



TATT GIAP GROUP BERHAD

(732294-W)

(Incorporated in Malaysia)

**Unaudited condensed consolidated statement of comprehensive income
for the period ended 31 March 2011**

	Individual Quarter		Cumulative Quarter	
	3-months period ended		3-months period ended	
	31-Mar-11	31-Mar-10	31-Mar-11	31-Mar-10
	RM'000	RM'000	RM'000	RM'000
Revenue	92,000	79,190	92,000	79,190
Cost of sales	(84,166)	(71,993)	(84,166)	(71,993)
Gross profit	7,834	7,197	7,834	7,197
Operating expenses	(5,532)	(4,137)	(5,532)	(4,137)
Operating income	1,292	625	1,292	625
Results from operating activities	3,594	3,685	3,594	3,685
Finance costs	(2,627)	(2,503)	(2,627)	(2,503)
Operating profit	967	1,182	967	1,182
Share of profit of associates	92	25	92	25
Profit before tax	1,059	1,207	1,059	1,207
Tax expense	(370)	(441)	(370)	(441)
Profit for the period	689	766	689	766
Other comprehensive income	6	-	6	-
Total comprehensive income for the period	695	766	695	766
Total comprehensive income attributable to:				
Equity holders of the Company	1,204	934	1,204	934
Minority interest	(509)	(168)	(509)	(168)
	695	766	695	766
Basic earnings per share				
Earning per share (sen)	1.18	4.67	1.18	4.67
Diluted earnings per share				
Earnings per share (sen)	0.78	0.60	0.78	0.60

Note:

- Comparative figures are that of Tatt Giap Hardware Group as Tatt Giap Group Berhad and its subsidiaries was in place on 4 June 2010.
- The condensed consolidated statement of comprehensive income should be read in conjunction with the Group's audited financial statement for the financial year ended 31 December 2010.



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Unaudited condensed consolidated statement of financial position

as at 31 March 2011

	As at 31-Mar-11 RM'000	As at 31-Mar-10 RM'000
ASSETS:		
Property, plant and equipments	205,927	203,022
Intangible assets	1,056	981
Investment property	2,057	2,073
Investment in an associate	5,469	5,627
Other investments	203	181
Total non-current assets	<u>214,712</u>	<u>211,884</u>
Inventories	115,855	93,979
Receivables, deposits and prepayments	75,194	81,554
Current tax assets	1,502	1,165
Assets classified as held for sale	734	734
Cash & cash equivalents	12,540	10,594
Total current assets	<u>205,825</u>	<u>188,026</u>
Total assets	<u><u>420,537</u></u>	<u><u>399,910</u></u>
Equity		
Share capital	51,000	43,720
Reserves	72,628	62,318
Total equity attributable to equity holders of the Company	<u>123,628</u>	<u>106,038</u>
Minority interest	13,445	16,789
Total equity	<u>137,073</u>	<u>122,827</u>
Liabilities		
Borrowings	32,884	36,591
Deferred tax liabilities	17,978	19,225
Total non-current liabilities	<u>50,862</u>	<u>55,816</u>
Payables and accruals	65,562	71,558
Borrowings	166,526	148,757
Current tax liabilities	514	952
Total current liabilities	<u>232,602</u>	<u>221,267</u>
Total liabilities	<u>283,464</u>	<u>277,083</u>
Total equity and liabilities	<u><u>420,537</u></u>	<u><u>399,910</u></u>

Note:

- a) Comparative figures are that of Tatt Giap Hardware Group as Tatt Giap Group Berhad and its subsidiaries was in place on 4 June 2010.
- b) The condensed consolidated statement of financial position should be read in conjunction with the Group's audited financial statement for the financial year ended 31 December 2010.



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**Unaudited condensed consolidated statement of change of equity
for the year ended 31 March 2011**

	Non-distributable			Distributable			Total	Minority Interest	Total Equity	
	Share capital	Share premium	Reverse acquisition reserve	Fair value	Revaluation reserve	Capital reserve				Retained earnings
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
At 1 January 2011	51,000	775	(53,300)	(1)	43,676	28,182	52,092	122,424	136,378	
Total comprehensive income/ (expense) for the period	-	-	6	-	-	-	1,198	1,204	(509)	695
At 31 March 2011	51,000	775	(53,300)	5	43,676	28,182	53,290	123,628	137,073	

Note:

The condensed consolidated statement of comprehensive income should be read in conjunction with the Group's audited financial statement for the financial year ended 31 December 2010.



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**Unaudited condensed consolidated statement of cash flows
for the period ended 31 March 2011**

	Current period to 31-Mar-11 RM'000	Preceding period to 31-Mar-10 RM'000
Cash flows from operating activities		
Profit before taxation	1,059	1,207
Adjustments for non-cash items	5,627	3,989
Operating profit before working capitals changes	<u>6,686</u>	<u>5,196</u>
Changes in working capital		
- Inventories	(8,726)	3,075
- Receivables, deposits and prepayments	(3,934)	(198)
- Payables and accruals	3,524	(11,518)
Cash used in operation	<u>(2,450)</u>	<u>(3,445)</u>
Interest received	-	-
Tax paid	(503)	(428)
Net cash used in operating activities	<u>(2,953)</u>	<u>(3,873)</u>
Cash flow from investing activity		
Acquisition of plant and equipment	(3,650)	(6,151)
Dividend received	1	-
Interest received	39	-
Disposal of investment in a subsidiary	-	16,500
Disposal of fixed assets	171	-
Net cash from / (used) in investing activities	<u>(3,439)</u>	<u>10,349</u>
Cash flow from financing activities		
Interest paid	(2,382)	(1,438)
Placement of pledged fixed deposits	(612)	-
Repayment of borrowings	662	(6,423)
Drawdown of term loan	4,947	-
Repayment of term loan	(884)	(959)
Drawdown of finance lease liabilities	1,893	1,171
Repayment of finance lease liabilities	(1,012)	(786)
Proceeds from public issue	-	-
Net cash generated from / (used) financing activities	<u>2,612</u>	<u>(8,435)</u>
Net decrease in cash and cash equivalents	(3,780)	(1,959)
Cash and cash equivalents as at beginning of financial period	(426)	(2,279)
Cash and cash equivalents as at end of financial period	<u>(4,206)</u>	<u>(4,238)</u>



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**Unaudited condensed consolidated statement of cash flows
for the period ended 31 March 2011**

	Current period to 31-Mar-11 RM'000	Preceding period to 31-Mar-10 RM'000
Cash and bank balances	12,540	10,594
Fixed deposits pledged with banks	(10,124)	(9,262)
Bank overdrafts	(6,622)	(5,570)
Cash and cash equivalents	<u>(4,206)</u>	<u>(4,238)</u>

- a) Comparative figures are that of Tatt Giap Hardware Group as Tatt Giap Group Berhad and its subsidiaries was in place on 4 June 2010.
- b) The condensed consolidated statement of cash flow should be read in conjunction with the Group's audited financial statement for the financial year ended 31 December 2010.



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Notes to the condensed consolidated interim financial statements

A. EXPLANATORY NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARD 134 (FRS 134): INTERIM FINANCIAL REPORTING

A1. Basis of preparation

The interim financial report is unaudited and has been prepared in compliance with Financial Reporting Standard ("FRS") 134, Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

A2. Significant accounting policies

Except for the new Financial Reporting Standards, Amendments and Interpretations applicable to the Group effective from 1 January 2011 as described below, the accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statement as at and for the year ended 31 December 2010.

Amendments effective for annual periods beginning on or after 1 March 2010

- Amendments to FRS 132, Financial Instruments: Presentation - Classification of Rights Issues

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2010

- FRS 1, First-time Adoption of Financial Reporting Standards (revised)
- FRS 3, Business Combinations (revised)
- FRS 127, Consolidated and Separate Financial Statements (revised)
- 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 Agreements *
- 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

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2011

- Amendments to FRS 1, First-time Adoption of Financial Reporting Standards
 - Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters
 - Additional Exemptions for First-time Adopters
- Amendments to FRS 2, Group Cash-settled Share Based Payment Transaction*
- Amendments to FRS 7, Financial Instruments: Disclosures - Improving Disclosures about Financial Instruments
- IC Interpretation 4, Determining whether an Arrangement contains a Lease
- IC Interpretation 18, Transfers of Assets from Customers *
- Improvements to FRSs (2010)

FRSs, Interpretations and amendments effective for annual 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 #



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FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2012

- FRS 124, Related Party Disclosures (revised)
- IC Interpretation 15, Agreements for the Construction of Real Estate #

The Group and the Company plan to apply the abovementioned standards, amendments and interpretations :

- from the annual period beginning 1 January 2011 for those standards, amendments or interpretations that will be effective for annual periods beginning on or after 1 March 2010, 1 July 2010 and 1 January 2011, except for those marked “ * ” which are not applicable to the Group and to the Company; and
- from the annual period beginning 1 January 2012 for those standards, amendments or interpretations that will be effective for annual periods beginning on or after 1 July 2011 and 1 January 2012, except for those marked “ # ” which are not applicable to the Group and the Company.

The initial application of a standard, an amendment or an interpretation, which will be applied prospectively or which requires extended disclosures is not expected to have any financial impact to the current and prior periods financial statements upon their first adoption.

The initial application of the remaining standards, improvements and amendments is not expected to have any significant impact on the Group's and the Company's financial statements.

Following the announcement by the MASB on 1 August 2008, the Group's and the Company's financial statements will be prepared in accordance with International Financial Reporting Standards (IFRS) framework for annual periods beginning on 1 January 2012. The change of the financial reporting framework is not expected to have any significant impact on the financial position and performance of the Group and the Company.

A3. Auditors' report on preceding annual financial statements

The auditors report on the preceding audited financial statements of the Company and its subsidiaries for the financial year ended 31 December 2010 was not subject to any qualification.

A4. Seasonality or cyclical factors

The business of the Group is not subject to seasonal or cyclical factors.

A5. Exceptional and extraordinary items

Except as disclosed in Note A11, there were no items affecting assets, liabilities, equity, net income or cash flows that are exceptional or extraordinary due to their nature, size or incidence affecting the interim financial report.

A6. Changes in estimates

There were no changes in estimates that had a material effect in the current quarter and period to date results.



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Notes to the condensed consolidated interim financial statements

A7. Debt and equity securities

Except as disclosed in Note A11, there have been no issuances, cancellations, repurchases, resale and repayments of debts and equity securities during the current quarter.

A8. Dividend paid

There were no dividends paid by the Company in the current quarter .

A9. Segment information

Segment information is presented in respect of Tatt Giap Group's business segments, which is based on the Company's management and internal reporting structure. Inter-company pricing is determined on an arm's length terms.

Segmental revenue by business activities:-

<u>Segment Result</u>	Current quarter ended 31-March		Cumulative quarter to date ended 31-March	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Manufacturing	85,995	78,677	85,995	78,677
Trading	40,531	36,072	40,531	36,072
Investment holding	30	30	30	30
	<u>126,556</u>	<u>114,779</u>	<u>126,556</u>	<u>114,779</u>
Group Adjustment	<u>(34,556)</u>	<u>(35,589)</u>	<u>(34,556)</u>	<u>(35,589)</u>
	<u>92,000</u>	<u>79,190</u>	<u>92,000</u>	<u>79,190</u>

Profit before tax by business activities:-

<u>Profit / (loss) before tax</u>	Current quarter ended 31-March		Cumulative quarter to date ended 31-March	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Manufacturing	664	493	664	493
Trading	551	996	551	996
Investment holding	(247)	4	(247)	4
	<u>968</u>	<u>1,493</u>	<u>968</u>	<u>1,493</u>
Group Adjustment	<u>91</u>	<u>(286)</u>	<u>91</u>	<u>(286)</u>
	<u>1,059</u>	<u>1,207</u>	<u>1,059</u>	<u>1,207</u>



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Notes to the condensed consolidated interim financial statements

A10. Valuation of property, plant and equipment

Property, plant and equipment are stated at cost or valuation less accumulated depreciation and accumulated impairment losses.

The valuation of properties, plant and equipments has been brought forward without amendment from the previous audited financial statements.

A11. Events subsequent to the balance sheet date

The Company had on 9 May 2011 entered into a Sale and Purchase Agreement with Nippon Steel Corporation ("NSC") for the sale by its wholly-owned sub-subsidiary, Tatt Giap Steel Centre Sdn. Bhd. ("TGSC") and acquisition by NSC of 9,022,500 ordinary shares of RM1.00 each representing 40.1% of the entire issued share capital of Nippon EGalv Steel Sdn. Bhd. ("NEG") for a total consideration of RM19,172,812.50.

Upon completion of the Proposed Disposal, NEG will become an associate of the Company.

A12. Changes in Group's composition

Except as disclosed in Note A11, there have been no changes in Group's composition.

A13. Changes in contingent liabilities and assets

The Company has issued corporate guarantees to banks and financial institutions for borrowing granted to certain subsidiaries for RM9.7 million of which RM9.2 million were utilised at the end of the reporting date.

A14. Capital Commitments

	Current Quarter 31-Mar-11 RM'000	Cumulative Period to Date 31-Mar-11 RM'000
Plant and equipments: Contracted but not provided for in the financial statements	<u>2,456</u>	<u>2,456</u>



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A15. Significant related party transactions

	Current Quarter 31-Mar-11 RM'000	Cumulative Period to Date 31-Mar-11 RM'000
a) Transactions with an associate:		
- Sales	116	116
- Purchase	10,560	10,560
b) Transactions with a related party:		
- Short-term loan*	-	18,155
- Purchase	25,063	25,063
- Technical fee	124	124
c) Transactions with ultimate holding:		
- Advances**	400	1,200
- Interest	10	10
d) Transactions with director		
- Loan**	3,000	3,000
- Interest	10	10

* Short-term loan from a related party is for the purpose of working capital with a repayment period of 1 year bearing interest at LIBOR + 1.125% per annum.

** Advances from ultimate holding / director is for the purpose of working capital bearing interest at 4% p.a.



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B EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1 Review of performance

For the period ended 31 March 2011, the Group achieved revenue and profit before tax of RM92.0 million and RM1.1 million respectively. This represents an increase of RM12.8 million or 16% higher in revenue than that of its corresponding quarter. Profit before tax decrease by RM0.2 million or 12% from RM1.2 million in the corresponding quarter.

The increase in revenue is due to increase in sales volume of electro galvanized coil and the drop in profit before tax is due to the lower selling prices of general steel products.

B2 Variation of results against preceding quarter

The Group's revenue has increased by 23%, from RM74.9 million in the preceding quarter to RM92.0 million in this quarter. The increase in revenue is due to increase in sales volume of electro galvanized coils and stainless steel industrial pipes.

The increase in sales volume results in Group's profit before tax to increase significantly from loss before tax of RM0.7 million to profit before tax of RM1.1 million.

B3 Current year prospects

Increase in selling prices of steel started from end of 2010 with the buyers anticipated that steel prices would increase further due to higher raw materials costs. As buyers start to behave cautiously in making their procurement decision, we expect the second quarter to be very challenging in a softening market. Barring any unforeseen circumstances, the Management is foresee that the first half of 2011 will be profitable.

B4 Variance between actual profit and forecast profit

The Group has not issued any profit forecast or profit guarantee.

B5 Tax expense

	Current Quarter	Cumulative
	31-Mar-11	Period to Date
	RM'000	31-Mar-11
	RM'000	RM'000
Current tax expense	285	285
Deferred tax expense	85	85
	<u>370</u>	<u>370</u>

The effective tax rate for the Group for the period under review was higher than the statutory income tax rate of 25% mainly due to a subsidiary within the Group experienced losses during the current quarter.



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B6 Gain on Disposal of unquoted investment

Except as disclosed in Note A11, the Group did not dispose of any investments in any unquoted investments.

B7 Quoted investments

	Carrying Amount RM'000	Fair value as at 31 Mar 2011 RM'000
Quoted Shares in Malaysia	<u>203</u>	<u>203</u>

B8 Borrowing

The Group borrowing as at 31 March 2011 is as follows:

	Secured RM'000	Unsecured RM'000	Total RM'000
Current:			
- Bank overdraft	3,529	844	4,373
- Trade line	100,635	34,828	135,463
- Term loans	6,448	18,155	24,603
- Hire purchase obligations	<u>2,087</u>	<u>-</u>	<u>2,087</u>
	<u>112,699</u>	<u>53,827</u>	<u>166,526</u>
Non-Current			
- Term loans	26,130	-	26,130
- ICULS	-	2,806	2,806
- Hire purchase obligations	<u>3,948</u>	<u>-</u>	<u>3,948</u>
	<u>30,078</u>	<u>2,806</u>	<u>32,884</u>
Total	<u>142,777</u>	<u>56,633</u>	<u>199,410</u>

The above borrowings are denominated in Ringgit Malaysia.

B9 Off balance sheet financial instruments

During the financial period to date, the Group did not enter into any contracts involving off balance sheet financial instruments.

B10 Material litigation

Save as disclosed below, the Group is not engaged in any material litigation for the current financial period:



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Nippon EGalv had filed a civil suit (Suit No. 22-538-2009) on 17 August 2009, against Gana Jaan Machinery Co Ltd ("Defendant") claiming for the Defendant's breach of implied conditions of a contract to supply and provide plant, machineries and equipment, to provide certain services to procure the establishment and setup of Nippon EGalv's commercial manufacturing electro galvanising line, of short supply of several parts of equipment and the subsequent refusal by the Defendant to reimburse Nippon EGalv for costs and expenses incurred. The claim is for an amount of RM4.22 million, further damages to be assessed and interest thereon. The solicitors acting on behalf of Nippon EGalv informed that they are in the process of effecting service of the Writ out of jurisdiction through judicial assistance. On 8 October 2010, the solicitors informed in their letter that "the Draft Order has been approved and they are in the midst of filing for the sealed copy of the said Order with the Court and they are still awaiting for outcome of the service of the writ summons from the Ministry of Foreign Affairs." Based on the confirmation letter from the lawyer on 7 Jan 2011, Judgement in Default has been entered on 1 December 2010.

B11 Proposed dividend

The Board does not recommend any dividend for the current quarter ended 31 March 2011.

B12 Earnings per share

a) Basic Earnings per share

	Current Quarter 31-Mar-11	Cumulative Period to Date 31-Mar-11
Profit attributable to shareholders of the Company (RM'000)	1,204	1,204
Weighted average number of ordinary shares in issue ('000)	102,000	102,000
Basic earnings per share (sen)	1.18	1.18

b) Diluted Earnings per share

	Current Quarter 31-Mar-11 3 months	Cumulative Period to Date 31-Mar-11 12 months
<u>After TGG ICULS conversion</u> Profit attributable to shareholders of the Company (RM'000)	1,204	1,204
Weighted average number of ordinary shares in issue ('000)	102,000	102,000
Weighted average Effect of ICULS conversion	53,103	53,103
Weighted average	155,103	155,103
Basic earnings per share (sen)	0.78	0.78



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B13 Realised and Unrealised Profits/(Losses)

The breakdown of accumulated gain of the Group as at the reporting date, into realised and unrealised profit / (loss), pursuant to directive, is as follows:

	As at 31.03.2011 RM'000	As at 31.12.2010 RM'000
Total retained profits/(accumulated losses) of the Group and its subsidiaries:		
Realised	67,358	66,951
Unrealised	<u>(17,322)</u>	<u>(17,512)</u>
	50,036	49,439
Total share of retained profits/(accumulated losses) from associates company		
Realised	3,219	3,126
	<u>53,255</u>	<u>52,565</u>
Group adjustments	35	(473)
Total Group retained profit	<u><u>53,290</u></u>	<u><u>52,092</u></u>

B14. Authorization for issue

The interim financial report was authorized for issue by the Board of Directors in accordance with a resolution of the Board.