**Malaysia Aica Berhad**
(8235-K)

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Mak Mandin Industrial Estate
13400 Butterworth, Penang

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**www.maicador.com**

Malaysia Aica Berhad (8235-K)

annual report 2007

# 2007 ANNUAL REPORT

maica

**Malaysia Aica Berhad**
(8235-K)

# CONTENTS

# NOTICE of annual general meeting

**NOTICE IS HEREBY GIVEN THAT** the Thirty-Eighth Annual General Meeting ("38th AGM") of the shareholders of the Company will be held at Dewan Berjaya Room, Bukit Kiara Equestrian and Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur, Malaysia on Thursday, 20 September 2007 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 2007 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 2007. **Ordinary Resolution 2**

3. To re-elect the following Directors retiring in accordance with Article 83 of the Company's Articles of Association:
   (a) En Aminuddin Yusof Lana; and **Ordinary Resolution 3(a)**
   (b) En Mohtar Bin Abdullah. **Ordinary Resolution 3(b)**

4. To appoint Messrs Horwath (AF: 1018) as Auditors of the Company and to authorise the Directors to fix their remuneration. **Ordinary Resolution 4**

   Notice of nomination pursuant to Section 172 (11) of the Companies Act, 1965, a copy of which is annexed to the Annual Report 2007 and marked "Annexure A", has been received by the Company for the nomination of Messrs Horwath (AF: 1018), who have given their consent to act, for the appointment as Auditors of the Company and the intention to propose the following ordinary resolution:

   **"THAT** Messrs Horwath (AF: 1018) be and are hereby appointed as Auditors of the Company in place of the retiring Auditors, Messrs PricewaterhouseCoopers (AF: 1146), to hold office until the conclusion of the next Annual General Meeting at a remuneration to be determined by the Directors."

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
28 August 2007

**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.

# Annexure A

Gan Lock Yong @ Gan Choon Hur
21, Jalan SS 21/6
Damansara Utama
47400 Petaling Jaya
Selangor Darul Ehsan

17 July 2007

**THE BOARD OF DIRECTORS**
**MALAYSIA AICA BERHAD**
8-3, Jalan Segambut
51200 Kuala Lumpur

Dear Sir

**NOMINATION AND APPOINTMENT OF AUDITORS**

Pursuant to Section 172(11) of the Companies Act, 1965, I, a shareholder of Malaysia Aica Berhad ("Maica"), hereby give notice of my intention to nominate Messrs Horwath (AF: 1018) for appointment as Auditors of Maica and to propose the following as an ordinary resolution to be tabled at the forthcoming Annual General Meeting of Maica :

> "**THAT** Messrs Horwath (AF: 1018) be and are hereby appointed as Auditors of Maica in place of the retiring Auditors, Messrs PricewaterhouseCoopers (AF: 1146), to hold office until the conclusion of the next Annual General Meeting at a remuneration to be determined by the Directors."

Yours faithfully

Gan Lock Yong @ Gan Choon Hur

# CORPORATE information

## BOARD OF DIRECTORS

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

Lim Jian Hoo
*(Executive Director)*

Thor Poh Seng
*(Executive Director)*

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

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

Mohtar Bin Abdullah
*(Independent Non-Executive Director)*

## AUDIT COMMITTEE

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

Lim Jian Hoo

Aminuddin Yusof Lana

Mohtar Bin Abdullah

## NOMINATION COMMITTEE

Tan Sri Dato' Tan Hua Choon

Lee Yu-Jin

Mohtar Bin Abdullah

## REMUNERATION COMMITTEE

Tan Sri Dato' Tan Hua Choon

Lee Yu-Jin

## SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR

Lee Yu-Jin
Fax : (03) 4043 6750

## COMPANY SECRETARY

Lim Lai Sam

## REGISTERED OFFICE

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

## PRINCIPAL BANKERS

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) 7718 6000
Fax : (03) 7722 2311

## AUDITORS

Messrs PricewaterhouseCoopers
*(Chartered Accountants)*

## STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad *(Main Board)*

# GROUP structure

as at 31 March 2007

## MALAYSIA AICA BERHAD

### MANUFACTURING

- 64% Maica Wood Industries Sdn Bhd
  - 100% Maicador Sdn Bhd
- 100% Pinaremas Sdn Bhd
  - 75% Syarikat Kilang Ayer Batu Kuala Kedah Sdn Bhd
- 25% Mahakota Sdn Bhd

### FINANCE

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

● Subsidiary

● Associated Company

*Notes:*

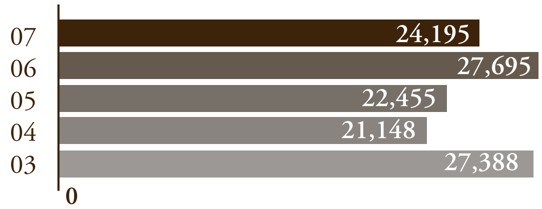
1. *Companies which are dormant or which had not commenced active operations are excluded*
2. *Syarikat Kilang Ayer Batu Kuala Kedah Sdn Bhd had been disposed of in August 2007.*

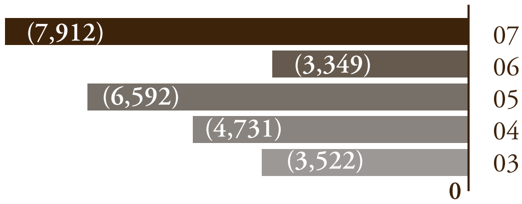
# GROUP financial highlights

for the five financial years ended 31 March 2007

| | 2003 RM'000 | 2004 RM'000 | 2005 RM'000 | 2006 RM'000 | 2007 RM'000 |
|---|---|---|---|---|---|
| Revenue | 27,388 | 21,148 | 22,455 | 27,695 | 24,195 |
| Profit/(Loss) Before Tax | (3,522) | (4,731) | (6,592) | (3,349) | (7,912) |
| Profit/(Loss) After Tax And Minority Interest Attributable To Shareholders | (2,629) | (3,412) | (4,630) | (3,435) | (8,108) |
| Dividends – Net | - | - | - | - | - |
| Shareholders' Fund | 81,820 | 78,098 | 73,468 | 70,033 | 61,946 |
| Earnings/(Loss) Per Share Based On Profit/(Loss) After Tax And Minority Interest | (2.1 sen) | (2.6 sen) | (3.6 sen) | (2.6 sen) | (6.2 sen) |
| Net Tangible Assets Per Share | 63 sen | 60 sen | 56 sen | 54 sen | 48 sen |
| Dividend Rate | - | - | - | - | - |

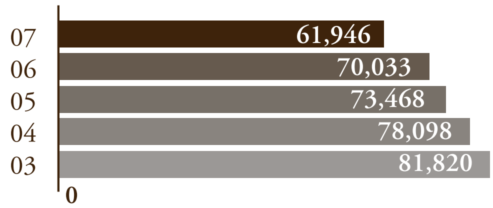
**REVENUE**
RM MILLIONS




**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 2007.

## RESULTS

The Group registered a 13% decrease in revenue to RM24.2 million for the year as against RM27.7 million in the previous year. The decrease in revenue was mainly due to cessation of business operations in our subsidiary, Maica Wood Industries Sdn Bhd ("MWI"), which manufactured rubber wood products and components. MWI ceased its entire production activities in September 2006.

A pre-tax loss of RM7.9 million was incurred for the year against a pre-tax loss of RM3.3 million in the previous year. The significant increase in pre-tax loss was mainly attributable to the loss from discontinued operations in MWI amounting to RM6.72 million, escalating raw materials prices, and competitive pricing resulting in lower margins.

The Company reported a loss before taxation of RM3.4 million for the current financial year compared to a loss before taxation of RM11.9 million in the previous financial year. The loss incurred in current year was mainly due to provision made on amounts due from subsidiary companies. The higher loss in previous year was mainly due to the impairment of investment in subsidiary company amounting to RM11.9 million.

## REVIEW OF OPERATIONS

During the 2006 financial year, the Group's wood-based manufacturing division continued to face unfavourable factors of escalating raw material prices, weak selling prices for its products and the appreciation of the Malaysian Ringgit against the US Dollar.

Maicador Sdn Bhd ("MDR") continued to focus on door production mainly for export markets. As a result of stagnant selling prices due to intense competition and a stronger Ringgit against the US Dollar, margin for MDR's products was eroded and consequently MDR made a marginal loss of about RM0.4 million during the year.

MWI had also ceased its entire business operations during the year in view of unfavourable business conditions which have resulted in MWI incurring losses during the last few years and the prospect of a turnaround unlikely.

## PROSPECTS

For the 2008 financial year, the Group will remain its focus on the manufacture and sales of engineered doors. The marketing strategy will be geared towards niche markets where the profit margin is higher rather than competing directly with low cost producers from China and Indonesia.

# chairman's statement

With the cessation of business in MWI, revenue will be significantly lower in the next financial year. The performance of 2008 financial year will remain challenging. However, various productivity initiatives to improve the competitiveness of our products will be implemented, these measures will take time to show positive results. Meanwhile, your Board will strive hard to indentify new businesses which can contribute positively to the Group.

## CORPORATE DEVELOPMENTS

On 20 July 2005, the Securities Commission ("SC") granted its approval for the Company to utilise part of the proceeds amounting to RM10.576 million out of total cash consideration of RM41.344 million received from the previous disposals of Maica Laminates Sdn Bhd and Maica Corporation Sdn Bhd. The SC had on 16 May 2006 extended the timeframe for the Company to complete utilising the approved amount until 31 March 2007. The Company did not seek further extension upon expiry of the said extended timeframe.

As at 31 March 2007, the Group had utilised a total of RM9.444 million from the proceeds in the following manner:

| | Approved Utilisation RM'000 | Utilised as at 31 March 2007 RM'000 | Balance Unutilised RM'000 |
|---|---|---|---|
| Working Capital | 6,376 | 5,587 | 789 |
| Repayment of Overdraft | 3,200 | 2,857 | 343 |
| Repayment of Revolving Credit | 1,000 | 1,000 | 0 |
| Total | 10,576 | 9,444 | 1,132 |

## DIVIDEND

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

## 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 patience, support and confidence.

**Tan Sri Dato' Tan Hua Choon**
Chairman

Kuala Lumpur
20 August 2007

# PROFILE of board of directors

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

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

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

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

**Lim Jian Hoo**
*(61 years old - Malaysian)*
*Executive Director*

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

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**
*(47 years old - Malaysian)*
*Executive Director*

Mr Thor was appointed a Director of the Company on 23 September 1995 and had served as a member of the Audit Committee from 23 December 1995 to15 December 2001.

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

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

**Lee Yu-Jin**
*(40 years old - Malaysian)*
*Independent Non-Executive Director*

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

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

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

# profile of board of directors

**Aminuddin Yusof Lana**
*(58 years old-Permanent Resident)*
*Independent Non-Executive Director*

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

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

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

**Mohtar Bin Abdullah**
*(58 years old - Malaysian)*
*Independent Non-Executive Director*

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

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

## FURTHER INFORMATION ON THE BOARD OF DIRECTORS

- **Family Relationship**

  None of the Directors has any family relationship with other Directors and major shareholders of the Company.

- **Conflict of Interest**

  None of the Directors have any conflict of interest with the Company.

- **Conviction of Offences**

  None of the Directors have been convicted of any offence within the past 10 years, other than traffic offence, if any.

# CORPORATE governance statement

The Board of Directors of Malaysia Aica Berhad believes that good corporate governance is fundamental to the Group's continued progress and success. In recognising this, the Board is firmly committed to maintain high standard of corporate governance in managing the business and affairs of the Group with transparency, integrity and accountability with the ultimate aim of protecting and enhancing long term shareholders' value while leading the Group towards attaining a stronger competitive edge.

To uphold the high standard of corporate governance, the Board continues to reassess and refine the governance framework from time to time to ensure that a sound framework of corporate governance is always in place at all levels of the business activities undertaken by the Group.

The Board is pleased to present the following disclosure which narrates various measures taken by the Group and the extent of which the Board has embodied the spirit and principles of the Malaysian Code on Corporate Governance throughout the 2007 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 together with the Group's management have regular meetings wherein operational details and other issues were discussed and considered. Apart from the management meetings, the Executive Directors also hold other informal meetings with the other members of the Board whenever necessary.

There were two official Board Meetings held during the financial year ended 31 March 2007. Apart from Tan Sri Dato' Tan Hua Choon and Mr Thor Poh Seng, who were away during one of the meetings, the other Directors attended both meetings held in the financial year.

### ii) Board Committees

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

***Audit Committee***

The Maica Audit Committee was established on 19 January 1994. The composition of the Committee, terms of reference and the summary of its activities carried out during the financial year ended 31 March 2007 are set out in pages 19 to 22 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.

## A. BOARD OF DIRECTORS (CONT'D)

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

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

The present members of the Nomination Committee are:-

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

During the financial year ended 31 March 2007, the Nomination Committee had a meeting where the Nomination Committee Members carried out its annual evaluation process on the Board of Directors as a whole, Board Committees and each individual Director. All the members were present at the meeting.

***Remuneration Committee***

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

The Directors who served the Remuneration Committee during the 2007 financial year were as follows :

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

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

### iii) Board Balance

Presently, the Board comprises six members with two Executive Directors and four Non-Executive Directors, three of whom are Independent Non-Executive Directors. With this Board composition, the Company fully complies with the Bursa Malaysia Securities Berhad Listing Requirements ("Bursa Securities LR") with regard to the constitution of the Board of Directors and the required ratio of Independent Directors, as well as the requirement for a director who is a member of the Malaysian Institute of Accountants to sit on the Audit Committee. The profiles of Board members are set out in pages 9 to 10 of this Annual Report.

## A. BOARD OF DIRECTORS (CONT'D)

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 for comprehensive understanding of the issues to be deliberated and, if necessary, obtain further information or clarification from the Management to ensure effectiveness of the proceeding of the meetings. Senior Management members are invited to attend these meetings to explain and clarify matters.

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

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

## A. BOARD OF DIRECTORS (CONT'D)

### v) Appointments to the Board

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

### vi) Directors' Training

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

During the year, the Directors attended a half day seminar on Financial Reporting Standards conducted by Messrs KPMG which gave the Directors an overview of the financial reporting standards in respect of Business Combinations, Impairment of Assets, Intangibles, Share Based Payment, Investment Property and Illustrative Financial Statements Presentation.

The Board recognises the importance of continuous education for its members to gain an insight into the statutory and regulatory updates and the development in the industry and business environment within which the Group operates. It will, on a continuous basis, evaluate and determine the training needs of its members from time to time to further enhance their skills and knowledge to enable them to discharge their duties effectively.

### vii) Re-election of Directors

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

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

## B. DIRECTORS' REMUNERATION

### i) Level and make-up

The 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 at the same time taking into consideration the state of the economy in general and the performance of the industry and the Group in particular.

In the case of Executive Directors, the component parts of remuneration are structured to link rewards to 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.

## B. DIRECTORS' REMUNERATION (CONT'D)

### ii) Procedure

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

### iii) Disclosure

The details of Directors' Remuneration paid or payable to all the Directors of the Company who served during the financial year ended 31 March 2007 are as follows:-

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

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

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

| Band (RM) | No. of Executive Directors | No. of Non-Executive Directors | Total |
|---|---|---|---|
| 1 - 50,000 | 1 | 4 | 5 |
| 50,001 - 100,000 | - | - | - |
| 100,001 - 150,000 | - | - | - |
| 150,001 - 200,000 | - | - | - |
| 200,001 - 250,000 | - | - | - |
| 250,001 - 300,000 | - | - | - |
| 300,001 - 350,000 | - | - | - |
| 350,001 - 400,000 | 1 | - | 1 |
| **Total** | 2 | 4 | 6 |

## C. RELATIONSHIP WITH SHAREHOLDERS AND INVESTORS

### i) Dialogue between Company and Investors

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

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

### ii) General Meetings of Shareholders

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

Notices of AGMs and Extraordinary General Meeting(s) ("EGM") are distributed to shareholders within a reasonable and sufficient time frame and are published in a nationally circulated daily newspaper.

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

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

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

## D. ACCOUNTABILITY AND AUDIT

### i) Financial Reporting

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

A statement by Directors of their responsibilities in preparing the financial statements is set out in page 18 of this Annual Report.

## D. ACCOUNTABILITY AND AUDIT (CONT'D)

### ii) Internal Control

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

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

The Internal Control Statement by the Board which provides an overview of the Group's state of internal control is set out in pages 23 to 24 of this Annual Report.

### iii) Relationship with Auditors

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

The role of the Audit Committee in relation to its relationship with the External Auditors is set out in pages 19 to 22 of this Annual Report.

# DIRECTORS' responsibility statement

The Board has a collective responsibility of ensuring that the financial statements of the Company and the Group are drawn up in accordance with the applicable approved accounting standards of Malaysia, Bursa Securities LR and the provisions of the Companies Act, 1965 ("the Act") to reflect a true and fair view of the Company and the Group's state of affairs, results and cash flow position for the financial year ended 31 March 2007.

In assuming the above compliance responsibilities, the Directors affirmed that they have taken into consideration the following aspects in preparing the financial statements of the Group for the year ended 31 March 2007 :

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

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

# ADDITIONAL compliance information

**Non-Audit Fee**

Non-audit fee amounting to RM9,000 was paid to the External Auditors for the financial year ended 31 March 2007.

**Material Contract Involving Directors' and Major Shareholders' Interest**

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

**Revaluation Policy On Landed Properties**

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

**Corporate Social Responsibility ("CSR")**

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

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

***Employee Health and Safety***

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

***Environment***

On this aspect, the Group has certain measures in place in its factories such as proper ducting and waste disposal system to minimise the adverse impact on the environment and to achieve an optimum level of environmental protection and performance as far as economically practicable.

# 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 2007.

## COMPOSITION OF AUDIT COMMITTEE

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

*Chairman*

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

*Members*

| | |
|---|---|
| Mr Lim Jian Hoo | Executive Director |
| Encik Aminuddin Yusof Lana | Independent Non-Executive Director |
| Encik Mohtar Bin Abdullah | Independent Non-Executive Director |

## 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.

# audit committee report

## TERMS OF REFERENCE (CONT'D)

### 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;

   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.

## TERMS OF REFERENCE (CONT'D)

### 6. Performance Review

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

## MEETINGS

The Maica Audit Committee held four meetings during the financial year ended 31 March 2007 with full attendance of each Committee Member at all the meetings.

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

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

## ACTIVITIES OF THE COMMITTEE

During the financial year ended 31 March 2007, the activities carried out by the Audit Committee included, among others, the following:-

a. Reviewed the unaudited quarterly reports on the consolidated results and financial statements prior to tabling of the same to the Board of Directors.

b. Reviewed the year-end financial statements of the Company and the Group, prior to their adoption by the Board, focusing on:-

    i) changes in or implementation of major accounting policies, if any

    ii) significant and unusual events, if any.

    iii) compliance with accounting standards, regulatory and other legal requirements.

c. Reviewed the performance of the Group's wood-based division and cost containment measures for implementation to strengthen the position of the division.

d. Reviewed the Group's Budget for the financial year ended 31 March 2007.

e. Reviewed the external audit report setting out the significant audit and accounting issues raised by the external auditors in respect of the audit for the financial year ended 31 March 2006.

f. Reviewed the external audit plan and the engagement letters of the external auditors for the financial year ended 31 March 2007.

g. Discussed with the external auditors the new accounting standards issued by the MASB and the potential impact on the Group's future financial statements and the required measures to be taken in adopting the new accounting standards.

h. Reviewed internal audit reports in respect of the Group's wood-based division which outlined risks/weaknesses identified, recommendations towards correcting the areas of concerned and made suitable recommendations to the Board for approval.

i. Reviewed the Business Risk Profile III and the new audit plan established by the Internal Audit Consultants.

j. Reviewed the feasibility study on the sustainability of the Group's non-performing investments inherited from the old management and made suitable proposal for the Board's consideration.

## INTERNAL AUDIT FUNCTION

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

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

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

- Identifying the principal risks that the Group faces covering various aspects of the businesses which including operational, financial, statutory or other compliance requirements and human resources.
- Conducting evaluation of the nature and extent of the risks to which the Group's businesses are continuously exposed to due to the evolving nature of the Group's objectives, internal organisation and business environment.
- Ascertaining the extent to which the Group's assets are accounted for and safeguarded.
- Evaluate and improve 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 Malaysian Code on Corporate Governance stipulates that the Board of Directors ("Board") of public listed companies should maintain a sound system of internal controls to safeguard shareholders' investment and the company's assets. The Bursa Malaysia Securities Berhad ("BMSB") Listing Requirements require the Board to make a statement in the annual report about the state of internal controls of the listed entity.

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

## 2. Board's Responsibility

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

## 3. Key Elements of Internal Control

*Risk Management and Internal Audit*

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

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

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

The Management with the assistance of the internal audit consultants updated the *"Business Risk Profile"* of the Group during the financial year under review. The risks were determined through a series of interviews sessions held with the respective process owners. The risks identified were prioritised after considering its impact and likelihood of occurrence. The consolidated risk profile was reviewed and approved by the Board on 20 November 2006.

During financial year under review, the internal audit consultants had performed audit reviews on product pricing and costing, payroll and employee benefit and fixed assets management. The internal audit reports were tabled at the quarterly Audit Committee meetings.

**3. Key Elements of Internal Control (cont'd)**

*Other Key Elements of Internal Control*

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

- The Group's organisation structure is geared towards planning, executing, controlling and monitoring business operations with clearly defined lines of responsibility and delegations of authority.
- To ensure uniformity and consistency of practices and controls within the Group, certain key processes of the Group were regularly reviewed, formalised and documented in the form of Standard Operating Procedures which were endorsed by both the Management and the Board. These include:
    - Purchasing
    - Stocks
    - Sales and Marketing
    - Human Resources
    - Payment
    - Fixed Assets Management
- Business units prepare an annual budget and present it to the Board for approval. Any variances of actual performance against budget are monitored and reported regularly. The results are consolidated and presented to the Board on a regular basis.
- Clearly defined authorisation levels for all aspects of the business. These authorisation levels are formalised in the Group's Standard Operating Procedures.
- As for the occupational safety and health, the Group has put in place the necessary safety guidelines among others, setting up a safety committee to enhance the safety procedures and address all the safety issues which may be arise from time to time.
- Regular internal audit visits which provide independent assurance on the effectiveness of the Company's system of internal controls and advising Management on areas for improvement.
- The Audit Committee meets at least four times a year and reviews the effectiveness of the Group's system of internal control. The Committee meets with the Internal Auditors to review their reports.

# FINANCIAL STATEMENTS

# DIRECTORS' report

for the financial year ended 31 March 2007

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

### Principal activities

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

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

### Financial results

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

### Dividend

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

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

### Reserves and provisions

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

### Directors

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

Tan Sri Dato' Tan Hua Choon

Mr. Lim Jian Hoo

Mr. Thor Poh Seng

Mr. Lee Yu-Jin

Encik Aminuddin Yusof Lana

Encik Mohtar bin Abdullah

**Directors' interests**

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

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

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

**Directors' benefits**

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

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

**Statutory information on the financial statements**

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

(a) to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and had satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and

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

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

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

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

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

# directors' report
for the financial year ended 31 March 2007

**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 except for the allowance for impairment of property, plant and equipment of RM3,354,000 made at the Group level and the allowance for amounts due from subsidiary companies of RM3,425,000 made at the Company level as disclosed in note 8 to the financial statements; and

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

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

**Lim Jian Hoo**
Director

**Thor Poh Seng**
Director

# REPORT of the auditors
to the members of Malaysia Aica Berhad

We have audited the financial statements set out on pages 30 to 74. These financial statements are the responsibility of the Company's Directors. It is our responsibility to form an independent opinion, based on our audit, on these financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

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

In our opinion:

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

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

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

and

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

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

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

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

**PricewaterhouseCoopers**
[AF:1146]
Chartered Accountants
Penang
12 July 2007

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

# INCOME statements
for the financial year ended 31 March 2007

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

The accounting policies and the notes on pages 35 to 74 form an integral part of these financial statements.

# BALANCE sheets

as at 31 March 2007

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

The accounting policies and the notes on pages 35 to 74 form an integral part of these financial statements.

# CONSOLIDATED statement of changes in equity

for the financial year ended 31 March 2007

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

The accounting policies and the notes on pages 35 to 74 form an integral part of these financial statements.

# STATEMENT of changes in equity

for the financial year ended 31 March 2007

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

The accounting policies and the notes on pages 35 to 74 form an integral part of these financial statements.

# CASH flow statements

for the financial year ended 31 March 2007

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

The accounting policies and the notes on pages 35 to 74 form an integral part of these financial statements.

# NOTES to the financial statements

for the financial year ended 31 March 2007

## 1 General information

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

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

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

The Company's registered office is located at:

8-3 Jalan Segambut
51200 Kuala Lumpur

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

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

## 2 Financial risk management objectives and policies

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

### (i) Interest rate risk

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

### (ii) Credit risk

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

### (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.

# notes to the financial statements
for the financial year ended 31 March 2007

**2 Financial risk management objectives and policies (cont'd)**

**(iv) Foreign currency exchange risk**

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

**(v) Liquidity and cash flow risk**

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

**3 Basis of preparation of the financial statements**

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

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

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

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

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

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

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

**3 Basis of preparation of the financial statements (cont'd)**

**(a) Standards, amendments to published standards and interpretations that are effective (cont'd)**

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

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

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

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

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

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

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

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

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

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

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

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

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

# notes to the financial statements
for the financial year ended 31 March 2007

## 4 Summary of significant accounting policies

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

### (a) Subsidiaries

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

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

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

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

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

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

### (b) Transactions with minority interests

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

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

**4 Summary of significant accounting policies (cont'd)**

**(b) Transactions with minority interests (cont'd)**

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

**(c) Associates**

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

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

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

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

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

**(d) Goodwill**

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

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

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

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

# notes to the financial statements
for the financial year ended 31 March 2007

## 4 Summary of significant accounting policies (cont'd)

### (e) Property, plant and equipment

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

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

Freehold land is not depreciated.

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

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

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

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

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

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

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

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

**4 Summary of significant accounting policies (cont'd)**

**(f) Impairment of assets**

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

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

**(g) Investment property**

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

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

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

| | |
|---|---|
| Buildings | 2% |

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

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

**(h) Leases**

(i) Finance lease

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

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

# notes to the financial statements
for the financial year ended 31 March 2007

## 4 Summary of significant accounting policies (cont'd)

### (h) Leases (cont'd)

(i) Finance lease (cont'd)

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

(ii) Operating lease

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

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

### (i) Investments

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

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

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

### (j) Inventories

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

### (k) Receivables

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

### (l) Employee benefits

(i) Short term employee benefits

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

(ii) Defined contribution plan

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

## 4 Summary of significant accounting policies (cont'd)

### (l) Employee benefits (cont'd)

(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.

### (m) Income taxes

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

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

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

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

### (n) Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances, demand deposits, bank overdrafts and short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

### (o) Revenue recognition

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

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

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

Rental income is recognised on an accrual basis.

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

# notes to the financial statements
for the financial year ended 31 March 2007

## 4 Summary of significant accounting policies (cont'd)

### (p) Foreign currency

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

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

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

### (q) Financial instruments

(i) Financial instruments recognised on the balance sheet

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

(ii) Fair value estimation for disclosure purposes

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

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

## 5 Critical accounting estimates and judgements

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

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

### (a) Allowance for inventories

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

**5 Critical accounting estimates and judgements (cont'd)**

**(b) Allowance for doubtful debts**

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

**(c) Depreciation of property, plant and equipment**

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

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

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

**(d) Income taxes**

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

**(e) Impairment of assets**

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

**6 Revenue**

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

# notes to the financial statements
for the financial year ended 31 March 2007

## 6 Revenue (cont'd)

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

## 7 Finance cost

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

## 8 (Loss)/profit before taxation

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

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

## 8 (Loss)/profit before taxation (cont'd)

| | Group | | Company | |
|---|---|---|---|---|
| | **2007** | 2006 | **2007** | 2006 |
| | **RM'000** | RM'000 | **RM'000** | RM'000 |
| Loss on disposal of quoted investment | **0** | 12 | **0** | 12 |
| Bad debts written off | **0** | 12 | **0** | 0 |
| Realised foreign exchange loss | **47** | 9 | **0** | 0 |
| Staff costs (other than provision for retirement benefits - note 9) | **8,881** | 9,021 | **777** | 845 |

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

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

## 9 Staff costs

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

## 10 Directors' remuneration

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

Non-executive Directors

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

Executive Directors

Mr Lim Jian Hoo
Mr Thor Poh Seng

# notes to the financial statements
for the financial year ended 31 March 2007

## 10 Directors' remuneration (cont'd)

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

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

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

## 11 Auditors' remuneration

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

## 12 Taxation

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

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

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

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

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

# notes to the financial statements
for the financial year ended 31 March 2007

## 12 Taxation (cont'd)

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

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

## 13 Discontinued operation

**Group**

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

| | **2007 RM'000** | 2006 RM'000 |
|---|---|---|
| **Revenue** | **4,396** | 10,253 |
| Cost of sales | **(6,787)** | (12,209) |
| **Gross loss** | **(2,391)** | (1,956) |
| Other operating income | **175** | 85 |
| Selling and distribution costs | **(295)** | (609) |
| Administrative expenses | **(824)** | (1,229) |
| Other operating expenses | **(3,383)** | 0 |
| Finance cost | **0** | (57) |
| **Loss before taxation** | **(6,718)** | (3,766) |
| Taxation | **0** | 0 |
| **Net loss for the financial year** | **(6,718)** | (3,766) |
| **Operating cash flows** | | |
| Cash receipts from customers | **5,469** | 9,577 |
| Cash paid to suppliers | **(5,689)** | (12,310) |
| Cash flows used in operations | **(220)** | (2,733) |
| Retirement benefits paid | **(1)** | (1) |
| Interest paid | **0** | (57) |
| Net operating cash flows | **(221)** | (2,791) |
| **Investing cash flows** | | |
| Proceeds from disposal of property, plant and equipment | **145** | 9 |
| Purchase of property, plant and equipment | **(26)** | (445) |
| Interest received | **0** | 5 |
| Net investing cash flows | **119** | (431) |
| **Net change in cash and cash equivalents** | **(102)** | (3,222) |

## 14 Loss per share

**Group**

Basic loss per share

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

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

Diluted loss per share

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

## 15 Share capital

**Group and Company**

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

## 16 Reserves

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

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

# notes to the financial statements

for the financial year ended 31 March 2007

## 17 Retirement benefits

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

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

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

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

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

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

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

## 17 Retirement benefits (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 | |
|---|---|---|---|---|
| | **2007** | 2006 | **2007** | 2006 |
| | **%** | % | **%** | % |
| Discount rate | **6.5** | 6.5 | **6.5** | 6.5 |
| Expected rate of salary increases | **5.0** | 5.0 | **5.0** | 5.0 |

## 18 Deferred taxation

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

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

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

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

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

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

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

# notes to the financial statements
for the financial year ended 31 March 2007

## 19 Property, plant and equipment

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

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

## 19 Property, plant and equipment (cont'd)

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

# notes to the financial statements
for the financial year ended 31 March 2007

## 19 Property, plant and equipment (cont'd)

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

## 19 Property, plant and equipment (cont'd)

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

## 19 Property, plant and equipment (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 | Buildings | Land and buildings |
| 1986 | | Directors | - | Plant and machinery |
| 1987 | | Government | - | Freehold land and building |
| 1987 | | valuers | - | Plant and machinery |
| | | Directors | | |

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

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

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

## 20 Investment Properties

| **Group 2007** | **Freehold land RM'000** | **Freehold building at cost RM'000** | **Freehold building at valuation RM'000** | **Total RM'000** |
|---|---|---|---|---|
| **Cost or valuation** | | | | |
| At 1 April 2006 (as restated) | **1,080** | **1,309** | **343** | **2,732** |
| At 31 March 2007 | **1,080** | **1,309** | **343** | **2,732** |

## 20 Investment Properties (cont'd)

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

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

# notes to the financial statements
for the financial year ended 31 March 2007

## 20 Investment Properties (cont'd)

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

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

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

**21 Prepaid leases**

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

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

**22 Subsidiary companies**

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

The subsidiary companies are:

| **Name of company** | **Place of incorporation** | **Holding in equity — By the Company 2007 %** | **By the Company 2006 %** | **By subsidiary companies 2007 %** | **By subsidiary companies 2006 %** | **Principal activities** |
|---|---|---|---|---|---|---|
| Maica Wood Industries Sdn. Bhd. | Malaysia | 64.4 | 64.4 | Nil | Nil | Ceased operations |
| Maicador Sdn. Bhd. | Malaysia | Nil | Nil | 100 | 100 | Manufacture of prefabricated doors and door frames |
| *Consolidated Leasing (M) Sdn. Bhd. | Malaysia | 100 | 100 | Nil | Nil | Investment holding and the financing of leases and hire-purchase |
| *Consolidated Factoring (M) Sdn. Bhd. | Malaysia | Nil | Nil | 91.9 | 91.9 | Factoring of debts |
| *Maritime Credits (Malaysia) Sdn. Bhd. | Malaysia | Nil | Nil | 100 | 100 | Granting of commercial credits |
| *Pinaremas Sdn. Bhd. | Malaysia | 100 | 100 | Nil | Nil | Investment holding |

# notes to the financial statements
for the financial year ended 31 March 2007

## 22 Subsidiary companies (cont'd)

| | | Holding in equity | | | | |
|---|---|---|---|---|---|---|
| | | By the Company | | By subsidiary companies | | |
| Name of company | Place of incorporation | 2007 % | 2006 % | 2007 % | 2006 % | Principal activities |
| *Syarikat Kilang Ayer Batu Kuala Kedah Sdn. Bhd. | Malaysia | Nil | Nil | 75 | 75 | Manufacture of ice blocks |
| *Malaysia Aica Foods Sdn Bhd (formerly known as Modern Woodwork Sdn. Bhd.) | Malaysia | 100 | 100 | Nil | Nil | Investment holding |
| *Suradamai Sdn. Bhd. | Malaysia | Nil | Nil | 100 | 100 | Dormant |
| *Ambang Arena Sdn. Bhd. | Malaysia | 100 | 100 | Nil | Nil | Dormant |

* Not audited by PricewaterhouseCoopers, Malaysia

## 23 Associated companies

| | Group | | Company | |
|---|---|---|---|---|
| | **2007 RM'000** | 2006 RM'000 | **2007 RM'000** | 2006 RM'000 |
| Unquoted shares, at cost | **696** | 696 | **696** | 696 |
| Accumulated impairment losses | **0** | 0 | **(24)** | (24) |
| | **696** | 696 | **672** | 672 |
| Share of post-acquisition retained profits less losses | **(107)** | 561 | **0** | 0 |
| Share of property revaluation surplus | **713** | 713 | **0** | 0 |
| | **1,302** | 1,970 | **672** | 672 |

| | Group | |
|---|---|---|
| | **2007 RM'000** | 2006 RM'000 |
| Represented by: | | |
| Group's share of net tangible assets | **1,603** | 2,271 |
| Discount on acquisition | **(301)** | (301) |
| | **1,302** | 1,970 |

## 23 Associated companies (cont'd)

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

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

The associated companies are:

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

## 24 Investments

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

# notes to the financial statements
for the financial year ended 31 March 2007

## 24 Investments (cont'd)

**Company**

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

## 25 Inventories

**Group**

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

## 26 Trade receivables

**Group**

The currency exposure profile of trade receivable is as follows:

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

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

## 27 Investment in finance leases

**Group**

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

## 28 Hire-purchase receivables

**Group**

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

## 29 Factoring receivables

**Group**

| | 2007<br>RM'000 | 2006<br>RM'000 |
|---|---|---|
| Amounts financed | **755** | 805 |
| Allowance for doubtful debts | **(752)** | (802) |
| | **3** | 3 |

# notes to the financial statements

for the financial year ended 31 March 2007

## 30 Other receivables, deposits and prepayments

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

All other receivables and deposits are denominated in Ringgit Malaysia.

## 31 Amounts due from/to subsidiary companies

**Company**

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

Amounts due from subsidiary companies are denominated in Ringgit Malaysia.

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

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

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

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

## 32 Deposits, cash and bank balances

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

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

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

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

## 33 Trade and other payables

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

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

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

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

# notes to the financial statements
for the financial year ended 31 March 2007

## 34 Short term borrowing

**Group**

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

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

## 35 Bank overdrafts

**Group**

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

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

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

The bank overdrafts are denominated in Ringgit Malaysia.

## 36 Cash and cash equivalents

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

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

## 37 Segmental information

**Group**

Primary reporting format - Business segments

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

# notes to the financial statements
for the financial year ended 31 March 2007

## 37 Segmental information (cont'd)

**Group**

Primary reporting format - Business segments (cont'd)

| | 2007 | | | | 2006 | | | |
|---|---|---|---|---|---|---|---|---|
| | Manufac-turing of wood products RM'000 | Investment holding RM'000 | Others RM'000 | Total RM'000 | Manufac-turing of wood products RM'000 | Investment holding RM'000 | Others RM'000 | Total RM'000 |
| **Discontinued operation** | | | | | | | | |
| Revenue | | | | | | | | |
| Total revenue | **4,396** | **0** | **0** | **4,396** | 10,253 | 0 | 0 | 10,253 |
| Inter-segment revenue | **0** | **0** | **0** | **0** | 0 | 0 | 0 | 0 |
| External revenue | **4,396** | **0** | **0** | **4,396** | 10,253 | 0 | 0 | 10,253 |
| Results | | | | | | | | |
| Segment results (external) | **(6,718)** | **0** | **0** | **(6,718)** | (3,709) | 0 | 0 | (3,709) |
| Finance cost | | | | **0** | | | | (57) |
| Loss before taxation | | | | **(6,718)** | | | | (3,766) |
| Taxation | | | | **0** | | | | 0 |
| Net loss for the financial year from discontinued operation | | | | **(6,718)** | | | | (3,766) |
| Other information | | | | | | | | |
| Segment assets | **21,371** | **42,110** | **2,023** | **65,504** | 24,545 | 47,489 | 1,341 | 73,375 |
| Unallocated asset | | | | **29** | | | | 14 |
| Total assets | | | | **65,533** | | | | 73,389 |
| Segment liabilities | **2,987** | **220** | **125** | **3,332** | 2,870 | 208 | 108 | 3,186 |
| Unallocated liabilities | | | | **154** | | | | 68 |
| Total liabilities | | | | **3,486** | | | | 3,254 |
| Capital expenditure | **557** | **3** | **0** | **560** | 738 | 3 | 3 | 744 |
| Depreciation of property, plant and equipment | **895** | **17** | **3** | **915** | 1,202 | 19 | 0 | 1,221 |
| Depreciation of investment property | **29** | **0** | **5** | **34** | 28 | 0 | 5 | 33 |

**37 Segmental information (cont'd)**

**Group**

Primary reporting format - Business segments (cont'd)

| | 2007 | | | | 2006 | | | |
|---|---|---|---|---|---|---|---|---|
| | **Manufac-turing of wood products RM'000** | **Investment holding RM'000** | **Others RM'000** | **Total RM'000** | **Manufac-turing of wood products RM'000** | **Investment holding RM'000** | **Others RM'000** | **Total RM'000** |
| **Discontinued operation** | | | | | | | | |
| Other information | | | | | | | | |
| Non cash expenses other than depreciation: | | | | | | | | |
| Provision for retirement benefits | **30** | **27** | **0** | **57** | 44 | 24 | 0 | 68 |
| Share of net (loss)/ profit of associates accounted for under equity method | **0** | **(668)** | **0** | **(668)** | 0 | 26 | 0 | 26 |

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

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

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

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

**38 Significant related party transactions**

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

**Company**

| | **2007 RM'000** | **2006 RM'000** |
|---|---|---|
| Rental income from subsidiary companies: | | |
| - Maicador Sdn. Bhd. | **30** | 30 |

# notes to the financial statements
for the financial year ended 31 March 2007

## 38 Significant related party transactions (cont'd)

**Company**

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

## 39 Changes in accounting policies

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

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

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

### (b) FRS 101 Presentation of Financial Statements

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

#### (i) Minority interests

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

#### (ii) Share of results in associate

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

### (c) FRS 116 Property, Plant and Equipment

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

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

## 39 Changes in accounting policies (cont'd)

### (d) FRS 117 Leases

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

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

### (e) FRS 140 Investment Property

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

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

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

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

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

# notes to the financial statements
for the financial year ended 31 March 2007

## 39 Changes in accounting policies (cont'd)

### (g) Restatement of balance sheets at 31 March 2006

**Group**

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

**Company**

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

## 40 Reclassification

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

**Group**

| | Note | As previously reported RM'000 | Reclassifi-cation RM'000 | As restated RM'000 |
|---|---|---|---|---|
| Trade receivables | 26 | 869 | 950 | 1,819 |
| Bills receivable | | 950 | (950) | 0 |

## 41 Approval of financial statements

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

# 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 30 to 74 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 March 2007 and of the results and cash flows of the Group and of the Company for the financial year ended on that date in accordance with the provisions of the Companies Act, 1965 and the Financial Reporting Standards.

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

**Lim Jian Hoo**
Director

**Thor Poh Seng**
Director

# STATUTORY declaration

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

I, Teoh Beng Chong, the officer primarily responsible for the financial management of Malaysia Aica Berhad, do solemnly and sincerely declare that the financial statements set out on pages 30 to 74 are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

**Teoh Beng Chong**

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

Before me

Chai Choon Kiat, PJM
Commissioner for Oaths

# ANALYSIS of shareholdings

as at 1 August 2007

## A. SHARE CAPITAL

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

## B. DISTRIBUTION OF SHAREHOLDINGS

| Holdings | No. of Holders | Total Holdings | % of Holdings |
|---|---|---|---|
| Less than 100 | 190 | 7,805 | 0.01 |
| 100 - 1,000 | 802 | 633,011 | 0.48 |
| 1,001 - 10,000 | 3,142 | 10,376,220 | 7.96 |
| 10,001 - 100,000 | 467 | 11,560,237 | 8.87 |
| 100,001 - less than 5% of issued shares | 56 | 78,247,970 | 60.02 |
| 5% and above of issued shares | 2 | 29,536,229 | 22.66 |
| | **4,659** | **130,361,472** | **100.00** |

## C. SUBSTANTIAL SHAREHOLDERS

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

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

## D. DIRECTOR'S INTEREST IN SHARES

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

# analysis of shareholdings
as at 1 August 2007

## 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. Gan Lock Yong @ Gan Choon Hur | 6,419,500 | 4.92 |
| 4. Cheong Siew Yoong | 6,340,000 | 4.86 |
| 5. Lim Siew Sooi | 6,208,200 | 4.76 |
| 6. Wong Chee Choon | 6,138,500 | 4.71 |
| 7. Low Cheng Peng | 5,946,900 | 4.56 |
| 8. Ong Wee Lieh | 5,166,000 | 3.96 |
| 9. Ong Poh Geok | 5,110,800 | 3.92 |
| 10. Mayban Securities Nominees (Tempatan) Sdn Bhd - Pledged securities account for Lim Eng Huat (REM-650) | 4,641,400 | 3.56 |
| 11. Chew Boon Seng | 4,285,671 | 3.29 |
| 12. Ong Poh Lin | 4,103,300 | 3.15 |
| 13. F.I.T. Nominees (Asing) Sdn Bhd - Tan Lay Choo -025 | 3,919,200 | 3.01 |
| 14. Ong Huey Peng | 2,526,500 | 1.94 |
| 15. Ong Har Hong | 2,176,600 | 1.67 |
| 16. Sin Len Moi | 1,798,300 | 1.38 |
| 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. Chew Choon Soo | 400,000 | 0.31 |
| 26. Syarikat Jeragan (Holdings) Sdn Bhd | 354,450 | 0.27 |
| 27. Lim Eng Huat | 353,300 | 0.27 |
| 28. MIDF SISMA Nominees (Tempatan) Sdn Bhd - Pledged securities account for Koay Chee Hong (MGN-KCH0007M) | 350,000 | 0.27 |
| 29. Lim Sew Hua @ Lim Seow Hua | 335,000 | 0.26 |
| 30. Sin Kek Yong | 306,000 | 0.23 |

# LIST of group's properties

as at 31 March 2007

| No. | Date Of Acquisition/ Revaluation | Location | Description | Existing Use | Tenure/ Approximate Age of Building | Area (Sq. metres) | Net Book Value as at 31.3.2007 (RM) |
|---|---|---|---|---|---|---|---|
| 1 | 31.03.1985 (Acquisition) | Lot 1772 Section 3 Mak Mandin Industrial Estate Seberang Perai, Pulau Pinang | Land & Industrial Building | Factory | Leasehold (expiring on 20.5.2071)/ 38 years | 5,052 | 697,000 |
| 2 | 31.03.1983 (Revaluation) | Lot 1780 Section 3 Mak Mandin Industrial Estate Seberang Perai, Pulau Pinang | Land & Industrial Building | Factory | Leasehold (expiring on 15.8.2073)/ 31 years | 13,575 | 1,568,000 |
| 3 | 30.11.1992 (Acquisition) | 68-5-1, Maica Court 68, Jalan Cantonment Pulau Pinang | Residential Apartment | Residential | Freehold/ Strata 22 years | 255 | 222,000 |
| 4 | 31.03.1983 (Revaluation) | 824, Taman Seluang, Kulim, Kedah | Land & Residential Building | Vacant | Freehold/ 26 years | 418 | 110,000 |
| 5 | 31.03.1990 (Acquisition) | 9, Jalan Zainal Abidin Pulau Pinang | Land & Commercial Building | Office | Freehold/ 19 years | 362 | 1,366,000 |
| 6 | 31.03.1987 (Acquisition) | Plot 23 Kulim Industrial Estate Kulim, Kedah | Land & Industrial Building | Factory | Leasehold (expiring on 9.11.2080)/ 26 years | 59,934 | 3,973,000 |
| 7 | 31.08.1995 (Acquisition) | Plot 44 Kulim Industrial Estate Kulim, Kedah | Land & Industrial Building | Factory | Leasehold (expiring on 6.4.2082)/ 7 years | 14,164 | 2,204,000 |
| 8 | 31.03.1987 (Revaluation) | Batu 6, Jalan Kuala Kedah Kuala Kedah, Kedah* | Land & Industrial Building | Factory | Freehold/ 59 years | 3,824 | 400,000 |
| 9 | 15.12.1981 (Revaluation) | 15, Jalan Zainal Abidin Pulau Pinang | Land & Commercial Building | Office | Freehold/ 29 years | 203 | 469,000 |
| 10 | 19.09.1990 (Acquisition) | Lot 946 Mukim 11 Balik Pulau, Pulau Pinang | Land | Vacant | Freehold | 5,204 | 137,000 |

* *Registered under Syarikat Kilang Ayer Batu Kuala Kedah Sdn Bhd which had been disposed of in August 2007.*

**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-Eighth Annual General Meeting ("38th AGM") of the shareholders of the Company to be held at Dewan Berjaya Room, Bukit Kiara Equestrian and Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur, Malaysia on Thursday, 20 September 2007 at 11.00 a.m. or any adjournment thereof.

*The proxy is to vote on the Resolutions set out in the notice of the 38th AGM as indicated with an 'X' at the relevant columns. If no voting instructions are given, the proxy/proxies may vote or abstain from voting at his/her/their discretion.*

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

| No. of shares held |
|---|
| |

______________________
Signature/Common Seal

Signed this _______ day of ________________ 2007.

**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.

*Fold Here*

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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