A-RANK BERHAD (633621-X)
Lot 2-33, Jalan Perindustrian Mahkota 7,
Taman Perindustrian Mahkota,
43700 Beranang, Selangor Darul Ehsan,
Malaysia.

Tel: +603 8724 4662 /3 /7   Fax: +603 8724 4661 /8723 2009

Email: admin@arank.com.my
www.arank.com.my
www.formosa.com.my

A-RANK BERHAD (633621-X)

ANNUAL REPORT 2011

A-RANK BERHAD

(633621-X)

ANNUAL REPORT 2011

OUR FACILITIES

MELTING FURNACES

Six (6) units of melting furnaces, each of 25 metric tonnes capacity, all linked to heat regenerating burner systems that can both enhance energy conservation and increase productivity.

HOLDING FURNACE

One (1) unit of 30 metric tonnes hydraulically tilting furnace for better control of melt temperature, hence increasing product quality and productivity.

HOMOGENISE FURNACES

Four (4) units of 35 metric tonnes homogenizing ovens with two (2) units of air cooling booth.

IN-LINE DEGASSER

Three (3) units of in-line degasser to remove dissolved hydrogen in molten aluminium hence increasing the billets quality.

WAGSTAFF AIRSLIP MOLD

Billets cast with Wagstaff airslip air casting process Molds have a shallow molten metal sump and a thin-shelled, uniform-grained composition that is beneficial to the extrusion process.

VISION

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

MISSION

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

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

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

CONTENTS

CORPORATE PROFILE

A-RANK BERHAD THROUGH ITS WHOLLY-OWNED SUBSIDIARY, FORMOSA SHYEN HORNG METAL SDN. BHD. ("FORMOSA") (COLLECTIVELY THE "GROUP") 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 Group commenced operations in 1998 with an initial annual installed capacity of 12,000 metric tonnes and has registered consistent and impressive growth culminating in its listing on the Main Market 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 2011 was RM421.0 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, homogenizing furnaces and cooling booths, and automated billet-sawing machines. Sizes of billets manufactured range in diameters from 3" up to 11" and of any cut length up to 6 metres.

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

The Group presently exports about 50% of its production and its export markets include Africa, China, Europe, Middle East, South Asia, South America 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 Wednesday, 07 December 2011 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 2011 and the Reports of the Directors and Auditors thereon.

   (Resolution 1)

2. To declare a first and final single tier tax exempt dividend of 3.0 sen per ordinary share in respect of the financial year ended 31 July 2011.

   (Resolution 2)

3. To approve the payment of Directors' Fees amounting to RM114,000 (2010: RM114,000) for the financial year ended 31 July 2011.

   (Resolution 3)

4. To re-elect the following Directors who retire in accordance with Article 112 of the Company's Articles of Association.

   - Ahmed Azhar Bin Abdullah **(Resolution 4)**
   - Wong Tze Kai **(Resolution 5)**

5. To re-appoint Messrs. BDO as Auditors and to authorise the Directors to fix their remuneration.

   (Resolution 6)

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

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

   "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 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 the conclusion of the next Annual General Meeting of the Company."

   (Resolution 7)

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

BY ORDER OF THE BOARD

NG BEE LIAN
TAN ENK PURN
Company Secretaries

Seremban
Date: 11 November 2011

Notice Of Annual General Meeting

NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS ALSO HEREBY GIVEN THAT subject to the approval of the shareholders at the Annual General Meeting on 07 December 2011, the first and final single tier tax exempt dividend of 3.0 sen per ordinary share in respect of the financial year ended 31 July 2011 will be payable on 21 December 2011 to Depositors whose names appear in the Record of Depositors on 12 December 2011.

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 12 December 2011 in respect of ordinary transfers; and

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

Notes:

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

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

3. Explanatory Notes:

   (a) Item 6 of the Agenda - Ordinary Resolution

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

   The Ordinary Resolution proposed under item 6 of the Agenda, if passed, is to empower the Directors to issue up to a maximum of ten (10) per centum of the total issued share capital of the Company for the time being without convening a general meeting for such purposes as the Directors consider would be in the interest of the Company. This authority unless revoked or varied by the Company at a general meeting will expire at the next Annual General Meeting. No shares had been issued by the Company since obtaining the said authority from its shareholders at the last Annual General Meeting held on 10 December 2010. The renewal of the general mandate, if granted, will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for the purpose of funding future investment project(s), working capital and/or acquisition.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

Pursuant to Paragraph 8.27(2) of the Listing Requirements of Bursa Malaysia Securities Berhad.

1. The name of Directors who are standing for re-election under Article 112 of the Articles of Association:

   - Ahmed Azhar Bin Abdullah
   - 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	4/4
Tan Wan Lay	4/4
Ahmed Azhar Bin Abdullah	4/4
Dr. Leong Chik Weng	4/4
Wong Tze Kai	4/4
Gan Choon Sun	4/4

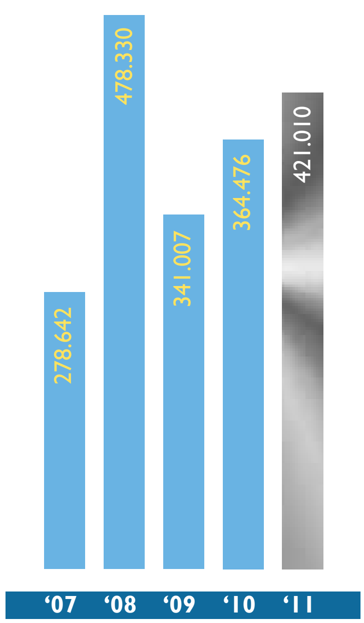
3. Annual General Meeting of A-Rank Berhad

Place	Ujong Pandang Room, Staffield Country Resort Batu 13, Jalan Seremban-Kuala Lumpur (Country Road), 71700 Mantin Negeri Sembilan Darul Khusus
Date & Time	Wednesday, 07 December 2011 at 10.00 a.m.

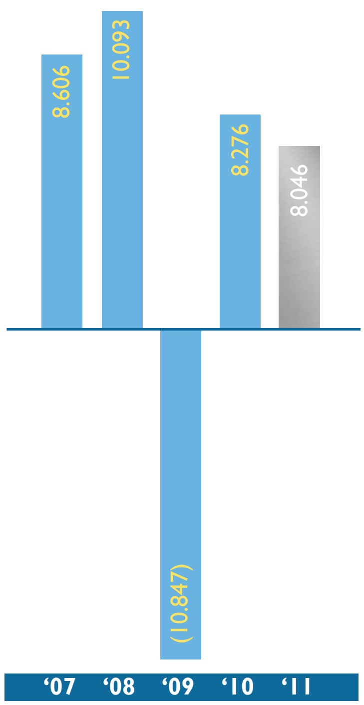
4. The shareholdings of the Directors standing for re-election in the Company are disclosed in the Directors' Report under Directors' Interests of this annual report and other details of Directors standing for re-election are disclosed in the Profile of Directors in this annual report.

FINANCIAL HIGHLIGHTS

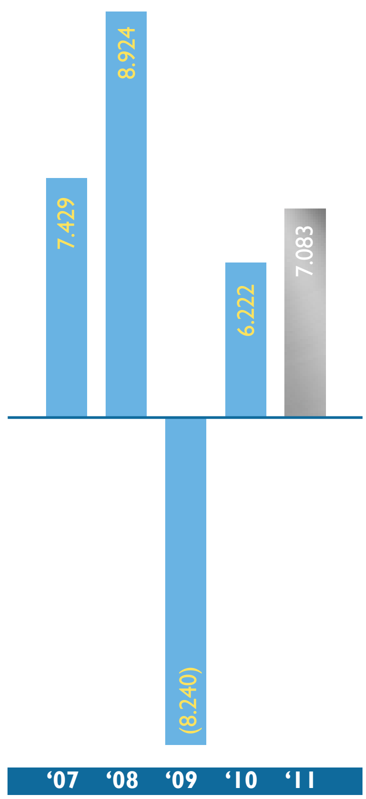
REVENUE
(RM' MILLION)



PROFIT/(LOSS) BEFORE TAXATION
(RM' MILLION)



PROFIT/(LOSS) AFTER TAXATION
(RM' MILLION)



Year ended	Revenue RM'000	Profit/(loss) before taxation RM'000	Profit/(loss) after taxation RM'000	Proposed Dividend RM'000
31.07.2007	278,642	8,606	7,429	2,800
31.07.2008	478,330	10,093	8,924	2,800
31.07.2009	341,007	(10,847)	(8,240)	1,600
31.07.2010	364,476	8,276	6,222	1,800
31.07.2011	421,010	8,046	7,083	2,400*

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

CORPORATE INFORMATION

BOARD OF DIRECTORS

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

Tan Wan Lay
Managing Director

Ahmed Azhar Bin Abdullah
Independent Non-Executive Director

Dr. Leong Chik Weng
Independent Non-Executive Director

Wong Tze Kai
Independent Non-Executive Director

Gan Choon Sun
Non-Independent Non-Executive Director

AUDIT COMMITTEE

Ahmed Azhar Bin Abdullah
Independent Non-Executive Director - Chairman

Dr. Leong Chik Weng
Independent Non-Executive Director

Wong Tze Kai
Independent Non-Executive Director

REGISTERED OFFICE

Chamber E, Lian Seng Courts
No.275, Jalan Haruan 1
Oakland Industrial Park
70200 Seremban
Negeri Sembilan Darul Khusus
Tel : +606-762 3339
Fax : +606-762 9693

COMPANY SECRETARIES

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

AUDITOR

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

PRINCIPAL BANKERS

AmBank (M) Berhad
Malayan Banking Berhad
Standard Chartered Bank Malaysia 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 : +603-8724 4662/3/7
Fax : +603-8724 4661/8723 2009
Email : admin@arank.com.my or
melissa@arank.com.my
Website : http://www.arank.com.my

SHARE REGISTRAR

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

CORPORATE ADVISOR

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

STOCK EXCHANGE LISTING

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

PROFILE OF DIRECTORS

DATO' SHAHRIR BIN ABDUL JALIL
• Independent Non-Executive Director, Chairman

Aged 50, a Malaysian, was appointed to the Board on 11 March 2005 and is presently the Managing Partner of Messrs. Shahrizat Rashid & Lee. He obtained an advanced Diploma in Estate Management from ITM in 1982 and was attached to CH Williams Talhar & Wong from 1982 to 1985. Thereafter, he set up his own project consultancy business whilst pursuing a law degree. He graduated with a LLB (Hons) degree from the International Islamic University, Malaysia in 1991 and worked in Rashid & Lee from 1991 to 1993 during which he was called to the Bar. In 1993, he left the firm and was one of the founding partners of Shahrizat & Tan. In 2004, Shahrizat & Tan merged with Rashid & Lee to become Shahrizat Rashid & Lee.

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

He attended all four (4) Board meetings held during the financial year ended 31 July 2011.

TAN WAN LAY
• Managing Director

Aged 47, 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 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 2011.

Profile Of Directors

AHMED AZHAR BIN ABDULLAH
• Independent Non-Executive Director

Aged 50, a Malaysian, was appointed to the Board on 11 March 2005 and is currently the Head of Finance and Corporate at the Tanjak Group of companies. 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. From 2005 to 2010, Encik Ahmad Azhar was an Executive Director of MOCCIS Furniture Sdn. Bhd. and MCCM Marketing Sdn. 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 2011.

DR.LEONG CHIK WENG
• Independent Non-Executive Director

Aged 48, a Malaysian, was appointed to the Board on 11 March 2005 and is currently the founder and Chief Executive Officer of e-Lock Corporation Sdn. Bhd., a company involved in the provision of information technology services. Dr. Leong obtained his 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 joined Universal Search Machine Sdn. Bhd. in 1998 as Managing Director until 2000.

He also holds Directorships in private companies involved in access control and CCTV as well as land development and construction.

He also sits on the Board of UMW Holdings Berhad, Oldtown Berhad and Chemical Company of Malaysia 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 2011.

Profile Of Directors

WONG TZE KAI
• Independent Non-Executive Director

Aged 39, a Malaysian, was appointed to the Board on 19 September 2008 and is currently the Executive Director of CPK Solutions Sdn. Bhd. Mr. Wong graduated from the University of Adelaide, Australia with a Bachelor of Commerce/Bachelor of Law in 1995. He joined Messrs. Lee Hishammuddin in 1996 as Pupil in Chambers and as Legal Assistant in 1997. He worked in Malaysian Exchange of Securities Dealing & Automated Quotation Bhd. from 1997 to 1999 as an Executive, Legal and Intermediary Services and was a Senior Executive of Maxis Communications Bhd. from 1999 to 2000. He was Managing Investment Director of Banyan Ventures Sdn. Bhd. and headed the Legal and Strategy unit from 2000 until 2003. Mr. Wong was a senior manager in Malaysia Venture Capital Management Berhad from 2003 to 2005 and was promoted to Vice President (Investments) and Voting Member of Investment Committee from 2005 to 2006. From 2007 to 2009, he was an entrepreneur being involved in several international businesses in the ICT, outsourcing and property development sectors.

He is a member of the Audit Committee.

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

He attended all four (4) Board meetings held during the financial year ended 31 July 2011.

GAN CHOON SUN
• Non-Independent Non-Executive Director

Aged 46, a Malaysian, was appointed to the Board on 17 September 2009 and is currently General Manager of Formosa Shyen Horng Metal Sdn. Bhd, ("Formosa"), a wholly owned subsidiary of the Company. He graduated from Middlesex University, London with a First Class Honour Degree in Manufacturing Management Engineering in 1996. He also holds a Diploma in Civil Engineering from University Technology of Malaysia. Prior to joining Formosa in 2006, he held various senior positions ranging from Engineer to General Manager in various private companies in the metal industry. He has extensive experience in process engineering and has provided the Group with technical manufacturing expertise.

Currently, he is instrumental in spearheading the overall operating activities of Formosa, as well as formulating business strategies for the Group.

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

He attended all four (4) Board meetings held during the financial year ended 31 July 2011.

CHAIRMAN'S STATEMENT

DEAR SHAREHOLDERS,

On behalf of the Board of Directors, I am pleased to present the Annual Report and Financial Statements of the Group and of the Company for the financial year ended 31 July 2011.

FINANCIAL PERFORMANCE

For the financial year under review, the Group achieved a revenue of RM421.0 million compared to RM364.5 million for the preceding year, an increase of 15.5%. The higher revenue was achieved on the back of the increase in average selling prices owing to the substantial rise in underlying raw material costs. Sales mix remained relatively the same.

The Group registered profit before tax of RM8.0 million for the year under review compared to a profit before tax of RM8.3 million in the previous year reflecting a slight drop of 2.8%. This is due to lower margins as a result of the significant increase in raw material costs as well as the effects of the strengthening of the Malaysian Ringgit on exports. Profit after tax, however, improved substantially by 13.8% to RM7.1 million compared to profit after tax of RM6.2 million for the previous year. The improved profit performance was achieved due to a significantly lower provision of deferred tax liability for the year under review against that of the preceding year.

The basic earnings per ordinary share for the financial year ended 31 July 2011 was 8.85 sen whilst net assets per share amounted to 76.0 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 improving the Group core competencies, increasing cost efficiencies and other operational and marketing activities to preserve our ability to grow in the long term.

DIVIDENDS

The Board of Directors is pleased to recommend a first and final single tier tax exempt dividend of 3.0 sen per ordinary share amounting to RM2.4 million in respect of the financial year ended 31 July 2011 subject to the approval of shareholders at the forthcoming annual general meeting.

Chairman's Statement

PROSPECTS

The Malaysian economy is expected to grow by about 5% for 2011 underpinned by the sustained expansion of private domestic demand. This was further supported by the strong exports of commodities and resource-based products given the favourable regional demand and high commodity prices. The implementation of the Economic Transformation Programme by the Malaysian government is expected to provide further impetus to the resilience of the domestic economy as well as act as the catalyst to sustain the country's growth momentum.

The global economy is expected to continue to grow in 2011 led by developing Asia with advanced nations lagging behind. However, financial volatility has again increased drastically recently, driven by concerns about developments in the euro area and the weakness of global activity, especially in the United States. Policy indecision has exacerbated uncertainty and added to financial strains, feeding back into the real economy. Although global economy growth is expected to slow down in 2011 compared to 2010, we expect the developing and emerging economies to continue with their growth path. Given that most of our customers are within the developing economies, we are cautiously optimistic of our export opportunities moving forward.

Barring unforeseen circumstances, your Board expects the Group will remain profitable for the forthcoming year. Nonetheless, the Group will remain vigilant of the uncertainties and volatilities in the global economy.

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 support. I would also like to place on record my appreciation and gratitude for the support of my fellow Directors. Our appreciation 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 OPERATION REVIEW

REVIEW OF OPERATIONS

The Group continue to demonstrate its resilience as its revenue grew for a third straight year to RM421.0 million for the financial year under review from RM364.5 million in the previous year. The increase revenue was due to higher average selling prices following the rise in raw material costs. Profit before and after tax were at RM8.0 million and RM7.1 million respectively compared to RM8.3 million and RM6.2 million last year. The lower profit before tax was due to poorer profit margins as a result of the volatility and higher raw material costs i.e aluminium as well as the adverse impact of the stronger Malaysian Ringgit on export margins. The recent increase in energy costs as announced by the Malaysian government also has an unfavourable effect on the bottomline. However, a lower provision for deferred tax liability for the year under review compared to the preceding year has resulted in an improved performance at profit after tax. The Group has and will continue to upgrade its manufacturing facilities to improve the quality of its products whilst at the same time raise its operational efficiencies and recovery which is very important for our industry. Amongst the upgrade was the acquisition of an additional unit of degassing system for use during the casting process which will improve the quality and extrudability of aluminium billets. The Group has also placed an order for a billet casting mould system capable of producing aluminium billets of 11" diameter to broaden its product range.

From the marketing perspective, the Group has constantly adopted strategies to broaden its customer base as well as identifying better value customers. In this respect, we have garnered some success as evidenced by new customers in South America and Africa as well as in Asia.

OUTLOOK

The Malaysian economic environment remains promising which give us cause for optimism going forward. The implementation of projects under the government's Economic Transformation Programme supported by low employment rate, strong commodity prices, increasing household income and accommodative interest rate regime should sustain the country's sound macroeconomic fundamentals as well as maintain its growth trajectory.

However, global activity has weakened over the past few months as sovereign debt and banking sector problems in the euro area have proven much more tenacious than expected. The United States fared no better as its economy continued to be in crisis with high employment rate and lower private demand. However, in the near term, we expect some improvement driven by the rebound of activity in Japan, and demand growth in key emerging economies.

The volatility of both the Malaysian Ringgit and aluminium prices have persisted in creating uncertainties in our business decision making process particularly on pricing. Nonetheless, the recent sudden weakening of the Malaysian Ringgit has been beneficial to our export margins. On the domestic front, the increases in energy costs have had an obvious adverse impact on our production costs. The persistently high aluminium ingot premiums vis-à-vis billet premiums also have contributed to the increase in production costs. The Group will as usual

Managing Director's Operation Review

continue to place emphasis on improving operational efficiencies, cost reduction and improving recovery as well as broaden its customer base to mitigate the impact of rising costs. In view of the volatile environment in which we are operating today, the Group will be guarded against any eventualities and to take immediate and decisive action to mitigate such occurrences.

The Group is confident, barring any unforeseen circumstances, of the prospect of the Group moving forward and that it will be able to sustain its profitability for the forthcoming 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 for the year under review.

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 on Corporate Governance ("Code") are practiced throughout the Company and its wholly-owned subsidiary, Formosa Shyen Horng Metal Sdn. Bhd. (collectively the "Group") to achieve its objectives to protect and enhance shareholders' value, safeguard the Group's assets and improve the performances of the Group. Hence, the Board will continue to evaluate the Group's corporate governance procedures, in so far as they are relevant to the Group, bearing in mind the nature of the Group's businesses and the size of its business operations.

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

BOARD OF DIRECTORS

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

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

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

BOARD MEETINGS

The Board meets on a scheduled basis, at least once every three (3) months. Additional meetings may be convened to resolve any major and/or ad hoc matters requiring immediate attention. During the financial year ended 31 July 2011, the Board met four (4) times which all members of the Board attended. Management staff may be invited to attend Board meetings to provide the Board with detailed explanations and clarifications.

Name Of Directors	Attendance
Dato' Shahrir Bin Abdul Jalil	4/4
Tan Wan Lay	4/4
Ahmed Azhar Bin Abdullah	4/4
Dr. Leong Chik Weng	4/4
Wong Tze Kai	4/4
Gan Choon Sun	4/4

Statement On Corporate Governance

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

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

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

RE-ELECTION OF DIRECTORS

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

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

For the forthcoming AGM, Encik Ahmed Azhar Bin Abdullah and Mr. Wong Tze Kai will retire by rotation, pursuant to Article 112 of the Company's Articles of Association and being eligible, offer themselves 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 list of directorships held is disclosed by the respective Directors to the Board to ensure compliance with the above Listing Requirements.

DIRECTORS' TRAINING

All Directors of the Company have completed the Mandatory Accreditation Programme ("MAP") in accordance with the Listing Requirements of Bursa Malaysia Securities Berhad. The Directors will continue to undergo other relevant training programs to further enhance their knowledge in the latest statutory and regulatory developments as well as to keep abreast with developments in the business environment to enable them to discharge their responsibilities more effectively. All Directors are briefed regularly on current regulatory issues as well as new relevant laws and regulations by the Group's auditors and Company Secretary. For the year ended 31 July 2011 and up to the date of this report, the courses attended by the Directors include:

- Are corporate leaders safe from litigation?
- Workshop on key amendments of Listing Requirements and Corporate Disclosure Guide.

Statement On Corporate Governance

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 2011 is as follows:

	Executive Director RM'000	Non-Executive Directors RM'000	Total RM'000
Fees	18	96	114
Salaries	313	176	489
Bonus	80	44	124
Benefit-in-kind	17	7	24
Defined contribution plan	38	22	60
Total	466	345	811

The number of Directors whose total remuneration fall within the following bands for the financial year ended 31 July 2011 is as follows:

	Executive Director	Non-Executive Directors
Below RM50,000	-	4
RM250,001 to RM300,000	-	1
RM450,001 to RM500,000	1	-

RELATIONSHIPS WITH SHAREHOLDERS AND INVESTORS

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

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

Tel. No	:	+603-8724 4662/63/67
Fax No	:	+603-8723 2009
Email	:	melissa@arank.com.my
Contact Person	:	Ms. Melissa Liu (Executive Secretary)

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

Statement On Corporate Governance

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 Bursa Malaysia Securities Berhad. The Chairman's statement and Managing Director's operations review provide further information on the Group's activities, business performances and prospects. The Board is assisted by the Audit Committee in reviewing the Group's financial reporting procedures of its financial results, and scrutinizing information for disclosure to ensure compliance with accounting standards, adequacy and completeness and are announced to the public within the stipulated time frame.

Internal Control

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

Relationship with Auditors

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

STATEMENT ON DIRECTORS' RESPONSIBILITY

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

This Statement is made in accordance with a resolution of the Board of Directors dated 27 October 2011.

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 2011.

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 2011.

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 2011.

NON-AUDIT FEES

During the financial year ended 31 July 2011, non-audit fees paid and payable to external auditors, BDO and its affiliated company amounted to RM74,750.

VARIATION IN RESULTS

There were no material variance between the audited results for the financial year ended 31 July 2011 and the unaudited results previously announced for the quarter ended 31 July 2011.

PROFIT GUARANTEE

There were no profit guarantees given or received by the Company during the financial year ended 31 July 2011.

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 2011 or, if not then subsisting, entered into since the end of the previous financial year.

REVALUATION POLICY

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

RECURRENT RELATED PARTY TRANSACTIONS OF REVENUE OR TRADING NATURE

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

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 2011.

STATEMENT ON CORPORATE SOCIAL RESPONSIBILITY

The Board recognises the importance of the Group fulfilling its corporate social responsibility ('CSR') towards the betterment of the environment, the community and the welfare of its employees. As such, the Group 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.

Environment

The Group ensured the compliance of all environmental laws and regulations by integrating CSR practices into its daily operations. The Group is particularly proud of its contributions towards the environment as it provides a valuable service in the recycling of aluminium, predominantly to manufacturers of aluminium products in Malaysia. Aluminium which is the major raw material input in our products is environmentally friendly and can be endlessly recycled. By recycling aluminium, we help save energy as well as raw materials which lessen the need for solid waste disposal. The Group has also upgraded its dust collection facilities to further reduce air pollution.

Community

The Group supports benevolent and charitable causes on an ad hoc basis through monetary assistance and sponsorship to promote community activities. In this respect, the Group has made donations to various schools in Malaysia as a gesture of its contributions.

Statement On Corporate Social Responsibility

Workplace

The Group believes that employees is one of its most important assets. In line with this belief, the Group strived to ensure an environmental-friendly, healthy and safe workplace for all employees. To achieve this, steps were taken to ensure that equipment and building safety systems were functioning properly and well maintained. The Group has also organised fire drills, safety and health talks as well as evacuation exercises at its plant to create awareness and to instill consciousness within its workforce. The Group is also committed to provide its employees with health care benefits such as insurance and sick leave.

As part of its human capital development, various in-house programmes and job skills related training were conducted to equip the employees with improved skills and knowledge. The Group also sponsored employees to attend external seminars and workshops to keep them abreast of new developments in their respective field of expertise.

The 2011 Annual Dinner was held in January 2011, combining the Long Service Awards ceremony with an entertaining night for all the Group's employees.

Marketplace

The Group believes that with sound business practices and effective management, shareholders' value will be enhanced. We take pride in our reputation with the ISO 9001:2008 certification and BS EN ISO 9001:2008 certification from Moody. The Group has always maintained good relationships with its customers. High ethical standards in all our business dealing are consistently applied. The provision of good quality products and on-time delivery is a must for the Group.

AUDIT COMMITTEE REPORT

MEMBERS OF THE AUDIT COMMITTEE

Name	Position	Attendance
Chairman		
Ahmed Azhar Bin Abdullah	Independent Non-Executive Director	4/4
Members		
Dr. Leong Chik Weng	Independent Non-Executive Director	4/4
Wong Tze Kai	Independent Non-Executive Director	4/4

TERMS OF REFERENCE

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/she 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, 1967; 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.

Audit Committee Report

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

Duties & Responsibilities

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

- with the external auditors, the audit scope and plan;

- with the external auditors, an evaluation of the quality and effectiveness of the accounting system;

- with the external auditors, the audit report;

- the assistance rendered by employees of the Company and its subsidiary (the "Group") to the auditors;

- with the internal auditors, the adequacy of the scope, duties, competency and resources of the internal audit function, and that it has the necessary authority to carry out its work;

- with the internal auditors, the adequacy and integrity of the internal control system and the efficiency of the Group's operations and efforts taken to reduce the Group's operational risks;

- the internal audit programme, processes and results, and the actions taken on the recommendation of the internal audit function;

- the appointment, performance and remuneration of the internal audit staff;

- the appointment and performance of the external auditors, the audit fee and any questions of resignation or dismissal before making recommendations to the Board;

- the quarterly results and annual financial statements of the Company and Group prior to the approval by the Board, focusing particularly on:
  a) any changes in or implementation of accounting policies and practices;
  b) significant adjustments or unusual events arising from the audit;
  c) the going concern assumption; and
  d) compliance with accounting standards and other legal requirements;

- any related party transaction and conflict of interest situation that may arise within the Company/Group, including any transaction, procedure or course of conduct that raises questions of management integrity;

- with the external and internal auditors, major audit findings, reservations or material weaknesses and the Management's responses 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 terms 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.

Audit Committee Report

ATTENDANCE

During the financial year ended 31 July 2011, 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 year 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 for the year ended 31 July 2011.

BOARD'S RESPONSIBILITIES

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

RISK MANAGEMENT FRAMEWORK

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

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

SYSTEM OF INTERNAL CONTROLS

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

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

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

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

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

Statement On Internal Control

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

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

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

REVIEW OF THE STATEMENT BY THE EXTERNAL AUDITORS

The external auditors have reviewed this Statement on Internal Control for inclusion in the annual report of the Company for the financial year ended 31 July 2011 and had reported to the Board that nothing has come to their attention that causes them to believe that the statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of internal controls.

INTERNAL AUDIT FUNCTION

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

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

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

For the financial year ended 31 July 2011, the total costs incurred for the outsourced internal audit function is RM28,204 inclusive of reimbursable expenses and service tax.

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' interests and the Group's assets.

This Statement was made in accordance with the resolution of the Board dated 27 October 2011.

FINANCIAL STATEMENTS

DIRECTORS' REPORT

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 July 2011.

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	7,082,570	3,491,117

DIVIDENDS

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

	Company RM
In respect of financial year ended 31 July 2010:	
A first and final single tier tax exempt dividend of 2.25 sen per ordinary shares, paid on 30 December 2010	1,800,000

The Directors proposed a first and final single tier tax exempt dividend of 3.0 sen per ordinary share amounting to RM2,400,000 in respect of the financial year ended 31 July 2011 which is subject to the approval of the shareholders at the forthcoming Annual General Meeting.

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

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

Directors' Report

OPTIONS GRANTED OVER UNISSUED SHARES

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

DIRECTORS

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

Dato' Shahrir Bin Abdul Jalil
Tan Wan Lay
Ahmed Azhar Bin Abdullah
Dr. Leong Chik Weng
Wong Tze Kai
Gan Choon Sun

Pursuant to Article 112 of the Company's Articles of Association, Ahmed Azhar Bin Abdullah and Wong Tze Kai retire by rotation and, being eligible, offer themselves 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 of its related corporations during the financial year ended 31 July 2011 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 1.8.2010	Bought	Sold	Balance as at 31.7.2011
Shares in the Company				
<u>Direct interests</u>				
Tan Wan Lay	3,746,000	-	-	3,746,000
Ahmed Azhar Bin Abdullah	100,000	-	-	100,000
Gan Choon Sun	45,000	-	-	45,000
<u>Indirect interest</u>				
Tan Wan Lay	25,232,994	-	5,000	25,227,994

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

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

Directors' Report

DIRECTORS' BENEFITS

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

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 statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps:

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

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

(b) In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

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

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

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

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

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

Directors' Report

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY (Continued)

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

(d) In the opinion of the Directors:

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

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

(III) AS AT THE DATE OF THIS REPORT

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

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

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

AUDITORS

The auditors, BDO, 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
27 October 2011

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 35 to 98 have been drawn up in accordance with applicable approved Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 July 2011 and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

On behalf of the Board,

Dato' Shahrir Bin Abdul Jalil
Director

Tan Wan Lay
Director

Kuala Lumpur
27 October 2011

DIRECTORS' REPORT

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 35 to 98 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly
declared by the abovenamed at
Kuala Lumpur this
27 October 2011

Tan Tze

Before me:

S.Ideraju (W.451)
Commissioner for Oaths

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 statements of financial position as at 31 July 2011 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flow of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 35 to 97.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia, and for such internal control as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 about 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 entity's preparation of the financial statements that give a true and fair view 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 entity'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 and the provisions of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 July 2011 and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

Independent Auditors' Report To The Members Of A-Rank Berhad

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 Reporting Responsibilities

The supplementary information set out in Note 33 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matters

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

BDO
AF : 0206
Chartered Accountants

Hiew Kim Loong
2858/08/12 (J)
Chartered Accountant

Kuala Lumpur
27 October 2011

STATEMENTS OF FINANCIAL POSITION
AS AT 31 JULY 2011

	Note	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
ASSETS					
Non-current assets					
Property, plant and equipment	7	**62,475,213**	65,027,679	**-**	-
Investment in a subsidiary	8	**-**	-	**25,978,559**	25,978,559
Trade and other receivables	9	**-**	-	**-**	16,632,104
		62,475,213	65,027,679	**25,978,559**	42,610,663
Current assets					
Inventories	10	**28,231,959**	32,611,790	**-**	-
Trade and other receivables	9	**32,313,146**	29,040,197	**20,088,037**	1,801,000
Current tax assets		**95,870**	305,189	**93,716**	39,139
Cash and cash equivalents	11	**2,431,978**	3,543,056	**10,978**	8,913
		63,072,953	65,500,232	**20,192,731**	1,849,052
TOTAL ASSETS		**125,548,166**	130,527,911	**46,171,290**	44,459,715
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the Company					
Share capital	12	**40,000,000**	40,000,000	**40,000,000**	40,000,000
Reserves	13	**20,828,296**	15,754,806	**6,019,825**	4,328,708
TOTAL EQUITY		**60,828,296**	55,754,806	**46,019,825**	44,328,708
LIABILITIES					
Non-current liability					
Deferred tax liabilities	14	**5,794,147**	4,793,065	**-**	-
		5,794,147	4,793,065	**-**	-
Current liabilities					
Trade and other payables	15	**10,472,067**	8,786,552	**151,465**	131,007
Derivative liabilities	16	**71,600**	-	**-**	-
Borrowings	17	**48,382,056**	61,193,488	**-**	-
		58,925,723	69,980,040	**151,465**	131,007
TOTAL LIABILITIES		**64,719,870**	74,773,105	**151,465**	131,007
TOTAL EQUITY AND LIABILITIES		**125,548,166**	130,527,911	**46,171,290**	44,459,715

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

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 JULY 2011

		Group		Company	
	Note	2011 RM	2010 RM	2011 RM	2010 RM
Revenue	18	**421,010,392**	364,476,447	**5,000,000**	5,000,000
Cost of sales	19	**(406,111,740)**	(350,554,232)	**-**	-
Gross profit		**14,898,652**	13,922,215	**5,000,000**	5,000,000
Other operating income		**14,234**	355,486	**-**	-
Distribution costs		**(365,983)**	(409,834)	**-**	-
Administration expenses		**(4,214,658)**	(3,872,391)	**(313,460)**	(252,057)
Profit from operations		**10,332,245**	9,995,476	**4,686,540**	4,747,943
Finance costs	20	**(2,285,971)**	(1,719,385)	**-**	-
Profit before tax	21	**8,046,274**	8,276,091	**4,686,540**	4,747,943
Taxation	22	**(963,704)**	(2,053,849)	**(1,195,423)**	(1,210,861)
Profit for the financial year		**7,082,570**	6,222,242	**3,491,117**	3,537,082
Other comprehensive income		**-**	-	**-**	-
Total comprehensive income		**7,082,570**	6,222,242	**3,491,117**	3,537,082
Basic earnings per ordinary share (sen)	23	**8.85 sen**	7.78 sen		

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 JULY 2011

	Note	Share capital RM	Share premium RM	Retained earnings RM	Total RM
Group					
Balance as at 31 July 2009		40,000,000	715,938	10,416,626	51,132,564
Total comprehensive income		-	-	6,222,242	6,222,242
Dividend paid	24	-	-	(1,600,000)	(1,600,000)
Balance as at 31 July 2010		40,000,000	715,938	15,038,868	55,754,806
Effect of adoption of FRS 139	32	-	-	(209,080)	(209,080)
Restated balance as at 1 August 2010		40,000,000	715,938	14,829,788	55,545,726
Total comprehensive income		-	-	7,082,570	7,082,570
Dividend paid	24	-	-	(1,800,000)	(1,800,000)
Balance as at 31 July 2011		40,000,000	715,938	20,112,358	60,828,296

	Note	Share capital RM	Share premium RM	Retained earnings RM	Total RM
Company					
Balance as at 31 July 2009		40,000,000	715,938	1,675,688	42,391,626
Total comprehensive income		-	-	3,537,082	3,537,082
Dividend paid	24	-	-	(1,600,000)	(1,600,000)
Balance as at 31 July 2010		40,000,000	715,938	3,612,770	44,328,708
Total comprehensive income		-	-	3,491,117	3,491,117
Dividend paid	24	-	-	(1,800,000)	(1,800,000)
Balance as at 31 July 2011		40,000,000	715,938	5,303,887	46,019,825

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

STATEMENTS OF CASH FLOW
FOR THE FINANCIAL YEAR ENDED 31 JULY 2011

	Note	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax		**8,046,274**	8,276,091	**4,686,540**	4,747,943
Adjustments for:					
Depreciation of property, plant and equipment	7	**4,102,754**	3,667,387	**-**	-
Dividend income	21	**-**	-	**(5,000,000)**	(5,000,000)
Fair value adjustments on derivative liabilities		**(137,480)**	-	**-**	-
Gain on disposal of property, plant and equipment		**-**	(186,758)	**-**	-
Interest expenses	20	**2,285,971**	1,719,385	**-**	-
Interest income		**(1,384)**	(926)	**-**	-
Unrealised loss on foreign exchange		**21,259**	-	**-**	-
Operating profit before working capital changes		**14,317,394**	13,475,179	**(313,460)**	(252,057)
Decrease/(Increase) in inventories		**4,379,831**	(14,232,791)	**-**	-
Increase in trade and other receivables		**(3,271,106)**	(2,526,362)	**-**	-
Increase in trade and other payables		**1,662,413**	1,112,427	**20,458**	12,729
Cash generated from/(used in) operations		**17,088,532**	(2,171,547)	**(293,002)**	(239,328)
Interest paid		**(116,449)**	(123,839)	**-**	-
Tax refunded		**266,050**	-	**-**	-
Tax paid		**(19,353)**	-	**-**	-
Net cash from/(used in) operating activities		**17,218,780**	(2,295,386)	**(293,002)**	(239,328)
CASH FLOWS FROM INVESTING ACTIVITIES					
Dividend received		**-**	-	**3,750,000**	3,750,000
Interest received		**1,384**	926	**-**	-
Advances to a subsidiary		**-**	-	**(1,654,933)**	(1,908,166)
Purchase of property, plant and equipment	7	**(1,550,288)**	(9,327,320)	**-**	-
Proceeds from disposal of property, plant and equipment		**-**	431,000	**-**	-
Net cash (used in)/from investing activities		**(1,548,904)**	(8,895,394)	**2,095,067**	1,841,834

Statements Of Cash Flow
For The Financial Year Ended 31 July 2011

		Group		Company	
		2011	2010	2011	2010
	Note	RM	RM	RM	RM
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividend paid	24	**(1,800,000)**	(1,600,000)	**(1,800,000)**	(1,600,000)
(Repayment of)/Drawdown of bankers' acceptances		**(22,153,000)**	21,474,000	**-**	-
Drawdown/(Repayment of) foreign currency loan		**11,677,474**	(10,628,983)	**-**	-
Interest paid		**(2,169,522)**	(1,595,546)	**-**	-
Net cash (used in)/from financing activities		**(14,445,048)**	7,649,471	**(1,800,000)**	(1,600,000)
Net increase/(decrease) in cash and cash equivalents		**1,224,828**	(3,541,309)	**2,065**	2,506
Cash and cash equivalents at beginning of financial year		**790,568**	4,331,877	**8,913**	6,407
Cash and cash equivalents at end of financial year	11(c)	**2,015,396**	790,568	**10,978**	8,913

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

NOTES TO THE FINANCIAL STATEMENTS 31 JULY 2011

1. CORPORATE INFORMATION

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

The registered office of the Company is located at Chamber E, Lian Seng Courts, No. 275, 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 27 October 2011.

2. PRINCIPAL ACTIVITIES

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

3. BASIS OF PREPARATION

The financial statements of the Group and of the Company have been prepared in accordance with applicable approved Financial Reporting Standards ('FRSs') and the provisions of the Companies Act, 1965 in Malaysia. However, Note 33 has been prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Basis of accounting

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

The preparation of financial statements 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 (Continued)

4.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiary. Subsidiary is entity (including special purposes entities) over which the Company has the power to govern the financial operating policies, generally accompanied by a shareholding giving rise to the majority of the voting rights, as to obtain benefits from their activities.

Subsidiary is consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intragroup balances, transactions, income and expenses are eliminated on consolidation.

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

The Group has applied the revised FRS 3 *Business Combinations* in accounting for business combinations from 1 August 2010 onwards. The change in accounting policy has been applied prospectively in accordance with the transitional provisions provided by the Standard, where applicable.

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

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

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

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

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

Notes To The Financial Statements 31 JULY 2011

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.3 Business combinations

Business combinations from 1 July 2010 onwards

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

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

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

(b) liabilities or equity instruments related to the replacements by the Group of an acquiree's share-based payment awards are measured in accordance with FRS 2 *Share-based Payment*; and

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

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

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

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any) is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

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

Business combinations before 1 July 2010

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.3 Business combinations (Continued)

(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.

4.4 Property, plant and equipment and depreciation

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

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

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

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

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

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

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

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

Notes To The Financial Statements 31 JULY 2011

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.4 Property, plant and equipment and depreciation (Continued)

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

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

4.5 Operating leases

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

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

4.6 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. Investments accounted for at cost shall be accounted for in accordance with FRS 5 *Non-current Assets Held for Sale and Discontinued Operations* when they are classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with FRS 5.

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

4.7 Impairment of non-financial assets

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

The recoverable amount of an asset is estimated for an individual asset. Where it is not possible to estimate the recoverable amount of the individual asset, the impairment test is carried out on the cash generating unit ("CGU") to which the asset belongs. Goodwill acquired in a business combination is from the acquisition date, allocated to each of the 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.

Notes To The Financial Statements 31 JULY 2011

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.7 Impairment of non-financial assets (Continued)

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

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

The impairment loss is recognised in profit or loss immediately.

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

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

Such reversals are recognised as income immediately in profit or loss.

4.8 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 the cost of bringing the inventories to their present location and condition. The cost of work-in-progress includes the cost of raw materials, direct labour, other direct cost and a proportion of production overheads based on normal operating capacity of the production facilities.

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

4.9 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.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.9 Financial instruments (Continued)

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

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

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

(a) Financial assets

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

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

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

Subsequent to initial recognition, financial assets classified as at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in the fair value of financial assets classified as at fair value through profit or loss are recognised in profit or loss. Net gains or losses on financial assets classified as at fair value through profit or loss exclude foreign exchange gains and losses, interest and dividend income. Such income is recognised separately in profit or loss as components of other income or other operating losses.

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

(ii) Held-to-maturity investments

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.9 Financial instruments (Continued)

(a) Financial assets (Continued)

(iii) Loans and receivables

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

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

(iv) Available-for-sale financial assets

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

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.9 Financial instruments (Continued)

(b) Financial liabilities

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

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

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

Subsequent to initial recognition, financial assets classified as at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in the fair value of financial assets classified as at fair value through profit or loss are recognised in profit or loss. Net gains or losses on financial assets classified as at fair value through profit or loss exclude foreign exchange gains and losses, interest and dividend income. Such income is recognised separately in profit or loss as components of other income or other operating losses.

(ii) Other financial liabilities

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

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

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.9 Financial instruments (Continued)

(b) Financial liabilities (Continued)

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

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

(c) Equity

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

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

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

If the Company reacquires its own equity instruments, the consideration paid, including any attributable transaction costs is deducted from equity as treasury shares until they are cancelled. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments. Where such shares are issued by resale, the difference between the sales consideration and the carrying amount is shown as a movement in equity.

Following the adoption of FRS 139 during the financial year, the Group reassessed the classification and measurement of financial assets and financial liabilities as at 1 August 2010. Consequently, the Group reclassified and remeasured financial assets and financial liabilities as disclosed in Note 32 to the financial statements.

4.10 Impairment of financial assets

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

Loans and receivables

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.10 Impairment of financial assets (Continued)

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

4.11 Borrowing costs

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

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

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

4.12 Income taxes

Income taxes include all domestic taxes on taxable profit. Income taxes also include other taxes, such as real property gains taxes payable on disposal of properties.

Taxes in the income statements comprise 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 end of the reporting period.

(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 statement of financial position and its tax base.

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

A deferred tax asset is recognised only to the extent that it is probable that taxable profits 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 reporting period. 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 profits will be available, such reductions will be reversed to the extent of the taxable profits.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.12 Income taxes (Continued)

(b) Deferred tax (Continued)

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

(i) the same taxable entity; or

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

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

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

4.13 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 disclose 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 non-controlling interest.

4.14 Employee benefits

4.14.1 Short term employee benefits

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.14 Employee benefits (Continued)

4.14.1 Short term employee benefits (Continued)

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.

4.14.2 Defined contribution plan

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

4.15 Foreign currencies

4.15.1 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.

4.15.2 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 end of the reporting period 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 currency contracts are used. All exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are included in 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.

4.16 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 assessment of the time value of money and the risks specific to the liability.

Notes To The Financial Statements 31 JULY 2011

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.16 Provisions (Continued)

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

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

4.17 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 retains 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 as it accrues, using the effective interest method.

4.18 Operating segments

Operating segments are defined as components of the Group that:

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

(b) whose operating results are regularly reviewed by the Group's chief operating decision maker (i.e the Group's Managing Director) in making decisions about resources to be allocated to the segment and assessing its performance; and

(c) for which discrete financial information is available.

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.18 Operating segments (Continued)

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

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

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

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

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

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

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

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

4.19 Earnings per share

(a) Basic

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

(b) Diluted

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

5. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs

5.1 New FRSs, Amendments to FRSs and IC Interpretations adopted during the current financial year

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

This Standard applies to all risks arising from a wide array of financial instruments and requires the disclosure of the significance of financial instruments for the Group's financial position and performance.

5. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs (Continued)

5.1 New FRSs, Amendments to FRSs and IC Interpretations adopted during the current financial year (Continued)

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

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

There is no impact upon adoption of this Standard during the financial year.

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

This Standard establishes the principles for the recognition and measurement of financial assets and financial liabilities including circumstances under which hedge accounting is permitted.

The impact upon adoption of this Standard is disclosed on Note 32 to the financial statements.

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

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

There is no impact upon adoption of these amendments during the financial year.

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

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

There is no impact upon adoption of these amendments during the financial year.

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

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

There is no impact upon adoption of this Interpretation during the financial year.

Notes To The Financial Statements 31 JULY 2011

5. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs (Continued)

5.1 New FRSs, Amendments to FRSs and IC Interpretations adopted during the current financial year (Continued)

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

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

There is no impact upon adoption of this Interpretation during the financial year.

(h) IC Interpretation 11 *FRS 2 - Group and Treasury Share Transactions* is mandatory for annual periods beginning on or after 1 January 2010.

This Interpretation requires share-based payment transactions in which the Company receives services from employees as consideration for its own equity instruments to be accounted for as equity-settled, regardless of the manner of satisfying the obligations to the employees.

If the Company grants rights to its equity instruments to the employees of its subsidiaries, this Interpretation requires the Company to recognise the equity reserve for the obligation to deliver the equity instruments when needed whilst the subsidiaries shall recognise the remuneration expense for the services received from employees.

If the subsidiaries grant rights to equity instruments of the Company to its employees, this Interpretation requires the Company to account for the transaction as cash-settled, regardless of the manner the subsidiaries obtain the equity instruments to satisfy its obligations.

There is no impact upon adoption of this Interpretation during the financial year.

The Group would like to draw attention to the withdrawal of this Interpretation for annual periods beginning on or after 1 January 2011 as disclosed in Note 5.2(d) to the financial statements.

(i) IC Interpretation 13 *Customer Loyalty Programmes* is mandatory for annual periods beginning on or after 1 January 2010.

This Interpretation requires the separation of award credits as a separately identifiable component of sales transactions involving the award of free or discounted goods or services in the future. The fair value of the consideration received or receivable from the initial sale shall be allocated between the award credits and the other components of the sale.

If the Group supplies the awards itself, the consideration allocated to the award credits shall only be recognised as revenue when the award credits are redeemed. If a third party supplies the awards, the Group shall assess whether it is acting as a principal or agent in the transaction.

If the Group is acting as the principal in the transaction, it shall measure its revenue as the gross consideration allocated to the award credits. If the Group is acting as an agent, it shall measure its revenue as the net amount retained on its own account, and recognise the net amount as revenue when the third party becomes obliged to supply the awards and entitled to receive the consideration for doing so.

There is no impact upon adoption of this Interpretation during the financial year.

Notes To The Financial Statements 31 JULY 2011

5. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs (Continued)

5.1 New FRSs, Amendments to FRSs and IC Interpretations adopted during the current financial year (Continued)

(j) IC Interpretation 14 *FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction* is mandatory for annual periods beginning on or after 1 January 2010.

This Interpretation applies to all post-employment defined benefits and other long-term employee defined benefits. This Interpretation clarifies that an economic benefit is available if the Group can realise it at some point during the life of the plan or when the plan liabilities are settled, and that it does not depend on how the Group intends to use the surplus.

A right to refund is available to the Group in stipulated circumstances and the economic benefit available shall be measured as the amount of the surplus at the end of the reporting period less any associated costs. If there are no minimum funding requirements, the economic benefit available shall be determined as a reduction in future contributions as the lower of the surplus in the plan and the present value of the future service cost to the Group. If there is a minimum funding requirement for contributions relating to the future accrual of benefits, the economic benefit available shall be determined as a reduction in future contributions at the present value of the estimated future service cost less the estimated minimum funding required in each financial year.

There is no impact upon adoption of this Interpretation during the financial year.

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

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

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

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

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

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

Apart from the new presentation and disclosure requirements described, there is no impact upon adoption of this Standard during the financial year.

5. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs (Continued)

5.1 New FRSs, Amendments to FRSs and IC Interpretations adopted during the current financial year (Continued)

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

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

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

There is no impact upon adoption of these amendments during the financial year.

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

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

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

There is no impact upon adoption of these amendments during the financial year.

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

Amendment to FRS 5 *Non-current Assets Held for Sale and Discontinued Operations* clarifies that the disclosure requirements of this Standard specifically apply to non-current assets (or disposal groups) classified as held for sale or discontinued operations. There is no impact upon adoption of this amendment during the financial year.

Amendment to FRS 8 clarifies the consistency of disclosure requirement for information about profit or loss, assets and liabilities. There is no impact upon adoption of this amendment during the financial year.

Amendment to FRS 107 *Statement of Cash Flows* clarifies the classification of cash flows arising from operating activities and investing activities. Cash payments to manufacture or acquire assets held for rental to others and subsequently held for sale, and the related cash receipts, shall be classified as cash flows from operating activities. Expenditures that result in a recognised asset in the statement of financial position are eligible for classification as cash flows from investing activities. There is no impact upon adoption of this amendment during the financial year.

5. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs (Continued)

5.1 New FRSs, Amendments to FRSs and IC Interpretations adopted during the current financial year (Continued)

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

Amendment to FRS 108 clarifies that only Implementation Guidance issued by the MASB that are integral parts of FRSs is mandatory. There is no impact upon adoption of this amendment during the financial year.

Amendment to FRS 110 *Events after the Reporting Period* clarifies the rationale for not recognising dividends declared after the reporting period but before the financial statements are authorised for issue. There is no impact upon adoption of this amendment during the financial year.

Amendment to FRS 116 *Property, Plant and Equipment* removes the definition pertaining the applicability of this Standard to property that is being constructed or developed for future use as investment property but do not yet satisfy the definition of 'investment property' in FRS 140 *Investment Property*. This amendment also replaces the term 'net selling price' with 'fair value less costs to sell', and clarifies that proceeds arising from routine sale of items of property, plant and equipment shall be recognised as revenue in accordance with FRS 118 *Revenue* rather than FRS 5. There is no impact upon adoption of this amendment during the financial year.

Amendment to FRS 117 *Leases* removes the classification of leases of land and of buildings, and instead, requires assessment of classification based on the risks and rewards of the lease itself. The reassessment of land elements of unexpired leases shall be made retrospectively in accordance with FRS 108. There is no impact upon adoption of this amendment during the financial year.

Amendment to FRS 118 clarifies reference made on the term 'transaction costs' to the definition in FRS 139. There is no impact upon adoption of this amendment during the financial year.

Amendment to FRS 119 *Employee Benefits* clarifies the definitions in this Standard by consistently applying settlement dates within twelve (12) months in the distinction between short-term employee benefits and other long-term employee benefits. This amendment also provides additional explanations on negative past service cost and curtailments. There is no impact upon adoption of this amendment during the financial year.

Amendment to FRS 120 *Accounting for Government Grants and Disclosure of Government Assistance* streamlines the terms used in this Standard in accordance with the new terms used in FRS 101. There is no impact upon adoption of this amendment during the financial year.

Amendment to FRS 123 clarifies that interest expense calculated using the effective interest rate method described in FRS 139 qualifies for recognition as borrowing costs. There is no impact upon adoption of this amendment during the financial year.

Amendment to FRS 127 *Consolidated and Separate Financial Statements* clarifies that investments measured at cost shall be accounted for in accordance with FRS 5 when they are held for sale in accordance with FRS 5. There is no impact upon adoption of this amendment during the financial year.

5. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs (Continued)

5.1 New FRSs, Amendments to FRSs and IC Interpretations adopted during the current financial year (Continued)

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

Amendment to FRS 128 *Investments in Associates* clarifies that investments in associates held by venture capital organisations, or mutual funds, unit trusts and similar entities shall make disclosures on the nature and extent of any significant restrictions on the ability of associates to transfer funds to the investor in the form of cash dividends, or repayment of loans or advances. This amendment also clarifies that impairment loss recognised in accordance with FRS 136 *Impairment of Assets* shall not be allocated to any asset, including goodwill, that forms the carrying amount of the investment. Accordingly, any reversal of that impairment loss shall be recognised in accordance with FRS 136. There is no impact upon adoption of this amendment during the financial year.

Amendment to FRS 129 *Financial Reporting in Hyperinflationary Economies* streamlines the terms used in this Standard in accordance with the new terms used in FRS 101. This amendment also clarifies that assets and liabilities that are measured at fair value are exempted from the requirement to apply historical cost basis of accounting. There is no impact upon adoption of this amendment during the financial year.

Amendment to FRS 131 *Interests in Joint Ventures* clarifies that venturers' interests in jointly controlled entities held by venture capital organisations, or mutual funds, unit trusts and similar entities shall make disclosures on related capital commitments. This amendment also clarifies that a listing and description of interests in significant joint ventures and the proportion of ownership interest held in jointly controlled entities shall be made. There is no impact upon adoption of this amendment during the financial year.

Amendment to FRS 136 clarifies the determination of allocation of goodwill to each cash-generating unit whereby each unit shall not be larger than an operating segment as defined in FRS 8 before aggregation. This amendment also requires additional disclosures if the fair value less costs to sell is determined using discounted cash flow projections. There is no impact upon adoption of this amendment during the financial year.

Amendment to FRS 138 *Intangible Assets* clarifies the examples provided in this Standard in measuring the fair value of an intangible asset acquired in a business combination. This amendment also removes the statement on the rarity of situations whereby the application of the amortisation method for intangible assets results in a lower amount of accumulated amortisation than under the straight line method. There is no impact upon adoption of this amendment during the financial year.

Amendment to FRS 140 clarifies that properties that are being constructed or developed for future use as investment property are within the definition of 'investment property'. This amendment further clarifies that if the fair value of such properties cannot be reliably determinable but it is expected that the fair value would be readily determinable when construction is complete, the properties shall be measured at cost until either its fair value becomes reliably determinable or construction is completed, whichever is earlier. There is no impact upon adoption of this amendment during the financial year.

Notes To The Financial Statements 31 JULY 2011

5. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs (Continued)

5.1 New FRSs, Amendments to FRSs and IC Interpretations adopted during the current financial year (Continued)

(o) Amendments to FRS 132 is mandatory for annual periods beginning on or after 1 January 2010 and 1 March 2010 in respect of the transitional provisions in accounting for compound financial instruments and classification of rights issues respectively.

These amendments remove the transitional provisions in respect of accounting for compound financial instruments issued before 1 January 2003 pursuant to FRS 132_{2004} *Financial Instruments: Disclosure and Presentation*. Such compound financial instruments shall be classified into its liability and equity components when FRS 139 first applies.

The amendments also clarifies that rights, options or warrants to acquire a fixed number of the Group's own equity instruments for a fixed amount of any currency shall be classified as equity instruments rather than financial liabilities if the Group offers the rights, options or warrants pro rata to all of its own existing owners of the same class of its own non-derivative equity instruments.

There is no impact upon adoption of these amendments during the financial year.

(p) Amendments to FRS 139 is mandatory for annual periods beginning on or after 1 January 2010.

These amendments remove the scope exemption on contracts for contingent consideration in a business combination. Accordingly, such contracts shall be recognised and measured in accordance with the requirements of FRS 139.

There is no impact upon adoption of this amendment during the financial year.

(q) IC Interpretation 12 *Service Concession Arrangements* is mandatory for annual periods beginning on or after 1 July 2010.

This Interpretation applies to operators for public-to-private service concession arrangements, whereby infrastructure within the scope of this Interpretation shall not be recognised as property, plant and equipment of the operator. The operator shall recognise and measure revenue in accordance with FRS 111 *Construction Contracts* and FRS 118 for the services performed. The operator shall also account for revenue and costs relating to construction or upgrade services in accordance with FRS 111.

Consideration received or receivable by the operator for the provision of construction or upgrade services shall be recognised at its fair value. If the consideration consists of an unconditional contractual right to receive cash or another financial asset from the grantor, it shall be classified as a financial asset. Conversely, if the consideration consists of a right to charge users of the public service, it shall be classified as an intangible asset.

There is no impact upon adoption of this Interpretation during the financial year.

5. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs (Continued)

5.1 New FRSs, Amendments to FRSs and IC Interpretations adopted during the current financial year (Continued)

(r) FRS 1 *First-time Adoption of Financial Reporting Standards* is mandatory for annual periods beginning on or after 1 July 2010.

This Standard supersedes the existing FRS 1 and shall be applied when the Group adopts FRSs for the first time via the explicit and unreserved statement of compliance with FRSs. An opening FRS statement of financial position shall be prepared and presented at the date of transition to FRS, whereby:

(i) All assets and liabilities shall be recognised in accordance with FRSs;
(ii) Items of assets and liabilities shall not be recognised if FRSs do not permit such recognition;
(iii) Items recognised in accordance with previous GAAP shall be reclassified in accordance with FRSs; and
(iv) All recognised assets and liabilities shall be measured in accordance with FRSs.

All resulting adjustments shall therefore be recognised directly in retained earnings at the date of transition to FRSs.

There is no impact upon adoption of this Standard during the financial year.

(s) FRS 3 *Business Combinations* is mandatory for annual periods beginning on or after 1 July 2010.

This Standard supersedes the existing FRS 3 and now includes business combinations involving mutual entities and those achieved by way of contract alone. Any non-controlling interest in an acquiree shall be measured at fair value or as the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The time limit on the adjustment to goodwill due to the arrival of new information on the crystallisation of deferred tax benefits shall be restricted to the measurement period resulting from the arrival of the new information. Contingent liabilities acquired arising from present obligations shall be recognised, regardless of the probability of outflow of economic resources.

Acquisition-related costs shall be accounted for as expenses in the periods in which the costs are incurred and the services are received. Consideration transferred in a business combination, including contingent consideration, shall be measured and recognised at fair value at acquisition date. Any changes in the amount of consideration to be paid will no longer be adjusted against goodwill but recognised in profit or loss.

In business combinations achieved in stages, the acquirer shall remeasure its previously held equity interest at its acquisition date fair value and recognise the resulting gain or loss in profit or loss.

The revised FRS 3 has been applied prospectively in accordance with its transitional provisions. Assets and liabilities that arose from business combinations whose acquisition dates were before 1 July 2010 are not adjusted.

There is no impact upon adoption of this Standard during the financial year.

Notes To The Financial Statements 31 JULY 2011

5. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs (Continued)

5.1 New FRSs, Amendments to FRSs and IC Interpretations adopted during the current financial year (Continued)

(t) FRS 127 *Consolidated and Separate Financial Statements* is mandatory for annual periods beginning on or after 1 July 2010.

This Standard supersedes the existing FRS 127 and replaces the current term 'minority interest' with the new term 'non-controlling interest' which is defined as the equity in a subsidiary that is not attributable, directly or indirectly, to a parent. Accordingly, total comprehensive income shall be attributed to the owners of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. If the Group losses control of a subsidiary, any gains or losses are recognised in profit or loss and any investment retained in the former subsidiary shall be remeasured at its fair value at the date when control is lost.

According to its transitional provisions, the revised FRS 127 has been applied prospectively, and does not impact the Group's consolidated financial statements in respect of transactions with non-controlling interest, attribution of losses to non-controlling interest, and disposal of subsidiaries before 1 July 2010. These changes would only affect future transactions with non-controlling interest.

There is no impact upon adoption of this Standard during the financial year.

(u) Amendments to FRSs are mandatory for annual periods beginning on or after 1 July 2010.

Amendments to FRS 2 *Share-based Payments* clarify that transactions in which the Group acquired goods as part of the net assets acquired in a business combination or contribution of a business on the formation of a joint venture are excluded from the scope of this Standard. There is no impact upon adoption of these amendments during the year.

Amendments to FRS 5 clarify that non-current asset classified as held for distribution to owners acting in their capacity as owners are within the scope of this Standard. The amendment also clarifies that in determining whether a sale is highly probable, the probability of shareholders' approval, if required in the jurisdiction, shall be considered. In a sale plan involving loss of control of a subsidiary, all assets and liabilities of that subsidiary shall be classified as held for sale, regardless of whether the Group retains a non-controlling interest in its former subsidiary after the sale. Discontinued operations information shall also be presented. Non-current asset classified as held for distribution to owners shall be measured at the lower of its carrying amount and fair value less costs to distribute. There is no impact upon adoption of these amendments during the financial year.

Amendments to FRS 138 clarify that the intention of separating an intangible asset is irrelevant in determining the identifiability of the intangible asset. In a separate acquisition and acquisition as part of a business combination, the price paid by the Group reflects the expectations of the Group of an inflow of economic benefits, even if there is uncertainty about the timing or the amount of the inflow. Accordingly, the probability criterion is always considered to be satisfied for separately acquired intangible assets. The useful life of a reacquired right recognised as an intangible asset in a business combination shall be the remaining contractual period of the contract in which the right was granted, and do not include renewal periods. In the case of a reacquired right in a business combination, if the right is subsequently reissued to a third party, the related carrying amount shall be used in determining the gain or loss on reissue. There is no impact upon adoption of these amendments during the financial year.

Notes To The Financial Statements 31 JULY 2011

5. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs (Continued)

5.1 New FRSs, Amendments to FRSs and IC Interpretations adopted during the current financial year (Continued)

(u) Amendments to FRSs are mandatory for annual periods beginning on or after 1 July 2010. (Continued)

Amendments to IC Interpretation 9 clarify that embedded derivatives in contracts acquired in a business combination, combination of entities or business under common controls, or the formation of a joint venture are excluded from this Interpretation. There is no impact upon adoption of these amendments during the financial year.

(v) IC Interpretation 16 *Hedges of a Net Investment in a Foreign Operation* is mandatory for annual periods beginning on or after 1 July 2010.

This Interpretation applies to hedges undertaken on foreign currency risk arising from net investments in foreign operations and the Group wishes to qualify for hedge accounting in accordance with FRS 139.

Hedge accounting is applicable only to the foreign exchange differences arising between the functional currency of the foreign operation and the functional currency of any parent (immediate, intermediate or ultimate parent) of that foreign operation. An exposure to foreign currency risk arising from a net investment in a foreign operation may qualify for hedge accounting only once in the consolidated financial statements.

Hedging instruments designated in the hedge of a net investment in a foreign operation may be held by any companies within the Group, as long as the designation, documentation and effectiveness requirements of FRS 139 are met.

There is no impact upon adoption of this Interpretation during the financial year.

(w) IC Interpretation 17 *Distributions of Non-cash Assets to Owners* is mandatory for annual periods beginning on or after 1 July 2010.

This Interpretation applies to non-reciprocal distributions of non-cash assets by the Group to its owners in their capacity as owners, as well as distributions that give owners a choice of receiving either non-cash assets or a cash alternative.

This Interpretation also applies to distributions in which all owners of the same class of equity instruments are treated equally.

The liability to pay a dividend shall be recognised when the dividend is appropriately authorised and is no longer at the discretion of the Group. The liability shall be measured at the fair value of the assets to be distributed. If the Group gives its owners a choice of receiving either a non-cash asset or a cash alternative, the dividend payable shall be estimated by considering the fair value of both alternatives and the associated probability of the owners' selection.

At the end of each reporting period, the carrying amount of the dividend payable shall be remeasured and any changes shall be recognised in equity. At the settlement date, any difference between the carrying amounts of the assets distributed and the carrying amount of the dividend payable shall be recognised in profit or loss.

There is no impact upon adoption of this Interpretation during the financial year.

5. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs (Continued)

5.2 New FRSs, Amendments to FRSs and IC Interpretations that have been issued, but not yet effective and not yet adopted

(a) Amendment to FRS 1 *Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters* is mandatory for annual periods beginning on or after 1 January 2011.

This amendment permits a first-time adopter of FRSs to apply the exemption of not restating comparatives for the disclosures required in Amendments to FRS 7.

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

(b) Amendments to FRS 1 *Additional Exemptions for First-time Adopters* are mandatory for annual periods beginning on or after 1 January 2011.

These amendments permits a first-time adopter of FRSs to apply the exemption of not restating the carrying amounts of oil and gas assets determined under previous GAAP.

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

(c) Amendments to FRS 7 *Improving Disclosures about Financial Instruments* are mandatory for annual periods beginning on or after 1 January 2011.

These amendments require enhanced disclosures of fair value of financial instruments based on the fair value hierarchy, including the disclosure of significant transfers between Level 1 and Level 2 of the fair value hierarchy as well as reconciliations for fair value measurements in Level 3 of the fair value hierarchy.

By virtue of the exemption provided under paragraph 44G of FRS 7, the impact of applying these amendments on the financial statements upon first adoption of FRS 7 as required by paragraph 30(b) of FRS 108 are not disclosed.

(d) Amendments to FRS 2 *Group Cash-settled Share-based Payment Transactions* are mandatory for annual periods beginning on or after 1 January 2011.

These amendments clarify the scope and the accounting for Company cash-settled share-based payment transactions in the separate financial statements of the entity receiving the goods or services when that entity has no obligation to settle the share-based payment transaction.

Consequently, IC Interpretation 8 Scope of FRS 2 and IC Interpretation 11 have been superseded and withdrawn.

The Group does not expect any impact on the financial statements arising from the adoption of these amendments. The effects of adopting IC Interpretation 11 have been disclosed in Note 5.1 (h) to the financial statements.

5. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs (Continued)

5.2 New FRSs, Amendments to FRSs and IC Interpretations that have been issued, but not yet effective and not yet adopted (Continued)

(e) IC Interpretation 4 *Determining whether an Arrangement contains a Lease* is mandatory for annual periods beginning on or after 1 January 2011.

This Interpretation requires the determination of whether an arrangement is, or contains, a lease based on an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset and whether the arrangement conveys a right to use the asset. This assessment shall be made at the inception of the arrangement and subsequently reassessed if certain condition(s) in the Interpretation is met.

The Group does not expect any impact on the financial statements arising from the adoption of this Interpretation because there are no arrangements dependent on the use of specific assets in the Group.

(f) IC Interpretation 18 *Transfer of Assets from Customers* is mandatory for annual periods beginning on or after 1 January 2011.

This Interpretation applies to agreements in which an entity receives from a customer an item of property, plant and equipment that must be used to either connect the customer to a network or to provide the customer with ongoing access to a supply of goods or services. The entity receiving the transferred item is required to assess whether the transferred item meets the definition of an asset set out in the Framework. The credit entry would be accounted for as revenue in accordance with FRS 118.

The Group does not expect any impact on the financial statements arising from the adoption of this interpretation because there are no such arrangements in the Group.

(g) *Improvements to FRSs (2010)* that are mandatory for annual periods beginning on or after 1 January 2011.

Amendments to FRS 1 clarify that FRS 108 does not apply to changes in accounting policies made upon adoption of FRSs until after the first FRS financial statements have been presented. If changes in accounting policies or exemptions in this FRS are used, an explanation of such changes together with updated reconciliations shall be made in each interim financial report. Entities whose operations are subject to rate regulation are permitted the use of previously revalued amounts as deemed cost. The Group does not expect any impact on the financial statements arising from the adoption of these amendments.

Amendments to FRS 3 clarify that for each business combination, the acquirer shall measure at the acquisition date non-controlling interests that consists of the present ownership interests and entitle holders to a proportionate share of the entity's net assets in the event of liquidation. Un-replaced and voluntarily replaced share-based payment transactions shall be measured using the market-based measurement method in accordance with FRS 2 at the acquisition date. The Group does not expect any impact on the financial statements arising from the adoption of these amendments.

Amendments to FRS 7 clarify that quantitative disclosures of risk concentrations are required if the disclosures made in other parts of the financial statements are not readily apparent. The disclosure on maximum exposure to credit risk is not required for financial instruments whose carrying amount best represents the maximum exposure to credit risk. The Group expects to improve the disclosures on maximum exposure to credit risk upon adoption of these amendments.

5. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs (Continued)

5.2 New FRSs, Amendments to FRSs and IC Interpretations that have been issued, but not yet effective and not yet adopted (Continued)

(g) *Improvements to FRSs (2010)* that are mandatory for annual periods beginning on or after 1 January 2011. (Continued)

Amendments to FRS 101 clarify that a statement of changes in equity shall be presented as part of a complete set of financial statements. The Group does not expect any impact on the financial statements arising from the adoption of these amendments.

Amendments to FRS 121 *The Effects of Changes in Foreign Exchange Rates* clarify that the accounting treatment for cumulative foreign exchange differences in other comprehensive income for the disposal or partial disposal of a foreign operation shall be applied prospectively. The Group does not expect any impact on the financial statements arising from the adoption of these amendments.

Amendments to FRS 128 clarify that the accounting treatment for the cessation of significant influence over an associate shall be applied prospectively. The Group does not expect any impact on the financial statements arising from the adoption of these amendments.

Amendments to FRS 131 clarify that the accounting treatment for the cessation of joint control over an entity shall be applied prospectively. The Group does not expect any impact on the financial statements arising from the adoption of these amendments.

Amendments to FRS 132 clarify that contingent consideration from a business combination that occurred before the effective date of the revised FRS 3 of 1 July 2010 shall be accounted for prospectively. The Group does not expect any impact on the financial statements arising from the adoption of these amendments.

Amendments to FRS 134 clarify that updated information on significant events and transactions since the end of the last annual reporting period shall be included in the Group's interim financial report. The Group does not expect any impact on the financial statements arising from the adoption of these amendments.

Amendments to FRS 139 clarify that contingent consideration from a business combination that occurred before the effective date of the revised FRS 3 of 1 July 2010 shall be accounted for prospectively. The Group does not expect any impact on the financial statements arising from the adoption of these amendments.

Amendments to IC Interpretation 13 clarify that the fair value of award credits takes into account, amongst others, the amount of the discounts or incentives that would otherwise be offered to customers who have not earned award credits from an initial sale. The Group does not expect any impact on the financial statements arising from the adoption of these amendments.

Notes To The Financial Statements 31 JULY 2011

5. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs (Continued)

5.2 New FRSs, Amendments to FRSs and IC Interpretations that have been issued, but not yet effective and not yet adopted (Continued)

(h) Amendments to IC Interpretation 14 *FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction* are mandatory for annual periods beginning on or after 1 July 2011.

These amendments clarify that if there is a minimum funding requirement for contributions relating to future service, the economic benefit available as a reduction in future contributions shall include any amount that reduces future minimum funding requirement contributions for future service because of the prepayment made.

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

(i) IC Interpretation 19 *Extinguishing Financial Liabilities with Equity Instruments* is mandatory for annual periods beginning on or after 1 July 2011.

This Interpretation applies to situations whereby equity instruments are issued to a creditor to extinguish all or part of a recognised financial liability. Such equity instruments shall be measured at fair value, and the difference between the carrying amount of the financial liability extinguished and the consideration paid shall be recognised in profit or loss.

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

(j) IC Interpretation 15 *Agreements for the Construction of Real Estate* is mandatory for annual periods beginning on or after 1 January 2012.

This Interpretation applies to the accounting for revenue and associated expenses by entities undertaking construction or real estate directly or via subcontractors. Within a single agreement, the Group may contract to deliver goods or services in addition to the construction of real estate. Such an agreement shall therefore, be split into separately identifiable components.

An agreement for the construction of real estate shall be accounted for in accordance with FRS 111 if the buyer is able to specify the major structural elements of the design of the real estate before construction begins and/or specify major structural changes once construction is in progress. Accordingly, revenue shall be recognised by reference to the stage of completion of the contract.

An agreement for the construction of real estate in which buyers only have limited ability to influence the design of the real estate or to specify only minor variations to the basic designs is an agreement for the sale of goods in accordance with FRS 118. Accordingly, revenue shall be recognised by reference to the criteria in paragraph 14 of FRS 118 (e.g. transfer of significant risks and rewards, no continuing managerial involvement nor effective control, reliable measurement, etc.).

The Group does not expect any impact on the financial statements arising from the adoption of this Interpretation because there are no such agreements in the Group.

5. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs (Continued)

5.2 New FRSs, Amendments to FRSs and IC Interpretations that have been issued, but not yet effective and not yet adopted (Continued)

(k) FRS 124 *Related Party Disclosures* and the consequential amendments to FRS 124 are mandatory for annual periods beginning on or after 1 January 2012.

This revised Standard simplifies the definition of a related party and eliminates certain inconsistencies within the superseded version. In addition to this, transactions and balances with government-related entities are broadly exempted from the disclosure requirements of the Standard.

The Group expects to reduce related party disclosures in respect of transactions and balances with government-related entities upon adoption of this Standard.

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

6.1 Changes in estimates

Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Directors are of the opinion that there are no changes in estimates at the end of the reporting period.

6.2 Critical judgements made in applying accounting policies

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

Contingent liabilities

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

6.3 Key sources of estimation uncertainty

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

(a) Depreciation of property, plant and equipment

The cost of property, plant and equipment is depreciated on a straight line basis and reducing balances method over the assets' estimated useful lives. The estimated useful lives applied by the Group as disclosed in Note 4.4 to the financial statements reflects the Directors' estimate of the period that the Group expects to derive future economic benefits from the use of the Group's property, plant and equipment. These are common life expectancies applied in the various business segments of the Group. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

6.3 Key sources of estimation uncertainty (Continued)

(b) Impairment of receivables

The Group makes impairment of receivables based on an assessment of the recoverability of receivables. Impairment is applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. The management specifically analyses historical bad debts, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of the impairment of receivables. Where expectations differ from the original estimates, the differences will impact the carrying value of receivables.

(c) Write down for obsolete or slow moving inventories

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

(d) Income taxes

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

(e) Deferred tax liabilities

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

(f) Fair values of borrowings

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

Notes To The Financial Statements 31 JULY 2011

7. PROPERTY, PLANT AND EQUIPMENT

Group 2011	Balance as at 1.8.2010 RM	Additions RM	Reclassi-fication RM	Depreciation charge for the year RM	Balance as at 31.7.2011 RM
Carrying amount					
Freehold land	5,251,961	-	-	-	5,251,961
Buildings	19,445,326	3,800	565,634	(448,716)	19,566,044
Plant and machinery	34,819,617	1,505,051	1,881,915	(3,351,654)	34,854,929
Construction-in-progress	3,146,328	-	(2,447,549)	-	698,779
Office equipment	341,640	39,448	-	(51,905)	329,183
Furniture and fittings	171,901	1,989	-	(29,007)	144,883
Electrical fittings	1,447,733	-	-	(120,233)	1,327,500
Motor vehicles	403,173	-	-	(101,239)	301,934
	65,027,679	1,550,288	-	(4,102,754)	62,475,213

	At 31.7.2011		
	Cost RM	Accumulated depreciation RM	Carrying amount RM
Freehold land	5,251,961	-	5,251,961
Buildings	22,486,402	(2,920,358)	19,566,044
Plant and machinery	57,069,582	(22,214,653)	34,854,929
Construction-in-progress	698,779	-	698,779
Office equipment	620,061	(290,878)	329,183
Furniture and fittings	305,282	(160,399)	144,883
Electrical fittings	2,589,498	(1,261,998)	1,327,500
Motor vehicles	581,702	(279,768)	301,934
	89,603,267	(27,128,054)	62,475,213

Notes To The Financial Statements 31 JULY 2011

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

Group 2010	Balance as at 1.8.2009 RM	Additions RM	Disposal RM	Depreciation charge for the year RM	Balance as at 31.7.2010 RM
Carrying amount					
Freehold land	5,251,961	-	-	-	5,251,961
Buildings	19,858,876	24,584	-	(438,134)	19,445,326
Plant and machinery	32,328,990	5,684,580	(244,241)	(2,949,712)	34,819,617
Construction-in-progress	-	3,146,328	-	-	3,146,328
Office equipment	296,512	97,100	-	(51,972)	341,640
Furniture and fittings	198,029	2,618	-	(28,746)	171,901
Electrical fittings	1,567,967	-	-	(120,234)	1,447,733
Motor vehicles	109,653	372,110	(1)	(78,589)	403,173
	59,611,988	9,327,320	(244,242)	(3,667,387)	65,027,679

	At 31.7.2010		
	Cost RM	Accumulated depreciation RM	Carrying amount RM
Freehold land	5,251,961	-	5,251,961
Buildings	21,916,968	(2,471,642)	19,445,326
Plant and machinery	53,682,616	(18,862,999)	34,819,617
Construction-in-progress	3,146,328	-	3,146,328
Office equipment	580,613	(238,973)	341,640
Furniture and fittings	303,293	(131,392)	171,901
Electrical fittings	2,589,498	(1,141,765)	1,447,733
Motor vehicles	581,702	(178,529)	403,173
	88,052,979	(23,025,300)	65,027,679

Notes To The Financial Statements 31 JULY 2011

8. INVESTMENT IN A SUBSIDIARY

	Company 2011 RM	Company 2010 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 2011	Interest in equity held by the Company 2010	Principal activities
Formosa Shyen Horng Metal Sdn. Bhd. ("Formosa")	Malaysia	**100%**	100%	Manufacturing and marketing of aluminium billets

The subsidiary is audited by BDO.

9. TRADE AND OTHER RECEIVABLES

	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Non-current assets				
Amount owing by a subsidiary	**-**	-	**-**	16,632,104
Current assets				
Trade receivables				
Third parties	**29,183,167**	19,889,922	**-**	-
Other receivables, deposits and prepayments				
Amount owing by a subsidiary	**-**	-	**20,087,037**	1,800,000
Other receivables	**2,618,153**	8,602,961	**-**	-
Deposits	**114,870**	83,120	**1,000**	1,000
Prepayments	**396,956**	464,194	**-**	-
	3,129,979	9,150,275	**20,088,037**	1,801,000
	32,313,146	29,040,197	**20,088,037**	1,801,000
Total	**32,313,146**	29,040,197	**20,088,037**	18,433,104

9. TRADE AND OTHER RECEIVABLES (Continued)

(a) The credit terms of trade receivables range from 7 days to 180 days (2010: 7 days to 180 days) from date of invoice. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

(b) Other receivables represents advance payments to overseas suppliers.

(c) The amount owing by a subsidiary represents advances and payments made on behalf which are unsecured, interest-free and payable upon demand in cash and cash equivalents.

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

	Group		Company	
	2011 RM	**2010 RM**	**2011 RM**	**2010 RM**
Ringgit Malaysia	**21,428,364**	16,388,201	**20,088,037**	18,433,104
US Dollar	**10,879,256**	12,636,318	**-**	-
Others	**5,526**	15,678	**-**	-
	32,313,146	29,040,197	**20,088,037**	18,433,104

(e) Information on financial risks of receivables are disclosed in Note 31 to the financial statements.

(f) Trade receivables of the Group as at end of the reporting period are neither past due nor impaired. They are creditworthy debtors with good payment records with the Group.

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

10. INVENTORIES

	Group	
	2011 RM	**2010 RM**
At cost		
Raw material	**25,943,779**	30,757,959
Work-in-progress	**859,352**	753,966
Stores and spares	**1,428,828**	1,099,865
	28,231,959	32,611,790

11. CASH AND CASH EQUIVALENTS

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Cash and bank balances	**1,085,590**	3,543,056	**10,978**	8,913
Short term deposit with a licensed bank	**1,346,388**	-	**-**	-
	2,431,978	3,543,056	**10,978**	8,913

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

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Ringgit Malaysia	**1,151,750**	34,191	**10,978**	8,913
US Dollar	**1,263,409**	3,489,480	**-**	-
Others	**16,819**	19,385	**-**	-
	2,431,978	3,543,056	**10,978**	8,913

(b) Information on financial risks of cash and cash equivalents are disclosed in Note 31 to the financial statements.

(c) For the purpose of the statements of cash flows, cash and cash equivalents comprise the following as at the end of the reporting period:

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Cash and bank balances	**1,085,590**	3,543,056	**10,978**	8,913
Short term deposit with a licensed bank	**1,346,388**	-	**-**	-
Bank overdrafts included in borrowings (Note 17)	**(416,582)**	(2,752,488)	**-**	-
	2,015,396	790,568	**10,978**	8,913

Notes To The Financial Statements 31 JULY 2011

12. SHARE CAPITAL

	Group and Company			
	2011		2010	
	Number of shares	RM	Number of shares	RM
Ordinary shares of RM0.50 each				
Authorised	**200,000,000**	**100,000,000**	200,000,000	100,000,000
Issued and fully paid	**80,000,000**	**40,000,000**	80,000,000	40,000,000

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

13. RESERVES

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Non-distributable				
Share premium	**715,938**	715,938	**715,938**	715,938
Distributable				
Retained earnings	**20,112,358**	15,038,868	**5,303,887**	3,612,770
	20,828,296	15,754,806	**6,019,825**	4,328,708

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

Retained earnings

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

The Company has made this election and as a result, there are no longer any restrictions on the Company to frank the payment of dividends out of its entire retained earnings as at the end of the reporting period.

Notes To The Financial Statements 31 JULY 2011

14. DEFERRED TAX

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

	Group	
	2011 RM	2010 RM
Balance as at beginning of financial year	**4,793,065**	2,700,077
Recognised in profit or loss (Note 22)	**1,001,082**	2,092,988
Balance as at end of financial year	**5,794,147**	4,793,065
Presented after appropriate offsetting:		
Deferred tax liabilities, net	**5,794,147**	4,793,065

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

Deferred tax liabilities of the Group

	Property, plant and equipment RM
At 1 August 2010	6,992,042
Recognised in profit or loss	244,520
At 31 July 2011	7,236,562
At 1 August 2009	6,241,276
Recognised in profit or loss	750,766
At 31 July 2010	6,992,042

Notes To The Financial Statements 31 JULY 2011

14. DEFERRED TAX (Continued)

Deferred tax assets of the Group

	Unused tax losses RM	Unabsorbed capital allowances RM	Other deductible temporary difference RM	Total RM
At 1 August 2010	1,887,172	311,805	-	2,198,977
Recognised in profit or loss	(450,072)	(311,805)	5,315	(756,562)
At 31 July 2011	1,437,100	-	5,315	1,442,415
At 1 August 2009	1,868,869	1,672,330	-	3,541,199
Recognised in profit or loss	18,303	(1,360,525)	-	(1,342,222)
At 31 July 2010	1,887,172	311,805	-	2,198,977

15. TRADE AND OTHER PAYABLES

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Trade payables				
Third parties	**4,948,452**	2,521,673	**-**	-
Other payables				
Other payables	**4,804,330**	5,626,541	**16,850**	1,507
Accruals	**719,285**	638,338	**134,615**	129,500
	5,523,615	6,264,879	**151,465**	131,007
	10,472,067	8,786,552	**151,465**	131,007

(a) Trade payables are non-interest bearing and the normal credit terms granted to the Group is range from 7 days to 30 days (2010: 7 days to 30 days).

Notes To The Financial Statements 31 JULY 2011

15. TRADE AND OTHER PAYABLES (Continued)

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

	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Ringgit Malaysia	**8,575,914**	7,416,847	**151,465**	131,007
US Dollar	**1,894,170**	1,234,319	**-**	-
Others	**1,983**	135,386	**-**	-
	10,472,067	8,786,552	**151,465**	131,007

(c) Information on financial risks of payables are disclosed in Note 31 to the financial statements.

16. DERIVATIVE FINANCIAL INSTRUMENTS

Group	Contract/ Notional Amount RM	Liabilities RM
2011		
Commodity future contracts	2,301,362	35,667
Forward currency contracts	7,353,285	35,933
	9,654,647	71,600

(a) Commodity future contracts

The Group has entered into commodity future contracts during the financial year with the objectives of hedging the Group's exposure to adverse price movements in aluminum. The commodity future contracts have maturity dates that coincide with the expected occurrence of these transactions. The fair value of these contracts has been determined based on the difference between the contract value and fair value of the derivative financial instruments as at year end.

(b) Forward currency contracts

Forward currency contracts have been entered into to operationally hedge forecast sales and purchases denominated in foreign currencies that are expected to occur at various dates within six (6) months from the end of the reporting period. The forward currency contracts have maturity dates that coincide with the expected occurrence of these transactions. The fair value of these components has been determined based on the difference between the contract value and fair value of the derivative financial instruments at the end of the reporting date.

(c) During the financial year, the Group recognised total gain of RM137,480 arising from fair value changes of derivatives liabilities. The methods and assumptions applied in determining the fair values of derivatives are disclosed in Note 30 (d) to the financial statements.

Notes To The Financial Statements 31 JULY 2011

17. BORROWINGS

	Group	
	2011	2010
	RM	RM
Unsecured		
Bank overdraft (Note 11 (c))	**416,582**	2,752,488
Foreign currency loan	**11,677,474**	-
Bankers' acceptances	**36,288,000**	58,441,000
	48,382,056	61,193,488

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

	Group	
	2011	2010
	RM	RM
Ringgit Malaysia	**36,704,582**	61,193,488
US Dollar	**11,677,474**	-
	48,382,056	61,193,488

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

(c) Information of financial risks of borrowings are disclosed in Note 31 to the financial statements.

18. REVENUE

	Group		Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Sale of goods	**421,010,392**	364,476,447	**-**	-
Dividend income from Subsidiary (Gross)	**-**	-	**5,000,000**	5,000,000
	421,010,392	364,476,447	**5,000,000**	5,000,000

19. COST OF SALES

	Group	
	2011	2010
	RM	RM
Inventories sold	**406,111,740**	350,554,232

Notes To The Financial Statements 31 JULY 2011

20. FINANCE COSTS

	Group	
	2011	2010
	RM	RM
Interest expense on:		
- bankers' acceptances	**1,967,146**	1,303,588
- foreign currency loan	**202,376**	291,958
- bank overdraft	**116,449**	123,839
	2,285,971	1,719,385

21. PROFIT BEFORE TAX

		Group		Company	
		2011	2010	2011	2010
	Note	RM	RM	RM	RM
Profit before tax is arrived at after charging:					
Auditors' remuneration:					
- Statutory					
- current year provision		**43,500**	41,000	**12,000**	11,000
- overprovision in prior year		**(5,000)**	-	**-**	-
- Non-statutory					
- current year provision		**6,500**	4,500	**6,500**	4,500
Depreciation of property, plant and equipment	7	**4,102,754**	3,667,387	**-**	-
Director's remuneration:					
- fees		**114,000**	114,000	**114,000**	114,000
- emoluments other than fees		**672,962**	570,000	**50,742**	-
Hire of machinery		**844,768**	620,280	**-**	-
Hostel rental		**19,200**	15,950	**-**	-
Loss on foreign exchange					
- Realised		**-**	148,686	**-**	-
- Unrealised		**21,259**	-	**-**	-
And crediting:					
Fair value adjustment on derivative liabilities		**137,480**	-	**-**	-
Gain on disposal of property, plant and equipment		**-**	186,758	**-**	-
Realised gain on foreign exchange		**4,850**	-	**-**	-
Dividend income from unquoted shares in a subsidiary (gross)	18	**-**	-	**5,000,000**	5,000,000
Interest income		**1,384**	926	**-**	-

Notes To The Financial Statements 31 JULY 2011

22. TAXATION

	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Current tax expense based on profit for the financial year:				
- current year	**(55,306)**	(39,139)	**1,194,348**	1,210,861
- under provision in prior years	**17,928**	-	**1,075**	-
	(37,378)	(39,139)	**1,195,423**	1,210,861
Deferred tax (Note 14)				
- current year	**1,069,663**	2,113,122	**-**	-
- over provision in prior years	**(68,581)**	(20,134)	**-**	-
	1,001,082	2,092,988	**-**	-
	963,704	2,053,849	**1,195,423**	1,210,861

Malaysian income tax is calculated at the statutory tax rate of 25% (2010: 25%) of the estimated taxable profit for the fiscal year.

Subject to the agreement of the Inland Revenue Board, the Group has unutilised reinvestment allowance and Special Export Incentive amounting to approximately RM13,232,652 (2010: RM13,421,421) and RM34,446,529 (2010: RM34,446,529) respectively available for set-off against future taxable income.

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

	Group 2011 %	Group 2010 %	Company 2011 %	Company 2010 %
Applicable tax rate	**25.0**	25.0	**25.0**	25.0
Tax effects in respect of:				
Non-allowable expenses	**1.0**	0.6	**0.5**	0.5
Tax incentives	**(13.4)**	(0.6)	-	**-**
	12.6	25.0	**25.5**	25.5
Over provision in prior years	**(0.6)**	(0.2)	**-**	-
Effective tax rate	**12.0**	24.8	**25.5**	25.5

23. EARNINGS PER ORDINARY SHARE

(a) Basic

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

	Group	
	2011	**2010**
Profit attributable to equity holders of the Company (RM)	**7,082,570**	6,222,242
Number of ordinary shares in issues (unit)	**80,000,000**	80,000,000
Basic earnings per ordinary share (sen)	**8.85**	7.78

(b) Diluted

Diluted earnings per ordinary share is not presented as there is no dilutive potential ordinary shares outstanding during the financial year.

24. DIVIDEND

	Group and Company			
	2011		2010	
	Sen	**RM**	**Sen**	**RM**
First and final single tier tax exempt dividend paid in respect of previous financial year	**3.00**	**1,800,000**	2.25	1,600,000

A first and final single tier tax exempt dividend of 2.25 sen per ordinary share, amounting to RM1,800,000 in respect of the financial year ended 31 July 2010 has been approved by the shareholders at the Annual General Meeting held on 10 December 2010. The dividend was paid on 30 December 2010 and had been accounted for as an appropriation of retained earnings in the financial year ended 31 July 2011.

A first and final single tier tax exempt dividend of 3.0 sen per ordinary share, amounting to RM2,400,000 in respect of the financial year ended 31 July 2011 has been proposed by the Directors after the end of reporting date for shareholders' approval at the forthcoming Annual General Meeting. The financial statements for the current financial year do not reflect this proposed dividend. This dividend, if approved by shareholders, will be accounted for as an appropriation of retained earnings in the financial year ending 31 July 2012.

25. EMPLOYEE BENEFITS

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Salaries, bonuses and wages	**4,732,220**	4,225,445	**60,742**	-
Contributions to defined contribution plan	**218,967**	200,065	**1,200**	-
Social security contributions	**35,551**	34,279	**166**	-
Other benefits	**227,401**	191,786	**-**	-
	5,214,139	4,651,575	**62,108**	-

Included in the employee benefits of the Group and of the Company are Directors' remuneration amounting to RM672,962 (2010: RM570,000) and RM50,742 (2010: Nil) respectively.

26. COMMITMENTS

(a) Operating lease commitment

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

	Group	
	2011 RM	2010 RM
Not later than one (1) year	**830,400**	157,200
Later than one (1) year and not later than five (5) years	**2,044,402**	589,500
	2,874,802	746,700

(b) Capital commitments

	Group	
	2011 RM	2010 RM
Capital expenditure in respect of purchase of property, plant and equipment:		
Approved but not contracted for	**-**	33,000

Notes To The Financial Statements 31 JULY 2011

27. CONTINGENT LIABILITIES - UNSECURED

	Company	
	2011 RM	2010 RM
Corporate guarantees given to financial institutions for banking facilities granted to the subsidiary	**48,382,056**	61,193,488

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

	Company	
	2011 RM	2010 RM
Net dividend income received/receivable from a subsidiary	**3,750,000**	3,750,000

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

(c) Compensation of key management personnel

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

28. RELATED PARTY DISCLOSURES (Continued)

(c) Compensation of key management personnel (Continued)

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

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Directors' fee	**114,000**	114,000	**114,000**	114,000
Short term employee benefits	**1,378,598**	1,399,953	**55,000**	-
Contributions to defined contribution plan	**170,761**	138,820	**7,108**	-
	1,663,359	1,652,773	**176,108**	114,000

The estimated monetary value of benefits-in-kind received by the Directors of the Group during the financial year amounted to RM23,900 (2010: RM23,900).

29. OPERATING SEGMENTS

The Group and its subsidiary are principally engaged in investment holding and manufacturing and marketing of aluminium billets.

The Group has arrived at four (4) reportable segments that are organised and managed separately according to the geographical areas, which requires different business and marketing strategies. The reportable segments are Malaysia, South East Asia other than Malaysia, South Asia and Africa.

Other operating segments that do not constitute reportable segments comprise countries such as China, Ecuador, Egypt, United Arab Emirates, Uruguay, and etc.

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

The Group evaluates performance on the basis of profit or loss from operations before tax.

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

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

Notes To The Financial Statements 31 JULY 2011

29. OPERATING SEGMENTS (Continued)

2011	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 from external customers	210,469	141,892	34,942	25,234	8,473	421,010
Results						
Segment operating profit	6,639	2,654	522	418	98	10,331
Interest income						1
Unallocated expenses						
- interest expenses						(2,286)
Net finance costs						(2,285)
Segment profit before tax						8,046
Tax expense						(963)
Profit for the year						7,083
Assets						
Segment assets	116,915	5,614	2,626	15	282	125,452
Unallocated assets						
- current tax asset						96
Total assets						125,548
Liabilities						
Segment liabilities	10,472	-	-	-	-	10,472
Unallocated liabilities						
- borrowings						48,382
- deferred tax liabilities						5,794
- derivative liabilities						72
						54,248
Total liabilities						64,720
Capital expenditure	1,550	-	-	-	-	1,550
Depreciation on property, plant and equipment	4,103	-	-	-	-	4,103

Notes To The Financial Statements 31 JULY 2011

29. OPERATING SEGMENTS (Continued)

2010	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 from external customers	195,203	106,487	34,095	19,053	9,638	364,476
Results						
Segment operating profit	6,404	2,351	670	368	201	9,994
Interest income						1
Unallocated expenses						
- interest expenses						(1,719)
Net finance costs						(1,718)
Segment profit before tax						8,276
Tax expense						(2,054)
Profit for the year						6,222
Assets						
Segment assets	125,934	3,068	727	491	3	130,223
Unallocated assets						
- current tax asset						305
Total assets						130,528
Liabilities						
Segment liabilities	8,787	-	-	-	-	8,787
Unallocated liabilities						
- borrowings						61,193
- deferred tax liabilities						4,793
						65,986
Total liabilities						74,773
Capital expenditure	9,327	-	-	-	-	9,327
Depreciation on property, plant and equipment	3,667	-	-	-	-	3,667

30. FINANCIAL INSTRUMENTS

(a) Capital management

The primary objective of the Group's capital management is to ensure that the Group would be able to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholders' value. The overall strategy of the Group remains unchanged from that in financial year ended 31 July 2010.

The Group manages its capital structure and makes adjustments to it, in light of changes in the economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 31 July 2011 and 31 July 2010.

(b) Financial instruments

Certain comparative figures have not been presented for 31 July 2010 by virtue of the exemption given in paragraph 44AA of FRS 7.

(i) Categories of financial instruments

Group	Loans and receivables RM
2011	
Financial assets	
Trade and other receivables	32,313,146
Cash and cash equivalents (Note 11)	2,431,978
	34,745,124

Group	Other financial liabilities RM	Fair value through profit or loss RM	Total RM
2011			
Financial liabilities			
Trade and other payables	10,472,067	-	10,472,067
Borrowings	48,382,056	-	48,382,056
Derivative financial liabilities	-	71,600	71,600
	58,854,123	71,600	58,925,723

Notes To The Financial Statements 31 JULY 2011

30. FINANCIAL INSTRUMENTS (Continued)

(b) Financial instruments (Continued)

Certain comparative figures have not been presented for 31 July 2010 by virtue of the exemption given in paragraph 44AA of FRS 7. (Continued)

(i) Categories of financial instruments (Continued)

Company	Loans and receivables RM
2011	
Financial assets	
Trade and other receivables	20,088,037
Cash and cash equivalents (Note 11)	10,978
	20,099,015

Company	Other financial liabilities RM
2011	
Financial liabilities	
Trade and other payables	151,465

(c) Fair values of financial instruments

The fair values of financial instruments that are not carried at fair value and whose carrying amounts do not approximate its fair values are as follows:

	Group		Company	
	Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM
2011				
Unrecognised				
Financial guarantee given by the Company to financial institutions in respect of banking facilities granted to a subsidiary	N/A	N/A	-	#
2010				
Recognised				
Amount owing by a subsidiary				
- Non-current	N/A	N/A	16,632,104	*

30. FINANCIAL INSTRUMENTS (Continued)

(c) Fair values of financial instruments (Continued)

The fair values of financial instruments that are not carried at fair value and whose carrying amounts do not approximate its fair values are as follows: (Continued)

	Group		Company	
	Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM
Unrecognised				
Financial guarantee given by the Company to financial institutions in respect of banking facilities granted to a subsidiary	N/A	N/A	-	#
Commodity future contracts	-	(209,080) @	-	-
	-	(209,080)	-	-

* 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 end of the reporting period to be significantly different from the value that would eventually be received.

\# The fair value of the financial corporate guarantee is negligible in view of the financial strength of the subsidiary.

@ This is recognised as derivative liabilities upon adoption of FRS 139 on 1 August 2010 as disclosed in Note 32 to the financial statements.

(d) Methods and assumptions used to estimate fair values

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

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

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

30. FINANCIAL INSTRUMENTS (Continued)

(d) Methods and assumptions used to estimate fair values (Continued)

(ii) Derivatives

The fair values of derivative financial instruments are estimated amounts that the Group would expect to pay or receive on the termination of the outstanding positions as at the end of the reporting period arising from such contracts and is determined by reference to the difference between the contracted rate and the forward rate as at the end of the reporting period applied to a contract of similar amount and maturity profile.

(e) Fair value hierarchy

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

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

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

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

As at 31 July 2011, the Group held the following financial instruments carried at fair value on the statement of financial position:

Liabilities measured at fair value

	Total RM	Level 1 RM	Level 2 RM	Level 3 RM
Financial liabilities at fair value through profit or loss				
- Commodity future contracts	35,667	35,667	-	-
- Forward currency contracts	35,933	-	35,933	-
	71,600	35,667	35,933	-

During the reporting period ended 31 July 2011, there were no transfers between fair value measurements hierarchy.

31. 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 rate 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's financial risk management policies. The Group is exposed mainly to interest rate risk, foreign currency risk, credit risk, liquidity and cash flow risk and price fluctuation risk. Information on the management of the related exposures is detailed below.

(i) Interest rate risk

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

The Group's exposure to interest rate risk arises primarily from their borrowings and short-term deposits with a licensed bank. The Group regularly reviews and ensure that it obtains bank borrowings and places short term deposits at competitive rates under the most favourable terms and conditions.

Sensitivity analysis for interest rate risk

As at 31 July 2011, if interest rates at the date had been 50 basis points lower with all other variables held constant, post-tax profit for year would have been RM270,573 higher or vice versa, arising mainly as a result of lower or higher interest expense on variable borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

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

	Weighted average effective interest rate %	Within 1 year RM
2011		
Floating rate		
Short term deposits with a licensed bank	2.85	1,346,388
Bankers' acceptances	3.38	36,288,000
Foreign currency loan	0.83	11,677,474
Bank overdraft	7.98	416,582
2010		
Bankers' acceptances	3.03	58,441,000
Bank overdraft	7.55	2,752,488

Notes To The Financial Statements 31 JULY 2011

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(ii) Foreign currency risk

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

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

The notional amount and maturity date of the forward currency contracts outstanding as at 31 July 2011 are as follows:

	Expiry date	Contract amount USD	Equivalent RM
2011			
Purchase contracts used to hedge anticipated settlement of foreign currency loan	Within four (4) months	2,464,170	7,353,285
2010			
Purchase contracts used to hedge anticipated purchases	Within one (1) month	500,000	1,592,000

The following table demonstrates the sensitivity of the Group's profit net of tax to a reasonably possible change in the US Dollar exchange rates against the functional currency of the Group entities, with all other variables held constant.

		Profit after tax Group 2011 RM
USD/RM	- strengthen by 3%	(42,869)
	- weaken by 3%	42,869

(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.

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(iii) Credit risk (Continued)

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 credit period is generally for a period of one (1) month, extending up to six (6) months for major customers. Each customer has a maximum credit limit and the Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by the senior management.

Exposure to credit risk

At the end of the reporting period, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position and the Group has no significant concentration of credit risk as at 31 July 2011.

Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 9(f) to the financial statements. Deposits with banks and other financial institutions and derivatives that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

(iv) Liquidity and cash flow risk

The Group monitors its cash flow position actively and maintains sufficient cash balances and credit facilities to meet its working capital requirements and other obligations as and when they fall due.

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

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and Company's liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

2011	Note	On demand or within one year RM	Total RM
Group			
Financial liabilities:			
Trade and other payables	15	10,472,067	10,472,067
Derivative liabilities	16	71,600	71,600
Borrowings	17	48,382,056	48,382,056
Total undiscounted financial liabilities		58,925,723	58,925,723

Notes To The Financial Statements 31 JULY 2011

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(iv) Liquidity and cash flow risk (Continued)

2011	Note	On demand or within one year RM	Total RM
Company			
Financial liabilities:			
Trade and other payables	15	151,465	151,465

(v) Price fluctuation risk

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

As at the end of the reporting period, the Group has entered into few commodity future contracts in the ordinary course of business.

The contract value and maturity date of the commodity future contracts of the Group outstanding as at end of the reporting date are as follows:

Contract	Expiry dates	Contract amounts USD	Equivalent RM
2011			
Sale contracts	Within three (3) months	775,000	2,,301,362
2010			
Sale contracts	Within three (3) months	1,238,856	3,948,854

The above contracts are not expected to have any material effect on the financial statements of the Group.

32. OPENING STATEMENTS OF FINANCIAL POSITION

The opening statements of financial position of the Group as at 1 August 2010, primarily reflect the effects arising from the adoption of FRS 139 are as follows:

	As previously reported RM	Effects on adoption of FRS 139 RM	As restated RM
Statement of Financial Position			
ASSETS			
Non-current asset			
Property, plant and equipment	65,027,679	-	65,027,679
Current assets			
Inventories	32,611,790	-	32,611,790
Trade and other receivables	29,040,197	-	29,040,197
Current tax asset	305,189	-	305,189
Cash and cash equivalents	3,543,056	-	3,543,056
	65,500,232	-	65,500,232
TOTAL ASSETS	130,527,911	-	130,527,911
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital	40,000,000	-	40,000,000
Reserves	15,754,806	(209,080)	15,545,726
TOTAL EQUITY	55,754,806	(209,080)	55,545,726
LIABILITIES			
Non-current liability			
Deferred tax liabilities	4,793,065	-	4,793,065
Current liabilities			
Trade and other payables	8,786,552	-	8,786,552
Derivative liabilities	-	209,080	209,080
Bank borrowings	61,193,488	-	61,193,488
	69,980,040	209,080	70,189,120
TOTAL LIABILITIES	74,773,105	209,080	74,982,185
TOTAL EQUITY AND LIABILITIES	130,527,911	-	130,527,911

33. SUPPLEMENTARY INFORMATION ON REALISED AND UNREALISED PROFITS OR LOSSES

The retained earnings as at the end of the reporting period may be analysed as follows:

	2011 Group RM	2011 Company RM
Total retained profits of A-Rank Berhad and its subsidiary:		
- Realised	**46,885,064**	**5,303,887**
- Unrealised	**(5,794,147)**	**-**
	41,090,917	**5,303,887**
Less: Consolidation adjustments	**(20,978,559)**	**-**
Total Group/Company retained profits as per financial statements	**20,112,358**	**5,303,887**

The supplementary information on realised and unrealised profits or losses has been prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ('MIA Guidance') and the directive of Bursa Malaysia Securities Berhad.

LIST OF PROPERTIES AS AT 31 JULY 2011

	Location	Approximate Age of Building (years)	Tenure	Land Area (Build-up Area) m2	Description of Property	Net Book Value (RM)	Date of Acquisition
1	Lot 2-31 , Jalan Perindustrian Mahkota 7, Taman Perindustrian Mahkota, 43700 Beranang, Selangor Darul Ehsan	-	Freehold	4,209	Industrial land with container storage yard	1,888,838	1-Nov-01
2	Lot 2-32 , Jalan Perindustrian Mahkota 7, Taman Perindustrian Mahkota, 43700 Beranang, Selangor Darul Ehsan	14	Freehold	3,521 (1,364)	Industrial land with single storey factory and 2 storey office building	5,266,151	5-Oct-99
3	Lot 2-33 , Jalan Perindustrian Mahkota 7, Taman Perindustrian Mahkota, 43700 Beranang, Selangor Darul Ehsan	14	Freehold	3,521 (1,364)			19-Sep-97
4	Lot 2-34 , Jalan Perindustrian Mahkota 7, Taman Perindustrian Mahkota, 43700 Beranang, Selangor Darul Ehsan	10	Freehold	3,521 (1,740)	Industrial land with single storey factory	3,637,920	10-Jun-00
5	Lot 2-35 , Jalan Perindustrian Mahkota 7, Taman Perindustrian Mahkota, 43700 Beranang, Selangor Darul Ehsan	10	Freehold	3,521 (1,740)			13-Dec-00
6	Lot 2-36 , Jalan Perindustrian Mahkota 7, Taman Perindustrian Mahkota, 43700 Beranang, Selangor Darul Ehsan	7	Freehold	3,521 (2,030)	Industrial land with single storey factory	5,584,488	4-Jul-01
7	Lot 2-36(A)Jalan Perindustrian Mahkota 7, Taman Perindustrian Mahkota, 43700 Beranang, Selangor Darul Ehsan	7	Freehold	3,521 (2,030)			27-Aug-02
8	Lot 2-42 , Jalan Perindustrian Mahkota 9, Taman Perindustrian Mahkota, 43700 Beranang, Selangor Darul Ehsan	3	Freehold	3,521	Industrial land with single storey warehouse cum with workshop and canteen	3,966,798	3-Apr-07
9	Lot 2-43 , Jalan Perindustrian Mahkota 9, Taman Perindustrian Mahkota, 43700 Beranang, Selangor Darul Ehsan	3	Freehold	3,521			30-Jul-06
10	Lot 2-44 , Jalan Perindustrian Mahkota 9, Taman Perindustrian Mahkota, 43700 Beranang, Selangor Darul Ehsan	3	Freehold	3,521			15-Feb-05
11	Lot 2-45 , Jalan Perindustrian Mahkota 9, Taman Perindustrian Mahkota, 43700 Beranang, Selangor Darul Ehsan	5	Freehold	4,209 (1,487)	Industrial land with three storey office building	4,473,810	15-Feb-05

ANALYSIS OF SHAREHOLDINGS AS AT 31 OCTOBER 2011

SHARE CAPITAL

Authorised Share Capital	:	RM100,000,000
Issued and Fully Paid-up Share Capital	:	RM40,000,000
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	:	1,486

ANALYSIS OF ORDINARY SHAREHOLDINGS

Size of Shareholdings	No of Shareholders	No of Shareholdings	% of Shareholding
Less than 100	2	100	0.00
100 to 1,000	444	426,200	0.53
1,001 to 10,000	611	3,493,200	4.37
10,001 to 100,000	363	11,507,406	14.38
100,001 to less than 5% of issued shares	64	30,726,700	38.41
5% and above of issued shares	2	33,846,394	42.31
Total	1,486	80,000,000	100.00

DIRECTORS' INTEREST

	Direct Interest		Indirect Interest	
Name	No of Shares Held	% of Total Shares	No of Shares Held	% of Total Shares
Dato' Shahrir Bin Abdul Jalil	-	-	-	-
Tan Wan Lay	3,746,000	4.68	25,232,994*	31.54
Ahmed Azhar Bin Abdullah	100,000	0.13	-	-
Dr. Leong Chik Weng	-	-	-	-
Wong Tze Kai	-	-	-	-
Gan Choon Sun	45,000	0.06	-	-
Total	3,891,000	4.87	25,232,994	31.54

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

SUBSTANTIAL SHAREHOLDERS

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

NO	Name	No Of Shares	% Of Total Shareholdings
1	A-Rank Group Sdn Bhd	25,193,994	31.49
2	Lin, Chih-Chang	8,652,400	10.82
		33,846,394	42.31

Analysis Of Shareholdings As At 31 October 2011

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	8,652,400	10.82
3	Tan Wan Lay	3,746,000	4.68
4	Fairways Assets Investment Limited	3,000,000	3.75
5	Mablewood International Holding Limited	2,628,300	3.29
6	Meyer Capital Holding Ltd	2,000,000	2.50
7	Sam Kwai Sim	1,759,800	2.20
8	Leow Chong Fatt	1,394,000	1.74
9	Ta Nominees (Tempatan) Sdn Bhd *(Pledged Securities Account For Loh Eng Cheang)*	1,320,000	1.65
10	Kenanga Nominees (Tempatan) Sdn Bhd *(Pledged Securities Account For Datin Anitha A/P Krishna Murthi)*	1,256,900	1.57
11	LB Aluminium Berhad	1,000,000	1.25
12	Mrs Yung Emily Yeuk - May Nee Poon	1,000,000	1.25
13	Cheah Yit Woon	576,900	0.72
14	Chiang Siong Chiew @ Chiong Siong Chiew	560,000	0.70
15	Koperasi Polis Diraja Malaysia Berhad	499,000	0.62
16	Choong Yean Yaw	487,400	0.61
17	Fam Lian Fatt	395,900	0.49
18	Tan Kar Pin	358,000	0.45
19	Teoh Yoon Heng	334,600	0.42
20	JCA Builders (Malaysia) Sdn Bhd	312,000	0.39
21	Tan Ming Kian	310,000	0.39
22	Lee Yu Yong @ Lee Yuen Ying	306,600	0.38
23	Amsec Nominees (Tempatan) Sdn Bhd *(Chua Sing Keong)*	300,000	0.38
24	Lee Chin Poh	281,500	0.35
25	Tang Lean See	280,000	0.35
26	Liew Seong Kin	276,000	0.35
27	Ong Kean Chooi	275,000	0.34
28	Tan Yoke Moi	275,000	0.34
29	Chong You @ Chong Sin You	263,200	0.33
30	Mayban Nominees (Tempatan) Sdn Bhd *(Cheong Seong Keng)*	255,000	0.32
	Total	59,297,494	74.12

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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 Wednesday, 07 December, 2011 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 2011 and the Reports of the Directors and Auditors thereon		
2	To declare a first and final single tier tax exempt dividend of 3.0 sen per ordinary share in respect of the financial year ended 31 July 2011.		
3	To approve the payment of Directors' Fees amounting to RM114,000 for the financial year ended 31 July 2011.		
4	To re-elect Ahmed Azhar Bin Abdullah as Director		
5	To re-elect Wong Tze Kai as Director		
6	To re-appoint Messrs. BDO as Auditors and to authorize the Directors to fix their remuneration.		
7	To authorize Directors to issue shares not exceeding 10% of the issued capital of the Company.		

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

As witness my hand this .... day of .... 2011.

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 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 Chamber E, Lian Seng Courts, No. 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.

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STAMP

The Company Secretary
A-RANK BERHAD

Chamber E, Lian Seng Courts
No. 275, Jalan Haruan 1
Oakland Industrial Park
70200 Seremban
Negeri Sembilan Darul Khusus

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