



TATT GIAP GROUP BERHAD

Company No. 732294-W
Incorporated on Malaysia

Unaudited condensed consolidated statement of comprehensive income For the six months period ended 30 June 2011

| | Individual Quarter | | Cumulative Quarter | |
|--|-----------------------|--------------|-----------------------|---------------|
| | 3 months period ended | | 6 months period ended | |
| | 30-Jun-11 | 30-Jun-10 | 30-Jun-11 | 30-Jun-10 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue | 84,304 | 74,908 | 176,304 | 154,098 |
| Cost of sales | (77,204) | (66,514) | (161,371) | (138,507) |
| Gross profit | 7,100 | 8,394 | 14,933 | 15,591 |
| Operating expenses | (5,571) | (5,146) | (11,103) | (9,283) |
| Operating incomes | 5,324 | 1,708 | 6,617 | 2,333 |
| Results from operating activities | 6,853 | 4,956 | 10,447 | 8,641 |
| Finance costs | (3,175) | (2,355) | (5,802) | (4,858) |
| Operating profit | 3,678 | 2,601 | 4,645 | 3,783 |
| Share of profit of associates | 161 | 130 | 253 | 155 |
| Profit before tax | 3,839 | 2,731 | 4,898 | 3,938 |
| Taxation | (506) | (537) | (876) | (978) |
| Profit for the period | 3,333 | 2,194 | 4,022 | 2,960 |
| Other comprehensive income | (18) | 31 | (12) | 31 |
| Total comprehensive income for the period | 3,315 | 2,225 | 4,010 | 2,991 |
| Profit for the period attributable to: | | | | |
| Equity holders of the Company | 4,163 | 1,979 | 5,361 | 2,913 |
| Minority interest | (830) | 215 | (1,339) | 47 |
| | 3,333 | 2,194 | 4,022 | 2,960 |
| Total comprehensive income attributable to: | | | | |
| Equity holders of the Company | 4,145 | 2,010 | 5,349 | 2,944 |
| Minority interest | (830) | 215 | (1,339) | 47 |
| | 3,315 | 2,225 | 4,010 | 2,991 |
| Basic earnings per share (sen) | 4.08 | 6.69 | 5.26 | 9.79 |
| Diluted earnings per share (sen) | 2.68 | 2.06 | 3.46 | 3.01 |

Notes:

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.



TATT GIAP GROUP BERHAD

Company No. 732294-W
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Unaudited condensed consolidated statement of financial position as at 30 June 2011

| | As at 30-Jun-11 RM'000 | As at 30-Jun-10 RM'000 |
|--|------------------------------|------------------------------|
| Assets | | |
| Property, plant and equipments | 97,685 | 204,242 |
| Intangible assets | 1,056 | 981 |
| Investment property | 2,054 | 2,057 |
| Investment in an associate | 16,198 | 5,627 |
| Other investments | 185 | 181 |
| Total non-current assets | 117,178 | 213,088 |
| Inventories | 109,233 | 97,146 |
| Receivables, deposits and prepayments | 65,397 | 72,145 |
| Current tax assets | 1,948 | 1,765 |
| Assets classified as held for sales | - | 734 |
| Cash and cash equivalents | 14,335 | 21,932 |
| Total current assets | 190,913 | 193,722 |
| Total assets | 308,091 | 406,810 |
| Equity | | |
| Share capital | 51,000 | 43,720 |
| Reserves | 76,828 | 74,457 |
| Total equity attributable to equity holders | 127,828 | 118,177 |
| Minority interest | - | 16,973 |
| Total equity | 127,828 | 135,150 |
| Loan and borrowing | 13,926 | 34,433 |
| Deferred tax liabilities | 7,667 | 19,225 |
| Total non-current liabilities | 21,593 | 53,658 |
| Trade and other payables | 31,106 | 50,397 |
| Loan and borrowing | 126,286 | 166,336 |
| Current tax liabilities | 1,278 | 1,269 |
| Total current liabilities | 158,670 | 218,002 |
| Total liabilities | 180,263 | 271,660 |
| Total equity and liabilities | 308,091 | 406,810 |

Notes:

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.



TATT GIAP GROUP BERHAD

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Unaudited condensed consolidated statement of cash flow For the six months period ended 30 June 2011

| | 6 months period ended | 6 months period ended |
|---|--------------------------|--------------------------|
| | 30-Jun-11 | 30-Jun-10 |
| | RM'000 | RM'000 |
| Cash flows from operating activities | | |
| Profit / (loss) before tax | 4,898 | 3,938 |
| Adjustments for non cash items | 8,152 | 8,134 |
| Operating profit / (loss) before working capital changes | 13,050 | 12,072 |
| Changes in working capital | | |
| Inventories | (16,336) | (92) |
| Trade and other receivables | 41,249 | (1,921) |
| Trade and other payables | (19,587) | (14,242) |
| Cash generated from / (used in) operations | 18,376 | (4,183) |
| Interest received | - | (102) |
| Income tax paid | (987) | (1,306) |
| Net cash generated from / (used in) operating activities | 17,389 | (5,591) |
| Cash flows from investing activities | | |
| Acquisition of plant and machinery | (17,756) | (10,226) |
| Dividend received | 1 | - |
| Interest received | 368 | 364 |
| Net cash flow for disposal of investment in subsidiary | 5,532 | 16,500 |
| Disposal of fixed assets | 1,042 | - |
| Net cash generated from / (used in) investing activities | (10,813) | 6,638 |
| Cash flow from financing activities | | |
| Interest paid | (5,622) | (2,881) |
| Placement of pledged fixed deposits | (612) | - |
| Repayment of borrowing | (2,393) | (3,067) |
| Drawdown of term loan | 4,947 | 17,095 |
| Repayment of term loan | (2,024) | (2,093) |
| Drawdown of finance lease liabilities | 1,892 | 1,471 |
| Repayment of finance lease liabilities | (1,413) | (1,649) |
| Net cash generated from / (used in) financing activities | (5,225) | 8,876 |
| Net increase in cash and cash equivalents | 1,351 | 9,923 |
| Cash and cash equivalent as at beginning of financial period | (426) | (2,279) |
| Cash and cash equivalent as at end of financial period | 925 | 7,644 |



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Unaudited condensed consolidated statement of cash flow For the six months period ended 30 June 2011

| | 6 months period ended | 6 months period ended |
|---|--------------------------|--------------------------|
| | 30-Jun-11 | 30-Jun-10 |
| | RM'000 | RM'000 |
| Cash and bank balances | 14,335 | 21,932 |
| Fixed deposits pledged with banks | (9,172) | (9,363) |
| Bank overdrafts | (4,238) | (4,925) |
| <i>Cash and cash equivalents</i> | 925 | 7,644 |

Notes:

The condensed consolidated statement of change of equity 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 six months period ended 30 June 2011

| | <i>Non-distributable</i> | | | | | | <i>Distributable</i> | | | |
|---|--------------------------|---------------|-----------------------------|------------|---------------------|-----------------|----------------------|----------|-------------------|--------------|
| | Share capital | Share premium | Reverse acquisition reserve | Fair value | Revaluation reserve | Capital reserve | Retained earnings | Total | Minority interest | Total equity |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| At 1 January 2010 | 20,000 | - | - | - | 43,676 | - | 50,133 | 113,809 | 4,045 | 117,854 |
| Arising from reverse acquisition | 22,500 | - | (53,300) | - | - | - | - | (30,800) | | (30,800) |
| Issue of shares pursuant to acquisition of TGO | 1,220 | - | - | - | - | - | - | 1,220 | - | 1,220 |
| Issue of shares pursuant to initial public offering | 7,280 | 1,165 | - | - | - | - | - | 8,445 | - | 8,445 |
| Shares issue expenses | - | (390) | - | - | - | - | - | (390) | - | (390) |
| Issue of ICULS | - | - | - | - | - | 28,182 | - | 28,182 | - | 28,182 |
| Dilution of interest in subsidiary | - | - | - | - | - | - | 3,592 | 3,592 | 12,908 | 16,500 |
| Total comprehensive expenses for the year 2010 | - | - | - | (1) | - | - | (1,633) | (1,634) | (2,999) | (4,633) |
| At 1 January 2011 | 51,000 | 775 | (53,300) | (1) | 43,676 | 28,182 | 52,092 | 122,424 | 13,954 | 136,378 |
| Disposal of a subsidiary | - | - | - | - | (25,598) | - | 25,653 | 55 | (13,954) | (13,899) |
| Total comprehensive income / (expenses) for the period | - | - | - | (12) | - | - | 5,361 | 5,349 | - | 5,349 |
| At 30 June 2011 | 51,000 | 775 | (53,300) | (13) | 18,078 | 28,182 | 83,106 | 127,828 | - | 127,828 |

Notes:

The condensed consolidated statement of change of equity 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

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.

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 Transactions *
- 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 #

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,



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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 statement 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 of 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 materials effect in the current quarter and period to date results.

A7. Debt and equity securities

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

A8. Dividend paid

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



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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.

A) Segmental revenue by business activities:

| | Current quarter ended | | Cumulative quarter ended | |
|--------------------|-----------------------|---------------|--------------------------|----------------|
| | 30-Jun-11 | 30-Jun-10 | 30-Jun-11 | 30-Jun-10 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Manufacturing | 73,560 | 66,152 | 159,555 | 144,829 |
| Trading | 33,704 | 33,895 | 74,235 | 69,967 |
| Investment holding | 30 | 30 | 60 | 60 |
| | 107,294 | 100,077 | 233,850 | 214,856 |
| Group adjustment | (22,990) | (25,169) | (57,546) | (60,758) |
| Revenue | 84,304 | 74,908 | 176,304 | 154,098 |

B) Segmental PBT by business activities:

| | Current quarter ended | | Cumulative quarter ended | |
|--------------------------|-----------------------|--------------|--------------------------|--------------|
| | 30-Jun-11 | 30-Jun-10 | 30-Jun-11 | 30-Jun-10 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Manufacturing | 10,380 | 2,227 | 11,044 | 2,770 |
| Trading | 226 | 344 | 777 | 1,340 |
| Investment holding | (431) | 6 | (678) | 10 |
| | 10,175 | 2,627 | 11,143 | 4,120 |
| Group adjustment | (6,336) | 140 | (6,245) | (182) |
| Profit before tax | 3,829 | 2,731 | 4,898 | 3,938 |

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. Significant event during the financial year

The Company had on 9 May 2011 entered into a Sale and Purchase Agreement with Nippon Steel Corporation ("NSC") for the sales 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.

The disposal was completed on 30 June 2011 and NEG become an associate of the Company.



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A12. Events subsequent to the balance sheet date

The Company had on 21 July 2011 announced that TGSC has completed the transfer of all its remaining 6,102,500 ordinary shares of RM1.00 each in NEG, representing 27.12% of the entire issued share capital to the Company and the Company also on the same day subscribed for 2,712,000 ordinary shares of RM1.00 each in proportion to its shareholdings in NEG for a total cash consideration of RM5,763,000.00

A13. Changes in Group's composition

Except as disclosed in Note A11 and A12, there have been no changes in Group's composition.

A14. 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 RM9.0 million were utilised at the end of the reporting date.

A15. Capital commitments

| | Cumulative quarter ended |
|---|--------------------------|
| | 30-Jun-11 |
| | RM'000 |
| Plant and equipments: | |
| Contracted but not provided for in the financial statements | 6,086 |



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A16. Significant related party transactions

| | Current quarter ended | Cumulative quarter ended |
|------------------------------------|-----------------------|--------------------------|
| | 30-Jun-11 | 30-Jun-11 |
| | RM'000 | RM'000 |
| Transactions with an associate: | | |
| - Sales | 76 | 192 |
| - Purchase | 61 | 1,880 |
| Transactions with a related party | | |
| - Short-term loan* | - | 18,155 |
| - Advances * | 550 | 550 |
| - Interest | 6 | 6 |
| - Purchase | 21,659 | 46,722 |
| - Technical fee | 284 | 408 |
| Transactions with ultimate holding | | |
| - Advances* | 3,370 | 4,570 |
| - Interest | 45 | 55 |
| Transactions with director | | |
| - Advances* | - | 640 |
| - Interest | 40 | 50 |

Notes

- 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. This loan is from Hanwa Co. Ltd to Nippon EGalv Steel Sdn Bhd, for which Nippon EGalv has become an associate company of the Group on 30 June 2011 and the loan
- Advances from ultimate holding / related party / director are 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 requirement of Bursa Malaysia Securities Berhad

B1. Review of performance

For the period ended 30 June 2011, the Group achieved revenue and profit before tax of RM176.3 million and RM4.9 million respectively. This represents an increased of RM22.2 million or 14% higher in revenue than that of its corresponding quarter. Profit before tax increased by RM0.9 million or 24% from RM3.9 million in the corresponding quarter.

The increase in revenue is mainly due to increase in sales volume of stainless steel pipes and electro galvanized coil and the increase in profit before tax is mainly due to the gain on disposal of investment in a subsidiary.

B2. Variation of results against preceding quarter

The Group's revenue is decreased by 8.4% from RM92.0 million in the preceding quarter to RM84.3 million in this quarter. The decreased in revenue is mainly due to decrease in sales volume of electro galvanized coils.

Excluding the gain on disposal of investment in a subsidiary, profit before tax was drop by RM0.8 million from RM1.1 million in preceding quarter to RM0.3 million in this quarter and this is mainly due to drop in sales volume.

B3. Current prospects

Barring any unforeseen circumstances, the Board of Directors foresee that the Group's performance to be satisfactory for the current financial year.

B4. Variance between actual profit and forecast profit

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

B5. Tax expenses

| | Current quarter ended | Cumulative quarter ended |
|-----------------------|-----------------------|--------------------------|
| | 30-Jun-11 | 30-Jun-11 |
| | RM'000 | RM'000 |
| Current tax expenses | 56 | 341 |
| Deferred tax expenses | 450 | 535 |
| | 506 | 876 |

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.

B6. Gain on disposal of unquoted investment

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



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B7. Quoted investment

| | Carrying amount | Fair value |
|---------------------------|-----------------|-----------------|
| | As at 30-Jun-11 | As at 30-Jun-11 |
| | RM'000 | RM'000 |
| Quoted shares in Malaysia | 185 | 185 |

B8. Borrowings

The Group borrowing as at 30 June 2011 is as follows:

| | Secured | Unsecured | Total |
|-----------------------------|----------------|---------------|----------------|
| | RM'000 | RM'000 | RM'000 |
| Current: | | | |
| - Bank overdraft | 3,263 | 958 | 4,221 |
| - Trade line | 85,436 | 33,155 | 118,591 |
| - Term loans | 2,098 | - | 2,098 |
| - Hire purchase obligations | 1,376 | - | 1,376 |
| | 92,173 | 34,113 | 126,286 |
| Non-current | | | |
| - Term loans | 8,211 | - | 8,211 |
| - ICLUS | - | 2,806 | 2,806 |
| - Hire purchase obligations | 2,909 | - | 2,909 |
| | 11,120 | 2,806 | 13,926 |
| Total | 103,293 | 36,919 | 140,212 |

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

The Group is not engaged in any material litigation for the current financial period.

B11. Proposed dividend

The Board does not recommend any dividend for the current quarter ended 30 June 2011.



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B12. Earning per share

a) Basic earning per share

| | Current quarter ended | Cumulative quarter ended |
|---|-----------------------|--------------------------|
| | 30-Jun-11 | 30-Jun-11 |
| Profit attributable to shareholders of the Company (RM'000) | 4,164 | 5,361 |
| Weighted average number of ordinary shares in issue ('000) | 102,000 | 102,000 |
| Basic earning per share (sen) | 4.08 | 5.26 |

b) Diluted earning per share

| | Current quarter ended | Cumulative quarter ended |
|---|-----------------------|--------------------------|
| | 30-Jun-11 | 30-Jun-11 |
| Profit attributable to shareholders of the Company (RM'000) | 4,164 | 5,361 |
| Weighted average number of ordinary shares in issue ('000) | | |
| - Weighted average | 102,000 | 102,000 |
| - Effect of ICULS conversion | 55,103 | 55,103 |
| Weighted average | 155,103 | 155,103 |
| Basic earning per share (sen) | 2.68 | 3.46 |

B13. Realised and unrealised profit / (loss)

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

| | As at | As at |
|---|-----------|-----------|
| | 30-Jun-11 | 31-Dec-10 |
| Total retained profits of the Group and its subsidiaries: | | |
| - Realised | 87,528 | 66,951 |
| - Unrealised | (7,768) | (17,512) |
| | 79,760 | 49,439 |
| Total share of retained profit from associates | | |
| - Realised | 3,358 | 3,126 |
| | 83,118 | 52,565 |
| Group adjustments | (12) | (473) |
| Total Group retained profit | 83,106 | 52,092 |

B14. Authorization for issue

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