

Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income for 4th quarter from 1 May 2015 to 30 July 2015

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To-date	Preceding Year Corresponding Period
	31/07/2015	31/07/2014	31/07/2015	31/07/2014
	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>	314,002	284,172	1,257,619	1,110,490
Cost of Sales	(285,176)	(261,059)	(1,145,656)	(1,013,868)
Gross Profit	28,826	23,113	111,963	96,622
Other Income	12,004	6,564	40,571	34,021
Operating Expenses	(14,452)	(13,453)	(61,798)	(52,123)
Other Expenses	(56,043)	(2,570)	(65,401)	(2,765)
Profit from Operations	(29,665)	13,654	25,335	75,755
Finance Costs	(8,866)	(7,111)	(32,101)	(26,388)
Share of loss of jointly controlled entity	(26,119)	2,327	(59,674)	484
<b>(Loss)/Profit Before Tax</b>	(64,650)	8,870	(66,440)	49,851
Income tax	(3,721)	1,781	(10,362)	(4,286)
<b>(Loss)/Profit for the Period</b>	(68,371)	10,651	(76,802)	45,565
<b>Other Comprehensive Income</b>				
Net (loss)/gain on available-for-sale financial assets - fair value changes	(294)	(5)	(468)	(845)
Foreign currency translation	50	41	(33)	(670)
	(244)	36	(501)	(1,515)
<b>Total Comprehensive Income</b>	(68,615)	10,687	(77,303)	44,050
<b>(Loss)/Profit Attributable to:</b>				
Owners of the parent	(68,659)	10,651	(77,085)	45,565
Minority Interest	288	-	283	-
	(68,371)	10,651	(76,802)	45,565
<b>Total Comprehensive Income Attributable to:</b>				
Owners of the parent	(68,903)	10,687	(77,586)	44,050
Minority Interest	288	-	283	-
	(68,615)	10,687	(77,303)	44,050
(Loss)/Earnings Per Share (EPS)				
(a) Basic (sen)	(9.63)	1.50	(10.88)	6.42
(b) Diluted (sen)	(9.55)	N/A	(10.78)	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 2014 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 2015**

	<b>31/07/2015</b> <b>(Unaudited)</b>	<b>31/7/2014</b> <b>(Audited)</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	275,714	288,188
Mining exploration & evaluation asset	18,704	-
Investment in jointly controlled entity	154,855	132,869
Investment properties	7,635	7,794
Available-for-sale - financial assets	2,105	2,451
Deferred tax assets	1,351	2,670
Trade and other receivables (Amount due from jointly controlled entity)	383,712	466,678
	<u>844,076</u>	<u>900,650</u>
<b>Current assets</b>		
Inventories	293,157	354,840
Trade and other receivables	302,847	276,502
Tax recoverable	2,096	1,056
Available-for-sale - financial assets	1,234	27,879
Cash and cash equivalents	65,484	56,677
	<u>664,818</u>	<u>716,954</u>
<b>Total assets</b>	<b><u>1,508,894</u></b>	<b><u>1,617,604</u></b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	359,195	358,978
Share premium	38,140	38,143
Treasury shares	(7,496)	(7,495)
Warrant reserve	18,459	18,459
Foreign reserve	(140)	(107)
Share option reserve	3,741	2,591
Fair value adjustment reserve	(504)	(36)
Equity component of redeemable convertible secured bonds, net of tax	(353)	(353)
Retained profits	461,090	542,453
	<u>872,132</u>	<u>952,633</u>
Minority Interest	792	-
<b>Total equity</b>	<b><u>872,924</u></b>	<b><u>952,633</u></b>
<b>Non-current liabilities</b>		
Borrowings	131,346	127,758
Deferred tax liabilities	11,353	11,750
	<u>142,699</u>	<u>139,508</u>
<b>Current liabilities</b>		
Borrowings	395,380	449,974
Trade and other payables	97,350	75,489
Tax payable	541	-
	<u>493,271</u>	<u>525,463</u>
<b>Total liabilities</b>	<b><u>635,970</u></b>	<b><u>664,971</u></b>
<b>Total equity and liabilities</b>	<b><u>1,508,894</u></b>	<b><u>1,617,604</u></b>
Net assets per share attributable to owners of the parent (RM)	1.22	1.34

The Condensed Consolidated Statements of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 July 2014 and the accompanying explanatory notes attached to the interim financial statement.

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

**Condensed Consolidated Statements of Cash Flows for the period ended 31 July 2015**

	<b>Current Year To-date 31/07/2015 RM'000</b>	<b>Preceding Year Corresponding Period 31/07/2014 RM'000</b>
<b><u>Operating Activities</u></b>		
(Loss)/Profit Before Tax	(66,440)	49,851
Adjustments for:		
Allowance for doubtful debts	14	-
Dividend income	(123)	(100)
Depreciation of investment property	158	158
Depreciation of property, plant and equipment	23,678	23,638
Equity-settled share based payments	1,167	1,713
Gain on bargain purchase	(71)	-
Gain on disposal of property, plant and equipment	(2,442)	(2,272)
Interest expense	32,101	26,388
Finance income:		
Available-for-sale financial assets	(1,601)	(1,008)
Deposits	(532)	(329)
Jointly controlled entity	(20,215)	(18,031)
Net overdue interest income	(145)	(175)
Net unrealised foreign exchange gain	(2,902)	(1,698)
Property, plant and equipment written off	110	57
Inventories written off	8,805	916
Reversal of allowance for doubtful debts	-	(2)
Impairments of investment in jointly controlled entity	55,000	-
Share of loss of jointly controlled entity	59,674	(484)
Operating profit before changes in working capital	86,236	78,622
Net change in current assets	29,282	45,569
Net change in current liabilities	3,058	27,852
Cash (used in)/generated from operations	118,576	152,043
Interest paid	(28,360)	(24,865)
Net overdue interest income received	145	175
Taxes paid, net of taxes refunded	(9,940)	(4,487)
<b>Net cash (used in)/from operating activities</b>	<b>80,421</b>	<b>122,866</b>
<b><u>Investing Activities</u></b>		
Finance income:		
Available-for-sale financial assets	1,601	1,008
Deposits	532	329
Jointly controlled entity	20,215	18,031
Dividend income	123	100
Expenses incurred on issuance of equity securities	(20)	-
Investment in available-for-sale financial assets	(123)	(49)
Investment of shares in jointly controlled entity	(480)	-
Acquisition of subsidiary, net of cash received	47	-
Proceeds from disposal of property, plant and equipment	3,633	3,327
Proceeds from disposal of available-for-sale financial assets	26,645	28,880
Purchase of property, plant and equipment	(10,546)	(5,305)
Additions to mining exploration and evaluation asset	(1,417)	-
Advances to jointly controlled entity	(53,641)	(99,116)
<b>Net cash used in investing activities</b>	<b>(13,431)</b>	<b>(52,795)</b>
<b><u>Financing Activities</u></b>		
Dividends paid	(4,278)	(4,250)
Issuance of ordinary shares	217	2,108
Purchase of treasury shares	(1)	(1)
Drawdown/(repayment) of borrowings	(54,595)	(62,520)
<b>Net cash from/(used in) financing activities</b>	<b>(58,657)</b>	<b>(64,663)</b>
Net Change in Cash and Cash Equivalents	8,333	5,408
Effect of exchange rate changes	474	(180)
Cash and Cash Equivalents at beginning of period	56,677	51,449
Cash and Cash Equivalents at end of period	65,484	56,677

The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Annual Financial Report for the year ended 31 July 2014 and the accompanying explanatory notes attached to the interim financial statements.

Condensed Consolidated Statements of Changes in Equity for the period ended 31 July 2015

	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
<b>As at end of current quarter ended 31 July 2015</b>												
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
<b>Total comprehensive income</b>	-	-	-	-	(33)	-	(468)	-	(77,085)	(77,586)	283	(77,303)
<b>Transactions with owners</b>												
Share options exercised	217	-	-	-	-	-	-	-	-	217	-	217
Purchase of treasury shares	-	(1)	-	-	-	-	-	-	-	(1)	-	(1)
Transfer to share premium for share options exercised	-	-	17	-	-	(17)	-	-	-	-	-	-
Equity-settled share based payments	-	-	-	-	-	1,167	-	-	-	1,167	-	1,167
Expenses incurred on issuance of equity securities	-	-	(20)	-	-	-	-	-	-	(20)	-	(20)
Minority Interest on acquisition 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)
<b>Transactions with owners</b>	<b>217</b>	<b>(1)</b>	<b>(3)</b>	<b>-</b>	<b>-</b>	<b>1,150</b>	<b>-</b>	<b>-</b>	<b>(4,278)</b>	<b>(2,915)</b>	<b>509</b>	<b>(2,406)</b>
<b>Closing balance as at 31 July 2015</b>	<b>359,195</b>	<b>(7,496)</b>	<b>38,140</b>	<b>18,459</b>	<b>(140)</b>	<b>3,741</b>	<b>(504)</b>	<b>(353)</b>	<b>461,090</b>	<b>872,132</b>	<b>792</b>	<b>872,924</b>
<b>As at preceding year corresponding quarter ended 31 July 2014</b>												
Opening balance as at 1 August 2013	356,871	(7,494)	37,973	18,459	563	1,047	809	(353)	501,138	909,013	-	909,013
<b>Total comprehensive income</b>	-	-	-	-	(670)	-	(845)	-	45,565	44,050	-	44,050
<b>Transactions with owners</b>												
Share options exercised	2,106	-	-	-	-	-	-	-	-	2,106	-	2,106
Issue of ordinary shares	1	-	1	-	-	-	-	-	-	2	-	2
Purchase of treasury shares	-	(1)	-	-	-	-	-	-	-	(1)	-	(1)
Transfer to share premium for share options exercised	-	-	169	-	-	(169)	-	-	-	-	-	-
Equity-settled share based payment	-	-	-	-	-	1,713	-	-	-	1,713	-	1,713
Final dividend for the financial year ended 31 July 2013 (Single tier of 1.2%)	-	-	-	-	-	-	-	-	(4,250)	(4,250)	-	(4,250)
<b>Transactions with owners</b>	<b>2,107</b>	<b>(1)</b>	<b>170</b>	<b>-</b>	<b>-</b>	<b>1,544</b>	<b>-</b>	<b>-</b>	<b>(4,250)</b>	<b>(430)</b>	<b>-</b>	<b>(430)</b>
<b>Closing balance as at 31 July 2014</b>	<b>358,978</b>	<b>(7,495)</b>	<b>38,143</b>	<b>18,459</b>	<b>(107)</b>	<b>2,591</b>	<b>(36)</b>	<b>(353)</b>	<b>542,453</b>	<b>952,633</b>	<b>-</b>	<b>952,633</b>

The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 July 2014 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 2015

**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 2014. 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 2014.

**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 2014, except for the adoption of the following new and revised MFRSs, IC Interpretations and Amendments to MFRSs and IC Interpretation that are effective for the financial year ending 31 July 2015:

- Amendments to MFRS 10, Consolidated Financial Statements: Investment Entities
- Amendments to MFRS 12, Disclosure of Interests in Other Entities: Investment Entities
- Amendments to MFRS 127, Separate Financial Statements (2011): Investment Entities
- Amendments to MFRS 132, Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities
- Amendments to MFRS 136, Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets
- Amendments to MFRS 139, Financial Instruments: Recognition and Measurement –Novation of Derivatives and Continuation of Hedge Accounting
- IC Interpretation 21, Levies

## 2. Significant Accounting Policies (cont'd)

- Amendments to MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2011-2013 Cycle)
- Amendments to MFRS 2, Share-based Payment (Annual Improvements 2010 – 2012 Cycle)
- Amendments to MFRS 3, Business Combinations (Annual Improvements 2010 – 2012 Cycle and 2011-2013 Cycle)
- Amendments to MFRS 8, Operating Segments (Annual Improvements 2010 – 2012 Cycle)
- Amendments to MFRS 13, Fair Value Measurement (Annual Improvements 2010 – 2012 Cycle and 2011-2013 Cycle)
- Amendments to MFRS 116, Property, Plant and Equipment (Annual Improvements 2010 – 2012 Cycle)
- Amendments to MFRS 119, Employee Benefits – Defined Benefit Plan: Employee Contributions
- Amendments to MFRS 124, Related Party Disclosures (Annual Improvements 2010 – 2012 Cycle)
- Amendments to MFRS 138, Intangible Assets (Annual Improvements 2010 – 2012 Cycle)
- Amendments to MFRS 140, Investment Property (Annual Improvements 2011 – 2013 Cycle)

The adoption of above Standards and Interpretations do not have any significant effect on the financial statements of the Group.

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 11, Joint Arrangements - Accounting for Acquisitions of Interests in Joint Operations
- Amendments to MFRS 116, Property, Plant and equipment - Clarification of Acceptable Methods of Depreciation and Amortisation
- Amendments to MFRS 138, Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation

### **MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2017**

- MFRS 15, Revenue from Contracts with Customers

## **2. Significant Accounting Policies (cont'd)**

### **MFRSs, Interpretations and amendments effective for date yet to be confirmed**

- MFRS 9, Financial Instruments (2009)
- MFRS 9, Financial Instruments (2010)
- MFRS 9, Financial Instruments – Hedge Accounting and Amendments to FRS 9, FRS 7 and FRS 139
- Amendments to MFRS 7, Financial Instruments: Disclosures – Mandatory Effective Date of MFRS 9 and Transition Disclosures

## **3. Audit qualification**

There were no audit qualifications on the annual financial statements of the Group for the year ended 31 July 2014.

## **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 July 2015, a total of 5,482,000 buy-back shares were held as treasury shares and carried at cost.

## **8. Dividend paid**

No dividend has been paid during the quarter under review.

## 9. Segment information

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

	← 12 months ended 31 July 2015 →						
	Trading	Manufac- turing	Property and Investment	Transport- ation	Mining explor- ation	Elimina- tion	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>	<u>RM'000</u>
<b>SALES</b>							
- External sales	647,821	608,631	192	975	-	-	<b>1,257,619</b>
- Intersegment sales	1,938	18,041	31,080	2,949	-	(54,008)	-
<b>Total sales</b>	<b>649,759</b>	<b>626,672</b>	<b>31,272</b>	<b>3,924</b>	<b>-</b>	<b>(54,008)</b>	<b>1,257,619</b>
<b>RESULTS</b>							
Finance income	1,021	885	20,423	20	-	-	22,349
Finance costs	9,297	10,893	11,910	-	-	-	32,100
Prov for loss of Inventories	-	8,805	-	-	-	-	8,805
Depreciation & amortisation	3,631	17,826	1,955	424	-	-	23,836
Prov for impairment of investment in JCE	-	-	55,000	-	-	-	55,000
Share of loss of jointly controlled entity	-	-	-	-	-	-	(59,674)
<b>Segment profit/(loss)</b>	<b>10,180</b>	<b>31,292</b>	<b>(49,475)</b>	<b>532</b>	<b>633</b>	<b>(59,602)</b>	<b>(66,440)</b>

## 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

In view of the current depressed market prices of slabs, soft demand and the increased volatility of foreign exchange rates, the Group's jointly controlled entity shall temporarily suspend its trial production from October 2015 as part of the strategy to minimise losses. The situation will be actively reviewed.

Except for the above, there were no other 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 July 2015 are as follow:

Unsecured Contingent Liabilities :-	Group	
	31.07.15 RM'000	31.07.14 RM'000
In respect of indemnity provided for bank guarantees issued	15,523	6,751
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	138,712	35,329
<b>Total</b>	<b>157,235</b>	<b>45,080</b>

## 14. Capital commitments

Share of capital commitments of the jointly controlled entity as at 31 July 2015 are as follow:

	RM'000
<u>Capital expenditure:</u>	
Approved and contracted for	24,024
Approved but not contracted for	-
	24,024

## 15. Related party transactions

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

	<b>Group</b>	
	<b>Current year quarter</b>	<b>Current year-to date</b>
	<b>31.07.2015</b>	<b>31.07.2015</b>
	<b>RM'000</b>	<b>RM'000</b>
Sales of steel products by certain wholly owned subsidiaries of the Group to 55% owned jointly controlled entity, Eastern Steel Sdn. Bhd. ("ES")	491	1,856
Purchases of steel products by certain wholly owned subsidiaries of the Group from JK Ji Seng Sdn.Bhd.	40,055	155,854
Sales of steel products from trial production by ES to JK Ji Seng Sdn.Bhd.	81,503	162,886
Purchases of equipment, products, services and raw materials by ES from Shougang Corporation	464	2,356

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.

---- the rest of the page is intentionally left blank ----

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

### **16. Review of performance**

The Group reported revenue of RM314.0 million for the 4<sup>th</sup> quarter of FY 2015, representing an increase of 10.5% over the preceding year corresponding quarter's revenue of RM284.17 million.

Both the trading and manufacturing division reported a 23% growth in sales volume as compared to preceding year corresponding quarter. However, revenue only grew by 10% in trading division and 8% in the manufacturing division, mainly due to lower selling prices arising from keen competition and generally lower global steel prices.

The Group registered a loss before tax of RM64.65 million in Q4FY2015 as compared to a profit before tax of RM8.87 million in Q4FY2014 mainly due to share of loss of jointly controlled entity of RM26.12 million in the reporting quarter and a provision for impairment of investment in the jointly controlled entity amounting to RM55 million.

The Group recorded revenue growth of 13.51% to RM1.26 billion in FY2015 from RM1.11 billion in FY2014. Profit before tax declined from RM49.85 million to a loss before tax of RM66.44 million in FY2015 mainly due to provision for loss of inventories of RM8.8 million arising from the caving-in incident in the factory and higher share of loss of jointly controlled entity coupled with the provision for impairment of investment of RM55 million in FY2015. The share of loss of jointly controlled entity was RM59.67 million in FY2015 compared to the share of profit of jointly controlled entity of RM0.48 million in FY 2014. The jointly controlled entity's losses were mainly due to unrealised foreign exchange loss arising from USD denominated shareholders' loan and the higher costs associated with trial production and the continuing decline in global steel prices.

### **17. Comparison with immediate preceding quarter's results**

For the quarter under review, the Group's revenue reduced by 6.3% from RM335.05 million in the immediate preceding quarter to RM314.0 million, contributed by lower selling prices.

The Group's higher loss before tax of RM64.65 million in Q4FY2015 compared to a loss before tax of RM4.83 million in Q3FY2015 was mainly due to higher share of loss of jointly controlled entity and the provision for impairment of investment of RM55 million in the current quarter. Profit before tax before share of loss of jointly controlled entity and before provision for impairment of investment was RM16.5 million and RM7.64 million for Q4FY2015 and Q3FY2015 respectively. However, the Group has a provision for loss of inventories of RM8.47 million in Q3FY2015 arising from the caving-in incident in the factory.

## 18. Prospects

Steel industry outlook has been challenging for the past few years and the outlook will remain so on the back of oversupply situation. Global steel demand is not expected to improve significantly in the near term due to slower development in China and less demand from developed countries. International steel prices are expected to remain weak.

However, domestic demand of steel products is anticipated to remain buoyant with the ongoing major construction projects under the ETP. Nonetheless, overall the local steel market will continue to be difficult with prices remain low and intense competition from cheap imports.

Despite the challenges ahead, the Group's trading and downstream manufacturing divisions will continue to strive to maintain a satisfactory performance for the new financial year. Effort to strengthen its productivity, efficiency and various cost control measures will continue to be implemented. However, with the proposed temporary suspension of trial production of the Group's jointly controlled entity from October 2015, the loss at the jointly controlled entity is expected to be minimised.

## 19. Variance of actual and forecast profit

Not applicable.

## 20. Tax

	<b>Group</b>	
	<b>Current year quarter</b>	<b>Current year-to- date</b>
	<b>31.07.15</b>	<b>31.07.15</b>
	<b>RM'000</b>	<b>RM'000</b>
Income tax	3,233	9,443
Deferred tax	488	919
	3,721	10,362

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 lower than the statutory income tax rate should the calculation exclude the share of loss of the jointly controlled entity.

## **21. Status of corporate proposal**

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 RM213,718,300.00 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 (“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 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 are inter-conditional upon each other.

On 24 June 2015, the Company made the Private Debt Security application to the Securities Commission Malaysia for the issuance of the RCUIDS.

On 4 August 2015, the listing application in relation to the Proposed Rights Issue, the proposed Bonus Issue and the Adjustments, has been submitted to Bursa Securities.

On 17 August 2015, the Ministry of International Trade and Industry had, vide its letter dated 13 August 2015, confirmed that it has no objection to the Proposed Rights Issue and Proposed Bonus Issue.

## 22. Borrowings

The Group's borrowings as at 31 July 2015 are as follows:

	<b>Long Term RM'000</b>	<b>Short Term RM'000</b>	<b>Total RM'000</b>
<u>Secured:</u>			
Bankers' Acceptances	-	363,181	363,181
Revolving credit	-	30,000	30,000
Liability component of redeemable convertible secured bonds	131,346	2,199	133,545
	<u>131,346</u>	<u>395,380</u>	<u>526,726</u>

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

As at 31 July 2015, the Company has extended corporate guarantees amounting to RM393.18 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 is pleased to propose a Single Tier Final Dividend of 0.3 sen per share for the financial year ended 31 July 2015, subject to shareholders' approval at the forthcoming Annual General Meeting.

## 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.

	<b>Current Year Quarter 31.07.15</b>	<b>Current Year to-date 31.07.15</b>
Loss attributable to owners of the parent (RM'000)	(68,659)	(77,085)
Weighted average number of ordinary shares in issue ('000)	712,924	708,622
<b>Basic loss per share (sen)</b>	<b>(9.63)</b>	<b>(10.88)</b>

### 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.

The computation has not taken into account the diluted effect on earnings per share on exercise of warrants and conversion of redeemable convertible secured bonds on the assumptions that no exercise of warrants and conversion of redeemable convertible secured bonds as the exercise price of warrants and conversion price of redeemable convertible secured bonds were higher than the average market price.

	<b>Current Year Quarter 31.07.15</b>	<b>Current Year to-date 31.07.15</b>
Loss attributable to owners of the parent (RM'000)	(68,659)	(77,085)
Weighted average number of ordinary shares in issue ('000)	719,190	714,888
<b>Basic loss per share (sen)</b>	<b>(9.55)</b>	<b>(10.78)</b>

## 26. Realised and unrealised profit disclosure

	<b>Current Year Quarter 31.07.15 RM'000</b>	<b>Immediate Preceding Quarter 30.04.15 RM'000</b>
Total retained earnings of the Company and its subsidiaries		
- Realised	622,489	611,832
- Unrealised	(49,201)	3,754
	573,288	615,586
Total share of accumulated losses of the joint venture		
- Realised	(35,579)	(24,162)
- Unrealised	(51,780)	(39,095)
	(24,839)	(22,580)
Less: Consolidation adjustments	(24,839)	(22,580)
Total retained profits	461,090	529,749

## 27. Profit from operations

	<b>Current Year Quarter 31.07.15 RM'000</b>	<b>Current Year- to-date 31.07.15 RM'000</b>
<i><b>Profit for the year is arrived at after charging:</b></i>		
Depreciation of property, plant and equipment	6,029	23,678
Depreciation of investment property	39	158
Provision for loss of inventories	333	8,805
provision for impairment of investment	55,000	55,000
Equity-settled share based payments	386	1,167
Finance costs	8,866	32,101
<i><b>and after crediting/(charging):</b></i>		
Gain on disposal of property, plant and equipment	693	2,442
Finance income:		
Available-for-sale financial assets	241	1,601
Deposits	270	532
Jointly controlled entity	5,226	20,215
Net foreign exchange gain/(loss)		
Realised	1,645	4,503
Unrealised	1,454	2,902
Rental income	183	756

## 28. Authorisation for Issue

The Interim Financial Statements were authorised for issue by the Board of Directors on 30<sup>th</sup> September 2015.