

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

**Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income for 4th quarter from 1 May 2013 to 31 July 2013**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To-date	Preceding Year Corresponding Period
	31/07/2013	31/07/2012	31/07/2013	31/07/2012
	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>	273,939	291,579	1,107,318	1,115,888
Cost of Sales	(245,964)	(261,281)	(1,016,920)	(1,016,732)
Gross Profit	27,975	30,298	90,398	99,156
Other Income	10,208	4,809	25,933	14,416
Operating Expenses	(13,619)	(16,381)	(48,540)	(58,437)
Other Expenses	(816)	(11,987)	(4,999)	(13,473)
Profit from Operations	23,748	6,739	62,792	41,662
Finance Costs	(6,126)	(6,513)	(24,792)	(20,736)
Share of loss of jointly controlled entity	(1,970)	15	(3,772)	15
<b>Profit Before Tax</b>	15,652	241	34,228	20,941
Income tax	(3,284)	(35)	(9,936)	(5,316)
<b>Profit for the Period</b>	12,368	206	24,292	15,625
<b>Other Comprehensive Income</b>				
Net gain/(loss) on available-for-sale financial assets				
- fair value changes	350	(542)	610	(215)
Foreign currency translation	902	42	500	57
	1,252	(500)	1,110	(158)
<b>Total Comprehensive Income</b>	13,620	(294)	25,402	15,467
<b>Profit Attributable to:</b>				
Owners of the parent	12,368	206	24,292	16,579
Non-controlling interests	-	-	-	(954)
	12,368	206	24,292	15,625
<b>Total Comprehensive Income Attributable to:</b>				
Owners of the parent	13,620	(294)	25,402	16,421
Non-controlling interests	-	-	-	(954)
	13,620	(294)	25,402	15,467
Earnings Per Share (EPS)				
(a) Basic (sen)	1.75	0.03	3.43	3.10
(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 2012 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 July 2013**

	<b>31/07/2013</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	307,627	314,680	457,971
Investment in jointly controlled entity	132,385	136,157	-
Investment properties	7,952	5,537	5,641
Available-for-sale - financial assets	3,247	2,637	3,090
Deferred tax assets	2,677	6,487	2,988
Amount due from jointly controlled entity	367,562	-	-
Intangible	-	-	50,556
	<u>821,450</u>	<u>465,498</u>	<u>520,246</u>
<b>Current assets</b>			
Inventories	406,983	421,978	443,184
Trade and other receivables	264,781	227,889	232,484
Amount due from jointly controlled entity	-	148,982	-
Derivative assets	-	49	107
Tax recoverable	1,902	6,288	11,326
Available-for-sale - financial assets	56,759	173,163	83,221
Cash and cash equivalents	51,449	62,574	48,696
	<u>781,874</u>	<u>1,040,923</u>	<u>819,018</u>
<b>Total assets</b>	<b><u>1,603,324</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	37,973	37,986	25,341
Treasury shares	(7,494)	(7,484)	(7,479)
Warrant reserve	18,459	18,459	-
Foreign reserve	563	63	6
Share option reserve	1,047	-	-
Fair value adjustment reserve	809	199	414
Equity component of redeemable convertible secured bonds, net of tax	(353)	(353)	-
Retained profits	501,138	481,096	487,967
	<u>909,013</u>	<u>886,837</u>	<u>669,949</u>
Non-controlling interest	-	-	46,798
<b>Total equity</b>	<b><u>909,013</u></b>	<b><u>886,837</u></b>	<b><u>716,747</u></b>
<b>Non-current liabilities</b>			
Borrowings	124,451	121,412	27,443
Deferred tax liabilities	12,772	14,164	41,483
	<u>137,223</u>	<u>135,576</u>	<u>68,926</u>
<b>Current liabilities</b>			
Borrowings	509,440	434,620	479,152
Trade and other payables	47,648	49,183	73,789
Derivative liabilities	-	205	650
	<u>557,088</u>	<u>484,008</u>	<u>553,591</u>
<b>Total liabilities</b>	<b><u>694,311</u></b>	<b><u>619,584</u></b>	<b><u>622,517</u></b>
<b>Total equity and liabilities</b>	<b><u>1,603,324</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)	1.28	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**  
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**Condensed Consolidated Statements of Cash Flows for the period ended 31 July 2013**

	<b>Current Year To-date 31/07/2013 RM'000</b>	<b>Preceding Year Corresponding Period 31/07/2012 RM'000</b>
<b><u>Operating Activities</u></b>		
Profit Before Tax	34,228	20,941
Adjustments for:		
Bad debts recovered	-	(56)
Dividend income	(330)	-
Depreciation of investment property	157	104
Depreciation of property, plant and equipment	21,747	21,780
Equity settled share based payment transactions	1,047	-
Fair value changes on derivatives	(156)	(387)
Gain on disposal of property, plant and equipment	(680)	(1,013)
(Gain)/loss on disposal of available-for-sale financial assets	-	(770)
Interest expense	24,792	20,185
Finance income:		
Available-for-sale financial assets	(2,177)	(3,195)
Deposits	(248)	(109)
Jointly controlled entity	(8,822)	-
Net overdue interest income	(101)	(44)
Net unrealised foreign exchange loss/(gain)	3,856	(1,043)
Reversal of allowance for doubtful debts	(23)	(33)
Property, plant and equipment written off	2	27
Share of loss of jointly controlled entity	3,772	(15)
Write-down of inventories	-	12,490
	<hr/>	<hr/>
Operating profit before changes in working capital	77,064	68,862
Net change in current assets	(19,941)	16,510
Net change in current liabilities	(1,534)	(21,346)
Cash generated from operations	55,589	64,026
Interest paid	(25,050)	(20,451)
Net overdue interest income received	101	44
Taxes paid, net of taxes refunded	(3,132)	(3,917)
<b>Net cash from operating activities</b>	<hr/> <b>27,508</b>	<hr/> <b>39,702</b>
<b><u>Investing Activities</u></b>		
Finance income:		
Available-for-sale financial assets	2,177	3,195
Deposits	248	109
Jointly controlled entity	8,822	-
Dividend income	330	-
Investment in available-for-sale financial assets	-	(92,240)
Acquisition of non-controlling interests	-	(214)
Proceeds from disposal of property, plant and equipment	4,152	3,113
Proceeds from disposal of available-for-sale financial assets	116,404	3,306
Purchase of property, plant and equipment	(20,736)	(21,609)
Additional investment in jointly controlled entity	-	(29,617)
Advances to jointly controlled entity	(218,579)	(148,983)
<b>Net cash used in investing activities</b>	<hr/> <b>(107,182)</b>	<hr/> <b>(282,940)</b>
<b><u>Financing Activities</u></b>		
Corporate exercise expenses	(13)	(5,907)
Dividends paid	(4,250)	(4,829)
Issuance of ordinary shares	-	209,269
Issuance of redeemable convertible secured bonds	-	129,169
Purchase of treasury shares	(10)	(5)
Drawdown /(repayment) of borrowings	71,703	(71,976)
<b>Net cash from financing activities</b>	<hr/> <b>67,430</b>	<hr/> <b>255,721</b>
Net Change in Cash and Cash Equivalents	(12,244)	12,483
Effect of exchange rate changes	1,119	1,395
Cash and Cash Equivalents at beginning of period	62,574	48,696
Cash and Cash Equivalents at end of period	<hr/> <b>51,449</b>	<hr/> <b>62,574</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 31 July 2013

----- Attributable to equity holders of the parent ----->

:----- Non-distributable -----: <-Distributable->

	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	Retained Profits RM'000	Total RM'000	Non-controlling Interests RM'000	Total Equity RM'000
<b>As at end of current quarter ended 31 July 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>	-	-	-	-	500	-	610	-	24,292	25,402	-	25,402
<b>Transactions with owners</b>												
Corporate exercise expenses	-	-	(13)	-	-	-	-	-	-	(13)	-	(13)
Purchase of treasury shares	-	(10)	-	-	-	-	-	-	-	(10)	-	(10)
Equity settled share based payment transactions	-	-	-	-	-	1,047	-	-	-	1,047	-	1,047
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>	-	(10)	(13)	-	-	1,047	-	-	(4,250)	(3,226)	-	(3,226)
<b>Closing balance as at 31 July 2013</b>	<b>356,871</b>	<b>(7,494)</b>	<b>37,973</b>	<b>18,459</b>	<b>563</b>	<b>1,047</b>	<b>809</b>	<b>(353)</b>	<b>501,138</b>	<b>909,013</b>	<b>-</b>	<b>909,013</b>
<b>As at preceding year corresponding quarter ended 31 July 2012</b>												
Opening balance as at 1 August 2011	163,700	(7,479)	25,341	-	6	-	414	-	487,967	669,949	46,798	716,747
<b>Total comprehensive income</b>	-	-	-	-	57	-	(215)	-	16,579	16,421	(954)	15,467
<b>Transactions with owners</b>												
Issue of ordinary shares via private placement	16,098	-	16,098	-	-	-	-	-	-	32,196	-	32,196
Issue of ordinary shares pursuant to rights issue	177,073	-	-	18,459	-	-	-	-	(18,459)	177,073	-	177,073
Corporate exercise expenses	-	-	(3,453)	-	-	-	-	-	-	(3,453)	-	(3,453)
Purchase of treasury shares	-	(5)	-	-	-	-	-	-	-	(5)	-	(5)
Derecognition of subsidiary	-	-	-	-	-	-	-	-	-	-	(45,792)	(45,792)
Acquisition of non-controlling interests	-	-	-	-	-	-	-	-	(162)	(162)	(52)	(214)
Issuance of redeemable convertible secured bonds, net of tax	-	-	-	-	-	-	-	(353)	-	(353)	-	(353)
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>(5)</b>	<b>12,645</b>	<b>18,459</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(353)</b>	<b>(23,450)</b>	<b>200,467</b>	<b>(45,844)</b>	<b>154,623</b>
<b>Closing balance as at 31 July 2012</b>	<b>356,871</b>	<b>(7,484)</b>	<b>37,986</b>	<b>18,459</b>	<b>63</b>	<b>-</b>	<b>199</b>	<b>(353)</b>	<b>481,096</b>	<b>886,837</b>	<b>-</b>	<b>886,837</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 – 31 July 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
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*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
<hr/> <hr/>			

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

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 2013**

- 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 (2011)
- MFRS 127, Separate Financial Statements (2011)
- MFRS 128, Investments in Associates and Joint Ventures (2011)
- IC Interpretation 20, Stripping Costs in the Production Phase of a Surface Mine
- Amendments to MFRS 7, Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities
- Amendments to MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards – Government Loans
- Amendments to MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2009-2011 Cycle)
- Amendments to MFRS 101, Presentation of Financial Statements (Annual Improvements 2009-2011 Cycle)
- Amendments to MFRS 116, Property, Plant and Equipment (Annual Improvements 2009-2011 Cycle)
- Amendments to MFRS 132, Financial Instruments: Presentation (Annual Improvements 2009-2011 Cycle)
- Amendments to MFRS 134, Interim Financial Reporting (Annual Improvements 2009-2011 Cycle)
- Amendments to MFRS 10, Consolidated Financial Statements: Transition Guidance
- Amendments to MFRS 11, Joint Arrangements: Transition Guidance
- Amendments to MFRS 12, Disclosure of Interests in Other Entities: Transition Guidance

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

**MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2014**

- Amendments to MFRS 10, Consolidated Financial Statements: Investment Entities
- Amendments to MFRS 12, Disclosure of Interests in Other Entities: Investment Entities
- Amendments to MFRS 127, Separate Financial Statements (2011): Investment Entities
- Amendments to MFRS 132, Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities

**MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2015**

- MFRS 9, Financial Instruments (2009)
- MFRS 9, Financial Instruments (2010)
- Amendments to MFRS 7, Financial Instruments: Disclosures – Mandatory Effective Date of MFRS 9 and Transition Disclosures

**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 31 July 2013, a total of 5,480,000 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
July 2013	10,000	0.56	5,598
<b>As at 31.7.2013</b>	5,480,000	1.37	7,494,726

**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:

	← 12 months ended 31 July 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	566,538	540,654	120	6	-	<b>1,107,318</b>
- Intersegment sales	5,459	58,703	102,840	4,047	(171,049)	-
<b>Total sales</b>	<b><u>571,997</u></b>	<b><u>599,357</u></b>	<b><u>102,960</u></b>	<b><u>4,053</u></b>	<b><u>(171,049)</u></b>	<b><u>1,107,318</u></b>
<b>RESULTS</b>						
Finance income	529	506	12,205	15	(2,008)	11,247
Finance costs	7,115	10,006	9,679	-	(2,008)	24,792
Dividend income	-	-	330	-	-	330
Depreciation & amortisation	1,962	17,856	1,908	178	-	21,904
Share of loss of jointly controlled entity	-	-	-	-	-	(3,772)
<b>Segment profit</b>	<b><u>6,600</u></b>	<b><u>25,677</u></b>	<b><u>5,046</u></b>	<b><u>677</u></b>	<b><u>(3,772)</u></b>	<b><u>34,228</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

There were no material changes in the composition of the Group for the quarter under review.

## 12. Changes in contingent liabilities and assets

The contingent liabilities as at 31 July 2013 are as follow:

Unsecured Contingent Liabilities :-	Group	
	31.07.13 RM'000	31.07.12 RM'000
In respect of indemnity provided for bank guarantees issued	27,331	17,562
In respect of guarantees issued in favour of Royal Custom and Excise Department	3,000	6,000
In respect of corporate guarantees issued to a jointly controlled entity	5,500	-
<b>Total</b>	<b>35,831</b>	<b>23,562</b>

## 13. Capital commitments

Share of capital commitments of the jointly controlled entity as at 31 July 2013 are as follow:

	RM'000
<u>Capital expenditure:</u>	
Approved and contracted for	135,339
Approved but not contracted for	15,688
	151,027

#### 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</b>	<b>Current year-to- date</b>
	<b>31.07.13</b>	<b>31.07.13</b>
	<b>RM'000</b>	<b>RM'000</b>
Sales of steel products	19	35
Purchases of steel products	35,123	153,105

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*

During the quarter under review, the Group recorded revenue of RM273.9 million as compared to RM291.6 million in the preceding year corresponding quarter with gross margin of approximately 10% for the two quarters.

Both trading and manufacturing divisions recorded lower revenue in the current quarter under review compared to preceding year corresponding quarter. Sales volume for the trading division was relatively flat while that for the manufacturing division recorded a slight increase. The decrease in revenue was due to lower selling prices in the current quarter.

	Revenue	
	Q4FY2012	Q4FY2013
	RM'000 million	RM'000 million
Trading Division	147.1	134.4
Manufacturing Division	144.4	139.5

The Group achieved profit before tax of RM15.7 million in Q4FY2013 against RM0.2 million in Q4FY2012 which was adversely affected by a write down of inventories of RM12.5 million. The improvement of performance in the current quarter was mainly due to higher other income.

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

As at 31 July 2013, the Group recorded revenue of RM1.1 billion, slight decrease from previous year to date. Gross profit margin remained fairly consistent for both years at 8%.

During the year, revenue attributed by both trading and manufacturing divisions were RM566.5 million and RM540.6 million respectively as compared to RM552.9 million and RM562.9 million in the previous year.

Average selling prices were lower during the year following the depressed international steel prices. Nonetheless, sales volume increased by approximately 9% YOY.

**15. Review of performance (cont'd)**

*b) Comparison results of current year-to-date and previous year-to-date (cont'd)*

The Group's profit before tax for FY2013 was RM34.2 million as compared to RM20.9 million for the previous year. The lower profit in the previous year was principally due to the writing down of inventories by RM12.5 million.

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

In comparison with the preceding quarter, revenue of the Group declined marginally from RM279.3 million to RM273.9 million, while gross profit margin was maintained at 10%.

Despite the decline in revenue, profit before tax increased from RM12.1 million in the immediate preceding quarter to RM15.7 million in the current quarter under review. This was attributed to stable gross margins, lower operating expenses and higher other income.

**17. Prospects**

The outlook for the steel industry remains challenging and continues to depend on the performance of U.S. economy, recovery of the Eurozone crisis as well as China's domestic measures to stimulate its economy growth.

Domestically, projects under the Economic Transformation Programme (ETP) play an important role in driving the momentum of the local steel market.

The Group is aware of all these challenges and various measures have been taken and implemented within the Group in order to stay competitive within the industry.

Barring unforeseen circumstances, the Group will continue its effort to strive for a positive performance for the coming financial year.

**18. Variance of actual and forecast profit**

Not applicable.

**19. Tax**

	<b>Group</b>	
	<b>Current year quarter</b>	<b>Current year-to- date</b>
	<b>31.07.13</b>	<b>31.07.13</b>
	<b>RM'000</b>	<b>RM'000</b>
Income tax	2,741	7,518
Deferred tax	543	2,418
	3,284	9,936

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

**20. Status of corporate proposal**

With the implementation of the ESOS on 19 April 2013, all the corporate exercises have been completed.

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## 21. Borrowings

The Group's borrowings as at 31 July 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	-	375,121	375,121
Revolving credit	-	30,000	30,000
Onshore foreign currency loan (RM denominated)	-	102,084	102,084
Liability component of redeemable convertible secured bonds	124,451	2,235	126,686
	<u>124,451</u>	<u>509,440</u>	<u>633,891</u>

Bankers' Acceptances, revolving credit and onshore foreign currency loan are secured by corporate guarantees of the Company.

As at 31 July 2013, the Company has extended corporate guarantees amounting to RM507.2 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.

## 22. Material litigation

There is no material litigation for the quarter under review.

## 23. Dividend

The Board of Directors is pleased to propose a Single Tier Final Dividend of 0.6 sen per share for the Financial Year ended 31 July 2013, subject to shareholders' approval at the forthcoming Annual General Meeting.

## 24. 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 31.07.13</b>	<b>Current Year to-date 31.07.13</b>
Profit attributable to owners of the parent (RM'000)	12,368	24,292
Weighted average number of ordinary shares in issue ('000)	708,269	708,275
<b>Basic earnings per share (sen)</b>	<b>1.75</b>	<b>3.43</b>

### 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.

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**25. Realised and unrealised profit disclosure**

	<b>Current Year Quarter 31.07.13 RM'000</b>	<b>Immediate Preceding Quarter 30.04.13 RM'000</b>
Realised	566,037	556,494
Unrealised	(11,442)	(8,899)
	554,595	547,595
Less: Consolidation adjustments	(53,457)	(58,825)
Total retained profits	501,138	488,770

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## 26. Profit from operations

	<b>Current Year Quarter 31.07.13 RM'000</b>	<b>Current Year- to-date 31.07.13 RM'000</b>
<b><i>Profit for the year is arrived at after charging:</i></b>		
Depreciation of property, plant and equipment	5,901	21,747
Depreciation of investment property	25	157
Equity settled share based payment transactions	(173)	1,047
Finance costs	6,126	24,792
Net foreign exchange loss		
Unrealised	994	3,856
Property, plant and equipment written off	-	2
<b><i>and after crediting:</i></b>		
Fair value changes on derivatives	29	156
Gain on disposal of property, plant and equipment	269	680
Finance income:		
Available-for-sale financial assets	245	2,177
Deposits	75	248
Jointly controlled entity	3,828	8,822
Net foreign exchange gain		
Realised	1,175	4,587
Rental income	288	758
Dividend income	270	330
Reversal of allowance for doubtful debts	2	23