A-RANK BERHAD
(633621-X)
(Incorporated in Malaysia)

Evolving Growth
Sustaining Momentum

ANNUAL REPORT 2017

FACILITIES

FURNACES

Seven (7) units of melting furnaces, each of 25 metric tonnes capacity, linked to heat regenerating burner systems and magnetic stirrer that can both enhance energy conservation and increase productivity and one (1) unit of 30 metric tonnes hydraulically tilting holding furnace for better control of melt temperature hence improving product quality and productivity.

CASTING FACILITIES

Three (3) units of fully automated vertical direct chilled hydraulic controlled casting system.

HOMOGENISE FURNACES

Four (4) units of 35 metric tonnes homogenising furnaces with two (2) units of air cooling booths.

IN-LINE DEGASSER

In-line degasser to remove dissolved hydrogen in molten aluminium hence improving the aluminium billets quality.

WAGSTAFF AIRSLIP MOLD

Aluminium billets cast with Wagstaff "Airslip" billet casting mould system have a shallow molten metal sump and a thin-shield, uniform-grained composition that is beneficial to the extrusion process.

VISION

TO BE A RENOWNED INTERNATIONAL PLAYER AND A TRUSTWORTHY PARTNER IN ALUMINIUM BILLETS INDUSTRY.

MISSION

WE CONTINUALLY SUPPORT OUR CUSTOMERS' SUCCESS BY WORKING CLOSELY WITH THEM TO ENHANCE THEIR PRODUCTS AND PROCESS CHALLENGES.

WE BUILD OUR REPUTATION BY PROVIDING RELIABLE QUALITY BILLETS, ON TIME DELIVERIES AND BUILDING LASTING RELATIONSHIPS WITH CUSTOMERS.

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CORPORATE PROFILE

A-Rank Berhad was listed on the Main Market of Bursa Malaysia Securities Berhad on 11 May 2005. A-Rank Berhad through its wholly-owned subsidiary, Formosa Shyen Horng Metal Sdn Bhd ("Formosa"), is principally involved in the manufacturing and marketing of aluminium billets which remains the core focus of the Group since its inception. The Group is the largest aluminium remelt plant and supplier of secondary aluminium billets in Malaysia. We are also one of Asia's leading suppliers of secondary aluminium extrusion billets.

Formosa commenced operations in 1998 with an initial annual installed capacity of 12,000 metric tonnes and has registered consistent and impressive growth. Currently, Formosa has an installed capacity of 120,000 metric tonnes per annum. Formosa's integrated facilities include Wagstaff "Airslip" billet casting mould system, melting furnaces with regenerating burners and magnetic stirrer, tilting holding furnace and fully automated vertical direct chilled hydraulic-controlled casting systems 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 11" and of any cut length of up to 6 metres. To ensure consistent quality of its products, Formosa 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.

The Group's turnover for the financial year ended 31 July 2017 was RM455.5 million. The Group presently exports about 30% of its production and its export markets include Africa, Europe, South Asia and South East Asia.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of A-Rank Berhad ("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 Friday, 8 December 2017 at 10.00 a.m. for the following purposes:

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 July 2017 together with the Reports of the Directors and Auditors thereon. **[Please see Note 2]**

2. To approve the payment of the first and final single tier dividend of 3.25 sen per ordinary share in respect of the financial year ended 31 July 2017. **(Resolution 1)**

3. To approve the payment of Directors' Fees of RM216,000 for the financial year ended 31 July 2017. **(Resolution 2)**

4. To approve the payment of Directors' benefits of up to RM56,000 for the period from 31 January 2017 till the next Annual General Meeting of the Company. **(Resolution 3)** **[Please see Note 3]**

5. To re-elect the following Directors who retire in accordance with Article 112 of the Articles of Association of the Company, constituting part of the Constitution of the Company: **[Please see Note 4]**

   a) Tuan Haji Ahmed Azhar Bin Abdullah **(Resolution 4)**
   b) Mr Wong Tze Kai **(Resolution 5)**

6. To re-appoint Messrs BDO as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 6)** **[Please see Note 5]**

AS SPECIAL BUSINESS

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

7. **Ordinary Resolutions**
   Continuance in Office as Independent Non-Executive Directors **[Please see Note 6]**

   "THAT approval be and is hereby given for Dato' Shahrir Bin Abdul Jalil who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company to hold office until the conclusion of the next Annual General Meeting of the Company." **(Resolution 7)**

   "THAT, subject to the passing of Resolution 4, approval be and is hereby given for Tuan Haji Ahmed Azhar Bin Abdullah who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company to hold office until the conclusion of the next Annual General Meeting of the Company." **(Resolution 8)**

   "THAT approval be and is hereby given for Dr Leong Chik Weng who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company to hold office until the conclusion of the next Annual General Meeting of the Company." **(Resolution 9)**

   "THAT, subject to the passing of Resolution 5, approval be and is hereby given for Mr Wong Tze Kai who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company to hold office until the conclusion of the next Annual General Meeting of the Company." **(Resolution 10)**

NOTICE OF ANNUAL GENERAL MEETING

8. **Ordinary Resolution**
   Authority to Allot Shares pursuant to Sections 75 and 76 of the Companies Act 2016 **[Please see Note 7]**

   "THAT subject always to the Companies Act 2016 ("Act"), the Constitution of the Company and the approval of the relevant governmental/regulatory authorities (if any), the Directors be and are hereby authorised pursuant to Sections 75 and 76 of the Act to allot shares in the Company, from time to time, at such price, upon such terms and conditions and for such purposes and to such person or persons whomsoever as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed ten per centum (10%) of the total number of issued shares (excluding treasury shares) of the Company for the time being and THAT the Directors be and are hereby also empowered to obtain the approval for the listing of and quotation for the additional shares so issued from Bursa Malaysia Securities Berhad and THAT such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company after the approval was given or at the expiry of the period within which the next Annual General Meeting is required to be held after the approval was given, whichever is earlier, unless such approval is revoked or varied by the Company at a general meeting." **(Resolution 11)**

9. **Ordinary Resolution**
   Proposed Renewal of Shareholders' Mandate for the Company and/or its Subsidiary to enter into Recurrent Related Party Transactions of a Revenue or Trading Nature **[Please see Note 8]**

   "THAT subject to the provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and its subsidiary ("Group") to enter into and give effect to the recurrent related party transactions of a revenue or trading nature with the related parties as set out in Section 2.2 of the Circular to Shareholders dated 7 November 2017, provided that such arrangements and/or transactions which are necessary for the Group's day-to-day operations are undertaken in the ordinary course of business, at arm's length basis, on normal commercial terms and transaction prices which are not more favourable to the related parties than those generally available to the public and not detrimental to the minority shareholders of the Company (hereinafter referred to as the "Proposed RRPT Mandate"). **(Resolution 12)**

   THAT the Proposed RRPT Mandate shall only continue to be in full force until:

   a) the conclusion of the next Annual General Meeting ("AGM") of the Company at which time it will lapse, unless by a resolution passed at the said AGM, such authority is renewed;

   b) the expiration of the period within which the next AGM after the date it is required to be held pursuant to Section 340(2) of the Companies Act 2016 ("Act") (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or

   c) revoked or varied by resolution passed by the shareholders of the Company in a general meeting,

   whichever is earlier.

   AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary or in the best interest of the Company to give effect to the Proposed RRPT Mandate."

10. To transact any other business of which due notice shall have been given.

BY ORDER OF THE BOARD

WONG WAI FOONG (MAICSA 7001358)
NG BEE LIAN (MAICSA 7041392)
YAP SIT LEE (MAICSA 7028098)
Company Secretaries

Kuala Lumpur
7 November 2017

NOTICE OF ANNUAL GENERAL MEETING

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS HEREBY GIVEN THAT subject to the approval of the shareholders at the Annual General Meeting to be held on 8 December 2017, the first and final single tier dividend of 3.25 sen per ordinary share in respect of the financial year ended 31 July 2017 will be paid on 21 December 2017 to Depositors whose names appear in the Record of Depositors on 11 December 2017.

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 11 December 2017 in respect of transfers; and

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

Notes:

1. **APPOINTMENT OF PROXY**

   a) A proxy need not be a member of the Company. There is no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the member to speak in the meeting.

   b) A member of the Company who is entitled to attend and vote at the meeting shall not appoint more than two (2) proxies to attend at the same meeting except where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991, it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.

   c) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

   d) Where a member or the authorised nominee appoints two (2) proxies or where an exempt authorised nominee appoints two (2) or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.

   e) 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.

   f) The instrument appointing a proxy must be deposited at the registered office of the Company located at Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not less than 48 hours before the time appointed for holding the meeting or at any adjournment thereof.

   g) Only members whose names appear in the Record of Depositors as at 30 November 2017 will be entitled to attend, speak and vote at the meeting or appoint proxy(ies) to attend, speak and vote on their behalf.

2. **AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 JULY 2017**

   The Audited Financial Statements are laid in accordance with Section 340(1)(a) of the Companies Act 2016 for discussion only. They do not require shareholders' approval and hence, will not be put forward for voting.

3. **PAYMENT OF DIRECTORS' BENEFITS**

   Pursuant to Section 230(1) of the Companies Act 2016, the fees of the Directors and any benefits payable to the directors shall be approved at a general meeting.

   The proposed Resolution 3 for the Directors' benefits (being meeting allowances) are calculated based on the current Board of Directors ("Board") size and the number of scheduled Board meetings for the period from 31 January 2017 up to the next Annual General Meeting. Each member of the Board of the Company will be paid meeting allowance of RM1,000 per Board meeting for their attendance.

   In the event the proposed amount is insufficient (e.g. due to more meetings or enlarged Board size), approval will be sought at the next Annual General Meeting for the shortfall.

4. **RE-ELECTION OF DIRECTORS**

   Tuan Haji Ahmed Azhar Bin Abdullah and Mr Wong Tze Kai are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election at the Annual General Meeting.

   The Board has through the Nomination Committee, considered the assessment of the said Directors and agreed that they meet the criteria as prescribed by Paragraph 2.20A of the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities") on character, experience, integrity, competence and time commitment to effectively discharge their roles as Directors.

NOTICE OF ANNUAL GENERAL MEETING

4. **RE-ELECTION OF DIRECTORS (Cont'd)**

The Board has also through the Nomination Committee conducted an assessment on Tuan Haji Ahmed Azhar Bin Abdullah's and Mr Wong Tze Kai's independence and is satisfied that they have complied with the criteria on independence as prescribed by the Listing Requirements of Bursa Securities.

5. **RE-APPOINTMENT OF AUDITORS**

The Board has through the Audit Committee, considered the re-appointment of Messrs BDO as Auditors of the Company. The factors considered by the Audit Committee in making the recommendation to the Board to table the re-appointment of Messrs BDO at the forthcoming Annual General Meeting are disclosed in this Annual Report.

EXPLANATORY NOTES TO SPECIAL BUSINESS

6. **CONTINUATION IN OFFICE AS INDEPENDENT NON-EXECUTIVE DIRECTORS**

Pursuant to the Malaysian Code of Corporate Governance, it is recommended that approval of shareholders be sought in the event the Company intends to retain an Independent Director who has served in that capacity for more than nine (9) years. The Board has through the Nomination Committee assessed the independence of Dato' Shahrir Bin Abdul Jalil, Tuan Haji Ahmed Azhar Bin Abdullah, Dr Leong Chik Weng and Mr Wong Tze Kai and recommended them to continue to act as Independent Non-Executive Directors of the Company based on the following justifications:

a) they have fulfilled the criteria under the definition on Independent Director as stated in the Listing Requirements of Bursa Securities and, therefore, were able to bring independent and objective judgement to the Board;

b) their experiences in the legal and/or financial matters, business and other relevant sectors enable them to provide the Board, as the case may be, with pertinent expertise, skills and competence;

c) they have been with the Group for many years and therefore understand the Group's business operations which enable them to contribute actively and effectively during deliberations or discussions at Board meetings;

d) their long tenure had neither impaired nor compromised their independent judgement. They are free from any benefit or other relationships which would interfere with their exercise of independent judgements;

e) they provided effective check and balance in the proceeding of the Board and the Board Committees;

f) they exhibited high commitment and devoted sufficient time which testifies to their dedication in discharging the responsibilities as Independent Non-Executive Directors of the Company; and

g) they had met with the attendance requirements for Board Meetings pursuant to the Listing Requirements of Bursa Securities. During the financial year under review, they had each attended all the Board meetings held.

The proposed Resolution 7, Resolution 8, Resolution 9 and Resolution 10, if passed, will enable Dato' Shahrir Bin Abdul Jalil, Tuan Haji Ahmed Azhar Bin Abdullah, Dr Leong Chik Weng and Mr Wong Tze Kai to continue to act as Independent Non-Executive Directors of the Company.

7. **AUTHORITY TO ALLOT SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016**

The proposed Resolution 11 is the renewal of the mandate obtained from the members at the last Annual General Meeting. As at the date of this Notice, the Company did not allot any shares pursuant to the mandate granted to the Directors at the previous Annual General Meeting held on 7 December 2016 as there were no requirements for such fund raising activities.

The proposed Resolution 11, if passed, would provide flexibility to the Directors to undertake fund raising activities, including but not limited to placement of shares for the purpose of funding the Company's future investment project(s), working capital and/or acquisition(s) at any time as the Directors may deem fit provided that the aggregate number of shares issued pursuant to the mandate does not exceed ten per centum (10%) of the total number of issued shares (excluding treasury shares) of the Company for the time being, without having to convene a general meeting. This authority, unless revoked or varied by the Company in a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company or at the expiry of the period within which the next Annual General Meeting is required to be held after the approval was given, whichever is earlier.

8. **PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR THE COMPANY AND/OR ITS SUBSIDIARY TO ENTER INTO RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

The proposed Resolution 12, if passed, will allow the Company and its subsidiary to enter into recurrent related party transactions made on an arm's length basis and on normal commercial terms which are not detrimental to the interest of the minority shareholders.

Please refer to the Circular to Shareholders dated 7 November 2017 for further information.

CORPORATE INFORMATION

BOARD OF DIRECTORS

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

Tan Wan Lay
Managing Director

Tuan Haji Ahmed Azhar Bin Abdullah
Senior Independent Non-Executive Director

Datuk Leow Chong Howa
Non-Independent Non-Executive Director

Dr Leong Chik Weng
Independent Non-Executive Director

Wong Tze Kai
Independent Non-Executive Director

Gan Choon Sun
Executive Director

AUDIT COMMITTEE

Chairman
Tuan Haji Ahmed Azhar Bin Abdullah

Members
Dr Leong Chik Weng
Wong Tze Kai

NOMINATION COMMITTEE

Chairman
Tuan Haji Ahmed Azhar Bin Abdullah

Members
Dr Leong Chik Weng
Wong Tze Kai

REMUNERATION COMMITTEE

Chairman
Wong Tze Kai

Members
Tuan Haji Ahmed Azhar Bin Abdullah
Datuk Leow Chong Howa
Dr Leong Chik Weng

COMPANY SECRETARIES

Wong Wai Foong (MAICSA 7001358)
Ng Bee Lian (MAICSA 7041392)
Yap Sit Lee (MAICSA 7028098)

AUDITORS

BDO (Firm No: 0206)
Chartered Accountants
Level 8, BDO @ Menara CenTARa
360, Jalan Tuanku Abdul Rahman
50100 Kuala Lumpur

CORPORATE ADVISOR

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

SHARE REGISTRAR

Bina Management (M) Sdn Bhd
Lot 10, The Highway Centre
Jalan 51/205
46050 Petaling Jaya
Selangor Darul Ehsan
Tel : +603-7784 3922
Fax : +603-7784 1988

HEAD/MANAGEMENT OFFICE

Lot 2-33, Jalan Perindustrian Mahkota 7
Taman Perindustrian Mahkota
43700 Beranang
Selangor Darul Ehsan
Tel : +603-8724 4662/3/7
Fax : +603-8724 4661/8723 2009

REGISTERED OFFICE

Unit 30-01, Level 30, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Tel : +603-2783 9191
Fax : +603-2783 9111

PRINCIPAL BANKERS

Citibank Berhad
Malayan Banking Berhad
Standard Chartered Bank Malaysia Berhad
United Overseas Bank (Malaysia) Berhad

WEBSITE ADDRESS

www.arank.com.my

STOCK EXCHANGE LISTING

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

PROFILE OF DIRECTORS / KEY SENIOR MANAGEMENT

DATO' SHAHRIR BIN ABDUL JALIL

• Independent Non-Executive Director - Chairman •

Aged 56, Male, a Malaysian, was appointed to the Board on 11 March 2005. He is presently the Managing Partner of Shahrizat Rashid & Lee and has extensive experience both in the business and legal sectors. He is also a qualified valuer and has practiced with a chartered property consulting firm.

Dato' Shahrir Jalil holds an LL.B (Hons) Degree from International Islamic University and an Advance Diploma in Estate Management from UITM.

In legal practice, he has been extensively involved in the areas of Islamic banking and private debt securitisation. He has jointly developed, helmed and co-helmed some pioneering Islamic Securitisation transactions including:

- The first Islamic-based construction proceeds securitisation involving the construction and completion of the Prime Minister's Office Complex and Official Residence in Putrajaya;
- The first hybrid Islamic Conventional fixed rate financing transaction for a major commercial complex in Kuala Lumpur;
- The first Real Estate Islamic Notes Issuance Facility in Malaysia; and
- The first Private Driven Islamic Asset Backed Securitisation Programme in Malaysia.

Dato' Shahrir Jalil's other areas of experience lie in corporate law practice which includes advisory work pertaining to privatisations, acquisitions and disposals of assets, companies and joint ventures.

Dato' Shahrir Jalil currently sits and has sat as an independent director on various boards of private companies engaged in wide ranging specialist business activities and concessions.

TAN WAN LAY

• Managing Director / Key Senior Management •

Aged 53, Male, a Malaysian, was appointed to the Board on 11 March 2005. Mr Tan has over 30 years of experience in the aluminium extrusion industry. He graduated with a Diploma in Civil Engineering in 1986 and joined LB Aluminium Berhad in the same year. He rose through the ranks to be 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.

PROFILE OF DIRECTORS / KEY SENIOR MANAGEMENT

TUAN HAJI AHMED AZHAR BIN ABDULLAH

• Senior Independent Non-Executive Director •

Aged 56, Male, a Malaysian, was appointed to the Board on 11 March 2005 and is presently a Director of Almitra Energy Services Sdn Bhd and Chief Operating Officer of I&T Properties Sdn Bhd. He graduated with Diploma in Accountancy from MARA Institute of Technology and Bachelor of Science in Accounting from California State University (Fresno) in 1986 and subsequently obtained his Master of Business Administration from California State University, Dominquez Hills (Los Angeles) in 1987. After graduation, he commenced his career as an Internal Auditor with Malaysia Mining Corporation Berhad ("MMC"). In 1992 to 1995, he was appointed as General Manager for Bracken Services Ltd (London), a subsidiary of MMC Marketing Sdn Bhd based in London responsible for operations and all financial matters. Upon his return, he 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. From 2005 to 2010, Tuan Haji Ahmed Azhar was an Executive Director of MOCCIS Furniture Sdn Bhd and MCCM Marketing Sdn Bhd. Thereafter, he continued his career with Tanjak Group as Head of Finance and Corporate from 2010 to 2012.

He is the Chairman of the Audit Committee and Nomination Committee and a member of the Remuneration Committee.

DATUK LEOW CHONG HOWA

• Non-Independent Non-Executive Director •

Aged 59, Male, a Malaysian, was appointed to the Board on 21 April 2016 and currently is the Executive Chairman of LB Aluminium Berhad.

Datuk Leow sits on the Council of Tung Shin Hospital Kuala Lumpur and is Chairing the Chinese Medical Management Sub-committee of Tung Shin Hospital. He is the Vice-Chairman of Chong Hwa Independent High School and the Deputy Chairman of Malaysia Anxi Association and Yayasan Ann Koai of Malaysia, and a Board Member of SRJK (C) Kepong School. He is also a Director on the Board of Trustee of Yayasan Lim Yee Hoh. He was a former Council Member of the Federation of Malaysian Manufacturers ("FMM") and a former Committee Member of the Selangor Branch of FMM.

He is a member of the Remuneration Committee.

PROFILE OF DIRECTORS / KEY SENIOR MANAGEMENT

DR LEONG CHIK WENG

• Independent Non-Executive Director •

Aged 54, Male, 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, a company involved in the provision of information technology services. Dr Leong obtained his Bachelor of Science in Chemical Engineering, West Virginia University, Morgantown, West Virginia in 1985 and a Ph.D. in Chemical Engineering from the University of Massachusetts, Amherst, United States in 1989. Dr Leong also completed an Executive Training in Product & Manufacturing Strategy in Stanford University, School of Business, United States in 1993.

After graduation, he joined Raychem Corporation in Menlo Park, California, United States where he was subsequently promoted as Technical Director from 1989 to 1996. In 1997, Dr Leong was a consultant to Guidant Corporation, Santa Clara, California, United States, one of the world's largest cardiovascular product companies, where he developed an advanced chaotic mixing screw technology to produce micro-tubing using polymer alloys. He joined Universal Search Machine Sdn Bhd in 1998 as Managing Director until 2000.

He sits on the Board of Chemical Company of Malaysia Berhad.

He is a member of the Audit Committee, Nomination Committee and Remuneration Committee.

WONG TZE KAI

• Independent Non-Executive Director •

Aged 45, Male, a Malaysian, was appointed to the Board on 19 September 2008 and is currently the Executive Director of CPK Solutions Sdn Bhd. Mr Wong graduated from the University of Adelaide, Australia with a Bachelor of Commerce/Bachelor of Law in 1995. He joined Messrs Lee Hishammuddin in 1996 as Pupil in Chambers and as Legal Assistant in 1997. He worked in Malaysian Exchange of Securities Dealing & Automated Quotation Bhd from 1997 to 1999 as an Executive, Legal and Intermediary Services and was a Senior Executive of Maxis Communications Berhad from 1999 to 2000. He was Managing Investment Director of Banyan Ventures Sdn Bhd and headed the Legal and Strategy unit from 2000 until 2003. Mr Wong was a senior manager in Malaysia Venture Capital Management Berhad from 2003 to 2005 and was promoted to Vice President (Investments) and a Voting Member of the Investment Committee from 2005 to 2006. From 2007 to 2009, he was an entrepreneur involved in several international businesses in the ICT, outsourcing and property development sectors.

He is the Chairman of the Remuneration Committee and a member of the Audit Committee and Nomination Committee.

PROFILE OF DIRECTORS / KEY SENIOR MANAGEMENT

GAN CHOON SUN

• Executive Director / Key Senior Management •

Aged 52, Male, a Malaysian, was appointed to the Board on 17 September 2009 and is currently Executive Director 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 held 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 Shyen Horng Metal Sdn Bhd, as well as formulating business strategies for the Group.

Other Information

1. **Family Relationship**
   None of the Directors/Key Senior Management has any family relationship with any Director and/or major shareholder of A-Rank Berhad.

2. **Conflict of Interest**
   None of the Directors/Key Senior Management has any conflict of interest with the Group and the Company.

3. **Conviction for Offences**
   None of the Directors/Key Senior Management has been convicted of any offences (excluding traffic offences) within the past 5 years and there were no public sanctions or penalties imposed by the relevant regulatory bodies during the financial year ended 31 July 2017.

4. **Attendance of Directors**
   Details of Board meeting attendance of each Director are disclosed in the Statement on Corporate Governance in the Annual Report.

FAM LIAN FATT

• Administration and Purchasing Manager / Key Senior Management •

Aged 50, Male, a Malaysian, joined Formosa Shyen Horng Metal Sdn Bhd on 1 October 1997 as the Purchasing and Administration Manager. He holds a post graduate Master Degree in Business Administration, majoring in Financial Management from Frederick Taylor International University, USA. Prior to joining the Company, he was with Larry Seow & Company, Public Accountants from 1988 to 1989; BDO Binder, Public Accountants from 1989 to 1991 and finally, LB Aluminium Berhad from 1991 to 1997. Currently, he is responsible for purchasing, human resources, payroll and other administrative matters.

TAN TZE

• Finance Manager / Key Senior Management •

Aged 42, Male, a Malaysian, joined Formosa Shyen Horng Metal Sdn Bhd on 1 December 2003 as Finance Manager. He began his career with Ong Boon Bah & Co, Public Accountants from 1999 to 2002 and subsequently with Bright Rims Manufacturing Sdn Bhd as Accountant from 2002 to 2003. He graduated with a Bachelor of Accountancy (Honours) from University Putra Malaysia and is a member of the Malaysian Institute of Accountants. He is in charge of the financial management of the A-Rank Group, budgeting and corporate exercises.

CHAIRMAN'S STATEMENT

Dear Shareholders,

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 2017.

FINANCIAL PERFORMANCE

For the financial year under review, the Group's revenue decreased by 3.7% to RM455.5 million from RM472.9 million for the preceding year.

Nonetheless, the Group reported a higher profit before tax of RM20.1 million for the financial year ended 31 July 2017 compared to a profit before tax of RM19.1 million in the previous year reflecting an increase of 5.4%. Profit after tax, however, was lower at RM16.5 million as compared to RM18.8 million for the previous financial year.

The earnings per ordinary share for the financial year ended 31 July 2017 was 13.76 sen whilst net assets per share amounted to 95.29 sen as at the end of the financial year.

CORPORATE DEVELOPMENTS

On 25 January 2017, the Company announced that the Company has entered into a Share Sale Agreement for the proposed disposal of 4,950,000 ordinary shares in HongLee Group (M) Sdn Bhd ("HongLee Group") representing A-Rank's 55% equity interest in HongLee Group for a total cash consideration of RM2,105,400. The disposal was completed on 2 February 2017.

Save for the above, the Group does not have any other significant corporate development to report.

DIVIDENDS

Although the Group does not have an explicit dividend policy, the Group is committed to consistently reward our loyal shareholders for their continuous support with payment of a fair return in their investment. The quantum of such dividend payment is dependent on factors such as earnings, capital expenditure requirements, business expansion plans, costs of servicing existing borrowings and other factors to be considered by the Board of Directors.

The Board of Directors is pleased to recommend a first and final single tier dividend of 3.25 sen per ordinary share based on the total number of issued shares of 120,000,000 ordinary shares amounting to RM3.9 million in respect of the financial year ended 31 July 2017 (2016: A first and final single tier dividend of 3.00 sen per ordinary share amounting to RM3.6 million) which is subject to the approval of shareholders at the forthcoming Annual General Meeting.

PROSPECTS

The global economy continue to strengthen in the second quarter of 2017. Growth was also becoming more synchronised across the advanced and emerging economies. In the US and Euro area, growth drivers were more balanced as the uptrend in investments continued to complement private consumption. These key developments continued to drive global trade. As a result, Asia benefited from the recovery in global demand amid sustained strength in domestic demand. Nevertheless, the growth outlook remains subject to several risks. These arise mainly from the pace of monetary policy tightening in major economies, protectionist policies, and political uncertainty in parts of Europe. Geopolitical tensions and swings in oil price also pose risks to global growth prospects.

Although the Malaysian economy recorded a stronger growth of 5.8% in the second quarter of 2017 (1Q 2017: 5.6%), the environment continued to remain challenging. The weakened Ringgit Malaysia has resulted in our products being more competitive in the export markets but will escalate the costs of doing business domestically arising from costlier imports. In addition, the recent volatility in aluminium prices has added further uncertainties to our decision-making process. Coupled with the risks to global growth prospects, the Group expects the forthcoming quarter to continue to be difficult.

Nonetheless, the Group will remain vigilant and be well prepared for the volatilities and challenges ahead. As usual, we will continuously focus on improving cost efficiencies and recovery to maintain our profit margins and to mitigate any adverse impacts on our business.

Barring unforeseen circumstances, the Board is optimistic that the Group will remain profitable for the forthcoming year.

APPRECIATION

On behalf of the Board, I would like to extend our heartfelt thanks to our customers, business associates, bankers and the various government agencies for their continuous support. I would further 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

CHAIRMAN'S STATEMENT

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

GROWTH WAS ALSO BECOMING MORE SYNCHRONISED ACROSS THE ADVANCED AND EMERGING ECONOMIES.

MANAGEMENT DISCUSSION AND ANALYSIS

Tan Wan Lay
Managing Director

THE GROUP ACHIEVED PROFIT BEFORE TAX AND PROFIT AFTER TAX IN THE FINANCIAL YEAR ENDED 31 JULY 2017 ("FYE 2017") OF RM20.1 MILLION AND RM16.5 MILLION RESPECTIVELY.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW OF GROUP'S BUSINESS AND OPERATIONS

The Group continues to focus on our core business in the manufacturing and marketing of secondary aluminium billets and operates solely from its production facilities in Beranang, Selangor.

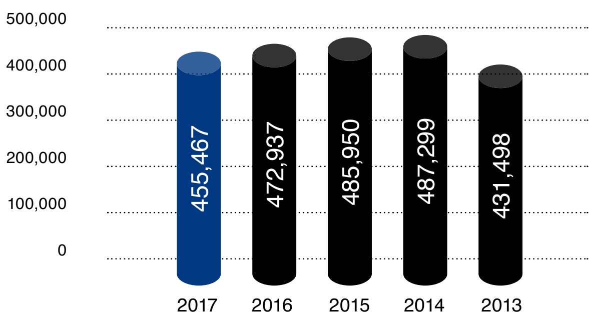
5 YEARS FINANCIAL HIGHLIGHTS

		Financial Year Ended 31 July				
		2017^	2016^	2015	2014	2013
Revenue	RM'000	455,467	472,937	485,950	487,299	431,498
EBITDA	RM'000	26,030	24,777	16,607	18,019	14,417
Finance costs	RM'000	575	516	1,056	1,273	1,265
Profit before tax	RM'000	20,124	19,084	9,962	11,387	8,458
Profit after tax	RM'000	16,511	18,846	10,545	9,791	7,394
Total assets	RM'000	163,620	154,372	164,683	162,175	147,200
Total liabilities	RM'000	49,275	50,701	73,722	79,060	71,176
Borrowings	RM'000	21,221	22,312	49,023	50,541	48,437
Total shareholders' equity	RM'000	114,345	101,748	88,610	80,994	74,196
Gearing ratio	%	12	#	32	55	61
Earnings per share	sen	13.76	15.70	8.60	7.91	6.16
Net asset per share	sen	95.29	84.79	73.84	67.50	61.83
Proposed dividend	RM'000	3,900*	3,600	2,700	2,700	2,700

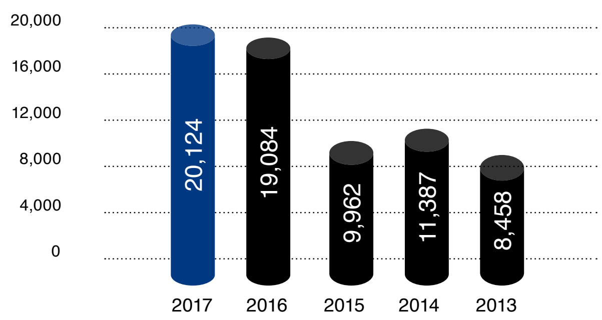
Denote:

^ Excluding discontinued operations
# Gearing ratio is not applicable as the Group is at net cash position.
* Proposed dividend subject to the approval of shareholders at the forthcoming Annual General Meeting.

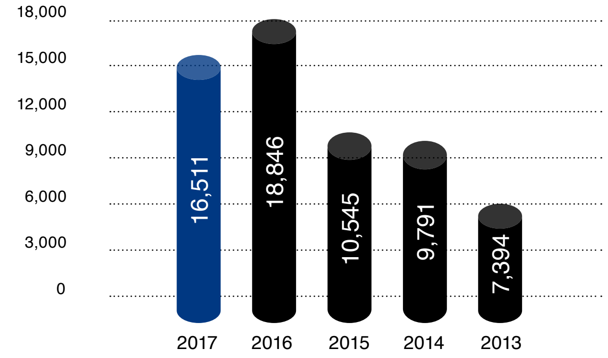
REVENUE (RM'000)



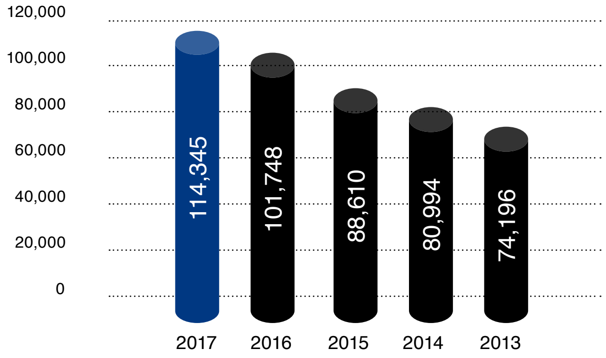
PROFIT BEFORE TAX (RM'000)



PROFIT AFTER TAX (RM'000)



TOTAL SHAREHOLDERS' EQUITY (RM'000)



MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF GROUP'S FINANCIAL RESULTS AND FINANCIAL CONDITIONS

	FYE 2017 RM'000	FYE 2016 RM'000	Change RM'000	Change %
Profitability ^				
Revenue	455,467	472,937	(17,470)	(3.7)
Profit from operations	20,548	19,313	1,235	6.4
Profit before tax	20,124	19,084	1,040	5.4
Profit after tax	16,511	18,846	(2,335)	(12.4)
Earnings per share (sen)	13.76	15.70	1.94	(12.4)
Key Balance Sheet Data				
Total assets	163,620	154,372	9,248	6.0
Total liabilities	49,275	50,701	(1,426)	(2.8)
Total shareholders' equity	114,345	101,748	12,597	12.4
Net assets per share (sen)	95.29	84.79	10.50	12.4
Gearing ratio (%)	12	#	12	> 100

^ Excluding discontinued operations
\# Gearing ratio is not presented as the Group is in net cash position.

a) Revenue

For the FYE 2017, the Group recorded a revenue of RM455.5 million, which was RM17.5 million or 3.7% lower than the previous financial year. The Group's revenue decreased due mainly to lower business volume particularly from the domestic market although average selling prices were higher as a result of the increase in raw material costs.

Export sales contributed about 30% of the total revenue whilst the balance is from the local market which is in line with the Group's strategy in maintaining its leading market position in Malaysia.

Our Group's revenue based on geographical location of our customers are as follows:

	FYE 2017 RM'000	FYE 2016 RM'000	Change RM'000	Change %
South East Asia other than Malaysia	97,916	90,102	7,814	8.7
South Asia	43,187	41,171	2,016	4.9
Africa	1,717	12,419	(10,702)	(86.2)
Others	2,778	1,916	862	45.0
Export market	145,598	145,608	(10)	(0.0)
Local market – Malaysia	309,869	327,329	(17,460)	(5.3)
Total revenue for continued operations	455,467	472,937	(17,470)	(3.7)

b) Profit before tax

The Group achieved an improvement in profit before tax of 5.4% for the FYE 2017 as compared to RM19.1 million achieved in the previous year. The profit before tax has improved due mainly to better margins coupled with higher property, plant and equipment written off of RM1.3 million that were provided in the last financial year.

c) Profit after tax

However, the Group recorded a drop in profit after tax of RM16.5 million for the FYE 2017 as compared to RM18.8 million recorded for the last financial year. This was mainly due to higher provision of income tax following the full utilisation of the special export incentive brought forward for the financial under review as well as a reversal for an over provision of deferred tax in the previous financial year.

MANAGEMENT DISCUSSION AND ANALYSIS

d) Earnings per share (sen)

Earnings per share was 13.76 sen for FYE 2017, which was lower by 1.94 sen compared to 15.70 sen for last year.

e) Total assets

For the FYE 2017, the Group's total assets stood at RM163.6 million, which was RM9.2 million or 6.0% higher than the previous year.

The increase in total assets was due mainly to significant increase in inventories by RM35.7 million or 132.7%, from RM26.9 million as at the end of the last financial year to RM62.6 million in FYE 2017. This was offset against the Group's cash and bank balances, which reflected a drop by RM17.5 million or 69.2%, from RM25.3 million to RM7.8 million as at the end of FYE 2017.

The increase in inventories was due to the unexpected lower business volume in the last quarter of FYE 2017. In dealing with this adverse situation, the Management had changed its procurement plan and had reduced the Group's inventories to normal operation consumption level in the next quarter.

f) Total liabilities

On the liabilities side, the Group remained healthy as its total liabilities dropped by 2.8% to RM49.3 million in FYE 2017 from RM50.7 million as at the end of the last financial year.

g) Gearing ratio

Despite the drop in borrowings, the Group's gearing ratio increase to 12% in FYE 2017. This was due mainly to the reduction in cash and bank balances of the Group as impacted by the significant increase in inventories.

Following the change in procurement plan, the Group's inventories have returned to normal operation consumption level in the next quarter resulting in improvement in the gearing ratio.

CAPITAL EXPENDITURE

The Group plans to incur an estimated total of RM10.0 million in capital expenditure for the financial year ending 31 July 2018, which is mainly the balance allocated for the installation of a new production line and for the upgrading of existing plant and machinery. The capital expenditure requirement will be financed through internally generated funds.

ANTICIPATED BUSINESS RISKS

The Group is subject to the usual commercial risks and uncertainties from operations that may potentially affect the operating performance of the Group. A number of these potential risks and uncertainties that could have a material adverse effect on the business, financial position and the results of the operations of the Group, which are as follows:

a) Market competition

The Group is principally involved in the manufacturing and marketing of secondary aluminium billets catering to aluminium extruders.

The Group continues to experience competition from other local competitors but believes that its ability to compete depends upon many factors including market acceptance of its products and services, price, reliability of deliveries, sales and marketing efforts and services vis-à-vis that of its competitors.

In addition, local manufacturers of aluminium billets also compete directly with imports as no tariff is levied on imported aluminium billets in Malaysia.

However, the Group believes it has an edge over its competitors in that it is able to provide flexibility in deliveries to its customers as well as its ability to produce high quality aluminium billets which in turn, further improves the efficiency and cost structure of aluminium extruders.

b) Volatility in raw material prices

The Group's raw materials are primarily aluminium ingots and its price is dependent upon global demand and supply situation and is a commodity traded on the LME. A shortage of supply may increase the pricing of these raw materials. The Group endeavours to maintain long-term relationships with suppliers to ensure constant and reliable deliveries and also to obtain its purchases at competitive rates. With regards to the prices, the Group expects to be able to pass on the costs of any increase to its customers, as the orders from customers are priced back-to-back with that of its suppliers thus reducing the risk of any price volatilities.

MANAGEMENT DISCUSSION AND ANALYSIS

c) Volatility in currency exchange rates

The Group's raw materials being primarily aluminium ingots are imported and priced in USD thus subjecting the Group to currency exchange risk. However, the Group's exports are dominated in USD and provide a natural hedge for its USD requirements which mitigates the currency exchange risk. In addition, the Group also expects to be able to pass the costs of the volatility of the USD, if any, to its local customers via back-to-back orders and pricing arrangements thus further reducing its exposure to currency exchange risk.

OUTLOOK

Global growth has shown some signs of improvement recently. However, the pace of recovery remains sluggish and the sustainability of the global demand outlook remains cautions. Although the external environment may continue to remain challenging, the Malaysia economy will experience sustained growth with the primary driver being domestic demand.

For the year 2017, the Malaysian economy is expected to achieve a 4.9% growth, which is slower from the 5.6% and 5.8% achieved in the first and second quarter respectively. Therefore, we expect our domestic market to remain difficult in view of the anticipated slowdown in the building and construction industry. We also believe that the forthcoming year will see more imports thus increasing competition in the local market. In this regard, we will continue to closely monitor the fluctuation in aluminium prices and foreign currency to ensure that our profit margins are protected and that our selling prices remain competitive.

We will continuously seek opportunities for business growth and look for new export market by way of capitalising on the strength of the Group and continue with our on-going efforts to improve cost efficiency and recovery to maintain margins and to mitigate any adverse impacts on our business.

The Group is confident, barring any unforeseen circumstances, of the prospect of the Group moving forward and that it will be able to remain profitable for the forthcoming year.

STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors of A-Rank Berhad ("the Board") is committed to ensuring that the standards of corporate governance pursuant to the Malaysian Code on Corporate Governance 2012 ("the Code") are practiced throughout the Company and its subsidiary ("the 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 business 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.

PRINCIPLE 1 - ESTABLISH CLEAR ROLES AND RESPONSIBILITES OF THE BOARD AND MANAGEMENT

1.1 CLEAR FUNCTIONS OF THE BOARD AND MANAGEMENT

The Board is collectively the primary decision-making body for all material matters affecting the Group. It also provides leadership, guidance and sets strategic direction.

The Board has a formal schedule of matters reserved to it for decision to ensure that the direction and control of the Group is firmly in its hands. This acts as a safeguard against misjudgements and possible ultra-vires activities.

The Independent Non-Executive Directors are committed in upholding business integrity and exercising their independent judgement while the Executive Directors are responsible for making and implementing operational and corporate decisions as well as day-to-day management of the business and operations of the Group. There is a clear division of responsibilities between the executive and non-executive functions to ensure effectiveness of the decision making process of the Board.

1.2 FORMALISE ETHICAL STANDARDS THROUGH A CODE OF CONDUCT AND ENSURE ITS COMPLIANCE

The Board has put in place a code of conduct for the Directors. The code of conduct includes amongst others the respect for the individual, create a culture of open and honest communication, set the tone at the top, uphold the law, avoid conflicts of interest and report results accurately. This Code has been included into the Board Charter and has been uploaded on the Company's website at www.arank.com.my and the Board Charter has been reviewed by the Board on 27 September 2017.

1.3 WHISTLE-BLOWER POLICY

The Board has adopted a Whistle-blower Policy for employees to raise concerns, without fear of reprisal and to safeguard such employee's confidentiality, about possible improprieties on matters pertaining to financial reporting, compliance, malpractices and unethical business conduct within the Group.

1.4 SUSTAINABILITY

The Board recognises the importance of business sustainability and environment, social and governance performance as part of its broader responsibility to clients, shareholders, workplace and the communities in which it operates. Every business decision that the Group makes pertaining to growth and profitability is consistent with its social and environmental needs for sustainability. As the Group focuses on delivering sustainable growth, we will continue to work hard to ensure that we balance our financial ambitions with responsible environmental and social practices.

1.5 ACCESS TO INFORMATION AND ADVICE

At each Board meeting, the Managing Director or Executive Director will brief the Board on the Group's activities, operations and other performance. All meetings will be preceded by an agenda issued by the Company Secretary.

All Directors are provided with Board papers at least five (5) days before Board meetings to enable them to review and consider the agenda items to be discussed and decision making during meetings.

The Board papers contain relevant information and justifications for each proposal for which Board's approval is sought. Where necessary, the Management and external advisers are invited to attend these meetings to provide additional insights and professional views on specific items on the agenda.

Minutes of the Board and Board Committee meetings are circulated to Directors for their review prior to confirmation of the minutes at the following Board and Board Committee meetings. The Directors may request for further clarification or raise comments on the minutes prior to confirmation of the minutes as correct records of the proceedings and signed.

In exercising their duties, the Board has complete and unrestricted access to all information of the Group, the advice and services of the Company Secretary and independent professional advice in the furtherance of their duties, at the Company's expense.

STATEMENT ON CORPORATE GOVERNANCE

PRINCIPLE 1 - ESTABLISH CLEAR ROLES AND RESPONSIBILITES OF THE BOARD AND MANAGEMENT (Cont'd)

1.6 QUALIFIED AND COMPETENT COMPANY SECRETARY

The Board is supported by qualified, competent and experienced Company Secretaries who facilitates overall compliance with the Listing Requirements as well as informs and keeps the Board updated of the latest enhancements in corporate governance, changes in the regulatory framework, new statutory requirements and best practices.

1.7 BOARD CHARTER

The Board Charter provides guidance for Directors on the responsibilities of the Board, its committees and requirements of Directors and is subject to periodical review to ensure consistency with the Board's strategic intent as well as relevant standards of corporate governance. The Board Charter has been uploaded on the Company's website at www.arank.com.my in line with Recommendation 1.7 of the Code.

The Board of Directors regularly review the strategic direction of the Group and the progress of the Group's operations, taking into account changes in the business and political environment and risk factors such as the level of competition.

The Board Charter has been reviewed by the Board on 27 September 2017 and will be reviewed as and when necessary with the necessary amendments/ improvement made to ensure the Board Charter remains consistent with the Board's objectives, current law and practices.

1.8 BOARD'S ROLES AND RESPONSIBILITIES

The roles and responsibilities of the Board have been clearly enumerated in the Board Charter. The Board provides effective leadership and manages overall control of the Group's affairs through the discharge of the following principal duties and responsibilities:

- review and approve strategies, business plans and significant policies and monitor management's performance in implementing them;
- oversee and evaluate the conduct and performance of the Group;
- review the adequacy and integrity of the Group's internal control systems and management information systems which include appropriately sound framework/systems of reporting and to ensure regulatory compliance with the applicable laws, regulations, rules, directives and guidelines;
- review the risk management guidelines, procedures and standards to ensure they provide effective governance of the Group's risk taking activities;
- delegates certain responsibilities to the various Board Committees with clearly defined terms of reference to assist the Board in discharging its responsibilities;
- overseeing the development and implementation of a shareholder communications policy for the company; and
- succession planning for Board and the Management, including the implementation of appropriate systems for recruiting, training, determining the appropriate compensation benefits and where necessary replacing any member of the Senior Management.

1.9 MANAGEMENT'S ROLES AND RESPONSIBILITIES

The responsibility for the operation and administration of the Group is delegated by the Board to the Executive Directors and the Management within levels of authority specified by the Board from time to time.

The Executive Directors are primarily responsible for:

- primarily accountable for overseeing the day-to-day operations to ensure the smooth and effective running of the Group;
- ensures that the financial management practice is performed at the highest level of integrity and transparency and that the business and affairs of the Group are carried out in an ethical manner and in compliance with the relevant laws and regulations; and
- provides effective leadership to the Group and is responsible for ensuring high management competency and that an effective management succession plan is in place to sustain continuity of operations;

The Executive Directors may delegate aspects of their authority and power but remains accountable to the Board for the Group's performance and is required to report regularly to the Board on the conduct and performance of the Group's business units.

STATEMENT ON CORPORATE GOVERNANCE

PRINCIPLE 2 – STRENGTHEN COMPOSITION OF THE BOARD

The Board may from time to time establish committees as considered appropriate to assist in carrying out its duties and responsibilities. The Board delegates certain functions to the following committees to assist in the execution of its responsibilities.

a) Audit Committee
b) Nomination Committee
c) Remuneration Committee

2.1 AUDIT COMMITTEE

The Board has established the Audit Committee on 17 March 2005 and comprises 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 summary of duties and responsibilities is outlined in the Audit Committee's terms of reference approved by the Board. The terms of reference of the Audit Committee are available on the Company's website at www.arank.com.my

2.2 NOMINATION COMMITTEE

The Board has established the Nomination Committee on 30 September 2013 and is responsible for identifying, evaluating and recommending to the Board, suitable candidates to fill Board's vacancies at the Company as well as subsidiary. Nominations may come from a wide variety of sources.

The Nomination Committee also carried out evaluation on the effectiveness of the Board as a whole, the Board Committees and the contribution of each individual Director. Such evaluation also includes the evaluation of Independent Non-Executive Directors on their independences and that all assessments and evaluations by the Nomination Committee would be properly documented.

The Nomination Committee comprises the following members and the details of the attendance by committee members at the Nomination Committee meeting is as follows:

Name	Position	Attendance (1 August 2016 to 31 July 2017)
Chairman		
Tuan Haji Ahmed Azhar Bin Abdullah	Senior Independent Non-Executive Director	1/1
Members		
Dr Leong Chik Weng	Independent Non-Executive Director	1/1
Wong Tze Kai	Independent Non-Executive Director	1/1

The terms of reference of the Nomination Committee is made available on the Company's website.

2.2.1 Summary of Activities

For the financial year ended 31 July 2017, the activities of the Nomination Committee include the following:

a) Conduct the following evaluation on an annual basis:
- The effectiveness of each director's ability to contribute to the effectiveness of the Board and the relevant Board Committees;
- The effectiveness of the Board Committees;
- The effectiveness of the Board as a whole; and
- The Independence of each Independent Director.

b) Reviewed the performances of its Executive Directors;

c) Reviewed and recommended to the Board for the re-election of directors who will retire by rotation at the forthcoming AGM of the Company;

STATEMENT ON CORPORATE GOVERNANCE

PRINCIPLE 2 – STRENGTHEN COMPOSITION OF THE BOARD (Cont'd)

2.2 NOMINATION COMMITTEE (Cont'd)

2.2.1 Summary of Activities (Cont'd)

d) Reviewed and recommended that the directors who have served as Independent Non-Executive Directors of the Company for a cumulative term of more than nine (9) years, to continue to act as Independent Non-Executive Directors of the Company pursuant to Recommendation 3.3 of the Code;
- Dato' Shahrir Bin Abdul Jalil;
- Tuan Haji Ahmed Azhar Bin Abdullah;
- Dr Leong Chik Weng; and
- Mr Wong Tze Kai.

The resolution on the retention of each Independent Director is voted on separately; and

e) Reviewed the training programs attended by the Directors as well as the training needs required to aid the Directors in the discharge of their duties as Directors and to keep abreast with industry developments and trends.

2.2.2 Develop, maintain and review criteria for recruitment process and annual assessment of directors

a) **Appointment of the Board**

The proposed appointment of a new member to the Board will be deliberated on by the full Board based upon the recommendation of the Nomination Committee.

Before any recommendation made to the Board, the Nomination Committee will evaluate a candidate by considering the following factors:
- Age, skill and expertise, working experience, industry knowledge, educational qualification, integrity, competence and characteristics;
- Willingness and ability to discharge effectively the duties as a director, including the number of directorship in other public listed companies currently held by the candidate;
- able to devote sufficient time and energy to the performance of his or her duties as a director; and
- For the recommendation of an Independent Non-Executive Director, whether he/she meets the criteria of an independent director as specified by Practice Note 13 of the Listing Requirements of Bursa Securities and whether he/she can act independently of management.

The Company Secretaries are tasked to ensure all appointments are properly made and all necessary information is obtained from the Directors, for the Company's records and for the purposes of meeting statutory obligations as well as obligations arising from the Listing Requirements.

During the financial year, there was no new appointment to the Board.

b) **Re-election of Directors**

Reviewed and recommended to the Board for the re-election of directors who will retire at the forthcoming AGM of the Company;

i) Pursuant to Article 117 of the Articles of Association of the Company, constituting part of the Constitution of the Company, all Directors appointed by the Board shall hold office until the next AGM following their appointment and shall then be eligible for re-election.

ii) Pursuant to Article 112 of the Company's Articles of Association, at least one third (1/3) of the Directors including the Managing Director shall be subject to retirement by rotation at least once in every three (3) years at each AGM, but shall be eligible for re-election.

For the forthcoming Annual General Meeting, the following Directors will retire by rotation, and being eligible had offered themselves for re-election:
- Tuan Haji Ahmed Azhar Bin Abdullah; and
- Mr Wong Tze Kai

The resolution on the re-election of each Director is voted on separately.

STATEMENT ON CORPORATE GOVERNANCE

PRINCIPLE 2 – STRENGTHEN COMPOSITION OF THE BOARD (Cont'd)

2.2 NOMINATION COMMITTEE (Cont'd)

2.2.2 Develop, maintain and review criteria for recruitment process and annual assessment of Directors (Cont'd)

b) **Re-election of Directors (Cont'd)**

Nomination Committee will assess and review the Directors submitting themselves for re-election and made appropriate recommendations to the Board to be tabled at the Annual General Meeting ("AGM") for shareholders' approval.

In recommending the re-election of Directors, the Nomination Committee took into account the following:

- the required mix of skills, experience and diversity, including gender, age and ethnicity, character, knowledge, expertise, professionalism, integrity and time availability, where appropriate;
- in the case of Directors seeking for re-election, the results of the assessment on individual Directors, including the Independent Non-Executive Directors and Managing Director/Executive Director; and
- in the case of Independent Non-Executive Directors, their abilities to discharge such responsibilities and functions as expected from Independent Non-Executive Directors.

c) **Annual Assessment of the Board**

Evaluation criteria taken into consideration in assessing the performance of the Board, Board Committees and individual Directors as follows:

i) Evaluation criteria for the Board
- Board mix and composition
- Quality of information and decision making
- Boardroom activities

ii) Evaluation criteria for the Board Committees
- Board committees composition
- Quality of information and recommendations provided to the Board for decision making
- Knowledge and experience of the members of the Board Committees in discharging their duties
- Ability of the Board Committees to properly discharging their responsibilities
- Criteria used in appointment of Chairman of Board Committees
- Quality of communications by the Board Committees

iii) Evaluation criteria for the individual Directors
- Integrity and professional ethics
- Qualifications, knowledge and experience
- Participation in Boardroom deliberations
- Contribution to development of business strategy
- Contributions to risk management and internal control
- Meeting attendance and willingness to devote time and effort to participate in events outside the Boardroom
- Relationship with peers and senior management

2.2.3 Gender diversity

With regards to the Board's gender diversity, the Board has not adopted any formal gender diversity policy in the selection of new Board candidates and does not have a specific policy on setting targets for female candidates.

The Group will continue to identify suitable candidates for appointment to the Board as and when vacancies arise.

STATEMENT ON CORPORATE GOVERNANCE

PRINCIPLE 2 – STRENGTHEN COMPOSITION OF THE BOARD (Cont'd)

2.3 REMUNERATION COMMITTEE

The Board had established a Remuneration Committee with appropriate terms of reference on 30 September 2013. The details of the attendance by committee members at the Remuneration Committee meeting is as follows:

Name	Position	Attendance (1 August 2016 to 31 July 2017)
Chairman		
Wong Tze Kai	Independent Non-Executive Director	1/1
Members		
Tuan Haji Ahmed Azhar Bin Abdullah	Senior Independent Non-Executive Director	1/1
Dr Leong Chik Weng	Independent Non-Executive Director	1/1
Datuk Leow Chong Howa (Appointed on 27 September 2017)	Non-Independent Non-Executive Director	-

The terms of reference of the Remuneration Committee is made available on the Company's website.

2.3.1 Directors' Remuneration

The remuneration package for Directors comprise the following elements:

- **Fees and Meeting Allowance**
  The fees payable to each of the Directors are determined by the Board. All Directors are paid meeting allowances as determined by the Board of Directors as reimbursement for expenses incurred for attending the Board of Directors meetings. The fees and meeting allowance payable to the Directors will be recommended by the Board for approval by shareholders at the forthcoming Annual General Meeting scheduled to be held on 8 December 2017.

- **Basic Salaries and Bonuses**
  The basic salaries and bonuses for the Executive Directors are recommended by the Remuneration Committee to the Board for approval.

- **Benefits-in-kind**
  Customary benefits such as motor vehicle and mobile phone allowance are made available to the Directors in accordance with the policies of the Group.

The aggregate remuneration of Directors of the Group and the Company for the financial year ended 31 July 2017 is as follows:

	Group			Company		
	Executive Directors RM'000	Non-Executive Directors RM'000	Total RM'000	Executive Directors RM'000	Non-Executive Directors RM'000	Total RM'000
Fees	60	156	216	60	156	216
Salaries	814	-	814	-	-	-
Bonus	331	-	331	-	-	-
Defined contribution plan	151	-	151	-	-	-
Meeting allowance	8	20	28	8	20	28
Benefit-in-kind	36	-	36	-	-	-
Total	1,400	176	1,576	68	176	244

STATEMENT ON CORPORATE GOVERNANCE

PRINCIPLE 2 – STRENGTHEN COMPOSITION OF THE BOARD (Cont'd)

2.3 REMUNERATION COMMITTEE (Cont'd)

2.3.1 Directors' Remuneration (Cont'd)

The number of Directors whose total remuneration fall within the following bands for the financial year ended 31 July 2017 is as follows:

	Group No of Director		Company No of Director	
	Executive	Non-Executive	Executive	Non-Executive
Below RM50,000	-	5	2	5
RM550,001 to RM600,000	1	-	-	-
RM800,001 to RM850,000	1	-	-	-

On the non-disclosure of detailed remuneration of each Director, the Board is of the view that the transparency of Directors' remuneration has been sufficiently dealt with by the 'bands disclosure' presented in this Statement.

PRINCIPLE 3 – REINFORCE INDEPENDENCE OF THE BOARD

The Board consists of five (5) Non-Executive Directors and two (2) Executive Directors. Four (4) of the Non-Executive Directors are independent.

3.1 ANNUAL ASSESSMENT OF INDEPENDENT DIRECTORS

In ensuring that independent judgments are not compromised, the Board has adopted a policy on assessment of independence on its independent directors which is conducted on an annual basis or as and when a disclosure is made by any Director in respect of any new interest or relationship. The policy makes reference to Chapter 1 and Practice Note 13 of Listing Requirements.

Based on the assessment conducted for the financial year ended 31 July 2017, the Board is satisfied with the level of independence demonstrated by the independent directors and their ability to act in the best interest of the Group.

3.2 TENURE OF INDEPENDENT DIRECTORS

The tenure for an Independent Director should not exceed a cumulative term of nine (9) years since his appointment as an Independent Director as recommended by the Code.

However, the Independent Director may continue to serve on the Board beyond the nine (9) years tenure provided the Independent Director is re-designated as a Non-Independent Director. If the Board intends to retain an Independent Director beyond the nine (9) years tenure, it must justify and seek shareholders' approval annually.

3.3 SHAREHOLDERS' APPROVAL TO RETAIN INDEPENDENT DIRECTORS AFTER SERVING NINE (9) YEARS

Following the recommendation of the Nomination Committee in which the respective Independent Director has abstained from deliberation on his own retention as Independent Director, Dato' Shahrir Bin Abdul Jalil, Tuan Haji Ahmed Azhar Bin Abdullah, Dr Leong Chik Weng and Mr Wong Tze Kai who have respectively served the Board as Independent Directors of the Company for a cumulative term of more than (9) years as at the end of the financial year under review, have been recommended by the Board to continue to act as an Independent Directors, subject to shareholders' approval at the forthcoming Annual General Meeting of the Company. The Board recommends retaining their designations as Independent Non-Executive Directors based on the following justifications:

a) they have fulfilled the criteria under the definition on Independent Director as stated in the Listing Requirements of Bursa Securities and, therefore, were able to bring independent and objective judgment to the Board;

b) their experiences in the legal and/or financial matters, business and other relevant sectors enable them to provide the Board, as the case may be, with pertinent expertise, skills and competence;

c) they have been with the Group for many years and therefore understand the Group's business operations which enable them to contribute actively and effectively during deliberations or discussions at Board meetings;

STATEMENT ON CORPORATE GOVERNANCE

PRINIPLE 3 – REINFORCE INDEPENDENCE OF THE BOARD (Cont'd)

3.3 SHAREHOLDERS' APPROVAL TO RETAIN INDEPENDENT DIRECTORS AFTER SERVING NINE (9) YEARS (Cont'd)

d) their long tenure had neither impaired nor compromised their independent judgement. They are free from any benefit or other relationships which would interfere with their exercise of independent judgements;

e) they provided effective check and balance in the proceeding of the Board and the Board Committees;

f) they exhibited high commitment and devoted sufficient time which testifies to their dedication in discharging the responsibilities as Independent Non-Executive Directors of the Company; and

g) they had met with the attendance requirements for Board Meetings pursuant to the Listing Requirements of Bursa Securities. During the financial year under review, they had each attended all the Board meetings held.

3.4 SEPARATION OF POSITIONS OF THE CHAIRMAN AND MANAGING DIRECTOR

The roles of the Chairman and Managing Director of the Company are distinct and separate with individual responsibilities. Each of them has clearly defined duties and authority thus ensuring balance of power and greater capacity for independent decision-making.

The Chairman is primarily responsible for ensuring the Board's effectiveness and conduct. He ensures that all relevant issues and quality information to facilitate decision making and effective running of the Group's business are included in the meeting agenda. The Managing Director is responsible for the daily management of the Group's operations and implementation of the Board's policies and decisions. He is responsible for communicating matters relating to the Group's business affairs and issues to the Board. His vast experience, business knowledge and skills contributed significantly towards the attainment of the Group's goals and objectives.

Where a potential conflict of interest may arise, it is mandatory practice for the Director concerned to declare his interest and abstain from the decision making process.

3.5 BOARD OF DIRECTORS

The Board currently comprises of seven (7) 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.

Currently, the Chairman of the Board is an Independent Non-Executive Director.

The composition of the Board complies with the Listing Requirements of Bursa Securities in that at least one third of the Board consists of Independent 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. 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.

Tuan Haji Ahmed Azhar Bin Abdullah has been appointed as the Senior Independent Non-Executive Director to whom any concerns pertaining to the Group may be conveyed as recommended by the Code.

STATEMENT ON CORPORATE GOVERNANCE

PRINCIPLE 4 – FOSTER COMMITMENT OF DIRECTORS

All Directors have committed sufficient time to carry out their duties during the tenure of their appointment. Each Director is expected to commit time as and when required to effectively discharge the relevant duties and responsibilities, besides attending meetings of the Board and Board Committees.

4.1 TIME COMMITMENT

To facilitate the Directors' time planning, an annual meeting schedule is prepared and circulated at the beginning of every year, as well as the tentative closed periods for dealings in securities by Directors based on the targeted date of announcements of the Group's quarterly results.

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 ad-hoc matters requiring immediate attention. During the financial year ended 31 July 2017, the Company held four (4) meetings of the Board of Directors. Management staff or external advisors had been invited to attend Board meetings to provide the Board with detailed explanations and clarifications.

All the Directors have complied with the requirements of Bursa Malaysia Securities Berhad in relation to attendance at Board meetings, in particular Paragraph 15.05 (3)(c) of the Listing Requirements which states that the office of a Director will become vacant if the Director is absent for more than 50% of the total Board meetings held during a financial year.

The Board is satisfied with the level of commitment given by the Directors towards fulfilling their roles and responsibilities. The details of the attendance by the Directors at the Board of Directors' meetings are as follows:

Name of Directors	Attendance (1 August 2016 to 31 July 2017)	Percentage
Dato' Shahrir Bin Abdul Jalil	4/4	100%
Tan Wan Lay	4/4	100%
Tuan Haji Ahmed Azhar Bin Abdullah	4/4	100%
Datuk Leow Chong Howa	4/4	100%
Dr Leong Chik Weng	4/4	100%
Wong Tze Kai	4/4	100%
Gan Choon Sun	4/4	100%

4.2 NUMBER OF DIRECTORSHIPS IN OTHER COMPANIES

All the Directors of the Company has confirmed that they do not hold more than five (5) directorships in listed issuers pursuant to paragraph 15.06 of the Listing Requirements. All Directors are required to declare to the Board and/or the Company Secretary in writing prior to accepting any new directorship.

As at the date of this Statement, the Company did not receive any written notification from the Directors.

4.3 DIRECTORS' TRAINING

The Nomination Committee assesses the training needs of each Director on an annual basis by determining areas that would strengthen their contribution to the Board. From the assessment conducted for the financial year ended 31 July 2017, the Nomination Committee is satisfied that the Directors have attended adequate trainings to enable them to discharge their duties.

All Directors have attended and successfully completed the Mandatory Accreditation Programme in accordance with the Listing Requirements.

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.

The Company Secretaries regularly update the relevant guidelines on statutory and regulatory requirements from time to time for the Board's reference and briefed the Board quarterly on these updates, where applicable, at Board meetings. The External Auditors also briefed the Board members on any changes to the Malaysian Financial Reporting Standards that would affect the Group's financial statements during the financial year under review.

STATEMENT ON CORPORATE GOVERNANCE

PRINCIPLE 4 – FOSTER COMMITMENT OF DIRECTORS (Cont'd)

4.3 DIRECTORS' TRAINING (Cont'd)

The Directors will continue to undergo relevant training programmes to further enhance their skills and knowledge in the discharge of their stewardship role. For the financial year ended 31 July 2017, the courses attended by the Directors include:

Name of Directors	Course / Seminar Attended
Dato' Shahrir Bin Abdul Jalil	• Key Disclosure Obligations of a Listed Company organised by Malaysian Institute of Accountants on 4 July 2017
Tan Wan Lay	• BDO Budget 2017 Seminar - Managing your tax affairs in the current economic environment organised by BDO Tax Services Sdn Bhd on 1 November 2016 • New expectations and challenges of Companies Act 2016 Training organised by Tricor Hive Sdn Bhd on 1 March 2017
Tuan Haji Ahmed Azhar Bin Abdullah	• Key Disclosure Obligations of a Listed Company organised by Malaysian Institute Of Accountants on 4 July 2017 • Rising Up to the Challenges of Sustainability Reporting organised by Malaysian Institute Of Accountants on 17 July 2017
Datuk Leow Chong Howa	• ISO 9001:2015 Understanding and Implementing Risk & Opportunities organised by SIRIM STS Sdn Bhd on 5 – 6 December 2016
Dr Leong Chik Weng	• Corporate Liability Act: What's Next? organised by Malaysian Anti-Corruption Commission on 6 September 2016 • Global Transformation Forum 2017 organised by Global Transormation Forum on 22 – 23 March 2017 • The Evolving Rules of Social Media: How to Leverage Social Media to Grow Your Company, Engage Stakeholders and Actually Make Sales organised by Chemical Company of Malaysia Berhad on 7 April 2017
Wong Tze Kai	• Rising Up to the Challenges of Sustainability Reporting organised by Malaysian Institute of Accountants on 17 July 2017
Gan Choon Sun	• BDO Budget 2017 Seminar - Managing your tax affairs in the current economic environment organised by BDO Tax Services Sdn Bhd on 1 November 2016 • Managing Expectation of Internal & External Customer Services organised by Uvision Training Centre Sdn Bhd on 29 – 30 April 2017 • In-house training of ISO 9001:2015 Avereness Training organised by Learning Curve Consultancy on 18 June 2017

PRINCIPLE 5 – UPHOLD INTEGRITY IN FINANCIAL REPORTING OF THE COMPANY

5.1 FINANCIAL REPORTING

The Board aims to present a balanced and clear assessment of the Group's financial performance and prospects in presenting the annual Audited Financial Statements and quarterly reports as well as announcements to Bursa Securities. The Chairman's Statement and Management Discussion & Analysis provide further information on the Group's activities, business performances and prospects.

The Audit Committee had reviewed the quarterly reports and announcements as well as the annual Audited Financial Statements of the Group and discussed with the Management and/or External Auditors, the accounting principles and standards that were applied and their judgement exercised on the items that may affect the financial results and statements, and recommended them for approval by the Board;

STATEMENT ON CORPORATE GOVERNANCE

PRINCIPLE 5 – UPHOLD INTEGRITY IN FINANCIAL REPORTING OF THE COMPANY (Cont'd)

5.2 STATEMENT ON DIRECTORS' RESPONSIBILITY

The Directors are required to prepare financial statements for each financial year that gives a true and fair view of the state of affairs of the Company and of the Group as at the end of the accounting period and of their results and cash flows for the financial year then ended. In addition, the Directors have the general responsibility for taking such steps as they are reasonably open to them to safeguard the assets of the Group and to prevent fraud and other irregularities. In preparing the financial statements for the financial year ended 31 July 2017, the Directors have:

- adopted the appropriate accounting policies, which are consistently applied;
- made reasonable and prudent judgements and estimates;
- ensure that the provisions of the Companies Act 2016 in Malaysia are complied with; and
- prepared financial statements on a going concern basis, having made enquiries that the Group and the Company have adequate resources to continue operations in the foreseeable future.

5.3 ASSESSMENT OF SUITABILITY AND INDEPENDENCE OF EXTERNAL AUDITORS

The Board has maintained a transparent and professional relationship with the External Auditors through the Audit Committee. The External Auditors are invited to attend the Audit Committee meetings when necessary. The Audit Committee meets the External Auditors to review the scope and adequacy of the audit process, the financial statements and their audit findings. During the financial year ended 31 July 2017, the Audit Committee met twice with the External Auditors without the presence of Management. The External Auditors are also invited to attend the Company's AGM.

The Audit Committee performs a yearly assessment of the suitability and independence of the External Auditors and takes the following into consideration before making recommendation to the Board for the re-appointment of the External Auditors which is subject to the approval of shareholders at the forthcoming AGM:

i) The adequacy of the experience and resources of the External Auditors;
ii) The nature of the non-audit services and the fees payable for such services; and
iii) The level of independence of the External Auditors.

The External Auditors have confirmed to the Audit Committee that they have continuously complied with the relevant ethical requirements regarding independence throughout the conduct of the audit engagement, in accordance with the International Federation of Accountant's Code of Ethics for Professional Accountants and Malaysian Institute of Accountant's By-Laws (On Professional Ethics, Conduct and Practice) on 27 September 2017.

PRINCIPLE 6 – RECOGNISE AND MANAGE RISKS OF THE GROUP

The Board acknowledges its responsibility for maintaining a sound system of risk management and internal control in the Group and the Company. These controls provide reasonable but not absolute assurance against material misstatement, loss or fraud.

6.1 SOUND FRAMEWORK TO MANAGE RISKS

The Board has established a risk management framework to manage risk. The Risk Management Committee ("RMC") was established on 30 September 2013. The RMC is responsible for overseeing the Group's risk management system, approving appropriate risk management practices and procedures to ensure effectiveness of risk identification, management and monitoring. Its primary roles include the following:

- to provide regular and timely reporting and update the Board on key risk management issues as well as ad-hoc evaluation and reporting of new ventures/ investments proposals;
- to ensure the effective implementation of risk treatment policy and procedures;
- to assist and promote risk awareness so that risk identification, evaluation and management process and culture are adopted throughout the Group; and
- to ensure that risk management is incorporated in the Statement on Risk Management and Internal Control for inclusion in the Company's annual report and to recommend the same for the approval of the Board.

The RMC submit risk assessment reports to the Audit Committee at least twice a year.

STATEMENT ON CORPORATE GOVERNANCE

PRINCIPLE 6 – RECOGNISE AND MANAGE RISKS OF THE GROUP (Cont'd)

6.2 INTERNAL CONTROL

The Internal Audit function is outsourced to C.H. Loo & Co (the "Outsourced Internal Auditors"). The responsibilities of the Outsourced 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. The audits are carried out to ensure instituted controls are appropriate, effectively applied and within acceptable risk exposures and consistent with the Group's risk management policy. The Outsourced Internal Auditors reports directly to the Audit Committee and audit findings and recommendations are communicated to the Board.

As at the date of this Statement, the Audit Committee has performed a yearly assessment of the suitability and independence of the Internal Auditors and was satisfied with the outsourced Internal Auditor's technical competency and audit independence during the financial year under review.

Details of the Group's internal control system and risk framework are set out in the Statement on Risk Management and Internal Control of this Annual Report.

PRINCIPLE 7 – ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

7.1 CORPORATE DISCLOSURE POLICY

The Board acknowledges the importance to disclose information in a timely manner and in compliance with the requirements under the Listing Requirements and other applicable laws and regulations.

The Company has established a Corporate Disclosure Policy ("Policy") that applies to the conduct of all Directors and employees of the Group with regards to handling and disclosure of material information. Objectives of the Policy:

- To ensure informative, timely, factual and accurate disclosure of material information pertaining to the Group's performance and operations to the public;
- To ensure that all persons to whom this Policy applies understand their obligations to preserve the confidentially of material information;
- To ensure compliance with all applicable legal and regulatory requirements on disclosure of material information; and
- To maintain good relations with the investing public to inspire trust and confidence.

The Policy does not apply to communication made in the ordinary course of business not involving material information.

The Board of Directors is generally responsible for the proper dissemination of information whilst the actual implementation can be delegated to designated persons. Designated persons appointed as the authorised spokesperson or the appointed investment bank or adviser will draft the announcement and ensure compliance with the Listing Requirements and accuracy of the contents in the announcement.

All announcements will be approved by the Board of Directors, the Chairman/ Managing Director/Executive Director or his designated person (where applicable) before release to Bursa Malaysia Securities Berhad.

Once the announcement has been released to Bursa Malaysia Securities Berhad, it will be made available and accessible on the Company's website.

7.2 LEVERAGE ON INFORMATION TECHNOLOGY FOR EFFECTIVE DISSEMINATION OF INFORMATION

The Board recognise the importance of information technology for effective dissemination of information. The Company's website www.arank.com.my has become a key communication channel for the Company to reach its shareholders and general public. The Company's website has a number of sections which provide up-to-date information on the Group's activities, board charter, financial results, announcements to Bursa Malaysia Securities Berhad, Annual Reports and other information.

STATEMENT ON CORPORATE GOVERNANCE

PRINCIPLE 8 – STRENGTHEN RELATIONSHIP BETWEEN THE COMPANY AND ITS SHAREHOLDERS

8.1 ENCOURAGE SHAREHOLDERS' PARTICIPATION AT GENERAL MEETINGS

The AGM and Extraordinary General Meeting ("EGM") serves as the principal forum for direct interaction and dialogue among shareholders, Board and Management. The AGM or EGM provides an opportunity for the shareholders to seek clarification on any issues and to have a better understanding of the Group's performance and other matters of concern. Shareholders are encouraged to actively participate in the question and answer session. The Board, Management and the External Auditors are available to respond to shareholders' enquiries and provide appropriate clarifications at the AGM or EGM.

The Company dispatches its notice of AGM or EGM and related papers to shareholders at least twenty one (21) days before the meeting to enable shareholders to go through the Annual Report and papers supporting the resolutions proposed. Each item of special business included in the Notice of the AGM or EGM will be accompanied by a full explanation of the effects of a proposed resolution.

The results of all the resolutions set out in the Notice of the AGM or EGM will be announced on the same day to Bursa Malaysia Securities Berhad and be published on the Company's website.

8.2 POLL VOTING

In accordance with the Listing Requirements, the Board will put all resolutions to vote by way of poll at general meetings.

8.3 EFFECTIVE COMMUNICATION AND PROACTIVE ENGAGEMENTS WITH SHAREHOLDERS

The Board views the AGM as the principal forum for dialogue with shareholders. The Chairman and Board members are in attendance at the AGM to provide explanations to all shareholders' queries during the open question and answer session on matters relating to the resolutions being proposed as well as the Group's business and affairs.

The Board appreciates feedback from their valued shareholders and in this regard, shareholders may contact the Administration and Purchasing Manager, Mr Fam Lian Fatt to address any concern which a shareholder may have and he can be contacted via telephone, facsimile or electronic mail as follows:

Tel No : +603-8724 4662/63/67
Fax No : +603-8723 2009
Email : fam@arank.com.my

COMPLIANCE STATEMENT

The Board is of the view that the Group has taken the necessary steps throughout the financial year under review to comply with the principles and best practices of the Code. The Board will continue to review its governance model to uphold its pledge, commitment and effort to enhance and promote the best practices of corporate governance throughout the Group in its effort to achieve the highest standards of transparency, accountability and above all, integrity.

Statement made in accordance with a resolution of the Board of Directors dated 23 October 2017.

ADDITIONAL COMPLIANCE INFORMATION

AUDIT FEES AND NON-AUDIT FEES

During the financial year ended 31 July 2017, the amount of audit and non-audit fees paid/payable by the Group and the Company to the External Auditors and its affiliated company are as follows:

	Group RM'000	Company RM'000
Audit services rendered	67	11
- By the Company's External Auditors		
Non-Audit services rendered		
- By the Company's External Auditors	5	5
- By the affiliated company of the Company's External Auditors	12	1
	84	17

MATERIAL CONTRACTS

No material contract has been entered into by the Company and/or its subsidiary which involved Directors' and/or substantial shareholders' interests, either still subsisting at the end of the financial year ended 31 July 2017 or, if not then subsisting, entered into since the end of the previous financial year.

RECURRENT RELATED PARTY TRANSACTIONS OF REVENUE OR TRADING NATURE

The details of the related party transactions are set out in the notes to the financial statements in which the transactions were carried out on terms and conditions not materially different from those obtainable from transactions with unrelated parties.

Further information on the proposed renewal of shareholder mandate for the recurrent related party transactions to be tabled at the forthcoming Annual General Meeting are set out in the Circular to Shareholders dated 7 November 2017.

SUSTAINABILITY AND CORPORATE SOCIAL RESPONSIBILITY

The Board recognises the importance of A-Rank Berhad and its subsidiary ("A-Rank" or the "Group") to fulfil its Corporate Social Responsibility ('CSR') towards the betterment of the environment, the community, the marketplace and workplace. As the Group focuses on delivering sustainable growth, we will continue to work hard to ensure that we balance our financial ambitions with responsible environmental and social practices.

To operate with sustainability, we focus our activities on our key impact areas. We employ both corporate strategy and feedback from internal and external stakeholders to define these areas of focus.

ENVIRONMENT

The Group ensured the compliance of all environmental laws and regulations by integrating CSR practices into its daily operations. 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. The Group also continue to improve process efficiencies and maximise productivity by reducing of melt loss of aluminium during the production which form part of our on-going efforts to conserve natural resources and protect the environment. In addition, the Group has installed dust control system to ensure cleaner air discharge into the environment.

COMMUNITY

The Group recognises the co-relationship between business growth and social well-being and welfare. Therefore, in fulfilling its corporate responsibility to the community in which it conducts its business, the Group is obligated to nourish and improve the quality of the society at large. To be socially responsible, the Group focuses its corporate responsibility on enhancing community sustainability through various activities and actions aim to promote community engagement and address the needs of less fortunate and underprivileged families.

The initiatives include:

a) monetary donations to various school in Malaysia as a gesture of its contributions; and
b) monetary and goods in kind donation to old folks and/or handicapped homes.

SUSTAINABILITY AND CORPORATE SOCIAL RESPONSIBILITY

MARKETPLACE

To achieve sustainable development of the marketplace, the Group endeavours to carry out activities to promote responsible practices among our investors, suppliers and customers where high ethical standards in the respective areas are consistently applied.

a) Investors

In line with good corporate governance and transparent business practices, we constantly review our policy to ensure the Group is managed effectively and ethically with adequate control mechanisms to manage risks and deliver accountability, sustainability and profitability. Good governance practices translate into better business performance and create a more sustainable value for the Group.

The Board recognise the importance of communication with its shareholders and investors through general meetings of shareholders and company website which provide up-to-date information on the Group's activities, board charter, financial results, announcements to Bursa Malaysia Securities Berhad, Annual Reports and other information.

b) Suppliers

The Group respects its suppliers and work closely with them through long-term relationships to realise mutual growth based on mutual trust. In this aspect, the Group engages its suppliers through the following manners:

- engages in ethical procurement practices by adopting standard and equitable procedures in vendors' qualification;
- ensures the materials supplied are in accordance to the Group's materials requirements; and
- conducts in-depth suppliers' audits to ensure the required standards are met in the supply chain.

c) Customers

The Group strives to create value for its customers through competitive pricing without comprising the interest of other stakeholders. In achieving this, the Group initiates the following:

- enhances customers' satisfaction and confidence by providing quality products through stringent quality control from the sourcing of raw materials to the prompt delivery of our products and after-sales service to our customers; and
- every customer is important to us and every feedback is valuable to building a more sustainable company. As part of our ISO 9001:2008 certification, we have implemented Annual Customer Surveys to obtain feedback from ordering process to delivery and product quality. Both compliment as well as constructive feedback are communicated to our internal departments and action plans are developed where improvements are required. In between the annual surveys, our Sales and Marketing team maintain regular contacts with our customers to ensure that any issues are addressed on a timely basis.

This is in line with the Group's mission to be continually committed to support the customers' success by working closely with them to enhance their products and process challenges and to build our reputation by providing reliable quality billets, on time deliveries and building lasting relationships with customers.

SUSTAINABILITY AND CORPORATE SOCIAL RESPONSIBILITY

WORKPLACE

The Group recognise that employees are its most important asset and we demonstrate this commitment by providing a conducive work environment. The Group's commitment to its people also involves the upgrade of human capital and towards the training effort. In line with this belief, the Group strived to ensure an environmental-friendly, healthy and safe workplace for all employees.

a) Staff Welfare

The Group aims to enhance the employee benefits schemes to build an engaged workforce that stay focus and grow within the Group. In pursuing this objective, we provide the following:

- medical benefits, hospitalisation and personal accident insurance coverage;
- provided educational supports to a total of 95 students for kindergarten, primary and secondary schools comprising children of the Group's employees;
- organises Annual Dinner Event at Sungai Long Golf Resort Berhad combined with the Long Service Awards ceremony which was held in January 2017 to recognise their loyalty, dedication and commitment; and
- celebration of Hari Raya Aidilfitri on July 2017 with an entertaining night for all the Group's employees.

b) Safety and Health

The safety of our people is imperative to our operations. As a safety first entity, the Group actively and continuously seek out a safety first mind-set in its operations. We ensure their well-being by observing strict safety and health standards in our workplace through the following initiatives:

- setting up a Safety & Health Committee for assisting in the development of safety & health rules and systems, carry out programs such as fire drills, safety and health talks as well as evacuation exercises at the plant to create awareness and to inculcate consciousness within its workforce;
- employees are required to observe safe work practices while also recognising and reporting on any potential unsafe conditions and operations to the Safety and Health Committee to ensure timely safety and health hazard control;
- safety wears (i.e: ear plugs, helmets,safety shoes, eye goggles) are provided to relevant employees to reduce the consequences of serious accidents;
- enforcement of safety practices in all aspect at all time; and
- ensuring a safe workplace with 24 hours' security surveillance.

SUSTAINABILITY AND CORPORATE SOCIAL RESPONSIBILITY

c) Training and Development Program

In order to ensure our employees excel in their respective areas of expertise, we continue to implement regular training and development activities to fast track employee skills and development so that they are well equipped to meet their personal goals and the Group's goals.

As part of its human capital development, various in-house programmes and job skills related training were conducted to equip the employees with improved skills and knowledge during the financial year ended 31 July 2017 including:

- ISO 9001:2015 Awareness Training; and
- Managing Expectations Of Internal & External Customer Services.

The Group also sponsored employees to attend external seminars and workshops to keep them abreast of new developments in their respective field of expertise. The external seminars that had been attended by employees include:

- Managing Your Tax Affairs in The Current Economic Environment;
- New Expectations And Challenges Of Companies Act 2016;
- Withholding Tax In Malaysia - Understanding The Law And Practice for directors and employees to co-operate and collaborate in the Group; and
- BDO Budget 2017 Seminar - Managing your tax affairs in the current economic environment.

d) Retention and Succession Planning

Retaining key employees is crucial to ensure business success. The Group continues to ensure the reward packages remain competitive to attract, retain and motivate the right talents. Succession plans are put in place for critical positions to ensure sustainability in terms of continuous effective and efficient operations within the Group and a healthy leadership pipeline.

CONCLUSION

The Group continue to build sustainable practices in every aspect of the Group's business and remain steadfast in achieving excellence in its corporate social responsibility activities. Our action today will define our success in the future. By focusing our efforts on the sustainability issues of the four sustainability dimensions namely environment, community, marketplace and workplace, we shall further enhance our corporate image, reputation and the brand equity value.

AUDIT COMMITTEE REPORT

Members of the Audit Committee

The Audit Committee comprised of three (3) members, all of whom are Independent Non-Executive Directors. The current composition complies with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

Four (4) Audit Committee Meetings were held during the financial year ended 31 July 2017 and the details of the attendance of the committee members were as follows:

Name	Position	Attendance (1 August 2016 to 31 July 2017)
Chairman		
Tuan Haji Ahmed Azhar Bin Abdullah	Senior Independent Non-Executive Director	4/4
Members		
Dr Leong Chik Weng	Independent Non-Executive Director	4/4
Wong Tze Kai	Independent Non-Executive Director	4/4

TERMS OF REFERENCE

The summary of duties and responsibilities is outlined in the Audit Committee's terms of reference approved by the Board. The terms of reference of the Audit Committee are available on the Company's website at www.arank.com.my

SUMMARY OF WORK OF THE AUDIT COMMITTEE

During the financial year under review, the Audit Committee carried out the following in accordance with its terms of reference:

a) Financial Reporting

- reviewed the unaudited quarterly and year-end results of the Group before recommending to the Board for their approvals and for announcement to Bursa Malaysia Securities Berhad; and
- reviewed the Audited Financial Statements of the Group and of the Company prior to submission to the Board for consideration and approval.

b) With Internal Auditors

- reviewed the internal audit plan and the scope of work;
- review the internal audit reports, their findings, recommendations and the Management's response in addressing the issues found to ensure that risk issues were adequately addressed; and
- conducted the annual performance assessment.

c) With External Auditors

- review the audit plan and scope of work as well as the audit procedures to be utilised;
- review the results of audit, the audit report and internal control recommendations in respect of control weaknesses noted in the course of their audit;
- reviewed the External Auditors' report and management letter, if any, prior to the recommendation to the Board;
- met with the External Auditors twice before finalisation of the Audited Financial Statement for the financial year under review without the presence of Executive Directors or Management;
- appraised the performance and evaluated the independence and objectivity of the External Auditors in providing their services, including areas of audit emphasis for the financial year and additional disclosures in the auditors' report in line with the new and amended international standards on auditing, including disclosure on Key Audit Matters;
- conducted the annual performance assessment, including their suitability and independence; and
- made recommendation to the Board on their re-appointment and the quantum of audit fees and non-audit fees.

d) Other

- reviewed the related party transactions including any transaction to ensure that the transactions were on normal commercial terms and not detrimental to the interest of minority shareholders of the Company;
- reviewed the Audit Committee Report and Statement on Risk Management and Internal Control prior to inclusion in the Company's Annual Report; and
- conducted self-assessment on the effectiveness of the Committee and the contribution of each individual committee member.

All the requirements under the terms of reference were complied with and the Audit Committee did not see any matters in breach of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad that warrant reporting to Bursa Malaysia Securities Berhad.

AUDIT COMMITTEE REPORT

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 internal audit function of the Group is outsourced to a professional Internal Audit service provider to assist the Audit Committee in carrying out its duties. The Internal Auditors report directly to the Audit Committee.

The summary of works that had been undertaken by the Internal Auditors during the financial year ended 31 July 2017 and the date of this report included the following:

1. Operation and Resource Management
   - Planning and production control
   - Facilities and plant and equipment management
   - Review of utilisation of resources
   - Quality Control
   - Review of environmental compliances
   - Machine maintenance
   - Review of other law and regulatory compliance

2. Human Resource Management
   - Recruitment and selection procedures
   - Training and development plan
   - Handling of personnel matters
   - Working environment
   - Payroll processing
   - Termination

3. Related parties Transaction
   - Review of internal control in place for related parties transaction
   - Review of effectiveness of compliance and disclosures

4. Warehousing and Distribution
   - Monitor sales (actual and budget)
   - Execute marketing strategy
   - Sales negotiation authority and pricing policy
   - Order processing and fulfillment
   - Warehouse tracing and recording
   - Inventory distribution/delivery
   - Invoicing and collection

5. Credit Risk Management
   - Credit evaluation of new and existing customers
   - Allocation and monitoring of credit limits and terms
   - Credit control and collection
   - Provision of doubtful debts

6. Review and follow-up of previous quarter internal audit findings

The internal audits performed had met their objectives of highlighting to the Audit Committee about the audit findings which required follow-up action by the Management, any outstanding audit issues which required corrective actions to be taken to ensure an adequate and effective internal control system within the Group, as well as any weaknesses in the Group's internal control system. It ensured that those weaknesses were appropriately addressed and that recommendations from the internal audit reports and corrective actions on reported weaknesses were taken appropriately within the required timeframe by the Management.

The total costs incurred for the internal audit function in respect of the financial year ended 31 July 2017 was RM36,190 (excluding of Goods and Services Tax).

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board of Directors ("the Board") of A-Rank Berhad is pleased to present its Statement on Risk Management and Internal Control for the financial year ended 31 July 2017, which has been prepared pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements") and in accordance with the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers ("the Guidelines"). The statement below outlines the nature and scope of risk management and internal control of the Company during the financial year 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.

The Board has received assurances from the Managing Director and the Finance Manager that the Group's risk management and internal control systems are operating adequately and effectively in all material aspects.

The system of internal control incorporates inter alia, risk management, financial, operational and compliance controls as well as the governance process.

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 the Outsourced Internal Auditors, C.H. Loo & Co to identify and prepare the risk register to reflect existing operations and markets conditions. The Outsourced Internal Auditors will report directly to Audit Committee on the key risk related issues and the Audit Committee shall report to the Board on the status of the risk management process. Risk registers of the principal risks and controls have been created and a risk profile for the Group has been developed and reviewed by the Board and Audit Committee.

The Risk Management Committee ("RMC") was established to oversee and perform regular reviews on the Group's risk management processes. During the financial year ended 31 July 2017, two (2) RMC's meetings were held which were attended in full by all members of the Committee. The RMC is chaired by the Managing Director and direct reports to the Audit Committee on a half yearly basis where key risks and mitigating actions are deliberated and implemented.

SYSTEM OF INTERNAL CONTROLS

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 comprise exclusively of Independent Non-Executive Directors of the Board and has full access to both the 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.
- 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 controls is also reviewed through the ISO 9001:2008 which is subject to review and audit that 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 quarterly 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 performances 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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

SYSTEM OF INTERNAL CONTROLS (Cont'd)

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.

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 C.H. Loo & Co (the "Outsourced Internal Auditors"). The responsibilities of the Outsourced 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.

Any areas for improvement identified during the course of the internal audit review are brought to the attention of the Audit Committee. Internal audit reports and risk management report respectively were tabled at the Audit Committee meetings held during the financial year under review. The internal audit reports and risk management report were also forwarded to and discussed with the Management concerned for attention and necessary action, with the status of actions taken then reported back to the Audit Committee and the Board.

Total costs paid to Outsourced Internal Auditors for the financial year ended 31 July 2017 and up to the date of this report amounted to RM36,190 (excluding of Goods and Services Tax) in which the following business processes and areas were audited:
- Operation and Resource Management;
- Human Resource Management;
- Related parties Transaction
- Warehousing and Distribution and
- Credit Risk Management.

REVIEW OF THE STATEMENT BY THE EXTERNAL AUDITORS

Pursuant to Paragraph 15.23 of the Listing Requirements, the External Auditors have reviewed this Statement in accordance with the scope set out in the Recommended Practice Guide 5 issued by the Malaysian Institute of Accountants for inclusion in the Annual Report for the financial year ended 31 July 2017, and reported to the Board that nothing has come to their attention that causes them to believe that the Statement on Risk Management and Internal Control intended to be included in the Annual Report is not prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers to be set out, nor is the Statement on Risk Management and Internal Control factually inaccurate.

CONCLUSION

The Board is satisfied that during the 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' interests and the Group's assets.

This statement was approved by the Board of Directors on 23 October 2017.

FINANCIAL STATEMENTS

DIRECTORS' REPORT

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 July 2017.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are set out in Note 9(a)(i) to the financial statements. There have been no significant changes in the nature of these activities during the financial year except for the discontinuance of the manufacturing and marketing of all types of aluminium and glass fittings and other related activities as a result of the disposal of a subsidiary as disclosed in Note 26 to the financial statements.

RESULTS

	Group RM	Company RM
Profit for the financial year from continuing operations	16,511,116	5,486,909
Loss for the financial year from discontinued operations	(611,229)	-
Profit for the financial year	15,899,887	5,486,909
Attributable to:		
Owners of the parent	16,197,440	5,486,909
Non-controlling interest	(297,553)	-
	15,899,887	5,486,909

DIVIDENDS

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

	Company RM
In respect of financial year ended 31 July 2016:	
First and final single tier dividend of 3.00 sen per ordinary share, paid on 21 December 2016	3,600,000

The Directors proposed a first and final single tier dividend of 3.25 sen per ordinary share, amounting to RM3,900,000 in respect of the financial year ended 31 July 2017, subject to the approval of members at the forthcoming Annual General Meeting.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year.

ISSUE OF SHARES AND DEBENTURES

The Company did not issue 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' REPORT

DIRECTORS

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

Dato' Shahrir Bin Abdul Jalil
Tan Wan Lay
Tuan Haji Ahmed Azhar Bin Abdullah
Datuk Leow Chong Howa
Dr. Leong Chik Weng
Wong Tze Kai
Gan Choon Sun

All the Directors of a subsidiary, Formosa Shyen Horng Metal Sdn. Bhd. who held office since the date of the last report and at the date of this report are also the Directors of the Company.

The Directors of a subsidiary, HongLee Group (M) Sdn. Bhd. which was disposed on 2 February 2017 as disclosed in Note 32 to the financial statements, who have held office since the date of the last report until the date of disposal are as follows:

Tan Tiam Chai	
Tan Chew Lan	
Tan Wan Lay	(Resigned on 6 February 2017)
Gan Choon Sun	(Resigned on 6 February 2017)
Fam Lian Fatt	(Resigned on 6 February 2017)

DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year and their beneficial interests in the ordinary shares of the Company and of its related corporations during the financial year ended 31 July 2017 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016 in Malaysia were as follows:

	<----------------Number of ordinary shares ---------------->			
	Balance as at 1.8.2016	**Bought**	**Sold**	**Balance as at 31.7.2017**
Shares in the Company				
Direct interests				
Tan Wan Lay	5,619,000	6,000,000	-	11,619,000
Tuan Haji Ahmed Azhar Bin Abdullah	150,000	-	-	150,000
Datuk Leow Chong Howa	22,500	-	-	22,500
Gan Choon Sun	67,500	-	-	67,500
Indirect interest				
Tan Wan Lay	6,000,000	-	(6,000,000)	-
Datuk Leow Chong Howa	33,313,491	-	-	33,313,491

By virtue of his interests in the ordinary shares of the Company, Datuk Leow Chong Howa 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 in ordinary shares of the Company or ordinary shares of its related corporations during the financial year.

DIRECTORS' REPORT

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 transactions entered into in the ordinary course of business with companies in which the Directors of the Company have substantial financial interests as disclosed in Note 33 to the financial statements.

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.

DIRECTORS' REMUNERATION

The details of Directors' remuneration are disclosed in Note 33(c) to the financial statements.

INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS

The Company purchased a Directors and Officers Liability insurance for the Directors and officers of the Group during the financial year, which provides appropriate insurance cover for the Directors and officers of the Group. The amount of insurance premium paid by the Company for the financial year 2017 was RM18,010.

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY

(I) AS AT THE END OF THE FINANCIAL YEAR

(a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there are no known bad debts to the written off and that adequate provision had been 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.

(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 render the amounts of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any material extent;

(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 which is 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 would or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

DIRECTORS' REPORT

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY (Cont'd)

(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 this report or the financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

SUBSIDIARIES

Details of subsidiaries are set out in Note 9 to the financial statements.

SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

Significant event during the financial year is disclosed in Note 37 to the financial statements.

AUDITORS

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

Details of auditors' remuneration are set out in Note 24 and Note 26(b) to the financial statements.

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
23 October 2017

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 50 to 104 have been drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards, and the provisions of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 July 2017 and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

In the opinion of the Directors, the information set out in Note 39 to the financial statements on page 105 has been compiled in accordance with the Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

On behalf of the Board,

Dato' Shahrir Bin Abdul Jalil
Director

Tan Wan Lay
Director

Kuala Lumpur
23 October 2017

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 50 to 105 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
23 October 2017

....
Tan Tze

Before me:
Baloo A/L T.Pichai
Commissioner for Oaths [No. W663]
Kuala Lumpur

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF A-RANK BERHAD
(Incorporated in Malaysia)

Report on the Audit of Financial Statements

Opinion

We have audited the financial statements of A-Rank Berhad, which comprise the statements of financial position as at 31 July 2017 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 50 to 104.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 July 2017, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Carrying amount of inventories at the lower of cost and net realisable value

As disclosed in Note 10 to the financial statements, the Group held RM62,589,421 of inventories at the end of the reporting period.

Write-down of inventories to net realisable value was mainly based on management's estimates, which had been derived from expectation of current market prices and future demand.

We focused on the audit risk that the carrying amount of inventories may not be stated at the lower of cost and net realisable value, the determination of which requires the management to exercise significant judgement in estimating the net realisable value of the inventories as the main component of inventories is aluminium and it is a commodity that is subject to price volatility.

In estimating the net realisable value of the inventories, the management considers the inventories' ageing, the general economic conditions and consumers' demand.

Our audit procedures included the following:

(a) discussion with management on the basis used to write down the inventory balance to its net realisable value; and

(b) tested inventories for sales subsequent to the year end and supporting documentation and assessed that the carrying amounts of inventories is at the lower of cost and net realisable value.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF A-RANK BERHAD
(Incorporated in Malaysia)

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance or conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

(a) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(b) Obtain an understanding of internal control relevant to the audit 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 Group's and of the Company's internal control.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF A-RANK BERHAD
(Incorporated in Malaysia)

Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also: (Cont'd)

(d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

(e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

(f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Reporting Responsibilities

The supplementary information set out in Note 39 to the financial statements is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

BDO
AF : 0206
Chartered Accountants

Chan Wai Leng
02893/08/2019 J
Chartered Accountant

Kuala Lumpur
23 October 2017

STATEMENTS OF FINANCIAL POSITION

AS AT 31 JULY 2017

		Group		Company	
		2017	2016	2017	2016
	Note	RM	RM	RM	RM
ASSETS					
Non-current assets					
Property, plant and equipment	7	54,868,553	63,172,103	-	-
Intangible asset	8	-	-	-	-
Investments in subsidiaries	9(a)	-	-	54,728,559	56,956,609
Investment in an associate	9(b)	442,023	290,143	3,000	3,000
		55,310,576	63,462,246	54,731,559	56,959,609
Current assets					
Inventories	10	62,589,421	26,861,793	-	-
Derivative financial assets	18	-	98,974	-	-
Trade and other receivables	11	37,968,656	38,587,651	12,618,658	8,458,658
Current tax assets		-	99,165	-	-
Cash and bank balances	12	7,751,660	25,261,913	17,403	47,943
		108,309,737	90,909,496	12,636,061	8,506,601
TOTAL ASSETS		163,620,313	154,371,742	67,367,620	65,466,210
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	13	60,000,000	60,000,000	60,000,000	60,000,000
Reserves	14	54,345,074	41,747,634	7,132,269	5,245,360
		114,345,074	101,747,634	67,132,269	65,245,360
Non-controlling interest	9(a)(iii)	-	1,923,446	-	-
TOTAL EQUITY		114,345,074	103,671,080	67,132,269	65,245,360

STATEMENTS OF FINANCIAL POSITION
AS AT 31 JULY 2017

		Group		Company	
		2017	2016	2017	2016
	Note	RM	RM	RM	RM
LIABILITIES					
Non-current liabilities					
Borrowings	15	-	1,373,239	-	-
Deferred tax liabilities	16	5,186,700	4,910,480	-	-
		5,186,700	6,283,719	-	-
Current liabilities					
Trade and other payables	17	22,244,344	23,315,279	235,351	220,850
Derivative financial liabilities	18	32,526	4,182	-	-
Borrowings	15	21,221,069	20,938,604	-	-
Current tax liabilities		590,600	158,878	-	-
		44,088,539	44,416,943	235,351	220,850
TOTAL LIABILITIES		49,275,239	50,700,662	235,351	220,850
TOTAL EQUITY AND LIABILITIES		163,620,313	154,371,742	67,367,620	65,466,210

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 JULY 2017

		Group		Company	
	Note	2017 RM	2016 RM	2017 RM	2016 RM
Continuing operations					
Revenue	19	455,467,054	472,937,339	6,000,000	3,750,000
Cost of sales	20	(428,958,475)	(446,538,585)	-	-
Gross profit		26,508,579	26,398,754	6,000,000	3,750,000
Other income	21	1,709,296	1,869,365	-	-
Marketing and distribution expenses		(315,733)	(337,028)	-	-
Administration expenses		(6,910,027)	(6,890,242)	(390,441)	(387,221)
Other expenses	22	(444,610)	(1,727,430)	(122,650)	(2,721,950)
Profit from operations		20,547,505	19,313,419	5,486,909	640,829
Finance costs	23	(575,310)	(516,111)	-	-
Share of profit in an associate, net of tax		151,880	287,143	-	-
Profit before tax	24	20,124,075	19,084,451	5,486,909	640,829
Taxation	25	(3,612,959)	(238,663)	-	-
Profit for the financial year from continuing operations		16,511,116	18,845,788	5,486,909	640,829
Discontinued operations					
Loss for the financial year from discontinued operations, net of tax	26	(611,229)	(3,435,371)	-	-
Profit for the financial year		15,899,887	15,410,417	5,486,909	640,829
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income		15,899,887	15,410,417	5,486,909	640,829

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 JULY 2017

		Group		Company	
	Note	2017 RM	2016 RM	2017 RM	2016 RM
Profit attributable to:					
Owners of the parent		16,197,440	15,837,656	5,486,909	640,829
Non-controlling interest	9(a)(iii)	(297,553)	(427,239)	-	-
		15,899,887	15,410,417	5,486,909	640,829
Total comprehensive income attributable to:					
Owners of the parent		16,197,440	15,837,656	5,486,909	640,829
Non-controlling interest		(297,553)	(427,239)	-	-
		15,899,887	15,410,417	5,486,909	640,829
Earnings per ordinary share attributable to equity holders of the parent (sen)					
- Basic and diluted	27				
Profit from continuing operations		13.76	15.70		
Loss from discontinued operations		(0.26)	(2.50)		
Profit for the financial year		13.50	13.20		

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 JULY 2017

Group	Note	Non-distributable Share capital RM	Distributable Retained earnings RM	Total attributable to owners of the parent RM	Non-controlling interest RM	Total equity RM
Balance as at 1 August 2015		60,000,000	28,609,978	88,609,978	2,350,685	90,960,663
Profit for the financial year		-	15,837,656	15,837,656	(427,239)	15,410,417
Other comprehensive income, net of tax		-	-	-	-	-
Total comprehensive income		-	15,837,656	15,837,656	(427,239)	15,410,417
Transactions with owners						
Dividend paid	28	-	(2,700,000)	(2,700,000)	-	(2,700,000)
Balance as at 31 July 2016		60,000,000	41,747,634	101,747,634	1,923,446	103,671,080
Profit for the financial year		-	16,197,440	16,197,440	(297,553)	15,899,887
Other comprehensive income, net of tax		-	-	-	-	-
Total comprehensive income		-	16,197,440	16,197,440	(297,553)	15,899,887
Transactions with owners						
Dividend paid	28	-	(3,600,000)	(3,600,000)	-	(3,600,000)
Disposal of equity interest in a subsidiary	32(b)	-	-	-	(1,625,893)	(1,625,893)
Balance as at 31 July 2017		60,000,000	54,345,074	114,345,074	-	114,345,074

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

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 JULY 2017

Company	Note	Non-distributable Share capital RM	Distributable Retained earnings RM	Total RM
Balance as at 1 August 2015		60,000,000	7,304,531	67,304,531
Profit for the financial year		-	640,829	640,829
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	640,829	640,829
Transaction with owners				
Dividend paid	28	-	(2,700,000)	(2,700,000)
Balance as at 31 July 2016		60,000,000	5,245,360	65,245,360
Profit for the financial year		-	5,486,909	5,486,909
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	5,486,909	5,486,909
Transactions with owners				
Dividend paid	28	-	(3,600,000)	(3,600,000)
Balance as at 31 July 2017		60,000,000	7,132,269	67,132,269

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

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 JULY 2017

		Group		Company	
	Note	2017 RM	2016 RM	2017 RM	2016 RM
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit/(Loss) before tax					
Continuing operations		20,124,075	19,084,451	5,486,909	640,829
Discontinued operations	26(b)	(445,618)	(3,669,457)	-	-
Adjustments for:					
Deposits written off		45,700	36,000	-	-
Depreciation of property, plant and equipment	7	5,656,548	5,994,863	-	-
Dividend income	19	-	-	(6,000,000)	(3,750,000)
Fair value loss/(gain) on derivative instruments	18(c)	127,318	(330,970)	-	-
Loss on disposal of property, plant and equipment		88,724	29,223	-	-
Impairment losses on:					
- goodwill on acquisition	8(a)	-	2,721,950	-	-
- investment in a subsidiary	9(a)	-	-	-	2,721,950
- trade receivables	11	-	33,810	-	-
Interest expenses		611,218	593,518	-	-
Interest income		(697,264)	(361,941)	-	-
Property, plant and equipment written off	7	464,674	1,316,963	-	-
Reversal of impairment loss on trade receivables	11	(32,055)	(23,218)	-	-
(Gain)/Loss on disposal of a subsidiary	32(b)	(118,199)	-	122,650	-
Share of profit in an associate, net of tax		(151,880)	(287,143)	-	-
Unrealised (gain)/loss on foreign exchange		(77,470)	417,600	-	-
Operating profit/(loss) before changes in working capital		25,595,771	25,555,649	(390,441)	(387,221)
(Increase)/Decrease in inventories		(39,386,572)	4,145,991	-	-
(Increase)/Decrease in trade and other receivables		(478,774)	3,445,133	-	-
Increase/(Decrease) in trade and other payables		7,555,902	5,761,320	14,501	(3,885)
Cash (used in)/generated from operations		(6,713,673)	38,908,093	(375,940)	(391,106)
Interest paid		(82)	(439)	-	-
Tax refund		-	150,529	-	-
Tax paid		(2,940,137)	(1,574,999)	-	-
Net cash (used in)/from operating activities		(9,653,892)	37,483,184	(375,940)	(391,106)
CASH FLOWS FROM INVESTING ACTIVITIES					
Dividend received	19	-	-	6,000,000	3,750,000
Interest received		697,264	361,941	-	-
Net advances to subsidiaries		-	-	(6,560,000)	(624,811)
Net proceeds from disposal of a subsidiary	32(c)	399,977	-	2,105,400	-
Proceeds from disposal of plant and equipment		373,079	75,012	-	-
Purchase of property, plant and equipment	7	(5,640,352)	(3,149,310)	-	-
Repayment from an associate		-	-	2,400,000	-
Net cash (used in)/from investing activities		(4,170,032)	(2,712,357)	3,945,400	3,125,189

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 JULY 2017

		Group		Company	
	Note	2017 RM	2016 RM	2017 RM	2016 RM
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividend paid	28	(3,600,000)	(2,700,000)	(3,600,000)	(2,700,000)
Net repayment of bankers' acceptance		-	(6,840,000)	-	-
Net drawdown/(repayment) of foreign curency loans		524,807	(20,122,322)	-	-
Repayment of term loans		-	(186,757)	-	-
Interest paid		(611,136)	(593,079)	-	-
Net cash used in financing activities		(3,686,329)	(30,442,158)	(3,600,000)	(2,700,000)
Net (decrease)/increase in cash and cash equivalents		(17,510,253)	4,328,669	(30,540)	34,083
Cash and cash equivalents at beginning of financial year		25,261,913	20,933,244	47,943	13,860
Cash and cash equivalents at end of financial year	12	7,751,660	25,261,913	17,403	47,943

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

NOTES TO THE FINANCIAL STATEMENTS

31 JULY 2017

1. CORPORATE INFORMATION

A-Rank Berhad (the "Company") is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The registered office of the Company is located at Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No.8, Jalan Kerinchi, 59200 Kuala Lumpur.

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 consolidated financial statements for the financial year ended 31 July 2017 comprise the Company and its subsidiary. These 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 23 October 2017.

2. PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are set out in Note 9(a)(i) to the financial statements. There have been no significant changes in the nature of these activities during the financial year except for the discontinuance of the manufacturing and marketing of all types of aluminium and glass fittings and other related activities as a result of the disposal of a subsidiary as disclosed in Note 26 to the financial statements.

3. BASIS OF PREPARATION

The financial statements of the Group and of the Company set out on pages 50 to 104 have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the provisions of the Companies Act 2016 in Malaysia.

However, Note 39 to the financial statements set out on page 105 has been prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad.

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.

The preparation of financial statements in conformity with MFRSs and IFRSs 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.

4.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiaries. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

(a) Power over the investee;
(b) Exposure, or rights, to variable returns from its involvement with the investee; and
(c) The ability to use its power over the investee to affect its returns.

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

4.2 Basis of consolidation (Cont'd)

If the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) The contractual arrangement with the other vote holders of the investee;
(b) Rights arising from other contractual agreements; and
(c) The voting rights of the Group and potential voting rights.

Intragroup balances, transactions, income and expenses are eliminated on consolidation. Unrealised gains arising from transactions are eliminated to the extent of the interest of the Group in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no impairment.

The financial statements of the subsidiaries are prepared for the same reporting period as that of the Company, using consistent accounting policies. Where necessary, accounting policies of subsidiaries are changed to ensure consistency with the policies adopted by the Group.

Non-controlling interests represent equity in subsidiaries that are not attributable, directly or indirectly, to owners of the parent, and is presented separately in the consolidated statement of profit or loss and other comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the parent. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the financial year are included in the statements of profit or loss and other comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity and attributed to owners of the parent.

If the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between:

(a) the aggregate of the fair value of the consideration received and the fair value of any retained interest; and

(b) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 139 *Financial Instruments: Recognition and Measurement* or, where applicable, the cost on initial recognition of an investment in an associate or a joint venture.

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

4.3 Business combinations

Business combinations are accounted for by applying the acquisition method of accounting.

Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured at their fair value at the acquisition date, except that:

(a) Deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with MFRS 112 *Income Taxes and MFRS 119 Employee Benefits* respectively;

(b) Liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement by the Group of an acquiree's share-based payment transactions are measured in accordance with MFRS 2 *Share-based Payment* at the acquisition date; and

(c) Assets (or disposal groups) that are classified as held for sale in accordance with MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the serviced are received.

Any contingent consideration payable is recognised at fair value at the acquisition date. Measurement period adjustments to contingent consideration are dealt with as follows:

(a) If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity.

(b) Subsequent changes to contingent consideration classified as an asset or liability that is a financial instrument within the scope of MFRS 139 are recognised either in profit or loss or in other comprehensive income in accordance with MFRS 139. All other subsequent changes are recognised in profit or loss.

In a business combination achieved in stages, previously held equity interests in the acquiree are re-measured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are initially measured at fair value. All other components of non-controlling interests shall be measured at their acquisition-date fair values, unless another measurement basis is required by MFRSs. The choice of measurement basis is made on a combination-by-combination basis. Subsequent to initial recognition, the carrying amount of non-controlling interest is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the previously held equity interest of the Group in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill in the statement of financial position. The accounting policy for goodwill is set out in Note 4.7 to the financial statements. In instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss on the acquisition date.

4.4 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 subsequent costs would flow to the Group and the cost of the asset could 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 a different useful life, is depreciated separately.

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

4.4 Property, plant and equipment and depreciation (Cont'd)

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

Depreciation is calculated to write off the cost of the assets to their residual values on a straight-line basis over their estimated useful lives. The principal depreciation rates are as follows:

Buildings	2% to 3%
Plant and machinery	6% to 50%
Office equipment	10%
Furniture and fittings	10%
Electrical fittings	6% to 20%
Motor vehicles	20%
Renovations	20%

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

At the end of each reporting period, 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 4.8 to the financial statements on impairment of non-financial assets).

The residual values, useful lives and depreciation method are reviewed at the end of each reporting period 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.

4.5 Leases

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 over the lease term.

4.6 Investments

(a) Subsidiaries

A subsidiary is an entity in which the Group and the Company are exposed, or have rights, to variable returns from its involvement with the subsidiary and have the ability to affect those returns through its power over the subsidiary.

An investment in subsidiary, which is eliminated on consolidation, is stated in the separate financial statements of the Company at cost less accumulated impairment losses, if any. Put options written over non-controlling interests on the acquisition of subsidiary shall be included as part of the cost of investment in the separate financial statements of the Company. Subsequent changes in the fair value of the written put options over non-controlling interests shall be recognised in profit or loss. Investments accounted for at cost shall be accounted for in accordance with MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* when they are classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with MFRS 5.

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

4.6 Investments (Cont'd)

(a) Subsidiaries (Cont'd)

When control of a subsidiary is lost as a result of a transaction, event or other circumstance, the Group would derecognise all assets, liabilities and non-controlling interests at their carrying amount and recognise the fair value of the consideration received. Any retained interest in the former subsidiary is recognised at its fair value at the date control is lost. The resulting difference is recognised as a gain or loss in profit or loss.

(b) Associate

An associate is an entity over which the Group and the Company have significant influence and that is neither a subsidiary nor an interest in a joint arrangement. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is neither control nor joint control over those policies.

In the separate financial statements of the Company, an investment in associate is stated at cost less impairment losses.

An investment in associate is accounted for in the consolidated financial statements using the equity method of accounting. The investment in associate in the consolidated statement of financial position is initially recognised at cost and adjusted thereafter for the post acquisition change in the share of net assets of the investments of the Group.

The interest in an associate is the carrying amount of the investment in the associate under the equity method together with any long term interest that, in substance, form part of the net investment in the associate of the Group.

The share of the profit or loss of the associate by the Group during the financial year is included in the consolidated financial statements, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases. Distributions received from the associate reduce the carrying amount of the investment. Adjustments to the carrying amount could also be necessary for changes in the proportionate interest of the Group in the associate arising from changes in the associate's equity that have not been recognised in the associate's profit or loss. Such changes include those arising from the revaluation of property, plant and equipment and from foreign exchange translation differences. The share of those changes by the Group is recognised directly in equity of the Group.

When the share of losses of the Group in the associate equals to or exceeds its interest in the associate, the carrying amount of that interest is reduced to nil and the Group does not recognise further losses unless it has incurred legal or constructive obligations or made payments on its behalf.

The most recent available financial statements of the associate are used by the Group in applying the equity method. When the end of the reporting periods of the financial statements are not coterminous, the share of results is arrived at using the latest audited financial statements for which the difference in end of the reporting periods is no more than three (3) months. Adjustments are made for the effects of any significant transactions or events that occur between the intervening periods.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in the profit or loss.

When the interest of the Group in an associate decreases but does not result in a loss of significant influence, any retained interest is not re-measured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to the profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

4.7 Intangible asset

Goodwill

Goodwill recognised in a business combination is an asset at the acquisition date and is initially measured at cost being the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the interest of the Group in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree, the excess is recognised immediately in profit or loss as a bargain purchase gain.

After initial recognition, goodwill is measured at cost less accumulated impairment losses, if any. Goodwill is not amortised but instead tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount could be impaired. Objective events that would trigger a more frequent impairment review include adverse industry or economic trends, significant restructuring actions, significant lowered projections of profitability, or a sustained decline in the acquiree's market capitalisation. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill arising on acquisition of an associate is the excess of cost of investment over the share of the net fair value of net assets of the associates' identifiable assets and liabilities by the Group at the date of acquisition.

Goodwill relating to the associate is included in the carrying amount of the investment and is not amortised. The excess of the share of the net fair value of the associate's identifiable assets and liabilities by the Group over the cost of investment is included as income in the determination of the share of the associate's profit or loss by the Group in the period in which the investment is acquired.

4.8 Impairment of non-financial assets

The carrying amounts of assets, except for financial assets (excluding investments in subsidiaries and associate), inventories and deferred tax assets, are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

Goodwill that has an indefinite useful life is tested annually for impairment or more frequently if events or changes in circumstances indicate that the goodwill might be impaired.

The recoverable amount of an asset is estimated for an individual asset. Where it is not possible 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 CGU or groups of CGU of the Group 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 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 goodwill, 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-rata basis of the carrying amount of each asset in the CGU. The impairment loss is recognised in 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 the estimates used to determine the assets' recoverable amount since the last impairment loss was recognised.

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

4.8 Impairment of non-financial assets (Cont'd)

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, if no impairment loss had been recognised. Such reversals are recognised as income immediately in profit or loss.

4.9 Inventories

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

Cost is determined using the first-in, first-out formula. Cost of raw materials, stores and spares comprises all costs of purchase plus the cost of bringing the inventories to their present location and condition. The cost of work-in-progress and finished goods includes the cost of raw materials, direct labour, other direct cost and a proportion of production overheads based on 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.

4.10 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.

Financial instruments are recognised on the statement of financial position when the Group has become a party to the contractual provisions of the instrument. At initial recognition, a financial instrument is recognised at fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issuance of the financial instrument.

An embedded derivative is separated from the host contract and accounted for as a derivative if, and only if the economic characteristics and risks of the embedded derivative is not closely related to the economic characteristics and risks of the host contract, a separate instrument with the same terms as the embedded derivative meets the definition of a derivative, and the hybrid instrument is not measured at fair value through profit or loss.

(a) Financial assets

A financial asset is classified into the following four (4) categories after initial recognition for the purpose of subsequent measurement:

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

Financial assets at fair value through profit or loss comprise financial assets that are held for trading (i.e. financial assets acquired principally for the purpose of resale in the near term), derivatives (both, freestanding and embedded) and financial assets that were specifically designated into this classification upon initial recognition.

Subsequent to initial recognition, financial assets classified as at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in the fair value of financial assets classified as at fair value through profit or loss are recognised in profit or loss.

However, derivatives that is linked to and must be settled by delivery of unquoted equity instruments that do not have a quoted market price in an active market are recognised at cost.

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

4.10 Financial instruments (Cont'd)

(a) Financial assets (Cont'd)

(ii) Held-to-maturity investments

Financial assets classified as held-to-maturity comprise non-derivative financial assets with fixed or determinable payments and fixed maturity that the Group has the positive intention and ability to hold to maturity.

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

(iii) Loans and receivables

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

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

(iv) Available-for-sale financial assets

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

Subsequent to initial recognition, financial assets classified as available-for-sale are measured at fair value. Any gains or losses arising from changes in the fair value of financial assets classified as available-for-sale are recognised directly in other comprehensive income, except for impairment losses and foreign exchange gains and losses, until the financial asset is derecognised, at which time the cumulative gains or losses previously recognised in other comprehensive income are recognised in profit or loss. However, interest calculated using the effective interest method is recognised in profit or loss whilst dividends on available-for-sale equity instruments are recognised in profit or loss when the right of the Group to receive payment is established.

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three (3) months or less, and are used by the Group and the Company in the management of their short term commitments. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits, if any.

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

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or marketplace convention.

A regular way purchase or sale of financial assets shall be recognised and derecognised, as applicable, using trade date accounting.

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

4.10 Financial instruments (Cont'd)

(b) Financial liabilities

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. A financial liability is classified into the following two (2) categories after initial recognition for the purpose of subsequent measurement:

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

Financial liabilities at fair value through profit or loss comprise financial liabilities that are held for trading, derivatives (both, freestanding and embedded) and financial liabilities that were specifically designated into this classification upon initial recognition.

Subsequent to initial recognition, financial liabilities classified as at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in the fair value of financial liabilities classified as at fair value through profit or loss are recognised in profit or loss.

(ii) Other financial liabilities

Financial liabilities classified as other financial liabilities comprise non-derivative financial liabilities that are neither held for trading nor initially designated as at fair value through profit or loss.

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

A financial liability is derecognised when, and only when, it is extinguished, i.e. when the obligation specified in the contract is discharged or cancelled or expired. An exchange between an existing borrower and lender of debt instruments with substantially different terms are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

Any difference between the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

The Group designates corporate guarantees given to banks for credit facilities granted to subsidiaries as insurance contracts as defined in MFRS 4 *Insurance Contracts*. The Group recognises these insurance contracts as recognised insurance liabilities when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits would be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

At the end of each reporting period, the Group assesses whether its recognised insurance liabilities are adequate, using current estimates of future cash flows under its insurance contracts. If this assessment shows that the carrying amount of the insurance liabilities is inadequate, the entire deficiency shall be recognised in profit or loss.

Recognised insurance liabilities are only removed from the statement of financial position when, and only when, it is extinguished via a discharge, cancellation or expiration.

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

4.10 Financial instruments (Cont'd)

(c) Equity

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

Before 31 January 2017
Ordinary shares are recorded at the nominal value and proceeds in excess of the nominal value of shares issued, if any, are accounted for as share premium. Both ordinary shares and share premium are classified as equity.

After 31 January 2017
Ordinary shares are recorded at the proceeds received at issuance and classified as equity. Transaction costs directly related to the issuance of equity instrument are accounted for as a deduction from equity, net of any related income tax benefit. Otherwise, they are charged to profit or loss.

Interim dividends to shareholders are recognised in equity in the period in which they are declared. Final dividends are recognised upon the approval of shareholders in a general meeting.

The Group measures a liability to distribute non-cash assets as a dividend to the owners of the Company at fair value of the assets to be distributed. The carrying amount of the dividend is remeasured at the end of each reporting period and at the settlement date, with any changes recognised directly in equity as adjustments to the amount of the distribution. On settlement of the transaction, the Group recognises the difference, if any, between the carrying amount of the assets distributed and the carrying amount of the liability in profit or loss.

4.11 Impairment of financial assets

The Group assesses whether there is any objective evidence that a financial asset is impaired at the end of each reporting period.

Loans and receivables

The Group collectively considers factors such as the probability of bankruptcy or significant financial difficulties of the receivable or investee, and default or significant delay in payments by the receivable, to determine whether there is objective evidence that an impairment loss on loans and receivables has occurred. Other objective evidence of impairment include historical collection rates determined on an individual basis and observable changes in national or local economic conditions that are directly correlated with the historical default rates of receivables.

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

The carrying amount of loans and receivables are reduced through the use of an allowance account.

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

4.12 Borrowing costs

Borrowing costs that are directly attributable to the acquisition or production of a qualifying asset is capitalised as part of the cost of the asset until when substantially all the activities necessary to prepare the asset for its intended use or sale are complete, after which such expense is charged to profit or loss. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. Capitalisation of borrowing cost is suspended during extended periods in which active development is interrupted.

The amount of borrowing costs eligible for capitalisation is the actual borrowing costs incurred on the borrowing during the period less any investment income on the temporary investment of the borrowing.

All other borrowing cost is recognised to profit or loss in the period in which they are incurred.

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

4.13 Income taxes

Income taxes include all taxes on taxable profit. Income taxes also include other taxes such as withholding taxes and real property gains taxes payable on the disposal of properties.

Taxes in the statements of profit or loss and other comprehensive income comprise current tax and deferred tax.

(a) Current tax

Current tax expenses are determined according to the tax laws of Malaysia in which the Group operates and include all taxes based upon the taxable profits and real property gains taxes payable on disposal of properties.

(b) 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 statements of financial position 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 future taxable profits would 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 the end of each reporting period. If it is no longer probable that sufficient taxable profits would be available to allow the benefit of part or all of that deferred tax asset to be utilised, the carrying amount of the deferred tax asset would be reduced accordingly. When it becomes probable that sufficient taxable profits would be available, such reductions would be reversed to the extent of the taxable profits.

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 on either:

(i) The same taxable entity; or

(ii) Different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax would be recognised as income or expense and included in 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 would be charged or credited directly to equity.

Deferred tax assets and liabilities should be measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on the announcement of tax rates and tax laws by the Government in the annual budgets which have the substantive effect of actual enactment by the end of each reporting period.

4.14 Provisions

Provisions are recognised when there is a present obligation, legal or constructive, as a result of a past event, and when it is probable that an outflow of resources embodying economic benefits would be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, the amount of a provision would be discounted to its present value at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

4.14 Provisions (Cont'd)

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits would be required to settle the obligation, the provision would be reversed.

Provisions are not recognised for future operating losses. If the Group has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

4.15 Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events whose existence would 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 would 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 would 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 a contingent asset but discloses its existence where the 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.

4.16 Employee benefits

(a) Short term employee benefits

Wages, salaries, social security contributions, paid annual leave, paid sick leave, bonuses and non-monetary benefits are measured on an undiscounted basis and are expensed 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 and they lapse if the current period's entitlement is not used in full and do not entitle employees to a cash payment for unused entitlement on leaving the Group.

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.

(b) Defined contribution plan

The Company and its subsidiaries make contributions to a statutory provident fund. The contribution 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.

4.17 Foreign currencies

(a) Functional and presentation currency

Items included in the financial statements of each of the entities of the Group are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Ringgit Malaysia, which is the functional and presentation currency of the Company.

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

4.17 Foreign currencies (Cont'd)

(b) Foreign currency transactions and balances

Transactions in foreign currencies are converted into functional currency at rates of exchange ruling at the transaction dates. Monetary assets and liabilities in foreign currencies at the end of each reporting period are translated into functional currency at rates of exchange ruling at that date unless hedged by forward foreign exchange contracts, in which case the rates specified in such forward currency 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 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.

4.18 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 would 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 activities of the Group as follows:

(a) Sale of goods

Revenue from sale of goods is recognised when the significant risks and rewards of ownership of the goods have been transferred to the customer and where the Group retains no continuing managerial involvement over the goods, which coincides with the delivery of goods and acceptance by customers.

(b) Dividend income

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

(c) Other income

Interest income

Interest income is recognised as it accrues, using the effective interest method.

4.19 Operating segments

Operating segments are defined as components of the Group that:

(a) Engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group);

(b) Whose operating results are regularly reviewed by the chief operating decision maker of the Group in making decisions about resources to be allocated to the segment and assessing its performance; and

(c) For which discrete financial information is available.

An operating segment may engage in business activities for which it has yet to earn revenues.

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

4.19 Operating segments (Cont'd)

The Group reports separately information about each operating segment that meets any of the following quantitative thresholds:

(a) Its reported revenue, including both sales to external customers and intersegment sales or transfers, is ten percent (10%) or more of the combined revenue, internal and external, of all operating segments.

(b) The absolute amount of its reported profit or loss is ten percent (10%) or more of the greater, in absolute amount of:

(i) the combined reported profit of all operating segments that did not report a loss; and

(ii) the combined reported loss of all operating segments that reported a loss.

(c) Its assets are ten percent (10%) or more of the combined assets of all operating segments.

Operating segments that do not meet any of the quantitative thresholds may be considered reportable, and separately disclosed, if the management believes that information about the segment would be useful to users of the financial statements.

Total external revenue reported by operating segments shall constitute at least seventy five percent (75%) of the revenue of the Group. Operating segments identified as reportable segments in the current financial year in accordance with the quantitative thresholds would result in a restatement of prior period segment data for comparative purposes.

4.20 Earnings per share

(a) Basic

Basic earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year.

(b) Diluted

Diluted earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year adjusted for the effects of dilutive potential ordinary shares.

4.21 Fair value measurements

The fair value of an asset or a liability, (except for lease transactions) is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement method assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

When the Group measures the fair value of an asset or a liability, it takes into account the characteristics of the asset or liability if market participants would take these characteristics into account when pricing the asset or liability. The Group has considered the following characteristics when determining fair value:

(a) The condition and location of the asset; and

(b) Restrictions, if any, on the sale or use of the asset.

The fair value measurement for a non-financial asset takes into account the ability of market participants to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

4.21 Fair value measurements (Cont'd)

The fair value of a financial or non-financial liability or an entity's own equity instrument assumes that:

(a) A liability would remain outstanding and the market participant transferee would be required to fulfil the obligation. The liability would not be settled with the counterparty or otherwise extinguished on the measurement date; and

(b) An entity's own equity instrument would remain outstanding and the market participant transferee would take on the rights and responsibilities associated with the instrument. The instrument would not be cancelled or otherwise extinguished on the measurement date.

5. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs

5.1 New MFRSs adopted during the financial year

The Group and the Company adopted the following Standards of the MFRS Framework that were issued by the Malaysian Accounting Standards Board ("MASB") during the financial year:

Title	Effective Date
MFRS 14 *Regulatory Deferral Accounts*	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128 *Investment Entities: Applying the Consolidation Exception*	1 January 2016
Amendments to MFRS 101 *Disclosure Initiative*	1 January 2016
Amendments to MFRS 116 and MFRS 138 *Clarification of Acceptable Methods of Depreciation and Amortisation*	1 January 2016
Amendments to MFRS 11 *Accounting for Acquisitions of Interests in Joint Operations*	1 January 2016
Amendments to MFRS 116 and MFRS 141 *Agriculture: Bearer Plants*	1 January 2016
Amendments to MFRS 127 *Equity Method in Separate Financial Statements*	1 January 2016
Amendments to MFRSs *Annual Improvements to 2012-2014 Cycle*	1 January 2016

Adoption of the above Standards did not have any material effect on the financial performance or position of the Group and the Company.

5.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2017

The following are Standards of the MFRS Framework that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been early adopted by the Group and the Company:

Title	Effective Date
Amendments to MFRS 112 *Recognition of Deferred Tax Assets for Unrealised Losses*	1 January 2017
Amendments to MFRS 107 *Disclosure Initiative*	1 January 2017
Amendments to MFRS 12 *Annual Improvements to MFRS Standards 2014 - 2016 Cycle*	1 January 2017
Amendments to MFRS 1 *Annual Improvements to MFRS Standards 2014 - 2016 Cycle*	1 January 2018
MFRS 15 *Revenue from Contracts with Customers*	1 January 2018
Clarification to MFRS 15	1 January 2018
MFRS 9 *Financial Instruments (IFRS as issued by IASB in July 2014)*	1 January 2018
Amendments to MFRS 2 *Classification and Measurement of Share-based Payment Transactions*	1 January 2018
Amendments to MFRS 128 *Annual Improvements to MFRS Standards 2014 - 2016 Cycle*	1 January 2018
IC Interpretation 22 *Foreign Currency Transactions and Advance Consideration*	1 January 2018
Amendments to MFRS 140 *Transfers of Investment Property*	1 January 2018
Amendments to MFRS 4 *Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts*	See MFRS 4 Paragraphs 46 and 48
MFRS 16 *Leases*	1 January 2019

5. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (Cont'd)

5.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2017 (Cont'd)

The following are Standards of the MFRS Framework that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been early adopted by the Group and the Company: (Cont'd)

Title	**Effective Date**
IC Interpretation 23 *Uncertainty over Income Tax Treatments*	1 January 2019
MFRS 17 *Insurance Contracts*	1 January 2021
Amendments to MFRS 10 and MFRS 128 *Sale or Contribution of Assets between an Investor and its Associates or Joint Venture*	Deferred

The Group and the Company is in the process of assessing the impact of implementing these Standards and Amendments, since the effects would only be observable for future financial years.

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated by the management of the Group and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below:

Carrying amount of inventories at the lower of cost and net realisable value

Write-down of inventories to net realisable value was mainly based on management's estimates, which had been derived from expectation of current market prices and future demand.

Management focused on the risk that the carrying amount of inventories may not be stated at the lower of cost and net realisable value, the determination of which requires the management to exercise significant judgement in estimating the net realisable value of the inventories as the main component of inventories is aluminium and it is a commodity that is subject to price volatility.

In estimating the net realisable value of the inventories, the management considers the inventories' ageing, the general economic conditions and consumers' demand.

NOTES TO THE FINANCIAL STATEMENTS
31 JULY 2017

7. PROPERTY, PLANT AND EQUIPMENT

Group 2017	Balance as at 1.8.2016 RM	Additions RM	Disposal RM	Disposal of a subsidiary (Note 32) RM	Written off RM	Depreciation charge for the year RM	Balance as at 31.7.2017 RM
Carrying amount							
Freehold land	10,676,000	-	-	(1,851,000)	-	-	8,825,000
Buildings	24,702,590	592,714	-	(2,839,013)	(391,005)	(590,490)	21,474,796
Plant and machinery	24,914,520	1,685,938	(25,934)	(1,214,572)	(28,159)	(4,534,552)	20,797,241
Office equipment	710,990	186,565	(139,837)	(342,004)	(35,249)	(71,710)	308,755
Furniture and fittings	338,752	85,918	(54,709)	(245,374)	(26)	(29,099)	95,462
Electrical fittings	689,938	-	-	(58,737)	(6,035)	(112,656)	512,510
Motor vehicles	615,197	697,185	(132,750)	(482,359)	-	(234,516)	462,757
Renovations	524,116	-	(108,573)	(327,818)	(4,200)	(83,525)	-
Construction-in-progress	-	2,392,032	-	-	-	-	2,392,032
	63,172,103	5,640,352	(461,803)	(7,360,877)	(464,674)	(5,656,548)	54,868,553

	<--------At 31 July 2017--------> Cost RM	Accumulated depreciation RM	Carrying amount RM
Freehold land	8,825,000	-	8,825,000
Buildings	27,061,693	(5,586,897)	21,474,796
Plant and machinery	55,330,258	(34,533,017)	20,797,241
Office equipment	741,002	(432,247)	308,755
Furniture and fittings	370,673	(275,211)	95,462
Electrical fittings	2,589,498	(2,076,988)	512,510
Motor vehicles	979,187	(516,430)	462,757
Construction-in-progress	2,392,032	-	2,392,032
	98,289,343	(43,420,790)	54,868,553

Group 2016	Balance as at 1.8.2015 RM	Additions RM	Disposal RM	Written off RM	Depreciation charge for the year RM	Balance as at 31.7.2016 RM
Carrying amount						
Freehold land	10,676,000	-	-	-	-	10,676,000
Buildings	25,341,116	-	-	-	(638,526)	24,702,590
Plant and machinery	28,113,081	2,608,301	-	(1,305,637)	(4,501,225)	24,914,520
Office equipment	743,342	95,926	(4,916)	(5,933)	(117,429)	710,990
Furniture and fittings	305,874	94,880	-	-	(62,002)	338,752
Electrical fittings	929,234	-	-	-	(239,296)	689,938
Motor vehicles	823,133	85,000	(34,133)	-	(258,803)	615,197
Renovations	507,074	265,203	(65,186)	(5,393)	(177,582)	524,116
	67,438,854	3,149,310	(104,235)	(1,316,963)	(5,994,863)	63,172,103

NOTES TO THE FINANCIAL STATEMENTS
31 JULY 2017

7. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

	<--------At 31 July 2016-------->		
	Cost RM	Accumulated depreciation RM	Carrying amount RM
Freehold land	10,676,000	-	10,676,000
Buildings	30,319,082	(5,616,492)	24,702,590
Plant and machinery	56,015,027	(31,100,507)	24,914,520
Office equipment	1,299,291	(588,301)	710,990
Furniture and fittings	741,298	(402,546)	338,752
Electrical fittings	2,691,006	(2,001,068)	689,938
Motor vehicles	1,316,857	(701,660)	615,197
Renovations	958,551	(434,435)	524,116
	104,017,112	(40,845,009)	63,172,103

In the previous financial year, freehold land and buildings of a formerly subsidiary with a carrying amount of RM4,738,228 had been charged to a bank for credit facilities granted to a subsidiary as disclosed in Note 15 to the financial statements.

8. INTANGIBLE ASSET

(a) Intangible asset represents goodwill and its movement is as follows:

	Group	
	2017 RM	2016 RM
At 1 August 2016/2015	-	2,721,950
Impairment loss	-	(2,721,950)
At 31 July 2017/2016	-	-

(b) Goodwill arising from business combination has been allocated to a Malaysian operating segment which represents an individual cash-generating unit ("CGU").

For the purpose of impairment testing, goodwill was allocated to the CGU which represents the lowest level within the Group at which the goodwill is monitored for internal management purposes.

The recoverable amounts of the CGU had been determined based on value in use calculations using cash flow projections from financial budgets approved by management covering a five-year period. The pre-tax discount rate applied to the cash flow projections and the forecasted growth rate used to extrapolate cash flows for the five years period was as follows:

	Group	
	2017 %	2016 %
Growth rate	-	9
Pre-tax discount rate	-	8

8. INTANGIBLE ASSETS (Cont'd)

(b) Goodwill arising from business combination has been allocated to a Malaysian operating segment which represents an individual cash-generating unit ("CGU") (Cont'd)

The calculations of value in use for the CGU were most sensitive to the following assumptions:

(i) Growth rates

The forecasted growth rates were based on historical growth rate of the CGU.

(ii) Pre-tax discount rate

Discount rate reflects the WACC of the Group.

(c) In the previous financial year, an impairment loss on goodwill amounting to RM2,721,950 relating to a subsidiary, HongLee Group (M) Sdn. Bhd., had been recognised as the recoverable amount was less than the carrying amount.

9. INVESTMENTS

(a) Investments in subsidiaries

	Company 2017 RM	Company 2016 RM
Unquoted shares, at cost	54,728,559	59,678,559
Less: Impairment loss	-	(2,721,950)
	54,728,559	56,956,609

(i) The details of the subsidiaries are as follows:

Name of company	Country of incorporation	Effective interest in equity 2017	Effective interest in equity 2016	Principal activities
Formosa Shyen Horng Metal Sdn. Bhd.	Malaysia	100%	100%	Manufacturing and marketing of aluminium billets.
HongLee Group (M) Sdn Bhd. ("HongLee Group")	Malaysia	-	55%	Manufacturing and marketing of all types of aluminium and glass fittings and other related activites.
Subsidiary of HongLee Group				
HongLee Design & Marketing Sdn. Bhd.	Malaysia	-	100%	Dormant

All the subsidiaries are audited by BDO.

(ii) In the previous financial year, the Company recognised an impairment loss of RM2,721,950 in respect of investment in a subsidiary due to declining economic benefits expected from the subsidiary. The recoverable amount was determined based on a value-in-use calculation using cash flow projections based on financial budgets approved by the management covering a five (5)-year period. The discount rate applied to the cash flow projections was eight percent (8%) based on the WACC of the Company.

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9. INVESTMENTS (Cont'd)

(a) Investments in subsidiaries (Cont'd)

(iii) The subsidiary of the Group that has material non-controlling interests ('NCI') is as follows:

	Group 2017	Group 2016
NCI percentage of ownership interest and voting interest (%)	-	45
Carrying amount of NCI (RM)	-	1,923,446
Loss allocated to NCI (RM)	(297,553)	(427,239)

(iv) The summarised financial information before intra-group elimination of the subsidiary that has material NCI as at the end of each reporting period are as follows:

	Group 2017 RM	Group 2016 RM
Assets and liabilities		
Non-current assets	-	7,878,432
Current assets	-	7,136,915
Non-current liabilities	-	(1,373,239)
Current liabilities	-	(9,367,785)
Net assets	-	4,274,323
Results		
Revenue	-	10,907,140
Loss for the financial year	-	(5,898,421)
Total comprehensive loss	-	(5,898,421)
Cash flows used in operating activities	-	(600,462)
Cash flows used in investing activities	-	(38,501)
Cash flows used in financing activities	-	(4,164)
Net decrease in cash and cash equivalents	-	(643,127)
Dividends paid to NCI	-	-

(b) Investment in an associate

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Unquoted shares, at cost	3,000	3,000	3,000	3,000
Share of profit in an associate	439,023	287,143	-	-
	442,023	290,143	3,000	3,000

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9. INVESTMENTS (Cont'd)

(b) Investment in an associate (Cont'd)

(i) The details of the associate are as follows:

Name of company	Country of incorporation	Effective interest in equity 2017	Effective interest in equity 2016	Principal activities
Ringgit Voyage Sdn. Bhd.	Malaysia	30%	30%	Investment holding

The above associate is accounted for using the equity method in the consolidated financial statements.

(ii) The summarised financial information of the associate is as follows:

	Group 2017 RM	Group 2016 RM
Assets and liabilities		
Current assets	1,717,579	9,704,376
Non-current assets	1,759,934	1,263,966
Current liabilities	(2,004,104)	(10,001,200)
Net assets	1,473,409	967,142
Results		
Revenue	-	-
Profit for the financial year	506,267	962,552
Total comprehensive income	506,267	962,552
Cash flows from/(used in) operating activities	13,203	(214)
Net increase/(decrease) in cash and cash equivalents	13,203	(214)

10. INVENTORIES

	Group 2017 RM	Group 2016 RM
At cost		
Raw materials	59,429,699	24,189,663
Work-in-progress	1,514,619	529,647
Stores and spares	1,645,103	884,173
Finished goods	-	1,258,310
	62,589,421	26,861,793

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11. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Trade receivables				
Third parties	27,123,879	26,405,451	-	-
Related parties	3,930,057	6,314,472	-	-
	31,053,936	32,719,923	-	-
Less: Impairment losses				
- Third parties	-	(97,836)	-	-
	31,053,936	32,622,087	-	-
Other receivables				
Amounts owing by subsidiaries	-	-	12,017,658	5,457,658
Amount owing by an associate	600,000	3,000,000	600,000	3,000,000
Other receivables	2,650,533	1,370,499	-	-
Deposits	16,890	150,513	1,000	1,000
	3,267,423	4,521,012	12,618,658	8,458,658
Loans and receivables	34,321,359	37,143,099	12,618,658	8,458,658
Prepayments				
Prepayments	3,647,297	1,444,552	-	-
	37,968,656	38,587,651	12,618,658	8,458,658

(a) The credit terms of trade receivables ranged from 14 days to 180 days (2016: 7 days to 180 days) from the date of invoice. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

(b) Amounts owing by subsidiaries and an associate represent advances and payments made on behalf, which are unsecured, interest-free and payable upon demand in cash and cash equivalents.

(c) Included in other receivables of the Group is Goods and Services Tax Input Tax Credit amounting to RM2,550,641 (2016: RM1,366,250).

(d) Included in prepayments of the Group are advance payments to overseas suppliers amounting to RM3,537,172 (2016: RM1,295,218).

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

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Ringgit Malaysia	27,819,116	32,880,222	12,618,658	8,458,658
US Dollar	10,149,540	5,682,468	-	-
Singapore Dollar	-	24,961	-	-
	37,968,656	38,587,651	12,618,658	8,458,658

11. TRADE AND OTHER RECEIVABLES (Cont'd)

(f) The aging analysis of trade receivables are as follows:

	Group 2017 RM	Group 2016 RM
Neither past due nor impaired	27,451,833	27,725,772
Past due, not impaired:		
- 31 to 60 days	3,310,893	4,268,991
- 61 to 90 days	288,793	473,595
- 91 to 120 days	2,036	44,603
- more than 120 days	381	109,126
	3,602,103	4,896,315
Past due and impaired	-	97,836
	31,053,936	32,719,923

(g) None of the trade receivables of the Group that are neither past due nor impaired have been renegotiated during the financial year.

The credit quality of trade receivables that are neither past due nor impaired as at the end of reporting period were assessed by reference to past payment trends of the receivables.

(h) Trade receivables that are past due but not impaired mainly arose from customers where the Group has healthy business relationships with, whereby management is of the view that the amounts are recoverable based on payment history.

The trade receivables of the Group that are past due but not impaired are unsecured in nature.

(i) Trade receivables that are past due and impaired at the end of each reporting period are as follows:

	Group Individually impaired 2017 RM	2016 RM
Trade receivables, gross	-	97,836
Less: Impairment losses	-	(97,836)
	-	-

(j) The reconciliation of movement in the impairment loss is as follows:

	Group 2017 RM	Group 2016 RM
At 1 August 2016/2015	97,836	87,244
Charge for the financial year	-	33,810
Reversal of impairment loss	(32,055)	(23,218)
Disposal of a subsidiary	(65,781)	-
At 31 July 2017/2016	-	97,836

(k) Information on financial risks of trade and other receivables is disclosed in Note 36 to the financial statements.

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12. CASH AND BANK BALANCES

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Deposits with licensed banks	3,523,257	17,407,171	-	-
Cash and bank balances	4,228,403	7,854,742	17,403	47,943
	7,751,660	25,261,913	17,403	47,943

(a) The currency exposure profile of cash and bank balances are as follows:

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Ringgit Malaysia	6,861,980	22,123,803	17,403	47,943
US Dollar	881,263	3,109,639	-	-
Others	8,417	28,471	-	-
	7,751,660	25,261,913	17,403	47,943

(b) Information on financial risks of cash and bank balances is disclosed in Note 36 to the financial statements.

13. SHARE CAPITAL

	Group and Company			
	2017		2016	
	Number of shares	RM	Number of shares	RM
Issued and fully paid up ordinary shares				
At beginning/end of the financial year	120,000,000	60,000,000	120,000,000	60,000,000

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company and are entitled to one (1) vote per ordinary share at general meeting of the Company as prescribed in the Articles of Association of the Company. All ordinary shares rank pari passu with regard to the residual assets of the Company.

Upon effective date of the Companies Act 2016 of 31 January 2017, the concept of authorised and par value of share capital is no longer applicable.

14. RESERVES

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Distributable				
Retained earnings	54,345,074	41,747,634	7,132,269	5,245,360

15. BORROWINGS

	Group 2017 RM	Group 2016 RM
Current liabilities		
Bankers' acceptances	-	260,000
Foreign currency loans	21,221,069	20,483,260
Term loans	-	195,344
	21,221,069	20,938,604
Non-current liabilities		
Term loans	-	1,373,239
	21,221,069	22,311,843
Total borrowings		
Bankers' acceptances	-	260,000
Foreign currency loans	21,221,069	20,483,260
Term loans	-	1,568,583
	21,221,069	22,311,843

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

	Group 2017 RM	Group 2016 RM
Ringgit Malaysia	-	1,828,583
US Dollar	21,221,069	20,483,260
	21,221,069	22,311,843

(b) All short term borrowings of the subsidiary are secured by a corporate guarantee from the Company.

(c) In the previous financial year, term loans were secured by:

(i) a corporate guarantee from the Company; and

(ii) a charge over a subsidiary's freehold land and buildings with a carrying amount of RM4,738,228 as disclosed in Note 7 to the financial statements.

(d) In the previous financial year, the term loans were repayable in 120 monthly installments, which commenced on 1 August 2013.

(e) Information on financial risks of borrowings is disclosed in Note 36 to the financial statements.

16. DEFERRED TAX LIABILITIES

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

	Group 2017 RM	Group 2016 RM
Balance as at 1 August 2016/2015	4,910,480	6,623,200
Recognised in profit or loss:		
- continued operation (Note 25)	276,220	(1,484,828)
- discontinued operation (Note 26)	-	(227,892)
Balance as at 31 July 2017/2016	5,186,700	4,910,480
Presented after appropriate offsetting:		
Deferred tax assets	(137,672)	(100,224)
Deferred tax liabilities	5,324,372	5,010,704
	5,186,700	4,910,480

(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**	**Other taxable temporary differences RM**	**Total RM**
At 1 August 2016	4,886,106	124,598	5,010,704
Recognised in profit or loss	203,706	109,962	313,668
At 31 July 2017	5,089,812	234,560	5,324,372
At 1 August 2015	6,648,747	-	6,648,747
Recognised in profit or loss	(1,762,641)	124,598	(1,638,043)
At 31 July 2016	4,886,106	124,598	5,010,704

Deferred tax assets of the Group	**Other deductible temporary differences RM**	**Total RM**
At 1 August 2016	100,224	100,224
Recognised in profit or loss	37,448	37,448
At 31 July 2017	137,672	137,672
At 1 August 2015	25,547	25,547
Recognised in profit or loss	74,677	74,677
At 31 July 2016	100,224	100,224

17. TRADE AND OTHER PAYABLES

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Trade payables				
Third parties	13,800,669	9,925,474	-	-
Related party	-	799,404	-	-
	13,800,669	10,724,878	-	-
Other payables				
Other payables	6,235,350	8,690,420	3,351	9,850
Accruals	2,208,325	2,087,981	232,000	211,000
Amount owing to a related party	-	1,812,000	-	-
	8,443,675	12,590,401	235,351	220,850
	22,244,344	23,315,279	235,351	220,850

(a) Trade payables are non-interest bearing and the normal credit terms granted to the Group ranged from 7 days to 60 days (2016: 7 days to 60 days).

(b) In the previous financial year, amount owing to a related party represented advances received which were unsecured, interest-free and payable upon demand in cash and cash equivalents.

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

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Ringgit Malaysia	9,701,587	15,954,771	235,351	220,850
US Dollar	12,542,757	7,360,508	-	-
	22,244,344	23,315,279	235,351	220,850

(d) Information on financial risks of trade and other payables is disclosed in Note 36 to the financial statements.

18. DERIVATIVE FINANCIAL (LIABILITIES)/ASSETS

	2017			2016		
Group	Contract/ Notional amount RM	Assets RM	Liabilities RM	Contract/ Notional amount RM	Assets RM	Liabilities RM
Commodity future contracts	-	-	-	666,570	-	(4,182)
Forward currency contracts	5,245,817	-	(32,526)	7,220,425	98,974	-
	5,245,817	-	(32,526)	7,886,995	98,974	(4,182)

(a) Commodity future contracts

In the previous financial year, the Group had entered into commodity future contracts with the objectives of hedging the Group's exposure to adverse price movements in aluminum. The commodity future contracts had maturity dates that coincide with the expected occurrence of these transactions. The fair value of these contracts had been determined based on the difference between the contract value and fair value of the underlying commodity as at the end of the reporting period.

18. DERIVATIVE FINANCIAL (LIABILITIES)/ASSETS (Cont'd)

(b) Forward currency contracts

Forward currency contracts have been entered into, to operationally hedge forecast sales and purchases denominated in foreign currencies that are expected to occur at various dates within three (3) months from the end of the reporting period. The forward currency contracts have maturity dates that coincide with the expected occurrence of these transactions. The fair value of these components has been determined based on the difference between the contract value and fair value of the underlying currencies at the end of the reporting period.

(c) During the financial year, the Group recognised a total loss of RM127,318 (2016: gain of RM330,970) as disclosed in Note 24 to the financial statements arising from fair value changes of derivatives.

(d) The methods and assumptions applied in determining the fair values of derivatives are disclosed in Note 35(c) to the financial statements.

19. REVENUE

	Group		Company	
Continuing operations	**2017 RM**	**2016 RM**	**2017 RM**	**2016 RM**
Sale of goods	455,467,054	472,937,339	-	-
Dividend income	-	-	6,000,000	3,750,000
	455,467,054	472,937,339	6,000,000	3,750,000

20. COST OF SALES

	Group	
Continuing operations	**2017 RM**	**2016 RM**
Included in cost of sales is:		
Inventories sold	386,804,915	405,123,996

21. OTHER INCOME

		Group	
Continuing operations	**Note**	**2017 RM**	**2016 RM**
Interest income		694,195	353,105
Gain on disposal of property, plant and equipment		33,532	-
Gain on disposal of a subsidiary	32(b)	118,199	-
Realised gain on foreign exchange		743,589	799,656
Unrealised gain on foreign exchange		77,470	-
Insurance recovery		-	706,204
Sundry income		42,311	10,400
		1,709,296	1,869,365

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22. OTHER EXPENSES

Continuing operations	Note	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
Deposits written off		45,700	-	-	-
Impairment loss on investment in a subsidiary	9(a)	-	-	-	2,721,950
Loss on disposal of a subsidiary	32(b)	-	-	122,650	-
Property, plant and equipment written off		398,910	1,309,830	-	-
Unrealised loss on foreign exchange		-	417,600	-	-
		444,610	1,727,430	122,650	2,721,950

23. FINANCE COSTS

Continuing operations	Group 2017 RM	Group 2016 RM
Interest expenses on:		
- bankers' acceptances	-	125,521
- foreign currency loans	575,228	390,151
- bank overdraft	82	439
	575,310	516,111

24. PROFIT BEFORE TAX

Other than those disclosed elsewhere in the financial statements, the profit before tax is arrived at:

Continuing operations	Note	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
After charging:					
Auditors' remuneration:					
Statutory					
- current year		67,000	60,000	11,000	10,000
- over provision in prior years		-	(10,500)	-	(12,500)
Non-statutory					
- current year		5,000	5,000	5,000	5,000
- over provision in prior years		-	(3,000)	-	(3,000)
Depreciation of property, plant and equipment		5,330,150	5,176,170	-	-
Directors' remuneration:					
Fees:					
- paid by the Company		216,000	196,000	216,000	196,000
Other emoluments:					
- paid by the Company		28,000	50,377	28,000	50,377
- paid by a subsidiary		1,296,073	1,188,940	-	-
Fair value loss on derivative instruments	18(c)	127,318	-	-	-
Rental of:					
- hostel		17,610	22,880	-	-
- machinery		1,060,950	1,053,770	-	-
- meeting room		-	1,813	-	1,813
- office equipment		3,108	3,367	-	-

24. PROFIT BEFORE TAX (Cont'd)

Other than those disclosed elsewhere in the financial statements, the profit before tax is arrived at: (Cont'd)

Continuing operations	Note	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
And crediting:					
Dividend income received from a subsidiary	19	-	-	6,000,000	3,750,000
Fair value gain on derivative instruments	18(c)	-	330,970	-	-

The estimated monetary value of benefits-in-kind received by the Directors otherwise than in cash from the Group amounted to RM36,300 (2016: RM26,200).

25. TAXATION

Continuing operations	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
Current tax expense based on profit for the financial year:				
- current year	3,303,600	1,692,077	-	-
- under-provision in prior years	33,139	31,414	-	-
	3,336,739	1,723,491	-	-
Deferred tax (Note 16)				
- current year	233,400	(541,582)	-	-
- under/(over)-provision in prior years	42,820	(943,246)	-	-
	276,220	(1,484,828)	-	-
	3,612,959	238,663	-	-

(a) The Malaysian income tax is calculated at the statutory tax rate of 24% (2016: 24%) of the estimated taxable profit for the fiscal year.

(b) The numerical reconciliation between the tax expense and the product of accounting profit multiplied by the applicable tax rate of the Group and of the Company are as follows:

Continuing operations	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
Tax at Malaysian statutory tax rate of 24% (2016: 24%)	4,829,778	4,580,268	1,316,858	153,799
Tax effects in respect of:				
Non-allowable expenses	323,412	237,018	123,142	746,201
Non-taxable income	(109,459)	(48,509)	(1,440,000)	(900,000)
Tax incentives	(1,506,731)	(3,618,282)	-	-
	3,537,000	1,150,495	-	-
Under/(Over)-provision in prior years:				
- Current tax	33,139	31,414	-	-
- Deferred tax	42,820	(943,246)	-	-
	3,612,959	238,663	-	-

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26. DISCONTINUED OPERATIONS

(a) On 2 February 2017, the Company disposed of its entire equity interest in a subsidiary, HongLee Group (M) Sdn. Bhd., a company incorporated in Malaysia which is engaged in manufacturing and marketing of all types of aluminium and glass fittings and other related activities for a cash consideration of RM2,105,400 as disclosed in Note 32 to the financial statements.

(b) An analysis of the results of the discontinued operations are as follows:

	Group	
	2017 RM	**2016 RM**
Revenue	6,761,503	10,907,140
Cost of sales	(4,579,427)	(6,840,601)
Gross profits	2,182,076	4,066,539
Other income	97,678	67,326
Marketing and distribution expenses	(790,919)	(1,725,634)
Administration expenses	(1,710,525)	(3,172,165)
Other expenses	(188,020)	(2,828,116)
Finance costs	(35,908)	(77,407)
Loss before tax	(445,618)	(3,669,457)
Taxation	(165,611)	234,086
Loss for the financial year	(611,229)	(3,435,371)

(i) Cost of sales from discontinued operations

Included in cost of sales is:

	Group	
	2017 RM	**2016 RM**
Inventories sold	3,011,127	5,037,133

(ii) Other income from discontinued operations

	Group	
	2017 RM	**2016 RM**
Interests income	3,069	8,836
Bad debt recovery interest	2,522	-
Realised gain on foreign exchange	32	-
Reversal of impairment losses on trade receivables	32,055	23,218
Dealership fees	60,000	30,000
Insurance recovery	-	3,272
Sundry income	-	2,000
	97,678	67,326

26. DISCONTINUED OPERATIONS (Cont'd)

(b) An analysis of the results of the discontinued operations are as follows: (Cont'd)

(iii) Other expenses from discontinued operations

	Group 2017 RM	Group 2016 RM
Deposit written off	-	36,000
Impairment loss on:		
- goodwill on acquisition	-	2,721,950
- trade receivables	-	33,810
Loss on disposal of property, plant and equipment	122,256	29,223
Property, plant and equipment written off	65,764	7,133
	188,020	2,828,116

(iv) Finance costs from discontinued operations

	Group 2017 RM	Group 2016 RM
Interest expense on:		
- bankers' acceptances	2,166	3,933
- term loans	33,742	73,474
	35,908	77,407

(v) Loss before tax from discontinued operations

Other than those disclosed elsewhere in the financial statements, the loss before tax is arrived at:

	Group 2017 RM	Group 2016 RM
After charging:		
Auditors' remuneration:		
- current year	6,000	14,000
- under/(over) provision in prior year	500	(20,600)
Depreciation of property, plant and equipment	326,398	818,693
Directors' emoluments other than fees	205,998	428,159
Rental of:		
- office equipment	2,900	3,520
- hostel	21,690	36,890
- showroom	110,010	227,520

(vi) Employee benefits from discontinued operations

	Group 2017 RM	Group 2016 RM
Salaries, bonuses and wages	1,789,764	3,161,188
Contributions to defined contribution plan	114,149	233,261
Social security contributions	13,862	25,128
	1,917,775	3,419,577

26. DISCONTINUED OPERATIONS (Cont'd)

(b) An analysis of the results of the discontinued operations are as follows: (Cont'd)

(vii) Tax expense from discontinued operations

	Group 2017 RM	Group 2016 RM
Current tax expense based on profit for the financial year:		
- current year	-	-
- under/(over)-provision in prior years	165,611	(6,194)
	165,611	(6,194)
Deferred tax (Note 16)		
- current year	-	(99,402)
- over-provision in prior years	-	(128,490)
	-	(227,892)
	165,611	(234,086)

(c) Cash flows attributable to the discontinued operations are as follows:

	Group 2017 RM	Group 2016 RM
Inflow/(Outflow):		
Operating activities	715,109	(600,462)
Investing activities	771,088	(38,501)
Financing activities	(338,283)	(4,164)
	1,147,914	(643,127)

27. EARNINGS PER SHARE

(a) Basic

Basic earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	Group 2017	Group 2016
Profit from continuing operations attributable to equity holders of the parent (RM)	16,511,116	18,845,788
Loss from discontinued operations attributable to equity holders of the parent (RM)	(313,676)	(3,008,132)
Profit attributable to equity holders of the parent (RM)	16,197,440	15,837,656
Weighted average number of ordinary shares	120,000,000	120,000,000
Basic earnings per ordinary share (sen) for:		
Profit from continuing operations	13.76	15.70
Loss from discontinued operations	(0.26)	(2.50)
Profit for the financial year	13.50	13.20

(b) Diluted

Diluted earnings per ordinary share equals basic earnings per ordinary share as there are no potential dilutive equity instruments.

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28. DIVIDENDS

	Group and Company			
	2017		2016	
	Dividend per share Sen	Amount of dividend RM	Dividend per share Sen	Amount of dividend RM
First and final single tier dividend paid in respect of financial year ended 31 July 2016/2015	3.00	3,600,000	2.25	2,700,000

A first and final single tier dividend in respect of the financial year ended 31 July 2016 of 3.00 sen per ordinary share, amounting to RM3,600,000 was approved by the shareholders at the Annual General Meeting held on 7 December 2016. The dividend was paid on 21 December 2016 and had been accounted for as an appropriation of retained earnings during the financial year ended 31 July 2017.

The Directors proposed a first and final single tier dividend of 3.25 sen per ordinary share, amounting to RM3,900,000 in respect of the financial year ended 31 July 2017, subject to the approval of members at the forthcoming Annual General Meeting.

29. EMPLOYEE BENEFITS

	Group		Company	
Continuing operations	2017 RM	2016 RM	2017 RM	2016 RM
Salaries, bonuses and wages	8,409,541	8,009,188	-	25,788
Contributions to defined contribution plan	473,497	456,582	-	3,354
Social security contributions	54,575	48,243	-	260
Other benefits	581,782	637,832	28,000	31,000
	9,519,395	9,151,845	28,000	60,402

Included in the employee benefits of the Group and of the Company are Executive Directors' remuneration amounting to RM1,324,073 (2016: RM1,239,318) and RM 28,000 (2016: RM50,377) respectively.

30. COMMITMENTS

(a) Operating lease commitments

The Group had entered into non-cancellable lease agreements for machinery, staff hostel and showroom premises resulting in future rental commitments which can, subject to certain terms in the agreements, be revised annually based on prevailing market rate.

	Group	
	2017 RM	2016 RM
Not later than one (1) year	216,368	445,626
Later than one (1) year and not later than five (5) years	320,957	589,644
	537,325	1,035,270

30. COMMITMENTS (Cont'd)

(b) Capital commitments

	Group 2017 RM	Group 2016 RM
Capital expenditure in respect of purchase of property, plant and equipment:		
- Approved and contracted for	5,039,671	855,000
- Approved but not contracted for	4,974,672	9,912,710
	10,014,343	10,767,710

31. CONTINGENT LIABILITIES – UNSECURED

	Company 2017 Limit RM	Company 2017 Utilised RM	Company 2016 Limit RM	Company 2016 Utilised RM
Corporate guarantees given to:				
- financial institutions for banking facilities utilised to a subsidiary	#	21,221,069	#	20,483,260
- financial institutions for banking facilities utilised to a subsidiary which was disposed on 2 February 2017*	4,895,000	1,486,364	4,895,000	1,828,583
- third parties for the supply of goods to a subsidiary which was disposed on 2 February 2017	-	-	-	10,749
		22,707,433		22,322,592

The Company provided corporate guarantee for banking facilities granted to a subsidiary with a limit of RM88,000,000 and USD5,000,000 (2016: RM88,000,000 and USD5,000,000).

* The Company provided corporate guarantee for banking facilities granted to HongLee Group (M) Sdn. Bhd., which was disposed on 2 February 2017. The corporate guarantee is in the midst of being discharged.

The Directors are of the view that the chances of the financial institutions to call upon the corporate guarantees are remote in view of the financial strength of the Group.

32. DISPOSAL OF A SUBSIDIARY

On 2 February 2017, the Company disposed of its entire equity interest in a subsidiary, HongLee Group (M) Sdn. Bhd., a company incorporated in Malaysia which is engaged in manufacturing and marketing of all types of aluminium and glass fittings and other related activities for a cash consideration of RM2,105,400 as disclosed in Note 26 to the financial statements.

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32. DISPOSAL OF A SUBSIDIARY (Cont'd)

Effects of disposal of the HongLee (M) Sdn. Bhd. are disclosed below:

(a) Carrying amounts of the identifiable assets and liabilities of HongLee (M) Sdn. Bhd. as at the date of disposal are as follows:

	2017 RM
Property, plant and equipment (Note 7)	7,360,877
Inventories	3,658,944
Trade and other receivables	1,026,733
Cash and bank balances	1,705,423
Total identifiable assets	13,751,977
Trade and other payables	(8,581,349)
Current tax liabilities	(31,326)
Bank borrowings	(1,526,208)
Total identifiable liabilities	(10,138,883)
Total identifiable net assets	3,613,094

(b) (Gain)/Loss on disposal of the HongLee (M) Sdn. Bhd. during the financial year is as follows:

	Group RM	Company RM
Cost of investment	-	2,228,050
Total identifiable assets	13,751,977	-
Total identifiable liabilities	(10,138,883)	-
Total identifiable net assets/carrying amount	3,613,094	2,228,050
Less: Non-controlling interest	(1,625,893)	-
Total identifiable net assets and reserve	1,987,201	2,228,050
Less: Net proceeds from disposal	(2,105,400)	(2,105,400)
(Gain)/Loss on disposal	(118,199)	122,650

(c) Effects of disposal of the HongLee (M) Sdn. Bhd. on cash flows are as follows:

	Group RM	Company RM
Deemed disposal consideration for the subsidiary disposed of, in cash	2,105,400	2,105,400
Less: Cash and cash equivalents disposed of	(1,705,423)	-
Net cash inflow on disposal	399,977	2,105,400

33. 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 direct subsidiaries.

(b) In addition to the transactions and balances detailed elsewhere in the financial statements, the Group had the following transactions with related parties during the financial year as follows:

	Group	
	2017 RM	2016 RM
With related parties in which a Director has substantial financial interests:		
Formosa Shyen Horng Metal Sdn. Bhd.		
- Sales to LB Aluminium Berhad	85,661,954	30,772,463
- Sales to LB Aluminium (Sarawak) Sdn. Bhd.	11,204,005	4,795,929
HongLee Group (M) Sdn. Bhd. (Ceased as a subsidiary on 2 February 2017)		
- Purchase from LB Aluminium Berhad	544,495	1,250,262
- Sales to LB Aluminium Berhad	27,438	32,038
With related party in which certain Directors of a subsidiary has substantial financial interests:		
HongLee Group (M) Sdn. Bhd. (Ceased as a subsidiary on 2 February 2017)		
- Rental paid/payable to Apresi Sdn. Bhd.	72,000	84,000

The related parties transactions described above were carried out in the normal course of business and have been established under negotiated and mutually agreed terms.

(c) Compensation of key management personnel

Key management personnel are those persons having the 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 Group and the Company.

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

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Directors of the Company:				
Non-executive Directors				
Director fees	156,000	136,000	156,000	136,000
Other benefit	20,000	21,000	20,000	21,000
	176,000	157,000	176,000	157,000
Executive Directors				
Director fees	60,000	60,000	60,000	60,000
Short term employee benefits	1,145,500	1,105,636	-	17,910
Contributions to defined contribution plan	150,573	102,681	-	1,467
Other benefit	8,000	10,000	8,000	10,000
	1,364,073	1,278,317	68,000	89,377

33. RELATED PARTY DISCLOSURES (Cont'd)

(c) Compensation of key management personnel (Cont'd)

The remuneration of Directors and other key management personnel during the financial year was as follows: (Cont'd)

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Directors of the subsidiaries:				
Executive Directors				
Short term employee benefits	184,550	387,250	-	-
Contributions to defined contribution plan	21,448	40,909	-	-
	205,998	428,159	-	-
Total Directors' remuneration	1,746,071	1,863,476	244,000	246,377
Other key management personnel:				
Short term employee benefits	2,085,840	2,665,714	-	7,878
Contributions to defined contribution plan	151,903	250,249	-	2,147
Other benefit	17,388	17,161	-	-
	2,255,131	2,933,124	-	10,025
Total compensation of key management personnel	4,001,202	4,796,600	244,000	256,402

34. OPERATING SEGMENTS

The Group is principally engaged in investment holding, manufacturing and marketing of aluminium billets and manufacturing and marketing of all types of aluminium and glass fittings and other related activities. The manufacturing and marketing of all types of aluminium and glass fittings and other related activities were reclassified as discontinued operations as a result of the disposal of a subsidiary as disclosed in Note 26 to the financial statements.

The Group has arrived at two reportable segments that are organised and managed separately according to geographical areas, which require different business and marketing strategies. The reportable segments are Malaysia and South East Asia other than Malaysia.

The accounting policies of operating segments are the same as those described in the summary of significant accounting policies.

The Group evaluates performance on the basis of profit before tax.

Revenue information is based on the geographical location of its customers.

Segment assets exclude tax assets and derivative financial assets. Segment assets and capital expenditure are based on the geographical location of assets.

Segment liabilities exclude tax liabilities, derivative financial liabilities, loans and borrowings that are managed under a centralised treasury function.

34. OPERATING SEGMENTS (Cont'd)

	Malaysia RM	South East Asia other than Malaysia RM	Others RM	Total RM
2017				
Revenue				
Total revenue	322,394,863	98,151,726	47,681,968	468,228,557
Inter-segment revenue	(6,000,000)	-	-	(6,000,000)
Revenue from external customers	316,394,863	98,151,726	47,681,968	462,228,557
Revenue from external customers for discontinued operations (Note 26)	(6,526,134)	(235,369)	-	(6,761,503)
Revenue from external customers from continued operations (Note 19)	309,868,729	97,916,357	47,681,968	455,467,054
Interest income				697,264
Interest expense				(611,218)
Net interest income				86,046
Results				
Segment operating profit before tax	23,078,981	1,758,683	943,682	25,781,346
Inter-segment profit	(5,809,151)	-	-	(5,809,151)
Share of profit of an associate, net of tax	151,880	-	-	151,880
Total profit for reportable segment from continued operation	17,421,710	1,758,683	943,682	20,124,075
Loss from discontinued operation (Note 26)				(611,229)
Tax expense				(3,612,959)
Profit for the financial year of the Group per consolidated profit or loss and other comprehensive income				15,899,887
Assets				
Segment assets	156,565,921	4,515,385	2,096,984	163,178,290
Investment in an associate	442,023	-	-	442,023
Assets of the Group per consolidated statement of financial position	157,007,944	4,515,385	2,096,984	163,620,313
Liabilities				
Segment liabilities	22,244,344	-	-	22,244,344
Unallocated liabilities:				
- Borrowings				21,221,069
- Deferred tax liabilities				5,186,700
- Current tax liabilities				590,600
- Derivatives financial liabilities				32,526
Liabilities of the Group per consolidated statement of financial position				49,275,239
Other information				
Capital expenditure				5,640,352
Depreciation of property, plant and equipment				(5,656,548)
Fair value loss on derivative instruments				(127,318)

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34. OPERATING SEGMENTS (Cont'd)

	Malaysia RM	South East Asia other than Malaysia RM	Others RM	Total RM
2016				
Revenue				
Total revenue	341,547,710	90,540,286	55,506,483	487,594,479
Inter-segment revenue	(3,750,000)	-	-	(3,750,000)
Revenue from external customers	337,797,710	90,540,286	55,506,483	483,844,479
Revenue from external customers for discontinued operations (Note 26)	(10,468,512)	(438,628)	-	(10,907,140)
Revenue from external customers for continued operations (Note 19)	327,329,198	90,101,658	55,506,483	472,937,339
Interest income				361,941
Interest expense				(593,518)
Net interest income				(231,577)
Results				
Segment operating profit before tax	17,632,290	1,429,641	999,427	20,061,358
Inter-segment profit	(1,264,050)	-	-	(1,264,050)
Share of profit of an associate, net of tax	287,143	-	-	287,143
Total profit for reportable segment from continued operation	16,655,383	1,429,641	999,427	19,084,451
Loss from discontinued operation (Note 26)				(3,435,371)
Tax expense				(238,663)
Profit for the financial year of the Group per consolidated profit or loss and other comprehensive income				15,410,417
Assets				
Segment assets	150,950,015	2,192,969	740,476	153,883,460
Investment in an associate	290,143	-	-	290,143
Total assets for reportable segment	151,240,158	2,192,969	740,476	154,173,603
Unallocated assets:				
- Derivative financial assets				98,974
- Current tax assets				99,165
Assets of the Group per consolidated statement of financial position				154,371,742
Liabilities				
Segment liabilities	23,315,279	-	-	23,315,279
Unallocated liabilities:				
- Borrowings				22,311,843
- Deferred tax liabilities				4,910,480
- Current tax liabilities				158,878
- Derivatives financial liabilities				4,182
Liabilities of the Group per consolidated statement of financial position				50,700,662

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34. OPERATING SEGMENTS (Cont'd)

	Malaysia RM	South East Asia other than Malaysia RM	Others RM	Total RM
2016				
Other information				
Capital expenditure				3,149,310
Depreciation of property, plant and equipment				(5,994,863)
Fair value gain on derivative instruments				330,970

(a) Major customers

The following is a major customer with revenue equal or more than ten percent (10%) of Group revenue:

	Revenue 2017 RM	Revenue 2016 RM	Segment
Customer A	85,661,954	72,504,102	Malaysia

35. FINANCIAL INSTRUMENTS

(a) Capital management

The primary objective of the capital management of the Group is to ensure that the Group would be able to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholders' value. The overall strategy of the Group remains unchanged from that in the financial year ended 31 July 2016.

The Group manages its capital structure and makes adjustments to it in response to changes in the economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 31 July 2017 and 31 July 2016.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital. The Group includes within net debt, borrowings less cash and bank balances. Capital represents equity attributable to the owners of the parents.

	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
Borrowings	21,221,069	22,311,843	-	-
Less: Cash and bank balances	(7,751,660)	(25,261,913)	(17,403)	(47,943)
Net debt/(cash)	13,469,409	(2,950,070)	(17,403)	(47,943)
Total capital	114,345,074	101,747,634	67,132,269	65,245,360
Gearing ratio (%)	12	*	*	*

* Gearing ratio is not applicable as the Group and the Company are at net cash position.

Pursuant to the requirements of Practice Note No. 17/2005 of the Bursa Malaysia Securities Berhad, the Group is required to maintain a consolidated shareholders' equity equal to or not less than twenty-five percent (25%) of the issued and paid-up capital (excluding treasury shares) and such shareholders' equity is not less than RM40.0 million. The Company has complied with this requirement for the financial year ended 31 July 2017.

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35. FINANCIAL INSTRUMENTS (Cont'd)

(b) Categories of financial instruments

	Group		Company	
	2017 RM	**2016 RM**	**2017 RM**	**2016 RM**
Financial assets				
Loans and receivables				
Trade and other receivables, net of prepayment	34,321,359	37,143,099	12,618,658	8,458,658
Cash and bank balances	7,751,660	25,261,913	17,403	47,943
	42,073,019	62,405,012	12,636,061	8,506,601
Fair value through profit or loss				
Derivative financial assets	-	98,974	-	-
Financial liabilities				
Other financial liabilities				
Trade and other payables	22,244,344	23,315,279	235,351	220,850
Borrowings	21,221,069	22,311,843	-	-
	43,465,413	45,627,122	235,351	220,850
Fair value through profit or loss				
Derivative financial liabilities	32,526	4,182	-	-

(c) Methods and assumptions used to estimate fair values

The fair values of financial assets and financial liabilities are determined as follows:

(i) Financial instruments that are not carried at fair value and whose carrying amounts are a reasonable approximation of fair value

The carrying amounts of financial assets and financial liabilities, such as trade and other receivables, trade and other payables and borrowings, are reasonable approximation of fair value, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

The carrying amounts of the current portion of borrowings are reasonable approximation of fair value due to the insignificant impact of discounting.

(ii) Fixed rate foreign currency loan

The fair value of fixed rate foreign currency loan is estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the end of the reporting period.

(iii) Derivatives

The fair values of derivative instruments are estimated amounts that the Group would expect to pay or receive on the termination of the outstanding positions as at the end of the reporting period arising from such contracts and is determined based on the difference between the contract value and fair value of the underlying currency as at the end of the reporting period.

The commodities future instruments were entered into with the objective of managing and hedging the exposure of the Group to adverse price movements in aluminium commodities. The fair value of commodities future instruments have been determined based on published market prices.

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35. FINANCIAL INSTRUMENTS (Cont'd)

(d) Fair value hierarchy

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 fair value measurements are those derived from inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at 31 July 2017, the Group held the following financial instruments carried at fair value on the statements of financial position:

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
Group	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	RM	RM
2017										
Financial liabilities										
Fair value through profit or loss										
- Forward currency contracts	-	(32,526)	-	(32,526)	-	-	-	-	(32,526)	(32,526)
Other financial liabilities										
- Foreign currency loan	-	(21,221,069)	-	(21,221,069)	-	-	-	-	(21,221,069)	(21,221,069)
2016										
Financial assets										
Fair value through profit or loss										
- Forward currency contracts	-	98,974	-	98,974	-	-	-	-	98,974	98,974
Financial liabilities										
Fair value through profit or loss										
- Commodity future contracts	(4,182)	-	-	(4,182)	-	-	-	-	(4,182)	(4,182)
Other financial liabilities										
- Foreign currency loan	-	(20,483,260)	-	(20,483,260)	-	-	-	-	(20,483,260)	(20,483,260)

There were no transfers between Level 1 and Level 2 fair value measurements during the financial years ended 31 July 2017 and 31 July 2016.

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The financial risk management objective of the Group is to optimise value creation for shareholders whilst minimising the potential adverse impact arising from fluctuations in interest rate and foreign currency exchange 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 and adherence to the financial risk management policies of the Group. The Group is exposed mainly to interest rate risk, foreign currency risk, credit risk, liquidity and cash flow risk and price fluctuation risk. Information on the management of the related exposures is detailed below.

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

(a) Interest rate risk

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

The exposure of the Group to interest rate risk arises primarily from their borrowings. The Group regularly reviews and ensure that it obtains bank borrowings at competitive rates under the most favourable terms and conditions.

<u>Sensitivity analysis for interest rate risk</u>

The following table demonstrates the sensitivity analysis of the Group if interest rates at the end of each reporting period changed by fifty (50) basis points with all other variables held constant:

	Group	
Profit after tax	**2017 RM**	**2016 RM**
- Increase by 0.5% (2016: 0.5%)	(88,489)	(23,223)
- Decrease by 0.5% (2016: 0.5%)	88,489	23,223

The sensitivity is higher in 2017 than 2016 because of the overall decrease in deposits with licensed banks is higher than the decrease in outstanding borrowings during the financial year. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

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

Group	Note	Weighted average effective interest rate %	Within 1 year RM	1 - 2 years RM	2 - 3 years RM	3 - 4 years RM	4 - 5 years RM	More than 5 years RM	Total RM
At 31 July 2017									
Fixed rate									
Deposits with licensed banks	12	2.83	3,523,257	-	-	-	-	-	3,523,257
Foreign currency loans	15	1.94	21,221,069	-	-	-	-	-	21,221,069
At 31 July 2016									
Fixed rate									
Deposits with licensed banks	12	2.80	17,407,171	-	-	-	-	-	17,407,171
Bankers' acceptances	15	3.98	260,000	-	-	-	-	-	260,000
Foreign currency loan	15	1.30	20,483,260	-	-	-	-	-	20,483,260
Floating rate									
Term loans	15	4.45	195,344	204,215	213,491	223,085	233,320	499,128	1,568,583

(b) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument would fluctuate because of changes in foreign exchange rates.

Transactional currency exposures mainly arise from sales to overseas customers. These sales are priced in Ringgit Malaysia but invoiced in US Dollar ("USD"). The Group also makes purchases of raw materials from overseas suppliers in USD. The Group entered into forward currency contracts to limit its exposure of sales and purchases dominated in foreign currency.

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

(b) Foreign currency risk (Cont'd)

The notional amount and maturity date of the forward currency contracts outstanding as at the end of each reporting period are as follows:

	Expiry date	Notional/ Contract amount USD	Equivalent RM
2017			
Forward currency contracts	Within three (3) months	1,217,917	5,245,817
2016			
Forward currency contracts	Within three (3) months	1,793,970	7,220,425

The following table demonstrates the sensitivity analysis of the Group to a reasonably possible change in the USD exchange rate against the functional currency of the Group entities, with all other variables held constant:

		Group	
Profit after tax		**2017 RM**	**2016 RM**
USD/RM	- strengthen by 3% (2016: 3%)	(681,991)	(417,625)
	- weaken by 3% (2016: 3%)	681,991	417,625

(c) Credit risk

Cash deposits and trade receivables could 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 primary exposure of the Group to credit risk arises through its trade receivables while the Company's primary exposure is through the amount owing by a subsidiary. The trading terms of the Group with its customers are mainly on credit. The credit period is generally for a period of fourteen (14) days, extending up to 180 days for major customers. Each customer has a maximum credit limit and the Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by management.

Exposure to credit risk

At the end of each reporting period, the maximum exposure of the Group and of the Company to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

Credit risk concentration profile

The Group determines concentration of credit risk by monitoring its trade receivables on an ongoing basis. At the end of each reporting period, approximately 48% (2016: 52%) of the trade receivables of the Group were due from five (5) (2016: five(5)) major customers located in Malaysia.

At the end of each reporting period, 95% (2016: 65%) and 5% (2016: 35%) of the receivables of the Company were due from a subsidiary and an associate respectively.

Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 11 to the financial statements. Deposits with licensed banks that are neither past due nor impaired are placed with or entered into with reputable financial institutions with high credit ratings and no history of default.

NOTES TO THE FINANCIAL STATEMENTS
31 JULY 2017

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

(c) Credit risk (Cont'd)

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 11 to the financial statements.

(d) Liquidity and cash flow risk

The Group monitors its cash flow position actively and maintains sufficient cash balances and credit facilities to meet its working capital requirements and other obligations as and when they fall due.

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 executing its 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.

The table below summarises the maturity profile of the liabilities of the Group and of the Company at the end of each reporting period based on contractual undiscounted repayment obligations.

	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
As at 31 July 2017				
Group				
Financial liabilities				
Trade and other payables	22,244,344	-	-	22,244,344
Derivative financial liabilities	32,526	-	-	32,526
Borrowings	21,221,069	-	-	21,221,069
Total undiscounted financial liabilities	43,497,939	-	-	43,497,939
As at 31 July 2017				
Company				
Financial liabilities				
Trade and other payables	235,351	-	-	235,351
Financial guarantee	21,542,461	914,600	250,372	22,707,433
Total undiscounted financial liabilities	21,777,812	914,600	250,372	22,942,784
As at 31 July 2016				
Group				
Financial liabilities				
Trade and other payables	23,315,279	-	-	23,315,279
Derivative financial liabilities	4,182	-	-	4,182
Borrowings	21,003,492	1,040,928	522,083	22,566,503
Total undiscounted financial liabilities	44,322,953	1,040,928	522,083	45,885,964
As at 31 July 2016				
Company				
Financial liabilities				
Trade and other payables	220,850	-	-	220,850
Financial guarantee	20,949,353	874,111	499,128	22,322,592
Total undiscounted financial liabilities	21,170,203	874,111	499,128	22,543,442

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

(e) Price fluctuation risk

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

As at the end of each reporting period, the Group has entered into several commodity future contracts in the ordinary course of business.

The contract value and maturity date of the outstanding commodity future contracts of the Group as at the end of the reporting period are as follows:

Contract	Expiry dates	Notional/ Contract amounts USD	Equivalent RM
As at 31 July 2016			
Commodity future contracts	Within three (3) months	163,375	666,570

The above contracts are not expected to have any material effect on the financial statements of the Group.

37. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

On 2 February 2017, the Company has disposed of its entire fifty five percent (55%) of equity interest in a subsidiary, HongLee Group (M) Sdn. Bhd., a company incorporated in Malaysia which is engaged in manufacturing and marketing of all types of aluminium and glass fittings and other related activities for a cash consideration of RM2,105,400 as disclosed in Note 32 to the financial statements.

38. COMPANIES ACT

Companies Act 2016 ("CA2016") was passed on 4 April 2016 by the Dewan Rakyat (House of Representative) and gazetted on 15 September 2016 to replace the Companies Act, 1965. On 26 January 2017, the Minister of Domestic Trade, Co-operatives and Consumerism has appointed 31 January 2017 as the date on which CA2016 comes into operation except Section 241 and Division 8 of Part III of CA2016.

Consequently, the Group and the Company effected the following changes as at 31 January 2017:

(a) Authorised share capital has been removed; and
(b) Par or nominal value of ordinary shares have been removed.

39. SUPPLEMENTARY INFORMATION ON REALISED AND UNREALISED PROFITS OR LOSSES

The retained earnings as at the end of each reporting period may be analysed as follows:

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Total retained earnings of the Company and its subsidiaries:				
- realised	80,026,366	67,672,338	7,132,269	5,245,360
- unrealised	(5,141,756)	(5,233,288)	-	-
	74,884,610	62,439,050	7,132,269	5,245,360
Total share of retained earnings from an associated company:				
- realised	439,023	287,143	-	-
Less: Consolidation adjustments	(20,978,559)	(20,978,559)	-	-
Total retained earnings	54,345,074	41,747,634	7,132,269	5,245,360

LIST OF PROPERTIES

AS AT 31 JULY 2017

	Location	Approximate Age of Building Years	Tenure	Land Area (Build-up Area) m^2	Description/ Existing Use	Net Book Value RM	Date of revaluation
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	1,863,208	22-Feb-13
2	Lot 2-32 , Jalan Perindustrian Mahkota 7, Taman Perindustrian Mahkota, 43700 Beranang, Selangor Darul Ehsan	20	Freehold	3,521 (1,364)	Industrial land with single storey factory	4,852,937	22-Feb-13
3	Lot 2-33 , Jalan Perindustrian Mahkota 7, Taman Perindustrian Mahkota, 43700 Beranang, Selangor Darul Ehsan	20	Freehold	3,521 (1,364)			22-Feb-13
4	Lot 2-34 , Jalan Perindustrian Mahkota 7, Taman Perindustrian Mahkota, 43700 Beranang, Selangor Darul Ehsan	16	Freehold	3,521 (1,740)	Industrial land with single storey factory	3,859,669	22-Feb-13
5	Lot 2-35 , Jalan Perindustrian Mahkota 7, Taman Perindustrian Mahkota, 43700 Beranang, Selangor Darul Ehsan	16	Freehold	3,521 (1,740)			22-Feb-13
6	Lot 2-36, Jalan Perindustrian Mahkota 7, Taman Perindustrian Mahkota, 43700 Beranang, Selangor Darul Ehsan	13	Freehold	3,521 (2,030)	Industrial land with single storey factory	5,639,275	22-Feb-13
7	Lot 2-36(A), Jalan Perindustrian Mahkota 7, Taman Perindustrian Mahkota, 43700 Beranang, Selangor Darul Ehsan	13	Freehold	3,521 (2,030)			22-Feb-13
8	Lot 2-42, Jalan Perindustrian Mahkota 9, Taman Perindustrian Mahkota, 43700 Beranang, Selangor Darul Ehsan	9	Freehold	3,521 (240)	Industrial land with single storey warehouse and production office with laboratory, workshop and canteen	9,694,371	22-Feb-13
9	Lot 2-43, Jalan Perindustrian Mahkota 9, Taman Perindustrian Mahkota, 43700 Beranang, Selangor Darul Ehsan	9 and 3	Freehold	3,521 (2,089)	Single storey factory with double-storey office (Lot 2-43 & 2-44)		22-Feb-13
10	Lot 2-44, Jalan Perindustrian Mahkota 9, Taman Perindustrian Mahkota, 43700 Beranang, Selangor Darul Ehsan	9 and 3	Freehold	3,521 (1,969)			22-Feb-13
11	Lot 2-45, Jalan Perindustrian Mahkota 9, Taman Perindustrian Mahkota, 43700 Beranang, Selangor Darul Ehsan	11	Freehold	4,209 (1,487)	Industrial land with three-storey office building	4,390,336	22-Feb-13

ANALYSIS OF SHAREHOLDINGS

AS AT 16 OCTOBER 2017

SHARE CAPITAL

Total number of issued shares	:	120,000,000
Class of shares	:	Ordinary Shares
Voting rights	:	One vote per one (1) ordinary share (on poll) One vote per shareholder (on show of hands)

ANALYSIS OF SHAREHOLDINGS

Size of Shareholdings	No of Holders	No of Shareholdings	% of Shareholding
Less than 100	18	759	0.00
100 to 1,000	193	138,000	0.12
1,001 to 10,000	1,309	6,536,300	5.45
10,001 to 100,000	558	16,637,200	13.86
100,001 to less than 5% of issued shares	78	40,299,150	33.58
5% and above of issued shares	3	56,388,591	46.99
Total	2,159	120,000,000	100.00

DIRECTORS' INTEREST

	Direct Interest		Indirect Interest	
Name	No of Shares Held	% of Total Shares	No of Shares Held	% of Total Shares
Dato' Shahrir Bin Abdul Jalil	-	-	-	-
Tan Wan Lay	11,619,000	9.68	-	-
Tuan Haji Ahmed Azhar Bin Abdullah	150,000	0.12	-	-
Datuk Leow Chong Howa	22,500	0.02	33,313,491*	27.76
Dr Leong Chik Weng	-	-	-	-
Wong Tze Kai	-	-	-	-
Gan Choon Sun	67,500	0.06	-	-
Total	11,859,000	9.88	33,313,491	27.76

SUBSTANTIAL SHAREHOLDERS

According to the registrar to be kept under Section 144 of the Companies Act 2016, the following are the substantial shareholders of the Company:

	Direct Interest		Indirect Interest	
Name	No of Shares Held	% of Total Shares	No of Shares Held	% of Total Shares
City Data Limited	31,790,991	26.49	-	-
Datuk Leow Chong Howa	22,500	0.02	33,313,491*	27.76
Lin, Chih-Chang	12,978,600	10.82	-	-
Tan Wan Lay	11,619,000	9.68	-	-

* Deemed interested by virtue of his indirect shareholdings via his spouse, City Data Limited and LB Aluminium Berhad pursuant to Section 8 of the Companies Act 2016.

ANALYSIS OF SHAREHOLDINGS
AS AT 16 OCTOBER 2017

THIRTY LARGEST SHAREHOLDERS

No	Name	No of Shares	% of Total Shareholdings
1	Citigroup Nominees (Asing) Sdn Bhd Beneficiary : Exempt an for OCBC securities private Limited (Client A/C - NR)	31,790,991	26.49
2	Lin, Chih-Chang	12,978,600	10.82
3	Tan Wan Lay	11,619,000	9.68
4	Fairways Assets Investment Limited	4,500,000	3.75
5	Citigroup Nominees (Tempatan) Sdn Bhd Beneficiary : Employees Provident Fund Board	4,269,100	3.56
6	Mablewood International Holding Limited	3,942,450	3.29
7	Meyer Capital Holding Ltd	3,000,000	2.50
8	Sam Kwai Sim	2,759,700	2.30
9	Leow Chong Fatt	2,301,800	1.92
10	LB Aluminium Berhad	1,500,000	1.25
11	Lim Khuan Eng	1,320,000	1.10
12	HSBC Nominees (Asing) Sdn Bhd Beneficiary: Exempt an for Credit Suisse (SG BR-TST-Asing)	1,097,500	0.91
13	Lim Kuan Gin	648,800	0.54
14	Chong You @ Chong Sin You	611,200	0.51
15	HLB Nominees (Tempatan) Sdn Bhd Beneficiary: Pledged securities account for Chee Sai Mun	567,500	0.47
16	Cheah Chen Voon	490,000	0.41
17	Lim Hooi Ching	489,200	0.41
18	JCA Builders (Malaysia) Sdn Bhd	468,000	0.39
19	Liew Seong Kin	466,500	0.39
20	Cheong Yuen Lai	400,000	0.33
21	TA Nominees (Tempatan) Sdn Bhd Beneficiary: Pledged securities account for Loh Eng Cheang	400,000	0.33
22	Tan Ming Kian	400,000	0.33
23	Amsec Nominees (Tempatan) Sdn Bhd Beneficiary: Ambank (M) Berhad for Chua Sing Keong (9240-1101)	350,000	0.29
24	S'ng Suet Wai	326,000	0.27
25	Lee Chin Poh	312,250	0.26
26	Lee Teck Ong @ Lee Kok Chee	308,100	0.26
27	Chiew Hok Seang	303,600	0.25
28	Chuah Saw Lee	300,000	0.25
29	Kenanga Nominees (Tempatan) Sdn Bhd Beneficiary: Pledged securities account for Chan Khim Gee @ Chang Khim Gee	300,000	0.25
30	Public Nominees (Tempatan) Sdn Bhd Beneficiary: Pledged securities account for Kong Kok Choy (SRB/PMS)	300,000	0.25
	Total	88,520,291	73.76

A-RANK BERHAD
(633621-X)

PROXY FORM

I/We ______________________________ NRIC No./Company No. ______________________
(FULL NAME IN BLOCK LETTERS)

of ____
(FULL ADDRESS)

being a Member/Members of **A-RANK BERHAD** hereby appoint ______________________________
(FULL NAME IN BLOCK LETTERS)

NRIC No. ____________________ of ______________________________________
(FULL ADDRESS)

or failing whom, ______________________________ NRIC No. ______________________
(FULL NAME IN BLOCK LETTERS)

of ____
(FULL ADDRESS)

or failing him/her, the Chairman of the Meeting as my/our proxy to vote for me/us and 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 Friday, 8 December 2017 at 10.00 a.m and at any adjournment thereof.

NO	RESOLUTIONS	*FOR	*AGAINST
1.	To approve the payment of the first and final single tier dividend of 3.25 sen per ordinary share in respect of the financial year ended 31 July 2017.		
2.	To approve the payment of Directors' Fees of RM216,000 for the financial year ended 31 July 2017.		
3.	To approve the payment of Directors' benefits of up to RM56,000 for the period from 31 January 2017 till the next Annual General Meeting of the Company.		
4.	To re-elect Tuan Haji Ahmed Azhar Bin Abdullah as Director.		
5.	To re-elect Mr Wong Tze Kai as Director.		
6.	To re-appoint Messrs BDO as Auditors of the Company and to authorise the Directors to fix their remuneration.		
7.	To approve Dato' Shahrir Bin Abdul Jalil to continue to act as an Independent Non-Executive Director.		
8.	To approve Tuan Haji Ahmed Azhar Bin Abdullah to continue to act as an Independent Non-Executive Director.		
9.	To approve Dr Leong Chik Weng to continue to act as an Independent Non-Executive Director.		
10.	To approve Mr Wong Tze Kai to continue to act as an Independent Non-Executive Director.		
11.	To grant authority to allot shares pursuant to Sections 75 and 76 of the Companies Act 2016.		
12.	To approve the Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature.		

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

Dated this __________ day of ______________ , 2017.

CDS Account No.	:
Number of shares held	:
If more than 1 proxy, please specify number of shares represented by each proxy	
Name of Proxy 1 Number of Shares	: :
Name of Proxy 2 Number of Shares	: :

____
Signature or Commom Seal of Shareholder
Contact Number :

Notes:

a) A proxy need not be a member of the Company. There is no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the member to speak in the meeting.

b) A member of the Company who is entitled to attend and vote at the meeting shall not appoint more than two (2) proxies to attend at the same meeting except where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991, it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.

c) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

d) Where a member or the authorised nominee appoints two (2) proxies or where an exempt authorised nominee appoints two (2) or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.

e) 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.

f) The instrument appointing a proxy must be deposited at the registered office of the Company located at Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not less than 48 hours before the time appointed for holding the meeting or at any adjournment thereof.

g) Only members whose names appear in the Record of Depositors as at 30 November 2017 will be entitled to attend, speak and vote at the meeting or appoint proxy(ies) to attend, speak and vote on their behalf.

Please fold here to seal

STAMP

The Company Secretary

A-RANK BERHAD (633621-X)
Unit 30-01, Level 30, Tower A,
Vertical Business Suite,
Avenue 3, Bangsar South,
No. 8, Jalan Kerinchi,
59200 Kuala Lumpur.

Please fold here to seal

A-RANK BERHAD (633621-X)

Subsidiary:
FORMOSA SHYEN HORNG METAL SDN BHD (434300-K)

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