

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

Condensed Consolidated Statement of Comprehensive Income for 4th quarter from 1 May 2011 to 31 July 2011

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To-date	Preceding Year Corresponding Period
	31/07/2011	31/07/2010	31/07/2011	31/07/2010
	RM'000	RM'000	RM'000	RM'000
Revenue	274,563	244,636	1,000,363	1,065,313
Cost of Sales	(247,704)	(217,488)	(911,061)	(944,327)
Gross Profit	26,859	27,148	89,302	120,986
Other Income	1,442	4,788	6,300	10,921
Operating Expenses	(11,856)	(12,581)	(53,501)	(49,847)
Other Expenses	(372)	(1,110)	(794)	(1,133)
Profit from Operations	16,073	18,245	41,307	80,927
Finance Costs	(4,744)	(3,809)	(15,932)	(13,272)
Profit Before Tax	11,329	14,436	25,375	67,655
Income tax	6,814	(1,922)	163	(17,147)
Profit for the Period	18,143	12,514	25,538	50,508
Other Comprehensive Income				
Net gain on available-for-sale financial assets				
- Gain on fair value changes	414	-	414	-
- Foreign currency translation	16	-	16	-
	430	-	430	-
Total Comprehensive Income	18,573	12,514	25,968	50,508
Profit Attributable to:				
Owners of the parent	18,692	12,683	27,420	50,677
Minority Interest	(549)	(169)	(1,882)	(169)
	18,143	12,514	25,538	50,508
Total Comprehensive Income Attributable to:				
Owners of the parent	19,122	12,683	27,850	50,677
Minority interests	(549)	(169)	(1,882)	(169)
	18,573	12,514	25,968	50,508
Earnings Per Share (EPS)				
(a) Basic (sen)	5.81	3.94	8.52	15.74
(b) Diluted (sen)	N/A	N/A	N/A	N/A

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

Condensed Consolidated Statement of Financial Position as at 31 July 2011

	31/07/2011 (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	457,971	470,889	326,320
Investment properties	5,641	5,745	5,745
Prepaid land lease payments	-	-	144,569
Other investments	-	-	186
Available-for-sale - other investments	3,090	186	-
Deferred tax assets	2,988	393	393
Intangible	<u>50,556</u>	<u>50,556</u>	<u>50,556</u>
	<u>520,246</u>	<u>527,769</u>	<u>527,769</u>
Current assets			
Inventories	443,184	398,661	398,661
Trade and other receivables	232,484	199,880	199,880
Derivative assets	107	-	-
Tax recoverable	11,326	9,728	9,728
Short term money market fund	-	-	71,542
Available-for-sale - short term money market fund	83,221	71,542	-
Cash and bank balances	<u>48,696</u>	<u>43,177</u>	<u>43,177</u>
	<u>819,018</u>	<u>722,988</u>	<u>722,988</u>
Total assets	<u>1,339,264</u>	<u>1,250,757</u>	<u>1,250,757</u>
EQUITY AND LIABILITIES			
Current liabilities			
Borrowings	479,152	411,984	411,984
Trade and other payables	73,787	54,954	54,954
Derivative liabilities	649	-	-
Tax payable	-	1,545	1,545
	<u>553,588</u>	<u>468,483</u>	<u>468,483</u>
Net current assets	<u>265,430</u>	<u>254,505</u>	<u>254,505</u>
Non-current liabilities			
Borrowings	27,443	41,803	41,803
Deferred tax liabilities	<u>41,484</u>	<u>45,046</u>	<u>45,046</u>
	<u>68,927</u>	<u>86,849</u>	<u>86,849</u>
Total liabilities	<u>622,515</u>	<u>555,332</u>	<u>555,332</u>
Net assets	<u>716,749</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	(7,479)	(7,458)	(7,458)
Revaluation reserve	31,635	31,635	31,635
Foreign reserve	16	-	-
Fair value adjustment reserve	414	-	-
Retained profits	<u>456,332</u>	<u>433,741</u>	<u>433,741</u>
	<u>669,959</u>	<u>646,959</u>	<u>646,959</u>
Minority interests	<u>46,790</u>	<u>48,466</u>	<u>48,466</u>
Total equity	<u>716,749</u>	<u>695,425</u>	<u>695,425</u>
Total equity and liabilities	<u>1,339,264</u>	<u>1,250,757</u>	<u>1,250,757</u>
Net assets per share attributable to owners of the parent (RM)	2.23	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 31 July 2011

	Current Year To-date 31/07/2011 RM'000	Preceding Year Corresponding Period 31/07/2010 RM'000
<u>Operating Activities</u>		
Profit Before Tax	25,375	67,655
Adjustments for:		
Non-cash items	31,113	17,269
Non-operating items	13,441	19,957
	<u>69,929</u>	<u>104,881</u>
Operating profit before changes in working capital	69,929	104,881
Net change in current assets	(86,301)	(84,842)
Net change in current liabilities	18,835	5,180
Interest paid	(15,337)	(12,766)
Taxes paid, net of taxes refunded	(9,138)	(8,028)
	<u>(22,012)</u>	<u>4,425</u>
<u>Investing Activities</u>		
Other investments	(21,141)	(104,789)
	<u>(21,141)</u>	<u>(104,789)</u>
<u>Financing Activities</u>		
Bank borrowings	52,808	61,122
Dividends paid	(4,829)	(4,830)
Purchase of treasury shares	(21)	(28)
	<u>47,958</u>	<u>56,264</u>
Net Change in Cash and Cash Equivalents	4,805	(44,100)
Effect of exchange rate changes	714	(872)
Cash and Cash Equivalents at beginning of period	43,177	88,149
Cash and Cash Equivalents at end of period	<u><u>48,696</u></u>	<u><u>43,177</u></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 31 July 2011

	<----- Attributable to equity holders of the parent ----->						Fair Value Adjustment Reserve RM'000	Retained Profits RM'000	Total RM'000	Minority Interests RM'000	Total Equity RM'000
	<----- Non-distributable ----->			<-Distributable->							
	Share Capital RM'000	Treasury Shares RM'000	Share Premium RM'000	Revaluation Reserve RM'000	Foreign Reserve RM'000						
As at end of current quarter ended 31 July 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	-	-	-	-	16	414	27,420	27,850	(1,882)	25,968	
Transactions with owners											
Purchase of treasury shares	-	(21)	-	-	-	-	-	(21)	-	(21)	
Minority interest on new subsidiary	-	-	-	-	-	-	-	-	206	206	
Final dividend for the financial year ended 31 July 2010 (Single tier of 3%)	-	-	-	-	-	-	(4,829)	(4,829)	-	(4,829)	
Total transactions with owners	-	(21)	-	-	-	-	(4,829)	(4,850)	206	(4,644)	
Closing balance as at 31 July 2011	163,700	(7,479)	25,341	31,635	16	414	456,332	669,959	46,790	716,749	
As at preceding year corresponding quarter ended 31 July 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	-	-	-	-	-	-	50,677	50,677	(169)	50,508	
Transactions with owners											
Purchase of treasury shares	-	(28)	-	-	-	-	-	(28)	-	(28)	
Minority interest on acquisition of subsidiary	-	-	-	-	-	-	-	-	48,635	48,635	
Final dividend for the financial year ended 31 July 2009 (Single tier of 3%)	-	-	-	-	-	-	(4,830)	(4,830)	-	(4,830)	
Total transactions with owners	-	(28)	-	-	-	-	(4,830)	(4,858)	48,635	43,777	
Closing balance as at 31 July 2010	163,700	(7,458)	25,341	31,635	-	-	433,741	646,959	48,466	695,425	

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 – 31 July 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

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.

1. Basis of preparation (cont'd)

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

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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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.

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

FRS 139, Financial Instruments: Recognition and Measurement (cont'd)

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.

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 July 2010

FRS 1: first-time Adoption of Financial Reporting Standards

FRS 3: Business Combinations

FRS127: Consolidated and Separate Financial Statements

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 30 August 2010

Amendments to IC Interpretation 15: Agreements for the Construction of Real Estate

1. Basis of preparation (cont'd)

Effective for financial periods beginning on or after 1 January 2011

IC Interpretation 4: Determining Whether an Arrangement Contains a Lease

IC Interpretation 18: Transfers of Assets from customers

Amendments 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

Improvements to FRS issued in 2010

Effective for financial periods beginning on or after 1 July 2011

IC Interpretation 19: Extinguishing Financial Liabilities with Equity Instruments

Amendments to IC Interpretation 14: Prepayments of a Minimum Funding Requirements

Effective for financial periods beginning on or after 1 January 2012

FRS 124: Related Party Disclosure

IC Interpretation 15: Agreements for the Construction of Real Estate

Except for the changes in accounting policies arising from the adoption of the revised FRS 3 and the amendments to FRS 127, as well as the new disclosures required under the Amendments to FRS 7, the directors expect that the adoption of the other standards and interpretations above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policies on adoption of the revised FRS 3 and the amendments to FRS 127 are described below:

Revised FRS 3 Business Combination and Amendments to FRS 127 Consolidated and Separate Financial Statements

The revised standards are effective for annual periods beginning on or after 1 July 2010. The revised FRS 3 introduces a number of changes in the accounting for business combinations occurring after 1 July 2010. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results. The amendments to FRS 127 require that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as an equity transaction. Therefore, such transactions will no longer give rise to goodwill, nor will they give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. Other consequential amendments have been made to FRS 107 Statement of Cash Flows, FRS 112 Income Taxes, FRS 121 The Effects of Changes in Foreign Exchange Rates, FRS 128 Investment in Associates and FRS 131 Interest in Joint Ventures. The changes from revised FRS 3 and amendments to FRS 127 will affect future acquisitions or loss of control and transactions with minority interests. The standards may be early adopted. However, the Group does not intend to early adopt.

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 31 July 2011, a total of 5,450,000 buy-back shares were held as treasury shares and carried at cost.

	No. of Shares Purchased	Average Purchase Price (RM)	Consideration Paid (RM)
As at 1.8.2010	5,430,000	1.37	7,457,579
December 2010	10,000	1.19	11,886
July 2011	10,000	0.93	9,318
As at 31.7.2011	5,450,000	1.37	7,478,783

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:

	← 12 months ended 31 July 2011 →					
	Trading	Manufacturing	Property and Investment	Transportation	Elimination	Group
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
SALES						
- External sales	563,226	437,125	-	12	-	1,000,363
- Intersegment sales	13,200	16,986	24,144	4,315	(58,645)	-
Total sales	<u>576,426</u>	<u>454,111</u>	<u>24,144</u>	<u>4,327</u>	<u>(58,645)</u>	<u>1,000,363</u>
RESULTS						
Interest income	1,348	608	10	4	-	1,970
Dividend income	-	-	14,460	-	(14,460)	-
Depreciation & amortisation	1,701	16,586	4,461	130	-	22,878
Other non-cash expenses	57	(1,089)	-	-	-	(1,032)
Segment profit/(loss)	<u>23,122</u>	<u>6,773</u>	<u>9,418</u>	<u>522</u>	<u>(14,460)</u>	<u>25,375</u>

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 31 July 2011 are as follow:

Unsecured Contingent Liabilities :-	Company	
	31.07.11 RM'000	31.07.10 RM'000
Corporate Guarantee in favour of financial institutions for facilities granted to subsidiaries	506,595	453,787
Total	506,595	453,787

13. Capital commitments

As at 31 July 2011, Capital Commitment approved by the Board and contracted for plant and equipment amounted to Chinese Yuan CNY1.40 billion equivalents to RM646.19 million and local contract of RM0.31 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
	31.07.11	31.07.11
	RM'000	RM'000
Sales of steel products	90	270
Purchases of steel products	54,897	168,104
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 RM274.56 million as compared to RM244.64 million for the corresponding period of the previous year. The increase of 12% was driven by higher sales order during the quarter.

Profit before tax for the current quarter was RM11.33 million as compared to RM14.44 million in the corresponding period of previous year. The decrease was mainly due to the higher cost of sales incurred in the current quarter.

16. Comparison with preceding quarter's results

The Group recorded a turnover of RM274.56 million for the current quarter as compared to RM236.45 million in the immediate preceding quarter. The Group's profit before tax recorded at RM11.33 million for the current quarter which was higher than the profit before tax in the immediate preceding quarter of RM8.20 million.

Increase in the overall performance was mainly due to higher sales volume and lower operating expenses in the current quarter under review.

17. Prospects

Financial year ended 31 July 2011 was a challenging year for the Group. The Group faced stiff competition from both domestic and foreign players. Despite the tough business environment, the Group was able to sustain and achieved satisfactory results.

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

For the coming new financial year ending 31 July 2012, the Group will continue its efforts to increase its competitiveness and will strive to achieve better results.

18. Variance of actual and forecast profit

Not applicable.

19. Tax

	Group	
	Current year quarter	Current year-to- date
	31.07.11	31.07.11
	RM'000	RM'000
Income tax	556	5,995
Deferred tax	(7,370)	(6,158)
	(6,814)	(163)

The Group's effective tax rate was lower than the statutory income tax rate due to deferred tax adjustment arising from the origination and reversal of temporary differences during the quarter.

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

On 21 July 2011, Eastern Steel Sdn. Bhd., a 55% owned subsidiary, had entered into an Engineering and Procurement Contract and Construction Contract with China Shougang International Trade and Engineering Corporation for the design, procurement and construction of the 1st Phase of an integrated steel mill in Teluk Kalung, Kemaman, Terengganu.

22. Status of corporate proposal (cont'd)

On 22 July 2011, a Co-operation Agreement is signed between Shougang International (Singapore) Pte. Ltd, Chinaco Investment Pte. Ltd., Eastern Steel Sdn. Bhd., Dato Law Tien Seng and the Company to set out the overall mode and structure of the participation of Shougang International (Singapore) Pte. Ltd. in the construction and operation of an integrated steel mill in Teluk Kalung, Kemaman, Terengganu, the primary rights and obligations of the parties prior to, upon and following completion of the acquisition by Shougang International (Singapore) Pte. Ltd. of the entire equity interest in Orient Steel Investment Pte. Ltd. from Dato' Law Tien Seng (SG Acquisition) and the relationship and connection between the Co-operation Agreement and the agreement for the SG Acquisition, the Shareholders' Agreement and the Shareholders' Loan Agreement.

On the same day, the Company had entered into a Subscription Agreement with Shougang International (Singapore) Pte. Ltd. for the subscription of 32,196,000 new shares of the Company representing approximately 10% of the issued and paid up share capital of the Company. Application to Ministry International and Trade Industry for the proposed private placement has been submitted on 8 August 2011.

23. Borrowings

The Group's borrowings as at 31 July 2011 are as follows:

	Long Term	Short Term	Total
	RM'000	RM'000	RM'000
<u>Unsecured:</u>			
Bankers' Acceptances	-	434,993	434,993
Revolving credit (RM denominated)	-	30,000	30,000
<u>Secured:</u>			
Term loan (RM denominated)	27,443	14,159	41,602
	<u>27,443</u>	<u>479,152</u>	<u>506,595</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 31 July 2011 are as follow:

Type of instrument	Contract/notional amount RM'000	Fair value RM'000	Fair value net gain/(loss) RM'000
Forward foreign currency contract (USD)			
- Less than 1 year	19,213	18,666	(547)
Forward foreign currency contract (SGD)			
- Less than 1 year	589	594	5
	<u>19,802</u>	<u>19,260</u>	<u>(542)</u>

25. Material litigation

There is no material litigation for the quarter under review.

26. Dividend

The Board of Directors is pleased to propose a Single Tier Final Dividend of 1.5 sen per share for the Financial Year ended 31 July 2011, subject to shareholders' approval at the forthcoming Annual General Meeting.

27. Earning per share

	Current Year Quarter 31.07.11	Current Year to-date 31.07.11
Profit attributable to owners of the parent (RM'000)	18,692	27,420
Weighted average number of shares in issue ('000)	321,957	321,963
Basic earning per share (sen)	5.81	8.52

28. Retained earnings

	Current Year Quarter 31.07.11 RM'000	Immediate Preceding Quarter 30.04.11 RM'000
Realised	491,292	483,329
Unrealised	1,003	(7,306)
	492,295	476,023
Less: Consolidation adjustments	(35,963)	(38,383)
Total retained profits	456,332	437,640