

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

**Condensed Consolidated Statements of Comprehensive Income for 3rd quarter from 1 February 2012 to 30 April 2013**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To-date	Preceding Year Corresponding Period
	30/04/2013	30/04/2012	30/04/2013	30/04/2012
	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>	279,349	275,367	833,379	824,309
Cost of Sales	(249,446)	(252,085)	(770,956)	(755,451)
Gross Profit	29,903	23,282	62,423	68,858
Other Income	5,142	4,871	15,725	9,607
Operating Expenses	(13,314)	(14,063)	(34,921)	(42,056)
Other Expenses	(2,296)	-	(4,183)	(1,486)
Profit from Operations	19,435	14,090	39,044	34,923
Finance Costs	(6,359)	(4,753)	(18,666)	(14,223)
Share of loss of jointly controlled entity	(925)	-	(1,802)	-
<b>Profit Before Tax</b>	12,151	9,337	18,576	20,700
Income tax	(3,027)	(2,213)	(6,652)	(5,281)
<b>Profit for the Period</b>	9,124	7,124	11,924	15,419
<b>Other Comprehensive Income</b>				
Net (loss) / gain on available-for-sale financial assets				
- fair value changes	490	150	260	327
Foreign currency translation	(394)	21	(402)	15
	96	171	(142)	342
<b>Total Comprehensive Income</b>	9,220	7,295	11,782	15,761
<b>Profit Attributable to:</b>				
Owners of the parent	9,124	6,664	11,924	16,373
Non-controlling interests	-	460	-	(954)
	9,124	7,124	11,924	15,419
<b>Total Comprehensive Income Attributable to:</b>				
Owners of the parent	9,220	6,835	11,782	16,715
Non-controlling interests	-	460	-	(954)
	9,220	7,295	11,782	15,761
Earnings Per Share (EPS)				
(a) Basic (sen)	1.29	0.94	1.68	3.45
(b) Diluted (sen)	N/A	0.94	N/A	3.42

The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 31 July 2012 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 Statements of Financial Position as at 30 April 2013**

	<b>30/04/2013</b> <b>(Unaudited)</b>	<b>31/7/2012</b> <b>(Restated)</b>	<b>01/08/2011</b> <b>(Restated)</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	308,794	314,680	457,971
Investment in jointly controlled entity	134,355	136,157	-
Investment properties	5,460	5,537	5,641
Available-for-sale - financial assets	2,897	2,637	3,090
Deferred tax assets	3,400	6,487	2,988
Intangible	-	-	50,556
	<u>454,906</u>	<u>465,498</u>	<u>520,246</u>
<b>Current assets</b>			
Inventories	383,038	421,978	443,184
Trade and other receivables	270,097	227,889	232,484
Amount due from jointly controlled entity	309,861	148,982	-
Derivative assets	-	49	107
Tax recoverable	2,868	6,288	11,326
Available-for-sale - financial assets	38,942	173,163	83,221
Cash and cash equivalents	69,609	62,574	48,696
	<u>1,074,415</u>	<u>1,040,923</u>	<u>819,018</u>
<b>Total assets</b>	<b><u>1,529,321</u></b>	<b><u>1,506,421</u></b>	<b><u>1,339,264</u></b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	356,871	356,871	163,700
Share premium	37,986	37,986	25,341
Treasury shares	(7,489)	(7,484)	(7,479)
Warrant reserve	18,459	18,459	-
Foreign reserve	(339)	63	6
ESOS reserve	1,220	-	-
Fair value adjustment reserve	459	199	414
Equity component of redeemable convertible secured bonds, net of tax	(353)	(353)	-
Retained profits	488,770	481,096	487,967
	<u>895,584</u>	<u>886,837</u>	<u>669,949</u>
Non-controlling interest	-	-	46,798
<b>Total equity</b>	<b><u>895,584</u></b>	<b><u>886,837</u></b>	<b><u>716,747</u></b>
<b>Non-current liabilities</b>			
Borrowings	123,668	121,412	27,443
Deferred tax liabilities	12,952	14,164	41,483
	<u>136,620</u>	<u>135,576</u>	<u>68,926</u>
<b>Current liabilities</b>			
Borrowings	447,040	434,620	479,152
Trade and other payables	50,048	49,183	73,789
Derivative liabilities	29	205	650
	<u>497,117</u>	<u>484,008</u>	<u>553,591</u>
<b>Total liabilities</b>	<b><u>633,737</u></b>	<b><u>619,584</u></b>	<b><u>622,517</u></b>
<b>Total equity and liabilities</b>	<b><u>1,529,321</u></b>	<b><u>1,506,421</u></b>	<b><u>1,339,264</u></b>
Net assets per share attributable to owners of the parent (RM)	1.26	1.25	2.23

The Condensed Consolidated Statements of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 July 2012 and the accompanying explanatory notes attached to the interim financial statement.

**HIAP TECK VENTURE BERHAD**  
**(Company No:421340-U)**  
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**Condensed Consolidated Statements of Cash Flows for the period ended 30 April 2013**

	<b>Current Year To-date 30/04/2013 RM'000</b>	<b>Preceding Year Corresponding Period 30/04/2012 RM'000</b>
<b><u>Operating Activities</u></b>		
Profit Before Tax	18,576	20,700
Adjustments for:		
Dividend income	(60)	-
Depreciation of investment property	78	78
Depreciation of property, plant and equipment	15,847	15,572
Employee expense	1,220	-
Fair value changes on derivatives	(127)	(288)
Gain on disposal of property, plant and equipment	(411)	(827)
Interest expense	18,165	13,790
Finance income:		
Available-for-sale financial assets	(1,932)	(2,147)
Deposits	(173)	(184)
Net overdue interest income	(44)	-
Net unrealised foreign exchange loss	2,863	424
Reversal of allowance for doubtful debts	(21)	(87)
Property, plant and equipment written off	2	27
Share of loss of jointly controlled entity	1,802	-
	<hr/>	<hr/>
Operating profit before changes in working capital	55,785	47,058
Net change in current assets	(2,370)	45,374
Net change in current liabilities	865	43,274
Cash generated from operations	<hr/> 54,280	<hr/> 135,706
Interest paid	(17,509)	(13,543)
Net overdue interest income received	44	-
Taxes paid, net of taxes refunded	(1,359)	(2,469)
<b>Net cash from operating activities</b>	<hr/> <b>35,456</b>	<hr/> <b>119,694</b>
<b><u>Investing Activities</u></b>		
Finance income:		
Available-for-sale financial assets	1,932	2,147
Deposits	173	184
Dividend income	60	-
Investment in available-for-sale financial assets	-	(135,097)
Proceeds from disposal of property, plant and equipment	3,634	3,107
Proceeds from disposal of available-for-sale financial assets	134,221	-
Purchase of property, plant and equipment	(13,186)	(179,582)
Advances to jointly controlled entity	(160,878)	-
<b>Net cash used in investing activities</b>	<hr/> <b>(34,044)</b>	<hr/> <b>(309,241)</b>
<b><u>Financing Activities</u></b>		
Corporate exercise expenses	-	(5,630)
Dividends paid	(4,250)	(4,829)
Issuance of new subsidiary shares to minority interests	-	24,232
Issuance of ordinary shares	-	32,196
Issuance of rights issue of shares	-	177,073
Issuance of redeemable convertible secured bonds	-	129,169
Purchase of treasury shares	(5)	-
Drawdown /(repayment) of borrowings	10,756	(130,723)
<b>Net cash from financing activities</b>	<hr/> <b>6,501</b>	<hr/> <b>221,488</b>
Net Change in Cash and Cash Equivalents	7,913	31,941
Effect of exchange rate changes	(878)	(585)
Cash and Cash Equivalents at beginning of period	62,574	48,696
Cash and Cash Equivalents at end of period	<hr/> <b>69,609</b>	<hr/> <b>80,052</b>

The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Annual Financial Report for the year ended 31 July 2012 and the accompanying explanatory notes attached to the interim financial statements.

Condensed Consolidated Statements of Changes in Equity for the period ended 30 April 2013

	Attributable to equity holders of the parent							Equity Component of Redeemable Convertible Secured Bonds, net of tax		Retained Profits		Non-controlling Interests	Total Equity
	Share Capital	Treasury Shares	Share Premium	Warrant Reserve	Revaluation Reserve	Foreign Reserve	ESOS Reserve	Fair Value Adjustment Reserve	Equity Component of Redeemable Convertible Secured Bonds, net of tax	Retained Profits	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>As at end of current quarter ended 30 April 2013</b>													
Opening balance as at 1 August 2012	356,871	(7,484)	37,986	18,459	-	63	-	199	(353)	481,096	886,837	-	886,837
<b>Total comprehensive income</b>	-	-	-	-	-	(402)	-	260	-	11,924	11,782	-	11,782
<b>Transactions with owners</b>													
Purchase of treasury shares	-	(5)	-	-	-	-	-	-	-	-	(5)	-	(5)
Employee expense	-	-	-	-	-	-	1,220	-	-	-	1,220	-	1,220
Final dividend for the financial year ended 31 July 2012 (Single tier of 1.2%)	-	-	-	-	-	-	-	-	-	(4,250)	(4,250)	-	(4,250)
<b>Transactions with owners</b>	-	(5)	-	-	-	-	1,220	-	-	(4,250)	(3,035)	-	(3,035)
<b>Closing balance as at 30 April 2013</b>	<b>356,871</b>	<b>(7,489)</b>	<b>37,986</b>	<b>18,459</b>	<b>-</b>	<b>(339)</b>	<b>1,220</b>	<b>459</b>	<b>(353)</b>	<b>488,770</b>	<b>895,584</b>	<b>-</b>	<b>895,584</b>
<b>As at preceding year corresponding quarter ended 30 April 2012</b>													
Opening balance as at 1 August 2011	163,700	(7,479)	25,341	-	31,635	6	-	414	-	456,332	669,949	46,798	716,747
<b>Total comprehensive income</b>	-	-	-	-	-	15	-	327	-	16,373	16,715	(954)	15,761
<b>Transactions with owners</b>													
Issue of ordinary shares	16,098	-	16,098	-	-	-	-	-	-	-	32,196	-	32,196
Issue of rights issue of shares	177,073	-	-	18,459	-	-	-	-	-	(18,459)	177,073	-	177,073
Corporate exercise expenses	-	-	(3,366)	-	-	-	-	-	-	-	(3,366)	-	(3,366)
Issuance of new subsidiary shares to minority interests	-	-	-	-	-	-	-	-	-	-	-	24,232	24,232
Issuance of redeemable convertible secured bonds	-	-	-	-	-	-	-	-	(3,217)	-	(3,217)	-	(3,217)
Final dividend for the financial year ended 31 July 2011 (Single tier of 3%)	-	-	-	-	-	-	-	-	-	(4,829)	(4,829)	-	(4,829)
<b>Transactions with owners</b>	<b>193,171</b>	<b>-</b>	<b>12,732</b>	<b>18,459</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3,217)</b>	<b>(23,288)</b>	<b>197,857</b>	<b>24,232</b>	<b>222,089</b>
<b>Closing balance as at 30 April 2012</b>	<b>356,871</b>	<b>(7,479)</b>	<b>38,073</b>	<b>18,459</b>	<b>31,635</b>	<b>21</b>	<b>-</b>	<b>741</b>	<b>(3,217)</b>	<b>449,417</b>	<b>884,521</b>	<b>70,076</b>	<b>954,597</b>

The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 July 2012 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 2013

**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 2012.

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 2012, except for the adoption of Malaysian Financial Reporting Standards (“MFRS”) framework issued by MASB. This MFRS framework was introduced by the MASB in order to fully converge with Malaysia’s existing Financial Reporting Standards with the International Financial Reporting Standards framework issued by the International Accounting Standards Board (IASB).

The adoption of MFRS framework did not result in any significant effect on the financial position and financial performance of the Group other than those as described hereunder:

a) Property, plant and equipment

Under FRS, the Group recorded its land and buildings at valuation. Upon the adoption of MFRS, the property of the Group comprising land and building are stated at cost. The Group uses previous revaluation at or before the date of transition as deemed cost at the date of revaluation. The revaluation surplus was reclassified to retained profits.

**1. Basis of preparation (cont'd)**

a) Property, plant and equipment (cont'd)

The following comparative figures have been restated following the adoption of MFRS:

*Condensed consolidated statement of financial position as at 1 August 2011*

	<b>As at 31/7/2011 (Audited) RM'000</b>	<b>Effect of MFRS adoption RM'000</b>	<b>As at 1/8/2011 (Restated) RM'000</b>
<hr/>			
<i>Equity</i>			
Revaluation reserve	31,635	(31,635)	-
Retained profits	456,332	31,635	487,967
<hr/> <hr/>			

*Condensed consolidated statement of financial position as at 31 July 2012*

	<b>As at 31/7/2012 (Audited) RM'000</b>	<b>Effect of MFRS adoption RM'000</b>	<b>As at 31/7/2012 (Restated) RM'000</b>
<hr/>			
<i>Equity</i>			
Revaluation reserve	31,635	(31,635)	-
Retained profits	449,461	31,635	481,096
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## **1. Basis of preparation (cont'd)**

The Group has not adopted the following standards and interpretations that have been issued but not yet effective:

### **Effective for financial periods beginning on or after 1 January 2013**

MFRS 3: Business Combinations (IFRS 3 Business Combinations issued by IASB in March 2004)

MFRS 10: Consolidated Financial Statements

MFRS 11: Joint Arrangements

MFRS 12: Disclosure of Interests in Other Entities

MFRS 13: Fair Value Measurement

MFRS 119: Employee Benefits

MFRS 127: Separate Financial Statements (as amended by IASB in May 2011)

MFRS 127: Consolidated and Separate Financial Statements (IAS 127 Consolidated and Separate Financial Statements revised by IASB in December 2003)

MFRS 128: Investments in Associates and Joint Ventures

Amendments to MFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities

Amendments to MFRS 10, MFRS 11 and MFRS 12: Consolidated Financial Statements, Joint Arrangement and Disclosure of Interest in Other Entities: Transition Guidance

Annual Improvement to IC Interpretations and MFRSs 2009 – 2011 Cycle

### **Effective for financial periods beginning on or after 1 January 2014**

Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities

### **Effective for financial periods beginning on or after 1 January 2015**

MFRS 9: Financial Instruments (IFRS 9 issued by IASB in November 2009 and October 2010)

## **2. Audit qualification**

There were no audit qualifications on the annual financial statements of the Group for the year ended 31 July 2012.

## **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 2013, a total of 5,470,000 buy-back shares were held as treasury shares and carried at cost.

	<b>No. of Shares Purchased</b>	<b>Average Purchase Price (RM)</b>	<b>Consideration Paid (RM)</b>
<b>As at 1.8.2012</b>	5,460,000	1.37	7,484,382
December 2012	10,000	0.47	4,746
<b>As at 30.4.2013</b>	5,470,000	1.37	7,489,128

**7. Dividend paid**

No dividend has been paid during the quarter under review.

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## 8. Segment information

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

	← 9 months ended 30 April 2013 →					
	<b>Trading</b>	<b>Manufacturing</b>	<b>Property and Investment</b>	<b>Transportation</b>	<b>Elimination</b>	<b>Group</b>
	<b><u>RM'000</u></b>	<b><u>RM'000</u></b>	<b><u>RM'000</u></b>	<b><u>RM'000</u></b>	<b><u>RM'000</u></b>	<b><u>RM'000</u></b>
<b>SALES</b>						
- External sales	432,134	401,149	90	6	-	<b>833,379</b>
- Intersegment sales	4,366	58,913	99,990	2,978	(166,247)	-
<b>Total sales</b>	<b><u>436,500</u></b>	<b><u>460,062</u></b>	<b><u>100,080</u></b>	<b><u>2,984</u></b>	<b><u>(166,247)</u></b>	<b><u>833,379</u></b>
<b>RESULTS</b>						
Finance income	426	311	1,357	11	-	2,105
Finance costs	5,438	6,009	7,219	-	-	18,666
Dividend income	-	-	60	-	-	60
Depreciation & amortisation	1,100	13,301	1,409	115	-	15,925
Share of loss of jointly controlled entity	-	-	-	-	-	(1,802)
<b>Segment profit</b>	<b><u>5,730</u></b>	<b><u>13,944</u></b>	<b><u>177</u></b>	<b><u>527</u></b>	<b><u>(1,802)</u></b>	<b><u>18,576</u></b>

## 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

On 8 April 2013, Huatraco Natscreen Sdn. Bhd. (“HNSB”), a wholly-owned sub-subsidiary of the Company which was incorporated on 3 November 2011 had received a notification letter from the Companies Commission Malaysia (“CCM”) upon application to CCM earlier under Section 308 (1) of the Companies Act, 1965 that HNSB has been struck off from the register pursuant to Section 308(2) of the Companies Act, 1965. The de-registration of HNSB is not expected to have any financial impact to the Group.

Save as disclosed above, there were no significant changes in the composition of the Group at the date of this report.

## 12. Changes in contingent liabilities and assets

The contingent liabilities as at 30 April 2013 are as follow:

Unsecured Contingent Liabilities :-	Group	
	30.04.13 RM'000	31.07.12 RM'000
In respect of indemnity provided for bank guarantees issued	21,353	17,562
In respect of guarantees issued in favour of Royal Custom and Excise Department	3,000	6,000
<b>Total</b>	<b>24,353</b>	<b>23,562</b>

## 13. Capital commitments

Share of capital commitments of the jointly controlled entity as at 30 April 2013 are as follow:

	RM'000
<u>Capital expenditure:</u>	
Approved and contracted for	170,626
Approved but not contracted for	16,613
	<hr/>
	187,239

#### 14. Related party transactions

Related party transactions for the quarter under review in which certain Directors have direct/indirect interest are as follows:

	<b>Group</b>	
	<b>Current year quarter 30.04.13 RM'000</b>	<b>Current year-to- date 30.04.13 RM'000</b>
Sales of steel products	16	16
Purchases of steel products	28,660	117,982

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**

***a) Comparison results of current quarter and preceding year corresponding quarter***

The Group recorded revenue of RM279.3 million for the quarter ended 30 April 2013 as compared to RM275.4 million in the preceding year corresponding quarter. Sales tonnage for the current quarter were higher than preceding year corresponding quarter by 12%. However, selling prices were relatively lower than preceding year same quarter, therefore, resulted in a marginal increase in revenue of 1.4%.

Despite the marginal increase in revenue, gross margin increased from 8% to 11% in the current quarter mainly due to lower production costs. Higher sales and production volume have enable to Group to bring down the average production costs. In tandem with the improved gross profit, profit before tax for the quarter under review was better than preceding year profit of RM9.3 million, stood at RM12.1 million.

***b) Comparison results of current year-to-date and previous year-to-date***

For the 9 months result ended 30 April 2013 ("3Q 2013"), the Group recorded RM833.4 million of revenue as compared to RM824.3 million in the previous year -to-date ("3Q 2012").

Trading division recorded 6% increased in revenue to RM432.1 million in 3Q 2013 compared with RM405.8 million in 3Q 2012. Whereas manufacturing division's revenue dropped to RM401.1 million from RM418.5 million in 3Q 2012.

Lower profit before tax was recorded in 3Q 2013 at RM18.6 million as compared to RM20.7 million in 3Q 2012. This was partly impacted by the unfavourable performance in the first half of the financial year ending 31 July 2013 especially in the first quarter. In addition, higher finance cost incurred on the convertible secured bonds has resulted in lower profit before tax in the current year-to-date.

**16. Comparison with preceding quarter's results**

During the current quarter under review, the Group recorded revenue of RM279.3 million as compared to RM281.0 million in the immediate preceding quarter.

Despite a slight decrease in revenue, the Group achieved higher profit before taxation of RM12.1 million in the current quarter compared to RM4.1 million in the immediate preceding quarter. The improved performance was contributed by better selling prices and higher sales volume especially the Group's own manufactured products.

## 17. Prospects

Global steel prices shown improvement since January 2013 and appears softer in the second quarter of year 2013. Being a highly volatile industry, the outlook of the industry remains challenging and depends on the performance of the U.S economy, developments in the Eurozone debt crisis and the oversupply situation in China.

On the local front, various projects to be rolled out under the ETP will boost Malaysia's steel demand. In addition, the on-going effort by Government to address structural problems of the steel industry, may have positive implication on the industry.

Nevertheless, the Group is well aware of the challenges it faces and will stay focus on working it assets harder, while continuing to improve productivity and operational efficiency to boost its competitiveness and performance.

## 18. Variance of actual and forecast profit

Not applicable.

## 19. Tax

	<b>Group</b>		
	<b>Current year quarter 30.04.13 RM'000</b>	<b>Current year-to- date 30.04.13 RM'000</b>	
	Income tax	1,000	4,777
	Deferred tax	2,027	1,875
	<b>3,027</b>	<b>6,652</b>	

The Group's effective tax rate was higher than the statutory income tax rate due to non-deductibility of certain expenses and reversal of deferred taxation after adjustment on temporary differences during the period under review.

## 20. Status of corporate proposal

On 19 April 2013, the Company has offered options to eligible Directors and employees under Employee Share Option Scheme ("ESOS"). Total numbers of options offered is 48,800,000 units at exercise price of RM0.50 per share.

With the implementation of the ESOS, all the corporate exercises have been completed.

## 21. Utilisation of proceeds from corporate exercise

As of 30 April 2013, the status of utilisation of proceeds raised from the corporate exercise was as follows:

	As approved	Amount Utilised as at 30.04.13	Amount transferred as advances	Amount Unutilised	Timeframe for utilisation
	RM'000 (a)	RM'000 (b)	RM'000 (c)	RM'000 (a) - (b) - (c)	
<b><u>Private placement:</u></b>					
- to subscribe to a fund raising exercise to be undertaken by a jointly controlled entity, Eastern Steel Sdn. Bhd.	31,996	31,996	-	-	12 months
- to defray estimated expenses incidental to the private placement *	200	30	170	-	1 month
	32,196	32,026	170	-	
<b><u>Rights issue with warrants</u></b>					
project plant under Eastern Steel Sdn. Bhd.	137,222	137,222	-	-	12 months
- to refinance existing bank borrowings *	35,651	32,123	3,528	-	3 months
- to defray estimated expenses incidental to the rights issue with warrants *	4,200	3,411	789	-	1 month
	177,073	172,756	4,317	-	
<b><u>Redeemable convertible secured bonds</u></b>					
- to be on-lent to Eastern Steel Sdn. Bhd. to part finance the project plant	143,800	149,033	(5,233)	-	12 months
- to defray estimated expenses incidental to the issuance of bonds *	3,200	2,454	746	-	1 month
	147,000	151,487	(4,487)	-	
	356,269	356,269	-	-	

\* Any variation in the amount raised and estimated expenses will be adjusted against the amount allocated for the fund raising exercise to be undertaken by a jointly controlled entity, Eastern Steel Sdn. Bhd.

## 22. Borrowings

The Group's borrowings as at 30 April 2013 are as follows:

	<b>Long Term RM'000</b>	<b>Short Term RM'000</b>	<b>Total RM'000</b>
<u>Secured:</u>			
Bankers' Acceptances	-	356,083	356,083
Revolving credit	-	30,000	30,000
Onshore foreign currency loan (RM denominated)	-	60,398	60,398
Liability component of redeemable convertible secured bonds	123,668	559	124,227
	<u>123,668</u>	<u>447,040</u>	<u>570,708</u>

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

As at 30 April 2013, the Company has extended corporate guarantees amounting to RM446.5 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.

Redeemable convertible secured bonds are constituted by a Trust Deed entered into between the Company and the trustee. Pursuant to the Trust Deed dated 21 March 2012, the Company will create the security documents to secure the bonds. The appointed Security Trustee has agreed to act as security trustee and to hold the benefit of the security documents and the security thereby created on trust for the secured parties in the manner and upon the terms and conditions in the deed.

## 23. Material litigation

On 2 April 2013, the Company and its wholly-owned subsidiaries, Alpine Pipe Manufacturing Sdn. Bhd. and Hiap Teck Hardware Sdn. Bhd. (collectively, "the Plaintiffs") have filed and served a Writ of Summons and Statement of Claim dated 21 March 2013 on Kua Hock Lai (the former Managing Director of the Company), Xinsteel Sdn. Bhd. and 13 other former employees of the Plaintiffs (collectively, "the Defendants") premised on the Defendants jointly and/or respectively had, at various times and situations, inter alia fraudulently, dishonestly, knowingly, recklessly, intentionally and/or otherwise committed, assisted, aided or abetted in breach of trust and confidence, and of contractual, statutory, fiduciary, and/or common law duties and/or obligations owed to the Plaintiffs. The Plaintiffs are seeking, amongst others, a sum of RM2.42 million, damages and costs.

### 23. Material litigation (cont'd)

On 20 May 2013, the Plaintiffs have been served with a Defence and Counterclaim for RM37.6 million and costs. The Company has been advised by its solicitors from the facts of its case that, the Plaintiffs have a good claim and a good defence to the Defendant's counterclaim and does not expect any losses arising therefrom.

On 19 June 2013, the Company has filed a Notice of Discontinuance to withdraw the Suit with no order as to costs and no liberty to file afresh. The Notice of Discontinuance was filed at the Shah Alam High Court on 19 June 2013 upon the execution of a Settlement Agreement between the Plaintiffs and the Defendants on 18 June 2013.

The salient terms of the Settlement Agreement are, amongst others, that the 1<sup>st</sup> Defendant, Kua Hock Lai shall pay to the 1<sup>st</sup> Plaintiff, Hiap Teck Venture Berhad the sum of RM2.8 million as the settlement sum to the Company for the withdrawal of the Suit subject to the terms and conditions of the Settlement Agreement.

The Board of Directors of the Company, after due considerations on the various aspects of the Settlement Agreement, are of the opinion that the Settlement Agreement is fair and reasonable to the Company and also in the best interest of the Company.

### 24. Dividend

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

### 25. Earnings per share ("EPS")

#### a) Basic EPS

The basic earnings per share has been 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.

	<b>Current Year Quarter 30.04.13</b>	<b>Current Year- to-date 30.04.13</b>
Profit attributable to owners of the parent (RM'000)	9,124	11,924
Weighted average number of ordinary shares in issue ('000)	708,272	708,277
<b>Basic earnings per share (sen)</b>	<b>1.29</b>	<b>1.68</b>



## 25. Earnings per share (“EPS”) (cont’d)

### b) Diluted EPS

The diluted earnings per share has been 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 warrants and redeemable convertible secured bonds, adjusted for the number of such ordinary shares that would have been issued at fair value.

There was no dilution effect on earnings per share for the current period on the assumption that no exercise of warrants and conversion of redeemable convertible secured bonds as the exercise price of warrants and conversion price of redeemable convertible secured bonds were higher than the market price.

## 26. Realised and unrealised profit disclosure

	<b>Current Year Quarter 30.04.13 RM'000</b>	<b>Immediate Preceding Quarter 31.01.13 RM'000</b>
Realised	556,494	530,865
Unrealised	(8,899)	2,723
	547,595	533,588
Less: Consolidation adjustments	(58,825)	(53,942)
Total retained profits	488,770	479,646

## 27. Profit from operations

	<b>Current Year Quarter 30.04.13 RM'000</b>	<b>Current Year- to-date 30.04.13 RM'000</b>
<i>Profit for the year is arrived at after charging:</i>		
Depreciation of property, plant and equipment	5,377	15,847
Depreciation of investment property	26	78
Finance costs	6,359	18,666
Fair value changes on derivatives	-	-
Net foreign exchange loss		
Unrealised	1,073	2,862
<i>and after crediting:</i>		
Fair value changes on derivatives	79	127
Gain on disposal of property, plant and equipment	154	411
Finance income:		
Available-for-sale financial assets	325	1,932
Deposits	96	173
Net foreign exchange gain		
Realised	59	3,412
Rental income	88	470
Dividend income	-	60
Reversal of allowance for doubtful debts	-	21