

HIAP TECK VENTURE BERHAD
(Registration No. 199701005844 (421340-U))
(Incorporated in Malaysia)

Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income for second quarter ended 31 January 2023

	Individual Quarter Current Year Quarter	Preceding Year Corresponding Quarter	Cumulative Quarter Current Year To-date	Preceding Year Corresponding Period
	31/01/2023	31/01/2022	31/01/2023	31/01/2022
	RM'000	RM'000	RM'000	RM'000
Revenue	360,558	333,205	758,386	739,831
Cost of Sales	(347,978)	(288,670)	(782,909)	(620,775)
Gross Profit/(Loss)	12,580	44,535	(24,523)	119,056
Other Income	1,226	1,851	4,130	2,532
Operating Expenses	(12,253)	(10,505)	(23,112)	(19,748)
Profit/(Loss) from Operations	1,553	35,881	(43,505)	101,840
Finance Costs	(4,641)	(3,216)	(9,601)	(6,722)
Finance Income	644	561	1,355	1,168
Share of profit of equity-accounted investees, net of tax	27,527	3,362	28,838	26,635
Profit/(Loss) Before Tax	25,083	36,588	(22,913)	122,921
Tax expense	(2,025)	(8,283)	(2,824)	(23,541)
Profit/(Loss) for the Period	23,058	28,305	(25,737)	99,380
Other Comprehensive Income				
Fair value profit on other investments	16	(77)	27	(17)
Foreign currency translation differences for foreign operations	(14)	(4)	37	54
	2	(81)	64	37
Total Comprehensive Income/(Loss)	23,060	28,224	(25,673)	99,417
Profit/(Loss) Attributable to:				
Owners of the parent	22,420	28,239	(26,719)	99,327
Non-Controlling Interests	638	66	982	53
	23,058	28,305	(25,737)	99,380
Total Comprehensive Income/(Loss) Attributable to:				
Owners of the parent	22,422	28,158	(26,655)	99,364
Non-Controlling Interests	638	66	982	53
	23,060	28,224	(25,673)	99,417
Earnings/(Loss) Per Share (EPS)				
(a) Basic (sen)	1.29	1.63	(1.53)	5.73
(b) Diluted (sen)	1.29	1.53	(1.54)	5.39

The Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 31 July 2022 and the accompanying explanatory notes attached to the interim financial statements.

HIAP TECK VENTURE BERHAD
(Registration No. 199701005844 (421340-U))
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Condensed Consolidated Statements of Financial Position as at 31 January 2023

	31/01/2023	31/07/2022
	(Unaudited)	(Audited)
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	265,323	257,217
Right-of-use assets	4,613	5,067
Investment properties	10,063	10,190
Investment in joint venture	578,675	549,837
Other investments	805	778
Deferred tax assets	2,853	2,853
Other Receivables	27,701	26,737
	<u>890,033</u>	<u>852,679</u>
Current assets		
Inventories	413,542	641,703
Trade and other receivables	333,266	365,630
Current tax assets	11,419	6,103
Other investments	8,147	11,922
Cash and cash equivalents	105,714	150,061
	<u>872,088</u>	<u>1,175,419</u>
Total assets	<u>1,762,121</u>	<u>2,028,098</u>
EQUITY AND LIABILITIES		
Equity		
Share capital	872,654	872,654
Treasury shares	(7,499)	(7,499)
Translation reserves	(289)	(326)
Fair value reserves	(1,805)	(1,832)
Retained earnings	365,416	409,557
	<u>1,228,477</u>	<u>1,272,554</u>
Non-Controlling Interests	539	(443)
Total equity	<u>1,229,016</u>	<u>1,272,111</u>
Non-current liabilities		
Lease liabilities	3,878	4,239
Deferred tax liabilities	15,061	15,908
	<u>18,939</u>	<u>20,147</u>
Current liabilities		
Loans and borrowings	436,841	608,483
Trade and other payables	74,841	115,204
Lease liabilities	787	845
Derivative liabilities	-	3
Contract liabilities	-	1,129
Current tax payable	1,697	10,176
	<u>514,166</u>	<u>735,840</u>
Total liabilities	<u>533,105</u>	<u>755,987</u>
Total equity and liabilities	<u>1,762,121</u>	<u>2,028,098</u>
Net assets per share attributable to owners of the parent (RM)	0.71	0.73

The Condensed Consolidated Statements of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 July 2022 and the accompanying explanatory notes attached to the interim financial statements.

HIAP TECK VENTURE BERHAD
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Condensed Consolidated Statements of Cash Flows for the period ended 31 January 2023

	Current Year To-date 31/01/2023 RM'000	Preceding Year Corresponding Period 31/01/2022 RM'000
<u>Operating Activities</u>		
(Loss) / Profit Before Tax	(22,913)	122,921
Adjustments for:		
Dividend income	-	(33)
Depreciation of investment properties	127	110
Depreciation of property, plant and equipment	6,411	6,323
Depreciation of right-of use assets	454	92
Finance income:		
Other investments	(194)	(11)
Deposits with licensed banks	(1,161)	(1,157)
Gain on disposal of property, plant and equipment	(3,265)	(1,205)
Finance costs	9,601	6,722
Net overdue interest income	(639)	(493)
Net unrealised foreign exchange gain	1,276	405
Property, plant and equipment written off	35	93
Reversal of allowance for impairment loss on trade receivables	-	(105)
Write-down of inventories to net realisable value	14,756	8,394
Share of profit of equity-accounted joint venture, net of tax	(28,838)	(26,635)
Operating (loss)/profit before changes in working capital	(24,350)	115,421
Net changes in inventory	213,502	63,814
Net changes in trade and other receivables	31,636	(108,615)
Net changes in trade and other payables	(41,664)	(11,111)
Cash generated from operations	179,124	59,509
Interest paid	(9,522)	(6,715)
Net overdue interest income	639	493
Net income tax paid	(17,467)	(7,663)
Net cash generated from operating activities	152,774	45,624
<u>Investing Activities</u>		
Dividend income	-	33
Finance income:		
Other investments	194	11
Deposits with licensed banks	1,161	1,157
Decrease in other investments	3,775	272
Proceeds from disposal of property, plant and equipment	3,738	1,414
Purchase of property, plant and equipment	(15,122)	(1,798)
Net cash (used in) / generated from investing activities	(6,254)	1,089
<u>Financing Activities</u>		
Dividend paid	(17,422)	(17,310)
Payment of lease liabilities	(498)	(102)
(Repayment) / Drawdown of borrowings (net)	(171,642)	11,633
Proceed from issuance of ESOS	-	3,627
Net cash used in financing activities	(189,562)	(2,152)
Net (Decrease) / Increase in Cash and Cash Equivalents	(43,042)	44,561
Effect of exchange rate changes	(1,305)	(155)
Cash and Cash Equivalents at beginning of period	150,061	158,531
Cash and Cash Equivalents at end of period	105,714	202,937

The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Annual Financial Report for the year ended 31 July 2022 and the accompanying explanatory notes attached to the interim financial statements.

HIAP TECK VENTURE BERHAD
(Registration No. 199701005844 (421340-U))
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Condensed Consolidated Statements of Changes in Equity for the period ended 31 January 2023

	Attributable to equity holders of the parent										Total Equity RM'000
	Non-distributable					<-Distributable->					
	Share Capital RM'000	Treasury Shares RM'000	Warrant Reserves RM'000	Translation Reserves RM'000	Share Option Reserves RM'000	Fair Value Reserves RM'000	RCUIDS Reserves RM'000	Retained Earnings RM'000	Total RM'000	Non- controlling Interests RM'000	
As at end of current quarter ended 31 January 2023											
Opening balance as at 1 August 2022	872,654	(7,499)	-	(326)	-	(1,832)	-	409,557	1,272,554	(443)	1,272,111
Total comprehensive income	-	-	-	37	-	27	-	(26,719)	(26,655)	982	(25,673)
Transactions with owners											
Final dividend for the financial year ended 31 July 2022 (Single tier of 1.0 sen)	-	-	-	-	-	-	-	(17,422)	(17,422)	-	(17,422)
Transactions with owners	-	-	-	-	-	-	-	(17,422)	(17,422)	-	(17,422)
Closing balance as at 31 January 2023	872,654	(7,499)	-	(289)	-	(1,805)	-	365,416	1,228,477	539	1,229,016
As at preceding year corresponding quarter ended 31 January 2022											
Opening balance as at 1 August 2021	865,088	(7,499)	-	(369)	6,407	(1,826)	-	264,923	1,126,724	(843)	1,125,881
Total comprehensive income	-	-	-	54	-	(17)	-	99,327	99,364	53	99,417
Transactions with owners											
Issuance of ordinary shares pursuant to:- - Share options exercised	4,103	-	-	-	(476)	-	-	-	3,627	-	3,627
Final dividend for the financial year ended 31 July 2021 (Single tier of 1.0 sen)	-	-	-	-	-	-	-	(17,310)	(17,310)	-	(17,310)
Transactions with owners	4,103	-	-	-	(476)	-	-	(17,310)	(13,683)	-	(13,683)
Closing balance as at 31 January 2022	869,191	(7,499)	-	(315)	5,931	(1,843)	-	346,940	1,212,405	(790)	1,211,615

The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 July 2022 and the accompanying explanatory notes attached to the interim financial statements.

Explanatory Notes on the Quarterly Report – Second Quarter ended 31 January 2023

PART A : EXPLANATORY NOTES AS PER MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134, INTERIM FINANCIAL REPORTING

1. Basis of preparation

These interim financial statements are unaudited and have been prepared in accordance with MFRS 134 “Interim Financial Reporting” issued by Malaysian Accounting Standards Board (“MASB”) and paragraph 9.22 of the Listing Requirement of Bursa Malaysia Securities Berhad.

The interim financial report should be read in conjunction with the Company’s annual audited financial statements for the year ended 31 July 2022. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 July 2022.

2. Significant Accounting Policies

This interim financial report has been prepared based on accounting policies and methods of computation which are consistent with those adopted in the annual audited financial statements for the year ended 31 July 2022.

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

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2022

- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to MFRS 3, *Business Combinations – Reference to the Conceptual Framework*
- Amendments to MFRS 9, *Financial Instruments (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to Illustrative Examples accompanying MFRS 16, *Leases (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to MFRS 116, *Property, Plant and Equipment – Proceeds before Intended Use*
- Amendments to MFRS 137, *Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract*
- Amendments to MFRS 141, *Agriculture (Annual Improvements to MFRS Standards 2018–2020)*

2. Significant Accounting Policies (cont'd)

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2023

- MFRS 17, *Insurance Contracts*
- Amendments to MFRS17, *Insurance Contracts – Initial application of MFRS17 and MFRS9 – Comparative Information*
- Amendments to MFRS 101, *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current and Disclosures of Accounting Policies*
- Amendments to MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates*
- Amendments to MFRS 112, *Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

MFRSs, interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed

- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Group plans to apply the abovementioned accounting standards, interpretations and amendments:

- from the annual period beginning on 1 August 2022 for those amendments that are effective for annual periods beginning on or after 1 January 2022, except for amendments to MFRS 1 and MFRS 141 which are not applicable to the Group.
- from the annual period beginning on 1 August 2023 for the accounting standard and amendments that are effective for annual periods beginning on or after 1 January 2023, except for MFRS 17 which is not applicable to the Group.

The initial application of the abovementioned accounting standards, amendments and interpretations is not expected to have any material financial impact to the current period and prior period financial statements of the Group.

3. Audit qualification

There were no audit qualifications on the annual financial statements of the Group for the year ended 31 July 2022.

4. Seasonal or cyclical factors

The Group's business operations are not materially affected by any major seasonal factors except during Hari Raya and Chinese New Year festive seasons where business activities generally slow down.

5. Material unusual items

There were no items of an unusual nature or amount affecting assets, liabilities, equity, net income or cash flows during the quarter.

6. Material changes in estimates

There were no material changes in estimates of amount reported in prior interim period that have material impact in the current quarter under review.

7. Issuances, cancellation, repurchase, resale and repayment of debt and equity securities

There were no other issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current quarter under review. As at quarter ended 31 January 2023, a total of 5,492,000 buy-back shares were held as treasury shares and carried at cost.

8. Dividend paid

A single tier dividend of 1.0 sen per ordinary share in respect of the financial year ended 31 July 2022 was approved by shareholders at the 26th Annual General Meeting of the Company held on 16 December 2022. A total amount of RM17,422,850 was paid on 20 January 2023 to depositors registered in the Record of Depositors at the close of business on 6 January 2023.

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9. Segment information

The Group's activities are identified into the following business segments:

	← 6 months ended 31 January 2023 →						
	Trading	Manufac-	Property	Transport-	Mining	Others/	Group
	RM'000	turing	and	ation	explor-	Elimination	RM'000
	RM'000	RM'000	Investment	RM'000	ation	RM'000	RM'000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
SALES							
- External sales	479,538	276,579	-	58	2,211	-	758,386
- Intersegment sales	-	7,168	15,120	1,018	-	(23,306)	-
Total sales	479,538	283,747	15,120	1,076	2,211	(23,306)	758,386
RESULTS							
Finance income	560	602	173	20	-	-	1,355
Finance costs	6,043	3,479	79	-	-	-	9,601
Depreciation & amortisation	394	4,024	1,640	189	745	-	6,992
Share of profit of joint venture	-	-	-	-	-	28,838	28,838
Segment profit / (loss)	(6,835)	(46,428)	202	(111)	1,422	28,838	(22,913)

	← 6 months ended 31 January 2022 →						
	Trading	Manufac-	Property	Transport-	Mining	Others/	Group
	RM'000	turing	and	ation	explor-	Elimination	RM'000
	RM'000	RM'000	Investment	RM'000	ation	RM'000	RM'000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
SALES							
- External sales	375,368	363,041	-	15	1,407	-	739,831
- Intersegment sales	-	1,928	5,929	1,172	-	(9,029)	-
Total sales	375,368	364,969	5,929	1,187	1,407	(9,029)	739,831
RESULTS							
Finance income	401	755	1	11	-	-	1,168
Finance costs	4,152	2,570	-	-	-	-	6,722
Depreciation & amortisation	388	4,504	933	189	511	-	6,525
Share of profit of joint venture	-	-	-	-	-	26,635	26,635
Segment profit / (loss)	33,756	63,072	(1,453)	68	843	26,635	122,921

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10. Valuation of property, plant and equipment

The valuations of property, plant and equipment have been brought forward without amendments from the previous annual report.

11. Significant events

There were no material events subsequent to the end of the interim period up to the date of this report.

12. Changes in the composition of the Group

There were no significant changes in the composition of the Group during the quarter under review.

13. Changes in contingent liabilities and assets

The contingent liabilities are as follow:

Contingent Liabilities :-	Group	
	As at 31.01.2023 RM'000	As at 31.07.2022 RM'000
In respect of Notices of Additional Assessment with penalties from Inland Revenue Board (refer to note 23)	-	13,423

14. Capital commitments

The amount of commitments not provided for in the interim financial reports as at 31 January 2023 is as follows:

	RM'000
Property, plant and equipment - Authorised and contracted for	60,200

15. Related party transactions

Related party transactions for the quarter under review in which certain Directors have direct/indirect interest are as follows:

	Group	
	Current year quarter	Current year- to-date
	31.01.2023	31.01.2023
	RM'000	RM'000
Purchases of steel products by certain wholly owned subsidiaries of the Group from JK Ji Seng Sdn.Bhd.	103,283	180,133
Rent of office space by Hiap Teck Venture Berhad from Pedoman Cekap Sdn. Bhd.	249	498

These transactions have been entered into in the normal course of business and at arm's length basis and on terms no more favourable to the related party than those generally available to the public and are not detrimental to minority shareholders.

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PART B: ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS

16. Review of performance

Table 1: Financial review for current quarter and financial year to date for the quarter ended 31 January 2023.

	Individual Quarter		Changes		Cumulative Quarter		Changes	
	Current Year Quarter	Preceding Year Corresponding Quarter	Amount	%	Current Year To-date	Preceding Year Corresponding Period	Amount	%
	31/01/2023	31/01/2022			31/01/2023	31/01/2022		
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	360,558	333,205	27,353	8%	758,386	739,831	18,555	3%
Gross profit / (loss)	12,580	44,535	(31,955)	-72%	(24,523)	119,056	(143,579)	-121%
Profit / (Loss) from operations	1,553	35,881	(34,328)	-96%	(43,505)	101,840	(145,345)	-143%
Share of profit of equity-accounted investees, net of tax	27,527	3,362	24,165	719%	28,838	26,635	2,203	8%
Profit / (Loss) before tax	25,083	36,588	(11,505)	-31%	(22,913)	122,921	(145,834)	-119%
Profit / (Loss) for the period	23,058	28,305	(5,247)	-19%	(25,737)	99,380	(125,117)	-126%
Profit / (Loss) attributable to:								
Owners of the parent	22,420	28,239	(5,819)	-21%	(26,719)	99,327	(126,046)	-127%
Non-controlling interests	638	66	572	867%	982	53	929	1753%
	23,058	28,305	(5,247)	-19%	(25,737)	99,380	(125,117)	-126%

For the current quarter under review, Group revenue increased 8% to RM360.558 million as compared to the preceding year's corresponding quarter of RM333.205 million attributable mainly to higher sales volume despite a drop in average selling price.

The Trading division registered a 48% jump in revenue to RM229.834 million as compared to RM155.381 million in the preceding year's corresponding quarter as a result of higher sales volume. Contrarily, the Manufacturing division reported a 25% decline in revenue to RM133.338 million from RM177.867 million in the preceding year's corresponding quarter mainly due to lower average selling price partly offset by higher sales volume.

The Group recorded a significantly lower profit from operations of RM1.553 million for the current quarter as compared to preceding year's corresponding quarter of RM35.881 million mainly attributed to lower selling price and higher costs of goods sold albeit a reversal of Write-down of Inventories to Net Realisable Value which amounted to RM12.686 million during the quarter.

On the whole, the Group achieved a profit before tax of RM25.083 million in the current quarter, as compared to RM36.588 million in the preceding year's same quarter. The profit was mainly contributed by JV entity, which recorded better performance due to favorable foreign exchange translation impact.

17. Comparison with immediate preceding quarter's results

Table 2: Financial review for current quarter compared with immediate preceding quarter

	Individual Quarter		Changes	
	Current Year Quarter	Immediate Preceding Quarter	Amount	%
	31/01/2023	31/10/2022		
	RM'000	RM'000	RM'000	%
Revenue	360,558	397,828	(37,270)	-9%
Gross / (Loss) profit	12,580	(37,103)	49,683	134%
Profit / (Loss) from operations	1,553	(45,058)	46,611	103%
Share of profit of equity-accounted investees, net of tax	27,527	1,311	26,216	2000%
Profit / (Loss) before tax	25,083	(47,996)	73,079	152%
Profit / (Loss) for the period	23,058	(48,795)	71,853	147%
Profit / (Loss) attributable to:				
Owners of the parent	22,420	(49,138)	71,558	146%
Non-controlling interests	638	343	295	86%
	23,058	(48,795)	71,853	147%

Group revenue for the current quarter under review declined 9% to RM360.558 million from RM397.828 million achieved in the immediate preceding quarter (“1Q2023”) due to lower sales volume and lower average selling price.

The Group recorded a profit from operations of RM1.553 million in the current quarter as compared to a loss from operations in the immediate preceding quarter at RM45.058 million. This was mainly attributed to the reversal of Write-down of Inventories to Net Realisable Value of RM12.686 million in the current quarter and lower cost of goods sold.

The Group reported a profit before tax of RM25.083 million in the current quarter, as compared to loss before tax of RM47.996 million in the immediate preceding quarter due to higher share of profit from JV entity at RM27.527 million in the current quarter as compared to RM1.311 million in the immediate preceding quarter.

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18. Prospects

According to the World Bank's latest *Global Economic Prospects* report, the global economy is projected to grow 1.7% in 2023 and 2.7% in 2024. However, for the year the sharp slowdown in growth is expected to be widespread, with forecasts in 2023 revised down for 95% of advanced economies and nearly 70% of emerging market and developing economies. Given fragile economic conditions, any new adverse development such as higher-than-expected inflation, abrupt rises in interest rates to contain it, a resurgence of the COVID-19 pandemic, or escalating geopolitical tensions could push the global economy into recession.

Malaysia's economy in the fourth quarter grew 7% (3Q 2022: 14.2%) from the previous year on continued expansion in domestic demand and resilient demand in electrical and electronics goods. GDP for 2022 was 8.7% higher than 2021, the fastest full-year growth in 22 years and surpassing the government's forecast of between 6.5% and 7%. Bank Negara Malaysia expects full-year GDP growth to moderate in 2023 to between 4% and 5%, amidst the global slowdown and potential escalation of geopolitical tensions.

The World Steel Association in October 2022 issued its latest Short Range Outlook for 2022 and 2023 and forecasted global steel demand to see a marginal recovery of 1.0% in 2023 after an expected contraction of 2.3% in 2022 after a growth of 2.8% in 2021. Malaysian Iron and Steel Industry Federation ("MISIF") has earlier forecasted the Apparent Steel Consumption ("ASC") for Malaysia to grow a further 9% in 2023 to 8.5 million MT.

Domestic steel demand in Malaysia will continue to be driven by private consumption. In the Re-tabled Budget 2023, major infrastructure projects such as the Mass Rapid Transit 3 ("MRT3") project will move forward as planned albeit a reduction in budget. It is hopeful that year 2023 will see an improvement to the country's construction sector. The continuation of projects such as the East Coast Railway Link ("ECRL"), Klang Valley Double Tracking ("KVDT") Phase 2, thermal power plant and renewable energy projects as well as infrastructure projects in East Malaysia will spur construction activities and help boost multi-year demand for domestic steel.

Against this backdrop, the Group will remain vigilant of the challenges and heightened volatility in steel prices and financial markets, and will continue to adopt prudent procurement strategies and inventory management to optimise financial performance and preserve balance sheet strength. With the recent recovery in steel prices and expected improvement in demand, Management is cautiously optimistic on the Group's performance in the coming quarter.

19. Variance of actual and forecast profit

Not applicable.

20. Tax

	Group	
	Current year quarter 31.01.2023	Current year-to- date 31.01.2023
	RM'000	RM'000
	Income tax	
- current year	1,195	2,017
- prior year	1,654	1,654
Deferred tax	(824)	(847)
	2,025	2,824

The Group's effective tax rate was higher than the statutory income tax rate after excluding the share of profit of the joint venture due to the charge out of prior years' tax under-provided (refer to note 23) and tax expenses for certain profit making subsidiaries.

21. Status of corporate proposal

There was no corporate proposal as at the date of this announcement.

22. Loans and borrowings

The Group's borrowings are as follows:

	As at 31.01.2023 RM'000	As at 31.07.2022 RM'000
Short-Term Loan		
Bankers' acceptances	267,099	289,826
Post shipment buyer loan	47,217	119,115
Accepted bills	122,525	169,542
Revolving credit	-	30,000
	436,841	608,483

All borrowings are secured by corporate guarantees of the Company. 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.

23. Material litigation

There is no material litigation for the quarter under review, except for the following:

As announced on 30 September 2021, 26 October 2021, 3 March 2022, 8 April 2022, 16 June 2022, 18 August 2022, 26 August 2022, 2 September 2022, 29 November 2022, 1 December 2022, 23 December 2022, 13 February 2023 and 16 March 2023

Hiap Teck Venture Berhad (the “Company”) has earlier engaged in discussions with Lembaga Hasil Dalam Negeri (“LHDN”) on certain audit findings for the Years of Assessment (“YA”) from 2013 to 2019 involving additional tax assessments and penalties of up to RM13.5 million. Based on legal advice obtained, Management has been advised that HTVB has merits in maintaining its stand on the audit issues raised by LHDN.

Accordingly, the Company has initiated legal proceedings to challenge the basis and validity of the said notices and penalties imposed. The judicial review application lodged by the Company against the Minister of Finance (“MOF”) before the KL High Court in October 2021.

On 9 February 2023, the Company has entered into a settlement with LHDN. The Settlement Agreement (“Agreement”) dated 9 February 2023 was recorded before the Special Commissioners of Income Tax (“SCIT”) on 13 February 2023. Pursuant to the Agreement, the LHDN has agreed to issue the Notices of Reduced Assessment (“Forms JR”) for the YAs 2013, 2014, 2015, 2016, 2017, 2018 and 2019, in which the LHDN agrees to reduce the total additional tax payable to RM 1,653,843.22 including penalty following the recording of this Agreement and the issuance of the Deciding Order thereon by the SCIT.

Under the Agreement, the LHDN has also agreed to withdraw the appeal filed before the Court of Appeal and the Company has agreed to withdraw its application for judicial review before the High Court and the appeal before the SCIT. The Company had filed the Notice of Discontinuance with the KL High Court on 8 March 2023. Accordingly, the tax dispute between the Company and LHDN has been settled amicably.

24. Dividend

The Board of Directors does not recommend any dividend for the period under review.

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25. Earnings per share (“EPS”)

a) Basic EPS

The basic earnings/(loss) per share is calculated by dividing the Group’s net profit/(loss) attributable to ordinary equity holders for the period by the weighted average number of ordinary shares in issue.

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31.01.2023	Preceding Year Corresponding Quarter 31.01.2022	Current Year To-Date 31.01.2023	Preceding Year Corresponding Period 31.01.2022
Profit / (Loss) attributable to owners of the parent (RM'000)	22,420	28,239	(26,719)	99,327
Weighted average number of ordinary shares in issue ('000)	1,742,230	1,733,345	1,742,230	1,733,345
Basic earnings / (loss) per share (sen)	1.29	1.63	(1.53)	5.73

b) Diluted EPS

The diluted earnings/(loss) per share is calculated by dividing the Group’s net profit/(loss) attributable to ordinary equity holders for the period by the weighted average number of ordinary shares that would have been in issue during the year, excluding treasury shares held by the Company at the opening of the quarter and financial year under review.

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31.01.2023	Preceding Year Corresponding Quarter 31.01.2022	Current Year- to-date 31.01.2023	Preceding Year Corresponding Quarter 31.01.2022
Profit / (Loss) attributable to owners of the parent (basis) (RM'000)	22,420	28,239	(26,719)	99,327
Weighted average number of ordinary shares in issue (basis) ('000)	1,742,230	1,733,345	1,742,230	1,733,345
Effect of treasury shares held	(5,492)	(5,492)	(5,492)	(5,492)
Effect of ESOS vested	-	113,357	-	113,357
Weighted average number of ordinary shares in issue (diluted) ('000)	1,736,738	1,841,210	1,736,738	1,841,210
Diluted earnings / (loss) per share (sen)	1.29	1.53	(1.54)	5.39

26. Profit from operations

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31.01.2023 RM'000	Preceding Year Corresponding Quarter 31.01.2022 RM'000	Current Year-to-date 31.01.2023 RM'000	Preceding Year Corresponding Period 31.01.2022 RM'000
<i>Profit for the period is arrived at after charging:</i>				
Depreciation of property, plant and equipment	3,249	3,216	6,411	6,323
Depreciation of investment properties	63	56	127	110
Depreciation of right-of-use assets	227	46	454	92
Finance costs (Reversal) / Write-down of inventories to net realisable value	4,641	3,216	9,601	6,722
Property, plant and equipment written off	(12,686)	2,046	14,756	8,394
	6	13	35	93
<i>and after crediting / (charging):</i>				
Gain on disposal of property, plant and equipment	2,447	782	3,265	1,205
Finance income:				
Other investments	118	4	194	11
Deposits with licensed banks	527	557	1,161	1,157
Net foreign exchange gain / (loss)				
Realised	465	149	937	112
Unrealised	(2,279)	41	(1,276)	(405)
Net overdue interest income	300	305	639	493
Rental income	43	243	480	483
Reversal for impairment on trade receivables	-	105	-	105
Share of profit of equity-accounted joint venture, net of tax	27,527	3,362	28,838	26,635

27. Authorisation for Issue

The Interim Financial Statements were authorised for issue by the Board of Directors on 29 March 2023.

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