

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

Condensed Consolidated Statement of Comprehensive Income for 3rd quarter from 1 February 2011 to 30 April 2011

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To-date	Preceding Year Corresponding Period
	30/04/2011	30/04/2010	30/04/2011	30/04/2010
	RM'000	RM'000	RM'000	RM'000
Revenue	236,453	289,616	725,800	820,677
Cost of Sales	(211,516)	(252,584)	(663,357)	(726,839)
Gross Profit	24,937	37,032	62,443	93,838
Other Income	943	848	4,858	6,133
Operating Expenses	(14,282)	(11,939)	(41,645)	(37,266)
Other Expenses	-	(7)	(422)	(23)
Profit from Operations	11,598	25,934	25,234	62,682
Finance Costs	(3,402)	(3,372)	(11,188)	(9,463)
Profit Before Tax	8,196	22,562	14,046	53,219
Income tax	(3,182)	(5,695)	(6,651)	(15,225)
Profit for the Period	5,014	16,867	7,395	37,994
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	5,014	16,867	7,395	37,994
Profit Attributable to:				
Owners of the parent	5,423	16,867	8,728	37,994
Minority Interest	(409)	-	(1,333)	-
	5,014	16,867	7,395	37,994
Total Comprehensive Income Attributable to:				
Owners of the parent	5,423	16,867	8,728	37,994
Minority interests	(409)	-	(1,333)	-
	5,014	16,867	7,395	37,994
Earnings Per Share (EPS)				
(a) Basic (sen)	1.68	5.24	2.71	11.80
(b) Diluted (sen)	N/A	N/A	N/A	N/A

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 31 July 2010 and the accompanying explanatory notes attached to the interim financial statements.

HIAP TECK VENTURE BERHAD
(Company No:421340-U)
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Condensed Consolidated Statement of Financial Position as at 30 April 2011

	30/04/2011 (Unaudited)	1/8/2010 (Unaudited and Restated)	31/7/2010 (Audited and Not Restated)
	RM'000	RM'000	RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	459,255	470,889	326,320
Investment properties	5,667	5,745	5,745
Prepaid land lease payments	-	-	144,569
Other investments	-	-	186
Available-for-sale other investments	2,723	186	-
Deferred tax assets	-	393	393
Intangible	50,556	50,556	50,556
	<u>518,201</u>	<u>527,769</u>	<u>527,769</u>
Current assets			
Inventories	359,427	398,661	398,661
Trade and other receivables	193,678	199,880	199,880
Derivative assets	57	-	-
Tax recoverable	8,294	9,728	9,728
Short term money market fund	-	-	71,542
Available-for-sale short term money market fund	68,368	71,542	-
Cash and bank balances	36,103	43,177	43,177
	<u>665,927</u>	<u>722,988</u>	<u>722,988</u>
Total assets	<u>1,184,128</u>	<u>1,250,757</u>	<u>1,250,757</u>
EQUITY AND LIABILITIES			
Current liabilities			
Borrowings	361,274	411,984	411,984
Trade and other payables	46,814	54,954	54,954
Tax payable	877	1,545	1,545
	<u>408,965</u>	<u>468,483</u>	<u>468,483</u>
Net current assets	<u>256,962</u>	<u>254,505</u>	<u>254,505</u>
Non-current liabilities			
Borrowings	31,100	41,803	41,803
Deferred tax liabilities	45,865	45,046	45,046
	<u>76,965</u>	<u>86,849</u>	<u>86,849</u>
Total liabilities	<u>485,930</u>	<u>555,332</u>	<u>555,332</u>
Net assets	<u>698,198</u>	<u>695,425</u>	<u>695,425</u>
Equity attributable to owners of the parent			
Share capital	163,700	163,700	163,700
Share premium	25,341	25,341	25,341
Treasury shares	(7,469)	(7,458)	(7,458)
Revaluation reserve	31,635	31,635	31,635
Retained profits	437,640	433,741	433,741
	<u>650,847</u>	<u>646,959</u>	<u>646,959</u>
Minority interests	47,351	48,466	48,466
Total equity	<u>698,198</u>	<u>695,425</u>	<u>695,425</u>
Total equity and liabilities	<u>1,184,128</u>	<u>1,250,757</u>	<u>1,250,757</u>
Net assets per share attributable to owners of the parent (RM)	2.17	2.16	2.16

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 July 2010 and the accompanying explanatory notes attached to the interim financial statement.

HIAP TECK VENTURE BERHAD
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Condensed Consolidated Statement of Cash Flows for the period ended 30 April 2011

	Current Year To-date 30/04/2011 RM'000	Preceding Year Corresponding Period 30/04/2010 RM'000
<u>Operating Activities</u>		
Profit Before Tax	14,046	53,219
Adjustments for:		
Non-cash items	16,604	10,148
Non-operating items	8,323	6,692
	<u>38,973</u>	<u>70,059</u>
Operating profit before changes in working capital	38,973	70,059
Net change in current assets	46,290	(62,308)
Net change in current liabilities	(8,139)	561
Interest paid	(10,827)	(9,076)
Taxes paid, net of taxes refunded	(4,673)	(6,955)
	<u>61,624</u>	<u>(7,719)</u>
<u>Investing Activities</u>		
Other investments	(2,564)	(21,353)
	<u>(2,564)</u>	<u>(21,353)</u>
<u>Financing Activities</u>		
Bank borrowings	(61,413)	(28,803)
Dividends paid	(4,829)	(4,830)
Purchase of treasury shares	(11)	(15)
	<u>(66,253)</u>	<u>(33,648)</u>
Net Change in Cash and Cash Equivalents	(7,193)	(62,720)
Effect of exchange rate changes	119	-
Cash and Cash Equivalents at beginning of period	43,177	88,149
Cash and Cash Equivalents at end of period	<u>36,103</u>	<u>25,429</u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Report for the year ended 31 July 2010 and the accompanying explanatory notes attached to the interim financial statements.

HIAP TECK VENTURE BERHAD
(Company No:421340-U)
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Condensed Consolidated Statement of Changes in Equity for the period ended 30 April 2011

	<----- Attributable to equity holders of the parent ----->					Total RM'000	Minority Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Treasury Shares RM'000	Share Premium RM'000	Revaluation Reserve RM'000	Retained Profits RM'000			
As at end of current quarter ended 30 April 2011								
Opening balance as at 1 August 2010	163,700	(7,458)	25,341	31,635	433,741	646,959	48,466	695,425
Total comprehensive income	-	-	-	-	8,728	8,728	(1,333)	7,395
Transactions with owners								
Purchase of treasury shares	-	(11)	-	-	-	(11)	-	(11)
Transaction costs	-	-	-	-	-	-	-	-
Minority interest on acquisition of subsidiary	-	-	-	-	-	-	218	218
Final dividend for the financial year ended 31 July 2010 (Single tier of 3%)	-	-	-	-	(4,829)	(4,829)	-	(4,829)
Total transactions with owners	-	(11)	-	-	(4,829)	(4,840)	218	(4,622)
Closing balance as at 30 April 2011	163,700	(7,469)	25,341	31,635	437,640	650,847	47,351	698,198
As at preceding year corresponding quarter ended 30 April 2010								
Opening balance as at 1 August 2009	163,700	(7,430)	25,341	31,635	387,894	601,140	-	601,140
Total comprehensive income	-	-	-	-	37,994	37,994	-	37,994
Transactions with owners								
Purchase of treasury shares	-	(14)	-	-	-	(14)	-	(14)
Transaction costs	-	(1)	-	-	-	(1)	-	(1)
Final dividend for the financial year ended 31 July 2009 (Single tier of 3%)	-	-	-	-	(4,830)	(4,830)	-	(4,830)
Total transactions with owners	-	(15)	-	-	(4,830)	(4,845)	-	(4,845)
Closing balance as at 30 April 2010	163,700	(7,445)	25,341	31,635	421,058	634,289	-	634,289

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 July 2010 and the accompanying explanatory notes attached to the interim financial statements.

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

Notes to the Quarterly Report – 30 April 2011

**PART A : EXPLANATORY NOTES AS PER FINANCIAL REPORTING
STANDARDS (“FRS”) 134, INTERIM FINANCIAL REPORTING**

1. Basis of preparation

These interim financial statements are prepared in compliance with FRS 134 “Interim Financial Reporting” issued by Malaysian Accounting Standards Board (“MASB”) and Chapter 9 Part K 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 2010.

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 2010, except for the adoption of the following new and revised FRSs, IC Interpretations and Amendments to FRSs and IC Interpretation:

Effective for financial periods beginning on or after 1 January 2010

FRS 7, Financial Instruments: Disclosures

FRS 101, Presentation of Financial Statements

FRS 123, Borrowing Costs

FRS 139, Financial Instruments: Recognition and Measurement

Amendments to FRS 1 and FRS 127, First-time Adoption of Financial Reporting Standards and Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate

Amendments to FRS 2, Share-based Payment Vesting Conditions and Cancellations

Amendment to FRS 5, Non Current Assets Held for Sale and Discontinued Operations

Amendments to FRS 7, Financial Instruments: Disclosures

Amendment to FRS 8, Operating Segments

Amendment to FRS 108, Accounting Policies, Changes in Accounting Estimates and Errors

Amendment to FRS 117, Leases

Amendment to FRS 119, Employee Benefits

Amendment to FRS 120, Accounting for Government Grants and Disclosures of Government Assistance

Amendment to FRS 123, Borrowing Costs

Amendment to FRS 127, Consolidated and Separate Financial Statements

Amendment to FRS 128, Investment in Associates

Amendment to FRS 129, Financial Reporting in Hyperinflationary Economies

1. Basis of preparation (cont'd)

Effective for financial periods beginning on or after 1 January 2010 (cont'd)

Amendment to FRS 131, Interests in Joint Ventures
Amendments to FRS 132, Financial Instruments: Presentation
Amendment to FRS 134, Interim Financial Reporting
Amendment to FRS 138, Intangible Assets
Amendment to FRS 140, Investment Property
IC Interpretation 9, Reassessment of Embedded Derivatives
IC Interpretation 10, Interim Financial Reporting and Impairment
IC Interpretation 11, FRS 2, Group and Treasury Share transactions
IC Interpretation 13, Customer Loyalty Programmes
IC Interpretation 14, FRS 119, The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
Amendments to IC Interpretation 9, Reassessment of Embedded Derivatives

Effective for financial periods beginning on or after 1 July 2010

FRS 1, First-time Adoption of Financial Reporting Standards
FRS 3, Business Combinations
FRS 127, Consolidated and Separate Financial Statements
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 Arrangements
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

Effective for financial periods beginning on or after 1 January 2011

Amendment to FRS 1, Limited Exemption from Comparative FRS 7 Disclosures
For First Time Adopters
Amendments to FRS 1, Additional Exemptions for First Time Adopters
Amendments to FRS 2, Group Cash-settled Share-based Payment Transactions
Amendments to FRS 7, Improving Disclosures about Financial Instruments
IC Interpretation 4, Determining Whether an Agreement contains a Lease
IC Interpretation 18, Transfers of Assets from Customers

1. Basis of preparation (cont'd)

The adoption of the above Standards and Interpretations does not have significant effects on the financial statements of the Group upon initial application other than as discussed below:

FRS 101, Presentation of Financial Statements (Revised)

The revised FRS 101 introduces changes in the presentation and disclosures of financial statements. The revised Standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented as a single line. The Standard also introduces the statement of comprehensive income, with all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense recognised directly in equity, either in one single statement, or in two linked statements. In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the classification of items in the financial statements. The revised FRS 101 does not have any impact on the financial position and results of the Group.

Amendments to FRSs 'Improvements to FRSs (2009)' - FRS 117: Leases

FRS 117 clarifies on the classification of leases of land and buildings. The resulting effect of this Standard taking effect is the reclassification of prepaid leases on land back into property, plant and equipment, rather than being separately classified under prepaid lease payments on the consolidated balance sheet.

The following comparative figures have been restated following the adoption of the amendment to FRS 117:

	As at 31/7/2010 RM'000	Effect of FRS 117 RM'000	As at 1/8/2010 RM'000
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<i>Assets</i>			
Prepaid land lease payments	144,569	(144,569)	-
Property, plant and equipment	326,320	144,569	470,889
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1. Basis of preparation (cont'd)

FRS 139, Financial Instruments: Recognition and Measurement

Prior to the adoption of FRS 139, financial derivatives were recognised on their settlement dates. Outstanding derivatives at the reporting date were not recognised. With the adoption of FRS 139, all financial assets and financial liabilities, including derivatives, are recognised at contract dates when, and only when the Company or any subsidiaries becomes a party to the contractual provisions of the instruments.

The measurement base applied to the financial assets and financial liabilities in the prior financial year are changed to conform to the measurement standards of the FRS 139 in the current quarter. At initial recognition, all financial assets and financial liabilities are measured at their fair value plus in the case of financial instruments not a fair value through profit or loss, transaction costs directly attributable to the acquisition or issuance of the instruments.

In accordance with the transitional provisions of FRS 139, the above changes are applied prospectively and the comparatives as at 31 July 2010 are not restated. Instead, the changes have been accounted for by restating the opening balances as at 1 August 2010 in the consolidated statement of financial position. The effect of changes in the consolidated statement of financial position is as follows:

	As at 31/7/2010 RM'000	Effect of FRS 139 RM'000	As at 1/8/2010 RM'000
<hr/>			
<i>Assets</i>			
Other Investments	186	(186)	-
Available-for-Sale Investments	-	186	186
Short Term Money Market Fund	71,542	(71,542)	-
Available-for-Sale Short Term			
Money Market Fund	-	71,542	71,542
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The adoption of FRS 139 does not have any significant impact on the financial result for the financial year-to-date.

2. Audit qualification

There were no audit qualifications on the annual financial statements of the Group for the year ended 31 July 2010.

3. 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.

4. Material unusual items

There were no unusual nature and amount of items affecting assets, liabilities, equity, net income or cash flows during the quarter.

5. 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.

6. Issuances, cancellation, repurchase, resale and repayment of debt and equity securities

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current quarter under review.

As at 30 April 2011, a total of 5,440,000 buy-back shares were held as treasury shares and carried at cost.

7. Dividend paid

No dividend has been paid during the period under review.

8. Segment information

The Group's activities, which are located in Malaysia, are identified into the following business segments:

	← 9 months ended 30 April 2011 →					
	Trading	Manufacturing	Property and Investment	Transportation	Elimination	Group
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
SALES						
- External sales	412,162	313,627	-	11	-	725,800
- Intersegment sales	11,508	19,729	12,038	3,151	(46,426)	-
Total sales	423,670	333,356	12,038	3,162	(46,426)	725,800
RESULTS						
Interest income	1,028	389	8	3	-	1,428
Dividend income	-	-	4,880	-	(4,880)	-
Depreciation & amortisation	1,333	12,295	3,314	97	-	17,039
Other non-cash expenses	44	-	-	-	-	44
Segment profit/(loss)	18,964	(626)	239	349	(4,880)	14,046

9. Valuation of property, plant and equipment

The valuations of property, plant and equipment have been brought forward without amendments from the previous annual report.

10. Significant events

There were no material events subsequent to the end of the interim period up to the date of this report.

11. Changes in the composition of the Group

The Company had announced on 26 January 2011 and 11 February 2011 that two subsidiaries were incorporated namely Huatraco Investment Pte. Ltd. (wholly-owned subsidiary company) and Huatraco Singapore Pte. Ltd. (55% owned subsidiary company).

Save as disclosed above, there were no significant changes in the composition of the Group for the current financial period.

12. Changes in contingent liabilities and assets

The contingent liabilities at 30 April 2011 are as follow:

Unsecured Contingent Liabilities :-	Company	
	30.04.11 RM'000	31.07.10 RM'000
Corporate Guarantee in favour of financial institutions for facilities granted to subsidiaries	392,374	453,787
Total	392,374	453,787

13. Capital commitments

As at 30 April 2011, Capital Commitment approved by the Board and contracted for plant and equipment amounted to RM0.418 million.

14. 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
	30.04.11	30.04.11
	RM'000	RM'000
Sales of steel products	156	180
Purchases of steel products	36,970	113,207
Professional fees	-	2

These transactions have been entered into in the normal course of business and at arms 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**

15. Review of performance

During the current quarter under review, the Group achieved a turnover of RM236.45 million as compared to RM289.62 million for the corresponding period of the previous year. The decrease in revenue was mainly due to lower sales volume in the current quarter.

The Group's profit was affected by the lower revenue. Profit before tax for the current quarter under review was 64% lower than the corresponding period of previous year. Current quarter's profit before tax was RM8.20 million whereas profit before tax for 3Q FY2010 was RM22.56 million.

16. Comparison with preceding quarter's results

The Group recorded a turnover of RM236.45 million for the current quarter as compared to RM244.85 million achieved in the immediate preceding quarter. However, the Group's profit before tax of RM8.20 million for the current quarter under review was higher than profit before tax in the immediate preceding quarter of RM5.35 million.

Increase in profit was mainly due to improved selling prices and margins of steel products during the current quarter under review.

17. Prospects

Steel industry is facing tough and challenging market conditions. Steel prices increased while buying sentiment remains weak. Steel buyers are cautious in making decision, re-stocking activities are slow.

However, the Group looks forward to the improvement in the domestic steel demand when more projects under Tenth Malaysia Plan and Economic Transformation Programme are being rolled out.

The Group will continue its efforts to increase its competitiveness, to better position itself in this challenging business environment.

18. Variance of actual and forecast profit

Not applicable.

19. Tax

	Group	
	Current year quarter	Current year-to- date
	30.04.11	30.04.11
	RM'000	RM'000
Income tax	1,953	5,439
Deferred tax	1,229	1,212
	3,182	6,651

The Group's effective tax rate was higher than the statutory income tax rate due to non-deductibility of certain expenses.

20. Unquoted investment or properties

There were no disposals of unquoted investments or properties during the quarter under review.

21. Quoted and marketable investments

There were neither purchases nor sales of quoted securities for the quarter under review.

22. Status of corporate proposal

Corporate exercise on the proposed rights issue with warrants, proposed bonds issue, ESOS and proposed increase in authorised share capital is still in progress.

23. Borrowings

The Group's borrowings as at 30 April 2011 are as follows:

	Long Term RM'000	Short Term RM'000	Total RM'000
<u>Unsecured:</u>			
Bankers' Acceptances	-	317,239	317,239
Revolving credit (RM denominated)	-	30,000	30,000
<u>Secured:</u>			
Term loan (RM denominated)	31,100	14,035	45,135
	<u>31,100</u>	<u>361,274</u>	<u>392,374</u>

Bankers' Acceptances and Revolving Credit are secured by corporate guarantees of the Company.

Term Loan is secured by specific charge over certain property of a subsidiary and corporate guarantees of the Company.

24. Financial instrument

With the adoption of FRS 139, financial instruments are recognised on their respective contract dates with its accounting policy as disclosed in Note 1 to this report.

Details of the outstanding financial instruments as at 30 April 2011 are as follow:

Type of instrument	Contract/notional amount RM'000	Fair value RM'000	Fair value net gain RM'000
Forward foreign currency contract (USD)			
- Less than 1 year	9,056	9,110	54
Forward foreign currency contract (SGD)			
- Less than 1 year	586	589	3
	<u>9,642</u>	<u>9,699</u>	<u>57</u>

25. Material litigation

There is no material litigation for the quarter under review.

26. Dividend

The Board of Directors does not recommend any dividend for the period under review.

27. Earning per share

	Current Year Quarter 30.04.11	Current Year to-date 30.04.11
Profit attributable to owners of the parent (RM'000)	5,423	8,728
Weighted average number of shares in issue ('000)	321,960	321,965
Basic earning per share (sen)	1.68	2.71

28. Retained earnings

	Current Year Quarter 30.04.11 RM'000	Immediate Preceding Quarter 31.01.11 RM'000
Realised	483,329	477,738
Unrealised	(7,306)	(6,703)
	476,023	471,035
Less: Consolidation adjustments	(38,383)	(38,818)
Total retained profits	437,640	432,217