



TATT GIAP GROUP BERHAD
(732294-W)
(Incorporated in Malaysia)

**Unaudited condensed consolidated statement of comprehensive income
for the nine months period ended 30 September 2011**

	Individual Quarter		Cumulative Quarter	
	3-months period ended		9-months period ended	
	30-Sep-11	30-Sep-10	30-Sep-11	30-Sep-10
	RM'000	RM'000	RM'000	RM'000
Revenue	67,842	86,084	244,146	240,182
Cost of sales	(61,219)	(85,248)	(222,590)	(223,755)
Gross profit	6,623	836	21,556	16,427
Operating expenses	(4,531)	(7,162)	(15,634)	(16,445)
Operating income	429	2,405	7,046	4,738
Results from operating activities	2,521	(3,921)	12,968	4,720
Finance costs	(2,491)	(3,434)	(8,293)	(8,292)
Operating profit / (loss)	30	(7,355)	4,675	(3,572)
Share of profit / (loss) of associates	(2,487)	48	(2,233)	203
Profit / (loss) before tax	(2,457)	(7,307)	2,442	(3,369)
Tax expense	147	(128)	(729)	(1,106)
Profit / (loss) for the period	(2,310)	(7,435)	1,713	(4,475)
Other comprehensive expenses	(33)	-	(45)	31
Total comprehensive income / (expense) for the period	(2,343)	(7,435)	1,668	(4,444)
<u>Profit / (loss) for the period attributable to:</u>				
Equity holders of the Company	(2,310)	(5,129)	3,052	(2,216)
Minority interest	-	(2,306)	(1,339)	(2,259)
	(2,310)	(7,435)	1,713	(4,475)
<u>Total comprehensive income / (expense) attributable to:</u>				
Equity holders of the Company	(2,343)	(5,129)	3,007	(2,185)
Minority interest	-	(2,306)	(1,339)	(2,259)
	(2,343)	(7,435)	1,668	(4,444)
Basic earnings per share				
Earning per share (sen)	(2.26)	(7.08)	2.99	(3.02)
Diluted earnings per share				
Earnings per share (sen)	N/A	N/A	2.16	N/A

Note:

- a) 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 30 September 2011**

	As at 30-Sep-11 RM'000	As at 30-Sep-10 RM'000
ASSETS:		
Property, plant and equipments	97,326	192,274
Intangible assets	1,055	981
Investment property	2,050	13,001
Investment in an associate	19,509	5,338
Other investments	153	181
Total non-current assets	<u>120,093</u>	<u>211,775</u>
Inventories	133,683	94,039
Receivables, deposits and prepayments	68,622	75,480
Current tax assets	2,488	3,243
Assets classified as held for sale	-	734
Cash & cash equivalents	9,836	16,676
Total current assets	<u>214,629</u>	<u>190,172</u>
Total assets	<u>334,722</u>	<u>401,947</u>
Equity		
Share capital	51,000	51,000
Reserves	74,481	70,096
Total equity attributable to equity holders of the Company	<u>125,481</u>	<u>121,096</u>
Minority interest	-	14,667
Total equity	<u>125,481</u>	<u>135,763</u>
Liabilities		
Borrowings	15,294	26,571
Deferred tax liabilities	8,168	19,033
Total non-current liabilities	<u>23,462</u>	<u>45,604</u>
Payables and accruals	60,554	53,910
Borrowings	124,594	164,746
Current tax liabilities	631	1,924
Total current liabilities	<u>185,779</u>	<u>220,580</u>
Total liabilities	<u>209,241</u>	<u>266,184</u>
Total equity and liabilities	<u>334,722</u>	<u>401,947</u>

Note:

- a) 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 period ended 30 September 2011**

	<i>Non-distributable</i>				<i>Distributable</i>		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	13,954	136,378
Disposal of a subsidiary	-	-	-	-	(25,598)	-	25,648	50	(13,954)	(13,904)
Total comprehensive income/ (expense) for the period	-	-	-	(45)	-	-	3,052	3,007	-	3,007
At 30 September 2011	51,000	775	(53,300)	(46)	18,078	28,182	80,792	125,481	-	125,481

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.

**TATT GIAP GROUP BERHAD**

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**Unaudited condensed consolidated statement of cash flows
for the 9 months period ended 30 September 2011**

	Current period to 30-Sep-11 RM'000	Preceding period to 30-Sep-10 RM'000
Cash flows from operating activities		
Profit / (loss) before taxation	2,442	(3,369)
Adjustments for non-cash items	15,358	12,691
Operating profit before working capitals changes	<u>17,800</u>	<u>9,322</u>
Changes in working capital		
- Inventories	(40,786)	2,153
- Receivables, deposits and prepayments	27,432	(7,289)
- Payables and accruals	21,137	(7,847)
Cash used in operation	<u>25,583</u>	<u>(3,661)</u>
Interest received	-	-
Tax paid	(1,530)	(2,572)
Net cash generated / (used) in operating activities	<u>24,053</u>	<u>(6,233)</u>
Cash flow from investing activity		
Acquisition of plant and equipment	(19,584)	(12,678)
Dividend received	14	-
Interest received	481	-
Subscription of share in an associate	(5,763)	-
Net cash flow from disposal of investment in a subsidiary	5,532	16,500
Disposal of fixed assets	1,130	-
Net cash from / (used) in investing activities	<u>(18,190)</u>	<u>3,822</u>
Cash flow from financing activities		
Interest paid	(8,470)	(3,295)
Placement of pledged fixed deposits	(612)	-
Repayment of borrowings	(4,072)	(4,140)
Drawdown of term loan	4,947	17,158
Repayment of term loan	(2,221)	(9,817)
Drawdown of finance lease liabilities	1,892	1,471
Repayment of finance lease liabilities	(1,324)	(2,162)
Proceeds from public issue	-	8,055
Net cash generated from / (used) financing activities	<u>(9,860)</u>	<u>7,270</u>
Net increase /(decrease) in cash and cash equivalents	(3,997)	4,859
Cash and cash equivalents as at beginning of financial period	(426)	(2,279)
Cash and cash equivalents as at end of financial period	<u>(4,423)</u>	<u>2,580</u>



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**Unaudited condensed consolidated statement of cash flows
for the 9 months period ended 30 September 2011**

	Current period to 30-Sep-11 RM'000	Preceding period to 30-Sep-10 RM'000
Cash and bank balances	9,836	16,676
Fixed deposits pledged with banks	(9,276)	(9,378)
Bank overdrafts	<u>(4,983)</u>	<u>(4,718)</u>
Cash and cash equivalents	<u><u>(4,423)</u></u>	<u><u>2,580</u></u>

- a) 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.

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 5, Non-current Assets Held for Sale and Discontinued Operations
- Amendments to FRS 138, Intangible Assets *
- 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 7, Financial Instruments: Disclosures - Improving Disclosures about Financial Instruments
- IC Interpretation 4, Determining whether an Arrangement contains a Lease
- 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

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

- FRS 124, Related Party Disclosures (revised)

The initial application of the above standards, improvements and amendments did not 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.



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Notes to the condensed consolidated interim financial statements

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.

A7. Debt and equity securities

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 30-September		Cumulative quarter to date ended 30-September	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Manufacturing	53,977	75,731	213,532	220,560
Trading	36,598	33,157	110,833	103,124
Investment holding	30	30	90	90
	<u>90,605</u>	<u>108,918</u>	<u>324,455</u>	<u>323,774</u>
Group Adjustment	<u>(22,763)</u>	<u>(22,834)</u>	<u>(80,309)</u>	<u>(83,592)</u>
	<u><u>67,842</u></u>	<u><u>86,084</u></u>	<u><u>244,146</u></u>	<u><u>240,182</u></u>

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Notes to the condensed consolidated interim financial statements

Profit / (Loss) before tax by business activities:-

	Current quarter		Cumulative quarter to date	
	ended 30-September		ended 30-September	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
<u>Profit / (loss) before tax</u>				
Manufacturing	49	(6,095)	11,093	(3,325)
Trading	241	897	1,018	2,237
Investment holding	(258)	(2,097)	(936)	(2,087)
	32	(7,295)	11,175	(3,175)
Group Adjustment	(2,489)	(12)	(8,733)	(194)
	<u>(2,457)</u>	<u>(7,307)</u>	<u>2,442</u>	<u>(3,369)</u>

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

- a) 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. The results is a gain for RM3.5 million to the Group.

The Proposed Disposal was completed on 30 June 2011, NEG become an associate of the Company.

- b) On 21 July 2011, 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 and paid up share capital of NEG to the Company and the 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

A12. Events subsequent to the balance sheet date

- a) On 9 September 2011, Superinox Pipe Industry Sdn Bhd ("SPI), a wholly owned subsidiary of TGSC, entered into a Sale and Purchase Agreement with GUH Electrical Appliances Sdn Bhd to acquire all that piece of land known as Nos. Lot 1628 and 1630, both of Mukim 12, Tempat Ladang Valdor, Daerah Seberang Perai Selatan, Penang held under Geran Mukim Nos. 448 and 450 respectively (formerly known as Qualified Title No. H.S. (m) 273 AND 275) measuring approximately 2.017 hectares and 3.092 hectares together with building erected thereon for a total cash consideration of RM18,800,000-00.



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- b) On 4 November 2011, Tatt Giap Hardware Sdn Bhd ("TGH"), wholly owned subsidiary of TGG, entered into a Sale and Purchase Agreement with Paint Marketing Company (M) Sdn Bhd to acquire all that piece of leasehold land known as L.O. No. PJ 63/65 (ind.), Mukim of Damansara, District of Klang, State of Selangor Darul Ehsan held under HS(D) 167366 (formerly held under Qualified Title No. Q.T. (R) 2609) with the land area of approximately 87,120 square feet or 8093.448 square metres together with a single storey detached factory and two (2) storey office for the total build up area of approximately 42,471 square feet and bearing postal address at No. 63 Jalan Sesiku 15/2, Seksyen 15, 40200 Shah Alam, Selangor Daruh Ehsan together with the fixture and fittings located in the Property for a total cash consideration of RM12,200,000-00.

A13. Changes in Group's composition

Except as disclosed in Note A11, A11(a) & A11(b) there have been no changes in Group's composition.

A14. Changes in contingent liabilities and assets

There have been no changes in contingent liabilities and assets of the Group.

A15. Capital Commitments

	Cumulative Period to Date 30-Sep-11 RM'000
Contracted but not provided for in the financial statements	
Plant and equipments:	6,086
Land and building	16,920
	<u>23,006</u>



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Notes to the condensed consolidated interim financial statements

A16. Significant related party transactions

	Current Quarter 30-Sep-11 RM'000	Cumulative Period to Date 30-Sep-11 RM'000
a) Transactions with an associate:		
- Sales	104	296
- Purchase	3,681	5,561
b) Transactions with a related party:		
- Short-term loan*	-	18,155
- Advances	-	550
- Interest	6	11
- Purchase	-	50,068
- Technical fee	-	408
c) Transactions with ultimate holding:		
- Advances**	-	1,000
- Interest	30	85
d) Transactions with director		
- Loan**	-	500
- Interest	5	54

* 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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Notes to the condensed consolidated interim financial statements

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

B1 Review of performance

For the period ended 30 September 2011, the Group achieved revenue and profit before tax of RM244.15 million and RM2.44 million respectively. This represents an increase of RM4.00 million or 1.65% higher in revenue than that of its corresponding quarter. Profit before tax increased to RM2.44 million from a loss before tax of RM3.37 million in the corresponding quarter.

The increase in revenue is mainly due to increase in sales volume of stainless steel pipes and increased in profit before tax is due to gain on disposal on investment in NEG as mentioned in note A11.

B2 Variation of results against preceding quarter

The Group's revenue has decreased by 19.53%, from RM84.30 million in the preceding quarter to RM67.84 million in current quarter because of NEG was no consolidated in the Q3 2011 financial results of the Group.

The Group recorded a profit before tax of RM0.03 million for the current quarter, excluding share of loss of investment in an associate company, NEG.

The operating results of the Group dropped from profit before tax of RM3.40 million to a loss of RM2.57 million mainly due to the following reasons:-

- i) The Group recorded share of loss from an associated company of RM2.57 million
- ii) The Group recorded a gain on disposal of NEG of RM3.50 million in Q2 2011 as mentioned in note A11.

B3 Current year prospects

Barring any unforeseen circumstances, the Board of Directors foresee that 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 expense

	Current Quarter 30-Sep-11 RM'000	Cumulative Period to Date 30-Sep-11 RM'000
Current tax expense	188	529
Deferred tax expense	(335)	200
	<u>(147)</u>	<u>729</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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Notes to the condensed consolidated interim financial statements

B6 Gain on Disposal of unquoted investment

The Group did not dispose of any investments in any unquoted investments.

B7 Quoted investments

	Carrying Amount RM'000	Fair value as at 30 Sept 2011 RM'000
Quoted Shares in Malaysia	<u>153</u>	<u>153</u>

B8 Borrowing

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

	Secured RM'000	Unsecured RM'000	Total RM'000
Current:			
- Bank overdraft	3,994	989	4,983
- Trade line	82,477	34,435	116,912
- Term loans	1,442	-	1,442
- Hire purchase obligations	1,257	-	1,257
	<u>89,170</u>	<u>35,424</u>	<u>124,594</u>
Non-Current			
- Term loans	8,325	-	8,325
- ICULS	-	2,806	2,806
- Hire purchase obligations	4,163	-	4,163
	<u>12,488</u>	<u>2,806</u>	<u>15,294</u>
Total	<u>101,658</u>	<u>38,230</u>	<u>139,888</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

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 September 2011



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Notes to the condensed consolidated interim financial statements

B12 Earnings per share

a) Basic Earnings per share	Current Quarter 30-Sep-11	Cumulative Period to Date 30-Sep-11
Profit /(loss) attributable to shareholders of the Company (RM'000)	(2,310)	3,052
Weighted average number of ordinary shares in issue ('000)	<u>102,000</u>	<u>102,000</u>
Basic earnings per share (sen)	<u>(2.26)</u>	<u>2.99</u>
b) Diluted Earnings per share	Current Quarter 30-Sep-11	Cumulative Period to Date 30-Sep-11
<u>After TGG ICULS conversion</u>		
Profit /(loss) attributable to shareholders of the Company (RM'000)	<u>(2,310)</u>	<u>3,357</u>
Weighted average number of ordinary shares in issue ('000)		
Weighted average	102,000	102,000
Effect of ICULS conversion	<u>53,103</u>	<u>53,103</u>
Weighted average	<u>155,103</u>	<u>155,103</u>
Basic earnings per share (sen)	<u>N/A</u>	<u>2.16</u>



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Notes to the condensed consolidated interim financial statements

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 30-Sep-11 RM'000	As at 30-Dec-10 RM'000
Total retained profits/(accumulated losses) of the Group and its subsidiaries:		
Realised	92,699	66,951
Unrealised	<u>(8,168)</u>	<u>(17,512)</u>
	84,531	49,439
Total share of retained profits/(accumulated losses) from associates company		
Realised	3,464	3,126
unealised	<u>(2,571)</u>	-
	85,424	52,565
Group adjustments	<u>(4,632)</u>	<u>(473)</u>
Total Group retained profit	<u><u>80,792</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.