variance of actual and forecast profit

Not applicable.

19. Tax

	Current year Quarter 31.7.2009 RM'000	Current Year-to-date 31.7.2009 RM'000
Income Tax : current year	392	6,008
: prior year	-	(9,838)
Deferred Tax	<u>(3,251)</u>	<u>(6,000)</u>
	<u>(2,859)</u>	<u>(9,830)</u>
	=====	=====

Alpine Pipe Manufacturing Sdn Bhd (“APM”), a wholly owned subsidiary of the Company recorded an over provision of income tax expense in prior year amounted to RM9.8 million. It was due to the claim of capital allowance (“CA”) and reinvestment allowance (“RA”). APM has previously incurred capital expenditure in the production of certain structural pipes. No CA and RA were claimed by APM prior to the approval of the surrender of Special Incentive. The impact on the tax position is taken up upon filing of YA 2008 tax return.

20. Unquoted investment or properties

There were no disposals of unquoted investments or properties during the quarter under review.

21. Quoted and marketable investments

There were neither purchases nor sales of quoted securities for the quarter under review.

22. Status of corporate proposal

There are no outstanding corporate proposals.

23. Borrowings

The Group's borrowings as at 31st July 2009 are as follows:

	Long Term RM'000	Short Term RM'000	Total RM'000
Unsecured: Bankers' Acceptances	-	313,039	313,039
Secured: Term Loans	65,637	14,652	80,289
	<u>65,637</u>	<u>327,691</u>	<u>393,328</u>

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

Term Loans are secured by specific charge over certain mills and corporate guarantees of the Company.

24. Off balance sheet financial instrument

There is no material off balance sheet financial instrument as at the date of this report.

25. Material litigation

There is no material litigation for the quarter under review.

26. Dividend

The Board of Directors is pleased to propose a Single Tier Final Dividend of 1.5 sen per share for the Financial Year ended 31st July 2009, subject to shareholders' approval at the forthcoming Annual General Meeting..

27. Earnings per share

Current quarter ended 31st July 2009

Profit attributable to equity holders of parent	(RM'000)	47,110
Weighted average number of ordinary shares in issue (RM0.50 each)	('000)	321,997
Basic earnings per ordinary share	(sen)	14.63
Diluted earnings per ordinary share	(sen)	N/A

Current year-to-date ended 31st July 2009

Profit attributable to equity holders of parent	(RM'000)	42,711
Weighted average number of ordinary shares in issue (RM0.50 each)	('000)	322,370
Basic earnings per ordinary share	(sen)	13.25
Diluted earnings per ordinary share	(sen)	N/A