HTVB

HIAP TECK VENTURE BERHAD

421340-U

annual report 2011

CONTENTS

- **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**

CORPORATE STRUCTURE

HTVB

HIAP TECK VENTURE BERHAD

421340-U

100%

Hiap Teck Hardware Sdn Bhd
(276336-A)
Importer, exporter and general dealer of steel products, hardware and building materials

100%

Tiek Hong Hardware (B'worth) Sdn Bhd
(278478-T)
General merchant and dealer of metal hardware, building equipment and materials

100%

Huatraco Scaffold Sdn Bhd
(240510-T)
Manufacturing, selling and renting of scaffolding equipment and range of steel products

100%

Briliant Decade Transport Agency Sdn Bhd
(270261-D)
Provision of transportation services

100%

Alpine Pipe Manufacturing Sdn Bhd
(267844-V)
Manufacturing and selling of pipes, hollow sections and other steel products

55%

Eastern Steel Sdn Bhd
(557033-V)
Manufacturing, selling and dealing in a range of steel products using blast furnace plant (in progress)

100%

Hiap Teck Property Sdn Bhd
(313284-V)
Investment and renting out of properties

100%

Hiap Teck Steel Manufacturing Sdn Bhd
(409923-P)
Manufacturer and general dealer of steel products, hardware and building materials

100%

Huatraco Industries Sdn Bhd
(164409-A)
Manufacturing, selling and dealing in scaffolding and a range of steel products

100%

Huatraco Contacts Sdn Bhd (fka Huatraco Scaffold System Sdn Bhd)
(282720-D)
Selling and renting of scaffolding components and accessories

100%

Huatraco Natscreen Sdn Bhd
(966683-D)
Manufacturing, selling and dealing in scaffolding, a range of steel products and steel fabricators

100%

Huatraco Investment Pte Ltd
(201102260E)
Investment Holding

55%

Huatraco Singapore Pte Ltd
(201103457N)
Renting of Construction and Civil Engineering Machinery and Equipment

CORPORATE INFORMATION

BOARD OF DIRECTORS

CHAIRMAN
Tan Sri Dato' Alwi Jantan

EXECUTIVE DEPUTY CHAIRMAN

Dato' Law Tien Seng

INDEPENDENT NON-EXECUTIVE DIRECTORS

Tan Sri Abdul Rahman Bin Mamat
Mr. Ng Soon Lai @ Ng Siek Chuan
Mr. Cheah Shu Boon
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
Tan Sri Abdul Rahman Bin Mamat
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 (resigned w.e.f. 3 August 2011)
Mr. Foo Kok Siew

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/(6)03-3877 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)
AmBank (M) Berhad (8515-D)
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 76, 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 Jantan also serves as Chairman of the Remuneration Committee and Nomination Committee of the Company.

Tan Sri Dato' Alwi Jantan is presently a Director of Genting Malaysia Bhd (previously known as Resorts World Berhad) and UOA Development Berhad. 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 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 ten years.

Tan Sri Dato' Alwi Jantan has attended all of the 5 board meetings of HTVB held during the financial year ended 31 July 2011.

DATO' LAW TIEN SENG
Executive Deputy Chairman

Dato' Law Tien Seng, aged 58, a Malaysian, was appointed as the Deputy Chairman and Non-Independent Non-Executive Director of HTVB on 1 June 2010. Dato' Law was re-designated as Executive Deputy Chairman on 3 August 2011.

Dato' Law Tien Seng 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 in the People's Republic of China for many years.

Dato' Law has no family relationship with any Directors of the Company. Dato' Law is deemed to have interest in HTVB via his indirect interest in TS Law Investments Limited, a major shareholder of HTVB. He has no conflict of interest with the Company and has not been convicted of any offences within the past ten years.

He has attended 4 out of the 5 board meetings of HTVB held during the financial year ended 31 July 2011.

TAN SRI ABDUL RAHMAN BIN MAMAT
Independent Non-Executive Director

Tan Sri Abdul Rahman Bin Mamat, aged 59, a Malaysian was appointed as Independent Non-Executive Director of HTVB on 28 January 2011. He is also a member of Audit Committee of the Company.

Tan Sri Abdul Rahman Bin Mamat currently sits on board of Parkson Holdings Berhad.

He has Bachelor of Economics (Honours) from the University of Malaya and Advanced Management Programme qualifications from Harvard Business School, Boston, the United States of America. Tan Sri Abdul Rahman Bin Mamat joined the Ministry of International Trade and Industry ("MITI") as an Assistant Director on April 18, 1975 and served in various capacities in MITI for 35 years before retiring in December 2010 which included: (1) Deputy Trade Commissioner, Malaysian Trade Office, New York, the United States of America; (2) Director of Trade, Malaysian Trade Centre, Taipei, Taiwan; (3) Economic Counsellor/Trade Commissioner and Deputy Permanent Representative to the United Nations Economic and Social Commission (ESCAP), Malaysian Trade Office, Bangkok, Thailand; (4) Special Assistant to the Minister of International Trade and Industry; (5) Director, Export Promotion Bureau, Malaysia External Trade Development Corporation (MATRADE); (6) Director of Industries; (7) Senior Director, Policy and Industry, Services Division; (8) Deputy Secretary-General (Industry); and (9) Secretary-General.

During his tenure in MITI, he also served as MITI's representative on the board of various companies and corporations including Malaysian Industrial Development Authority (MIDA), MATRADE, Johor Corporation, Regional Economic Development Authority (RECODA) and Lembaga Kenaf dan Tembakau Negara. Tan Sri Abdul Rahman has represented Malaysia in a number of international meetings, negotiations, conferences and symposiums and has also contributed towards formulating, implementing and monitoring policies and programs on international trade and industrial growth. He is an honorary member of the ASEAN Federation of Engineering Organisations and a Malaysian Leader for the High Level Task Force on ASEAN Economic Integration.

Tan Sri Abdul Rahman has no family relationship with any Directors and/or Major Shareholders of the Company and has no conflict of interest with the Company. He has not been convicted of any offences within the past ten years.

He has attended 2 out of the 5 board meetings of HTVB held during the financial year ended 31 July 2011. The 3 meetings that he did not attend were held prior to his appointment.

PROFILE OF THE BOARD OF DIRECTORS
(Cont'd)

LEE CHING KION
Group Chief Operating Officer

Mr. Lee Ching Kion, aged 57, 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 Ching Kion is presently a Director of Hua Joo Enterprise Berhad.

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

Mr. Lee started his career in 1979 as an Engineer. He was with Yodoshi Malleable (M) Sdn Bhd and Jebsen-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 Ching Kion 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 Ching Kion was the Director of Midwest Corporation Ltd, an Australian company from 2003 - 2005. He was also the Director of Malayawata Steel Berhad, Magna Prima Berhad and Melewar Industrial Group Berhad.

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

He has attended all the 5 board meetings of HTVB held during the financial year ended 31 July 2011.

NG SOON LAI @ NG SIEK CHUAN
Independent Non-Executive Director

Mr. Ng Soon Lai, aged 57, 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 Soon Lai is presently a Director of Deutsche Bank (Malaysia) Berhad, S P Setia Berhad, Unico-Desa Plantations Berhad and Oriental Capital Assurance 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 Soon Lai 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.

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

He has attended all the 5 board meetings of HTVB held during the financial year ended 31 July 2011.

CHEAH SHU BOON

Independent Non-Executive Director

Mr. Cheah Shu Boon, aged 51, 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.

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

Mr. Cheah has vast experience in legal work include civil litigation, conveyancing, corporate matters and joint ventures. He has provided extensive advice in the negotiation and finalization of various joint ventures and privatisation projects.

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

He has attended 4 out of the 5 board meetings of HTVB held during the financial year ended 31 July 2011.

FOO KOK SIEW

Independent Non-Executive Director

Mr. Foo Kok Siew, aged 50, a Malaysian, was appointed as Independent Non-Executive Director of HTVB on 24 February 2010. He is a member of the Audit Committee, Remuneration Committee and Nomination Committee of the Company.

He holds a Bachelor of Economics Degree from Monash University, Melbourne. He started his career at the Chase Manhattan Bank, Kuala Lumpur in 1985 and since then, he has held senior positions with various corporations including Carr Indosuez Asia Limited, Hong Kong, Insas Berhad, HLG Capital Berhad and Kejora Harta Berhad. He was the Chief Executive Director of Alliance Investment Bank Berhad (2004 to 2006) and is currently the Chief Executive Officer of Platinum Equity Partners Sdn Bhd and an Independent Non-Executive Director of Inari Berhad.

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

He has attended all the 5 board meetings of HTVB held during the financial year ended 31 July 2011.

PROFILE OF THE BOARD OF DIRECTORS
(Cont'd)

LOW CHOONG SING
Executive Director

Mr. Low Choong Sing, aged 52, a Malaysian, was appointed as Non-Independent Non-Executive Director of HTVB on 24 February 2010 and was re-designated to Executive Director on 24 May 2010. He is a member of Remuneration Committee of the Company.

He is also a Director of all subsidiary companies of HTVB. Mr. Low currently sits on the board of Perduren (M) Berhad and all its subsidiary companies.

Mr. Low holds a Bachelor of Economics, majoring in Accounting from La Trobe University, Melbourne in 1982. He is a Fellow Member of CPA Australia and a Chartered Accountant of the Malaysian Institute of Accountants. He has more than 25 years of financial and operation management experience in the 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 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 ten years.

He has attended all the 5 board meetings of HTVB held during the financial year ended 31 July 2011.

LAW SOOK TENG
Executive Director

Ms. Law Sook Teng, aged 43, a Malaysian, was appointed as Executive Director of HTVB on 6 June 2003. Ms. Law Sook Teng does not sit on any committee of the Company.

She is also a Director of several subsidiaries company of HTVB.

Ms. Law Sook Teng 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 Directors 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 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 ten years.

She has attended all the 5 board meetings of HTVB held during the financial year ended 31 July 2011.

OOI AI LENG
Executive Director

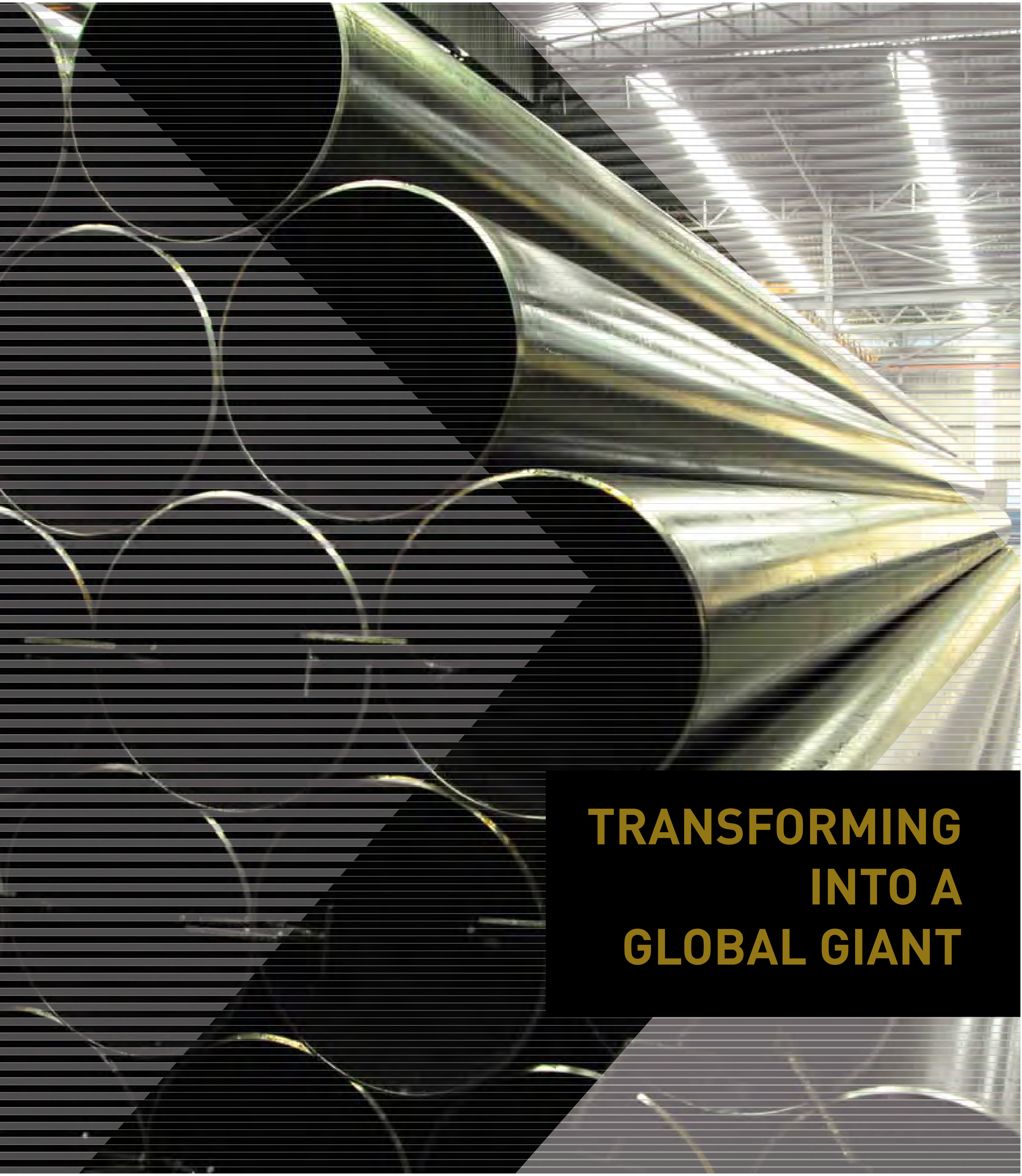
Ms. Ooi Ai Leng, aged 45, a Malaysian, was appointed as Executive Director of HTVB on 18 August 2009. Ms. Ooi does not sit on any committee of the Company.

She is currently a Director of several subsidiaries company of HTVB.

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. She 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.

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

She has attended all the 5 board meetings of HTVB held during the financial year ended 31 July 2011.



TRANSFORMING INTO A GLOBAL GIANT

CHAIRMAN'S STATEMENT

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 2011.

FINANCIAL PERFORMANCE

For the financial year ended 31 July 2011 and under very challenging operating environment, the Group's overall sales performance was less favourable with a decrease of about 6.1% in operating revenue from RM1.065 billion in the preceding year to RM1.0 billion in the current financial year. This was mainly due to the overall weakness in advanced economies coupled with the growth of Malaysian economy moderated to 4% in the second quarter of 2011 against 4.9% in the first quarter of 2011 following a weaker external environment.

Due to the decrease in revenue, the Group had recorded a lower net profit after tax of RM25.5 million in the current year compared with RM50.5 million in the preceding year, a decrease of about 49.50%. The drastic decline in the net margin was primarily due to weak market demand along with higher financing cost as a result of the gradual increases in the Overnight Policy Rate from 2.25% on 5 March 2010 to 3% on 5 May 2011, an increase of 75 basis points. Following the increase, the banks' base lending rates and base financing rates were involuntarily increased.

DIVIDENDS

The Board of Directors is pleased to recommend a single tier final dividend of 1.5 sen per share for the financial year 2011, subject to shareholders' approval at the forthcoming Annual General Meeting.

OPERATIONS REVIEW

In today's ever-changing world, the only thing that does not change is 'CHANGE' itself. Realising that in a world increasingly driven by the three Cs : Customer, Competition and Change, the Group is constantly on a lookout for solutions to its business problems.

The Group has taken initiative to re-design or re-engineer the passé business processes in order to achieve dramatic improvement in critical measures of performance such as service, quality, cost and speed. The ultimate aim of this exercise is to improve the entire delivery system within the organization's business processes. Besides, the Group has also taken steps to transform the mindset of its staff and to induce them to think more often about the process with which all of them are involved rather than the individual department. Our management team had worked diligently to re-design the business process by drawing up a series of logical, effective and functional tasks that would produce the required results.

In view of the above, the Group was able to sustain profitability despite the poor economic condition.

CORPORATE DEVELOPMENT

The Group had during the year under review announced that it would undertake a rights issue with warrants together with issuance of 7-year redeemable convertible secured bonds. The proposed corporate exercise is intended to raise capital for the Group's share in financing the construction of an integrated steel mill which will cost about RM750 million in Teluk Kalung, Kemaman Terengganu. On 21 July 2011, the Group had also announced that its 55% owned subsidiary, Eastern Steel Sdn Bhd had entered into an Engineering and Procurement Contract as well as a Construction Contract with China Shougang International Trade and Engineering Corporation for the design and construction of the first phase of an integrated steel mill with an annual capacity of 0.7 million tonnes of steel. The commencement date of the project is expected to be in December 2011/January 2012, and will take approximately eighteen months to complete.

By the time the project is completed, the Group is expected to become an integrated steel player in the country with both upstream and downstream operations, thereby strengthening its position in the local steel industry. This will in turn help the Group to better manage its profit margin.

The Group's scaffolding division had also set up a 55% owned subsidiary in Singapore, namely Huatraco Singapore Pte. Ltd., for the purpose of tapping into the huge growth potential in the economies in the South-east Asia region.

PROSPECTS

Demand for steel products is expected to remain weak in the near term due to the the sluggish market conditions. However, local demand is expected to increase gradually when the Malaysian market recovers with more development projects being rolled out under 10MP and Economic Transformation Programme.

The Federal Government's renewed push on infrastructure spending and urban renewal would inevitably spur domestic steel consumption. Contracts for large projects such as the MRT and the Klang Valley light rail transit extension works had already been awarded. Also on the cards are the construction of six new highways in addition to several mega developments in the pipeline such as the RM 26 billion KL International Financial District.

In view of the above, the Board is optimistic that the Group is set to benefit from the spin-off of these mega projects.

CHAIRMAN'S STATEMENT
(Cont'd)

CORPORATE SOCIAL RESPONSIBILITY

The Board acknowledges the importance of corporate social responsibility. The Group has and will continue to observe and practice environmental accounting in order to assist in the reduction of greenhouse gases in the surrounding atmosphere. The Group will also continue to support a good cause in whatever manner.

ACKNOWLEDGEMENT

I wish to convey my sincere thanks to our fellow directors, management and staff for their unwavering hard work and contributions during the year.

To all our valued customers, suppliers, bankers, business associates, advisers and regulatory authorities which we have been dealing with over the years, we thank them for their continued and invaluable support to the Group.

Not least, I would like to express the Board's appreciation to Mr. Kua Hock Lai for his immense contribution and counsel during his tenure with the Group. I also wish to take this opportunity to welcome Tan Sri Abdul Rahman Bin Mamat who joined the Board recently.

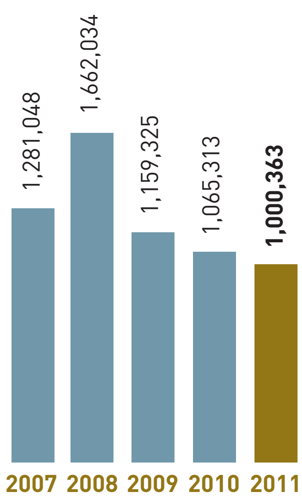
Last but not least, on behalf of the Board, I wish to thank all our valued shareholders for their loyalty and trust in the Group.

TAN SRI DATO' ALWI JANTAN
Chairman

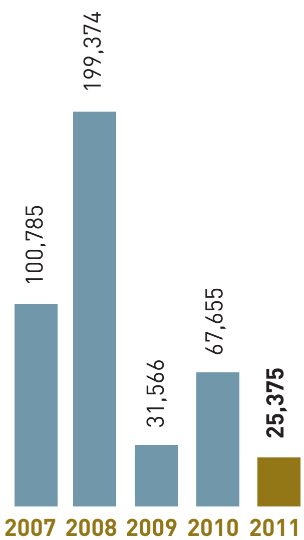
FIVE-YEAR GROUP FINANCIAL HIGHLIGHTS

	2007	2008	2009	2010	2011
Revenue (RM'000)	1,281,048	1,662,034	1,159,325	1,065,313	**1,000,363**
Profit Before Taxation (RM'000)	100,785	199,374	31,566	67,655	**25,375**
Profit After Taxation (RM'000)	71,397	154,278	43,361	50,508	**25,538**
Shareholders' Funds (RM'000)	413,622	571,076	601,140	695,425	**716,747**
NA Per Share (RM)	1.26	1.76	1.87	2.16	**2.23**
Earnings Per Share (sen)	21.96	47.19	13.45	15.74	**8.52**
Dividend (sen/share)	2.50	4.11	1.50	1.50	**1.50**

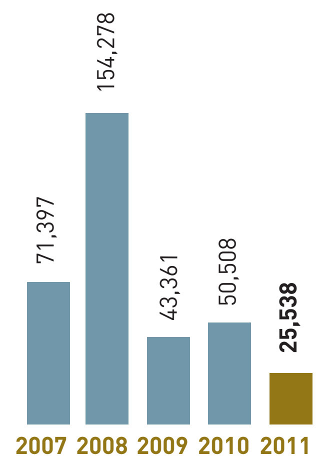
REVENUE (RM'000)



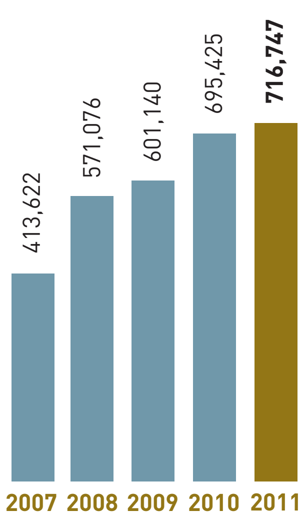
PROFIT BEFORE TAX (RM'000)



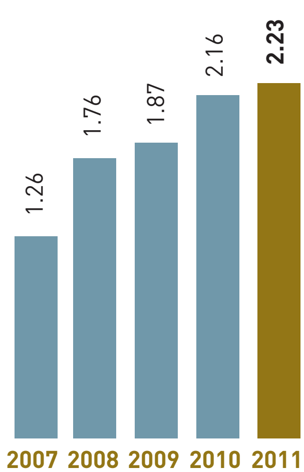
PROFIT AFTER TAX (RM'000)



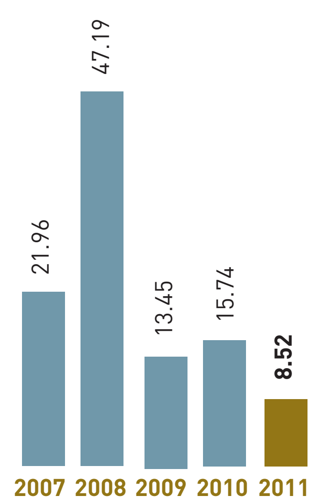
SHAREHOLDERS' FUNDS (RM'000)



NA PER SHARE (RM)



EARNINGS PER SHARE (SEN)



TRANSITIONING TOWARDS INTERNATIONAL PROMINENCE

STATEMENT ON CORPORATE GOVERNANCE

The Board of Hiap Teck Venture Berhad ("HTVB") recognises the importance of maintaining good corporate governance in the Group and is fully committed to ensuring and maintaining a high standard of corporate governance within the Group. The Board applies the principles and best practices as set out in Part 1 and 2 of the Malaysian Code on Corporate Governance ("the Code").

The Board is pleased to provide the following statements which outline the main corporate governance practices that were in place within the Group throughout the financial year ended 31 July 2011.

A. BOARD OF DIRECTORS

Board Responsibilities

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.

Board Balance

As at 31 July 2011, the Board consists of ten (10) Directors of which one (1) is Executive Deputy Chairman, four (4) are Executive Directors and the remaining five (5) are Independent Non-Executive Directors. 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.

The composition of the Board is well balanced, with diverse professional backgrounds, 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, Executive Deputy Chairman and Group Chief Operating Officer to ensure the balance of power and authority. The Chairman's main responsibility is to ensure effective conduct of the Board and that all Directors have unrestricted and timely access to all relevant information necessary for decision making. The Executive Deputy Chairman and Group Chief Operating Officer 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.

Board Meetings

The Board of Directors meets on a quarterly basis with additional meetings convened as and when necessary, to inter-alia approve quarterly financial results, business plans, budgets, governance matters and other business development activities. Special Board meetings may be convened to consider urgent proposal or matters which require the expeditious review or consideration by the Board. Senior management is invited to attend the Board meetings to advise on relevant agenda items to enable the Board to arrive at a considered decision. Board meetings for the ensuring financial year are scheduled in advance to facilitate the Directors to plan ahead.

During the financial year ended 31 July 2011, five (5) 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").

STATEMENT ON CORPORATE GOVERNANCE
(Cont'd)

Name of Directors	Total Meetings Attended by Directors	% of Attendance
Tan Sri Dato' Alwi Jantan (Chairman, Independent Non-Executive Director)	5/5	100
Dato' Law Tien Seng (Executive Deputy Chairman)	4/5	80
Tan Sri Abdul Rahman Bin Mamat (Independent Non-Executive Director) (Appointed on 28 January 2011)	2/2	100
Mr. Kua Hock Lai (Managing Director) (Retired on 31 July 2011)	4/5	80
Mr. Lee Ching Kion (Group Chief Operating Officer)	5/5	100
Mr. Ng Soon Lai @ Ng Siek Chuan (Independent Non-Executive Director)	5/5	100
Mr. Cheah Shu Boon (Independent Non-Executive Director)	4/5	80
Mr. Foo Kok Siew (Independent Non-Executive Director)	5/5	100
Mr. Low Choong Sing (Executive Director)	5/5	100
Ms. Law Sook Teng (Executive Director)	5/5	100
Ms. Ooi Ai Leng (Executive Director)	5/5	100

Board Committees

The Board delegates certain responsibilities to the respective committees of the Board which operate with clearly defined terms of reference. These committees have the authority to examine particular issues and report to the Board with their proceedings and deliberations.

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

The Company has three (3) principal Board committees. Below is a general description of some of the basic functions of the respective committee.

a. Audit Committee

The Audit Committee which 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.

b. Nomination Committee

In line with the requirement of the Code, all members of the Nomination Committee are Independent Non-Executive Directors.

The members of the Nomination Committee are:

Name	Designation	Directorship
Tan Sri Dato' Alwi Jantan	Chairman	Independent Non-Executive Director
Mr. Foo Kok Siew	Member	Independent Non-Executive Director
Dato' Law Tien Seng	Member	Non-Independent Non-Executive Director

(re-designated from Non-Independent Non-Executive Director to Executive Deputy Chairman on 3 August 2011 and ceased to be a member of the Nomination Committee with effect from the same date.)

The Nomination Committee has been entrusted with the responsibility of proposing and recommending new nominees to the Board and of assessing Directors on an on-going basis. 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 via a self evaluation process moderated by the Chairman.

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 three (3) times during the financial year ended 31 July 2011.

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. Foo Kok Siew	Member	Independent Non-Executive Director
Mr. Low Choong Sing	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 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 three (3) times during the financial year to review and discuss the remuneration of the Executive Directors and Senior Management.

Supply of Information

The Directors are supplied with and 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.

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.

Retirement and 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.

Pursuant to Section 129(2) of the Companies Act, 1965, Directors over seventy (70) years of age shall hold office until the next Annual General Meeting but shall be eligible for re-appointment.

Directors' Training

Directors are encouraged to attend seminars and/or conferences to keep abreast with development in the industry and market place. All members of the Board have attended the Mandatory Accreditation Programme conducted by Bursa Malaysia Training Sdn. Bhd.

The Directors had during the financial year ended 31 July 2011, evaluated their own training needs and attended seminars, conferences and forums which they considered as relevant and useful and would strengthen their contribution to the Group. Append below are some of the training/seminars attended by the Directors:

	Topic	Organiser
1.	Towards Corporate Governance Excellence For Sustainable Success	Bursatra Sdn Bhd
2.	Budget 2011 Proposals & Recent Developments	Malaysian Institute of Accountants
3.	Directors' Powers, Duties & Responsibilities and Common Offences Under Companies Act 1965	Perduren Berhad
4.	Half day Governance program Assessing the Risk and Control Environment	Bursa Malaysia Securities Berhad
5.	The Board's Responsibility for Corporate Culture-Selected Governance Concerns and Tools for Addressing Corporate Culture and Board Performance	Bursa Malaysia Securities Berhad
6.	The CFO and Conflicts of Interest	Bursa Malaysia Securities Berhad
7.	Understanding of GST and Updates in Malaysia	In House Training
8.	Tax Strategies for Manufacturing Firms	Bridge Knowle Events (M) Sdn Bhd

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 experience, expertise and level of responsibilities.

The following are the remuneration bands of the Directors:

Remuneration Bands	Executive Directors	Non-Executive Directors
RM Nil – RM50,000	-	1
RM50,001 – RM100,000	-	5*
RM500,001 – RM550,000	2	-
RM650,001 – RM700,000	1	-
RM1,100,001 – RM1,150,000	1	-
RM4,750,001 – RM4,800,000	1**	-

* One of the Non-Executive Director was re-designated as Executive Director on 3 August 2011
** The Executive Director has retired during the financial year.

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	-	7,452,866	102,102	7,554,968
Non-Executive Directors	408,000	31,000	-	439,000

C. SHAREHOLDERS COMMUNICATION AND INVESTORS RELATIONS

The Board recognises the importance of effective communication with shareholders and investors. 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 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. 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 is the 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 enclosed Statement on Internal Control.

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 2010 and 29 June 2011 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 2011 are as follows:

Month	No. of Shares Buy-Back (RM)	Lowest Price (RM)	Highest Price (RM)	Average Price (RM)	Total Consideration
Dec '10	10,000	1.18	1.18	1.18	11,887
July '11	10,000	0.925	0.925	0.925	9,318
Total	20,000				21,205

As at end of the financial year:

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

b. No shares had been cancelled.

2. OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

There were no options, warrants or convertible securities exercised during the financial year ended 31 July 2011.

3. DEPOSITORY RECEIPT PROGRAMME

The Company did not sponsor any Depository Receipt Programme during the financial year ended 31 July 2011.

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 2011.

5. NON-AUDIT FEES

A non-audit fees of RM125,000.00 was incurred for services rendered to HTVB or its subsidiaries for the Financial Year ended 31 July 2011 by the External Auditors or a firm or company affiliated to the External Auditors for the financial year ended 31 July 2011.

6. VARIATION IN RESULTS

There was no material variance between the results for the financial year ended 31 July 2011 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 22 July 2011 entered into a Co-operation Agreement with Shougang International (Singapore) Pte Ltd ("Shougang Singapore"), Eastern Steel Sdn Bhd, Dato' Law Tien Seng and Chinaco Investment Pte Ltd to set out the overall mode and structure of the participation of Shougang Singapore in the construction and operation of an integrated steel mill in Teluk Kalung, Kemaman, Terengganu Darul Iman, the primary rights and obligations of the parties prior to, upon and following completion of the acquisition by Shougang Singapore of the entire equity interest in Orient Steel Investment Pte Ltd from Dato' Law Tien Seng ("SG Acquisition") and the relationship and connection between the Co-operation Agreement and the agreement for the SG Acquisition, the Shareholders' Agreement and the Shareholders' Loan Agreement.

Saved 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 2011.

10. REVALUATON POLICY

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

11. RECURRENT RELATED PARTY TRANSACTIONS OF REVENUE OR TRADING NATURE

The Company has on its AGM held on 14 December 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 2011 in accordance with the shareholders' mandate obtained in the last Annual General Meeting were as follows:

Related Parties involved with HTVB and/or its Subsidiaries	Nature of Transaction	Relationship and Nature of Interest	Value of Transaction (RM'000)
Power Concord Sdn Bhd ("PC")	i) Sales of steel products ii) Provision of transportation by lorries	i) Mr. Kua Swee Kiat and Ms.Kua Siu Hui are directors and shareholders of PC. ii) 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 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. iv) Mr Kua Swee Leong is deemed interested in PC by virtue of him being the brother of Mr. Kua Swee Kiat and Ms. Kua Siu Hui.	270
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.	2
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 on him being director and shareholder of UOA Development Berhad which is a company related with 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") which in turn is the major shareholder of JKJS.	168,104

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 2011.

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 ensured 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 8 November 2011.

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.

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.

In addition, the Group has a Risk Management Committee which comprises of the selected heads of department from various functions in the Group and led by an Executive Director, to further strengthening the risk management function. The committee reviews and updates the identified risks and action plan on quarterly basis to ensure that risk are managed effectively.

Review Mechanism

Independent review of the system of internal control is undertaken by the Audit Committee and further supported by the presence of the internal audit function which makes it more effective. The internal control matters which were highlighted by the external auditors in the course of their statutory audit are also evaluated by the committee.

Additionally, the Audit Committee assists the Board to review the financial information of the Group. They deliberate the integrity of the financial results, annual report and audited financial statements before recommending to the Board to be presented to the shareholders and public investors.

Key Elements of Internal Control

Apart from the above, the present key internal controls in the Group are as follows:

i. Formation of Purchasing Committee which responsible to review and monitor purchases on weekly basis;

ii. Senior management and Executive Directors monitor and ensure that the business operations of the Group are aligned with desirable objectives and targets through periodic management performance reporting;

iii. Budgetary control including the review and approval of annual budget;

iv. Organisation structure that defines the management responsibilities and its hierarchy structure of reporting lines and accountability;

v. Authority limits and approval processes that facilitate the delegation of authority and management succession;

vi. 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; and

vii. 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.

Assurance and Limitation

The Board believes that the current management control, risk management framework and the review mechanism provide reasonable assurance on the effectiveness of the system of internal control of the Group. However, due to its inherent nature, the system of internal control does not eliminate the possibility of human error, collusion or the deliberate circumvention of control procedures. Therefore, the system can only provide reasonable and not absolute assurance against material misstatements, frauds and losses. Nonetheless, the Board is committed towards operating a sound system of internal control and acknowledges that the system must continuously evolve to support the Group.

AUDIT COMMITTEE REPORT

The Audit Committee was established on 17 July 2003. The Audit Committee serve to assist the Board in ensuring the effectiveness of the Group's system of internal control and financial reporting practices.

COMPOSITION OF AUDIT COMMITTEE

Members of the Audit Committee	Designation
Mr. Ng Soon Lai @ Ng Siek Chuan	Chairman
Tan Sri Abdul Rahman Bin Mamat	Member
Mr. Cheah Shu Boon	Member
Mr. Foo Kok Siew	Member

All members of the Audit Committee are Independent Non-Executive Director.

Tan Sri Abdul Rahman Bin Mamat was appointed as member of the Audit Committee on 28 January 2011.

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.

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.

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.

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 2011, the Audit Committee convened a total of five (5) meetings. The number of Audit Committee meetings held during the members' tenure in office in financial year 2011 and their attendance are as follows:-

Members	Number of meetings held during Members' tenure in office	Number of meetings attended by Members
Mr. Ng Soon Lai @ Ng Siek Chuan	5	5
Tan Sri Abdul Rahman Bin Mamat	2	2
Mr. Cheah Shu Boon	5	4
Mr. Foo Kok Siew	5	5

The Group Chief Financial Officer and Internal Auditors attended all the Audit Committee meetings during the financial year ended 31 July 2011. Representatives 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.

AUDIT COMMITTEE REPORT
(Cont'd)

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 and approved the internal audit plan, strategy and scope of work.
- Reviewed the internal audit reports and consideration of the findings and recommendations and management's responses thereto.
- Reviewed the Recurrent Related Party Transactions of the Group.
- Reviewed the external audit planning memorandum which covers the scope of the statuary audit and the audit plan prior to the commencement of audit of the Group's financial statements for the financial year ended 31 July 2011.
- Reviewed and discuss with External Auditors the issues arising from the statutory audit, the audit report and the management letters including management's responses.
- 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 2010 and 29 June 2011 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 RM65,000.00. The internal audit function is independent of all operating units. The main 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.

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 Repoort.

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

The Group is committed to providing high standards of safety in the working conditions for its employees. 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.

Our employees are the heart and soul of the HTVB Group and the key to our competitive success in the global marketplace. We believe that our employees' participation and involvement in the activities of the Group is vital to the success of the Group. We strive to motivate, develop and retain the best employees, and to ensure that they excel and thrive in a conducive corporate environment at all times. 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. The Group also provides scholarships and financial assistance to its employees and their children; giving them the opportunities and encouragement to improve themselves via education and life-long learning.

The Environment

The Group is working responsibly to reduce the environmental impact of our operations and continuously explore and develop feasible and safe processes and procedures to minimise any adverse impact from all its operations on the environment and our employees.

The Community

The Group aims to contribute and provide real benefit to the community to make the community as a whole a better place to live and conduct business. The Group offers worthwhile career prospect and development to our employees in a safe and caring working environment, and encourages our employees to maintain a healthy and balanced lifestyle.

The Group gives high priority to education. The Group, therefore, believes strongly that education is the foundation to one's personal development and growth. During the year, the Group continues to provide education subsidies to the children of our employees to enable them to pursue their study. Over the years, the Group has participated in various fund raising activities organised by schools in the local community.

The Market Place

The Group 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.

Our Board would continue to seek ways to grow our business while upholding our values and respect for the community, employees, the environment, shareholders and other stakeholders.

FINANCIAL STATEMENTS

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**

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 2011.

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 these principal activities during the financial year.

RESULTS

	Group RM'000	Company RM'000
Profit for the year	25,538	13,496
Attributable to:		
Equity holders of the Company	27,420	13,496
Minority interest	(1,882)	-
	25,538	13,496

There have been 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 have not been 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 2010 was as follows:

	RM'000
In respect of the financial year ended 31 July 2010 as reported in the directors' report of that year:	
Single tier final dividend of 1.5 sen per share (3%) on 321,960,000 ordinary shares, approved in the Annual General Meeting on 14 December 2010 and paid on 25 January 2011	4,829

At the forthcoming Annual General Meeting, a single tier final dividend in respect of the financial year ended 31 July 2011, of 1.5 sen per share (3%) on 321,950,000 ordinary shares, amounting to a dividend payable of RM4,829,250 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 2012.

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	
Dato' Law Tien Seng	
Cheah Shu Boon	
Foo Kok Siew	
Lee Ching Kion	
Low Choong Sing	
Law Sook Teng (f)	
Ng Soon Lai @ Ng Siek Chuan	
Ooi Ai Leng (f)	
Tan Sri Abdul Rahman Mamat	(Appointed on 28 January 2011)
Kua Hock Lai	(Retired on 31 July 2011)

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 8 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 1.8.2010	**Acquired**	**Sold**	**As at 31.7.2011**
The Company				
Direct Interest:				
Tan Sri Dato' Alwi Jantan	1,467,000	-	(326,000)	1,141,000
Cheah Shu Boon	66,000	-	-	66,000
Law Sook Teng (f)	450,015	-	-	450,015
Kua Hock Lai *	200,000	-	-	200,000
Indirect Interest:				
Dato' Law Tien Seng	89,000,000	-	-	89,000,000
Lee Ching Kion	20,000	-	-	20,000
Kua Hock Lai *	25,115,999	-	-	25,115,999

* Retired on 31 July 2011

DIRECTORS' INTERESTS (CONT'D)

By virtue of his shareholdings in the Company, Dato' Law Tien Seng is 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 RM1.06 per share. The total consideration paid for the repurchases including transaction costs was RM21,205.

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 27 to the financial statements.

OTHER STATUTORY INFORMATION

(a) Before the statements of comprehensive income and statements of financial position 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 allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance 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 allowance 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.

(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.

OTHER STATUTORY INFORMATION (CONT'D)

(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 EVENTS

The details of the significant events are disclosed in Note 38 to the financial statements.

SUBSEQUENT EVENT

The details of the subsequent event are disclosed in Note 39 to the financial statements.

Signed on behalf of the Board in accordance with a resolution of the directors dated 8 November 2011.

LOW CHOONG SING

LAW SOOK TENG

STATEMENT BY DIRECTORS

Pursuant to Section 169(15) of the Companies Act, 1965

We, LOW CHOONG SING 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 102 are drawn up in accordance with the provisions of the Companies Act, 1965 and 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 2011 and of the results and the cash flows of the Group and of the Company for the year then ended.

Further to the Statement by Directors pursuant to Section 169(15) of the Companies Act, 1965, the information set out in Note 41 to the financial statements on page 103 has been prepared in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board in accordance with a resolution of the directors dated 8 November 2011.

LOW CHOONG SING

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 103 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 8 November 2011

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 statements of financial position as at 31 July 2011 of the Group and of the Company, and statements of comprehensive income, statements of changes in equity and statements of cash flow 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 102.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia and for such internal control as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 of financial statements that give a true and fair view 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 2011 and of their financial performance and cash flows of the Group and of the Company for the year then ended.

INDEPENDENT AUDITORS' REPORT

To the members of Hiap Teck Venture Berhad (Cont'd)
(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 of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 14 to the financial statements, being financial statements that have been included in the consolidated financial statements.

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

(d) 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

The supplementary information set out in Note 41 on page 103 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

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

Loke Siew Heng
No. 2871/07/13(J)
Chartered Accountant

Kuala Lumpur, Malaysia
8 November 2011

STATEMENTS OF COMPREHENSIVE INCOME

For the year ended 31 July 2011

	Note	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Revenue	4	1,000,363	1,065,313	24,144	18,024
Cost of sales	5	(911,061)	(944,327)	-	-
Gross profit		89,302	120,986	24,144	18,024
Other operating income		6,300	10,921	-	178
Operating costs in respect of income generating investment properties		(104)	(182)	(1,315)	(1,086)
Administrative expenses		(32,239)	(29,321)	(9,090)	(8,539)
Selling and marketing expenses		(21,157)	(20,344)	-	-
Other operating expenses		(795)	(1,133)	-	-
Profit from operations	6	41,307	80,927	13,739	8,577
Finance costs	9	(15,932)	(13,272)	-	-
Profit before tax		25,375	67,655	13,739	8,577
Income tax	10	163	(17,147)	(243)	(502)
Profit net of tax		25,538	50,508	13,496	8,075
Other comprehensive income					
Foreign currency translation		6	-	-	-
Gain on fair value changes		414	-	-	-
Other comprehensive income for the year, net of tax		420	-	-	-
Total comprehensive income for the year		25,958	50,508	13,496	8,075
Profit attributable to:					
Owners of the parent		27,420	50,677	13,496	8,075
Minority interests		(1,882)	(169)	-	-
		25,538	50,508	13,496	8,075
Total comprehensive income attributable to:					
Owners of the parent		27,840	50,677	13,496	8,075
Minority interests		(1,882)	(169)	-	-
		25,958	50,508	13,496	8,075
Earnings per share (sen):					
Basic	11	8.52	15.74		

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION

As at 31 July 2011

		Group			Company	
	Note	2011 RM'000	31 July 2010 RM'000 Restated	1 August 2009 RM'000 Restated	2011 RM'000	2010 RM'000
NON-CURRENT ASSETS						
Property, plant and equipment	12	457,971	470,889	338,186	1,781	1,470
Investment properties	13	5,641	5,745	5,849	105,995	107,310
Investment in subsidiaries	14	-	-	-	201,570	201,570
Available-for-sale financial assets	15	3,090	186	208	-	-
Deferred tax assets	16	2,988	393	3,460	-	-
Intangible	17	50,556	50,556	-	-	-
		520,246	527,769	347,703	309,346	310,350
CURRENT ASSETS						
Inventories	18	443,184	398,661	268,087	-	-
Trade receivables	19	195,616	181,862	193,710	-	-
Other receivables	20	36,868	18,018	59,977	46	77
Due from subsidiaries	21	-	-	-	1,650	50
Derivative assets	22	107	-	-	-	-
Tax recoverable		11,326	9,728	11,305	96	878
Available-for-sale financial assets	15	83,221	71,542	83,030	-	-
Cash and cash equivalents	23	48,696	43,177	88,149	1,574	155
		819,018	722,988	704,258	3,366	1,160
TOTAL ASSETS		1,339,264	1,250,757	1,051,961	312,712	311,510

STATEMENTS OF FINANCIAL POSITION

As at 31 July 2011 (Cont'd)

	Note	Group 2011 RM'000	Group 31 July 2010 RM'000 Restated	Group 1 August 2009 RM'000 Restated	Company 2011 RM'000	Company 2010 RM'000
CURRENT LIABILITIES						
Borrowings	24	479,152	411,984	331,086	-	-
Trade payables	25	44,349	34,489	26,055	-	-
Other payables	26	29,440	20,465	23,146	3,737	2,475
Due to subsidiaries	21	-	-	-	115,445	124,151
Derivative liabilities	22	650	-	-	-	-
Tax payable		-	1,545	160	-	-
		553,591	468,483	380,447	119,182	126,626
NON-CURRENT LIABILITIES						
Borrowings	24	27,443	41,803	62,242	-	-
Deferred tax liabilities	16	41,483	45,046	8,132	-	-
		68,926	86,849	70,374	-	-
TOTAL LIABILITIES		622,517	555,332	450,821	119,182	126,626
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT						
Share capital	27	163,700	163,700	163,700	163,700	163,700
Share premium	27	25,341	25,341	25,341	25,341	25,341
Treasury shares	27	(7,479)	(7,458)	(7,430)	(7,479)	(7,458)
Other reserves	28(a)	420	-	-	-	-
Revaluation reserve	28(b)	31,635	31,635	31,635	-	-
Retained profits	28(c)	456,332	433,741	387,894	11,968	3,301
		669,949	646,959	601,140	193,530	184,884
Minority interests		46,798	48,466	-	-	-
TOTAL EQUITY		716,747	695,425	601,140	193,530	184,884
TOTAL EQUITY AND LIABILITIES		1,339,264	1,250,757	1,051,961	312,712	311,510

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the year ended 31 July 2011

	Note	Share Capital RM'000	Share Premium RM'000	Treasury Shares RM'000	Other Reserves RM'000	Revaluation Reserve RM'000	Retained Profits RM'000	Total RM'000	Minority Interests RM'000	Total Equity RM'000
		<——— Non-Distributable				———>	Distributable			
Opening balance as at 1 August 2010		163,700	25,341	(7,458)	-	31,635	433,741	646,959	48,466	695,425
Total comprehensive income		-	-	-	420	-	27,420	27,840	(1,882)	25,958
Transactions with owners										
Purchase of treasury shares	27	-	-	(21)	-	-	-	(21)	-	(21)
Minority interest on new subsidiary		-	-	-	-	-	-	-	214	214
Final dividend for the financial year ended 31 July 2010 (Single tier of 3%)	29	-	-	-	-	-	(4,829)	(4,829)	-	(4,829)
Total transactions with owners		-	-	(21)	-	-	(4,829)	(4,850)	214	(4,636)
Closing balance as at 31 July 2011		163,700	25,341	(7,479)	420	31,635	456,332	669,949	46,798	716,747
Opening balance as at 1 August 2009		163,700	25,341	(7,430)	-	31,635	387,894	601,140	-	601,140
Total comprehensive income		-	-	-	-	-	50,677	50,677	(169)	50,508
Transactions with owners										
Purchase of treasury shares	27	-	-	(28)	-	-	-	(28)	-	(28)
Minority interest on acquisition of subsidiary		-	-	-	-	-	-	-	48,635	48,635
Final dividend for the financial year ended 31 July 2009 (Single tier of 3%)	29	-	-	-	-	-	(4,830)	(4,830)	-	(4,830)
Total transactions with owners		-	-	(28)	-	-	(4,830)	(4,858)	48,635	43,777
Closing balance as at 31 July 2010		163,700	25,341	(7,458)	-	31,635	433,741	646,959	48,466	695,425

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

COMPANY STATEMENTS OF CHANGES IN EQUITY

For the year ended 31 July 2011

	Note	Share Capital RM'000	Non-Distributable Share Premium RM'000	Treasury Shares RM'000	Distributable Retained Profits RM'000	Total RM'000
Opening balance as at 1 August 2010		163,700	25,341	(7,458)	3,301	184,884
Total comprehensive income		-	-	-	13,496	13,496
Transactions with owners						
Purchase of treasury shares	27	-	-	(21)	-	(21)
Final dividend for the financial year ended 31 July 2010 (Single tier of 3%)	29	-	-	-	(4,829)	(4,829)
Total transactions with owners		-	-	(21)	(4,829)	(4,850)
Closing balance as at 31 July 2011		163,700	25,341	(7,479)	11,968	193,530
Opening balance as at 1 August 2009		163,700	25,341	(7,430)	56	181,667
Total comprehensive income		-	-	-	8,075	8,075
Transactions with owners						
Purchase of treasury shares	27	-	-	(28)	-	(28)
Final dividend for the financial year ended 31 July 2009 (Single tier of 3%)	29	-	-	-	(4,830)	(4,830)
Total transactions with owners		-	-	(28)	(4,830)	(4,858)
Closing balance as at 31 July 2010		163,700	25,341	(7,458)	3,301	184,884

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

For the year ended 31 July 2011

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
OPERATING ACTIVITIES				
Profit before tax	25,375	67,655	13,739	8,577
Adjustments for:				
Loss on disposal of available-for-sale financial assets	10	16	-	-
Net unrealised foreign exchange gains	(435)	(69)	-	-
Allowance for doubtful debts	44	1,130	-	-
Allowance for doubtful debts on quantity discount claim	10,000	12,014	-	-
Reversal of allowance for doubtful debts	(1,133)	(38)	-	-
Depreciation of property, plant and equipment	22,775	20,441	438	134
Depreciation of investment properties	104	104	1,315	1,046
Inventories written back	-	(4,390)	-	-
Property, plant and equipment written off	14	6	-	-
Interest expense	15,342	12,766	-	-
Interest income:				
Deposits	(176)	(324)	-	-
Available-for-sale financial assets	(1,794)	(2,401)	-	(18)
Net overdue interest (income)/expense	(1,137)	278	-	-
Fair value changes on derivatives	543	-	-	-
Gross dividends income	-	-	(14,460)	(9,840)
Gain on disposals of property, plant and equipment	(733)	(2,307)	-	(160)
Operating profit/(loss) before working capital changes	68,799	104,881	1,032	(261)
Changes in working capital:				
Inventories	(44,523)	(126,184)	-	-
Receivables	(37,200)	41,342	31	(6)
Payables	18,835	5,180	1,262	300
Net change in intercompanies indebtedness	-	-	(10,306)	32,513
Cash generated from/(used in) operations	5,911	25,219	(7,981)	32,546
Interest paid	(19,922)	(12,766)	-	-
Net overdue interest income received	1,137	-	-	-
Taxes paid	(13,039)	(8,730)	(305)	-
Taxes refunded	3,901	702	844	-
Net cash (used in)/generated from operating activities	(22,012)	4,425	(7,442)	32,546

STATEMENTS OF CASH FLOWS

For the year ended 31 July 2011 (Cont'd)

	Group		Company	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
INVESTING ACTIVITIES				
Proceeds from disposal of available-for-sale financial assets	7,465	39,303	-	887
Net dividends received	-	-	14,460	9,840
Proceeds from disposals of property, plant and equipment	3,771	11,953	-	160
Interest received:				
Deposits	176	324	-	-
Available-for-sale financial assets	1,794	2,401	-	18
Purchase of property, plant and equipment	(12,909)	(20,978)	(749)	(1,604)
Purchase of investment properties	-	-	-	(48,900)
Investment in a subsidiary	-	-	-	(110,000)
Investment in available-for-sale financial assets	(21,643)	(27,810)	-	-
Minority interest on new subsidiary	214	-	-	-
Net cash outflow from the acquisition of a subsidiary	-	(109,982)	-	-
Net cash (used in)/generated from investing activities	(21,132)	(104,789)	13,711	(149,599)
FINANCING ACTIVITIES				
Repayment of term loans	(13,920)	(24,768)	-	-
Drawdown of bankers' acceptances and onshore foreign currency loan	66,728	85,890	-	-
Purchase of treasury shares	(21)	(28)	(21)	(28)
Dividends paid	(4,829)	(4,830)	(4,829)	(4,830)
Advances from subsidiaries	-	-	-	121,719
Net cash generated from/(used in) financing activities	47,958	56,264	(4,850)	116,861
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	4,814	(44,100)	1,419	(192)
EFFECT OF EXCHANGE RATE CHANGES	705	(872)	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	43,177	88,149	155	347
CASH AND CASH EQUIVALENTS AT END OF YEAR	48,696	43,177	1,574	155

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 July 2011

1. CORPORATE INFORMATION

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 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.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

The financial statements comply with the provisions of the Companies Act, 1965 and 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 January 2010 as described in Note 2.2.

The financial statements of the Group and of the Company have also been prepared on a historical basis, except as disclosed in the accounting policies below.

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 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 August 2010, the Group and the Company adopted the following new and amended FRSs and IC Interpretations mandatory for annual financial periods beginning on or after 1 January 2010:

Effective for financial periods beginning on or after 1 January 2010

- FRS 7 Financial Instruments: Disclosures
- FRS 101 Presentation of Financial Statements (Revised)
- FRS 123 Borrowing Costs
- FRS 139 Financial Instruments: Recognition and Measurement
- Amendments to FRS 1 First-time Adoption of Financial Reporting Standards and FRS 127 Consolidated and Separate Financial Statements: Cost of and Investment in a Subsidiary, Jointly Controlled Entity or Associate
- Amendments to FRS 2 Share-based Payment – Vesting Conditions and Cancellations
- Amendments to FRS 7 Financial Instruments : Disclosures
- Amendments to FRS 132 Financial Instruments: Presentation
- Improvements to FRS issued in 2009
- 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

FRS 4 Insurance Contracts and TR i-3 Presentation of Financial Statements of Islamic Financial Institutions will also be effective for annual periods beginning on or after 1 January 2010. These FRSs are, however, not applicable to the Group or the Company.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Changes in accounting policies (cont'd)

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
- Amendments to FRS 5
- Amendments to FRS 138
- IC Interpretation 12 Service Concession Arrangements
- IC Interpretation 16 Hedges of a Net Investment in a Foreign Operation
- IC Interpretation 17 Distributions of Non-cash Assets to Owners
- Amendments to IC Interpretation 9

The adoption of the above standards and interpretations did not have any effect on the financial performance or position of the Group and the Company except for those discussed below:

FRS 7 Financial Instruments: Disclosures

Prior to 1 August 2010, information about financial instruments was disclosed in accordance with the requirements of FRS 132 Financial Instruments: Disclosure and Presentation. FRS 7 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk.

The Group and the Company have applied FRS 7 prospectively in accordance with the transitional provisions. Hence, the new disclosures have not been applied to the comparatives. The new disclosures are included throughout the Group's and the Company's financial statements for the year ended 31 July 2011.

FRS 101 Presentation of Financial Statements (Revised)

The revised FRS 101 introduces changes in the presentation and disclosures of financial statements. The revised Standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented as a single line. The Standard also introduces the statement of comprehensive income, with all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Group and the Company have elected to present this statement as one single statement.

In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the classification of items in the financial statements.

The revised FRS 101 also requires the Group to make new disclosures to enable users of the financial statements to evaluate the Group's objectives, policies and processes for managing capital (see Note 36).

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Changes in accounting policies (cont'd)

FRS 139 Financial Instruments: Recognition and Measurement

FRS 139 establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. The Group and the Company have adopted FRS 139 prospectively on 1 August 2010 in accordance with the transitional provisions. The effects arising from the adoption of this Standard has been accounted for by adjusting the opening balance of retained profits as at 1 August 2010. Comparatives are not restated. The details of the changes in accounting policies and the effects arising from the adoption of FRS 139 are discussed below:

- **Available-for-sale financial assets**

  Prior to 1 August 2010, the Group classified its investments in unit trust fund, equity instruments and club membership which were held for non-trading purposes as other investments. Such investments were carried at cost less impairment losses. Upon the adoption of FRS 139, these investments are designated at 1 August 2010 as available-for-sale financial assets and accordingly are stated at their fair values. As at 1 August 2010, the carrying amount of such financial assets approximated their fair values and accordingly did not have significant impact to the opening balance of retained profits as at 1 August 2010.

- **Non-hedging derivatives**

  Prior to 1 August 2010, all derivative financial instruments were recognised in the financial statements only upon settlement. These instruments do not qualify for hedge accounting under FRS 139. Hence, upon the adoption of FRS 139, all derivatives held by the Group as at 1 August 2010 are recognised at their fair values and are classified as financial assets or financial liabilities at fair value through profit or loss. The retained profits of the Group as at 1 August 2010 have not been adjusted as the impact of the recognition and measurement of non-hedging derivatives is not material.

The following are effects arising from the above changes in accounting policies:

	Increase/(decrease)	
	As at 31 July 2011 RM'000	**As at 1 August 2010 RM'000**
Statement of financial position		
Group		
Available-for-sale financial assets	414	-
Other reserves - fair value adjustment reserve	(414)	-
Derivatives (assets)	107	-
Derivatives (liabilities)	650	-

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Changes in accounting policies (cont'd)

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

Prior to 1 August 2010, for all leases of land and buildings, if title is not expected to pass to the lessee by the end of the lease term, the lessee normally does not receive substantially all of the risks and rewards incidental to ownership. Hence, all leasehold land held for own use was classified by the Group as operating lease and where necessary, the minimum lease payments or the up-front payments made were allocated between the land and the 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 represented prepaid lease payments and were amortised on a straight-line basis over the lease term.

The amendments to FRS 117: Leases clarify that leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets. They also clarify that the present value of the residual value of the property in a lease with a term of several decades would be negligible and accounting for the land element as a finance lease in such circumstances would be consistent with the economic position of the lessee. Hence, the adoption of the amendments to FRS 117 has resulted in certain unexpired land leases to be reclassified as finance leases. The Group has applied this change in accounting policy retrospectively and certain comparatives have been restated.

The following are effects to the consolidated statement of financial positions as at 31 July 2011 arising from the above change in accounting policy:

	Group 2011 RM'000
Increase/(decrease) in:	
Property, plant and equipment	142,051
Leasehold land	(142,051)

The following comparatives have been restated:

	As previsouly stated RM'000	Adjustment RM'000	As restated RM'000
Statement of financial position			
Group			
31 July 2010			
Prepaid land lease payments	144,569	(144,569)	-
Property, plant and equipment	326,320	144,569	470,889
1 August 2009			
Prepaid land lease payments	3,640	(3,640)	-
Property, plant and equipment	334,546	3,640	338,186

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Standards and Interpretations Issued but Not Effective

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

Description	**Effective for annual periods beginning on or after**
Amendment to FRS 1: Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters	1 January 2011
Amendments to FRS 1: Additional Exemptions for First-time Adopters	1 January 2011
Amendments to FRS 2: Group Cash-settled Share-based Payment Transactions	1 January 2011
Amendments to FRS 7: Improving Disclosures about Financial Instruments	1 January 2011
Improvements to FRSs (2010)	1 January 2011
IC Interpretation 4 Determining whether an Arrangement contains a Lease	1 January 2011
IC Interpretation 18 Transfers of Assets from Customers	1 January 2011
IC Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments	1 July 2011
Amendments to IC Interpretation 14 Prepayments of a Minimum Funding Requirement	1 July 2011
FRS 124 Related Party Disclosures	1 January 2012
IC Interpretation 15 Agreements for the Construction of Real Estate	1 January 2012

The directors expect that the adoption of the other standards and interpretations above will have no material impact on the financial statements in the period of initial application.

2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Acquisitions of subsidiaries are accounted for by applying the purchase method. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in other comprehensive income. The cost of a business combination 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 business combination. Any excess of the cost of business combination over the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities is recorded as goodwill on the statement of financial position. The accounting policy for goodwill is set out in Note 2.9.

Any excess of the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised as income in profit or loss on the date of acquisition. When the Group acquires a business, embedded derivatives separated from the host contract by the acquiree are reassessed on acquisition unless the business combination results in a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required under the contract.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Transactions with minority interests

Minority interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in profit or loss of the Group and within equity in the consolidated statements of financial position, separately from parent shareholders' equity. Transactions with minority interests are accounted for using the entity concept method, whereby, transactions with minority interests are accounted for as transactions with owners. On acquisition of minority interests, the difference between the consideration and book value of the share of the net assets acquired is recognised directly in equity. Gain or loss on disposal to minority interests is recognised directly in equity.

2.6 Foreign currency

(a) 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.

(b) Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

(c) Foreign operations

The assets and liabilities of foreign operations are translated into RM at the rate of exchange ruling at the reporting date and income and expenses are translated at exchange rates at the dates of the transactions. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and accumulated in equity under foreign currency translation reserve relating to that particular foreign operation is recognised in the profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.7 Property, Plant and Equipment, and Depreciation

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, 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.

Subsequent to recognition, plant and equipment and furniture and fixtures are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Freehold land and buildings are measured at fair value less accumulated depreciation on buildings and impairment losses recognised after the date of the revaluation. Valuations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from the fair value of the freehold land and buildings at the reporting date.

Any revaluation surplus is recognised in other comprehensive income and accumulated in equity under the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset carried in the asset revaluation reserve.

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. The revaluation surplus included in the asset revaluation reserve in respect of an asset is transferred directly to retained profits on retirement or disposal of the asset.

Freehold land has an unlimited useful life and therefore is not depreciated. Assets under construction included in plant and equipment are not depreciated as these assets are not yet available for use. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

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

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8 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.

2.9 Goodwill

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired is allocated, from the acquisition date, to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired, by comparing the carrying amount of the cash-generating unit, including the allocated goodwill, with the recoverable amount of the cash-generating unit. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

2.10 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset 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 written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

NOTES TO THE FINANCIAL STATEMENTS

31 July 2011 (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.10 Impairment of non-financial assets (cont'd)

Impairment losses are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed 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. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in a subsequent period.

2.11 Subsidiaries

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

2.12 Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets.

(a) Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near term.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised separately in profit or loss as part of other losses or other income.

Financial assets at fair value through profit or loss could be presented as current or non-current. Financial assets that is held primarily for trading purposes are presented as current whereas financial assets that is not held primarily for trading purposes are presented as current or non-current based on the settlement date.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.12 Financial assets (cont'd)

(b) Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

(c) Held-to-maturity investments

Financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold the investment to maturity.

Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the held-to-maturity investments are derecognised or impaired, and through the amortisation process.

The Group does not have any held-to-maturity financial instrument.

(d) Available-for-sale financial assets

Available-for-sale financial assets are financial assets that are designated as available for sale or are not classified as financial assets at fair value through profit or loss, loans and receivables and held-to-maturity investments.

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an available-for-sale equity instrument are recognised in profit or loss when the Group and the Company's right to receive payment is established.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group and the Company commit to purchase or sell the asset.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.13 Impairment of financial assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

(a) Trade and other receivables and other financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

(b) Available-for-sale financial assets

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss.

Impairment losses on available-for-sale equity investments are not reversed in profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss is recognised in other comprehensive income. For available-for-sale debt investments, impairment losses are subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

2.14 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 that are readily convertabile to known amount of cash and which are subject to an insignificant risk of changes in value.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.15 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.

2.16 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If 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. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.17 Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of FRS 139, are recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

(a) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities held for trading include derivatives entered into by the Group and the Company that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

The Group and the Company have not designated any financial liabilities as at fair value through profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.17 Financial liabilities (cont'd)

(b) Other financial liabilities

The Group's and the Company's other financial liabilities include trade payables, other payables and loans and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2.18 Borrowing Costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

2.19 Employee benefits

(a) 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.

(b) Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. The Malaysian companies in the Group make contributions to the Employee Provident Fund ("EPF") in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.20 Leases

(a) As lessee

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. 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.

(b) As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.21(c).

2.21 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:

(a) 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.

(b) Transport Charges

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

(c) Rental Income

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

(d) Interest Income

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

(e) Dividend Income

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

(f) Management Fees

Management fees are recognised when services are rendered.

2.22 Income taxes

(a) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.22 Income taxes (cont'd)

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences and deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.23 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 37, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.24 Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

2.25 Treasury shares

When shares of the Company, that have not been cancelled, recognised as equity are reacquired, the amount of consideration paid is recognised directly in equity. Reacquired shares are classified as treasury shares and presented as a deduction from total equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.26 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group.

2.27 Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee. If the debtor fails to make payment relating to financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

3.1 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.

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.

3.2 Key Sources of Estimation Uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting 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.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D)

3.2 Key Sources of Estimation Uncertainty (cont'd)

(a) 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 2011, the total carrying values of recognised tax losses, capital allowances, industrial building allowances and reinvestment allowances of the Group were RM65,724,000 (2010: RM52,296,000). The unrecognised tax losses, capital allowances and other deductible temporary differences of the Group were RM7,502,000 (2010: RM6,835,000).

(b) Impairment of goodwill

Goodwill is tested for impairment annually and at other times when such indicators exist. This requires an estimation of the recoverable amount of the cash-generatingunits ("CGU") to which the goodwill is allocated. Recoverable amount is the higher of an assets' fair value less costs to sell ("FVLCTS") and its value in use. Where the recoverable amount of the CGU is less than the carrying amount, an impairment loss is recognised in the profit or loss.

In estimating the recoverable amount of the goodwill, management considered the FVLCTS of the CGU via an independent professional valuer and selecting suitable and reasonable assumptions. Further details of the carrying amount, reliance and key assumptions applied in the impairment assessment of goodwill are disclosed in Note 17.

(c) Quantity Discounts Receivable

During the current financial year, management has provided for doubtful debts on the remaining quantity discounts receivable from a supplier amounting to approximately RM10,000,000. In assessing the recoverability of these debts, the management has given due consideration to all pertinent information and development of the claims, including assessing the outcomes of the various discussions and negotiations with the supplier during the financial year. Management is of the opinion that the recoverability of quantity discounts receivable is uncertain and accordingly provided for doubtful debts on the amounts.

4. REVENUE

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Sale of goods	992,951	1,060,661	-	-
Rental of scaffolding equipment	7,400	4,640	-	-
Transportation services	12	12	-	-
Dividends income	-	-	14,460	9,840
Rental of properties	-	-	7,380	5,880
Management fees	-	-	2,304	2,304
	1,000,363	1,065,313	24,144	18,024

5. COST OF SALES

	Group	
	2011	2010
	RM'000	RM'000
Cost of inventories sold	904,846	937,783
Depreciation of scaffolding equipment for hire	2,662	3,180
Cost of transportation services rendered	3,553	3,364
	911,061	944,327

Included in the cost of inventories sold are the following:

Direct and indirect labour costs	8,945	8,748
Upkeep of property, plant and equipment	1,686	2,620
Depreciation of property, plant and equipment	13,809	13,784
Allowance for doubtful debts on quantity discounts claim	10,000	12,014

6. PROFIT FROM OPERATIONS

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

	Group		Company	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Employee benefits expense (Note 7)	34,518	30,890	6,315	6,480
Non-executive directors' remuneration (Note 8)	448	337	439	337
Auditors' remuneration:				
Statutory audits:				
- current year	256	200	56	53
- under provision in prior year	25	-	3	-
Other services	125	45	-	25
Depreciation of property, plant and equipment (Note 12)	22,775	20,441	438	134
Depreciation of investment properties (Note 13)	104	104	1,315	1,046
Fair value loss on derivatives	543	-	-	-
Minimum lease payments recognised as operating lease expense for:				
- Land and buildings	128	97	-	-
- Office equipment	12	11	-	-
- Gas tank	15	14	-	-
Property, plant and equipment written off	14	6	-	-

6. PROFIT FROM OPERATIONS (CONT'D)

The following amounts have been included in arriving at profit from operations (cont'd):

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Allowance for doubtful debts	44	1,130	-	-
Reversal of allowance for doubtful debts	(1,133)	(38)	-	-
Inventories written back	-	(4,390)	-	-
Loss on disposal of other investments	10	16	-	-
Gain on disposals of property, plant and equipment	(733)	(2,307)	-	(160)
Rental income from investment properties	(701)	(701)	(7,380)	(5,880)
Gross dividends income	-	-	(14,460)	(9,840)
Net foreign exchange gains:				
- Realised	(1,052)	(4,044)	-	-
- Unrealised	(435)	(69)	-	-
Net overdue interest (income)/expense	(1,137)	278	-	-
Interest income:				
- Deposits	(176)	(324)	-	-
- Available-for-sale financial assets	(1,794)	(2,401)	-	(18)

7. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Salaries and wages	25,951	23,745	5,561	3,625
Bonus	5,288	3,833	438	2,019
Defined contribution plans	3,149	2,816	418	564
Social security contributions	214	230	1	-
Short term accumulating compensated absences	(84)	266	(103)	272
	34,518	30,890	6,315	6,480

Included in employee benefits expense of the Group and the Company are Executive Directors' remuneration (excluding benefits-in-kind) amounting to RM9,949,000 (2010: RM9,066,000) and RM6,315,000 (2010: RM6,480,000) respectively, as further disclosed in Note 8.

8. DIRECTORS' REMUNERATION

	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Directors of the Company:				
Executive:				
Salaries and other emoluments	6,214	5,018	5,561	3,625
Bonus	807	1,647	438	2,019
Defined contribution plans	537	665	418	564
Social security contributions	2	3	1	-
Short term accumulating compensated absences	(107)	241	(103)	272
Benefits-in-kind	102	139	61	47
	7,555	7,713	6,376	6,527
Non-executive:				
Fees	417	308	408	308
Other emoluments	31	29	31	29
	448	337	439	337
	8,003	8,050	6,815	6,864
Directors of Subsidiaries:				
Executive:				
Salaries and other emoluments	1,481	1,012	-	-
Bonus	739	321	-	-
Defined contribution plans	276	160	-	-
Social security contributions	3	2	-	-
Short term accumulating compensated absences	(3)	(3)	-	-
Benefits-in-kind	70	61	-	-
	2,566	1,553	-	-
Total	10,569	9,603	6,815	6,864

Analysis excluding benefits-in-kind:

	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Total executive directors' remuneration excluding benefits-in-kind	9,949	9,066	6,315	6,480
Total non-executive directors' remuneration	448	337	439	337
Total directors' remuneration excluding benefits-in-kind	10,397	9,403	6,754	6,817

8. DIRECTORS' REMUNERATION (CONT'D)

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	
	2011	2010
Executive directors:		
RM100,001 - RM150,000	-	1
RM250,001 - RM300,000	-	2
RM350,001 - RM400,000	-	2
RM400,001 - RM450,000	-	1
RM450,001 - RM500,000	-	-
RM500,001 - RM550,000	2	1
RM550,001 - RM600,000	-	-
RM650,001 - RM700,000	1	-
RM1,100,001 - RM1,150,000	1	-
RM4,750,001 - RM4,800,000	1	-
RM5,250,001 - RM5,300,000	-	1
Non-executive directors:		
RMNil - RM50,000	1	3
RM50,001 - RM100,000	5	3

9. FINANCE COSTS

	Group	
	2011 RM'000	2010 RM'000
Interest expense on:		
Bank overdrafts	109	106
Bankers' acceptances	12,029	9,474
Term loans	2,499	3,186
Revolving credit	705	-
Finance charges	590	506
	15,932	13,272

10. INCOME TAX

	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Income tax				
Malaysian income tax	7,339	10,502	195	44
(Over)/under provision in prior years	(1,344)	488	48	175
	5,995	10,990	243	219
Deferred tax (Note 16):				
Relating to origination and reversal of temporary differences	88	6,227	-	-
(Over)/under provision in prior years	(6,246)	(70)	-	283
	(6,158)	6,157	-	283
	(163)	17,147	243	502

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2010: 25%) of the estimated assessable profit for the year.

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:

	2011 RM'000	2010 RM'000
Group		
Profit before tax	25,375	67,655
Taxation at Malaysian statutory tax rate of 25% (2010: 25%)	6,344	16,914
Effect of different tax rates in other country	3	-
Income not subject to tax	(526)	(647)
Expenses not deductible for tax purposes	2,005	1,774
Double deduction expenses	(30)	(71)
Utilisation of reinvestment allowance	-	(915)
Utilisation of previously unrecognised tax losses, unabsorbed capital allowances and other deductible temporary differences	(154)	(398)
Deferred tax assets not recognised	321	72
Deferred tax recognised on reinvestment allowances	(536)	-
Over provision of deferred tax in prior years	(6,246)	(70)
(Over)/under provision of income tax expense in prior years	(1,344)	488
Income tax (benefits)/expense	(163)	17,147

10. INCOME TAX (CONT'D)

	2011 RM'000	2010 RM'000
Company		
Profit before tax	13,739	8,577
Taxation at Malaysian statutory tax rate of 25% (2010: 25%)	3,435	2,144
Income not subject to tax	(3,615)	(2,504)
Expenses not deductible for tax purposes	375	404
Under provision of deferred tax in prior years	-	283
Under provision of income tax expense in prior year	48	175
Income tax expense	243	502

11. EARNINGS PER SHARE

Basic

Basic earnings per share is 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.

	2011	2010
Profit attributable to ordinary equity holders of the Company (RM'000)	27,420	50,677
Weighted average number of ordinary shares in issue ('000)	321,963	321,983
Basic earnings per share (sen)	8.52	15.74

12. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land RM'000	Buildings RM'000	Leasehold Land 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 2011								
Cost/Valuation								
At 1 August 2010	69,558	139,260	-	205,727	5,587	9,078	29,771	458,981
Effect of adopting the amendment to FRS 117	-	-	150,080	-	-	-	-	150,080
As restated	69,558	139,260	150,080	205,727	5,587	9,078	29,771	609,061
Additions	-	-	-	630	973	882	10,424	12,909
Disposals	-	-	-	(1,310)	-	(789)	(6,827)	(8,926)
Written off	-	-	-	-	-	-	(957)	(957)
Transfers	-	-	-	2,736	(2,736)	-	-	-
At 31 July 2011	69,558	139,260	150,080	207,783	3,824	9,171	32,411	612,087
Representing:								
At cost	-	1,126	150,080	207,783	3,824	9,171	32,411	404,395
At valuation	69,558	138,134	-	-	-	-	-	207,692
At 31 July 2011	69,558	139,260	150,080	207,783	3,824	9,171	32,411	612,087
Accumulated Depreciation and Impairment								
At 1 August t 2010	-	13,086	-	98,877	-	5,174	15,524	132,661
Effect of adopting the amendment to FRS 117								
Accumulated depreciation	-	-	4,441	-	-	-	-	4,441
Accumulated impairment losses	-	-	1,070	-	-	-	-	1,070
As restated	-	13,086	5,511	98,877	-	5,174	15,524	138,172
Charge for the year (Note 6)	-	2,571	2,518	11,945	-	1,131	4,610	22,775
Disposals	-	-	-	(886)	-	(532)	(4,470)	(5,888)
Written off	-	-	-	-	-	-	(943)	(943)
At 31 July 2011	-	15,657	8,029	109,936	-	5,773	14,721	154,116
Representing:								
Accumulated depreciation	-	15,657	6,959	109,936	-	5,773	14,721	153,046
Accumulated impairment	-	-	1,070	-	-	-	-	1,070
At 31 July 2011	-	15,657	8,029	109,936	-	5,773	14,721	154,116
Net Carrying Amount								
At cost	-	1,126	142,051	97,847	3,824	3,398	17,690	265,936
At valuation	69,558	122,477	-	-	-	-	-	192,035
At 31 July 2011	69,558	123,603	142,051	97,847	3,824	3,398	17,690	457,971

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

	Freehold Land RM'000	Buildings RM'000	Leasehold Land 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
Effect of adopting the amendment to FRS 117	-	-	5,020	-	-	-	-	5,020
As restated	69,558	138,134	5,020	199,692	5,221	7,784	35,589	460,998
Acquisition of a subsidiary	-	-	145,060	-	-	-	507	145,567
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	150,080	205,727	5,587	9,078	29,771	609,061
Representing:								
At cost	-	1,126	150,080	205,727	5,587	9,078	29,771	401,369
At valuation	69,558	138,134	-	-	-	-	-	207,692
At 31 July 2010	69,558	139,260	150,080	205,727	5,587	9,078	29,771	609,061
Accumulated Depreciation and Impairment								
At 1 August 2009	-	10,698	-	87,071	-	5,472	18,191	121,432
Effect of adopting the amendment to FRS 117								
Accumulated depreciation	-	-	310	-	-	-	-	310
Accumulated impairment losses	-	-	1,070	-	-	-	-	1,070
As restated	-	10,698	1,380	87,071	-	5,472	18,191	122,812
Acquisition of a subsidiary	-	-	3,651	-	-	-	98	3,749
Charge for the year (Note 6)	-	2,388	480	11,912	-	866	4,795	20,441
Disposals	-	-	-	-	-	(1,164)	(7,202)	(8,366)
Written off	-	-	-	(106)	-	-	(358)	(464)
At 31 July 2010	-	13,086	5,511	98,877	-	5,174	15,524	138,172
Representing:								
Accumulated depreciation	-	12,629	4,441	98,877	-	5,174	15,524	136,645
Accumulated impairment	-	457	1,070	-	-	-	-	1,527
At 31 July 2010	-	13,086	5,511	98,877	-	5,174	15,524	138,172
Net Carrying Amount								
At cost	-	1,126	144,569	106,850	5,587	3,904	14,247	276,283
At valuation	69,558	125,048	-	-	-	-	-	194,606
At 31 July 2010	69,558	126,174	144,569	106,850	5,587	3,904	14,247	470,889

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

	Motor Vehicles RM'000	Renovation RM'000	Total RM'000
Company			
At 31 July 2011			
Cost			
At 1 August 2010	1,604	-	1,604
Additions	507	242	749
At 31 July 2011	2,111	242	2,353
Accumulated Depreciation			
At 1 August 2010	134	-	134
Charge for the year (Note 6)	406	32	438
At 31 July 2011	540	32	572
Net Carrying Amount	1,571	210	1,781
At 31 July 2010			
Cost			
At 1 August 2009	910	-	910
Addition	1,604	-	1,604
Disposal	(910)	-	(910)
At 31 July 2010	1,604	-	1,604
Accumulated Depreciation			
At 1 August 2009	910	-	910
Charge for the year (Note 6)	134	-	134
Disposal	(910)	-	(910)
At 31 July 2010	134	-	134
Net Carrying Amount	1,470	-	1,470

(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.

12. 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 2011 would be as follows:

	Freehold Land RM'000	Buildings RM'000	Total RM'000
As at 31 July 2011			
Cost	58,737	111,379	170,116
Accumulated depreciation	-	(14,837)	(14,837)
Net carrying amount	58,737	96,542	155,279
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

(c) The Group's property, plant and equipment with carrying amount of RM70,965,000 (2010: RM72,018,000) are pledged for borrowings as disclosed in Note 24(a).

(d) Carrying amount of property, plant and equipment held under term loan arrangements are as follows:

	Group 2011 RM'000	Group 2010 RM'000
Freehold land and building	58,061	58,923

(e) The Group's plant and equipment with carrying amount of RM8,669,000 (2010: RM7,246,000) are on lease to generate rental income.

13. INVESTMENT PROPERTIES

	Freehold Land RM'000	Buildings RM'000	Total RM'000
Group			
At 31 July 2011			
Cost			
At 1 August 2010/31 July 2011	485	6,429	6,914
Accumulated Depreciation and Impairment			
At 1 August 2010	-	1,169	1,169
Charge for the year (Note 6)	-	104	104
At 31 July 2011	-	1,273	1,273
Net Carrying Amount	485	5,156	5,641
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 (Note 6)	-	104	104
At 31 July 2010	-	1,169	1,169
Net Carrying Amount	485	5,260	5,745

13. INVESTMENT PROPERTIES (CONT'D)

	Freehold Land RM'000	Buildings RM'000	Total RM'000
Company			
At 31 July 2011			
Cost			
At 1 August 2010/31 July 2011	48,062	65,740	113,802
Accumulated Depreciation			
At 1 August 2010	-	6,492	6,492
Charge for the year (Note 6)	-	1,315	1,315
At 31 July 2011	-	7,807	7,807
Net Carrying Amount	48,062	57,933	105,995
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 (Note 6)	-	1,046	1,046
At 31 July 2010	-	6,492	6,492
Net Carrying Amount	48,062	59,248	107,310

The estimated fair value of investment properties of the Group and of the Company are RM7,482,000 and RM140,555,000 (2010: RM6,197,000 and RM131,600,000) respectively.

14. INVESTMENT IN SUBSIDIARIES

	Company 2011 RM'000	Company 2010 RM'000
Unquoted shares at cost	201,570	201,570

Details of the subsidiaries are as follows:

Name of Subsidiaries	Country of Incorporation	Equity Interest Held (%) 2011	Equity Interest Held (%) 2010	Principal Activities
Hiap Teck Hardware Sdn Bhd	Malaysia	100	100	Importer, exporter and general dealer of steel products, hardware and building materials
Tiek Hong Hardware (B'worth) Sdn Bhd	Malaysia	100	100	General merchant and dealer of metal hardware, building equipment and materials
Alpine Pipe Manufacturing Sdn Bhd	Malaysia	100	100	Manufacturing and selling of pipes, hollow sections and other steel products
Briliant Decade Transport Agency Sdn Bhd	Malaysia	100	100	Provision of transportation services
Huatraco Scaffold Sdn Bhd	Malaysia	100	100	Manufacturing, selling and renting of scaffolding equipment and range of steel products
Eastern Steel Sdn Bhd	Malaysia	55	55	Manufacturing, selling and dealing in a range of steel products using blast furnace plant (in progress)
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)

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

Name of Subsidiaries	Country of Incorporation	Equity Interest Held (%) 2011	Equity Interest Held (%) 2010	Principal Activities
Subsidiaries of Huatraco Scaffold Sdn Bhd				
Huatraco Contracts Sdn Bhd (formerly known as 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
Huatraco Investment Pte Ltd *	Singapore	100	-	Investment holding
Subsidiary of Huatraco Investment Pte. Ltd.				
Huatraco Singapore Pte Ltd *	Singapore	55	-	Renting of construction and civil engineering machinery and equipment

* Audited by a firm other than Ernst & Young

15. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group			
	2011		2010	
	Carrying amount RM'000	Market value of quoted investments RM'000	Carrying amount RM'000	Market value of quoted investments RM'000
Current				
Unit trust fund in licensed financial institution within Malaysia	83,221	83,303	71,542	71,602
Non-current				
Club memberships (unquoted)	140	-	186	-
Other equity instruments (quoted in Malaysia)	2,950	2,950	-	-
	3,090		186	
	86,311		71,728	

16. DEFERRED TAX

	Group		Company	
	2011 RM'000	**2010 RM'000**	**2011 RM'000**	**2010 RM'000**
At 1 August	44,653	4,672	-	(283)
Acquisition of a subsidiary	-	33,824	-	-
Recognised in income statement (Note 10)	(6,158)	6,157	-	283
At 31 July	38,495	44,653	-	-

Deferred Tax (Assets)/Liabilities of the Group:

	2011 RM'000	**2010 RM'000**
Presented after appropriate offsetting as follows:		
Deferred tax assets	(2,988)	(393)
Deferred tax liabilities	41,483	45,046
	38,495	44,653

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 2009	(2,651)	(2,942)	(245)	(12,733)	6,695	15,527	(6)	1,027	4,672
Acquisition of a subsidiary	-	-	-	-	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
Recognised in the income statement	(2,214)	(5,790)	155	(1,298)	(37)	2,749	21	256	(6,158)
At 31 July 2011	(2,237)	(7,453)	-	(14,194)	40,398	21,838	35	108	38,495

16. DEFERRED TAX (CONT'D)

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

	Group	
	2011	**2010**
	RM'000	**RM'000**
Unabsorbed capital allowances	6,889	6,124
Unused tax losses	5	-
Other deductible temporary differences	608	711

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	
	2011	**2010**
	RM'000	**RM'000**
At 1 August	50,556	-
Acquisition of a subsidiary	-	50,556
At 31 July	50,556	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 ("ESSB").

(b) Impairment test for goodwill

The recoverable amount of ESSB is determined based on the fair value less costs to sell ("FVLCTS") of ESSB. In arriving at the FVLCTS, the directors have considered the market value of the leasehold lands in ESSB, which have been earmarked for the construction of an integrated steel mill, for which the directors believe is key in estimating the FVLCTS of ESSB. The leasehold lands comprise three parcels of regular shaped lands and cover a total of about 489.1119 hectares of land area. The titles of the first 2 parcels of land have been issued by the State Economic Planning Unit of Terengganu whilst the title for the third parcel of land has been earmarked to be approved and issued to ESSB upon ESSB completing 50% of the proposed construction of the integrated steel mill.

The market value of the parcels of leasehold land is estimated based on the valuation performed by an independent professional valuer. The valuer used the Comparison Method and assumed certain key assumptions in arriving at the market value. Amongst others, the valuer has assumed that the proposed construction of the integrated steel mill will progress according to the schedule and upon reaching 50% completion rate, the title of the third parcel of land will be issued to ESSB.

18. INVENTORIES

	Group 2011 RM'000	Group 2010 RM'000
Raw materials	109,576	108,495
Work-in-progress	20,458	13,209
Finished goods	101,754	99,415
Merchandise goods	210,019	177,542
Spare parts	1,377	-
	443,184	398,661

19. TRADE RECEIVABLES

	Group 2011 RM'000	Group 2010 RM'000
Trade receivables	200,621	187,956
Less: Allowance for doubtful debts	(5,005)	(6,094)
	195,616	181,862

The Group's normal trade credit term ranges from 14 to 90 (2010: 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 RMNil (2010: RM79,000) owing from companies in which certain directors of the Company have significant interests.

Ageing analysis of trade receivables

The ageing analysis of the Group's trade receivables is as follows:

	Group 2011 RM'000	Group 2010 RM'000
Neither past due nor impaired	165,926	151,781
1 to 30 days past due not impaired	5,172	7,083
31 to 60 days past due not impaired	24,516	22,998
More than 60 days past due not impaired	2	-
	29,690	30,081
Impaired	5,005	6,094
	200,621	187,956

19. TRADE RECEIVABLES (CONT'D)

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group.

None of the Group's receivables that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM29,690,000 (2010: RM30,081,000) that are past due at the reporting date but not impaired. These balances mainly relates to the customers who have long business relationship with the Group who never defaulted payments. These customers are closely monitored by the Group's Credit Control Department.

Receivables that are impaired

The Group's trade receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

	2011 RM'000	2010 RM'000
Group		
Trade receivables - nominal amounts	5,005	6,094
Less: Allowance for doubtful debts	(5,005)	(6,094)
	-	-

Movement in allowance accounts:

	Group	
	2011 RM'000	2010 RM'000
At 1 August	6,094	5,002
Charge for the year (Note 6)	44	1,130
Reversal of allowance for doubtful debts	(1,133)	(38)
At 31 July	5,005	6,094

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

20. OTHER RECEIVABLES

	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Sundry receivables	22,798	24,022	-	-
Less: Allowance for doubtful debts	(22,014)	(12,014)	-	-
	784	12,008	-	-
Advance payment to suppliers	30,995	148	-	-
Deposits	147	869	30	30
Prepayments	4,942	4,993	16	47
	36,868	18,018	46	77

The allowance for doubtful debts of the Group relate to the quantity discounts receivable from a supplier in prior years. During the current financial year, management has provided for doubtful debts on the remaining quantity discounts receivable of approximately RM10,000,000. In assessing the recoverability of these debts, the management has given due consideration to all pertinent information and development of the claims, including assessing the outcomes of the various discussions and negotiations with the supplier during the financial year. Management is of the opinion that the recoverability of quantity discounts receivable is uncertain and accordingly provided for doubtful debts on the amounts.

21. DUE FROM/(TO) SUBSIDIARIES

The amounts due from/(to) subsidiaries are non-trade in nature, unsecured, non-interest bearing and are repayable upon demand. The amounts due to subsidiaries will be offset against future dividends, rental and management fee receivable from these subsidiaries.

22. DERIVATIVES

	Contract/ Notional Amount RM'000	Assets RM'000	Liabilities RM'000
Group			
At 31 July 2011			
Non-hedging derivatives:			
Current			
Forward currency contracts	19,700	107	650

22. DERIVATIVES (CONT'D)

Forward currency contracts are used to hedge the Group's sales and purchases denominated in USD and SGD for which firm commitments existed at the reporting date (Note 34(d)). These contracts are not designated as cash flow or fair value hedges and are entered into for periods consistent with currency transaction exposure and fair value changes exposure. Such derivatives do not qualify for hedge accounting.

During the financial year, the Group recognised a loss of of RM543,000 (2010: RM Nil) arising from fair value changes of derivative assets. The fair value changes are attributable to changes in foreign exchange spot and forward rate.

Derivatives are stated at fair value which is equivalent to the marking of the derivatives to market, using prevailing market rates.

23. CASH AND CASH EQUIVALENTS

	Group		Company	
	2011 RM'000	**2010 RM'000**	**2011 RM'000**	**2010 RM'000**
Cash on hand and at banks	46,774	41,499	1,574	155
Deposits with licensed banks	1,922	1,678	-	-
	48,696	43,177	1,574	155

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

	Group	
	2011 %	**2010 %**
Deposits with licensed banks	2.38	2.20

The average maturity of deposits as at the end of the financial year were 3 (2010: 4) days.

24. BORROWINGS

	Group 2011 RM'000	Group 2010 RM'000
Short Term Borrowings		
Secured:		
Term loans	14,159	13,718
Unsecured:		
Bankers' acceptances	434,993	391,194
Revolving credit	30,000	-
Onshore foreign currency loan	-	7,072
	464,993	398,266
	479,152	411,984
Long Term Borrowings		
Secured:		
Term loans	27,443	41,803
Total Borrowings		
Bankers' acceptances	434,993	391,194
Term loans	41,602	55,521
Revolving credit	30,000	-
Onshore foreign currency loan	-	7,072
	506,595	453,787
Maturity of borrowings:		
Within one year	479,152	411,984
More than 1 year and less than 2 years	14,160	13,719
More than 2 years and less than 5 years	13,283	28,084
	506,595	453,787

24. BORROWINGS (CONT'D)

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

	Group	
	2011	2010
	%	%
Bankers' acceptances	3.40 - 5.00	2.55 - 4.29
Term loans	5.05 - 5.35	4.80 - 5.05
Revolving credit	3.37 - 3.71	-
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 12(c); and

(b) The Company has extended corporate guarantees amounting to RM506,595,000 (2010: RM453,787,000) as at the reporting date to financial institutions for banking facilities granted to certain subsidiaries. The Directors have assessed the financial guarantee contracts and concluded that the financial impact of the guarantees is not material as the subsidiaries concerned are in positive financial standings to meet their obligations as and when they fall due.

25. TRADE PAYABLES

The normal trade credit terms granted to the Group ranges from 14 to 90 (2010: 14 to 90) days.

26. OTHER PAYABLES

	Group		Company	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Sundry payables	8,115	5,788	-	-
Accruals	14,261	9,519	3,497	2,475
Deposits received	2,341	1,082	240	-
Advances from customers	4,723	4,076	-	-
	29,440	20,465	3,737	2,475

Included in the sundry payables of the Group is an amount of RM1,350,000 (2010: RM200,000) owing to a Director of the Company which is non-interest bearing and are repayable upon demand.

27. 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 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)
Purchase of treasury shares	-	(20)	-	-	(21)
At 31 July 2011	327,400	(5,450)	163,700	25,341	(7,479)

	Number of Ordinary Shares of RM0.50 Each		Amount	
	2011 '000	**2010 '000**	**2011 RM'000**	**2010 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 RM1.06 per share. The total consideration paid for the repurchases including transaction costs was RM21,205. The repurchase transactions were financed from internally generated funds.

28. RESERVES

(a) Other Reserves

	Fair value adjustment reserve RM'000	Foreign currency translation reserve RM'000	Total RM'000
At 1August 2010	-	-	-
Other comprehensive income:			
Available-for-sale financial assets:			
Gain on fair value changes	414	-	414
Foreign currency translation	-	6	6
	414	6	420
At 31 July 2011	414	6	420

(b) Revaluation Reserve

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

(c) Retained profits

The Company has elected for the irrevocable option under the Finance Act 2007 to disregard the 108 balance as at 31 December 2007. Hence, the Company will be able to distribute dividends out of its entire retained profits as 31 July 2011 and 2010 under the single tier system.

29. DIVIDEND

	Dividends in Respect of Year 2011 RM'000	Dividends in Respect of Year 2010 RM'000	Dividends Recognised in Year 2011 RM'000	Dividends Recognised in Year 2010 RM'000
Recognised during the year:				
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
Final dividend for 2010: Single tier of 3%, in respect of the year ended 31 July 2010 (1.5 sen per ordinary share)	-	4,829	4,829	-
Proposed for approval at AGM (not recognised as at 31 July):				
Final dividend for 2011: Single tier of 3%, in respect of the year ended 31 July 2011 (1.5 sen per ordinary share)	4,829	-	-	-
	4,829	4,829	4,829	4,830

At the forthcoming Annual General Meeting, a single tier final dividend in respect of the financial year ended 31 July 2011, of 1.5 sen per share (3%) on 321,950,000 ordinary shares, amounting to a dividend payable of RM4,829,250 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 2012.

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 reporting date but not recognised as liabilities are as follows:

	Group 2011 RM'000	Group 2010 RM'000
Not later than 1 year	95	107
Later than 1 year and not later than 5 years	13	426
	108	533

The lease payments recognised in the income statement during the financial year are disclosed in Note 6.

30. OPERATING LEASE ARRANGEMENTS (CONT'D)

(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 reporting date but not recognised as receivables are as follows:

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Not later than 1 year	701	702	7,800	7,080
Later than 1 year and not later than 5 years	2,806	2,806	31,200	28,320
	3,507	3,508	39,000	35,400

Investment properties rental income recognised in the income statement during the financial year are disclosed in Note 6.

31. CONTINGENT LIABILITIES

	Group	
	2011 RM'000	2010 RM'000
Unsecured:		
In respect of indemnity provided for bank guarantees issued	16,678	18,209
In respect of guarantees issued in favour of Royal Customs and Excise Department	6,000	6,000
	22,678	24,209

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:

	2011 RM'000	2010 RM'000
Group		
Sales of steel products to a company in which certain directors of the Company have significant interests:		
Power Concord Sdn. Bhd.	270	825
Purchases of steel products from a company in which certain directors of the Company have significant interests:		
JK Ji Seng Sdn. Bhd.	168,104	16,714
Legal fee paid to a company in which certain directors of the Company have significant interests:		
S.B. Cheah & Associates	2	283

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.

	2011 RM'000	2010 RM'000
Company		
Rental income from subsidiaries:		
Alpine Pipe Manufacturing Sdn Bhd	3,120	3,120
Huatraco Scaffold Sdn Bhd	1,560	1,560
Hiap Teck Hardware Sdn Bhd	2,350	900
Hiap Teck Steel Manufacturing Sdn Bhd	350	300
Management fees from subsidiaries:		
Hiap Teck Hardware Sdn Bhd	864	864
Alpine Pipe Manufacturing Sdn Bhd	984	984
Huatraco Scaffold Sdn Bhd	456	456
Gross dividends income from subsidiaries:		
Hiap Teck Hardware Sdn Bhd	3,600	3,240
Alpine Pipe Manufacturing Sdn Bhd	6,000	2,400
Huatraco Scaffold Sdn Bhd	1,800	4,200
Tiek Hong Hardware (B'worth) Sdn Bhd	2,160	-
Briliant Decade Transport Agency Sdn Bhd	900	-
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 8.

33. FAIR VALUE OF FINANCIAL INSTRUMENTS

A. Determination of fair value

Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

(i) Cash and cash equivalents

The carrying amounts approximate their fair values due to the relatively short-term maturity of these financial instruments.

(ii) Trade and other receivables/payables

The carrying amounts approximate their fair values because these are subject to normal trade credit terms and are short-term in nature.

(iii) Amount due to subsidiaries

The carrying amount approximate its fair value because the balance was repayable on demand and are short-term in nature.

(iv) Loans and borrowings

The carrying amounts of the current portion of loans and borrowings are reasonable approximations of fair values due to the insignificant impact of discounting.

The fair values of non-current portion of loans and borrowings are estimated by discounting expected future cash flows at market incremental lending rate for similar types of borrowing or leasing arrangements at the reporting date.

B. Carrying amounts

The carrying amounts of financial instruments under each category of FRS 139 are as follows:

		Group		Company	
	Note	**2011 RM'000**	**2010 RM'000**	**2011 RM'000**	**2010 RM'000**
Available-for-sale financial assets					
Non-current	15	3,090	186	-	-
Current	15	83,221	71,542	-	-
		86,311	71,728	-	-
Loan and receivables					
- Trade receivables	19	195,616	181,862	-	-
- Sundry receivables	20	784	12,008	-	-
- Deposits	20	147	869	30	30
- Due from subsidiaries	21	-	-	1,650	50
- Cash and cash equivalents	23	48,696	43,177	1,574	155
		245,243	237,916	3,254	235

33. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONT'D)

B. Carrying amounts (cont'd)

The carrying amounts of financial instruments under each category of FRS 139 are as follows (cont'd.):

	Note	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Fair value through profit or loss					
Derivative assets	22	107	-	-	-
Derivative liabilities	22	(650)	-	-	-
		(543)	-	-	-
Other financial liabilities					
- Borrowings					
Non-current	24	(27,443)	(41,803)	-	-
Current	24	(479,152)	(411,984)	-	-
- Trade payables	25	(44,349)	(34,489)	-	-
- Other payables	26	(22,376)	(15,307)	(3,497)	(2,475)
- Due to subsidiaries	21	-	-	(115,445)	(124,151)
		(573,320)	(503,583)	(118,942)	(126,626)

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk, foreign currency risk and market price risk.

The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the Senior Management Team of the Group and Company. The audit committee provides independent oversight to the effectiveness of the risk management process.

It is, and has been throughout the current and previous financial year, the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient. The Group and the Company do not apply hedge accounting.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including investment securities, cash and bank balances and derivatives), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

Exposure to credit risk

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by:

- The carrying amount of each class of financial assets recognised in the statements of financial position, including derivatives with positive fair values

- A nominal amount of RM506,595,000 (2010: RM453,787,000) relating to a corporate guarantee provided by the Company to banks on subsidiaries' banking facilities

Credit risk concentration profile

The credit risk concentration profile of the Group's trade receivables at the reporting date are as follows:

	2011		**2010**	
	RM'000	**%**	**RM'000**	**%**
By country:				
Australia	6,644	3%	2,081	1%
Asia	15,312	8%	18,176	10%
New Zealand	-	0%	71	0%
Malaysia	173,660	89%	161,534	89%
	195,616	100%	181,862	100%

Information regarding trade and other receivables that are neither past due nor impaired, and either past due or impaired, are disclosed in Notes 19 and 20.

(b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group's and the Company's liquidity risk management policy is to maintain sufficient liquid financial assets and stand-by credit facilities with the financial institutions. At the reporting date, approximately 95% (2010: 91%) of the Group's loans and borrowings (Note 24) will mature in less than one year based on the carrying amount reflected in the financial statements.

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's exposure to interest rate risk arises primarily from loans and borrowings. 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 debts portfolio, taking into account the investment holding period and nature of its assets.

Sensitivity analysis for interest rate risk

At the reporting date, if interest rates had been 10 basis points lower/higher, with all other variables held constant, the Group's profit net of tax would have been RM420,280 higher/lower, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(d) Foreign exchange risk

The Group is mainly exposed to New Zealand Dollars (NZD), United States Dollars (USD), Singapore Dollars (SGD) and Australian Dollars (AUD). 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 and financial liabilities of the Group that are not denominated in their functional currencies are as follows:

	New Zealand Dollars RM'000	United States Dollars RM'000	Singapore Dollars RM'000	Australian Dollars RM'000	Total RM'000
Functional currency					
31 July 2011					
Trade receivables	-	3,375	14,503	-	17,878
Cash and cash equivalents	7	-	12,286	1	12,294
	7	3,375	26,789	1	30,172
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

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(d) Foreign exchange risk (cont'd)

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit net of tax to a reasonably possible change in the USD and SGD exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

		Group 2011 RM'000 Profit net of tax
USD/RM	- strengthened 7%	(236)
	- weakened 7%	236
SGD/RM	- strengthened 5%	(1,339)
	- weakened 5%	1,339

(e) Market price risk

Market risk is the risk that the value of a financial instrument will fluctuate due to changes in market prices caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market.

The Group is exposed to equity price risk arising from its investment in quoted equity instrument. The quoted equity instrument in Malaysia are listed on the Bursa Malaysia. This instrument is classified as available-for-sale investments.

Sensitivity analysis for equity price risk

At the reporting date, if the share price had been 5% higher/lower, with all other variables held constant, the Group's other reserve in equity would have been RM147,500 higher/lower, arising as a result of an increase/decrease in the fair value of equity instruments classified as available-for-sale.

35. CAPITAL COMMITMENTS

	Group	
	2011 RM'000	**2010 RM'000**
Capital expenditure:		
Approved and contracted for:		
Property, plant and equipment	646,501	832
Approved but not contracted for:		
Property, plant and equipment	107,809	-

36. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 July 2011 and 31 July 2010.

The Group optimises the overall capital management performance through improvement in the cash flow. The Group cash flow management focuses on inventories, accounts receivable and accounts payable by ensuring that it have sufficient liquidity to meet its obligations through adequate banking facilities. The Group monitors capital using current ratio, account receivables turnover ratio, inventories turnover ratio and gearing ratio.

The gearing ratio is net debt divided by total capital plus net debt. The Group includes within net debt, loans and borrowings, trade and other payables, less cash and bank balances. Capital includes equity attributable to the owners of the parent less the fair value adjustment reserve.

	Group		Company	
	2011	**2010**	**2011**	**2010**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Loans and borrowings	506,595	453,787	-	-
Trade and other payables	73,789	54,954	3,737	2,475
Less: Cash and bank balances	(48,696)	(43,177)	(1,574)	(155)
Net debt	531,688	465,564	2,163	2,320
Equity attributable to the owners of the parent	669,949	646,959	193,530	184,884
Less: Fair value adjustment reserve	(414)	-	-	-
Total capital	669,535	646,959	193,530	184,884
Capital and net debt	1,201,223	1,112,523	195,693	187,204
Gearing ratio	44%	42%	1%	1%

37. 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.

37. 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 2011							
Revenue							
Sales to external customers	563,226	437,125	-	12	-		1,000,363
Inter-segment sales	13,200	16,986	24,144	4,315	(58,645)	A	-
Total revenue	576,426	454,111	24,144	4,327	(58,645)		1,000,363
Results:							
Interest income	1,348	608	10	4	-		1,970
Dividend income	-	-	14,460	-	(14,460)		-
Depreciation and amortisation	1,701	16,586	4,461	131	-		22,879
Other non-cash expenses	58	-	-	-	-	B	58
Segment profit	23,122	6,773	9,418	522	(14,460)	C	25,375
Assets:							
Additions to non-current assets	1,459	9,026	2,210	214	-	D	12,909
Segment assets	472,594	698,042	349,460	4,908	(185,740)		1,339,264
Segment liabilities	288,293	358,000	161,224	740	(185,740)		622,517

37. SEGMENTAL INFORMATION (CONT'D)

Business Segments (Cont'd)

	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

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	2011 RM'000	2010 RM'000
Allowance for doubtful debts	6	44	1,130
Property, plant and equipment written off	6	14	6
Inventories written back	6	-	(4,390)
		58	(3,254)

37. SEGMENTAL INFORMATION (CONT'D)

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

	2011 RM'000	2010 RM'000
Inter-segment dividend	(14,460)	(9,840)

D Additions to non-current assets consist of:

	2011 RM'000	2010 RM'000
Property, plant and equipment	12,909	162,894

38. SIGNIFICANT EVENTS

(a) On 25 January 2011, the Group via Huatraco Scaffold Sdn Bhd, incorporated a wholly owned subsidiary, Huatraco Investment Pte Ltd in Singapore with a paid up capital of SGD100. The principal activity of Huatraco Investment Pte Ltd is investment holding. Huatraco Investment Pte Ltd subsequently incorporated a 55% owned subsidiary, Huatraco Singapore Pte Ltd on 11 February 2011. The registered share capital of Huatraco Singapore Pte Ltd is SGD200,000 and its principal activity is renting of construction and civil engineering machinery and equipment.

(b) During the current financial year, the Group proposed to undertake a project for the construction of an integrated steel mill to be located in Kemaman, Terengganu. As part of the project, the Group has entered into the following contracts, agreements and exercise:

(i) Engineering & Procurement Contract and Construction Contract

On 21 July 2011, the Group, through its subsidiary, Eastern Steel Sdn Bhd ("ESSB"), has entered into an Engineering & Procurement Contract ("E&P contract") and a Construction Contract ("Construction Contract") with China Shougang International Trade and Engineering Corporation ("Shougang International") for the design, procurement and construction of an integrated steel mill in Kemaman, Terengganu. The financial commitment for the E&P Contract and Construction Contract is approximately RM415million and RM231million, respectively. ESSB is also expected to incur another approximately RM108million for other construction contracts relating to the integrated steel mill, to be awarded to local contractors in Malaysia.

(ii) Co-operation Agreement

On 22 July 2011, the Company has entered into a Co-operation Agreement with Shougang International (Singapore) Pte Ltd ("Shougang Singapore"), ESSB, Dato' Law Tien Seng ("Dato' Law") and Chinaco Investment Pte Ltd ("Chinaco") to set out the overall mode and structure of the participation of Shougang Singapore for the construction and operation of the integrated steel mill as mentioned in point (i) above. Shougang Singapore is a wholly owned subsidiary of Shougang International.

38. SIGNIFICANT EVENT (CONT'D)

(b) During the current financial year, the Group proposed to undertake a project for the construction of an integrated steel mill to be located in Kemaman, Terengganu. As part of the project, the Group has entered into the following contracts, agreements and exercise (cont'd.):

(iii) Corporate exercise

The Company has announced that the Company proposes to undertake the following transactions to raise funds for construction of the integrated steel mill:

- Proposed private placement of 32,196,000 new ordinary shares of RM0.50 each in Hiap Teck Venture Berhad ("Hiap Teck"), representing approximately 10% of the issued and paid-up share capital of Hiap Teck ("Proposed Private Placement");

- Proposed renounceable rights issue of new ordinary shares of RM0.50 each in Hiap Teck ("Right Shares") together with free detachable warrants to raise gross proceeds of up to RM220 million on a basis and on an entitlement date to be determined later ("Proposed Rights Issue with Warrants");

- Proposed issuance of up to RM180million nominal value of 7-year Redeemable Convertible Secured Bonds ("Proposed Convertible Secured Bonds Issue");

- Proposed employees' share option scheme ("ESOS") for the employees and directors of Hiap Teck Group ("Proposed ESOS"); and

- Proposed increase in the authorised share capital of Hiap Teck from RM200,000,000 comprising 400,000,000 ordinary shares of RM0.50 each to RM1,000,000,000 comprising 2,000,000,000 ordinary shares of RM0.50 each ("Proposed Increase in Authorised Share Capital").

As at the date of this report, the above transactions have been appored by the relevant authorities subject to certain terms and conditions to be complied with.

39. SUBSEQUENT EVENT

On 3 November 2011, the Group via Huatraco Scaffold Sdn Bhd, incorporated a wholly owned subsidiary, Huatraco Natscreen Sdn Bhd with a paid up capital of RM2. The principal activities of the subsidiary are manufacturing, selling and dealing in scaffolding, a range of steel products and steel fabricators.

40. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 8 November 2011.

41. SUPPLEMENTARY INFORMATION - DISCLOSURE OF REALISED AND UNREALISED PROFITS/LOSSESS

The break-down of the retained profits of the Group and of the Company as at 31 July 2011 into realised and unrealised profits is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad ("Bursa Securities") dated 25 March 2010, and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	Group 2010 RM'000	Company 2010 RM'000
Total retained profits of the Company and its subsidiaries:		
- Realised	450,282	11,968
- Unrealised	6,050	-
	456,332	11,968

In compliance with the requirement of Bursa Securities, no disclosure of comparative figures in relation to the immediate preceding financial year is necessary; this being the Group's and the Company's first financial statements effecting this new disclosure requirement.

PROPERTIES OF THE GROUP

As at 31 July 2011

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 2011 (RM)	Date of Acquisition	Date of Last Revaluation
Lot 6085, Mukim of Kapar District of Klang Selangor Darul Ehsan	Single story factory with a 2 storey office	Freehold	13.5	9	19,005	24,346,000	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	13.5	9	18,732	22,748,000	29-May-03	4-Jul-08
Lot 6089, Mukim of Kapar District of Klang Selangor Darul Ehsan	Single storey factory/ warehouse	Freehold	12.5	9	18,516	24,722,000	29-May-03	4-Jul-08
Lot 6095, Mukim of Kapar District of Klang Selangor Darul Ehsan	Single storey factory/ warehouse	Freehold	12	10.013	22,341	27,534,400	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	12	9.483	12,179	20,292,000	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	5	18.0	53,243	70,964,940	23-Oct-08	-
51-C, Tingkat Dua Jalan BRP 6/10 Bukit Rahman Putra Seksyen U20 40160 Shah Alam	Shop office	Freehold	11	-	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	13	-	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	8	1	2,536.30	2,350,000	27-Feb-07	18-Jun-08
No. 6, Jalan Firma 3 Tebrau IV Industrial Estate 81100 Johor Bahru Johor Darul Takzim	Single storey factory with a 2 storey office	Leasehold (60 years) expiring 31-Jan-60	9	1.554	3,995.76	5,170,000	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 building	Leasehold (66 years) expiring 10-Mar-58	5	2.241	2,453	2,352,269	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	-	600	-	141,117,024	2-Apr-08	10-Jun-08

ANALYSIS OF SHAREHOLDINGS

As at 31 October 2011

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 5,450,000 Ordinary Shares of RM0.50 each

ANALYSIS BY SIZE OF SHAREHOLDINGS AS AT 31 OCTOBER 2011

Size of shareholdings	No. of Shareholders	%	No. of Shares	%
Less than 100	15	0.28	476	0.00
100 - 1,000	717	13.52	666,700	0.21
1,001 - 10,000	3,055	57.60	16,022,444	4.98
10,001 - 100,000	1,259	23.74	43,873,380	13.63
100,001 to less than 5% of issued shares	255	4.80	97,372,200	30.24
5% and above of issued shares	3	0.06	164,014,800	50.94
Total	5,304	100.00	321,950,000	100.00

LIST OF THIRTY (30) LARGEST SHAREHOLDERS AS AT 31 OCTOBER 2011

No.	Names	No. of Shares	Percentage (%)
1.	HSBC Nominees (Asing) Sdn Bhd Exempt an for Credit Suisse	114,833,100	35.67
2.	K. H. L. Sdn Bhd	24,800,000	7.70
3.	Lembaga Tabung Haji	24,381,700	7.57
4.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board	5,438,500	1.69
5.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board	4,550,100	1.41
6.	Lim Wan Loo	3,531,000	1.10
7.	Lee See Jin	2,453,700	0.76
8.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank for Ah Nyuk Len	2,159,200	0.67
9.	Mayban Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Yeh May	2,157,000	0.67
10.	HSBC Nominees (Tempatan) Sdn Bhd HSBC (Malaysia) Trustee Berhad for Amanah Saham Sarawak	2,000,000	0.62
11.	Mary Ang Poh Chan	2,000,000	0.62

ANALYSIS OF SHAREHOLDINGS

As at 31 October 2011 (Cont'd)

LIST OF THIRTY (30) LARGEST SHAREHOLDERS AS AT 31 OCTOBER 2011 (CON'D)

No.	Names	No. of Shares	Percentage (%)
12.	Tan Hock Ley	1,500,000	0.47
13.	Yap Kim Foong	1,395,000	0.43
14.	Chin Chin Seong	1,230,000	0.38
15.	Loo Chee Lain	1,141,900	0.35
16.	Pacific Strike Sdn Bhd	1,020,000	0.32
17.	Equity Trust (Malaysia) Berhad ABJ Trust	1,000,000	0.31
18.	HDM Nominees (Tempatan) Sdn Bhd DBS Vickers Secs (S) Pte Ltd for Teoh New Mei	1,000,000	0.31
19.	Inter-Pacific Equity Nominees (Asing) Sdn Bhd Kim Eng Securities Pte Ltd for Ng Aik Cheng	1,000,000	0.31
20.	Public Invest Nominees (Tempatan) Sdn Bhd Exempt an for Phillip Securities Pte Ltd	1,000,000	0.31
21.	AMSEC Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chin Chin Seong	980,000	0.30
22.	Koperasi Permodalan Felda Malaysia Berhad	936,100	0.29
23.	Quah Kim Chew	927,100	0.29
24.	Teoh Peir Song	826,515	0.26
25.	Citigroup Nominees (Asing) Sdn Bhd Exempt an for UBS AG Singapore (Foreign)	789,400	0.25
26.	HLB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Lee Har	751,000	0.25
27.	Wong Wai Kuan	750,200	0.23
28.	Lee Che Keong	740,000	0.23
29.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Chun Tik	713,200	0.22
30.	Yang Ling	705,000	0.22
	Total:	206,709,715	64.21

ANALYSIS OF SHAREHOLDINGS

DIRECTORS' SHAREHOLDINGS AS AT 31 OCTOBER 2011
(As per the Register of Directors' Shareholdings of the Company)

	Direct		Indirect	
Names	**No. of Shares**	**%**	**No. of Shares**	**%**
1. Tan Sri Dato' Alwi Jantan	1,141,000	0.35	-	-
2. Tan Sri Abdul Rahman Bin Mamat	-	-	-	-
3. Dato' Law Tien Seng	-	-	89,000,000 [(a)]	27.64
4. Mr. Lee Ching Kion	-	-	20,000 [(b)]	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 of the Company.
(b) Deemed interest by virtue of his spouse, Madam Mok Quee Hwa's direct shareholdings in the Company.

ANALYSIS OF SHAREHOLDINGS

As at 31 October 2011 (Cont'd)

SUBSTANTIAL SHAREHOLDINGS AS AT 31 OCTOBER 2011

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

	Direct		Indirect	
Names	**No. of Shares**	**%**	**No. of Shares**	**%**
Dato' Law Tien Seng	-	-	89,000,000 [a]	27.64
TS Law Investments Limited	89,000,000	27.64	-	-
Amardale Offshore Inc.	-	-	89,000,000 [b]	27.64
Mr. Kua Hock Lai	-	-	24,816,499 [c]	7.71
Madam Lim Ah Eng	-	-	24,800,000 [d]	7.70
K. H. L. Sdn Bhd	24,800,000	7.70	-	-
Lembaga Tabung Haji	24,381,700	7.57	-	-

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 of the Company.

(b) Deemed interest by virtue of its shareholdings in TS Law Investments Limited which is a substantial shareholder of the Company.

(c) Deemed interest by virtue of its shareholdings in K.H.L. Sdn. Bhd., which in turn is a substantial shareholder of HTVB and his sons, Mr. Kua Swee Leong's and Mr. Kua Swee Kiat's direct shareholdings in HTVB.

(d) Deemed interest by virtue of her substantial shareholdings in K.H.L. Sdn. Bhd. which in turn is a substantial shareholder of HTVB.

NOTICE OF FIFTEENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Fifteenth Annual General Meeting of the Company will be held at Wisma Hiap Teck, Lot 6096, Jalan Haji Abdul Manan, Batu 5 ½, Off Jalan Meru, 41050 Klang, Selangor Darul Ehsan on Thursday, 8 December 2011 at 2.00 p.m. for the following purposes:-

AGENDA

ORDINARY BUSINESS:-

1. To receive the Audited Financial Statements of the Company for the year ended 31 July 2011 together with the Directors' and Auditors' Reports attached thereon.

2. To approve the payment of Directors' fees of RM408,000 for the year ended 31 July 2011. **Ordinary Resolution 1**

3. To approve a Single Tier Final Dividend of 1.5 sen per share for the year ended 31 July 2011. **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. Ng Soon Lai @ Ng Siek Chuan **Ordinary Resolution 3**
   4.2 Ms. Ooi Ai Leng **Ordinary Resolution 4**

5. To re-elect Tan Sri Abdul Rahman Bin Mamat who is retiring in accordance with Article 84 of the Company's Articles of Association. **Ordinary Resolution 5**

6. To appoint Auditors of the Company for the ensuing year and to authorise the Board of Directors to fix their remuneration. **Ordinary Resolution 6**

   Notice of Nomination from a shareholder pursuant to Section 172(11) of the Companies Act, 1965, a copy of which is annexed in the 2011 Annual Report referred to as "**Appendix I**" has been received by the Company for the nomination of Messrs KPMG for appointment as Auditors in place of the retiring Auditors, Messrs Ernst & Young and of the intention to propose the following Ordinary Resolution:

   "**THAT** Messrs KPMG be and are hereby appointed as Auditors of the Company in place of the retiring Auditors, Messrs Ernst & Young and to hold office until the conclusion of the next Annual General Meeting at a remuneration to be determined by the Directors."

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 7**

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

NOTICE OF FIFTEENTH ANNUAL GENERAL MEETING
(Cont'd)

7.2 **Authority to Allot Shares Pursuant to Section 132D of the Companies Act, 1965** **Ordinary Resolution 8**

"**THAT** subject always to the approvals of the relevant authorities, the Directors be 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 hereby 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."

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 9**

"**THAT** the Company and/or its subsidiaries be 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 16 November 2011, 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 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 10**

"**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 Fourteenth Annual General Meeting of the Company held on 14 December 2010, 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 RM11,967,214 and RM25,341,494 respectively for the financial year ended 31 July 2011.

AND THAT upon completion of the purchase by the Company of its own shares, the Directors of the Company be 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 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."

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 FIFTEENTH 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 2011 will be payable on 12 January 2012 to depositors registered in the Record of Depositors at the close of business on 15 December 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 15 December 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

16 November 2011

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 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.

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 7 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 8 under item 7.2 of the Agenda, 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.

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 Fourteenth Annual General Meeting held on 14 December 2010. 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 Fourteenth Annual General Meeting. However, subsequent to the date of this Notice, an Extraordinary General Meeting of which due notice has been given on 1 November 2011 will be convened to approve the following corporate exercises:-

(i) Proposed Private Placement of 32,196,000 new Ordinary Shares of RM0.50 each in Hiap Teck Venture Berhad ("Hiap Teck") ("Hiap Teck Shares"), representing approximately 10% of the Issued and Paid-Up Share Capital of Hiap Teck.

(ii) Proposed Renounceable Rights Issue of New Hiap Teck Shares together with free Detachable Warrants to raise gross proceeds of up to RM220.0 million on a basis and on an entitlement date to be determined later.

(iii) Proposed Issuance of up to RM180.0 million Nominal Value of 7-year Redeemable Convertible Secured Bonds.

(iv) Proposed Employees' Shares Option Scheme for the Employees and Directors of Hiap Teck and its subsidiaries.

(v) Proposed increase in the Authorised Share Capital of Hiap Teck from RM200,000,000 comprising 400,000,000 Hiap Teck Shares to RM1,000,000,000 comprising 2,000,000,000 Hiap Teck Shares.

(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 9 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 16 November 2011 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 16 November 2011 enclosed together with the Company's 2011 Annual Report.

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

The Proposed Ordinary Resolution 10 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 16 November 2011 enclosed together with the Company's 2011 Annual Report.

STATEMENT ACCOMPANYING NOTICE OF FIFTEENTH 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. Ng Soon Lai @ Ng Siek Chuan) and Agenda 4.2 (Ms. Ooi Ai Leng) of the Notice of the Fifteenth Annual General Meeting are laid out in the Directors' Profile appearing on pages 6 and 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 (Tan Sri Abdul Rahman Bin Mamat) of the Notice of the Fifteenth Annual General Meeting are laid out in the Directors' Profile appearing on page 5 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 Fifteenth Annual General Meeting are laid out in the Directors' Profile appearing on page 4 of this Annual Report.

APPENDIX I
LETTER OF NOMINATION

31 October 2011

Low Bee Yean
22-2, Pusat Perdagangan One Puchong,
Jalan OP1/6,
Off Jalan Puchong,
47160 Puchong,
Selangor Darul Ehsan

The Board of Directors
Hiap Teck Venture Berhad
Lot 6096, Jalan Haji Abdul Manan
Batu 5 1/2, Off Jalan Meru
41050 Klang
Selangor Darul Ehsan

Dear Sirs,

NOMINATION OF AUDITORS

Pursuant to Section 172(11) of the Companies Act, 1965, I, Low Bee Yean, being a shareholder of Hiap Teck Venture Berhad ("HTVB"), hereby give notice of my intention to nominate Messrs KPMG for appointment as Auditors of HTVB in place of the retiring Auditors, Messrs Ernst & Young, at the forthcoming Annual General Meeting ("AGM") of HTVB. Accordingly, I propose that the following ordinary resolution be tabled at the forthcoming AGM of HTVB:

" **THAT** Messrs KPMG be and are hereby appointed as Auditors of the Company in place of the retiring Auditors, Messrs Ernst & Young, to hold office until the conclusion of the next Annual General Meeting at a remuneration to be determined by the Directors."

Yours faithfully,

Low Bee Yean

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FORM OF PROXY

HTVB
HIAP TECK VENTURE BERHAD
421340-U

I/We, ______________________________ (NRIC No./Company No. ______________)
(FULL NAME IN CAPITAL LETTERS)
of ____
(FULL ADDRESS)
being a member of **HIAP TECK VENTURE BERHAD** hereby appoint * the Chairman of the meeting or ______________________________ (NRIC No.______________) of
(FULL NAME)
____or
(FULL ADDRESS)
failing whom ______________________________ (NRIC No.______________) of
(FULL NAME)
____ as
(FULL ADDRESS)
*my/*our Proxy(ies) to vote for *me/*us and on *my/*our behalf at the Fifteenth Annual General Meeting of the Company to be held at the Wisma Hiap Teck, Lot 6096, Jalan Haji Abdul Manan, Batu 5 ½, Off Jalan Meru, 41050 Klang, Selangor Darul Ehsan on Thursday, 8 December 2011 at 2.00 p.m. and at any adjournment thereof for or against the resolution(s) to be proposed thereat.

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

NO.	RESOLUTIONS	FOR	AGAINST
1	To approve the payment of Directors' fees of RM408,000 for the year ended 31 July 2011.		
2	To approve a Single Tier Final Dividend of 1.5 sen per share for the year ended 31 July 2011.		
3	To re-elect the following Directors who are retiring in accordance with Article 79 of the Company's Articles of Association: Mr. Ng Soon Lai @ Ng Siek Chuan		
4	Ms. Ooi Ai Leng		
5	To re-elect Tan Sri Abdul Rahman Bin Mamat who is retiring in accordance with Article 84 of the Company's Articles of Association.		
6	To appoint Messrs KPMG as the Auditors of the Company for the ensuring year and to authorise the Directors to fix their remuneration.		
7	Re-appointment of Director Pursuant to Section 129 of the Companies Act, 1965.		
8	Authority to Allot Shares Pursuant to Section 132D of the Companies Act, 1965.		
9	Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature.		
10	Proposed Renewal of Shareholders' Mandate for Share Buy-Back.		

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

Dated this ....day of................................2011

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

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Affix
STAMP

The Company Secretary
HIAP TECK VENTURE BERHAD (421340-U)
Lot 6096, Jalan Haji Abdul Manan
Batu 5 ½, 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 5-½, Off Jalan Meru,
41050 Klang, Selangor Darul Ehsan.

Tel: 03-3392 8888
E-mail: admin@htgrp.com.my
www.htgrp.com.my