A-RANK BERHAD

(633621-X)

Annual Report 2015

NEW VALUE DRIVER

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 holding furnace for better control of melt temperature hence increasing product quality and productivity.

CASTING FACILITIES

Three (3) units of fully automated vertical direct chilled hydraulic controlled casting system.

HOMOGENISE FURNACES

Four (4) units of 35 metric tonnes homogenising furnaces with two (2) units of air cooling booths.

IN-LINE DEGASSERS

In-line degassers to remove dissolved hydrogen in molten aluminium hence increasing aluminium billets quality.

WAGSTAFF AIRSLIP MOULD

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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CORPORATE PROFILE

A-Rank Berhad was listed on the Main Market of Bursa Malaysia Securities Berhad on 11 May 2005. A-Rank Berhad through its wholly-owned 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.

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 systems 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 of 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.

A-Rank Berhad acquired a 55% equity interest in HongLee Group (M) Sdn Bhd ("HongLee Group") in January 2013. 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", "Apresi" and "perhe" respectively. 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 2015 was RM486.0 million. The Group presently exports about 30% of its production and its export markets include Africa, Europe, South Asia and South East Asia.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of the Company will be held at Ujong Pandang Room, Staffield Country Resort, Batu 13, Jalan Seremban-Kuala Lumpur (Country Road), 71700 Mantin, Negeri Sembilan Darul Khusus on Tuesday, 8 December 2015 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 2015 and the Reports of the Directors and Auditors thereon. [Please refer to Explanatory Note 6(a)]

2. To declare a First and Final Single Tier Dividend of 2.25 sen per ordinary share in respect of the financial year ended 31 July 2015. **(Resolution 1)**

3. To approve the payment of Directors' Fees amounting to RM186,000 (2014: RM186,000) for the financial year ended 31 July 2015. **(Resolution 2)**

4. To re-elect the following Directors who retire in accordance with Article 112 of the Company's Articles of Association.
   - Dr Leong Chik Weng **(Resolution 3)**
   - Mr Gan Choon Sun **(Resolution 4)**

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

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

   6.1 <u>To consider and if thought fit, pass the following resolutions in accordance with Recommendation 3.3 of the Malaysian Code on Corporate Governance 2012.</u>

   i) "THAT Dato' Shahrir Bin Abdul Jalil who has served the Board as an Independent Non-Executive Director of the Company for a term of more than nine (9) years since 11 March 2005 be and is hereby retained as an Independent Non-Executive Director of the Company." **(Resolution 6)**

   ii) "THAT Tuan Haji Ahmed Azhar Bin Abdullah who has served the Board as an Independent Non-Executive Director of the Company for a term of more than nine (9) years since 11 March 2005 be and is hereby retained as an Independent Non-Executive Director of the Company." **(Resolution 7)**

   iii) "THAT Dr Leong Chik Weng who has served the Board as an Independent Non-Executive Director of the Company for a term of more than nine (9) years since 11 March 2005 be and is hereby retained as an Independent Non-Executive Director of the Company." **(Resolution 8)**

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

"THAT pursuant to Section 132D of the Companies Act, 1965, and subject to the approvals of the relevant governmental/ regulatory authorities (if any shall be required), the Directors be and are hereby empowered to issue shares (other than bonus or rights issue) in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may deem fit provided that the aggregate number of shares issued pursuant to the resolution in any one financial year of the Company (other than by way of bonus or rights issue) does not exceed ten (10) per centum of the issued capital of the Company for the time being and that the Directors be and are hereby also empowered to obtain approval from 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 (MAICSA 7041392)
WONG WAI FOONG (MAICSA 7001358)
Company Secretaries

Seremban
13 November 2015

NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS ALSO HEREBY GIVEN THAT subject to the approval of the shareholders at the Annual General Meeting on 8 December 2015, the First and Final Single Tier Dividend of 2.25 sen per ordinary share in respect of the financial year ended 31 July 2015 will be payable on 22 December 2015 to Depositors whose names appear in the Record of Depositors on 10 December 2015.

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 10 December 2015 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 30 November 2015 (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 authorized 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:

   a) Agenda No.1
   This item of the Agenda is meant for discussion only. The provisions of Section 169 of the Companies Act 1965 require that the audited financial statements and the Reports of the Directors and Auditors thereon be laid before the Company at its Annual General Meeting. As such, this Agenda item is not a business which requires a resolution to be put to vote by shareholders.

   b) Agenda No. 6.1
   To retain the designations of Dato' Shahrir Bin Abdul Jalil, Tuan Haji Ahmed Azhar Bin Abdullah and Dr Leong Chik Weng as Independent Non-Executive Directors of the Company in accordance with Recommendation 3.3 of the Malaysian Code on Corporate Governance 2012.

   Dato' Shahrir Bin Abdul Jalil, Tuan Haji Ahmed Azhar Bin Abdullah and Dr Leong Chik Weng have served the Board as Independent Non-Executive Directors of the Company for a cumulative term of more than nine (9) years since their respective appointments on 11 March 2005. The Board recommends retaining their designations as Independent Non-Executive Directors based on the following justifications:

   (i) they have fulfilled the criteria under the definition on Independent Director as stated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and, therefore, are able to bring independent and objective judgment to the Board;

   (ii) their experiences in the legal and/or financial matters, business and other relevant sectors enable them to provide the Board, as the case may be, with pertinent expertise, skills and competence; and

   (iii) they have been with the Group for many years and therefore understand the Group's business operations which enable them to contribute actively and effectively during deliberations or discussions at Board meetings.

c) **Agenda No. 6.2 – Ordinary Resolution**
Authority to issue shares not exceeding ten (10) per centum of the Issued Capital of the Company.

The Ordinary Resolution proposed under item 6.2 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 10 December 2014. 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:

   - Dr Leong Chik Weng
   - Mr Gan Choon Sun

2. During the financial year, four (4) Board meetings were held. The details of attendance of Directors at Board meetings are as follows:

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

3. Annual General Meeting of A-Rank Berhad

Place	:	Ujong Pandang Room, Staffield Country Resort, Batu 13, Jalan Seremban-Kuala Lumpur, (Country Road), 71700 Mantin, Negeri Sembilan Darul Khusus
Date & Time	:	Tuesday, 8 December 2015 at 10.00 a.m.

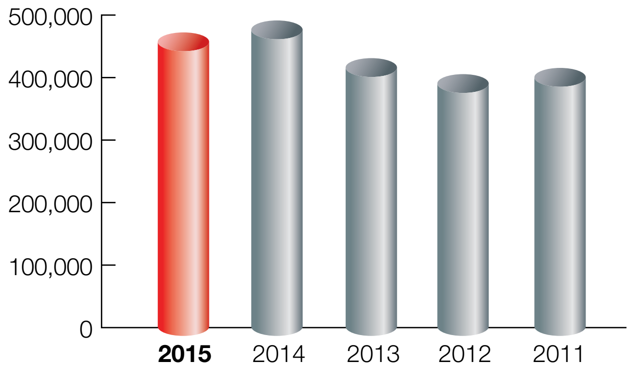
4. The shareholdings of the Directors standing for re-election in the Company are disclosed in the Directors' Report under Directors' Interests in this annual report and other details of Directors standing for re-election are disclosed in the Profile of Directors in this annual report.

FINANCIAL HIGHLIGHTS

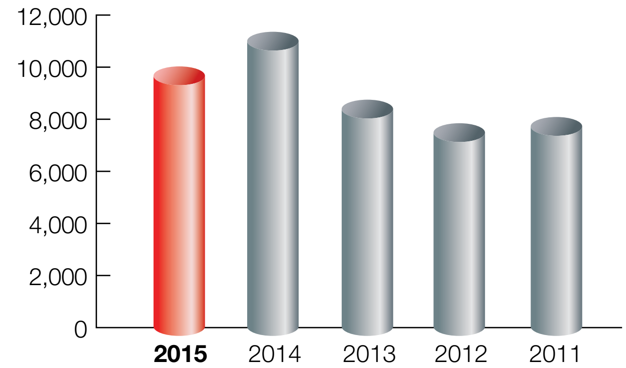
		Financial Year Ended 31 July				
		2015	**2014**	**2013**	**2012**	**2011**
Revenue	RM'000	**485,950**	487,299	431,498	400,433	421,010
EBITDA	RM'000	**16,607**	18,019	14,417	13,762	14,435
Profit Before Tax	RM'000	**9,962**	11,387	8,458	7,831	8,046
Profit After Tax	RM'000	**10,545**	9,791	7,394	7,206	7,083
Total Assets	RM'000	**164,683**	162,175	147,200	128,460	129,121
Total Liabilities	RM'000	**73,722**	79,060	71,176	59,253	64,720
Total Shareholders' Equity	RM'000	**88,610**	80,994	74,196	69,207	64,401
Gearing Ratio	Time	**0.31**	0.53	0.60	0.55	0.71
Basic Earnings Per Ordinary Share	Sen	**8.60**	7.91	6.16	6.00 #	5.90 #
Net Assets Per Share	Sen	**75.80**	69.26	63.35	57.67 #	53.67 #
Proposed Dividend	RM'000	**2,700 ***	2,700	2,700	2,400	2,400

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.

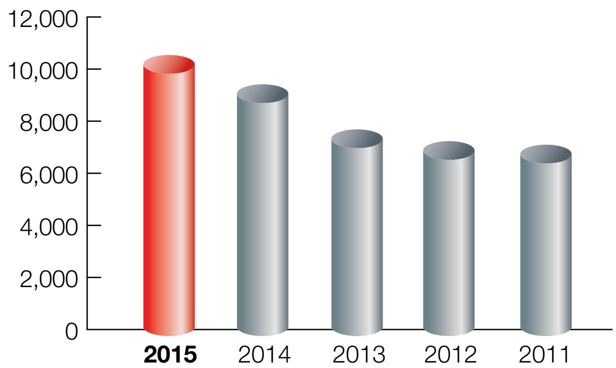
REVENUE (RM'000)



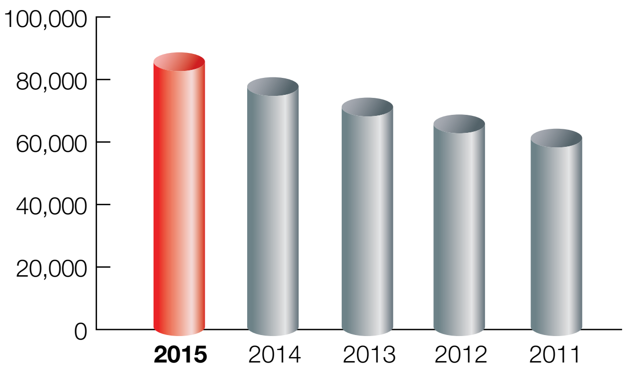
PROFIT BEFORE TAXATION (RM'000)



PROFIT AFTER TAXATION (RM'000)



TOTAL SHAREHOLDERS' EQUITY (RM'000)



CORPORATE INFORMATION

BOARD OF DIRECTORS

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

Tan Wan Lay
Managing Director

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

Dr Leong Chik Weng
Independent Non-Executive Director

Wong Tze Kai
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 SECRETARIES

Ng Bee Lian (MAICSA 7041392)
Wong Wai Foong (MAICSA 7001358)

AUDITORS

BDO (Firm No: 0206)
Chartered Accountants
Level 8, BDO @ Menara CenTARa
360, Jalan Tuanku Abdul Rahman
50100 Kuala Lumpur

PRINCIPAL BANKERS

Citibank Berhad
Malayan Banking Berhad
Standard Chartered Bank Malaysia Berhad
United Overseas Bank (Malaysia) Berhad

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

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

CORPORATE ADVISOR

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

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

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
(Investment holding company)

100%

Formosa Shyen Horng Metal Sdn Bhd
(Manufacturing and marketing of aluminium billets)

30%

Ringgit Voyage Sdn Bhd
(Investment holding company)

55%

HongLee Group (M) Sdn Bhd
(Manufacturing and marketing of all types of aluminium and glass fittings and other related activities)

PROFILE OF DIRECTORS

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

Aged 54, 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.

TAN WAN LAY
Managing Director

Aged 51, 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.

PROFILE OF DIRECTORS

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

Aged 54, a Malaysian, was appointed to the Board on 11 March 2005 and is presently the Director of Almitra Energy Services Sdn Bhd and Chief Operating Officer of I&T Properties Sdn Bhd. He graduated with Diploma in Accountancy from MARA Institute of Technology and Bachelor of Science in Accounting from California State University (Fresno) in 1986 and subsequently obtained his Master of Business Administration from California State University, Dominquez Hills (Los Angeles) in 1987. After graduation, he commenced his career as an internal auditor with Malaysia Mining Corporation Berhad ("MMC"). In 1992 to 1995, he was appointed as General Manager for Bracken Services Ltd (London), a subsidiary of MMC Marketing Sdn Bhd based in London responsible for operations and all financial matters. Upon his return, he 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. Thereafter, he continued his career with Tanjak Group as Head of Finance and Corporate from 2010 to 2012.

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

DR LEONG CHIK WENG
Independent Non-Executive Director

Aged 52, 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 Bachelor of Science in Chemical Engineering, West Virginia University, Morgantown, West Virginia in 1985 and a Ph.D. in Chemical Engineering from the University of Massachusetts, Amherst, United States in 1989. Dr Leong also completed an Executive Training in Product & Manufacturing Strategy Development in Stanford University, School of Business, United States in 1993.

After graduation, he joined Raychem Corporation in Menlo Park, California, United States where he was subsequently promoted as Technical Director from 1989 to 1996. In 1997, Dr Leong was a consultant to Guidant Corporation, Santa Clara, California, United States, 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 Chemical Company of Malaysia Berhad, UMW Holdings Berhad and UMW Oil & Gas Corporation Berhad.

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

WONG TZE KAI
Independent Non-Executive Director

Aged 43, 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 Berhad 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 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 50, 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 Shyen Horng Metal Sdn Bhd, 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.

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 2015.

FINANCIAL PERFORMANCE

For the financial year under review, the Group's revenue decreased by 0.3% to RM486.0 million as compared to RM487.3 million for the preceding year. The decrease in revenue was due to lower business volume although average selling prices were higher as a result of the increase in average raw material costs.

The Group reported profit before tax of RM10.0 million for the year ended 31 July 2015 compared to a profit before tax of RM11.4 million in the previous year reflecting a drop of 12.5%. The drop of profit before tax was impacted by impairment losses on inventories of RM1.4 million and property, plant and equipment written off of RM1.7 million during the financial year. The impairment losses on inventories was a result of the written down of its raw materials to its net realisable value following the sharp drop of aluminium prices as at the end of the financial year.

However, profit after tax significantly improved by 7.7% to RM10.5 million compared to profit after tax of RM9.8 million for the preceding year due to the overprovision of deferred taxation in prior years.

The earnings per ordinary share for the financial year ended 31 July 2015 was 8.6 sen whilst net assets per share amounted to 75.8 sen as at the end of the financial year.

CORPORATE DEVELOPMENTS

The Group does not have any significant corporate development to report as in view of the poor economic conditions, emphasis was placed on safeguarding the Group's balance sheets and cashflow and preserving our ability to grow in the long term.

DIVIDENDS

The Board of Directors is pleased to recommend a First and Final Single Tier Dividend of 2.25 sen per ordinary share amounting to RM2.7 million (2014: RM2.7 million) in respect of the financial year ended 31 July 2015 subject to the approval of shareholders at the forthcoming Annual General Meeting.

PROSPECTS

Global economic prospect is still challenging for the year ahead against a backdrop of on-going political, economic and financial uncertainties surrounding the Euro zone. Growth in the US and the UK continued to improve whilst the pace of economic activity in the Europe and Japan were modest. Asian economies grew moderately in the second quarter.

Malaysia's economy lost momentum in the second quarter, slowing to a 4.9% annual expansion after posting increases at or above 5.6% in the previous three quarters. Q2's figure marked the weakest growth in almost two years and was held back in part by the Goods and Services Tax (GST) implemented in April 2015. The manufacturing business remains challenging and highly competitive, exacerbated by increasing raw material costs and the increase in natural gas pricing which took effect from 1 November 2014 and 1 July 2015 respectively and the overall increase in costs of doing business which has had adverse impacts on the Group's margins. Nonetheless, the Group will remain vigilant and be well prepared for the volatilities and 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 year.

APPRECIATION

On behalf of the Board, I would like to extend our heartfelt thanks to our customers, business associates, bankers and the various government agencies for their continued support. I would further 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 registered a slight drop in revenue of RM486.0 million for the financial year under review compared with RM487.3 million for the previous year. Profit before and after tax were at RM10.0 million and RM10.5 million respectively compared with RM11.4 million and RM9.8 million last year.

The Group was able to achieve these results despite increases in employees' costs and natural gas price as well as production overhead and transportation 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 one unit of baler machine to improve the efficiency in handling of raw material throughout the production process. The Group has also installed one unit of dust control system 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 valued customers. We also wish to add that the "Formosa" brand of billets has continued to gain international acceptance for its quality.

HongLee Group (M) Sdn Bhd ("HongLee Group") have contributed positively in terms of both revenue and profit before tax to the Group. We expect the financial performance contributed by HongLee Group to improve following the commencement of a new production line in April 2015 and the opening of a new showroom in Selangor for the forthcoming year.

MANAGING DIRECTOR'S OPERATIONS REVIEW

OUTLOOK

Global economic prospects remain uncertain, especially in the Euro region. The recovery of the United States' ("US") economy and the call for normalisation of US interest rates by the US Federal Reserve have pushed the US Dollar to higher levels against most major currencies.

The depreciation of Ringgit Malaysia which has been weakening since the beginning of 2015 should result in our products being more competitive in the export markets. Nonetheless, the volatility of aluminium prices had added uncertainties to our decision-making process particularly on pricing and the increase in natural gas pricing which is forecast to be effective from January 2016 will have adverse impacts on the Group's margins. Therefore, the forthcoming financial year will be challenging and fraught with uncertainties. As usual, the Group will remain vigilant and be well prepared for the volatilities and uncertainties ahead. Hence, we will continuously focus on improving cost efficiencies and recovery to meet the difficulties ahead. However, 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 practised 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 RESPONSIBILITES 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 business, the Board shall ensure that an appropriate financial planning, operating and reporting framework as well as a risk management framework are established. Elements under these frameworks 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 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

All Directors have full and unrestricted access to all information concerning the Company and the Group. At each Board meeting, the Managing Director and Executive 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, the outsourced internal auditors and other independent professionals in the furtherance of their duties, at the Company's expense.

1.4 QUALIFIED AND COMPETENT COMPANY SECRETARY

The Board is supported by two (2) qualified, competent and experienced Company Secretaries who facilitates overall compliance with the Listing Requirements as well as informs and keeps the Board updated of the latest enhancements in corporate governance, changes in the regulatory framework, new statutory requirements and best practices.

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 APPOINTMENT OF NEW DIRECTORS

The Nomination Committee is responsible for identifying, evaluating and recommending to the Board, suitable candidates to fill Board vacancies. The Nomination Committee considers the required mix of skills, experience and diversity, including gender, ethnicity and age, where appropriate. Nominations may come from a wide variety of sources, including current Directors, senior employees of the Group, customers, shareholders, industry associations, recruiting firms and others.

The Company Secretary has the responsibility of ensuring that relevant procedures relating to the appointment of new Directors are properly executed.

New Directors are required to undergo familiarisation programmes and briefings to get a better understanding of the Group's operations and the overall industry.

2.3 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 in every three (3) years at each AGM, but shall be eligible for re-election. The election of each Director is voted on separately.

At the forthcoming AGM of the Company, pursuant to Article 112 of the Company's Articles of Association, the following Directors will retire by rotation and being eligible, offer themselves for re-election:

- Dr Leong Chik Weng
- Mr Gan Choon Sun

The Board agreed with the Nomination Committee's recommendation that the above Directors are eligible to stand for re-election and re-appointment based on the results of their individual assessment.

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

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

2.4 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:

2.4.1 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.

2.4.2 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 Directors	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.

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.

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

2.4 THE BOARD COMMITTEES (CONT'D)

2.4.2 Nomination Committee (Cont'd)

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.

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 and Executive Director and to identify areas for improvement.

Meetings/Quorum

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 2015, one (1) meeting was held which all members of the Nomination Committee attended.

Reports, Minutes and Procedure

The Company Secretary shall be appointed Secretary of the Nomination Committee and in conjunction with the Chairman, shall draw up the agenda which shall be sent to all members of the Nomination Committee and other persons who may be required/invited to attend.

The Managing Director, Executive Director and/or any officers of the Group may attend and make presentations at meetings.

The Nomination Committee decides its own procedures and other administrative arrangements. The Chairman of the Committee reports to the Board after each Nomination Committee meeting. Minutes of each meeting are kept by the Company Secretary as evidence that the Committee has discharged its functions.

Summary of Activities

For the year ended 31 July 2015, the activities of the Nomination Committee include the following:

- Assessed the effectiveness of the Board as a whole, the Committees of the Board and the contribution of each individual Director;
- Assessed the independence of its Independent Directors;
- Reviewed the performances of its Executive Directors;
- Reviewed and recommended the re-election of Dr Leong Chik Weng and Mr Gan Choon Sun who will retire by rotation at the forthcoming Annual General Meeting; and
- Reviewed and recommended that Dato' Shahrir Bin Abdul Jalil, Tuan Haji Ahmed Azhar Bin Abdullah and Dr Leong Chik Weng who have respectively served as Independent Non-Executive Directors of the Company for a cumulative term of more than nine (9) years, to continue to act as Independent Non- Executive Directors of the Company pursuant to Recomendation 3.3 of the Malaysian Code on Corporate Governance 2012.

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

2.4 THE BOARD COMMITTEES (CONT'D)

2.4.2 Nomination Committee (Cont'd)

Summary of Activities (Cont'd)
To carry out the assessment of those directors who are eligible to stand for re-election/re-appointment, the Nomination Committee will base on formal reviews of the performance of the Directors, their contribution to the Board through their skills, experience, strength and qualities, their level of independence and abilities to exercise independent judgement, demonstrate objectivity, clarity of thought during deliberations at meetings and ability to spend sufficient time and commitment to the Company.

For the annual assessment carried out on the effectiveness of the Board and Board Committees as a whole, the Nomination Committee was satisfied with the existing Board composition and was of the view that all the Directors and Board Committees of the Company had discharged their responsibilities in a commendable manner and had performed competently and effectively. The Board's effectiveness is assessed in the areas of composition, administration and process, accountability and responsibility, conduct and communication.

With regards to the Board's gender diversity, the Board has not adopted any formal gender diversity policy in the selection of new Board candidates and does not have a specific policy on setting targets for female candidates.

The Group will continue to identify suitable candidates for appointment to the Board as and when vacancies arise. Such candidates will be strictly assessed based on merit, their competencies, time commitment, experiences and knowledge.

2.4.3 Remuneration Committee

The Board had established a Remuneration Committee with appropriate terms of reference on 30 September 2013. The members of the Committee are as follows:

Name of Directors	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 the Remuneration 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.

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.

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

2.4 THE BOARD COMMITTEES (CONT'D)

2.4.3 Remuneration Committee (Cont'd)

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.

b) 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) 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 and Quorum

Meetings are 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, the Remuneration Committee held two (2) meetings, which were attended by all members.

Reports, Minutes and Procedure

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.

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

2.4 THE BOARD COMMITTEES (CONT'D)

2.4.3 Remuneration Committee (Cont'd)

Directors' Remuneration

The aggregate remuneration of Directors for the financial year ended 31 July 2015 is as follows:

	Executive Directors RM'000	Non-Executive Directors RM'000	Total RM'000
Fees	60	126	186
Salaries	693	-	693
Bonus	194	-	194
Defined contribution plan	92	-	92
Benefit-in-kind	26	-	26
Total	**1,065**	**126**	**1,191**

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 8 December 2015.

The number of Directors whose total remuneration fall within the following bands for the financial year ended 31 July 2015 is as follows:

	No. of Directors	
	Executive	Non-Executive
Below RM50,000	-	4
RM351,001 to RM400,000	1	-
RM550,001 to RM600,000	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 the 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 interest and abstain from the decision making process.

3.2 ANNUAL ASSESSMENT OF INDEPENDENT DIRECTORS

The Board consists of four (4) Non-Executive Directors and two (2) Executive Director. All of the Non-Executive Directors are independent. In ensuring that independent judgments are not compromised, the Board has adopted a policy on assessment of independence on its independent directors which is conducted on an annual basis or as and when a disclosure is made by any Director in respect of any new interest or relationship. The policy makes reference to Chapter 1 and Practice Note 13 of Bursa Malaysia's Main Market Listing Requirements.

Based on the assessment conducted recently, the Board is generally satisfied with the level of independence demonstrated by the independent directors and their ability to act in the best interest of the Group.

3.3 TENURE OF INDEPENDENT DIRECTORS

The tenure for an Independent Non-Executive Director should not exceed 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 nine (9) years tenure provided the Independent Non-Executive Director is re-designated as a Non-Independent Directors. Where the Board is of the view that the Independent Non-Executive Director can continue as an independent Non-Executive Director beyond the nine (9) years tenure, it must justify and seek shareholders' approval at the Annual General Meeting/ Extraordinary General Meeting.

Following the recommendation of the Nomination Committee in which the respective Director has abstained from deliberation on his election, Dato' Shahrir Bin Abdul Jalil, Tuan Haji Ahmed Azhar Bin Abdullah and Dr Leong Chik Weng, who have respectively served the Board as Independent Non-Executive Directors of the Company for a cumulative term of more than nine (9) years as at the end of the financial year under review, have been recommended by the Board to continue to act as an Independent Non-Executive Directors, subject to shareholders' approval at the forthcoming Annual General Meeting of the Company. The Board recommends retaining their designations as Independent Non-Executive Directors based on the following justifications:

i) they have fulfilled the criteria under the definition on Independent Director as stated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and, therefore, are able to bring independent and objective judgment to the Board;

ii) their experiences in the legal and/or financial matters, business and other relevant sectors enable them to provide the Board, as the case may be, with pertinent expertise, skills and competence; and

iii) they have been with the Company long and therefore understand the Company's business operations which enable them to contribute actively and effectively during deliberations or discussions at Board meetings.

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 2015, the Company held four (4) 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 Directors	Number of Meetings Attended	Percentage
Dato' Shahrir Bin Abdul Jalil	4/4	100%
Tan Wan Lay	4/4	100%
Tuan Haji Ahmed Azhar Bin Abdullah	4/4	100%
Dr Leong Chik Weng	4/4	100%
Wong Tze Kai	4/4	100%
Gan Choon Sun	4/4	100%

All the Directors have complied with the requirements of Bursa Malaysia in relation to attendance at Board meetings, in particular Paragraph 15.05 (3) of the MMLR which states that the office of a Director will become vacant if the Director is absent for more than 50% of the total Board meetings held during a financial year.

To facilitate the Directors' time planning, an annual meeting schedule is prepared and circulated at the beginning of every year, as well as the tentative closed periods for dealings in securities by Directors based on the targeted date of announcements of the Group's quarterly results.

4.2 NUMBER OF DIRECTORSHIPS IN OTHER COMPANIES

All Directors are expected to notify the Board of their acceptance of any new directorship in other listed issuers.

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. In addition to the MAP, 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.

The Company Secretary regularly update the relevant guidelines on statutory and regulatory requirements from time to time for the Board's reference and briefed 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 4 – FOSTER COMMITMENT OF DIRECTORS (CONT'D)

4.3 DIRECTORS' TRAINING (CONT'D)

For the year ended 31 July 2015 and up to the date of this report, the courses attended by the Directors included:

Name of Directors	Course / Seminar Attended
Dato' Shahrir Bin Abdul Jalil	• GST & Cash Management System Training
Tan Wan Lay	• Optimizing the Board's Perspective on Organizational Strategy for Effective Mergers and Acquisitions Activities
Tuan Haji Ahmed Azhar Bin Abdullah	• Lead the Change: Getting Women on Boards
Dr Leong Chik Weng	• Tax Information for Directors & Asia Pacific Biologics Market Overview
Wong Tze Kai	• Optimizing the Board's Perspective on Organizational Strategy for Effective Mergers and Acquisitions Activities
Gan Choon Sun	• Q&A on Aluminium (Extrusion and Die) • Optimizing the Board's Perspective on Organizational Strategy for Effective Mergers and Acquisitions Activities

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.

5.3 RELATED PARTY TRANSACTION

The Board, through the Audit Committee, reviews all material related party transactions involved. A Director who has an interest in a transaction must abstain from deliberation and voting on the relevant resolution in respect of such transaction at the Board and at any general meeting convened to consider such matter.

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.

The external auditors are invited to attend the Audit Committee meetings and present their audit findings when the Company's annual financial results are considered. The Audit Committee meets with the external auditors twice a year without the presence of the Managing Director, Executive Director and/or Management.

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

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.

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 authorized 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.

In accordance with the recommendation of the Code, the Board is encouraged to put substantive resolution to vote by way of poll at general meeting as may be demanded by the shareholders. The Chairman of any general meeting will inform the shareholders of the Company of their right to demand for a poll at the commencement of a general meeting.

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 Admin Manager, Mr Fam Lian Fatt to address any concern which a shareholder may have and he can be contacted via telephone, facsimile or electronic mail as follows:

Tel. No	:	+603-8724 4662/63/67
Fax No	:	+603-8723 2009
Email	:	fam@arank.com.my

STATEMENT ON CORPORATE GOVERNANCE

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 15 October 2015.

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 BUY-BACKS

There was no share buy-back scheme implemented during the financial year ended 31 July 2015.

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 2015.

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 2015.

NON-AUDIT FEES

During the financial year ended 31 July 2015, non-audit fees paid and payable to the external auditors, Messrs BDO and its affiliated company amounted to RM26,224.

VARIATION IN RESULTS

There were no material variance between the audited results for the financial year ended 31 July 2015 and the unaudited results previously announced for the quarter ended 31 July 2015.

PROFIT GUARANTEE

There were no profit guarantees given or received by the Company during the financial year ended 31 July 2015.

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 2015 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 2015.

SUSTAINABILITY AND CORPORATE SOCIAL 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 control system to ensure cleaner discharge into the environment.

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.

The initiatives include:

a) provided educational supports to a total of 78 students for primary and secondary schools comprising children of the Group's employees.

b) made donations to various school in Malaysia as a gesture of its contributions.

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.

MARKETPLACE (CONT'D)

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.

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 2015 to recognise their loyalty, dedication and commitment; and
- Celebration of Hari Raya Aidilfitri on July 2015 with an entertaining night for all the Group's employees.

SUSTAINABILITY AND CORPORATE SOCIAL RESPOSIBILITY

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 inculcate 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.

CONCLUSION

The Group continue to build sustainable practices in every aspect of the Group's business and remain steadfast in achieving excellence in its corporate social 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.

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 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.

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:
  - any changes in accounting policies and practices;
  - significant adjustments or unusual events arising from the audit;
  - the going concern assumption; and
  - 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.

Authority and Rights (Cont'd)

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.

Meeting, Minutes and Audit Committee's Procedure

Meetings shall be held not less than four (4) times a year. Additionally the Chairman shall convene a meeting of the Committee if requested to do so by its member, the management or the internal or external auditors to consider any matters within the scope and responsibilities of the Committee. The quorum for each meeting shall be two (2) members. During the financial year ended 31 July 2015, four (4) Audit Committee's meetings were held which were attended in full by all members of the Committee.

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. The Secretary shall also be responsible for keeping the minutes of meetings of the Committee and circulating them to the Committee members and to the other members of the Board of Directors.

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.

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;
- met with the external auditors twice before finalisation of the audited accounts for the year under review without the presence of executive directors or management;
- considered and recommended to the Board the re-appointment of the external auditors and their audit fees structure after taking into consideration the independence of the external auditors;
- reviewed any related party transactions and conflict of interest that may arise within the Group;
- reviewed with the internal auditors, the internal audit plan and the scope of work; and
- reviewed the internal auditors' report, the statement of Risk Management and Internal control, the external auditors' report and management letter, if any prior to the recommendation to the Board.

All the requirements under the terms of reference were complied with and the Audit Committee did not see any matters in breach of the Bursa Malaysia Securities Berhad's Listing Requirements that warrant reporting to Bursa Malaysia Securities Berhad.

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 2015, 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 Finance Manager 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 to oversee and perform regular reviews on the Group's risk management processes. During the financial year financial 31 July 2015, two (2) RMC's meetings were held which were attended in full by all members of the Committee. 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 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.

SYSTEM OF INTERNAL CONTROLS (CONT'D)

- 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.

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.

Any areas for improvement identified during the course of the internal audit review are brought to the attention of the Audit Committee. Internal audit reports and risk management report respectively were tabled at the Audit Committee meetings held during the financial year under review. The internal audit reports and risk management report were also forwarded to and discussed with the Management concerned for attention and necessary action, with the status of actions taken then reported back to the Audit Committee and the Board.

Total costs paid to outsourced internal audit consultants for the financial year ended 31 July 2015 and up to the date of this report is RM33,134 which had audited the following business processes and areas:

- Operations and Resource Management;
- Human Resource Management;
- Warehousing and Distribution; and
- Credit Risk Management

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.

CONCLUSION

The Board is satisfied that during the 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 15 October 2015.

FINANCIAL STATEMENTS

DIRECTORS' REPORT

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 July 2015.

PRINCIPAL ACTIVITIES

The Company is principally an investment holding company. The principal activities of the subsidiaries are set out in Note 9(a) to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	Group RM	Company RM
Profit for the financial year	10,545,404	3,373,093
Attributable to:		
Owners of the parent	10,315,530	3,373,093
Non-controlling interest	229,874	-
	10,545,404	3,373,093

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 2014:	
A First and Final Single Tier Dividend of 2.25 sen per ordinary share, paid on 31 December 2014	2,700,000

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 2015, 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

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

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued 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 2015 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 1.8.2014	**Bought**	**Sold**	**Balance as at 31.7.2015**
Shares in the Company				
Direct interests				
Tan Wan Lay	5,619,000	-	-	5,619,000
Tuan Haji Ahmed Azhar Bin Abdullah	150,000	-	-	150,000
Gan Choon Sun	67,500	-	-	67,500
Indirect interest				
Tan Wan Lay	37,790,991	-	-	37,790,991

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 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 except for any benefit which may be deemed to have arisen by virtue of the remuneration received and receivable by the Directors from the Company and its related corporations in their capacity as Directors or full time employees as disclosed in Note 29(c) to the financial statements.

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 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 satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and

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

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

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

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

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

(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 would 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.

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	**Tan Wan Lay**
Director	Director

Kuala Lumpur
15 October 2015

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 47 to 105 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 2015 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 33 to the financial statements on page 106 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
15 October 2015

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 47 to 106 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
15 October 2015

Tan Tze

Before me:
S. Ideraju (W-697)
Commissioner for Oaths

Report on the Financial Statements

We have audited the financial statements of A-Rank Berhad, which comprise the statements of financial position as at 31 July 2015 of the Group and of the Company, and the 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 47 to 105.

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 2015 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 33 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

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
3039/04/17 (J)
Chartered Accountant

Kuala Lumpur
15 October 2015

STATEMENTS OF FINANCIAL POSITION
As at 31 July 2015

	Note	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
ASSETS					
Non-current assets					
Property, plant and equipment	7	**67,438,854**	69,650,273	**-**	-
Intangible asset	8	**2,721,950**	2,721,950	**-**	-
Investments in subsidiaries	9(a)	**-**	-	**59,678,559**	59,678,559
Investment in an associate	9(b)	**3,000**	3,000	**3,000**	3,000
		70,163,804	72,375,223	**59,681,559**	59,681,559
Current assets					
Inventories	10	**31,007,784**	42,817,262	**-**	-
Derivative financial assets	18	**125,172**	-	**-**	-
Trade and other receivables	11	**42,219,995**	40,598,966	**7,833,847**	7,153,847
Current tax assets		**233,114**	-	**-**	-
Cash and bank balances	12	**20,933,244**	6,383,777	**13,860**	20,339
		94,519,309	89,800,005	**7,847,707**	7,174,186
TOTAL ASSETS		**164,683,113**	162,175,228	**67,529,266**	66,855,745
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	13	**60,000,000**	60,000,000	**60,000,000**	60,000,000
Reserves	14	**28,609,978**	20,994,448	**7,304,531**	6,631,438
		88,609,978	80,994,448	**67,304,531**	66,631,438
Non-controlling interest	9	**2,350,685**	2,120,811	**-**	-
TOTAL EQUITY		**90,960,663**	83,115,259	**67,304,531**	66,631,438

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

STATEMENTS OF FINANCIAL POSITION
As at 31 July 2015

	Note	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
LIABILITIES					
Non-current liabilities					
Borrowings	15	**1,568,683**	1,744,513	**-**	-
Deferred tax liabilities	16	**6,623,200**	8,138,521	**-**	-
		8,191,883	9,883,034	**-**	-
Current liabilities					
Trade and other payables	17	**17,714,866**	19,348,485	**224,735**	224,307
Current tax liabilities		**-**	187,416	**-**	-
Derivative financial liabilities	18	**361,350**	844,300	**-**	-
Borrowings	15	**47,454,351**	48,796,734	**-**	-
		65,530,567	69,176,935	**224,735**	224,307
TOTAL LIABILITIES		**73,722,450**	79,059,969	**224,735**	224,307
TOTAL EQUITY AND LIABILITIES		**164,683,113**	162,175,228	**67,529,266**	66,855,745

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 2015

	Note	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
Revenue	19	**485,950,183**	487,298,825	**3,750,000**	4,500,000
Cost of sales	20	**(462,574,565)**	(464,956,565)	**-**	-
Gross profit		**23,375,618**	22,342,260	**3,750,000**	4,500,000
Other operating income		**563,561**	198,850	**-**	-
Marketing and distribution expenses		**(1,748,949)**	(1,314,129)	**-**	-
Administration expenses		**(11,172,483)**	(8,567,719)	**(376,907)**	(434,294)
Profit from operations		**11,017,747**	12,659,262	**3,373,093**	4,065,706
Finance costs	21	**(1,055,847)**	(1,272,516)	**-**	-
Profit before tax	22	**9,961,900**	11,386,746	**3,373,093**	4,065,706
Taxation	23	**583,504**	(1,595,314)	**-**	-
Profit for the financial year		**10,545,404**	9,791,432	**3,373,093**	4,065,706
Other comprehensive income, net of tax		**-**	-	**-**	-
Total comprehensive income		**10,545,404**	9,791,432	**3,373,093**	4,065,706
Profit attributable to :					
Owners of the parent		**10,315,530**	9,497,971	**3,373,093**	4,065,706
Non-controlling interest	9	**229,874**	293,461	**-**	-
		10,545,404	9,791,432	**3,373,093**	4,065,706
Total comprehensive income attributable to :					
Owners of the parent		**10,315,530**	9,497,971	**3,373,093**	4,065,706
Non-controlling interest		**229,874**	293,461	**-**	-
		10,545,404	9,791,432	**3,373,093**	4,065,706
Basic and diluted earnings per share (sen)	24	**8.60**	7.91		

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the financial year ended 31 July 2015

Group	Note	Non-distributable Share capital RM	Distributable Retained earnings RM	Total attributable to owners of the parent RM	Non-controlling interest RM	Total equity RM
Balance as at 1 August 2013		60,000,000	14,196,477	74,196,477	1,827,350	76,023,827
Profit for the financial year		-	9,497,971	9,497,971	293,461	9,791,432
Other comprehensive income		-	-	-	-	-
Total comprehensive income		-	9,497,971	9,497,971	293,461	9,791,432
Transactions with owners						
Dividend paid	25	-	(2,700,000)	(2,700,000)	-	(2,700,000)
Balance as at 31 July 2014		60,000,000	20,994,448	80,994,448	2,120,811	83,115,259
Profit for the financial year		-	10,315,530	10,315,530	229,874	10,545,404
Other comprehensive income		-	-	-	-	-
Total comprehensive income		-	10,315,530	10,315,530	229,874	10,545,404
Transactions with owners						
Dividend paid	25	-	(2,700,000)	(2,700,000)	-	(2,700,000)
Balance as at 31 July 2015		**60,000,000**	**28,609,978**	**88,609,978**	**2,350,685**	**90,960,663**

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

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 July 2015

Company	Note	Non-distributable Share capital RM	Distributable Retained earnings RM	Total RM
Balance as at 1 August 2013		60,000,000	5,265,732	65,265,732
Profit for the financial year		-	4,065,706	4,065,706
Other comprehensive income		-	-	-
Total comprehensive income		-	4,065,706	4,065,706
Transaction with owners				
Dividend paid	25	-	(2,700,000)	(2,700,000)
Balance as at 31 July 2014		60,000,000	6,631,438	66,631,438
Profit for the financial year		-	3,373,093	3,373,093
Other comprehensive income		-	-	-
Total comprehensive income		-	3,373,093	3,373,093
Transactions with owners				
Dividend paid	25	-	(2,700,000)	(2,700,000)
Balance as at 31 July 2015		**60,000,000**	**7,304,531**	**67,304,531**

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

STATEMENTS OF CASH FLOWS

For the financial year ended 31 July 2015

	Note	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax		**9,961,900**	11,386,746	**3,373,093**	4,065,706
Adjustments for:					
Deposits written off		**66,770**	-	**-**	-
Depreciation of property, plant and equipment	7	**5,589,708**	5,360,122	**-**	-
Dividend income	19	**-**	-	**(3,750,000)**	(4,500,000)
Fair value (gain)/loss on derivative instruments	18(c)	**(608,122)**	1,868,345	**-**	-
Gain on disposal of property, plant and equipment		**(2,999)**	(74,151)	**-**	-
Impairment loss on trade receivables	11	**87,244**	-	**-**	-
Interest expenses	21	**1,055,847**	1,272,516	**-**	-
Interest income		**(105,783)**	(60,837)	**-**	-
Inventories written down		**1,356,127**	-	**-**	-
Property, plant and equipment written off	7	**1,719,966**	379,508	**-**	-
Unrealised loss on foreign exchange		**665,992**	19,751	**-**	-
Operating profit/(loss) before changes in working capital		**19,786,650**	20,152,000	**(376,907)**	(434,294)
Decrease/(Increase) in inventories		**10,453,351**	(10,235,710)	**-**	-
Increase in trade and other receivables		**(1,656,310)**	(1,070,222)	**-**	-
(Decrease)/Increase in trade and other payables		**(1,545,737)**	4,152,264	**428**	11,003
Cash generated from/(used in) operations		**27,037,954**	12,998,332	**(376,479)**	(423,291)
Interest paid		**(599)**	(6,056)	**-**	-
Tax refund		**115,785**	329,288	**-**	180,351
Tax paid		**(1,468,132)**	(935,666)	**-**	-
Net cash from/(used in) operating activities		**25,685,008**	12,385,898	**(376,479)**	(242,940)

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

STATEMENTS OF CASH FLOWS
For the financial year ended 31 July 2015

	Note	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
CASH FLOWS FROM INVESTING ACTIVITIES					
Dividend received	19	**-**	-	**3,750,000**	4,500,000
Interest received		**105,783**	60,837	**-**	-
Investment in an associate		**-**	(3,000)	**-**	(3,000)
(Advances to)/Repayments from subsidiaries		**-**	-	**(680,000)**	1,359,999
Advances to an associate		**-**	(3,000,000)	**-**	(3,000,000)
Proceeds from disposal of plant and equipment		**3,000**	156,500	**-**	-
Purchase of property, plant and equipment	7	**(5,098,256)**	(4,511,796)	**-**	-
Net cash (used in)/from investing activities		**(4,989,473)**	(7,297,459)	**3,070,000**	2,856,999
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividend paid	25	**(2,700,000)**	(2,700,000)	**(2,700,000)**	(2,700,000)
Drawdown of bankers' acceptances		**240,000**	310,000	**-**	-
Net (repayment)/drawdown of foreign currency loans		**(2,462,121)**	1,965,518	**-**	-
Net repayment of borrowings		**(168,699)**	(170,961)	**-**	-
Interest paid		**(1,055,248)**	(1,266,460)	**-**	-
Net cash used in financing activities		**(6,146,068)**	(1,861,903)	**(2,700,000)**	(2,700,000)
Net increase/(decrease) in cash and cash equivalents		**14,549,467**	3,226,536	**(6,479)**	(85,941)
Cash and cash equivalents at beginning of financial year		**6,383,777**	3,157,241	**20,339**	106,280
Cash and cash equivalents at end of financial year	12	**20,933,244**	6,383,777	**13,860**	20,339

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 2015 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 15 October 2015.

2. PRINCIPAL ACTIVITIES

The Company is principally an investment holding company. The principal activities of the subsidiaries are set out in Note 9(a) to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

3. BASIS OF PREPARATION

The financial statements of the Group and of the Company set out on pages 47 to 105 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.

However, Note 33 to the financial statements set out on page 106 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. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiaries. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

(a) Power over the investee;

(b) Exposure, or rights, to variable returns from its involvement with the investee; and

(c) The ability to use its power over the investee to affect its returns.

If the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) The contractual arrangement with the other vote holders of the investee;

(b) Rights arising from other contractual agreements; and

(c) The voting rights of the Group and potential voting rights.

Intragroup balances, transactions, income and expenses are eliminated on consolidation. Unrealised gains arising from transactions are eliminated to the extent of the interest of the Group in the investee. 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 subsidiaries are changed to ensure consistency with the policies adopted by the Group.

Non-controlling interests represent equity in subsidiaries that are not attributable, directly or indirectly, to owners of the parent, 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 parent. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. 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. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the financial year are included in the statement of profit or loss and other comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.2 Basis of consolidation (Cont'd)

If 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 joint venture.

4.3 Business combinations

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)

Components of non-controlling interests 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 fair value. All other components of non-controlling interests 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 interests' share of subsequent changes in equity.

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.

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 would 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.

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. 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%

Freehold land has unlimited useful life and is not depreciated. Construction-in-progress represents machinery under installation and renovation-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).

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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 Leases

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 over the lease term.

4.6 Investments

(a) Subsidiaries

A subsidiary is an entity in which the Group and the Company are exposed, or have rights, to variable returns from its involvement with the subsidiary and have the ability to affect those returns through its power over the subsidiary.

An investment in subsidiary, which is eliminated on consolidation, is stated in the separate financial statements of the Company at cost less accumulated impairment losses, if any. Put options written over non-controlling interests on the acquisition of subsidiary shall be included as part of the cost of investment in the separate financial statements of the Company. Subsequent changes in the fair value of the written put options over non-controlling interests shall be recognised in profit or loss. 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 interests at their carrying amount and 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.

(b) Associate

An associate is an entity over which the Group and the Company have significant influence and that is neither a subsidiary nor an interest in a joint arrangement. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is neither control nor joint control over those policies.

In the separate financial statements of the Company, an investment in associate is stated at cost less impairment losses.

An investment in associate is accounted for in the consolidated financial statements using the equity method of accounting. The investment in associate in the consolidated statement of financial position is initially recognised at cost and adjusted thereafter for the post acquisition change in the share of net assets of the investments of the Group.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.6 Investments (Cont'd)

(b) Associate (Cont'd)

The interest in an associate is the carrying amount of the investment in the associate under the equity method together with any long term interest that, in substance, form part of the net investment in the associate of the Group.

The share of the profit or loss of the associate by the Group during the financial year is included in the consolidated financial statements, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases. Distributions received from the associate reduce the carrying amount of the investment. Adjustments to the carrying amount could also be necessary for changes in the proportionate interest of the Group in the associate arising from changes in the associate's equity that have not been recognised in the associate's profit or loss. Such changes include those arising from the revaluation of property, plant and equipment and from foreign exchange translation differences. The share of those changes by the Group is recognised directly in equity of the Group.

When the share of losses of the Group in the associate equals to or exceeds its interest in the associate, the carrying amount of that interest is reduced to nil and the Group does not recognise further losses unless it has incurred legal or constructive obligations or made payments on its behalf.

The most recent available financial statements of the associate are used by the Group in applying the equity method. When the end of the reporting periods of the financial statements are not coterminous, the share of results is arrived at using the latest audited financial statements for which the difference in end of the reporting periods is no more than three (3) months. Adjustments are made for the effects of any significant transactions or events that occur between the intervening periods.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in the profit or loss.

When the interest of the Group in an associate decreases but does not result in a loss of significant influence, any retained interest is not re-measured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to the profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

4.7 Intangible assets

<u>Goodwill</u>

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, the excess is recognised immediately in profit or loss as a bargain purchase gain.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.7 Intangible assets (Cont'd)

Goodwill (Cont'd)

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, significant 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.

Goodwill arising on acquisition of an associate is the excess of cost of investment over the share of the net fair value of net assets of the associates' identifiable assets and liabilities by the Group at the date of acquisition.

Goodwill relating to the associate is included in the carrying amount of the investment and is not amortised. The excess of the share of the net fair value of the associate's identifiable assets and liabilities by the Group over the cost of investment is included as income in the determination of the share of the associate's profit or loss by the Group in the period in which the investment is acquired.

4.8 Impairment of non-financial assets

The carrying amounts of assets, except for financial assets (excluding investments in subsidiaries and associate), inventories and deferred tax assets, 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 has an indefinite useful life is 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 CGU or groups of CGU of the Group that are expected to benefit from the synergies of the combination giving rise to the goodwill irrespective of whether other assets or liabilities of the acquiree are assigned to those units or groups of units.

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

In estimating 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 goodwill, exceeds the recoverable amount of the asset or the CGU. The total impairment loss is allocated, first, to reduce the carrying amount of any goodwill allocated to the CGU and then to the other assets of the CGU on a pro-rata basis of the carrying amount of each asset in the CGU. The impairment loss is recognised in profit or loss immediately.

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

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised. Such reversals are recognised as income immediately in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

(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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.10 Financial instruments (Cont'd)

(a) Financial assets (Cont'd)

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

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.

(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 consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three (3) months or less, and are used by the Group and the Company in the management of their short term commitments. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.10 Financial instruments (Cont'd)

(a) Financial assets (Cont'd)

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.

(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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.10 Financial instruments (Cont'd)

(b) Financial liabilities (Cont'd)

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

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

(c) Equity

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

The Group measures a liability to distribute non-cash assets as a dividend to the owners of the Company at fair value of the assets to be distributed. The carrying amount of the dividend is remeasured at the end of each reporting period and at the settlement date, with any changes recognised directly in equity as adjustments to the amount of the distribution. On settlement of the transaction, the Group recognises the difference, if any, between the carrying amount of the assets distributed and the carrying amount of the liability in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 or investee, 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.

The carrying amount of loans and receivables are reduced through the use of an allowance account.

If in a subsequent period, the amount of the impairment loss decreases and it objectively relates to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of impairment reversed is recognised in profit or loss.

4.12 Borrowing costs

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

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

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

4.13 Income taxes

Income taxes include all taxes on taxable profit. Income taxes also include other taxes such as withholding taxes and real property gains taxes payable on the disposal of properties.

Taxes in the statement 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 would 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 the end of each reporting period. If it is no longer probable that sufficient taxable profits would 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 would be reduced accordingly. When it becomes probable that sufficient taxable profits would be available, such reductions would 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 would 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 would 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 each 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 would 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 would 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 would 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 would 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 and they lapse if the current period's entitlement is not used in full and do not entitle employees to a cash payment for unused entitlement on leaving the Group.

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 functional and presentation currency of the Company.

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 would 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 activities of the Group 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 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 percent (10%) 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 percent (10%) 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 percent (10%) 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 percent (75%) of the revenue of the Group. 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.

4.21 Fair value measurements

The fair value of an asset or a liability is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement method assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.21 Fair value measurements (Cont'd)

When the Group measures the fair value of an asset or a liability, it takes into account the characteristics of the asset or liability if market participants would take these characteristics into account when pricing the asset or liability. The Group has considered the following characteristics when determining fair value:

(a) The condition and location of the asset; and

(b) Restrictions, if any, on the sale or use of the asset.

The fair value measurement for a non-financial asset takes into account the ability of market participants to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The fair value of a financial or non-financial liability or an entity's own equity instrument assumes that:

(a) A liability would remain outstanding and the market participant transferee would be required to fulfil the obligation. The liability would not be settled with the counterparty or otherwise extinguished on the measurement date; and

(b) An entity's own equity instrument would remain outstanding and the market participant transferee would take on the rights and responsibilities associated with the instrument. The instrument would not be cancelled or otherwise extinguished on the measurement date.

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 accounting standards, amendments and interpretations of the MFRS Framework that were issued by the Malaysian Accounting Standards Board ('MASB') during the financial year.

Title	Effective Date
Amendments to MFRS 10 *Consolidated Financial Statements: Investment Entities*	1 January 2014
Amendments to MFRS 12 *Disclosure of Interest in Other Entities: Investment Entities*	1 January 2014
Amendments to MFRS 127 *Separate Financial Statements (2011): Investment Entities*	1 January 2014
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
Amendments to MFRS 119 *Defined Benefit Plans: Employee Contributions*	1 July 2014
Amendments to MFRSs *Annual Improvements 2010 - 2012 Cycle*	1 July 2014
Amendments to MFRSs *Annual Improvements 2011 - 2013 Cycle*	1 July 2014

There is no material impact upon the adoption of these amendments and interpretation during the financial year:

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 2016

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 Group and the Company.

Title	Effective Date
MFRS 14 *Regulatory Deferral Accounts*	1 January 2016
Amendments to MFRS 10 and MFRS 128 *Sale or Contribution of Assets between an Investor and its Associates or Joint Venture*	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128 *Investment Entities: Applying the Consolidation Exception*	1 January 2016
Amendments to MFRS 101 *Disclosure Initiative*	1 January 2016
Amendments to MFRS 116 and MFRS 138 *Clarification of Acceptable Methods of Depreciation and Amortisation*	1 January 2016
Amendments to MFRS 11 *Accounting for Acquisitions of Interests in Joint Operations*	1 January 2016
Amendments to MFRS 116 and MFRS 141 *Agriculture: Bearer Plants*	1 January 2016
Amendments to MFRS 127 *Equity Method in Separate Financial Statements*	1 January 2016
Amendments to MFRSs *Annual Improvements to 2012 - 2014 Cycle*	1 January 2016
MFRS 15 *Revenue from Contracts with Customers*	1 January 2018
MFRS 9 *Financial Instruments (IFRS as issued by IASB in July 2014)*	1 January 2018

The Group and the Company are in the process of assessing the impact of implementing these accounting standards and amendments, since the effects would only be observable for 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 are critical judgements made by management in the process of applying the accounting policies of the Group that have a significant effect on the amounts recognised in the financial statements.

(a) Contingent liabilities on corporate guarantees

The Directors are of the view that the chances of the financial institutions calling upon the corporate guarantees are remote.

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

6.2 Critical judgements made in applying accounting policies (Cont'd)

(b) Classification of non-current 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.

6.3 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 over the assets' useful lives. Management estimates that the useful lives of these property, plant and equipment to be within 2% to 50%. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, and therefore future depreciation charges could be revised.

A ten percent (10%) difference in the average useful lives of these assets from the management's estimates would result in approximately RM558,971 variance in consolidated profit for the financial year.

(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 would impact the carrying value of receivables.

(c) Write off for obsolete or slow moving inventories

The Group writes off its obsolete or slow moving inventories based on assessment of their estimated net selling price. Inventories are written off 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 would impact the carrying amount of inventories.

(d) Income taxes

Significant judgement is involved in determining the provision for income taxes of the Group and of the Company. 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 would be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such difference would impact the income tax and deferred tax provisions 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)

(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 would impact the deferred tax liabilities provisions, where applicable, in the period in which such determination is made.

(f) Fair values of borrowings

The fair values of borrowings are estimated by discounting future contractual cash flows at the current market interest rates available to the Group for similar financial instruments. Sensitivity analysis of the effects of interest rate risk has been disclosed in Note 32(i) to the financial statements.

(g) Fair value measurement

The fair value measurement of the financial and non-financial assets and liabilities of the Group utilises market observable inputs and data as far as possible, where applicable. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are:

(i) Level 1: Quoted prices in active markets for identical items (unadjusted);
(ii) Level 2: Observable direct or indirect inputs other than Level 1 inputs; and
(iii) Level 3: Unobservable inputs (i.e. not derived from market data).

The classification of an item into the above levels is based on the lowest level of the inputs used in the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

The Group measures financial instruments at fair value as disclosed in Note 31(d) to the financial statements.

7. PROPERTY, PLANT AND EQUIPMENT

Group 2015	Balance as at 1.8.2014 RM	Additions RM	Reclassification RM	Disposal RM	Written off RM	Depreciation charge for the year RM	Balance as at 31.7.2015 RM
Carrying amount							
Freehold land	10,676,000	-	-	-	-	-	**10,676,000**
Buildings	21,280,959	1,892,575	2,744,283	-	-	(576,701)	**25,341,116**
Plant and machinery	31,450,263	2,650,966	24,300	-	(1,708,195)	(4,304,253)	**28,113,081**
Office equipment	560,376	293,789	-	-	(11,771)	(99,052)	**743,342**
Furniture and fittings	294,502	68,283	-	-	-	(56,911)	**305,874**
Electrical fittings	1,050,592	7,100	-	-	-	(128,458)	**929,234**
Motor vehicles	984,043	98,263	-	(1)	-	(259,172)	**823,133**
Renovations	584,955	87,280	-	-	-	(165,161)	**507,074**
Work in progress	2,768,583	-	(2,768,583)	-	-	-	**-**
	69,650,273	5,098,256	-	(1)	(1,719,966)	(5,589,708)	**67,438,854**

	At 31 July 2015 Cost RM	Accumulated depreciation RM	Carrying amount RM
Freehold land	**10,676,000**	**-**	**10,676,000**
Buildings	**30,319,082**	**(4,977,966)**	**25,341,116**
Plant and machinery	**60,851,348**	**(32,738,267)**	**28,113,081**
Office equipment	**1,228,891**	**(485,549)**	**743,342**
Furniture and fittings	**646,418**	**(340,544)**	**305,874**
Electrical fittings	**2,691,006**	**(1,761,772)**	**929,234**
Motor vehicles	**1,295,857**	**(472,724)**	**823,133**
Renovations	**885,836**	**(378,762)**	**507,074**
	108,594,438	**(41,155,584)**	**67,438,854**

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

Group 2014	Balance as at 1.8.2013 RM	Additions RM	Disposals RM	Written off RM	Depreciation charge for the year RM	Balance as at 31.7.2014 RM
Carrying amount						
Freehold land	10,676,000	-	-	-	-	10,676,000
Buildings	21,843,105	-	-	(15,988)	(546,158)	21,280,959
Plant and machinery	35,079,171	888,781	(1,725)	(340,835)	(4,175,129)	31,450,263
Office equipment	593,550	81,868	-	(22,685)	(92,357)	560,376
Furniture and fittings	349,530	-	-	-	(55,028)	294,502
Electrical fittings	1,178,814	-	-	-	(128,222)	1,050,592
Motor vehicles	495,620	772,564	(80,624)	-	(203,517)	984,043
Renovations	744,666	-	-	-	(159,711)	584,955
Work in progress	-	2,768,583	-	-	-	2,768,583
	70,960,456	4,511,796	(82,349)	(379,508)	(5,360,122)	69,650,273

	At 31 July 2014		
	Cost RM	Accumulated depreciation RM	Carrying amount RM
Freehold land	10,676,000	-	10,676,000
Buildings	25,682,224	(4,401,265)	21,280,959
Plant and machinery	62,814,648	(31,364,385)	31,450,263
Office equipment	988,061	(427,685)	560,376
Furniture and fittings	578,135	(283,633)	294,502
Electrical fittings	2,683,906	(1,633,314)	1,050,592
Motor vehicles	1,273,100	(289,057)	984,043
Renovations	798,556	(213,601)	584,955
Work in progress	2,768,583	-	2,768,583
	108,263,213	(38,612,940)	69,650,273

As at 31 July 2015, freehold land and buildings of a subsidiary with a carrying amount of RM4,834,658 (2014: RM4,931,088) have been charged to a bank for credit facilities granted to a subsidiary (Note 15).

8. INTANGIBLE ASSET

	Group	
	2015 RM	2014 RM
Carrying amount		
Goodwill	**2,721,950**	2,721,950

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

For the purpose of impairment testing, goodwill is allocated to the CGU which represents the lowest level within the Group at which the goodwill is monitored for internal management purposes.

The recoverable amounts of the CGU have been determined based on value in use calculations using cash flow projections from financial budgets approved by management covering a five-year period. The pre-tax discount rate applied to the cash flow projections and the forecasted growth rate used to extrapolate cash flows for the five years period are as follows:

	Group	
	2015 %	2014 %
Growth rate	**12**	10
Pre-tax discount rate	**8**	9

A reasonable change in the above assumptions would not cause any impairment loss on goodwill. The calculations of value in use for the CGU are most sensitive to the following assumptions:

(a) Growth rates
The forecasted growth rates are based on historical growth rate of the CGU.

(b) Pre-tax discount rate
Discount rate reflects the Weighted Average Cost of Capital ('WACC') of the Group.

9. INVESTMENTS

(a) Investments in subsidiaries

	Company	
	2015 RM	2014 RM
Unquoted shares, at cost	**59,678,559**	59,678,559

9. INVESTMENTS (CONT'D)

(a) Investments in subsidiaries (Cont'd)

The details of the subsidiaries are as follows:

Name of company	Country of incorporation	Effective interest in equity 2015	Effective interest in equity 2014	Principal activities
Formosa Shyen Horng Metal Sdn. Bhd.	Malaysia	**100%**	100%	Manufacturing and marketing of aluminium billets.
HongLee Group (M) Sdn. Bhd. ("HongLee Group")	Malaysia	**55%**	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.	Malaysia	**100%**	100%	Marketing and trading of all kinds of aluminium and glass products and other related activities. The company has ceased the business operation during the current financial year.

All the subsidiaries are audited by BDO.

The subsidiary of the Group that has material non-controlling interests ('NCI') is as follows:

	Group 2015 RM	Group 2014 RM
NCI percentage of ownership interest and voting interest (%)	**45**	45
Carrying amount of NCI (RM)	**2,350,685**	2,120,811
Profit allocated to NCI (RM)	**229,874**	293,461

9. INVESTMENTS (CONT'D)

(a) Investments in subsidiaries (Cont'd)

The summarised financial information before intra-group elimination of the subsidiary that has material NCI as at the end of each reporting period are as follows:

	Group	
	2015 RM	2014 RM
Assets and liabilities		
Non-current assets	**13,197,871**	12,420,909
Current assets	**6,868,142**	5,740,797
Non-current liabilities	**(1,796,575)**	(1,979,578)
Current liabilities	**(8,096,694)**	(6,520,214)
Net assets	**10,172,744**	9,661,914
Results		
Revenue	**13,547,924**	11,162,030
Profit for the financial year	**510,830**	652,137
Total comprehensive income	**510,830**	652,137
Cash flows from/(used in) operating activities	**1,866,167**	(569,582)
Cash flows used in investing activities	**(507,971)**	(541,258)
Cash flows used in financing activities	**(418,804)**	(98,785)
Net increase/(decrease) in cash and cash equivalents	**939,392**	(1,209,625)
Dividends paid to NCI	**-**	-

(b) Investment in an associate

	Group and Company	
	2015 RM	2014 RM
Unquoted shares, at cost	**3,000**	3,000

Name of company	Country of incorporation	Effective interest in equity 2015	Effective interest in equity 2014	Principal activities
Ringgit Voyage Sdn. Bhd.	Malaysia	**30%**	30%	Investment holding

9. INVESTMENTS (CONT'D)

(b) Investment in an associate (Cont'd)

(i) The above associate is accounted for using the equity method in the consolidated financial statements.

(ii) The summarised financial information of the associate is as follows:

	Group and Company	
	2015	**2014**
	RM	**RM**
Assets and liabilities		
Current assets	**9,704,590**	9,707,492
Non-current assets	**305,419**	300,000
Current liability	**(10,000,000)**	(10,000,000)
Net Assets	**10,009**	7,492

	Company	
	2015	**2014**
	RM	**RM**
Results		
Revenue	**-**	-
Profit/(Loss) for the financial year	**2,517**	(2,508)
Total comprehensive income/(loss)	**2,517**	(2,508)
Cash flows used in operating activities	**(2,902)**	(2,508)
Cash flows used in investing activities	**-**	(300,000)
Cash flows from financing activities	**-**	310,000
Net (decrease)/increase in cash and cash equivalents	**(2,902)**	7,492

10. INVENTORIES

	Group 2015 RM	Group 2014 RM
At cost		
Raw materials	**6,497,123**	39,674,718
Work-in-progress	**1,079,455**	1,004,051
Stores and spares	**1,028,439**	1,407,242
Finished goods	**788,499**	731,251
	9,393,516	42,817,262
At net realisable value		
Raw materials	**21,614,268**	-
	31,007,784	42,817,262

11. TRADE AND OTHER RECEIVABLES

	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
Trade receivables				
Third parties	**34,688,288**	34,118,726	**-**	-
Less: Impairment losess	**(87,244)**	-	**-**	-
	34,601,044	34,118,726	**-**	-
Other receivables				
Amounts owing by subsidiaries	**-**	-	**4,832,847**	4,152,847
Amount owing by an associate	**3,000,000**	3,000,000	**3,000,000**	3,000,000
Other receivables	**4,239,732**	2,814,539	**-**	-
Deposits	**172,622**	283,192	**1,000**	1,000
	7,412,354	6,097,731	**7,833,847**	7,153,847
Loans and receivables	**42,013,398**	40,216,457	**7,833,847**	7,153,847
Prepayments				
Prepayments	**206,597**	382,509	**-**	-
	42,219,995	40,598,966	**7,833,847**	7,153,847

11. TRADE AND OTHER RECEIVABLES (CONT'D)

(a) The credit terms of trade receivables ranged from 7 days to 6 months (2014: 7 days to 6 months) from the 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 RM2,596,532 (2014: RM2,548,187).

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

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

	Group		Company	
	2015 RM	**2014 RM**	**2015 RM**	**2014 RM**
Ringgit Malaysia	**31,455,879**	31,414,267	**7,833,847**	7,153,847
US Dollar	**10,557,519**	8,802,190	**-**	-
	42,013,398	40,216,457	**7,833,847**	7,153,847

(e) The aging analysis of trade receivables are as follows:

	Group	
	2015 RM	**2014 RM**
Neither past due nor impaired	**28,223,568**	31,624,634
Past due, not impaired:		
- 30 to 60 days	**5,805,344**	865,150
- 61 to 90 days	**208,842**	875,295
- 91 to 120 days	**88,761**	233,337
- more than 120 days	**274,529**	520,310
	6,377,476	2,494,092
Past due and impaired	**87,244**	-
	34,688,288	34,118,726

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

The credit quality of trade receivables that are neither past due nor impaired as at the end of reporting period were assessed by reference to past payment trends of the receivables.

(g) Trade receivables that are past due but not impaired mainly arose from customers where the Group has healthy business relationships with, whereby management is of the view that the amounts are recoverable based on payment history.

The trade receivables of the Group that are past due but not impaired are unsecured in nature.

11. TRADE AND OTHER RECEIVABLES (CONT'D)

(h) The reconciliation of movement in the impairment loss is as follows:

	Group 2015 RM
At 1 August 2014	**-**
Charge for the financial year	**87,244**
At 31 July 2015	**87,244**

(i) Information on financial risks of trade and other receivables is disclosed in Note 32 to the financial statements.

12. CASH AND BANK BALANCES

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Deposits with licensed banks	**15,000,000**	-	**-**	-
Cash and bank balances	**5,933,244**	6,383,777	**13,860**	20,339
	20,933,244	6,383,777	**13,860**	20,339

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

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Ringgit Malaysia	**18,379,689**	5,732,789	**13,860**	20,339
US Dollar	**2,530,662**	635,859	**-**	-
Others	**22,893**	15,129	**-**	-
	20,933,244	6,383,777	**13,860**	20,339

(b) Information on financial risks of cash and bank balances is disclosed in Note 32 to the financial statements.

13. SHARE CAPITAL

	Group and Company			
	2015		2014	
	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	**120,000,000**	**60,000,000**	120,000,000	60,000,000

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 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
Distributable				
Retained earnings	**28,609,978**	20,994,448	**7,304,531**	6,631,438

15. BORROWINGS

	Group 2015 RM	Group 2014 RM
Current liabilities		
Bankers' acceptances	**7,100,000**	6,860,000
Foreign currency loans	**40,167,694**	41,757,208
Term loans	**186,657**	179,526
	47,454,351	48,796,734
Non-current liabilities		
Term loans	**1,568,683**	1,744,513
	49,023,034	50,541,247
Total borrowings		
Bankers' acceptances	**7,100,000**	6,860,000
Foreign currency loans	**40,167,694**	41,757,208
Term loans	**1,755,340**	1,924,039
	49,023,034	50,541,247

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

	Group 2015 RM	Group 2014 RM
Ringgit Malaysia	**8,855,340**	8,784,039
US Dollar	**40,167,694**	41,757,208
	49,023,034	50,541,247

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

15. BORROWINGS (CONT'D)

(c) Term loans are 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 RM4,834,658 (2014: RM4,931,088) as disclosed in Note 7 to the financial statements.

(d) The term loans are repayable in 120 monthly installments, which commenced on 1 August 2013.

(e) Information on financial risks of borrowings is disclosed in Note 32 to the financial statements.

16. DEFERRED TAX LIABILITIES

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

	Group	
	2015 RM	2014 RM
Balance as at 1 August 2014/2013	**8,138,521**	7,534,124
Recognised in profit or loss (Note 23)	**(1,515,321)**	604,397
Balance as at 31 July 2015/2014	**6,623,200**	8,138,521
Presented after appropriate offsetting:		
Deferred tax assets	**(25,547)**	(504,019)
Deferred tax liabilities	**6,648,747**	8,642,540
	6,623,200	8,138,521

(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 2014	**8,642,540**
Recognised in profit or loss	**(1,993,793)**
At 31 July 2015	**6,648,747**
At 1 August 2013	7,562,441
Recognised in profit or loss	1,080,099
At 31 July 2014	8,642,540

16. DEFERRED TAX LIABILITIES (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 RM	Other deductible temporary differences RM	Total RM
At 1 August 2014	**-**	**504,019**	**504,019**
Recognised in profit or loss	**-**	**(478,472)**	**(478,472)**
At 31 July 2015	**-**	**25,547**	**25,547**
At 1 August 2013	301,060	(272,743)	28,317
Recognised in profit or loss	(301,060)	776,762	475,702
At 31 July 2014	-	504,019	504,019

(c) The amount of temporary differences for which no deferred tax asset has been recognised in the statement of financial position are as follows:

	Group	
	2015 RM	2014 RM
Unused tax losses	**22,235**	-
Other deductible temporary differences	**48,908**	-
	71,143	-

Deferred tax assets of certain subsidiaries have not been recognised in respect of these items as it is not probable that taxable profits of the subsidiaries would be available against which the deductible temporary differences could be utilized.

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

17. TRADE AND OTHER PAYABLES

	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
Trade payables				
Third parties	**6,163,806**	7,097,803	**-**	-
Other payables				
Other payables	**7,668,760**	9,001,257	**8,235**	15,436
Accruals	**2,082,300**	1,449,425	**216,500**	208,871
Amounts owing to a related party	**1,800,000**	1,800,000	**-**	-
	11,551,060	12,250,682	**224,735**	224,307
	17,714,866	19,348,485	**224,735**	224,307

(a) Trade payables are non-interest bearing and the normal credit terms granted to the Group ranged from 7 days to 60 days (2014: 7 days to 60 days).

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

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

	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
Ringgit Malaysia	**13,823,965**	14,575,214	**224,735**	224,307
US Dollar	**3,890,901**	4,773,271	**-**	-
	17,714,866	19,348,485	**224,735**	224,307

(d) Information on financial risks of trade and other payables is disclosed in Note 32 to the financial statements.

18. DERIVATIVE ASSETS/(LIABILITIES)

Group	2015 Contract/ Notional amount RM	2015 Assets RM	2015 Liabilities RM	2014 Contract/ Notional amount RM	2014 Assets RM	2014 Liabilities RM
Commodity future contracts	**8,374,923**	**-**	**(361,350)**	8,236,792	-	(391,812)
Forward currency contracts	**10,774,812**	**125,172**	**-**	41,838,833	-	(452,488)
	19,149,735	**125,172**	**(361,350)**	50,075,625	-	(844,300)

18. DERIVATIVE ASSETS/(LIABILITIES) (CONT'D)

(a) Commodity future contracts

The Group has entered into commodity future contracts during the financial year with the objectives of hedging the Group's exposure to adverse price movements in aluminum. The commodity future contracts have maturity dates that coincide with the expected occurrence of these transactions. The fair value of these contracts has been determined based on the difference between the contract value and fair value of the 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 three (3) 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 RM608,122 (2014: loss of RM1,868,345) as disclosed in Note 22 to the financial statement arising from fair value changes of derivatives.

(d) The methods and assumptions applied in determining the fair values of derivatives are disclosed in Note 31(d) to the financial statements.

19. REVENUE

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM	**RM**	**RM**	**RM**
Sale of goods	**485,950,183**	487,298,825	**-**	-
Dividend income	**-**	-	**3,750,000**	4,500,000
	485,950,183	487,298,825	**3,750,000**	4,500,000

20. COST OF SALES

	Group	
	2015	**2014**
	RM	**RM**
Included in cost of sales is:		
Inventories sold	**421,024,697**	424,415,834

21. FINANCE COSTS

	Group 2015 RM	Group 2014 RM
Interest expenses on:		
- bankers' acceptances	**358,955**	719,258
- foreign currency loans	**607,790**	461,236
- bank overdraft	**599**	6,056
- term loans	**88,503**	85,966
	1,055,847	1,272,516

22. PROFIT BEFORE TAX

	Note	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
Profit before tax is arrived at after charging:					
Auditors' remuneration:					
- Statutory		**82,000**	84,800	**16,500**	16,000
- Non-statutory		**6,500**	6,500	**6,500**	6,500
Deposits written off		**66,770**	-	**-**	-
Depreciation of property, plant and equipment	7	**5,589,708**	5,360,122	**-**	-
Directors' remuneration:					
- Directors' fee		**186,000**	186,000	**186,000**	186,000
- Emoluments other than fee		**1,364,591**	1,262,593	**35,430**	81,225
Rental of:					
- machinery		**1,052,880**	930,190	**-**	-
- office equipment		**20,044**	5,053	**-**	-
- hostel		**49,120**	38,700	**-**	-
- showroom		**166,020**	178,520	**-**	-
Fair value loss on derivative instruments	18(c)	**-**	1,868,345	**-**	-
Property, plant and equipment written off	7	**1,719,966**	379,508	**-**	-
Unrealised loss on foreign exchange		**665,992**	19,751	**-**	-
Impairment loss on trade receivables	11	**87,244**	-	**-**	-
Interest expenses	21	**1,055,847**	1,272,516	**-**	-
Inventories written down		**1,356,127**	-	**-**	-

22. PROFIT BEFORE TAX (CONT'D)

	Note	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
And crediting:					
Fair value gain on derivative instruments	18(c)	**608,122**	-	**-**	-
Realised gain on foreign exchange		**375,317**	179,959	**-**	-
Dividend income received from a subsidiary	19	**-**	-	**3,750,000**	4,500,000
Gain on disposal of property, plant and equipment		**2,999**	74,151	**-**	-
Interest income		**105,783**	60,837	**-**	-

The estimated monetary value of benefits-in-kind received by the Directors otherwise than in cash from the Group amounted to RM26,200 (2014: RM30,021).

23. TAXATION

	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
Current tax expense based on profit for the financial year:				
- current year	**951,884**	988,598	**-**	-
- (over)/under provision in prior years	**(20,067)**	2,319	**-**	-
	931,817	990,917	**-**	-
Deferred tax (Note 16)				
- current year	**(151,806)**	(1,121,704)	**-**	-
- (over)/under provision in prior years	**(1,363,515)**	1,726,101	**-**	-
	(1,515,321)	604,397	**-**	-
	(583,504)	1,595,314	**-**	-

The Malaysian income tax is calculated at the statutory tax rate of 25% (2014: 25%) of the estimated taxable profit for the fiscal year.

Subject to the agreement of the Inland Revenue Board, the Group has unutilised capital allowance, reinvestment allowance and special export incentive amounting to approximately Nil (2014: RM54,361), Nil (2014: RM8,576,458) and RM24,637,552 (2014: RM23,472,962) respectively available for set-off against future taxable income.

23. TAXATION (CONT'D)

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	
	2015 RM	2014 RM	2015 RM	2014 RM
Tax at Malaysian statutory tax rate of 25% (2014: 25%)	**2,490,475**	2,846,687	**843,273**	1,016,427
Tax effects in respect of:				
Non-allowable expenses	**171,326**	225,044	**94,227**	108,573
Non-taxable income	**(36,006)**	(461,445)	**(937,500)**	(1,125,000)
Tax incentives	**(1,849,681)**	(2,743,392)	**-**	-
Deferred tax assets not recognised	**17,074**	-	**-**	-
Effect on changes in tax rate	**6,890**	-	**-**	-
	800,078	(133,106)	**-**	-
(Over)/Under provision in prior years:				
- Tax expense	**(20,067)**	2,319	**-**	-
- Deferred tax	**(1,363,515)**	1,726,101	**-**	-
	(583,504)	1,595,314	**-**	-

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.

	Group	
	2015 RM	2014 RM
Profit attributable to equity holders of the Company (RM)	**10,315,530**	9,497,971
Weighted average number of ordinary shares	**120,000,000**	120,000,000
Basic earnings per ordinary share (sen)	**8.60**	7.91

(b) Diluted

Diluted earnings per ordinary share equals basic earnings per ordinary share as there are no potential dilutive equity instruments.

25. DIVIDEND

	Group and Company			
	2015		2014	
	Dividend per share Sen	Amount of dividend RM	Dividend per share Sen	Amount of dividend RM
First and Final Single Tier Dividend paid	**2.25**	**2,700,000**	2.25	2,700,000

A First and Final Single Tier Dividend in respect of the financial year ended 31 July 2014 of 2.25 sen per ordinary share, amounting to RM2,700,000 was approved by the shareholders at the Annual General Meeting held on 10 December 2014. The dividend was paid on 31 December 2014 and had been accounted for as an appropriation of retained earnings during the financial year ended 31 July 2015.

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 2015, subject to the approval of members at the forthcoming Annual General Meeting.

26. EMPLOYEE BENEFITS

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Salaries, bonuses and wages	**10,403,698**	9,451,484	**47,232**	107,700
Contributions to defined contribution plan	**642,874**	441,491	**5,663**	2,340
Social security contributions	**68,532**	61,470	**610**	305
	11,115,104	9,954,445	**53,505**	110,345

Included in the employee benefits of the Group and of the Company are Executive Directors' remuneration amounting to RM1,364,591 (2014: RM1,262,593) and RM35,430 (2014: RM81,225) respectively.

27. COMMITMENTS

(a) Operating lease commitments

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	
	2015 RM	2014 RM
Not later than one (1) year	**228,708**	409,602
Later than one (1) year and not later than five (5) years	**755,273**	86,500
	983,981	496,102

27. COMMITMENTS (CONT'D)

(b) Capital commitments

	Group	
	2015 RM	2014 RM
Capital expenditure in respect of purchase of property, plant and equipment:		
- Approved and contracted for	**1,857,420**	3,362,856
- Approved but not contracted for	**1,788,580**	2,968,423
	3,646,000	6,331,279

28. CONTINGENT LIABILITIES – UNSECURED

	Company	
	2015 RM	2014 RM
Corporate guarantees given to financial institutions for banking facilities granted to the subsidiaries	**49,023,034**	50,541,247

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 Group.

29. 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 did not have any transactions with related parties during the financial year.

(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.

29. RELATED PARTY DISCLOSURES (CONT'D)

(c) Compensation of key management personnel (Cont'd)

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

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Short term employee benefits	**4,564,838**	3,357,521	**217,000**	260,474
Contributions to defined contribution plan	**456,095**	292,010	**4,430**	6,751
	5,020,933	3,649,531	**221,430**	267,225

30. 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 two reportable segments that are organised and managed separately according to the geographical areas, which require different business and marketing strategies. The reportable segments are Malaysia and South East Asia other than Malaysia.

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 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.

30. OPERATING SEGMENTS (CONT'D)

2015	Malaysia RM'000	South East Asia other than Malaysia RM'000	Others RM'000	Total RM'000
Revenue from external customers	334,097	97,970	53,883	485,950
Results				
Segment operating profit	8,711	1,419	782	10,912
Unallocated income/(expenses):				
- Interest income				106
- Interest expenses				(1,056)
Net finance costs				(950)
Segment profit before tax				9,962
Taxation				583
Profit for the year				10,545
Assets				
Segment assets	159,216	3,186	2,048	164,450
Liabilities				
Segment liabilities	17,715	-	-	17,715
Unallocated liabilities				
- borrowings				49,023
- deferred tax liabilities				6,623
- derivative financial liabilities				361
				56,007
Total liabilities				73,722
Capital expenditure	5,098	-	-	5,098
Depreciation of property, plant and equipment	5,590	-	-	5,590

30. OPERATING SEGMENTS (CONT'D)

2014	Malaysia RM'000	South East Asia other than Malaysia RM'000	Others RM'000	Total RM'000
Revenue from external customers	308,183	132,042	47,074	487,299
Results				
Segment operating profit	9,765	2,055	779	12,599
Unallocated income/(expenses):				
- Interest income				61
- Interest expenses				(1,273)
Net finance costs				(1,212)
Segment profit before tax				11,386
Taxation				(1,595)
Profit for the year				9,791
Assets				
Segment assets	155,921	4,080	2,174	162,175
Liabilities				
Segment liabilities	19,349	-	-	19,349
Unallocated liabilities				
- borrowings				50,541
- current tax liabilities				187
- deferred tax liabilities				8,139
- derivative financial liabilities				844
				59,711
Total liabilities				79,060
Capital expenditure	4,512	-	-	4,512
Depreciation of property, plant and equipment	5,360	-	-	5,360

30. OPERATING SEGMENTS (CONT'D)

(a) Major customers

Revenue from two major customers in the Malaysia segment represent approximately RM127.4 million (2014: RM117.6 million) of the Group's revenue, which details are as follows:

	Revenue		Segment
	2015 RM'000	2014 RM'000	
Customer A	**92,355**	87,500	Malaysia
Customer B	**35,003**	30,107	Malaysia
	127,358	117,607	

31. 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 2014.

The Group manages its capital structure and makes adjustments to it, in light of changes in the economic conditions. In order 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 2015 and 31 July 2014.

Pursuant to the requirements of Practice Note No. 17/2005 of the Bursa Malaysia Securities Berhad, the Group is required to maintain a consolidated shareholders' equity equal to or not less than twenty-five percent (25%) of the issued and paid-up capital (excluding treasury shares) and such shareholders' equity is not less than RM40.0 million. The Company has complied with this requirement for the financial year ended 31 July 2015.

(b) Categories of financial instruments

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Financial assets				
Loans and receivables				
Trade and other receivables	**42,013,398**	40,216,457	**7,833,847**	7,153,847
Cash and bank balances	**20,933,244**	6,383,777	**13,860**	20,339
	62,946,642	46,600,234	**7,847,707**	7,174,186
Fair value through profit or loss				
Derivative financial assets	**125,172**	-	**-**	-

31. FINANCIAL INSTRUMENTS (CONT'D)

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

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Financial liabilities				
Other financial liabilities				
Trade and other payables	**17,714,866**	19,348,485	**224,735**	224,307
Borrowings	**49,023,034**	50,541,247	**-**	-
	66,737,900	69,889,732	**224,735**	224,307
Fair value through profit or loss				
Derivative financial liabilities	**361,350**	844,300	**-**	-

(c) 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.

The commodities future instruments were entered into with the objective of managing and hedging the exposure of the Group to adverse price movements in aluminium commodities. The fair value of commodities future instruments have been determined based on published market prices.

(d) 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).

31. FINANCIAL INSTRUMENTS (CONT'D)

(d) Fair value hierarchy (Cont'd)

As at 31 July 2015, the Group held the following financial instruments carried at fair value on the statement of financial position:

Group	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total		
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
2015										
Financial assets										
Fair value through profit or loss										
- Forward currency contracts	**-**	**125,172**	**-**	**125,172**	**-**	**-**	**-**	**-**	**125,172**	**125,172**
Financial liabilities										
Fair value through profit or loss										
- Commodity future contracts	**(361,350)**	**-**	**-**	**(361,350)**	**-**	**-**	**-**	**-**	**(361,350)**	**(361,350)**
Other financial liabilities										
- Financial guarantees	**-**	**-**	**-**	**-**	**-**	**-**	**#**	**#**	**#**	**-**

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

31. FINANCIAL INSTRUMENTS (CONT'D)

(d) Fair value hierarchy (Cont'd)

Group	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	RM	RM
2014										
Financial liabilities										
Fair value through profit or loss										
- Forward currency contracts	-	(452,488)	-	(452,488)	-	-	-	-	(452,488)	(452,488)
- Commodity future contracts	(391,812)	-	-	(391,812)	-	-	-	-	(391,812)	(391,812)
Other financial liabilities										
- Financial guarantees	-	-	-	-	-	-	#	#	#	-

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

There were no transfers between Level 1 and Level 2 fair value measurements during the financial years ended 31 July 2015 and 31 July 2014.

32. 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 interest rate and foreign currency exchange 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.

(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 would 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	
	2015 RM	2014 RM
Profit after tax		
- Increase by 0.5% (2014: 0.5%)	**211,411**	247,445
- Decrease by 0.5% (2014: 0.5%)	**(211,411)**	(247,445)

The sensitivity is lower in 2015 than in 2014 because of a decrease 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.

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

(i) Interest rate risk (Cont'd)

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 RM	1 - 2 years RM	2 - 3 years RM	3 - 4 years RM	4 - 5 years RM	More than 5 years RM	Total RM
At 31 July 2015									
Floating rate									
Bankers' acceptances	15	**4.25**	**7,100,000**	**-**	**-**	**-**	**-**	**-**	**7,100,000**
Foreign currency loans	15	**1.24**	**40,167,694**	**-**	**-**	**-**	**-**	**-**	**40,167,694**
Term loans	15	**4.45**	**186,657**	**195,339**	**204,210**	**213,486**	**223,080**	**732,568**	**1,755,340**
At 31 July 2014									
Floating rate									
Bankers' acceptances	15	4.11	6,860,000	-	-	-	-	-	6,860,000
Foreign currency loans	15	1.25	41,757,208	-	-	-	-	-	41,757,208
Term loans	15	4.20	179,526	187,022	195,221	203,580	212,297	946,393	1,924,039

32. 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 would fluctuate because of changes in foreign exchange rates.

Transactional currency exposures mainly arise from sales to overseas customers. These sales are priced in Ringgit Malaysia but invoiced in US Dollar ("USD"). The Group also makes purchases of raw materials from overseas suppliers in USD. The Group entered into forward currency contracts to limit its exposure of sales and purchase dominated 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	Notional/ Contract amount USD	Equivalent RM
2015			
Forward currency contracts	Within three (3) months	**2,848,924**	**10,774,812**
2014			
Forward currency contracts	Within four (4) months	12,977,844	41,838,833

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

Profit after tax		Group 2015 RM	Group 2014 RM
USD/RM	- strengthen by 3% (2014: 3%)	**(957,676)**	(1,128,286)
	- weaken by 3% (2014: 3%)	**957,676**	1,128,286

(iii) Credit risk

Cash deposits and trade receivables could 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 management.

Exposure to credit risk

At the end of each 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.

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

(iii) Credit risk (Cont'd)

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 42% (2014: 52%) of the Group's trade receivables were due from five (2014: five) major customers located in Malaysia.

At the end of the reporting period, 62% (2014: 58%) and 38% (2014: 42%) of the Company's receivables were due from its subsidiaries and associate respectively.

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 derivatives that are neither past due nor impaired are placed with or entered into with reputable financial institutions with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 11(e) to the financial statements.

(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 executing its 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.

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 2015	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	**17,714,866**	**-**	**-**	**17,714,866**
Derivative liabilities	18	**361,350**	**-**	**-**	**361,350**
Borrowings	15	**47,454,351**	**836,115**	**732,568**	**49,023,034**
Total undiscounted financial liabilities		**65,530,567**	**836,115**	**732,568**	**67,099,250**

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

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

As at 31 July 2015	Note	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
Company					
Financial liabilities					
Trade and other payables	17	**224,735**	**-**	**-**	**224,735**
Total undiscounted financial liabilities		**224,735**	**-**	**-**	**224,735**

As at 31 July 2014	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	19,348,485	-	-	19,348,485
Derivative liabilities	18	844,300	-	-	844,300
Borrowings	15	48,796,734	798,120	946,393	50,541,247
Total undiscounted financial liabilities		68,989,519	798,120	946,393	70,734,032
Company					
Financial liabilities					
Trade and other payables	17	224,307	-	-	224,307
Total undiscounted financial liabilities		224,307	-	-	224,307

(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.

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

(v) Price fluctuation risk (Cont'd)

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	Notional/ Contract amounts USD	Equivalent RM
As at 31 July 2015			
Commodity future contracts	Within three (3) months	**2,188,950**	**8,374,923**
As at 31 July 2014			
Commodity future contracts	Within three (3) months	2,582,876	8,236,792

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

33. 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	
	2015 RM	2014 RM	2015 RM	2014 RM
Total retained earnings of the Company and its subsidiaries:				
- realised	**52,638,698**	46,538,489	**7,304,531**	6,631,438
- unrealised	**(3,050,161)**	(4,565,482)	**-**	-
	49,588,537	41,973,007	**7,304,531**	6,631,438
Less: consolidation adjustments	**(20,978,559)**	(20,978,559)	**-**	-
Total retained earnings	**28,609,978**	20,994,448	**7,304,531**	6,631,438

	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	1,911,422	1-Nov-01
2	Lot 2-32, Jalan Perindustrian Mahkota 7, Taman Perindustrian Mahkota, 43700 Beranang, Selangor Darul Ehsan	18	Freehold	3,521 (1,364)	Industrial land with single storey factory and double-storey office building	5,450,583	17-Jan-00
3	Lot 2-33, Jalan Perindustrian Mahkota 7, Taman Perindustrian Mahkota, 43700 Beranang, Selangor Darul Ehsan	18	Freehold	3,521 (1,364)			19-Sep-97
4	Lot 2-34, Jalan Perindustrian Mahkota 7, Taman Perindustrian Mahkota, 43700 Beranang, Selangor Darul Ehsan	14	Freehold	3,521 (1,740)	Industrial land with single storey factory	3,996,635	10-Jun-00
5	Lot 2-35, Jalan Perindustrian Mahkota 7, Taman Perindustrian Mahkota, 43700 Beranang, Selangor Darul Ehsan	14	Freehold	3,521 (1,740)			13-Dec-00
6	Lot 2-36, Jalan Perindustrian Mahkota 7, Taman Perindustrian Mahkota, 43700 Beranang, Selangor Darul Ehsan	11	Freehold	3,521 (2,030)	Industrial land with single storey factory	5,851,947	4-Jul-01
7	Lot 2-36(A), Jalan Perindustrian Mahkota 7, Taman Perindustrian Mahkota, 43700 Beranang, Selangor Darul Ehsan	11	Freehold	3,521 (2,030)			27-Aug-02
8	Lot 2-42, Jalan Perindustrian Mahkota 9, Taman Perindustrian Mahkota, 43700 Beranang, Selangor Darul Ehsan	7	Freehold	3,521 (120)	Industrial land with single storey warehouse cum with workshop and canteen and Single storey factory with double-storey office/ showroom (Lot 2-43 and 2-44)	9,403,560	3-Apr-07
9	Lot 2-43, Jalan Perindustrian Mahkota 9, Taman Perindustrian Mahkota, 43700 Beranang, Selangor Darul Ehsan	7 and 1	Freehold	3,521 (1,969)			20-Jul-06
10	Lot 2-44, Jalan Perindustrian Mahkota 9, Taman Perindustrian Mahkota, 43700 Beranang, Selangor Darul Ehsan	7 and 1	Freehold	3,521 (1,969)			15-Feb-05
11	Lot 2-45, Jalan Perindustrian Mahkota 9, Taman Perindustrian Mahkota, 43700 Beranang, Selangor Darul Ehsan	9	Freehold	4,209 (1,487)	Industrial land with three-storey office building	4,568,311	15-Feb-05
12	No 1 & 3, Jalan Seroja 38, Taman Johor Jaya, 81100 Johor Bahru, Johor Darul Takzim	3	Freehold	2,766 (3,000)	Single storey semi-detached workshop with mezzanine floor	4,834,658	4-Jan-13

ANALYSIS OF SHAREHOLDINGS

As at 15 October 2015

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	:	One vote per ordinary share
No of shareholders	:	1,453

ANALYSIS OF ORDINARY SHAREHOLDINGS

Size of Shareholdings	No. of Holders	No. of Shareholdings	% of Shareholding
Less than 100	13	601	0.00
100 to 1,000	54	28,399	0.02
1,001 to 10,000	831	3,751,500	3.13
10,001 to 100,000	486	14,861,959	12.38
100,001 to less than 5% of issued shares	66	43,158,950	35.97
5% and above of issued shares	3	58,198,591	48.50
Total	**1,453**	**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	37,790,991*	31.49
Tuan Haji Ahmed Azhar Bin Abdullah	150,000	0.13	-	-
Dr Leong Chik Weng	-	-	-	-
Wong Tze Kai	-	-	-	-
Gan Choon Sun	67,500	0.06	-	-

SUBSTANTIAL SHAREHOLDERS

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

	Direct Interest		Indirect Interest	
Name	No. of Shares Held	% of Total Shares	No. of Shares Held	% of Total Shares
A-Rank Group Sdn Bhd	37,790,991	31.49	-	-
Tan Wan Lay	5,619,000	4.68	37,790,991*	31.49
Lin, Chih-Chang	12,978,600	10.82	-	-
TA Nominees (Tempatan) Sdn Bhd Beneficiary : Pledged securities account for Loh Eng Cheang	7,429,000	6.19	-	-

Note:

* Deemed interested by virtue of his shareholdings in A-Rank Group Sdn Bhd, pursuant to Section 6A of the Companies Act, 1965.

THIRTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares	% of Total Shareholdings
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	7,429,000	6.19
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	Public Nominees (Tempatan) Sdn Bhd Beneficiary : Pledged securities account for Ker Boon Kee (E-JBU)	1,700,000	1.42
11	Public Nominees (Tempatan) Sdn Bhd Beneficiary : Pledged securities account for Tan Mary (JBU/UOB)	1,600,000	1.33
12	LB Aluminium Berhad	1,500,000	1.25
13	Mrs Yung Emily Yeuk - May Nee Poon	1,500,000	1.25
14	Loh Eng Cheang	1,375,000	1.15
15	Chiang Siong Chiew @ Chiong Siong Chiew	840,000	0.70
16	Koperasi Polis Diraja Malaysia Berhad	748,500	0.62
17	Chong You @ Chong Sin You	626,200	0.52
18	JCA Builders (Malaysia) Sdn Bhd	468,000	0.39
19	Liew Seong Kin	466,500	0.39
20	Lim Hooi Ching	460,800	0.38
21	Amsec Nominees (Tempatan) Sdn Bhd Beneficiary : Chua Sing Keong (9240-1101)	450,000	0.38
22	Tang Lean See	420,000	0.35
23	Ong Kean Chooi	412,500	0.34
24	Loh Kee Ming	372,700	0.31
25	Lee Chin Poh	362,250	0.30
26	PM Nominees (Tempatan) Sdn Bhd Beneficiary : Pledged securities account for Kong Kok Choy (B)	350,000	0.29
27	Lee Teck Ong @ Lee Kok Chee	308,100	0.26
28	Chuah Saw Lee	300,000	0.25
29	Tan Yoke Moi	292,500	0.24
30	M & A Nominee (Tempatan) Sdn Bhd Beneficiary : Pledged securities account for Tan Chuan Aik (PNG)	284,600	0.24
	Total	**95,109,191**	**79.26**

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A-RANK BERHAD
(633621-X)

PROXY FORM

I/We ______________________________ NRIC No. ______________________________

of ____

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

of ____

or failing him/her ____

of ____

or failing him/her the Chairman of the Meeting as my/our proxy to attend and vote on my/our behalf at the Annual General Meeting of the Company to be held at Ujong Pandang Room, Staffield Country Resort, Batu 13 Jalan Seremban-Kuala Lumpur (Country Road), 71700 Mantin, Negeri Sembilan Darul Khusus on Tuesday, 8 December, 2015 at 10.00 a.m. or at any adjournment thereof:

	RESOLUTION	FOR	AGAINST
1	To declare a First and Final Single Tier Dividend of 2.25 sen per ordinary share in respect of the financial year ended 31 July 2015.		
2	To approve the payment of Directors' Fees amounting to RM186,000 for the financial year ended 31 July 2015.		
3	To re-elect Dr Leong Chik Weng as Director		
4	To re-elect Mr Gan Choon Sun as Director		
5	To re-appoint Messrs BDO as Auditors and to authorise the Directors to fix their remuneration.		
6	To elect Dato' Shahrir Bin Abdul Jalil, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company.		
7	To elect Tuan Haji Ahmed Azhar Bin Abdullah, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company.		
8	To elect Dr Leong Chik Weng, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company.		
9	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 ______________ 2015.

Number of Ordinary Shares held	

For appointment of two (2) proxies, please state number of shares and percentage of shareholding to be represented by each proxy		
	No. of shares	Percentage
Proxy 1		%
Proxy 2		%
Total		100%

____
Signature/Common Seal

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 30 November 2015 (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.

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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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A-RANK BERHAD 633621-X

Lot 2-33, Jalan Perindustrian Mahkota 7, Taman Perindustrian Mahkota, 43700 Beranang, Selangor Darul Ehsan, Malaysia.
Tel : +603 8724 4662/3/7 • Fax : +603 8724 4661/8723 2009 • Email : admin@arank.com.my

Subsidiaries:

FORMOSA SHYEN HORNG METAL SDN BHD
Lot 2-33, Jalan Perindustrian Mahkota 7, Taman Perindustrian Mahkota, 43700 Beranang, Selangor Darul Ehsan, Malaysia.
Tel : +603 8724 4662/3/7 Fax : +603 8724 4661/8723 2009

HONGLEE GROUP (M) SDN BHD
HQ No. 1 & 3, Jalan Seroja 38, Taman Johor Jaya, 81100 Johor Bahru, Johor Darul Takzim, Malaysia.
Tel : +607 353 7450 Fax : +607 353 7334
Selangor Lot 2-43 & 2-44, Jalan Perindustrian Mahkota 9, Taman Perindustrian Mahkota, 47300 Beranang, Selangor Darul Ehsan, Malaysia.
Tel : +603 8723 2006 Fax : +603 8723 2007
Skudai No. 45, Jalan Bestari 1/5, Taman Nusa Bestari, 81300 Skudai, Johor Darul Takzim, Malaysia.
Tel : +607 511 5213 Fax : +607 511 2996
BMS Mall No. 6 (B. 0109 & 0209), Jalan Kencana Mas 2/1, Kawasan Perindustrian Tebrau III, 81100 Johor Bahru, Johor Darul Takzim, Malaysia.
Tel : +607 356 0096 Fax : +607 352 2597