

A-RANK BERHAD

(633621-X)

Towards Sustainable Growth



A-RANK BERHAD (633621-X)

annual report 2005

A-RANK BERHAD (633621-X)

Lot 2-33, Jalan Perindustrian Mahkota 7, Taman Perindustrian Mahkota, 43700 Beranang, Selangor Darul Ehsan.

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annual
report
2005



cover rationale:

The cover depicts the dawn of a new era for A-Rank Berhad as a public listed company and its strategy towards sustainable growth by focusing on its core competencies. The Company and its subsidiary company, Formosa Shyen Horng Metal Sdn Bhd, will continue to invest in state-of-the-art equipment, improve delivery mechanism, strengthen marketing efforts and empower human capital so as to ensure the long term viability of the Group.



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A-Rank Berhad through its wholly-owned subsidiary, Formosa Shyen Horng Metal Sdn. Bhd. (“Formosa”) (collectively the “Group” or “A-Rank Group”) is principally involved in the manufacturing and marketing of aluminium billets. The Group is currently the largest manufacturer and supplier of aluminium billets in Malaysia with an installed capacity of 108,000 metric tonnes per annum.



The A-Rank Group commenced operations in 1998 with an initial annual installed capacity of 12,000 metric tonnes and has registered consistent and impressive growth culminating in its listing on the Second Board of Bursa Malaysia Securities Berhad on 11 May 2005.

The Group’s integrated facilities include Wagstaff “Airsip” billet casting mould system, melting furnaces with regenerating burners, tilting furnace, fully automated vertical direct-chilled hydraulic-controlled casting machines, filters, in-line degassing machines, homogenizing furnaces and cooling booth and billet-sawing machines. Sizes of billets manufactured range in diameters from 3” up to 9” and of any cut length up to 6 metres.

In line with its emphasis on quality, Formosa has achieved the ISO 9001:2000 certification in 2003 from Moody. The Group presently exports about 40% of its production and its export markets include Singapore, Thailand, Philippines, Vietnam, Indonesia, China, Bangladesh, Pakistan and Egypt.

notice of **annual general meeting**

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NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of the Company will be held at Ujong Pandang Room, Staffield Country Resort, Batu 13, Jalan Seremban-Kuala Lumpur (Country Road), 71700 Mantin, Negeri Sembilan Darul Khusus on Tuesday, 27 December 2005 at 10.00 a.m. for the following purposes:-

AGENDA

1. To receive and adopt the audited Financial Statements for the year ended 31 July 2005 and the Reports of the Directors and Auditors thereon. **(Resolution 1)**
2. To declare a first and final tax exempt dividend of 3.5 sen per share in respect of the financial year ended 31 July 2005. **(Resolution 2)**
3. To approve the payment of Directors' Fees amounting to RM78,000.00 for the financial year ended 31 July 2005. **(Resolution 3)**
4. To re-elect the following Directors who retire in accordance with Article 114 of the Company's Articles of Association:-
 - Dato' Shahrir Bin Abdul Jalil **(Resolution 4)**
 - Mr Tan Wan Lay **(Resolution 5)**
 - Encik Ahmed Azhar Bin Abdullah **(Resolution 6)**
 - Dr Leong Chik Weng **(Resolution 7)**
5. To re-appoint Messrs. BDO Binder as Auditors and to authorise the Directors to fix their remuneration. **(Resolution 8)**
6. As SPECIAL BUSINESS, to consider, and if thought fit, to pass the following as Ordinary Resolution:-

Authority to issue shares not exceeding ten (10) per centum of the Issued Capital of the Company. **(Resolution 9)**

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

BY ORDER OF THE BOARD

NG BEE LIAN
TAN ENK PURN
Company Secretaries

Seremban
1 December 2005

NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS ALSO HEREBY GIVEN THAT subject to the approval of the shareholders at the Annual General Meeting on 22 December 2005, the first and final tax exempt dividend of 3.5 sen per share in respect of the financial year ended 31 July 2005 will be payable on 17 January 2006 to Depositors whose names appear in the Record of Depositors on 30 December 2005.

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 30 December 2005 in respect of ordinary transfers; and
- (b) shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the rules of the Bursa Malaysia Securities Berhad.

Notes:

1. A member shall be entitled to be present and to vote on any resolution either personally or by proxy or as proxy for another member at any general meeting.
2. A proxy need not be a member of the Company and the provisions of Section 149(1)(b) of the Act shall not apply to the Company.
3. A member shall not appoint more than two (2) proxies to attend at the same meeting, where a member appoints two proxies, the proxies shall not be valid unless the member specifies the proportion of his shareholdings to be represented by each proxy.
4. The instrument appointing a proxy shall be in writing under the hands of the appointer or of his attorney duly authorized in writing or, if the appointer is a corporation under its common seal, or the hand of its attorney duly authorized. The instrument appointing a proxy together with the power of the attorney (if any) shall be left at the

Registered office of the Company at 1st Floor, 275 Jalan Haruan 1, Oakland Industrial Park, 70200 Seremban Negeri Sembilan Darul Khusus not less than forty-eight (48) hours before the time appointed for holding the meeting or at any adjournment thereof.

5. Explanatory Notes on Special Business

Item 6 of the Agenda – Ordinary Resolution

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

The Ordinary Resolution proposed under item 6 of the Agenda, if passed, is to empower the Directors to issue up to a maximum of ten (10) per centum of the total issued share capital of the Company for the time being without convening a general meeting for such purposes as the Directors consider would be in the interest of the Company. This authority unless revoked or varied by the Company at a general meeting will expire at the next annual general meeting.

statement accompanying notice of annual general meeting

1. The name of individuals who are standing for re-election:-

Dato' Shahrir Bin Abdul Jalil
Mr Tan Wan Lay
Encik Ahmed Azhar Bin Abdullah
Dr Leong Chik Weng

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

During the financial year, twelve (12) Board meetings were held.

3. Annual General Meeting of A-Rank Berhad

Place	Ujong Pandang Room, Staffield Country Resort Batu 13, Jalan Seremban-Kuala Lumpur (Country Road), 71700 Mantin Negeri Sembilan Darul Khusus
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Date & Time	27 December 2005 at 10.00 a.m.
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4. Details of Directors who are standing for re-election

The shareholdings of the Directors standing for re-election in the Company are disclosed in the Directors' Report under Directors' Interest of this Annual Report and other details of Directors standing for re-election are disclosed in the Profile of Directors in this Annual Report.

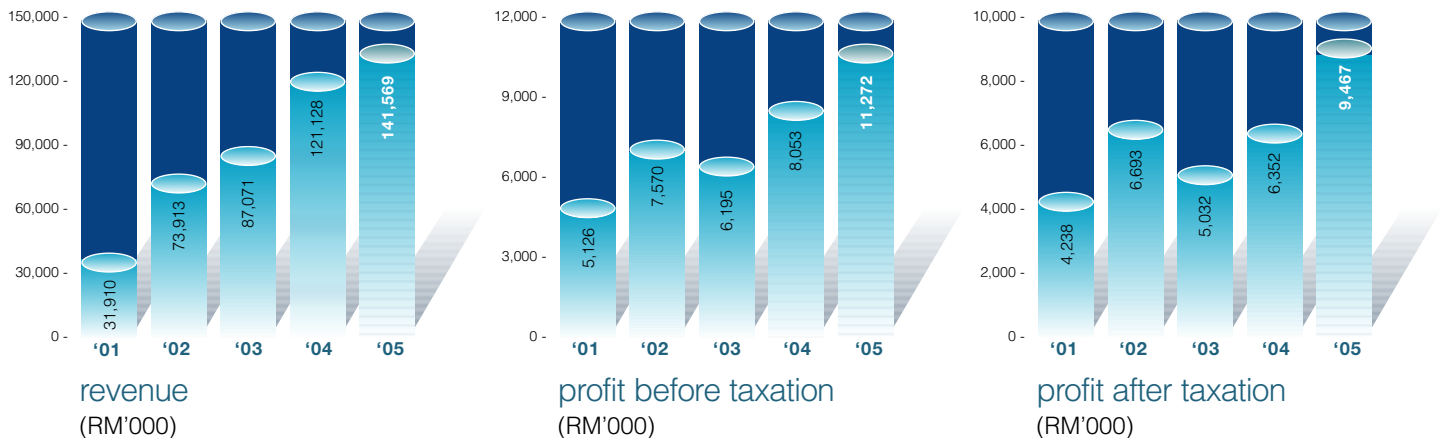
financial highlights

The following table sets out a summary of the proforma consolidated results of the Group for the financial years ended 31 January 2001, the financial period ended 31 July 2002, the three (3) financial years ended 31 July 2003, 2004 and 2005 prepared on the assumption that the Group has been in existence throughout the years/period.

Year ended	Revenue RM'000	Profit before taxation RM'000	Profit after taxation RM'000	Proposed Dividend RM'000
31.01.2001	31,910	5,126	4,238	–
31.07.2002 ⁺	73,913	7,570	6,693	–
31.07.2003	87,071	6,195	5,032	–
31.07.2004	121,128	8,053	6,352	–
31.07.2005	141,569	11,272	9,467	2,800 [*]

Denote: + Eighteen (18) months results * Proposed dividend

- The proforma consolidated results are prepared for illustrative purposes only and are prepared based on the audited financial statements of A-Rank Berhad and its subsidiary company, Formosa Shyen Horng Metal Sdn. Bhd. ("Formosa") for the financial years/period under review. The proforma consolidated results for the financial years/period under review have been prepared based on accounting policies consistent with those adopted in the preparation of the audited financial statements of the A-Rank Group.
- There were no extraordinary or exceptional items for the financial years/period under review.



Board of Directors

Dato' Shahrir bin Abdul Jalil
Non-Independent Non-Executive Chairman

Tan Wan Lay
Managing Director

Ahmed Azhar Bin Abdullah
Independent Non-Executive Director

Dr Leong Chik Weng
Independent Non-Executive Director

REGISTERED OFFICE

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

COMPANY SECRETARIES

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

AUDITORS

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

PRINCIPAL BANKERS

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

SOLICITORS

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

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

AUDIT COMMITTEE

Ahmed Azhar Bin Abdullah
Independent Non-Executive Director – Chairman

Dr Leong Chik Weng
Independent Non-Executive Director

Tan Wan Lay
Managing Director

HEAD/MANAGEMENT OFFICE

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

REGISTRARS

Bina Management (M) Sdn Bhd (50164-V)
Lot 10, The Highway Centre
Jalan 51/205
46050 Petaling Jaya
Selangor Darul Ehsan
Tel : 03-7784 3922
Fax : 03-7784 1988

CORPORATE ADVISORS

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

STOCK EXCHANGE LISTING

Second Board of Bursa Malaysia
Securities Berhad
Stock Code : 7214

Dato' Shahrir bin Abdul Jalil

Non-Independent Non-Executive Chairman

Aged 44, a Malaysian, was appointed to the Board on 11 March 2005 and is presently the Senior Partner of Messrs. Shahrizat Rashid & Lee. He obtained an Advanced Diploma in Estate Management from ITM in 1982 and was attached to CH Williams Talhar & Wong from 1982 to 1985. Thereafter, he set up his own project consultancy business whilst pursuing a law degree. He graduated with a LLB (Hons) degree from the International Islamic University, Malaysia in 1991 and worked in Rashid & Lee from 1991 to 1993 during which he was called to the Bar. In 1993, he left the firm and was one of the founding partners of Shahrizat & Tan. In 2004, Shahrizat & Tan merged with Rashid & Lee to become Shahrizat Rashid & Lee.

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

He attended all the twelve (12) Board meetings which held during the financial year ended 31 July 2005.

Tan Wan Lay

Managing Director

Aged 41, a Malaysian, was appointed to the Board on 11 March 2005. Mr Tan has over 18 years experience in the aluminium extrusion industry. He graduated with a Diploma in Civil Engineering from Federal Institute of Technology in 1986 and joined LB Aluminium Berhad in the same year. He rose through the ranks to be a Senior Production Manager in 1993 when he left to join Press Metal Berhad as Production Manager. He left Press Metal Berhad in 1997 to set up Formosa Shyen Horng Metal Sdn. Bhd.

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

He attended all the twelve (12) Board meetings which held during the financial year ended 31 July 2005.



Ahmed Azhar Bin Abdullah

Independent Non-Executive Director

Aged 44, a Malaysian, was appointed to the Board on 11 March 2005 and is currently the Executive Director of MOCCIS Furniture Sdn. Bhd. and of MCCM Marketing Sdn. Bhd. He graduated from California State University (Fresno) with a Bachelor Of Science in Accounting in 1986 and subsequently obtained his Master of Business Administration from California State University, Dominguez Hills (Los Angeles) in 1987. Upon graduation, he joined Malaysia Mining Corporation Berhad ("MMC") as an Internal Auditor. He was subsequently seconded to head MMC's wholly-owned subsidiary in London from 1992 to 1995 and upon his return, served in various management capacities within the MMC group. He joined Gas Malaysia Sdn. Bhd. in November 2000 and was head of the residential and commercial sales unit for natural gas and liquefied petroleum gas until March 2005.

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

He attended all the twelve (12) Board meetings which held during the financial year ended 31 July 2005.

Dr Leong Chik Weng

Independent Non-Executive Director

Aged 42, a Malaysian, was appointed to the Board on 11 March 2005 and is currently the founder and Chief Executive Officer of e-Lock Corporation Sdn. Bhd. Dr Leong obtained his Ph.D in Chemical Engineering in 1989 from the University of Massachusetts, Amherst, USA. After graduation, he joined Raychem Corporation in Menlo Park, California where he was subsequently promoted as Technical Director. In 1997, Dr Leong was a consultant to Guidant Corporation, one of the world's largest cardiovascular product companies, where he develop an advanced chaotic mixing screw technology to produce micro tubing using polymer alloys.

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

He attended all the twelve (12) Board meetings which held during the financial year ended 31 July 2005.





Dato' Shahrir bin Abdul Jalil
Non-Independent Non-Executive Chairman

On behalf of the Board of Directors, I am pleased to present the Annual Report and Financial Statements of the Company and of the Group for the financial year ended 31 July 2005.



Financial Performance

For the financial year under review, the Group achieved a turnover of RM71.7 million and profit before and after tax of RM5.9 million and RM5.1 million respectively. These results represented the post-acquisition contributions from its subsidiary company, Formosa Shyen Horng Metal Sdn. Bhd. ("Formosa") which was acquired on 11 March 2005 as an integral part of the Company's listing exercise. Consequently, the results announced was for a period of only about 5 months. Had the acquisition of Formosa been completed at the beginning of A-Rank's financial year, the Group would have announced a turnover of RM141.6 million and profit before and after tax of RM11.3 million and RM9.5 million respectively. These were in line with the forecast results as set out in the Company's Prospectus dated 20 April 2005 pursuant to its listing on the Second Board of Bursa Malaysia Securities Berhad.

The net earnings per share for the financial year ended 31 July 2005 was 17.1 sen whilst net tangible assets per share amounted to 59.2 sen at the end of the financial year.

Corporate Developments

On 11 May 2005, the Company's entire paid-up share capital of RM40 million comprising 80 million ordinary shares of 50 sen each was listed on the Second Board of Bursa Malaysia Securities Berhad. This represents the beginning of a new era in the Company's history and has provided the necessary funding and creditability for the Group's next phase of growth, particularly in the export market. The Company launched its Prospectus for the Initial Public Offering ("IPO") on 20 April 2005 which were met with encouraging response from the public resulting in the public portion of the IPO being oversubscribed by 10.46 times.

The IPO had raised a total of RM14.28 million for the Group for the purpose of funding the costs of its expansion plan which include the construction of a new factory building and the acquisition of plant and machinery as well as to defray the costs of its IPO. The IPO's proceeds have been utilized as scheduled during the financial year under review and the new plant has commenced commercial operations during the said financial year.



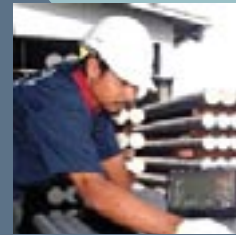
Dividends

The Board of Directors is pleased to recommend a first and final tax-exempt dividend of 3.5 sen per share in respect of the financial year ended 31 July 2005 subject to the approval of shareholders at the forthcoming Annual General Meeting.

Prospects

In view of the expansionary effects of the recently announced Budget and the forecast economic growth of 5.5% for 2006, your Directors are cautiously optimistic of the Group's prospects going forward. Whilst the domestic market continued to be the main destination for the Group's products, the export markets will be pivotal for the future growth of the Group and given the encouraging response that the Group has received to date, remains promising. The just completed expansion and increased capacity also augurs well for the Group as it will be able to capitalize on any opportunities that come its way.

Aluminium Extrusion



Appreciation

On behalf of the Board, I would like to place on record our appreciation and gratitude for the continued support of our customers, business associates, bankers and the various government agencies. Our appreciation are also extended to our shareholders, and to the management and employees, we thank you for your commitment, contribution and loyalty, without which we will not be where we are today.

I would also like to take this opportunity thank my fellow Directors for their input and advice to the Board and management.

Dato' Shahrir bin Abdul Jalil

Chairman/Non-Independent Non-Executive Director

Solutions Partner

14 **m**anaging director's operations review



Tan Wan Lay • *Managing Director*

Review of Operations

The turnover of the Group, on the assumption that its subsidiary, Formosa Shyen Horng Metal Sdn. Bhd., was acquired at the beginning of its financial year, increased on a proforma basis, by 16.9% to RM141.6 million compared to RM121.1 million for the previous year. Similarly, profit before tax also improved to RM11.3 million or 40.8% against RM8.1 million for the preceding year. The better results were achieved due mainly to increases in volume in sales of aluminium billets and the provision of aluminium tolling and recovery services as well as improved profit margins. The domestic market remains the key market for the Group's turnover with export gaining in importance as its share of turnover has steadily risen from 24% in the previous year to 36% for the year under review.



In 2005, the Group has increased its production capacity to 108,000 metric tonnes per annum from 72,000 metric tonnes previously with the completion of its expansion which added annual capacity of 36,000 metric tonnes. The expansion entails the construction of a new factory building and the purchase of equipment with the latest technology. This include the Wagstaff "airslip" casting mould system, two (2) units of melting furnaces with regenerative burners, a tilting holding furnace, one (1) unit of fully automated vertical direct-chilled hydraulic casting machine and an in-line degassing machine. The Group has also constructed a dust extractor system to ensure that smoke emissions are within limits to protect the environment.

Efforts were also made during the year to strengthen the marketing team, particularly for the export market, so as to broaden its international clientele beyond existing customers in Vietnam, Singapore, Thailand, China and Bangladesh.

Outlook

The Group will strive to maintain its position as the leading manufacturer of aluminium billets in Malaysia and the region by constantly upgrading its capacity and technology and to provide better quality aluminium billets and services. The focus, due to the limitations in size of the domestic market, continue to be expanding the Group's overseas network through the appointment of agents in new markets, expanding the marketing team, building relationships with our existing customers and creating awareness of the Group.

The outlook for the Group continues to be positive as we are the dominant player in the domestic market whilst proven to be competitive in the international arena in which the quality of our products, reliability and services are accepted. The Directors believe that, barring unforeseen circumstances, the Group will be able to sustain its growth for the next year.

Appreciation

I wish to take this opportunity to thank our customers, business partners, suppliers, bankers and not forgetting our shareholders for their unstinting support. My thanks are also extended to my fellow Directors, management and staff for all the hard work, commitment and contribution throughout this long and purposeful journey.

Terima Kasih.

Tan Wan Lay

Managing Director

The Board of Directors of A-Rank Berhad (“A-Rank” or the “Company”) is committed to ensuring that the standards of corporate governance pursuant to the Malaysian Code of Corporate Governance (“Code”) are practised throughout the Company and its wholly-owned subsidiary, Formosa Shyen Horng Metal Sdn. Bhd. (collectively the “A-Rank Group” or “Group”) to achieve its objectives to protect and enhance shareholders’ value and to safeguard the Group’s assets and the performance of the Group.

The following sets out A-Rank Group’s application of the principles of the Code and the extent of its compliance for the financial year ended 31 July 2005.

Board of Directors

The Board currently comprises of four (4) members, two (2) of which are Independent Non-Executive Directors. The Board members, with their diverse backgrounds, bring with them a wide range of disciplines and experiences to provide stewardship to the Group. The composition of the Board complies with the Code in that at least one-third of the Board consists of Independent Non-Executive Directors. There is a balance of power and authority in the Board as the Managing Director is responsible for the normal operations and business activities of the Group whilst the Non-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.

Board Meetings

A-Rank was listed on the Second Board of Bursa Malaysia Securities Berhad on 11 May 2005. There were twelve (12) Board meetings held during the financial year ended 31 July 2005.

Supply of Information

The Directors have full and unfettered access to all information concerning the Company and the Group. At each Board meeting, the Managing Director will brief the Board on the Group’s activities. All meetings will be preceded by an agenda issued by the Company Secretary. The relevant reports and Board papers will be distributed prior to the

Board meetings to allow for sufficient time for the Directors to peruse so as enabling effective discussions and decision making during meetings.

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

Board Committees

The Board has established the Audit Committee on 17 March 2005 comprising of the two (2) Independent Non-Executive Directors and the Managing Director to assist the Board in discharging its duties. The composition of the Audit Committee, terms of reference, attendance record and its activities are set out in this Annual Report.

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

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

Re-election of Directors

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

Directors Training

All Directors have attended the Mandatory Accreditation Programme (“MAP”) prescribed by Bursa Malaysia Securities Berhad. The Directors will continue to undergo other relevant training programmes to keep themselves abreast with new regulations and developments as well as increase their knowledge and skills.

Directors’ Remuneration

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

The aggregate remuneration of Directors for the financial year ended 31 July 2005 are as follows:

	Executive Director RM’000	Non-Executive Directors RM ‘000	Total RM’000
Fees	18	60	78
Salaries	81	–	81
Bonus	–	–	–
Benefits-in-kind	7	–	7
Total	106	60	166

The number of Directors whose total remuneration fall within the following bands for the financial year ended 31 July 2005 is as follows:

	Executive Director	Non-Executive Directors
Below RM50,000	–	3
RM100,001 to RM150,000	1	–

Relationships with Shareholders and Investors

The Group recognizes the importance of keeping shareholders and investors informed of its latest business and corporate developments. The dissemination of information is conducted through various public announcements, the Annual Report, circulars to shareholders and quarterly announcement of the Group's results.

The Annual General Meeting ("AGM") remains the principal forum for dialogue with shareholders and investors. Shareholders are encouraged to attend and vote at the AGM and where the Directors are available to answer questions, if any, from shareholders.

The Company's website, www.arank.com.my is another tool of communication that provide easy access to the latest corporate information of the Group.

Accountability and Audit

Financial Reporting

The Board aims to present a balanced and clear assessment of the Group's financial performance and prospects in presenting the annual financial statements and quarterly report as well as announcement to the Bursa Malaysia Securities Berhad. The Board is assisted by the Audit Committee in reviewing the Group's financial reporting processes and accuracy of its financial results, and scrutinizing information for disclosure to ensure compliance with accounting standards, accuracy, adequacy and completeness.

Internal Control

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

Relationship with Auditors

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

Statement on Directors' Responsibility

Directors are required under the Companies Act, 1965 (the "Act") to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the Group and the results and cash flows of the Company and of the Group for that period. In addition, the Directors have the general responsibilities for taking such steps as they are reasonably open to them to safeguard the Group's assets and prevent fraud and other irregularities.

The Directors have ensured that the financial statements have been prepared in accordance with applicable approved accounting standards in Malaysia and the provisions of the Act, the Listing Requirements of Bursa Malaysia Securities Berhad and other relevant statutory requirements are complied with, consistently adopt the appropriate accounting policies and made reasonable and prudent judgments and estimates.

This Statement is made in accordance with a resolution of the Board of Directors dated 19 September 2005.

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

Utilisation of Proceeds

As at the date of this report, the gross proceeds of RM14.28 million raised from the rights and public issues pursuant to the listing of A-Rank on the Second Board has been utilized in the following manner:

Description	Proposed utilization RM'000	Amount utilized RM'000	Balance unutilized RM'000
Expansion plan	12,680	12,680	–
Listing Expenses	1,600	1,293	307
Total	14,280	13,973	307

The balance unutilized of RM0.307 million for the listing expenses has been used as working capital for the Group.

Share Buybacks

That was no share buyback of the Company's own shares during the financial year ended 31 July 2005.

Options, Warrants or Convertible Securities

That was no exercise of options, warrants or convertible securities during the financial year ended 31 July 2005.

American Depository Receipt ("ADR") or Global Depository Receipt ("GDR")

The Company has not sponsored any ADR or GDR programme for the financial year ended 31 July 2005.

Imposition of Sanctions/Penalties

There were no sanctions and/or penalties imposed on the Company and its subsidiary company, Directors or Management by relevant regulatory bodies during the financial year ended 31 July 2005.

Non-Audit Fees

During the financial year ended 31 July 2005, non-audit fees paid and payable to external auditors amounted to RM92,453.

Variation in Results

There is no material variance between the audited results for the financial year ended 31 July 2005 and the unaudited results previously released for the same period by the Company.

Profit Guarantee

There was no profit guarantee given by the Company during the financial year ended 31 July 2005.

Material Contracts

No material contract has been entered into by the Company and/or its subsidiary company which involved Directors' and/or substantial shareholders' interests, either still subsisting at the end of the financial year ended 31 July 2005 or, if not then subsisting, entered into since the end of the previous financial year.

Revaluation Policy

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

Recurrent Related Party Transactions of Revenue or Trading Nature

The Company has no transaction which involved the Directors or substantial shareholders during the financial year ended 31 July 2005.

Members

The Audit Committee was established on 17 March 2005 and its term of reference are consistent with the listing requirements of Bursa Malaysia Securities Berhad. The composition of the committee is as follows:

Name	Position
Ahmed Azhar Bin Abdullah	Chairman – Independent Non-Executive Director
Dr Leong Chik Weng	Member – Independent Non-Executive Director
Tan Wan Lay	Member – Managing Director

Terms of Reference

Composition

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

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

The members of the Audit Committee shall elect from amongst their number a Chairman who shall be an Independent Non-Executive Director. No alternate director shall be appointed as a member of the Audit Committee.

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

Quorum and Committee's Procedures

Meetings shall be conducted at least four (4) times annually, or more frequently as circumstances dictate.

A quorum shall consists of two (2) members which shall comprise of Independent Non-Executive Directors.

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

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

The external auditors have the right to appear and be heard at any meeting of the Audit Committee and shall appear before the Audit Committee when required to do so by the Audit Committee.

The Audit Committee may, as and when deemed necessary, invite other Board members and senior management members to attend the meeting.

The internal auditors, if any shall be in attendance at meetings of the Audit Committee to present and discuss the audit findings and the recommendations relating to such findings.

The Audit Committee shall regulate the manner of the proceedings of its meetings.

Duties & Responsibilities

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

- with the external auditors, the audit scope and plan;
- with the external auditors, an evaluation of the quality and effectiveness of the accounting system;
- with the external auditors, the audit report;
- the assistance rendered by employees of the Company and its subsidiary (the "Group") to the auditors;
- with the internal auditors, the adequacy of the scope, duties and resources of the internal audit function, and that it has the necessary authority to carry out its work;
- with the internal auditors, the adequacy and integrity of the internal control system and the efficiency of the Group's operations and efforts taken to reduce the Group's operational risks;
- the internal audit programme, processes and results, and the actions taken on the recommendation of the internal audit function;
- the appointment, performance and remuneration of the internal audit staff;
- the appointment and performance of the external auditors, the audit fee and any questions of resignation or dismissal before making recommendations to the Board;
- the quarterly results and annual financial statements of the Company and Group prior to the approval by the Board, focusing particularly on:-
 - (a) any changes in or implementation of accounting policies and practices;
 - (b) significant adjustments or unusual events arising from the audit;
 - (c) the going concern assumption;
 - (d) compliance with accounting standards and other legal requirements
- any related party transaction and conflict of interest situation that may arise within the Company/Group, including any transaction, procedure or course of conduct that raises questions of management integrity;
- with the external and internal auditors, major audit findings, reservations or material weaknesses and the Management's response in resolving the audit issues reported during the year; and
- such other activities, as authorized by the Board.

Authority and Rights

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

The Audit Committee also has full and unrestricted access to any information pertaining to the Group and has direct communication channels with the internal and external auditors, be able to convene meetings with external auditors, without the presence of the Executive Directors, whenever deemed necessary.

The Audit Committee is authorized to obtain independent professional or other advice and to secure the attendance of outsiders with the relevant experience and expertise if it considers this necessary.

Summary of Activities

No meeting was held during the financial year ended 31 July 2005 as the Audit Committee was only established on 17 March 2005 and the Company was listed on the Second Board on 11 May 2005.

Internal Audit Function

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

Introduction

The Malaysia Code on Corporate Governance requires listed companies to maintain a sound system of internal controls to safeguard shareholders' investments and the Group's assets. The Bursa Malaysia Securities Berhad's Listing Requirements require Directors of listed companies to include a statement on the state of their internal controls in their Annual Reports.

Responsibility For Risk Management And Internal Control

The Board of Directors recognizes the importance to maintain a sound system of internal controls to safeguard shareholders' investments and the Group's assets. The Board affirms its overall responsibility for the Group's internal control system, and for reviewing 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.

System Of Internal Control

The key measures implemented in the Group for ensuring and reviewing the effectiveness of the system of internal controls are as follows:-

- An organization structure with distinct lines of responsibility and proper segregation of duties
- A management reporting system in place to facilitate timely generation and monitoring of financial information for management review and decision
- An ISO 9001:2000 Quality Management System, which is subject to regular review and audit that continuously manages and controls the quality requirement of the Group's products and services

- Quarterly and annual financial results are reviewed by the Audit Committee.
- A budgeting process which establishes plans and targets against which performance are monitored on an on-going basis.
- The Group's management team meets regularly to review the monthly report, monitors the business development, discussion and resolves key operational and management issues and reviews the financial performance against the budget.
- The Audit Committee will review the internal audit functions, internal audit reports and monitors the status of the implementation of corrective actions to address internal control weaknesses, if any.

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 is independent of the activities it audit and reports to the Audit Committee. The internal audit function includes reviewing and assessing the internal controls activities of the Company and its subsidiary company and reports to the Audit Committee on half-yearly basis.

The Group has outsourced specific control processes for internal audit to a professional firm who reports directly to the Audit Committee. The firm will assess the effectiveness of internal controls in relation to specific critical control processes and highlight significant risks impacting the Group. For the financial year ended 31 July 2005, the firm has not conducted any internal audit yet.

This Statement was made in accordance with the resolution of the Board dated 19 September 2005.



financial statements

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The directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 July 2005.

PRINCIPAL ACTIVITIES

The Company is principally an investment holding company. The principal activity of the subsidiary company is disclosed in Note 7 to the financial statements. There have been no significant changes in the nature of these activities during the financial year except for the Group's activities now include manufacturing and marketing of aluminium billets as a result of the acquisition of subsidiary company, Formosa Shyen Horng Metal Sdn. Bhd. during the financial year.

RESULTS

	Group RM	Company RM
Net profit for the financial year	5,083,676	2,930,976

DIVIDENDS

No dividend has been paid or declared by the Company since the end of the previous financial period.

The directors proposed a first and final tax exempt dividend of 3.5 sen amounting to RM2,800,000 in respect of the financial year ended 31 July 2005 which is subject to the approval of the shareholders at the forthcoming Annual General Meeting.

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

- (a) During the financial year, the authorised share capital of the Company was increased from RM100,000 to RM100,000,000 by creation of an additional 199,800,000 ordinary shares of RM0.50 each.
- (b) Pursuant to the equity restructuring scheme with Formosa Shyen Horng Metal Sdn. Bhd. ("Formosa") and the listing of the entire enlarged share capital of the Company on the Second Board of Bursa Malaysia Securities Berhad during the financial year, the issued and paid-up share capital of the Company was increased from RM2 to RM40,000,000 by way of:-
 - i) Issues of 51,939,996 new ordinary shares of RM0.50 each for the acquisition of the entire issued and fully paid up share capital of Formosa for a total consideration of RM25,978,559;
 - (ii) Rights issue of 24,060,000 new ordinary shares of RM0.50 each at par on the basis of approximately 46 new ordinary shares for every 100 ordinary shares to all the existing shareholders of the Company after the acquisition of Formosa; and
 - (iii) Public issue of 4,000,000 new ordinary shares of RM0.50 each at an issue price of RM1.00 per share payable in full upon application to the Malaysian Public.

The new ordinary shares rank pari-passu in all respects with the then existing ordinary shares of the Company.

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

DIRECTORS

The directors who held office since the date of the last report are:-

Dato' Shahrir Bin Abdul Jalil	(Appointed on 11.3.2005)
Ahmed Azhar Bin Abdullah	(Appointed on 11.3.2005)
Tan Wan Lay	(Appointed on 11.3.2005)
Dr. Leong Chik Weng	(Appointed on 11.3.2005)
Koh Boon Loong	(Resigned on 15.3.2005)
Wong Tain Fatt	(Resigned on 15.3.2005)

In accordance with Article 114 of the Company's Articles of Association, Dato' Shahrir Bin Abdul Jalil, Ahmed Azhar Bin Abdullah, Tan Wan Lay and Dr. Leong Chik Weng retire at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

DIRECTORS' INTERESTS

Except as stated below, no other directors holding office at the end of the financial year had any beneficial interests in the ordinary shares of the Company and its related corporations during the financial year ended 31 July 2005 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965:

	---- Number of ordinary shares of RM0.50 each ----			
	Balance as at 1.8.2004	Bought	Sold	Balance as at 31.7.2005
Shares in the Company				
Direct interest				
Dato' Shahrir Bin Abdul Jalil	–	100,000	–	100,000
Tan Wan Lay	–	5,946,000	–	5,946,000
Ahmed Azhar Bin Abdullah	–	100,000	–	100,000
Dr. Leong Chik Weng	–	100,000	(36,000)	64,000
Indirect interest				
Dato' Shahrir Bin Abdul Jalil	–	14,440,000	–	14,440,000
Tan Wan Lay	–	25,219,994	–	25,219,994
Shares in subsidiary company				
Formosa				
Direct interest				
Tan Wan Lay	130,000	–	(130,000)	–
Indirect interest				
Dato' Shahrir Bin Abdul Jalil	237,500	–	(237,500)	–
Tan Wan Lay	570,000	–	(570,000)	–

By virtue of their interest in the shares of the Company, all the directors are also deemed to be interested in the shares of the subsidiary company to the extent the Company has an interest.

DIRECTORS' BENEFITS

Since the end of the previous financial period, 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 remuneration received by a director as director of the subsidiary company.

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

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND COMPANY:-

I) AS AT THE END OF THE FINANCIAL YEAR

- (a) Before the income statements and balance sheets of the Group and of the Company were made out, the directors took reasonable steps:-
- i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and have satisfied themselves that there are no known bad debts to be written off and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets 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 amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any material extent; or
 - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; and
 - (iii) which have arisen which would render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) In the opinion of the directors:-
- i) there has not arisen any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made; and
 - (ii) no contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND 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 the report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events during the financial year are disclosed in Note 30 to the financial statements.

AUDITORS

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

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

Dato' Shahrir Bin Abdul Jalil
Director

Tan Wan Lay
Director

Kuala Lumpur
27 October 2005

statement by directors

In the opinion of the directors, the financial statements set out on pages 30 to 54 have been drawn up in accordance with applicable approved accounting standards in Malaysia so as to give a true and fair view of:-

- i) the state of affairs of the Group and of the Company as at 31 July 2005 and of their results for the financial year then ended; and
- (ii) the cash flows of the Group and of the Company for the financial year ended 31 July 2005.

On behalf of the Board,

Dato' Shahrir Bin Abdul Jalil

Director

Tan Wan Lay

Director

Kuala Lumpur

27 October 2005

statutory declaration

I, **Tan Tze**, being the officer primarily responsible for the financial management A-Rank Berhad, do solemnly and sincerely declare that the financial statements set out on pages 30 to 54 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 27 October 2005) **Tan Tze**

Before me:-

P. Sethuraman (W-217)

Commissioner for Oaths

Kuala Lumpur

report of the auditors

to the members of A-Rank Berhad

We have audited the financial statements set out on pages 30 to 54.

These financial statements are the responsibility of the Company's directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility towards any other person for the content of this report.

We conducted our audit in accordance with approved standards on auditing in Malaysia. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:-

- a) the financial statements have been properly drawn up in accordance with applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of:-
 - i) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Group and of the Company; and
 - (ii) the state of affairs of the Group and of the Company as at 31 July 2005 and of their results and cash flows for the financial year then ended;
- and
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and by the subsidiary company of which we acted as auditors have been properly kept in accordance with the provisions of the said Act.

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

The auditors' reports on the financial statements of the subsidiary company was not subject to any qualification and did not include any comment made under Section 174(3) of the Act.

BDO Binder

AF : 0206

Chartered Accountants

Ng Chee Hoong

2278/10/06 (J)

Partner

Kuala Lumpur

27 October 2005

	Note	Group 2005 RM	Company 2005 RM	2004 RM
ASSETS EMPLOYED				
PROPERTY, PLANT AND EQUIPMENT	6	39,343,829	–	–
INVESTMENT IN A SUBSIDIARY COMPANY	7	–	25,978,559	–
AMOUNT OWING BY A SUBSIDIARY COMPANY	8	–	17,745,958	–
CURRENT ASSETS				
Inventories	9	5,838,245	–	–
Trade receivables	10	20,564,598	–	–
Deposits and prepayments		1,003,179	1,000	–
Tax recoverable		1,820	1,820	–
Cash and bank balances		1,466,955	2,266	2
		28,874,797	5,086	2
LESS: CURRENT LIABILITIES				
Trade payables	11	5,424,799	–	–
Other payables and accruals	12	3,833,393	87,604	1,015
Amount owing to a director	13	–	–	3,900
Bank borrowings (interest bearing)	14	5,714,370	–	–
Tax liabilities		90,446	–	–
		15,063,008	87,604	4,915
NET CURRENT ASSETS/(LIABILITIES)		13,811,789	(82,518)	(4,913)
		53,155,618	43,641,999	(4,913)
REPRESENTED BY				
SHARE CAPITAL	16	40,000,000	40,000,000	2
SHARE PREMIUM		715,938	715,938	–
NEGATIVE GOODWILL		1,582,952	–	–
RETAINED PROFIT/(ACCUMULATED LOSS)	17	5,078,761	2,926,061	(4,915)
SHAREHOLDERS' EQUITY/(CAPITAL DEFICIENCY)		47,377,651	43,641,999	(4,913)
NON-CURRENT AND DEFERRED LIABILITIES				
Bank borrowings (interest bearing)	14	2,872,967	–	–
Deferred tax liabilities	18	2,905,000	–	–
		53,155,618	43,641,999	(4,913)

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

income statements

for the financial year ended 31 July 2005

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		Group	Company	
		1.8.2004	1.8.2004	7.11.2003
		to	to	to
	Note	31.7.2005	31.7.2005	31.7.2004
		RM	RM	RM
Revenue	19	71,743,084	3,026,875	–
Cost of sales		(64,693,754)	–	–
Gross profit		7,049,330	3,026,875	–
Other operating income		21,993	–	–
Distribution costs		(213,286)	–	–
Administration expenses		(842,012)	(95,899)	(4,915)
Profit/(Loss) from operations		6,016,025	2,930,976	(4,915)
Finance cost		(136,053)	–	–
Profit/(Loss) before tax	20	5,879,972	2,930,976	(4,915)
Tax expense	21	(796,296)	–	–
Net profit/(loss) for the financial year/(period)		5,083,676	2,930,976	(4,915)
Basic earnings per share (sen)	22	17.09		
Dividend per share (sen)				
– Proposed first and final tax exempt dividend	23	3.50	3.50	–

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

statements of changes in equity

for the financial year ended 31 July 2005

	<--- Non-distributable --->			Distributable	Total
	Share capital RM	Share premium RM	Negative goodwill RM	Retained profit/ (Accumulated loss) RM	
Group					
Balance as at 1 August 2004	2	-	-	(4,915)	(4,913)
Listing expenses	-	(1,292,623)	-	-	(1,292,623)
Net expense not recognised in the income statement	-	(1,292,623)	-	-	(1,292,623)
Issue of shares	27,969,998	2,008,561	-	-	29,978,559
Rights issue	12,030,000	-	-	-	12,030,000
Net profit for the financial year	-	-	-	5,083,676	5,083,676
Arising from acquisition of a subsidiary company	-	-	1,582,952	-	1,582,952
Balance as at 31 July 2005	40,000,000	715,938	1,582,952	5,078,761	47,377,651
Company					
Balance as at date of incorporation	2	-	-	-	2
Net loss for the financial period	-	-	-	(4,915)	(4,915)
Balance as at 31 July 2004	2	-	-	(4,915)	(4,913)
Listing expenses	-	(1,292,623)	-	-	(1,292,623)
Net expense not recognised in the income statement	-	(1,292,623)	-	-	(1,292,623)
Issue of shares	27,969,998	2,008,561	-	-	29,978,559
Rights issue	12,030,000	-	-	-	12,030,000
Net profit for the financial year	-	-	-	2,930,976	2,930,976
Balance as at 31 July 2005	40,000,000	715,938	-	2,926,061	43,641,999

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

cash flow statements

for the financial year ended 31 July 2005

	Group 1.8.2004 to 31.7.2005 RM	Company 1.8.2004 to 31.7.2005 RM	7.11.2003 to 31.7.2004 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(Loss) before tax	5,879,972	2,930,976	(4,915)
Adjustments for:-			
Allowance for doubtful debts no longer required	(25,000)	-	-
Depreciation of property, plant and equipment	895,236	-	-
Dividend income	-	(3,000,000)	-
Interest expenses	136,053	-	-
Interest income	(34,158)	(26,875)	-
Operating profit/(loss) before working capital changes	6,852,103	(95,899)	(4,915)
Decrease in inventories	5,482,765	-	-
Increase in trade receivables	(8,850,592)	-	-
Increase in deposits and prepayments	(395,889)	(1,000)	-
Increase in trade payables	2,947,854	-	-
(Decrease)/Increase in other payables and accruals	(2,524,731)	86,589	1,015
Net cash from/(used in) operations	3,511,510	(10,310)	(3,900)
Dividend received	-	3,000,000	-
Interest income received	26,875	26,875	-
Interest paid	(9,039)	-	-
Tax paid	(191,820)	(1,820)	-
Net cash from/(used in) operating activities	3,337,526	3,014,745	(3,900)

cash flow statements

for the financial year ended 31 July 2005 (cont'd)

	Group 1.8.2004 to 31.7.2005 RM	Company 1.8.2004 to 31.7.2005 RM	7.11.2003 to 31.7.2004 RM
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	7,283	-	-
Acquisition of a subsidiary company net of cash acquired (Note 24)	1,387,008	-	-
Advances to a subsidiary company	-	(17,745,958)	-
Purchase of property, plant and equipment (Note 25)	(5,765,904)	-	-
Net cash used in investing activities	(4,371,613)	(17,745,958)	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of bankers' acceptance	(6,150,000)	-	-
Drawdown of onshore foreign currency loan	2,840,209	-	-
Drawdown of term loan	785,079	-	-
Interest paid	(266,706)	-	-
Proceeds from public issue of shares (Note 30(c))	4,000,000	4,000,000	2
Rights issue (Note 30(b))	10,280,000	12,030,000	-
Repayment to/Advance from a director	(3,900)	(3,900)	3,900
Repayment of hire-purchase creditors	(33,048)	-	-
Repayment of term loan	(7,657,971)	-	-
Listing expenses paid	(1,292,623)	(1,292,623)	-
Net cash from financing activities	2,501,040	14,733,477	3,902
NET INCREASE IN CASH AND BANK BALANCES	1,466,953	2,264	2
CASH AND BANK BALANCE AT BEGINNING OF FINANCIAL YEAR	2	2	-
CASH AND BANK BALANCE AT END OF FINANCIAL YEAR/PERIOD	1,466,955	2,266	2

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

notes to the financial statements

31 July 2005

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1. GENERAL INFORMATION

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

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

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

The financial statements are presented in Ringgit Malaysia.

2. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's operations expose it to a variety of financial risks. The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's business whilst managing its risks.

The main risks arising from the Group's financial instruments and the policies for managing each of these risks are summarised below.

(a) Foreign currency exchange risk

The Group is exposed to foreign currency exchange risk as a result of foreign currency transactions entered into in its normal trading activities in currencies other than Ringgit Malaysia. However, the exposure to foreign currency exchange risk is not significant as the Group deals principally with its overseas suppliers and customers in the US Dollar which was pegged to Ringgit Malaysia at USD1.00 to RM3.80 until 20 July 2005.

From 21 July 2005, the exchange rate of RM operates in a managed float against a basket of currencies. The Group will monitor changes in the exchange rate and, where appropriate, enters into forward foreign currency exchange contracts to limit its exposures on foreign currency payables and receivables.

(b) Interest rate risk

The Group manages its interest rate exposure by maintaining a prudent mix of fixed and floating rate borrowings. The Group actively reviews its borrowings, taking into account the investment holding period and nature of its assets. This strategy allows it to capitalise on cheaper funding in a low interest rate environment whilst achieving a certain level of protection against rate hikes.

The Group is also exposed to interest rate risk in respect of its short-term deposits with licensed banks.

(c) Credit risk

Credit risk, which arises from sales made on credit terms is managed by the application of credit approvals, limits and monitoring procedures. The Group extends credit to its customers based upon careful evaluation of the customers financial conditions and credit history.

(d) Liquidity and cash flow risks

The Group practices prudent liquidity risk management policy which seeks to ensure that all refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Group maintains sufficient levels of cash to meet its working capital requirement and strives to maintain available banking facilities of a reasonable level to its overall debt position. This is to ensure that at the minimum, all projected net borrowing needs are covered by committed facilities. Also, the objective for debt maturity is to ensure that the amount of debts maturing in any one year is not beyond the Group's means to repay and refinance.

3. PRINCIPAL ACTIVITIES

The Company is principally an investment holding company. The principal activity of the subsidiary company is disclosed in Note 7 to the financial statements. There have been no significant changes in the nature of these activities during the financial year except for the Group's activities now include manufacturing and marketing of aluminium billets as a result of the acquisition of subsidiary company, Formosa Shyen Horng Metal Sdn. Bhd. during the financial year.

4. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the Group and of the Company have been prepared in accordance with applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965.

5. SIGNIFICANT ACCOUNTING POLICIES

5.1 Basis of accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention unless otherwise indicated in the significant accounting policies.

The preparation of financial statements in conformity with applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965 requires the directors to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

5.2 Basis of consolidation

The consolidation financial statements incorporate the financial statements of the Company and all its subsidiary companies made up to the end of the financial year using the acquisition method of accounting.

The difference between the purchase price and the fair value of the net assets of subsidiary companies at the date of acquisition is treated as goodwill or negative goodwill arising on consolidation. Goodwill on consolidation is stated at cost less impairment losses, if any. Negative goodwill arising on consolidation is not recognised as income and is presented as a separate item in the balance sheet. The results of the subsidiary companies acquired or disposed of during the financial year are included in the consolidated financial statements from the date of their acquisition or up to the date of their disposal.

Inter-company transactions and balances are eliminated on consolidation and the consolidated financial statements reflect external transactions only.

Minority interest is measured at the minorities' share of the post acquisition fair values of the identifiable assets and liabilities of the acquiree.

5.3 Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

No depreciation is provided for freehold land and office building under construction. Office building under construction will be depreciated, upon completion, on the same basis as factory building.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

Depreciation of other property, plant and equipment is calculated to written off the costs of the assets on a straight line basis over their estimated useful lives. The principal annual depreciation rates are as follows:-

Buildings	2%
Plant and machinery	6.7% to 10%
Office equipment	10%
Furniture and fittings	10%
Electrical fittings	6.7% to 10%
Motor vehicles	20%

5.4 Investment in subsidiary companies

A subsidiary company is a company in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from its activities.

Investments in subsidiary companies which are eliminated on consolidation are stated at cost less impairment losses, if any.

5.5 Inventories

Inventories are stated at the lower of cost (determined on the first-in, first-out basis) and net realisable value.

Net realisable value is the price at which the inventories can be realised in the normal course of business after allowing for the cost of realisation and where appropriate, the cost of conversion from its existing state to finished conditions.

Cost of raw materials, stores and spares comprises the original cost incurred in bringing the inventories to their present location and condition. Cost of finished goods and work-in-progress includes cost of raw materials, direct labour and production overhead based on the normal level of activity.

5.6 Impairment of assets

The carrying amounts of the Group's and the Company's assets, other than financial assets, inventories and deferred tax assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated and an impairment loss is recognised whenever the recoverable amount is less than the carrying amount of the asset.

The impairment loss is recognised in the income statement immediately. All reversals of an impairment loss are recognised as income immediately in the income statement.

An impairment loss is reversed if there has been a change in estimates used to determine the recoverable amount.

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

5.7 Receivables

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

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.8 Payables

Payables are stated at cost which is the fair value of the considerations to be paid in the future for goods and services received.

5.9 Employee benefits

5.9.1 Short term employee benefits

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

Short term non-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-monetary accumulating compensated absences such as sick leave are recognised when the absences occur.

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

5.9.2 Defined contribution plans

The Group and the Company make contributions to a statutory provident fund and recognise the contribution payable:

- (a) after deducting contributions already paid as a liability; and
- (b) as an expense in the financial year in which the employees render their services.

5.10 Income tax

Income tax in the financial statements for the financial year comprises current tax expense and deferred tax.

5.10.1 Current tax expense

Current tax expense included all taxes which are based on taxable profits. Current tax expense also include other taxes such as real property gains taxes.

5.10.2 Deferred tax

Deferred tax, which includes deferred tax liabilities and assets, is provided for under the liability method at the current tax rate in respect of all temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base including unused tax losses and capital allowances.

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

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

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.11 Foreign currency transaction and translation

Transactions in foreign currencies are converted into Ringgit Malaysia at exchange rates prevailing on transaction dates. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into Ringgit Malaysia at the approximate rates of exchange on the balance sheet date.

All gains or losses from the settlement of foreign currency transactions and from translating foreign monetary assets and liabilities are taken up in the income statement.

The principal closing rates used in the translation of foreign currency amounts are as follows:

	2005 RM	2004 RM
1 US Dollar	3.7505	3.8000
1 Australia Dollar	2.9000	2.6600

5.12 Revenue recognition

Revenue from sale of goods is recognised in the income statement upon delivery of goods and customer's acceptance.

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

Interest income is recognised on an accrual basis.

5.13 Borrowing costs

Cost incurred on borrowings to finance the acquisition, construction 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 are complete, after which such expense is charged to the income statement.

5.14 Cash and cash equivalents

Cash and cash equivalents include cash and bank balances, deposits and other short term, highly liquid investments which are readily convertible to cash and which are subject to insignificant risk of changes in value.

5.15 Segment information

No business segment information has been provided as the Group is principally engaged in the business of manufacturing and marketing of aluminum billets. Segment information in respect of geographical segment is presented as the Group risk and rates of return are affected predominantly by differences in geographical location of customers.

A segment with a majority of operating income earned from providing products or services to external clients and whose operating income, results or assets are 10 percent or more of all the segments is reported separately. Segment results, assets and liabilities include items that are directly attributable to a segment as well as those that can be allocated on a reasonable basis.

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

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.16 Financial instruments

5.16.1 Share capital

Ordinary shares recorded at the nominal value and proceeds in excess of the nominal value of share issued, if any, are accounted for as share premium. Both ordinary shares and share premium are classified as equity. Cost incurred directly attributable to the issuance of the shares are accounted for as a deduction from share premium. Otherwise, they are charged to the income statement.

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

5.16.2 Borrowings

Interest bearing borrowings are recorded at the amount of proceeds received, net of transaction cost.

5.16.3 Other financial instruments

The accounting policies for other financial instruments recognised on the balance sheet are disclosed in the individual policies associated with each item.

6. PROPERTY, PLANT AND EQUIPMENT

Group	Balance as at 1.8.2004 RM	Additions RM	Acquisition of a subsidiary company RM	Balance as at 31.7.2005 RM
Cost				
Freehold land	–	–	3,526,465	3,526,465
Buildings	–	2,101,212	8,448,437	10,549,649
Building under construction	–	462,570	–	462,570
Plant and machinery	–	8,313,507	21,671,915	29,985,422
Office equipment	–	6,128	185,679	191,807
Furniture and fittings	–	1,384	31,112	32,496
Electrical fittings	–	1,326,213	868,470	2,194,683
Motor vehicles	–	–	408,090	408,090
	–	12,211,014	35,140,168	47,351,182
Accumulated depreciation				
Freehold land	–	–	–	–
Buildings	–	56,094	598,854	654,948
Building under construction	–	–	–	–
Plant and machinery	–	752,100	6,062,729	6,814,829
Office equipment	–	7,929	63,918	71,847
Furniture and fittings	–	1,308	13,724	15,032
Electrical fittings	–	43,797	352,248	396,045
Motor vehicles	–	34,008	20,644	54,652
	–	895,236	7,112,117	8,007,353

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

	Group 2005 RM
Net book value	
Freehold land	3,526,465
Buildings	9,894,701
Building under construction	462,570
Plant and machinery	23,170,593
Office equipment	119,960
Furniture and fittings	17,464
Electrical fittings	1,798,638
Motor vehicles	353,438
	<hr/>
	39,343,829

Included in the property, plant and equipment is borrowing cost capitalised during the financial year amounting to RM139,692.

The freehold land and buildings of the Group with net book value of RM13,421,166 have been charged to a bank for credit facilities granted to the subsidiary company (Note 14).

7. INVESTMENT IN A SUBSIDIARY COMPANY

	Company	
	2005 RM	2004 RM
Unquoted shares, at cost	<hr/>	-
	25,978,559	

The details of subsidiary company are as follows:-

Name of Company	Country of incorporation	Interest in equity held by the Company		Principal activities
		2005	2004	
Formosa Shyen Horng Metal Sdn. Bhd. ("Formosa")	Malaysia	100%	-)	Manufacturing and marketing of aluminium billets

7. INVESTMENT IN A SUBSIDIARY COMPANY (CONT'D)

During the financial year, the Group acquired the entire issued and paid-up share capital of Formosa. The effect of this acquisition on the financial results of the Group during the financial year is as follows:-

	Total RM	Preacquisition RM	Post acquisition RM
Revenue	141,542,265	69,826,057	71,716,208
Operating income	63,853	46,089	17,764
Operating costs	(130,264,800)	(64,479,824)	(65,784,976)
	11,341,318	5,392,322	5,948,996
Tax expense	(1,805,666)	(1,009,370)	(796,296)
Increase in Group net profit	9,535,652	4,382,952	5,152,700

The effect of this acquisition on the financial position of the Group at the end of the financial year is as follows:-

	2005 RM
Property, plant and equipment	39,343,829
Inventories	5,838,245
Trade receivables	20,564,598
Deposits and prepayments	1,002,179
Cash and bank balances	1,464,689
Trade payables	(5,424,799)
Other payables and accruals	(3,745,789)
Bank borrowings	(8,587,337)
Tax liabilities	(90,446)
Deferred tax liabilities	(2,905,000)
Increase in Group net assets	47,460,169

There were no acquisitions in the previous financial period.

8. AMOUNT OWING BY A SUBSIDIARY COMPANY

Company

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

9. INVENTORIES

	Group 2005 RM
At cost	
Raw material	5,215,956
Work-in-progress	365,446
Stores and spares	256,843
	<hr/> 5,838,245 <hr/>

10. TRADE RECEIVABLES

	Group 2005 RM
Trade receivables	20,723,161
Less: Allowance for doubtful debts	(158,563)
	<hr/> 20,564,598 <hr/>

The credit terms of trade receivables range from 30 to 180 days from date of invoice.

11. TRADE PAYABLES**Group**

The credit terms granted to the Group range from cash term to 60 days from date of invoice.

12. OTHER PAYABLES AND ACCRUALS

	Group 2005 RM	Company	
		2005 RM	2004 RM
Other payables	3,420,253	5,074	315
Accruals	413,140	82,530	700
	<hr/> 3,833,393 <hr/>	87,604	1,015

Included in other payables of the Group is an amount of RM1,941,083 owing to vendors of property, plant and equipment.

13. AMOUNT OWING TO A DIRECTOR

Company

Amount owing to a director in 2004 represents payments made on behalf which is unsecured, interest-free and has no fixed terms of repayment.

14. BANK BORROWINGS (INTEREST BEARING)

	Group 2005 RM
Current liabilities	
Bankers' acceptances – secured	1,600,000
Onshore foreign currency loan – unsecured	2,849,248
Term loans – secured (Note 15)	1,265,122
	<u>5,714,370</u>
Non-current liabilities	
Term loans – secured (Note 15)	<u>2,872,967</u>
Total borrowings	
Bankers' acceptances – secured	1,600,000
Onshore foreign currency loan – unsecured	2,849,248
Term loans – secured (Note 15)	4,138,089
	<u>8,587,337</u>

The bankers' acceptances and term loans of the Group are secured by:-

- i) Legal charges over seven pieces of freehold land of the subsidiary company and factory buildings erected thereon;
- (ii) Debentures over all present and future plant and machinery of the subsidiary company which have been discharged on 12 August 2005; and
- (iii) Promissory notes executed by certain shareholders of Company which are in the process of being discharged.

The bankers' acceptances and term loans of the Group are guaranteed by a director and certain shareholders of Company. Subsequent to the balance sheet date, the guarantee provided by a director and certain shareholders of the Company are in the process of being discharged. The facilities are now guaranteed by the Company.

15. TERM LOANS

	Group 2005 RM
Term loan I repayable by 60 equal monthly instalments of RM41,082 each commencing 1 December 2002	875,164
Term loan II repayable by 60 equal monthly instalments of RM51,352 each commencing 1 May 2003	1,023,382
Term loan III repayable by 84 equal monthly instalments of RM33,601 each commencing 1 October 2005	2,239,543
	<u>4,138,089</u>
Repayable as follows:-	
Current liabilities	
– not later than one year	1,265,122
Non-current liabilities	
– later than one year and not later than five years	2,117,557
– later than five years	755,410
	<u>2,872,967</u>
	<u>4,138,089</u>

16. SHARE CAPITAL

	Group and Company			
	2005		2004	
	Number of shares	RM	Number of shares	RM
Ordinary shares of RM0.50 each				
Authorised:-				
Balance as at 1 August 2004/ Date of incorporation	200,000	100,000	200,000	100,000
Created during the financial year/period	199,800,000	99,900,000	–	–
As at 31 July 2005	<u>200,000,000</u>	<u>100,000,000</u>	<u>200,000</u>	<u>100,000</u>

16. SHARE CAPITAL (CONT'D)

	Group and Company			
	2005		2004	
	Number of shares	RM	Number of shares	RM
Issued and fully paid:-				
Balance as at 1 August 2004/ Date of incorporation	4	2	4	2
Issue of shares during the financial year/period	79,999,996	39,999,998	-	-
As at 31 July 2005	80,000,000	40,000,000	4	2

Pursuant to the equity restructuring scheme with Formosa and the listing of the entire enlarged share capital of the Company on the Second Board of Bursa Malaysia Securities Berhad during the financial year, the issued and paid-up share capital of the Company was increased from RM2 to RM40,000,000 by way of:-

- i) Issues of 51,939,996 new ordinary shares of RM0.50 each for acquisition of the entire issued and fully paid-up share capital of Formosa for a total consideration of RM25,978,559.
- (ii) Rights issue of 24,060,000 new ordinary shares of RM0.50 each at par on the basis of approximate 46 new ordinary shares for every 100 ordinary shares to all the existing shareholders of the Company after the acquisition of Formosa; and
- (iii) Public issues of 4,000,000 new ordinary shares of RM0.50 each for cash at an issue price of RM1.00 per share to the Malaysian Public.

The new shares rank pari-passu in all respects with the then existing ordinary shares of the Company.

17. RETAINED PROFIT/(ACCUMULATED LOSSES)

Subject to the agreement of the Inland Revenue Board:-

- a) the Company and the subsidiary company has tax exempt account amounting to approximately RM3,000,000 (2004: Nil) and RM7,160,000 (2004: RM8,200,000) respectively available for distribution of tax exempt dividends; and
- (b) the subsidiary company has unabsorbed reinvestment allowance of approximately RM7,193,000 (2004: Nil) available to set off against future taxable profits.

18. DEFERRED TAX LIABILITIES

	Group 2005 RM
Acquisition of a subsidiary company Recognised in income statement (Note 21)	1,946,277 958,723
Balance as at 31 July 2005	<u>2,905,000</u>

The components of deferred tax liabilities as at the end of the financial year comprise tax effect of excess of capital allowances over corresponding depreciation.

19. REVENUE

	Group 1.8.2004 to 31.7.2005 RM	Company 1.8.2004 to 31.7.2005 RM	7.11.2003 to 31.7.2004 RM
Sale of goods	71,716,209	–	–
Dividend	–	3,000,000	–
Interest income	26,875	26,875	–
	<u>71,743,084</u>	<u>3,026,875</u>	–

20. PROFIT/(LOSS) BEFORE TAX

	Group 1.8.2004 to 31.7.2005 RM	Company 1.8.2004 to 31.7.2005 RM	7.11.2003 to 31.7.2004 RM
This is arrived at after charging:-			
Auditors' remuneration:-			
– current year	9,250	3,000	600
– underprovision in prior year	200	200	–
Depreciation of property, plant and equipment	895,236	–	–
Directors' remuneration:-			
– fee	78,000	78,000	–
– emoluments other than fees	81,200	–	–
Hire of machinery	2,250	–	–
Hostel rental	1,750	–	–
Interest expense:-			
– bankers' acceptance	64,168	–	–
– hire-purchase	589	–	–
– onshore foreign currency loan	864	–	–
– overdraft	9,039	–	–
– term loans	61,393	–	–

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

	Group 1.8.2004 to 31.7.2005 RM	Company 1.8.2004 to 31.7.2005 RM	7.11.2003 to 31.7.2004 RM
And crediting:			
Allowance for doubtful debts no longer required	25,000	-	-
Dividend income	-	3,000,000	-
Interest income	34,158	26,875	-
Realised gain on foreign exchange	4,230	-	-
	<hr/>	<hr/>	<hr/>

The estimated monetary value of benefits-in-kind received by the Directors of the Group and of the Company during the financial year amounted to RM7,250 (2004: Nil).

21. TAX EXPENSES

	Group 1.8.2004 to 31.7.2005 RM	Company 1.8.2004 to 31.7.2005 RM	7.11.2003 to 31.7.2004 RM
Current tax income	(162,427)	-	-
Deferred tax expense (Note 18)	958,723	-	-
	<hr/>	<hr/>	<hr/>
	796,296	-	-
	<hr/>	<hr/>	<hr/>

The reconciliation between the effective tax rate and the applicable tax rate are as follows:-

	Group 2005 %	Company 2005 %
Applicable tax rate	28.0	28.0
Tax effects in respect of:-		
Non taxable income	(0.5)	(28.0)
Non allowable expenses	1.6	-
Reduction in tax rate on the first RM500,000 chargeable income	(0.4)	-
Reinvestment allowances	(15.1)	-
	<hr/>	<hr/>
Effective tax rate	13.6	-
	<hr/>	<hr/>

22. EARNINGS PER SHARE

The basic earnings per share is calculated by dividing the consolidated net profit for the financial year of RM5,083,676 by the weighted average number of ordinary shares in issue during the financial year of 29,750,468.

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

23. DIVIDEND PER SHARE

	Group 1.8.2004 to 31.7.2005 RM	Company 1.8.2004 to 31.7.2005 RM	7.11.2003 to 31.7.2004 RM
Proposed first and final tax exempt dividend	2,800,000	2,800,000	–

The proposed first and final tax exempt dividend of 3.5%, amounting to RM2,800,000 in respect of the current financial year has yet to be approved by the shareholders. This dividend, upon approval by the shareholders, will be accounted for as an appropriation of retained profits in the financial year ending 31 July 2006.

24. ACQUISITION OF A SUBSIDIARY COMPANY

During the financial year, the Group acquired the entire issued and paid-up share capital of Formosa. The fair value of the assets acquired and the liabilities assumed are as follows:

	Group 2005 RM
Property, plant and equipment	28,028,051
Inventories	11,321,010
Trade receivables	11,689,006
Deposits and prepayments	607,290
Cash and bank balances	1,387,008
Trade payables	(2,476,945)
Other payables and accruals	(4,416,026)
Amounts owing to former shareholders	(1,619,236)
Amounts owing to former directors	(130,764)
Bank borrowings	(14,438,733)
Tax liabilities	(442,873)
Deferred tax liabilities	(1,946,277)
Net assets acquired	27,561,511
Negative goodwill	(1,582,952)
Total purchase consideration	25,978,559
Less: Cash and bank balances of the subsidiary company acquired	(1,387,008)
Less: Purchase consideration satisfied by issuance of ordinary shares (Note 16(ii))	(25,978,559)
Cash flow on acquisition, net of cash acquired	(1,387,008)

25. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	Group 2005 RM
Purchase of property, plant and equipment (Note 6)	12,211,014
Financed by term loan	(4,364,335)
Included in other payables	(1,941,083)
Interest capitalised and paid	(139,692)
	<hr/>
Cash payment on purchase of property, plant and equipment	5,765,904
	<hr/>

26. SEGMENT REPORTING OF THE GROUP

(a) Business segments

No business segment information has been provided as the Group is principally engaged in the business of manufacturing and marketing of aluminium billets.

(b) Geographical segments

The Group operates mainly in Malaysia. In determining the geographical segments of the Group, revenue is based on the geographical location of customers. There is no sale between the segments. Segment assets are based on the geographical location of assets.

	Malaysia RM'000	South East Asia other than Malaysia RM'000	South Asia RM'000	Others RM'000	Total RM'000
Revenue	46,033	16,284	8,965	461	71,743
	<hr/>				
Segment result	5,199	450	336	24	6,009
Interest income	7	-	-	-	7
Interest expense	(136)	-	-	-	(136)
	<hr/>				
Profit before tax					5,880
Tax expense					(796)
	<hr/>				
Net profit for the financial year					5,084
	<hr/>				
Other information					
Segment assets	55,898	4,291	8,028	-	68,217
Unallocated corporate assets					2
	<hr/>				
Total assets					68,219
	<hr/>				
Segment liabilities	17,846	-	-	-	17,846
Unallocated corporate liabilities					2,995
	<hr/>				
Total liabilities					20,841
	<hr/>				
Capital expenditure	12,211	-	-	-	12,211
Depreciation	895	-	-	-	895
	<hr/>				

27. FINANCIAL INSTRUMENTS

(a) Interest rate risk

The effective annual interest rates of the financial liabilities are as follows:-

	2005 %
Bankers' acceptance	3.89
Onshore foreign currency loan	4.60
Term loans	<u>7.38</u>

(b) Foreign currency risk

The net unhedged financial assets and liabilities of the Group that are denominated in their functional currencies are as follows:-

	2005 RM
Cash and bank balances	
US Dollar	<u>815,038</u>
Trade receivables	
US Dollar	<u>12,071,875</u>
Trade payables	
US Dollar	<u>3,228,717</u>
Other payables	
US Dollar	153,827
Australian Dollar	<u>3,138</u>
Bank borrowings	
US Dollar	<u>2,849,248</u>

(c) Credit risk

The Group has no significant concentration of credit risk as at 31 July 2005. The maximum exposures to credit risk are represented by the carrying amounts of the financial assets in the balance sheets.

27. FINANCIAL INSTRUMENTS (CONT'D)

(d) Fair values

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

	Company	
	Carrying amount RM	Fair value RM
As at 31 July 2005		
Amount owing by a subsidiary company	17,745,958	–

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

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

- i) The carrying values of the financial assets and liabilities maturing within 12 months are stated at approximately their fair values due to the relatively short-term maturity of these financial instruments.
- (ii) The fair values of the Group's term loans are estimated based on the current rates offered to the Group for loans of the same remaining maturities.

28. CAPITAL COMMITMENT

	Group 2005 RM
Capital expenditure in respect of purchase of property, plant and equipment:-	
Contracted but not provided for	4,489,875

29. NUMBER OF EMPLOYEES AND STAFF COSTS

	Group 2005
The number of employees of the Group, including executive director, at the end of the financial year	117

29. NUMBER OF EMPLOYEES AND STAFF COSTS (CONT'D)

The total staff costs recognised in income statement are as follows:-

	Group 2005 RM
Salary, bonus and wages	969,775
Defined contributions plan	45,666
Director's remuneration	81,200
Other staff costs	130,073
	1,226,714

30. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

In conjunction with and as an integral part of the listing and quotation for the entire issued and paid-up share capital of the Company on the Second Board of Bursa Malaysia Securities Berhad undertaken by the Company, the Company implemented a restructuring exercise which was approved by the Securities Commission ("SC") vide its letter dated 27 January 2005, and by the Ministry of International Trade and Industry ("MITI") via its letters dated 27 October 2004 and 29 October 2004, which involved the following transactions:-

a) Acquisition of Formosa

Acquisition of the entire issued and paid-up share capital of Formosa comprising 1,250,000 ordinary shares of RM1.00 each for a purchase consideration of RM25,978,559 satisfied by the issuance of 51,939,996 new ordinary shares in the Company at an issue price of RM0.5002 per share.

The acquisitions were completed on 10 March 2005 resulted in the issued and paidup share capital of the Company being increase from RM2 comprising 4 ordinary shares to RM25,970,000 comprising 51,940,000 ordinary shares.

(b) Rights issue

Upon completion of the acquisition of Formosa, the Company implemented a Rights Issue of 24,060,000 new ordinary shares at an issue price of RM0.50 per rights share to all the existing shareholders of the Company on the basis of approximately 46 new ordinary shares for every 100 existing ordinary shares held after the acquisition.

As at 31 July 2004, shareholders' advances to Formosa amounted to RM1.750 million. This was settled by the Company on behalf of Formosa by way of set-off against the respective portion of the required cash outlay of the affected shareholder for the Rights Issue. Hence, the net proceeds from the Rights Issue to the Company after setting-off the shareholders' advances was RM10,280,000, instead of RM12,030,000.

The rights issue was completed on 28 March 2005 resulted in the issued and paid-up share capital of the Company increased from RM25,970,000 comprising 51,940,000 ordinary shares to RM38,000,000 comprising 76,000,000 ordinary shares.

30. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONT'D)

(c) Public issue

Public issue of 4,000,000 new ordinary shares representing 5% of the enlarged issued and paid-up share capital of the Company at an issue price of RM1.00 per share are payable in full upon application by the Malaysian Public via balloting, of which at least 30% is to be set aside strictly for Bumiputera individuals, companies, societies, cooperatives and institutions subject to term and conditions as set out in the prospectus dated 20 April 2005.

(d) Listing

The listing of and quotation for the entire enlarged issued and paid-up share capital of the Company comprising 80,000,000 ordinary shares of RM0.50 each was admitted on the Second Board of Bursa Malaysia Securities Berhad on 11 May 2005.

31. COMPARATIVE FIGURES

There are no comparative figures for the consolidated financial statements presented as this is the first set of consolidated financial statements prepared.

32. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

These financial statements were authorised for issue by the Board of Directors on 27 October 2005.

list of properties

as at 31 July 2005

Location	Approximate Age of Building (years)	Tenure	Land Area (Build-up Area)	Description of Property	Net Book Value (RM)	Date of Acquisition
1. Lot 2-31 H.S. (D) 58354 PT 3380, Mukim Beranang Daerah Ulu Langat Selangor Darul Ehsan	–	Freehold	4,209 m ²	Vacant Land for Container Storage Yard	792,865	1 Nov 01
2. Lot 2-32 H.S. (D) 58355 PT 3381, Mukim Beranang Daerah Ulu Langat Selangor Darul Ehsan	8	Freehold	3,521 m ² (1,364 m ²)	Industrial land with single storey factory	312,555	5 Oct 99
3. Lot 2-33 H.S. (D) 58356 PT 3382, Mukim Beranang Daerah Ulu Langat Selangor Darul Ehsan	8	Freehold	3,521 m ² (1,364 m ²)	Industrial land with single storey factory and 2 storey office building	646,494	19 Sep 97
4. Lot 2-34 H.S. (D) 58357 PT 3383, Mukim Beranang Daerah Ulu Langat Selangor Darul Ehsan	4	Freehold	3,521 m ² (1,740 m ²)	Industrial land with single storey factory	457,807	10 Jun 00
5. Lot 2-35 H.S. (D) 58358 PT 3384, Mukim Beranang Daerah Ulu Langat Selangor Darul Ehsan	4	Freehold	3,521 m ² (1,740 m ²)	Industrial land with single storey factory	459,546	13 Dec 00
6. Lot 2-36 H.S. (D) 58359 PT 3385, Mukim Beranang Daerah Ulu Langat Selangor Darul Ehsan	1	Freehold	3,521 m ² (2,030 m ²)	Industrial land with single storey factory	466,591	4 Jul 01
7. Lot 2-36(A) H.S. (D) 58360, PT 3386 Mukim Beranang Daerah Ulu Langat Selangor Darul Ehsan	1	Freehold	3,521 m ² (2,030 m ²)	Industrial land with single storey factory	390,607	27 Aug 02

In addition to the abovementioned properties, the Group via Formosa, had on 15 February 2005 acquired three (3) pieces of land (Lot 2-40, Lot 2-44 and Lot 2-45 in Mukim Beranang, Daerah Ulu Langat, Selangor Darul Ehsan) for a total purchase consideration of RM1.235 million which is to be settled by monthly instalments. The land titles for the said industrial land will be transferred to Formosa upon full settlement of the purchase consideration.

analysis of shareholdings

as at 9 November 2005

SHARE CAPITAL

Authorised Share Capital	:	RM100,000,000.00
Issued and Fully Paid-up Share Capital	:	RM40,000,000.00
Class of shares	:	Ordinary Shares of 50 sen each
Voting rights	:	Registered shareholders are entitled to one vote per ordinary share held at all general meetings
No of shareholders	:	1,127

ANALYSIS OF ORDINARY SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	No. of Shares	% of Shareholdings
Less than 100	1	50	0.00
100 to 1,000	690	678,600	0.85
1,001 to 10,000	355	1,393,450	1.74
10,001 to 100,000	50	2,017,006	2.52
100,001 to less than 5% of issued shares	26	19,600,900	24.50
5% and above of issued shares	5	56,309,994	70.39
Total	1,127	80,000,000	100.00

DIRECTORS' INTEREST

No. Name	Direct Interest		Indirect Interest	
	No. of Shares	% of Total Shares	No. of Shares	% of Total Shares
1. Dato Shahrir Bin Abdul Jalil	100,000	0.13	14,440,000	18.05
2. Tan Wan Lay	5,946,000	7.43	25,219,994	31.52
3. Ahmed Azhar Bin Abdullah	100,000	0.13	–	–
4. Leong Chik Weng	–	–	–	–
Total	6,146,000	7.69	39,659,994	49.57

SUBSTANTIAL SHAREHOLDERS

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

No. Name	No. of Shares	% of Total Shares
1. A-Rank Group Sdn. Bhd.	25,193,994	31.49
2. Rentak Naluri Sdn. Bhd.	14,440,000	18.05
3. Cho Hung-Ju	6,630,000	8.29
4. Tan Wan Lay	5,746,000	7.18
5. Lembaga Tabung Angkatan Tentera	4,300,000	5.38
	56,309,994	70.39

THE THIRTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares	% of Total Shareholdings
1.	A-Rank Group Sdn. Bhd.	25,193,994	31.49
2.	Rentak Naluri Sdn. Bhd.	14,440,000	18.05
3.	Cho Hung-Ju	6,630,000	8.29
4.	Tan Wan Lay	5,746,000	7.18
5.	Lembaga Tabung Angkatan Tentera	4,300,000	5.38
6.	Lin, Chih-Chang	3,315,000	4.14
7.	Lin, Hsien-Tang	3,315,000	4.14
8.	Anitha a/p Krishna Murthi	1,220,000	1.53
9.	TA Nominees (Asing) Sdn. Bhd. <i>Pledged Securities Account for Tsang Yip, Shuk-Ying</i>	1,120,000	1.40
10.	Kong Mah Realty (M) Sdn. Bhd.	1,070,000	1.34
11.	Amanah Raya Nominees (Tempatan) Sdn. Bhd. <i>Skim Amanah Saham Bumiputera</i>	1,000,000	1.25
12.	Amanah Raya Nominees (Tempatan) Sdn. Bhd. <i>Amanah Saham Malaysia</i>	1,000,000	1.25
13.	Amanah Raya Nominees (Tempatan) Sdn. Bhd. <i>Amanah Saham Didik</i>	1,000,000	1.25
14.	LB Aluminium Berhad	1,000,000	1.25
15.	Permodalan Nasional Berhad	1,000,000	1.25
16.	Ritma Bebas Sdn. Bhd.	760,000	0.95
17.	AMSEC Nominees (Tempatan) Sdn. Bhd. <i>Ammerchant Bank Bhd for Chua Sing Keong</i>	550,000	0.69
18.	Koperasi Polis Diraja Malaysia Berhad	500,000	0.63
19.	TA Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Cheng Teck Loong</i>	353,100	0.44
20.	Cheng Teck Loong	341,500	0.43
21.	Peak Perform International Ltd.	310,000	0.39
22.	Gan Kah Yaw	268,000	0.34
23.	Tan Chez Chooi	250,000	0.31
24.	JCA Builders (M) Sdn. Bhd.	203,000	0.25
25.	Tan Wan Lay	200,000	0.25
26.	AM Nominees (Tempatan) Sdn. Bhd. <i>Majlis Sukan Negara Malaysia</i>	194,700	0.24
27.	AMSEC Nominees (Tempatan) Sdn. Bhd. <i>Ammerchant Bank Bhd for Tan Kar Pin</i>	150,000	0.19
28.	Leow Chong Fatt	141,000	0.18
29.	Kok Chik Song	117,600	0.15
30.	Fam Lian Fatt	112,000	0.14
Total		75,800,894	94.77

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I/We _____ NRIC No. _____

of _____

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

of _____

or failing him/her _____ of _____

or failing him/her the Chairman of the Meeting as my/our proxy to attend and vote on my/our behalf at the Annual General Meeting of the Company to be held at Ujong Pandang Room, Staffield Country Resort, Batu 13 Jalan Seremban-Kuala Lumpur (Country Road), 71700 Mantin, Negeri Sembilan Darul Khusus on Tuesday, 27 December, 2005 at 10.00 a.m. or at any adjournment thereof:

	RESOLUTIONS	FOR	AGAINST
1.	To receive and adopt the audited Financial Statements for the year ended 31 July 2005 and the Reports of the Directors and Auditors thereon.		
2.	To declare a First and Final Tax Exempt Dividend of 3.5 sen per share in respect of the Financial Year ended 31 July 2005.		
3.	To approve the payment of Directors' Fees		
4.	To re-elect Dato' Shahrir Bin Abdul Jalil as Director		
5.	To re-elect Mr Tan Wan Lay as Director		
6.	To re-elect Encik Ahmed Azhar Bin Abdullah as Director		
7.	To re-elect Dr Leong Chik Weng as Director		
8.	To re-appoint Messrs. BDO Binder as Auditors and to authorize the Directors to fix their remuneration.		
9.	To authorize Directors to issue shares not exceeding 10% of the issued capital of the Company.		

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

As witness my hand this _____ day of _____ 2005.

Number of Ordinary Shares held

Signature

Notes:

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