

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

Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income for 2nd quarter from 1 August 2016 to 31 January 2017

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To-date	Preceding Year Corresponding Period
	31/01/2017	31/01/2016	31/01/2017	31/01/2016
	RM'000	RM'000	RM'000	RM'000
Revenue	269,129	275,094	548,252	592,467
Cost of Sales	(216,330)	(246,806)	(457,570)	(540,334)
Gross Profit	52,799	28,288	90,682	52,133
Other Income	15,181	2,254	29,658	15,764
Operating Expenses	(11,305)	(12,922)	(24,423)	(27,624)
Other Expenses	(113)	(3,974)	(345)	(4,759)
Profit from Operations	56,562	13,646	95,572	35,514
Finance Costs	(8,892)	(7,780)	(17,287)	(15,240)
Share of loss of equity accounted investees, net of tax	(30,176)	(25,019)	(55,417)	(75,229)
Profit/(Loss) Before Tax	17,494	(19,153)	22,868	(54,955)
Income tax	(13,593)	(4,030)	(20,102)	(5,440)
Profit/(Loss) for the Period	3,901	(23,183)	2,766	(60,395)
Other Comprehensive Income				
Net loss on available-for-sale financial assets - fair value changes	212	(174)	446	(381)
Foreign currency translation	25	(40)	(49)	(231)
	237	(214)	397	(612)
Total Comprehensive Income	4,138	(23,397)	3,163	(61,007)
Profit/(Loss) Attributable to:				
Owners of the parent	3,904	(22,805)	2,946	(60,025)
Minority Interest	(3)	(378)	(180)	(370)
	3,901	(23,183)	2,766	(60,395)
Total Comprehensive Income Attributable to:				
Owners of the parent	4,141	(23,019)	3,343	(60,637)
Minority Interest	(3)	(378)	(180)	(370)
	4,138	(23,397)	3,163	(61,007)
Earnings / (Loss) Per Share (EPS)				
(a) Basic (sen)	0.30	(3.20)	0.23	(8.42)
(b) Diluted (sen)	N/A	N/A	N/A	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 2016 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 January 2017

	31/01/2017 (Unaudited)	31/7/2016 (Audited)
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	253,602	256,486
Mining exploration & evaluation asset	19,919	19,597
Investment properties	7,397	7,476
Investment in jointly controlled entity	-	55,157
Investment in associate	-	475
Available-for-sale - financial assets	1,355	909
Deferred tax assets	302	302
Trade and other receivables (Amount due from jointly controlled entity)	274,135	279,612
	<u>556,710</u>	<u>620,014</u>
Current assets		
Inventories	263,771	254,993
Trade and other receivables	598,808	528,071
Tax recoverable	2,362	2,235
Available-for-sale - financial assets	65,581	5,189
Cash and cash equivalents	214,540	241,492
	<u>1,145,062</u>	<u>1,031,980</u>
Total assets	<u>1,701,772</u>	<u>1,651,994</u>
EQUITY AND LIABILITIES		
Equity		
Share capital	644,985	644,358
Share premium	-	-
Treasury shares	(7,499)	(7,496)
Warrant reserve	48,800	48,800
Foreign reserve	(331)	(282)
Share option reserve	4,414	4,190
Fair value adjustment reserve	(1,255)	(1,701)
Equity component of redeemable convertible secured bonds, net of tax	(353)	(353)
Equity component of RCUIDS, net of tax	54,338	54,965
Retained profits	169,476	170,383
	<u>912,575</u>	<u>912,864</u>
Minority Interest	-	180
Total equity	<u>912,575</u>	<u>913,044</u>
Non-current liabilities		
Borrowings	165,081	165,537
Deferred tax liabilities	41,269	41,080
	<u>206,350</u>	<u>206,617</u>
Current liabilities		
Borrowings	537,372	451,360
Trade and other payables	28,992	75,883
Tax payable	16,483	5,090
	<u>582,847</u>	<u>532,333</u>
Total liabilities	<u>789,197</u>	<u>738,950</u>
Total equity and liabilities	<u>1,701,772</u>	<u>1,651,994</u>
Net assets per share attributable to owners of the parent (RM)	0.71	0.71

The Condensed Consolidated Statements of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 July 2016 and the accompanying explanatory notes attached to the Interim financial statement.

HIAP TECK VENTURE BERHAD
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Condensed Consolidated Statements of Cash Flows for the period ended 31 January 2017

	Current Year To-date 31/01/2017 RM'000	Precedin g Year Corresponding Period 31/01/2016 RM'000
<u>Operating Activities</u>		
Profit/(Loss) Before Tax	22,868	(54,955)
Adjustments for:		
Depreciation of investment property	80	80
Depreciation of property, plant and equipment	7,635	11,775
Equity-settled share based payments	224	224
Gain on disposal of property, plant and equipment	(4,093)	(1,390)
Loss on disposal of an associate company	2	-
Interest expense	17,287	15,240
Finance income:		
Available-for-sale financial assets	(937)	(373)
Deposits	(1,640)	(547)
Jointly controlled entity	(14,528)	-
Net overdue interest income	(273)	(224)
Net unrealised foreign exchange (gain) / loss	(5,535)	3,860
Property, plant and equipment written off	44	-
Provision for slow moving inventories	7,785	-
Share of loss of equity accounted investees, net of tax	55,417	75,229
Operating profit before changes in working capital	84,336	48,919
Net change in current assets	(43,721)	5,884
Net change in current liabilities	(46,918)	(15,070)
Cash (used in) / from operations	(6,303)	39,733
Interest paid	(18,654)	(9,458)
Net overdue interest income received	273	224
Taxes paid, net of taxes refunded	(8,646)	(3,674)
Net cash (used in) / from operating activities	(33,330)	26,825
<u>Investing Activities</u>		
Finance income:		
Available-for-sale financial assets	937	373
Deposits	1,640	547
Jointly controlled entity	14,528	-
Investment in available-for-sale financial assets	(60,392)	(19,138)
Proceeds from disposal of property, plant and equipment	5,926	3,264
Purchase of property, plant and equipment	(6,556)	(2,946)
Proceeds from disposal of an associate company	473	-
Additions to mining exploration and evaluation asset	(322)	(491)
Advances to jointly controlled entity	(34,576)	(58,827)
Net cash used in investing activities	(78,342)	(77,218)
<u>Financing Activities</u>		
Dividends paid	(3,853)	(2,139)
Purchase of treasury shares	(3)	-
Drawdown/(repayment) of borrowings	86,189	100,270
Net cash from financing activities	82,333	98,131
Net Change in Cash and Cash Equivalents	(29,339)	47,738
Effect of exchange rate changes	2,387	(1,503)
Cash and Cash Equivalents at beginning of period	241,492	65,484
Cash and Cash Equivalents at end of period	214,540	111,719

The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Annual Financial Report for the year ended 31 July 2016 and the accompanying explanatory notes attached to the Interim financial statements.

Condensed Consolidated Statements of Changes in Equity for the period ended 31 January 2017

	Attributable to equity holders of the parent							←Distributable→					
	Non-distributable				Equity Component			Retained Profits RM'000	Total RM'000	Minority Interests RM'000	Total Equity RM'000		
	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	Equity Component of RCUJDS, net of tax RM'000
As at end of current quarter ended 31 January 2017	644,358	(7,496)	-	48,800	(282)	4,190	(1,701)	(353)	54,965	170,383	912,864	180	913,044
Operating balance as at 1 August 2016	-	-	-	-	(49)	-	446	-	-	2,946	3,343	(180)	3,163
Total comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-	-
Transactions with owners													
Issue of ordinary shares pursuant to right issue - Conversion of RCUJDS	627	-	-	-	-	-	-	-	(627)	-	-	-	-
Purchase of treasury shares	-	(3)	-	-	-	-	-	-	-	-	(3)	-	(3)
Equity-settled share based payments	-	-	-	-	-	224	-	-	-	-	224	-	224
Final dividend for the financial year ended 31 July 2016 (Single tier of 0.6%)	-	-	-	-	-	-	-	-	-	(3,853)	(3,853)	-	(3,853)
Transactions with owners	627	(3)	-	-	-	224	-	-	(627)	(3,853)	(3,632)	-	(3,632)
Closing balance as at 31 January 2017	644,985	(7,499)	-	48,800	(331)	4,414	(1,255)	(353)	54,338	169,476	912,575	-	912,575
As at preceding year corresponding quarter ended 31 January 2016	359,195	(7,496)	38,160	18,459	(140)	3,742	(504)	(353)	-	461,086	872,149	792	872,941
Operating balance as at 1 August 2015	-	-	-	-	(231)	-	(381)	-	-	(60,025)	(60,637)	(370)	(61,007)
Total comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-	-
Transactions with owners													
Equity-settled share based payment	-	-	224	-	-	-	-	-	-	-	224	-	224
Final dividend for the financial year ended 31 July 2015 (Single tier of 0.6%)	-	-	-	-	-	-	-	-	-	(2,139)	(2,139)	-	(2,139)
Transactions with owners	-	-	224	-	-	-	-	-	-	(2,139)	(1,915)	-	(1,915)
Closing balance as at 31 January 2016	359,195	(7,496)	38,160	18,459	(371)	3,966	(685)	(353)	-	399,922	809,597	422	810,019

The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 July 2016 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 January 2017

**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 2016. 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 2016.

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 2016.

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, MFRS 12, Disclosure of Interests in Other Entities and MFRS 128, Investments in Associates and Joint Ventures – Investment Entities: Applying the Consolidation Exception

2. Significant Accounting Policies (cont'd)

- 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
- Amendments to MFRS 134, Interim Financial Reporting (Annual Improvements 2012-2014 Cycle)

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

- Amendments to MFRS 107, Statement of Cash Flows – Disclosure Initiative
- Amendments to MFRS 112, Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses

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

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2019

- MFRS 16, *Leases*

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

- 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

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 2016.

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 items of an unusual nature or amount 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 except the following:

a) Issuance of 1,254,000 new ordinary shares at par of RM0.50 each arising from the conversion of RCUIDS as at 6 January 2017.

b) 10,000 ordinary shares were bought back in the current quarter with average price RM0.30. As at quarter ended 31 January 2017, a total of 5,492,000 buy-back shares were held as treasury shares and carried at cost as follow:

	No. of Shares Purchased	Average Purchase Price (RM)	Consideration Paid (RM)
As at 01.08.2016	5,482,000	1.37	7,496,143
January 2017	10,000	0.30	2,996
As at 31.01.2017	5,492,000	1.37	7,499,139

8. Dividend paid

A single tier final dividend of 0.3 sen per ordinary share in respect of the financial year ended 31 July 2016 was approved by the shareholders on the 20th Annual General Meeting of the Company held on 15 December 2016. A total amount of RM3,853,468.41 was paid on 25 January 2017 to depositors registered in the Record of Depositors at the close of business on 6 January 2017.

9. Segment information

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

	6 months ended 31 January 2017						
	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	265,163	282,992	96	1	-	-	548,252
- Intersegment sales	-	5,581	11,545	1,771	-	(18,897)	-
Total sales	265,163	288,573	11,641	1,772	-	(18,897)	548,252
RESULTS							
Finance income	462	480	16,146	17	-	-	17,105
Finance costs	4,177	4,582	8,528	-	-	-	17,287
Depreciation & amortisation	1,394	4,535	1,573	213	115	-	7,830
Share of loss of jointly controlled entity	-	-	-	-	-	-	(55,417)
Segment profit/(loss)	15,389	52,391	10,744	160	(399)	(55,417)	22,868

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 31 January 2017 are as follow:

Unsecured Contingent Liabilities :-	Group	
	31.01.2017 RM'000	31.01.2016 RM'000
In respect of indemnity provided for bank guarantees issued	6,739	6,466
In respect of guarantees issued in favour of Royal Custom and Excise Department	-	3,000
In respect of corporate guarantees issued to a jointly controlled entity	11,392	79,345
Total	18,131	88,811

14. Capital commitments

Share of capital commitments of the jointly controlled entity as at 31 January 2017 are as follow:

	RM'000
<u>Capital expenditure:</u>	
Approved and contracted for	23,663
	23,663

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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	Current year-to- date
	31.01.2017	31.01.2017
	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")	-	-
Purchases of steel products by certain wholly owned subsidiaries of the Group from JK Ji Seng Sdn.Bhd.	48,815	111,792
Sales of steel products from trial production by ES to JK Ji Seng Sdn.Bhd.	-	-
Purchases of equipment, products, services and raw materials by ES from Shougang Corporation	-	-

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.

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

16. Review of performance

The Group reported revenue of RM269.13 million for the 2nd quarter of FY 2017, representing a decrease of 2.17% over the preceding year corresponding quarter's revenue of RM275.09 million.

Trading division reported lower revenue of RM128.68 million as compared to RM134.39 million in the preceding year corresponding quarter. The decline in revenue compared to the preceding year corresponding quarter was primarily due to lower sales volume for the trading division. However, the manufacturing divisions reported slightly higher revenues as compared to the preceding year corresponding quarter. Manufacturing divisions reported revenues of RM144.97 million as compared to RM141.81 million in the preceding year corresponding quarter.

Despite a lower revenue, the Group reported a profit before tax of RM17.49 million in Q2FY2017 as compared to a loss before tax of (RM19.15 million) in Q2FY2016. This was mainly due to improved margins and higher other income. The jointly controlled entity's losses were due to unrealised foreign exchange loss arising from USD denominated shareholders' loan.

17. Comparison with immediate preceding quarter's results

For the quarter under review, the Group registered a decline in revenue of 3.58% from RM279.12 million in the immediate preceding quarter to RM269.13 million, due to lower sales volume as a result of rising steel prices.

However, the Group's profit before tax increased to RM17.49 million in Q2FY2017 from a profit before tax of RM5.37 million in Q1FY2017 mainly due to better gross profit margin achieved in Q2FY2017.

18. Prospects

The outlook for the steel industry in Malaysia will remain volatile due to widening of import-export gap, shrinking market share and growing capacities in ASEAN countries. However, ASEAN steel consumption surged strongly by 19.3% year on year in the first half of 2016 contributed by significant increases in both domestic production and imports. All ASEAN countries except Singapore, enjoyed double digit growth rates in steel demand in the first half of 2016. Malaysia recorded a surprisingly robust 17.7% increase in steel consumption during the 1st half of 2016 after registered 3 years of stagnated apparent steel consumption of 10 million tonnes since 2013. The growth in 2016 was mainly supported by continued expansion of domestic demand.

18. Prospects (cont'd)

Domestically, continuous regulatory development and enforcement to curtail import circumvention, consolidation through mergers and acquisitions (vertical or horizontal) will be the main catalyst for the steel industry to remain as a strategic industry in Malaysia. The development and infrastructure projects under the 11th Malaysia Plan will continue to increase demand for steel products and building materials. In view of all these challenges, measures have been taken within the Group to mitigate the impact and remain competitive in the industry.

19. Variance of actual and forecast profit

Not applicable.

20. Tax

	Group	
	Current year quarter	Current year-to- date
	31.01.2017	31.01.2017
	RM'000	RM'000
Income tax	13,126	19,913
Deferred tax	467	189
	13,593	20,102

The Group's effective tax rate was higher than the statutory income tax rate of 24% 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.

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21. Status of corporate proposal

21.1 Rights Issue

The Company received proceeds of RM142.58 million from the Rights Issue and have been utilised in the following manner as at 31 January 2017.

Purpose	Proposed Utilisation RM'000	Actual Utilisation RM'000	Amount Unutilised RM'000
a) Working Capital Requirement	140,082	139,558	524
b) Expenses incidental to the right issue	2,500	2,500	-
Total	142,582	142,058	524

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.

On 1 September 2016, HTVB had announced that both parties have agreed that the Exclusivity Period shall be extended up to 30 September 2016 to negotiate in good faith with a view to enter into a Formal Agreement within the Exclusivity Period.

On 29 September 2016, HTVB had announced that both parties have agreed that the Exclusivity Period shall be extended from 30 September 2016 to 31 October 2016 to negotiate in good faith with a view to enter into a Formal Agreement within the Exclusivity Period.

21. Status of corporate proposal (cont'd)

21.2 Memorandum of Understanding ("MOU") (cont'd)

On 31 October 2016, HTVB announced that the Company had on 31 October 2016 entered into a Cooperation Agreement ("COOP Agreement") with (1) An Steel International Co., Limited ("Ansteel"); (2) Orient Steel Investment Pte. Ltd. ("Orient Steel"); (3) Chinaco Investment Pte. Ltd. ("Chinaco"); and (4) Eastern Steel Sdn. Bhd. ("ESSB") (collectively referred to as "Parties" and individually referred to as "Party") whereby the Parties intend to carry out a series of transaction as set out below ("Proposed Transactions"):

- (a) Orient Steel – Ansteel Transaction;
- (b) ESSB Additional Shares Issuance; and
- (c) ESSB Shareholders' Agreement.

The Parties shall use their best endeavors to negotiate and finalize the details of the Proposed Transactions such that the definitive agreements shall be entered into by 31 December 2016 and the conditions precedents as set out therein to be fulfilled before 28 February 2017.

On 30 December 2016, HTVB had announced that all parties have agreed that the Cooperation Agreement ("COOP Agreement") shall be extended from 31 December 2016 to 28 February 2017 for the parties to negotiate and finalize the details of the Proposed Transactions such that the definitive agreements shall be entered into within the extended period.

On 28 February 2017, HTVB had announced that all parties have agreed that the Cooperation Agreement ("COOP Agreement") shall be further extended from 28 February 2017 to 31 March 2017 for the parties to negotiate and finalize the details of the Proposed Transactions such that the definitive agreements shall be entered into within the extended period.

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22. Borrowings

The Group's borrowings as at 31 January 2017 are as follows:

	Long Term RM'000	Short Term RM'000	Total RM'000
<u>Secured:</u>			
Bankers' Acceptances	-	439,757	439,757
Revolving credit	-	60,000	60,000
Liability component of redeemable convertible secured bonds	137,218	2,199	139,417
<u>Unsecured:</u>			
RCUIDS	27,863	-	27,863
Term Loan	-	35,416	35,416
	<u>165,081</u>	<u>537,372</u>	<u>702,453</u>

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

As at 31 July 2016, the Company has extended corporate guarantees amounting to RM499.76 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.

On 5 April 2012 ("Issue Date"), the Company issued a 7-year RM147 million nominal 4.5% redeemable convertible secured bonds. The redeemable convertible secured bonds are constituted by a Trust Deed entered into between the Company and the trustee on 21 March 2012. The Company had on 4 January 2017 received a notice from the holder of the Bonds to redeem all of the bonds at the nominal value of the Bonds on the 5th anniversary of the Issue Date, being 4 April 2017. The Company will utilize funds held in the Bonds sinking fund for the redemption of the Bonds.

The redeemable convertible unsecured Islamic debt securities ("RCUIDS") are constituted by a Trust Deed entered into between the Company and the trustee on 10 May 2016.

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. Earnings per share (“EPS”)

a) Basic EPS

The basic earnings per share is calculated by dividing the Group’s net profit attributable to ordinary equity holders for the period by the weighted average number of ordinary shares in issue.

	Current Year Quarter 31.01.2017	Current Year- to-date 31.01.2017
Profit attributable to owners of the parent (RM'000)	3,904	2,946
Weighted average number of ordinary shares in issue ('000)	1,284,479	1,284,479
Basic earnings per share (sen)	0.30	0.23

b) Diluted EPS

The diluted earnings per share is calculated by dividing the Group’s net profit 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 earnings per share is disclosed as there was no effect on earnings 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.

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26. Realised and unrealised profit disclosure

	Current Year Quarter 31.01.2017 RM'000	Immediate Preceding Quarter 31.10.2016 RM'000
Total retained earnings of the Company and its subsidiaries		
- Realised	411,729	387,153
- Unrealised	23,524	17,801
	435,253	404,954
Total share of accumulated losses of the joint venture		
- Realised	(192,839)	(180,564)
- Unrealised	(48,306)	(30,407)
Less: Consolidation adjustments	(24,632)	(24,558)
Total retained profits	169,476	169,425

27. Profit from operations

	Current Year Quarter 31.01.2017 RM'000	Current Year-to-date 31.01.2017 RM'000
<i>Profit for the year is arrived at after charging:</i>		
Depreciation of property, plant and equipment	3,550	7,635
Depreciation of investment property	41	80
Provision for slow moving inventories	4,765	7,785
Equity-settled share based payments	112	224
Finance costs	8,892	17,287
<i>and after crediting/(charging):</i>		
Gain on disposal of property, plant and equipment	1,278	4,093
Finance income:		
Available-for-sale financial assets	325	937
Deposits	495	1,640
Jointly controlled entity	7,338	14,528
Net foreign exchange gain/(loss)		
Realised	1,809	1,725
Unrealised	3,545	5,535
Rental income	201	403

28. Authorisation for Issue

The Interim Financial Statements were authorised for issue by the Board of Directors on 23th March 2017.

