

www.maicador.com

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MALAYSIA AICA BERHAD (8235-K)



Malaysia Aica Berhad
(8235-K)

ANNUAL REPORT
2012

ANNUAL REPORT 2012

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NOTICE OF ANNUAL GENERAL MEETING

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NOTICE IS HEREBY GIVEN THAT the Forty-Third Annual General Meeting (“43rd AGM”) of the shareholders of the Company will be held at Bukit Kiara Equestrian and Country Resort, Dewan Perdana, 1st Floor, Sport Complex, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur, Malaysia on Friday, 21 September 2012 at 10.15 a.m. for the purpose of considering and, if thought fit, passing the following resolutions: -

AGENDA

- | | |
|--|--|
| 1. To receive the Directors' Report and the Audited Financial Statements of the Group and the Company for the financial year ended 31 March 2012 and the Auditors' Report thereon. | Please refer Explanatory Note A |
| 2. To approve the payment of Directors' fees in respect of the financial year ended 31 March 2012. | Ordinary Resolution 1 |
| 3. (i) To re-elect the following Directors retiring in accordance with Article 83 of the Company's Articles of Association: - | |
| (a) Mr Lee Yu-Jin; and | Ordinary Resolution 2 (a) |
| (b) En Aminuddin Yusof Lana. | Ordinary Resolution 2 (b) |
| (ii) To re-appoint Tan Sri Dato' Tan Hua Choon as Director of the Company pursuant to Section 129(6) of the Companies Act, 1965 and to hold office until the conclusion of the next Annual General Meeting of the Company. | Ordinary Resolution 2 (c) |
| 4. To re-appoint Messrs Crowe Horwath (AF: 1018) as Auditors of the Company and to authorise the Directors to fix their remuneration. | Ordinary Resolution 3 |
| 5. As Special Business | |

To consider and, if thought fit, pass the following as Ordinary Resolution :

Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature (“Proposed Renewal of Shareholders' Mandate”)

“**THAT** the mandate previously granted by the shareholders of the Company at the Forty-Second Annual General Meeting (“AGM”) held on 15 September 2011 pursuant to the provisions of Bursa Malaysia Securities Berhad Main Market Listing Requirements, authorising the Company and its subsidiaries (“Maica Group”) to enter into the recurrent transactions of a revenue or trading nature as set out in Section 2.2.2. of the Circular to Shareholders dated 29 August 2012 with the related party mentioned therein which are necessary for the Maica Group's day to day operations, be and is hereby renewed, provided **THAT** :-

- (i) the transactions are in the ordinary course of business and are on terms not more favourable to the related party than those extended to unrelated third parties and are not to the detriment of the minority shareholders of the Company;

NOTICE OF ANNUAL GENERAL MEETING

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- (ii) disclosure of the breakdown of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year be made in the 2013 Annual Report based on the type of recurrent transactions made and the related party involved;
- (iii) **THAT** authority conferred by the Proposed Renewal of Shareholders' Mandate shall continue to be in force until:-
 - (a) the next AGM of Maica from the date of the 43rd AGM and the authority has to be renewed by a resolution passed at the next AGM; or
 - (b) the expiration of the period within which the next AGM of Maica is to be held pursuant to Section 143(1) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
 - (c) revoked or varied by resolution passed by the shareholders in a general meeting before the next AGM.

whichever is the earlier.

AND THAT the Directors of the Company be hereby authorised to complete and do all such acts and things as they may consider expedient or necessary to give effect to the Proposed Renewal of Shareholders' Mandate."

Ordinary Resolution 4

6. As special Business

To consider and, if thought fit, to pass with or without modifications, the following resolution as a Special Resolution :-

Proposed Amendments to the Articles of Association

"**THAT** the Articles of Association of the Company be and are hereby altered, modified, added and deleted in the form and manner as set out in **Appendix I** of the Company's Annual Report 2012."

Special Resolution

- 7. To transact any other ordinary business of the Company for which due notice has been given.

By Order of the Board

Lim Lai Sam (MAICSA NO. 0877479)
Secretary

Kuala Lumpur
29 August 2012

NOTICE OF ANNUAL GENERAL MEETING

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Notes on Proxy Form

1. A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies (**but not more than two**) to attend and vote instead of him. A proxy may but need not be a member of the Company and the provisions of Section 149(1) (b) of the Companies Act, 1965 shall not apply to the Company. Where a member appoints two proxies to attend the same meeting, the member shall specify the proportion of his shareholding to be represented by each proxy, failing which the appointment shall be invalid.
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. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.
3. The Proxy Form shall be deposited with the Company's Share Registrars, Tricor Investor Services Sdn Bhd, Level 17, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, Malaysia, not less than forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof.

General Meeting Record of Depositors

Depositors whose names appear in the Record of Depositors on a date not less than three (3) market days before the general meeting shall be regarded as Member of the Company entitled to attend and vote at the Annual General Meeting or appoint a proxy to attend and vote on his behalf.

Authorised Nominee and Exempt Authorised Nominee

Where a member of the Company is an authorised nominee as defined under the Central Depositories Act, it shall be entitled to appoint not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

Where an authorised nominee or an exempt authorised nominee appoints more than one proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.

Explanatory Note A

This Agenda item is meant for discussion only as under the provisions of Section 169(1) of the Companies Act, 1965, the audited financial statements do not require formal approval of members and hence, the matter will not be put forward for voting.

Explanatory Note on item 5 of the Agenda

The proposed Ordinary Resolution 4, if passed, will allow the Maica Group, in its normal course of business, to continue to enter into Recurrent Related Party Transactions with the related party which are necessary for its day-to-day operations thereby reducing substantially the administrative time, inconvenience and expenses associated with the convening of separate general meetings on an ad-hoc basis and enable the Group to realise business opportunities, as and when they shall become available to the Group, in a more timely and effective manner.

Explanatory Note on item 6 of the Agenda

The proposed Special Resolution, if passed, will give authority for Maica to amend its Articles of Association to ensure that the Articles are made in line with the recent amendments to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

PROPOSED AMENDMENTS OF THE ARTICLES OF ASSOCIATION

The Articles of Association of the Company are proposed to be amended in the following manner :-

NO.	PROPOSED AMENDMENT
1.	<p>To amend the existing Article 63, by amending the existing paragraph in the manner shown below, and inserting three new paragraphs thereto:</p> <p>“Appointment of proxy by Authorised Nominee and Exempt Authorised Nominee</p> <p>Where a member of the Company is an authorised nominee as defined under the Central Depositories Act, it shall be entitled to appoint not more than two (2) proxies at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.</p> <p>Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (“omnibus account”), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.</p> <p>The exempt authorised nominee refers to an authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of subsection 25A(1) of the Central Depositories Act.</p> <p>Where an authorised nominee or an exempt authorised nominee appoints more than one proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.”</p>
2.	<p>To insert the following new article as Article 77A</p> <p>“Qualification and rights of proxy to speak</p> <p>A member of the Company entitled to attend and vote at a meeting or at a meeting of any class of members of the Company, shall be entitled to appoint any person as his proxy to attend and vote instead of the member at the meeting. There shall be no restriction as to the qualification of the proxy.</p> <p>A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the member to speak at the meeting.”</p>
3.	<p>To amend the existing Article 79 in the following manner :</p> <p>To insert the following sentences as new Note 2 after the existing Note 1 of the Notes to Form of Proxy :</p> <p>a) “2. Where a member of the Company is an authorised nominee as defined under the Central Depositories Act, it shall be entitled to appoint not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.</p> <p>Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (“omnibus account”), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.</p> <p>Where an authorised nominee or an exempt authorised nominee appoints more than one proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.”</p> <p>b) To renumber the existing Notes 2 and 3 as Notes 3 and 4 respectively.</p> <p>c) To insert the following sentence as new Note 5 of the Notes to Form of Proxy :</p> <p>“Depositors whose names appear in the Record of Depositors on a date not less than three (3) market days before the general meeting shall be entitled to attend and vote at the general meeting or appoint a proxy to attend, speak and vote on his behalf.”</p> <p>d) To insert the following sentence at the end of the existing Article 79, as the last paragraph :</p> <p>“Where a member of the Company is an authorised nominee or exempt authorised nominee, Article 63 of these Articles of Association shall apply.”</p>

CORPORATE INFORMATION

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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)
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 (MAICSA NO. 0877479)

REGISTERED OFFICE

8-3, Jalan Segambut
51200 Kuala Lumpur
Malaysia
Tel : (03) 6195 1600
Fax : (03) 4043 6750

PRINCIPAL OFFICE

5100-A, Lorong Mak Mandin 5
Mak Mandin Industrial Estate
13400 Butterworth, Penang, Malaysia
Tel : (04) 3230 439
Fax : (04) 3329 342
website : www.maicador.com

PRINCIPAL BANKERS

Malayan Banking Berhad
EON Bank Berhad
Citibank Berhad
AmBank (M) Berhad

SHARE REGISTRARS

Tricor Investor Services Sdn Bhd
Level 17, The Gardens North Tower
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur, Malaysia
Tel : (03) 2264 3883
Fax : (03) 2282 1886

AUDITORS

Messrs Crowe Horwath (AF 1018)
(Chartered Accountants)

STOCK EXCHANGE LISTING

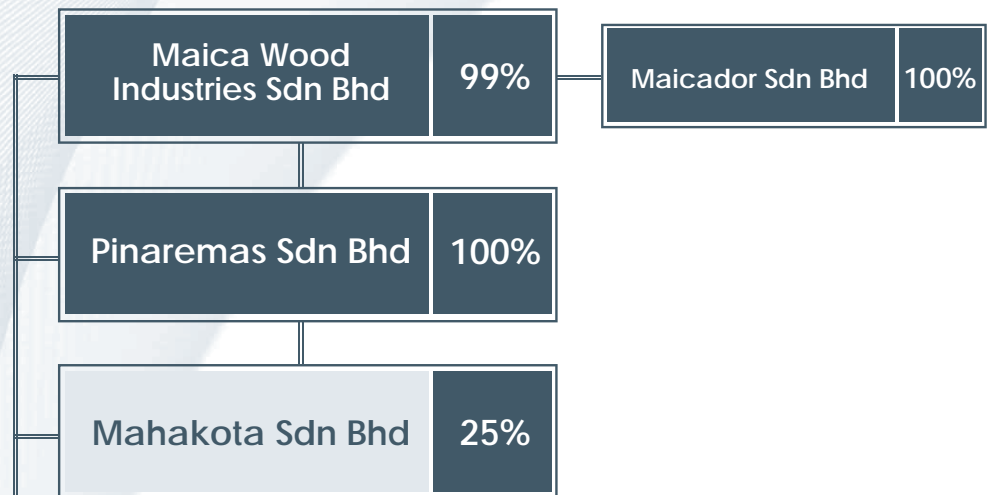
Main Market of Bursa Malaysia Securities Berhad
Stock Name : MAICA
Stock Code : 3743

GROUP STRUCTURE

as at 31 March 2012

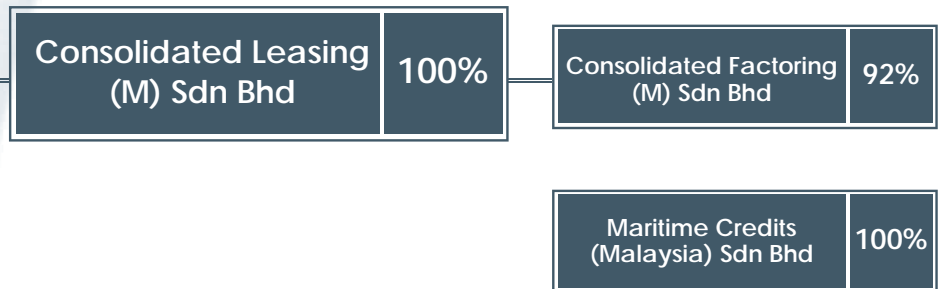
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MANUFACTURING



MALAYSIA AICA BERHAD
(8235-K)

FINANCE



- Subsidiary
- Associated Company

Note : Companies which are dormant or which had not commenced active operations are excluded.

GROUP FINANCIAL HIGHLIGHTS

for the five financial years ended 31 March 2012

YEAR	2008	2009	2010	2011	2012
Revenue ('000)	17,426	20,038	19,312	20,458	17,961
Profit before Interest, Tax, Depreciation & Amortisation (RM'000)	830	2,659	4,262	4,414	3,805
Profit Before Tax (RM'000)	33	1,442	2,786	3,184	2,567
Profit After Tax (RM'000)	208	1,821	1,908	2,289	1,688
Net Profit Attributable to Equity Holders (RM'000)	149	1,823	1,909	2,288	1,687
Total Assets (RM'000)	64,908	91,722	80,630	80,049	73,562
Total Borrowings (RM'000)	500	25,401	11,801	9,375	896
Shareholders Equity (RM'000)	62,095	63,892	65,775	68,063	69,750
Return on Equity (%)	0.24	2.85	2.90	3.36	2.42
Return on Total Assets (%)	0.23	1.99	2.37	2.86	2.29
Gearing Ratio (%)	0.80	28.45	15.21	12.11	1.27
Interest Cover (times)	25.15	5.43	6.48	10.03	8.42
Earnings Per Share (sen)	0.11	1.40	1.46	1.76	1.29
Net Assets Per Share (RM)	0.48	0.49	0.50	0.52	0.54
Gross Dividend Per Share (sen)	0	0	0	0	0
Price Earnings Ratio (Years)	582	35	34	28	39
Gross Dividend Yield Per Share	0	0	0	0	0
Share Price As At 31 March (RM)	0.64	0.49	0.50	0.50	0.50

Dear Shareholders,

ON BEHALF OF THE BOARD OF DIRECTORS, I AM PLEASED TO PRESENT THE ANNUAL REPORT AND AUDITED FINANCIAL STATEMENT OF THE COMPANY AND THE GROUP FOR THE FINANCIAL YEAR ENDED 31 MARCH 2012

RESULTS

The Group registered a 12% decrease in revenue to RM17.96 million for the current financial year as against RM20.46 million in the previous financial year. The decrease in revenue was mainly due to lower sales from the engineered door division.

In line with the drop in revenue, profit before tax was lower at RM2.57 million compared with profit before tax of RM3.18 million reported in the previous financial year.

At the Company level, pre-tax profit was RM0.35 million for the current financial year compared with pre-tax profit of RM0.31 million in the previous year. The increase in the profit before tax was attributed to higher income generated coupled with lower expenses incurred during the current financial year.

REVIEW OF OPERATIONS

During the financial year ended 31 March 2012, Maicador Sdn. Bhd. ("MDR") continued to focus on its core business of production of engineered doors and fire rated doors for the export and local markets respectively. Revenue for engineered doors declined by 6% compared with the previous year. Fire rated door sales for local market also fell sharply compared with the previous year due to the expiration of fire rated door licenses, and new and more stringent requirements imposed by SIRIM and Bomba. In tandem with the decrease in revenue, profit before tax for the manufacturing division fell to RM0.15 million as against a profit before tax of RM0.89 million in the previous financial year.

The hire purchase business carried out by another of the Group's subsidiary, Consolidated Leasing (M) Sdn Bhd ("Conlease") generated a revenue of RM4.07 million for the current financial year compared with a revenue of RM4.12 million in the previous year. As a result of the slight decrease in revenue, profit before tax for Conlease declined marginally to RM3.0 million as against RM3.1 million reported in the previous financial year.

CHAIRMAN'S STATEMENT

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PROSPECTS

While there are many challenges ahead, we are optimistic of a better outlook for the door manufacturing division.

Timber which constitutes the bulk of our raw materials, is in short supply as timber suppliers focus on exports rather than the domestic market, resulting in higher prices. Labour cost is also rising and will escalate further with the implementation of minimum wage level come January 2013. However, demand is expected to pick up especially in the US economy where there are signs of encouragement in the domestic housing sector. There are risks ahead with the ongoing Euro-debt crisis which remains a hurdle to consumer demand.

The hire purchase / finance business will be more competitive under the present regime of low interest rates but will remain profitable.

DIVIDEND

The Board of Directors does not recommend the payment of any dividend for the financial year ended 31 March 2012.

APPRECIATION

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

Tan Sri Dato' Tan Hua Choon
Chairman

PROFILE OF BOARD OF DIRECTORS

Tan Sri Dato' Tan Hua Choon

(71 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, GPA Holdings Berhad, PDZ Holdings Bhd and Goh Ban Huat Berhad.

Lim Jian Hoo

(66 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. Mr Lim resigned as a member of the Audit Committee on 19 November 2007 pursuant to the Best Practices of the Malaysian Code on Corporate Governance (Revised 2007) which came into effect in October 2007.

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

(52 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 to 15 December 2001.

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

Mr Thor was an ex-merchant banker from 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, Computer Forms (Malaysia) Berhad and Goh Ban Huat Berhad.

PROFILE OF BOARD OF DIRECTORS

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Lee Yu-Jin

(45 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.

Aminuddin Yusof Lana

(Malaysian)
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 1990 to 1994 and as Director and Group Managing Director of Faber Group Berhad from 1990 to 1994. He was the Managing Director of Metacorp Berhad from 1995 to 1996. He was also the Managing Director of UEM Builders Berhad from 2000 to 2003.

Currently, he sits on the Board of Scomi Oiltools International Limited (Bermuda) and Goh Ban Huat Berhad.

Mohtar Bin Abdullah

(63 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

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The Board of Directors of Malaysia Aica Berhad acknowledges the importance of practising and maintaining good corporate governance in conducting the affairs and business of the Group for its on-going growth and prosperity enhancement to establish a stronger foothold within the industry in which the Group operates. As such, as an effort to preserve good corporate governance standards throughout the Group, the Board remains fully committed in employing the principles of professionalism, integrity and accountability in all aspects of the Group's businesses while protecting the interest of the stakeholders as the underlying principle in discharging its responsibilities.

The Board is pleased to present the following disclosure on the Group's application of the principles of the Malaysian Code on Corporate Governance (Revised 2007) ("the Code") and the extent of compliance with the best practices set out in the Code during the financial year ended 31 March 2012.

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 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 2012. The details of attendance of each Board Member at the Board meetings are as follow :

Director	Status	% of Attendance
Tan Sri Dato' Tan Hua Choon	Chairman Non- Independent Non- Executive Director	100
Mr Lim Jian Hoo	Executive Director	100
Mr Thor Poh Seng	Executive Director	100
Mr Lee Yu-Jin	Independent Non-Executive Director	100
En Aminuddin Yusof Lana	Independent Non-Executive Director	100
En Mohtar Bin Abdullah	Independent Non-Executive Director	100

All the deliberations and conclusions of the Board meetings were properly recorded by the Company Secretary present at the meeting.

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 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 2012 are set out in pages 21 to 24 of this Annual Report.

CORPORATE GOVERNANCE STATEMENT

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A. BOARD OF DIRECTORS (CONT'D)

ii) Board Committees (cont'd)

Nomination Committee

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

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

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

The present members of the Nomination Committee are:-

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

During the financial year ended 31 March 2012, the Nomination Committee had a meeting where all the Nomination Committee Members present thereat carried out an annual evaluation process on the Board of Directors as a whole, Board Committees and each individual Director. The proceedings of the meeting were properly recorded and documented.

Remuneration Committee

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

The Directors who served the Remuneration Committee during the 2012 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. The Directors concerned will abstain from deliberating on their own remuneration packages.

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 Main Market Listing Requirements ("Main Market LR") of Bursa Malaysia Securities Berhad ("Bursa Malaysia") 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 11 to 12 of this Annual Report.

A. BOARD OF DIRECTORS (CONT'D)**iii) Board Balance (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 where :

- 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 to have sufficient time to peruse the papers to assess all aspects of the Group's performance and for a comprehensive understanding of the issues to be deliberated and, if necessary, obtain further information or clarification from the Management to ensure effectiveness of the proceedings at the meeting. 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, 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 merits its special attention and approval.

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

All the existing Directors of the Company have completed the Mandatory Accreditation Programme in accordance with the Main Market LR. Pursuant to that, the Board members have also took part in various accredited seminars under the Continuing Education Programme prescribed by the Bursa Malaysia.

CORPORATE GOVERNANCE STATEMENT

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A. BOARD OF DIRECTORS (CONT'D)

vi) Directors' Training (cont'd)

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 and is committed to ensure that its Directors are equipped with the appropriate knowledge and skills through formal and informal training/briefings to keep abreast with recent developments in laws, regulations and industry.

The training programme attended by the Directors of the Company during the 2012 financial year covered the following topics :

- Sustainability Programme for Corporate Malaysia pertaining to the below industry sectors :
 - Plantation, Construction, Property & Hotel; and
 - Consumer Products, Finance, Technology & Closed End Funds;
- Malaysian Customs Procedures and Shipping Documentation;
- The Board's Responsibility for Corporate Culture – Selected Governance Concerns and Tools for Addressing Corporate Culture and Board Performance;
- ISO 9001 : 2008 QMS Internal Audit Training;
- The Age of Integration : A new Dawn for Corporate Reporting; and
- Sustainability : Taking Corporate Governance A Step Further pertaining to the below discussion sessions :
 - Asean Corporate Governance Scorecard and the Corporate Governance Ranking of Asean PLCs;
 - The Continuing CG Agenda – Next Steps For Asia;
 - Reporting on CG Practices : What do people want to know ?
 - Oxford Union Style CG Debate motion on "Independent Directors Are A Myth"

The Directors were also briefed by the Company Secretary from time to time during Board meetings on changes in statutory requirements, where relevant.

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 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 Remuneration Committee 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 the Group and individual performance. As for the case of Non-Executive Directors, the level of remuneration reflects the experience and level of responsibilities and participation by the particular Non-Executive Director concerned.

CORPORATE GOVERNANCE STATEMENT

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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 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 2012 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	369	-	369
(c) Bonuses	47	-	47
(d) Estimated value of benefits-in-kind	-	-	-
Total	416	42	458

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 – 400,000	1	-	1
Total	2	4	6

Note : The above disclosures which do not reveal the details of the remuneration of each director for security and confidentiality reason, conform with the requirement under Appendix 9C Part A (11) of the Main Market LR.

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.

CORPORATE GOVERNANCE STATEMENT

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C. RELATIONSHIP WITH SHAREHOLDERS AND INVESTORS (CONT'D)

i) Dialogue between Company and Investors (cont'd)

Besides, the Group also maintains a website at www.maicador.com which can be accessed by the shareholders and public for information on the Group.

ii) General Meetings of Shareholders

The Annual General Meetings ("AGM") of the shareholders of the Company represent the main communication channel 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 EGMs 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 their release by the Secretary via BURSA LINK.

A statement by Directors of their responsibilities in preparing the financial statements is set out in page 20 of this Annual Report.

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 25 to 26 of this Annual Report.

D. ACCOUNTABILITY AND AUDIT (CONT'D)**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 21 to 24 of this Annual Report.

E. ADDITIONAL COMPLIANCE INFORMATION**Non-Audit Fee**

A total of RM15,200 non-audit fees was incurred for services rendered to the Group for the 2012 financial year by the Company's Auditors and a corporation affiliated to the Auditors' firm.

Material Contract Involving Directors' and Major Shareholders' Interest

Save as in the ordinary course of business, 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.

Recurrent Related Party Transactions of a Revenue Nature

The details of the recurrent related party transactions of a revenue or trading in nature which took place during the 2012 financial year are disclosed in Note 21 to the Financial Statements set out in page 65 of this Annual Report.

CORPORATE GOVERNANCE STATEMENT

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CORPORATE SOCIAL RESPONSIBILITY STATEMENT

The Group continues to integrate Corporate Social Responsibility ("CSR") practices into its day-to-day business operations and works towards a balanced approach in fulfilling its key business objectives and the stakeholders' expectations.

As such, in pursuing its business objectives, the Group takes into consideration its social obligations which, among others, include the following measures :

Workplace

The Group has in place 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. On-going trainings were provided by the Group to develop its employees' potentials in various aspects. Besides, in treasuring human capital as an asset of the Group, employees are provided with insurance coverage and other benefits.

Environment

On the aspect of environment conservation, 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. Steps have also been taken by the Group to reduce consumption of resources and the generation of waste by encouraging its employees to practice recycling and reduce wastage of papers and energy.

The Group is keen to achieve more progress in its CSR initiatives through various activities which will enhance work ethics and environmental awareness among its employees within which the Group operates.

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, Main Market LR and the provisions of the Companies Act, 1965 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 2012.

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 2012 :

- 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.

AUDIT COMMITTEE REPORT

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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 2012.

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

En Aminuddin Yusof Lana Independent Non-Executive Director

En 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. Executive director(s) and alternate director(s) cannot be appointed as member(s) of the Committee. In the event of any vacancy in the Committee which results in non-compliance of paragraph 15.09(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Main Market LR"), the vacancy shall be filled within 3 months.

At least one member of the Committee must be qualified under paragraph 15.09 (1)(c) of the Main Market LR.

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

2. Frequency of Meetings

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

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

3. Secretary

The Company Secretary shall be the Secretary of the Committee.

4. Authority

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

- i) full and unrestricted access to any information and documents from the external auditors and senior management of the Company and the Group which are relevant to the activities of the Company.
- ii) be provided with the necessary resources which are required to perform its duties.

AUDIT COMMITTEE REPORT

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TERMS OF REFERENCE (CONT'D)

4. Authority (cont'd)

- 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) be able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the Group, whenever deemed necessary.
- vi) 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 and to meet with the external auditors without executive board members' presence at least twice a year;
- iv) To review the quarterly results and year-end financial statements of the Company and the Group, prior to the approval by the Board, focussing particularly on:
 - a. changes in or implementation of major accounting policies;
 - b. significant and unusual events; and
 - c. compliance with accounting standards, regulatory and other legal requirements.
- v) To review any related party transaction and conflict of interest situation that may arise within the Company and the Group including any transaction, procedure or course of conduct that raises questions of management integrity;
- vi) To review the adequacy of the scope, functions, competency and resources of the internal audit functions and to ensure that it has the necessary authority to carry out its work;
- vii) To take cognizance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his/her reasons for resigning, if the staff member concerned so desires;
- viii) 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;
- ix) To review any evaluation made on the systems of internal controls with the internal and external auditors;
- x) To recommend to the Board of Directors the appointment of the external auditors and the level of their fees;

TERMS OF REFERENCE (CONT'D)**5. Duties (cont'd)**

- xi) To consider any resignation or removal of the external auditors, and to furnish such written explanation or representation from the external auditors to Bursa Malaysia Securities Berhad;
- xii) To review whether there is reason (supported by grounds) to believe that the external auditors are not suitable for re-appointments;
- xiii) The Chairman of the Audit Committee should engage on a continuous basis with senior management, the head of internal audit and the external auditors in order to be kept informed of matters affecting the Company; and
- xiv) To undertake such other functions as may be agreed by the Maica Audit Committee and the Board.

6. Performance Review

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

MEETINGS

The Maica Audit Committee held four meetings with due notice of issues to be discussed circulated to the Committee Members during the financial year ended 31 March 2012.

The attendance records of the Audit Committee members at the meetings are as follows :

Member	Date of Meeting				% of Attendance
	23/5/2011	15/8/2011	30/11/2011	17/02/2012	
Mr Lee Yu-Jin	√	√	√	√	100
En Aminuddin Yusof Lana	√	√	√	√	100
En Mohtar Bin Abdullah	√	√	√	√	100

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 plan, audit findings and new provisions introduced by the Malaysian Accounting Standards Board ("MASB"), where applicable.

During the 2012 financial year, the Audit Committee met with the external auditors twice without the presence of the Executive Directors and key management.

The proceedings and conclusions of each Maica Audit Committee meeting were documented and distributed to each member of the Audit Committee and also to the other Board members.

ACTIVITIES OF THE COMMITTEE

During the financial year ended 31 March 2012, 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.

AUDIT COMMITTEE REPORT**24****ACTIVITIES OF THE COMMITTEE (CONT'D)**

- 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 Main Market LR, provisions of the Companies Act, 1965 and the applicable approved financial reporting standards set by the MASB.
- c. Reviewed the Group's Budget for the financial year ended 31 March 2012.
- d. Reviewed the quarterly performance of the Group's wood-based division and hire purchase business individually.
- e. Reviewed quarterly the records on the Group's Recurrent Related Party Transactions.
- f. Reviewed the Audit Planning Memorandum prepared by the external auditors for the financial year ended 31 March 2012.
- g. Reviewed the Audit Review Memorandum prepared by the external auditors which comprised the significant accounting and audit matters for the financial year ended 31 March 2011.
- h. Discussed with the external auditors with regard to their audit review without the presence of the Executive Directors and key management.
- i. Reviewed the internal audit reports comprising audit findings on the Group's hire purchase business and the review of the fire door division's financial performance.

INTERNAL AUDIT FUNCTION

The Group has outsourced its internal audit function to external consultants. The principal objective of the internal audit function is to assist the Board of Directors of Maica in maintaining a sound system of internal controls within the Group in order to safeguard the shareholders' investment and the Group's assets. The internal audit function reports directly to the Maica Audit Committee.

The internal audit function assists the Management to identify, evaluate and update significant risks and develop risks based audit plans for approval by the Audit Committee. The scope of the internal audit function covers the audits of all units and operations of the Group.

The total cost incurred for the internal audit function of the Group in respect of the financial year ended 31 March 2012 amounted to RM40,000.

A summary of activities of the internal audit function is set out in the Internal Control Statement in pages 25 to 26 of this Annual Report.

STATEMENT OF INTERNAL CONTROL

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The Board of Malaysia Aica Berhad is committed to continuously improving the Group's system of internal controls and is pleased to present the following Statement on Internal Control pursuant to Paragraph 15.26 (b) of the Bursa Malaysia Securities Berhad Main Market Listing Requirements and the Statement on Internal Control: Guidance For Directors of Public Listed Companies.

1. 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.

2. 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 key risks. The internal audit function focuses on areas of priority as set out in the business risk profile of the Group.

The Business Risk Profile is regularly reviewed and updated in order to reflect the key risks encountered by the Group. The updated risk profile of the Group will be tabled and endorsed by the Board.

Where any significant weaknesses have been identified, improvement measures are recommended to strengthen the controls.

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

During the financial year under review, the Internal Audit Function performed audit reviews on the processes and internal controls of Hire Purchase Financing and the Financial Performance for the Fire Door Division. The internal audit reports were duly deliberated and endorsed by the Audit Committee.

Other Key Elements of Internal Control

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

- The Group has an appropriate organisation structure for planning, executing, controlling and monitoring business operations with clear lines of responsibility and delegations of authority.

STATEMENT OF INTERNAL CONTROL

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2. Key Elements of Internal Control (cont'd)

Other Key Elements of Internal Control (cont'd)

- To ensure uniformity and consistency of practices and controls within the Group, certain key processes of the Group had been formalised and documented in the form of Standard Operating Procedures ("SOP") which were endorsed by both the Management and the Board. These include:-

- Purchasing
- Stocks
- Sales & Marketing
- Human Resources
- Payment
- Fixed Assets Management
- Recurrent Related Party Transactions

These SOPs are subject to review and improvement alongside the internal audit review of the selected area of operations.

- The Group's main manufacturing arm namely Maicador Sdn Bhd was on 15 January 2008 accredited with ISO 9001: 2000 (now ISO9001: 2008) international quality system standard. The ISO system provides the Group with improved control of key processes and a foundation for improving quality and customer satisfaction. The policies and procedures are regularly updated to reflect changes in the operations and business processes.
- 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 SOPs.
- As for the occupational safety and health, the Group has put in place the necessary safety guidelines among others, setting up a safety committee to enhance the safety procedures and address all the safety issues which may arise from time to time.
- The Audit Committee meets at least four times a year and reviews the effectiveness of the Group's system of internal control. The Committee meets with the Internal Auditors and External Auditors regularly to review their report.
- Regular internal audit visits which provide independent assurance on the effectiveness of the Group's system of internal controls and advise the Management on the areas for improvement.

FINANCIAL STATEMENTS

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DIRECTORS' REPORT

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The directors hereby submit their report and the audited financial statements of the Group and the Company for the financial year ended 31 March 2012.

PRINCIPAL ACTIVITIES

The principal activities of the Company are the provision of management services and investment holding. The principal activities of the subsidiaries are disclosed in Note 6 to the financial statements. There have been no significant changes in the nature of the principal activities of the Group and the Company during the financial year.

RESULTS

	The Group RM'000	The Company RM'000
Profit for the financial year attributable to:-		
- Owners of the Company	1,687	349
- Non-controlling interests	1	0
	1,688	349

DIVIDENDS

No dividends were proposed, declared or paid by the Company since the end of the previous financial year.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year apart from those disclosed in the financial statements.

ISSUE OF SHARES OR DEBENTURES

There was no issue of shares or debentures by the Company during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

No share options were granted by the Company during the financial year.

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances which would render the amount written off for bad debts or the amount of the allowance made for doubtful debts inadequate to any substantial extent.

CURRENT ASSETS

Before the financial statements of the Group and the Company were made out, the directors took reasonable steps to ascertain whether any current assets, other than debts, were unlikely to realise in the ordinary course of business their values as shown in the accounting records of the Group and the Company and to the extent so ascertained were written down to an amount that they might be expected to realise.

At the date of this report, the directors are not aware of any circumstances that would render the values attributed to the current assets in the financial statements of the Group and the Company misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

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

- (i) any charge on the assets of the Group or the Company that has arisen since the end of the financial year which secures the liabilities of any other person; or
- (ii) any contingent liability in respect of the Group or the Company that has arisen since the end of the financial year.

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

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances, not otherwise dealt with in this report or in the financial statements of the Group and the Company, that would render any amount stated in the respective financial statements misleading.

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Group and the Company for the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

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

DIRECTORS' REPORT**30****DIRECTORS OF THE COMPANY**

The directors who served since the date of the last report are:-

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

Particulars of the interests in shares in the Company of a director in office at the end of the financial year, as shown in the Register of Directors' Shareholdings, are as follows:-

Name of Director	Number of Ordinary Shares of RM0.50 Each			Balance at 31.3.2012
	Balance at 1.4.2011	Bought	Sold	
Tan Sri Dato' Tan Hua Choon				
- Direct interest	22,641,985	0	0	22,641,985
- Deemed interest	16,091,400	0	0	16,091,400

By virtue of his interests in shares in the Company, Tan Sri Dato' Tan Hua Choon is also deemed to have interests in shares in the subsidiaries to the extent of the Company's interests, pursuant to Section 6A of the Companies Act 1965.

Save as disclosed above, none of the other directors in office at the end of the financial year held any interests in shares in the Company or its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than the directors' remuneration disclosed in the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for any benefits which may be deemed to have arisen by virtue of those related party transactions as disclosed in Note 21 to the financial statements.

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

AUDITORS

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

**SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS
DATED 25 JUNE 2012**

Lim Jian Hoo

Thor Poh Seng

STATEMENT BY DIRECTORS

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We, Lim Jian Hoo and Thor Poh Seng, being two of the directors of Malaysia Aica Berhad, do hereby state that in the opinion of the directors, the financial statements set out on pages 34 to 69 have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and the Company as at 31 March 2012 and of their financial performance and cash flows for the financial year then ended.

In the opinion of the directors, the supplementary information set out on page 70 is prepared, in all material respects, in accordance with Guidance on Special Matter No. 1 *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

**SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS
DATED 25 JUNE 2012**

Lim Jian Hoo

Thor Poh Seng

STATUTORY DECLARATION

I, Teoh Beng Chong, being the officer primarily responsible for the financial management of Malaysia Aica Berhad, do solemnly and sincerely declare that the financial statements set out on pages 34 to 69 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by
Teoh Beng Chong at Georgetown in the
State of Penang on this 25 June 2012

Teoh Beng Chong

Before me
Nachatar Singh A/L Bhag Singh, PJK
No. P 126
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF MALAYSIA AICA BERHAD

Report on the Financial Statements

We have audited the financial statements of Malaysia Aica Berhad, which comprise the statements of financial position as at 31 March 2012 of the Group and the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 34 to 69.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and the Company as at 31 March 2012 and of their financial performance and cash flows for the financial year then ended.

Report on Other Legal and Regulatory Requirements

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

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

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF MALAYSIA AICA BERHAD**33****Report on Other Legal and Regulatory Requirements (cont'd)**

The supplementary information set out on page 70 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1 Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("the MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matters

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

Crowe Horwath
Firm No : AF 1018
Chartered Accountants

Date: 25 June 2012

Penang

Eddy Chan Wai Hun
Approval No : 2182/10/13 (J)
Chartered Accountant

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2012

	Note	2012 RM'000	2011 RM'000
NON-CURRENT ASSETS			
Property, plant and equipment	4	3,496	3,907
Investment property	5	7,110	7,313
Investment in associate	7	620	588
Investment in club membership, at cost		25	25
Receivables	8	17,535	31,342
		<u>28,786</u>	<u>43,175</u>
CURRENT ASSETS			
Inventories	9	4,082	3,293
Receivables	8	29,793	25,301
Prepayments		123	157
Current tax assets		83	79
Cash and cash equivalents	10	10,695	8,044
		<u>44,776</u>	<u>36,874</u>
CURRENT LIABILITIES			
Payables	11	1,469	1,375
Loans and borrowings	12	896	9,375
Advance payments from customers		127	0
Retirement benefits	13	77	52
Current tax liabilities		228	245
		<u>2,797</u>	<u>11,047</u>
NET CURRENT ASSETS		41,979	25,827
NON-CURRENT LIABILITIES			
Retirement benefits	13	979	903
Deferred tax liabilities	14	9	10
		<u>988</u>	<u>913</u>
NET ASSETS		<u>69,777</u>	<u>68,089</u>
EQUITY			
Share capital	15	65,180	65,180
Share premium		13,296	13,296
Revaluation surplus		815	815
Capital reserve		815	815
Accumulated losses		(10,356)	(12,043)
Equity attributable to owners of the Company		<u>69,750</u>	<u>68,063</u>
Non-controlling interests		27	26
TOTAL EQUITY		<u>69,777</u>	<u>68,089</u>

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2012

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	Note	2012 RM'000	2011 RM'000
Revenue	16	17,961	20,458
Cost of sales		(11,394)	(12,990)
Gross profit		6,567	7,468
Other income		52	145
Administrative and general expenses		(3,422)	(3,642)
Selling and distribution expenses		(210)	(341)
Finance costs		(452)	(440)
Share of profit/(loss) of associate		32	(6)
Profit before tax	17	2,567	3,184
Tax expense	19	(879)	(895)
Profit for the financial year		1,688	2,289
Other comprehensive income for the financial year		0	0
Total comprehensive income for the financial year		1,688	2,289
Profit for the financial year attributable to:-			
- Owners of the Company		1,687	2,288
- Non-controlling interests		1	1
		1,688	2,289
Total comprehensive income for the financial year attributable to:-			
- Owners of the Company		1,687	2,288
- Non-controlling interests		1	1
		1,688	2,289
Earnings per share:-	20		
- Basic (sen)		1.29	1.76
- Diluted (sen)		1.29	1.76

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2012

	Non-distributable					Accumulated losses RM'000	Equity attributable to owners of the Company RM'000	Non-controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Share premium RM'000	Revaluation surplus RM'000	Capital reserve RM'000					
Balance at 1 April 2010	65,180	13,296	815	815	(14,331)	65,775	25	65,800	
Profit (representing total comprehensive income) for the financial year	0	0	0	0	2,288	2,288	1	2,289	
Balance at 31 March 2011	65,180	13,296	815	815	(12,043)	68,063	26	68,089	
Profit (representing total comprehensive income) for the financial year	0	0	0	0	1,687	1,687	1	1,688	
Balance at 31 March 2012	65,180	13,296	815	815	(10,356)	69,750	27	69,777	

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2012

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	Note	2012 RM'000	2011 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Granting of hire purchase financing		(20,974)	(20,172)
Cash receipts from customers		48,254	41,257
Cash payments to suppliers		(14,745)	(16,662)
Cash generated from operations		12,535	4,423
Interest paid		(480)	(423)
Retirement benefits paid		(55)	(19)
Tax paid		(901)	(826)
Tax refunded		0	42
Net cash from operating activities		11,099	3,197
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		169	139
Proceeds from disposal of property, plant and equipment		23	165
Purchase of property, plant and equipment		(189)	(63)
Net cash from investing activities		3	241
CASH FLOWS FROM FINANCING ACTIVITY			
Decrease in loans and borrowings (net)		(8,451)	(2,443)
Net cash used in financing activity		(8,451)	(2,443)
Net increase in cash and cash equivalents		2,651	995
Cash and cash equivalents brought forward		8,044	7,049
Cash and cash equivalents carried forward	10	10,695	8,044

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

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2012

	Note	2012 RM'000	2011 RM'000
NON-CURRENT ASSETS			
Property, plant and equipment	4	263	295
Investment property	5	1,929	1,967
Investments in subsidiaries	6	63,543	63,543
Investment in associate	7	594	594
		<u>66,329</u>	<u>66,399</u>
CURRENT ASSETS			
Receivables	8	3,906	3,397
Current tax assets		80	76
Cash and cash equivalents	10	1,495	1,569
		<u>5,481</u>	<u>5,042</u>
CURRENT LIABILITIES			
Payables	11	143	144
		<u>143</u>	<u>144</u>
NET CURRENT ASSETS		5,338	4,898
NON-CURRENT LIABILITIES			
Retirement benefits	13	225	204
NET ASSETS		<u>71,442</u>	<u>71,093</u>
EQUITY			
Share capital	15	65,180	65,180
Share premium		13,296	13,296
Capital reserve		1,800	1,800
Accumulated losses		(8,834)	(9,183)
TOTAL EQUITY		<u>71,442</u>	<u>71,093</u>

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

STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2012

39

	Note	2012 RM'000	2011 RM'000
Revenue	16	1,640	1,616
Other income		0	3,300
Administrative and general expenses		(1,291)	(4,608)
Profit before tax	17	349	308
Tax expense	19	0	(4)
Profit for the financial year		349	304
Other comprehensive income for the financial year		0	0
Total comprehensive income for the financial year		349	304

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

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2012

	Share capital RM'000	Non-distributable		Accumulated losses RM'000	Total equity RM'000
		Share premium RM'000	Capital reserve RM'000		
Balance at 1 April 2010	65,180	13,296	1,800	(9,487)	70,789
Profit (representing total comprehensive income) for the financial year	0	0	0	304	304
Balance at 31 March 2011	65,180	13,296	1,800	(9,183)	71,093
Profit (representing total comprehensive income) for the financial year	0	0	0	349	349
Balance at 31 March 2012	65,180	13,296	1,800	(8,834)	71,442

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

STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2012

41

	Note	2012 RM'000	2011 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers		393	385
Cash payments to suppliers		(1,201)	(1,154)
Cash absorbed by operations		(808)	(769)
Tax paid		(4)	(10)
Net cash used in operating activities		(812)	(779)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		35	38
Purchase of property, plant and equipment		0	(5)
Repayment from subsidiaries		703	800
Net cash from investing activities		738	833
Net (decrease)/increase in cash and cash equivalents		(74)	54
Cash and cash equivalents brought forward		1,569	1,515
Cash and cash equivalents carried forward	10	1,495	1,569

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2012

1. GENERAL INFORMATION

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

The principal activities of the Company are the provision of management services and investment holding. The principal activities of the subsidiaries are disclosed in Note 6.

The registered office of the Company is located at 8-3, Jalan Segambut, 51200 Kuala Lumpur and its principal place of business is located at 5100A, Lorong Mak Mandin 5, Mak Mandin Industrial Estate, 13400 Butterworth, Penang.

The consolidated financial statements set out on pages 34 to 37 together with the notes thereto cover the Company and its subsidiaries ("the Group") and the Group's interest in an associate. The separate financial statements of the Company set out on pages 38 to 41 together with the notes thereto cover the Company solely.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 25 June 2012.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation of Financial Statements

The financial statements of the Group and the Company are prepared under the historical cost convention, modified to include other bases of measurement as disclosed in other sections of the significant accounting policies, and in accordance with Financial Reporting Standards ("FRSs") and the Companies Act 1965 in Malaysia.

The financial statements are presented in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand ("RM'000") except when otherwise indicated.

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

FRS	Effective for annual periods beginning on or after
Amendment to FRS 1 <i>Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters</i>	1 January 2011
Amendments to FRS 1 <i>Additional Exemptions for First-time Adopters</i>	1 January 2011
Amendments to FRS 2 <i>Share-based Payment</i>	1 July 2010
Amendments to FRS 2 <i>Group Cash-settled Share-based Payment Transactions</i>	1 January 2011
Amendments to FRS 5 <i>Non-current Assets Held for Sale and Discontinued Operations</i>	1 July 2010
Amendments to FRS 7 <i>Improving Disclosures about Financial Instruments</i>	1 January 2011
Amendments to FRS 138 <i>Intangible Assets</i>	1 July 2010
Amendments to IC Interpretation 9 <i>Reassessment of Embedded Derivatives</i>	1 July 2010
Amendments to FRSs contained in the document entitled <i>"Improvements to FRSs (2010)"</i>	1 January 2011
FRS 1 <i>First-time Adoption of Financial Reporting Standards</i> (revised in 2010)	1 July 2010
FRS 3 <i>Business Combinations</i> (revised in 2010)	1 July 2010

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2012

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

FRS	Effective for annual periods beginning on or after
FRS 127 <i>Consolidated and Separate Financial Statements</i> (revised in 2010)	1 July 2010
IC Interpretation 4 <i>Determining whether an Arrangement contains a Lease</i>	1 January 2011
IC Interpretation 12 <i>Service Concession Arrangements</i>	1 July 2010
IC Interpretation 16 <i>Hedges of a Net Investment in a Foreign Operation</i>	1 July 2010
IC Interpretation 17 <i>Distributions of Non-cash Assets to Owners</i>	1 July 2010
IC Interpretation 18 <i>Transfers of Assets from Customers</i>	1 January 2011

The adoption of the above amended/revised/new FRSs did not result in any significant changes in the accounting policies of the Group and the Company except as follows:-

FRS 3 *Business Combinations* (revised in 2010) and FRS 127 *Consolidated and Separate Financial Statements* (revised in 2010)

FRS 3 (revised in 2010) and FRS 127 (revised in 2010), which supersede FRS 3 *Business Combinations* (issued in 2005) and FRS 127 *Consolidated and Separate Financial Statements* (revised in 2005) respectively, introduce significant changes to the accounting principles for business combinations and consolidated financial statements, both at the acquisition date and post acquisition. Some of the key principles established are disclosed in Note 2.3.

In accordance with the transitional provisions of FRS 3 (revised in 2010), the Group and the Company have applied the standard prospectively to business combinations for which the acquisition date is on or after the effective date. In accordance with the transitional provisions of FRS 127 (revised in 2010), the significant amendments thereto have also been applied prospectively. Accordingly, business combinations entered into prior to 1 April 2011 have not been restated to comply with the standards.

2.2 Future Accounting Standards

In November 2011, the Malaysian Accounting Standards Board ("MASB") issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards ("MFRS") framework. The issuance was made in conjunction with the MASB's plan to converge with International Financial Reporting Standards ("IFRS") in 2012. The MFRS framework is a fully IFRS-compliant framework and equivalent to IFRSs. It comprises standards as issued by the International Accounting Standards Board ("IASB") that are effective on 1 January 2012 and also amended/revised/new standards recently issued by the IASB that will be effective after 1 January 2012.

The Group and the Company will first adopt the MFRS framework for the financial year ending 31 March 2013. Management foresees that the transition to the MFRS framework will not have any significant impacts on the financial statements except as follows:-

MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards*

MFRS 1 allows first-time adopters to elect certain exemptions from other MFRSs. The Group and the Company are currently considering the application of the following exemptions:-

- (i) Use the last revaluations of certain property, plant and equipment and investment property made in 1980s as deemed cost under the MFRS framework.
- (ii) Recognise all cumulative actuarial gains and losses on defined benefit plans at the date of transition to the MFRS framework.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2012

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Future Accounting Standards (cont'd)

MFRS 9 Financial Instruments

MFRS 9 (effective for annual periods beginning on or after 1 January 2015) replaces the guidance in MFRS 139 *Financial Instruments: Recognition and Measurement* on the classification and measurement of financial assets by dividing them into 3 classifications: (1) those measured at amortised cost; (2) those measured at fair value through profit or loss; and (3) those measured at fair value through other comprehensive income. Management foresees that the adoption of these new classifications will not result in any significant changes to the existing measurement bases of financial assets of the Group and the Company.

MFRS 10 Consolidated Financial Statements

MFRS 10 (effective for annual periods beginning on or after 1 January 2013) replaces the consolidation guidance in MFRS 127 *Consolidated and Separate Financial Statements* and IC Interpretation 112 *Consolidation - Special Purpose Entities* by introducing a single consolidation model for all entities based on control. Under MFRS 10, control is based on whether an investor has (1) power over the investee; (2) exposure, or rights, to variable returns from its involvement with the investee; and (3) the ability to use its power over the investee to affect the amount of the returns. Management foresees that the adoption of these new control criteria will not result in any significant changes to the existing composition of the Group.

2.3 Basis of Consolidation

A subsidiary is an entity that is controlled by the Group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to the end of the reporting period using the acquisition method. Under the acquisition method, the consideration transferred, the identifiable assets acquired and the liabilities assumed are measured at their acquisition-date fair values. The components of non-controlling interests that are present ownership interests are measured at the present ownership instruments' proportionate share in the recognised amounts of the identifiable net assets acquired. All other components of non-controlling interests are measured at their acquisition-date fair values. In a business combination achieved in stages, the previously held equity interest in the acquiree is remeasured at its acquisition-date fair value and any resulting gain or loss is recognised in profit or loss. All acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss as incurred.

Goodwill at the acquisition date is measured as the excess of (a) over (b) below:-

- (a) the aggregate of:-
 - (i) the acquisition-date fair value of the consideration transferred;
 - (ii) the amount of any non-controlling interests; and
 - (iii) in a business combination achieved in stages, the acquisition-date fair value of the previously held equity interest in the acquiree.
- (b) the net of the acquisition-date fair values of the identifiable assets acquired and the liabilities assumed.

Goodwill is recognised as an asset at the aforementioned amount less accumulated impairment losses, if any. The impairment policy is disclosed in Note 2.9. When the above (b) exceeds (a), the excess represents a bargain purchase gain and, after reassessment, is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2012

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Basis of Consolidation (cont'd)

A subsidiary is consolidated from the acquisition date, being the date on which control is obtained, and continues to be consolidated until the date when control is lost. Intragroup balances, transactions, income and expenses are eliminated in full on consolidation. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Upon loss of control of a subsidiary, the assets (including any goodwill) and liabilities of, and any non-controlling interests in the subsidiary are derecognised. All amounts recognised in other comprehensive income in relation to the subsidiary are accounted for on the same basis as would be required if the related assets or liabilities had been directly disposed of. Any consideration received and any investment retained in the former subsidiary are recognised at their fair values. The resulting difference is then recognised as a gain or loss in profit or loss.

2.4 Property, Plant and Equipment

Property, plant and equipment are stated at cost or at valuation less accumulated depreciation and accumulated impairment losses, if any. The impairment policy is disclosed in Note 2.9.

The last revaluations of certain buildings and plant and machinery were made in 1983 and 1986 respectively and have not been updated. The Group has followed the transitional provisions of IAS 16 (Revised) *Property, Plant and Equipment* issued by the Malaysian Accounting Standards Board to retain the carrying amounts of the assets on the basis of their previous revaluations subject to continuity in their depreciation and impairment policies.

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

Leasehold land is depreciated on a straight-line basis over the lease terms of 87 to 91 years. Other property, plant and equipment, except for spare parts and loose tools, are depreciated on a straight-line basis over the estimated useful lives of the assets using the following annual rates:-

Buildings	2%
Plant and machinery	5-10%
Furniture, fittings and equipment	10-25%
Motor vehicles	20%

Initial purchases of spare parts and loose tools have been capitalised and depreciated at annual rates ranging from 20% to 100%. Subsequent purchases of such items are recognised in profit or loss.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2012

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Investment Property

Investment property, being a property held to earn rentals and/or for capital appreciation, is stated at cost or at valuation less accumulated depreciation and accumulated impairment losses, if any. The impairment policy is disclosed in Note 2.9.

The last revaluations of certain freehold land and buildings previously classified as property, plant and equipment were made in 1981 and have not been updated. The Group and the Company have followed the transitional provisions of IAS 16 (Revised) *Property, Plant and Equipment* issued by the Malaysian Accounting Standards Board to retain the carrying amounts of the assets on the basis of their previous revaluations subject to continuity in their depreciation and impairment policies.

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

2.6 Investments in Subsidiaries

As required by the Companies Act 1965, the Company prepares separate financial statements in addition to the consolidated financial statements. In the separate financial statements of the Company, investments in subsidiaries are stated at cost less impairment losses, if any. The impairment policy is disclosed in Note 2.9.

2.7 Investment in Associate

An associate is an entity, other than a subsidiary or a joint venture, over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the entity but is not control or joint control over those policies.

In the consolidated financial statements, investment in associate is accounted for using the equity method. Under the equity method, the investment in associate is initially recognised at cost and the carrying amount is subsequently adjusted to recognise the Group's share of the post-acquisition profit or loss and other comprehensive income of the associate. After application of the equity method, the carrying amount of the investment is subject to further impairment assessment. The impairment policy is disclosed in Note 2.9.

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

2.8 Investment in Club Membership

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

2.9 Impairment of Non-financial Assets

At the end of each reporting period, the Group and the Company assess whether there is any indication that a non-financial asset, other than inventories, may be impaired. If any such indication exists, the recoverable amount of the asset, being the higher of its fair value less costs to sell and its value in use, is estimated. Irrespective of whether there is any indication of impairment, goodwill is tested for impairment annually. Any excess of the carrying amount of the asset over its recoverable amount represents an impairment loss and is recognised in profit or loss or, in respect of a revalued asset, treated as a revaluation decrease.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2012

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.9 Impairment of Non-financial Assets (cont'd)

An impairment loss on an asset, other than goodwill, is reversed if there has been a change in the estimates used to determine the recoverable amount and it is reversed only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised. The reversal is recognised in profit or loss or, in respect of a revalued asset, treated as a revaluation increase. An impairment loss on goodwill is not reversed.

2.10 Inventories

Inventories of materials and goods are valued at the lower of cost (determined principally on the weighted average basis) and net realisable value. Cost consists of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and costs necessary to make the sale.

2.11 Financial Assets

Financial assets of the Group and the Company consist of receivables and cash and cash equivalents.

Recognition and Measurement

A financial asset is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the financial instrument. A financial asset is initially recognised at fair value plus directly attributable transaction costs. After initial recognition, the financial asset is measured at amortised cost using the effective interest method. Any gain or loss is recognised in profit or loss when the financial asset is derecognised or impaired as well as through the amortisation process.

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

Impairment

At the end of each reporting period, the Group and the Company assess whether there is any objective evidence that a financial asset or group of financial assets is impaired. If any such evidence exists, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted using the asset's original effective interest rate. The asset's carrying amount is reduced through the use of an allowance account and the impairment loss is recognised in profit or loss. The gross carrying amount and the associated allowance are written off when there is no realistic prospect of future recovery.

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

Determination of Fair Values

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2012

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.12 Financial Liabilities

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

Recognition and Measurement

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

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

Determination of Fair Values

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

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

2.13 Foreign Currency Transactions and Translation

The consolidated financial statements and separate financial statements of the Company are presented in Ringgit Malaysia, which is also the Company's functional currency, being the currency of the primary economic environment in which the entity operates. Items included in the financial statements of each individual entity within the Group are measured using the individual entity's own functional currency.

A foreign currency transaction is recorded in the functional currency using the exchange rate at transaction date. At the end of the reporting period, foreign currency monetary items are translated into the functional currency using the closing rate. Foreign currency non-monetary items measured at cost are translated using the exchange rate at transaction date whereas those measured at fair value are translated using the exchange rate at valuation date. Exchange differences arising from the settlement or translation of monetary items are recognised in profit or loss. Any exchange component of the gain or loss on a non-monetary item is recognised on the same basis as that of the gain or loss, i.e. in profit or loss or in other comprehensive income.

2.14 Share Capital

Ordinary shares are classified as equity. Transaction costs that relate to the issue of new shares are accounted for as a deduction from equity.

Dividends on shares declared and unpaid at the end of the reporting period are recognised as a liability whereas dividends proposed or declared after the reporting period are disclosed in the notes to the financial statements.

2.15 Income Recognition

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**2.15 Income Recognition (cont'd)**

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

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

Interest income is recognised using the effective interest method.

Rental income is recognised on an accrual basis.

2.16 Employee Benefits**Short-term Employee Benefits**

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

Defined Contribution Plan

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

Defined Benefit Plan

The Group and the Company operate an unfunded final salary defined benefit plan for their employees. The liability in respect of the defined benefit plan is the present value of the defined benefit obligations at the end of the reporting period adjusted for actuarial gains/losses and past service cost. The defined benefit obligations are assessed using the Projected Unit Credit Method. Under this method, the cost of providing defined benefit obligations is recognised in profit or loss so as to spread the regular cost over the service lives of the employees in accordance with the advice of qualified actuaries who carry out a full valuation of the plan every three years. The Group and the Company determine the present value of defined benefit obligations with sufficient regularity such that the amounts recognised in the financial statements do not differ materially from the amounts that would be determined at the end of the reporting period.

Actuarial gains and losses are recognised in profit or loss over the expected average remaining service lives of the participating employees when the net cumulative unrecognised actuarial gains and losses at the end of the previous reporting period exceeded the greater of 10% of the present value of the defined benefit obligations and 10% of the fair value of any plan assets at that date.

2.17 Borrowing Costs

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

2.18 Income Taxes

Income taxes for the year comprise current tax and deferred tax.

Current tax represents the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted or substantively enacted by the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2012

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.18 Income Taxes (cont'd)

Deferred tax is provided for under the liability method in respect of all temporary differences between the carrying amount of an asset or liability and its tax base except for those temporary differences associated with goodwill or the initial recognition of an asset or liability in a transaction which is not a business combination and affects neither accounting nor taxable results at the time of the transaction.

A deferred tax liability is recognised for all taxable temporary differences whereas a deferred tax asset is recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted by the end of the reporting period.

2.19 Cash and Cash Equivalents

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

3. JUDGEMENTS AND ESTIMATION UNCERTAINTY

Judgements Made in Applying Accounting Policies

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

(i) Classification of leasehold land

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

Sources of Estimation Uncertainty

The key assumptions about the future, and other major sources of estimation uncertainty at the end of the reporting period, that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:-

(i) Depreciation of property, plant and equipment and investment property

Property, plant and equipment and investment property are depreciated on a straight-line basis over the estimated useful lives of the assets. Management estimates the useful lives to be within 4 to 50 years. Changes in the expected level of usage and technological development will impact on the economic useful lives and residual values of the assets and therefore, future depreciation charges may be revised. The carrying amounts of property, plant and equipment and investment property are disclosed in Notes 4 and 5 respectively.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2012

3. JUDGEMENTS AND ESTIMATION UNCERTAINTY

Sources of Estimation Uncertainty (cont'd)

(ii) Impairment of non-financial assets

When the recoverable amount of a non-financial asset is determined based on its value in use, estimates on future cash flows and appropriate discount rate are required to determine the present value of those cash flows. The carrying amounts of significant non-financial assets subject to impairment assessment are disclosed in Notes 4 and 5.

(iii) Impairment of loans and receivables

The Group and the Company make allowance for impairment based on an assessment of the recoverability of loans and receivables. Allowance is applied to loans and receivables when there is objective evidence that the balances may not be recoverable. Management specifically analyses historical bad debts, customer concentration, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of the allowance for impairment. Where expectations are different from previous estimates, the difference will impact on the carrying amounts of loans and receivables as disclosed in Note 8.

(iv) Allowance for inventories

Reviews are made periodically by management on inventories for excess inventories, obsolescence and decline in net realisable value below cost. These reviews require the use of judgements and estimates. Possible changes in these estimates may result in revisions to the valuation of inventories. The carrying amounts of inventories are disclosed in Note 9.

(v) Income taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimates. The Group and the Company recognise tax assets/liabilities based on their understanding of the prevailing tax laws and estimates of whether such assets/liabilities will be realised/settled in the ordinary course of business. Where the final tax outcome of these matters is different from the amounts initially recognised, the difference will impact on the tax recognition in the period in which the outcome is determined. The carrying amounts of tax assets/liabilities as at 31 March 2012 are as follows:-

	The Group RM'000	The Company RM'000
Current tax assets	83	80
Current tax liabilities	228	0
Deferred tax liabilities	9	0

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2012

4. PROPERTY, PLANT AND EQUIPMENT

The Group

	Long-term leasehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Furniture, fittings and equipment RM'000	Motor vehicles RM'000	Spare parts and loose tools RM'000	Total RM'000
<u>Cost/Valuation</u>							
Balance at 1 April 2010	1,409	2,436	17,505	2,748	1,243	65	25,406
Additions	0	0	8	28	27	0	63
Disposals	0	0	(475)	0	(78)	0	(553)
Balance at 31 March 2011	1,409	2,436	17,038	2,776	1,192	65	24,916
Representing:-							
- Cost	1,409	1,364	16,978	2,776	1,192	65	23,784
- Valuation	0	1,072	60	0	0	0	1,132
	1,409	2,436	17,038	2,776	1,192	65	24,916
Balance at 1 April 2011	1,409	2,436	17,038	2,776	1,192	65	24,916
Additions	0	0	165	0	24	0	189
Disposals	0	0	0	0	(27)	0	(27)
Balance at 31 March 2012	1,409	2,436	17,203	2,776	1,189	65	25,078
Representing:-							
- Cost	1,409	1,364	17,143	2,776	1,189	65	23,946
- Valuation	0	1,072	60	0	0	0	1,132
	1,409	2,436	17,203	2,776	1,189	65	25,078
<u>Depreciation and Impairment Losses</u>							
Balance at 1 April 2010							
Accumulated depreciation	422	1,133	14,383	2,499	754	65	19,256
Accumulated impairment losses	0	0	1,516	150	0	0	1,666
	422	1,133	15,899	2,649	754	65	20,922
Depreciation	16	48	379	24	121	0	588
Disposals	0	0	(475)	0	(26)	0	(501)
Balance at 31 March 2011							
Accumulated depreciation	438	1,181	14,402	2,523	849	65	19,458
Accumulated impairment losses	0	0	1,401	150	0	0	1,551
	438	1,181	15,803	2,673	849	65	21,009
Depreciation	16	48	391	24	104	0	583
Disposals	0	0	0	0	(10)	0	(10)
Balance at 31 March 2012							
Accumulated depreciation	454	1,229	14,793	2,547	943	65	20,031
Accumulated impairment losses	0	0	1,401	150	0	0	1,551
	454	1,229	16,194	2,697	943	65	21,582
<u>Carrying Amount</u>							
Balance at 1 April 2010	987	1,303	1,606	99	489	0	4,484
Balance at 31 March 2011	971	1,255	1,235	103	343	0	3,907
Balance at 31 March 2012	955	1,207	1,009	79	246	0	3,496

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2012

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4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The buildings stated at valuation were revalued by the directors based on valuations carried out in 1983 by independent professional valuers. The plant and machinery stated at valuation were revalued by the directors in 1986. Had the buildings and plant and machinery been carried at historical cost less accumulated depreciation, the carrying amounts that would have been recognised in the financial statements are RM283,000 and NIL (2011 : RM301,000 and NIL) respectively.

The Company

	Buildings RM'000	Furniture, fittings and equipment RM'000	Motor vehicles RM'000	Total RM'000
<u>Cost</u>				
Balance at 1 April 2010	317	507	119	943
Additions	0	5	0	5
Balance at 31 March 2011	317	512	119	948
Movement during the year	0	0	0	0
Balance at 31 March 2012	317	512	119	948
<u>Accumulated Depreciation</u>				
Balance at 1 April 2010	114	497	10	621
Depreciation	6	2	24	32
Balance at 31 March 2011	120	499	34	653
Depreciation	6	2	24	32
Balance at 31 March 2012	126	501	58	685
<u>Carrying Amount</u>				
Balance at 1 April 2010	203	10	109	322
Balance at 31 March 2011	197	13	85	295
Balance at 31 March 2012	191	11	61	263

5. INVESTMENT PROPERTY

The Group

	Freehold land RM'000	Short-term leasehold land RM'000	Long-term leasehold land RM'000	Buildings RM'000	Total RM'000
<u>Cost/Valuation</u>					
Balance at 1 April 2010	944	652	1,750	8,570	11,916
Movement during the year	0	0	0	0	0
Balance at 31 March 2011	944	652	1,750	8,570	11,916
Representing:-					
- Cost	594	652	1,750	8,227	11,223
- Valuation	350	0	0	343	693
	944	652	1,750	8,570	11,916

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2012

5. INVESTMENT PROPERTY (CONT'D)

The Group (cont'd)

	Freehold land RM'000	Short-term leasehold land RM'000	Long-term leasehold land RM'000	Buildings RM'000	Total RM'000
Balance at 1 April 2011	944	652	1,750	8,570	11,916
Movement during the year	0	0	0	0	0
Balance at 31 March 2012	944	652	1,750	8,570	11,916
Representing:-					
- Cost	594	652	1,750	8,227	11,223
- Valuation	350	0	0	343	693
	944	652	1,750	8,570	11,916
<u>Accumulated Depreciation</u>					
Balance at 1 April 2010	0	305	267	3,829	4,401
Depreciation	0	11	20	171	202
Balance at 31 March 2011	0	316	287	4,000	4,603
Depreciation	0	11	21	171	203
Balance at 31 March 2012	0	327	308	4,171	4,806
<u>Carrying Amount</u>					
Balance at 1 April 2010	944	347	1,483	4,741	7,515
Balance at 31 March 2011	944	336	1,463	4,570	7,313
Balance at 31 March 2012	944	325	1,442	4,399	7,110
<u>Fair Value</u>					
Estimated fair value at 31 March 2011	2,250	5,000	1,472	7,918	16,640
Estimated fair value at 31 March 2012	2,250	5,000	1,472	7,918	16,640

The Company

	Freehold land RM'000	Long-term leasehold land RM'000	Buildings RM'000	Total RM'000
<u>Cost/Valuation</u>				
Balance at 1 April 2010	594	873	1,402	2,869
Movement during the year	0	0	0	0
Balance at 31 March 2011	594	873	1,402	2,869
Representing:-				
- Cost	594	873	1,309	2,776
- Valuation	0	0	93	93
	594	873	1,402	2,869

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2012

5. INVESTMENT PROPERTY (CONT'D)

The Company (cont'd)

	Freehold land RM'000	Long-term leasehold land RM'000	Buildings RM'000	Total RM'000
Balance at 1 April 2011	594	873	1,402	2,869
Movement during the year	0	0	0	0
Balance at 31 March 2012	594	873	1,402	2,869
Representing:-				
- Cost	594	873	1,309	2,776
- Valuation	0	0	93	93
	594	873	1,402	2,869
<u>Accumulated Depreciation</u>				
Balance at 1 April 2010	0	261	603	864
Depreciation	0	10	28	38
Balance at 31 March 2011	0	271	631	902
Depreciation	0	10	28	38
Balance at 31 March 2012	0	281	659	940
<u>Carrying Amount</u>				
Balance at 1 April 2010	594	612	799	2,005
Balance at 31 March 2011	594	602	771	1,967
Balance at 31 March 2012	594	592	743	1,929
<u>Fair Value</u>				
Estimated fair value at 31 March 2011	1,485	3,650	2,955	8,090
Estimated fair value at 31 March 2012	1,485	3,650	2,955	8,090

The fair values of investment property as at 31 March 2011 were determined based on the market values given by independent professional valuers using the comparison method. After considering the existing conditions of the property as well as evaluating the relevant market information, management is of the view that the fair values as at 31 March 2012 remain unchanged.

6. INVESTMENTS IN SUBSIDIARIES

The Company

	2012 RM'000	2011 RM'000
Unquoted ordinary shares, at cost	19,124	19,124
Unquoted preference shares, at cost	65,800	65,800
	84,924	84,924
Impairment losses	(21,381)	(21,381)
	63,543	63,543

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2012

6. INVESTMENTS IN SUBSIDIARIES (CONT'D)

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

Name of Subsidiary	Effective Ownership Interest		Principal Activity
	2012	2011	
Maica Wood Industries Sdn. Bhd.	99.8%	99.8%	Investment holding
Consolidated Leasing (M) Sdn. Bhd.	100%	100%	Investment holding and granting of lease and hire purchase financing
Pinaremas Sdn. Bhd.	100%	100%	Investment holding
Ambang Arena Sdn. Bhd.	100%	100%	Inactive
<u>Subsidiary of Maica Wood Industries Sdn. Bhd.</u>			
Maicador Sdn. Bhd.	99.8%	99.8%	Manufacture of prefabricated doors and door frames
<u>Subsidiaries of Consolidated Leasing (M) Sdn. Bhd.</u>			
Consolidated Factoring (M) Sdn. Bhd.	91.9%	91.9%	Factoring of debts
Maritime Credits (Malaysia) Sdn. Bhd.	100%	100%	Granting of commercial credits

7. INVESTMENT IN ASSOCIATE

	The Group		The Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Unquoted shares, at cost	672	672	672	672
Share of post-acquisition profit or loss	(490)	(522)	0	0
Share of post-acquisition other comprehensive income	713	713	0	0
Impairment loss	(275)	(275)	(78)	(78)
	620	588	594	594

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

Name of Associate	Effective Ownership Interest		Principal Activity
	2012	2011	
Mahakota Sdn. Bhd.	25.4%	25.4%	Woodworks manufacturer and dealer in timber and wood

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2012

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7. INVESTMENT IN ASSOCIATE (CONT'D)

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

	2012 RM'000	2011 RM'000
Total assets	9,530	9,243
Total liabilities	4,820	4,660
Revenue	8,928	7,931
Profit/(Loss) for the financial year	127	(23)

8. RECEIVABLES

	The Group		The Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Hire purchase receivables (fixed rate)	46,600	56,056	0	0
Trade receivables	723	590	0	0
Allowance for impairment	(78)	(83)	0	0
	645	507	0	0
Other receivables:-				
- Subsidiaries	0	0	3,863	3,354
- Unrelated parties	83	80	43	43
	83	80	3,906	3,397
	47,328	56,643	3,906	3,397
Disclosed as:-				
- Non-current assets	17,535	31,342	0	0
- Current assets	29,793	25,301	3,906	3,397
	47,328	56,643	3,906	3,397

Hire Purchase Receivables

These represent hire purchase financing granted to a company in which a director of the Company and his close family members have substantial financial interests. The financing is secured through ownership claims over the vehicles financed. The effective interest rates as at 31 March 2012 ranged from 6% to 7% (2011 : 6% to 7%) per annum. The repayment analysis is as follows:-

	The Group	
	2012 RM'000	2011 RM'000
Minimum hire purchase payments:-		
- Within 1 year	31,248	27,771
- Later than 1 year and not later than 5 years	18,136	32,855
	49,384	60,626
Unearned finance income	(2,784)	(4,570)
Present value of hire purchase receivables:-		
- Within 1 year	29,065	24,714
- Later than 1 year and not later than 5 years	17,535	31,342
	46,600	56,056

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2012

8. RECEIVABLES (CONT'D)

Hire Purchase Receivables (cont'd)

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

Trade Receivables

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

The movements in allowance for impairment are as follows:-

	The Group	
	2012 RM'000	2011 RM'000
Balance at 1 April	83	91
Impairment loss recognised	0	9
Impairment loss reversed	0	(17)
Impairment loss written off	(5)	0
Balance at 31 March	<u>78</u>	<u>83</u>

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

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

	The Group	
	2012 RM'000	2011 RM'000
Not past due	167	373
Past due 1 to 30 days	306	71
Past due 31 to 120 days	146	50
Past due more than 120 days	26	13
	<u>645</u>	<u>507</u>

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

Management determines credit risk concentration in terms of counterparties. As at 31 March 2012, there were 2 (2011 : 2) major customers that accounted for 10% or more of the Group's trade receivables and the total outstanding balances due from these major customers amounted to RM449,000 (2011 : RM211,000).

Other Receivables

Other receivables are unsecured and non-interest bearing. The amounts owing by subsidiaries are repayable on demand. The amounts owing by unrelated parties mainly consist of refundable deposits which have no fixed repayment terms.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2012

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9. INVENTORIES

The Group

	2012 RM'000	2011 RM'000
Raw materials	2,476	2,188
Work-in-progress	703	396
Finished goods	304	380
Consumables	195	215
Goods-in-transit	404	114
	4,082	3,293

10. CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Highly liquid investments	2,131	2,071	0	0
Term deposits with licensed banks (fixed rate)	5,756	2,463	1,302	1,266
Cash and bank balances	2,808	3,510	193	303
	10,695	8,044	1,495	1,569

A term deposit of the Group amounting to RM180,000 (2011 : RM180,000) has been pledged as security for credit facilities granted to the Group. Accordingly, this term deposit is not freely available for use.

The effective interest rates of term deposits as at 31 March 2012 ranged from 2.0% to 3.1% (2011 : 1.9% to 2.8%) per annum.

11. PAYABLES

	The Group		The Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Trade payables	777	768	0	0
Other payables	692	607	143	144
	1,469	1,375	143	144

The currency profile of payables is as follows:-

	The Group		The Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Ringgit Malaysia	1,305	1,353	143	144
US Dollar	164	22	0	0
	1,469	1,375	143	144

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2012

11. PAYABLES (CONT'D)

Trade Payables

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

Other Payables

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

12. LOANS AND BORROWINGS

The Group

	2012 RM'000	2011 RM'000
Revolving credits (fixed rate)	896	9,375

Loans and borrowings are secured against a term deposit of the Group (Note 10) and term deposits of a director of the Company and his close family members. The effective interest rate as at 31 March 2012 was 3.6% (2011 : 3.7%) per annum.

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

13. RETIREMENT BENEFITS

	The Group		The Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Balance at 1 April	955	814	204	173
Provision	156	160	21	31
Payments	(55)	(19)	0	0
Balance at 31 March	1,056	955	225	204
Represented by:-				
- Present value of unfunded obligations	1,270	1,184	184	159
- Unrecognised actuarial (losses)/gains	(214)	(229)	41	45
	1,056	955	225	204
Disclosed as:-				
- Current liabilities	77	52	0	0
- Non-current liabilities	979	903	225	204
	1,056	955	225	204

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2012

13. RETIREMENT BENEFITS (CONT'D)

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

	The Group		The Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Amortisation of actuarial losses/(gains)	15	13	(4)	0
Current service cost	78	81	16	21
Interest cost	63	66	9	10
	156	160	21	31
Included in:-				
- Cost of sales	93	88	0	0
- Administrative and general expenses	63	72	21	31
	156	160	21	31

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

	The Group		The Company	
	2012 %	2011 %	2012 %	2011 %
Discount rate	5.50	5.25	5.50	5.25
Expected rate of salary increases	5.00	5.00	5.00	5.00

14. DEFERRED TAX LIABILITIES

	The Group	
	2012 RM'000	2011 RM'000
Balance at 1 April	10	14
Deferred tax income relating to origination and reversal of temporary differences	(1)	(4)
Balance at 31 March	9	10
In respect of taxable temporary differences of:-		
- Property, plant and equipment	6	7
- Investment property	3	3
	9	10

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2012

14. DEFERRED TAX LIABILITIES (CONT'D)

Save as disclosed above, as at 31 March 2012, deferred tax liabilities and deferred tax assets have also effectively been recognised and offset against each other by the Group and the Company to the extent of approximately RM620,000 and RM10,000 (2011 : RM670,000 and RM10,000) respectively. No further deferred tax assets have been recognised for the excess of the deductible temporary differences, unused capital allowances and tax losses over the taxable temporary differences as follows:-

	The Group		The Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Deductible temporary differences of:-				
- Property, plant and equipment	61	64	0	0
- Financial instruments	42	47	42	42
- Retirement benefits	1,056	955	225	204
Unused capital allowances	17,523	18,011	489	551
Unused tax losses	35,043	35,043	92	92
Taxable temporary differences of:-				
- Property, plant and equipment	(1,567)	(1,827)	(41)	(41)
- Investment property	(914)	(854)	0	0
	51,244	51,439	807	848

15. SHARE CAPITAL

	2012 RM'000	2011 RM'000
Authorised:- 200,000,000 ordinary shares of RM0.50 each	100,000	100,000
Issued and fully paid-up:- 130,361,472 ordinary shares of RM0.50 each	65,180	65,180

16. REVENUE

	The Group		The Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Sale of goods	13,157	15,692	0	0
Management fee	0	0	240	240
Dividend income	0	0	1,200	1,200
Interest income	4,215	4,255	35	38
Rental income	589	511	165	138
	17,961	20,458	1,640	1,616

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2012

17. PROFIT BEFORE TAX

	The Group		The Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Profit before tax is arrived at after charging:-				
Allowance for slow moving inventories	40	46	0	0
Auditors' remuneration	43	43	17	17
Depreciation of:-				
- Investment property	203	202	38	38
- Property, plant and equipment	583	588	32	32
Directors' remuneration:-				
- Fees	42	42	42	42
- Other emoluments	416	400	416	400
Fee expense for financial instruments not at fair value through profit or loss	32	32	1	1
Impairment loss on:-				
- Investments in subsidiaries*	0	0	0	3,300
- Loans and receivables	0	9	0	0
Interest expense for financial liabilities not at fair value through profit or loss	452	440	0	0
and crediting:-				
Bad debts recovered	1	9	0	0
Dividend income from investments in subsidiaries	0	0	1,200	1,200
Gain on disposal of property, plant and equipment	6	113	0	0
Interest income for financial assets not at fair value through profit or loss:-				
- Hire purchase financing	4,071	4,116	0	0
- Term deposits	169	139	35	38
Rental income from investment property	589	511	165	138
Reversal of allowance for slow moving inventories	4	0	0	0
Reversal of impairment loss on loans and receivables:-				
- Subsidiaries	0	0	0	3,300
- Unrelated parties	0	17	0	0

* Included in administrative and general expenses

18. EMPLOYEE BENEFITS EXPENSE

	The Group		The Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Short-term employee benefits	4,388	4,468	759	731
Defined contribution plan	408	411	85	81
Defined benefit plan	156	160	21	31
	<u>4,952</u>	<u>5,039</u>	<u>865</u>	<u>843</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2012

19. TAX EXPENSE

	The Group		The Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Tax based on results for the year:-				
Malaysian income tax	867	872	0	0
Deferred tax	(1)	(4)	0	0
	<u>866</u>	<u>868</u>	<u>0</u>	<u>0</u>
Tax underprovided in prior year	13	27	0	4
	<u>879</u>	<u>895</u>	<u>0</u>	<u>4</u>

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

	The Group		The Company	
	2012 %	2011 %	2012 %	2011 %
Applicable tax rate	25.00	25.00	25.00	25.00
Expenses eligible for double deduction	(0.84)	0.00	0.00	0.00
Share of (profit)/loss of associate	(0.32)	0.05	0.00	0.00
Non-deductible expenses	12.32	10.99	63.74	340.00
Non-taxable income	(0.58)	(0.44)	(85.84)	(365.34)
(Decrease)/Increase in unrecognised deferred tax assets	(1.84)	(8.34)	(2.90)	0.34
Average effective tax rate	<u>33.74</u>	<u>27.26</u>	<u>0.00</u>	<u>0.00</u>

20. EARNINGS PER SHARE

The Group

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

	2012	2011
Profit for the financial year attributable to owners of the Company (RM'000)	<u>1,687</u>	<u>2,288</u>
Weighted average number of shares in issue ('000)	<u>130,361</u>	<u>130,361</u>
Basic earnings per share (sen)	<u>1.29</u>	<u>1.76</u>

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2012

21. RELATED PARTY DISCLOSURES

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

	The Group		The Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Key management personnel compensation:-				
- Short-term employee benefits	604	653	414	399
- Defined contribution plan	64	70	44	43
	668	723	458	442
Dividend declared from subsidiary	0	0	1,200	1,200
Management fee charged to subsidiaries	0	0	240	240
Rental of premises charged to subsidiary	0	0	30	30
Subscription for preference shares in subsidiaries	0	0	0	25,800
Granting of hire purchase financing to related party*:-				
- Principal financed	20,974	20,172	0	0
- Principal repaid	29,230	20,433	0	0
- Interest charged and repaid	4,071	4,116	0	0
Purchase of property, plant and equipment from related party**	24	27	0	0

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

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

22. SEGMENT REPORTING

The Group

Operating Segments

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2012

22. SEGMENT REPORTING (CONT'D)**Operating Segments (cont'd)**

	Manufacture of wood products RM'000	Granting of financing RM'000	Unallocated non- operating segments RM'000	Consolidation adjustments and eliminations RM'000	Total RM'000
<u>2012</u>					
Segment assets	16,183	51,352	73,445	(67,418)	73,562
Included in the measure of segment assets are:-					
- Investment in associate	620	0	0	0	620
- Additions to non-current assets	165	24	0	0	189
Segment liabilities	3,412	5,073	369	(5,069)	3,785
Segment profit	249	2,223	408	(1,192)	1,688
Included in the measure of segment profit are:-					
- External revenue	13,577	4,153	231	0	17,961
- Intersegment revenue	0	0	1,470	(1,470)	0
- Interest income	25	0	0	0	25
- Allowance for slow moving inventories	40	0	0	0	40
- Reversal of allowance for slow moving inventories	4	0	0	0	4
- Depreciation	644	81	69	(8)	786
- Interest expense	0	452	0	0	452
- Share of profit of associate	32	0	0	0	32
- Tax expense	8	785	86	0	879
<u>2011</u>					
Segment assets	15,685	58,333	73,050	(67,019)	80,049
Included in the measure of segment assets are:-					
- Investment in associate	588	0	0	0	588
- Additions to non-current assets	31	27	5	0	63
Segment liabilities	3,163	13,078	349	(4,630)	11,960
Segment profit	840	2,282	359	(1,192)	2,289

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2012

22. SEGMENT REPORTING (CONT'D)

Operating Segments (cont'd)

	Manufacture of wood products RM'000	Granting of financing RM'000	Unallocated non- operating segments RM'000	Consolidation adjustments and eliminations RM'000	Total RM'000
<u>2011 (cont'd)</u>					
Included in the measure of segment profit are:-					
- External revenue	16,065	4,191	202	0	20,458
- Intersegment revenue	0	0	1,470	(1,470)	0
- Reversal of impairment loss on loans and receivables	17	0	0	0	17
- Allowance for slow moving inventories	46	0	0	0	46
- Depreciation	648	81	69	(8)	790
- Impairment loss on loans and receivables	9	0	0	0	9
- Interest expense	0	440	0	0	440
- Share of loss of associate	6	0	0	0	6
- Tax expense	0	807	88	0	895

Geographical Segments

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

	2012 RM'000	2011 RM'000
Malaysia	16,583	18,417
United States of America	1,378	2,041
	17,961	20,458

Major Customers

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

	External Revenue		Operating Segment
	2012 RM'000	2011 RM'000	
Customer I*	10,702	10,821	Manufacture of wood products
Customer II*	4,071	4,116	Granting of financing

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2012

23. CONTINGENT LIABILITIES - UNSECURED

The Company

The Company has entered into financial guarantee contracts to provide financial guarantees to financial institutions for credit facilities granted to certain subsidiaries up to a total limit of approximately RM17,600,000 (2011 : RM32,600,000). The total utilisation of these credit facilities as at 31 March 2012 amounted to approximately RM1,377,000 (2011 : RM9,680,000).

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

24. FINANCIAL RISK MANAGEMENT

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

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

Credit Risk

The Group's exposure to credit risk arises mainly from receivables and deposits placed with financial institutions. The maximum credit risk exposure of these financial assets is best represented by their respective carrying amounts in the statement of financial position. The Company is also exposed to credit risk in respect of its financial guarantees provided for credit facilities granted to certain subsidiaries. The maximum credit risk exposure of these financial guarantees is the total utilisation of the credit facilities granted as disclosed in Note 23.

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

Liquidity Risk

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

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

Currency Risk

The Group's exposure to currency risk arises mainly from transactions entered into in currencies other than its functional currency, i.e. Ringgit Malaysia ("RM"). The major foreign currency transacted is US Dollar ("USD").

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2012

24. FINANCIAL RISK MANAGEMENT (CONT'D)

Currency Risk (cont'd)

Based on a symmetric basis which uses the foreign currency as a stable denominator, the following table demonstrates the sensitivity of profit or loss to changes in exchange rates that were reasonably possible at the end of the reporting period, with all other variables held constant:-

	The Group Increase/ (Decrease) in Profit 2012 RM'000	Increase/ (Decrease) in Profit 2011 RM'000
Appreciation of USD against RM by 10%	(16)	(2)
Depreciation of USD against RM by 10%	16	2
	(16)	(2)

Interest Rate Risk

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

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

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

25. CAPITAL MANAGEMENT

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

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

	The Group		The Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Total loans and borrowings	896	9,375	0	0
Total equity	69,777	68,089	71,442	71,093
Total capital	70,673	77,464	71,442	71,093
Debt-to-equity ratio	0.01 : 1	0.14 : 1	0 : 1	0 : 1

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

SUPPLEMENTARY INFORMATION - REALISED AND UNREALISED PROFITS OR LOSSES

	The Group		The Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Total accumulated losses of the Company and its subsidiaries:-				
- Realised	(42,603)	(44,229)	(8,834)	(9,183)
- Unrealised	(9)	(10)	0	0
	<u>(42,612)</u>	<u>(44,239)</u>	<u>(8,834)</u>	<u>(9,183)</u>
Total share of accumulated losses of associate:-				
- Realised	(490)	(522)	0	0
- Unrealised	0	0	0	0
	<u>(43,102)</u>	<u>(44,761)</u>	<u>(8,834)</u>	<u>(9,183)</u>
Consolidation adjustments and eliminations	32,746	32,718	0	0
Total accumulated losses as per statement of financial position	<u>(10,356)</u>	<u>(12,043)</u>	<u>(8,834)</u>	<u>(9,183)</u>

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

ANALYSIS OF SHAREHOLDINGS

AS AT 27 JULY 2012 **71**

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	230	9,474	0.01
100 - 1,000	625	480,924	0.37
1,001 - 10,000	2,330	7,428,169	5.70
10,001 - 100,000	315	7,822,796	6.00
100,001 - less than 5% of issued shares	47	74,836,580	57.40
5% and above of issued shares	3	39,783,529	30.52
	3,550	130,361,472	100.00

C. SUBSTANTIAL SHAREHOLDERS

Name of Shareholders	Direct Interest		Deemed Interest	
	No. of Shares	% of Holdings	No. of Shares	% of Holdings
1.Tan Sri Dato' Tan Hua Choon	22,641,985	17.37	-	-
2.Tan Ching Ching	10,247,300	7.86	-	-
3.Permodalan Nasional Berhad	6,894,244	5.29	-	-
4.Yayasan Pelaburan Bumiputra	-	-	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

Name of Director	Direct Interest		Deemed Interest	
	No. of Shares	% of Holdings	No. of Shares	% of Holdings
1. Tan Sri Dato' Tan Hua Choon	22,641,985	17.37	16,091,400*	12.34

* Deemed interested in the shareholdings of his children pursuant to Section 134(12)(c) of the Companies Act, 1965.

ANALYSIS OF SHAREHOLDINGS

AS AT 27 JULY 2012

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. Tan Ching Ching	10,247,300	7.86
3. Permodalan Nasional Berhad	6,894,244	5.29
4. Mayban Securities Nominees (Tempatan) Sdn Bhd Pledged securities account for Lim Eng Huat (REM-650)	6,460,000	4.96
5. Gan Lock Yong @ Gan Choon Hur	6,409,300	4.92
6. Lim Siew Sooi	6,210,200	4.76
7. Low Cheng Peng	5,927,700	4.55
8. Tan Han Chuan	5,844,100	4.48
9. Ong Har Hong	5,436,000	4.17
10. Ong Wee Lieh	5,172,000	3.97
11. Lee Pui Inn	4,844,500	3.72
12. Chew Boon Seng	4,285,671	3.29
13. Ong Poh Lin	4,103,300	3.15
14. Ong Poh Geok	3,867,000	2.97
15. Sin Len Moi	2,662,600	2.04
16. Ong Huey Peng	2,526,500	1.94
17. Tan Lay Choo	1,062,000	0.81
18. Chew Boon Seng	1,057,500	0.81
19. Ong Huey Peng	1,040,000	0.80
20. Ong Huey Peng	838,348	0.64
21. Hussein Noordin Sdn. Berhad	695,250	0.53
22. Wong Hok Yim	552,000	0.42
23. Sin Kek Yong	551,000	0.42
24. Lim Siak Hwah	455,400	0.35
25. Cheong Kui Lan	443,500	0.34
26. Syarikat Jeragan (Holdings) Sdn Bhd	354,450	0.27
27. Lim Sew Hua @ Lim Seow Hua	335,000	0.26
28. Chew Hui Kuan	304,200	0.23
29. Sin Len Moi	247,300	0.19
30. Eng Aba@Ng Soon Chan	225,600	0.17

LIST OF GROUP PROPERTIES

AS AT 31 MARCH 2012 **73**

Date Of Acquisition/ Revaluation	Location	Description	Existing Use	Tenure/ Approximate Age of Building	Area (Sq. metres)	Net Book Value as at 31.3.2012 (RM)
31.03.1985 (Acquisition)	Lot 1772, Section 3 Mak Mandin Industrial Estate Seberang Perai, Pulau Pinang	Land & Industrial Building	Factory	Leasehold (expiring on 20.5.2071)/ 43 years	5,052	617,000
31.03.1983 (Revaluation)	Lot 1780, Section 3 Mak Mandin Industrial Estate Seberang Perai, Pulau Pinang	Land & Industrial Building	Factory	Leasehold (expiring on 15.8.2073)/ 36 years	13,575	1,356,000
30.11.1992 (Acquisition)	68-5-1, Maica Court 68, Jalan Cantonment Pulau Pinang	Residential Apartment	Residential	Freehold / Strata 27 years	255	190,000
31.03.1983 (Revaluation)	Lot 822, Taman Seluang, Kulim, Kedah	Land & Residential Building	Vacant	Freehold/ 31 years	418	102,000
31.03.1990 (Acquisition)	9, Jalan Zainal Abidin Pulau Pinang	Land & Commercial Building	Office	Freehold/ 24 years	362	1,235,000
31.03.1987 (Acquisition)	Plot 23, Kulim Industrial Estate Kulim, Kedah	Land & Industrial Building	Factory	Leasehold (expiring on 9.11.2080)/ 31 years	59,934	3,304,000
31.08.1995 (Acquisition)	Plot 44, Kulim Industrial Estate Kulim, Kedah	Land & Industrial Building	Vacant	Leasehold (expiring on 6.4.2082)/ 12 years	14,164	2,024,000
15.12.1981 (Revaluation)	15, Jalan Zainal Abidin Pulau Pinang	Land & Commercial Building	Office	Freehold/ 34 years	203	444,000

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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
Forty-Third Annual General Meeting ("43rd AGM") of the shareholders of the Company to be held at
Bukit Kiara Equestrian and Country Resort, Dewan Perdana, 1st Floor, Sport Complex, Jalan Bukit Kiara,
Off Jalan Damansara, 60000 Kuala Lumpur, Malaysia on Friday, 21 September 2012 at 10.15 a.m. or any
adjournment thereof.

The proxy is to vote on the Resolutions set out in the notice of the 43rd 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.

Table with 3 columns: Ordinary Business, FOR, AGAINST. Rows include Ordinary Resolution 1, 2(a), 2(b), 2(c), 3, Special Business, Ordinary Resolution 4, and Special Resolution.

Table with 3 columns: No. of shares held, CDS Account No., Contact No.

Signed this _____ day of _____ 2012.

Signature/Common Seal

Notes on Proxy Form

- 1. A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies (but not more than two) to attend and vote instead of him.
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, Tricor Investor Services Sdn Bhd, Level 17, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, Malaysia, not less than forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof.

General Meeting Record of Depositors

Depositors whose names appear in the Record of Depositors on a date not less than three (3) market days before the general meeting shall be regarded as Member of the Company entitled to attend and vote at the Annual General Meeting or appoint a proxy to attend and vote on his behalf.

Authorised Nominee and Exempt Authorised Nominee

Where a member of the Company is an authorised nominee as defined under the Central Depositories Act, it shall be entitled to appoint not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

Where an authorised nominee or an exempt authorised nominee appoints more than one proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.

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STAMP

MALAYSIA AICA BERHAD (8235-K)

c/o Tricor Investor Services Sdn Bhd
Level 17, The Gardens North Tower
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur
Malaysia

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