

Company No: 633621-X

**A-RANK BERHAD**

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED BALANCE SHEETS****AS AT 31 JULY 2010****(The figures have not been audited)**

	<b>As at 31-Jul-10 RM'000</b>	<b>(Audited) As at 31-Jul-09 RM'000</b>
<b>ASSETS</b>		
Non-current assets		
Property, plant and equipment	65,028	59,612
Current assets		
Inventories	32,612	18,379
Trade and other receivables	29,040	26,514
Tax recoverable	305	266
Short term deposit with a licenced bank	-	637
Cash and bank balances	3,543	3,695
	<u>65,500</u>	<u>49,491</u>
<b>TOTAL ASSETS</b>	<u><u>130,528</u></u>	<u><u>109,103</u></u>
<b>EQUITY AND LIABILITIES</b>		
Share capital		
Share capital	40,000	40,000
Share premium	716	716
Retained profits	15,039	10,417
<b>Total equity</b>	<u>55,755</u>	<u>51,133</u>
Non-current liabilities		
Deferred tax liabilities	4,793	2,700
	<u>4,793</u>	<u>2,700</u>
Current liabilities		
Trade and other payables	8,787	7,674
Bank borrowings	61,193	47,596
	<u>69,980</u>	<u>55,270</u>
<b>Total liabilities</b>	74,773	57,970
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>130,528</u></u>	<u><u>109,103</u></u>
	<b>RM</b>	<b>RM</b>
Net assets per share based on 80,000,000 ordinary shares of RM0.50 each	<u><u>0.70</u></u>	<u><u>0.64</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 2009.

Company No: 633621-X

**A-RANK BERHAD**

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED INCOME STATEMENTS****FOR THE PERIOD ENDED 31 JULY 2010****(The figures have not been audited)**

	<b>Current quarter ended 31-Jul-10 RM'000</b>	<b>Comparative quarter ended 31-Jul-09 RM'000</b>	<b>12 months cumulative 31-Jul-10 RM'000</b>	<b>12 months cumulative 31-Jul-09 RM'000</b>
Revenue	93,313	96,820	364,476	341,007
Cost of sales	(89,949)	(93,143)	(350,554)	(345,140)
Gross profit/(loss)	<u>3,364</u>	<u>3,677</u>	<u>13,922</u>	<u>(4,133)</u>
Other operating income	49	29	355	57
Selling and distribution expenses	(104)	(126)	(410)	(544)
Administrative expenses	(1,245)	(972)	(3,723)	(3,626)
Other operating expenses	(43)	(16)	(149)	(167)
Profit/(Loss) from operations	<u>2,021</u>	<u>2,592</u>	<u>9,995</u>	<u>(8,413)</u>
Finance costs	(333)	(368)	(1,719)	(2,434)
Profit/(Loss) before tax	<u>1,688</u>	<u>2,224</u>	<u>8,276</u>	<u>(10,847)</u>
Taxation	(2,054)	2,621	(2,054)	2,607
Net (loss)/profit attributable to shareholders	<u>(366)</u>	<u>4,845</u>	<u>6,222</u>	<u>(8,240)</u>
Basic (loss)/earnings per share (sen)	(0.46)	6.06	7.78	(10.30)
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 2009.

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**A-RANK BERHAD**  
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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE PERIOD ENDED 31 JULY 2010**  
**(The figures have not been audited)**

	<b>Share Capital RM'000</b>	<b>Non- distributable Share Premium RM'000</b>	<b>Distributable Retained Profits RM'000</b>	<b>Total RM'000</b>
<b>Balance as at 1 Aug 2008</b>	40,000	716	21,457	62,173
Net loss for the financial year	-	-	(8,240)	(8,240)
Dividend paid	-	-	(2,800)	(2,800)
<b>Balance as at 31 Jul 2009</b>	<u>40,000</u>	<u>716</u>	<u>10,417</u>	<u>51,133</u>
<b>Balance as at 1 Aug 2009</b>	40,000	716	10,417	51,133
Net profit for the financial year	-	-	6,222	6,222
Dividend paid	-	-	(1,600)	(1,600)
<b>Balance as at 31 Jul 2010</b>	<u>40,000</u>	<u>716</u>	<u>15,039</u>	<u>55,755</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 2009.

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**A-RANK BERHAD**  
(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT**  
**FOR THE PERIOD ENDED 31 JULY 2010**  
(The figures have not been audited)

	<b>12 months period ended 31-Jul-10 RM'000</b>	<b>12 months period ended 31-Jul-09 RM'000</b>
<b>Cash flows from operating activities</b>		
Profit/(Loss) before tax	8,276	(10,847)
Adjustments for:		
Non-cash items	3,480	3,180
Non-operating expenses	1,718	2,396
Operating profit/(loss) before working capital changes	<u>13,474</u>	<u>(5,271)</u>
Changes in working capital		
Inventories	(14,233)	16,616
Trade and other receivables	(2,526)	1,040
Trade and other payables	1,113	(2,405)
Cash (used in)/generated from operations	<u>(2,172)</u>	<u>9,980</u>
Interest paid	(124)	(104)
Tax paid	-	(197)
<b>Net cash (used in)/generated from operating activities</b>	<u>(2,296)</u>	<u>9,679</u>
<b>Cash flows from investing activities</b>		
Interest received	1	39
Purchase of property, plant and equipment	(9,327)	(4,404)
Proceed from disposal of property, plant and equipment	431	-
<b>Net cash used in investing activities</b>	<u>(8,895)</u>	<u>(4,365)</u>
<b>Cash flows from financing activities</b>		
Net movements in bank borrowings	10,845	2,534
Placement of short term deposit with licence bank	-	637
Dividend paid	(1,600)	(2,800)
Interest paid	(1,595)	(2,331)
<b>Net cash generated from/(used in) financing activities</b>	<u>7,650</u>	<u>(1,960)</u>
Net (decrease)/increase in cash and cash equivalents	(3,541)	3,354
Cash and cash equivalents at beginning of financial year	<u>4,332</u>	<u>978</u>
Cash and cash equivalents at end of financial year	<u>791</u>	<u>4,332</u>
<b>Cash and cash equivalents at end of financial year comprise of :</b>		
Cash and bank balances	3,543	3,695
Bank overdraft	(2,752)	-
Short term deposit with a licenced bank	-	637
	<u>791</u>	<u>4,332</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 2009.

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 JULY 2010**

**A Explanatory Notes: FRS 134**

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**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 2009. 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 2009.

**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 2009.

The adoption of the new or revised FRSs does not have any 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 2009 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 of amounts reported in prior financial years that have a material effect in the current quarter and financial year to-date.

**A 7 Issuance and repayment of debt and equity securities**

There were no issuance, cancellation, repurchase, resale or repayment of debt and equity securities for 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 PERIOD ENDED 31 JULY 2010**

**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.

<b>Cumulative 31-Jul-10</b>	<b>Malaysia RM'000</b>	<b>South East Asia other than Malaysia RM'000</b>	<b>South Asia RM'000</b>	<b>Africa RM'000</b>	<b>Others RM'000</b>	<b>Total RM'000</b>
Revenue	195,203	106,487	34,095	19,053	9,638	364,476
Profit from operations						9,995
Finance costs						(1,719)
Profit before tax						8,276
Taxation						(2,054)
Profit after tax						6,222

**A 10 Valuation of property, plant and equipment**

The Group did not revalue its property, plant and equipment during the current quarter under review and financial year to-date.

**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 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 PERIOD ENDED 31 JULY 2010**

**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:

	<b>As at 31-Jul-10 RM'000</b>	<b>As at 31-Jul-09 RM'000</b>
Corporate guarantees in respect of banking facilities granted to a subsidiary	61,193	47,596

The Company has provided corporate guarantees for banking facilities granted to a wholly-owned subsidiary of up to RM119.2 million. (31.07.09: RM89.2 million).

**A 14 Commitments**

**a) Capital commitment**

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

	<b>As at 31-Jul-10 RM'000</b>	<b>As at 31-Jul-09 RM'000</b>
Capital expenditures in respect of purchase of property, plant and equipment:		
- Approved but not contracted for	33	1,125
- Contracted but not provided for	-	-
	<u>33</u>	<u>1,125</u>

**b) Operating lease commitment**

The Group had entered into non-cancellable lease agreements for machinery resulting in future rental commitments. The Group has aggregate future minimum lease commitment as at the balance sheet date as follows:

	<b>As at 31-Jul-10 RM'000</b>	<b>As at 31-Jul-09 RM'000</b>
Future minimum lease payments		
- Not later than one year	157	-
- Later than one year and not later than five years	590	-
	<u>747</u>	<u>-</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 quarter under review and financial year to-date.

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 JULY 2010**

**B Additional information required by the Bursa Securities' Listing Requirements**

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**B 1 Review of performance**

The Group's revenue decreased slightly by 3.6% to RM93.3 million for the quarter under review compared to RM96.8 million for the corresponding quarter last year. The decreased revenue was due to lower business volume which was mitigated by higher average selling prices owing to the rise in underlying raw material costs.

The Group registered a drop of 24.1% in profit before tax of RM1.7 million for the current quarter compared to a profit before tax of RM2.2 million for the corresponding quarter in the previous year. This is in line with the lower business volume as well as decreased margins following the rise in raw material costs.

However, the Group reported a loss after tax of RM0.4 million for the quarter under review compared to a profit after tax of RM4.8 million for the corresponding quarter last year. The loss was incurred owing to a provision of deferred tax liability of RM2.1 million for the said quarter.

**B 2 Variance of results against preceding quarter**

The Group's revenue decreased slightly by 2.8% from RM96.0 million for the preceding quarter. The decreased revenue was due to lower average selling prices despite higher business volume achieved for the quarter under review.

Profit before tax was also lower by 17.7% compared to the preceding quarter's profit before tax of RM2.1 million due mainly to a drop in margins.

The Group reported a profit after tax of RM2.1 million for the preceding quarter compared to a loss after tax of RM0.4 million for the current quarter under review. The loss incurred was due to the provision of deferred tax liability as mentioned above.

**B 3 Prospects**

The Group's future outlook is good but many challenges remain. The volatility of aluminium prices which is the Group's principal raw material costs continue to impact on margins although business volume has been maintained. Nonetheless, the continued recovery of the global economy and particularly that of Malaysia is positive for the Group's prospect moving forward.

The Group will continue to focus on its core competencies to improve cost efficiencies to maintain profit margins as well as source for new customers and markets.

Barring unforeseen circumstances, the Board is of the opinion 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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**B Additional information required by the Bursa Securities' Listing Requirements**

<b>B 5 Taxation</b>	<b>Current quarter ended 31-Jul-10 RM'000</b>	<b>Comparative quarter ended 31-Jul-09 RM'000</b>	<b>12 months cumulative 31-Jul-10 RM'000</b>	<b>12 months cumulative 31-Jul-09 RM'000</b>
Current tax expense based on profit for the financial year:				
- income tax	(39)	-	(39)	-
- overprovision in prior year	-	-	-	(2)
	<u>(39)</u>	<u>-</u>	<u>(39)</u>	<u>(2)</u>
Deferred tax:				
- current year	2,113	(2,621)	2,113	(2,625)
- (over)/underprovision in prior years	(20)	-	(20)	20
	<u>2,054</u>	<u>(2,621)</u>	<u>2,054</u>	<u>(2,607)</u>

For the quarter under review and financial year to-date, no income tax has been provided in view of the availability of unabsorbed business losses and unutilised reinvestment and capital allowances brought forward from the current and previous years except a tax refundable of RM0.039 million due to the Company arising from dividend received by A-Rank from its subsidiary company.

Net amount of RM2.093 million has been provided for as deferred tax liability for the current quarter and financial year ended 31 July 2010 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 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 quarter under review and financial year to-date.

**B 8 Status of corporate proposals**

There were no corporate proposals announced pending completion.

**B 9 Borrowings**

	<b>As at 31-Jul-10 RM'000</b>	<b>As at 31-Jul-09 RM'000</b>
<b>Current liabilities - Unsecured</b>		
Bankers' acceptances	58,441	36,967
Foreign currency loan (Currency denominated in US Dollar)	-	10,629
Bank overdraft	2,752	-
	<u>61,193</u>	<u>47,596</u>

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

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**B Additional information required by the Bursa Securities' Listing Requirements**

**B 10 Off balance sheet financial instruments**

**a) Commodity future contracts**

Commodity future contracts are used to hedge the Group's exposures to price fluctuation risk on purchases of aluminium. Any gains or losses arising from the commodity option contracts have been deferred until the related future transactions occur, at which time they will be included in the measurement of such transactions.

Commodity future contracts entered into by the Group and outstanding as at 31 July 2010 are as follows:

Type of Transaction	Maturity Analysis			Total Notional Amount RM'000
	Within a year RM'000	1 year to 3 years RM'000	More than 3 years RM'000	
Sales Contracts	3,949	-	-	3,949

**b) Foreign currency forward contracts**

Foreign currency forward contracts are used to hedge foreign currency exposures as a result of receipts and payments in foreign currency. Any gains or losses arising from contracts entered into as hedges of anticipated future transactions are deferred until the dates of such transactions at which time they are included in the measurement of such transactions.

Foreign currency forward contracts entered into by the Group and outstanding as at 31 July 2010 are as follows:

	Expiry date	Contract amount USD'000	Equivalent RM'000
Purchase contracts used to hedge trade payables	Within a month	500.00	1,592.00

The Group has not entered into any off balance sheet financial instrument as at the date of this quarterly report, save for the commodity future contracts and foreign currency forward contracts which are entered into in the ordinary course of business. The hedges 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 proposed a first and final single tier tax exempt dividend of 2.25 sen per ordinary share, amounting to RM1.8 million in respect of the financial year ended 31 July 2010 (2009: Tax exempt dividend of 2.0 sen per ordinary share) subject to the approval of shareholders at the forthcoming Annual General Meeting.

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**B Additional information required by the Bursa Securities' Listing Requirements**

**B 13 Earnings per ordinary share**

**(a) Basic earnings per ordinary share**

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

	<b>Current quarter ended 31-Jul-10</b>	<b>Cumulative to-date ended 31-Jul-10</b>
(Loss)/Profit after tax (RM'000)	(366)	6,222
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 (loss)/earnings per share (sen)	(0.46)	7.78

**(b) Diluted earnings per share**

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

By Order of the Board

Ng Bee Lian  
Company Secretary

Date: 28 Sep 2010