

www.maicador.com

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MALAYSIA AICA BERHAD (8235-K)



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(8235-K)

ANNUAL REPORT 2013

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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Forty-Fourth Annual General Meeting (“44th AGM”) of the shareholders of the Company will be held at Bukit Kiara Equestrian and Country Resort, Dewan Berjaya Room, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur, Malaysia on Thursday, 19 September 2013 at 1.00 p.m. for the purpose of considering and, if thought fit, passing the following resolutions: -

AGENDA

Ordinary Business

1. To receive the Directors' Report and the Audited Financial Statements of the Group and the Company for the financial year ended 31 March 2013 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 2013. **Ordinary Resolution 1**
3. To re-elect Mr Thor Poh Seng, a Director retiring in accordance with Article 85 of the Company's Articles of Association. **Ordinary Resolution 2**
4. To re-elect the following Directors retiring in accordance with Article 92 of the Company's Articles of Association: -
 - (a) Mr Boon Shi Hou; **Ordinary Resolution 3 (a)**
 - (b) Mr Wong Hok Yim; **Ordinary Resolution 3 (b)**
 - (c) Mr Teh Kay Yeong; and **Ordinary Resolution 3 (c)**
 - (d) Haji Azizzuddin Bin Haji Hussein. **Ordinary Resolution 3 (d)**
5. To re-appoint Messrs Crowe Horwath (AF: 1018) as Auditors of the Company and to authorise the Directors to fix their remuneration. **Ordinary Resolution 4**

Special Business

6. 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-Third Annual General Meeting (“AGM”) held on 21 September 2012 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 28 August 2013 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 (CONT'D)

- (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 2014 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 44th 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 5

- 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
28 August 2013

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

Notes on Proxy Form

1. A member entitled to attend and vote at the Annual General 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. 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.

3. 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.
4. The instrument appointing a proxy 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 Annual General Meeting or any adjournment thereof.
5. Depositors whose names appear in the Record of Depositors on a date not less than three (3) market days before the Annual General Meeting shall be entitled to attend and vote at the Annual General Meeting or appoint proxies to attend, speak and vote on their behalf.

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 6 of the Agenda

The proposed Ordinary Resolution 5, 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.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Lim Jian Hoo
(Chairman, Non-Independent Non-Executive Director)

Thor Poh Seng
(Executive Director)

Boon Shi Hou
(Executive Director)

Teh Kay Yeong
(Independent Non-Executive Director)

Wong Hok Yim
(Non-Independent Non-Executive Director)

Haji Azizzuddin Bin Haji Hussein
(Independent Non-Executive Director)

AUDIT COMMITTEE

Teh Kay Yeong *(Chairman) (MIA Member)*
Lim Jian Hoo
Haji Azizzuddin Bin Haji Hussein

NOMINATION COMMITTEE

Teh Kay Yeong
Wong Hok Yim
Haji Azizzuddin Bin Haji Hussein

REMUNERATION COMMITTEE

Teh Kay Yeong
Wong Hok Yim

SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR

Teh Kay Yeong
Fax : (03) 4043 6750

COMPANY SECRETARY

Lim Lai Sam (MAICSA NO. 0877479)

REGISTERED OFFICE

8-3, Jalan Segambut
51200 Kuala Lumpur
Malaysia
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PRINCIPAL OFFICE

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13400 Butterworth, Penang, Malaysia
Tel : (04) 3230 439
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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

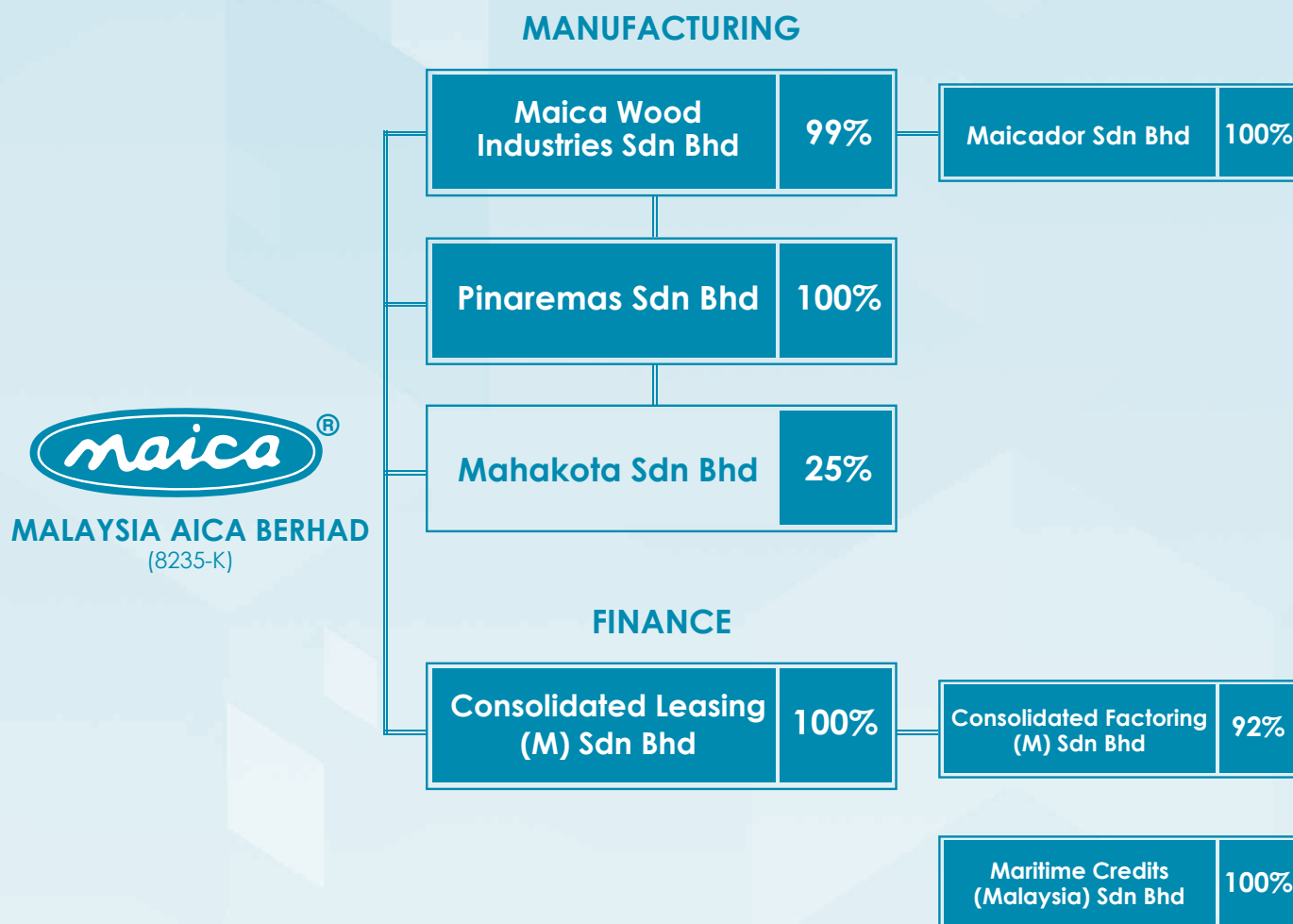
Messrs Crowe Horwath (AF 1018)
(Chartered Accountants)

STOCK EXCHANGE LISTING

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

GROUP STRUCTURE

as at 31 March 2013



- 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 2013

YEAR	2009	2010	2011	2012	2013
Revenue ('000)	20,038	19,312	20,458	17,961	18,497
Profit before Interest, Tax, Depreciation & Amortisation (RM'000)	2,659	4,262	4,414	3,805	2,546
Profit Before Tax (RM'000)	1,442	2,786	3,184	2,567	1,721
Profit After Tax (RM'000)	1,821	1,908	2,289	1,688	976
Net Profit Attributable to Equity Holders (RM'000)	1,823	1,909	2,288	1,687	976
Total Assets (RM'000)	91,722	80,630	80,049	73,562	73,985
Total Borrowings (RM'000)	25,401	11,801	9,375	896	-
Shareholders Equity (RM'000)	63,892	65,775	68,063	69,750	70,726
Return on Equity (%)	2.85	2.90	3.36	2.42	1.38
Return on Total Assets (%)	1.99	2.37	2.86	2.29	1.32
Gearing Ratio (%)	28.45	15.21	12.11	1.27	-
Interest Cover (times)	5.43	6.48	10.03	8.42	424.33
Earnings Per Share (sen)	1.40	1.46	1.76	1.29	0.75
Net Assets Per Share (RM)	0.49	0.50	0.52	0.54	0.54
Gross Dividend Per Share (sen)	0	0	0	0	0
Price Earnings Ratio (Years)	35	34	28	39	67
Gross Dividend Yield Per Share	0	0	0	0	0
Share Price As At 31 March (RM)	0.49	0.50	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 STATEMENTS OF THE COMPANY AND THE GROUP FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013.

RESULTS

The Group registered a 3% increase in revenue to RM18.50 million for the current financial year as against RM17.96 million in the previous financial year. The increase in revenue was mainly due to higher sales from the engineered door division.

However, profit before tax declined to RM1.72 million compared with profit before tax of RM2.57 million reported in the previous financial year. The lower profit before tax was attributed to a significant decline in interest income from the hire purchase financing business.

At the Company level, pre-tax profit was RM0.31 million for the current financial year compared with pre-tax profit of RM0.35 million in the previous year. Higher expenses incurred during the current financial year accounted for the decrease in profit before tax.

REVIEW OF OPERATIONS

During the financial year ended 31 March 2013, subsidiary Maicador Sdn. Bhd. continued to focus on its manufacturing business to produce and sell engineered doors and fire rated doors to the overseas and domestic markets. Revenue for engineered doors registered year-on-year growth of 18% for the current fiscal year. Fire rated door sales for local market fell sharply compared with the previous year due to the expiration of licences for fire rated door, and more stringent requirements imposed by SIRIM and Bomba. In tandem with the increase in revenue, profit before tax improved to RM0.28 million as against a profit before tax of RM0.15 million in the previous financial year.

Consolidated Leasing (M) Sdn Bhd ("Conlease"), a wholly-owned subsidiary engaged in the hire purchase financing business, generated a revenue of RM2.93 million for the current financial year compared with a revenue of RM4.07 million in the previous year. As a result of the significant decrease in revenue, profit before tax for Conlease declined to RM2.4 million as against RM3.0 million reported in the previous financial year. The lower interest income from hire purchase and hence the lower profit was due to the lower quantum of hire purchase financed as compared with the principal amount collected in the past few years.

CHAIRMAN'S STATEMENT

PROSPECTS

The fragile economic conditions in Europe and other major economies pose significant risks to the Group's businesses going forward.

However, despite the challenges ahead, we are optimistic of a better outlook for the door manufacturing division.

The escalating timber price coupled with the implementation of minimum wage levels since January 2013 significantly affected the production cost of door manufacturing. However, demand is expected to pick up especially in the US economy where there are encouraging signs of a pick-up in the domestic housing sector. The Australian market looks positive as well, as we are experiencing an increasing order trend for the past few months.

The hire purchase financing business is expected to become more competitive under the present regime of low interest rates but should remain profitable.

DIVIDEND

The Board of Directors does not recommend the payment of any dividend for the financial year ended 31 March 2013.

APPRECIATION

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

Lim Jian Hoo
Chairman

PROFILE OF BOARD OF DIRECTORS

Lim Jian Hoo

(Aged 67 – Malaysian)

Chairman, Non-Independent Non-Executive Director

Mr Lim was appointed to the Board of the Company on 1 February 1997 and had served as a member of the Audit Committee from 1 November 2003 until 19 November 2007. He was re-designated as Non-Independent Non-Executive Director of the Company on 18 January 2013 and later re-appointed as a member of the Audit Committee on 25 January 2013. On 1 June 2013, Mr Lim was appointed as Chairman of the Board.

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

(Aged 53 – 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.

Presently, he is also a Director of FCW Holdings Berhad, Keladi Maju Berhad, Computer Forms (Malaysia) Berhad and Executive Chairman of PDZ Holdings Bhd. Mr Thor was a Board member of Jasa Kita Berhad from 1993 to 2013, GPA Holdings Berhad from 2000 to 2013, Marco Holdings Berhad from 2001 to 2013 and Goh Ban Huat Berhad from 2008 to 2013.

Boon Shi Hou

(Aged 48 – Malaysian)

Executive Director

Mr Boon was appointed a Director of the Company on 1 June 2013. He graduated from University of Portsmouth (UK) with a Master of Business Administration (MBA).

Mr Boon was a Northern Region Branch Manager with Nisan Bearing and Industrial Services from 1991 to 2003. He then joined Nibong Tebal Personal Care Sdn Bhd as Assistant General Manager until 2009. From 2010 to 2011, Mr Boon was attached with Syarikat Kayu Wangi Berhad as Executive Director. Currently, he is also a Director of Fujikura Federal Cables Sdn Bhd and Maicador Sdn Bhd.

PROFILE OF BOARD OF DIRECTORS

Teh Kay Yeong
(Aged 50, Malaysian)
Independent Non-Executive Director

Mr Teh was appointed to the Board of the Company and as Chairman of the Audit Committee on 1 August 2013. He was also appointed as the Senior Independent Non-Executive Director of the Company and a member of the Board's Nomination Committee and Remuneration Committee on the same date.

Mr Teh holds a Bachelor of Accounting (Honours) from University of Malaya and a Master's Degree in Business Administration majoring in Finance from University of Hull, United Kingdom. He is also a member of the Malaysian Institute of Accountants. He has extensive experience in accounting and finance and has held senior positions in operations and finance. He is also a Director of FCW Holdings Berhad and PDZ Holdings Bhd.

Wong Hok Yim
(Aged 47 – Malaysia Permanent Resident)
Non-Independent Non-Executive Director

Mr Wong was appointed as Director of the Company and a member of Nomination Committee and Remuneration Committee on 1 June 2013.

Mr Wong graduated from DeMonfort University, Leicester, United Kingdom in 1992 with a Bachelor of Science combined studies degree majoring in Accounting and minoring in Law. Subsequently, he obtained Master in Business Administration in Finance from University of Hull, United Kingdom in 1997. He also sits on the Board of GPA Holdings Berhad, Marco Holdings Berhad, Computer Forms (Malaysia) Berhad, PDZ Holdings Bhd and several private limited companies.

Haji Azizzuddin Bin Haji Hussein
(Aged 55, Malaysian)
Independent Non-Executive Director

Haji Azizzuddin was appointed to the Board as well as a member of Audit Committee and Nomination Committee on 8 April 2013. He obtained a Higher National Diploma in Business Studies, majoring in Finance and Accounting from Stockport College of Technology (Manchester), United Kingdom in 1979 and did his practical training in London where he was attached to a Chartered Accountants firm from 1980 to 1982. Upon his return to Malaysia, he ventured into private business. From 1992 to 1997, he was a management consultant and at end 1997, he joined Myriad MISM (M) Sdn. Bhd., a software development and management information system consultancy company, as its Finance & Administration Director and left in 2001. He was a State Assemblyman for the constituency of Mengkebang, Kelantan representing Barisan Nasional from 2004 to 2008. He also sits on the Board of Jasa Kita Berhad and Marco Holdings Berhad.

FURTHER INFORMATION ON THE BOARD OF DIRECTORS:

- **Family Relationship**

Save for Mr Wong Hok Yim who is the son-in-law of Tan Sri Dato' Tan Hua Choon, a major shareholder of the Company, none of the other Directors has any family relationship with other Directors and major shareholders of the Company.

- **Conflict of Interest**

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

- **Conviction of Offences**

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

CORPORATE GOVERNANCE STATEMENT

The Board of Directors of Malaysia Aica Berhad is of the view that practising and maintaining good corporate governance in conducting the affairs and business of the Group is fundamental for the Group's on-going growth and prosperity enhancement to increase the confidence of the investors and the established customers' trust. The Board is therefore committed to preserve good corporate governance standards throughout the Group and strives to adopt the substance behind the Principles and Recommendations set out in the Malaysian Code on Corporate Governance 2012 ("the Code") for the achievement of its ultimate goals and objectives.

The Board is pleased to present the following disclosure on the Group's application of the Principles of the Code, having regard to the Recommendations of the Code during the financial year ended 31 March 2013.

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 2013. The details of attendance of each Board Member at the Board meetings are as follow :

Director	Status	% of Attendance
Mr Lim Jian Hoo	Chairman Non-Independent Non-Executive Director	100
Mr Thor Poh Seng	Executive Director	100
Mr Boon Shi Hou <i>(appointed w.e.f. 1 June 2013)</i>	Executive Director	N/A
Mr Wong Hok Yim <i>(appointed w.e.f. 1 June 2013)</i>	Non- Independent Non- Executive Director	N/A
Mr Teh Kay Yeong <i>(appointed w.e.f. 1 August 2013)</i>	Independent Non- Executive Director	N/A
Haji Azizzuddin Bin Haji Hussein <i>(appointed w.e.f. 8 April 2013)</i>	Independent Non- Executive Director	N/A
Tan Sri Dato' Tan Hua Choon <i>(resigned w.e.f. 1 June 2013)</i>	Chairman Non- Independent Non- Executive Director	100
Mr Lee Yu-Jin <i>(resigned w.e.f. 1 August 2013)</i>	Independent Non- Executive Director	100
En Aminuddin Yusof Lana <i>(resigned w.e.f. 25 March 2013)</i>	Independent Non- Executive Director	100
En Mohtar Bin Abdullah <i>(resigned w.e.f. 15 April 2013)</i>	Independent Non- Executive Director	100

N/A : not applicable as the person concerned was appointed as Board member after the Board meetings for the 2013 financial year were held.

CORPORATE GOVERNANCE STATEMENT

A. BOARD OF DIRECTORS (CONT'D)

i) The Board (cont'd)

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 2013 are set out in pages 21 to 25 of this Annual Report.

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) Mr Teh Kay Yeong | - Independent Non-Executive Director |
| 2) Mr Wong Hok Yim | - Non-Independent Non-Executive Director |
| 3) Haji Azizzuddin Bin Haji Hussein | - Independent Non-Executive Director |

The past members who served the Nomination Committee during the 2013 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 |
| 3) En Mohtar Bin Abdullah | - Independent Non-Executive Director |

During the financial year ended 31 March 2013, 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.

A. BOARD OF DIRECTORS (CONT'D)**ii) Board Committees (cont'd)***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 present members of the Remuneration Committee are:-

- | | |
|---------------------|--|
| 1) Mr Teh Kay Yeong | - Independent Non-Executive Director |
| 2) Mr Wong Hok Yim | - Non-Independent Non-Executive Director |

The past members who served the Remuneration Committee during the 2013 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, two 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 10 to 11 of this Annual Report.

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

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

The Code recommends that the Board of Directors of a public listed company should comprise of majority of independent directors where the chairman of the board is not an independent director. The Board of Directors of the Company, whose Chairman is a Non-Independent Non-Executive Director notwithstanding, is of the opinion that the element of independence which currently exists is adequate to provide assurance that there is balance of power and authority on the Board.

CORPORATE GOVERNANCE STATEMENT

A. BOARD OF DIRECTORS (CONT'D)

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.

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 2013 financial year covered the following topics :

- Impact of amendments to Listing Requirements & Optimising IFRS Convergence;
- Advocacy Session on Disclosure for Chief Executive Officers and Chief Financial Officers;
- Corporate Governance Blueprint and Malaysian Code of Corporate Governance 2012;
- Government Advocacy Session entitled "Making the most of the Chief Financial Officer Role : Everyone's Responsibility ?"; and
- MIA International Accountants Conference on "Innovative Society : Sustaining Business Success."

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

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

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 2013 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	-	45	45
(b) Salaries and other emoluments	367	-	367
(c) Bonuses	54	-	54
(d) Estimated value of benefits-in-kind	-	-	-
Total	421	45	466

CORPORATE GOVERNANCE STATEMENT

B. DIRECTORS' REMUNERATION (CONT'D)

iii) Disclosure (cont'd)

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.

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.

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

ii) General Meetings of Shareholders (cont'd)

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 Teh Kay Yeong, 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 pages 19 to 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 Statement on Risk Management & Internal Control by the Board which provides an overview of the Group's state of internal control is set out in pages 26 to 28 of this Annual Report.

iii) Relationship with Auditors

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

The role of the Audit Committee in relation to its relationship with the External Auditors is set out in pages 21 to 25 of this Annual Report.

E. ADDITIONAL COMPLIANCE INFORMATION

Non-Audit Fee

A total of RM15,100 non-audit fees was incurred for services rendered to the Group for the 2013 financial year by the Company's Auditors and a firm affiliated to the Auditors' firm.

CORPORATE GOVERNANCE STATEMENT

E. ADDITIONAL COMPLIANCE INFORMATION (CONT'D)

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 2013 financial year are disclosed in Note 21 to the Financial Statements set out in page 65 of this Annual Report.

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 2013.

CORPORATE GOVERNANCE STATEMENT

DIRECTORS' RESPONSIBILITY STATEMENT (CONT'D)

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 2013 :

- 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

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 2013.

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 :

Present Members

Chairman

Mr Teh Kay Yeong (*MIA Member*) Independent Non-Executive Director
(*appointed w.e.f. 1 August 2013*)

Members

Mr Lim Jian Hoo Non-Independent Non-Executive Director
(*appointed w.e.f. 25 January 2013*)

Haji Azizzuddin Bin Haji Hussein Independent Non-Executive Director
(*appointed w.e.f. 8 April 2013*)

Past Members

Chairman

Mr Lee Yu-Jin (*MIA Member*) Independent Non-Executive Director
(*resigned w.e.f. 1 August 2013*)

Members

Encik Aminuddin Yusof Lana Independent Non-Executive Director
(*resigned w.e.f. 25 March 2013*)

Encik Mohtar Bin Abdullah Independent Non-Executive Director
(*resigned w.e.f. 15 April 2013*)

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.

TERMS OF REFERENCE (CONT'D)

2. Frequency of Meetings

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

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

3. Secretary

The Company Secretary shall be the Secretary of the Committee.

4. Authority

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

- i) full and unrestricted access to any information and documents from the external auditors and senior management of the Company and the Group which are relevant to the activities of the Company.
- ii) be provided with the necessary resources which are required to perform its duties.
- iii) the right to investigate into any matter within its Terms of Reference and as such, have direct communication channel with the external auditors and persons carrying out the internal audit function of the Company.
- iv) the liberty to obtain independent professional advice and to secure the attendance of such external parties with relevant experience and expertise at its meeting if it considers this necessary.
- v) 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.

AUDIT COMMITTEE REPORT

TERMS OF REFERENCE (CONT'D)

5. Duties (cont'd)

- 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 cognisance 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;
- 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 2013.

The attendance records of the Audit Committee members at the meetings held during their tenure are as follows :

Member	Date of Meeting				% of Attendance
	24/5/2012	13/8/2012	23/11/2012	20/2/2013	
Mr Lee Yu-Jin	√	√	√	√	100
Encik Aminuddin Yusof Lana	√	√	√	√	100
Encik Mohtar Bin Abdullah	√	√	√	√	100
Mr Lim Jian Hoo	N/A	N/A	N/A	√	100

N/A : not applicable as the person was not a member of the Audit Committee on the particular date shown.

MEETINGS (CONT'D)

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

During the 2013 financial year, the Audit Committee met with the external auditors twice without the presence of the Executive Director(s) 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 2013, the activities carried out by the Audit Committee included, among others, the following:-

- a. Reviewed the unaudited quarterly reports on the consolidated results and financial statements prior to tabling of the same to the Board of Directors.
- b. Reviewed the year-end financial statements of the Company and the Group, prior to their adoption by the Board, focusing on :-
 - i) changes in or implementation of major accounting policies, if any
 - ii) significant and unusual events, if any
 - iii) compliance with 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 2013.
- 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 Review Memorandum prepared by the external auditors which comprised the significant accounting and audit matters for the financial year ended 31 March 2012.
- g. Reviewed the Audit Planning Memorandum prepared by the external auditors for the financial year ended 31 March 2013.
- h. Discussed with the external auditors with regard to their audit review without the presence of the Executive Director(s) and key management.
- i. Reviewed the updated Business Risk Profile, new Audit Plan and the internal audit reports comprising audit findings on the following aspects of the Group's operations processes :
 - Payment Procedures and Cash Management; and
 - Purchasing & Inventory Management

AUDIT COMMITTEE REPORT

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 2013 amounted to RM40,000.

A summary of activities of the internal audit function is set out in the Statement on Risk Management & Internal Control in pages 26 to 28 of this Annual Report.

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

The Board of Malaysia Aica Berhad is committed to continuously improving the Group's risk management and internal control systems and is pleased to present the following Statement on Risk Management & Internal Control for the financial year ended 31 March 2013. This statement is made in pursuant to Paragraph 15.26 (b) of the Bursa Malaysia Securities Berhad Main Market Listing Requirements and the Statement on Risk Management & Internal Control: Guidelines for Directors of Public Listed Issuers, 2012.

1. Board's Responsibility

The Board recognises the importance of sound controls and risk management practices to good corporate governance. The Board acknowledges its overall responsibility in establishing a sound risk management framework and internal control system within the Group. The Board is equally aware that the risk management framework and internal control system are designed to manage the Group's risks within an acceptable risk appetite, rather than eliminate the risk of failure to achieve the policies, goals and objectives of the Group. In this regard, the risk management framework and internal control system can only provide reasonable assurance, and not absolute assurance against material misstatement of financial information and records or against financial losses or fraud.

2. Risk Management Framework

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 proactively manage them efficiently, effectively and economically. The Group adopts an enterprise wide risk management approach and all the active business of the companies within the Group are considered and categorised in accordance with their main functional activities. This process has been in place for the year under review and up to the date of issuance of the annual report and financial statements.

Risk Identification and evaluation process

The risks are identified through a series of interviews and discussions with the key personnel and management of the Group. The risk identification process includes consideration of both internal and external environmental factors. External environmental factors include economic and political changes, changes in the behavior of competitors, new regulations or legislations and technological developments. Internal factors include changes in key personnel, introduction of new or revision of existing policies and procedures.

Next, the risks identified are evaluated by examining the potential **impact** on the Group if a risk was to crystallise as well as the **likelihood** of occurrence. The impact is rated on a scale of A to E, A to indicate the lowest impact and E to indicate the highest impact. Whereas the likelihood of a risk crystallising is rated on a scale of 1 to 5, 1 to indicate lowest probability and 5 indicate the highest probability. The risk level shall be rated *low*, *medium*, and *high* and be determined according to the Risk Analysis Matrix. The risks are also classified into four categories according to their potential impact on the Group:

- Business Risks
- Strategic Risks
- Operational Risks
- Financial Risks

Risk adoption and monitoring process

All the risks identified are documented into a "Business Risk Profile". The Business Risk Profile of the Group is updated on an ongoing basis and approved by the Board.

The Business Risk Profile serves as a tool for the heads of department/ business unit for managing key risks applicable to their areas of business activities on a continuous basis. All key risks and issues are regularly reviewed and resolved by the Management team at regular meeting. Through these mechanisms, key risks identified in the Business Risk Profile are timely assessed and control procedures or mitigating factors are re-evaluated accordingly in order to ensure that the key risks are mitigated to an acceptable level.

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL (CONT'D)

2. Risk Management Framework (cont'd)

Risk adoption and monitoring process (cont'd)

The Internal Audit Function on a regular basis reviews the effectiveness and adequacy of control procedures adopted by the Company in mitigating the key risks identified in the Business Risk Profile. Any weaknesses noted during the review are reported to the Audit Committee. Through these mechanisms, the Audit Committee can be assured that the key risks of the Company are regularly reviewed and appropriately managed to an acceptable level.

3. Internal Controls

The keys elements of the Group's system of internal controls that the Board has established in reviewing the adequacy and effectiveness of the risk management framework and internal control system 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.
- 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.

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL (CONT'D)

4. Assurance from Management

In accordance with the Statement on Risk Management & Internal Control – Guidelines for Directors of Listed issuers, the Board has received assurance from the Chief Executive Officer and Chief Financial Officer that to the best of their knowledge the risk management and internal control of the Group are operating effectively and adequately, in all material respects, based on the risk management and internal control framework adopted by the Group.

5. Review of the Statement by External Auditors

As required by Paragraph 15.23 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements, the External Auditors has reviewed this Statement on Risk Management & Internal Control. The External Auditors have reported to the Board that nothing has come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the process the Board has adopted in the review of the adequacy and integrity of internal control and risk management of the Group.

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DIRECTORS' REPORT

The directors hereby submit their report and the audited financial statements of the Group and the Company for the financial year ended 31 March 2013.

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	976	298
- Non-controlling interests	0	0
	<hr/>	<hr/>
	976	298
	<hr/>	<hr/>

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 there were no known bad debts 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 require the writing off of bad debts or render 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.

CURRENT ASSET (CONT'D)

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 OF THE COMPANY

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

Tan Sri Dato' Tan Hua Choon	(resigned on 1.6.2013)
Lim Jian Hoo	
Thor Poh Seng	
Lee Yu-Jin	
Aminuddin Yusof Lana	(resigned on 25.3.2013)
Mohtar Bin Abdullah	(resigned on 15.4.2013)
Haji Azizuddin Bin Haji Hussein	(appointed on 8.4.2013)
Boon Shi Hou	(appointed on 1.6.2013)
Wong Hok Yim	(appointed on 1.6.2013)

DIRECTORS' REPORT

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 31.3.2013
	Balance at 1.4.2012	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 17 JULY 2013

Lim Jian Hoo

Thor Poh Seng

STATEMENT BY DIRECTORS

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 36 to 69 give a true and fair view of the financial position of the Group and the Company as at 31 March 2013 and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

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 17 JULY 2013**

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 36 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 17 July 2013

Teoh Beng Chong

Before me

Nachatar Singh A/L Bhag Singh, PKT, PJK, PK
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 2013 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 36 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 Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia. The directors are also responsible 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 give a true and fair view of the financial position of the Group and the Company as at 31 March 2013 and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

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

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

- (i) As stated in Note 2.1 to the financial statements, the Group and the Company adopted Malaysian Financial Reporting Standards on 1 April 2012 with a transition date of 1 April 2011. These standards were applied retrospectively by directors to the comparative information in these financial statements, including the statements of financial position as at 31 March 2012 and 1 April 2011, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the financial year ended 31 March 2012 and related disclosures. We were not engaged to report on the restated comparative information and it is unaudited. Our responsibilities as part of our audit of the financial statements of the Group and the Company for the financial year ended 31 March 2013 have, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 April 2012 do not contain misstatements that materially affect the financial position as at 31 March 2013 and financial performance and cash flows for the financial year then ended.
- (ii) 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

Chan Kheng Hoe
Approval No: 2979/03/14(J)
Chartered Accountant

Date: 17 July 2013

Penang

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 March 2013

	Note	31.3.2013 RM'000	31.3.2012 RM'000	1.4.2011 RM'000
NON-CURRENT ASSETS				
Property, plant and equipment	4	3,377	3,496	3,907
Investment property	5	6,907	7,110	7,313
Investment in associate	7	638	620	588
Investment in club membership, at cost		25	25	25
Receivables	8	9,477	17,535	31,342
		20,424	28,786	43,175
CURRENT ASSETS				
Inventories	9	4,151	4,082	3,293
Receivables	8	21,803	29,793	25,301
Prepayments		265	123	157
Current tax assets		28	83	79
Cash and cash equivalents	10	27,314	10,695	8,044
		53,561	44,776	36,874
CURRENT LIABILITIES				
Payables	11	1,656	1,469	1,375
Loans and borrowings	12	0	896	9,375
Advance payments from customers		278	127	0
Retirement benefits	13	63	77	52
Current tax liabilities		155	228	245
		2,152	2,797	11,047
NET CURRENT ASSETS		51,409	41,979	25,827
NON-CURRENT LIABILITIES				
Retirement benefits	13	1,074	979	903
Deferred tax liabilities	14	6	9	10
		1,080	988	913
NET ASSETS		70,753	69,777	68,089
EQUITY				
Share capital	15	65,180	65,180	65,180
Share premium		13,296	13,296	13,296
Capital reserve		815	815	815
Accumulated losses		(8,565)	(9,541)	(11,228)
Equity attributable to owners of the Company		70,726	69,750	68,063
Non-controlling interests		27	27	26
TOTAL EQUITY		70,753	69,777	68,089

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

CONSOLIDATED STATEMENT OF **COMPREHENSIVE INCOME**

for the financial year ended 31 March 2013

	Note	2013 RM'000	2012 RM'000
Revenue	16	18,497	17,961
Cost of sales		(13,113)	(11,394)
Gross profit		5,384	6,567
Other income		139	52
Administrative and general expenses		(3,639)	(3,422)
Selling and distribution expenses		(175)	(210)
Finance costs		(6)	(452)
Share of profit of associate		18	32
Profit before tax	17	1,721	2,567
Tax expense	19	(745)	(879)
Profit for the financial year		976	1,688
Other comprehensive income for the financial year		0	0
Total comprehensive income for the financial year		976	1,688
Profit for the financial year attributable to:-			
- Owners of the Company		976	1,687
- Non-controlling interests		0	1
		976	1,688
Total comprehensive income for the financial year attributable to:-			
- Owners of the Company		976	1,687
- Non-controlling interests		0	1
		976	1,688
Earnings per share:-	20		
- Basic (sen)		0.75	1.29
- Diluted (sen)		0.75	1.29

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the financial year ended 31 March 2013

	<u>Non-distributable</u>			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	Capital reserve RM'000				
Balance at 1 April 2011	65,180	13,296	815	(11,228)	68,063	26	68,089
Profit (representing total comprehensive income) for the financial year	0	0	0	1,687	1,687	1	1,688
Balance at 31 March 2012	65,180	13,296	815	(9,541)	69,750	27	69,777
Profit (representing total comprehensive income) for the financial year	0	0	0	976	976	0	976
Balance at 31 March 2013	65,180	13,296	815	(8,565)	70,726	27	70,753

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

CONSOLIDATED STATEMENT OF **CASH FLOWS**

for the financial year ended 31 March 2013

	Note	2013 RM'000	2012 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Granting of hire purchase financing		(17,220)	(20,974)
Cash receipts from customers		51,548	48,254
Cash payments to suppliers		(15,840)	(14,745)
		<hr/>	<hr/>
Cash generated from operations		18,488	12,535
Interest paid		(6)	(480)
Retirement benefits paid		(77)	(55)
Tax paid		(845)	(901)
Tax refunded		79	0
		<hr/>	<hr/>
Net cash from operating activities		17,639	11,099
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		363	169
Proceeds from disposal of property, plant and equipment		27	23
Purchase of property, plant and equipment		(514)	(189)
		<hr/>	<hr/>
Net cash (used in)/from investing activities		(124)	3
CASH FLOWS FROM FINANCING ACTIVITY			
Decrease in loans and borrowings (net)		(896)	(8,451)
		<hr/>	<hr/>
Net cash used in financing activity		(896)	(8,451)
Net increase in cash and cash equivalents		16,619	2,651
Cash and cash equivalents brought forward		10,695	8,044
		<hr/>	<hr/>
Cash and cash equivalents carried forward	10	27,314	10,695
		<hr/> <hr/>	<hr/> <hr/>

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

STATEMENT OF FINANCIAL POSITION

as at 31 March 2013

	Note	31.3.2013 RM'000	31.3.2012 RM'000	1.4.2011 RM'000
NON-CURRENT ASSETS				
Property, plant and equipment	4	234	263	295
Investment property	5	1,892	1,929	1,967
Investments in subsidiaries	6	63,543	63,543	63,543
Investment in associate	7	594	594	594
		<u>66,263</u>	<u>66,329</u>	<u>66,399</u>
CURRENT ASSETS				
Receivables	8	4,399	3,906	3,397
Current tax assets		1	80	76
Cash and cash equivalents	10	1,482	1,495	1,569
		<u>5,882</u>	<u>5,481</u>	<u>5,042</u>
CURRENT LIABILITIES				
Payables	11	156	143	144
		<u>156</u>	<u>143</u>	<u>144</u>
NET CURRENT ASSETS				
		5,726	5,338	4,898
NON-CURRENT LIABILITIES				
Retirement benefits	13	249	225	204
NET ASSETS				
		<u>71,740</u>	<u>71,442</u>	<u>71,093</u>
EQUITY				
Share capital	15	65,180	65,180	65,180
Share premium		13,296	13,296	13,296
Capital reserve		1,800	1,800	1,800
Accumulated losses		(8,536)	(8,834)	(9,183)
TOTAL EQUITY				
		<u>71,740</u>	<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 2013

	Note	2013 RM'000	2012 RM'000
Revenue	16	1,643	1,640
Administrative and general expenses		(1,338)	(1,291)
Profit before tax	17	305	349
Tax expense	19	(7)	0
Profit for the financial year		298	349
Other comprehensive income for the financial year		0	0
Total comprehensive income for the financial year		298	349

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

STATEMENT OF CHANGES IN EQUITY

for the financial year ended 31 March 2013

	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 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
Profit (representing total comprehensive income) for the financial year	0	0	0	298	298
Balance at 31 March 2013	65,180	13,296	1,800	(8,536)	71,740

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

STATEMENT OF CASH FLOWS

for the financial year ended 31 March 2013

	Note	2013 RM'000	2012 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers		411	393
Cash payments to suppliers		(1,232)	(1,201)
Cash absorbed by operations		(821)	(808)
Tax paid		(4)	(4)
Tax refunded		76	0
Net cash used in operating activities		(749)	(812)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		39	35
Purchase of property, plant and equipment		(3)	0
Repayment from subsidiaries		700	703
Net cash from investing activities		736	738
Net decrease in cash and cash equivalents		(13)	(74)
Cash and cash equivalents brought forward		1,495	1,569
Cash and cash equivalents carried forward	10	1,482	1,495

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

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2013

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 36 to 69 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 40 to 43 together with the notes thereto cover the Company solely.

The presentation currency is Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand ("RM'000") except when otherwise indicated.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 17 July 2013.

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 Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

These are the first MFRS financial statements of the Group and the Company, and MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards* has been applied. The Group and the Company adopted MFRSs on 1 April 2012 with a transition date of 1 April 2011. These standards were applied retrospectively by directors to the comparative information in these financial statements, including the statements of financial position as at 31 March 2012 and 1 April 2011, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the financial year ended 31 March 2012 and related disclosures. The Group and the Company prepared their previous financial statements in accordance with Financial Reporting Standards ("FRSs"). The effects of transition from FRSs to MFRSs are disclosed in Note 2.2.

The Group and the Company have not applied the following MFRSs which have been issued as at the end of the reporting period but are not yet effective:-

MFRS (Issued as at the end of the reporting period)	Effective for annual periods beginning on or after
MFRS 9 <i>Financial Instruments</i>	1 January 2015
MFRS 10 <i>Consolidated Financial Statements</i>	1 January 2013
MFRS 11 <i>Joint Arrangements</i>	1 January 2013
MFRS 12 <i>Disclosure of Interests in Other Entities</i>	1 January 2013
MFRS 13 <i>Fair Value Measurement</i>	1 January 2013
MFRS 119 <i>Employee Benefits</i> (amended in 2011)	1 January 2013

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

MFRS (Issued as at the end of the reporting period)	Effective for annual periods beginning on or after
MFRS 127 <i>Separate Financial Statements</i> (amended in 2011)	1 January 2013
MFRS 128 <i>Investments in Associates and Joint Ventures</i> (amended in 2011)	1 January 2013
IC Interpretation 20 <i>Stripping Costs in the Production Phase of a Surface Mine</i>	1 January 2013
Amendments to MFRS 1 <i>Government Loans</i>	1 January 2013
Amendments to MFRS 7 <i>Disclosures - Offsetting Financial Assets and Financial Liabilities</i>	1 January 2013
Amendments to MFRS 10, MFRS 11 and MFRS 12 <i>Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance</i>	1 January 2013
Amendments to MFRS 10, MFRS 12 and MFRS 127 <i>Investment Entities</i>	1 January 2014
Amendments to MFRS 101 <i>Presentation of Items of Other Comprehensive Income</i>	1 July 2012
Amendments to MFRS 132 <i>Offsetting Financial Assets and Financial Liabilities</i>	1 January 2014
Amendments to MFRSs contained in the document entitled " <i>Annual Improvements 2009 - 2011 Cycle</i> "	1 January 2013

Management foresees that the initial application of the above MFRSs will not have any significant impacts on the financial statements except as follows:-

MFRS 9 *Financial Instruments*

MFRS 9 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 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.

NOTES TO THE FINANCIAL STATEMENTS for the financial year ended 31 March 2013

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

MFRS 119 Employee Benefits (amended in 2011)

MFRS 119 (amended in 2011) eliminates the use of the "corridor" approach in deferring the recognition of actuarial gains and losses on defined benefit plans and instead mandates all such gains and losses to be recognised in other comprehensive income. Management estimates that the adoption of this mandate will have the following financial impacts:-

	The Group		The Company	
	Increase/ (Decrease) in Balance at 1.4.2012 RM'000	Increase/ (Decrease) in Balance at 31.3.2013 RM'000	Increase/ (Decrease) in Balance at 1.4.2012 RM'000	Increase/ (Decrease) in Balance at 31.3.2013 RM'000
Retirement benefits	214	201	(41)	(37)
Accumulated losses	214	201	(41)	(37)

2.2 Transition to MFRSs

The effects of transition from FRSs to MFRSs on the reported financial position are as follows:-

	FRSs RM'000	Effects of transition RM'000	MFRSs RM'000
<u>Consolidated Statement of Financial Position (Extract)</u>			
<u>As at 1 April 2011</u>			
Revaluation surplus	815	(815)	0
Accumulated losses	(12,043)	815	(11,228)
Total equity	68,089	0	68,089
<u>As at 31 March 2012</u>			
Revaluation surplus	815	(815)	0
Accumulated losses	(10,356)	815	(9,541)
Total equity	69,777	0	69,777

Under FRSs, certain property, plant and equipment and investment property of the Group and the Company were stated at valuation less accumulated depreciation and accumulated impairment losses, if any. The last revaluations of these assets were made in the 1980s. Upon transition to MFRSs, the Group and the Company elected to use these revaluations as deemed cost at the revaluation dates. Accordingly, the revaluation surplus of RM815,000 as at 1 April 2011 and 31 March 2012 was reclassified to accumulated losses.

The transition from FRSs to MFRSs did not have any significant effects on the reported financial performance and cash flows.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Basis of Consolidation (cont'd)

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.

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 less accumulated depreciation and accumulated impairment losses, if any. The impairment policy is disclosed in Note 2.9.

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%

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2013

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Property, Plant and Equipment (cont'd)

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

2.5 Investment Property

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

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.

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. 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 2013

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. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2013

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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 is not aware of any judgements, apart from those involving estimations, that can significantly affect the amounts recognised in the financial statements.

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:-

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.

NOTES TO THE FINANCIAL STATEMENTS for the financial year ended 31 March 2013

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</u>							
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
Additions	0	62	266	54	132	0	514
Disposals	0	0	0	0	(83)	0	(83)
Balance at 31 March 2013	1,409	2,498	17,469	2,830	1,238	65	25,509
<u>Depreciation and Impairment Losses</u>							
Balance at 1 April 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
Depreciation	16	49	412	25	114	0	616
Disposals	0	0	0	0	(66)	0	(66)
Balance at 31 March 2013							
Accumulated depreciation	470	1,278	15,205	2,572	991	65	20,581
Accumulated impairment losses	0	0	1,401	150	0	0	1,551
	470	1,278	16,606	2,722	991	65	22,132
<u>Carrying Amount</u>							
Balance at 1 April 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
Balance at 31 March 2013	939	1,220	863	108	247	0	3,377

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 March 2013

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

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 2011	317	512	119	948
Movement during the year	0	0	0	0
Balance at 31 March 2012	317	512	119	948
Additions	0	3	0	3
Balance at 31 March 2013	317	515	119	951
<u>Accumulated Depreciation</u>				
Balance at 1 April 2011	120	499	34	653
Depreciation	6	2	24	32
Balance at 31 March 2012	126	501	58	685
Depreciation	7	2	23	32
Balance at 31 March 2013	133	503	81	717
<u>Carrying Amount</u>				
Balance at 1 April 2011	197	13	85	295
Balance at 31 March 2012	191	11	61	263
Balance at 31 March 2013	184	12	38	234

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</u>					
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
Movement during the year	0	0	0	0	0
Balance at 31 March 2013	944	652	1,750	8,570	11,916
<u>Accumulated Depreciation</u>					
Balance at 1 April 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
Depreciation	0	11	21	171	203
Balance at 31 March 2013	0	338	329	4,342	5,009

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 March 2013

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
<u>Carrying Amount</u>					
Balance at 1 April 2011	944	336	1,463	4,570	7,313
Balance at 31 March 2012	944	325	1,442	4,399	7,110
Balance at 31 March 2013	944	314	1,421	4,228	6,907
<u>Fair Value</u>					
Estimated fair value at 1 April 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
Estimated fair value at 31 March 2013	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</u>					
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
Movement during the year		0	0	0	0
Balance at 31 March 2013		594	873	1,402	2,869
<u>Accumulated Depreciation</u>					
Balance at 1 April 2011		0	271	631	902
Depreciation		0	10	28	38
Balance at 31 March 2012		0	281	659	940
Depreciation		0	9	28	37
Balance at 31 March 2013		0	290	687	977
<u>Carrying Amount</u>					
Balance at 1 April 2011		594	602	771	1,967
Balance at 31 March 2012		594	592	743	1,929
Balance at 31 March 2013		594	583	715	1,892
<u>Fair Value</u>					
Estimated fair value at 1 April 2011		1,485	3,650	2,955	8,090
Estimated fair value at 31 March 2012		1,485	3,650	2,955	8,090
Estimated fair value at 31 March 2013		1,485	3,650	2,955	8,090

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2013

5. INVESTMENT PROPERTY (CONT'D)

The fair values of investment property as at 1 April 2011 were estimated 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 there have been no significant changes in the estimated fair values as at 31 March 2012 and 2013.

6. INVESTMENTS IN SUBSIDIARIES

The Company

	2013 RM'000	2012 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

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

Name of Subsidiary	Effective Ownership Interest		Principal Activity
	2013	2012	
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%	Inactive
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%	Inactive
Maritime Credits (Malaysia) Sdn. Bhd.	100%	100%	Inactive

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 March 2013

7. INVESTMENT IN ASSOCIATE

	The Group		The Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Unquoted shares, at cost	672	672	672	672
Share of post-acquisition profit or loss	(472)	(490)	0	0
Share of post-acquisition other comprehensive income	713	713	0	0
Impairment loss	(275)	(275)	(78)	(78)
	638	620	594	594

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

Name of Associate	Effective Ownership Interest		Principal Activity
	2013	2012	
Mahakota Sdn. Bhd.	25.4%	25.4%	Woodworks manufacturer and dealer in timber and wood

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

	2013 RM'000	2012 RM'000
Total assets	10,368	9,530
Total liabilities	5,587	4,820
Revenue	8,502	8,928
Profit for the financial year	71	127

8. RECEIVABLES

	The Group		The Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Hire purchase receivables (fixed rate)	30,822	46,600	0	0
Trade receivables	559	723	0	0
Allowance for impairment	(212)	(78)	0	0
	347	645	0	0
Other receivables:-				
- Subsidiaries	0	0	4,356	3,863
- Unrelated parties	111	83	43	43
	111	83	4,399	3,906
	31,280	47,328	4,399	3,906
Disclosed as:-				
- Non-current assets	9,477	17,535	0	0
- Current assets	21,803	29,793	4,399	3,906
	31,280	47,328	4,399	3,906

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2013

8. RECEIVABLES (CONT'D)

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 motor vehicles financed. The effective interest rates as at 31 March 2013 ranged from 6% to 7% (2012 : 6% to 7%) per annum. The repayment analysis is as follows:-

	The Group	
	2013	2012
	RM'000	RM'000
Minimum hire purchase payments:-		
- Within 1 year	22,621	31,248
- Later than 1 year and not later than 5 years	9,853	18,136
	32,474	49,384
Unearned finance income	(1,652)	(2,784)
Present value of hire purchase receivables:-		
- Within 1 year	21,345	29,065
- Later than 1 year and not later than 5 years	9,477	17,535
	30,822	46,600

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	
	2013	2012
	RM'000	RM'000
Balance at 1 April	78	83
Impairment loss recognised	134	0
Impairment loss written off	0	(5)
Balance at 31 March	212	78

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	
	2013	2012
	RM'000	RM'000
Not past due	216	167
Past due 1 to 30 days	131	306
Past due 31 to 120 days	0	146
Past due more than 120 days	0	26
	347	645

NOTES TO THE FINANCIAL STATEMENTS for the financial year ended 31 March 2013

8. RECEIVABLES (CONT'D)

Trade Receivables (cont'd)

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 2013, there were 2 (2012 : 3) 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 RM325,000 (2012 : RM511,000).

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.

9. INVENTORIES

	The Group	
	2013 RM'000	2012 RM'000
Raw materials	2,420	2,476
Work-in-progress	864	703
Finished goods	353	304
Consumables	180	195
Goods-in-transit	334	404
	4,151	4,082

10. CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Highly liquid investments	0	2,131	0	0
Term deposits with licensed banks (fixed rate)	6,054	5,756	1,337	1,302
Cash and bank balances:-				
- Interest earning (fixed rate)	20,982	0	123	0
- Non-interest earning	278	2,808	22	193
	27,314	10,695	1,482	1,495

As at 31 March 2012, a term deposit of the Group amounting to RM180,000 had been pledged as security for credit facilities granted to the Group. Accordingly, this term deposit was not freely available for use.

The effective interest rates of term deposits and interest earning bank balances as at 31 March 2013 ranged from 2.3% to 3.1% (2012 : 2.0% to 3.1%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2013

11. PAYABLES

	The Group		The Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Trade payables	898	777	0	0
Other payables	758	692	156	143
	<u>1,656</u>	<u>1,469</u>	<u>156</u>	<u>143</u>

The currency profile of payables is as follows:-

	The Group		The Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Ringgit Malaysia	1,524	1,305	156	143
US Dollar	107	164	0	0
Others	25	0	0	0
	<u>1,656</u>	<u>1,469</u>	<u>156</u>	<u>143</u>

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

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	
	2013 RM'000	2012 RM'000
Revolving credits (fixed rate)	<u>0</u>	<u>896</u>

Loans and borrowings were 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% per annum.

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 March 2013

13. RETIREMENT BENEFITS

	The Group		The Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Balance at 1 April	1,056	955	225	204
Provision	158	156	24	21
Payments	(77)	(55)	0	0
Balance at 31 March	1,137	1,056	249	225
Represented by:-				
- Present value of unfunded obligations	1,338	1,270	212	184
- Unrecognised actuarial (losses)/gains	(201)	(214)	37	41
	1,137	1,056	249	225
Disclosed as:-				
- Current liabilities	63	77	0	0
- Non-current liabilities	1,074	979	249	225
	1,137	1,056	249	225

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

	The Group		The Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Amortisation of actuarial losses/(gains)	13	15	(4)	(4)
Current service cost	77	78	18	16
Interest cost	68	63	10	9
	158	156	24	21
Included in:-				
- Cost of sales	95	93	0	0
- Administrative and general expenses	63	63	24	21
	158	156	24	21

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

	The Group		The Company	
	2013	2012	2013	2012
	%	%	%	%
Discount rate	5.50	5.50	5.50	5.50
Expected rate of salary increases	5.00	5.00	5.00	5.00

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2013

14. DEFERRED TAX LIABILITIES

The Group

	2013 RM'000	2012 RM'000
Balance at 1 April	9	10
Deferred tax income relating to origination and reversal of temporary differences	(3)	(1)
Balance at 31 March	<u>6</u>	<u>9</u>
In respect of taxable temporary differences of:-		
- Property, plant and equipment	4	6
- Investment property	2	3
	<u>6</u>	<u>9</u>

Save as disclosed above, as at 31 March 2013, 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 RM575,000 and RM10,000 (2012 : RM618,000 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	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Deductible temporary differences of:-				
- Property, plant and equipment	58	61	0	0
- Inventories	13	79	0	0
- Financial instruments	45	42	45	42
- Advance payments from customers	183	0	0	0
- Retirement benefits	1,137	1,056	249	225
Unused capital allowances	16,855	17,415	447	497
Unused tax losses	35,043	35,043	92	92
Taxable temporary differences of:-				
- Property, plant and equipment	(1,326)	(1,558)	(40)	(41)
- Investment property	(973)	(914)	0	0
	<u>51,035</u>	<u>51,224</u>	<u>793</u>	<u>815</u>

15. SHARE CAPITAL

	2013 RM'000	2012 RM'000
Authorised:- 200,000,000 ordinary shares of RM0.50 each	<u>100,000</u>	<u>100,000</u>
Issued and fully paid-up:- 130,361,472 ordinary shares of RM0.50 each	<u>65,180</u>	<u>65,180</u>

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 March 2013

16. REVENUE

	The Group		The Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Sale of goods	14,921	13,157	0	0
Management fee	0	0	240	240
Dividend income	0	0	1,200	1,200
Interest income	3,229	4,215	39	35
Rental income	347	589	164	165
	<u>18,497</u>	<u>17,961</u>	<u>1,643</u>	<u>1,640</u>

17. PROFIT BEFORE TAX

	The Group		The Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Profit before tax is arrived at after charging:-				
Allowance for slow moving inventories	28	40	0	0
Auditors' remuneration	52	43	20	17
Depreciation of:-				
- Investment property	203	203	37	38
- Property, plant and equipment	616	583	32	32
Direct operating expenditure for investment property	103	70	42	40
Directors' remuneration:-				
- Fees	45	42	45	42
- Other emoluments	421	416	421	416
Fee expense for financial instruments not at fair value through profit or loss	24	32	1	1
Impairment loss on loans and receivables	134	0	0	0
Interest expense for financial liabilities not at fair value through profit or loss	6	452	0	0
Realised loss on foreign exchange	8	0	0	0
and crediting:-				
Bad debts recovered	1	1	0	0
Dividend income from investments in subsidiaries	0	0	1,200	1,200
Gain on disposal of property, plant and equipment	10	6	0	0
Interest income for financial assets not at fair value through profit or loss:-				
- Hire purchase financing	2,931	4,071	0	0
- Cash and cash equivalents	363	169	39	35
Rental income from investment property	347	589	164	165
Reversal of allowance for slow moving inventories	67	4	0	0
	<u>2,931</u>	<u>4,071</u>	<u>1,643</u>	<u>1,640</u>

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2013

18. EMPLOYEE BENEFITS EXPENSE

	The Group		The Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Short-term employee benefits	4,740	4,388	790	759
Defined contribution plan	421	408	89	85
Defined benefit plan	158	156	24	21
	<u>5,319</u>	<u>4,952</u>	<u>903</u>	<u>865</u>

19. TAX EXPENSE

	The Group		The Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Tax based on results for the year:-				
Malaysian income tax	741	867	3	0
Deferred tax	(3)	(1)	0	0
	<u>738</u>	<u>866</u>	<u>3</u>	<u>0</u>
Tax underprovided in prior year	7	13	4	0
	<u>745</u>	<u>879</u>	<u>7</u>	<u>0</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	
	2013 %	2012 %	2013 %	2012 %
Applicable tax rate	25.00	25.00	25.00	25.00
Expenses eligible for double deduction	0.00	(0.84)	0.00	0.00
Share of profit of associate	(0.29)	(0.32)	0.00	0.00
Non-deductible expenses	21.19	12.32	76.20	63.74
Non-taxable income	(0.23)	(0.58)	(98.36)	(85.84)
Decrease in unrecognised deferred tax assets	(2.79)	(1.84)	(1.86)	(2.90)
Average effective tax rate	<u>42.88</u>	<u>33.74</u>	<u>0.98</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:-

	2013	2012
Profit for the financial year attributable to owners of the Company (RM'000)	<u>976</u>	<u>1,687</u>
Weighted average number of shares in issue ('000)	<u>130,361</u>	<u>130,361</u>
Basic earnings per share (sen)	<u>0.75</u>	<u>1.29</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 2013

21. RELATED PARTY DISCLOSURES

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

	The Group		The Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Key management personnel compensation:-				
- Short-term employee benefits	614	604	421	414
- Defined contribution plan	66	64	45	44
	680	668	466	458
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
Granting of hire purchase financing to related party*:-				
- Principal financed	17,220	20,974	0	0
- Principal repaid	32,754	29,230	0	0
- Interest charged and repaid	2,931	4,071	0	0
Purchase of property, plant and equipment from related party**	0	24	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 2013

22. SEGMENT REPORTING (CONT'D)

The Group (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>31.3.2013</u>					
Segment assets	16,586	51,460	73,861	(67,922)	73,985
Included in the measure of segment assets are:-					
- Investment in associate	638	0	0	0	638
- Additions to non-current assets	511	0	3	0	514
Segment liabilities	3,773	4,605	408	(5,554)	3,232
Segment profit	41	1,776	351	(1,192)	976
Included in the measure of segment profit are:-					
- External revenue	15,103	3,154	240	0	18,497
- Intersegment revenue	0	0	1,470	(1,470)	0
- Interest income	65	0	0	0	65
- Allowance for slow moving inventories	28	0	0	0	28
- Reversal of allowance for slow moving inventories	67	0	0	0	67
- Depreciation	681	76	70	(8)	819
- Impairment loss on loans and receivables	134	0	0	0	134
- Interest expense	0	6	0	0	6
- Share of profit of associate	18	0	0	0	18
- Tax expense	10	666	69	0	745

31.3.2012

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

NOTES TO THE FINANCIAL STATEMENTS for the financial year ended 31 March 2013

22. SEGMENT REPORTING (CONT'D)

The Group (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>31.3.2012 (cont'd)</u>					
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

1.4.2011

Segment assets	15,685	58,333	73,050	(67,019)	80,049
Segment liabilities	3,163	13,078	349	(4,630)	11,960

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:-

	2013 RM'000	2012 RM'000
Malaysia	16,124	16,583
United States of America	2,373	1,378
	<u>18,497</u>	<u>17,961</u>

Major Customers

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

	External Revenue		
	2013 RM'000	2012 RM'000	Operating Segment
Customer I*	11,875	10,702	Manufacture of wood products
Customer II*	2,931	4,071	Granting of financing

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

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2013

23. COMMITMENT FOR PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

The Group

	2013 RM'000	2012 RM'000
Contracted but not provided for	160	0

24. 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 RM16,300,000 (2012 : RM17,600,000). The total utilisation of these credit facilities as at 31 March 2013 amounted to approximately RM292,000 (2012 : RM1,377,000).

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.

25. 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 24.

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 motor 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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2013

25. FINANCIAL RISK MANAGEMENT (CONT'D)

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.

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	The Group
	Increase/ (Decrease)	Increase/ (Decrease)
	in Profit	in Profit
	2013	2012
	RM'000	RM'000
Appreciation of USD against RM by 10%	(11)	(16)
Depreciation of USD against RM by 10%	11	16

Interest Rate Risk

The Group's exposure to interest rate risk arises mainly from interest-bearing financial instruments, namely hire purchase receivables, cash and cash equivalents 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.

26. 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 as follows:-

	The Group	The Group
	2013	2012
	RM'000	RM'000
Total loans and borrowings	0	896
Total equity	70,753	69,777
Total capital	70,753	70,673
Debt-to-equity ratio	0 : 1	0.01 : 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	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Total accumulated losses of the Company and its subsidiaries:-				
- Realised	(41,513)	(42,440)	(8,536)	(8,834)
- Unrealised	106	108	0	0
	<u>(41,407)</u>	<u>(42,332)</u>	<u>(8,536)</u>	<u>(8,834)</u>
Total share of accumulated losses of associate:-				
- Realised	(472)	(490)	0	0
- Unrealised	0	0	0	0
	<u>(41,879)</u>	<u>(42,822)</u>	<u>(8,536)</u>	<u>(8,834)</u>
Consolidation adjustments and eliminations	33,314	33,281	0	0
Total accumulated losses as per statement of financial position	<u>(8,565)</u>	<u>(9,541)</u>	<u>(8,536)</u>	<u>(8,834)</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 26 July 2013

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	9,398	0.01
100 - 1,000	587	448,822	0.34
1,001 - 10,000	2,188	6,956,067	5.33
10,001 - 100,000	294	7,477,796	5.74
100,001 - less than 5% of issued shares	42	75,685,860	58.06
5% and above of issued shares	3	39,783,529	30.52
	3,344	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. Wong Hok Yim	552,000	0.42	10,247,300*	7.86

* Deemed to have interest through his spouse pursuant to Section 134(12)(c) of the Companies Act, 1965.

ANALYSIS OF SHAREHOLDINGS as at 26 July 2013

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. Maybank 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. Lee Pui Inn	6,091,700	4.67
8. Low Cheng Peng	5,927,700	4.55
9. Tan Han Chuan	5,844,100	4.48
10. Ong Har Hong	5,436,000	4.17
11. Ong Wee Lieh	5,172,000	3.97
12. Chew Boon Seng	4,285,671	3.29
13. Ong Poh Lin	4,104,600	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. Ong Huey Peng	1,878,348	1.44
18. Tan Lay Choo	1,062,000	0.81
19. Chew Boon Seng	1,057,500	0.81
20. Hussein Noordin Sdn. Berhad	695,250	0.53
21. Wong Hok Yim	552,000	0.42
22. Sin Kek Yong	551,000	0.42
23. Lim Siak Hwah	456,400	0.35
24. Cheong Kui Lan	443,500	0.34
25. Syarikat Jeragan (Holdings) Sdn Bhd	354,450	0.27
26. Lim Sew Hua @ Lim Seow Hua	335,000	0.26
27. Loh Tze Yee	317,000	0.24
28. Chew Hui Kuan	304,200	0.23
29. Eng Aba @ Ng Soon Chan	247,200	0.19
30. Sin Len Moi	227,300	0.17

LIST OF GROUP PROPERTIES

as at 31 March 2013

Date Of Acquisition/ Revaluation	Location	Description	Existing Use	Tenure/ Approximate Age of Building	Area (Sq. metres)	Net Book Value as at 31.3.2013 (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)/ 44 years	5,052	601,000
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)/ 37 years	13,575	1,375,000
30.11.1992 (Acquisition)	68-5-1, Maica Court 68, Jalan Cantonment Pulau Pinang	Residential Apartment	Residential	Freehold / Strata 28 years	255	184,000
31.03.1983 (Revaluation)	Lot 822, Taman Seluang, Kulim, Kedah	Land & Residential Building	Vacant	Freehold/ 32 years	418	100,000
31.03.1990 (Acquisition)	9, Jalan Zainal Abidin Pulau Pinang	Land & Commercial Building	Office	Freehold/ 25 years	362	1,209,000
31.03.1987 (Acquisition)	Plot 23, Kulim Industrial Estate Kulim, Kedah	Land & Industrial Building	Bonded Warehouse	Leasehold (expiring on 9.11.2080)/ 32 years	59,934	3,170,000
31.08.1995 (Acquisition)	Plot 44, Kulim Industrial Estate Kulim, Kedah	Land & Industrial Building	Vacant	Leasehold (expiring on 6.4.2082)/ 13 years	14,164	1,988,000
15.12.1981 (Revaluation)	15, Jalan Zainal Abidin Pulau Pinang	Land & Commercial Building	Office	Freehold/ 35 years	203	439,000

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MALAYSIA AICA BERHAD (8235-K)

PROXY FORM

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

of
(FULL ADDRESS)

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

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

of
(FULL ADDRESS)

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

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

of
(FULL ADDRESS)

representing percentage(%) of my/our shareholdings in the Company and/or failing him/her/ them, the **Chairman of the Meeting** as my/our proxy/proxies to vote for me/us on my/our behalf, at the Forty-Fourth Annual General Meeting ("44th AGM") of the shareholders of the Company to be held at Bukit Kiara Equestrian and Country Resort, Dewan Berjaya Room, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur, Malaysia on Thursday, 19 September 2013 at 1.00 p.m. or any adjournment thereof.

The proxy is to vote on the Resolutions set out in the notice of the 44th 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.

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

No. of shares held	CDS Account No.	Contact No.

Signed this _____ day of _____ 2013.

Signature/Common Seal

Notes:

1. A member entitled to attend and vote at the Annual General 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. 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.
3. 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.
4. The instrument appointing a proxy 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 Annual General Meeting or any adjournment thereof.
5. Depositors whose names appear in the Record of Depositors on a date not less than three (3) market days before the Annual General Meeting shall be entitled to attend and vote at the Annual General Meeting or appoint proxies to attend, speak and vote on their behalf.

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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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