Empowering VISION

2016 | ANNUAL REPORT

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ALUMINIUM COMPANY OF MALAYSIA BERHAD
(3859-U)

OUR CORE VALUES

The following values are aligned with those of the Novelis Inc., and Aditya Birla Group, guiding our behavior in support of our strategy. As individuals and as a company, we live by these values every day.

INTEGRITY:
Honesty in every action

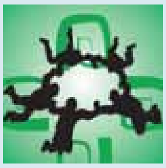
By always striving to act in a manner that is fair and honest, we adhere to the highest standards of integrity and professionalism in everything we do.

COMMITMENT:
Deliver on the promise

With integrity as our foundation, we are committed to doing whatever it takes to deliver value to all stakeholders by taking responsibility for our own actions and the collective actions of the Novelis team.

PASSION:
Energized action

We bring a definitive passion to our relentless pursuit of shared goals and objectives, an energetic sense of engagement that is evident in our great enthusiasm for cooperative performance.



SEAMLESSNESS:
Boundary less in letter and spirit

We endeavor to think and work seamlessly by leveraging the value of our shared beliefs and best practices across functional, business and geographic boundaries.

SPEED:
One step ahead always

By responding to the needs of our customers and partners with focused urgency, we continuously seek to accelerate performance and shorten delivery timelines for optimum speed and efficiency.

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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Fifty-Fifth Annual General Meeting of Aluminium Company of Malaysia Berhad will be held at Level 3, Atlanta East, Hotel Armada, Lorong Utara C, Section 52, 46200 Petaling Jaya, Selangor Darul Ehsan on Monday, 26 September 2016 at 2.00 p.m. for the following purposes:-

AS ORDINARY BUSINESS

1. To receive the audited financial statements for the year ended 31 March 2016 and the reports of the directors and auditors thereon.
2. 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. **ORDINARY RESOLUTION 1**
3. To re-appoint Dato' Kok Wee Kiat who retires pursuant to Section 129 of the Companies Act, 1965 to hold office until the next Annual General Meeting. **ORDINARY RESOLUTION 2**
4. To re-appoint Y.M. Tengku Yunus Kamaruddin who retires pursuant to Section 129 of the Companies Act, 1965 to hold office until the next Annual General Meeting. **ORDINARY RESOLUTION 3**
5. To approve the payment of directors' fees of RM163,000 for the financial year ending 31 March 2017 (2016: RM163,000). **ORDINARY RESOLUTION 4**
6. To re-appoint Messrs PricewaterhouseCoopers as auditors and to hold office until the conclusion of the next Annual General Meeting and to authorize the Directors to fix the Auditors' remuneration. **ORDINARY RESOLUTION 5**

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolutions:-

7. **Continuing in Office as Independent Non-Executive Chairman**

   "That authority be and is hereby given to Y.A.M. Tunku Tan Sri Imran ibni Almarhum Tuanku Ja'afar who has served as an Independent Non-Executive Chairman of the Company for a cumulative term of more than nine years, to continue to serve as an Independent Non-Executive Chairman of the Company." **ORDINARY RESOLUTION 6**

8. **Continuing in Office as Independent Non-Executive Director**

   "That subject to the passing of Ordinary Resolution 2, authority be and is hereby given to Dato' Kok Wee Kiat who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, to continue to serve as an Independent Non-Executive Director of the Company." **ORDINARY RESOLUTION 7**

9. **Continuing in Office as Independent Non-Executive Director**

   "That subject to the passing of Ordinary Resolution 3, authority be and is hereby given to Y.M. Tengku Yunus Kamaruddin who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, to continue to serve as an Independent Non-Executive Director of the Company." **ORDINARY RESOLUTION 8**

NOTICE OF ANNUAL GENERAL MEETING

10. **Authority under Section 132D of the Companies Act, 1965, for the Directors to Issue Shares**

ORDINARY RESOLUTION 9

"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."

11. **Proposed Renewal of Authority for the Purchase by the Company of its Own Shares**

ORDINARY RESOLUTION 10

"That, subject always to the Companies Act, 1965, the provisions of the Memorandum and Articles of Association of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and all applicable laws, regulations and guidelines and the approvals of all relevant authorities, approval be and is hereby given for 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 Securities upon such terms and conditions as the Board may deem fit and expedient in the interest of the Company provided that:-

(a) 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;

(b) the maximum funds to be allocated by the Company for the purpose of purchasing its shares shall not exceed the total of the audited retained profits and/or share premium accounts of the Company as at 31 March 2016 of RM14,789,993 and RM4,113,085 respectively.

(c) 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 Bursa Securities, where an appropriate announcement will be made to the relevant authorities once the intentions of the Board is known.

NOTICE OF ANNUAL GENERAL MEETING

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 forthcoming 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, finalize 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."

12. **Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature** — **ORDINARY RESOLUTION 11**

"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 25 July 2016 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:-

NOTICE OF ANNUAL GENERAL MEETING

(a) the conclusion of the next AGM of the Company following the forthcoming 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."

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

By Order of the Board

LAM LEE SAN (F) (MAICSA 7048104)
LEE LAI FONG (F) (MAICSA 7031962)
Secretaries

Bukit Raja, Klang
Date: 29 July 2016

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) Save for an Exempt Authorised Nominee as defined under the Central Depositories Act which may appoint multiple proxies in respect of each Omnibus Account it holds with ordinary shares of the Company standing to the credit of the said securities account, 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) 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.

4) 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.

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes on Special Business:

Ordinary Resolutions 6, 7 and 8 – Continuing in Office as Independent Non-Executive Chairman/Director

Pursuant to the Malaysian Code on Corporate Governance 2012, the Nomination Committee recommends Y.A.M. Tunku Tan Sri Imran ibni Almarhum Tuanku Ja'afar, Dato' Kok Wee Kiat and Y.M. Tengku Yunus Kamaruddin who have served as Independent Non-Executive Chairman/Directors of the Company for a cumulative term of more than nine years, to continue to serve as an Independent Non-Executive Chairman/Directors of the Company based on the following justifications:-

a) They fulfilled the criteria of an Independent Director pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad;

b) They provide the Board a diverse set of experience, skill and expertise as they are highly qualified persons who have been contributing in both the public and private sectors;

c) They have in-depth industrial knowledge on the Company's business operations; and

d) They have devoted and can devote sufficient time and attention to their professional obligations for informed and balance decision making.

Ordinary Resolution 9 – Authority to Issue Shares

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.

The renewed mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding investment project(s), working capital and/or acquisitions.

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 26 August 2015 and which will lapse at the conclusion of the forthcoming Annual General Meeting.

Ordinary Resolution 10 – Proposed Renewal of Authority for the Purchase by the Company of its Own Shares

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.

Ordinary Resolution 11 – Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

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 25 July 2016 with regard to Ordinary Resolution 11.

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 34 to 40 of this annual report. Directors' interests in the securities of the Company are disclosed on page 56 of this annual report.

CORPORATE GOVERNANCE STATEMENT

The Board of Directors ("the Board") of the Group is fully committed to the principles and recommendations of the Malaysian Code of Corporate Governance 2012 ("the Code"). This ensures that the best practices of corporate governance including accountability and transparency is adhered to within the Group to achieve long term financial performance and growth as the Board is mindful of its accountability to the shareholders and various stakeholders of the Group.

The Board and Management's governance is further enhanced and supported by numerous governance initiatives cascaded from its immediate parent company, Novelis Inc.("Novelis"), a multi-national company with a global presence.

The Board is pleased to report to the shareholders, the Group's application and compliance with the principles and recommendations of the Code throughout the financial year ending 31 March 2016, as follows:

1 ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

1.1 Clear Functions of the Board and Management

The Board's role is to provide stewardship of the Group and direction for Management. It is collectively responsible and accountable to the Group's stakeholders for the long term success of the Group. The Board is guided by the Board Charter which outlines the role, composition and responsibilities of the Board with regard to matters that are specifically reserved for the Board as well as those which the Board may delegate to the relevant Board Committees. The Charter is periodically reviewed and updated in accordance with the needs of the Group and new regulations that may have an impact on the discharge of the Board's responsibilities. This is to ensure its relevance for good corporate governance practices within the Group.

The Board also delegates the authority and responsibility for managing the day-to-day operations of the Group to the Managing Director. There is a clear separation of functions between the Board and the Management. The Managing Director who leads the senior management team is responsible for overseeing the business development, the implementation of corporate strategies and business plans, policies and is also responsible to implement decisions approved by the Board and to communicate matters to the Board. The responsibilities and authorities of the senior management team are clearly defined.

1.2 Clear Roles and Responsibilities of the Board

The Group is led by a Board comprising members of high calibre. The Directors comprise of individuals from varied backgrounds with relevant business and financial experience. The Directors contribute independent judgement on issues pertaining to strategy, risks, management performance, compliance and resources affecting the Group.

The Directors from Novelis bring with them extensive knowledge of the industry and related experience and competencies needed to lead the Group in line with the chosen strategic path.

The Board provides overall strategic guidance, effective oversight on the governance and management of the business affairs of the Group. Responsibilities of the Board include:-

- Reviewing, adopting and monitoring the Group's major strategies and financial performance in respect of objectives and plans set. The Managing Director together with the Finance Director would present to the Board the recommended strategy for the following 5 years and the proposed detailed business plan for the following financial year. The Board reviews and challenges their assumptions to ensure the best outcome. The Board then approves the annual plan for the following financial year with agreed key deliverables;
- Overseeing the conduct of the Group's business and evaluating whether its business is being properly managed. In this respect, a status report of the business is provided by the Managing Director during the quarterly Board meetings. The status report has a summary of the Group's operating drivers and financial performance which is tracked against the agreed annual plan. In addition, the latest forecast for the financial year as well as the deviations from the annual plan is deliberated upon;

CORPORATE GOVERNANCE STATEMENT

- Decision making regarding matters of a sensitive, extraordinary or strategic nature;
- Monitoring capital management and major expenditure;
- Monitoring that the performance and competency of senior management positions are of sufficient calibre and that the Board is satisfied that there are programmes for the orderly succession planning of senior management. This includes the appointment, training, fixing of compensation and where appropriate, the replacement of senior management;
- Reporting to Shareholders;
- Evaluations of Board processes and performance;
- Declaring dividends payment;
- Reviewing the adequacy and the integrity of the risks management and internal control systems of the Group, including systems and procedures in place for compliance with applicable laws, regulations, rules, directives and guidelines; to promote best practice in corporate governance;
- Reviewing and approving annual statutory accounts and monitoring quarterly financial results, press releases and authorizing the same for release to the public via Bursa Securities and other authorities.

The Board also reviews the principal risks arising from all aspects of the Group's business that have significant impact on operations to ensure that there are systems in place to effectively monitor and manage these risks.

In discharging its fiduciary duties, Board Committees are formed to assist in the effective functioning of the Board. The Board delegates specific responsibilities to three (3) Committees, namely:-

1. the Nomination Committee,
2. the Audit Committee, and
3. the Remuneration Committee.

The Board committees operate within clearly defined terms of reference. All these Committees are mainly led by Independent Non-Executive Directors of the Board. Management and third parties are invited to attend or are co-opted to such committees as and when required.

In addition, special committees are formed for specific purposes as and when required. Reports of proceedings and outcome of the various committee meetings are submitted to the Board.

1.3 Ethical Standard through Code of Conduct

The Board of Directors is guided by the Code of Ethics established by the Companies Commission of Malaysia for Company Directors. The Code of Ethics sets out the principles in relation to sincerity, integrity, responsibility and corporate social responsibility. The Code is formulated to enhance the standard of corporate governance and corporate behavior of Directors based on trustworthiness and values that can be accepted, and to uphold the spirit of responsibility and social responsibility in line with legislation, regulations and guidelines for administering the Group.

The Group has also in place the Code of Conduct which is cascaded down from its, Novelis, a world-class company with high ethical standards and trustworthy employees. The Code of Conduct, outlines the expectations of employees executing their duties in an ethical manner. In order to maintain the Group's reputation, it is important for all to be aware and understand the tenets of the Code and adhere accordingly. To achieve this purpose, a mandatory training module that outlines what the Code of Conduct means and its expectation of the employees has been developed and conducted for new employees and interns during the induction programmes. A summary of the Code of Conduct is made available in the Company's website.

CORPORATE GOVERNANCE STATEMENT

Understanding of and adherence to the Code of Conduct will help ensure that The Group remain a highly regarded organization that is admired by customers, employees, shareholders, suppliers and communities worldwide.

The Code of Conduct also offers employees the option of using the Novelis Ethics Hotline listed for their respective countries including Malaysia. This is to enable employees to clarify matters about the Code of Conduct and also to report concerns or suspected violations. Any report received from the Novelis' Ethics Hotline is investigated and appropriate actions are taken by the Human Resources Department at the Group's level and the Internal Audit team at the Regional level.

In addition to the Code of Conduct, the Group's Financial Officers is also be committed to ensuring that there is financial integrity where there is full and accurate financial disclosure in compliance with applicable accounting policies, laws and regulations.

1.4 Strategies Promoting Sustainability

The Board is committed to sustainable operations. Striving to become a truly sustainable enterprise also means an unwavering focus on what the Board sees as the foundations of being a sustainable The Group, through the various initiatives that deals with;

- strategy for sustainability; operating ethically and responsibly to meet the expectation of our stakeholders – shareholders, customers, employees, regulators, consumers and non-governmental organizations.

- being stewards of the environment; by helping to reduce carbon footprint and energy use. Our concerns for environmental issues extend beyond our facilities to those of our stakeholders.

- protecting the health and safety of our people; as a manufacturing firm, our primary concern is for the health and safety of our employees. The Group also looks into developing the people to enhance their skills and expertise.

- contribution to the communities where we operate; Novelis is a global company with a local presence. An essential hallmark of The Group is the commitment to give back to the community. So The Group has begun community engagement programs near our facility and has contributed positively to the communities in which we operate.

1.5 Access to Information and Advice

Prior to Board meetings, all Directors receive notices of meetings together with the full set of Board papers containing information relevant to the business prior to the scheduled Board and Board Committee meetings. Reports include key result areas, operational profitability and performance review statements, human resource developments, environment, occupational health and safety, business plans, successions, strategies, 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.

Management reports presented to the Board during the Board meetings include the following information:-

- Environment Health & Safety (EHS) Performance Review
- Financial Reviews
- Plant Operations: Productivity & Quality
- Commercial Review: Market and Customers Activities
- Strategic Activities updates
- Development on human resources
- Legal & Regulatory update
- Information Systems update on recently migrated Enterprise Resource Planning System and the GST implementation
- Strategic Reviews: Moving forward

CORPORATE GOVERNANCE STATEMENT

The Board has unrestricted access to and interaction with the Senior Management on issues under their respective purview. Where necessary, Senior Management will be invited to attend Board and Board Committee meetings to report and update on areas of business within their responsibility so as to provide Board members insights to the business and to clarify issues raised by Board members in relation to the Group's operations. Board members are encouraged to share their views and insight in the course of deliberations and discussions.

1.6 Access to Independent and Professional Advice

To discharge their duties effectively, all Board members 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. The Company Secretary, who is qualified, experienced and competent, will also advice the Board on any new statutory requirements, guidelines and listing rulings relating to Corporate Governance as and when it arises.

When deemed necessary, Board members whether as a full Board or in their individual capacity may seek independent professional advice on specific issues at the Group's expense, to enable them to discharge their duties effectively.

1.7 Board Charter

The Board adopts Charter, which outlines the composition of the Board together with the roles and responsibilities of the Board, the Chairman, the Managing Director, the Directors, the Senior Management and the Company Secretary. The contents include the Board's unrestricted access to information and independent professional advice.

The Charter will be subjected to periodical review cum updates by the Board whenever deemed necessary. The Board Charter is made available for reference in the company's website at www.alcom.com.my.

2 STRENGTHEN COMPOSITION

2.1 Nomination Committee

The Nomination Committee is charged with the responsibility of overseeing the selection and assessment of Directors. Accordingly, the chair of the Nominating Committee is headed by the Chairman who is also a Senior Independent Director.

Members of the Nomination Committee comprises of two (2) Independent Non-Executive Directors and one Non-Independent Non-Executive Director. At the end of FYE2016, members of the Nomination Committee were as follows:-

Y.A.M. Tunku Tan Sri Imran ibni Almarhum Tuanku Ja'afar, (Chairman)
Dato' Kok Wee Kiat
Mr. Shashi Kant Maudgal

The Nomination Committee is empowered by the Board to deliberate and to present recommendations to the Board on appointments of new Directors. Duties and responsibilities of the Nominating Committee are guided by its terms of reference as approved by the Board, as follows:-

a) To determine the criteria for Board membership, including qualities, experience, skills, education and other factors that will best qualify a nominee to serve on the Board.

b) To review annually and recommend to the Board with regard to the structure, size, balance and composition of the Board and Committees including the required mix of skills and experience, core competencies which Non-Executive Directors should bring to the Board and other qualities to function effectively and efficiently.

c) To consider, evaluate and propose to the Board any new Board appointments, whether of Executive or Non-Executive positions. In making a recommendation to the Board on the candidate for Directorship, the Committee shall have regard to:-

CORPORATE GOVERNANCE STATEMENT

i) size, composition, mix of skills, experience, competencies and other qualities of the existing Board, level of commitment, resources and time that the recommended candidate can contribute to the existing Board and Group; and
ii) Best Practices of the Code which stipulates that Non-Executive Directors should be persons of calibre, credibility and have the necessary skills and experience to bring an independent judgement on issues and that Independent Non-Executive Directors should make up at least one-third of the membership of the Board.

d) To recommend to the Board:

i) Directors to be members of the Board Committees;
ii) whether Directors who are retiring by rotation should be put forward for re-election;
iii) whether Directors who have exceeded a cumulative of 9 years tenure should be put forward for re-appointment; and
iv) termination of membership of individual Directors in accordance with policy, for cause or other appropriate reasons.

e) To ensure an appropriate framework and plan for Board succession for the Group.

f) To facilitate Board induction and training for newly appointed Directors.

g) To review training programs for the Board.

h) To facilitate achievement of Board gender diversity policies and targets.

i) To develop the criteria in addition to those in the Code to determine independence of the Directors.

j) To consider other matters as referred to the Committee by the Board.

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.

During the financial year ended 31 March 2016, the Nomination Committee met twice i.e. on 27 May 2015 and 26 Nov 2015.

Details of the Nomination Committee were as follows:-

Name of Nomination Committee Member	No. of meeting attended*
Y.A.M. Tunku Tan Sri Imran ibni Almarhum Tuanku Ja'afar	2/2
Dato' Kok Wee Kiat	2/2
Mr. Shashi Kant Maudgal#	1/2

* Number of meetings attended / number of meeting held while in office
# Ceased as member on 31 May 2016

2.2 Develop, Maintain and Review Criteria for Recruitment and Annual Assessment of Directors

a) Appointments and Re-elections to the Board

The Nomination Committee is empowered to identify and recommend candidates for new appointments to the Board. In this process, the Nomination Committee takes into cognizance, the following criteria:-

i) Size, composition, mix of skills, experience, competencies and other qualities of the existing Board members, level of commitment, resources and time that the recommended candidate can contribute to the Board and Group.

CORPORATE GOVERNANCE STATEMENT

ii) The candidate's skills, knowledge, expertise and experience, professionalism, integrity and, in the case of a candidate for the position of Independent Non-Executive Director, the independence as defined in the Listing Requirements - for the purpose to bring about independence and objectivity in judgement on issues considered and thence, the ability to discharge responsibilities as expected from an Independent Non-Executive Director.

iii) The candidate's understanding of the Group business; production and marketing activities; and factors that promote boardroom diversity, including gender diversity and other qualities of the Board.

The Company's Articles of Association provide that at every Annual General Meeting ("AGM") of the Company, one-third of the Directors for the time being and those appointed during the financial year shall retire from office and shall be eligible for re-election at the AGM. A Director seeking re-election or re-appointment shall abstain from all deliberations regarding the re-election or re-appointment to the Board.

Pursuant to Section 129(2) of the Companies Act, 1965, Directors who are over the age of seventy (70) years shall retire at every AGM and may offer themselves for re-appointment to hold office until the next AGM.

b) Gender Diversity Policy

The Board acknowledges the importance of Board diversity, including gender diversity, to the effective functioning of the Board. In its selection for Board appointment, the Board believes in, and provides equal opportunity to candidates who have the skills, experience, core competencies and other qualities regardless of gender.

Female representation will be considered when vacancies arise and suitable candidates identified, underpinned by the overriding primary aim of selecting the best candidate to support the achievement of the Group's objectives.

c) Annual Assessment

The Nomination Committee meets at least once a year and during the meeting which was held on 26 May 2016, the Nominating Committee conducted the Board Performance Evaluation via questionnaires which covered Board and Board Committees effectiveness assessment together with Directors' self and peer assessment. The Nomination Committee assessed the effectiveness of the Board and Board Committees in terms of composition, conduct, accountability, and responsibility of the Board and Board Committees in the Terms of Reference. The Directors self and peer assessment was conducted to evaluate the mix of skills, experience and the individual Director's ability to contribute and exercise independent judgement towards the effective functioning of the Board. The Nomination Committee also evaluates the independence of the Independent Directors based on the criteria of "Independence" as prescribed in the Main Market Listing Requirements of the BMSB.

The Nomination Committee, pursuant to the annual review that was carried out, was satisfied that the size of the Board is optimum, well-balanced with the appropriate mix of skills and experience in the composition of the Board and its Committees.

2.3 Directors' Remuneration

The Board has established a Remuneration Committee ("RC") comprising entirely of Non-Executive Directors. Members of the Remuneration Committee during the financial year ended 31 March 2016 met twice; on 27 May 2015 and 16 February 2016.

Details of the Remuneration Committee were as follows:-

Name of Remuneration Committee Member	No. of meetings attended*
Y.A.M. Tunku Tan Sri Imran ibni Almarhum Tuanku Ja'afar	2 / 2
Dato' Kok Wee Kiat	2 / 2
Mr. Shashi Kant Maudgal#	

* Number of meetings / number of meeting held while in office
# Ceased as member on 31 May 2016

CORPORATE GOVERNANCE STATEMENT

Independent Non-Executive Directors

As recommended by the Code, the Group ensures that the Directors' remuneration is attractive enough to retain Directors of the calibre necessary to contribute to the Group successfully. In the last AGM, a proposal tabled by Mr. Shashi Kant to increase the fees of the Independent Non-Executive Directors to be comparable with other listed companies and this was approved by the shareholders.

Executive Directors and Senior Management

The remuneration of the Executive Director is based on Novelis' Global Remuneration Policy which is benchmarked with global standards. The component parts of the global remuneration policy have been structured to link with competitive compensation and remuneration package, comprising annual increment and bonus payouts which is pegged to the corporate and individual performance for Executive Directors, Senior Management staff and employees of the Group.

Non-Independent Non-Executive Directors

No remuneration is paid to Non-Independent Non-Executive Directors appointed to the Board.

Details of Directors' Remuneration

Remuneration paid or payable or otherwise made available to all the Directors of the Group who have served during the financial year ended 31 March 2016 were 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	-	552	-	66	35	653
Non-Executive	150	-	-	-	-	150

* Benefits-in-kind include motor vehicle, club memberships, etc.
** Other emoluments include bonuses, retirement benefits and performance awards.

The number of Directors of the Group 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	
RM100,001 to RM200,000	-
RM200,001 to RM300,000	-
RM300,001 to RM400,000	-
RM400,001 to RM500,000	-
RM500,001 to RM600,000	-
RM600,001 to RM700,000	1

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

Basic Salary

The basic salary 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 STATEMENT

Fees

Fees payable are subject to shareholder's approval at the AGM. Attendance allowances for Board meetings and Board Committees meetings are paid to Non-Executive Directors.

Bonus Scheme

The Group operates a bonus scheme for all employees including Executive Directors based on Performance of the Group along with an assessment of the individual's performance is taken into account. This is also linked to the Novelis Corporate Global Remuneration Policy.

Benefits-in-Kind

The Group's cars, petrol expenses, driver, hand-phones, club memberships and medical reimbursement are made available as benefit-in-kind to the Executive Director wherever appropriate.

3 REINFORCE INDEPENDENCE

3.1 Assessment on Independence of Director

The Independent Non-Executive Director should be person of calibre & integrity and, who collectively provide skills and competencies to ensure the effectiveness of the Board. The criteria for independence set out in the Listing Rules of BMSB also form the basis for evaluation of independence of non-executive directors. Independence broadly encapsulates independence from management and the absence of conflict of interest which could interfere with the Independent Director's judgement and ability to contribute to the Board's deliberations, or which could interfere with the Director's ability to act in the best interest of the Group.

The Board, through the Nominating Committee has conducted an assessment on the independence of the Independent Directors of the Board, including new appointments; using the peer evaluation questionnaire for assessing the performance of the Independent Directors. The Board has determined, from the annual assessment carried out that all the three Independent Non-Executive Directors who had served on the Board remain objective and independent in expressing their views and in participating in deliberations and decision making of the Board and Board Committees.

Y.A.M. Tunku Tan Sri Imran ibni Almarhum Tuanku Ja'afar, who is both the Chairman of the Board as well as the Nomination and the Remuneration Committee is designated Senior Independent Non-Executive Director, who can be contacted at the email address: alcom.Ined@novelis.com

3.2 Tenure of Independent Directors

The Group does not have term limits for Independent Directors but the Board does evaluate the contribution and the tenure of the Independent Directors. The Board believes that valuable contribution can be obtained from Directors who have, over a period of time, developed valuable insight of the Group and its business. Their experience enables them to discharge their duties and responsibilities independently and effectively in the decision making process of the Board notwithstanding their respective tenure on the Board.

The Board therefore is opined that imposing a fixed term limit of 9 years for Independent Directors does not necessary promote independence and objectivity. On the contrary, the Non-Executive Directors have been providing continuity with the changes of Managing Directors during their tenure on the Board.

3.3 Shareholders' Approval for Re-Appointment of Independent Directors

In line with the Code, the tenure of an Independent Non-Executive Director should not exceed a cumulative term of 9 years. In the event the Board intends to retain the Independent Non-Executive Director as an Independent Director after service a cumulative terms of nine (9) years, shareholders' approval is sought during the AGM.

CORPORATE GOVERNANCE STATEMENT

The Board and Nomination Committee has recommended all the three Independent Non-Executive Directors who have served for more than 9 years on Board to continue and be re-appointed as Independent Non-Executive Directors of the Group at the coming AGM.

The Board and Nomination Committee have assessed, reviewed and determined that all the three Independent Non-Executive Directors, namely, Y.A.M. Tunku Tan Sri Imran Ibni Almarhum Tuanku Ja'afar, Dato' Kok Wee Kiat, Y.M. Tengku Yunus Kamaruddin have been conscientiously independent in carrying out their roles as Members of the Board and Board Committees, notably in fulfilling their roles as Chairman of the Board and Nomination Committee (in the case of Y.A.M. Tunku Tan Sri Imran Ibni Almarhum Tuanku Ja'afar) and Audit Committee (as in the case of Dato' Kok Wee Kiat).

Accordingly the Group would be seeking shareholders' approval at the coming Annual General Meeting to have Y.A.M. Tunku Tan Sri Imran Ibni Almarhum Tuanku Ja'afar, Dato' Kok Wee Kiat and Y.M. Tengku Yunus Kamaruddin who have each served as Independent Non-Executive Directors of the Board for a cumulative term of more than nine years, to continue to serve as an Independent Non-Executive Directors based on the following justifications:-

a) they have fulfilled the criteria of an Independent Director pursuant to the Main Market Listing Requirements of BMSB;

b) they provide the Board a diverse set of experience, skill and expertise as they are highly qualified persons who have been contributing in both the public and private sectors;

c) they have in-depth industrial knowledge on the Group's business operations, and

d) they have devoted and can devote sufficient time and attention to their professional obligations for informed and balance decision making.

3.4 Separation of positions of the Chairman and Managing Director

There is a clear and distinct division of responsibilities between the Chairman and the Managing Director to ensure that there is an appropriate balance of power and role, responsibility and accountability at Board level.

Decisions reached at Board meetings 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.

3.5 Composition of the Board

The Group's Board as at end of the financial year had seven (7) members comprising one Independent Non-Executive Chairman, two Independent Non-Executive Directors, three Non-Independent Non-Executive Directors and one Executive Managing Director. The Chairman has never held any prior executive positions 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. The Group's Board balance is achieved with the presence of three (3) Independent Non-Executive Directors. Collectively, they ensure that plans and strategies proposed by the management are fully discussed and examined, taking into account the long-term interests of all shareholders and stakeholders of the Group including employees, customers, suppliers and the local community in which the Group conducts business.

CORPORATE GOVERNANCE STATEMENT

4 FOSTER COMMITMENT

4.1 Time Commitment

The Board meets on scheduled basis at least four (4) times a year on quarterly basis, with additional meetings convened when necessary to consider urgent proposals or matters that require the Board's attention. The Managing Director and Finance Director attend the meetings to report on the Group's performance to enable the Board members to discharge their duties and responsibilities.

During the financial year ended 31 March 2016, four (4) Board meetings were held. Details of the Board meetings and attendance of the Directors were as follows:-

Date of Meeting	Time	Place
27 May 2015	11:45 a.m.	ALCOM, Bukit Raja, Klang
26 August 2015	10:15 a.m.	Hotel Armada, Petaling Jaya
26 November 2015	11:45 a.m.	ALCOM, Bukit Raja, Klang
16 February 2016	11:00 a.m.	ALCOM, Bukit Raja, Klang

Details on attendance of the directors at meetings held during the financial year ended 31 March 2016 were as follows:

Name of Director	Date of Appointment	No of Meetings Attended *	Percentage of Attendance (%)
Y.A.M. Tunku Tan Sri Imran ibni Almarhum Tuanku Ja'afar	27 July 1987	4/4	100
Dato' Kok Wee Kiat	01 January 1996	3/4	75
Y.M. Tengku Yunus Kamaruddin	27 December 2001	4/4	100
Mr. Heon Chee Shyong	17 November 2014	4/4	100
Mr. Shashi Kant Maudgal #	1 June 2012	3/4	75
Mr. Paul Allen Stadnikia	1 June 2012	4/4	100
Mr. James F. Makki	27 May 2015	4/4	100

Note:
* Number of meetings attended / number of meetings held while in office
# Resigned on 31 May 2016

To ensure that Directors have sufficient time to fulfil their roles and responsibilities effectively, one criterion as agreed by the Board for determining candidates for the pool of potential Directors is that they must not hold directorships at more than five public listed Companies (as prescribed in Paragraph 15.06 of Main Market Listing Requirements ["MMLR"]). The Board will stipulate the expectations of time commitment for members who accept new directorships and the potential Director is to notify the Chairman before accepting any new directorship to confirm of his/her commitment in devoting sufficient time to carry out his/her responsibilities.

4.2 Directors Training and Induction

All newly appointed Directors have successfully completed the Mandatory Accreditation Program ("MAP") conducted by the Bursatra Sdn Bhd; an affiliate of BMSB. During the financial year under review, the Directors have attended appropriate external training programs to equip themselves further with the knowledge to discharge their duties more effectively and to keep abreast of latest developments in the marketplace.

The Directors have during the financial year ended 31 March 2016, attended the following training programs:-

- Training entitled Contemporary Issues on Risk Management
- Capital Market Director Programme for Equities and Futures Broking
- Training entitled Professional Ethics and Integrity
- Novelis Asia Strategy Summit by Novelis Asia, Seoul, South Korea
- Novelis Global Leadership Program by Novelis Inc., Greensboro, Georgia, USA
- Deloitte Tax Conference
- Novelis Finance Forum by Novelis Inc., Greensboro, Georgia, USA
- Aditya Birla Group Chairman's Awards, Mumbai, India

CORPORATE GOVERNANCE STATEMENT

5 UPHOLD INTEGRITY IN FINANCIAL REPORTING

5.1 Compliance with Applicable Financial Report Standards

The Board is committed to present a balanced, accurate and meaningful assessment of the Group's financial position and prospects in the public disclosure of its financial results. These results are presented through the quarterly financial results, audited financial statements and Annual Reports. The Board, assisted by the Audit Committee, oversees the financial reporting of the Group. The Audit Committee reviews the Group's annual and quarterly financial statement and appropriateness of the Group's accounting policies and changes to these policies, as and when they come into force, to ensure that the Group's financial reporting compliance with all applicable accounting standards and regulatory requirements.

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 Group as at the end of the accounting period and of income statement and cash-flows for the period then ended. The Directors ensure that the Financial Statements are prepared in accordance to the Accounting Standards approved by the Malaysian Accounting Standards Board and comply with the provisions of the Companies Act and reasonable, prudent judgements and estimates have been made. In the preparation of the financial statements for the financial year ended 31 March 2016, the Directors have:

- Adopted suitable accounting policies and applied them consistently
- Made judgements and estimates on 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 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.

5.2 Suitability and Independence of External Auditors

The Board through the Audit Committee maintains a transparent and professional relationship with the Group's external auditors. The Audit Committee meets with the external auditors at least twice a year to discuss their audit plans and audit findings in relation to the Group's financial results. The Audit Committee has a private session with the External Auditors without the presence of Managing Director and Management to discuss the audit findings and any other observations they may have during the audit process. An assurance is provided by the External Auditors via their report to the Audit Committee, confirming their independence through the conduct of the audit engagement in accordance with the terms of relevant professional and regulatory requirements.

In addition, the External Auditors also attend the Internal audit exit meetings to receive the internal audit reports.

The External Auditors are also invited to the AGM of the Company and are available to answer shareholders' queries on the conduct of the statutory audit.

The Audit Committee of the Board comprises three (3) Independent Non-Executive Directors and one Non-Independent Non-Executive Director; a detailed report of the Audit Committee's activities can be found on pages 25 to 29.

CORPORATE GOVERNANCE STATEMENT

6 RISK MANAGEMENT FRAMEWORK AND INTERNAL CONTROL SYSTEM

6.1 Sound Risk Management Framework

The Audit Committee assists the Board by providing an objective review of the effectiveness and efficiency of the Group's internal control, risk management and governance framework. The Group has in place an on-going risk management process of identifying, evaluating, monitoring and managing the principal risks that the Group faced as it seeks to meet its business objectives. This process is embedded as well as entrenched into the Group's management systems, culture, people, strategy, policies, structures, processes and procedures over its five decades of operations. The Group, being part of Novelis has also conformed to the Novelis' requirement and implemented the numerous internal controls systems to mitigate possible operational risks arising. Senior Managers, who are heads of departments and reporting directly to the Managing Director are required to conduct periodical reviews of their own Risks Register and thereafter sign-off on a quarterly basis via Certification to the Managing Director and Finance Director that all risks and matters under their direct purview have been reviewed actions taken to address any risks gaps.

6.2 Internal Audit Function

The Group's internal audit function is performed by the Regional Internal Audit team of Novelis based in Korea. The internal audit team conducts a robust annual risk assessment which then determines the scope of focus for the internal audit in accordance with the risk based matrix. The scope of the internal audit is presented to the Audit Committee for review and prior approval. The field audit is subsequently conducted onsite and audit findings together with recommendations on risk gaps closure, if any, are reported by the internal auditors directly to the Audit Committee as well as to the head of Internal Audit and President's office at Novelis. The internal auditors also ensure that any recommended actions plans to improve controls are followed through by Management until they are resolved and closed.

The key features of the Risk Management Framework are set out in the Directors' Statement on Risk Management and Internal Controls as presented on pages 22 to 24 of this Annual Report.

7 ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

7.1 Corporate Disclosure Policy

The Board acknowledges that timely, complete and accurate disclosure is important to an orderly and fair market for the trading of securities. The Group is guided by the Corporate Disclosure Guide issued by the BMSB and the Board adheres strictly to the disclosure requirements to provide investors and the public with accurate and complete information on a timely basis. The Board ensures that confidential information is handled properly by authorized personnel to avoid leakage and improper use of such information.

While the Board endeavours to keep all its shareholders as much informed as possible, the Group always complies with the legal and regulatory framework governing the release of materials and price-sensitive information.

7.2 Leverage on Information Technology for Effective Dissemination of Information

The Group is also committed in providing accurate and complete information on a timely basis. Such information is disseminated through various disclosures and announcements made to BMSB through the quarterly financial results, audited financial statements and Annual Reports.

The company's website at www.alcom.com.my which is accessible by the general public also facilitates effective dissemination of latest and up-to-date information to the investors and general public.

CORPORATE GOVERNANCE STATEMENT

8 STRENGHTEN RELATIONSHIP WITH SHAREHOLDERS

8.1 Shareholder participation at General Meeting

The Board regards the AGM and other general meetings as an opportunity to communicate directly with shareholders and stakeholders and encourages attendance and participation in dialogue.

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.

Each shareholder can vote in person or by appointing a proxy to attend and vote on his/her/its behalf. Separate issues are tabled in separate resolutions at general meetings and, voting is carried systematically and motions carried through are properly recorded.

8.2 Encouraging Poll Voting

In respect to the Recommendation 8.2 of the 2012 Code, the Board had poll voting facilitators and verifiers on standby to facilitate poll voting in the event such was demanded by shareholders present. However, majority of the shareholders present at the last annual general meeting had opted for voting by a show of hands instead of proceeding with poll voting, which could be a time consuming process.

The Board would consider the feasibility of carrying out electronic polling at its future AGMs.

8.3 Effective Communication and Proactive Engagement

The Group recognises the importance of communication with its shareholders. The Managing Director and the Finance Director when necessary would hold discussions with the press, analysts and shareholders. 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 to the Group is only to be released publicly and communicated to all its stakeholders simultaneously, usually through a press release or regulatory filing like the release of financial results to the BMSB on quarterly, annual and adhoc basis; after prior review and approval by the Board.

The company's website at www.alcom.com.my also provides easy access to the investors and general public on up-to-date corporate announcements, quarterly financial results, annual reports and where appropriate, circulars and press releases and other information pertaining to the Group.

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

Shareholders 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 designated 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 Audit Committee and also an Independent Non-Executive Director at email address: kokweekiat@gmail.com.

Annual General Meeting

In respect of items on 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.

COMPLIANCE WITH THE CODE

The Board has taken necessary practical and appropriate steps to comply with the requirements of MMLR of BMSB as well as the principles of best practices of good corporate governance as set out in the Code. The Group will continue to review its governance principles and recommendations in its pursuit of achieving the highest level of transparency, accountability and integrity.

Should a updated/revised Code replace the Code, the Group will comply with accordingly.

DIRECTORS' STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

For Financial Year ended 31 March 2016

INTRODUCTION

The Board recognizes the importance of a sound system of risk management and internal controls to safeguard shareholders' investments, stakeholders' interests and the Group's assets.

This Statement is prepared pursuant to Paragraph 15.26(b) of the Listing Requirements of Bursa Malaysia Securities Berhad and is guided by the principles and best practices relating to internal controls as stipulated in the Malaysian Code on Corporate Governance 2012 ("the Code")

The Board of Directors are pleased to provide the following statement that has been prepared accordingly.

RESPONSIBILITIES OF THE BOARD

The Board acknowledges its overall responsibility and accountability for a sound system of risk management and internal controls that ensures the reliability and integrity of the financial and operational information, effectiveness and efficiency of operations,; safeguarding of assets and compliance with all laws and regulations.

The Board has established an appropriate control environment and risk management framework for reviewing the adequacy and integrity of the system so as to continuously sustain and promote an effective governance structure within the Group. The Group's system of internal controls and risk management is structured to provide reasonable assurance to achieve the following:-

- Effectiveness and efficiency of operations including the safeguarding of shareholders' investments as well as the Group's assets
- Regular reviews and updates on risk management and systems of internal controls
- Accuracy and timeliness of financial reporting
- Compliance with applicable laws and regulations
- An environment to promote integrity, good ethics and conduct

The risk management and internal control system, no matter how well conceived and operated, can only manage, rather than eliminate the risk of business failures. The systems in place can provide only reasonable and not absolute assurance against material misstatements or loss.

RISK MANAGEMENT FRAMEWORK

The Group has in place an on-going risk management process of identifying, analysing, evaluating, monitoring and managing the principal risks that the Group faces as it seeks to meet its business objectives. This process is embedded into the Group's management systems, culture, people, strategy, policies, structures, processes and procedures over its years of operations.

At the end of each quarter, all Unit/Section Leads, Managers and Departmental Heads will provide a signed certification of assurance that exposures if any, pertaining to controls, risks and commitment & contingencies are highlighted and addressed. For certain selected departments where the potential risk is higher, all the staff would be involved. This written assurance is provided after they have conducted reviews and assessed any exposures within their area of accountability. Apart from this, on a periodical basis, the Managing Director would review the enterprise risk specific to each functional area together with the respective departmental heads to mitigate and manage both internal & external risks and uncertainties that may affect the business.

These processes that involve all levels of employees within the Group broadly form the framework to manage risk. In addition, the Group being a subsidiary of Novelis Inc.,("Novelis") also participates in the global risk program with the purpose of identifying, assessing, prioritizing and taking appropriate action to address risks. In the recent exercise, 25 risks were identified and categorized into 3 different tiers based on likelihood and severity. This program is executed by the Internal Audit Department which is based in Seoul, Korea. The Group therefore conforms to the Novelis Corporate's requirement and has implemented numerous controls and policies as directed.

DIRECTORS' STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

For Financial Year ended 31 March 2016

In addition, the Group, operates within a global matrix organizational structure where individuals at the senior management level have dual reporting responsibilities with one reporting line to the local country head viz the Managing Director and another to a functional head located regionally i.e. in Seoul, Korea. This structure enhances accountability and assists in reinforcing the risk management framework through global sub-delegation structures in place. At the same time, performance measurements similar to Key Results Areas ("KRA") which are based on the score card driven by Novelis through the ALCOM Group is used to track and measure the general performance of the operations and is finally linked to individual employee contributions.

For all operating and capital expenditures approved in the annual plan, spending is authorized based on predetermined levels set in the Delegation of Authority Matrix supported by the Contract Management System. All requisitions and contracts are subject to prior reviews and approval before execution.

All elements of risk management principles, policies, procedures and practices are periodically reviewed, with results communicated to the Board to ensure their continued relevance and compliance with current applicable laws and regulations.

INTERNAL AUDIT

Internal Audit is an integral and important part of the governance process. The Internal Audit Department based in Seoul, Korea performs the internal audit function for the Group. It provides the Board through the Audit Committee an independent opinion on the processes, risk exposures and systems of internal controls of the Group. The internal audit team reviews the existing systems of controls and provides the Board with much of the assurance it requires regarding the adequacy and the effectiveness of the risk management process in place to identify, manage and control the proper conduct of business within the Group. The audit team also provide useful advice on control assurance activities and opportunities for improvement to the existing control systems in place and propose solutions to eliminate shortcomings or deficiencies.

The Audit Committee reviews and approves the scope of the internal audit to be carried out. The results of the audit findings and the recommendations for improvement are reported back to the Audit Committee as well as to the Board on a timely basis. The Group's senior Management is responsible for ensuring that any recommended corrective actions are implemented within a defined time frame. Follow up audits are conducted to ensure the corrective action has been addressed accordingly. For the period under review, based on the internal audit reviews carried out, none of the weaknesses noted by the internal audit team have resulted in any material losses, contingency or uncertainties that would require disclosure in the Annual Report.

KEY ELEMENTS OF THE INTERNAL CONTROL ENVIRONMENT

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

- various Board Committees are chaired by the Independent Non-Executive Directors to oversee, monitor and review the Group's and Management's performances
- an organization structure with clearly defined roles and responsibilities with a hierarchical structure of reporting lines and accountability
- setting annual plans that are in line with the Group's strategic direction
- development of specific action plans for the different KRAs to drive the achievement of the various initiatives in line with the annual plans
- delegating KRAs to all key leaders of different departments across the Group; synchronizing with annual plans
- weekly, monthly and ad hoc meetings consisting of departmental meetings, various cross functional meetings and head of departments meetings for the review and resolution of issues as well as to measure and monitor performance achievements
- periodical performance appraisals which is linked to KRAs with both quantitative and qualitative criteria to raise individual performance
- structured training program for employees to maintain high standards on safety, code of conduct and to upgrade the competency levels of their respective professions
- Terms of Reference and delegation of responsibilities to committees of the Board and business operating units, including proper authorization for all aspects and levels of the business within the Group
- regular Board Meetings to set group goals and objectives, review business operations, to approve significant transactions as well as to approve releases of quarterly and annual financial results

DIRECTORS' STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

For Financial Year ended 31 March 2016

- documentation and regular update of risk management and internal controls' policies and procedures as set out in standard operating policies and procedural manuals. These manuals including credit, quality, safety, health, environment and insurance are the subject of regular annual reviews and improvement audits which help identify gaps arising as well as ensuring updates and compliance with regulatory requirements and standards
- quarterly certification by various levels of employees and representation letters by Management to the Board and Parent Company on assurances of risk management, internal controls and compliance
- plant visits by members of the Board on a periodical basis
- whistle-blowing procedure in place forms part of the Group's Code of Conduct. This provides an avenue for employees/public to report/complain of any wrongdoing by any employee of the Group, or any breach or suspected breach of any laws or standards in a safe and confidential manner

CONTROL ASSURANCE OVER FINANCIAL REPORTING

The Management continues with its practice of making quarterly representation as well as certification of the reviews it carries out to Novelis and to the Board. These representations serves as a commitment of management assurance on risk management and controls system in place for financial reporting accuracy.

REVIEW OF THIS STATEMENT

The external auditors have reviewed this Statement for inclusion in the FY2016 Annual Report, and reported to the Board that with the exception of control improvements required in the Information Technology(IT) system, nothing has come to their attention that causes them to believe that the Statement is not prepared, in all material aspects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control Guidelines for Directors of Listed Issuers; nor is the Statement factually inaccurate.

These IT control gaps were discovered during the review of the recently migrated enterprise planning system and specifically relate to the IT security policy and control procedures. Management has specific initiatives to address the gaps and target to close them latest by end August 2016.

Group Internal Audit has reported to the Audit Committee that, it has not identified any circumstances which suggest fundamental deficiencies in the Group's internal control and risk management system that would have resulted in material losses.

CONCLUSION

The Board is of the view that the system of internal control and risk management in place for the current financial year under review, and up to the approval of this Statement, is sufficient to safeguard the Group's assets, as well as the shareholders' investments, stakeholders' interests and the Group's assets.

The Board has received quarterly assurance from the Managing Director and Finance Director that the Group's risk management and internal control systems are operating adequately in all material aspects, based on the framework adopted by the Group.

REPORT OF THE AUDIT COMMITTEE

The primary objective of the Audit Committee is to assist and support the Board of the Groupp in fulfilling its fiduciary responsibilities to ensure good corporate governance. The Committee is responsible for assessing the risk and control environment, overseeing financial reporting and evaluating the management and audit process within the Group.

COMPOSITION AND MEETINGS

As at end of financial year ending 31 March 2016, the Audit Committee comprised 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 compositions of the Audit Committee during the financial year ended 31 March 2016 were 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. Paul Allen Stadnikia – Non-Independent Non-Executive Director

The detailed profiles of the Committee Members can be found on pages 34 to 40.

During the financial year ended 31 March 2016, four (4) Audit Committee meetings in addition to several informal meetings were held and attendance details of the directors at meetings held were as follows:-

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

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

The Managing Director and the Finance Director attended all meetings upon invitation by the Audit Committee.

The Group's external auditors also attended the first and third quarter meetings held during the financial year. As in the past years, the Board Audit Committee also had a private session with the external auditors without the presence of the Executive Director and members of the management present to discuss audit findings and any other observations that they may have noted during the audit process.

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

Summary of Activities

The Audit Committee carried out its duties in accordance with the Summary of Terms of Reference as listed below during the financial year with the keys responsibilities listed as follows:-

- Overseeing financial reporting and practices,
- Review and approve the Internal and External Audit scope and plans;
- Receive the audit report of the Group prepared by the Internal and External Auditors and major findings by the auditors and management responses thereon:
- Review the quarterly announcement on interim financial result and annual reports of the Group prior to submission to the Board for consideration and approval;
- Reviewing conflict of interest situations and recurring related parties transactions entered into by the Group and the disclosure of such transactions in the annual report and circular to ensure compliance with the Bursa Malaysia Securities Berhad's Main Market Listing Rules,
- Assessing the risk and control environment, and
- Evaluating the management and audit process within the Group.

REPORT OF THE AUDIT COMMITTEE

Internal Audit function

ALCOM Group is subject to yearly audits by the group internal regional audit team from Novelis Korea Limited.

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 risks process and 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 Group Internal Audit covers the audits of all units and operations of the Group including the various computer application systems and network of the Group. Besides the schedule annual audits, the group internal audit also conducts adhoc fact based investigation audit as and when there is a need arising. The final reports from both the internal and external auditors were forwarded directly to the Audit Committee.

Key observations and opportunities for improvements identified were also presented to the Audit Committee for management to revert with responses to mitigate gaps, if any identified.

The costs relating to the annual internal audit function conducted during the financial year were fully absorbed by Novelis Korea Limited.

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

1. Composition of members

1.1 The Board shall elect the Audit Committee members from amongst themselves, comprising no less than three (3) non-executive directors. The majority of the Audit Committee members shall be independent directors as defined under Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements.

1.2 All members of the Audit Committee shall be financially literate and at least one (1) member of the Audit Committee must be:

a) a member of the Malaysian Institute of Accountant ("MIA"); or

b) if he is not a member of MIA, he must have at least three (3) years of working experience; and
   i) he must have passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967;or
   ii) he must be a member of one of the associations of the accountants specified in Part II of the First Schedule of the Accountants Act 1967 or

c) fulfills such other requirements as prescribed or approved by Bursa Securities.

1.3 No alternate Director of the Board shall be appointed as a member of the Audit Committee.

1.4 The term of office and performance of the Audit Committee and each of its members shall be reviewed by the Board through the nominating committee annually to determine whether such Audit Committee and members have carried out their duties in accordance with their terms of reference.

2. Retirement and Resignation

2.1 If a member of the Audit Committee resigns, dies, or for any reason ceases to be a member resulting in non compliance to the composition criteria as stated in paragraph (1) above, the Board shall within three (3) months of the event appoint such number of the new members as may be required to fill the vacancy.

REPORT OF THE AUDIT COMMITTEE

3. Chairman

3.1 The members of the Audit Committee shall elect a Chairman from amongst their number who shall be an Independent Director. In the absence of the Chairman of the Audit Committee, the other members of the Audit Committee shall amongst themselves elect a Chairman who must be Independent Director to chair the meeting.

4. Secretary

4.1 The Company Secretary shall be the Secretary of the Audit Committee and as a reporting procedure the Minutes shall be circulated to all members of the Board.

5. Meetings

5.1 The Audit Committee shall meet regularly, with due notice of issues to be discussed, and shall record its conclusions in discharging its duties and responsibilities. In addition, the Chairman may call for additional meetings at any time at the Chairman's discretion.

5.2 Upon the request of the external auditor, the Chairman of the Audit Committee shall convene a meeting of the Audit Committee to consider any matter the external auditor believes should be brought to the attention of the directors or shareholders.

5.3 Notice of Audit Committee meetings shall be given to all the Audit Committee members unless the Audit Committee waives such requirement.

5.4 The Chairman of the Audit Committee shall engage on a continuous basis with senior management, such as the Chairman, the Managing Director, the Chief Financial Officer, the head of internal audit and the external auditors in order to be kept informed of matters affecting the Company.

5.5 The Managing Director and the Chief Financial Officer should normally attend meetings. Other Board members and employees may attend meetings upon the invitation of the Audit Committee. However, the Audit Committee shall meet with the external auditors without executive Board members or employees present at least twice a year and whenever necessary.

5.6 The external auditors have the right to appear and be heard at any meeting of the Committee and shall appear before the Committee when required to do so by the Committee.

5.7 The internal auditors shall be in attendance at meetings of the Committee to present and discuss the audit reports of findings and the recommendations relating thereto and to follow up on decisions made at these meetings.

5.8 Questions arising at any meeting of the Audit Committee shall be decided by a majority of votes of the members present, and in the case of equality of votes, the Chairman of the Audit Committee shall have a second or casting vote.

6. Minutes

6.1 Minutes of each meeting shall be kept at the registered office and distributed to each member of the Audit Committee and also to the other members of the Board. The Audit Committee Chairman shall report on each meeting to the Board.

6.2 The minutes of the Audit Committee meeting shall be signed by the Chairman of the meeting at which the proceedings were held or by the Chairman of the next succeeding meeting.

7. Quorum

7.1 The quorum for the Audit Committee meeting shall be the majority of members present whom must be Independent Directors and two (2) members shall constitute a quorum.

7.2 Attendance at a meeting may be by being present in person or by participating in the meeting via video or teleconference.

REPORT OF THE AUDIT COMMITTEE

8. Objectives

8.1 The principal objectives of the Audit Committee are to assist the Board of Directors in discharging its statutory duties and responsibilities relating to accounting and reporting practices of the holding company and each of its subsidiaries. In addition, the Audit Committee shall:

a) evaluate the quality of the audits performed by the internal and external auditors;

b) provide assurance that the financial information presented by management is relevant, reliable and timely;

c) oversee compliance with laws and regulations and observance of a proper code of conduct; and

d) determine the quality, adequacy and effectiveness of the Group's control environment.

9. Authority

9. The Audit Committee shall, in accordance with a procedure to be determined by the Board and at the expense of the Company:

(a) have explicit authority to investigate any matter within its terms of reference, the resources to do so, and full access to information. All employees shall be directed to co-operate as requested by members of the Audit Committee.

(b) have full and unlimited/unrestricted access to all information and documents/resources which are required to perform its duties as well as to the internal and external auditors and senior management and employees of the Company and Group.

(c) obtain independent professional or other advice and to invite outsiders with relevant experience to attend, if necessary.

(d) have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity (if any).

(e) where the Audit Committee is of the view that the matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of Bursa Securities Main Market Listing Requirements, the Audit Committee shall promptly report such matter to Bursa Securities.

10. Duties and responsibilities

10.1 The duties and responsibilities of the Audit Committee are as follows:

Evaluating the External Audit Process

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

(b) To discuss with the external auditor before the audit commences, the nature and scope of the audit, and ensure co-ordination where more than one audit firm is involved;

(c) To review with the external auditor his evaluation of the system of internal controls and his audit report;

(d) To consider the auditor's competence & independence.

Overseeing Financial Reporting

(e) To review the quarterly and year-end financial statements of the Board, focusing particularly on:-

- any change in accounting policies and practices;
- significant adjustments arising from the audit;
- the going concern assumption; and
- compliance with accounting standards and other legal requirements;

* presents a true and fair view of the company's financial position and performance

REPORT OF THE AUDIT COMMITTEE

(f) Assessing the appropriateness of management's selection of accounting policies and disclosures in compliance with approved accounting standards.

(g) Ensuring timely submission of Financial Statements by management.

(h) Reviewing significant or unusual transactions and accounting estimates, including related party transaction.

(i) To review the external auditor's management letter and management's response.

Assess Risks & Control Environment

(j) 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 programme and results of the internal audit process and, where necessary, ensure that appropriate actions are taken on the recommendations of the internal audit function;
- review any appraisal or assessment of the performance of members of the internal audit function;
- approve any appointment or termination of senior staff members of the internal audit function; and
- take cognizance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning;

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

(l) To verify the allocation of employees' share option scheme ("ESOS") in compliance with the criteria as stipulated in the by-laws of ESOS of the Company, if any;

Review conflict of interest and Related Party Transaction

(m) To consider any related party transactions and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity;

Relationships and Communication with Board, Auditors and Management

(n) To report its findings on the financial and management performance, and other material matters to the Board;

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

(p) To identify principal risks and to establish a proper risk management system to manage such risks;

(q) To consider other topics as defined by the Board;

(r) To consider and examine such other matters as the Audit Committee considers appropriate.

11. Revision of the Terms of Reference

Any revision or amendment to the Terms of Reference, as proposed by the Audit 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.

[As at 26 May 2016]

ADDITIONAL COMPLIANCE INFORMATION

Share Buyback

In the financial year ended 31 March 2015, the Company did not transact any share buyback during the financial year. A total of 2,079,000 shares were retained as treasury shares as at 31 March 2015.

Options, Warrants or Convertible Securities

The Company has not issued any options, warrants or convertible securities during the financial year.

Depository Receipt Programme (DRP)

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

Imposition of Sanctions/Penalties

During the financial year, there were no public 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 RM18,000.00.

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 contracts during the financial year.

CORPORATE REVIEW

THE BOARD OF DIRECTORS

From left to right

Paul Allen Stadnikia
Non-Independent Non-Executive Director

Shashi Kant Maudgal
Non-Independent Non-Executive Director

Heon Chee Shyong
Non-Independent Managing Director

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

Dato' Kok Wee Kiat
Independent Non-Executive Director

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

James F. Makki
Non-Independent Non-Executive Director

Ms. Lam Lee San
Company Secretary

DIRECTORS' PROFILE

Y.A.M. TUNKU TAN SRI IMRAN IBNI ALMARHUM TUANKU JA'AFAR
Independent, Non-Executive Chairman
Aged 68, Malaysian

Appointed to the Board since 27 July 1987 and was elected as Chairman of the Board on 1 October 1987. Asides from being Chairman of the Board, he is also the Chairman of the Nomination Committee and Remuneration Committee and a member of the Audit Committee, all of which are sub-committees of the Board. He 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. He is currently Chairman of Syarikat Pesaka Antah Sdn Bhd. He was appointed as Chairman of Lafarge Malaysia 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 Emeritus 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, Patron 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, Honorary Life President of the Commonwealth Games Federation and member of the International Olympic Committee.

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 had any convictions for offences within the past 10 years.

DIRECTORS' PROFILE

HEON CHEE SHYONG
Non-Independent Managing Director
Aged 48, Malaysian

Appointed to the Board on 17 November 2014. Mr. Heon graduated with the Bachelor of Civil Engineering (Hons) and Bachelor of Commerce – Management from the University of Wollongong, Australia. He also completed General Manager Program from Australian Graduate School of Management (AGSM) at University of New South Wales.

Chee Shyong started his career with BlueScope Lysaght (Malaysia) Sdn Bhd (formerly known as BHP Steel Building Products Sdn Bhd) in 1991. Since then, he had accumulated 22 years of working experience within the BlueScope Steel group holding numerous key leadership roles. He has extensive experience in Sales and Marketing.

In 1999, he was made Vice President – Supply Chain: where he played a major role in heading 5 key departments – Procurement, Inventory Management, Production Planning, Logistics and Customer Service. In 2003, he was seconded as President, to an associate company within the BlueScope Steel group: BlueScope Lysaght (Sarawak) Sdn Bhd. During this time, he helped to put in place proper system and structure which successfully turned around the company. Later in 2007, he was posted back to BlueScope Lysaght (Malaysia) Sdn Bhd as President/Director overseeing the entire Malaysian operation. Most recently. he served as President/Director of BlueScope Lysaght Malaysia, Singapore and Brunei operations overseeing 7 businesses across the region taking leadership roles on strategic business development and building functional leadership team across the various business units.

Chee Shyong was appointed Managing Director of Aluminium Company Of Malaysia Berhad on 17 November 2014. He is also the Chairman of Aluminium Manufacturers Group of Malaysia (FMM – AMGM).

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.
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3. None of the directors had any convictions for offences within the past 10 years.

DIRECTORS' PROFILE

DATO' KOK WEE KIAT
Independent Non-Executive Director
Aged 75, Malaysian

Appointed to the Board since 1 January 1996. He is currently the 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. He holds a LLB (Hons) degree from the National University of Singapore.

He co-founded the law firm Mah-Kok & Din and 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 Boards of Directors of Bata Malaysia Sdn. Bhd. and the Securities Industry Disputes Resolution Center.

After serving 20 years on the Board of The Bank of Nova Scotia Berhad, he retired from the Board in May 2014.

He remains Advisor to the Prime Minister's Hibiscus Award after chairing the Organizing Committee for 12 years.

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 Sustainability & Responsibility, Malaysia.

Dato' Kok has been the Honorary Consul in Malaysia for the Grand Duchy of Luxembourg since 2007.

He attended three (3) out of the 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 had any convictions for offences within the past 10 years.

DIRECTORS' PROFILE

Y.M. TENGKU YUNUS KAMARUDDIN
Independent Non-Executive Director
Aged 75, Malaysian

Appointed to the Board on 27 December 2001 and is 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), Malaysia Institute of Certified Public Accountants and Malaysia 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. He is a Director of Keck Seng (Malaysia) Berhad and sits on the Board of UBS Securities Sdn Bhd since 14 September 2005.

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

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

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.
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3. None of the directors had any convictions for offences within the past 10 years.

DIRECTORS' PROFILE

SHASHI KANT MAUDGAL
Non-Independent Non-Executive Director
Aged 62, Indian

Appointed to the Board on 01 June 2012 and is also a member of the Nomination Committee and Remuneration Committee, all of which are sub-committees of the Board. Mr. Maudgal holds a Masters of Business Administration (Marketing & Finance) from the Indian Institute of Management, Calcutta, India in 1978, and Bachelor of Technology (Chemical Engineering) from the Indian Institute of Technology, Delhi, in 1976.

He began his career with Asian Paints (I) Ltd, from 1978 to 1987, holding various Sales and Marketing positions at various major cities within India. From 1987 to 1992, Mr. Maudgal joined Hindustan Ciba-Geigy Ltd as General Sales Manager heading the Consumer Product Division and was later promoted to Marketing Manager in charge of Sales & Marketing heading the Agricultural Division. He joined Arvind Clothing Ltd, Bangalore in Sept 1992, as Chief Executive of the branded garment subsidiary till 1996 when he was promoted by the Arvind group to head Company's European subsidiary located at London as its Chief Executive. In 1998, he was with Ceat (Tyres) Ltd as Executive Director of Marketing and Sales for 3 years till 2001. He later joined Hindalco Industries Ltd., in Feb 2001 until May 2012 as Chief Marketing Officer of Hindalco Industries Ltd. Mr. Maudgal had enjoyed many accomplishments during his tenure at Hindalco, including building and leading the marketing department, leading the European due diligence process team during the acquisition of Novelis, and serving as a member of the executive leadership team in setting strategic direction for Hindalco.

In addition to his responsibilities with Hindalco, Mr. Maudgal was a member of the Aditya Birla Group ("ABG") Business Review Councils for Grasim Viscose Fiber and Ultratech's Birla White Cement. He was also the Vice President of the Aluminium Association of India. In 2009, he was awarded the ABG Chairman's Outstanding Business Leader Award for his consistent record of accomplishments.

He was appointed as the Senior Vice President and Regional President of Novelis Asia Limited, located at Seoul, South Korea in May 2012. He was responsible for the Novelis Asia's operations which operates from Korea, China, Malaysia and Vietnam.

Mr. Maudgal resigned from the Board on 31 May 2016 which was the same day he retired from Novelis Asia Limited.

He attended three (3) out of the 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.
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3. None of the directors had any convictions for offences within the past 10 years.

DIRECTORS' PROFILE

PAUL ALLEN STADNIKIA
Non-Independent Non-Executive Director
Aged 57, American

Appointed to the Board on 1 June 2012 and is also a member of the Audit Committee, which is a sub-committee of the Board. He holds a Bachelor of Science in Business Administration from the Central Michigan University in 1981.

Upon graduation he worked with the CMS Energy Corporation Group holding a variety of positions; as Senior Financial Analyst (1981), Senior Finance Director (1997), Assistant Treasurer (1999), and ultimately as Executive Director of Financial Planning (2004). He then joined DTE Energy Group from 2004 through 2008 as Director of Trust Investments to Assistant Treasurer and eventually the Director of Corporate Finance. In Oct 2008, he joined Enexus Energy Corporation / Entergy Corporation as the Vice President and Treasurer responsible for developing financial strategy and operations of Enexus Group.

Mr. Stadnikia subsequently joined Novelis Inc., on Sept 2010 as the Assistant Treasurer working on the funding needs of the Novelis Group via the multi-billion dollar recapitalization. The Novelis Group's debt was restructured to enhance the Group's financial flexibility leading to a multi-billion dollar dividend to Novelis Inc.'s parent.

On Feb 2011, he was promoted to his present position as Vice President - Finance of Novelis Asia, responsible for the overall financial management of the Novelis Asia Region, located at Seoul, South Korea.

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 had any convictions for offences within the past 10 years.

DIRECTORS' PROFILE

JAMES F. MAKKI

Non-Independent Non-Executive Director
Aged 57, American

Appointed to the Board on 27 May 2015. Dr. James F. Makki holds both a Doctorate (1989) and Bachelor's Degree (1982) in Chemical Engineering from Cleveland State University, Ohio and an MBA (1998) from Illinois Benedictine University.

He began his career with Alcan Rolled Products in 1989 as Surface Coating Specialist. Since then, he had been with Novelis for more than 25 years till present date.

During this period, he has held numerous operational, technical and leadership roles in various geographical locations within North America, Asia and South America. James brings with him a vast experience in all facets of the aluminium manufacturing with proven success in strategic leadership and effective bottom-line execution. He has accumulated skills in managing cross-functional teams, analysing complex situations with a bias toward clear strategies and action, formulating effective decision making structures and leading innovative process to drive business growth.

On 1 April 2015, he was appointed Vice President, Operations for Novelis Asia with its regional head-quarters located in Seoul, Korea. In his new position, James will be responsible for the overall operations of the 4 plants within Asia region; namely, two Korea Plants (Yeongju & Ulsan), Changzhou Plant in China and ALCOM Plant in Malaysia. Prior to this, he was serving as the Vice President, Operations, for Novelis North America, a position which he has held since Oct 2013 till March 2015.

Dr. James is recognized for his commitment to excellence in manufacturing within the Novelis Group.

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 had 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. Heon Chee Shyong
(Non-Independent Executive
Managing Director)

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

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

Mr. Shashi Kant Maudgal
(Non-Independent Non-Executive
Director)
-resigned on 31 May 2016

Mr. Paul Allen Stadnikia
(Non-Independent Non-Executive
Director)

Dr. James F. Makki
(Non-Independent Non-Executive
Director)

JOINT SECRETARIES:

Ms. Lam Lee San (MAICSA 7048104)
Ms. Lee Lai Fong (MAICSA 7031962)

AUDIT COMMITTEE

Chairman:
Dato' Kok Wee Kiat

Members:
Y.A.M. Tunku Tan Sri Imran
ibni AlmarhumTuanku Ja'afar

Y.M. Tengku Yunus Kamaruddin

Mr. Paul Allen Stadnikia

NOMINATION COMMITTEE

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

Members:
Dato' Kok Wee Kiat

Mr. Shashi Kant Maudgal

REMUNERATION COMMITTEE

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

Members:
Dato' Kok Wee Kiat

Mr. Shashi Kant Maudgal

REGISTERED OFFICE

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

REGISTRARS

Symphony Share Registrars Sdn Bhd
(378993-D)
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Tel : 03-7841 8000
Fax : 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

Main Market Bursa Malaysia
Securities Berhad

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
Tel : +603-3346 6262
Fax : +603-3341 2793

SALES ENQUIRIES/ CONTACT

sales.alcom@novelis.com

WEBSITE:

ALCOM Group
www.alcom.com.my

Parent Company
www.novelis.com

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
Tel : +603-3346 6262
Fax : +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
Tel : +603-3342 2234
Fax : +603-3342 2203

PRODUCTS MANUFACTURED

ALCOM Aluminium Specialty Products
Tread Plate, Flat Sheet, Coils, Stucco Embossed Sheet / Coils, Painted Sheet / Coils, Cladding Sheet, Composite Panel. Capacitor Coil, Closure Sheet

ALCOM Aluminium Roofing Products
Corrugated Sheet
'PAYUNG' – 7C & 11C
Industrial Profile Roofing Sheets
'7P', 'Alrib', 'Comspan'
Available in Stucco-Embossed, Painted Finished and Roofing Coil

Aluminium Foil Products
Finstock - Bare & Coated,
Cable Foil, Plain Foil,
Diaphragm Foil (Lacquered)

Trade Names
PAYUNG - Corrugated Sheet
COMSPAN - Industrial Profile Roofing Sheet

FIVE-YEAR SUMMARY

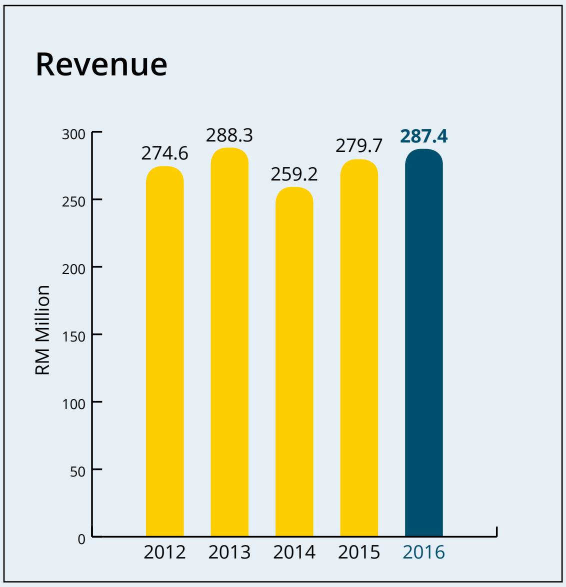
Group Financial Highlights

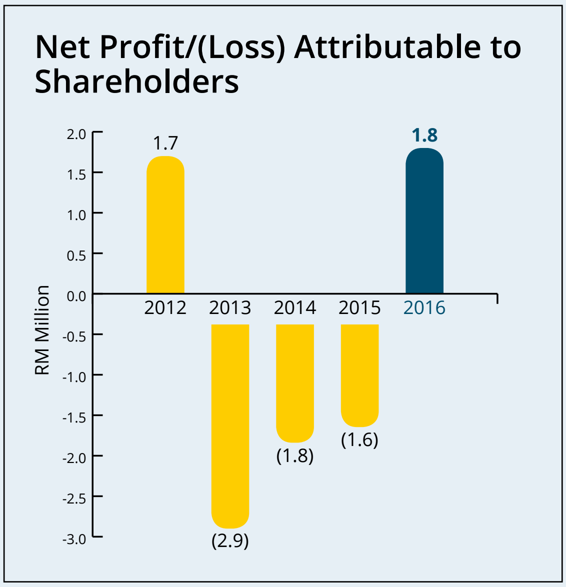
Revenue and Earnings (RM Million)	FYE 2012	FYE 2013	FYE 2014	FYE 2015	FYE 2016
Revenue	274.6	288.3	259.2	279.7	287.4
Profit/(Loss) from ordinary activities before tax	2.4	(3.9)	(2.3)	(0.9)	2.9
Provision for taxation - Current	(0.6)	(0.1)	(0.6)	(1.1)	(2.1)
- Deferred	(0.1)	1.1	1.3	0.6	1.0
Net profit/(loss) attributable to shareholders	1.7	(2.9)	(1.8)	(1.6)	1.8

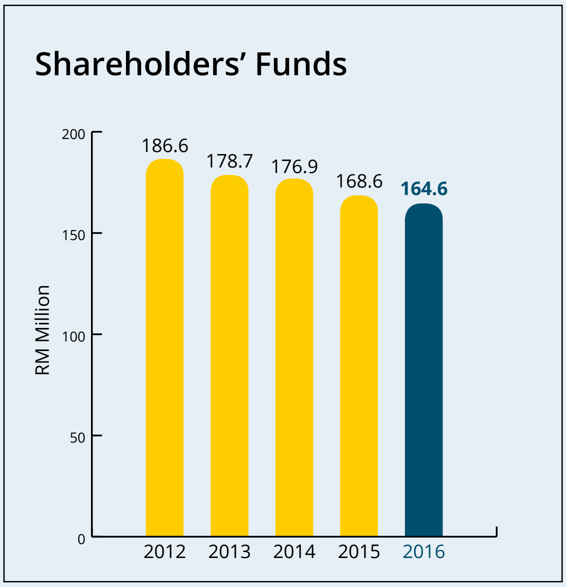
Balance Sheet Items (RM Million)	FYE 2012	FYE 2013	FYE 2014	FYE 2015	FYE 2016
Working capital	102.0	98.6	100.0	97.7	104.1
Non current assets	99.6	93.8	89.6	83.0	71.0
Total borrowings	-	-	-	-	-
Shareholders' funds	186.6	178.7	176.9	168.6	164.6
Total assets	219.8	213.5	214.9	228.3	209.7

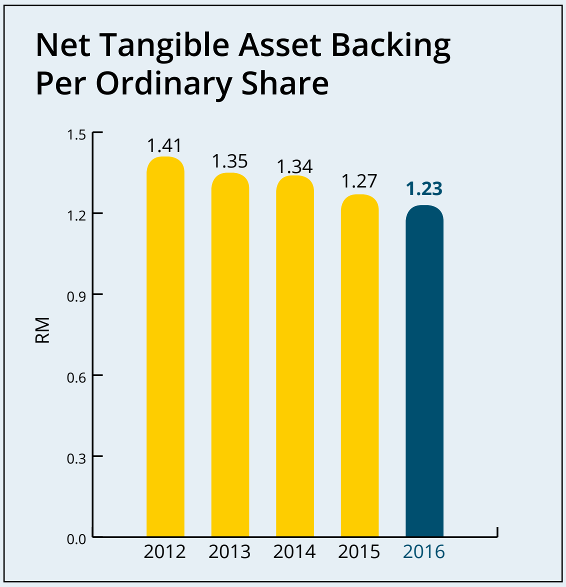
Other Statistics:	FYE 2012	FYE 2013	FYE 2014	FYE 2015	FYE 2016
Earnings/(Loss) per Ordinary Share (RM Sen)	1.3	(2.2)	(1.20)	(1.15)	1.37
Ordinary dividends per Share (RM Sen)	7.5	5.0	-	5.0	5.0
Net tangible asset backing per Ordinary Share (RM)	1.41	1.35	1.34	1.27	1.23
Capital expenditure (RM million)	23.6	8.4	8.7	4.9	2.6
Net cash from operating activities (RM million)	15.3	11.8	26.9	12.6	2.4
Share prices : Highest (RM)	1.05	0.90	0.83	1.27	0.85
: Lowest (RM)	0.81	0.56	0.62	0.61	0.64

FIVE-YEAR SUMMARY









CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, I am pleased to present the Annual Report and Financial Statement of Aluminium Company of Malaysia Berhad ("ALCOM") Group for the financial year ended 31 March 2016.

GROUP PERFORMANCE

In Financial Year 2016 , the higher than usual volatility in global demand for aluminium products resulted in a more intensified competitive environment. Additionally, excess supply in the market impacted both the aluminium price and the Main Japanese Port (MJP) Premium. The price of alumininum declined by 11% on average in the last 3 quarters compared to the beginning of FY2016. MJP Premium was similarly impacted; it reduced by 61% on average for the same period.

Despite these challenges, the Group delivered a strong shipment performance in the second half of the financial year to close the year with an overall shipment volume that was only 3% lower than the previous year. This lower volume was in line with the Group's focus for FY2016 on a higher value product portfolio. Coated Fin product category, which generates the highest contribution per metric ton, achieved a shipment volume of 12% above the previous year. In addition, the weakened Malaysian Ringgit vis a vis the US currency aided the export portion of Group sales.

Against this background, the Group posted a consolidated pre-tax profit of RM2.86 million for the financial year ended 31 Mar 2016 as compared to a pre-tax loss of RM0.96 million in FY2015. The Group achieved this position due to the improvement initiatives that included a better product mix and increased export shipments. The pre-tax profit was derived after accounting for impact of impairment totaling RM2.13 million for selected assets which were written down to their fair values.

CHAIRMAN'S STATEMENT

FINANCIALS AND DIVIDENDS

The Group's cash reserves stood at RM50.5 million at the end of the financial year ended 31 March 2016.

An interim single tier dividend of 5% was declared in respect of financial year ended 31 March 2016 amounting to RM6.6 million. This was paid out on 20 August 2015.

ECONOMIC DEVELOPMENT AND INDUSTRY TRENDS

The slowing of China's economy and the fall in oil price were the main factors for the lethargic world economy for the year 2015. China which is the second largest economy in the world and Malaysia's largest trading partner has been struggling to meet 7% growth. The lifting of economic sanctions against Iran has caused oil price to decline further. Additionally, for the first time since 2006, USA had its first rate hike.

On the domestic front, a substantial portion of our government's revenue which comes from Petronas dividends was badly affected due to the fall in oil price. However, the timely GST implementation managed to sustain the government's income despite a lower GDP achievement compared to 2014.

PROSPECTS

The global economy is expected to grow at a very moderate pace across both advanced and emerging market economies. These growth prospects are however susceptible to increased downside risks in light of possible repercussions from the so called 'Brexit' referendum in the United Kingdom particularly since the Euro currency is the second largest currency traded worldwide. In Asia, regional demand will be important as the external sector is light on growth.

In Malaysia, domestic demand will continue to be the key growth driver. While investment in the oil and gas sector is slowing, overall investment is expected to be supported by the on-going implementation of infrastructure projects. Exports are projected to remain weak following continued subdued demand from Malaysia's key trading partners. Overall, while the domestic economy is expected to remain on track to expand in 2016 and 2017, uncertainties in the global environment could weigh on Malaysia's growth prospects.

The Group continues to work on further cost efficiencies to more effectively manage the volatile aluminium market, as this will have a positive bottom line impact in the very competitive environment. The emphasis on the roofing market will start to have a more pronounced financial impact as the Group continues to build on its higher value product portfolio.

ACKNOWLEDGEMENT

On behalf of the Board, I want to thank all our customers, shareholders, employees, government authorities and business partners. We look forward to your continued commitment and dedicated support in the coming year.

Since my last report, Mr. Shashi Kant Maudgal has retired from the Board effective 31 May 2016. He has also retired from Novelis Korea Limited on the same day. The Board would like to register a note of thanks for his valued contribution as member of the Board during his tenure.

The Board would also like to register a note of appreciation and thanks to our immediate holding company, Novelis Inc., for their continued support and technical knowledge transfers.

Last but not least, I would also like to thank my fellow Directors for their invaluable counsel, guidance and support during the year under review.

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

MANAGING DIRECTOR'S REVIEW ON OPERATIONS

The ALCOM Group posted a revenue of RM287.41 million for the financial year ending 31 March 2016; an increase of 2.8% as compared to the corresponding financial year ending 31 March 2015. The revenue was achieved despite lower shipment volume of 3% and much lower base metal costs.

In the period under review, most economies around the world were facing a slower growth rate. Notably, the slowdown in China impacted ASEAN and other regions with surplus of commodities and the price of aluminium was affected. The market was both challenging and uncertain especially with the weakening of the Ringgit against the US currency and the declining metal costs. We began the fiscal year with base metal costs at its peak; LME was trading at USD 1,837 per metric ton and the Main Japanese Port (MJP) premium was trading at USD 425 per metric ton. In the subsequent months, base metal costs progressively dropped up to 30% from its peak. In certain months, MJP reduced to USD 90 per metric ton which made some market segments as well as certain customers more attractive to the Group in terms of profitability.

The weakening of the Ringgit enabled the Group to price our export market competitively. In several markets, we were able to realize additional margins whilst with others, we had the opportunity of increasing our market share without the Group compromising on margins.

The Group's domestic market remained very challenging with supply exceeding demand for the aluminium industry. The manufacturing sector which the Group serves was generally stable despite the lackluster economic backdrop with the exception of the air-conditioning market which was quite buoyant due to the effect of global warming. However, our domestic building market was not as promising as we expected it to be.

Regionally, we have expanded to India and selected countries in Europe as part of our growth strategy and focus on high value products portfolio. We are beginning to see increasing orders from these regions. ASEAN will however, continue to be an integral part of our growth.

MANAGING DIRECTOR'S REVIEW ON OPERATIONS

The Managing Director, Chee Shyong and the Plant Manager, Norazlan with the Operational Team Staff after a Historic Production Achievement

The Group's focus on costs through the Profit Improvement Plan (PIP) included numerous internal cost saving initiatives that helped to contain costs for the fiscal year. This has allowed us to remain competitive despite the various challenges faced during the year.

Overall, our average conversion premium per metric ton improved by 20% compared to the preceding fiscal year. The Group managed to emerge with a profit after tax of RM 1.81 million for the financial year ending 31 March 2016 as compared to a net loss after tax of RM 1.52 million in the preceding fiscal year.

Aluminium Company of Malaysia Berhad

At the Company level, Aluminium Company Of Malaysia recorded a turnover of RM271.29 million for the financial year ended(FY) 31 March 2016 as compared to RM279.60. million in FY2015. The company recorded a loss after tax of RM2.17 million. This result was after impairment charges totaling RM2.13 million. The profit after tax for FY2015 was RM48k.

Alcom Nikkei Specialty Coatings Sdn Bhd (ANSC)

For the financial year 2016, ANSC's revenue grew 17.6% to RM146.60 million compared to RM124.68 recorded in FY2015. Much of this increase was due to increased export shipments as part of the Group's strategy focus on high value product offering and this rise in revenue was despite significantly lower metal prices and lower MJP premiums. The weaker Ringgit vis a vis the US currency, however, aided in the generation of higher conversion premiums per metric ton compared to the preceding year. Profit after tax was RM3.19 million compared to a loss after tax of RM0.47 million in FY2015.

COMMERCIAL

Coated fins dominated our product portfolio in the fiscal year growing by 12% over the preceding year. The export market for coated fins has been well captured by the Group's commercial team. Our market share in India and Europe continues to expand for coated fins.

The Building and Construction market segment has been slow throughout the year. However, the Group's efforts in promoting Roofing has been positive with Roofing volume increasing by 45% compared to the preceding year.

We are targeting a very niche market segment especially for highly corrosive environments where aluminium will be far superior compared to other alternatives.

Parallel to that, we are actively promoting Alcom's aluminium Roofing proposition to the market. We will be continuing our marketing effort in this segment.

Top Glove Corporation Berhad's Team Visit to Alcom

MANAGING DIRECTOR'S REVIEW ON OPERATIONS

After the Plant Tour; Plant Manager En Norazlan, Managing Director Mr Heon, Top Glove's Chairman Tan Sri Dr. Lim Wee Chai and Independent Director Dato' Lim Han Boon

JKR's Delegation Visit to Appreciate Alcom's Roofing Product Proposition

OPERATIONS

Environment, Health & Safety (EHS)

We reduced the number of lost time injuries from 2 incidents in the preceding year to 1 incident in the fiscal year under review. We implemented daily shift meetings where pertinent safety issues are raised and discussed with Management staff attending these meetings on a regular basis. We are continuing our efforts in engaging our workforce to make our workplace safer, healthier and environmentally a friendlier place for everyone. EHS performance is also embedded in staff appraisals and rewards accordingly.

Continuous Improvement

Our quality claim rate improved from 5,200 parts per million in the preceding year to 3,400 parts per million. This effectively means that we have fewer claims for quality defects and also lower number of complains for our products from customers in the fiscal year. This is the second consecutive year that the claim rate has reduced. Management's dedication in continuously improving our costs and efficiency in all areas has been one of the key success factors for the year. There were many cost saving initiatives executed by various functions being realized during the year ranging from rationalization of packaging to reducing IT costs. Our "cost-down" initiatives by Procurement have kept our key supplies at a competitive rate.

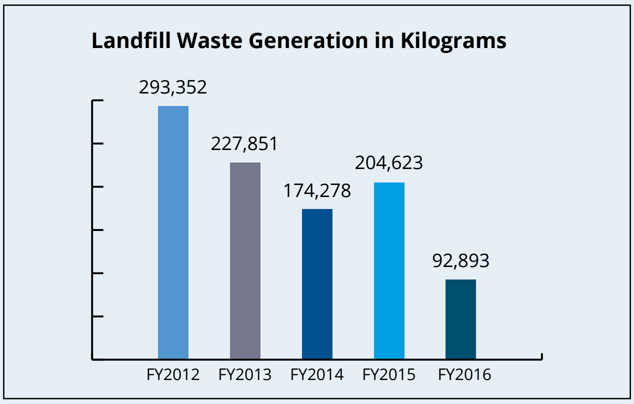
All these initiatives have contributed positively to the Group's very positive EBITDA achievement for the fiscal year.

Sustainability and Corporate Responsibility

At Alcom, we are committed in being a responsible organization by doing all we can to preserve the environment. We continue to set ourselves very challenging targets in reducing waste generation and keep looking for opportunities to recycle.

Landfill Waste

We managed to reduce our waste generated to 93 metric ton in FY2016 compared to 205 metric ton in FY2015. This was a result of better waste management, segregation and conscious effort to reduce the amount of waste generated.



Dross Generation

Dross generation averaged 36.1 kg per metric ton versus 31 kg per metric ton, mainly due to increase in numbers of alloy change from FY2015 (57%) to FY2016 (62%) and increase in production of scrap based 3105 alloy that resulted in increase of dross generation. Additionally, with the commissioning of the newly invested Dross Press at Caster Line 3, Alcom managed to improve dross recovery by 6% from an average of 40% to an average of 46%.

Preserving our Precious Water

Our effort to re-use and recycle water from various activities has helped to reduce our water consumption in the fiscal year. The Group managed to sustain below the target of 1.4 m3 per metric ton.

MANAGING DIRECTOR'S REVIEW ON OPERATIONS

EMPLOYEE ENGAGEMENT

Family Day

We invited all our employees' families to Alcom's Family Day.

The full day event which was hosted at our premises was attended by the management team as well as employees from all departments together with their families.

Employee investment has always been an important focus within the Group as we believe it is the committed workforce that has been one of the indispensable factors in the Group's success.

Some of Alcom's Employees at the Entrance to the Event Held at Alcom's Premises

The day's activities included lively tele-matches and games where staff and families sportingly participated with plenty of fun and laughter and prizes were given out for the winners.

Activities were also planned for employees' children of different age groups. There were also lucky draws with very attractive prizes for the lucky employees. During the event, we also took the opportunity to recognize our long service employees for their dedication to the company.

Tug of War...Plant Manager, Norazlan leading his team... Teamwork, Strength, Focus and Patience

Fun Filled Activities for the Employees' Children

Employees Having a Jolly Good Time

Chee Shyong with Some of the Winners

MANAGING DIRECTOR'S REVIEW ON OPERATIONS

Save Our Earth

Our employees volunteered themselves in helping our Forestry Department to save our shoreline from erosion at North Port within the Selangor State.

There was a very encouraging participation from both Alcom's employees and their family members who participated in this collaboration. The Forestry Department of Peninsular Malaysia supplied 1,000 mangrove seedlings to be planted for this event.

Alcom ....Caring for Future Generations...Creating a Better Earth

Mangrove plants provide the marine environment and mankind with numerous benefits. It serves as wave breakers and mangrove swaps are fertile ground for a variety of life including endangered and threatened species. It also help to hold the shoreline in periods of heavy rainfall.

Briefing by Chee Shyong before Commencing the Mangrove Planting

Alcom Employees ... A Day Out as a Team at the Mangrove to Make a Difference

One Novelis Volunteer Month

As part of our One Novelis' Global initiative, we encouraged our employees to serve and be part of our community that we operate in. Alcom, together with 8 volunteers (employees), took 40 primary students and 8 teachers from Sekolah Kebangsaan Rantau Panjang, Klang for a field trip to Petrosains Discovery Centre located at the Kuala Lumpur Twin Towers .

The students were introduced to educational, hands on interactive exhibits and exciting science shows. We hope this will help to nurture the interest for science among the students.

Alcom Employees with the Participating Students...Creating an Impact in the Lives of the Children in our Community

MANAGING DIRECTOR'S REVIEW ON OPERATIONS

Students Undergoing a Group Activity

A Few of the Alcom Volunteers at the Event

MOVING FORWARD

We remain steadfast to our strategic mission of increasing our shareholders' value by engaging our people in a safe working environment to deliver superior products and services that exceed our customers' expectations.

We will concentrate on improving the following **5 key elements i.e. Safety, Customer Centricity, Quality, Operation Excellence and Return on Capital Employed.**

The success in delivering these 5 elements hinge on transforming the existing culture to a High Performance Culture.

In this respect, a series of workshops were held to engage key staff from various functions to ensure alignment to the High Performance Culture.

It gave the attendees a thorough understanding of the key stretched deliverable metrics for the period of FY2017~FY2021 and the mindset as well as behavioral changes required toward this achievement.

The Focus 5 Participants Who Have Vowed to Build a High Performance Culture

FINANCIAL STATEMENTS

DIRECTORS' REPORT

The Directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 March 2016.

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 17 to the financial statements.

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

FINANCIAL RESULTS

	Group	Company
	RM'000	RM'000
Profit/(loss) for the financial year	1,811	(2,172)

DIVIDENDS

Since the end of the previous financial year, the Company has declared and paid the following dividend:

	RM'000
In respect of the financial year ended 31 March 2016:	
Single-tier interim dividend of 5 sen per ordinary share, paid on 20 August 2015	6,613

The Directors do not recommend the payment of any final dividend for the financial year ended 31 March 2016.

RESERVES AND PROVISIONS

All material transfers to or from reserves and provisions during the financial year are disclosed 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 financial years and held by the Company as at 31 March 2016 are set out in Note 31 to the financial statements.

ISSUE OF SHARES AND DEBENTURES

The Company has not issued any new shares or debentures during the financial year.

DIRECTORS' REPORT

DIRECTORS

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

Y.A.M. Tunku Tan Sri Imran ibni Almarhum Tuanku Ja'afar, Chairman
Dato' Kok Wee Kiat
Y.M. Tengku Yunus Kamaruddin
Paul Allen Stadnikia
Heon Chee Shyong
James F. Makki (Appointed on 27 May 2015)
Shashi Kant Maudgal (Resigned on 31 May 2016)

In accordance with Article 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.

Pursuant to Section 129(2) of the Companies Act, 1965, Dato' Kok Wee Kiat and Y.M. Tengku Yunus Kamaruddin retire at the forthcoming Annual General Meeting and offer themselves for re-appointment in accordance with Section 129 of the Companies Act, 1965 to hold office until the conclusion of the next Annual General Meeting.

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.

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than Directors' remuneration and benefits as disclosed in Note 11 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

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

	Number of ordinary shares of RM1.00 each in the Company			
	At 1.4.2015	Acquired	Sold	At 31.3.2016
Y.M. Tengku Yunus Kamaruddin	114,500	-	-	114,500

None of the other Directors held any interests in shares of the Company and its related corporations during the financial year.

DIRECTORS' REPORT

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

Before the statements of comprehensive income and statements of financial position of the Group and of the Company 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 have satisfied themselves that there are no known bad debts and that provision need not be 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 amounts 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 necessitate the writing off of bad debts or the provision for doubtful debts; or

(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) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

IMMEDIATE AND ULTIMATE HOLDING COMPANIES

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

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 3 June 2016.

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

HEON CHEE SHYONG
DIRECTOR

Bukit Raja, Klang

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the financial year ended 31 March 2016

	Note	Group 2016 RM'000	Group 2015 RM'000
Revenue	7	287,406	279,712
Other operating income	8	960	930
Changes in inventories of raw materials, work-in-progress and finished goods		(3,091)	9,240
Raw materials and consumables used		(205,651)	(219,610)
Staff costs	10	(25,975)	(25,074)
Utilities and fuel		(17,266)	(17,151)
Depreciation of property, plant and equipment		(11,734)	(11,465)
Amortisation of intangible assets		(175)	(11)
Upkeep, repairs and maintenance of assets		(6,664)	(5,972)
Information technology and technical fees		(3,174)	(2,706)
Impairment loss of property, plant and equipment		(2,125)	-
Allowance for inventory writedown		(512)	(1,103)
Environmental costs		(447)	(583)
Other operating expenses		(8,690)	(7,170)
Profit/(Loss) from operations before tax	9	2,862	(963)
Taxation	12	(1,051)	(552)
Profit/(Loss) for the financial year		1,811	(1,515)
Other comprehensive income:			
Items that will not be classified subsequently to profit or loss			
Actuarial gains/(losses) on gratuity scheme	28	997	(161)
Taxation relating to component of other comprehensive income	29	(238)	38
Other comprehensive income for the financial year, net of tax		759	(123)
Total comprehensive income/(loss) for the financial year		2,570	(1,638)
Attributable to shareholders of the Company:			
- profit/(loss) for the financial year		1,811	(1,515)
- total comprehensive income/(loss) for the financial year		2,570	(1,638)
Earnings/(Loss) per share:			
- basic (sen)	13(a)	1.37	(1.15)
- diluted (sen)	13(b)	1.37	(1.15)

The accompanying notes form an integral part of these financial statements.

COMPANY STATEMENT OF COMPREHENSIVE INCOME

for the financial year ended 31 March 2016

	Note	Company 2016 RM'000	Company 2015 RM'000
Revenue	7	271,292	279,600
Other operating income	8	2,568	2,714
Changes in inventories of raw materials, work-in-progress and finished goods		(374)	3,534
Raw materials and consumables used		(207,741)	(222,790)
Staff costs	10	(23,292)	(23,096)
Utilities and fuel		(15,027)	(15,200)
Depreciation of property, plant and equipment		(10,039)	(9,732)
Amortisation of intangible assets		(175)	(11)
Upkeep, repairs and maintenance of assets		(5,640)	(5,078)
Information technology and technical fees		(3,099)	(2,240)
Impairment loss of property, plant and equipment		(2,125)	-
Allowance for inventory writedown		(138)	(786)
Environmental costs		(362)	(494)
Other operating expenses		(8,133)	(5,631)
(Loss)/Profit from operations before tax	9	(2,285)	790
Taxation	12	113	(742)
(Loss)/Profit for the financial year		(2,172)	48
Other comprehensive income:			
<u>Items that will not be classified subsequently to profit or loss</u>			
Actuarial gains on gratuity scheme	28	945	45
Taxation relating to component of other comprehensive income	29	(226)	(11)
Other comprehensive income for the financial year, net of tax		719	34
Total comprehensive (loss)/income for the financial year		(1,453)	82

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION

as at 31 March 2016

	Note	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
NON-CURRENT ASSETS					
Property, plant and equipment	15	68,601	81,426	61,050	72,208
Intangible assets	16	2,419	1,622	2,419	1,622
Subsidiaries	17	-	-	26,860	26,860
		71,020	83,048	90,329	100,690
CURRENT ASSETS					
Inventories	18	48,369	54,611	38,791	43,048
Trade receivables	19	31,962	27,098	14,239	14,370
Amounts due from related companies	20	29	26	11,043	11,828
Other receivables and prepayments	21	6,216	1,510	4,346	1,338
Derivative financial instruments	22	1,428	-	515	-
Deposits, cash and bank balances	23	50,709	62,045	34,478	45,665
		138,713	145,290	103,412	116,249
LESS: CURRENT LIABILITIES					
Trade payables	24	22,601	29,488	17,432	27,758
Other payables and accruals	25	11,109	10,599	10,268	8,582
Amounts due to related companies	26	-	1,800	1,643	3,049
Provision for taxation		581	558	11	700
Derivative financial instruments	22	292	610	287	273
Borrowings	27	-	4,494	-	3,181
		34,583	47,549	29,641	43,543
NET CURRENT ASSETS		104,130	97,741	73,771	72,706
LESS: NON-CURRENT LIABILITIES					
Provision for gratuity scheme	28	5,595	6,426	5,138	5,961
Deferred taxation	29	4,991	5,756	4,059	4,466
		10,586	12,182	9,197	10,427
		164,564	168,607	154,903	162,969
CAPITAL AND RESERVES					
Share capital	30	134,331	134,331	134,331	134,331
Share premium		4,113	4,113	4,113	4,113
Other reserves	31	1,670	1,670	1,670	1,670
Revenue reserve	32	24,450	28,493	14,789	22,855
Total equity		164,564	168,607	154,903	162,969

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the financial year ended 31 March 2016

		Attributable to shareholders of the Company					
		Issued and fully paid ordinary shares of RM1.00 each		Non-distributable		Distributable	
	Note	Number of shares '000	Nominal value RM'000	Share premium RM'000	Other reserves RM'000	Revenue reserve RM'000	Total RM'000
At 1 April 2015		134,331	134,331	4,113	1,670	28,493	168,607
Total comprehensive income:							
Profit for the financial year		-	-	-	-	1,811	1,811
Actuarial gains on gratuity scheme, net of tax		-	-	-	-	759	759
Total comprehensive income for the financial year		-	-	-	-	2,570	2,570
Transaction with owners:							
Dividend for the financial year ended 31 March 2016 (paid)	14	-	-	-	-	(6,613)	(6,613)
At 31 March 2016		134,331	134,331	4,113	1,670	24,450	164,564
At 1 April 2014		134,331	134,331	4,113	1,670	36,744	176,858
Total comprehensive loss:							
Loss for the financial year		-	-	-	-	(1,515)	(1,515)
Actuarial losses on gratuity scheme net of tax		-	-	-	-	(123)	(123)
Total comprehensive loss for the financial year		-	-	-	-	(1,638)	(1,638)
Transaction with owners:							
Dividend for the financial year ended 31 March 2015 (paid)	14	-	-	-	-	(6,613)	(6,613)
At 31 March 2015		134,331	134,331	4,113	1,670	28,493	168,607

The accompanying notes form an integral part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY

for the financial year ended 31 March 2016

		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	Other reserves RM'000	Revenue reserve RM'000	Total RM'000
At 1 April 2015		134,331	134,331	4,113	1,670	22,855	162,969
Total comprehensive loss:							
Loss for the financial year		-	-	-	-	(2,172)	(2,172)
Actuarial gains on gratuity scheme, net of tax		-	-	-	-	719	719
Total comprehensive loss for the financial year		-	-	-	-	(1,453)	(1,453)
Transaction with owners:							
Dividend for the financial year ended 31 March 2016 (paid)	14	-	-	-	-	(6,613)	(6,613)
At 31 March 2016		134,331	134,331	4,113	1,670	14,789	154,903
At 1 April 2014		134,331	134,331	4,113	1,670	29,386	169,500
Total comprehensive income:							
Profit for the financial year		-	-	-	-	48	48
Actuarial gains on gratuity scheme, net of tax		-	-	-	-	34	34
Total comprehensive income for the financial year		-	-	-	-	82	82
Transaction with owners:							
Dividend for the financial year ended 31 March 2015 (paid)	14	-	-	-	-	(6,613)	(6,613)
At 31 March 2015		134,331	134,331	4,113	1,670	22,855	162,969

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

for the financial year ended 31 March 2016

		Group		Company	
	Note	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit/(Loss) for the financial year		1,811	(1,515)	(2,172)	48
Adjustments for:					
Net fair value (gain)/loss on currency forwards		(1,746)	981	(501)	376
Property, plant and equipment					
- depreciation		11,734	11,465	10,039	9,732
- impairment		2,125	-	2,125	-
- gain on disposal		-	(4)	-	(4)
Intangible assets					
- amortisation		175	11	175	11
Provision for gratuity scheme		646	607	602	1,072
Allowance for inventory writedown		512	1,103	138	786
Unrealised foreign exchange loss/(gain)		1,879	(228)	228	152
Interest income		(619)	(808)	(364)	(564)
Interest expense		3	9	3	7
Taxation		1,051	552	(113)	742
		17,571	12,173	10,160	12,358
Changes in working capital:					
Inventories		5,730	(11,489)	4,119	(7,152)
Receivables		(11,718)	(3,594)	(3,558)	(4,549)
Payables		(4,723)	14,948	(7,172)	14,126
Balances with related companies		(1,803)	946	(621)	(1,299)
Cash generated from operations		5,057	12,984	2,928	13,484
Tax refunded		-	426	-	214
Tax paid		(2,031)	(545)	(1,209)	(275)
Gratuity paid		(588)	(283)	(588)	(283)
Net cash from operating activities		2,438	12,582	1,131	13,140

STATEMENTS OF CASH FLOWS

for the financial year ended 31 March 2016

		Group		Company	
	Note	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES					
Property, plant and equipment					
- purchases		(1,301)	(4,069)	(1,217)	(3,876)
- proceeds from disposal		-	7	-	7
Intangible assets					
- purchases		(1,256)	(822)	(1,256)	(822)
Interest income received		615	808	364	564
Net cash used in investing activities		(1,942)	(4,076)	(2,109)	(4,127)
CASH FLOWS FROM FINANCING ACTIVITY					
Dividends paid to shareholders		(6,613)	(6,613)	(6,613)	(6,613)
(Repayment)/Drawdown of borrowings		(4,494)	4,494	(3,181)	3,181
Interest paid		(3)	(9)	(3)	(7)
Net cash used in financing activities		(11,110)	(2,128)	(9,797)	(3,439)
NET MOVEMENT IN CASH AND CASH EQUIVALENTS		(10,614)	6,378	(10,775)	5,574
Foreign exchange differences		(722)	(34)	(412)	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		61,812	55,468	45,432	39,858
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	23	50,476	61,812	34,245	45,432

NON-CASH TRANSACTION

The principal non-cash transaction during the financial year is the acquisition of plant, equipment and intangible assets by the Group and the Company of which RM657,000 (2015: RM1,208,000) and RM657,000 (2015: RM1,152,000) (Note 25) respectively remain as payable at the end of the financial year.

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2016

1 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 17 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.

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

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

2 BASIS OF PREPARATION

The financial statements of the Group and Company have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

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 MFRS requires the use of certain critical accounting estimates and assumptions that affect 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 period. It also requires Directors to exercise their judgement in the process of applying the Group and Company's accounting policies. Although these estimates and judgement are based on the Directors' best knowledge of current events and actions, actual results may differ. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 5 to the financial statements.

(a) New accounting standards, amendments and improvements to published standards and interpretations that are applicable to the Group and the Company and effective for the current financial year are as follows:

- Annual Improvements to MFRSs 2010 – 2012 Cycle
- Annual Improvements to MFRSs 2011 – 2013 Cycle
- Amendments to MFRS 119 "Defined Benefit Plans: Employees Contributions"

The adoption of the Annual Improvements to MFRSs 2010 – 2012 Cycle has required additional disclosures about the aggregation of segments. Other than that, the adoption of these amendments did not have any impact on the current or any prior year and are not likely to affect future periods.

2 BASIS OF PREPARATION (CONT'D)

(b) New accounting standards, amendments to published standards and interpretations to existing standards that are applicable to the Group and the Company but not yet effective

The Group and the Company will apply the new accounting standards, amendments to standards and interpretations in the following financial years:

(i) <u>Financial year beginning on/after 1 April 2016</u>
- Amendments to MFRS 11 "Joint arrangements"
- Amendments to MFRS 116 "Property, plant and equipment"
- Amendments to MFRS 138 "Intangible assets""

(ii) <u>Financial year beginning on/after 1 April 2017</u>
- Amendments to MFRS 107 "Statement of cash flows" - Disclosure initiative
- Amendments to MFRS 112 "Income taxes" - Recognition of deferred tax assets for unrealised losses

(iii) <u>Financial year beginning on/after 1 April 2018</u>
- MFRS 9 "Financial instruments"
- MFRS 15 "Revenue from contracts with customers"

(iv) <u>Financial year beginning on/after 1 April 2019</u>
- MFRS 16 "Leases"

Management is in the process of assessing the impact of the above standards and amendments to published standards on the financial statements of the Group and the Company in the year of initial application.

3 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 presented, unless otherwise stated.

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement and fair value of any pre-existing equity interest in the subsidiary. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2016

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Subsidiaries (cont'd)

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recognised as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the profit or loss.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date, any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with MFRS 139 in profit or loss. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(b) Investments in subsidiaries

In the Company's separate financial statements, investments in subsidiaries are carried at cost less accumulated impairment losses. On disposal of investments in subsidiaries, the difference between disposal proceeds and the carrying amounts of the investments are recognised in the profit or loss.

(c) Property, plant and equipment

Property, plant and equipment are initially stated at cost and are subsequently stated at cost less accumulated depreciation and impairment losses. The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

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 Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is de-recognised. All other repairs and maintenance are recognised as expenses in profit or loss during the financial period in which they are incurred.

Gains or losses on disposals are determined by comparing proceeds with carrying amount and are included in profit or loss.

Leasehold land is amortised over the tenure of the lease of 99 years. Other property, plant and equipment are depreciated on the straight-line method to allocate the cost, to their residual values over their estimated useful lives at the following average annual rates:

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

Depreciation on projects-in-progress commences when the assets are ready for their intended use.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Property, plant and equipment (cont'd)

Residual values and useful lives of assets are reviewed, and adjusted if appropriate, at the end of each reporting period.

At the end of the reporting period, the Group assesses whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount. See accounting policy Note 3(e) on impairment of non-financial assets.

(d) Intangible assets

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

(i) it is technically feasible to complete the software product so that it will be available for use;
(ii) management intends to complete the software product and use or sell it;
(iii) there is an ability to use or sell the software product;
(iv) it can be demonstrated how the software product will generate probable future economic benefits;
(v) adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
(vi) the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software development costs recognised as assets are amortised from the point at which the asset is ready for use over their estimated useful lives, which does not exceed 5 years.

(e) Impairment of non-financial assets

Assets that have indefinite useful lives, for example goodwill or intangible assets not ready to use, 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 of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

The impairment loss is charged to profit or loss 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 the recoverable amount is recognised in profit or loss unless it reverses an impairment loss on a revalued asset in which case it is taken to revaluation surplus reserve.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2016

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) 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. Costs are assigned to individual items of inventory on the basis of weighted average costs. The costs of finished goods and work-in-progress comprise raw materials, direct labour, other direct costs and related factory overheads. It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and the estimated costs necessary to make the sale.

In addition, inventory adjustments are made so that there is proper determination of income through the process of matching appropriate costs against revenues. These adjustments include provisions for slow moving inventory and obsolescence.

(g) Trade and other receivables

Trade receivables are amounts due from customers for sale of aluminium products. Other receivables generally arise from transactions outside the usual operating activities of the Group. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value.

After recognition, trade and other receivables are subsequently measured at amortised cost using the effective interest method, less provision for impairment. See accounting policy Note 3(e) on impairment of non-financial assets.

(h) Cash and cash equivalents

For the purpose of the statement of cash flows, cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. Cash and cash equivalents comprise cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of 3 months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(i) Financial assets

(i) Classification

The Group classifies its financial assets in the following categories: at fair value through profit or loss and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification at initial recognition.

<u>Financial assets at fair value through profit or loss</u>

The Group classifies financial assets at fair value through profit or loss if they are acquired principally for the purpose of selling in the short term, i.e. are held for trading. Derivatives are categorised as held for trading unless they are designated as effective hedging instruments. They are presented as current assets if they are expected to be sold within 12 months after the end of the reporting period; otherwise they are presented as non-current assets.

<u>Loans and receivables</u>

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. If collection of the amounts is expected in one year or less they are classified as current assets. If not, they are presented as non-current assets.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Financial assets (cont'd)

(ii) Recognition and initial measurement

Regular purchases and sales of financial assets are recognised on the trade-date, the date on which the Group commits to purchase or sell the asset.

Financial assets are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition of the financial asset for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in profit or loss.

(iii) Subsequent measurement - Gains and losses

Financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Changes in the fair values of financial assets at fair value through profit or loss, including the effects of currency translation, interest and dividend income are recognised in profit or loss in the period in which the changes arise.

(iv) Subsequent measurement - Impairment

Assets carried at amortised cost

The Group assesses at the end of the reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If 'loans and receivables' has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

When an asset is uncollectible, it is written off against the related allowance account. Such assets are written off after all the necessary procedures have been completed and the amount of the loss has been determined.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2016

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Financial assets (cont'd)

(v) De-recognition

Financial assets are de-recognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

(j) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy.

(k) Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability. Financial liabilities, within the scope of MFRS 139, are recognised in the statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

<u>Financial liabilities at fair value through profit or loss</u>

Financial liabilities are classified as fair value through profit or loss if they are held for trading. Derivatives are categorised as held for trading unless they are designated as effective hedging instruments.

<u>Other financial liabilities</u>

The other financial liabilities are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are de-recognised, and through the amortisation process.

A financial liability is de-recognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

Financial liabilities are classified as current liabilities for those having maturity dates of less than 12 months after the reporting period, and the balance is classified as non-current.

(l) Trade payables

Trade payables represent liabilities for goods or services provided to the Group prior to the end of financial year which are unpaid. Trade payables are classified as current liabilities unless payment is not due within 12 months after the reporting period. If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value.

Trade payables are subsequently measured at amortised cost using the effective interest method.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) Borrowings and borrowing costs

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between initial recognised amount and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group and the Company has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(n) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

When the Group expects a provision to be reimbursed by another party, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as finance cost expense.

(o) Employee benefits

(i) Short-term employee benefits

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

The Group recognises a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2016

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) Employee benefits (cont'd)

(ii) Post-employment pension benefits

The Group has various post-employment pension benefit schemes in accordance with local conditions and practices in the country in which it operates. These benefits plans are either defined contribution or defined benefit plans.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity (a fund) on a mandatory, contractual or voluntary basis and the Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior periods.

Defined benefit plan is a pension plan that is not a defined contribution plan. Defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

<u>Defined contribution plan</u>

The Group's contributions to defined contribution plans are charged to profit or loss in the period to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

<u>Defined benefit plan</u>

The liability or asset recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

The current service cost of the defined benefit plan reflects the increase in the defined benefit obligation resulting from employee service in the current year. It is recognised in the profit or loss in employee benefit expense, except where included in the cost of an asset.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised directly in other comprehensive income in the period in which they arise.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the income statement.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service costs.

(p) Current and deferred income taxes

Tax expense for the period comprises current and deferred income tax. The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) Current and deferred income taxes (cont'd)

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the country where the Group's subsidiaries operate and generate taxable income.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. This liability is measured using the single best estimate of the most likely outcome.

Deferred tax is provided 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. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

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

Deferred tax liability is recognised for all taxable temporary differences associated with investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised on deductible temporary differences arising from investments in subsidiaries only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the deduction temporary difference can be utilised.

Deferred and income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(q) Foreign currencies

(i) 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 Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. 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 profit or loss. However, exchange differences are deferred in other comprehensive income when they arose from qualifying cash flow or net investment hedges or are attributable to items that form part of the net investment in a foreign operation.

All foreign exchange gains and losses are presented in profit or loss on a net basis.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2016

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(r) Contingent assets and contingent liabilities

The Group does not recognise contingent assets and liabilities other than those arising from business combinations, 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. However, contingent liabilities do not include financial guarantee contracts.

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.

(s) Operating leases

Leases of assets where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on the straight line basis over the lease period. Initial direct costs incurred by the Group in negotiating and arranging operating leases are recognised in profit or loss when incurred.

(t) Share capital

(i) Classification

Ordinary shares are classified as equity.

(ii) Dividend distribution

Liability is recognised for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Group, on or before the end of the reporting period but not distributed at the end of the reporting period.

Distributions to holders of an equity instrument is recognised directly in equity.

(iii) Purchase of own shares

Where any company within the Group purchases the Company's equity instruments, the consideration paid, including any directly attributable incremental costs, net of tax, is deducted from equity attributable to the owners of the Company as treasury shares until the shares are cancelled, reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related tax effects, is included in equity attributable to the owners of the Company.

(u) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of goods and services tax, returns, rebates and discounts and after eliminating sales within the Group.

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 for each of the Group's activities. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2016

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(u) Revenue recognition (cont'd)

Rental income is recognised over the term of the lease on a straight-line basis.

Interest income is recognised using the effective interest method.

(v) Segment reporting

Segment reporting is presented for enhanced assessment of the Group's risks and returns and is reported in a manner consistent with the internal reporting provided to the chief operating decision-maker who is responsible for allocating resources and assessing performance of the operating segments. The Group is solely involved in the manufacturing and trading of aluminium products.

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.

4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's activities are subject to a variety of financial risks, including foreign currency exchange risk, interest rate risk, credit risk, liquidity risk and fair value. 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 enters into currency forwards in the normal course of business to manage its exposure against foreign currency fluctuations on transactions denominated in foreign currencies. In general, the Group's policy is to enter into currency forwards for anticipated sales and purchases in foreign currencies. Refer to Note 22 to the financial statements for further details.

The Group does not apply hedge accounting.

The Group is primarily exposed to United States Dollar ("USD") for its purchases of raw materials including aluminium ingots and sales of finished products.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2016

4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

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

(a) Foreign currency exchange risk (cont'd)

The Group's exposure to foreign currencies in respect of its financial assets and financial liabilities are as follows:

At 31 March 2016	USD RM'000	SGD RM'000	Others RM'000	Total RM'000
FINANCIAL ASSETS				
Trade receivables	22,074	48	-	22,122
Other receivables	183	3	13	199
Amounts due from related companies	29	-	-	29
Cash and cash equivalents	9,415	29	-	9,444
	31,701	80	13	31,794
LESS: FINANCIAL LIABILITIES				
Trade payables	(7,610)	(3)	(491)	(8,104)
Other payables and accruals	(916)	(25)	-	(941)
	(8,526)	(28)	(491)	(9,045)
NET FINANCIAL ASSETS/(LIABILITIES)	23,175	52	(478)	22,749
LESS: CURRENCY FORWARDS	(23,578)	-	40	(23,538)
NET CURRENCY EXPOSURE	(403)	52	(438)	(789)

The Company's exposure to foreign currencies in respect of its financial assets and financial liabilities are as follows:

At 31 March 2016	USD RM'000	SGD RM'000	Others RM'000	Total RM'000
FINANCIAL ASSETS				
Trade receivables	5,924	48	-	5,972
Other receivables	183	3	13	199
Amounts due from related companies	29	-	-	29
Cash and cash equivalents	5,344	29	-	5,373
	11,480	80	13	11,573
LESS: FINANCIAL LIABILITIES				
Trade payables	(5,614)	(3)	(45)	(5,662)
Other payables and accruals	(853)	(25)	-	(878)
	(6,467)	(28)	(45)	(6,540)
NET FINANCIAL ASSETS/(LIABILITIES)	5,013	52	(32)	5,033
LESS: CURRENCY FORWARDS	(3,976)	-	-	(3,976)
NET CURRENCY EXPOSURE	1,037	52	(32)	1,057

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2016

4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(a) Foreign currency exchange risk (cont'd)

The Group's exposure to foreign currencies in respect of its financial assets and financial liabilities are as follows: (cont'd)

At 31 March 2015	USD RM'000	SGD RM'000	Others RM'000	Total RM'000
FINANCIAL ASSETS				
Trade receivables	20,636	57	-	20,693
Other receivables	-	-	52	52
Amounts due from related companies	26	-	-	26
Cash and cash equivalents	1,211	27	6	1,244
	21,873	84	58	22,015
LESS: FINANCIAL LIABILITIES				
Trade payables	(22,141)	(6)	(17)	(22,164)
Other payables and accruals	(1,010)	-	(65)	(1,075)
Amounts due to related companies	(1,800)	-	-	(1,800)
Borrowings	(4,388)	-	-	(4,388)
	(29,339)	(6)	(82)	(29,427)
NET FINANCIAL ASSETS/(LIABILITIES)	(7,466)	78	(24)	(7,412)
LESS: CURRENCY FORWARDS	(3,997)	-	-	(3,997)
NET CURRENCY EXPOSURE	(11,463)	78	(24)	(11,409)

The Company's exposure to foreign currencies in respect of its financial assets and financial liabilities are as follows:

At 31 March 2015	USD RM'000	SGD RM'000	Others RM'000	Total RM'000
FINANCIAL ASSETS				
Trade receivables	9,198	57	-	9,255
Other receivables	-	-	52	52
Amounts due from related companies	26	-	-	26
Cash and cash equivalents	2	27	6	35
	9,226	84	58	9,368
LESS: FINANCIAL LIABILITIES				
Trade payables	(22,096)	(6)	-	(22,102)
Other payables and accruals	(514)	-	(8)	(522)
Amounts due to related companies	(1,800)	-	-	(1,800)
Borrowings	(3,181)	-	-	(3,181)
	(27,591)	(6)	(8)	(27,605)
NET FINANCIAL ASSETS/(LIABILITIES)	(18,365)	78	50	(18,237)
LESS: CURRENCY FORWARDS	6,888	-	-	6,888
NET CURRENCY EXPOSURE	(11,477)	78	50	(11,349)

4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(a) Foreign currency exchange risk (cont'd)

The following table demonstrates the sensitivity of the Group's and the Company's net profit/(loss) after tax to 10% (2015: 10%) strengthening of USD, respectively against the RM, with all other variables, in particular interest rates, being held constant.

	Decrease in net profit after tax 2016 RM'000	Increase in net loss after tax 2015 RM'000
Group		
USD against RM	(31)	(860)

	Decrease in net loss after tax 2016 RM'000	Decrease in net profit after tax 2015 RM'000
Company		
USD against RM	79	(861)

A 10% weakening of the above currency against the RM would have the equal but opposite effect to the amount shown above, on the basis that all other variables remain constant.

The Group's and the Company's foreign currency exchange risk management seeks to protect cash flows and shareholders value by limiting the impact from adverse exchange movement whilst sharing in the benefit from favourable movements. Aside from natural hedges, the Group and the Company also enters into forward foreign currency exchange contracts to limit their exposure on foreign currency receivables and payables.

As at reporting date, the exposure on foreign currency receivables and payables are substantially covered by natural hedges or forward foreign currency exchange contracts. As a result, the net foreign currency exchange exposure not covered by hedges is not expected to have a significant impact on the financial statements of the Group and of the Company.

(b) Interest rate risk

The Group's and the Company's interest bearing assets are primarily short-term bank deposits with financial institutions. The interest rates on these deposits are monitored closely to ensure that they are maintained at favourable rates. The Group and the Company consider the risk of significant changes to interest rates on deposits to be unlikely.

(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 terms 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 has no significant concentration of credit risks except for trade receivables. In the opinion of the Directors, the credit risk in relation to trade receivables is not significant and the trade receivables are expected to be recoverable.

4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(c) Credit risk (cont'd)

As the deposits are placed with major financial institutions in Malaysia, the Directors are of the view that the credit risk associated with these major financial institutions is minimal.

Exposure to credit risk

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of that class of financial instruments presented on the statement of financial position. The Group's and the Company's major classes of financial assets are bank deposits, trade and other receivables and related party balances.

Details of the financial assets are as follows:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Not past due	85,899	86,850	62,287	70,147
Past due not impaired				
- 0 to 3 months	1,361	2,613	1,070	1,988
	87,260	89,463	63,357	72,135

Financial assets that are neither past due nor impaired

Bank deposits that are neither past due nor impaired are mainly deposits with banks which have high credit ratings as determined by international credit rating agencies. The Group and the Company considers the risk of material loss in the event of non-performance by a financial counterparty to be unlikely. Trade and other receivables, and amounts due from subsidiary and related companies that are neither past due nor impaired are substantially companies with good collection track records with the Group and the Company.

Financial assets that are past due but not impaired

There are no other financial assets in the Group and the Company that are past due but not impaired except for certain trade receivables of the Group and the Company as set out below.

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Trade receivables	1,361	2,613	1,070	1,988

Receivables that are past due but not impaired are principally less than 60 days past due. No impairment has been made on these amounts as the Group and the Company are closely monitoring these receivables and they have no prior history of bad or doubtful debts and these amounts are expected to be recovered within 12 months from the reporting date. No allowance for impairment has been made in respect of these receivables in the current and previous financial year, hence the movement in allowance for impairment is not presented.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2016

4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(d) Liquidity risk

The Group and the Company practise prudent liquidity risk management to minimise the mismatch of financial assets and liabilities. The Group's and the Company's cash flows are reviewed regularly to ensure that the Group and the Company are able to settle their commitments when they fall due.

At reporting date, the Group and the Company held cash and cash equivalents of RM50,476,000 (2015: RM61,812,000) and RM34,245,000 (2015: RM45,432,000) respectively that are expected to readily generate cash inflows for managing liquidity risk.

The table below analyses the Group's and the Company's financial liabilities into relevant maturity groupings based on the remaining period from the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 1 year equal their carrying amount as the impact of discounting is not significant.

	Due within one year	
	2016	2015
Group	**RM'000**	**RM'000**
Financial liabilities		
Trade payables	(22,601)	(29,488)
Other payables and accruals	(5,174)	(5,964)
Amount due to related companies	-	(1,800)
Borrowings	-	(4,497)
Derivative financial instruments liabilities	(292)	(610)
	(28,067)	(42,359)
Company		
Financial liabilities		
Trade payables	(17,432)	(27,758)
Other payables and accruals	(4,718)	(4,235)
Amount due to related companies	(1,643)	(3,049)
Borrowings	-	(3,183)
Derivative financial instruments liabilities	(287)	(273)
	(24,080)	(38,498)

The table below analyses the Group's and the Company's derivative financial instruments, for which contractual maturities are essential for an understanding of the timing of the cash flows, into relevant maturity groupings based on the remaining financial period from the reporting date to the contractual maturity date.

4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(d) Liquidity risk (cont'd)

	Due within one year	
	2016	2015
Group	**RM'000**	**RM'000**
Gross-settled currency forwards		
Hedge of trade receivables:		
- Receipts in RM	32,565	19,502
- Payments in USD	(31,137)	(20,056)
Hedge of trade payables:		
- Receipts in USD	8,697	15,449
- Receipts in EURO	38	-
- Payments in RM	(9,027)	(15,505)
Company		
Gross-settled currency forwards		
Hedge of trade receivables:		
- Receipts in RM	11,367	8,617
- Payments in USD	(10,852)	(8,834)
Hedge of trade payables:		
- Receipts in USD	7,104	15,449
- Payments in RM	(7,391)	(15,505)

(e) Fair value measurement

The carrying amounts of the Group's and the Company's financial assets and liabilities approximate their fair values due to the relatively short-term maturity of these financial instruments: deposits, cash and bank balances, borrowings, receivables and payables (including non-trade amounts due (to)/from a subsidiary and related companies).

Fair value hierarchy

Disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2);
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

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

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2016

4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(e) Fair value measurement (cont'd)

Fair value hierarchy (cont'd)

The following table presents the Group's and the Company's assets and liabilities that are measured at fair value at 31 March 2016:

Group

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Assets				
Derivative financial instruments	-	1,428	-	1,428
Liabilities				
Derivative financial instruments	-	(292)	-	(292)

Company

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Assets				
Derivative financial instruments	-	515	-	515
Liabilities				
Derivative financial instruments	-	(287)	-	(287)

The following table presents the Group's and the Company's assets and liabilities that are measured at fair value at 31 March 2015:

Group

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Assets				
Derivative financial instruments	-	-	-	-
Liabilities				
Derivative financial instruments	-	(610)	-	(610)

Company

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Assets				
Derivative financial instruments	-	-	-	-
Liabilities				
Derivative financial instruments	-	(273)	-	(273)

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2016

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgement are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group and the Company make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. To enhance the information content of the estimates, certain key variables that are anticipated to have material impact to the Group's and the Company's results and financial positions are tested for sensitivity to changes in the underlying parameters. The estimates and assumptions that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year are addressed below:

(a) Impairment of property, plant and equipment

The Group and the Company assess impairment of property, plant and equipment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable, i.e. the carrying amount of the asset is higher than the recoverable amount. Recoverable amount is measured at the higher of the fair value less cost to sell for that asset and its value-in-use.

Projected future cash flows used in impairment testing of property, plant and equipment are based on the Group's and the Company's estimates calculated based on historical, sector and industry trends, general market and economic conditions and other available information.

The assumptions used, results and impact of possible change in the key assumptions of the impairment assessment of the property, plant and equipment are disclosed in Note 15 to the financial statements.

In addition, the Company has performed a review of plant and machinery and has identified and impaired specific machinery amounting to RM2.125 million (2015: RM Nil) (Note 15). This amount has been charged to the statement of comprehensive income in the current financial year.

6 CAPITAL MANAGEMENT

The Group's and the Company's objectives when managing capital are to safeguard the Group's and the Company's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group and the Company may adjust the amount of dividend payment, return capital to shareholders and issue new shares or buy back issued shares.

The Group and the Company consider that the capital of the Group and the Company relates to the total equity and this remain unchanged from the prior year.

7 REVENUE

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Sale of finished goods	287,303	279,540	271,192	279,428
Sale of scrap	103	172	100	172
	287,406	279,712	271,292	279,600

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

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2016

8 OTHER OPERATING INCOME

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Interest income on short-term deposits	619	808	364	564
Rental income	-	-	1,140	1,140
Management service fees	-	-	888	888
Gain on disposal of property, plant and equipment	-	4	-	4
Miscellaneous income	341	118	176	118
	960	930	2,568	2,714

9 PROFIT/(LOSS) FROM OPERATIONS BEFORE TAX

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Profit/(loss) from operations before tax is arrived at after charging/(crediting):				
Auditors' remuneration				
- statutory audit				
- current year	223	203	162	142
- (over)/under provision in prior year	(23)	7	(20)	7
Hire of machinery and equipment	566	439	525	406
Loss/(gain) on foreign exchange				
- realised	365	(1,767)	1,240	(574)
- unrealised	1,879	(228)	228	152
Net fair value (gain)/loss on currency forwards	(1,746)	981	(501)	376
Interest expense	3	9	3	7

The cost of goods sold for the Group and the Company recognised as an expense during the financial year amounted to RM266,482,000 and RM258,141,000 respectively (2015: RM270,030,000 and RM268,062,000).

10 STAFF COSTS

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Wages, salaries and bonus	22,040	21,204	19,646	18,970
Defined contribution retirement plan	2,361	2,294	2,215	2,152
Defined benefit gratuity scheme	646	607	602	1,072
Other employee benefits	928	969	829	902
	25,975	25,074	23,292	23,096

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2016

11 DIRECTORS' REMUNERATION

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

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Non-executive Directors:				
- fees	150	136	150	136
Executive Directors:				
- salaries and bonus	552	470	552	470
- estimated monetary value of benefits-in-kind	101	160	101	160
	653	630	653	630
	803	766	803	766

The Executive Directors' salaries and bonus are included in staff costs in the profit or loss for the financial year.

12 TAXATION

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Current tax				
Current year	2,115	1,127	590	1,066
Over provision in prior years	(61)	-	(70)	-
	2,054	1,127	520	1,066
Deferred taxation (Note 29)				
Origination and reversal of temporary differences	(1,003)	(575)	(633)	(324)
Tax expense/(credit)	1,051	552	(113)	742

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2016

12 TAXATION (CONT'D)

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

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Profit/(Loss) before tax	2,862	(963)	(2,285)	790
Tax calculated at the Malaysian tax rate of 24% (2015: 25%)	687	(241)	(548)	198
Tax effects of:				
- expenses not deductible for tax purposes	991	944	727	590
- income not subject to tax	(493)	(88)	(181)	(29)
- double deduction claims	(73)	(63)	(41)	(17)
- over provision in prior years	(61)	-	(70)	-
Tax expense/(credit)	1,051	552	(113)	742

13 EARNINGS/(LOSS) PER SHARE

(a) Basic earnings/(loss) per share

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

	Group	
	2016	2015
Net profit/(loss) attributable to shareholders (RM'000)	1,811	(1,515)
Weighted average number of ordinary shares in issue ('000)	132,252	132,252
Basic earnings/(loss) per share (sen)	1.37	(1.15)

(b) Diluted earnings per share

The Group does not have any dilutive potential ordinary shares in the current and previous financial year.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2016

14 DIVIDEND

	Group and Company			
	2016		2015	
	Dividend per share	Amount of dividend	Dividend per share	Amount of dividend
	Sen	RM'000	Sen	RM'000
Single-tier interim dividend				
Financial year ended 31 March 2016				
- paid on 20 August 2015	5.0	6,613	-	-
Financial year ended 31 March 2015				
- paid on 12 August 2014	-	-	5.0	6,613
Recognised as distribution to ordinary equity holders of the Company during the financial year	5.0	6,613	5.0	6,613

The Directors do not recommend the payment of any final dividend for the financial year ended 31 March 2016.

15 PROPERTY, PLANT AND EQUIPMENT

	Leasehold land	Buildings	Plant and machinery	Equipment and vehicles	Projects-in -progress	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group						
2016						
At 1 April 2015	13,870	8,957	55,206	2,927	466	81,426
Additions	-	110	862	36	26	1,034
Reclassifications	-	-	300	150	(450)	-
Depreciation charge	(189)	(1,082)	(9,019)	(1,444)	-	(11,734)
Impairment charge	-	-	(2,125)	-	-	(2,125)
At 31 March 2016	13,681	7,985	45,224	1,669	42	68,601
At 31 March 2016						
Cost	20,000	27,825	276,313	10,024	42	334,204
Accumulated depreciation	(6,319)	(19,840)	(228,839)	(8,355)	-	(263,353)
Accumulated impairment losses	-	-	(2,250)	-	-	(2,250)
Net carrying amount	13,681	7,985	45,224	1,669	42	68,601
2015						
At 1 April 2014	14,060	9,074	60,304	3,134	3,001	89,573
Additions	-	746	1,708	395	472	3,321
Disposals	-	-	-	(3)	-	(3)
Reclassifications	-	71	2,119	817	(3,007)	-
Depreciation charge	(190)	(934)	(8,925)	(1,416)	-	(11,465)
At 31 March 2015	13,870	8,957	55,206	2,927	466	81,426

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2016

15 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Leasehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Equipment and vehicles RM'000	Projects-in -progress RM'000	Total RM'000
Group (cont'd)						
At 31 March 2015						
Cost	20,000	27,715	275,151	9,838	466	333,170
Accumulated depreciation	(6,130)	(18,758)	(219,820)	(6,911)	-	(251,619)
Accumulated impairment losses	-	-	(125)	-	-	(125)
Net carrying amount	13,870	8,957	55,206	2,927	466	81,426
Company						
2016						
At 1 April 2015	13,870	8,957	46,236	2,818	327	72,208
Additions	-	110	832	38	26	1,006
Reclassifications	-	-	287	24	(311)	-
Depreciation charge	(189)	(1,082)	(7,443)	(1,325)	-	(10,039)
Impairment charge *	-	-	(2,125)	-	-	(2,125)
At 31 March 2016	13,681	7,985	37,787	1,555	42	61,050
At 31 March 2016						
Cost	20,000	27,825	237,901	9,328	42	295,096
Accumulated depreciation	(6,319)	(19,840)	(197,989)	(7,773)	-	(231,921)
Accumulated impairment losses	-	-	(2,125)	-	-	(2,125)
Net carrying amount	13,681	7,985	37,787	1,555	42	61,050
2015						
At 1 April 2014	14,060	9,074	49,909	2,948	2,806	78,797
Additions	-	746	1,679	388	333	3,146
Disposals	-	-	-	(3)	-	(3)
Reclassifications	-	71	1,970	771	(2,812)	-
Depreciation charge	(190)	(934)	(7,322)	(1,286)	-	(9,732)
At 31 March 2015	13,870	8,957	46,236	2,818	327	72,208
At 31 March 2015						
Cost	20,000	27,715	236,782	9,266	327	294,090
Accumulated depreciation	(6,130)	(18,758)	(190,546)	(6,448)	-	(221,882)
Net carrying amount	13,870	8,957	46,236	2,818	327	72,208

* The Company has performed a specific review of plant and machinery and identified and impaired certain machinery which are no longer in use amounting to RM2.125 million (2015: RM Nil). The impairment loss has been charged to the statement of comprehensive income in the current financial year. The recoverable amount of the machinery based on fair value less costs to sell is determined using the income approach after estimating the scrap value of the machinery, which is categorised as within Level 3 of the fair value hierarchy.

15 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Impairment assessment of the Company's property, plant and machinery

In addition to the specific identification of individual machinery which may be impaired, management has also performed an impairment testing of the Company's land, buildings, plant and machinery. Based on management's assessment, the recoverable amount of property, plant and machinery as at 31 March 2016 of the Company, based on value-in-use ("VIU") is RM77.2 million, which is in excess of its carrying amount of RM60.1 million by RM17.1 million. On this basis, management is of the view that no impairment is necessary with respect to land, buildings, plant and machinery.

(a) Key assumptions used in the VIU calculation

The VIU calculation applied a discounted cash flow model using cash flow projections based on an approved 5-year budget. These projections reflect management's best estimate of the future results based on past experience and future outlook.

The key estimates used in the cash flow projections are the selling prices of the products, key components of the raw material prices and the weighted average cost of capital specific to the Company's industry. The key assumptions of the projections are as follows:

- Sales volumes are anticipated to be running at capacity levels based on historical trend and expected forecast sales.
- Costs have been determined after incorporating inflationary effects, net of productivity improvements and value engineering projects.
- Conversion margins are expected to be maintained at existing rates throughout the projection years.
- Terminal value based on 10 years beyond the 5-year budget.
- A discount rate of 12.1% has been applied to the cash flow projections.

(b) Impact of possible change in key assumptions

The Company's impairment assessment includes an assessment of changes in key assumptions that would impact the financial statements as follows:

- If the discount rate used was 13.1%, the recoverable amount would be lower by RM4.7 million.
- If the conversion margin differs by 1% from management's estimates, the recoverable amount would be higher or lower by RM3.5 million.
- If the sales volume differs by 2% from management's estimates, the recoverable amount would be higher or lower by RM3.1 million.

Impairment assessment of the subsidiary's plant and machinery

Based on management's assessment, the recoverable amount of plant and machinery as at 31 March 2016 of the subsidiary, based on value-in-use ("VIU") is RM37.7 million, which is in excess of its carrying amount of RM7.4 million by RM30.3 million. On this basis, management is of the view that no impairment is necessary with respect to plant and machinery.

(a) Key assumptions used in the VIU calculation

The VIU calculation applied a discounted cash flow model using cash flow projections based on an approved 5-year budget. These projections reflect management's best estimate of the future results based on past experience and future outlook.

NOTES TO THE FINANCIAL STATEMENTS

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15 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Impairment assessment of the subsidiary's plant and machinery (cont'd)

(a) Key assumptions used in the VIU calculation (cont'd)

The key estimates used in the cash flow projections are the selling prices of the products, key components of the raw material prices and the weighted average cost of capital specific to the subsidiary's industry. The key assumptions of the projections are as follows:

- Sales volumes are anticipated to be running at capacity levels based on historical trend and expected forecast sales.
- Costs have been determined after incorporating inflationary effects, net of productivity improvements and value engineering projects.
- Conversion margins are expected to be maintained at existing rates throughout the projection years.
- Terminal value based on 10 years beyond the 5-year budget.
- A discount rate of 12.1% has been applied to the cash flow projections.

(b) Impact of possible change in key assumptions

The subsidiary's impairment assessment includes an assessment of changes in key assumptions that would impact the financial statements as follows:

- If the discount rate used was 13.1%, the recoverable amount would be lower by RM2.9 million.
- If the conversion margin differs by 1% from management's estimates, the recoverable amount would be higher or lower by RM4.9 million.
- If the sales volume differs by 2% from management's estimates, the recoverable amount would be higher or lower by RM1.5 million.

16 INTANGIBLE ASSETS

	Group and Company		
	Software	Projects-in -progress	Total
	RM'000	RM'000	RM'000
2016			
At 1 April 2015	12	1,610	1,622
Additions	701	271	972
Reclassifications	1,540	(1,540)	-
Amortisation charge	(175)	-	(175)
At 31 March 2016	2,078	341	2,419
At 31 March 2016			
Cost	2,275	341	2,616
Accumulated amortisation	(197)	-	(197)
Net carrying amount	2,078	341	2,419
2015			
At 1 April 2014	23	-	23
Additions	-	1,610	1,610
Amortisation charge	(11)	-	(11)
At 31 March 2015	12	1,610	1,622
At 31 March 2015			
Cost	34	1,610	1,644
Accumulated amortisation	(22)	-	(22)
Net carrying amount	12	1,610	1,622

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2016

17 SUBSIDIARIES

	Company	
	2016	**2015**
	RM'000	**RM'000**
Unquoted shares, at cost	26,860	26,860

The details of the subsidiaries are as follows:

Name	**Principal activities**	**Country of incorporation**	**Company's effective interest**	
			2016	**2015**
			%	**%**
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

\# The subsidiary has been struck off on 4 August 2015 and deemed dissolved pursuant to Section 308 of the Companies Act, 1965 in the Gazette.

18 INVENTORIES

	Group		Company	
	2016	**2015**	**2016**	**2015**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Raw materials	5,057	9,172	3,009	7,679
Work-in-progress	22,543	23,969	22,293	22,548
Finished goods	11,086	11,597	5,597	4,699
Operating supplies and spare parts	9,683	9,873	7,892	8,122
	48,369	54,611	38,791	43,048

The Group's and the Company's inventories are net of allowances for inventory writedown of RM512,000 (2015: RM1,103,000) and RM138,000 (2015: RM786,000) respectively. Allowance for inventory writedown is made primarily for aged store items as well as the net realisable value of work-in-progress and finished goods.

19 TRADE RECEIVABLES

	Group		Company	
	2016	**2015**	**2016**	**2015**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Trade receivables	31,962	27,098	14,239	14,370
Less: Allowance for impairment	-	-	-	-
	31,962	27,098	14,239	14,370

Credit terms of trade receivables of the Group and the Company range from 7 days to 90 days (2015: 7 days to 90 days).

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2016

20 AMOUNTS DUE FROM RELATED COMPANIES

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Trade				
Amount due from:				
- a subsidiary company	-	-	10,263	11,405
- other related companies	-	-	-	-
	-	-	10,263	11,405
Non-trade				
Amounts due from:				
- a subsidiary company	-	-	751	397
- other related companies	29	26	29	26
	29	26	780	423
Total	29	26	11,043	11,828

The trade balances due from a subsidiary company and other related companies are unsecured, interest free and have credit terms ranging from 30 to 60 days (2015: 30 to 60 days). The non-trade balances due from a subsidiary company and other related companies are unsecured, interest free and have no fixed terms of repayment.

21 OTHER RECEIVABLES AND PREPAYMENTS

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Advanced payment to suppliers	2,718	851	905	708
Prepayments	366	365	359	358
Deposits	166	216	150	197
Staff advances	135	72	133	71
Other receivables	2,831	6	2,799	4
	6,216	1,510	4,346	1,338

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2016

22 DERIVATIVE FINANCIAL INSTRUMENTS

	Group		
	2016		
	Notional amount RM'000	Assets RM'000	Liabilities RM'000
Assets/(Liabilities)			
Forward foreign currency exchange contracts – Note (a)	32,565	1,428	-
Forward foreign currency exchange contracts – Note (b)	(9,027)	-	(292)
	2015		
	Notional amount RM'000	Assets RM'000	Liabilities RM'000
Assets/(Liabilities)			
Forward foreign currency exchange contracts – Note (a)	19,502	-	(554)
Forward foreign currency exchange contracts – Note (b)	(15,505)	-	(56)
			(610)

	Company		
	2016		
	Notional amount RM'000	Assets RM'000	Liabilities RM'000
Assets/(Liabilities)			
Forward foreign currency exchange contracts – Note (a)	11,367	515	-
Forward foreign currency exchange contracts – Note (b)	(7,391)	-	(287)
	2015		
	Notional amount RM'000	Assets RM'000	Liabilities RM'000
Assets/(Liabilities)			
Forward foreign currency exchange contracts – Note (a)	8,617	-	(217)
Forward foreign currency exchange contracts – Note (b)	(15,505)	-	(56)
			(273)

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2016

22 DERIVATIVE FINANCIAL INSTRUMENTS (CONT'D)

Forward foreign exchange contracts

Aside from using natural hedges, the Group and the Company enter into forward foreign currency exchange contracts with a licensed bank to limit its exposure on foreign currency receivables and payables.

Note (a)
Under the forward contracts - receivables, the currency to be received is Ringgit Malaysia and the currency to be paid is US Dollar. The maturity period of the contracts ranges between 1 month to 4 months (2015: 1 month to 2 months).

Note (b)
Under the forward contracts - payables, the currency to be paid is Ringgit Malaysia and the currency to be received are US Dollar and Euro. The maturity period of the contracts ranges between 1 day to 4 days (2015: 1 day).

The fair value gain or loss of the forward foreign exchange contracts of the Group and the Company which has been recognised at the reporting date was a surplus net position of RM1,136,000 (2015: deficit of RM610,000) and RM228,000 (2015: deficit of RM273,000) respectively.

23 DEPOSITS, CASH AND BANK BALANCES

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Deposits with licensed banks	42,223	51,769	29,219	41,291
Cash and bank balances	8,486	10,276	5,259	4,374
	50,709	62,045	34,478	45,665
Less: Restricted cash and cash equivalents*				
Deposit with licensed bank	(233)	(233)	(233)	(233)
	50,476	61,812	34,245	45,432

* Restricted cash and cash equivalents refer to funds set aside for purposes of payment to holders of cumulative redeemable preference shares. The preference shares had been redeemed by the Company in prior years.

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

	Group		Company	
	2016	2015	2016	2015
	%	%	%	%
Deposits with licensed banks	2.96	3.07	3.01	3.05

The deposits of the Group and the Company comprise of overnight placements (2015: overnight placements). Bank balances are deposits held at call with banks and are non-interest bearing.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2016

24 TRADE PAYABLES

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Trade payables	19,382	27,402	14,787	25,796
Trade related accruals	3,219	2,086	2,645	1,962
	22,601	29,488	17,432	27,758

Credit terms of trade payables granted to the Group and the Company range from 7 days to 90 days (2015: 7 days to 90 days) from month end.

25 OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Plant and equipment suppliers payable	657	1,208	657	1,152
Payroll related accruals				
- salary, benefits and allowances	5,391	3,983	5,006	3,695
- provision for gratuity scheme (Note 28)	544	652	544	652
Other accruals and sundry payables	4,517	4,756	4,061	3,083
	11,109	10,599	10,268	8,582

26 AMOUNTS DUE TO RELATED COMPANIES

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Trade				
Amount due to:				
- a subsidiary company	-	-	1,426	1,049
Non-trade				
Amount due to:				
- a subsidiary company	-	-	217	200
- other related companies	-	1,800	-	1,800
Total	-	1,800	1,643	3,049

The trade balances due to a subsidiary company are unsecured, interest free and have credit terms of 7 days to 30 days (2015: 7 days to 30 days). The non-trade balances due to a subsidiary company and other related companies are unsecured, interest free and have no fixed terms of repayment.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2016

27 BORROWINGS

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Current				
Bankers' acceptance	-	106	-	-
Onshore foreign currency loans	-	4,388	-	3,181
	-	4,494	-	3,181

The weighted average effective interest rates on borrowings are as follows:

	Group		Company	
	2016	2015	2016	2015
	%	%	%	%
Borrowings	-	1.07	-	1.00

In the previous financial year, the bankers' acceptance and onshore foreign currency loans were unsecured and had a tenure to maturity of less than a year.

28 PROVISION FOR GRATUITY SCHEME

The movements in the present value of unfunded obligations are as follows:

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Defined benefit gratuity scheme				
At beginning of the year	7,078	6,593	6,613	5,869
Charged to profit or loss:				
- current service cost	367	317	342	281
- interest cost	279	290	260	257
- transferred from subsidiary company	-	-	-	534
	646	607	602	1,072
(Credited)/Charged to other comprehensive income:				
- actuarial (gains)/losses	(997)	161	(945)	(45)
Gratuity paid	(588)	(283)	(588)	(283)
At end of the year	6,139	7,078	5,682	6,613
Reflected in the statement of financial position as: Current (Note 25)	544	652	544	652
Non-current	5,595	6,426	5,138	5,961
	6,139	7,078	5,682	6,613

28 PROVISION FOR GRATUITY SCHEME (CONT'D)

The principal actuarial assumptions used in respect of the defined benefit gratuity scheme are as follows:

	Group and Company	
	2016	**2015**
	%	**%**
Discount rate	3.8	3.8
Expected average rate of salary increases	5.0	5.0

The Group and the Company operate an unfunded final salary defined benefit gratuity scheme for its employees. Independent actuaries value the scheme every year using the projected unit credit actuarial cost method. The latest actuarial valuation was carried out on 31 March 2016.

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

	2016	**2015**
	RM'000	**RM'000**
Group		
Present value of unfunded obligations	6,139	7,078
Experience (gains)/losses adjustment on plan liabilities	(997)	161
Company		
Present value of unfunded obligations	5,682	6,613
Experience (gains)/losses adjustment on plan liabilities	(945)	(45)

The sensitivity of the defined benefit obligation to changes in the weighted principal actuarial assumptions is as follows:

	Group		Company	
	2016	**2015**	**2016**	**2015**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Discount rate -1%				
- effect an increase of	384	525	357	491
Discount rate +1%				
- effect a decrease of	(346)	(465)	(322)	(434)
Salary increment rate -1%				
- effect a decrease of	(346)	(464)	(322)	(433)
Salary increment rate +1%				
- effect an increase of	376	513	350	480

The above sensitivity analysis are based on staff data as at 31 March 2016 and considers a change of each principal assumption in isolation.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2016

29 DEFERRED TAXATION

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Deferred tax assets	4,698	4,541	4,130	4,069
Deferred tax liabilities	(9,689)	(10,297)	(8,189)	(8,535)
Deferred tax liabilities - net	(4,991)	(5,756)	(4,059)	(4,466)

The analysis of deferred tax assets and deferred tax liabilities is as follows:

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Deferred tax assets				
- to be recovered within 12 months	3,355	2,998	2,897	2,638
- to be recovered after more than 12 months	1,343	1,543	1,233	1,431
	4,698	4,541	4,130	4,069
Deferred tax liabilities				
- to be recovered within 12 months	(187)	(343)	(81)	(171)
- to be recovered after more than 12 months	(9,502)	(9,954)	(8,108)	(8,364)
	(9,689)	(10,297)	(8,189)	(8,535)
Deferred tax liabilities - net	(4,991)	(5,756)	(4,059)	(4,466)

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 statements of financial position:

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2016

29 DEFERRED TAXATION (CONT'D)

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Deferred tax liabilities:				
At beginning of the year	5,756	6,369	4,466	4,779
Credited to profit or loss (Note 12):				
- property, plant and equipment	(608)	(341)	(346)	(116)
- provisions and allowances	(395)	(234)	(287)	(208)
	(1,003)	(575)	(633)	(324)
Charged/(credited) to other comprehensive income:				
- provision for gratuity scheme	238	(38)	226	11
At end of the year	4,991	5,756	4,059	4,466
Subject to income tax:				
Profit or loss:				
Deferred tax liabilities (before offsetting)				
- property, plant and equipment	9,689	10,297	8,189	8,535
Offsetting	(4,698)	(4,541)	(4,130)	(4,069)
Deferred tax liabilities (after offsetting)	4,991	5,756	4,059	4,466
Deferred tax assets (before offsetting)				
- provisions and allowances	(4,852)	(4,457)	(4,308)	(4,021)
Offsetting	4,852	4,457	4,308	4,021
Deferred tax assets (after offsetting)	-	-	-	-
Other comprehensive income:				
Deferred tax liabilities/(assets) (before offsetting)				
- provision for gratuity scheme	154	(84)	178	(48)
Offsetting	(154)	84	(178)	48
Deferred tax liabilities/(assets) (after offsetting)	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2016

30 SHARE CAPITAL

	Group and Company	
	2016	2015
	RM'000	RM'000
Authorised:		
200,000,000 ordinary shares of RM1.00 each		
At beginning/end of the year	200,000	200,000
Issued and fully paid:		
134,330,848 ordinary shares of RM1.00 each		
At beginning/end of the year	134,331	134,331

31 OTHER RESERVES

	Group and Company	
	2016	2015
	RM'000	RM'000
Non-distributable:		
Capital redemption reserve	4,000	4,000
Treasury shares	(2,330)	(2,330)
	1,670	1,670

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

At the Annual General Meeting of the Company held on 26 August 2015, the shareholders of the Company approved the renewal of the authority for the Company to purchase its own shares up to a limit not exceeding 10% of the total issued and paid-up share capital of the Company.

During the financial year ended 31 March 2016, the Company did not repurchase any of its issued share capital from the open market (2015: Nil). Shares repurchased are being held as treasury shares as allowed under Section 67A of the Companies Act, 1965. There was no resale or cancellation of treasury shares during the financial year. Treasury shares have no right to voting, dividends and participation in other distribution.

As at the date of reporting, of the total 134,330,848 (2015: 134,330,848) issued and fully paid ordinary shares, 2,079,000 (2015: 2,079,000) are held as treasury shares by the Company. The number of shares with voting rights in issued and fully paid share capital is 132,251,848 (2015: 132,251,848) ordinary shares of RM1.00 each.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2016

32 REVENUE RESERVE

The Company is under the single-tier tax system with effect from year of assessment 2014 and hence, there is no restriction on the Company to declare the payment of dividends out of its retained earnings.

33 CAPITAL COMMITMENTS

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Authorised capital expenditure for property, plant and equipment not provided for in the financial statements are as follows:				
- contracted	163	1,275	163	1,275
- not contracted	313	362	313	272
	476	1,637	476	1,547

34 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.

In the normal course of business, the Group and the Company undertake, on agreed terms and prices, a variety of transactions with related 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:

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Income				
Sales of finished goods to:				
- Alcom Nikkei Specialty Coatings Sdn Bhd, a subsidiary incorporated in Malaysia	-	-	118,502	115,049
Rental income received from:				
- Alcom Nikkei Specialty Coatings Sdn Bhd, a subsidiary incorporated in Malaysia	-	-	1,140	1,140
Management service fees received from:				
- Alcom Nikkei Specialty Coatings Sdn Bhd, a subsidiary incorporated in Malaysia	-	-	888	888

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2016

34 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D)

(a) Related party transactions (cont'd)

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Expenditure				
Purchases of raw materials from:				
- Hindalco Industries Limited, ultimate holding company	17,667	-	17,667	-
Purchases of scrap from:				
- Alcom Nikkei Specialty Coatings Sdn Bhd, a subsidiary incorporated in Malaysia	-	-	11,917	9,516
Purchases of metal from:				
- Novelis Korea Limited ULSAN PL, a related company incorporated in Korea	62	1,977	62	1,977
IT allocation fees charged by:				
- Novelis Inc., immediate holding company	2,149	1,407	2,149	1,407
Technical service fees charged by:				
- Novelis Inc., immediate holding company	1,424	1,250	950	833

(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 and the Company either directly or indirectly. Key management personnel include the Directors and certain members of senior management of the Group and of the Company. The remuneration below is inclusive of home country salary and other benefit payments made to expatriate staff.

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Key management remuneration:				
- salaries and bonus	2,121	2,040	1,540	1,491
- defined contribution retirement plan	212	166	212	166
- estimated monetary value of benefits-in-kind	190	255	109	174
	2,523	2,461	1,861	1,831

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2016

35 FINANCIAL INSTRUMENTS

(a) Financial instruments by category

The table below provides an analysis of the financial instruments by category.

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Loans and receivables				
Trade receivables	31,962	27,098	14,239	14,370
Amounts due from related companies	29	26	11,043	11,828
Other receivables (excluding prepayments and advanced payment to suppliers)	3,132	294	3,082	272
Cash and cash equivalents	50,709	62,045	34,478	45,665
	85,832	89,463	62,842	72,135

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Financial assets/(liabilities) at fair value through profit or loss				
Derivative financial instruments	1,136	(610)	228	(273)
Other financial liabilities at amortised cost				
Trade payables	(22,601)	(29,488)	(17,432)	(27,758)
Other payables and accruals (excluding provision for gratuity scheme and payroll related liabilities)	(5,174)	(5,964)	(4,718)	(4,235)
Amounts due to related companies	-	(1,800)	(1,643)	(3,049)
Borrowings	-	(4,494)	-	(3,181)
	(27,775)	(41,746)	(23,793)	(38,223)

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2016

35 FINANCIAL INSTRUMENTS (CONT'D)

(b) Income, expenses, gains and losses on financial instruments

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Derivatives				
Net fair value (gain)/loss on currency forwards	(1,746)	981	(501)	376
Loans and receivables				
Interest income on short-term deposits	(619)	(808)	(364)	(564)
Borrowings				
Interest expense on short-term borrowings	3	9	3	7

36 SEGMENT INFORMATION

Segmental reporting is not separately presented as the Group is principally engaged in the manufacturing and trading of aluminium products, which are substantially within a single operating segment. The Group operates primarily in Malaysia.

Revenue of the Group is derived from a single class of product.

For the purpose of resources allocation and performance assessment, the chief operating decision-maker reviews the profit from operation of the Group as disclosed in consolidated statement of comprehensive income.

All non-current assets of the Group are located in Malaysia, being the Group's country of domicile. The breakdown of the Group's external revenues based on the geographical location of the external customers is as follows:

	Revenue	
	2016 RM'000	2015 RM'000
Malaysia *	96,011	107,656
Thailand	68,145	60,281
India	47,236	52,728
Asia (excludes Malaysia, Thailand and India))	28,687	18,779
Europe	23,148	832
Middle East	14,051	32,257
Others	10,128	7,179
	287,406	279,712

* Included in sales to Malaysian customers are sales to customers in the Licensed Manufacturing Warehouse and Free Trade Zone areas amounting to RM13,342,000 (2015: RM24,096,000).

Revenues of the Group of approximately RM33,768,000 (2015: RM15,502,000) are derived from a single external customer.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2016

37 APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 3 June 2016.

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NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2016

38 SUPPLEMENTARY INFORMATION – BREAKDOWN OF RETAINED PROFITS INTO REALISED AND UNREALISED

The breakdown of the retained profits of the Group and of the Company as at 31 March 2016 into realised and unrealised profits is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Total retained profits of the Company and its subsidiaries				
- Realised	34,828	40,071	10,386	19,211
- Unrealised	4,566	4,159	4,403	3,644
	39,394	44,230	14,789	22,855
Less: Consolidation adjustments	(14,944)	(15,737)	-	-
Retained profits as per financial statements	24,450	28,493	14,789	22,855

The disclosure of realised and unrealised profits above is solely for compliance with the directive issued by Bursa Malaysia Securities Berhad and should not be used for any other purpose.

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 Heon Chee Shyong, 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 59 to 107 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 2016 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 the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

The information set out in Note 38 to the financial statements have been prepared in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Lisitng Requirements, as issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board of Directors in accordance with their resolution dated 3 June 2016.

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

HEON CHEE SHYONG
DIRECTOR

Bukit Raja, Klang

STATUTORY DECLARATION

Pursuant to Section 169(16) of the Companies Act, 1965

I, Bernard William A/L William G. Gomez, 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 59 to 107 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.

BERNARD WILLIAM A/L WILLIAM G. GOMEZ

Subscribed and solemnly declared by the abovenamed Bernard William A/L William G. Gomez at Bukit Raja, Klang in Malaysia on 3 June 2016, before me.

PESURUHJAYA SUMPAH
No: B413
Nama: AZMI BIN ISHAK
MALAYSIA

COMMISSIONER FOR OATHS

No. 31-1, Tingkat Satu
Jalan Tiara 2B
Bandar Baru Klang
41150 Klang, Selangor

INDEPENDENT AUDITORS' REPORT

to the members of Aluminium Company Of Malaysia Berhad
(Incorporated in Malaysia)
(Company No. 003859 U)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Aluminium Company of Malaysia Berhad on pages 59 to 107 which comprise the statements of financial position as at 31 March 2016 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows 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 Notes 1 to 37.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 about 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 judgement, 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 entity's preparation of financial statements that give a true and fair view 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 entity'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 give a true and fair view of the financial position of the Group and of the Company as of 31 March 2016 and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

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 subsidiary have been properly kept in accordance with the provisions of the Act.

(b) We are satisfied that the financial statements of the subsidiary 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 financial statements of the subsidiary did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

INDEPENDENT AUDITORS' REPORT

to the members of Aluminium Company Of Malaysia Berhad
(Incorporated in Malaysia)
(Company No. 003859 U)

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 38 on page 108 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

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

LEE TUCK HENG
(No. 2092/09/16 (J))
Chartered Accountant

Kuala Lumpur
3 June 2016

PROPERTY HELD BY THE GROUP

as at 31 March 2016

Location	Description	Tenure	Land Area	Approximate Built up Area (sq.meter)	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	45,159 sq meter	Range from 24 to 34	RM21.7 million	1985

ANALYSIS OF SHAREHOLDINGS

as at 30 June 2016

ANALYSIS BY SIZE OF SHAREHOLDINGS

Category	No. of Holders	%	No. of Shares	%
Less than 100	263	7.59	4,948	0.00
101 - 1,000	744	21.47	595,506	0.45
1,001 - 10,000	1,703	49.15	8,260,409	6.25
10,001 - 100,000	663	19.13	19,395,506	14.67
100,001 to less than 5% of issued shares	91	2.63	25,761,425	19.48
5% and above of issued shares	1	0.03	78,234,054	59.16
TOTAL	**3,465**	**100.00**	**132,251,848**	**100.00**

LIST OF DIRECTORS' SHAREHOLDINGS

No	Name	No. of Shares	%
1	Y.A.M. TUNKU TAN SRI IMRAN IBNI ALMARHUM TUANKU JA'AFAR		0.00
2	HEON CHEE SHYONG		0.00
3	DATO' KOK WEE KIAT		0.00
4	Y.M TENGKU YUNUS KAMARUDDIN *- 114,500 shares held through own name*	114,500	0.09
5	PAUL ALLEN STADNIKIA		0.00
6	JAMES F. MAKKI		0.00

SUBSTANTIAL SHAREHOLDERS

No	Name	No. of Shares	%
1	NOVELIS INC	78,234,054	59.16

30 LARGEST SHAREHOLDERS

No.	Name of Shareholders	No. of Shares	%
1	NOVELIS INC.	78,234,054	59.16
2	WONG SOO CHAI @ WONG CHICK WAI	1,377,200	1.04
3	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ONG KOK THYE	1,333,300	1.01
4	TOH KAM CHOY	1,271,000	0.96
5	LIM KIAN HUAT	750,900	0.57
6	LEE YU YONG @ LEE YUEN YING	743,700	0.56
7	YEOH AH TU	742,200	0.56
8	ADDEEN CONSULTANCY & MANAGEMENT SDN.BHD	715,600	0.54
9	SING FOONG YIN	693,900	0.52
10	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ONG KOK THYE (E-SPI)	683,300	0.52
11	CHONG KOK FAH	628,000	0.47

ANALYSIS OF SHAREHOLDINGS (cont'd)

as at 30 June 2016

30 LARGEST SHAREHOLDERS (CONT'D)

No.	Name of Shareholders	No. of Shares	%
12	YEOH PHEK LENG	580,000	0.44
13	LIM KA EA	551,600	0.42
14	TAY KAK CHOK	546,200	0.41
15	LOH LOON TEIK SDN.BHD.	502,300	0.38
16	TANG YET SIONG @ TANG YIK SIONG	489,500	0.37
17	HLB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHEE SAI MUN	483,500	0.37
18	RHB NOMINEES (TEMPATAN) SDN BHD OSK TRUSTEES BERHAD FOR THE DIVINE VISION TRUST	419,100	0.32
19	LIEW KON MUN	413,100	0.31
20	GOH BENG BENG	394,000	0.30
21	WENTEL CORPORATION SDN.BHD.	384,000	0.29
22	LIM SENG QWEE	366,000	0.28
23	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KAVI NISHA KAUR (8064006)	343,000	0.26
24	LIM BEE HOE	334,600	0.25
25	KHOR TANG BOEY	322,000	0.24
26	MAYBANK NOMINEES (TEMPATAN) SDN BHD YEOH AH TU	317,000	0.24
27	SEN AH KOW @ CHENG LIP KONG	300,000	0.23
28	LOH TEIK CHYE @ LOH LOON TEIK	292,000	0.22
29	LIM KUI HUA	290,000	0.22
30	KHOR MEOW SIANG	286,000	0.22
	TOTAL	**94,787,054**	**71.67**

ALUMINIUM COMPANY OF MALAYSIA BERHAD
(3859-U)

FORM OF PROXY
Fifty-Fifth Annual General Meeting

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 Fifty-Fifth Annual General Meeting of the Company to be held at Level 3, Atlanta East, Hotel Armada, Lorong Utara C, Section 52, 46200 Petaling Jaya, Selangor Darul Ehsan on Monday, 26 September 2016 at 2.00 p.m. and at any adjournment thereof.

My/Our proxy is to vote as indicated below:

		FOR	AGAINST	ABSTAIN
Ordinary Resolution 1	Re-election of Y.A.M. Tunku Tan Sri Imran ibni Almarhum Tuanku Ja'afar			
Ordinary Resolution 2	Re-appointment of Dato' Kok Wee Kiat as Director			
Ordinary Resolution 3	Re-appointment of Y.M. Tengku Yunus Kamaruddin as Director			
Ordinary Resolution 4	Approval of payment of Directors' Fee of RM163,000			
Ordinary Resolution 5	Re-appointment of Messrs PricewaterhouseCoopers as Auditors and to authorize the Directors to fix the Auditors' Remuneration			
Ordinary Resolution 6	Continuing in Office as Independent Non-Executive Chairman – Y.A.M. Tunku Tan Sri Imran ibni Almarhum Tuanku Ja'afar			
Ordinary Resolution 7	Continuing in Office as Independent Non-Executive Director – Dato' Kok Wee Kiat			
Ordinary Resolution 8	Continuing in Office as Independent Non-Executive Director – Y.M. Tengku Yunus Kamaruddin			
Ordinary Resolution 9	Authority under Section 132D of the Companies Act, 1965, for the Directors to issue shares			
Ordinary Resolution 10	Proposed Renewal of Authority for the Purchase by the Company of its Own Shares			
Ordinary Resolution 11	Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature			

(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 ______________________ 2016

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) Save for an Exempt Authorised Nominee as defined under the Central Depositories Act which may appoint multiple proxies in respect of each Omnibus Account it holds with ordinary shares of the Company standing to the credit of the said securities account, 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) 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.
4) 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
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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

Tel No. : 603-77288485
Fax No. : 603-77288852
Email : cosec@norvic.com.my

Form of Proxy

2nd fold here

ALUMINIUM COMPANY OF MALAYSIA BERHAD (3859-U)

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

www.alcom.com.my