www.arank.com.my

www.formosa.com.my

www.honglee.my

A-RANK BERHAD 633621-X

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Taman Perindustrian Mahkota,
43700 Beranang,
Selangor Darul Ehsan,
Malaysia.

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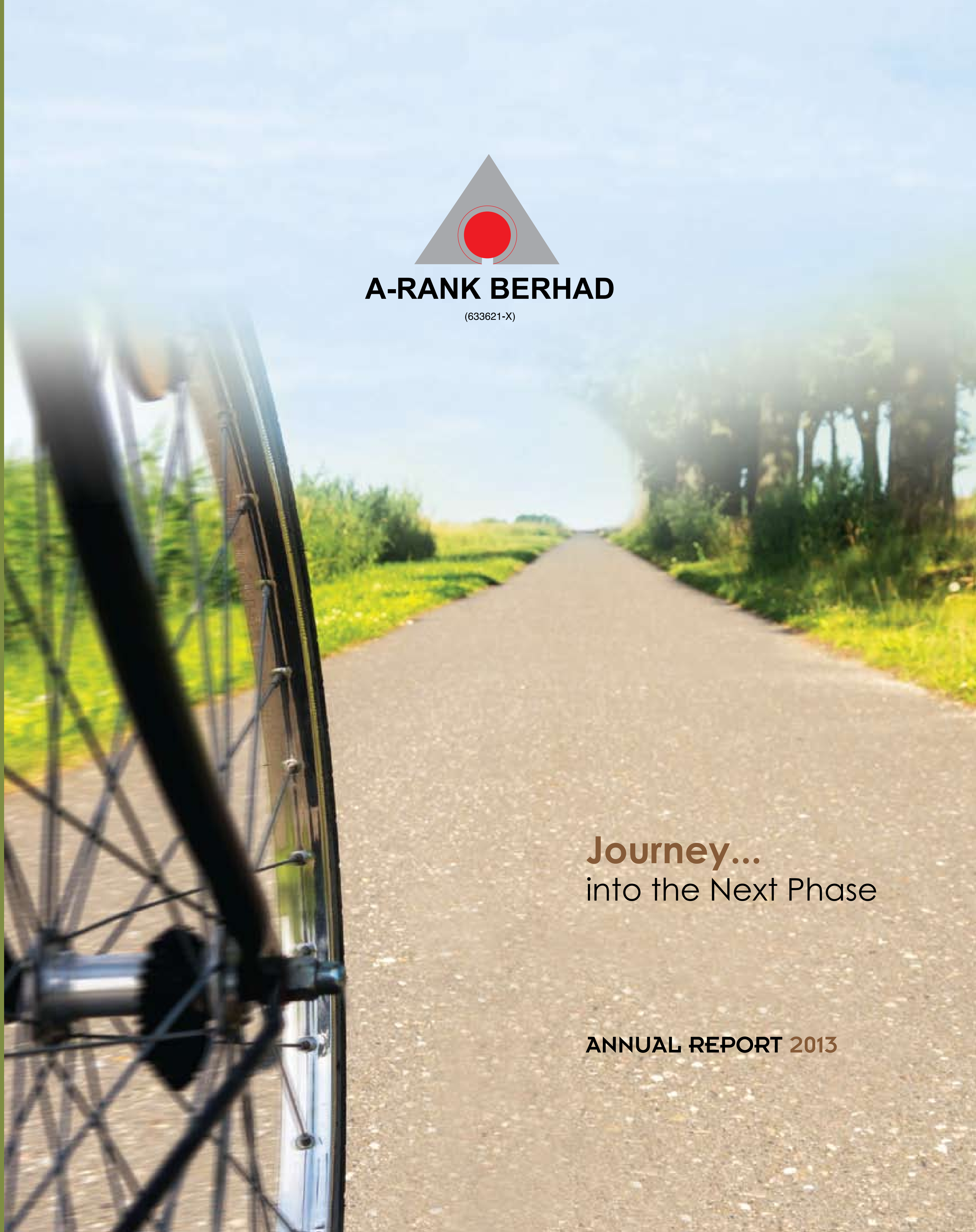
ANNUAL REPORT **2013**

A-RANK BERHAD 633621-X



A-RANK BERHAD
(633621-X)

Journey...
into the Next Phase

ANNUAL REPORT 2013

FACILITIES

Furnaces

Seven (7) 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 and one (1) unit of 30 metric tonnes hydraulically tilting furnace for better control of melt temperature, hence increasing product quality and productivity.

Casting Facilities

Three (3) units of vertical direct chilled, PLC controlled casting system.

Homogenise Furnaces

Four (4) units of 35 metric tonnes homogenising furnaces 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 aluminium billets quality.

Wagstaff Airslip Mold

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

VISION

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

MISSION

We are committed to support our customers' success by working closely with them to 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.

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Proxy Form

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

CORPORATE PROFILE

Formosa commenced operations in 1998 with an initial annual installed capacity of 12,000 metric tonnes and has registered consistent and impressive growth. Currently, Formosa has an installed capacity of 120,000 metric tonnes per annum. Formosa's integrated facilities include Wagstaff "Airslip" billet casting mould system, melting furnaces with regenerating burners, tilting holding furnace and fully automated vertical direct chilled hydraulic-controlled casting machines from Australia, filters, in-line degassing machines, homogenising furnaces and cooling booths, and automated billet-sawing machines. Sizes of billets manufactured range in diameters from 3" up to 11" and of any cut length up to 6 metres. To ensure consistent quality of its products, Formosa has numerous testing equipment including ultrasonic fault detectors, light emission spectrometers, AlSCAN hydrogen analyser and optical microscope with Olympus software solution that enable sophisticated evaluation of quality achieved in the casting and homogenising processes. In line with its emphasis on quality, Formosa has achieved the ISO 9001:2008 certification and BS EN ISO 9001:2008 certification.

During the financial year, A-Rank Berhad acquired a 55% equity interest in HongLee Group (M) Sdn Bhd ("HongLee Group"). HongLee Group is principally engaged in the manufacturing, marketing and trading of all types of aluminium and glass fittings and other related activities. Products under HongLee Group include high performance doors and windows and kitchen cabinets carrying the in-house brands of "HongLee" and "Apresi" respectively. In addition, HongLee Group also markets kitchen cabinets under the "Berloni" brand which are fully imported from Italy. In line with its emphasis on quality, HongLee Group has also achieved the ISO 9001:2008 certification.

The Group's turnover for the financial year ended 31 July 2013 was RM431.5 million. The Group presently exports about 40% of its production and its export markets include Africa, Europe, 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 Thursday, 12 December 2013 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 2013 and the Reports of the Directors and Auditors thereon. **(Resolution 1)**

2 To declare a first and final single tier tax exempt dividend of 2.25 sen per ordinary share in respect of the financial year ended 31 July 2013. **(Resolution 2)**

3 To approve the payment of Directors' Fees amounting to RM186,000 (2012: RM186,000) for the financial year ended 31 July 2013. **(Resolution 3)**

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

- Dato' Shahrir Bin Abdul Jalil **(Resolution 4)**
- Mr Tan Wan Lay **(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 an Ordinary Resolution:

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

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

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
Company Secretary

Seremban
19 November 2013

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 12 December 2013, the first and final single tier tax exempt dividend of 2.25 sen per ordinary share in respect of the financial year ended 31 July 2013 will be payable on 31 December 2013 to Depositors whose names appear in the Record of Depositors on 17 December 2013.

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 17 December 2013 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. 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. Where a Member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy in respect of each securities account it holds which is credited with ordinary shares of the Company.

4. Only members whose names appear in the Record of Depositors as at 6 December 2013 (at least 3 market days before the Annual General Meeting date) will be entitled to attend and vote at the meeting.

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

6. Explanatory Notes:

   Item 6 of the Agenda - Ordinary Resolution

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

   The Ordinary Resolution proposed under item 6 of the Agenda, if passed, is to empower the Directors to issue shares 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 20 December 2012. 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 placement of shares, for the purpose of funding future investment project(s), working capital and/ or acquisition.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

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

   - Dato' Shahrir Bin Abdul Jalil
   - Mr Tan Wan Lay

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

   During the financial year, five (5) Board meetings were held.

Name of Director	Attendance
Dato' Shahrir Bin Abdul Jalil	4/5
Tan Wan Lay	5/5
Tuan Haji Ahmed Azhar Bin Abdullah	5/5
Dr Leong Chik Weng	5/5
Wong Tze Kai	5/5
Gan Choon Sun	5/5

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	:	Thursday, 12 December 2013 at 10.00 a.m.

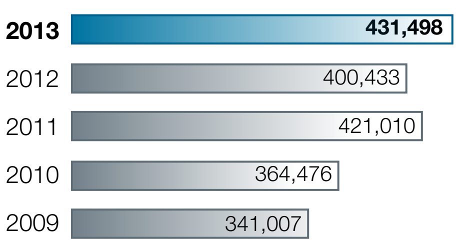
4. The shareholdings of the Directors standing for re-election in the Company are disclosed in the Directors' Report under Directors' Interests of this annual report and other details of Directors standing for re-election are disclosed in the Profile of Directors in this annual report.

FINANCIAL HIGHLIGHTS

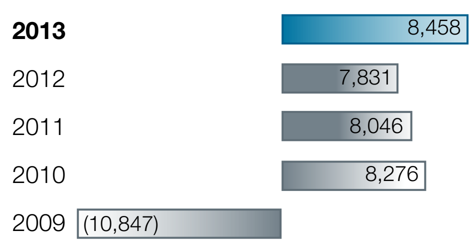
		Financial Year Ended 31 July				
		2013	**2012**	**2011**	**2010**	**2009**
Revenue	RM'000	**431,498**	400,433	421,010	364,476	341,007
EBITDA	RM'000	**14,417**	13,762	14,435	13,663	(5,241)
Profit/(Loss) Before Tax	RM'000	**8,458**	7,831	8,046	8,276	(10,847)
Profit/(Loss) After Tax	RM'000	**7,394**	7,206	7,083	6,222	(8,240)
Total Assets	RM'000	**147,200**	128,460	129,121	130,528	109,103
Total Liabilities	RM'000	**71,176**	59,253	64,720	74,773	57,970
Total Shareholders' Equity	RM'000	**74,196**	69,207	64,401	55,755	51,133
Gearing Ratio	Times	**0.61**	0.55	0.71	1.03	0.85
Basic Earnings/(Loss) Per Ordinary Share	Sen	**6.16**	6.00 #	5.90 #	5.19 #	(6.87) #
Net Assets Per Share	Sen	**61.83**	57.67 #	53.67 #	46.46 #	42.61 #
Proposed Dividend	RM'000	**2,700 ***	2,400	2,400	1,800	1,600

Denote:
The comparative figures were restated as if the Bonus Issue had taken place as at the earliest date presented.
* Proposed dividend subject to the approval of shareholders at the forthcoming Annual General Meeting.

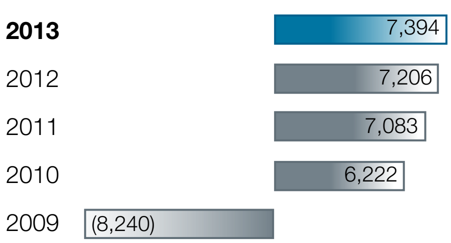
REVENUE
(RM'000)



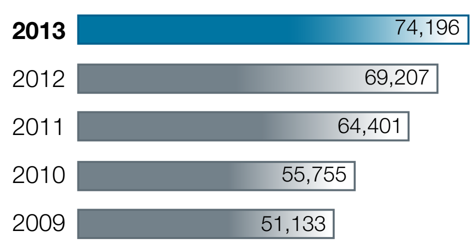
PROFIT/(LOSS) BEFORE TAXATION
(RM'000)



PROFIT/(LOSS) AFTER TAXATION
(RM'000)



TOTAL SHAREHOLDERS' EQUITY
(RM'000)



CORPORATE INFORMATION

BOARD OF DIRECTORS

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

Tuan Haji Ahmed Azhar Bin Abdullah
Senior Independent Non-Executive Director
(Re-designated on 30 September 2013)

Wong Tze Kai
Independent Non-Executive Director

Tan Wan Lay
Managing Director

Dr Leong Chik Weng
Independent Non-Executive Director

Gan Choon Sun
Executive Director

AUDIT COMMITTEE

Chairman
Tuan Haji Ahmed Azhar Bin Abdullah

Members
Dr Leong Chik Weng
Wong Tze Kai

NOMINATION COMMITTEE

Chairman
Tuan Haji Ahmed Azhar Bin Abdullah

Members
Dr Leong Chik Weng
Wong Tze Kai

REMUNERATION COMMITTEE

Chairman
Wong Tze Kai

Members
Tuan Haji Ahmed Azhar Bin Abdullah
Dr Leong Chik Weng

COMPANY SECRETARY

Ng Bee Lian (MAICSA 7041392)

AUDITOR

BDO (Firm No: 0206)
Chartered Accountants
12th Floor, Menara Uni.Asia
1008, Jalan Sultan Ismail
50250 Kuala Lumpur

PRINCIPAL BANKERS

AmBank (M) Berhad
Malayan Banking Berhad
The Bank of Nova Scotia Berhad
Standard Chartered Bank Malaysia Berhad
United Overseas Bank (Malaysia) Berhad

SOLICITOR

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

CORPORATE ADVISOR

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

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

SHARE REGISTRAR

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

HEAD/MANAGEMENT OFFICE

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

WEBSITE ADDRESS

www.arank.com.my

STOCK EXCHANGE LISTING

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

GROUP STRUCTURE

A-Rank Berhad
(633621-X)
(www.arank.com.my)
(Principal activity: Investment holding)

Manufacturing and marketing of aluminium billets

100%

Formosa Shyen Horng Metal Sdn Bhd
(434300-K)
(www.formosa.com.my)
(Principal activities: Manufacturing and marketing of aluminium billets)

Manufacturing, marketing and trading of all types of aluminium and glass fittings and other related activities

55%

HongLee®

HongLee Group (M) Sdn Bhd
(1024793-M)
(www.honglee.my)
(Principal activities: Manufacturing and marketing of all types of aluminium and glass fittings and other related activities)

100%

HongLee®

HongLee Design and Marketing Sdn Bhd
(1039965-U)
(www.honglee.my)
(Principal activities: Marketing and trading of all kinds of aluminium and glass products and other related activities)

BOARD OF DIRECTORS

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

2 **Tan Wan Lay**
Managing Director

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

4 **Dr. Leong Chik Weng**
Independent Non-Executive Director

5 **Wong Tze Kai**
Independent Non-Executive Director

6 **Gan Choon Sun**
Executive Director

PROFILE OF DIRECTORS

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

Aged 52, 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 Institute Technology Mara 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.

TUAN HAJI AHMED AZHAR BIN ABDULLAH
• Senior Independent Non-Executive Director •

Aged 52, a Malaysian, was appointed to the Board on 11 March 2005. 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, Tuan Haji Ahmed Azhar was an Executive Director of MOCCIS Furniture Sdn Bhd and MCCM Marketing Sdn Bhd.

Tuan Haji was re-designated as the Senior Independent Non-Executive Director on 30 September 2013. He is the Chairman of the Audit Committee and Nomination Committee and a member of the Remuneration Committee.

TAN WAN LAY
• Managing Director •

Aged 49, a Malaysian, was appointed to the Board on 11 March 2005. Mr Tan has over 20 years of experience in the aluminium extrusion industry. He graduated with a Diploma in Civil Engineering in 1986 and joined LB Aluminium Berhad in the same year. He rose through the ranks to be Senior Production Manager in 1993 when he left to join Press Metal Berhad as Production Manager. He left Press Metal Berhad in 1997 to set up Formosa Shyen Horng Metal Sdn Bhd.

DR LEONG CHIK WENG
• Independent Non-Executive Director •

Aged 50, 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, USA 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 and Chemical Company of Malaysia Berhad.

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

WONG TZE KAI
• Independent Non-Executive Director •

Aged 41, 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 a Voting Member of the 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 the Chairman of the Remuneration Committee and a member of the Audit Committee and Nomination Committee.

GAN CHOON SUN
• Executive Director •

Aged 48, a Malaysian, was appointed to the Board on 17 September 2009 and is currently Executive Director of Formosa Shyen Horng Metal Sdn Bhd ("Formosa"), a wholly owned subsidiary of the Company. He graduated from Middlesex University, London with a First Class Honour Degree in Manufacturing Management Engineering in 1996. He also holds a Diploma in Civil Engineering from University Technology of Malaysia. Prior to joining Formosa in 2006, he held various senior positions ranging from Engineer to General Manager in various private companies in the metal industry. He has extensive experience in process engineering and has provided the Group with technical manufacturing expertise.

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

Other Information

1. Family Relationship
   None of the Directors have any family relationship with any director and/or major shareholder of A-Rank Berhad.

2. Conflict of Interest
   None of the Directors have any conflict of interest with the Company.

3. Conviction for Offences
   None of the Directors have any conviction for offences within the past ten (10) years.

4. Board Meeting
   Details of the attendance by the Directors are disclosed under Statement on Corporate Governance of this annual report.

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 2013.

FINANCIAL PERFORMANCE

For the financial year under review, the Group achieved revenue of RM431.5 million compared to RM400.4 million for the preceding year, an increase of 7.8%. The increased in revenue was contributed by higher business volume although average selling prices were lower as a result of the drop in underlying raw material costs. Revenue mix remained relatively the same.

The Group registered profit before tax of RM8.5 million for the year ended 31 July 2013 compared to a profit before tax of RM7.8 million in the previous year reflecting an increase of 9.0%. This is due mainly to the higher business volume and reduced interest expenses.

Profit after tax, however, improved slightly by 2.8% to RM7.4 million compared to profit after tax of RM7.2 million for the preceding year. The improved profit performance was contributed by higher profit before taxation mitigated by increased provision of deferred tax liability for the year under review against that of the preceding year.

The earnings per ordinary share for the financial year ended 31 July 2013 was 6.2 sen whilst net assets per share amounted to 61.8 sen as at the end of the financial year.

ANOTHER WORD FOR QUALITY

CHAIRMAN'S STATEMENT

Opening Ceremony of HongLee's showroom

CORPORATE DEVELOPMENTS

Bonus Issue

The Company has on 25 October 2012 announced to Bursa Malaysia Securities Berhad ("Bursa Securities") that it proposes to undertake a bonus issue of 40,000,000 new ordinary shares of RM0.50 each ("Bonus Shares") in the Company, to be credited as fully paid-up at par on the basis of one (1) new ordinary share of RM0.50 each for every two (2) existing ordinary shares held by the entitled shareholders of the Company ("Bonus Issue"). On 14 November 2012, the Company announced that Bursa Securities has vide its letter dated on the same date approved the Additional Listing Application in respect of the Bonus Issue subject to the conditions therein. The Bonus Issue was approved by the shareholders at the Extraordinary General Meeting held on 20 December 2012.

On 14 January 2013, the Company announced to Bursa Securities that the Bonus Issue has been completed following the listing of and quotation for the Bonus Shares on the Main Market of Bursa Securities.

Subscription of shares In HongLee Group (M) Sdn Bhd ("HongLee Group")

On 4 January 2013, the Company announced that the Company has entered into a Share Subscription Agreement ("Subscription Agreement") together with Apresi Sdn Bhd and Mr Tan Tiam Chai for the proposed subscription by A-Rank Berhad of 4,950,000 ordinary shares of RM1.00 each at par representing 55% equity interest in HongLee Group for a total cash consideration of RM4,950,000.

Concurrent with the signing of the Subscription Agreement, HongLee Group has entered into a Sale and Purchase Agreement ("Business SPA") with Hong Lee Aluminium Sdn Bhd (the "Vendor") for the acquisition from the Vendor of the existing assets and liabilities representing the business of the Vendor including goodwill and trademarks for a total cash consideration of RM 4,941,328.

HongLee Group has also concurrently entered into a separate Sale and Purchase Agreement ("Property SPA") with the Vendor for the acquisition from the Vendor for the two (2) pieces of freehold land together with a single storey semi-detached workshop with mezzanine floor erected thereon under Geran 242247, Lot No. 51532 and Geran 242246, Lot No. 51531, Mukim Plentong, Daerah Johor Bahru respectively bearing postal address No 1 & 3, Jalan Seroja 38, Taman Johor Jaya, 81100 Johor Bahru, Johor Darul Takzim with total area of 2,766 square metres for a total cash consideration of RM4,000,000.

On 7 January 2013, pursuant to the Subscription Agreement, HongLee Group increased its issued and paid up share capital from RM2 to RM1,000,000 by way of issuance of 999,998 new ordinary shares of RM1.00 each at par which was taken up by the Company and Apresi for a total cash consideration of RM549,998 and RM450,000 respectively. The Company has also, pursuant to the Subscription Agreement, simultaneously acquired the two (2) ordinary shares of RM1.00 each from the existing shareholders of HongLee Group for a total consideration of RM2.00. Consequently, HongLee Group becomes a 55% equity interest owned subsidiary of the Company.

On 4 April 2013, pursuant to the Subscription Agreement the issued and paid-up share capital of HongLee Group was increased from RM1,000,000 to RM9,000,000 through the allotment and issuance of 8,000,000 new HongLee Group ordinary shares of RM1.00 each at par for a total cash consideration of RM8,000,000 which were subscribed by the Company and Apresi Sdn Bhd in accordance with the Subscription Agreement.

Concurrent with the completion of the Subscription Agreement, HongLee Group has also completed the Business SPA and Property SPA.

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

DIVIDENDS

The Board of Directors is pleased to recommend a first and final single tier tax exempt dividend of 2.25 sen per ordinary share amounting to RM2.7 million (2012: RM2.4 million) in respect of the financial year ended 31 July 2013 subject to the approval of shareholders at the forthcoming Annual General Meeting.

PROSPECTS

Global financial markets experienced increased volatility following uncertainties over monetary policy adjustments in the advanced economies. Going forward, the global economy continues to face downside risks, emanating from developments in several key economies. While overall growth performance in most emerging economies, including in Asia, will be affected by these developments, domestic demand will continue to support the overall growth performance. The growth prospects are also being augmented by targeted policy measures.

While domestic demand in Malaysia has remained strong, the prolonged weakness in the external sector has affected the overall growth performance. Despite the weak external environment, the Malaysian economy is expected to continue to remain on a growth path in 2014 as a result of the continued resilience of domestic demand supported by private and public sectors' investments under the Tenth Malaysia Plan and Economic Transformation Program. This augurs well for the Group as the building and construction sector is expected to be the prime beneficiary of these investments in which the Group is part of the supply chain.

Barring unforeseen circumstances, your Board expects the Group to 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 appreciations are also extended to our shareholders and to the Management and employees for their commitment, contribution and loyalty.

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

MANAGING DIRECTOR'S OPERATIONS REVIEW

REVIEW OF OPERATIONS

The Group achieved revenue of RM431.5 million for the financial year under review compared to RM400.4 million for the previous year. The increase in revenue was contributed by higher business volume although average selling prices were lower as a result of the drop in underlying raw material costs.

Profit before and after tax were at RM8.5 million and RM7.4 million respectively compared to RM7.8 million and RM7.2 million last year. The increase in profit before tax was a result of the higher revenue. Overall gross margins improved slightly whilst interest expenses were lower than that of the preceding year. The Group was able to maintain its margins despite increases in employees' costs due to measures taken over the past few years to improve efficiency and recovery.

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 efficiency and recovery which is very important for our industry. Amongst the upgrade during the financial year was the acquisition of an additional unit of melting furnace with magnetic stirrer that will increase the quality, efficiency and production output of aluminium billets. The Group has also upgraded its dust collectors to ensure cleaner discharge into the environment. From the marketing perspective, the Group has constantly adopted strategies to broaden its customer base as well as identifying better value customers. We also wish to add that the "Formosa" brand of billets has continued to gain international acceptance for its quality.

Contribution from the newly acquired 55%-equity owned subsidiary, HongLee Group (M) Sdn Bhd ("HongLee Group") was positive but minimal as it only commenced operations in March 2013. However, we expect HongLee Group to contribute more positively to the Group's results for the forthcoming year.

MANAGING DIRECTOR'S OPERATIONS REVIEW

OUTLOOK

Domestic demand continues to be the main driver of growth for the Group with the expansion of investments under the Tenth Malaysia Plan and Economic Transformation Program.

The world economy experienced one of its most tumultuous and volatile years in recent history. The European debt crisis and United States quantitative easing tapering dominated most of the financial headlines during the year. Most developing economies such as China and India experienced stable but slower growth environment following the lethargic performance of the developed economies. This is expected to adversely impact the Group's export opportunities. The volatility of aluminium prices and Malaysian Ringgit have also persisted in creating uncertainties in our business decision making process particularly on pricing.

Nonetheless, 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 ("the Board") 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 subsidiaries, (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.

PRINCIPLE 1 – ESTABLISH CLEAR ROLES AND RESPONSIBILITIES OF THE BOARD AND MANAGEMENT

The Board is responsible for the monitoring of the Group's business and affairs on behalf of shareholders with a view to enhance long term shareholders' value whilst taking into account the interests of other stakeholders and maintaining high standards of transparency, accountability and integrity.

In overseeing the conduct of the Group's businesses, the Board shall ensure that an appropriate financial planning, operating and reporting framework as well as a risk management framework is established. Elements under this framework include the operating plan and budget, financial statements and performance reviews reports.

1.1 Clear functions of the Board and Management

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

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

1.2 Board Charter

The Board Charter was adopted by the Board on 30 September 2013 which sets out the role, functions, composition, operations and processes of the Board. The Charter provides guidance for Directors on the responsibilities of the Board, its committees and requirements of Directors and is subject to periodical review to ensure consistency with the Board's strategic intent as well as relevant standards of corporate governance. The Charter has been uploaded on the Company's website at www.arank.com.my in line with Recommendation 1.7 of the Code.

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

1.3 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.

PRINCIPLE 2 – STRENGTHEN COMPOSITION OF THE BOARD

The Company strives to have a Board comprising members with suitable qualifications, skills, expertise and exposures.

2.1 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.

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

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

2.2 Re-election of Directors

Pursuant to Article 117 of the 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 pursuant to Article 112, 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, but shall be eligible for re-election. The election of each Director is voted on separately.

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

For the forthcoming Annual General Meeting, Dato' Shahrir Bin Abdul Jalil and Mr Tan Wan Lay will retire by rotation, and being eligible, offer themselves for re-election.

A brief description on the profile of each Director and their respective attendance at Board Meetings are presented in the annual report.

2.3 The Board Committees

The Board may from time to time establish committees as is considered appropriate to assist in carrying out its duties and responsibilities. The Board delegates certain functions to the following committees to assist in the execution of its responsibilities. Details of the composition, terms of reference, duties and responsibilities, meetings and attendance are set out below:

2.3.1 Audit Committee

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 composition of the Committee, terms of reference, attendance record and its activities are set out in the annual report.

2.3.2 Nomination Committee

The Board has established the Nomination Committee on 30 September 2013 and is responsible for identifying, evaluating and recommending to the Board, suitable candidates to fill Board's vacancies at the Company as well as subsidiaries. Nominations may come from a wide variety of sources. The Nomination Committee also carried out evaluation on the effectiveness of the Board as a whole, the Board Committees and the contribution of each individual Director. Such evaluation also includes the evaluation of Independent Non-Executive Directors on their independences and that all assessments and evaluations by the Nomination Committee would be properly documented.

The Nomination Committee comprises of the following members:

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

The members of the Nomination Committee shall be appointed by the Board from amongst their number, consisting wholly of Independent Non-Executive Directors and shall consist of not less than three (3) members.

PRINCIPLE 2 – STRENGTHEN COMPOSITION OF THE BOARD (CONT'D)

2.3.2 Nomination Committee (Cont'd)

The members of the Committee shall elect the Chairman from amongst their members.

If a member of the Committee ceases to be a member with the result that the number of members is reduced below three (3), the Board shall within three (3) months of that event, appoint such number of new members as may be required to make up the minimum number of three (3) members.

Duties and responsibilities

The Nomination Committee's primary duties and responsibilities are as follows:

a) To make recommendations to the Board on:
   - Directors to fill seats on Board Committees;
   - Plans for succession for Directors and ensuring that there is an appropriate balance of skills on the Board;
   - Re-appointment of Directors retiring by rotation pursuant to the provisions of the Articles of Association of the Company and the regulations of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad;
   - Re-appointment of Independent Non-Executive Directors at the conclusion of a cumulative term of office of nine (9) years; and
   - Re-appointment of Directors upon attainment of the age of 70 years pursuant to Section 129(6) of the Companies Act, 1965.

b) To assist the Board in annually reviewing the required mix of skills, experience and other qualities, including core competencies, which Directors should bring to the Board. When reviewing its performance, the Board will give consideration to its gender diversity objectives.

c) To annually carry out the process for evaluating the effectiveness of the Board as a whole, the performance and contribution of the Chairman and individual Directors, including Independent Non-Executive Directors, as well as the Managing Director & Executive Director and to identify areas for improvement.

Meetings are to be held as and when necessary, and at least once a year. The quorum for each meeting shall be two (2) members. During the financial year ended 31 July 2013, no meeting was held as the Committee was constituted on 30 September 2013. Minutes of each meeting are to be kept by the Company Secretary as evidence that the Nomination Committee has discharged its functions. The Chairman of the Nomination Committee reports to the Board after each Committee meeting.

2.3.3 Remuneration Committee

The Board had established a Remuneration Committee with appropriate terms of reference on 30 September 2013. The members of the Committee, currently comprising wholly of Independent Non-Executive Directors, are as follows:

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

The members of Remuneration Committee shall be appointed by the Board from amongst their number, consisting wholly or mainly Independent Non-Executive Directors and shall consist of not less than three (3) members.

The members of the Committee shall elect the Chairman from amongst their members who shall be an Independent Non-Executive Director.

If a member of the Committee ceases to be a member with the result that the number of members is reduced below three (3), the Board shall within three (3) months of that event, appoint such number of new members as may be required to make up the minimum number of three (3) members.

Duties & Responsibilities

a) To recommend the remuneration framework for Directors as well as the remuneration packages of Executive Directors to the Board. None of the Executive Directors shall participate in any way in determining their individual remuneration.

PRINCIPLE 2 – STRENGTHEN COMPOSITION OF THE BOARD (CONT'D)

2.3.3 Remuneration Committee (Cont'd)

Duties & Responsibilities (Cont'd)

b) Non-Executive Directors and Independent Non-Executive Directors

To ensure that the level of remuneration for Non-Executive Directors and Independent Non-Executive Directors are linked to their level of responsibilities undertaken and contributions to the effective functioning of the Board:

- When reviewing the fees for Non-Executive Directors, it would take into account the fee levels and trends for similar positions in the market. Such review should take into consideration any additional responsibilities undertaken such as a director acting as chairman of a board committee or as the senior independent non-executive director.
- Non-Executive Directors are normally remunerated by way of directors' fees that are approved by shareholders on an annual basis.

c) Managing Director and Executive Directors

To ensure that the remuneration packages of Executive Directors are:

- sufficient to attract and retain the directors needed to run the Group successfully;
- fairly rewarded for their individual contributions to the Group's overall performance;
- should be structured so as to link rewards to corporate and individual performance in the case of Executive Directors; and
- reflect the experience and level of responsibilities undertaken by the particular Executive Director concerned.

Based on the recommendation by the Remuneration Committee, the Board as a whole determines the remuneration of Executive and Non-Executive Directors with individual Directors abstaining from decisions in respect of their individual remuneration.

Meetings are held as and when necessary, and at least once a year. During the financial year ended 31 July 2013, no meeting was held as the Committee was constituted only on 30 September 2013.

The quorum for each meeting shall be two (2) members. The Company Secretary shall be appointed Secretary of the Remuneration Committee and in conjunction with the Chairman, shall draw up the agenda which shall be sent to all members of the Remuneration Committee and other persons who may be required/invited to attend. The Managing Director and Executive Director attend and make presentations at meetings, whenever business is not related to Executive Directors' remuneration. The Remuneration Committee decides its own procedures and other administrative arrangements. The Chairman of the Committee reports to the Board after each Remuneration Committee meeting. Minutes of each meeting are kept by the Company Secretary as evidence that the Committee has discharged its functions.

Remuneration package for Directors

For the financial year under review, remuneration of the Directors were decided by the Board as a whole with the Directors concerned abstaining from deliberations and voting on decisions relating to their respective individual remuneration packages. The aggregate remuneration of Directors for the financial year ended 31 July 2013 is as follows:

	Executive Directors RM'000	Non-Executive Directors RM'000	Total RM'000
Fees	60	126	186
Salaries	543	-	543
Bonus	147	-	147
Defined contribution plan	74	-	74
Benefit-in-kind	33	-	33
Total	857	126	983

The fees payable to the Directors will be recommended by the Board for approval by shareholders at the forthcoming Annual General Meeting scheduled to be held on 12 December 2013.

PRINCIPLE 2 – STRENGTHEN COMPOSITION OF THE BOARD (CONT'D)

2.3.3 Remuneration Committee (Cont'd)

Remuneration package for Directors (Cont'd)
The number of Directors whose total remuneration fall within the following bands for the financial year ended 31 July 2013 is as follows:

	No. of Directors	
	Executive	Non-Executive
Below RM50,000	-	4
RM351,001 to RM400,000	1	-
RM500,001 to RM550,000	1	-

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

PRINCIPLE 3 – REINFORCE INDEPENDENCE OF THE BOARD

3.1 Separation of positions of the Chairman and Managing Director

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

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

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

3.2 Tenure of Independent Directors

The tenure for an Independent Non-Executive Director shall be for a cumulative term of nine (9) years since appointment as an Independent Non-Executive Director.

The Independent Non-Executive Director may continue to serve on the Board beyond the 9-year tenure provided the Independent Non-Executive Director is re-designated as a Non-Independent Director. Where the Board is of the view that the Independent Non-Executive Director can continue as an independent Non-Executive Director beyond the 9-year tenure, it must justify and seek shareholders' approval at the Annual General Meeting/ Extraordinary General Meeting.

PRINCIPLE 4 – FOSTER COMMITMENT OF DIRECTORS

All Directors have committed sufficient time to carry out their duties during the tenure of their appointment.

4.1 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 2013, the Company held five (5) meetings of the Board of Directors. Management staff may be invited to attend Board meetings to provide the Board with detailed explanations and clarifications.

The details of the attendance by the Directors are as follows:

Name of Director	Attendance
Dato' Shahrir Bin Abdul Jalil	4/5
Tan Wan Lay	5/5
Tuan Haji Ahmed Azhar Bin Abdullah	5/5
Dr Leong Chik Weng	5/5
Wong Tze Kai	5/5
Gan Choon Sun	5/5

PRINCIPLE 4 – FOSTER COMMITMENT OF DIRECTORS (CONT'D)

4.2 Number of Directorships in other Companies

Directors of the Company do not hold more than five (5) directorships in public listed companies as stipulated in 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.

4.3 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 2013 and up to the date of this report, the courses attended by the Directors either jointly or individually included:

- Competition Act 2010-18 Months Later
- Advocacy sessions on corporate disclosure for Directors organised by Bursa Malaysia
- Navigating The Global Economic Fragility : Implications On Malaysian Business
- Chemical Company of Malaysia Berhad "CCM" Group Directors & Senior Management Training 2013–Biosimilar, Never Ending Frontier in Bio-Business.
- BDO Tax Forum Series : Moving Ahead Regionally

The Company Secretary regularly update the relevant guidelines on statutory and regulatory requirements from time to time for the Board's reference and briefs the Board quarterly on these updates, where applicable, at Board meetings. The external auditors also briefed the Board members on any changes to the Malaysian Financial Reporting Standards that would affect the Group's financial statements during the financial year under review. The Directors will continue to undergo relevant training programmes to further enhance their skills and knowledge in the discharge of their stewardship role.

PRINCIPLE 5 – UPHOLD INTEGRITY IN FINANCIAL REPORTING BY THE COMPANY

5.1 Financial Reporting

The Board aims to present a balanced and clear assessment of the Group's financial performance and prospects in presenting the annual 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 scrutinising information for disclosure to ensure compliance with accounting standards, adequacy and completeness and are announced to the public within the stipulated time frame.

5.2 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.

The Statement of Directors pursuant to the Act is set out in the annual report.

PRINCIPLE 6 – RECOGNISE AND MANAGE RISK OF THE GROUP

6.1 Sound framework to manage risks

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

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

The RMC will submit risk assessment reports to the Audit Committee on a half yearly basis.

6.2 Internal Control

The Statement on Risk Management and Internal Control set out in this annual report provides an overview of the state of risk management and internal controls within the Group.

6.3 Relationship with the Auditors

(a) Internal Audit

The internal audit function of the Group is outsourced to consultants. 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. The audits are carried out to ensure instituted controls are appropriate, effectively applied and within acceptable risk exposures and consistent with the Group's risk management policy. The internal auditor reports directly to the Audit Committee and audit findings and recommendations are communicated to the Board.

(b) External Audit

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.

The Audit Committee performs evaluation and monitors the suitability and independence of the external auditors. The Group also obtains assurance from the external auditors confirming that they are and have been independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

Services provided by the external auditors include statutory audit and non-audit services. Terms of engagement for services of external auditors are reviewed by the Audit Committee and approved by the Board.

PRINCIPLE 7 – ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

Corporate Disclosure Policy

The Board acknowledges the importance to disclose information in a timely manner and in compliance with the requirements under the Listing Requirements and other applicable laws. the determination and dissemination of material information, the circumstances under which the confidentiality of information will be maintained, preventing abuse of undisclosed material information and provides guidelines for achieving consistent disclosure practices. The Company has established a Corporate Disclosure Policy ("Policy") that applies to the conduct of all Directors and employees of the Group with regards to handling and disclosure of material information.

Objectives of the Policy:

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

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

PRINCIPLE 7 – ENSURE TIMELY AND HIGH QUALITY DISCLOSURE (CONT'D)

The Board of Directors is generally responsible for the proper dissemination of information whilst the actual implementation can be delegated to designated persons.

Designated persons appointed as the authorised spokesperson or the appointed investment bank or adviser will draft the announcement and ensure compliance with the Listing Requirements and accuracy of the contents in the announcement.

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

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

PRINCIPLE 8 – STRENGTHEN RELATIONSHIP BETWEEN THE COMPANY AND ITS SHAREHOLDERS

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

The Company has also established a website www.arank.com.my as another tool of communication that provide easy 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 Persons	:	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.

COMPLIANCE STATEMENT

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

Statement made in accordance with a resolution of the Board of Directors dated 30 October 2013.

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 2013.

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 2013.

IMPOSITION OF SANCTIONS/PENALTIES

There were no sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or Management by relevant regulatory bodies during the financial year ended 31 July 2013.

NON-AUDIT FEES

During the financial year ended 31 July 2013, non-audit fees paid and payable to the external auditors, Messrs BDO and its affiliated company amounted to RM46,614.

VARIATION IN RESULTS

There were no material variance between the audited results for the financial year ended 31 July 2013 and the unaudited results previously announced for the quarter ended 31 July 2013.

PROFIT GUARANTEE

There were no profit guarantees given or received by the Company during the financial year ended 31 July 2013.

MATERIAL CONTRACTS

No material contract has been entered into by the Company and/ or its subsidiaries which involved Directors' and/ or substantial shareholders' interests, either still subsisting at the end of the financial year ended 31 July 2013 or, if not then subsisting, entered into since the end of the previous financial year.

RECURRENT RELATED PARTY TRANSACTIONS OF REVENUE OR TRADING NATURE

The 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 2013.

SUSTAINABILITY AND CORPORATE RESPONSIBILITY

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

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

ENVIRONMENT

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

COMMUNITY

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

In this respect, the Group had provided educational supports to a total of 74 students for primary and secondary schools comprising children of the Group's employees.

Provision educational supports to employees' children

SUSTAINABILITY AND CORPORATE RESPONSIBILITY

Annual Dinner and Long Service Awards ceremony.

MARKETPLACE

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

a) Investors

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

b) Suppliers

The Group respects its suppliers and work closely with them through long-term relationships to realise mutual growth based on mutual trust. In this aspect, the Group engages its suppliers through the engagement in ethical procurement practices by adopting standard and equitable procedures in vendors' qualification, ensures the materials supplied are in accordance to the Group's requirements and conducts in-depth suppliers' audits to ensure the required standards are met in the supply chain.

c) Customers

The Group is committed to support the customers' success by working closely with them to enhance their products and process challenges. To build our reputation on the basis we help our customers achieve success by focusing on the delivering of superior quality billets, reliable on-time deliveries and services. In line with its emphasis on quality, the Group has achieved the ISO 9001:2008 certification and BS EN ISO 9001:2008 certification.

WORKPLACE

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

a) Staff Welfare

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

- Medical benefits, hospitalization and personal accident insurance coverage;
- Organise annual dinner combined with the Long Service Awards ceremony which was held in February 2013 to recognise their loyalty, dedication and commitment; and
- Celebration of Hari Raya Aidilfitri on September 2013 with an entertaining night for all the Group's employees.

WORKPLACE (CONT'D)

b) Safety and Health

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

- Setting up a Safety & Health Committee for assisting in the development of safety & health rules and systems, carry out programs such as fire drills, safety and health talks as well as evacuation exercises at the plant to create awareness and to instil consciousness within its workforce;
- Safety wears are provided to relevant employees to reduce the consequences of serious accidents; and
- Enforcement of safety practices in all aspect at all time.

c) Training and Development Program

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

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

Celebration of Hari Raya Aidilfitri

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

AUDIT COMMITTEE REPORT

MEMBERS OF THE AUDIT COMMITTEE

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

TERMS OF REFERENCE

Composition

The Audit 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 Audit Committee's Procedures

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

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

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

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

The Audit Committee shall regulate the manner of the proceedings of its meetings. It is the Audit Committee's discretion to meet with the external auditors at least twice a year without the presence of the Executive Directors. If the Audit 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 subsidiaries (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.

Attendance
During the financial year ended 31 July 2013, four (4) Audit Committee's meetings were held which were attended in full by all 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 with the internal auditors, 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 to consultants 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 RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board of Directors ("the Board") of A-Rank Berhad is pleased to present its Statement on Risk Management and Internal Control for the financial year ended 31 July 2013, which has been prepared pursuant to Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements ("Main LR") and in accordance with the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers ("the Guidelines").The statement below outlines the nature and scope of risk management and internal control of the Company during the financial year under review.

BOARD'S RESPONSIBILITIES

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

The Board has received assurances from the Managing Director and the Accountant that the Group's risk management and internal control systems are operating adequately and effectively in all material aspects. The system of internal control incorporates inter alia, risk management, financial, operational and compliance controls as well as the governance process.

RISK MANAGEMENT FRAMEWORK

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

The risk assessment of the Group is carried out by 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.

The Risk Management Committee ("RMC") was established on 30 September 2013 to oversee and perform regular reviews on the Group's risk management processes. The RMC is chaired by the Managing Director and direct reports to the Audit Committee on a half yearly basis where key risks and mitigating actions are deliberated and implemented.

SYSTEM OF INTERNAL CONTROLS

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

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

- The Audit Committee 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.

- 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

As required by the Bursa Securities' Listing Requirements, the external auditors have reviewed this Statement on Internal Control. Their review was performed in accordance with Recommended Practice Guide 5 (RPG 5) issued by the Malaysian Institute of Accountants (MIA). Their review has been conducted to assess whether the Statement on Internal Control is both supported by the documentation prepared by or for the Directors and appropriately reflects the process the Directors have adopted in reviewing the adequacy and integrity of the system of internal control for the Group.

RPG 5 does not require the external auditors to consider whether this Statement covers all risks and controls, or to form an opinion on the effectiveness of the Group's risk and control procedures. Based on their review, the external auditors have reported to the Board that nothing has come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the process the Board has adopted in the review of the adequacy and integrity of internal control of the Group.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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 consultants. 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.

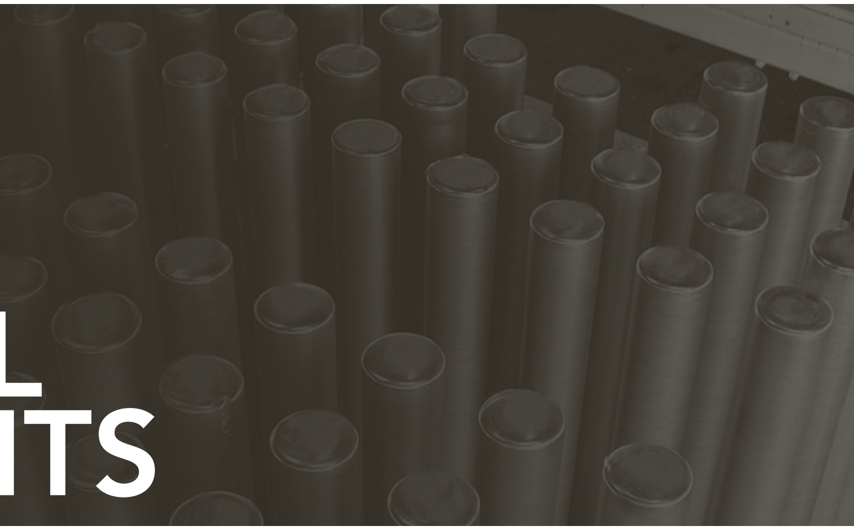
Internal audit plans are reviewed and approved by the Audit Committee and the plans include independent appraisal on the compliance, adequacy and effectiveness of the Group's internal controls and to assess and monitor the effectiveness and implementation of the Group's risk management policies on half-yearly 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 2013, the total costs incurred for the outsourced internal audit function is RM31,625 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 approved by the Board of Directors on 30 October 2013.



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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 2013.

PRINCIPAL ACTIVITIES

The Company is principally an investment holding company. The principal activities of the subsidiaries are set out in Note 9 to the financial statements. There have been no significant changes in the nature of these activities during the financial year except for the acquisition of a subsidiary as disclosed in Note 29 to the financial statements.

RESULTS

	Group RM	Company RM
Profit for the financial year	7,393,989	20,645,725
Attributable to:		
Owners of the parent	7,389,589	20,645,725
Non-controlling interest	4,400	-
	7,393,989	20,645,725

DIVIDENDS

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

	Company RM
In respect of financial year ended 31 July 2012:	
A first and final single tier dividend of 3.0 sen per ordinary share, paid on 8 January 2013	2,400,000

The Directors proposed a first and final single tier dividend of 2.25 sen per ordinary share, amounting to RM2,700,000 in respect of the financial year ended 31 July 2013, subject to the approval of members at the forthcoming Annual General Meeting.

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

During the financial year, the issued and paid-up share capital of the Company was increased from RM40,000,000 to RM60,000,000 by way of a bonus issue of 40,000,000 new ordinary shares of RM0.50 each at par on the basis of one (1) new ordinary share for every two (2) existing ordinary shares for working capital purposes.

The newly issued shares rank pari passu in all respects with the existing shares of the Company.

The Company did not issue any debentures during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

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

DIRECTORS

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

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

DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year and their beneficial interests in ordinary shares of the Company and of its related corporations during the financial year ended 31 July 2013 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965 in Malaysia were as follows:

	← Number of ordinary shares of RM0.50 each →			
	Balance as at 1.8.2012	**Bonus issue**	**Sold**	**Balance as at 31.7.2013**
Shares in the Company				
Direct interests				
Tan Wan Lay	3,746,000	1,873,000	-	5,619,000
Tuan Haji Ahmed Azhar Bin Abdullah	100,000	50,000	-	150,000
Gan Choon Sun	45,000	22,500	-	67,500
Indirect interest				
Tan Wan Lay	25,227,994	12,613,997	-	37,841,991

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 all the subsidiaries to the extent the Company has an interest.

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

DIRECTORS' BENEFITS

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

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 profit or loss and other 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 that provision need not be made for doubtful debts; and

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

(b) In the opinion of the Directors, the results of 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 except for the effects arising from fair value adjustments on derivative instruments as disclosed in Note 22 to the financial statements.

(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 provision for doubtful debts in the financial statements of the Group and of the Company; and

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

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

(d) In the opinion of the Directors:

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

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

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

(III) AS AT THE DATE OF THIS REPORT

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

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

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

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(a) During the financial year, the Company subscribed for 4,950,000 ordinary shares of RM1.00 each at par in HongLee Group (M) Sdn. Bhd. ("HongLee Group"), representing 55% equity interest in HongLee Group, a company incorporated in Malaysia which is engaged in the manufacturing of all types of aluminium and glass fittings and other related activities, for a cash consideration of RM4,950,000.

(b) During the financial year, the Company through HongLee Group acquired certain assets and liabilities of Hong Lee Aluminium Sdn. Bhd. ("Hong Lee Aluminium"), a company incorporated in Malaysia which is engaged in the manufacturing and marketing of aluminium and glass frames and related contracts, for a cash consideration of RM9,342,825.

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
30 October 2013

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 43 to 102 have been drawn up in accordance with Malaysian Financial Reporting Standards, International 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 2013 and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

In the opinion of the Directors, the information set out in Note 36 to the financial statements on page 103 has been compiled in accordance with the Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

On behalf of the Board,

Dato' Shahrir Bin Abdul Jalil
Director

Tan Wan Lay
Director

Kuala Lumpur
30 October 2013

STATUTORY DECLARATION

I, Tan Tze, being the officer primarily responsible for the financial management of A-Rank Berhad, do solemnly and sincerely declare that the financial statements set out on pages 43 to 103 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
30 October 2013

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 statements of financial position as at 31 July 2013 of the Group and of the Company, and statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 43 to 102.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards, and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is 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 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 give a true and fair view of the financial position of the Group and of the Company as of 31 July 2013 and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

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 subsidiaries have been properly kept in accordance with the provisions of the Act.

(b) We are satisfied that the financial statements of the subsidiaries 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 report on the financial statements of the subsidiaries 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 36 to the financial statements is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matters

As stated in Note 3 to the financial statements, A-Rank Berhad adopted Malaysian Financial Reporting Standards on 1 August 2012 with a transition date of 1 August 2011. These Standards were applied retrospectively by the Directors to the comparative information in these financial statements, including the statements of financial position as at 31 July 2012 and 1 August 2011, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended 31 July 2012 and related disclosures. We were not engaged to report on the restated comparative information, and it is unaudited. Our responsibilities as part of our audit of the financial statements of the Group and of the Company for the financial year ended 31 July 2013 have, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 August 2012 do not contain misstatements that materially affect the financial position as of 31 July 2013 and the financial performance and cash flows for the financial year then ended.

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

Lum Chiew Mun
3039/04/15 (J)
Chartered Accountant

Kuala Lumpur
30 October 2013

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 July 2013

		Group		
		31.7.2013	31.7.2012	1.8.2011
	Note	RM	RM	RM
ASSETS				
Non-current assets				
Property, plant and equipment	7	**70,960,456**	63,187,265	66,048,252
Intangible asset	8	**2,721,950**	-	-
		73,682,406	63,187,265	66,048,252
Current assets				
Inventories	10	**32,581,552**	27,112,624	28,231,959
Derivative financial assets	18	**1,034,607**	-	-
Trade and other receivables	11	**36,520,750**	33,563,812	32,313,146
Current tax assets		**223,207**	179,957	95,870
Cash and cash equivalents	12	**3,157,241**	4,415,980	2,431,978
		73,517,357	65,272,373	63,072,953
TOTAL ASSETS		**147,199,763**	128,459,638	129,121,205
EQUITY AND LIABILITIES				
Equity attributable to owners of the parent				
Share capital	13	**60,000,000**	40,000,000	40,000,000
Reserves	14	**14,196,477**	29,206,888	24,401,335
		74,196,477	69,206,888	64,401,335
Non-controlling interest		**1,827,350**	-	-
TOTAL EQUITY		**76,023,827**	69,206,888	64,401,335
LIABILITIES				
Non-current liabilities				
Borrowings	15	**1,924,039**	-	-
Deferred tax liabilities	16	**7,534,124**	6,501,136	5,794,147
		9,458,163	6,501,136	5,794,147
Current liabilities				
Trade and other payables	17	**15,168,476**	9,718,882	10,472,067
Current tax liabilities		**26,084**	-	-
Derivative financial liabilities	18	**10,562**	428,342	71,600
Borrowings	15	**46,512,651**	42,604,390	48,382,056
		61,717,773	52,751,614	58,925,723
TOTAL LIABILITIES		**71,175,936**	59,252,750	64,719,870
TOTAL EQUITY AND LIABILITIES		**147,199,763**	128,459,638	129,121,205

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

STATEMENT OF FINANCIAL POSITION

As at 31 July 2013

		Company		
		31.7.2013	31.7.2012	1.8.2011
	Note	RM	RM	RM
ASSETS				
Non-current asset				
Investments in subsidiaries	9	**59,678,559**	25,978,559	25,978,559
		59,678,559	25,978,559	25,978,559
Current assets				
Trade and other receivables	11	**5,513,846**	21,073,499	20,088,037
Current tax assets		**180,351**	180,351	93,716
Cash and cash equivalents	12	**106,280**	6,619	10,978
		5,800,477	21,260,469	20,192,731
TOTAL ASSETS		**65,479,036**	47,239,028	46,171,290
EQUITY AND LIABILITIES				
Equity attributable to owners of the parent				
Share capital	13	**60,000,000**	40,000,000	40,000,000
Reserves	14	**5,265,732**	7,020,007	6,019,825
TOTAL EQUITY		**65,265,732**	47,020,007	46,019,825
LIABILITIES				
Current liabilities				
Trade and other payables	17	**213,304**	219,021	151,465
TOTAL LIABILITIES		**213,304**	219,021	151,465
TOTAL EQUITY AND LIABILITIES		**65,479,036**	47,239,028	46,171,290

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 31 July 2013

		Group		Company	
		2013	2012	2013	2012
	Note	RM	RM	RM	RM
Revenue	19	**431,498,192**	400,432,513	**21,250,000**	5,000,000
Cost of sales	20	**(415,179,842)**	(386,276,045)	**-**	-
Gross profit		**16,318,350**	14,156,468	**21,250,000**	5,000,000
Other operating income		**167,668**	152,874	**-**	-
Distribution costs		**(627,594)**	(341,963)	**-**	-
Administration expenses		**(6,135,189)**	(4,475,198)	**(604,275)**	(436,453)
Profit from operations		**9,723,235**	9,492,181	**20,645,725**	4,563,547
Finance costs	21	**(1,265,167)**	(1,661,226)	**-**	-
Profit before tax	22	**8,458,068**	7,830,955	**20,645,725**	4,563,547
Taxation	23	**(1,064,079)**	(625,402)	**-**	(1,163,365)
Profit for the financial year		**7,393,989**	7,205,553	**20,645,725**	3,400,182
Other comprehensive income, net of tax		**-**	-	**-**	-
Total comprehensive income		**7,393,989**	7,205,553	**20,645,725**	3,400,182
Profit attributable to :					
Owners of the parent		**7,389,589**	7,205,553	**20,645,725**	3,400,182
Non-controlling interest		**4,400**	-	**-**	-
		7,393,989	7,205,553	**20,645,725**	3,400,182
Total comprehensive income attributable to:					
Owners of the parent		**7,389,589**	7,205,553	20,645,725	3,400,182
Non-controlling interest		**4,400**	-	-	-
		7,393,989	7,205,553	20,645,725	3,400,182
Basic and diluted earnings per ordinary share (sen)	24	**6.16**	6.00 *		

* The comparative figure was restated as if the Bonus Issue had taken place as at the earliest date presented.

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 July 2013

	Note	Non-distributable Share capital RM	Share premium RM	Distributable Retained earnings RM	Total equity RM
Group					
Balance as at 1 August 2011, as previously reported		40,000,000	715,938	20,112,358	60,828,296
Effects of adoption of MFRS 1	35	-	-	3,573,039	3,573,039
Restated balance as at 1 August 2011		40,000,000	715,938	23,685,397	64,401,335
Profit for the financial year		-	-	7,205,553	7,205,553
Other comprehensive income		-	-	-	-
Total comprehensive income		-	-	7,205,553	7,205,553
Transaction with owners:					
Dividend paid	25	-	-	(2,400,000)	(2,400,000)
Total transaction with owners		-	-	(2,400,000)	(2,400,000)
Balance as at 31 July 2012		40,000,000	715,938	28,490,950	69,206,888

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 July 2013

		Non-distributable		Distributable			
	Note	Share capital RM	Share premium RM	Retained earnings RM	Total attributable to owners of the parent RM	Non-controlling interest RM	Total equity RM
Group							
Balance as at 1 August 2012		40,000,000	715,938	28,490,950	69,206,888	-	69,206,888
Profit for the financial year		-	-	7,389,589	7,389,589	4,400	7,393,989
Other comprehensive income		-	-	-	-	-	-
Total comprehensive income		-	-	7,389,589	7,389,589	4,400	7,393,989
Transactions with owners:							
Dividend paid	25	-	-	(2,400,000)	(2,400,000)	-	(2,400,000)
Non-controlling interest arising on a business combination		-	-	-	-	1,822,950	1,822,950
Ordinary shares issued pursuant to bonus issue	13	20,000,000	(715,938)	(19,284,062)	-	-	-
Total transactions with owners		20,000,000	(715,938)	(21,684,062)	(2,400,000)	1,822,950	(577,050)
Balance as at 31 July 2013		60,000,000	-	14,196,477	74,196,477	1,827,350	76,023,827

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

STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 July 2013

		Non-distributable		Distributable	
		Share	Share	Retained	
		capital	premium	earnings	Total
	Note	RM	RM	RM	RM
Company					
Balance as at 1 August 2011		40,000,000	715,938	5,303,887	46,019,825
Profit for the financial year		-	-	3,400,182	3,400,182
Other comprehensive income		-	-	-	-
Total comprehensive income		-	-	3,400,182	3,400,182
Transaction with owners:					
Dividend paid	25	-	-	(2,400,000)	(2,400,000)
Total transaction with owners		-	-	(2,400,000)	(2,400,000)
Balance as at 31 July 2012		40,000,000	715,938	6,304,069	47,020,007
Profit for the financial year		-	-	20,645,725	20,645,725
Other comprehensive income		-	-	-	-
Total comprehensive income		-	-	20,645,725	20,645,725
Transactions with owners:					
Dividend paid	25	-	-	(2,400,000)	(2,400,000)
Ordinary shares issued pursuant to bonus issue	13	20,000,000	(715,938)	(19,284,062)	-
Total transactions with owners		20,000,000	(715,938)	(21,684,062)	(2,400,000)
Balance as at 31 July 2013		60,000,000	-	5,265,732	65,265,732

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

STATEMENTS OF CASH FLOWS

For the financial year ended 31 July 2013

		Group		Company	
		2013	2012	2013	2012
	Note	RM	RM	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax		**8,458,068**	7,830,955	**20,645,725**	4,563,547
Adjustments for:					
Depreciation of property, plant and equipment	7	**4,693,462**	4,269,767	**-**	-
Dividend income	19	**-**	-	**(21,250,000)**	(5,000,000)
Fair value gain on derivative instruments	18(c)	**(1,452,387)**	-	**-**	-
Fair value loss on derivative instruments	18(c)	**-**	356,742	**-**	-
Gain on disposal of plant and equipment		**(80,000)**	-	**-**	-
Interest expenses	21	**1,265,167**	1,661,226	**-**	-
Interest income		**(40,736)**	(20,190)	**-**	-
Plant and equipment written off	7	**132,739**	-	**-**	
Unrealised loss/(gain) on foreign exchange translation		**4,672**	(32,920)	**-**	-
Operating profit/(loss) before working capital changes		**12,980,985**	14,065,580	**(604,275)**	(436,453)
(Increase)/Decrease in inventories		**(3,425,769)**	1,119,335	**-**	-
Increase in trade and other receivables		**(1,790,587)**	(1,322,788)	**-**	-
(Decrease)/Increase in trade and other payables		**(114,356)**	(753,895)	**(5,717)**	67,556
Cash generated from/(used in) operations		**7,650,273**	13,108,232	**(609,992)**	(368,897)
Interest paid		**(4,686)**	(25,963)	**-**	-
Tax paid		**(48,256)**	(2,500)	**-**	-
Net cash from/(used in) operating activities		**7,597,331**	13,079,769	**(609,992)**	(368,897)
CASH FLOWS FROM INVESTING ACTIVITIES					
Dividend received		**-**	-	**21,250,000**	3,750,000
Interest received		**40,736**	20,190	**-**	-
Acquisition of business and a subsidiary	29	**(9,342,825)**	-	**(4,950,000)**	-
Advances to a subsidiary		**-**	-	**(13,190,347)**	(985,462)
Proceeds from disposal of plant and equipment		**80,000**	-	**-**	-
Purchase of property, plant and equipment	7	**(5,855,800)**	(1,408,780)	**-**	-
Net cash (used in)/from investing activities		**(15,077,889)**	(1,388,590)	**3,109,653**	2,764,538

STATEMENTS OF CASH FLOWS

For the financial year ended 31 July 2013

		Group		Company	
		2013	2012	2013	2012
	Note	RM	RM	RM	RM
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividend paid	25	**(2,400,000)**	(2,400,000)	**(2,400,000)**	(2,400,000)
Repayment of bankers' acceptances		**(4,892,000)**	(24,846,000)	**-**	-
Drawdown of foreign currency loans		**8,629,300**	19,590,668	**-**	-
Drawdown of term loan		**2,095,000**	-	**-**	-
Interest paid		**(1,260,481)**	(1,635,263)	**-**	-
Ordinary share capital contributed by non-controlling interest of a subsidiary	29	**4,050,000**	-	**-**	-
Net cash from/(used in) financing activities		**6,221,819**	(9,290,595)	**(2,400,000)**	(2,400,000)
Net (decrease)/increase in cash and cash equivalents		**(1,258,739)**	2,400,584	**99,661**	(4,359)
Cash and cash equivalents at beginning of financial year		**4,415,980**	2,015,396	**6,619**	10,978
Cash and cash equivalents at end of financial year	12	**3,157,241**	4,415,980	**106,280**	6,619

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

1. CORPORATE INFORMATION

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

The registered office of the Company is located at 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 consolidated financial statements for the financial year ended 31 July 2013 comprise the Company and its subsidiaries. These financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 30 October 2013.

2. PRINCIPAL ACTIVITIES

The Company is principally an investment holding company. The principal activities of the subsidiaries are set out in Note 9 to the financial statements. There have been no significant changes in the nature of these activities during the financial year except for the acquisition of a subsidiary as disclosed in Note 29 to the financial statements.

3. BASIS OF PREPARATION

The financial statements of the Group and of the Company set out on pages 43 to 102 have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the provisions of the Companies Act, 1965 in Malaysia.

These are the Group and the Company's first financial statements prepared in accordance with MFRSs, and MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards* has been applied. In the previous financial years, the financial statements of the Group and of the Company were prepared in accordance with Financial Reporting Standards ("FRSs") in Malaysia.

The Group and Company have consistently applied the same accounting policies in its opening MFRSs statement of financial position as at 1 August 2011 and throughout all financial years presented, as if these policies had always been in effect. Comparative figures for the financial year ended 31 July 2012 in these financial statements have been restated to give effect to these changes, and Note 35 to the financial statements discloses the impact of the transition to MFRSs on the Group's and Company's reported financial position, financial performance and cash flows for the financial year then ended.

However, Note 36 to the financial statements set out on page 103 has been prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Basis of accounting

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

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

4.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiaries. Subsidiaries are entities (including special purpose entities) over which the Company has the power to govern the financial and operating policies, generally accompanied by a shareholding giving rise to the majority of the voting rights, as to obtain benefits from its activities.

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

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

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

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

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

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 interest 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.

NOTES TO THE FINANCIAL STATEMENTS

31 July 2013

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.2 Basis of consolidation (Cont'd)

When the Group loses 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 MFRS 139 *Financial Instruments: Recognition and Measurement* or, where applicable, the cost on initial recognition of an investment in associate or jointly controlled entity.

4.3 Business combinations

<u>Business combinations from 1 August 2011 onwards</u>

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

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

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

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

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

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

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

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

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

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

4. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

4.3 Business combinations (Cont'd)

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. The accounting policy for goodwill is set out in Note 4.7 to the financial statements. In instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss on the acquisition date.

Business combinations before 1 August 2011

As part of its transition to MFRSs, the Group elected not to restate those business combinations that occurred before the date of transition to MFRSs, i.e. 1 August 2011.

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 could be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group is obligated to incur when the asset is acquired, if applicable.

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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 4.8 to the financial statements on impairment of non-financial assets).

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

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

4.5 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 subsidiaries

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 MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* when they are classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with MFRS 5.

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 interest 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. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.7 Intangible asset

Goodwill

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

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

4.8 Impairment of non-financial assets

The carrying amount of assets, except for financial assets (excluding investment in subsidiaries) 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.

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

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

Goodwill acquired in a business combination shall be tested for impairment as part of the impairment testing of CGU to which it relates. The CGU to which goodwill is allocated shall represent the lowest level within the Group at which the goodwill is monitored for internal management purposes and not larger than an operating segment determined in accordance with MFRS 8 *Operating Segments*.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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.

4.9 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 and finished goods includes the cost of raw materials, direct labour, other direct cost and a proportion of production overheads based on normal operating capacity of the production facilities.

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

4.10 Financial instruments

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

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

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

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

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

4. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

4.10 Financial instruments (Cont'd)

(a) Financial assets

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

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

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

Subsequent to initial recognition, financial assets classified as at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in the fair value of financial assets classified as at fair value through profit or loss are recognised in profit or loss. 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 is linked to and must be settled by delivery of unquoted equity instruments that do not have a quoted market price in an active market are recognised at cost.

(ii) Held-to-maturity investments

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

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

(iii) Loans and receivables

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

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

4. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

4.10 Financial instruments (Cont'd)

(a) Financial assets (Cont'd)

(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.

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

(b) Financial liabilities

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.10 Financial instruments (Cont'd)

(b) Financial liabilities (Cont'd)

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

(ii) Other financial liabilities

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

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

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

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

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

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

At the end of each reporting period, the Group 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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.10 Financial instruments (Cont'd)

(c) Equity

An equity instrument is any contract that evidences a residual interest in the assets of the Group and 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.

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

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.

4.11 Impairment of financial assets

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

Loans and receivables

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

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

4.12 Borrowing costs

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

4.13 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 statements of profit or loss and other comprehensive income comprise current tax and deferred tax.

(a) Current tax

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.13 Income taxes (Cont'd)

(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 future 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.

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 period, 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 the announcement of tax rates and tax laws by the Government in the annual budgets which have the substantive effect of actual enactment by the end of the reporting period.

4.14 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 would be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.15 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 a contingent asset but discloses its existence where the inflows of economic benefits are probable, but not virtually certain.

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

4.16 Employee benefits

(a) Short term employee benefits

Wages, salaries, social security contributions, paid annual leave, paid sick leave, bonuses and non-monetary benefits are measured on an undiscounted basis and are expensed when employees have rendered their services to the Group.

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

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

(b) Defined contribution plan

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

4.17 Foreign currencies

(a) 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. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.17 Foreign currencies (Cont'd)

(b) Foreign currency transactions and balances

Transactions in foreign currencies are converted into functional currency at rates of exchange ruling at the transaction dates. Monetary assets and liabilities in foreign currencies at the end of each reporting period are translated into functional currency at rates of exchange ruling at that date unless hedged by forward foreign exchange contracts, in which case the rates specified in such forward currency contracts are used. All exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are included in 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.

4.18 Revenue recognition

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

Revenue is recognised to the extent that it is probable that the economic benefits associated with the transaction 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 risks and rewards of ownership of the goods have been transferred to the customer and where the Group retains no continuing managerial involvement over the goods, which coincides with 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.

4.19 Operating segments

Operating segments are defined as components of the Group that:

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

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

(c) for which discrete financial information is available.

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.19 Operating segments (Cont'd)

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

(a) Its reported revenue, including both sales to external customers and intersegment sales or transfers, is ten (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.

4.20 Earnings per share

(a) Basic

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

(b) Diluted

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

5. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs

5.1 New MFRSs adopted during the current financial year

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

Title		Effective date
MFRS 1	*First-time Adoption of Malaysian Financial Reporting Standards*	1 January 2012
MFRS 2	*Share-based Payment*	1 January 2012
MFRS 3	*Business Combinations*	1 January 2012
MFRS 4	*Insurance Contracts*	1 January 2012
MFRS 5	*Non-current Assets Held for Sale and Discontinued Operations*	1 January 2012
MFRS 6	*Exploration for and Evaluation of Mineral Resources*	1 January 2012
MFRS 7	*Financial Instruments: Disclosures*	1 January 2012
MFRS 8	*Operating Segments*	1 January 2012
MFRS 101	*Presentation of Financial Statements*	1 January 2012
MFRS 102	*Inventories*	1 January 2012
MFRS 107	*Statement of Cash Flows*	1 January 2012
MFRS 108	*Accounting Policies, Changes in Accounting Estimates and Errors*	1 January 2012
MFRS 110	*Events After the Reporting Period*	1 January 2012
MFRS 111	*Construction Contracts*	1 January 2012
MFRS 112	*Income Taxes*	1 January 2012
MFRS 116	*Property, Plant and Equipment*	1 January 2012
MFRS 117	*Leases*	1 January 2012
MFRS 118	*Revenue*	1 January 2012
MFRS 119	*Employee Benefits*	1 January 2012
MFRS 120	*Accounting for Government Grants and Disclosure of Government Assistance*	1 January 2012
MFRS 121	*The Effects of Changes in Foreign Exchange Rates*	1 January 2012
MFRS 123	*Borrowing Costs*	1 January 2012
MFRS 124	*Related Party Disclosures*	1 January 2012
MFRS 126	*Accounting and Reporting by Retirement Benefit Plans*	1 January 2012
MFRS 127	*Consolidated and Separate Financial Statements*	1 January 2012
MFRS 128	*Investments in Associates*	1 January 2012
MFRS 129	*Financial Reporting in Hyperinflationary Economies*	1 January 2012
MFRS 131	*Interests in Joint Ventures*	1 January 2012
MFRS 132	*Financial Instruments: Presentation*	1 January 2012
MFRS 133	*Earnings Per Share*	1 January 2012
MFRS 134	*Interim Financial Reporting*	1 January 2012
MFRS 136	*Impairment of Assets*	1 January 2012
MFRS 137	*Provisions, Contingent Liabilities and Contingent Assets*	1 January 2012
MFRS 138	*Intangible Assets*	1 January 2012
MFRS 139	*Financial Instruments: Recognition and Measurement*	1 January 2012
MFRS 140	*Investment Property*	1 January 2012
MFRS 141	*Agriculture*	1 January 2012

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

5.1 New MFRSs adopted during the current financial year (Cont'd)

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

Title		**Effective date**
Improvements to MFRSs (2008)		1 January 2012
Improvements to MFRSs (2009)		1 January 2012
Improvements to MFRSs (2010)		1 January 2012
IC Interpretation 1	*Changes in Existing Decommissioning, Restoration and Similar Liabilities*	1 January 2012
IC Interpretation 2	*Members' Shares in Co-operative Entities and Similar Instruments*	1 January 2012
IC Interpretation 4	*Determining Whether an Arrangement Contains a Lease*	1 January 2012
IC Interpretation 5	*Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds*	1 January 2012
IC Interpretation 6	*Liabilities Arising from Participating in a Specific Market-Waste Electrical and Electronic Equipment*	1 January 2012
IC Interpretation 7	*Applying the Restatement Approach under MFRS 129 Financial Reporting in Hyperinflationary Economies*	1 January 2012
IC Interpretation 9	*Reassessment of Embedded Derivatives*	1 January 2012
IC Interpretation 10	*Interim Financial Reporting and Impairment*	1 January 2012
IC Interpretation 12	*Service Concession Arrangements*	1 January 2012
IC Interpretation 13	*Customer Loyalty Programmes*	1 January 2012
IC Interpretation 14	*MFRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*	1 January 2012
IC Interpretation 15	*Agreements for the Construction of Real Estate*	1 January 2012
IC Interpretation 16	*Hedges of a Net Investment in a Foreign Operation*	1 January 2012
IC Interpretation 17	*Distributions of Non-cash Assets to Owners*	1 January 2012
IC Interpretation 18	*Transfers of Assets from Customers*	1 January 2012
IC Interpretation 19	*Extinguishing Financial Liabilities with Equity Instruments*	1 January 2012
IC Interpretation 107	*Introduction of the Euro*	1 January 2012
IC Interpretation 110	*Government Assistance - No Specific Relation to Operating Activities*	1 January 2012
IC Interpretation 112	*Consolidation - Special Purpose Entities*	1 January 2012
IC Interpretation 113	*Jointly Controlled Entities - Non-Monetary Contributions by Venturers*	1 January 2012
IC Interpretation 115	*Operating Leases - Incentives*	1 January 2012
IC Interpretation 125	*Income Taxes - Changes in the Tax Status of an Entity or its Shareholders*	1 January 2012
IC Interpretation 127	*Evaluating the Substance of Transactions Involving the Legal Form of a Lease*	1 January 2012

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

5.1 New MFRSs adopted during the current financial year (Cont'd)

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

Title		**Effective date**
IC Interpretation 129	*Service Concession Arrangements: Disclosures*	1 January 2012
IC Interpretation 131	*Revenue - Barter Transactions Involving Advertising Services*	1 January 2012
IC Interpretation 132	*Intangible Assets - Web Site Costs*	1 January 2012
Amendments to MFRS 101	*Presentation of Items of Other Comprehensive Income*	1 July 2012

(a) Amendments to MFRS 101 *Clarification of the Requirements for Comparative Information* are mandatory for annual periods beginning on or after 1 January 2013.

The Group has early adopted Amendments to MFRS 101 *Clarification of the Requirements for Comparative Information* in conjunction with the application of MFRS 101. These Amendments clarify that the third statement of financial position is required only if a retrospective application, retrospective restatement or reclassification has a material effect on the information in the statement of financial position at the beginning of the preceding period. If the third statement of financial position is presented, these Amendments clarify that the related notes to the opening statement of financial position need not be disclosed. Accordingly, there are no related notes disclosed in relation to the opening statement of financial position as at 1 August 2011.

(b) Amendments to MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards* are mandatory for annual periods beginning on or after 1 January 2013.

The Group has early adopted Amendments to MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards* in conjunction with the application of MFRS 1. These Amendments clarify that the first MFRS financial statements shall include at least three statements of financial position, two statements of profit or loss and other comprehensive income, two separate statements of profit or loss (if presented), two statements of cash flows and two statements of changes in equity and related notes, including comparative information for all statements presented.

5.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2013

The following are accounting standards, amendments and interpretations of the MFRS Framework that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been early adopted by the Company.

Title		**Effective date**
MFRS 10	*Consolidated Financial Statements*	1 January 2013
MFRS 11	*Joint Arrangements*	1 January 2013
MFRS 12	*Disclosure of Interests in Other Entities*	1 January 2013
MFRS 13	*Fair Value Measurement*	1 January 2013
MFRS 119	*Employee Benefits (revised)*	1 January 2013
MFRS 127	*Separate Financial Statements*	1 January 2013
MFRS 128	*Investments in Associates and Joint Ventures*	1 January 2013
Amendments to MFRS 7	*Disclosure - Offsetting Financial Assets and Financial Liabilities*	1 January 2013

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

5.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2013 (Cont'd)

The following are accounting standards, amendments and interpretations of the MFRS Framework that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been early adopted by the Company (Cont'd).

Title		**Effective date**
Amendments to MFRSs	*Annual Improvements 2009 – 2012 Cycle*	1 January 2013
Amendments to MFRS 10, MFRS 11 and MFRS 12	*Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance*	1 January 2013
IC Interpretation 20	*Stripping Costs in the Production Phase of a Surface Mine*	1 January 2013
Amendments to MFRS 132	*Offsetting Financial Assets and Financial Liabilities*	1 January 2014
Amendments to MFRS 136	*Recoverable Amount Disclosures for Non-Financial Assets*	1 January 2014
Amendments to MFRS 139	*Novation of Derivatives and Continuation of Hedge Accounting*	1 January 2014
IC Interpretation 21	*Levies*	1 January 2014
Mandatory Effective Date of MFRS 9 and Transition Disclosures		1 January 2015
MFRS 9	*Financial Instruments*	1 January 2015

The Group is in the process of assessing the impact of implementing these accounting standards, amendments and interpretations, since the effects would only be observable for the future financial years.

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 material changes in estimates during the reporting period and 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.

(a) Contingent liabilities

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

(b) Classification of non-current bank borrowing

Term loan agreement entered into by the Group includes repayment on demand clause at the discretion of the financial institution. The Group believes that in the absence of a default being committed by the Group, the financial institution is not entitled to exercise its right to demand for repayment. Accordingly, the carrying amount of the term loan has been classified between current and non-current liabilities based on its repayment period.

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

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 each 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.

(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. Management specifically analyses historical bad debt, customer concentration, 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 could not be recovered. Management specifically analyses sales trend and current economic trends when making this 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 and Company'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 and Company recognise 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 and Company 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, where applicable, in the period in which such determination is made.

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

6.3 Key sources of estimation uncertainty (Cont'd)

(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. Sensitivity analysis of the effects of interest rate risk has been disclosed in Note 33(i) to the financial statements.

7. PROPERTY, PLANT AND EQUIPMENT

Group

2013	Balance as at 1.8.2012 RM	Acquisition of business (Note 29) RM	Additions RM	Disposals (Note (b) below) RM	Written off RM	Depreciation charge for the year RM	Balance as at 31.7.2013 RM
Carrying amount							
Freehold land	8,825,000	1,851,000	-	-	-	-	**10,676,000**
Buildings	19,116,315	2,800,000	414,322	-	-	(487,532)	**21,843,105**
Plant and machinery	33,427,691	877,746	4,691,986	-	(125,043)	(3,793,209)	**35,079,171**
Office equipment	294,207	98,634	275,047	-	(7,696)	(66,642)	**593,550**
Furniture and fittings	116,091	271,713	950	-	-	(39,224)	**349,530**
Electrical fittings	1,207,267	16,944	77,464	-	-	(122,861)	**1,178,814**
Motor vehicles	200,694	244,750	180,280	-	-	(130,104)	**495,620**
Renovations	-	582,805	215,751	-	-	(53,890)	**744,666**
	63,187,265	6,743,592	5,855,800	-	(132,739)	(4,693,462)	**70,960,456**

	At 31 July 2013 Cost RM	Accumulated depreciation RM	Carrying amount RM
Freehold land	**10,676,000**	**-**	**10,676,000**
Buildings	**25,700,724**	**(3,857,619)**	**21,843,105**
Plant and machinery	**62,732,342**	**(27,653,171)**	**35,079,171**
Office equipment	**982,391**	**(388,841)**	**593,550**
Furniture and fittings	**578,135**	**(228,605)**	**349,530**
Electrical fittings	**2,683,906**	**(1,505,092)**	**1,178,814**
Motor vehicles	**872,646**	**(377,026)**	**495,620**
Renovations	**798,556**	**(53,890)**	**744,666**
	105,024,700	**(34,064,244)**	**70,960,456**

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

Group

2012	Balance as at 1.8.2011 RM	Additions RM	Reclassification RM	Depreciation charge for the year RM	Balance as at 31.7.2012 RM
Carrying amount					
Freehold land	8,825,000	-	-	-	8,825,000
Buildings	19,566,044	-	-	(449,729)	19,116,315
Plant and machinery	34,854,929	1,386,021	698,779	(3,512,038)	33,427,691
Construction-in-progress	698,779	-	(698,779)	-	-
Office equipment	329,183	22,569	-	(57,545)	294,207
Furniture and fittings	144,883	190	-	(28,982)	116,091
Electrical fittings	1,327,500	-	-	(120,233)	1,207,267
Motor vehicles	301,934	-	-	(101,240)	200,694
	66,048,252	1,408,780	-	(4,269,767)	63,187,265

	At 31 July 2012		
	Cost RM	Accumulated depreciation RM	Carrying amount RM
Freehold land	8,825,000	-	8,825,000
Buildings	22,486,402	(3,370,087)	19,116,315
Plant and machinery	59,154,382	(25,726,691)	33,427,691
Office equipment	642,630	(348,423)	294,207
Furniture and fittings	305,472	(189,381)	116,091
Electrical fittings	2,589,498	(1,382,231)	1,207,267
Motor vehicles	581,702	(381,008)	200,694
	94,585,086	(31,397,821)	63,187,265

(a) As at 31 July 2013, freehold land and buildings with a carrying amount of RM5,027,518 (2012: Nil) have been charged to a bank for credit facilities granted to the Group (Note 15).

(b) Property, plant and equipment of the Group with a cost of RM134,086 (2012: Nil) which have been fully depreciated have been disposed of during the financial year.

8. INTANGIBLE ASSET

Group	Balance as at 1.8.2012 RM	Acquisition of business (Note 29) RM	Balance as at 31.7.2013 RM
Carrying amount			
Goodwill	-	2,721,950	**2,721,950**

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

9. INVESTMENTS IN SUBSIDIARIES

	Company 2013 RM	2012 RM
Unquoted shares, at cost	**59,678,559**	25,978,559

The details of the subsidiaries are as follows:

Name of company	Country of incorporation	Effective interest in equity 2013	2012	Principal activities
Formosa Shyen Horng Metal Sdn. Bhd. ("Formosa")	Malaysia	**100%**	100%	Manufacturing and marketing of aluminium billets.
HongLee Group (M) Sdn. Bhd. ("HongLee Group")	Malaysia	**55%**	-	Manufacturing and marketing of all types of aluminium and glass fittings and other related activities.
Subsidiary of HongLee Group				
HongLee Design & Marketing Sdn. Bhd. ("HongLee Design")	Malaysia	**55%**	-	Marketing and trading of all kinds of aluminium and glass products and other related activities.

All the subsidiaries are audited by BDO.

During the financial year:

(i) the Company subscribed for 28,750,000 newly issued ordinary shares of RM1.00 each at par in Formosa, by way of satisfaction of the indebtedness of RM28,750,000 owing by the subsidiary to the Company; and

(ii) the Company subscribed for 4,950,000 ordinary shares of RM1.00 each at par in HongLee Group, representing 55% equity interest in HongLee Group, a company incorporated in Malaysia which is engaged in the manufacturing and marketing of all types of aluminium and glass fittings and other related activities, for a cash consideration of RM4,950,000.

10. INVENTORIES

	Group 2013 RM	Group 2012 RM
At cost		
Raw materials	**29,173,602**	25,002,789
Work-in-progress	**1,160,099**	686,846
Stores and spares	**1,582,063**	1,422,989
Finished goods	**665,788**	-
	32,581,552	27,112,624

11. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Trade receivables				
Third parties	**32,012,234**	24,228,744	**-**	-
Other receivables				
Amounts owing by subsidiaries	**-**	-	**5,512,846**	21,072,499
Other receivables	**3,776,969**	8,509,869	**-**	-
	3,776,969	8,509,869	**5,512,846**	21,072,499
Deposits and prepayments				
Deposits	**209,110**	642,813	**1,000**	1,000
Prepayments	**522,437**	182,386	**-**	-
	731,547	825,199	**1,000**	1,000
	36,520,750	33,563,812	**5,513,846**	21,073,499

(a) The credit terms of trade receivables range from 7 days to 6 months (2012: 7 days to 6 months) from date of invoice. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

(b) Included in other receivables are advance payments to overseas suppliers amounting to RM3,684,099 (2012: RM8,379,178).

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

11. TRADE AND OTHER RECEIVABLES (CONT'D)

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

	Group		Company	
	2013	**2012**	**2013**	**2012**
	RM	**RM**	**RM**	**RM**
Ringgit Malaysia	**24,546,792**	21,352,132	**5,513,846**	21,073,499
US Dollar	**11,451,521**	12,029,294	**-**	-
	35,998,313	33,381,426	**5,513,846**	21,073,499

(e) Trade receivables of the Group at the 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.

(f) Information on financial risks of trade and other receivables is disclosed in Note 33 to the financial statements.

12. CASH AND CASH EQUIVALENTS

	Group		Company	
	2013	**2012**	**2013**	**2012**
	RM	**RM**	**RM**	**RM**
Cash and bank balances	**3,157,241**	4,415,980	**106,280**	6,619

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

	Group		Company	
	2013	**2012**	**2013**	**2012**
	RM	**RM**	**RM**	**RM**
Ringgit Malaysia	**2,621,455**	2,045,061	**106,280**	6,619
US Dollar	**515,221**	2,347,611	**-**	-
Others	**20,565**	23,308	**-**	-
	3,157,241	4,415,980	**106,280**	6,619

(b) Information on financial risks of cash and equivalents is disclosed in Note 33 to the financial statements.

13. SHARE CAPITAL

	Group and Company			
	2013		2012	
	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				
Balance as at 1 August 2012 / 2011	**80,000,000**	**40,000,000**	80,000,000	40,000,000
Issued pursuant to bonus issue	**40,000,000**	**20,000,000**	-	-
Balance as at 31 July 2013/2012	**120,000,000**	**60,000,000**	80,000,000	40,000,000

During the financial year, the issued and fully paid-up share capital of the Company was increased from RM40,000,000 to RM60,000,000 by way of bonus issue of 40,000,000 new ordinary shares of RM0.50 each at par on the basis of one (1) new ordinary share for every two (2) existing ordinary shares for working capital purposes.

The owners of the parent are entitled to receive dividends as and when declared by the Company and are entitled to one (1) vote per ordinary share at meetings of the Company. All ordinary shares rank pari passu with regard to the Company's residual assets.

14. RESERVES

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Non-distributable				
Share premium	**-**	715,938	**-**	715,938
Distributable				
Retained earnings	**14,196,477**	28,490,950	**5,265,732**	6,304,069
	14,196,477	29,206,888	**5,265,732**	7,020,007

Retained earnings

Effective 1 January 2008, the Company was 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 is no additional tax liability to be incurred on the Company upon payment of dividends out of its entire retained earnings as at the end of the reporting period.

15. BORROWINGS

	Group 2013 RM	Group 2012 RM
Current liabilities		
Short term bank loans:		
Bankers' acceptances	**6,550,000**	11,442,000
Foreign currency loans	**39,791,690**	31,162,390
Term loans	**170,961**	-
	46,512,651	42,604,390
Non-current liability		
Term loans	**1,924,039**	-
	48,436,690	42,604,390
Total borrowings		
Short term bank loans:		
Bankers' acceptances	**6,550,000**	11,442,000
Foreign currency loans	**39,791,690**	31,162,390
Term loans	**2,095,000**	-
	48,436,690	42,604,390

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

	Group 2013 RM	Group 2012 RM
Ringgit Malaysia	**8,645,000**	11,442,000
US Dollar	**39,791,690**	31,162,390
	48,436,690	42,604,390

(b) All short term bank loans are secured by a corporate guarantee from the Company.

(c) Term loan is secured by:

(i) a corporate guarantee from the Company; and

(ii) a charge over a subsidiary's freehold land and buildings with a carrying amount of RM5,027,518 (2012: Nil) (Note 7(a)).

(d) The term loan is repayable in twelve (12) quarterly installments starting from next financial year.

(e) Information on financial risks of borrowings is disclosed in Note 33 to the financial statements.

16. DEFERRED TAX

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

	Group 2013 RM	Group 2012 RM
Balance as at 1 August 2012/2011	**6,501,136**	5,794,147
Recognised in profit or loss (Note 23)	**1,032,988**	706,989
Balance as at 31 July 2013/2012	**7,534,124**	6,501,136
Presented after appropriate offsetting:		
Deferred tax assets	**(128,838)**	(918,497)
Deferred tax liabilities	**7,662,962**	7,419,633
	7,534,124	6,501,136

(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 2012	**7,419,633**
Recognised in profit or loss	**243,329**
At 31 July 2013	**7,662,962**
At 1 August 2011	7,236,562
Recognised in profit or loss	183,071
At 31 July 2012	7,419,633

16. DEFERRED TAX (CONT'D)

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

Deferred tax assets of the Group

	Unused tax losses and unabsorbed capital allowance RM	Other deductible temporary differences RM	Total RM
At 1 August 2012	**837,541**	**80,956**	**918,497**
Recognised in profit or loss	**(435,960)**	**(353,699)**	**(789,659)**
At 31 July 2013	**401,581**	**(272,743)**	**128,838**
At 1 August 2011	1,437,100	5,315	1,442,415
Recognised in profit or loss	(599,559)	75,641	(523,918)
At 31 July 2012	837,541	80,956	918,497

The deductible temporary differences do not expire under the current tax legislation.

17. TRADE AND OTHER PAYABLES

	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Trade payables				
Third parties	**3,603,663**	4,085,826	**-**	-
Other payables				
Other payables	**7,572,030**	4,887,805	**6,804**	13,521
Accruals	**988,758**	745,251	**206,500**	205,500
Amounts owing to related parties	**2,937,720**	-	**-**	-
Deposits	**66,305**	-	**-**	-
	11,564,813	5,633,056	**213,304**	219,021
	15,168,476	9,718,882	**213,304**	219,021

(a) Trade payables are non-interest bearing and the normal credit terms granted to the Group ranged from 7 days to 1 month (2012: 7 days to 1 month).

(b) The amounts owing to related parties represent advances received which are unsecured, interest-free and payable upon demand in cash and cash equivalents.

17. TRADE AND OTHER PAYABLES (CONT'D)

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

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Ringgit Malaysia	**13,877,292**	8,178,707	**213,304**	219,021
US Dollar	**1,264,505**	1,538,192	**-**	-
Others	**26,679**	1,983	**-**	-
	15,168,476	9,718,882	**213,304**	219,021

(d) Information on financial risks of trade and other payables is disclosed in Note 33 to the financial statements.

18. DERIVATIVE ASSETS/(LIABILITIES)

	2013			2012	
Group	**Contract/ Notional amount RM**	**Assets RM**	**Liabilities RM**	**Contract/ Notional amount RM**	**Liabilities RM**
Commodity future contracts					
- Purchase contracts	**2,638,188**	**-**	**(10,562)**	5,017,824	(322,162)
Forward currency contracts					
- Purchase contracts	**15,583,901**	**1,034,607**	**-**	20,387,706	(106,180)
		1,034,607	**(10,562)**		(428,342)

(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 aluminium. 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 underlying commodity as at the end of the reporting period.

(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 underlying currencies at the end of the reporting period.

(c) During the financial year, the Group recognised total gain of RM1,452,387 (2012: loss of RM356,742) arising from fair value changes of derivatives. The methods and assumptions applied in determining the fair values of derivatives are disclosed in Note 32(d) to the financial statements.

19. REVENUE

	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Sale of goods	**431,498,192**	400,432,513	**-**	-
Dividend income from a subsidiary	**-**	-	**21,250,000**	5,000,000
	431,498,192	400,432,513	**21,250,000**	5,000,000

20. COST OF SALES

	Group 2013 RM	Group 2012 RM
Inventories sold	**415,179,842**	386,276,045

21. FINANCE COSTS

	Group 2013 RM	Group 2012 RM
Interest expense on:		
- bankers' acceptances	**804,590**	1,055,283
- foreign currency loans	**455,891**	579,980
- bank overdraft	**4,686**	25,963
	1,265,167	1,661,226

22. PROFIT BEFORE TAX

		Group		Company	
		2013	2012	2013	2012
	Note	RM	RM	RM	RM
Profit before tax is arrived at after charging:					
Auditors' remuneration:					
- Statutory		**63,500**	47,500	**14,000**	13,000
- Non-statutory		**6,500**	6,500	**6,500**	6,500
Depreciation of property, plant and equipment	7	**4,693,462**	4,269,767	**-**	-
Director's remuneration:					
- fees		**186,000**	186,000	**186,000**	186,000
- emoluments other than fees		**903,438**	718,684	**112,113**	92,402
Rental of:					
- machinery		**885,210**	837,060	**-**	-
- office equipment		**2,390**	-	**-**	-
- hostel		**20,050**	19,200	**-**	-
- showroom		**68,010**	-	**-**	-
Fair value loss on derivative instruments	18(c)	**-**	356,742	**-**	-
Plant and equipment written off	7	**132,739**	-	**-**	-
Unrealised loss on foreign exchange		**4,672**	-	**-**	-
Interest expense	21	**1,265,167**	1,661,226	**-**	-
And crediting:					
Fair value gain on derivative instruments	18(c)	**1,452,387**	-	**-**	-
Gain on foreign exchange:					
- realised		**34,331**	77,114	**-**	-
- unrealised		**-**	32,920	**-**	-
Dividend income received from a subsidiary	19	**-**	-	**21,250,000**	5,000,000
Gain on disposal of plant and equipment		**80,000**	-	**-**	-
Interest income		**40,736**	20,190	**-**	-

23. TAXATION

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Current tax expense based on profit for the financial year:				
- current year	**31,091**	(81,587)	**-**	1,163,365
	31,091	(81,587)	**-**	1,163,365
Deferred tax (Note 16)				
- current year	**1,031,045**	673,746	**-**	-
- under provision in prior years	**1,943**	33,243	**-**	-
	1,032,988	706,989	**-**	-
	1,064,079	625,402	**-**	1,163,365

The Malaysian income tax is calculated at the statutory tax rate of 25% (2012: 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 RM8,177,735 (2012: RM10,364,320) and RM34,446,529 (2012: 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		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Tax at Malaysian statutory tax rate of 25% (2012: 25%)	**2,114,517**	1,957,739	**5,161,431**	1,140,887
Tax effects in respect of:				
Non-allowable expenses	**236,166**	84,022	**151,069**	22,478
Non-taxable income	**-**	-	**(5,312,500)**	-
Tax incentives	**(1,288,547)**	(1,449,602)	**-**	-
	1,062,136	592,159	**-**	1,163,365
Under provision of deferred tax in prior years	**1,943**	33,243	**-**	-
	1,064,079	625,402	**-**	1,163,365

24. EARNINGS PER SHARE

(a) Basic

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

	2013	2012
Profit attributable to equity holders of the Company (RM)	**7,389,589**	7,205,553
Weighted average number of ordinary shares in issue	**80,000,000**	80,000,000
Effect of bonus issue	**40,000,000**	40,000,000
Adjusted weighted average number of ordinary shares applicable to basic earnings per ordinary share	**120,000,000**	120,000,000
Basic earnings per ordinary share (sen)	**6.16**	6.00*

* *The comparative figure was restated as if the Bonus Issue had taken place as at the earliest date presented.*

(b) Diluted

Diluted earnings per ordinary share equals basic earnings per ordinary share as there are no dilutive potential ordinary shares outstanding during the financial year.

25. DIVIDEND

	Group and Company			
	2013		2012	
	Dividend per share	Amount of dividend	Dividend per share	Amount of dividend
	Sen	RM	Sen	RM
First and final single tier dividend paid	**3.00**	**2,400,000**	3.00	2,400,000

A first and final single tier dividend in respect of the financial year ended 31 July 2012 of 3.00 sen per ordinary share, amounting to RM2,400,000 was approved by the shareholders at the Annual General Meeting held on 20 December 2012. The dividend was paid on 8 January 2013 and had been accounted for as an appropriation of retained earnings during the financial year ended 31 July 2013.

26. EMPLOYEE BENEFITS

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Salaries, bonuses and wages	**6,615,773**	5,190,829	**143,020**	114,511
Contributions to defined contribution plan	**342,414**	252,180	**2,236**	2,465
Social security contributions	**46,737**	37,604	**464**	327
Other benefits	**373,261**	392,950	**-**	-
	7,378,185	5,873,563	**145,720**	117,303

Included in the employee benefits of the Group and of the Company are Directors' remuneration amounting to RM903,438 (2012: RM718,684) and RM112,113 (2012: RM92,402) respectively.

27. 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	
	2013	2012
	RM	RM
Not later than one (1) year	**860,400**	830,400
Later than one (1) year and not later than five (5) years	**496,102**	1,214,002
	1,356,502	2,044,402

(b) Capital commitments

	Group	
	2013	2012
	RM	RM
Capital expenditure in respect of purchase of property, plant and equipment:		
- Authorised and contracted for	**-**	3,962,654
- Authorised but not contracted for	**5,699,000**	1,090,000
	5,699,000	5,052,654

28. CONTINGENT LIABILITIES - UNSECURED

	Company 2013 RM	Company 2012 RM
Corporate guarantees given to financial institutions for banking facilities granted to the subsidiaries	**48,436,690**	42,604,390
Corporate guarantee given to a third party for the supply of goods to a subsidiary	**241,840**	-
	48,678,530	42,604,390

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

29. BUSINESS COMBINATIONS

During the financial year, the Company subscribed for 55% of the issued and paid-up share capital of HongLee Group (M) Sdn. Bhd. ("HongLee Group"), a company incorporated in Malaysia which is engaged in the manufacturing of all types of aluminium and glass fittings and other related activities, for a cash consideration of RM4,950,000. The non-controlling interest subscribed for 45% of the issued and paid-up share capital of HongLee Group for a cash consideration of RM4,050,000.

The Group acquired HongLee Group in order to strengthen its position as a leading manufacturer of aluminium in Malaysia and to diversify its operation. The acquisition is also expected to increase the Group's return on margin.

HongLee Group and its subsidiary, HongLee Design have contributed RM3,746,097 of revenue and RM9,777 to the profit of the Group for the financial year from the acquisition date. Had the business combination taken place at the beginning of the year, revenue of the Group would not have been materially different.

As part of the acquisition of HongLee Group during the financial year, the Company through HongLee Group has acquired certain assets and liabilities of Hong Lee Aluminium Sdn. Bhd. ("Hong Lee Aluminium"), a company incorporated in Malaysia which is engaged in the manufacturing and marketing of aluminium and glass frames and related contracts, for a cash consideration of RM9,342,825.

(i) The fair value of the identifiable assets and liabilities as at the date of acquisition are as follows:

	RM
Property, plant and equipment	6,743,592
Inventories	2,043,159
Trade and other receivables	1,166,351
Trade and other payables	(5,902,102)
Total identifiable net assets	4,051,000
Non-controlling interest measured at proportionate share of the net identifiable assets	(1,822,950)
	2,228,050
Purchase consideration	4,950,000
Goodwill on consolidation	2,721,950

(ii) Transaction costs of RM90,758 related to the acquisition have been recognised in profit or loss as administrative expenses.

30. RELATED PARTY DISCLOSURES

(a) Identities of related parties

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

The Company has controlling related party relationship with its direct and indirect subsidiaries.

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

	Group	
	2013	**2012**
	RM	**RM**
Advances received from companies in which certain directors of a subsidiary have financial interest	**2,937,720**	-

The related party transactions 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 are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any Director (whether executive or otherwise) of the Group and the Company.

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

	Group		Company	
	2013	**2012**	**2013**	**2012**
	RM	**RM**	**RM**	**RM**
Short term employee benefits	**2,971,194**	1,705,870	**316,942**	**291,364**
Contributions to defined contribution plan	**298,821**	194,120	**14,778**	**11,939**
	3,270,015	1,899,990	**331,720**	**303,303**

The estimated monetary value of benefits-in-kind received by the Directors of the Group during the financial year amounted to RM32,558 (2012: RM30,450).

31. OPERATING SEGMENTS

A-Rank Berhad and its subsidiaries are principally engaged in investment holding, manufacturing and marketing of aluminium billets and manufacturing and marketing of all types of aluminium and glass fittings and other related activities.

The 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 comprise countries such as Uruguay and the Netherlands.

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.

2013	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	**260,992**	**120,503**	**29,332**	**19,254**	**1,417**	**431,498**
Results						
Segment operating profit	**6,811**	**2,003**	**500**	**350**	**18**	**9,682**
Interest income						**41**
Unallocated expenses						
- interest expenses						**(1,265)**
Net finance costs						**(1,224)**
Segment profit before tax						**8,458**
Tax expense						**(1,064)**
Profit for the year						**7,394**
Assets						
Segment assets	**138,174**	**6,119**	**935**	**714**	**-**	**145,942**
Unallocated assets						
- current tax assets						**223**
- derivative financial assets						**1,035**
Total assets						**147,200**

31. OPERATING SEGMENTS (CONT'D)

2013	**Malaysia RM'000**	**South East Asia other than Malaysia RM'000**	**South Asia RM'000**	**Africa RM'000**	**Others RM'000**	**Total RM'000**
Liabilities						
Segment liabilities	**15,168**	**-**	**-**	**-**	**-**	**15,168**
Unallocated liabilities						
- borrowings						**48,437**
- current tax liabilities						**26**
- deferred tax liabilities						**7,534**
- derivative liabilities						**11**
						56,008
Total liabilities						**71,176**
Capital expenditure	**5,856**	**-**	**-**	**-**	**-**	**5,856**
Depreciation of property, plant and equipment	**4,693**	**-**	**-**	**-**	**-**	**4,693**

2012	**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	228,462	114,057	31,354	25,270	1,290	400,433
Results						
Segment operating profit	6,909	1,650	516	375	22	9,472
Interest income						20
Unallocated expenses						
- interest expenses						(1,661)
Net finance costs						(1,641)
Segment profit before tax						7,831
Tax expense						(625)
Profit for the year						7,206
Assets						
Segment assets	124,631	2,053	591	1,005	-	128,280
Unallocated assets						
- current tax assets						180
Total assets						128,460

31. OPERATING SEGMENTS (CONT'D)

2012	Malaysia RM'000	South East Asia other than Malaysia RM'000	South Asia RM'000	Africa RM'000	Others RM'000	Total RM'000
Liabilities						
Segment liabilities	9,719	-	-	-	-	9,719
Unallocated liabilities						
- borrowings						42,605
- deferred tax liabilities						6,501
- derivative liabilities						428
						49,534
Total liabilities						59,253
Capital expenditure	1,409	-	-	-	-	1,409
Depreciation of property, plant and equipment	4,270	-	-	-	-	4,270

(a) Major customer

Revenue from two (2) customers in the Malaysia segment represent approximately RM106,623,000 (2012: RM100,484,000) of the Group's revenue.

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

	Revenue 2013 RM	Revenue 2012 RM	Segment
Customer A	**82,864,924**	79,336,937	Malaysia

32. 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 2012.

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 2013 and 31 July 2012.

32. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial instruments

(i) Categories of financial instruments

Group	Loans and receivables RM	Fair value through profit or loss RM	Total RM
31 July 2013			
Financial assets			
Trade and other receivables	**35,998,313**	**-**	**35,998,313**
Cash and cash equivalents	**3,157,241**	**-**	**3,157,241**
Derivative financial assets	**-**	**1,034,607**	**1,034,607**
	39,155,554	**1,034,607**	**40,190,161**

	Other financial liabilities RM	Fair value through profit or loss RM	Total RM
Financial liabilities			
Trade and other payables	**15,168,476**	**-**	**15,168,476**
Borrowings	**48,436,690**	**-**	**48,436,690**
Derivative financial liabilities	**-**	**10,562**	**10,562**
	63,605,166	**10,562**	**63,615,728**

Group	Loans and receivables RM	Total RM
31 July 2012		
Financial assets		
Trade and other receivables	33,381,426	33,381,426
Cash and cash equivalents	4,415,980	4,415,980
	37,797,406	37,797,406

	Other financial liabilities RM	Fair value through profit or loss RM	Total RM
Financial liabilities			
Trade and other payables	9,718,882	-	9,718,882
Borrowings	42,604,390	-	42,604,390
Derivative financial liabilities	-	428,342	428,342
	52,323,272	428,342	52,751,614

32. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial instruments (Cont'd)

(i) Categories of financial instruments (Cont'd)

Company	Loans and receivables RM
31 July 2013	
Financial assets	
Trade and other receivables	**5,513,846**
Cash and cash equivalents	**106,280**
	5,620,126

	Other financial liabilities RM
Financial liabilities	
Trade and other payables	**213,304**

Company	Loans and receivables RM
31 July 2012	
Financial assets	
Trade and other receivables	21,073,499
Cash and cash equivalents	6,619
	21,080,118

	Other financial liabilities RM
Financial liabilities	
Trade and other payables	219,021

32. FINANCIAL INSTRUMENTS (CONT'D)

(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:

Company

	2013		2012	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
	RM	**RM**	**RM**	**RM**
Unrecognised				
Financial guarantees given by the Company to financial institutions in respect of banking facilities granted to subsidiaries	**-**	**#**	-	#

\# The fair value of the financial corporate guarantees is negligible in view of the financial strength of the subsidiaries.

(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.

(ii) Derivatives

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

32. FINANCIAL INSTRUMENTS (CONT'D)

(e) Fair value hierarchy (Cont'd)

As at 31 July 2013, the Group held the following financial instruments carried at fair value on the statement of financial position:

Assets measured at fair value	**Total RM**	**Level 1 RM**	**Level 2 RM**	**Level 3 RM**
Financial assets at fair value through profit or loss				
- Forward currency contracts	**1,034,607**	**-**	**1,034,607**	**-**

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	**10,562**	**10,562**	**-**	**-**

As at 31 July 2012, 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	322,162	322,162	-	-
- Forward currency contracts	106,180	-	106,180	-
	428,342	322,162	106,180	-

There were no transfers between Level 1 and Level 2 fair value measurements during the financial years ended 31 July 2013 and 31 July 2012.

33. 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 with clearly defined guidelines that are regularly reviewed by the Board of Directors. Financial risk management is carried out through risk review programmes, internal control systems and adherence to the 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.

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(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. The Group regularly reviews and ensure that it obtains bank borrowings at competitive rates under the most favourable terms and conditions.

Sensitivity analysis for interest rate risk

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

	Group	
	2013	**2012**
Profit after tax	**RM**	**RM**
- Increase by 0.5% (2012: 0.5%)	**227,603**	224,100
- Decrease by 0.5% (2012: 0.5%)	**(227,603)**	(224,100)

The sensitivity is higher in 2013 than in 2012 because of an increase in outstanding borrowings during the financial year. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

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

Group	**Note**	**Weighted average effective interest rate**	**Within 1 year**	**1-2 years**	**2-3 years**	**3-4 years**	**4-5 years**	**More than 5 years**	**Total**
		%	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**
At 31 July 2013									
Floating rate									
Bankers' acceptances	15	3.93	**6,550,000**	**-**	**-**	**-**	**-**	**-**	**6,550,000**
Foreign currency loans	15	0.99	**39,791,690**	**-**	**-**	**-**	**-**	**-**	**39,791,690**
Term loans	15	4.20	**170,961**	**179,526**	**187,022**	**195,221**	**203,580**	**1,158,690**	**2,095,000**
At 31 July 2012									
Floating rate									
Bankers' acceptances	15	3.91	11,442,000	-	-	-	-	-	11,442,000
Foreign currency loans	15	1.66	31,162,390	-	-	-	-	-	31,162,390

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(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.

The Group also hold cash and cash equivalents denominated in foreign currencies for working capital purposes. At the end of each reporting period, such foreign currency balances (in US Dollars) amount to RM515,221 (2012: RM2,347,611) for the Group.

Transactional currency exposures arise from sales to overseas customers. These sales are priced in Ringgit Malaysia but invoiced in US Dollars. The Group also makes purchases of raw materials from overseas suppliers in US Dollars. 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 the end of each reporting period are as follows:

	Expiry date	Contract amount USD	Equivalent RM
2013			
Purchase contracts used to hedge anticipated settlement of foreign currency loan	Within four (4) months	**4,948,910**	**15,583,901**
2012			
Purchase contracts used to hedge anticipated settlement of foreign currency loan	Within four (4) months	6,450,867	20,387,706

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

Profit after tax		**Group 2013 RM**	**Group 2012 RM**
USD/RM	- strengthen by 3% (2012: 3%)	**(872,684)**	(549,710)
	- weaken by 3% (2012: 3%)	**872,684**	549,710

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(iii) Credit risk

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

The Group's primary exposure to credit risk arises through its trade receivables. The Group's trading terms with its customers are mainly on credit. The credit period is generally for a period of seven (7) days, 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 each 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.

Credit risk concentration profile

The Group determines concentration of credit risk by monitoring its trade receivables on an ongoing basis. At the end of the reporting period, approximately 40% (2012: 41%) of the Group's trade receivables were due from the 5 major customers located in Malaysia.

At the end of the reporting period, 100% (2012: 100%) of the Company's receivables were due from its subsidiaries.

Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 11(e) 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.

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(iv) Liquidity and cash flow risk (Cont'd)

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

As at 31 July 2013	Note	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
Group					
Financial liabilities					
Trade and other payables	17	**15,168,476**	**-**	**-**	**15,168,476**
Derivative liabilities	18	**10,562**	**-**	**-**	**10,562**
Borrowings	15	**46,512,651**	**1,284,634**	**1,287,081**	**49,084,366**
Total undiscounted financial liabilities		**61,691,689**	**1,284,634**	**1,287,081**	**64,263,404**
Company					
Financial liabilities					
Trade and other payables	17	**213,304**	**-**	**-**	**213,304**
As at 31 July 2012					
Group					
Financial liabilities					
Trade and other payables	17	9,718,882	-	-	9,718,882
Derivative liabilities	18	428,342	-	-	428,342
Borrowings	15	42,604,390	-	-	42,604,390
Total undiscounted financial liabilities		52,751,614	-	-	52,751,614
Company					
Financial liabilities					
Trade and other payables	17	219,021	-	-	219,021

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(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 several commodity future contracts in the ordinary course of business.

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

Contract	Expiry dates	Contract amounts USD	Equivalent RM
As at 31 July 2013			
Purchase contracts	Within three (3) months	**812,000**	**2,638,188**
As at 31 July 2012			
Purchase contracts	Within three (3) months	1,596,000	5,017,824

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

34. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(a) During the financial year, the Company subscribed for 4,950,000 ordinary shares of RM1.00 each at par in HongLee Group (M) Sdn. Bhd. ("HongLee Group"), representing 55% equity interest in HongLee Group, a company incorporated in Malaysia which is engaged in the manufacturing of all types of aluminium and glass fittings and other related activities, for a cash consideration of RM4,950,000.

(b) During the financial year, the Company through HongLee Group acquired certain assets and liabilities of Hong Lee Aluminium Sdn. Bhd. ("Hong Lee Aluminium"), a company incorporated in Malaysia which is engaged in the manufacturing and marketing of aluminium and glass frames and related contracts, for a cash consideration of RM9,342,825.

35. EXPLANATION OF TRANSITION TO MFRSs

The Group and the Company is a non-transitioning entity as defined by the MASB, and has adopted the MFRS Framework during the financial year ended 31 July 2013. Accordingly, these are the first financial statements of the Company prepared in accordance with MFRSs.

The accounting policies set out in Note 4 to the financial statements have been applied in preparing the financial statements of the Group and of the Company for the financial year ended 31 July 2013, as well as comparative information presented in these financial statements for the financial year ended 31 July 2012 and in the preparation of the opening MFRSs statements of financial position at 1 August 2011 (the date of transition of the Group to MFRSs).

The Group has adjusted amounts previously reported in the financial statements that were prepared in accordance with the previous FRS Framework. In preparing the opening statement of financial position at 1 August 2011, an explanation on the impact arising from the transition from FRSs to MFRSs on the Group's financial position, financial performance and cash flows is set out as follows:

(a) Reconciliation of financial position as at 1 August 2011

		Group		
	Note	Previously reported under FRSs RM	Effect on adoption of MFRSs RM	Restated under MFRSs RM
ASSETS				
Non-current asset				
Property, plant and equipment	35(c)	62,475,213	3,573,039	66,048,252
Current assets				
Inventories		28,231,959	-	28,231,959
Trade and other receivables		32,313,146	-	32,313,146
Current tax assets		95,870	-	95,870
Cash and cash equivalents		2,431,978	-	2,431,978
		63,072,953	-	63,072,953
TOTAL ASSETS		125,548,166	3,573,039	129,121,205
EQUITY AND LIABILITIES				
Equity attributable to equity holder of the Company				
Share capital		40,000,000	-	40,000,000
Reserves	35(c)	20,828,296	3,573,039	24,401,335
TOTAL EQUITY		60,828,296	3,573,039	64,401,335

35. EXPLANATION OF TRANSITION TO MFRSs (CONT'D)

(a) Reconciliation of financial position as at 1 August 2011 (Cont'd)

	Note	Group Previously reported under FRSs RM	Group Effect on adoption of MFRSs RM	Group Restated under MFRSs RM
LIABILITIES				
Non-current liability				
Deferred tax liabilities		5,794,147	-	5,794,147
		5,794,147	-	5,794,147
Current liabilities				
Trade and other payables		10,472,067	-	10,472,067
Derivative liabilities		71,600	-	71,600
Borrowings		48,382,056	-	48,382,056
		58,925,723	-	58,925,723
TOTAL LIABILITIES		64,719,870	-	64,719,870
TOTAL EQUITY AND LIABILITIES		125,548,166	3,573,039	129,121,205

(b) Reconciliation of financial position as at 31 July 2012

	Note	Group Previously reported under FRSs RM	Group Effect on adoption of MFRSs RM	Group Restated under MFRSs RM
ASSETS				
Non-current asset				
Property, plant and equipment	35(c)	59,614,226	3,573,039	63,187,265
Current assets				
Inventories		27,112,624	-	27,112,624
Trade and other receivables		33,563,812	-	33,563,812
Current tax assets		179,957	-	179,957
Cash and cash equivalents		4,415,980	-	4,415,980
		65,272,373	-	65,272,373
TOTAL ASSETS		124,886,599	3,573,039	128,459,638

35. EXPLANATION OF TRANSITION TO MFRSs (CONT'D)

(b) Reconciliation of financial position as at 31 July 2012 (Cont'd)

		Group		
	Note	Previously reported under FRSs RM	Effect on adoption of MFRSs RM	Restated under MFRSs RM
EQUITY AND LIABILITIES				
Equity attributable to equity holder of the Company				
Share capital		40,000,000	-	40,000,000
Reserves	35(c)	25,633,849	3,573,039	29,206,888
TOTAL EQUITY		65,633,849	3,573,039	69,206,888
LIABILITIES				
Non-current liability				
Deferred tax liabilities		6,501,136	-	6,501,136
		6,501,136	-	6,501,136
Current liabilities				
Trade and other payables		9,718,882	-	9,718,882
Derivative liabilities		428,342	-	428,342
Borrowings		42,604,390	-	42,604,390
		52,751,614	-	52,751,614
TOTAL LIABILITIES		59,252,750	-	59,252,750
TOTAL EQUITY AND LIABILITIES		124,886,599	3,573,039	128,459,638

(c) Notes to reconciliation

Property, plant and equipment – use of fair value as deemed cost

The Group elected to apply the optional exemption to measure certain property, plant and equipment at fair value at the date of transition to MFRSs and use that fair value as deemed cost.

The aggregate fair value of these property, plant and equipment at 1 August 2011 was determined to be RM66,048,252 compared to the then carrying amount of RM62,475,213 under FRSs.

The aggregate fair value of these property, plant and equipment at 31 July 2012 was determined to be RM63,187,265 compared to the then carrying amount of RM59,614,226 under FRSs.

There was no material impact to the statements of cash flows.

36. SUPPLEMENTARY INFORMATION ON REALISED AND UNREALISED PROFITS OR LOSSES

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

	Group		Company	
	2013	**2012 (Restated)**	**2013**	**2012**
	RM	**RM**	**RM**	**RM**
Total retained earnings of the Company and its subsidiaries:				
- realised	**39,136,121**	52,397,606	**5,265,732**	6,304,069
- unrealised	**(3,961,085)**	(2,928,097)	**-**	-
	35,175,036	49,469,509	**5,265,732**	6,304,069
Less: consolidation adjustments	**(20,978,559)**	(20,978,559)	**-**	-
Total retained earnings	**14,196,477**	28,490,950	**5,265,732**	6,304,069

LIST OF PROPERTIES

31 July 2013

	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	1,972,179	1-Nov-01
2	Lot 2-32, Jalan Perindustrian Mahkota 7, Taman Perindustrian Mahkota, 43700 Beranang, Selangor Darul Ehsan	16	Freehold	3,521 (1,364)	Industrial land with single storey factory and 2 storey office building	) 5,647,862	5-Oct-99
3	Lot 2-33, Jalan Perindustrian Mahkota 7, Taman Perindustrian Mahkota, 43700 Beranang, Selangor Darul Ehsan	16	Freehold	3,521 (1,364)		)	19-Sep-97
4	Lot 2-34, Jalan Perindustrian Mahkota 7, Taman Perindustrian Mahkota, 43700 Beranang, Selangor Darul Ehsan	12	Freehold	3,521 (1,740)	Industrial land with single storey factory	) 4,133,601	10-Jun-00
5	Lot 2-35, Jalan Perindustrian Mahkota 7, Taman Perindustrian Mahkota, 43700 Beranang, Selangor Darul Ehsan	12	Freehold	3,521 (1,740)		)	13-Dec-00
6	Lot 2-36, Jalan Perindustrian Mahkota 7, Taman Perindustrian Mahkota, 43700 Beranang, Selangor Darul Ehsan	9	Freehold	3,521 (2,030)	Industrial land with single storey factory	) 6,064,618	4-Jul-01
7	Lot 2-36(A), Jalan Perindustrian Mahkota 7, Taman Perindustrian Mahkota, 43700 Beranang, Selangor Darul Ehsan	9	Freehold	3,521 (2,030)		)	27-Aug-02
8	Lot 2-42, Jalan Perindustrian Mahkota 9, Taman Perindustrian Mahkota, 43700 Beranang, Selangor Darul Ehsan	5	Freehold	3,521	Industrial land with single storey warehouse cum with workshop and canteen	) 4,927,042	3-Apr-07
9	Lot 2-43, Jalan Perindustrian Mahkota 9, Taman Perindustrian Mahkota, 43700 Beranang, Selangor Darul Ehsan	5	Freehold	3,521		)	30-Jul-06
10	Lot 2-44, Jalan Perindustrian Mahkota 9, Taman Perindustrian Mahkota, 43700 Beranang, Selangor Darul Ehsan	5	Freehold	3,521		)	15-Feb-05
11	Lot 2-45, Jalan Perindustrian Mahkota 9, Taman Perindustrian Mahkota, 43700 Beranang, Selangor Darul Ehsan	7	Freehold	4,209 (1,487)	Industrial land with three storey office building	4,746,285	15-Feb-05
12	No. 1 & 3, Jalan Seroja 38, Taman Johor Jaya, 81100 Johor Bahru, Johor Darul Takzim	1	Freehold	2,766 (3,000)	Single storey semi-detached workshop with mezzanine floor	) 5,027,518	4-Jan-13

Note:
The Group elected to apply the optional exemption to measure certain property, plant and equipment (Freehold land) at fair value at the date of transition to MFRSs and use that fair value as deemed cost in accordance with MFRSs, and MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards*.

ANALYSIS OF SHAREHOLDINGS

As at 31 October 2013

SHARE CAPITAL

Authorised Share Capital	:	RM100,000,000
Issued and Fully Paid-up Share Capital	:	RM60,000,000
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	:	1317

ANALYSIS OF ORDINARY SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	No. of Shares	% of Total Shares
Less than 100	7	351	0.00
100 to 1,000	35	14,949	0.01
1,001 to 10,000	750	2,833,700	2.36
10,001 to 100,000	437	13,235,009	11.03
100,001 to less than 5% of issued shares	75	19,084,900	15.91
5% and above of issued shares	13	84,831,091	70.69
TOTAL	**1317**	**120,000,000**	**100.00**

DIRECTORS' INTEREST

	Direct Interest		Indirect Interest	
Name	No. of Shares Held	% of Total Shares	No. of Shares Held	% of Total Shares
Dato' Shahrir Bin Abdul Jalil	-	-	-	-
Tan Wan Lay	5,619,000	4.68	37,841,991*	31.53
Tuan Haji Ahmed Azhar Bin Abdullah	150,000	0.13	-	-
Dr Leong Chik Weng	-	-	-	-
Wong Tze Kai	-	-	-	-
Gan Choon Sun	67,500	0.06	-	-
TOTAL	**5,836,500**	**4.87**	**37,841,991**	**31.53**

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

SUBSTANTIAL SHAREHOLDERS

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

		Direct Interest		Indirect Interest	
No.	Name	No. of Shares	% of Total Shares	No. of Shares	% of Total Shares
1	A-Rank Group Sdn Bhd	37,790,991	31.49	-	-
2	Lin, Chih-Chang	12,978,600	10.82	-	-
3	TA Nominees (Tempatan) Sdn Bhd *Beneficiary : Pledged Securities Account for Loh Eng Cheang*	6,200,000	5.17	-	-
	TOTAL	**56,969,591**	**47.48**	**-**	**-**

ANALYSIS OF SHAREHOLDINGS

As at 31 October 2013

THIRTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares	% of Total Shares
1	A-Rank Group Sdn Bhd	37,790,991	31.49
2	Lin, Chih-Chang	12,978,600	10.82
3	TA Nominees (Tempatan) Sdn Bhd *Beneficiary : Pledged Securities Account for Loh Eng Cheang*	6,200,000	5.17
4	Tan Wan Lay	5,619,000	4.68
5	Fairways Assets Investment Limited	4,500,000	3.75
6	Mablewood International Holding Limited	3,942,450	3.29
7	Meyer Capital Holding Ltd	3,000,000	2.50
8	Sam Kwai Sim	2,759,700	2.30
9	Leow Chong Fatt	2,251,800	1.88
10	Kenanga Nominees (Tempatan) Sdn Bhd *Beneficiary : Pledged securities account for Datin Anitha A/P Krishna Murthi*	1,768,350	1.47
11	LB Aluminium Berhad	1,500,000	1.25
12	Mrs Yung Emily Yeuk - May Nee Poon	1,500,000	1.25
13	Chong You @ Chong Sin You	1,020,200	0.85
14	Chiang Siong Chiew @ Chiong Siong Chiew	840,000	0.70
15	Public Nominees (Tempatan) Sdn Bhd *Beneficiary : Pledged securities account for Ker Boon Kee (E-JBU)*	800,000	0.67
16	Loh Eng Cheang	750,000	0.63
17	Koperasi Polis Diraja Malaysia Berhad	748,500	0.62
18	Public Nominees (Tempatan) Sdn Bhd *Beneficiary : Pledged securities account for Tan Mary (JBU/UOB)*	730,200	0.61
19	Tan Ming Kian	500,000	0.42
20	JCA Builders (Malaysia) Sdn Bhd	468,000	0.39
21	Liew Seong Kin	466,500	0.39
22	Amsec Nominees (Tempatan) Sdn Bhd *Beneficiary : Chua Sing Keong (9240-1101)*	450,000	0.38
23	Tang Lean See	420,000	0.35
24	Ong Kean Chooi	412,500	0.34
25	Wong Mun Ching	404,000	0.34
26	Loh Kee Ming	382,500	0.32
27	Lee Chin Poh	362,250	0.30
28	Lee Yu Yong @ Lee Yuen Ying	346,000	0.29
29	Tan Yoke Moi	336,500	0.28
30	Lee Peck Hong	330,000	0.28
	TOTAL	**93,578,041**	**78.01**

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 Thursday, 12 December, 2013 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 2013 and the Reports of the Directors and Auditors thereon.		
2.	To declare a first and final single tier tax exempt dividend of 2.25 sen per ordinary share in respect of the financial year ended 31 July 2013.		
3.	To approve the payment of Directors' Fees amounting to RM186,000 for the financial year ended 31 July 2013.		
4.	To re-elect Dato' Shahrir Bin Abdul Jalil as Director.		
5.	To re-elect Mr Tan Wan Lay as Director.		
6.	To re-appoint Messrs BDO as Auditors and to authorise the Directors to fix their remuneration.		
7.	To authorise Directors to issue shares not exceeding 10% of the issued capital of the Company.		

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

As witness my hand this ______________ day of ______________ 2013.

Number of Ordinary Shares held	

____
Signature

Notes:

1. A member of the Company who is entitled to attend and vote at the Meeting is entitled to appoint one or more Proxies to attend and vote in his stead. Where a member appoints two Proxies, 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. 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. Where a Member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy in respect of each securities account it holds which is credited with ordinary shares of the Company.
4. Only members whose name appear in the Record of Depositors as at 6 December 2013 (at least 3 market days before the AGM date) will be entitled to attend and vote at the meeting.
5. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominees may appoint in respect of each omnibus account it holds.

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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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