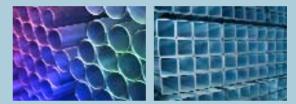
hiap teck venture berhad (421340-U)

Lot 6096, Jalan Haji Abdul Manan Batu 5-1/2, Off Jalan Meru 41050 Klang, Selangor Darul Ehsan t : 03-3392 8888 e : admin@htgrp.com.my





The Brenchmark of Excellence in Manufacture Steel

• Build value for shareholders

• Participate in the development of the country

Total customer satisfaction

Enhancement of existing core business to position for growth

• One stop steel centre

Continuously develop human asset

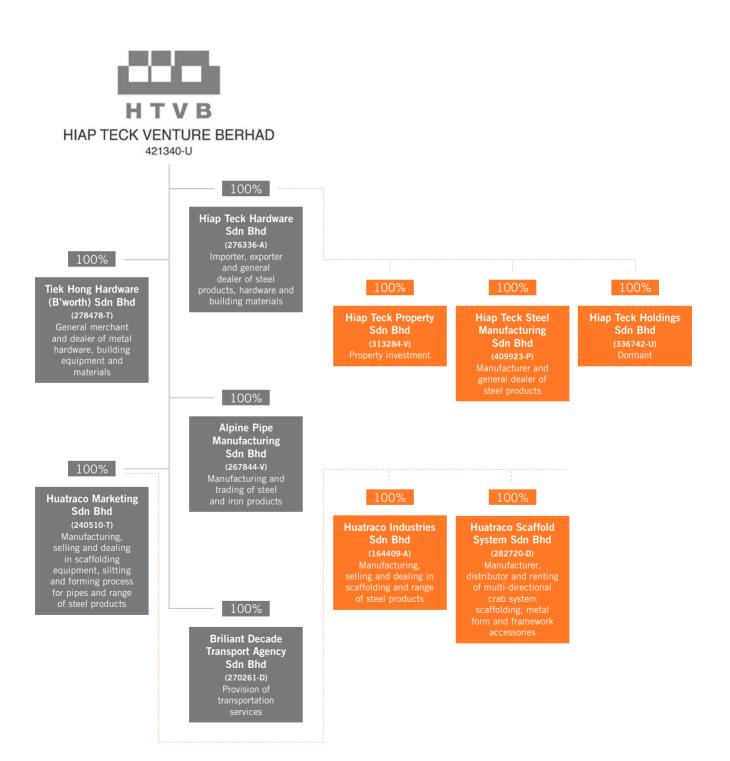
to be the leading steel company

contents

corporate structure 2 corporate information 3 profile of the board of directors 5 chairman's statement 12 financial highlights 16 corporate governance statement 17 statement on internal control 24 statement of directors' responsibility 25 audit committee report 26 financial statements 31 properties of the group 80 analysis of shareholdings 81 notice of tenth annual general meeting 85 statement accompanying notice of tenth annual general meeting 90 *form of proxy*



corporate structure



BOARD OF DIRECTORS

Independent Non-Executive Chairman Tan Sri Dato' Alwi Jantan

Managing Director Mr. Kua Hock Lai

Independent Non-Executive Directors

Dato' Mohamed Nizam bin Abdul Razak Mr. Yeoh Chong Keat Mr. Cheah Shu Boon

Executive Directors

Ms. Law Sook Teng Mr. Kua Swee Leong Mr. Tan Yuen Hong Mr. Kua Swee Kiat

Alternate Director

Ms. Toh Su Lin (Alternate Director to Mr. Cheah Shu Boon)

corporate information

AUDIT COMMITTEE

Chairman Mr. Yeoh Chong Keat

Members

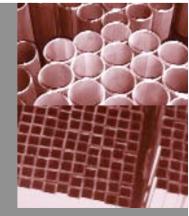
Mr. Cheah Shu Boon Mr. Kua Swee Kiat

REMUNERATION COMMITTEE

Chairman Tan Sri Dato' Alwi Jantan

Members

Mr. Yeoh Chong Keat Mr. Cheah Shu Boon Mr. Kua Hock Lai



NOMINATION COMMITTEE

Chairman Tan Sri Dato' Alwi Jantan

Members Dato' Mohamed Nizam bin Abdul Razak Mr. Cheah Shu Boon

COMPANY SECRETARY

Ng Yim Kong (LS 0008343)

HEAD OFFICE & REGISTERED OFFICE

Lot 6096, Jalan Haji Abdul Manar Batu 5½, Off Jalan Meru 41050 Klang Selangor Darul Ehsan Tel No. : 6 03-3392-8888 Fax No. : 6 03-3392-9135 Website : www.htgrp.com.mv



SHARE REGISTRAR

Symphony Share Registrars Sdn Bhd (378993-D) Level 26, Menara Multi-Purpose, Capital Square No.8, Jalan Munshi Abdullah 50100 Kuala Lumpur Tel No. : 6 03-2721-2222 Fax No. : 6 03-2721-2530

PRINCIPAL BANKERS

Alliance Bank Malaysia Berhad (88103-W) Hong Leong Bank Berhad (97141-X) Malayan Banking Berhad (3813-K) RHB Bank Berhad (6171-M)

AUDITORS

Ernst & Young (AF : 0039) Chartered Accountants Level 23A, Menara Milenium Jalan Damanlela Pusat Bandar Damansara 50490 Kuala Lumpur

SOLICITORS

S.B. Cheah & Associates Unit 8-16-2, Menara Mutiara Bangsar Jalan Liku, Off Jalan Riong Bangsar, 59100 Kuala Lumpur

STOCK EXCHANGE

Bursa Malaysia Securities Berhad Main Board Stock Code : 5072

tan sri dato' alwi jantan

Tan Sri Dato' Alwi Jantan, aged 71, a Malaysian, is the Independent Non-Executive Chairman of Hiap Teck Venture Berhad ("HTVB"). He was appointed to the Board of HTVB on 6 June 2003.

He obtained his Bachelor of Arts (Honours) degree from the University of Malaya in Singapore in 1958 and also attended the Advanced Management Program at Harvard Business School in 1980. He held various positions in the Malaysian civil service and was the Director General of Public Service, Malaysia prior to his retirement in April 1990.

Tan Sri Dato' Alwi currently serves as the Chairman of the Remuneration Committee and Nomination Committee of HTVB. He currently sits on the boards of Genting Golf Course Bhd, Genting Highlands Berhad, Resorts World Berhad, Awana Vacation Resorts Development Berhad, Guinness Anchor Berhad, United Overseas Australia Ltd and several other private companies.

Tan Sri Dato' Alwi attended all the 4 Board meetings of HTVB held during the financial year ended 31 July 2006.

Tan Sri Dato' Alwi has no family relationship with any Directors and/or major shareholders of the Company and has no conflict of interest with the Company.

He has no conviction for offences within the past 10 years.

profile of the board of directors

kua hock lai managing director

Kua Hock Lai, aged 58, a Malaysian, is the Managing Director of HTVB. He was appointed to the Board of HTVB on 6 June 2003.

Mr. Kua Hock Lai is a businessman by profession and has nearly 40 years of experience in the steel and building materials industry. With his long and in-depth experience, he plays an important role in guiding the Group's direction and future growth.

Mr. Kua is currently a member of the Remuneration Committee of HTVB. He also sits on the boards of several subsidiary companies of HTVB and other private limited companies.

Mr. Kua attended all the 4 Board meetings of HTVB held during the financial year ended 31 July 2006.

Mr. Kua is the father of Mr. Kua Swee Leong and Mr. Kua Swee Kiat, the Executive Directors of HTVB and the spouse of Madam Lim Ah Eng, a major shareholder of HTVB.

He has no conviction for offences within the past 10 years and he has no conflict of interest with the Company.

dato' mohamed nizam bin abdul razak

independent non-executive director

Dato' Mohamed Nizam bin Abdul Razak, aged 48, a Malaysian, is an Independent Non-Executive Director of HTVB. He was appointed to the Board of HTVB on 6 June 2003.

Dato' Mohamed Nizam bin Abdul Razak graduated in Politics, Philosophy and Economics from Oxford University, United Kingdom, in 1980. He began his career in 1981 when he joined the Corporate Finance Department in Bumiputera Merchant Bankers Berhad. In 1984, he joined GP Securities Sdn Bhd (now known as PB Securities Sdn Bhd) as General Manager. He became the Chief Executive Officer in 1992 and held the position until his retirement in 1998.

Dato' Nizam is a member of the Nomination Committee of HTVB. He currently sits on the boards of Mamee Double-Decker (Malaysia) Bhd, Delloyd Ventures Berhad, Yeo Hiap Seng (Malaysia) Bhd, Synergy Track Bhd, Deutsche Bank (M) Berhad and several private companies. He is also a trustee on several charitable foundations such as the Noah Foundation, the Hong Leong Foundation and the National Children Welfare Foundation.

Dato' Nizam attended all the 4 Board meetings of HTVB held during the financial year ended 31 July 2006.

Dato' Nizam has no family relationship with any Directors and/or major shareholders of the Company and has no conflict of interest with the Company.

He has no conviction for offences within the past 10 years.

chong keat

Yeoh Chong Keat, aged 48, a Malaysian, is an Independent Non-Executive Director of HTVB. He was appointed to the Board of HTVB on 6 June 2003.

He did his foundation course in accountancy in Birmingham Polytechnic, UK and is a Fellow of the Institute of Chartered Accountants in England and Wales, Chartered Accountant (Malaysia), Fellow of the Malaysian Institute of Taxation and Member of the Malaysian Institute of Certified Public Accountants.

Mr. Yeoh trained and qualified as a Chartered Accountant with the firm now known as PricewaterhouseCoopers, UK. He was also formerly the Head of the Corporate Secretarial Division of a 'Big Four' accounting firm in Kuala Lumpur.

Currently, Mr. Yeoh also sits on the board of directors of Lien Hoe Corporation Berhad.

Mr. Yeoh is the Chairman of the Audit Committee and a Member of the Remuneration Committee of HTVB.

Mr. Yeoh attended all the 4 Board meetings of HTVB held during the financial year ended 31 July 2006.

Mr. Yeoh has no family relationship with any Directors and/or major shareholders of the Company and has no conflict of interest with the Company.

He has no conviction for offences within the past 10 years.

cheah shu boon

independent non-executive director

Cheah Shu Boon, aged 46, a Malaysian, is an Independent Non-Executive Director of HTVB. He was appointed to the Board of HTVB on 20 March 1997.

He holds a Bachelor of Arts in Law (Honours) and a Master of Laws from the London School of Economics, University of London. He is also a Barrister-at-Law from Gray's Inn, England. He is a practising advocate and solicitor of the High Court of Malaya.

He is well experienced in a wide scope of legal work which include civil litigation, conveyancing, corporate matters and joint ventures. He has provided extensive advice in the negotiation and finalisation of various joint ventures and privatisation projects. In addition, he has undertaken property development projects and currently sits on the boards of several private limited companies.

Mr. Cheah is a member of Nomination, Remuneration and Audit Committees of HTVB.

Mr. Cheah attended all the 4 Board meetings of HTVB held during the financial year ended 31 July 2006.

Mr. Cheah has no family relationship with any Directors and/or major shareholders of the Company and has no conflict of interest with the Company.

He has no conviction for offences within the past 10 years.

toh su lin alternate director

Toh Su Lin, aged 35, a Malaysian, is the Alternate Director of HTVB to Mr. Cheah Shu Boon. She was appointed to the Board of HTVB on 20 March 1997 and subsequently resigned and was appointed as the Alternate Director to Mr Cheah Shu Boon on 12 June 2003.

Ms. Toh holds a Bachelor of Laws (Honours) degree from the University of Leeds, England and holds the Certificate of Legal Practice. She is a practising advocate and solicitor of the High Court of Malaya.

Ms. Toh has no family relationship with any Directors and/or major shareholders of the Company and has no conflict of interest with the Company.

She has no conviction for offences within the past 10 years.

kua swee leong executive director

law sook teng executive director

Law Sook Teng, aged 38, a Malaysian, is an Executive Director of HTVB. She was appointed to the Board of HTVB on 6 June 2003.

She graduated with a Bachelor of Economics degree from Universiti Malaya in 1992. Prior to joining Alpine Pipe Manufacturing Sdn Bhd ("APM"), presently a wholly owned subsidiary of HTVB, in 1994 as the Sales Manager, she was the Assistant Sales Manager of Wing Tiek Steel Pipes Sdn Bhd from 1992 to 1994. She is involved in the management, sales and marketing of APM.

Ms. Law does not sit on any board committee of HTVB. She is a director of APM.

Ms. Law attended all the 4 Board meetings of HTVB held during the financial year ended 31 July 2006.

Ms. Law has no family relationship with any Directors and/or major shareholders of the Company and has no conflict of interest with the Company.

She has no conviction for offences within the past 10 years.

Kua Swee Leong, aged 32, a Malaysian, is an Executive Director of HTVB. He was appointed to the board of HTVB on 12 November 2003.

Mr. Kua Swee Leong graduated with a Bachelor of Business Administration and Management degree from University of Kansas, U.S.A. in 1995. He has been with the Company since graduating from university. Currently, he is responsible for the management and the daily operations of the Group.

He does not sit on any board committee of HTVB. He sits on the boards of several subsidiary companies of HTVB and other private limited companies.

Mr. Kua Swee Leong attended all the 4 Board meetings of HTVB held during the financial year ended 31 July 2006.

Mr. Kua Swee Leong is the son of Mr. Kua Hock Lai, the Managing Director and Madam Lim Ah Eng, a major shareholder of HTVB. He is the brother of Mr. Kua Swee Kiat, the Executive Director of HTVB.

He has no conviction for offences within the past 10 years and he has no conflict of interest with the Company.

tan yuen hong executive director

Tan Yuen Hong, aged 40, a Malaysian, is an Executive Director of HTVB. He was appointed to the Board of HTVB on 1 January 2005.

Mr. Tan started his career in 1985 when he joined the sales department of Wing Tiek Holdings Bhd. He has spent 8 years in Wing Tiek Holdings Bhd before he joined Hiap Teck Hardware Sdn Bhd ("HTH"), presently a wholly owned subsidiary of HTVB, in 1993. His experience in the marketing capacity has accorded him familiarity with the hardware trading business.

Mr. Tan does not sit on any board committee of HTVB. He sits on the boards of several subsidiary companies of HTVB.

Mr. Tan attended all the 4 Board meetings of HTVB held during the financial year ended 31 July 2006.

Mr. Tan has no family relationship with any Directors and/or major shareholders of the Company and has no conflict of interest with the Company.

He has no conviction for offences within the past 10 years.

kua swee kiat executive director

Kua Swee Kiat, aged 31, a Malaysian, is an Executive Director of HTVB. He was appointed to the board of HTVB on 4 January 2006.

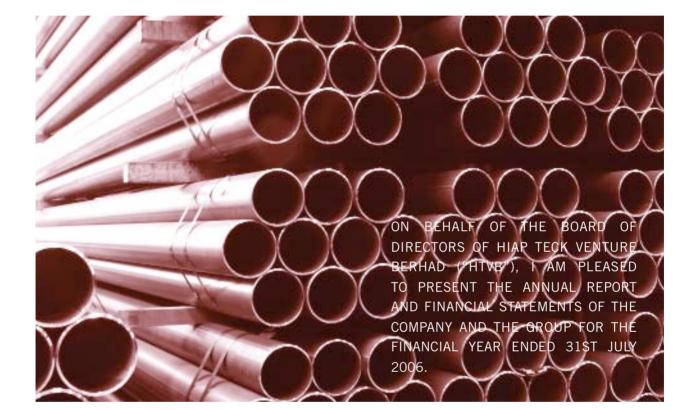
Mr. Kua Swee Kiat graduated with a Bachelor of Commerce, majoring in Accounting and Finance from Curtin University of Technology of Perth, Western Australia in 1998. He was with Ernst & Young since graduating from university. He had spent 3 years with Ernst & Young's Assurance and Advisory Business Division. He joined HTVB in 2001, overseeing the finance and operation of Alpine Pipe Manufacturing Sdn Bhd, a wholly owned subsidiary of HTVB.

He is a member of the Audit Committee of HTVB. He sits on the boards of several subsidiary companies of HTVB and other private limited companies.

Mr. Kua Swee Kiat attended all the 2 Board meetings of HTVB held during his office as the Director for the financial year ended 31 July 2006.

Mr. Kua Swee Kiat is the son of Mr. Kua Hock Lai, the Managing Director and Madam Lim Ah Eng, a major shareholder of HTVB. He is the brother of Mr. Kua Swee Leong, the Executive Director of HTVB.

He has no conviction for offences within the past 10 years and he has no conflict of interest with the Company.



chairman's statement

FINANCIAL PERFORMANCE

HTVB Group has entered into a new milestone in financial year 2006. The Group's revenue has crossed the RM1 billion mark for the first time in HTVB's history.

Despite the challenging and competitive business environment in which it operates, the Group's revenue reached a record of RM1.008 billion as against RM755.995 million in previous financial year. The improvement was mainly due to improved business volume from both its trading and manufacturing divisions.



For the year under review, the Group registered a net profit of RM32.192 million after a provision for impairment in Property, Plant and Equipment of RM9.855 million, compared with the previous financial year of RM37.914 million.

DIVIDENDS

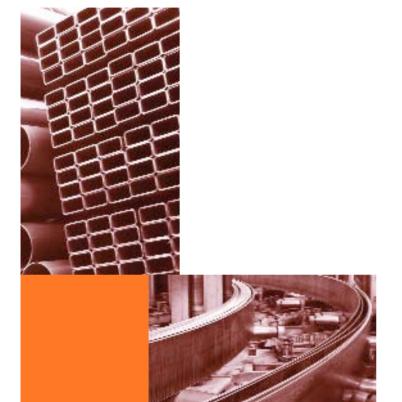
The Board of Directors is pleased to recommend a final dividend of 3% less Malaysian Tax at 28% for the financial year 2006, subject to shareholders' approval at the forthcoming Annual General Meeting.

During the year, an interim dividend of 2% less Malaysian Tax at 28% has been declared and paid on 18th August 2006.

OPERATIONS REVIEW

The Group did not do well in the first half of the financial year especially during second quarter, mainly due to unfavorable steel prices, poor market demand and higher cost of sales. International steel prices picked up at the beginning of calendar year 2006, giving a strong momentum to the industry. Overall operations in Financial Year 2006 were driven by a relatively active market during the second half of the financial year.

The manufacturing division continued to contribute significantly to the Group's revenue and profit for the financial year with steel hollow sections being the dominant contributors. The new 18" pipe mill has been successfully operated during the financial year under review.





The trading division also played a major role in the Groups' revenue and profit. Despite the tough business environment, the trading division was able to maintain its performance for the financial year.

The Group's good strategy management in responding to changing business environment has ensured that it stays profitable.

PROSPECTS

The Group expects the manufacturing division to generate stable and higher margin while the trading division's products will complement our own manufactured products, making the Group a "One Stop Steel Centre".

The Group is continuing its effort to venture into the manufacturing of line pipes for the oil and gas industry. Testing equipments for manufacturing of line pipes have been installed and the application for the America Petroleum Institution's certification (API) is in the pipeline.

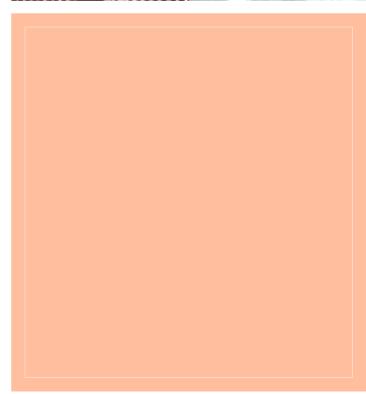
Construction steel consumption is expected to improve in tandem with the implementation of

infrastructure development projects under the 9th Malaysia Plan and industrial activities under the 3rd Industrial Master Plan. The Group is optimistic on its prospects.

ACKNOWLEDGEMENT

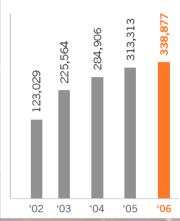
On behalf of the Board, I would like to thank our valued customers, suppliers, bankers, business partners and shareholders for their continuing support and confidence in us, without which, our success would not be achievable. We look forward to strengthening our relationships and upholding your faith in us.

I also wish to extend my sincere appreciation to the Board of Directors, the management and all staff for their dedication and contribution in making the year a successful one.



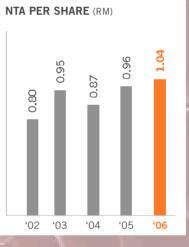
TAN SRI DATO' ALWI JANTAN Independent Non-Executive Chairman





financial highlights

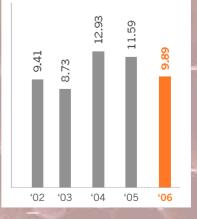




PROFIT AFTER TAXATION (RM'000)



EARNINGS PER SHARE (Sen)



The Board of Hiap Teck Venture Berhad recognizes the importance of maintaining good corporate governance in the Group. The Board is fully committed to apply the principles and best practices recommended by the Malaysian Code on Corporate Governance ("the Code") to ensure that the highest standards of corporate governance is practised.

The Board is pleased to provide the following statements, which outline the main corporate governance practices that were in place throughout the financial year.

A. BOARD OF DIRECTORS

Board Responsibilities

The Group recognizes the vital role played by the Board in the stewardship of its direction and operations, and ultimately the enhancement of long-term shareholder value. The Board is involved in deciding the overall Group strategy and direction, approval of major capital expenditure, significant financial matters and the review of financial and operating performance of the Group.

The Board recognizes the importance for the Company to maintain a dynamic relationship between the Board and the management. The Board as a whole is dedicated to practice clear demarcation of duties, responsibilities and authority within the Company.

Board Balance

The Company is led and controlled by an effective board comprising a balanced mix of directors with both professional and business experience. The Board comprises of 5 Executive Directors, 4 Independent Non-Executive Directors and an Alternate Director.

The concept of independence adopted by the Board is in tandem with the definition of an Independent Director in paragraph 1.01 of the Listing Requirements of Bursa Malaysia Securities Berhad. The key elements of fulfilling the criteria are the appointment of Directors who are not members of management (Non-Executive Directors) and who are free of any relationship which could interfere with the exercise of independent judgment or the ability to act in the interests of the Company. The Board complies with paragraph 15.02 of the Listing Requirements, which requires that at least two Directors or one-third of the Board of the Company, whichever is higher, are Independent Directors.

The Executive Directors are responsible for implementing the policies and decisions of the Board, overseeing the daily operations as well as business development of the Group. The Independent Non-Executive Directors offer the unbiased independent view, advice and judgment in the best interest, not only for the Group but also of shareholders, employees and communities in which the Group conducts its business.

The role of the Chairman and the Managing Director is separate to ensure a balance of power. Currently, the Board is chaired by Tan Sri Dato' Alwi Jantan, an Independent Non-Executive Chairman whereas Mr. Kua Hock Lai, the Managing Director, leads the management in the operation and implementation of Board policies and decisions.

(cont'd)

Meetings

There were 4 Board of Directors' Meetings held during the financial year ended 31 July 2006.

Details of the Board of Directors Meetings and their attendance at these meetings are as follows:

Name of Directors	Attendance
Tan Sri Dato' Alwi Jantan (Chairman, Independent Non-Executive Director)	4/4
Mr. Kua Hock Lai (Managing Director)	4/4
Dato' Mohamed Nizam bin Abdul Razak (Independent Non-Executive Director)	4/4
Mr. Yeoh Chong Keat (Independent Non-Executive Director)	4/4
Mr. Cheah Shu Boon (Independent Non-Executive Director)	4/4
Mr. Yoong Kah Yin (resigned on 3 October 2006) (Independent Non-Executive Director)	4/4
Mr. Kua Swee Leong (Executive Director)	4/4
Ms. Law Sook Teng (Executive Director)	4/4
Mr. Tan Yuen Hong (Executive Director)	4/4
Mr. Kua Swee Kiat (Appointed on 4 January 2006) (Executive Director)	2/2
Mr. Ong Eng Choon (Resigned on 4 January 2006) (Independent Non-Executive Director)	2/2
Ms. Toh Su Lin (Alternate Director to Mr. Cheah Shu Boon)	N/A

Board Committee

The Board delegates certain responsibilities to Board Committees to enhance business and operational efficiency as well as efficacy. These committees are an Audit Committee, a Nomination Committee and a Remuneration Committee which consider particular issues and make recommendations to the Board. Such matters are incorporated in the minutes of the full Board meeting.

(cont'd)

Supply of Information

The Board is provided with sufficient and timely information to enable it to discharge its duties effectively. This information includes both verbal and written details. Senior management would be invited to be present at the Board and Audit Committee meetings, as and when required, to provide further explanation and representation to the Board. Strategic issues such as acquisition and disposal of the Group's investments or assets; announcements to regulators; corporate and restructuring exercises are presented to the Board for its decision to ensure that the direction and control of the Group is firmly in the Board's control. Besides Board Meeting, the Board also exercises control on matters that require Board's approval through circulation of Directors' resolutions.

Prior to meetings of the Board and Board Committees, appropriate documents which include the agenda and reports relevant to the issues of the meetings are circulated to all members. All Directors have full and timely access to information with Board papers distributed in advance of meetings. This ensures that Directors have sufficient time to appreciate issues deliberated at meeting and expedites the decision making process.

All Directors have access to further information which they may require in discharging their duties including seeking independent professional advice, if necessary, at the Company's expense. They also have access to the advice and services of the Company Secretary, whose appointment and removal may only be made with the approval of the Board.

Directors' Training

As at the date of this statement, all the Directors have attended and successfully completed the Mandatory Accreditation Programme (MAP) conducted by Bursatra Sdn Bhd (formerly known as Bursa Malaysia Training Sdn Bhd). The Directors will also undergo other relevant training programmes to further their skills and knowledge, as appropriate. All the Directors have attended a seminar on Financial Reporting Standards during the year.

Appointment to the Board

The Board formed a Nomination Committee on 24 September 2003 comprising exclusively of Non-Executive Directors. The members of the Nomination Committee are:

Name	Designation	Directorship
Tan Sri Dato' Alwi Jantan	Chairman	Independent Non-Executive Director
Dato' Mohamed Nizam bin Abdul Razak	Member	Independent Non-Executive Director
Mr. Cheah Shu Boon	Member	Independent Non-Executive Director

The Nomination Committee is responsible for proposing new nominees for the Board and for assessing Directors as an on-going basis. Nevertheless, the actual decision as to who shall be nominated remains the responsibility of the full Board after considering the recommendation of the Nomination Committee. The Nomination Committee ensures an assessment on the effectiveness of the Board, its Committees and the contribution of each Director is carried out once a year.

The Company's Articles of Association provides that all Directors are required to submit themselves for re-election at least once every three years.

The Company is entitled to the service of the Company Secretary to ensure the appointment of each of its Directors is properly made.

(cont'd)

Directors' Remuneration

The Board formed a Remuneration Committee on 24 September 2003. The members of the Remuneration Committee are:

Name	Designation	Directorship
Tan Sri Dato' Alwi Jantan	Chairman	Independent Non-Executive Director
Mr. Cheah Shu Boon	Member	Independent Non-Executive Director
Mr. Yeoh Chong Keat	Member	Independent Non-Executive Director
Mr. Kua Hock Lai	Member	Managing Director

The Remuneration Committee is responsible for recommending to the Board the remuneration packages of the Executive Directors, whilst the Board as a whole determines the remuneration of the Non-Executive Directors. The individual Director concerned does not participate in the discussion of his or her own remuneration.

It is the policy of the Remuneration Committee to structure the remuneration of the Executive Directors so as to link his rewards to the Group's performance whilst the remuneration of the Non-Executive Directors is determined in accordance with their experience and the level of responsibilities assumed. Fees payable to all Directors are proposed at the Annual General Meeting for the shareholders' approval.

The members of the Remuneration Committee have met three times during the financial year to review and discuss on the remuneration of the Directors. The Remuneration Committee, having determined the respective remuneration of the Executive and Non-Executive Directors, recommended its proposals to the Board for approval.

The following are the remuneration bands of the Directors:

Remuneration Bands	Executive Directors	Non-Executive
RM50,000 and below	-	6
RM200,001 - RM250,000	1	-
RM250,001 - RM300,000	1	-
RM400,001 - RM450,000	2	-
RM4,050,001 - RM4,100,000	1	-

The aggregate remuneration paid/payable to all Directors of the Company are further categorized into the following components:

	Fees (RM)	Salaries & Other Emoluments (RM)	Benefits -in-kind (RM)	Total (RM)
Executive Directors	-	5,391,289	70,400	5,461,689
Non-Executive Directors	231,667	-	-	231,667

(cont'd)

B. SHAREHOLDERS

The Board provides timely and accurate disclosure of all material information of the Group to the shareholders and investors. Information is disseminated through various disclosures and announcements made to Bursa Malaysia Securities Berhad which includes the quarterly reports, annual report and press releases. In addition, the Company conducts briefings and dialogues with financial analysts locally and abroad to give them an overview of the Group's performance and operations and at the same time to promote the Group to potential investors.

The Annual General Meeting ("AGM") is used as a principal forum for dialogue with all shareholders. It has been the Company's practice to send the Notice of AGM and related papers to shareholders at least twenty-one (21) working days before the meeting. At the General Meetings, the Board provides opportunities for shareholders to raise questions on the business activities of the Group, agenda of the meetings and its proposed resolutions. Extraordinary General Meetings are held as and when required. The Chairman of the meeting will facilitate the discussion with the shareholders and provide further information in response to shareholders' queries.

Mr. Yeoh Chong Keat has been appointed the Senior Independent Non-Executive Director of the Board to whom concerns from the shareholders relating to the Company may be conveyed.

C. ACCOUNTABILITY AND AUDIT

i) Financial Reporting

The Board through the review by the Audit Committee and in consultation with the External Auditors, presents a balanced and understandable assessment of the Group's financial position and prospect to the shareholders, investors and regulatory authorities.

ii) Audit Committee

The Audit Committee of the Company consists of two Independent Non-Executive Directors (one of whom is the Chairman) and an Executive Director.

The current composition of the Audit Committee is in compliance with the requirement of paragraph 15.10 (b) of the Listing Requirements that is a majority of the members should be Independent Directors. The Audit Committee Report is set out in pages 26 to 30 of this report.

iii) Internal Control

The Board recognizes the important of maintaining a sound system of internal control for the Group in order to safeguard shareholders' interest of the Group's assets. As such, an internal audit function was established to assist the Audit Committee in reviewing the state of internal control of the Group and to highlight areas for management improvement.

The state of internal control of the Group is explained in greater detail in the enclosed Statement on Internal Control.

iv) Relationship with the Auditors

The Board maintains formal and transparent relationship with its External Auditors through the review of their audit plans, scope of audit and audit report as well as their professional fees and appointment by the Audit Committee.

The External Auditors are invited to attend the Audit Committee meetings. The External Auditors are expected to report their findings to the Audit Committee and to discuss with the Board of Directors on matters that necessitate the Board's attention.

(cont'd)

ADDITIONAL INFORMATION

1. SHARE BUY-BACK

Detail of shares buy-back during the financial year ended 31 July 2006 are as follows :

Month	No. of Shares Buy-Back (RM)	Lowest Price (RM)	Highest Price (RM)	Average Price (RM)	Total Consideration
Nov '05	150,000	0.78	0.78	0.78	117,865.80
Jan '06	200,000	0.55	0.55	0.55	110,484.00
June '06	489,600	0.75	0.795	0.776	379,785.33
July '06	200,000	0.83	0.855	0.849	169,747.40
Total	1,039,600				777,882.53

As at the end of the financial year -

- a. A total of 2,808,000 buy-back shares are being held as treasury shares and carried at cost; and
- b. No shares have been cancelled

2. OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

There were no options, warrants or convertible securities exercised during the financial year ended 31 July 2006.

3. AMERICAN DEPOSITORY RECEIPT (ADR) OR GLOBAL DEPOSITORY RECEIPT (GDR) PROGRAMME

The Company did not sponsor any ADR or GDR programme during the financial year ended 31 July 2006.

4. IMPOSITION OF SANCTIONS/PENALTIES

There were no public sanctions and/or public penalties imposed on the Company and its subsidiaries, directors or management by relevant regulatory bodies during the financial year ended 31 July 2006.

5. NON-AUDIT FEES

A non-audit fees of RM5,000.00 was paid to the External Auditors by the Company during the financial year ended 31 July 2006.

6. VARIATION IN RESULTS

There was no variation between the results for the financial year and the unaudited results previously announced by the Company.

7. PROFIT GUARANTEE

There was no profit guarantee given by the Company during the financial year ended 31 July 2006.

(cont'd)

8. UTILISATION OF PROCEEDS

Not applicable.

9. MATERIAL CONTRACTS INVOLVING DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

There were no material contracts entered into by the Company and/or its subsidiaries involving Directors and major shareholders' interests as at 31 July 2006 except for those disclosed as recurrent related party transactions of revenue or trading nature or related party transactions.

10. REVALUATON POLICY

The Group's revaluation policy is stated in the summary of significant Accounting Policies in the Financial Statements.

11. RELATED PARTY TRANSACTIONS AND RECURRENT RELATED PARTY TRANSACTIONS OF REVENUE OR TRADING NATURE

At the last Annual General Meeting held on 12 December 2005, the Company obtained the approval for a shareholders' mandate for HTVB Group to enter into recurrent related party transactions of revenue or trading nature.

The aggregate value of transactions conducted during the financial year ended 31 July 2006 in accordance with the shareholders' mandate obtained in the last Annual General Meeting were as follows :-

Related Parties involved with HTVB and/or its subsidiaries	Nature of Transaction	Nature of Interest	Value of Transactions (RM)
Power Concord Sdn Bhd ('PC")	i) Sales of steel productsii) Provision of transportation by lorries	Mr. Kua Swee Kiat (the Executive Director of HTVB), his sister, Ms. Kua Siu Hui and K.H.L. Sdn Bhd (a major shareholder of HTVB) are the major shareholders of PC. Mr. Kua Swee Kiat and Ms. Kua Siu Hui are the Directors of PC. Mr. Kua Hock Lai (the Managing Director of HTVB) and Madam Lim Ah Eng (the major shareholder of HTVB) are deemed interested in the transactions by virtue of them being the parents of Mr. Kua Swee Kiat and Ms. Kua Siu Hui and also being the major shareholders of K.H.L. Sdn Bhd. Mr. Kua Swee Leong (the Executive Director of HTVB) is deemed interested in the transactions by virtue of him being the brother of Mr. Kua Swee Kiat and Ms. Kua Siu	
S.B. Cheah & Associates ("SBCA")	Provisions of legal services	Mr. Cheah Shu Boon (the Director of HTVB) and Ms. Toh Su Lin (the Alternate Director to Mr. Cheah Shu Boon) are deemed interested in the transactions by virtue of them being the partners of SBCA.	7,218

statement on internal control

The Board of Directors of Hiap Teck Venture Berhad acknowledges the importance of the system of internal control and affirms that it is their responsibility to maintain a sound system of internal control to safeguard the shareholders' investment in the Group. In this respect the Board assumes its responsibility for identifying principal risks, ensuring the implementation of appropriate systems to manage these risks and reviewing the adequacy and integrity of the Group's system of internal control.

The identification, evaluation and management of significant risks faced by the Group are embedded in the Group's business management and operation. These processes are carried out by the management team comprising the Executive Directors and senior management. Review of changes in business environment and operations are conducted by the management team to ensure business strategies are aligned to corporate plan. Significant corporate issues discussed in the management level are brought to the Board meeting to ensure that these issues are deliberated and reviewed by all Board members.

Effective review is an essential component of sound system of internal control. Currently, the Board's review of the system of internal control of the Group is conducted through the Audit Committee and assisted by the Internal Auditors and the senior management. Similarly, all reports and issues discussed at the Audit Committee Meeting are briefed in the Board Meeting.

The Audit Committee reviews the inputs from the Internal Auditors and management deriving from the internal audit reports and periodic financial statements respectively. The internal audit report identifies the management actions needed for continual improvement on the system of internal control while the periodic financial statement indicates the fundamental state of the management of the Group.

During the financial year, the Internal Auditors also facilitated the management in risk assessment and identification. A risk report summarising the risks and management current control measures were produced. This report complemented the Audit Committee's assessment on the system of internal control and risk management of the Group. The risk report was also presented to management for their future monitoring.

Another essential aspect of the system of internal control of the Group is the implementation of ISO 9001:2000 Quality Management System in Alpine Pipe Manufacturing Sdn Bhd being the major subsidiary of the Group. Internal quality audits are carried out by the management and annual surveillance audits are conducted by a certification body to provide assurance of compliance with the ISO requirements.

Based on the above review structure the Board obtains reasonable assurance that the system of internal control is in place. The Board recognises that the systems of internal control should be continuously improved in line with the growth of the Group and evolving business environment. However, it should be noted that risk management system and system of internal control could only be designed to manage rather than eliminate risks of failure to achieve business objectives. Therefore, these systems can only provide reasonable but not absolute assurance against material misstatements or losses.

statement of directors' responsibility for preparing the financial statements

The Directors are required by the Companies Act, 1965 to prepare financial statements for each financial year which have been made out in accordance with applicable approved accounting standards and give a true and fair view of the state of affairs of the Group and the Company at the end of the financial year and of the results and cash flows of the Group and Company for the financial year.

In preparing the financial statements, the Directors have:

- adopted suitable accounting policies and applied them consistently;
- made judgments and estimates that are reasonable and prudent;
- ensured that all applicable accounting standards have been followed; and
- prepared financial statements on a going concern basis as the Directors have reasonable expectation, having made enquiries, that the Group and Company have adequate resources to continue in operational existence for the foreseeable future.

The Directors have the responsibility for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Group and Company and which enable them to ensure that the financial statements comply with the Companies Act, 1965 and applicable approved accounting standards.

The Directors have the overall responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group to prevent and detect fraud and other irregularities.

The Audit Committee was established on 17 July 2003.

MEMBERSHIP

The members of the Audit Committee are:

Name	Designation	Directorship
Mr. Yeoh Chong Keat	Chairman	Independent Non-Executive Director
Mr. Kua Hock Lai (resigned on 4 January 2006)	Member	Managing Director
Mr. Ong Eng Choon (resigned on 4 January 2006)	Member	Independent Non-Executive Director
Mr. Yoong Kah Yin (appointed on 4 January 2006, resigned on 3 October 2006)	Member	Independent Non-Executive Director
Mr. Kua Swee Kiat (appointed on 4 January 2006)	Member	Executive Director
Mr. Cheah Shu Boon (appointed on 2 November 2006)	Member	Independent Non-Executive Director

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

1. Appointment/Composition:

- 1.1 The members of the Audit Committee shall be appointed by the Board.
- 1.2 The Audit Committee shall consist of not less than three (3) members of whom:
 - a) a majority shall be Independent Directors;
 - b) at least one (1) member of the Audit Committee:
 - (i) must be a member of the Malaysian Institute of Accountants; or
 - (ii) if he is not a member of the Malaysian Institute of Accountants,
 - a) he must have at least three (3) years' working experience; and
 - he must have passed the examinations specified in Part I of the First Schedule of the Accountants Act, 1967; or
 - he must be a member of one (1) of the associations of accountants specified in Part II of the First Schedule of the Accountants Act, 1967; or
 - b) he must have a degree/masters/doctorate in accounting or finance and at least three (3) years' post qualification experience in accounting or finance; or
 - c) he must have at least seven (7) years' experience being a chief financial officer of a corporation or having the function of being primarily responsible for the management of the financial affairs of a corporation.
 - (iii) fulfils such other requirements as prescribed by the Exchange.

(cont'd)

- 1.3 No Alternate Director shall be appointed as a member of the Audit Committee.
- 1.4 A quorum shall be two (2) members and composed of a majority of Independent Directors.
- 1.5 The Chairman of the Audit Committee shall be appointed by the members of the Audit Committee among their number who is an Independent Director.
- 1.6 The Board must review the term of office and performance of the Audit Committee and each of its members at least once every three (3) years to determine whether such Audit Committee and members have carried out their duties in accordance with their terms of reference.
- 1.7 The Board shall, within three (3) months of a vacancy occurring in the Audit Committee which result in the number of members reduced to below three (3), appoint such number of new members as may be required to make up the minimum number of three (3) members.

2. Meetings:

- 2.1 Meetings shall be held not less than four (4) times in a year. In addition, the Chairman may call a meeting of the Audit Committee if a request is made by any Audit Committee member, the Company's Chairman or the Internal or External Auditors if they consider it necessary.
- 2.2 Meetings will be attended by the members of the Audit Committee and the Company Secretary or his/her representative who shall act as the Secretary.
- 2.3 Participants may be invited from time to time to attend the meeting depending on the nature of the subject under review. These participants may include the Directors, General Managers, Division Heads, representatives from the Finance and Internal Audit Departments and External Auditors.

3. Authority:

- 3.1 The Audit Committee is authorised by the Board to carry out the duties mentioned below and the Board and Management shall give all assistance that is necessary to enable the Audit Committee to discharge its duties.
- 3.2 The Audit Committee shall, whenever necessary and reasonable for the performance of its duties and in accordance with a procedure to be determined by the Board and at the Company's cost:
 - (a) have authority to investigate any matter within its terms of reference;
 - (b) have the resources which are required to perform its duties;
 - (c) have full and unrestricted access to any information pertaining to the Company;
 - (d) have direct communication channels with the External Auditors and person(s) carrying out the internal audit function or activity (if any);
 - (e) be able to obtain independent professional or other advice; and
 - (f) be able to convene meetings with the External Auditors, excluding the attendance of the executive members of the Audit Committee, whenever deemed necessary.

(cont'd)

4. Functions and Responsibilities:

The functions and responsibilities of the Audit Committee shall include the following:

- (a) to discuss and liaise with the External Auditors to ensure the smooth implementation of the audit plan, review and forward the evaluation of the system of internal controls and audit report to the Board;
- (b) to review the assistance given by employees of the Group to the External and Internal Auditors;
- (c) to review the External Auditor's management letter and management's response;
- (d) to do the following where an internal audit function exists:-
 - to review the adequacy of the scope, functions and resources of the internal audit function, and that it has the necessary authority to carry out its work;
 - to review the internal audit programme and results of the internal audit process and where necessary ensure that appropriate action is taken on the recommendations of the internal audit function;
- (e) to review quarterly reports and annual financial statements prior to the approval of the Board, focusing particularly on:
 - (i) changes in or implementation of major accounting policy changes;
 - (ii) significant and unusual events; and
 - (iii) compliance with accounting standards and other legal requirements;
- (f) to review any related party transactions and conflict of interest situation that may arise within the Company and the Group including any transaction, procedure or course of conduct that raises questions of management integrity;
- (g) to review and report the same to the Board any letter of resignation from the External Auditors of the Company as well as whether there is any reason (supported by grounds) to believe that the Company's External Auditors are not suitable for re-appointment;
- (h) to make recommendations concerning the appointment of the External Auditors and their remuneration to the Board;
- (i) prompt reporting to Bursa Malaysia Securities Berhad ("Bursa Securities") on any matter reported by the Audit Committee to the Board which has not been satisfactorily resolved resulting in a breach of the Bursa Securities's Listing Requirements.

The reports of the Audit Committee and of the External and the Internal Auditors and corrective action taken shall be tabled for discussion by the Board of Directors.

5. Minutes:

The Secretary shall maintain minutes of the proceedings of the meetings and circulate such minutes to all members of the Audit Committee and the Board of Directors.

(cont'd)

6. Audit Committee Report:

The Audit Committee shall ensure that an audit committee report is prepared at the end of each financial year that complies with subparagraph 6.1 and 6.2 below:

- 6.1 The audit committee report shall be clearly set out in the Annual Report of the Company;
- 6.2 The audit committee report shall include the following:
 - (a) the composition of the Audit Committee, including the name, designation (indicating the chairman) and directorship of the members (indicating whether the Directors are independent or otherwise);
 - (b) the terms of reference of the Audit Committee;
 - (c) the number of Audit Committee meetings held during the financial year end and details of attendance of each member;
 - (d) a summary of activities of the Audit Committee in the discharge of its functions and duties for that financial year of the Company; and
 - (e) the existence of an internal audit function or activity and where there is such a function or activity, a summary of the activities of the function or activity. Where such a function or activity does not exist, an explanation of the mechanism that exist to enable the Audit Committee to discharge its functions effectively.

SUMMARY OF ACTIVITIES

The Audit Committee carried out its duties in accordance with its terms of reference during the year.

During the financial year ended 31 July 2006, the Audit Committee convened a total of four (4) meetings. The details of attendance at the Audit Committee meeting held in financial year 2006 are as follows:-

Na	ne of Directors	Attendance
1.	Mr. Yeoh Chong Keat	4/4
2.	Mr. Kua Hock Lai (resigned on 4 January 2006)	2/2
3.	Mr. Kua Swee Kiat (appointed on 4 January 2006)	2/2
4.	Mr. Yoong Kah Yin (appointed on 4 January 2006 & resigned on 3 October 2006)	2/2
5.	Mr. Ong Eng Choon (resigned on 4 January 2006)	2/2
6.	Mr. Cheah Shu Boon (appointed on 2 November 2006)	N/A

The Group Financial Controller and Internal Auditors are usually present at the meetings. Representative of the External Auditors attended meetings where matters relating to the audit of the statutory accounts were discussed. Other Board members may attend meeting upon the invitation of the Audit Committee. The Company Secretary was the secretary at the Audit Committee meetings.

(cont'd)

The main activities undertaken by the Audit Committee during the financial year were as follows:

- Review of the quarterly reports and annual financial statements of the Company and the Group prior to submission to the Board of Directors for their consideration and approval.
- Review of the internal audit reports and consideration of the findings and management's responses thereto.
- Review and discussion with External Auditors the issues arising from the statutory audit, the audit report and the management letters including management's responses.
- Review of the Related Party Transactions of the Group.
- Review and approved the internal audit plan, strategy and scope of work
- Review of the external audit plans / audit planning memorandum for financial year ended 2006

INTERNAL AUDIT FUNCTION

The Board acknowledges its responsibility and the importance of maintaining a sound system of internal controls.

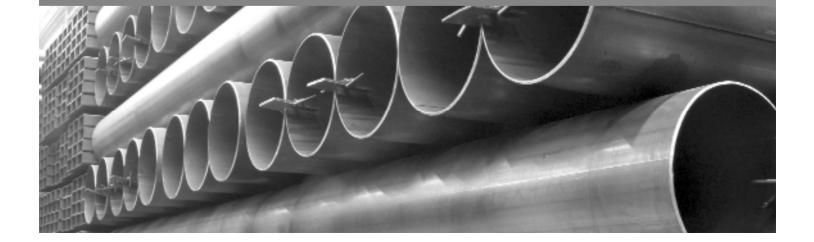
The Company engaged a professional service firm to carry out the internal audit function of the Group to assist the Audit Committee in discharging its duties and responsibilities. The internal audit function is independent of the activities or operations of other operating units. The principal role of the internal audit function is to undertake independent, regular and systematic reviews of the internal control systems of the Group in order to provide a reasonable assurance that such systems continue to operate satisfactorily and effectively. It is the responsibility of the internal audit function to provide the Audit Committee with independent and objectives reports on the state of internal control of the various operating units of the Group. The internal audit reports are reviewed by the Audit Committee and the Management is responsible for ensuring that corrective actions on reported weaknesses are taken within the required time frame.

Further details of the activities of the internal audit function are set out in the Statement on Internal Control on page 24 of this Annual Report.

to be the leading steel company

financial statements

directors' report 32 statement by directors 37 statutory declaration 37 report of the auditors 38 balance sheets 39 income statements 41 consolidated statement of changes in equity 42 company statement of changes in equity 42 cash flow statements 43 notes to the financial statements 45



directors' report

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 July 2006.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment and property holdings and the provision of management services.

The principal activities of the subsidiaries are disclosed in Note 4 to the financial statements.

There have been no significant changes in the nature of these principal activities during the financial year.

RESULTS

	Group RM'000	Company RM'000
Net profit for the year	32,192	4,468

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the statements of changes in equity.

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDENDS

The amount of dividends paid by the Company since 31 July 2005 were as follows:

In respect of the financial year ended 31 July 2005 as reported in the directors' report of that year:

	RM'000
Interim dividend of 1.0 sen per share less 28% taxation, on 325,631,600 ordinary shares, declared on 13 July 2005 and paid on 22 August 2005	2,345
Final dividend of 1.5 sen per share less 28% taxation, on 325,281,600 ordinary shares, approved in the Annual General Meeting on	
12 December 2005 and paid on 22 February 2006	3,513
	5,858

directors' report

(cont'd)

DIVIDENDS (cont'd)

In respect of the current financial year:

	RM'000
Interim dividend of 1.0 sen per share less 28% taxation, on 324,592,000	
ordinary shares, declared on 14 July 2006 and paid on 18 August 2006	2,337

At the forthcoming Annual General Meeting, a final dividend of 1.5 sen per share less 28% taxation in respect of the current financial year amounting to RM3,501,000 (1.08 sen net per share) will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained profits in the financial year ending 31 July 2007.

DIRECTORS

The directors of the Company in office since the date of the last report and at the date of this report are:

Tan Sri Dato' Alwi Jantan	
Kua Hock Lai	
Dato' Mohamed Nizam bin Abdul Razak	
Yeoh Chong Keat	
Cheah Shu Boon	
Law Sook Teng (f)	
Kua Swee Leong	
Tan Yuen Hong	
Toh Su Lin (f)	(alternate director to Cheah Shu Boon)
Kua Swee Kiat	(appointed on 4 January 2006)
Ong Eng Choon	(resigned on 4 January 2006)
Yoong Kah Yin	(resigned on 3 October 2006)

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors as shown in Note 22 to the financial statements or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with any director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest, except as disclosed in Note 28 to the financial statements.

directors' report

(cont'd)

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares in the Company during the financial year were as follows:

	——— Number of Ordinary Shares of RM0.50 Each ———			
	As at			As at
	1.8.2005	Acquired	Sold	31.7.2006
The Company				
The company				
Direct Interest:				
Tan Sri Dato' Alwi Jantan	1,395,000	19,000	(4,000)	1,410,000
Dato' Mohamed Nizam bin Abdul Razak	7,821,147	-	-	7,821,147
Yeoh Chong Keat	12,000	-	(12,000)	-
Cheah Shu Boon	80,000	-	(14,000)	66,000
Law Sook Teng (f)	450,015	-	-	450,015
Kua Swee Leong	757	-	-	757
Tan Yuen Hong	350,015	-	(350,000)	15
Toh Su Lin (f)	55,000	-	(10,000)	45,000
Kua Swee Kiat	15,757	-	-	15,757
Indirect Interest:				
Kua Hock Lai	135,099,485	-	-	135,099,485

By virtue of his shareholdings in the Company, Mr. Kua Hock Lai is also deemed to be interested in shares in all the subsidiaries of the Company.

The other director, Mr. Yoong Kah Yin who held office at the end of the financial year, did not have any interest in shares in the Company or its related corporations during the financial year.

TREASURY SHARES

During the financial year, the Company repurchased 1,039,600 of its issued ordinary shares from the open market at an average price of RM0.75 per share. The total consideration paid for the repurchase including transaction costs was RM778,000. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965 and further relevant details are disclosed in Note 15 to the financial statements.

directors' report

(cont'd)

OTHER STATUTORY INFORMATION

- (a) Before the balance sheets and income statements of the Group and of the Company were made out, the directors took reasonable steps:
 - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances which would render:
 - (i) the amount written off for any bad debts or the amount of the provision for doubtful debts in these financial statements inadequate to any substantial extent; and
 - (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) As at the date of this report, there does not exist:
 - (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the directors:
 - no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations as and when they fall due; and
 - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

directors' report

(cont'd)

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Significant events during the financial year are disclosed in Note 29 to the financial statements.

AUDITORS

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors.

Kua Hock Lai

Law Sook Teng

Selangor Darul Ehsan, Malaysia 17 October 2006

37

statement by directors

pursuant to section 169(15) of the companies act, 1965

We, Kua Hock Lai and Law Sook Teng, being two of the directors of Hiap Teck Venture Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 39 to 79 are drawn up in accordance with applicable MASB Approved Accounting Standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of the financial position of the Group and of the Company as at 31 July 2006 and of the results and the cash flows of the Group and of the Company for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors.

Kua Hock Lai

Selangor Darul Ehsan, Malaysia 17 October 2006 Law Sook Teng

statutory declaration

pursuant to section 169(16) of the companies act, 1965

I, Ooi Ai Leng, being the officer primarily responsible for the financial management of Hiap Teck Venture Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 39 to 79 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed Ooi Ai Leng at Kuala Lumpur in the Federal Territory on 17 October 2006

Ooi Ai Leng

Before me, Soh Ah Kau (W315) Commissioner for Oaths

report of the auditors

to the members of hiap teck venture berhad (incorporated in malaysia)

We have audited the financial statements set out on pages 39 to 79. These financial statements are the responsibility of the Company's directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

We conducted our audit in accordance with applicable Approved Standards on Auditing in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements have been properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable MASB Approved Accounting Standards in Malaysia so as to give a true and fair view of:
 - (i) the financial position of the Group and of the Company as at 31 July 2006 and of the results and the cash flows of the Group and of the Company for the year then ended; and
 - (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and by its subsidiaries have been properly kept in accordance with the provisions of the Act.

We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

Ernst & Young AF: 0039 Chartered Accountants See Huey Beng No. 1495/03/07(J) Partner

Kuala Lumpur, Malaysia 17 October 2006

balance sheets

as at 31 july 2006

		Group		Company		
	Note	2006	2005	2006	2005	
		RM'000	RM'000	RM'000	RM'000	
NON-CURRENT ASSETS						
Property, plant and equipment	3	238,294	198,321	62,336	63,296	
Investment in subsidiaries	4	-	-	81,570	81,570	
Other investments	5	327	432	-	-	
Goodwill on consolidation	6	-	787	-	-	
Deferred tax assets	17	299	1	-	-	
		238,920	199,541	143,906	144,866	
CURRENT ASSETS						
Inventories	7	225,610	214,026	-	-	
Trade receivables	8	263,671	150,539	-	-	
Other receivables	9	26,760	24,351	71	22	
Due from subsidiaries	10	-	-	42,389	42,511	
Tax recoverable		2,564	1,417	1,475	585	
Cash and bank balances	11	30,482	13,113	588	736	
		549,087	403,446	44,523	43,854	
CURRENT LIABILITIES						
Bank overdraft	12	1	-	-	-	
Borrowings	12	358,479	233,169	-	-	
Trade payables	13	14,964	15,920	-	-	
Other payables	14	24,277	10,488	1,886	517	
Tax payable		1,287	3,056	-	-	
Dividend payable		2,337	2,345	2,337	2,345	
		401,345	264,978	4,223	2,862	
NET CURRENT ASSETS		147 740	120 460	40.200	40.000	
NET CURRENT ASSETS		147,742	138,468	40,300	40,992	
		386,662	338,009	184,206	185,858	

balance sheets

as at 31 july 2006 (cont'd)

		Group		Com	pany
	Note	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
			RIVI 000	KIM 000	
FINANCED BY:					
SHAREHOLDERS' EQUITY					
Share capital	15	163,700	163,700	163,700	163,700
Treasury shares	15	(3,029)	(2,251)	(3,029)	(2,251)
Share premium		21,853	21,853	21,853	21,853
Revaluation reserve	16 (a)	14,620	14,667	-	-
Retained profits	16 (b)	141,733	115,344	1,109	2,491
	_	338,877	313,313	183,633	185,793
NON-CURRENT LIABILITIES					
Borrowings	12	41,372	17,555	-	-
Deferred tax liabilities	17	6,413	7,141	573	65
	_	47,785	24,696	573	65
		386,662	338,009	184,206	185,858

income statements

for the year ended 31 july 2006

		Gre	oup	Company		
	Note	2006 2005		2006	2005	
		RM'000	RM'000	RM'000	RM'000	
Revenue	18	1,008,250	755,995	13,914	15,079	
Cost of sales	19	(906,092)	(667,143)	-	-	
Gross profit		102,158	88,852	13,914	15,079	
Other operating income		9,545	5,816	12	32	
Property operating cost		(2,559)	(1,977)	(1,755)	(1,176)	
Administrative expenses		(19,513)	(14,120)	(5,693)	(3,562)	
Selling and marketing expenses		(20,691)	(14,456)	-	-	
Other operating expenses		(10,626)	(32)	-	-	
Profit from operations	20	58,314	64,083	6,478	10,373	
Finance costs	23	(13,634)	(9,124)	-	-	
Profit before taxation		44,680	54,959	6,478	10,373	
Taxation	24	(12,488)	(17,045)	(2,010)	(1,809)	
Net profit for the year		32,192	37,914	4,468	8,564	
Earnings per share (sen):	0.5		11.50			
Basic	25	9.89	11.59			
Net dividends per ordinary share (sen):	26			1.80	1.80	
ivel dividends per ordinary snare (sen):	20		-	1.80	1.80	

consolidated statement of changes in equity

for the year ended 31 july 2006

	Note	Share Capital RM'000	M Treasury Shares RM'000	on-Distribut Share Premium RM'000	able ——— Revaluation Reserve RM'000	Profits	Total RM'000
At 1 August 2004 Acquisition of treasury shares Dividends Net profit for the year	15	163,700 - - -	- (2,251) - -	21,853 - - -	14,667 - - -	(7,256)	284,906 (2,251) (7,256) 37,914
At 31 July 2005 Acquisition of treasury shares Dividends Disposal of a revalued asset Net profit for the year	15	163,700 - - - -	(2,251) (778) - - -	21,853 - - -	14,667 - - (47 -	(5,850)	313,313 (778) (5,850) - 32,192
At 31 July 2006		163,700	(3,029)	21,853	14,620	141,733	338,877

company statement of changes in equity

for the year ended 31 july 2006

	Note	Share Capital RM'000	Non-Dist Treasury Shares RM'000	ributable Share Premium RM'000	Profits	Total RM'000
At 1 August 2004 Acquisition of treasury shares Dividends Net profit for the year	15	163,700 - - -	(2,251) - -	21,853 - - -	(7,256)	186,736 (2,251) (7,256) 8,564
At 31 July 2005 Acquisition of treasury shares Dividends Net profit for the year	15	163,700 - - -	(2,251) (778) - -	21,853 - - -	-	185,793 (778) (5,850) 4,468
At 31 July 2006		163,700	(3,029)	21,853	1,109	183,633

The accompanying notes form an integral part of the financial statements.

cash flow statements

for the year ended 31 july 2006

	Gro	oup	Company		
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000	
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before taxation	44,680	54,959	6,478	10,373	
Adjustments for:					
Gain on disposal of other investments	-	(55)	-	-	
Amortisation of goodwill	-	52	-	-	
Goodwill impaired	787	-	-	-	
Net unrealised foreign exchange gain	(104)	(69)	-	-	
Other investments written off	-	120	-	35	
Provision for doubtful debts	1,600	180	-	-	
Provision for impairment in value of other investments	105	-	-	-	
Provision for impairment in property, plant and equipment	9,855	-	-	-	
Write back of provision for doubtful debts	(837)	(1,010)	-	-	
Depreciation of property, plant and equipment	16,040	11,431	960	960	
Interest expense	13,166	8,712	-	-	
Deposits interest income	(287)	(165)	(12)	(32)	
Net overdue interest income	(1,019)	(125)	-	-	
Dividends income	(7)	-	(6,900)	(8,000)	
Gain on disposal of property, plant and equipment	(6,660)	(3,301)	-	-	
Operating profit before working capital changes Changes in working capital:	77,319	70,729	526	3,336	
	(11,584)	(17,094)	-	-	
Receivables	(116,200)	(9,736)	(49)	-	
Payables	12,833	(14,567)	1,369	(931)	
Net change in intercompanies indebtedness	-	-	122	1,169	
Cash (used in)/generated from operations	(37,632)	29,332	1,968	3,574	
Interest paid	(13,166)	(8,712)	-	-	
Net overdue interest income received	1,019	125	-	-	
Taxes paid, net of taxes refunded	(16,428)	(21,348)	(460)	(1,182)	
Net cash (used in)/generated from operating activities	(66,207)	(603)	1,508	2,392	

cash flow statements

for the year ended 31 july 2006 (cont'd)

	Gro	up	Company		
	2006 2005		2006	2005	
	RM'000	RM'000	RM'000	RM'000	
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from disposal of other investments	-	234	-	-	
Refund of deposit for club membership	-	4	-	-	
Acquisition of quoted shares	-	(224)	-	-	
Net dividends received	5	-	4,968	5,000	
Proceeds from disposal of property, plant and equipment	10,323	4,789	-	-	
Deposits interest received	287	165	12	32	
Purchase of property, plant and equipment	(30,623)	(36,572)	-	(910)	
Net cash (used in)/generated from investing activities	(20,008)	(31,604)	4,980	4,122	
CASH FLOWS FROM FINANCING ACTIVITIES					
Repayment of term loan	(7,489)	-	-	-	
Repayment of hire purchase financing	-	(132)	-	-	
Drawdown of other short term borrowings, net of repayment	117,708	41,037	-	-	
Acquisition of treasury shares	(778)	(2,251)	(778)	(2,251)	
Dividends paid	(5,858)	(4,911)	(5,858)	(4,911)	
Net cash generated from/(used in) financing activities	103,583	33,743	(6,636)	(7,162)	
NET INCREASE/(DECREASE) IN					
CASH AND CASH EQUIVALENTS	17,368	1,536	(148)	(648)	
CASH AND CASH EQUIVALENTS					
AT BEGINNING OF YEAR	13,113	11,577	736	1,384	
CASH AND CASH EQUIVALENTS					
AT END OF YEAR (NOTE 11)	30,481	13,113	588	736	

31 july 2006

1. CORPORATE INFORMATION

The principal activities of the Company are investment and property holdings and the provision of management services. The principal activities of the subsidiaries are disclosed in Note 4. There have been no significant changes in the nature of these principal activities during the financial year.

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Board of Bursa Malaysia Securities Berhad. The registered office of the Company is located at Lot 6096, Jalan Haji Abdul Manan, Batu 5½, off Jalan Meru, 41050 Klang, Selangor Darul Ehsan.

The Group and the Company employs 686 (2005: 528) and 4 (2005: 4) employees respectively at the end of the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 17 October 2006.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The financial statements of the Group and of the Company have been prepared under the historical cost convention modified to include revaluation of land and buildings included in property, plant and equipment.

The financial statements comply with the provisions of the Companies Act, 1965 and applicable MASB Approved Accounting Standards in Malaysia.

(b) Basis of Consolidation

Subsidiaries

The consolidated financial statements include the financial statements of the Company and all its subsidiaries. Subsidiaries are those entities in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from their activities.

Subsidiaries are consolidated either using the acquisition method or the merger method of accounting. Under the acquisition method of accounting, the results of the subsidiaries acquired or disposed off during the financial year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. The assets and liabilities of the subsidiaries are measured at their fair values at the date of acquisition. The difference between the cost of an acquisition and the fair value of the Group's share of the net assets of the acquired subsidiary at the date of acquisition is included in the consolidated balance sheet as goodwill or negative goodwill arising on consolidation.

Under the merger method of accounting, the results of subsidiaries are presented as if the merger had been effected throughout the current and previous years. In the consolidated financial statements, the cost of the merger is cancelled with the nominal values of the shares received. Any resulting credit difference is classified as equity and regarded as a non-distributable reserve. Any resulting debit difference is adjusted against any suitable reserve.

31 july 2006 (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(b) Basis of Consolidation (cont'd)

Subsidiaries (cont'd)

Intra-group transactions, balances and resulting unrealised gains are eliminated on consolidation and the consolidated financial statements reflect external transactions only. Unrealised losses are eliminated on consolidation unless costs cannot be recovered.

The gain or loss on disposal of a subsidiary company is the difference between net disposal proceeds and the Group's share of its net assets together with any unamortised balance of goodwill.

(c) Goodwill

Goodwill represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of the subsidiary acquired at the date of acquisition.

Goodwill is stated at cost less accumulated amortisation and impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(n). Goodwill is amortised on a straight-line basis over its estimated useful life of 20 years.

(d) Investment in Subsidiaries

The Company's investment in subsidiaries are stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(n).

On disposal of such investment, the difference between net disposal proceeds and their carrying amounts is recognised in the income statement.

(e) Property, Plant and Equipment and Depreciation

Property, plant and equipment are stated at cost or valuation less accumulated depreciation and impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(n).

Freehold land, leasehold land and buildings are stated at cost or valuation less impairment losses. Revaluations are made at least once in every five years based on a valuation by an independent valuer on an open market value basis. Any revaluation increase is credited to equity as a revaluation surplus, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense, in which case the increase is recognised in the income statement to the extent of the decrease previously recognised. A revaluation decrease is first offset against unutilised previously recognised revaluation surplus in respect of the same asset and the balance is thereafter recognised as an expense. Upon the disposal of revalued assets, the attributable revaluation surplus remaining in the revaluation reserve is transferred to retained profits.

31 july 2006 (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(e) Property, Plant and Equipment and Depreciation (cont'd)

Freehold land are not depreciated while leasehold land are depreciated over the period of respective leases. Depreciation of other property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to their residual value over the estimated useful life, at the following annual rates:

Buildings	2%
Plant and machinery	10 - 20%
Motor vehicles	20%
Other assets	10 - 20%

Upon the disposal of an asset, the difference between the net disposal proceeds and the net carrying amount is recognised in the income statement and the unutilised portion of the revaluation surplus on that item is taken directly to retained profits.

(f) Inventories

Inventories are stated at lower of cost and net realisable value.

Cost is determined on the weighted average basis. The cost of raw materials comprises costs of purchase plus costs incurred in bringing the inventories to their present locations and conditions. The costs of finished goods and work-in-progress comprise raw materials, direct labour, other direct costs and appropriate proportions of production overheads.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to complete the sale.

(g) Cash and Cash Equivalents

For the purposes of the cash flow statements, cash and cash equivalents include cash on hand and at banks and deposits at call, net of outstanding bank overdraft.

(h) Provisions for Liabilities

Provisions for liabilities are recognised when the Group has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

31 july 2006 (cont'd)

48

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(i) Income Tax

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the balance sheet date.

Deferred tax is provided for, using the liability method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity in which case the deferred tax is also recognised directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or negative goodwill.

(j) Leases

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incident to ownership. All other leases are classified as operating leases.

(i) Finance Leases

Assets acquired by way of hire purchase or finance leases are stated at an amount equal to the lower of their fair values and the present value of the minimum lease payments at the inception of the leases, less accumulated depreciation and impairment losses. The corresponding liability is included in the balance sheet as borrowings. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine; otherwise, the Company's incremental borrowing rate is used.

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised as an expense in the income statement over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

The depreciation policy for leased assets is in accordance with that for depreciable property, plant and equipment as described in Note 2(e).

(ii) Operating Leases

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the term of the relevant lease.

31 july 2006 (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(k) Employee Benefits

(i) Short Term Benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined Contribution Plans

As required by law, companies in Malaysia make contributions to the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in the income statement as incurred.

(I) Revenue Recognition

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of the revenue can be measured reliably.

(i) Sale of Goods

Revenue relating to sale of goods is recognised net of sales taxes and discounts upon the transfer of risks and rewards.

(ii) Transport Charges

Revenue from transport charges is recognised when the services have been performed.

(iii) Rental Income

Rental income relates to rental of properties and scaffoldings are recognised over the period of tenancy, as appropriate.

(iv) Interest Income

Interest is recognised on a time proportion basis that reflects the effective yield on the asset.

(v) Dividend Income

Dividend income is recognised when the right to receive payment is established.

(vi) Slitting and Forming Charges

Revenue from slitting and forming charges is recognised when the services have been performed.

(vii) Management Fee

Management fee is recognised upon performance of service.

31 july 2006 (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(m) Foreign Currencies

Transactions in foreign currencies are initially recorded in Ringgit Malaysia at rates of exchange ruling at the date of the transaction. At each balance sheet date, foreign currency monetary items are translated into Ringgit Malaysia at exchange rates ruling at that date, unless hedged by forward foreign exchange contracts, in which case the rates specified in such forward contracts are used. Non-monetary items initially denominated in foreign currencies, which are carried at historical cost are translated using the historical rate as of the date of acquisition and non-monetary items which are carried at fair value are translated using the exchange rate that existed when the values were determined.

All exchange rate differences are taken to the income statement.

The principal exchange rates used for each respective unit of foreign currency ruling at the balance sheet date are as follows:

	2006 RM	2005 RM
United States Dollars	3.66	3.80
Singapore Dollars	2.32	2.28

(n) Impairment of Assets

At each balance sheet date, the Group reviews the carrying amounts of its assets to determine whether there is any indication of impairment. If any such indication exists, impairment is measured by comparing the carrying values of the assets with their recoverable amounts. Recoverable amount is the higher of net selling price and value in use, which is measured by reference to discounted future cash flows.

An impairment loss is recognised as an expense in the income statement immediately, unless the asset is carried at revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of any unutilised previously recognised revaluation surplus for the same asset.

(o) Financial Instruments

Financial instruments are recognised in the balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends and gains and losses relating to a financial instrument classified as a liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are recognised directly to equity. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

(i) Other Non-current Investments

Non-current investments are stated at cost less impairment losses. On disposal of an investment, the difference between net disposal proceeds and its carrying amount is recognised in the income statement.

31 july 2006 (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(o) Financial Instruments (cont'd)

(ii) Marketable Securities

Marketable securities are carried at the lower of cost and market value, determined on an aggregate basis. Cost is determined on the weighted average basis while market value is determined based on quoted market values. Increases or decreases in the carrying amount are recognised in the income statement. On disposal of marketable securities, the difference between net disposal proceeds and the carrying amount is recognised in the income statement.

(iii) Receivables

Receivables are carried at anticipated realisable values. Bad debts are written off when identified. An estimate is made for doubtful debts based on a review of all outstanding amounts as at the balance sheet date.

(iv) Payables

Payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

(v) Interest-bearing Borrowings

Interest-bearing bank loans are recorded at the amount of proceeds received, net of transaction costs.

All borrowing costs are recognised as an expense in the income statement in the period in which they are incurred.

(vi) Equity Instruments

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared or approved.

The consideration paid, including attributable transaction costs on repurchase ordinary shares of the Company are classified as treasury shares and presented as a deduction from equity. When treasury shares are reissued by resale, the difference between the sales consideration and the carrying amount is recognised in equity.

(vii) Derivative Financial Instruments

Derivative financial instruments are not recognised in the financial statements on inception.

Forward Foreign Exchange Contracts:

The underlying foreign currency assets or liabilities are translated at their respective hedged exchange rates and all exchange gains or losses are recognised as income or expense in the income statement in the same period as the exchange differences on the underlying hedged items. Exchange gains and losses arising on contracts entered into as hedges of anticipated future transactions are deferred until the date of such transactions, at which time they are included in the measurement of such transactions.

31 july 2006 (cont'd)

3. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land RM'000	Leasehold Land RM'000	Buildings RM'000	Plant and Machinery RM'000	Capital in Progress RM'000	Motor Vehicles RM'000	Other Assets RM'000	Total RM'000
Group								
Cost/Valuation At 1 August 2005 Additions Disposals Transfers	44,520 - (186) -	2,720 - (1,650) -	65,792 224 -	81,781 14,288 (366) 39,360	48,751 43,526 - (45,556)	5,926 317 (255) -	26,918 11,176 (6,126) 6,196	276,408 69,531 (8,583) -
At 31 July 2006	44,334	1,070	66,016	135,063	46,721	5,988	38,164	337,356
Representing: At cost At valuation	26,002 18,332	- 1,070	39,384 26,632	135,063	46,721	5,988 -	38,164	291,322 46,034
	44,334	1,070	66,016	135,063	46,721	5,988	38,164	337,356
Accumulated Depreciation and Impairment Losses								
At 1 August 2005	-	92	4,485	54,313	-	4,027	15,170	78,087
Depreciation charge for the year Impairment losses	-	266	1,313	9,706	-	608	4,147	16,040
for the year Disposals	-	- (247)	-	7,942 (366)	-	(169)	1,913 (4,138)	9,855 (4,920)
At 31 July 2006	-	111	5,798	71,595	-	4,466	17,092	99,062
Net Book Value At 31 July 2006: At cost At valuation	26,002 18,332	- 959	36,269 23,949	63,468	46,721	1,522	21,072	195,054 43,240
	44,334	959	60,218	63,468	46,721	1,522	21,072	238,294
At 31 July 2005: At cost At valuation	26,002 18,518	- 2,628	36,826 24,481	27,468	48,751	1,899 -	11,748	152,694 45,627
	44,520	2,628	61,307	27,468	48,751	1,899	11,748	198,321

31 july 2006 (cont'd)

3. **PROPERTY, PLANT AND EQUIPMENT** (cont'd)

	Freehold Land RM'000	Leasehold Land RM'000	Buildings RM'000	Plant and Machinery RM'000	Capital in Progress RM'000	Motor Vehicles RM'000	Other Assets RM'000	Total RM'000
Group								
Details at 1 August 2004 Cost Valuation Accumulated depreciation	26,002 18,518 -	- 2,720 -	39,159 26,632 3,174	80,873 - 47,999	379 - -	5,542 - 3,909	22,139 - 15,313	174,094 47,870 70,395
Depreciation charge for 2005	-	92	1,311	6,742	-	650	2,636	11,431
				Freeho Lar RM'00	nd Build		Motor Vehicles RM'000	Total RM'000
Company								
Cost At 1 August 2005/31 .	July 2006			26,00)2 38,	900	910	65,812
Accumulated Depreciat At 1 August 2005 Charge for the year	tion					334 778	182 182	2,516 960
At 31 July 2006					- 3,	112	364	3,476
Net Book Value At 31 July 2006				26,00)2 35,	788	546	62,336
At 31 July 2005				26,00)2 36,	566	728	63,296
Details at 1 August 20 Cost Accumulated depreciat				26,00		900 556	-	64,902 1,556
Depreciation charge for	r 2005				-	778	182	960

31 july 2006 (cont'd)

3. **PROPERTY, PLANT AND EQUIPMENT** (cont'd)

- (a) Other assets comprise equipment for hire, office renovations, furniture and fittings, heavy equipment, office equipment, tools, carpet, computer software, electrical installation, forklift, dies and jigs, containers and signboard.
- (b) As at 31 July 2006, had the revalued properties of the Group been carried at historical cost less accumulated depreciation, the net book values of the properties would have been as follows:

	Gro	oup
	2006	2005
	RM'000	RM'000
Freehold land	12,562	12,698
Leasehold land	949	2,794
Buildings	11,334	11,610
	24,845	27,102

- (c) The freehold land, leasehold land and buildings were revalued in 2003 by the directors based on independent professional valuations carried out by Mr. Elvin Fernandez, FISM, of Messrs Khong & Jaafar Sdn Bhd, a registered valuer located at 57-1, Jalan Telawi Tiga, Bangsar Baru, 59100 Kuala Lumpur. The Cost and Investment Method of Valuation were used in arriving at the value of those properties.
- (d) The Group's property, plant and equipment with net book value of RM82,611,000 (2005: RM41,814,000) are pledged for borrowings as disclosed in Note 12.
- (e) During the financial year, the Group acquired property, plant and equipment at aggregate costs of RM69,531,000 (2005: RM59,671,000) of which RM38,908,000 (2005: RM23,099,000) were acquired by means of term loan arrangements. Net book values of property, plant and equipment held under term loan arrangements are as follows:

	Gro	oup
	2006	2005
	RM'000	RM'000
Plant and machinery	26,764	-
Capital in progress	33,329	23,099
	60,093	23,099

4. INVESTMENT IN SUBSIDIARIES

	Com	ipany
	2006	2005
	RM'000	RM'000
Unquoted shares at cost	81,570	81,570
	,	01,070

31 july 2006 (cont'd)

4. INVESTMENT IN SUBSIDIARIES (cont'd)

Details of the subsidiaries are as follows:

Name of Subsidiaries	Country of Incorporation	Equity II Held 2006		Principal Activities
Hiap Teck Hardware Sdn Bhd	Malaysia	100	100	Importer, exporter and general dealer of steel products, hardware and building materials
Tiek Hong Hardware (B'worth) Sdn Bhd	Malaysia	100	100	General merchant and dealer of metal hardware, building equipment and materials
Alpine Pipe Manufacturing Sdn Bhd	Malaysia	100	100	Manufacturing and trading of steel and iron products
Briliant Decade Transport Agency Sdn Bhd	Malaysia	100	100	Provision of transportation services
Huatraco Marketing Sdn Bhd	Malaysia	100	100	Manufacturing, selling and dealing in scaffolding equipment, slitting and forming process for pipes and range of steel products
Subsidiaries of Huatraco Marketing Sdn Bhd				
Huatraco Scaffold System Sdn Bhd	Malaysia	100	100	Manufacturer, distributor and renting of multi-directional crab system scaffolding, metal form and framework accessories
Huatraco Industries Sdn Bhd	Malaysia	100	100	Manufacturing, selling and dealing in scaffolding and range of steel products
Subsidiaries of Hiap Teck Hardware Sdn Bhd				
Hiap Teck Property Sdn Bhd	Malaysia	100	100	Property investment
Hiap Teck Steel Manufacturing Sdn Bhd	Malaysia	100	100	Manufacturer and general dealer of steel products
Hiap Teck Holdings Sdn Bhd	Malaysia	100	100	Dormant

31 july 2006 (cont'd)

5. OTHER INVESTMENTS

	Group	
	2006 RM'000	2005 RM'000
Cost:		
Quoted shares, within Malaysia	224	224
Less: Accumulated impairment losses	(105)	-
	119	224
Unquoted shares, within Malaysia	22	22
Club memberships	186	186
	327	432
Market value of quoted shares	119	202

6. GOODWILL ON CONSOLIDATION

	Gr	oup
	2006 RM'000	2005 RM'000
Goodwill, at cost	1,048	1,048
Less: Accumulated amortisation At 1 August Amortisation for the year	261	209 52
At 31 July	261	261
Less: Impaired during the year	787	_
	-	787

31 july 2006 (cont'd)

7. INVENTORIES

	Gr	oup
	2006 RM'000	2005 RM'000
Cost:		
Raw materials	68,466	84,381
Work-in-progress	22,148	12,555
Finished goods	84,144	71,851
Merchandise goods	50,852	43,201
Goods in transit	-	2,038
	225,610	214,026

8. TRADE RECEIVABLES

	Group	
	2006	2005
	RM'000	RM'000
Trade receivables	269,824	156,068
Less: Provision for doubtful debts	(6,153)	(5,529)
	263,671	150,539

The Group's normal trade credit term ranges from 14 to 90 (2005: 14 to 90) days. Other credit terms are assessed and approved on a case-by-case basis.

The Group has no significant concentration of credit risk that may arise from exposure to a single debtor or to groups of debtors.

The movements in provision for doubtful debts are as follows:

	Group	
	2006 RM'000	2005 RM'000
At 1 August	5,529	6,359
Provision for doubtful debts	1,600	180
Doubtful debts recovered, via: - Cash - Shares assignment, classified as other investments	(837) -	(982) (28)
Bad debts written off	(837) (139)	(1,010)
At 31 July	6,153	5,529

31 july 2006 (cont'd)

9. OTHER RECEIVABLES

	Group		Company	
	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
Deposits	12,928	12,501	30	22
Prepayments	3,236	1,672	41	-
Sundry receivables	10,596	10,178	-	-
	26,760	24,351	71	22

Included in deposits of the Group is an amount of RM12,076,000 (2005: RM12,076,000) being deposits placed with a major supplier of a subsidiary.

Included in sundry receivables of the Group is an amount of RM4,557,000 (2005: RM9,695,000) being net rebate receivable from a major supplier of a subsidiary.

The Group has concentration of credit risk in the form of deposits and sundry receivables due from a major supplier of a subsidiary representing 62% (2005: 89%) of total other receivables.

10. DUE FROM SUBSIDIARIES

Included in the amount due from subsidiaries is an amount of RM5,700,000 (2005: RM21,130,000) due from a subsidiary in capital deficit position. In assessing the recoverability of the amount, the directors have given due consideration to all pertinent information and have assessed the amount as fully recoverable. Accordingly, no provision has been made in respect of this amount.

The amounts due from subsidiaries are unsecured, interest-free and have no fixed terms of repayment.

11. CASH AND CASH EQUIVALENTS

	Group		Company	
	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
Cash on hand and at banks	13,289	5,832	588	736
Deposits with licensed banks	17,193	7,281	-	-
Cash and bank balances	30,482	13,113	588	736
Bank overdraft (Note 12)	(1)	-	-	-
Cash and cash equivalents	30,481	13,113	588	736

31 july 2006 (cont'd)

11. CASH AND CASH EQUIVALENTS (cont'd)

The weighted average effective interest rates of deposits at the balance sheet date were as follows:

	Group	
	2006	2005
	%	%
Deposits with licensed banks	2.87	2.58

The average maturities of deposits as at the end of the financial year were 8 (2005: 30) days.

Deposits with a licensed bank of RM7,554,000 (2005: Nil) as at end of the financial year belonging to a subsidiary do not have fixed maturity terms. However, seven (7) days notice are required for withdrawal of RM2,000,000 and below and thirty (30) days notice are required for withdrawal of amounts above RM2,000,000.

12. BORROWINGS

	Gr	oup
	2006	2005
	RM'000	RM'000
Short Term Borrowings		
Secured:		
Term Ioan	13,146	5,544
Unsecured:		
Bank overdraft	1	-
Bankers' acceptances	345,333	227,625
	245 224	227 625
Less: Bank overdraft (Note 11)	345,334 (1)	227,625
Less: Balik overdrait (Note 11)	(1)	-
	345,333	227,625
	358,479	233,169
Long Term Borrowings		

Secured:		
Term loan	41,372	17,555

31 july 2006 (cont'd)

12. BORROWINGS (cont'd)

	Group		
	2006	2005	
	RM'000	RM'000	
Total Borrowings			
Bank overdraft	1	-	
Bankers' acceptances	345,333	227,625	
Term Ioan	54,518	23,099	
	399,852	250,724	
Maturity of borrowings:			
Within one year	358,480	233,169	
More than 1 year and less than 2 years	13,844	5,544	
More than 2 years and less than 5 years	24,909	11,088	
5 years or more	2,619	923	
	399,852	250,724	

The average interest rates during the financial year for borrowings were as follows:

	Group	
	2006	2005
	%	%
Bank overdraft	6.00 - 7.75	6.50 - 7.00
Bankers' acceptances	3.10 - 5.22	3.10 - 4.30
Term loan	5.50	5.50

Trusts receipts and revolving credits were not utilised as at 31 July 2006.

The term loan is secured by the following:

- (a) First legal charge over certain mill of a subsidiary as disclosed in Note 3(d); and
- (b) Corporate guarantees by the Company.

13. TRADE PAYABLES

The normal trade credit terms granted to the Group ranges from 14 to 90 (2005: 14 to 90) days.

31 july 2006 (cont'd)

14. OTHER PAYABLES

	Gro	Group		pany
	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
Sundry payables	7,592	3,956	-	-
Accruals	14,849	5,933	1,886	517
Deposits	1,836	599	-	-
	24,277	10,488	1,886	517

15. SHARE CAPITAL

	Number of Ordinary			
	Shares of I	RM0.50 Each	Am	ount
	2006	2005	2006	2005
	'000	'000	RM'000	RM'000
Authorised:				
At 1 August/31 July	400,000	400,000	200,000	200,000
Issued and fully paid:				
At 1 August/31 July	327,400	327,400	163,700	163,700
Treasury shares:				
At 1 August	1,768	-	2,251	-
Acquisition of treasury shares	1,040	1,768	778	2,251
At 31 July	2,808	1,768	3,029	2,251

The shareholders of the Company, by a special resolution passed in a general meeting held on 14 December 2004, approved the Company's plan to repurchase its own ordinary shares. The directors of the Company are committed to enhancing the value of the Company for its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders.

During the financial year, the Company repurchased 1,039,600 of its issued ordinary shares from the open market at an average price of RM0.75 per share. The total consideration paid for the repurchase including transaction costs was RM778,000. The repurchase transactions were financed by internally generated funds. The shares are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

Of the total of 327,400,000 issued and fully paid ordinary shares as at 31 July 2006, 2,808,000 are held as treasury shares by the Company. As at 31 July 2006, the number of outstanding ordinary shares in issue and fully paid is therefore 324,592,000 ordinary shares of RM0.50 each.

31 july 2006 (cont'd)

16. RESERVES

(a) Revaluation Reserve

This reserve includes the cumulative net change, net of deferred tax effects, arising from the revaluation of freehold land, leasehold land and buildings.

(b) Retained Profits

The Company has sufficient tax credit under Section 108 of the Income Tax Act 1967 to frank the payment of dividends out of its entire retained profits as at 31 July 2006.

17. DEFERRED TAX

	Group		Company	
	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
At 1 August	7,140	7,253	65	(370)
Recognised in income statement (Note 24)	(1,026)	(113)	508	435
At 31 July	6,114	7,140	573	65
Presented after appropriate offsetting as follows: Deferred tax assets Deferred tax liabilities:	(299)	(1)	-	-
Subject to income tax	2,628	3,286	573	65
Subject to capital gain tax	3,785	3,855	-	-
	6,413	7,141	573	65
	6,114	7,140	573	65

31 july 2006 (cont'd)

17. DEFERRED TAX (cont'd)

The components and movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows:

Deferred Tax Assets of the Group:

	Other Payables RM'000	Unused Tax Losses/ Unabsorbed Capital Allowances RM'000	Total RM'000
At 1 August 2004	(996)	(2,044)	(3,040)
Recognised in income statement	625	(342)	283
At 31 July 2005	(371)	(2,386)	(2,757)
Recognised in income statement	(838)	(596)	(1,434)
At 31 July 2006	(1,209)	(2,982)	(4,191)

Deferred Tax Liabilities of the Group:

	Trade Receivables RM'000	Revaluation Reserve RM'000	Property, Plant and Equipment RM'000	Total RM'000
At 1 August 2004	31	4,070	6,223	10,293
Recognised in income statement		(215)	(212)	(396)
At 31 July 2005	31	3,855	6,011	9,897
Recognised in income statement	8	(70)	470	408
At 31 July 2006	39	3,785	6,481	10,305

31 july 2006 (cont'd)

17. DEFERRED TAX (cont'd)

Deferred Tax Assets of the Company:

	Other Payables RM'000	Unabsorbed Capital Allowances RM'000	Total RM'000
At 1 August 2004	(329)	(123)	(452)
Recognised in income statement	269	123	392
At 31 July 2005	(60)	-	(60)
Recognised in income statement	(373)		(373)
At 31 July 2006	(433)	-	(433)

Deferred Tax Liabilities of the Company:

	Dividend Receivable RM'000	Property, Plant and Equipment RM'000	Total RM'000
At 1 August 2004	-	82	82
Recognised in income statement		43	43
At 31 July 2005	-	125	125
Recognised in income statement	840	41	881
At 31 July 2006	840	166	1,006

Deferred tax assets have not been recognised in respect of the following items:

	Gr	Group		
	2006	2005		
	RM'000	RM'000		
Unabsorbed capital allowances	8,038	1,165		
Unused tax losses	3,855	3,855		

The availability of the unused tax losses and unabsorbed capital allowances for off-setting against future taxable profits of the Group are subject to no substantial changes in the shareholdings of the Group and the Company under Section 44(5A) and (5B) of the Income Tax Act, 1967. Deferred tax assets have not been recognised where it is not probable that future taxable profits will be available against which the subsidiary can utilise the benefits.

31 july 2006 (cont'd)

18. REVENUE

	Group		Company	
	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
Sale of goods	998,437	750,061	-	-
Rental of scaffolding	9,450	5,391	-	-
Transportation services	362	535	-	-
Slitting and forming charges	1	8	-	-
Dividends income	-	-	6,900	8,000
Rental of properties	-	-	4,710	4,710
Management fees	-	-	2,304	2,369
	1,008,250	755,995	13,914	15,079

19. COST OF SALES

	Gr	Group		
	2006 RM'000	2005 RM'000		
Cost of inventories sold Depreciation of equipment for hire Cost of transportation services rendered	900,287 2,985 2,820	663,100 1,873 2,170		
	906,092	667,143		

20. PROFIT FROM OPERATIONS

Profit from operations is stated after charging/(crediting):

	Group		Company	
	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
Staff costs (Note 21)	17,966	15,085	57	24
Executive directors' remuneration (Note 22)	6,766	3,943	4,894	2,746
Non-executive directors' remuneration (Note 22)	232	202	232	200
Auditors' remuneration:				
Statutory audits	115	85	30	15
Other services	5	5	5	5
Rent expense	4,292	86	-	-
Depreciation of property, plant and equipment (Note 3)	16,040	11,431	960	960

31 july 2006 (cont'd)

20. PROFIT FROM OPERATIONS (cont'd)

Profit from operations is stated after charging/(crediting):

	Gro	Group		Company	
	2006	2005	2006	2005	
	RM'000	RM'000	RM'000	RM'000	
Amortisation of goodwill	-	52	-	-	
Goodwill impaired	787	-	-	-	
Provision for doubtful debts	1,600	180	-	-	
Provision for impairment in value of					
other investments	105	-	-	-	
Provision for impairment in property, plant					
and equipment	9,855	-	-	-	
Write back of provision for doubtful debts	(837)	(1,010)	-	-	
Gain on disposal of other investments	-	(55)	-	-	
Gain on disposal of property, plant					
and equipment	(6,660)	(3,301)	-	-	
Rental income	-	(90)	-	-	
Gross dividends income	(7)	-	(6,900)	(8,000)	
Net foreign exchange losses/(gains):					
Realised	537	(926)	-	-	
Unrealised	(104)	(69)	-	-	
Deposits interest income	(287)	(165)	(12)	(32)	
Net overdue interest income	(1,019)	(125)	-	-	
Other investments written off	-	120	-	35	

21. STAFF COSTS

	Group		Company	
	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
Salaries and wages	13,943	12,718	40	18
Bonus	2,198	823	9	3
Social security costs	185	146	1	-
Pension costs				
- defined contribution plans	1,543	1,207	6	3
Short term accumulating compensated absences	97	191	1	-
	17,966	15,085	57	24

31 july 2006 (cont'd)

22. DIRECTORS' REMUNERATION

	Gro	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000	
Directors of the Company:					
Executive:					
Salaries and other emoluments	2,158	2,085	1,900	1,946	
Bonus	2,600	417	2,420	437	
Social security costs	2	1	1	1	
Pension costs	510	0.05	460	017	
 defined contribution plans Short term accumulating compensated absences 	513 119	235 126	460 113	217 125	
Benefits-in-kind	70	58	35	32	
	5,462	2,922	4,929	2 ,758	
Non-Executive:					
Fees	232	200	232	200	
	5,694	3,122	5,161	2,958	
Directors of Subsidiaries:					
Executive:					
Salaries and other emoluments	660	758	-	57	
Bonus	560	187	-	(33)	
Social security costs Pension costs	2	2	-	-	
- defined contribution plans	146	108	_	3	
Short term accumulating compensated absences	6	24	-	(7)	
Benefits-in-kind	35	35	-	-	
	1,409	1,114	-	20	
Non-Executive:					
Fees	-	2	-	-	
	1,409	1,116	-	20	
Total	7,103	4,238	5,161	2,978	

31 july 2006 (cont'd)

22. DIRECTORS' REMUNERATION (cont'd)

	Group		Company	
	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
Analysis excluding benefits-in-kind:				
Total executive directors' remuneration				
excluding benefits-in-kind (Note 20)	6,766	3,943	4,894	2,746
Total non-executive directors'				
remuneration (Note 20)	232	202	232	200
Total directors' remuneration				
excluding benefits-in-kind	6,998	4,145	5,126	2,946

The number of directors of the Company whose total remuneration during the financial year fell within the following bands is analysed below:

	Number of Directors	
	2006	2005
Executive directors:		
RM50,001 - RM100,000	-	1
RM150,001 - RM200,000	-	1
RM200,001 - RM250,000	1	2
RM250,001 - RM300,000	1	-
RM400,001 - RM450,000	2	-
RM2,150,001 - RM2,200,000	-	1
RM4,050,001 - RM4,100,000	1	-
Non-executive directors:		
RMNil - RM50,000	6	6

31 july 2006 (cont'd)

23. FINANCE COSTS

	Gro	Group		
	2006 RM'000	2005 RM'000		
Interest expense on:				
Hire purchase	-	3		
Bank overdrafts	291	156		
Bankers' acceptances	10,456	7,751		
Term Ioan	2,419	802		
Finance and administration charges	468	412		
	13,634	9,124		

24. TAXATION

	Group		Company	
	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
Income tax:				
Malaysian income tax	15,588	17,428	1,526	1,473
Over provision in prior years	(2,074)	(270)	(24)	(99)
	13,514	17,158	1,502	1,374
Deferred tax (Note 17):				
Relating to origination and reversal				
of temporary differences	(1,042)	(366)	508	291
Under provision in prior years	16	253	-	144
	(1,026)	(113)	508	435
	12,488	17,045	2,010	1,809

Domestic income tax is calculated at the Malaysian statutory tax rate of 28% (2005: 28%) of the estimated assessable profit for the year.

31 july 2006 (cont'd)

24. TAXATION (cont'd)

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

	2006 RM'000	2005 RM'000
Group		
Profit before taxation	44,680	54,959
Tauction at Malausian statutory tay rate of 200/ (2005, 200/)	12 510	15 200
Taxation at Malaysian statutory tax rate of 28% (2005: 28%) Effect of different tax rate for small and medium scale companies	12,510 (201)	15,388 (182)
Effect of double deduction expenses	(201)	(182)
Effect of income not subject to tax	(1,345)	(33)
Effect of expenses not deductible for tax purposes	1,869	641
Effect of utilisation of reinvestment allowance	(146)	(151)
Deferred tax assets not recognised in respect of unused	(140)	(101)
tax losses and unabsorbed capital allowances	1,924	1,410
Under provision of deferred tax in prior years:	1,924	1,410
Company and subsidiaries	16	253
Over provision of income tax expense in prior year:	10	200
Company and subsidiaries	(2,074)	(270)
Tax expense for the year	12,488	17,045
Company		
Profit before taxation	6,478	10,373
Taxation at Malaysian statutory tax rate of 28% (2005: 28%)	1,814	2,904
Effect of income not subject to tax	(3)	(1,409)
Effect of expenses not deductible for tax purposes	223	269
Under provision of deferred tax in prior years	-	144
Over provision of income tax expense in prior year	(24)	(99)
Tax expense for the year	2,010	1,809

31 july 2006 (cont'd)

25. EARNINGS PER SHARE

Basic

Basic earnings per share is calculated by dividing the net profit for the year by the weighted average number of ordinary shares in issue (net of treasury shares) during the financial year, held by the Company:

	2006	2005
Net profit for the year (RM'000) Weighted average number of ordinary shares in issue ('000)	32,192 325,338	37,914 327,055
Basic earnings per share (sen)	9.89	11.59

26. DIVIDENDS

			Net Div	vidends
	Amo	ount	per Ordin	ary Share
	2006	2005	2006	2005
	RM'000	RM'000	Sen	Sen
Interim:				
1.0 sen per share less 28% taxation,				
in respect of the year ended 31 July 2005	-	2,345	-	0.72
1.0 sen per share less 28% taxation,				
in respect of the year ended 31 July 2006	2,337	-	0.72	-
Final:				
1.5 sen per share less 28% taxation,				
in respect of the year ended 31 July 2005	-	3,513	-	1.08
1.5 sen per share less 28% taxation,				
in respect of the year ended 31 July 2006	3,501	-	1.08	-
	5,838	5,858	1.08	1.80

At the forthcoming Annual General Meeting, a final dividend of 1.5 sen per share less 28% taxation in respect of the current financial year amounting to RM3,501,000 (1.08 sen net per ordinary share) will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained profits in the financial year ending 31 July 2007.

31 july 2006 (cont'd)

27. CONTINGENT LIABILITIES

	Group		Com	ipany
	2006	2006 2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
Unsecured:				
In respect of indemnity provided for				
bank guarantees issued	2,175	1,549	-	-
Corporate guarantees provided to secure				
banking facilities granted to subsidiaries	-	-	400,000	251,000
In respect of guarantees issued in favour				
of Royal Customs & Excise Department	6,000	4,000	-	-
	8,175	5,549	400,000	251,000

28. SIGNIFICANT RELATED PARTY TRANSACTIONS

	2006 RM'000	2005 RM'000
Group		
Sales of steel products to companies in which certain directors		
of the Company have significant interests:		
Hiap Wing Marketing Sdn Bhd	-	135
Hiap Wing Building Materials Sdn Bhd	-	778
Power Concord Sdn Bhd	2,315	1,415
Purchases of steel products from companies in which certain		
directors of the Company have significant interests:		
Hiap Wing Marketing Sdn Bhd	-	96
Hiap Wing Building Materials Sdn Bhd	-	339
Rental income from a company in which certain directors		
of the Company have significant interests:		
Power Concord Sdn Bhd	-	90
Rental expense to a company in which a director		
of the Company has significant interests:		
K.H.L. Sdn Bhd	4,200	-
Provision of transportation to a company in which certain		
directors of the Company have significant interests:		
Power Concord Sdn Bhd	3	14
Legal fee paid to a company in which certain directors of the		
Company have significant interests:		
S.B. Cheah & Associates	7	59

31 july 2006 (cont'd)

28. SIGNIFICANT RELATED PARTY TRANSACTIONS (cont'd)

	2006 RM'000	2005 RM'000
Company		
Rental income from subsidiaries:		
Alpine Pipe Manufacturing Sdn Bhd	3,120	3,120
Huatraco Marketing Sdn Bhd	1,590	1,590
Management fees from subsidiaries:		
Hiap Teck Hardware Sdn Bhd	864	864
Alpine Pipe Manufacturing Sdn Bhd	984	984
Huatraco Marketing Sdn Bhd	456	456
Tiek Hong Hardware (B'worth) Sdn Bhd	-	65
Gross dividends income from subsidiaries:		
Hiap Teck Hardware Sdn Bhd	1,200	1,200
Alpine Pipe Manufacturing Sdn Bhd	-	2,000
Huatraco Marketing Sdn Bhd	4,800	4,800
Tiek Hong Hardware (B'worth) Sdn Bhd	600	-
Briliant Decade Transport Agency Sdn Bhd	300	-

The directors are of the opinion that all the transactions above have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties. The relationships of the related parties are disclosed below:

- Mr. Kua Lai Shon @ Kuah Ah Kok was a director and substantial shareholder of K.A.K. Sdn Bhd, which is a substantial shareholder of Hiap Wing Marketing Sdn Bhd and Hiap Wing Building Materials Sdn Bhd. He is an elder brother of Mr. Kua Hock Lai. Mr. Kua Lai Shon ceased to be the director and substantial shareholder of K.A.K. Sdn Bhd during the previous financial year.
- Power Concord Sdn Bhd is a company in which Mr. Kua Swee Kiat and Ms. Kua Siu Hui are directors and substantial shareholders and K.H.L. Sdn Bhd is a substantial shareholder. Mr. Kua Hock Lai is deemed interested by virtue of his children's direct interest in Power Concord Sdn Bhd and his direct interest in K.H.L. Sdn Bhd.
- Messrs S.B. Cheah & Associates is a firm in which a director of the Company, Mr. Cheah Shu Boon is a partner.
- Mr. Kua Hock Lai is a director and substantial shareholder of K.H.L. Sdn Bhd.

31 july 2006 (cont'd)

29. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(a) On 24 August 2005, the Company announced that its subsidiary, Alpine Pipe Manufacturing Sdn Bhd ("APMSB") had applied to Malaysian Industrial Development Authority ("MIDA") for special tax incentives on 31 March 2005 in respect of the manufacturing of Structural Steel Pipes up to 18inch diameter and 16mm thickness and Structural Hollow Sections up to 400mm height and 16mm thickness.

MIDA had on 22 August 2005 approved APMSB's application for granting full income tax relief ("Special Incentives") on its income in respect of Structural Steel Pipes above 9inch diameter and above 9mm thickness and Structural Hollow Sections above 200mm height and above 9mm thickness pursuant to Section 127(3)(b), Income Tax Act, 1967 for 10 years commencing from the date to be determined by the Minister of International Trade and Industries subject to the following salient conditions:

- (i) investment in property, plant and equipment (excluding land cost) shall be in the region of RM105.8 million within a period of 5 years from the date of the letter of approval of the Special Incentives; i.e. from 22 August 2005;
- (ii) 7% of the manpower of APMSB shall have a degree in Science and Technology or have a Diploma with 5 years experience; and
- (iii) APMSB's products shall achieve value added of at least 35%.
- (b) On 29 May 2006, the Company announced that MIDA had extended the Special Incentives granted to APMSB's new range of larger diameter Structural Steel Pipes and Structural Hollow Sections.
- (c) (i) On 18 August 2005, the State Government of Johor compulsory acquired certain parcels of freehold land from a subsidiary, for a cash consideration of RM4,610,000. The compulsory acquisition resulted in a gain of RM4,412,000 to the Group.
 - (ii) On 15 September 2005, a subsidiary complete a Sale and Purchase Agreement to sell a parcel of leasehold land for a cash consideration of RM1,634,000. The disposal resulting in a gain of RM221,000 to the Group.

30. FINANCIAL INSTRUMENTS

(a) Financial Risk Management Objectives and Policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its interest rate, liquidity, credit and foreign exchange risks. It is the Group's policy not to engage in speculative transactions.

(b) Interest Rate Risk

The Group's primary interest rate risk relates to interest-bearing debts. The investment in financial assets are mainly short term in nature and they are not held for a speculative purposes.

The Group manages its interest rate exposure by maintaining a fixed and floating rate borrowings. The Group reviews its debt portfolio, taking into account the investment holding period and nature of its assets.

31 july 2006 (cont'd)

30. FINANCIAL INSTRUMENTS (cont'd)

(c) Liquidity Risk

The Group actively manages its operating cash flows and the availability of funding so as to ensure that all repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash to meet its working capital requirements.

(d) Credit Risk

Credit risks, or the risk of counterparties defaulting, is controlled by the application of credit approvals, limits and monitoring procedures. Credit risks are minimised and monitored via strictly limiting the Group's associations to business partners with high creditworthiness.

The Group has concentration of credit risk in the form of deposits and sundry receivables due from a major supplier of a subsidiary representing 62% (2005: 89%) of total other receivables.

(e) Foreign Exchange Risk

The Group is mainly exposed to United States Dollars and Singapore Dollars. Foreign currency denominated assets and liabilities together with expected cash flows from highly probable purchases and sales give rise to foreign exchange exposures.

Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level. Material foreign currency transaction exposures are hedged, mainly with derivative financial instruments such as forward foreign exchange contracts.

The net unhedged financial assets of the Group that are not denominated in their functional currencies are as follows:

Functional Currency of L Group Companies	Jnited States Dollars RM'000	Singapore Dollars RM'000	Total RM'000
At 31 July 2006: Trade receivables Cash and cash equivalents	6,091	17,096 624	23,187 624
	6,091	17,720	23,811
At 31 July 2005: Trade receivables Cash and cash equivalents	5,197	8,191 576	13,388 576
	5,197	8,767	13,964

31 july 2006 (cont'd)

30. FINANCIAL INSTRUMENTS (cont'd)

(e) Foreign Exchange Risk (cont'd)

As at balance sheet date, the Group had entered into forward foreign exchange contracts with the following notional amounts and maturities:

	Currency	Mature within 1 year RM'000
At 31 July 2006: Forward used to hedge trade receivables	United States Dollars	34,927
At 31 July 2005: Forward used to hedge trade receivables	United States Dollars Singapore Dollars	11,332 10,343 21,675

(f) Fair Value

It is not practicable to determine the fair value of amounts due from subsidiaries due principally to a lack of fixed repayment terms entered into by the parties involved and without incurring excessive costs.

The fair value of all other financial assets and financial liabilities approximate their carrying values due to the relatively short term nature of these financial instruments.

31. CAPITAL COMMITMENTS

	G	roup
	2006	2005
	RM'000	RM'000
Capital expenditure:		
Approved and contracted for: Property, plant and equipment	8,000	53,000
roperty, plant and equipment	8,000	55,000

31 july 2006 (cont'd)

32. COMPARATIVES

The following comparative figures of financial statements and notes thereto as at 31 July 2005 have been restated to conform with current year's presentation:

Group	As Restated RM'000	Adjustment RM'000	As Previously Stated RM'000
Balance Sheet:			
Other receivables	24,351	(1,135)	25,486
Trade payables	(15,920)	1,130	(17,050)
Other payables	(10,488)	5	(10,493)
Income Statement:			
Administrative expenses	(14,120)	2,122	(16,242)
Selling and marketing expenses	(14,456)	(2,122)	(12,334)
Cash Flow Statement:			
Receivables	(9,736)	1,135	(10,871)
Payables	(14,567)	(1,135)	(13,432)
Purchase of property, plant and equipment	(36,572)	23,099	(59,671)
Drawdown of term loan	-	(23,099)	23,099

33. SEGMENTAL INFORMATION

(a) Business Segments

The Group is organised on a worldwide basis into four major business segments:

- (i) Trading Importers, exporters and general dealers in steel products, hardware and building materials;
- (ii) Manufacturing Manufacturers and distributors of steel pipes, hollow sections, scaffolding equipments and accessories and other steel products;
- (iii) Property and investment Investment in and renting out property and investment holding; and
- (iv) Transportation Provision of transportation of goods by lorries.

(b) Geographical Segments

No segmental information is provided on a geographical basis as the activities of the Group are carried out predominantly in Malaysia.

The directors are of the opinion that all inter-segment transactions have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

31 july 2006 (cont'd)

33. SEGMENTAL INFORMATION (cont'd)

	Trading RM'000	Manufacturing RM'000	Property and Investment RM'000	Transportation RM'000	Elimination RM'000	Consolidated RM'000
31 July 2006 Business segment						
Revenue from external customers Inter-segment revenue	402,201 88,886	605,687 54,187	- 15,114	362 3,455	- (161,642)	1,008,250
Total revenue	491,087	659,874	15,114	3,817	(161,642)	1,008,250
Segment results						
Operating profit	20,422	33,494	11,217	1,295	(8,114)	58,314
Finance costs						(13,634)
Profit before taxation Taxation						44,680 (12,488)
Net profit for the year						32,192
Segment assets Unallocated assets	212,854	531,715	152,541	3,904	(115,870)	785,144 2,863
Total assets						788,007
Segment liabilities Unallocated liabilities	152,167	378,365	26,372	396	(115,870)	441,430 7,700
Total liabilities						449,130
Capital expenditure Depreciation Non-cash expenses other than depreciation	507 423 634	68,781 13,829 10,926	225 1,749	18 39	-	69,531 16,040 11,560
	001	10,020				_ 1,000

31 july 2006 (cont'd)

33. SEGMENTAL INFORMATION (cont'd)

	Trading RM'000	Manufacturing RM'000	Property and Investment RM'000	Transportation RM'000	Elimination RM'000	Consolidated RM'000
31 July 2005 Business segment						
Revenue from external customers Inter-segment revenue	340,197 30,891	415,263 38,146	- 16,279	535 2,452	- (87,768)	755,995
Total revenue	371,088	453,409	16,279	2,987	(87,768)	755,995
Segment results						
Operating profit	15,914	47,454	10,763	570	(10,618)	64,083
Finance costs						(9,124)
Profit before taxation Taxation						54,959 (17,045)
Net profit for the year						37,914
Segment assets Unallocated assets	164,692	382,870	151,246	2,914	(100,940)	600,782 2,205
Total assets						602,987
Segment liabilities Unallocated liabilities	114,563	238,413	27,212	229	(100,940)	279,477 10,197
Total liabilities						289,674
Capital expenditure Depreciation Non-cash expenses other	1,237 499	57,532 9,325	910 1,499	255 108		59,934 11,431
than depreciation	47	218	35	-	-	300

properties of the group as at 31 july 2006

Location	Description and existing usage		proximate age of building (years)	Approximate land area (acres)	Build up area (sq. metres)	Net book value as at 31 July 2006 (RM)	Date of acquisition	Date of last revaluation
Lot 6085, Mukim of Kapar District of Klang Selangor Darul Ehsan	Single storey factory with a 2 storey office	Freehold	8.5	9	19,005	20,714,607	29 May 2003	-
Lot 6088, Mukim of Kapar District of Klang Selangor Darul Ehsan	Single storey factory with a 2 storey office	Freehold	8.5	9	18,732	19,483,040	29 May 2003	-
Lot 6089, Mukim of Kapar District of Klang Selangor Darul Ehsan	Single storey factory/ warehouse	Freehold	7.5	9	18,516	21,592,266	29 May 2003	-
Lot 6095, Mukim of Kapar District of Klang Selangor Darul Ehsan	Single storey factory/ warehouse	Freehold	7	10.013	22,341	24,470,227	5 July 1996	24 March 2003
Lot 6096, Mukim of Kapar District of Klang Selangor Darul Ehsan	Single storey factory/ warehouse with 4 storey office building	Freehold	7	9.483	12,179	17,369,173	5 January 1995	24 March 2003
Lot 169, Mukim of Plentong District of Johor Bahru Johor Darul Takzim	Vacant agricultural Iand	Freehold	-	5.1	-	663,617	9 June 1995	24 March 2003
Lot 296, Mukim 13 District of Seberang Perai Tengah, Pulau Pinang	Single storey warehouse with 2 storey office in progress	Leasehold (66 years) (expiring 10 March 2058)	-	2.241	2,453	1,198,767	6 July 1996	24 March 2003
28635C, Block D, Phase 7E Jalan BRP 6/10 Bukit Rahman Putra Seksyen U20 40160 Shah Alam	Shop office	Freehold	6	-	144.929	157,288	20 August 1999	-
Lot 14175 (1st Floor) Putri Town Ctr Kulai Taman Putri Kulai Johor	Shop office apartment	Freehold	8	-	143.07	101,226	2 August 1999	-

Johor

analysis of shareholdings as at 16 october 2006

Authorised Share Capital	:	RM200,000,000-00
Issued and Fully Paid-Up Share Capital	:	RM163,700,000-00 (327,400,000 Ordinary Shares of RM0.50 each) *
Class of shares	:	Ordinary shares of RM0.50 each
Voting right	:	One vote per Ordinary Share held

* Includes treasury shares of 3,200,000 Ordinary Shares of RM0.50 each

ANALYSIS BY SIZE OF SHAREHOLDINGS AS AT 16 OCTOBER 2006

Size of shareholdings	No. of Shareholders	Percentage %	No. of Shares	Percentage %
Less than 100	5	0.12	252	0.00
100 - 1,000	761	17.51	715,722	0.22
1,001 - 10,000	2,481	57.08	12,255,800	3.78
10,001 - 100,000	879	20.23	30,655,181	9.46
100,001 to less than 5% of issued shares	216	4.97	133,472,305	41.17
5% and above of issued shares	4	0.09	147,100,740	45.37
Total	4,346	100.00	324,200,000	100.00

LIST OF THIRTY (30) SHAREHOLDERS AS AT 16 OCTOBER 2006

No.	Names	No. of shares of RM0.50 each	Percentage (%)
1.	K.H.L. Sdn Bhd	64,457,096	19.88
2.	United Coconut Fibre Products Sdn Bhd	46,173,644	14.24
3.	HLB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for K.H.L. Sdn. Bhd.	20,000,000	6.17
4.	Lembaga Tabung Haji	16,470,000	5.08
5.	Alliancegroup Nominees (Tempatan) Sdn Bhd PHEIM Asset Management Sdn Bhd for Employees Provident Fund	9,487,000	2.93
6.	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd for Prudential Dynamic Fund	5,023,300	1.55
7.	Helen Constantia Lee Hie Ling	5,000,045	1.54
8.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank for Mohamed Nizam Bin Abdul Razak	4,644,165	1.43
9.	Lim Ah Eng	4,468,745	1.38
10.	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd for Prudential Dana Dinamik	3,662,800	1.13

analysis of shareholdings as at 16 october 2006 (cont'd)

LIST OF THIRTY (30) SHAREHOLDERS AS AT 16 OCTOBER 2006 (cont'd)

No.	Names	No. of shares of RM0.50 each	Percentage (%)
11.	Mohamed Nizam Bin Abdul Razak	3,096,982	0.95
12.	EB Nominees (Tempatan) Sendirian Berhad Pledged Securities Account for Mary Ang Poh Chan	2,769,000	0.85
13.	HLG Nominee (Tempatan) Sdn Bhd PB Trustee Services Berhad for HLG Growth Fund	2,724,100	0.84
14.	Ang Thiam Chye	2,500,000	0.77
15.	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd for OSK-UOB Growth and Income Focus Trust	2,259,100	0.70
16.	Amanah Raya Berhad SBB Dana Al- Ikhlas	2,200,000	0.68
17.	KAK Sdn Bhd	2,085,027	0.64
18.	Tee Tuang Siong	2,062,609	0.64
19.	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Tan Soo Boey	2,000,000	0.62
20.	Citigroup Nominees (Tempatan) Sdn Bhd Uni. Asia Life Assurance Berhad	1,911,600	0.59
21.	BHLB Trustee Berhad Prugrowth Fund	1,783,800	0.55
22.	BHLB Trustee Berhad Prusmall – Cap Fund	1,749,700	0.54
23.	HSBC Nominees (Tempatan) Sdn Bhd HSBC (Malaysia) Trustee Berhad for Amanah Saham Sarawak	1,700,000	0.52
24.	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd for OSK – UOB Emerging Opportunity Unit Trust	1,659,300	0.51
25.	AM Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board	1,589,000	0.49

analysis of shareholdings

as at 16 october 2006 (cont'd)

LIST OF THIRTY (30) SHAREHOLDERS AS AT 16 OCTOBER 2006 (cont'd)

No.	Names	No. of shares of RM0.50 each	Percentage (%)
26.	Alwi Bin Jantan	1,410,000	0.43
27.	Malaysia Nominees (Tempatan) Sendirian Berhad Great Eastern Life Assurance (Malaysia) Berhad	1,380,700	0.43
28.	CIMSEC Nominees (Tempatan) Sdn Bhd Pledged Securities Account for RC One Sdn. Bhd.	1,322,000	0.41
29.	Loo Chee Lain	1,288,900	0.40
30.	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd for OSK – UOB Smart Treasure Fund	1,189,500	0.37
	Total	218,068,113	67.26

DIRECTORS' SHAREHOLDINGS AS AT 16 OCTOBER 2006

(As per the Register of Directors' Shareholdings of the Company)

Names	Direct No. of Shares	Percentage (%)	Indirect No. of Shares	Percentage (%)
Tan Sri Dato' Alwi Jantan	1,410,000	0.43	-	-
Kua Hock Lai	-	-	135,099,485 ^(a)	41.67
Dato' Mohamed Nizam Bin Abdul Razak	7,821,147 ^(b)	2.41	-	-
Yeoh Chong Keat	-	-	-	-
Cheah Shu Boon	66,000	0.02	-	-
Kua Swee Kiat	15,757	0.01	-	-
Kua Swee Leong	757	0.00	-	-
Law Sook Teng	450,015	0.14	-	-
Tan Yuen Hong	15	0.00	-	-
Toh Su Lin (Alternate Director to Cheah Shu Boon)	45,000	0.01	-	-

Notes :

(a) Deemed interest through his substantial shareholdings in K.H.L Sdn Bhd, United Coconut Fibre Products Sdn Bhd and his spouse, Madam Lim Ah Eng.

(b) Out of this block of shares, 4,644,165 ordinary shares of RM0.50 each are held by CIMSEC Nominees (Tempatan) Sdn Bhd as bare trustees for Dato' Mohamed Nizam Bin Abdul Razak.

analysis of shareholdings

as at 16 october 2006 (cont'd)

SUBSTANTIAL SHAREHOLDERS AS AT 16 OCTOBER 2006

(As per the Register of Substantial Shareholders of the Company)

	Substantial Shareholders	Direct No. of Shares	Percentage (%)	Indirect No. of Shares	Percentage (%)
1.	Kua Hock Lai	-	-	135,099,485 ^(a)	41.67
2.	Lim Ah Eng	4,468,745	1.38	130,630,740 ^(b)	40.29
3.	K.H.L. Sdn Bhd	84,457,096	26.05	46,173,644 ^(c)	14.24
4.	United Coconut Fibre Products Sdn Bhd	46,173,644	14.24	-	-
5.	HSBC Holdings plc	20,105,500	6.20	-	-
6.	Lembaga Tabung Haji	16,470,000	5.08	-	-

Notes :

(a) Deemed interest by virtue of his substantial shareholdings in K.H.L. Sdn Bhd, United Coconut Fibre Products Sdn Bhd and his spouse, Madam Lim Ah Eng.

(b) Deemed interest by virtue of her substantial shareholdings in K.H.L. Sdn Bhd and United Coconut Fibre Products Sdn Bhd.

(c) Deemed interest by virtue of its substantial shareholdings in United Coconut Fibre Products Sdn Bhd.

NOTICE IS HEREBY GIVEN THAT the Tenth Annual General Meeting of the Company will be held at Wisma Hiap Teck, Lot 6096, Jalan Haji Abdul Manan, Batu 5½, Off Jalan Meru, 41050 Klang, Selangor Darul Ehsan on Friday, 15 December 2006 at 3.00 p.m. for the following purposes:-

To receive the Audited Financial Statements for the year ended 31 July 2006 together with the Directors' and Auditors'

AGENDA

1

ORDINARY BUSINESS:-

- Reports attached thereon. **Ordinary Resolution 1** 2 To approve the payment of Directors' fees of RM232,000.00 for the year ended 31 July 2006. **Ordinary Resolution 2** 3 To approve a Final Dividend of 3% less Malaysian Income Tax at 28% for the year ended 31 July 2006. **Ordinary Resolution 3** 4 To re-elect the following Directors who are retiring in accordance with Article 79 of the Company's Articles of Association: 4.1 Mr. Kua Hock Lai **Ordinary Resolution 4** 4.2 Mr. Yeoh Chong Keat **Ordinary Resolution 5** 5 To re-elect Mr. Kua Swee Kiat who is retiring in accordance with Article 84 of the Company's Articles of Association. **Ordinary Resolution 6**
- 6 To re-appoint Messrs Ernst & Young as the Company's Auditors for the ensuring year and to authorise the Directors to fix their remuneration

Ordinary Resolution 7

7 AS SPECIAL BUSINESS:-

To consider and, if thought fit, to pass with or without modifications, the following resolutions as Ordinary Resolutions:-

7.1 Re-appointment of Director Pursuant to Section 129 of the Companies Act, 1965

"**THAT** pursuant to Section 129 of the Companies Act, 1965, Tan Sri Dato' Alwi Jantan who is over 70 years of age, be and is hereby re-appointed as Director of the Company to hold office until the conclusion of the next Annual General Meeting of the Company."

Ordinary Resolution 8

(cont'd)

7.2 Authority to Allot Shares Pursuant to Section 132D of the Companies Act, 1965

"THAT subject always to the approvals of the relevant authorities, the Directors be and are hereby authorised pursuant to Section 132D of the Companies Act, 1965, to allot and issue shares in the Company at any time and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed ten per centum (10%) of the total issued capital of the Company at the time of issue AND THAT the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares to be issued on Bursa Malaysia Securities Berhad AND THAT such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company."

Ordinary Resolution 9

7.3 Proposed Renewal of and New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposed Shareholders' Mandate")

"THAT the Company and its subsidiaries be and are hereby authorised to enter into recurrent related party transactions of a revenue or trading nature as specified in Section 2.3.2 of the Circular to Shareholders dated 22 November 2006, provided that such arrangements and/or transactions which are necessary for the Group's day-to-day operations are undertaken in the ordinary course of business, at arm's length basis, on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public and not detrimental to the minority shareholders of the Company AND THAT such authority shall continue to be in force until:

- (i) the conclusion of the next Annual General Meeting ("AGM") of the Company at which time it will lapse, unless by a resolution passed at the said AGM, the authority is renewed;
- (ii) the expiration of the period within which the next AGM after the date it is required to be held pursuant to Section 143(1) of the Companies Act, 1965 ("the Act") (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
- (iii) revoked or varied by resolution passed by the shareholders in general meeting,

whichever is the earlier.

AND THAT disclosure will be made in the Annual Report 2007 of the Company of the breakdown of the aggregate value of transactions contemplated pursuant to the Proposed Shareholders' Mandate during the financial year, amongst others, on the type of transactions made and the names of the Related Parties involved in each type of the transactions made and their relationship with the Company.

AND FURTHER THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things as they may consider expedient or necessary or in the best interest of the Company to give effect to the Proposed Shareholders' Mandate."

Ordinary Resolution 10

(cont'd)

7.4 **Proposed Renewal of Shareholders' Mandate for Share Buy-Back**

"**THAT** subject to the Companies Act, 1965, the Memorandum and Articles of Association of the Company, Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and all other prevailing laws, rules, regulations and orders issued and/or amended from time to time by the relevant regulatory authorities, the Company be and is hereby authorised to purchase and/or hold up to ten percent (10%) of the issued and paid-up share capital of the Company ("Proposed Share Buy-Back") as may be determined by the Directors of HTVB from time to time through Bursa Securities upon such terms and conditions as the Directors of HTVB may deem fit and expedient in the interest of the Company and an amount not exceeding the retained profits and share premium reserves of the Company as at 31 July 2006 of RM1,109,106.00 and RM21,853,395.00 respectively be allocated by the Company for the Proposed Share Buy-Back.

AND THAT upon completion of the purchase by the Company of its own shares, the Directors of HTVB be and are hereby authorised to cancel such shares or retain such shares as the treasury shares or a combination of both. The Directors of HTVB are further authorised to resell the treasury shares on Bursa Securities or distribute the treasury shares as dividends to the shareholders of HTVB or subsequently cancel the treasury shares or any combination of the three.

AND FURTHER THAT the Directors of HTVB be and are hereby authorised to carry out the Proposed Share Buy-Back immediately upon the passing of this resolution until:

- (a) the conclusion of the next Annual General Meeting ("AGM") of the Company, unless by ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions;
- (b) the expiration of the period within which the next AGM is required by law to be held; or
- (c) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting,

whichever occur first but not so as to prejudice the completion of purchase(s) by the Company before the aforesaid expiry date and to take all steps as are necessary and/or to do all such acts and things as the Directors of HTVB deem fit and expedient in the interest of the Company to give full effect to the Proposed Share Buy-Back with full powers to assent to any conditions, modifications, amendments and/or variations as may be imposed by the relevant authorities."

Ordinary Resolution 11

8 To transact any other business of the Company of which due notice shall be given in accordance with the Company's Articles of Association and the Companies Act, 1965.

(cont'd)

NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS HEREBY GIVEN THAT the Final Dividend of 3% less Malaysian Income Tax at 28% in respect of the financial year ended 31 July 2006 will be payable on 28 February 2007 to depositors registered in the Record of Depositors at the close of business on 30 January 2007.

A Depositor shall qualify for entitlement only in respect of:-

- a. Shares transferred to the Depositor's Securities Account before 4.00 p.m. on 30 January 2007 in respect of transfers;
- b. Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

BY ORDER OF THE BOARD HIAP TECK VENTURE BERHAD

Ng Yim Kong (LS 0008343) Company Secretary

Selangor Darul Ehsan 22 November 2006

Notes:

- 1. A member entitled to attend and vote at the Meeting is entitled to appoint a Proxy or Proxies to attend and vote on his (her) behalf. A Proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
- 2. Where a member appoints two (2) or more Proxies, the appointment shall be invalid unless he (she) specifies the proportion of his (her) holdings to be represented by each Proxy.
- 3. The Proxy Form shall be signed by the appointer or of his (her) attorney duly authorised in writing or, if the appointer is a corporation, must be executed under its common seal or by its duly authorised attorney or officer.
- 4. The instrument appointing a Proxy must be deposited at the Registered Office of the Company at Lot 6096, Jalan Haji Abdul Manan, Batu 5 ½, Off Jalan Meru, 41050 Klang, Selangor Darul Ehsan not less than 48 hours before the time for the Meeting or at any adjournment thereof.

(cont'd)

EXPLANATORY NOTES ON SPECIAL BUSINESS OF THE AGENDA

(a) Re-appointment of Director Pursuant to Section 129 of the Companies Act, 1965

The Proposed Ordinary Resolution 8 under item 7.1 above, is in accordance with Section 129(6) of the Companies Act, 1965 which requires that a separate resolution be passed to re-appoint Tan Sri Dato' Alwi Jantan who is over 70 years of age as Director of the Company and to hold office until the conclusion of the next Annual General Meeting of the Company. This Resolution must be passed by a majority of not less than three-fourths (3/4) of such Members of the Company as being entitled to vote in person or where Proxies are allowed, by Proxy at the Annual General Meeting of the Company.

(b) Resolution pursuant to the Authority to Allot Shares pursuant to Section 132D of the Companies Act, 1965

The Proposed Ordinary Resolution 9 under item 7.2 above, if passed, will empower the Directors of the Company from the date of the above Annual General Meeting, authority to allot and issue shares in the Company up to an aggregate amount of not exceeding 10% of the issued share capital of the Company for the time being for such purposes as they consider would be in the best interest of the Company and also to empower Directors to obtain approval from Bursa Malaysia Securities Berhad for the listing of and quotation for additional shares issued. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company.

(c) Resolution pursuant to the Proposed Renewal of and New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

The Proposed Ordinary Resolution 10 under item 7.3 above, if passed, will enable the Company and its subsidiaries ("the Group") to continue entering into the specified Recurrent Related Party Transactions as set out in Section 2.3.2 of the Circular to Shareholders dated 22 November 2006 with the specified classes of the Related Parties mentioned therein which are necessary for the Group's day to day operations. For further information on the Proposed Renewal of and New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature, please refer to the Circular to Shareholders dated 22 November 2006 enclosed together with the Company's Annual Report 2006.

(d) Resolution pursuant to the Proposed Renewal of Share Buy-Back

The Proposed Ordinary Resolution 11 under item 7.4 above, is to seek the renewal of authority for the Company to purchase and/or hold up to 10% of the issued and paid-up share capital of the Company on Bursa Malaysia Securities Berhad. For further information on the Proposed Renewal of Share Buy-Back, please refer to the Circular to Shareholders dated 22 November 2006 enclosed together with the Company's Annual Report 2006.

statement accompanying notice of tenth annual general meeting

Pursuant to Paragragh 8.28(2) of the Bursa Malaysia Securities Berhad's Listing Requirements appended hereunder are:-

1. Directors who are standing for re-election at the Tenth Annual General Meeting of the Company

In accordance with Article 79 of the Company's Articles of Association:

- i. Mr. Kua Hock Lai
- ii. Mr. Yeoh Chong Keat

In accordance with Article 84 of the Company's Articles of Association:

i. Mr. Kua Swee Kiat

Director who is standing for re-appointment in accordance with Section 129 of the Companies Act, 1965 at the Tenth Annual General Meeting of the Company:

i. Tan Sri Dato' Alwi Jantan

Further details of the above Directors who are standing for re-election as Directors are presented in pages 5, 7 and 11.

2. Details of attendance of Directors at the Board of Directors' Meetings

A total of four (4) Board of Directors' Meetings were held during the financial year ended 31 July 2006 as follows:-

Date 27 September 2005

- 12 December 2005
- 29 March 2006
- 29 June 2006

(Ordinary Resolution 6)

(Ordinary Resolution 4)

(Ordinary Resolution 5)

(Ordinary Resolution 8)

statement accompanying notice of tenth annual general meeting

Attendance of each Director in the Board of Directors' Meetings held during the financial year ended 31 July 2006 are shown below:

Nam	e of Directors	Attendance	%
a)	Tan Sri Dato' Alwi Jantan	4/4	100
b)	Mr. Kua Hock Lai	4/4	100
c)	Dato' Mohamed Nizam Bin Abdul Razak	4/4	100
d)	Mr. Yeoh Chong Keat	4/4	100
e)	Mr. Cheah Shu Boon	4/4	100
f)	Mr. Yoong Kah Yin (Resigned on 3 October 2006)	4/4	100
g)	Mr. Kua Swee Leong	4/4	100
h)	Ms. Law Sook Teng	4/4	100
i)	Mr. Tan Yuen Hong	4/4	100
j)	Mr. Kua Swee Kiat (Appointed on 4 January 2006)	2/2	100
k)	Mr. Ong Eng Choon (Resigned on 4 January 2006)	2/2	100
1)	Ms. Toh Su Lin (Alternate Director to Mr. Cheah Shu Boon)	N/A	N/A

3. Place, date and time of the Tenth Annual General Meeting

Date of Meeting	Time of Meeting	Place of Meeting
15 December 2006	3.00 p.m.	Wisma Hiap Teck Lot 6069, Jalan Haji Abdul Manan, Batu 5½, Off Jalan Meru, 41050 Klang, Selangor Darul Ehsan

This page has been left intentionally blank.



form of proxy

*I/*We.							(NRIC	C No./Company N	0.)
		(Fl	JLL N	IAME IN (CAPITAL L	ETTERS)		, and the j			
01				DDRESS)							
being	а	member	of					appoint * t (NRIC No			
		(Fl	JLL N	IAME)							
		(Fl	JLL A	DDRESS)							 _ 01
failing v	whor							(NRIC No)		 _) of
		(Fl	JLL N	IAME)							as
		(Fl	JLL A	DDRESS)							 _ 45

*my/*our Proxy(ies) to vote for *me/*us and on *my/*our behalf at the Tenth Annual General Meeting of the Company to be held at Wisma Hiap Teck, Lot 6096, Jalan Haji Abdul Manan, Batu 5½, Off Jalan Meru, 41050 Klang, Selangor Darul Ehsan on Friday, 15 December 2006 at 3.00 p.m. and at any adjournment thereof for or against the resolution(s) to be proposed thereat.

*My/*Our proxy(ies) *is/*are to vote on the Ordinary Resolutions as indicated below:-

No.	Resolutions	For	Against
1.	ORDINARY BUSINESS To receive the Audited Financial Statements for the year ended 31 July 2006 together with the Directors' and Auditors' Reports attached thereon. Ordinary Resolution 1		
2.	To approve the payment of Directors fees of RM232,000 for the year ended 31 July 2006. Ordinary Resolution 2		
3.	To approve a Final Dividend of 3% less Malaysian Income Tax at 28% for the year ended 31 July 2006. Ordinary Resolution 3		
4.	To re-elect the following Directors who are retiring in accordance with Article 79 of the Company's Articles of Association: 4.1 Mr. Kua Hock Lai 4.2 Mr. Yeoh Chong Keat Ordinary Resolution 5		
5.	To re-elect Mr. Kua Swee Kiat who is retiring in accordance with Article 84 of the Company's Articles of Association. Ordinary Resolution 6		
6.	To re-appoint Messrs Ernst & Young as the Company's Auditors for the ensuring year and to authorise the Directors to fix their remuneration. Ordinary Resolution 7		
7.	SPECIAL BUSINESS 7.1 Re-appointment of Director Pursuant to Section 129 of the Companies Act, 1965 7.2 Authority to Allot Shares Pursuant to Section 132D of the Companies Act, 1965 7.3 Proposed Renewal of and New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature 7.4 Proposed Renewal of Shareholders' Mandate for Share Buy-Back Ordinary Resolution 11		

[Please indicate with (X) in the spaces provided above as to how you wish your vote to be casted. If no specific direction as to voting is given, the Proxy will vote or abstain at his(her) discretion]

Dated this _____ day of _____ 2006

Number of Ordinary shares held :

[Signature/Common Seal of Shareholder(s)]

* Delete if not applicable

Notes:

- 1. A member of the Company who is entitled to attend and vote at the meeting is entitled to appoint a Proxy or Proxies to attend and vote on his (her) behalf. A Proxy may but need not be a member of the Company and the provisions of section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
- 2. Where a member appoints two (2) or more Proxies, the appointment shall be invalid unless he (she) specifies the proportion of his (her) holdings to be represented by each Proxy.
- 3. The Form of Proxy shall be signed by the appointer or of his (her) attorney duly authorised in writing or, if the appointer is a corporation, must be executed under its common seal or by its duly authorised attorney or officer.
- 4. The instrument appointing a Proxy must be deposited at the Company's registered office at Lot 6096, Jalan Haji Abdul Manan, Batu 5½, Off Jalan Meru, 41050 Klang, Selangor Darul Ehsan not less than forty-eight (48) hours before the time for the meeting or any adjournment thereof.

Then fold here

Affix Stamp

The Company Secretary

HIAP TECK VENTURE BERHAD

(Company No : 421340-U) Lot 6096, Jalan Haji Abdul Manan Batu 5½, Off Jalan Meru 41050 Klang Selangor Darul Ehsan

1st fold here