



Malaysia Aica Berhad
(8235-K)

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13400 Butterworth, Penang
Malaysia

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Malaysia

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ANNUAL REPORT | **2008**

www.maicador.com

ANNUAL REPORT | 2008

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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Thirty-Ninth Annual General Meeting ("39th AGM") of the shareholders of the Company will be held at Bukit Kiara Equestrian and Country Resort, Dewan Berjaya Room, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur, Malaysia on Thursday, 31 July 2008 at 10.30 a.m. for the purpose of considering and, if thought fit, passing the following ordinary resolutions: -

AGENDA

- | | |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|
| 1. To receive and adopt the Directors' Report and the Audited Financial Statements of the Group and the Company for the financial year ended 31 March 2008 and the Auditors' Report thereon. | Ordinary Resolution 1 |
| 2. To approve the payment of Directors' fees in respect of the financial year ended 31 March 2008. | Ordinary Resolution 2 |
| 3. To re-elect the following Directors retiring in accordance with Article 83 of the Company's Articles of Association: | |
| (a) Tan Sri Dato' Tan Hua Choon; and | Ordinary Resolution 3(a) |
| (b) Mr Thor Poh Seng | Ordinary Resolution 3(b) |
| 4. To re-appoint Messrs Horwath (AF: 1018) as Auditors of the Company and to authorise the Directors to fix their remuneration. | Ordinary Resolution 4 |
| 5. To transact any other ordinary business of the Company for which due notice has been given. | Ordinary Resolution 5 |

By Order of the Board

Lim Lai Sam
Secretary

Kuala Lumpur
9 July 2008

Notes:

1. A proxy may but need not be a member of the Company and the provision of Section 149(1)(b) of the Companies Act, 1965, shall not apply to the Company. Where a member appoints more than one (1) proxy (but not more than two), the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
2. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation's common seal or under the hand of an officer or attorney duly authorised.
3. The Proxy Form shall be deposited with the Company's Share Registrars, PFA Registration Services Sdn Bhd, Level 13, Uptown 1, No. 1, Jalan SS21/58, Damansara Uptown, 47400 Petaling Jaya, Selangor Darul Ehsan, not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Tan Sri Dato' Tan Hua Choon
(Chairman, Non-Independent
Non-Executive Director)

Lim Jian Hoo
(Executive Director)

Thor Poh Seng
(Executive Director)

Lee Yu-Jin
(Independent Non-Executive Director)

Aminuddin Yusof Lana
(Independent Non-Executive Director)

Mohtar Bin Abdullah
(Independent Non-Executive Director)

AUDIT COMMITTEE

Lee Yu-Jin
(Chairman) (MIA Member)

Aminuddin Yusof Lana

Mohtar Bin Abdullah

NOMINATION COMMITTEE

Tan Sri Dato' Tan Hua Choon

Lee Yu-Jin

Mohtar Bin Abdullah

REMUNERATION COMMITTEE

Tan Sri Dato' Tan Hua Choon

Lee Yu-Jin

SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR

Lee Yu-Jin
Fax : (03) 4043 6750

COMPANY SECRETARY

Lim Lai Sam

REGISTERED OFFICE

8-3, Jalan Segambut
51200 Kuala Lumpur
Tel : (03) 4043 9266
Fax : (03) 4043 6750

PRINCIPAL BANKERS

Malayan Banking Berhad
EON Bank Berhad

SHARE REGISTRARS

PFA Registration Services Sdn Bhd
Level 13, Uptown 1
No. 1, Jalan SS21/58
Damansara Uptown
47400 Petaling Jaya
Selangor Darul Ehsan
Tel : (03) 7718 6000
Fax : (03) 7722 2311

AUDITORS

Messrs Horwath
(Chartered Accountants)

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad
(Main Board)

GROUP STRUCTURE

as at 31 March 2008



MALAYSIA AICA BERHAD

(8235-K)

MANUFACTURING

- 64% Maica Wood Industries Sdn Bhd
 - 100% Maicador Sdn Bhd
- 100% Pinaremas Sdn Bhd
- 25% Mahakota Sdn Bhd

FINANCE

- 100% Consolidated Leasing (M) Sdn Bhd
 - 92% Consolidated Factoring (M) Sdn Bhd
 - 100% Maritime Credits (Malaysia) Sdn Bhd

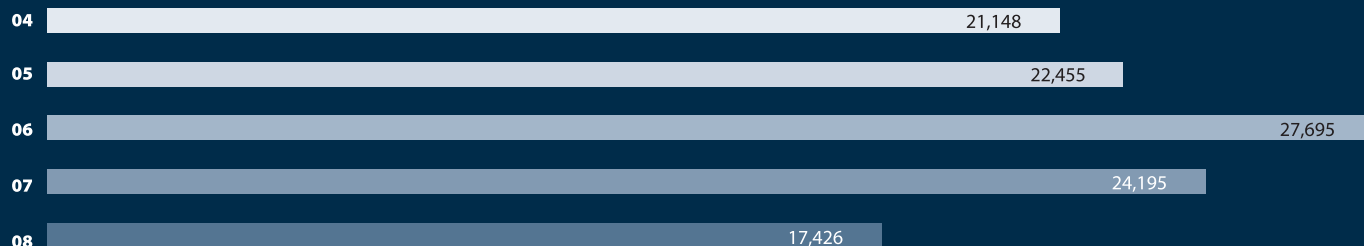
- Subsidiary
- Associated Company

Note: Companies which are dormant or which had not commenced active operations are excluded.

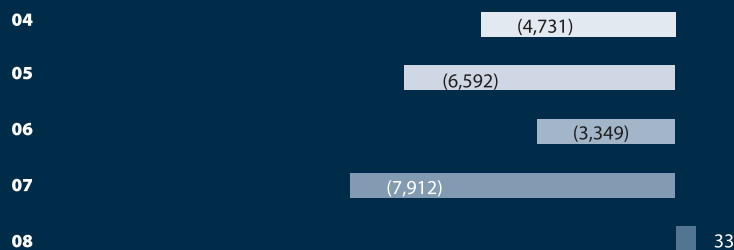
GROUP FINANCIAL HIGHLIGHTS

for the five financial years ended 31 March 2008

REVENUE RM MILLIONS



PROFIT / (LOSS) BEFORE TAX RM MILLIONS



SHAREHOLDERS' FUND RM MILLIONS



	2004 RM'000	2005 RM'000	2006 RM'000	2007 RM'000	2008 RM'000
Revenue	21,148	22,455	27,695	24,195	17,426
Profit/(Loss) Before Tax	(4,731)	(6,592)	(3,349)	(7,912)	33
Profit/(Loss) After Tax And Minority Interest Attributable To Shareholders	(3,412)	(4,630)	(3,435)	(8,108)	149
Dividends – Net	-	-	-	-	-
Shareholders' Fund	78,098	73,468	70,033	61,946	62,095
Earnings/(Loss) Per Share Based On Profit/(Loss) After Tax And Minority Interest	(2.6 sen)	(3.6 sen)	(2.6 sen)	(6.2 sen)	0.11sen
Net Tangible Assets Per Share	60 sen	56 sen	54 sen	48 sen	48 sen
Dividend Rate	-	-	-	-	-

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, I am pleased to present the Annual Report and Audited Financial Statements of the Company and the Group for the financial year ended 31 March 2008.

RESULTS

The Group registered a 28% decrease in revenue to RM17.43 million for the year as against RM24.2 million in the previous year. The decrease in revenue was mainly due to the cessation of business operations of our subsidiary, Maica Wood Industries Sdn Bhd ("MWI") as well as lower sales generated from the engineered doors.

However, the Group reported a pre-tax profit of RM33,000 against pre-tax loss of RM7.9 million reported in previous financial year. The significant improvement in the performance of the Group was mainly due to gains derived from disposal of property, plant and equipment as well as from disposal of investment properties. Higher loss incurred in the previous financial year were mainly attributable to the loss from discontinued operations in MWI, escalating raw materials prices and lower margins due to competitive pricing.

The Company reported a profit before taxation of RM0.37 million for the current financial year compared to a loss before taxation of RM3.4 million in the previous financial year. The higher loss incurred in the previous financial year was mainly due to allowance made for amounts due from subsidiary companies.

REVIEW OF OPERATIONS

During the 2008 financial year, the Group's wood-based manufacturing division continued to face unfavourable factors of rising raw materials costs and the strengthening of the Ringgit Malaysia against the US Dollar.

Maicador Sdn Bhd ("MDR") continued to focus in door production mainly for export markets. As a results of stagnant selling prices and a stronger Ringgit against the US Dollar for the period under review, MDR sustained a loss of about RM1.0 million.

CHAIRMAN'S STATEMENT

(Cont'd)

PROSPECTS

The general outlook for door manufacturing remains challenging in the face of recessionary trends in the global economy triggered by the recent sub-prime crisis, rising energy cost, coupled with the threat of inflation.

Prospects for the door division going forward will be difficult. The Group had re-activated its hire purchase business in May 2008. The hire purchase business, which is being carried out by Consolidated Leasing (M) Sdn Bhd, a wholly-owned subsidiary, appears promising.

With a new source of income, the Board is positive and expects the Group to deliver better results in the 2009 financial year.

DIVIDEND

The Board of Directors does not recommend the payment of any dividend for the financial year ended 31 March 2008.

APPRECIATION

On behalf of the Board, I would like to extend our appreciation to the Management and Staff for their efforts, commitment and contribution. I would also like to express my sincere appreciation to our valued customers, business associates and shareholders for their continued support and confidence.

Tan Sri Dato' Tan Hua Choon
Chairman

Kuala Lumpur
Date: 25 June 2008

PROFILE OF BOARD OF DIRECTORS

Tan Sri Dato' Tan Hua Choon

67 years old - Malaysian, Chairman
Non-Independent Non-Executive Director

Tan Sri Dato' Tan was appointed as Director and Chairman of the Company on 23 September 1995 and 19 April 1996 respectively. On 25 March 2002, he was appointed to the Nomination Committee and Remuneration Committee of the Company.

Tan Sri Dato' Tan is a self-made businessman with vast experience in business and industries. He has been involved in a wide range of businesses which include manufacturing, marketing, banking, shipping, property development and trading.

He has built-up investments in numerous public listed companies. He is also the Chairman of Marco Holdings Berhad, Keladi Maju Berhad, FCW Holdings Berhad, Jasa Kita Berhad, GPA Holdings Berhad and PDZ Holdings Bhd.

Lim Jian Hoo

62 years old - Malaysian, Executive Director

Mr Lim was appointed as Director of the Company and member of the Audit Committee on 1 February 1997 and 1 November 2003 respectively. Mr Lim resigned as a member of the Audit Committee on 19 November 2007 pursuant to the Best Practices of the Malaysian Code on Corporate Governance (Revised 2007) which came into effect in October 2007.

He graduated with a Bachelor of Economics (Honours) degree from University of Malaya in 1969, obtained a Banking Diploma from the Chartered Institute of Bankers London in 1972 and became an Associate Member of Institute Bank-Bank Malaysia in 1980.

Mr Lim joined Standard Chartered Bank Berhad in 1970 and worked in the banking sector for 22 years. In early 1993, he joined Malaysian General Investment Corporation Berhad ("MGIC") as its Deputy Group Chief Executive and later assumed the post of Chief Executive Officer of Charles Bradburne, a subsidiary of MGIC. From 1994 to 1996, he was attached with IC Bank Rt. Budapest, Hungary as the President and Chief Executive Officer where he was responsible for the setting up and development of the infrastructure framework of a new bank. He is also a director of PDZ Holdings Bhd.

Thor Poh Seng

48 years old - Malaysian, Executive Director

Mr Thor was appointed a Director of the Company on 23 September 1995 and had served as a member of the Audit Committee from 23 December 1995 to 15 December 2001.

He holds a Bachelor of Engineering degree from Universiti Pertanian Malaysia (now known as Universiti Putra Malaysia) and a Master's degree in Business Management from the Asian Institute of Management, Philippines.

Mr Thor was an ex-merchant banker from Commerce International Merchant Banker Berhad (now known as CIMB Investment Bank Berhad) ("CIMB") with extensive experience in corporate finance and corporate planning. Prior to joining CIMB, he has held senior positions in operations and finance in Dunlop Estate Berhad and Sitt Tatt Berhad respectively. He is also a Director of Marco Holdings Berhad, PDZ Holdings Bhd, Keladi Maju Berhad, FCW Holdings Berhad, Jasa Kita Berhad, GPA Holdings Berhad and Computer Forms (Malaysia) Berhad.

Lee Yu-Jin

41 years old - Malaysian, Independent Non-Executive Director

Mr Lee was appointed as Director of the Company and Chairman of the Audit Committee on 25 March 2002. On the same day, he was also appointed to the Nomination Committee and Remuneration Committee of the Company. He graduated from University of Manchester, U.K. with a Bachelor of Arts (Honours) in Economics and is also a Member of the Institute of Chartered Accountants in England and Wales and the Malaysian Institute of Accountants.

Prior to joining Malaysia Aica Berhad, Mr Lee has held senior positions in finance and corporate affairs, accounting and banking. He is also a Director of FCW Holdings Berhad, United Bintang Berhad and several private companies.

Presently, Mr Lee is the Chief Financial Officer of Computer Forms (Malaysia) Berhad.

PROFILE OF BOARD OF DIRECTORS (Cont'd)

Aminuddin Yusof Lana

59 years old-Permanent Resident, Independent Non-Executive Director

En Aminuddin was appointed as Director of the Company and a member of the Audit Committee on 22 March 2004. He holds a Bachelor of Commerce and Administration Degree from Victoria University of Wellington, New Zealand. He is a Chartered Accountant of the New Zealand Society of Accountants and an Associate member of the Institute of Chartered Secretaries and Administrators of London and Wales.

He had previously served as Director and later Managing Director of Renong Berhad from May 1990 to February 1994 and as Director and Group Managing Director of Faber Group Berhad from June 1990 to December 1994. He was the Managing Director of Metacorp Berhad from January 1995 to December 1996. He was also the Managing Director of UEM Builders Berhad from March 2000 to November 2003.

Currently, he sits on the Board of Scomi Oiltools International Limited (Bermuda), C.H. Offshore Ltd, ENC Sdn Bhd and Scomi Transportation Systems Sdn Bhd.

Mohtar Bin Abdullah

59 years old - Malaysian, Independent Non-Executive Director

En Mohtar was appointed as Director of the Company and a member of the Audit Committee and Nomination Committee on 17 November 2004. He holds a Diploma in Public Administration from Institut Tadbiran Awam Negara (Intan) and a Bachelor of Economics (Hons) Degree in Business Management from National University of Malaysia.

En Mohtar served in Malaysian Civil Service as Assistant Trade Commissioner of Malaysia in Tokyo, Japan from 1981 to 1989. He assumed the post of Director of Investment, ASEAN Promotion Centre on Trade and Investment in Tokyo from 1991 to 1994. He was attached to MATRADE from 1994 to 2004 where he served as Consul and Trade Commissioner of Malaysia in Milan, Italy from 1994 to 2000 and subsequently based in Jeddah, Saudi Arabia until 2003. His last position in MATRADE was Director of Asia and Africa, Malaysian External Trade Development Corporation.

FURTHER INFORMATION ON THE BOARD OF DIRECTORS

- **Family Relationship**
None of the Directors has any family relationship with other Directors and major shareholders of the Company.
- **Conflict of Interest**
None of the Directors have any conflict of interest with the Company.
- **Conviction of Offences**
None of the Directors have been convicted of any offence within the past 10 years, other than traffic offence, if any.

CORPORATE GOVERNANCE STATEMENT

The Board of Directors of Malaysia Aica Berhad recognises the importance of good corporate governance in conducting the business and affairs of the Group and is committed to adopt the substance behind the good governance and not merely the form of the Malaysian Code on Corporate Governance (“the Code”) with the key intention of enhancing shareholders’ value and the financial performance of the Group.

To this end, the Board continues to implement and consistently practice high standards of corporate governance in discharging its duties and responsibilities to ensure a sound framework of corporate governance is in place at all levels of the Group’s business activities.

The Board is pleased to present the following disclosure on the application of the principles and the extent of the compliance with the best practices set out in the Code by the Group during the financial year ended 31 March 2008.

A. BOARD OF DIRECTORS

i) The Board

The Malaysia Aica Berhad Group of Companies is managed and led by an experienced and effective Board who has within it individuals drawn from varied professionals and specialisation in the fields of manufacturing, trading, marketing, finance, accounting, corporate affairs and administration. Together with the Management, they collectively bring a diverse range of skills and expertise to effectively discharge their responsibilities towards achieving the Group’s business strategies and corporate goals.

The Executive Directors together with the Group’s management have regular meetings wherein operational details and other issues were discussed and considered. Apart from the management meetings, the Executive Directors also hold other informal meetings with the other members of the Board whenever necessary.

There were two official Board Meetings held during the financial year ended 31 March 2008. Apart from Tan Sri Dato’ Tan Hua Choon and Mr Thor Poh Seng, who were away during one of the meetings, the other Directors attended both meetings held in the financial year.

ii) Board Committees

The Board has delegated specific responsibilities and duties to its three Committees; namely the Audit, Nomination and Remuneration Committees, which operate under their respective clearly defined terms of reference. These Committees, which do not have executive powers, will deliberate and examine particular issues and report to the Board with their recommendations. The ultimate responsibility for the final decision, however, lies with the entire Board.

Audit Committee

The Maica Audit Committee was established on 19 January 1994. The composition of the Committee, terms of reference and the summary of its activities carried out during the financial year ended 31 March 2008 are set out in pages 17 to 20 of this Annual Report.

Nomination Committee

The Nomination Committee, which was established on 25 March 2002 and comprising three Non-Executive Directors, two of whom are independent, is tasked with the responsibility of recommending to the Board, suitable candidates for appointment as Directors and to fill the seats on Board Committees whenever necessary. It will also carry out the process of assessing the effectiveness of the Board as a whole, the Board Committees and the contribution of each individual Director.

CORPORATE GOVERNANCE STATEMENT (Cont'd)

A. BOARD OF DIRECTORS (Cont'd)

Decision on appointments of new Directors is made by the full Board on a collective basis after considering recommendations of the Nomination Committee.

Generally, the Nomination Committee will assist the Board to review annually its required mix of skills, experience and other qualities, including core competencies which the Non-Executive Directors should bring to the Board.

The present members of the Nomination Committee are:-

- | | | | |
|----|-----------------------------|---|----------------------------------------|
| 1) | Tan Sri Dato' Tan Hua Choon | - | Non-Independent Non-Executive Director |
| 2) | Mr Lee Yu-Jin | - | Independent Non-Executive Director |
| 3) | En Mohtar Bin Abdullah | - | Independent Non-Executive Director |

During the financial year ended 31 March 2008, the Nomination Committee had a meeting where the Nomination Committee Members carried out its annual evaluation process on the Board of Directors as a whole, Board Committees and each individual Director. All the members were present at the meeting.

Remuneration Committee

The Board had also set up a Remuneration Committee on 25 March 2002 which comprise wholly of Non-Executive Directors. The Committee's primary responsibility is to recommend to the Board the remuneration of the Executive Directors in all its forms, drawing from outside resources where necessary.

The Directors who served the Remuneration Committee during the 2008 financial year were as follows :

- | | | | |
|----|-----------------------------|---|----------------------------------------|
| 1) | Tan Sri Dato' Tan Hua Choon | - | Non-Independent Non-Executive Director |
| 2) | Mr Lee Yu-Jin | - | Independent Non-Executive Director |

The Remuneration Committee members met once during the financial year and it reviewed the remuneration packages and benefits accorded to the Executive Directors as well as the Non-Executive Directors' remuneration.

iii) Board Balance

Presently, the Board comprises six members with two Executive Directors and four Non-Executive Directors, three of whom are Independent Non-Executive Directors. With this Board composition, the Company fully complies with the Bursa Malaysia Securities Berhad Listing Requirements ("Bursa Securities LR") with regard to the constitution of the Board of Directors and the required ratio of Independent Directors, as well as the requirement for a director who is a member of the Malaysian Institute of Accountants to sit on the Audit Committee. The profiles of Board members are set out in pages 8 and 9 of this Annual Report.

The Board considers its current composition with the mix of skills and expertise sufficient and optimum to discharge its duties and responsibilities effectively.

There is clear segregation of responsibility between the Chairman of the Board and the Executive Directors to ensure that there is a balance of power and authority in the Group :

CORPORATE GOVERNANCE STATEMENT (Cont'd)

A. BOARD OF DIRECTORS (Cont'd)

- The Non-Executive Chairman is primarily responsible for the effectiveness and proper conduct of the Board; while
- The Executive Directors have the responsibility of implementing the policies and decisions of the Board, overseeing as well as coordinating the development and implementation of business and corporate strategies.

The Non-Executive Directors participate in areas such as establishment of policies and strategies, performance monitoring as well as improving governance and control and are independent of management and have no relationships which could materially interfere the exercise of their independent judgment so as to ensure that the interests of not only the Group, but also the stakeholders and the public in general are represented.

iv) Supply of Information

All the Board and committee members have timely access to relevant information pertaining to the Group as well as to the advice and services of the Company Secretary, Management representatives and independent professional advisers wherever necessary, at the Company's expense to enable the Board and committee members to discharge their duties with adequate knowledge on the matters being deliberated. They are also kept informed of the requirements and updates issued by the regulatory authorities from time to time.

Prior to each scheduled Board Meeting, all the Board members are provided with the requisite notice, agenda and the Board Papers containing information relevant to the business of the meeting to enable them have sufficient time to peruse the papers for comprehensive understanding of the issues to be deliberated and, if necessary, obtain further information or clarification from the Management to ensure effectiveness of the proceeding of the meetings. Senior Management members are invited to attend these meetings to explain and clarify matters.

In addition, there is a formal schedule of matters specifically reserved for the Board's decision including, among other things, business strategies, operational policies and efficacies, acquisitions and disposals of material assets, investment policies and approval of financial statements. Minutes of every Board meeting are circulated to the Board members prior to its confirmation at the following Board meeting. The Board also receives minutes of Audit Committee meetings and is briefed on significant issues which merits its special attention and approval.

Apart from that, the Board exercises control on matters that require its approval through Directors' Circular Resolutions.

v) Appointments to the Board

Appointment of new Directors will first be considered and evaluated by the Nomination Committee, through a formal and transparent selection procedure, after which appropriate recommendation will be put forward to the Board for its consideration and approval.

vi) Directors' Training

Pursuant to the Bursa Securities LR, all the existing Directors of the Company have completed the Mandatory Accreditation Programme. Apart from that, the Board members have also took part in various accredited seminars under the Continuing Education Programme prescribed by the Bursa Securities.

The Board recognises the importance of continuous education for its members to gain an insight into the statutory and regulatory updates and the development in the industry and business environment within which the Group operates and is committed to ensure that its directors are equipped with the appropriate knowledge and skills through formal and informal training/briefings to keep abreast with recent developments in laws, regulations and industry.

CORPORATE GOVERNANCE STATEMENT (Cont'd)

A. BOARD OF DIRECTORS (Cont'd)

In respect of this, the Board will, on a continuous basis, evaluate and determine the training needs of its members from time to time to further enhance their skills and knowledge to enable them to discharge their duties effectively.

vii) Re-election of Directors

In accordance with the Company's Memorandum and Articles of Association, one-third of the Directors for the time being or, if their number is not a multiple of three, the number nearest to one-third shall retire from the office and be eligible for re-election at each Annual General Meeting. Newly appointed Directors shall hold office until the conclusion of the next Annual General Meeting and shall be eligible for re-election, but shall not be taken into account in determining the number of Directors who are to retire by rotation at such meeting.

The Articles also provide that all Directors be subjected to retirement by rotation at least once every three (3) years.

B. DIRECTORS' REMUNERATION

i) Level and make-up

The Remuneration Committee reviews annually the levels of remuneration offered for Directors to ensure that they are sufficient to attract and retain Directors with the relevant experience and expertise needed to manage the Group successfully, while at the same time taking into consideration the state of the economy in general and the performance of the industry and the Group in particular.

In the case of Executive Directors, the component parts of remuneration are structured to link rewards to the Group and individual performance. As for the case of Non-Executive Directors, the level of remuneration reflects the experience and level of responsibilities and participation by the particular Non-Executive Director concerned.

ii) Procedure

The Remuneration Committee is responsible for recommending to the Board the policy framework of executive remuneration and the fixing of the remuneration of individual Directors. The Director concerned will abstain from deliberation and decision in respect of his/her own remuneration package.

iii) Disclosure

The details of Directors' Remuneration paid or payable to all the Directors of the Company who served during the financial year ended 31 March 2008 are as follows:-

a) Aggregate remuneration of Directors categorised into the following components :

Category of Remuneration	Executive Directors (RM'000)	Non-Executive Directors (RM'000)	Total (RM'000)
(a) Fees	-	42	42
(b) Salaries and other emoluments	343	-	343
(c) Bonuses	25	-	25
(d) Estimated value of benefits-in-kind	-	-	-
Total (RM'000)	368	42	410

CORPORATE GOVERNANCE STATEMENT (Cont'd)

B. DIRECTORS' REMUNERATION (Cont'd)

b) The number of Directors whose remuneration fall within the following bands:

Band (RM)	No. of Executive Directors	No. of Non-Executive Directors	Total
1 - 50,000	1	4	5
50,001 - 100,000	-	-	-
100,001 - 150,000	-	-	-
150,001 - 200,000	-	-	-
200,001 - 250,000	-	-	-
250,001 - 300,000	-	-	-
300,001 - 400,000	1	-	1
Total	2	4	6

C. RELATIONSHIP WITH SHAREHOLDERS AND INVESTORS

i) Dialogue between Company and Investors

The Board acknowledges the importance of being accountable to the shareholders and the investors via a direct and effective line of communication. As such the Group always ensures timely release of the quarterly financial results, audited financial statements, corporate developments and announcements of the Group via the BURSA LINK, Company's annual reports and other circulars to shareholders and where appropriate, ad hoc press statements which serve as the principal channel in keeping the shareholders and the investing public informed of the Group's major development, overview of financial performance and progress throughout the year.

Besides, the Group also maintains a website at www.maicador.com which can be accessed by the shareholders and public for the Group's existing core business product information.

ii) General Meetings of Shareholders

The Annual General Meetings ("AGM") of the shareholders of the Company represent the main venue for interaction between the Board and the shareholders. Extraordinary General Meetings ("EGM") of the Company will be held as and when shareholders' approvals are required on specific matters.

Notices of AGMs and EGMs are distributed to shareholders within a reasonable and sufficient time frame and are published in a nationally circulated daily newspaper.

At each AGM, the Board presents the progress and performance of the business of the Group during the particular financial year as contained in the Annual Report. Shareholders are given the opportunity to express their view or seek clarification on issues pertaining to the Group's financial statements, transactions, business activities and prospects of the Group wherein, the Directors, Financial Controller and the external auditors are available to respond to the queries before each resolution is carried. A press conference is normally held after each AGM or EGM of the Company whereat, the Board members are available to answer questions posted by journalists pertaining to the business operations and directions of the Group.

Apart from that, the Group's financial highlights and other significant issues affecting the Group are disseminated via BURSA LINK in a timely manner.

Any queries and concerns pertaining to the Group may also be conveyed to Mr Lee Yu-Jin, the Senior Independent Non-Executive Director of the Company at the registered office of the Company.

CORPORATE GOVERNANCE STATEMENT (Cont'd)

D. ACCOUNTABILITY AND AUDIT

i) Financial Reporting

It is the Board's commitment to provide and present a clear, balanced and comprehensive assessment of the Group's financial performance and prospects through the annual financial statements and quarterly results to the shareholders. In this respect, the Board is assisted by the Audit Committee to scrutinise the Group's financial reporting process for quarterly results and annual financial statements to ensure correctness and adequacy of disclosure prior to the release of them by the Secretary via BURSA LINK.

A Statement by Directors of their responsibilities in preparing the financial statements is set out in page 16 of this Annual Report.

ii) Internal Control

The Board is fully aware of its overall responsibility of continuously maintaining a sound system of internal control which covers not only financial controls but also operational and compliance controls as well as risk management, and the need to review its effectiveness regularly in order to safeguard shareholders' investment and company's assets. The internal control system is designed to identify the risk to which the Group are exposed to and mitigate the impact thereon to meet the particular needs of the Group.

As an effort to enhance the system of internal control, the Group will continue to review the adequacy, effectiveness and integrity of its internal control systems to ensure that they are in line with the changing operating environment within which the Group operates.

The Internal Control Statement by the Board which provides an overview of the Group's state of internal control is set out in pages 21 and 22 of this Annual Report.

iii) Relationship with Auditors

The Board of Directors and the Management has established a professional relationship with the external auditors and always maintains a formal and transparent relationship with the auditors in seeking their professional advice and opinion with regard to the Group's compliance with the relevant approved accounting standards to enable them to provide independent reporting. The Auditors are invited for meetings of the Audit Committee or Board as and when the need arises.

The role of the Audit Committee in relation to its relationship with the external auditors is set out in pages 17 to 20 of this Annual Report.

DIRECTORS' RESPONSIBILITY STATEMENT

The Board has a collective responsibility of ensuring that the financial statements of the Company and the Group are drawn up in accordance with the applicable approved accounting standards of Malaysia, Bursa Securities LR and the provisions of the Companies Act, 1965 ("the Act") to reflect a true and fair view of the Company and the Group's state of affairs, results and cash flow position for the financial year ended 31 March 2008.

In assuming the above compliance responsibilities, the Directors affirmed that they have taken into consideration the following aspects in preparing the financial statements of the Group for the financial year ended 31 March 2008 :

- adopted appropriate accounting policies and applied them consistently;
- made judgment and estimates that were prudent and reasonable;
- ensured the applicable accounting standards had been complied with; and
- prepared the financial statements on the going concern basis.

The Directors are responsible to ensure that the Company and its subsidiaries keep sufficient accounting records which disclose with reasonable accuracy the financial position of the Group and the Company at any time and which enable them to confirm that the financial statements comply with the requirements of the Act. In addition, the Directors have the general responsibility for taking reasonable steps to safeguard the assets of the Company and the Group to prevent and detect fraud and other irregularities.

ADDITIONAL COMPLIANCE INFORMATION

Non-Audit Fee

A total of RM14,700 non-audit fees was incurred for services rendered to the Group for the 2008 financial year by the Company's auditors and the company affiliated to the auditors.

Material Contract Involving Directors' and Major Shareholders' Interest

There were no material contracts entered into by the Group which involved Directors' and major shareholders' interests during the financial year.

Revaluation Policy on Landed Properties

The Group does not have any revaluation policy on landed properties.

Corporate Social Responsibility ("CSR")

In pursuing the Group's business objectives, the Group also takes into consideration its social obligations and is striving for a balanced approach to fulfill its key business objectives and the stakeholders' expectations.

Throughout the year, the Group continued to carry out its CSR activities focusing on the following aspects :

Employee Health and Safety

The Group had set up an Occupational Safety and Health Committee within the Group to develop policies and guidelines and ensure that such health and safety policies are effectively implemented and adhered to by the Group's workforce. A few health and safety programmes such as fire drill had been initiated as part of the Group's effort to provide a safe working place for the employees. On-going trainings were provided by the Group to develop its employees' potentials in various aspects.

Environment

On this aspect, the Group has certain measures in place in its factories such as proper ducting and waste control and disposal system to minimise the adverse impact on the environment and to achieve an optimum level of environmental protection and performance as far as economically practicable. Steps have also been taken by the Group to reduce consumption of resources and the generation of waste by encouraging its employees to practice recycling and reduce wastage of papers and energy.

AUDIT COMMITTEE REPORT

The Board of Directors of Malaysia Aica Berhad (“Maica”) is pleased to present the report of the Maica Audit Committee for the financial year ended 31 March 2008.

COMPOSITION OF AUDIT COMMITTEE

The Maica Audit Committee was established by the Company’s Board of Directors on 19 January 1994. The members of the Maica Audit Committee are as follows :

Chairman

Mr Lee Yu-Jin (*MIA Member*) - Independent Non-Executive Director

Existing Members

Encik Aminuddin Yusof Lana - Independent Non-Executive Director

Encik Mohtar Bin Abdullah - Independent Non-Executive Director

Past Member

Mr Lim Jian Hoo - Executive Director
(*resigned on 19.11.2007*)

TERMS OF REFERENCE

1. Membership

The Maica Audit Committee shall be appointed by the Board from amongst their number and shall consist of not less than 3 members, a majority of whom shall be independent non-executive directors. Executive director(s) and alternate director(s) cannot be appointed as member(s) of the Committee. In the event of any vacancy in the Committee which results in non-compliance of paragraph 15.10(1) of the Bursa Malaysia Securities Berhad Listing Requirements (“Bursa Securities LR”), the vacancy shall be filled within 3 months.

At least one member of the Committee must be qualified under paragraph 15.10 (1)(c) of the Bursa Securities LR.

The Chairman of the Committee shall be an independent non-executive director appointed by the Board.

2. Frequency of Meetings

Meetings shall be held not less than four times a year. In addition, the Chairman of the Committee may call a meeting of the Committee upon the request of the external auditors, to consider any matter the external auditors believe should be brought to the attention of the Board and shareholders.

Majority members present in person who are independent non-executive directors shall be a quorum.

3. Secretary

The Company Secretary shall be the Secretary of the Committee.

4. Authority

The Maica Audit Committee shall, at the Company’s expense, have the following authority and rights:-

- i) full and unrestricted access to any information and documents from the external auditors and senior management of the Company and the Group which are relevant to the activities of the Company.
- ii) be provided with the necessary resources which are required to perform its duties.

AUDIT COMMITTEE REPORT (Cont'd)

TERMS OF REFERENCE (Cont'd)

- iii) the right to investigate into any matter within its Terms of Reference and as such, have direct communication channel with the external auditors and persons carrying out the internal audit function of the Company.
- iv) the liberty to obtain independent professional advice and to secure the attendance of such external parties with relevant experience and expertise at its meeting if it considers this necessary.
- v) be able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the Group, whenever deemed necessary.
- vi) may extend invitation to other non-member directors and officers of the Company to attend a specific meeting, whenever deemed necessary.

5. Duties

The Maica Audit Committee shall report to the Board of Directors either formally in writing, or verbally, as it considers appropriate on the matters within its Terms of Reference.

The duties of the Maica Audit Committee shall be :-

- i) To review the audit plan with the external auditors;
- ii) To review the audit report with the external auditors;
- iii) To review the assistance given by the Company's officers to the external auditors and to meet with the external auditors without executive board members' present at least twice a year;
- iv) To review the quarterly results and year-end financial statements of the Company and the Group, prior to the approval by the Board, focussing particularly on:
 - a. changes in or implementation of major accounting policies;
 - b. significant and unusual events; and
 - c. compliance with accounting standards, regulatory and other legal requirements.
- v) To review any related party transaction and conflict of interest situation that may arise within the Company and the Group including any transaction, procedure or course of conduct that raises questions of management integrity;
- vi) To review the adequacy of the scope, functions, competency and resources of the internal audit functions and to ensure that it has the necessary authority to carry out its work;
- vii) To take cognizance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his/her reasons for resigning, if the staff member concerned so desires;
- viii) To review any internal audit programme, processes, the results of the internal audit programme, processes or investigations undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
- ix) To review any evaluation made on the systems of internal controls with the internal and external auditors;

AUDIT COMMITTEE REPORT (Cont'd)

TERMS OF REFERENCE (Cont'd)

- x) To recommend to the Board of Directors the appointment of the external auditors and the level of their fees;
- xi) To consider any resignation or removal of the external auditors, and to furnish such written explanation or representation from the external auditors to Bursa Malaysia Securities Berhad;
- xii) To review whether there is reason (supported by grounds) to believe that the external auditors are not suitable for re-appointments;
- xiii) The Chairman of the Audit Committee should engage on a continuous basis with senior management, the head of internal audit and the external auditors in order to be kept informed of matters affecting the Company; and
- xiv) To undertake such other functions as may be agreed by the Maica Audit Committee and the Board.

6. Performance Review

The term of office and performance of the Maica Audit Committee and each of its members shall be reviewed by the Board of Directors of the Company at least once every three (3) years to determine whether the committee and members have carried out their duties in accordance with the Audit Committee's Terms of Reference.

MEETINGS

The Maica Audit Committee held four meetings during the financial year ended 31 March 2008 with full attendance of each Committee Member at all the meetings.

The Executive Directors, Financial Controller and internal audit consultants were usually invited to attend the Maica Audit Committee meetings for briefing on the activities involving their areas of responsibilities. The Maica Audit Committee was also briefed by the external auditors on their annual audit findings and new provisions introduced by the Malaysian Accounting Standards Board ("MASB"), where applicable.

The proceedings of each Maica Audit Committee meeting were documented and distributed to each member of the Audit Committee and also to the other members of the Board.

ACTIVITIES OF THE COMMITTEE

During the financial year ended 31 March 2008, the activities carried out by the Audit Committee included, among others, the following:-

- a. Reviewed the unaudited quarterly reports on the consolidated results and financial statements prior to tabling of the same to the Board of Directors.
- b. Reviewed the year-end financial statements of the Company and the Group, prior to their adoption by the Board, focusing on :-
 - i) changes in or implementation of major accounting policies, if any.
 - ii) significant and unusual events, if any.
 - iii) compliance with accounting standards, regulatory and other legal requirements.
- c. Reviewed the performance of the Group's wood-based division and the business strategy to improve the sales of the higher margin product range.

AUDIT COMMITTEE REPORT (Cont'd)

ACTIVITIES OF THE COMMITTEE (Cont'd)

- d. Reviewed the Group's Budget for the financial year ended 31 March 2008.
- e. Discussed with the Secretary, the impact of the new Best Practices of the Malaysian Code on Corporate Governance and the provisions of the Bursa Securities LR, in particular the requirements to be complied with by the Audit Committee within the timeframe stipulated therein.
- f. Reviewed the external audit report setting out the significant audit and accounting issues raised by the external auditors in respect of the audit for the financial year ended 31 March 2007.
- g. Reviewed the audit planning memorandum prepared by the external auditors for the financial year ended 31 March 2008.
- h. Discussed with the external auditors the applicable new accounting standards issued by the MASB.
- i. Discussed with the external auditors their audit proceedings and enquired if they came across any fraud cases/material errors within the Group, without the presence of the Executive Directors of the Company.
- j. Reviewed internal audit reports in respect of the Group's wood-based division which outlined risks/weaknesses identified, recommendations towards correcting the areas of concerned and made suitable recommendations to the Board for approval.
- k. Reviewed the performance and the feasibility study on the sustainability of the Group's non-performing investment inherited from the old management.

INTERNAL AUDIT FUNCTION

The Board has outsourced the internal auditing services to an internal audit consultancy company to assist the Board, Audit Committee and Management in the discharge of the internal audit function. The role of the internal audit consultant is to provide independent and objective reports on the state of internal control and compliance with policies and procedures.

The scope of internal audit covers the audits of all units and operations, including subsidiaries. The internal audit consultants have adopted a risk-based approach towards the planning and conduct of audits which is consistent with the Group's established risk framework and self-assessment approach in generating an embedded risk management capability and acceptable risk culture within the organisation.

The attainment of such objectives involves the following activities to be carried out by the internal audit consultants:

- Identifying the principal risks that the Group faces covering various aspects of the businesses which including operational, financial, statutory or other compliance requirements and human resources.
- Conducting evaluation of the nature and extent of the risks to which the Group's businesses are continuously exposed to due to the evolving nature of the Group's objectives, internal organisation and business environment.
- Ascertaining the extent to which the Group's assets are accounted for and safeguarded.
- Evaluating and improving the existing system of internal controls within the Group by reviewing its adequacy and effectiveness on an ongoing basis.
- Conducting investigation or special reviews requested by Audit Committee and/or Management on ad-hoc basis.

INTERNAL CONTROL STATEMENT

1. Introduction

The Malaysian Code on Corporate Governance stipulates that the Board of Directors ("Board") of public listed companies should maintain a sound system of internal controls to safeguard shareholders' investment and the company's assets. The Bursa Malaysia Securities Berhad ("BMSB") Listing Requirements require the Board to make a statement in the annual report about the state of internal controls of the listed entity.

The Board of Malaysia Aica Berhad is committed to continuously improving the Group's system of internal controls and is pleased to present the following Statement on Internal Control pursuant to Paragraph 15.27(b) of the BMSB Listing Requirements and the Statement on Internal Control: Guidance For Directors of Public Listed Companies.

2. Board's Responsibility

The Board recognizes the importance of sound controls and risk management practices to good corporate governance. The Board affirms its overall responsibilities for the Group's system of internal control and risk management, which includes reviewing its effectiveness, adequacy and integrity. However, the Board is equally aware that due to the limitations that are inherent in any system of internal controls, the system is only designed to manage rather than totally eliminate the risk of failure to achieve business objectives. In this regard, the system can provide only reasonable assurance, and not absolute assurance against material misstatement, loss or other significantly adverse consequences. The system of internal controls covers financial, operational and compliance controls and risk management procedures.

3. Key Elements of Internal Control

Risk Management and Internal Audit

The overall risk management practice of the Group involves an ongoing process designed to identify the principal risks to the achievement of the Group's policies, goals and objectives; to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically.

The Management with the assistance of the internal audit consultants reviews regularly the Group's system of internal controls for its adequacy and effectiveness in managing principal risks. The internal audit function focuses on areas of priority as determined by the business risk profile updates, which was tabled and endorsed by the Board on 20 November 2006, as well as feedback from the Board and Management. Where any significant weaknesses have been identified, improvement measures are recommended to strengthen the controls.

The heads of department are responsible for managing key risks applicable to their areas of business activities on a continuous basis. Any operational matters and issues are regularly reviewed and resolved by the management team at management meetings. Through these mechanisms, risks are identified in a timely manner, their implications are assessed and control procedures are re-evaluated accordingly.

During financial year under review, the internal audit function performed audit reviews on:-

- procurement procedures of raw and sub materials;
- production; and
- cost effectiveness evaluation.

Additionally, the internal audit also involved in assessing the financial performance of the associate company, Mahakota Sdn Bhd. The internal audit reports were duly deliberated and endorsed by the Audit Committee.

INTERNAL CONTROL STATEMENT (Cont'd)

3. Key Elements of Internal Control (Cont'd)

Other Key Elements of Internal Control

Other key elements of the Group's system of internal controls are as follows: -

- The Group has an appropriate organizational structure for planning, executing, controlling and monitoring business operations with clearly defined lines of responsibility and delegations of authority.
- To ensure uniformity and consistency of practices and controls within the Group, certain key processes of the Group had been formalised and documented in the form of Standard Operating Procedures. All the Standard Operating Procedures were endorsed by both the Management and the Board. These include:
 - Purchasing
 - Stocks
 - Sales and Marketing
 - Human Resources
 - Payment
 - Fixed Assets Management

These Standard Operating Procedures are subject to review and improvement alongside with the internal audit reviews of the selected areas of operations.

- The Group's main manufacturing arm namely Maicador Sdn Bhd had on 15 January 2008 accredited with ISO9001: 2000 international quality system standard. The ISO system provides the Group with improved control of key processes and a foundation for improving quality and customer satisfaction. The policies and procedures are regularly updated to reflect changes in the operations and business processes.
- Business units prepare an annual budget and present it to the Board for approval. Any variances of actual performance against budget are monitored and reported regularly. The results are consolidated and presented to the Board on a regular basis.
- Clearly defined authorization levels for all aspects of the business. These authorization levels are formalized in the Group's Standard Operating Procedures.
- As for the occupational safety and health, the Group has put in place the necessary safety guidelines among others, setting up a safety committee to enhance the safety procedures and address all the safety issues which may be arise from time to time.
- Regular internal audit visits which provide independent assurance on the effectiveness of the Group's system of internal controls and advising Management on areas for improvement.
- The Audit Committee meets at least four times a year and reviews the effectiveness of the Group's system of internal control. The Committee meets with the Internal Auditors to review their reports.

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DIRECTORS' REPORT

The directors hereby submit their report and the audited financial statements of the Group and the Company for the financial year ended 31 March 2008.

PRINCIPAL ACTIVITIES

The principal activities of the Company are the provision of management services and investment holding. The principal activities of the subsidiaries are disclosed in Note 7 to the financial statements. There have been no significant changes in the nature of the principal activities of the Group and the Company during the financial year.

RESULTS

	THE GROUP RM'000	THE COMPANY RM'000
Net profit for the financial year attributable to shareholders of the Company	149	372

DIVIDENDS

No dividends were proposed, declared or paid by the Company since the end of the previous financial year.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year apart from those disclosed in the financial statements.

ISSUE OF SHARES OR DEBENTURES

There was no issue of shares or debentures by the Company during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

No share options were granted by the Company during the financial year.

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that there were no known bad debts and that adequate allowance had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances which would require the writing off of bad debts or render the amount of the allowance made for doubtful debts inadequate to any substantial extent.

DIRECTORS' REPORT (Cont'd)

CURRENT ASSETS

Before the financial statements of the Group and the Company were made out, the directors took reasonable steps to ascertain whether any current assets, other than debts, were unlikely to realise in the ordinary course of business their values as shown in the accounting records of the Group and the Company and to the extent so ascertained were written down to an amount that they might be expected to realise.

At the date of this report, the directors are not aware of any circumstances that would render the values attributed to the current assets in the financial statements of the Group and the Company misleading.

VALUATION METHOD

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

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

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

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

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances, not otherwise dealt with in this report or in the financial statements of the Group and the Company, that would render any amount stated in the respective financial statements misleading.

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Group and the Company for the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

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

DIRECTORS' REPORT (Cont'd)

DIRECTORS OF THE COMPANY

The directors who served since the date of the last report are:-

Tan Sri Dato' Tan Hua Choon
 Lim Jian Hoo
 Thor Poh Seng
 Lee Yu-Jin
 Aminuddin Yusof Lana
 Mohtar Bin Abdullah

Particulars of the interests in shares in the Company of the directors in office at the end of the financial year, as shown in the Register of Directors' Shareholdings, are as follows:-

Name of Director	Number of Ordinary Shares of RM0.50 each			Balance at 31.3.2008
	Balance at 1.4.2007	Bought	Sold	
Tan Sri Dato' Tan Hua Choon	22,641,985	0	0	22,641,985

By virtue of his interests in shares in the Company, Tan Sri Dato' Tan Hua Choon is also deemed to have interests in shares in the subsidiaries to the extent of the Company's interests, pursuant to Section 6A of the Companies Act, 1965.

Save as disclosed above, none of the other directors in office at the end of the financial year held any interests in shares in the Company or its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than the directors' remuneration disclosed in the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

Neither during nor at the end of the financial year, was the Company a party to any arrangement whose object is to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

AUDITORS

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

**SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS
 DATED 20 JUNE 2008**

Lim Jian Hoo

Thor Poh Seng

STATEMENT BY DIRECTORS

We, Lim Jian Hoo and Thor Poh Seng, being two of the directors of Malaysia Aica Berhad, do hereby state that in the opinion of the directors, the financial statements set out on pages 29 to 66 are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards for entities other than private entities issued by the Malaysian Accounting Standards Board so as to give a true and fair view of the state of affairs of the Group and the Company as at 31 March 2008 and of their results and cash flows for the financial year ended on that date.

**SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS
DATED 20 JUNE 2008**

Lim Jian Hoo

Thor Poh Seng

STATUTORY DECLARATION

I, Teoh Beng Chong, being the officer primarily responsible for the financial management of Malaysia Aica Berhad, do solemnly and sincerely declare that the financial statements set out on pages 29 to 66 are, to the best of my knowledge and belief, 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.

Subscribed and solemnly declared by
Teoh Beng Chong at Georgetown in the
State of Penang on this 20 June 2008

Teoh Beng Chong

Before me

Karupayee Kamalam A/P R.Mottai
Commissioner for Oaths

REPORT OF THE AUDITORS

to the Members of Malaysia Aica Berhad (Incorporated in Malaysia) (Company No: 8235-K)

We have audited the financial statements set out on pages 29 to 66. The preparation of the financial statements is the responsibility of the Company's directors. It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

We conducted our audit in accordance with approved standards on auditing in Malaysia. These standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. Our audit included examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. Our audit also included assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall adequacy of the presentation of information in the financial statements. We believe our audit provides a reasonable basis for our opinion.

In our opinion:-

- (a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards for entities other than private entities issued by the Malaysian Accounting Standards Board so as to give a true and fair view of:-
 - (i) the state of affairs of the Group and the Company as at 31 March 2008 and their results and cash flows for the financial year ended on that date; and
 - (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Group and the Company; and
- (b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the said Act.

We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment made under Subsection (3) of Section 174 of the Act.

The financial statements for the preceding financial year were audited by another firm of auditors whose report dated 12 July 2007 expressed an unqualified opinion on those statements.

Horwath
Firm No : AF 1018
Chartered Accountants

Eddy Chan Wai Hun
Approval No : 2182/10/09 (J)
Partner

Penang
20 June 2008

CONSOLIDATED BALANCE SHEET

as at 31 March 2008

	Note	2008 RM'000	2007 RM'000
NON-CURRENT ASSETS			
Property, plant and equipment	4	8,151	9,218
Investment property	5	1,914	2,083
Prepaid lease payments	6	2,912	2,961
Investment in associates	8	1,180	1,302
Other investments	9	25	25
		14,182	15,589
CURRENT ASSETS			
Inventories	11	4,078	7,109
Trade receivables	12	1,802	2,304
Investment in finance leases	13	0	0
Hire purchase receivables	14	0	0
Factoring debt receivables	15	3	3
Commercial credit receivables	16	0	0
Other receivables, deposits and prepayments	17	191	370
Current tax assets		40	28
Cash and cash equivalents	18	44,612	40,130
		50,726	49,944
CURRENT LIABILITIES			
Trade payables	19	926	1,112
Other payables and accruals		577	559
Retirement benefits	20	5	35
Bank borrowings	21	500	737
Current tax liabilities		68	154
		2,076	2,597
NET CURRENT ASSETS		48,650	47,347
NON-CURRENT LIABILITIES			
Retirement benefits	20	709	889
NET ASSETS		62,123	62,047
FINANCED BY:-			
Share capital	22	65,180	65,180
Reserves	23	(3,085)	(3,234)
SHAREHOLDERS' EQUITY		62,095	61,946
Minority interest		28	101
TOTAL EQUITY		62,123	62,047

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

CONSOLIDATED INCOME STATEMENT

for the financial year ended 31 March 2008

	Note	2008 RM'000	2007 RM'000
Continuing Operations			
Revenue	24	17,426	19,799
Cost of sales		(15,375)	(16,781)
Gross profit		2,051	3,018
Other income		1,712	201
Administrative and general expenses		(3,224)	(3,110)
Selling and distribution expenses		(351)	(633)
Finance costs		(33)	(2)
Share of results of associates		(122)	(668)
Profit/(Loss) before tax	25	33	(1,194)
Tax income/(expense)	27	175	(201)
Profit/(Loss) for the year from continuing operations		208	(1,395)
Discontinued Operation			
Loss for the year from discontinued operation	28	0	(6,718)
Net profit/(loss) for the year		208	(8,113)
Attributable to:-			
- Shareholders of the Company		149	(8,108)
- Minority interest		59	(5)
		208	(8,113)
Basic and diluted earnings/(loss) per share (sen)	29		
- Profit/(Loss) from continuing operations		0.11	(1.07)
- Loss from discontinued operation		0.00	(5.15)
- Net profit/(loss)		0.11	(6.22)

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the financial year ended 31 March 2008

	Non-distributable				Accumulated losses RM'000	Shareholders' equity RM'000	Minority interest RM'000	Total equity RM'000
	Share capital RM'000	Share premium RM'000	Revaluation surplus RM'000	Capital reserve RM'000				
Balance at 1 April 2006	65,180	13,296	812	815	(10,070)	70,033	102	70,135
Reversal of deferred tax on revaluation surplus	0	0	21	0	0	21	4	25
Net loss for the year	0	0	0	0	(8,108)	(8,108)	(5)	(8,113)
Total recognised income and expense	0	0	21	0	(8,108)	(8,087)	(1)	(8,088)
Balance at 31 March 2007	65,180	13,296	833	815	(18,178)	61,946	101	62,047
Disposal of subsidiary	0	0	(18)	0	18	0	(132)	(132)
Net profit for the year	0	0	0	0	149	149	59	208
Balance at 31 March 2008	65,180	13,296	815	815	(18,011)	62,095	28	62,123

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

CONSOLIDATED CASH FLOW STATEMENT

for the financial year ended 31 March 2008

	Note	2008 RM'000	2007 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers		16,862	22,555
Cash payments to suppliers		(15,076)	(29,127)
Cash generated from/(absorbed by) operations		1,786	(6,572)
Interest paid		(33)	(2)
Retirement benefits paid		(439)	(48)
Tax refunded (net)		76	8
Net cash from/(used in) operating activities		1,390	(6,614)
CASH FLOWS FROM INVESTING ACTIVITIES			
Disposal of subsidiary, net of cash disposed of	30	380	0
Interest received		1,299	1,247
Proceeds from disposal of:-			
- Investment property		500	0
- Property, plant and equipment		1,169	170
Purchase of property, plant and equipment		(19)	(560)
Net cash from investing activities		3,329	857
CASH FLOWS FROM FINANCING ACTIVITY			
Increase in bank borrowing		0	500
Net cash from financing activity		0	500
Net increase/(decrease) in cash and cash equivalents		4,719	(5,257)
Cash and cash equivalents brought forward		39,893	45,150
Cash and cash equivalents carried forward	30	44,612	39,893

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

BALANCE SHEET

as at 31 March 2008

	Note	2008 RM'000	2007 RM'000
NON-CURRENT ASSETS			
Property, plant and equipment	4	228	236
Investment property	5	1,449	1,478
Prepaid lease payments	6	632	642
Investment in subsidiaries	7	991	991
Investment in associates	8	672	672
Other investments	9	0	0
Amounts owing by subsidiaries	10	26,554	29,978
		30,526	33,997
CURRENT ASSETS			
Non-trade receivables, deposits and prepayments	17	63	46
Cash and cash equivalents	18	40,668	36,883
		40,731	36,929
CURRENT LIABILITIES			
Non-trade payables and accruals		146	125
Current tax liabilities		23	111
		169	236
NET CURRENT ASSETS		40,562	36,693
NON-CURRENT LIABILITIES			
Retirement benefits	20	118	92
NET ASSETS		70,970	70,598
FINANCED BY:-			
Share capital	22	65,180	65,180
Reserves	23	5,790	5,418
SHAREHOLDERS' EQUITY		70,970	70,598

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

INCOME STATEMENT

for the financial year ended 31 March 2008

	Note	2008 RM'000	2007 RM'000
Revenue	24	1,456	1,425
Administrative and general expenses		(1,261)	(4,674)
Profit/(Loss) before tax	25	195	(3,249)
Tax income/(expense)	27	177	(200)
Net profit/(loss) for the year		372	(3,449)

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

STATEMENT OF CHANGES IN EQUITY

for the financial year ended 31 March 2008

	Share capital RM'000	Non-distributable		Accumulated losses RM'000	Total RM'000
		Share premium RM'000	Capital reserve RM'000		
Balance at 1 April 2006	65,180	13,296	1,800	(6,229)	74,047
Net loss for the year	0	0	0	(3,449)	(3,449)
Balance at 31 March 2007	65,180	13,296	1,800	(9,678)	70,598
Net profit for the year	0	0	0	372	372
Balance at 31 March 2008	65,180	13,296	1,800	(9,306)	70,970

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

CASH FLOW STATEMENT

for the financial year ended 31 March 2008

	Note	2008 RM'000	2007 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers		224	152
Cash payments to suppliers		(1,165)	(1,161)
Cash absorbed by operations		(941)	(1,009)
Tax refunded (net)		89	23
Net cash used in operating activities		(852)	(986)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		1,215	1,205
Purchase of property, plant and equipment		(2)	(3)
Repayment from/(Advance to) subsidiaries (net)		3,424	(5,246)
Net cash from/(used in) investing activities		4,637	(4,044)
Net increase/(decrease) in cash and cash equivalents		3,785	(5,030)
Cash and cash equivalents brought forward		36,883	41,913
Cash and cash equivalents carried forward	30	40,668	36,883

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

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2008

1. GENERAL INFORMATION

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

The principal activities of the Company are the provision of management services and investment holding. The principal activities of the subsidiaries are disclosed in Note 7 to the financial statements.

The registered office of the Company is located at 8-3, Jalan Segambut, 51200 Kuala Lumpur and its principal place of business is located at 5100A, Lorong Mak Mandin 5, Mak Mandin Industrial Estate, 13400 Butterworth, Penang.

The consolidated financial statements set out on pages 29 to 32 together with the notes thereto cover the Company and its subsidiaries ("the Group") and the Group's interests in two associates. The separate financial statements of the Company set out on pages 33 to 36 together with the notes thereto cover the Company solely.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 20 June 2008.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation of Financial Statements

The financial statements of the Group and the Company are prepared under the historical cost convention, modified to include other bases of measurement as disclosed in other sections of the significant accounting policies, and in compliance with the provisions of the Companies Act, 1965 and applicable approved accounting standards for entities other than private entities issued by the Malaysian Accounting Standards Board (hereinafter referred to as "Financial Reporting Standards" or "FRSs").

The financial statements are presented in Ringgit Malaysia (RM) and all values are rounded to the nearest thousand (RM'000) except when otherwise indicated.

The Group and the Company have not applied the following FRSs and Interpretations which have been issued as at the balance sheet date but are not yet effective:-

Standard/Interpretation		Effective for financial periods beginning on or after
FRS 107	<i>Cash Flow Statements</i>	1 July 2007
FRS 111	<i>Construction Contracts</i>	1 July 2007
FRS 112	<i>Income Taxes</i>	1 July 2007
FRS 118	<i>Revenue</i>	1 July 2007
FRS 120	<i>Accounting for Government Grants and Disclosure of Government Assistance</i>	1 July 2007
Amendment to		
FRS 121	<i>The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation</i>	1 July 2007
FRS 134	<i>Interim Financial Reporting</i>	1 July 2007
FRS 137	<i>Provisions, Contingent Liabilities and Contingent Assets</i>	1 July 2007

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2008 (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.1 Basis of Preparation of Financial Statements (Cont'd)

Standard/Interpretation		Effective for financial periods beginning on or after
FRS 139	<i>Financial Instruments: Recognition and Measurement</i>	Yet to be announced
IC Interpretation 1	<i>Changes in Existing Decommissioning, Restoration and Similar Liabilities</i>	1 July 2007
IC Interpretation 2	<i>Members' Shares in Co-operative Entities and Similar Instruments</i>	1 July 2007
IC Interpretation 5	<i>Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds</i>	1 July 2007
IC Interpretation 6	<i>Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment</i>	1 July 2007
IC Interpretation 7	<i>Applying the Restatement Approach under FRS 129 Financial Reporting in Hyperinflationary Economies</i>	1 July 2007
IC Interpretation 8	<i>Scope of FRS 2</i>	1 July 2007

FRS 111, FRS 120, the amendment to FRS 121 and all the Interpretations will not be applicable to the Group and the Company. The adoption of the revised FRS 107, FRS 112, FRS 118, FRS 134 and FRS 137 is not expected to have any significant impacts on the financial statements. By virtue of the exemption given by FRS 139, the impacts on the financial statements upon initial application of this FRS are not disclosed.

2.2 Basis of Consolidation

A subsidiary is an entity that is controlled by the Group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to the end of the financial year using the purchase method. The results of the subsidiary acquired or disposed of during the financial year are included in the consolidated financial statements from the date of acquisition or up to the date of disposal. Intragroup balances, transactions, income and expenses are eliminated in full on consolidation.

The excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary acquired at the acquisition date represents goodwill. Goodwill is recognised as an asset at cost less accumulated impairment losses, if any. When the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary acquired at the acquisition date exceeds the cost of acquisition, the excess (hereinafter referred to as "negative goodwill"), after reassessment, is recognised in the income statement.

2.3 Associates

An associate is an entity, other than a subsidiary or a joint venture, over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the entity but is not control or joint control over those policies.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2008 (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Associates (Cont'd)

In the consolidated financial statements, investment in associates is accounted for using the equity method. Under the equity method, the investment in associates is initially recognised at cost and the carrying amount is subsequently adjusted to recognise the Group's share of the post-acquisition profit or loss and other changes in equity of the associates.

2.4 Financial Instruments

Recognised Financial Instruments

The accounting policies for recognised financial instruments are disclosed in the individual policies associated with each item.

Unrecognised Financial Instruments

The Group and the Company do not have any unrecognised financial instruments other than the contingent liabilities as disclosed in Note 33 to the financial statements.

Fair Values

The carrying amounts of financial assets and liabilities with short maturity periods are assumed to approximate their fair values.

The fair values of the non-current amounts owing by subsidiaries are estimated using discounted cash flow analysis based on prevailing borrowing interest rate offered to the subsidiaries.

The fair values of financial guarantees granted by the Company are not expected to be material as the probability of the subsidiaries defaulting on the credit lines is remote.

2.5 Property, Plant and Equipment

Property, plant and equipment are stated at cost or at valuation less accumulated depreciation and accumulated impairment losses, if any.

The last revaluations of certain buildings and plant and machinery were made in 1983 and 1986 respectively and have not been updated. The Group has followed the transitional provisions of IAS16 (Revised) *Property, Plant and Equipment* issued by the Malaysian Accounting Standards Board to retain the carrying amounts of the assets on the basis of their previous revaluation subject to continuity in their depreciation and impairment policies.

A revaluation increase is credited to equity as revaluation surplus or recognised as income in the income statement to the extent that the increase reverses a revaluation decrease of the same asset previously recognised as an expense. A revaluation decrease is recognised as an expense in the income statement or debited against any related revaluation surplus to the extent that the decrease does not exceed the amount held in the revaluation surplus of that asset.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2008 (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Property, Plant and Equipment (Cont'd)

Freehold land is not depreciated. Other property, plant and equipment, except for spare parts and loose tools, are depreciated on a straight-line basis over the estimated useful lives of the assets using the following annual rates:-

Buildings	2%
Plant and machinery	5-10%
Furniture, fittings and equipment	10-20%
Motor vehicles	20%

Initial purchases of spare parts and loose tools have been capitalised and depreciated at annual rates ranging from 20% to 100%. Subsequent purchases of such items have been charged out directly to the income statement.

The residual value, useful life and depreciation method of an asset are reviewed at least at each balance sheet date and any changes in expectations from previous estimates are accounted for prospectively as changes in accounting estimates.

2.6 Investment Property

Investment property, being a property held to earn rentals and/or for capital appreciation, is stated at cost less accumulated depreciation and accumulated impairment losses, if any.

The last revaluations of certain freehold land and buildings previously classified as property, plant and equipment were made in 1981 and have not been updated. The Group and the Company have followed the transitional provisions of IAS 16 (Revised) *Property, Plant and Equipment* issued by the Malaysian Accounting Standards Board to retain the carrying amounts of the assets on the basis of their previous revaluation subject to continuity in their depreciation and impairment policies.

Freehold land is not depreciated. Buildings are depreciated on a straight-line basis over their estimated useful lives of 50 years.

2.7 Prepaid Lease Payments

Lease payments for leasehold land under operating leases are recognised as an expense on a straight-line basis over the lease terms of 60 to 87 years.

2.8 Investments

Subsidiaries and Associates

As required by the Companies Act, 1965, the Company prepares separate financial statements in addition to the consolidated financial statements. In the separate financial statements of the Company, investments in subsidiaries and associates are stated at cost less impairment losses, if any.

Other Investments

Other long-term investments are stated at cost. An allowance for diminution in value is made when there is a decline other than temporary in the value of the investment. The decline is recognised as an expense in the period in which it is identified.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2008 (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.9 Impairment of Assets

The carrying amounts of assets, other than inventories and financial assets within the scope of FRS 139 *Financial Instruments: Recognition and Measurement*, are reviewed at each balance sheet date to determine whether there is any indication that an item of asset may be impaired. If any such indication exists, the recoverable amount of the asset, being the higher of its fair value less costs to sell and its value in use, is estimated. Any excess of the carrying amount of the asset over its recoverable amount represents an impairment loss and is recognised as an expense in the income statement or, in respect of a revalued asset, treated as a revaluation decrease.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount and it is reversed only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised. The reversal is recognised in the income statement or, in respect of a revalued asset, treated as a revaluation increase.

2.10 Inventories

Inventories are valued at the lower of cost (determined principally on the first-in, first-out basis) and net realisable value. Cost consists of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and costs necessary to make the sale.

2.11 Receivables

Receivables are carried at anticipated realisable values. Bad debts are written off when identified. An estimate is made for doubtful debts based on a review of all outstanding amounts as at the balance sheet date.

2.12 Payables

Payables are recognised at cost which is the fair value of the consideration to be paid in the future for goods and services received.

2.13 Loans and Borrowings

All loans and borrowings are initially recognised at cost which is the fair value of the proceeds received. The loans and borrowings are subsequently stated at amortised cost using the effective interest method. The effective interest rate is the historical rate for a fixed rate instrument and the current market rate for a floating rate instrument.

All borrowing costs are recognised as an expense in the period in which they are incurred.

2.14 Foreign Currency Transactions and Translation

The consolidated financial statements and separate financial statements of the Company are presented in Ringgit Malaysia, which is also the Company's functional currency, being the currency of the primary economic environment in which the entity operates. Items included in the financial statements of each individual entity within the Group are measured using the individual entity's own functional currency.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2008 (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.14 Foreign Currency Transactions and Translation (Cont'd)

A foreign currency transaction is recorded in the functional currency using the exchange rate at transaction date. At the balance sheet date, foreign currency monetary items are translated into the functional currency using the closing rate. Foreign currency non-monetary items measured at cost are translated using the exchange rate at transaction date whereas those measured at fair value are translated using the exchange rate at valuation date. Exchange differences arising from the settlement or translation of monetary items are recognised in the income statement. Any exchange component of the gain or loss on a nonmonetary item is recognised on the same basis as that of the gain or loss, ie directly in equity or in the income statement.

2.15 Share Capital

Ordinary shares are classified as equity. Transaction costs that relate to the issue of new shares are accounted for as a deduction from equity.

Dividends on shares declared and unpaid at the balance sheet date are recognised as a liability whereas dividends proposed or declared after the balance sheet date are disclosed by way of note to the financial statements.

2.16 Income Recognition

Income from the sale of goods is recognised upon delivery of goods and customer's acceptance.

Income from the rendering of services is recognised when the services are performed.

Overdue interest is recognised upon receipt. Interest income from fixed deposits is recognised using the effective interest method.

Rental income is recognised on an accrual basis.

2.17 Income Taxes

Income taxes for the year comprise current tax and deferred tax.

Current tax represents the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is provided for under the balance sheet liability method in respect of all temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base except for those temporary differences associated with goodwill, negative goodwill or the initial recognition of an asset or liability in a transaction which is not a business combination and affects neither accounting nor taxable results at the time of the transaction.

A deferred tax liability is recognised for all taxable temporary differences whereas a deferred tax asset is recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantially enacted by the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2008 (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.18 Employee Benefits

Short-term Employee Benefits

Short-term employee benefits such as wages, salaries, bonuses and social security contributions are recognised as an expense in the period in which the associated services are rendered by the employees.

Defined Contribution Plan

As required by law, employers in Malaysia make contributions to the state pension scheme, Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in the period in which the associated services are rendered by the employees.

Defined Benefit Plan

The Group and the Company operate an unfunded final salary defined benefit plan for their employees. The liability in respect of the defined benefit plan is the present value of the defined benefit obligations at the balance sheet date adjusted for actuarial gains/losses and past service cost. The defined benefit obligations are assessed using the Projected Unit Credit Method. Under this method, the cost of providing defined benefit obligations is charged to the income statement so as to spread the regular cost over the service lives of the employees in accordance with the advice of qualified actuaries who carry out a full valuation of the plan every three years. The Group and the Company determine the present value of defined benefit obligations with sufficient regularity such that the amounts recognised in the financial statements do not differ materially from the amounts that would be determined at the balance sheet date. The last actuarial valuation was carried out as at 31 March 2008.

Actuarial gains and losses are recognised as income or expense over the expected average remaining service lives of the participating employees when the net cumulative unrecognised actuarial gains and losses at the end of the previous reporting period exceeded the greater of 10% of the present value of the defined benefit obligations and 10% of the fair value of any plan assets at that date.

2.19 Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, deposits pledged with financial institutions, bank overdrafts and shortterm, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

3. CRITICAL JUDGEMENTS AND ESTIMATION UNCERTAINTY

Critical Judgements

In the process of applying the accounting policies of the Group and the Company, the management makes the following judgements that can significantly affect the amounts recognised in the financial statements:-

(i) Allowance for Inventories

Reviews are made periodically by the management on inventories for excess inventories, obsolescence and decline in net realisable value below cost. These reviews require the use of judgements and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2008 (Cont'd)

3. CRITICAL JUDGEMENTS AND ESTIMATION UNCERTAINTY (CONT'D)

Critical Judgements (Cont'd)

(ii) Allowance for Doubtful Debts

The Group and the Company make allowance for doubtful debts based on an assessment of the recoverability of receivables. Allowance is applied to receivables where events or changes in circumstances indicate that the balances may not be recoverable. The management specifically analyses historical bad debts, customer concentration, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of the allowance for doubtful debts. Where expectations are different from previous estimates, the difference will impact the carrying amounts of receivables.

Key Sources of Estimation Uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:-

(i) Depreciation of Property, Plant and Equipment and Investment Property

Property, plant and equipment and investment property are depreciated on a straight-line basis over the estimated useful lives of the assets. The management estimates the useful lives to be within 5 to 50 years. Changes in the expected level of usage and technological development will impact the economic useful lives and residual values of the assets and therefore, future depreciation charges may be revised.

(ii) Impairment of Assets

When the recoverable amount of an asset is determined based on its value in use, estimates on future cash flows and appropriate discount rate are required to determine the present value of those cash flows.

(iii) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimates. The Group and the Company recognise tax liabilities based on their understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final tax outcome of these matters is different from the amounts initially recognised, the difference will impact the tax provisions in the period in which the outcome is determined.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2008 (Cont'd)

4. PROPERTY, PLANT AND EQUIPMENT

THE GROUP

	Freehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Furniture, fittings and equipment RM'000	Motor vehicles RM'000	Spare parts and loose tools RM'000	Total RM'000
AT COST/VALUATION							
Balance at 1 April 2006	320	9,494	27,059	3,448	1,265	65	41,651
Additions	0	0	484	16	60	0	560
Disposals	0	0	(1,278)	(1)	(252)	0	(1,531)
Balance at 31 March 2007	320	9,494	26,265	3,463	1,073	65	40,680
Representing items:-							
- At cost	0	8,282	26,180	3,463	1,073	65	39,063
- At valuation	320	1,212	85	0	0	0	1,617
	320	9,494	26,265	3,463	1,073	65	40,680
Balance at 1 April 2007	320	9,494	26,265	3,463	1,073	65	40,680
Additions	0	0	5	14	0	0	19
Disposals	0	0	(3,158)	(5)	(323)	0	(3,486)
Disposal of subsidiary	(320)	(140)	(51)	0	0	0	(511)
Balance at 31 March 2008	0	9,354	23,061	3,472	750	65	36,702
Representing items:-							
- At cost	0	8,282	23,001	3,472	750	65	35,570
- At valuation	0	1,072	60	0	0	0	1,132
	0	9,354	23,061	3,472	750	65	36,702
DEPRECIATION AND IMPAIRMENT LOSSES							
Balance at 1 April 2006							
- Accumulated depreciation	0	3,522	21,045	3,102	922	65	28,656
- Accumulated impairment losses	0	0	0	0	0	0	0
	0	3,522	21,045	3,102	922	65	28,656
Depreciation	0	190	581	42	102	0	915
Impairment losses	0	0	3,185	169	0	0	3,354
Disposals	0	0	(1,278)	(1)	(184)	0	(1,463)
Balance at 31 March 2007							
- Accumulated depreciation	0	3,712	20,348	3,143	840	65	28,108
- Accumulated impairment losses	0	0	3,185	169	0	0	3,354
	0	3,712	23,533	3,312	840	65	31,462
Depreciation	0	188	400	25	69	0	682
Disposals	0	0	(3,158)	(5)	(323)	0	(3,486)
Disposal of subsidiary	0	(60)	(47)	0	0	0	(107)
Balance at 31 March 2008							
- Accumulated depreciation	0	3,840	19,186	3,176	586	65	26,853
- Accumulated impairment losses	0	0	1,542	156	0	0	1,698
	0	3,840	20,728	3,332	586	65	28,551
CARRYING AMOUNT							
Balance at 1 April 2006	320	5,972	6,014	346	343	0	12,995
Balance at 31 March 2007	320	5,782	2,732	151	233	0	9,218
Balance at 31 March 2008	0	5,514	2,333	140	164	0	8,151

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2008 (Cont'd)

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

THE COMPANY

	Buildings RM'000	Furniture, fittings and equipment RM'000	Motor vehicles RM'000	Total RM'000
AT COST				
Balance at 1 April 2006	317	499	166	982
Additions	0	3	0	3
Disposals	0	(2)	0	(2)
Balance at 31 March 2007	317	500	166	983
Additions	0	2	0	2
Balance at 31 March 2008	317	502	166	985

ACCUMULATED DEPRECIATION

Balance at 1 April 2006	88	481	163	732
Depreciation	6	10	1	17
Disposals	0	(2)	0	(2)
Balance at 31 March 2007	94	489	164	747
Depreciation	6	3	1	10
Balance at 31 March 2008	100	492	165	757

CARRYING AMOUNT

Balance at 1 April 2006	229	18	3	250
Balance at 31 March 2007	223	11	2	236
Balance at 31 March 2008	217	10	1	228

The buildings stated at valuation were revalued by the directors based on valuations carried out in 1983 by independent professional valuers. The plant and machinery stated at valuation were revalued by the directors in 1986. Subsequent additions are shown at cost while disposals are at valuation or at cost as appropriate. Had the buildings and plant and machinery been stated in the financial statements at cost less accumulated depreciation, the carrying amounts would be RM353,000 and NIL (2007 : RM371,000 and NIL) respectively.

The carrying amounts of certain property, plant and equipment of the Group subject to fixed charges for banking facilities granted to the Group are as follows:-

	2008 RM'000	2007 RM'000
Buildings	4,362	4,517
Plant and machinery	2,333	2,732
Furniture, fittings and equipment	117	127
Motor vehicles	156	225
	6,968	7,601

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2008 (Cont'd)

5. INVESTMENT PROPERTY

THE GROUP

	Freehold land RM'000	Buildings RM'000	Total RM'000
AT COST/VALUATION			
Balance at 1 April 2006	1,080	1,652	2,732
Movement during the year	0	0	0
Balance at 31 March 2007	1,080	1,652	2,732
Representing items:-			
- At cost	730	1,309	2,039
- At valuation	350	343	693
	1,080	1,652	2,732
Balance at 1 April 2007	1,080	1,652	2,732
Disposals	(136)	0	(136)
Balance at 31 March 2008	944	1,652	2,596
Representing items:-			
- At cost	594	1,309	1,903
- At valuation	350	343	693
	944	1,652	2,596
ACCUMULATED DEPRECIATION			
Balance at 1 April 2006	0	615	615
Depreciation	0	34	34
Balance at 31 March 2007	0	649	649
Depreciation	0	33	33
Balance at 31 March 2008	0	682	682
CARRYING AMOUNT			
Balance at 1 April 2006	1,080	1,037	2,117
Balance at 31 March 2007	1,080	1,003	2,083
Balance at 31 March 2008	944	970	1,914
FAIR VALUE			
Estimated fair value at 31 March 2007			5,490
Estimated fair value at 31 March 2008			4,990

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2008 (Cont'd)

5. INVESTMENT PROPERTY (CONT'D)

THE COMPANY

	Freehold land RM'000	Buildings RM'000	Total RM'000
AT COST/VALUATION			
Balance at 1 April 2006	594	1,402	1,996
Movement during the year	0	0	0
Balance at 31 March 2007	594	1,402	1,996
Representing items:-			
- At cost	594	1,309	1,903
- At valuation	0	93	93
	594	1,402	1,996
Balance at 1 April 2007	594	1,402	1,996
Movement during the year	0	0	0
Balance at 31 March 2008	594	1,402	1,996
Representing items:-			
- At cost	594	1,309	1,903
- At valuation	0	93	93
	594	1,402	1,996
ACCUMULATED DEPRECIATION			
Balance at 1 April 2006	0	491	491
Depreciation	0	27	27
Balance at 31 March 2007	0	518	518
Depreciation	0	29	29
Balance at 31 March 2008	0	547	547
CARRYING AMOUNT			
Balance at 1 April 2006	594	911	1,505
Balance at 31 March 2007	594	884	1,478
Balance at 31 March 2008	594	855	1,449
FAIR VALUE			
Estimated fair value at 31 March 2007			4,240
Estimated fair value at 31 March 2008			4,240

The fair value of investment property was determined based on management's estimate by reference to market information.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2008 (Cont'd)

6. PREPAID LEASE PAYMENTS

	Short-term leasehold land RM'000	Long-term leasehold land RM'000	Total RM'000
THE GROUP			
AT COST			
Balance at 1 April 2006	652	3,159	3,811
Movement during the year	0	0	0
Balance at 31 March 2007	652	3,159	3,811
Movement during the year	0	0	0
Balance at 31 March 2008	652	3,159	3,811
ACCUMULATED AMORTISATION			
Balance at 1 April 2006	261	543	804
Amortisation	11	35	46
Balance at 31 March 2007	272	578	850
Amortisation	11	38	49
Balance at 31 March 2008	283	616	899
CARRYING AMOUNT			
Balance at 1 April 2006	391	2,616	3,007
Balance at 31 March 2007	380	2,581	2,961
Balance at 31 March 2008	369	2,543	2,912
THE COMPANY			
AT COST			
Balance at 1 April 2006		873	873
Movement during the year		0	0
Balance at 31 March 2007		873	873
Movement during the year		0	0
Balance at 31 March 2008		873	873
ACCUMULATED AMORTISATION			
Balance at 1 April 2006		222	222
Amortisation		9	9
Balance at 31 March 2007		231	231
Amortisation		10	10
Balance at 31 March 2008		241	241
CARRYING AMOUNT			
Balance at 1 April 2006		651	651
Balance at 31 March 2007		642	642
Balance at 31 March 2008		632	632

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2008 (Cont'd)

6. PREPAID LEASE PAYMENTS (CONT'D)

Certain leasehold land of the Group and the Company with total carrying amounts of RM1,001,000 and RM632,000 (2007 : RM1,022,000 and RM642,000) respectively is subject to fixed charges for banking facilities granted to the Group.

7. INVESTMENT IN SUBSIDIARIES

THE COMPANY

	2008 RM'000	2007 RM'000
Unquoted shares - at cost	19,502	19,502
Impairment losses	(18,511)	(18,511)
	991	991

The details of the subsidiaries, all of which were incorporated in Malaysia, are as follows:-

Name of Subsidiary	Ownership Interest Held		Principal Activity
	2008	2007	
Maica Wood Industries Sdn. Bhd.	64.4%	64.4%	Ceased operation
Consolidated Leasing (M) Sdn. Bhd.	100%	100%	Investment holding and granting of lease and hire purchase financing
Pinaremas Sdn. Bhd.	100%	100%	Investment holding
Malaysia Aica Foods Sdn. Bhd.	100%	100%	Investment holding
Ambang Arena Sdn. Bhd.	100%	100%	Trading of sawn timber
<u>Subsidiary of Maica Wood Industries Sdn. Bhd.</u>			
Maicador Sdn. Bhd.	64.4%	64.4%	Manufacture of prefabricated doors and door frames
<u>Subsidiaries of Consolidated Leasing (M) Sdn. Bhd.</u>			
Consolidated Factoring (M) Sdn. Bhd.	91.9%	91.9%	Factoring of debts
Maritime Credits (Malaysia) Sdn. Bhd.	100%	100%	Granting of commercial credits
<u>Subsidiary of Pinaremas Sdn. Bhd.</u>			
Syarikat Kilang Ayer Batu Kuala Kedah Sdn. Bhd.	0%	75%	Manufacture of ice blocks
<u>Subsidiary of Malaysia Aica Foods Sdn. Bhd.</u>			
Suradamai Sdn. Bhd.	100%	100%	Dormant

In July 2007, the Group disposed of its 75% of the equity interest in Syarikat Kilang Ayer Batu Kuala Kedah Sdn. Bhd. for RM495,000.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2008 (Cont'd)

8. INVESTMENT IN ASSOCIATES

	THE GROUP		THE COMPANY	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Unquoted shares - at cost	672	696	672	696
Impairment losses	0	0	0	(24)
	672	696	672	672
Share of post-acquisition:-				
- Losses	(205)	(107)		
- Revaluation increase	713	713		
	1,180	1,302		
Represented by:-				
Share of net assets	1,481	1,603		
Discount on acquisition	(301)	(301)		
	1,180	1,302		

The details of the associates are as follows:-

Name of Associate	Country of Incorporation	Ownership Interest Held		Principal Activity
		2008	2007	
Maica Corporation (Aust) Pty. Ltd.	Australia	—*	30%	Dormant
Mahakota Sdn. Bhd.	Malaysia	25.4%	25.4%	Woodworks manufacturer and dealer in timber and wood

* The investment in Maica Corporation (Aust) Pty. Ltd. has been derecognised as the Group and the Company are no longer having significant influence over the associate.

The summarised financial information of the associates is as follows:-

	2008 RM'000	2007 RM'000
Total assets	12,145	13,054
Total liabilities	6,315	6,745
Revenue	8,585	12,024
Net loss for the year	(481)	(2,629)

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2008 (Cont'd)

9. OTHER INVESTMENTS

	THE GROUP		THE COMPANY	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Unquoted shares - at cost	90	90	90	90
Allowance for diminution in value	(90)	(90)	(90)	(90)
	0	0	0	0
Investment in club membership - at cost	25	25	0	0
	25	25	0	0

10. AMOUNTS OWING BY SUBSIDIARIES

THE COMPANY

	2008 RM'000	2007 RM'000
Amounts owing by subsidiaries	30,794	34,218
Allowance for doubtful debts	(4,240)	(4,240)
	26,554	29,978

The amounts owing by subsidiaries are unsecured, non-interest bearing and have no fixed terms of repayment. The Company has indicated that it will not request for repayment of the outstanding amounts within the next 12 months.

11. INVENTORIES

THE GROUP

	2008 RM'000	2007 RM'000
Raw materials	2,606	3,339
Work-in-progress	560	1,012
Finished goods	517	2,501
Consumables	395	257
	4,078	7,109

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2008 (Cont'd)

12. TRADE RECEIVABLES

THE GROUP

	2008 RM'000	2007 RM'000
Gross receivables	1,811	2,310
Allowance for doubtful debts	(9)	(6)
	1,802	2,304

The currency exposure profile of trade receivables is as follows:-

	2008 RM'000	2007 RM'000
Ringgit Malaysia	1,802	1,667
US Dollar	0	637
	1,802	2,304

The credit terms of trade receivables range from 30 to 90 days.

13. INVESTMENT IN FINANCE LEASES

THE GROUP

	2008 RM'000	2007 RM'000
Amounts overdue	154	154
Unearned finance income	(10)	(10)
	144	144
Allowance for doubtful debts	(144)	(144)
	0	0

14. HIRE PURCHASE RECEIVABLES

THE GROUP

	2008 RM'000	2007 RM'000
Amounts overdue	2,119	2,132
Unearned finance income	(683)	(689)
	1,436	1,443
Allowance for doubtful debts	(1,436)	(1,443)
	0	0

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2008 (Cont'd)

15. FACTORING DEBT RECEIVABLES

THE GROUP

	2008 RM'000	2007 RM'000
Amounts overdue	733	755
Allowance for doubtful debts	(730)	(752)
	3	3

16. COMMERCIAL CREDIT RECEIVABLES

THE GROUP

	2008 RM'000	2007 RM'000
Amounts overdue	623	632
Allowance for doubtful debts	(623)	(632)
	0	0

17. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	THE GROUP		THE COMPANY	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Other receivables	59	78	8	8
Deposits	114	110	37	38
Prepayments	48	212	18	0
	221	400	63	46
Allowance for doubtful debts	(30)	(30)	0	0
	191	370	63	46

18. CASH AND CASH EQUIVALENTS

	THE GROUP		THE COMPANY	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Fixed deposits with licensed banks	41,395	38,829	40,151	36,586
Short-term funds	1,909	0	0	0
Cash and bank balances	1,308	1,301	517	297
	44,612	40,130	40,668	36,883

The effective interest rates of fixed deposits range from 2.9% to 3.6% (2007 : 2.75% to 4%) per annum. Short-term funds represent highly liquid investments in fixed income instruments.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2008 (Cont'd)

19. TRADE PAYABLES

THE GROUP

The currency exposure profile of trade payables is as follows:-

	2008 RM'000	2007 RM'000
Ringgit Malaysia	926	1,070
US Dollar	0	42
	926	1,112

The credit terms of trade payables range from 7 to 90 days.

20. RETIREMENT BENEFITS

	THE GROUP		THE COMPANY	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Balance at 1 April	924	915	92	65
Charged to income statement	230	57	26	27
Paid during the year	(439)	(48)	0	0
Disposal of subsidiary	(1)	0	0	0
Balance at 31 March	714	924	118	92

Represented by:-

Present value of unfunded obligations	1,003	965	140	128
Unrecognised actuarial loss	(289)	(41)	(22)	(36)
	714	924	118	92

Disclosed as:-

Current	5	35	0	0
Non-current	709	889	118	92
	714	924	118	92

The retirement benefits charged to income statement may be analysed as follows:-

	THE GROUP		THE COMPANY	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Amortisation of actuarial loss	2	2	2	2
Current service cost	89	73	18	19
Curtailment/Settlement loss	84	0	0	0
Interest cost	55	50	6	6
Amount written back	0	(68)	0	0
	230	57	26	27

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2008 (Cont'd)

20. RETIREMENT BENEFITS (CONT'D)

	THE GROUP		THE COMPANY	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Included in:-				
Cost of sales	181	80	0	0
Administrative and general expenses	49	(23)	26	27
	230	57	26	27

The principal actuarial assumptions in respect of the defined benefit plan are as follows:-

	THE GROUP		THE COMPANY	
	2008 %	2007 %	2008 %	2007 %
Discount rate	5.25	6.50	5.25	6.50
Expected rate of salary increases	5.00	5.00	5.00	5.00

21. BANK BORROWINGS

THE GROUP

	2008 RM'000	2007 RM'000
Bank overdraft - secured	0	237
Revolving credit - unsecured	500	500
	500	737

Bank overdraft is secured by fixed charges over certain property, plant and equipment (Note 4) and leasehold land (Note 6) and floating charges over the current assets of a subsidiary.

The effective interest rate of bank borrowings is 5.1% (2007 : 5.1% to 8.3%) per annum.

22. SHARE CAPITAL

	2008 RM'000	2007 RM'000
Authorised:-		
200,000,000 ordinary shares of RM0.50 each	100,000	100,000
Issued and fully paid-up:-		
130,361,472 ordinary shares of RM0.50 each	65,180	65,180

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2008 (Cont'd)

23. RESERVES

	THE GROUP		THE COMPANY	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Share premium	13,296	13,296	13,296	13,296
Revaluation surplus	815	833	0	0
Capital reserve	815	815	1,800	1,800
Accumulated losses	(18,011)	(18,178)	(9,306)	(9,678)
	(3,085)	(3,234)	5,790	5,418

24. REVENUE

	THE GROUP		THE COMPANY	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Continuing Operations				
Sale of goods	16,003	18,447	0	0
Management fee	0	0	120	120
Interest income	1,299	1,205	1,215	1,205
Overdue interest	6	77	0	0
Rental income	118	70	121	100
	17,426	19,799	1,456	1,425
Discontinued Operation				
Sale of goods (Note 28)	0	4,396	0	0
	17,426	24,195	1,456	1,425

25. PROFIT/(LOSS) BEFORE TAX

	THE GROUP		THE COMPANY	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Profit/(Loss) before tax is arrived at after charging:-				
Allowance for doubtful debts				
- Subsidiaries	0	0	0	3,425
- Third parties	5	0	0	0
Allowance for slow moving inventories	0	348	0	0
Amortisation of prepaid lease payments	49	46	10	9
Auditors' remuneration				
- Current year	43	56	17	18
- Prior year	2	0	0	0
Depreciation of:-				
- Investment property	33	34	29	27
- Property, plant and equipment	682	915	10	17
Directors' remuneration*				
- Fees	42	44	42	42
- Short-term employee benefits	329	441	329	329
- Defined contribution plan	39	53	39	39
	410	538	410	410

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2008 (Cont'd)

25. PROFIT/(LOSS) BEFORE TAX (CONT'D)

	THE GROUP		THE COMPANY	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Impairment loss of property, plant and equipment**	0	3,354	0	0
Interest expense	33	2	0	0
Inventories written down to net realisable value	10	959	0	0
Realised loss on foreign exchange	0	30	0	0
Rental of:-				
- Motor vehicles	0	16	0	0
- Premises	53	75	0	0
Unquoted investment written off	0	332	0	0
And crediting:-				
Allowance for doubtful debts written back	40	92	0	0
Allowance for slow moving inventories written back	0	202	0	0
Bad debts recovered	1	1	0	0
Gain on disposal of:-				
- Investment property	364	0	0	0
- Property, plant and equipment	1,169	102	0	0
- Subsidiary	99	0	0	0
Interest income	1,299	1,247	1,215	1,205
Realised gain on foreign exchange	0	18	0	0
Rental of:-				
- Investment property	118	91	121	100
- Others	2	3	0	0

* The directors' remuneration represents the entire key management personnel compensation of the Group and the Company as there were no other key management personnel apart from all the directors who have the authority and responsibility, directly or indirectly, for planning, directing and controlling the activities of the Group and the Company.

** Included in administrative and general expenses

26. EMPLOYEE BENEFITS EXPENSE

	THE GROUP		THE COMPANY	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Short-term employee benefits	4,426	6,685	703	694
Defined contribution plan	422	583	84	83
Defined benefit plan	230	57	26	27
Termination benefits	0	1,725	0	0
	5,078	9,050	813	804

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2008 (Cont'd)

27. TAX (INCOME)/EXPENSE

	THE GROUP		THE COMPANY	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Malaysian income tax:-				
- Based on results for the year	118	122	114	121
- (Over)/Underprovided in prior years	(293)	79	(291)	79
	(175)	201	(177)	200

The numerical reconciliation between the applicable tax rate, which is the statutory income tax rate, and the average effective tax rate on results for the year is as follows:-

	THE GROUP		THE COMPANY	
	2008 %	2007 %	2008 %	2007 %
Applicable tax rate	26.00	(27.00)	26.00	(27.00)
Share of results of associates	96.97	2.28	0.00	0.00
Non-deductible expenses	313.40	2.36	28.59	30.53
Non-taxable income	(396.97)	0.00	0.00	0.00
Increase in unrecognised deferred tax assets	321.21	23.90	3.87	0.19
Effect of lower tax rate	(3.03)	0.00	0.00	0.00
Average effective tax rate	357.58	1.54	58.46	3.72

Pursuant to the Finance Act, 2007 (Act 683) gazetted on 28 December 2007, the statutory income tax rate has been reduced from 27% to 26% for the financial year under review.

As at 31 March 2008, deferred tax liabilities and deferred tax assets have effectively been recognised and offset against each other by the Group and the Company to the extent of approximately RM614,000 and RM1,000 (2007 : RM477,000 and RM1,000) respectively. No further deferred tax assets have been recognised for the excess of the deductible temporary differences, unused capital allowances and tax losses over the taxable temporary differences as follows:-

	THE GROUP		THE COMPANY	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Deductible temporary differences of:-				
- Property, plant and equipment	0	657	0	0
- Inventories	73	1,305	0	0
- Receivables	5	2	0	0
- Payables	42	42	42	42
- Retirement benefits	714	923	118	92
Unused capital allowances	21,872	20,751	566	562
Unused tax losses	39,204	37,299	0	0
Taxable temporary differences of:-				
- Property, plant and equipment	(2,441)	(1,821)	(4)	(3)
- Investment property	(15)	(15)	0	0
	59,454	59,143	722	693

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2008 (Cont'd)

28. DISCONTINUED OPERATION

THE GROUP

A subsidiary, Maica Wood Industries Sdn. Bhd., ceased its operation of the manufacture of knocked-down furniture parts and mouldings from rubber wood with effect from 30 September 2006 and the directors are presently reviewing its future activity. The results and cash flows attributed to the discontinued operation are as follows:-

	Note	2008 RM'000	2007 RM'000
Results			
Revenue	24	0	4,396
Cost of sales		0	(6,787)
Gross loss		0	(2,391)
Other income		0	175
Administrative and general expenses		0	(4,207)
Selling and distribution expenses		0	(295)
Loss before tax	25	0	(6,718)
Tax expense	27	0	0
Loss for the year		0	(6,718)
Cash Flows			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers		0	5,469
Cash payments to suppliers		0	(5,689)
Cash absorbed by operations		0	(220)
Retirement benefits paid		0	(1)
Net cash used in operating activities		0	(221)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of property, plant and equipment		0	145
Purchase of property, plant and equipment		0	(26)
Net cash from investing activities		0	119
Net decrease in cash and cash equivalents		0	(102)

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2008 (Cont'd)

29. EARNINGS/(LOSS) PER SHARE

THE GROUP

The basic earnings/(loss) per share is calculated by dividing the Group's net profit/(loss) for the financial year attributable to shareholders of the Company as follows by the weighted average number of ordinary shares in issue during the financial year of 130,361,472 (2007 : 130,361,472) shares:-

	2008 RM'000	2007 RM'000
Profit/(Loss) for the year from continuing operations	149	(1,390)
Loss for the year from discontinued operation	0	(6,718)
Net profit/(loss) for the year	149	(8,108)

The diluted earnings/(loss) per share equals the basic earnings/(loss) per share as the Company did not have any dilutive potential ordinary shares during the financial year.

30. NOTES TO CASH FLOW STATEMENT

Disposal of Subsidiary

The cash flow effects of the disposal of subsidiary as mentioned in Note 7 to the financial statements are as follows:-

	THE GROUP	
	2008 RM'000	2007 RM'000
Property, plant and equipment	404	0
Inventories	4	0
Receivables	21	0
Tax assets	1	0
Cash and cash equivalents	115	0
Payables	(16)	0
Retirement benefits	(1)	0
Minority interest	(132)	0
Net assets disposed of	396	0
Gain on disposal	99	0
Net consideration received	495	0
Cash and cash equivalents disposed of	(115)	0
Disposal of subsidiary, net of cash disposed of	380	0

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2008 (Cont'd)

30. NOTES TO CASH FLOW STATEMENT (CONT'D)

Cash and Cash Equivalents

	THE GROUP		THE COMPANY	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Fixed deposits with licensed banks	41,395	38,829	40,151	36,586
Short-term funds	1,909	0	0	0
Cash and bank balances	1,308	1,301	517	297
Bank overdraft	0	(237)	0	0
	44,612	39,893	40,668	36,883

31. RELATED PARTY DISCLOSURES

Other than the directors' remuneration as disclosed in Note 25 to the financial statements, significant transactions with related parties during the financial year are as follows:-

	THE GROUP		THE COMPANY	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Management fee charged to subsidiary	0	0	120	120
Rental of premises charged to subsidiary	0	0	30	30
Sale of goods to associate	85	86	0	0

32. SEGMENT REPORTING

THE GROUP

Segment information is presented in respect of the Group's business and geographical segments. The primary format, business segments, is based on the Group's management and internal reporting structure.

Segment revenue, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise equity accounted investments, income tax assets, interestbearing liabilities, income tax liabilities and their related income and expenses.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2008 (Cont'd)

32. SEGMENT REPORTING (CONT'D)

Business Segments

The principal activities of the Group can be categorised into the following business segments:-

- (a) Manufacture of wood products
- (b) Investment holding
- (c) Others

2008

	Manufacture of wood products RM'000	Investment holding RM'000	Others RM'000	Total RM'000
Continuing Operations				
REVENUE				
Total revenue	15,887	1,567	122	17,576
Inter-segment revenue	0	(150)	0	(150)
External revenue	15,887	1,417	122	17,426
RESULTS				
Segment results	(335)	529	(6)	188
Finance costs				(33)
Share of results of associates				(122)
Tax income				175
Profit from continuing operations				208
Other Information				
ASSETS				
Segment assets	16,801	46,742	145	63,688
Investment in associates				1,180
Income tax assets				40
Total assets				64,908
LIABILITIES				
Segment liabilities	1,839	266	112	2,217
Interest-bearing liabilities				500
Income tax liabilities				68
Total liabilities				2,785
Capital expenditure	16	3	0	19
Amortisation and depreciation	709	55	0	764
Other non-cash expenses	15	0	0	15

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2008 (Cont'd)

32. SEGMENT REPORTING (CONT'D)

Business Segments (Cont'd)

2007

	Manufacture of wood products RM'000	Investment holding RM'000	Others RM'000	Total RM'000
Continuing Operations				
REVENUE				
Total revenue	18,101	1,425	423	19,949
Inter-segment revenue	0	(150)	0	(150)
External revenue	18,101	1,275	423	19,799
RESULTS				
Segment results	(344)	44	(224)	(524)
Finance costs				(2)
Share of results of associates				(668)
Tax expense				(201)
Loss from continuing operations				(1,395)
Discontinued Operation				
REVENUE				
External revenue	4,396	0	0	4,396
RESULTS				
Segment results	(6,718)	0	0	(6,718)
Other Information				
ASSETS				
Segment assets	21,371	40,809	2,023	64,203
Investment in associates				1,302
Income tax assets				28
Total assets				65,533
LIABILITIES				
Segment liabilities	2,250	220	125	2,595
Interest-bearing liabilities				737
Income tax liabilities				154
Total liabilities				3,486
Capital expenditure	557	3	0	560
Amortisation and depreciation	961	26	8	995
Other non-cash expenses	4,661	332	0	4,993

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2008 (Cont'd)

32. SEGMENT REPORTING (CONT'D)

Geographical Segments

Information on segment assets and capital expenditure based on the geographical location of assets has not been presented as the Group operates predominantly in Malaysia. Segment revenue based on the geographical location of customers is analysed as follows:-

	2008 RM'000	2007 RM'000
Malaysia	15,094	15,865
United States of America	2,080	3,868
Others	252	66
	17,426	19,799

33. CONTINGENT LIABILITIES - UNSECURED

THE COMPANY

The Company has issued corporate guarantees to financial institutions for credit facilities granted to certain subsidiaries up to a total limit of approximately RM3,600,000 (2007 : RM3,600,000) of which approximately RM751,000 (2007 : RM737,000) has been utilised as at the balance sheet date.

34. FINANCIAL INSTRUMENTS

Recognised Financial Instruments

The information about the extent and nature of significant recognised financial instruments is disclosed in the individual notes associated with each item.

Unrecognised Financial Instruments

The Group and the Company do not have any unrecognised financial instruments other than the contingent liabilities as disclosed in Note 33 to the financial statements.

Fair Values

The carrying amounts of financial assets and liabilities of the Group and the Company as at 31 March 2008 and 2007 approximate their fair values except for the non-current amounts owing by subsidiaries as follows:-

	THE COMPANY			
	2008		2007	
	Carrying Amount RM'000	Estimated Fair Value RM'000	Carrying Amount RM'000	Estimated Fair Value RM'000
Amounts owing by subsidiaries	26,554	25,265	29,978	28,523

The fair values of financial guarantees granted by the Company are not expected to be material as the probability of the subsidiaries defaulting on the credit lines is remote.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2008 (Cont'd)

35. FINANCIAL RISK MANAGEMENT

The activities of the Group expose it to certain financial risks, including currency risk, interest rate risk, credit risk and liquidity risk. The overall financial risk management objective of the Group is to maximise shareholders' value by minimising the potential adverse impacts of these risks on its financial position, performance and cash flows.

The Board of Directors explicitly assumes the responsibilities of financial risk management which is carried out mainly through risk reviews and internal control systems.

Currency Risk

The Group's exposure to currency risk arises mainly from transactions entered into by individual entities within the Group in currencies other than their functional currencies.

The Group monitors the movements of exchange rates and acts accordingly to minimise its currency risk. The Group's foreign currency sales and purchases also provide a natural hedge against fluctuations in foreign currencies.

Interest Rate Risk

The Group's exposure to interest rate risk arises mainly from borrowings.

The Group manages its exposure to interest rate risk by seeking to obtain the most favourable interest rates available without increasing its other financial risk exposures.

Credit Risk

The Group's exposure to credit risk arises mainly from receivables. The maximum credit risk exposure is best represented by the total carrying amount of these financial assets in the balance sheet.

The Group manages its exposure to credit risk by assessing counter parties' financial standings on an ongoing basis, setting and monitoring counter parties' limits and credit terms. The Group does not have any major concentration of credit risk relating to any individual customer or counter party.

Liquidity Risk

The Group practises prudent liquidity risk management to minimise the mismatch of financial assets and liabilities and aims to maintain sufficient liquidity and cash flows at all times.

ANALYSIS OF SHAREHOLDINGS

as at 18 June 2008

A. SHARE CAPITAL

Authorised Share Capital	:	RM100,000,000.00 (200,000,000 ordinary shares of RM0.50 each)
Issued and Paid-up Capital	:	RM 65,180,736.00 (130,361,472 ordinary shares of RM0.50 each)
Voting Rights	:	One vote for each ordinary share held

B. DISTRIBUTION OF SHAREHOLDINGS

Holdings	No. of Holders	Total Holdings	% of Holdings
Less than 100	200	8,351	0.01
100 - 1,000	756	592,898	0.45
1,001 - 10,000	2,875	9,326,737	7.15
10,001 - 100,000	418	10,463,787	8.03
100,001 - less than 5% of issued shares	53	80,433,470	61.70
5% and above of issued shares	2	29,536,229	22.66
	4,304	130,361,472	100.00

C. SUBSTANTIAL SHAREHOLDERS

Name of Shareholders	No of Shares		Total Holdings	% of Holdings
	Direct Interest	Deemed Interest		
1. Tan Sri Dato' Tan Hua Choon	22,641,985	-	22,641,985	17.37
2. Permodalan Nasional Berhad	6,894,244	-	6,894,244	5.29
3. Yayasan Pelaburan Bumiputra	-	6,894,244 *	6,894,244	5.29

* Deemed interest through its shareholding of 100% less one share of Permodalan Nasional Berhad by virtue of Section 6A of the Companies Act, 1965

D. DIRECTOR'S INTEREST IN SHARES

Name of Director	No. of Shares	Direct Interest	
			% of Holdings
1. Tan Sri Dato' Tan Hua Choon	22,641,985		17.37

ANALYSIS OF SHAREHOLDINGS

as at 18 June 2008 (Cont'd)

E. THIRTY LARGEST REGISTERED SHAREHOLDERS

Name of Shareholders	No. of Shares	% of Holdings
1. Tan Sri Dato' Tan Hua Choon	22,641,985	17.37
2. Permodalan Nasional Berhad	6,894,244	5.29
3. Mayban Securities Nominees (Tempatan) Sdn Bhd -pledged securities account for Lim Eng Huat (REM-650)	6,460,000	4.96
4. Gan Lock Yong @ Gan Choon Hur	6,419,500	4.92
5. Cheong Siew Yoong	6,340,000	4.86
6. Lim Siew Sooi	6,208,200	4.76
7. Wong Chee Choon	6,138,500	4.71
8. Low Cheng Peng	5,931,700	4.55
9. Ong Wee Lieh	5,166,000	3.96
10. Ong Poh Geok	5,110,800	3.92
11. Chew Boon Seng	4,285,671	3.29
12. Ong Poh Lin	4,103,300	3.15
13. F.I.T Nominees (Asing) Sdn Bhd Tan Lay Choo -025	3,919,200	3.01
14. Ong Har Hong	3,198,200	2.45
15. Ong Huey Peng	2,526,500	1.94
16. Sin Len Moi	1,865,800	1.43
17. Tan Lay Choo	1,062,000	0.81
18. Chew Boon Seng	1,057,500	0.81
19. Ong Huey Peng	1,040,000	0.80
20. M.I.T Nominees (Tempatan) Sdn Bhd Ong Huey Peng -025	978,348	0.75
21. Chong Wah Lee	796,800	0.61
22. Hussein Noordin Sdn. Berhad	695,250	0.53
23. Wong Hok Yim	552,000	0.42
24. Lim Siak Hwah	455,400	0.35
25. Chew Choon Soo	400,000	0.31
26. Syarikat Jeragan (Holdings) Sdn Bhd	354,450	0.27
27. Sin Kek Yong	343,000	0.26
28. Lim Sew Hua @ Lim Seow Hua	335,000	0.26
29. Inter-Pacific Equity Nominees (Asing) Sdn Bhd Kim Eng Securities Pte Ltd for Chan Chue Meng	264,000	0.20
30. TA Nominees (Tempatan) Sdn Bhd -pledged securities account for Yeoh Boon Guan @ Yeoh Kok Seng	250,000	0.19

LIST OF GROUP'S PROPERTIES

as at 31 March 2008

No.	Date Of Acquisition/ Revaluation	Location	Description	Existing Use	Tenure/ Approximate Age of Building	Area (Sq. metres)	Net Book Value as at 31.3.2008 (RM)
1	31.03.1985 (Acquisition)	Lot 1772 Section 3 Mak Mandin Industrial Estate Seberang Perai, Pulau Pinang	Land & Industrial Building	Factory	Leasehold (expiring on 20.5.2071)/ 39 years	5,052	681,000
2	31.03.1983 (Revaluation)	Lot 1780 Section 3 Mak Mandin Industrial Estate Seberang Perai, Pulau Pinang	Land & Industrial Building	Factory	Leasehold (expiring on 15.8.2073)/ 32 years	13,575	1,524,000
3	30.11.1992 (Acquisition)	68-5-1, Maica Court 68, Jalan Cantonment Pulau Pinang	Residential Apartment	Residential	Freehold/Strata 23 years	255	215,000
4	31.03.1983 (Revaluation)	824, Taman Seluang Kulim, Kedah	Land & Residential Building	Vacant	Freehold/ 27 years	418	109,000
5	31.03.1990 (Acquisition)	9, Jalan Zainal Abidin Pulau Pinang	Land & Commercial Building	Office	Freehold/ 20 years	362	1,340,000
6	31.03.1987 (Acquisition)	Plot 23 Kulim Industrial Estate Kulim, Kedah	Land & Industrial Building	Factory	Leasehold (expiring on 9.11.2080)/ 27 years	59,934	3,839,000
7	31.08.1995 (Acquisition)	Plot 44 Kulim Industrial Estate Kulim, Kedah	Land & Industrial Building	Factory	Leasehold (expiring on 6.4.2082)/ 8 years	14,164	2,168,000
8	15.12.1981 (Revaluation)	15, Jalan Zainal Abidin Pulau Pinang	Land & Commercial Building	Office	Freehold/ 30 years	203	464,000

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PROXY FORM

MALAYSIA AICA BERHAD (8235-K)

I/We _____ NRIC No./Company No. _____
(full name in block letters)

of _____
(full address)

being a member of MALAYSIA AICA BERHAD hereby appoint _____

_____ NRIC No _____
(full name in block letters)

of _____
(full address)

representing _____ percentage (%) of my/our shareholdings in the Company and/or failing him/her _____

_____ NRIC No _____
(full name in block letters)

of _____
(full address)

representing _____ percentage(%) of my/our shareholdings in the Company and/or failing him/her/them, the Chairman of the Meeting as my/our proxy/proxies to vote for me/us on my/our behalf, at the Thirty-Ninth Annual General Meeting ("39th AGM") of the shareholders of the Company to be held at Bukit Kiara Equestrian and Country Resort, Dewan Berjaya Room, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur, Malaysia on Thursday, 31 July 2008 at 10.30 a.m. or any adjournment thereof.

The proxy is to vote on the Resolutions set out in the notice of the 39th AGM as indicated with an 'X' at the relevant columns. If no voting instructions are given, the proxy/proxies may vote or abstain from voting at his/her/their discretion.

RESOLUTIONS	FOR	AGAINST
Ordinary Resolution No. 1		
Ordinary Resolution No. 2		
Ordinary Resolution No. 3(a)		
Ordinary Resolution No. 3(b)		
Ordinary Resolution No. 4		
Ordinary Resolution No. 5		

No. of shares held

Signature/Common Seal

Signed this _____ day of _____ 2008.

Notes:

1. A proxy may but need not be a member of the Company and the provision of Section 149(1)(b) of the Companies Act, 1965, shall not apply to the Company. Where a member appoints more than one (1) proxy (but not more than two), the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
2. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation's common seal or under the hand of an officer or attorney duly authorised.
3. The Proxy Form shall be deposited with the Company's Share Registrars, PFA Registration Services Sdn Bhd, Level 13, Uptown 1, No. 1, Jalan SS21/58, Damansara Uptown, 47400 Petaling Jaya, Selangor Darul Ehsan, not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.

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stamp

MALAYSIA AICA BERHAD

(8235-K)

c/o PFA Registration Services Sdn Bhd
Level 13, Uptown 1, No. 1, Jalan SS21/58,
Damansara Uptown, 47400 Petaling Jaya,
Selangor Darul Ehsan

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