Company No.

203469	H

ALCOM NIKKEI SPECIALTY COATINGS SDN. BHD.
(Incorporated in Malaysia)

DIRECTORS' REPORT

The Directors hereby submit their report together with the audited financial statements of the Company for the financial year ended 31 March 2015.

PRINCIPAL ACTIVITY

The Company is primarily engaged in the manufacturing and trading of pre-coated aluminium finstocks for use in air conditioners. There have been no significant changes in these activities during the financial year.

FINANCIAL RESULTS

	RM
Loss for the financial year	(420,711)

DIVIDENDS

No dividend has been paid, declared or proposed by the Company since the end of the previous financial year.

RESERVES AND PROVISIONS

All material transfers to or from reserves and provisions during the financial year are disclosed in the financial statements.

DIRECTORS

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

Bernard William A/L William G. Gomez	
Heon Chee Shyong	(Appointed with effect from 17 November 2014)
Vishal Rao	(Resigned with effect from 18 November 2014)

DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangement subsisted to which the Company is a party, with the object or objects of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except for benefits accruing to Directors as employees of the immediate holding company, Aluminium Company of Malaysia Berhad. These benefits have been disclosed as part of the Directors' remuneration in the Group's financial statements.

DIRECTORS' INTERESTS

In accordance with the Register of Directors' Shareholdings, none of the Directors have any interests in the shares in the Company and its related corporations during the financial year.

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

Before the statement of comprehensive income and statement of financial position of the Company were made out, the Directors took reasonable steps:

(a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and have satisfied themselves that there are no known bad debts and that provision need not to be made for doubtful debts; and

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

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

(a) which would necessitate the writing off of bad debts or the provision for doubtful debts; or

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

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

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

Company No.

203469	H

ALCOM NIKKEI SPECIALTY COATINGS SDN. BHD.
(Incorporated in Malaysia)

DIRECTORS' REPORT (CONTINUED)

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS (CONTINUED)

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

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

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

At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

In the opinion of the Directors:

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

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

IMMEDIATE AND ULTIMATE HOLDING COMPANIES

The immediate holding company of the Company is Aluminium Company of Malaysia Berhad, a company incorporated in Malaysia, while the ultimate holding company is Hindalco Industries Limited, a company incorporated in India.

AUDITORS

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

Signed on behalf of the Board of Directors in accordance with their resolution dated 27 May 2015.

HEON CHEE SHYONG
DIRECTOR

BERNARD WILLIAM A/L WILLIAM G. GOMEZ
DIRECTOR

Bukit Raja, Klang

Company No.

203469	H

ALCOM NIKKEI SPECIALTY COATINGS SDN. BHD.
(Incorporated in Malaysia)

STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

	Note	2015 RM	2014 RM
Revenue	7	124,677,326	127,439,011
Other operating income		243,534	328,913
Changes in inventories of raw materials, work-in-progress and finished goods		5,706,407	1,400,437
Raw materials and consumables used		(121,385,019)	(117,341,738)
Staff costs	9	(1,978,078)	(2,638,844)
Utilities and fuel		(1,951,364)	(1,684,397)
Depreciation of property, plant and equipment		(1,733,043)	(1,684,232)
Rental of premises		(1,140,000)	(744,000)
Repairs and maintenance		(893,614)	(875,013)
Management service fees		(888,000)	(888,000)
Allowance for inventory writedown		(316,706)	(173,066)
Other operating expenses		(1,001,517)	(1,263,124)
(Loss)/Profit from operations before tax	8	(660,074)	1,875,947
Taxation	10	239,363	(429,193)
(Loss)/Profit for the financial year		(420,711)	1,446,754
Other comprehensive (loss)/income:			
Items that will not be classified subsequently to profit or loss			
Actuarial (losses)/gains on gratuity scheme	22	(206,000)	13,470
Total comprehensive (loss)/income for the financial year		(626,711)	1,460,224

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

Company No.

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ALCOM NIKKEI SPECIALTY COATINGS SDN. BHD.
(Incorporated in Malaysia)

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2015

	Note	2015 RM	2014 RM
NON-CURRENT ASSET			
Property, plant and equipment	11	9,217,978	10,776,010
CURRENT ASSETS			
Inventories	12	13,052,836	7,940,499
Trade receivables	13	12,727,926	13,393,419
Other receivables and prepayments	14	171,807	45,620
Amount due from immediate holding company	15	1,248,815	1,251,518
Tax recoverable		142,113	144,826
Derivative financial instruments	16	-	268,580
Deposits, cash and bank balances	17	16,379,888	15,610,007
		43,723,385	38,654,469
LESS: CURRENT LIABILITIES			
Trade payables	18	1,729,716	1,914,139
Other payables and accruals	19	2,016,954	1,026,749
Amount due to immediate holding company	20	11,801,853	9,561,212
Derivative financial instruments	16	337,308	-
Borrowings	21	1,313,111	-
		17,198,942	12,502,100
NET CURRENT ASSETS		26,524,443	26,152,369
LESS: NON-CURRENT LIABILITIES			
Provision for gratuity scheme	22	465,000	724,000
Deferred taxation	23	1,289,118	1,589,365
		1,754,118	2,313,365
		33,988,303	34,615,014
CAPITAL AND RESERVES			
Share capital	24	12,250,000	12,250,000
Share premium	25	362,500	362,500
Revenue reserve	26	21,375,803	22,002,514
Total equity		33,988,303	34,615,014

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

Company No.

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ALCOM NIKKEI SPECIALTY COATINGS SDN. BHD.
(Incorporated in Malaysia)

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

	Note	Issued and fully paid ordinary shares of RM1 each: Number of shares	Nominal value RM	Non-distributable: Share premium RM	Distributable: Revenue reserve RM	Total RM
At 1 April 2014		12,250,000	12,250,000	362,500	22,002,514	34,615,014
Total comprehensive loss:						
Loss for the financial year		-	-	-	(420,711)	(420,711)
Actuarial losses on gratuity scheme	22	-	-	-	(206,000)	(206,000)
Total comprehensive loss for the financial year		-	-	-	(626,711)	(626,711)
At 31 March 2015		12,250,000	12,250,000	362,500	21,375,803	33,988,303
At 1 April 2013		12,250,000	12,250,000	362,500	20,542,290	33,154,790
Total comprehensive income:						
Profit for the financial year		-	-	-	1,446,754	1,446,754
Actuarial gains on gratuity scheme	22	-	-	-	13,470	13,470
Total comprehensive income for the financial year		-	-	-	1,460,224	1,460,224
At 31 March 2014		12,250,000	12,250,000	362,500	22,002,514	34,615,014

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

Company No.

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ALCOM NIKKEI SPECIALTY COATINGS SDN. BHD.
(Incorporated in Malaysia)

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

	Note	2015 RM	2014 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss)/profit for the financial year		(420,711)	1,446,754
Adjustments for:			
Net fair value loss/(gain) on currency forwards		605,888	(210,300)
Property, plant and equipment			
- depreciation		1,733,043	1,684,232
Allowance for inventory writedown		316,706	173,066
Interest expense		2,052	-
Interest income		(243,534)	(321,062)
Provision for gratuity scheme		(259,000)	46,530
Unrealised foreign exchange (gain)/loss		(380,044)	104,060
Taxation		(239,363)	429,193
		1,115,037	3,352,473
Changes in working capital:			
Inventories		(5,429,043)	(1,471,415)
Receivables		954,254	1,557,893
Payables		617,146	(43,074)
Balances with immediate holding company		2,243,344	(1,614,940)
Cash (used in)/generated from operations		(499,262)	1,780,937
Tax refunded		211,445	-
Tax paid		(269,616)	(479,078)
Net cash flow (used in)/from operating activities		(557,433)	1,301,859
CASH FLOWS FROM INVESTING ACTIVITIES			
Property, plant and equipment			
- purchases		(193,526)	(601,730)
Interest income received		243,390	321,062
Net cash from/(used in) investing activities		49,864	(280,668)
CASH FLOWS FROM FINANCING ACTIVITIES			
Drawdown of borrowings		1,313,111	-
Interest paid		(2,052)	-
Net cash from financing activities		1,311,059	-

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ALCOM NIKKEI SPECIALTY COATINGS SDN. BHD.
(Incorporated in Malaysia)

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015 (CONTINUED)

	Note	2015 RM	2014 RM
NET MOVEMENT IN CASH AND CASH EQUIVALENTS		803,490	1,021,191
FOREIGN EXCHANGE DIFFERENCES		(33,609)	(21,695)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		15,610,007	14,610,511
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	17	16,379,888	15,610,007

Non-cash transaction

The principal non-cash transaction during the financial year is the acquisition of plant and equipment by the Company of which RM55,939 (2014: RM74,454) (Note 19) remained as payables at the end of the financial year.

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

Company No.

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ALCOM NIKKEI SPECIALTY COATINGS SDN. BHD.
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

1 GENERAL INFORMATION

The principal activity of the Company is the manufacturing and trading of pre-coated aluminium finstocks for use in air conditioners.

The immediate holding company of the Company is Aluminium Company of Malaysia Berhad, a company incorporated in Malaysia, while the ultimate holding company is Hindalco Industries Limited, a company incorporated in India.

The Company is a private limited liability company, incorporated and domiciled in Malaysia.

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

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

2 BASIS OF PREPARATION

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

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

The preparation of financial statements in conformity with MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. It also requires Directors to exercise their judgement in the process of applying the Company's accounting policies. Although these estimates and judgement are based on the Directors' best knowledge of current events and actions, actual results may differ. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 5 to the financial statements.

2 BASIS OF PREPARATION (CONTINUED)

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

- Amendments to MFRS 132 "Offsetting Financial Assets and Financial Liabilities"
- Amendments to MFRS 136 "Recoverable Amount Disclosures for Non-Financial Assets"
- Amendments to MFRS 139 "Novation of Derivatives and Continuation of Hedge Accounting"
- Amendments to MFRS 10, MFRS 12 and MFRS 127 "Investment Entities"
- IC Interpretation 21 "Levies"

The application of the standards and amendments to standards does not have material impact to the financial statements of the Company.

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

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

(i) Financial year beginning on/after 1 April 2015
- Annual Improvements to MFRSs 2010 - 2012 Cycle (MFRS 13 "Fair Value Measurement", MFRS 116 "Property, Plant and Equipment" and MFRS 124 "Related Party Disclosures")
- Annual Improvements to MFRSs 2011 - 2013 Cycle (MFRS 13 "Fair Value Measurement")
- Amendments to MFRS 119 "Defined Benefits Plans: Employee Contributions"

(ii) Financial year beginning on/after 1 April 2016
- MFRS 14 "Regulatory Deferral Accounts"
- Amendments to MFRS 116 "Clarification of Acceptable Methods of Depreciation and Amortisation"
- Annual Improvements to MFRSs 2012 - 2014 Cycle (Amendments to MFRS 5 "Non-current Assets Held for sale and Discontinued Operations", MFRS 7 "Financial Instruments: Disclosures" and MFRS 119 "Employee Benefits")

(iii) Financial year beginning on/after 1 April 2017
- MFRS 15 "Revenue"

(iv) Financial year beginning on/after 1 April 2018
- MFRS 9 "Financial Instruments"

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Property, plant and equipment

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

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

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

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

Plant, machinery and equipment	4% - 20%
Office equipment	10%

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

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

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Impairment of non-financial assets

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

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

(c) Inventories

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

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

(d) Trade receivables

Trade receivables are amounts due from customers for sale of pre-coated aluminium finstocks in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Cash and cash equivalents

For the purpose of statement of cash flows, cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. Cash and cash equivalents comprise cash on hand, deposits held at call with banks, other short-term, highly liquid investments with original maturities of three months or less.

(f) Financial assets

(i) Classification

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

Financial assets at fair value through profit or loss

Financial assets held for trading are categorised as financial assets at fair value through profit or loss. Financial assets held for trading are assets that are acquired or incurred principally for the purpose of selling or repurchasing it in the near term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within twelve months; otherwise, they are classified as non-current.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve months after the end of the reporting period. These are classified as non-current assets. The Company's loans and receivables comprise 'amount due from immediate holding company', 'receivables' (excluding prepayments) and 'cash and cash equivalents' in the statement of financial position.

(ii) Recognition and initial measurement

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

Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in profit or loss.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Financial assets (continued)

(iii) Subsequent measurement - Gains and losses

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

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

(iv) Subsequent measurement - Impairment of financial assets

Assets carried at amortised cost

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

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Financial assets (continued)

(iv) Subsequent measurement - Impairment of financial assets (continued)

Assets carried at amortised cost (continued)

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

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

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

(v) Derecognition

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

(g) Offsetting financial instruments

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Financial liabilities

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

Financial liabilities at fair value through profit or loss

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

Other financial liabilities

The Company's other financial liabilities include trade and other payables and amounts due to subsidiary and related companies. The other financial liabilities are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

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

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

(i) Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Borrowings and borrowing costs

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

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

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

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

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

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

(k) Provisions

Provisions are recognised when:

(i) the Company has a present legal or constructive obligation as a result of past events;
(ii) it is probable that an outflow of resources will be required to settle the obligation; and
(iii) a reliable estimate of the amount can be made.

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

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Provisions (continued)

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

(l) Employee benefits

(i) Short-term employee benefits

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

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

(ii) Post-employment pension benefits

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

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

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Employee benefits (continued)

(ii) Post-employment pension benefits (continued)

Defined contribution plan

The Company contributes to the Employees Provident Fund, the national defined contribution plan. The contributions are charged to profit or loss in the period to which they relate. Once the contributions have been paid, the Company has no further payment obligations.

Defined benefit plan

The Company operates an unfunded defined benefit plan, taking into account of the advice of independent qualified actuaries who carry out a full valuation of the gratuity scheme every year. The liability recognised in the statement of financial position in respect of defined benefit gratuity scheme is the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is calculated annually by independent qualified actuaries using the projected unit credit method.

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

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

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

(m) Current and deferred income taxes

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the country where the Company operates and generates taxable income.

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Current and deferred income taxes (continued)

Deferred tax is recognised, using the liability method, on temporary differences arising between the amounts attributed to assets and liabilities for tax purposes and their carrying amounts in the financial statements. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

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

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

(n) Foreign currencies

(i) Functional and presentation currency

Items included in the financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in Ringgit Malaysia, which is the Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Contingent assets and contingent liabilities

The Company does not recognise contingent assets and liabilities, but discloses its existence in the financial statements. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare case where there is a liability that cannot be recognised because it cannot be measured reliably. However, contingent liabilities do not include financial guarantee contracts.

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company. The Company does not recognise contingent assets but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

(p) Operating leases

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

(q) Share capital

(i) Classification

Ordinary shares are classified as equity.

(ii) Dividend distribution

Distributions to holders of an equity instrument is recognised directly in equity and the corresponding liability is recognised in the period in which the dividends are approved.

(r) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the Company's activities. Revenue is shown net of returns, rebates and discounts.

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met. The amount of the revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Interest income is recognised using the effective interest method.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) Financial guarantee contracts

Financial guarantee contracts are contracts that require the Company to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument.

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of the amount determined in accordance with MFRS 137 "Provisions, Contingent Liabilities and Contingent Assets" and the amount initially recognised less cumulative amortisation, where appropriate.

The fair value of financial guarantees is determined as the present value of the difference in net cash flows between the contractual payments under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

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

(a) Foreign currency exchange risk

The Company enters into currency forwards in the normal course of business to manage its exposure against foreign currency fluctuations on transactions denominated in foreign currencies. In general, the Company's policy is to enter into currency forwards for anticipated sales and purchases in foreign currencies. Refer to Note 16 to the financial statements for further details.

The Company does not apply hedge accounting.

The Company is primarily exposed to United States Dollar ("USD") for its sales of finished products.

4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Foreign currency exchange risk (continued)

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

	USD RM	JPY RM	EURO RM	Total RM
At 31 March 2015				
FINANCIAL ASSETS				
Trade receivables	11,437,606	-	-	11,437,606
Cash and cash equivalents	1,208,611	-	-	1,208,611
	12,646,217	-	-	12,646,217
LESS: FINANCIAL LIABILITIES				
Trade payables	(45,344)	(16,859)	-	(62,203)
Other payables	(496,279)	(17,823)	(38,931)	(553,033)
Borrowings	(1,207,111)	-	-	(1,207,111)
	(1,748,734)	(34,682)	(38,931)	(1,822,347)
NET FINANCIAL ASSETS/ (LIABILITIES)	10,897,483	(34,682)	(38,931)	10,823,870
LESS: CURRENCY FORWARDS	(10,884,416)	-	-	(10,884,416)
NET CURRENCY EXPOSURE	13,067	(34,682)	(38,931)	(60,546)

4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Foreign currency exchange risk (continued)

The Company's exposure to foreign currencies in respect of its financial assets and financial liabilities for functional currency in RM are as follows: (continued)

	USD RM	JPY RM	EURO RM	Total RM
At 31 March 2014				
FINANCIAL ASSETS				
Trade receivables	10,664,048	-	-	10,664,048
Cash and cash equivalents	5,665,968	-	-	5,665,968
	16,330,016	-	-	16,330,016
LESS: FINANCIAL LIABILITIES				
Trade payables	(46,499)	(50,000)	-	(96,499)
Other payables	(64,046)	-	-	(64,046)
	(110,545)	(50,000)	-	(160,545)
NET FINANCIAL ASSETS/ (LIABILITIES)	16,219,471	(50,000)	-	16,169,471
LESS: CURRENCY FORWARDS	(16,634,300)	-	-	(16,634,300)
NET CURRENCY EXPOSURE	(414,829)	(50,000)	-	(464,829)

The following table demonstrates the sensitivity of the Company's net loss after tax to 5% (2014: 5%) strengthening of USD and JPY against the RM, with all other variables, in particular interest rates, being held constant.

	Increase/(decrease)	
	Net loss after tax 2015 RM	Net profit after tax 2014 RM
USD against RM	(490)	(15,556)
JPY against RM	1,301	(1,875)
EURO against RM	1,460	-

4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Foreign currency exchange risk (continued)

A 5% weakening of the above currency against the RM would have the equal but opposite effect to the amount shown above, on the basis that all other variables remain constant.

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

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

(b) Interest rate risk

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

Interest rate exposure arises mainly from the Company's borrowings. The Company manages its interest rate exposure by closely monitoring the interest rate fluctuation.

(c) Credit risk

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

The Company has no significant concentration of credit risks except for trade receivables. In the opinion of the Directors, the credit risk in relation to trade receivables is not significant and is expected to be recovered.

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

4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Credit risk (continued)

Exposure to credit risk

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

Details of the financial assets are as follows:

	2015 RM	2014 RM
Not past due	29,753,184	28,847,317
Past due but not impaired		
- 0 to 2 months	624,646	1,428,829
	30,377,830	30,276,146

Financial assets that are neither past due nor impaired

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

Financial assets that are past due but not impaired

There are no other financial assets in the Company that are past due but not impaired except for certain trade receivables of the Company as set out below. The Company has not impaired these amounts as these amounts are expected to be recovered within 12 months from the reporting date.

	2015 RM	2014 RM
Trade receivables	624,646	1,428,829

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 Company is closely monitoring these receivables and they have no prior history of bad or doubtful debts. No allowance for impairment has been made in respect of these receivables in the current and previous financial year, hence the movement in allowance for impairment is not presented.

4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(d) Liquidity risk

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

At reporting date, the Company held cash and cash equivalents of RM16,379,888 (2014: RM15,610,007) that are expected to readily generate cash inflows for managing liquidity risk.

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

	Due within one year	
	2015	2014
	RM	RM
FINANCIAL LIABILITIES		
Trade payables	(1,729,716)	(1,914,139)
Other payables and accruals	(2,016,954)	(1,026,749)
Amount due to immediate holding company	(11,801,853)	(9,561,212)
Borrowings	(1,313,832)	-
	(16,862,355)	(12,502,100)

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

	Due within one year	
	2015	2014
	RM	RM
GROSS-SETTLED CURRENCY FORWARDS		
Hedge of trade receivables:		
- Receipts in RM	10,884,416	16,634,300
- Payments in USD	(11,221,724)	(16,365,720)

4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(e) Fair value

The carrying amounts of the following financial assets and liabilities approximate their fair values due to the relatively short-term maturity of these financial instruments: deposits, cash and bank balances, borrowings, receivables and payables (including non-trade amounts due (to)/from immediate holding company).

Fair value hierarchy

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

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

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

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
LIABILITIES				
Derivative financial instruments	-	(337,308)	-	(337,308)

The following table presents the Company's assets and liabilities that are measured at fair value at 31 March 2014:

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
ASSETS				
Derivative financial instruments	-	268,580	-	268,580

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

(a) Impairment of property, plant and equipment

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

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

The assumptions used, results and impact of possible change in the key assumptions of the impairment assessment of the property, plant and equipment are disclosed in Note 11 to the financial statements.

(b) Income taxes

Significant judgement is required in determining the capital allowances, deductibility of certain expenses and the chargeability of certain income during the estimation of the provision for income taxes. The Company recognises liabilities for tax based on estimates of assessment of the tax liability due. When the final tax outcome is different from the amount that were initially recorded, such differences will impact the income tax and deferred tax provisions, where applicable, in the period in which such determination is made.

6 CAPITAL MANAGEMENT

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

The Company considers that the capital of the Company relates only to the equity and this remains unchanged from the prior year.

7 REVENUE

	2015 RM	2014 RM
Sale of finished goods	115,161,377	118,617,441
Sale of scrap	9,515,949	8,821,570
	124,677,326	127,439,011

Revenue of the Company represents the aggregate invoiced value of goods sold to customers, net of trade allowances and discounts.

8 (LOSS)/PROFIT FROM OPERATIONS BEFORE TAX

	2015 RM	2014 RM
(Loss)/profit from operations before tax is arrived at after charging/(crediting):		
Auditors' remuneration	61,000	58,000
Hire of machinery and equipment	33,190	55,470
Net fair value loss/(gain) on currency forwards	605,888	(210,300)
Interest expense	2,052	-
(Gain)/loss on foreign exchange		
- realised	(1,193,316)	(290,203)
- unrealised	(380,044)	104,060
Interest income	(243,534)	(321,062)

The cost of goods sold for the Company recognised as an expense during the financial year amounted to RM125,441,774 (2014: RM124,503,323).

9 STAFF COSTS

	2015 RM	2014 RM
Wages, salaries and bonus	2,234,636	2,345,960
Defined contribution retirement plan	141,955	124,918
Defined benefit gratuity scheme (Note 22)	(465,000)	60,000
Other employee benefits	66,487	107,966
	1,978,078	2,638,844

10 TAXATION

	2015 RM	2014 RM
Current tax:		
- Current year	60,884	330,974
- Under provision in respect of prior years	-	83,278
	60,884	414,252
Deferred tax (Note 23):		
- Origination and reversal of temporary differences	(300,247)	14,941
Tax (credit)/expense	(239,363)	429,193

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

	2015 RM	2014 RM
(Loss)/profit before tax	(660,074)	1,875,947
Tax calculated at the Malaysian tax rate of 25% (2014: 25%)	(165,019)	468,987
Tax effects of:		
- expenses not deductible for tax purposes	59,767	71,860
- income not subject to income tax	(88,079)	-
- double deduction claims	(46,032)	(53,504)
- changes in future applicable income tax rate	-	(62,439)
- under provision in respect of prior years	-	83,278
- under recognition of deductible temporary differences in prior years	-	(78,989)
Tax (credit)/expense	(239,363)	429,193

11 PROPERTY, PLANT AND EQUIPMENT

	Plant, machinery and equipment RM	Office equipment RM	Projects-in -progress RM	Total RM
2015				
At 1 April 2014	10,394,364	186,261	195,385	10,776,010
Additions	29,087	7,292	138,632	175,011
Reclassifications	149,237	46,148	(195,385)	-
Depreciation charge	(1,602,899)	(130,144)	-	(1,733,043)
At 31 March 2015	8,969,789	109,557	138,632	9,217,978
At 31 March 2015				
Cost	38,369,368	572,112	138,632	39,080,112
Accumulated depreciation	(29,274,579)	(462,555)	-	(29,737,134)
Accumulated impairment loss	(125,000)	-	-	(125,000)
Net carrying amount	8,969,789	109,557	138,632	9,217,978
2014				
At 1 April 2013	11,895,008	95,101	85,624	12,075,733
Additions	39,361	49,488	295,660	384,509
Reclassifications	101,345	84,554	(185,899)	-
Depreciation charge	(1,641,350)	(42,882)	-	(1,684,232)
At 31 March 2014	10,394,364	186,261	195,385	10,776,010
At 31 March 2014				
Cost	38,191,044	518,672	195,385	38,905,101
Accumulated depreciation	(27,671,680)	(332,411)	-	(28,004,091)
Accumulated impairment loss	(125,000)	-	-	(125,000)
Net carrying amount	10,394,364	186,261	195,385	10,776,010

11 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Impairment assessment of the Company's plant and machinery

Based on management's assessment, the recoverable amount of plant and machinery as at 31 March 2015 of the Company, based on value-in-use ("VIU") is RM22.3 million, which is in excess of its carrying amount of RM9.0 million by RM13.3 million. On this basis, management is of the view that no impairment is necessary with respect to plant and machinery.

(a) Key assumptions used in the VIU calculation

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

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

- Sales volumes were anticipated to be running at capacity based on historical trend and expected forecast sales.
- Factory cost savings of 0.1%to 1.3% per annum during the 5-year budget.
- Terminal value based on 10 years beyond the 5-year budget.
- A discount rate of 9.8% has been applied to the cash flow projections.

(b) Impact of possible change in key assumptions

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

- If the discount rate used was 10.8%, the recoverable amount would be lower by RM1.6 million.
- If the conversion margin differs by 1% from management's estimates, the recoverable amount would be higher or lower by RM3.6 million.
- If the sales volume differs by 2% from management's estimates, the recoverable amount would be higher or lower by RM0.7 million.

12 INVENTORIES

	2015 RM	2014 RM
Raw materials and consumables	1,492,652	1,046,480
Work-in-progress	1,421,001	648,268
Finished goods	8,388,107	4,003,100
Operating supplies	1,751,076	2,242,651
	13,052,836	7,940,499

13 TRADE RECEIVABLES

	2015 RM	2014 RM
Trade receivables from third parties	12,727,926	13,393,419
Less: Allowance for impairment	-	-
	12,727,926	13,393,419

Credit terms of trade receivables of the Company range from 7 days to 60 days (2014: 7 days to 60 days).

14 OTHER RECEIVABLES AND PREPAYMENTS

	2015 RM	2014 RM
Prepayments and advances	150,606	24,418
Deposits	19,050	18,150
Other receivables	2,151	3,052
	171,807	45,620

15 AMOUNT DUE FROM IMMEDIATE HOLDING COMPANY

	2015 RM	2014 RM
Trade	1,048,815	1,051,518
Non-trade	200,000	200,000
	1,248,815	1,251,518

The trade balances due from immediate holding company are unsecured, interest free and have credit terms of 7 days to 30 days (2014: 7 days to 30 days). The non-trade balances due from immediate holding company are unsecured, interest-free and have no fixed terms of repayment.

16 DERIVATIVE FINANCIAL INSTRUMENTS

	2015		2014	
	Notional amount RM	Fair value RM	Notional amount RM	Fair value RM
Assets/(Liabilities)				
Forward foreign currency exchange contracts	10,884,416	(337,308)	16,634,300	268,580

Forward foreign exchange contracts

Aside from using natural hedges, the Company enters into forward foreign currency exchange contracts with a licensed bank to limit its exposure on foreign currency receivables and payables. Under the forward contracts, 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 to 2 months.

The fair value of the forward foreign exchange contracts of the Company which has been recognised at the reporting date was a deficit net position of RM337,308 (2014: surplus of RM268,580). The fair value of forward foreign exchange contracts is determined using forward exchange rates at the reporting date.

17 DEPOSITS, CASH AND BANK BALANCES

	2015 RM	2014 RM
Deposits with licensed banks	10,478,000	9,375,000
Cash and bank balances	5,901,888	6,235,007
	16,379,888	15,610,007

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

	2015 %	2014 %
Deposits with licensed banks	3.05	2.85

The deposits have a maturity period of 1 day (2014: 3 days). Bank balances are deposits held at call with banks and are non-interest bearing.

18 TRADE PAYABLES

	2015 RM	2014 RM
Trade payables	1,606,016	1,644,844
Trade related accruals	123,700	269,295
	1,729,716	1,914,139

Credit terms of trade payables granted to the Company range from 15 days to 90 days (2014: 15 days to 90 days) from month end.

19 OTHER PAYABLES AND ACCRUALS

	2015 RM	2014 RM
Plant and equipment suppliers payable	55,939	74,454
Payroll related accruals	287,917	283,851
Other accruals and sundry payables	1,673,098	668,444
	2,016,954	1,026,749

20 AMOUNT DUE TO IMMEDIATE HOLDING COMPANY

	2015 RM	2014 RM
Trade	11,404,606	9,151,398
Non-trade	397,247	409,814
	11,801,853	9,561,212

The trade balances due to immediate holding company are unsecured, interest free and have credit terms of 30 to 60 days (2014: 30 to 60 days). The non-trade balances due to immediate holding company are unsecured, interest-free and have no fixed terms of repayment.

21 BORROWINGS

	2015 RM	2014 RM
Current		
Bankers' acceptance	106,000	-
Onshore foreign currency loans	1,207,111	-
Total	1,313,111	-

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

	2015 %	2014 %
Borrowings	1.25	-

The bankers' acceptance and onshore foreign currency loans are unsecured and have a tenure to maturity of less than a year.

22 PROVISION FOR GRATUITY SCHEME

	2015 RM	2014 RM
Defined benefit gratuity scheme		
At beginning of the year	724,000	677,470
(Credited)/Charged to the statement of comprehensive income*	(259,000)	46,530
At end of the year	465,000	724,000
Represented by:		
Present value of unfunded obligations	465,000	724,000
Reflected in the statement of financial position as:		
Non-current	465,000	724,000

22 PROVISION FOR GRATUITY SCHEME (CONTINUED)

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

	2015 RM	2014 RM
Defined benefit gratuity scheme		
At beginning of the year	724,000	677,470
Current service cost	36,000	34,000
Interest cost	33,000	26,000
Actuarial losses/(gains)	206,000	(13,470)
Transferred to immediate holding company	(534,000)	-
At end of the year	465,000	724,000

* The (credit)/charge to the statement of comprehensive income is analysed as follows:

	2015 RM	2014 RM
Current service cost	36,000	34,000
Interest cost	33,000	26,000
Actuarial losses/(gains)	206,000	(13,470)
Transferred to immediate holding company	(534,000)	-
	(259,000)	46,530

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

	2015 %	2014 %
Discount rate	3.8	4.4
Expected average rate of salary increases	5.0	5.0

The Company operates an unfunded final salary defined benefit gratuity scheme for its employees. Independent actuaries value the scheme every year using the projected unit credit actuarial cost method. The latest actuarial valuation was carried out on 31 March 2015.

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

	2015 RM	2014 RM
Present value of unfunded obligations	465,000	724,000
Experience loss/(gain) adjustment on plan liabilities	206,000	(13,470)

23 DEFERRED TAXATION

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority. The following amounts, determined after appropriate offsetting, are shown in the statement of financial position:

	2015 RM	2014 RM
Deferred tax liabilities:		
At beginning of the year	1,589,365	1,574,424
(Credited)/Charged to statement of comprehensive income (Note 10):		
- property, plant and equipment	(225,028)	(309,371)
- provisions and allowances	(75,219)	324,312
	(300,247)	14,941
At end of the year	1,289,118	1,589,365
Subject to income tax:		
Deferred tax liabilities (before offsetting)		
- property, plant and equipment	1,761,957	1,986,985
Offsetting	(472,839)	(397,620)
Deferred tax liabilities (after offsetting)	1,289,118	1,589,365
Deferred tax assets (before offsetting)		
- provisions and allowances	(472,839)	(397,620)
Offsetting	472,839	397,620
Deferred tax assets (after offsetting)	-	-

24 SHARE CAPITAL

	2015 RM	2014 RM
Authorised:		
At beginning/end of the year 25,000,000 ordinary shares of RM1 each	25,000,000	25,000,000
Issued and fully paid:		
At beginning/end of the year 12,250,000 ordinary shares of RM1 each	12,250,000	12,250,000

25 SHARE PREMIUM

Arising from issue of 250,000 ordinary shares of RM1 each at a premium of RM1.45 per share	362,500	362,500

26 REVENUE RESERVE

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

27 CAPITAL COMMITMENTS

	2015 RM	2014 RM
Authorised capital expenditure for plant and equipment not provided for in the financial statements are as follows:		
- not contracted	90,000	80,647

28 SIGNIFICANT RELATED PARTY TRANSACTIONS

(a) Related party transactions

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

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

	2015 RM	2014 RM
Income		
Sales of scrap to immediate holding company	9,515,949	8,813,746
Expenditure		
Purchases of raw materials from immediate holding company	115,049,117	109,595,218
Rental of premises from immediate holding company	1,140,000	744,000
Management service fees charged by immediate holding company	888,000	888,000
Technical service fees charged by Novelis Inc., intermediate holding company	416,568	456,558

(b) Key management remuneration

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

	2015 RM	2014 RM
Key management remuneration:		
- salaries and bonus	549,000	609,408
- estimated monetary value of benefits-in-kind	81,081	79,270
	630,081	688,678

29 FINANCIAL INSTRUMENTS

(a) Financial instruments by category

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

	2015 RM	2014 RM
Loan and receivables		
Current		
Trade receivables	12,727,926	13,393,419
Other receivables (excluding prepayments and advances)	21,201	21,202
Amount due from immediate holding company	1,248,815	1,251,518
Deposits, cash and cash equivalents	16,379,888	15,610,007
	30,377,830	30,276,146
Financial (liabilities)/assets at fair value through profit or loss		
Derivative financial instruments	(337,308)	268,580
Other financial liabilities at amortised cost		
Current		
Trade payables	(1,729,716)	(1,914,139)
Other payables and accruals	(2,016,954)	(1,026,749)
Amount due to immediate holding company	(11,801,853)	(9,561,212)
Borrowings	(1,313,111)	-
	(16,861,634)	(12,502,100)

29 FINANCIAL INSTRUMENTS (CONTINUED)

(b) Expenses, gains and losses on financial instruments

	2015 RM	2014 RM
Derivatives		
Net fair value loss/(gain) on currency forwards	605,888	(210,300)
Loan and receivables		
Interest income on short-term deposits	(243,534)	(321,062)
Borrowings		
Interest expense on short-term borrowings	2,052	-

30 APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 27 May 2015.

Company No.

203469	H

ALCOM NIKKEI SPECIALTY COATINGS SDN. BHD.
(Incorporated in Malaysia)

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

We, Heon Chee Shyong and Bernard William A/L William G. Gomez, being the two Directors of Alcom Nikkei Specialty Coatings Sdn. Bhd., state that, in our opinion, the financial statements set out on pages 4 to 43 are drawn up so as to give a true and fair view of the state of affairs of the Company as at 31 March 2015 and of the results and cash flows of the Company for the financial year ended on that date in accordance with the provisions of the Companies Act, Malaysian Financial Reporting Standards and International Financial Reporting Standards.

Signed on behalf of the Board of Directors in accordance with their resolution dated 27 May 2015.

HEON CHEE SHYONG
DIRECTOR

BERNARD WILLIAM A/L WILLIAM G. GOMEZ
DIRECTOR

Bukit Raja, Klang

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

I, Bernard William A/L William G. Gomez, the Director primarily responsible for the financial management of Alcom Nikkei Specialty Coatings Sdn. Bhd., do solemnly and sincerely declare that the financial statements set out on pages 4 to 43 are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

BERNARD WILLIAM A/L WILLIAM G. GOMEZ

Subscribed and solemnly declared by the above-named Bernard William A/L William G. Gomez at Bukit Raja, Klang in Malaysia on 27 May 2015, before me.

PESURUHJAYA SUMPAH
No: B413
Nama: AZMI BIN ISHAK
MALAYSIA

COMMISSIONER FOR OATHS

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

pwc

INDEPENDENT AUDITORS' REPORT
TO THE MEMBER OF ALCOM NIKKEI SPECIALTY COATINGS SDN. BHD.
(Incorporated in Malaysia)
(Company No. 203469 H)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Alcom Nikkei Specialty Coatings Sdn. Bhd. on pages 4 to 43 which comprise the statement of financial position as at 31 March 2015 of the Company, and the statement of comprehensive income, statement of changes in equity and statement of cash flows of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes as set out on Notes 1 to 30.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

PricewaterhouseCoopers (AF 1146), Chartered Accountants,
Level 10, 1 Sentral, Jalan Rakyat, Kuala Lumpur Sentral, P.O. Box 10192, 50706 Kuala Lumpur, Malaysia
T: +60 (3) 2173 1188, F: +60 (3) 2173 1288, www.pwc.com/my

INDEPENDENT AUDITORS' REPORT
TO THE MEMBER OF ALCOM NIKKEI SPECIALTY COATINGS SDN. BHD.
(CONTINUED)
(Incorporated in Malaysia)
(Company No. 203469 H)

REPORT ON THE FINANCIAL STATEMENTS (CONTINUED)

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as of 31 March 2015 and of its financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report that, in our opinion, the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

OTHER MATTERS

This report is made solely to the member of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

PRICEWATERHOUSECOOPERS
(No. AF: 1146)
Chartered Accountants

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

Kuala Lumpur
27 May 2015