

Malaysia Aica Berhad

(Company no: 8235 K)

(Incorporated in Malaysia)

**Reports and statutory financial statements
for the financial year ended 31 March 2004**

Malaysia Aica Berhad

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

Reports and statutory financial statements for the financial year ended 31 March 2004

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Malaysia Aica Berhad

(Company no: 8235 K)

(Incorporated in Malaysia)

Directors' report for the financial year ended 31 March 2004

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 2004.

Principal activities

The principal activities of the Company during the financial year are the provision of management services and investment holding. The principal activities of its subsidiary companies are set out in note 18 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

Financial results

	Group RM'000	Company RM'000
Loss from ordinary activities after taxation	(4,953)	(998)
Minority interests	1,541	0
Net loss for the financial year	<u>(3,412)</u>	<u>(998)</u>

Dividend

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

The Directors do not recommend the payment of any dividend for the financial year ended 31 March 2004.

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
Cik Yazween binti Dato' Yahya
Mr. Lee Yu-Jin
Encik Aminuddin Yusof Lana
Mr. Ong Euwan George

(appointed on 22 March 2004)
(resigned on 30 August 2003)

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Directors' report for the financial year ended 31 March 2004 (continued)

Directors' interests

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

	Number of ordinary shares of RM0.50 each			
	1 April 2003	Addition	Disposal	31 March 2004
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 9 to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

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

Statutory information on the financial statements

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

- (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.

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Directors' report for the financial year ended 31 March 2004 (continued)

Statutory information on the financial statements (continued)

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

- (a) which would render the amounts written off for bad debts or the amounts of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
- (b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
- (c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

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

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

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

Other statutory information

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

In the opinion of the Directors,

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

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Directors' report for the financial year ended 31 March 2004 (continued)

Proposed acquisition of 100% of the issued and paid-up share capital of Hyrax Oil Sdn. Bhd ("Hyrax").

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

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

Auditors

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

Signed on behalf of the Board of Directors in accordance with their resolution dated 15 July 2004.

Lim Jian Hoo

Director

Thor Poh Seng

Director

Report of the auditors to the members of Malaysia Aica Berhad

(Company no: 8235 K)

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We have audited the financial statements set out on pages 7 to 44. These financial statements are the responsibility of the Company's Directors. Our responsibility is to express an opinion on these financial statements based on our audit.

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 the 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 applicable approved accounting standards in Malaysia so as to give a true and fair view of:
 - (i) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and
 - (ii) the state of affairs of the Group and of the Company as at 31 March 2004 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 19 to the financial statements. We have considered the financial statements of these subsidiary companies and the auditors' reports thereon.

**Report of the auditors to the members of
Malaysia Aica Berhad (continued)**

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

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

PricewaterhouseCoopers

[AF:1146]

Chartered Accountants

Cho Choo Meng

[2082/09/04 (J)]

Partner of the firm

Penang

15 July 2004

Malaysia Aica Berhad

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Income statements for the financial year ended 31 March 2004

		Group		Company	
	Note	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Revenue	5	21,148	27,388	2,143	2,208
Cost of sales		(20,232)	(25,705)	0	0
Gross profit		916	1,683	2,143	2,208
Other operating income		840	408	151	11
Selling and distribution costs		(883)	(938)	0	0
Administration expenses		(3,809)	(3,764)	(3,050)	(1,653)
Other operating expenses		(1,536)	(935)	0	0
(Loss)/profit from operations	6	(4,472)	(3,546)	(756)	566
Finance cost	7	(130)	(125)	0	0
Share of results of associated companies		(129)	149	0	0
(Loss)/profit from ordinary activities before taxation		(4,731)	(3,522)	(756)	566
Taxation	11	(253)	(245)	(242)	(243)
Share of tax of associated companies		31	(50)	0	0
(Loss)/profit from ordinary activities after taxation		(4,953)	(3,817)	(998)	323
Minority interests		1,541	1,188	0	0
Net (loss)/profit for the financial year		(3,412)	(2,629)	(998)	323
Loss per share					
- basic	12	(2.6 sen)	(2.1 sen)		
- diluted	12	0	0		

The accounting policies and the notes on pages 12 to 44 form an integral part of these financial statements.

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Balance sheets as at 31 March 2004

	Note	Group		Company	
		2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Capital and reserves					
Share capital	13	65,180	65,180	65,180	65,180
Reserves	14	12,918	16,618	20,673	21,671
		78,098	81,798	85,853	86,851
Minority interests		2,154	3,697	0	0
Non-current liabilities					
Retirement benefits	15	917	928	42	37
Deferred taxation	16	25	25	0	0
		942	953	42	37
		81,194	86,448	85,895	86,888
Represented by:					
Non-current assets					
Property, plant and equipment	17	23,033	21,026	6,733	6,825
Subsidiary companies	18	0	0	12,871	16,395
Associated companies	19	2,003	2,101	672	672
Investments	20	492	842	135	485
		25,528	23,969	20,411	24,377
Current assets					
Inventories	21	4,217	5,328	0	0
Trade receivables	22	331	228	0	0
Bills receivable	23	915	1,724	0	0
Investment in finance leases	24	0	0	0	0
Hire-purchase receivables	25	0	0	0	0
Factoring receivables	26	3	3	0	0
Other receivables, deposits and prepayments	27	333	383	67	66
Tax recoverable		22	3		0
Amounts due from subsidiary companies	28	0	0	16,799	7,159
Deposits, cash and bank balances	29	54,432	60,665	48,924	55,831
		60,253	68,334	65,790	63,056
Current liabilities					
Trade and other payables	30	3,233	2,202	105	126
Retirement benefits	15	24	23	0	0
Short term borrowing	31	1,000	1,000	0	0
Provision for taxation		244	446	201	419
Bank overdrafts	32	86	2,184	0	0
		4,587	5,855	306	545
Net current assets		55,666	62,479	65,484	62,511
		81,194	86,448	85,895	86,888

The accounting policies and the notes on pages 12 to 44 form an integral part of these financial statements.

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Consolidated statement of changes in equity for the financial year ended 31 March 2004

Group	Issued and fully paid ordinary shares of RM0.50 each		Non-distributable				Retained profit/ (Accumulated loss) RM'000	Total RM'000
	Number of shares Units	Nominal value RM'000	Exchange fluctuation reserve RM'000	Share premium RM'000	Property revaluation surplus RM'000	Capital reserve RM'000		
At 1 April 2002								
As previously reported	108,634,560	54,317	288	13,296	812	824	14,912	84,449
Change in accounting policy (note 33)	0	0	0	0	0	(9)	(13)	(22)
As restated	108,634,560	54,317	288	13,296	812	815	14,899	84,427
Issue of shares	21,726,912	10,863	0	0	0	0	(10,863)	0
Net loss for the financial year	0	0	0	0	0	0	(2,629)	(2,629)
At 31 March 2003	130,361,472	65,180	288	13,296	812	815	1,407	81,798
At 1 April 2003								
As previously reported	130,361,472	65,180	288	13,296	812	824	1,420	81,820
Change in accounting policy (note 33)	0	0	0	0	0	(9)	(13)	(22)
As restated	130,361,472	65,180	288	13,296	812	815	1,407	81,798
Translation differences on disposal of property in subsidiary company	0	0	(288)	0	0	0	0	(288)
Net loss for the financial year	0	0	0	0	0	0	(3,412)	(3,412)
At 31 March 2004	130,361,472	65,180	0	13,296	812	815	(2,005)	78,098

The accounting policies and the notes on pages 12 to 44 form an integral part of these financial statements.

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Statement of changes in equity for the financial year ended 31 March 2004

Company	Issued and fully paid ordinary shares of RM0.50 each		Non-distributable		Distributable	
	Number of shares Units	Nominal value RM'000	Share premium RM'000	Capital reserve RM'000	Retained profit RM'000	Total RM'000
At 1 April 2002	108,634,560	54,317	13,296	1,800	17,115	86,528
Issue of shares	21,726,912	10,863	0	0	(10,863)	0
Net profit for the financial year	0	0	0	0	323	323
At 31 March 2003	<u>130,361,472</u>	<u>65,180</u>	<u>13,296</u>	<u>1,800</u>	<u>6,575</u>	<u>86,851</u>
At 1 April 2003	130,361,472	65,180	13,296	1,800	6,575	86,851
Net loss for the financial year	0	0	0	0	(998)	(998)
At 31 March 2004	<u>130,361,472</u>	<u>65,180</u>	<u>13,296</u>	<u>1,800</u>	<u>5,577</u>	<u>85,853</u>

The accounting policies and the notes on pages 12 to 44 form an integral part of these financial statements.

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Cash flow statements for the financial year ended 31 March 2004

	Note	Group		Company	
		2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Operating cash flows					
Cash receipts from customers		21,962	27,397	2,211	376
Cash payments to suppliers		<u>(23,486)</u>	<u>(27,540)</u>	<u>(1,344)</u>	<u>(1,531)</u>
Cash flows from/(used in) operations		(1,524)	(143)	867	(1,155)
Retirement benefits paid		(50)	(21)	0	(4)
Interest paid		(130)	(125)	0	0
Taxation paid		(475)	(347)	(460)	(323)
		<u>(655)</u>	<u>(493)</u>	<u>(460)</u>	<u>(327)</u>
Net operating cash flows		(2,179)	(636)	407	(1,482)
Investing cash flows					
Net dividends received from other investments		12	37	12	37
Proceeds from disposal of property, plant and equipment		2,106	10	0	0
Purchase of property, plant and equipment		(6,211)	(229)	0	0
Proceeds from disposal of quoted investments		501	74	501	74
Interest received		1,640	1,745	1,816	1,740
Net investing cash flows		(1,952)	1,637	2,329	1,851
Financing cash flows					
Advances to subsidiary companies		0	0	(9,639)	(31)
Dividends paid		(4)	(4)	(4)	(4)
Net financing cash flows		<u>(4)</u>	<u>(4)</u>	<u>(9,643)</u>	<u>(35)</u>
Net change in cash and cash equivalents		(4,135)	997	(6,907)	334
Cash and cash equivalents at beginning of the financial year		58,481	57,484	55,831	55,497
Cash and cash equivalents at end of the financial year	34	54,346	58,481	48,924	55,831

The accounting policies and the notes on pages 12 to 44 form an integral part of these financial statements.

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Notes to the financial statements for the financial year ended 31 March 2004

1 General information

The principal activities of the Company during the financial year are the provision of management services and investment holding. The principal activities of its subsidiary companies are set out in note 18 to the financial statements.

The number of employees in the Group and in the Company at the end of the financial year are 471 (2003: 471) and 10 (2003: 21) respectively.

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

The Company's registered office is located at:

8-3 Jalan Segambut
51200 Kuala Lumpur

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

9 Jalan Zainal Abidin
10400 Penang

2 Financial risk management objectives and policies

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

(i) Interest rate risk

The Group's exposure to interest rate risk is minimal.

(ii) Credit risk

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

(iii) Market risk

The Group's exposure to market risk is minimal.

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Notes to the financial statements for the financial year ended 31 March 2004 (continued)

2 Financial risk management objectives and policies (continued)

(iv) Foreign currency exchange risk

The Group's exposure to foreign currency exchange risk is minimal as the majority of the foreign currency transactions entered into by its subsidiaries are denominated in United States Dollar which is pegged to the Ringgit Malaysia.

(v) Liquidity and cash flow risk

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

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

4 Summary of significant accounting policies

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

(a) Basis of consolidation

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

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

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

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Notes to the financial statements for the financial year ended 31 March 2004 (continued)

4 Summary of significant accounting policies (continued)

(b) Property, plant and equipment

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

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

Freehold land is not depreciated.

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

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

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

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

The land, buildings, plant and machinery have not been revalued since the dates of the revaluation exercises as stated in note 17. The Directors have adopted the transitional provision of International Accounting Standard ("IAS") no. 16 (Revised): Property, Plant and Equipment as adopted by Malaysian Accounting Standards Board ("MASB") in respect of assets carried at previously revalued amounts to retain the carrying amounts of these land, buildings, plant and machinery on the basis of their previous revaluation subject to the continuing application of the current depreciation policy.

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

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in profit/(loss) from operations. On disposal of revalued assets, amounts in revaluation reserve relating to those assets are transferred to retained earnings.

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Notes to the financial statements for the financial year ended 31 March 2004 (continued)

4 Summary of significant accounting policies (continued)

(b) Property, plant and equipment (continued)

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

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

(c) Subsidiary companies

Investments in subsidiary companies are stated at cost. Allowance for diminution in value of investments in subsidiary companies will be made when, in the opinion of the Directors, there is a permanent diminution in value.

(d) Associated companies

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

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

In the Company's financial statements, investments in associated companies are stated at cost. Allowance for diminution in value of investments in associated companies will be made when, in the opinion of the Directors, there is a permanent diminution in value.

(e) Investments

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

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Notes to the financial statements for the financial year ended 31 March 2004 (continued)

4 Summary of significant accounting policies (continued)

(f) Inventories

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

(g) Receivables

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

(h) Employee benefits

(i) Short term employee benefits

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

(ii) Defined contribution plans

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

(iii) Defined benefit plan

The Group operates an unfunded final salary defined benefit plan for its employees. The liability in respect of the defined benefit plan is the present value of the defined benefit obligations at the balance sheet date adjusted for actuarial gains/losses and past service cost. The defined benefit obligations are assessed using the projected unit credit method. Under this method, the cost of providing defined benefit obligations are charged to the income statement so as to spread the regular cost over the service lives of the employees in accordance with the advice of qualified actuaries who carry out a full valuation of the plan every three years. The Group determines the present value of defined benefit obligations with sufficient regularity such that the amounts recognised in the financial statements do not differ materially from the amounts that would be determined at the balance sheet date. The last actuarial valuation was carried out as at 31 March 2002.

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

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Notes to the financial statements for the financial year ended 31 March 2004 (continued)

4 Summary of significant accounting policies (continued)

(i) Income taxes

During the financial year, the Group changed its accounting policy with respect to the recognition of deferred tax liabilities and assets in compliance with MASB Standard no. 25, "Income Taxes". In accordance with MASB standard no. 25, deferred taxation is provided in full, using the liability method, on temporary differences arising between the amounts attributed to assets and liabilities for tax purposes and their carrying amounts in the financial statements unless the temporary differences arise from initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax 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.

In the previous financial years, deferred taxation was provided using the liability method in respect of all material timing differences except to the extent that it can be demonstrated with reasonable probability that the timing differences will not crystallise in the foreseeable future. Deferred tax debits are not accounted for unless their realisation is beyond reasonable doubt.

The change in accounting policy has been accounted for retrospectively.

(j) Cash and cash equivalents

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

(k) Revenue recognition

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

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

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

Rental income is recognised on an accrual basis.

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

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Notes to the financial statements for the financial year ended 31 March 2004 (continued)

4 Summary of significant accounting policies (continued)

(l) Foreign currency translations

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

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

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

Foreign currency	31.3.2004 RM	31.3.2003 RM
1 United States Dollar	3.7965	3.7965
1 Australian Dollar	2.8210	2.2360
1 Singapore Dollar	2.2840	2.1310
1 Euro	4.6730	3.7570
100 Renminbi	NA	45.83
100 Japanese Yen	3.6260	NA

(m) Financial instruments

(i) Financial instruments recognised on the balance sheet

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

(ii) Fair value estimation for disclosure purposes

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

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

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Notes to the financial statements for the financial year ended 31 March 2004 (continued)

5 Revenue

	Group	
	2004 RM'000	2003 RM'000
Sales of goods	19,526	25,264
Investment holding	1,569	1,777
Others	53	347
	<u>21,148</u>	<u>27,388</u>

	Company	
	2004 RM'000	2003 RM'000
Interest income	1,816	1,740
Management fees	240	278
Rental income	75	153
Dividend income	12	37
	<u>2,143</u>	<u>2,208</u>

6 (Loss)/profit from operations

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

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Depreciation of property, plant and equipment	839	803	92	93
Auditors' remuneration (note 10)	43	38	12	10
Rental of land, office equipment and buildings	81	62	0	0
Allowance for slow moving inventories	1,254	0	0	0
Provision for retirement benefits	40	47	5	4
Goodwill on consolidation written off	0	926	0	0
Loss on disposal of property, plant and equipment	1,626	0	0	0
Realised foreign exchange loss	9	0	0	0
Unrealised foreign exchange loss	3	9	0	0
Staff costs	8,506	8,664	853	1,011

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Notes to the financial statements for the financial year ended 31 March 2004 (continued)

6 (Loss)/profit from operations (continued)

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

Gross dividends from:

- shares quoted in Malaysia	10	36	10	36
- shares quoted outside Malaysia	2	1	2	1
Interest income	1,640	1,745	1,816	1,740
Rental income	69	163	75	153
Profit on disposal of property, plant and equipment	0	4	0	0
Profit on disposal of investment	151	11	151	11
Bad debts recovered	58	165	0	0
Provision for retirement benefit written back	1	1	0	0
Realised foreign exchange gain	49	18	0	0
Unrealised foreign exchange gain	56	2	0	0

7 Finance cost

Group

	2004 RM'000	2003 RM'000
Interest on bank overdrafts	86	81
Interest on short term borrowing	44	44
	<u>130</u>	<u>125</u>

8 Staff costs

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Wages, salaries and bonus	7,606	7,817	741	888
Defined contribution retirement plan	508	463	91	106
Defined benefit plan	36	43	5	4
Other employee benefits	356	341	16	13
	<u>8,506</u>	<u>8,664</u>	<u>853</u>	<u>1,011</u>

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Notes to the financial statements for the financial year ended 31 March 2004 (continued)

9 Directors' remuneration

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

Non-executive Directors

Tan Sri Dato' Tan Hua Choon

Mr Lee Yu-Jin

Cik Yazween binti Dato' Yahya

Encik Aminuddin Yusof Lana

Mr Ong Euwan George

(appointed on 22 March 2004)

(resigned on 30 August 2003)

Executive Directors

Mr Lim Jian Hoo

Mr Thor Poh Seng

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

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
<u>Non-executive Directors</u>				
Fees	37	44	35	42
Other benefit plan	4	1	4	1
<u>Executive Directors</u>				
Salaries and bonus	341	341	341	341
Defined contribution retirement plan	41	41	41	41
Other benefit plan	0	4	0	4
	<u>423</u>	<u>431</u>	<u>421</u>	<u>429</u>

The estimated monetary value of benefits-in-kind received and receivable by the Directors otherwise than in cash amounted to RM3,600 (2003: RM4,800) for the Group and the Company.

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Notes to the financial statements for the financial year ended 31 March 2004 (continued)

10 Auditors' remuneration

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
<u>PricewaterhouseCoopers, Malaysia</u>				
Statutory audit	34	29	12	10
Fees for other services: - review of Directors' Statement on Internal Control	3	3	3	3
	<u>37</u>	<u>32</u>	<u>15</u>	<u>13</u>
<u>Other external auditors</u>				
Statutory audit	9	9	0	0
	<u>46</u>	<u>41</u>	<u>15</u>	<u>13</u>

11 Taxation

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
In respect of the current financial year: - Malaysian income tax	(251)	(215)	(242)	(204)
Underaccrual in prior financial years - Malaysian income tax	(2)	(30)	0	(39)
	<u>(253)</u>	<u>(245)</u>	<u>(242)</u>	<u>(243)</u>

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

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Notes to the financial statements for the financial year ended 31 March 2004 (continued)

11 Taxation (continued)

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

	Group		Company	
	2004	2003	2004	2003
	RM	RM	RM	RM
(Loss)/profit from ordinary activities before taxation	<u>(4,731)</u>	<u>(3,522)</u>	<u>(756)</u>	<u>566</u>
Tax calculated at a tax rate of 28% (2003: 28%)	1,325	986	212	(158)
Tax effects of:				
- expenses not deductible for tax purposes	(669)	(544)		
- income not subject to tax	43	8	43	8
Temporary differences not recognised:				
- unutilised tax losses	(822)	(540)	0	0
- excess of capital allowances over depreciation	328	0	0	0
- unutilised capital allowances	(459)	(109)	0	0
- others	3	(16)	(6)	(3)
Overaccrual in prior financial years	<u>(2)</u>	<u>(30)</u>	<u>0</u>	<u>(39)</u>
Tax expense	<u>(253)</u>	<u>(245)</u>	<u>(242)</u>	<u>(243)</u>

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	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Tax losses carried forward	27,503	24,253	641	641
Unabsorbed capital allowances	17,574	15,365	544	528
Unabsorbed reinvestment allowances	<u>1,136</u>	<u>1,221</u>	<u>0</u>	<u>0</u>

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Notes to the financial statements for the financial year ended 31 March 2004 (continued)

12 Loss per share

Group

Basic loss per share

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

	2004	2003
Loss for the financial year (RM'000)	(3,412)	(2,629)
Weighted average number of ordinary shares in issue ('000)	130,361	123,119
Basic loss per share (Sen)	(2.6)	(2.1)

Diluted loss per share

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

13 Share capital

Group and Company

	2004 RM'000	2003 RM'000
Authorised:		
200,000,000 ordinary shares of RM0.50 each	<u>100,000</u>	<u>100,000</u>
Issued and fully paid:		
130,361,472 (2003: 108,634,560) ordinary shares of RM0.50 each		
At 1 April	65,180	54,317
Bonus issue appropriated from retained profits	<u>0</u>	<u>10,863</u>
At 31 March	<u>65,180</u>	<u>65,180</u>

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Notes to the financial statements for the financial year ended 31 March 2004 (continued)

14 Reserves

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Non-distributable reserves				
Exchange fluctuation reserve	0	288	0	0
Share premium account	13,296	13,296	13,296	13,296
Property revaluation surplus	812	812	0	0
Capital reserve	815	815	1,800	1,800
	<u>14,923</u>	<u>15,211</u>	<u>15,096</u>	<u>15,096</u>
(Accumulated loss)/Retained profit	<u>(2,005)</u>	<u>1,407</u>	<u>5,577</u>	<u>6,575</u>
	<u>12,918</u>	<u>16,618</u>	<u>20,673</u>	<u>21,671</u>

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

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Notes to the financial statements for the financial year ended 31 March 2004 (continued)

15 Retirement benefits

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Current	24	23	0	0
Non-current	<u>917</u>	<u>928</u>	<u>42</u>	<u>37</u>
	<u><u>941</u></u>	<u><u>951</u></u>	<u><u>42</u></u>	<u><u>37</u></u>

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

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
As at 1 April	951	925	37	37
Charged to income statement	40	47	5	4
Benefits paid during the financial year	<u>(50)</u>	<u>(21)</u>	<u>0</u>	<u>(4)</u>
At 31 March	<u><u>941</u></u>	<u><u>951</u></u>	<u><u>42</u></u>	<u><u>37</u></u>

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

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Present value of unfunded obligations	827	738	33	25
Unrecognised transitional liability	<u>114</u>	<u>213</u>	<u>9</u>	<u>12</u>
	<u><u>941</u></u>	<u><u>951</u></u>	<u><u>42</u></u>	<u><u>37</u></u>

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

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Current service cost	55	67	6	5
Interest cost	51	46	2	2
Amortisation of transitional liability	<u>(66)</u>	<u>(66)</u>	<u>(3)</u>	<u>(3)</u>
	<u><u>40</u></u>	<u><u>47</u></u>	<u><u>5</u></u>	<u><u>4</u></u>
Included in:				
Cost of sales	26	26	0	0
Administrative expenses	<u>14</u>	<u>21</u>	<u>5</u>	<u>4</u>
	<u><u>40</u></u>	<u><u>47</u></u>	<u><u>5</u></u>	<u><u>4</u></u>

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15 Retirement benefits (continued)

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

	Group		Company	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
	%	%	%	%
Discount rate	7.0	7.0	7.0	7.0
Expected rate of salary increases	<u>5.0</u>	<u>5.0</u>	<u>5.0</u>	<u>5.0</u>

16 Deferred taxation

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

	Group	
	<u>2004</u>	<u>2003</u>
	RM'000	RM'000
As at 1 April		
As previously reported	0	0
Change in accounting policy (note 33)	<u>25</u>	<u>25</u>
As restated	25	25
Movement during the year	<u>0</u>	<u>0</u>
As at 31 March	<u>25</u>	<u>25</u>

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 property gains tax rate of 5%.

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Notes to the financial statements for the financial year ended 31 March 2004 (continued)

17 Property, plant and equipment

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

Group	Freehold/ leasehold land, at cost/ at valuation	Buildings at cost	Buildings at valuation	Reno- vation at cost	Plant and machinery at cost	Plant and machinery at valuation	Furniture, fittings and equipment at cost	Motor vehicles at cost	Spare parts and loose tools at cost	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cost or valuation										
At 1 April 2003	13,231	9,518	1,555	0	19,813	85	2,857	837	397	48,293
Additions	0	64	0	90	5,735	0	144	178	0	6,211
Disposals	(3,829)	0	0	0	0	0	(5)	0	0	(3,834)
At 31 March 2004	9,402	9,582	1,555	90	25,548	85	2,996	1,015	397	50,670
Accumulated depreciation										
At 1 April 2003	1,130	2,823	646	0	19,035	76	2,525	636	396	27,267
Charge for the financial year	47	191	31	10	387	4	88	80	1	839
Disposals	(466)	0	0	0	0	0	(3)	0	0	(469)
At 31 March 2004	711	3,014	677	10	19,422	80	2,610	716	397	27,637
Net book value										
31 March 2004	8,691	6,568	878	80	6,126	5	386	299	0	23,033
31 March 2003	12,101	6,695	909	0	778	9	332	201	1	21,026

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17 Property, plant and equipment (continued)

The Group's freehold and leasehold land comprise:

2004	Freehold land, at cost	Freehold land, at valuation	Long term leasehold land, at cost	Long term leasehold land, at valuation	Short term leasehold land, at cost	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cost or valuation						
At 1 April 2003	4,854	737	2,284	875	4,481	13,231
Disposal	0	0	0	0	(3,829)	(3,829)
31 March 2004	4,854	737	2,284	875	652	9,402
Accumulated depreciation						
At 1 April 2003	0	0	241	196	693	1,130
Charge for the financial year	0	0	27	9	11	47
Disposal	0	0	0	0	(466)	(466)
At 31 March 2004	0	0	268	205	238	711
Net book value						
31 March 2004	4,854	737	2,016	670	414	8,691
31 March 2003	4,854	737	2,043	679	3,788	12,101
Company						
2004	Freehold/ leasehold land, at cost/ at valuation	Buildings, at cost	Buildings, at valuation	Furniture, fittings and equipment, at cost	Motor vehicles, at cost	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cost or valuation						
At 1 April 2003/31 March 2004	5,660	1,626	93	493	167	8,039
Accumulated depreciation						
At 1 April 2003	195	434	42	441	102	1,214
Charge for the financial year	10	32	2	15	33	92
At 31 March 2004	205	466	44	456	135	1,306
Net book value						
31 March 2004	5,455	1,160	49	37	32	6,733
31 March 2003	5,465	1,192	51	52	65	6,825

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Notes to the financial statements for the financial year ended 31 March 2004 (continued)

17 Property, plant and equipment (continued)

Company

The Company's freehold and leasehold land comprise:

2004	Freehold land, at cost RM'000	Freehold land, at valuation RM'000	Long term leasehold land, at valuation RM'000	Total RM'000
Cost or valuation				
At 1 April 2003/31 March 2004	4,718	67	875	5,660
Accumulated depreciation				
At 1 April 2003	0	0	195	195
Charge for the financial year	0	0	10	10
At 31 March 2004	0	0	205	205
Net book value				
31 March 2004	4,718	67	670	5,455
31 March 2003	4,718	67	680	5,465

The long term leasehold land and buildings with net book values of RM6,273,338 (2003: RM6,416,847) of a subsidiary company have been pledged as security for bank overdraft facilities.

Valuations

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

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

The Directors have adopted the transitional provision of IAS no. 16 (Revised): Property, Plant and Equipment as adopted by MASB in respect of assets carried at previously revalued amounts to retain the carrying amounts of these land, buildings, plant and machinery on the basis of their previous revaluation subject to the continuing application of the current depreciation policy.

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Notes to the financial statements for the financial year ended 31 March 2004 (continued)

17 Property, plant and equipment (continued)

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

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Freehold land	215	216	59	59
Long term leasehold land	55	55	55	55
Buildings	618	643	46	47
	<u>888</u>	<u>914</u>	<u>160</u>	<u>161</u>

18 Subsidiary companies

Company

	2004 RM'000	2003 RM'000
Unquoted shares, at cost	23,025	23,025
Allowance for diminution in value of shares	<u>(10,154)</u>	<u>(6,630)</u>
	<u>12,871</u>	<u>16,395</u>

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18 Subsidiary companies (continued)

The subsidiary companies are:

Name of company	Place of incorporation	Holding in equity				Principal activities
		By the Company		By subsidiary companies		
		2004 %	2003 %	2004 %	2003 %	
Maica Wood Industries Sdn. Bhd.	Malaysia	64.4	64.4	Nil	Nil	Manufacture of knocked-down furniture parts and mouldings from rubber wood
Maicador Sdn. Bhd.	Malaysia	Nil	Nil	100	100	Manufacture of prefabricated doors and door frames
*Consolidated Leasing (M) Sdn. Bhd.	Malaysia	100	100	Nil	Nil	Investment holding and the financing of leases and hire purchase
*Consolidated Factoring (M) Sdn. Bhd.	Malaysia	Nil	Nil	91.9	91.9	Factoring of debts
*Maritime Credits (Malaysia) Sdn. Bhd.	Malaysia	Nil	Nil	100	100	Granting of commercial credits
*Pinaremas Sdn. Bhd.	Malaysia	100	100	Nil	Nil	Investment holding
*Syarikat Kilang Ayer Batu Kuala Kedah Sdn. Bhd.	Malaysia	Nil	Nil	75	75	Manufacture of ice blocks
*Modern Woodwork Sdn. Bhd.	Malaysia	100	100	Nil	Nil	Investment holding
*Suradamai Sdn. Bhd.	Malaysia	Nil	Nil	100	100	Dormant
*Ambang Arena Sdn. Bhd.	Malaysia	100	100	Nil	Nil	Dormant
*Maica (Shantou) Limited Company	People's Republic of China	100	100	Nil	Nil	Dormant

* Not audited by PricewaterhouseCoopers

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19 Associated companies

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Unquoted shares, at cost	696	696	696	696
Allowance for diminution in value of shares	(24)	(24)	(24)	(24)
	<u>672</u>	<u>672</u>	<u>672</u>	<u>672</u>
Share of post-acquisition retained profits less losses	618	716	0	0
Share of property revaluation surplus	713	713	0	0
	<u>2,003</u>	<u>2,101</u>	<u>672</u>	<u>672</u>
Represented by:				
Group's share of net tangible assets	2,304	2,402		
Discount on acquisition	(301)	(301)		
	<u>2,003</u>	<u>2,101</u>		

The associated companies are:

Name of company	Place of incorporation	Holding in equity		Principal activities
		2004 %	2003 %	
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

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Notes to the financial statements for the financial year ended 31 March 2004 (continued)

20 Investments

Group

	2004		2003	
	Cost RM'000	Market value RM'000	Cost RM'000	Market value RM'000
Quoted shares in corporations, at cost				
- Malaysia	99	50	449	467
- Overseas	36	56	36	37
Total investment in shares	<u>135</u>	<u>106</u>	<u>485</u>	<u>504</u>
Unquoted shares in corporations, at cost	1,282		1,282	
Allowance for diminution in value of shares	(950)		(950)	
	<u>332</u>		<u>332</u>	
Total investment in shares	467		817	
Investment in club membership	25		25	
	<u>492</u>		<u>842</u>	

Company

	2004		2003	
	Cost RM'000	Market value RM'000	Cost RM'000	Market value RM'000
Quoted shares in corporations, at cost				
- Malaysia	99	50	449	467
- Overseas	36	56	36	37
	<u>135</u>	<u>106</u>	<u>485</u>	<u>504</u>
Unquoted shares in corporations, at cost	50		50	
Allowance for diminution in value of shares	(50)		(50)	
	<u>0</u>		<u>0</u>	
	<u>135</u>		<u>485</u>	

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21 Inventories

Group

	2004 RM'000	2003 RM'000
At cost:		
Raw materials	1,354	1,611
Work in progress	2,755	2,535
Finished products	957	713
Consumable goods	<u>359</u>	<u>327</u>
	5,425	5,186
At net realisable value:		
Finished products	<u>46</u>	<u>142</u>
	5,471	5,328
Allowance for slow moving inventories	<u>(1,254)</u>	<u>0</u>
	<u>4,217</u>	<u>5,328</u>

22 Trade receivables

Group

All trade receivables are denominated in Ringgit Malaysia.

The credit terms extended to trade receivables range from payment in advance to 90 days (2003: payment in advance to 90 days).

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

23 Bills receivable

Group

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

	2004 RM'000	2003 RM'000
United States Dollar	764	1,512
Australian Dollar	<u>151</u>	<u>212</u>
	<u>915</u>	<u>1,724</u>

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24 Investment in finance leases

Group

	2004 RM'000	2003 RM'000
Amounts due:		
Within the next twelve months	229	229
Unearned lease income	(14)	(14)
	<u>215</u>	<u>215</u>
Portion not financed	0	0
	<u>215</u>	<u>215</u>
Allowance for doubtful debts	(215)	(215)
	<u>0</u>	<u>0</u>

25 Hire-purchase receivables

Group

	2004 RM'000	2003 RM'000
Amounts due:		
Within the next twelve months	2,268	2,353
Unearned interest income	(699)	(698)
	<u>1,569</u>	<u>1,655</u>
Allowance for doubtful debts	(1,569)	(1,655)
	<u>0</u>	<u>0</u>

26 Factoring receivables

Group

	2004 RM'000	2003 RM'000
Amounts financed	805	805
Allowance for doubtful debts	(802)	(802)
	<u>3</u>	<u>3</u>

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Notes to the financial statements for the financial year ended 31 March 2004 (continued)

27 Other receivables, deposits and prepayments

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Other receivables	41	135	5	4
Deposits	213	124	62	62
Prepayments	109	154	0	0
	<u>363</u>	<u>413</u>	<u>67</u>	<u>66</u>
Allowance for doubtful debts	(30)	(30)	0	0
	<u>333</u>	<u>383</u>	<u>67</u>	<u>66</u>

All other receivables and deposits are denominated in Ringgit Malaysia.

28 Amounts due from subsidiary companies

Company

	2004 RM'000	2003 RM'000
Amounts due from subsidiary companies	17,614	7,974
Allowance for doubtful debts	(815)	(815)
	<u>16,799</u>	<u>7,159</u>

Amounts due from subsidiary companies are denominated in Ringgit Malaysia.

Amounts due from subsidiary companies are primarily interest free, unsecured advances with no fixed terms of repayment except for advances to subsidiary companies, Maica Wood Industries Sdn. Bhd. and Maicador Sdn. Bhd., amounting to RM12,682,034 (2003: RM3,182,034) which bear interest at 6% (2003: 4%) per annum.

29 Deposits, cash and bank balances

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Fixed deposits with licensed banks	52,449	59,535	48,259	55,506
Cash and bank balances	1,983	1,130	665	325
	<u>54,432</u>	<u>60,665</u>	<u>48,924</u>	<u>55,831</u>

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Notes to the financial statements for the financial year ended 31 March 2004 (continued)

29 Deposits, cash and bank balances (continued)

The effective interest rates as at balance sheet date of fixed deposits with licensed banks for the Group and Company range from 2.6% to 4.0% (2003: 2.6% to 4.0%) per annum.

The maturity of deposits of the Group and of the Company range from 29 to 366 days (2003: 30 to 365 days).

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

30 Trade and other payables

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Trade payables	1,407	902	0	0
Other payables	1,375	647	16	23
Accruals	451	653	89	103
	<u>3,233</u>	<u>2,202</u>	<u>105</u>	<u>126</u>

The credit terms extended by trade and other payables range from 7 to 60 days (2003: 7 to 60 days).

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

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Ringgit Malaysia	2,090	2,172	105	126
Singapore Dollar	18	30	0	0
United States Dollar	560	0	0	0
Euro	554	0	0	0
Japanese Yen	11	0	0	0
	<u>3,233</u>	<u>2,202</u>	<u>105</u>	<u>126</u>

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Notes to the financial statements for the financial year ended 31 March 2004 (continued)

31 Short term borrowing

Group

	2004 RM'000	2003 RM'000
Revolving credit	<u>1,000</u>	<u>1,000</u>

The short term borrowing is unsecured. The interest rates for the financial year range from 4.25% to 4.38% (2003: 4.38% to 4.43%) per annum.

The effective interest rate as at the balance sheet date is 4.25% (2003: 4.38%) per annum.

The short term borrowing is denominated in Ringgit Malaysia.

32 Bank overdrafts

Group

	2004 RM'000	2003 RM'000
Secured	0	2,038
Unsecured	<u>86</u>	<u>146</u>
	<u>86</u>	<u>2,184</u>

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

The interest rates for the financial year range from 4.10% to 6.75% (2003: 4.10% to 7.15%) per annum.

The effective interest rates as at the balance sheet date range from 4.10% to 6.75% (2003: 4.20% to 7.15%) per annum.

The bank overdrafts are denominated in Ringgit Malaysia.

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Notes to the financial statements for the financial year ended 31 March 2004 (continued)

33 Change in accounting policy

Group

During the financial year ended 31 March 2004, the Group changed its accounting policy with respect to deferred taxation in compliance with MASB Standard 25, "Income Taxes".

This change in accounting policy has been accounted for retrospectively. The new accounting policy does not have a material effect on the Group's net profit after taxation for the financial year ended 31 March 2004. The comparative figures for the financial year ended 31 March 2004 have been restated to conform to the changed policy. The effects of the change in accounting policy on the Group's financial statements are as follows:

	As previously reported RM'000	Effects of change in policy RM'000	As restated RM'000
Group			
At 1 April 2002			
- retained profit	14,912	(13)	14,899
- capital reserve	824	(9)	815
- minority interests	3,700	(3)	3,697
- deferred taxation	0	25	25
At 1 April 2003			
- retained profit	1,420	(13)	1,407
- capital reserve	824	(9)	815
- minority interests	2,157	(3)	2,154
- deferred taxation	0	25	25

34 Cash and cash equivalents

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

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Fixed deposits with licensed banks	52,449	59,535	48,259	55,506
Cash and bank balances	1,983	1,130	665	325
	54,432	60,665	48,924	55,831
Bank overdrafts (note 32)	(86)	(2,184)	0	0
	54,346	58,481	48,924	55,831

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Notes to the financial statements for the financial year ended 31 March 2004 (continued)

35 Segmental information

Group

Primary reporting format - Business segments

	2004				2003			
	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
<u>Revenue</u>								
Total revenue	19,172	2,143	406	21,721	25,264	2,208	347	27,819
Inter-segment revenue	0	(573)	0	(573)	0	(431)	0	(431)
External revenue	19,172	1,570	406	21,148	25,264	1,777	347	27,388

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Notes to the financial statements for the financial year ended 31 March 2004 (continued)

35 Segmental information (continued)

Group

Primary reporting format - Business segments (continued)

	2004				2003			
	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
Results								
Segment results (external)	(3,607)	(1,289)	424	(4,472)	(3,096)	478	(2)	(2,620)
Unallocated expense				0				(926)
Loss from operations				(4,472)				(3,546)
Finance cost				(130)				(125)
Share of results of associated companies				(129)				149
Loss from ordinary activities before taxation				(4,731)				(3,522)
Taxation				(253)				(245)
Share of tax of associated companies				31				(50)
Loss from ordinary activities after taxation				(4,953)				(3,817)
Minority interests				1,541				1,188
Net loss for the financial year				(3,412)				(2,629)

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Notes to the financial statements for the financial year ended 31 March 2004 (continued)

35 Segmental information (continued)

Group

Primary reporting format - Business segments (continued)

	2004				2003			
	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
<u>Other information</u>								
Segment assets	22,179	60,167	3,412	85,758	19,818	66,144	6,338	92,300
Unallocated asset				23				3
Total assets				<u>85,781</u>				<u>92,303</u>
Segment liabilities	4,985	169	105	5,259	6,039	25	273	6,337
Unallocated liabilities				270				446
Total liabilities				<u>5,529</u>				<u>6,783</u>
Capital expenditure	<u>6,211</u>	<u>0</u>	<u>0</u>	<u>6,211</u>	229	0	0	229
Depreciation	<u>737</u>	<u>96</u>	<u>6</u>	<u>839</u>	607	97	99	803
Non cash expenses other than depreciation:								
Provision for retirement benefits	35	5	0	40	43	4	0	47
Share of the net (profit)/loss of associates accounted for under equity method	<u>0</u>	<u>(129)</u>	<u>0</u>	<u>(129)</u>	<u>0</u>	<u>149</u>	<u>0</u>	<u>149</u>

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Notes to the financial statements for the financial year ended 31 March 2004 (continued)

35 Segmental information (continued)

Primary reporting format - Business segment (continued)

Intersegment revenue represents management fees chargeable to subsidiary companies, interest income and rental income (note 5). Unallocated expense in respect of the previous financial year is in respect of goodwill written off (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 17).

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

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

36 Significant related party transactions

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

Company

	2004 RM'000	2003 RM'000
Interest income from subsidiary companies:		
- Maicador Sdn. Bhd.	191	127
- Maica Wood Industries Sdn. Bhd.	<u>109</u>	<u>0</u>
Rental income from subsidiary companies:		
- Maicador Sdn. Bhd.	30	26
- Maica Wood Industries Sdn. Bhd.	<u>4</u>	<u>0</u>
Management fees from subsidiary companies:		
- Consolidated Leasing (M) Sdn. Bhd.	0	36
- Maicador Sdn. Bhd.	120	120
- Maica Wood Industries Sdn. Bhd.	<u>120</u>	<u>120</u>

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

We, Lim Jian Hoo and Thor Poh Seng, being two of the Directors of Malaysia Aica Berhad, state that, in the opinion of the Directors, the financial statements set out on pages 7 to 44 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 2004 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 applicable approved accounting standards in Malaysia.

Signed on behalf of the Board of Directors in accordance with their resolution dated 15 July 2004.

Lim Jian Hoo
Director

Thor Poh Seng
Director

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

I, Teoh Beng Chong, the officer primarily responsible for the financial management of Malaysia Aica Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief the financial statements set out on pages 7 to 44 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 15 July 2004.

Before me

Chai Choon Kiat
Commissioner for Oaths