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E  
N  
T  
S**

2	Notice Of Annual General Meeting
3	Corporate Information
4	Group Structure
5	Group Financial Highlights
7	Chairman's Statement
8	Profile Of Board Of Directors
10	Corporate Governance Statement
16	Directors' Responsibility Statement
16	Additional Compliance Information
17	Audit Committee Report
21	Statement On Internal Control
23	Financial Statements
60	Analysis Of Shareholdings
62	List Of Group's Properties
	Proxy Form



## NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the Thirty-Sixth Annual General Meeting ("36<sup>th</sup> AGM") of the shareholders of the Company will be held at The Pan Pacific Hotel Kuala Lumpur, Bunga Kenanga Room, Level 3, Jalan Putra, 50350 Kuala Lumpur, Malaysia on Wednesday, 21 September 2005 at 11.00 a.m. for the purpose of considering and, if thought fit, passing the following ordinary resolutions:-

### AGENDA

1. To receive and adopt the Directors' Report and the Audited Financial Statements of the Group and the Company for the financial year ended 31 March 2005 and the Auditors' Report thereon. **Ordinary Resolution 1**
2. To approve the payment of Directors' fees in respect of the financial year ended 31 March 2005. **Ordinary Resolution 2**
3. To re-elect the following Directors retiring in accordance with Articles 83 and 90 of the Company's Articles of Association:

#### Article 83

- (a) Tan Sri Dato' Tan Hua Choon; and **Ordinary Resolution 3 (a)**
- (b) Mr Thor Poh Seng **Ordinary Resolution 3 (b)**

#### Article 90

- (c) En Mohtar Bin Abdullah **Ordinary Resolution 3 (c)**

4. To re-appoint Messrs PricewaterhouseCoopers as Auditors of the Company and to authorise the Directors to fix their remuneration. **Ordinary Resolution 4**
5. To transact any other ordinary business of the Company for which due notice has been given. **Ordinary Resolution 5**

By Order of the Board

**Lim Lai Sam**  
Secretary

Kuala Lumpur  
26 August 2005

#### Notes:

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

## STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

### PLACE, DATE AND TIME OF THE 36<sup>TH</sup> AGM

The 36<sup>th</sup> AGM of the Company will be held at The Pan Pacific Hotel Kuala Lumpur, Bunga Kenanga Room, Level 3, Jalan Putra, 50350 Kuala Lumpur, Malaysia on Wednesday, 21 September 2005 at 11.00 a.m.

### DIRECTORS STANDING FOR RE-ELECTION

The Directors who are standing for re-election at the 36<sup>th</sup> AGM are:

- (a) Tan Sri Dato' Tan Hua Choon;
- (b) Mr Thor Poh Seng; and
- (c) En Mohtar Bin Abdullah

### DETAILS OF ATTENDANCE OF DIRECTORS AT BOARD MEETINGS

The details of the Directors' attendance at Board Meetings held during the financial year ended 31 March 2005 are disclosed in the Corporate Governance Statement set out in page 10 of this Annual Report.



## CORPORATE INFORMATION

### BOARD OF DIRECTORS

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

Lim Jian Hoo  
*(Executive Director)*

Thor Poh Seng  
*(Executive Director)*

Lee Yu-Jin  
*(Independent Non-Executive Director)*

Aminuddin Yusof Lana  
*(Independent Non-Executive Director)*

Mohtar Bin Abdullah  
*(Independent Non-Executive Director, appointed w.e.f. 17 November 2004)*

### AUDIT COMMITTEE

Lee Yu-Jin  
*(Chairman) (MIA Member)*

Lim Jian Hoo

Aminuddin Yusof Lana

Mohtar Bin Abdullah  
*(appointed w.e.f. 17 November 2004)*

### NOMINATION COMMITTEE

Tan Sri Dato' Tan Hua Choon

Lee Yu-Jin

Mohtar Bin Abdullah  
*(appointed w.e.f. 17 November 2004)*

### REMUNERATION COMMITTEE

Tan Sri Dato' Tan Hua Choon

Lee Yu-Jin

### SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR

Lee Yu-Jin  
Fax : (03) 4043 6750

### COMPANY SECRETARY

Lim Lai Sam

### REGISTERED OFFICE

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

### PRINCIPAL BANKERS

Citibank Berhad

EON Bank Berhad

### SHARE REGISTRARS

PFA Registration Services Sdn Bhd  
Level 13, Uptown 1  
No. 1, Jalan SS21/58  
Damansara Uptown  
47400 Petaling Jaya  
Selangor Darul Ehsan  
Tel : (03) 7725 4888/7725 8046  
Fax : (03) 7722 2311

### AUDITORS

Messrs PricewaterhouseCoopers  
*(Chartered Accountants)*

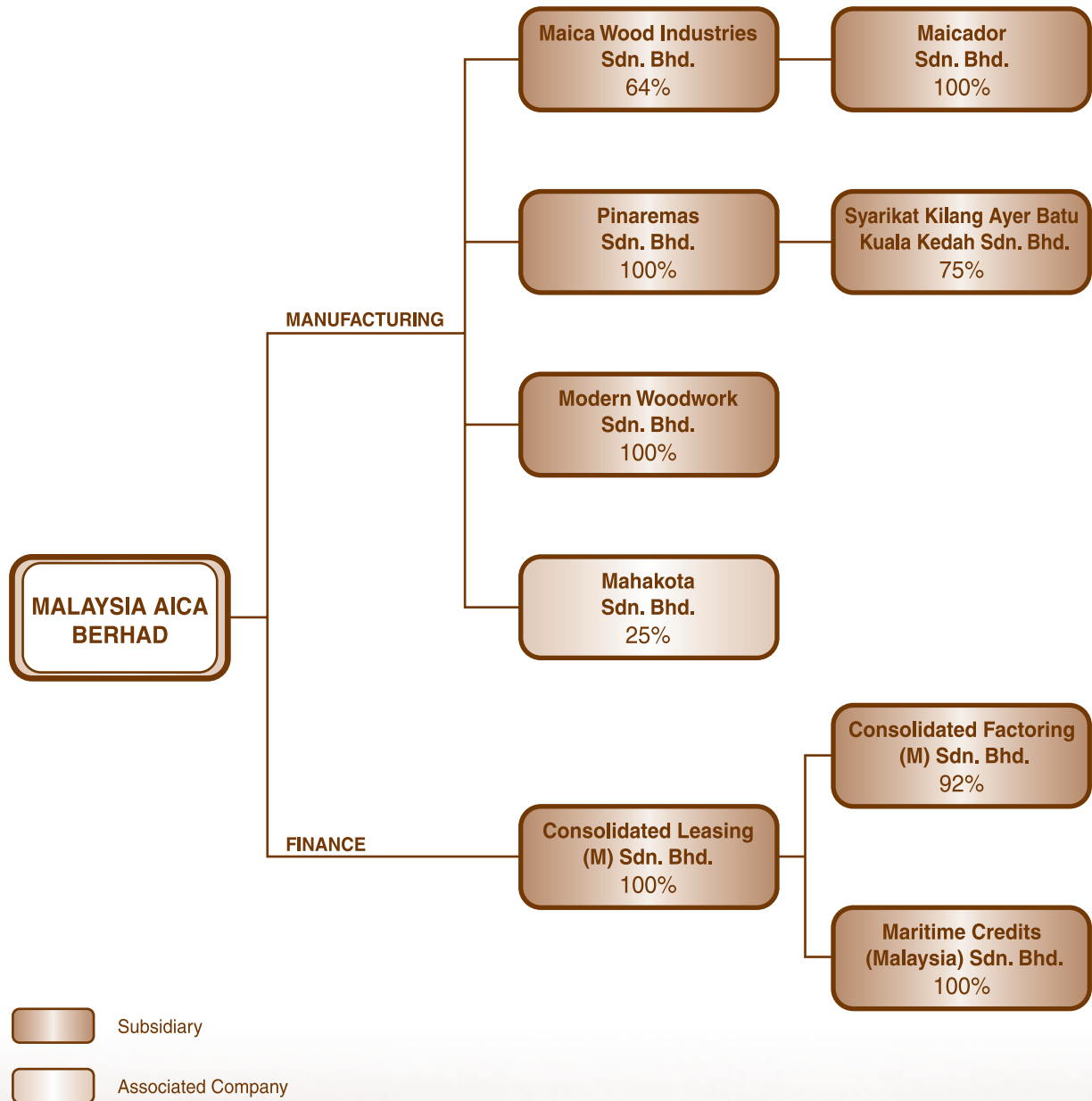
### STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad  
*(Main Board)*



## GROUP STRUCTURE

As At 31 MARCH 2005



*Note: Companies which are dormant or which have not commenced active operations are excluded*



## GROUP FINANCIAL HIGHLIGHTS

FOR THE FIVE FINANCIAL YEARS ENDED 31 MARCH 2005

	2001 RM'000	2002 RM'000	2003 RM'000	2004 RM'000	2005 RM'000
Revenue	25,531	25,660	27,388	21,148	<b>22,455</b>
Profit/(Loss) Before Tax	(767)	(2,414)	(3,522)	(4,731)	<b>(6,592)</b>
Profit/(Loss) After Tax And Minority Interest Attributable To Shareholders	(226)	(1,486)	(2,629)	(3,412)	<b>(4,630)</b>
Dividends – Net	-	-	-	-	-
Shareholders' Fund	85,647	84,449	81,820	78,098	<b>73,468</b>
<hr/>					
Earnings/(Loss) Per Share Based On Profit/(Loss) After Tax And Minority Interest	(0.2 sen)	(1.2 sen)	(2.1 sen)	(2.6 sen)	<b>(3.6 sen)</b>
Net Tangible Assets Per Share	78 sen	77 sen	63 sen	60 sen	<b>(56 sen)</b>
Dividend Rate	-	-	-	-	-

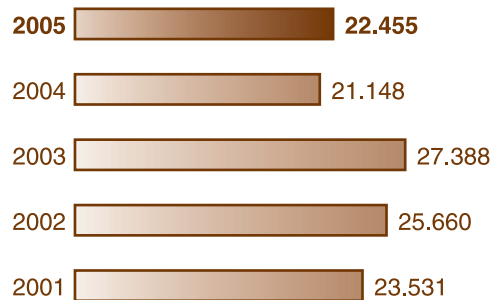


## GROUP FINANCIAL HIGHLIGHTS

FOR THE FIVE FINANCIAL YEARS ENDED 31 MARCH 2005

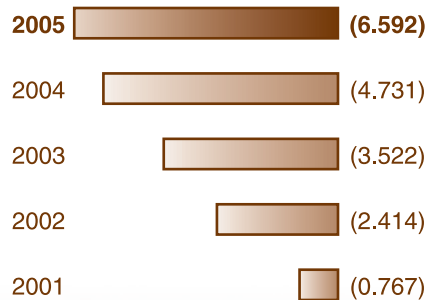
### REVENUE

RM MILLIONS



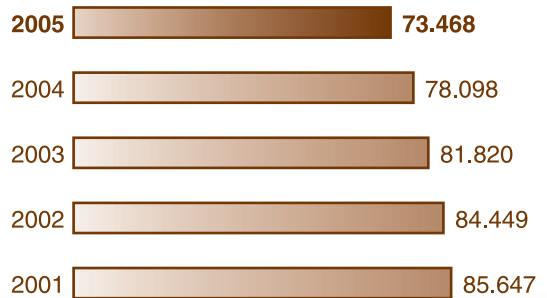
### PROFIT/(LOSS) BEFORE TAX

RM MILLIONS



### SHAREHOLDERS' FUND

RM MILLIONS





## CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, I am pleased to present the Annual Report and Audited Financial Statements of the Company and the Group for the financial year ended 31 March 2005.

### RESULTS

The Group recorded a slight increase in revenue of RM22.5 million for the year, against RM21.1 million the previous year. However, the Group recorded a loss before taxation of RM6.6 million for the current financial year, compared to the loss before taxation of RM4.73 million the previous year. The higher loss was mainly due to lower than expected sales, low timber yield rate in the tropical wood general moulding products and the increase in rubber wood purchase price coupled with higher production and administration costs.

The Company reported a profit before taxation of RM0.17 million for the current financial year compared to a loss before taxation of RM0.76 million in the previous financial year. The previous year loss was mainly due to the write off of investment in Maica (Shantou) Limited Company amounting to RM1.63 million.

### REVIEW OF OPERATIONS

During the 2005 financial year, the Group underwent a very challenging period for its wood-based manufacturing division as the price of raw materials such as rubber wood and meranti continued to escalate while selling prices generally remained stagnant due to competitive pricing. The division however managed to record a marginal increase in revenue to RM20.8 million compared to RM19.2 million in the previous year.

Maicador Sdn Bhd ("MDR") continued to focus on door production mainly for the export markets. The loss incurred by MDR had been further reduced compared to the previous year as a result of the Management's multi-pronged actions taken to lower production costs.

Maica Wood Industries Sdn Bhd ("MWI"), which produces rubber wood boards and round bars to cater for the Japanese market, had during the year diversified into tropical wood mouldings production and exported to countries in Europe. However, the performance of MWI has yet to reach a satisfactory level due to the high cost of rubber wood and tropical wood materials encountered as well as fierce competition which led to competitive pricing demands by customers. In order to improve our manufacturing efficiency, the Group had during the year purchased new machineries and this had resulted in higher depreciation charges.

### PROSPECTS

For the 2006 financial year, the Group has started to place greater emphasis on marketing activities both locally and overseas to increase the sales revenue and production output in order to bring down unit costs.

At the same time, further cost reduction exercise will be carried out to ensure the Group's wood products remain competitive.

With the above action in place, we are fairly optimistic that the performance of the Group will gradually improve.

### CORPORATE DEVELOPMENTS

The Company had in August 2005 announced it had entered into a Rescission Agreement with Hyrax Oil Sdn Bhd ("Hyrax") to mutually rescind the conditional Sale and Purchase Agreement and other related agreements for the proposed acquisition of Hyrax. As explained in the announcement, the Board had decided not to proceed with the proposed acquisition as the increase in oil price to unexpected level between 2004 and 2005 had significantly affected the performance of Hyrax and caused uncertainty to its future prospects. Pursuant to that, the Board also decided not to proceed with the proposed restricted issue of 30,000,000 new MAICA shares at an issue price of RM1.02 per share for cash which was proposed to raise funds for the working capital requirement of MAICA's future business and to defray expenses in relation to the corporate proposals which included the proposed acquisition of Hyrax.

The Board will continue to source for viable businesses for injection into MAICA.

### DIVIDEND

The Board of Directors does not recommend the payment of any dividend for the financial year ended 31 March 2005.

### NEW APPOINTMENT

I am pleased to welcome the participation of Encik Mohtar Bin Abdullah who has joined the Board as an Independent Non-Executive Director on 17 November 2004.

### APPRECIATION

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

### TAN SRI DATO' TAN HUA CHOON

Chairman

Kuala Lumpur  
25 August 2005



## PROFILE OF BOARD OF DIRECTORS

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### **Tan Sri Dato' Tan Hua Choon**

(64 years old - Malaysian)

*Chairman, Non-Independent Non-Executive Director*

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

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

During the last 13 years, he has built-up investments in numerous public listed companies. He is also the Chairman of Marco Holdings Berhad, PDZ Holdings Bhd, Keladi Maju Berhad, FCW Holdings Berhad, Jasa Kita Berhad and GPA Holdings Berhad.

### **Lim Jian Hoo**

(59 years old - Malaysian)

*Executive Director*

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Mr Lim was appointed as Director of the Company and member of the Audit Committee on 1 February 1997 and 1 November 2003 respectively.

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

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

### **Thor Poh Seng**

(45 years old - Malaysian)

*Executive Director*

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

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

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





## PROFILE OF BOARD OF DIRECTORS

### **Lee Yu-Jin**

(38 years old - Malaysian)

*Independent Non-Executive Director*

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

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

### **Aminuddin Yusof Lana**

(57 years old - Permanent Resident)

*Independent Non-Executive Director*

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

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

Currently, he sits on the Board of Oiltools International Limited (Bermuda) and M-Mode Berhad.

### **Mohtar Bin Abdullah**

(56 years old - Malaysian)

*Independent Non-Executive Director*

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

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

## FURTHER INFORMATION ON THE BOARD OF DIRECTORS

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



## CORPORATE GOVERNANCE STATEMENT

The Board of Directors of Malaysia Aica Berhad recognises the importance of practicing good corporate governance in conducting the business and affairs of the Group with integrity, transparency and professionalism as key elements for the Group's continued progress and success.

To this end, the Board fully supports the recommendations of the Malaysian Code on Corporate Governance ("the Code") and is committed to ensure that the principles and best practices of the Code are observed and practiced throughout the Group as a fundamental part of discharging its responsibilities to protect and enhance shareholders' value and financial performance of the Group. Ongoing evaluation will be carried out from time to time to reassess and refine the governance framework towards enhancing the Group's business growth and corporate accountability.

The Board is pleased to disclose below the Group's application and the extent of its compliance with the best practices of the Code throughout the 2005 financial year.

### A. BOARD OF DIRECTORS

#### i) The Board

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

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

There were four (4) official Board Meetings held during the financial year ended 31 March 2005. The record of attendance for each Director at those meetings during their respective tenure is set out below:-

Directors	Status	No. of Board Meetings Attended	% of Attendance
Tan Sri Dato' Tan Hua Choon	Chairman Non-Independent Non- Executive Director	4	100
Mr Lim Jian Hoo	Executive Director	4	100
Mr Thor Poh Seng	Executive Director	4	100
Mr Lee Yu-Jin	Independent Non-Executive Director	4	100
En Aminuddin Yusof Lana	Independent Non-Executive Director	4	100
En Mohtar Bin Abdullah	Independent Non-Executive Director	1	* 100
Cik Yazween Binti Dato' Yahya	Independent Non-Executive Director	1	** 33

\* *Encik Mohtar Bin Abdullah was appointed to the Board on 17 November 2004. There was one Board Meeting held after the date of his appointment and up to 31 March 2005.*

\*\* *Cik Yazween Binti Dato' Yahya resigned as Director on 17 November 2004.*



## CORPORATE GOVERNANCE STATEMENT

### ii) Board Committees

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

#### ***Audit Committee***

The Maica Audit Committee was established on 19 January 1994. The composition of the Committee, terms of reference and the summary of its activities carried out during the financial year ended 31 March 2005 are set out in pages 17 to 20 of this Annual Report.

#### ***Nomination Committee***

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

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

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

The present members of the Nomination Committee are:-

- 1) Tan Sri Dato' Tan Hua Choon - *Non-Independent Non-Executive Director*
- 2) Mr Lee Yu-Jin - *Independent Non-Executive Director*
- 3) En Mohtar Bin Abdullah - *Independent Non-Executive Director (appointed on 17 November 2004)*

During the financial year ended 31 March 2005, the Nomination Committee members met twice wherein it assessed and proposed a new candidate to fill a vacancy of the Board and carried out its annual evaluation process on the Board of Directors as a whole, Board Committees and each individual Director. The meetings were attended by all the members.

#### ***Remuneration Committee***

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

The Directors who served the Remuneration Committee during the 2005 financial year were as follow:

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

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



## CORPORATE GOVERNANCE STATEMENT

### iii) Board Balance

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

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

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

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

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

### iv) Supply of Information

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

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

In addition, there is a formal schedule of matters specifically reserved for the Board's decision including, among other things, business strategies, operational policies and efficacies, product quality measures, acquisitions and disposals of material assets, investment policies and approval of financial statements.

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



## CORPORATE GOVERNANCE STATEMENT

### v) Appointments to the Board

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

### vi) Directors' Training

Pursuant to the Bursa Securities LR, all the existing Directors of the Company have attended the Mandatory Accreditation Programme conducted by Bursatra Sdn Bhd. The Board members are currently undergoing the Continuing Educational Programme ("CEP") to accumulate the requisite CEP points within the stipulated timeframe.

The Board of Directors will on a continuous basis, evaluate and determine the training needs of its members in order for them to keep abreast with the latest statutory and regulatory developments to further enhance their professionalism and knowledge to enable them to discharge their responsibilities effectively.

### vii) Re-election of Directors

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

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

## B DIRECTORS' REMUNERATION

### i) Level and make-up

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

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

### ii) Procedure

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



## CORPORATE GOVERNANCE STATEMENT

### iii) Disclosure

The details of Directors' Remuneration paid or payable to all the Directors of the Company who served during the financial year ended 31 March 2005 are as follows:-

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

Category of Remuneration	Executive Directors (RM'000)	Non-Executive Directors (RM'000)	Total (RM'000)
(a) Fees	-	42	42
(b) Salaries and other emoluments	388	-	388
(c) Bonuses	28	-	28
(d) Estimated value of benefits-in-kind	-	4	4
<b>Total (RM'000)</b>	<b>416</b>	<b>46</b>	<b>462</b>

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

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

## C. RELATIONSHIP WITH SHAREHOLDERS AND INVESTORS

### i) Dialogue between Company and Investors

Timely release of the quarterly financial results of the Group, audited financial statements, corporate developments and announcements of the Group via the BURSA LINK, Company's annual reports and other circulars to shareholders and where appropriate, ad hoc press statements serve as the principal channel to keep the shareholders and the investing public informed of the Group's major development, financial performance and progress throughout the year.

### ii) General Meetings of Shareholders

The Annual General Meetings ("AGM") of the shareholders of the Company represent the main venue for interaction between the Board and the shareholders. At each AGM, the Board presents the progress and performance of the business of the Group during the particular financial year as contained in the Annual Report. Shareholders are given the opportunity to express their view or seek clarification on issues pertaining to the Group's financial statements, transactions, business activities and prospects of the Group wherein, the Directors, General Manager -Accounts and Finance and the External Auditors are available to respond to the queries before each resolution is carried.



## CORPORATE GOVERNANCE STATEMENT

Extraordinary General Meetings ("EGM") of the Company will be held as and when shareholders' approvals are required on specific matters.

Notices of AGM and EGM are advertised in a major local daily newspaper. They are also distributed to shareholders within a reasonable and sufficient time frame. In addition to that, a press conference is normally held after each AGM or EGM of the Company whereat, the Board members are available to answer questions pertaining to the business operations and directions of the Group posted by the journalists.

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

### **D. ACCOUNTABILITY AND AUDIT**

#### **i) Financial Reporting**

The Audit Committee assists the Board in reviewing the Group's quarterly results and annual financial statements to ensure correctness and adequacy prior to these results being presented to the Board. The Board takes note of the comments and recommendations of the Audit Committee and conducts a balanced and detailed assessment of the Group's financial position and prospects. The results are then released by the Secretary via BURSA LINK after the Board adopts them.

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

#### **ii) Internal Control**

The Board acknowledges its responsibility of maintaining a sound system of internal control which covers not only financial controls but also operational and compliance controls as well as risk management, and the need to review its effectiveness regularly in order to safeguard shareholders' investment and company's assets. The internal control system is designed to identify the risk to which the Group are exposed to and mitigate the impact thereon to meet the particular needs of the Group. The Group will continue to review the adequacy and integrity of its internal control systems to ensure that they are in line with the changing operating environment.

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

#### **iii) Relationship with Auditors**

The Board of Directors and the Management maintain a formal and transparent relationship with the Group's Auditors in seeking their professional advice and opinion with regard to the Group's compliance with the relevant approved accounting standards. The Auditors will be invited for the meetings of the Audit Committee or Board as and when the need arises.

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



## DIRECTORS' RESPONSIBILITY STATEMENT

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The Directors are collectively responsible to ensure that the financial statements of the Company and the Group are drawn up in accordance with the applicable approved accounting standards of Malaysia, Bursa Securities LR and the provisions of the Companies Act, 1965 ("the Act") so as to give true and fair view of the Company and the Group's state of affairs, results and cash flow position for the financial year ended 31 March 2005.

In preparing the financial statements, the Directors have selected and applied consistently relevant and appropriate accounting policies, made reasonable judgments and estimates that are prudent and on the going concern basis.

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

## ADDITIONAL COMPLIANCE INFORMATION

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### **NON-AUDIT FEE**

Non-audit fee amounting to RM3,000.00 was paid to the External Auditors for the financial year ended 31 March 2005.

### **MATERIAL CONTRACT INVOLVING DIRECTORS' AND MAJOR SHAREHOLDERS' INTEREST**

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

### **REVALUATION POLICY ON LANDED PROPERTIES**

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





## AUDIT COMMITTEE REPORT

The Board of Directors of Malaysia Aica Berhad ("Maica") is pleased to present the report of the Maica Audit Committee for the financial year ended 31 March 2005.

### COMPOSITION OF AUDIT COMMITTEE

The Maica Audit Committee was established by the Company's Board of Directors on 19 January 1994. The members of the Maica Audit Committee and their respective attendance at the Audit Committee meetings are as follows:

Name	Status	No. of Audit Committee Meetings Attended	% of Attendance
Mr Lee Yu-Jin (MIA Member)	<b>Chairman</b> Independent Non-Executive Director	5/5	100
Mr Lim Jian Hoo	<b>Member</b> Executive Director	5/5	100
Encik Aminuddin Yusof Lana	<b>Member</b> Independent Non-Executive Director	5/5	100
Encik Mohtar Bin Abdullah	<b>Member</b> Independent Non-Executive Director	2/2*	100*
<b>Past Member</b>			
Cik Yazween Binti Dato' Yahya	Independent Non-Executive Director	1/3**	33**

\* *En Mohtar Bin Abdullah joined the Audit Committee on 17 November 2004. There were two meetings held after his appointment.*

\*\* *Cik Yazween Binti Dato' Yahya resigned from the Audit Committee on 17 November 2004.*

The Executive Directors, General Managers and Internal Audit Consultants were usually invited to attend the Maica Audit Committee meetings for the briefing on the activities involving their areas of responsibilities. The Maica Audit Committee was also briefed by the External Auditors on their annual audit findings and new provisions introduced by the Malaysian Accounting Standards Board ("MASB"), where applicable.

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

### TERMS OF REFERENCE

#### 1. Membership

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

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

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

## 2. Frequency of Meetings

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

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

## 3. Secretary

The Company Secretary shall be the Secretary of the Committee.

## 4. Authority

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

- i) full and unrestricted access to any information and documents from the external auditors and senior management of the Company and the Group which are relevant to the activities of the Company.
- ii) be provided with the necessary resources which are required to perform its duties.
- iii) the right to investigate into any matter within its terms of reference and as such, have direct communication channel with the external auditors and persons carrying out the internal audit function of the Company.
- iv) the liberty to obtain independent professional advice and to secure the attendance of such external parties with relevant experience and expertise at its meeting if it considers this necessary.
- v) the right to convene meetings with the external auditors, excluding the attendance of its executive members and may extend invitation to other non-member directors and officers of the Company to attend a specific meeting, whenever deemed necessary.

## 5. Duties

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

The duties of the Maica Audit Committee shall be:-

- i) To review the audit plan with the external auditors;
- ii) To review the audit report with the external auditors;
- iii) To review the assistance given by the Company's officers to the external auditors;
- iv) To review the quarterly results and year-end financial statements of the Company and the Group, prior to the approval by the Board, focussing particularly on:
  - a. changes in or implementation of major accounting policies;
  - b. significant and unusual events; and
  - c. compliance with accounting standards, regulatory and other legal requirements;

- v) To review any related party transaction and conflict of interest situation that may arise within the Company and the Group including any transaction, procedure or course of conduct that raises questions of management integrity;
- vi) To review the adequacy of the scope, functions and resources of the internal audit functions and to ensure that it has the necessary authority to carry out its work;
- vii) To review any internal audit programme, processes, the results of the internal audit programme, processes or investigations undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
- viii) To review any evaluation made on the systems of internal controls with the internal and external auditors;
- ix) To recommend to the Board of Directors the appointment of the external auditors and the level of their fees;
- x) To review the letter of resignation from the external auditors, if any;
- xi) To review whether there is reason (supported by grounds) to believe that the external auditors are not suitable for re-appointments; and
- xii) To undertake such other functions as may be agreed by the Maica Audit Committee and the Board.

#### **6. Performance Review**

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

#### **ACTIVITIES OF THE COMMITTEE**

During the financial year ended 31 March 2005, the activities carried out by the Audit Committee included, among others, the following:-

- a. Reviewed the unaudited quarterly reports on the consolidated results and financial statements prior to tabling of the same to the Board of Directors.
- b. Reviewed the year-end financial statements of the Company and the Group, prior to their adoption by the Board, focusing on:-
  - i) changes in or implementation of major accounting policies, if any;
  - ii) significant and unusual events, if any; and
  - iii) compliance with accounting standards, regulatory and other legal requirements.
- c. Reviewed with the Management the performance and business strategies for the Group's wood-based division.
- d. Reviewed the movement of slow and non-moving stocks of the wood-based division and the measures taken to bring them down to a lower level.
- e. Reviewed the adequacy of the existing policies, procedures and systems of internal control of the Group.

- f. Reviewed the estimate/forecast Income Statement and Cash Flow Statement for the 2004 and 2005 financial years.
- g. Reviewed the external auditors' reports in relation to their annual audit review and the actions to be taken to resolve the issues raised therein.
- h. Reviewed the external audit plan and engagement letters of the external auditors for the financial year ended 31 March 2005.
- i. Discussed with the tax agent the tax planning options available for the Group's tax savings purposes.
- j. Discussed with the external auditors the new accounting standards issued by the MASB which were applicable to the Group.
- k. Reviewed the 2<sup>nd</sup> internal audit plan based on the updated Group's Business Risk Profile established by the Internal Audit Consultants.
- l. Reviewed internal audit reports in respect of the Group's wood-based division which outlined risks identified, recommendations towards correcting the areas of weaknesses and the Management's responses thereto. Discussed with the Management the improvement actions taken in the areas of internal control systems and efficiency enhancements proposed by the Internal Audit Consultants based on the internal audit findings.
- m. Reviewed and assessed the extent of the Group's compliance with the provisions set out under the Malaysian Code on Corporate Governance for the purpose of preparing the Corporate Governance Statement pursuant to the Bursa Securities LR.
- n. Reviewed the Internal Control Statement of the Group for inclusion in the Annual Report.

#### **INTERNAL AUDIT FUNCTION**

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

The Audit Committee approves the internal audit plan prior to the commencement of the new financial year. The scope of Internal Audit covers the audits of all units and operations, including subsidiaries. The internal audit consultants has adopted a risk-based approach towards the planning and conduct of audits which is consistent with the Group's established risk framework and self-assessment approach in generating an embedded risk management capability and acceptable risk culture within the organisation.

The attainment of such objectives involves the following activities to be carried out by the Internal Audit Consultants:

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



## STATEMENT ON INTERNAL CONTROL

### 1. Introduction

The Board of Malaysia Aica Berhad is pleased to outline below the state of internal control of the Group. The system of internal control is based on an ongoing process designed to identify the principal risks to the achievement of the Group's policies, goals and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically. This process had been put in place for the financial year under review. This statement was prepared in accordance with Paragraph 15.27 (b) of the Listing Requirements of Bursa Securities and the Statement on Internal Control: Guidance For Directors of Public Listed Companies.

### 2. Board's Responsibility

The Board affirms its overall responsibility for the Group's system of internal controls which includes reviewing its effectiveness, adequacy and integrity. The Board is equally aware that due to the limitations that are inherent in any system of internal control, the system of internal control is designed to manage rather than eliminate the risk of failure to achieve business objectives. In this regard, it can provide only reasonable and not absolute assurance against material misstatement or loss.

### 3. Key Elements of Internal Control

#### *Risk Management and Internal Audit*

The overall risk management practices of the Group are governed by the Risk Management Policy endorsed by both the Management and the Board. The policy prescribes amongst others continuous identifying, reviewing and managing principal risks faced by the Group.

The Management with the assistance of external consultants regularly updates the risk profile of the Group. The risk profile is subsequently tabled and endorsed by the Board. The risks identified in the risk profile are used as a basis for internal auditing purposes.

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

The Group's system of internal control is regularly reviewed for its effectiveness in managing principal risks. The internal audit function focuses on areas of priority as determined by the risk profile. Where any significant weaknesses have been identified, improvement measures are recommended to strengthen controls. The internal audit reports are tabled at Audit Committee meetings which are held on every quarter.



## STATEMENT ON INTERNAL CONTROL

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### ***Other Key Elements of Internal Controls***

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

- The Group has an appropriate organisational structure for planning, executing, controlling and monitoring business operations in order to achieve Group's business objectives. Lines of responsibility and delegations of authority are clearly defined.
- Internal policies and procedures are formalised and documented in the form of Standard Operating Procedures. The Standard Operating Procedures cover areas of significant such as purchasing, stocks, sales and marketing, human resources and payment. The Standard Operating Procedures are subjected to regular review.
- The Executive Directors act as the channel of communication between the Board and the Management. The Executive Directors are empowered to manage the businesses of the Group and implement the Board's directives and policies.
- A budgeting process which requires business units to prepare budget annually. Any variances of actual performance against budget are monitored and reported in the monthly management accounts. The results are consolidated and presented to the Board on a regular basis.
- As for the occupational safety and health, the Group has put in place the necessary safety guidelines among others, setting up a safety committee to enhance the safety procedures and address all the safety issues which may arise from time to time.
- The Audit Committee meets at least four times a year and reviews the effectiveness of the Group's system of internal controls. The Committee meets with the internal auditors and external auditors regularly to review their reports.



# **F I N A N C I A L S T A T E M E N T S**

<b>24</b>	Directors' Report
<b>28</b>	Report Of The Auditors
<b>29</b>	Income Statements
<b>30</b>	Balance Sheets
<b>31</b>	Consolidated Statement Of Changes In Equity
<b>32</b>	Statement Of Changes In Equity
<b>33</b>	Cash Flow Statements
<b>34</b>	Notes To The Financial Statements
<b>59</b>	Statement By Directors
<b>59</b>	Statutory Declaration



## DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2005

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 2005.

### 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 18 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

### FINANCIAL RESULTS

	Group RM'000	Company RM'000
(Loss)/profit from ordinary activities after taxation	(6,689)	79
Minority interests	2,059	0
Net (loss)/ profit for the financial year	<u>(4,630)</u>	<u>79</u>

### 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 2005.

### 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  
Cik Yazween binti Dato' Yahya

(appointed on 17 November 2004)  
(resigned on 17 November 2004)





## DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2005

### 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 2004	Addition	Disposal	31 March 2005
<b>Malaysia Aica Berhad</b>				
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 9 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:

- 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
- 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.

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

- 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
- which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
- 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.



## DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2005

### STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS (CONT'D)

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; 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.

### PROPOSED ACQUISITION OF 100% OF THE ISSUED AND PAID-UP SHARE CAPITAL OF HYRAX OIL SDN. BHD ("HYRAX").

On 12 January 2004, the Company entered into a conditional Sale and Purchase of Shares Agreement with the shareholders of Hyrax to acquire 2,000,000 ordinary shares of RM1 each representing the entire issued and paid-up share capital of Hyrax for a total consideration of RM50,000,000 to be wholly satisfied by the issue of 50 million new ordinary shares of RM0.50 each credited as fully paid-up in the share capital of the Company at an issue price of RM1 per ordinary share.

The proposed acquisition is subject to the approvals of the Securities Commission, Foreign Investment Committee, Bursa Malaysia Securities Berhad, shareholders of the Company and shareholders of Hyrax and any other relevant authority.

On 11 January 2005, the Company and the shareholders of Hyrax had agreed to extend the cut off date, to fulfil the conditions precedent as detailed in the Sale and Purchase of Shares Agreement and extended by the Supplemental Agreement, for a further period of twelve (12) months expiring on 10 January 2006 or such later date that the Company and shareholders of Hyrax agree in writing.



## DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2005

### AUDITORS

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

Signed on behalf of the Board of Directors in accordance with their resolution dated 20 July 2005.

**LIM JIAN HOO**

Director

**THOR POH SENG**

Director



## REPORT OF THE AUDITORS

TO THE MEMBERS OF MALAYSIA AICA BERHAD

We have audited the financial statements set out on pages 29 to 58. 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 MASB approved accounting standards in Malaysia 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 2005 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 18 to the financial statements. We have considered the financial statements of these subsidiary companies and the auditors' reports thereon.

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 material qualification and did not include any comment made under subsection (3) of section 174 of the Act.

**PRICEWATERHOUSECOOPERS**  
[AF:1146]  
Chartered Accountants

**CHO CHOO MENG**  
[2082/09/06 (J)]  
Partner of the firm

Penang  
20 July 2005



## INCOME STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2005

	Note	Group		Company	
		2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
<b>Revenue</b>	5	<b>22,455</b>	21,148	<b>1,545</b>	2,143
Cost of sales		<b>(23,685)</b>	(20,232)	<b>0</b>	0
<b>Gross (loss)/profit</b>		<b>(1,230)</b>	916	<b>1,545</b>	2,143
Other operating income		<b>312</b>	840	<b>33</b>	151
Selling and distribution costs		<b>(1,446)</b>	(883)	<b>0</b>	0
Administration expenses		<b>(4,051)</b>	(3,809)	<b>(1,409)</b>	(3,050)
Other operating expenses		<b>0</b>	(1,536)	<b>0</b>	0
<b>(Loss)/profit from operations</b>	6	<b>(6,415)</b>	(4,472)	<b>169</b>	(756)
Finance cost	7	<b>(116)</b>	(130)	<b>0</b>	0
Share of results of associated companies		<b>(61)</b>	(129)	<b>0</b>	0
<b>(Loss)/profit from ordinary activities before taxation</b>		<b>(6,592)</b>	(4,731)	<b>169</b>	(756)
Taxation	11	<b>(99)</b>	(253)	<b>(90)</b>	(242)
Share of tax of associated companies		<b>2</b>	31	<b>0</b>	0
<b>(Loss)/profit from ordinary activities after taxation</b>		<b>(6,689)</b>	(4,953)	<b>79</b>	(998)
Minority interests		<b>2,059</b>	1,541	<b>0</b>	0
<b>Net (loss)/profit for the financial year</b>		<b>(4,630)</b>	(3,412)	<b>79</b>	(998)
Loss per share					
- basic	12	<b>(3.6 sen)</b>	(2.6 sen)		
- diluted	12	<b>N/A</b>	N/A		

The accounting policies and the notes on pages 34 to 58 form an integral part of these financial statements.



## BALANCE SHEETS

As At 31 MARCH 2005

	Note	Group		Company	
		2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
<b>Capital and reserves</b>					
Share capital	13	65,180	65,180	65,180	65,180
Reserves	14	8,288	12,918	20,752	20,673
		<b>73,468</b>	<b>78,098</b>	<b>85,932</b>	<b>85,853</b>
Minority interests		98	2,154	0	0
<b>Non-current liabilities</b>					
Retirement benefits	15	921	917	48	42
Deferred taxation	16	25	25	0	0
		<b>946</b>	<b>942</b>	<b>48</b>	<b>42</b>
		<b>74,512</b>	<b>81,194</b>	<b>85,980</b>	<b>85,895</b>
Represented by:					
<b>Non-current assets</b>					
Property, plant and equipment	17	22,908	23,033	6,648	6,733
Subsidiary companies	18	0	0	12,871	12,871
Associated companies	19	1,944	2,003	672	672
Investments	20	422	492	65	135
		<b>25,274</b>	<b>25,528</b>	<b>20,256</b>	<b>20,411</b>
<b>Current assets</b>					
Inventories	21	6,149	4,217	0	0
Trade receivables	22	320	331	0	0
Bills receivable	23	835	915	0	0
Investment in finance leases	24	0	0	0	0
Hire-purchase receivables	25	0	0	0	0
Factoring receivables	26	3	3	0	0
Other receivables, deposits and prepayments	27	907	333	710	67
Tax recoverable		6	22	0	0
Amounts due from subsidiary companies	28	0	0	23,050	16,799
Deposits, cash and bank balances	29	46,615	54,432	42,134	48,924
		<b>54,835</b>	<b>60,253</b>	<b>65,894</b>	<b>65,790</b>
<b>Current liabilities</b>					
Trade and other payables	30	1,820	3,233	127	105
Retirement benefits	15	10	24	0	0
Short term borrowing	31	1,000	1,000	0	0
Provision for taxation		87	244	43	201
Bank overdrafts	32	2,680	86	0	0
		<b>5,597</b>	<b>4,587</b>	<b>170</b>	<b>306</b>
<b>Net current assets</b>		<b>49,238</b>	<b>55,666</b>	<b>65,724</b>	<b>65,484</b>
		<b>74,512</b>	<b>81,194</b>	<b>85,980</b>	<b>85,895</b>

The accounting policies and the notes on pages 34 to 58 form an integral part of these financial statements.



## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2005

Group	Issued and fully paid ordinary shares of RM0.50 each		Non-distributable				Retained profits/ (Accumulated losses) RM'000	Total RM'000
	Number of shares Units	Nominal value RM'000	Exchange fluctuation reserve RM'000	Share premium RM'000	Property revaluation surplus RM'000	Capital reserve RM'000		
At 1 April 2003	130,361,472	65,180	288	13,296	812	815	1,407	81,798
Translation differences on disposal of property in subsidiary company	0	0	(288)	0	0	0	0	(288)
Net loss for the financial year	0	0	0	0	0	0	(3,412)	(3,412)
At 31 March 2004	130,361,472	65,180	0	13,296	812	815	(2,005)	78,098
At 1 April 2004	130,361,472	65,180	0	13,296	812	815	(2,005)	78,098
Net loss for the financial year	0	0	0	0	0	0	(4,630)	(4,630)
At 31 March 2005	130,361,472	65,180	0	13,296	812	815	(6,635)	73,468

The accounting policies and the notes on pages 34 to 58 form an integral part of these financial statements.



## STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2005

Company	Issued and fully paid ordinary shares of RM0.50 each		Non-distributable		Distributable	Total RM'000
	Number of shares Units	Nominal value RM'000	Share premium RM'000	Capital reserve RM'000	Retained profits RM'000	
At 1 April 2003	130,361,472	65,180	13,296	1,800	6,575	86,851
Net loss for the financial year	0	0	0	0	(998)	(998)
At 31 March 2004	130,361,472	65,180	13,296	1,800	5,577	85,853
<b>At 1 April 2004</b>	<b>130,361,472</b>	<b>65,180</b>	<b>13,296</b>	<b>1,800</b>	<b>5,577</b>	<b>85,853</b>
Net profit for the financial year	0	0	0	0	79	79
<b>At 31 March 2005</b>	<b>130,361,472</b>	<b>65,180</b>	<b>13,296</b>	<b>1,800</b>	<b>5,656</b>	<b>85,932</b>

The accounting policies and the notes on pages 34 to 58 form an integral part of these financial statements.





## CASH FLOW STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2005

Note	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
<b>Operating cash flows</b>				
Cash receipts from customers	21,244	21,962	(316)	2,211
Cash payments to suppliers	(31,504)	(23,486)	(1,289)	(1,344)
Cash flows (used in)/from operations	(10,260)	(1,524)	(1,605)	867
Retirement benefits paid	(55)	(50)	0	0
Interest paid	(116)	(130)	0	0
Taxation paid	(241)	(475)	(248)	(460)
	(412)	(655)	(248)	(460)
Net operating cash flow	(10,672)	(2,179)	(1,853)	407
<b>Investing cash flows</b>				
Net dividends received from other investments	4	12	4	12
Proceeds from disposal of property, plant and equipment	0	2,106	0	0
Purchase of property, plant and equipment	(1,183)	(6,211)	(6)	0
Proceeds from disposal of quoted investments	103	501	103	501
Interest received	1,337	1,640	1,214	1,816
Net investing cash flow	261	(1,952)	1,315	2,329
<b>Financing cash flows</b>				
Advances to subsidiary companies	0	0	(6,252)	(9,639)
Dividends paid	0	(4)	0	(4)
Net financing cash flow	0	(4)	(6,252)	(9,643)
<b>Net change in cash and cash equivalents</b>	<b>(10,411)</b>	<b>(4,135)</b>	<b>(6,790)</b>	<b>(6,907)</b>
<b>Cash and cash equivalents at beginning of the financial year</b>	<b>54,346</b>	<b>58,481</b>	<b>48,924</b>	<b>55,831</b>
<b>Cash and cash equivalents at end of the financial year</b>	<b>33 43,935</b>	<b>54,346</b>	<b>42,134</b>	<b>48,924</b>

The accounting policies and the notes on pages 34 to 58 form an integral part of these financial statements.



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2005

### 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 18 to the financial statements.

The number of employees in the Group and in the Company at the end of the financial year is 425 (2004: 471) and 9 (2004: 10) 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:

9 Jalan Zainal Abidin  
10400 Penang

### 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.

#### (ii) Credit risk

The Group's exposure to credit risk arises mainly from cash deposits with financial institutions and receivables, which consist mainly of bills receivables. For 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.

#### (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 minimal as the majority of the foreign currency transactions entered into by its subsidiary companies are denominated in United States Dollar which is pegged to the Ringgit Malaysia.

#### (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.



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2005

### 3 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

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

The financial statements comply with the provisions of the Companies Act, 1965 and the MASB approved accounting standards in Malaysia.

### 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) Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary companies made up to the end of the financial year. Subsidiary companies are those companies in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from their activities.

Subsidiary companies are consolidated from the date on which control is transferred to the Group and is no longer consolidated from the date that control ceases. Intra-group transactions, balances and unrealised profits or losses are eliminated fully on consolidation and the consolidated financial statements reflect external transactions only.

Minority interest is measured at the minorities' share of the post acquisition fair values of the identifiable assets and liabilities of the acquiree. Separate disclosure is made of minority interest.

#### (b) 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.

Long term and short term leasehold land are amortised in equal instalments over the periods of the respective leases ranging from 60 to 87 years, expiring in years 2041 to 2082.

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
Renovation	20
Plant and machinery	5 - 10
Furniture, fittings and equipment	10 - 20
Motor vehicles	20



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2005

### 4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (b) Property, plant and equipment (Cont'd)

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 17. The Directors have adopted the transitional provision of International Accounting Standard ("IAS") no. 16 (Revised): 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.

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.

At each balance sheet date, the Group assesses whether there is any event or change in circumstances, which indicate that the carrying amount of the asset may not be recoverable. Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognised in the income statement immediately. The recoverable amount is the higher of an asset's net selling price and value in use. The net selling price is the amount obtainable from the sale of an asset at arm's length transaction. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Impairment loss is reversed when there has been a change in the estimates used to determine the asset's recoverable amount, which causes an increase in the recoverable amount. Reversal of impairment loss is recognised to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation and amortisation, had no impairment loss been recognised. Reversal of impairment loss is recognised in the income statement.

#### (c) Subsidiary companies

Investments in subsidiary companies are stated at cost. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount.

#### (d) Associated companies

The Group treats as associated companies, those companies in which a long term equity interest of between 20% and 50% is held or where it is in a position to exercise significant influence over the financial and operating policies.

The Group's share of profits less losses of associated companies is included in the consolidated income statement and the Group's share of post-acquisition retained profits and accumulated losses are added to or deducted from the cost of investments in the consolidated balance sheet respectively.

In the Company's financial statements, investments in associated companies are stated at cost. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount.



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2005

### 4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (e) Investments

Quoted investments are stated at the lower of cost and market value. Other investments are stated at cost less allowance for diminution in value. Cost is determined principally on an average basis, computed on the occasion of each acquisition. Allowance for diminution in value is made only if, in the opinion of the Directors, there has been a permanent fall in the value of the investment. Profits or losses realised on sale of investments are taken to the income statement.

#### (f) 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 comprise 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.

#### (g) 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.

#### (h) 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 plans

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 2005

### 4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (i) 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 taxes payable on disposal of properties.

Deferred taxation 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.

#### (j) 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.

#### (k) 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.

#### (l) Foreign currency translations

Foreign currency transactions are converted into Ringgit Malaysia at rates of exchange prevailing at the transaction dates.

Monetary assets and liabilities denominated in foreign currencies are translated into Ringgit Malaysia at the exchange rates prevailing at the balance sheet date. All exchange differences are included in the income statement in the period in which they arise.



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2005

### 4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (l) Foreign currency translations (Cont'd)

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

Foreign currency	31.3.2005 RM	31.3.2004 RM
1 United States Dollar	3.7965	3.7965

#### (m) 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 REVENUE

	Group	
	2005 RM'000	2004 RM'000
Sales of goods	21,179	19,526
Investment holding	1,271	1,569
Others	5	53
	<b>22,455</b>	<b>21,148</b>

	Company	
	2005 RM'000	2004 RM'000
Interest income	1,214	1,816
Management fees	240	240
Rental income	87	75
Dividend income	4	12
	<b>1,545</b>	<b>2,143</b>



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2005

### 6 (LOSS)/PROFIT FROM OPERATIONS

(Loss)/profit from operations is stated after charging:

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Depreciation of property, plant and equipment	1,308	839	91	92
Auditors' remuneration (note 10)	43	43	12	12
Rental of land, office equipment and buildings	106	81	0	0
Allowance for slow moving inventories	124	1,254	0	0
Provision for retirement benefits	45	40	6	5
Loss on disposal of property, plant and equipment	0	1,626	0	0
Realised foreign exchange loss	7	9	0	0
Unrealised foreign exchange loss	0	3	0	0
Staff costs	9,009	8,506	833	853

(Loss)/profit from operations is stated after crediting:

Gross dividends from:				
- shares quoted in Malaysia	2	10	2	10
- shares quoted outside Malaysia	2	2	2	2
Interest income	1,337	1,640	1,214	1,816
Rental income	66	69	87	75
Profit on disposal of investments	33	151	33	151
Bad debts recovered	110	58	0	0
Allowance for slow moving inventories written back	398	0	0	0
Provision for retirement benefit written back	1	1	0	0
Realised foreign exchange gain	10	49	0	0
Unrealised foreign exchange gain	0	56	0	0

### 7 FINANCE COST

	Group	
	2005 RM'000	2004 RM'000
Interest on bank overdrafts	(75)	(86)
Interest on short term borrowing	(41)	(44)
	(116)	(130)

### 8 STAFF COSTS

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Wages, salaries and bonus	7,736	7,606	728	741
Defined contribution plan	718	508	87	91
Defined benefit plan	45	36	6	5
Other employee benefits	510	356	12	16
	9,009	8,506	833	853





## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2005

### 9 DIRECTORS' REMUNERATION

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

#### Non-executive Directors

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

(appointed on 17 November 2004)  
(resigned on 17 November 2004)

#### Executive Directors

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	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
<u>Non-executive Directors</u>				
Fees	46	37	42	35
Other benefit plan	0	4	0	4
<u>Executive Directors</u>				
Salaries and bonus	372	341	372	341
Defined contribution retirement plan	48	41	48	41
	<b>466</b>	<b>423</b>	<b>462</b>	<b>421</b>

The estimated monetary value of benefits-in-kind received and receivable by the Directors otherwise than in cash amounted to RM3,600 (2004: RM3,600) for the Group and the Company.

### 10 AUDITORS' REMUNERATION

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Statutory audit				
- Group auditors	34	34	12	12
- Other auditors	9	9	0	0
	<b>43</b>	<b>43</b>	<b>12</b>	<b>12</b>
Other services				
- Group auditors	3	3	3	3
	<b>46</b>	<b>46</b>	<b>15</b>	<b>15</b>



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2005

### 11 TAXATION

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
In respect of the current financial year:				
- Malaysian income tax	(89)	(251)	(80)	(242)
Underaccrual in prior financial years				
- Malaysian income tax	(10)	(2)	(10)	0
	<b>(99)</b>	<b>(253)</b>	<b>(90)</b>	<b>(242)</b>

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

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	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
(Loss)/profit from ordinary activities before taxation	<b>(6,592)</b>	<b>(4,731)</b>	<b>169</b>	<b>(756)</b>
Tax calculated at an income tax rate of 28% (2004: 28%)	<b>1,846</b>	<b>1,325</b>	<b>(47)</b>	<b>212</b>
Tax effects of:				
- expenses not deductible for tax purposes	(87)	(669)	(31)	(491)
- income not subject to tax	9	43	10	43
- double deduction incentives	265	0	0	0
Temporary differences not recognised:				
- unutilised tax losses	(1,868)	(822)	0	0
- excess of depreciation over capital allowances	(325)	(131)	(8)	0
- allowance for slow-moving inventories	77	0	0	0
- others	(6)	3	(4)	(6)
Overaccrual in prior financial years	(10)	(2)	(10)	0
Tax expense	<b>(99)</b>	<b>(253)</b>	<b>(90)</b>	<b>(242)</b>

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	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Tax losses carried forward	<b>32,813</b>	<b>26,136</b>	<b>0</b>	<b>0</b>
Unabsorbed capital allowances	<b>19,245</b>	<b>17,574</b>	<b>549</b>	<b>545</b>
Unabsorbed reinvestment allowances	<b>3,414</b>	<b>1,136</b>	<b>0</b>	<b>0</b>



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2005

### 12 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.

	2005	2004
Loss for the financial year (RM'000)	<b>(4,630)</b>	(3,412)
Weighted average number of ordinary shares in issue ('000)	<b>130,361</b>	130,361
Basic loss per share (sen)	<b>(3.6)</b>	(2.6)

#### Diluted loss per share

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

### 13 SHARE CAPITAL

#### Group and Company

	2005 RM'000	2004 RM'000
<b>Authorised:</b> 200,000,000 ordinary shares of RM0.50 each	<b>100,000</b>	100,000
<b>Issued and fully paid:</b> 130,361,472 ordinary shares of RM0.50 each	<b>65,180</b>	65,180

### 14 RESERVES

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Non-distributable reserves				
Share premium account	<b>13,296</b>	13,296	<b>13,296</b>	13,296
Property revaluation surplus	<b>812</b>	812	<b>0</b>	0
Capital reserve	<b>815</b>	815	<b>1,800</b>	1,800
	<b>14,923</b>	14,923	<b>15,096</b>	15,096
(Accumulated losses)/retained profits	<b>(6,635)</b>	(2,005)	<b>5,656</b>	5,577
	<b>8,288</b>	12,918	<b>20,752</b>	20,673

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



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2005

### 15 RETIREMENT BENEFITS

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Current	10	24	0	0
Non-current	921	917	48	42
	<b>931</b>	<b>941</b>	<b>48</b>	<b>42</b>

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	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
As at 1 April	941	951	42	37
Charged to income statement	45	40	6	5
Benefits paid during the financial year	(55)	(50)	0	0
At 31 March	<b>931</b>	<b>941</b>	<b>48</b>	<b>42</b>

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

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Present value of unfunded obligations	863	827	42	33
Unrecognised transitional liability	68	114	6	9
	<b>931</b>	<b>941</b>	<b>48</b>	<b>42</b>

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

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Current service cost	55	55	6	6
Interest cost	56	51	3	2
Amortisation of transitional liability	(66)	(66)	(3)	(3)
	<b>45</b>	<b>40</b>	<b>6</b>	<b>5</b>
Included in:				
Cost of sales	30	26	0	0
Administrative expenses	15	14	6	5
	<b>45</b>	<b>40</b>	<b>6</b>	<b>5</b>



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2005

### 15 RETIREMENT BENEFITS (CONT'D)

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

	Group		Company	
	2005 %	2004 %	2005 %	2004 %
Discount rate	7.0	7.0	7.0	7.0
Expected rate of salary increases	5.0	5.0	5.0	5.0

### 16 DEFERRED TAXATION

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

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 company 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	
	2005 RM'000	2004 RM'000
As at 1 April/31 March	25	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 rate of 5%.

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

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Excess of depreciation over capital allowances	15,916	14,755	536	507
Tax losses carried forward	32,813	26,136	0	0
Provision for retirement benefits	931	941	48	42
Allowance for doubtful debts	815	815	815	815
Allowance for slow-moving inventories	980	1,254	0	0
Others	20	(15)	42	35
	<b>51,475</b>	<b>43,886</b>	<b>1,441</b>	<b>1,399</b>



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2005

### 17 PROPERTY, PLANT AND EQUIPMENT

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

Group	Freehold/ leasehold land, at cost/ at valuation RM'000	Buildings at cost RM'000	Buildings at valuation RM'000	Renovation 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
<b>Cost or valuation</b>										
At 1 April 2004	9,402	9,582	1,555	90	25,548	85	2,996	1,015	397	50,670
Additions	0	9	0	0	1,078	0	96	0	0	1,183
At 31 March 2005	9,402	9,591	1,555	90	26,626	85	3,092	1,015	397	51,853
<b>Accumulated depreciation</b>										
At 1 April 2004	711	3,014	677	10	19,422	80	2,610	716	397	27,637
Charge for the financial year	47	192	31	18	808	3	99	110	0	1,308
At 31 March 2005	758	3,206	708	28	20,230	83	2,709	826	397	28,945
<b>Net book value</b>										
31 March 2005	8,644	6,385	847	62	6,396	2	383	189	0	22,908
31 March 2004	8,691	6,568	878	80	6,126	5	386	299	0	23,033

The Group's freehold and leasehold land comprise:

2005	Freehold land, at cost RM'000	Freehold land, at valuation RM'000	Long term leasehold land, at cost RM'000	Long term leasehold land, at valuation RM'000	Short term leasehold land, at cost RM'000	Total RM'000
<b>Cost or valuation</b>						
At 1 April 2004/ 31 March 2005	4,854	737	2,284	875	652	9,402
<b>Accumulated depreciation</b>						
At 1 April 2004	0	0	268	205	238	711
Charge for the financial year	0	0	27	9	11	47
At 31 March 2005	0	0	295	214	249	758
<b>Net book value</b>						
31 March 2005	4,854	737	1,989	661	403	8,644
31 March 2004	4,854	737	2,016	670	414	8,691



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2005

### 17 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company	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
<b>2005</b>						
<b>Cost or valuation</b>						
At 1 April 2004	5,660	1,626	93	493	167	8,039
Additions	0	0	0	6	0	6
31 March 2005	5,660	1,626	93	499	167	8,045
<b>Accumulated depreciation</b>						
At 1 April 2004	205	466	44	456	135	1,306
Charge for the financial year	10	32	2	15	32	91
At 31 March 2005	215	498	46	471	167	1,397
<b>Net book value</b>						
31 March 2005	5,445	1,128	47	28	0	6,648
31 March 2004	5,455	1,160	49	37	32	6,733

The Company's freehold and leasehold land comprise:

2005	Freehold land, at cost RM'000	Freehold land, at valuation RM'000	Long term leasehold land, at valuation RM'000	Total RM'000
<b>Cost or valuation</b>				
At 1 April 2004/31 March 2005	4,718	67	875	5,660
<b>Accumulated depreciation</b>				
At 1 April 2004	0	0	205	205
Charge for the financial year	0	0	10	10
At 31 March 2005	0	0	215	215
<b>Net book value</b>				
31 March 2005	4,718	67	660	5,445
31 March 2004	4,718	67	670	5,455

The long term leasehold land and buildings with net book values of RM6,114,409 (2004: RM6,273,388) of a subsidiary company have been pledged as security for bank overdraft facilities.



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2005

### 17 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

#### 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	Land and 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 IAS no. 16 (Revised): 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		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Freehold land	215	215	59	59
Long term leasehold land	54	55	54	55
Buildings	611	618	44	46
	<b>880</b>	<b>888</b>	<b>157</b>	<b>160</b>

### 18 SUBSIDIARY COMPANIES

#### Company

	2005 RM'000	2004 RM'000
Unquoted shares, at cost	23,025	23,025
Accumulated impairment losses	(10,154)	(10,154)
	<b>12,871</b>	<b>12,871</b>





## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2005

### 18 SUBSIDIARY COMPANIES (CONT'D)

The subsidiary companies are:

Name of company	Place of Incorporation	Holding in equity				Principal activities
		By the Company		By subsidiary companies		
		2005 %	2004 %	2005 %	2004 %	
Maica Wood Industries Sdn. Bhd.	Malaysia	64.4	64.4	Nil	Nil	Manufacture of knocked-down furniture parts and mouldings from rubber wood
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
* 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
* Maica (Shantou) Limited Company	People's Republic of China	100	100	Nil	Nil	Dormant

\* Not audited by PricewaterhouseCoopers



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2005

### 19 ASSOCIATED COMPANIES

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Unquoted shares, at cost	696	696	696	696
Accumulated impairment losses	(24)	(24)	(24)	(24)
	<b>672</b>	<b>672</b>	<b>672</b>	<b>672</b>
Share of post-acquisition retained profits less losses	559	618	0	0
Share of property revaluation surplus	713	713	0	0
	<b>1,944</b>	<b>2,003</b>	<b>672</b>	<b>672</b>
Represented by:				
Group's share of net tangible assets	2,245	2,304		
Discount on acquisition	(301)	(301)		
	<b>1,944</b>	<b>2,003</b>		

The associated companies are:

Name of company	Place of incorporation	Holding in equity		Principal activities
		2005 %	2004 %	
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

### 20 INVESTMENTS

Group	2005		2004	
	Cost RM'000	Market value RM'000	Cost RM'000	Market value RM'000
Quoted shares in corporations, at cost				
- Malaysia	65	13	99	50
- Overseas	0	0	36	56
Total investment in shares	<b>65</b>	<b>13</b>	<b>135</b>	<b>106</b>
Unquoted shares in corporations, at cost	1,282		1,282	
Allowance for diminution in value of shares	(950)		(950)	
	<b>332</b>		<b>332</b>	
Total investment in shares	<b>397</b>		<b>467</b>	
Investment in club membership	25		25	
	<b>422</b>		<b>492</b>	



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2005

### 20 INVESTMENTS (CONT'D)

#### Company

	2005		2004	
	Cost RM'000	Market value RM'000	Cost RM'000	Market value RM'000
Quoted shares in corporations, at cost				
- Malaysia	65	13	99	50
- Overseas	0	0	36	56
	<b>65</b>	<b>13</b>	<b>135</b>	<b>106</b>
Unquoted shares in corporations, at cost	50		50	
Allowance for diminution in value of shares	(50)		(50)	
	<b>0</b>		<b>0</b>	
	<b>65</b>		<b>135</b>	

### 21 INVENTORIES

#### Group

	2005 RM'000	2004 RM'000
At cost:		
Raw materials	2,333	1,354
Work in progress	3,178	2,755
Finished products	853	957
Consumable goods	293	359
	<b>6,657</b>	<b>5,425</b>
At net realisable value:		
Work in progress	427	0
Finished products	45	46
	<b>7,129</b>	<b>5,471</b>
Allowance for slow moving inventories	(980)	(1,254)
	<b>6,149</b>	<b>4,217</b>

### 22 TRADE RECEIVABLES

#### Group

All trade receivables are denominated in Ringgit Malaysia.

The credit terms extended to trade receivables range from payment in advance to 90 days (2004: payment in advance to 90 days).



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2005

### 23 BILLS RECEIVABLE

#### Group

The currency exposure profile of bills receivable is as follows:

	2005 RM'000	2004 RM'000
United States Dollar	835	764
Australian Dollar	0	151
	<b>835</b>	<b>915</b>

Concentration of credit risk with respect to bills receivable is limited as the Group's customers are internationally dispersed. The management believes that no additional credit risk beyond amounts allowed for collection losses is inherent in the Group's bills receivable.

### 24 INVESTMENT IN FINANCE LEASES

#### Group

	2005 RM'000	2004 RM'000
Amounts due:		
Within the next twelve months	229	229
Unearned lease income	(14)	(14)
	<b>215</b>	<b>215</b>
Allowance for doubtful debts	(215)	(215)
	<b>0</b>	<b>0</b>

### 25 HIRE-PURCHASE RECEIVABLES

#### Group

	2005 RM'000	2004 RM'000
Amounts due:		
Within the next twelve months	2,268	2,268
Unearned interest income	(699)	(699)
	<b>1,569</b>	<b>1,569</b>
Allowance for doubtful debts	(1,569)	(1,569)
	<b>0</b>	<b>0</b>



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2005

### 26 FACTORING RECEIVABLES

Group	2005 RM'000	2004 RM'000
Amounts financed	805	805
Allowance for doubtful debts	(802)	(802)
	<b>3</b>	<b>3</b>

### 27 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Other receivables	49	41	9	5
Deposits	147	213	63	62
Prepayments	741	109	638	0
	<b>937</b>	<b>363</b>	<b>710</b>	<b>67</b>
Allowance for doubtful debts	(30)	(30)	0	0
	<b>907</b>	<b>333</b>	<b>710</b>	<b>67</b>

All other receivables and deposits are denominated in Ringgit Malaysia.

### 28 AMOUNTS DUE FROM SUBSIDIARY COMPANIES

Company	2005 RM'000	2004 RM'000
Amounts due from subsidiary companies	23,865	17,614
Allowance for doubtful debts	(815)	(815)
	<b>23,050</b>	<b>16,799</b>

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 except for advances to subsidiary companies, Maica Wood Industries Sdn. Bhd. and Maicador Sdn. Bhd., amounting to RM20,710,375 (2004: RM12,682,034) which bear interest at nil% (2004: 6%) per annum. The Company has indicated that it will not request for repayment of these advances within the next 12 months.



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2005

### 29 DEPOSITS, CASH AND BANK BALANCES

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Fixed deposits with licensed banks	45,074	52,449	41,935	48,259
Cash and bank balances	1,541	1,983	199	665
	<b>46,615</b>	<b>54,432</b>	<b>42,134</b>	<b>48,924</b>

The effective interest rates as at balance sheet date of fixed deposits with licensed banks for the Group and Company range from 2.5% to 3.7% (2004: 2.6% to 4.0%) per annum.

The maturity of deposits of the Group and of the Company range from 1 to 119 days (2004: 29 to 366 days).

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

### 30 TRADE AND OTHER PAYABLES

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Trade payables	739	1,407	0	0
Other payables	554	1,375	16	16
Accruals	527	451	111	89
	<b>1,820</b>	<b>3,233</b>	<b>127</b>	<b>105</b>

The credit terms extended by trade and other payables range from 7 to 60 days (2004: 7 to 60 days).

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

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Ringgit Malaysia	1,771	2,090	127	105
Singapore Dollar	0	18	0	0
United States Dollar	49	560	0	0
Euro	0	554	0	0
Japanese Yen	0	11	0	0
	<b>1,820</b>	<b>3,233</b>	<b>127</b>	<b>105</b>



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2005

### 31 SHORT TERM BORROWING

Group	2005 RM'000	2004 RM'000
Revolving credit	1,000	1,000

The short term borrowing is unsecured. The interest rates for the financial year range from 3.95% to 4.22% (2004: 4.25% to 4.38%) per annum.

The effective interest rate as at the balance sheet date is 4.17% (2004: 4.25%) per annum.

The short term borrowing is denominated in Ringgit Malaysia.

### 32 BANK OVERDRAFTS

Group	2005 RM'000	2004 RM'000
Secured	2,458	0
Unsecured	222	86
	<b>2,680</b>	<b>86</b>

The secured portion of the bank overdrafts is secured by fixed charges over certain property, plant and equipment and floating charges over current assets of certain subsidiary companies (note 17).

The interest rates for the financial year range from 4.15% to 6.75% (2004: 4.10% to 6.75%) per annum.

The effective interest rates as at the balance sheet date range from 4.15% to 6.75% (2004: 4.10% to 6.75%) per annum.

The bank overdrafts are denominated in Ringgit Malaysia.

### 33 CASH AND CASH EQUIVALENTS

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

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Fixed deposits with licensed banks	45,074	52,449	41,935	48,259
Cash and bank balances	1,541	1,983	199	665
	<b>46,615</b>	<b>54,432</b>	<b>42,134</b>	<b>48,924</b>
Bank overdrafts (note 32)	<b>(2,680)</b>	<b>(86)</b>	<b>0</b>	<b>0</b>
	<b>43,935</b>	<b>54,346</b>	<b>42,134</b>	<b>48,924</b>



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2005

### 34 SEGMENTAL INFORMATION

#### Group

#### Primary reporting format - Business segments

	2005				2004			
	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
<b>Revenue</b>								
Total revenue	20,817	1,545	367	22,729	19,172	2,143	406	21,721
Inter-segment revenue	0	(274)	0	(274)	0	(573)	0	(573)
External revenue	20,817	1,271	367	22,455	19,172	1,570	406	21,148
<b>Results</b>								
Segment results (external)	(6,452)	(65)	102	(6,415)	(3,607)	(1,289)	424	(4,472)
Finance cost				(116)				(130)
Share of results of associated companies				(61)				(129)
Loss from ordinary activities before taxation				(6,592)				(4,731)
Taxation				(99)				(253)
Share of tax of associated companies				2				31
Loss from ordinary activities after taxation				(6,689)				(4,953)
Minority interests				2,059				1,541
Net loss for the financial year				(4,630)				(3,412)





## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2005

### 34 SEGMENTAL INFORMATION (CONT'D)

#### Group

#### Primary reporting format - Business segments (cont'd)

	2005				2004			
	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
<b>Other information</b>								
Segment assets	23,877	53,873	2,353	80,103	22,179	60,167	3,412	85,758
Unallocated asset				6				23
Total assets				<u>80,109</u>				<u>85,781</u>
Segment liabilities	6,119	206	107	6,432	4,985	169	105	5,259
Unallocated liabilities				111				270
Total liabilities				<u>6,543</u>				<u>5,529</u>
Capital expenditure	1,177	6	0	1,183	6,211	0	0	6,211
Depreciation	1,209	94	5	1,308	737	96	6	839
Non cash expenses other than depreciation:								
Provision for retirement benefits	39	6	0	45	35	5	0	40
Share of net loss of associates accounted for under equity method	0	(61)	0	(61)	0	(129)	0	(129)

Intersegment revenue represents management fees chargeable to subsidiary companies, interest income and rental income (note 5). 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 17).

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.



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2005

### 35 SIGNIFICANT RELATED PARTY TRANSACTIONS

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

#### Company

	2005 RM'000	2004 RM'000
Interest income from subsidiary companies:		
- Maicador Sdn. Bhd.	0	191
- Maica Wood Industries Sdn. Bhd.	0	109
Rental income from subsidiary companies:		
- Maicador Sdn. Bhd.	30	30
- Maica Wood Industries Sdn. Bhd.	4	4
Management fees from subsidiary companies:		
- Maicador Sdn. Bhd.	120	120
- Maica Wood Industries Sdn. Bhd.	120	120

### 36 APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors dated 20 July 2005.



## 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 29 to 58 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 2005 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 MASB approved accounting standards in Malaysia.

Signed on behalf of the Board of Directors in accordance with their resolution dated 20 July 2005.

**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 to the best of my knowledge and belief the financial statements set out on pages 29 to 58 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 20 July 2005.

Before me

**CHAI CHOON KIAT**  
Commissioner for Oaths



## ANALYSIS OF SHAREHOLDINGS

As At 1 August 2005

### A. SHARE CAPITAL

Authorised Share Capital : RM 100,000,000.00 (200,000,000 ordinary shares of RM0.50 each)  
Issued and Paid-up Capital : RM 65,180,736.00 (130,361,472 ordinary shares of RM0.50 each)  
Voting Rights : One vote for each ordinary share held

### B. DISTRIBUTION OF SHAREHOLDINGS

Holdings	No. of Holders	Total Holdings	% of Holdings
Less than 100	164	6,913	0.01
100 - 1,000	1,015	822,288	0.63
1,001 - 10,000	3,739	12,286,530	9.42
10,001 - 100,000	514	12,849,622	9.86
100,001 - less than 5% of issued shares	68	74,859,890	57.42
5% and above of issued shares	2	29,536,229	22.66
	<b>5,502</b>	<b>130,361,472</b>	<b>100.00</b>

### C. SUBSTANTIAL SHAREHOLDERS

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

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

### D. DIRECTOR'S SHAREHOLDING

	No. of Shares		Total Holdings	% of Holdings
	Direct Interest	Deemed Interest		
1. Tan Sri Dato' Tan Hua Choon	22,641,985	-	24,641,985	17.37



## ANALYSIS OF SHAREHOLDINGS

As At 1 AUGUST 2005

### E. THIRTY LARGEST REGISTERED SHAREHOLDERS

Name of Shareholders	No. of Shares	% of Holdings
1. Tan Sri Dato' Tan Hua Choon	22,641,985	17.37
2. Permodalan Nasional Berhad	6,894,244	5.29
3. Cheong Siew Yoong	6,340,000	4.86
4. Wong Chee Choon	6,084,000	4.67
5. Low Cheng Peng	5,949,900	4.56
6. Lim Siew Sooi	5,460,500	4.19
7. Ong Poh Geok	5,128,300	3.93
8. Gan Lcok Yong @ Gan Choon Hur	4,910,900	3.77
9. Ong Wee Lieh	4,347,700	3.34
10. Chew Boon Seng	4,285,671	3.29
11. F.I.T. Nominees (Asing) Sdn Bhd Tan Lay Choo - 025	3,919,200	3.01
12. Ong Poh Lin	3,078,900	2.36
13. Mayban Securities Nominees (Tempatan) Sdn Bhd Pledged securities account for Lim Eng Huat (REM-650)	3,029,300	2.32
14. Ong Huey Peng	2,526,500	1.94
15. Ong Har Hong	2,176,600	1.67
16. Sin Len Moi	1,549,700	1.19
17. Tan Lay Choo	1,062,000	0.81
18. Ong Huey Peng	1,040,000	0.80
19. M.I.T. Nominees (Tempatan) Sdn Bhd Ong Huey Peng - 025	978,348	0.75
20. Chew Boon Seng	974,200	0.75
21. Chong Wah Lee	796,800	0.61
22. Hussein Noordin Sdn. Berhad	695,250	0.53
23. Wong Hok Yim	552,000	0.42
24. Lim Siak Hwah	455,400	0.35
25. Helinna Hanum Dadameah	450,000	0.35
26. AllianceGroup Nominees (Tempatan) Sdn Bhd Pledged securities account for Cheah Chee Kong (100600)	412,800	0.32
27. Chew Choon Soo	400,000	0.31
28. Syarikat Jeragan (Holdings) Sdn Bhd	354,450	0.27
29. Lim Eng Huat	353,300	0.27
30. HLB Nominees (Tempatan) Sdn Bhd Pledged securities account for Koay Chee Hong	350,000	0.27



## LIST OF GROUP'S PROPERTIES

As At 31 MARCH 2005

Date Of Acquisition/ Revaluation	Location	Description	Existing Use	Tenure/ Approximate Age of Building	Area (sq. metres)	Net Book Value as at 31.3.2005 (RM)
31.03.1985 (Acquisition)	Lot 1772 Section 3 Mak Mandin Industrial Estate Seberang Perai, Pulau Pinang	Land & Industrial Building	Factory	Leasehold (expiring on 20.5.2071)/ 36 years	5,052	730,000
31.03.1983 (Revaluation)	Lot 1780 Section 3 Mak Mandin Industrial Estate Seberang Perai, Pulau Pinang	Land & Industrial Building	Factory	Leasehold (expiring on 15.8.2073)/ 29 years	13,575	1,650,000
30.11.1992 (Acquisition)	68-5-1, Maica Court 68, Jalan Cantonment Pulau Pinang	Residential Apartment	Residential	Freehold/Strata 20 years	255	234,000
31.03.1983 (Revaluation)	824, Taman Seluang, Kulim Kedah	Land & Residential Building	Hostel	Freehold/ 24 years	418	115,000
31.03.1986 (Acquisition)	17, Jalan Anson Pulau Pinang	Land & Commercial Building	Vacant	Freehold/ 65 years	2,518	4,191,000
31.03.1990 (Acquisition)	9, Jalan Zainal Abidin Pulau Pinang	Land & Commercial Building	Office	Freehold/ 17 years	362	1,418,000
31.03.1987 (Acquisition)	Plot 23 Kulim Industrial Estate Kulim, Kedah	Land & Industrial Building	Factory	Leasehold (expiring on 9.11.2080)/ 24 years	59,934	4,241,000
31.08.1995 (Acquisition)	Plot 44 Kulim Industrial Estate Kulim, Kedah	Land & Industrial Building	Factory	Leasehold (expiring on 6.4.2082)/ 5 years	14,164	2,275,000
31.03.1987 (Revaluation)	Batu 6, Jalan Kuala Kedah Kuala Kedah, Kedah	Land & Industrial Building	Factory	Freehold/ 57 years	3,824	406,000
15.12.1981 (Revaluation)	15, Jalan Zainal Abidin Pulau Pinang	Land & Commercial Building	Office	Freehold/ 27 years	203	479,000
19.09.1990 (Acquisition)	Lot 946 Mukim 11 Balik Pulau, Pulau Pinang	Land	Vacant	Freehold	5,204	137,000



**MALAYSIA AICA BERHAD**  
(8235-K)

**PROXY FORM**

I/We ..... NRIC No./Company No. ....  
(FULL NAME IN BLOCK LETTERS)

of .....  
(FULL ADDRESS)

being a member of **MALAYSIA AICA BERHAD** hereby appoint .....

..... NRIC No. ....  
(FULL NAME IN BLOCK LETTERS)

of .....  
(FULL ADDRESS)

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

..... NRIC No. ....  
(FULL NAME IN BLOCK LETTERS)

of .....  
(FULL ADDRESS)

representing ..... percentage(%) of my/our shareholdings in the Company and/or failing him/her/them, the **Chairman of the Meeting** as my/our proxy/proxies to vote for me/us on my/our behalf, at the Thirty-Sixth Annual General Meeting ("36<sup>th</sup> AGM") of the shareholders of the Company to be held at The Pan Pacific Hotel Kuala Lumpur, Bunga Kenanga Room, Level 3, Jalan Putra, 50350 Kuala Lumpur, Malaysia on Wednesday, 21 September 2005 at 11.00 a.m. or any adjournment thereof.

*The proxy is to vote on the Resolutions set out in the notice of the 36<sup>th</sup> AGM as indicated with an 'X' at the relevant columns. If no voting instructions are given, the proxy/proxies may vote or abstain from voting at his/her/their discretion.*

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

No. of shares held

\_\_\_\_\_  
Signature/Common Seal

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2005.

**Notes:**

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



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Stamp

**MALAYSIA AICA BERHAD** (8235-K)  
c/o PFA Registration Services Sdn Bhd  
Level 13, Uptown 1, No. 1, Jalan SS21/58,  
Damansara Uptown, 47400 Petaling Jaya,  
Selangor Darul Ehsan

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