www.arank.com.my or www.formosa.com.my

A-RANK BERHAD (633621-X)

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

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A-RANK BERHAD

(633621-X)

2008
annual report

vision

To be a renowned international player and a trustworthy partnership for quality in the aluminium extrusion billets.

mission

- We are committed to supporting our customers' success by working closely with them in developing new and innovative solutions that will enhance their products and process challenges.
- To build our reputation on the success we help the extruders achieve by focusing on two fundamental themes – delivering superior quality billets and building lasting relationships.
- We will satisfy or exceed the needs of our customers by providing supreme quality billets, reliable on-time service and competence for our business partners.

contents

corporate **profile**

A-Rank Berhad through its wholly-owned subsidiary, Formosa Shyen Horng Metal Sdn. Bhd. ("Formosa") (collectively the "Group" or "A-Rank Group") is principally involved in the manufacturing and marketing of aluminium billets. The Group is currently the largest manufacturer and supplier of aluminium billets in Malaysia and one of Asia's leading suppliers of aluminium extrusion billets.

The A-Rank Group commenced operations in 1998 with an initial annual installed capacity of 12,000 metric tonnes and has registered consistent and impressive growth culminating in its listing on the Second Board of Bursa Malaysia Securities Berhad on 11 May 2005. Currently, the Group has an installed capacity of 108,000 metric tonnes per annum. Turnover for the financial year ended 31 July 2008 was RM478 million.

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

To ensure consistent quality of its products, the Group has numerous testing equipment including ultrasonic fault detectors, light emission spectrometers, AlSCAN hydrogen analyser and optical microscope with Olympus software solution that enable sophisticated evaluation of quality achieved in the casting and homogenising processes. In line with its emphasis on quality, Formosa has achieved the ISO 9001:2000 certification and BS EN ISO: 2000 certification in 2003 from Moody.

The Group presently exports about 50% of its production and its export markets include Australia, China, Europe, Middle East, South Asia, South Africa and South East Asia.

notice of **annual general meeting**

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of the Company will be held at Ujong Pandang Room, Staffield Country Resort, Batu 13, Jalan Seremban-Kuala Lumpur (Country Road), 71700 Mantin, Negeri Sembilan Darul Khusus on Tuesday, 23 December 2008 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 2008 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 ordinary share in respect of the financial year ended 31 July 2008. **Resolution 2**
3. To approve the payment of Directors' Fees amounting to RM78,000.00 for the financial year ended 31 July 2008. **Resolution 3**
4. To re-elect Encik Ahmed Azhar Bin Abdullah who retires in accordance with Article 112 of the Company's Articles of Association. **Resolution 4**
5. To re-elect Mr. Wong Tze Kai who retires in accordance with Article 117 of the Company's Articles of Association. **Resolution 5**
6. To re-appoint Messrs. BDO Binder as Auditors and to authorise the Directors to fix their remuneration. **Resolution 6**
7. As SPECIAL BUSINESS, to consider, and if thought fit, to pass the following as Ordinary Resolution:

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

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

BY ORDER OF THE BOARD

NG BEE LIAN
TAN ENK PURN
Company Secretaries

Seremban
24 November 2008

NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS ALSO HEREBY GIVEN THAT subject to the approval of the shareholders at the Annual General Meeting on 23 December 2008, the First and Final Tax Exempt Dividend of 3.5 sen per ordinary share in respect of the financial year ended 31 July 2008 will be payable on 9 January 2009 to Depositors whose names appear in the Record of Depositors on 30 December 2008.

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 2008 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 question either personally or by proxy or as proxy for another member at any general meeting.

2. A proxy need not be a member of the Company and the provisions of Section 149(1)(b) of the Act shall not apply to the Company.

3. A member shall not appoint more than two (2) proxies to attend at the same meeting, where a member appoints two proxies, the proxies shall not be valid unless the member specifies the proportion of his shareholdings to be represented by each proxy.

4. The instrument appointing a proxy shall be in writing under the hands of the appointer or of his attorney duly 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 7 of the Agenda – Ordinary Resolution

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

   The Ordinary Resolution proposed under item 7 of the Agenda, if passed, is to empower the Directors to issue up to a maximum of ten (10) per centum of the total issued share capital of the Company for the time being without convening a general meeting 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**

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

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

   Encik Ahmed Azhar Bin Abdullah
   Mr. Wong Tze Kai

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

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

Name of Directors	Attendance
Dato' Shahrir Bin Abdul Jalil	3 / 4
Tan Wan Lay	4 / 4
Ahmed Azhar Bin Abdullah	4 / 4
Dr. Leong Chik Weng	4 / 4
Wong Tze Kai * (appointed on 19.09.2008)	–

3. **Annual General Meeting of A-Rank Berhad**

Place	Ujong Pandang Room, Staffield Country Resort Batu 13, Jalan Seremban-Kuala Lumpur (Country Road), 71700 Mantin Negeri Sembilan Darul Khusus
Date & Time	23 December 2008 at 10.00 a.m.

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

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

financial **highlights**

The following table sets out a summary of the proforma consolidated results of the Group for the financial years ended 31 July 2004 and 2005 prepared on the assumption that the Group has been in existence throughout the two years and the audited consolidated results for the financial years ended 31 July 2006, 2007 and 2008.

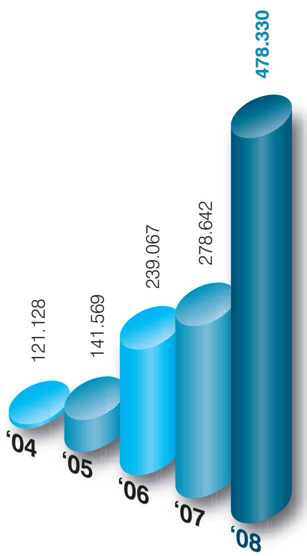
Years ended	Revenue RM'000	Profit before taxation RM'000	Profit after taxation RM'000	Proposed Dividend RM'000
31.07.2004	121,128	8,053	6,352	–
31.07.2005	141,569	11,272	9,467	2,800
31.07.2006	239,067	8,129	6,841	2,800
31.07.2007	278,642	8,606	7,429	2,800
31.07.2008	478,330	10,093	8,924	2,800 *

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

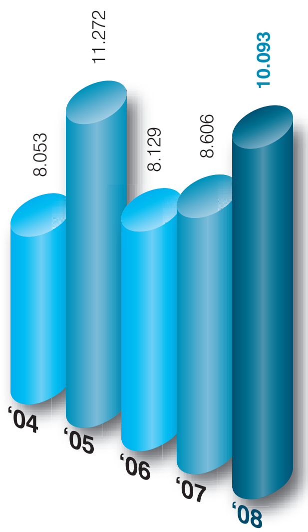
1. The proforma consolidated results are prepared for illustrative purposes only and are prepared based on the audited financial statements of A-Rank Berhad and its subsidiary company, Formosa Shyen Horng Metal Sdn. Bhd. ("Formosa") for the financial years ended 31 July 2004 and 2005. The proforma consolidated results for the financial years mentioned above have been prepared based on accounting policies consistent with those adopted in the preparation of the audited financial statements of the A-Rank Group.

2. There were no extraordinary or exceptional items.

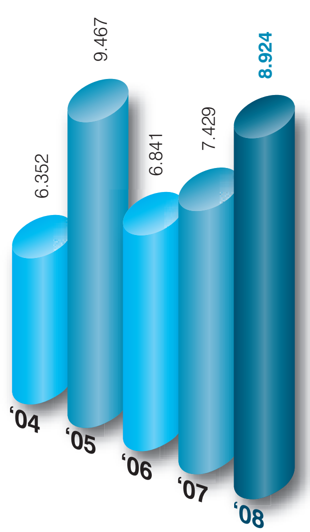
revenue
(RM million)



profit before taxation
(RM million)



profit after taxation
(RM million)



corporate **information**

BOARD OF DIRECTORS

Dato' Shahrir Bin Abdul Jalil
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

Wong Tze Kai
Independent Non-Executive Director
(appointed on 19 September 2008)

AUDIT COMMITTEE

Ahmed Azhar Bin Abdullah
Independent Non-Executive Director – Chairman

Dr. Leong Chik Weng
Independent Non-Executive Director

Wong Tze Kai
Independent Non-Executive Director
(appointed on 19 September 2008)

Tan Wan Lay
Managing Director
(resigned on 19 September 2008)

REGISTERED OFFICE

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

COMPANY SECRETARIES

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

AUDITOR

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

PRINCIPAL BANKERS

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

SOLICITORS

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

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

HEAD/MANAGEMENT OFFICE

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

REGISTRAR

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

CORPORATE ADVISOR

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

STOCK EXCHANGE LISTING

Second Board of
Bursa Malaysia Securities Berhad
Stock Name : ARANK
Stock Code : 7214

profile of **directors**

Dato' Shahrir Bin Abdul Jalil

Independent Non-Executive Chairman

Aged 47, 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 three (3) of the four (4) Board meetings held during the financial year ended 31 July 2008.

Tan Wan Lay

Managing Director

Aged 44, a Malaysian, was appointed to the Board on 11 March 2005. Mr. Tan has over 20 years experience in the aluminium extrusion industry. He graduated with a Diploma in Civil Engineering from Federal Institute of Technology in 1986 and joined LB Aluminium Berhad in the same year. He rose through the ranks to be a Senior Production Manager in 1993 when he left to join Press Metal Berhad as Production Manager. He left Press Metal Berhad in 1997 to set up Formosa Shyen Horng Metal Sdn. Bhd.

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

He attended all four (4) Board meetings held during the financial year ended 31 July 2008.

profile of **directors**

Dr. Leong Chik Weng

Independent Non-Executive Director

Aged 45, a Malaysian, was appointed to the Board on 11 March 2005 and is currently the founder and Chief Executive Officer of e-Lock Corporation Sdn. Bhd. Dr. Leong obtained his Ph.D in Chemical Engineering in 1989 from the University of Massachusetts, Amherst, USA. After graduation, he joined Raychem Corporation in Menlo Park, California where he was subsequently promoted as Technical Director. In 1997, Dr. Leong was a consultant to Guidant Corporation, one of the world's largest cardiovascular product companies, where he develop an advanced chaotic mixing screw technology to produce micro tubing using polymer alloys.

He also sits on the Board of UMW Holdings Berhad.

He is a member of the Audit Committee.

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

He attended all four (4) Board meetings held during the financial year ended 31 July 2008.

Ahmed Azhar Bin Abdullah

Independent Non-Executive Director

Aged 47, a Malaysian, was appointed to the Board on 11 March 2005 and is currently the Executive Director of MOCCIS Furniture Sdn. Bhd. and of MCCM Marketing Sdn. Bhd. He graduated from California State University (Fresno) with a Bachelor of Science in Accounting in 1986 and subsequently obtained his Master of Business Administration from California State University, Dominquez Hills (Los Angeles) in 1987. Upon graduation, he joined Malaysia Mining Corporation Berhad ("MMC") as an Internal Auditor. He was subsequently seconded to head MMC's wholly-owned subsidiary in London from 1992 to 1995 and upon his return, served in various management capacities within the MMC group. He joined Gas Malaysia Sdn. Bhd. in November 2000 and was head of the residential and commercial sales unit for natural gas and liquefied petroleum gas until March 2005.

He also sits on the Board of Ecofuture Bhd.

He is a member of the Audit Committee.

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

He attended all four (4) Board meetings held during the financial year ended 31 July 2008.

Wong Tze Kai

Independent Non-Executive Director

Aged 36, a Malaysian, was appointed to the Board on 19 September 2008 and is currently the Executive Director of CPK Solutions. Mr. Wong graduated from the University of Adelaide, Australia with a Bachelor of Commerce/Bachelor of Laws in 1995. He joined Messrs. Lee Hishammuddin in 1996 as Pupil in Chambers and as Legal Assistant in year 1997. He worked in Malaysian Exchange of Securities Dealing & Automated Quotation Bhd. From 1997 to 1999 as an Executive, Legal and Intermediary services. He was the Senior Executive of Maxis Communications Bhd. from 1999 to 2000. He was Managing Investment Director of Banyan Ventures Sdn. Bhd. and headed the Legal and Strategy unit. He was a senior manager in Malaysian Venture Capital Management Berhad from 2003 to 2005 and was promoted to Vice President (Investments) and Voting Member of Investment Committee from 2005 to 2006. From 2007 to 2008, he was an entrepreneur being involved in several international businesses in the ICT, outsourcing and property development sectors.

He is a member of the Audit Committee.

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

chairman's **statement**

"For the financial year under review, the Group achieved a substantial increase in turnover of RM478.3 million compared to RM278.6 million for the preceding year or an increase of 71.7%."

On behalf of the Board of Directors, I am pleased to present the Annual Report and Financial Statements of the Group and of the Company for the financial year ended 31 July 2008.

FINANCIAL PERFORMANCE

For the financial year under review, the Group achieved a substantial increase in turnover of RM478.3 million compared to RM278.6 million for the preceding year or an increase of 71.7%. The significant higher revenue was achieved on the back of increased volume of aluminium sold as well as higher selling prices owing to the increase in cost of raw materials. Sales mix remained relatively the same. Profit before and after tax also shown improvement. For the year under review, profit before and after tax were RM10.1 million and RM8.9 million respectively

chairman's statement

compared to RM8.6 million and RM7.4 million for the previous financial year. The improved profit performance was achieved due to the increased volume although margins were lower due to higher raw material costs. In addition, the profit performance was affected by higher administration and distribution costs

The net earnings per share for the financial year ended 31 July 2008 was 11.15 sen whilst net assets per share amounted to 77.7 sen at the end of the financial year.

CORPORATE DEVELOPMENTS

The Group does not have any significant corporate development to report as emphasis was placed on broadening its customer base as well as implementing measures to improve recovery and efficiency.

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 2008 subject to the approval of shareholders at the forthcoming annual general meeting.

CORPORATE SOCIAL RESPONSIBILITY ("CSR")

The Board understands that as a public listed entity, the Company and its subsidiary should meet with the social needs of society and the many communities in which they operates. As such, the Company will endeavour to appreciate its social and environmental performances with respect to CSR issues and to take appropriate and timely action to address such issues, if any.

Considerations for the environment have always been an important issue in all aspects of the Group's operations. In this regard, the Group is particularly proud of its contributions towards the environment as it provides a valuable service in the recycling of aluminium, predominantly to manufacturers of aluminium products in Malaysia. Aluminium which is the major raw material input in our products is environmentally friendly and can be endlessly recycled. By recycling aluminium, we help save energy as well as raw materials which lessen the need for solid waste disposal.

From the social viewpoint, the Group has made donations to various schools in Malaysia as a gesture of its contributions and has also donated towards the relief efforts for the earthquake in Sichuan, China. The Group has also upgraded its dust collection facilities to further reduce air pollution.

PROSPECTS

The current financial crisis will provide plenty of challenges for the forthcoming year. With many developed countries in the midst of or entering into recession, the global economies are mostly expected to slowdown. The contagion effects will also be felt in Malaysia which economy is also expected to slow. In these times of uncertainties, the Group will focus on improving its core competencies, strengthen its cashflow and adopt stringent cost cutting measures. Export will remain a focus of the Group's marketing strategy in view of the inherent limited size of the Malaysian market. Efforts in the past year to broaden its customer base in the export market have been fruitful and the Group expects to limit the adverse effects of the global slowdown on its exports. Currently, the Group export contributed more than 50% of its revenue.

On the domestic front, the initiatives announced by the Malaysian Government to stave off a slowdown should spur and sustain development in the Malaysian economy. Given that we are the dominant player in the local market, we are thus well placed to take advantage of any opportunities that may arise. The Group's management is confident that it has the necessary experience gained from past crisis to prevail over this difficult period.

Notwithstanding the uncertainties ahead, your Board is cautiously optimistic that the Group will remain profitable for the forthcoming year.

APPRECIATION

On behalf of the Board, I would like to extend our heartfelt thanks to our customers, business associates, bankers and the various government agencies for their continued and unwavering support. I would also like to place on record my appreciation and gratitude for the support of my fellow Directors. Our appreciations are also extended to our shareholders and to the management and employees for their commitment, contribution and loyalty.

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

managing director's **operations review**

REVIEW OF OPERATIONS

The Group continues to improve on its performance in terms of both revenue and profitability. As elaborated in the Chairman's Statement, the Group reported a significantly improved set of results in 2008 compared to the preceding financial year. Sales volume increased substantially both, domestically and for exports, as the Group broadens its customer base in both segments. The substantial increase in sales revenue was due to the higher volume as well as the increase in raw material costs. However, margins were lower in 2008 compared to 2007 owing to the rise in raw material costs as the Group priced its products, aluminium billets, on a cost-plus basis. Nonetheless, profit before and after tax were higher than the previous year despite increases in administrative and distribution costs.

The emphasis which started in the previous year to focus on the export market has seen the Group increasing its export volume as well as increasing the number of customers. As a result, capacity utilisation has also increased compared to the previous year. To cope with the higher capacity utilisation, the Group has during the financial year under review, upgrade its dust collector to further reduce dust pollution. The Group has also installed a new cooling tower system to replace the old system. The new system has a higher cooling capacity which will assist in improving the quality of the products as well as increase efficiency in terms of power and water usages. In addition, we completed installing an additional sawing machine to speed up the process of supplying cut-length billets to our customers. We also placed an order for a unit of ILDU Degassing System which degases hydrogen during the casting process and improve the quality and extrudability of billets for supplying to the customers. The Group is also in the midst of constructing a new warehouse to cope with increasing storage requirement in view of the higher capacity utilisation. Emphases will continue be placed on improving the internal process and delivery system to increase operational efficiencies, reduce wastage and improve recovery with a view to increase the bottomline particularly with the anticipated difficult times ahead.

In 2008, the Group have participated in two exhibitions, one in India in March 2008 and another at Essen, (Germany) in September 2008. We have been receiving encouraging response from customers from the two exhibitions that we participated in.

OUTLOOK

The outlook for the forthcoming is uncertain at best in view of the global financial crisis and impending worldwide recession. Domestically, we also expect a slowdown although the Government's initiatives to stimulate the local economy will mitigate some of the contagion effects of the global financial crisis. We will do what we know best to take care of our customers, look into ways to reduce costs, improve recovery and increase operational efficiency to boost margins. The Group will maintain its position as the dominant supplier of aluminium billets in Malaysia and South East Asia by constantly upgrading its capacity and technology and to provide better quality aluminium billets and services. The Group will also look into ways to strengthen its cashflow thereby improving its balance sheets. This is in view that in times of uncertainties it is best to be cashflow positive so that operations can continue to be sustained whilst at the same time to take advantage when opportunity beckons.

Notwithstanding the economic crisis, the Directors are cautiously optimistic that, barring unforeseen circumstances, the Group will be able to remain profitable next year.

APPRECIATION

I wish to take this opportunity to thank our customers, business partners, suppliers, bankers and not forgetting our shareholders for their continue support. My thanks are also extended to my fellow directors, management and staff for all the hard work, commitment and contribution during the difficult and challenging year.

Tan Wan Lay
Managing Director

statement on **corporate governance**

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

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

BOARD OF DIRECTORS

The Board currently comprises of five (5) members, four (4) of whom are Independent Non-Executive Directors. The Board members, with their diverse backgrounds, bring with them a wide range of disciplines and experiences to provide stewardship to the Group. The composition of the Board complies with the Code in that at least one-third of the Board consists of Independent Non-Executive Directors. There is a balance of power and authority in the Board as the Managing Director is responsible for the normal operations and business activities of the Group whilst the Independent Executive Chairman and the Independent Non-Executive Directors ensure that the Board practices good governance in discharging their duties in compliance with the Code. Decision made are fully discussed and examined taking into account the long term interest of the Group, shareholders, employees, customers and the many communities in which the Group conducts its business.

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

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

BOARD MEETINGS

The Board meets on a scheduled basis, at least once every three (3) months. Additional meetings may be convened to resolve any major and/or ad hoc matters requiring immediate attention. During the financial year ended 31 July 2008, the Board met four (4) times. Management staff may be invited to attend Board meetings to provide the Board with detailed explanations and clarification.

SUPPLY OF INFORMATION

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

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

BOARD COMMITTEES

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

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

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

RE-ELECTION OF DIRECTORS

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

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

For the forthcoming AGM, Encik Ahmed Azhar Bin Abdullah will retire by rotation, pursuant to Article 112 of the Company's Articles of Association and being eligible, offers himself for re-election. Mr. Wong Tze Kai who appointed to the Board since the last Annual General Meeting, retires under Articles 117 of the Company's Articles of Association, and being eligible, offers himself for re-election.

NUMBER OF DIRECTORSHIPS IN OTHER COMPANIES

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

The listed of directorships held directors is diclosed by respective directors to the Board to ensure compliance to the above Listing Requirements.

DIRECTORS' TRAINING

Save for Director Mr. Wong Tze Kai who was appointed on 9 September 2008, all Directors of the Company have completed the Mandatory Accreditation Programme ("MAP") in accordance with the Listing Requirement of the Bursa Malaysia Securities Berhad. The Directors will continue to undergo other relevant training programs to further enhance their knowledge in the latest statutory and regulatory developments as well as to keep abreast with developments in the business environment to enable them to discharge their responsibilities more effectively. All Directors are briefed regularly on current regulatory issues as well as new relevant laws and regulations by the Group's auditors and Company Secretary.

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 2008 is as follows:

	Executive Director RM'000	Non-Executive Directors RM'000	Total RM'000
Fees	18	60	78
Salaries	245	–	245
Bonus	66	–	66
Benefits-in-kind	17	–	17
Defined contributions plan	29	–	29
Total	**375**	**60**	**435**

statement on
corporate governance

The number of Directors whose total remuneration fall within the following bands for the financial year ended 31 July 2008 is as follows:

	Executive Directors	Non-Executive Directors
Below RM50,000	–	3
RM350,001 to RM400,000	1	–

RELATIONSHIPS WITH SHAREHOLDERS AND INVESTORS

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

The Annual General Meeting ("AGM") provides an opportunity for the shareholders to seek and clarify any issues and to have a better understanding of the Group's performance. The Board encourages shareholders' active participation at such meetings. Members of the Board and the external auditors are also present to answer questions raised during the meetings.

The Company has also established a website **www.arank.com.my** as another tool of communication that provide easy assess for information which includes corporate information, announcements/ press releases, financial information, products information and investor relations.

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

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ACCOUNTABILITY AND AUDIT

Financial Reporting

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

Internal Control

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

Relationship with Auditors

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

STATEMENT ON DIRECTORS' RESPONSIBILITY

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

This Statement is made in accordance with a resolution of the Board of Directors dated 31 October 2008.

additional **compliance information**

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

UTILISATION OF PROCEEDS

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

SHARE BUYBACKS

There was no share buyback scheme implemented during the financial year ended 31 July 2008.

OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

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

DEBT AND EQUITY SECURITIES

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

AMERICAN DEPOSITORY RECEIPT (“ADR”) OR GLOBAL DEPOSITORY RECEIPT (“GDR”)

The Company has not sponsored any ADR or GDR programme during the financial year ended 31 July 2008.

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 2008.

NON-AUDIT FEES

During the financial year ended 31 July 2008, non-audit fees paid and payable to external auditors amounted to RM4,000.

VARIATION IN RESULTS

There were no material variance between the audited results for the financial year ended 31 July 2008 and the unaudited results previously announced.

PROFIT GUARANTEE

There were no profit guarantees given or received by the Company during the financial year ended 31 July 2008.

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 2008 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 2008.

PROFIT ESTIMATION, FORECAST OR PROJECTION

There were no profit estimation, forecast or projection made or released by the Company or Group during the financial year ended 31 July 2008.

audit committee report

MEMBERS OF THE AUDIT COMMITTEE

Chairman	Ahmed Azhar Bin Abdullah	Independent Non-Executive Director
Member	Dr. Leong Chik Weng Wong Tze Kai Tan Wan Lay	Independent Non-Executive Director Independent Non-Executive Director (appointed on 19 September 2008) Managing Director (resigned on 19 September 2008)

TERMS OF REFERENCE

Composition

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

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

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

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

Quorum and Committee's Procedures

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

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

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

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

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

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

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

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

Duties & Responsibilities

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

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

  (a) any changes in or implementation of accounting policies and practices;

  (b) significant adjustments or unusual events arising from the audit;

  (c) the going concern assumption; and

  (d) compliance with accounting standards and other legal requirements
- any related party transaction and conflict of interest situation that may arise within the Company/Group, including any transaction, procedure or course of conduct that raises questions of management integrity;

audit committee report

- with the external and internal auditors, major audit findings, reservations or material weaknesses and the Management's response in resolving the audit issues reported during the year; and

- such other activities, as authorised by the Board.

Authority and Rights

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

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

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

ATTENDANCE

During the financial year ended 31 July 2008, four (4) Audit Committee's meetings were held which were attended in full by all the members of the Committee.

SUMMARY OF ACTIVITIES

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

- Reviewed the unaudited quarterly and year-end results of the Group and the Company before recommending to the Board for their approvals and for announcement to Bursa Malaysia Securities Berhad;

- Reviewed the audited financial statements of the Group and of the Company prior to submission to the Board for consideration and approval:

- Discussed with external auditors on their audit plan and scope of work for the year as well as the audit procedures to be utilised;

- Review with the external auditors the results of their audit, the audit report and internal control recommendations in respect of control weaknesses noted in the course of their audit;

- Reviewed the internal audit plan and the scope of work; and

- Reviewed the internal auditors' report and the external auditors' report and management letter, if any.

INTERNAL AUDIT FUNCTION

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

statement on **internal control**

INTRODUCTION

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

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

RESPONSIBILITY FOR RISK MANAGEMENT AND INTERNAL CONTROL

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

SYSTEM OF INTERNAL CONTROL

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

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

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

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

- The effectiveness of the system of internal control is also reviewed through the ISO 9001:2000 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. The demanding documentation requirements of the certification further ensure a trail of accountability in the Group.

statement on **internal control**

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

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

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

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

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

REVIEW OF THE STATEMENT BY THE EXTERNAL AUDITORS

The external auditors have reviewed this Statement of Internal Control for inclusion in the annual report of the Company for the financial year ended 31 July 2008 and had reported to the Board that nothing has come to their attention that causes them to believe that the statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of internal controls.

INTERNAL AUDIT FUNCTION

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

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

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

CONCLUSION

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

This Statement was made in accordance with the resolution of the Board dated 31 October 2008.

financial statements

directors' **report**

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 2008.

PRINCIPAL ACTIVITIES

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

RESULTS

	Group RM	Company RM
Profit for the financial year	8,923,971	3,090,828

DIVIDENDS

Dividends paid and proposed since the end of previous financial year were as follows:

(i) As proposed and included in the last year's report, a first and final tax exempt dividend of 3.5 sen per ordinary share amounting to RM2,800,000 in respect of the financial year ended 31 July 2007 had been approved by the shareholders at the Annual General Meeting on 27 December 2007. The dividend was paid on 17 January 2008 and had been accounted for as an appropriation of retained earnings in the financial year ended 31 July 2008; and

(ii) The Directors propose a first and final tax exempt dividend of 3.5 sen per ordinary share amounting to RM2,800,000 in respect of the financial year ended 31 July 2008 which is subject to the approval of the shareholders at the forthcoming Annual General Meeting will be accounted for as an appropriation of retained earnings in the financial year ending 31 July 2009.

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

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

OPTIONS GRANTED OVER UNISSUED SHARES

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

DIRECTORS

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

Dato' Shahrir Bin Abdul Jalil
Tan Wan Lay
Ahmed Azhar Bin Abdullah
Dr. Leong Chik Weng
Wong Tze Kai (appointed on 19 September 2008)

In accordance with Article 112 of the Company's Articles of Association, Ahmed Azhar Bin Abdullah retires by rotation and, being eligible, offers himself for re-election.

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

DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year and their beneficial interests in the ordinary shares of the Company and its related corporation during the financial year ended 31 July 2008 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965 were as follows:

	--- Number of ordinary shares of RM0.50 each ---			
	Balance as at 1.8.2007	**Bought**	**Sold**	**Balance as at 31.7.2008**
Shares in the Company				
Direct interests				
Tan Wan Lay	5,946,000	–	(2,105,000)	3,841,000
Ahmed Azhar Bin Abdullah	100,000	–	–	100,000
Indirect interests				
Dato' Shahrir Bin Abdul Jalil	14,440,000	–	(14,440,000)	–
Tan Wan Lay	25,219,994	10,000	–	25,229,994

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

None of the other Directors holding office at the end of the financial year held any interest in shares in the Company and of its related corporation.

DIRECTORS' BENEFITS

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

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

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY

(I) AS AT THE END OF THE FINANCIAL YEAR

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

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and have satisfied themselves that all known bad debts had been written off and that provision need not be 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.

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

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

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

(i) which would render the amounts written off for bad debts inadequate to any material extent or necessitate the making of provision for doubtful debts in the financial statements of the Group and of the Company; 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.

(III) AS AT THE DATE OF THIS REPORT

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

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

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

AUDITORS

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

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

Dato' Shahrir Bin Abdul Jalil
Director

Tan Wan Lay
Director

Kuala Lumpur
31 October 2008

statement by **directors**

In the opinion of the Directors, the financial statements set out on pages 30 to 66 have been drawn up in accordance with applicable approved Financial Reporting Standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of the financial position of the Group and of the Company as of 31 July 2008 and of their financial performance and cash flows for the financial year then ended.

On behalf of the Board,

Dato' Shahrir Bin Abdul Jalil
Director

Tan Wan Lay
Director

Kuala Lumpur
31 October 2008

statutory **declaration**

I, **Tan Tze,** being the officer primarily responsible for the financial management of A-Rank Berhad, do solemnly and sincerely declare that the financial statements set out on pages 30 to 66 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)
31 October 2008) **Tan Tze**

Before me:

S. Ideraju
Commissioner for Oaths
No. W-451

independent **auditors' report**

to the members of A-Rank Berhad

Report on the Financial Statements

We have audited the financial statements of A-Rank Berhad, which comprise the balance sheets as at 31 July 2008 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 30 to 66.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with applicable approved Financial Reporting Standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of the financial position of the Group and of the Company as of 31 July 2008 and of their financial performance and cash flows for the financial year then ended.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiary have been properly kept in accordance with the provisions of the Act.

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

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

Other Matters

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

BDO Binder
AF : 0206
Chartered Accountants

Ng Chee Hoong
2278/10/10 (J)
Partner

Kuala Lumpur
31 October 2008

balance **sheets**
as at 31 July 2008

	Note	Group 2008 RM	Group 2007 RM	Company 2008 RM	Company 2007 RM
ASSETS					
Non-current assets					
Property, plant and equipment	7	58,388,173	54,808,471	–	–
Investment in a subsidiary	8	–	–	25,978,559	25,978,559
Trade and other receivables	9	–	–	14,865,129	14,562,069
		58,388,173	54,808,471	40,843,688	40,540,628
Current assets					
Inventories	10	34,995,057	19,870,517	–	–
Trade and other receivables	9	27,553,442	40,128,059	2,801,000	2,801,000
Current tax asset		66,738	117,806	–	–
Cash and bank balances		978,083	748,319	1,824	8,999
		63,593,320	60,864,701	2,802,824	2,809,999
TOTAL ASSETS		121,981,493	115,673,172	43,646,512	43,350,627
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the Company					
Share capital	11	40,000,000	40,000,000	40,000,000	40,000,000
Reserves	12	22,172,577	16,048,606	3,546,272	3,255,444
TOTAL EQUITY		62,172,577	56,048,606	43,546,272	43,255,444
LIABILITIES					
Non-current liabilities					
Bank borrowings (interest bearing)	13	253,068	1,746,059	–	–
Deferred tax liabilities	15	5,304,800	4,643,000	–	–
		5,557,868	6,389,059	–	–
Current liabilities					
Trade and other payables	16	10,079,087	7,006,728	100,240	95,183
Bank borrowings (interest bearing)	13	44,171,961	46,228,779	–	–
		54,251,048	53,235,507	100,240	95,183
TOTAL LIABILITIES		59,808,916	59,624,566	100,240	95,183
TOTAL EQUITY AND LIABILITIES		121,981,493	115,673,172	43,646,512	43,350,627

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

income statements

for the financial year ended 31 July 2008

	Note	Group 2008 RM	Group 2007 RM	Company 2008 RM	Company 2007 RM
Revenue	17	478,330,013	278,641,641	3,300,000	2,800,000
Cost of sales	18	(460,599,512)	(263,671,689)	–	–
Gross profit		17,730,501	14,969,952	3,300,000	2,800,000
Other operating income		51,231	24,798	–	–
Distribution costs		(906,441)	(692,517)	–	–
Administration expenses		(4,214,353)	(3,413,775)	(209,172)	(186,113)
Profit from operations		12,660,938	10,888,458	3,090,828	2,613,887
Finance costs	19	(2,568,099)	(2,282,393)	–	–
Profit before tax	20	10,092,839	8,606,065	3,090,828	2,613,887
Tax expense	21	(1,168,868)	(1,177,230)	–	–
Profit for the financial year		8,923,971	7,428,835	3,090,828	2,613,887
Basic earnings per share (sen)	22	11.15	9.29		
Dividend per share (sen)					
– First and final tax exempt dividend	23	3.50	3.50	3.50	3.50

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

statements of **changes in equity**

for the financial year ended 31 July 2008

	Note	Share capital RM	Non-distributable Share premium RM	Distributable Retained earnings RM	Total RM
Group					
Balance as at 31 July 2006		40,000,000	715,938	10,703,833	51,419,771
Profit for the financial year, representing total income and expense for the year		–	–	7,428,835	7,428,835
Dividend	23	–	–	(2,800,000)	(2,800,000)
Balance as at 31 July 2007		40,000,000	715,938	15,332,668	56,048,606
Profit for the financial year, representing total income and expense for the year		–	–	8,923,971	8,923,971
Dividend	23	–	–	(2,800,000)	(2,800,000)
Balance as at 31 July 2008		40,000,000	715,938	21,456,639	62,172,577

	Note	Share capital RM	Share premium RM	Retained earnings RM	Total RM
Company					
Balance as at 31 July 2006		40,000,000	715,938	2,725,619	43,441,557
Profit for the financial year, representing total income and expense for the year		–	–	2,613,887	2,613,887
Dividend	23	–	–	(2,800,000)	(2,800,000)
Balance as at 31 July 2007		40,000,000	715,938	2,539,506	43,255,444
Profit for the financial year, representing total income and expense for the year		–	–	3,090,828	3,090,828
Dividend	23	–	–	(2,800,000)	(2,800,000)
Balance as at 31 July 2008		40,000,000	715,938	2,830,334	43,546,272

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

cash flow **statements**

for the financial year ended 31 July 2008

	Note	Group 2008 RM	Group 2007 RM	Company 2008 RM	Company 2007 RM
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax		10,092,839	8,606,065	3,090,828	2,613,887
Adjustments for:					
Depreciation of property, plant and equipment	7	3,193,903	2,949,865	–	–
Dividend income		–	–	(3,300,000)	(2,800,000)
(Gain)/Loss on disposal of property, plant and equipment		(25,266)	18,270	–	–
Interest expenses	19	2,568,099	2,282,393	–	–
Interest income		(16,265)	(12,726)	–	–
Property, plant and equipment written off	7	12,704	16,543	–	–
Operating profit/(loss) before working capital changes		15,826,014	13,860,410	(209,172)	(186,113)
Increase in inventories		(15,124,540)	(2,995,769)	–	–
Decrease/(Increase) in trade and other receivables		12,574,617	(6,415,181)	–	–
Increase/(Decrease) in trade and other payables		1,620,919	(6,957,514)	5,057	(22)
Cash generated from/(used in) operations		14,897,010	(2,508,054)	(204,115)	(186,135)
Interest paid		(128,848)	(190,403)	–	–
Tax paid		(456,000)	(471,036)	–	–
Net cash from/(used in) operating activities		14,312,162	(3,169,493)	(204,115)	(186,135)
CASH FLOWS FROM INVESTING ACTIVITIES					
Dividend received		–	–	3,300,000	2,800,000
Interest received		16,265	12,726	–	–
Advances (to)/from a subsidiary		–	–	(303,060)	190,915
Purchase of property, plant and equipment	25	(5,343,603)	(9,157,000)	–	–
Proceeds from disposal of property, plant and equipment		34,000	522,830	–	–
Net cash (used in)/from investing activities		(5,293,338)	(8,621,444)	2,996,940	2,990,915

cash flow **statements**

for the financial year ended 31 July 2008

	Note	Group 2008 RM	Group 2007 RM	Company 2008 RM	Company 2007 RM
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividend paid		(2,800,000)	(2,800,000)	(2,800,000)	(2,800,000)
(Repayment)/Drawdown of bankers' acceptances		(24,984,653)	4,634,654	–	–
Drawdown of foreign currency loan		39,577,102	3,000,000	–	–
(Repayment)/Drawdown of export credit refinancing		(16,348,000)	9,934,000	–	–
Interest paid		(2,439,251)	(2,091,990)	–	–
Repayment of term loans		(1,789,803)	(2,114,500)	–	–
Net cash (used in)/from financing activities		(8,784,605)	10,562,164	(2,800,000)	(2,800,000)
Net increase/(decrease) in cash and cash equivalents		234,219	(1,228,773)	(7,175)	4,780
Cash and cash equivalents at beginning of financial year		743,864	1,972,637	8,999	4,219
Cash and cash equivalents at end of financial year	29	978,083	743,864	1,824	8,999

notes to the **financial statements**
31 July 2008

1. CORPORATE 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 (RM), which is also the Company's functional currency.

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 31 October 2008.

2. PRINCIPAL ACTIVITIES

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

3. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Basis of accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention except as otherwise stated in the financial statements.

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.2 Basis of consolidation

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

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

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

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

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

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

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

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

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

Minority interest is that portion of the profit or loss and net assets of a subsidiary attributable to equity interests that are not owned, directly or indirectly through subsidiary, by the Group. It is measured at the minority's share of the fair value of the subsidiary's identifiable assets and liabilities at the acquisition date and the minority's share of changes in the subsidiary's equity since that date.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.2 Basis of consolidation (cont'd)

Where losses applicable to the minority in a subsidiary exceed the minority's interest in the equity of that subsidiary, the excess and any further losses applicable to the minority are allocated against the Group's interest except to the extent that the minority has a binding obligation and is able to make additional investment to cover the losses. If the subsidiary subsequently reports profits, such profits are allocated to the Group's interest until the minority's share of losses previously absorbed by the Group has been recovered.

Minority interest is presented in the consolidated balance sheet within equity and is presented in the consolidated statement of changes in equity separately from equity attributable to equity holders of the Company.

Minority interest in the results of the Group is presented in the consolidated income statement as an allocation of the total profit or loss for the financial year between minority interest and equity holders of the Company.

Transactions with minority interest are treated as transactions with parties external to the Group. Disposals to minority interest result in gains and losses for the Group that are recorded in the income statement. Purchases from minority interest result in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary.

4.3 Property, plant and equipment and depreciation

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

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

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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

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

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

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

4.4 Leases

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

4.5 Investment in a subsidiary

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

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

4.6 Inventories

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

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

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.7 Impairment of non-financial assets

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

Goodwill and intangible assets that have an indefinite useful life are tested annually for impairment or more frequently if events or changes in circumstances indicate that the goodwill or intangible asset might be impaired.

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

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

In estimating the value in use, the estimated future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted. An impairment loss is recognised in the income statement when the carrying amount of the asset or the CGU, including the goodwill or intangible asset, exceeds the recoverable amount of the asset or the CGU. The total impairment loss is allocated, first, to reduce the carrying amount of any goodwill allocated to the CGU and then to the other assets of the CGU on a pro-rate basis of the carrying amount of each asset in the CGU.

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

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

An impairment loss is 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. Such reversals are recognised as income immediately in the profit and loss.

4.8 Financial instruments

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.8 Financial instruments (cont'd)

4.8.1 Financial instruments recognised on the balance sheets

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

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

(a) 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.

(b) Cash and cash equivalents

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

(c) Payables

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

(d) Interest bearing loans and borrowings

All other interest bearing loans and borrowings are recognised at the fair value of the consideration received less directly attributable transaction costs.

(e) Equity instruments

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.8 Financial instruments (cont'd)

4.8.2 Financial instruments not recognised on the balance sheets

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

Foreign currency forward contracts

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

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

Commodity option contracts

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

4.9 Borrowing costs

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

4.10 Income taxes

Income taxes include all domestic and foreign taxes on taxable profits. Taxes in the income statement comprises current tax and deferred tax.

(a) Current tax

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

Current tax for the current and prior periods is measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that have been enacted or substantively enacted by the balance sheet date.

(b) Deferred tax

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.10 Income taxes (cont'd)

(b) Deferred tax (cont'd)

A deferred tax asset is recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amount of a deferred tax asset is reviewed at each balance sheet date. If it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax 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 income taxes relate to the same taxation authority.

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

4.11 Provisions

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

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

4.12 Contingent liabilities and contingent assets

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.13 Employee benefits

4.13.1 Short term employee benefits

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

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

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

4.13.2 Defined contribution plans

The Company and subsidiary incorporated in Malaysia make contributions to a statutory provident fund and recognise the contribution payable:

(a) as a liability after deducting any contributions already paid; and

(b) as an expense in the period in which the employees render their services.

4.14 Foreign currencies

4.14.1 Functional and presentation currency

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

4.14.2 Foreign currency transactions and balances

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.15 Revenue recognition

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

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

(a) Sale of goods

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

(b) Dividend income

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

(c) Interest income

Interest income is recognised on an accrual basis.

4.16 Segment reporting

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

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

5. ADOPTION OF NEW FRS AND AMENDMENTS TO FRS

5.1 New FRS and amendments to FRS adopted

(a) FRS 6 Exploration for and Evaluation of Mineral Resources is mandatory for annual periods beginning on or after 1 January 2007. FRS 6 is not relevant to the Group's operations.

(b) FRS 117 Leases is mandatory for financial periods beginning on or after 1 October 2006. FRS 117 is not relevant to the Group's operations.

5. ADOPTION OF NEW FRS AND AMENDMENTS TO FRS (CONT'D)

5.1 New FRS and amendments to FRS adopted (cont'd)

(c) FRS 119_{2004} Amendment to FRS 119_{2004} Employee Benefits – Actuarial Gains and Losses, Group Plans and Disclosures is mandatory for annual periods beginning on or after 1 January 2007. FRS 119_{2004} is not relevant to the Group's operations.

(d) FRS 124 Related Party Disclosures is mandatory for annual periods beginning on or after 1 October 2006. This FRS does not have any material impact to the Group other than additional disclosure on key management personnel remuneration and disclosure on related party transactions.

(e) The following FRS are mandatory for annual periods beginning on or after 1 July 2007:

FRS 107	Cash Flow Statements
FRS 111	Construction Contracts
FRS 112	Income Taxes
FRS 118	Revenue
FRS 120	Accounting for Government Grants and Disclosure of Government Assistance
FRS 134	Interim Financial Reporting
FRS 137	Provisions, Contingent Liabilities and Contingent Assets

These standards align the MASB's FRS with the equivalent International Accounting Standards, both in terms of form and content. The adoption of these standards will only impact the form and content of disclosures presented in the financial statements.

(f) Framework for the Preparation and Presentation of Financial Statements ("Framework") is effective for annual periods beginning on or after 1 July 2007.

The Framework sets out the concepts that underlie the preparation and presentation of financial statements for external users. It is not a MASB approved accounting standard as defined in paragraph 11 of FRS 101 and hence, does not define standards for any particular measurement or disclosure issue.

(g) Amendments and IC Interpretations which are effective for annual periods beginning on or after 1 July 2007

Amendment to FRS 121 The Effects of Changes in Foreign Exchange Rates Net Investment in a Foreign Operation	Amendment to FRS 121 is not relevant to the Group's operations.
IC Interpretation 1 Changes in Existing Decommissioning Restoration and Similar Liabilities	IC Interpretation 1 is not relevant to the Group's operations.

5. ADOPTION OF NEW FRS AND AMENDMENTS TO FRS (CONT'D)

5.1 New FRS and amendments to FRS adopted (cont'd)

(g) Amendments and IC Interpretations which are effective for annual periods beginning on or after 1 July 2007 (cont'd)

IC Interpretation 2 Members' Shares in Co-operative Entities and Similar Instruments	IC Interpretation 2 is not relevant to the Group's operations.
IC Interpretation 5 Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	IC Interpretation 5 is not relevant to the Group's operations.
IC Interpretation 6 Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment	IC Interpretation 6 is not relevant to the Group's operations.
IC Interpretation 7 Applying the Restatement Approach under FRS 129_{2004} Financial Reporting in Hyperinflationary Economies	IC Interpretation 7 is not relevant to the Group's operations.
IC Interpretation 8 Scope of FRS 2 : Share-Based Payment	IC Interpretation 8 is not relevant to the Group's operations.

5.2 New FRS not adopted

The Group has not adopted FRS 139 Financial Instruments: Recognition and Measurement and the consequential amendments resulting from FRS 139 which effective date is for annual periods beginning 1 January 2010 as announced by the MASB. FRS 139 establishes the principles for the recognition and measurement of financial assets and financial liabilities including circumstances under which hedge accounting is permitted. By virtue of the exemption provided under paragraph 103AB of FRS 139, the impact of applying FRS 139 on its financial statements upon first adoption of the standard as required by paragraph 30(b) of FRS 108 is not disclosed.

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

Key sources of estimation uncertainty

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

(a) Changes in estimates on useful lives of property, plant and equipment

The Group estimates the useful lives of property, plant and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property, plant and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the relevant assets. In addition, the estimation of the useful lives of property, plant and equipment are based on the internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in the estimates brought about by changes in factors mentioned above. The amount and timing of recorded expenses for any period would be affected by changes in these factors and circumstances.

(b) Impairment of property, plant and equipment

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

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

(c) Allowance for doubtful debts of receivables

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

(d) Taxation – Income taxes and deferred tax

Judgement is required in determining the capital allowances and deductibility of certain expenses when estimating the provision for income taxes. There were transactions during the ordinary course of business for which the ultimate tax determination of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax in the periods in which the outcome is known.

7. PROPERTY, PLANT AND EQUIPMENT

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

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

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

Group 2007	Balance as at 1.8.2006 RM	Additions RM	Disposal RM	Written off RM	Depreciation charge for the year RM	Reclassifi- cation RM	Balance as at 31.7.2007 RM
Carrying amount							
Freehold land	4,795,235	853,836	(397,110)	–	–	–	5,251,961
Buildings	17,764,489	406,882	–	–	(376,958)	–	17,794,413
Plant and machinery	22,691,515	7,655,520	(383,654)	–	(2,235,067)	1,456,933	29,185,247
Plant and machinery under construction	1,536,933	–	–	–	–	(1,536,933)	–
Office equipment	327,346	63,957	(337)	(16,543)	(42,780)	–	331,643
Furniture and fittings	243,441	17,860	–	–	(27,581)	–	233,720
Electrical fittings	1,711,201	215,945	–	–	(185,861)	80,000	1,821,285
Motor vehicles	271,820	–	–	–	(81,618)	–	190,202
	49,341,980	9,214,000	(781,101)	(16,543)	(2,949,865)	–	54,808,471

	At 31.7.2007		
	Cost RM	Accumulated depreciation RM	Carrying amount RM
Freehold land	5,251,961	–	5,251,961
Buildings	19,050,922	(1,256,509)	17,794,413
Plant and machinery	40,472,938	(11,287,691)	29,185,247
Office equipment	443,261	(111,618)	331,643
Furniture and fittings	281,005	(47,285)	233,720
Electrical fittings	2,582,618	(761,333)	1,821,285
Motor vehicles	408,090	(217,888)	190,202
	68,490,795	(13,682,324)	54,808,471

The freehold land and buildings of the Group with net book value of RM12,940,592 (2007: RM13,470,944) have been charged to a licensed bank for banking facilities granted to the subsidiary (Note 13).

8. INVESTMENT IN A SUBSIDIARY

	Company 2008 RM	Company 2007 RM
Unquoted shares, at cost	25,978,559	25,978,559

The details of the subsidiary are as follows:

Name of company	Country of incorporation	Interest in equity held by the Company 2008	Interest in equity held by the Company 2007	Principal activities
Formosa Shyen Horng Metal Sdn. Bhd. ("Formosa")	Malaysia	100%	100%	Manufacturing and marketing of aluminium billets

The subsidiary is audited by BDO Binder.

9. TRADE AND OTHER RECEIVABLES

	Group 2008 RM	Group 2007 RM	Company 2008 RM	Company 2007 RM
Non-current assets				
Amount owing by a subsidiary	–	–	14,865,129	14,562,069
Current assets				
Trade receivables				
Trade receivables	26,872,631	39,886,768	–	–
Less: Allowance for doubtful debts (net of bad debts written off of RM113,563)	–	(113,563)	–	–
	26,872,631	39,773,205	–	–
Other receivables, deposits and prepayments				
Amount owing by a subsidiary	–	–	2,800,000	2,800,000
Other receivables	–	32,499	–	–
Deposits	82,170	79,920	1,000	1,000
Prepayments	598,641	242,435	–	–
	680,811	354,854	2,801,000	2,801,000
	27,553,442	40,128,059	2,801,000	2,801,000

9. TRADE AND OTHER RECEIVABLES (CONT'D)

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

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

(c) The amount owing by a subsidiary (current) represents dividends receivable.

10. INVENTORIES

	Group	
	2008	**2007**
	RM	**RM**
At cost		
Raw material	33,604,183	18,143,145
Work-in-progress	537,354	610,976
Stores and spares	853,520	1,116,396
	34,995,057	19,870,517

11. SHARE CAPITAL

	Group and Company			
	2008		**2007**	
	Number of shares	**RM**	**Number of shares**	**RM**
Ordinary shares of RM0.50 each				
Authorised:				
At beginning/end of year	200,000,000	100,000,000	200,000,000	100,000,000
Issued and fully paid:				
At beginning/end of year	80,000,000	40,000,000	80,000,000	40,000,000

The holders of ordinary shares of RM0.50 each are entitled to receive dividends as declared from time to time and are entitled to one vote per ordinary share at annual meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

12. RESERVES

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Non-distributable				
Share premium	715,938	715,938	715,938	715,938
Distributable				
Retained earnings	21,456,639	15,332,668	2,830,334	2,539,506
	22,172,577	16,048,606	3,546,272	3,255,444

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

Retained earnings

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

The Company will continue to use its tax credit under Section 108 of the Income Tax Act, 1967 for the purpose of dividend distribution until the tax credit is fully utilised or latest by 31 December 2013.

Subject to agreement of the Inland Revenue Board:

(a) the Company has sufficient tax credit under Section 108 of the Income Tax Act, 1967 and balance in the tax exempt accounts to frank and distribute the entire retained earnings as at 31 July 2008 as dividends without incurring additional tax liability.

(b) the Company and the subsidiary has tax exempt account amounting to approximately RM3,500,000 (2007: RM3,000,000) and RM9,814,000 (2007: RM8,282,000) respectively available for distribution of tax exempt dividends; and

(c) the subsidiary has unabsorbed reinvestment allowance of approximately RM7,589,000 (2007: RM9,848,000) available to set off against future taxable profits.

13. BANK BORROWINGS (INTEREST BEARING)

	Group	
	2008 RM	2007 RM
Current liabilities		
Secured		
Foreign currency loan	39,577,102	–
Bankers' acceptances	3,100,000	28,084,653
Term loans (Note 14)	1,494,859	1,791,671
Export credit refinancing	–	3,800,000
Bank overdraft (Note 29)	–	4,455
	44,171,961	33,680,779
Unsecured		
Export credit refinancing	–	12,548,000
	44,171,961	46,228,779

13. BANK BORROWINGS (INTEREST BEARING) (CONT'D)

	Group 2008 RM	Group 2007 RM
Non-current liabilities		
Secured		
Term loans (Note 14)	253,068	1,746,059
Total borrowings		
Foreign currency loan	39,577,102	–
Bankers' acceptances	3,100,000	28,084,653
Term loans (Note 14)	1,747,927	3,537,730
Export credit refinancing	–	16,348,000
Bank overdraft (Note 29)	–	4,455
	44,425,029	47,974,838

Certain bank borrowings of the subsidiary are secured by legal charges over seven pieces of freehold land of the subsidiary and factory buildings erected thereon and guaranteed by the Company.

14. TERM LOANS

	Group 2008 RM	Group 2007 RM
Term loan II repayable by 60 equal monthly instalments of RM51,352 each commencing 1 May 2003	–	127,600
Term loan III repayable by 84 equal monthly instalments of RM33,601 each commencing 1 October 2006	489,339	1,147,708
Term loan IV repayable by 35 equal monthly instalments of RM83,334 and final instalment of RM83,310 each commencing 1 November 2006	1,258,588	2,262,422
	1,747,927	3,537,730
Repayable as follows:		
Current liabilities (Note 13) – not later than one year	1,494,859	1,791,671
Non-current liabilities (Note 13) – later than one year and not later than five years	253,068	1,746,059
	1,747,927	3,537,730

The weighted average effective annual interest rate is disclosed in Note 32(a)(i).

15. DEFERRED TAX LIABILITIES

	Group 2008 RM	Group 2007 RM
Balance as at 1 August	4,643,000	3,814,000
Recognised in income statement		
– current year	864,690	971,710
– under/(over) provision in prior year (Note 21)	9,300	(6,710)
– Effect on tax rate changes	(212,190)	(136,000)
	661,800	829,000
Balance as at 31 July	5,304,800	4,643,000

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.

16. TRADE AND OTHER PAYABLES

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Trade payables				
Trade payables	3,463,253	4,611,191	–	–
Other payables				
Other payables	5,209,356	2,037,821	7,872	5,183
Accruals	1,406,478	357,716	92,368	90,000
	6,615,834	2,395,537	100,240	95,183
	10,079,087	7,006,728	100,240	95,183

The credit terms granted to the Group is range from 7 days to 30 days from date of invoice.

Included in other payables of the Group is an amount of RM1,451,440 (2007: RM57,000) owing to vendors of property, plant and equipment.

17. REVENUE

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Sale of goods	478,330,013	278,641,641	–	–
Dividend income	–	–	3,300,000	2,800,000
	478,330,013	278,641,641	3,300,000	2,800,000

18. COST OF SALES

	Group 2008 RM	Group 2007 RM
Inventories sold	460,599,512	263,671,689

19. FINANCE COSTS

	Group 2008 RM	Group 2007 RM
Interest expense on:		
– bankers' acceptances	1,311,647	1,341,684
– foreign currency loan	788,448	–
– overdraft	128,848	190,403
– term loans	180,856	299,178
– export credit refinancing	158,300	451,128
	2,568,099	2,282,393

20. PROFIT BEFORE TAX

	Note	Group 2008 RM	Group 2007 RM	Company 2008 RM	Company 2007 RM
This is arrived at after charging:					
Auditors' remuneration:					
– Statutory		33,000	28,000	10,000	8,000
– Non-statutory					
– current year		4,000	4,000	4,000	4,000
– over provision in prior year		–	(1,500)	–	(1,500)
Depreciation of property, plant and equipment	7	3,193,903	2,949,865	–	–
Director's remuneration:					
– fees		78,000	78,000	78,000	78,000
– emoluments other than fees	24	339,360	314,160	–	–
Hire of machinery		9,760	1,770	–	–
Hostel rental		18,650	9,050	–	–
Interest expense:					
– bankers' acceptances	19	1,311,647	1,341,684	–	–
– foreign currency loan	19	788,448	–	–	–
– overdraft	19	128,848	190,403	–	–
– term loans	19	180,856	299,178	–	–
– export credit refinancing	19	158,300	451,128	–	–

20. PROFIT BEFORE TAX (CONT'D)

		Group		Company	
		2008	2007	2008	2007
	Note	RM	RM	RM	RM
Lease rental		396,000	132,000	–	–
Loss on disposal of property, plant and equipment		–	18,270	–	–
Property, plant and equipment written off	7	12,704	16,543	–	–
Realised loss on foreign exchange		132,303	77,002	–	–
And crediting:					
Gain on disposal of property, plant and equipment		25,266	–	–	–
Dividend income, tax exempt	17	–	–	3,300,000	2,800,000
Interest income		16,265	12,726	–	–

The estimated monetary value of benefits-in-kind received by the Director of the Group and of the Company during the financial year amounted to RM17,400 (2007: RM17,400).

21. TAX EXPENSE

	Group		Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
Current tax	510,054	338,195	–	–
Deferred tax (Note 15)	652,500	835,710	–	–
	1,162,554	1,173,905	–	–
(Over)/Under provision in prior year				
– current tax	(2,986)	10,035	–	–
– deferred tax (Note 15)	9,300	(6,710)	–	–
	1,168,868	1,177,230	–	–

The Malaysian income tax is calculated at the statutory tax rate of 26% (2007: 27%) of the estimated taxable profit for the fiscal year. The Malaysian statutory tax rate will be reduced to 25% from the current year's rate of 26% for the fiscal year of assessment 2009. The computation of deferred tax as at 31 July 2008 has reflected these changes.

21. TAX EXPENSE (CONT'D)

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

	Group		Company	
	2008	**2007**	**2008**	**2007**
	RM	**RM**	**RM**	**RM**
	%	**%**	**%**	**%**
Applicable tax rate	26.0	27.0	26.0	27.0
Tax effects in respect of:				
Non-taxable income	–	–	(27.8)	(28.9)
Non-allowable expenses	0.7	1.4	1.8	1.9
Reduction in tax rate on the first RM500,000 chargeable income	(0.3)	(0.4)	–	–
Other tax incentives	(0.9)	(0.7)	–	–
Reinvestment allowances	(12.2)	(10.0)	–	–
Effect of tax rate changes	(2.1)	(3.6)	–	–
	11.2	13.7	–	–
Under provision in prior year	0.1	–	–	–
Effective tax rate	11.3	13.7	–	–

22. EARNINGS PER ORDINARY SHARE

The basic earnings per share is calculated by dividing the consolidated profit for the financial year of RM8,923,971 (2007: RM7,428,835) by the number of ordinary shares in issue at the financial year end of 80,000,000 (2007: 80,000,000).

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

	Group and Company	
	2008	**2007**
	RM	**RM**
First and final tax exempt dividend paid in respect of previous financial year	2,800,000	2,800,000

A first and final tax exempt dividend of 3.5 sen per ordinary share, amounting to RM2,800,000 in respect of financial year ended 31 July 2007 has been approved by the shareholders at the Annual General Meeting on 27 December 2007. The dividend was paid on 17 January 2008 and had been accounted for as an appropriation of retained earnings in the financial year ended 31 July 2008.

The proposed first and final tax exempt dividend of 3.5 sen per ordinary share, amounting to RM2,800,000 in respect of financial year ended 31 July 2008 which is subject to the approval of the shareholders at the forthcoming Annual General Meeting will be accounted for as an appropriation of retained earnings in the financial year ending 31 July 2009.

24. EMPLOYEE BENEFITS

	Group 2008 RM	Group 2007 RM
Salaries, bonuses and wages	3,943,970	3,109,223
Contributions to defined contribution plan	211,678	219,249
Other benefits	402,734	317,237
	4,558,382	3,645,709

Included in the employee benefits of the Group is Executive Director's remuneration amounting RM339,360 (2007: RM314,360).

25. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	Group 2008 RM	Group 2007 RM
Purchase of property, plant and equipment (Note 7)	6,795,043	9,214,000
Included in other payables (Note 16)	(1,451,440)	(57,000)
Cash payment on purchase of property, plant and equipment	5,343,603	9,157,000

26. OPERATING LEASE COMMITMENT

	Group 2008 RM	Group 2007 RM
Future minimum lease payments		
– not later than one year	396,000	396,000
– later than one year and not later than five years	–	396,000
	396,000	792,000

27. CAPITAL COMMITMENTS

	Group 2008 RM	Group 2007 RM
Capital expenditure in respect of purchase of property, plant and equipment:		
Approved but not contracted for	1,634,958	134,869

28. CONTINGENT LIABILITIES

	Company 2008 RM	Company 2007 RM
Guarantees for banking facilities granted to the subsidiary		
– Secured	489,339	1,275,308
– Unsecured	43,935,690	34,151,530
	44,425,029	35,426,838

29. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statements comprise the following balance sheets amounts:

	Group 2008 RM	Group 2007 RM	Company 2008 RM	Company 2007 RM
Bank overdraft included in bank borrowings (Note 13)	–	(4,455)	–	–
Cash and bank balances	978,083	748,319	1,824	8,999
	978,083	743,864	1,824	8,999

30. RELATED PARTY DISCLOSURES

(a) Identities of related parties

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

The Company has controlling related party relationship with its subsidiary.

(b) Compensation of key management personnel

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

	Group 2008 RM	Group 2007 RM
Short term employee benefits	1,032,009	940,416
Contributions to defined contribution plan	99,828	93,416
	1,131,837	1,033,832

31. 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 aluminum billets.

(b) Geographical segments

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.

2008

	Malaysia RM'000	South East Asia other than Malaysia RM'000	South Asia RM'000	Africa RM'000	Others RM'000	Total RM'000
Revenue	243,940	127,765	48,440	34,566	23,619	478,330
Segment result	7,198	2,939	1,177	740	591	12,645
Interest income	16	–	–	–	–	16
Interest expense	(2,568)	–	–	–	–	(2,568)
Profit before tax						10,093
Tax expense						(1,169)
Profit for the financial year						8,924
Other information						
Segment assets	92,679	2,813	23,453	2,042	927	121,914
Unallocated corporate assets						67
Total assets						121,981
Segment liabilities	54,504	–	–	–	–	54,504
Unallocated corporate liabilities						5,305
Total liabilities						59,809
Capital expenditure	6,795	–	–	–	–	6,795
Depreciation	3,194	–	–	–	–	3,194

31. SEGMENT REPORTING OF THE GROUP (CONT'D)

(b) Geographical segments (cont'd)

2007

	Malaysia RM'000	South East Asia other than Malaysia RM'000	South Asia RM'000	Africa RM'000	Others RM'000	Total RM'000
Revenue	156,488	38,097	51,362	22,791	9,904	278,642
Segment result	8,069	790	1,255	523	238	10,875
Interest income	13	–	–	–	–	13
Interest expense	(2,282)	–	–	–	–	(2,282)
Profit before tax						8,606
Tax expense						(1,177)
Profit for the financial year						7,429
Other information						
Segment assets	86,320	2,813	23,453	2,042	927	115,555
Unallocated corporate assets						118
Total assets						115,673
Segment liabilities	54,982	–	–	–	–	54,982
Unallocated corporate liabilities						4,643
Total liabilities						59,625
Capital expenditure	9,214	–	–	–	–	9,214
Depreciation	2,950	–	–	–	–	2,950

32. FINANCIAL INSTRUMENTS

(a) Financial risk management objectives and policies

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

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

32. FINANCIAL INSTRUMENTS (CONT'D)

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

(i) Interest rate risk

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

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

Group **Floating rate**	**Weighted average effective annual interest rate %**	**Within 1 year RM**	**1 – 2 years RM**	**2 – 3 Years RM**	**Total RM**
At 31 July 2008					
Foreign currency loan	3.60	39,577,102	–	–	39,577,102
Bankers' acceptances	3.98	3,100,000	–	–	3,100,000
Term loans	6.78	1,494,859	253,068	–	1,747,927
		44,171,961	253,068	–	44,425,029
At 31 July 2007					
Bankers' acceptances	4.06	28,084,653	–	–	28,084,653
Bank overdraft	8.05	4,455	–	–	4,455
Term loans	7.07	1,791,671	1,494,679	251,380	3,537,730
Export credit refinancing	3.90	16,348,000	–	–	16,348,000
		46,228,779	1,494,679	251,380	47,974,838

32. FINANCIAL INSTRUMENTS (CONT'D)

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

(ii) Foreign currency risk

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

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

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

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

The net unhedged financial assets and liabilities of the Group that are not denominated in their functional currencies are as follows:

	2008 RM	2007 RM
Trade receivables		
US Dollar	5,286,967	1,437,949
Cash and bank balances		
US Dollar	295,829	477,292
Trade payables		
US Dollar	(496,599)	2,147,889
Other payables		
US Dollar	148,034	85,054
Banking borrowings		
US Dollar	39,577,102	–

32. FINANCIAL INSTRUMENTS (CONT'D)

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

(iii) Credit risk

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

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

The Group's historical experience in collection of trade receivables falls within the recorded allowances. Due to these factors, the Directors believe that no additional credit risk beyond amounts provided for doubtful debts is inherent in the Group's trade receivables.

The Group has no significant concentration of credit risk as at 31 July 2008. The maximum exposures to credit risk are represented by the carrying amounts of the financial assets in the balance sheets.

(iv) Liquidity and cash flow risk

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

(v) Price fluctuation risk

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

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

32. FINANCIAL INSTRUMENTS (CONT'D)

(b) Fair values

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

Group	**Carrying amount RM**	**Fair value RM**
At 31 July 2008		
Unrecognised		
Foreign currency forward contracts	–	5,519,930
At 31 July 2007		
Unrecognised		
Foreign currency forward contracts	–	27,683,693
Company		
At 31 July 2008		
Recognised		
Amount owing by a subsidiary – non-current	14,865,129	*
Unrecognised		
Financial guarantee given by the Company to financial institutions in respect of banking facilities granted to a subsidiary	–	43,935,690
At 31 July 2007		
Recognised		
Amount owing by a subsidiary – non-current	14,562,069	*
Unrecognised		
Financial guarantee given by the Company to financial institutions in respect of banking facilities granted to a subsidiary	–	34,151,530

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

32. FINANCIAL INSTRUMENTS (CONT'D)

(b) Fair values (cont'd)

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 shortterm 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; and

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

list of **properties**

as at 31 July 2008

	Location	Approximate Age of Building (years)	Tenure	Land Area (Build-up Area) m^2	Description of Property	Net Book Value (RM)	Date of Acquisition
1.	Lot 2-31, Jalan Perindustrian Mahkota 7, Taman Perindustrian Mahkota, 43700 Beranang Selangor Darul Ehsan	–	Freehold	4,209	Industrial land with container storage yard	792,865	1 Nov 01
2.	Lot 2-32, Jalan Perindustrian Mahkota 7, Taman Perindustrian Mahkota, 43700 Beranang Selangor Darul Ehsan	11	Freehold	3,521 (1,364)	Industrial land with single storey factory	312,555	5 Oct 99
3.	Lot 2-33, Jalan Perindustrian Mahkota 7, Taman Perindustrian Mahkota, 43700 Beranang, Selangor Darul Ehsan	11	Freehold	3,521 (1,364)	Industrial land with single storey factory and 2 storey office building	646,494	19 Sep 97
4.	Lot 2-34, Jalan Perindustrian Mahkota 7, Taman Perindustrian Mahkota, 43700 Beranang, Selangor Darul Ehsan	7	Freehold	3,521 (1,740)	Industrial land with single storey factory	457,807	10 Jun 00
5.	Lot 2-35, Jalan Perindustrian Mahkota 7, Taman Perindustrian Mahkota, 43700 Beranang Selangor Darul Ehsan	7	Freehold	3,521 (1,740)	Industrial land with single storey factory	459,546	13 Dec 00
6.	Lot 2-36, Jalan Perindustrian Mahkota 7, Taman Perindustrian Mahkota, 43700 Beranang Selangor Darul Ehsan	4	Freehold	3,521 (2,030)	Industrial land with single storey factory	466,591	4 Jul 01
7.	Lot 2-36(A), Jalan Perindustrian Mahkota 7, Taman Perindustrian Mahkota, 43700 Beranang, Selangor Darul Ehsan	4	Freehold	3,521 (2,030)	Industrial land with single storey factory	390,607	27 Aug 02
8.	Lot 2-42, Jalan Perindustrian Mahkota 9, Taman Perindustrian Mahkota, 43700 Beranang Selangor Darul Ehsan	–	Freehold	3,521	Vacant land	386,551	3 Apr 07
9.	Lot 2-43, Jalan Perindustrian Mahkota 9, Taman Perindustrian Mahkota, 43700 Beranang Selangor Darul Ehsan	–	Freehold	3,521	Vacant land	467,285	30 Jul 06
10.	Lot 2-44, Jalan Perindustrian Mahkota 9, Taman Perindustrian Mahkota, 43700 Beranang Selangor Darul Ehsan	–	Freehold	3,521	Vacant land	397,110	15 Feb 05
11.	Lot 2-45, Jalan Perindustrian Mahkota 9, Taman Perindustrian Mahkota, 43700 Beranang Selangor Darul Ehsan	2	Freehold	4,209 (1,487)	Industrial land with three storey office building	474,550	15 Feb 05

analysis of **shareholdings**
as at 31October 2008

SHARE CAPITAL

Authorised Share Capital	:	RM100,000,000.00
Issued and Fully Paid-up Share Capital	:	RM40,000,000.00
Class of Shares	:	Ordinary Shares of RM0.50 each
Voting Rights	:	Registered shareholders are entitled to one vote per ordinary share held at all general meetings
No. of Shareholders	:	1,301

ANALYSIS OF ORDINARY SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	No. of Shareholdings	% of Shareholding
Less than 100	1	50	0.00
100 to 1,000	518	500,800	0.63
1,001 to 10,000	534	2,612,050	3.27
10,001 to 100,000	203	6,648,406	8.31
100,001 to less than 5% of issued shares	42	35,407,300	44.26
5% and above of issued shares	3	34,831,394	43.54
Total	**1,301**	**80,000,000**	**100.00**

DIRECTORS' INTEREST

		Direct Interest		Indirect Interest	
No.	Name	No. of Shares held	% of Total Shares	No. of Shares held	% of Total Shares
1.	Dato Shahrir Bin Abdul Jalil	–	–	–	–
2.	Tan Wan Lay	3,841,000	4.80	25,229,994+	31.54
3.	Ahmed Azhar Bin Abdullah	100,000	0.13	–	–
4.	Dr. Leong Chik Weng	–	–	–	–
5.	Wong Tze Kai	–	–	–	–
		3,941,000	**4.93**	**25,229,994**	**31.54**

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

SUBSTANTIAL SHAREHOLDERS

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

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

THE THIRTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares	% of Total Shareholdings
1.	A-Rank Group Sdn. Bhd.	25,193,994	31.49
2.	Lin,Chih-Chang	5,337,400	6.67
3.	Lembaga Tabung Angkatan Tentera	4,300,000	5.38
4.	Tan Wan Lay	3,641,000	4.55
5.	Lin, Hsien-Tang	3,315,000	4.14
6.	HSBC Nominees (Asing) Sdn. Bhd. Pledged Securities Account for Fairway Assets Investment Limited	3,000,000	3.75
7.	HSBC Nominees (Asing) Sdn. Bhd. Pledged Securities Account for Mablewood International Holding Ltd.	2,628,300	3.29
8.	Leow Chong Fatt	2,230,000	2.79
9.	HSBC Nominees (Asing) Sdn. Bhd. Pledged Securities Account for Meyer Capital Holding Ltd.	2,000,000	2.50
10.	Sam Kwai Sim	1,689,800	2.11
11.	TA Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Kong Mah Realty (M) Sdn. Bhd.	1,504,000	1.88
12.	Cho Hung-Ju	1,362,600	1.70
13.	Datin Anitha A/P Krishna Murthi	1,256,900	1.57
14.	TA Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Cheng Teck Loong	1,049,100	1.31
15.	Amanah Raya Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Skim Amanah Saham Bumiputera	1,000,000	1.25
16.	Amanah Raya Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Amanah Saham Malaysia	1,000,000	1.25
17.	Amanah Raya Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Amanah Saham Didik	1,000,000	1.25
18.	LB Aluminium Berhad	1,000,000	1.25
19.	Permodalan Nasional Berhad	1,000,000	1.25
20.	Yap Chee Woon	725,000	0.91
21.	Peak Perform International Ltd.	600,000	0.75
22.	AMSEC Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Chua Sing Keong	550,000	0.69
23.	Koperasi Polis Diraja Malaysia Berhad	499,000	0.62
24.	Chiang Siong Chiew @ Chiong Siong Chiew	439,000	0.55
25.	Adelphi Invest Holdings Limited	400,000	0.50
26.	Tan Kar Pin	360,000	0.45
27.	Ong Kean Chooi	250,000	0.31
28.	Lee Chin Poh	229,600	0.29
29.	Fam Lian Fatt	214,000	0.27
30.	JCA Builders (Malaysia) Sdn. Bhd.	203,000	0.25
	Total	**67,977,694**	**84.97**

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proxy
form

A-RANK BERHAD
(633621-X)

I/We ______________________________ NRIC No. ______________

of ______________________________

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

of ______________________________

or failing him/her ______________________________ of ______________

____

or failing him/her the Chairman of the Meeting as my/our proxy to attend and vote on my/our behalf at the Annual General Meeting of the Company to be held at Ujong Pandang Room, Staffield Country Resort, Batu 13 Jalan Seremban-Kuala Lumpur (Country Road), 71700 Mantin, Negeri Sembilan Darul Khusus on Tuesday, 23 December, 2008 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 2008 and the Reports of the Directors and Auditors thereon.		
2.	To declare a First and Final Tax Exempt Dividend of 3.5 sen per ordinary share in respect of the financial year ended 31 July 2008.		
3.	To approve the payment of Directors' Fees		
4.	To re-elect Encik Ahmed Azhar Bin Abdullah as Director		
5.	To re-elect Mr. Wong Tze Kai as Director		
6.	To re-appoint Messrs. BDO Binder as Auditors and to authorise the Directors to fix their remuneration..		
7.	To authorise Directors to issue shares not exceeding 10% of the Issued Capital of the Company.		

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

As witness my hand this ________ day of ______________ 2008.

Number of Ordinary Shares held	

____
Signature

Notes:

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

fold this for sealing

then fold here

Affix
Stamp

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

1st fold here