

A-RANK BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 OCTOBER 2006

A Explanatory Notes: FRS 134

A 1 Basis of preparation

The interim financial report of the Group has been prepared in accordance with FRS 134, "Interim Financial Reporting" and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad and should be read in conjunction with the Group's audited financial statements for the financial year ended 31 July 2006.

The significant accounting policies and presentation adopted for the interim financial report are consistent with those adopted in the Group's most recent audited financial statements for the financial year ended 31 July 2006 except for the adoption of the following new/revised Financial Reporting Standards ("FRS") effective for the financial period beginning 1 August 2006:

FRS 2	Share-based Payment
FRS 3	Business Combinations
FRS 5	Non-Current Assets Held for Sale and Discontinued Operations
FRS 101	Presentation of Financial Statements
FRS 102	Inventories
FRS 108	Accounting Policies, Changes in Estimates and Errors
FRS 110	Events after the Balance Sheet Date
FRS 116	Property, Plant and Equipment
FRS 121	The Effects of Changes in Foreign Exchange Rates
FRS 127	Consolidated and Separate Financial Statements
FRS 128	Investments in Associates
FRS 131	Interests in Joint Ventures
FRS 132	Financial Instruments: Disclosure and Presentation
FRS 133	Earnings Per Share
FRS 136	Impairment of Assets
FRS 138	Intangible Assets
FRS 140	Investment Property

The adoption of the new/revised FRSs mentioned above did not result in a significant financial impact on the Group except for the effects of the following FRSs discussed below:

FRS 3: Business Combinations

Under FRS 3, any excess of the Group's interest in the net fair value of acquirees' identifiable assets, liabilities and contingent liabilities over cost of acquisitions (previously referred to as "negative goodwill"), after reassessment, is now recognised immediately in the income statement.

Prior to 1 August 2006, the negative goodwill was recognised as an item in reserve in the balance sheet of the Group. In accordance with the transitional provisions of FRS 3, the negative goodwill as at 1 August 2006 of RM1.583 million was derecognised with a corresponding increase in retained profits.

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A 2 Qualification of financial statement

The audited consolidated financial statements of the Group for the financial year ended 31 July 2006 were not qualified.

A 3 Seasonal or cyclical factors

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

A 4 Unusual items affecting assets, liabilities, equity, net income or cash flows

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

A 5 Change in estimates

There were no changes in estimates that have a material effect on the current quarter and financial year to-date.

A 6 Issuances and repayment of debt and equity securities

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

A 7 Dividend paid

No dividend has been paid by the Company during the current quarter. The shareholders of the Company have during the Annual General Meeting held on 27 December 2006, approved the payment of a final dividend of 3.5 sen tax exempt per ordinary share for the financial year ended 31 July 2006.

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A 8 Segmental information

i. Business segments

No business segment information has been provided as the Group is principally engaged in the manufacturing and marketing of aluminium billets.

ii. Geographical segments

The Group operates principally in Malaysia. In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers.

Cumulative 31 October 2006	Malaysia RM'000	South East Asia other than Malaysia RM'000	South Asia RM'000	Others RM'000	Total RM'000
Revenue	35,269	16,313	11,486	8,479	71,547
Profit from operations					2,648
Finance costs					(489)
Profit before tax					2,159
Tax expense					(225)
Profit after tax					1,934

A 9 Valuation of property, plant and equipment

The property, plant and equipment of the Group are stated at cost less accumulated depreciation and impairment losses, if any. The valuation of property, plant and equipment have been brought forward without amendment from the financial statements for the financial year ended 31 July 2006.

A 10 Material events subsequent to balance sheet date

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

A 11 Changes in the composition of the Group

There were no changes in the composition of the Group during the current quarter under review and financial year to date.

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A 12 Contingent liabilities

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

Outstanding as at:	31.10.2006	31.07.2006
	RM'000	RM'000
Corporate guarantee in respect of banking facilities granted to a subsidiary company	32,137	23,705
	=====	=====

The Company has provided corporate guarantees for banking facilities granted to a wholly owned subsidiary company of up to RM56.2 million. (2006: RM45.2 million)

A 13 Capital commitments

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

	31.10.2006	31.07.2006
	RM'000	RM'000
<u>Property, plant and equipment</u>		
Contracted but not provided for	3,025	3,025
	=====	=====

A 14 Acquisition of property, plant and equipment

There were no material acquisition or disposal of items of property, plant and equipment during the current financial year to date.

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B Additional information required by the Bursa Securities' Listing Requirements

B 1 Review of performance

The Group achieved a 43.3% increase in revenue to RM71.5 million compared to RM49.9 million for the corresponding quarter. The increase was due mainly to the change in sales mix as sales of aluminium billets were substantially higher whereas lower tolling services were recorded as well as the increase in selling prices owing to rising costs of raw materials.

However, profit before and after tax was lower at RM2.2 million and RM1.9 million compared to RM2.5 million and RM2.1 million for the corresponding quarter as a result of lower margins as the volatility in aluminium prices resulted in the Group having to absorb some of the increase costs of the higher raw materials as well as higher financing costs. Profit after tax was also lower in line with the above.

B 2 Variance of results against preceding quarter

Revenue of the Group was marginally higher compared to the preceding quarter's revenue of RM70.9 million. However, profit before tax increased by 15.8% compared to RM1.9 million for the previous quarter due to improve margins and slightly lower expenses. Profit after tax was also higher in line with the above.

B 3 Current year prospects

The Group will continue to review its manufacturing and operating costs with a view to improve its margin. In addition, the improvement in the local economy as well as export market augurs well for the Group's prospects. Barring unforeseen circumstances, the Directors are confident that the Group will be able to maintain its profitability for the forthcoming year.

B 4 Variance of actual and profit estimate

Not applicable as no profit forecast was published.

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B 5 Tax expense

	Current Quarter ended 31.10.2006 RM'000	Corresponding Quarter ended 31.10.2005 RM'000	3 months Cumulative 31.10.2006 RM'000	3 months Cumulative 31.10.2005 RM'000
Current income tax	114	114	114	114
Deferred taxation	111	294	111	294
	<u>225</u>	<u>408</u>	<u>225</u>	<u>408</u>

The effective tax rate of the Group of 10.4% for the current quarter and financial period ended 31 October 2006 are lower than the statutory tax rate due principally to the availability of reinvestment allowances as well as unabsorbed reinvestment allowances carried forward which arose from the subsidiary company's capital expenditures in the current quarter and previous financial years.

An amount of RM0.111 million and RM0.294 million have been provided for as deferred tax liability for the current quarter and financial period ended 31 October 2006 respectively due to temporary differences between depreciation and capital allowances claimed.

B 6 Unquoted investments and/or properties

There were no purchase or disposal of unquoted investment and/or properties during the current quarter under review and financial year to date.

B 7 Quoted and marketable investments

There were no purchase or disposal of quoted and marketable securities during the current quarter under review and financial year to date.

B 8 Status of corporate proposals

There were no corporate proposals announced pending completion.

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B 9 Borrowings

	As at 31.10.2006 RM'000	As at 31.07.2006 RM'000
Current liabilities		
Bank overdraft – unsecured	1,558	649
Bankers' acceptances – unsecured	25,391	23,450
Export Credit Refinancing – unsecured	8,197	6,414
Term loans – unsecured	733	-
Term loans – secured	1,172	1,377
	<u>37,051</u>	<u>31,890</u>
Non-current liabilities		
Term loans – unsecured	2,289	-
Term loans – secured	1,072	1,275
	<u>3,361</u>	<u>1,275</u>
Total	<u>40,412</u>	<u>33,165</u>

All borrowings are denominated in Malaysia Ringgit.

The term loans are secured by legal charges over seven pieces of freehold land of the subsidiary company.

B 10 Off balance sheet financial instruments

The Group has not entered into any off balance sheet financial instrument as at the date of this quarterly report.

B 11 Changes in material litigation

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

B 12 Dividend

The Board of Directors has not proposed any dividend for this quarter ended 31 October 2006. At the Annual General Meeting held on 27 December 2006, the shareholders of the Company have approved the payment of a final dividend of 3.5 sen tax exempt per ordinary share for the financial year ended 31 July 2006.

Company No: 633621-X

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B Additional information required by the Bursa Securities' Listing Requirements

B 13 Earnings per share

(a) Basic earnings per share

The basic earnings per share for the current quarter under review and cumulative year to-date are computed as follows: -

	Current Quarter Ended 31.10.2006	Cumulative To-Date Ended 31.10.2006
Profit after tax (RM'000)	1,934	1,934
Total share capital in issue during the current quarter/cumulative period to-date (no. of ordinary shares of RM 0.50 each) ('000)	80,000	80,000
Basic earnings per share (sen)	2.42	2.42

(b) Diluted earnings per share

There are no diluted earnings per share as the Company does not have any convertible financial instruments as at the end of the current quarter.

By Order of the Board

Ng Bee Lian
Company Secretary

Date: 27 December 2006