

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

Condensed Consolidated Statement of Comprehensive Income for 1st quarter from 1 August 2010 to 31 October 2010

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To-date	Preceding Year Corresponding Period
	31/10/2010	31/10/2009	31/10/2010	31/10/2009
	RM'000	RM'000	RM'000	RM'000
Revenue	244,496	279,635	244,496	279,635
Cost of Sales	(228,404)	(243,141)	(228,404)	(243,141)
Gross Profit	16,092	36,494	16,092	36,494
Other Income	2,115	3,547	2,115	3,547
Operating Expenses	(13,493)	(13,542)	(13,493)	(13,542)
Other Expenses	(67)	-	(67)	-
Profit from Operations	4,647	26,499	4,647	26,499
Finance Costs	(4,146)	(2,938)	(4,146)	(2,938)
Profit Before Tax	501	23,561	501	23,561
Income tax	(2,067)	(6,392)	(2,067)	(6,392)
(Loss) / Profit for the Period	(1,566)	17,169	(1,566)	17,169
Other Comprehensive Income	-	-	-	-
Total Comprehensive (Loss) / Income	(1,566)	17,169	(1,566)	17,169
(Loss) / Profit Attributable to:				
Owners of the parent	(1,155)	17,169	(1,155)	17,169
Minority Interest	(411)	-	(411)	-
	(1,566)	17,169	(1,566)	17,169
Total Comprehensive (Loss) / Income Attributable to:				
Owners of the parent	(1,155)	17,169	(1,155)	17,169
Minority interests	(411)	-	(411)	-
	(1,566)	17,169	(1,566)	17,169
(Loss) / Earnings Per Share (EPS)				
(a) Basic (sen)	(0.36)	5.33	(0.36)	5.33
(b) Diluted (sen)	N/A	N/A	N/A	N/A

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 31 July 2010 and the accompanying explanatory notes attached to the interim financial statements.

HIAP TECK VENTURE BERHAD
(Company No:421340-U)
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Condensed Consolidated Statement of Financial Position as at 31 October 2010

	31/10/2010 (Unaudited)	1/8/2010 (Unaudited and Restated)	31/7/2010 (Audited and Not Restated)
	RM'000	RM'000	RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	466,337	470,889	326,320
Investment properties	5,719	5,745	5,745
Prepaid land lease payments	-	-	144,569
Other investments	-	-	186
Available-for-sale other investments	186	186	-
Deferred tax assets	393	393	393
Intangible	<u>50,556</u>	<u>50,556</u>	<u>50,556</u>
	<u>523,191</u>	<u>527,769</u>	<u>527,769</u>
Current assets			
Inventories	336,783	398,661	398,661
Trade and other receivables	171,563	199,880	199,880
Tax recoverable	10,144	9,728	9,728
Short term money market fund	-	-	71,542
Available-for-sale short term money market fund	76,095	71,542	-
Cash and bank balances	<u>44,383</u>	<u>43,177</u>	<u>43,177</u>
	<u>638,968</u>	<u>722,988</u>	<u>722,988</u>
Total assets	<u>1,162,159</u>	<u>1,250,757</u>	<u>1,250,757</u>
EQUITY AND LIABILITIES			
Current liabilities			
Borrowings	351,951	411,984	411,984
Trade and other payables	31,974	54,954	54,954
Tax payable	996	1,545	1,545
	<u>384,921</u>	<u>468,483</u>	<u>468,483</u>
Net current assets	<u>254,047</u>	<u>254,505</u>	<u>254,505</u>
Non-current liabilities			
Borrowings	38,340	41,803	41,803
Deferred tax liabilities	45,039	45,046	45,046
	<u>83,379</u>	<u>86,849</u>	<u>86,849</u>
Total liabilities	<u>468,300</u>	<u>555,332</u>	<u>555,332</u>
Net assets	<u>693,859</u>	<u>695,425</u>	<u>695,425</u>
Equity attributable to owners of the parent			
Share capital	163,700	163,700	163,700
Share premium	25,341	25,341	25,341
Treasury shares	(7,458)	(7,458)	(7,458)
Revaluation reserve	31,635	31,635	31,635
Retained profits	<u>432,586</u>	<u>433,741</u>	<u>433,741</u>
	<u>645,804</u>	<u>646,959</u>	<u>646,959</u>
Minority interests	<u>48,055</u>	<u>48,466</u>	<u>48,466</u>
Total equity	<u>693,859</u>	<u>695,425</u>	<u>695,425</u>
Total equity and liabilities	<u>1,162,159</u>	<u>1,250,757</u>	<u>1,250,757</u>
Net assets per share attributable to owners of the parent (RM)	2.12	2.12	2.12

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 July 2010 and the accompanying explanatory notes attached to the interim financial statement.

HIAP TECK VENTURE BERHAD
(Company No:421340-U)
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Condensed Consolidated Statement of Cash Flows for the period ended 31 October 2010

	Current Year To-date 31/10/2010 RM'000	Preceding Year Corresponding Period 31/10/2009 RM'000
<u>Operating Activities</u>		
Profit Before Tax	501	23,561
Adjustments for:		
Non-cash items	5,196	4,507
Non-operating items	3,420	2,250
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Operating profit before changes in working capital	9,117	30,318
Net change in current assets	90,308	21,602
Net change in current liabilities	(22,978)	(3,774)
Interest paid	(4,088)	-
Taxes paid, net of taxes refunded	(3,040)	(2,637)
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	69,319	45,509
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<u>Investing Activities</u>		
Other investments	(4,617)	(92,000)
	<hr/>	<hr/>
	(4,617)	(92,000)
	<hr/>	<hr/>
<u>Financing Activities</u>		
Bank borrowings	(63,496)	(23,116)
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	(63,496)	(23,116)
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Net Change in Cash and Cash Equivalents	1,206	(69,607)
Cash and Cash Equivalents at beginning of period	43,177	88,149
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Cash and Cash Equivalents at end of period	44,383	18,542
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The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Report for the year ended 31 July 2010 and the accompanying explanatory notes attached to the interim financial statements.

HIAP TECK VENTURE BERHAD
 (Company No:421340-U)
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Condensed Consolidated Statement of Changes in Equity for the period ended 31 October 2010

	<----- Attributable to equity holders of the parent ----->							Total Equity RM'000
	Share Capital RM'000	Treasury Shares RM'000	Share Premium RM'000	Revaluation Reserve RM'000	<-----<Distributable->		Minority Interests RM'000	
					Retained Profits RM'000	Total RM'000		
As at end of current quarter ended 31 October 2010								
Opening balance as at 1 August 2010	163,700	(7,458)	25,341	31,635	433,741	646,959	48,466	695,425
Total comprehensive income	-	-	-	-	(1,155)	(1,155)	(411)	(1,566)
Total transactions with owners	-	-	-	-	-	-	-	-
Closing balance as at 31 October 2010	<u>163,700</u>	<u>(7,458)</u>	<u>25,341</u>	<u>31,635</u>	<u>432,586</u>	<u>645,804</u>	<u>48,055</u>	<u>693,859</u>
As at preceding year corresponding quarter ended 31 October 2009								
Opening balance as at 1 August 2009	163,700	(7,430)	25,341	31,635	387,894	601,140	-	601,140
Total comprehensive income	-	-	-	-	17,169	17,169	-	17,169
Total transactions with owners	-	-	-	-	-	-	-	-
Closing balance as at 31 October 2009	<u>163,700</u>	<u>(7,430)</u>	<u>25,341</u>	<u>31,635</u>	<u>405,063</u>	<u>618,309</u>	<u>-</u>	<u>618,309</u>

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 July 2010 and the accompanying explanatory notes attached to the interim financial statements.

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

Notes to the Quarterly Report ó 31 October 2010

**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 31 July 2010.

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 2010, except for the following new and revised FRSs, IC Interpretations and Amendments to FRSs and IC Interpretation which are applicable to its financial statements:

Effective for financial periods beginning on or after 1 January 2010

FRS 7, Financial Instruments: Disclosures

FRS 101, Presentation of Financial Statements

FRS 123, Borrowing Costs

FRS 139, Financial Instruments: Recognition and Measurement

Amendments to FRS 1 and FRS 127, First-time Adoption of Financial Reporting Standards and Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate

Amendments to FRS 2, Share-based Payment Vesting Conditions and Cancellations

Amendment to FRS 5, Non Current Assets Held for Sale and Discontinued Operations

Amendments to FRS 7, Financial Instruments: Disclosures

Amendment to FRS 8, Operating Segments

Amendment to FRS 108, Accounting Policies, Changes in Accounting Estimates and Errors

Amendment to FRS 117, Leases

Amendment to FRS 119, Employee Benefits

Amendment to FRS 120, Accounting for Government Grants and Disclosures of Government Assistance

Amendment to FRS 123, Borrowing Costs

Amendment to FRS 127, Consolidated and Separate Financial Statements

Amendment to FRS 128, Investment in Associates

Amendment to FRS 129, Financial Reporting in Hyperinflationary Economies

1. Basis of preparation (cont'd)

Effective for financial periods beginning on or after 1 January 2010 (cont'd)

Amendment to FRS 131, Interests in Joint Ventures
Amendments to FRS 132, Financial Instruments: Presentation
Amendment to FRS 134, Interim Financial Reporting
Amendment to FRS 138, Intangible Assets
Amendment to FRS 140, Investment Property
IC Interpretation 9, Reassessment of Embedded Derivatives
IC Interpretation 10, Interim Financial Reporting and Impairment
IC Interpretation 11, FRS 2, Group and Treasury Share transactions
IC Interpretation 13, Customer Loyalty Programmes
IC Interpretation 14, FRS 119, The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
Amendments to IC Interpretation 9, Reassessment of Embedded Derivatives

Effective for financial periods beginning on or after 1 July 2010

FRS 1, First-time Adoption of Financial Reporting Standards
FRS 3, Business Combinations
FRS 127, Consolidated and Separate Financial Statements
Amendments to FRS 2, Share-based Payment
Amendments to FRS 5, Non-Current Assets Held for Sale and Discontinued Operations
Amendments to FRS 138, Intangible Assets
IC Interpretation 12, Service Concession Arrangements
IC Interpretation 16, Hedges of a Net Investment in a Foreign Operation
IC Interpretation 17, Distributions of Non-cash Assets to Owners
Amendments to IC Interpretation 9, Reassessment of Embedded Derivatives

The adoption of the above Standards and Interpretations does not have significant effects on the financial statements of the Group upon initial application other than as discussed below:

FRS 101, Presentation of Financial Statements (Revised)

The revised FRS 101 introduces changes in the presentation and disclosures of financial statements. The revised Standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented as a single line. The Standard also introduces the statement of comprehensive income, with all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense recognised directly in equity, either in one single statement, or in two linked statements. In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the classification of items in the financial statements. The revised FRS 101 does not have any impact on the financial position and results of the Group.

1. Basis of preparation (cont'd)

Amendments to FRSs 'Improvements to FRSs (2009)' - FRS 117: Leases

FRS 117 clarifies on the classification of leases of land and buildings. The resulting effect of this Standard taking effect is the reclassification of prepaid leases on land back into property, plant and equipment, rather than being separately classified under prepaid lease payments on the consolidated balance sheet.

The following comparative figures have been restated following the adoption of the amendment to FRS 117:

	As at 31/7/2010 RM'000	Effect of FRS 117 RM'000	As at 1/8/2010 RM'000
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<i>Assets</i>			
Prepaid land lease payments	144,569	(144,569)	-
Property, plant and equipment	326,320	144,569	470,889
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FRS 139, Financial Instruments: Recognition and Measurement

Prior to the adoption of FRS 139, financial derivatives were recognised on their settlement dates. Outstanding derivatives at the reporting date were not recognised. With the adoption of FRS 139, all financial assets and financial liabilities, including derivatives, are recognised at contract dates when, and only when the Company or any subsidiaries becomes a party to the contractual provisions of the instruments.

The measurement base applied to the financial assets and financial liabilities in the prior financial year are changed to conform to the measurement standards of the FRS 139 in the current quarter. At initial recognition, all financial assets and financial liabilities are measured at their fair value plus in the case of financial instruments not a fair value through profit or loss, transaction costs directly attributable to the acquisition or issuance of the instruments.

1. Basis of preparation (cont'd)

FRS 139, Financial Instruments: Recognition and Measurement (cont'd)

In accordance with the transitional provisions of FRS 139, the above changes are applied prospectively and the comparatives as at 31 July 2010 are not restated. Instead, the changes have been accounted for by restating the opening balances as at 1 August 2010 in the consolidated statement of financial position. The effect of changes in the consolidated statement of financial position is as follows:

	As at 31/7/2010 RM'000	Effect of FRS 139 RM'000	As at 1/8/2010 RM'000
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<i>Assets</i>			
Other Investments	186	(186)	-
Available-for-Sale Investments	-	186	186
Short Term Money Market Fund	71,542	(71,542)	-
Available-for-Sale Short Term			
Money Market Fund	-	71,542	71,542
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The adoption of FRS 139 does not have any significant impact on the financial result for the financial year-to-date.

2. Audit qualification

There were no audit qualifications on the annual financial statements of the Group for the year ended 31 July 2010.

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. Material unusual items

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

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. 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.

7. Dividend paid

No dividend has been paid during the period under review.

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8. Segment information

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

	← 3 months ended 31 October 2010 →					
	Trading	Manufacturing	Property and Investment	Transportation	Elimination	Group
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
SALES						
- External sales	152,438	92,055	-	3	-	244,496
- Intersegment sales	4,524	9,952	2,346	1,069	(17,891)	-
Total sales	<u>156,962</u>	<u>102,007</u>	<u>2,346</u>	<u>1,072</u>	<u>(17,891)</u>	<u>244,496</u>
RESULTS						
Interest income	274	266	-	2	-	542
Depreciation & amortisation	502	4,047	1,077	28	-	5,654
Other non-cash expenses	12	-	-	-	-	12
Segment profit/(loss)	<u>6,115</u>	<u>(4,711)</u>	<u>(1,019)</u>	<u>116</u>	<u>-</u>	<u>501</u>

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. Significant events

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 material changes in the composition of the Group since the previous financial year ended 31 July 2010.

12. Changes in contingent liabilities and assets

The contingent liabilities at 31 October 2010 are as follow:

Unsecured Contingent Liabilities :-	Company	
	31.10.10 RM'000	31.07.10 RM'000
Corporate Guarantee in favour of financial institutions for facilities granted to subsidiaries	390,291	453,787
Total	390,291	453,787

13. Capital commitments

As at 31 October 2010, Capital Commitment approved by the Board and contracted for plant and equipment amounted to RM0.832 million.

14. 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	Current year-to- date
	31.10.10 RM'000	31.10.10 RM'000
Sales of steel products	10	10
Purchases of steel products	34,024	34,024

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 RM244.50 million as compared to RM279.64 million for the corresponding period of the previous year. The decrease in revenue was mainly due to lower sales volume and declining selling prices.

The Group recorded a profit before tax (öPBTö) of RM0.50 million for the current quarter under review as compared to profit before tax of RM23.56 million in the corresponding period of previous year as a result of poorer margin.

16. Comparison with preceding quarter's results

The Group recorded a turnover of RM244.50 million for the current quarter as compared to RM244.64 million achieved in the immediate preceding quarter, with slight decrease of 0.05%. The Group registered a profit before tax of RM0.50 million for the current quarter under review as compared to RM14.44 million in the immediate preceding quarter.

The drop in market demand coupled with lower selling prices has affected the financial performance of the Group.

17. Prospects

Demand for steel products is expected to remain weak in the near term due to the sluggish market condition. However, demand will increase gradually when the market recovers with more development projects being rolled out under Tenth Malaysia Plan and Economic Transformation Program.

The Group will continue its efforts to improve operational efficiency and increase its competitiveness to achieve satisfactory results for the financial year ending 31 July 2011.

18. Variance of actual and forecast profit

Not applicable.

19. Tax

	Group	
	Current year quarter	Current year-to- date
	31.10.10	31.10.10
	RM'000	RM'000
Income tax	2,075	2,075
Deferred tax	(8)	(8)
	2,067	2,067

The Group's effective tax rate was higher than the statutory income tax rate due to non-deductibility of certain expenses.

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 was no corporate exercise as at the date of this announcement.

23. Borrowings

The Group's borrowings as at 31 October 2010 are as follows:

	Long Term RM'000	Short Term RM'000	Total RM'000
<u>Unsecured:</u>			
Bankers' Acceptances (RM denominated)	-	338,187	338,187
<u>Secured:</u>			
Term loan (RM denominated)	38,340	13,764	52,104
	<u>38,340</u>	<u>351,951</u>	<u>390,291</u>

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

Term Loan is secured by specific charge over certain property of a subsidiary and corporate guarantees of the Company.

24. Financial instrument

With the adoption of FRS 139, financial instruments are recognised on their respective contract dates with its accounting policy as disclosed in Note 1 to this report. There is no outstanding financial instrument at the reporting date.

25. Material litigation

There is no material litigation for the quarter under review.

26. Dividend

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

27. Loss per share

	Current Year Quarter 31.10.10	Current Year to-date 31.10.10
Loss attributable to owners of the parent (RM'000)	(1,155)	(1,155)
Weighted average number of shares in issue ('000)	321,970	321,970
Basic loss per share (sen)	(0.36)	(0.36)

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