A-RANK BERHAD 633621-X

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A-RANK BERHAD 633621-X

ANNUAL REPORT 2009

A-RANK BERHAD

(633621-X)

ANNUAL REPORT 2009

VISION

To be a renowned international player and a trustworthy partner in aluminium extrusion billets.

MISSION

We are committed to supporting our customers' success by working closely with them in developing new and innovative solutions that will enhance their products and process challenges.

To build our reputation on the basis we help our customers achieve success by focusing on two fundamental themes – delivering superior quality billets and building lasting relationships.

We will satisfy or exceed the needs of our customers by providing quality billets, reliable on-time deliveries and services.

CONTENTS

CORPORATE PROFILE

A-RANK BERHAD THROUGH ITS WHOLLY-OWNED SUBSIDIARY, FORMOSA SHYEN HORNG METAL SDN. BHD. ("FORMOSA") (COLLECTIVELY THE "GROUP" OR "A-RANK GROUP") IS PRINCIPALLY INVOLVED IN THE MANUFACTURING AND MARKETING OF ALUMINIUM BILLETS. THE GROUP IS CURRENTLY THE LARGEST MANUFACTURER AND SUPPLIER OF ALUMINIUM BILLETS IN MALAYSIA AND ONE OF ASIA'S LEADING SUPPLIERS OF ALUMINIUM EXTRUSION BILLETS.

The A-Rank Group commenced operations in 1998 with an initial annual installed capacity of 12,000 metric tonnes and has registered consistent and impressive growth culminating in its listing on the Main Market (formerly known as the "Second Board") of Bursa Malaysia Securities Berhad on 11 May 2005. Currently, the Group has an installed capacity of 108,000 metric tonnes per annum. Turnover for the financial year ended 31 July 2009 was RM341 million.

The Group's integrated facilities include Wagstaff "Airslip" billet casting mould system, melting furnaces with regenerating burners, tilting holding furnace and fully automated vertical direct-chilled hydraulic-controlled casting machines from Australia, filters, in-line degassing machines, homogenising furnaces and cooling booths, and automated billet-sawing machines. Sizes of billets manufactured range in diameters from 3" up to 10" and of any cut length up to 6 metres.

To ensure consistent quality of its products, the Group has numerous testing equipment including ultrasonic fault detectors, light emission spectrometers, AℓSCAN hydrogen analyser and optical microscope with Olympus software solution that enable sophisticated evaluation of quality achieved in the casting and homogenising processes. In line with its emphasis on quality, Formosa has achieved the ISO 9001:2008 certification and BS EN ISO 9001:2008 certification in 2003 from Moody.

The Group presently exports about 45% of its production and its export markets include Australia, China, Europe, Middle East, South Asia, Africa and South East Asia.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of the Company will be held at Ujong Pandang Room, Staffield Country Resort, Batu 13, Jalan Seremban-Kuala Lumpur (Country Road), 71700 Mantin, Negeri Sembilan Darul Khusus on Tuesday, 22 December 2009 at 10.00 a.m. for the following purposes:

AGENDA

1. To receive and adopt the audited Financial Statements for the year ended 31 July 2009 and the Reports of the Directors and Auditors thereon. **Resolution 1**

2. To declare a first and final tax exempt dividend of 2.0 sen per ordinary share in respect of the financial year ended 31 July 2009. **Resolution 2**

3. To approve the payment of Directors' Fees amounting to RM96,000 (2008: RM78,000) for the financial year ended 31 July 2009. **Resolution 3**

4. To re-elect Dr. Leong Chik Weng who retires in accordance with Article 112 of the Company's Articles of Association. **Resolution 4**

5. To re-elect Mr. Gan Choon Sun who retires in accordance with Article 117 of the Company's Articles of Association. **Resolution 5**

6. To re-appoint Messrs. BDO Binder as Auditors and to authorise the Directors to fix their remuneration. **Resolution 6**

7. As SPECIAL BUSINESS, to consider, and if thought fit, to pass the following as Ordinary Resolution:

   Authority to issue shares not exceeding ten (10) per centum of the Issued Capital of the Company. **Resolution 7**

   "THAT pursuant to Section 132D of the Companies Act, 1965, and subject to the approvals of the relevant governmental/regulatory authorities (if any shall be required), the Directors be and are hereby empowered to issue shares (other than bonus or rights issue) in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may deem fit provided that the aggregate number of shares issued pursuant to the resolution in any one financial year of the Company (other than by way of bonus or rights issue) does not exceed ten (10) per centum of the issued capital of the Company for the time being and that the Directors be and are hereby also empowered to obtain approval from the Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares so issued and that such authority shall continue in force until conclusion of the next Annual General Meeting of the Company."

8. To transact any other ordinary business of the Company of which due notice shall have been given.

BY ORDER OF THE BOARD

NG BEE LIAN
TAN ENK PURN
Company Secretaries

Seremban
30 November 2009

NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS ALSO HEREBY GIVEN THAT subject to the approval of the shareholders at the Annual General Meeting on 22 December 2009, the First and Final Tax Exempt dividend of 2.0 sen per ordinary share in respect of the financial year ended 31 July 2009 will be payable on 8 January 2010 to Depositors whose names appear in the Record of Depositors on 29 December 2009.

A Depositor shall qualify for entitlement to the dividend only in respect of:

(a) shares transferred into the depositor's securities account before 4.00 p.m. on 29 December 2009 in respect of ordinary transfers; and

(b) shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the rules of the Bursa Malaysia Securities Berhad.

Notes:

1. A member of the Company who is entitled to attend and vote at the Meeting is entitled to appoint one or more Proxies to attend and vote in his stead. Where a member appoints two Proxies or more Proxies, the appointment shall be invalid unless he specifies the proportion of his holdings to be represented by each Proxy. A Proxy need not be a member of the Company but must attend the Meeting in person to vote. The instrument appointing a Proxy must be in writing under the hand of the appointer or his attorney duly authorised in writing, or if the appointer is a corporation either under its common seal or under the hands of duly authorised officer or attorney.

2. All forms of Proxy must be deposited at the Company's Registered Office at No. 275 (1st Floor), Jalan Haruan 1, Oakland Industrial Park, 70200 Seremban, Negeri Sembilan Darul Khusus not less than 48 hours before the time appointed for holding the Meeting or at any adjournment thereof.

3. **Explanatory Notes**

   Item 7 of the Agenda – Ordinary Resolution

   Authority to issue shares not exceeding ten (10) per centum of the Issued Capital of the Company

   The Ordinary Resolution proposed under item 7 of the Agenda, if passed, is to empower the Directors to issue up to a maximum of ten (10) per centum of the total issued share capital of the Company for the time being without convening a general meeting of the Company for such purposes which the Directors consider would be in the interest of the Company. This authority unless revoked or varied by the Company at a general meeting will expire at the next Annual General Meeting. No shares had been issued by the Company since obtaining the said authority from its shareholders at the last Annual General Meeting held on 23 December 2008. The renewal of the general mandate, if granted, will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placement of shares, for the purpose of funding future investment project(s), working capital and/or acquisition.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

Pursuant to Paragraph 8.28(2) of the Listing Requirements of the Bursa Malaysia Securities Berhad.

1. The name of Directors who are standing for election or re-election are as follows:

Under Article 112 of the Articles of Association
Dr. Leong Chik Weng

Under Article 117 of the Articles of Association
Mr. Gan Choon Sun

2. The details of attendance of existing Directors at Board meetings.

During the financial year, four (4) Board meetings were held.

Name of Directors	Attendance
Dato' Shahrir Bin Abdul Jalil	4 / 4
Tan Wan Lay	4 / 4
Ahmed Azhar Bin Abdullah	4 / 4
Dr. Leong Chik Weng	4 / 4
Wong Tze Kai	4 / 4
Gan Choon Sun (Appointed on 17 September 2009)	–

3. Annual General Meeting of A-Rank Berhad

Place	Ujong Pandang Room, Staffield Country Resort Batu 13, Jalan Seremban-Kuala Lumpur (Country Road), 71700 Mantin Negeri Sembilan Darul Khusus
Date & Time	Tuesday, 22 December 2009 at 10.00 a.m.

4. Details of Directors who are standing for election or re-election

The shareholdings of the Directors standing for election or re-election in the Company are disclosed in the Directors' Report under Directors' Interest of this annual report and other details of Director standing for election or re-election are disclosed in the Directors' Profile on pages 7 to 8 in this annual report.

FINANCIAL HIGHLIGHTS

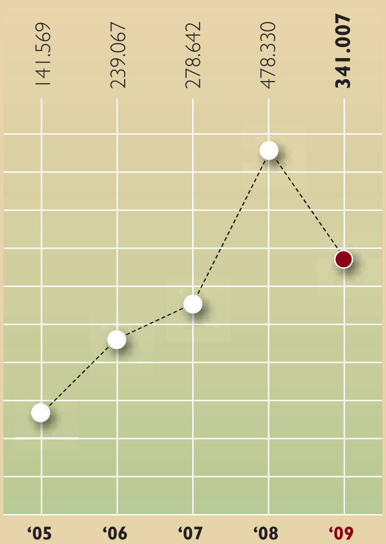
The following table sets out a summary of the proforma consolidated results of the Group for the financial year ended 31 July 2005 prepared on the assumption that the Group has been in existence throughout the said year and the audited consolidated results for the financial years ended 31 July 2006, 2007, 2008 and 2009.

Years ended	Revenue RM'000	Profit/(loss) before taxation RM'000	Profit/(loss) after taxation RM'000	Proposed Dividend RM'000
31.07.2005	141,569	11,272	9,467	2,800
31.07.2006	239,067	8,129	6,841	2,800
31.07.2007	278,642	8,606	7,429	2,800
31.07.2008	478,330	10,093	8,924	2,800
31.07.2009	341,007	(10,847)	(8,240)	1,600 *

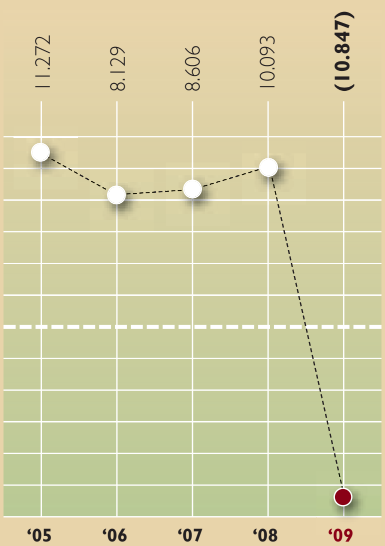
Denote: * Proposed dividend subject to the approval of shareholders at the forthcoming Annual General Meeting.

1. The proforma consolidated result is prepared for illustrative purposes only and is prepared based on the audited financial statements of A-Rank Berhad and its subsidiary company, Formosa Shyen Horng Metal Sdn. Bhd. ("Formosa") for the financial year ended 31 July 2005. The proforma consolidated result for the financial year mentioned above have been prepared based on accounting policies consistent with those adopted in the preparation of the audited financial statements of the A-Rank Group.

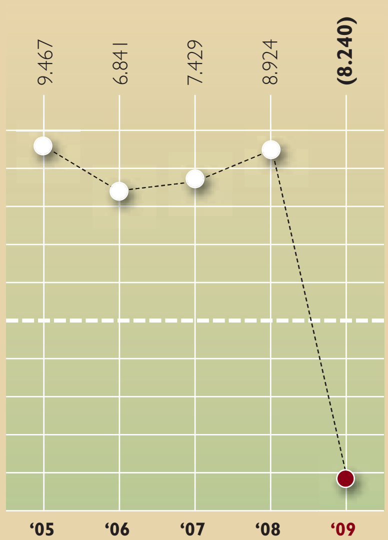
2. There were no extraordinary or exceptional items.



REVENUE (RM million)



PROFIT/(LOSS) BEFORE TAXATION (RM million)



PROFIT/(LOSS) AFTER TAXATION (RM million)

CORPORATE INFORMATION

BOARD OF DIRECTORS

Dato' Shahrir Bin Abdul Jalil
Independent Non-Executive Director – Chairman

Tan Wan Lay
Managing Director

Ahmed Azhar Bin Abdullah
Independent Non-Executive Director

Dr. Leong Chik Weng
Independent Non-Executive Director

Wong Tze Kai
Independent Non-Executive Director

Gan Choon Sun
Non-Independent Non-Executive Director
(Appointed on 17 September 2009)

AUDIT COMMITTEE

Ahmed Azhar Bin Abdullah
Independent Non-Executive Director – Chairman

Dr. Leong Chik Weng
Independent Non-Executive Director

Wong Tze Kai
Independent Non-Executive Director

REGISTERED OFFICE

No. 275 (1st Floor)
Jalan Haruan 1
Oakland Industrial Park
70200 Seremban
Negeri Sembilan Darul Khusus
Tel : 06-762 3339
Fax : 06-762 9693

COMPANY SECRETARIES

Ng Bee Lian (MAICSA 7041392)
Tan Enk Purn (MAICSA 7045521)

AUDITOR

BDO Binder
Chartered Accountant
12th Floor, Menara Uni.Asia
1008, Jalan Sultan Ismail
50250 Kuala Lumpur

PRINCIPAL BANKERS

AmBank (M) Berhad
Malayan Banking Berhad
United Overseas Bank (Malaysia) Berhad

SOLICITORS

Soo Thien Ming & Nashrah
Wisma Selangor Dredging
10th Floor, South Block
No. 142-A, Jalan Ampang
50450 Kuala Lumpur

Stanley Ponniah, Ng & Soo
Advocates & Solicitors
No. 9 & 10, Jalan Dato Lee Fong Yee
70000 Seremban
Negeri Sembilan Darul Khusus

HEAD/MANAGEMENT OFFICE

Lot 2-33, Jalan Perindustrian Mahkota 7
Taman Perindustrian Mahkota
43700 Beranang
Selangor Darul Ehsan
Tel : 03-8724 4662/3/7
Fax : 03-8724 4661/8723 2009
Email : admin@arank.com.my or melissa@arank.com.my
Website : http://www.arank.com.my

SHARE REGISTRAR

Bina Management (M) Sdn Bhd
Lot 10, The Highway Centre
Jalan 51/205
46050 Petaling Jaya
Selangor Darul Ehsan
Tel : 03-7784 3922
Fax : 03-7784 1988

CORPORATE ADVISOR

AmInvestment Bank Berhad
22nd Floor, AmBank Group Building
55, Jalan Raja Chulan
50200 Kuala Lumpur

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
Stock Name : ARANK
Stock Code : 7214

profile of directors

PROFILE OF DIRECTORS

Dato' Shahrir Bin Abdul Jalil

Independent Non-Executive Chairman

Aged 48, a Malaysian, was appointed to the Board on 11 March 2005 and is presently the Managing Partner of Messrs. Shahrizat Rashid & Lee. He obtained an advanced Diploma in Estate Management from ITM in 1982 and was attached to CH Williams Talhar & Wong from 1982 to 1985. Thereafter, he set up his own project consultancy business whilst pursuing a law degree. He graduated with a LLB (Hons) degree from the International Islamic University, Malaysia in 1991 and worked in Rashid & Lee from 1991 to 1993 during which he was called to the Bar. In 1993, he left the firm and was one of the founding partners of Shahrizat & Tan. In 2004, Shahrizat & Tan merged with Rashid & Lee to become Shahrizat Rashid & Lee.

Dato' Shahrir does not have any family relationship with any director and/or major shareholder of A-Rank Berhad nor has he any conflict of interest with the Company. He has had no conviction for any offences within the past ten (10) years.

He attended all four (4) Board meetings held during the financial year ended 31 July 2009.

Tan Wan Lay

Managing Director

Aged 45, a Malaysian, was appointed to the Board on 11 March 2005. Mr. Tan has over 20 years experience in the aluminium extrusion industry. He graduated with a Diploma in Civil Engineering from Federal Institute of Technology in 1986 and joined LB Aluminium Berhad in the same year. He rose through the ranks to be a Senior Production Manager in 1993 when he left to join Press Metal Berhad as Production Manager. He left Press Metal Berhad in 1997 to set up Formosa Shyen Horng Metal Sdn. Bhd.

Mr. Tan does not have any family relationship with any director and/or major shareholder of A-Rank Berhad nor has he any conflict of interest with the Company. He has had no conviction for any offences within the past ten (10) years.

He attended all four (4) Board meetings held during the financial year ended 31 July 2009.

Dr. Leong Chik Weng

Independent Non-Executive Director

Aged 46, a Malaysian, was appointed to the Board on 11 March 2005 and is currently the founder and Chief Executive Officer of e-Lock Corporation Sdn. Bhd. Dr. Leong obtained his Ph.D in Chemical Engineering in 1989 from the University of Massachusetts, Amherst, USA. After graduation, he joined Raychem Corporation in Menlo Park, California where he was subsequently promoted as Technical Director. In 1997, Dr. Leong was a consultant to Guidant Corporation, one of the world's largest cardiovascular product companies, where he develop an advanced chaotic mixing screw technology to produce micro tubing using polymer alloys.

He also sits on the Board of UMW Holdings Berhad.

He is a member of the Audit Committee.

Dr. Leong does not have any family relationship with any director and/or major shareholder of A-Rank Berhad nor has he any conflict of interest with the Company. He has had no conviction for any offences within the past ten (10) years.

He attended all four (4) Board meetings held during the financial year ended 31 July 2009.

Ahmed Azhar Bin Abdullah

Independent Non-Executive Director

Aged 48, a Malaysian, was appointed to the Board on 11 March 2005 and is currently the Executive Director of MOCCIS Furniture Sdn. Bhd. and of MCCM Marketing Sdn. Bhd. He graduated from California State University (Fresno) with a Bachelor of Science in Accounting in 1986 and subsequently obtained his Master of Business Administration from California State University, Dominquez Hills (Los Angeles) in 1987. Upon graduation, he joined Malaysia Mining Corporation Berhad ("MMC") as an Internal Auditor. He was subsequently seconded to head MMC's wholly-owned subsidiary in London from 1992 to 1995 and upon his return, served in various management capacities within the MMC Group. He joined Gas Malaysia Sdn. Bhd. in November 2000 and was Head of the residential and commercial sales unit for natural gas and liquefied petroleum gas until March 2005.

He also sits on the Board of Ecofuture Bhd.

He is a member of the Audit Committee.

Encik Ahmed does not have any family relationship with any director and/or major shareholder of A-Rank Berhad nor has he any conflict of interest with the Company. He has had no conviction for any offences within the past ten (10) years.

He attended all four (4) Board meetings held during the financial year ended 31 July 2009.

Wong Tze Kai

Independent Non-Executive Director

Aged 37, a Malaysian, was appointed to the Board on 19 September 2008 and is currently the Executive Director of CPK Solutions. Mr. Wong graduated from the University of Adelaide, Australia with a Bachelor of Commerce/Bachelor of Laws in 1995. He joined Messrs. Lee Hishammuddin in 1996 as Pupil in Chambers and as Legal Assistant in year 1997. He worked in Malaysian Exchange of Securities Dealing & Automated Quotation Bhd. From 1997 to 1999 as an Executive, Legal and Intermediary services. He was a Senior Executive of Maxis Communications Bhd. from 1999 to 2000. He was Managing Investment Director of Banyan Ventures Sdn. Bhd. and headed the Legal and Strategy unit. He was a senior manager in Malaysian Venture Capital Management Berhad from 2003 to 2005 and was promoted to Vice President (Investments) and Voting Member of Investment Committee from 2005 to 2006. From 2007 to 2009, he was an entrepreneur being involved in several international businesses in the ICT, outsourcing and property development sectors.

He is a member of the Audit Committee.

Mr. Wong does not have any family relationship with any director and/or major shareholder of A-Rank Berhad nor has he any conflict of interest with the Company. He has had no conviction for any offences within the past ten (10) years.

He attended all four (4) Board meetings held during the financial year ended 31 July 2009.

Gan Choon Sun

Non-Independent Non-Executive Director

Age 44, a Malaysian, was appointed to the Board on 17 September 2009 and is currently General Manager of Formosa Shyen Horng Metal Sdn. Bhd, ("Formosa"), a wholly owned subsidiary of the Company. He graduated from Middlesex University, London with a First Class Honour Degree in Manufacturing Management Engineering in 1996. He also holds a Diploma in Civil Engineering from University Technology of Malaysia. Prior to joining Formosa in 2006, he was holding various senior positions ranging from Engineer to General Manager in various private companies in the metal industry. He has extensive experience in process engineering and has provided the Group with technical manufacturing expertise. Currently, he is instrumental in spearheading the overall operating activities of Formosa, as well as formulating business strategies for the Group.

Mr. Gan does not have any family relationship with any director and/or major shareholder of A-Rank Berhad nor has he any conflict of interest with the Company. He has had no conviction for any offences within the past ten (10) years.

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, I am pleased to present the Annual Report and Financial Statements of the Group and of the Company for the financial year ended 31 July 2009.

FINANCIAL PERFORMANCE

2008/9 will be remembered as one of the most volatile years for the aluminium industry. The price of aluminium rose steadily to record high in July 2008 but by February 2009 it had fallen faster than at any time in the history of the aluminium industry. As the economic crisis batters our customers, demand declines sharply accordingly. For the financial year under review, the Group's revenue decreased by 28.7% to RM341.0 million from RM478.3 million for the previous year due to a combination of reduction in volume of aluminium billets sold and lower selling prices following the sharp fall in aluminium prices.

For the first time, the Group registered a loss before and after tax of RM10.8 million and RM8.2 million respectively compared to profit before and after tax of RM10.1 million and RM8.9 million last year. The loss was attributed to the one-off write down in the Group's inventory costs by RM16.2 million to its net realisable value as a result of the substantial drop in aluminium prices during the financial year. The Group has adopted this write down so as to start on a clean slate without the burden of high-priced inventory in its books.

As a result of the above, the loss earnings per share for the financial year ended 31 July 2009 was 10.3 sen whilst net assets per share amounted to 63.9 sen at the end of the financial year.

CORPORATE DEVELOPMENTS

The Group does not have any significant corporate development to report as in view of the economic crisis, emphasis was placed on protecting the Group's balance sheets and cashflow and preserving our ability to grow in the long term.

DIVIDENDS

The Board of Directors is pleased to recommend a first and final tax-exempt dividend of 2.0 sen per ordinary share in respect of the financial year ended 31 July 2009 subject to the approval of shareholders at the forthcoming annual general meeting.

CORPORATE SOCIAL RESPONSIBILITY ("CSR")

The Board understands that as a public listed entity, the Company and its subsidiary should meet with the social needs of society and the many communities in which they operates. As such, the Company will endeavour to appreciate its social and environmental performances with respect to CSR issues and to take appropriate and timely action to address such issues, if any. Considerations for the environment have always been an important issue in all aspects of the Group's operations. In this regard, the Group is particularly proud of its contributions towards the environment as it provides a valuable service in the recycling of aluminium, predominantly to manufacturers of aluminium products in Malaysia. Aluminium which is the major raw material input in our products is environmentally friendly and can be endlessly recycled. By recycling aluminium, we help save energy as well as raw materials which lessen the need for solid waste disposal.

From the social viewpoint, the Group has made donations to various schools in Malaysia as a gesture of its contributions. The Group has also upgraded its dust collection facilities to further reduce air pollution.

PROSPECTS

With the gradual recovery in the global economy over the last few months, the Group's prospects have also improved consequently. We have also taken this opportunity to create competitive advantages against companies less prepared for the economic impact and uncertainties that our industry faces. In addition, we are using this downturn to increase our market share as well as securing our future. Emphasis will continue to be placed on broadening our customer base, both export and domestic markets, as well as implementing measures to improve our core competencies.

Given the improved global economy, your Board is cautiously optimistic, barring unforeseen circumstances, that the prospects for the Group remain good for the forthcoming year.

APPRECIATION

On behalf of the Board, I would like to extend a warm welcome to our new Director, Mr. Gan Choon Sun, who brings with him a wealth of experience to the Board. Our heartfelt thanks are also extended to our customers, business associates, bankers and the various government agencies for their continued and unwavering support. I would also like to place on record my appreciation and gratitude for the support of my fellow Directors. Our appreciations are also extended to our shareholders and to the management and employees for their commitment, contribution and loyalty.

Dato' Shahrir Bin Abdul Jalil
Chairman
Independent Non-Executive Director

managing director's

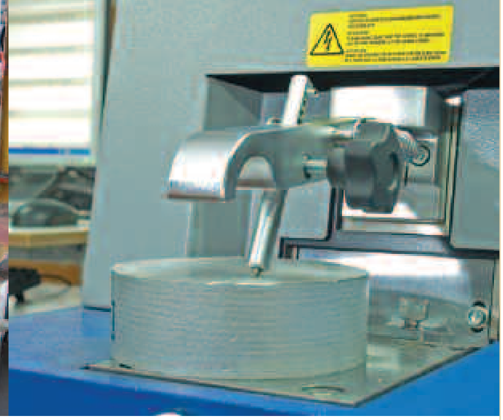
MANAGING DIRECTOR'S OPERATIONS REVIEW

REVIEW OF OPERATIONS

For the financial year ended 31 July 2009, the Group registered lower revenue of RM341.0 million and loss after tax of RM8.2 million compared to a revenue of RM478.3 million and profit after tax of RM8.9 million respectively for the previous year. The reasons for the lower revenue are due to reduced sales volume and lower selling prices as a consequence of the sharp fall in aluminium prices. The loss reported is due to the write down of inventory costs which was explained in the Chairman's Statement earlier. The unprecedented collapse in aluminium prices have seen the average London Metal Exchange ("LME") cash price fall from a high of USD3,071 per metric tonne in July 2008 to a low of USD1,330 per metric tonne in February 2009.

In addition, the Group has to contend with the substantial increase in tariff of natural gas in August 2008 which adversely impacts the profit performance of the Group for the first half of the financial year under review. Natural gas is a major cost component of the Group's operations. However, the Group improved on its sales performance for the second half of the financial year attributed to the recovery of demand from customers, both local and export, following improvement in the global economy.

In line with the increased demand and reduced volatility in aluminium prices, the Group returned to profitability in the second half of the financial year in which it reported profit after tax of RM6.9 million. Nonetheless, it was not sufficient to offset the loss suffered in the first half resulting in an overall loss reported for the full financial year under review.



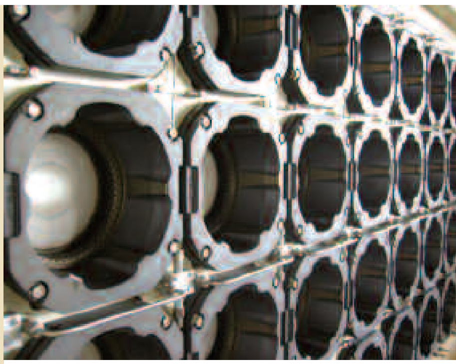
The Group has continued to upgrade its manufacturing facilities which include the following:

- Upgrading the technology for casting molding systems as well as extending the range of billet size to 10" diameter;
- 1 additional unit of degassing system which degases hydrogen during the casting process and improve the quality and extrudability of billets; and
- 1 additional unit of homogenized furnace which modifies the cast structure of the billets that improve extrudability.

OUTLOOK

Commodity prices, including aluminium, have stabilised with an uptrend bias over the last few months. With the reduced volatility, the prospect for the Group has improved. Nevertheless, the global financial crisis and economic imbroglio will continue to impact on the aluminium industry although the Board believes that the worse is over. Demand levels have improved but margins remained under siege with customers requesting for competitive pricing. We also foresee increased competition with a new entrant in the aluminium billets business.

On the domestic front, the Malaysian economy is performing well following the implementation of the stimulus packages by the Government as seen in the increase in the Group's business volume. Given that we are the dominant player in the local market, we are thus well placed to take advantage of any opportunity that may arise.



The Group will continue to focus on improving its operational efficiency, as well as adopt the appropriate marketing strategies to broaden its customer base to weather any uncertainty in the prevailing market. We are encouraged by the much improved performance in the second half of the year under review, following the meltdown in the first half and are cautiously optimistic that the Group has overcome the worst and has returned to profitability.

APPRECIATION

I wish to take this opportunity to thank our customers, business partners, suppliers, bankers and not forgetting our shareholders for their continue support. My thanks are also extended to my fellow directors, management and staff for all the hard work, commitment and contribution during this difficult and challenging year. Finally, I wish to bid a warm welcome to Mr. Gan Choon Sun who joined our Board recently.

Tan Wan Lay
Managing Director

STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors of A-Rank Berhad ("A-Rank" or the "Company") is committed to ensuring that the standards of corporate governance pursuant to the Malaysian Code of Corporate Governance ("Code") are practised throughout the Company and its wholly- owned subsidiary, Formosa Shyen Horng Metal Sdn. Bhd. (collectively the "A-Rank Group" or "Group") to achieve its objectives to protect and enhance shareholders' value, safeguard the Group's assets and improve the performances of the Group. Hence, the Board will continue to evaluate the Group's corporate governance procedures, in so far as they are relevant to the Group, bearing in mind the nature of the Group's businesses and the size of its business operations.

The statement below sets out the Group's application of the principles of the Code and the extent of its compliance for the financial year under review.

BOARD OF DIRECTORS

The Board currently comprises of six (6) members, four (4) of whom are Independent Non-Executive Directors. The Board members, with their diverse backgrounds, bring with them a wide range of disciplines and experiences to provide stewardship to the Group. The composition of the Board complies with the Code in that at least one-third of the Board consists of Independent Non-Executive Directors. There is a balance of power and authority in the Board as the Managing Director is responsible for the normal operations and business activities of the Group whilst the Independent Non-Executive Chairman and the Independent Non-Executive Directors ensure that the Board practices good governance in discharging their duties in compliance with the Code. Decisions made are fully discussed and examined taking into account the long term interest of the Group, shareholders, employees, customers and the many communities in which the Group conducts its business.

No Independent Non-Executive Director has been appointed to whom any concerns pertaining to the Group may be conveyed as recommended by the Code. The Board will shoulder this responsibility collectively.

In the event of any potential conflict of interest situation, it is mandatory practice for the Director concerned to declare his interest and abstain from the decision making process.

BOARD MEETINGS

The Board meets on a scheduled basis, at least once every three (3) months. Additional meetings may be convened to resolve any major and/or adhoc matters requiring immediate attention. During the financial year ended 31 July 2009, the Board met four (4) times which all members of the Board attended. Management staff may be invited to attend Board meetings to provide the Board with detailed explanations and clarification.

SUPPLY OF INFORMATION

The Directors have full and unrestricted access to all information concerning the Company and the Group. At each Board meeting, the Managing Director will brief the Board on the Group's activities, operations and other performance factors affecting the Group's business and performance. All meetings will be preceded by an agenda issued by the Company Secretary. The relevant reports and Board papers will be distributed prior to the Board meetings to allow for sufficient time for the Directors to peruse so as enabling effective discussions and decision making during meetings.

All Directors have access to the advice and services of the Company Secretary and are also entitled to seek advice from investment bankers, the external auditors and other independent professionals in the furtherance of their duties, at the Company's expense.

BOARD COMMITTEES

The Board has established the Audit Committee on 17 March 2005 and now comprised of three (3) Independent Non-Executive Directors to assist the Board in discharging its duties. The Board of Directors has in line with the Listing Requirements reviewed the term of office and performance of the Audit Committee and each of its members and is satisfied that the Audit Committee has carried out its duties in accordance with its terms of reference. The attendance record and the Audit Committee's activities are set out in this Annual Report.

There is no Nomination Committee formed which is not in accordance with the best practices as set out in the Code as the appointment of new Directors would be a matter for the Board as a whole. There is also no formal assessment carried out on the performance of the Board and its individual Directors as the Board is of the view that the diverse backgrounds and experiences of the existing Directors are deemed adequate in addressing the business needs and issues faced by the Group. The independent Non-Executive Directors also ensure proper deliberations and independent judgments in the decision making process.

A Remuneration Committee has not been established which is also not in accordance with the best practices as spelt in the Code as Directors' remuneration will be a matter decided by the Board as a whole.

RE-ELECTION OF DIRECTORS

In accordance with the Company's Articles of Association, all Directors appointed by the Board are subject to election by the shareholders at the first Annual General Meeting ("AGM") following their appointment. The Articles further provide that at least one-third (1/3) of the Directors including the Managing Director shall be subject to re-election by rotation at least once every three (3) years at each AGM.

Directors over seventy (70) years of age are required to submit themselves for reappointment annually in accordance with Section 129(6) of the Companies Act, 1965.

For the forthcoming AGM, Dr. Leong Chik Weng will retire by rotation, pursuant to Article 112 of the Company's Articles of Association and being eligible, offers himself for re-election. Mr. Gan Choon Sun who was appointed to the Board since the last Annual General Meeting, retires under Articles 117 of the Company's Articles of Association, and being eligible, offers himself for election.

NUMBER OF DIRECTORSHIPS IN OTHER COMPANIES

Directors of the Company do not hold more than ten (10) directorships in public listed companies and not more than fifteen (15) in non-public listed companies, as required by the Listing Requirements.

The list of directorships held is diclosured by the respective Directors to the Board to ensure compliance with the above Listing Requirements.

DIRECTORS' TRAINING

All Directors of the Company have completed the Mandatory Accreditation Programme ("MAP") in accordance with the Listing Requirement of the Bursa Malaysia Securities Berhad. The Directors will continue to undergo other relevant training programs to further enhance their knowledge in the latest statutory and regulatory developments as well as to keep abreast with developments in the business environment to enable them to discharge their responsibilities more effectively. All Directors are briefed regularly on current regulatory issues as well as new relevant laws and regulations by the Group's auditors and Company Secretary. For the year ended 31 July 2009 and up to the date of this report, the courses attended by the Directors include:

- Power of change
- Power to Influence and Parenting
- The Non-Executive Director Development Series (NEDDS) – Is it worth the risk?
- Corporate Governance (Bursa Malaysia)
- Technical briefing on changes to Bursa Malaysia Securities Berhad's guidelines

DIRECTORS' REMUNERATION

Remuneration of the Directors are decided by the Board as a whole with the Directors concerned abstaining from deliberations and voting on decision relating to their respective individual remuneration packages.

The aggregate remuneration of Directors for the financial year ended 31 July 2009 is as follows:

	Executive Director RM'000	Non-Executive Directors RM'000	Total RM'000
Fees	18	78	96
Salaries	252	–	252
Bonus	47	–	47
Benefits-in-kind	17	–	17
Defined contribution plan	30	–	30
Total	**364**	**78**	**442**

The number of Directors whose total remuneration fall within the following bands for the financial year ended 31 July 2009 is as follows:

	Executive Directors	Non-Executive Directors
Below RM50,000	–	4
RM350,001 to RM400,000	1	–

RELATIONSHIPS WITH SHAREHOLDERS AND INVESTORS

The Group recognises the importance of keeping shareholders and investors informed of its latest business and corporate developments. The dissemination of information is conducted through various public announcements, the Annual Report, circulars to shareholders and quarterly announcement of the Group's results. The Annual General Meeting ("AGM") provides an opportunity for the shareholders to seek and clarify any issues and to have a better understanding of the Group's performance. The Board encourages shareholders' active participation at such meetings. Members of the Board and the external auditors are also present to answer questions raised during the meetings.

The Company has also established a website **http://www.arank.com.my** as another tool of communication that provide easy access for information which includes corporate information, announcements/press releases, financial information, products information and investor relations. Shareholders may contact the Company's Executive Secretary, Ms. Melissa Liu to address any concern which a shareholder may have and she can be contacted via telephone, facsimile or electronic mail as follows:

Tel. No.	:	03-8724 4662/63/67
Fax No.	:	03-8723 2009
Email	:	melissa@arank.com.my
Contact Person	:	Ms. Melissa Liu (Secretary)

In addition, the Company Secretary provides shareholders and investors with another channel of communication in which they can provide feedback to the Group.

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board aims to present a balanced and clear assessment of the Group's financial performance and prospects in presenting the annual financial statements and quarterly reports as well as announcements to the Bursa Malaysia Securities Berhad. The Chairman's statement and Managing Director's operations review provide further information on the Group's activities, business performances and prospects. The Board is assisted by the Audit Committee in reviewing the Group's financial reporting procedures of its financial results, and scrutinizing information for disclosure to ensure compliance with accounting standards, adequacy and completeness and are announced to the public within the stipulated time frame.

Internal Control

The Statement on Internal Control set out in this Annual Report provides an overview of the state of internal controls within the Group.

Relationship with Auditors

The Group maintains an appropriate and transparent relationship with the Group's external auditors through the Audit Committee. The role of the Audit Committee in relation to the external auditors is set out in the Audit Committee report in this Annual Report.

STATEMENT ON DIRECTORS' RESPONSIBILITY

Directors are required under the Companies Act, 1965 (the "Act") to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the Group and the results and cash flows of the Company and of the Group for that period. In addition, the Directors have the general responsibilities for taking such steps as they are reasonably open to them to safeguard the Group's assets and prevent fraud and other irregularities. The Directors have ensured that the financial statements have been prepared in accordance with applicable approved Financial Reporting Standards in Malaysia and the provisions of the Act, the Listing Requirements of Bursa Malaysia Securities Berhad and that other relevant statutory requirements are complied with, consistently adopt the appropriate accounting policies and made reasonable and prudent judgments and estimates.

This Statement is made in accordance with a resolution of the Board of Directors dated 28 October 2009.

ADDITIONAL COMPLIANCE

The following information is provided in compliance with the Listing Requirements of Bursa Malaysia Securities Berhad:

UTILISATION OF PROCEEDS

During the financial year, there were no proceeds raised by the Company from any corporate proposals.

SHARE BUYBACKS

There was no share buyback scheme implemented during the financial year ended 31 July 2009.

OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

No options, warrants or convertible securities have been issued by the Company.

DEBT AND EQUITY SECURITIES

The Company has not issued any debt or equity securities during the financial year under review.

AMERICAN DEPOSITORY RECEIPT ("ADR") OR GLOBAL DEPOSITORY RECEIPT ("GDR")

The Company has not sponsored any ADR or GDR programme during the financial year ended 31 July 2009.

IMPOSITION OF SANCTIONS/PENALTIES

There were no sanctions and/or penalties imposed on the Company and its subsidiary company, Directors or management by relevant regulatory bodies during the financial year ended 31 July 2009.

NON-AUDIT FEES

During the financial year ended 31 July 2009, non-audit fees paid and payable to external auditors, BDO Binders and its affiliated company amounted to RM10,143.

VARIATION IN RESULTS

There were no material variance between the audited results for the financial year ended 31 July 2009 and the unaudited results previously announced for the quarter ended 31 July 2009.

PROFIT GUARANTEE

There were no profit guarantees given or received by the Company during the financial year ended 31 July 2009.

MATERIAL CONTRACTS

No material contract has been entered into by the Company and/or its subsidiary company which involved Directors' and/or substantial shareholders' interests, either still subsisting at the end of the financial year ended 31 July 2009 or, if not then subsisting, entered into since the end of the previous financial year.

REVALUATION POLICY

The Company and its subsidiary company did not adopt a policy of regular revaluation of its landed properties.

RECURRENT RELATED PARTY TRANSACTIONS OF REVENUE OR TRADING NATURE

The related party transactions are set out in the notes to the financial statements in which the transactions were entered into in the ordinary course of business and establish under negotiated and mutually agreed term.

PROFIT ESTIMATION, FORECAST OR PROJECTION

There were no profit estimation, forecast or projection made or released by the Company or Group during the financial year ended 31 July 2009.

AUDIT COMMITTEE REPORT

MEMBERS OF THE AUDIT COMMITTEE

Name	Position
Chairman	
Ahmed Azhar Bin Abdullah	Independent Non-Executive Director
Members	
Dr. Leong Chik Weng	Independent Non-Executive Director
Wong Tze Kai	Independent Non-Executive Director

TERM OF REFERENCE

Composition

The Audit Committee (the "Committee") shall be appointed by the Board from amongst its number and shall consist of at least three (3) members, all of whom must be Independent Non-Executive Directors. All members of the Audit Committee shall be financially literate and at least one member of the Audit Committee:

- Must be a member of the Malaysian Institute of Accountants; or
- If he is not a member of the Malaysian Institute of Accountants, he must have at least three (3) years working experience; and
  - (a) he/she must have passed the examinations specified in Part I of the 1st Schedule of the Accountant's Act, 1967; or
  - (b) he/she must be a member of one of the Associations of Accountants specified in Part II of the 1st Schedule of the Accountant's Act; or
- Fulfils such other requirements as prescribed or approved by the Bursa Malaysia Securities Berhad.

The members of the Audit Committee shall elect from amongst their number a Chairman. No alternate director shall be appointed as a member of the Audit Committee.

In the event of any vacancy in the Audit Committee resulting in the non-compliance of the above requirements, the vacancy shall be filled within three (3) months.

Quorum and Committee's Procedures

Meetings shall be conducted at least four (4) times annually, or more frequently as circumstances dictate. A quorum shall consist of two (2) members.

The Company Secretary shall be appointed Secretary of the Audit Committee and in conjunction with the Chairman, shall draw up the agenda which shall be sent to all members of the Audit Committee and other persons who may be required/invited to attend. All meetings to review the quarterly results and annual financial statements shall be held prior to such quarterly results and annual financial statements being presented to the Board for approval.

Notwithstanding the above, upon the request of any member of the Audit Committee, the external auditors or the internal auditors, the Chairman of the Audit Committee shall convene a meeting of the Audit Committee to consider matters brought to its attention.

The external auditors have the right to appear and be heard at any meeting of the Audit Committee and shall appear before the Audit Committee when required to do so by the Audit Committee. The Audit Committee may, as and when deemed necessary, invite other Board members and senior management members to attend the meeting. The internal auditors, if any, shall be in attendance at meetings of the Audit Committee to present and discuss the audit findings and the recommendations relating to such findings.

The Audit Committee shall regulate the manner of the proceedings of its meetings. It is the Committee's discretion to meet with the external auditors at least twice a year without the presence of the executive directors. If the Committee members are satisfied with the reporting practices as well as the level of independence shown by the external auditors or they are able to clarify matters directly with the external auditors and do not feel the need to convene an additional meeting, this meeting shall not be held.

Duties & Responsibilities

In fulfilling its primary objectives, the Audit Committee shall undertake the following responsibilities and duties, and report the same to the Board; where appropriate:

- with the external auditors, the audit scope and plan;
- with the external auditors, an evaluation of the quality and effectiveness of the accounting system;
- with the external auditors, the audit report;
- the assistance rendered by employees of the Company and its subsidiary (the "Group") to the auditors;
- with the internal auditors, the adequacy of the scope, duties, competency and resources of the internal audit function, and that it has the necessary authority to carry out its work;
- with the internal auditors, the adequacy and integrity of the internal control system and the efficiency of the Group's operations and efforts taken to reduce the Group's operational risks;
- the internal audit programme, processes and results, and the actions taken on the recommendation of the internal audit function;
- the appointment, performance and remuneration of the internal audit staff;
- the appointment and performance of the external auditors, the audit fee and any questions of resignation or dismissal before making recommendations to the Board;
- the quarterly results and annual financial statements of the Company and Group prior to the approval by the Board, focusing particularly on:

  (a) any changes in or implementation of accounting policies and practices;
  (b) significant adjustments or unusual events arising from the audit;
  (c) the going concern assumption; and
  (d) compliance with accounting standards and other legal requirements

- any related party transaction and conflict of interest situation that may arise within the Company/Group, including any transaction, procedure or course of conduct that raises questions of management integrity;
- with the external and internal auditors, major audit findings, reservations or material weaknesses and the Management's response in resolving the audit issues reported during the year; and
- such other activities, as authorised by the Board.

Authority and Rights

The Audit Committee is authorised by the Board within its term of reference and at the cost of the Group to investigate any matter and shall have the resources which are required to perform its duties.

The Audit Committee also has full and unrestricted access to any information pertaining to the Group and has direct communication channels with the internal and external auditors, and be able to convene meetings with external auditors, and full access to any employee or member of the management without the presence of the Executive Directors, whenever deemed necessary. The Audit Committee is authorised to obtain independent professional or other advice and to secure the attendance of outsiders with the relevant experience and expertise if it considers this necessary.

ATTENDANCE

During the financial year ended 31 July 2009, four (4) Audit Committee's meetings were held which were attended in full by all the members of the Committee.

SUMMARY OF ACTIVITIES

The main activities carried out by the Committee during the financial under review are as follows:

- Reviewed the unaudited quarterly and year-end results of the Group and the Company before recommending to the Board for their approvals and for announcement to Bursa Malaysia Securities Berhad;
- Reviewed the audited financial statements of the Group and of the Company prior to submission to the Board for consideration and approval:
- Discussed with external auditors on their audit plan and scope of work for the year as well as the audit procedures to be utilised;
- Review with the external auditors the results of their audit, the audit report and internal control recommendations in respect of control weaknesses noted in the course of their audit;
- Reviewed the internal audit plan and the scope of work; and
- Reviewed the internal auditors' report and the external auditors' report and management letter, if any.

INTERNAL AUDIT FUNCTION

A-Rank recognises that an internal audit function is essential to ensuring the effectiveness of the Group's systems of internal control and is an integral part of the risk management process. The Company has not set up an internal audit department but has outsourced the internal audit function so as to provide reasonable assurance that the Group's internal controls are adequate and functioning as intended and to recommend measures to management to improve and rectify weaknesses, if any.

STATEMENT ON INTERNAL CONTROL

INTRODUCTION

This statement is in line with the Listing Requirements of Bursa Malaysia Securities Berhad on the Group's compliance with the Principles and Best Practices provisions relating to internal controls as stipulated in the Malaysian Code on Corporate Governance.

The Board is pleased to present hereinafter the annual update on the Group's state of internal controls plus work done for the period under review.

BOARD'S RESPONSIBILITIES

The Board of Directors affirms that it is responsible for the Group's system of internal controls covering not only financial controls but also operational and compliance controls as well as risk management. The Board also affirms that it is responsible for ensuring the adequacy and integrity of those systems. However, such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives. Therefore, it should be noted that any system can provide only a reasonable and not absolute assurance against material misstatement, fraud or loss.

RISK MANAGEMENT FRAMEWORK

The Board recognises the need for an effective risk management framework and to maintain a sound system of internal control. The Group has established a structured and on-going risk management process to identify, evaluate and manage risks that may significantly impact the Group. This includes identifying principal risks in critical areas, assessing the likelihood and the impact of material exposures and determining the corresponding risk mitigation and treatment measure.

The risk assessment of the Group is carried out by outsourcing to consultants to identify and prepare the risk register to reflect existing operations and markets conditions. The consultants report directly to the Audit Committee. Risk registers of the principal risks and controls have been created and a risk profile for the Group has been developed and is reviewed by the Board and Management.

SYSTEM OF INTERNAL CONTROL

Key elements of the Group's system of internal controls include the following:

- Organisation structure with clearly defined lines of responsibility and delegated authority which includes defined delegation of responsibilities to the committees of the Board, the management and the operating units.

- The Audit Committee comprises of Independent Non-Executive Directors members of the Board and has full access to both internal auditors and external auditors. Whenever necessary, the Audit Committee will also review and discuss with key management on the actions taken on issues brought up by the internal auditors and the external auditors.

- A regular review of the high-risk area of business processes by the Group's internal auditors, which report directly to the Audit Committee, to assess the effectiveness of internal controls and to highlight any significant risk that may adversely affect the Group. The Audit Committee will monitor the status of the implementation of corrective actions to address internal control weaknesses, if any.

- The effectiveness of the system of internal control is also reviewed through the ISO 9001:2008 and BS EN ISO 9001:2008 Quality Management System which is subject to regular review and audit that continuously manages and controls the quality requirement of the Group's products and services. The demanding documentation requirements of the certification further ensure a trail of accountability in the Group.

- Quarterly and annual financial results are reviewed by the Audit Committee.

- A regular review of the performance of the Group by the Directors at its meetings to ensure it is in line with the Group's overall objectives.

- A budgeting process which establishes plans and targets against which performance are monitored on an on-going basis.

- A management reporting system in place to facilitate timely generation and monitoring of financial information for management review and decision making.

The Group's Management meets regularly to review the reports, monitors the business development and resolves key operational and management issues and reviews the financial performance against the budget.

REVIEW OF THE STATEMENT BY THE EXTERNAL AUDITORS

The external auditors have reviewed this Statement of Internal Control for inclusion in the annual report of the Company for the financial year ended 31 July 2009 and had reported to the Board that nothing has come to their attention that causes them to believe that the statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of internal controls.

INTERNAL AUDIT FUNCTION

In accordance with the Malaysian Code on Corporate Governance, the Board has established an internal audit function to review the adequacy and integrity of its system of internal controls.

The internal audit function of the Group is outsourced to a firm of Chartered Accountants. The responsibilities of the internal auditors include conducting audits, submitting findings and the provision of independent report to the Audit Committee on the Group's systems of internal controls. Being an independent function, the audit work is conducted with impartiality, proficiency and due professional care.

Internal audit plans are reviewed and approved by the Audit Committee and the plans include independent appraisal on the compliance, adequacy and effectiveness of the Group's internal controls and to assess and monitor the effectiveness and implementation of the Group's risk management policies on half-yearly basis. The findings of the internal audit function, including its recommendations and Management's responses, were reported to the Audit Committee. In addition, the internal audit function followed up on the implementation of recommendations from previous cycles of internal audit and update the Audit Committee on the status of Management-agreed action plan implementation.

CONCLUSION

The Board is satisfied that during the financial year under review, there is a process to manage the Group's system of internal controls to mitigate any significant risks faced by the Group so as to safeguard shareholders' investments and the Group's assets.

This Statement was made in accordance with the resolution of the Board dated 28 October 2009.

financial statements

FINANCIAL STATEMENTS

DIRECTORS' REPORT

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 July 2009.

PRINCIPAL ACTIVITIES

The Company is principally an investment holding company. The principal activity of the subsidiary is disclosed in Note 8 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	Group RM	Company RM
(Loss)/Profit for the financial year	(8,240,013)	1,645,354

DIVIDENDS

Dividends paid, declared or proposed since the end of previous financial year were as follows:

	Company RM
In respect of financial year ended 31 July 2008:	
First and final tax exempt dividend of 3.5 sen per ordinary share paid on 9 January 2009	2,800,000

The Directors propose a first and final tax exempt dividend of 2 sen per ordinary share amounting to RM1,600,000 in respect of the financial year ended 31 July 2009 which is subject to the approval of the shareholders at the forthcoming Annual General Meeting and will be accounted for as an appropriation of retained earnings in the financial year ending 31 July 2010.

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

The Company has not issued any new shares or debentures during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued ordinary shares of the Company during the financial year.

DIRECTORS

The Directors who have held for office since the date of the last report are:

Dato' Shahrir Bin Abdul Jalil
Tan Wan Lay
Ahmed Azhar Bin Abdullah
Dr. Leong Chik Weng
Wong Tze Kai
Gan Choon Sun (Appointed on 17 September 2009)

Pursuant to Article 112 of the Company's Articles of Association, Dr. Leong Chik Weng retires by rotation and, being eligible, offers himself for re-election.

Mr. Gan Choon Sun , who was appointed to the Board since the last Annual General Meeting, retire under Article 117 of the Company's Articles of Association and, being eligible, offers himself for re-election.

DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year and their beneficial interests in the ordinary shares in the Company and of its related corporations during the financial year ended 31 July 2009 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965 were as follows:

	--- Number of ordinary shares of RM0.50 each ---			
	Balance as at 1.8.2008	**Bought**	**Sold**	**Balance as at 31.7.2009**
Shares in the Company				
Direct interests				
Tan Wan Lay	3,841,000	105,000	–	3,946,000
Ahmed Azhar Bin Abdullah	100,000	–	–	100,000
Indirect interests				
Tan Wan Lay	25,229,994	3,000	–	25,232,994

By virtue of his interests in the ordinary shares of the Company, Tan Wan Lay is also deemed to be interested in the ordinary shares of the subsidiary to the extent the Company has an interest.

None of the other Directors holding office at the end of the financial year held any interest ordinary shares in the Company or shares of its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors have received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the 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 other than the remuneration received by a Director as director of the subsidiary.

There were no arrangements during and at the end of the financial year, to which the Company is a party, which had the object of enabling the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY

(I) AS AT THE END OF THE FINANCIAL YEAR

(a) Before the income statements and balance sheets of the Group and of the Company were made out, the Directors took reasonable steps:

   (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and have satisfied themselves that there are no known bad debts to be written off and provision need not be made for doubtful debts; and

   (ii) to ensure that any current assets other than debts, which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.

(b) 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.

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY (CONT'D)

(II) FROM THE END OF THE FINANCIAL YEAR TO THE DATE OF THIS REPORT

(c) The Directors are not aware of any circumstances:

(i) which would necessitate the writing off of bad debts or the provision for doubtful debts in the financial statements of the Group and of the Company; and

(ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; and

(iii) which have arisen which would render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(d) In the opinion of the Directors:

(i) there has not arisen any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made; and

(ii) no contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve (12) months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

(III) AS AT THE DATE OF THIS REPORT

(e) There are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year to secure the liabilities of any other person.

(f) There are no contingent liabilities of the Group and of the Company which have arisen since the end of the financial year.

(g) The Directors are not aware of any circumstances not otherwise dealt with in the report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

AUDITORS

The auditors, BDO Binder, have expressed their willingness to continue in office.

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

Dato' Shahrir Bin Abdul Jalil
Director

Tan Wan Lay
Director

Kuala Lumpur
28 October 2009

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 29 to 69 have been drawn up in accordance with applicable approved Financial Reporting Standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 July 2009 and of the results of the operations of the Group and of the Company and of the cash flows of the Group and of the Company for the financial year then ended.

On behalf of the Board,

Dato' Shahrir Bin Abdul Jalil
Director

Tan Wan Lay
Director

Kuala Lumpur
28 October 2009

STATUTORY DECLARATION

I, **Tan Tze**, being the officer primarily responsible for the financial management of A-Rank Berhad, do solemnly and sincerely declare that the financial statements set out on pages 29 to 69 are, to the best of my knowledge and belief, 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 at	)	
Kuala Lumpur this	)	
28 October 2009	)	**Tan Tze**

Before me:

S. Ideraju
Commissioner for Oaths
No. W-451

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF A-RANK BERHAD

Report on the Financial Statements

We have audited the financial statements of A-Rank Berhad, which comprise the balance sheets as at 31 July 2009 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 29 to 69.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of 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 applicable approved Financial Reporting Standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 July 2009 and of the results of the operation of the Group and of the Company and of the cash flows of the Group and of the Company for the financial year then ended.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF A-RANK BERHAD (CONT'D)

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965, 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 subsidiary have been properly kept in accordance with the provisions of the Act.

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

(c) The audit reports on the financial statements of the subsidiary did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Matters

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

BDO Binder
AF : 0206
Chartered Accountants

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Kuala Lumpur
28 October 2009

BALANCE SHEETS
AS AT 31 JULY 2009

	Note	Group 2009 RM	Group 2008 RM	Company 2009 RM	Company 2008 RM
ASSETS					
Non-current assets					
Property, plant and equipment	7	59,611,988	58,388,173	–	–
Investment in a subsidiary	8	–	–	25,978,559	25,978,559
Trade and other receivables	9	–	–	14,648,938	14,865,129
		59,611,988	58,388,173	40,627,497	40,843,688
Current assets					
Inventories	10	18,378,999	34,995,057	–	–
Trade and other receivables	9	26,513,835	27,553,442	1,876,000	2,801,000
Current tax asset		266,050	66,738	–	–
Cash and cash equivalents	11	4,331,877	978,083	6,407	1,824
		49,490,761	63,593,320	1,882,407	2,802,824
TOTAL ASSETS		109,102,749	121,981,493	42,509,904	43,646,512
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the Company					
Share capital	12	40,000,000	40,000,000	40,000,000	40,000,000
Reserves	13	11,132,564	22,172,577	2,391,626	3,546,272
TOTAL EQUITY		51,132,564	62,172,577	42,391,626	43,546,272
LIABILITIES					
Non-current liabilities					
Bank borrowings (interest bearing)	14	–	253,068	–	–
Deferred tax liabilities	18	2,700,077	5,304,800	–	–
		2,700,077	5,557,868	–	–
Current liabilities					
Trade and other payables	19	7,674,125	10,079,087	118,278	100,240
Bank borrowings (interest bearing)	14	47,595,983	44,171,961	–	–
		55,270,108	54,251,048	118,278	100,240
TOTAL LIABILITIES		57,970,185	59,808,916	118,278	100,240
TOTAL EQUITY AND LIABILITIES		109,102,749	121,981,493	42,509,904	43,646,512

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

INCOME STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 JULY 2009

		Group		Company	
	Note	2009 RM	2008 RM	2009 RM	2008 RM
Revenue	20	341,007,266	478,330,013	1,875,000	3,300,000
Cost of sales	21	(345,140,122)	(460,599,512)	–	–
Gross (loss)/profit		(4,132,856)	17,730,501	1,875,000	3,300,000
Other operating income		57,113	51,231	–	–
Distribution costs		(543,682)	(906,441)	–	–
Administration expenses		(3,793,091)	(4,214,353)	(229,646)	(209,172)
(Loss)/Profit from operations		(8,412,516)	12,660,938	1,645,354	3,090,828
Finance costs	22	(2,434,329)	(2,568,099)	–	–
(Loss)/Profit before tax	23	(10,846,845)	10,092,839	1,645,354	3,090,828
Taxation	24	2,606,832	(1,168,868)	–	–
(Loss)/Profit for the financial year		(8,240,013)	8,923,971	1,645,354	3,090,828
Basic (loss)/earnings per ordinary share (sen)	25	(10.30)	11.15		

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 JULY 2009

	Note	Share capital RM	Non-distributable Share premium RM	Distributable Retained earnings RM	Total RM
Group					
Balance as at 31 July 2007		40,000,000	715,938	15,332,668	56,048,606
Profit for the financial year, representing total recognised income and expense for the financial year		–	–	8,923,971	8,923,971
Dividend	26	–	–	(2,800,000)	(2,800,000)
Balance as at 31 July 2008		40,000,000	715,938	21,456,639	62,172,577
Loss for the financial year, representing total recognised income and expense for the financial year		–	–	(8,240,013)	(8,240,013)
Dividend	26	–	–	(2,800,000)	(2,800,000)
Balance as at 31 July 2009		40,000,000	715,938	10,416,626	51,132,564

	Note	Share capital RM	Non-distributable Share premium RM	Distributable Retained earnings RM	Total RM
Company					
Balance as at 31 July 2007		40,000,000	715,938	2,539,506	43,255,444
Profit for the financial year, representing total recognised income and expense for the financial year		–	–	3,090,828	3,090,828
Dividend	26	–	–	(2,800,000)	(2,800,000)
Balance as at 31 July 2008		40,000,000	715,938	2,830,334	43,546,272
Profit for the financial year, representing total recognised income and expense for the financial year		–	–	1,645,354	1,645,354
Dividend	26	–	–	(2,800,000)	(2,800,000)
Balance as at 31 July 2009		40,000,000	715,938	1,675,688	42,391,626

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

CASH FLOW STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 JULY 2009

	Note	Group 2009 RM	Group 2008 RM	Company 2009 RM	Company 2008 RM
CASH FLOWS FROM OPERATING ACTIVITIES					
(Loss)/Profit before tax		(10,846,845)	10,092,839	1,645,354	3,090,828
Adjustments for:					
Depreciation of property, plant and equipment	7	3,171,369	3,193,903	–	–
Dividend income	23	–	–	(1,875,000)	(3,300,000)
(Loss)/Gain on disposal of property, plant and equipment		1,915	(25,266)	–	–
Interest expenses	22	2,434,329	2,568,099	–	–
Interest income		(38,563)	(16,265)	–	–
Property, plant and equipment written off	7	6,930	12,704	–	–
Operating (loss)/profit before working capital changes		(5,270,865)	15,826,014	(229,646)	(209,172)
Decrease/(Increase) in inventories		16,616,058	(15,124,540)	–	–
Decrease in trade and other receivables		1,039,607	12,574,617	–	–
(Decrease)/Increase in trade and other payables		(2,404,962)	1,620,919	18,038	5,057
Cash generated from/(used in) operations		9,979,838	14,897,010	(211,608)	(204,115)
Interest paid		(104,088)	(128,848)	–	–
Tax paid		(197,203)	(456,000)	–	–
Net cash from/(used in) operating activities		9,678,547	14,312,162	(211,608)	(204,115)
CASH FLOWS FROM INVESTING ACTIVITIES					
Dividend received		–	–	1,875,000	3,300,000
Interest received		38,563	16,265	–	–
Repayments from/(Advances to) a subsidiary		–	–	1,141,191	(303,060)
Purchase of property, plant and equipment	28	(4,404,129)	(5,343,603)	–	–
Proceeds from disposal of property, plant and equipment		100	34,000	–	–
Net cash (used in)/from investing activities		(4,365,466)	(5,293,338)	3,016,191	2,996,940

CASH FLOW STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2009 (CONT'D)

		Group		Company	
	Note	2009 RM	2008 RM	2009 RM	2008 RM
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividend paid	26	(2,800,000)	(2,800,000)	(2,800,000)	(2,800,000)
Drawdown/(Repayment) of bankers' acceptances		33,867,000	(24,984,653)	–	–
(Repayment)/Drawdown of foreign currency loan		(28,948,119)	39,577,102	–	–
Repayment of export credit refinancing		–	(16,348,000)	–	–
Interest paid		(2,330,241)	(2,439,251)	–	–
Repayment of term loans		(1,747,927)	(1,789,803)	–	–
Net cash used in financing activities		(1,959,287)	(8,784,605)	(2,800,000)	(2,800,000)
Net increase/(decrease) in cash and cash equivalents		3,353,794	234,219	4,583	(7,175)
Cash and cash equivalents at beginning of financial year		978,083	743,864	1,824	8,999
Cash and cash equivalents at end of financial year	11	4,331,877	978,083	6,407	1,824

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

NOTES TO THE FINANCIAL STATEMENTS
31 JULY 2009

1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad.

The registered office of the Company is located at No. 275 (1st Floor), Jalan Haruan 1, Oakland Industrial Park, 70200 Seremban, Negeri Sembilan Darul Khusus.

The principal place of business of the Company is located at Lot 2-33, Jalan Perindustrian Mahkota 7, Taman Perindustrian Mahkota, 43700 Beranang, Selangor Darul Ehsan.

The financial statements are presented in Ringgit Malaysia ('RM'), which is also the Company's functional currency.

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 28 October 2009.

2. PRINCIPAL ACTIVITIES

The Company is principally an investment holding company. The principal activity of the subsidiary is disclosed in Note 8 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

3. BASIS OF PREPARATION

The financial statements of the Group and of the Company have been prepared in accordance with applicable approved Financial Reporting Standards ('FRSs') in Malaysia and the provisions of the Companies Act, 1965.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Basis of accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention except as otherwise stated in the financial statements and on basis of accounting principles applicable to a going concern.

The Group incurred a net loss of RM8,240,013 during the financial year ended 31 July 2009, and as of that date, the Group's current liabilities exceeded its current assets by RM5,779,347. These conditions indicate that the Group may be unable to meet its liabilities as and when they fall due. The continuation of the Group as a going concern is dependent upon the Group's ability to operate profitably in the foreseeable future and to receive continuing financial support from the lenders.

The Directors are of the opinion that barring unforeseen circumstances, the Group will be able to operate profitably in the future and obtain continuing financial support from the lenders and therefore continue as going concerns and accordingly, realise their assets and discharge their liabilities in the normal course of business.

In view of the foregoing, the Directors consider that it is appropriate to prepare the financial statements of the Group on a going concern basis, and accordingly, the financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts, or to amounts and classification of liabilities that may be necessary should the going concern basis for the preparation of the financial statements of the Group be not appropriate.

The preparation of financial statements requires the Directors to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and disclosure of contingent assets and contingent liabilities. In addition, the Directors are also required to exercise their judgement in the process of applying the accounting policies. The areas involving such judgements, estimates and assumptions are disclosed in Note 6 to the financial statements. Although these estimates and assumptions are based on the Directors' best knowledge of events and actions, actual results could differ from those estimates.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiary made up to the end of the financial year using the purchase method of accounting.

Under the purchase method of accounting, the cost of business combination is measured at the aggregate of fair values at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued plus any costs directly attributable to the business combination.

At the acquisition date, the cost of business combination is allocated to identifiable assets acquired, liabilities assumed and contingent liabilities in the business combination which are measured initially at their fair values at the acquisition date. The excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities is recognised as goodwill. If the cost of business combination is less than the interest in the net fair value of the identifiable assets, liabilities and contingent liabilities, the Group will:

(a) reassess the identification and measurement of the acquiree's identifiable assets, liabilities and contingent liabilities and the measurement of the cost of the business combination; and

(b) recognise immediately in profit or loss any excess remaining after that reassessment.

When a business combination includes more than one exchange transaction, any adjustment to the fair values of the subsidiary's identifiable assets, liabilities and contingent liabilities relating to previously held interests of the Group is accounted for as a revaluation.

Subsidiary is consolidated from the acquisition date, which is the date on which the Group effectively obtains control, until the date on which the Group ceases to control the subsidiary. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the existence and effect of potential voting rights that are currently convertible or exercisable are taken into consideration.

Intragroup balances, transactions and unrealised gains and losses on intragroup transactions are eliminated in full. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. If a subsidiary uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to its financial statements in preparing the consolidated financial statements.

The gain or loss on disposal of a subsidiary, which is the difference between the net disposal proceeds and the Group's share of its net assets as of the date of disposal including the carrying amount of goodwill and the cumulative amount of any exchange differences that relate to the subsidiary, is recognised in the consolidated income statement.

4.3 Property, plant and equipment and depreciation

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group is obligated to incur when the asset is acquired, if applicable.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the asset and which has different useful life, is depreciated separately.

After initial recognition, property, plant and equipment are stated at cost less any accumulated depreciation and any accumulated impairment losses.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.3 Property, plant and equipment and depreciation (cont'd)

Depreciation is calculated to write off the cost or valuation of the assets to their residual values on a straight-line basis over their estimated useful lives except for plant and machinery and electrical fittings which are depreciated based on reducing balance method. The principal depreciation rates are as follows:

Buildings	2%
Plant and machinery	5% to 15%
Office equipment	10%
Furniture and fittings	10%
Electrical fittings	10% to 15%
Motor vehicles	20%

Freehold land is not depreciated. Construction-in-progress represents machinery under installation and building-in-progress and is stated at cost. Construction-in-progress is not depreciated until such time when the asset is available for use.

At each balance sheet date, the carrying amount of an item of property, plant and equipment is assessed for impairment when events or changes in circumstances indicate that its carrying amount may not be recoverable. A write down is made if the carrying amount exceeds the recoverable amount (see Note 4.7 to the financial statements on impairment of assets).

The residual values, useful lives and depreciation method are reviewed at each financial year end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment. If expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate.

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the carrying amount is included in profit or loss.

4.4 Operating leases

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Lease payments under operating leases are recognised as an expense on a straight-line basis over the lease term.

4.5 Investment in a subsidiary

A subsidiary is an entity in which the Group and the Company has power to control the financial and operating policies so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

An investment in subsidiary, which is eliminated on consolidation, is stated in the Company's separate financial statements at cost less impairment losses, if any. On disposal of such an investment, the difference between the net disposal proceeds and its carrying amount is included in profit or loss.

4.6 Inventories

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

Cost is determined using the weighted average basis. The cost of raw materials, stores and spares comprises all costs of purchase plus cost of bringing the inventories to their present location and condition. The cost of work-in-progress includes cost of raw materials, direct labour, other direct cost and a proportion of production overhead based on the normal operating capacity of the production facilities.

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 make the sale.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.7 Impairment of assets

The carrying amount of assets, except for financial assets (excluding investment in a subsidiary) and inventories, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

The recoverable amount of an asset is estimated for an individual asset. Where it is not probable to estimate the recoverable amount of the individual asset, the impairment test is carried out on the cash generating unit ("CGU") to which the asset belongs. Goodwill acquired in a business combination is from the acquisition date, allocated to each of the Group's CGU or groups of CGU that are expected to benefit from the synergies of the combination giving rise to the goodwill irrespective of whether other assets or liabilities of the acquiree are assigned to those units or groups of units.

The recoverable amount of an asset or CGU is the higher of its fair value less cost to sell and its value in use.

In estimating the value in use, the estimated future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal 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 for which the future cash flow estimates have not been adjusted. An impairment loss is recognised in profit or loss when the carrying amount of the asset or the CGU, including the goodwill or intangible asset, exceeds the recoverable amount of the asset or the CGU. The total impairment loss is allocated, first, to reduce the carrying amount of any goodwill allocated to the CGU and then to the other assets of the CGU on a pro-rate basis of the carrying amount of each asset in the CGU.

The impairment loss is recognised in the profit or loss immediately.

An impairment loss on goodwill is not reversed in subsequent periods. An impairment loss for other assets is reversed if, and only if, there has been a change in estimates used to determine the assets' recoverable amount since the last impairment loss was recognised.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Such reversals are recognised as income immediately in the profit or loss.

4.8 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

A financial asset is any asset that is cash, an equity instrument of another enterprise, a contractual right to receive cash or another financial asset from another enterprise, or a contractual right to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially favourable to the Group.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another enterprise, or a contractual obligation to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially unfavourable to the Group.

4.8.1 Financial instruments recognised on the balance sheets

Financial instruments are recognised on the balance sheet when the Group has become a party to the contractual provisions of the instrument.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends and losses and gains relating to a financial instrument or a component that is a financial liability shall be recognised as income or expense in profit or loss. Distributions to holders of an equity instrument are debited directly to equity, net of any related tax effect. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle on a net basis or to realise the asset and settle the liability simultaneously.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.8 Financial instruments (cont'd)

4.8.1 Financial instruments recognised on the balance sheets (cont'd)

(a) Receivables

Trade and other receivables including amounts owing by a subsidiary are classified as loans and receivables under FRS 132 *Financial Instruments: Disclosure and Presentation.*

Receivables are carried at anticipated realisable value. Known bad debts are written off and specific allowance is made for debts considered to be doubtful of collection.

Receivables are not held for trading purposes.

(b) Cash and cash equivalents

Cash and cash equivalents include cash and bank balances, bank overdrafts, deposits and other short-term, highly liquid investments with original maturities of three (3) months or less, which are readily convertible to cash and which are subject to insignificant risk of changes in value.

(c) Payables

Liabilities for trade and other amounts payable are initially recognised at fair value of the consideration to be paid in the future for goods and services received.

(d) Interest bearing loans and borrowings

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

All borrowings cost are recognised in profit or loss in the period in which they are incurred.

(e) Equity instruments

Ordinary shares are recorded at the nominal value and proceeds in excess of the nominal value of share issued, if any, are accounted for as share premium. Both ordinary shares and share premium are classified as equity. Transaction costs of an equity transaction are accounted for as a deduction from equity, net of any related income tax benefit. Otherwise, they are charged to profit or loss.

Dividends to shareholders are recognised in equity in the period in which they are declared.

4.8.2 Financial instruments not recognised on the balance sheets

The Group is a party to financial instruments that comprise foreign currency forward contracts and commodity future contracts. These instruments are not recognised in the financial statements on inception.

(a) Foreign currency forward contracts

Foreign currency forward contracts are used to hedge foreign currency exposures as a result of receipts and payments in foreign currency. Any gains or losses arising from contracts entered into as hedges of anticipated future transactions are deferred until the dates of such transactions at which time they are included in the measurement of such transactions.

All other gains or losses relating to hedged instruments are recognised in profit or loss in the same period as the exchange differences on the underlying hedged items.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.8 Financial instruments (cont'd)

4.8.2 Financial instruments not recognised on the balance sheets (cont'd)

(b) Commodity future contracts

Commodity future contracts are used to hedge the Group's exposures to price fluctuation risk on purchases of ingots. The net unrecognised gain on the commodity option contracts have been deferred until the related future transactions occur, at which time they will be included in the measurement of such transactions.

4.9 Income taxes

Income taxes include all domestic taxes on taxable profits. Income taxes also include other taxes, such as real property gain taxes payable on disposal of properties, prior to 1 April 2007, if any.

Taxes in the income statement comprises current tax and deferred tax.

4.9.1 Current tax

Current tax is the amount of income taxes payable or receivable in respect of the taxable profit or loss for a period.

Current tax for the current and prior periods 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 have been enacted or substantively enacted by the balance sheet date.

4.9.2 Deferred tax

Deferred tax is recognised in full using the liability method on temporary differences arising between the carrying amount of an asset or liability in the balance sheet and its tax base.

Deferred tax is recognised for all temporary differences, unless the deferred tax arises from goodwill or the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of transaction, affects neither accounting profit nor taxable profit.

A deferred tax asset is recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amount of a deferred tax asset is reviewed at each balance sheet date. If it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax assets to be utilised, the carrying amount of the deferred tax asset will be reduced accordingly. When it becomes probable that sufficient taxable profit will be available, such reductions will be reversed to the extent of the taxable profit.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority.

Deferred tax will be recognised as income or expense and included in the profit or loss for the period unless the tax relates to items that are credited or charged, in the same or a different period, directly to equity, in which case the deferred tax will be charged or credited directly to equity.

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 by the balance sheet date.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.10 Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Group does not recognise a contingent liability but discloses its existence in the financial statements.

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group. The Group does not recognise contingent assets but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

In the acquisition of subsidiaries by the Group under business combinations, contingent liabilities assumed are measured initially at their fair value at the acquisition date, irrespective of the extent of any minority interest.

4.11 Employee benefits

4.11.1 Short term employee benefits

Wages, salaries, social security contributions, paid annual leave, bonuses and non-monetary benefits are recognised as an expense in the financial year when employees have rendered their services to the Group.

Short term accumulating compensated absences such as paid annual leave are recognised as an expense when employees render services that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

Bonuses are recognised as an expense when there is a present, legal or constructive obligation to make such payments, as a result of past events and when a reliable estimate can be made of the amount of the obligation.

4.11.2 Defined contribution plans

The Company and its subsidiary make contributions to a statutory provident fund. The contributions are recognised as a liability after deducting any contributions already paid and as an expense in the period in which the employees render their services.

4.12 Foreign currencies

4.12.1 Functional and presentation currency

Items included in the financial statements of each of the Group's entities 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, which is the Company's functional and presentation currency.

4.12.2 Foreign currency transactions and balances

Transactions in foreign currencies are converted into Ringgit Malaysia at rates of exchange ruling at the transaction dates. Monetary assets and liabilities in foreign currencies at the balance sheet date are translated into Ringgit Malaysia at rates of exchange ruling at that date unless hedged by forward foreign exchange contracts, in which case the rates specified in such forward contracts are used. All exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are included in the profit or loss in the period in which they arise. Non-monetary items initially denominated in foreign currencies, which are carried at historical cost are translated using the historical rate as of the date of acquisition, and non-monetary items which are carried at fair value are translated using the exchange rate that existed when the values were determined for presentation currency purposes.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.13 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable net of discounts and rebates.

Revenue is recognised to the extent that it is probable that the economic benefits associated with the transaction will flow to the Group, and the amount of revenue and the cost incurred or to be incurred in respect of the transaction can be reliably measured and specific recognition criteria have been met for each of the Group's activities as follows:

(a) Sale of goods and services

Revenue from sale of goods and services are recognised when significant risk and rewards of ownership of the goods has been transferred to the customer and where the Group retained neither continuing managerial involvement over the goods, which coincides with delivery of goods and services and acceptance by customers.

(b) Dividend income

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

(c) Interest income

Interest income is recognised on an accrual basis.

4.14 Segment reporting

Segment reporting is presented for enhanced assessment of the Group's risks and returns. Business segments provide products or services that are subject to risks and returns that are different from those of other business segments. Geographical segments provide products or services within a particular economic environment that is subject to risks and returns that are different from those components operating in other economic environments.

Segment revenue, expense, assets and liabilities are those amounts resulting from the operating activities of a segment that are directly attributable to the segment and the relevant portion that can be allocated on a reasonable basis to the segment. Segment revenue, expense, assets and liabilities are determined before intragroup balances and intragroup transactions are eliminated as part of the consolidation process, except to the extent that such intragroup balances and transactions are between Group enterprises within a single segment.

5. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs

5.1 New FRSs not adopted

(a) FRS 8 *Operating Segment* and the consequential amendments resulting from FRS 8 are mandatory for annual financial periods beginning on or after 1 July 2009.

FRS 8 sets out the requirements for disclosure of information on an entity's operating segments, products and services, the geographical areas in which it operates and its customers.

The requirements of this Standard are based on the information about the components of the entity that management uses to make decisions about operating matters. This Standard requires identification of operating segments on the basis of internal reports that are regularly reviewed by the entity's chief operating decision maker in order to allocate resources to the segment and assess its performance.

This Standard also requires the amount reported for each operating segment item to be the measure reported to the chief operating decision maker for the purposes of allocating resources to the segment and assessing its performance. Segment information for prior years that is reported as comparative information for the initial year of application would be restated to conform to the requirements of this Standard.

The adoption of this Standard will only impact the form and content of disclosures and presentation of the Group's financial statements.

5. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs (CONT'D)

5.1 New FRSs not adopted (cont'd)

(b) FRS 4 *Insurance Contracts* and the consequential amendments resulting from FRS 4 are mandatory for annual financial periods beginning on or after 1 January 2010. FRS 4 replaces the existing FRS 202_{2004} *General Insurance Business* and FRS 203_{2004} *Life Insurances Business.*

This Standard applies to all insurance contracts, including reinsurance contracts that an entity issues and to reinsurance contracts that it holds. This Standard prohibits provisions for potential claims under contracts that are not in existence at the reporting date, and an impairment test for reinsurance assets. This Standard also requires an insurer to keep insurance liabilities in its balance sheet until they are discharged or cancelled, or expire, and to present insurance liabilities without offsetting them against related reinsurance assets.

FRS 4 is not relevant to the Group's operations.

(c) FRS 7 *Financial Instruments: Disclosures* and the consequential amendments resulting from FRS 7 are mandatory for annual financial periods beginning on or after 1 January 2010. FRS 7 replaces the disclosure requirements of the existing FRS 132 *Financial Instruments: Disclosure and Presentation.*

This Standard applies to all risks arising from a wide array of financial instruments and requires the disclosure of the significance of financial instruments for an entity's financial position and performance. By virtue of the exemption provided under paragraph 44AB of FRS 7, the impact of applying FRS 7 on the consolidated financial statements upon first adoption of the FRS as required by paragraph 30(b) of FRS 108 *Accounting Policies, Change in Accounting Estimates and Errors* is not disclosed.

(d) FRS 123 *Borrowing Costs* and the consequential amendments resulting from FRS 123 are mandatory for annual periods beginning on or after 1 January 2010.

This Standard removes the option of immediately recognising as an expense borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. However, capitalisation of borrowing costs is not required for assets measured at fair value, and inventories that are manufactured or produced in large quantities on a repetitive basis, even if they take a substantial period of time to get ready for use or sale.

The Group does not expect any impact on the consolidated financial statements arising from the adoption of this Standard.

(e) FRS 139 *Financial Instruments: Recognition and Measurement* and the consequential amendments resulting from FRS 139 are mandatory for annual financial periods beginning on or after 1 January 2010.

This Standard establishes the principles for the recognition and measurement of financial assets and financial liabilities including circumstances under which hedge accounting is permitted. By virtue of the exemption provided under paragraph 103AB of FRS 139, the impact of applying FRS 139 on the consolidated financial statements upon first adoption of the FRS as required by paragraph 30(b) of FRS 108 *Accounting Policies, Changes in Accounting Estimates and Errors* is not disclosed.

(f) Amendments to FRS 2 *Share-based Payment: Vesting Conditions and Cancellations* are mandatory for annual financial periods beginning on or after 1 January 2010.

These amendments clarify that vesting conditions comprise service conditions and performance conditions only. Cancellations by parties other than the Group are accounted for in the same manner as cancellations by the Group itself and features of a share-based payment that are non-vesting conditions are included in the grant date fair value of the share-based payment.

FRS 2 is not relevant to the Group's operations.

5. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs (CONT'D)

5.1 New FRSs not adopted (cont'd)

(g) Amendments to FRS 1 *First-time Adoption of Financial Reporting Standards* and FRS 127 *Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate* is mandatory for annual periods beginning on or after 1 January 2010.

These amendments allow first-time adopters to use a deemed cost of either fair value or the carrying amount under previous accounting practice to measure the initial cost of investments in subsidiaries, jointly controlled entities and associates in the separate financial statements. The cost method of accounting for an investment has also been removed pursuant to these amendments.

The Group does not expect any impact on the consolidated financial statements arising from the adoption of these amendments.

(h) IC Interpretation 9 *Reassessment of Embedded Derivatives* is mandatory for annual financial periods beginning on or after 1 January 2010.

This Interpretation prohibits the subsequent reassessment of embedded derivatives unless there is a change in the terms of the host contract that significantly modifies the cash flows that would otherwise be required by the host contract.

The Group does not expect any material impact on the consolidated financial statements arising from the adoption of this Interpretation.

(i) IC Interpretation 10 *Interim Financial Reporting and Impairment* is mandatory for annual financial periods beginning on or after 1 January 2010.

This Interpretation prohibits the reversal of an impairment loss recognised in a previous interim period in respect of goodwill or an investment in either an equity instrument or a financial asset carried at cost.

The Group does not expect any impact on the consolidated financial statements arising from the adoption of this Interpretation.

(j) The following IC Interpretations are mandatory for annual periods beginning on or after 1 January 2010.

IC Interpretation 13 *Customer Loyalty Programmes*

IC Interpretation 14 *FRS 119 – The Limit on a Defined benefit Asset, Minimum Funding Requirements and their Interaction*

IC Interpretation 11 *FRS 2 – Group and Treasury Share Transactions*

The above Interpretations are not relevant to the Group's operations.

(k) FRS 101 *Presentation of Financial Statements* is mandatory for annual periods beginning on or after 1 January 2010.

FRS 101 sets out the overall requirements for the presentation of financial statements, guidelines for their structure and minimum requirements for their content.

This Standard introduces the titles 'statement of financial position' and 'statement of cash flows' to replace the current titles 'balance sheet' and 'cash flow statement' respectively. A new statement known as the 'statement of comprehensive income' is also introduced in this Standard whereby all non-owner changes in equity are required to be presented in either one statement of comprehensive income or in two statements (i.e. a separate income statement and a statement of comprehensive income). Components of comprehensive income are not permitted to be presented in the statement of changes in equity.

5. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs (CONT'D)

5.1 New FRSs not adopted (cont'd)

(k) FRS 101 *Presentation of Financial Statements* is mandatory for annual periods beginning on or after 1 January 2010 (cont'd).

This Standard also introduces a new requirement to present a statement of financial position as at the beginning of the earliest comparative period if there are applications of retrospective restatements that are defined in FRS 108, or when there are reclassifications of items in the financial statements.

Additionally, FRS 101 requires the disclosure of reclassification adjustments and income tax relating to each component of other comprehensive income, and the presentation of dividends recognised as distributions to owners together with the related amounts per share in the statement of changes in equity or in the notes to the financial statements.

This Standard introduces a new requirement to disclose information on the objectives, policies and processes for managing capital based on information provided internally to key management personnel as defined in FRS 124 *Related Party Disclosures.* Additional disclosures are also required for puttable financial instruments classified as equity instruments.

Apart from the new presentation and disclosure requirements as described, the Group does not expect any other impact on the consolidation financial statements arising from the adoption of this Standard.

(l) Amendments to FRS 139, FRS 7 and IC Interpretation 9 are mandatory for annual periods beginning on or after 1 January 2010.

These amendments permit reclassifications of non-derivative financial assets (other than those designated at fair value through profit or loss upon initial recognition) out of the fair value through profit or loss category in rare circumstances. Reclassifications from the available-for-sale category to the loans and receivables category are also permitted provided there is intention and ability to hold that financial asset for the foreseeable future. All of these reclassifications shall be subjected to subsequent reassessments of embedded derivatives.

These amendments also clarifies the designation of one-sided risk in eligible hedged items and streamlines the terms used throughout the Standards in accordance with the changes resulting from FRS 101.

By virtue of the exemptions provided under paragraphs 103AB of FRS 139 and 44AB of FRS 7, the impact of applying these amendments on the consolidated financial statements upon first adoption of the FRS 139 and FRS 7 respectively as required by paragraph 30(b) of FRS 108 are not disclosed. However, the Group does not expect any impact on the consolidated financial statements arising from the adoption of the amendment to IC Interpretation 9.

(m) Amendments to FRS 132 *Financial Instruments: Presentation* is mandatory for annual periods beginning on or after 1 January 2010.

These amendments requires certain puttable financial instruments, and financial instruments that impose an obligation to deliver to counter parties a pro rate share of the net assets of the entity only on liquidation to be classified as equity.

Puttable financial instruments are defined as financial instruments that give the holder the right to put the instrument back to the issuer for cash, or another financial asset, or are automatically put back to the issuer upon occurrence of an uncertain future event or the death or retirement of the instrument holder.

Presently, the Group does not expect any impact on the consolidated financial statements arising from the adoption of this Standard. However, the Group is in the process of assessing the impact of this Standard in conjunction with the implementation of FRS 139 and would only be able to provide further information in the interim financial statements followed by the next annual financial statements.

(n) *Improvements to FRSs (2009)* are mandatory for annual periods beginning on or after 1 January 2010.

Amendment to FRS 5 *Non-current Assets Held for Sale and Discontinued Operations* clarifies that the disclosure requirements of this FRS specifically apply to non-current assets (or disposal groups) classified as held for sale or discontinued operations. The Group does not expect any impact on the consolidated financial statements arising from the adoption of this amendment.

5. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs (CONT'D)

5.1 New FRSs not adopted (cont'd)

(n) *Improvements to FRSs (2009)* are mandatory for annual periods beginning on or after 1 January 2010 (cont'd).

Amendment to FRS 8 clarifies the consistency of disclosure requirement for information about profit or loss, assets and liabilities. The Group does not expect any impact on the consolidated financial statements arising from the adoption of this amendment.

Amendment to FRS 107 *Statement of Cash Flows* clarifies the classification of cash flows arising from operating activities and investing activities. Cash payments to manufacture or acquire assets held for rental to others and subsequently held for sale, and the related cash receipts, shall be classified as cash flows from operating activities. Expenditures that result in a recognised asset in the statement of financial position are eligible for classification as cash flows from investing activities. The Group does not expect any material impact on the consolidated financial statements arising from the adoption of this amendment.

Amendment to FRS 108 clarifies that only Implementation Guidance issued by the MASB that are integral parts of FRSs is mandatory. The Group does not expect any impact on the consolidated financial statements arising from the adoption of this amendment.

Amendment to FRS 110 *Events after the Reporting Period* clarifies the rationale for not recognising dividends declared after the reporting date but before the financial statements are authorised for issue. The Group does not expect any impact on the consolidated financial statements arising from the adoption of this amendment.

Amendment to FRS 116 *Property, Plant and Equipment* removes the definition pertaining the applicability of this Standard to property that is being constructed or developed for future use as investment property but do not yet satisfy the definition of 'investment property' in FRS 140 *Investment Property*. This amendment also replaces the term 'net selling price' with 'fair value less costs to sell', and clarifies that proceeds arising from routine sale of items of property, plant and equipment shall be recognised as revenue in accordance with FRS 118 *Revenue* rather than FRS 5. The Group does not expect any impact on the consolidated financial statements arising from the adoption of this amendment.

Amendment to FRS 117 removes the classification of leases of land and of buildings, and instead, requires assessment of classification based on the risks and rewards of the lease itself. The reassessment of land elements of unexpired leases shall be made prospectively in accordance with FRS 108. This amendment is not relevant to the Group's operations.

Amendment to FRS 118 clarifies reference made on the term 'transaction costs' to the definition in FRS 139. The Group does not expect any impact on the consolidated financial statements arising from the adoption of this amendment.

Amendment to FRS 119 *Employee Benefits* clarifies the definitions in the Standard by consistently applying settlement dates within twelve (12) months in the distinction between short-term employee benefits and other long-term employee benefits. This amendment also provides additional explanations on negative past service cost and curtailments. The Group does not expect any impact on the consolidated financial statements arising from the adoption of this amendment.

Amendment to FRS 120 *Accounting for Government Grants and Disclosure of Government Assistance* streamlines the terms used in the Standard in accordance with the new terms used in FRS 101. This amendment is not relevant to the Group's operations.

Amendment to FRS 123 clarifies that interest expense calculated using the effective interest rate method described in FRS 139 qualifies for recognition as borrowing costs. The Group does not expect any impact on the consolidated financial statements arising from the adoption of this amendment.

Amendment to FRS 127 *Consolidated and Separate Financial Statements* clarifies that investments measured at cost shall be accounted for in accordance with FRS 5 when they are held for sale in accordance with FRS 5. The Group does not expect any impact on the consolidated financial statements arising from the adoption of this amendment.

5. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs (CONT'D)

5.1 New FRSs not adopted (cont'd)

(n) *Improvements to FRSs (2009)* are mandatory for annual periods beginning on or after 1 January 2010 (cont'd).

Amendment to FRS 128 *Investments in Associates* clarifies that investments in associates held by venture capital organisations, or mutual funds, unit trusts and similar entities shall make disclosures on the nature and extent of any significant restrictions on the ability of associates to transfer funds to the investor in the form of cash dividends, or repayment of loans or advances. This amendment also clarifies that impairment loss recognised in accordance with FRS 136 I*mpairment of Assets* shall not be allocated to any asset, including goodwill, that forms the carrying amount of the investment. Accordingly, any reversal of that impairment loss shall be recognised in accordance with FRS 136. This amendment is not relevant to the Group's operations.

Amendment to FRS 129 *Financial Reporting in Hyperinflationary Economies* streamlines the terms used in the Standard in accordance with the new terms used in FRS 101. This amendment also clarifies that assets and liabilities that are measured at fair value are exempted from the requirement to apply historical cost basis of accounting. The Group does not expect any impact on the consolidated financial statements arising from the adoption of this amendment.

Amendment to FRS 131 *Interests in Joint Ventures* clarifies that venturers' interests in jointly controlled entities held by venture capital organisations, or mutual funds, unit trusts and similar entities shall make disclosures on related capital commitments. This amendment also clarifies that a listing and description of interests in significant joint ventures and the proportion of ownership interest held in jointly controlled entities shall be made. This amendment is not relevant to the Group's operations.

Amendment to FRS 134 *Interim Financial Reporting* clarifies the need to present basic and diluted earnings per share for an interim period when the entity is within the scope of FRS 133 *Earnings Per Share*. The Group does not expect any impact on the consolidated financial statements arising from the adoption of this amendment.

Amendment to FRS 136 clarifies the determination of allocation of goodwill to each cash-generating unit whereby each unit shall not be larger than an operating segment as defined in FRS 8 before aggregation. This amendment also requires additional disclosures if the fair value less costs to sell is determined using discounted cash flow projections. The Group does not expect any impact on the consolidated financial statements arising from the adoption of this amendment.

Amendment to FRS 138 *Intangible Assets* clarifies the examples provided in the Standard in measuring the fair value of an intangible asset acquired in a business combination. This amendment also removes the statement on the rarity of situations whereby the application of the amortisation method for intangible assets results in a lower amount of accumulated amortisation than under the straight line method. The Group does not expect any impact on the consolidated financial statements arising from the adoption of this amendment.

Amendment to FRS 140 clarifies that properties that are being constructed or developed for future use as investment property are within the definition of 'investment property'. This amendment further clarifies that if the fair value of such properties cannot be reliably determinable but it is expected that the fair value would be readily determinable when construction is complete, the properties shall be measured at cost until either its fair value becomes reliably determinable or construction is completed, whichever is earlier. This amendment is not relevant to the Group's operations.

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

6.1 Critical judgements made in applying accounting policies

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

Contingent liabilities

The determination of treatment of contingent liabilities is based on management's view of the expected outcome of the contingencies for matters in the ordinary course of the business.

6.2 Key sources of estimation uncertainty

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

(a) Depreciation of property, plant and equipment

The cost of property, plant and equipment is depreciated on a straight line basis over the assets' useful lives except for plant and machinery and electrical fittings which are depreciated based on reducing balance method. The estimated useful lives applied by the Group as disclosed in Note 4.3 to the financial statements reflects the Directors' estimate of the period that the Group expects to derive future economic benefits from the use of the Group's property, plant and equipment. These are common life expectancies applied in the various business segments of the Group. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(b) Impairment of property, plant and equipment

The Group reviews the carrying amounts of the property, plant and equipment as at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amount or value in use is estimated. Determining the value in use of property, plant and equipment, which require the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets, requires the Group to make estimates and assumptions that can materially affect the financial statements. Any resulting impairment loss could have a material adverse impact on the Group's financial position and results or operations.

The preparation of the estimated future cash flows involves significant judgement and estimations. While the Group believes that the assumptions are appropriate and reasonable, significant changes in the assumptions may materially affect the assessment of recoverable amounts and may lead to future impairment charges.

(c) Allowance for doubtful debts

The Group makes allowance for doubtful debts based on an assessment of the recoverability of receivables. Allowances are applied to receivables where events or changes in circumstances indicate that the carrying amount may not be recoverable. The Directors and management specifically analyse historical bad debts, customer concentrations, customer creditworthiness, current economic trend and changes in customer payment terms when making a judgement to evaluate the adequacy of the allowance for doubtful debts. Where the expectation is different from the original estimate, such difference will impact the carrying value of receivables.

(d) Write down for obsolete or slow moving inventories

The Group writes down its obsolete or slow moving inventories based on assessment of their estimated net selling price. Inventories are written down when events or changes in circumstances indicate that the carrying amounts may not be recoverable. The management specifically analyses sales trend and current economic trends when making a judgement to evaluate the adequacy of the write down for obsolete or slow moving inventories. Where expectations differ from the original estimates, the differences will impact the carrying amount of inventories.

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

6.2 Key sources of estimation uncertainty (cont'd)

(e) Income taxes

Significant judgement is involved in determining the Group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities from expected tax issues based on estimation of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the period in which such determination is made.

(f) Deferred tax liabilities

Significant judgement is required in determining the deferred tax liabilities. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises deferred tax liabilities based on the taxable temporary differences. However, when the final tax outcome is different from the amounts that were initially recorded, such differences will impact the deferred tax liabilities provisions, where applicable, in the period in which such determination is made.

(g) Fair values of borrowings

The fair values of borrowings are estimated by discounting future contractual cash flows at the current market interest rates available to the Group for similar instruments. It is assumed that the effective interest rates approximate the current interest rates available to the Group based on its size and its business risk.

7. PROPERTY, PLANT AND EQUIPMENT

Group 2009	Balance as at 1.8.2008 RM	Additions RM	Disposal RM	Written off RM	Reclassi-fication RM	Depreciation charge for the year RM	Balance as at 31.7.2009 RM
Carrying amount							
Freehold land	5,251,961	–	–	–	–	–	5,251,961
Buildings	17,588,751	10,350	–	–	2,653,341	(393,566)	19,858,876
Plant and machinery	30,994,414	1,116,953	(2,015)	–	2,696,353	(2,476,715)	32,328,990
Construction-in-progress	2,125,210	3,224,484	–	–	(5,349,694)	–	–
Office equipment	318,415	30,783	–	(6,930)	–	(45,756)	296,512
Furniture and fittings	210,283	14,679	–	–	–	(26,933)	198,029
Electrical fittings	1,681,052	6,880	–	–	–	(119,965)	1,567,967
Motor vehicles	218,087	–	–	–	–	(108,434)	109,653
	58,388,173	4,404,129	(2,015)	(6,930)	–	(3,171,369)	59,611,988

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

	At 31.7.2009		
	Cost RM	Accumulated depreciation RM	Carrying amount RM
Freehold land	5,251,961	–	5,251,961
Buildings	21,892,383	(2,033,507)	19,858,876
Plant and machinery	48,473,954	(16,144,964)	32,328,990
Office equipment	483,512	(187,000)	296,512
Furniture and fittings	300,676	(102,647)	198,029
Electrical fittings	2,589,498	(1,021,531)	1,567,967
Motor vehicles	542,176	(432,523)	109,653
	79,534,160	(19,922,172)	59,611,988

Group 2008	Balance as at 1.8.2007 RM	Additions RM	Disposal RM	Written off RM	Depreciation charge for the year RM	Balance as at 31.7.2008 RM
Carrying amount						
Freehold land	5,251,961	–	–	–	–	5,251,961
Buildings	17,794,413	177,770	–	–	(383,432)	17,588,751
Plant and machinery	29,185,247	4,309,050	(8,734)	–	(2,491,149)	30,994,414
Construction-in-progress	–	2,125,210	–	–	–	2,125,210
Office equipment	331,643	43,935	–	(12,704)	(44,459)	318,415
Furniture and fittings	233,720	4,992	–	–	(28,429)	210,283
Electrical fittings	1,821,285	–	–	–	(140,233)	1,681,052
Motor vehicles	190,202	134,086	–	–	(106,201)	218,087
	54,808,471	6,795,043	(8,734)	(12,704)	(3,193,903)	58,388,173

	At 31.7.2008		
	Cost RM	Accumulated depreciation RM	Carrying amount RM
Freehold land	5,251,961	–	5,251,961
Buildings	19,228,692	(1,639,941)	17,588,751
Plant and machinery	44,694,648	(13,700,234)	30,994,414
Construction-in-progress	2,125,210	–	2,125,210
Office equipment	464,163	(145,748)	318,415
Furniture and fittings	285,997	(75,714)	210,283
Electrical fittings	2,582,618	(901,566)	1,681,052
Motor vehicles	542,176	(324,089)	218,087
	75,175,465	(16,787,292)	58,388,173

As at 31 July 2009, freehold land and buildings of the Group with a carrying amount of RM12,726,477 (2008: RM12,940,592) have been charged to financial institutions for credit facilities granted to the subsidiary as disclosed in Note 17 to the financial statements. However, the freehold land and buildings of the Group are in the process of being discharged subsequent to the balance sheet date.

8. INVESTMENT IN A SUBSIDIARY

	Company 2009 RM	Company 2008 RM
Unquoted shares, at cost	25,978,559	25,978,559

The details of the subsidiary are as follows:

Name of company	Country of incorporation	Interest in equity held by the Company 2009	Interest in equity held by the Company 2008	Principal activities
Formosa Shyen Horng Metal Sdn. Bhd. ("Formosa")	Malaysia	100%	100%	Manufacturing and marketing of aluminium billets

The subsidiary is audited by BDO Binder.

9. TRADE AND OTHER RECEIVABLES

	Group 2009 RM	Group 2008 RM	Company 2009 RM	Company 2008 RM
Non-current assets				
Amount owing by a subsidiary	–	–	14,648,938	14,865,129
Current assets				
Trade receivables				
Third parties	23,142,764	26,872,631	–	–
Other receivables, deposits and prepayments				
Amount owing by a subsidiary	–	–	1,875,000	2,800,000
Other receivables	3,085,013	–	–	–
Deposits	88,670	82,170	1,000	1,000
Prepayments	197,388	598,641	–	–
	3,371,071	680,811	1,876,000	2,801,000
	26,513,835	27,553,442	1,876,000	2,801,000
Total	26,513,835	27,553,442	16,524,938	17,666,129

9. TRADE AND OTHER RECEIVABLES (CONT'D)

(a) The credit terms of trade receivables range from 7 days to 180 days (2008: 7 days to 180 days) from date of invoice.

(b) Other receivables represents advance to overseas suppliers.

(c) The amount owing by a subsidiary (non-current) represents advances and payments made on behalf which is unsecured, interest-free and not repayable within the next twelve months.

(d) The amount owing by a subsidiary (current) represents dividend receivable.

(e) The currency exposure profile of receivables are as follows:

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Ringgit Malaysia	14,494,333	16,857,324	16,524,938	17,666,129
US Dollar	12,021,484	10,698,100	–	–
Others	(1,982)	(1,982)	–	–
	26,513,835	27,553,442	16,524,938	17,666,129

(f) Information on financial risks of receivables are disclosed in Note 33 to the financial statements.

10. INVENTORIES

	Group	
	2009 RM	2008 RM
At cost		
Raw material	16,879,185	33,604,183
Work-in-progress	411,567	537,354
Stores and spares	1,088,247	853,520
	18,378,999	34,995,057

11. CASH AND CASH EQUIVALENTS

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Short term deposit with a licensed bank	637,000	–	–	–
Cash and bank balances	3,694,877	978,083	6,407	1,824
	4,331,877	978,083	6,407	1,824

11. CASH AND CASH EQUIVALENTS (CONT'D)

(a) Deposits of the Group have an average maturity period of 3 days (2008: Nil). Bank balances are deposits held at call with banks.

(b) The currency exposure profile of cash and cash equivalents are as follows:

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Ringgit Malaysia	2,081,933	661,055	6,407	1,824
US Dollar	2,227,658	295,829	–	–
Others	22,286	21,199	–	–
	4,331,877	978,083	6,407	1,824

c) Information on financial risks of cash and cash equivalents are disclosed in Note 33 to the financial statements.

12. SHARE CAPITAL

	Group and Company			
	2009		2008	
	Number of shares	RM	Number of shares	RM
Ordinary shares of RM0.50 each				
Authorised	200,000,000	100,000,000	200,000,000	100,000,000
Issued and fully paid	80,000,000	40,000,000	80,000,000	40,000,000

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

13. RESERVES

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Non-distributable				
Share premium	715,938	715,938	715,938	715,938
Distributable				
Retained earnings	10,416,626	21,456,639	1,675,688	2,830,334
	11,132,564	22,172,577	2,391,626	3,546,272

The movements in reserves are shown in the statements of changes in equity.

Retained earnings

Effective 1 January 2008, the Company is given the option to make an irrevocable election to move to a single tier system or continue to use its tax credit under Section 108 of the Income Tax Act, 1967 for the purpose of dividend distribution until the tax credit is fully utilised or latest, by 31 December 2013.

The Company has decided not to make this election and has sufficient tax credit under Section 108 of the Income Tax Act, 1967 and balance in the tax exempt account to frank the payment of dividends out of its entired retained earnings without incurring additional tax liabilities.

The Company has tax exempt account balance of RM2,575,000 (2008: RM3,500,000) as at year end.

14. BORROWINGS (INTEREST BEARING)

	Group	
	2009 RM	2008 RM
Current liabilities		
Secured		
Term loans (Note 17)	–	489,339
Unsecured		
Foreign currency loan (Note 15(a))	10,628,983	39,577,102
Bankers' acceptances (Note 16)	36,967,000	3,100,000
Term loans (Note 17)	–	1,005,520
	47,595,983	43,682,622
	47,595,983	44,171,961

14. BORROWINGS (INTEREST BEARING) (cont'd)

	Group 2009 RM	Group 2008 RM
Non-current liabilities		
Unsecured		
Term loans (Note 17)	–	253,068
Total borrowings		
Foreign currency loan (Note 15)	10,628,983	39,577,102
Bankers' acceptances (Note 16)	36,967,000	3,100,000
Term loans (Note 17)	–	1,747,927
	47,595,983	44,425,029

(a) The currency exposure profile of borrowings are as follows:

	Group 2009 RM	Group 2008 RM
Ringgit Malaysia	36,967,000	4,847,927
US Dollar	10,628,983	39,577,102
	47,595,983	44,425,029

(b) Information on financial risks of borrowings are disclosed in Note 33 to the financial statements

15. FOREIGN CURRENCY LOAN

Foreign currency loan of the Group are secured by a corporate guarantee from the Company.

16. BANKERS' ACCEPTANCES

The bankers' acceptances of the Group are secured by a corporate guarantee from the Company.

17. TERM LOANS

	Group 2009 RM	Group 2008 RM
Term loan I repayable by 84 equal monthly instalments of RM33,601 each commencing 1 October 2006	–	489,339
Term loan II repayable by 35 equal monthly instalments of RM83,334 and final instalment of RM83,310 each commencing 1 November 2006	–	1,258,588
	–	1,747,927
Repayable as follows:		
Current liabilities (Note 14) – not later than one year	–	1,494,859
Non-current liabilities (Note 14) – later than one year and not later than five years	–	253,068
	–	1,747,927

(a) Term loan I is secured by a charge over a subsidiary's freehold land and building with a carrying amount of approximately RM12,726,477 (2008: RM12,940,592). However, the freehold land and building are in the process of being discharged subsequent to the balance sheet date.

(b) Term loans II is secured by a corporate guarantee from the Company.

18. DEFERRED TAX

(a) The deferred tax assets and liabilities are made up of the following:

	Group 2009 RM	Group 2008 RM
Balance as at 1 August	5,304,800	4,643,000
Recognised in income statement (Note 24)	(2,604,723)	661,800
Balance as at 31 July	2,700,077	5,304,800
Presented after appropriate offsetting:		
Deferred tax assets	(3,541,199)	(28,400)
Deferred tax liabilities	6,241,276	5,333,200
	2,700,077	5,304,800

18. DEFERRED TAX (CONT'D)

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

Deferred tax liabilities of the Group

	Property, plant and equipment RM
At 1 August 2008	5,333,200
Recognised in the income statement	908,076
At 31 July 2009	6,241,276
At 1 August 2007	4,673,700
Recognised in the income statement	659,500
At 31 July 2008	5,333,200

Deferred tax assets of the Group

	Unused tax losses RM	Unabsorbed capital allowances RM	Provisions RM	Total RM
At 1 August 2008	–	–	28,400	28,400
Recognised in the income statement	1,868,869	1,672,330	(28,400)	3,512,799
At 31 July 2009	1,868,869	1,672,330	–	3,541,199

	Provisions RM	Total RM
At 1 August 2007	30,700	30,700
Recognised in the income statement	(2,300)	(2,300)
At 31 July 2008	28,400	28,400

19. TRADE AND OTHER PAYABLES

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Trade payables				
Third parties	2,320,644	3,463,253	–	–
Other payables				
Other payables	4,620,980	5,209,356	8,278	7,872
Accruals	732,501	1,406,478	110,000	92,368
	5,353,481	6,615,834	118,278	100,240
	7,674,125	10,079,087	118,278	100,240

(a) Trade payables are non-interest bearing and the normal credit terms granted to the Group is range from 7 days to 30 days (2008: 7 days to 30 days).

(b) Included in other payables of the Group is an amount of RM Nil (2008: RM1,451,440) owing to vendors of property, plant and equipment.

(c) The currency exposure profile of trade and other payables are as follows:

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Ringgit Malaysia	7,046,241	10,427,652	118,278	100,240
US Dollar	628,836	(348,565)	–	–
Others	(952)	–	–	–
	7,674,125	10,079,087	118,278	100,240

(d) Information on financial risks of payables are disclosed in Note 33 to the financial statements.

20. REVENUE

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Sale of goods	341,007,266	478,330,013	–	–
Dividend income from subsidiary	–	–	1,875,000	3,300,000
	341,007,266	478,330,013	1,875,000	3,300,000

21. COST OF SALES

	Group 2009 RM	Group 2008 RM
Inventories sold	345,140,122	460,599,512

22. FINANCE COSTS

	Group 2009 RM	Group 2008 RM
Interest expense on:		
– bankers' acceptances	1,174,807	1,311,647
– foreign currency loan	1,084,072	788,448
– overdraft	104,088	128,848
– term loans	59,484	180,856
– export credit refinancing	11,878	158,300
	2,434,329	2,568,099

23. (LOSS)/PROFIT BEFORE TAX

	Note	Group 2009 RM	Group 2008 RM	Company 2009 RM	Company 2008 RM
(Loss)/Profit before tax is arrived at after charging:					
Auditors' remuneration:					
– Statutory		33,000	33,000	10,000	10,000
– Non-statutory		4,000	4,000	4,000	4,000
Depreciation of property, plant and equipment	7	3,171,369	3,193,903	–	–
Director's remuneration:					
– fees		96,000	78,000	96,000	78,000
– emoluments other than fees		329,280	339,360	–	–
Hire of machinery		107,800	9,760	–	–
Hostel rental		18,000	18,650	–	–
Interest expense:					
– bankers' acceptances	22	1,174,807	1,311,647	–	–
– foreign currency loan	22	1,084,072	788,448	–	–
– overdraft	22	104,088	128,848	–	–
– term loans	22	59,484	180,856	–	–
– export credit refinancing	22	11,878	158,300	–	–
Lease rental on forklift		396,000	396,000	–	–
Loss on disposal of property, plant and equipment		1,915	–	–	–
Property, plant and equipment written off	7	6,930	12,704	–	–
Realised loss on foreign exchange		167,378	132,303	–	–

23. (LOSS)/PROFIT BEFORE TAX (CONT'D)

	Note	Group 2009 RM	Group 2008 RM	Company 2009 RM	Company 2008 RM
And crediting:					
Gain on disposal of property, plant and equipment		–	25,266	–	–
Dividend income, tax exempt	20	–	–	1,875,000	3,300,000
Interest income		38,563	16,265	–	–

24. TAXATION

	Group 2009 RM	Group 2008 RM	Company 2009 RM	Company 2008 RM
Current tax expense based on profit for the financial year:				
– income tax	–	510,054	–	–
– over-provision in prior years	(2,109)	(2,986)	–	–
	(2,109)	507,068	–	–
Deferred tax (Note 18)				
– current year	(2,625,832)	652,500	–	–
– under-provision in prior years	21,109	9,300	–	–
	(2,604,723)	661,800	–	–
	(2,606,832)	1,168,868	–	–

The Malaysian income tax is calculated at the statutory tax rate of 25% (2008: 26%) of the estimated taxable profit for the fiscal year. The Malaysian statutory tax rate has been reduced to 25% from the previous financial year's rate of 26% for the fiscal year of assessment 2008. The computation of deferred tax as at 31 July 2009 has reflected this change.

24. TAXATION (CONT'D)

The numerical reconciliation between the effective tax rate and the applicable tax rate of the Group and of the Company are as follows:

	Group		Company	
	2009 RM %	2008 RM %	2009 RM %	2008 RM %
Applicable tax rate	(25.0)	26.0	25.0	26.0
Tax effects in respect of:				
Tax exempted income	–	–	(28.5)	(27.8)
Non-allowable expenses	1.2	1.0	3.5	1.8
Reduction in tax rate on the first RM500,000 chargeable income	–	(0.3)	–	–
Other tax incentives	(0.4)	(0.9)	–	–
Reinvestment allowances	–	(12.2)	–	–
Effect of tax rate changes	–	(2.1)	–	–
	(24.2)	11.5	–	–
Under provision in prior years	0.2	0.1	–	–
Effective tax rate	(24.0)	11.6	–	–

25. BASIS (LOSS)/EARNINGS PER ORDINARY SHARE

(a) Basic

The basic (loss)/earnings per ordinary share for the financial year is calculated by dividing the (loss)/profit attributable to ordinary equity holders of the Company for the financial year by the number of ordinary shares in issue during the financial year.

	Group	
	2009 RM	2008 RM
(Loss)/Profit attributable to equity holders of the Company	(8,240,013)	8,923,971
Number of ordinary shares in issues	80,000,000	80,000,000
Basic (loss)/earning per ordinary share (sen)	(10.30)	11.15

(b) Diluted

There are no diluted earning per ordinary share, as the Group does not have any convertible financial instruments as at the end of the financial year.

26. DIVIDEND

	Group and Company	
	2009	2008
	RM	RM
First and final tax exempt dividend paid in respect of previous financial year	2,800,000	2,800,000

A first and final tax exempt dividend of 3.5 sen per ordinary share, amounting to RM2,800,000 in respect of financial year ended 31 July 2008 has been approved by the shareholders at the Annual General Meeting held on 23 December 2008. The dividend was paid on 9 January 2009 and had been accounted for as an appropriation of retained earnings in the financial year ended 31 July 2009.

A first and final tax exempt dividend of 2 sen per ordinary share, amounting to RM1,600,000 in respect of the financial year ended 31 July 2009 has been proposed by the Directors after the balance sheet date for shareholders' approval at the forthcoming Annual General Meeting. The financial statements for the current financial year do not reflect this proposed dividend. This dividend, if approved by shareholders, will be accounted for as an appropriation of retained earning in the financial year ending 31 July 2010.

27. EMPLOYEE BENEFITS

	Group	
	2009	2008
	RM	RM
Salaries, bonuses and wages	3,728,025	3,943,970
Contributions to defined contribution plan	205,571	211,678
Social security contributions	32,089	34,577
Other benefits	263,064	368,157
	4,228,749	4,558,382

Included in the employee benefits of the Group is Executive Director's remuneration amounting to RM329,280 (2008: RM339,360).

28. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	Group	
	2009	2008
	RM	RM
Purchase of property, plant and equipment (Note 7)	4,404,129	6,795,043
Included in other payables (Note 19)	–	(1,451,440)
Cash payment on purchase of property, plant and equipment	4,404,129	5,343,603

29. COMMITMENTS

(a) Operating lease commitment

The Group had entered into non-cancelleable lease agreements for forklift, resulting in future rental commitments which can, subject to certain terms in the agreements be revised annually based on prevailing market rate.

	Group	
	2009 RM	2008 RM
Not later than one (1) year	–	396,000

(b) Capital commitments

	Group	
	2009 RM	2008 RM
Capital expenditure in respect of purchase of property, plant and equipment:		
Approved but not contracted for	1,125,101	1,634,958

30. CONTINGENT LIABILITIES – UNSECURED

	Company	
	2009 RM	2008 RM
Corporate guarantees given to financial institutions for banking facilities granted to a subsidiary	47,595,983	44,425,029

31. RELATED PARTY DISCLOSURES

(a) Identities of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

The Company has controlling related party relationship with its subsidiary.

31. RELATED PARTY DISCLOSURES (CONT'D)

(b) In addition to the transactions detailed elsewhere in the financial statements, the Company had the following transactions with the related party during the financial year:

	Company	
	2009	**2008**
	RM	**RM**
Dividend income received from a subsidiary	1,875,000	3,300,000

The related party transaction described above were entered into in the ordinary course of business and establish under negotiated and mutually agreed term.

(c) Compensation of key management personnel

Key management personal refer to those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any Director (whether executive or otherwise) of the entity.

The remuneration of Directors and other key management personnel during the financial year was as follows:

	Group	
	2009	**2008**
	RM	**RM**
Short term employee benefits	1,079,281	1,221,819
Contributions to defined contribution plan	115,431	109,445
	1,194,712	1,331,264

The estimated monetary value of benefits-in-kind received by the Director of the Group and of the Company during the financial year amounted to RM17,400 (2008: RM17,400).

32. SEGMENT INFORMATION

(a) Reporting format

The primary segment reporting format is determined to be geographical segments as the Group's risks and returns are affected predominantly by operations in different geographical areas.

The secondary segment report by business activities has not been prepared as the Group is principally engaged only in the manufacturing and marketing of aluminium billets.

(b) Allocation basis

A segment with a majority of operating income earned from providing products or services to external clients and whose operating income, results or assets are 10 percent or more of all the segments is reported separately.

Segment results, assets and liabilities include items that are directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one (1) period.

32. SEGMENT INFORMATION (CONT'D)

(c) Geographical segments

The Group operates mainly in Malaysia, South East Asia, South Asia, Africa and others. The revenue disclosed in geographical segments is based on the geographical location of customers. Segment assets and capital expenditure are based on the geographical location of assets. The following table provides an analysis of the Group's revenue, results, assets, liabilities and other information by geographical segment:

2009

	Malaysia RM'000	South East Asia other than Malaysia RM'000	South Asia RM'000	Africa RM'000	Others RM'000	Total RM'000
Revenue	185,329	99,057	25,306	22,339	8,976	341,007
Results						
Segment result	(620)	(3,768)	(4,104)	24	16	(8,452)
Interest income	39	–	–	–	–	39
Unallocated expenses						
– interest expenses	–	–	–	–	–	(2,434)
Loss before tax						(10,847)
Tax expense						2,607
Loss for the financial year						(8,240)
Assets						
Segment assets	96,725	5,084	4,119	1,389	1,520	108,837
Unallocated corporate assets						
– current tax asset						266
Total assets						109,103
Liabilities						
Segment liabilities	7,674	–	–	–	–	7,674
Unallocated corporate liabilities						50,296
– borrowings						47,596
– deferred tax liabilities						2,700
Total liabilities						57,970
Capital expenditure	4,404	–	–	–	–	4,404
Depreciation on property, plant and equipment	3,171	–	–	–	–	3,171
Other non-cash expenses	9	–	–	–	–	9

32. SEGMENT INFORMATION (CONT'D)

(c) Geographical segments (cont'd)

2008

	Malaysia RM'000	South East Asia other than Malaysia RM'000	South Asia RM'000	Africa RM'000	Others RM'000	Total RM'000
Revenue	243,940	127,765	48,440	34,566	23,619	478,330
Results						
Segment result	7,198	2,939	1,177	740	591	12,645
Interest income	16	–	–	–	–	16
Unallocated expenses						
– interest expenses	–	–	–	–	–	(2,568)
Profit before tax						10,093
Tax expense						(1,169)
Profit for the financial year						8,924
Assets						
Segment assets	92,679	2,813	23,453	2,042	927	121,914
Unallocated corporate assets						
– current tax asset						67
Total assets						121,981
Liabilities						
Segment liabilities	10,079	–	–	–	–	10,079
Unallocated corporate liabilities						49,730
– borrowings						44,425
– deferred tax liabilities						5,305
Total liabilities						59,809
Capital expenditure	6,795	–	–	–	–	6,795
Depreciation on property, plant and equipment	3,194	–	–	–	–	3,194
Other non-cash expenses	13	–	–	–	–	13

33. FINANCIAL INSTRUMENTS

(a) Financial risk management objectives and policies

The Group's financial risk management objective is to optimise value creation for shareholders whilst minimising the potential adverse impact arising from fluctuations in foreign currency exchange and interest rates and the unpredictability of the financial markets.

The Group operates within an established risk management framework and clearly defined guidelines that are regularly reviewed by the Board of Directors. Financial risk management is carried out through risk review programmes, internal control systems, insurance programmes and adherence to the Group financial risk management policies. The Group is exposed mainly to foreign currency risk, interest rate risk, price fluctuation risk, credit risk, liquidity and cash flow risk. Information on the management of the related exposures are detailed below.

(i) Interest rate risk

Interest rate risk mainly arise from the Group's borrowings. The Group ensures that it obtains bank borrowings at competitive rates under the most favourable terms and conditions.

The following tables set out the carrying amounts, the weighted average effective annual interest rates as at the balance sheet date and the remaining maturities of the Group's financial instruments that are exposed to interest rate risk:

Group	**Weighted average effective annual interest rate %**	**Within 1 year RM**	**1 – 2 years RM**	**2 – 3 Years RM**	**Total RM**
Floating rate					
At 31 July 2009					
Short term deposits	1.50	637,000	–	–	637,000
Foreign currency loan	3.29	10,628,983	–	–	10,628,983
Bankers' acceptances	3.81	36,967,000	–	–	36,967,000
At 31 July 2008					
Foreign currency loan	3.60	39,577,102	–	–	39,577,102
Bankers' acceptances	3.98	3,100,000	–	–	3,100,000
Term loans	6.78	1,494,859	253,068	–	1,747,927

(ii) Foreign currency risk

Transactional currency exposures arise from sales to overseas customers. These sales are priced in Ringgit Malaysia but invoiced in US Dollar. The Group also makes purchases of raw materials from overseas suppliers. During the previous financial year, the Group entered into forward foreign currency exchange contracts to limit its exposures of foreign currency receivables and payables, and on cash flows generated from anticipated transactions denominated in foreign currency.

33. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial risk management objectives and policies (cont'd)

(ii) Foreign currency risk (cont'd)

The notional amount and maturity date of the forward foreign exchange contracts outstanding as at 31 July 2008 were as follows:

Contracts	Expiry date RM	Contract amount USD	Equivalent RM
Sales contracts used to hedge trade receivables	31 August 2008	1,708,000	5,519,930

The unrecognised gain as at 31 July 2008 on the open contracts, that were used to hedge trade receivables, amounting to RM21,071, were deferred and recognised when the related sales contracts expired, at which time they are included in the measurement of the transactions.

(iii) Credit risk

Cash deposits and trade receivables may give rise to credit risk which requires the loss to be recognised if a counter party fails to perform as contracted. It is the Group's policy to monitor the financial standing of these counter parties on an ongoing basis to ensure that the Group is exposed to minimal credit risk.

The Group's primary exposure to credit risk arises through its trade receivables. The Group's trading terms with its customers are mainly on credit. The Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by the senior management.

The Group has no significant concentration of credit risk as at 31 July 2009. The maximum exposures to credit risk are represented by the carrying amounts of the financial assets in the balance sheets.

(iv) Liquidity and cash flow risk

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all operating, investing and financing needs are met. In liquidity risk management strategy, the Group measures and forecasts its cash commitments and maintains a level of cash and cash equivalents and credit lines deemed adequate to finance the Group's activities.

(v) Price fluctuation risk

The Group is exposed to price fluctuation risks arising from purchase of aluminium commodities. The Group has entered into commodity futures and option contracts with the objective of managing and hedging the exposure to price volatility in the commodity markets.

As at the balance sheet date, the Group has not entered into any off balance sheet financial instrument, save for commodity option contracts which are entered into in the ordinary course of business. The hedging are not expected to have any material effect on the financial statements of the Group.

33. FINANCIAL INSTRUMENTS (CONT'D)

(b) Fair values

The carrying amounts of the financial instruments of the Group and of the Company as at balance sheet date approximate their fair values due to the relatively short term maturity of the financial instruments except as set out below:

	Carrying amount RM	Fair value RM
Group		
At 31 July 2009		
Unrecognised		
Commodity future contracts	–	(299,211)
At 31 July 2008		
Recognised		
Term loans	1,747,927	1,621,892
Unrecognised		
Forward foreign exchange contracts	–	21,071

	Carrying amount RM	Fair value RM
Company		
At 31 July 2009		
Recognised		
Amount owing by a subsidiary – non-current	14,648,938	*
Unrecognised		
Financial guarantee given by the Company to financial institutions in respect of banking facilities granted to a subsidiary (Note 30)	–	#
At 31 July 2008		
Recognised		
Amount owing by a subsidiary – non-current	14,865,129	*
Unrecognised		
Financial guarantee given by the Company to financial institutions in respect of banking facilities granted to a subsidiary (Note 30)	–	#

33. FINANCIAL INSTRUMENTS (CONT'D)

(b) Fair values (cont'd)

* It is not practical to estimate the fair value of amount owing by a subsidiary. This is principally due to the lack of fixed repayment terms and the inability to estimate fair value without incurring excessive costs. However, the Company does not anticipate the carrying amount recorded at the balance sheet date to be significantly different from the value that would eventually be received.

\# It is not practical to estimate the fair value of financial guarantee given by the Company to financial institutions in respect of bankers facilities granted to a subsidiary. This is principally due to lack of quoted market and the inability to estimate fair value within incurring excessive costs.

The following methods and assumptions are used to determine the fair values of financial instruments:

(i) The carrying values of the financial assets and liabilities maturing within 12 months are stated at approximately their fair values due to the relatively short-term maturity of these financial instruments;

(ii) The fair values of the Group's term loans are estimated based on the current rates offered to the Group for loans of the same remaining maturities;

(iii) The fair value of a foreign currency forward contract is the amount that would be payable or receivable upon termination of the outstanding position arising and is determined by reference to the difference between the contracted rate and forward exchange rate as at balance sheet date applied to a contract of similar amount and maturity profile; and

(iv) The fair values of commodity future contracts are the estimated amounts that the Group would expect to pay or receive on the termination of the outstanding positions as at the balance sheet date arising from such contract.

LIST OF PROPERTIES
AS AT 31 JULY 2009

	Location	Approximate Age of Building (years)	Tenure	Land Area (Build-up Area) m²	Description of Property	Net Book Value (RM)	Date of Acquisition
1.	Lot 2-31, Jalan Perindustrian Mahkota 7, Taman Perindustrian Mahkota, 43700 Beranang Selangor Darul Ehsan	–	Freehold	4,209	Industrial land with container storage yard	1,937,633	1 Nov 01
2.	Lot 2-32, Jalan Perindustrian Mahkota 7, Taman Perindustrian Mahkota, 43700 Beranang Selangor Darul Ehsan	12	Freehold	3,521 (1,364)	Industrial land with single storey factory and 2 storey office building	5,459,258	5 Oct 99
3.	Lot 2-33, Jalan Perindustrian Mahkota 7, Taman Perindustrian Mahkota, 43700 Beranang, Selangor Darul Ehsan	12	Freehold	3,521 (1,364)			19 Sep 97
4.	Lot 2-34, Jalan Perindustrian Mahkota 7, Taman Perindustrian Mahkota, 43700 Beranang, Selangor Darul Ehsan	8	Freehold	3,521 (1,740)	Industrial land with single storey factory	3,774,886	10 Jun 00
5.	Lot 2-35, Jalan Perindustrian Mahkota 7, Taman Perindustrian Mahkota, 43700 Beranang Selangor Darul Ehsan	8	Freehold	3,521 (1,740)			13 Dec 00
6.	Lot 2-36, Jalan Perindustrian Mahkota 7, Taman Perindustrian Mahkota, 43700 Beranang Selangor Darul Ehsan	5	Freehold	3,521 (2,030)	Industrial land with single storey factory	5,219,269	4 Jul 01
7.	Lot 2-36(A), Jalan Perindustrian Mahkota 7, Taman Perindustrian Mahkota, 43700 Beranang, Selangor Darul Ehsan	5	Freehold	3,521 (2,030)			27 Aug 02
8.	Lot 2-42, Jalan Perindustrian Mahkota 9, Taman Perindustrian Mahkota, 43700 Beranang Selangor Darul Ehsan	1	Freehold	3,521 (120)	Industrial land with single storey warehouse cum with workshop and canteen	4,076,662	3 Apr 07
9.	Lot 2-43, Jalan Perindustrian Mahkota 9, Taman Perindustrian Mahkota, 43700 Beranang Selangor Darul Ehsan	1	Freehold	3,521 (480)			30 Jul 06
10.	Lot 2-44, Jalan Perindustrian Mahkota 9, Taman Perindustrian Mahkota, 43700 Beranang Selangor Darul Ehsan	1	Freehold	3,521 (408)			15 Feb 05
11.	Lot 2-45, Jalan Perindustrian Mahkota 9, Taman Perindustrian Mahkota, 43700 Beranang Selangor Darul Ehsan	3	Freehold	4,209 (1,487)	Industrial land with three storey office building	4,643,129	15 Feb 05

ANALYSIS OF SHAREHOLDINGS

AS AT 30 OCTOBER 2009

SHARE CAPITAL

Authorised Share Capital	:	RM100,000,000.00
Issued and Fully Paid-up Share Capital	:	RM40,000,000.00
Class of Shares	:	Ordinary Shares of RM0.50 each
Voting Rights	:	Registered shareholders are entitled to one vote per ordinary share held at all general meetings
No. of Shareholders	:	1,333

ANALYSIS OF ORDINARY SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	No. of Shareholdings	% of Shareholdings
Less than 100	1	50	0.00
100 to 1,000	499	484,200	0.61
1,001 to 10,000	526	2,690,550	3.36
10,001 to 100,000	253	7,877,806	9.85
100,001 to less than 5% of issued shares	51	34,116,000	42.64
5% and above of issued shares	3	34,831,394	43.54
Total	**1,333**	**80,000,000**	**100.00**

DIRECTORS' INTEREST

		Direct Interest		Indirect Interest	
No.	Name	No. of Shares held	% of Total Shares	No. of Shares held	% of Total Shares
1.	Dato Shahrir Bin Abdul Jalil	–	–	–	–
2.	Tan Wan Lay	3,946,000	4.93	25,232,994+	31.54
3.	Ahmed Azhar Bin Abdullah	100,000	0.12	–	–
4.	Dr. Leong Chik Weng	–	–	–	–
5.	Wong Tze Kai	–	–	–	–
6.	Gan Choon Sun	45,000	0.06	–	–
		4,091,000	**5.11**	**25,232,994**	**31.54**

\+ By virtue of his substantial shareholdings in A-Rank Group Sdn. Bhd. and shares held by his brother.

SUBSTANTIAL SHAREHOLDERS

According to the register to be kept under Section 69L of the Companies Act, 1965, the following are the substantial shareholders of the Company:-

No.	Name	No. of Shares	% of Total Shareholdings
1.	A-Rank Group Sdn Bhd	25,193,994	31.49
2.	Lin, Chih-Chang	5,337,400	6.67
3.	Lembaga Tabung Angkatan Tentera	4,300,000	5.38
		34,831,394	**43.54**

THE THIRTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares	% of Total Shareholdings
1.	A-Rank Group Sdn Bhd	25,193,994	31.49
2.	Lin, Chih-Chang	5,337,400	6.67
3.	Lembaga Tabung Angkatan Tentera	4,300,000	5.38
4.	Tan Wan Lay	3,946,000	4.93
5.	Lin, Hsien-Tang	3,315,000	4.14
6.	Fairways Assets Investment Limited	3,000,000	3.75
7.	Mablewood International Holding Limited	2,628,300	3.29
8.	TA Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Sam Kwan Sim*	2,289,800	2.86
9.	Leow Chong Fatt	2,230,000	2.79
10.	Meyer Capital Holding Ltd	2,000,000	2.50
11.	Cho Hung-Ju	1,362,600	1.70
12.	Datin Anitha A/P Krishna Murthi	1,256,900	1.57
13.	Amanah Raya Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Skim Amanah Saham Bumiputera*	1,000,000	1.25
14.	Amanah Raya Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Amanah Saham Malaysia*	1,000,000	1.25
15.	LB Aluminium Berhad	1,000,000	1.25
16.	Permodalan Nasional Berhad	1,000,000	1.25
17.	Chiang Siong Chiew @ Chiong Siong Chiew	560,000	0.70
18.	Amsec Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Chua Sing Keong*	550,000	0.69
19.	TA Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Cheng Teck Loong*	499,100	0.63
20.	Koperasi Polis Diraja Malaysia Berhad	499,000	0.62
21.	Tan Kar Pin	409,900	0.51
22.	Tan Lean See	400,000	0.50
23.	Lee Chin Poh	342,300	0.43
24.	Amanah Raya Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Amanah Saham Didik*	331,100	0.41
25.	Yap Chee Woon	300,000	0.38
26.	Ong Kean Chooi	275,000	0.35
27.	Liew Thong	216,000	0.27
28.	Wong Heng Kim	210,000	0.26
29.	JCA Builders (Malaysia) Sdn Bhd	203,000	0.25
30.	Tan Lye Heng	200,000	0.25
	Total	**65,855,394**	**82.32**

PROXY FORM

A-RANK BERHAD
(633621-X)

I/We ______________________________ NRIC No. ______________

of ______________________________

being a member(s) of A-Rank Berhad, hereby appoint ______________________________

of ______________________________

or failing him/her ______________________________ of ______________

____

or failing him/her the Chairman of the Meeting as my/our proxy to attend and vote on my/our behalf at the Annual General Meeting of the Company to be held at Ujong Pandang Room, Staffield Country Resort, Batu 13 Jalan Seremban-Kuala Lumpur (Country Road), 71700 Mantin, Negeri Sembilan Darul Khusus on Tuesday, 22 December, 2009 at 10.00 a.m. or at any adjournment thereof:

	RESOLUTIONS	FOR	AGAINST
1.	To receive and adopt the audited Financial Statements for the year ended 31 July 2009 and the Reports of the Directors and Auditors thereon.		
2.	To declare a first and final Tax Exempt Dividend of 2.0 sen per ordinary share in respect of the financial year ended 31 July 2009..		
3.	To approve the payment of Directors' Fees amounting to RM96,000 (2008 : RM78,000) for the financial year ended 31 July 2009		
4.	To re-elect Dr. Leong Chik Weng who retires in accordance with Article 112 of the Company's Articles of Association		
5.	To re-elect Mr. Gan Choon Sun who retires in accordance with Article 117 of the Company's Articles of Association		
6.	To re-appoint Messrs. BDO Binder as Auditors and to authorise the Directors to fix their remuneration.		
7.	To authorise Directors to issue shares not exceeding 10% of the Issued Capital of the Company.		

(Please indicate with an **"X"** in the spaces provided above, how you wish your vote to be cast. If no specific direction as to voting is given, the proxy will vote or abstain from voting at his discretion.)

As witness my hand this __________ day of ____________________ 2009.

Number of Ordinary Shares held	

____
Signature

Notes:

1. *A member shall be entitled to be present and to vote on any question either personally or by proxy or as proxy for another member at any general meeting.*
2. *A proxy need not be a member of the Company and the provisions of Section 149(1)(b) of the Act shall not apply to the Company.*
3. *A member shall not appoint more than two (2) proxies to attend at the same meeting, where a member appoints two proxies, the proxies shall not be valid unless the member specifies the proportion of his shareholdings to be represented by each proxy.*
4. *The instrument appointing a proxy shall be in writing under the hands of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation under its common seal, or the hand of its attorney duly authorised. The instrument appointing a proxy together with the power of the attorney (if any) shall be left at the Registered office of the Company at 1st Floor, 275 Jalan Haruan 1, Oakland Industrial Park, 70200 Seremban Negeri Sembilan Darul Khusus not less than forty-eight (48) hours before the time appointed for holding the meeting or at any adjournment thereof.*

fold this for sealing

then fold here

Affix
Stamp

The Company Secretary
A-Rank Berhad
No. 275 (1st Floor)
Jalan Haruan 1
Oakland Industrial Park
70200 Seremban
Negeri Sembilan Darul Khusus

1st fold here