

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

Condensed Consolidated Statements of Comprehensive Income for 4th quarter from 1 May 2012 to 31 July 2012

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To-date	Preceding Year Corresponding Period
	31/07/2012	31/07/2011	31/07/2012	31/07/2011
	RM'000	RM'000	RM'000	RM'000
Revenue	291,579	274,563	1,115,888	1,000,363
Cost of Sales	(261,281)	(247,704)	(1,016,732)	(911,061)
Gross Profit	30,298	26,859	99,156	89,302
Other Income	4,809	1,442	14,416	6,300
Operating Expenses	(16,381)	(11,856)	(58,437)	(53,500)
Other Expenses	(11,987)	(372)	(13,473)	(795)
Profit from Operations	6,739	16,073	41,662	41,307
Finance Costs	(6,513)	(4,744)	(20,736)	(15,932)
Share of profit of jointly controlled entity	15	-	15	-
Profit Before Tax	241	11,329	20,941	25,375
Income tax	(35)	6,814	(5,316)	163
Profit for the Period	206	18,143	15,625	25,538
Other Comprehensive Income				
Net gain on available-for-sale financial assets				
- fair value changes	(542)	414	(215)	414
- Foreign currency translation	42	16	57	6
	(500)	430	(158)	420
Total Comprehensive Income	(294)	18,573	15,467	25,958
Profit Attributable to:				
Owners of the parent	206	18,692	16,579	27,420
Non-controlling interests	-	(549)	(954)	(1,882)
	206	18,143	15,625	25,538
Total Comprehensive Income Attributable to:				
Owners of the parent	(294)	19,122	16,421	27,840
Non-controlling interests	-	(549)	(954)	(1,882)
	(294)	18,573	15,467	25,958
Earnings Per Share (EPS)				
(a) Basic (sen)	0.03	5.81	3.10	8.52
(b) Diluted (sen)	N/A	N/A	N/A	N/A

The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 31 July 2011 and the accompanying explanatory notes attached to the interim financial statements.

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

Condensed Consolidated Statements of Financial Position as at 31 July 2012

	31/07/2012 (Unaudited)	31/07/2011 (Audited)
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	314,680	457,971
Investment in jointly controlled entity	136,157	-
Investment properties	5,537	5,641
Available-for-sale - financial assets	2,637	3,090
Deferred tax assets	6,487	2,988
Intangible	-	50,556
	<u>465,498</u>	<u>520,246</u>
Current assets		
Inventories	421,978	443,184
Trade and other receivables	227,876	232,484
Amount due from jointly controlled entity	148,982	-
Derivative assets	49	107
Tax recoverable	6,288	11,326
Available-for-sale - financial assets	173,163	83,221
Cash and cash equivalents	62,574	48,696
	<u>1,040,910</u>	<u>819,018</u>
Total assets	<u>1,506,408</u>	<u>1,339,264</u>
EQUITY AND LIABILITIES		
Current liabilities		
Borrowings	434,620	479,152
Trade and other payables	49,170	73,789
Derivative liabilities	205	650
	<u>483,995</u>	<u>553,591</u>
Net current assets	<u>556,915</u>	<u>265,427</u>
Non-current liabilities		
Borrowings	-	27,443
Liability component of redeemable convertible secured bonds	121,412	-
Deferred tax liabilities	14,164	41,483
	<u>135,576</u>	<u>68,926</u>
Total liabilities	<u>619,571</u>	<u>622,517</u>
Net assets	<u>886,837</u>	<u>716,747</u>
Equity attributable to owners of the parent		
Share capital	356,871	163,700
Share premium	37,986	25,341
Treasury shares	(7,484)	(7,479)
Warrant reserve	18,459	-
Revaluation reserve	31,635	31,635
Foreign reserve	63	6
Fair value adjustment reserve	199	414
Equity component of redeemable convertible secured bonds, net of tax	(353)	-
Retained profits	449,461	456,332
	<u>886,837</u>	<u>669,949</u>
Non-controlling interests	-	46,798
Total equity	<u>886,837</u>	<u>716,747</u>
Total equity and liabilities	<u>1,506,408</u>	<u>1,339,264</u>
Net assets per share attributable to owners of the parent (RM)	1.25	2.23

The Condensed Consolidated Statements of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 July 2011 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 Statements of Cash Flows for the period ended 31 July 2012

	Current Year To-date 31/07/2012 RM'000	Preceding Year Corresponding Period 31/07/2011 RM'000
<u>Operating Activities</u>		
Profit Before Tax	20,941	25,375
Adjustments for:		
Allowance for doubtful debts	-	44
Allowance for doubtful debts on quantity discount claim	-	10,000
Bad debts recovered	(56)	-
Depreciation of investment property	104	104
Depreciation of property, plant and equipment	21,780	22,775
Fair value changes on derivatives	(387)	543
Gain on disposal of property, plant and equipment	(1,013)	(733)
(Gain)/loss on disposal of available-for-sale financial assets	(770)	10
Interest expenses	20,185	15,342
Interest income:		
Available-for-sale financial assets	(3,195)	(1,794)
Deposits	(109)	(176)
Inventories written down	12,490	-
Net overdue interest income	(44)	(1,137)
Net unrealised foreign exchange gain	(1,043)	(435)
Property, plant and equipment written off	27	14
Reversal of allowance for doubtful debts	(33)	(1,133)
Share of profit of jointly controlled entity	(15)	-
Operating profit before changes in working capital	68,862	68,799
Net change in current assets	16,568	(81,723)
Net change in current liabilities	(26,831)	18,835
Cash generated from operations	58,599	5,911
Interest paid	(20,451)	(19,922)
Net overdue interest income received	44	1,137
Taxes paid, net of taxes refunded	(3,917)	(9,138)
Net cash generated from/(used in) operating activities	34,275	(22,012)
<u>Investing Activities</u>		
Interest received:		
Available-for-sale financial assets	3,195	1,794
Deposits	109	176
Investment in available-for-sale financial assets	(92,240)	(21,643)
(Acquisition of)/investment from non-controlling interests	(214)	214
Proceeds from disposal of property, plant and equipment	3,113	3,771
Proceeds from disposal of available-for-sale financial assets	3,306	7,465
Purchase of property, plant and equipment	(20,102)	(12,909)
Additional investment in jointly controlled entity	(29,617)	-
Advances to jointly controlled entity	(145,081)	-
Net cash used in investing activities	(277,531)	(21,132)
<u>Financing Activities</u>		
Corporate exercise expenses	(5,907)	-
Dividends paid	(4,829)	(4,829)
Issuance of ordinary shares	32,196	-
Issuance of rights issue of shares	177,073	-
Issuance of redeemable convertible secured bonds	129,169	-
Purchase of treasury shares	(5)	(21)
Drawdown of borrowings	1,350	66,728
Repayment of borrowings	(73,326)	(13,920)
Net cash generated from financing activities	255,721	47,958
Net Change in Cash and Cash Equivalents	12,465	4,814
Effect of exchange rate changes	1,413	705
Cash and Cash Equivalents at beginning of period	48,696	43,177
Cash and Cash Equivalents at end of period	62,574	48,696

The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Annual Financial Report for the year ended 31 July 2011 and the accompanying explanatory notes attached to the interim financial statements.

Condensed Consolidated Statements of Changes in Equity for the period ended 31 July 2012

	----- Attributable to equity holders of the parent ----->							<----- Distributable ----->				
	----- Non-distributable ----->							<----- Distributable ----->				
	Share Capital RM'000	Treasury Shares RM'000	Share Premium RM'000	Warrant Reserve RM'000	Revaluation Reserve RM'000	Foreign 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	Non-controlling Interests RM'000	Total Equity RM'000
As at end of current quarter ended 31 July 2012												
Opening balance as at 1 August 2011	163,700	(7,479)	25,341	-	31,635	6	414	-	456,332	669,949	46,798	716,747
Total comprehensive income	-	-	-	-	-	57	(215)	-	16,579	16,421	(954)	15,467
Transactions with owners												
Issue of ordinary shares	16,098	-	16,098	-	-	-	-	-	-	32,196	-	32,196
Issue of rights issue of shares	177,073	-	-	18,459	-	-	-	-	(18,459)	177,073	-	177,073
Corporate exercise expenses	-	-	(3,453)	-	-	-	-	-	-	(3,453)	-	(3,453)
Purchase of treasury shares	-	(5)	-	-	-	-	-	-	-	(5)	-	(5)
Change of status of a subsidiary to jointly controlled entity	-	-	-	-	-	-	-	-	-	-	(45,792)	(45,792)
Acquisition of non-controlling interests	-	-	-	-	-	-	-	-	(162)	(162)	(52)	(214)
Issuance of redeemable convertible secured bonds	-	-	-	-	-	-	-	(353)	-	(353)	-	(353)
Final dividend for the financial year ended 31 July 2011 (Single tier of 3%)	-	-	-	-	-	-	-	-	(4,829)	(4,829)	-	(4,829)
Transactions with owners	193,171	(5)	12,645	18,459	-	-	-	(353)	(23,450)	200,467	(45,844)	154,623
Closing balance as at 31 July 2012	356,871	(7,484)	37,986	18,459	31,635	63	199	(353)	449,461	886,837	-	886,837
As at preceding year corresponding quarter ended 31 July 2011												
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	-	-	-	-	-	6	414	-	27,420	27,840	(1,882)	25,958
Transactions with owners												
Purchase of treasury shares	-	(21)	-	-	-	-	-	-	-	(21)	-	(21)
Non-controlling interest on new subsidiary	-	-	-	-	-	-	-	-	-	-	214	214
Final dividend for the financial year ended 31 July 2010 (Single tier of 3%)	-	-	-	-	-	-	-	-	(4,829)	(4,829)	-	(4,829)
Transactions with owners	-	(21)	-	-	-	-	-	-	(4,829)	(4,850)	214	(4,636)
Closing balance as at 31 July 2011	163,700	(7,479)	25,341	-	31,635	6	414	-	456,332	669,949	46,798	716,747

The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 July 2011 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 July 2012

**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 2011.

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 2011, except for the adoption of the following new and revised FRSs, IC Interpretations and Amendments to FRSs and IC Interpretation:

Effective for financial periods beginning on or after 1 January 2011

Amendment to FRS 1, Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters

Amendments to FRS 1, Additional Exemption for First-time Adopters

Amendments to FRS 2, Group Cash-settled Share-based Payment Transactions

Amendments to FRS 7, Improving Disclosures about Financial Instruments

Improvements to FRSs (2010)

IC Interpretation 4, Determining whether an Arrangement contains a Lease

IC Interpretation 18, Transfers of Assets from Customers

Effective for financial periods beginning on or after 1 July 2011

IC Interpretation 19, Extinguishing Financial Liabilities with Equity Instruments

Amendments to IC Interpretation 14, Prepayments of a Minimum Funding Requirement

Effective for financial periods beginning on or after 1 January 2012

FRS 124, Related Party Disclosures

The above new FRS and Interpretations are expected to have no significant impact on the financial statements of the Group.

1. Basis of preparation (cont'd)

The Group has not applied the following accounting standards, amendments, and interpretations that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the Group.

Effective for annual periods beginning on or after 1 January 2012

FRS 124, Related Party Disclosures (revised)

Amendments to FRS 1, First-time Adoption of Financial Reporting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters

Amendments to FRS 7, Financial Instruments: Disclosures – Transfers of Financial Assets

Amendments to FRS 112, Income Taxes – Deferred Tax: Recovery of Underlying Assets

Effective for annual periods beginning on or after 1 July 2012

Amendments to FRS 101, Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income

Effective for annual periods beginning on or after 1 January 2013

FRS 10, Consolidated Financial Statements

FRS 12, Disclosure of Interests in Other Entities

FRS 13, Fair Value Measurement

FRS 119, Employee Benefits (2011)

FRS 127, Separate Financial Statements (2011)

Amendments to FRS 7, Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liability

Effective for annual periods beginning on or after 1 January 2014

Amendments to FRS 132, Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities

Effective for annual periods beginning on or after 1 January 2015

FRS 9, Financial Instruments (2009)

FRS 9, Financial Instruments (2010)

Amendments to FRS 7, Financial Instruments: Disclosures – Mandatory Date of FRS 9 and Transition Disclosures

The Group's financial statements for annual period beginning on 1 August 2012 will be prepared in accordance with the Malaysian Financial Reporting Standards (MFRSs) issued by the Malaysian Accounting Standards Board (MASB) and International Financial Reporting Standards (IFRSs). As a result, the Group will not be adopting the above FRSs, Interpretations and amendments.

1. Basis of preparation (cont'd)

MFRS Framework

On 19 November 2011, the MASB issued a new MASB approved accounting framework, the MFRS framework in conjunction with the MASB's plan to converge with International Financial Reporting Standards ("IFRS"). The MFRS framework comprises standards which are equivalent to the IFRS issued by the International Accounting Standards Board (IASB).

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141, Agriculture and IC Interpretation 15, Agreements for the Construction of Real Estate including its parent, significant investor and venturer (herein called "Transitioning Entities"). Transitioning Entities are allowed to defer adoption of the MFRS Framework for an additional two year (i.e. adoption of MFRS Framework for annual periods beginning on or after 1 January 2014).

All the FRSs issued under the existing MASB's FRS framework are equivalent to the MFRSs issued except that there are no equivalent FRSs to MFRS 141 and IC Interpretation 15 issued under the MFRS Framework and differences in relation to transitional provisions.

The Group will prepare its first MFRS financial statements for the financial year ending 31 July 2013 which will also include an opening MFRS statement of financial position at the date of transition to MFRSs which is 1 August 2011.

The Group expects that there will be no significant impact on its financial position and financial performance upon the adoption of the MFRS framework.

2. Audit qualification

There were no audit qualifications on the annual financial statements of the Group for the year ended 31 July 2011.

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 except the following:-

- a) 10,000 ordinary shares were bought back in the current quarter with average purchase price of RM0.56. As at quarter ended 31 July 2012, a total of 5,460,000 buy-back shares were held as treasury shares and carried at cost as follow:

	No. of Shares Purchased	Average Purchase Price (RM)	Consideration Paid (RM)
As at 1.8.2011	5,450,000	1.37	7,478,784
July 2012	10,000	0.56	5,598
As at 31.7.2012	5,460,000	1.37	7,484,382

6. Issuances, cancellation, repurchase, resale and repayment of debt and equity securities (cont'd)

Except for the above, the following have been issued in relation to the corporate exercise as at 31 July 2012,

- a) Issuance of 32,196,000 new ordinary shares at par of RM0.50 each issued at an issue price of RM1.00 per share pursuant to the Private Placement on 6 December 2011;
- b) Issuance of renounceable rights issue of 354,146,000 new ordinary shares at par of RM0.50 each on the basis of one rights share for every one existing ordinary share, at an issue price of RM0.50 per rights share, together with 88,536,500 free detachable warrants on the basis of one warrant for every four rights shares subscribed on 10 January 2012;
- c) Issuance of RM147 million nominal value of redeemable convertible secured bonds for 7 years at a conversion price of RM0.70 on 5 April 2012.

7. Dividend paid

No dividend has been paid during the period under review.

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8. Segment information

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

← 12 months ended 31 July 2012 →						
	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	552,909	562,913	60	6	-	1,115,888
- Intersegment sales	8,972	30,455	47,724	4,345	(91,496)	-
Total sales	<u>561,881</u>	<u>593,368</u>	<u>47,784</u>	<u>4,351</u>	<u>(91,496)</u>	<u>1,115,888</u>
RESULTS						
Interest income	678	627	1,992	7	-	3,304
Dividend income	1,200	6,254	38,520	-	(45,974)	-
Depreciation & amortisation	1,348	17,564	2,862	110	-	21,884
Segment profit	<u>18,067</u>	<u>4,516</u>	<u>36,058</u>	<u>820</u>	<u>(38,520)</u>	<u>20,941</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

On 2 December 2011, Tan Sri Dato' Law Tien Seng completed his transfer of 40% shares in Eastern Steel Sdn Bhd ("ESSB") to Shougang International (Singapore) Pte. Ltd. ("Shougang Singapore"). Since then, ESSB is owned 55% by Hiap Teck Venture Berhad ("HTVB"), 40% by Orient Steel Investment Pte. Ltd. ("Orient") and 5% by Chinaco Investment Pte. Ltd. ("Chinaco").

On 15 March 2012, HTVB entered into a Shareholders' Agreement with Orient and Chinaco, which set out the primary rights and obligations and regulate the relationship of the three parties in respect of dealing with ESSB. The agreement shall retroactively take effect on 2 December 2011. Based on the key terms set out in the agreement and the subsequent amendment of ESSB's Articles of Association, ESSB is now considered as a jointly controlled entity of HTVB in accordance with FRS131. The financial statements therefore has been prepared to reflect the same accordingly.

On 13 June 2012, a subsidiary named Huatraco Singapore Pte. Ltd. has become a 100% owned subsidiary of Huatraco Investment Pte. Ltd., a wholly owned subsidiary of Huatraco Scaffold Sdn. Bhd. which is 100% owned by Hiap Teck Venture Berhad.

Save as disclosed above, there were no significant changes in the composition of the Group as at the date of this report.

12. Changes in contingent liabilities and assets

The contingent liabilities as at 31 July 2012 are as follow:

Unsecured Contingent Liabilities :-	Group	
	31.07.12 RM'000	31.07.11 RM'000
In respect of indemnity provided for bank guarantees issued	17,562	16,678
In respect of guarantees issued in favour of Royal Customs and Excise Department	6,000	6,000
Total	23,562	22,678

13. Capital commitments

Capital commitments as at 31 July 2012 are as follow:

	RM'000
<u>Capital expenditure:</u>	
Approved and contracted for	242,331
Approved but not contracted for	72,905
	<u>315,236</u>

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 31.07.12 RM'000	Current year-to- date 31.07.12 RM'000
Sales of steel products	-	2
Purchases of steel products	43,403	144,026
Professional fees	-	1

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

For the current quarter under review, the Group recorded revenue of RM291.58 million and profit before tax of RM0.24 million. Compared to the corresponding quarter ended 31 July 2011 of RM274.56 million and RM11.33 million, revenue increased by 6.2 % and profit before tax reduced by 98%.

The lower profit before tax was due to the write down of inventories of RM12.49 million.

16. Comparison with preceding quarter's results

The Group's overall turnover has increased by 6% from RM275.37 million in the immediate preceding quarter to RM291.58 million in the current quarter. Manufacturing sales increased by 9% whereas sales from trading division improved by 3%.

For the current quarter under review, a lower profit before tax of RM0.24 million was recorded compared to the preceding quarter RM9.34 million. This is due to the write down of inventories of RM12.49 million.

17. Prospects

The challenging business environment arising from weakening global steel prices and competitive local prices are likely to continue through the near future.

For the ensuing financial year, the Group will continue its efforts to penetrate new markets and sales are expected to be spurred by demand from the implementation of various local public and private sectors mega projects.

We expect another year of positive growth in business as well as further benefits from continued cost rationalisation and operational efficiency programs. However, earnings will be subject to fluctuations in key external factors such as exchange rates, global steel and raw material prices.

18. Variance of actual and forecast profit

Not applicable.

19. Tax

	Group	
	Current year quarter	Current year-to- date
	31.07.12	31.07.12
	RM'000	RM'000
Income tax	2,780	8,955
Deferred tax	(2,745)	(3,639)
	35	5,316

The Group's effective tax rate was fairly consistent with the statutory income tax rate during the financial period.

20. Status of corporate proposal

Except for the ESOS implementation, the rest of the corporate exercises have been completed.

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21. Utilisation of proceeds from corporate exercise

As of 31 July 2012, the status of utilisation of proceeds raised from the corporate exercise was as follows:

	As approved	Amount Utilised as at 31.07.12	Amount Unutilised	Timeframe for utilisation
	RM'000 (a)	RM'000 (b)	RM'000 (a) - (b)	
<u>Private placement:</u>				
- to subscribe to a fund raising exercise to be undertaken by a jointly controlled entity, Eastern Steel Sdn. Bhd.	31,996	31,996	-	12 months
- to defray estimated expenses incidental to the private placement *	200	30	170	1 month
	32,196	32,026	170	
<u>Rights issue with warrants</u>				
- to part finance the construction of the project plant under Eastern Steel Sdn. Bhd.	137,222	137,222	-	12 months
- to refinance existing bank borrowings *	35,651	32,123	3,528	3 months
- to defray estimated expenses incidental to the rights issue with warrants *	4,200	3,411	789	1 month
	177,073	172,756	4,317	
<u>Redeemable convertible secured bonds</u>				
- to be on-lent to Eastern Steel Sdn. Bhd. to part finance the project plant	143,800	7,980	135,820	12 months
- to defray estimated expenses incidental to the issuance of bonds *	3,200	2,454	746	1 month
	147,000	10,434	136,566	
	356,269	215,216	141,053	

* Any variation in the amount raised and estimated expenses will be adjusted against the amount allocated for the fund raising exercise to be undertaken by a jointly controlled entity, Eastern Steel Sdn. Bhd.

22. Borrowings

The Group's borrowings as at 31 July 2012 are as follows:

	Long Term RM'000	Short Term RM'000	Total RM'000
<u>Unsecured:</u>			
Bankers' Acceptances	-	377,555	377,555
Revolving credit	-	30,000	30,000
Onshore foreign currency loan (RM denominated)	-	24,854	24,854
<u>Secured:</u>			
Liability component of redeemable convertible secured bonds	121,412	2,211	123,623
	<u>121,412</u>	<u>434,620</u>	<u>556,032</u>

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

As at 31 July 2012, the Company has extended corporate guarantees amounting to RM432.4 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.

Redeemable convertible secured bonds are constituted by a Trust Deed entered into between the Company and the trustee. Pursuant to the Trust Deed dated 21 March 2012, the Company will create the security documents to secure the bonds. The appointed Security Trustee has agreed to act as security trustee and to hold the benefit of the security documents and the security thereby created on trust for the secured parties in the manner and upon the terms and conditions in the deed.

23. Material litigation

There is no material litigation for the quarter under review.

24. Dividend

The Board of Directors is pleased to propose a Single Tier Final Dividend of 0.6 sen per share for the Financial Year ended 31 July 2012, subject to shareholders' approval at the forthcoming Annual General Meeting.

25. Earnings per share ("EPS")

a) Basic EPS

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

	Current Year Quarter 31.07.12	Current Year to-date 31.07.12
Profit attributable to owners of the parent (RM'000)	206	16,579
Weighted average number of ordinary shares in issue ('000)	708,289	533,996
Basic earnings per share (sen)	0.03	3.10

b) Diluted EPS

The diluted earnings per share has been calculated by dividing the Group's net profit 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 Warrants and redeemable convertible secured bonds, adjusted for the number of such ordinary shares that would have been issued at fair value.

There was no dilution effect on earnings per share for the current period as the calculation of diluted earnings per share does not assume conversion, exercise, or other issue of potential ordinary shares that would have an antidilutive effect on earnings per share.

26. Realised and unrealised profit disclosure

	Current Year Quarter 31.07.12 RM'000	Immediate Preceding Quarter 30.04.12 RM'000
Realised	518,076	497,473
Unrealised	11,119	5,697
	529,195	503,170
Less: Consolidation adjustments	(79,734)	(35,294)
Total retained profits	449,461	467,876

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27. Profit from operations

	Current Year Quarter 31.07.12 RM'000	Current Year- to-date 31.07.12 RM'000
<i>Profit from operations is arrived at after charging:</i>		
Depreciation of property, plant and equipment	6,208	21,780
Depreciation of investment property	26	104
Interest expenses	6,540	20,763
Inventories written down	12,490	12,490
Property, plant and equipment written off	-	27
<i>and after crediting:</i>		
Bad debts recovered	-	56
Fair value changes on derivatives	99	387
Gain on disposal of property, plant and equipment	186	1,013
Gain on disposal of available-for-sale financial assets	-	770
Interest income:		
Available-for-sale financial assets	1,048	3,195
Deposits	75	109
Net foreign exchange gain		
Realised	145	1,120
Unrealised	1,468	1,044
Rental income	180	706
Reversal of allowance for doubtful debts	2	33