

A-Rank Berhad

(Incorporated in Malaysia)

Condensed Consolidated Statement of Financial Position**As at 31 January 2017****(The figures have not been audited)**

	As at 31-Jan-17 RM'000	(Audited) As at 31-Jul-16 RM'000
Assets		
Non-current assets		
Property, plant and equipment	54,570	63,172
Investment in an associate	290	290
	<u>54,860</u>	<u>63,462</u>
Current assets		
Inventories	32,552	26,862
Trade and other receivables	33,557	38,587
Derivative financial assets	-	99
Current tax assets	-	99
Deposits with licensed banks	23,085	17,407
Cash and bank balances	7,002	7,855
	<u>96,196</u>	<u>90,909</u>
Total assets	<u>151,056</u>	<u>154,371</u>
Equity and Liabilities		
Share capital	60,000	60,000
Retained earnings	46,583	41,748
Equity attributable to owners of the parent	106,583	101,748
Non-controlling interest	-	1,923
Total equity	<u>106,583</u>	<u>103,671</u>
Non-current liabilities		
Borrowings	-	1,373
Deferred tax liabilities	5,299	4,910
	<u>5,299</u>	<u>6,283</u>
Current liabilities		
Trade and other payables	18,170	23,315
Borrowings	19,814	20,939
Derivative financial liabilities	324	4
Current tax liabilities	866	159
	<u>39,174</u>	<u>44,417</u>
Total liabilities	44,473	50,700
Total equity and liabilities	<u>151,056</u>	<u>154,371</u>
	RM	RM
Net assets per share based on 120,000,000 ordinary shares	<u>0.89</u>	<u>0.85</u>

These condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 July 2016.

A-Rank Berhad

(Incorporated in Malaysia)

Condensed Consolidated Statement of Comprehensive Income
For The Period Ended 31 January 2017
(The figures have not been audited)

	Current quarter ended		Cumulative period ended	
	31-Jan-17	31-Jan-16	31-Jan-17	31-Jan-16
	RM'000	RM'000	RM'000	RM'000
Revenue	114,585	128,075	238,362	255,298
Operating expenses	(109,890)	(123,743)	(228,599)	(248,326)
Other operating income/(expenses)	335	(79)	581	1,781
Profit from operations	5,030	4,253	10,344	8,753
Finance costs	(151)	(189)	(300)	(374)
Share of profit in an associate	-	-	-	-
Profit before taxation	4,879	4,064	10,044	8,379
Taxation	(1,271)	(751)	(1,906)	(1,321)
Profit for the financial period	3,608	3,313	8,138	7,058
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income	3,608	3,313	8,138	7,058
Profit attributable to:				
Owners of the parent	3,780	3,423	8,435	7,149
Non-controlling interest	(172)	(110)	(297)	(91)
	3,608	3,313	8,138	7,058
Total comprehensive income attributable to:				
Owners of the parent	3,780	3,423	8,435	7,149
Non-controlling interest	(172)	(110)	(297)	(91)
	3,608	3,313	8,138	7,058
Net earnings per share attributable to ordinary shareholders (sen):				
- Basic	3.15	2.85	7.03	5.96
- Diluted	N/A	N/A	N/A	N/A

These condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 July 2016.

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Condensed Consolidated Statement of Changes in Equity
For The Period Ended 31 January 2017
(The figures have not been audited)

	Share capital RM'000	Retained earnings RM'000	Total attributable to owners of the parent RM'000	Non- controlling interest RM'000	Total equity RM'000
Balance as at 1 August 2015	60,000	28,610	88,610	2,351	90,961
Profit for the financial period	-	7,149	7,149	(91)	7,058
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	7,149	7,149	(91)	7,058
Transactions with owners:					
Dividend paid	-	(2,700)	(2,700)	-	(2,700)
Balance as at 31 January 2016	<u>60,000</u>	<u>33,059</u>	<u>93,059</u>	<u>2,260</u>	<u>95,319</u>
Balance as at 1 August 2016	60,000	41,748	101,748	1,923	103,671
Profit for the financial period	-	8,435	8,435	(297)	8,138
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	8,435	8,435	(297)	8,138
Transactions with owners:					
Dividend paid	-	(3,600)	(3,600)	-	(3,600)
Disposal of a subsidiary	-	-	-	(1,626)	(1,626)
Balance as at 31 January 2017	<u>60,000</u>	<u>46,583</u>	<u>106,583</u>	<u>-</u>	<u>106,583</u>

These condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 31 July 2016.

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Condensed Consolidated Statement of Cash Flow
For The Period Ended 31 January 2017
(The figures have not been audited)

	Period ended 31-Jan-17 RM'000	Period ended 31-Jan-16 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	10,044	8,379
Adjustments for:		
Interest income	(301)	(105)
Interest expenses	300	374
Gain on disposal of a subsidiary	(118)	-
Depreciation of property, plant and equipment	2,638	2,716
Property, plant and equipment written off	66	4
Reversal of impairment loss on trade receivables	(32)	-
Unrealised loss/(gain) on foreign exchange	865	(340)
Loss on disposal of property, plant and equipment	77	-
Fair value adjustments on derivative instruments	419	400
Operating profit before working capital changes	13,958	11,428
Changes in working capital		
Inventories	(9,349)	5,719
Trade and other receivables	4,019	(1,334)
Trade and other payables	3,480	5,602
Cash generated from operations	12,108	21,415
Tax paid	(680)	(684)
Net cash generated from operating activities	11,428	20,731
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	301	105
Purchase of property, plant and equipment	(1,905)	(772)
Proceed from disposal of property, plant and equipment	365	-
Net proceed from disposal of a subsidiary	400	-
Net cash used in investing activities	(839)	(667)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net movements in bank borrowings	(1,864)	(22,547)
Dividend paid	(3,600)	(2,700)
Interest paid	(300)	(374)
Net cash used in financing activities	(5,764)	(25,621)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	4,825	(5,557)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	25,262	20,933
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	30,087	15,376
COMPOSITION OF CASH AND CASH EQUIVALENTS:		
Deposits with licensed banks	23,085	10,000
Cash and bank balances	7,002	5,376
	30,087	15,376

These condensed consolidated statement of cash flow should be read in conjunction with the audited financial statements for the financial year ended 31 July 2016.

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Notes to the Financial Statements
For The Period Ended 31 January 2017

A Explanatory Notes

A 1 Basis of preparation

The condensed financial statements are unaudited and have been prepared in accordance with the requirement of Malaysian Financial Reporting Standards ("MFRSs") 134: Interim Financial Reporting and Paragraph 9.22 of the Bursa Malaysia Securities Berhad ("Bursa Securities")'s Listing Requirements.

The condensed financial statements should be read in conjunction with the Group's audited financial statements for the financial year ended 31 July 2016. The explanatory notes to these financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 July 2016.

A 2 Significant Accounting Policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 July 2016 except for the adoption of the following new/revised MFRSs, Amendments to MFRSs and Issues Committee Interpretations (IC Interpretations"):

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

	Effective Date
Amendments to MFRS 112 <i>Recognition of Deferred Tax Assets for Unrealised Losses</i>	1 Jan 2017
Amendments to MFRS 107 <i>Disclosure Initiative</i>	1 Jan 2017
MFRS 15 <i>Revenue from Contracts with Customers</i>	1 Jan 2018
Clarifications to MFRS 15	1 Jan 2018
MFRS 9 <i>Financial Instruments (IFRS as issued by IASB in July 2014)</i>	1 Jan 2018
Amendments to MFRS 2 <i>Classification and Measurement of Share-based Payment Transactions</i>	1 Jan 2018
MFRS 16 <i>Leases</i>	1 Jan 2019
Amendments to MFRS 10 and MFRS 128 <i>Sales of Contribution of Assets between an Investor and its Associates or Joint Venture</i>	Deferred

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

A 3 Qualification of financial statements

There was no qualification in the audited financial statements for the financial year ended 31 July 2016.

A 4 Seasonal or cyclical factors

The business operations of the Group were not significantly affected by any seasonal or cyclical factors.

A 5 Unusual items affecting assets, liabilities, equity, net income or cash flows

There were no items affecting assets, liabilities, equity, net income or cash flows that are unusual because of their nature, size or incidence for the current quarter and financial period to-date.

A 6 Change in estimates

There were no changes in estimates of amounts reported in prior financial periods that have a material effect in the current quarter and financial period to-date.

A 7 Debt and equity securities

There were no issuance, cancellation, repurchase, resale or repayment of debt and equity securities for the current quarter and financial period to-date.

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Notes to the Financial Statements
For The Period Ended 31 January 2017

A Explanatory Notes

A 8 Dividend paid

A first and final single tier dividend of 3.00 sen per ordinary share, amounting to RM3.6 million in respect of the previous financial year ended 31 July 2016 was paid on 21 December 2016.

A 9 Segmental information

A-Rank Berhad and its subsidiaries are principally engaged in investment holding, manufacturing and marketing of aluminium billets.

The Group has arrived at three (3) 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 and South East Asia other than Malaysia. Other operating segments comprise countries in Africa, Europe and South Asia.

	Malaysia RM'000	South East Asia other than Malaysia RM'000	Others RM'000	Total RM'000
Revenue from external customers	160,698	56,206	21,458	238,362
Profit from operations				10,344
Finance costs				(300)
Share of profit in an associate				-
Profit before taxation				10,044
Taxation				(1,906)
Profit after taxation				8,138

A 10 Material events subsequent to the end of the current quarter

There were no material events subsequent to the end of the current quarter that has not been reflected in the financial statements for the financial period to-date.

A 11 Contingent liabilities

At the end of the current quarter, there are no material contingent liabilities which, upon becoming enforceable, may have a material impact on the financial position of the Group except for the following:

	As at 31-Jan-17 RM'000	As at 31-Jul-16 RM'000
Corporate guarantees given to:		
- financial institutions for banking facilities utilised by subsidiary [#]	19,814	20,483
- financial institution for banking facilities utilised by a subsidiary which was disposed on 25 January 2017 *	1,526	1,829
- third parties for the supply of goods to a subsidiary which was disposed on 25 January 2017	-	11
	<u>21,340</u>	<u>22,323</u>

[#] The Company has provided corporate guarantees for banking facilities granted to its subsidiary totaling RM88.0 million and USD5.0 million (31 July 2016: RM88.0 million and USD5.0 million).

* The Company has provided corporate guarantee for banking facilities granted to HongLee Group (M) Sdn Bhd, a 55% owned subsidiary totalling RM4.9 million which was disposed on 25 January 2017. The corporate guarantee is in the midst of being discharged.

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Notes to the Financial Statements
For The Period Ended 31 January 2017

A Explanatory Notes

A 12 Commitments

a) Capital commitments

At the end of the current quarter, capital commitments of the Group are as follows:

	As at 31-Jan-17 RM'000	As at 31-Jul-16 RM'000
Capital expenditures in respect of purchase of property, plant and equipment:		
- Authorised and contracted for	5,559	855
- Authorised but not contracted for	3,065	9,913
	<u>8,624</u>	<u>10,768</u>

b) Operating lease commitments

The Group had entered into non-cancellable 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. At the end of the current quarter, operating lease commitments of the Group are as follows:

	As at 31-Jan-17 RM'000	As at 31-Jul-16 RM'000
Not later than one (1) year	234	445
Later than one (1) year and not later than five (5) years	423	590
	<u>657</u>	<u>1,035</u>

A 13 Changes in the composition of the Group

There were no changes in the composition of the Group during the current financial period to-date save for the Company's announcement on 25 January 2017 that A-Rank Berhad had disposed of its entire 55% equity interest in a subsidiary, HongLee Group (M) Sdn Bhd for a total cash consideration of RM2,105,400.

A 14 Related party transactions

During the financial period under review, the material business transactions entered by the Group with related parties were as follows:

	As at 31-Jan-17 RM'000
a) In which a Director and Major shareholder have interest	
<u>LB Aluminium Berhad</u>	
- Sales and tolling services of aluminium billets	40,594
- Purchases of aluminium extrusions profile	544
- Sales of accessories	27
<u>LB Aluminium (Sarawak) Sdn Bhd</u>	
- Sales and tolling services of aluminium billets	5,031
b) In which two Directors of a subsidiary have interest, which was disposed on 25 January 2017	
<u>Apresi Sdn Bhd</u>	
- Rental of premises	<u>72</u>

The related party transactions had been entered into in the ordinary course of business on normal commercial terms.

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Notes to the Financial Statements
For The Period Ended 31 January 2017

B Additional information required by the Bursa Securities' Listing Requirements

B 1 Review of performance

	Quarter Ended 31-Jan-17 RM'000	Quarter Ended 31-Jan-16 RM'000	Increase/(Decrease)	
			RM'000	%
Revenue				
- South East Asia other than Malaysia	28,225	24,438	3,787	15.5
- Others	10,269	18,059	(7,790)	(43.1)
	<u>38,494</u>	<u>42,497</u>	<u>(4,003)</u>	<u>(9.4)</u>
- Malaysia	76,091	85,578	(9,487)	(11.1)
Total revenue	<u>114,585</u>	<u>128,075</u>	<u>(13,490)</u>	<u>(10.5)</u>
Profit before taxation	4,879	4,064	815	20.1
Profit after taxation	3,608	3,313	295	8.9

The Group's revenue dropped by 10.5% to RM114.6 million for the quarter under review compared to RM128.1 million for the corresponding quarter last year. The decrease in revenue was due to lower business volume although average selling prices were higher as a result of the increase in raw material costs.

However, the Group registered an increase of 20.1% in profit before taxation to RM4.9 million for the current quarter compared to that of the corresponding quarter last year due mainly to better margins.

The Group registered an increase of 8.9% in profit after taxation to RM3.6 million for the current quarter compared to that of the corresponding quarter last year in line with the higher profit before taxation.

B 2 Variance of results against preceding quarter

	Quarter Ended 31-Jan-17 RM'000	Quarter Ended 31-Oct-16 RM'000	Increase/(Decrease)	
			RM'000	%
Revenue				
- South East Asia other than Malaysia	28,225	27,981	244	0.9
- Others	10,269	11,189	(920)	(8.2)
	<u>38,494</u>	<u>39,170</u>	<u>(676)</u>	<u>(1.7)</u>
- Malaysia	76,091	84,607	(8,516)	(10.1)
Total revenue	<u>114,585</u>	<u>123,777</u>	<u>(9,192)</u>	<u>(7.4)</u>
Profit before taxation	4,879	5,165	(286)	(5.5)
Profit after taxation	3,608	4,530	(922)	(20.4)

The Group's revenue decreased by 7.4% for the quarter under review compared to RM114.6 million registered for the preceding quarter. The decrease in revenue was contributed by a drop in business volume.

The Group registered a decrease in profit before taxation of 5.5% for the current quarter under review compared to RM5.2 million achieved for the preceding quarter due mainly to lower business volume.

The Group registered a drop of 20.4% in profit after taxation to RM3.6 million for the current quarter compared to that of the preceding quarter in line with the lower profit before taxation as well as higher provision for taxation.

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B Additional information required by the Bursa Securities' Listing Requirements

B 3 Prospects

Global economy is expected to improve but remain on a moderate growth path. While there are indications of more sustained growth in the major economies in 2017, downside risks to global growth continue to prevail, arising from the volatility in commodity prices, policy uncertainties and growth prospects of major developed economies, heightened risk aversions in the global financial markets as well as geopolitical developments.

While the external environment may continue to remain challenging, the Malaysian economy will experience sustained growth with the primary driver being domestic demand. The depreciation of Ringgit Malaysia which resulted in our products being more competitive in the export markets. On the other hand, the weakened Ringgit Malaysia will escalate the costs of doing business domestically arising from costlier imports. The recently volatility in aluminium prices has added further uncertainties to our decision-making process. Nonetheless, the Group will remain vigilant and be well prepared for the challenges ahead. As usual, we will continuously focus on improving cost efficiencies and recovery to mitigate any adverse impacts on our business.

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

B 4 Variance of actual and profit estimate

Not applicable as no profit forecast was published.

B 5 Notes to the Condensed Consolidated Statement of Comprehensive Income

	Current quarter ended		Cumulative period ended	
	31-Jan-17	31-Jan-16	31-Jan-17	31-Jan-16
	RM'000	RM'000	RM'000	RM'000
Profit before taxation is arrived at after charging/(crediting):				
Interest income	(74)	(66)	(301)	(105)
Interest expenses	151	189	300	374
Depreciation of property, plant and equipment	1,325	1,345	2,638	2,716
(Gain)/Loss on disposal of property, plant and equipment	(26)	-	77	-
Property, plant and equipment written off	-	4	66	4
Reversal of impairment loss on trade receivables	(32)	-	(32)	-
Gain on disposal of a subsidiary	(118)	-	(118)	-
(Gain)/Loss on foreign exchange				
- realised	(891)	131	(1,262)	(615)
- unrealised	425	28	865	(340)
Fair value adjustments on derivative instruments	385	463	419	400

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Notes to the Financial Statements
For The Period Ended 31 January 2017

B Additional information required by the Bursa Securities' Listing Requirements

B 6 Taxation

	Current quarter ended		Cumulative period ended	
	31-Jan-17	31-Jan-16	31-Jan-17	31-Jan-16
	RM'000	RM'000	RM'000	RM'000
Current income tax	1,071	572	1,517	922
Deferred tax	200	179	389	399
	<u>1,271</u>	<u>751</u>	<u>1,906</u>	<u>1,321</u>

The effective tax rate of the Group for the current quarter is in line with the statutory tax rate. However, for the financial period ended 31 January 2017 is lower than the statutory tax rate due principally to the availability of special export incentive brought forward.

B 7 Status of corporate proposals

There were no corporate proposals announced pending completion.

B 8 Borrowings

	As at	As at
	31-Jan-17	31-Jul-16
	RM'000	RM'000
Short term borrowings		
Bankers' acceptances - unsecured	-	260
Foreign currency loans (Currency denominated in US Dollar) - unsecured	19,814	20,483
Term loans - secured	-	196
	<u>19,814</u>	<u>20,939</u>
Long term borrowing		
Term loans - secured	-	1,373
	<u>19,814</u>	<u>22,312</u>

All borrowings are denominated in Malaysia Ringgit except as indicated above.

In previous financial year, the term loans are secured by a corporate guarantee from the Company and a charge over a subsidiary's freehold land and buildings.

B 9 Changes in material litigation

The Group does not have any material litigation as at the date of this announcement.

B 10 Dividend

The Board of Directors has not proposed any dividend for this quarter ended 31 January 2017.

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Notes to the Financial Statements
For The Period Ended 31 January 2017

B Additional information required by the Bursa Securities' Listing Requirements

B 11 Realised and Unrealised Profit or Losses

The retained earnings as at the end of the reporting year may be analysed in accordance with the 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.

	As at 31-Jan-17 RM'000	As at 31-Jul-16 RM'000
Total retained earnings of the Company and its subsidiaries:		
- realised	69,001	63,777
- unrealised	<u>(1,726)</u>	<u>(1,337)</u>
	67,275	62,440
 - realised	 287	 287
	<u>67,562</u>	<u>62,727</u>
 Less: Consolidation adjustments	 (20,979)	 (20,979)
Total retained earnings	<u>46,583</u>	<u>41,748</u>

B 12 Earnings per ordinary share

(a) Basic earnings per ordinary share

The basic earnings per ordinary share for the current quarter under review and cumulative period are computed as follows:

	Current quarter ended 31-Jan-17	Cumulative to-date ended 31-Jan-17
Profit attributable to equity holders of the Company (RM'000)	3,780	8,435
Total share capital in issue during the current quarter/ cumulative period (No. of ordinary shares) ('000)	120,000	120,000
Basic earnings per ordinary share (sen)	3.15	7.03

(b) Diluted earnings per share

There are no diluted earnings per share as the Company does not have any convertible financial instruments as at the end of the quarter under review and financial period to-date.

By Order of the Board

Yap Sit Lee
Company Secretary

29 March 2017