



ALUMINIUM COMPANY OF MALAYSIA BERHAD (3859-U)

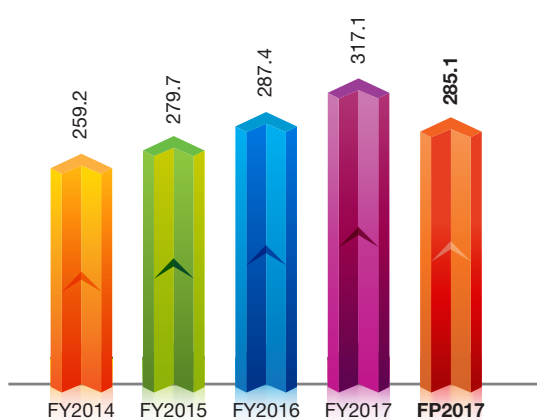
# Annual Report 2017

For The 9-month Financial Period Ended 31 December 2017

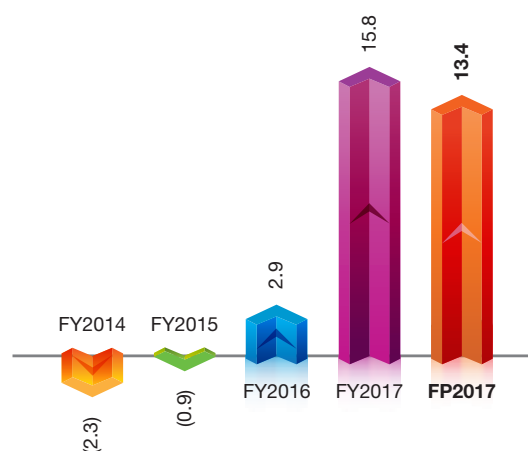
# FIVE-YEAR GROUP FINANCIAL HIGHLIGHTS

	Financial Year Ended 31 March ("FY")				9-month Financial Period Ended 31 December ("FP")
	2014	2015	2016	2017	2017
Revenue (RM'Million)	259.2	279.7	287.4	317.1	<b>285.1</b>
Profit/(Loss) from Ordinary Activities Before Tax (RM'Million)	(2.3)	(0.9)	2.9	15.8	<b>13.4</b>
Net Profit/(Loss) Attributable to Shareholders (RM'Million)	(1.80)	(1.58)	1.80	11.61	<b>9.66</b>
Earnings Before Interest, Taxes, Depreciation and Amortisation (RM'Million)	9.1	9.7	17.6	24.9	<b>20.5</b>
Shareholders' Equity (RM'Million)	176.9	168.6	164.6	176.3	<b>118.3</b>
Total Assets (RM'Million)	214.9	228.3	209.7	223.5	<b>242.3</b>
Earnings/(Loss) Per Share (Sen)	(1.20)	(1.15)	1.37	8.78	<b>7.24</b>
Net Asset Per Share (RM)	1.34	1.27	1.24	1.33	<b>0.89</b>

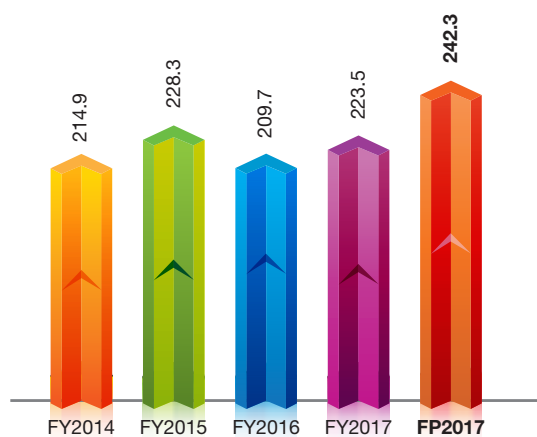
**REVENUE**  
(RM'Million)



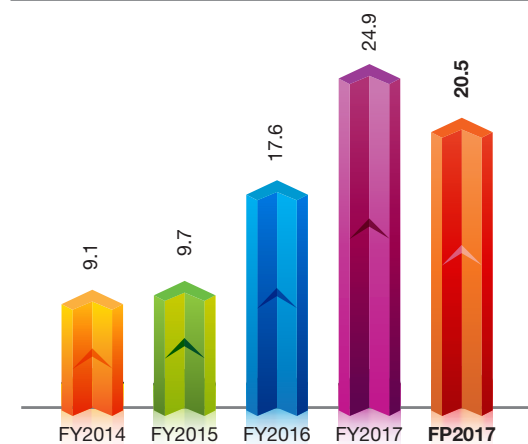
**PROFIT (LOSS) FROM ORDINARY  
ACTIVITIES BEFORE TAX**  
(RM'Million)



**TOTAL ASSETS**  
(RM'Million)



**EARNINGS BEFORE INTEREST, TAXES,  
DEPRECIATION AND AMORTISATION**  
(RM'Million)



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# CORPORATE INFORMATION

## BOARD OF DIRECTORS

**DATO' SERI SUBAHAN BIN KAMAL***Chairman/Independent Non-Executive Director***DATO' LIM CHEE KHOON***Group Managing Director***HEON CHEE SHYONG***President cum Chief Executive Officer***YEOH JIN HOE***Executive Director***DATO' ENG KIM LIONG***Executive Director***ANG LOO LEONG***Executive Director***CHEE KHAY LEONG***Independent Non-Executive Director***WONG CHOON SHEIN***Independent Non-Executive Director***LAM VOON KEAN***Independent Non-Executive Director***MARC FRANCIS YEOH MIN CHANG***Alternate Director to Yeoh Jin Hoe*

## AUDIT & RISK MANAGEMENT COMMITTEE

Lam Voon Kean (*Chairperson*)  
Dato' Seri Subahan Bin Kamal  
Chee Khay Leong

## NOMINATION COMMITTEE

Wong Choon Shein (*Chairman*)  
Chee Khay Leong  
Dato' Seri Subahan Bin Kamal

## REMUNERATION COMMITTEE

Chee Khay Leong (*Chairman*)  
Wong Choon Shein  
Lam Voon Kean

## COMPANY SECRETARIES

Tan Bee Keng (*MAICSA 0856474*)  
Teh Yi Ting (*MAICSA 7068250*)

## AUDITORS

**KPMG PLT**

Chartered Accountants  
Level 10, KPMG Tower  
8, First Avenue, Bandar Utama  
47800 Petaling Jaya  
Selangor Darul Ehsan, Malaysia  
Tel : 603-7721 3388  
Fax : 603-7721 3399  
Email : info@kpmg.com.my

## SHARE REGISTRAR

**Tricor Investor & Issuing House Services  
Sdn. Bhd. (11324-H)**

Unit 32-01, Level 32, Tower A  
Vertical Business Suite  
Avenue 3, Bangsar South  
No. 8, Jalan Kerinchi  
59200 Kuala Lumpur  
Wilayah Persekutuan, Malaysia  
Tel : 603-2783 9299  
Fax : 603-2783 9222  
E-mail : is.enquiry@my.tricorglobal.com  
Website : www.tricorglobal.com

**Tricor Customer Service Centre**

Unit G-3, Ground Floor, Vertical Podium  
Avenue 3, Bangsar South  
No. 8, Jalan Kerinchi  
59200 Kuala Lumpur  
Wilayah Persekutuan, Malaysia

## REGISTERED AND CORPORATE OFFICE

No. 3, Persiaran Waja  
Bukit Raja Industrial Estate  
41050 Klang  
Selangor Darul Ehsan, Malaysia  
Tel : 603-3346 6262  
Fax : 603-3341 2793

## PRINCIPAL BANKERS

Malayan Banking Berhad (3813-K)  
Citibank Berhad (297089-M)  
AmBank (M) Berhad (8515-D)

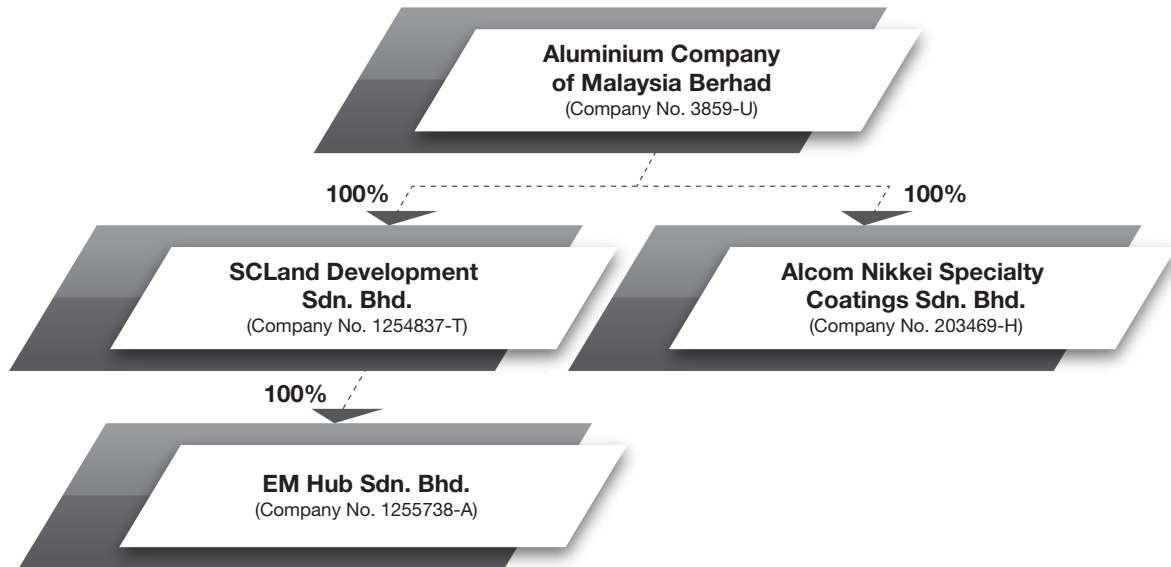
## SOLICITORS

SKRINE  
Wong Beh & Toh  
Lee Hishammuddin Allen & Gledhill

## STOCK EXCHANGE LISTING

Main Market  
Bursa Malaysia Securities Berhad  
Stock Name : ALCOM  
Stock Code : 2674  
Sector : Industrial Products

# GROUP INFORMATION



## HEAD OFFICE

No. 3, Persiaran Waja  
Bukit Raja Industrial Estate  
41050 Klang  
P.O. Box 233  
41720 Klang  
Selangor Darul Ehsan, Malaysia  
Tel : 603-3346 6262  
Fax : 603-3341 2793

## SALES ENQUIRIES/CONTACT

info@alcom.com.my

## WEBSITE

www.alcom.com.my

## MANUFACTURING PLANTS

**Aluminium Company of Malaysia Berhad  
(3859-U)**

### Sheet & Foil

No. 3, Persiaran Waja  
Bukit Raja Industrial Estate  
41050 Klang  
P.O. Box 233  
41720 Klang  
Selangor Darul Ehsan, Malaysia  
Tel : 603-3346 6262  
Fax : 603-3341 2793

**Alcom Nikkei Specialty Coatings Sdn. Bhd.  
(203469-H)**

### Coated Finstock

No. 3, Persiaran Waja  
Bukit Raja Industrial Estate  
41050 Klang  
P.O. Box 79  
41720 Klang  
Selangor Darul Ehsan, Malaysia  
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

### 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)

## PROFILE OF DIRECTORS

### **DATO' SERI SUBAHAN BIN KAMAL**

*Independent  
Non-Executive Chairman*

*Malaysian, Male, Aged 52*

Dato' Seri Subahan bin Kamal was appointed to the Board of Directors ("Board") of Aluminium Company of Malaysia Berhad ("ALCOM") as Independent Non-Executive Chairman on 10 January 2018. He is a member of the Audit and Risk Management Committee and Nomination Committee of ALCOM.

He holds a Bachelor of Science (Hons) Degree in Finance and Minor in Economics from Southern Illinois University at Carbondale, Illinois, United States of America. He is a member of the Malaysian Insurance Institute.

He started his employment career with Bank Rakyat Corporate Planning Department in 1989 and left to join the civil service sector in 1994. He served as Private Secretary to the Parliamentary Secretary, Ministry of Finance (1994 to 1995), Senior Private Secretary to the Deputy Minister of Finance (1995 to 1998) and Senior Private Secretary to the Deputy Minister of Human Resource (1999).

In 1996, he commenced his political career. He was the Treasurer for Barisan Nasional Youth Titiwangsa, Federal Territory; Executive Committee Member of Barisan Nasional Youth Malaysia, and the Selangor State Assemblyman for Taman Templer, Selangor from 2008 to 2013. He has several businesses involved in constructions, training and education, property development, project management and logistics.

He is the President of Football Association of Selangor since 2017. He is also the President of the Malaysian Hockey Confederation; a member of Curriculum Advisory Board, Universiti Teknologi MARA, Malaysia ("UiTM"); and Chairman of Wawasan Qi Group. He was the Manager of Malaysian National Football Team from 2009 to 2013.

He is the Senior Independent Non-Executive Chairman of Can-One Berhad which is listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities"), and is also an Independent Non-Executive Director of The New Straits Times Press (Malaysia) Berhad, a subsidiary of Media Prima Berhad which is listed on the Main Market of Bursa Securities.

He does not have any family relationship with any Director and/or major shareholder of ALCOM.

### **DATO' LIM CHEE KHOON**

*Group Managing Director*

*Malaysian, Male, Aged 51*

Dato' Lim Chee Khoon was appointed to the Board of ALCOM as Executive Director on 13 October 2017 and assumed his role as Group Managing Director of ALCOM on 8 November 2017. He holds a Bachelor of Science (Honours) degree from Universiti Sains Malaysia.

He has twenty-eight (28) years experience in property development and project management. He was the founder of SCLand Sdn. Bhd., a property investment and development company, and was overseeing all its projects in Klang Valley, Selangor, Pahang and Sabah. Prior to SCLand Sdn. Bhd., he was the Chief Executive Officer of C P Land Sdn. Bhd., a property development company.

He started his career with the Lion Group in 1990 and was in-charge of numerous large development projects in Malacca.

He is a major shareholder of ALCOM. He does not have any family relationship with any Director and/or major shareholder of ALCOM. He has no directorship in other public companies and listed issuers.



## PROFILE OF DIRECTORS

### HEON CHEE SHYONG

-----  
*President cum  
 Chief Executive Officer*  
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*Malaysian, Male, Aged 50*  
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Heon Chee Shyong was appointed to the Board of ALCOM as Managing Director on 17 November 2014 and assumed his current position on 8 November 2017. He 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.

He started his career with NS BlueScope Lysaght (Malaysia) Sdn. Bhd. (formerly known as BHP Steel Building Products Sdn. Bhd.) in 1991. Since then, he had accumulated twenty-two (22) years of working experience within the NS 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 five (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 NS BlueScope Steel group: NS 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 NS BlueScope Lysaght (Malaysia) Sdn. Bhd. as President/Director overseeing the entire Malaysian operation. He also served as President/Director of NS BlueScope Lysaght Malaysia, Singapore and Brunei operations overseeing seven (7) businesses across the region taking leadership roles on strategic business development and building functional leadership team across the various business units.

He is currently the Chairman of Aluminium Manufacturers Group of Malaysia (FMM – AMGM).

He does not have any family relationship with any Director and/or major shareholder of ALCOM. He has no directorship in other public companies and listed issuers.

### YEOH JIN HOE

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*Executive Director*  
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*Malaysian, Male, Aged 71*  
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Yeoh Jin Hoe was appointed to the Board of ALCOM on 30 September 2016.

He has extensive experience in the manufacturing and trading industries. He founded several companies involved in the manufacturing sector. These companies are principally involved in the manufacture and sale of branded mattresses and other sleep related products; food products such as instant noodles and food seasonings; and distribution of sanitary wares, ironmongery and builders' hardware.

He was the former Managing Director of Can-One Berhad ("Can-One"), a company listed on the Main Market of Bursa Securities, and a major shareholder of Can-One. He relinquished his aforesaid position in Can-One in 2012 when he became a major shareholder of Kian Joo Can Factory Berhad ("Kian Joo"), a company listed on the Main Market of Bursa Securities, and was appointed Group Managing Director of Kian Joo. He remained on the Board of Can-One as a Non-Independent Non-Executive Director. He is also the Group Managing Director of Kian Joo's subsidiary company, Box-Pak (Malaysia) Bhd. ("Box-Pak"), which is listed on the Main Market of Bursa Securities.

He is a major shareholder of ALCOM. He is the father of Alternate Director, Marc Francis Yeoh Min Chang.

## PROFILE OF DIRECTORS

### **DATO' ENG KIM LIONG**

*Executive Director*

*Malaysian, Male, Aged 53*

Dato' Eng Kim Liong was appointed to the Board of ALCOM as Executive Director on 8 November 2017.

He has over thirty (30) years experience in property investment and mechanical and electrical trades. He is the co-founder of SCland Sdn. Bhd., a property investment and development company with projects in Klang Valley, Selangor, Pahang and Sabah.

Prior to SCland Sdn. Bhd., he specialised in the provision of mechanical and electrical works to property developers with customers in East and West Malaysia.

He is a major shareholder of ALCOM. He does not have any family relationship with any Director and/or major shareholder of ALCOM. He has no directorship in other public companies and listed issuers.

### **ANG LOO LEONG**

*Executive Director*

*Malaysian, Male, Aged 53*

Ang Loo Leong was appointed to the Board of ALCOM as Executive Director on 8 November 2017. He holds a Diploma in Building.

He has over thirty (30) years experience in the construction industry, having served in several reputable construction companies involved in large scale construction projects in Klang Valley and Kota Kinabalu, Sabah.

He is a major shareholder of ALCOM. He does not have any family relationship with any Director and/or major shareholder of ALCOM. He has no directorship in other public companies and listed issuers.

### **CHEE KHAY LEONG**

*Independent*

*Non-Executive Director*

*Malaysian, Male, Aged 57*

Chee Khay Leong was appointed to the Board of ALCOM on 1 November 2016. He is the Chairman of the Remuneration Committee and a member of the Audit and Risk Management Committee and Nomination Committee of ALCOM.

He has extensive experience in the management of manufacturing facilities, marketing and business development. He has been the Chief Operating Officer cum Executive Director of Kian Joo since July 2012. He oversees the implementation of broad operational strategies and policies as well as the operations and performance of the Kian Joo group of companies. He is also Executive Director of Kian Joo's listed subsidiary company, Box-Pak.

Prior to joining Kian Joo, he was the Chief Operating Officer cum Executive Director of Can-One. He was with Can-One group of companies from 1977 to 2013 and was appointed Executive Director of Can-One on 1 February 2018.

He does not have any family relationship with any Director and/or major shareholder of ALCOM.



## PROFILE OF DIRECTORS

### WONG CHOON SHEIN

*Independent*

*Non-Executive Director*

*Malaysian, Male, Aged 67*

Wong Choon Shein was appointed to the Board of ALCOM on 1 November 2016. He is the Chairman of the Nomination Committee and a member of the Remuneration Committee of ALCOM.

He has over forty (40) years of experience and knowledge in international trade and wide networking with major global players in the building and construction industry. He was the founder and Managing Director of Buildtrend Group, a major building materials and architectural products distributor of global brands (like ROCA, TOTO, Villeroy and Boch) and contractor. In July 1994, after divesting Buildtrend Group to Hong Leong Malaysia, he assumed the position of Group Managing Director, Building Materials Division of Hong Leong Industries Berhad until 1996. Home Expo, the first one-stop home renovation and decoration centre in Malaysia, was launched by him in 1999.

He has several business ventures in the building and construction industry in Malaysia, Singapore and Australia. He is also the ASEAN Business Development Director for BSC Group Hong Kong, a building materials and interior contracting group with business activities in Hong Kong, China and Macau.

He is the Non-Independent Non-Executive Director of OCB Berhad which is listed on the Main Market of Bursa Securities.

He does not have any family relationship with any Director and/or major shareholder of ALCOM.

### LAM VOON KEAN

*Independent*

*Non-Executive Director*

*Malaysian, Female, Aged 65*

Lam Voon Kean was appointed to the Board of ALCOM on 1 March 2018. She is the Chairman of the Audit and Risk Management Committee and a member of the Remuneration Committee of ALCOM. She is a member of the Malaysian Institute of Accountants ("MIA") and Malaysian Institute of Certified Public Accountants ("MICPA").

She joined KPMG Penang in 1974 as an articled student and qualified as a Certified Public Accountant in 1981. She was one of the senior audit managers of KPMG Penang and acted as the engagement manager for various audit engagements and also for assignments relating to the listing of shares on the Malaysian Stock Exchange and was involved in the review and preparation of profit and cash flow forecasts and projections.

In 1994, she left KPMG Penang and joined M&C Services Sdn. Bhd. (now known as Boardroom Corporate Services (KL) Sdn. Bhd.) and was promoted to Executive Director managing a suite of business solutions and services for public listed companies, private companies, and branches of multi-national companies.

She was the Managing Director of Boardroom Corporate Services (Penang) Sdn. Bhd. ("Boardroom") until her retirement in 2011. Upon retirement, she accepted a one-year contract to act as consultant to Boardroom effective from 1 January 2012.

She is the Independent Non-Executive Director of Asia File Corporation Bhd., Globetronics Technology Berhad and RGB International Bhd., which are listed on the Main Market of Bursa Malaysia Securities Berhad.

She does not have any family relationship with any Director and/or major shareholder of ALCOM.

## PROFILE OF DIRECTORS

**MARC FRANCIS  
YEOH MIN CHANG**

*Alternate Director to  
Yeoh Jin Hoe*

*Malaysian, Male, Aged 33*

Marc Francis Yeoh Min Chang was appointed as Alternate Director to Yeoh Jin Hoe on 24 January 2018. He is also a director of ALCOM's wholly-owned subsidiary company, Alcom Nikkei Specialty Coatings Sdn. Bhd.. He holds a Bachelor of Science degree in Electrical and Electronic Engineering (Magna cum Laude) from Marquette University, United States of America and a Master of Business Administration in Finance from University of Southern Queensland, Australia.

He is the Group Managing Director of Can-One Berhad, a company listed on the Main Market of Bursa Securities since 1 October 2017. Prior to this, he was Can-One Berhad's Chief Operating Officer cum Executive Director. From 2007 to 2010, he was with Axiata Group Berhad group of companies serving in various senior positions abroad.

He is the son of Yeoh Jin Hoe, the Executive Director and major shareholder of ALCOM.

*Additional Information:*

1. *None of the Directors has personal interest in any business arrangement involving ALCOM.*
2. *None of the Directors:*
  - (i) *has been convicted of any offence within the past five (5) years; or*
  - (ii) *was publicly sanctioned or imposed with penalty by the relevant regulatory bodies during the financial period ended 31 December 2017.*
3. *Details of the Directors' attendance at Board meetings are set out in the Corporate Governance Overview Statement on page 31 of this Annual Report.*

## PROFILE OF KEY SENIOR MANAGEMENT

### **BERNARD WILLIAM A/L WILLIAM G. GOMEZ**

*Director, Finance*

*Malaysian, Male, Aged 55*

Bernard joined ALCOM in December 2010 as Chief Financial Officer and was later re-designated to Director, Finance. He completed his professional qualification in England as a Chartered Management Accountant in 1991 and is a member of the Malaysian Institute of Accountants (“MIA”). Prior to ALCOM, he had accumulated over twenty (20) years of finance-related experience in various entities including multi-national companies and a public listed entity, holding senior finance positions.

### **ERIC CHONG KHAI MAN**

*Director, Sales & Marketing*

*Malaysian, Male, Aged 51*

Eric Chong Khai Man joined ALCOM in July 1995 as a Sales Executive. He completed the Chartered Institute of Marketing Program and holds a Masters of Business Administration (Marketing) from St. George University International in 2002. He was elected as Member of the Chartered Institute of Marketing (UK) in 2002 and achieved the status of Chartered Marketer in 2003.

He has accumulated over twenty-three (23) years of sales and marketing experience with ALCOM, mainly in respect of the export markets. His experience also includes seven (7) years of exposure to building materials with a large listed group of companies in Malaysia, prior to joining ALCOM.

He had previously undergone a one-month full-time training experience in Japan under the Association for Overseas Technical Scholarship (AOTS) of Japan. Following the experience, he has a good grasp of the Japanese business culture.

### **TORU ISHII**

*Director, Research &  
Development*

*Japanese, Male, Aged 72*

Toru Ishii joined Alcom Nikkei Specialty Coatings Sdn. Bhd. (“ANSC”) in April 2002 as Technical Director and was later re-designated to Director, Research & Development.

He began his career in 1969 with Nippon Light Metal Co. Ltd (established with Alcan Inc. Canada) as their Research & Development Engineer. During his employment, he was seconded to Alcan’s Kingston Laboratories in Canada for two (2) years.

He has working experience in the surface science field in both Japan and Malaysia. Since joining ANSC, he has contributed extensively in numerous new product developments and has established the entire paint system for coated fin.

## PROFILE OF KEY SENIOR MANAGEMENT

**TAE IL SEO**

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*Director, Plant*  
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*Korean, Male, Aged 67*  
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Tae-II Seo joined ALCOM as Director, Plant in May 2017. He graduated from the University of Ulsan, Korea with a Bachelor in Materials Engineering. He began his career as a Metallurgical Engineer in 1976 with Aluminium Company of Korea Ltd (within the Hyundai Group, Korea) during which time, he was selected for technical training at Nippon Light Metal, Japan and Kaiser Chemical Corporation in the United States of America.

He has over forty (40) years of aluminium related experience and has held key senior positions as Plant Manager of Novelis, Korea as well as Works Manager of ALCOM from 2004 to 2008. He has also attended senior level courses at the CEO Academy, organized by Chambers of Commerce of Ulsan, the Samsung CEO Academy organized by Samsung and has also participated in CEO Forums organized by the University of Ulsan and Kyungsang (Media) Newspaper.

In addition, Tae-II Seo has held teaching positions as a Professor in the School of Material Science and Engineering at the University of Ulsan as well as a Specialist in the Korean Institute of Industrial Technology.

*Additional information:*

1. *None of the Key Senior Management personnel has family relationship with any Director and/or major shareholder of ALCOM.*
2. *None of the Key Senior Management personnel has personal interest in any business arrangement involving ALCOM.*
3. *None of the Key Senior Management personnel holds directorship in public companies and listed issuers.*
4. *None of the Key Senior Management personnel:*
  - (i) *has been convicted of any offence within the past five (5) years; or*
  - (ii) *was publicly sanctioned or imposed with penalty by the relevant regulatory bodies during the financial period ended 31 December 2017.*

# MANAGEMENT DISCUSSION AND ANALYSIS

## **OVERVIEW OF THE GROUP'S BUSINESS AND OPERATIONS**

Aluminium Company of Malaysia Berhad ("ALCOM" or "the Company") is an established aluminium roll manufacturer in Malaysia and has been in operation since 1960. ALCOM is directly involved in the manufacture of aluminium coils and sheets with its key product segments being fin stock, building products, heavy gauge foil and specialties. The Company also produces coated fin through its wholly-owned subsidiary, Alcom Nikkei Specialty Coatings Sdn. Bhd. ("ANSC"). ALCOM and ANSC supply to markets in Malaysia, Asia and Europe with approximately 67% of their revenues generated from the export market.

The emergence of SCLand Holdings Sdn. Bhd. as a major shareholder during the period under review has allowed ALCOM to diversify its business into property development. Going forward, ALCOM group of companies ("the Group") will have two (2) core business segments i.e. manufacturing and property development.

As the Group's financial year end was changed from March to December in 2017, this discussion and analysis will therefore be based on results over a 9-month financial period i.e. April 2017 to December 2017 ("FP2017" or "the period under review") with the comparative being the corresponding 9-month financial period of the preceding year i.e. April 2016 to December 2016 ("FP2016" or "corresponding period last year"). Also, it will be limited to the manufacturing segment as the property segment was dormant during the period under review.

FP2017 has been very challenging and ridden with uncertainties. Aluminium prices were volatile against the backdrop of the impending import duties on Chinese materials into the United States ("US") as well as the closure of Chinese aluminium plants due to environmental issues. This had disrupted the global aluminium supply chain especially since China is both the largest consumer and producer of aluminium. In addition, during this period, the Malaysian Ringgit had weakened against the US dollar ("USD"), which aided the Group's margins derived from its export sales.

Operationally, we are pleased to report that we were injury free for the period under review. This meant that our employees and contractors worked safely enabling the Group to concentrate on improving its financial performance.

The Group's overall shipment volume improved by approximately 5% compared to the corresponding period last year. Conversion Premium similarly improved by approximately 6%. This had contributed positively to the Earnings before Interest, Taxes, Depreciation and Amortisation ("EBITDA") achievement of RM20.5 million for the period under review; higher than the RM17.9 million EBITDA attained in the corresponding period last year.

## **FINANCIAL RESULTS**

The Group's revenue achievement of RM285.1 million for the period under review was RM52.3 million higher than the revenue recorded in the corresponding period last year. While the Group continued with its strategy of maintaining selling prices despite the stiff competition, this increase was derived from higher shipment volumes, increased base metal costs and a weakened ringgit vis-à-vis the USD.

The higher shipment volumes were generated mainly from the roofing and fin product categories. Base metal costs, which comprise aluminium prices quoted on the London Metal Exchange, Main Japanese Port premium and transport premium, increased by 23%; it averaged at USD2,087 per metric tonne in the period under review against an average of USD1,699 per metric tonne in the corresponding period last year. With approximately 67% of the Group's revenue generated from exports for the period under review being denominated in USD currency, the ringgit's weakening vis-à-vis the USD of approximately 4% compared to the corresponding period also contributed positively to the revenue line.

Restricted with operating capacity constraints, the execution of the product portfolio maximisation efforts paid off handsomely as the Group generated an increased contribution per metric tonne of 7%. This increased contribution translated into an improved EBITDA comparatively against the corresponding period last year.

# MANAGEMENT DISCUSSION AND ANALYSIS

## **FINANCIAL RESULTS (continued)**

With the higher EBITDA attained, the Group registered a profit before tax of RM13.4 million; an improvement of 26% of the profit before tax over the corresponding period last year which recorded a profit before tax of RM10.6 million. This was achieved after accounting for expenditures in the following categories:-

**(i) Staff Costs – FP2017 of RM25.1 million versus (“vs”) FP2016 of RM21.3 million.**

This increase was due to higher provisions for bonus, increased headcount and salaries for Executive Directors who were appointed following the divestment by Novelis Inc.

**(ii) Utilities and Fuel – FP2017 of RM15.4 million vs FP2016 of RM15.2 million.**

These costs, which largely vary to production levels, accounted for approximately 41% of direct costs in the Group in FP2017. The Group had managed to successfully control these costs despite a 6% increase in production volumes compared to the corresponding period last year.

**(iii) Depreciation of property, plant and equipment – FP2017 of RM5.9 million vs FP2016 of RM8.2 million.**

The reduced charge for depreciation was mainly due to the increase in fully depreciated assets of property, plant and equipment that were still in use by the Group at the end of FP2017 as compared to the end of FP2016.

**(iv) Upkeep, repairs and maintenance of assets – FP2017 of RM8.4 million vs FP2016 of RM6.2 million.**

Several extensive repairs that had to be undertaken for the casting machineries which resulted in this cost being much higher compared to the corresponding period last year. These critical repairs were required to ensure that output quality of hotband coils were not compromised. This also aided in improving the recovery rates in the production process.

**(v) Other operating expenses – FP2017 of RM9.7 million vs FP2016 of RM9.8 million.**

Expenditures in this category were overall well-controlled despite the Group incurring an interest charge for RM1.4 million for the bank loan which was obtained during the period under review.

## **Capital Expenditure**

RM7.8 million of capital expenditure was incurred during the period under review. The main spending was for the on-going investment for an additional coater line to supplement the existing two (2) coater lines.

## **Cash Balance**

The Group's cash balance at the end of the FP2017 was RM45.9 million compared to the cash balance at the end of the FP2016, which was RM39.5 million. During FP2017, the Group obtained a term loan of RM69.4 million that was utilized entirely to finance a special dividend and capital repayment to shareholders that was paid in July 2017 and September 2017, respectively. The tenure of the term loan is for a period of up to twelve (12) years and is secured by the Company's leasehold industrial land.



# MANAGEMENT DISCUSSION AND ANALYSIS

## **REVIEW OF OPERATING ACTIVITIES**

### **Commercial**

The Group posted a revenue of RM285.1 million representing an increase of approximately 22% compared to the corresponding period of last year's achievement of RM232.8 million. A significant portion of the increase was contributed by higher contracted metal costs which were passed through to the Group's customers. In addition, increased shipment volume and higher conversion premium had contributed positively to the attained higher revenue.

During the period under review, market activities were sluggish in Europe and Thailand. The market surrounding these regions continued to consolidate and customers were looking for competitively priced products. Despite these headwinds, the Group was able to increase its market share by displacing some of its Chinese competitors. The positive feedback from customers was very encouraging, as they have experienced continued improvement in both quality and service over recent years.

Volume improvement came largely from the Group's focus on expanding our market share in Coated Fin Stock and the Roofing segments as part of its on-going product optimization strategy. These are the two (2) targeted segments which the Group derives higher Conversion Premium and higher margins. The Group's dedicated effort on Coated Fin Stocks in Europe increased its sales volume into that region as compared to the corresponding period last year.

The strategy for the Company's Roofing segment is to expand the use of aluminium roofing in both the industrial and commercial sectors, which currently is dominated by coated galvanized steel. Roofing volume grew by 69% compared to the corresponding period last year whilst the conversion premium from this segment grew by 27%. The softening of the domestic building industry and excess capacity from coated steel competitors have made it very challenging for the Company. At the same time, metal prices were increasing, impacting the margins from this segment. The Company expects the competitive landscape to remain until the domestic building industry recovers.

Aluminium metal price [London Metal Exchange ("LME")/Shanghai Futures Exchange ("SHFE")] and Main Japanese Port Premium ("MJP") were increasing steadily over the period under review. These had minimal impact to the Group as the majority of our products with the exception of roofing products were 100% passed through in terms of pricing to its customers. This translated to our products being sold according to the LME aluminium price.

### **Customers**

The Group is a major player in the Coated Fin Stock segment and supplies to most of the leading manufacturers in the air-conditioner market across Asia and Europe. Some of the Group's other market segments include building and construction, packaging, cables and various other industries.

The Group intends to continue to seek out and penetrate other new geographies for market expansion and to improve our margins. In particular, we aim to expand our presence into southern Europe and the US market.

### **Costs**

Direct Costs – Higher production volumes had contributed to higher direct costs but good cost discipline had resulted in our direct cost per metric tonne being comparatively much lower than the corresponding period last year.

Operating Costs – Total operating cost was higher in FP2017 as compared to FP2016 due mainly to unplanned repairs and maintenance costs that had to be incurred in the casting machineries and interest charges for the bank loan that was obtained in FP2017.

# MANAGEMENT DISCUSSION AND ANALYSIS

## **REVIEW OF OPERATING ACTIVITIES (continued)**

### **Manufacturing**

The Group continued to set records at the manufacturing section. There have been some remarkable improvements at the Caster section with all the three (3) lines being optimized in terms of speed and productivity. Coordinated teamwork resulted in enhanced delivery performance and service levels which earned positive customer reviews and recognition.

At ANSC, it was successful in dispatching higher volumes than the corresponding period. It also registered record volumes from month to month albeit smaller increases by challenging the designed capacity output of the machines.

### **Human Capital**

The Group successfully organized several talent based events by partnering with both local and foreign universities located within the Klang Valley. During these events, the Group was able to make itself known to the young undergraduates and this attracted a good pool of new graduates seeking placement opportunities in various functions within the Group.

The Group also participated in the Selangor Government graduate placement initiative in which we absorbed five (5) fresh engineers into our operations team.

### **Anticipated Risks**

The World Bank is expecting East Asia and the Pacific region to slip from 6.4% to 6.2% in terms of growth potential from 2017 to 2018. The structural slowdown in China is the hindrance that is seen offsetting the cyclical growth from the rest of the region. Europe and Central Asia are forecasted by the World Bank to ease growth from 3.7% (2017) to 2.9% (2018). India is probably the only region that we operate in that is forecasted to expand in 2018. Sentiments from the market and the Group's customer feedback seems to be aligned with the World Bank's projections.

The Group's export volume is approximately 70% of its total volume in which it transacts in USD. The strengthening of Ringgit will have an impact on our profitability.

Rising costs of electricity and gas will be the challenge in the coming years.

In view of the above, the Group has temporarily postponed ANSC's expansion plan of Coater Line 3 while it monitors the global development to minimize its risk going forward. The Group is actively pursuing price improvements from the market as well as cost down opportunities from its operations to overcome the challenges that it faces currently and those of the future.

As part of the risk mitigating process, the Group continuously reviews its business risks and options to improve the business outcome.

### **Impairment Review**

The Group has reviewed all of its assets and believe they are well utilized without any need of impairment under the current period under review.

# MANAGEMENT DISCUSSION AND ANALYSIS

## **FORWARD-LOOKING STATEMENT**

### **Manufacturing Segment**

The market will be challenging in 2018 in all segments. We are expecting excess capacities from China to flood the market. The market will continue to revolve around improved products at lower costs.

At the Group level, we have been preparing ourselves to meet these challenges and believe that we are prepared for them. We have a very competitive cost structure, which forms a strong defence mechanism against our global competitors. From an operating cost perspective, we aspire to continually improve our business outcome as we have always done in the past.

Our reputation for good quality and service will be at the forefront of the battle that will sustain us against the competition. With the employees of the Group fully engaged to be “Disruptive by Design”, our dedicated efforts on research and development will push the boundaries of our future.

### **Property Segment**

The property market continued its consolidation phase in 2017 and we expect this trend to be sustained in 2018. EM Hub Sdn. Bhd., a wholly-owned subsidiary within the Group, would focus on developing a niche and in-demand product to differentiate itself in the market. The proposed land to be acquired at Kota Damansara, Selangor will be developed into an e-Commerce Hub with hybrid 3-in-1 space of showrooms, offices and storage to serve the needs of the growing digital businesses. This unique development which is slated to commence in 2019 has a gross development value of approximately RM500 million.

# SUSTAINABILITY STATEMENT

This Sustainability Statement has been prepared with reference to Practice Note 9 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

Aluminium Company of Malaysia Berhad (“ALCOM”) group of companies (“the Group”) have a strong heritage of sustainability as there has been a progressive emphasis on managing future risks and opportunities to meet its long-term objectives.

## SUSTAINABILITY GOVERNANCE STRUCTURE

Sustainability is strongly embedded within the Group and the Audit and Risk Management Committee (“ARMC”) provides oversight and supervision of the sustainability initiatives and makes appropriate recommendations to the Board of Directors of ALCOM. To assist the ARMC, a Risk Management Working Group (“RMWG”) chaired by the President cum Chief Executive Officer has been established. The RMWG comprises Senior Management personnel and the Sustainability Officer.

The diagram below illustrates the Group’s Sustainability Governance Structure:

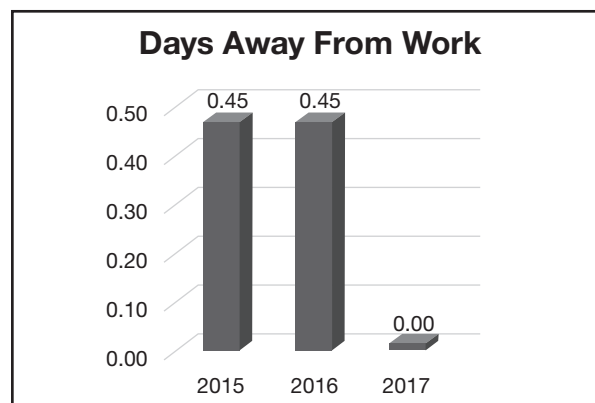
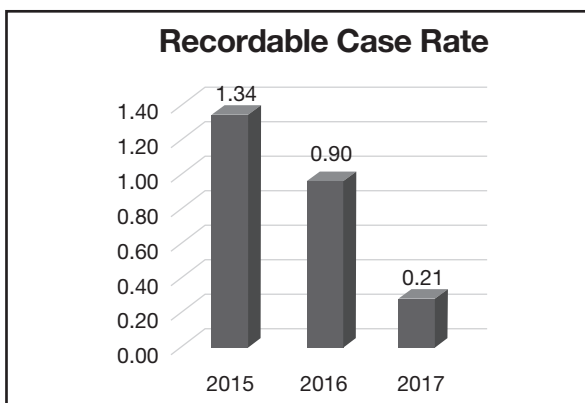


## EMPLOYEES’ SAFETY AND HEALTH

Keeping the Group’s employees and contractors safe and healthy on the job is entrenched as part of its core value. A systematic approach is applied for identifying, managing and mitigating safety and health risks in operations.

For the calendar year of 2017, the Group’s recordable incident rate was at the lowest in five (5) years. It also achieved a zero injury and zero ‘days away from work’ in 2017.

The Group also continuously focuses to prevent the risk of serious injuries and fatalities (“SIF”) through strong leadership in behavioral based safety (“BBS”) observations and make appropriate continuous improvements in this area. SIF initiatives ensure that all employees and contractors are aware of the risks before undertaking a new task and take the right actions to ensure they and those around them are not endangered.

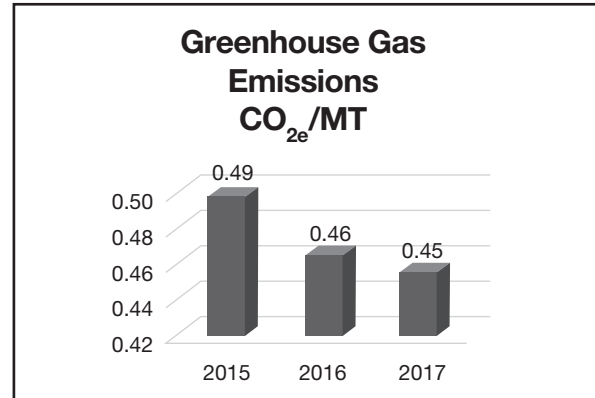


## SUSTAINABILITY STATEMENT

### GREENHOUSE GAS EMISSIONS

Greenhouse gas emissions was 33,589 metric tonnes CO<sub>2e</sub> in 2017, which was flat compared to 2016 which recorded 33,586 metric tonnes CO<sub>2e</sub>.

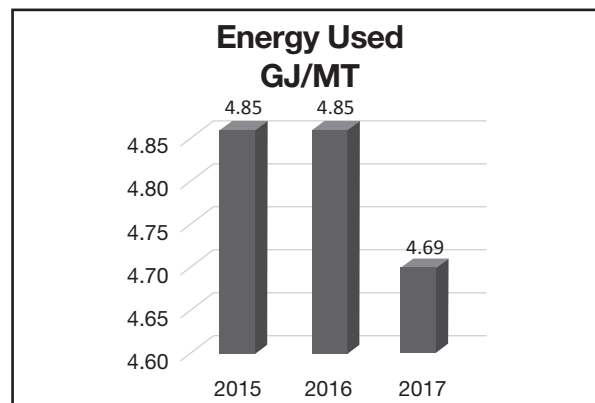
Greenhouse gas emission rate in 2017 was 0.4475 tonnes CO<sub>2e</sub> per metric tonne ("MT"); a 3% reduction from 2016's rate of 0.4617 tonnes CO<sub>2e</sub>/MT. There has been a progressive downtrend since 2015.



### ENERGY INTENSITY

A total of 352,207 Giga Joules ("GJ") energy was consumed in 2017. This was similar to 2016's consumption.

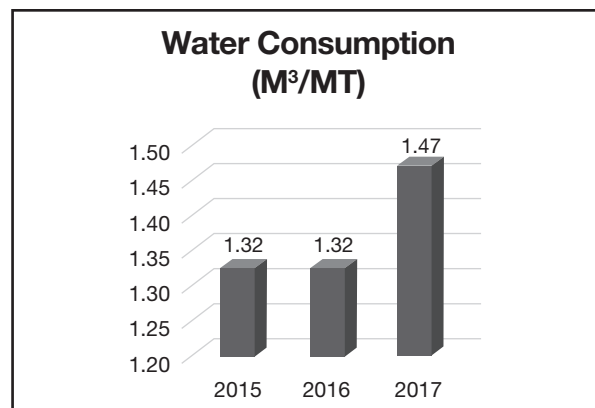
This translated to an improvement in the GJ per metric tonne index ("GJ/MT") for 2017. An increase of 4.7% productivity in 2017 translated to a reduction of approximately 3% from 4.85 GJ/MT to 4.69 GJ/MT recorded in 2017.



### WATER CONSUMPTION

The Group monitors consumption and discharge of water to identify improvement opportunities, maintain regulatory compliance and assess community impact.

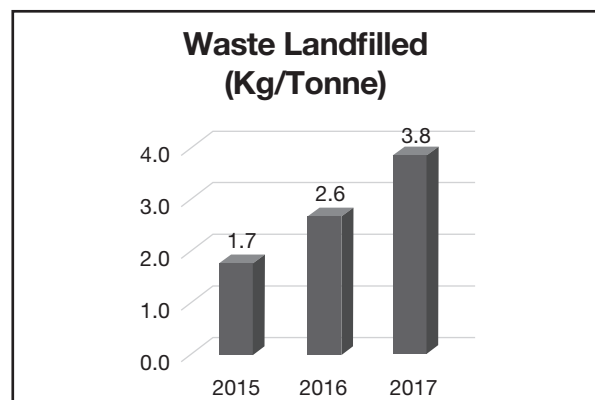
There was an increase in water consumption ("M<sup>3</sup>") in 2017 mainly due to a major leak from an aging underground pipe, which occurred toward the end of the year. The problem has since been rectified.



### LANDFILLED WASTE

The landfilled waste was recorded with uptrends from the 2015 baseline. It increased by 53% in 2016 and a further 46% in 2017.

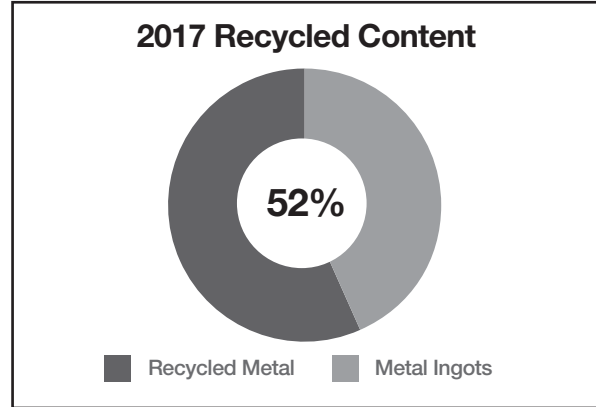
These increases were directly attributable from the melting furnace rebuilding activities. We replaced refractories materials that are used as heat insulator for the melting furnaces. These refractories materials are categorised as scheduled waste.



# SUSTAINABILITY STATEMENT

## RECYCLED CONTENT

An initiative to increase recycled content contributed to an improvement in 2017 i.e. recycled content increased from 48% in 2016 to 52% in 2017.



## COMMUNITY SPONSORSHIP AND DONATION

The Group continually contributes to the community in the vicinity of its operations.

In a recent initiative in November 2017, the Group donated school uniforms and bags to less fortunate pupils in Sekolah Kebangsaan Rantau Panjang, Klang (“School”) as part of its “back to school program”. Senior representatives from the Group and the School attended the ceremony.



President cum Chief Executive Officer, Heon Chee Shyong (third from right) and Human Resources Manager, Abu S E Mohammad Shariff (fourth from right) together with the School’s headmaster and his team



Student receiving his uniform and bag



## CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (“Board”) of Aluminium Company of Malaysia Berhad (“ALCOM” or “the Company”) is fully committed to the principles and recommendations of the Malaysian Code on Corporate Governance which took effect on 26 April 2017 (“MCCG”). This ensures that the best practices of corporate governance including accountability and transparency are adhered to by the Company to achieve long term financial performance and growth as the Board is mindful of its accountability to the shareholders and various stakeholders of the Company.

The Board is pleased to report to the shareholders on the Company’s application of the three (3) key principles of the MCCG during the 9-month financial period ended 31 December 2017 (“FP2017”):

- (a) Board leadership and effectiveness;
- (b) Effective audit and risk management; and
- (c) Integrity in corporate reporting and meaningful relationship with stakeholders.

### **PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS**

#### **Clear Roles and Responsibilities of the Board**

The Board’s role is to provide stewardship of the Group and direction for Management. The Board is collectively responsible and accountable to the Company’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 Board provides overall strategic guidance, effective oversight on the governance and management of the business affairs of the Group. The responsibilities of the Board include:

- (i) Reviewing, adopting and monitoring the Group’s major strategies and financial performance in respect of objectives and plans set. The President cum Chief Executive Officer (“CEO”) together with the Director, Finance would present to the Board the recommended strategy for the manufacturing business for the following five (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 is achieved. The Board then approves the annual plan for the following financial year with agreed key deliverables;
- (ii) Overseeing the conduct of the Group’s businesses and evaluating whether its businesses are being properly managed. In this respect, a status report of the manufacturing business is provided by the President cum CEO 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;
- (iii) Decision making regarding matters of a sensitive, extraordinary or strategic nature;
- (iv) Monitoring capital management and major expenditures;
- (v) Monitoring the performance and competency of Senior Management positions and ensuring that they are of sufficient calibre. Ensuring 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;

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## ***PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)***

### **Clear Roles and Responsibilities of the Board (continued)**

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: (continued)

- (vi) Reporting to shareholders;
- (vii) Evaluating of Board processes and performance;
- (viii) Declaring dividend payments;
- (ix) Reviewing the adequacy and integrity of the risks management and systems of internal controls of the Group, including systems and procedures in place for compliance with applicable laws, regulations, rules, directives and guidelines, to promote best practices in corporate governance;
- (x) Reviewing and approving annual statutory accounts and monitoring of quarterly financial results, press releases and authorising the same for release to the public via Bursa Malaysia Securities Berhad (“Bursa Securities”) and other authorities.

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

### **Roles of the Chairman, Group Managing Director and President cum CEO**

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

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

The Group Managing Director (“MD”) is responsible for the development of the corporate goals and objectives of the Group, and the setting of strategies for the property business. The President cum CEO is primarily responsible for the day-to-day operations of the manufacturing business of the Group, which includes implementation of policies and strategies adopted by the Board. The Group MD and the President cum CEO are responsible for communicating matters relating to the Group’s property business and manufacturing business respectively to the Board. Both their knowledge of the Group’s businesses and affairs contribute significantly towards the attainment of the Group’s goals and objectives.

### **Board Charter**

The Board adopts a Board 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 Secretaries. The contents include the Board’s unrestricted access to information and independent professional advice. The Board Charter is available for reference in the Company’s website at [www.alcom.com.my](http://www.alcom.com.my).

The Board Charter is currently being reviewed and updated in accordance with the needs of the Group and the new regulations that 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.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## ***PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)***

### **Code of Conduct and Ethics**

The Board 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 of Ethics is formulated to enhance the standard of corporate governance and corporate behaviour 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 outlines the expectations for 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 of Conduct and adhere accordingly. To achieve this purpose, a mandatory training module that outlines what the Code of Conduct means and its expectation from the employees has been developed and conducted for new employees and interns during the induction programmes.

A whistle-blowing procedure also forms part of the Group's Code of Conduct to provide 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.

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

### **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 foundation of being a sustainable company, through the following various initiatives that deal with strategy for sustainability:

- operating ethically and responsibly to meet the expectation of our stakeholders – shareholders, customers, employees, regulators, consumers and non-governmental organisations.
- 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. Our Group also looks into developing the people to enhance their skills and expertise.
- contribution to the communities where we operate; an essential hallmark of our Group is the commitment to give back to the community. Our Group has begun community engagement programs near our facility and has contributed positively to the communities in which we operate.

The initiatives taken in 2017 are set out in the Sustainability Statement in pages 16 to 18 of this Annual Report.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## ***PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)***

### **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 businesses 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 period-end financial results to the Bursa Securities.

The Board papers are issued to each Director at least five (5) working days before each meeting.

Management reports presented to the Board during the Board meetings in FP2017 included the following information:

- Environment, Health and Safety (“EHS”) Performance Review
- Financial Review
- Plant Operations: Productivity and Quality
- Commercial Review: Market and Customers’ Activities
- Operations Review
- Strategic Activities Updates
- Balanced Scorecards
- Development on human resources
- Legal and Regulatory Updates
- Information Systems Updates
- Overall Market Outlook/Challenges
- Strategic Reviews: Moving forward
- Forecasts and Annual Budget

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.

All Board members have direct access to the advice and services of the Company Secretaries for the purpose of the Board’s affairs and the business. The Company Secretaries are responsible for ensuring that the Board procedures are followed, that the applicable rules and regulations for the conduct of the affairs of the Board are complied with and for all matters associated with the maintenance of the Board or otherwise required for its efficient operation. The Company Secretaries keep the Board members updated on new requirements, guidelines and rulings issued by the relevant regulatory authorities, as and when it arises.

### **Composition of the Board**

The Board currently comprise an Independent Non-Executive Chairman, three (3) Independent Non-Executive Directors, a Group Managing Director, a President cum CEO, three (3) Executive Directors, and an Alternate 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, finance, audit, property development, construction and engineering as well as knowledge of the aluminium business.

Paragraph 15.02 of the Main Market Listing Requirements (“MMLR”) of Bursa Securities stipulates that at least two (2) Directors or one-third (1/3) of its Board members, whichever is higher, must be made up of Independent Non-Executive Directors. The Board balance is achieved with the presence of four (4) 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 Company including employees, customers, suppliers and the local community in which the Group conducts its businesses.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## **PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)**

### **Board Committees**

For the effective functioning of the Board, the Board is assisted by Board Committees, namely the Audit and Risk Management Committee, Remuneration Committee and Nomination Committee. The Board Committees operate within clearly defined terms of reference. All these Committees are wholly made up of 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.

#### **A. Audit and Risk Management Committee**

The Audit Committee was re-designated on 28 August 2017 to the Audit and Risk Management Committee (“ARMC”). The composition and activities of the ARMC during the FP2017 are set out in the ARMC Report on pages 38 and 39 of this Annual Report.

#### **B. Remuneration Committee**

The Remuneration Committee (“RC”) comprises the following Independent Non-Executive Directors:

Chee Khay Leong (*Chairman – appointed on 12 October 2017*)

Y.A.M. Tunku Tan Sri Imran ibni Almarhum Tuanku Ja’afar (*Chairman - resigned on 12 October 2017*)

Wong Choon Shein (*Member*)

Lam Voon Kean (*Member – appointed on 1 March 2018*)

Goh Teck Hong (*Member – resigned on 1 March 2018*)

The RC’s primary responsibility is to review and recommend the remuneration policy and framework for the Directors of the Company, with the objective of attracting and retaining Directors.

The members of the RC met once in 30 November 2017 and the attendance at the meeting was as follows:

<b>Name</b>	<b>No. of meetings attended*</b>	<b>Percentage of Attendance (%)</b>
Chee Khay Leong	1/1	100
Wong Choon Shein	1/1	100
Goh Teck Hong	1/1	100

*Note:*

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

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)

### Board Committees (continued)

#### B. Remuneration Committee (continued)

Remuneration paid or payable or otherwise made available to all the Directors of the Group who have served during the FP2017 were as follows:

	Executive Directors				Non-Executive Directors				TOTAL (RM'000)
	Heon Chee Syong	Yeoh Jin Hoe	Marc Francis Yeoh Min Chang <sup>(4)</sup>	Keith Christopher Yeoh Min Kit <sup>(5)</sup>	Y.A.M. Tunku Tan Sri Imran ibni Almarhum Tuanku Ja'afar <sup>(6)</sup>	Chee Khay Leong	Wong Choon Shein	Goh Teck Hong <sup>(7)</sup>	
Group	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Fees	-	-	-	-	86	62	53	71	272
Salaries	540	270	180	180	-	-	-	-	1,170
Bonuses	810	235	157	157	-	-	-	-	1,359
Statutory contributions <sup>(1)</sup>	189	63	41	41	-	-	-	-	334
Emoluments <sup>(2)</sup>	-	-	-	-	6	6	5	6	23
Benefits-in-kind <sup>(3)</sup>	27	-	-	-	-	-	-	-	27
<b>Total</b>	<b>1,566</b>	<b>568</b>	<b>378</b>	<b>378</b>	<b>92</b>	<b>68</b>	<b>58</b>	<b>77</b>	<b>3,185</b>
Company	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Fees	-	-	-	-	86	62	53	71	272
Salaries	540	270	144	144	-	-	-	-	1,098
Bonuses	810	235	-	-	-	-	-	-	1,045
Statutory contributions <sup>(1)</sup>	189	63	17	17	-	-	-	-	286
Emoluments <sup>(2)</sup>	-	-	-	-	6	6	5	6	23
Benefits-in-kind <sup>(3)</sup>	27	-	-	-	-	-	-	-	27
<b>Total</b>	<b>1,566</b>	<b>568</b>	<b>161</b>	<b>161</b>	<b>92</b>	<b>68</b>	<b>58</b>	<b>77</b>	<b>2,751</b>

#### Notes:

<sup>(1)</sup> Statutory contributions comprised EPF and SOCSO.

<sup>(2)</sup> Emoluments comprised attendance allowance and other allowances.

<sup>(3)</sup> Benefits-in-kind comprised provision of company motor vehicle, petrol expenses, insurance and phone bill.

<sup>(4)</sup> Resigned on 6 November 2017. Re-appointed as Alternate Director to Executive Director, Yeoh Jin Hoe on 24 January 2018.

<sup>(5)</sup> Resigned on 6 November 2017.

<sup>(6)</sup> Resigned on 31 December 2017.

<sup>(7)</sup> Resigned on 1 March 2018.

Group Managing Director, Dato' Lim Chee Khoon and Executive Directors, Dato' Eng Kim Liong and Ang Loo Leong did not receive any remuneration from the Company nor the Group during the FP2017.



## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### **PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)**

#### **Board Committees (continued)**

#### **B. Remuneration Committee (continued)**

The number of Directors of the Company who served during the FP2017 whose total remuneration falls within the following bands, were as follows:

<b>Range of Remuneration</b>	<b>Number of Directors</b>
<b>Non-Executive Directors</b>	
RM50,001 to RM100,000	4
<b>Executive Directors</b>	
RM150,001 to RM200,000	2
RM350,001 to RM400,000	1
RM1,150,001 to RM1,200,000	1

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

#### **(i) 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.

#### **(ii) Fees**

Fees payable are subject to shareholders' approval at the Annual General Meeting ("AGM"). Attendance allowances for Board meetings and Board Committees meetings are paid to the Non-Executive Directors.

#### **(iii) 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.

#### **(iv) Benefits-in-Kind**

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

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)

### Board Committees (continued)

#### B. Remuneration Committee (continued)

In determining the remuneration packages of the Group's Key Senior Management personnel, factors that were taken into consideration included their individual responsibilities, skills, expertise and contributions to the Group's performance and whether the remuneration packages are competitive and sufficient to ensure that the Group is able to attract and retain executive talents. On the disclosure of the remuneration of the top five (5) Senior Management personnel, the Board is of the view that it would not be in its interest to make such disclosure on a named basis because of the competitive nature of the human resource market and to support the Group's efforts to attract and retain executive talent.

The remuneration of the top five (5) Senior Management personnel of the Company (comprising remuneration received and/or receivable from the Company and its subsidiaries) during the FP2017 are categorised as follows:

Senior Management Personnel	Group (RM'000)	Company (RM'000)
Salaries	1,130	23
Bonuses	415	349
Statutory contributions <sup>(1)</sup>	176	176
Benefits-in-kind <sup>(2)</sup>	145	84
Retirement benefit	79	79
<b>Total</b>	<b>1,945</b>	<b>1,511</b>

*Notes:*

<sup>(1)</sup> Statutory contributions comprised EPF and SOCSO.

<sup>(2)</sup> Benefits-in-kind comprised provision of company motor vehicle, petrol expenses, insurance and phone bill.

The number of top five (5) Senior Management personnel of the Company whose total remuneration falls within the following bands in FP2017, were as follows:

Remuneration Range	Number of Senior Management Personnel
Between RM250,001 – RM300,000	1
Between RM300,001 – RM350,000	2
Between RM400,001 – RM450,000	1
Between RM450,001 – RM500,000	1

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)

#### Board Committees (continued)

#### C. Nomination Committee

The Nomination Committee (“NC”) comprises the following Independent Non-Executive Directors:

Wong Choon Shein (*Chairman – re-designated as Chairman on 12 October 2017*)  
 Y.A.M. Tunku Tan Sri Imran ibni Almarhum Tuanku Ja’afar (*Chairman – resigned on 12 October 2017*)  
 Chee Khay Leong (*Member*)  
 Dato’ Seri Subahan bin Kamal (*Member – appointed on 1 March 2018*)  
 Goh Teck Hong (*Member – appointed on 12 October 2017 and resigned on 1 March 2018*)

The NC is charged with the responsibility of overseeing the selection and assessment of Directors. The terms of reference of the NC are available on the Company’s website at [www.alcom.com.my](http://www.alcom.com.my).

During the FP2017, the NC held two (2) meetings and the attendances recorded were as follows:

Name	No. of meetings attended*	Percentage of Attendance (%)
Wong Choon Shein	2/2	100
Chee Khay Leong	2/2	100
Goh Teck Hong <sup>(a)</sup>	1/1	100
Y.A.M. Tunku Tan Sri Imran ibni Almarhum Tuanku Ja’afar <sup>(b)</sup>	1/1	100

Notes:

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

<sup>(a)</sup> Appointed on 12 October 2017

<sup>(b)</sup> Resigned on 12 October 2017

A summary of the key activities undertaken by the NC in the discharge of its duties for the FP2017 were as follows:

- (i) Discussed and reviewed the Practices in the MCCG, the status of application by the Company of the Practices and the proposed action to be taken, if any;
- (ii) Recommended to the Board, the re-designation of the Audit Committee as ARMC and its revised terms of reference which has been enhanced to include risk management and sustainability;
- (iii) Recommended to the Board, the establishment of a Risk Management Working Group to assist the ARMC in the discharge of its duties in relation to risk management and sustainability;
- (iv) Assessed and reviewed the independence of the Independent Directors and their tenure of service as Independent Directors of the Company;
- (v) Evaluated each individual Director to assess the Director’s calibre and ability to understand the requirements, risk and management of the Group’s business; his contribution and performance; his character, integrity and professional conduct in dealing with conflict of interest situations; his ability to critically challenge and ask the right questions; his commitment and due diligence, his confidence to stand up for a point of view; his interaction at meetings and his training records for the current period under review;

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## **PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)**

### **Board Committees (continued)**

#### **C. Nomination Committee (continued)**

A summary of the key activities undertaken by the NC in the discharge of its duties for the FP2017 were as follows: (continued)

- (vi) Evaluated the Board and the Board Committees to assess their mix, composition, size, roles, responsibilities as well as their activities, communications and effectiveness for the current period under review;
- (vii) Discussed the gender diversity factor recommended in the MCCG;
- (viii) Endorsed the re-election of Directors, Yeoh Jin Hoe and Chee Khay Leong who will be up for retirement pursuant to Article 92(A) of the Articles of Association of the Company at the close of the Fifty-Seventh Annual General Meeting (“57th AGM”) of the Company to be held in June 2018;

The NC, after having conducted the abovementioned evaluation and assessment in November 2017, concluded that:

- (i) the Independent Directors of the Company, viz Y.A.M. Tunku Tan Sri Imran ibni Almarhum Tuanku Ja’afar, Chee Khay Leong, Wong Choon Shein and Goh Teck Hong, continued to demonstrate conduct and behaviour that are essential indicators of their independence and each of them continues to fulfill the definition and criteria of independence as set out in the MMLR of Bursa Securities.
- (ii) each Director has the requisite competence, calibre to serve on the Board and Board Committee(s) and had demonstrated his commitment to the Group in terms of time, participation and dialogue during the current period under review.
- (iii) the Board and the Board Committees’ composition were adequate in number and there is a right mix of skills and knowledge on the Board as well as the Board Committees. Their respective responsibilities were well defined and set out in the Board Charter. The criteria in the MMLR of Bursa Securities that at least one (1) of the members of the ARMC must be a member of the Malaysian Institute of Accountants or a person approved under the MMLR of Bursa Securities is met. The Practices set out in the MCCG pertaining to the composition of the ARMC have also been adopted.

The Board members unanimously concurred with the above conclusions of the NC.

The Board members at the Board meeting on 30 November 2017 with Yeoh Jin Hoe and Chee Khay Leong abstaining, endorsed Yeoh Jin Hoe and Chee Khay Leong for re-election at the forthcoming 57th AGM of the Company.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## **PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)**

### **Assessment on Independence of Director**

The Board, through the NC had on 30 November 2017, conducted an assessment on the independence of the Independent Directors of the Board, using the Self-Assessment Independence Checklist. The Board has determined, from the annual assessment carried out, that all the four (4) Independent Non-Executive Directors, who had served on the Board during the FP2017 had remained 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 served many years at the helm of the Company as the Independent Non-Executive Chairman, relinquished his directorship in ALCOM on 31 December 2017 as he approached 70 years old. Dato' Seri Subahan bin Kamal was appointed on 10 January 2018 as Independent Non-Executive Chairman in his place.

### **Tenure of Independent Directors**

The Company 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.

The Board is reviewing its policies and considering the application of Practice 4.2 recommended by the MCCG where a cumulative term limit of nine (9) years is set for Independent Directors and on completion of the nine (9) years, an Independent Director may continue to serve as a Non-Independent Director. Shareholders' approval is required in the event the Board desires to retain as an Independent Director, a person who has served in that capacity for more than nine (9) years. If the Board continues to retain the Independent Director after the twelfth (12th) year, the Board shall seek shareholders' approval annually through a two (2)-tier voting process.

### **Appointments and Re-elections to the Board**

The NC is empowered to identify and recommend candidates for new appointments to the Board. In this process, the NC takes into cognisance, the following criteria:

- (i) Size, composition, mix of skills, experience, age, cultural background, gender, 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 the Group.
- (ii) The candidate's skills, knowledge, expertise and experience, character, professionalism, integrity and, in the case of a candidate for the position of Independent Non-Executive Director, the independence as defined in the MMLR of Bursa Securities to bring about independence and objectivity in judgement on issues considered and hence, the ability to discharge responsibilities as expected from an Independent Non-Executive Director.
- (iii) The candidate's understanding of the Group's businesses and activities; and factors that promote boardroom diversity, including gender diversity and other qualities of the Board.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## **PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)**

### **Appointments and Re-elections to the Board (continued)**

Article 92(A) of the Company’s Articles of Association (“AA”) provides that at every Annual General Meeting (“AGM”) of the Company, one-third (1/3) of the Directors for the time being shall retire from office and all Directors shall retire from office once at least in each three (3) years. A retiring Director shall be eligible for re-election. Following the resignation of Independent Non-Executive Director, Goh Teck Hong on 1 March 2018, only one (1) Director shall retire by rotation at the forthcoming 57th AGM pursuant to Article 92(A) of the AA. Independent Non-Executive Director, Chee Khay Leong who shall be retiring pursuant thereto, had in February 2018 indicated his intention to not seek re-election and will accordingly retire at the close of the forthcoming 57th AGM on 7 June 2018.

Article 92(D) of the AA provides that any newly appointed Director shall hold office only until the next following AGM of the Company and shall then be eligible for re-election but shall not be taken into account in determining the retirement of Directors by rotation at such meeting. The five (5) newly appointed Directors of the Company viz, Dato’ Seri Subahan bin Kamal, Dato’ Lim Chee Khoon, Dato’ Eng Kim Liong, Ang Loo Leong and Lam Voon Kean will be up for retirement at the 57th AGM of the Company on 7 June 2018 pursuant to Article 92(D) of the AA. They have offered themselves for re-election at the aforesaid AGM.

A Director seeking re-election or re-appointment shall abstain from all deliberations regarding his/her re-election or re-appointment to the Board.

### **Gender Diversity Policy**

The Board acknowledges the importance of Board diversity, including gender diversity, for 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.

### **Meetings and Time Commitment**

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

During the FP2017, five (5) Board meetings were held. Details of the Board meetings and the attendances of the Directors were as follows:

<b>Date of Meeting</b>	<b>Time</b>	<b>Place</b>
12 April 2017	10:00 a.m.	ALCOM, Bukit Raja, Klang
9 May 2017	11:30 a.m.	ALCOM, Bukit Raja, Klang
28 August 2017	11:00 a.m.	ALCOM, Bukit Raja, Klang
30 November 2017	11:00 a.m.	ALCOM, Bukit Raja, Klang
20 December 2017	11:00 a.m.	ALCOM, Bukit Raja, Klang



## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)

#### Meetings and Time Commitment (continued)

Director	No. of Meetings Attended*	Percentage of Attendance (%)
Y.A.M. Tunku Tan Sri Imran ibni Almarhum Tuanku Ja'afar <sup>(a)</sup>	4/5	80
Dato' Lim Chee Khoon <sup>(b)</sup>	2/2	100
Heon Chee Shyong	5/5	100
Yeoh Jin Hoe	5/5	100
Dato' Eng Kim Liong <sup>(c)</sup>	1/2	50
Ang Loo Leong <sup>(c)</sup>	2/2	100
Chee Khay Leong	5/5	100
Wong Choon Shein	4/5	80
Goh Teck Hong <sup>(d)</sup>	5/5	100
Marc Francis Yeoh Min Chang <sup>(e)</sup> (Alternate Director to Yeoh Jin Hoe)	3/3	100
Keith Christopher Yeoh Min Kit <sup>(f)</sup>	3/3	100

#### Notes:

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

<sup>(a)</sup> Resigned on 31 December 2017

<sup>(b)</sup> Appointed on 13 October 2017

<sup>(c)</sup> Appointed on 8 November 2017

<sup>(d)</sup> Resigned on 1 March 2018

<sup>(e)</sup> Resigned as Director on 6 November 2017. Re-appointed as Alternate Director to Executive Director, Yeoh Jin Hoe on 24 January 2018.

<sup>(f)</sup> Resigned on 6 November 2017

To ensure that Directors have sufficient time to fulfil their roles and responsibilities effectively, one (1) criterion as agreed by the Board for determining candidates for the pool of potential Directors is that they must not hold more than five (5) directorships in public listed companies (as prescribed under Paragraph 15.06 of the MMLR of Bursa Securities).

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## **PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)**

### **Meetings and Time Commitment (continued)**

The Directors also made time to attend 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 training programs/seminars attended by the current Directors of the Company who served the full FP2017, were as follows:

<b>Director</b>	<b>Topics of Programs/Seminars</b>	<b>Date</b>
Heon Chee Shyong	Exclusive Briefing on Malaysian Code of Governance 2017 ("MCCG"), Sustainability Reporting under the Listing Requirements, Cyber Security Risk and GST Audit	2 June 2017
	Thirty-Second National Economic Briefing	25 July 2017
	National Chamber of Commerce and Industry of Malaysia (NCCIM) Economic Forum 2017	8 August 2017
	Advocacy Sessions to Enhance Quality of Management Discussion & Analysis for Chief Executive Officers and Chief Financial Officers of Listed Issuers	23 October 2017
	Federation of Malaysian Manufacturers (FMM) Industry 4.0 Conference: Study Visit to Top Glove Corporation Bhd.	7 November 2017
	Post 2018 Budget Tax Briefing	15 November 2017
	CG Breakfast Series for Directors – Leading Change @ The Brain	5 December 2017
Yeoh Jin Hoe	Talk on the New Companies Law Legislation (Malaysian Companies Act 2016) with focus on Director's Duties and Responsibilities and Senior Management Staff's Responsibilities	14 April 2017
	Exclusive Briefing on MCCG, Sustainability Reporting under the Listing Requirements, Cyber Security Risk and GST Audit	2 June 2017
	Post 2018 Budget Tax Briefing	15 November 2017
Chee Khay Leong	Talk on the New Companies Law Legislation (Malaysian Companies Act 2016) with focus on Director's Duties and Responsibilities and Senior Management Staff's Responsibilities	14 April 2017
	Exclusive Briefing on MCCG, Sustainability Reporting under the Listing Requirements, Cyber Security Risk and GST Audit	2 June 2017
	Post 2018 Budget Tax Briefing	15 November 2017
Goh Teck Hong	ASEAN Finance Ministers' Investor Seminar	6 April 2017
	Exclusive Briefing on MCCG, Sustainability Reporting under the Listing Requirements, Cyber Security Risk and GST Audit	2 June 2017

Independent Non-Executive Director, Wong Choon Shein did not attend any training programs during the FP2017 due to his tight work schedule and time constraints. Dato' Lim Chee Khoon, Dato' Eng Kim Liong and Ang Loo Leong who were appointed to the Board during the final quarter of FP2017, completed the Mandatory Accreditation Programme ("MAP") within the stipulated period of four (4) months from their appointment dates as prescribed under Paragraph 15.08 by the MMLR of Bursa Securities.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### ***PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT***

#### **Suitability and Independence of External Auditors**

The Board through the ARMC, maintains a transparent and professional relationship with the Group's External Auditors. The ARMC 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 ARMC has a private session with the External Auditors without the presence of the 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 ARMC, confirming their independence through the conduct of the audit engagement in accordance with the terms of relevant professional and regulatory requirements.

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.

#### **Sound Risk Management Framework**

The ARMC 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. Senior Managers, who are heads of departments and report directly to the Group Managing Director/President cum CEO are required to conduct periodical reviews of their own Risks Register and thereafter sign-off on a quarterly basis via Certification to the Group Managing Director/President cum CEO and Director, Finance that all risks and matters under their direct purview have been reviewed and actions have been taken to address any risks gaps.

#### **Internal Audit Function**

The internal audit function are set out in the ARMC Report on page 39 of this Annual Report.

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 40 to 43 of this Annual Report.

### ***PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS***

#### **Compliance with Applicable Financial Reporting 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 ARMC, oversees the financial reporting of the Group. The ARMC reviews the Group's annual and quarterly financial statements 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 complies with all applicable accounting standards and regulatory requirements.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## **PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (continued)**

### **Statement of Directors' Responsibility for Preparation of the Financial Statements**

As required by the Companies Act 2016, 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 as at the end of the accounting period and of the Group's statement of financial position, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the period then ended. The Directors ensure that the Financial Statements are prepared in accordance with the Accounting Standards approved by the Malaysian Accounting Standards Board and comply with the provisions of the Companies Act 2016 and reasonable, prudent judgements and estimates have been made. In the preparation of the financial statements for the FP2017, 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; and
- ensured that the financial statements were 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.

### **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 Company is guided by the Corporate Disclosure Guide issued by Bursa Securities 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 authorised 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 Company always complies with the legal and regulatory framework governing the release of materials and price-sensitive information.

### **Effective Communication and Proactive Engagement**

The Company recognises the importance of communication with its shareholders. The Group Managing Director/ President cum CEO and the Director, Finance 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 Company is only to be released publicly and communicated to all its stakeholders simultaneously, usually through a press release or regulatory filing such as the release of financial results to Bursa Securities on quarterly, annual and ad-hoc basis; after review and approval by the Board.

The Company's website at [www.alcom.com.my](http://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 Company.

Whilst the Company has two (2) large corporate shareholders, 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 Dato' Seri Subahan bin Kamal, who is the Chairman of the Board, or to the attention of Lam Voon Kean, who is the Chairperson of the ARMC and also an Independent Non-Executive Director.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### **PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (continued)**

#### **Shareholders' 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 twenty-eight (28) days before the meeting to facilitate easy review by the shareholders. 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.

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, voting is carried systematically and motions carried through are properly recorded.

In accordance with Paragraph 8.29A of the MMLR of Bursa Securities, poll voting was carried out at the AGM held on 22 June 2017.

#### **Leverage on Information Technology for Effective Dissemination of Information**

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

The Company's website at [www.alcom.com.my](http://www.alcom.com.my) which is accessible by the general public also facilitates effective dissemination of latest and up-to-date information pertaining to the Company to the investors and general public.

### **COMPLIANCE WITH MCCG**

The Board considers that the Company has complied and applied the key principles of the MCCG throughout the FP2017 except for the below where the explanations for departure are disclosed in the Corporate Governance Report:

- Practice 4.1: At least half of the Board comprises independent directors.
- Practice 4.5: The Board discloses its Company's policies on gender diversity, its targets and measures to meet those targets.
- Practice 6.1: The Board has in place policies and procedures to determine the remuneration of Directors and Senior Management.
- Practice 7.2: The Board discloses on a named basis the top five (5) senior management's remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000.
- Practice 8.3: The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor.

The Board has reviewed and approved this Corporate Governance Overview Statement via a resolution of the Board dated 6 April 2018. The Board is satisfied that this Corporate Governance Overview Statement provides the information necessary to enable shareholders to evaluate how the MCCG has been applied and obligations are fulfilled under the MCCG and the MMLR of Bursa Securities throughout the FP2017, save for the exceptions as disclosed above. This Corporate Governance Overview Statement is to be read in conjunction with the Corporate Governance Report, which is made available online at [www.alcom.com.my](http://www.alcom.com.my).

## ADDITIONAL COMPLIANCE INFORMATION

### AUDIT AND NON-AUDIT FEES PAID/PAYABLE

During the financial period ended 31 December 2017 (“FP2017”), the amount of audit and non-audit fees paid/payable by the Group and the Company to the External Auditors, KPMG PLT for services rendered to the Company and its subsidiary, Alcom Nikkei Specialty Coatings Sdn. Bhd. were as follows:

Type of fees	Group RM'000	Company RM'000
Audit fees	180	130
Non-audit fees	5	5

### MATERIAL CONTRACTS

Save as disclosed below, there were no material contracts (not being contracts entered into in the ordinary course of business) entered into by the Company and/or its subsidiaries involving Directors’ and major shareholders’ interests which subsisted at the end of the financial period ended 31 December 2017 or, if not then subsisting, which were entered into since the end of the previous financial year:

- (i) A conditional sale and purchase agreement dated 2 January 2018 entered into between ALCOM’s wholly-owned indirect subsidiary, EM Hub Sdn. Bhd. (Company No. 1255738-A) (“EM Hub”) and Seleksi Megah Sdn. Bhd. (Company No. 593989-T) (“SMSB”) in relation to the proposed acquisition by EM Hub of a parcel of vacant leasehold industrial land held under land titles HSD 242971 PT 10568 and HSD 242972 PT 10570, both in Pekan Baru Sungai Buloh, District of Petaling, State of Selangor, measuring an aggregate of approximately 9.4 acres, from SMSB at a total cash consideration of RM92,129,400 (“Proposed Acquisition”);
- (ii) A power of attorney dated 2 January 2018 entered into between EM Hub and SMSB, in favour of EM Hub in conjunction with the Proposed Acquisition; and
- (iii) A scheme agreement dated 2 January 2018 entered into between ALCOM and Alcom Group Berhad (Company No. 1261259-V) (“AGB”) for the implementation of the following proposals:
  - (a) Proposed share exchange of up to 134,330,848 ordinary shares in ALCOM (“ALCOM Share(s)”) (including 1,000,000 treasury shares), representing the entire issued share capital of ALCOM, with up to 134,330,848 new ordinary shares in AGB (“AGB Share(s)”), on the basis of one (1) new AGB Share, for every one (1) existing ALCOM Share held on an entitlement date to be determined; and
  - (b) Proposed assumption of the listing status of ALCOM by AGB, the admission of AGB to, and withdrawal of ALCOM from, the Official List of Bursa Malaysia Securities Berhad (“Bursa Securities”), with the listing of and quotation for up to 134,330,850 AGB Shares on the Main Market of Bursa Securities,
 (collectively, “Proposed Internal Reorganisation”)

through a scheme of arrangement between ALCOM and ALCOM’s shareholders under Section 366 of the Companies Act 2016 to effect the Proposed Internal Reorganisation.

## ADDITIONAL COMPLIANCE INFORMATION

### MATERIAL CONTRACTS (continued)

#### Recurrent Related Party Transactions

At the Fifty-Sixth (“56th”) AGM of the Company held on 22 June 2017, the Company had obtained shareholders’ mandate to allow the Company and its subsidiary to enter into recurrent related party transactions of a revenue or trading nature (“RRPTs”) which were necessary for the day-to-day operations of the Group and in the ordinary course of business, with related parties.

The aforesaid mandate will lapse at the conclusion of the forthcoming 57th AGM of the Company.

In accordance with Paragraph 3.1.5 of Practice Note 12 of the MMLR of Bursa Securities, details of the RRPTs conducted during the FP2017 pursuant to the aforesaid shareholders’ mandate were as follows:

Provider of products/services	Recipient of products/services	Nature of Transaction	Actual value transacted from 22 June 2017 up to 31 December 2017 (RM'000)	Interested Related Party
ALCOM	Kian Joo Can Factory Berhad (“Kian Joo”) and its subsidiaries	Sale of aluminium sheets and aluminium foil products	1,051	Towerpack Sdn. Bhd. <sup>(1)</sup> Yeoh Jin Hoe <sup>(2)</sup> Marc Francis Yeoh Min Chang <sup>(3)</sup> Keith Christopher Yeoh Min Kit <sup>(4)</sup> Chee Khay Leong <sup>(5)</sup>
ALCOM	Can-One Berhad (“Can-One”) and its subsidiaries	Sale of aluminium sheets and aluminium foil products	491	Towerpack Sdn. Bhd. <sup>(1)</sup> Yeoh Jin Hoe <sup>(2)</sup> Marc Francis Yeoh Min Chang <sup>(3)</sup>

**Notes:**

<sup>(1)</sup> Towerpack Sdn. Bhd. is a major shareholder of ALCOM.

<sup>(2)</sup> Yeoh Jin Hoe, the Executive Director of ALCOM, has an indirect equity interest in 38,638,998 ordinary shares in ALCOM (“ALCOM Shares”) representing 28.98% of the total number of issued ALCOM Shares (excluding 1,000,000 treasury shares) held by Towerpack Sdn. Bhd. by virtue of Section 8(4) of the Companies Act 2016 (“the Act”). He is the Group Managing Director of Kian Joo and is also a major shareholder of Kian Joo, having indirect equity interest over 146,131,500 ordinary shares in Kian Joo (“Kian Joo Shares”) representing 32.90% of the total number of issued Kian Joo Shares held by Can-One International Sdn. Bhd., a wholly-owned subsidiary of Can-One, by virtue of Section 8(4) of the Act.

He is also a Director of Can-One and a major shareholder of Can-One, holding 6,690,000 ordinary shares in Can-One (“Can-One Shares”) representing 3.48% of the total number of issued Can-One Shares and has an indirect equity interest over 45,157,281 Can-One Shares representing 23.50% of the total number of issued Can-One Shares held by Eller Axis Sdn. Bhd. by virtue of Section 8(4) of the Act.

<sup>(3)</sup> Marc Francis Yeoh Min Chang (“Marc Yeoh”) resigned as Executive Director of ALCOM on 6 November 2017 but was re-appointed as Alternate Director to Yeoh Jin Hoe on 24 January 2018. He is the son of Yeoh Jin Hoe, the Executive Director and major shareholder of ALCOM. Marc Yeoh is the Group Managing Director of Can-One and he holds 343,100 Can-One Shares representing 0.18% of the total number of issued Can-One Shares.

<sup>(4)</sup> Keith Christopher Yeoh Min Kit resigned as Executive Director of ALCOM on 6 November 2017. He is the son of Yeoh Jin Hoe and the brother of Marc Francis Yeoh Min Chang.

<sup>(5)</sup> Chee Khay Leong, a Director of ALCOM, is the Chief Operating Officer cum Executive Director of Kian Joo. He holds 2,054,100 Can-One Shares representing 1.07% of the total number of issued Can-One Shares and was appointed as Executive Director of Can-One on 1 February 2018.



# AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

The Board of Directors of Aluminium Company of Malaysia Berhad (“ALCOM” or “the Company”) is pleased to present the Audit and Risk Management Committee (“ARMC”) Report for the financial period ended 31 December 2017 (“FP2017”). During the FP2017, the Audit Committee was re-designated as the ARMC to take on the additional responsibilities covering risk management and sustainability. Its terms of reference has been amended accordingly and is available on the Company’s website at [www.alcom.com.my](http://www.alcom.com.my).

The primary objective of the ARMC is to assist and support the Board of Directors of the Company (“Board”) in fulfilling its fiduciary responsibilities to ensure good corporate governance. The ARMC is responsible for assessing the risk and control environment, overseeing financial reporting and evaluating the management and audit processes as well as supervising the sustainability initiatives within ALCOM group of companies (“the Group”).

## COMPOSITION AND MEETINGS

The ARMC comprises solely of Independent Non-Executive Directors. The composition of the ARMC are:

Lam Voon Kean (*Chairperson - appointed on 1 March 2018*)

Goh Teck Hong (*Chairman - resigned on 1 March 2018*)

Chee Khay Leong (*Member*)

Dato’ Seri Subahan bin Kamal (*Member - appointed on 10 January 2018*)

Y.A.M. Tunku Tan Sri Imran ibni Almarhum Tuanku Ja’afar (*Member - resigned on 31 December 2017*)

The profile of the current ARMC members can be found on pages 4 to 8 of this Annual Report.

During the FP2017, three (3) ARMC meetings were held and the attendances recorded were as follows:-

Name of Member	No. of meetings attended*	Percentage of attendance (%)
Goh Teck Hong <sup>(a)</sup>	3/3	100
Chee Khay Leong	3/3	100
Y.A.M. Tunku Tan Sri Imran ibni Almarhum Tuanku Ja’afar <sup>(b)</sup>	3/3	100

**Notes:**

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

<sup>(a)</sup> Resigned on 1 March 2018

<sup>(b)</sup> Resigned on 31 December 2017

The other members of the Board and the Director, Finance attended all the above meetings upon invitation by the ARMC.

The Group’s External Auditors also attended two (2) of the ARMC meetings held during FP2017. As in the past years, the ARMC members also had a private session with the External Auditors without the presence of the Executive Directors and members of the Management to discuss audit findings and any other observations that they may have noted during the audit process.

The Company Secretaries who are also the Secretaries to the ARMC attended all the ARMC meetings during the FP2017.

# AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

## **COMPOSITION AND MEETINGS (continued)**

### **Summary of Activities**

The ARMC carried out its duties in accordance with the Summary of Terms of Reference as listed below during the FP2017 with its key 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 Auditors and External Auditors and findings by the aforesaid Auditors and Management's responses thereon;
- Review the quarterly announcements on interim financial results and Annual Reports of the Group prior to submission to the Board for consideration and approval;
- Reviewing conflict of interest situations and recurrent related parties transactions entered into by the Group and the disclosure of such transactions in the Annual Report and circular to shareholders to ensure compliance with Bursa Malaysia Securities Berhad's Main Market Listing Requirements;
- Discussing with the Management and the External Auditors on developments in respect of the Malaysian Financial Reporting Standards and Companies Act 2016 applicable to the financial statements of the Group and of the Company for the FP2017 and their judgment of the items that may affect the financial statements;
- Assessing the risk and control environment; and
- Evaluating the management and audit processes within the Group.

### **Internal Audit function**

The Company has outsourced its internal audit function to a competent third party service provider, Finfield Corporate Services Sdn. Bhd., an independent consulting firm who is performing the internal audit function for the Group.

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 more regular audit 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 ARMC 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 ARMC. The scope of the Internal Auditors covers the audits of all units and operations of the Group including the various computer application systems and network of the Group. Besides the scheduled annual audits, the Internal Auditors also conducts ad-hoc fact based investigation audit, as and when a need arises. The final reports from both the Internal Auditors and External Auditors were directly forwarded to the ARMC.

Key observations and opportunities for improvements identified were also presented to the ARMC for Management to revert with responses to mitigate gaps, if any is identified.

A summary of the main activities of the internal audit function during the financial period under review is presented in the Statement on Risk Management and Internal Control. The Group incurred a total fee of RM12,000 for services rendered in respect of the internal audit services rendered by the third party service provider during the FP2017.

This Report was made in accordance with a resolution of the Board dated 6 April 2018.

# DIRECTORS' STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## **INTRODUCTION**

The Board of Directors of Aluminium Company of Malaysia Berhad ("ALCOM" or "the Company") recognises the importance of a sound system of risk management and internal controls in ALCOM group of companies ("the Group") to safeguard shareholders' investments, stakeholders' interests and the Group's assets.

This Statement stipulates the nature and key elements of the system of risk management and internal controls that the Group had in place during the 9-month financial period ended 31 December 2017 ("FP2017") and is prepared pursuant to Paragraph 15.26(b) of the Main Market 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 2017.

The Board is pleased to provide the following Statement that has been prepared accordingly.

## **ROLES AND RESPONSIBILITIES**

### **Board of Directors**

The Board is responsible and accountable for the Group's system of risk management and internal controls and 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 to continuously sustain and promote an effective governance structure within the Group.

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

### **Audit and Risk Management Committee**

Board Committees such as the Audit and Risk Management Committee, Nomination Committee and Remuneration Committee are established by the Board and they are governed by clearly defined terms of reference and authority for areas within their scope.

The Audit and Risk Management Committee which comprises entirely of Independent Directors, assists the Board in:-

- discharging its statutory duties and responsibilities relating to accounting and reporting practices of the Company and each of its subsidiaries;
- establishing a formal and transparent arrangement for maintaining an appropriate relationship with the Company's auditors;
- evaluating the quality of the audits performed by the Internal Auditors and External Auditors;
- providing assurance that the financial information presented by the Management is relevant, balanced, reliable and timely;
- overseeing compliance with laws and regulations and observance of a proper code of conduct;
- determining the quality, adequacy and effectiveness of the Group's control environment;
- identifying, evaluating, monitoring and managing the Group's risk management strategy, processes and principal risks to ensure that the Group establishes and maintains a sound system of risk management and internal controls to safeguard shareholders' investment and the Group's assets; and
- oversight responsibilities in relation to the Group's sustainability policies and practices.

# DIRECTORS' STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## **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 has been embedded into the Group's management systems, culture, people, strategy, policies, structures, processes and procedures over its years of operations.

For FP2017, all Unit/Section Leads, Managers and Departmental Heads were required to provide at the end of each of the three (3) quarters, a signed certification of assurance that any exposed weaknesses pertaining to controls, risks and commitment and contingencies that were highlighted, have been adequately addressed.

For selected departments where the perceived risk is higher, all staff in those departments would be involved in providing similar signed certifications of assurance. These written assurances are provided after they have conducted reviews within their areas of accountability.

In addition, the President cum Chief Executive Officer would quarterly review the enterprise risk specific to each functional area together with the respective departmental heads to mitigate and manage both internal and external risks and uncertainties that may affect the manufacturing business. The risk profile of the Group is established during these sessions facilitated by the Risk Management Working Group. Risks identified are assessed, categorised and rated based on the criteria set out to determine the appropriate risk response actions. The Group manages its business risk in a rapidly changing business environment with the following objectives:-

- ensuring the continuity of supply of products to customers without disruption;
- safeguarding the Group's assets and reputation;
- preserving the safety and health of the Group's employees;
- protecting the interest of all stakeholders;
- ensuring compliance with internal policies and procedures as well as all applicable laws and regulations; and
- promoting an effective risk awareness culture.

For all operating and capital expenditure approved in the annual budget, spending is authorised based on predetermined levels set within the delegation of authority matrix. All requisitions and contracts are subject to prior reviews and approval before execution.

## **INTERNAL AUDIT**

The Board acknowledges the importance of internal audit function and has outsourced its internal audit function to an independent and competent third party service provider as part of its efforts to provide an adequate and effective system of internal control. The internal audit function is executed as per the annual audit plan approved by the Audit and Risk Management Committee.

The internal audit adopts a risk-based approach in developing its audit plan and addresses core auditable areas of the Group based on their risk profile.

Internal audit provides the Board, through the Audit and Risk Management Committee, with an independent opinion on the processes, risk exposures and system of internal controls of the Group. The internal audit function has a clear line of reporting to the Audit and Risk Management Committee and its performance is reviewed twice yearly. Therefore, the internal audit function is independent of the operational and management activities they audit. The Internal Auditors review the existing system of internal controls and provides the Audit and Risk Management Committee 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 Internal Auditors also provide useful advice on control assurance activities and opportunities for improvement to the existing system of internal controls in place and propose corrective actions to eliminate shortcomings or deficiencies.

The Audit and Risk Management Committee reviews and approves the scope of the internal audit. The results of the audit findings and recommendations for improvements are reported to the Audit and Risk Management Committee as well as to the Board on a timely basis. The Group's Senior Management is responsible to ensure that recommended corrective actions are implemented within a reasonable time frame. Follow up audits are conducted to ensure the shortcomings or deficiencies have been addressed accordingly.

# DIRECTORS' STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## **INTERNAL AUDIT (continued)**

During the financial period under review, the Internal Auditors carried out reviews on the following selected areas of the business to assess the adequacy and effectiveness of the system of internal controls and to ensure compliance with regulations and the Group's policies and procedures:

- Engineering Maintenance Department
- Maintenance jobs
- Spare part store room management
- Control environment in Sales & Marketing function
- Single customer exposure
- Selling price
- Sales transactions
- Credit control and accounts receivable

Based on the internal audit reviews carried out for the period under review, none of the recommendations for improvement noted by the Internal Auditors have resulted in any material losses, contingencies or uncertainties that would require disclosure in this Annual Report. The Board continually takes measures to strengthen the control environment.

## **KEY ELEMENTS OF THE INTERNAL CONTROL ENVIRONMENT**

The current system of internal controls 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 organisational structure with clearly defined roles and responsibilities with a hierarchical structure of reporting lines and accountability;
- setting annual budgets that are in line with the Group's strategic direction;
- delegating to various departments across the Group in synchronization with annual plans;
- development of specific action plans to drive the achievement of various initiatives in line with the annual plans;
- weekly, monthly and ad hoc meetings consisting of departmental meetings, various cross functional meetings and head of departments meetings for review and resolution of issues as well as to measure and monitor performance achievements;
- annual performance appraisals which are linked to the annual agreed performance targets 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 authorisation for all aspects and levels of the business within the Group;
- regular board meetings to set the Group's goals and objectives, review business operations, to approve significant transactions as well as to approve releases of quarterly and annual financial results;
- documentation and regular update of risk management and internal controls' policies and procedures as set out in the standard operating policies and procedural manuals. These manuals include credit, quality, safety, health and environment;
- quarterly certification by various levels of employees and representation letters by Management to the Board on assurances of risk management, internal controls and compliance; and
- a whistle-blowing procedure is in place that 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.

These serve to reaffirm that the risk management and control framework is embedded into the culture, processes and structures of the Group.

# DIRECTORS' STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## **CONTROL ASSURANCE OVER FINANCIAL REPORTING**

The Management continues its practice of making quarterly representations as well as certifications to the Board. These representations serve as a commitment of management assurance on risk management and that system of internal controls are in place for financial reporting accuracy.

For the current financial period under review, the Board has received these quarterly assurances from the President cum Chief Executive Officer and Director, Finance that the Group's risk management and system of internal controls are operating adequately in all material aspects, based on the framework adopted by the Group.

## **CONCLUSION**

The Board's ongoing focus on effective risk oversight has been critical to setting the tone and culture towards effective risk management and internal controls in the Group. The Board is of the view that the system of internal controls and risk management are in place for the current financial period 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.

This Statement was made in accordance with a resolution of the Board dated 6 April 2018.

## RESPONSIBILITY STATEMENT BY THE BOARD OF DIRECTORS

In the course of preparing the annual financial statements for the Group and the Company, the Directors are collectively responsible for ensuring that these financial statements are drawn up in accordance with Malaysian Financial Reporting Standards (“MFRSs”), the requirements of the Companies Act 2016 and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

It is the responsibility of the Directors to ensure that the financial statements present a true and fair view of the state of affairs of the Group and of the Company for the 9-month financial period ended 31 December 2017 and of the results of the business and cash flows of the Group and of the Company for the 9-month financial period ended 31 December 2017.

In preparing the financial statements for the 9-month financial period ended 31 December 2017, the Directors have applied appropriate and relevant accounting policies consistently and in accordance with the applicable accounting standards and made judgements and estimates that are reasonable and fair. The financial statements are prepared on a going concern basis and the Directors have ensured that proper accounting records are kept to ensure that the financial statements are prepared with reasonable accuracy.



# DIRECTORS' REPORT

for the period ended 31 December 2017

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the period ended 31 December 2017.

## **PRINCIPAL ACTIVITIES**

The Company is principally engaged in the manufacturing and trading of aluminium sheet and foil products, whilst the principal activities of the subsidiaries are as stated in Note 5 to the financial statements. There has been no significant change in the nature of these activities during the financial period.

## **CHANGE OF FINANCIAL PERIOD END**

During the financial period, the Company changed its financial year end from 31 March to 31 December.

## **SUBSIDIARIES**

The details of the Company's subsidiaries are disclosed in Note 5 to the financial statements.

## **RESULTS**

	<b>Group RM'000</b>	<b>Company RM'000</b>
Profit for the period attributable to:		
Owners of the Company	<b>9,655</b>	<b>17,398</b>

## **RESERVES AND PROVISIONS**

There were no material transfers to or from reserves and provisions during the financial period under review except as disclosed in the financial statements.

## **DIVIDEND**

Since the end of the previous financial year, the Company paid a final special single-tier dividend of 20.5 sen per ordinary share totalling approximately RM27,112,000 in respect of the financial year ended 31 March 2017 on 13 July 2017 following the approval by the shareholders at the Annual General Meeting convened on 22 June 2017.

The Directors do not recommend any dividend to be paid for the financial period under review.

# DIRECTORS' REPORT

for the period ended 31 December 2017

## **DIRECTORS OF THE COMPANY**

Directors who served during the financial period until the date of this report are:

Heon Chee Shyong  
Yeoh Jin Hoe  
Chee Khay Leong  
Wong Choon Shein  
Dato' Lim Chee Khoon (Appointed on 13 October 2017)  
Dato' Eng Kim Liong (Appointed on 8 November 2017)  
Ang Loo Leong (Appointed on 8 November 2017)  
Dato' Seri Subahan bin Kamal (Appointed on 10 January 2018)  
Lam Voon Kean (Appointed on 1 March 2018)  
Marc Francis Yeoh Min Chang (Resigned on 6 November 2017 and re-appointed as Alternate Director to Yeoh Jin Hoe on 24 January 2018)  
Keith Christopher Yeoh Min Kit (Resigned on 6 November 2017)  
Y.A.M. Tunku Tan Sri Imran Ibni Almarhum Tuanku Ja'afar (Resigned on 31 December 2017)  
Goh Teck Hong (Resigned on 1 March 2018)

## **DIRECTORS OF SUBSIDIARIES**

Pursuant to Section 253(2) of the Companies Act 2016, the Directors who served in the subsidiaries during the financial period and up to the date of this report are as follows:

Dato' Lim Chee Khoon  
Heon Chee Shyong  
Marc Francis Yeoh Min Chang  
Keith Christopher Yeoh Min Kit  
Shaun Patrick Yeoh Min Jin  
Bernard William A/L William G. Gomez

## **DIRECTORS' INTERESTS IN SHARES**

The interests and deemed interest in the ordinary shares of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at the end of the financial period (including the interests of spouses or children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' shareholdings are as follows:

	Number of ordinary shares in the Company			At 31.12.2017
	At 1.4.2017/ Date of appointment*	Bought	Sold	
<u>Deemed interest</u>				
Yeoh Jin Hoe	78,314,552	–	(39,675,554)	38,638,998
Dato' Lim Chee Khoon	39,675,554*	–	–	39,675,554
Dato' Eng Kim Liong	39,675,554*	–	–	39,675,554
Ang Loo Leong	39,675,554*	–	–	39,675,554

By virtue of their interests of more than 20% in the shares of the Company, Yeoh Jin Hoe, Dato' Lim Chee Khoon, Dato' Eng Kim Liong and Ang Loo Leong are also deemed interested in the shares of the subsidiaries during the financial period to the extent that the Company has an interest.

None of the other Directors holding office as at 31 December 2017 had any interest in the ordinary shares of the Company and its related corporations during the financial period.

# DIRECTORS' REPORT

for the period ended 31 December 2017

## ***DIRECTORS' BENEFITS***

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than those benefits included in the aggregate amount of remuneration received or due and receivable by Directors as shown in the financial statements or the fixed salary of a full time employee of the Company or of related corporations) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than certain Directors who have substantial financial interests in companies which traded with certain companies in the Group in the ordinary course of business as disclosed in Note 32 to the financial statements.

There were no arrangements during and at the end of the financial period which had the object 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.

## ***ISSUE OF SHARES AND DEBENTURES***

During the financial period, the Company:

- i) made a capital repayment amounting to approximately RM42,321,000 on the basis of RM0.32 for each ordinary share held in the Company via a reduction in the share capital of the Company.
- ii) resold its 1,079,000 treasury shares in the open market. The average resale price of the treasury shares was approximately RM1.23 per share. As at the end of the financial period, there is a balance of 1,000,000 treasury shares and carried at cost.

Details of the treasury shares purchased in previous financial years and held by the Company as at 31 December 2017 are in accordance to Section 127(6) of the Companies Act 2016.

Other than the above, there were no changes in the issued and paid up capital of the Company and no debentures were issued during the financial period.

## ***OPTIONS GRANTED OVER UNISSUED SHARES***

No options were granted to any person to take up unissued shares of the Company during the financial period.

## ***INDEMNITY AND INSURANCE COSTS***

The Directors and officers of the Group and the Company are covered by Directors and Officers Liability Insurance ("D&O Insurance") for any liability incurred in the discharge of their duties, provided that they have not acted fraudulently or dishonestly or derived any personal profit or advantage. The total amount of D&O Insurance effected for the Directors and Officers of the Group was RM3,000,000. The insurance premium for the D&O Insurance paid during the financial period amounted to RM6,300.

# DIRECTORS' REPORT

for the period ended 31 December 2017

## **OTHER STATUTORY INFORMATION**

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

- i) there are no bad debts to be written off and no provision needs to be made for doubtful debts, and
- ii) any current assets which are unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

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

- i) that would render it necessary to write off any bad debts or provide for any doubtful debts, or
- ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or
- iii) 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, or
- iv) not otherwise dealt with in this report or the financial statements that would render any amount stated in the financial statements of the Group and of the Company misleading.

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

- i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial period and which secures the liabilities of any other person, or
- ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial period.

No contingent liability or other liability of any company in the Group has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial period 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 as and when they fall due.

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial period ended 31 December 2017 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial period and the date of this report.

## **SIGNIFICANT EVENT DURING THE FINANCIAL PERIOD**

The significant event during the financial period is disclosed in Note 33 to the financial statements.

## **SIGNIFICANT EVENTS SUBSEQUENT TO THE FINANCIAL PERIOD**

The significant events subsequent to the financial period are disclosed in Note 34 to the financial statements.

# DIRECTORS' REPORT

for the period ended 31 December 2017

## **AUDITORS**

The auditors, KPMG PLT have indicated their willingness to accept re-appointment.

The auditors' remuneration is disclosed in Note 22 to the financial statements.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

**Dato' Lim Chee Khoon**  
Director

**Heon Chee Shyong**  
Director

Date: 6 April 2018

# STATEMENTS OF FINANCIAL POSITION

as at 31 December 2017

	Note	Group		Company	
		31.12.2017 RM'000	31.3.2017 RM'000	31.12.2017 RM'000	31.3.2017 RM'000
<b>Assets</b>					
Property, plant and equipment	3	63,684	62,512	54,575	55,663
Intangible assets	4	2,159	2,159	2,159	2,159
Investment in subsidiaries	5	–	–	26,860	26,860
<b>Total non-current assets</b>		<b>65,843</b>	64,671	<b>83,594</b>	84,682
<hr/>					
Inventories	6	67,874	57,887	42,652	44,585
Trade receivables	7	45,000	37,165	21,030	15,068
Other receivables and prepayments	8	16,871	6,335	6,686	3,952
Amount due from subsidiaries	9	–	–	53,843	9,387
Tax recoverable		–	272	–	198
Derivative financial instruments	10	816	108	158	28
Cash and bank balances	11	45,885	57,041	15,344	38,703
<b>Total current assets</b>		<b>176,446</b>	158,808	<b>139,713</b>	111,921
<b>Total assets</b>		<b>242,289</b>	223,479	<b>223,307</b>	196,603
<hr/>					
<b>Equity</b>					
Share capital		100,123	142,444	100,123	142,444
Other reserves		(1,091)	(2,330)	(1,091)	(2,330)
Retained earnings		19,238	36,137	6,400	15,615
<b>Total equity</b>	12	<b>118,270</b>	176,251	<b>105,432</b>	155,729
<hr/>					
<b>Liabilities</b>					
Provision for gratuity scheme	13	4,436	5,144	4,218	4,829
Deferred taxation	14	3,912	5,007	3,551	4,206
Loans and borrowings	15	69,432	–	69,432	–
<b>Total non-current liabilities</b>		<b>77,780</b>	10,151	<b>77,201</b>	9,035
<hr/>					
Trade payables	16	27,131	23,504	21,261	19,247
Other payables and accruals	17	15,814	12,656	14,032	11,206
Amounts due to subsidiaries	9	–	–	2,553	469
Provision for taxation		2,296	917	1,832	917
Loans and borrowings	15	998	–	996	–
<b>Total current liabilities</b>		<b>46,239</b>	37,077	<b>40,674</b>	31,839
<b>Total liabilities</b>		<b>124,019</b>	47,228	<b>117,875</b>	40,874
<hr/>					
<b>Total equity and liabilities</b>		<b>242,289</b>	223,479	<b>223,307</b>	196,603

The notes on pages 58 to 107 are an integral part of these financial statements.

# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the period ended 31 December 2017

	Note	Group		Company	
		1.4.2017 to 31.12.2017 RM'000	1.4.2016 to 31.3.2017 RM'000	1.4.2017 to 31.12.2017 RM'000	1.4.2016 to 31.3.2017 RM'000
Revenue	18	285,104	317,132	238,784	248,187
Other operating income	19	753	2,018	16,584	3,739
Changes in inventories of raw materials, work-in-progress and finished goods		10,795	8,122	(1,614)	4,542
Raw materials and consumables used		(217,263)	(230,115)	(180,981)	(184,385)
Staff costs	20	(25,099)	(29,040)	(21,682)	(25,442)
Utilities and fuel		(15,370)	(20,379)	(12,703)	(16,738)
Depreciation of property, plant and equipment		(5,902)	(9,946)	(5,025)	(8,551)
Amortisation of intangible assets		(502)	(231)	(502)	(231)
Upkeep, repairs and maintenance of assets		(8,441)	(8,649)	(6,929)	(6,908)
Allowance of inventory writedown		(551)	(6)	(327)	121
Environmental costs		(400)	(540)	(322)	(357)
Other operating expenses	21	(9,721)	(12,586)	(6,351)	(11,573)
<b>Profit before tax</b>	22	<b>13,403</b>	15,780	<b>18,932</b>	2,404
Tax expense	23	(3,748)	(4,170)	(1,534)	(1,650)
<b>Profit for the period/year</b>		<b>9,655</b>	11,610	<b>17,398</b>	754
<b>Other comprehensive income, net of tax</b>					
<i>Items that will not be reclassified subsequently to profit or loss</i>					
Actuarial gains on gratuity scheme		624	101	546	94
Taxation relating to the actuarial gains on gratuity scheme		(150)	(24)	(131)	(22)
<b>Other comprehensive income for the period/year, net of tax</b>		<b>474</b>	77	<b>415</b>	72
<b>Total comprehensive income for the period/year</b>		<b>10,129</b>	11,687	<b>17,813</b>	826



# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the period ended 31 December 2017

	Note	Group		Company	
		1.4.2017 to 31.12.2017 RM'000	1.4.2016 to 31.3.2017 RM'000	1.4.2017 to 31.12.2017 RM'000	1.4.2016 to 31.3.2017 RM'000
<b>Profit attributable to:</b>					
Owners of the Company		9,655	11,610	17,398	754
<b>Profit for the period/year</b>		<b>9,655</b>	<b>11,610</b>	<b>17,398</b>	<b>754</b>
<b>Total comprehensive income attributable to:</b>					
Owners of the Company		10,129	11,687	17,813	826
<b>Total comprehensive income for the period/year</b>		<b>10,129</b>	<b>11,687</b>	<b>17,813</b>	<b>826</b>
<b>Basic earnings per ordinary share (sen):</b>					
- Basic (sen)	25	7.24	8.78		
- Diluted (sen)	25	7.24	8.78		

The notes on pages 58 to 107 are an integral part of these financial statements.

# STATEMENT OF CHANGES IN EQUITY

for the period ended 31 December 2017

Note	<----- Attributable to owners of the Company ----->				Total equity RM'000
	Share capital RM'000	Non-distributable Share premium RM'000	Distributable Other reserves RM'000	Retained earnings RM'000	
<b>Group</b>					
<b>At 1 April 2016</b>	134,331	4,113	1,670	24,450	164,564
Profit for the financial year	-	-	-	11,610	11,610
Actuarial gains on gratuity scheme, net of tax	-	-	-	77	77
<b>Total comprehensive income for the financial year</b>	-	-	-	11,687	11,687
Transfer pursuant to Section 618(2) of the Companies Act 2016	8,113	(4,113)	(4,000)	-	-
<b>At 31 March 2017/1 April 2017</b>	<b>142,444</b>	<b>-</b>	<b>(2,330)</b>	<b>36,137</b>	<b>176,251</b>
Profit for the financial period	-	-	-	9,655	9,655
Actuarial gains on gratuity scheme, net of tax	-	-	-	474	474
<b>Total comprehensive income for the financial period</b>	-	-	-	10,129	10,129
Capital repayment	33	(42,321)	-	-	(42,321)
Disposal of treasury shares	-	-	1,239	84	1,323
Dividend to owners of the Company	26	-	-	(27,112)	(27,112)
<b>Total transactions with owners of the Company</b>	(42,321)	-	1,239	(27,028)	(68,110)
<b>At 31 December 2017</b>	<b>100,123</b>	<b>-</b>	<b>(1,091)</b>	<b>19,238</b>	<b>118,270</b>

# STATEMENT OF CHANGES IN EQUITY

for the period ended 31 December 2017

	Note	<----- Attributable to owners of the Company ----->				Total equity RM'000
		Share capital RM'000	Non-distributable Share premium RM'000	Distributable Other reserves RM'000	Retained earnings RM'000	
<b>Company</b>						
<b>At 1 April 2016</b>		134,331	4,113	1,670	14,789	154,903
Profit for the financial year		-	-	-	754	754
Actuarial gains on gratuity scheme, net of tax		-	-	-	72	72
<b>Total comprehensive income for the financial year</b>		-	-	-	826	826
Transfer pursuant to Section 618(2) of the Companies Act 2016		8,113	(4,113)	(4,000)	-	-
<b>At 31 March 2017/1 April 2017</b>		<b>142,444</b>	<b>-</b>	<b>(2,330)</b>	<b>15,615</b>	<b>155,729</b>
Profit for the financial period		-	-	-	17,398	17,398
Actuarial gains on gratuity scheme, net of tax		-	-	-	415	415
<b>Total comprehensive income for the financial period</b>		-	-	-	17,813	17,813
Capital repayment	33	(42,321)	-	-	-	(42,321)
Disposal of treasury shares		-	-	1,239	84	1,323
Dividend to owners of the Company	26	-	-	-	(27,112)	(27,112)
<b>Total transactions with owners of the Company</b>		<b>(42,321)</b>	<b>-</b>	<b>1,239</b>	<b>(27,028)</b>	<b>(68,110)</b>
<b>At 31 December 2017</b>		<b>100,123</b>	<b>-</b>	<b>(1,091)</b>	<b>6,400</b>	<b>105,432</b>

The notes on pages 58 to 107 are an integral part of these financial statements.

# STATEMENTS OF CASH FLOWS

for the period ended 31 December 2017

	Group		Company	
	1.4.2017 to 31.12.2017 RM'000	1.4.2016 to 31.3.2017 RM'000	1.4.2017 to 31.12.2017 RM'000	1.4.2016 to 31.3.2017 RM'000
<b>Cash flows from operating activities</b>				
Profit before tax:	13,403	15,780	18,932	2,404
<i>Adjustments for:</i>				
Net fair value (gain)/loss on currency forwards	(708)	1,028	(130)	200
Depreciation of property, plant and equipment	5,902	9,946	5,025	8,551
Loss/(gain) on disposal of property, plant and equipment	156	(143)	156	(143)
Property, plant and equipment written off	–	122	–	122
Intangible assets written off	–	579	–	579
Amortisation of intangible assets	503	231	503	231
Provision for gratuity scheme	371	492	343	447
Allowance for/(reversal of) inventory writedown	551	6	327	(121)
Unrealised foreign exchange loss/(gain)	417	(829)	65	114
Interest income	(728)	(1,219)	(335)	(948)
Interest expense	1,428	–	1,428	–
Dividend income	–	–	(14,700)	–
<b>Operating profit before changes in working capital</b>	<b>21,295</b>	<b>25,993</b>	<b>11,614</b>	<b>11,436</b>
<i>Changes in working capital:</i>				
Inventories	(10,536)	(9,524)	1,606	(5,673)
Receivables	(18,760)	(3,419)	(51,171)	646
Payables	6,725	1,509	4,593	2,203
<b>Cash (used in)/generated from operations</b>	<b>(1,276)</b>	<b>14,559</b>	<b>(33,358)</b>	<b>8,612</b>
Gratuity paid	(466)	(680)	(334)	(627)
Tax paid	(3,342)	(4,114)	(1,206)	(816)
<b>Net cash (used in)/generated from operating activities</b>	<b>(5,084)</b>	<b>9,765</b>	<b>(34,898)</b>	<b>7,169</b>

# STATEMENTS OF CASH FLOWS

for the period ended 31 December 2017

	Group		Company	
	1.4.2017 to 31.12.2017 RM'000	1.4.2016 to 31.3.2017 RM'000	1.4.2017 to 31.12.2017 RM'000	1.4.2016 to 31.3.2017 RM'000
<b>Cash flows from investing activities</b>				
Dividend received	-	-	14,700	-
Purchase of:				
- property, plant and equipment	(7,258)	(4,056)	(4,121)	(3,363)
- intangible assets	(503)	(550)	(503)	(550)
Proceeds from disposal of property, plant and equipment	28	220	28	220
Interest income received	727	1,015	334	773
<b>Net cash (used in)/generated from investing activities</b>	<b>(7,006)</b>	<b>(3,371)</b>	<b>10,438</b>	<b>(2,920)</b>
<b>Cash flows from financing activities</b>				
Dividends paid to owners of the Company	(27,112)	-	(27,112)	-
Capital repayment	(42,321)	-	(42,321)	-
Proceeds from borrowings	70,428	-	70,428	-
Proceed from disposal of treasury shares	1,323	-	1,323	-
Interest paid	(1,148)	-	(1,148)	-
<b>Net cash generated from financing activities</b>	<b>1,170</b>	<b>-</b>	<b>1,170</b>	<b>-</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(10,920)</b>	<b>6,394</b>	<b>(23,290)</b>	<b>4,249</b>
Foreign exchange differences	(238)	(62)	(69)	(24)
<b>Cash and cash equivalents at beginning of the financial period/year</b>	<b>57,041</b>	<b>50,709</b>	<b>38,703</b>	<b>34,478</b>
<b>Cash and cash equivalents at end of the financial period/year</b>	<b>45,883</b>	<b>57,041</b>	<b>15,344</b>	<b>38,703</b>

# STATEMENTS OF CASH FLOWS

for the period ended 31 December 2017

## Note to Statements of Cash Flows

### (i) Cash and cash equivalents

Cash and cash equivalents included in the statements of cash flows comprise the following statements of financial position amounts:

	Note	Group		Company	
		31.12.2017 RM'000	31.3.2017 RM'000	31.12.2017 RM'000	31.3.2017 RM'000
Deposits placed with licensed banks		4,243	37,231	3,939	31,744
Cash and bank balances		41,642	19,810	11,405	6,959
		<hr/>			
Less: Bank overdraft	11	45,885	57,041	15,344	38,703
		(2)	-	-	-
		<hr/>			
		45,883	57,041	15,344	38,703
		<hr/>			

The notes on pages 58 to 107 are an integral part of these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

Aluminium Company of Malaysia Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The address of the principal place of business and registered office of the Company is as follows:

## Principal place of business/Registered office

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

The consolidated financial statements of the Company as at and for the financial period ended 31 December 2017 comprise the Company and its subsidiaries (together referred to as the “Group” and individually referred to as “Group entities”).

The Company is principally engaged in the manufacturing and trading of aluminium sheet and foil products, whilst the principal activities of the subsidiaries are as stated in Note 5 to the financial statements. There has been no significant change in the nature of these activities during the financial period.

The financial statements were authorised for issue by the Board of Directors on 6 April 2018.

## 1. BASIS OF PREPARATION

### (a) Statement of compliance

The financial statements of the Group and the Company have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRSs”), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

The following are accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board (“MASB”) but have not been adopted by the Group and the Company:

#### ***MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2018***

- MFRS 9, *Financial Instruments (2014)*
- MFRS 15, *Revenue from Contracts with Customers*
- Clarifications to MFRS 15, *Revenue from Contracts with Customers*
- IC Interpretation 22, *Foreign Currency Transactions and Advance Consideration*
- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2014-2016 Cycle)\**
- Amendments to MFRS 2, *Share-based Payment – Classification and Measurement of Share-based Payment Transactions\**
- Amendments to MFRS 4, *Insurance Contracts – Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts\**
- Amendments to MFRS 128, *Investments in Associates and Joint Ventures (Annual Improvements to MFRS Standards 2014-2016 Cycle)\**
- Amendments to MFRS 140, *Investment Property – Transfers of Investment Property\**



# NOTES TO THE FINANCIAL STATEMENTS

## 1. BASIS OF PREPARATION (continued)

### (a) Statement of compliance (continued)

#### **MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2019**

- MFRS 16, *Leases*
- IC Interpretation 23, *Uncertainty over Income Tax Treatments*
- Amendments to MFRS 3, *Business Combinations (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 9, *Financial Instruments – Prepayment Features with Negative Compensation*
- Amendments to MFRS 11, *Joint Arrangements (Annual Improvements to MFRS Standards 2015-2017 Cycle)\**
- Amendments to MFRS 112, *Income Taxes (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 123, *Borrowing Costs (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 128, *Investments in Associates and Joint Ventures – Long-term Interests in Associates and Joint Ventures\**
- Amendments to MFRS 119, *Employee Benefits – Plan Amendment, Curtailment or Settlement*

#### **MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2021**

- MFRS 17, *Insurance Contracts*

#### **MFRSs, Interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed**

- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Group and the Company plans to apply the abovementioned accounting standards, amendments and interpretations:

- from the annual period beginning on 1 January 2018 for those accounting standards, amendments and interpretations that are effective for annual periods beginning on or after 1 January 2018, except for those marked as (“\*\*”) which are not applicable to the Group and the Company.
- from the annual period beginning on 1 January 2019 for those accounting standards, amendments and interpretations that are effective for annual periods beginning on or after 1 January 2019, except for those marked as (“\*\*”) which are not applicable to the Group and the Company.

The Group and the Company do not plan to apply MFRS 17, *Insurance Contract* that is effective for annual period beginning on 1 January 2021 as it is not applicable to the Group and the Company.

# NOTES TO THE FINANCIAL STATEMENTS

## 1. BASIS OF PREPARATION (continued)

### (a) Statement of compliance (continued)

The initial application of the accounting standards, amendments or interpretations are not expected to have any material financial impacts to the current period and prior period financial statements of the Group and the Company except as mentioned below:

#### (i) MFRS 16, Leases

MFRS 16 replaces the guidance in MFRS 117, *Leases*, IC Interpretation 4, *Determining whether an Arrangement contains a Lease*, IC Interpretation 115, *Operating Leases – Incentives* and IC Interpretation 127, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

MFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard which continues to be classified as finance or operating lease.

The Group and the Company are currently assessing the financial impact that may arise from the adoption of MFRS 16.

### (b) Basis of measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 2.

### (c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia (“RM”), which is the Group’s and the Company’s functional currency. All financial information is presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

### (d) Use of estimates and judgements

The preparation of these financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

## 2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in these financial statements and have been applied consistently by Group entities, unless otherwise stated.

### (a) Basis of consolidation

#### (i) Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

#### (ii) Business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

# NOTES TO THE FINANCIAL STATEMENTS

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### (a) Basis of consolidation (continued)

#### (iii) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

#### (iv) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

### (b) Affiliated companies

Affiliated companies are companies in which certain Directors of the Group have interests or are also Directors of those companies.

### (c) Foreign currency

#### (i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date, except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss.

### (d) Financial instruments

#### (i) Initial recognition and measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

## NOTES TO THE FINANCIAL STATEMENTS

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (d) Financial instruments (continued)

##### (ii) Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows:

##### *Financial assets*

##### (a) *Financial assets at fair value through profit or loss*

Fair value through profit or loss category comprises financial assets that are held for trading, including derivatives or financial assets that are specifically designated into this category upon initial recognition.

Financial assets categorised as fair value through profit or loss are subsequently measured at their fair values with gain or loss recognised in profit or loss.

##### (b) *Loans and receivables*

Loans and receivables category comprises debt instruments that are not quoted in an active market.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

All financial assets, except those measured at fair value through profit or loss, are subject to review for impairment (see note 2(j)(i)).

##### *Financial liabilities*

All financial liabilities are subsequently measured at amortised cost.

##### (iii) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### (e) Property, plant and equipment

#### (i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. All other repairs and maintenance are recognised as expenses in the profit or loss during the financial period in which they are incurred.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within "other operating income" and "other operating expenses" respectively in profit or loss.

#### (ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group or the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

#### (iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group and the Company will obtain ownership by the end of the lease term. Property, plant and equipment under construction (projects-in-progress) are not depreciated until the assets are ready for their intended use.

Leasehold land is amortised over lease tenure of 99 years. The estimated useful lives for the current and comparative periods are as follows:

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

Depreciation methods, useful lives and residual values are reviewed at end of the reporting period, and adjusted as appropriate.

## NOTES TO THE FINANCIAL STATEMENTS

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (f) Leased assets

##### (i) Finance lease

Leases in terms of which the Group or the Company assume substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Leasehold land which in substance is a finance lease is classified as property, plant and equipment.

##### (ii) Operating lease

Leases, where the Group or the Company do not assume substantially all the risks and rewards of the ownership are classified as operating leases and the leased assets are not recognised on the statement of financial position.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease.

#### (g) Intangible assets

##### (i) Other intangible assets

Intangible assets that are acquired by the Group and the Company, which have finite useful lives, are measured at cost less accumulated amortisation and any accumulated impairment losses.

##### (ii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

##### (iii) Amortisation

Other intangible assets are amortised from the date they are available for use. Amortisation is based on the cost of an asset less its residual value. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets.

The estimated useful lives for the current and comparative periods are as follows:

Software	20% - 33%
----------	-----------

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted, if appropriate.

# NOTES TO THE FINANCIAL STATEMENTS

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### (h) Inventories

Inventories are measured at the lower of cost and net realisable value.

The cost of inventories is calculated using the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of work-in-progress and finished goods, cost includes an appropriate allocation of direct labour and production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

### (i) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Group and the Company in the management of their short term commitments. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of pledged deposits and bank overdraft.

### (j) Impairment

#### (i) Financial assets

All financial assets (except for investments in subsidiaries) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. For an investment in an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment. If any such objective evidence exists, then the impairment loss of the financial asset is estimated.

An impairment loss in respect of loans and receivables is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.



# NOTES TO THE FINANCIAL STATEMENTS

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### (j) Impairment (continued)

#### (ii) Other assets

The carrying amounts of other assets (except for inventories and deferred tax asset) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amounts of the other assets in the cash-generating unit (groups of cash-generating units) on a *pro rata* basis.

Impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial period in which the reversals are recognised.

### (k) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

#### (i) Issue expenses

Costs directly attributable to the issue of instruments classified as equity are recognised as a deduction from equity.

#### (ii) Ordinary shares

Ordinary shares are classified as equity.

#### (iii) Repurchase, disposal and reissue of share capital (treasury shares)

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares that are not subsequently cancelled are classified as treasury shares in the statement of changes in equity.

When treasury shares are sold or reissued subsequently, the difference between the sales consideration net of directly attributable costs and the carrying amount of the treasury shares is recognised in equity.

# NOTES TO THE FINANCIAL STATEMENTS

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### (l) Employee benefits

#### (i) Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus if the Group and the Company have a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

#### (ii) State plans

The Group's and the Company's contributions to statutory pension funds are charged to profit or loss in the financial period to which they relate. Once the contributions have been paid, the Group and the Company has no further payment obligations.

#### (iii) Defined benefit plan

The Group's and the Company's net obligation in respect of defined benefit retirement plans arises from its subsidiaries for long-term and post-employment benefits, such as pension, severance pay, service pay and other benefits.

The Group's and the Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group and the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income. The Group and the Company determines the net interest expense or income on the net defined liability or asset for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit liability or asset, taking into account any changes in the net defined benefit liability or asset during the period as a result of contributions and benefit payments.

Net interest expense and other expenses relating to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group and the Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

## NOTES TO THE FINANCIAL STATEMENTS

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (m) Provisions

A provision is recognised if, as a result of a past event, the Group and the Company have a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

#### (n) Revenue and other income

##### (i) Goods sold

Revenue from the sale of goods in the course of ordinary activities is measured at fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

##### (ii) Rental income

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

##### (iii) Dividend income

Dividend income is recognised in profit or loss on the date that the Group's or the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

##### (iv) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss except for interest income arising from temporary investment of borrowings taken specifically for the purpose of obtaining a qualifying asset which is accounted for in accordance with the accounting policy on borrowing costs.

##### (v) Management fee

Management fee is recognised on an accrual basis.

# NOTES TO THE FINANCIAL STATEMENTS

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### (o) Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

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 capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

### (p) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial periods.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax assets and liabilities on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

### (q) Earnings per ordinary share

The Group presents basic earnings per share data for its ordinary shares ("EPS").

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

## NOTES TO THE FINANCIAL STATEMENTS

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (r) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. Operating segment results are reviewed regularly by the chief operating decision maker, which in this case is the Chief Executive Officer/President and the Managing Director of the Group, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

#### (s) Fair value measurements

Fair value of an asset or a liability, except for lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group and the Company use observable market data as far as possible. Fair value are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: unobservable inputs for the asset or liability.

The Group and the Company recognise transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

# NOTES TO THE FINANCIAL STATEMENTS

## 3. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Equipment and vehicle RM'000	Projects-in- progress RM'000	Total RM'000
<b>Group</b>						
<b>Cost</b>						
At 1 April 2016	20,000	27,825	276,312	10,024	42	334,203
Additions	-	69	1,478	2,039	470	4,056
Disposal	-	-	-	(875)	-	(875)
Written off	-	-	-	(128)	-	(128)
Reclassifications	-	-	21	124	(145)	-
At 31 March 2017/1 April 2017	<b>20,000</b>	<b>27,894</b>	<b>277,811</b>	<b>11,184</b>	<b>367</b>	<b>337,256</b>
Additions	-	44	566	783	5,865	7,258
Disposals	-	-	(2,787)	-	-	(2,787)
Reclassifications	380	2,798	10	-	(10)	3,178
At 31 December 2017	<b>20,380</b>	<b>30,736</b>	<b>275,600</b>	<b>11,967</b>	<b>6,222</b>	<b>344,905</b>
<b>Depreciation and impairment loss</b>						
At 1 April 2016						
Accumulated depreciation	6,319	19,838	228,841	8,354	-	263,352
Accumulated impairment loss	-	-	2,250	-	-	2,250
Depreciation for the year	6,319	19,838	231,091	8,354	-	265,602
Disposals	190	807	7,641	1,308	-	9,946
Written off	-	-	-	(798)	-	(798)
At 31 March 2017/1 April 2017						
Accumulated depreciation	6,509	20,645	236,482	8,858	-	272,494
Accumulated impairment loss	-	-	2,250	-	-	2,250
Depreciation for the period	6,509	20,645	238,732	8,858	-	274,744
Disposals	142	582	4,536	642	-	5,902
Reclassification	-	-	(2,603)	-	-	(2,603)
At 31 December 2017	<b>7,031</b>	<b>24,025</b>	<b>239,847</b>	<b>9,500</b>	<b>-</b>	<b>280,403</b>
Accumulated depreciation	7,031	24,025	239,847	9,500	-	280,403
Accumulated impairment loss	-	-	818	-	-	818
	<b>7,031</b>	<b>24,025</b>	<b>240,665</b>	<b>9,500</b>	<b>-</b>	<b>281,221</b>
<b>Carrying amounts</b>						
At 1 April 2016	13,681	7,987	45,221	1,670	42	68,601
At 31 March 2017/1 April 2017	<b>13,491</b>	<b>7,249</b>	<b>39,079</b>	<b>2,326</b>	<b>367</b>	<b>62,512</b>
At 31 December 2017	<b>13,349</b>	<b>6,711</b>	<b>34,935</b>	<b>2,467</b>	<b>6,222</b>	<b>63,684</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 3. PROPERTY, PLANT AND EQUIPMENT (continued)

	Leasehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Equipment and vehicle RM'000	Projects-in- progress RM'000	Total RM'000
<b>Company</b>						
<b>Cost</b>						
At 1 April 2016	20,000	27,825	237,901	9,328	43	295,097
Additions	-	69	878	2,027	389	3,363
Disposal	-	-	-	(875)	-	(875)
Written off	-	-	-	(128)	-	(128)
Reclassifications	-	-	21	124	(145)	-
At 31 March 2017/1 April 2017	<b>20,000</b>	<b>27,894</b>	<b>238,800</b>	<b>10,476</b>	<b>287</b>	<b>297,457</b>
Additions	-	44	553	708	2,816	4,121
Disposals	-	-	(2,787)	-	-	(2,787)
Reclassification	380	2,798	-	-	-	3,178
At 31 December 2017	<b>20,380</b>	<b>30,736</b>	<b>236,566</b>	<b>11,184</b>	<b>3,103</b>	<b>301,969</b>
<b>Depreciation and impairment loss</b>						
At 1 April 2016						
Accumulated depreciation	6,319	19,838	197,991	7,774	-	231,922
Accumulated impairment loss	-	-	2,125	-	-	2,125
Depreciation for the year	6,319	19,838	200,116	7,774	-	234,047
Disposals	190	807	6,352	1,202	-	8,551
Written off	-	-	-	(798)	-	(798)
At 31 March 2017/1 April 2017						
Accumulated depreciation	6,509	20,645	204,343	8,172	-	239,669
Accumulated impairment loss	-	-	2,125	-	-	2,125
Depreciation for the period	6,509	20,645	206,468	8,172	-	241,794
Disposals	142	582	3,676	625	-	5,025
Reclassification	-	-	(2,603)	-	-	(2,603)
At 31 December 2017	<b>7,031</b>	<b>24,025</b>	<b>206,848</b>	<b>8,797</b>	<b>-</b>	<b>246,701</b>
Accumulated depreciation	7,031	24,025	206,848	8,797	-	246,701
Accumulated impairment loss	-	-	693	-	-	693
	<b>7,031</b>	<b>24,025</b>	<b>207,541</b>	<b>8,797</b>	<b>-</b>	<b>247,394</b>
<b>Carrying amounts</b>						
At 1 April 2016	13,681	7,987	37,785	1,554	43	61,050
At 31 March 2017/1 April 2017	<b>13,491</b>	<b>7,249</b>	<b>32,332</b>	<b>2,304</b>	<b>287</b>	<b>55,663</b>
At 31 December 2017	<b>13,349</b>	<b>6,711</b>	<b>29,025</b>	<b>2,387</b>	<b>3,103</b>	<b>54,575</b>

# NOTES TO THE FINANCIAL STATEMENTS

## 4. INTANGIBLE ASSETS

	Software RM'000	Projects-in- progress RM'000	Total RM'000
<b>Group and Company</b>			
<b>Cost</b>			
At 1 April 2016	2,275	341	2,616
Additions	–	550	550
Written off	(668)	–	(668)
Reclassifications	664	(664)	–
At 31 March 2017/1 April 2017	<b>2,271</b>	<b>227</b>	<b>2,498</b>
Additions	<b>6</b>	<b>497</b>	<b>503</b>
Reclassifications	<b>6</b>	<b>(6)</b>	<b>–</b>
At 31 December 2017	<b>2,283</b>	<b>718</b>	<b>3,001</b>
<b>Amortisation</b>			
At 1 April 2016	197	–	197
Amortisation for the year	231	–	231
Written off	(89)	–	(89)
At 31 March 2017/1 April 2017	<b>339</b>	<b>–</b>	<b>339</b>
Amortisation for the period	<b>503</b>	<b>–</b>	<b>503</b>
At 31 December 2017	<b>842</b>	<b>–</b>	<b>842</b>
<b>Carrying amounts</b>			
At 1 April 2016	2,078	341	2,419
At 31 March 2017/1 April 2017	<b>1,932</b>	<b>227</b>	<b>2,159</b>
At 31 December 2017	<b>1,441</b>	<b>718</b>	<b>2,159</b>



## NOTES TO THE FINANCIAL STATEMENTS

### 5. INVESTMENT IN SUBSIDIARIES

	Company	
	31.12.2017 RM'000	31.3.2017 RM'000
Unquoted shares, at cost	26,860	26,860

Details of the subsidiaries are as follows:

Name of entity	Principal place of business/ Country of incorporation	Principal activities	Effective ownership interest and voting interest	
			31.12.2017 %	31.3.2017 %
Alcom Nikkei Specialty Coatings Sdn. Bhd.	Malaysia	Manufacturing and trading of pre-coated finstocks for use in air-conditioners	100	100
SCLand Development Sdn. Bhd.*	Malaysia	Property holding and development	100	-
<i><u>Subsidiary of SCLand Development Sdn. Bhd.</u></i>				
EM Hub Sdn. Bhd.#	Malaysia	Property holding and construction	100	-

\* Subsidiary incorporated on 8 November 2017 and consolidated based on management accounts

# Subsidiary incorporated on 15 November 2017 and consolidated based on management accounts

## NOTES TO THE FINANCIAL STATEMENTS

### 6. INVENTORIES

	Group		Company	
	31.12.2017 RM'000	31.3.2017 RM'000	31.12.2017 RM'000	31.3.2017 RM'000
<b>Metal inventories</b>				
Raw materials	10,510	11,551	3,619	8,227
Work-in-progress	23,145	20,803	21,358	20,166
Finished goods	23,881	15,169	8,703	7,279
	<b>57,536</b>	47,523	<b>33,680</b>	35,672
<b>Non metal inventories</b>				
Operating supplies and spare parts	10,338	10,364	8,972	8,913
	<b>67,874</b>	57,887	<b>42,652</b>	44,585
Recognised in profit or loss:				
- Inventories recognised in profit or loss	269,386	286,028	223,913	232,688
- Allowance/(reversal) of inventories writedown	551	6	327	(121)

### 7. TRADE RECEIVABLES

	Group		Company	
	31.12.2017 RM'000	31.3.2017 RM'000	31.12.2017 RM'000	31.3.2017 RM'000
Trade receivables	44,817	36,895	20,847	14,798
Companies that a substantial shareholder of the Company has interest	183	270	183	270
	<b>45,000</b>	37,165	<b>21,030</b>	15,068

Credit terms of trade receivables of the Group and the Company range from 7 days to 75 days (31.3.2017: 7 days to 75 days).

The trade balances due from companies that a substantial shareholder has interest have credit terms ranging from 30 to 60 days (31.3.2017: 30 to 60 days).

## NOTES TO THE FINANCIAL STATEMENTS

### 8. OTHER RECEIVABLES AND PREPAYMENT

	Group		Company	
	31.12.2017 RM'000	31.3.2017 RM'000	31.12.2017 RM'000	31.3.2017 RM'000
Advance payment to suppliers	1,125	4,982	975	2,640
Prepayments	565	566	527	557
Deposits	9,609	168	181	152
Staff advances	58	72	47	72
Other receivables	5,514	547	4,956	531
	<b>16,871</b>	<b>6,335</b>	<b>6,686</b>	<b>3,952</b>

Included in the deposits of the Group is a deposit paid for the purchase of leasehold industrial land amounting to RM9,213,000 (31.3.2017: NIL).

Included in other receivables of the Group and the Company are Goods and Services Tax receivables of RM4,940,000 (31.3.2017: NIL).

### 9. AMOUNTS DUE FROM/(TO) SUBSIDIARIES

	Company	
	31.12.2017 RM'000	31.3.2017 RM'000
Amounts due from subsidiaries		
- Trade	33,294	8,811
- Non-trade	20,549	576
	<b>53,843</b>	<b>9,387</b>
Amounts due to a subsidiary		
- Trade	(2,553)	-
- Non-trade	-	(469)
	<b>(2,553)</b>	<b>(469)</b>

The trade balances due from/(to) subsidiaries are unsecured, interest free and have credit terms ranging from 30 to 60 days (31.3.2017: 30 to 60 days). The non-trade balances due from/(to) subsidiaries are unsecured, interest free and have no fixed terms of repayment.

# NOTES TO THE FINANCIAL STATEMENTS

## 10. DERIVATIVE FINANCIAL INSTRUMENTS

	<-----31.12.2017----->			<-----31.3.2017----->		
	Nominal value RM'000	Assets RM'000	Liabilities RM'000	Nominal value RM'000	Assets RM'000	Liabilities RM'000
<b>Group</b>						
Derivatives held for trading at fair value through profit or loss						
- Forward exchange contracts (note a)	50,741	816	-	39,918	100	-
- Forward exchange contracts (note b)	(4,433)	-	-	(14,011)	8	-
<b>Company</b>						
Derivatives held for trading at fair value through profit or loss						
- Forward exchange contracts (note a)	13,805	158	-	12,549	28	-
- Forward exchange contracts (note b)	(3,656)	-	-	(6,038)	-	-

### 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 3 months (31.3.2017: 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 is US Dollar. The maturity period of the contracts ranges between 1 month to 2 months (31.3.2017: 1 month to 2 months).

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 RM815,682 (31.3.2017: RM108,411) and RM157,824 (31.3.2017: RM27,923) respectively.

## NOTES TO THE FINANCIAL STATEMENTS

### 11. CASH AND BANK BALANCES

	Group		Company	
	31.12.2017 RM'000	31.3.2017 RM'000	31.12.2017 RM'000	31.3.2017 RM'000
Deposits placed with licensed banks	4,243	37,231	3,939	31,744
Cash and bank balances	41,642	19,810	11,405	6,959
	<b>45,885</b>	<b>57,041</b>	<b>15,344</b>	<b>38,703</b>

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

	Group		Company	
	31.12.2017 %	31.3.2017 %	31.12.2017 %	31.3.2017 %
Deposits placed with licensed banks	2.82	3.33	2.80	3.33

### 12. CAPITAL AND RESERVES

#### 12.1 Share capital

	Group and Company			
	Amount 31.12.2017 RM'000	Number of shares 31.12.2017 '000	Amount 31.3.2017 RM'000	Number of shares 31.3.2017 '000
<b>Issued and fully paid:</b>				
Ordinary shares				
At beginning of period/year	142,444	134,331	134,331	134,331
Transfer pursuant to Section 618(2) of the Companies Act 2016				
- share premium	-	-	4,113	-
- capital redemption reserve	-	-	4,000	-
	-	-	8,113	-
Capital repayment	(42,321)	-	-	-
At the end of the financial period/year	<b>100,123</b>	<b>134,331</b>	142,444	134,331

In the previous financial year, the amounts standing in credit to the share premium and capital redemption reserve of RM4,113,000 and RM4,000,000 respectively have been re-classified into share capital as required by Section 618(2) of the Companies Act 2016 which came into effect on 31 January 2017. The Companies Act 2016 also abolished the concept of authorised share capital and par value of share capital.

There is no impact to the number of ordinary shares in issue or entitlement of the members as a result of this transition.

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

# NOTES TO THE FINANCIAL STATEMENTS

## 12. CAPITAL AND RESERVES (continued)

### 12.2 Other reserves

	Group and Company	
	31.12.2017 RM'000	31.3.2017 RM'000
Treasury shares	(1,091)	(2,330)

Shares re-purchased are being held as treasury shares as allowed under Section 127(6) of the Companies Act 2016. Treasury shares have no right to voting, dividends and participation in other distribution.

During the financial period ended 31 December 2017, the Company resold 1,079,000 treasury shares in the open market. The average resale price of the treasury shares was RM1.23 per share. As at the end of the financial period, there is a balance of 1,000,000 (31.3.2017: 2,079,000) treasury shares and carried at cost.

As at the date of reporting, out of the total 134,330,848 (31.3.2017: 134,330,848) issued and fully paid ordinary shares, the number of shares with voting rights in issued and fully paid share capital is 133,330,848 (31.3.2017: 132,251,848) ordinary shares.

## 13. PROVISION FOR GRATUITY SCHEME

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

	Group		Company	
	31.12.2017 RM'000	31.3.2017 RM'000	31.12.2017 RM'000	31.3.2017 RM'000
Defined benefit gratuity scheme				
At beginning of financial period/year	5,850	6,139	5,408	5,682
Charged to the profit or loss				
- current service cost	200	328	185	301
- past service cost	-	(75)	-	(75)
- interest cost	171	239	158	221
	371	492	343	447
Credited to other comprehensive income:				
Actuarial gain arising from:				
- Financial assumptions	(246)	(101)	(229)	(94)
- Experience adjustments	(378)	-	(317)	-
Gratuity paid	(466)	(680)	(334)	(627)
At the end of financial period/year	5,131	5,850	4,871	5,408

## NOTES TO THE FINANCIAL STATEMENTS

### 13. PROVISION FOR GRATUITY SCHEME (continued)

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

	Group		Company	
	31.12.2017 RM'000	31.3.2017 RM'000	31.12.2017 RM'000	31.3.2017 RM'000
Reflected in the statements of financial position as:				
Non-current	4,436	5,144	4,218	4,829
Current (Note 17)	695	706	653	579
	<b>5,131</b>	<b>5,850</b>	<b>4,871</b>	<b>5,408</b>

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

	Group and Company	
	31.12.2017 %	31.3.2017 %
Discount rate	5.0	4.1
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 financial year using the projected unit credit actuarial cost method. The latest actuarial valuation was carried out on 31 December 2017.

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

The defined benefit plan exposes the Group and the Company to financial risks such as interest rates and future salary incremental rates risk.

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

	Group		Company	
	31.12.2017 RM'000	31.3.2017 RM'000	31.12.2017 RM'000	31.3.2017 RM'000
Discount rate - 1%				
- effect an increase of	286	336	267	314
Discount rate + 1%				
- effect a decrease of	(259)	(311)	(242)	(290)
Salary increment rate - 1%				
- effect a decrease of	(238)	(377)	(222)	(349)
Salary increment rate + 1%				
- effect an increase of	258	403	240	374

The above sensitivity analysis are based on staff data as at 31 December 2017 and considers a change of each principal assumption in isolation.

# NOTES TO THE FINANCIAL STATEMENTS

## 14. DEFERRED TAXATION

### Recognised deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	31.12.2017 RM'000	31.3.2017 RM'000	31.12.2017 RM'000	31.3.2017 RM'000	31.12.2017 RM'000	31.3.2017 RM'000
<b>Group</b>						
Plant and equipment	-	-	(9,177)	(10,291)	(9,177)	(10,291)
Provisions	5,360	5,084	-	-	5,360	5,084
Other items	-	200	(95)	-	(95)	200
Tax assets/(liabilities)	5,360	5,284	(9,272)	(10,291)	(3,912)	(5,007)
Set off of tax	(5,360)	(5,284)	5,360	5,284	-	-
Net tax liabilities	-	-	(3,912)	(5,007)	(3,912)	(5,007)

### Movement in temporary differences during the period/year

	Recognised in profit		Recognised in OCI RM'000	Recognised in profit		Recognised in OCI RM'000	At 31.12.2017 RM'000
	At 1.4.2016 RM'000	or loss (Note 23) RM'000		At 31.3.2017/ 1.4.2017 RM'000	or loss (Note 23) RM'000		
<b>Group</b>							
Plant and equipment	(9,670)	(621)	-	(10,291)	1,114	-	(9,177)
Provisions	4,455	629	-	5,084	276	-	5,360
Other items	224	-	(24)	200	(145)	(150)	(95)
	(4,991)	8	(24)	(5,007)	1,245	(150)	(3,912)
<b>Company</b>							
Plant and equipment	(8,188)	(744)	-	(8,932)	961	-	(7,971)
Provisions	3,888	619	-	4,507	(66)	-	4,441
Other items	241	-	(22)	219	(109)	(131)	(21)
	(4,059)	(125)	(22)	(4,206)	786	(131)	(3,551)



## NOTES TO THE FINANCIAL STATEMENTS

### 15. LOANS AND BORROWINGS

	Group		Company	
	31.12.2017 RM'000	31.3.2017 RM'000	31.12.2017 RM'000	31.3.2017 RM'000
<b>Non-current</b>				
Secured:				
Term loan	69,432	-	69,432	-
	69,432	-	69,432	-
<hr style="border-top: 1px dashed black;"/>				
<b>Current</b>				
Unsecured:				
Corporate credit card facility from a financial institution	996	-	996	-
Bank overdraft	2	-	-	-
	998	-	996	-
	70,430	-	70,428	-

The tenure of the term loan is for a period of up to 12 years and is secured by the Company's leasehold industrial land.

Reconciliation of movement of liabilities to cash flow arising from financing activities:

	At 1.4.2017 RM'000	Net changes from financing cash flow RM'000	At 31.12.2017 RM'000
<b>Group</b>			
Term loan	-	69,432	69,432
Corporate credit facility from a financial institution	-	996	996
Bank overdraft	-	2	2
	-	70,430	70,430
<b>Company</b>			
Term loan	-	69,432	69,432
Corporate credit facility from a financial institution	-	996	996
	-	70,428	70,428

## NOTES TO THE FINANCIAL STATEMENTS

### 16. TRADE PAYABLES

	Group		Company	
	31.12.2017 RM'000	31.3.2017 RM'000	31.12.2017 RM'000	31.3.2017 RM'000
Trade payables	25,181	21,704	20,600	18,001
Trade related accruals	1,950	1,800	661	1,246
	<b>27,131</b>	<b>23,504</b>	<b>21,261</b>	<b>19,247</b>

### 17. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	31.12.2017 RM'000	31.3.2017 RM'000	31.12.2017 RM'000	31.3.2017 RM'000
Payroll related accruals				
- salaries, benefits and allowances	6,193	5,273	5,442	4,852
- provision for gratuity scheme	695	706	653	579
Other accrual and sundry payables	8,926	6,677	7,937	5,775
	<b>15,814</b>	<b>12,656</b>	<b>14,032</b>	<b>11,206</b>

### 18. REVENUE

	Group		Company	
	1.4.2017 to 31.12.2017 RM'000	1.4.2016 to 31.3.2017 RM'000	1.4.2017 to 31.12.2017 RM'000	1.4.2016 to 31.3.2017 RM'000
Sale of manufactured goods	284,972	317,006	238,684	248,068
Sale of scrap	132	126	100	119
	<b>285,104</b>	<b>317,132</b>	<b>238,784</b>	<b>248,187</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 19. OTHER OPERATING INCOME

	Group		Company	
	1.4.2017 to 31.12.2017 RM'000	1.4.2016 to 31.3.2017 RM'000	1.4.2017 to 31.12.2017 RM'000	1.4.2016 to 31.3.2017 RM'000
Interest income on short-term deposits	728	1,219	335	948
Rental income from a subsidiary	-	-	855	1,140
Management service fees	-	-	666	888
Miscellaneous income	25	799	28	763
Dividend income	-	-	14,700	-
	<b>753</b>	<b>2,018</b>	<b>16,584</b>	<b>3,739</b>

### 20. STAFF COSTS

	Group		Company	
	1.4.2017 to 31.12.2017 RM'000	1.4.2016 to 31.3.2017 RM'000	1.4.2017 to 31.12.2017 RM'000	1.4.2016 to 31.3.2017 RM'000
Wages, salaries and bonus	22,229	25,156	19,107	21,909
Defined contribution retirement plan	2,323	2,706	2,143	2,504
Defined benefit gratuity scheme	371	492	343	447
Other employee benefits	176	686	89	582
	<b>25,099</b>	<b>29,040</b>	<b>21,682</b>	<b>25,442</b>

### 21. OTHER OPERATING EXPENSES

	Group		Company	
	1.4.2017 to 31.12.2017 RM'000	1.4.2016 to 31.3.2017 RM'000	1.4.2017 to 31.12.2017 RM'000	1.4.2016 to 31.3.2017 RM'000
Interest expense of financial liabilities that are not at fair value through profit or loss:				
- term loan	1,428	-	1,428	-

The "interest expense" is included in "other operating expenses" in the profit or loss for the current financial period.

# NOTES TO THE FINANCIAL STATEMENTS

## 22. PROFIT BEFORE TAX

	Group		Company	
	1.4.2017 to 31.12.2017 RM'000	1.4.2016 to 31.3.2017 RM'000	1.4.2017 to 31.12.2017 RM'000	1.4.2016 to 31.3.2017 RM'000
<b>Profit before tax is arrived at after charging/(crediting):</b>				
Auditors' remuneration				
Audit fees				
- KPMG	180	-	130	-
- Other auditors	-	244	-	176
Non-audit fees				
- KPMG	5	-	5	-
Amortisation of intangible assets	503	231	503	231
Allowance for/(reversal of) inventory write-down	551	6	327	(121)
Depreciation of property, plant and equipment	5,902	9,946	5,025	8,551
Dividend income	-	-	(14,700)	-
Hire of machinery and equipment	442	577	400	539
Intangible assets written off	-	579	-	579
Interest expense	1,428	-	1,428	-
Interest income	(728)	(1,219)	(335)	(948)
Loss/(gain) on foreign exchange				
- realised	414	(348)	(267)	501
- unrealised	417	(829)	65	114
Loss/(gain) on disposal of property, plant and equipment	156	(143)	156	(143)
Net fair value (gain)/loss on currency forwards	(708)	1,028	(130)	200
Provision for gratuity scheme	371	492	343	447
Property, plant and equipment written off	-	122	-	122

## NOTES TO THE FINANCIAL STATEMENTS

### 23. TAX EXPENSE

	Group		Company	
	1.4.2017 to 31.12.2017 RM'000	1.4.2016 to 31.3.2017 RM'000	1.4.2017 to 31.12.2017 RM'000	1.4.2016 to 31.3.2017 RM'000
<b>Current tax expense</b>				
Current period	5,063	4,168	2,455	1,584
(Over)/under provision in prior year	(70)	10	(135)	(59)
Total current tax recognised in profit or loss	4,993	4,178	2,320	1,525
<b>Deferred tax expense</b>				
Origination and reversal of temporary differences	(1,421)	(8)	(845)	125
Under provision in prior year	176	-	59	-
Total deferred tax recognised in profit or loss	(1,245)	(8)	(786)	125
Total tax expense	3,748	4,170	1,534	1,650
<b>Reconciliation of tax expense</b>				
Profit for the period/year	9,655	11,610	17,398	754
Total tax expense	3,748	4,170	1,534	1,650
Profit excluding tax	13,403	15,780	18,932	2,404
Income tax calculated using				
Malaysian tax rate of 24%	3,217	3,787	4,543	577
Non-deductible expenses	788	1,532	642	1,332
Income not subject to tax	(62)	(1,050)	(3,558)	(181)
Double deduction claims	(301)	(109)	(17)	(19)
Under/(over) provision in prior year	106	10	(76)	(59)
	3,748	4,170	1,534	1,650

# NOTES TO THE FINANCIAL STATEMENTS

## 24. DIRECTORS' REMUNERATION

	Group		Company	
	1.4.2017 to 31.12.2017 RM'000	1.4.2016 to 31.3.2017 RM'000	1.4.2017 to 31.12.2017 RM'000	1.4.2016 to 31.3.2017 RM'000
Non-executive Directors:				
- fees	272	163	272	163
- meeting allowance	23	14	23	14
Executive Directors:				
- salaries, and other remunerations	1,504	1,680	1,384	1,680
- bonuses	1,359	-	1,045	-
- estimated monetary value of benefits-in-kind	27	200	27	200
	2,890	1,880	2,456	1,880
	3,185	2,057	2,751	2,057

The Executive Directors' salaries, bonuses, and other remunerations are included in "staff costs" in the profit or loss for the financial period/year.

## 25. EARNINGS PER ORDINARY SHARE

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

	Group	
	1.4.2017 to 31.12.2017	1.4.2016 to 31.3.2017
Net profit attributable to shareholders (RM'000)	9,655	11,610
Weighted average number of ordinary shares in issue ('000)	133,331	132,252
Basic earnings per ordinary share (sen)	7.24	8.78

### Weighted average number of ordinary shares

	Group	
	31.12.2017 '000	31.3.2017 '000
Issued ordinary shares at 1 April	134,331	134,331
Effect of treasury shares held	(1,000)	(2,079)
Weighted average number of ordinary shares at 31 December/31 March	133,331	132,252

### Diluted earnings per ordinary share

There is no dilution in earnings per ordinary share as there is no potential diluted ordinary shares in the current period and previous financial year.

## NOTES TO THE FINANCIAL STATEMENTS

### 26. DIVIDEND

Dividend recognised in the current period by the Company are:

	Sen per share (net of tax)	Total amount RM'000	Date of payment
<b>2017</b>			
Final 2017 special dividend	20.5	27,112	13 July 2017

The Directors do not recommend any other dividend for the current financial period.

### 27. OPERATING SEGMENTS

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 while the newly incorporated subsidiaries (Note 5) are dormant during the financial period. 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 operations of the Group as disclosed in the consolidated statement of profit or loss and other 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 and major customers are as follows:

#### Geographical segments

	Group	
	1.4.2017 to 31.12.2017 RM'000	1.4.2016 to 31.3.2017 RM'000
<b>Geographical information</b>		
<b>Revenue from continuing operations</b>		
Malaysia	93,110	93,612
Thailand	64,971	97,204
India	62,132	58,901
Asia (excludes Malaysia, Thailand and India)	17,099	12,958
Europe	28,496	31,700
Middle East	14,961	15,972
Others	4,335	6,785
	<b>285,104</b>	<b>317,132</b>

Included in sales to Malaysia customers are sales to customers in the Licensed Manufacturing Warehouse and Free Trade Zone areas amounting to RM10,293,000 (31.3.2017: RM13,131,000).

# NOTES TO THE FINANCIAL STATEMENTS

## 27. OPERATING SEGMENTS (continued)

### Major customers

The following are major customers with revenue equal or more than 10% of the Group's total revenue:

	Revenue	
	1.4.2017 to 31.12.2017 RM'000	1.4.2016 to 31.3.2017 RM'000
Customer A	29,151	48,630
Customer B	25,396	28,871

## 28. FINANCIAL INSTRUMENTS

### 28.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

- Loans and receivables ("L&R");
- Fair value through profit or loss ("FVTPL"); and
- Financial liabilities measured at amortised cost ("FL").

	Group		
	Carrying amount RM'000	L&R/ (FL) RM'000	FVTPL RM'000
<b>31.12.2017</b>			
<b>Financial assets/(liabilities)</b>			
Trade receivables	45,000	45,000	-
Other receivables (excluding prepayments and advanced payment to suppliers)	15,181	15,181	-
Cash and bank balances	45,885	45,885	-
Derivative financial instruments	816	-	816
Trade payables	(27,131)	(27,131)	-
Other payables and accruals (excluding provision for gratuity scheme)	(15,119)	(15,119)	-
Loans and borrowings	(70,430)	(70,430)	-
	(5,798)	(6,614)	816
<b>31.3.2017</b>			
<b>Financial assets/(liabilities)</b>			
Trade receivables	37,165	37,165	-
Other receivables (excluding prepayments and advanced payment to suppliers)	787	787	-
Cash and bank balances	57,041	57,041	-
Derivative financial instruments	108	-	108
Trade payables	(23,504)	(23,504)	-
Other payables and accruals (excluding provision for gratuity scheme)	(11,950)	(11,950)	-
	59,647	59,539	108



## NOTES TO THE FINANCIAL STATEMENTS

### 28. FINANCIAL INSTRUMENTS (continued)

#### 28.1 Categories of financial instruments (continued)

	Company		
	Carrying amount RM'000	L&R/ (FL) RM'000	FVTPL RM'000
<b>31.12.2017</b>			
<b>Financial assets/(liabilities)</b>			
Trade receivables	21,030	21,030	-
Amounts due from subsidiaries	53,843	53,843	-
Other receivables (excluding prepayments and advanced payment to suppliers)	5,184	5,184	-
Cash and bank balances	15,344	15,344	-
Derivative financial instruments	158	-	158
Trade payables	(21,261)	(21,261)	-
Other payables and accruals (excluding provision for gratuity scheme)	(13,379)	(13,379)	-
Amount due to a subsidiary	(2,553)	(2,553)	-
Loans and borrowings	(70,428)	(70,428)	-
	<b>(12,062)</b>	<b>(12,220)</b>	<b>158</b>
<b>31.3.2017</b>			
<b>Financial assets/(liabilities)</b>			
Trade receivables	15,068	15,068	-
Amounts due from subsidiaries	9,387	9,387	-
Other receivables (excluding prepayments and advanced payment to suppliers)	755	755	-
Cash and bank balances	38,703	38,703	-
Derivative financial instruments	28	-	28
Trade payables	(19,247)	(19,247)	-
Other payables and accruals (excluding provision for gratuity scheme)	(10,627)	(10,627)	-
Amount due to a subsidiary	(469)	(469)	-
	<b>33,598</b>	<b>33,570</b>	<b>28</b>

#### 28.2 Net gain and losses arising from financial instruments

	Group		Company	
	1.4.2017 to 31.12.2017 RM'000	1.4.2016 to 31.3.2017 RM'000	1.4.2017 to 31.12.2017 RM'000	1.4.2016 to 31.3.2017 RM'000
Net gain/(losses) on:				
Fair value through profit or loss	708	(1,028)	130	(200)
Loans and receivables	(2,520)	6,014	(1,664)	2,261
Financial liabilities measured at amortised cost	989	(1,714)	773	(1,223)
	<b>(823)</b>	<b>3,272</b>	<b>(761)</b>	<b>838</b>

# NOTES TO THE FINANCIAL STATEMENTS

## 28. FINANCIAL INSTRUMENTS (continued)

### 28.3 Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

### 28.4 Credit risk

Credit risk is the risk of a financial loss to the Group and the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers, other receivables and cash and bank balances. The Company's exposure to credit risk arises principally from its receivables from customers, other receivables, amount due from subsidiaries and cash and bank balances.

#### Impairment losses

The ageing of the financial assets as at the end of the reporting period was:

	Gross RM'000	Individual impairment RM'000	Net RM'000
<b>Group</b>			
<b>31.12.2017</b>			
Not past due	98,433	–	98,433
Past due 0 – 3 months	8,449	–	8,449
	<b>106,882</b>	<b>–</b>	<b>106,882</b>
<b>31.3.2017</b>			
Not past due	91,277	–	91,277
Past due 0 – 3 months	3,824	–	3,824
	95,101	–	95,101
<b>Company</b>			
<b>31.12.2017</b>			
Not past due	89,718	–	89,718
Past due 0 – 3 months	5,841	–	5,841
	95,559	–	95,559
<b>31.3.2017</b>			
Not past due	62,776	–	62,776
Past due 0 – 3 months	1,165	–	1,165
	63,941	–	63,941

## NOTES TO THE FINANCIAL STATEMENTS

### 28. FINANCIAL INSTRUMENTS (continued)

#### 28.4 Credit risk (continued)

##### *Impairment losses (continued)*

##### **Financial assets that are neither past due nor impaired**

Bank deposits that are neither past due nor impaired are mainly deposits with licensed banks. The Group and the Company consider 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 subsidiaries 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	
	31.12.2017 RM'000	31.3.2017 RM'000	31.12.2017 RM'000	31.3.2017 RM'000
Trade receivables	8,449	3,824	5,841	1,165

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. 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 years, hence the movement in allowance for impairment is not presented.

#### 28.5 Liquidity risk

Liquidity risk is the risk that the Group and the Company will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

The Group has a net current assets of RM130,207,000 as at 31 December 2017. The Group maintains a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure that the preparation of the financial statement on a going concern basis is dependent on the ability of the Group to generate sufficient cash flows from its operations, obtaining support from its banks and creditors to finance its operation and achieving profitable operations to ensure that it will have sufficient liquidity to meet its liabilities as and when they fall due.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

# NOTES TO THE FINANCIAL STATEMENTS

## 28. FINANCIAL INSTRUMENTS (continued)

### 28.5 Liquidity risk (continued)

#### Maturity analysis

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

	Carrying amount RM'000	Contractual interest rate	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	More than 5 years RM'000
<b>31.12.2017</b>							
<b>Group</b>							
<i>Non-derivative financial liabilities</i>							
Secured term loan	69,432	5.46%	94,200	3,792	6,690	30,184	53,534
Overdrafts	2	7.15%	2	2	-	-	-
Corporate credit card facility from a financial institution	996	-	996	996	-	-	-
Trade and other payables	42,250	-	42,250	42,250	-	-	-
	<b>112,680</b>		<b>137,448</b>	<b>47,040</b>	<b>6,690</b>	<b>30,184</b>	<b>53,534</b>
<i>Derivative financial liabilities</i>							
Forward exchange contracts (gross settled):							
Outflow	-	-	49,925	49,925	-	-	-
Inflow	(816)	-	(50,741)	(50,741)	-	-	-
	<b>(816)</b>		<b>(816)</b>	<b>(816)</b>	<b>-</b>	<b>-</b>	<b>-</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 28. FINANCIAL INSTRUMENTS (continued)

#### 28.5 Liquidity risk (continued)

##### Maturity analysis (continued)

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments: (continued)

	Carrying amount RM'000	Contractual interest rate	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	More than 5 years RM'000
<b>31.12.2017</b>							
<b>Company</b>							
<i>Non-derivative financial liabilities</i>							
Secured term loan	69,432	5.46%	94,200	3,792	6,690	30,184	53,534
Corporate credit card facility from a financial institution	996	-	996	996	-	-	-
Trade and other payables	34,640	-	34,640	34,640	-	-	-
Amount due to a subsidiary	2,553	-	2,553	2,553	-	-	-
	<b>107,621</b>		<b>132,389</b>	<b>41,981</b>	<b>6,690</b>	<b>30,184</b>	<b>53,534</b>
<i>Derivative financial liabilities</i>							
Forward exchange contracts (gross settled):							
Outflow	-	-	13,647	13,647	-	-	-
Inflow	(158)	-	(13,805)	(13,805)	-	-	-
	<b>(158)</b>		<b>(158)</b>	<b>(158)</b>	<b>-</b>	<b>-</b>	<b>-</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 28. FINANCIAL INSTRUMENTS (continued)

#### 28.5 Liquidity risk (continued)

##### Maturity analysis (continued)

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments: (continued)

	Carrying amount RM'000	Contractual interest rate	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	More than 5 years RM'000
<b>31.3.2017</b>							
<b>Group</b>							
<i>Non-derivative financial liabilities</i>							
Trade and other payables	35,454	-	35,454	35,454	-	-	-
	35,454		35,454	35,454	-	-	-
<i>Derivative financial liabilities</i>							
Forward exchange contracts (gross settled):							
Outflow	-	-	39,810	39,810	-	-	-
Inflow	(108)	-	(39,918)	(39,918)	-	-	-
	(108)		(108)	(108)	-	-	-

## NOTES TO THE FINANCIAL STATEMENTS

### 28. FINANCIAL INSTRUMENTS (continued)

#### 28.5 Liquidity risk (continued)

##### Maturity analysis (continued)

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments: (continued)

	Carrying amount RM'000	Contractual interest rate	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	More than 5 years RM'000
<b>31.3.2017</b>							
<b>Company</b>							
<i>Non-derivative financial liabilities</i>							
Trade and other payables	29,874	-	29,874	29,874	-	-	-
Amount due to a subsidiary	469	-	469	469	-	-	-
	30,343		30,343	30,343	-	-	-
<i>Derivative financial liabilities</i>							
Forward exchange contracts (gross settled):							
Outflow	-	-	12,521	12,521	-	-	-
Inflow	(28)	-	(12,549)	(12,549)	-	-	-
	(28)		(28)	(28)	-	-	-

# NOTES TO THE FINANCIAL STATEMENTS

## 28. FINANCIAL INSTRUMENTS (continued)

### 28.6 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates that will affect the Group's and the Company's financial position or cash flows.

#### 28.6.1 Currency risk

The Group and the Company are exposed to foreign currency risk on sales and purchases that are denominated in a currency other than the respective functional currencies of the Group entities. The currencies giving rise to this risk are primarily U.S. Dollar ("USD"), Singapore Dollar ("SGD") and Japanese Yen ("JPY").

#### *Risk management objectives, policies and processes for managing the risk*

The Group and the Company enter 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 and the Company's policy is to enter into currency forwards for anticipated sales and purchases in foreign currencies.

#### *Exposure to foreign currency risk*

The Group's and the Company's main exposure to foreign currency (a currency which is other than the functional currency of the Group entities) risk, based on carrying amounts as at the end of the reporting period was:

	USD RM'000	Denominated in SGD RM'000	JPY RM'000	Others RM'000
<b>Group</b>				
<b>31.12.2017</b>				
Trade and other receivables	26,174	86	-	-
Trade and other payables	(7,684)	(32)	(224)	(8)
Cash and bank balances	28,468	30	-	-
Derivative financial instruments	(46,308)	-	-	-
<b>Exposure in the statements of financial position</b>	<b>650</b>	<b>84</b>	<b>(224)</b>	<b>(8)</b>
<b>31.3.2017</b>				
Trade and other receivables	27,272	69	-	41
Trade and other payables	(9,641)	(85)	-	(94)
Cash and bank balances	18,656	32	-	-
Derivative financial instruments	(25,907)	-	-	-
<b>Exposure in the statements of financial position</b>	<b>10,380</b>	<b>16</b>	<b>-</b>	<b>(53)</b>



## NOTES TO THE FINANCIAL STATEMENTS

### 28. FINANCIAL INSTRUMENTS (continued)

#### 28.6 Market risk (continued)

##### 28.6.1 Currency risk (continued)

###### *Exposure to foreign currency risk (continued)*

	Denominated in			
	USD RM'000	SGD RM'000	JPY RM'000	Others RM'000
<b>Company</b>				
<b>31.12.2017</b>				
Trade and other receivables	7,139	86	-	-
Trade and other payables	(6,228)	-	-	(8)
Cash and bank balances	8,806	30	-	-
Derivative financial instruments	(10,149)	-	-	-
<b>Exposure in the statements of financial position</b>	<b>(432)</b>	<b>116</b>	<b>-</b>	<b>(8)</b>
<b>31.3.2017</b>				
Trade and other receivables	6,350	69	-	41
Trade and other payables	(7,943)	(66)	-	(81)
Cash and bank balances	7,176	32	-	-
Derivative financial instruments	(6,511)	-	-	-
<b>Exposure in the statements of financial position</b>	<b>(928)</b>	<b>35</b>	<b>-</b>	<b>(40)</b>

###### **Currency risk sensitivity analysis**

A 10% (31.3.2017: 10%) strengthening of the Ringgit Malaysia against the following currencies at the end of the reporting period would have increased/(decreased) post-tax profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variance that the Group and the Company considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted sales and purchases.

	Group Profit or (loss)		Company Profit or (loss)	
	1.4.2017 to 31.12.2017 RM'000	1.4.2016 to 31.3.2017 RM'000	1.4.2017 to 31.12.2017 RM'000	1.4.2016 to 31.3.2017 RM'000
USD	(49)	(788)	33	71
SGD	(6)	(1)	(9)	(3)
JPY	17	-	-	-
Others	-	4	-	3

A 10% (31.3.2017: 10%) weakening of Ringgit Malaysia against the above currencies at the end of the reporting period would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

# NOTES TO THE FINANCIAL STATEMENTS

## 28. FINANCIAL INSTRUMENTS (continued)

### 28.6 Market risk (continued)

#### 28.6.2 Interest rate risk

The Group's and the Company's fixed rate financial assets and borrowings are exposed to a risk of change in their fair values due to changes in interest rates. The Group's and the Company's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Short term receivables and payables are not significantly exposed to interest rate risk.

#### *Risk management objectives, policies and processes for managing the risk*

In managing interest rate risk, the Group and Company maintain a balanced portfolio of fixed and floating rate instruments. All interest rate exposures are monitored and managed by the Group and Company on a regular basis.

#### *Exposure to interest rate risk*

The interest rate profile of the Group's and the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	Group		Company	
	31.12.2017 RM'000	31.3.2017 RM'000	31.12.2017 RM'000	31.3.2017 RM'000
<b>Fixed rate instruments</b>				
Financial assets	4,243	37,231	3,939	31,744
<b>Floating rate instruments</b>				
Financial liabilities	(69,432)	–	(69,432)	–

#### *Interest rate risk sensitivity analysis*

#### *Fair value sensitivity analysis for fixed rate instruments*

The Group and the Company do not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group and the Company do not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

#### *Cash flow sensitivity analysis for variable rate instruments*

A change of 100 basis points ("bp") (31.3.2017: 100bp) in interest rates at the end of the reporting period would have increased/(decreased) post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Profit or (loss)			
	1.4.2017 to 31.12.2017 100 bp increase RM'000	100 bp decrease RM'000	1.4.2016 to 31.3.2017 100 bp increase RM'000	100 bp decrease RM'000
<b>Group and Company</b>				
<b>Floating rate instruments</b>				
Cash flow sensitivity (net)	(528)	528	–	–

## NOTES TO THE FINANCIAL STATEMENTS

### 28. FINANCIAL INSTRUMENTS (continued)

#### 28.7 Fair value information

The carrying amounts of cash and cash equivalents, short term receivables and payables and short term borrowings reasonably approximate their fair values due to the relatively short term nature of these financial instruments.

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position.

	Fair value of financial instruments carried at fair value			Fair value of financial instruments not carried at fair value			Total fair value	Carrying amount	
	Level 1			Level 2					Total
	RM'000	Level 2	Level 3	RM'000	Level 1	Level 3			
<b>Group</b>									
<b>31.12.2017</b>									
Secured term loan	-	-	-	-	-	(69,432)	(69,432)	(69,432)	
Derivative financial instruments	-	816	-	816	-	-	816	816	
<b>31.3.2017</b>									
Derivative financial instruments	-	108	-	108	-	-	108	108	
<b>Company</b>									
<b>31.12.2017</b>									
Secured term loan	-	-	-	-	-	(69,432)	(69,432)	(69,432)	
Derivative financial instruments	-	158	-	158	-	-	158	158	
<b>31.3.2017</b>									
Derivative financial instruments	-	28	-	28	-	-	28	28	

# NOTES TO THE FINANCIAL STATEMENTS

## 28. FINANCIAL INSTRUMENTS (continued)

### 28.7 Fair value information (continued)

#### *Derivative financial liabilities*

The fair value of forward exchange contracts are based on market price obtained from licensed financial institution.

#### *Non-derivative financial liabilities*

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period. The market rate of interest is determined by reference to similar borrowing arrangements and lease agreements.

#### *Transfer between Level 1 and Level 2 fair values*

There has been no transfer between Level 1 and 2 fair values during the financial period (31.3.2017: No transfer in either directions).

#### *Level 3 fair value*

Level 3 fair value is estimated using unobservable inputs for the financial assets and liabilities.

The valuation techniques in determining the fair values disclosed in Level 3 for the financial instruments not carried at fair value is discounted cash flow.

## 29. 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 shareholders' 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.

## NOTES TO THE FINANCIAL STATEMENTS

### 30. OPERATING LEASES

#### *Leases as lessee*

Non-cancellable operating lease rental payables are as follows:

	Group		Company	
	31.12.2017 RM'000	31.3.2017 RM'000	31.12.2017 RM'000	31.3.2017 RM'000
Less than one year	438	717	389	607
Between one and five years	29	281	26	257
	<b>467</b>	<b>998</b>	<b>415</b>	<b>864</b>

The Group and the Company lease a number of premises and other assets under operating leases. The leases typically run for a period between one month to five years with an option to renew the respective leases after expiry.

#### *Leases as lessor*

The Company leases a portion of its premises to a subsidiary. The future minimum lease receivables under non-cancellable leases are as follows:

	Company	
	31.12.2017 RM'000	31.3.2017 RM'000
Less than one period	1,140	1,140
Between one and five periods	4,560	4,560
	<b>5,700</b>	<b>5,700</b>

### 31. CAPITAL COMMITMENTS

	Group		Company	
	31.12.2017 RM'000	31.3.2017 RM'000	31.12.2017 RM'000	31.3.2017 RM'000
<b>Authorised capital expenditure commitments</b>				
<i>Property, plant and equipment not provided for in the financial statements are as follows:</i>				
Contracted but not provided for	6,365	2,433	1,788	2,398

# NOTES TO THE FINANCIAL STATEMENTS

## 32. RELATED PARTIES

### Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly and entity that provides key management personnel services to the Group. The key management personnel include all the Directors of the Group, and certain members of senior management of the Group.

The Group and the Company have related party relationship with its subsidiaries, companies that a substantial shareholder of the Company has interest and key management personnel.

### Significant related party transactions

Related party transactions have been entered into in the normal course of business under normal trade terms. The significant related party transactions of the Group and the Company are shown below. The balances related to the below transactions are shown in notes 7 and 9.

	Group		Company	
	1.4.2017 to 31.12.2017 RM'000	1.4.2016 to 31.3.2017 RM'000	1.4.2017 to 31.12.2017 RM'000	1.4.2016 to 31.3.2017 RM'000
<b>Income</b>				
<i>Transactions with Alcom Nikkei Specialty Coatings Sdn. Bhd., a subsidiary</i>				
Sale of finished goods	-	-	117,218	118,363
Rental income received	-	-	855	1,140
Management service fees received	-	-	666	888
<i>Transactions with companies that a substantial shareholder of the Company has interest</i>				
Sale of finished goods to:				
- Aik Joo Can Factory Sdn. Berhad	793	197	793	197
- Kian Joo Can Factory Berhad	986	774	986	774
- KJ Can (Selangor) Sdn. Bhd.	622	145	622	145
- Federal Metal Printing Factory Sdn. Berhad	378	89	378	89

## NOTES TO THE FINANCIAL STATEMENTS

### 32. RELATED PARTIES (continued)

#### Significant related party transactions (continued)

	Group		Company	
	1.4.2017 to 31.12.2017 RM'000	1.4.2016 to 31.3.2017 RM'000	1.4.2017 to 31.12.2017 RM'000	1.4.2016 to 31.3.2017 RM'000
<b>Expenditure</b>				
Purchases of raw materials from:				
- Hindalco Industries Limited, the previous ultimate holding company	-	11,388	-	11,388
Purchases of scrap from:				
- Alcom Nikkei Specialty Coatings Sdn. Bhd., a subsidiary	-	-	17,883	17,165
IT allocation fees charged by:				
- Novelis Inc., the previous immediate holding company	-	650	-	650
Technical service fee charged by:				
- Novelis Inc., the previous immediate holding company	-	515	-	515

#### Key management personnel compensation

The key management personnel compensations are as follows:

	Group		Company	
	1.4.2017 to 31.12.2017 RM'000	1.4.2016 to 31.3.2017 RM'000	1.4.2017 to 31.12.2017 RM'000	1.4.2016 to 31.3.2017 RM'000
Key management remuneration				
- salaries and bonus	4,729	3,994	3,971	3,414
- defined contribution retirement plan	542	366	493	366
- estimated monetary value of benefits-in-kind	177	153	116	72
- defined benefit gratuity scheme	79	-	79	-
	<b>5,527</b>	<b>4,513</b>	<b>4,659</b>	<b>3,852</b>

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.

## NOTES TO THE FINANCIAL STATEMENTS

### **33. SIGNIFICANT EVENT DURING THE FINANCIAL PERIOD**

On 12 April 2017, the Company made an announcement on a proposal to undertake a capital reduction and repayment to the shareholders of the Company up to RM42,985,871 on the basis of RM0.32 for each ordinary share held in the Company via a reduction of the share capital of the Company pursuant to Section 116 of the Companies Act 2016 (“Capital Repayment”).

Following the approval via a Special Resolution in respect of the Capital Repayment at the Extraordinary General Meeting held on 22 June 2017 and the Court Order issued by the Kuala Lumpur High Court confirming the Capital Repayment on 9 August 2017, the Capital Repayment was completed on 11 September 2017.

### **34. SIGNIFICANT EVENTS SUBSEQUENT TO THE FINANCIAL PERIOD**

On 2 January 2018, the Company announced the following proposals (“Announcement”):

- i) proposed acquisition by EM Hub Sdn. Bhd., a wholly-owned subsidiary, of a parcel of vacant leasehold industrial land from Seleksi Megah Sdn. Bhd., a wholly-owned subsidiary of Paramount Corporation Berhad, at a total cash consideration of RM92,129,400;
- ii) proposed diversification of the principal activities of the Company and its subsidiaries to include property development activities; and
- iii) proposed internal reorganisation by way of a members’ scheme of arrangement under Section 366 of the Companies Act 2016 comprising the following:
  - (a) proposed share exchange of up to 134,330,848 ordinary shares in the Company as at 26 December 2017, being the latest practicable date prior to the date of the Announcement (“Alcom Share(s)”), representing the entire issued share capital of Alcom with up to 134,330,848 new ordinary shares in Alcom Group Berhad (“Newco”) (“Newco Share(s)”) on the basis of 1 Newco Share for every 1 existing Alcom Share held on an entitlement date to be determined (“Proposed Share Exchange”); and
  - (b) proposed assumption of the listing status of the Company by Newco, the admission of Newco to, and withdrawal of the Company from the Official List of Bursa Malaysia Securities Berhad (“Bursa Securities”) with the listing of and quotation for all the Newco Shares on the Main Market of Bursa Securities (“Proposed Transfer of Listing Status”).

The Proposed Share Exchange and the Proposed Transfer of Listing Status are collectively referred to as the “Proposed Internal Reorganisation”.

(collectively referred to as the “Proposals”)

On 12 January 2018, the Company filed the relevant court papers to obtain the requisite order from the High Court of Malaya at Kuala Lumpur (“KL High Court”) pursuant to Section 366 of the Companies Act 2016 for leave to be granted to the Company to convene a meeting of its members in relation to the Proposed Internal Reorganisation.



## NOTES TO THE FINANCIAL STATEMENTS

### **34. SIGNIFICANT EVENTS SUBSEQUENT TO THE FINANCIAL PERIOD (continued)**

On 13 February 2018, the KL High Court granted leave for the Company to convene a meeting of its members pursuant to Section 366 of the Companies Act 2016 in relation to the Proposed Internal Reorganisation within 180 days from 13 February 2018.

The application in relation to the Proposals was submitted to Bursa Securities on 15 March 2018 and Bursa Securities vide its letter dated 6 April 2018, resolved to approve the admission to the Official List, and the listing and quotation of the entire issued share capital of Newco of up to 134,330,850 ordinary shares under the “Industrial Products” sector of the Main Market of Bursa Securities, in place of the Company.

Newco will assume the stock code, stock short name and ISIN code of the Company.

### **35. COMPARATIVE FIGURES**

The comparative figures for the statements of profit or loss and other comprehensive income, statements of changes in equity and statement of cash flows of the Group and of the Company as well as the comparative in the notes to the financial statements relating to the statements of profit or loss and other comprehensive income for the twelve months ended 31 March 2017 are not comparable to that for the current nine months ended 31 December 2017 as the Group and the Company changed its financial year end from 31 March to 31 December during the financial period.

## STATEMENT BY DIRECTORS

pursuant to Section 251(2) of the Companies Act 2016

In the opinion of the Directors, the financial statements set out on pages 50 to 107 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2017 and of their financial performance and cash flows for the financial period then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

**Dato' Lim Chee Khoon**  
Director

**Heon Chee Shyong**  
Director

Date: 6 April 2018

## STATUTORY DECLARATION

pursuant to Section 251(1)(b) of the Companies Act 2016

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 50 to 107 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed **Bernard William A/L William G. Gomez**, NRIC: 620820-10-6239, MIA CA 21076 at Klang in the State of Selangor on 6 April 2018.

**Bernard William A/L William G. Gomez**

Before me:

**NADZRUL AZALI ABDUL AZIZ**  
(No. B548)  
Commissioner for Oaths  
Klang, Selangor

# INDEPENDENT AUDITORS' REPORT

to the members of Aluminium Company of Malaysia Berhad  
(Incorporated in Malaysia)

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of Aluminium Company of Malaysia Berhad, which comprise the statements of financial position as at 31 December 2017 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the period then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 50 to 107.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2017, and of their financial performance and their cash flows for the period then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

### Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our auditors' report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current period. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and informing our opinion thereon, and we do not provide a separate opinion on these matters.

### The key audit matter of the Group and the Company

#### Costing and valuation of metal inventories

Refer to the accounting policy on page 66 and Note 6 to the financial statements.

At 31 December 2017, the Group and the Company held RM57,536,000 and RM33,680,000 of metal inventories respectively. The cost of metal inventories stated at the lower of cost and net realisable value. Metal inventories comprise the raw materials, work-in-progress, and finished goods. In the case of work-in-progress and finished goods, cost includes an appropriate allocation of direct labour and production overhead costs. Costing and valuation of metal inventories have been identified as a key audit matter for the Group and the Company because of the fluctuation in aluminium prices may affect the determination of the carrying amounts of the metal inventories at period end.

# INDEPENDENT AUDITORS' REPORT

to the members of Aluminium Company of Malaysia Berhad  
(Incorporated in Malaysia)

## How the matter was addressed in our audit

Our audit procedures performed in this area included, among others:

- We have assessed the appropriateness of the Group's costing methodology by considering the relevant inputs are properly taken into account to arrive at the carrying amount of the metal inventories. This includes determining the appropriateness of the basis and processes used by the Group in allocating the direct labour and overhead costs to arrive at the carrying amounts of metal inventories as at period end;
- We checked the cost of raw materials input by comparing to suppliers' invoices on a sampling basis;
- We also evaluated how the Group determined the net realisable value of finished goods inventories by testing to the selling prices.

## Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the Annual Report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the Annual Report and, in doing so, consider whether the Annual Report is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of the Annual Report, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the ability of the Group and of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

# INDEPENDENT AUDITORS' REPORT

to the members of Aluminium Company of Malaysia Berhad  
(Incorporated in Malaysia)

## Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- i) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ii) Obtain an understanding of internal control relevant to the audit 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 internal control of the Group and of the Company.
- iii) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- iv) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group or of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- v) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that gives a true and fair view.
- vi) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

# INDEPENDENT AUDITORS' REPORT

to the members of Aluminium Company of Malaysia Berhad  
(Incorporated in Malaysia)

## **Auditors' Responsibilities for the Audit of the Financial Statements (continued)**

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditors' report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## **Report on Other Legal and Regulatory Requirements**

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors are disclosed in Note 5 to the financial statements.

## **Other Matters**

The financial statements of the Group and of the Company as at and the financial year ended 31 March 2017 were audited by another auditor who expressed an unmodified opinion on those statements on 17 May 2017.

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

**KPMG PLT**  
LLP0010081-LCA & AF 0758  
Chartered Accountants

Petaling Jaya

Date: 6 April 2018

**Chan Kam Chiew**  
Approval Number: 2055/06/18(J)  
Chartered Accountant

## PROPERTY HELD BY THE COMPANY

as at 31 December 2017

Location	Description	Tenure	Land Area	Age of Building (years)	Net Book Value	Year of revaluation
No. 3, Persiaran Waja Kawasan Perindustrian Bukit Raja 41050 Klang Selangor Darul Ehsan Malaysia	Factory and Office Building	99 years leasehold expiring in year 2088	12.1 hectares	36 years	RM20.1 million	1985

# ANALYSIS OF SHAREHOLDINGS

as at 30 March 2018

Total number of issued shares	:	134,330,848 (including 1,000,000 treasury shares)
Class of shares	:	Ordinary shares
Voting rights	:	One (1) vote per ordinary share

## ANALYSIS BY SIZE OF SHAREHOLDINGS

Size of shareholdings	No. of shareholders	%	No. of shares held	%
Less than 100 shares	282	6.67	4,871	0.00
100 to 1,000 shares	771	18.23	592,664	0.45
1,001 to 10,000 shares	2,234	52.84	11,255,705	8.44
10,001 to 100,000 shares	863	20.41	25,358,106	19.02
100,001 to 6,666,541 shares	76	1.80	17,804,950	13.35
6,666,542 shares and above	2	0.05	78,314,552	58.74
<b>Total</b>	<b>4,228</b>	<b>100.00</b>	<b>133,330,848</b>	<b>100.00</b>

## SUBSTANTIAL SHAREHOLDERS

(According to the Register of Substantial Shareholders)

Name	← Direct →		← Indirect →		← Total →	
	No. of shares held	%	No. of shares held	%	No. of shares held	%
SCland Holdings Sdn. Bhd.	39,675,554	29.76	–	–	39,675,554	29.76
Standout Success Sdn. Bhd.	–	–	39,675,554 <sup>(a)</sup>	29.76 <sup>(a)</sup>	39,675,554	29.76
SCland Sdn. Bhd.	–	–	39,675,554 <sup>(a)</sup>	29.76 <sup>(a)</sup>	39,675,554	29.76
RDS Properties Sdn. Bhd.	–	–	39,675,554 <sup>(a)</sup>	29.76 <sup>(a)</sup>	39,675,554	29.76
Dato' Lim Chee Khoo	–	–	39,675,554 <sup>(a)</sup>	29.76 <sup>(a)</sup>	39,675,554	29.76
Dato' Eng Kim Liong	–	–	39,675,554 <sup>(a)</sup>	29.76 <sup>(a)</sup>	39,675,554	29.76
Dato' Yong How Choong	–	–	39,675,554 <sup>(a)</sup>	29.76 <sup>(a)</sup>	39,675,554	29.76
Kam Choo Keng	–	–	39,675,554 <sup>(a)</sup>	29.76 <sup>(a)</sup>	39,675,554	29.76
Ang Loo Leong	–	–	39,675,554 <sup>(a)</sup>	29.76 <sup>(a)</sup>	39,675,554	29.76
Towerpack Sdn. Bhd.	38,638,998	28.98	–	–	38,638,998	28.98
Yeoh Jin Hoe	–	–	38,638,998 <sup>(b)</sup>	28.98 <sup>(b)</sup>	38,638,998	28.98

### Notes:

<sup>(a)</sup> Indirect interest through shares held by SCland Holdings Sdn. Bhd.

<sup>(b)</sup> Deemed interest by virtue of his shareholding in Towerpack Sdn. Bhd. pursuant to Section 8(4) of the Companies Act 2016.



# ANALYSIS OF SHAREHOLDINGS

as at 30 March 2018

## DIRECTORS' SHAREHOLDINGS

(According to the Register of Directors' Shareholdings)

Name	← Direct →		← Indirect →		← Total →	
	No. of shares held	%	No. of shares held	%	No. of shares held	%
Dato' Seri Subahan bin Kamal	-	-	-	-	-	-
Dato' Lim Chee Khoon	-	-	39,675,554 <sup>(a)</sup>	29.76 <sup>(a)</sup>	39,675,554	29.76
Heon Chee Shyong	-	-	-	-	-	-
Yeoh Jin Hoe	-	-	38,638,998 <sup>(b)</sup>	28.98 <sup>(b)</sup>	38,638,998	28.98
Dato' Eng Kim Liong	-	-	39,675,554 <sup>(a)</sup>	29.76 <sup>(a)</sup>	39,675,554	29.76
Ang Loo Leong	-	-	39,675,554 <sup>(a)</sup>	29.76 <sup>(a)</sup>	39,675,554	29.76
Chee Khay Leong	-	-	-	-	-	-
Wong Choon Shein	-	-	-	-	-	-
Lam Voon Kean	-	-	-	-	-	-
Marc Francis Yeoh Min Chang	-	-	-	-	-	-

**Notes:**

<sup>(a)</sup> Indirect interest through shares held by SCland Holdings Sdn. Bhd.

<sup>(b)</sup> Deemed interest by virtue of his shareholding in Towerpack Sdn. Bhd. pursuant to Section 8(4) of the Companies Act 2016.

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# ANALYSIS OF SHAREHOLDINGS

as at 30 March 2018

## LIST OF THIRTY (30) LARGEST SHAREHOLDERS

(According to the Record of Depositors)

No.	Name	No. of shares held	%
1.	SCland Holdings Sdn. Bhd.	39,675,554	29.76
2.	Towerpack Sdn. Bhd.	38,638,998	28.98
3.	Toh Kam Choy	1,163,400	0.87
4.	HLIB Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Taipanmatics Sdn. Bhd. (MG0170-199)	1,090,000	0.82
5.	Addeen Consultancy & Management Sdn. Bhd.	715,600	0.54
6.	Tan Lee Hwa	695,000	0.52
7.	Soh Tik Siew	589,000	0.44
8.	Tang Yet Siong @ Tang Yik Siong	439,500	0.33
9.	Chai Niew Sew	419,300	0.31
10.	Tan Ah Tee	397,000	0.30
11.	Ng Beng Lay	396,000	0.30
12.	Yeoh Beng Hooi	390,000	0.29
13.	Loh Loon Teik Sdn. Bhd.	380,000	0.29
14.	RHB Nominees (Tempatan) Sdn. Bhd. - OSK Trustees Berhad for The Divine Vision Trust	369,000	0.28
15.	Soo Peck Yoke	366,700	0.28
16.	Khor Tang Boey	322,000	0.24
17.	Lim Seng Qwee	310,000	0.23
18.	Ooi Chun Hua	307,100	0.23
19.	Worldwide Emergency Assistance (Malaysia) Sdn. Bhd.	300,000	0.23
20.	Wong Hon Chin	267,300	0.20
21.	Public Invest Nominees (Asing) Sdn. Bhd. - Exempt An for Phillip Securities Pte. Ltd. (Clients)	258,000	0.19
22.	Abd Wahab bin Arifin	236,100	0.18
23.	Maybank Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Lee Yaw Hiong	230,000	0.17
24.	Yuen Thui Yang	220,000	0.17
25.	Sharayu Sundararaj	216,000	0.16
26.	HLIB Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Cheong Pooi Leong (MG0127-199)	215,000	0.16
27.	Matang Holdings Berhad	211,000	0.16
28.	Teh Hin Lee	206,000	0.15
29.	Ang Chin Joo	200,000	0.15
30.	Choon Siew & Sons Sdn. Berhad	200,000	0.15
<b>Total</b>		<b>89,423,552</b>	<b>67.08</b>

# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the Fifty-Seventh Annual General Meeting (“57th AGM”) of Aluminium Company of Malaysia Berhad (“the Company”) will be held at Ballroom I, Main Wing, Tropicana Golf and Country Resort Club, Jalan Kelab Tropicana, 47410 Petaling Jaya, Selangor Darul Ehsan, Malaysia on Thursday, 7 June 2018 at 10.00 a.m. for the following purposes:-

## AGENDA

### AS ORDINARY BUSINESS

- |    |  |   |
|----|--|---|
| 1. | To lay before the meeting, the Audited Financial Statements of the Group and of the Company for the 9-month financial period ended 31 December 2017 and the Reports of the Directors and Auditors thereon. | <i><b>Please refer to<br/>Note C of<br/>this Agenda</b></i> |
| 2. | To re-elect the following directors who retire pursuant to Article 92(D) of the Company’s Articles of Association:   |   |
|    | a. Dato’ Seri Subahan bin Kamal  | <i><b>Resolution 1</b></i>                                  |
|    | b. Dato’ Lim Chee Khoo   | <i><b>Resolution 2</b></i>                                  |
|    | c. Dato’ Eng Kim Liong   | <i><b>Resolution 3</b></i>                                  |
|    | d. Ang Loo Leong   | <i><b>Resolution 4</b></i>                                  |
|    | e. Lam Voon Kean   | <i><b>Resolution 5</b></i>                                  |
| 3. | To approve the payment of Directors’ Fees amounting to RM360,000 to the Directors of the Company and its subsidiaries for the financial year ending 31 December 2018.                                      | <i><b>Resolution 6</b></i>                                  |
| 4. | To approve the payment of benefits of up to RM50,000 to the Non-Executive Directors of the Company and its subsidiaries for the financial year ending 31 December 2018.                                    | <i><b>Resolution 7</b></i>                                  |
| 5. | To re-appoint KPMG PLT as Auditors of the Company to hold office until the conclusion of the next Annual General Meeting of the Company and to authorise the Directors to fix the Auditors’ remuneration.  | <i><b>Resolution 8</b></i>                                  |

### AS SPECIAL BUSINESS

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

**Proposed authority to Directors to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act 2016**

***Resolution 9***

“**THAT** subject to the Companies Act 2016, the Articles of Association of the Company and the approvals of the relevant governmental and/or regulatory authorities, if applicable, the Board of Directors of the Company (“Board”) be and is hereby empowered pursuant to Sections 75 and 76 of the Companies Act 2016, to allot and issue shares in the Company at any time at such price, upon such terms and conditions, for such purposes and to such person or persons whomsoever as the Board may in its absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed ten per centum (10%) of the total number of issued shares of the Company for the time being (excluding treasury shares);

# NOTICE OF ANNUAL GENERAL MEETING

**AND THAT** such authority shall continue to be in force until:

- (i) the conclusion of the next Annual General Meeting (“AGM”) of the Company, at which time it shall lapse, unless by ordinary resolution passed at that Meeting, the authority is renewed, either unconditionally or subject to conditions; or
- (ii) the expiration of the period within which the next AGM of the Company is required by law to be held; or
- (iii) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting,

whichever occurs first;

**AND FURTHER THAT** the Board be and is also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad.”

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

**Proposed renewal of authority for the Company to purchase its own shares**

**Resolution 10**

“**THAT** subject to compliance with the Companies Act 2016, the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”), provisions of the Company’s Memorandum and Articles of Association and all other applicable laws, guidelines, rules and regulations, the Company be and is hereby authorised to purchase such number of ordinary shares in the Company as may be determined by the Board of Directors of the Company (“Board”) from time to time through Bursa Securities upon such terms and conditions as the Board may deem fit and expedient in the interest of the Company, provided that:

- (i) the aggregate number of shares to be purchased pursuant to this resolution shall not exceed ten per centum (10%) of the total number of issued shares of the Company as at the date of the share buy-back;
- (ii) an aggregate amount of the funds not exceeding the retained profits of the Company as at the date of the share buy-back, be utilised by the Company for the purchase of its own shares; and
- (iii) the shares of the Company to be purchased may be cancelled, retained as treasury shares, distributed as dividends or resold on Bursa Securities, or a combination of any of the above, at the absolute discretion of the Board;

**AND THAT** the authority conferred by this resolution will commence immediately upon the passing of this resolution and will continue to be in force until:

- (i) the conclusion of the next Annual General Meeting (“AGM”) of the Company, at which time it shall lapse, unless by ordinary resolution passed at that Meeting, the authority is renewed, either unconditionally or subject to conditions; or
- (ii) the expiration of the period within which the next AGM of the Company is required by law to be held; or
- (iii) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting,

whichever occurs first but not so as to prejudice the completion of purchase(s) by the Company before the aforesaid expiry date and, in any event, in accordance with the provisions of the MMLR of Bursa Securities or any other relevant authorities;

## NOTICE OF ANNUAL GENERAL MEETING

**AND FURTHER THAT** the Board be and is hereby authorised to do all such acts and things and to take all such steps as it deems fit, necessary, expedient and/or appropriate in order to complete and give full effect to the purchase by the Company of its own shares with full powers to assent to any condition, modification, variation and/or amendment as may be required or imposed by the relevant authorities.”

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

**Proposed renewal of mandate for the Company and its subsidiary to enter into recurrent related party transactions of a revenue or trading nature**

**Resolution 11**

“**THAT** subject always to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given for the Company and its subsidiary to enter into the recurrent related party transactions of a revenue or trading nature as set out in Section 2.3 of Part B of the Company’s Circular to Shareholders dated 26 April 2018 provided that:

- (i) such transactions are necessary for the day-to-day operations of the Company and/or its subsidiaries and are carried out in the ordinary course of business on normal commercial terms and on terms not more favourable to the parties with which such recurrent transactions are to be entered into than those generally available to the public and are not to the detriment of the minority shareholders of the Company; and
- (ii) the mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the mandate during the financial year;

**AND THAT** the mandate conferred by this resolution shall continue to be in force until:

- (i) the conclusion of the next Annual General Meeting (“AGM”) of the Company, at which time it will lapse, unless by a resolution passed at that Meeting, the authority is renewed; or
- (ii) the expiration of the period within which the next AGM of the Company after the date it is required to be held pursuant to Section 340(2) of the Companies Act 2016 (“the Act”) (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (iii) revoked or varied by resolution passed by the shareholders of the Company in a general meeting,

whichever is earlier;

**AND FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to complete and to do all such acts and things (including executing all such documents as may be required) as it may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this resolution.”

9. To transact any other business of which due notice shall have been given in accordance with the Company’s Articles of Association and/or the Companies Act 2016.

# NOTICE OF ANNUAL GENERAL MEETING

By Order of the Board

**TAN BEE KENG (MAICSA 0856474)**  
**TEH YI TING (MAICSA 7068250)**  
Company Secretaries

Bukit Raja, Klang  
Malaysia  
26 April 2018

Notes:

**(A) GENERAL MEETING RECORD OF DEPOSITORS**

*Only members whose name appears in the General Meeting Record of Depositors as at 31 May 2018 shall be entitled to attend this Meeting or appoint proxy(ies) to attend and vote in his stead.*

**(B) PROXY**

- (i) *A member of the Company entitled to attend and vote at this Meeting is entitled to appoint not more than two (2) proxies to attend and vote in his stead. A proxy may but need not be a member of the Company. Where a member appoints more than one (1) proxy, he shall specify the proportion of his shareholding to be represented by each proxy, failing which, the appointment shall be invalid.*
- (ii) *Where a member is an Authorised Nominee, as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint more than one (1) proxy in respect of each securities account it holds which is credited with ordinary shares of the Company.*
- (iii) *Where a member is an Exempt Authorised Nominee ("EAN") as defined under the Securities Industry (Central Depositories) Act 1991 which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the EAN may appoint in respect of each omnibus account it holds.*
- (iv) *The instrument appointing a proxy shall be in writing under the hand of the appointer or their attorney duly authorised in writing or, if the appointer is a corporation, either under seal or under the hand of an officer or attorney duly authorised. Any alteration to the instrument appointing a proxy must be initialled.*
- (v) *To be valid, the instrument appointing a proxy must be deposited at the office of the Company's Share Registrar, Tricor Investor & Issuing House Services Sdn. Bhd. at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia, at least forty-eight (48) hours before the time appointed for holding this Meeting or any adjournment thereof.*

**(C) AUDITED FINANCIAL STATEMENTS**

*This agenda item is meant for discussion only as under the provision of Section 340(1) of the Companies Act 2016, the audited financial statements do not require a formal approval of the members. Hence, this item will not be put forward for voting.*

**(D) POLL VOTING**

*Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), all the Resolutions set out in this Notice will be put to the vote by way of poll. Independent Scrutineers will be appointed to verify the results of the poll.*

## NOTICE OF ANNUAL GENERAL MEETING

### (E) PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the forthcoming 57th AGM of the Company and/or any adjournment thereof, a member of the Company:

- (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes");
- (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes; and
- (iii) agrees that the member will indemnify the Company in respect of any penalties, claims, demands, losses and damages as a result of the member's breach of warranty.

### (F) EXPLANATORY NOTES ON SPECIAL BUSINESS

#### **Ordinary Resolution 9 – Proposed authority to Directors to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act 2016**

The Ordinary Resolution 9 proposed, if passed, will give a renewed mandate to the Board of Directors of the Company ("Board"), from the date of the forthcoming 57th AGM of the Company, to allot and issue ordinary shares of the Company at any time to such persons for such purposes as the Board may in its absolute discretion, consider to be in the interest of the Company, without having to convene a general meeting provided that the aggregate number of shares issued pursuant to this resolution does not exceed ten per centum (10%) of the total number of issued shares of the Company for the time being ("Renewed Mandate"). The Renewed Mandate from the shareholders will be effective immediately upon passing of the Ordinary Resolution and shall continue to be in force until:

- (i) the conclusion of the next AGM of the Company; or
- (ii) the expiration of the period within which the next AGM of the Company is required by law to be held; or
- (iii) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting,

whichever occurs first.

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 future investment, project(s), working capital and/or acquisitions.

As at the date of this notice, no new ordinary shares in the Company were issued pursuant to the mandate granted to the Directors at the last AGM held on 22 June 2017. Hence, no proceeds were raised.

#### **Ordinary Resolution 10 – Proposed renewal of authority for the Company to purchase its own shares**

The Ordinary Resolution 10 proposed, if passed, will renew the authority for the Company to purchase through Bursa Securities such number of ordinary shares in the Company up to an aggregate amount not exceeding ten per centum (10%) of the total number of issued shares of the Company. The renewed authority from the shareholders will be effective immediately upon passing of the Ordinary Resolution and shall continue to be in force until:

- (i) the conclusion of the next AGM of the Company; or
- (ii) the expiration of the period within which the next AGM of the Company is required by law to be held; or
- (iii) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting,

whichever occurs first.

For further information, please refer to Share Buy-Back Statement dated 26 April 2018 which is despatched together with the Company's Annual Report 2017 for the 9-month financial period ended 31 December 2017.

# NOTICE OF ANNUAL GENERAL MEETING

***Ordinary Resolution 11 – Proposed renewal of mandate for the Company and its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature (“RRPTs”)***

*The Ordinary Resolution 11 proposed, if passed, will renew the mandate for the Company and its subsidiary to enter into the RRPTs with Kian Joo Can Factory Berhad and/or its subsidiary companies and also with Can-One Berhad and/or its subsidiary companies, as set out in Section 2.3 of Part B of the Circular to Shareholders dated 26 April 2018.*

*The aforesaid mandate from shareholders is on an annual basis and subject to renewal at the next AGM of the Company.*

*For further information, please refer to the Circular to Shareholders dated 26 April 2018 which is despatched together with the Company’s Annual Report 2017 for the 9-month financial period ended 31 December 2017.*

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**ALUMINIUM COMPANY OF MALAYSIA BERHAD**  
(3859-U)

# FORM OF PROXY

CDS Account No.	No. of Shares Held

I/We ..... (NRIC/Company No. ....)  
(Full Name in Block Letters)

of ..... Tel No. ....  
(Address)

being a member/members of Aluminium Company of Malaysia Berhad, hereby appoint:-

Full Name (in Block Letters)	NRIC/Passport No.	No. of Shares	% of Shareholdings

\*and/or (\*delete if not applicable)

Full Name (in Block Letters)	NRIC/Passport No.	No. of Shares	% of Shareholdings

or failing him/her, THE CHAIRMAN OF THE MEETING as my/our proxy to vote on my/our behalf at the Fifty-Seventh Annual General Meeting of the Company to be held at Ballroom I, Main Wing, Tropicana Golf and Country Resort Club, Jalan Kelab Tropicana, 47410 Petaling Jaya, Selangor Darul Ehsan, Malaysia on Thursday, 7 June 2018 at 10.00 a.m. and at any adjournment thereof.

My/our proxy/proxies will vote on the resolutions as indicated by an 'X' in the spaces provided below. In the absence of specific direction as to voting, my/our proxy/proxies will vote or abstain from voting at his/their discretion.

Resolution	Ordinary Business	For	Against
1	Re-election of Dato' Seri Subahan bin Kamal as Director		
2	Re-election of Dato' Lim Chee Khoo as Director		
3	Re-election of Dato' Eng Kim Liong as Director		
4	Re-election of Ang Loo Leong as Director		
5	Re-election of Lam Voon Kean as Director		
6	Approval of payment of Directors' Fees amounting to RM360,000 to the Directors of the Company and its subsidiaries for the financial year ending 31 December 2018		
7	Approval of payment of benefits of up to RM50,000 to the Non-Executive Directors of the Company and its subsidiaries for the financial year ending 31 December 2018		
8	Re-appointment of KPMG PLT as Auditors of the Company to hold office until the conclusion of the next Annual General Meeting of the Company and to authorise the Directors to fix the Auditors' remuneration		
	<b>Special Business</b>		
9	Proposed authority to Directors to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act 2016		
10	Proposed renewal of authority for the Company to purchase its own shares		
11	Proposed renewal of mandate for the Company and its subsidiary to enter into recurrent related party transactions of a revenue or trading nature		

.....  
Signature/Seal of Shareholder

.....  
Date

**Notes:**

- (i) Only members whose name appears in the General Meeting Record of Depositors as at 31 May 2018 shall be entitled to attend this Meeting or appoint proxy(ies) to attend and vote in his stead.
- (ii) A member of the Company entitled to attend and vote at this Meeting is entitled to appoint not more than two (2) proxies to attend and vote in his stead. A proxy may but need not be a member of the Company. Where a member appoints more than one (1) proxy, he shall specify the proportion of his shareholding to be represented by each proxy, failing which, the appointment shall be invalid.
- (iii) Where a member is an Authorised Nominee, as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint more than one (1) proxy in respect of each securities account it holds which is credited with ordinary shares of the Company.
- (iv) Where a member is an Exempt Authorised Nominee ("EAN") as defined under the Securities Industry (Central Depositories) Act 1991 which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the EAN may appoint in respect of each omnibus account it holds.
- (v) The instrument appointing a proxy shall be in writing under the hand of the appointer or their attorney duly authorised in writing or, if the appointer is a corporation, either under seal or under the hand of an officer or attorney duly authorised. Any alteration to the instrument appointing a proxy must be initialled.
- (vi) To be valid, the instrument appointing a proxy must be deposited at the office of the Company's Share Registrar, Tricor Investor & Issuing House Services Sdn. Bhd. at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia, at least forty-eight (48) hours before the time appointed for holding this Meeting or any adjournment thereof.
- (vii) Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the Resolutions will be put to the vote by way of poll. Independent Scrutineers will be appointed to verify the results of the poll.
- (viii) By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the Personal Data Privacy terms set out in the Notice of the Fifty-Seventh Annual General Meeting dated 26 April 2018.



*Fold This Flap For Sealing*

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AFFIX  
STAMP

The Share Registrar  
**TRICOR INVESTOR & ISSUING HOUSE SERVICES SDN. BHD.**  
(Company No. 11324-H)  
Unit 32-01, Level 32, Tower A  
Vertical Business Suite  
Avenue 3, Bangsar South  
No. 8, Jalan Kerinchi  
59200 Kuala Lumpur  
Wilayah Persekutuan  
Malaysia

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# Annual Report 2017

For The 9-month Financial Period Ended 31 December 2017

**ALUMINIUM COMPANY OF MALAYSIA BERHAD**

(Company Number: 3859-U)

No. 3, Persiaran Waja, Bukit Raja Industrial Estate  
41050 Klang, Selangor Darul Ehsan, Malaysia  
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