

A-RANK BERHAD

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED BALANCE SHEETS
AS AT 31 OCTOBER 2008****(The figures have not been audited)**

	As at 31-Oct-08 RM'000	(Audited) As at 31-Jul-08 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	58,493	58,388
Current assets		
Inventories	36,986	34,995
Trade receivables	32,422	27,554
Tax recoverable	149	67
Cash and bank balances	217	978
	<u>69,774</u>	<u>63,594</u>
TOTAL ASSETS	<u><u>128,267</u></u>	<u><u>121,982</u></u>
EQUITY AND LIABILITIES		
Share capital		
Share capital	40,000	40,000
Share premium	716	716
Retained profits	21,772	21,457
Total equity	<u>62,488</u>	<u>62,173</u>
Non-current liabilities		
Bank borrowings	253	253
Deferred tax liabilities	5,321	5,305
	<u>5,574</u>	<u>5,558</u>
Current liabilities		
Trade payables	11,707	10,079
Bank borrowings	48,498	44,172
	<u>60,205</u>	<u>54,251</u>
Total liabilities	65,779	59,809
TOTAL EQUITY AND LIABILITIES	<u><u>128,267</u></u>	<u><u>121,982</u></u>
	RM	RM
Net assets per share based on 80,000,000 ordinary shares of RM0.50 each	<u><u>0.78</u></u>	<u><u>0.78</u></u>

These condensed consolidated balance sheets should be read in conjunction with the audited financial statements of A-Rank Berhad for the financial year ended 31 July 2008.

A-RANK BERHAD

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED INCOME STATEMENTS
FOR THE QUARTER ENDED 31 OCTOBER 2008****(The figures have not been audited)**

	Current quarter ended 31-Oct-08 RM'000	Comparative quarter ended 31-Oct-07 RM'000	3 months cumulative 31-Oct-08 RM'000	3 months cumulative 31-Oct-07 RM'000
Revenue	117,599	94,358	117,599	94,358
Cost of sales	<u>(115,278)</u>	<u>(90,666)</u>	<u>(115,278)</u>	<u>(90,666)</u>
Gross profit	2,321	3,692	2,321	3,692
Other operating income	7	3	7	3
Selling and distribution expenses	(175)	(186)	(175)	(186)
Administrative expenses	(938)	(884)	(938)	(884)
Other operating expenses	<u>(32)</u>	<u>(44)</u>	<u>(32)</u>	<u>(44)</u>
Profit from operations	1,183	2,581	1,183	2,581
Finance costs	<u>(820)</u>	<u>(548)</u>	<u>(820)</u>	<u>(548)</u>
Profit before tax	363	2,033	363	2,033
Tax expense	<u>(48)</u>	<u>(172)</u>	<u>(48)</u>	<u>(172)</u>
Net profit attributable to shareholders	<u><u>315</u></u>	<u><u>1,861</u></u>	<u><u>315</u></u>	<u><u>1,861</u></u>
Basic earnings per share (sen)	0.39	2.33	0.39	2.33
Diluted earnings per share (sen)	N/A	N/A	N/A	N/A

These condensed consolidated income statements should be read in conjunction with the audited financial statements of A-Rank Berhad for the financial year ended 31 July 2008.

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 31 OCTOBER 2008

(The figures have not been audited)

	Share Capital RM'000	Share Premium RM'000	Retained Profits RM'000	Total RM'000
Balance as at 1 Aug 2007	40,000	716	15,332	56,048
Net profit for the financial period	-	-	1,861	1,861
Balance as at 31 Oct 2007	<u>40,000</u>	<u>716</u>	<u>17,193</u>	<u>57,909</u>
Balance as at 1 Aug 2008	40,000	716	21,457	62,173
Net profit for the financial period	-	-	315	315
Balance as at 31 Oct 2008	<u>40,000</u>	<u>716</u>	<u>21,772</u>	<u>62,488</u>

These condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements of A-Rank Berhad for the financial year ended 31 July 2008.

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CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE QUARTER ENDED 31 OCTOBER 2008

(The figures have not been audited)

	3 months period ended 31-Oct-08 RM'000	3 months period ended 31-Oct-07 RM'000
Cash flows from operating activities		
Profit before tax	363	2,033
Adjustments for:		
Non-cash items	796	772
Non-operating expenses	816	545
Operating profit before working capital changes	<u>1,975</u>	<u>3,350</u>
Changes in working capital		
Inventories	(1,991)	(2,970)
Trade and other receivables	(4,868)	5,137
Trade and other payables	1,628	(2,831)
Cash (used in)/generated from operations	<u>(3,256)</u>	<u>2,686</u>
Interest paid	(27)	(39)
Tax paid	(114)	(114)
Net cash (used in)/generated from operating activities	<u>(3,397)</u>	<u>2,533</u>
Cash flows from investing activities		
Interest received	4	3
Purchase of property, plant and equipment	(901)	(249)
Net cash used in investing activities	<u>(897)</u>	<u>(246)</u>
Cash flows from financing activities		
Net movements in bank borrowings	4,326	(2,070)
Interest paid	(793)	(509)
Net cash generated from/(used in) financing activities	<u>3,533</u>	<u>(2,579)</u>
Net decrease in cash and cash equivalents	(761)	(292)
Cash and cash equivalents at beginning of financial period	978	744
Cash and cash equivalents at end of financial period	<u><u>217</u></u>	<u><u>452</u></u>
Cash and cash equivalents at end of financial period comprise of :		
Cash and bank balances	<u><u>217</u></u>	<u><u>452</u></u>

These condensed consolidated cash flow statement should be read in conjunction with the audited financial statements of A-Rank Berhad for the financial year ended 31 July 2008.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 OCTOBER 2008

A Explanatory Notes: FRS 134

A 1 Basis of preparation

The condensed financial statements are unaudited and have been prepared in accordance with FRS 134, "Interim Financial Reporting" and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

The condensed financial statements should be read in conjunction with the Group's audited financial statements for the financial year ended 31 July 2008. The explanatory notes to these financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 July 2008.

A 2 Changes in accounting policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the financial year ended 31 July 2008.

The adoption of the new or revised FRSs does not have significant financial impact on the Group.

A 3 Qualification of financial statements

The audited consolidated financial statements of the Group for the financial year ended 31 July 2008 were not qualified.

A 4 Seasonal or cyclical factors

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

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

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

A 6 Change in estimates

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

A 7 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 8 Dividend paid

No dividend has been paid by the Company during the current quarter.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 OCTOBER 2008

A Explanatory Notes: FRS 134

A 9 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-Oct-08	Malaysia RM'000	South East Asia other than Malaysia RM'000	South Asia RM'000	Africa RM'000	Others RM'000	Total RM'000
Revenue	68,509	28,622	7,816	2,313	10,339	117,599
Profit from operations						1,183
Finance costs						(820)
Profit before tax						363
Tax expense						(48)
Profit after tax						315

A 10 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 2008.

A 11 Material events subsequent to balance sheets 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 12 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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NOTES TO THE FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 OCTOBER 2008

A Explanatory Notes: FRS 134

A 13 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:

	31-Oct-08	31-Jul-08
	RM'000	RM'000
Outstanding as at:		
Corporate guarantees in respect of banking facilities granted to a subsidiary	<u>48,751</u>	<u>43,936</u>

The Company has provided corporate guarantees for banking facilities granted to a wholly-owned subsidiary of up to RM89.2 million. (31.07.08: RM89.2 million).

A 14 Capital commitments

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

	31-Oct-08	31-Jul-08
	RM'000	RM'000
Capital expenditures in respect of purchase of property, plant and equipment:-		
- Approved but not contracted for	<u>1,255</u>	<u>1,635</u>

Operating lease commitments

	31-Oct-08	31-Jul-08
	RM'000	RM'000
Future minimum lease payments		
- not later than one year	<u>297</u>	<u>396</u>

A 15 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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NOTES TO THE FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 OCTOBER 2008

B Additional information required by the Bursa Securities' Listing Requirements

B 1 Review of performance

The Group's revenue increased by 24.6% to RM117.6 million compared to RM94.4 million for the corresponding quarter last year due mainly to higher volume of aluminium billets sold as well as a change in sales mix in which a higher proportion of the revenue is derived from sales of aluminium billets compared to provision of tolling services.

However, profit before tax decreased substantially by 82.1% compared to the corresponding quarter in the previous year owing to lower margins as a result of the sharp fall in aluminium prices resulting in the Group having higher cost of sales in view of existing inventories.

Profit after tax decreased substantially by 83.1% compared to the corresponding quarter in the previous year in line with the drop in profit before tax as mentioned above.

B 2 Variance of results against preceding quarter

Revenue of the Group decreased by 22% compared to the preceding quarter's revenue of RM150.8 million due to a reduction in volume of aluminum billets sold and lower selling price as a result of falling aluminium prices.

Profit before tax showed a significant decreased by 89.7% compared to RM3.5 million for the preceding quarter for the same reasons mention above.

Profit after tax decreased substantially by 89.1% compared to the preceding quarter in line with the drop in profit before tax as mentioned above.

B 3 Prospects

The prospect for the Group for the rest of this financial year will be very challenging as a consequence of the global financial crisis and its effects on the world economy reaches Malaysia. With a slowing economy worldwide, we expect to see a drop in demand for our products both domestically as well as for the export market. This difficult operating environment is compounded by the unprecedented sharp fall in aluminium prices over the last few months which resulted in higher carrying costs of the Group's inventories compared to prevailing aluminium prices. The cause effect of this is a squeeze on margins as reflected in the dismal results announced for the quarter that just ended.

Nonetheless, to meet and overcome the tough challenges ahead, the Group will focus its efforts to manage its cash flow position, further improve its inventory management, improve productivity and efficiency and tighten its credit control. Appropriate marketing strategies will be adopted to cope with the current operating situation as well as position ourselves to capitalize on any business opportunities that may arise in order to sustain the Group's continuous growth.

Barring unforeseen circumstances, the Board is of the view that the Group will remain profitable for the next quarter.

B 4 Variance of actual and profit estimate

Not applicable as no profit forecast was published.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 OCTOBER 2008

B Additional information required by the Bursa Securities' Listing Requirements

B 5 Tax expense

	Current quarter ended 31-Oct-08 RM'000	Comparative quarter ended 31-Oct-07 RM'000	3 months cumulative 31-Oct-08 RM'000	3 months cumulative 31-Oct-07 RM'000
Current income tax	32	106	32	106
Deferred taxation	16	66	16	66
	<u>48</u>	<u>172</u>	<u>48</u>	<u>172</u>

The effective tax rate of the Group of 13.2% for the current quarter ended 31 October 2008 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's capital expenditures in the current quarter and previous financial years.

Net amount of RM16,000 has been provided for as deferred tax liability for the current quarter ended 31 October 2008 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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NOTES TO THE FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 OCTOBER 2008

B Additional information required by the Bursa Securities' Listing Requirements

B 9 Borrowings

	As at	As at
	31-Oct-08	31-Jul-08
	RM'000	RM'000
Current liabilities		
<u>Secured</u>		
Bankers' acceptances	17,341	3,100
Term loans	754	1,495
Foreign currency loan (Currency denominated in US Dollar)	30,403	39,577
	<u>48,498</u>	<u>44,172</u>
Non-current liabilities		
<u>Secured</u>		
Term loans	<u>253</u>	<u>253</u>
Total	<u>48,751</u>	<u>44,425</u>

All borrowings are denominated in Malaysia Ringgit except indicated above.

Certain bank borrowings of the subsidiary are secured by legal charges over seven pieces of freehold land of the subsidiary and factory buildings erected thereon and additionally guaranteed by the 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, save for the hedging of raw material and foreign currency which are entered into in the ordinary course of business. The hedging are not expected to have any material effect on the financial statement of the Group.

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 2008. At the Annual General Meeting held on 23 December 2008, the shareholders of the Company have approved the payment of a first and final tax exempt dividend of 3.5 sen per ordinary share, amounting to RM2.8 million in respect of the financial year ended 31 July 2008.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 OCTOBER 2008

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-Oct-08	Cumulative to-date ended 31-Oct-08
Profit after tax (RM'000)	315	315
Total share capital in issue during the current quarter/ cumulative year to-date (No. of ordinary shares of RM 0.50 each) ('000)	80,000	80,000
Basic earnings per share (sen)	0.39	0.39

(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 and financial year to-date.

By Order of the Board

Ng Bee Lian
Company Secretary

Date: 23 December 2008