Malaysia Aica Berhad

(Company no: 8235 K)
(Incorporated in Malaysia)

Reports and statutory financial statements for the financial year ended 31 March 2007

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Contents

Malaysia Aica Berhad
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Directors' report
for the financial year ended 31 March 2007

The Directors submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 March 2007.

Principal activities

The principal activities of the Company during the financial year are the provision of management services and investment holding. The principal activities of its subsidiary companies are set out in note 22 to the financial statements.

There has been no significant change in the nature of these activities during the financial year except that the Group ceased the manufacturing of knocked-down furniture parts and mouldings from rubber wood as a result of the discontinuation of operation of one of its subsidiaries, Maica Wood Industries Sdn. Bhd.

Financial results

	Group RM'000	Company RM'000
Loss after taxation	8,113	3,449

Dividend

No dividend was paid, declared or proposed since the end of the Company's previous financial year.

The Directors do not recommend the payment of any dividend for the financial year ended 31 March 2007.

Reserves and provisions

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

Directors

The Directors who have held office during the period since the date of the last report are:

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

Directors' report
for the financial year ended 31 March 2007 (continued)

Directors' interests

According to the Register of Directors' Shareholdings, the interests of Directors in office at the end of the financial year in shares in the Company and its related corporations are as follows:

	Number of ordinary shares of RM0.50 each			
	1 April 2006	Addition	Disposal	**31 March 2007**
Malaysia Aica Berhad				
Tan Sri Dato' Tan Hua Choon				
Direct	22,641,985	0	0	**22,641,985**

None of the Directors in office at the end of the financial year held any other interests in shares in or debentures of the Company and its related corporations during the financial year.

Directors' benefits

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than the fees and other emoluments shown in note 10 to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

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

Statutory information on the financial statements

Before the income statements and balance sheets of the Group and of the Company were made out, the Directors took reasonable steps:

(a) 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 had satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and

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

Directors' report
for the financial year ended 31 March 2007 (continued)

Statutory information on the financial statements (continued)

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

(a) which would render the amounts written off for bad debts or the amounts of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or

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

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

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

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

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

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

Other statutory information

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

In the opinion of the Directors,

(a) the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature except for the allowance for impairment of property, plant and equipment of RM3,354,000 made at the Group level and the allowance for amounts due from subsidiary companies of RM3,425,000 made at the Company level as disclosed in note 8 to the financial statements; and

(b) 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 to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

Malaysia Aica Berhad
(Company no: 8235 K)
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Directors' report
for the financial year ended 31 March 2007 (continued)

Signed on behalf of the Board of Directors in accordance with their resolution dated 12 July 2007.

Lim Jian Hoo
Director

Thor Poh Seng
Director

Report of the auditors to the members of Malaysia Aica Berhad

(Company no: 8235 K)
(Incorporated in Malaysia)

We have audited the financial statements set out on pages 7 to 57. These financial statements are the responsibility of the Company's Directors. It is our responsibility to form an independent opinion, based on our audit, on these financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

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

In our opinion:

(a) the financial statements have been prepared in accordance with the provisions of the Companies Act, 1965 and the Financial Reporting Standards so as to give a true and fair view of:

  (i) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and

  (ii) the state of affairs of the Group and of the Company as at 31 March 2007 and of the results and cash flows of the Group and of the Company for the financial year ended on that date;

and

(b) the accounting and other records and the registers required by the Act to be kept by the Company and by the subsidiary companies of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

The names of the subsidiary companies of which we have not acted as auditors are indicated in note 22 to the financial statements. We have considered the financial statements of these subsidiary companies and the auditors' reports thereon.

Report of the auditors to the members of Malaysia Aica Berhad (continued)
(Company no: 8235 K)
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We are satisfied that the financial statements of the subsidiary companies 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 consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

The auditors' reports on the financial statements of the subsidiary companies were not subject to any qualification and did not include any comment made under subsection (3) of section 174 of the Act.

PricewaterhouseCoopers
[AF:1146]
Chartered Accountants

Lim Teong Kean
[No. 2499/12/07(J)]
Partner of the firm

Penang

12 July 2007

Malaysia Aica Berhad
(Company no: 8235 K)
(Incorporated in Malaysia)

Income statements
for the financial year ended 31 March 2007

	Note	Group		Company	
		2007	2006	**2007**	2006
		RM'000	RM'000	**RM'000**	RM'000
Continuing Operations					
Revenue	6	**19,799**	17,442	**1,425**	1,442
Cost of sales		**(16,781)**	(13,589)	**0**	0
Gross profit		**3,018**	3,853	**1,425**	1,442
Other operating income		**201**	913	**0**	810
Selling and distribution costs		**(633)**	(519)	**0**	0
Administration expenses		**(2,777)**	(3,669)	**(1,249)**	(2,126)
Other operating expenses		**(333)**	(94)	**(3,425)**	(11,932)
Finance cost	7	**(2)**	(93)	**0**	0
Share of results of associates		**(668)**	26	**0**	0
(Loss)/profit before taxation	8	**(1,194)**	417	**(3,249)**	(11,806)
Taxation	12	**(201)**	(82)	**(200)**	(79)
(Loss)/profit for the financial year from continuing operations		**(1,395)**	335	**(3,449)**	(11,885)
Discontinued operation					
Loss for the financial year from discontinued operation	13	**(6,718)**	(3,766)	**0**	0
Net loss for the financial year		**(8,113)**	(3,431)	**(3,449)**	(11,885)
Attributable to:					
Equity holders of the Company		**(8,108)**	(3,435)	**(3,449)**	(11,885)
Minority interests		**(5)**	4	**0**	0
Net loss for the financial year		**(8,113)**	(3,431)	**(3,449)**	(11,885)
Loss per share					
- basic	14	**(6.2 sen)**	(2.6 sen)		
- diluted	14	**N/A**	N/A		

The accounting policies and the notes on pages 12 to 57 form an integral part of these financial statements.

Malaysia Aica Berhad
(Company no: 8235 K)
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Balance sheets
as at 31 March 2007

		Group		Company	
	Note	**2007 RM'000**	2006 RM'000	**2007 RM'000**	2006 RM'000
Capital and reserves					
Share capital	15	**65,180**	65,180	**65,180**	65,180
Reserves	16	**(3,234)**	4,853	**5,418**	8,867
		61,946	70,033	**70,598**	74,047
Minority interests		**101**	102	**0**	0
Total equity		**62,047**	70,135	**70,598**	74,047
Non-current liabilities					
Retirement benefits	17	**889**	867	**92**	65
Deferred taxation	18	**0**	25	**0**	0
		889	892	**92**	65
		62,936	71,027	**70,690**	74,112
Represented by:					
Non-current assets					
Property, plant and equipment	19	**9,218**	12,995	**236**	250
Investment properties	20	**2,083**	2,117	**1,478**	1,505
Prepaid leases	21	**2,961**	3,007	**642**	651
Subsidiary companies	22	**0**	0	**991**	991
Associated companies	23	**1,302**	1,970	**672**	672
Investments	24	**25**	357	**0**	0
Amounts due from subsidiary companies	31	**0**	0	**29,978**	29,480
		15,589	20,446	**33,997**	33,549
Current assets					
Inventories	25	**7,109**	5,481	**0**	0
Trade receivables	26	**2,304**	1,819	**0**	0
Investment in finance leases	27	**0**	0	**0**	0
Hire-purchase receivables	28	**0**	0	**0**	0
Factoring receivables	29	**3**	3	**0**	0
Other receivables, deposits and prepayments	30	**370**	364	**46**	49
Tax recoverable		**28**	126	**0**	112
Deposits, cash and bank balances	32	**40,130**	45,150	**36,883**	41,913
		49,944	52,943	**36,929**	42,074
Current liabilities					
Trade and other payables	33	**1,671**	2,271	**125**	117
Amount due to a subsidiary company	31	**0**	0	**0**	1,394
Retirement benefits	17	**35**	48	**0**	0
Short term borrowing	34	**500**	0	**0**	0
Bank overdrafts	35	**237**	0	**0**	0
Provision for taxation		**154**	43	**111**	0
		2,597	2,362	**236**	1,511
Net current assets		**47,347**	50,581	**36,693**	40,563
		62,936	71,027	**70,690**	74,112

The accounting policies and the notes on pages 12 to 57 form an integral part of these financial statements.

Malaysia Aica Berhad
(Company no: 8235 K)
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Consolidated statement of changes in equity for the financial year ended 31 March 2007

	Attributable to equity holders of the Company								
Group	**Number of shares Units**	**Nominal value RM'000**	**Share premium RM'000**	**Property revaluation surplus RM'000**	**Capital reserve RM'000**	**Accumulated losses RM'000**	**Total RM'000**	**Minority interest RM'000**	**Total equity RM'000**
At 1 April 2005	130,361,472	65,180	13,296	812	815	(6,635)	73,468	98	73,566
Net loss for the financial year	0	0	0	0	0	(3,435)	(3,435)	4	(3,431)
At 31 March 2006	130,361,472	65,180	13,296	812	815	(10,070)	70,033	102	70,135
At 1 April 2006	**130,361,472**	**65,180**	**13,296**	**812**	**815**	**(10,070)**	**70,033**	**102**	**70,135**
Net loss for the financial year	**0**	**0**	**0**	**0**	**0**	**(8,108)**	**(8,108)**	**(5)**	**(8,113)**
Reversal of deferred tax on revaluation surplus	**0**	**0**	**0**	**21**	**0**	**0**	**21**	**4**	**25**
At 31 March 2007	**130,361,472**	**65,180**	**13,296**	**833**	**815**	**(18,178)**	**61,946**	**101**	**62,047**

The accounting policies and the notes on pages 12 to 57 form an integral part of these financial statements.

Malaysia Aica Berhad

(Company no: 8235 K)
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Statement of changes in equity for the financial year ended 31 March 2007

	Issued and fully paid ordinary shares of RM0.50 each		Non-distributable			
Company	**Number of shares Units**	**Nominal value RM'000**	**Share premium RM'000**	**Capital reserve RM'000**	**Retained profits/ (Accumulated losses) RM'000**	**Total RM'000**
At 1 April 2005	130,361,472	65,180	13,296	1,800	5,656	85,932
Net loss for the financial year	0	0	0	0	(11,885)	(11,885)
At 31 March 2006	130,361,472	65,180	13,296	1,800	(6,229)	74,047
At 1 April 2006	**130,361,472**	**65,180**	**13,296**	**1,800**	**(6,229)**	**74,047**
Net loss for the financial year	**0**	**0**	**0**	**0**	**(3,449)**	**(3,449)**
At 31 March 2007	**130,361,472**	**65,180**	**13,296**	**1,800**	**(9,678)**	**70,598**

The accounting policies and the notes on pages 12 to 57 form an integral part of these financial statements.

Malaysia Aica Berhad
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Cash flow statements
for the financial year ended 31 March 2007

	Note	Group		Company	
		2007	2006	**2007**	2006
		RM'000	RM'000	**RM'000**	RM'000
Operating cash flows					
Cash receipts from customers		**22,555**	26,458	**152**	1,753
Cash payments to suppliers		**(29,127)**	(29,248)	**(1,161)**	(2,057)
Cash flows used in operations		**(6,572)**	(2,790)	**(1,009)**	(304)
Retirement benefits paid		**(48)**	(84)	**0**	(7)
Interest paid		**(2)**	(150)	**0**	0
Taxation (paid)/refund		**8**	(246)	**23**	(233)
		(42)	(480)	**23**	(240)
Net operating cash flow		**(6,614)**	(3,270)	**(986)**	(544)
Investing cash flows					
Proceeds from disposal of property, plant and equipment		**170**	5,012	**0**	5,000
Purchase of property, plant and equipment		**(560)**	(744)	**(3)**	(3)
Proceeds from disposal of quoted investments		**0**	13	**0**	13
Interest received		**1,247**	1,204	**1,205**	1,138
Net investing cash flow		**857**	5,485	**1,202**	6,148
Financing cash flows					
Net advances to subsidiary companies		**0**	0	**(5,246)**	(5,825)
Drawdown/(repayment) of short term borrowing		**500**	(1,000)	**0**	0
Net financing cash flow		**500**	(1,000)	**(5,246)**	(5,825)
Net change in cash and cash equivalents		**(5,257)**	1,215	**(5,030)**	(221)
Cash and cash equivalents at beginning of the financial year		**45,150**	43,935	**41,913**	42,134
Cash and cash equivalents at end of the financial year	36	**39,893**	45,150	**36,883**	41,913

The accounting policies and the notes on pages 12 to 57 form an integral part of these financial statements.

Malaysia Aica Berhad

(Company no: 8235 K)
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Notes to the financial statements for the financial year ended 31 March 2007

1 General information

The principal activities of the Company during the financial year are the provision of management services and investment holding. The principal activities of its subsidiary companies are set out in note 22 to the financial statements. There has been no significant change in the nature of these activities during the financial year except that the Group ceased the manufacturing of knocked-down furniture parts and mouldings from rubber wood as a result of the discontinuation of operation of one of its subsidiaries, Maica Wood Industries Sdn. Bhd.

The number of employees in the Group and in the Company at the end of the financial year is 267 (2006: 457) and 8 (2006: 7) respectively.

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

The Company's registered office is located at:

8-3 Jalan Segambut
51200 Kuala Lumpur

The Company's principal place of business is located at:

5100-A Lorong Mak Mandin 5
Mak Mandin Industrial Estate
13400 Butterworth

2 Financial risk management objectives and policies

The activities of the Group expose it to certain financial risks, including interest rate risk, credit risk, market risk, foreign currency exchange risk, liquidity and cash flow risk. The overall financial risk management objective of the Group is to create value for its shareholders by minimising the potential adverse impact of these risks on its financial position, performance and cash flows. Financial risk management is carried out through risk review, internal control systems and adequate insurance programmes.

(i) Interest rate risk

The Group's exposure to interest rate risk is minimal as there are no significant borrowings within the Group.

(ii) Credit risk

The Group's exposure to credit risk arises mainly from cash deposits with financial institutions and receivables. In respect of sales made on deferred credit terms, adequate assessment of counter party's financial standing is carried out before sales are made. The Group manages its exposure to credit risk by seeking to invest cash assets safely and profitably. The Group considers the risk of material loss on cash deposits with financial institutions to be unlikely.

2 Financial risk management objectives and policies (continued)

(iii) Market risk

The Group's exposure to market risk is minimal as the selling prices of its products are fixed above the costs of its key raw materials.

(iv) Foreign currency exchange risk

The Group's exposure to foreign currency exchange risk is mainly in respect of the foreign currency transactions entered into by the Company and its subsidiary companies in US Dollar. The Group's exposure to foreign currency exchange risk is partly reduced by the natural hedge of imports and exports. The Group also monitors the movements of the exchange rate and acts accordingly to further minimise its foreign currency exchange risk.

(v) Liquidity and cash flow risk

The Group practises prudent liquidity risk management to minimise the mismatch of financial assets and liabilities through an adequate amount of committed banking facilities and aims to maintain sufficient liquidity and cash flow at all times.

3 Basis of preparation of the financial statements

The financial statements comply with the provisions of the Companies Act, 1965 and the Financial Reporting Standards.

The financial statements of the Group and of the Company have been prepared under the historical cost convention (as modified by the revaluation of buildings and boilers) unless otherwise indicated in this summary of significant accounting policies.

The preparation of financial statements in conformity with the Financial Reporting Standards requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. It also requires the Directors to exercise their judgment in the process of applying the Group and the Company's accounting policies. Although these estimates and judgment are based on the Directors' best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 5 to the financial statements.

3 Basis of preparation of the financial statements (continued)

(a) Standards, amendments to published standards and interpretations that are effective

The new accounting standards, amendments to published standards and IC Interpretations to existing standards effective for the Group and the Company's financial year beginning on 1 April 2006 are as follows:

- FRS 3 Business Combinations
- FRS 5 Non-current Assets Held for Sale and Presentation of Discontinued Operations
- FRS 101 Presentation of Financial Statements
- FRS 102 Inventories
- FRS 108 Accounting Policies, Changes in Accounting Estimates and Errors
- FRS 110 Events After the Balance Sheet Date
- FRS 116 Property, Plant and Equipment
- FRS 121 The Effect of Changes in Foreign Exchange Rates
- FRS 127 Consolidated and Separate Financial Statements
- FRS 128 Investments in Associates
- FRS 132 Financial Instruments: Disclosure and Presentation
- FRS 133 Earnings Per Share
- FRS 136 Impairment of Assets
- FRS 138 Intangible Assets
- FRS 140 Investment Property
- Amendment to FRS 119_{2004} Employee Benefits – Actuarial Gains and Losses, Group Plans and Disclosures
- IC 115 Operating Leases – Incentives
- IC 121 Income Taxes – Recovery of Revalued Non-Depreciable Assets
- IC 125 Income Taxes – Changes in the Tax Status of an Entity or its Shareholders
- IC 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease

All changes in accounting policies have been made in accordance with the transitional provisions in the respective standards, amendments to published standards and interpretations. A summary of the impact of the new accounting standards, amendments to published standards and interpretations to existing standards on the financial statements of the Group and of the Company is set out in note 39 to the financial statements.

(b) Standards early adopted by the Group and the Company

The Group and the Company has chosen to early adopt the following standard in the current financial year:

- FRS 117 Leases (effective for accounting periods beginning on or after 1 October 2006). This standard requires the classification of leasehold land as prepaid lease.

3 Basis of preparation of the financial statements (continued)

(c) Standards, amendments to published standards and interpretations to existing standards that are not yet effective and have not been early adopted

The new standards, amendments to published standards and interpretations that are mandatory for the Group, but which the Group and the Company has not early adopted, are as follows:

(i) Applicable to financial periods beginning on or after 1 October 2006:

- FRS 124 Related Party Disclosures (effective for accounting periods beginning on or after 1 October 2006). This standard will affect the identification of related parties and some other related party disclosures.

- FRS 139 Financial Instruments: Recognition and Measurement (effective date yet to be determined by Malaysian Accounting Standards Board). This new standard establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. Hedge accounting is permitted only under strict circumstances. The Group and the Company will apply this standard when effective.

(ii) Applicable to financial periods beginning on or after 1 July 2007:

- FRS 107 Cash Flow Statements
- FRS 111 Construction Contracts
- FRS 112 Income Taxes
- FRS 118 Revenue
- FRS 120 Accounting for Government Grants and Disclosure of Government Assistance
- FRS 134 Interim Financial Reporting
- FRS 137 Provisions, Contingent Liabilities and Contingent Assets

Amendments to the above FRSs are not expected to have a significant impact on the Group and the Company's financial statements except for:

- FRS 112 Income Taxes. This standard will affect the recognition of deferred tax asset on reinvestment allowance subject to the extent that it is probable that future taxable profit will be available against which the reinvestment allowance can be utilised by the Group.

4 Summary of significant accounting policies

All significant accounting policies set out below are consistent with those applied in the previous financial year unless stated otherwise.

(a) Subsidiaries

Subsidiaries are those corporations, partnerships or other entities (including special purpose entities) in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from their activities, generally accompanying a shareholding of more than one half of the voting rights.

4 Summary of significant accounting policies (continued)

(a) Subsidiaries (continued)

The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. In assessing whether potential voting rights contribute to control, the Group examines all facts and circumstances (including the terms of exercise of the potential voting rights and any other contractual arrangements whether considered individually or in combination) that affect potential voting rights.

Subsidiaries are consolidated using the purchase method of accounting. Under the purchase method of accounting, subsidiaries are fully consolidated from the date on which control is transferred to the Group and are de-consolidated from the date that control ceases. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the date of acquisition, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired at the date of acquisition is reflected as goodwill. See note 4(d) on goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Minority interest represent that portion of the profit or loss and net assets of a subsidiary attributable to equity interests that are not owned, directly or indirectly through subsidiaries, by the Company. It is measured at the minorities' share of the fair value of the subsidiaries' identifiable assets and liabilities at the date of acquisition and the minorities' share of changes in the subsidiaries' equity since that date.

All inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

The gain or loss on disposal of a subsidiary, which is the difference between net disposal proceeds and the Group's share of its net assets as of the date of disposal, including the cumulative amount of any exchange differences that relate to the subsidiary, is recognised in the consolidated income statement.

(b) Transactions with minority interests

For purchases of a subsidiary's equity shares from minority interests for cash consideration and the purchase price is established at fair value, the accretion of the Group's interests in the subsidiary is treated as purchase of equity interest under the purchase method of accounting. The identifiable assets and liabilities acquired are adjusted to their fair values, with the resulting difference being attributed to goodwill.

When the Group's and the minorities' interest in a subsidiary change substantially as a result of a group reorganisation or restructuring where the consideration is not on a cash basis, the accretion or dilution of the Group's interest is treated as an equity transaction between the subsidiary and its shareholders. Any difference between the Group's share of net assets immediately before and immediately after the change in shareholding and any consideration received or paid is adjusted to or against the Group's reserves.

4 Summary of significant accounting policies (continued)

(b) Transactions with minority interests (continued)

Disposals of equity shares to minority interests for cash consideration and at fair value result in gains and losses for the Group and are recorded in the income statement. The gain or loss is the difference between the Group's share of net assets immediately before and immediately after the disposal and a rateable portion of goodwill is realised.

(c) Associates

Associates are those corporations, partnerships or other entities in which the Group exercises significant influence, but which it does not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Significant influence is the power to participate in the financial and operating policy decisions of the associates but not the power to exercise control over those policies.

The Group's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated unless the transaction provides evidence on impairment of the asset transferred. Where necessary, in applying the equity method, adjustments are made to the financial statements of associates to ensure consistency of accounting policies with those of the Group.

Dilution gains and losses in associates are recognised in the income statement.

For incremental interest in an associate, the date of acquisition is the purchase date at each stage and goodwill is calculated at each purchase date based on the fair value of assets and liabilities identified. There is no "step up to fair value" of net assets of the previously acquired stake and the share of profits and equity movements for the previously acquired stake is recorded directly through equity.

(d) Goodwill

Goodwill represents the excess of the cost of acquisition of subsidiaries and associates over the fair value of the Group's share of the identifiable net assets at the date of acquisition.

Goodwill on acquisition of subsidiaries is included in the balance sheet as intangible assets. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

4 Summary of significant accounting policies (continued)

(d) Goodwill (continued)

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the synergies of the business combination in which the goodwill arose. The Group allocates goodwill to each business segment in each country in which it operates. See note 4(f) on impairment of assets.

Goodwill on acquisitions of associates is included in investments in associates. Such goodwill is tested for impairment as part of the overall balance.

(e) Property, plant and equipment

Property, plant and equipment except for certain land, buildings, plant and machinery are stated at historical cost less accumulated depreciation and impairment losses.

Certain land, buildings, plant and machinery are stated at revalued amounts, based on valuations carried out by independent professional valuers, Government valuers and Directors, less accumulated depreciation.

Freehold land is not depreciated.

Depreciation of other property, plant and equipment, except for spare parts and loose tools, is calculated on the straight line basis so as to write off the cost or valuation of the property, plant and equipment over their estimated useful lives at the following annual rates:

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

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

The land, buildings, plant and machinery have not been revalued since the dates of the revaluation exercises as stated in note 19. The Directors have adopted the transitional provision of MASB Approved Accounting Standards IAS 16: Property, Plant and Equipment as adopted by Malaysian Accounting Standards Board ("MASB") in respect of assets carried at previously revalued amounts to retain the carrying amounts of these land, buildings, plant and machinery on the basis of their previous revaluation subject to the continuing application of the current depreciation policy.

Surpluses arising on revaluation are credited to the revaluation reserve. Any deficit arising from revaluation is charged against the revaluation reserve to the extent of a previous surplus held in the revaluation reserve for the same asset. In all other cases, a decrease in carrying amount of the assets arising from revaluation is charged to the income statement.

4 Summary of significant accounting policies (continued)

(e) Property, plant and equipment (continued)

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in the income statement. On disposal of revalued assets, amounts in revaluation reserve relating to those assets are transferred to retained earnings.

The residual values and useful lives of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision of the residual values and useful lives are included in the income statement for the financial year in which the changes arise.

At each balance sheet date, the Group assesses whether there is any indication of impairment. Where an indication of impairment exists, the carrying value of the asset is assessed and written down immediately to its recoverable amount. See note 4(f) on impairment of assets.

(f) Impairment of assets

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

The impairment loss is charged to the income statement unless it reverses a previous revaluation, in which case it is charged to the revaluation surplus. Impairment losses on goodwill are not reversed. In respect of other assets, any subsequent increase in recoverable amount is recognised in the income statement unless it reverses an impairment loss on a revalued asset, in which case it is taken to revaluation surplus.

(g) Investment property

Investment properties comprise principally land and buildings held for long term rental yields or for capital appreciation or both, and are not occupied by the Group. Investment properties are stated at cost less accumulated depreciation and accumulated impairment losses.

Freehold land classified as investment properties is not depreciated as it has an infinite life.

Depreciation on the other investment properties is calculated so as to write off the cost of the assets on a straight-line basis over the expected useful lives of the assets concerned. The annual rate of depreciation is:

Buildings	2%

4 Summary of significant accounting policies (continued)

(g) Investment property (continued)

The land and building have not been revalued since the dates of the revaluation exercises as stated in note 20. The Directors have adopted the transitional provision of FRS 140: Investment Property as adopted by Malaysian Accounting Standards Board ("MASB") in respect of assets carried at previously revalued amount to retain the carrying amounts of these land and buildings on the basis of their previous revaluation subject to the continuing application of the current depreciation policy.

On disposal of an investment property, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal, it shall be derecognised. The difference between the net disposal proceeds and the carrying amount is recognised in the income statement in the financial year of the retirement or disposal.

(h) Leases

(i) Finance lease

Leases of property, plant and equipment where the Group and the Company assumes substantially all the benefits and risks of ownership are classified as finance leases.

Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a periodic constant rate of interest on the balance outstanding. The corresponding rental obligations, net of finance charges, are included in borrowings.

Property, plant and equipment acquired under finance leases are depreciated over the shorter of the estimated useful life of the asset and the lease term.

(ii) Operating lease

Leases of assets where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on the straight line basis over the lease period.

Prepayments of leasehold land are amortised in equal instalments over the period of the respective leases that range from 60 to 87 years expiring in years 2041 to 2082.

(i) Investments

Investments in subsidiaries and associates are shown at cost. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. See note 4(f) on impairment of assets.

Long term investments are stated at cost, unless in the opinion of the Directors, there is a decline other than temporary in the value of such investments. Where there has been a decline other than temporary in the value of investment, such a decline is recognised as an expense in the financial year in which the decline is identified.

4 Summary of significant accounting policies (continued)

(i) Investments (continued)

On disposal of an investment, the difference between net disposal proceeds and its carrying value is charged or credited to the income statement.

(j) Inventories

Inventories are stated at the lower of cost and net realisable value after adequate allowance has been made for all deteriorated, damaged, obsolete or slow-moving inventories. In general, cost is determined on the first in first out basis. Cost of raw materials and consumables comprises all costs of purchases and other incidental costs in bringing the inventories to their present location and condition. In the case of work in progress and finished goods, cost consists of cost of raw materials, direct labour and an appropriate proportion of factory overheads.

(k) Receivables

Receivables are carried at invoiced amounts less an allowance made for doubtful debts based on a review of all outstanding amounts at year end. Bad debts are written off when identified.

(l) Employee benefits

(i) Short term employee benefits

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

(ii) Defined contribution plan

The Group's contributions to the Employees Provident Fund, the national defined contribution plan are charged to the income statement in the period to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

(iii) Defined benefit plan

The Group operates an unfunded final salary defined benefit plan for its employees. The liability in respect of the defined benefit plan is the present value of the defined benefit obligations at the balance sheet date adjusted for actuarial gains/losses and past service cost. The defined benefit obligations are assessed using the projected unit credit method. Under this method, the cost of providing defined benefit obligations are charged to the income statement so as to spread the regular cost over the service lives of the employees in accordance with the advice of qualified actuaries who carry out a full valuation of the plan every three years. The Group determines the present value of defined benefit obligations with sufficient regularity such that the amounts recognised in the financial statements do not differ materially from the amounts that would be determined at the balance sheet date. The last actuarial valuation was carried out as at 31 March 2005.

Actuarial gains and losses are amortised over the period of three years on the straight line basis.

Notes to the financial statements for the financial year ended 31 March 2007 (continued)

4 Summary of significant accounting policies (continued)

(m) Income taxes

Current tax expense is determined according to the tax laws of each jurisdiction in which the Group operates and includes all taxes based upon the taxable profits, including withholding taxes payable by a foreign subsidiary company or associated company on distributions of retained profits to companies in the Group, and real property gains tax payable on disposal of properties.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the amounts attributed to assets and liabilities for tax purposes and their carrying amounts in the financial statements unless the temporary differences arise from initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is recognised on temporary differences arising from investment in subsidiary companies and associated companies except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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 tax rates that have been enacted or substantially enacted by the balance sheet date. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences or unused tax losses can be utilised.

(n) Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances, demand deposits, 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.

(o) Revenue recognition

Revenue from sales of goods is recognised upon delivery of products.

Income earned in respect of financing of leases and hire-purchase is recognised using the sum-of-digits method while interest income earned on factoring is recognised on the straight line method.

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

Rental income is recognised on an accrual basis.

Interest income is recognised on the accrual basis determined by the principal outstanding and rate applicable.

4 Summary of significant accounting policies (continued)

(p) Foreign currency

(i) Functional and presentation currency

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

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period/year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

The principal closing rates used in translation of foreign currency amounts are as follows:

Foreign currency	**31.3.2007**	31.3.2006
	RM	RM
1 United States Dollar	**3.4120**	3.6450

(q) Financial instruments

(i) Financial instruments recognised on the balance sheet

The particular recognition method adopted for financial instruments recognised on the balance sheet is disclosed in the individual policy statements associated with each item.

(ii) Fair value estimation for disclosure purposes

The face values, less any estimated credit adjustments, for financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair values.

The carrying amounts of floating interest rate financial liabilities with maturity of more than one year are assumed to approximate their fair values.

5 Critical accounting estimates and judgements

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

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. The estimates and assumptions that have a significant risk causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

5 Critical accounting estimates and judgements (continued)

(a) Allowance for inventories

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

(b) Allowance for doubtful debts

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

(c) Depreciation of property, plant and equipment

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial and usage factors which could change significantly.

The Group anticipates that residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount.

Changes in expected level of usage and commercial factors could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(d) Income taxes

There are certain transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(e) Impairment of assets

Significant judgement is required in the estimation of the present value of future cash flows generated by the cash generating units or groups of cash-generating units, which involves uncertainties and are significantly affected by assumptions used and judgement made regarding estimates of future cash flows and discount rates. Changes in assumptions could significantly affect the results of the Group’s tests for impairment of assets.

Notes to the financial statements for the financial year ended 31 March 2007 (continued)

6 Revenue

	Group	
	2007	2006
	RM'000	RM'000
Continuing operation		
Sales of goods	**18,101**	15,887
Investment income	**1,275**	1,192
Others	**423**	363
	19,799	17,442
Discontinued operation		
Sales of goods	**4,396**	10,253
	24,195	27,695

	Company	
	2007	2006
	RM'000	RM'000
Interest income	**1,205**	1,138
Management fees	**120**	220
Rental income	**100**	84
	1,425	1,442

7 Finance cost

Group

	2007	2006
	RM'000	RM'000
Continuing operations		
Interest on bank overdrafts	**2**	52
Interest on short term borrowing	**0**	41
	2	93
Discontinued operation		
Interest on bank overdrafts	**0**	57
	2	150

Notes to the financial statements for the financial year ended 31 March 2007 (continued)

8 (Loss)/profit before taxation

(Loss)/profit before taxation is stated after charging:

	Group		Company	
	2007 RM'000	2006 RM'000	**2007 RM'000**	2006 RM'000
Depreciation of property, plant and equipment	**915**	1,221	**17**	17
Depreciation of investment properties	**34**	33	**27**	28
Lease rental	**46**	46	**9**	9
Auditors' remuneration (note 11)	**56**	52	**18**	16
Rental of land, office equipment and buildings	**75**	112	**0**	0
Allowance for slow-moving inventories	**348**	318	**0**	0
Inventories written down to net realisable value	**959**	1,760	**0**	0
Provision for retirement benefits	**125**	68	**27**	24
Allowance for amount owing from subsidiary companies (included in other operating expenses)	**0**	0	**3,425**	0
Allowance for diminution - cost of investment in quoted shares	**0**	40	**0**	40
Allowance for impairment - cost of investment in a subsidiary company (included in other operating expenses)	**0**	0	**0**	11,880
Allowance for impairment - property, plant and equipment	**3,354**	0	**0**	0
Allowance for diminution in value - unquoted investment	**332**	0	**0**	0
Property, plant and equipment written off	**0**	42	**0**	0
Loss on disposal of quoted investment	**0**	12	**0**	12
Bad debts written off	**0**	12	**0**	0
Realised foreign exchange loss	**47**	9	**0**	0
Staff costs (other than provision for retirement benefits - note 9)	**8,881**	9,021	**777**	845

(Loss)/profit before taxation is stated after crediting:

	Group		Company	
	2007 RM'000	2006 RM'000	**2007 RM'000**	2006 RM'000
Interest income	**1,247**	1,204	**1,205**	1,138
Rental income	**91**	76	**100**	84
Profit from disposal of fixed assets	**102**	821	**0**	810
Bad debts recovered	**7**	0	**0**	0
Allowance for doubtful debts written back	**86**	34	**0**	0
Allowance for slow moving inventories written back	**202**	142	**0**	0
Provision for retirement benefit written back	**68**	0	**0**	0
Realised foreign exchange gain	**35**	23	**0**	0

9 Staff costs

	Group		Company	
	2007	2006	**2007**	2006
	RM'000	RM'000	**RM'000**	RM'000
Wages, salaries and bonus	**7,816**	7,370	**688**	744
Defined contribution plan	**580**	706	**83**	89
Other employee benefits	**485**	945	**6**	12
	8,881	9,021	**777**	845

10 Directors' remuneration

The Directors of the Company in office during the financial year are as follows:

<u>Non-executive Directors</u>

Tan Sri Dato' Tan Hua Choon
Mr Lee Yu-Jin
Encik Aminuddin Yusof Lana
Encik Mohtar bin Abdullah

<u>Executive Directors</u>

Mr Lim Jian Hoo
Mr Thor Poh Seng

The aggregate amount of emoluments received and/or receivable by Directors of the Company during the financial year is as follows:

	Group		Company	
	2007	2006	**2007**	2006
Non-executive Directors	**RM'000**	RM'000	**RM'000**	RM'000
Fees	**44**	50	**42**	42
Executive Directors				
Salaries and bonus	**441**	613	**329**	392
Defined contribution retirement plan	**53**	70	**39**	47
	538	733	**410**	481

The estimated monetary value of benefits-in-kind received and receivable by the Directors otherwise than in cash amounted to RM4,947 (2006: RM10,780) for the Group and the Company.

Malaysia Aica Berhad
(Company no: 8235 K)
(Incorporated in Malaysia)

Notes to the financial statements for the financial year ended 31 March 2007 (continued)

11 Auditors' remuneration

	Group		Company	
	2007	2006	**2007**	2006
	RM'000	RM'000	**RM'000**	RM'000
Statutory audit				
- Group auditors				
- current year	**46**	39	**18**	14
- prior year	**0**	4	**0**	2
- Other auditors	**10**	9	**0**	0
	56	52	**18**	16
Other services				
- Group auditors				
- current year	**5**	5	**5**	5
- prior year	**4**	2	**4**	2
	65	59	**27**	23

12 Taxation

	Group		Company	
	2007	2006	**2007**	2006
	RM'000	RM'000	**RM'000**	RM'000
In respect of the current financial year				
- Malaysian income tax	**(122)**	(31)	**(121)**	(28)
- Real property gains tax	**0**	(46)	**0**	(46)
Underaccrual in prior financial years				
- Malaysian income tax	**(79)**	(5)	**(79)**	(5)
	(201)	(82)	**(200)**	(79)

Taxation charge for the Company for the financial year is in respect of interest and rental income.

Notes to the financial statements for the financial year ended 31 March 2007 (continued)

12 Taxation (continued)

The numerical reconciliation between tax expense and the product of the accounting (loss)/profit multiplied by the Malaysian income tax rate is as follows:

	Group		Company	
	2007	2006	**2007**	2006
	RM'000	RM'000	**RM'000**	RM'000
(Loss)/profit before taxation#	**(7,912)**	(3,349)	**(3,249)**	(11,806)
Tax calculated at an income tax rate of 27% (2006: 28%)	**2,136**	938	**877**	3,306
Tax effects of:				
- share of results of associates	**(180)**	0	**0**	0
- expenses not deductible for tax purposes	**(187)**	(300)	**(992)**	(3,553)
- income not subject to tax	**0**	227	**0**	227
- double deduction incentives	**0**	83	**0**	0
Temporary differences not recognised:				
- unutilised tax losses	**(761)**	(825)	**0**	0
- excess of depreciation over capital allowances	**(1,082)**	(173)	**0**	(3)
- allowance for slow-moving inventories	**(40)**	(49)	**0**	0
- utilisation of previously unrecognised capital allowance	**0**	38	**0**	0
- others	**(8)**	30	**(6)**	(5)
Underaccrual in prior financial years	**(79)**	(5)	**(79)**	(5)
Real property gains tax	**0**	(46)	**0**	(46)
Tax expense	**(201)**	(82)	**(200)**	(79)

Includes the (loss)/profit before taxation from continuing operations and discontinued operations.

The Group and the Company have, subject to confirmation by the Inland Revenue Board, the following tax losses, capital allowances and reinvestment allowances carried forward against which no future tax benefit has been taken up.

	Group		Company	
	2007	2006	**2007**	2006
	RM'000	RM'000	**RM'000**	RM'000
Tax losses carried forward	**38,132**	35,596	**0**	0
Unabsorbed capital allowances	**20,782**	20,088	**562**	561
Unabsorbed reinvestment allowances	**5,740**	5,575	**0**	0

Notes to the financial statements for the financial year ended 31 March 2007 (continued)

13 Discontinued operation

Group

Maica Wood Industries Sdn. Bhd., a wholly owned subsidiary of the Group ceased its operation of the manufacture of knocked-down furniture parts and mouldings from rubber wood with effect from 30 September 2006 and is presently dormant. The Directors are presently reviewing the future activities of that subsidiary company. The results and the net cash flows attributed to the discontinued operation of the Group are as follows:

	2007 RM'000	2006 RM'000
Revenue	**4,396**	10,253
Cost of sales	**(6,787)**	(12,209)
Gross loss	**(2,391)**	(1,956)
Other operating income	**175**	85
Selling and distribution costs	**(295)**	(609)
Administrative expenses	**(824)**	(1,229)
Other operating expenses	**(3,383)**	0
Finance cost	**0**	(57)
Loss before taxation	**(6,718)**	(3,766)
Taxation	**0**	0
Net loss for the financial year	**(6,718)**	(3,766)

Notes to the financial statements for the financial year ended 31 March 2007 (continued)

13 Discontinued operation (continued)

	2007	2006
	RM'000	RM'000
Operating cash flows		
Cash receipts from customers	**5,469**	9,577
Cash paid to suppliers	**(5,689)**	(12,310)
Cash flows used in operations	**(220)**	(2,733)
Retirement benefits paid	**(1)**	(1)
Interest paid	**0**	(57)
Net operating cash flows	**(221)**	(2,791)
Investing cash flows		
Proceeds from disposal of property, plant and equipment	**145**	9
Purchase of property, plant and equipment	**(26)**	(445)
Interest received	**0**	5
Net investing cash flows	**119**	(431)
Net change in cash and cash equivalents	**(102)**	(3,222)

14 Loss per share

Group

Basic loss per share

Basic loss per share of the Group is calculated by dividing the loss for the financial year by the weighted average number of ordinary shares in issue during the financial year.

	2007	2006
Loss for the financial year (RM'000)	**(8,113)**	(3,435)
Weighted average number of ordinary shares in issue ('000)	**130,361**	130,361
Basic loss per share (sen)	**(6.2)**	(2.6)

Diluted loss per share

The diluted loss per share is not presented in the financial statements as there was no dilutive event.

Notes to the financial statements for the financial year ended 31 March 2007 (continued)

15 Share capital

Group and Company

	2007 **RM'000**	2006 RM'000
Authorised:		
200,000,000 ordinary shares of RM0.50 each	**100,000**	100,000
Issued and fully paid:		
130,361,472 ordinary shares of RM0.50 each	**65,180**	65,180

16 Reserves

	Group		**Company**	
	2007 **RM'000**	2006 RM'000	**2007** **RM'000**	2006 RM'000
Non-distributable reserves				
Share premium account	**13,296**	13,296	**13,296**	13,296
Property revaluation surplus	**833**	812	**0**	0
Capital reserve	**815**	815	**1,800**	1,800
	14,944	14,923	**15,096**	15,096
Accumulated losses	**(18,178)**	(10,070)	**(9,678)**	(6,229)
	(3,234)	4,853	**5,418**	8,867

The Company's capital reserve relates to the capitalisation of profits on disposal of investment in a subsidiary company.

17 Retirement benefits

	Group		**Company**	
	2007 **RM'000**	2006 RM'000	**2007** **RM'000**	2006 RM'000
Current	**35**	48	**0**	0
Non-current	**889**	867	**92**	65
	924	915	**92**	65

Notes to the financial statements for the financial year ended 31 March 2007 (continued)

17 Retirement benefits (continued)

The movements during the financial year in the amount recognised in the balance sheet in respect of the Group and the Company's retirement benefits plan are as follows:

	Group		Company	
	2007	2006	**2007**	2006
	RM'000	RM'000	**RM'000**	RM'000
As at 1 April	**915**	931	**65**	48
Charged to income statement	**57**	68	**27**	24
Benefits paid during the financial year	**(48)**	(84)	**0**	(7)
At 31 March	**924**	915	**92**	65

The amounts recognised in the Group and Company's balance sheet may be analysed as follows:

	Group		Company	
	2007	2006	**2007**	2006
	RM'000	RM'000	**RM'000**	RM'000
Present value of unfunded obligations	**965**	925	**128**	90
Unrecognised transitional liability	**(41)**	(10)	**(36)**	(25)
	924	915	**92**	65

The expense recognised in the Group and in the Company's income statement may be analysed as follows:

	Group		Company	
	2007	2006	**2007**	2006
	RM'000	RM'000	**RM'000**	RM'000
Current service cost	**73**	73	**19**	15
Interest cost	**50**	57	**6**	8
Actuarial loss recognised	**2**	4	**2**	4
Transition asset recognised	**0**	(66)	**0**	(3)
Amount written back	**(68)**	0	**0**	0
	57	68	**27**	24
Included in:				
Cost of sales	**11**	27	**0**	0
Administrative expenses	**46**	41	**27**	24
	57	68	**27**	24

17 Retirement benefits (continued)

The principal actuarial assumptions used in respect of the defined benefit plans of the Group and of the Company are as follows:

	Group		Company	
	2007	2006	**2007**	2006
	%	%	**%**	%
Discount rate	**6.5**	6.5	**6.5**	6.5
Expected rate of salary increases	**5.0**	5.0	**5.0**	5.0

18 Deferred taxation

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred tax relates to the same tax authority.

Deferred tax assets are not recognised for deductible temporary differences in respect of which the Directors are of the opinion that it is not probable that the Company and its subsidiary companies will be able to generate sufficient future taxable profits against which the deductible temporary differences can be utilised.

The movements during the financial year relating to deferred taxation are as follows:

	Group	
	2007	2006
	RM'000	RM'000
At 1 April	**25**	25
Credited to equity – revaluation surplus	**(25)**	0
At 31 March	**0**	25

The above deferred tax liability is in respect of the taxable temporary differences between the carrying amount and tax base of the revalued freehold land of RM512,784 at the minimum real properties gains tax ("RPGT") rate of 5%. The deferred tax liability was reversed as at 31 March 2007 due to the exemption of RPGT with effect from 1 April 2007 pursuant to the Real Property Gain Tax (Exemption) (No.2) Order 2007.

Notes to the financial statements for the financial year ended 31 March 2007 (continued)

18 Deferred taxation (continued)

The net temporary differences for which no deferred tax assets are recognised in the financial statements are as follows:

	Group		Company	
	2007	2006	**2007**	2006
	RM'000	RM'000	**RM'000**	RM'000
Excess of depreciation over capital allowances	**20,094**	16,323	**553**	552
Tax losses carried forward	**38,132**	35,617	**0**	0
Provision for retirement benefits	**924**	916	**92**	65
Allowance for doubtful debts	**0**	0	**4,241**	815
Allowance for slow-moving inventories	**1,306**	1,157	**0**	0
Others	**42**	42	**42**	42
	60,498	54,055	**4,928**	1,474

19 Property, plant and equipment

The details of property, plant and equipment are as follows:

Group 2007	Freehold/ leasehold land, at cost/ at valuation RM'000	Buildings at cost RM'000	Buildings at valuation RM'000	Plant and machinery at cost RM'000	Plant and machinery at valuation RM'000	Furniture, fittings and equipment at cost RM'000	Motor vehicles at cost RM'000	Spare parts and loose tools at cost RM'000	Total RM'000
Cost or valuation									
At 1 April 2006 (as restated)	320	8,282	1,212	26,974	85	3,448	1,265	65	41,651
Additions	0	0	0	484	0	16	60	0	560
Disposals	0	0	0	(1,278)	0	(1)	(252)	0	(1,531)
At 31 March 2007	320	8,282	1,212	26,180	85	3,463	1,073	65	40,680
Accumulated depreciation									
At 1 April 2006 (as restated)	0	2,955	567	20,962	83	3,102	922	65	28,656
Charge for the financial year	0	166	24	581	0	42	102	0	915
Disposal	0	0	0	(1,278)	0	(1)	(184)	0	(1,463)
Impairment	0	0	0	3,183	2	169	0	0	3,354
At 31 March 2007	0	3,121	591	23,448	85	3,312	840	65	31,462
Net book value									
31 March 2007	320	5,161	621	2,732	0	151	233	0	9,218
31 March 2006 (as restated)	320	5,327	645	6,012	2	346	343	0	12,995

Notes to the financial statements for the financial year ended 31 March 2007 (continued)

19 Property, plant and equipment (continued)

Group 2006	Freehold/ leasehold land, at cost/ at valuation RM'000	Buildings at cost RM'000	Buildings at valuation RM'000	Reno-vation at cost RM'000	Plant and machinery at cost RM'000	Plant and machinery at valuation RM'000	Furniture, fittings and equipment at cost RM'000	Motor vehicles at cost RM'000	Spare parts and loose tools at cost RM'000	Total RM'000
Cost or valuation										
At 1 April 2005	9,402	9,591	1,555	90	26,626	85	3,092	1,015	397	51,853
Transfer to investment properties (note 20) upon adoption of FRS 140 (note 39)	(1,080)	(1,309)	(343)	0	0	0	0	0	0	(2,732)
Transfer to prepayment (note 21) upon early adoption of FRS 117 (note 39)	(3,811)	0	0	0	0	0	0	0	0	(3,811)
At 1 April 2005 (as restated)	4,511	8,282	1,212	90	26,626	85	3,092	1,015	397	45,310
Additions	0	0	0	0	461	0	21	262	0	744
Disposals	(4,191)	0	0	0	(113)	0	0	(12)	0	(4,316)
Write off	0	0	0	(87)	0	0	0	0	0	(87)
Transfer	0	0	0	(3)	0	0	335	0	(332)	0
At 31 March 2006 (as restated)	320	8,282	1,212	0	26,974	85	3,448	1,265	65	41,651
Accumulated depreciation										
At 1 April 2005	758	3,206	708	28	20,230	83	2,709	826	397	28,945
Transfer to investment properties (note 20) upon adoption of FRS 140 (note 39)	0	(417)	(165)	0	0	0	0	0	0	(582)
Transfer to prepayment (note 21) upon early adoption of FRS 117 (note 39)	(758)	0	0	0	0	0	0	0	0	(758)
At 1 April 2005 (as restated)	0	2,789	543	28	20,230	83	2,709	826	397	27,605
Charge for the financial year	0	166	24	18	845	0	60	108	0	1,221
Disposal	0	0	0	0	(113)	0	0	(12)	0	(125)
Write off	0	0	0	(45)	0	0	0	0	0	(45)
Transfer	0	0	0	(1)	0	0	333	0	(332)	0
At 31 March 2006 (as restated)	0	2,955	567	0	20,962	83	3,102	922	65	28,656
Net book value										
31 March 2006 (as restated)	320	5,327	645	0	6,012	2	346	343	0	12,995
31 March 2005 (as restated)	4,511	5,493	669	62	6,396	2	383	189	0	17,705

Notes to the financial statements for the financial year ended 31 March 2007 (continued)

19 Property, plant and equipment (continued)

Company **2007**	**Buildings, at cost RM'000**	**Furniture, fittings and equipment, at cost RM'000**	**Motor vehicles, at cost RM'000**	**Total RM'000**
Cost or valuation				
At 1 April 2006 (as restated)	**317**	**499**	**166**	**982**
Additions	**0**	**3**	**0**	**3**
Disposal	**0**	**(2)**	**0**	**(2)**
At 31 March 2007	**317**	**500**	**166**	**983**
Accumulated depreciation				
At 1 April 2006 (as restated)	**88**	**481**	**163**	**732**
Charge for the financial year	**6**	**10**	**1**	**17**
Disposal	**0**	**(2)**	**0**	**(2)**
At 31 March 2007	**94**	**489**	**164**	**747**
Net book value				
31 March 2007	**223**	**11**	**2**	**236**
31 March 2006 (as restated)	229	18	3	250

Company 2006	Freehold/ leasehold land at cost/ at valuation RM'000	Buildings, at cost RM'000	Buildings, at valuation RM'000	Furniture, fittings and equipment, at cost RM'000	Motor vehicles, at cost RM'000	Total RM'000
Cost or valuation						
At 1 April 2005	5,660	1,626	93	499	167	8,045
Transfer to investment properties (note 20) upon adoption of FRS 140 (note 39)	(594)	(1,309)	(93)	0	0	(1,996)
Transfer to prepayment (note 21) upon early adoption of FRS 117 (note 39)	(875)	0	0	0	0	(875)
At 1 April 2005 (as restated)	4,191	317	0	499	167	5,174
Additions	0	0	0	0	3	3
Disposal	(4,191)	0	0	0	0	(4,191)
Write off	0	0	0	0	(4)	(4)
31 March 2006 (as restated)	0	317	0	499	166	982
Accumulated depreciation						
At 1 April 2005	215	498	46	471	167	1,397
Transfer to investment properties (note 20) upon adoption of FRS 140 (note 39)	0	(417)	(46)	0	0	(463)
Transfer to prepayment (note 21) upon early adoption of FRS 117 (note 39)	(215)	0	0	0	0	(215)
At 1 April 2005 (as restated)	0	81	0	471	167	719
Charge for the financial year	0	7	0	10	0	17
Write off	0	0	0	0	(4)	(4)
At 31 March 2006 (as restated)	0	88	0	481	163	732
Net book value						
31 March 2006 (as restated)	0	229	0	18	3	250
31 March 2005 (as restated)	4,191	236	0	28	0	4,455

19 Property, plant and equipment (continued)

Valuations

Valuations on an existing use basis carried out on certain property, plant and equipment of the Group and of the Company are as follows:

Year of valuation		Valuation by	The Company	Subsidiary companies
1977	)	Independent	-	Plant and machinery
1981	)	professional	-	Freehold land and buildings
1983	)	valuers	Buildings	Land and buildings
1986		Directors	-	Plant and machinery
1987		Government valuers	-	Freehold land and building
1987		Directors	-	Plant and machinery

The Directors have adopted the transitional provision of MASB Approved Accounting Standards IAS 16 : Property, Plant and Equipment as adopted by MASB in respect of assets carried at previously revalued amounts to retain the carrying amounts of these land, buildings, plant and machinery on the basis of their previous revaluation subject to the continuing application of the current depreciation policy.

The net book values of the property, plant and equipment at valuation that would otherwise be stated in the financial statements had the assets been carried at cost less accumulated depreciation are as follows:

	Group	
	2007 RM'000	2006 RM'000
Freehold land	**62**	62
Buildings	**397**	417
	459	479

Notes to the financial statements for the financial year ended 31 March 2007 (continued)

20 Investment Properties

Group **2007**	**Freehold land RM'000**	**Freehold building at cost RM'000**	**Freehold building at valuation RM'000**	**Total RM'000**
Cost or valuation				
At 1 April 2006 (as restated)	**1,080**	**1,309**	**343**	**2,732**
At 31 March 2007	**1,080**	**1,309**	**343**	**2,732**
Accumulated depreciation				
At 1 April 2006 (as restated)	**0**	**443**	**172**	**615**
Charge for the financial year	**0**	**27**	**7**	**34**
At 31 March 2007	**0**	**470**	**179**	**649**
Net book value				
31 March 2007	**1,080**	**839**	**164**	**2,083**
31 March 2006 (as restated)	1,080	866	171	2,117

Group **2006**	**Freehold land RM'000**	**Freehold building at cost RM'000**	**Freehold building at valuation RM'000**	**Total RM'000**
Cost or valuation				
At 1 April 2005	0	0	0	0
Transfer from property, plant and equipment (note 19) upon adoption of FRS 140 (note 39)	1,080	1,309	343	2,732
At 1 April 2005/31 March 2006 (as restated)	1,080	1,309	343	2,732
Accumulated depreciation				
At 1 April 2005	0	0	0	0
Transfer from property, plant and equipment (note 19) upon adoption of FRS 140 (note 39)	0	417	165	582
At 1 April 2005 (as restated)	0	417	165	582
Charge for the financial year	0	26	7	33
At 31 March 2006 (as restated)	0	443	172	615
Net book value				
31 March 2006 (as restated)	1,080	866	171	2,117
31 March 2005 (as restated)	1,080	892	178	2,150

Notes to the financial statements for the financial year ended 31 March 2007 (continued)

20 Investment Properties (continued)

Company **2007**	**Freehold land RM'000**	**Freehold building at cost RM'000**	**Freehold building at valuation RM'000**	**Total RM'000**
Cost or valuation				
At 1 April 2006 (as restated)	**594**	**1,309**	**93**	**1,996**
At 31 March 2007	**594**	**1,309**	**93**	**1,996**
Accumulated depreciation				
At 1 April 2006 (as restated)	**0**	**444**	**47**	**491**
Charge for the financial year	**0**	**26**	**1**	**27**
At 31 March 2007	**0**	**470**	**48**	**518**
Net book value				
31 March 2007	**594**	**839**	**45**	**1,478**
31 March 2006 (as restated)	594	865	46	1,505

Company **2006**	**Freehold land RM'000**	**Freehold building at cost RM'000**	**Freehold building at valuation RM'000**	**Total RM'000**
Cost or valuation				
At 1 April 2005	0	0	0	0
Transfer from property, plant and equipment (note 19) upon adoption of FRS 140 (note 39)	594	1,309	93	1,996
At 1 April 2005/31 March 2006 (as restated)	594	1,309	93	1,996
Accumulated depreciation				
At 1 April 2005	0	0	0	0
Transfer from property, plant and equipment (note 19) upon adoption of FRS 140 (note 39)	0	417	46	463
At 1 April 2005 (as restated)	0	417	46	463
Charge for the financial year	0	27	1	28
At 31 March 2006 (as restated)	0	444	47	491
Net book value				
31 March 2006 (as restated)	594	865	46	1,505
31 March 2005 (as restated)	594	892	47	1,533

The fair value of the properties was estimated at RM5,490,000 based on valuation by independent professionally qualified valuers, Messrs Henry Butcher Malaysia and Messrs Raine & Horne. Valuations were based on indicative current prices in an active market for the relevant properties

Notes to the financial statements for the financial year ended 31 March 2007 (continued)

21 Prepaid leases

	Group		Company	
	2007	2006	**2007**	2006
	RM'000	RM'000	**RM'000**	RM'000
Current - within 12 months	**46**	46	**9**	9
Non-current	**2,915**	2,961	**633**	642
Total prepaid leases	**2,961**	3,007	**642**	651

Prepaid leases represent prepayments of rentals for several plots of leasehold land with lease periods that range from 60 to 87 years.

22 Subsidiary companies

Company

	2007 RM'000	2006 RM'000
Unquoted shares, at cost	**19,502**	23,025
Accumulated impairment losses	**(18,511)**	(22,034)
	991	991

The subsidiary companies are:

		Holding in equity				
		By the Company		By subsidiary companies		
Name of company	**Place of incorporation**	**2007 %**	**2006 %**	**2007 %**	**2006 %**	**Principal activities**
Maica Wood Industries Sdn. Bhd.	Malaysia	64.4	64.4	Nil	Nil	Ceased operations
Maicador Sdn. Bhd.	Malaysia	Nil	Nil	100	100	Manufacture of prefabricated doors and door frames
*Consolidated Leasing (M) Sdn. Bhd.	Malaysia	100	100	Nil	Nil	Investment holding and the financing of leases and hire-purchase
*Consolidated Factoring (M) Sdn. Bhd.	Malaysia	Nil	Nil	91.9	91.9	Factoring of debts
*Maritime Credits (Malaysia) Sdn. Bhd.	Malaysia	Nil	Nil	100	100	Granting of commercial credits
*Pinaremas Sdn. Bhd.	Malaysia	100	100	Nil	Nil	Investment holding
*Syarikat Kilang Ayer Batu Kuala Kedah Sdn. Bhd.	Malaysia	Nil	Nil	75	75	Manufacture of ice blocks
*Malaysia Aica Foods Sdn Bhd (formerly known as Modern Woodwork Sdn. Bhd.)	Malaysia	100	100	Nil	Nil	Investment holding
*Suradamai Sdn. Bhd.	Malaysia	Nil	Nil	100	100	Dormant
*Ambang Arena Sdn. Bhd.	Malaysia	100	100	Nil	Nil	Dormant

* Not audited by PricewaterhouseCoopers, Malaysia

23 Associated companies

	Group		Company	
	2007	2006	**2007**	2006
	RM'000	RM'000	**RM'000**	RM'000
Unquoted shares, at cost	**696**	696	**696**	696
Accumulated impairment losses	**0**	0	**(24)**	(24)
	696	696	**672**	672
Share of post-acquisition retained profits less losses	**(107)**	561	**0**	0
Share of property revaluation surplus	**713**	713	**0**	0
	1,302	1,970	**672**	672
Represented by:				
Group's share of net tangible assets	**1,603**	2,271		
Discount on acquisition	**(301)**	(301)		
	1,302	1,970		

The Group's share of revenue, profit, assets and liabilities of associated are as follows:

	2007	2006
	RM'000	RM'000
Revenue	**5,286**	2,364
(Loss)/profit after tax	**(668)**	26
Non-current assets	**1,719**	1,947
Current assets	**1,598**	1,543
Current liabilities	**(1,714)**	(1,219)
Net tangible assets	**1,603**	2,271

The associated companies are:

Name of company	**Place of incorporation**	**Holding in equity 2007 %**	**2006 %**	**Principal activities**
Maica Corporation(Aust) Pty. Ltd.	Australia	30	30	Dormant
Mahakota Sdn. Bhd.	Malaysia	25.4	25.4	Woodworks manufacturer and dealer in timber and wood

24 Investments

Group

	2007		2006	
	Cost RM'000	**Market value RM'000**	Cost RM'000	Market value RM'000
Quoted shares in corporations, at cost				
- Malaysia	**40**	**0**	40	0
Allowance for diminution in value of shares	**(40)**	**0**	(40)	0
Total investment in shares	**0**	**0**	0	0
Unquoted shares in corporations, at cost	**1,282**		1,282	
Allowance for diminution in value of shares	**(1,282)**		(950)	
	0		332	
Total investment in shares	**0**		332	
Investment in club membership	**25**		25	
	25		357	

Company

	2007		2006	
	Cost RM'000	**Market value RM'000**	Cost RM'000	Market value RM'000
Quoted shares in corporations, at cost				
- Malaysia	**40**	**0**	40	0
Allowance for diminution in value of shares	**(40)**	**0**	(40)	0
	0	**0**	0	0
Unquoted shares in corporations, at cost	**50**		50	
Allowance for diminution in value of shares	**(50)**		(50)	
	0		0	
	0		0	

Notes to the financial statements for the financial year ended 31 March 2007 (continued)

25 Inventories

Group

	2007 RM'000	2006 RM'000
Raw materials	**3,339**	1,822
Work in progress	**1,012**	3,140
Finished products	**2,501**	312
Consumable goods	**257**	207
	7,109	5,481

26 Trade receivables

Group

The currency exposure profile of trade receivable is as follows:

	2007 RM'000	2006 RM'000
Ringgit Malaysia	**1,667**	864
United States Dollar	**637**	955
	2,304	1,819

The credit terms extended to trade receivables range from payment in advance to 90 days (2006: payment in advance to 90 days).

27 Investment in finance leases

Group

	2007 RM'000	2006 RM'000
Amounts due:		
Within the next twelve months	**154**	229
Unearned lease income	**(10)**	(14)
	144	215
Allowance for doubtful debts	**(144)**	(215)
	0	0

Notes to the financial statements for the financial year ended 31 March 2007 (continued)

28 Hire-purchase receivables

Group

	2007 RM'000	2006 RM'000
Amounts due:		
Within the next twelve months	**2,132**	2,268
Unearned interest income	**(689)**	(699)
	1,443	1,569
Allowance for doubtful debts	**(1,443)**	(1,569)
	0	0

29 Factoring receivables

Group

	2007 RM'000	2006 RM'000
Amounts financed	**755**	805
Allowance for doubtful debts	**(752)**	(802)
	3	3

30 Other receivables, deposits and prepayments

	Group		**Company**	
	2007 RM'000	2006 RM'000	**2007 RM'000**	2006 RM'000
Other receivables	**78**	78	**8**	7
Deposits	**110**	128	**38**	42
Prepayments	**212**	188	**0**	0
	400	394	**46**	49
Allowance for doubtful debts	**(30)**	(30)	**0**	0
	370	364	**46**	49

All other receivables and deposits are denominated in Ringgit Malaysia.

Notes to the financial statements for the financial year ended 31 March 2007 (continued)

31 Amounts due from/to subsidiary companies

Company

	2007 RM'000	2006 RM'000
Amounts due from subsidiary companies	**34,218**	30,295
Allowance for doubtful debts	**(4,240)**	(815)
	29,978	29,480

Amounts due from subsidiary companies are denominated in Ringgit Malaysia.

Amounts due from subsidiary companies are primarily interest free, unsecured advances with no fixed terms of repayment. The Company has indicated that it will not request for repayment of these advances within the next 12 months.

	2007 RM'000	2006 RM'000
Amount due to a subsidiary company	**0**	1,394

Amount due to a subsidiary company is denominated in Ringgit Malaysia.

Amount due to a subsidiary company was primarily interest free, unsecured advances with no fixed terms of repayment.

32 Deposits, cash and bank balances

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Fixed deposits with licensed banks	**38,829**	42,441	**36,586**	41,622
Cash and bank balances	**1,301**	2,709	**297**	291
	40,130	45,150	**36,883**	41,913

The effective interest rates as at balance sheet date of fixed deposits with licensed banks for the Group and the Company range from 2.75% to 4.00% (2006: 2.5% to 3.7%) per annum.

The maturity of deposits of the Group and of the Company range from 1 to 82 days (2006: 1 to 119 days).

Deposits, cash and bank balances as at the balance sheet date are denominated in Ringgit Malaysia.

Notes to the financial statements for the financial year ended 31 March 2007 (continued)

33 Trade and other payables

	Group		Company	
	2007 RM'000	2006 RM'000	**2007 RM'000**	2006 RM'000
Trade payables	**1,112**	1,130	**0**	0
Other payables	**340**	568	**25**	16
Accruals	**219**	573	**100**	101
	1,671	2,271	**125**	117

The credit terms extended by trade and other payables ranged from 7 to 60 days (2005: 7 to 60 days).

The currency exposure profile of trade and other payables is as follows:

	Group		Company	
	2007 RM'000	2006 RM'000	**2007 RM'000**	2006 RM'000
Ringgit Malaysia	**1,629**	2,086	**125**	117
United States Dollar	**42**	185	**0**	0
	1,671	2,271	**125**	117

34 Short term borrowing

Group

	2007 RM'000	2006 RM'000
Revolving credit	**500**	0

The short term borrowing is unsecured. The effective interest rate as at balance sheet date of short term borrowing for the Group is 5.10% (2006: 4.17% to 4.62%) per annum.

Notes to the financial statements for the financial year ended 31 March 2007 (continued)

35 Bank overdrafts

Group

	2007 **RM'000**	2006 RM'000
Secured	**237**	0

The bank overdrafts are secured by fixed charges over certain property, plant and equipment and floating charges over current assets of certain subsidiary companies.

The effective interest rates as at balance sheet date of bank overdrafts for the Group range from 7.50% to 8.30% (2006: 4.15% to 4.30%) per annum.

The bank overdrafts are denominated in Ringgit Malaysia.

36 Cash and cash equivalents

Cash and cash equivalents included in the cash flow statements comprise the following:

	Group		**Company**	
	2007 **RM'000**	2006 RM'000	**2007** **RM'000**	2006 RM'000
Fixed deposits with licensed banks	**38,829**	42,441	**36,586**	41,622
Cash and bank balances	**1,301**	2,709	**297**	291
	40,130	45,150	**36,883**	41,913
Bank overdrafts (note 35)	**(237)**	0	**0**	0
	39,893	45,150	**36,883**	41,913

Notes to the financial statements for the financial year ended 31 March 2007 (continued)

37 Segmental information

Group

Primary reporting format - Business segments

	2007				2006			
	Manufacturing of wood products RM'000	**Investment holding RM'000**	**Others RM'000**	**Total RM'000**	Manufacturing of wood products RM'000	Investment holding RM'000	Others RM'000	Total RM'000
Continuing operations								
Revenue								
Total revenue	**18,101**	**1,425**	**423**	**19,949**	15,887	1,442	363	17,692
Inter-segment revenue	**0**	**(150)**	**0**	**(150)**	0	(250)	0	(250)
External revenue	**18,101**	**1,275**	**423**	**19,799**	15,887	1,192	363	17,442
Results								
Segment results (external)	**(344)**	**44**	**(224)**	**(524)**	717	(169)	(64)	484
Finance cost				**(2)**				(93)
Share of results of associated company				(668)				26
(Loss)/profit before taxation				**(1,194)**				417
Taxation				**(201)**				(82)
Net (loss)/profit for the financial year from continuing operations				**(1,395)**				335

Notes to the financial statements for the financial year ended 31 March 2007 (continued)

37 Segmental information (continued)

Primary reporting format - Business segments

	2007				2006			
	Manufac-turing of wood products RM'000	**Investment holding RM'000**	**Others RM'000**	**Total RM'000**	Manufac-turing of wood products RM'000	Investment holding RM'000	Others RM'000	Total RM'000
Discontinued operation								
Revenue								
Total revenue	**4,396**	**0**	**0**	**4,396**	10,253	0	0	10,253
Inter-segment revenue	**0**	**0**	**0**	**0**	0	0	0	0
External revenue	**4,396**	**0**	**0**	**4,396**	10,253	0	0	10,253
Results								
Segment results (external)	**(6,718)**	**0**	**0**	**(6,718)**	(3,709)	0	0	(3,709)
Finance cost				**0**				(57)
Loss before taxation				**(6,718)**				(3,766)
Taxation				**0**				0
Net loss for the financial year from discontinued operation				**(6,718)**				(3,766)

37 Segmental information (continued)

Group

Primary reporting format - Business segments (continued)

	2007				2006			
	Manufac-turing of wood products RM'000	**Investment holding RM'000**	**Others RM'000**	**Total RM'000**	Manufac-turing of wood products RM'000	Investment holding RM'000	Others RM'000	Total RM'000
Other information								
Segment assets	**21,371**	**42,110**	**2,023**	**65,504**	24,545	47,489	1,341	73,375
Unallocated asset				**29**				14
Total assets				**65,533**				73,389
Segment liabilities	**2,987**	**220**	**125**	**3,332**	2,870	208	108	3,186
Unallocated liabilities				**154**				68
Total liabilities				**3,486**				3,254
Capital expenditure	**557**	**3**	**0**	**560**	738	3	3	744
Depreciation of property, plant and equipment	**895**	**17**	**3**	**915**	1,202	19	0	1,221
Depreciation of investment property	**29**	**0**	**5**	**34**	28	0	5	33
Non cash expenses other than depreciation:								
Provision for retirement benefits	**30**	**27**	**0**	**57**	44	24	0	68
Share of net (loss)/profit of associates accounted for under equity method	**0**	**(668)**	**0**	**(668)**	0	26	0	26

Notes to the financial statements for the financial year ended 31 March 2007 (continued)

37 Segmental information (continued)

Group

Primary reporting format - Business segments (continued)

Intersegment revenue represents management fees chargeable to subsidiary companies and rental income (note 6). Segment assets consist of property, plant and equipment, operating assets and exclude tax recoverable. Segment liabilities represent operating liabilities and exclude taxation and deferred taxation.

Capital expenditure comprises the additions to property, plant and equipment (note 19).

The activities of the Group are carried out in Malaysia and as such segmental reporting by geographical location is not presented.

The terms of the inter-segment revenue are established based on agreement between the parties.

38 Significant related party transactions

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

Company

	2007 **RM'000**	2006 RM'000
Rental income from subsidiary companies:		
- Maicador Sdn. Bhd.	**30**	30
Management fees from subsidiary companies:		
- Maicador Sdn. Bhd.	**120**	110
- Maica Wood Industries Sdn. Bhd.	**0**	110
(Net repayment of advances to) / advances from a subsidiary company:		
- Pinaremas Sdn. Bhd.	**(1,394)**	1,394
Net advances to subsidiary companies:		
- Maicador Sdn. Bhd.	**2,000**	2,179
- Maica Wood Industries Sdn. Bhd.	**750**	5,040
- Ambang Arena Sdn Bhd	**1,102**	0

Notes to the financial statements for the financial year ended 31 March 2007 (continued)

39 Changes in accounting policies

The following describes the impact of new standards, amendments to published standards and IC interpretations to existing standards on the financial statements of the Group and Company.

(a) FRS 5 Non-current Assets Held for Sale and Discontinued Operation

The adoption of FRS 5 has affected the presentation of the revenue, expenses and profit after taxation for the financial year. The revenue, expenses and profit after taxation for the financial year is now presented separately between continuing operations and discontinued operation (note 13). Loss for the financial year for discontinued operation is presented as a single amount on the face of the income statement. The presentation of the comparative financial statements of the Group has been restated to conform with the current financial year's presentation.

(b) FRS 101 Presentation of Financial Statements

The adoption of the revised FRS 101 has affected the presentation of the following items:

(i) Minority interests

Minority interest is now presented within total equity in the consolidated balance sheet and as an allocation from net profit for the financial year in the consolidated income statement. The movement of minority interest is now presented in the consolidated statement of changes in equity. The presentation of the comparative financial statements of the Group has been restated to conform with the current financial year's presentation.

(ii) Share of results in associate

Share of results in associate is now shown net of income tax expense. The presentation of the comparative financial statements of the Group has been restated to conform with the current financial year's presentation.

(c) FRS 116 Property, Plant and Equipment

With the adoption of FRS 116, the residual values and useful lives of assets are reviewed and adjusted as appropriate, at each balance sheet date. Any revision in depreciation rate will be accounted for as a change in estimates.

There is no significant impact on the revision of depreciation rates following the Group and Company's reassessment of the residual values and useful lives of assets in the current financial year.

(d) FRS 117 Leases

Upon adoption of FRS 117, leasehold land which were previously classified under property, plant and equipment, have been reclassified to prepaid lease, a separate line item on the face of the balance sheet within non-current assets.

The prepaid leases are amortised in equal instalments to write off the cost of the leases over their estimated useful lives. The effects of adoption of FRS 117 to the Group are disclosed in note 39(g).

Notes to the financial statements for the financial year ended 31 March 2007 (continued)

39 Changes in accounting policies (continued)

(e) FRS 140 Investment Property

Upon the adoption of FRS 140, properties held for rental yields or capital appreciation, or both, and are not occupied by the Group, which were previously classified under property, plant and equipment, have been reclassified to investment properties, a separate line item on the face of the balance sheet within non-current assets.

The investment properties are stated at cost less accumulated depreciation and accumulated impairment losses, and are depreciated on a straight-line basis to write off the cost of the assets to their residual values over their estimated useful lives.

The effects of adoption of FRS 140 to the Group are disclosed in note 39(g).

(f) Restatement of the income statement for the financial year ended 31 March 2006

	Changes in accounting policies		
Group	As previously reported RM'000	FRS 5 Note 39(a) RM'000	As restated RM'000
Revenue	27,695	(10,253)	17,442
Cost of sales	(25,798)	12,209	(13,589)
Gross profit	1,897	1,956	3,853
Other operating income	998	(85)	913
Selling and distribution costs	(1,128)	609	(519)
Administration expenses	(4,898)	1,229	(3,669)
Other operating expenses	(94)	0	(94)
Finance cost	(150)	57	(93)
Share of results of associates	26	0	26
(Loss)/profit before taxation from continuing operation	(3,349)	3,766	417
Taxation	(82)	0	(82)
(Loss)/profit for the period from continuing operations	(3,431)	3,766	335
Loss for the period from discontinued operation	0	(3,766)	(3,766)
Net loss for the financial year	(3,431)	0	(3,431)

Notes to the financial statements for the financial year ended 31 March 2007 (continued)

39 Changes in accounting policies (continued)

(g) Restatement of balance sheets at 31 March 2006

Group		Changes in accounting policies			
	Note	As previously reported RM'000	FRS 117 Note 39(d) RM'000	FRS 140 Note 39(e) RM'000	As restated RM'000
Property, plant and equipment	19	18,119	(3,007)	(2,117)	12,995
Investment property	20	0	0	2,117	2,117
Prepaid leases	21	0	3,007	0	3,007

Company		Changes in accounting policies			
	Note	As previously reported RM	FRS 117 Note 39(d) RM	FRS 140 Note 39(e) RM	As restated RM
Property, plant and equipment	19	2,406	(651)	(1,505)	250
Investment property	20	0	0	1,505	1,505
Prepaid leases	21	0	651	0	651

40 Reclassification

During the financial year, the Group reclassified bills receivable to trade receivables as the Directors are of the opinion that the reclassification will result in a more appropriate presentation.

Group	Note	As previously reported RM'000	Reclassification RM'000	As restated RM'000
Trade receivables	26	869	950	1,819
Bills receivable		950	(950)	0

41 Approval of financial statements

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors dated 12 July 2007.

Malaysia Aica Berhad
(Company no: 8235 K)
(Incorporated in Malaysia)

Statement by Directors pursuant to Section 169(15) of the Companies Act, 1965

We, Lim Jian Hoo and Thor Poh Seng, being two of the Directors of Malaysia Aica Berhad, state that, in the opinion of the Directors, the financial statements set out on pages 7 to 57 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 March 2007 and of the results and cash flows of the Group and of the Company for the financial year ended on that date in accordance with the provisions of the Companies Act, 1965 and the Financial Reporting Standards.

Signed on behalf of the Board of Directors in accordance with their resolution dated 12 July 2007.

Lim Jian Hoo
Director

Thor Poh Seng
Director

Statutory declaration pursuant to Section 169(16) of the Companies Act, 1965

I, Teoh Beng Chong, 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 7 to 57 are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Teoh Beng Chong

Subscribed and solemnly declared by the abovenamed Teoh Beng Chong on 12 July 2007.

Before me

Chai Choon Kiat, PJM
Commissioner for Oaths