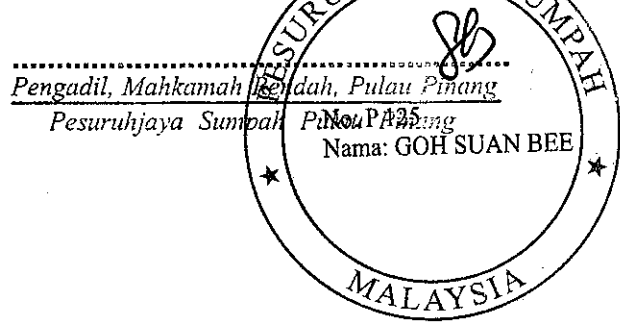


PERKARA
 "A"
 ialah Benda bukti bertanda.....
 yang disebutkan didalam surat ikrar.....
 Diikrar pada 16 JUN 2011



22 Lebu King
 10200 Pulau Pinang

MALAYSIA AICA BERHAD
 (Incorporated in Malaysia)
 Company No: 8235-K

FINANCIAL REPORT
for the financial year ended 31 March 2011

CONTENTS

	Page
Directors' Report.....	1-4
Statement by Directors.....	5
Statutory Declaration.....	5
Independent Auditors' Report.....	6-8
Consolidated Statement of Financial Position.....	9
Consolidated Statement of Comprehensive Income.....	10
Consolidated Statement of Changes in Equity.....	11
Consolidated Statement of Cash Flows.....	12
Statement of Financial Position.....	13
Statement of Comprehensive Income.....	14
Statement of Changes in Equity.....	15
Statement of Cash Flows.....	16
Notes to the Financial Statements.....	17-56
Supplementary Information - Realised and Unrealised Profits or Losses.....	57

MALAYSIA AICA BERHAD

(Incorporated in Malaysia)
Company No: 8235-K

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 2011.

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 6 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
Profit for the financial year attributable to:-		
- Owners of the Company	2,288	304
- Non-controlling interests	1	0
	<u>2,289</u>	<u>304</u>

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.

MALAYSIA AICA BERHAD

(Incorporated in Malaysia)
Company No: 8235-K

DIRECTORS' REPORT

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.

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 METHODS

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.

MALAYSIA AICA BERHAD

(Incorporated in Malaysia)
Company No: 8235-K

DIRECTORS' REPORT

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

Except for any effects arising from the changes in accounting policies following the adoption of the amended/revised/new Financial Reporting Standards as disclosed in Note 2.2 to the financial statements, 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 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 a director 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 31.3.2011
	Balance at 1.4.2010	Bought	Sold	
Tan Sri Dato' Tan Hua Choon				
- Direct interest	22,641,985	0	0	22,641,985
- Deemed interest	16,091,400	0	0	16,091,400

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.

MALAYSIA AICA BERHAD

(Incorporated in Malaysia)

Company No: 8235-K

DIRECTORS' REPORT

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 except for any benefits which may be deemed to have arisen by virtue of those related party transactions as disclosed in Note 22 to the financial statements.

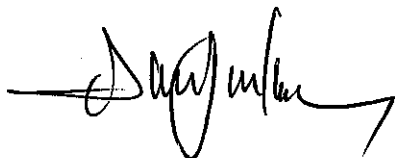
Neither during nor at the end of the financial year, was the Company a party to any arrangement whose object is to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

AUDITORS

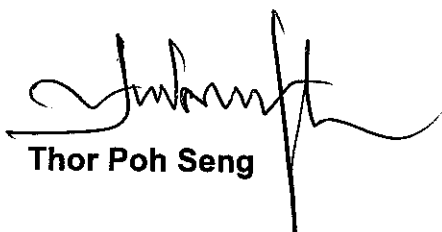
The auditors, Messrs. Crowe Horwath, have expressed their willingness to continue in office.

SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS

DATED 16 JUN 2011



Lim Jian Hoo



Thor Poh Seng

MALAYSIA AICA BERHAD

(Incorporated in Malaysia)
Company No: 8235-K

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 9 to 56 have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and the Company as at 31 March 2011 and of their financial performance and cash flows for the financial year then ended.

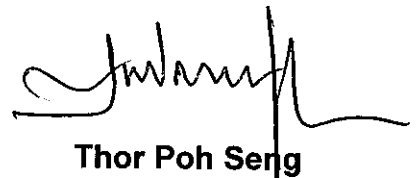
In the opinion of the directors, the supplementary information set out on page 57 is prepared, in all material respects, in accordance with Guidance on Special Matter No. 1 *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS

DATED 16 JUN 2011



Lim Jian Hoo



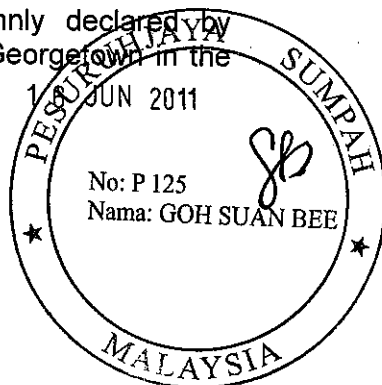
Thor Poh Seng

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 9 to 56 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 16 JUN 2011

Before me



22 Lebuhr King
10200 Pulau Pinang



Teoh Beng Chong

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MALAYSIA AICA BERHAD

(Incorporated in Malaysia)
Company No: 8235-K

Report on the Financial Statements

We have audited the financial statements of Malaysia Aica Berhad, which comprise the statements of financial position as at 31 March 2011 of the Group and the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 9 to 56.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MALAYSIA AICA BERHAD (cont'd)

(Incorporated in Malaysia)
Company No: 8235-K

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and the Company as at 31 March 2011 and of their financial performance and cash flows for the financial year then ended.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report the following:-

- (i) In our opinion, the accounting and other records and the registers required by the Act 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 Act.
- (ii) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (iii) The audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

The supplementary information set out on page 57 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1 *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, as issued by the Malaysian Institute of Accountants ("the MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
MALAYSIA AICA BERHAD (cont'd)**

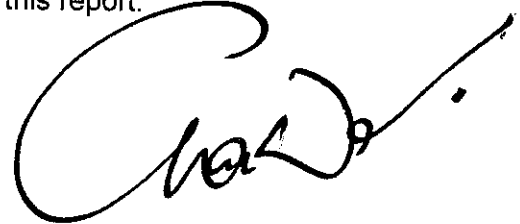
(Incorporated in Malaysia)
Company No: 8235-K

Other Matters

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



Crowe Horwath
Firm No : AF 1018
Chartered Accountants



Eddy Chan Wai Hun
Approval No : 2182/10/11 (J)
Chartered Accountant

Date: 16 JUN 2011

Penang

MALAYSIA AICA BERHAD(Incorporated in Malaysia)
Company No: 8235-K**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2011**

	Note	31.3.2011 RM'000	31.3.2010 RM'000 (Restated)	1.4.2009 RM'000 (Restated)
NON-CURRENT ASSETS				
Property, plant and equipment	4	3,907	4,484	10,492
Investment property	5	7,313	7,515	1,881
Investment in associate	7	588	594	912
Available-for-sale financial assets	8	0	0	0
Investment in club membership, at cost		25	25	25
Deferred tax assets	9	0	0	390
Receivables	10	31,342	39,386	52,676
		<u>43,175</u>	<u>52,004</u>	<u>66,376</u>
CURRENT ASSETS				
Inventories	11	3,293	2,983	2,737
Receivables	10	25,301	18,415	16,053
Prepayments		157	61	70
Current tax assets		79	118	107
Cash and cash equivalents	12	8,044	7,049	6,379
		<u>36,874</u>	<u>28,626</u>	<u>25,346</u>
CURRENT LIABILITIES				
Payables	13	1,375	1,617	1,458
Loans and borrowings	14	9,375	11,801	25,401
Advance payments from customers		0	415	193
Retirement benefits	15	52	4	8
Current tax liabilities		245	169	44
		<u>11,047</u>	<u>14,006</u>	<u>27,104</u>
NET CURRENT ASSETS/(LIABILITIES)		25,827	14,620	(1,758)
NON-CURRENT LIABILITIES				
Deferred tax liabilities	9	10	14	0
Retirement benefits	15	903	810	700
		<u>913</u>	<u>824</u>	<u>700</u>
NET ASSETS		<u>68,089</u>	<u>65,800</u>	<u>63,918</u>
EQUITY				
Share capital	16	65,180	65,180	65,180
Share premium		13,296	13,296	13,296
Revaluation surplus		815	815	815
Capital reserve		815	815	815
Accumulated losses		(12,043)	(14,331)	(16,214)
Equity attributable to owners of the Company		<u>68,063</u>	<u>65,775</u>	<u>63,892</u>
Non-controlling interests		26	25	26
TOTAL EQUITY		<u>68,089</u>	<u>65,800</u>	<u>63,918</u>

MALAYSIA AICA BERHAD

(Incorporated in Malaysia)

Company No: 8235-K

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

	Note	2011 RM'000	2010 RM'000
Revenue	17	20,458	19,312
Cost of sales		(12,990)	(11,983)
Gross profit		<u>7,468</u>	<u>7,329</u>
Other income		145	317
Administrative and general expenses		(3,642)	(3,880)
Selling and distribution expenses		(341)	(279)
Finance costs		(440)	(658)
Share of loss of associate		(6)	(43)
Profit before tax	18	<u>3,184</u>	<u>2,786</u>
Tax expense	20	(895)	(878)
Profit for the financial year		<u>2,289</u>	<u>1,908</u>
Other comprehensive income for the financial year		0	0
Total comprehensive income for the financial year		<u>2,289</u>	<u>1,908</u>
Profit/(Loss) for the financial year attributable to:-			
- Owners of the Company		2,288	1,909
- Non-controlling interests		1	(1)
		<u>2,289</u>	<u>1,908</u>
Total comprehensive income for the financial year attributable to:-			
- Owners of the Company		2,288	1,909
- Non-controlling interests		1	(1)
		<u>2,289</u>	<u>1,908</u>
Earnings per share:-	21		
- Basic (sen)		1.76	1.46
- Diluted (sen)		<u>1.76</u>	<u>1.46</u>

MALAYSIA AICA BERHAD

(Incorporated in Malaysia)
Company No: 8235-K

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011**

	Non-distributable						Equity attributable to owners of the Company RM'000	Non-controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Share premium RM'000	Revaluation surplus RM'000	Capital reserve RM'000	Accumulated losses RM'000				
Balance at 1 April 2009	65,180	13,296	815	815	(16,214)	63,892	26	63,918	
Acquisition of shares from non-controlling interests	0	0	0	0	(26)	(26)	0	(26)	
Total comprehensive income for the financial year	0	0	0	0	1,909	1,909	(1)	1,908	
Balance at 31 March 2010	65,180	13,296	815	815	(14,331)	65,775	25	65,800	
Total comprehensive income for the financial year	0	0	0	0	2,288	2,288	1	2,289	
Balance at 31 March 2011	65,180	13,296	815	815	(12,043)	68,063	26	68,089	

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

MALAYSIA AICA BERHAD

(Incorporated in Malaysia)

Company No: 8235-K

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

	Note	2011 RM'000	2010 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Granting of hire purchase financing		(20,172)	(4,398)
Cash receipts from customers		41,257	34,784
Cash payments to suppliers		(16,662)	(14,956)
Cash generated from operations		<u>4,423</u>	<u>15,430</u>
Interest paid		(423)	(798)
Retirement benefits paid		(19)	(52)
Tax paid		(826)	(360)
Tax refunded		42	0
Net cash from operating activities		<u>3,197</u>	<u>14,220</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of shares from non-controlling interests		0	(26)
Interest received		139	110
Proceeds from disposal of property, plant and equipment		165	271
Purchase of property, plant and equipment		(63)	(445)
Net cash from/(used in) investing activities		<u>241</u>	<u>(90)</u>
CASH FLOWS FROM FINANCING ACTIVITY			
Decrease in loans and borrowings (net)		(2,443)	(13,460)
Net cash used in financing activity		<u>(2,443)</u>	<u>(13,460)</u>
Net increase in cash and cash equivalents		995	670
Cash and cash equivalents brought forward		7,049	6,379
Cash and cash equivalents carried forward	12	<u>8,044</u>	<u>7,049</u>

MALAYSIA AICA BERHAD

(Incorporated in Malaysia)

Company No: 8235-K

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2011

	Note	31.3.2011 RM'000	31.3.2010 RM'000 (Restated)	1.4.2009 RM'000 (Restated)
NON-CURRENT ASSETS				
Property, plant and equipment	4	295	322	223
Investment property	5	1,967	2,005	2,043
Investments in subsidiaries	6	63,543	41,043	41,017
Investment in associate	7	594	594	672
Available-for-sale financial assets	8	0	0	0
		<u>66,399</u>	<u>43,964</u>	<u>43,955</u>
CURRENT ASSETS				
Receivables	10	3,397	25,504	25,049
Current tax assets		76	70	67
Cash and cash equivalents	12	1,569	1,515	1,539
		<u>5,042</u>	<u>27,089</u>	<u>26,655</u>
CURRENT LIABILITIES				
Payables	13	144	91	127
		<u>144</u>	<u>91</u>	<u>127</u>
NET CURRENT ASSETS		4,898	26,998	26,528
NON-CURRENT LIABILITIES				
Retirement benefits	15	204	173	145
NET ASSETS		<u>71,093</u>	<u>70,789</u>	<u>70,338</u>
EQUITY				
Share capital	16	65,180	65,180	65,180
Share premium		13,296	13,296	13,296
Capital reserve		1,800	1,800	1,800
Accumulated losses		(9,183)	(9,487)	(9,938)
TOTAL EQUITY		<u>71,093</u>	<u>70,789</u>	<u>70,338</u>

MALAYSIA AICA BERHAD

(Incorporated in Malaysia)

Company No: 8235-K

STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

	Note	2011 RM'000	2010 RM'000
Revenue	17	1,616	1,610
Other income		3,300	84
Administrative and general expenses		(4,608)	(1,243)
Profit before tax	18	<u>308</u>	<u>451</u>
Tax expense	20	(4)	0
Profit for the financial year		<u>304</u>	<u>451</u>
Other comprehensive income for the financial year		0	0
Total comprehensive income for the financial year		<u>304</u>	<u>451</u>

MALAYSIA AICA BERHAD

(Incorporated in Malaysia)

Company No: 8235-K

STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

	Share capital RM'000	Non-distributable		Accumulated losses RM'000	Total equity RM'000
		Share premium RM'000	Capital reserve RM'000		
Balance at 1 April 2009	65,180	13,296	1,800	(9,938)	70,338
Total comprehensive income for the financial year	0	0	0	451	451
Balance at 31 March 2010	<u>65,180</u>	<u>13,296</u>	<u>1,800</u>	<u>(9,487)</u>	<u>70,789</u>
Total comprehensive income for the financial year	0	0	0	304	304
Balance at 31 March 2011	<u>65,180</u>	<u>13,296</u>	<u>1,800</u>	<u>(9,183)</u>	<u>71,093</u>

MALAYSIA AICA BERHAD

(Incorporated in Malaysia)

Company No: 8235-K

STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

	Note	2011 RM'000	2010 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers		385	366
Cash payments to suppliers		(1,154)	(1,113)
Cash absorbed by operations		<u>(769)</u>	<u>(747)</u>
Tax paid		(10)	(3)
Net cash used in operating activities		<u>(779)</u>	<u>(750)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of shares from non-controlling interests		0	(26)
Advance to a subsidiary		0	0
Interest received		38	28
Proceeds from disposal of property, plant and equipment		0	40
Purchase of property, plant and equipment		(5)	(116)
Repayment from subsidiaries		800	800
Net cash from investing activities		<u>833</u>	<u>726</u>
Net increase/(decrease) in cash and cash equivalents		54	(24)
Cash and cash equivalents brought forward		1,515	1,539
Cash and cash equivalents carried forward	12	<u>1,569</u>	<u>1,515</u>

MALAYSIA AICA BERHAD

(Incorporated in Malaysia)
Company No: 8235-K

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

1. GENERAL INFORMATION

The Company is a public company limited by shares, incorporated and domiciled in Malaysia and listed on the Main Market 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 6.

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 9 to 12 together with the notes thereto cover the Company and its subsidiaries ("the Group") and the Group's interest in an associate. The separate financial statements of the Company set out on pages 13 to 16 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 16 JUN 2011

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 accordance with Financial Reporting Standards ("FRSs") and the Companies Act 1965 in Malaysia.

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 following amended/revised/new FRSs became effective for the financial year under review:-

FRS	Effective for financial periods beginning on or after
Amendments to FRS 1 <i>First-time Adoption of Financial Reporting Standards</i> and FRS 127 <i>Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate</i>	1 January 2010
Amendments to FRS 2 <i>Share-based Payment: Vesting Conditions and Cancellations</i>	1 January 2010
Amendments to FRS 132 <i>Financial Instruments: Presentation</i>	1 January 2010/ 1 March 2010

MALAYSIA AICA BERHAD

(Incorporated in Malaysia)
Company No: 8235-K

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

FRS	Effective for financial periods beginning on or after
Amendments to FRS 139 <i>Financial Instruments: Recognition and Measurement</i> , FRS 7 <i>Financial Instruments: Disclosures</i> and IC Interpretation 9 <i>Reassessment of Embedded Derivatives</i>	1 January 2010
Amendments to FRS 139 <i>Financial Instruments: Recognition and Measurement</i>	1 January 2010
Amendments to FRSs contained in the document entitled " <i>Improvements to FRSs (2009)</i> "	1 January 2010
FRS 4 <i>Insurance Contracts</i>	1 January 2010
FRS 7 <i>Financial Instruments: Disclosures</i>	1 January 2010
FRS 8 <i>Operating Segments</i>	1 July 2009
FRS 101 <i>Presentation of Financial Statements</i> (revised in 2009)	1 January 2010
FRS 123 <i>Borrowing Costs</i>	1 January 2010
FRS 139 <i>Financial Instruments: Recognition and Measurement</i>	1 January 2010
IC Interpretation 9 <i>Reassessment of Embedded Derivatives</i>	1 January 2010
IC Interpretation 10 <i>Interim Financial Reporting and Impairment</i>	1 January 2010
IC Interpretation 11 <i>FRS 2 - Group and Treasury Share Transactions</i>	1 January 2010
IC Interpretation 13 <i>Customer Loyalty Programmes</i>	1 January 2010
IC Interpretation 14 <i>FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction</i>	1 January 2010

The adoption of the above amended/revised/new FRSs did not result in any significant changes in the accounting policies of the Group and the Company except as disclosed in Note 2.2.

The Group and the Company have not applied the following amended/revised/new FRSs which have been issued as at the end of the reporting period but are not yet effective:-

FRS	Effective for financial periods beginning on or after
Amendment to FRS 1 <i>Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters</i>	1 January 2011
Amendments to FRS 1 <i>Additional Exemptions for First-time Adopters</i>	1 January 2011
Amendments to FRS 2 <i>Share-based Payment</i>	1 July 2010
Amendments to FRS 2 <i>Group Cash-settled Share-based Payment Transactions</i>	1 January 2011
Amendments to FRS 5 <i>Non-current Assets Held for Sale and Discontinued Operations</i>	1 July 2010
Amendments to FRS 7 <i>Improving Disclosures about Financial Instruments</i>	1 January 2011
Amendments to FRS 138 <i>Intangible Assets</i>	1 July 2010

MALAYSIA AICA BERHAD

(Incorporated in Malaysia)
Company No: 8235-K

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

FRS	Effective for financial periods beginning on or after
Amendments to IC Interpretation 9 <i>Reassessment of Embedded Derivatives</i>	1 July 2010
Amendments to IC Interpretation 14 <i>Prepayments of a Minimum Funding Requirement</i>	1 July 2011
Amendments to FRSs contained in the document entitled " <i>Improvements to FRSs (2010)</i> "	1 January 2011
FRS 1 <i>First-time Adoption of Financial Reporting Standards</i> (revised in 2010)	1 July 2010
FRS 3 <i>Business Combinations</i> (revised in 2010)	1 July 2010
FRS 124 <i>Related Party Disclosures</i> (revised in 2010)	1 January 2012
FRS 127 <i>Consolidated and Separate Financial Statements</i> (revised in 2010)	1 July 2010
IC Interpretation 4 <i>Determining whether an Arrangement contains a Lease</i>	1 January 2011
IC Interpretation 12 <i>Service Concession Arrangements</i>	1 July 2010
IC Interpretation 15 <i>Agreements for the Construction of Real Estate</i>	1 January 2012
IC Interpretation 16 <i>Hedges of a Net Investment in a Foreign Operation</i>	1 July 2010
IC Interpretation 17 <i>Distributions of Non-cash Assets to Owners</i>	1 July 2010
IC Interpretation 18 <i>Transfers of Assets from Customers</i>	1 January 2011
IC Interpretation 19 <i>Extinguishing Financial Liabilities with Equity Instruments</i>	1 July 2011

Management foresees that the initial application of the above amended/revised/new FRSs will not have any significant impacts on the financial statements except as follows:-

FRS 3 *Business Combinations* (revised in 2010)

FRS 3 (revised in 2010), which supersedes FRS 3 *Business Combinations* (issued in 2005), introduces significant changes to the accounting for business combinations, both at the acquisition date and post acquisition, and requires greater use of fair values. In addition, all acquisition-related costs, other than the costs to issue debt or equity securities, shall be recognised in profit or loss as incurred. In accordance with the transitional provisions of FRS 3 (revised in 2010), the Group and the Company will apply the standard prospectively to business combinations for which the acquisition date is on or after the effective date.

MALAYSIA AICA BERHAD

(Incorporated in Malaysia)

Company No: 8235-K

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

FRS 127 Consolidated and Separate Financial Statements (revised in 2010)

FRS 127 (revised in 2010), which supersedes FRS 127 *Consolidated and Separate Financial Statements* (revised in 2005), requires the total comprehensive income of a subsidiary to be attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. The revised standard also requires the changes in a parent's ownership interest in a subsidiary that do not result in a loss of control to be accounted for as equity transactions. In accordance with the transitional provisions of FRS 127 (revised in 2010), the aforementioned amendments will be applied prospectively.

2.2 Changes in Accounting Policies

Significant changes in the accounting policies of the Group and the Company following the adoption of the amended/revised/new FRSs are summarised below:-

Amendments to FRS 117 Leases

Included in *Improvements to FRSs (2009)* are amendments to FRS 117 which clarify that the classification of leasehold land as a finance lease or an operating lease shall be based on the extent to which risks and rewards incidental to ownership lie.

Prior to the adoption of the amendments to FRS 117, leasehold land was classified as an operating lease and recognised as prepaid lease payments.

In accordance with the transitional provisions of the amendments, the Group and the Company have reassessed the classification on the effective date on the basis of information existing at the inception of the lease. Accordingly, the effects of adopting the amendments have been accounted for retrospectively in accordance with FRS 108 *Accounting Policies, Changes in Accounting Estimates and Errors* by restating the following comparative figures:-

MALAYSIA AICA BERHAD

(Incorporated in Malaysia)

Company No: 8235-K

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Changes in Accounting Policies (cont'd)

Amendments to FRS 117 Leases (cont'd)

	As previously reported RM'000	Effects of adopting amendments to FRS 117 RM'000	As restated RM'000
<u>Consolidated Statement of Financial Position (Extract)</u>			
<u>As at 1 April 2009</u>			
Property, plant and equipment	7,627	2,865	10,492
Prepaid lease payments	2,865	(2,865)	0
<u>As at 31 March 2010</u>			
Property, plant and equipment	3,497	987	4,484
Investment property	5,685	1,830	7,515
Prepaid lease payments	2,817	(2,817)	0
<u>Statement of Financial Position (Extract)</u>			
<u>As at 1 April 2009</u>			
Investment property	1,421	622	2,043
Prepaid lease payments	622	(622)	0
<u>As at 31 March 2010</u>			
Investment property	1,393	612	2,005
Prepaid lease payments	612	(612)	0

FRS 123 *Borrowing Costs*

FRS 123, which supersedes FRS 123₂₀₀₄ *Borrowing Costs*, removes the option of immediately recognising in profit or loss borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset.

Prior to the adoption of FRS 123, all borrowing costs were recognised in profit or loss in the period in which they were incurred.

In accordance with the transitional provisions of FRS 123, the Group has applied the standard prospectively to borrowing costs relating to qualifying assets for which the commencement date for capitalisation is on or after the effective date.

MALAYSIA AICA BERHAD

(Incorporated in Malaysia)
Company No: 8235-K

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Changes in Accounting Policies (cont'd)

FRS 139 Financial Instruments: Recognition and Measurement

FRS 139 sets out the accounting principles for recognising and measuring financial instruments. Some of the key principles established are disclosed in Notes 2.11 and 2.12.

Prior to the adoption of FRS 139 (and the amendments thereto), financial assets and financial liabilities were mainly recorded at cost less, in the case of a financial asset, any allowance for diminution in value or impairment.

In accordance with the transitional provisions of FRS 139, the Group and the Company have applied the standard prospectively and concluded that no adjustment to any opening balance as at 1 April 2010 was necessary.

2.3 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 reporting period 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. The impairment policy is disclosed in Note 2.9. 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 profit or loss.

2.4 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 impairment policy is disclosed in Note 2.9.

MALAYSIA AICA BERHAD

(Incorporated in Malaysia)

Company No: 8235-K

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.4 Property, Plant and Equipment (cont'd)

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 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 revaluations subject to continuity in their depreciation and impairment policies.

A revaluation increase is recognised in other comprehensive income and accumulated in equity as revaluation surplus or recognised in profit or loss to the extent that the increase reverses a revaluation decrease of the same asset previously recognised in profit or loss. A revaluation decrease is recognised in profit or loss or recognised in other comprehensive income to the extent of any credit balance existing in the revaluation surplus in respect of the same asset.

Leasehold land is depreciated on a straight-line basis over the lease terms of 87 to 91 years. 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	10-25%
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 are recognised in profit or loss.

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

2.5 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 impairment policy is disclosed in Note 2.9.

MALAYSIA AICA BERHAD

(Incorporated in Malaysia)
Company No: 8235-K

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.5 Investment Property (cont'd)

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 revaluations subject to continuity in their depreciation and impairment policies.

Freehold land is not depreciated. Leasehold land is depreciated on a straight-line basis over the lease terms of 88 to 94 years. Buildings are depreciated on a straight-line basis over their estimated useful lives of 50 years.

2.6 Investments in Subsidiaries

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 are stated at cost less impairment losses, if any. The impairment policy is disclosed in Note 2.9.

2.7 Investment in Associate

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.

In the consolidated financial statements, investment in associate is accounted for using the equity method. Under the equity method, the investment in associate 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 comprehensive income of the associate. After application of the equity method, the carrying amount of the investment is subject to further impairment assessment. The impairment policy is disclosed in Note 2.9.

In the separate financial statements of the Company, investment in associate is stated at cost less impairment loss, if any. The impairment policy is disclosed in Note 2.9.

2.8 Investment in Club Membership

Investment in club membership is stated at cost less impairment loss, if any. The impairment policy is disclosed in Note 2.9.

MALAYSIA AICA BERHAD

(Incorporated in Malaysia)

Company No: 8235-K

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.9 Impairment of Non-financial Assets

At the end of each reporting period, the Group and the Company assess whether there is any indication that a non-financial asset, other than inventories, 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. Irrespective of whether there is any indication of impairment, goodwill is tested for impairment annually. Any excess of the carrying amount of the asset over its recoverable amount represents an impairment loss and is recognised in profit or loss or, in respect of a revalued asset, treated as a revaluation decrease.

An impairment loss on an asset, other than goodwill, 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 profit or loss or, in respect of a revalued asset, treated as a revaluation increase. An impairment loss on goodwill is not reversed.

2.10 Inventories

Inventories of materials and goods are valued at the lower of cost (determined principally on the weighted average 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 Financial Assets

Financial assets of the Group and the Company consist of investments in equity instruments, receivables and cash and cash equivalents.

Recognition and Measurement

A financial asset is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the financial instrument. A financial asset is initially recognised at fair value plus, in the case of a financial asset not at fair value through profit or loss, directly attributable transaction costs. The subsequent measurement of a financial asset depends on its classification as follows:-

(i) Financial assets at fair value through profit or loss

The Group and the Company do not have any financial assets classified under this category.

MALAYSIA AICA BERHAD

(Incorporated in Malaysia)

Company No: 8235-K

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.11 Financial Assets (cont'd)

Recognition and Measurement (cont'd)

(ii) Held-to-maturity investments

The Group and the Company do not have any financial assets classified under this category.

(iii) Loans and receivables

All receivables and cash and cash equivalents are classified under this category. After initial recognition, such financial assets are measured at amortised cost using the effective interest method. Any gain or loss is recognised in profit or loss when the financial asset is derecognised or impaired as well as through the amortisation process.

(iv) Available-for-sale financial assets

All investments in equity instruments (other than interests in subsidiaries and associate) are classified under this category. After initial recognition, such financial assets are measured at fair value, except for those unquoted investments whose fair values cannot be reliably measured, which are measured at cost. Any gain or loss arising from a change in the fair value, except for impairment loss, is recognised in other comprehensive income and accumulated in equity as fair value reserve until the financial asset is derecognised, at which time the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.

A financial asset is derecognised when, and only when, the contractual rights to the cash flows from the financial asset have expired or all the risks and rewards of ownership have been substantially transferred.

Impairment

At the end of each reporting period, the Group and the Company assess whether there is any objective evidence that a financial asset or group of financial assets is impaired. If any such evidence exists, the impairment loss is measured as follows:-

MALAYSIA AICA BERHAD

(Incorporated in Malaysia)
Company No: 8235-K

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.11 Financial Assets (cont'd)

Impairment (cont'd)

(i) Financial assets carried at amortised cost.

An impairment loss on loans and receivables is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted using the asset's original effective interest rate. The asset's carrying amount is reduced through the use of an allowance account and the impairment loss is recognised in profit or loss. The gross carrying amount and the associated allowance are written off when there is no realistic prospect of future recovery.

If, in a subsequent period, the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the increased carrying amount does not exceed what the amortised cost would have been had no impairment loss been recognised at the reversal date. The reversal is recognised in profit or loss.

(ii) Financial assets carried at cost

An impairment loss on an unquoted investment whose fair value cannot be reliably measured is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted using the current market rate of return for a similar asset. The impairment loss is recognised in profit or loss and is not reversed in any subsequent period.

(iii) Available-for-sale financial assets

When there is a significant or prolonged decline in the fair value of an investment in equity instrument classified as available-for-sale, the cumulative loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment even though the financial asset has not been derecognised. Such cumulative loss reclassified from equity to profit or loss represents an impairment loss and is measured as the difference between the acquisition cost and current fair value, less any impairment loss previously recognised in profit or loss. The impairment loss is not reversed through profit or loss in any subsequent period.

MALAYSIA AICA BERHAD

(Incorporated in Malaysia)
Company No: 8235-K

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.11 Financial Assets (cont'd)

Determination of Fair Values

The fair values of investments in equity instruments are determined by reference to quoted market prices in an active market, if any.

The carrying amounts of receivables and cash and cash equivalents which are short-term in nature or repayable on demand are assumed to be reasonable approximations of fair values.

The fair values of long-term receivables are estimated by discounting the expected future cash flows using the current market interest rates for similar assets.

2.12 Financial Liabilities

Financial liabilities of the Group and the Company consist of payables, loans and borrowings and financial guarantee contracts.

Recognition and Measurement

A financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the financial instrument. A financial liability is initially recognised at fair value less directly attributable transaction costs. After initial recognition, all financial liabilities, except for financial guarantee contracts, are measured at amortised cost using the effective interest method. Any gain or loss is recognised in profit or loss when the financial liability is derecognised as well as through the amortisation process. After initial recognition at fair value, if any, financial guarantee contracts are measured at the higher of the amount initially recognised less appropriate amortisation and the estimate of any probable obligation.

A financial liability is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires.

Determination of Fair Values

The carrying amounts of payables and loans and borrowings which are short-term in nature or repayable on demand are assumed to be reasonable approximations of fair values.

The fair values of financial guarantee contracts are estimated based on probability-adjusted discounted cash flow analysis after considering the probability of default by the debtors.

MALAYSIA AICA BERHAD

(Incorporated in Malaysia)

Company No: 8235-K

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.13 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.

A foreign currency transaction is recorded in the functional currency using the exchange rate at transaction date. At the end of the reporting period, 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 profit or loss. Any exchange component of the gain or loss on a non-monetary item is recognised on the same basis as that of the gain or loss, i.e. in profit or loss or in other comprehensive income.

2.14 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 end of the reporting period are recognised as a liability whereas dividends proposed or declared after the reporting period are disclosed in the notes to the financial statements.

2.15 Income Recognition

Income from the sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer.

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

Dividend income is recognised when the shareholder's right to receive payment is established.

Interest income is recognised using the effective interest method.

Rental income is recognised on an accrual basis.

MALAYSIA AICA BERHAD

(Incorporated in Malaysia)

Company No: 8235-K

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.16 Employee Benefits

Short-term Employee Benefits

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

Defined Contribution Plan

As required by law, employers in Malaysia make contributions to the statutory pension scheme, Employees Provident Fund ("EPF"). Contributions to defined contribution plans are recognised in profit or loss in the period in which the associated services are rendered by the employee.

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 end of the reporting period 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 recognised in profit or loss 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 end of the reporting period.

Actuarial gains and losses are recognised in profit or loss 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.

Termination Benefits

Termination benefits are recognised in profit or loss when the Group is demonstrably committed to either terminate the employee's employment before the normal retirement date or provide termination benefits as a result of an offer made to encourage voluntary redundancy.

MALAYSIA AICA BERHAD

(Incorporated in Malaysia)
Company No: 8235-K

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.17 Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, which is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale, are capitalised as part of the cost of the asset, until such time as the asset is substantially ready for its intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.18 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 substantively enacted by the end of the reporting period.

Deferred tax is provided for under the liability method in respect of all temporary differences between the carrying amount of an asset or liability 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 substantively enacted by the end of the reporting period.

2.19 Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, term deposits (including those pledged as security), bank overdrafts and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

MALAYSIA AICA BERHAD

(Incorporated in Malaysia)
Company No: 8235-K

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

3. JUDGEMENTS AND ESTIMATION UNCERTAINTY

Judgements Made in Applying Accounting Policies

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

(i) Classification of leasehold land

The classification of leasehold land as a finance lease or an operating lease requires the use of judgement in determining the extent to which risks and rewards incidental to ownership lie. Despite the fact that there will be no transfer of ownership by the end of the lease term and that the lease term does not constitute the major part of the indefinite economic life of the land, management considered that the present value of the minimum lease payments approximated to the fair value of the land at the inception of the lease. Accordingly, management judged that the Group and the Company have acquired substantially all the risks and rewards incidental to ownership of the land through a finance lease.

Sources of Estimation Uncertainty

The key assumptions about the future, and other major sources of estimation uncertainty at the end of the reporting period, that have a significant risk of resulting in 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. Management estimates the useful lives to be within 4 to 50 years. Changes in the expected level of usage and technological development will impact on the economic useful lives and residual values of the assets and therefore, future depreciation charges may be revised. The carrying amounts of property, plant and equipment and investment property are disclosed in Notes 4 and 5 respectively.

(ii) Impairment of non-financial assets

When the recoverable amount of a non-financial 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. The carrying amounts of significant non-financial assets subject to impairment assessment are disclosed in Notes 4 and 5.

MALAYSIA AICA BERHAD

(Incorporated in Malaysia)
Company No: 8235-K

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

3. JUDGEMENTS AND ESTIMATION UNCERTAINTY (cont'd)

Sources of Estimation Uncertainty (cont'd)

(iii) Impairment of loans and receivables

The Group and the Company make allowance for impairment based on an assessment of the recoverability of loans and receivables. Allowance is applied to loans and receivables when there is objective evidence that the balances may not be recoverable. 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 impairment. Where expectations are different from previous estimates, the difference will impact on the carrying amounts of loans and receivables as disclosed in Note 10.

(iv) Allowance for inventories

Reviews are made periodically by 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 may result in revisions to the valuation of inventories. The carrying amounts of inventories are disclosed in Note 11.

(v) 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 assets/liabilities based on their understanding of the prevailing tax laws and estimates of whether such assets/liabilities will be realised/settled 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 on the tax recognition in the period in which the outcome is determined. The carrying amounts of tax assets/liabilities as at 31 March 2011 are as follows:-

	The Group RM'000	The Company RM'000
Current tax assets	79	76
Current tax liabilities	245	0
Deferred tax liabilities	10	0

MALAYSIA AICA BERHAD

(Incorporated in Malaysia)

Company No: 8235-K

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

4. PROPERTY, PLANT AND EQUIPMENT

The Group

	Short-term leasehold land RM'000	Long-term leasehold 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
<u>Cost/Valuation</u>								
Balance at 1 April 2009								
- As previously reported	0	0	9,354	22,299	3,509	828	65	36,055
- Effects of adopting amendments to FRS 117	652	3,159	0	0	0	0	0	3,811
- As restated	652	3,159	9,354	22,299	3,509	828	65	39,866
Additions	0	0	0	0	4	441	0	445
Disposals/Write-offs	0	0	0	(4,794)	(765)	(26)	0	(5,585)
Transfer to investment property	(652)	(1,750)	(6,918)	0	0	0	0	(9,320)
Balance at 31 March 2010	0	1,409	2,436	17,505	2,748	1,243	65	25,406
Representing:-								
- Cost	0	1,409	1,364	17,445	2,748	1,243	65	24,274
- Valuation	0	0	1,072	60	0	0	0	1,132
	0	1,409	2,436	17,505	2,748	1,243	65	25,406
Balance at 1 April 2010								
- As previously reported	0	0	2,436	17,505	2,748	1,243	65	23,997
- Effects of adopting amendments to FRS 117	0	1,409	0	0	0	0	0	1,409
- As restated	0	1,409	2,436	17,505	2,748	1,243	65	25,406
Additions	0	0	0	8	28	27	0	63
Disposals	0	0	0	(475)	0	(78)	0	(553)
Balance at 31 March 2011	0	1,409	2,436	17,038	2,776	1,192	65	24,916
Representing:-								
- Cost	0	1,409	1,364	16,978	2,776	1,192	65	23,784
- Valuation	0	0	1,072	60	0	0	0	1,132
	0	1,409	2,436	17,038	2,776	1,192	65	24,916
<u>Depreciation and Impairment Losses</u>								
Balance at 1 April 2009								
Accumulated depreciation								
- As previously reported	0	0	4,027	18,773	3,202	665	65	26,732
- Effects of adopting amendments to FRS 117	294	652	0	0	0	0	0	946
- As restated	294	652	4,027	18,773	3,202	665	65	27,678
Accumulated impairment losses								
	0	0	0	1,540	156	0	0	1,696
	294	652	4,027	20,313	3,358	665	65	29,374
Depreciation	5	25	106	379	56	115	0	686
Disposals/Write-offs	0	0	0	(4,793)	(765)	(26)	0	(5,584)
Transfer to investment property	(299)	(255)	(3,000)	0	0	0	0	(3,554)
Balance at 31 March 2010	0	422	1,133	14,383	2,499	754	65	19,256
Accumulated depreciation								
	0	0	0	1,516	150	0	0	1,666
Accumulated impairment losses								
	0	422	1,133	15,899	2,649	754	65	20,922

MALAYSIA AICA BERHAD

(Incorporated in Malaysia)

Company No: 8235-K

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

4. PROPERTY, PLANT AND EQUIPMENT (cont'd)

The Group

	Short-term leasehold land RM'000	Long-term leasehold 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
<u>Depreciation and Impairment Losses (cont'd)</u>								
Balance at 1 April 2010								
Accumulated depreciation								
- As previously reported	0	0	1,133	14,383	2,499	754	65	18,834
- Effects of adopting amendments to FRS 117	0	422	0	0	0	0	0	422
- As restated	0	422	1,133	14,383	2,499	754	65	19,256
Accumulated impairment losses								
	0	0	0	1,516	150	0	0	1,666
	0	422	1,133	15,899	2,649	754	65	20,922
Depreciation	0	16	48	379	24	121	0	588
Disposals	0	0	0	(475)	0	(26)	0	(501)
Balance at 31 March 2011								
Accumulated depreciation								
	0	438	1,181	14,402	2,523	849	65	19,458
Accumulated impairment losses								
	0	0	0	1,401	150	0	0	1,551
	0	438	1,181	15,803	2,673	849	65	21,009
<u>Carrying Amount</u>								
Balance at 1 April 2009 (Restated)								
	358	2,507	5,327	1,986	151	163	0	10,492
Balance at 31 March 2010 (Restated)								
	0	987	1,303	1,606	99	489	0	4,484
Balance at 31 March 2011								
	0	971	1,255	1,235	103	343	0	3,907

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. Had the buildings and plant and machinery been carried at historical cost less accumulated depreciation, the carrying amounts that would have been recognised in the financial statements are RM301,000 and NIL (2010 : RM318,000 and NIL) respectively.

MALAYSIA AICA BERHAD

(Incorporated in Malaysia)
Company No: 8235-K

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

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
<u>Cost</u>				
Balance at 1 April 2009	317	507	166	990
Additions	0	0	116	116
Disposals	0	0	(163)	(163)
Balance at 31 March 2010	317	507	119	943
Additions	0	5	0	5
Balance at 31 March 2011	317	512	119	948
<u>Accumulated Depreciation</u>				
Balance at 1 April 2009	106	495	166	767
Depreciation	8	2	7	17
Disposals	0	0	(163)	(163)
Balance at 31 March 2010	114	497	10	621
Depreciation	6	2	24	32
Balance at 31 March 2011	120	499	34	653
<u>Carrying Amount</u>				
Balance at 1 April 2009	211	12	0	223
Balance at 31 March 2010	203	10	109	322
Balance at 31 March 2011	197	13	85	295

MALAYSIA AICA BERHAD

(Incorporated in Malaysia)

Company No: 8235-K

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

5. INVESTMENT PROPERTY

The Group

	Freehold land RM'000	Short-term leasehold land RM'000	Long-term leasehold land RM'000	Buildings RM'000	Total RM'000
<u>Cost/Valuation</u>					
Balance at 1 April 2009	944	0	0	1,652	2,596
Transfer from property, plant and equipment	0	652	1,750	6,918	9,320
Balance at 31 March 2010	944	652	1,750	8,570	11,916
Representing:-					
- Cost	594	652	1,750	8,227	11,223
- Valuation	350	0	0	343	693
	944	652	1,750	8,570	11,916
Balance at 1 April 2010					
- As previously reported	944	0	0	8,570	9,514
- Effects of adopting amendments to FRS 117	0	652	1,750	0	2,402
- As restated	944	652	1,750	8,570	11,916
Movement during the year	0	0	0	0	0
Balance at 31 March 2011	944	652	1,750	8,570	11,916
Representing:-					
- Cost	594	652	1,750	8,227	11,223
- Valuation	350	0	0	343	693
	944	652	1,750	8,570	11,916
<u>Accumulated Depreciation</u>					
Balance at 1 April 2009	0	0	0	715	715
Transfer from property, plant and equipment	0	299	255	3,000	3,554
Depreciation	0	6	12	114	132
Balance at 31 March 2010	0	305	267	3,829	4,401
Balance at 1 April 2010					
- As previously reported	0	0	0	3,829	3,829
- Effects of adopting amendments to FRS 117	0	305	267	0	572
- As restated	0	305	267	3,829	4,401
Depreciation	0	11	20	171	202
Balance at 31 March 2011	0	316	287	4,000	4,603
<u>Carrying Amount</u>					
Balance at 1 April 2009	944	0	0	937	1,881
Balance at 31 March 2010 (Restated)	944	347	1,483	4,741	7,515
Balance at 31 March 2011	944	336	1,463	4,570	7,313
<u>Fair Value</u>					
Estimated fair value at 31 March 2011	2,250	5,000	1,472	7,918	16,640

MALAYSIA AICA BERHAD

(Incorporated in Malaysia)

Company No: 8235-K

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

5. INVESTMENT PROPERTY (cont'd)

The Company

	Freehold land RM'000	Long-term leasehold land RM'000	Buildings RM'000	Total RM'000
<u>Cost/Valuation</u>				
Balance at 1 April 2009				
- As previously reported	594	0	1,402	1,996
- Effects of adopting amendments to FRS 117	0	873	0	873
- As restated	594	873	1,402	2,869
Movement during the year	0	0	0	0
Balance at 31 March 2010	594	873	1,402	2,869
Representing:-				
- Cost	594	873	1,309	2,776
- Valuation	0	0	93	93
	594	873	1,402	2,869
Balance at 1 April 2010				
- As previously reported	594	0	1,402	1,996
- Effects of adopting amendments to FRS 117	0	873	0	873
- As restated	594	873	1,402	2,869
Movement during the year	0	0	0	0
Balance at 31 March 2011	594	873	1,402	2,869
Representing:-				
- Cost	594	873	1,309	2,776
- Valuation	0	0	93	93
	594	873	1,402	2,869
<u>Accumulated Depreciation</u>				
Balance at 1 April 2009				
- As previously reported	0	0	575	575
- Effects of adopting amendments to FRS 117	0	251	0	251
- As restated	0	251	575	826
Depreciation	0	10	28	38
Balance at 31 March 2010	0	261	603	864
Balance at 1 April 2010				
- As previously reported	0	0	603	603
- Effects of adopting amendments to FRS 117	0	261	0	261
- As restated	0	261	603	864
Depreciation	0	10	28	38
Balance at 31 March 2011	0	271	631	902

MALAYSIA AICA BERHAD

(Incorporated in Malaysia)
Company No: 8235-K

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

5. INVESTMENT PROPERTY (cont'd)

The Company

	Freehold land RM'000	Long-term leasehold land RM'000	Buildings RM'000	Total RM'000
<u>Carrying Amount</u>				
Balance at 1 April 2009 (Restated)	594	622	827	2,043
Balance at 31 March 2010 (Restated)	594	612	799	2,005
Balance at 31 March 2011	594	602	771	1,967
<u>Fair Value</u>				
Estimated fair value at 31 March 2011	1,485	3,650	2,955	8,090

The fair values of investment property were determined based on the market values given by independent professional valuers using the comparison method.

6. INVESTMENTS IN SUBSIDIARIES

The Company

	2011 RM'000	2010 RM'000
Unquoted ordinary shares, at cost	19,124	19,124
Unquoted preference shares, at cost	65,800	40,000
	84,924	59,124
Impairment losses	(21,381)	(18,081)
	63,543	41,043

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

Name of Subsidiary	Effective Ownership Interest		Principal Activity
	2011	2010	
Maica Wood Industries Sdn. Bhd.	99.8%	99.8%	Investment holding
Consolidated Leasing (M) Sdn. Bhd.	100%	100%	Investment holding and granting of lease and hire purchase financing
Pinaremas Sdn. Bhd.	100%	100%	Investment holding
Ambang Arena Sdn. Bhd.	100%	100%	Inactive

MALAYSIA AICA BERHAD

(Incorporated in Malaysia)
Company No: 8235-K

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

6. INVESTMENTS IN SUBSIDIARIES (cont'd)

Name of Subsidiary	Effective Ownership Interest		Principal Activity
	2011	2010	
<u>Subsidiary of Maica Wood Industries Sdn. Bhd.</u>			
Maicador Sdn. Bhd.	99.8%	99.8%	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

7. INVESTMENT IN ASSOCIATE

	The Group		The Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Unquoted shares, at cost	672	672	672	672
Share of post-acquisition profit or loss	(522)	(516)	0	0
Share of post-acquisition other comprehensive income	713	713	0	0
Impairment loss	(275)	(275)	(78)	(78)
	<u>588</u>	<u>594</u>	<u>594</u>	<u>594</u>
Represented by:-				
- Share of net assets	1,164	1,170		
- Discount on acquisition	(301)	(301)		
- Impairment loss	(275)	(275)		
	<u>588</u>	<u>594</u>		

The details of the associate, which was incorporated in Malaysia, are as follows:-

Name of Associate	Effective Ownership Interest		Principal Activity
	2011	2010	
Mahakota Sdn. Bhd.	25.4%	25.4%	Woodworks manufacturer and dealer in timber and wood

MALAYSIA AICA BERHAD

(Incorporated in Malaysia)

Company No: 8235-K

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

7. INVESTMENT IN ASSOCIATE (cont'd)

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

	2011 RM'000	2010 RM'000
Total assets	9,243	9,687
Total liabilities	4,660	5,082
Revenue	7,931	7,509
Loss for the financial year	(23)	(171)

8. AVAILABLE-FOR-SALE FINANCIAL ASSETS

The Group and the Company

	2011 RM'000	2010 RM'000
Unquoted shares, at cost	0	90
Impairment loss	0	(90)
	<u>0</u>	<u>0</u>

9. DEFERRED TAX ASSETS/(LIABILITIES)

The Group

	2011 RM'000	2010 RM'000
Balance at 1 April	(14)	390
Deferred tax income/(expense) relating to origination and reversal of temporary differences	4	(3)
Realisation of deferred tax assets	0	(401)
Balance at 31 March	<u>(10)</u>	<u>(14)</u>
In respect of taxable temporary differences of:-		
- Property, plant and equipment	(7)	(11)
- Investment property	(3)	(3)
	<u>(10)</u>	<u>(14)</u>

MALAYSIA AICA BERHAD

(Incorporated in Malaysia)
Company No: 8235-K

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

9. DEFERRED TAX ASSETS/(LIABILITIES) (cont'd)

Save as disclosed above, as at 31 March 2011, deferred tax liabilities and deferred tax assets have also effectively been recognised and offset against each other by the Group and the Company to the extent of approximately RM675,000 and RM11,000 (2010 : RM721,000 and RM11,000) 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	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Deductible temporary differences of:-				
- Property, plant and equipment	64	66	0	0
- Financial instruments	47	74	42	42
- Retirement benefits	955	814	204	173
Unused capital allowances	17,957	19,314	501	527
Unused tax losses	35,033	35,033	80	80
Taxable temporary differences of:-				
- Property, plant and equipment	(1,847)	(2,095)	(44)	(43)
- Investment property	(854)	(790)	0	0
	<u>51,355</u>	<u>52,416</u>	<u>783</u>	<u>779</u>

10. RECEIVABLES

	The Group		The Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Hire purchase receivables (fixed rate)	56,056	56,317	0	0
Trade receivables	590	1,487	0	0
Allowance for impairment	(83)	(91)	0	0
	<u>507</u>	<u>1,396</u>	<u>0</u>	<u>0</u>
Subsidiaries	0	0	3,354	28,756
Allowance for impairment	0	0	0	(3,300)
	<u>0</u>	<u>0</u>	<u>3,354</u>	<u>25,456</u>
Other receivables	80	88	43	48
	<u>56,643</u>	<u>57,801</u>	<u>3,397</u>	<u>25,504</u>
Disclosed as:-				
- Non-current assets	31,342	39,386	0	0
- Current assets	25,301	18,415	3,397	25,504
	<u>56,643</u>	<u>57,801</u>	<u>3,397</u>	<u>25,504</u>

MALAYSIA AICA BERHAD

(Incorporated in Malaysia)

Company No: 8235-K

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

10. RECEIVABLES (cont'd)

Hire Purchase Receivables

These represent hire purchase financing granted to a company in which a director of the Company and his close family members have substantial financial interests. The financing is secured through ownership claims over the vehicles financed. The effective interest rates as at 31 March 2011 ranged from 6% to 7% (2010 : 6% to 7%) per annum. The repayment analysis is as follows:-

	The Group	
	2011 RM'000	2010 RM'000
Minimum hire purchase payments:-		
- Within 1 year	27,771	20,386
- Later than 1 year and not later than 5 years	32,855	42,482
	60,626	62,868
Unearned finance income	(4,570)	(6,551)
Present value of hire purchase receivables:-		
- Within 1 year	24,714	16,931
- Later than 1 year and not later than 5 years	31,342	39,386
	<u>56,056</u>	<u>56,317</u>

The carrying amounts of hire purchase receivables are reasonable approximations of fair values as their effective interest rates also approximate to the current market interest rates for similar hire purchase arrangements.

Trade Receivables

Trade receivables are unsecured, non-interest bearing and generally on 30 to 90 day terms.

The movements in allowance for impairment are as follows:-

	The Group	
	2011 RM'000	2010 RM'000
Balance at 1 April	91	103
Impairment loss recognised	9	0
Impairment loss reversed	(17)	0
Impairment loss written off	0	(12)
Balance at 31 March	<u>83</u>	<u>91</u>

All the above impairment losses were individually determined after considering the adverse financial conditions of the debtors who have defaulted/delayed in payments.

MALAYSIA AICA BERHAD

(Incorporated in Malaysia)
Company No: 8235-K

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

10. RECEIVABLES (cont'd)

Trade Receivables (cont'd)

The ageing analysis of trade receivables not impaired is as follows:-

	The Group	
	2011 RM'000	2010 RM'000
Not past due	373	656
Past due 1 to 30 days	71	266
Past due 31 to 120 days	50	197
Past due more than 120 days	13	277
	<u>507</u>	<u>1,396</u>

Trade receivables that are neither past due nor impaired mainly relate to creditworthy customers who have regular transactions and good payment records with the Group.

Management determines credit risk concentration in terms of counterparties. As at 31 March 2011, there were 2 (2010 : 3) major customers that accounted for 10% or more of the Group's trade receivables and the total outstanding balances due from these major customers amounted to RM211,000 (2010 : RM572,000).

Subsidiaries

The amounts owing by subsidiaries are unsecured, non-interest bearing and repayable on demand.

The movements in allowance for impairment are as follows:-

	The Company	
	2011 RM'000	2010 RM'000
Balance at 1 April	3,300	4,240
Impairment loss reversed	(3,300)	(44)
Impairment loss written off	0	(896)
Balance at 31 March	<u>0</u>	<u>3,300</u>

Other Receivables

Other receivables are unsecured and non-interest bearing. The amounts mainly consist of refundable deposits which have no fixed repayment terms.

MALAYSIA AICA BERHAD

(Incorporated in Malaysia)

Company No: 8235-K

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

11. INVENTORIES

The Group

	2011 RM'000	2010 RM'000
Raw materials	2,188	1,910
Work-in-progress	396	417
Finished goods	380	299
Consumables	215	357
Goods-in-transit	114	0
	<u>3,293</u>	<u>2,983</u>

12. CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Highly liquid investments	2,071	2,016	0	0
Term deposits with licensed banks (fixed rate)	2,463	2,403	1,266	1,235
Cash and bank balances	3,510	2,630	303	280
	<u>8,044</u>	<u>7,049</u>	<u>1,569</u>	<u>1,515</u>

A term deposit of the Group amounting to RM180,000 (2010 : RM180,000) has been pledged as security for credit facilities granted to the Group. Accordingly, this term deposit is not freely available for use.

The effective interest rates of term deposits as at 31 March 2011 ranged from 1.9% to 2.8% (2010 : 2.0% to 2.3%) per annum.

13. PAYABLES

	The Group		The Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Trade payables	768	972	0	0
Other payables	607	645	144	91
	<u>1,375</u>	<u>1,617</u>	<u>144</u>	<u>91</u>

MALAYSIA AICA BERHAD

(Incorporated in Malaysia)
Company No: 8235-K

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

13. PAYABLES (cont'd)

The currency profile of payables is as follows:-

	The Group		The Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Ringgit Malaysia	1,353	1,588	144	91
US Dollar	22	29	0	0
	<u>1,375</u>	<u>1,617</u>	<u>144</u>	<u>91</u>

Payables are generally short-term in nature or repayable on demand and their carrying amounts will approximate to the remaining contractual undiscounted cash flows.

Trade Payables

Trade payables are unsecured, non-interest bearing and generally on 14 to 90 day terms.

Other Payables

Other payables are unsecured and non-interest bearing. The amounts mainly consist of sundry payables and accruals for operating expenses which are generally due within 30 to 90 days.

14. LOANS AND BORROWINGS

The Group

	2011 RM'000	2010 RM'000
Revolving credits (fixed rate)	<u>9,375</u>	<u>11,801</u>

Loans and borrowings are secured against a term deposit of the Group (Note 12) and term deposits of a director of the Company and his close family members. The effective interest rate as at 31 March 2011 was 3.7% (2010 : 3.0% to 3.4%) per annum.

Loans and borrowings are generally short-term in nature or repayable on demand and their carrying amounts will approximate to the remaining contractual undiscounted cash flows.

MALAYSIA AICA BERHAD

(Incorporated in Malaysia)

Company No: 8235-K

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

15. RETIREMENT BENEFITS

	The Group		The Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Balance at 1 April	814	708	173	145
Provision	160	158	31	28
Payments	(19)	(52)	0	0
Balance at 31 March	<u>955</u>	<u>814</u>	<u>204</u>	<u>173</u>
Represented by:-				
- Present value of unfunded obligations	1,184	1,070	159	194
- Unrecognised actuarial (losses)/gains	(229)	(256)	45	(21)
	<u>955</u>	<u>814</u>	<u>204</u>	<u>173</u>
Disclosed as:-				
- Current liabilities	52	4	0	0
- Non-current liabilities	903	810	204	173
	<u>955</u>	<u>814</u>	<u>204</u>	<u>173</u>

The retirement benefits provided during the year may be analysed as follows:-

	The Group		The Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Amortisation of actuarial losses	13	16	0	0
Current service cost	81	82	21	19
Interest cost	66	60	10	9
	<u>160</u>	<u>158</u>	<u>31</u>	<u>28</u>
Included in:-				
- Cost of sales	88	91	0	0
- Administrative and general expenses	72	67	31	28
	<u>160</u>	<u>158</u>	<u>31</u>	<u>28</u>

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

	The Group		The Company	
	2011 %	2010 %	2011 %	2010 %
Discount rate	5.25	5.25	5.25	5.25
Expected rate of salary increases	<u>5.00</u>	<u>5.00</u>	<u>5.00</u>	<u>5.00</u>

MALAYSIA AICA BERHAD

(Incorporated in Malaysia)
Company No: 8235-K

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

16. SHARE CAPITAL

	2011 RM'000	2010 RM'000
Authorised:- 200,000,000 ordinary shares of RM0.50 each	<u>100,000</u>	<u>100,000</u>
Issued and fully paid-up:- 130,361,472 ordinary shares of RM0.50 each	<u>65,180</u>	<u>65,180</u>

17. REVENUE

	The Group		The Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Sale of goods	15,692	14,255	0	0
Management fee	0	0	240	240
Dividend income	0	0	1,200	1,200
Interest income	4,255	4,736	38	28
Rental income	511	321	138	142
	<u>20,458</u>	<u>19,312</u>	<u>1,616</u>	<u>1,610</u>

18. PROFIT BEFORE TAX

	The Group		The Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Profit before tax is arrived at after charging:-				
Allowance for slow moving inventories	46	0	0	0
Auditors' remuneration:-				
- Current year	43	43	17	17
- Prior year	0	8	0	3
Bad debts written off:-				
- Subsidiary	0	0	0	2
- Unrelated parties	0	12	0	3
Depreciation of:-				
- Investment property	202	132	38	38
- Property, plant and equipment	588	686	32	17
Directors' remuneration:-				
- Fees	42	42	42	42
- Other emoluments	400	372	400	372
Fee expense for financial instruments not at fair value through profit or loss	32	31	1	1

MALAYSIA AICA BERHAD

(Incorporated in Malaysia)

Company No: 8235-K

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

18. PROFIT BEFORE TAX (cont'd)

	The Group		The Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Impairment loss on:-				
- Investment in associate*	0	275	0	78
- Investments in subsidiaries*	0	0	3,300	0
- Loans and receivables	9	0	0	0
Interest expense for financial liabilities not at fair value through profit or loss	440	658	0	0
Property, plant and equipment written off	0	1	0	0
Rental of premises	0	4	0	0
and crediting:-				
Allowance for slow moving inventories written back	0	5	0	0
Bad debts recovered	9	8	0	0
Dividend income from investments in subsidiaries	0	0	1,200	1,200
Gain on disposal of property, plant and equipment	113	271	0	40
Interest income for financial assets not at fair value through profit or loss:-				
- Hire purchase financing	4,116	4,626	0	0
- Term deposits	139	110	38	28
Rental income from:-				
- Investment property	511	321	138	112
- Other premises	0	0	0	30
Reversal of impairment loss on loans and receivables:-				
- Subsidiaries	0	0	3,300	44
- Unrelated parties	17	0	0	0

* Included in administrative and general expenses

19. EMPLOYEE BENEFITS EXPENSE

	The Group		The Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Short-term employee benefits	4,468	4,239	731	704
Defined contribution plan	411	399	81	78
Defined benefit plan	160	158	31	28
Termination benefits	0	10	0	0
	<u>5,039</u>	<u>4,806</u>	<u>843</u>	<u>810</u>

MALAYSIA AICA BERHAD

(Incorporated in Malaysia)
Company No: 8235-K

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

20. TAX EXPENSE

	The Group		The Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Tax based on results for the year:-				
Malaysian income tax	872	467	0	0
Deferred tax	(4)	404	0	0
	<u>868</u>	<u>871</u>	<u>0</u>	<u>0</u>
Tax underprovided in prior year	27	7	4	0
	<u>895</u>	<u>878</u>	<u>4</u>	<u>0</u>

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

	The Group		The Company	
	2011 %	2010 %	2011 %	2010 %
Applicable tax rate	25.00	25.00	25.00	25.00
Share of loss of associate	0.05	0.39	0.00	0.00
Non-deductible expenses	10.99	14.20	340.00	45.65
Non-taxable income	(0.44)	(0.47)	(365.34)	(71.10)
(Decrease)/Increase in unrecognised deferred tax assets	(8.34)	(7.86)	0.34	0.45
Average effective tax rate	<u>27.26</u>	<u>31.26</u>	<u>0.00</u>	<u>0.00</u>

21. EARNINGS PER SHARE

The Group

The basic earnings per share is calculated by dividing the Group's profit for the financial year attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year as follows:-

	2011	2010
Profit for the financial year attributable to owners of the Company (RM'000)	<u>2,288</u>	<u>1,909</u>
Weighted average number of shares in issue ('000)	<u>130,361</u>	<u>130,361</u>
Basic earnings per share (sen)	<u>1.76</u>	<u>1.46</u>

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

MALAYSIA AICA BERHAD

(Incorporated in Malaysia)

Company No: 8235-K

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

22. RELATED PARTY DISCLOSURES

Significant transactions with related parties during the financial year are as follows:-

	The Group		The Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Key management personnel compensation:-				
- Short-term employee benefits	653	629	399	374
- Defined contribution plan	70	66	43	40
	723	695	442	414
Disposal of property, plant and equipment to subsidiary	0	0	0	40
Dividend declared from subsidiary	0	0	1,200	1,200
Management fee charged to subsidiaries	0	0	240	240
Rental of premises charged to subsidiary	0	0	30	30
Subscription for preference shares in subsidiaries	0	0	25,800	0
Granting of hire purchase financing to related party*:-				
- Principal financed	20,172	4,398	0	0
- Principal repaid	20,433	15,059	0	0
- Interest charged and repaid	4,116	4,626	0	0
Purchase of property, plant and equipment from related party**	27	325	0	0

* Being a company in which a director of the Company and his close family members have substantial financial interests

** Being a company of which a director of the Company and a director of a subsidiary are directors

23. SEGMENT REPORTING

The Group

Operating Segments

For management purposes, the Group is organised into business units based on their products and services and has the following reportable operating segments:-

- (i) Manufacture of wood products
- (ii) Granting of hire purchase and other financing

The accounting policies and measurement bases of the segment items reported are the same as those disclosed in Note 2. Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with external parties.

MALAYSIA AICA BERHAD

(Incorporated in Malaysia)

Company No: 8235-K

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

23. SEGMENT REPORTING (cont'd)

Operating Segments (cont'd)

	Manufacture of wood products RM'000	Granting of financing RM'000	Unallocated non-operating segments RM'000	Consolidation adjustments and eliminations RM'000	Total RM'000
<u>31.3.2011</u>					
Segment assets	15,685	58,333	73,050	(67,019)	80,049
Included in the measure of segment assets are:-					
- Investment in associate	588	0	0	0	588
- Additions to non-current assets	31	27	5	0	63
Segment liabilities	3,163	13,078	349	(4,630)	11,960
Segment profit	840	2,282	359	(1,192)	2,289
Included in the measure of segment profit are:-					
- External revenue	16,065	4,191	202	0	20,458
- Intersegment revenue	0	0	1,470	(1,470)	0
- Reversal of impairment loss on loans and receivables	17	0	0	0	17
- Allowance for slow moving inventories	46	0	0	0	46
- Depreciation	648	81	69	(8)	790
- Impairment loss on loans and receivables	9	0	0	0	9
- Interest expense	0	440	0	0	440
- Share of loss of associate	6	0	0	0	6
- Tax expense	0	807	88	0	895

MALAYSIA AICA BERHAD

(Incorporated in Malaysia)
Company No: 8235-K

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

23. SEGMENT REPORTING (cont'd)

Operating Segments (cont'd)

	Manufacture of wood products RM'000	Granting of financing RM'000	Unallocated non-operating segments RM'000	Consolidation adjustments and eliminations RM'000	Total RM'000
<u>31.3.2010</u>					
Segment assets	16,014	58,599	72,601	(66,584)	80,630
Included in the measure of segment assets are:-					
- Investment in associate	594	0	0	0	594
- Additions to non-current assets	44	325	116	(40)	445
Segment liabilities	30,131	14,425	266	(29,992)	14,830
Segment profit/(loss)	(36)	2,522	499	(1,077)	1,908
Included in the measure of segment profit/(loss) are:-					
- External revenue	14,431	4,690	191	0	19,312
- Intersegment revenue	0	0	1,470	(1,470)	0
- Allowance for slow moving inventories written back	5	0	0	0	5
- Bad debts written off	402	9	5	(404)	12
- Depreciation	703	61	55	(1)	818
- Impairment loss on investment in associate	79	0	0	196	275
- Interest expense	0	658	0	0	658
- Property, plant and equipment written off	1	0	0	0	1
- Share of loss of associate	43	0	0	0	43
- Tax expense	0	869	9	0	878
<u>1.4.2009</u>					
Segment assets	16,570	69,529	72,032	(66,409)	91,722
Segment liabilities	30,376	26,677	1,173	(30,422)	27,804

MALAYSIA AICA BERHAD

(Incorporated in Malaysia)
Company No: 8235-K

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

23. SEGMENT REPORTING (cont'd)

Geographical Segments

Information about geographical location of segment assets has not been reported separately as the Group operates principally within Malaysia. Segment revenue based on geographical location of customers is analysed as follows:-

	2011 RM'000	2010 RM'000
Malaysia	18,417	17,419
United States of America	2,041	1,893
	<u>20,458</u>	<u>19,312</u>

Major Customers

The major customers that contributed 10% or more of the Group's total revenue are as follows:-

	External Revenue		Operating Segment
	2011 RM'000	2010 RM'000	
Customer I*	10,821	8,340	Manufacture of wood products
Customer II*	<u>4,116</u>	<u>4,626</u>	Granting of financing

* The identity of the major customer has not been disclosed as permitted by FRS 8 Operating Segments.

24. CONTINGENT LIABILITIES - UNSECURED

The Company

The Company has entered into financial guarantee contracts to provide financial guarantees to financial institutions for credit facilities granted to certain subsidiaries up to a total limit of approximately RM32,600,000 (2010 : RM32,600,000). The total utilisation of these credit facilities as at 31 March 2011 amounted to approximately RM9,680,000 (2010 : RM12,130,000).

The aforementioned financial guarantee contracts should have been recognised in the statement of financial position in accordance with the recognition and measurement policies as stated in Note 2.12. After considering that the probability of the subsidiaries defaulting on the credit lines is remote, the financial guarantee contracts have not been recognised as the fair values on initial recognition are not expected to be material.

MALAYSIA AICA BERHAD

(Incorporated in Malaysia)

Company No: 8235-K

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

25. FINANCIAL RISK MANAGEMENT

The activities of the Group expose it to certain financial risks, including credit risk, liquidity risk, currency risk and interest rate risk. The overall financial risk management objective of the Group is to ensure that adequate financial resources are available for business development whilst minimising the potential adverse impacts of financial risks on its financial position, performance and cash flows.

The aforementioned financial risk management objective and its related policies and processes explained below have remained unchanged from the previous financial year.

Credit Risk

The Group's exposure to credit risk arises mainly from receivables and deposits placed with financial institutions. The maximum credit risk exposure of these financial assets is best represented by their respective carrying amounts in the statement of financial position. The Company is also exposed to credit risk in respect of its financial guarantees provided for credit facilities granted to certain subsidiaries. The maximum credit risk exposure of these financial guarantees is the total utilisation of the credit facilities granted as disclosed in Note 24.

As the Group only deals with reputable financial institutions, the credit risk associated with deposits placed with them is minimal. The Group manages its credit risk exposure of receivables by assessing counterparties' financial standings on an ongoing basis, setting and monitoring counterparties' limits and credit terms. The Group also obtained collateral in mitigating its credit risk exposure of hire purchase receivables through ownership claims over the vehicles financed.

Liquidity Risk

The Group's exposure to liquidity risk relates to its ability to meet obligations associated with financial liabilities as and when they fall due. The remaining contractual maturities of financial liabilities are disclosed in their respective notes.

The Group practises prudent liquidity risk management to minimise the mismatch of financial assets and liabilities whilst maintaining sufficient cash and the availability of funding through standby credit facilities.

Currency Risk

The Group's exposure to currency risk arises mainly from transactions entered into in currencies other than its functional currency.

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

MALAYSIA AICA BERHAD

(Incorporated in Malaysia)
Company No: 8235-K

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

25. FINANCIAL RISK MANAGEMENT (cont'd)

Interest Rate Risk

The Group's exposure to interest rate risk arises mainly from interest-bearing financial instruments, namely hire purchase receivables, term deposits and loans and borrowings.

The Group observes the movements in interest rates and always strives to obtain the most favourable rates available for new financing or during repricing.

As the Group does not account for its fixed rate financial instruments at fair value through profit or loss or as available-for-sale, any change in interest rates at the end of the reporting period would not affect its profit or loss or other comprehensive income.

26. CAPITAL MANAGEMENT

The overall capital management objective of the Group is to safeguard its ability to continue as a going concern so as to provide fair returns to owners and benefits to other stakeholders. In order to meet this objective, the Group always strives to maintain an optimal capital structure to reduce the cost of capital and sustain its business development.

The Group considers its total equity (including non-controlling interests) and total loans and borrowings to be the key components of its capital structure and may, from time to time, issue new shares, redeem debts or sell assets, where necessary, to maintain an optimal capital structure. The Group monitors capital using a debt-to-equity ratio, which is calculated as total loans and borrowings divided by total equity. The Group's strategy is to maintain the ratio at below 1 : 1 as follows:-

	The Group		The Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Total loans and borrowings	9,375	11,801	0	0
Total equity	68,089	65,800	71,093	70,789
Total capital	<u>77,464</u>	<u>77,601</u>	<u>71,093</u>	<u>70,789</u>
Debt-to-equity ratio	<u>0.14 : 1</u>	<u>0.18 : 1</u>	<u>0 : 1</u>	<u>0 : 1</u>

The aforementioned capital management objective, policies and processes have remained unchanged from the previous financial year.

MALAYSIA AICA BERHAD

(Incorporated in Malaysia)

Company No: 8235-K

SUPPLEMENTARY INFORMATION - REALISED AND UNREALISED PROFITS OR LOSSES

	The Group 2011 RM'000	The Company 2011 RM'000
Total accumulated losses of the Company and its subsidiaries:-		
- Realised	(44,229)	(9,183)
- Unrealised	(10)	0
	<u>(44,239)</u>	<u>(9,183)</u>
Total share of accumulated losses of associate:-		
- Realised	(522)	0
- Unrealised	0	0
	<u>(44,761)</u>	<u>(9,183)</u>
Consolidation adjustments and eliminations	32,718	0
Total accumulated losses as per statement of financial position	<u>(12,043)</u>	<u>(9,183)</u>

The above supplementary information is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1 *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad. Comparative figures are not required in the first financial year of complying with the directive.