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 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.

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

No dividend has been paid during the quarter under review.

9. Segment information

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

	9 months ended 30 April 2016						
	Trading RM'000	**Manufac-turing RM'000**	**Property and Investment RM'000**	**Transport-ation RM'000**	**Mining explor-ation RM'000**	**Elimina-tion RM'000**	**Group RM'000**
SALES							
- External sales	456,796	419,357	143	2	1,222	-	**877,520**
- Intersegment sales	-	3,445	185,140	3,053	-	(191,638)	**-**
Total sales	**456,796**	**422,802**	**185,283**	**3,055**	**1,222**	**(191,638)**	**877,520**
RESULTS							
Finance income	323	376	837	17	-	-	1,553
Finance costs	7,168	6,617	9,621	-	-	-	23,406
Inventories recovered	-	4,877	-	-	-	-	4,877
Depreciation & amortisation	2,211	11,874	2,396	331	-	-	16,812
Share of loss of jointly controlled entity	-	-	-	-	-	-	(72,063)
Segment profit/(loss)	7,397	31,562	(8,686)	331	(955)	(72,063)	(42,414)

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

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 30 April 2016 are as follow:

	Group	
Unsecured Contingent Liabilities :-	**30.04.2016 RM'000**	**30.04.2015 RM'000**
In respect of indemnity provided for bank guarantees issued	6,520	15,385
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	42,659	134,006
Total	**52,179**	**152,391**

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14. Capital commitments

Share of capital commitments of the jointly controlled entity as at 30 April 2016 are as follow:

	RM'000
Capital expenditure:	
Approved and contracted for	25,259
	25,259

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 30.04.2016	Current year-to-date 30.04.2016
	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.	47,078	124,936
Sales of steel products from trial production by ES to JK Ji Seng Sdn.Bhd.	5,189	93,814
Purchases of equipment, products, services and raw materials by ES from Shougang Corporation	-	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.

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

16. Review of performance

The Group reported revenue of RM285.05 million for the 3rd quarter of FY 2016, representing a decrease of 14.92% over the preceding year corresponding quarter's revenue of RM335.05 million.

Both the trading and manufacturing divisions reported lower revenues as compared to the preceding year corresponding quarter. Manufacturing division reported revenue of RM141.1 million as compared to RM174.9 million in the preceding year corresponding quarter. Trading division reported revenue of RM144.5 million as compared to RM162.6 million in the preceding year corresponding quarter. The decline in revenues as compared to the preceding year corresponding quarter was primarily due to lower selling prices as a result of the depressed global steel market.

The Group registered a profit before tax of RM12.54 million in Q3FY2016 as compared to a loss before tax of RM4.83 million in Q3FY2015 mainly due to share of profit from the Jointly Controlled Entity ("JCE") instead of share of loss in Q3FY2015. The improved performance of the JCE was due to a lower operating loss following the temporary suspension of production, and the strengthening of the Ringgit against the US Dollars which resulted in an unrealised foreign exchange gain in the reporting quarter.

For the nine months period ended 30 April 2016, the Group recorded a decline in revenue of RM877.52 million as compared to RM943.62 million in corresponding period of FY2015 due to lower steel prices. Loss before tax increased from RM1.79 million to RM42.41 million due to higher loss from the JCE resulted mainly from higher cost or loss associated with its trial production.

17. Comparison with immediate preceding quarter's results

For the quarter under review, the Group's revenue increased by 3.62% from RM275.09 million in the immediate preceding quarter to RM285.05 million, mainly due to higher sales volume.

A turnaround in performance was recorded in Q3FY2016. The Group's profit before tax increased to RM12.54 million in Q3FY2016 as compared to a loss before tax of RM19.15 million in Q2FY2016 mainly due to share of profits from the JCE of RM3.17 million as compared to share of loss from the JCE of RM25.02 million in the immediate preceding quarter.

Better selling prices in the quarter under review had led to improved gross profit margin, thus resulted in better profit.

18. Prospects

The world steel prices have shown improvement since beginning of 2016 and rebounded significantly in April / May 2016. Supply-side factors have been the main driving force behind the rapid rise in global steel prices. China being the world largest steel producer has cut down steel supply by reducing its capacity following the China Government's measures to shut down loss-making and outdated steel plant. It is widely accepted that the recent price hike was attributed by China's lower production capacity. However, the global steel prices still remain volatile. Should there be no significant change in global steel demand, any increase in steel supply will affect steel prices and some of the increases secured earlier could evaporate.

Domestically, the development and infrastructure projects under the 11th Malaysia Plan will lead to increase demand for steel products and building materials. The Group is optimistic that demand for steel products will surge in the local market with the rolling out of the mega projects such as MRT II and LRT Line III.

In view of the volatility of steel market, the Group has implemented more stringent control on the Group's procurement and inventory management. The Group will also continue to actively enhance its productivity and efficiency and to increase its competitiveness in the industry.

19. Variance of actual and forecast profit

Not applicable.

20. Tax

	Group	
	Current year quarter 30.04.2016	**Current year-to-date 30.04.2016**
	RM'000	**RM'000**
Income tax	2,569	5,993
Deferred tax	(554)	1,462
	2,015	7,455

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.

21. Status of corporate proposal

21.1 Proposed Rights Issue

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)

21.1 Proposed Rights Issue (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 market 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 Securities Malaysia.

21. Status of corporate proposal (cont'd)

21.1 Proposed Rights Issue (cont'd)

On 11 April 2016, Bursa Securities Malaysia had, via its letter dated 8 April 2016 approved 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.

On 6 May 2016, the Company announce that the shareholders of HTVB have approved all the resolutions set out in the Notice of the Extraordinary General Meeting ("EGM") dated 14 April 2016 by way of poll at the EGM held.

On 10 May 2016, HTVB has entered into the following:
(i) a trust deed constituting the RCUIDS dated 10 May 2016 with Pacific Trustees Berhad, the trustee acting for the benefit of the holders of RCUIDS; and

(ii) a deed poll dated 10 May 2016 constituting the New Warrants.

On 11 May 2016, HTVB has entered into an underwriting agreement with the Joint Managing Underwriters, namely Maybank IB and HLIB and the Joint Underwriters, namely Maybank IB, HLIB, Inter-Pacific Securities Sdn Bhd and Mercury Securities Sdn Bhd ("Underwriting Agreement") to underwrite the remaining portion of up to RM41,483,590.50 nominal value of RCUIDS, representing approximately 52.51% of the RCUIDS available for subscription under the minimum subscription level of RM79,000,000.00, of which no irrevocable undertaking was obtained, subject to the terms and conditions of the Underwriting Agreement.

On 13 May 2016, HTVB had announced the important relevant dates for Renounceable Rights.

On 27 May 2016, HTVB had submitted the Abridged Prospectus to Bursa Securities Malaysia.

On 31 May 2016, HTVB had distributed the Abridged Prospectus to shareholders.

On 17 June 2016, HTVB had announced that as at the close of acceptance, excess application and payment for the Rights Issue at 5.00 p.m. on 13 June 2016 ("Closing Date"), HTVB had received valid acceptances and excess applications for a total of 335,297,806 RCUIDS, representing an oversubscription of 50,134,493 RCUIDS or approximately 17.58% over the total 285,163,313 RCUIDS available for subscription under the Rights Issue.

On 17 June 2016, HTVB had announced that, based on the valid acceptances and excess application of the RCUIDS for the Rights Issue as announced on even date, 570,326,626 Bonus Shares will be issued pursuant to the Bonus Issue. The Bonus Shares are expected to be listed and quoted on the Main Market of Bursa Securities with effect from 9.00 a.m. on 28 June 2016.

21. Status of corporate proposal (cont'd)

21.1 Proposed Rights Issue (cont'd)

On 17 June 2016, HTVB had announced that the listing application in relation to the consequential securities to be issued pursuant to the adjustments to the number of the existing convertible securities of HTVB arising from the Corporate Exercises has been submitted to Bursa Malaysia Securities Berhad.

On 28 June 2016, HTVB had announced that the Corporate Exercises have been completed following the listing of and quotation for 285,163,313 RCUIDS, 285,163,313 New Warrants, 570,326,626 Bonus Shares and 70,826,936 additional Warrants 2012/2017 on the Main Market of Bursa Malaysia Securities Berhad.

21.2 Memorandum of Understanding ("MOU")

HTVB had on 15 June 2016 announced that its 55% owned jointly controlled entity, Eastern Steel Sdn Bhd ("ESSB") has entered into a MOU with Angang Group Hong Kong Company Limited ("Angang-HK), to explore, discuss and negotiate areas of cooperation between ESSB and Angang-HK including the resumption of production of ESSB, future expansion of ESSB's production capacity and product range, and Angang-HK's participation in the equity of ESSB. Both parties shall negotiate in good faith with a view to enter into a Formal Agreement within a period of 60 days from 1st July 2016.

22. Borrowings

The Group's borrowings as at 30 April 2016 are as follows:

	Long Term RM'000	Short Term RM'000	Total RM'000
Secured:			
Bankers' Acceptances	-	313,361	313,361
Revolving credit	-	60,000	60,000
Term Loan	-	58,500	58,500
Liability component of redeemable convertible secured bonds	137,498	550	138,048
	137,498	432,411	569,909

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

22. Borrowings (cont'd)

As at 30 April 2016, the Company has extended corporate guarantees amounting to RM373.36 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.

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 30.04.2016	Current Year-to-date 30.04.2016
Loss attributable to owners of the parent (RM'000)	10,589	(49,436)
Weighted average number of ordinary shares in issue ('000)	712,909	712,909
Basic loss per share (sen)	**1.49**	**(6.93)**

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25. Loss per share ("LPS") (cont'd)

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.

26. Realised and unrealised profit disclosure

	Current Year Quarter 30.04.2016 RM'000	**Immediate Preceding Quarter 31.01.2016 RM'000**
Total retained earnings of the Company and its subsidiaries		
- Realised	596,284	586,190
- Unrealised	(2,730)	(64)
	593,554	586,126
Total share of accumulated losses of the joint venture		
- Realised	(142,163)	(127,492)
- Unrealised	(16,409)	(34,244)
Less: Consolidation adjustments	(25,471)	(25,468)
Total retained profits	409,511	398,922

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27. Profit from operations

	Current Year Quarter 30.04.2016 RM'000	Current Year-to-date 30.04.2016 RM'000
Profit for the year is arrived at after charging:		
Depreciation of property, plant and equipment	4,918	16,693
Depreciation of investment property	39	119
Equity-settled share based payments	112	336
Finance costs	8,166	23,406
and after crediting/(charging):		
Gain on disposal of property, plant and equipment	1,042	2,432
Finance income:		
Available-for-sale fnancial assets	171	544
Deposits	462	1,009
Inventories recovered	-	4,877
Net foreign exchange gain/(loss)		
Realised	(4,208)	3,398
Unrealised	1,512	(2,348)
Rental income	202	604

28. Authorisation for Issue

The Interim Financial Statements were authorised for issue by the Board of Directors on 29th June 2016.

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