



ANNUAL REPORT 2010



HTVB

HIAP TECK VENTURE BERHAD

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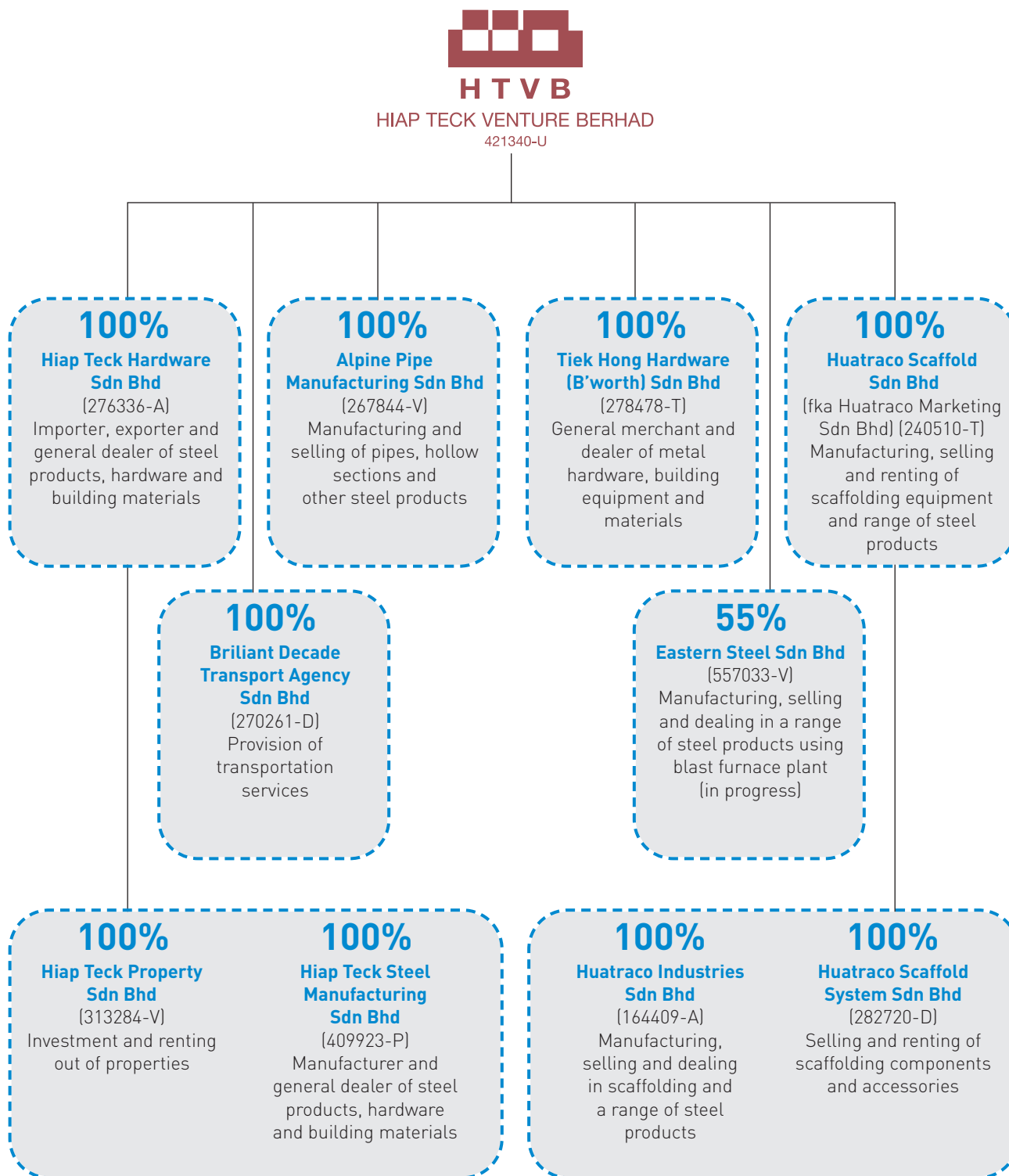
- **BUILD VALUE FOR SHAREHOLDERS**
- **PARTICIPATE IN THE DEVELOPMENT OF THE COUNTRY**
- **TOTAL CUSTOMER SATISFACTION**
- **ENHANCEMENT OF EXISTING CORE BUSINESS TO POSITION FOR GROWTH**
- **ONE STOP STEEL CENTRE**
- **CONTINUOUSLY DEVELOP HUMAN ASSET**



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CORPORATE STRUCTURE



BOARD OF DIRECTORS

CHAIRMAN

Tan Sri Dato' Alwi Jantan

DEPUTY CHAIRMAN

Dato' Law Tien Seng

MANAGING DIRECTOR

Mr. Kua Hock Lai

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Cheah Shu Boon

Mr. Ng Soon Lai @ Ng Siek Chuan

Mr. Foo Kok Siew

GROUP CHIEF OPERATING OFFICER

Mr. Lee Ching Kion

EXECUTIVE DIRECTORS

Mr. Low Choong Sing

Ms. Law Sook Teng

Ms. Ooi Ai Leng

AUDIT COMMITTEE

CHAIRMAN

Mr. Ng Soon Lai @ Ng Siek Chuan

MEMBERS

Mr. Cheah Shu Boon

Mr. Foo Kok Siew

REMUNERATION COMMITTEE

CHAIRMAN

Tan Sri Dato' Alwi Jantan

MEMBERS

Mr. Low Choong Sing

Mr. Foo Kok Siew

NOMINATION COMMITTEE

CHAIRMAN

Tan Sri Dato' Alwi Jantan

MEMBERS

Dato' Law Tien Seng

Mr. Foo Kok Siew

CORPORATE INFORMATION

COMPANY SECRETARY

Ng Yim Kong (LS 0009297)

HEAD OFFICE & REGISTERED OFFICE

Lot 6096, Jalan Haji Abdul Manan

Batu 5 ½, Off Jalan Meru

41050 Klang

Selangor Darul Ehsan

Tel No.: (6)03-3392 8888

Fax No.: (6)03-3392 9135

website: www.htgrp.com.my

REGISTRAR

Symphony Share Registrars Sdn Bhd (378993-D)

Level 6, Symphony House

Block D13, Pusat Dagangan Dana 1

Jalan PJU 1A/46

47301 Petaling Jaya

Selangor Darul Ehsan

Tel No.: (6)03-7841 8000

Fax No.: (6)03-7841 8151

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

SOLICITOR

S.B. Cheah & Associate

Unit 8-16-2, Menara Mutiara Bangsar

Jalan Liku, Off Jalan Riong

Bangsar, 59100 Kuala Lumpur

STOCK EXCHANGE

Bursa Malaysia Securities Berhad

Main Market

Stock code : 5072

(Listed since 2 September 2003)

PROFILE OF THE BOARD OF DIRECTORS

TAN SRI DATO' ALWI JANTAN

CHAIRMAN / INDEPENDENT NON-EXECUTIVE DIRECTOR

Tan Sri Dato' Alwi Jantan, aged 75, a Malaysian, was appointed as Chairman and Independent Non-Executive Director of Hiap Teck Venture Berhad ("HTVB") on 6 June 2003. Tan Sri Dato' Alwi also serves as Chairman of the Remuneration Committee and Nomination Committee of the Company.

Tan Sri Dato' Alwi is presently a Director of Genting Malaysia Bhd (previously known as Resorts World Berhad) and United Overseas Australia Ltd. He also sits on the boards of several other private companies.

He holds a Bachelor of Arts (Honours) degree from the University of Malaya in Singapore 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 before retiring in April 1990.

He has no family relationship with any other Directors and/or Major Shareholders of the Company and has no conflict of interest with the Company. He has not been convicted of any offences within the past 10 years.

Tan Sri Dato' Alwi has attended all of the 7 Board Meetings of HTVB held during the financial year ended 31 July 2010.

DATO' LAW TIEN SENG

DEPUTY CHAIRMAN / NON-INDEPENDENT NON-EXECUTIVE DIRECTOR

Dato' Law Tien Seng, aged 57, a Malaysian, was appointed to his current position as the Deputy Chairman and Non-Independent Non-Executive Director of HTVB on 1 June 2010. Dato' Law is also a member of the Nomination Committee of the Company.

Dato' Law is currently sitting on the boards of several private limited companies in Malaysia.

He is a businessman and owns a group of companies which are diversified in the manufacturing of steel products, property development, television drama and video production, food and beverages, among others.

He has also been the Malaysian Business Adviser to the Jinan Group of Companies in Shandong Province the People's Republic of China for many years.

He has no family relationship with any other Directors and/or Major Shareholders of the Company, and has no conflict of interest with the Company. He has not been convicted of any offences within the past 10 years.

Dato' Law has attended 1 out of the 7 Board Meetings of HTVB held during the financial year ended 31 July 2010. The 6 meetings that he did not attend were held prior to his appointment.

PROFILE OF THE BOARD OF DIRECTORS (Cont'd)

KUA HOCK LAI **MANAGING DIRECTOR**

Mr. Kua Hock Lai, aged 62, a Malaysian, was appointed as Managing Director of HTVB on 6 June 2003. Mr. Kua does not sit on any committee of the Company.

Mr. Kua is also a Director of several subsidiary companies of HTVB and other private limited companies.

Mr. Kua is a businessman by profession and has extensive experience in the steel and building materials business through his involvement in the industry for the past 40 years.

He has no family relationship with any other Directors and/or Major Shareholders of the Company and has no conflict of interest with the Company. He has not been convicted of any offences within the past 10 years.

Mr. Kua has attended all of the 7 Board Meetings of HTVB held during the financial year ended 31 July 2010.

LEE CHING KION **GROUP CHIEF OPERATING OFFICER**

Mr. Lee Ching Kion, aged 56, a Malaysian, was appointed as the Group Chief Operating Officer of HTVB on 1 June 2010. He does not sit on any committee of the Company.

Mr. Lee is presently a Director of Hua Joo Enterprise Berhad.

He holds a Bachelor of Science with Honours Degree in Metallurgy and Materials Science from University of Nottingham, England.

Mr. Lee started his career in 1979 as an Engineer. He was with Yodoshi Malleble (M) Sdn Bhd and Jebesen-Jessen Engineering Sdn Bhd before he joined Amsteel Mills Sdn Bhd. He was the Sales Engineer of Amsteel Mills Sdn Bhd and later became the Head of Research & Development and Quality Control Department. He spent seven (7) years in Amsteel Mills Sdn Bhd and left in 1990. Mr. Lee then joined Wuthelam Holding (M) Group of Companies as General Manager in 1990 and he was appointed as a Director in 1991 and held the position until he left in 1997.

Mr. Lee was the Head of Property/Business Division of DNP Holdings Berhad from 1997 to 2001. He was concurrently the Managing Director of Posim Berhad, the Chief Executive Officer of Bright Steel Sdn Bhd and the Commercial Director of Steel Division of Lion Group from 2001 - 2003. He resigned from all his positions within the Lion Group in June 2003. Mr. Lee was the Director of Midwest Corporation Ltd, an Australian company from 2003 - 2005.

He has no family relationship with any other Directors and/or Major Shareholders of the Company and has no conflict of interest with the Company. He has not been convicted of any offences within the past 10 years.

Mr. Lee has attended 1 out of the 7 Board Meetings of HTVB held during the financial year ended 31 July 2010. The 6 meetings that he did not attend were held prior to his appointment.

PROFILE OF THE BOARD OF DIRECTORS (Cont'd)

NG SOON LAI & NG SIEK CHUAN

INDEPENDENT NON-EXECUTIVE DIRECTOR

Mr. Ng Soon Lai, aged 56, a Malaysian, was appointed as Independent Non-Executive Director of HTVB on 18 August 2009. He is the Chairman of the Audit Committee of the Company.

Mr. Ng is presently a Director of Deutsche Bank (Malaysia) Berhad, S P Setia Berhad and Unico-Desa Plantations Berhad.

He is a member of the Institute of Chartered Accountants in England & Wales since 1977. He gained his accounting experience with Coopers & Lybrand in London and Kuala Lumpur. He was in the audit and accounting profession before moving to the financial sector.

Mr. Ng had served in various positions in a leading local merchant bank and a finance company before joining Alliance Bank Malaysia Berhad in 1991. He was appointed the Chief Executive Director of Alliance Bank Malaysia Berhad on 21 January 1994 and to the Board of Alliance Merchant Bank Berhad on 22 July 2002 until his resignation on 31 August 2005.

He has no family relationship with any other Directors and/or Major Shareholders of the Company and has no conflict of interest with the Company. He has not been convicted of any offences within the past 10 years.

Mr. Ng has attended all of the 7 Board Meetings of HTVB held during the financial year ended 31 July 2010.

CHEAH SHU BOON

INDEPENDENT NON-EXECUTIVE DIRECTOR

Mr. Cheah Shu Boon, aged 50, a Malaysian, was appointed as Independent Non-Executive Director of HTVB on 20 March 1997. He is a member of the Audit Committee of the Company.

Mr. Cheah currently sits on the boards of several private limited companies.

Mr. Cheah is a practising advocate and solicitor of the High Court of Malaya. 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. Mr. Cheah is currently pursuing a part-time course for the degree of Master of Business Administration (MBA) from the University of Strathclyde (Scotland).

He has vast experience in legal work 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.

He has no family relationship with any other Directors and/or Major Shareholders of the Company and has no conflict of interest with the Company. He has not been convicted of any offences within the past 10 years.

Mr. Cheah has attended all of the 7 Board Meetings of HTVB held during the financial year ended 31 July 2010.

PROFILE OF THE BOARD OF DIRECTORS (Cont'd)

FOO KOK SIEW

INDEPENDENT NON-EXECUTIVE DIRECTOR

Mr. Foo Kok Siew, aged 49, a Malaysian, was appointed as Independent Non-Executive Director of HTVB on 24 February 2010. Mr. Foo is a member of the Audit Committee, Remuneration Committee and Nomination Committee of the Company.

He holds a Bachelor of Economics degree, majoring in Accounting & Finance from Monash University, Melbourne.

Mr. Foo has vast experience in banking and finance having worked with many major institutions and corporations such as: Chase Manhattan Bank, Carr Indosuez Asia Limited, Insas Berhad, HLG Capital Berhad, Platinum Capital Sdn Bhd, Kejora Harta Berhad, Alliance Investment Bank Berhad and Platinum Equity Partners Sdn Bhd.

He has no family relationship with any other Directors and/or Major Shareholders of the Company and has no conflict of interest with the Company. He has not been convicted of any offences within the past 10 years.

Mr. Foo has attended 3 out of the 7 Board Meetings of HTVB held during the financial year ended 31 July 2010. The 4 meetings that he did not attend were held prior to his appointment.

LOW CHOONG SING

EXECUTIVE DIRECTOR

Mr. Low Choong Sing, aged 51, a Malaysian, was appointed as Non-Independent Non-Executive Director on 24 February 2010 and was redesignated to Executive Director on 24 May 2010. He is a member of Remuneration Committee of the Company.

Mr. Low currently sits on the board of Perduren (M) Berhad and he is also a Director of Eastern Steel Sdn Bhd, a 55% owned subsidiary of HTVB.

He holds a Bachelor of Economics, major in Accounting from La Trobe University, Melbourne in 1982. He is a Member of Certified Practising Accountant, Australia and a Chartered Accountant of the Malaysian Institute of Accountants.

He has more than 25 years of financial and operation management experience in steel industry. He was attached to Maruichi Malaysia Steel Tube Berhad from 1983 to 2002 and his last position held was Group Finance Manager. From 2003 to 2009, he was with Melewar Industrial Group Berhad and his last position held was Group Chief Financial Officer.

Mr. Low has no family relationship with any other Directors and/or Major Shareholders of the Company and has no conflict of interest with the Company. He has not been convicted of any offences within the past 10 years.

Mr. Low has attended 3 out of the 7 Board Meetings of HTVB held during the financial year ended 31 July 2010. The 4 meetings that he did not attend were held prior to his appointment.

PROFILE OF THE BOARD OF DIRECTORS (Cont'd)

LAW SOOK TENG **EXECUTIVE DIRECTOR**

Ms. Law Sook Teng, aged 42, a Malaysian, was appointed as Executive Director of HTVB on 6 June 2003. Ms. Law does not sit on any committee of the Company. She is also a Director of several subsidiary companies of HTVB.

Ms. Law holds a Bachelor degree in Economics from University Malaya. She joined Alpine Pipe Manufacturing Sdn Bhd ("APM"), a wholly owned subsidiary of HTVB, in 1994 as the Sales Manager. She was appointed to the Board of APM on the same year. Ms. Law is responsible for the overall management, sales and marketing of APM.

Ms. Law has no family relationship with any other Directors and/or Major Shareholders of the Company and has no conflict of interest with the Company. She has not been convicted of any offences within the past 10 years.

Ms Law has attended all of the 7 Board Meetings of HTVB held during the financial year ended 31 July 2010.

OOI AI LENG **EXECUTIVE DIRECTOR**

Ms. Ooi Ai Leng, aged 44, a Malaysian, was appointed as Executive Director of HTVB on 18 August 2009. Ms. Ooi does not sit on any committee of the Company.

Ms. Ooi graduated from University Malaya with a Bachelor degree in Accounting in 1991. An accountant by profession, she is a member of the Malaysian Institute of Accountants. Ms. Ooi has several years of experience in the area of financial management, accounting, tax, secretariat and corporate function. She is the Group Chief Financial Officer of HTVB, overseeing the financial and corporate management of the Group.

She has no family relationship with any other Directors and/or Major Shareholders of the Company and has no conflict of interest with the Company. She has not been convicted of any offences within the past 10 years.

Ms. Ooi has attended all of the 7 Board Meetings of HTVB held during the financial year ended 31 July 2010.

**SPEARHEADING
NATIONAL
DEVELOPMENT
BY INVESTING
IN INNOVATION**





On behalf of the Board of Directors of Hiap Teck Venture Berhad ("HTVB"), I am pleased to present the Annual Report and Financial Statements of the Company and the Group for the financial year ended 31 July 2010.

FINANCIAL PERFORMANCE

Notwithstanding the slow recovery of global economy and the weak market sentiment, I am pleased to report that HTVB Group had achieved another consecutive year of billion Ringgit turnover.

The Group posted revenue of RM1.065 billion in the financial year under review, 8.1% lower than previous year's turnover of RM1.159 billion. The drop in the top line was not significant compared to previous year's, mainly because of the improved domestic economy as well as the spillover effects of the stimulus package introduced by the government during the financial crisis to revive the national economy. On the international front, both steel prices and market demand continued to remain weak. US, one of our major export markets and the largest economy in the world still remained stagnant amid high unemployment rate. Nevertheless, the Group still manage to achieve net profit of RM50.508 million in the current year compared to RM43.361 million of the previous year; an increase of 16.5%.

DIVIDEND

The Board of Directors is pleased to recommend a single tier final dividend of 1.5 sen per share for the financial year ended 2010, subject to shareholders' approval at the forthcoming Annual General Meeting.

OPERATIONS REVIEW

Pump-priming efforts by the Malaysian Government during the year 2009 had somewhat boosted demand for local steel products. Therefore, the Group's revenue was largely driven by domestic demand compared to export sales as the roll-out of selective cornerstone projects under the Ninth Malaysia Plan had gathered momentum by the end of the year 2009.

During the financial year under review, despite the poor export sales coupled with competitive business environment, the Group was able to achieve a more favourable operating margin mainly due to improved domestic demand which had led to the enhancement of steel prices.

CORPORATE DEVELOPMENT

During the year under review, the Group acquired 55% stake in Eastern Steel Sdn Bhd ("Eastern Steel") for a purchase consideration of RM110 million which was fully paid by internal funding.

Eastern Steel owns two parcels of land with a total combined area of approximately 600 acres, located within Teluk Kalung Estate in Kemaman, Terengganu. Eastern Steel has obtained approval from both MIDA and MITI for the setting up and commissioning of blast furnace plant for the manufacturing of slab. In addition, Eastern Steel has also obtained special tax incentive from MIDA wherein a full exemption from statutory revenue tax is granted for a period of fifteen years.

With the completion of the blast furnace project, the Group will become an integrated player with both upstream and downstream operation, thereby strengthening its position in the local steel industry.



PROSPECTS

Despite the recent improvement in domestic economy, major economies in the world with the exception of China, are still in deep recession. Thus, it is hoped that domestic economy growth would sustain and the global economy would turnaround in the near future. The market condition for the coming financial year is still expected to remain highly competitive and challenging.

In view of the above, the Group has adopted a number of measures which amongst others, increase operational efficiencies by further reinforcement of its internal control system, identification of relevant cost drivers, prudent management of costs and effective manpower planning. Additionally, the Group's manufacturing division has adopted stringent quality assurance procedures to ensure that the product quality is not compromised.

CORPORATE SOCIAL RESPONSIBILITY

The Board acknowledges the importance of corporate social responsibility. The Group has and will continue to observe and practise environmental accounting in order to assist in the reduction of greenhouse gases into the surrounding atmosphere. The Group will also continue to respond to those in need, as well as support causes related to education and personal development of the young and under-privileged. During the financial year under review, the Group has made donations to a number of charitable organisations.

ACKNOWLEDGEMENT

On behalf of the Board, I wish to convey my heartfelt appreciation to our valued customers, suppliers, bankers, business associates 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.

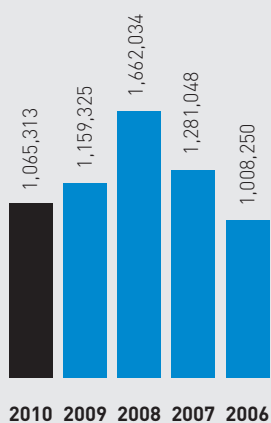
To my colleagues on the Board, I would like to extend my gratitude for their contributions and guidance during the year. I would like to express the Board's appreciation to Dato' Mohamed Nizam bin Abdul Razak, Mr. Kua Swee Leong, Mr. Kua Swee Kiat and Mr. Teh Swee See for their invaluable contributions and counsel during their time with us. I also wish to take this opportunity to welcome Dato' Law Tien Seng, Mr. Foo Kok Siew, Mr. Lee Ching Kion and Mr. Low Choong Sing who joined the Board recently. Finally, I take this opportunity to thank the management and staff at all levels for their support and contributions during the year.

TAN SRI DATO' ALWI JANTAN
Chairman

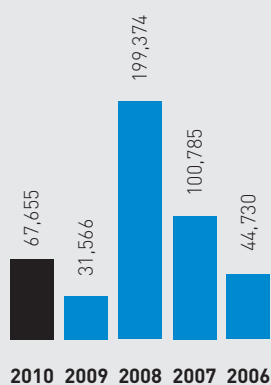
FIVE-YEAR GROUP FINANCIAL HIGHLIGHTS

	2006	2007	2008	2009	2010
Revenue (RM'000)	1,008,250	1,281,048	1,662,034	1,159,325	1,065,313
Profit Before Taxation (RM'000)	44,730	100,785	199,374	31,566	67,655
Profit After Taxation (RM'000)	32,239	71,397	154,278	43,361	50,508
Shareholders' Funds (RM'000)	338,707	413,622	571,076	601,140	695,425
NTA Per Share (RM)	1.04	1.26	1.76	1.87	2.12
Earnings Per Share (sen)	9.91	21.96	47.19	13.45	15.74

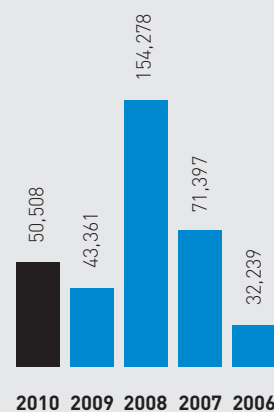
REVENUE (RM'000)



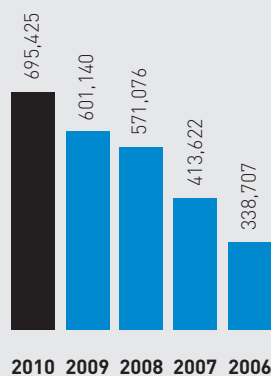
PROFIT BEFORE TAX (RM'000)



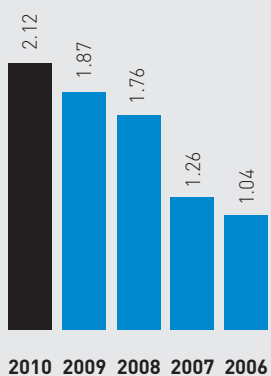
PROFIT AFTER TAX (RM'000)



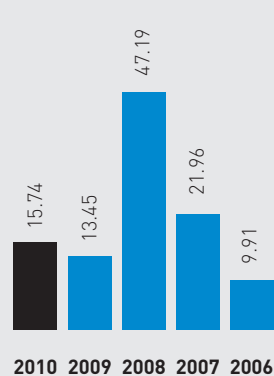
SHAREHOLDERS' FUND (RM'000)



NTA PER SHARE (RM)



EARNINGS PER SHARE (SEN)



**HARNESSING THE
FULL POTENTIAL OF
OUR HUMAN RESOURCES
THROUGH TRAINING**



STATEMENT ON CORPORATE GOVERNANCE

The Board of Hiap Teck Venture Berhad recognises the importance of maintaining good corporate governance in the Group. The Board is fully committed to apply the principles and best practices as set out in Part 1 and 2 of the Malaysian Code on Corporate Governance ("the Code"). The main objective of the Board is now aimed at strengthening the Board of Directors and the Audit Committee in order to ensure that the Board and its Audit Committee discharge their roles and responsibilities effectively.

The Board is pleased to provide the following statements which outline the main corporate governance practices that were in place throughout the financial year ended 31 July 2010.

A. BOARD OF DIRECTORS

i. The Board

The Board recognises that there is value in each Board member's knowledge and experience in providing oversight for the Company. The Board is primarily responsible for determining the strategic direction of the Group, monitoring and overseeing the performance of the Group's business. The Board as a whole is dedicated to practise clear demarcation of duties, responsibilities and authority within the Company.

Meetings

The Board of Directors meets on a quarterly basis with additional meetings convened as and when necessary. During the financial year ended 31 July 2010, seven (7) board meetings were held.

Details of the Board of Directors' Meetings and their attendances at these meetings are set out below. All Directors in office during the said period have complied with the minimum 50% meeting attendance's requirement under the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

Name of Directors	Total Meetings Attended by Directors	% of Attendance
Tan Sri Dato' Alwi Jantan (Chairman, Independent Non-Executive Director)	7/7	100
Dato' Law Tien Seng (Deputy Chairman, Non-Independent Non-Executive Director) (Appointed on 1 June 2010)	1/1	100
Mr. Kua Hock Lai (Managing Director)	7/7	100
Mr. Lee Ching Kion (Group Chief Operating Officer) (Appointed on 1 June 2010)	1/1	100
Dato' Mohamed Nizam bin Abdul Razak (Independent Non-Executive Director) (Resigned on 24 February 2010)	4/4	100
Mr. Cheah Shu Boon (Independent Non-Executive Director)	7/7	100
Mr. Kua Swee Leong (Executive Director) (Resigned on 1 June 2010)	6/6	100

STATEMENT ON CORPORATE GOVERNANCE (Cont'd)

Name of Directors	Total Meetings Attended by Directors	% of Attendance
Mr. Kua Swee Kiat (Executive Director) (Resigned on 24 February 2010)	4/4	100
Ms. Law Sook Teng (Executive Director)	7/7	100
Mr. Ng Soon Lai @ Ng Siek Chuan (Independent Non-Executive Director) (Appointed on 18 August 2009)	7/7	100
Ms. Ooi Ai Leng (Executive Director) (Appointed on 18 August 2009)	7/7	100
Mr. Teh Swee See (Executive Director) (Appointed on 18 August 2009, Resigned on 1 June 2010)	6/6	100
Mr. Foo Kok Siew (Independent Non-Executive Director) (Appointed on 24 February 2010)	3/3	100
Mr. Low Choong Sing (Executive Director) (Appointed on 24 February 2010)	3/3	100

Board Committees

The following Board Committees have acted within the framework of the remit specified by the Board. These committees have sporadically making proposals to improve and enhance the role of the Board in governance processes.

Below is a general description of some of the basic functions of the respective committee.

a. Audit Committee

The Audit Committee, comprises exclusively of Independent Non-Executive Directors, is responsible for reviewing and monitoring the Group's internal audit processes, its external auditors and of the integrity of the Group's financial statement. It is also responsible for reviewing the effectiveness of internal controls system. Further details of the Audit Committee are contained in the Audit Committee's Report on pages 26 to 30 of this Annual Report.

STATEMENT ON CORPORATE GOVERNANCE (Cont'd)

b. Nomination Committee

In line with the requirement of the code, all members of the Nomination Committee are Non-Executive Directors, the majority of who are independent.

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 (Resigned on 24 February 2010)	Member	Independent Non-Executive Director
Mr. Cheah Shu Boon (Resigned as Member of Nomination Committee on 6 August 2010)	Member	Independent Non-Executive Director
Dato' Law Tien Seng (Appointed as Member of Nomination Committee on 6 August 2010)	Member	Non-Independent Non-Executive Director
Mr. Foo Kok Siew (Appointed as Member of Nomination Committee on 6 August 2010)	Member	Independent Non-Executive Director

The Nomination Committee is responsible for identifying, selecting and recommending new candidates to the Board. However, the actual decision as to who shall be appointed remains the responsibility of the full Board after considering the recommendation of the Nomination Committee.

The Nomination Committee serves to ensure that the Company has an effective Board comprising Directors of required mix of skill, experience and other qualities including core competencies which Non-Executive Directors should bring to the Board. The Nomination Committee assesses annually the effectiveness of the Board, its Committees and the contribution of each individual Director including Independent Non-Executive Directors.

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

The Nomination Committee has met five (5) times during the financial year ended 31 July 2010.

STATEMENT ON CORPORATE GOVERNANCE (Cont'd)

c. Remuneration Committee

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. Kua Hock Lai (Resigned as Member of Remuneration Committee on 6 August 2010)	Member	Managing Director
Mr. Cheah Shu Boon (Resigned as Member of Remuneration Committee on 6 August 2010)	Member	Independent Non-Executive Director
Mr. Foo Kok Siew (Appointed as Member of Remuneration Committee on 6 August 2010)	Member	Independent Non-Executive Director
Mr. Low Choong Sing (Appointed as Member of Remuneration Committee on 6 August 2010)	Member	Executive Director

The Remuneration Committee is responsible for recommending to the Board the remuneration packages of the Executive Directors and Senior Management, whilst the Board as a whole determines the remuneration of the Non-Executive Directors. The individual Directors concerned abstain from decision in respect of their individual remuneration.

The remuneration of Directors is determined based on the responsibility, contribution and performance of each Director. It is the Company's policy to link the Executive Directors' rewards to individual and corporate performance whilst the remuneration of the Non-Executive Directors including the Non-Executive Chairman and Deputy Chairman is determined in accordance with their experience and the level of responsibilities assumed. Fees payable to all Non-Executive Directors are proposed at the Annual General Meeting for the shareholders' approval.

The members of the Remuneration Committee have met six (6) times during the financial year to review and discuss the remuneration of the Executive Directors and Senior Management.

ii. Board Balance

The Board consists of ten (10) Directors of which five (5) are Executive Directors, one (1) is Non-Independent Non-Executive Director and the remaining four (4) are Independent Non-Executive Directors.

The concept of independence adopted by the Board is in line with the definition of an Independent Director of the Bursa Securities' Listing Requirements. 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 the Bursa Securities' Listing Requirements, which requires that at least two (2) Directors or one-third (1/3) of the Board of the Company, whichever is higher, are Independent Directors.

STATEMENT ON CORPORATE GOVERNANCE (Cont'd)

ii. Board Balance (Cont'd)

The composition of the Board is well balanced. The Group is led and controlled by an experienced Board with different background to ensure a balanced mix of diverse experience, skills, expertise and knowledge in discharging its responsibilities. Collectively, they bring with them a wide range of experience in areas such as legal, finance, corporate affairs, marketing and operations. This mix of skills and experience is essential for the successful attainment of the corporate plans and objectives of the Group. A brief profile of each Director is presented on pages 4 to 8 of this Annual Report.

There is a clear demarcation of responsibility between the Independent Non-Executive Chairman and the Managing Director and Group Chief Operating Officer to ensure the balance of power and authority. The Board is chaired by Tan Sri Dato' Alwi Jantan, an Independent Non-Executive Director and he is primarily responsible for the Board effectiveness and conduct. The Managing Director, Mr. Kua Hock Lai and Group Chief Operating Officer, Mr. Lee Ching Kion are responsible for the implementation of the Board's policies and decisions as well as supervising the operation of the Group and the development and implementation of business strategies.

The Executive Directors are responsible for managing and supervising the day-to day operation of the various operating units under the Group. The Independent Non-Executive Directors offer 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.

iii. Supply of Information

The Directors have unrestricted access to information pertaining to the Group's business and affairs to enable them to discharge their 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.

All scheduled meetings held during the year were preceded by a formal agenda issued by the Company Secretary in consultation with the Chairman. Prior to meetings, 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 meetings which in turn enhances 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.

iv. Appointment to the Board

There is a formal and transparent procedure which has been endorsed by the Board for the appointment of new Directors. The Board will conduct a search on the background of all nominees proposed by the Nomination Committee to ensure that only those candidates who are eligible shall be appointed to the Board. The Board is constantly reviewing the performance of its existing Directors to ensure that only the cream shall be re-appointed for directorship.

STATEMENT ON CORPORATE GOVERNANCE (Cont'd)

v. Re-election

In accordance with the Company's Articles of Association, one-third (1/3) of the Directors or if their number is not three (3) or a multiple of three (3), then the number nearest one-third (1/3) shall retire from office and be eligible for re-election provided always that all Directors shall retire from office once at least in every three (3) years, but shall be eligible for re-election.

Directors over seventy (70) years of age shall hold office until the next Annual General Meeting but shall be eligible for re-appointment in accordance with Section 129(6) of the Companies Act, 1965.

vi. Directors' Training

Directors are encouraged to attend seminars and/or conferences organised by relevant regulatory authorities and professional bodies to keep abreast with development in the market place.

During the year, the Company had arranged an in-house seminar for the Directors and management staff, namely "Risk Management". In addition, the Directors had during the financial year ended 31 July 2010, evaluated their own training needs and attended additional seminars, conferences and forums. Append below are some of the other training/seminars attended by the Directors:

Topic	Organiser
1. 9th Conference on status & outlook of the Malaysian Iron and Steel Industry	MISIF
2. Free Trade Areas & its related customs procedures in Malaysia - Objectives & Benefits	The Exporters Club S/B
3. Trade Payment Terms (UCP 600) and Incoterms 2000 in Global Shipping Practices	The Exporters Club S/B
4. Key Amendments to Listing Requirements for Main Market, Duties and Responsibilities of Directors, Audit Committee and Executive Directors	Tricor Board Dynamics S/B
5. Bursa Malaysia's Evening Talk on Corporate Governance	Bursa Malaysia
6. Corporate Governance Revisited	Bursa Malaysia and The Institute of Internal Auditors Malaysia

B. DIRECTORS' REMUNERATION

The remuneration policy of the Company for the Executive Directors are structured to link rewards to corporate and individual performance in order to retain Directors with the relevant skills and experience to meet the challenges of the Group.

The Non-Executive Directors' remuneration comprises only fees and allowances. Determination of the said remuneration is balanced with their roles and responsibilities.

The following are the remuneration bands of the Directors:

Remuneration Bands	Executive Directors	Non-Executive Directors
RMNil - RM50,000	-	3*
RM50,001 - RM100,000	-	3
RM100,001 - RM150,000	1	-
RM250,001 - RM300,000	2**	-
RM350,001 - RM400,000	2**	-
RM400,001 - RM450,000	1**	-
RM500,001 - RM550,000	1	-
RM5,250,001 - RM5,300,000	1	-

* One of the Non-Executive Director has resigned during the financial year.

** Three of the Executive Directors have resigned during the financial year.

STATEMENT ON CORPORATE GOVERNANCE (Cont'd)

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	-	7,574,453	138,975	7,713,428
Non-Executive Directors	308,000	29,000	-	337,000

C. SHAREHOLDERS COMMUNICATION AND INVESTORS RELATIONS

The Board recognises the importance of effective communication with shareholders and the investment community. Thus, 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 Securities which includes the quarterly reports, annual report and press releases. The Company's website at www.htgrp.com.my provides shareholders and investors the overview information of the Group's business and the latest updates of the Company. Shareholders and investors may post questions on the Company's website or may contact the persons identify in the website to enquire more about the Company and the Group.

The Company conducts briefings and dialogues with financial analysts to give them an overview of the Group's performance and operations. The Company also catering to the numerous request for private meetings for investors and analysts and organising trips for factory visits during the financial year ended 31 July 2010. Through these channels, the Company has the opportunity to directly address, explain or clarify issues that investors and analysts may have regarding the business, operations and prospects of the Group.

The Annual General Meeting serves as a principal forum for dialogue with all shareholders. 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.

The Board has identified Mr. Cheah Shu Boon as the Senior Independent Non-Executive Director to whom concerns from the shareholders relating to the Company may be conveyed.

D. ACCOUNTABILITY AND AUDIT

i. Financial Reporting

The Board is responsible for ensuring that the financial statements of the Company and of the Group are made out in accordance with applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965. The Board also ensures that the financial statements of the Group give a true and fair view of the state of affairs of the Group and of the Company as at the end of the accounting period. 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. Internal Control

The Board acknowledges the importance of maintaining a sound system of internal control to safeguard shareholders' interest and the Group's assets. 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's improvement. The state of internal control of the Group is explained in greater detail in the accompanying Statement on Internal Control.

STATEMENT ON CORPORATE GOVERNANCE (Cont'd)

iii. Relationship with Auditors

The Group has established a formal, transparent and professional relationship with its external auditors. The Audit Committee reviews the audit plans, scope of audit and audit report as well as their professional fees and appointment. The appointment of the external auditors is subject to the approval of the shareholders at the General Meeting of the Company.

The external auditors are invited to attend Audit Committee meetings when necessary. The external auditors present their audit plans, report their findings to the Audit Committee and discuss with the Board of Directors on matters that necessitate the Board's attention.

The Audit Committee had met with the external auditors on 29 September 2009 and 30 June 2010 without the presence of the Executive Directors and the Management.

ADDITIONAL INFORMATION

1. SHARE BUY-BACK

Detail of shares buy-back during the financial year ended 31 July 2010 are as follows:

Month	No. of Shares Buy-Back (RM)	Lowest Price (RM)	Highest Price (RM)	Average Price (RM)	Total Consideration
Dec '09	10,000	1.49	1.49	1.49	15,009
July '10	10,000	1.28	1.28	1.28	12,894
Total	20,000			1.40	27,903

As at end of the financial year:

- A total of 5,430,000 buy-back shares were held as treasury shares and carried at cost; and
- No shares had been cancelled.

2. OPTIONS OR CONVERTIBLE SECURITIES

There were no options or convertible securities exercised during the financial year ended 31 July 2010.

3. DEPOSITORY RECEIPTS PROGRAMME

The Company did not sponsor any Depository Receipts Programme during the financial year ended 31 July 2010.

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 2010.

STATEMENT ON CORPORATE GOVERNANCE (Cont'd)

5. NON-AUDIT FEES

A non-audit fees of RM40,000 was incurred for services rendered to HTVB or its subsidiaries for the financial year ended 31 July 2010 by the external auditors or a firm or company affiliated to the external auditors for the financial year ended 31 July 2010.

6. VARIATION IN RESULTS

There was no material variance between the results for the financial year ended 31 July 2010 and the unaudited quarterly results previously announced.

7. PROFIT GUARANTEE

There was no profit guarantee given by the Company during the financial year.

8. UTILISATION OF PROCEEDS

There were no proceeds raised by the Group from any corporate proposals during the financial year.

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

HTVB had on 29 December 2009 entered into a Share Sale Agreement ("SSA") with Dato' Law Tien Seng, Mr. Lau Chin An and Mr. Lee Ching Kion for the acquisition of 55% stake in Eastern Steel Sdn Bhd comprising 80,382,500 ordinary shares of RM1.00 each for a cash consideration of RM110 million. Simultaneous with the execution of the SSA, HTVB has also on even date entered into a shareholders' agreement with Dato' Law Tien Seng. The acquisition was completed during the financial year ended 31 July 2010.

The investment will act as a springboard for the Group to tap the market potential of upper stream steel products.

Save as disclosed above and those disclosed as recurrent related party transactions of revenue or trading nature or related party transactions, there were no other material contracts entered into by the Company and/or its subsidiaries involving Directors' and Major Shareholders' interests as at 31 July 2010.

10. REVALUATION POLICY

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

STATEMENT ON CORPORATE GOVERNANCE (Cont'd)

11. RECURRENT RELATED PARTY TRANSACTIONS OF REVENUE OR TRADING NATURE

The Company has on its AGM held on 16 December 2009 and EGM held on 30 June 2010 sought approval for a shareholders' mandate for the Group to enter into recurrent related party transactions of revenue or trading nature.

The aggregate value of recurrent related party transactions conducted during the financial year ended 31 July 2010 in accordance with the shareholders' mandate obtained in the last AGM and EGM were as follows:

Related Parties involved with HTVB and/or its Subsidiaries	Nature of Transaction	Relationship and Nature of Interest	Value of Transaction (RM'000)
Power Concord Sdn Bhd ("PC")	i) Sales of steel products	i) Mr. Kua Swee Kiat and Ms. Kua Siu Hui are directors and shareholders of PC.	824
	ii) Provision of transportation by lorries	ii) Mr. Kua Swee Leong, Mr. Kua Swee Kiat and Ms. Kua Siu Hui are the children of Mr. Kua Hock Lai and Madam Lim Ah Eng.	
		iii) Mr. Kua Swee Kiat is directly interested in PC by virtue of him being the director and shareholder of PC.	
		iv) Mr. Kua Hock Lai and Madam Lim Ah Eng are deemed interested in PC by virtue of their children Mr. Kua Swee Kiat's and Ms. Kua Siu Hui's direct interest in PC.	
		v) Mr. Kua Swee Leong is deemed interested by virtue of him being the brother of Mr. Kua Swee Kiat and Ms. Kua Siu Hui.	
S.B. Cheah & Associates ("SBCA")	Provisions of legal services	Mr. Cheah Shu Boon is directly interested in SBCA by virtue of him being the partner of SBCA.	283
United Overseas Australia Ltd ("UOA") Group of Companies	Renting of scaffolding equipment and sales of steel products	Tan Sri Dato' Alwi Jantan is deemed interested in UOA by virtue of him being a director and a shareholder of UOA	-
JK Ji Seng Sdn Bhd ("JKJS")	Purchase of Prime Hot Rolled Steel Plates	Dato' Law Tien Seng is deemed interested in JKJS by virtue of him being a director and Shareholder of T.S. Law Holdings Sdn Bhd ("TS Law"). TS Law has a controlling interest in JKJS.	16,714

**STATEMENT OF DIRECTORS' RESPONSIBILITY
IN RELATION TO THE FINANCIAL STATEMENTS**

The Board of Directors is required to prepare the financial statements for each financial year which give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year, and of the results and cash flow of the Group and of the Company for the financial year ended 31 July 2010.

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

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

This Statement is made in accordance with a resolution of the Board of Directors dated 1 November 2010.

STATEMENT ON INTERNAL CONTROL

The Board of Directors of Hiap Teck Venture Berhad acknowledges the importance of the system of internal control and recognises that it is their responsibility to maintain a sound system of internal control to safeguard the Group's interests. Nonetheless, it shall be noted that the system of internal control are designed to manage rather than eliminate the risks of failure to achieve business objectives. Therefore, the system can only provide reasonable and not absolute assurance against material misstatement and losses.

Risk Management

The Board is responsible for identifying the principal business 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 processes for identifying, evaluating and managing significant risks faced by the organization are embedded and carried out as part of the Group's operating and business management processes. Review, documentation and update of the identified risks and action plan are carried out by the Risk Management Committee. This is to ensure that risk issues are communicated effectively to the management.

Review Mechanism

Independent review of the system of internal control is undertaken by the Audit Committee. The presence of the internal audit function supports this review mechanism and assists the Audit Committee in conducting their review more effectively. Additionally, the Audit Committee evaluates the internal control matters highlighted by the external auditors in the course of their statutory audit.

In reviewing the financial performance of the Group, the Audit Committee in consultation with the management and external auditors deliberates the integrity of the financial results, annual report and audited financial statements before recommending to the Board to be presented to the shareholders.

Key Elements of Internal Control

Apart from the above, the fundamental elements of internal control that are applied in the Group are as follows:

- i. Organisation structure that defines the management responsibilities and its hierarchy structure of reporting lines and accountability;
- ii. Authority limits and approval processes that facilitate the delegation of authority and management succession;
- iii. Centralized enterprise resource planning information system that provides real-time information for decision making. This system also enables periodic performance reports to be produced for management monitoring purposes;
- iv. Implementation of ISO 9001:2000 Quality Management System and American Petroleum Institutes ("API") manufacturing procedures in the manufacturing operations of the Group. Internal quality audits are carried out and annual surveillance audits are conducted by external certification body to provide assurance of compliance with the ISO requirements; and
- v. Periodic management performance reporting to monitor and assure that the business operations of the Group are in progress in accordance with desirable objectives and targets of the Group.

The Board is satisfied that the operating procedures and the process of review, evaluation and monitoring of risks and the system of internal control are effective. Nonetheless, the Board will continue to access the adequacy of the Group's systems of internal control along with the development and changes in its business.

AUDIT COMMITTEE REPORT

The Audit Committee was established on 17 July 2003.

COMPOSITION

Members of the Audit Committee:

Chairman

Mr. Ng Soon Lai @ Ng Siek Chuan
(Independent Non-Executive Director)
(re-designated as Chairman of Audit Committee on 24 February 2010)

Members

Mr. Cheah Shu Boon
(Independent Non-Executive Director)

Mr. Foo Kok Siew
(Independent Non-Executive Director)
(appointed on 24 February 2010)

Dato' Mohammed Nizam bin Abdul Razak
(Independent Non-Executive Director)
(resigned on 24 February 2010)

TERMS OF REFERENCE OF THE COMMITTEE

1. Appointment/Composition:

1.1 The members of the Committee shall be appointed by the Board.

1.2 The Audit Committee shall consist of not less than three (3) members of whom:

- a) all the Audit Committee members must be Non-Executive Directors, with a majority of them being 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, 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
 - (iii) fulfils such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad ("Bursa Securities").

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 shall be an Independent Director.

AUDIT COMMITTEE REPORT (Cont'd)

- 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. Procedure of Audit Committee

An Audit Committee may regulate its own procedure, in particular:

- (a) the calling of meetings;
- (b) the notice to be given of such meetings;
- (c) the voting and proceedings of such meetings;
- (d) the keeping of minutes; and
- (e) the custody, production and inspection of such minutes.

3. Meetings:

- 3.1 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.
- 3.2 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.
- 3.3 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.

4. Authority:

- 4.1 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.
- 4.2 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;
 - (e) be able to obtain independent professional or other advice; and
 - (f) be able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other Directors and employees of the Company, whenever deemed necessary.

AUDIT COMMITTEE REPORT (Cont'd)

5. Functions and Responsibilities:

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

- 5.1 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;
- 5.2 to review the assistance given by employees of the Group to the external auditors;
- 5.3 to review the external auditor's management letter and management's response;
- 5.4 to do the following in relation to the internal audit function:-
 - * to review the adequacy of the scope, functions, competency 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, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
 - * to review any appraisal or assessment of the performance of members of the internal audit function;
 - * to approve any appointment or termination of senior staff members of the internal audit function; and
 - * to take cognizance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning.
- 5.5 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.
- 5.6 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;
- 5.7 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;
- 5.8 to make recommendations concerning the appointment of the external auditors and their remuneration to the Board;
- 5.9 prompt reporting to 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' Listing Requirements.

The reports of the Audit Committee and the external and internal auditors and corrective action taken shall be tabled for discussion by the Board of Directors.

6. 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.

AUDIT COMMITTEE REPORT (Cont'd)

7. 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 (7.1) and (7.2) below:

7.1 The audit committee report shall be clearly set out in the Annual Report of the Company;

7.2 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 2010, the Audit Committee convened a total of four (4) meetings. The details of attendance at the Committee meeting held in financial year 2010 are as follows:

Name of Members	Attendance
1. Mr. Ng Soon Lai @ Ng Siek Chuan (re-designated as Chairman of Audit Committee on 24 February 2010)	4/4
2. Mr. Cheah Shu Boon	4/4
3. Mr. Foo Kok Siew (appointed on 24 February 2010)	2/2
4. Dato' Mohamed Nizam bin Abdul Razak (resigned on 24 February 2010)	2/2

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.

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

- Reviewed the quarterly financial results and annual financial statements of the Company and the Group prior to submission to the Board of Directors for their consideration and approval.
- Reviewed the internal audit reports and consideration of the findings and recommendations and management's responses thereto.

AUDIT COMMITTEE REPORT (Cont'd)

- Reviewed and discussion with external auditors the issues arising from the statutory audit, the audit report and the management letters including management's responses.
- Reviewed the related party transactions of the Group.
- Reviewed and approved the internal audit plan, strategy and scope of work.
- Reviewed the external audit plans / audit planning memorandum for financial year ended 2010.
- Reviewed the Statement on Internal Control prior to its inclusion in the Annual Report.
- Meeting with the external auditors in the absence of the Executive Directors and management

The Audit Committee has met with the external auditors on 29 September 2009 and 30 June 2010 without the presence of the Executives Directors and management.

INTERNAL AUDIT FUNCTION

The Audit Committee is supported by an internal audit function which is undertaken by a professional service firm at an annual fees of RM60,000.00. The internal audit function is independent of all operating units. The principal role of the internal audit function is to undertake regular and systematic reviews of the system of internal controls so as to provide reasonable assurance that such system continues to operate satisfactory and effectively and to minimise risks area. The internal audit function is carried out with impartiality, proficiently and due professional care. It provides 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.

During the financial year, the internal auditors undertook audit review based on the annual audit plan which was approved by the Audit Committee. Below are the main activities carried out during the financial year:

i) Inventory & Store Control Review

The objective of the review is to assess the effectiveness of the system of internal controls established by the management on the inventory and store management system and to provide recommendations for improvement thereof.

ii) Reviewed of Production System & Control

To assess the effectiveness of the existing production system.

iii) Reviewed of Recurrent Related Party Transactions

To ensure there were sufficient control procedures that were reasonable in monitoring the transactions.

iv) Reviewed of Information Technology General Controls

To ensure the effectiveness of the system of internal controls established in the IT function.

v) Follow-up Audit Report

To ascertain management's implementation status on the past internal audit recommendations.

Further details of the activities of the internal audit function are set out in the Statement on Internal Control on page 25 of this Annual Report.

CORPORATE SOCIAL RESPONSIBILITY STATEMENT

The Group recognises the importance of its social obligations to the society in which it operates while striving to achieve a balanced approach to fulfill its key business objectives and the expectations of its stakeholders.

The Workplace

Employee safety is an important area for the Group. The Group has set up an Occupational Safety and Health Committee to develop policies and guidelines to provide and maintain a safe and healthy workplace for all its employees, contractors and visitors. Frequent safety checks at the workplace are conducted to ensure that all safety requirements and precautions are strictly observed. The Group would continuously work to enhance safety and health management. The Group is committed to zero accidents.

The Board recognises that the Group's employees are its most important asset and critical to the overall delivery of its business strategy. The Group provides training programs for its employees to ensure that they are equipped with appropriate skills and knowledge to grow and prosper together with the Company they work for. The Group also provides scholarships and financial assistance to its employees and their children; giving them the opportunities and encouragement to improve themselves in education and life-long learning.

Relations with employees are based on mutual respect. The Group is committed to a working environment where there is mutual trust and where everyone is accountable for their own actions and share responsibility for the performance and reputation of the Group.

The Environment

The Group has and will always consider environmental factors in all its operating decisions and will continuously explore and develop feasible and safe processes and procedures to minimise any adverse impact from all its operations on the environment.

The Community

The well-being of the communities in which the Group's operates is important to its long term development and success. The Group offers worthwhile and valuable employment in a safe and well cared for working environment, and encourages a healthy worklife balance.

In addition, the Group believes strongly that education is the foundation to one's personal development and growth. Over the years, the Group has participated in various fund raising activities organised by schools in the local community.

The Market Place

The Group also emphasises on the need for corporate transparency, effective communication and the timeliness of disseminating information to our shareholders and investing public. Other than through our Annual Report, which reviews the Group's operational and financial performance, and our various announcements to Bursa Securities, corporate information is also updated on the Groups' website at www.htgrp.com.my.

As a good corporate citizen, the Group is very conscious of its responsibilities and often engages local communities in the areas of its business operations.

Customers

The Group believes that integrity in dealing with customers is a pre-requisite for a successful and sustainable relationship. This principle governs all aspects of the business. The Group values its customers and the trust that they place in the Group and will safeguard the information provided by customers in accordance with relevant laws and contractual commitments.

The Group views the interest of all customers as the core of its business and is committed to providing high quality, reliable goods and services to meet current and future requirements of its customers.

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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 2010.

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 14 to the financial statements.

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

RESULTS

	Group RM'000	Company RM'000
Profit for the year	50,508	8,075
Attributable to:		
Equity holders of the Company	50,677	8,075
Minority interest	(169)	-
	50,508	8,075

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

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.

DIVIDEND

The amount of dividend paid by the Company since 31 July 2009 was as follows:

	RM'000
In respect of the financial year ended 31 July 2009 as reported in the directors' report of that year:	
Single tier final dividend of 1.5 sen per share (3%) on 321,990,000 ordinary shares, approved in the Annual General Meeting on 16 December 2009 and paid on 24 February 2010	4,830

At the forthcoming Annual General Meeting, a single tier final dividend in respect of the financial year ended 31 July 2010, of 1.5 sen per share (3%) on 321,970,000 ordinary shares, amounting to a dividend payable of RM4,829,550 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 2011.

DIRECTORS' REPORT (Cont'd)

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	
Cheah Shu Boon	
Law Sook Teng (f)	
Ng Soon Lai @ Ng Siek Chuan	
Ooi Ai Leng (f)	
Foo Kok Siew	(Appointed on 24 February 2010)
Low Choong Sing	(Appointed on 24 February 2010)
Dato' Law Tien Seng	(Appointed on 1 June 2010)
Lee Ching Kion	(Appointed on 1 June 2010)
Dato' Mohamed Nizam bin Abdul Razak	(Resigned on 24 February 2010)
Kua Swee Kiat	(Resigned on 24 February 2010)
Kua Swee Leong	(Resigned on 1 June 2010)
Teh Swee See	(Resigned on 1 June 2010)

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 the 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 7 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 32 to the financial statements.

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, required to be kept under Section 134 of the Companies Act, 1965, 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 1.8.2009	Acquired	Sold	As at 31.7.2010
The Company				
Direct Interest:				
Tan Sri Dato' Alwi Jantan	1,467,000	-	-	1,467,000
Kua Hock Lai	200,000	-	-	200,000
Cheah Shu Boon	66,000	-	-	66,000
Law Sook Teng (f)	450,015	-	-	450,015

DIRECTORS' REPORT (Cont'd)

DIRECTORS' INTERESTS (Cont'd)

	Number of Ordinary Shares of RM0.50 Each			
	As at 1.8.2009	Acquired	Sold	As at 31.7.2010
The Company (Cont'd)				
Indirect Interest:				
Dato' Law Tien Seng	-	89,000,000	-	89,000,000
Kua Hock Lai	124,115,999	15	(99,000,015)	25,115,999
Lee Ching Kion	20,000	-	-	20,000

By virtue of their shareholdings in the Company, Dato' Law Tien Seng and Mr. Kua Hock Lai are also deemed to be interested in shares in all the subsidiaries of the Company.

None of the other directors in the office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

TREASURY SHARES

During the financial year, the Company repurchased 20,000 of its issued ordinary shares from the open market at an average price of approximately RM1.40 per share. The total consideration paid for the repurchases including transaction costs was RM27,903.

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 24 to the financial statements.

OTHER STATUTORY INFORMATION

- (a) Before the income statements and balance sheets 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 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 these financial statements misleading.

DIRECTORS' REPORT (Cont'd)

OTHER STATUTORY INFORMATION (Cont'd)

- (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:
 - (i) 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.

SIGNIFICANT EVENT

The details of the significant event are disclosed in Note 36 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 dated 1 November 2010.

KUA HOCK LAI

LAW SOOK TENG

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 41 to 93 are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 July 2010 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 dated 1 November 2010.

KUA HOCK LAI

LAW SOOK TENG

STATUTORY DECLARATION

Pursuant to Section 169(16) of the Companies Act, 1965

I, OOI AI LENG, being the director 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 41 to 93 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 1 November 2010.

Before me,

R. Vasugi Ammal, PJK
Commissioner for Oaths
(No. W480)

OOI AI LENG

INDEPENDENT AUDITORS' REPORT

To The Members of Hiap Teck Venture Berhad (Incorporated in Malaysia)

Report on the financial statements

We have audited the financial statements of Hiap Teck Venture Berhad, which comprise the balance sheets as at 31 July 2010 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 41 to 93.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 July 2010 and of their financial performance and cash flows of the Group and of the Company for the year then ended.

INDEPENDENT AUDITORS' REPORT

The Members of Hiap Teck Venture Berhad (Incorporated in Malaysia)

Report on other legal and regulatory requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act.
- (b) We are satisfied that the accounts 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.
- (c) The auditors' reports on the accounts 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.

Other matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

ERNST & YOUNG
No. AF:0039
Chartered Accountants

Kuala Lumpur, Malaysia
1 November 2010

Loke Siew Heng
No. 2871/07/11(J)
Chartered Accountant

INCOME STATEMENTS For the Year Ended 31 July 2010

		Group		Company	
	Note	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Revenue	3	1,065,313	1,159,325	18,024	16,464
Cost of sales	4	(944,327)	(1,080,992)	-	-
Gross profit		120,986	78,333	18,024	16,464
Other operating income		10,921	19,101	178	32
Operating costs in respect of income generating investment properties		(182)	(168)	(1,086)	(1,380)
Administrative expenses		(29,321)	(26,457)	(8,539)	(6,022)
Selling and marketing expenses		(20,344)	(21,333)	-	-
Other operating expenses		(1,133)	(484)	-	-
Profit from operations	5	80,927	48,992	8,577	9,094
Finance costs	8	(13,272)	(17,426)	-	-
Profit before tax		67,655	31,566	8,577	9,094
Income tax	9	(17,147)	11,795	(502)	(415)
Profit after tax		50,508	43,361	8,075	8,679
Attributable to:					
Equity holders of the Company		50,677	43,361	8,075	8,679
Minority interest		(169)	-	-	-
		50,508	43,361	8,075	8,679
Earnings per share (sen):					
Basic	10	15.74	13.45		

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

BALANCE SHEETS As at 31 July 2010

		Group		Company	
	Note	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
NON-CURRENT ASSETS					
Property, plant and equipment	11	326,320	334,546	1,470	-
Investment properties	12	5,745	5,849	107,310	59,456
Prepaid land lease payments	13	144,569	3,640	-	-
Investment in subsidiaries	14	-	-	201,570	91,570
Other investments	15	186	208	-	-
Deferred tax assets	16	393	3,460	-	283
Intangible	17	50,556	-	-	-
		527,769	347,703	310,350	151,309
CURRENT ASSETS					
Inventories	18	398,661	268,087	-	-
Trade receivables	19	181,862	193,710	-	-
Other receivables	20	18,018	59,977	77	71
Due from subsidiaries	21	-	-	50	32,563
Tax recoverable		9,728	11,305	878	1,097
Short term investment	22	71,542	83,030	-	887
Cash and cash equivalents	23	43,177	88,149	155	347
		722,988	704,258	1,160	34,965
TOTAL ASSETS		1,250,757	1,051,961	311,510	186,274
FINANCED BY:					
SHAREHOLDERS' EQUITY					
Share capital	24	163,700	163,700	163,700	163,700
Share premium	24	25,341	25,341	25,341	25,341
Treasury shares	24	(7,458)	(7,430)	(7,458)	(7,430)
Revaluation reserve	25(a)	31,635	31,635	-	-
Retained profits	25(b)	433,741	387,894	3,301	56
		646,959	601,140	184,884	181,667
Minority interests		48,466	-	-	-
Total equity		695,425	601,140	184,884	181,667

BALANCE SHEETS As at 31 July 2010 (Cont'd)

		Group		Company	
	Note	2010	2009	2010	2009
		RM'000	RM'000	RM'000	RM'000
NON-CURRENT LIABILITIES					
Borrowings	26	41,803	62,242	-	-
Deferred tax liabilities	16	45,046	8,132	-	-
		86,849	70,374	-	-
CURRENT LIABILITIES					
Borrowings	26	411,984	331,086	-	-
Trade payables	27	34,489	26,055	-	-
Other payables	28	20,465	23,146	2,475	2,175
Due to subsidiaries	21	-	-	124,151	2,432
Tax payable		1,545	160	-	-
		468,483	380,447	126,626	4,607
TOTAL LIABILITIES		555,332	450,821	126,626	4,607
TOTAL EQUITY AND LIABILITIES		1,250,757	1,051,961	311,510	186,274

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY For the Year Ended 31 July 2010

	Note	Share Capital RM'000	Non-Distributable			Distributable Retained Profits RM'000	Total RM'000	Minority Interests RM'000	Total Equity RM'000
			Share Premium RM'000	Treasury Shares RM'000	Revaluation Reserve RM'000				
At 1 August 2008		163,700	25,341	(3,793)	31,635	354,193	571,076	-	571,076
Purchase of treasury shares	24	-	-	(3,621)	-	-	(3,621)	-	(3,621)
Transaction costs	24	-	-	(16)	-	-	(16)	-	(16)
Dividends	29	-	-	-	-	(9,660)	(9,660)	-	(9,660)
Profit for the year		-	-	-	-	43,361	43,361	-	43,361
At 31 July 2009		163,700	25,341	(7,430)	31,635	387,894	601,140	-	601,140
Purchase of treasury shares	24	-	-	(28)	-	-	(28)	-	(28)
Minority interest on acquisition of a subsidiary		-	-	-	-	-	-	48,635	48,635
Dividend	29	-	-	-	-	(4,830)	(4,830)	-	(4,830)
Profit for the year		-	-	-	-	50,677	50,677	(169)	50,508
At 31 July 2010		163,700	25,341	(7,458)	31,635	433,741	646,959	48,466	695,425

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

COMPANY STATEMENT OF CHANGES IN EQUITY For the Year Ended 31 July 2010

		← Non-Distributable →			Distributable	
	Note	Share Capital RM'000	Share Premium RM'000	Treasury Shares RM'000	Retained Profits RM'000	Total RM'000
At 1 August 2008		163,700	25,341	(3,793)	1,037	186,285
Purchase of treasury shares	24	-	-	(3,621)	-	(3,621)
Transaction costs	24	-	-	(16)	-	(16)
Dividends	29	-	-	-	(9,660)	(9,660)
Profit for the year		-	-	-	8,679	8,679
At 31 July 2009		163,700	25,341	(7,430)	56	181,667
Purchase of treasury shares	24	-	-	(28)	-	(28)
Dividend	29	-	-	-	(4,830)	(4,830)
Profit for the year		-	-	-	8,075	8,075
At 31 July 2010		163,700	25,341	(7,458)	3,301	184,884

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

CASH FLOW STATEMENTS For the Year Ended 31 July 2010

	Group		Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax	67,655	31,566	8,577	9,094
Adjustments for:				
Loss on disposal of other investments	16	-	-	-
Net unrealised foreign exchange gains	(69)	(4,108)	-	-
Provision for doubtful debts	1,130	676	-	-
Provision for doubtful debts on quantity discounts claim	12,014	-	-	-
Reversal of provision for doubtful debts	(38)	(114)	-	-
Depreciation of property, plant and equipment	19,961	18,924	134	182
Depreciation of investment properties	104	105	1,046	778
Amortisation of prepaid land lease payments	480	73	-	-
Inventories written (back)/down	(4,390)	5,338	-	-
Property, plant and equipment written off	6	150	-	-
Interest expense	12,766	17,163	-	-
Interest income:				
Deposits	(324)	(1,638)	-	-
Short term investment	(2,401)	(2,159)	(18)	(32)
Net overdue interest expense/(income)	278	(529)	-	-
Gross dividends income	-	-	(9,840)	(9,480)
(Gain)/loss on disposals of property, plant and equipment	(2,307)	333	(160)	-
Operating profit/(loss) before working capital changes	104,881	65,780	(261)	542
Changes in working capital:				
Inventories	(126,184)	150,003	-	-
Receivables	41,342	139,637	(6)	5
Payables	5,180	(16,824)	300	(1,725)
Net change in intercompanies indebtedness	-	-	32,513	941
Cash generated from operations	25,219	338,596	32,546	(237)
Interest paid	(12,766)	(17,163)	-	-
Net overdue interest income received	-	529	-	-
Taxes paid, net of taxes refunded	(8,028)	(11,940)	-	(285)
Net cash generated from/(used in) operating activities	4,425	310,022	32,546	(522)

CASH FLOW STATEMENTS For the Year Ended 31 July 2010 (Cont'd)

	Group		Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from disposal of other investments	5	-	-	-
Net dividends received	-	-	9,840	15,800
Proceeds from disposals of property, plant and equipment	11,953	4,951	160	-
Interest received:				
Deposits	324	1,638	-	-
Short term investment	2,401	2,159	18	32
Purchase of property, plant and equipment	(20,978)	(31,081)	(1,604)	-
Purchase of investment properties	-	-	(48,900)	-
Investment in a subsidiary	-	-	(110,000)	-
Purchase of short term investment	(27,810)	(40,132)	-	(512)
Proceeds from disposal of short term investment	39,298	40,940	887	-
Net cash outflow from the acquisition of a subsidiary (Note 14)	(109,982)	-	-	-
Net cash (used in)/generated from investing activities	(104,789)	(21,525)	(149,599)	15,320
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of term loans	(24,768)	(21,486)	-	-
Drawdown/(repayment) of bankers' acceptances and onshore foreign currency loan	85,890	(189,508)	-	-
Purchase of treasury shares	(28)	(3,637)	(28)	(3,637)
Dividend paid	(4,830)	(13,268)	(4,830)	(13,268)
Advances from subsidiaries	-	-	121,719	2,432
Net cash generated from/(used in) financing activities	56,264	(227,899)	116,861	(14,473)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(44,100)	60,598	(192)	325
EFFECT OF EXCHANGE RATE CHANGES CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	(872)	3,443	-	-
	88,149	24,108	347	22
CASH AND CASH EQUIVALENTS AT END OF YEAR	43,177	88,149	155	347

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

NOTES TO THE FINANCIAL STATEMENTS 31 July 2010

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 14. There have been no significant changes in the nature of the 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 Market 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 financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 1 November 2010.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

The financial statements comply with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards in Malaysia. At the beginning of the current financial year, the Group and the Company had adopted new and revised FRSs which are mandatory for financial year beginning on or after 1 July 2009 as described in Note 2.3.

The financial statements of the Group and of the Company have also been prepared on a historical basis, except for land and buildings included within property, plant and equipment that have been measured at their revaluation values.

The financial statements are presented in Ringgit Malaysia (RM) and all values are rounded to the nearest thousand (RM'000) except when otherwise indicated.

2.2 Summary of Significant Accounting Policies

(a) Subsidiaries and Basis of Consolidation

(i) Subsidiaries

Subsidiaries are entities over which the Group has the ability to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

In the Company's separate financial statements, investments in subsidiaries are stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

(ii) Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the balance sheet date. The financial statements of the subsidiaries are prepared for the same reporting date as the Company.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. In preparing the consolidated financial statements, intragroup balances, transactions and unrealised gains or losses are eliminated in full. Uniform accounting policies are adopted in the consolidated financial statements for like transactions and events in similar circumstances.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of Significant Accounting Policies (Cont'd)

(a) Subsidiaries and Basis of Consolidation (Cont'd)

(iii) Basis of Consolidation (Cont'd)

Acquisitions of subsidiaries are accounted for using the purchase method. The purchase method of accounting involves allocating the cost of the acquisition to the fair value of the assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. The cost of an acquisition is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the acquisition.

Any excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill. Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in profit or loss.

Minority interest represents the portion of profit or loss and net assets in subsidiary not held by the Group. It is measured at the minorities share of the fair value of the subsidiaries' identifiable assets and liabilities at the acquisition date and the minorities' share of changes in the subsidiaries' equity since then.

(b) Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(c) Property, Plant and Equipment, and Depreciation

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Subsequent to recognition, property, plant and equipment except for freehold land are stated at cost less accumulated depreciation and any accumulated impairment losses.

Freehold land and buildings are stated at revalued amount, which is the fair value at the date of the revaluation less any the revaluation less any accumulated impairment losses. Fair value is determined from market-based evidence by appraisal that is undertaken by professionally qualified valuers. Revaluations are performed with sufficient regularity to ensure that the fair value of a revalued asset does not differ materially from that which would be determined using fair values at the balance sheet date.

Any revaluation surplus is credited to the revaluation reserve included within equity, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss to the extent of the decrease previously recognised.

A revaluation deficit is first offset against unutilised previously recognised revaluation surplus in respect of the same asset and the balance is thereafter recognised in profit or loss. Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of Significant Accounting Policies (Cont'd)

(c) Property, Plant and Equipment, and Depreciation (Cont'd)

Freehold land has an unlimited useful life and therefore is not depreciated. Capital work-in progress is also not depreciated. Depreciation of other property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its 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%

The residual values, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in profit or loss and the unutilised portion of the revaluation surplus on that item is taken directly to retained earnings.

(d) Investment Properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and any accumulated impairment losses.

Freehold land has an unlimited useful life and therefore is not depreciated.

Depreciation of buildings is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the annual rate of 2% per annum.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year in which they arise.

(e) Impairment of Non-financial Assets

The carrying amounts of assets, other than investment properties, inventories, deferred tax assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash generating unit (CGU) to which the asset belongs to.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of Significant Accounting Policies (Cont'd)

(e) Impairment of Non-financial Assets (Cont'd)

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

An impairment loss is recognised in profit or loss in the period in which it arises, unless the asset is carried at revalued amount, in which case the impairment loss is accounted for as a revaluation decrease to the extent that the impairment loss does not exceed the amount held in the asset revaluation reserve for the same asset.

An impairment loss for an asset is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase.

(f) Inventories

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

Cost is determined using 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 costs of raw materials, direct labour, other direct costs and appropriate proportions of manufacturing overheads based on normal operating capacity.

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) Financial Instruments

Financial instruments are recognised in the balance sheet when the Group has become 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 in 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) 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.

(iii) Other Non-current and Short Term Investment

Non-current and short term investment other than investments in subsidiaries and investment properties 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 profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of Significant Accounting Policies (Cont'd)

(g) Financial Instruments (Cont'd)

(iii) Trade Receivables

Trade 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) Trade Payables

Trade payables are stated at the fair value of the consideration to be paid in the future for goods and services received.

(v) Interest Bearing Borrowings

All borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest bearing borrowings are subsequently measured at amortised cost using the effective interest method.

(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.

The transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

The consideration paid, including attributable transaction costs on repurchased ordinary shares of the Company that have not been cancelled, are classified as treasury shares and presented as a deduction from equity. No gain or loss is recognised in profit or loss on the sale, re-issuance or cancellation of treasury shares. 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

The Group uses derivative financial instruments, including forward foreign exchange contracts, to hedge its exposure to foreign exchange arising from operational activities. In accordance with its treasury policy, the Group does not hold or issue derivative financial instruments for trading purposes.

Derivative financial instruments are not recognised in the financial statements.

(h) Leases

(i) Classification

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. Leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets and the land and buildings elements of a lease of land and buildings are considered separately for the purposes of lease classification. All leases that do not transfer substantially all the risks and rewards are classified as operating lease, with the following exception:

- Property held under operating leases that would otherwise meet the definition of an investment property is classified as an investment property on a property-by-property basis and, if classified as investment property, is accounted for as if held under a finance lease (Note 2.2 (d)).

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of Significant Accounting Policies (Cont'd)

(h) Leases (Cont'd)

(iii) Finance Leases - the Group as Lessee

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. Any initial direct costs are also added to the carrying amount of such assets.

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 in the profit or loss 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 2.2 (c).

(iii) Operating Leases - the Group as Lessee

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

In the case of a lease of land and buildings, the minimum lease payments or the up-front payments made are allocated, whenever necessary, between the land and buildings elements in proportion to the relative fair values for leasehold interests in the land element and buildings element of the lease at the inception of the lease. The up-front payment represents prepaid lease payments and are amortised on a straight-line basis over the lease term.

(iv) Operating Leases - the Group as Lessor

Assets leased out under operating leases are presented on the balance sheets according to the nature of the assets. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease (Note 2.2(n)(iii)). Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

(i) Borrowing Costs

Borrowing costs directly attributable to the acquisition and construction of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of Significant Accounting Policies (Cont'd)

(j) 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. 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 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 as income or an expense and included in the profit or loss for the period, 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.

(k) Provisions

Provisions 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, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

(l) 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. 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

Defined contribution plans are post-employment benefit plans under which the Company pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in the profit or loss as incurred.

As required by law, companies in Malaysia make such contributions to the Employees Provident Fund ("EPF").

(m) Foreign Currencies

(i) Functional and Presentation Currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of Significant Accounting Policies (Cont'd)

(m) Foreign Currencies (Cont'd)

(iii) Foreign Currency Transactions

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in the functional currencies using the exchange rate prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are translated at the rates prevailing on the balance sheet date.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss for the period.

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

	2010 RM	2009 RM
Receivables		
One (1) New Zealand Dollar	2.2928	2.2520
One (1) Euro	4.1486	4.9110
One (1) United States Dollar	3.1800	3.5210
One (1) Singapore Dollar	2.3365	2.4416
One (1) Australian Dollar	2.8591	2.9105
Borrowing		
One (1) United States Dollar	3.1875	-

(n) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following criteria must also be met before revenue is recognised:

(i) Sale of Goods

Revenue is recognised net of sales taxes and discounts upon transfer of significant risks and rewards of ownership to the buyer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(iii) Transport Charges

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

(iii) Rental Income

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

(iv) Interest Income

Interest income is recognised on an accrual basis using the effective interest method.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of Significant Accounting Policies (Cont'd)

(n) Revenue Recognition (Cont'd)

(v) Dividend Income

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

(vi) Management Fees

Management fees are recognised when services are rendered.

(o) Segment Reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 35, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.3 Changes in Accounting Policies and Effects Arising from Adoption of An Amended FRS

On 1 August 2009, the Group adopted FRS 8: Operating Segments mandatory for financial periods beginning on or after 1 July 2009.

FRS 8, which replaces FRS 114 Segment Reporting, specifies how an entity should report information about its operating segments, based on information about the components of the entity that is available to the chief operating decision maker for the purposes of allocating resources to the segments and assessing their performance. The Standard also requires the disclosure of information about the products and services provided by the segments, the geographical areas in which the Group operates, and revenue from the Group's major customers. The Group concluded that the reportable operating segments determined in accordance with FRS 8 are the same as the business segments previously identified under FRS 114. The Group has adopted FRS 8 retrospectively. These revised disclosures, including the related revised comparative information, are shown in Note 35.

2.4 Standards and Interpretations Issued but Not Effective

At the date of authorisation of these financial statements, the following new FRSs and Interpretations, amendments to certain Standards and Interpretations were issued but not yet effective and have not been applied by the Company, which are:

Effective for financial periods beginning on or after 1 January 2010

FRS 4	Insurance Contracts
FRS 7	Financial Instruments: Disclosures
FRS 101	Presentation of Financial Statements
FRS 123	Borrowing Costs
FRS 139	Financial Instruments: Recognition and Measurement
Amendments to FRS 1 and FRS 127	First-time Adoption of Financial Reporting Standards and Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
Amendments to FRS 2	Share-based Payment Vesting Conditions and Cancellations
Amendment to FRS 5	Non-current Assets Held for Sale and Discontinued Operations

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Standards and Interpretations Issued but Not Effective (Cont'd)

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

Amendments to FRS 7	Financial Instruments : Disclosures
Amendment to FRS 8	Operating Segments
Amendment to FRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
Amendment to FRS 117	Leases
Amendment to FRS 119	Employee Benefits
Amendment to FRS 120	Accounting for Government Grants and Disclosure of Government Assistance
Amendment to FRS 123	Borrowing Costs
Amendment to FRS 127	Consolidated and Separate Financial Statements
Amendment to FRS 128	Investments in Associates
Amendment to FRS 129	Financial Reporting in Hyperinflationary Economies
Amendment to FRS 131	Interests in Joint Ventures
Amendments to FRS 132	Financial Instruments: Presentation
Amendment to FRS 134	Interim Financial Reporting
Amendment to FRS 138	Intangible Assets
Amendment to FRS 140	Investment Property
IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 10	Interim Financial Reporting and Impairment
IC Interpretation 11	FRS 2 Group and Treasury Share Transactions
IC Interpretation 13	Customer Loyalty Programmes
IC Interpretation 14	FRS 119 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
Amendments to IC Interpretation 9	Reassessment of Embedded Derivatives

Effective for financial periods beginning on or after 1 July 2010

FRS 1	First-time Adoption of Financial Reporting Standards
FRS 3	Business Combinations
FRS 127	Consolidated and Separate Financial Statements
Amendments to FRS 2	Share-based Payment
Amendments to FRS 5	Non-current Assets Held for Sale and Discontinued Operations
Amendments to FRS 138	Intangible Assets
IC Interpretation 12	Service Concession Arrangements
IC Interpretation 15	Agreements for the Construction of Real Estate
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation
IC Interpretation 17	Distributions of Non-cash Assets to Owners
Amendments to IC Interpretation 9	Reassessment of Embedded Derivatives

Effective for financial periods beginning on or after 1 January 2011

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Standards and Interpretations Issued but Not Effective (Cont'd)

The adoption of the above Standards and Interpretations is not expected to have any significant effects on the financial statements of the Group and of the Company upon their initial application other than as discussed below:

FRS 101: Presentation of Financial Statements (revised)

The revised FRS 101 separates owner and non-owner changes in equity. Therefore, the consolidated statement of changes in equity will now include only details of transactions with owners. All non-owner changes in equity are presented as a single line labelled as total comprehensive income. The Standard also introduces the statement of comprehensive income - presenting all items of income and expense recognised in the income statement, together with all other items of recognised income and expense, either in one single statement, or in two linked statements. The Group and the Company are currently evaluating the format to adopt. In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the reclassification of items in the financial statements. This revised FRS does not have any impact on the financial position and results of the Group and the Company.

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

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

FRS 139: Financial Instruments: Recognition and Measurement, FRS 7: Financial Instruments: Disclosures and Amendments to FRS 139: Financial Instruments: Recognition and Measurement, FRS 7: Financial Instruments: Disclosures

The new Standard on FRS 139 establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. Requirements for presenting information about financial instruments are in FRS 132: Financial Instruments: Presentation and the requirements for disclosing information about financial instruments are in FRS 7.

FRS 7 is a new Standard that requires new disclosures in relation to financial instruments. The Standard is considered to result in increased disclosures, both quantitative and qualitative of the Group's and Company's exposure to risks, enhanced disclosure regarding components of the Group's and Company's financial position and performance, and possible changes to the way of presenting certain items in the financial statements.

In accordance with the respective transitional provisions, the Group and the Company are exempted from disclosing the possible impact to the financial statements upon its initial application.

2.5 Significant Accounting Estimates and Judgement

(a) Critical Judgement Made in Applying Accounting Policies

The following is the judgement made by management in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the financial statements.

Classification between investment properties and property, plant and equipment

The Group has developed certain criteria based on FRS 140 - Investment Properties, in making judgement whether a property qualifies as an investment property. Investment property is a property held to earn rentals or for capital appreciation or both.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Significant Accounting Estimates and Judgement (Cont'd)

(a) Critical Judgement Made in Applying Accounting Policies (Cont'd)

Classification between investment properties and property, plant and equipment (Cont'd)

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group would account for the portions separately. If the portion could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

(b) Key Sources of Estimation Uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Deferred Tax Assets

Deferred tax assets are recognised for all unused tax losses, unabsorbed capital allowances, unabsorbed industrial building allowances and reinvestment allowances to the extent that it is probable that taxable profit will be available against which these losses and capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. As at 31 July 2010, the total carrying values of recognised tax losses, capital allowances, industrial building allowances and reinvestment allowances of the Group and of the Company were RM52,296,000 and RMNil (2009: RM62,516,000 and RM528,000) respectively. The unrecognised tax losses, capital allowances and other deductible temporary differences of the Group and of the Company were RM6,861,000 and RMNil (2009: RM8,165,000 and RMNil) respectively.

(ii) Impairment of goodwill

Goodwill is tested for impairment annually and at other times when such indicators exist. This requires an estimation of the value in use of the cash-generating units to which goodwill are allocated.

When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. Further details of the carrying value, the key assumptions applied in the impairment assessment of goodwill and brands and sensitivity analysis to changes in the assumptions are disclosed in Note 17.

(iii) Quantity Discounts Receivable

Included in sundry receivables of the Group are quantity discounts receivable from a supplier amounting to RM9,964,000 (2009: RM21,978,000). These discounts have not been agreed by the supplier as at the date of this report. During the current financial year, there has been various discussions and negotiations with the supplier as part of the initiative undertaken by the management to recover these debts. In those discussions and negotiations, the supplier has, amongst others, requested for compliance with additional documentation and conditions with regards to the quantity discounts claims. The management has therefore revisited the details of the quantity claims to reassess the recoverability of these debts. In assessing this, the management has given due consideration to all pertinent information such as the availability of the additional documentation requested, ability to comply to the additional conditions imposed and the recoverability rate of previous claims.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Significant Accounting Estimates and Judgement (Cont'd)

(b) Key Sources of Estimation Uncertainty (Cont'd)

(iii) Quantity Discounts Receivable (Cont'd)

In view of these latest developments and after given due consideration to all the pertinent information above, management is of the opinion that the recoverability of a certain portion of the quantity discounts claims is uncertain. Accordingly, management has provided for doubtful debts an amount of RM12,014,000 during the current financial year. However, management is confident that the remaining claims of RM9,964,000 will approximate the actual amount to be agreed by the supplier and therefore recoverable from the supplier. Accordingly, no further provision for doubtful debts was made in respect to the remaining claims.

3. REVENUE

	Group		Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Sale of goods	1,060,661	1,152,986	-	-
Rental of scaffolding equipment	4,640	6,263	-	-
Transportation services	12	76	-	-
Dividends income	-	-	9,840	9,480
Rental of properties	-	-	5,880	4,680
Management fees	-	-	2,304	2,304
	1,065,313	1,159,325	18,024	16,464

4. COST OF SALES

	Group	
	2010	2009
	RM'000	RM'000
Cost of inventories sold	937,783	1,074,436
Depreciation of scaffolding equipment for hire	3,180	3,581
Cost of transportation services rendered	3,364	2,975
	944,327	1,080,992
Included in the cost of inventories sold are the following:		
Direct and indirect labour costs	8,748	9,848
Upkeep of property, plant and equipment	2,620	4,895
Depreciation of property, plant and equipment	13,784	12,611
Provision for doubtful debts on quantity discounts claim	12,014	-

NOTES TO THE FINANCIAL STATEMENTS 31 July 2010 (Cont'd)

5. PROFIT FROM OPERATIONS

The following amounts have been included in arriving at profit from operations:

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Employee benefits expense (Note 6)	30,890	30,681	6,480	5,151
Non-executive directors' remuneration (Note 7)	337	227	337	227
Auditors' remuneration:				
Statutory audits				
- current year	200	195	53	48
- under provision in prior year	-	30	-	8
Other services	45	10	25	5
Depreciation of property, plant and equipment (Note 11)	19,961	18,924	134	182
Depreciation of investment properties (Note 12)	104	105	1,046	778
Amortisation of prepaid land lease payments (Note 13)	480	73	-	-
Minimum lease payments recognised as operating lease expense for:				
Land and buildings	97	3,768	-	-
Office equipment	11	9	-	-
Gas tank	14	15	-	-
Property, plant and equipment written off	6	150	-	-
Provision for doubtful debts	1,130	676	-	-
Inventories written (back)/down	(4,390)	5,338	-	-
Doubtful debts recovered	(38)	(114)	-	-
Loss on disposal of other investments	16	-	-	-
(Gain)/loss on disposals of property, plant and equipment	(2,307)	333	(160)	-
Rental income from investment properties	(701)	(690)	(5,880)	(4,680)
Gross dividends income	-	-	(9,840)	(9,480)
Net foreign exchange gains:				
Realised	(4,044)	(9,767)	-	-
Unrealised	(69)	(4,108)	-	-
Interest income:				
Deposits	(324)	(1,638)	-	-
Short term investment	(2,401)	(2,159)	(18)	(32)
Net overdue interest expense/(income)	278	(529)	-	-

6. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Salaries and wages	23,745	21,291	3,625	2,584
Bonus	3,833	6,044	2,019	1,860
Defined contribution plans	2,816	2,918	564	482
Social security contributions	230	220	-	-
Short term accumulating compensated absences	266	208	272	225
	30,890	30,681	6,480	5,151

Included in employee benefits expense of the Group and the Company are Executive Directors' remuneration (excluding benefits-in-kind) amounting to RM9,066,000 (2009: RM9,367,000) and RM6,480,000 (2009: RM5,151,000) respectively, as further disclosed in Note 7.

7. DIRECTORS' REMUNERATION

	Group		Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Directors of the Company:				
Executive:				
Salaries and other emoluments	5,018	3,820	3,625	2,584
Bonus	1,647	3,442	2,019	1,860
Defined contribution plans	665	821	564	482
Social security contributions	3	3	-	-
Short term accumulating compensated absences	241	225	272	225
Benefits-in-kind	139	128	47	35
	7,713	8,439	6,527	5,186
Non-executive:				
Fees	308	215	308	215
Other emoluments	29	12	29	12
	337	227	337	227
	8,050	8,666	6,864	5,413

7. DIRECTORS' REMUNERATION (CONT'D)

	Group		Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Directors of Subsidiaries:				
Executive:				
Salaries and other emoluments	1,012	716	-	-
Bonus	321	231	-	-
Defined contribution plans	160	109	-	-
Social security contributions	2	1	-	-
Short term accumulating compensated absences	(3)	(1)	-	-
Benefits-in-kind	61	41	-	-
	1,553	1,097	-	-
Total	9,603	9,763	6,864	5,413
Analysis excluding benefits-in-kind:				
Total executive directors' remuneration excluding benefits-in-kind	9,066	9,367	6,480	5,151
Total non-executive directors' remuneration	337	227	337	227
Total directors' remuneration excluding benefits-in-kind	9,403	9,594	6,817	5,378

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	
	2010	2009
Executive directors:		
RM100,001 - RM150,000	1	-
RM250,001 - RM300,000	2	-
RM350,001 - RM400,000	2	1
RM400,001 - RM450,000	1	-
RM450,001 - RM500,000	-	2
RM500,001 - RM550,000	1	1
RM550,001 - RM600,000	-	1
RM5,250,001 - RM5,300,000	1	-
RM5,950,001 - RM6,000,000	-	1
Non-executive directors:		
RMNil - RM50,000	3	-
RM50,001 - RM100,000	3	4

NOTES TO THE FINANCIAL STATEMENTS 31 July 2010 (Cont'd)

8. FINANCE COSTS

	Group	
	2010	2009
	RM'000	RM'000
Interest expense on:		
Bank overdrafts	106	111
Bankers' acceptances	9,474	14,872
Term loans	3,186	2,180
Finance charges	506	263
	<hr/>	<hr/>
	13,272	17,426

9. INCOME TAX

	Group		Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Income tax				
Malaysian income tax	10,502	5,832	44	-
Under/(over) provision in prior years	488	(9,742)	175	-
	<hr/>	<hr/>	<hr/>	<hr/>
	10,990	(3,910)	219	-
Deferred tax (Note 16):				
Relating to origination and reversal of temporary differences	6,227	833	-	399
(Over)/under provision in prior years	(70)	(8,718)	283	16
	<hr/>	<hr/>	<hr/>	<hr/>
	6,157	(7,885)	283	415
	<hr/>	<hr/>	<hr/>	<hr/>
	17,147	(11,795)	502	415

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2009: 25%) of the estimated assessable profit for the year.

NOTES TO THE FINANCIAL STATEMENTS 31 July 2010 (Cont'd)

9. INCOME TAX (CONT'D)

A reconciliation of income tax expense applicable to profit before tax 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:

	2010 RM'000	2009 RM'000
Group		
Profit before tax	67,655	31,566
Taxation at Malaysian statutory tax rate of 25% (2009 : 25%)	16,914	7,892
Income not subject to tax	(647)	(1,315)
Expenses not deductible for tax purposes	1,774	726
Double deduction expenses	(71)	(75)
Utilisation of reinvestment allowance	(915)	-
Utilisation of previously unrecognised tax losses, unabsorbed capital allowances and other deductible temporary differences	(398)	-
Deferred tax assets not recognised	72	468
Deferred tax recognised on reinvestment allowances	-	(1,031)
Over provision of deferred tax in prior years	(70)	(8,718)
Under/ (over) provision of income tax expense in prior years	488	(9,742)
Income tax expense for the year	17,147	(11,795)
Company		
Profit before tax	8,577	9,094
Taxation at Malaysian statutory tax rate of 25% (2009 : 25%)	2,144	2,274
Income not subject to tax	(2,504)	(2,378)
Expenses not deductible for tax purposes	404	240
Group relief	-	263
Under provision of deferred tax in prior years	283	16
Under provision of income tax expense in prior year	175	-
Income tax expense for the year	502	415

10. EARNINGS PER SHARE

Basic

Basic earnings per share amounts are calculated by dividing profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year, excluding treasury shares held by the Company.

	2010	2009
Profit attributable to ordinary equity holders of the Company (RM'000)	50,677	43,361
Weighted average number of ordinary shares in issue ('000)	321,983	322,370
Basic earnings per share (sen)	15.74	13.45

NOTES TO THE FINANCIAL STATEMENTS 31 July 2010 (Cont'd)

11. PROPERTY, PLANT AND EQUIPMENT

	Freehold 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							
At 31 July 2010							
Cost/Valuation							
At 1 August 2009	69,558	138,134	199,692	5,221	7,784	35,589	455,978
Acquisition of a subsidiary (Note 14)	-	-	-	-	-	507	507
Additions	-	121	698	8,128	2,681	9,350	20,978
Disposals	-	-	-	-	(1,387)	(16,625)	(18,012)
Written off	-	-	(106)	-	-	(364)	(470)
Transfers	-	1,005	5,443	(7,762)	-	1,314	-
At 31 July 2010	69,558	139,260	205,727	5,587	9,078	29,771	458,981
Representing:							
At cost	-	1,126	205,727	5,587	9,078	29,771	251,289
At valuation	69,558	138,134	-	-	-	-	207,692
At 31 July 2010	69,558	139,260	205,727	5,587	9,078	29,771	458,981
Accumulated Depreciation and Impairment							
At 1 August 2009	-	10,698	87,071	-	5,472	18,191	121,432
Acquisition of a subsidiary (Note 14)	-	-	-	-	-	98	98
Charge for the year	-	2,388	11,912	-	866	4,795	19,961
Disposals	-	-	-	-	(1,164)	(7,202)	(8,366)
Written off	-	-	(106)	-	-	(358)	(464)
At 31 July 2010	-	13,086	98,877	-	5,174	15,524	132,661
Representing:							
Accumulated depreciation	-	12,629	98,877	-	5,174	15,524	132,204
Accumulated impairment	-	457	-	-	-	-	457
At 31 July 2010	-	13,086	98,877	-	5,174	15,524	132,661
Net Carrying Amount							
At cost	-	1,126	106,850	5,587	3,904	14,247	131,714
At valuation	69,558	125,048	-	-	-	-	194,606
At 31 July 2010	69,558	126,174	106,850	5,587	3,904	14,247	326,320

NOTES TO THE FINANCIAL STATEMENTS 31 July 2010 (Cont'd)

11. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Freehold 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							
At 31 July 2009							
Cost/Valuation							
At 1 August 2008	48,900	82,931	193,122	6,064	7,662	36,582	375,261
Additions	20,658	55,203	2,454	4,399	290	8,077	91,081
Disposals	-	-	(336)	-	(168)	(9,070)	(9,574)
Written off	-	-	(790)	-	-	-	(790)
Transfers	-	-	5,242	(5,242)	-	-	-
At 31 July 2009	69,558	138,134	199,692	5,221	7,784	35,589	455,978
Representing:							
At cost	-	-	199,692	5,221	7,784	35,589	248,286
At valuation	69,558	138,134	-	-	-	-	207,692
At 31 July 2009	69,558	138,134	199,692	5,221	7,784	35,589	455,978
Accumulated Depreciation and Impairment							
At 1 August 2008	-	8,951	76,372	-	4,805	17,310	107,438
Charge for the year	-	1,747	11,529	-	801	4,847	18,924
Disposals	-	-	(190)	-	(134)	(3,966)	(4,290)
Written off	-	-	(640)	-	-	-	(640)
At 31 July 2009	-	10,698	87,071	-	5,472	18,191	121,432
Representing:							
Accumulated depreciation	-	10,241	87,071	-	5,472	18,191	120,975
Accumulated impairment	-	457	-	-	-	-	457
At 31 July 2009	-	10,698	87,071	-	5,472	18,191	121,432
Net Carrying Amount							
At cost	-	-	112,621	5,221	2,312	17,398	137,552
At valuation	69,558	127,436	-	-	-	-	196,994
At 31 July 2009	69,558	127,436	112,621	5,221	2,312	17,398	334,546

11. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Motor Vehicles RM'000
Company	
At 31 July 2010	
Cost	
At 1 August 2009	910
Additions	1,604
At 31 July 2010	2,514
Accumulated Depreciation	
At 1 August 2009	910
Charge for the year	134
At 31 July 2010	1,044
Net Carrying Amount	1,470
At 31 July 2009	
Cost	
At 1 August 2008/31 July 2009	910
Accumulated Depreciation	
At 1 August 2008	728
Charge for the year	182
At 31 July 2009	910
Net Carrying Amount	-

- (a) Other assets of the Group comprise equipment for hire, office renovations, furniture and fittings, heavy equipment, office equipment, tools, carpet, computer software, electrical installation, forklift, dies and jigs and container.

NOTES TO THE FINANCIAL STATEMENTS 31 July 2010 (Cont'd)

11. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

- (b) Had the revalued properties been carried under the cost model, the carrying amounts of each class of property that would have been included in the financial statements of the Group as at 31 July 2010 would be as follows:

	Freehold Land RM'000	Buildings RM'000	Total RM'000
As at 31 July 2010			
Cost	58,737	111,379	170,116
Accumulated depreciation	-	(12,722)	(12,722)
Net carrying amount	58,737	98,657	157,394
As at 31 July 2009			
Cost	58,737	110,253	168,990
Accumulated depreciation	-	(10,404)	(10,404)
Net carrying amount	58,737	99,849	158,586

- (c) The Group's property, plant and equipment with net book values of RM72,018,000 (2009 : RM156,743,000) are pledged for borrowings as disclosed in Note 26.
- (d) During the financial year, the Group acquired property, plant and equipment at aggregate costs of RM20,978,000 (2009: RM91,081,000) of which RM Nil (2009: RM60,000,000) were acquired by means of term loan arrangements. Net book values of property, plant and equipment held under term loan arrangements are as follows:

	Group	
	2010 RM'000	2009 RM'000
Freehold land and building	58,923	59,784
Plant and machinery	-	60,173
	58,923	119,957

- (e) The Group's plant and equipment with carrying amount of RM7,246,000 (2009: RM11,040,000) are on lease to generate rental income.

12. INVESTMENT PROPERTIES

	Freehold Land RM'000	Buildings RM'000	Total RM'000
Group			
As at 31 July 2010			
Cost			
At 1 August 2009/31 July 2010	485	6,429	6,914
Accumulated Depreciation and Impairment			
At 1 August 2009	-	1,065	1,065
Charge for the year	-	104	104
At 31 July 2010	-	1,169	1,169
Net Carrying Amount	485	5,260	5,745
At 31 July 2009			
Cost			
At 1 August 2008/31 July 2009	485	6,429	6,914
Accumulated Depreciation and Impairment			
At 1 August 2008	-	960	960
Charge for the year	-	105	105
At 31 July 2009	-	1,065	1,065
Net Carrying Amount	485	5,364	5,849

NOTES TO THE FINANCIAL STATEMENTS 31 July 2010 (Cont'd)

12. INVESTMENT PROPERTIES (CONT'D)

	Freehold Land RM'000	Buildings RM'000	Total RM'000
Company			
As at 31 July 2010			
Cost			
At 1 August 2009	26,002	38,900	64,902
Additions	22,060	26,840	48,900
At 31 July 2010	48,062	65,740	113,802
Accumulated Depreciation			
At 1 August 2009	-	5,446	5,446
Charge for the year	-	1,046	1,046
At 31 July 2010	-	6,492	6,492
Net Carrying Amount	48,062	59,248	107,310
At 31 July 2009			
Cost			
At 1 August 2008/31 July 2009	26,002	38,900	64,902
Accumulated Depreciation			
At 1 August 2008	-	4,668	4,668
Charge for the year	-	778	778
At 31 July 2009	-	5,446	5,446
Net Carrying Amount	26,002	33,454	59,456

The estimated fair value of investment properties of the Group and of the Company are RM6,197,000 and RM131,600,000 (2009: RM6,197,000 and RM76,900,000) respectively.

NOTES TO THE FINANCIAL STATEMENTS 31 July 2010 (Cont'd)

13. PREPAID LAND LEASE PAYMENTS

	Long term Group	
	2010	2009
	RM'000	RM'000
At 1 August	3,640	3,713
Acquisition of a subsidiary (Note 14)	141,409	-
Amortisation for the year	(480)	(73)
At 31 July	144,569	3,640

14. INVESTMENT IN SUBSIDIARIES

	Company	
	2010	2009
	RM'000	RM'000
Unquoted shares at cost	201,570	91,570

Details of the subsidiaries are as follows:

Name of Subsidiaries	Country of Incorporation	Equity Interest Held (%)		Principal Activities
		2010	2009	
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 selling of pipes, hollow sections and other steel products
Briliant Decade Transport Agency Sdn Bhd	Malaysia	100	100	Provision of transportation services

NOTES TO THE FINANCIAL STATEMENTS 31 July 2010 (Cont'd)

14. INVESTMENT IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries are as follows (Cont'd):

Name of Subsidiaries	Country of Incorporation	Equity Interest Held (%)		Principal Activities
		2010	2009	
Huatraco Scaffold Sdn Bhd (formerly known as Huatraco Marketing Sdn Bhd)	Malaysia	100	100	Manufacturing, selling and renting of scaffolding equipment and range of steel products
Eastern Steel Sdn Bhd	Malaysia	55	-	Manufacturing, selling and dealing in a range of steel products using blast furnace plant (in progress)
Subsidiaries of Huatraco Scaffold Sdn Bhd (formerly known as Huatraco Marketing Sdn Bhd)				
Huatraco Scaffold System Sdn Bhd	Malaysia	100	100	Selling and renting of scaffolding components and accessories
Huatraco Industries Sdn Bhd	Malaysia	100	100	Manufacturing, selling and dealing in scaffolding and a range of steel products
Subsidiaries of Hiap Teck Hardware Sdn Bhd				
Hiap Teck Property Sdn Bhd	Malaysia	100	100	Investment and renting out of properties
Hiap Teck Steel Manufacturing Sdn Bhd	Malaysia	100	100	Manufacturer and general dealer of steel products, hardware and building materials

14. INVESTMENT IN SUBSIDIARIES (CONT'D)

Acquisition of subsidiary

On 24 May 2010, the Company acquired 55% equity interest in Eastern Steel Sdn Bhd ("ESSB") comprising of 80,382,500 ordinary shares of RM1.00 each for a cash consideration of RM110,000,000. Upon the acquisition, ESSB became a subsidiary of the Group.

The acquired subsidiary has contributed the following results to the Group:

	2010 RM'000
Revenue	-
Loss for the year	376

If the acquisition had occurred on 1 August 2009, the Group's revenue and profit for the year would have been RM1,065,312,937 and RM49,651,881 respectively.

The assets and liabilities arising from the acquisition are as follows:

	Fair values RM'000	Carrying amounts RM'000
Assets		
Property, plant and equipment	409	409
Prepaid lease payments	141,409	141,409
Other debtors	288	288
Cash and cash equivalents	18	18
	142,124	142,124
Liabilities		
Accruals	(2)	(2)
Amount due to director	(219)	(219)
Deferred tax liabilities	(33,824)	(33,824)
	(34,045)	(34,045)
Fair value of net identifiable assets	108,079	
Less: Minority interest	(48,635)	
Group's interest in fair value of net identifiable assets	59,444	
Goodwill on consolidation (Note 17)	50,556	
Cost of business combination	110,000	

The effect of the acquisition on cash flows is as follow:

	RM'000
Total cost of the business combination	110,000
Less: cash and cash equivalents acquired	(18)
Net cash outflow on acquisition	109,982

NOTES TO THE FINANCIAL STATEMENTS 31 July 2010 (Cont'd)

15. OTHER INVESTMENTS

	Group	
	2010 RM'000	2009 RM'000
Cost:		
Club memberships	186	186
Other investment	-	22
	186	208

16. DEFERRED TAX

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
At 1 August	4,672	12,557	(283)	(698)
Acquisition of a subsidiary (Note 14)	33,824	-	-	-
Recognised in income statement (Note 9)	6,157	(7,885)	283	415
At 31 July	44,653	4,672	-	(283)

Deferred Tax (Assets)/Liabilities of the Group:

	2010 RM'000	2009 RM'000
Presented after appropriate offsetting as follows:		
Deferred tax assets	(393)	(3,460)
Deferred tax liabilities	45,046	8,132
	44,653	4,672

16. DEFERRED TAX (CONT'D)

Deferred Tax (Assets)/Liabilities of the Group (Cont'd):

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

	Capital Allowances/ Industrial Building Allowances RM'000	Other Payables RM'000	Tax Losses RM'000	Reinvestment Allowance RM'000	Revaluation Reserve RM'000	Property, Plant and Equipment RM'000	Investment Properties RM'000	Others RM'000	Total RM'000
At 1 August 2008	(149)	(1,903)	-	-	6,793	7,145	(26)	697	12,557
Recognised in the income statement	(2,502)	(1,039)	(245)	(12,733)	(98)	8,382	20	330	(7,885)
At 31 July 2009	(2,651)	(2,942)	(245)	(12,733)	6,695	15,527	(6)	1,027	4,672
Acquisition of a subsidiary (Note 14)	-	-	-	-	33,824	-	-	-	33,824
Recognised in the income statement	2,628	1,279	90	(163)	(84)	3,562	20	(1,175)	6,157
At 31 July 2010	(23)	(1,663)	(155)	(12,896)	40,435	19,089	14	(148)	44,653

Deferred Tax (Assets)/Liabilities of the Company:

	2010 RM'000	2009 RM'000
Presented after appropriate offsetting as follows:		
Deferred tax assets	-	(283)

	Capital Allowances RM'000	Other Payables RM'000	Tax Losses RM'000	Property, Plant and Equipment RM'000	Investment Properties RM'000	Total RM'000
At 1 August 2008	(34)	(886)	-	2	220	(698)
Recognised in the income statement	31	478	(129)	(2)	37	415
At 31 July 2009	(3)	(408)	(129)	-	257	(283)
Reversal of deferred tax previously recognised	3	408	129	-	(257)	283
At 31 July 2010	-	-	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS 31 July 2010 (Cont'd)

16. DEFERRED TAX (CONT'D)

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

	Group	
	2010	2009
	RM'000	RM'000
Unabsorbed capital allowances	6,124	6,403
Unused tax losses	-	1,269
Other deductible temporary differences	737	493

The unabsorbed capital allowances, unused tax losses and other deductible temporary differences are available indefinitely for offset against future taxable profits of the subsidiary in which those items arose. Deferred tax assets have not been recognised in respect of these items due to its recent history of losses in the subsidiary concerned.

17. INTANGIBLE-GOODWILL

	Group	
	2010	2009
	RM'000	RM'000
At 1 August	-	-
Acquisition of a subsidiary (Note 14)	50,556	-
At 31 July	50,556	-

(a) Allocation of goodwill

The total carrying amount of goodwill is attributable to the Group's cash-generating unit (CGU) of a business operation in Eastern Steel Sdn Bhd.

17. INTANGIBLE-GOODWILL (CONT'D)

(b) Impairment test for goodwill

Key assumptions used in value in use calculation

The recoverable amount of goodwill is determined based on value in use calculation using cash flows projections based on financial budgets approved by management covering a five-year period.

The key assumptions used for the calculation of value in use of goodwill are:

	Gross margin	Growth rate	Discount rate
At 31 July 2010			
Business operation in Eastern Steel Sdn Bhd	11.0%	1.8%	8.19%

(i) Budgeted gross margin

The basis used to determine the value assigned to the budgeted gross margin is the average gross margin in the industry, adjusted expected efficiency improvement and cost savings.

(ii) Growth rate

Average growth rate used is consistent with the expected average increase in production plant capacity of the business operation of Eastern Steel Sdn Bhd.

(iii) Discount rate

Discount rate used is in line with the Eastern Steel Sdn Bhd expected average cost of fund.

(c) Sensitivity to changes in assumptions

The management believes that no reasonably possible change in any of the above key assumptions would cause the carrying values of the CGUs to materially exceed their recoverable amounts.

NOTES TO THE FINANCIAL STATEMENTS 31 July 2010 (Cont'd)

18. INVENTORIES

	Group	
	2010	2009
	RM'000	RM'000
Raw materials	108,495	26,977
Work-in-progress	13,209	9,164
Finished goods	99,415	69,805
Merchandise goods	177,542	162,141
	<hr/>	<hr/>
	398,661	268,087

19. TRADE RECEIVABLES

	Group	
	2010	2009
	RM'000	RM'000
Trade receivables	187,956	198,712
Less: Provision for doubtful debts	(6,094)	(5,002)
	<hr/>	<hr/>
	181,862	193,710

The Group's normal trade credit term ranges from 14 to 90 (2009: 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.

Included in trade receivables of the Group is an amount of RM79,000 (2009: RM32,000) owing from companies in which certain directors of the Company have significant interests.

The movements in provision for doubtful debts are as follows:

	Group	
	2010	2009
	RM'000	RM'000
At 1 August	5,002	4,742
Provision for doubtful debts	1,130	625
Doubtful debts recovered	(38)	(114)
Bad debts written off	-	(251)
	<hr/>	<hr/>
At 31 July	6,094	5,002

20. OTHER RECEIVABLES

	Group		Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Sundry receivables	24,170	54,662	-	-
Less: Provision for doubtful debts	(12,014)	(51)	-	-
	12,156	54,611	-	-
Deposits	869	2,775	30	30
Prepayments	4,993	2,591	47	41
	18,018	59,977	77	71

Provision for doubtful debts of RM51,000 for the Group were written off against sundry receivables during the current financial year.

Included in sundry receivables of the Group are quantity discounts receivable from a supplier amounting to RM9,964,000 (2009: RM21,978,000). These discounts have not been agreed by the supplier as at the date of this report. During the current financial year, there has been various discussions and negotiations with the supplier as part of the initiative undertaken by the management to recover these debts. In those discussions and negotiations, the supplier has, amongst others, requested for compliance with additional documentation and conditions with regards to the quantity discounts claims. The management has therefore revisited the details of the quantity claims to reassess the recoverability of these debts. In assessing this, the management has given due consideration to all pertinent information such as the availability of the additional documentation requested, ability to comply to the additional conditions imposed and the recoverability rate of previous claims.

In view of these latest developments and after given due consideration to all the pertinent information above, management is of the opinion that the recoverability of certain portion of the quantity discounts claims is uncertain. Accordingly, management has provided for doubtful debts an amount of RM12,014,000 during the current financial year. However, management is confident that the remaining claims of RM9,964,000 will approximate the actual amount to be agreed by the supplier and therefore recoverable from the supplier. Accordingly, no further provision for doubtful debts was made in respect to the remaining claims.

21. DUE FROM/(TO) SUBSIDIARIES

The amounts due from/(to) subsidiaries are non-trade in nature, unsecured, interest-free and have no fixed terms of repayment. These amounts will be offset against future dividends, rental and management fee receivable from these subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS 31 July 2010 (Cont'd)

22. SHORT TERM INVESTMENT

	Group		Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Cost:				
Unit trust fund in licensed financial institution within Malaysia	71,542	83,030	-	887
Market value of investment	71,602	82,995	-	882

23. CASH AND CASH EQUIVALENTS

	Group		Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Cash on hand and at banks	41,499	83,404	155	347
Deposits with licensed banks	1,678	4,745	-	-
	43,177	88,149	155	347

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

	Group	
	2010	2009
	%	%
Deposits with licensed banks	2.20	1.44

The average maturity of deposits as at the end of the financial year were 4 (2009: 8) days.

24. SHARE CAPITAL, SHARE PREMIUM AND TREASURY SHARES

	Number of Ordinary Shares of RM0.50 Each		Amount		
	Share Capital (Issued and Fully Paid) '000	Treasury Shares '000	Share Capital (Issued and Fully Paid) RM'000	Share Premium RM'000	Treasury Shares RM'000
At 1 August 2008	327,400	(2,317)	163,700	25,341	(3,793)
Purchase of treasury shares	-	(3,093)	-	-	(3,621)
Transaction costs	-	-	-	-	(16)
At 31 July 2009	327,400	(5,410)	163,700	25,341	(7,430)
Purchase of treasury shares	-	(20)	-	-	(28)
At 31 July 2010	327,400	(5,430)	163,700	25,341	(7,458)

	Number of Ordinary Shares of RM0.50 Each		Amount	
	2009 '000	2009 '000	2010 RM'000	2009 RM'000
Authorised share capital				
At 1 August/31 July	400,000	400,000	200,000	200,000

(a) Ordinary Shares Issued for Cash

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

(b) Treasury Shares

During the financial year, the Company repurchased 20,000 of its issued ordinary shares from the open market at an average price of approximately RM1.40 per share. The total consideration paid for the repurchases including transaction costs was RM27,903. The repurchase transactions were financed from internally generated funds.

25. RESERVES

(a) Revaluation Reserve

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

(b) Retained Profits

Prior to the year of assessment 2008, Malaysian companies adopted the full imputation system. In accordance with the Finance Act 2007 which was gazetted on 28 December 2007, companies shall not be entitled to deduct tax on dividend paid, credited or distributed to its shareholders, and such dividends will be exempted from tax in the hands of the shareholders ("single tier system"). However, there is a transitional period of six years, expiring on 31 December 2013, to allow companies to pay franked dividends to their shareholders under limited circumstances. Companies also have an irrevocable option to disregard the Section 108 balance and opt to pay dividends under the single tier system. The change in the tax legislation also provides for the Section 108 balance to be locked-in as at 31 December 2007 in accordance with Section 39 of the Finance Act 2007.

The Company has elected for the irrevocable option to disregard the Section 108 balance as at 31 December 2007. Hence, the Company will be able distribute dividends out of its entire retained earnings under the single tier system.

26. BORROWINGS

	Group	
	2010 RM'000	2009 RM'000
Short Term Borrowings		
Secured:		
Term loans	13,718	18,047
Unsecured:		
Bankers' acceptances	391,194	313,039
Onshore foreign currency loan	7,072	-
	398,266	313,039
	411,984	331,086

26. BORROWINGS (CONT'D)

	Group	
	2010	2009
	RM'000	RM'000
Long Term Borrowings		
Secured:		
Term loans	41,803	62,242
Total Borrowings		
Bankers' acceptances	391,194	313,039
Term loans	55,521	80,289
Onshore foreign currency loan	7,072	-
	453,787	393,328
Maturity of borrowings:		
Within one year	411,984	331,086
More than 1 year and less than 2 years	13,719	15,732
More than 2 years and less than 5 years	28,084	46,510
	453,787	393,328

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

	Group	
	2010	2009
	%	%
Bank overdrafts	-	6.05 - 7.50
Bankers' acceptances	2.55 - 4.29	2.54 - 4.47
Term loans	4.80 - 5.05	4.30 - 6.00
Onshore foreign currency loan	2.22	-

The term loans are secured by the following:

- (a) First legal charge over certain mills and property of a subsidiary as disclosed in Note 11(c); and
- (b) Corporate guarantees by the Company, as disclosed in Note 31.

NOTES TO THE FINANCIAL STATEMENTS 31 July 2010 (Cont'd)

27. TRADE PAYABLES

The normal trade credit terms granted to the Group ranges from 14 to 90 (2009: 14 to 90) days.

28. OTHER PAYABLES

	Group		Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Sundry payables	5,788	7,202	-	-
Accruals	9,519	9,870	2,475	2,175
Deposits received	1,082	2,009	-	-
Advances from customers	4,076	4,065	-	-
	20,465	23,146	2,475	2,175

29. DIVIDEND

	Dividends in Respect of Year		Dividends Recognised in Year	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Recognised during the year:				
Final dividend for 2008:				
Single tier of 6% , in respect of the year ended 31 July 2008 (3.0 sen per ordinary share)	-	-	-	9,660
Final dividend for 2009:				
Single tier of 3% , in respect of the year ended 31 July 2009 (1.5 sen per ordinary share)	-	4,830	4,830	-
Proposed for approval at AGM (not recognised as at 31 July):				
Final dividend for 2010:				
Single tier of 3% , in respect of the year ended 31 July 2010 (1.5 sen per ordinary share)	4,830	-	-	-
	4,830	4,830	4,830	9,660

At the forthcoming Annual General Meeting, a single tier final dividend in respect of the financial year ended 31 July 2010, of 1.5 sen per share (3%) on 321,970,000 ordinary shares, amounting to a dividend payable of RM4,829,550 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 2011.

30. OPERATING LEASE ARRANGEMENTS

(a) The Group as Lessee

Operating lease payments represent rentals payables by the Group for use of buildings and gas tank.

The future aggregate minimum lease payments under non-cancellable operating leases contracted for as at the balance sheet date but not recognised as liabilities are as follows:

	Group	
	2010	2009
	RM'000	RM'000
Not later than 1 year	107	96
Later than 1 year and not later than 5 years	426	101
	<hr/>	<hr/>
	533	197

The lease payments recognised in the income statement during the financial year are disclosed in Note 5.

(b) The Group and Company as Lessor

Operating lease receipts represent rentals receivable by the Group for buildings rented out.

The future aggregate minimum lease payments receivables under non-cancellable operating leases contracted for as at the balance sheet date but not recognised as receivables are as follows:

	Group		Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Not later than 1 year	702	702	7,080	4,680
Later than 1 year and not later than 5 years	2,806	1,148	28,320	14,040
	<hr/>	<hr/>	<hr/>	<hr/>
	3,508	1,850	35,400	18,720

Investment properties rental income recognised in the income statement during the financial year are disclosed in Note 5.

NOTES TO THE FINANCIAL STATEMENTS 31 July 2010 (Cont'd)

31. CONTINGENT LIABILITIES

	Group		Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Unsecured:				
In respect of indemnity provided for bank guarantees issued	18,209	16,349	-	-
Corporate guarantees provided to secure banking facilities granted to subsidiaries	-	-	453,787	393,000
In respect of guarantees issued in favour of Royal Customs and Excise Department	6,000	6,000	-	-
	24,209	22,349	453,787	393,000

32. SIGNIFICANT RELATED PARTY TRANSACTIONS

- (a) In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

	2010	2009
	RM'000	RM'000
Group		
Sales of steel products to a company in which certain directors of the Company have significant interests: Power Concord Sdn. Bhd.	825	315
Purchases of steel products from a company in which certain directors of the Company have significant interests: JK Ji Seng Sdn. Bhd.	16,714	-
Rental expense to a company in which a director of the Company has significant interests: K.H.L. Sdn Bhd	-	3,677
Legal fee paid to a company in which certain directors of the Company have significant interests: S.B. Cheah & Associates	283	277
Renting of scaffolding equipment to a company in which a director of the Company has significant interests: Macro Resources Sdn Bhd	195	207

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 mutually agreed between the parties.

32. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D)

	2010 RM'000	2009 RM'000
Company		
Rental income from subsidiaries:		
Alpine Pipe Manufacturing Sdn Bhd	3,120	3,120
Huatrac Scaffold Sdn Bhd (formerly known as Huatrac Marketing Sdn Bhd)	1,560	1,560
Hiap Teck Hardware Sdn Bhd	900	-
Hiap Teck Steel Manufacturing Sdn Bhd	300	-
Management fees from subsidiaries:		
Hiap Teck Hardware Sdn Bhd	864	864
Alpine Pipe Manufacturing Sdn Bhd	984	984
Huatrac Scaffold Sdn Bhd (formerly known as Huatrac Marketing Sdn Bhd)	456	456
Gross dividends income from subsidiaries:		
Hiap Teck Hardware Sdn Bhd	3,240	3,600
Alpine Pipe Manufacturing Sdn Bhd	2,400	3,000
Huatrac Scaffold Sdn Bhd (formerly known as Huatrac Marketing Sdn Bhd)	4,200	1,800
Tiek Hong Hardware (B'worth) Sdn Bhd	-	720
Briliant Decade Transport Agency Sdn Bhd	-	360
Purchase of investment properties from a subsidiary:		
Hiap Teck Property Sdn Bhd	48,900	-

(b) Compensation of key management personnel

The compensation of key management personnel who are the directors of the Group and of the Company are detailed in Note 7.

33. 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 risk, liquidity risk, credit risk and foreign currency risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below. It is, and has been throughout the year under review, the Group's policy that no trading in derivative financial instruments shall be undertaken.

(b) Interest Rate Risk

Cash flow interest rate risk is the risk that future cash flows of a financial instrument will fluctuate because changes in market interest rates. As the Group's investment in financial assets are mainly short term in nature and they are not held for speculative purposes, the Group's income and operating cash flow are substantially independent of changes in market interest rates. The Group's primary interest rate risk relates to interest-bearing debts.

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.

33. 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. In addition, the Group strives to maintain available banking facilities at a reasonable level to its overall debt position.

(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 sundry receivables due from a major supplier of a subsidiary representing 55% (2009: 76%) of total other receivables, as disclosed in Note 20.

(e) Foreign Currency Risk

The Group is mainly exposed to New Zealand Dollars, Euro, United States Dollars, Singapore Dollars and Australian 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 the Group	New Zealand Dollars RM'000	Euro RM'000	United States Dollars RM'000	Singapore Dollars RM'000	Australian Dollars RM'000	Total RM'000
31 July 2010						
Trade receivables	-	-	592	16,840	1,883	19,315
Cash and cash equivalents	6	-	1,744	19,261	7,804	28,815
	6	-	2,336	36,101	9,687	48,130
31 July 2009						
Trade receivables	-	426	587	19,122	8,153	28,288
Cash and cash equivalents	1,410	-	6	384	60,353	62,153
	1,410	426	593	19,506	68,506	90,441

NOTES TO THE FINANCIAL STATEMENTS 31 July 2010 (Cont'd)

33. FINANCIAL INSTRUMENTS (CONT'D)

(e) Foreign Currency 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	Net fair value RM'000
31 July 2010			
Forward used to hedge trade receivables	Singapore Dollars	487	(4)
Forward used to hedge trade payables	United States Dollar	14,417	61
31 July 2009			
Forward used to hedge trade receivables	Singapore Dollars	10,683	(304)

(f) Fair Value

The carrying amounts of cash and cash equivalents, trade and other receivables, trade and other payables and short term borrowings approximate their fair values due to the relatively short term nature of these financial instruments.

The carrying amounts of term loans which are mainly variable rate borrowings, are considered to be reasonable estimate of their fair values as the borrowings will be repriced immediately in the event of any changes to the market interest rates.

It is not practicable to determine the fair value of amounts due from/(to) subsidiaries due principally to a lack of fixed repayment term entered by the parties involved and without incurring excessive costs. However, the Company does not anticipate the carrying amounts recorded at the balance sheet date to be significantly different from the values that would eventually be received or settled.

The fair values of all other financial assets and liabilities of the Group and of the Company as at 31 July 2010 are not materially different from their carrying values.

34. CAPITAL COMMITMENTS

	Group	
	2010 RM'000	2009 RM'000
Capital expenditure: Approved and contracted for: Property, plant and equipment	832	10,200

35. SEGMENTAL INFORMATION

(a) Business Segments

For management purposes, the Group is organised into business units based on their products and services, and has four reportable operating segments as follows:

- (i) The trading segment is importers, exporters and general dealers in steel products, hardware and building materials;
- (ii) The manufacturing segment is manufacturers and distributors of steel pipes, hollow sections, scaffolding equipment and accessories and other steel products;
- (iii) The property and investment segment involved in investment in and renting out property and investment holding; and
- (iv) The transportation segment involved in provision of transportation of goods by lorries.

Except as indicated above, no operating segments has been aggregated to form the above reportable operating segments.

Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

(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.

NOTES TO THE FINANCIAL STATEMENTS 31 July 2010 (Cont'd)

35. SEGMENTAL INFORMATION (CONT'D)

Business Segments

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other information by business segment:

	Trading RM'000	Manufacturing RM'000	Property and Investment RM'000	Transportation RM'000	Elimination RM'000	Note	Consolidated RM'000
31 July 2010							
Revenue							
Sales to external customers	585,131	480,170	-	12	-		1,065,313
Inter-segment sales	13,324	30,434	19,224	4,490	(67,472)	A	-
Total revenue	598,455	510,604	19,224	4,502	(67,472)		1,065,313
Results:							
Interest income	694	1,989	18	24	-		2,725
Dividend income	-	-	9,840	-	(9,840)		-
Depreciation and amortisation	4,079	14,530	1,764	104	68		20,545
Other non-cash expenses	46	(3,300)	-	-	-	B	(3,254)
Segment profit	34,759	32,793	9,005	938	(9,840)	C	67,655
Assets:							
Additions to non-current assets	3,988	192,562	15,444	470	(49,570)	D	162,894
Segment assets	410,036	665,333	351,184	5,211	(181,007)		1,250,757
Segment liabilities	237,235	331,249	167,324	531	(181,007)		555,332
31 July 2009							
Revenue							
Sales to external customers	571,608	587,641	-	76	-		1,159,325
Inter-segment sales	17,591	49,516	18,864	3,824	(89,795)	A	-
Total revenue	589,199	637,157	18,864	3,900	(89,795)		1,159,325
Results							
Interest income	1,014	2,746	32	5	-		3,797
Dividend income	-	20,855	9,480	-	(30,335)		-
Depreciation and amortisation	4,495	12,955	1,634	18	-		19,102
Other non-cash expenses	1,998	4,166	-	-	-	B	6,164
Segment profit	12,768	16,677	10,909	692	(9,480)	C	31,566
Assets							
Additions to non-current assets	8,941	79,615	2,525	-	-	D	91,081
Segment assets	341,833	606,403	158,207	4,557	(59,039)		1,051,961
Segment liabilities	206,399	276,365	26,520	576	(59,039)		450,821

NOTES TO THE FINANCIAL STATEMENTS 31 July 2010 (Cont'd)

35. SEGMENTAL INFORMATION (CONT'D)

A Inter-segment revenues are eliminated on consolidation.

B Other material non-cash expenses consist of the following items as presented in the respective notes to the financial statements:

	Note	2010 RM'000	2009 RM'000
Provision for doubtful debts	5	1,130	676
Property, plant and equipment written off	5	6	150
Inventories written (back)/down	5	(4,390)	5,338
		(3,254)	6,164

C The following items is deducted from segment profit to arrive at "Profit before tax" presented in the consolidated income statement:

	2010 RM'000	2009 RM'000
Inter-segment dividend	(9,840)	(9,480)

D Additions to non-current assets consist of:

	2010 RM'000	2009 RM'000
Property, plant and equipment	21,485	91,081
Prepaid lease land payments	141,409	-
	162,894	91,081

36. SIGNIFICANT EVENT

On 24 May 2010, the Company acquired 55% equity interest in Eastern Steel Sdn Bhd ("ESSB") comprising of 80,382,500 ordinary shares of RM1.00 each for a cash consideration of RM110,000,000. Upon the acquisition, ESSB became a subsidiary of the Group. Further details are disclosed in Note 14.

PROPERTIES OF THE GROUP As At 31 July 2010

Location	Description and Existing Usage	Tenure	Approximate Age of Building (years)	Approximate Land Area (acres)	Build Up Area (sq. metres)	Net Carrying Amount as at 31 July 2010 (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	12.5	9	19,005	24,664,000	29-May-03	4-Jul-08
Lot 6088, Mukim of Kapar District of Klang Selangor Darul Ehsan	Single storey factory with a 2 storey office	Freehold	12.5	9	18,732	23,032,000	29-May-03	4-Jul-08
Lot 6089, Mukim of Kapar District of Klang Selangor Darul Ehsan	Single storey factory/warehouse	Freehold	11.5	9	18,516	25,048,000	29-May-03	4-Jul-08
Lot 6095, Mukim of Kapar District of Klang Selangor Darul Ehsan	Single storey factory/warehouse	Freehold	11	10.013	22,341	27,867,200	5-Jul-96	4-Jul-08
Lot 6096, Mukim of Kapar District of Klang Selangor Darul Ehsan	Single storey factory/warehouse with 4 storey office building	Freehold	11	9.483	12,179	20,496,000	5-Jan-95	4-Jul-08
Lot 54959 (formerly PT40530), Mukim of Kapar, District of Klang, Selangor	Single storey detached factory with a double storey office building	Freehold	4	18.0	53,243	72,018,491	23-Oct-08	-
51-C, Tingkat Dua Jalan BRP 6/10 Bukit Rahman Putra Seksyen U20 40160 Shah Alam	Shop office	Freehold	10	-	144,929	157,288	20-Aug-99	-
Lot 14175 (1st Floor) Putri Town Ctr Kulai Taman Putri Kulai Johor Darul Takzim	Shop office apartment	Freehold	12	-	143.07	101,226	2-Aug-99	-
No.8, Jalan Firma 3, Tebrau IV Industrial Estate 81100 Johor Bahru Johor Darul Takzim	Single storey detached factory building	Leasehold (60 years) expiring 31-Jan-60	7	1	2,536.30	2,400,000	27-Feb-07	18-Jun-08
No. 6, Jalan Firma 3, Tebrau IV Industrial Estate 81100 Johor Bahru Johor Darul Takzim	Single story factory with a 2 storey office	Leasehold (60 years) expiring 31-Jan-60	8	1.554	3,995.76	5,280,000	6-Jun-07	18-Jun-08
Lot 169, Mukim of Plentong District of Johor Bahru Johor Darul Takzim	Vacant agricultural land	Freehold	-	5.1	-	670,000	9-Jun-95	10-Jul-08
Lot 296, Mukim 13 District of Seberang Perai Tengah, Pulau Pinang	Single storey warehouse with 2 storey office	Leasehold (66 years) expiring 10-Mar-58	4	2.241	2,453	2,402,317	6-Jul-96	16-Jun-08
Lot 6293 & Lot 6294 Mukim Teluk Kalung Kemaman, Terengganu	Vacant industrial land	Leasehold (60 years) expiring 1-Apr-68	3	600	-	145,060,000	2-Apr-08	10-Jun-08

ANALYSIS OF SHAREHOLDINGS As At 25 October 2010

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 5,430,000 Ordinary Shares of RM0.50 each

Analysis By Size Of Shareholdings As At 25 October 2010

Size of shareholdings	No. of Shareholders	%	No. of Shares	%
Less than 100	12	0.23	385	0.00
100 - 1,000	786	14.96	734,184	0.23
1,001 - 10,000	3,104	59.09	16,205,744	5.03
10,001 - 100,000	1,117	21.26	38,817,240	12.06
100,001 to less than 5% of issued shares	231	4.40	105,488,647	32.76
5% and above of issued shares	3	0.06	160,723,800	49.92
Total	5,253	100.00	321,970,000	100.00

LIST OF THIRTY (30) LARGEST SHAREHOLDERS AS AT 25 OCTOBER 2010

No.	Names	No. of Shares	Percentage (%)
1.	HSBC Nominees (Asing) Sdn Bhd Exempt An For Credit Suisse (SG BR - TST - ASING)	114,771,100	35.65
2.	K. H. L. Sdn Bhd	25,099,500	7.80
3.	Lembaga Tabung Haji	20,853,200	6.48
4.	Alliancegroup Nominees (Tempatan) Sdn Bhd PHEIM Asset Management Sdn Bhd for Employees Provident Fund Board	9,488,600	2.95
5.	HSBC Nominees (Asing) Sdn Bhd Exempt An For JPMorgan Chase Bank, National Association (Norges BK Lend)	4,988,500	1.55
6.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank for Dato' Mohamed Nizam Bin Abdul Razak (MY 0888)	3,924,165	1.22
7.	Amsec Nominees (Tempatan) Sdn Bhd Amtrustee Berhad for Pacific Pearl Fund (UT-PM-PPF)	2,610,700	0.81
8.	Amanahraya Trustees Berhad Public Islamic Opportunities Fund	2,364,600	0.73

ANALYSIS OF SHAREHOLDINGS As At 25 October 2010 (Cont'd)**LIST OF THIRTY (30) LARGEST SHAREHOLDERS AS AT 25 OCTOBER 2010 (CONT'D)**

No.	Names	No. of Shares	Percentage (%)
9.	Amanahraya Trustees Berhad Public Islamic Dividend Fund	2,074,000	0.64
10.	EB Nominess (Tempatan) Sendirian Berhad Pledged Securities Account For Mary Ang Poh Chan (KLM)	2,000,000	0.62
11.	HSBC Nominees (Tempatan) Sdn Bhd HSBC (Malaysia) Trustee Berhad for Amanah Saham Sarawak	2,000,000	0.62
12.	Dato' Mohamed Nizam Bin Abdul Razak	1,545,982	0.48
13.	Pang Chong Yong	1,500,000	0.47
14.	Equity Trust (Malaysia) Berhad ABJ-Trust	1,467,000	0.46
15.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Ong Siew Eng @ Ong Chai (8040800)	1,406,900	0.44
16.	HSBC Nominees (Asing) Sdn Bhd Morgan Stanley & Co. International PLC (Firm A/C)	1,404,500	0.44
17.	Mayban Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Yeh May (REM 166)	1,377,000	0.43
18.	Yap Kim Pin	1,284,900	0.40
19.	Cartaban Nominees (Asing) Sdn Bhd Svenska Handelsbanken Stockholm	1,274,800	0.40
20.	Lim Wan Loo	1,200,000	0.37
21.	Loo Chee Lain	1,171,900	0.36
22.	Lee See Jin	1,085,500	0.34
23.	Pacific Strike Sdn Bhd	1,020,000	0.32
24.	Amanahraya Trustees Berhad Public Dividend Select Fund	1,011,000	0.31
25.	Tan Hock Ley	1,000,000	0.31
26.	Public Invest Nominees (Tempatan) Sdn Bhd Exempt An For Phillip Securities Pte Ltd (Clients)	1,000,000	0.31
27.	HDM Nominees (Tempatan) Sdn Bhd DBS Vickers Secs (S) Pte Ltd for Teoh New Mei	1,000,000	0.31

ANALYSIS OF SHAREHOLDINGS As At 25 October 2010 (Cont'd)

LIST OF THIRTY (30) LARGEST SHAREHOLDERS AS AT 25 OCTOBER 2010 (CONT'D)

No.	Names	No. of Shares	Percentage (%)
28.	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Chin Chin Seong	980,000	0.30
29.	Yap Kim Foong	945,000	0.29
30.	Koperasi Permodalan Felda Malaysia Berhad	936,100	0.29
Total:		212,784,947	66.10

Directors' Shareholdings as at 25 October 2010

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

Names	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
1. Tan Sri Dato' Alwi Jantan	1,467,000	0.46	-	-
2. Dato' Law Tien Seng	-	-	89,000,000 ^(a)	27.64
3. Mr. Kua Hock Lai	200,000	0.06	25,115,999 ^(b)	7.80
4. Mr. Lee Ching Kion	-	-	20,000 ^(c)	0.01
5. Mr. Ng Soon Lai @ Ng Siek Chuan	-	-	-	-
6. Mr. Cheah Shu Boon	66,000	0.02	-	-
7. Mr. Foo Kok Siew	-	-	-	-
8. Mr. Low Choong Sing	-	-	-	-
9. Ms. Law Sook Teng	450,015	0.14	-	-
10. Ms. Ooi Ai Leng	-	-	-	-

Notes:

(a) Deemed interest pursuant to Section 6A(4) of the Companies Act, 1965 by virtue of his shareholdings in Amardale Offshore Inc. which has a controlling interest in TS Law Investments Limited, a substantial shareholder the Company.

(b) Deemed interest by virtue of his substantial shareholdings in K. H. L. Sdn Bhd and his sons, Mr. Kua Swee Leong's and Mr. Kua Swee Kiat's direct shareholdings in the Company.

(c) Deemed interest by virtue of his spouse, Madam Mok Quee Hwa's direct shareholdings in the Company.

ANALYSIS OF SHAREHOLDINGS As At 25 October 2010 (Cont'd)

Substantial Shareholdings as at 25 October 2010

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

Names	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
Dato' Law Tien Seng	-	-	89,000,000 ^(a)	27.64
Datin Saw Geok Ngor	-	-	89,000,000 ^(b)	27.64
TS Law Investments Limited	89,000,000	27.64	-	-
Amardale Offshore Inc.	-	-	89,000,000 ^(c)	27.64
Mr. Kua Hock Lai	200,000	0.06	25,115,999 ^(d)	7.80
Madam Lim Ah Eng	-	-	25,299,500 ^(e)	7.86
K. H. L. Sdn Bhd	25,099,500	7.80	-	-
Lembaga Tabung Haji	20,853,200	6.48	-	-

Notes:

- (a) Deemed interest pursuant to Section 6A(4) of the Companies Act, 1965 by virtue of his shareholdings in Amardale Offshore Inc. which has a controlling interest in TS Law Investments Limited, a substantial shareholder the Company.
- (b) Deemed interest by virtue of her spouse, Dato' Law Tien Seng's indirect shareholdings in the Company by virtue of his shareholdings in Amardale Offshore Inc. which has controlling interest in TS Law Investments Limited, a substantial shareholder of the Company.
- (c) Deemed interest by virtue of its shareholdings in TS Law Investments Limited which is a substantial shareholder of the Company.
- (d) Deemed interest by virtue of his substantial shareholdings in K.H.L. Sdn. Bhd. and his sons, Mr. Kua Swee Leong's and Mr. Kua Swee Kiat's direct shareholdings in the Company.
- (e) Deemed interest by virtue of her substantial shareholdings in K.H.L. Sdn. Bhd. and her spouse, Mr. Kua Hock Lai's direct shareholdings in the Company.

NOTICE OF FOURTEENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Fourteenth Annual General Meeting of the Company will be held at Wisma Hiap Teck, Lot 6096, Jalan Haji Abdul Manan, Batu 5 1/2, Off Jalan Meru, 41050 Klang, Selangor Darul Ehsan on Tuesday, 14 December 2010 at 12.00 noon for the following purposes:-

AGENDA

ORDINARY BUSINESS:-

1. To receive the Audited Financial Statements of the Company for the year ended 31 July 2010 together with the Directors' and Auditors' Reports attached thereon.
2. To approve the payment of Directors' fees of RM308,000 for the year ended 31 July 2010. **Ordinary Resolution 1**
3. To approve a Single Tier Final Dividend of 1.5 sen per share for the year ended 31 July 2010. **Ordinary Resolution 2**
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. Cheah Shu Boon **Ordinary Resolution 3**
 - 4.2 Ms. Law Sook Teng **Ordinary Resolution 4**
5. To re-elect the following Directors who are retiring in accordance with Article 84 of the Company's Articles of Association:-
 - 5.1 Mr. Foo Kok Siew **Ordinary Resolution 5**
 - 5.2 Mr. Low Choong Sing **Ordinary Resolution 6**
 - 5.3 Dato' Law Tien Seng **Ordinary Resolution 7**
 - 5.4 Mr. Lee Ching Kion **Ordinary Resolution 8**
6. To re-appoint Messrs Ernst & Young as the Company's Auditors for the ensuing year and to authorise the Directors to fix their remuneration. **Ordinary Resolution 9**
7. **AS SPECIAL BUSINESS:-**

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

 - 7.1 **Re-appointment of Director Pursuant to Section 129 of the Companies Act, 1965** **Ordinary Resolution 10**

"**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."
 - 7.2 **Authority to Allot Shares Pursuant to Section 132D of the Companies Act, 1965** **Ordinary Resolution 11**

"**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 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 FURTHER THAT** such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company."

NOTICE OF FOURTEENTH ANNUAL GENERAL MEETING (Cont'd)

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

Ordinary Resolution 12

"THAT the Company and/or 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 19 November 2010, 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 and on 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 the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary or in the best interest of the Company to give effect to the Proposed Renewal of Shareholders' Mandate.

AND FURTHER THAT such authority shall continue to be in force until:-

- (i) the conclusion of the next Annual General Meeting ("AGM") of the Company following the general meeting at which such Proposed Renewal of Shareholders' Mandate was passed, at which time it will lapse, unless by ordinary resolution passed at the meeting, the authority is renewed either unconditionally or subject to conditions;
- (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 ordinary resolution passed by the shareholders of the Company in general meeting,

whichever is the earlier."

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

Ordinary Resolution 13

"THAT subject to the Companies Act, 1965, the Memorandum and Articles of Association of the Company, the 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 renew the approval granted by the shareholders of the Company at Thirteenth Annual General Meeting of the Company held on 16 December 2009, authorising the Company 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 the Company from time to time through Bursa Securities upon such terms and conditions as the Directors of the Company 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, be allocated by the Company for the Proposed Share Buy-Back. The retained profits and share premium reserves of the Company stood at RM3,300,544 and RM25,341,494 respectively for the financial year ended 31 July 2010.

NOTICE OF FOURTEENTH ANNUAL GENERAL MEETING (Cont'd)

AND THAT upon completion of the purchase by the Company of its own shares, the Directors of the Company 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 the Company are further authorised to resell the Treasury Shares on Bursa Securities or distribute the Treasury Shares as dividends to the shareholders of the Company or subsequently cancel the Treasury Shares or any combination of the three (3).

AND FURTHER THAT the Directors of the Company 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 at which time the authority shall lapse, unless by ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions; or
- (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 the Company 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."

7.5 Proposed Amendment to the Articles of Association

Special Resolution

"THAT the existing Article 143 in the Articles of Association of the Company be deleted in its entirety and the following be substituted in lieu thereof:-

Any dividend or other money payable in cash on or in respect of a share may be paid by cheque or warrant sent through the post to the registered address of the member or person entitled thereto, or, if several persons are entitled in consequence of the death or bankruptcy of the holder, to any one of such persons or to such persons and such address as such persons may by writing direct or by directly crediting the dividend entitlement into the member's bank account as provided to the Central Bursa Depository from time to time. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent or such person as the holder may direct and payment of the cheque or the direct crediting to the member's bank account shall be a good discharge to the Company. Every such cheque or warrant shall be sent or directly credited to the member's bank account at the risk of the person entitled to the money represented thereby. Where the members have provided to the Central Depository the relevant contact details for purposes of electronic notifications, the Company shall notify them electronically once the Company has paid the cash dividends into the member's bank account."

- 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.

NOTICE OF FOURTEENTH ANNUAL GENERAL MEETING (Cont'd)

NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS HEREBY GIVEN THAT a Single Tier Final Dividend of 1.5 sen per share in respect of the financial year ended 31 July 2010 will be payable on 25 January 2011 to depositors registered in the Record of Depositors at the close of business on 10 January 2011.

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 10 January 2011 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 0009297)

Company Secretary

Selangor Darul Ehsan

19 November 2010

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 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 Registered Office of the Company at Lot 6096, Jalan Haji Abdul Manan, Batu 5 1/2, Off Jalan Meru, 41050 Klang, Selangor Darul Ehsan not less than forty-eight (48) hours before the time for the Meeting or at any adjournment thereof.

NOTICE OF FOURTEENTH ANNUAL GENERAL MEETING (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 10 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 Resolution 11 under item 7.2 above, if passed, will empower the Directors of the Company, from the date of the above Annual General Meeting, with the authority to allot and issue shares in the Company up to an amount not exceeding in total 10% of the issued capital of the Company for such purposes as the Directors consider would be in the best interest of the Company. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company.

The general mandate seeks to grant authority to Directors to allot and issue shares is a renewal of the mandate that was approved by the shareholders at the Thirteenth Annual General Meeting held on 16 December 2009. The renewal of the general mandate is to provide flexibility to the Company to issue new shares without the need to convene a separate general meeting to obtain shareholders' approval so as to avoid incurring additional cost and time. The purpose of this general mandate is for possible fund raising exercises including but not limited to placement of shares for purpose of funding current and/or future investment projects, working capital and/or acquisitions.

Up to the date of this Notice, the Company did not issue any shares pursuant to the mandate granted to the Directors at the Thirteenth Annual General Meeting because there was no need for any fund raising activity for the purpose of investment, acquisition or working capital.

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

The Proposed Ordinary Resolution 12 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 19 November 2010 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 Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature, please refer to the Circular to Shareholders dated 19 November 2010 enclosed together with the Company's 2010 Annual Report.

(d) Resolution pursuant to the Proposed Renewal of Shareholders' Mandate for Share Buy-Back

The Proposed Ordinary Resolution 13 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 Shareholders' Mandate for Share Buy-Back, please refer to the Circular to Shareholders dated 19 November 2010 enclosed together with the Company's 2010 Annual Report.

(e) Proposed Amendment to the Articles of Association

The proposed Special Resolution under item 7.5 above, is to amend Article 143 of the Company's Articles of Association in line with the amendments to the Listing Requirements of Bursa Malaysia Securities Berhad in relation to the implementation of eDividend.

STATEMENT ACCOMPANYING NOTICE OF FOURTEENTH ANNUAL GENERAL MEETING

Details of Directors who are standing for re-election in accordance with Article 79 of the Company's Articles of Association in Agenda 4.1 (Mr. Cheah Shu Boon) and Agenda 4.2 (Ms. Law Sook Teng) of the Notice of the Fourteenth Annual General Meeting are laid out in the Directors' Profile appearing on pages 4 to 8 of this Annual Report.

Details of Directors who are standing for re-election in accordance with Article 84 of the Company's Articles of Association in Agenda 5.1 (Mr. Foo Kok Siew), Agenda 5.2 (Mr. Low Choong Sing), Agenda 5.3 (Dato' Law Tien Seng) and Agenda 5.4 (Mr. Lee Ching Kion) of the Notice of the Fourteenth Annual General Meeting are laid out in the Directors' Profile appearing on pages 4 to 8 of this Annual Report.

Details of Director who is standing for re-appointment in accordance with Section 129 of the Companies Act, 1965 in Agenda 7.1 (Tan Sri Dato' Alwi Jantan) of the Notice of the Fourteenth Annual General Meeting are laid out in the Directors' Profile appearing on page 4 of this Annual Report.

FORM OF PROXY

I/We, _____ [NRIC No./Company No. _____]
 of _____ (FULL NAME IN CAPITAL LETTERS)
 _____ (FULL ADDRESS)
 being a member of **HIAP TECK VENTURE BERHAD** hereby appoint * the Chairman of the meeting or
 _____ (FULL NAME) (NRIC No. _____) of
 _____ (FULL ADDRESS) or
 failing whom _____ (FULL ADDRESS) (NRIC No. _____) of
 _____ (FULL NAME) as
 _____ (FULL ADDRESS)

*my/*our Proxy(ies) to vote for *me/*us and on *my/*our behalf at the Fourteenth Annual General Meeting of the Company to be held at Wisma Hiap Teck, Lot 6096, Jalan Haji Abdul Manan, Batu 5 ½, Off Jalan Meru, 41050 Klang, Selangor Darul Ehsan on Tuesday, 14 December 2010 at 12.00 noon 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 Resolutions as indicated below:-

No.	Resolutions	For	Against
1.	To approve the payment of Directors fees of RM308,000 for the year ended 31 July 2010. Ordinary Resolution 1		
2.	To approve a Single Tier Final Dividend of 1.5 sen per share for the year ended 31 July 2010. Ordinary Resolution 2		
3.	To re-elect the following Directors who are retiring in accordance with Article 79 of the Company's Articles of Association: 3.1 Mr. Cheah Shu Boon 3.2 Ms. Law Sook Teng		
	Ordinary Resolution 3		
	Ordinary Resolution 4		
4.	To re-elect the following Directors who are retiring in accordance with Article 84 of the Company's Articles of Association: 4.1 Mr. Foo Kok Siew 4.2 Mr. Low Choong Sing 4.3 Dato' Law Tien Seng 4.4 Mr. Lee Ching Kion		
	Ordinary Resolution 5		
	Ordinary Resolution 6		
	Ordinary Resolution 7		
	Ordinary Resolution 8		
5.	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 9		
6.	SPECIAL BUSINESS		
	6.1 Re-appointment of Director Pursuant to Section 129 of the Companies Act, 1965 Ordinary Resolution 10		
	6.2 Authority to Allot Shares Pursuant to Section 132D of the Companies Act, 1965 Ordinary Resolution 11		
	6.3 Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature Ordinary Resolution 12		
	6.4 Proposed Renewal of Shareholders' Mandate for Share Buy-Back Ordinary Resolution 13		
	6.5 Proposed Amendment to the Articles of Association. Special Resolution		

[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 thisday of.....2010

Number of Ordinary shares held :	
----------------------------------	--

[Signature/Common Seal of Member]

* Delete if not applicable

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 forty-eight (48) hours before the time for the Meeting or at any adjournment thereof.

Fold here

Affix
STAMP

The Company Secretary
HIAP TECK VENTURE BERHAD (421340-U)
Lot 6096, Jalan Haji Abdul Manan
Batu 5 1/2, Off Jalan Meru
41050 Klang
Selangor Darul Ehsan

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HIAP TECK VENTURE BERHAD
(421340-U)

Lot 6096, Jalan Haji Abdul Manan, Batu 5-1/2, Off Jalan Meru,
41050 Klang, Selangor Darul Ehsan.

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