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Aluminium Company of Malaysia Berhad (3859-U)

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Annual Report 2010

Integrity

Seamlessness

Passion

Speed

Commitment

From top to bottom:-

1. **NOVELIS GLOBAL EHS RECOGNITION**
   Gold Award 2006
2. **HITACHI AIR-CONDITIONING PRODUCTS (M) SDN. BHD.**
   Excellent Business Partners' Award 2007
3. **PANASONIC HA AIR-CONDITIONING (M) SDN. BHD**
   Strategic Business Partner Award 2007
4. **TOSHIBA CARRIER (THAILAND) CO. LTD.**
   Excellent Award 2009
5. **INDUSTRY EXCELLENCE AWARDS**
   Product Excellence Award 2008 (Open Category)
6. **INDUSTRY EXECELLENCE AWARDS**
   Prime Minister's Award for Industry Excellence 2008
7. **STARBIZ-ICR COPORATE RESPONSIBILITY AWARDS**
   "Workplace" Category 2009

Cover Rationale:

"Our people are our biggest asset. As we celebrate our golden anniversary, we pay tribute to all our employees both past and present who have helped ALCOM meet and overcome various challenges in our 50 years. Our pioneer employees gave us a strong foundation and enduring brand characterized by integrity and commitment. Our present and future generation of employees will leverage these strengths, working seamlessly and with speed, to deliver our mission. Together, past and present, connected by our values, all of us at ALCOM are living our passion as we build a legacy to be proud of."

Contents

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Forty-Ninth Annual General Meeting of Aluminium Company of Malaysia Berhad will be held at Level 3, Hotel Armada, Lorong Utara C, Section 52, 46200 Petaling Jaya, Selangor Darul Ehsan on Thursday, 26 August 2010 at 2.30 p.m. for the following purposes:-

1. To receive the audited financial statements for the year ended 31 March 2010 and the reports of the directors and auditors thereon.

2. To re-elect Y.M. Tengku Yunus Kamaruddin who retires in accordance with Article 92(A) of the Articles of Association of the Company. (Resolution 1)

3. To re-elect Y.A.M. Tunku Tan Sri Imran ibni Almarhum Tuanku Ja'afar who retires in accordance with Article 92(A) of the Articles of Association of the Company. (Resolution 2)

4. To approve the payment of directors' fees of RM136,000 for the year ended 31 March 2010 (2009: RM151,000). (Resolution 3)

5. To re-appoint Messrs PricewaterhouseCoopers as auditors and to hold office until the conclusion of the next Annual General Meeting at a remuneration to be determined by the Directors. (Resolution 4)

6. **As Special Business**

   To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:-

   "That subject always to the Companies Act, 1965, the Articles of Association of the Company and approvals from the relevant governmental and/or regulatory authorities where such approvals shall be necessary, authority be and is hereby given to the Directors pursuant to Section 132D of the Companies Act, 1965, from time to time to issue and allot ordinary shares from the unissued capital of the Company upon such terms and conditions and at such time as may be determined by the Directors of the Company to be in the interest of the Company provided always that the aggregate number of shares to be issued pursuant to this Resolution in any one financial year shall not exceed 10% of the issued capital for the time being of the Company AND THAT the Directors be also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad AND THAT such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company." (Resolution 5)

NOTICE OF ANNUAL GENERAL MEETING
(continued)

7. **As Special Business**

To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:-

"That, subject always to the Companies Act, 1965 ("CA"), the Memorandum and Articles of Association of the Company and all applicable laws, regulations and guidelines and the approvals of all relevant authorities, approval be and is hereby given to the Company to purchase such amount of ordinary shares of RM1.00 each in the Company ("shares") as may be determined by the Board of Directors of the Company ("Board") from time to time through the Bursa Malaysia Securities Berhad ("BMSB") upon such terms and conditions as the Board may deem fit in the interest of the Company provided that the aggregate number of shares purchased and/or held pursuant to this resolution does not exceed 10% of the total issued and paid-up share capital of the Company at any given point in time and that an amount not exceeding the retained profits and/or share premium accounts of the Company be allocated by the Company for the proposed purchase. The audited retained profits and share premium accounts of the Company as at 31 March 2010 are RM42,195,738 and RM4,113,085 respectively.

AND THAT at the discretion of the Board, the shares of the Company to be purchased are proposed to be cancelled and/or retained as treasury shares and distributed as dividends or resold on the market of the BMSB, where an appropriate announcement will be made to the relevant authorities once the intentions of the Board is known.

AND THAT such authority from the shareholders would be effective immediately upon the passing of this resolution and would continue to be in force until:-

(a) the conclusion of the next Annual General Meeting ("AGM") of the Company following the Forty-Ninth AGM at which such resolution was passed, at which time it shall lapse unless by ordinary resolution passed at the meeting, the authority is renewed either unconditionally or subject to conditions;

(b) the expiration of the period within which the next AGM is required by law to be held; or

(c) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting,

whichever occurs first.

AND THAT authority be and is hereby given to the Board to take all such steps as are necessary (including the opening and maintaining of a central depository account(s) under the Securities Industry (Central Depositories) Act 1991) and to enter into all other agreements, arrangements and guarantees with any party or parties to implement, finalise and give full effect to the aforesaid purchase with full powers to assent to any conditions, modifications, re-valuations, variations and/or amendments (if any) as may be imposed by the relevant authorities from time to time." (Resolution 6)

NOTICE OF ANNUAL GENERAL MEETING
(continued)

8. **As Special Business**

To consider and, if thought fit, to pass the following resolution as Ordinary Resolution: -

"That, subject always to the Main Market Listing Requirements of the Bursa Malaysia Securities Berhad, the Company and its subsidiaries shall be mandated to enter into the category of recurrent transactions of revenue or trading nature with those related parties as set out in Section 2.2 and 2.4 of the Circular dated 29 July 2010 subject further to the following:-

(i) the transactions are in the ordinary course of business and are on terms not more favourable to the related parties than those generally available to the public and not to the detriment of the minority shareholders of the Company;

(ii) disclosure is made in the annual report of the breakdown of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year; amongst others based on the type of the recurrent transactions made and the names of the related parties involved in each type of the recurrent transactions made and their relationships with the Company and its subsidiaries and that such approval shall, continue to be in force until:-

(a) the conclusion of the next AGM of the Company following the Forty-Ninth AGM at which such mandate was passed, at which time it shall lapse, unless by a resolution passed at the meeting, the authority is renewed;

(b) the expiration of the period within which the next AGM of the Company after that date is required to be held pursuant to Section 143(1) of Companies Act, 1965 ("CA") (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of CA); or

(c) revoked or varied by resolution passed by the shareholders in general meeting,

whichever occurs first.

AND THAT the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution." (Resolution 7)

9. To consider and, if thought fit, to pass the following resolution as Special Resolution:-

"That the existing Article 99 of the Company's Articles of Association be deleted in its entirety and substituting in place thereof the following new Article 99: -

NOTICE OF ANNUAL GENERAL MEETING
(continued)

Any dividend interest, or other money payable in cash in respect of shares may be paid by cheque or warrant sent through the post direct to the registered address of the member or person entitled thereto or, if several persons are entitled in consequence of the death or bankruptcy of the holder, to any one (1) of such persons and to such address as such person may in writing direct or by directly crediting the dividend entitlement, interest or other money payable in cash into such member's or person's bank account as provided to the Central Depository from time to time or by such other mode of electronic means (subject to the provisions of the Act, the Central Depositories Act, the Rules, the Listing Requirements and / or the guidelines of regulatory authorities). Every such cheque or warrant or funds crediting into the bank account of the member or person entitled thereto or through such other mode of electronic means shall be made payable to or to the order of the member or person entitled thereto and the payment of any such cheque or warrant or through direct crediting of funds or through such other mode of electronic means into the bank account shall operate as a good discharge to the Company in respect of the dividend represented thereby, notwithstanding that it may subsequently appear that the same has been stolen or that the endorsement thereon has been forged or that there is discrepancy in the details of the bank account(s) given by the member or person entitled to the dividend. Every such cheque or warrant or funds crediting into the bank account or through such other mode of electronic means shall be sent or credited at the risk of the person entitled to the money thereby represented. Any such dividend, interest or other money may be paid by any bank through direct transfer or other funds transfer systems or such other means to or through such persons as the member or person entitled thereto may in writing direct, and the company shall have no responsibility for any sums lost or delayed in the course of any such transfer or where the Company has acted on any such direction. Where the members or persons entitled thereto have provided to the Central Depository the relevant contact details for the purpose of electronic notification, the Company shall notify them electronically once the Company has paid the cash dividends out of its accounts."

(Resolution 8)

10. To transact any other business of which due notice shall have been given.

By Order of the Board

ENG SOO FUNN (F) (MACS 00044)
LAM LEE SAN (F) (MAICSA 7048104)
Secretaries

Bukit Raja, Klang
Date: 29 July 2010

NOTE:

Proxy

1) A member entitled to attend and vote at a meeting of the Company is entitled to appoint a proxy to attend and vote instead of him. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.

2) A member may appoint not more than two (2) proxies to attend at same meeting. Where a member appoints more than one (1) proxy, he shall specify the proportion of his shareholding to be represented by each proxy.

NOTICE OF ANNUAL GENERAL MEETING
(continued)

Proxy (continued)

3) A member who is an authorised nominee may appoint at least one proxy in respect of each securities account it holds with ordinary shares standing to the credit of the said securities account.

4) The instrument appointing a proxy, shall be in writing under the hands of the appointer or of his attorney duly authorised in writing, or if such appointer is a corporation, either under seal or the hand of an officer or attorney duly authorised.

5) The instrument appointing a proxy must be deposited at the Company's Registered Office at No. 3, Persiaran Waja, Bukit Raja Industrial Estate, 41050 Klang, Selangor Darul Ehsan not less than forty-eight (48) hours before the time appointed for holding the meeting or at any adjournment thereof.

Explanatory Notes on Special Business:

Resolution 5

If passed, will give a renewed mandate to the Directors of the Company to issue ordinary shares of the Company from time to time provided that the aggregate number of shares issued pursuant to this resolution in any one financial year does not exceed 10% of the issued capital of the Company for the time being ("Renewed Mandate"). The Renewed Mandate, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the last Annual General Meeting held on 25 August 2009 and which will lapse at the conclusion of the Forty-Ninth Annual General Meeting.

Resolution 6

If passed, will empower the Directors of the Company to purchase on the Bursa Malaysia Securities Berhad up to 10% of the issued and paid up ordinary shares of the Company. This authority will commence from the date of this Annual General Meeting and unless revoked or varied by the Company at a General Meeting, will expire at the next Annual General Meeting.

Resolution 7

If passed, will authorise the Company and each of its subsidiaries to enter into recurrent related party transactions of revenue or trading nature which are necessary for its day to day operation. The recurrent related party transactions are in the ordinary course of business and which are on terms not more favourable to the related party than those generally available to the public. This authority unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company. Please refer to the Circular to Shareholders dated 29 July 2010 with regard to Ordinary Resolution 7.

Resolution 8

If passed, will bring the Articles of Association of the Company in line with the amendments made to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad in relation to the eDividend.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

Details of Directors seeking re-election or re-appointment as mentioned in the Notice of Annual General Meeting are set out in their respective profiles which appear in the Directors' Profile on pages 25 to 27 of this annual report. Directors' interests in the securities of the Company are disclosed on pages 42 and 43 of this annual report.

CORPORATE GOVERNANCE

The Board of Directors of ALCOM is committed to ensure that the highest standards of corporate governance are practiced throughout the Group. The Board considers the practice essential to the Group's success and to enhancing shareholder value.

The Group has in place a variety of corporate governance and disclosure requirements. Our corporate governance practices are designed to comply with the Principles and Best Practices set out in the Malaysian Code on Corporate Governance ("Code"), the Main Market Listing Requirements of the Bursa Malaysia Securities Berhad ("Bursa Malaysia"), and other applicable regulatory requirements.

The Board regularly reviews corporate governance practices and guide in light of developing requirements in this field. As new provisions come into effect, our board of directors will reassess our corporate governance practices and implement changes as and when appropriate.

Set out below is a statement which outlines the application of the Principles of the Code and compliance with the Best Practices as set out in Corporate Governance Practices for the financial year ended 31 March 2010.

BOARD OF DIRECTORS

The Board

The Board has the responsibility for stewardship of ALCOM Group, including the responsibility to ensure that the company is being properly managed in the interest of our shareholders as a whole, while taking into account the interests of other stakeholders. The Board supervises the management of the business and affairs and discharges its duties and obligations by reviewing the adequacy and the integrity of the company's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and statutory requirements.

All directors are from diverse professional backgrounds with wide range of relevant business and financial experience to bring about independent judgment on issues of strategy, performance, resources and risks affecting the Group. A brief description on the background as well as profiles of each director is set out on pages 25 to 27 of the Annual Report.

Board Balance

ALCOM's Board as at end of the financial year had six (6) members comprising of one independent non-executive Chairman, two independent non-executive directors, two non-independent non-executive directors and one non-independent executive managing director. The Chairman has never held any prior executive position in the Group. The Directors bring to the Board a wide range of skills and experience in fields such as commerce, law, finance as well as knowledge of the aluminium business.

The Code stipulates that at least one-third of its Board members must be made up of independent non-executive directors. ALCOM's Board balance is achieved with the presence of three (3) independent non-executive directors. They ensure that plans and strategies proposed by the management are fully discussed and examined, taking into account the long-term interests of all stakeholders of the Group (shareholders, employees, customers, suppliers, and the local community in which the Group conducts business).

CORPORATE GOVERNANCE (continued)

BOARD OF DIRECTORS (continued)

Board Responsibilities

There is a clear and distinct division of responsibility between the Chairman and the Managing Director to ensure that there is a balance of power and authority.

The Chairman is responsible for the smooth running of the Board and encourages active participation by Board members and provides reasonable time for discussion of issues raised at meetings. Decisions reached at meeting reflect the consensus of the whole Board and not the views of any individual or group.

The Managing Director is primarily responsible for the day-to-day operations of the Group, which includes implementation of policies, and strategies adopted by the Board. The Managing Director is responsible for communicating matters relating to the Group's business to the Board. The Managing Director's knowledge of the Group's business and affairs contributes significantly towards the attainment of the Group's goals and objectives.

Committees are formed to assist in the effective functioning of the Board. The Board delegates specific responsibilities to three (3) Committees, namely the Audit Committee, the Nomination Committee and the Remuneration Committee, which operates within clearly defined terms of reference. All these Committees are led by Independent Non-executive Directors of the Board. Management and third parties are co-opted to such committees as and when required. In addition, special committee like ESOS committee is formed for a specific purpose as and when required. Reports of proceedings and outcome of the various committee meetings are submitted to the Board.

Audit Committee

The Audit Committee of the Board comprises of three (3) Independent Non-Executive Directors and one Non-Independent Non-Executive Director. The composition of the Audit Committee as well as a report on the Committee's activities for the financial year 2010 can be found on pages 20 to 22.

Nomination Committee

The Nomination Committee is responsible for identifying, evaluating and recommending to the Board, suitable candidates to fill in the Board vacancies as they occur. The Nomination Committee comprises of the following directors:

Y.A.M. Tunku Tan Sri Imran ibni Almarhum Tuanku Ja'afar, (Chairman)
Dato' Kok Wee Kiat
Mr. Thomas L. Walpole

The Nomination Committee is empowered by the Board to deliberate and to present recommendations on appointments of new directors. The Committee also assesses and evaluates the effectiveness of the Board as a whole, the respective board committees and contribution of each individual director.

The company secretary who is also the secretary to the Nomination Committee ensures that all the necessary information is obtained, and all legal and regulatory obligations are met.

CORPORATE GOVERNANCE
(continued)

BOARD OF DIRECTORS (continued)

Nomination Committee (continued)

During the financial year ended 31 March 2010, the Nomination Committees met once on 25 May 2009. During the meeting, the Nomination Committee reviewed the board structure, size and composition; effectiveness of the Board, the various Board Committees and the contribution of each board member; and were satisfied that the required mix of skills, experience, competencies, professional qualifications and other qualities of the Directors were sufficient and contributed positively to the Board Committees and the Board as a whole.

Details on attendance of the members of the Nomination Committee were as follows:-

Name of Nomination Committee Member	No. of meeting(s) attended while in office
Y.A.M. Tunku Tan Sri Imran ibni Almarhum Tuanku Ja'afar	1 / 1
Dato' Kok Wee Kiat	1 / 1
Mr. Thomas L. Walpole	1 / 1

Remuneration Committee

The Remuneration Committee comprises the following members:-

Y.A.M. Tunku Tan Sri Imran ibni Almarhum Tuanku Ja'afar, (Chairman)
Dato' Kok Wee Kiat
Mr. Thomas L. Walpole

During the financial year ended 31 March 2010, one (1) meeting was held on 23 February 2010; and details on attendance of the members of the Remuneration Committee were as follows:-

Name of Remuneration Committee Member	No. of meeting(s) attended while in office
Y.A.M. Tunku Tan Sri Imran ibni Almarhum Tuanku Ja'afar	1 / 1
Dato' Kok Wee Kiat	1 / 1
Mr. Thomas L. Walpole	1 / 1

Board Meetings

The Board which leads and controls the Company meets at least four (4) times a year. The Managing Director and Chief Financial Officer who attend the meetings present reports on Group performance comprehensive enough to enable the Board members to discharge their responsibilities.

CORPORATE GOVERNANCE
(continued)

BOARD OF DIRECTORS (continued)

Board Meetings (continued)

During the financial year ended 31 March 2010, four (4) Board meetings were held and the details of the Board meetings and attendance of the Directors are listed as follows:-

Dates of Meeting	Hour	Place
25 May 2009	11:03 a.m.	ALCOM, Bukit Raja, Klang
25 August 2009	10:00 a.m.	Hotel Armada, Petaling Jaya
26 November 2009	10:30 a.m.	ALCOM, Bukit Raja, Klang
23 February 2010	10:05 a.m.	ALCOM, Bukit Raja, Klang

Details of attendance of the directors at meetings held in the financial year ended 31 March 2010 are as follows:

Name of Director	Date of Appointment	No. of Meetings(s) Attended*	Percentage of Attendance (%)
Y.A.M. Tunku Tan Sri Imran ibni Almarhum Tuanku Ja'afar	27 July 1987	3/4	75
Dato' Kok Wee Kiat	1 January 1996	4/4	100
Mr. Tan See Ping	1 June 2004	4/4	100
Y.M. Tengku Yunus Kamaruddin	27 December 2001	4/4	100
Mr. Thomas L. Walpole	24 November 2008	4/4	100
Mr. Sachin Yeshawant Satpute	25 May 2009	4/4	100

*Note: * Number of meetings attended/numbers of meetings held while in office*

Supply of Information

Prior to board meetings, all directors receive the agenda and full set of Board papers containing information relevant to the business of the meeting. Reports include key results areas; operational profitability and performance review statements, human resource developments, environment, occupational health and safety, business plans, as well as proposed announcements and releases comprising quarterly and year-end financial results to the Bursa Malaysia Securities Berhad ("BMSB"). The board papers are issued to each director at least five (5) working days in advance.

Board members may obtain independent professional advice, in the furtherance of their duties at the Group's expense.

CORPORATE GOVERNANCE
(continued)

BOARD OF DIRECTORS (continued)

Supply of Information (continued)

All directors also have direct access to the advice and services of the company secretary, who is responsible for ensuring that the Board meeting procedures, applicable rules and statutory regulations are adhered to.

Re-election

In accordance with the Company's Article of Association, all directors appointed by the Board are subject to re-election by the shareholders at the first opportunity after their respective dates of appointments. The Articles also provide for at least one third of the remaining Board members to be re-elected by rotation at the Annual General Meeting (AGM).

Directors' training

All the Directors have successfully completed the Mandatory Accreditation Program (MAP) conducted by the Research Institute of Investment Analysis Malaysia (RIIAM) and Bursatra Sdn. Bhd.

The Directors have during the financial year ended 31 March 2010, attended the following programs:-

Name of Directors	Particulars of Training Attended and Date
Y.A.M. Tunku Tan Sri Imran ibni Almarhum Tuanku Ja'afar	1. Deliberation on Bursa Malaysia's Corporate Governance Guide (26/11/2009)
Mr. Tan See Ping	1. Economic Outlook – The Road to Recovery (03/04/2009) 2. Removing Limiting Beliefs (04/05/2009) 3. The Current Global Financial Crisis – Impact & Implications for Malaysia (10/06/2009) 4. Malaysia's Innovation Economy – Concepts & Leadership Challenges (23/07/2009) 5. Behavioral Based Safety (03/08/2009) 6. Tax Planning in Uncertain Times (07/08/2009) 7. Malaysia in Transition (08/09/2009) 8. Novelis Leadership Summit (21/09/2009) 9. Aditya Birla Group Leadership Conference (16/12/2009) 10. Fundamental Approach to Accounting for Financial Instruments (13/10/2009) 11. Deliberation on Bursa Malaysia's Corporate Governance Guide (26/11/2009) 12. High Performance Team (05/03/2010)

CORPORATE GOVERNANCE
(continued)

BOARD OF DIRECTORS (continued)

Directors' training (continued)

Name of Directors	Particulars of Training Attended and Date
Dato' Kok Wee Kiat	1. Fundamental Approach to Accounting for Financial Instruments (13/10/2009) 2. Deliberation on Bursa Malaysia's Corporate Governance Guide (26/11/2009) 3. Financial Institutions Directors' Education Programme (January 2010)
Y.M. Tengku Yunus Kamaruddin	1. Fundamental Approach to Accounting for Financial Instruments (13/10/2009) 2. A Turning Point for Corporate Governance (29/10/2009) 3. Corporate Integrity (14/09/2009) 4. Navigating the Vortex and FRS 139: Financial Instruments (19/06/2009) 5. Deliberation on Bursa Malaysia's Corporate Governance Guide (26/11/2009)
Mr. Thomas L. Walpole	1. Novelis Leadership Summit (21/09/2009) 2. Aditya Birla Group Leadership Conference (16/12/2009)
Mr. Sachin Yeshawant Satpute	1. Mandatory Accreditation Programme (23 & 24 June 2009) 2. Novelis Leadership Summit (21/09/2009) 3. Aditya Birla Group Leadership Conference (16/12/2009)

B. DIRECTORS' REMUNERATION

As recommended by the code, ALCOM has sought to ensure that the directors' remuneration is attractive enough to retain Directors of the calibre necessary to run the Group successfully. The component parts of the remuneration have been structured to link awards to corporate and individual performance for Executive Directors whilst Non-Executive Directors' remuneration reflect the experience and the level of responsibilities undertaken by individual Non-Executives Directors.

The remuneration package for the Executive and Non-Executive Directors include some or all of the following elements:-

Basic Salary

The basic salary (inclusive of statutory employer contributions to the Employees Provident Fund) for the Executive Directors takes into account the performance of the individual as well as the prevailing market salary rate for similar jobs in a selected group of comparable companies.

CORPORATE GOVERNANCE
(continued)

DIRECTORS' REMUNERATION (continued)

Fees

The Board proposes the fees payable to Non-Executive Directors after considering comparable organisations and the level of responsibilities undertaken by the Director. Attendance allowances for Board meetings and Board Committees meetings were paid to Non-Executive Directors.

Bonus Scheme

The Group operates a bonus scheme for all employees including Executive Directors. The performances of the Group along with an assessment of the individual's performance form the criteria for the scheme.

Benefits-in-Kind

Company cars, petrol expenses, driver, hand-phone, club memberships and medical reimbursement were made available as benefits-in-kind to the Executive Directors as appropriate.

Pension Arrangements

Contributions to the Employees Provident Fund are made at 3% above the mandatory defined contribution rate for all Group employees who have been in service for more than two (2) years, including the Executive Directors.

Directors' Share Options

The movement in Directors share options during the year is set out on pages 42 to 43 of the Directors' Report and Financial Statements.

Details of Directors' Remuneration

Remuneration paid or payable or otherwise made available to all the directors of the Company and Group who have served during the financial year ended 31 March 2010 are as follows:

Category	Fees (RM'000)	Salaries (RM'000)	Retirement gratuity (RM'000)	Other emoluments** (RM'000)	Benefits-in-kind* (RM'000)	Total Remuneration# (RM'000)
Executive	-	696		82	36	814
Non-Executive	136	-	-	-	-	136

* *Benefits-in-kind include motor vehicle, club memberships, etc.*
** *Other emoluments include bonuses, retirement benefits and performance awards.*
# *total amount (including salaries, other emoluments and benefits-in-kind) paid to an executive director of a subsidiary company in the Group.*

CORPORATE GOVERNANCE
(continued)

DIRECTORS' REMUNERATION (continued)

Details of Directors' Remuneration (continued)

The number of directors of the Company and Group who served during the financial year and whose income from the Group falls within the following bands were as follows:-

Range of Remuneration	Number of Directors
Non-Executive Directors	
RM0 to RM50,000	2
RM50,001 to RM100,000	1
Executive Directors	
RM250,001 to RM300,000	1
RM300,001 to RM350,000	-
RM350,001 to RM400,000	-
RM400,001 to RM450,000	-
RM450,001 to RM500,000	-
RM500,001 to RM550,000	1

Remuneration by director is not disclosed for reasons of confidentiality.

SHAREHOLDERS

Dialogue between Group and Investors

The Company recognises the importance of communication with its shareholders. The Managing Director and the Chief Financial Officer hold discussions with analysts and shareholders on request. During such discussions, the Group's performance, strategic plans for the future and other major developments are explained.

However, any information that may be regarded as sensitive and material information about the Group is only to be released publicly; communicated to all its stakeholders simultaneously, usually through a press release or regulatory filing like the release of financial results to the Bursa Malaysia Securities Berhad on quarterly and annual basis.

The Company's website at www.alcom.com.my also provides easy access to corporate information pertaining to the Group and its activities.

Whilst the Group has a large corporate shareholder, the interests of minority shareholders are fairly represented by its Independent Non-Executive Directors.

Shareholder and other interested parties may communicate or direct its concerns - either, to the attention of Y.A.M. Tunku Tan Sri Imran ibni Almarhum Tuanku Ja'afar, who is both the Chairman of the Board as well as the Senior Independent Non-Executive Director at email address: alcom.Ined@novelis.com or, to the attention of Dato' Kok Wee Kiat, who is the Chairman of the Board Audit Committee and also an Independent Non-Executive Director at email address: kokweekiat@gmail.com

CORPORATE GOVERNANCE
(continued)

SHAREHOLDERS (continued)

Annual General Meeting (AGM)

The Board reports on the progress and performance of the Group to shareholders at each AGM. At such meetings, shareholders have the opportunity to raise questions to the directors present at the meeting. Notice of the AGM and related papers thereto are sent to the shareholders at least 21 days before the meeting to facilitate easy review by the shareholders.

It is customary for the Board to hold a press conference immediately after the AGM to brief the media on key Company highlights.

In respect of items of special business, the notice of meeting will be accompanied by a full explanation of the effects of the proposed resolution. Separate resolutions are proposed for substantially separate issues at the meeting and the Chairman declares the number of proxy votes received both for and against each separate resolution.

While it endeavours to keep all its shareholders as much informed as is possible, the Group as mentioned earlier, has always abided by the legal and regulatory framework governing the release of materials and price-sensitive information.

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board aims to present a balanced, full and meaningful assessment of the Group's financial position and prospects when presenting the annual financial statements, quarterly announcements, the Chairman's statement and Reviews of Operations in the annual report. The Audit Committee assists the Board in overseeing the Group's financial reporting process and the quality of its financial reporting.

Internal Control

The Board's Statement on Internal Control as set out in pages 18 and 19 aims to safeguard shareholders' investments and the Company's assets, for the proper maintenance of accounting records and for the reliability of the financial information used within the business and for publication. The system is also designed to provide reasonable assurance of effective operations and compliance with laws and regulations.

During the financial year ended 31 March 2010, the Group continued to provide certification on its internal control system to its parent company on quarterly basis. The Group continued to update documentation of its internal control system that was developed in accordance with the requirements of the US Sarbanes-Oxley Act. The documentation which details the internal control system in place acts as a framework for providing the basic assurance to stakeholder on timely and accurate reporting of its financial statements as required by the Act mentioned.

The Group's internal audit team from its parent company, on an annual basis, also provides independent and objective report on the Group's management, records, accounting policies and controls directly to the Board Audit Committee. The internal auditors follow up on any action plans arising from the audit till they are resolved and closed.

CORPORATE GOVERNANCE
(continued)

ACCOUNTABILITY AND AUDIT (continued)

Relationship with the Auditors

An appropriate relationship is maintained with the Company's Auditor through the Audit Committee and Board of Directors. The key features and the role of the Audit Committee in relation to the external auditors are included in the Audit Committee's terms of references detailed on pages 21 to 23.

Statement of Directors' Responsibility for Preparation of the Financial Statements

As required by the Companies Act, 1965, the Directors have taken care to ensure that the financial statements give a true and fair view of the state of affairs of the Group and the Company as at the end of the accounting period and of income statement and cash-flows for the year then ended. In the preparation of the financial statements for the financial year ended 31 March 2010, the directors have:

- Adopted suitable accounting policies and applied them consistently
- Made judgments and estimates on a prudent and reasonable basis
- Ensured that applicable accounting standards have been adhered to
- Ensured that the financial statements are prepared as an on-going concern basis

The directors ensure that proper accounting records are kept to disclose with reasonable accuracy at any time the financial position of the Company and Group. They are generally responsible to take such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

OTHER INFORMATION

Share Buyback

In the financial year ended 31 March 2010, the Company did not transact any share buyback. A total of 2,079,000 shares were retained as treasury shares as at 31 March 2010.

Options, Warrants or Convertible Securities

Under ALCOM's Employee Share Option Scheme, eligible employees accepted the first tranche options to purchase 3,845,000 shares at the option price of RM2.48 per share in year 2000. Subsequently, in July 2001 ALCOM offered a second tranche of options of 3,969,000 shares at an option price of RM1.07 per share to all eligible employees, out of which 3,523,000 options were accepted. During the financial year ended 31 March 2010, no employee exercised their options to buy any of the shares under the two tranches. The scheme which had been in force for a 10 years' period had expired on 13 March 2010.

Save as disclosed above no other options, warrants or convertible securities were exercised by the Company in the financial year.

Depository Receipt Programme (DRP)

The Company did not sponsor any DRP programme during the financial year.

CORPORATE GOVERNANCE
(continued)

OTHER INFORMATION (continued)

Imposition of Sanctions/Penalties

During the financial year, there were no sanctions and/or penalties imposed on the Company and its subsidiaries, directors or management by the relevant regulatory bodies.

Non-audit Fees

The amount of non-audit fees paid to the external auditors by the Group for the financial year amounted to RM5,000.

Variation in Results

As there were no profit estimate announced during the financial year, no variation in result reconciliation is applicable.

Profit Guarantees

There were no profit guarantees given by the Company during the financial year.

Material Contracts

There was no material contract on the Company and its subsidiaries during the financial year involving directors' and major shareholders' interests.

Property Held by Group

Location	Description	Tenure	Land Area	Approximate Built up Area (sq.metre)	Age of Building (years)	Net Book Value as at 31 March 2010	Year of revaluation
No. 3, Persiaran Waja, Kawasan Perindustrian Bukit Raja, 41050 Klang, Selangor Darul Ehsan.	Factory and office building	99 years leasehold Expiring in year 2088	12.1 hectares	35,964	Range from 19 to 28	RM 23.0 million	1985

COMPLIANCE WITH THE CODE

The Group has taken necessary steps throughout the financial year to comply with the Best Practices of good corporate governance as set out in Part 2 of the Code. The Group will continue to review its governance principles and practices in its pursuit of achieving the highest level of transparency, accountability and integrity.

DIRECTORS' STATEMENT ON INTERNAL CONTROL

For Financial Year ended 31 March 2010

INTRODUCTION

ALCOM's Board of Directors recognizes the importance of maintaining a sound system of internal controls and risk management practices to good corporate governance. The system is an essential requirement for ensuring that assets of the Group are well managed and protected.

ALCOM Group's system of internal controls, financial or otherwise, is structured to provide reasonable assurance regarding the achievement of the following:-

- Effectiveness and efficiency of operations including the safeguarding of the Shareholders' investments as well as the Group's resources.
- Reliability and timeliness of financial reporting.
- Compliance with applicable laws and regulations.

BOARD RESPONSIBILITIES

The Board acknowledges its responsibility for the Group's system of internal control and is satisfied there is in place, an on-going process for reviewing the adequacy and integrity of the design of those systems in managing risks.

The Board also recognizes that the internal control system, no matter how well conceived and operated, can provide only reasonable and not absolute assurance against material misstatements or loss rather than eliminate the risk of business failures.

INTERNAL AUDIT

Regular audits by internal audit are an integral and important part of the governance process. The Internal Audit Department of the parent company carries out the internal audit function for the Group. The focus for audit is varied on a cyclical basis with more attention being paid to the areas perceived to have more risk. The internal audit conduct reviews on the existing systems of controls which provides the Board with much of the assurance it requires regarding the adequacy and the effectiveness of the risk management processes which Management has in place to identify, manage and in controlling the proper conduct of business within the Group. It also provides useful advice on control assurance activities as well as opportunities for improvements to enhance existing system if not to eliminate shortcomings or deficiencies identified.

The Board Audit Committee reviews the scope of the internal audit to be carried out. The audit findings as well as any recommendations for improvement are also reported back to the same committee as well as to the full Board. ALCOM's Management is responsible for ensuring that corrective actions, if any recommended, be implemented within a defined time frame.

DIRECTORS' STATEMENT ON INTERNAL CONTROL

For Financial Year ended 31 March 2010
(continued)

KEY ELEMENTS OF THE INTERNAL CONTROL ENVIROMENT

The current system of internal control and risk management of the Group include the following key elements:

- An effective Board which monitors the Group and Management's performance.
- An organization structure with clearly defined roles and responsibilities to achieve the Group's objectives; also providing clear segregation of duties and physical safeguards necessary to enhance internal control system.
- Setting annual plans in line with strategic direction as set out in the strategic plans.
- Development of action plans as well as Key Results Areas (KRA) for the different key result areas to drive the achievement of the various plans.
- Cascading the KRAs for the different sections across the Group.
- Weekly and monthly meetings for the review and resolution of matters arising as well as to measure and monitor performance achievements.
- Performance appraisal system, which is linked to key results areas that is not only measurable but also bring about improvement and savings in a defined criterion.
- Structured training program for employees to maintain high competency levels.
- Clearly defined delegation of responsibilities to committees of the Board and business operating units, including authorisation for all aspects of the business within the Group.
- Regular Board Meetings to review business operations, to approve significant transactions as well as to approve releases of quarterly financial performance.
- Documentation of internal policies and procedures as set out through standard operating policies and procedures manuals. These systems/manuals such as those relating to safety, environment and insurance are the subject of regular annual review and improvement audits which helped identify gaps arising as well as ensuring updates cum compliance with regulatory requirements and standards.
- Plant visits by members of the Board on a regular basis.

RISK MANAGEMENT

The Group has in place an on-going process of identifying, evaluating and managing the risks that the Group faced as it sought to meet its business objectives. The different internal controls hinged on the Control Structure and Environment platform which enables the ALCOM Group in the identification, analyzing, assessing, treating and monitoring of the relevant risks. This process broadly forms the framework for determining how the Groups' exposure to risks should be managed. As the economic, industrial, regulatory and operating conditions continue to change, the mechanisms needed to identify and deal with the changing risks also need to be of a dynamic nature. Accordingly risk management at ALCOM is a pro-active process which seeks to meet the challenges arising from such changes.

CONTROL ASSURANCE OVER FINANCIAL REPORTING

As in the previous years, the Group management makes quarterly representation of the reviews it carried out to its parent company as well as to the Board. This representation serves as a commitment of management assurance on the control system in place for financial reporting accuracy as required.

CONCLUSION

The Board is of the opinion that the existing system of internal control is adequate to achieve the above objectives. The Board is also satisfied that, during the financial year under review, there was no significant breakdown or weakness in the system of internal controls of the ALCOM Group that would have resulted in material losses.

REPORT OF THE AUDIT COMMITTEE

The main functions of the Audit Committee was to assist and support the Board in discharging its fiduciary responsibilities relating to the Group's management with the following keys responsibilities as listed:-

- Overseeing financial reporting and practices
- Evaluating the Internal and External audit processes,
- Reviewing conflict of interest situations and related parties transactions, and
- Assessing the risk and control environment.

COMPOSITION AND MEETINGS

The Audit Committee comprises of three independent non-executive directors and one non-independent non-executive director. The Chairman of the Committee is an independent non-executive director and all members of the Audit Committee are also members of the Board. The composition of the Audit Committee during the financial year ended 31 March 2010 is as follows:-

- Dato' Kok Wee Kiat - Independent Non-Executive Director, Chairman of Audit Committee
- Y.A.M. Tunku Tan Sri Imran ibni Almarhum Tuanku Ja'afar – Independent Non-Executive Director
- Y. M. Tengku Yunus Kamaruddin – Independent Non-Executive Director
- Mr. Thomas L. Walpole - Non-Independent Non-Executive Director

The detailed profile of the Committee Members can be found on pages 25 to 27.

During the financial year ended 31 March 2010, four (4) Audit Committee meetings were held:-

No	Name of Audit Committee Member	No. of Meetings(s) Attended*	Percentage of Attendance
1	Dato' Kok Wee Kiat	4/4	100%
2	Y.A.M. Tunku Tan Sri Imran ibni Almarhum Tuanku Ja'afar	3/4	75%
3	Y.M. Tengku Yunus Kamaruddin	4/4	100%
4	Mr. Thomas L. Walpole	4/4	100%

** Number of meetings attended / number of meetings held while in office*

The Managing Director and the Chief Financial Officer attended all the meetings upon invitation by the Audit Committee. The Group's external auditors also attended the first and fourth meetings held during the financial year. As in the past years, the Board Audit Committee also met the external auditors alone without any of the executive members present.

The company secretary who is also the secretary to the Audit Committee would attend all the meetings.

Summary of activities

During the last financial year, the Audit Committee discharged its functions and carried out its duties as set out in the Terms of Reference below.

REPORT OF THE AUDIT COMMITTEE
(continued)

COMPOSITION AND MEETINGS (continued)

Internal Audit function

ALCOM Group is subject to yearly audits by an internal audit team from its parent company. Internal audit performs the role of promoting an efficient and effective control environment through independent and objective internal control reviews, education and business process consultation. The areas to be covered by the audit are selected on a rotational basis, with core risk areas being subject to audit more regularly than those outside the defined core risk areas.

A risk-based approach is adopted in the planning and conduct of audits which is consistent with the Group's established risk-based framework in identifying, designing, implementing and monitoring of control systems. The Audit Committee reviews the scope of the intended audit and approves the audit plan before the actual audit takes place. The findings of the internal audit work done are reported directly to the Audit Committee. The scope of the Internal Audit covers the audits of all units and operations of the Group including the various computer application systems and network of the Group. The costs relating to the internal audit function are absorbed by the parent company.

TERMS OF REFERENCE

Membership

The Audit Committee shall be appointed by the Board from amongst its directors and shall consist of not less than three members, all of whom must be non-executive directors, with a majority of them being independent directors in accordance with the definition in the Bursa Malaysia Listing Requirement.

All members of the audit committee should be financially literate and at least one member of the Audit Committee must be a member of the Malaysian Institute of Accountants (MIA) or have at least 3 years' working experience and have passed the examinations specified in Part 1 of the 1st Schedule of the Accountants Act 1967 or be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967 or fulfills such other requirements as prescribed or approved by the Exchange.

The members of an audit committee shall elect a chairman from among their number who shall be an independent director.

The chairman of the audit committee should engage on a continuous basis with senior management, such as the chairman, the chief executive officer, the finance director, the head of internal audit and the external auditors in order to be kept informed of matters affecting the company.

No alternate director can be appointed a member of the Audit Committee.

The quorum shall comprise a majority of independent directors and two members shall constitute a quorum.

REPORT OF THE AUDIT COMMITTEE
(continued)

DUTIES

The duties of the Audit Committee should include the following:

a) To consider the appointment of the external auditor, the audit fee and any questions of resignation or dismissal;

b) To discuss with the external auditors before the audit commences, the nature and scope of the audit, audit plan, audit report, ensure co-ordination where more than one audit firm is involved and to evaluate the system of internal controls;

c) To review the quarterly and year-end financial statements of the board, focusing particularly on:

- Any changes in accounting policies and practices;
- Significant adjustments arising from the audit;
- The going concern assumption; and
- Compliance with accounting standards and other legal requirements.

d) To discuss problems and reservations arising from the interim and final audits, and any matter the auditors may wish to discuss (in the absence of management where necessary);

e) To review the external auditors' management letter and management's response;

f) To do the following in relation to the internal audit function:-

- Review the adequacy of the scope, functions, competency and resources of the internal audit function, and that it has the necessary authority to carry out its work;
- Review the internal audit program and results of the internal audit process and where necessary ensure that appropriate action is taken on the recommendations of the internal audit function; and
- Review any appraisal or assessment of the performance of members of the internal audit function.
- Establish an internal audit function which is independent of the activities it audits.
- Ensure its internal audit functions reports directly to the Audit Committee.

g) To consider any related party transactions that may arise within the Company or Group;

h) To consider the major findings of internal investigations and management's response; and

i) To consider other topics as defined by the Board.

REPORT OF THE AUDIT COMMITTEE
(continued)

AUTHORITY

The Audit committee is authorised by the Board to investigate any matter within its terms of reference. It is authorised to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Audit Committee.

The Audit Committee is also authorised by the Board in accordance with the procedures to be determined by the Board and at the cost of the company to have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity, and to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.

MEETINGS AND REPORTING PROCEDURES

The Audit Committee shall hold meetings of not less than four times a year. However, at least twice a year, the Audit Committee shall meet with the external auditors without the executive members present.

The Managing Director and the Chief Financial Officer shall attend all meetings of the Audit Committee. Other board members may attend meetings upon the invitation of the audit committee. The external auditors shall be entitled to receive notices of and attend any meeting. A representative shall attend specific meetings when requested by the Audit Committee and they may request special meetings when they think necessary.

The secretary of the company shall act as Secretary of the Committee and shall circulate the minutes of the meeting of the Audit Committee to all members of the Board.

REVISION OF THE TERMS OF REFERENCE

Any revision or amendment to the Terms of Reference, as proposed by the Committee or any third party, shall be presented to the Board for its approval.

Upon the Board's approval, the said revision or amendment shall form part of this Terms of Reference and this Terms of Reference shall be considered duly revised or amended.

BOARD OF DIRECTORS

From left to right
Y.M. Tengku Yunus Kamaruddin
Mr. Sachin Yeshawant Satpute
Dato' Kok Wee Kiat
Mr. Thomas L. Walpole
Y.A.M. Tunku Tan Sri Imran ibni Almarhum Tuanku Ja'afar (Chairman)
Mr. Tan See Ping (Managing Director)
Ms. Eng Soo Funn (Secretary)

DIRECTORS' PROFILE

Y.A.M. Tunku Tan Sri Imran ibni Almarhum Tuanku Ja'afar

Independent, Non-Executive Director and Chairman

Age 62, Malaysian

Appointed to the Board since 27 July 1987 and elected Chairman on 1 October 1987. He is also the Chairman of both, the Nomination as well as the Remuneration Committees and a member of the Audit Committee, all of which are sub-committees of the Board. Holds a LLB (Hons) degree from Nottingham University, UK in 1970. He was called to the Bar at Gray's Inn in 1971. He was Group Company Secretary of Malaysian National Corp. (PERNAS) from 1971 to 1972, Managing Director of Haw Par Malaysia from 1973 to 1976, CEO of Antah Group of Companies from 1977 to February 2001. Currently Chairman of Syarikat Pesaka Antah Sdn. Bhd., he also serves as a Director of Jimah Energy Ventures Sdn. Bhd. He was appointed as Chairman of Lafarge Malayan Cement Berhad on 27 May 2003.

Apart from business commitments, he is a Director of the Institute of Strategic and International Studies, Malaysia, a member of the Court of Fellows of the Malaysian Institute of Management, and a member of the Malaysian-British Business Council. In the field of sports, he is the President of the Olympic Council of Malaysia, a member of the Board of Management of the National Sports Council of Malaysia, President of the Malaysian Cricket Association, and founding Chairman of the Foundation for Malaysian Sporting Excellence (SportExcel). He is also Patron of the World Squash Federation, Vice-President of the Commonwealth Games Federation and member of the International Olympic Committee.

He attended three out of four (3/4) Board meetings held in the financial year.

Appointed to the Board on 1 June 2004. Holds a BA degree in Architectural Studies from the National University of Singapore. Held a variety of managerial positions in marketing and general management from 1985 to 1990. Joined ALCOM in 1991 as Product and Market Development Manager, and was later appointed to the positions of General Manager, Fabrication and General Manager, Regional Corporate Planning and Development. From 2002-2005, he was Managing Director of Nikkei Siam Aluminium Limited in Bangkok. Upon his relocation from Nikkei Siam Aluminium Ltd to ALCOM in 2005, he was appointed Business Development Director of ALCOM until his current appointment as Managing Director of ALCOM with effect from 1 June 2006. Mr. Tan is also Chairman of Aluminium Manufacturers Group of Malaysia (FMM-AMGM).

He attended all four (4) Board meetings held in the financial year.

Mr. Tan See Ping holds 70,000 ordinary shares in the Company.

Tan See Ping

Non-Independent and Executive Director

Age 48, Malaysian

Notes:
1. None of the directors have any family relationship with any other director and/or major shareholder of ALCOM.
2. None of the directors have any personal interest in any business arrangements involving ALCOM.
3. None of the directors have any convictions for offences within the past 10 years.

DIRECTORS' PROFILE
(continued)

Dato' Kok Wee Kiat
Independent and Non-Executive Director

Age 69, Malaysian

Appointed to the Board since 1 January 1996. He is currently Chairman of the Audit Committee and also a member of the Nomination Committee and Remuneration Committee, all of which are sub-committees of the Board. Holds a LLB (Hons) degree from the National University of Singapore. He practised law from 1965 to 1986 and from 1990 to 2000. From 1986 to 1990 he was the Deputy Minister of Trade & Industry of Malaysia. Dato' Kok also sits on the Board of Directors of Bata Malaysia Sdn. Bhd. and The Bank of Nova Scotia Berhad. He was the Chairman of the Environmental Quality Council of Malaysia from 2000 to 2009. He is the Honorary President of the Business Council for Sustainable Development, Malaysia. Since 2007 he has been appointed the Honorary Consul in Malaysia for the Grand Duchy of Luxembourg.

He attended all four (4) Board meetings held in the financial year.

Y.M. Tengku Yunus Kamaruddin
Independent and Non-Executive Director

Age 69, Malaysian

Appointed to the Board on 27 December 2001 and is a also member of the Audit Committee, which is a sub-committee of the Board. He holds a BA Hons (Economics) degree from the University of Wales, is a Fellow member of Institute Of Chartered Accountants (England & Wales), Malaysian Institute of Certified Public Accountants and Malaysian Institute of Accountants. He was an audit partner of an international firm of accountants for 14 years until retirement. From 1985 to 1990 he was appointed by Bank Negara Malaysia to serve on the board of Bank Bumiputra Malaysia Berhad. Currently he is a Director of Keck Seng (Malaysia) Berhad and also sits on the Board of UBS Securities Sdn. Bhd. since 14 September 2005.

He attended all four (4) Board meetings held in the financial year.

Y.M. Tengku Yunus Kamaruddin holds 114,500 ordinary shares in the Company.

Notes:
1. None of the directors have any family relationship with any other director and/or major shareholder of ALCOM.
2. None of the directors have any personal interest in any business arrangements involving ALCOM.
3. None of the directors have any convictions for offences within the past 10 years.

DIRECTORS' PROFILE
(continued)

Thomas L. Walpole
Non-Independent and Non-Executive Director

Age 55, American

Appointed to the Board on 24 November 2008 and is also a member of the Audit, Nomination as well as the Remuneration committees, all of which are sub-committees of the Board. Holds a Masters of Business Administration from the Weatherhead School of Management, Case Western Reserve University and Bachelor of Science, Accounting & Finance from the State University of New York, College at Oswego. He was with Alcan Aluminum Corporation from June 1979 till 2002 as Sales Representative; National Customer Service Manager, Market Director: Industrial Products, Director of Business and Operations Planning, Works Manager: Oswego Works and from November 2000 to January 2002 he was the Vice President of Business Development & Information Technology. He later joined Alcan Taihan Aluminum Limited (ATA), Korea from February 2002 to January 2004 as Vice President: Sales, Marketing & Business Development, and later assumed the position of Vice President: Sales & Manufacturing. From January 2004 till September 2004, he was the President: Litho/ Can and Painted Product overseeing the management and strategic direction of Novelis Europe. Subsequently, he was the Vice President and General Manager of the Can Business Unit (Novelis North America) from October 2004 till January 2007. In February 2007 he was appointed to his present position as President Novelis Asia & CEO Novelis Korea (formerly known as ATA).

He attended all four (4) Board meetings held in the financial year.

Sachin Yeshawant Satpute
Non-Independent and Non-Executive Director

Age 44, Indian

Appointed to the Board on 25 May 2009. Holds a Masters of Business Administration (Marketing) from the Jamanalal Bajaj Institute of Management Studies in 1993, and Bachelor of Engineering (Mechanical) from the College of Engineering, Pune, India in 1987. Upon graduation, he joined Indian Aluminum Company, Ltd (INDAL) Alupuram from August 1987 till February 1989 for two years as Sales Development Engineer, Extrusion Business. On March 1989, he moved to INDAL, Mumbai as the Senior Sales Executive responsible for the domestic Extrusion business. Since then, he was serving in INDAL Mumbai for the 15 years from April 1994 through Sept 2004, holding various positions as Area Sales Manager (in April 1994), Regional Manager (in December 1999) in charge of the domestic rolled product business, and eventually the General Manager (in May 2002) overseeing all India sales of rolled products. Following the successful merger of both HINDALCO and INDAL into Hindalco Industries Ltd, Mumbai in Oct 2004, he was appointed the General Manager overseeing Eastern Exports Markets for rolled product and was given additional responsibility as Asst. Vice President – SBU Head Exports responsible for global export sales of rolled products. In August 2008, he moved to Korea, following his appointment as Director of Business Development, Novelis Korea Limited, heading the Business Development & Innovation activities in Novelis Asia. He was recently named the Vice President, Sales & Marketing of Novelis Korea Ltd following his recent appointment on 1st February 2010.

He attended all four (4) Board meetings held in the financial year.

Notes:
1. None of the directors have any family relationship with any other director and/or major shareholder of ALCOM.
2. None of the directors have any personal interest in any business arrangements involving ALCOM.
3. None of the directors have any convictions for offences within the past 10 years.

DIRECTORATE & CORPORATE INFORMATION

BOARD OF DIRECTORS

Chairman
Y.A.M. Tunku Tan Sri Imran ibni Almarhum Tuanku Ja'afar
(Independent Non-Executive Chairman)

Managing Director
Mr. Tan See Ping
(Non-Independent Executive Director)

Joint Secretaries:
Ms. Eng Soo Funn (MACS 00044)
Ms. Lam Lee San (MAICSA 7048104)

Directors
Dato' Kok Wee Kiat
(Independent Non-Executive Director)

Y.M. Tengku Yunus Kamaruddin
(Independent Non-Executive Director)

Mr. Thomas L. Walpole
(Non-Independent Non-Executive Director)

Mr. Sachin Yeshawant Satpute
(Non-Independent Non-Executive Director)

AUDIT COMMITTEE

Chairman
Dato' Kok Wee Kiat

Members
Y.A.M. Tunku Tan Sri Imran ibni Almarhum Tuanku Ja'afar
Y.M. Tengku Yunus Kamaruddin
Mr. Thomas L. Walpole

NOMINATION COMMITTEE

Chairman
Y.A.M. Tunku Tan Sri Imran ibni Almarhum Tuanku Ja'afar

Members
Dato' Kok Wee Kiat
Mr. Thomas L. Walpole

REMUNERATION COMMITTEE

Chairman
Y.A.M. Tunku Tan Sri Imran ibni Almarhum Tuanku Ja'afar

Members
Dato' Kok Wee Kiat
Mr. Thomas L. Walpole

REGISTERED OFFICE

No. 3, Persiaran Waja
Kawasan Perindustrian Bukit Raja
41050 Klang, Selangor Darul Ehsan
Telephone : 03-3346 6262
Telefax : 03-3341 2793

REGISTRARS

Symphony Share Registrars Sdn Bhd
Level 6 Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46, 47301 Petaling Jaya
Telephone : 03-7841 8000
Telefax : 03-7841 8152

AUDITORS

PricewaterhouseCoopers,
Kuala Lumpur (AF: 1146)

PRINCIPAL BANKERS

Malayan Banking Berhad (3813-K)
Citibank Berhad (297089-M)

SOLICITORS

Skrine

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad
Main Market

WEBSITE

www.alcom.com.my

GROUP INFORMATION

HEAD OFFICE

No. 3, Persiaran Waja
Kawasan Perindustrian Bukit Raja
41050 Klang
P.O. Box 233, 41720 Klang
Selangor Darul Ehsan
Telephone : +603-3346 6262
Telefax : +603-3341 2793

MANUFACTURING PLANTS

Aluminium Company of Malaysia Berhad (3859-U)
Sheet & Foil

No.3, Persiaran Waja
Kawasan Perindustrian Bukit Raja
41050 Klang
P.O. Box 233, 41720 Klang
Selangor Darul Ehsan
Telephone : +603-3346 6262
Telefax : +603-3341 2793

Alcom Nikkei Specialty Coatings Sdn Bhd (203469-H)
Coated Finstock

No.3, Persiaran Waja
Kawasan Perindustrian Bukit Raja
41050 Klang
P.O. Box 79, 41700 Klang
Selangor Darul Ehsan
Telephone : +603-3342 2234
Telefax : +603-3342 2203

PRODUCTS MANUFACTURED

- **Aluminium Sheet Products**
  Treadplate, Flat Sheet, Coiled Sheet, Painted Coils, Cladding Sheet

- **Aluminium Building Sheet Products**
  'PAYUNG' - Corrugated Sheet
  '7P', 'Alrib', 'Comspan' Industrial Building Sheets,
  In Stucco-Embossed and Painted Finish

- **Aluminium Foil Products**
  Finstock (Bare & Coated), Cable Foil, Diaphragm Foil (Lacquered), Plain Foil, Converter Foil (Insulation Foil, Flexi-pack)

- **Trade Names**
  PAYUNG - Corrugated Sheet
  COMSPAN - Industrial Building Sheet

WEBSITE

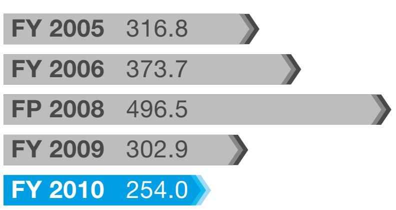
ALCOM Group : www.alcom.com.my

Parent Company : www.novelis.com

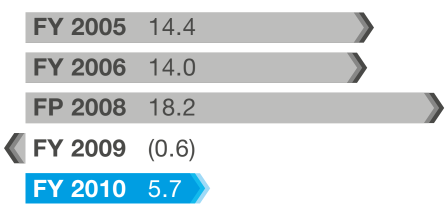
FIVE-YEAR SUMMARY

GROUP FINANCIAL HIGHLIGHTS	12 months Year Ended 31.12.2005	12 months Year Ended 31.12.2006	15 months Period Ended 31.3.2008	12 months Year Ended 31.3.2009	12 months Year Ended 31.3.2010
Revenue and Earnings (RM million)					
Revenue	316.8	373.7	496.5	302.9	**254.0**
Profit/(Loss) from ordinary activities before tax	22.1	17.5	24.5	(0.1)	**6.8**
Provision for taxation					
- Current	(5.5)	(5.7)	(8.1)	(2.3)	**(0.5)**
- Deferred	1.2	2.2	1.8	2.6	**(0.6)**
Net profit/(loss) attributable to shareholders	14.4	14.0	18.2	(0.6)	**5.7**
Balance Sheet Items (RM million)					
Working capital (excluding term loan)	134.8	120.3	130.5	119.8	**121.9**
Non current assets	113.1	105.3	98.4	92.4	**86.5**
Total borrowings	-	-	-	-	**-**
Shareholders' funds	211.7	207.5	212.4	197.8	**193.6**
Total assets	269.6	245.6	263.3	223.6	**226.1**
Other Statistics:					
Earnings/(Loss) per Ordinary Share (RM)	0.11	0.11	0.14	(0.01)	**0.04**
Ordinary dividends per Share (RM)	0.10	0.15	0.13	0.13	**0.10**
Net tangible asset backing per Ordinary Share (RM)	1.58	1.56	1.61	1.50	**1.46**
Capital expenditure (RM million)	8.2	5.1	7.6	5.9	**5.4**
Net cash from operating activities (RM million)	15.8	(0.5)	35.6	31.7	**(3.7)**
Share prices : Highest (RM)	2.01	1.56	1.50	1.13	**1.16**
: Lowest (RM)	1.30	1.32	1.00	0.74	**0.77**

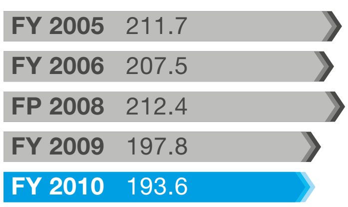
Revenue (RM million)



Net profit/(loss) attributable to shareholders (RM million)



Shareholders' funds (RM million)



Net tangible asset backing per Ordinary Share (RM)

CHAIRMAN'S STATEMENT
KENYATAAN PENGERUSI

I am pleased to present to you the Annual Report for Aluminium Company of Malaysia Berhad (ALCOM) Group and the Company for the financial year ended 31 March 2010.

Dengan sukacitanya saya membentangkan Laporan Tahunan Kumpulan dan Syarikat Aluminium Company of Malaysia Berhad (ALCOM) bagi tahun kewangan yang berakhir pada 31 Mac 2010.

GROUP PERFORMANCE

Overall market demand for ALCOM's aluminium products improved and enabled the Group to register a 6% growth in shipments in FY2010.

This was welcome relief, coming as it did, after a period that witnessed unprecedented turmoil in the financial markets, with dramatic impact on the availability of credit, extreme volatility in equity, commodity and currency prices and severely depressed investor sentiment and risk appetite.

The recovery in demand was gradual and uneven with certain sectors doing better than others. In the first half of the financial year shipments actually trailed the previous year by 23% while in the second half shipments grew to exceed the previous year performance by 55%.

PRESTASI KUMPULAN

Permintaan pasaran terhadap barangan-barangan aluminium ALCOM pada keseluruhannya telah meningkat dan ini membolehkan Kumpulan ALCOM mencatatkan pertumbuhan sebanyak 6% di dalam penghantarannya bagi tahun kewangan 2010.

Ini amat dialu-alukan setelah mengalami satu tempoh kekacauan yang tidak pernah terjadi sebelumnya di pasaran kewangan, yang menyaksikan kesan yang dramatik ke atas perolehan kredit, ketidakstabilan yang ekstrim di dalam harga ekuiti, komoditi dan kadar mata wang serta kemurungan kepada sentimen dan sikap terhadap risiko para pelabur.

Pemulihan dalam permintaan telah berlaku secara beransur-ansur dan tidak seimbang dengan sektor-sektor tertentu lebih berjaya daripada sektor-sektor yang lain. Pada pertengahan tahun kewangan yang pertama, penghantaran sebenarnya ketinggalan pencapaian tahun lepas sebanyak 23% manakala pada pertengahan tahun yang kedua, penghantaran telah meningkat sehingga melebihi prestasi tahun sebelumnya sebanyak 55%.

CHAIRMAN'S STATEMENT (continued)
KENYATAAN PENGERUSI (sambungan)

Aluminium prices which at the previous year ended at about USD1,373/mt also picked up over the year. At the end of the current year prices had retraced about 63% to close at USD2,238/mt. The higher prices were in tandem with improved conditions of the global economies.

Against this background the ALCOM Group registered a consolidated pre-tax profit of RM6.8 million for the financial year ended 31 March 2010 as compared to loss of RM1 million in the previous year.

The profit after tax amounted to RM5.7 million as compared to a loss of RM0.6 million in the previous year. The higher shipment as well as the focus on cost management enabled the growth in profits.

ALUMINIUM COMPANY OF MALAYSIA BERHAD

At the Company level, ALCOM registered a profit after tax of RM5.0 million as compared to the RM 2.0 loss sustained in the preceding year. The improved profits were achieved on shipments which increased 7% over the prior year.

ALCOM NIKKEI SPECIALTY COATINGS SDN BHD (ANSC)

ALCOM's wholly owned subsidiary, as you know, manufactures and sells our valued added coated aluminium finstock. Severe competition from Chinese manufacturers has put considerable pressure on this business.

Nonetheless, we were able to improve the subsidiary's net profit after tax from RM376K in the previous year to RM1.1 million in the current year. The company's success in improving profitability was mainly a function of its successful cost management especially in the area of coatings.

Harga aluminium yang berakhir tahun sebelumnya pada paras USD1,373/mt juga telah meningkat dalam jangkamasa setahun. Pada penghujung tahun semasa, harga aluminium telah memulih lebih kurang 63% dan menutup pada paras USD2,238/mt. Harga yang lebih tinggi ini adalah sejajar dengan pemulihan suasana ekonomi global.

Berdasarkan latar belakang ini Kumpulan ALCOM mencatatkan keuntungan terkumpul sebelum cukai sebanyak RM6.8 juta bagi tahun kewangan yang berakhir pada 31 Mac 2010 berbanding dengan kerugian sebanyak RM1.0 juta yang dialami pada tahun sebelumnya.

Keuntungan selepas cukai pula berjumlah sebanyak RM5.7 juta berbanding dengan kerugian RM0.6 juta yang direkodkan pada tahun sebelumnya. Jumlah penghantaran yang lebih tinggi bersama pula dengan tumpuan terhadap pengurusan kos telah membolehkan pertumbuhan pada tahap keuntungan ini.

ALUMINIUM COMPANY OF MALAYSIA BERHAD

Pada peringkat syarikat, ALCOM mencatatkan keuntungan selepas cukai sebanyak RM5.0 juta berbanding dengan kerugian sebanyak RM2.0 juta yang ditanggung pada tahun sebelumnya. Keuntungan yang lebih tinggi ini dicapai berdasarkan penghantaran yang telah meningkat sebanyak 7% dari tahun lepas.

ALCOM NIKKEI SPECIALTY COATINGS SDN BHD (ANSC)

Anak syarikat milik penuh ALCOM, seperti yang diketahui kalian, mengeluar dan menjual barangan tambah nilai kami iaitu "coated aluminium finstock". Persaingan sengit daripada pengilang-pengilang Cina telah memberikan tekanan yang hebat kepada perniagaan ini.

Namun demikian, kami telah dapat memperbaiki keuntungan bersih selepas cukai anak syarikat ini dari RM376K pada tahun sebelumnya kepada RM1.1 juta pada tahun semasa. Kejayaan syarikat ini memperbaiki keuntungannya sebahagian besar adalah akibat daripada pengurusan kosnya yang berkesan terutamanya di bahagian kos "coatings".

CHAIRMAN'S STATEMENT (continued)
KENYATAAN PENGERUSI (sambungan)

FINANCIAL

Cash reserves as at end of the year amount to RM42.6 million compared to RM60.6 million at the end of the previous year. As compared to the previous year, working capital levels increased especially receivables and this was basically in line with significantly higher sales at the end of the current year as compared to the previous year.

During the year an interim dividend 10% (less 25% taxation) was paid on 28 July 2009.

ECONOMIC AND INDUSTRY TREND AND DEVELOPMENTS

While the financial year began on a difficult note, overall confidence level grew slowly as the economic and industry conditions generally improved over the year. The demand for aluminium products have been uneven with some such as can stock registering significantly stronger market.

On the other hand, the market for our products such as coated fin stock shipments although improved have yet to grow to the levels seen before the recent crisis.

Aluminium prices generally strengthened over the year in tandem with generally improvement in market confidence levels. The strong underlying aluminium demand for aluminium from emerging countries led by China and India is amongst factors thought to have a bullish impact on prices going forward. However, European debt concerns may also ignite bearish sentiments in a fairly volatile market situation.

Since the beginning of 2010, free trade arrangements allow for tariff free imports of aluminium products into Malaysia from countries like China. The decline in tariff rates is a key challenge to be surmounted in the coming year.

KEWANGAN

Rizab wang tunai pada akhir tahun berjumlah sebanyak RM42.6 juta berbanding dengan RM60.6 juta pada akhir tahun sebelumnya. Jika dibandingi dengan tahun lepas, tahap modal kerja juga telah meningkat khususnya pada akaun penghutang dan ini adalah sejajar dengan penjualan yang lebih tinggi pada akhir tahun semasa berbanding dengan tahun sebelumnya.

Semasa tahun ini, dividen interim sebanyak 10% (tolak cukai 25%) telah dibayar pada 28 Julai 2009.

ALIRAN DAN PEMBANGUNAN EKONOMI DAN INDUSTRI

Sungguhpun tahun kewangan ini bermula dengan suasana yang suram, tahap keyakinan pada keseluruhanya telah meningkat dengan suasana ekonomi dan industri yang kian bertambah baik. Permintaan terhadap barangan-barangan aluminium juga adalah tidak seimbang dengan barangan tertentu khususnya "can stock" telah merakamkan pertumbuhan pasaran yang jauh lebih kukuh.

Sebaliknya pasaran bagi barangan kami seperti "coated fin stock" walaupun telah menunjukkan peningkatan dalam penghantarannya, ia masih belum mencecah tahap yang dinampak sebelum krisis baru-baru ini.

Pada umumnya, harga aluminium semakin mengukuh dalam jangkamasa setahun selaras dengan peningkatan tahap keyakinan di dalam pasaran. Permintaan yang kuat untuk aluminium dari negara-negara membangun yang diketuai oleh Negara China dan India adalah salah satu faktor yang dianggap memberi kesan yang menyakinkan terhadap anjakan harga. Walau bagaimanapun, kebimbangan terhadap hutang di negara-negara Eropah juga boleh mencetuskan sentimen kejatuhan di dalam keadaan pasaran yang tidak stabil ini.

Sejak permulaan tahun 2010 lagi, penyusunan terhadap perdagangan bebas telah membenarkan barangan aluminium diimport ke dalam Malaysia tanpa tarif dari negara-negara seperti Negara China. Pengurangan dalam kadar tarif merupakan satu cabaran utama yang perlu diatasi pada tahun yang akan datang.

CHAIRMAN'S STATEMENT (continued)
KENYATAAN PENGERUSI (sambungan)

PROSPECTS

There is increased optimism that the global economy is on the rebound and that the worst of the financial crisis is over. The economic prospects of the various countries to which ALCOM exports to are generally brighter than that a year ago. This is a source of comfort especially given our significant exports. In the year under review ALCOM exported 61% of its shipment.

While ALCOM's exports to Europe are currently minimal, the economic performance in that region is also important. This is especially in view of the fact that Europe is a major destination for the air-conditioners manufactured by our customers. The European demand for air-conditioners consequently impacts our customers demand for finstock both bare and coated. The recent developments in Europe are therefore a major concern going forward.

While some of the developments are favorable for ALCOM going forward, some new and significant challenges have also arisen. The Board however believes that ALCOM has been able to put the worst behind them and the Group will register profitability growth in the year ahead.

ACKNOWLEDGEMENT

ALCOM continues to receive accolades and awards for its performance in many areas. In addition to winning many supplier awards, ALCOM was awarded the prestigious Prime Minister's Award for Industry Excellence in the previous year. This year, ALCOM was awarded the Malaysian Corporate Responsibility Award for the workplace category for public listed companies below one billion in market capitalization. This award was jointly organized by StarBiz and the Institute of Corporate Responsibility, and was introduced to recognise companies that demonstrate outstanding Corporate Responsibility (CR) practices beyond community and philanthropic activities.

PROSPEK

Pandangan semakin optimis bahawa ekonomi global sedang kembali pulih dan keadaan terburuk krisis kewangan ini sudah berlalu. Prospek ekonomi di negara-negara di mana ALCOM mengeksport secara umumnya juga adalah lebih cerah jika dibandingi dengan tahun sebelumnya. Ini merupakan satu sumber yang menenangkan terutamanya kepada ALCOM memandangkan kepentingan jumlah eksportnya. Untuk tahun tinjauan ini ALCOM mengeksport 61% daripada jumlah penghantarannya.

Walaupun eksport dari ALCOM ke negara-negara Eropah hanya sedikit buat masa ini, prestasi ekonomi di rantau ini juga adalah penting. Ini adalah kerana benua Eropah merupakan satu destinasi utama bagi alat-alat penyaman udara yang dikilang oleh pelanggan-pelanggan kami. Permintaan dari negara-negara Eropah terhadap alat-alat penyaman udara akan mempunyai kesan terhadap permintaan pelanggan kami untuk barangan 'finstock' jenis 'bare' dan juga 'coated'. Oleh yang demikian, perkembangan semasa di benua Eropah adalah sesuatu yang perlu ditumpukan perhatian.

Walaupun terdapatnya perkembangan-perkembangan yang memihak kepada ALCOM, beberapa cabaran baru dan penting juga telah menimbul. Namun begitu, pihak Lembaga percaya bahawa ALCOM mempunyai kemampuan untuk mengatasi mereka dan Kumpulan ini akan mencatatkan pertumbuhan keuntungan pada tahun yang akan datang.

PENGHARGAAN

ALCOM terus menerima penghargaan dan anugerah-anugerah untuk prestasinya di dalam banyak bidang. Selain daripada memenangi anugerah-anugerah daripada pihak pembekal, ALCOM telah dianugerahi dengan Anugerah Perdana Menteri untuk Kecemerlangan Industri yang berprestij ini pada tahun sebelumnya. Pada tahun ini, ALCOM menerima anugerah "Malaysian Corporate Responsibility Award" (Anugerah Tanggungjawab Korporat Malaysia) untuk kategori tempat kerja bagi syarikat-syarikat umum yang modal pasarannya di bawah 1 bilion ringgit. Anugerah ini adalah anjuran bersama StarBiz dan Institute of Corporate Responsibility dan diperkenalkan untuk mengiktiraf syarikat-syarikat yang telah mempamerkan

CHAIRMAN'S STATEMENT (continued)
KENYATAAN PENGERUSI (sambungan)

On behalf of the Board I wish to thank all our stakeholders who have contributed in their own ways towards our successes in the past year. I also extend my sincere appreciation to all our employees for their commitment and diligence that has allowed for an improved performance in what was a very challenging year. A special mention must also be made to our immediate holding company Novelis Inc whose continued support has helped to strengthen our management systems.

Last but not least, I also would like to record my appreciation to all my fellow directors for their counsel and support in the past year.

Y.A.M. TUNKU TAN SRI IMRAN IBNI ALMARHUM TUANKU JA'AFAR
15 July 2010

praktis-praktis tanggungjawab korporat yang terkemuka di luar aktiviti-aktiviti komuniti dan kebajikan.

Bagi pihak Lembaga, saya ingin mengucapkan terima kasih kepada semua pihak yang telah menyumbang dengan cara tersendiri terhadap kejayaan kami pada tahun lepas. Saya juga ingin merakamkan penghargaan yang tulus ikhlas kepada semua pekerja atas komitmen dan ketekunan mereka yang telah membolehkan prestasi yang bertambah baik pada tahun yang sangat mencabar ini. Penghargaan yang istimewa juga harus diberikan kepada syarikat induk kami, Novelis Inc. yang menerusi sokongan berterusan mereka telah membantu mengukuhkan sistem pengurusan kami.

Akhir sekali, saya juga ingin merakamkan penghargaan saya kepada semua teman pengarah atas nasihat dan sokongan mereka pada tahun lepas.

Y.A.M. TUNKU TAN SRI IMRAN IBNI ALMARHUM TUANKU JA'AFAR
15 Julai 2010

MANAGING DIRECTOR'S REVIEW

ALCOM registered a modest profit in FY2010. The year started off on a difficult footing coming as it did after a global downturn with market confidence still deeply shaken. The general prognosis was that difficult times would persist for a few more years. Given the circumstances, the actual pace of recovery was considerably better and provided welcome respite to the manufacturing sector.

Shipment volume started a slow recovery in the second quarter of the financial year and the Group began registering profits again. For the full year, shipment ended 6% higher than that registered in the year before. However, this was still 21% lower than the high registered in FY2008. Recovery was uneven across industry sectors. Although we succeeded in increasing loading to a respectable level, our sales mix was less than ideal as market supply was in excess of demand in several of our key market segments. Some key customers were also significantly exposed to the European market. As the economic recovery in Europe was less pronounced than Asia, this translated into weak demand in key customer accounts. Chinese manufacturers also took full advantage of an increase in export tax rebates announced at the onset of the crisis. This added significant downward pressure on product margins in an already reduced market space. The full elimination of import tariffs from China and ASEAN countries further compounded the situation.

With market limitations placing a cap on what could be achieved with volumes and margins, cost management was a critical area of focus. Cost management can be especially challenging in times of low capacity utilisation. Given that situation, the success achieved in this area is a tribute to our employees' efforts in continuous improvement.

Value-In-Action (VIA) Award

Working capital levels increased during the year in line with improved sales. Consequently there was a need for net application of cash from operating activities. Cash and cash equivalents as at 31 March 2010 amounted to RM42.6 million as against RM60.6 million a year earlier.

Deposits, Cash & Bank Balances (RM Mil)

FY 2006	31.2
FP 2008	47.4
FY 2009	60.6
FY 2010	42.7

During the year we paid an interim dividend of 10% less 25% taxation amounting to RM9.9 million.

Dividends per Share (sen)

FY 2006	15.0
FP 2008	12.5
FY 2009	12.5
FY 2010	10.0

MANAGING DIRECTOR'S REVIEW
(continued)

OPERATIONS

The drive over the years to cultivate a high performance culture has become all the more important as we face an increasingly challenging market place. While margins were affected by stiff competition, we did well on operating cost management as a result of our continuous improvement initiatives using tools from Lean Six Sigma, Total Productive Maintenance and EHSQ First. Quality indicators showed improvement with percentage third party returns reducing by 39%. Cost indicators also displayed a healthy trend in several key areas. Improvement in electricity consumption was particularly impressive, with a 10% reduction per processed ton compared to the previous year.

Electricity Consumption Index

FY 2007	100
FY 2008	97
FY 2009	99
FY 2010	89

During the year, major efforts were directed into expansion of our customer base especially in export markets. As a result our physical exports increased from 35% of total shipment in FY2009 to 48% in FY2010. Total exports including sales into FTZs and LMWs touched 61% in FY2010. The push to improve productivity and develop new markets will put us in good stead for the future as the market returns to normal.

We believe that strong management systems and a high performance work culture are critical to our long term competitiveness. In the previous year, we were proud to win the Prime Minister's Industry Excellence Award, which is the highest possible honour given by the government for organizational excellence. This year, I am pleased to report that we were recognized for our corporate responsibility practices at the StarBiz ICR Malaysian Corporate Responsibility Awards 2009. Out of 330 participating public listed companies, only 20 finalists were recognized for good CR practices in the four categories of marketplace, workplace, environment and community. Of these 20 finalists, seven were adjudged as specific category winners with Alcom winning in the "Workplace" category for public listed companies below RM1 billion in market capitalisation.

STARBIZ - ICR MALAYSIA
Corporate Responsibility Awards 2009

CORPORATE RESPONSIBILITY: WORKPLACE AND ENVIRONMENT

Greenhouse Gas Index

CY 2006	100
CY 2007	94
CY 2008	91
CY 2009	94

During the year, we had 7 safety incidents in the workplace of which 2 were lost time incidents. This was an increase of 2 incidents over the previous year. While many of these incidents were light in terms of the actual injuries sustained, it was nonetheless a cause of concern. Remedial action was taken to address the slip in performance which includes a significant step-up in training and coaching sessions for behavioral based safety (BBS), and an increase in audits by third party experts.

Behavioral Based Safety (BBS) Training

MANAGING DIRECTOR'S REVIEW
(continued)

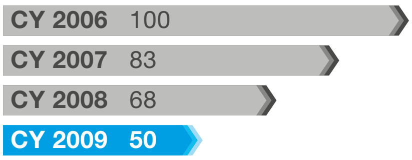
One minor environmental incident was registered in the year when a single chemical oxygen demand (COD) reading of 125 mg/L exceeded the permissible target of 100. The problem was resolved by replacing a defective filter. We completed a number of successful projects during the year in relation to noise and waste reduction. Paint waste generation was reduced by an impressive 54% at the coating lines.

CORPORATE RESPONSIBILITY: MARKET PLACE, PEOPLE & COMMUNITY

In the market place we have continued to expand the number of scrap recycling partnerships with customers.

This is a good example of a sustainable development activity that creates win-win benefits for ALCOM and our customers. ALCOM has also developed partnerships with suppliers to recycle certain wastes it generates. Over the past three years, landfill waste generation has been progressively reduced by 50% through these efforts.

Landfill Waste Index



ALCOM also continued to work on value engineering activities with our business partners and other stakeholders that help in conserving natural resources and reducing operating costs. A good example is the work done with several customers to redesign our packaging for a reduction in the usage of timber.

As a good corporate citizen, ALCOM has always been committed to responsible business practices. Underpinning what ALCOM does are the five core values of integrity, commitment, seamlessness, speed and passion. During the year, several refresher workshops were held with employees to reinforce the daily practice of these values.

"An Example of Employee Volunteerism During A Weekend At SMK Sunway"

As part of their induction process training, new employees continue to receive training on ALCOM's mission, values and our code of conduct.

Nepalese EHS Induction

The micro business project that ALCOM runs in several schools in the Klang valley is now in its 11th year of implementation. Asides from developing entrepreneurship in our youth, the scheme also educates young minds on the benefits of recycling.

Micro Business Project at Rita Handicapped and Disabled Welfare Home

MANAGING DIRECTOR'S REVIEW
(continued)

The company continues as a founding charter member of Yayasan Kecemerlangan Sukan Malaysia (SportExcel). ALCOM is proud of its association with this foundation simply because of the positive impact it has had in inspiring the development of youngsters in sports.

LOOKING AHEAD / OUTLOOK

Market conditions have improved and confidence levels are higher today than that at this time last year. However, there are still some concerns emanating from weaknesses in the Euro zone. Given the market uncertainties and volatility in the commodity markets, expectation of a dramatic improvement may not be realistic. The stronger Ringgit and the onslaught of Chinese competition in a duty-free environment remain as significant challenges. Nevertheless the worst case scenarios envisaged in the last year appear to be over and accordingly ALCOM expects to register improved performance.

ALCOM enjoys a strong financial position with healthy cash reserves. We will maintain and indeed increase our focus on operating excellence and process innovation. We have been actively seeking and developing new markets and will continue to build on our strategic proposition of delivering high-value solutions through customer intimacy. Most importantly, we are investing significant efforts to develop our people and build a high performance culture.

Group Breakout Session During A Workshop

Academic Excellence Award:
Building A High Performance Culture In Our Children.

As market dynamics stabilizes and improves, ALCOM will be well positioned to capitalize on the opportunities for profitable growth.

ANALYSIS OF SHAREHOLDINGS

AS AT 30 JUNE 2010

ANALYSIS BY SIZE OF SHAREHOLDINGS

Category	Shareholders	%	Shareholdings	%
Less than 100	166	4.50	4,003	0.00
100 to 1,000	849	23.00	730,378	0.56
1,001 to 10,000	1,972	53.41	8,983,120	6.79
10,001 to 100,000	628	17.01	17,302,768	13.08
100,001 to less than 5% of issued shares	76	2.06	26,997,525	20.41
5% and above of issued shares	1	0.02	78,234,054	59.16
Total	3,692	100.00	132,251,848	100.00

LIST OF DIRECTORS' SHAREHOLDING

No.	Name	No. of Shares	%
1	Y.A.M Tunku Tan Sri Imran ibni Almarhum Tuanku Ja'afar	-	0
2	Tan See Ping	70,000	0.05
3	Dato' Kok Wee Kiat	-	0
4	Y.M Tengku Yunus Kamaruddin	114,500	0.09
5	Thomas L. Walpole	-	0
6	Sachin Yeshawant Satpute	-	0

LIST OF THIRTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
1	Novelis Inc.	78,234,054	59.16
2	Mayban Nominees (Tempatan) Sdn. Bhd. (Mayban Trustees Berhad For Public Ittikal Fund)	3,400,000	2.57
3	AmanahRaya Trustees Berhad (Public Islamic Equity Fund)	2,017,900	1.53
4	HSBC Nominees (Tempatan) Sdn. Bhd. (HSBC (M) Trustee Bhd. For Maakl Al-Fauzan)	1,605,100	1.21
5	Permodalan Nasional Berhad	1,351,000	1.02
6	Toh Kam Choy	989,000	0.75
7	Mayban Nominees (Tempatan) Sdn. Bhd. (Mayban Trustees Berhad For Maakl Value Fund)	924,000	0.70
8	AmanahRaya Trustees Berhad (Public Islamic Opportunities Fund)	708,100	0.54
9	HSBC Nominees (Tempatan) Sdn. Bhd. (HSBC (M) Trustee Bhd For Maakl Dividend Fund)	616,200	0.47
10	Shoptra Jaya (M) Sdn. Bhd.	600,000	0.45
11	Yeoh Kean Hua	564,000	0.43
12	Tay Kak Chok	546,200	0.41
13	Lee Yu Yong @ Lee Yuen Ying	523,100	0.40
14	Yeoh Ah Tu	500,000	0.38
15	Lim Ka Ea	485,000	0.37
16	Loh Loon Teik Sdn. Bhd.	470,000	0.36
17	Sow Tiap	441,000	0.33
18	JF Apex Nominees (Tempatan) Sdn. Bhd. [Pledged Securities Account For Teo Kwee Hock (Margin)]	434,700	0.33
19	Kurnia Insurans (Malaysia) Berhad	423,100	0.32
20	Tang Yet Siong @ Tang Yik Siong	419,500	0.32
21	Wentel Corporation Sdn. Bhd.	384,000	0.29
22	Goh Beng Beng	347,000	0.26
23	Mayban Nominees (Tempatan) Sdn. Bhd. (Pledged Securities Account For Yeoh Ah Tu)	317,000	0.24
24	Chong Kok Fah	311,100	0.24
25	Chow Song Kuang	305,800	0.23
26	Khor Meow Siang	302,500	0.23
27	Lim Bee Hoe	301,600	0.23
28	Lim Kian Huat	288,700	0.22
29	Loh Teik Chye @ Loh Loon Teik	280,000	0.21
30	Lim Kui Hua	270,000	0.20

Based on the issued and paid up share capital of the Company of RM134,330,848 comprising 134,330,848 ordinary shares and after deduction of 2,079,000 treasury shares retained by the Company as per Record of Depositors.

DIRECTORS' REPORT

The Directors are pleased to submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 March 2010.

PRINCIPAL ACTIVITIES

The Company is primarily engaged in the manufacturing and trading of aluminium sheet and foil products. The principal activities of the subsidiaries are shown in Note 15 to the financial statements.

There were no significant changes in the nature of these activities during the financial year.

FINANCIAL RESULTS

	Group RM'000	Company RM'000
Net profit for the financial year	5,689	5,025

DIVIDENDS

The dividends paid by the Company since 31 March 2009 were as follows:

	RM'000
In respect of the financial year ended 31 March 2010 - interim dividend of 10.0%, less 25% taxation, paid on 28 July 2009	9,919

The Directors do not recommend the payment of any final dividend for the financial year ended 31 March 2010.

RESERVES AND PROVISIONS

Material transfers to or from reserves and provisions during the financial year are shown in the financial statements.

TREASURY SHARES

During the financial year, the Company did not effect any share buyback. Details of the treasury shares purchased in previous years and held by the Company as at 31 December 2009 are set out in Note 26(a) to the financial statements.

DIRECTORS' REPORT
(continued)

DIRECTORS

The Directors who have held office during the year since the date of the last report are:

Y.A.M. Tunku Tan Sri Imran ibni Almarhum Tuanku Ja'afar, Chairman
Dato' Kok Wee Kiat
Y.M. Tengku Yunus Kamaruddin
Tan See Ping, Managing Director
Thomas L. Walpole
Sachin Y. Satpute

In accordance with Articles 92(A) of the Company's Articles of Association, Y.A.M. Tunku Tan Sri Imran ibni Almarhum Tuanku Ja'afar retires by rotation at the forthcoming Annual General Meeting and, being eligible, offers himself for re-election.

In accordance with Articles 92(A) of the Company's Articles of Association, Y.M. Tengku Yunus Kamaruddin retires by rotation at the forthcoming Annual General Meeting and, being eligible, offers himself for re-election.

DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangement subsisted to which the Company is a party, with the object or objects of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of, the Company or any other body corporate, other than the Company's Employee Share Option Scheme ('ESOS'). This ESOS with a duration of 10 years had expired on March 13, 2010.

Since the end of the previous financial period, no Director has received or become entitled to receive a benefit (other than Directors' remuneration and benefits as disclosed in Note 8 to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

DIRECTORS' INTERESTS IN SHARES

According to the register of Directors' shareholdings, particulars of interests of Directors who held office at the end of the financial year in shares in the Company are as follows:

	Number of ordinary shares of RM1.00 each in the Company			
	At 1.4.2009	**Purchased**	**Sold**	**At 31.3.2010**
Tan See Ping	70,000	-	-	70,000
Y.M. Tengku Yunus Kamaruddin	114,500	-	-	114,500

DIRECTORS' INTERESTS IN SHARES (continued)

In addition to the above, the Directors are deemed to have an interest in shares in the Company by virtue of the options granted to them pursuant to the Company's Employee Share Option Scheme ('ESOS') to the extent as follows:

	Number of options over ordinary shares of RM1.00 each			
	At 1.4.2009	**Exercise of ESOS**	**Lapsed**	**At 31.3.2010**
Tan See Ping	35,000	-	(35,000)	-

The above share options have lapsed in line with the expiry of the ESOS on 13 March 2010.

EMPLOYEE SHARE OPTION SCHEME

The Company implemented an ESOS, which became effective on 14 March 2000 for a period of 10 years. Details of the ESOS are set out in Note 26(b) to the financial statements.

This ESOS which was governed by the by-laws that were approved by the shareholders on 15 December 1999 expired on 13 March 2010. With the expiry of the 10 year period, all share options over ordinary shares have lapsed. There are therefore no share options outstanding and vested at balance sheet date. (2009: 1,418,000 share options).

In 2008, the shareholders approved a new ESOS to replace the abovementioned scheme. The implementation of the new ESOS has been deferred indefinitely.

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

Before the income statements and balance sheets were made out, the Directors took reasonable steps:

(a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and

(b) to ensure that any current assets, other than debts, which were unlikely to realise in the ordinary course of business their values as shown in the accounting records of the Group and of the Company had been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

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

DIRECTORS' REPORT
(continued)

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS (continued)

At the date of this report, the Directors are not aware of any circumstances: (continued)

(b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or

(c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations when they fall due.

At the date of this report, there does not exist:

(a) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liability of any other person; or

(b) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

At the date of this report, 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 misleading.

In the opinion of the Directors:

(a) the results of the Group's and the Company's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

(b) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group or the Company for the financial year in which this report is made.

HOLDING AND ULTIMATE HOLDING COMPANY

The immediate holding company of the Company is Novelis Inc., a company incorporated in Canada, while the ultimate holding company is Hindalco Industries Limited, a company incorporated in India.

DIRECTORS' REPORT
(continued)

AUDITORS

The auditors, PricewaterhouseCoopers, have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with their resolution dated 25 May 2010.

Y.A.M. TUNKU TAN SRI IMRAN IBNI ALMARHUM TUANKU JA'AFAR
DIRECTOR

TAN SEE PING
DIRECTOR

Bukit Raja, Klang

CONSOLIDATED INCOME STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010

	Note	Group 2010 RM'000	Group 2009 RM'000
Revenue	4	254,011	302,893
Other operating income	5	1,241	1,777
Changes in inventories of raw materials, work-in-progress and finished goods		5,974	(13,501)
Raw materials and consumables used		(191,639)	(222,375)
Staff costs	7	(21,205)	(21,161)
Utilities and fuel		(13,334)	(13,471)
Depreciation of property, plant and equipment		(11,484)	(11,688)
Upkeep, repairs and maintenance of assets		(5,757)	(6,716)
Environmental costs		(1,554)	(1,724)
Allowance for inventory writedown		(917)	(8,258)
Technical fees		(399)	(341)
Amortisation of prepaid lease rentals		(189)	(189)
Other operating expenses		(7,580)	(5,967)
Profit/ (loss) from operations	6	7,168	(721)
Finance cost	9	(383)	(274)
Profit/ (loss) from ordinary activities before tax		6,785	(995)
Tax (expense)/ credit	10	(1,096)	357
Profit/ (loss) from ordinary activities after tax		5,689	(638)
Attributable to:			
Shareholders of the Company		5,689	(638)
Earnings/ (loss) per share			
- basic	11(a)	4.3 sen	(0.5) sen
- diluted	11(b)	-	(0.5) sen
Dividends per share	12	10.0 sen	12.5 sen

COMPANY INCOME STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010

	Note	Company 2010 RM'000	Company 2009 RM'000
Revenue	4	242,103	286,926
Other operating income	5	1,472	1,709
Changes in inventories of raw materials, work-in-progress and finished goods		7,795	(11,629)
Raw materials and consumables used		(193,633)	(219,096)
Staff costs	7	(18,781)	(18,683)
Utilities and fuel		(11,773)	(11,257)
Depreciation of property, plant and equipment		(9,870)	(10,064)
Upkeep, repairs and maintenance of assets		(4,750)	(5,668)
Environmental costs		(1,331)	(1,365)
Allowance for inventory writedown		(638)	(7,067)
Technical fees		(228)	(185)
Amortisation of prepaid lease rentals		(189)	(189)
Other operating expenses		(3,887)	(5,867)
Profit/ (loss) from operations	6	6,290	(2,435)
Finance cost	9	(306)	(206)
Profit/ (loss) from ordinary activities before tax		5,984	(2,641)
Tax (expense)/ credit	10	(959)	597
Net profit/ (loss) attributable to shareholders		5,025	(2,044)

BALANCE SHEETS

AS AT 31 MARCH 2010

	Note	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
NON-CURRENT ASSETS					
Property, plant and equipment	13	71,661	77,383	59,458	63,818
Prepaid lease rentals	14	14,816	15,005	14,816	15,005
Subsidiaries	15	-	-	26,860	26,860
		86,477	92,388	101,134	105,683
CURRENT ASSETS					
Inventories	16	52,704	47,553	45,596	37,848
Trade receivables	17	35,561	19,089	21,094	8,382
Amounts due from subsidiary companies	18	-	-	17,774	11,036
Other receivables and prepayments	19	5,374	805	5,323	732
Tax recoverable		3,442	3,197	2,989	2,855
Deposits, cash and bank balances	20	42,568	60,614	21,238	47,139
		139,649	131,258	114,014	107,992
CURRENT LIABILITIES					
Trade payables	21	14,274	8,242	12,099	6,687
Other payables and accruals	22	3,232	3,172	3,044	3,029
Amounts due to related companies	23	225	27	1,180	638
		17,731	11,441	16,323	10,354
NET CURRENT ASSETS		121,918	119,817	97,691	97,638
NON-CURRENT LIABILITIES					
Provision for retirement benefits	24	5,132	5,329	4,759	4,999
Deferred taxation	25	9,675	9,058	7,257	6,619
		14,807	14,387	12,016	11,618
		193,588	197,818	186,809	191,703

BALANCE SHEETS

AS AT 31 MARCH 2010 (continued)

	Note	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
CAPITAL AND RESERVES					
Share capital	26	134,331	134,331	134,331	134,331
Share premium		4,112	4,112	4,112	4,112
Revaluation and other reserves	27	2,138	2,138	6,170	6,170
Revenue reserve	28	53,007	57,237	42,196	47,090
Total equity		193,588	197,818	186,809	191,703
Net tangible assets per ordinary share		RM1.46	RM1.50		

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010

		Attributable to shareholders of the Company					
		Issued and fully paid ordinary shares of RM1 each		Non-distributable		Distributable	
	Note	No. of shares '000	Nominal value RM'000	Share premium RM'000	Revaluation and other reserves RM'000	Revenue reserve RM'000	Total RM'000
At 1 April 2009		134,331	134,331	4,112	2,138	57,237	197,818
Net profit for the financial year		-	-	-	-	5,689	5,689
Dividends for the financial year ended: - 31 March 2010 (paid)	12	-	-	-	-	(9,919)	(9,919)
At 31 March 2010		134,331	134,331	4,112	2,138	53,007	193,588
At 1 April 2008		134,331	134,331	4,112	2,147	71,828	212,418
Net loss for the financial year		-	-	-	-	(638)	(638)
Dividends for the financial year ended: - 31 March 2009 (paid)	12	-	-	-	-	(13,953)	(13,953)
Share buyback - treasury shares	26(a)	-	-	-	(9)	-	(9)
At 31 March 2009		134,331	134,331	4,112	2,138	57,237	197,818

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010

		Attributable to shareholders of the Company					
		Issued and fully paid ordinary shares of RM1 each		Non-distributable		Distributable	
	Note	No. of shares '000	Nominal value RM'000	Share premium RM'000	Revaluation and other reserves RM'000	Revenue reserve RM'000	Total RM'000
At 1 April 2009		134,331	134,331	4,112	6,170	47,090	191,703
Net profit for the financial year		-	-	-	-	5,025	5,025
Dividends for the financial year ended:							
- 31 March 2010 (paid)	12	-	-	-	-	(9,919)	(9,919)
At 31 March 2010		134,331	134,331	4,112	6,170	42,196	186,809
At 1 April 2008		134,331	134,331	4,112	6,179	63,087	207,709
Net loss for the financial year		-	-	-	-	(2,044)	(2,044)
Dividends for the financial year ended:							
- 31 March 2009 (paid)	12	-	-	-	-	(13,953)	(13,953)
Share buyback - treasury shares	26(a)	-	-	-	(9)	-	(9)
At 31 March 2009		134,331	134,331	4,112	6,170	47,090	191,703

CASH FLOW STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010

	Note	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Net profit/ (loss) attributable to shareholders		5,689	(638)	5,025	(2,044)
Adjustments for:					
Property, plant and equipment					
- depreciation		11,484	11,688	9,870	10,064
- gain on disposal		(4)	(74)	(3)	(74)
Amortisation of prepaid lease rentals		189	189	189	189
Interest income		(872)	(1,271)	(590)	(949)
Provision for retirement benefits		763	1,260	720	1,187
Allowance for inventory obsolescence		917	8,258	638	7,067
Unrealised foreign exchange loss/ (gain)		698	(1)	236	(8)
Voluntary separation scheme costs		-	152	-	152
Tax expense/ (credit)		1,096	(357)	959	(597)
		19,960	19,206	17,044	14,987
(Increase)/decrease in working capital:					
Inventories		(6,068)	10,383	(8,386)	9,926
Receivables		(21,857)	31,470	(17,652)	19,803
Payables		5,452	(22,817)	4,815	(21,040)
Balances with related companies		198	17	(6,196)	10,511
Cash from operations		(2,315)	38,259	(10,375)	34,187
Tax paid		(724)	(6,015)	(455)	(5,174)
Payment of retirement benefits		(613)	(425)	(613)	(386)
Payment of voluntary separation scheme costs		-	(152)	-	(152)
Net cash from operating activities		(3,652)	31,667	(11,443)	28,475

CASH FLOW STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010 (continued)

	Note	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES					
Property, plant and equipment					
- purchases		(5,372)	(5,887)	(5,149)	(5,105)
- proceeds from disposal		6	145	5	77
Interest income received		891	1,250	605	933
Net cash used in investing activities		(4,475)	(4,492)	(4,539)	(4,095)
CASH FLOWS FROM FINANCING ACTIVITIES					
Payment of dividends to shareholders		(9,919)	(13,953)	(9,919)	(13,953)
Share buyback		-	(9)	-	(9)
Net cash used in financing activities		(9,919)	(13,962)	(9,919)	(13,962)
NET MOVEMENT IN CASH AND CASH EQUIVALENTS		(18,046)	13,213	(25,901)	10,418
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		60,614	47,401	47,139	36,721
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	20	42,568	60,614	21,238	47,139

NON-CASH TRANSACTION

The principal non-cash transaction during the financial year/ period is the acquisition of plant and equipment by the Group and the Company of which RM1,673,000 (2009: RM1,281,000) and RM1,593,000 (2009: RM1,230,000) respectively remain payable as at the end of the financial year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the financial statements. These policies have been consistently applied to the financial year/ period presented, unless otherwise stated.

(a) Basis of preparation

The financial statements of the Group and Company have been prepared in accordance with the provisions of the Companies' Act 1965 and Financial Reporting Standards, the MASB Approved Accounting Standards in Malaysia for Entities Other than Private Entities.

The financial statements have been prepared under the historical cost convention, unless otherwise indicated in this summary of significant accounting policies.

The preparation of financial statements in conformity with Financial Reporting Standards requires the use of certain critical accounting estimates and assumptions that effect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported year. It also requires Directors to exercise their judgement in the process of applying the Group's accounting policies. Although these estimates and judgement are based on the Directors' best knowledge of current events and actions, actual results may differ.

<u>Judgements and estimates</u>

These estimates and judgements are continually evaluated by the Directors 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 do not foresee that the estimates and assumptions used will have any significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, except for those pertaining to property, plant and equipment as follows:

<u>Estimated useful life and residual values of property, plant and equipment</u>

The Group will periodically review the useful lives and residual values of property, plant and equipment in accordance with the accounting policy as stated in Note C(ii). The estimated useful lives and residual values are based on guidelines provided by the ultimate holding company as well as a review carried out by the Group's plant engineering management.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Adoption of new Financial Reporting Standards

Accounting policies adopted by the Group have been applied consistently in dealing with items that are considered material in relation to the financial statements.

(i) Standards, amendments to published standards, and interpretations that are applicable to the Group and are effective

There are no new accounting standards, amendments to published standards and Interpretation Committee ("IC") Interpretations to existing standards effective for the financial year ended 31 March 2010.

(ii) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group, but not yet effective and not been early adopted

The Group will apply the following new standards, amendments to standards and interpretations when effective:

Effective for annual periods beginning on or after 1 April 2010:

- FRS 7 "Financial Instruments: Disclosures" provides information to users of financial statements about an entity's exposure to risks and how the entity manages those risks. The improvement to FRS 7 clarifies that entities must not present total interest income and expense as a net amount within finance costs on the face of the income statement.

- FRS 8 "Operating Segments" replaces FRS 114 Segment Reporting. The new standard requires a 'management approach', under which segment information is reported in a manner that is consistent with the internal reporting provided to the chief operating decision-maker. The improvement to FRS 8 clarifies that entities that do not provide information about segment assets to the chief operating decision-maker will no longer need to report this information. Prior year comparatives must be restated.

  This will likely result in an increase in the number of reportable segments presented. In addition, the segments are reported in a manner that is more consistent with the internal reporting provided to the chief operating decision-maker.

- The revised FRS 101 "Presentation of Financial Statements" prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity. "Non-owner changes in equity" are to be presented separately from owner changes in equity. All non-owner changes in equity will be required to be show in a performance statement, but entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010 (continued)

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Adoption of new Financial Reporting Standards (continued)

(ii) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group, but not yet effective and not been early adopted (continued)

Effective for annual periods beginning on or after 1 April 2010: (continued)

Where entities restate or reclassify comparative information, they will be required to present a restated balance sheet as at the beginning comparative period in addition to the current requirement to present balance sheets at the end of the current period and comparative period. It is likely that both the income statement and statement of comprehensive income will be presented as performance statements.

- FRS 107 "Statement of Cash Flows" clarifies that only expenditure resulting in a recognized asset can be categorised as a cash flow from investing activities.

- FRS 110 "Events After the Balance Sheet Date" reinforces existing guidance that a dividend declared after the reporting date is not a liability of an entity at that date given that there is no obligation at that time.

- FRS 117 "Leases" clarifies that the default classification of the land element in a land and building lease is no longer an operating lease. As a result, leases of land should be classified as either finance or operating, using the general principles of FRS 117. Upon adoption of the standard, the Group's prepaid lease rentals which qualify as finance lease will have to be reclassified as property, plant and equipment.

- FRS 118 "Revenue" provides more guidance when determining whether an entity is acting as a 'principal' or as an 'agent'. It is not expected to have a material impact on the Group's financial statements.

- FRS 119 "Employee Benefits" clarifies that a plan amendment that results in a change in the extent to which benefit promises are affected by future salary increases is a curtailment, while an amendment that changes benefits attributable to past service gives rise to a negative past service cost if it results in a reduction in the present value of the defined benefit obligation. The definition of return on plan assets has been amended to state that plan administration costs are deducted in the calculation of return on plan assets only to the extent that such costs have been excluded from measurement of the defined benefit obligation. It is not expected to have a material impact on the Group's financial statements.

- FRS 134 "Interim Financial Reporting" clarifies that basic and diluted earnings per share ("EPS") must be presented in an interim report only in the case when the entity is required to disclose EPS in its annual report.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Adoption of new Financial Reporting Standards (continued)

(ii) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group, but not yet effective and not been early adopted (continued)

Effective for annual periods beginning on or after 1 April 2010: (continued)

- FRS 136 "Impairment of Assets" clarifies that the largest cash-generating unit (or group of units) to which goodwill should be allocated for the purposes of impairment testing is an operating segment before the aggregation of segments with similar economic characteristics. The improvement also clarifies that where fair value less costs to sell is calculated on the basis of discounted cash flows, disclosures equivalent to those for value in use should be made. It is not expected to have a material impact on the Group's financial statements.

- FRS 139 "Financial Instruments: Recognition and Measurement" establishes principle for recognizing financial assets, financial liabilities and some contracts to buy and sell non-financial item. Hedge accounting is permitted under strict circumstances. The amendments to FRS 139 provide further guidance on eligible hedged items. The amendment provides guidance for two situations. On the designation of a one-sided risk in a hedged item, the amendment concludes that a purchased option designed in its entirety as the hedging instrument of a one-sided risk will not be perfectly effective. The designation of inflation as a hedged risk or portion is not permitted unless in particular situations. The improvement to FRS 139 clarifies that the scope exemption in FRS 139 only applies to forward contracts but not options for business combination that are firmly committed to being completed within a reasonable timeframe.

- IC Interpretation 9 "Reassessment of Embedded Derivatives" requires an entity to assess whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative when the entity first becomes a party to the contract. Subsequent reassessment is prohibited unless there is a change in the terms of the contract that significantly modifies the cash flows that otherwise would be required under the contract, in which case reassessment is required. The improvement to IC Interpretation 9 (effective from 1 July 2010) clarifies that this interpretation does not apply to embedded derivatives in contracts acquired in a business combination, businesses under common control or the formation of a joint venture.

  The Group has applied the transitional provision in the respective standards which exempt entities from disclosing the possible impact arising from the initial application of the following standards and interpretations on the financial statements of the Company:

- FRS 139, Amendments to FRS 139 on Eligible Hedged Items, Improvement to FRS 139 and IC Interpretation 9
- FRS 7 and Improvement to FRS 7

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010 (continued)

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Adoption of new Financial Reporting Standards (continued)

(iii) Standards, amendments to published standards and interpretations to existing standards that are not yet effective and are not relevant to the Group

Effective for annual periods beginning 1 April 2010:

- FRS 4 Insurance Contracts
- FRS 5 Non-Current Assets Held for Sale and Discontinued Operations
- FRS 116 Property, Plant and Equipment
- FRS 120 Accounting for Government Grants
- FRS 123 Borrowing Costs
- FRS 127 Consolidated & Separate Financial Statements
- FRS 128 Investments in Associates and FRS 131 Interests in Joint Ventures (consequential amendments to FRS 132 Financial Instruments: Presentation and FRS 7 Financial Instruments: Disclosure)
- FRS 129 Financial Reporting in Hyperinflationary Economies
- FRS 138 Intangible Assets
- FRS 140 Investment Property
- Amendments to FRS 1 First-time Adoption of Financial Reporting Standards and FRS 127 Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
- Amendments to FRS 2 Share-based Payment: Vesting Conditions and Cancellations
- Amendments to FRS 132 Financial instruments: Presentation and FRS 101(revised) Presentation of Financial Statements – Puttable financial instruments and obligations arising on liquidation

Effective for annual periods beginning on 1 April 2010:

- IC Interpretation 10 Interim Financial Reporting and impairment
- IC Interpretation 11 FRS 2 Group and Treasury Share Transactions
- IC Interpretation 13 Customer Loyalty Programmes
- IC Interpretation 14 FRS 119 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

Effective for annual periods beginning on 1 April 2011:

- Revised FRS 3 Business Combinations
- Revised FRS 127 Consolidated and Separate Financial Statements
- IC Interpretation 12 Service Concession Arrangements
- IC Interpretation 15 Agreements for Construction of Real Estates
- IC Interpretation 16 Hedges of A Net investment in A Foreign Operation
- IC Interpretation 17 Distribution of Non-Cash Assets to Owners

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Significant Accounting Policies

(i) Subsidiaries

Subsidiaries are defined as those companies in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from their activities. Investments in subsidiaries are shown at cost. Where impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. A listing of the Group's subsidiaries is set out in Note 15.

Subsidiaries are consolidated using the acquisition method of accounting. Under the acquisition method of accounting, subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases. At the date of acquisition, the fair values of the subsidiaries' net assets are determined and these values are reflected in the consolidated financial statements. The difference between the cost of acquisition over the Group's share of the fair value of the identifiable net assets of the subsidiary acquired at the date of acquisition is reflected as goodwill.

Goodwill arising from business combinations for agreements entered into prior to 1 January 2009 was written off against revaluation reserves. The Group has taken advantage of the exemption provided by FRS 3 to apply the standard prospectively. Accordingly, business combinations entered into prior to 1 January 2009 have not been restated to comply with the standard.

Intragroup transactions, balances and unrealised gains on transactions between Group companies are eliminated; realised losses are also eliminated but considered an impairment indicator of the asset transferred.

(ii) Property, plant and equipment

Property, plant and equipment are initially stated at cost. Buildings are subsequently shown at fair value, less subsequent depreciation and impairment losses. In accordance with the transitional provisions issued by the Malaysian Accounting Standards Board on adoption of FRS 116 'Property, Plant and Equipment', the valuation of these buildings has not been updated, and they continue to be stated at their existing carrying amounts less accumulated depreciation and impairment loss. All other property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the assets.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the year in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010 (continued)

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Significant Accounting Policies (continued)

(ii) Property, plant and equipment (continued)

Surpluses arising on revaluation are credited to revaluation reserve. Any deficit arising from revaluation is charged against the revaluation reserve to the extent of a previous surplus held in the revaluation reserve for the same asset. In all other cases, a decrease in carrying amount is charged to the income statement.

Property, plant and equipment are depreciated on the straight-line basis to write off the cost of such assets over their estimated useful lives at the following average annual rates:

Buildings	3%
Plant and machinery	4% - 20%
Office equipment and vehicles	10% - 33%

Projects-in-progress are not depreciated until their completion.

Residual values and useful lives of assets are reviewed, and adjusted if appropriate, at each balance sheet date. No revision in the estimates was made by the Group at balance sheet date, as none were deemed necessary.

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining profit from operations.

(iii) Prepaid lease rentals

Leasehold land that normally has a finite useful life and title is not expected to pass to the leasee by the end of the lease term is treated as an operating lease. The payment made on entering into or acquiring a leasehold land is accounted as prepaid lease rentals that are amortised over the lease term in accordance with the pattern of benefits provided.

(iv) Impairment of assets

At each balance sheet date, the Group assesses whether there is any indication of impairment. When an indication of impairment exists, the carrying amount of the asset is assessed and written down immediately to its recoverable amount.

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there is separately identifiable cash flows (cash-generating units).

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Significant Accounting Policies (continued)

(iv) Impairment of assets (continued)

Impairment loss is charged to the income statement unless it reverses a previous revaluation in which case it is charged to the revaluation surplus. In respect of other assets, any subsequent increase in recoverable amount is recognised in the income statement unless it reverses an impairment loss on a revalued asset in which case it is taken to revaluation surplus.

(v) Inventories

Inventories, which include spares and operating supplies, raw materials, work-in-progress, supplies and finished goods, are stated at the lower of cost and net realisable value. Cost is determined using the weighted average basis. Cost in the case of work-in-progress and finished goods comprises raw materials, direct labour and related factory overheads.

Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and applicable variable selling expenses.

(vi) Trade receivables

Trade receivables are carried at invoice amount less an allowance of doubtful debts. Specific allowance is made for known doubtful debts. The allowance is established when there is objective evidence that the Group will not be able to collect the debt.

Bad debts are written off when it is established that they are irrecoverable.

(vii) Cash and cash equivalents

Cash comprises cash in hand, bank balances and demand deposits. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value, net of bank overdrafts.

(viii) Income taxes

Current tax expenses are determined according to the taxation laws of Malaysia and include all taxes based upon the taxable profits.

Deferred tax is recognised in full, using the liability method, on temporary differences arising between the amounts attributed to assets and liabilities for tax purposes and their carrying amounts in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010 (continued)

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Significant Accounting Policies (continued)

(viii) Income taxes (continued)

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences or unused tax losses can be utilised.

Deferred tax is determined using tax rates (and tax laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

(ix) 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 financial statements are presented in Ringgit Malaysia, which is the Group's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

(x) Employee benefits

(a) Short term employee benefits

Wages, salaries, paid annual leave and sick leave, bonuses, and non-monetary benefits are accrued in the year in which the associated services are rendered by employees of the Group.

(b) Defined benefit plan

The Group operates an unfunded defined benefit plan, taking account of the recommendations of independent qualified actuaries. The accounting cost for the retirement benefits is assessed using the projected unit credit method. Under this method, the cost for providing the benefits is charged to the income statement so as to spread the regular cost over the service lives of employees in accordance with the advice of the actuaries who carry out a full valuation of the retirement plan every three years.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Significant Accounting Policies (continued)

(x) Employee benefits (continued)

(b) Defined benefit plan (continued)

The pension obligation is measured at the present value of the estimate future cash outflows using interest rates of government securities which have terms to maturity approximating the terms of the related liability.

All actuarial gains and losses are charged or credited to the income statement in the year of valuation.

(c) Defined contribution plan

The Group contributes to the Employees Provident Fund, the national defined contribution plan. The contributions are charged to the income statement in the year to which they relate. Once the contributions have been paid, the Group has no further financial obligations.

(xi) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation, and when a reliable estimate of the amount can be made. Where the Group expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. Provisions are not recognised for future operating losses.

(xii) Contingent liabilities and contingent assets

The Group does not recognise a contingent liability but discloses its existence in the financial statements. A contingent liability is a possible obligation that arises from past events whose existence will 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 will be required to settle the obligation. A contingent liability also arises in the extremely rare case where there is a liability that cannot be recognised because it cannot be measured reliably.

A contingent asset is a possible asset that arises from past events whose existence will 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 contingent assets but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010 (continued)

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Significant Accounting Policies (continued)

(xiii) Share capital

(a) Classification

Ordinary shares are classified as equity.

(b) Purchase of own shares

Where the Company purchases its equity share capital, the consideration paid, including any directly attributable incremental external costs, net of tax is deducted from total shareholders' equity as treasury shares until they are cancelled, reissued or disposed of.

(xiv) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the Group's activities. The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met.

Rental and interest income is recognised on the accruals basis.

(xv) Dividends to shareholders of the Company

Dividends on ordinary shares are recognised as liabilities when proposed or declared before the balance sheet date. A dividend proposed or declared after the balance sheet date, but before the financial statements are authorised for issue, is not recognised as a liability at the balance sheet date but as an appropriation from retained earnings to a "proposed dividend reserve". Upon the dividend becoming payable, it will be accounted for as a liability.

(xvi) Financial instruments

(a) Description

A financial asset is any asset that is cash, a contractual right to receive cash or another financial asset from another enterprise, a contractual right to exchange financial instruments with another enterprise under conditions that are potentially favourable, or an equity instrument of another enterprise.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another enterprise, or to exchange financial instruments with another enterprise under conditions that are potentially unfavourable.

Financial instruments carried on the balance sheet include cash and bank balances, receivables and payables. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Significant Accounting Policies (continued)

(xvi) Financial instruments (continued)

(b) Financial instruments not recognised on the balance sheet

Foreign currency forward contracts

The Group enters into foreign currency forward contracts to protect the Group from movements in exchange rates by establishing the rate at which a foreign currency asset or liability will be settled.

Exchange gains and losses on contracts are recognised when settled at which time they are included in the measurement of the transaction hedged.

(c) Fair value estimation for disclosure purposes

The fair value of forward foreign exchange contracts is determined using forward exchange market rates at the balance sheet date.

The fair value of long term financial assets and liabilities is estimated by discounting contractual cash flows at current market interest rates available to the Group for similar financial instruments.

The carrying values for financial assets and liabilities with maturities of less than one year are assumed to approximate their fair values.

(xvii) Segment reporting

Segment reporting is presented for enhanced assessment of the Group's risks and returns. The Group is solely involved in the manufacturing and trading of aluminium products. Geographical segments provide products or services from within a particular economic environment that is subject to risks and returns that are different from those components operating in other economic environments.

Segment revenue and assets are those amounts resulting from the operating activities of the segment that are directly attributable to the segment and the relevant portion that can be allocated to the segment on a reasonable basis.

2 GENERAL INFORMATION

The principal activity of the Company is the manufacturing and trading of aluminium sheet and foil products. The principal activities of the subsidiaries are shown in Note 15 to the financial statements.

The immediate holding company of the Company is Novelis Inc., a company incorporated in Canada, while the ultimate holding company is Hindalco Industries Limited, a company incorporated in India.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010 (continued)

2 GENERAL INFORMATION (continued)

The Company is a public limited liability company, incorporated and domiciled in Malaysia and listed on the Main Board of the Bursa Malaysia Securities.

The address of the registered office and principal place of business of the Company is as follows:

No. 3, Persiaran Waja
Kawasan Perindustrian Bukit Raja
41050 Klang
Selangor Darul Ehsan

3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's activities are subject to a variety of financial risks, including fluctuations in exchange rates, interest rate risk, credit risk, liquidity and cash flow risk. The Group's overall financial risk management objective is to ensure that the Group creates value for its shareholders. Financial risk management is carried out through risk reviews, internal control systems, a comprehensive insurance programme and adherence to Group financial risk management policies. Senior management regularly reviews these risks and approves the treasury policies, which covers the management of these risks. The Board is updated on all issues arising in the management of such risks.

The Group uses financial instruments such as forward foreign exchange contracts to cover certain exposures. It does not trade in financial instruments.

Details of financial risks faced by the Group are further described as follows:

(a) Foreign currency exchange risk

The Group is exposed to currency risk as a result of the foreign currency transactions entered into by any of the Group companies in currencies other than their functional currency. The Group's foreign exchange risk management seeks to protect cash flows and shareholder value by limiting the impact from adverse exchange movement whilst sharing in the benefit from favourable movements. Aside from natural hedges, the Group also enters into forward foreign currency exchange contracts to limit their exposure on foreign currency receivables and payables, and on cash flows generated from anticipated transactions denominated in foreign currencies.

(b) Interest rate risk

The Group does not have any borrowings and hence its' operating cash flows are substantially independent of changes in market interest rates. Interest rate exposure arises from the Group's deposits, and is managed through the use of short term deposit placements.

3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(c) Credit risk

Credit risk arises when sales are made on deferred credit terms. The Group seeks to control credit risk by setting counterparty limits as well as credit years and ensuring that sales of products and services are made to customers with an acceptable credit history. Credit facilities are accorded after formal review and have to be authorised by different levels of management according to the quantum of credit subject to approval. Loading in of orders for production as well as shipment of finished goods are subject to credit checks. The Group considers the risk of material loss in the event of non-performance by a financial counterparty to be unlikely.

(d) Liquidity and cash flow risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the Group aims at maintaining flexibility in funding by keeping credit lines available.

4 REVENUE

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Sale of finished goods	254,004	302,854	242,096	286,887
Sale of scrap	7	39	7	39
	254,011	302,893	242,103	286,926

Revenue of the Group and Company represents the aggregate invoiced value of goods sold to customers, net of trade allowances and discounts and after eliminating sales within the Group.

5 OTHER OPERATING INCOME

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Interest income on				
- short term deposits	814	1,236	532	914
- trade receivables	58	35	58	35
Compensation from supplier	85	291	-	-
Gain on disposal of property, plant and equipment	4	74	3	74
Rental income	-	-	612	612
Miscellaneous income	280	141	267	74
	1,241	1,777	1,472	1,709

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010 (continued)

6 PROFIT/ (LOSS) FROM OPERATIONS

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Profit/ (loss) from operations is arrived at after charging/ (crediting):				
Auditors' remuneration	130	130	85	85
Hire of machinery and equipment	409	418	377	386
Loss/ (gain) on foreign exchange				
- realised	703	1,642	82	2,614
- unrealised	698	(1)	236	(8)

The cost of goods sold for the Group and the Company recognised as an expense during the financial year amounted to RM239,030,000 and RM230,299,000 respectively (2009: RM296,673,000 and RM281,441,000).

7 STAFF COSTS

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Wages, salaries and bonus	17,145	16,170	15,159	14,185
Defined contribution retirement plan	1,892	2,256	1,730	2,071
Defined benefit retirement plan	763	1,260	720	1,187
Other employee benefits	1,405	1,323	1,172	1,088
Voluntary separation scheme costs	-	152	-	152
	21,205	21,161	18,781	18,683

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010 (continued)

8 DIRECTORS' REMUNERATION

The aggregate amount of emoluments receivable by Directors of the Group and Company during the financial year were as follows:

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Non-executive Directors:				
- fees	136	151	136	151
Executive Directors:				
- salaries and bonus	696	918	439	609
- defined contribution retirement plan	82	134	66	92
- defined benefit retirement plan	-	247	-	-
- estimated monetary value of benefits-in-kind	36	43	29	32
	814	1,342	534	733
	950	1,493	670	884

The Executive Directors' salaries, bonus and payments to retirement plans are included in staff costs in the income statement for the financial year.

Executive Directors of the Company have been granted options under the Employees Share Option Scheme on the same terms and conditions as those offered to other employees of the Group (see Note 26(b)) as follows:

Granted on	Subscription price per share	Balance as at 1.4.2009	Granted	Exercised	Lapsed	Balance as at 31.3.2010
17.3.2000	RM2.48	35,000	-	-	35,000	-

	31.3.2010 '000	31.3.2009 '000
Number of share options vested at balance sheet date	-	35

There was no exercise of share options by the Executive Directors in the current financial year (2009: Nil).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010 (continued)

9 FINANCE COST

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Bank and other financial charges	383	274	306	206

10 TAX EXPENSE/ (CREDIT)

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Current tax				
Current year	1,946	2,248	1,520	1,708
(Over)/ under provision in prior years	(1,467)	32	(1,199)	(68)
	479	2,280	321	1,640
Deferred tax (Note 25)				
Origination and reversal of temporary differences	80	(2,637)	131	(2,237)
Under provision in prior years	537	-	507	-
	617	(2,637)	638	(2,237)
Tax expense/ (credit)	1,096	(357)	959	(597)

The explanation of the relationship between tax expense/ (credit) and profit/ (loss) from ordinary activities before tax is as follows:

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Profit/ (loss) from ordinary activities before tax	6,785	(995)	5,984	(2,641)
Tax calculated at the Malaysian tax rate of 25% (2009: 25%)	1,696	(249)	1,496	(660)

10 TAX EXPENSE/ (CREDIT) (continued)

The explanation of the relationship between tax expense/ (credit) and profit/ (loss) from ordinary activities before tax is as follows: (continued)

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Tax effects of:				
- expenses not deductible for tax purposes	332	168	215	158
- double deduction claims	(120)	(48)	(60)	(8)
- elimination of unrealised profits on consolidation	118	(257)	-	-
- others	-	(3)	-	(19)
(Over)/ under provision in prior years	(930)	32	(692)	(68)
Tax expense/ (credit)	1,096	(357)	959	(597)

11 EARNINGS/ (LOSS) PER SHARE

(a) Basic earnings/ (loss) per share

Basic earnings/ (loss) per share is calculated by dividing the Group net profit/ (loss) attributable to shareholders for the financial year/ period by the weighted average number of ordinary shares in issue during the financial year/ period, excluding ordinary shares purchased by the Company and held as treasury shares.

	Group	
	2010 RM'000	2009 RM'000
Net profit/ (loss) attributable to shareholders (RM '000)	5,689	(638)
Weighted average number of ordinary shares in issue ('000)	132,259	132,259
Basic earnings/ (loss) per share (sen)	4.3	(0.5)

(b) Diluted earnings/ (loss) per share

The Group does not have any dilutive potential ordinary shares in the current financial year as the existing Employee Share Option Scheme ("ESOS") had expired on 13 March 2010.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010 (continued)

12 DIVIDENDS

	Group and Company			
	Financial year ended 31.3.2010		Financial year ended 31.3.2009	
	Dividends per share Sen	Amount of dividends, net of tax RM'000	Dividends per share Sen	Amount of dividends, net of tax RM'000
Interim dividends				
Financial year ended 31 March 2010				
- paid on 28 July 2009, less 25% tax	10.0	9,919	-	-
Financial year ended 31 March 2009				
- paid on 5 September 2009, less 26% tax	-	-	7.5	7,340
- paid on 30 March 2010, tax exempt	-	-	5.0	6,613
	10.0	9,919	12.5	13,953

13 PROPERTY, PLANT AND EQUIPMENT

Group	Buildings RM'000	Plant and machinery RM'000	Equipment and vehicles RM'000	Projects-in progress RM'000	Total RM'000
2010					
Cost or valuation					
At beginning of the year					
- Cost	13,086	235,740	7,232	2,108	258,166
- Valuation	10,200	-	-	-	10,200
	23,286	235,740	7,232	2,108	268,366
Additions	-	-	-	5,764	5,764
Disposals/written off	-	(325)	(165)	-	(490)
Reclassifications	-	3,793	327	(4,120)	-
At end of the year	23,286	239,208	7,394	3,752	273,640

13 PROPERTY, PLANT AND EQUIPMENT (continued)

Group	Buildings RM'000	Plant and machinery RM'000	Equipment and vehicles RM'000	Projects-in progress RM'000	Total RM'000
2010					
Accumulated depreciation					
At beginning of the year	14,376	170,665	5,817	-	190,858
Charge for the year	733	10,285	466	-	11,484
Disposals/written off	-	(325)	(163)	-	(488)
At end of the year	15,109	180,625	6,120	-	201,854
Accumulated impairment loss					
At beginning of the year	-	125	-	-	125
Impairment for the year	-	-	-	-	-
At end of the year	-	125	-	-	125
Net book value					
- Cost	6,668	58,458	1,274	3,752	70,152
- Valuation	1,509	-	-	-	1,509
	8,177	58,458	1,274	3,752	71,661
2009					
Cost or valuation					
At beginning of the year					
- Cost	12,924	231,584	7,458	1,043	253,009
- Valuation	10,200	-	-	-	10,200
	23,124	231,584	7,458	1,043	263,209
Additions	-	-	-	5,943	5,943
Disposals/written off	-	(376)	(410)	-	(786)
Reclassifications	162	4,532	184	(4,878)	-
At end of the year	23,286	235,740	7,232	2,108	268,366

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010 (continued)

13 PROPERTY, PLANT AND EQUIPMENT (continued)

Group	Buildings RM'000	Plant and machinery RM'000	Equipment and vehicles RM'000	Projects-in progress RM'000	Total RM'000
2009					
Accumulated depreciation					
At beginning of the year	13,665	160,493	5,727	-	179,885
Charge for the year	711	10,480	497	-	11,688
Disposals/written off	-	(308)	(407)	-	(715)
At end of the year	14,376	170,665	5,817	-	190,858
Accumulated impairment loss					
At beginning of the year	-	125	-	-	125
Impairment for the year	-	-	-	-	-
At end of the year	-	125	-	-	125
Net book value					
- Cost	7,143	64,950	1,415	2,108	75,616
- Valuation	1,767	-	-	-	1,767
	8,910	64,950	1,415	2,108	77,383

Company	Buildings RM'000	Plant and machinery RM'000	Equipment and vehicles RM'000	Projects-in progress RM'000	Total RM'000
2010					
Cost or valuation					
At beginning of the year					
- Cost	13,080	202,415	6,701	1,568	223,764
- Valuation	10,200	-	-	-	10,200
	23,280	202,415	6,701	1,568	233,964
Additions	-	-	-	5,512	5,512
Disposals/ written off	-	(286)	(154)	-	(440)
Reclassifications	-	3,114	300	(3,414)	-
At end of the year	23,280	205,243	6,847	3,666	239,036

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010 (continued)

13 PROPERTY, PLANT AND EQUIPMENT (continued)

Company	Buildings RM'000	Plant and machinery RM'000	Equipment and vehicles RM'000	Projects-in progress RM'000	Total RM'000
2010					
Accumulated depreciation					
At beginning of the year	14,370	150,419	5,357	-	170,146
Charge for the year	733	8,698	439	-	9,870
Disposals/ written off	-	(286)	(152)	-	(438)
At end of the year	15,103	158,831	5,644	-	179,578
Net book value					
- Cost	6,668	46,412	1,203	3,666	57,949
- Valuation	1,509	-	-	-	1,509
	8,177	46,412	1,203	3,666	59,458
2009					
Cost or valuation					
At beginning of the year					
- Cost	12,918	198,218	6,932	992	219,060
- Valuation	10,200	-	-	-	10,200
	23,118	198,218	6,932	992	229,260
Additions	-	-	-	5,279	5,279
Disposals/ written off	-	(165)	(410)	-	(575)
Reclassifications	162	4,362	179	(4,703)	-
At end of the year	23,280	202,415	6,701	1,568	233,964
Accumulated depreciation					
At beginning of the year	13,659	141,699	5,296	-	160,654
Charge for the year	711	8,885	468	-	10,064
Disposals/ written off	-	(165)	(407)	-	(572)
At end of the year	14,370	150,419	5,357	-	170,146
Net book value					
- Cost	7,143	51,996	1,344	1,568	62,051
- Valuation	1,767	-	-	-	1,767
	8,910	51,996	1,344	1,568	63,818

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010 (continued)

13 PROPERTY, PLANT AND EQUIPMENT (continued)

	Group and Company	
	2010	2009
	RM'000	RM'000
Net book value of revalued assets had these assets been carried at cost less accumulated depreciation:		
- Buildings	1,666	1,947

14 PREPAID LEASE RENTALS

	Group and Company	
	2010	2009
	RM'000	RM'000
At beginning of year	15,005	15,194
Amortisation for the year	(189)	(189)
At end of the year	14,816	15,005
Valuation	15,622	15,622
Accumulated amortisation	(806)	(617)
	14,816	15,005

The prepaid lease payments are in respect of a leasehold land with a tenure of 99 years expiring in year 2088.

15 SUBSIDIARIES

	Company	
	2010	2009
	RM'000	RM'000
Unquoted shares at cost	26,860	26,860

15 SUBSIDIARIES (continued)

The details of the subsidiaries are as follows:

Principal Name	Country of activities	Country of incorporation	Company's effective interest 2010 %	2009 %
Alcom Nikkei Specialty Coatings Sdn Bhd	Manufacturing and trading of pre-coated finstocks for use in air-conditioners	Malaysia	100	100
Al DOTCOM Sdn Bhd	Dormant	Malaysia	100	100

16 INVENTORIES

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Raw materials	4,890	5,298	3,980	2,759
Work-in-progress	27,795	19,101	25,912	18,918
Finished goods	9,136	12,522	6,228	6,931
Operating supplies and spare parts	10,883	10,632	9,476	9,240
	52,704	47,553	45,596	37,848

17 TRADE RECEIVABLES

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Trade receivables	35,561	19,089	21,094	8,382
Less: Allowance for doubtful debts	-	-	-	-
	35,561	19,089	21,094	8,382
The currency exposure profile of trade receivables is as follows:				
- Ringgit Malaysia	17,946	6,790	13,964	5,733
- US Dollar	17,288	12,073	6,803	2,423
- Singapore Dollar	327	138	327	138
- Euro	-	88	-	88
	35,561	19,089	21,094	8,382

Credit terms of trade receivables of the Group and the Company range from 7 days to 75 days (2009: 7 days to 75 days).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010 (continued)

18 AMOUNTS DUE FROM SUBSIDIARY COMPANIES

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Amounts due from subsidiaries:				
Trade	-	-	17,568	10,797
Non-trade	-	-	206	239
Total	-	-	17,774	11,036

Amounts due from subsidiary companies are denominated in Ringgit Malaysia.

The trade balances due from subsidiary companies are unsecured, interest free and have credit terms ranging from 30 to 60 days (2009: 30 to 60 days). The non-trade balances due from subsidiary companies are unsecured, interest free and have no fixed terms of repayment.

19 OTHER RECEIVABLES AND PREPAYMENTS

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Prepayments and advances	5,160	519	5,156	514
Deposits	138	136	126	124
Employee loans and other receivables	76	150	41	94
Total	5,374	805	5,323	732
The currency exposure profile of other receivables and prepayments is as follows:				
- US Dollar	4,622	156	4,622	156
- Ringgit Malaysia	627	602	576	529
- Euro	103	-	103	-
- Singapore Dollar	22	47	22	47
	5,374	805	5,323	732

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010 (continued)

20 DEPOSITS, CASH AND BANK BALANCES

	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
Deposits with licensed banks	41,345	51,358	20,145	42,708
Cash and bank balances	1,223	9,256	1,093	4,431
	42,568	60,614	21,238	47,139
The currency exposure profile of deposits, cash and bank balances is as follows:				
- Ringgit Malaysia	42,355	54,461	21,025	44,897
- US Dollar	213	6,153	213	2,242
	42,568	60,614	21,238	47,139

The weighted average interest rates on year end deposit placements were as follows:

	Group 2010 %	Group 2009 %	Company 2010 %	Company 2009 %
Deposit with licensed banks	1.99	1.98	2.02	2.00

The deposits of the Group and the Company have maturity periods which range from overnight to 14 days (2009: overnight to 61 days). Bank balances are deposits held at call with banks and are non-interest bearing.

21 TRADE PAYABLES

	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
Trade payables	6,088	3,225	4,579	2,422
Trade related accruals	4,661	2,523	4,237	1,963
Payroll related accruals				
- provision for retirement benefits (Note 24)	932	585	932	585
- others	2,593	1,909	2,351	1,717
	14,274	8,242	12,099	6,687

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010 (continued)

21 TRADE PAYABLES (continued)

	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
The currency exposure profile of trade payables is as follows:				
- Ringgit Malaysia	10,571	7,301	8,593	6,052
- US Dollar	3,476	751	3,400	615
- Japanese Yen	120	170	-	-
- Singapore Dollar	107	20	106	20
	14,274	8,242	12,099	6,687

Credit terms of trade payables granted to the Group and the Company vary from 15 days to 90 days (2009: 15 days to 90 days) terms from month end.

22 OTHER PAYABLES AND ACCRUALS

	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
Plant and equipment suppliers payable	1,673	1,281	1,593	1,230
Other accruals and sundry payables	1,559	1,891	1,451	1,799
	3,232	3,172	3,044	3,029
The currency exposure profile of other payables and accruals is as follows:				
- Ringgit Malaysia	1,970	2,192	1,782	2,049
- US Dollar	1,209	908	1,209	908
- Singapore Dollars	27	-	27	-
- JapaneseYen	26	-	26	-
- Sterling Pound	-	72	-	72
	3,232	3,172	3,044	3,029

23 AMOUNTS DUE TO RELATED COMPANIES

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Trade				
Amounts due to subsidiary company	-	-	955	611
Amounts due to other related companies	147	-	147	-
Non-trade				
Amounts due to other related companies	78	27	78	27
Total	225	27	1,180	638
The currency exposure profile of amounts due to related companies is as follows:				
- Ringgit Malaysia	-	-	955	611
- US Dollar	221	27	221	27
- Euro	4	-	4	-
	225	27	1,180	638

The trade balances due to subsidiary company and other related companies are unsecured, interest free and have credit terms of 7 days to 30 days (2009: 30 days). The non-trade balances due to subsidiary company and other related companies are unsecured, interest free and have no fixed terms of repayment.

24 PROVISION FOR RETIREMENT BENEFITS

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Defined benefit retirement plan				
At beginning of the year	5,914	5,079	5,584	4,783
Charged to the income statement*	763	1,260	720	1,187
Benefits paid	(613)	(425)	(613)	(386)
At end of the year	6,064	5,914	5,691	5,584
Represented by:				
Present value of unfunded obligations	6,064	5,914	5,691	5,584

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010 (continued)

24 PROVISION FOR RETIREMENT BENEFITS (continued)

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Reflected on the balance sheets as:				
Current (Note 21)	932	585	932	585
Non-current	5,132	5,329	4,759	4,999
	6,064	5,914	5,691	5,584
The movement in the present value of unfunded obligations are as follows:				
Defined benefit retirement plan				
At beginning of the year	5,914	5,079	5,584	4,783
Current service cost	351	273	323	252
Interest cost	256	242	241	228
Actuarial losses	156	745	156	707
Benefits paid	(613)	(425)	(613)	(386)
At end of the year	6,064	5,914	5,691	5,584
*The charge to the income statement is analysed as follows:				
Current service cost	351	273	323	252
Interest cost	256	242	241	228
Actuarial losses	156	745	156	707
	763	1,260	720	1,187

The principal actuarial assumptions used in respect of the defined benefit retirement plan were as follows:

	Group and Company	
	2010 %	2009 %
Discount rate	4.5	4.5
Expected average rate of salary increases	4.3	4.3

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010 (continued)

24 PROVISION FOR RETIREMENT BENEFITS (continued)

The Group operates an unfunded final salary defined benefit plan for its employees. Independent actuaries value the scheme every 3 years using the projected unit credit method. The latest actuarial valuation was carried out on 31 March 2009.

The discount rate used is based on investment grade private debt securities with tenure approximating the tenure of the pension liability. The salary growth takes into account market factors such as inflation rate.

	Group		Company	
	2010 RM'000	**2009 RM'000**	**2010 RM'000**	**2009 RM'000**
Present value of unfunded obligations	6,064	5,914	5,691	5,584
Experience loss adjustment on plan liabilities	156	745	156	707

25 DEFERRED TAXATION

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 taxes relate to the same tax authority. The following amounts, determined after appropriate offsetting, are shown in the balance sheet:

	Group		Company	
	2010 RM'000	**2009 RM'000**	**2010 RM'000**	**2009 RM'000**
Deferred tax liabilities:				
At start of year	9,058	11,695	6,619	8,856
Charged/ (credited) to income statement: (Note 10)				
- property, plant and equipment	(351)	(1,566)	(171)	(1,384)
- provisions and allowances	968	(1,071)	809	(853)
	617	(2,637)	638	(2,237)
At end of year	9,675	9,058	7,257	6,619

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010 (continued)

25 DEFERRED TAXATION (continued)

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Subject to income tax:				
Deferred tax liabilities (before offsetting)				
- property, plant and equipment	13,147	13,498	10,379	10,550
Offsetting	(3,472)	(4,440)	(3,122)	(3,931)
Deferred tax liabilities (after offsetting)	9,675	9,058	7,257	6,619
Deferred tax assets (before offsetting)				
- provisions and allowances	3,472	4,440	3,122	3,931
Offsetting	(3,472)	(4,440)	(3,122)	(3,931)
Deferred tax assets (after offsetting)	-	-	-	-

26 SHARE CAPITAL

	Group and Company	
	2010 RM'000	2009 RM'000
Authorised:		
Ordinary shares of RM1.00 each		
At beginning/ end of the year	200,000	200,000
Issued and fully paid:		
Ordinary shares of RM1.00 each		
At beginning/ end of the year	134,331	134,331

(a) Treasury shares

During the financial year ended 31 March 2010, the Company did not repurchase any of its issued share capital from the open market (2009: repurchased 10,000 shares at RM0.84 per share). Shares repurchased are being held as treasury shares (Note 27) as allowed under Section 67A of the Companies Act 1965. There were no resale or cancellation of treasury shares during the financial year. Treasury shares have no right to voting, dividends and participation in other distribution.

At balance sheet date, of the total 134,330,848 (2009: 134,330,848) issued and fully paid ordinary shares, 2,079,000 (2009: 2,079,000) are held as treasury shares by the Company. At balance sheet date, the number of shares with voting rights in issued and fully paid share capital is 132,251,848 (2009: 132,251,848) ordinary shares of RM1.00 each.

26 SHARE CAPITAL (continued)

(b) Employee Share Option Scheme ('ESOS')

The main features of the ESOS which expired on 13 March 2010 were as follows:

(i) The total number of shares to be issued by the Company shall not exceed 10% of the total issued and paid-up ordinary share capital of the Company.

(ii) The option price shall be based on the average of the mean market quotation of the shares of the Company as quoted in the Daily Official List issued by the Malaysian Securities Exchange Berhad for the 5 market days preceding the offer date, or the par value of the Company of RM1.00 whichever is the higher.

(iii) The ESOS scheme shall be in force for a period of 10 years up to 13 March 2010.

The scheme had expired on 13 March 2010.

The movements during the financial year in the number of options over the shares of the Company pursuant to the ESOS are as follows:

Granted on	Subscription price per share	Balance as at 1.4.2009 '000	Granted '000	Exercised '000	Lapsed '000	Balance as at 31.3.2010 '000
17.3.2000	RM2.48	1,401	-	-	(1,401)	-
19.6.2001	RM1.07	17	-	-	(17)	-
		1,418	-	-	(1,418)	-

	2010 '000	2009 '000
Number of share options vested at balance sheet date	-	1,418

There were no options exercised in the current and previous financial year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010 (continued)

27 REVALUATION AND OTHER RESERVES

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Non-distributable:				
Revaluation reserve	468	468	4,500	4,500
Capital redemption reserve	4,000	4,000	4,000	4,000
Treasury shares	(2,330)	(2,330)	(2,330)	(2,330)
	2,138	2,138	6,170	6,170

Revaluation reserve

The revaluation reserve represents the surplus arising from the revaluation of certain leasehold land and buildings of the Company in 1985.

Capital redemption reserve

The capital redemption reserve was created upon the redemption of the cumulative redeemable preference shares of the Company in 1996.

Treasury shares

The shares repurchased are being held as treasury shares in accordance with the provisions of Section 67A of the Companies Act, 1965. There were no resale or cancellation of treasury shares during the financial year. Treasury shares have no rights to voting, dividends and participation in other distribution.

28 REVENUE RESERVE

Subject to agreement by the tax authority the Company has sufficient Section 108 tax credits and tax exempt income to frank approximately RM24,433,000 (2009: RM34,286,000) of the revenue reserve of the Company as at 31 March 2010 if paid out as dividends. The extent of the revenue reserve not covered at that date amounted to RM17,763,000 (2009: RM12,804,000).

Under the single-tier system which came into effect from the year of assessment 2008, the Company is not required to have tax credits under Section 108 of the Income Tax Act 1967 for dividend payment purposes. Dividends paid under this system are tax exempt in the hands of the shareholders. The Company may continue to pay franked dividends until the Section 108 credits are exhausted or 31 December 2013 whichever is earlier unless the Company opts to disregard the Section 108 credits to pay single-tier dividends under the special transitional provisions of the Finance Act 2009.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010 (continued)

29 CAPITAL COMMITMENTS

	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
Authorised capital expenditure for property, plant and equipment not provided for in the financial statements are as follows:				
- contracted	1,515	1,311	1,515	1,311
- not contracted	1,708	319	1,627	299
	3,223	1,630	3,142	1,610

30 SIGNIFICANT RELATED PARTY TRANSACTIONS

(a) Related party transactions

In addition to related party disclosures mentioned elsewhere in the financial statements, set out below are other significant related party transactions and balances.

In the normal course of business, the Group and the Company undertakes, on agreed terms and prices, a variety of transactions with certain companies some of whom are shareholders or share common shareholders or share a common ultimate holding company. The material related party transactions between the Group and the Company and these entities are described below:

2010	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
<u>Income</u>				
Sales of finished goods to:				
- Alcom Nikkei Specialty Coatings Sdn Bhd, a subsidiary incorporated in Malaysia	-	-	81,372	102,370
Management service fees from:				
- Alcom Nikkei Specialty Coatings Sdn Bhd, a subsidiary incorporated in Malaysia	-	-	888	888
Rental income from:				
- Alcom Nikkei Specialty Coatings Sdn Bhd, a subsidiary incorporated in Malaysia	-	-	612	612

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010 (continued)

30 SIGNIFICANT RELATED PARTY TRANSACTIONS (continued)

(a) Related party transactions (continued)

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Expenditure				
Purchases of materials from:				
- Novelis Korea Ltd, a related company incorporated in Korea	11,111	17,964	11,111	17,964
- Hindalco Industries Limited, ultimate holding company	1,924	580	1,924	580
Purchases of scrap from:				
- Alcom Nikkei Specialty Coatings Sdn Bhd, a subsidiary incorporated in Malaysia	-	-	8,170	11,802
Technical service fees charged by				
- Novelis Inc., holding company	342	277	228	185

(b) Key management remuneration

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. Key management personnel include the Executive Directors and certain members of senior management of the Group. The remuneration below is inclusive of home country salary and other benefit payments made to expatriate staff.

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Key management personnel remuneration are as follows:				
Salaries and bonus	2,408	2,695	1,797	2,168
Defined contribution retirement plan	129	221	129	221
Defined benefit retirement plan	272	247	272	247
Estimated monetary value of benefits-in-kind	206	234	149	177
	3,015	3,397	2,347	2,813

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010 (continued)

31 FINANCIAL INSTRUMENTS

Details of the Group's credit risk, financial instruments entered into and the fair values of financial assets and liabilities are as follows:

(a) Credit risk

Trade receivables

There is limited concentration of credit risk in respect of trade receivables due to the spread of the number of customers both in the domestic and in export markets. Export sales are in fact subject to tighter rules and control in view of the sovereign risk. The level and aging of receivables as at year end fall within the Group's historical experience of collection. As such, management believes that no additional credit risk beyond the amount already provided as allowance for doubtful debts exists.

(b) Forward foreign exchange contracts

Aside from using natural hedges, the Group also enters into forward foreign currency exchange contracts to limit their exposure on foreign currency receivables and payables, and on cash flows generated from anticipated transactions denominated in foreign currencies.

2010

As at 31 March 2010, the settlement date of the open forward exchange contract is 2 months. The foreign currency amount to be received and contractual exchange rate of the Company's outstanding contract is as follows:

Hedged item	Currency to be received	Currency to be paid	RM equivalent	Contractual rate
Trade receivables: SGD 60,000	Ringgit Malaysia	Singapore Dollar	146,000	range from RM1 = SGD 0.414 to RM1 = SGD 0.416

There are no outstanding forward contracts entered into by other Group companies as at balance sheet date.

2009

As at 31 March 2009, the settlement dates of the open forward exchange contracts range is 2 months. The foreign currency amounts to be received and contractual exchange rates of the Company's outstanding contracts were as follows:

Hedged item	Currency to be received	Currency to be paid	RM equivalent	Contractual rate
Trade receivables: SGD 35,000	Ringgit Malaysia	Singapore Dollar	84,000	RM1 = SGD 0.418

There are no outstanding forward contracts entered into by other Group companies as at balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010 (continued)

31 FINANCIAL INSTRUMENTS (continued)

(c) Fair values

The fair value of the outstanding forward foreign exchange contract of the Group and the Company at the balance sheet date was an favourable position of RM5,467 (2009: unfavourable position of RM835).

The carrying amounts of the provision for retirement benefits and other financial assets and liabilities of the Group and Company at the balance sheet date approximate their fair values.

32 SEGMENT INFORMATION

(a) Primary segment - business

The Group is solely involved in the manufacturing and trading of aluminium products.

(b) Secondary segment - geographical

In determining the geographical segments of the Group, sales are based on the region in which the customer is located. Total assets and capital expenditure are determined based on where the assets are located.

	Revenue		Total assets		Capital expenditure	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Malaysia *	133,268	197,071	226,126	223,646	5,764	5,943
Asia	93,115	81,838	-	-	-	-
Other regions	27,628	23,984	-	-	-	-
	254,011	302,893	226,126	223,646	5,764	5,943

* Included in sales to Malaysian customers are sales to customers in the Licensed Manufacturing Warehouse and Free Trade Zone areas amounting to RM38,445,000 (2009: RM59,852,000).

33 APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 25 May 2010.

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

We, Y.A.M. Tunku Tan Sri Imran Ibni Almarhum Tuanku Ja'afar and Tan See Ping, two of the Directors of Aluminium Company of Malaysia Berhad, state that, in the opinion of the Directors, the financial statements set out on pages 46 to 90 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 March 2010 and of the results and cash flows of the Group and of the Company for the financial year ended on that date in accordance with provisions of the Companies Act, 1965 and the MASB Approved Accounting Standards in Malaysia for Entities Other than Private Entities.

Signed on behalf of the Board of Directors in accordance with their resolution dated 25 May 2010.

Y.A.M. TUNKU TAN SRI IMRAN IBNI ALMARHUM TUANKU JA'AFAR
DIRECTOR

TAN SEE PING
DIRECTOR

Bukit Raja, Klang

STATUTORY DECLARATION

PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

I, Krishna Prasad a/l Balakrishnan Nair, being the officer primarily responsible for the financial management of Aluminium Company of Malaysia Berhad, do solemnly and sincerely declare that the financial statements set out on pages 46 to 90 are, in my opinion, 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.

KRISHNA PRASAD A/L BALAKRISHNAN NAIR

Subscribed and solemnly declared by the abovenamed Krishna Prasad a/l Balakrishnan Nair at Petaling Jaya in Malaysia on 25 May 2010 before me.

PESURUHJAYA SUMPAH
NO: B144
NAMA: S. SELVARAJAH
MALAYSIA

92M, JALAN SS21/39,
DAMANSARA UTAMA P.J
TEL: 7728 2811
H/P: 013-369 4119

COMMISSIONER FOR OATHS

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ALUMINIUM COMPANY OF MALAYSIA BERHAD
(Incorporated in Malaysia)
(Company No. 3859 U)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Aluminium Company of Malaysia Berhad, which comprise the balance sheets as at 31 March 2010 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 47 to 91.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with MASB Approved Accounting Standards in Malaysia for Entities Other than Private Entities and the Companies Act 1965. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 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 judgment, 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 Group's and the Company's preparation and fair presentation of the financial statements 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 Group's and of the Company'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 have been properly drawn up in accordance with MASB Approved Accounting Standards in Malaysia for Entities Other than Private Entities and the Companies Act 1965 so as to give a true and fair view of the financial position of the Group and of the Company as of 31 March 2010 and of their financial performance and cash flows for the financial year then ended.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ALUMINIUM COMPANY OF MALAYSIA BERHAD (continued)
(Incorporated in Malaysia)
(Company No. 3859 U)

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 accounts 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) Our audit report on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

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.

PRICEWATERHOUSECOOPERS
(No. AF: 1146)
Chartered Accountants

ERIC OOI LIP AUN
(No. 1517/06/10 (J))
Chartered Accountant

Kuala Lumpur
25 May 2010

PROPERTY OF THE GROUP

AS AT 31 MARCH 2010

Location	Description	Tenure	Land Area	Approximate Built up Area (sq.metre)	Age of Building (years)	Net Book Value	Year of revaluation
No. 3, Persiaran Waja Kawasan Perindustrian Bukit Raja 41050 Klang Selangor Darul Ehsan	Factory and office building	99 years leasehold Expiring in year 2088	12.1 hectares	35,964	Range from 19 to 28	RM23.0 million	1985

FORM OF PROXY

FORTY-NINTH ANNUAL GENERAL MEETING

alcom

Aluminium Company of Malaysia Berhad

(3859-U)

I/We, ____
(Full name in block capitals)

of ____
(Address)

being a Member/Members of Aluminium Company of Malaysia Berhad, hereby appoint ______________

____
(Full name in block capitals)

of ____
(Address)

or failing him ____
(Full name in block capitals)

of ____
(Address)

as my/our proxy to attend and vote for me/us on my/our behalf at the Forty-Ninth Annual General Meeting of the Company to be held at Level 3, Hotel Armada, Lorong Utara C, Section 52, 46200 Petaling Jaya, Selangor Darul Ehsan on Thursday, 26 August 2010 at 2.30 p.m. and at any adjournment thereof.

My/Our proxy is to vote as indicated below:

			FOR	AGAINST
1	Resolution 1	Re-election of Y.M. Tengku Yunus Kamaruddin		
2	Resolution 2	Re-election of Y.A.M. Tunku Tan Sri Imran ibni Almarhum Tuanku Ja'afar		
3	Resolution 3	Approval of payment of Directors' Fee of RM136,000		
4	Resolution 4	Re-appointment of Messrs PricewaterhouseCoopers as Auditors of the Company		
5	Resolution 5	As Special Business: Ordinary Resolution Section 132D, Companies Act, 1965 - Issue of New Shares		
6	Resolution 6	As Special Business: Ordinary Resolution – Proposed Renewal of Share Buy Back Authority		
7	Resolution 7	As Special Business: Ordinary Resolution – Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature		
8	Resolution 8	As Special Business: Special Resolution – Proposed Amendments to the Articles of Association		

(Please indicate "X" in the appropriate box against each Resolution as to how you wish your proxy/proxies to vote. If no voting instruction is given, this form will be taken to authorise the proxy/proxies to vote at his/her discretion).

Dated this ____________ day of ____________ 2010

No. of Shares held : ____________

____

Signature of shareholder(s) or Common Seal

Notes:

1) A member entitled to attend and vote at a meeting of the Company is entitled to appoint a proxy to attend and vote instead of him. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
2) A member may appoint not more than two (2) proxies to attend at same meeting. Where a member appoints more than one (1) proxy, he shall specify the proportion of his shareholding to be represented by each proxy.
3) A member who is an authorised nominee may appoint at least one proxy in respect of each securities account it holds with ordinary shares standing to the credit of the said securities account.
4) The instrument appointing a proxy, shall be in writing under the hands of the appointer or of his attorney duly authorised in writing, or if such appointer is a corporation, either under seal or the hand of an officer or attorney duly authorised.
5) The instrument appointing a proxy must be deposited at the Company's Registered Office at No. 3, Persiaran Waja, Bukit Raja Industrial Estate, 41050 Klang, Selangor Darul Ehsan not less than forty-eight (48) hours before the time appointed for holding the meeting or at any adjournment thereof.

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AFFIX
STAMP

THE COMPANY SECRETARY
ALUMINIUM COMPANY OF MALAYSIA BERHAD (Company No. 3859 U)
No.3, PERSIARAN WAJA
BUKIT RAJA INDUSTRIAL ESTATE
41050 KLANG
SELANGOR DARUL EHSAN
MALAYSIA

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ALUMINIUM COMPANY OF MALAYSIA BERHAD (3859-U)

No.3, Persiaran Waja,
Bukit Raja Industrial Estate,
41050 Klang,
Selangor Darul Ehsan,
Malaysia.
Telephone : 03-3346 6262
Telefax : 03-3341 2793