

A-Rank Berhad
(Incorporated in Malaysia)

Condensed Consolidated Statement of Financial Position
As at 31 July 2016
(The figures have not been audited)

	As at 31-Jul-16 RM'000	(Audited) As at 31-Jul-15 RM'000
Assets		
Non-current assets		
Property, plant and equipment	63,172	67,439
Intangible asset	-	2,722
Investment in an associate	290	3
	<u>63,462</u>	<u>70,164</u>
Current assets		
Inventories	26,862	31,008
Trade and other receivables	38,588	42,220
Derivative financial assets	99	125
Current tax assets	99	233
Deposits with licensed banks	17,407	15,000
Cash and bank balances	7,854	5,933
	<u>90,909</u>	<u>94,519</u>
Total assets	<u><u>154,371</u></u>	<u><u>164,683</u></u>
Equity and Liabilities		
Share capital	60,000	60,000
Retained earnings	41,748	28,610
Equity attributable to owners of the parent	<u>101,748</u>	<u>88,610</u>
Non-controlling interest	1,923	2,351
Total equity	<u>103,671</u>	<u>90,961</u>
Non-current liabilities		
Borrowings	1,373	1,569
Deferred tax liabilities	4,910	6,623
	<u>6,283</u>	<u>8,192</u>
Current liabilities		
Trade and other payables	23,315	17,715
Borrowings	20,939	47,454
Derivative financial liabilities	4	361
Current tax liabilities	159	-
	<u>44,417</u>	<u>65,530</u>
Total liabilities	<u>50,700</u>	<u>73,722</u>
Total equity and liabilities	<u><u>154,371</u></u>	<u><u>164,683</u></u>
	RM	RM
Net assets per share based on 120,000,000 ordinary shares of RM0.50 each	<u>0.85</u>	<u>0.74</u>

These condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 July 2015.

A-Rank Berhad
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Condensed Consolidated Statement of Comprehensive Income
For The Year Ended 31 July 2016
(The figures have not been audited)

	Current quarter ended		Cumulative year ended	
	31-Jul-16 RM'000	31-Jul-15 RM'000	31-Jul-16 RM'000	31-Jul-15 RM'000
Revenue	113,857	115,475	483,844	485,950
Operating expenses	(110,701)	(113,322)	(470,061)	(475,496)
Other operating income	209	48	1,937	564
Profit from operations	<u>3,365</u>	<u>2,201</u>	<u>15,720</u>	<u>11,018</u>
Finance costs	(108)	(268)	(593)	(1,056)
Share of profit in an associate	287	-	287	-
Profit before taxation	<u>3,544</u>	<u>1,933</u>	<u>15,414</u>	<u>9,962</u>
Taxation	1,805	1,826	(4)	584
Profit for the financial year	<u>5,349</u>	<u>3,759</u>	<u>15,410</u>	<u>10,546</u>
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income	<u>5,349</u>	<u>3,759</u>	<u>15,410</u>	<u>10,546</u>
Profit attributable to:				
Owners of the parent	5,368	3,967	15,838	10,316
Non-controlling interest	(19)	(208)	(428)	230
	<u>5,349</u>	<u>3,759</u>	<u>15,410</u>	<u>10,546</u>
Total comprehensive income attributable to:				
Owners of the parent	5,368	3,967	15,838	10,316
Non-controlling interest	(19)	(208)	(428)	230
	<u>5,349</u>	<u>3,759</u>	<u>15,410</u>	<u>10,546</u>
Net earnings per share attributable to ordinary shareholders (sen):				
- Basic	<u>4.47</u>	<u>3.31</u>	<u>13.20</u>	<u>8.60</u>
- Diluted	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

These condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 July 2015.

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Condensed Consolidated Statement of Changes in Equity
For The Year Ended 31 July 2016
(The figures have not been audited)

	Share capital RM'000	Retained earnings RM'000	Total attributable to owners of the parent RM'000	Non- controlling interest RM'000	Total equity RM'000
As at 1-Aug-14	60,000	20,994	80,994	2,121	83,115
Profit for the financial year	-	10,316	10,316	230	10,546
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	10,316	10,316	230	10,546
Transactions with owners:					
Dividend paid	-	(2,700)	(2,700)	-	(2,700)
As at 31-Jul-15	<u>60,000</u>	<u>28,610</u>	<u>88,610</u>	<u>2,351</u>	<u>90,961</u>
As at 1-Aug-15	60,000	28,610	88,610	2,351	90,961
Profit for the financial year	-	15,838	15,838	(428)	15,410
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	15,838	15,838	(428)	15,410
Transactions with owners:					
Dividend paid	-	(2,700)	(2,700)	-	(2,700)
As at 31-Jul-16	<u>60,000</u>	<u>41,748</u>	<u>101,748</u>	<u>1,923</u>	<u>103,671</u>

These condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 31 July 2015.

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Condensed Consolidated Statement of Cash Flow
For The Year Ended 31 July 2016
(The figures have not been audited)

	Year ended 31-Jul-16 RM'000	Year ended 31-Jul-15 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	15,414	9,962
Adjustments for:		
Interest income	(362)	(106)
Interest expenses	593	1,056
Share of profit in an associate	(287)	-
Depreciation of property, plant and equipment	5,995	5,589
Property, plant and equipment written off	1,317	1,720
Deposits written off	36	67
Inventories written down	-	1,356
Unrealised gain on foreign exchange	418	666
Impairment losses on:		
- trade receivables	34	87
- goodwill on acquisition	2,722	-
Loss/(Gain) on disposal of property, plant and equipment	29	(3)
Reversal of impairment loss on trade receivables	(23)	-
Fair value adjustments on derivative instruments	(331)	(608)
Operating profit before working capital changes	<u>25,555</u>	<u>19,786</u>
Changes in working capital		
Inventories	4,146	10,453
Trade and other receivables	3,444	(1,656)
Trade and other payables	5,761	(1,546)
Cash generated from operations	<u>38,906</u>	<u>27,037</u>
Interest paid	-	(1)
Tax refund	151	116
Tax paid	(1,575)	(1,468)
Net cash generated from operating activities	<u>37,482</u>	<u>25,684</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	362	106
Acquisition of property, plant and equipment	(3,149)	(5,098)
Proceed from disposal of property, plant and equipment	75	3
Net cash used in investing activities	<u>(2,712)</u>	<u>(4,989)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net movements in bank borrowings	(27,149)	(2,391)
Dividend paid	(2,700)	(2,700)
Interest paid	(593)	(1,055)
Net cash used in financing activities	<u>(30,442)</u>	<u>(6,146)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	4,328	14,549
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR	<u>20,933</u>	<u>6,384</u>
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	<u>25,261</u>	<u>20,933</u>
COMPOSITION OF CASH AND CASH EQUIVALENTS:		
Deposits with licensed banks	17,407	15,000
Cash and bank balances	7,854	5,933
	<u>25,261</u>	<u>20,933</u>

These condensed consolidated statement of cash flow should be read in conjunction with the audited financial statements for the financial year ended 31 July 2015.

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Notes to the Financial Statements
For The Year Ended 31 July 2016

A Explanatory Notes

A 1 Basis of preparation

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

The condensed financial statements should be read in conjunction with the Group's audited financial statements for the financial year ended 31 July 2015. 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 2015.

A 2 Significant Accounting Policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 July 2015 except for the adoption of the following new/revised MFRSs, Amendments to MFRSs and Issues Committee Interpretations (IC Interpretations"):

New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2016

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

The Group is 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.

A 3 Qualification of financial statements

There was no qualification in the audited financial statements for the financial year ended 31 July 2015.

A 4 Seasonal or cyclical factors

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

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

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

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Notes to the Financial Statements
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A Explanatory Notes

A 8 Dividend paid

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

A 9 Segmental information

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 (2) reportable segments that are organised and managed separately according to the geographical areas, which requires different business and marketing strategies. The reportable segments are Malaysia and South East Asia other than Malaysia. Other operating segments comprise countries in Africa, Europe and South Asia.

	Malaysia RM'000	South East Asia other than Malaysia RM'000	Others RM'000	Total RM'000
Revenue from external customers	337,797	90,540	55,507	483,844
Profit from operations				15,720
Finance costs				(593)
Share of profit in an associate				287
Profit before taxation				15,414
Taxation				(4)
Profit after taxation				15,410

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

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

A 11 Contingent liabilities

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

	As at 31-Jul-16 RM'000	As at 31-Jul-15 RM'000
Corporate guarantees given to:		
- financial institutions for banking facilities utilised by subsidiaries	22,312	49,023
- third parties for the supply of goods to a subsidiary	11	-
	<u>22,323</u>	<u>49,023</u>

The Company has provided corporate guarantees for banking facilities granted to its subsidiaries totaling RM88.0 million and USD5.0 million (31 July 2015: RM88.0 million and USD5.0 million) and creditors of a subsidiary for supply of goods up to RM1.8 million (31 July 2015: RM0.5 million).

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Notes to the Financial Statements
For The Year Ended 31 July 2016

A Explanatory Notes

A 12 Commitments

a) Capital commitments

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

	As at 31-Jul-16 RM'000	As at 31-Jul-15 RM'000
Capital expenditures in respect of purchase of property, plant and equipment:		
- Authorised and contracted for	855	1,857
- Authorised but not contracted for	9,913	1,789
	<u>10,768</u>	<u>3,646</u>

b) Operating lease commitments

The Group had entered into non-cancellable lease agreements for machinery, resulting in future rental commitments which can, subject to certain terms in the agreements, be revised annually based on prevailing market rate. At the end of the current quarter, operating lease commitments of the Group are as follows:

	As at 31-Jul-16 RM'000	As at 31-Jul-15 RM'000
Not later than one (1) year	230	229
Later than one (1) year and not later than five (5) years	530	755
	<u>760</u>	<u>984</u>

A 13 Changes in the composition of the Group

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

A 14 Related party transactions

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

	Cumulative year ended	
	31-Jul-16 RM'000	31-Jul-15 RM'000
a) In which a Director and Major shareholder have interest		
<u>LB Aluminium Berhad</u>		
- Sales and tolling services of aluminium billets	30,723	-
- Purchases of aluminium extrusions profile	1,250	-
- Sales of accessories	50	-
<u>LB Aluminium (Sarawak) Sdn Bhd</u>		
- Sales and tolling services of aluminium billets	4,796	-
b) In which two Directors of a subsidiary company have interest		
<u>Apresi Sdn Bhd</u>		
- Rental of premises	<u>84</u>	<u>-</u>

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

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Notes to the Financial Statements
For The Year Ended 31 July 2016

B Additional information required by the Bursa Securities' Listing Requirements

B 1 Review of performance

	Quarter Ended 31-Jul-16 RM'000	Quarter Ended 31-Jul-15 RM'000	Increase/(Decrease)	
			RM'000	%
Revenue				
- South East Asia other than Malaysia	16,993	16,581	412	2.5
- Others	9,374	15,276	(5,902)	(38.6)
	<u>26,367</u>	<u>31,857</u>	<u>(5,490)</u>	<u>(17.2)</u>
- Malaysia	87,490	83,618	3,872	4.6
Total revenue	<u>113,857</u>	<u>115,475</u>	<u>(1,618)</u>	<u>(1.4)</u>
Profit before taxation	3,544	1,933	1,611	83.3
Profit after taxation	5,349	3,759	1,590	42.3

The Group's revenue dropped slightly by 1.4% to RM113.9 million for the quarter under review compared to RM115.5 million for the corresponding quarter last year. The decrease in revenue was contributed by lower average selling prices following the drop in raw material costs although business volume has increased.

The Group reported an increase of 83.3% in profit before taxation to RM3.5 million for the current quarter compared to that of the corresponding quarter last year due mainly to better margins despite the impairment loss on goodwill on acquisition amounting to RM2.7 million.

The Group also achieved an increase in profit after taxation of 42.3% for the quarter under review in line with the higher profit before taxation and overprovision of deferred tax in prior year.

B 2 Variance of results against preceding quarter

	Quarter Ended 31-Jul-16 RM'000	Quarter Ended 30-Apr-16 RM'000	Increase/(Decrease)	
			RM'000	%
Revenue				
- South East Asia other than Malaysia	16,993	19,628	(2,635)	(13.4)
- Others	9,374	11,354	(1,980)	(17.4)
	<u>26,367</u>	<u>30,982</u>	<u>(4,615)</u>	<u>(14.9)</u>
- Malaysia	87,490	83,707	3,783	4.5
Total revenue	<u>113,857</u>	<u>114,689</u>	<u>(832)</u>	<u>(0.7)</u>
Profit before taxation	3,544	3,491	53	1.5
Profit after taxation	5,349	3,003	2,346	78.1

The Group's revenue was maintained for the quarter under review compared to that registered for the preceding quarter.

The Group achieved a slight improvement in profit before taxation of 1.5% for the current quarter under review compared to RM3.5 million achieved for the preceding quarter. Although profit has improved for the current quarter, this was impacted by the impairment loss on goodwill on acquisition as mentioned above.

The Group also recorded a substantial increase in profit after taxation of 78.1% for the current quarter due to overprovision of deferred tax in prior year.

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Notes to the Financial Statements
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B Additional information required by the Bursa Securities' Listing Requirements

B 3 Prospects

In the second quarter of 2016, the global economy expanded at a more moderate pace, with uneven growth momentum across economies. Growth remained modest in the advanced economies amid continued cyclical and structural weaknesses. In Asia, economic expansion was supported by domestic demand, but was weighed down by persistent weakness in export performance.

The Malaysian economy expanded by 4.0% in the second quarter of 2016 (1Q 2016: 4.2%). Private sector expenditure remained the key driver of growth and contributed towards the continued expansion in domestic demand. The volatility of both aluminium prices and currencies continue to add uncertainties to our decision-making process particularly on pricing whilst the overall increase in costs of doing business in Malaysia will have adverse impacts on the Group's margins. 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 quarter.

B 4 Variance of actual and profit estimate

Not applicable as no profit forecast was published.

B 5 Notes to the Condensed Consolidated Statement Of Comprehensive Income

	Current quarter ended		Cumulative year ended	
	31-Jul-16	31-Jul-15	31-Jul-16	31-Jul-15
	RM'000	RM'000	RM'000	RM'000
Profit before taxation is arrived at after charging/(crediting):				
Interest income	(166)	(45)	(362)	(106)
Interest expenses	108	268	593	1,056
Depreciation of property, plant and equipment	1,846	1,521	5,995	5,589
Loss/(Gain) on disposal of property, plant and equipment	30	-	29	(3)
Property, plant and equipment written off	1,177	888	1,317	1,720
Inventories written down	-	1,356	-	1,356
Deposits written off	36	67	36	67
Impairment losses on:				
- trade receivables	34	87	34	87
- goodwill on acquisition	2,722	-	2,722	-
Reversal of impairment loss on trade receivables	(23)	-	(23)	-
(Gain)/Loss on foreign exchange				
- realised	(1,186)	(459)	(800)	(375)
- unrealised	1,584	666	418	666
Fair value adjustments on derivative instruments	(1,089)	(600)	(331)	(608)

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Notes to the Financial Statements
For The Year Ended 31 July 2016

B Additional information required by the Bursa Securities' Listing Requirements

B 6 Taxation

	Current quarter ended		Cumulative year ended	
	31-Jul-16	31-Jul-15	31-Jul-16	31-Jul-15
	RM'000	RM'000	RM'000	RM'000
Current income tax	660	227	1,717	932
Deferred tax	(2,465)	(2,053)	(1,713)	(1,516)
	<u>(1,805)</u>	<u>(1,826)</u>	<u>4</u>	<u>(584)</u>

The effective tax rate of the Group for the current quarter and financial year ended 31 July 2016 are lower than the statutory tax rate due principally to the availability of special export incentive brought forward and overprovision of deferred tax in prior years.

B 7 Status of corporate proposals

There were no corporate proposals announced pending completion.

B 8 Borrowings

	As at 31-Jul-16 RM'000	As at 31-Jul-15 RM'000
Short term borrowings		
Bankers' acceptances - unsecured	260	7,100
Foreign currency loans (Currency denominated in US Dollar) - unsecured	20,483	40,168
Term loans - secured	196	186
	<u>20,939</u>	<u>47,454</u>
Long term borrowing		
Term loans - secured	1,373	1,569
	<u>22,312</u>	<u>49,023</u>

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

The term loans are secured by a corporate guarantee from the Company and a charge over a subsidiary's freehold land and buildings.

B 9 Changes in material litigation

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

B 10 Dividend

The Board of Directors has proposed a first and final single tier dividend of 3.00 sen per ordinary share amounting to RM3.6 million in respect of the financial year ended 31 July 2016 (2015: A first and final single tier dividend of 2.25 sen per ordinary share).

The proposed dividend is subject to the approval of shareholders at the annual general meeting to be held on a date which shall be announced later. The date of payment of the dividend and the date for the determination of dividend entitlement would also be announced later.

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Notes to the Financial Statements
For The Year Ended 31 July 2016

B Additional information required by the Bursa Securities' Listing Requirements

B 11 Realised and Unrealised Profit or Losses

The retained earnings as at the end of the reporting year may be analysed in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ('MIA Guidance') and the directive of Bursa Malaysia Securities Berhad.

	As at 31-Jul-16 RM'000	As at 31-Jul-15 RM'000
Total retained earnings of the Company and its subsidiaries:		
- realised	64,064	52,639
- unrealised	(1,337)	(3,050)
	<u>62,727</u>	<u>49,589</u>
Less: Consolidation adjustments	<u>(20,979)</u>	<u>(20,979)</u>
Total retained earnings	<u><u>41,748</u></u>	<u><u>28,610</u></u>

B 12 Earnings per ordinary share

(a) Basic earnings per ordinary share

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

	Current quarter ended	Cumulative to-date ended
Profit attributable to equity holders of the Company (RM'000)	5,368	15,838
Total share capital in issue during the current quarter/ cumulative year (No. of ordinary shares of RM 0.50 each) ('000)	120,000	120,000
Basic earnings per ordinary share (sen)	4.47	13.20

(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

Yap Sit Lee
Company Secretary

28 September 2016