

The logo for D'nonce Technology Bhd. The word "D'nonce" is in a large, blue, sans-serif font with a red dot over the 'i'. Below it, "TECHNOLOGY BHD" is written in a smaller, blue, all-caps sans-serif font. To the right of "BHD" is a small registration symbol (®) and the number "503292-K".

**D'nonce**  
**TECHNOLOGY BHD** 503292-K

Your Dependable Partner

A stylized, glowing green globe of the Earth is centered in the lower half of the page. The globe is composed of many thin, parallel lines that create a sense of depth and motion. The background is a gradient of green and yellow, with several bright, out-of-focus light spots (bokeh) scattered across it. The overall aesthetic is modern and technological.

**annual report 2008**

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*Cover rationale:*

*To achieve "Your Dependable Partner" status to our customers, D'nonce constantly focused on a globalization vision which will ultimately benefits all parties.*

*With the strategy, strength and team work, we have positioned ourselves to face challenges ahead while continue to embark growth opportunities.*

# Notice Of Annual General Meeting

**NOTICE IS HEREBY GIVEN** that the Ninth Annual General Meeting of D'nonce Technology Bhd. ("the Company") will be held at Function Hall 1 Level 2, The Gurney Resort Hotel and Residences, Pulau Pinang on Friday, 27 February 2009 at 11.30 a.m.

## AGENDA

### AS ORDINARY BUSINESS

- |    |  |                     |
|----|--|---------------------|
| 1. | To receive the Statutory Financial Statements for the financial year ended 31 August 2008 together with the Reports of the Directors and Auditors thereon. | <b>Resolution 1</b> |
| 2. | To approve the payment of Directors' fees for the financial year ended 31 August 2008.   | <b>Resolution 2</b> |
| 3. | (i) To re-elect Dato' Ahmad Ibnihajar who retires in accordance with Article 95(1) of the Company's Articles of Association.                               | <b>Resolution 3</b> |
|    | (ii) To re-appoint Dato' Oon Choo Eng @ Oon Choo Khye who retires in accordance with Section 129(6) of the Companies Act, 1965.                            | <b>Resolution 4</b> |
| 4. | To re-appoint Messrs Ernst & Young as Auditors and to authorise the Directors to determine their remuneration.   | <b>Resolution 5</b> |

### AS SPECIAL BUSINESS

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

#### Ordinary Resolution

- |    |   |                     |
|----|---|---------------------|
| 5. | <b>Approval for issuance of new ordinary shares pursuant to Section 132D of the Companies Act, 1965</b>   | <b>Resolution 6</b> |
|    | "THAT, subject to the Companies Act 1965, the Articles of Association of the Company and the approvals from the relevant governmental/regulatory authorities, where such approval is necessary, the Directors be and are hereby empowered pursuant to Section 132D of the Companies Act, 1965 to issue shares in the Company at any time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued does not exceed 10% of the issued share capital of the Company for the time being AND THAT the Directors be and are also empowered to obtain approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad." |                     |

# Notice Of Annual General Meeting

6. To transact any other business of which due notice shall have been received.

By Order of the Board

**MOLLY GUNN CHIT GEOK (MAICSA 0673097)**  
**YEAP KOK LEONG (MAICSA 0862549)**  
Company Secretaries

Penang  
5 February 2009

## NOTES:

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint at least one proxy but not more than two (who need not be members of the Company) to attend and vote on his behalf.
2. Where a member appoints two proxies, the appointments shall be invalid unless the percentage of the holding to be represented by each proxy is specified.
3. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
4. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of any officer or attorney duly authorised.
5. The instrument appointing a proxy or proxies must be deposited at the Company's Registered Office at Suite 12-02, 12th Floor Menara MAA, 170 Jalan Argyll, 10050 Penang, Malaysia not less than 48 hours before the time set for the meeting.
6. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the meeting in accordance with Section 147 of the Companies Act 1965.

## EXPLANATORY NOTES ON SPECIAL BUSINESS

1. **Resolution 6 – Approval for issuance of new ordinary shares pursuant to Section 132D of the Companies Act, 1965**

The Ordinary Resolution proposed under item 6 of the agenda, if passed, will from the date of the above meeting give the Directors of the Company authority to allot and issue ordinary shares from the unissued capital of the Company for such purposes as the Directors consider would be in the interest of the Company. The authority will, unless revoked or varied by the Company in General Meeting, expire at the next Annual General Meeting.

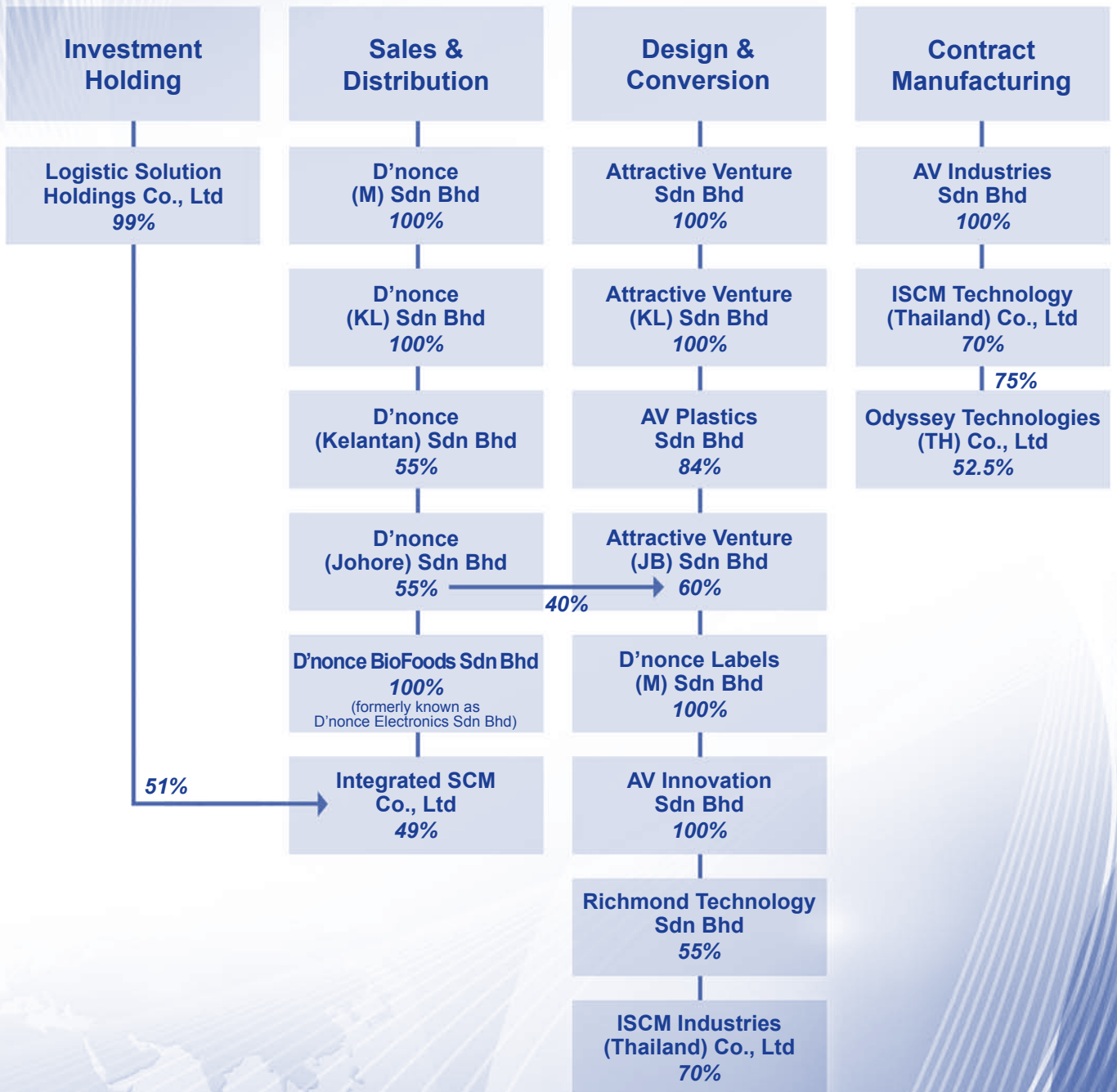
# Statement Accompanying Notice Of Annual General Meeting

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Pursuant to Paragraph 8.28(2) of the Listing Requirements of Bursa Malaysia Securities Berhad

The profile and shareholdings of the Directors who are standing for re-election/re-appointment under Article 95(1) of the Company's Articles of Association and Section 129(6) of the Companies Act, 1965 and re-election are set out on pages 14 to 16 and 104 respectively of the annual report.

# Corporate Structure



# Corporate Information

## BOARD OF DIRECTORS

- Dato' Ahmad Ibnihajar  
- Independent Non-Executive Chairman
- Dato' Oon Choo Eng @ Oon Choo Khye  
- Independent Non-Executive Director
- Wong Thai Sun  
- Independent Non-Executive Director
- Law Kim Choon  
- Chief Executive Officer/Group Managing Director
- Lim Teik Hoe  
- Executive Director

## AUDIT COMMITTEE

- Wong Thai Sun - Chairman
- Dato' Ahmad Ibnihajar - Member
- Dato' Oon Choo Eng @ Oon Choo Khye - Member

## NOMINATION COMMITTEE

- Dato' Oon Choo Eng @ Oon Choo Khye - Chairman
- Dato' Ahmad Ibnihajar - Member
- Wong Thai Sun - Member

## REMUNERATION COMMITTEE

- Wong Thai Sun - Chairman
- Dato' Ahmad Ibnihajar - Member
- Dato' Oon Choo Eng @ Oon Choo Khye - Member
- Law Kim Choon - Member

## EMPLOYEES' SHARES OPTION SCHEME COMMITTEE

- Dato' Oon Choo Eng @ Oon Choo Khye  
- Independent Non-Executive Director  
- Chairman
- Nellie Poh Saw Ei  
- Group Human Resource Manager
- Chong Hooi Na  
- Senior Manager

## COMPANY SECRETARIES

Gunn Chit Geok (MAICSA 0673097)

Yeap Kok Leong (MAICSA 0862549)

## REGISTERED OFFICE

Suite 12-02, 12th Floor Menara MAA  
170 Jalan Argyll, 10050 Pulau Pinang, Malaysia  
Tel No.: 04- 229 6318  
Fax No.: 04- 226 8318  
E-mail: tccsbpg@streamyx.com

## HEAD OFFICE

51-14-B&C Menara BHL, Jalan Sultan Ahmad Shah  
10050 Pulau Pinang, Malaysia  
Tel No.: 04-228 1198  
Fax No.: 04-228 3016

## SHARE REGISTRARS

Tenaga Koperat Sdn. Bhd. (Company No. 118401-V)  
Level 17, The Gardens North Tower  
Mid Valley City, Lingkaran Syed Putra  
59200 Kuala Lumpur, Malaysia  
Tel No.: 03-2264 3883  
Fax No.: 03-2282 1886

## AUDITORS

Ernst & Young (AF: 0039)  
Chartered Accountants  
22<sup>nd</sup> Floor MWE Plaza, No. 8 Lebuhr Farquhar  
10200 Pulau Pinang, Malaysia

## PRINCIPAL BANKERS

Public Bank Berhad  
No. 6862-6864 Jalan Bagan Jermal, Bagan Ajam  
Butterworth, 13000 Pulau Pinang, Malaysia

Bangkok Bank PLC  
108 Kanchanavanitch Road  
T Sadao, 90120 Songkhla, Thailand

## SOLICITORS

Zaid Ibrahim & Co  
Advocates and Solicitors  
51-22-B&C Menara BHL  
Jalan Sultan Ahmad Shah  
10050 Pulau Pinang, Malaysia

## STOCK EXCHANGE LISTING

Second Board of Bursa Malaysia Securities Berhad  
Stock code: 7114  
Stock name: DNONCE

# Corporate Social Responsibility

## OUR POLICY

We view Corporate Social Responsibility (CSR) as part of our life and through the people that we are engaged with, we can make a lasting and meaningful impact on society. We support the notion that not all programmes for the well being of society can be solely managed by the Government and on this premise, we need to support and contribute in any way possible.

## WORKPLACE

We believe in setting examples to others and before we aspire to be a benefit to the community, we need to have good human capital policies and working environment in place on our own premises. Our human resource development strategy focuses on building self-confidence, leadership, and personal and work competence. Core areas of training include leadership, people skills, business management, financial management, quality, safety and technical skills. We ensure that our employees are equipped with competencies and motivated to carry out their duties well. Health and safety is the emphasis in our work place at every location where we strive to maintain a work place that is safe and without risk to the health and welfare of all those in the premises. We aim to become the preferred employer in our industry.

## COMMUNITY

We fully support CSR initiatives to give back something to society be it in monetary or non-monetary form as a show of appreciation for the benefit that we have enjoyed thus far. Our CSR programmes, although comparatively small, are mainly responding to the immediate needs of the people around us.

We started our CSR initiatives, although in a small way, by supporting several sporting events in Penang and we hope that this will pave the way for other initiatives in different community activities. We were one of the main sponsors for the Penang Open Basketball Tournament whereby the Lady Team that we have sponsored emerged open champion for 2006, 2007 and 2008.

We have also supported in terms of donation, some of the activities of Mount Miriam Cancer Hospital in Penang and we hope to continue supporting such community events wherever we can. We plan to expand our CSR initiatives to reach a bigger section of the local community with the setting up of an information centre for the tracks and trails around Penang Island, possibly to be finalised in 2009. This information centre, which is still under construction, would provide vital information, maps and guides for those with interests in exploring the vast tracks and trails of Penang. We hope that our effort would spur more interests within the community in and outside Penang to take up such healthy outdoor activities. We also hope that this initiative would complement the various tourism initiatives in Penang.

Apart from the direct initiatives, we have also supported several Penang State Government initiatives which have indirectly passed on the contribution to benefit the society in many forms.

## ENVIRONMENT

We do not looked upon ourselves solely as a company but as part of the society and together, we are responsible for any impact on the environment. Stemming from our philosophy of being environment friendly and to be responsible, we have taken many steps to mitigate or minimise adverse impacts arising from our plant operations, including inconvenience to the community. We will continue to initiate environmental improvement programmes at our plants to surpass the standards set by the local authorities.



# Chairman's Statement

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On behalf of the Board of Directors of D'nonce Technology Bhd, I am pleased to present to you the Annual Report and Financial Statements of the Group and the Company for the financial year ended 31 August 2008 ("current year").

## General

The Malaysian economy has been resilient in the first-half of 2008, but is increasingly being affected by the global downturn primarily hinged on the US economy. Although Malaysia has no direct exposure to the US market, it is increasingly feeling the shock from the slowing US economy through trade and investment linkages.

Notwithstanding the tough market environment, the Group continues to innovate and adapt its strategies and processes to the current market environment. The Group's main business is in the electronic and electrical sector and it remains competitive and challenging despite the various counter measure strategies taken by the Group.

## Corporate Developments

During the current year, the Group undertook the following exercises:

- 1) On 5 February 2008, the Company has reorganized its two subsidiaries in Thailand namely ISCM Industries (Thailand) Co. Ltd ("ISCM Ind") and ISCM Technology (Thailand) Co. Ltd. ("ISCM Tech"). Previously, the Company directly holds 70% equity interest in ISCM Tech and ISCM Ind respectively. With the acquisition of ISCM Ind by ISCM Tech, the Company now holds 70% of ISCM Ind through ISCM Tech. This reorganization will not affect the effective interest of the Company in ISCM Ind as the shareholders are holding the same percentage of equity interest in these two subsidiaries in Thailand.
- 2) On 27 June 2008, the Company's wholly-owned subsidiary, D'nonce Electronics Sdn Bhd has changed its name to D'nonce BioFoods Sdn Bhd. This will be a new vehicle for the Group to venture into the health food industry.

## Overall Operational Review

For the current year, the Group registered a revenue of RM161.6 million which is lower by only 1.3% compared to previous year. However, the Group reported a loss before taxation of RM0.84 million compared to a profit of RM40,825 in the previous year. This loss is primarily due to the increased raw material prices and operational costs, impairment of fixed assets in a subsidiary and coupled with the intense competition faced by the Group. In addition to it, the Group also incurred higher finance expenses compared to previous year due to the capital investment incurred from 2007.

## Integrated Supply Chain Products and Services

Revenue for Integrated Supply Chain Products and Services business segment has dropped to RM41.8 million from RM60.0 million in the previous year. This drop is mainly due to the lower demand from our major customer in Thailand. Correspondingly, this affected our profitability to drop to RM0.27 million only.

# Chairman's Statement

## Contract Manufacturing

Revenue for Contract Manufacturing business segment has increased from RM20.9 million in the previous year to RM23.8 million for the current year. This increase is mainly due to the commencement of our tray washing facilities under cleanroom environment by a subsidiary in Thailand. This company is still going through a gestation stage and together with the impairment of fixed assets in another subsidiary, they resulted in a drop in the profitability for this segment from RM1.68 million in the previous year to RM0.34 million in the current year.

## Supply of Packaging Materials

The Supply of Packaging Materials business segment (which include the plastic injection moulding business) has recorded a higher revenue of RM96.0 million for the current year compared to RM82.7 million for the previous year. The result for this segment has recorded a profit of RM1.48 million in the current year compared to a loss of RM0.22 million for the previous year mainly due to the higher inventories write off in the previous year.

## Prospects

We expect financial year 2009 to remain challenging due to the uncertainty of the current global economic situation. However, the Group will continuously take counter measures to prepare to face the challenges with strategies in business penetration, cost management and engaging into new businesses outside the electronics sector.

In late 2008, the Group has already made inroads into the non-electronics sector by venturing into the health food segment through D'nonce BioFoods Sdn Bhd. We expect this segment to contribute positively to the Group's performance in the near future.

## Corporate Governance

The Board of Directors continues to ensure that the principles of corporate governance and best practices is observed and practised throughout the Group.

## Acknowledgement

On behalf of the Board of Directors, I offer my heartfelt thanks to the management team, employees as well as our shareholders, customers and business partners for their unwavering commitment, support and confidence.

Last but not least, I wish to extend my appreciation to my fellow directors for their dedication and contribution to the Group.

Thank you.

**Dato' Ahmad Ibnihajar**  
Chairman

# Kenyataan Pengerusi

## Kenyataan Pengerusi

Bagi pihak Lembaga Pengarah D'nonce Technology Bhd, saya dengan sukacitanya membentangkan Laporan Tahunan dan Penyata Kewangan bagi Kumpulan dan Syarikat bagi tahun kewangan berakhir 31 Ogos 2008 ("tahun semasa").

## Prakata Umum

Ekonomi Malaysia menunjukkan pengukuhan dalam setengah tahun pertama 2008, tetapi seterusnya telah terjejas akibat kemelesetan global yang berkait rapat dengan ekonomi Amerika Syarikat. Sungguhpun Malaysia tidak mempunyai pendedahan secara terus dengan pasaran Amerika Syarikat, akibat kemelesetan ekonomi negara itu semakin dirasai oleh Malaysia melalui perhubungan perdagangan dan pelaburan antara kedua negara.

Sungguhpun di dalam keadaan pasaran yang menyukarkan, Kumpulan terus memperbaharui dan menyesuaikan strategi-strategi dan proses-proses nya dengan persekitaran pasaran semasa. Sebahagian besar perniagaan Kumpulan masih didalam sektor elektronik dan elektrik dan sektor ini terus memberi persaingan dan cabaran, sungguhpun pelbagai strategi pemulihan telah diambil oleh Kumpulan.

## Perkembangan Korporat

Dalam tahun semasa, Kumpulan telah menjalani usaha-usaha berikut:

- 1) Pada 5 February 2008, Syarikat telah menyusun semula dua anak syarikatnya di Thailand, iaitu ISCM Industries (Thailand) Co. Ltd ("ISCM Ind") dan ISCM Technology (Thailand) Co. Ltd. ("ISCM Tech"). Sebelumnya, Syarikat memegang secara terus 70% kepentingan saham di dalam ISCM Tech and ISCM Ind. Dengan pengambilalihan ISCM Ind oleh ISCM Tech, Syarikat kini memegang 70% kepentingan didalam ISCM Ind melalui ISCM Tech. Penyusunan semula ini tidak menjejaskan kepentingan efektif Syarikat didalam ISCM Ind memandangkan bahawa pemegang-pemegang saham berkenaan masih memegang jumlah peratusan yang sama didalam kepentingan saham bagi kedua-dua anak syarikat tersebut di Thailand
- 2) Pada 27 June 2008, anak syarikat penuh, iaitu D'nonce Electronics Sdn Bhd telah menukar namanya kepada D'nonce BioFoods Sdn Bhd. Syarikat ini adalah merupakan jentera khas bagi Kumpulan untuk menceburi industri makanan kesihatan.

## Semakan Kewangan Operasi

Bagi tahun semasa, Kumpulan telah mencatat perolehan sebanyak RM161.6 juta, iaitu lebih rendah sebanyak 1.3% berbanding perolehan tahun sebelumnya. Walau bagaimanapun, Kumpulan telah mencatatkan kerugian sebelum cukai sebanyak RM0.84 juta berbanding dengan keuntungan sebanyak RM40,825 dalam tahun sebelumnya. Kerugian ini sebahagian besarnya disebabkan oleh peningkatan harga bahan mentah dan kos operasi, penurunan nilai aset tetap anak syarikat dan juga kesan daripada persaingan yang hebat yang dihadapi oleh Kumpulan. Tambahan lagi, Kumpulan telah menanggung perbelanjaan kewangan yang tinggi berbanding dengan tahun sebelumnya akibat daripada pelaburan modal dalam tahun 2007.

# Kenyataan Pengerusi

## Perkhidmatan dan Barangan Rangkaian Bekalan Berintegrasi

Perolehan bagi bidang Perkhidmatan dan Barangan Rangkaian Bekalan Berintegrasi telah menurun kepada RM41.8 juta daripada RM60 juta dalam tahun sebelumnya. Penurunan ini sebahagian besarnya disebabkan oleh permintaan yang rendah daripada pelanggan utama di Thailand. Sejajar dengan ini, keuntungan telah terjejas dan menurun kepada RM0.27 juta.

## Pembuatan Secara Kontrak

Perolehan bagi bidang perniagaan Pembuatan Secara Kontrak telah meningkat daripada RM20.9 juta dalam tahun sebelumnya kepada RM23.8 juta bagi tahun semasa. Peningkatan ini sebahagian besarnya disebabkan oleh pelancaran kemudahan “tray washing” didalam persekitaran bersih oleh sebuah anak syarikat di Thailand. Anak syarikat ini sedang mengalami tempoh penyesuaian dan berserta dengan penurunan nilai aset tetap sebuah lagi anak syarikat, ia mengakibatkan penurunan keuntungan bagi bidang ini daripada RM1.68 juta dalam tahun sebelumnya kepada RM0.34 juta bagi tahun semasa.

## Pembekalan Bahan Pembungkusan

Bidang perniagaan Pembekalan Bahan Pembungkusan (yang juga merangkumi perniagaan “plastic injection moulding”) telah mencatatkan perolehan yang lebih tinggi iaitu sebanyak RM96.0 juta bagi tahun semasa berbanding dengan RM82.7 juta dalam tahun sebelumnya. Keuntungan bagi bidang ini adalah sebanyak RM1.48 juta bagi tahun semasa berbanding dengan kerugian sebanyak RM0.22 juta bagi tahun sebelumnya dimana sebahagian besarnya disebabkan oleh pelupusan inventori yang lebih tinggi dalam tahun sebelumnya.

## Prospek

Adalah dihangkakan bahawa tahun kewangan 2008 akan kekal mencabar disebabkan oleh ketidaktentuan persekitaran global. Walau bagaimanapun Kumpulan akan sentiasa mencari jalan pemulihan untuk bersedia menghadapi cabaran-cabaran dengan menyediakan strategi dalam penembusan perniagaan, pengurusan kos dan memasuki bidang-bidang perniagaan yang di luar sektor elektronik.

Pada lewat tahun 2008, Kumpulan telahpun melangkah didalam sektor bukan-elektronik dengan menceburi dalam bidang makanan kesihatan melalui D’nonce BioFoods Sdn. Bhd. Adalah dijangka bahawa bidang ini berupaya memberi sumbangan yang positif kepada prestasi kumpulan dalam masa terdekat ini.

## Urustadbir Korporat

Lembaga Pengarah akan terus memastikan agar prinsip urustadbir korporat dan tatacara terbaik diberi perhatian dan diamalkan disemua peringkat dalam Kumpulan.

# Kenyataan Pengerusi

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## Penghargaan

Bagi pihak Lembaga Pengarah, secara ikhlasnya saya ingin merakamkan ucapan terima kasih kepada kumpulan pengurusan, kakitangan dan juga kepada pemegang-pemegang saham, pelanggan-pelanggan dan rakan-rakan niaga di atas semua komitmen, sokongan dan keyakinan yang diberi.

Akhir sekali, saya ingin merakamkan penghargaan kepada semua ahli Lembaga Pengarah di atas sumbangan dan dedikasi kepada Kumpulan.

Terima kasih.

**Dato' Ahmad Ibnihajar**  
Pengerusi

## Board of Directors



*Standing from left to right*  
**Wong Thai Sun**  
**Law Kim Choon**  
**Dato' Ahmad Ibnihajar**  
**Dato' Oon Choo Eng @ Oon Choo Khye**  
**Lim Teik Hoe**

# Board Of Directors

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## **Dato' Ahmad Ibnihajar**

**Aged 58, Malaysian**

**Independent Non-Executive Chairman, Member of the Audit Committee, Nomination Committee and Remuneration Committee**

Dato' Ahmad Ibnihajar was appointed to the Board of D'nonce Technology Bhd. on 2 November 2000. He is a member of the Audit, Nomination and Remuneration Committees.

He is currently the Managing Director of Penang Port Sdn. Bhd., a company principally involved in operations of port. He holds a Bachelor degree in Economics from University of Malaya in 1975 and is a Member of the Chartered Institute of Logistics and Transport, Malaysia. He was a Forex Dealer and Portfolio Manager from 1976 to 1979 and Branch Manager from 1980 to 1984 with Malayan Banking Berhad. He was a Director with United Traders Securities Sdn. Bhd. from 1984 to 1991 and Taiping Securities Sdn. Bhd. in 1995, both of which are involved in stock broking business. Between 1991 till now, he is the Chairman of Heirs Corporation Sdn. Bhd., a property development company. Currently, he sits on the Board of several other private limited companies principally involved in property development and investment holding.

Dato' Ahmad Ibnihajar holds directorship in Malaysian Resources Corporation Berhad. He has no family relationship with any Director and/or substantial shareholder of the Company, has never been convicted of any offence within the past ten (10) years other than traffic offences, if any, and does not have any conflict of interest with the Company.

## **Dato' Oon Choo Eng @ Oon Choo Khye**

**Aged 72, Malaysian**

**Independent Non-Executive Director, Chairman of the Nomination and Employees' Shares Option Scheme Committees, Member of the Audit Committee and Member of the Remuneration Committee**

Dato' Oon Choo Eng @ Oon Choo Khye was appointed to the Board of D'nonce Technology Bhd. on 2 November 2000. He is Chairman of the Nomination and Employees' Shares Option Scheme Committees and is a member of the Audit and Remuneration Committees.

He is currently a Director of Kwong Wah Yit Poh Press Bhd., a company principally involved in publishing of newspapers and is also the Chairman of the Board of Directors of Howe Keat Sdn. Bhd. He is the Honorary Assistant Secretary of Sekolah Menengah Kebangsaan Chung Ling from 1961 and also sits on the boards of several other Chinese High Schools and Primary Schools in Penang. He also acts as Patron or Trustee for various associations and sports clubs in Penang. He also sits on the boards of several other private limited companies principally involved in publication, printing, tourism and trading of chemicals and he is also a director of Lam Wah Ee Hospital and was an Ex-Committee member of Silver Jubilee Home for the Aged.

Dato' Oon Choo Eng @ Oon Choo Khye has no family relationship with any Director and/or substantial shareholder of the Company, has never been convicted of any offence within the past ten (10) years other than traffic offences, if any, and does not have any conflict of interest with the Company.

## Board Of Directors

### **Wong Thai Sun**

**Aged 53, Malaysian**

**Independent Non-Executive Director, Chairman of the Audit and Remuneration Committees, Member of the Nomination Committee**

Wong Thai Sun was appointed to the Board of D'nonce Technology Bhd. on 6 November 2006 and also appointed as a member of Audit Committee on the same day. He was appointed as a member of the Nomination and Remuneration Committees on 30 January 2007 and subsequently was redesignated as Chairman of the Audit and Remuneration Committees on 16 April 2007.

He holds a Bachelor of Economics and Accountancy from Australian National University. He is a member of the Malaysian Institute of Accountants and the Certified Public Accountants, Australia. He has public practice experience in accountancy for over 20 years in Malaysia and in overseas and currently has his own public practice firm, which is Wong Thai Sun & Associates. He is also a Director of Suiwah Corporation Bhd., a company listed on the Main Board of Bursa Securities.

Wong Thai Sun has no family relationship with any Director and/or substantial shareholder of the Company, has never been convicted of any offence within the past ten (10) years other than traffic offences, if any, and does not have any conflict of interest with the Company.

### **Law Kim Choon**

**Aged 51, Malaysian**

**Chief Executive Officer/Group Managing Director and Member of the Remuneration Committee**

Law Kim Choon was appointed to the Board of D'nonce Technology Bhd. on 23 October 2000. He has been the Chief Executive Officer of D'nonce Group since 2002. He was appointed as a member of the Remuneration Committee on 30 January 2007. He resigned as a member of the Audit Committee on 30 October 2007 and subsequently was appointed as the Group Managing Director on 1 February 2008.

In 1988, he obtained a Diploma in Management from the Malaysian Institute of Management. He started his career working in a bank in 1977 before leaving in 1991 to join the D'nonce Group.

Law Kim Choon has no family relationship with any Director and/or substantial shareholder of the Company, has never been convicted of any offence within the past ten (10) years other than traffic offences, if any, and does not have any conflict of interest with the Company.



# Board Of Directors

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**Lim Teik Hoe**  
**Aged 49, Malaysian**  
**Executive Director**

Lim Teik Hoe was appointed to the Board of D'nonce Technology Bhd. on 23 October 2000.

He obtained a Diploma in Radiography from Ministry of Health, Malaysia in 1982. He started his career in 1982 as a Radiographer with Penang General Hospital where he served for 9 years before leaving to join the D'nonce Group in 1991. Apart from developing new businesses, he is responsible for the Group's sales and marketing functions. He was also a former member of the College of Radiographers, United Kingdom and Malaysian Society of Radiographers respectively. He is also a Director and substantial shareholder of Kalungan Prestij Sdn. Bhd. and Binary Decode Sdn. Bhd., both of which are investment holding companies. He is also a substantial shareholder of Wintry Enterprise Sdn. Bhd. and Yield Technology (M) Sdn. Bhd., both of which are also investment holding companies.

Lim Teik Hoe has no family relationship with any Director and/or substantial shareholder of the Company, has never been convicted of any offence within the past ten (10) years other than traffic offences, if any, and does not have any conflict of interest with the Company.

# Statement On Internal Control

Pursuant to Paragraph 15.27(b) of Bursa Securities Listing Requirements, the Board of Directors of D'nonce Technology Bhd. is pleased to provide the following statement on the state of internal control of the Group, which has been prepared in accordance with the *Statement on Internal Control: Guidance for Directors of Public Listed Companies ('Internal Control Guidance')* issued by the Institute of Internal Auditors Malaysia and adopted by Bursa Securities.

## RESPONSIBILITY FOR RISK AND INTERNAL CONTROL

The Board recognises the importance of a structured risk management and a risk-based internal audit to establish and maintain a sound system of internal control. The Board affirms its overall responsibility for the Group's systems of internal control and for reviewing the adequacy and integrity of those systems. Because of the limitations that are inherent in any systems of internal control, those systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has established an ongoing process for identifying, evaluating and managing the significant risks faced, or potentially exposed to, by the Group in pursuing its business objectives. This process has been in place throughout the financial year and up to the date of approval of the annual report. The adequacy and effectiveness of this process have been continually reviewed by the Board and are in accordance with the Internal Control Guidance.

## RISK MANAGEMENT

The Board and management practice proactive significant risks identification on a quarterly basis or earlier as appropriate, particularly any major proposed transactions, changes in nature of activities and/or operating environment, or venturing into new operating environment which may entail different risks, and put in place the appropriate risk response strategies and controls until those risks are managed to, and maintained at, a level acceptable to the Board.

## INTERNAL AUDIT

The Board acknowledges the importance of internal audit function and has engaged the services of an independent professional accounting and consulting firm, Messrs. UHY Diong to provide much of the assurance it requires regarding the effectiveness as well as the adequacy and integrity of the Group's systems of internal control.

The internal audit adopts a risk-based approach in developing its audit plan which addresses all the core auditable areas of the Group based on their risk profile. Scheduled internal audits are carried out by the internal auditors based on the audit plan presented to and approved by the Audit Committee. The audit focuses on areas with high risk and inadequate controls to ensure that an adequate action plan has been put in place to improve the controls. For those areas with high risk and adequate controls, the audit ascertains that the risks are effectively mitigated by the controls. On a quarterly basis or earlier as appropriate, the internal auditors report to the Audit Committee on areas for improvement and subsequently followed up to determine the extent of their recommendations that have been implemented.

# Statement On Internal Control

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## INTERNAL CONTROL

Apart from risk management and internal audit, the Group has put in place the following key elements of internal control:

- An organisation structure with well-defined scopes of responsibility, clear lines of accountability, and appropriate levels of delegated authority;
- A process of hierarchical reporting which provides for a documented and auditable trail of accountability;
- A set of documented internal policies and procedures for operational, financial and human resource management, which is subject to regular review and improvement;
- Regular and comprehensive information provided to management, covering financial and operational performance and key business indicators, for effective monitoring and decision making;
- Regular visits to operating units by members of the Board and senior management.

Based on the internal auditors' report for the financial year ended 31 August 2008, there is a reasonable assurance that the Group's systems of internal control are generally adequate and appear to be working satisfactorily. A number of minor internal control weaknesses were identified during the financial period, all of which have been, or are being, addressed. None of the weaknesses have resulted in any material losses, contingencies or uncertainties that would require disclosure in the Group's annual report.

The Board continues to review and implement measures to strengthen the internal control environment of the Group.

This statement has been reviewed by the external auditors in compliance with Paragraph 15.24 of Bursa Securities Listing Requirements.

This statement is issued in accordance with a resolution of the Directors dated 16 December 2008.

# Statement Of Corporate Governance

The Malaysian Code on Corporate Governance (“the Code”) sets out principles and best practices on structures and processes that companies may use in their operations towards achieving the optimal governance framework.

The Board of Directors of D’nonce Technology Bhd. (“the Board”) has always recognised the importance of adopting good corporate governance. The Board is committed to ensure that the highest standards of corporate governance are practised throughout the Group. The Board views this as a fundamental part of discharging its responsibilities to protect and enhance shareholders’ value and the performance of the Company.

The Board is fully committed to the maintenance of high standards of corporate governance by supporting and implementing the prescriptions of the principles and best practices set out in Part 1 and Part 2 of the Malaysian Code of Corporate Governance.

The statement below sets out how the Group has applied the principles and the extent of its compliance with the best practices of good governance throughout the financial year ended 31 August 2008.

## THE BOARD OF DIRECTORS

### The Board

The Board is responsible for the control and proper management of the Company. The Board has delegated specific responsibilities to four main committees namely the Audit, Remuneration, Nomination and ESOS Committees, which operate within approved terms of reference. These Committees have the authority to examine particular issues and report to the Board with their recommendations. The ultimate responsibility for the final decision on all matters, however lies with the entire Board.

### Board Composition

The Board currently consists of two Executive Directors and three Independent Non-Executive Directors. The composition of the Board complies with paragraph 15.02 of the Listing Requirements of Bursa Malaysia Securities Berhad (“BMSB”).

The Group is led and controlled by an experienced Board, many of whom have intimate knowledge of the business and industry. There is a clear division of responsibility between the Chairman and the Chief Executive Officer.

The Board considers that the current size of the Board is adequate and facilitates effective decision-making. The Nomination Committee has reviewed the present composition of the Board and the four main existing committees and is satisfied that they have adequately carried out their functions within their scope of work.

The presence of the Independent Non-Executive Directors will ensure an independent and unbiased view at Board deliberations and fair judgement to safeguard the interest of the Company and shareholders.

# Statement Of Corporate Governance

## Board Meetings

The Board meets on a scheduled basis at least four times a year, at quarterly intervals, with additional meetings convened as and when necessary. At each regularly scheduled meetings, full financial business review including business performance is carried out. Besides Board meetings, the Board also exercises control on matters that require Board's approval through Directors' Circular Resolutions. Amongst others, key matters such as approval of annual and quarterly results, financial statements, major acquisitions and disposals, major expenditure, risk management policies and appointment of Directors are discussed and decided by the Board.

During the financial year ended 31 August 2008, five (5) Board Meetings were held. The attendance record of each Director is as follows:-

Board of Directors' Meeting			Oct 07	Dec 07	Jan 08	Apr 08	Jul 08		
Directors	Position	Attendance					Total	%	
1	Dato' Ahmad Ibnihajar	Independent Non- Executive Chairman	.	.	.	.	.	5/5	100
2	Dato' Oon Choo Eng @ Oon Choo Khye	Independent Non- Executive Director	.	.	.	.	.	5/5	100
3	Law Kim Choon	Chief Executive Officer/Group Managing Director	.	.	.	.	.	5/5	100
4	Lim Teik Hoe	Executive Director	.	.	.	.	.	5/5	100
5	Wong Thai Sun	Independent Non- Executive Director	.	.	.	.	.	5/5	100
<b>Total number of meetings held:</b>							5		

## Supply of Information

The Board is supplied with full and timely information to discharge their duties and responsibilities effectively. All Directors are supplied with an agenda and a set of Board Papers issued in sufficient time prior to Board meetings to ensure that the Directors can appreciate the issues to be deliberated and to obtain further explanations, where necessary, in order to be properly briefed before the meeting.

The Board reports provide, amongst others, periodical financial and corporate information, significant operational, financial and corporate issues, performance of the various business units and management proposals that require Board's approval. In addition there is a schedule of matters reserved specifically for the Board's decision, including amongst others, the approval of corporate policies and procedures, Group operational plan and budget, acquisitions and disposals of assets that are material to the Group, major investments, risk management policies, changes to management and control structure of the Group, including key policies, procedures and authority limits.

# Statement Of Corporate Governance

In exercising their duties, the Directors have access to all information within the Company. All Directors have access to the advice and services of the Company Secretary and may also seek independent professional advice from external consultants at the Company's expense if deemed reasonable and necessary.

At Board meetings, the Management updates the Board on the business and market factors relevant to the Group.

## Appointments to the Board

The Nomination Committee currently comprises the following Independent Non-Executive Directors.

Dato' Oon Choo Eng @ Oon Choo Khye – Chairman	Independent Non-Executive Director
Dato' Ahmad Ibnihajar – Member	Independent Non-Executive Director
Wong Thai Sun – Member	Independent Non-Executive Director

The Nomination Committee assists the Board on the following functions:

1. Recommends to the Board, all directorships to be filled by the shareholders or the Board.
2. Proposes new nominees for the Board and assess directors on an on-going basis.
3. Recommends to the Board of Directors to fill the seats on Board committees.
4. Recommends on the re-election of directors due for retirement under the Articles of Association of the Company taking into account the directors' contribution.
5. Reviews the Board structure, size, mix of skills, experience and other qualities and its composition.
6. Reviews the performance of members of the Board.

As an integral element of the process of appointing new Directors, the Nomination Committee will ensure that there is an orientation and education programme for new Directors with respect to the business and management of the Group.

During the financial year ended 31 August 2008, the Nomination Committee had two meetings on 19 December 2007 and 30 January 2008 respectively and was attended by all members.

On 19 December 2007, the Nomination held a meeting to review the assessment of the Directors and Board Committees and the effectiveness and composition of the Board and Board Committees.

## Re-election of Directors

In accordance with the Company's Articles of Association, at least one third of the Board are subject to retirement by rotation at each Annual General Meeting ("AGM"). All Directors shall retire once in every three years and are eligible for re-election.

The names of Directors who are standing for re-election at the Ninth AGM of the Company to be held on 27 February 2009 are contained in the Statement Accompanying Notice of Annual General Meeting.

# Statement Of Corporate Governance

## Directors' Training

As required under the Listing Requirements of Bursa Securities, all the Directors have attended the Mandatory Accreditation Programme. They have also participated in the Continuing Education Programme ("CEP") organized by the relevant regulatory authorities and professional bodies and have all obtained the requisite CEP points within the stipulated time frame.

The Board shall determine the training needs of the Directors on a continuous basis. The Directors are encouraged to attend various talks, seminars, workshops and other training programmes to ensure that they are kept abreast on various issues facing the changing business environment within which the Group operates to effectively discharge their duties as Directors. The workshops, roadshows, seminars and other training programmes attended by the Directors included Understanding Commercial Agreement and Avoiding Pitfalls in Contract, The revised (2007) Malaysian Code on Corporate Governance & Companies (Amendment) Act 2007 – Challenges Ahead for Directors and Officers of Companies, Seminar on "Certification for Exporting Food Products", Introduction to Corporate Taxation & Self Assessment System, Corporate Taxation – Significant Developments & Tax Planning Considerations etc.

## Employees' Share Option Scheme (ESOS) Committee

The ESOS Committee was established to administer the D'nonce Employees' Share Option Scheme in accordance with the objectives and regulations thereof and to determine participation eligibility, option offers and share allocations and to attend to such other matters as may be required. The members of the ESOS Committee are as follows:-

Dato' Oon Choo Eng @ Oon Choo Khye	Independent Non-Executive Director - Chairman
Nellie Poh Saw Ei	Manager - Group Human Resource
Chong Hooi Na	Senior Manager

During the financial year ended 31 August 2008, the ESOS Committee held one meeting on 15 April 2008.

## DIRECTORS' REMUNERATION

### Remuneration Committee

The Remuneration Committee currently comprises the following members, the majority of whom are Independent non-Executive Directors:-

Wong Thai Sun	Independent Non-Executive Director – Chairman
Dato' Ahmad Ibnihajar	Independent Non-Executive Director – Member
Dato' Oon Choo Eng @ Oon Choo Khye	Independent Non-Executive Director – Member
Law Kim Choon	Chief Executive Officer/Group Managing Director – Member

During the financial year ended 31 August 2008, the Remuneration Committee had three meetings.

### Remuneration Policy

The Remuneration Committee recommends to the Board for approval the remuneration package of the Executive Directors. The remuneration system takes into account individual performance, comparison of the Company's actual performance relative to other companies in the same sector and additional responsibilities of the Directors. The fees of the Directors are subject to shareholders' approval at the AGM.

# Statement Of Corporate Governance

## Details of the Directors' remuneration

The aggregate remuneration of the Directors during the financial year ended 31 August 2008 is set out below:-

### A. Aggregate Remuneration

	Executive Directors RM	Non-Executive Directors RM
Fees	101,000	112,000
Salaries	735,672	12,000
Bonus	-	-
Benefits in kind	-	-
Other benefits	-	-

### B. Band (RM)

Band (RM)	Executive Directors	Non-Executive Directors	Total
Less than 50,000	-	3	3
550,001 – 600,000	1	-	1
More than 800,000	1	-	1

The Board feels that it is inappropriate to disclose the remuneration of individual Directors and has opted not to do so.

## COMMUNICATION WITH SHAREHOLDERS

The Company recognises the importance of timely and thorough dissemination of information on all material business and corporate developments to shareholders and investors.

The Company keeps shareholders informed by announcements and timely release of quarterly financial results through the Bursa Link, press releases, annual report and circulars to shareholders. The Company also responds to ad-hoc requests from institutional investors and analysts for a better understanding on the Group's strategy and financial performance, all within the legal and regulatory framework in respect of information.

Any queries and concerns regarding the Group may be conveyed to the following person:-

Dato' Ahmad Ibnihajar, Senior Independent Non-Executive Director

Telephone number : 04-2281198

Facsimile number : 04-2283016

Shareholders and investors of the public are invited to access the BMSB website at [www.bursamalaysia.com](http://www.bursamalaysia.com) to obtain the latest information on the Group.



# Statement Of Corporate Governance

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The Annual General Meeting (AGM) is the principal forum for dialogue and interaction with individual shareholders and investors where they may seek clarifications on the Group's businesses. The notice of the AGM and the Annual Reports are sent to shareholders at least 21 days before the date of the meeting. The notice of the AGM is also published in a national newspaper and released to the BMSB for public dissemination. Members of the Board are present at the AGM to answer questions raised at the meeting. Auditors of the Company will also be present.

## ACCOUNTABILITY AND AUDIT

### Financial Reporting

The Directors have a responsibility to present a balanced, true and fair assessment of the Groups' financial position and prospects primarily through the annual report to shareholders and quarterly financial statements to BMSB.

The Audit Committee assists the Board in reviewing the information disclosed to ensure accuracy, adequacy and integrity of all annual and quarterly reports, audited or unaudited, and approved by the Board before releasing to the BMSB.

A statement by the Directors of their responsibilities in preparing the financial statements is set out on page 25 of this Annual Report.

### Internal Control

The Board acknowledges its responsibility for maintaining a sound system of internal control and for reviewing its adequacy and integrity. Due to limitations that are inherent in any system of internal control, it should be noted that such system is designed to manage rather than eliminate the risk of failure to achieve business objectives. Further, such system can only provide reasonable but not absolute assurance against material risks or loss.

The Group has in place an on-going process for identifying, evaluating and managing significant risks that may be faced by the Group. The system of internal control covers operational, financial, compliance with applicable laws and risk management. The internal control system helps to safeguard shareholders' investment and the Group's assets.

The information on the Group's internal control is presented in the Statement on Internal Control set out on pages 17 to 18. The Internal Auditors facilitate the overall internal control system and an internal control working committee comprising the Group Chief Executive Officer and heads of major departments assists the Board to oversee the existing risk management framework that had been in place within the Group. The risk management framework had been reviewed subsequent to updates given by executives and heads of various key departments to the Internal Auditors and internal control working committee.

### Relationship with the External Auditors

The Audit Committee's terms of reference formalises the relationship with the External Auditors to report to the members of the Company on their findings which are included as part of the Company's financial reports with respect to each year's audit on the statutory financial statements. In doing so, the Company has established a transparent arrangement with the Auditors to meet their professional requirements and seeking professional advice and ensuring compliance with accounting standards. In the course of audit of the Group's operation, the External Auditors have highlighted to the Audit Committee and the Board on matters that require the Board's attention. The role of the Audit Committee in relation to the External Auditors is described on pages 26 to 29 of this Annual Report.

# Statement Of Corporate Governance

## ADDITIONAL COMPLIANCE INFORMATION

### During the financial year:

- a) No proceeds were raised by the Company from any corporate proposal.
- b) There were no share buybacks by the Company.
- c) None of the Directors has been convicted for offences within the past ten (10) years other than traffic offences, if any.
- d) The Company did not sponsor any American Depository Receipt (“ADR”) or Global Depository Receipt (“GDR”) programmes.
- e) There were no sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or management by the regulatory bodies.
- f) No options, warrants or convertible securities were exercised by the Company.
- g) The Company did not release any profit estimate, forecast or projection. There is no variance between the results for the financial year and the unaudited results previously released by the Company.
- h) There was no profit guarantee given by the Company.
- i) The Company does not have any revaluation policy on landed property for the financial year.
- j) There were no material contracts of the Company and its subsidiaries involving Directors’ and major shareholders’ interests.
- k) The amount of non-audit fees payable to external auditors for the financial year was RM61,850.

### Recurrent Related Party Transactions of a Revenue or Trading Nature (“RRPT”)

During the financial year, the Company did not enter into any RRPT.

### Directors’ Responsibilities Statement in respect of Annual Audited Accounts

Under the Companies Act, 1965, the Directors are required to prepare financial statements for each financial year to give a true and fair view of the state of affairs of the Group and the Company. In preparing the financial statements, the Directors have:-

- adopted and used accounting policies consistently in dealing with items which are considered material in relation thereto;
- made accounting estimates where applicable that are prudent, just and reasonable; and
- ensured that the Company has taken reasonable steps to deter and minimize fraud and other irregularities.

# Audit Committee Report

## MEMBERS

The present members of the Audit Committee are as follows:-

Wong Thai Sun, Chairman	Independent Non-Executive Director
Dato' Ahmad Ibnihajar, Member	Independent Non-Executive Director
Dato' Oon Choo Eng @ Oon Choo Khye, Member	Independent Non-Executive Director

## TERMS OF REFERENCE

### 1. Membership

1.1 The Committee shall be appointed by the Board of Directors amongst the Directors of the Company which fulfils the following requirements:-

- (a) the Committee must be composed of no fewer than 3 members, a majority of whom must be independent directors;
- (b) all members of the Audit Committee shall be non-executive directors and should be financially literate; and
- (c) at least one member of the Committee:
  - (i) must be a member of the Malaysian Institute of Accountants; or
  - (ii) if he is not a member of the Malaysian Institute of Accountants, he must have at least 3 years' working experience and:
    - (aa) he must have passed the examinations specified in Part I of the 1<sup>st</sup> Schedule of the Accountants Act 1967; or
    - (bb) he must be a member of one of the associations of accountants specified in Part II of the 1<sup>st</sup> Schedule of the Accountants Act 1967.
  - (iii) fulfils such other requirements as prescribed or approved by the Exchange.

1.2 No alternate director should be appointed as a member of the Committee.

1.3 In the event of any vacancy in the Committee resulting in the non-compliance of the listing requirement of the Exchange pertaining to composition of audit committee, the Board of Directors shall within three months of that event fill the vacancy.

1.4 The terms of office and performance of the Committee and each of its members must be reviewed by the Board of Directors at least once every 3 years to determine whether the Committee and its members have carried out their duties in accordance with their terms of reference.

### 2. Chairman

2.1 The members of the Committee shall elect a Chairman from among themselves who shall be an independent director.

# Audit Committee Report

## 3. Secretary

3.1 The Company Secretary or if more than one, any one of them, shall be the Secretary of the Committee.

## 4. Meetings

4.1 Meetings shall be held not less than four times a year.

4.2 The Finance Director/Finance Manager, the Head of Internal Audit (where such a function exists) and a representative of the external auditors shall normally attend meetings.

4.3 Other Directors and employees may attend any particular meeting only at the Committee's invitation, specific to the relevant meeting.

4.4 Upon the request of the external auditors, the Chairman of the Committee shall convene a meeting of the Committee to consider any matter the external auditors believe should be brought to the attention of the Directors or shareholders.

4.5 The Committee shall regulate its own procedure, in particular:-

- (a) the calling of meetings;
- (b) the notice to be given of such meetings;
- (c) the voting and proceedings of such meetings;
- (d) the keeping of minutes; and
- (e) the custody, production and inspection of such minutes.

4.6 The Committee should meet with the external auditors without executive Board members present at least twice a year.

## 5. Quorum

5.1 To form a quorum the majority of members present must be independent directors.

## 6. Rights

6.1 The Committee in performing its duties shall in accordance with a procedure to be determined by the Board of Directors:-

- (a) have authority to investigate any matter within its terms of reference;
- (b) have the resources which are required to perform its duties;
- (c) have full and unrestricted access to any information pertaining to the Company;
- (d) have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity;
- (e) be able to obtain independent professional or other advice; and
- (f) be able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of the other directors and employees of Company, whenever deemed necessary.

# Audit Committee Report

## 7. Functions

The Committee shall, amongst others, discharge the following functions:

### 7.1 To review:

- (i) the quarterly results and year end financial statements, prior to the approval by the board of directors, focusing particularly on:
  - (a) changes in or implementation of major accounting policy changes;
  - (b) significant and unusual events;
  - (c) significant adjustments arising from the audit;
  - (d) the going concern assumption; and
  - (e) compliance with accounting standards and other legal requirements.
- (ii) any related party transaction and conflict of interest situation that may arise within the Company or group including any transaction, procedure or course of conduct that raises questions or management integrity;
- (iii) with the external auditors:
  - (a) the audit plan and to ensure co-ordination where more than one audit firm is involved;
  - (b) his evaluation of the system of internal controls;
  - (c) his audit report;
  - (d) his management letter and the management's response; and
  - (e) the assistance given by the Company's employees to the external auditors.

### 7.2 To monitor the management's risk management practices and procedures.

### 7.3 In respect of the appointment of external auditors:

- (a) to review whether there is reason (supported by grounds) to believe that the external auditors are not suitable for reappointment;
- (b) to consider the nomination of a person or persons as external auditors and the audit fee; and
- (c) to consider any questions of resignation or dismissal of external auditors.

### 7.4 In respect of the internal audit function:

- (a) to review the adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work and that it reports directly to the Audit Committee;
- (b) to review the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
- (c) to review any appraisal or assessment of the performance of members of the internal audit function;
- (d) to approve any appointment or termination of senior staff members of the internal audit function; and
- (e) to inform itself of any resignation of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning.

### 7.5 To promptly report such matter to the Exchange if the Committee is of the view that the matter reported by it to the Board of Directors has not been satisfactorily resolved resulting in a breach of the Listing Requirements.

# Audit Committee Report

7.6 To discuss problems and reservations arising from the interim and final audits, and any matter the auditor may wish to discuss (in the absence of management where necessary) to carry out such other functions as may be agreed to by the Committee and the Board of Directors.

## Role of Audit Committee

An independent Audit Committee assists, supports and implements the Board's responsibility to oversee the Company's operations in the following manner:

- provides a means for review of the Company's processes for producing financial data, its internal controls and independence of the Company's External and Internal Auditors;
- reinforces the independence of the Company's External Auditors; and
- reinforces the objectivity of the Company's Internal Auditors.

## Audit Committee Meetings

During the financial year ended 31 August 2008, the Audit Committee held a total of five meetings. The details of the attendance of the Audit Committee members were as follows:

Name	Status of Directorship	Position	No. of meetings attended
Wong Thai Sun	Independent Non-Executive Director	Chairman	5/5
Dato' Ahmad Ibnihajar	Independent Non-Executive Director	Member	5/5
Dato' Oon Choo Eng @ Oon Choo Khye	Independent Non-Executive Director	Member	5/5
Law Kim Choon (resigned w.e.f 30-10-07)	Chief Executive Officer/ Group Managing Director	Member	1/1

The External Auditors attended five meetings during the financial year.

## Activities of the Audit Committee

During the financial year, the Audit Committee met at scheduled times with due notices of meetings issued and with agendas planned and itemized so that issues raised were deliberated and discussed in a focused and detailed manner.

The reviews of the Group's consolidated quarterly financial statements were held before the Board meetings at which the financial statements were to be approved.

The Audit Committee had also met with the External Auditors and discussed the nature and scope of the audit before the audit commenced. The Audit Committee reviewed the internal audit plan prepared by the Internal Auditors.

## Statement by Audit Committee

There is no change in the criteria for allocation of ESOS shares since the inception of the scheme. There were no new allocation of ESOS shares during the year except where the company was extended its existing ESOS which is expiring on 27 May 2008 for a further period of five years from 27 May 2008 until 26 May 2013.

# Directors' Report

The directors present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 August 2008.

## PRINCIPAL ACTIVITIES

The principal activities of the Company are the provision of management services and investment holding.

The principal activities of the subsidiaries are described in Note 13 to the financial statements.

There have been no significant changes in the nature of the principal activities during the financial year except for a subsidiary which has commenced the manufacturing and trading of food related products.

## RESULTS

	<b>GROUP RM</b>	<b>COMPANY RM</b>
Loss for the financial year	<u>(1,705,465)</u>	<u>(1,015,775)</u>
Attributable to:		
Equity holders of the Company	(1,842,318)	(1,015,775)
Minority interests	<u>136,853</u>	<u>-</u>
	<u>(1,705,465)</u>	<u>(1,015,775)</u>

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature other than as disclosed in the financial statements.

## DIVIDEND

No dividend has been paid or declared by the Company since the end of the previous financial year.

## DIRECTORS

The names of the directors of the Company in office since the date of the last report and at the date of this report are:

Dato' Ahmad Ibnihajar  
Dato' Oon Choo Eng @ Oon Choo Khye  
Law Kim Choon  
Lim Teik Hoe  
Wong Thai Sun

# Directors' Report

## DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that financial year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate, other than as may arise from the share options granted to certain of the Company's directors under the Employee Share Options Scheme ("ESOS").

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors as shown in Note 7 to the financial statements or the fixed salary of a full-time employee of the Company or its related corporations) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, other than the related party transactions as disclosed in Note 31(a) to the financial statements.

## DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares and options over shares in the Company or subsidiary companies during the financial year were as follows:

	← Number of Ordinary Shares of RM1 Each →			
	1 September 2007	Bought	Sold	31 August 2008
<b>The Company</b>				
<b>Direct Interest</b>				
Law Kim Choon	1,700,000	-	-	1,700,000
Lim Teik Hoe	2,156,700	-	-	2,156,700

	← Number of Options over Ordinary Shares of RM1 Each →			
	1 September 2007	Granted	Exercised	31 August 2008
<b>The Company</b>				
Law Kim Choon	100,000	-	-	100,000
Lim Teik Hoe	85,000	-	-	85,000

None of the other directors in office at the end of the financial year had any interest in shares and share options in the Company or its subsidiaries during the financial year.



# Directors' Report

## EMPLOYEE SHARE OPTIONS SCHEME

The Company's Employee Share Options Scheme ("ESOS") is governed by the by-laws approved by the shareholders at an Extraordinary General Meeting held on 26 February 2003. The ESOS was implemented on 20 November 2003 and is to be in force for a period of 5 years from the date of implementation. The Board of Directors and ESOS Committee may as deemed fit, extend the ESOS for another 5 years. On 25 April 2008, the Company has extended its existing ESOS which is expiring on 27 May 2008 for a further period of five years from 27 May 2008 until 26 May 2013. This is in accordance with the terms of the ESOS by-laws.

The salient features and other terms of the ESOS are disclosed in Note 23(b) to the financial statements.

Details of options granted to directors are disclosed in the section on Directors' Interests in this report.

## OTHER STATUTORY INFORMATION

- (a) Before the income statements and balance sheets of the Group and of the Company were made out, the directors took reasonable steps:
  - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts in respect of the financial statements of the Group. The directors were also satisfied that all known bad debts had been written off and that no provision for doubtful debts was necessary in respect of the financial statements of the Company; and
  - (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances which would render:
  - (i) the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group inadequate to any substantial extent nor are they aware of any circumstances which would render the amount written off for bad debts in the financial statement of the Company inadequate to any substantial extent or to make any provision for doubtful debts; and
  - (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) As at the date of this report, there does not exist:
  - (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

- (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the directors:
  - (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and
  - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

## **SIGNIFICANT EVENTS**

The significant events during the financial year are disclosed in Note 34 to the financial statements.

## **AUDITORS**

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors dated 16 December 2008.

DATO' AHMAD IBNIHAJAR

LAW KIM CHOON

# Statement By Directors and Statutory Declaration

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## **STATEMENT BY DIRECTORS PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965**

We, Dato' Ahmad Ibnihajar and Law Kim Choon, being two of the directors of D'nonce Technology Bhd., do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 9 to 80 are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 August 2008 and of the results and the cash flows of the Group and of the Company for the financial year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 16 December 2008.

DATO' AHMAD IBNIHAJAR

LAW KIM CHOON

## **STATUTORY DECLARATION PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965**

I, Law Kim Choon, being the director primarily responsible for the financial management of D'nonce Technology Bhd., do solemnly and sincerely declare that the accompanying financial statements set out on pages 37 to 102 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by  
the abovenamed LAW KIM CHOON  
at Georgetown in the State of Penang  
on 16 December 2008:

LAW KIM CHOON

Before me,

CHAI CHOON KIAT, PJM  
No. P 073  
Commissioner for Oaths

# Independent Auditors' Report

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF D'NONCE TECHNOLOGY BHD. (Incorporated in Malaysia)**

### **REPORT ON THE FINANCIAL STATEMENTS**

We have audited the financial statements of D'nonce Technology Bhd., which comprise the balance sheets as at 31 August 2008 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 37 to 102.

#### **Directors' responsibility for the financial statements**

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### **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 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 and fair presentation of the financial statements 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 the 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.

# Independent Auditors' Report

## Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 August 2008 and of their financial performance and cash flows for the year then ended.

## Report on other legal and regulatory requirements

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

- (a) 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.
- (b) We have considered the accounts and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 13 to the financial statements.
- (c) We are satisfied that the accounts of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.
- (d) The auditors' reports on the accounts of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

## OTHER MATTERS

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

ERNST & YOUNG  
AF: 0039  
Chartered Accountants

OO BOON BENG  
No. 1939/12/08(J)  
Chartered Accountant

Penang, Malaysia  
16 December 2008



# Income Statements

For The Financial Year Ended 31 August 2008

	Note	GROUP		COMPANY	
		2008 RM	2007 RM Restated	2008 RM	2007 RM
Revenue	3	161,624,030	163,657,112	2,592,697	1,485,593
Other income	4	752,968	541,906	137	1,874
Changes in inventories of work-in-progress and finished goods		(1,791,218)	(1,513,414)	-	-
Raw materials and consumables used		(40,198,446)	(30,206,776)	-	-
Trading goods purchased		(69,056,582)	(84,423,963)	-	-
Employee benefits expense	5	(26,746,542)	(24,691,235)	(2,446,218)	(2,465,075)
Amortisation of prepaid land lease payments		(49,708)	(49,708)	-	-
Depreciation		(5,176,743)	(4,589,379)	(131,433)	(185,817)
Other expenses		(18,356,901)	(17,395,871)	(704,661)	(2,803,620)
<b>Operating profit/(loss)</b>	6	<u>1,000,858</u>	<u>1,328,672</u>	<u>(689,478)</u>	<u>(3,967,045)</u>
Finance costs	8	<u>(1,843,253)</u>	<u>(1,287,847)</u>	<u>(230,495)</u>	<u>(98,288)</u>
<b>(Loss)/profit before tax</b>		<u>(842,395)</u>	<u>40,825</u>	<u>(919,973)</u>	<u>(4,065,333)</u>
Income tax expense	9	<u>(863,070)</u>	<u>(834,814)</u>	<u>(95,802)</u>	<u>-</u>
<b>Loss for the financial year</b>		<u>(1,705,465)</u>	<u>(793,989)</u>	<u>(1,015,775)</u>	<u>(4,065,333)</u>
Attributable to:					
Equity holders of the Company		(1,842,318)	(1,988,160)	(1,015,775)	(4,065,333)
Minority interests		<u>136,853</u>	<u>1,194,171</u>	<u>-</u>	<u>-</u>
		<u>(1,705,465)</u>	<u>(793,989)</u>	<u>(1,015,775)</u>	<u>(4,065,333)</u>
<b>Earnings per share attributable to equity holders of the Company (sen):</b>					
Basic, for loss for the financial year	10(a)	(4.08)	(4.41)		
Diluted, for loss for the financial year	10(b)	<u>(4.08)</u>	<u>(4.41)</u>		

The accompanying notes form an integral part of the financial statements.

# Balance Sheets

As At 31 August 2008

	Note	GROUP		COMPANY	
		2008 RM	2007 RM Restated	2008 RM	2007 RM
<b>Assets</b>					
<b>Non-current assets</b>					
Property, plant and equipment	11	34,258,961	37,223,129	318,753	452,831
Prepaid land lease payments	12	2,049,440	2,099,148	-	-
Investments in subsidiaries	13	-	-	37,080,957	37,080,957
Investment properties	14	5,670,350	5,960,055	-	-
Other investments	15	74,000	98,720	-	-
Intangible asset	16	289,128	413,371	-	-
Long term trade receivable	17	1,318,649	-	-	-
Deferred tax assets	26	7,573	-	-	-
		<u>43,668,101</u>	<u>45,794,423</u>	<u>37,399,710</u>	<u>37,533,788</u>
<b>Current assets</b>					
Inventories	18	20,258,077	19,857,914	-	-
Trade and other receivables	19	31,280,097	32,118,733	7,421,005	7,806,220
Cash and bank balances	20	11,742,253	11,136,514	390,611	41,675
		<u>63,280,427</u>	<u>63,113,161</u>	<u>7,811,616</u>	<u>7,847,895</u>
<b>Total assets</b>		<u>106,948,528</u>	<u>108,907,584</u>	<u>45,211,326</u>	<u>45,381,683</u>
<b>Equity and liabilities</b>					
<b>Equity attributable to equity holders of the Company</b>					
Share capital	21	45,101,000	45,101,000	45,101,000	45,101,000
Share premium	21	12,309,806	12,309,806	12,309,806	12,309,806
Other reserves	22	1,727,191	2,100,783	-	-
Accumulated losses		(15,493,937)	(13,651,619)	(22,104,547)	(21,088,772)
		<u>43,644,060</u>	<u>45,859,970</u>	<u>35,306,259</u>	<u>36,322,034</u>
<b>Minority interests</b>		<u>8,261,294</u>	<u>8,284,714</u>	<u>-</u>	<u>-</u>
<b>Total equity</b>		<u>51,905,354</u>	<u>54,144,684</u>	<u>35,306,259</u>	<u>36,322,034</u>



# Balance Sheets

As At 31 August 2008

	Note	GROUP		COMPANY	
		2008 RM	2007 RM Restated	2008 RM	2007 RM
<b>Non-current liabilities</b>					
Retirement benefit obligations	23	1,626,709	1,000,511	1,522,484	1,000,511
Borrowings	24	10,686,022	12,736,657	73,213	178,650
Preference shares	25	5,059	5,205	-	-
Deferred tax liabilities	26	148,623	212,025	-	-
		<u>12,466,413</u>	<u>13,954,398</u>	<u>1,595,697</u>	<u>1,179,161</u>
<b>Current liabilities</b>					
Borrowings	24	18,715,618	14,907,385	105,437	100,461
Trade and other payables	27	23,703,252	25,757,316	8,203,933	7,780,027
Current tax payable		157,891	143,801	-	-
		<u>42,576,761</u>	<u>40,808,502</u>	<u>8,309,370</u>	<u>7,880,488</u>
<b>Total liabilities</b>		<u>55,043,174</u>	<u>54,762,900</u>	<u>9,905,067</u>	<u>9,059,649</u>
<b>Total equity and liabilities</b>		<u>106,948,528</u>	<u>108,907,584</u>	<u>45,211,326</u>	<u>45,381,683</u>

The accompanying notes form an integral part of the financial statements.



# Consolidated Statements Of Changes In Equity

For The Financial Year Ended 31 August 2008

	Attributable to Equity Holders of the Company		Non-Distributable		Total RM	Minority Interests RM	Total Equity RM
	Share Capital RM	Share Premium RM	Foreign Currency Translation Reserve RM	Other Capital Reserve RM			
<b>At 1 September 2006</b>	45,101,000	12,309,806	313,195	1,420,000	(11,663,459)	47,480,542	51,975,284
Contribution to share capital of a subsidiary by minority interests	-	-	-	-	-	-	2,397,128
Minority interests share of net assets of subsidiary acquired during the year (Note 13(a))	-	-	-	-	-	-	21,336
Foreign currency translation, representing net loss recognised directly in equity	-	-	367,588	-	-	367,588	544,925
Loss for the financial year	-	-	-	-	(1,988,160)	(1,988,160)	(793,989)
Total recognised income and expense for the financial year	-	-	367,588	-	(1,988,160)	(1,620,572)	(249,064)
<b>At 31 August 2007</b>	45,101,000	12,309,806	680,783	1,420,000	(13,651,619)	45,859,970	54,144,684
<b>At 1 September 2007</b>	45,101,000	12,309,806	680,783	1,420,000	(13,651,619)	45,859,970	54,144,684
Foreign currency translation, representing net income recognised directly in equity	-	-	(373,592)	-	-	(373,592)	(533,865)
Loss for the financial year	-	-	-	-	(1,842,318)	(1,842,318)	(1,705,465)
Total recognised income and expense for the financial year	-	-	(373,592)	-	(1,842,318)	(2,215,910)	(2,239,330)
<b>At 31 August 2008</b>	45,101,000	12,309,806	307,191	1,420,000	(15,493,937)	43,644,060	51,905,354



# Company Statements Of Changes In Equity

For The Financial Year Ended 31 August 2008

	Share Capital RM	Non- Distributable Share Premium RM	Accumulated Losses RM	Total RM
<b>At 1 September 2006</b>	45,101,000	12,309,806	(17,023,439)	40,387,367
Loss for the financial year, representing total recognised income and expense for the financial year	-	-	(4,065,333)	(4,065,333)
<b>At 31 August 2007</b>	45,101,000	12,309,806	(21,088,772)	36,322,034
<b>At 1 September 2007</b>	45,101,000	12,309,806	(21,088,772)	36,322,034
Loss for the financial year, representing total recognised income and expense for the financial year	-	-	(1,015,775)	(1,015,775)
<b>At 31 August 2008</b>	45,101,000	12,309,806	(22,104,547)	35,306,259

The accompanying notes form an integral part of the financial statements.

# Cash Flow Statements

For The Financial Year Ended 31 August 2008

	GROUP		COMPANY	
	2008 RM	2007 RM Restated	2008 RM	2007 RM
<b>Cash flows from operating activities</b>				
(Loss)/profit before tax	(842,395)	40,825	(919,973)	(4,065,333)
Adjustments for:				
Bad debts written off	54,680	11,084	76,714	-
Amortisation of prepaid land lease payments	49,708	49,708	-	-
Depreciation of property, plant and equipment	4,877,331	4,296,622	131,433	185,817
Depreciation of investment properties	299,412	292,757	-	-
Interest expense	1,843,253	1,287,847	230,495	98,288
Inventories written off	911,871	2,041,840	-	-
Write back of inventories	-	(37,583)	-	-
Pension costs – defined benefit plan	626,198	507,200	455,369	445,151
Property, plant and equipment written off	56,769	75,220	-	-
Provision for doubtful debts	297,988	6,217	-	-
Short-term accumulating compensated absences	(613,164)	(14,055)	(22,319)	(22,787)
Impairment losses on:				
- property, plant and equipment	300,000	102,958	-	-
- investment in subsidiaries	-	-	-	2,140,066
- golf club membership	24,720	-	-	-
- intangible asset	124,243	-	-	-
Write-down of inventories	318,717	107,237	-	-
Unrealised gain on foreign exchange	(450,954)	(87,869)	(34,764)	(2,981)
Gain on disposal of property, plant and equipment	(25,223)	(9,112)	(1)	-
Interest income	<u>(121,868)</u>	<u>(167,785)</u>	<u>-</u>	<u>(251)</u>
Operating profit/(loss) before working capital changes	7,731,286	8,503,111	(83,046)	(1,222,030)
Increase in inventories	(1,630,751)	(559,069)	-	-
(Increase)/decrease in trade and other receivables	(1,733,230)	4,628,986	2,855	15,271
Decrease in trade and other payables	<u>(989,946)</u>	<u>(1,216,232)</u>	<u>(71,494)</u>	<u>(342,647)</u>
Cash generated from/(used in) operations	3,377,359	11,356,796	(151,685)	(1,549,406)
Taxes paid	(19,406)	(1,376,670)	(95,802)	-
Interest paid	<u>(1,843,253)</u>	<u>(1,287,847)</u>	<u>(230,495)</u>	<u>(98,288)</u>
Net cash generated from/(used in) operating activities	<u>1,514,700</u>	<u>8,692,279</u>	<u>(477,982)</u>	<u>(1,647,694)</u>

# Cash Flow Statements

For The Financial Year Ended 31 August 2008

	Note	GROUP		COMPANY	
		2008 RM	2007 RM Restated	2008 RM	2007 RM
<b>Cash flows from investing activities</b>					
Interest received		121,868	167,785	-	251
Proceeds from disposal of property, plant and equipment		46,059	86,921	8,893	-
Additional investment in a subsidiary		-	-	-	(4,098,112)
Acquisition of a subsidiary (Note 13(a))		-	(178,023)	-	-
Expenditure incurred on investment properties		(9,707)	-	-	-
Purchase of property, plant and equipment	A	<u>(2,339,763)</u>	<u>(19,319,745)</u>	<u>(6,247)</u>	<u>(62,080)</u>
Net cash (used in)/generated from investing activities		<u>(2,181,543)</u>	<u>(19,243,062)</u>	<u>2,646</u>	<u>(4,159,941)</u>
<b>Cash flows from financing activities</b>					
Drawdown/(repayment) of short term borrowings		1,887,981	(302,066)	-	-
Net change in subsidiaries balances		-	-	924,733	5,692,297
Repayment of hire-purchase and lease financing		(975,246)	(148,504)	(100,461)	(76,315)
Drawdown of term loans		-	10,500,000	-	-
Subscription of shares in a subsidiary by minority interests		-	2,397,128	-	-
Repayment of term loans		<u>(963,092)</u>	<u>(604,382)</u>	<u>-</u>	<u>-</u>
Net cash (used in)/generated from financing activities		<u>(50,357)</u>	<u>11,842,176</u>	<u>824,272</u>	<u>5,615,982</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>		(717,200)	1,291,393	348,936	(191,653)
<b>Effects of foreign exchange rate changes</b>		87,090	295,570	-	-
<b>Cash and cash equivalents at beginning of financial year</b>		<u>5,007,960</u>	<u>3,420,997</u>	<u>41,675</u>	<u>233,328</u>
<b>Cash and cash equivalents at end of financial year</b>	B	<u>4,377,850</u>	<u>5,007,960</u>	<u>390,611</u>	<u>41,675</u>

# Cash Flow Statements

For The Financial Year Ended 31 August 2008

## A. Purchase of property, plant and equipment

During the financial year, the Group and the Company acquired property, plant and equipment by way of the following:

	GROUP		COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
Cash payment	2,339,763	19,319,745	6,247	62,080
Hire-purchase and lease financing	572,105	819,734	-	120,000
	<u>2,911,868</u>	<u>20,139,479</u>	<u>6,247</u>	<u>182,080</u>

## B. Cash and cash equivalents

Cash and cash equivalents comprise:

	GROUP		COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
Deposits with licensed banks (Note 20)	3,053,924	4,528,923	-	-
Cash and bank balances (Note 20)	8,688,329	6,607,591	390,611	41,675
Bank overdrafts (Note 24)	(7,364,403)	(6,128,554)	-	-
	<u>4,377,850</u>	<u>5,007,960</u>	<u>390,611</u>	<u>41,675</u>

The accompanying notes form an integral part of the financial statements.

# Notes To The Financial Statements

31 August 2008

## 1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Second Board of the Bursa Malaysia Securities. The principal place of business of the Company is located at 51-14-B & C, Menara BHL, Jalan Sultan Ahmad Shah, 10050 Penang.

The principal activities of the Company are the provision of management services and investment holding. The principal activities of the subsidiaries are described in Note 13. There have been no significant changes in the nature of the principal activities during the financial year except for a subsidiary which has commenced the manufacturing and trading of food related products.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 16 December 2008.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of preparation

The financial statements comply with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards in Malaysia. At the beginning of the current financial year, the Group and the Company had adopted new and revised FRSs as described fully in Note 2.3.

The financial statements of the Group and of the Company have also been prepared on a historical basis.

The financial statements are presented in Ringgit Malaysia ("RM").

### 2.2 Summary of significant accounting policies

#### (a) Subsidiaries and basis of consolidation

##### i. Subsidiaries

Subsidiaries are entities over which the Group has the ability to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

In the Company's separate financial statements, investments in subsidiaries are stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in the income statements.

# Notes To The Financial Statements

31 August 2008

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

### 2.2 Summary of significant accounting policies (contd.)

#### (a) Subsidiaries and basis of consolidation (contd.)

##### ii. Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the balance sheet date. The financial statements of its subsidiaries are prepared for the same reporting date as the Company.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. In preparing the consolidated financial statements, intragroup balances, transactions and unrealised gains or losses are eliminated in full. Uniform accounting policies are adopted in the consolidated financial statements for like transactions and events in similar circumstances.

Acquisitions of subsidiaries are accounted for using the purchase method. The purchase method of accounting involves allocating the cost of the acquisition to the fair value of the assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. The cost of an acquisition is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the acquisition.

Any excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill.

Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in the income statements.

Minority interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group. It is measured at the minorities' share of the fair value of the subsidiaries' identifiable assets and liabilities at the acquisition date and the minorities' share of changes in the subsidiaries' equity since then.

#### (b) Intangible assets

##### Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

# Notes To The Financial Statements

31 August 2008

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

### 2.2 Summary of significant accounting policies (contd.)

#### (c) Property, plant and equipment and depreciation

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statements during the financial period in which they are incurred.

Subsequent to recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Freehold land has an unlimited useful life and therefore is not depreciated. Depreciation of other property, plant and equipment is provided for on a straight-line basis to write-off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

Buildings	2% - 2.5%
Plant and machinery	10% - 20%
Office furniture, fittings and computer equipment	10% - 33.33%
Motor vehicles	20%
Renovation	2% - 10%

The residual values, useful life and depreciation method are reviewed at each financial year end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in the income statements.

#### (d) Investment properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation of investment properties is provided for on a straight-line basis to write off the cost of the investment properties to its residual value over the estimated useful life of 60 years and 99 years.

The residual values, useful life and depreciation method are reviewed at each financial year end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of Investment properties.

Investment properties are derecognised when either they have been disposed of or when the investment properties are permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the income statements in the year in which they arise.



# Notes To The Financial Statements

31 August 2008

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

### 2.2 Summary of significant accounting policies (contd.)

#### (e) Impairment of non-financial assets

The carrying amounts of assets, other than investment properties, inventories and deferred tax assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

For goodwill, intangible assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each balance sheet date or more frequently when indicators of impairment are identified.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit ("CGU") to which the asset belongs to. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGUs, or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or group of units.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses recognised in respect a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or group of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

An impairment loss is recognised in the income statements in the period in which it arises, unless the asset is carried at revalued amount, in which case the impairment loss is accounted for as a revaluation decrease to the extent that the impairment loss does not exceed the amount held in the asset revaluation reserve for the same asset.

Impairment loss on goodwill is not reversed in a subsequent period. An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in the income statements, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase.

# Notes To The Financial Statements

31 August 2008

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

### 2.2 Summary of significant accounting policies (contd.)

#### (f) Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost is principally determined using the first-in, first-out basis. The cost of raw materials comprises costs of purchase. The costs of finished goods and work-in-progress comprise costs of raw materials, direct labour, other direct costs and appropriate proportions of manufacturing overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

#### (g) Financial instruments

Financial instruments are recognised in the balance sheet when the Group has become a party to the contractual provisions of the instrument.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends and gains and losses relating to a financial instrument classified as a liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are recognised directly in equity. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

##### i. Cash and cash equivalents

For the purposes of the cash flow statements, cash and cash equivalents include cash on hand and at bank, deposits at call and short term highly liquid investments which have an insignificant risk of changes in value, net of outstanding bank overdrafts.

##### ii. Other non-current investments

Non-current investments other than investments in subsidiaries are stated at cost less impairment losses. On disposal of an investment, the difference between the net disposal proceeds and its carrying amount is recognised in the income statements.

##### iii. Receivables

Receivables are carried at anticipated realisable values. Bad debts are written off when identified. An estimate is made for doubtful debts based on a review of all outstanding amounts as at the balance sheet date.

##### iv. Payables

Payables are stated at the fair value of the consideration to be paid in the future for goods and services received.

# Notes To The Financial Statements

31 August 2008

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

### 2.2 Summary of significant accounting policies (contd.)

#### (g) Financial instruments (contd.)

##### v. Interest bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using effective interest method.

##### vi. Equity instruments

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

The transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

##### vii. Derivative financial instruments

Derivative financial instruments are not recognised in the financial statements.

##### viii. Forward foreign exchange contracts

The underlying foreign currency assets or liabilities are translated at their respective hedged exchange rates and all exchange gains or losses are recognised as income or expense in the income statements in the same period as the exchange differences on the underlying hedged items. Exchange gains and losses arising on contracts entered into as hedges of anticipated future transactions are deferred until the date of such transactions, at which time they are included in the measurement of such transactions.

#### (h) Leases

##### i. Classification

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. Leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets and the land and buildings elements of a lease of land and buildings are considered separately for the purposes of lease classification. All leases that do not transfer substantially all the risks and rewards are classified as operating leases, with the following exceptions:

- Property held under operating leases that would otherwise meet the definition of an investment property is classified as an investment property on a property-by-property basis and, if classified as investment property, is accounted for as if held under a finance lease (Note 2.2 (d)).

# Notes To The Financial Statements

31 August 2008

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

### 2.2 Summary of significant accounting policies (contd.)

#### (h) Leases (contd.)

##### ii. Finance leases – the Group as lessee

Assets acquired by way of hire-purchase or finance leases are stated at an amount equal to the lower of their fair values and the present value of the minimum lease payments at the inception of the leases, less accumulated depreciation and impairment losses. The corresponding liability is included in the balance sheet as borrowings. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine; otherwise, the respective subsidiary company's incremental borrowing rate is used. Any initial direct costs are also added to the carrying amount of such assets.

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised in the income statements over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

The depreciation policy for leased assets is in accordance with that for depreciable property, plant and equipment as described in Note 2.2(c).

##### iii. Operating leases – the Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

In the case of a lease of land and buildings, the minimum lease payments or the up-front payments made are allocated, whenever necessary, between the land and the buildings elements in proportion to the relative fair values for leasehold interests in the land element and buildings element of the lease at the inception of the lease. The up-front payment represents prepaid lease payments and are amortised on a straight-line basis over the lease term.

##### iv. Operating leases – the Group as lessor

Assets leased out under operating leases are presented on the balance sheets according to the nature of the assets. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease (Note 2.2(n)(iii)). Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

# Notes To The Financial Statements

31 August 2008

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

### 2.2 Summary of significant accounting policies (contd.)

#### (i) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in the income statements in the period in which they are incurred.

#### (j) Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the financial year and is measured using the tax rates that have been enacted at the balance sheet date.

Deferred tax is provided for, using the liability method. In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised as income or an expense and included in the income statements for the period, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or the amount of any excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the combination.

#### (k) Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

# Notes To The Financial Statements

31 August 2008

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

### 2.2 Summary of significant accounting policies (contd.)

#### (I) Employee benefits

##### i. Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the financial year in which the associated services are rendered by employees. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

##### ii. Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in the income statements as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund (“EPF”).

##### iii. Defined benefit plans

The Group operates an unfunded, defined benefit Retirement Benefit Scheme (“the Scheme”) for its eligible employees. The Group’s obligation under the Scheme, calculated using the Projected Unit Credit Method, is determined based on actuarial computations by independent actuaries, through which the amount of benefit that employees have earned in return for their service in the current and prior years is estimated. That benefit is discounted in order to determine its present value. Actuarial gains and losses are recognised as income or expense over the expected average remaining working lives of the participating employees when the cumulative unrecognised actuarial gains or losses for the Scheme exceed 10% of the higher of the present value of the defined benefit obligation and the fair value of plan assets. Past service costs are recognised immediately to the extent that the benefits are already vested, and otherwise are amortised on a straight-line basis over the average period until the amended benefits become vested.

The amount recognised in the balance sheet represents the present value of the defined benefit obligations adjusted for unrecognised actuarial gains and losses and unrecognised past services costs, and reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to the net total of any unrecognised actuarial losses and past service costs, and the present value of any economic benefits in the form of refunds or reductions in future contributions to the plan.

# Notes To The Financial Statements

31 August 2008

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

### 2.2 Summary of significant accounting policies (contd.)

#### (l) Employee benefits (contd.)

##### iv. Share-based compensation

The Company's Employee Share Options Scheme ("ESOS"), an equity-settled share-based compensation plan, allows the Group's employees to acquire ordinary shares of the Company. The total fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in the share option reserve within equity over the vesting period and taking into account the probability that the options will vest. The fair value of share options is measured at grant date, taking into account, if any, the market vesting conditions upon which the options were granted but excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable on vesting date.

At each balance sheet date, the Group revises its estimates of the number of options that are expected to become exercisable on vesting date. It recognises the impact of the revision of original estimates, if any, in the income statements, and a corresponding adjustment to equity over the remaining vesting period. The equity amount is recognised in the share option reserve until the option is exercised, upon which it will be transferred to share premium, or until the option expires, upon which it will be transferred directly to retained earnings.

The proceeds received net of any directly attributable transaction costs are credited to equity when the options are exercised.

##### v. Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits as a liability and an expense when it is demonstrably committed to either terminate the employment of current employees according to a detailed plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. In the case of an offer made to encourage voluntary redundancy, the measurement of termination benefits is based on the number of employees expected to accept the offer. Benefits falling due more than twelve months after balance sheet date are discounted to present value.

#### (m) Foreign currencies

##### i. Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the functional currency, which is the currency of the primary economic environment in which the entity operates. The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

# Notes To The Financial Statements

31 August 2008

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

### 2.2 Summary of significant accounting policies (contd.)

#### (m) Foreign currencies (contd.)

##### ii. Foreign currency transactions

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are translated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in the income statements for the period except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation. Exchange differences arising on monetary items that form part of the Group's net investment in foreign operation, where that monetary item is denominated in either the functional currency of the reporting entity or the foreign operation, are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in the income statements. Exchange differences arising on monetary items that form part of the Group's net investment in foreign operation, where that monetary item is denominated in a currency other than the functional currency of either the reporting entity or the foreign operation, are recognised in income statements for the period. Exchange differences arising on monetary items that form part of the Company's net investment in foreign operation, regardless of the currency of the monetary item, are recognised in the income statements in the Company's financial statements or the individual financial statements of the foreign operation, as appropriate.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in income statements for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

##### iii. Foreign operations

The results and financial position of foreign operations that have a functional currency different from the presentation currency (RM) of the consolidated financial statements are translated into RM as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate prevailing at the balance sheet date;



# Notes To The Financial Statements

31 August 2008

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

### 2.2 Summary of significant accounting policies (contd.)

#### (m) Foreign currencies (contd.)

- Income and expenses for each income statement are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions; and
- All resulting exchange differences are taken to the foreign currency translation reserve within equity.

Goodwill and fair value adjustments arising on the acquisition of foreign operations on or after 1 September 2006 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the balance sheet date. Goodwill and fair value adjustments which arose on the acquisition of foreign subsidiaries before 1 September 2006 are deemed to be assets and liabilities of the parent company and are recorded in RM at the rates prevailing at the date of acquisition.

#### (n) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

##### i. Sale of goods

Revenue is recognised net of sales tax and upon transfer of significant risks and rewards of ownership to the buyer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

##### ii. Interest income

Interest income is recognised on an accrual basis using the effective interest method.

##### iii. Rental income

Rental income from investment property is recognised on a straight-line basis over the term of the lease. The aggregate cost of incentives provided to lessee is recognised as a reduction of rental income over the lease term on a straight-line basis.

##### iv. Dividend income

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

##### v. Management fees

Management fees are recognised when services are rendered.

# Notes To The Financial Statements

31 August 2008

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

### 2.3 Changes in accounting policies and effects arising from adoption of new and revised FRSs

On 1 September 2007, the Group and the Company adopted the following new and revised FRSs, amendments to FRSs and interpretations:

FRSs, amendments to FRSs and interpretations	Effective for financial periods beginning on or after
FRS 117: Leases	1 October 2006
FRS 124: Related Party Disclosures	1 October 2006
FRS 6: Exploration for and Evaluation of Mineral Resources	1 January 2007
FRS 107: Cash Flow Statements	1 July 2007
FRS 111: Construction Contracts	1 July 2007
FRS 112: Income Taxes	1 July 2007
FRS 118: Revenue	1 July 2007
FRS 120: Accounting for Government Grants and Disclosure of Government Assistance	1 July 2007
FRS 134: Interim Financial Reporting	1 July 2007
FRS 137: Provisions, Contingent Liabilities and Contingent Assets	1 July 2007
Amendment to FRS 119 <sub>2004</sub> : Employee Benefits - Actuarial Gains and Losses, Group Plans and Disclosures	1 January 2007
Amendment to FRS 121: The Effects of Changes in Foreign Exchange Rates – Net Investment in a Foreign Operation	1 July 2007
IC Interpretation 1: Changes in Existing Decommissioning, Restoration and Similar Liabilities	1 July 2007
IC Interpretation 2: Members' Shares in Co-operative Entities and Similar Instruments	1 July 2007
IC Interpretation 5: Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	1 July 2007
IC Interpretation 6: Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment	1 July 2007
IC Interpretation 7: Applying the Restatement Approach under FRS 129 <sub>2004</sub> – Financial Reporting in Hyperinflationary Economies	1 July 2007
IC Interpretation 8: Scope of FRS 2	1 July 2007

Except for the changes in accounting policies and their effects as discussed below, the adoption of the new and revised FRSs, amendments to FRSs and interpretations do not have any other significant impact on the financial statements of the Group and of the Company:

#### (a) Leasehold Land Held For Own Use

Prior to 1 September 2007, leasehold land held for own use was classified as property, plant and equipment and was stated at cost less accumulated depreciation and any accumulated impairment losses. The adoption of the revised FRS 117 has resulted in a change in the accounting policy relating to the classification of leases of land and buildings. Leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets and the land and buildings elements of a lease of land and buildings are considered separately for the purposes of lease classification. Leasehold land held for own use is now classified as operating lease and where necessary, the minimum lease payments or the up-front payments made are allocated between the land and the buildings elements in proportion to the relative fair values for leasehold interests in the land element and buildings element of the lease at the inception of the lease. The up-front payment relating to the land element represents prepaid lease payments and are amortised on a straight-line basis over the lease term.

# Notes To The Financial Statements

31 August 2008

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

### 2.3 Changes in accounting policies and effects arising from adoption of new and revised FRSs (contd.)

#### (a) Leasehold land held for own use (contd.)

The Group has applied the change in accounting policy in respect of leasehold land in accordance with the transitional provisions of FRS 117. At 1 September 2007, the unamortised amount of leasehold land is retained as the surrogate carrying amount of prepaid lease payments as allowed by the transitional provisions. The effects on the consolidated balance sheet as at 31 August 2008 are set out below:

	<b>Group 2008 RM</b>
Decrease in property, plant and equipment	(1,059,059)
Decrease in investment properties	(990,381)
Increase in prepaid land lease payments	<u>2,049,440</u>

There were no effects on the consolidated income statement for the year ended 31 August 2008 and the Company's separate financial statements.

The reclassification of leasehold land as prepaid land lease payments has been accounted for retrospectively and as such, certain comparatives have been restated.

<b>Group</b>	<b>Previously stated 2007 RM</b>	<b>Adjustment 2007 RM</b>	<b>Restated 2007 RM</b>
Property, plant and equipment	38,309,464	(1,086,335)	37,223,129
Investment properties	6,972,868	(1,012,813)	5,960,055
Prepaid land lease payments	-	2,099,148	<u>2,099,148</u>

#### (b) Initial direct cost

Prior to 1 September 2007, the Group, as a lessor in operating lease arrangements, had recognised initial direct costs incurred in negotiating and arranging leases as an expense in the income statements in the period in which they were incurred.

The revised FRS 117 requires such costs to be added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income. According to the revised FRS 117, this change in accounting policy should be applied retrospectively. In general, the Group does not incur significant initial direct costs on negotiating and arranging leases and as a result, this change in accounting policy did not materially affect the financial statements of the Group and of the Company.

# Notes To The Financial Statements

31 August 2008

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

### 2.3 Changes in accounting policies and effects arising from adoption of new and revised FRSs (contd.)

#### (c) FRS 112: Income taxes

Prior to 1 July 2007, the Group and the Company did not recognise deferred tax assets on unused reinvestment allowances as required by paragraph 36 of FRS 112<sup>2004</sup>: Income Taxes. Under the revised FRS 112: Income Taxes, deferred tax assets are now recognized on such unused reinvestment allowances to the extent that it is probable that future profit will be available against which the unused reinvestment allowances can be utilized.

This change has no impact on the financial statements of the Group and of the Company.

### 2.4 Standards and interpretations issued but not yet effective

At the date of authorisation of these financial statements, the FRS below has been issued but is not yet effective and has not been applied by the Group and the Company:

FRS	Effective for financial period beginning on or after
FRS 139: Financial Instruments: Recognition and Measurement	1 January 2010
The Group and the Company are exempted from disclosing the possible impact, if any, to the financial statements upon the initial application of FRS 139.	

### 2.5 Significant accounting estimation and judgements

#### (a) Critical judgements made in applying accounting policies

The following are the judgements made by management in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the financial statements.

##### i. Classification between investment properties and property, plant and equipment

The Group has developed certain criteria based on FRS 140 in making judgement whether a property qualifies as an investment property. Investment property is a property held to earn rentals or for capital appreciation or both.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group would account for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

# Notes To The Financial Statements

31 August 2008

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

### 2.5 Significant accounting estimation and judgements (contd.)

#### (a) Critical judgements made in applying accounting policies (contd.)

##### ii. Operating lease commitments – the Group as a lessor

The Group has entered into commercial property leases on its investment property. The Group has determined that it retains all significant risks and rewards of ownership of these properties which are leased out on operating lease basis.

#### (b) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

##### i. Impairment of goodwill

The Group determines whether goodwill are impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash-generating units (“CGU”) to which goodwill are allocated. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of the goodwill as at 31 August 2008 of the Group was RM289,128 (2007: RM413,371). Further details are disclosed in Note 16.

##### ii. Impairment of investments in subsidiaries

During the current financial year, the Company has carried out the impairment test based on the estimate of the higher of the value-in-use or fair value less cost to sell of the cash-generating units (“CGU”) to which the investments in subsidiaries belong to.

Estimating the recoverable amount requires the Company to make an estimate of the expected future cash flows from the CGU and also to determine a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of investments in subsidiaries of the Company as at 31 August 2008 was RM37,080,957 (2007: RM37,080,957). Further details of the impairment losses recognised are disclosed in Note 13.

##### iii. Deferred tax assets

Deferred tax assets are recognised for all unused tax losses, unabsorbed reinvestment allowances and unabsorbed capital allowances to the extent that it is probable that taxable profit will be available against which the losses, reinvestment allowances and capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The total carrying value of recognised tax losses, reinvestment allowances and capital allowances of the Group was RM7,573 (2007: Nil) and the unrecognised tax losses, unabsorbed reinvestment allowances and capital allowances of the Group and of the Company was RM37,894,900 (2007: RM34,838,000) and RM5,861,000 (2007: RM5,781,000) respectively. Further details are disclosed in Note 26.

# Notes To The Financial Statements

31 August 2008

## 3. REVENUE

Revenue of the Group and of the Company consists of the following:

	GROUP		COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
Sales of goods	160,860,830	162,893,912	-	-
Management fees	-	-	2,592,697	1,485,593
Rental income from investment properties	763,200	763,200	-	-
	<u>161,624,030</u>	<u>163,657,112</u>	<u>2,592,697</u>	<u>1,485,593</u>

## 4. OTHER INCOME

	GROUP		COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
Interest income	121,868	167,785	-	251
Rental income	50,111	73,479	-	-
Scrap sales	313,813	106,625	-	-
Management income	59,655	59,739	-	-
Miscellaneous	207,521	134,278	137	1,623
	<u>752,968</u>	<u>541,906</u>	<u>137</u>	<u>1,874</u>

## 5. EMPLOYEE BENEFITS EXPENSE

	GROUP		COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
Wages and salaries	22,690,696	20,025,843	1,708,614	1,677,613
Social security contribution	437,408	357,302	7,993	8,726
Short term accumulating compensated absences	(613,164)	(14,055)	(22,319)	(22,787)
Contributions to defined contribution plan	1,485,730	1,597,843	202,224	232,864
Defined benefit plan (Note 23(a))	626,198	507,200	455,369	445,151
Termination benefits	200,000	173,789	-	-
Other benefits	1,919,674	2,043,313	94,337	123,508
	<u>26,746,542</u>	<u>24,691,235</u>	<u>2,446,218</u>	<u>2,465,075</u>

Included in employee benefits expense of the Group and of the Company are executive directors' remuneration amounting to RM2,540,513 (2007: RM3,134,995) and RM1,135,698 (2007: RM1,185,228) respectively as further disclosed in Note 7.

# Notes To The Financial Statements

31 August 2008

## 6. OPERATING PROFIT/(LOSS)

The following amounts have been included in arriving at operating profit/(loss):

	GROUP		COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
Auditors' remuneration				
- statutory audits				
- current year	265,671	220,483	10,000	13,000
- under provision in prior financial year	7,517	13,883	-	800
- special audit	-	95,913	-	-
Bad debts written off	54,680	11,084	76,714	-
Inventories written off	911,871	2,041,840	-	-
Gain on disposal of property, plant and equipment	(25,223)	(9,112)	(1)	-
Property, plant and equipment written off	56,769	75,220	-	-
Provision for doubtful debts	297,988	6,217	-	-
Write-down of inventories	318,717	107,237	-	-
Write-back of inventories	-	(37,583)	-	-
Impairment losses on:				
- property, plant and equipment	300,000	102,958	-	-
- investment in subsidiaries	-	-	-	2,140,066
- golf club membership	24,720	-	-	-
- intangible asset	124,243	-	-	-
Directors' remuneration	2,441,512	3,065,495	1,046,698	1,105,728
Directors' fees	223,000	198,000	208,000	208,000
Freight costs	1,983,463	1,867,041	-	-
Realised loss on foreign exchange	688,276	734,172	39,805	3,964
Rental expense	1,372,393	1,112,501	14,400	7,200
Unrealised gain on foreign exchange	(450,954)	(87,869)	(34,764)	(2,981)
Utilities	3,330,140	2,911,943	39,478	31,894

## 7. DIRECTORS' REMUNERATION

	GROUP		COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
<b>Directors of the Company</b>				
Executive directors' remuneration				
Salaries and other emoluments	735,672	881,115	457,160	429,661
Fees	101,000	92,000	101,000	92,000
Bonus				
- current year's provision	-	82,359	-	34,721
- under provision in prior year	69,442	173,089	34,721	93,003
Defined contribution plan	173,304	216,461	87,448	90,692
Defined benefit plan	455,369	347,793	455,369	445,151
	<u>1,534,787</u>	<u>1,792,817</u>	<u>1,135,698</u>	<u>1,185,228</u>

# Notes To The Financial Statements

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## 7. DIRECTORS' REMUNERATION (CONTD.)

	GROUP		COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
Non-executive directors' remuneration				
Salaries and other emoluments	12,000	12,500	12,000	12,500
Fees	112,000	116,000	107,000	116,000
	<u>124,000</u>	<u>128,500</u>	<u>119,000</u>	<u>128,500</u>
	<u>1,658,787</u>	<u>1,921,317</u>	<u>1,254,698</u>	<u>1,313,728</u>
<b>Directors of Subsidiaries</b>				
Executive:				
Salaries and other emoluments	778,855	1,160,653	-	-
Bonus	216,870	191,525	-	-
Fee	10,000	(10,000)	-	-
	<u>1,005,725</u>	<u>1,342,178</u>	<u>-</u>	<u>-</u>
Total	<u>2,664,512</u>	<u>3,263,495</u>	<u>1,254,698</u>	<u>1,313,728</u>

The number of directors of the Company whose total remuneration during the financial year fell within the following bands is analysed below:

	Number of Directors	
	2008	2007
Executive directors:		
RM550,001 – RM600,000	1	-
More than RM800,000	1	2
Non-Executive directors:		
Less than RM50,000	3	5

## 8. FINANCE COSTS

	GROUP		COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
Interest expense on:				
Bank borrowings	774,095	632,760	219,680	87,791
Term loans	973,772	561,520	-	-
Hire purchase and finance lease liabilities	95,386	93,567	10,815	10,497
Total interest expense	<u>1,843,253</u>	<u>1,287,847</u>	<u>230,495</u>	<u>98,288</u>



# Notes To The Financial Statements

31 August 2008

## 9. INCOME TAX EXPENSE

	GROUP		COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
Current income tax:				
Malaysian income tax	664,210	771,634	-	-
Foreign tax	98,284	-	95,802	-
Under/(over) provision in prior financial years	<u>171,551</u>	<u>(717)</u>	<u>-</u>	<u>-</u>
	<u>934,045</u>	<u>770,917</u>	<u>95,802</u>	<u>-</u>
Deferred tax (Note 26):				
Relating to origination and reversal of temporary differences	7,424	(5,910)	-	-
Relating to changes in tax rates	-	480	-	-
(Over)/under provision in prior financial years	<u>(78,399)</u>	<u>69,327</u>	<u>-</u>	<u>-</u>
	<u>(70,975)</u>	<u>63,897</u>	<u>-</u>	<u>-</u>
Total income tax expense	<u>863,070</u>	<u>834,814</u>	<u>95,802</u>	<u>-</u>

Domestic income tax is calculated at the Malaysian statutory tax rate of 26% (2007: 27%) of the estimated assessable profit for the year. The domestic statutory tax rate will be reduced to 25% from the current year's rate of 26% in the subsequent year. The computation of deferred tax as at 31 August 2008 has reflected this change.

Two overseas subsidiaries in Thailand have been granted certain promotional privileges, subject to certain terms and conditions being complied with, inter alia, the following:

- (i) full tax exemption from corporation income tax on the net profit from the promoted business for a period of between 1 to 8 years; and
- (ii) 50% deduction of normal corporate income tax for a period of 5 years following the end of the promotional period of 1 year in respect of a subsidiary.

# Notes To The Financial Statements

31 August 2008

## 9. INCOME TAX EXPENSE (CONTD.)

A reconciliation of income tax expense applicable to (loss)/profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

	GROUP		COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
(Loss)/profit before tax	<u>(842,395)</u>	<u>40,825</u>	<u>(919,973)</u>	<u>(4,065,333)</u>
Taxation at Malaysian statutory tax rate of 26% (2007: 27%)	(219,023)	11,023	(239,193)	(1,097,640)
Different tax rates in other countries	30,079	(66,128)	-	-
Income not subject to tax	(757,258)	(932,741)	(35)	-
Foreign tax	98,284	-	95,802	-
Expenses not deductible for tax purposes	984,615	447,355	107,030	656,095
Expenses allowable for double deductions	(14,575)	(464)	-	-
Utilisation of reinvestment allowances	(27,278)	-	-	-
Utilisation of previously unrecognised tax losses and unabsorbed capital allowances	(112,605)	-	-	-
Deferred tax assets not recognised during the financial year	939,401	1,435,901	132,198	293,045
Under/(over) provision in prior years				
- tax expense	171,552	(717)	-	-
- deferred tax	(78,399)	69,327	-	-
Tax savings of 6% (2007: 7%) on the the first RM500,000 chargeable income	(100,243)	(128,742)	-	-
Group relief surrendered to a subsidiary	<u>(51,480)</u>	<u>-</u>	<u>-</u>	<u>148,500</u>
Income tax expense for the financial year	<u>863,070</u>	<u>834,814</u>	<u>95,802</u>	<u>-</u>

Tax savings recognised during the financial year arising from:

	GROUP		COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
Utilisation of current year's tax losses	-	557,000	-	-
Utilisation of previously unrecognised tax losses	28,047	-	-	-
Utilisation of previously unabsorbed capital allowances	<u>84,558</u>	<u>-</u>	<u>-</u>	<u>-</u>

# Notes To The Financial Statements

31 August 2008

## 10. EARNINGS PER SHARE

### Group

#### (a) Basic

Basic loss per share is calculated by dividing the net loss for the financial year attributable to ordinary equity holders of the Company by the number of ordinary shares in issue during the financial year.

	2008	2007
Loss attributable to ordinary equity holders of the Company (RM)	<u>(1,842,318)</u>	<u>(1,988,160)</u>
Number of ordinary shares in issue	<u>45,101,000</u>	<u>45,101,000</u>
Basic loss per share for the financial year (sen)	<u>(4.08)</u>	<u>(4.41)</u>

#### (b) Diluted

The effect on the basic loss per share arising from the assumed conversion of the options over shares is anti-dilutive. Accordingly, the diluted loss per share is presented as equal to basic loss per share.

## 11. PROPERTY, PLANT AND EQUIPMENT

Group	* Land and Buildings RM	Plant and Machinery RM	Office Furniture, Fittings and Computer Equipment RM	Motor Vehicles RM	Renovation RM	Capital Work-In-Progress RM	Total RM
<b>2008</b>							
<b>Cost</b>							
At 1 September 2007	19,198,556	24,708,176	8,032,594	2,751,938	4,657,613	1,390,133	60,739,010
Additions	-	1,016,608	504,923	300,114	303,312	786,911	2,911,868
Reclassification	-	617,851	543	-	1,130,125	(1,758,159)	(9,640)
Transfer	-	(3,000)	3,000	-	-	-	-
Disposals	-	(190,643)	(10,678)	-	-	-	(201,321)
Write off	-	(512,135)	(52,991)	-	-	-	(565,126)
Exchange differences	(249,134)	(306,520)	(31,948)	(16,789)	(75,115)	(38,825)	(718,331)
At 31 August 2008	<u>18,949,422</u>	<u>25,330,337</u>	<u>8,445,443</u>	<u>3,035,263</u>	<u>6,015,935</u>	<u>380,060</u>	<u>62,156,460</u>

# Notes To The Financial Statements

31 August 2008

## 11. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

	* Land and Buildings RM	Plant and Machinery RM	Computer Equipment RM	Office Furniture, Fittings and Capital Work-In- Progress RM	Motor Vehicles RM	Renovation RM	Total RM
<b>Group (contd.)</b>							
<b>Accumulated depreciation and impairment</b>							
At 1 September 2007							
Accumulated depreciation	1,888,302	12,432,937	5,868,476	1,481,926	1,419,356	-	23,090,997
Accumulated impairment	-	424,884	-	-	-	-	424,884
	<u>1,888,302</u>	<u>12,857,821</u>	<u>5,868,476</u>	<u>1,481,926</u>	<u>1,419,356</u>	<u>-</u>	<u>23,515,881</u>
Depreciation charge for the financial year	320,966	2,861,290	752,503	386,058	556,514	-	4,877,331
Reclassification	-	5,929	(15,569)	-	-	-	(9,640)
Disposals	-	(175,616)	(4,869)	-	-	-	(180,485)
Write off	-	(462,197)	(46,160)	-	-	-	(508,357)
Impairment loss recognised in income statements	-	300,000	-	-	-	-	300,000
Exchange differences	(1,611)	(54,523)	(16,466)	(6,258)	(18,373)	-	(97,231)
At 31 August 2008	<u>2,207,657</u>	<u>15,332,704</u>	<u>6,537,915</u>	<u>1,861,726</u>	<u>1,957,497</u>	<u>-</u>	<u>27,897,499</u>
Analysed as:							
Accumulated depreciation	2,207,657	14,607,820	6,537,915	1,861,726	1,957,497	-	27,172,615
Accumulated impairment	-	724,884	-	-	-	-	724,884
At 31 August 2008	<u>2,207,657</u>	<u>15,332,704</u>	<u>6,537,915</u>	<u>1,861,726</u>	<u>1,957,497</u>	<u>-</u>	<u>27,897,499</u>
<b>Net Carrying Amount</b>							
At 31 August 2008	<u>16,741,765</u>	<u>9,997,633</u>	<u>1,907,528</u>	<u>1,173,537</u>	<u>4,058,438</u>	<u>380,060</u>	<u>34,258,961</u>

# Notes To The Financial Statements

31 August 2008

## 11. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

Group	* Land and Buildings RM	Plant and Machinery RM	Office Furniture, Fittings and Computer Equipment RM	Motor Vehicles RM	Renovation RM	Capital Work-In-Progress RM	Total RM
<b>2007 (Restated)</b>							
<b>Cost</b>							
At 1 September 2006	10,276,007	17,179,841	7,389,322	1,998,199	3,952,054	106,828	40,902,251
Additions	8,922,549	7,596,344	825,027	764,873	632,004	1,398,682	20,139,479
Transfers	-	53,710	-	-	-	(53,710)	-
Disposals	-	(49,800)	(9,759)	(24,000)	-	(64,216)	(147,775)
Write off	-	(222,705)	(202,531)	-	(36,017)	-	(461,253)
Exchange differences	-	150,786	30,535	12,866	109,572	2,549	306,308
At 31 August 2007	19,198,556	24,708,176	8,032,594	2,751,938	4,657,613	1,390,133	60,739,010
<b>Accumulated Depreciation and Impairment</b>							
At 1 September 2006							
Accumulated depreciation	1,634,225	10,247,214	5,113,767	1,208,141	990,282	-	19,193,629
Accumulated impairment	-	321,926	-	-	-	-	321,926
	1,634,225	10,569,140	5,113,767	1,208,141	990,282	-	19,515,555
Depreciation charge for the financial year	254,077	2,387,715	941,379	292,443	421,008	-	4,296,622
Disposals	-	(38,130)	(7,837)	(23,999)	-	-	(69,966)
Write off	-	(184,496)	(194,486)	-	(7,051)	-	(386,033)
Impairment loss recognised in Income Statements	-	102,958	-	-	-	-	102,958
Exchange differences	-	20,634	15,653	5,341	15,117	-	56,745
At 31 August 2007	1,888,302	12,857,821	5,868,476	1,481,926	1,419,356	-	23,515,881

# Notes To The Financial Statements

31 August 2008

## 11. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

	* Land and Buildings RM	Plant and Machinery RM	Office Furniture, Fittings and Computer Equipment RM	Motor Vehicles RM	Renovation RM	Capital Work-In-Progress RM	Total RM
Analysed as:							
Accumulated depreciation	1,888,302	12,432,937	5,868,476	1,481,926	1,419,356	-	23,090,997
Accumulated impairment	-	424,884	-	-	-	-	424,884
At 31 August 2007	<u>1,888,302</u>	<u>12,857,821</u>	<u>5,868,476</u>	<u>1,481,926</u>	<u>1,419,356</u>	<u>-</u>	<u>23,515,881</u>

### Net Carrying Amount

At 31 August 2007	<u>17,310,254</u>	<u>11,850,355</u>	<u>2,164,118</u>	<u>1,270,012</u>	<u>3,238,257</u>	<u>1,390,133</u>	<u>37,223,129</u>
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### \* Land and buildings of the Group:

	Freehold Land RM	Buildings RM	Total RM
<b>2008</b>			
<b>Cost</b>			
At 1 September 2007	4,308,152	14,890,404	19,198,556
Exchange differences	(103,966)	(145,168)	(249,134)
At 31 August 2008	<u>4,204,186</u>	<u>14,745,236</u>	<u>18,949,422</u>
<b>Accumulated Depreciation</b>			
At 1 September 2007	-	1,888,302	1,888,302
Depreciation charge for the financial year	-	320,966	320,966
Exchange differences	-	(1,611)	(1,611)
At 31 August 2008	-	<u>2,207,657</u>	<u>2,207,657</u>
<b>Net Carrying Amount</b>			
At 31 August 2008	<u>4,204,186</u>	<u>12,537,579</u>	<u>16,741,765</u>

# Notes To The Financial Statements

31 August 2008

## 11. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

	Freehold Land RM	Buildings RM	Total RM
<b>2007 (Restated)</b>			
<b>Cost</b>			
At 1 September 2006	585,414	9,690,593	10,276,007
Additions	3,722,738	5,199,811	8,922,549
At 1 August 2007	<u>4,308,152</u>	<u>14,890,404</u>	<u>19,198,556</u>
<b>Accumulated Depreciation</b>			
At 1 September 2006	-	1,634,225	1,634,225
Depreciation charge for the financial year	-	254,077	254,077
At 31 August 2007	<u>-</u>	<u>1,888,302</u>	<u>1,888,302</u>
<b>Net Carrying Amount</b>			
At 31 August 2007	<u>4,308,152</u>	<u>13,002,102</u>	<u>17,310,254</u>
		<b>Office Furniture, Fittings and Computer Equipment</b>	
<b>Company</b>	<b>Motor Vehicle RM</b>	<b>RM</b>	<b>Total RM</b>
<b>2008</b>			
<b>Cost</b>			
At 1 September 2007	504,306	759,968	1,264,274
Additions	-	6,247	6,247
Disposal	-	(16,815)	(16,815)
At 31 August 2008	<u>504,306</u>	<u>749,400</u>	<u>1,253,706</u>
<b>Accumulated Depreciation</b>			
At 1 September 2007	156,726	654,717	811,443
Depreciation charge for the financial year	100,861	30,572	131,433
Disposal	-	(7,923)	(7,923)
At 31 August 2008	<u>257,587</u>	<u>677,366</u>	<u>934,953</u>
<b>Net Carrying Amount</b>			
	<u>246,719</u>	<u>72,034</u>	<u>318,753</u>

# Notes To The Financial Statements

31 August 2008

## 11. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

	Motor Vehicle RM	Office Furniture, Fittings and Computer Equipment RM	Total RM
<b>2007</b>			
<b>Cost</b>			
At 1 September 2006	365,000	717,194	1,082,194
Additions	139,306	42,774	182,080
At 31 August 2007	504,306	759,968	1,264,274
<b>Accumulated Depreciation</b>			
At 1 September 2006	79,083	546,543	625,626
Depreciation charge for the financial year	77,643	108,174	185,817
At 31 August 2007	156,726	654,717	811,443
<b>Net Carrying Amount</b>	347,580	105,251	452,831

- (a) Net carrying amounts of property, plant and equipment held under hire-purchase and finance lease arrangements are as follows:

	GROUP		COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
Plant and machinery	1,858,418	905,987	-	-
Motor vehicles	940,750	1,024,691	246,719	347,580
	2,799,168	1,930,678	246,719	347,580

Details of the terms and conditions of the hire purchase and finance lease arrangements are disclose in Note 24.1.

- (b) The net carrying amounts of property, plant and equipment charged to licensed banks as securities for borrowings (Note 24) are as follows:

	GROUP	
	2008 RM	2007 RM Restated
Land and buildings	16,586,143	15,307,086
Plant and machinery	5,277,956	6,631,047
Office furniture, fittings and computer equipment	259,946	670,106
Motor vehicles	25,865	92,720
Renovation	487,389	1,303,202
	22,637,299	24,004,161



# Notes To The Financial Statements

31 August 2008

## 11. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

- (c) Included in plant and equipment of the Group and of the Company are fully depreciated assets which are still in use costing RM9,735,650 (2007: RM7,569,102) and RM609,918 (2007: RM581,248) respectively.
- (d) Certain motor vehicles of the Group and of the Company with cost RM448,500 (2007: RM448,500) and RM365,000 (2007: RM365,000) respectively are held in trust by a director and an employee.

## 12. PREPAID LAND LEASE PAYMENTS

	GROUP	
	2008 RM	2007 RM Restated
As 1 September	2,099,148	2,148,856
Amortisation for the year	(49,708)	(49,708)
As at 31 August	<u>2,049,440</u>	<u>2,099,148</u>
Analysed as:		
Short term leasehold lands	<u>2,049,440</u>	<u>2,099,148</u>

The unexpired lease periods of leasehold land of the Group range between 38 to 39 years (2007: 39 to 40 years).

The above leasehold lands are pledged as securities for borrowings as disclosed in Note 24.

## 13. INVESTMENTS IN SUBSIDIARIES

	COMPANY	
	2008 RM	2007 RM
Unquoted shares, at cost	47,864,816	47,864,816
Accumulated impairment losses	(10,783,859)	(10,783,859)
	<u>37,080,957</u>	<u>37,080,957</u>

# Notes To The Financial Statements

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## 13. INVESTMENTS IN SUBSIDIARIES (CONTD.)

Details of the subsidiaries are as follows:

Name of Subsidiaries	Country of Incorporation	Proportion of Ownership Interest		Principal Activities
		2008 %	2007 %	
D'nonce (M) Sdn. Bhd.	Malaysia	100	100	Sales and distribution of advanced packaging materials, electronics products and consumables.
D'nonce (K.L.) Sdn. Bhd.	Malaysia	100	100	Sales and distribution of advanced packaging materials, electronics products and consumables.
D'nonce (Kelantan) Sdn. Bhd.	Malaysia	55	55	Sales and distribution of advanced packaging materials, electronics products and consumables.
D'nonce (Johore) Sdn. Bhd.	Malaysia	55	55	Sales and distribution of advanced packaging materials, electronics products and consumables.
D'nonce Biofoods Sdn. Bhd. (formerly known as D'nonce Electronics Sdn Bhd)	Malaysia	100	100	Manufacturing and trading of food related products.
Attractive Venture Sdn. Bhd.	Malaysia	100	100	Design and conversion of advanced packaging materials.
Attractive Venture (KL) Sdn. Bhd.	Malaysia	100	100	Design and conversion of advanced packaging materials.
Attractive Venture (JB) Sdn. Bhd.	Malaysia	* 82	* 82	Plastic injection moulding and design and conversion of advanced packaging materials.
AV Industries Sdn. Bhd.	Malaysia	100	100	Contract manufacturer of electronic components.

# Notes To The Financial Statements

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## 12. INVESTMENTS IN SUBSIDIARIES (CONTD.)

Name of Subsidiaries	Country of Incorporation	Equity Interest Held		Principal activities
		2007 %	2006 %	
AV Innovation Sdn. Bhd.	Malaysia	100	100	Dormant
AV Plastics Sdn. Bhd.	Malaysia	84	84	Processing of plastic injected moulded products.
D'nonce Labels (M) Sdn. Bhd.	Malaysia	100	100	Dormant
Richmond Technology Sdn. Bhd.	Malaysia	55	55	Manufacturer of packaging materials.
Integrated SCM Co., Ltd.++	Thailand	** 99	** 99	Sales and distribution of chemicals, packaging materials, spare parts and consumables.
Logistic Solution Holdings Co., Ltd.++	Thailand	99	99	Investment holding.
ISCM Technology (Thailand) Co., Ltd. ++	Thailand	70	70	Contract manufacturer of electronic components.
ISCM Industries (Thailand) Co., Ltd. ++	Thailand	70	70	Printing of packaging materials.
Odyssey Technologies (TH) Co., Ltd. ++	Thailand	***52.5	***52.5	Carry on the business of Aqueous cleaning.

\* The Company has a direct interest of 60% and an indirect interest of 22% via another subsidiary, D'nonce (Johore) Sdn. Bhd.

\*\* The Company has a direct interest of 49% and an indirect interest of 50% via another subsidiary, Logistic Solution Holdings Co., Ltd.

\*\*\* The Company has an indirect interest in Odyssey Technologies (TH) Co., Ltd via ISCM Technology (Thailand) Co., Ltd. who holds 75% equity in Odyssey Technologies (TH) Co., Ltd.

++ Audited by firm of auditors other than Ernst & Young

# Notes To The Financial Statements

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## 13. INVESTMENTS IN SUBSIDIARIES (CONTD.)

### (a) Acquisition of a subsidiary

On 28 June 2007, the Company acquired 52.5% equity interest in Odyssey Technologies (TH) Co. Ltd. through its subsidiary ISCM Technology (Thailand) Co. Ltd., an unlisted company incorporated in Thailand and its intended activity is that of aqueous cleaning business.

The cost of acquisition comprises the following:

	<b>2007 RM</b>
Purchase consideration satisfied by cash, representing total cost of acquisition	<u>188,250</u>

The acquired subsidiary has contributed the following results to the Group:

	<b>2007 RM</b>
Revenue	-
Net loss for the financial year	<u>78,493</u>

If the acquisition had occurred on 1 September 2006, the impact on Group's revenue and loss for the year would have been RM nil and RM244,364 respectively.

The assets and liabilities arising from the acquisition in 2007 were as follows:

	<b>2007 Fair value recognised on acquisition RM</b>	<b>2007 Acquiree's carrying amount RM</b>
Other receivables	170,449	170,449
Cash and bank balances	<u>10,227</u>	<u>10,227</u>
	<u>180,676</u>	<u>180,676</u>
Trade and other payables	<u>(95,333)</u>	<u>(95,333)</u>
Fair value of net assets	85,343	
Minority interests	<u>(21,336)</u>	
Group's share of net assets	64,007	
Goodwill on acquisition (Note 16)	<u>124,243</u>	
Total cost of acquisition	<u>188,250</u>	

# Notes To The Financial Statements

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## 13. INVESTMENTS IN SUBSIDIARIES (CONTD.)

### (a) Acquisition of subsidiary (contd.)

The cash outflow on acquisition in 2007 was as follows:

	<b>2007 RM</b>
Purchase consideration satisfied by cash, representing total cash outflow of the Group	188,250
Cash and cash equivalents of the subsidiary acquired	<u>(10,227)</u>
Net cash outflow of the Group	<u>178,023</u>

### (b) Impairment loss recognised

The management of the Company has carried out a review of the recoverable amount of its investments in subsidiaries during the period. The review has not led to any recognition of impairment loss. The recoverable amount was based on the value-in-use and was determined at the cash generating unit ("CGU") which consists of the assets of respective subsidiaries. In determining value-in-use for the CGU, the discount rate applied to cash flow projections is the Group's weighted average cost of capital.

## 14. INVESTMENT PROPERTIES

	<b>GROUP</b>	
	<b>2008 RM</b>	<b>2007 RM</b>
<b>Cost</b>		
At 1 September	7,763,760	7,763,760
Addition	<u>9,707</u>	<u>-</u>
At 31 August	<u>7,773,467</u>	<u>7,763,760</u>
<b>Accumulated Depreciation</b>		
At 1 September	1,803,705	1,510,948
Depreciation charge for the financial year	<u>299,412</u>	<u>292,757</u>
At 31 August	<u>2,103,117</u>	<u>1,803,705</u>
<b>Net Carrying Amount</b>		
At 31 August	<u>5,670,350</u>	<u>5,960,055</u>
<b>Analysis of investment properties</b>		
Leasehold buildings	<u>5,670,350</u>	<u>5,960,055</u>

# Notes To The Financial Statements

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## 14. INVESTMENT PROPERTIES (CONTD.)

The investment properties have an open market value of approximately RM6,835,000 (2007: RM6,369,434). Investment properties comprise a number of commercial and residential properties leased to third parties.

Investment properties with an aggregate carrying value of RM5,549,744 (2007: RM5,836,274) are pledged to licensed banks as securities for borrowings (Note 24).

The leasehold properties have unexpired lease periods between 45 to 83 (2007: 46 to 84) years.

## 15. OTHER INVESTMENTS

	GROUP	
	2008 RM	2007 RM
Golf club memberships, at cost		
At 1 September	188,205	188,205
Accumulated impairment	<u>(114,205)</u>	<u>(89,485)</u>
At 31 August	<u>74,000</u>	<u>98,720</u>

## 16. INTANGIBLE ASSET

	GROUP	
	2008 RM	2007 RM
<b>Goodwill</b>		
<b>Cost</b>		
At 1 September	413,371	289,128
Acquisition of a subsidiary (Note 13)	<u>-</u>	<u>124,243</u>
At 31 August	<u>413,371</u>	<u>413,371</u>
<b>Accumulated Amortisation and Impairment</b>		
At 1 September	-	-
Impairment recognised in income statements (Note 6)	<u>124,243</u>	<u>-</u>
At 31 August	<u>124,243</u>	<u>-</u>
<b>Net Carrying Amount</b>		
At 31 August	<u>289,128</u>	<u>413,371</u>

# Notes To The Financial Statements

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## 16. INTANGIBLE ASSET (CONTD.)

### (a) Impairment tests for goodwill

#### Allocation of goodwill

Goodwill has been allocated to the Group's cash generating units ("CGU") identified according to country of operation and business segment as follows:

	Thailand 2008 RM	Thailand 2007 RM
Contract Manufacturing	<u>289,128</u>	<u>413,371</u>

#### Key assumptions used in value-in-use calculations

The recoverable amount of a CGU is determined based on value-in-use calculations using cash flow projections based on financial forecast approved by management covering a five year period.

The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

(i) Selling price

The selling price used to calculate the cash inflows from operations were determined after taking into consideration price trends of the industries which the CGUs are exposed. Values assigned are consistent with the external sources of information.

(ii) Material price

The raw material price used is based on the latest actual market price obtained immediately before the forecast year. Values assigned are consistent with external sources of information.

(iii) Exchange rate

The exchange rate used to translate foreign currencies transactions into the CGUs' functional currency is based on the average exchange rates obtained immediately before the forecast year. Values assigned are consistent with external sources of information.

(iv) Discount rate

The discount rate applied to the cash flow projections is based on the weighted average cost of capital of the Group.

The value-in-use calculations covered periods greater than 5 years as the management believes that the CGUs are able to maintain the production efficiency and quality of their products with adequate maintenance of the assets.

#### Sensitivity to changes in assumptions

With regard to the assessment of value-in-use of all CGUs, management believes that no reasonable change in any of the above key assumptions would cause the carrying value of the units materially exceed their recoverable amounts.

# Notes To The Financial Statements

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## 17. LONG TERM TRADE RECEIVABLE

	GROUP	
	2008 RM	2007 RM
Receivable within twelve month	890,000	-
Receivable after twelve month	1,318,649	-
	<u>2,208,649</u>	<u>-</u>

The amount receivable within the next twelve month is included in trade receivable - third parties as disclosed in Note 19.

A subsidiary has entered into an agreement with a debtor subsequent to the year end whereby a portion of the proceeds receivable on a quarterly basis from its end customer will be used to pay off the company's revolving credit obtained from a licensed bank as disclosed in Note 35 to the financial statements.

## 18. INVENTORIES

	GROUP	
	2008 RM	2007 RM
Raw materials	8,402,086	5,340,980
Work-in-progress	635,730	1,975,356
Finished goods	2,370,737	3,215,544
Trading goods	8,849,524	9,326,034
	<u>20,258,077</u>	<u>19,857,914</u>

## 19. TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
<b>Trade receivables</b>				
Third parties	28,626,955	26,937,026	-	-
Provision for doubtful debts	(307,604)	(57,403)	-	-
Trade receivables, net	<u>28,319,351</u>	<u>26,879,623</u>	<u>-</u>	<u>-</u>
<b>Other receivables</b>				
Subsidiaries	-	-	7,415,800	7,798,160
Deposits	551,755	450,439	4,060	4,060
Prepayments - taxation	387,335	1,287,884	-	4,000
- others	716,167	830,131	1,145	-
Sundry receivables	1,305,489	2,670,656	-	-
	<u>2,960,746</u>	<u>5,239,110</u>	<u>7,421,005</u>	<u>7,806,220</u>
	<u>31,280,097</u>	<u>32,118,733</u>	<u>7,421,005</u>	<u>7,806,220</u>



# Notes To The Financial Statements

31 August 2008

## 19. TRADE AND OTHER RECEIVABLES (CONTD.)

The trade receivable within twelve months of RM890,000 (2007: Nil) has been included in trade receivables - third parties.

### (a) Credit risk

The Group's primary exposure to credit risk arises through its trade receivables. The Group's trading terms with its customers are mainly on credit. The normal credit terms range from 15 to 90 days. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management.

The Group has significant concentration of credit risk primarily arising from groups of trade debtors which constitute approximately 39.5% (2007: 33.5%) of the total trade receivables as at 31 August 2008. Trade receivables are non-interest bearing.

### (b) Amount due from subsidiaries

Amounts due from subsidiaries are non-interest bearing and are repayable on demand. Subsidiaries receivables are unsecured and are to be settled in cash.

### (c) Other receivables

Included in sundry receivables is an amount of RM Nil (2007: RM670,776) representing the balance of the disposal proceeds from sales of plant and equipment.

Further details on related party transactions are disclosed in Note 31.

Other information on financial risks of receivables are disclosed in Note 32.

## 20. CASH AND BANK BALANCES

	GROUP		COMPANY	
	2008	2007	2008	2007
	RM	RM	RM	RM
Cash on hand and at banks	8,688,329	6,607,591	390,611	41,675
Deposits with licensed banks	3,053,924	4,528,923	-	-
	<u>11,742,253</u>	<u>11,136,514</u>	<u>390,611</u>	<u>41,675</u>

Deposits with licensed banks of the Group amounting to RM2,752,541 (2007: RM3,697,344) are pledged as securities for borrowings and banking facilities (Note 24).

Certain deposits with a licensed bank of the Group amounting to RM80,668 (2007: RM58,502) are registered in the name of a director of the subsidiary who holds them in trust for the Group.

Other information on financial risks of cash and cash equivalents are disclosed in Note 32.

# Notes To The Financial Statements

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## 21. SHARE CAPITAL AND SHARE PREMIUM (GROUP AND COMPANY)

	Number of Ordinary Shares of RM1 Each		Amount	
	Share Capital (Issued and Fully Paid)	Share Capital (Issued and Fully Paid) RM	Share Premium RM	Total Share Capital and Share Premium RM
At 1 September 2006 and 31 August 2007	45,101,000	45,101,000	12,309,806	57,410,806
At 1 September 2007 and 31 August 2008	45,101,000	45,101,000	12,309,806	57,410,806

	Number of Ordinary Shares of RM1 Each		Amount	
	2008	2007	2008 RM	2007 RM
<b>Authorised share capital</b>	<u>100,000,000</u>	<u>100,000,000</u>	<u>100,000,000</u>	<u>100,000,000</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

## 22. OTHER RESERVES

	Foreign Currency Translation Reserve RM	Other Capital Reserve RM	Total RM
<b>Group</b>			
<b>At 1 September 2006</b>	313,195	1,420,000	1,733,195
Foreign currency translation	367,588	-	367,588
<b>At 31 August 2007</b>	<u>680,783</u>	<u>1,420,000</u>	<u>2,100,783</u>
<b>At 31 September 2007</b>	680,783	1,420,000	2,100,783
Foreign currency translation	(373,592)	-	(373,592)
<b>At 31 August 2008</b>	<u>307,191</u>	<u>1,420,000</u>	<u>1,727,191</u>

# Notes To The Financial Statements

31 August 2008

## 22. OTHER RESERVES (CONTD.)

### Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency. It is also used to record the exchange differences arising from monetary items which form part of the Group's net investment in foreign operations, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation.

### Other capital reserve

The other capital reserve arose as a result of the capitalisation of retained profits for bonus issues by two subsidiaries in the financial year ended 31 August 2004.

## 23. EMPLOYEE BENEFITS

### (a) Retirement benefit obligations

The Group operates an unfunded, defined benefit Retirement Benefit Scheme ("the Scheme") for its eligible employees in Malaysia and Thailand. Under the Scheme, eligible employees are entitled to retirement benefits at the age of 60 years.

The Scheme in Malaysia will completely vest on the eligible employees within 5 years from financial year ended 31 August 2006.

The amounts recognised in the balance sheets are determined as follows:

	GROUP		COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
Present value of unfunded defined benefit obligations	2,240,771	1,921,605	2,136,546	1,921,605
Amount invested	(614,062)	(921,094)	(614,062)	(921,094)
Net liability	<u>1,626,709</u>	<u>1,000,511</u>	<u>1,522,484</u>	<u>1,000,511</u>
Analysed as:				
Non-current	<u>1,626,709</u>	<u>1,000,511</u>	<u>1,522,484</u>	<u>1,000,511</u>

The amounts recognised in the income statements are as follows:

	GROUP		COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
Current service cost	225,751	120,981	126,548	120,981
Interest cost	93,415	79,187	88,393	79,187
Transitional liability	307,032	307,032	307,032	307,032
	<u>626,198</u>	<u>507,200</u>	<u>521,973</u>	<u>507,200</u>
Charged to a subsidiary company	-	-	(66,604)	(62,049)
Total, included in employee benefits expense (Note 5)	<u>626,198</u>	<u>507,200</u>	<u>455,369</u>	<u>445,151</u>

# Notes To The Financial Statements

31 August 2008

## 23. EMPLOYEE BENEFITS (CONTD.)

### (a) Retirement benefit obligations (contd.)

Movements in the net liability in the current financial year were as follows:

	GROUP		COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
At 1 September	1,000,511	493,311	1,000,511	493,311
Recognised in the income statements	626,198	507,200	455,369	445,151
Amount owing by a subsidiary company	-	-	66,604	62,049
At 31 August	<u>1,626,709</u>	<u>1,000,511</u>	<u>1,522,484</u>	<u>1,000,511</u>

Principal actuarial assumptions used:

	2008 %	2007 %
Discount rate	4.6 - 5.5	4.6
Expected rate of salary increases	<u>5.0 - 6.0</u>	<u>6.0</u>

### (b) Employee Share Options Scheme ("ESOS")

The Company's Employee Share Options Scheme ("ESOS") is governed by the by-laws approved by the shareholders at an Extraordinary General Meeting held on 26 February 2003. The duration of ESOS was from 20 November 2003 and is to be in force for a period of 5 years from the date of implementation. The Board of Directors and ESOS Committee may as deemed fit, extend the ESOS for another 5 years. On 25 April 2008, the Company has extended its existing ESOS which is expiring on 27 May 2008 for a further period of five years from 27 May 2008 until 26 May 2013. This is in accordance with the terms of the ESOS Bye-Laws.

The salient features of the ESOS are as follows:

- (i) The ESOS Committee appointed by the Board of Directors to administer the ESOS, may from time to time grant options to eligible employees of the Group to subscribe for new ordinary shares of RM1 each in the Company.
- (ii) Subject to the discretion of the ESOS Committee, any employee whose employment has been confirmed and any executive director holding office in a full-time executive capacity of the Group, shall be eligible to participate in the ESOS.
- (iii) The total number of shares to be issued under the ESOS shall not exceed in aggregate 10% of the issued share capital of the Company at any point of time during the tenure of the ESOS and out of which not more than 50% of the shares shall be allocated, in aggregate, to directors and senior management. In addition, not more than 10% of the shares available under the ESOS shall be allocated to any individual director or employee who, either singly or collectively through his/her associates, holds 20% or more in the issued and paid-up capital of the Company.

# Notes To The Financial Statements

31 August 2008

## 23. EMPLOYEE BENEFITS (CONTD.)

### (b) Employee Share Options Scheme (“ESOS”) (contd.)

- (iv) The option price for each share shall be the weighted average of the market price as quoted in the Daily Official List issued by Bursa Malaysia Securities Berhad for the 5 market days immediately preceding the date on which the option is granted less, if the ESOS Committee shall so determine at their discretion from time to time, a discount of not more than 10% or the par value of the shares of the Company of RM1.
- (v) All new ordinary shares issued upon exercise of the options granted under the ESOS will rank pari passu in all respects with the existing ordinary shares of the Company other than as may be specified in a resolution approving the distribution of dividends prior to their exercise dates.

The terms and details of share options outstanding as at the end of the financial year are as follows:

Grant Date	Expiry Date	Exercise Price RM	At 1 September 2007	Granted	Exercised	Lapsed	At 31 August 2008
20 November 2003	26 May 2013	1.00	2,183,000	-	-	(1,082,000)	1,101,000
16 March 2004	26 May 2013	1.34	177,000	-	-	(101,000)	76,000
			2,360,000	-	-	(1,183,000)	1,177,000

Number of share options vested:

	2008 '000	2007 '000
At 31 August	1,177	2,360

The share options were granted and vested on 23 November 2003 and 16 March 2004. Thus, FRS 2 is not applicable except for modification.

# Notes To The Financial Statements

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## 24. BORROWINGS

	GROUP		COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
<b>Short term borrowings</b>				
Secured:				
Bank overdrafts	7,141,528	6,128,554	-	-
Bankers' acceptances	6,192,730	6,319,725	-	-
Promissory notes	992,000	-	-	-
Trust receipts	178,188	446,212	-	-
Term loans	1,785,121	1,163,158	-	-
Hire-purchase and finance lease liabilities (Note 24.1)	<u>912,176</u>	<u>849,736</u>	<u>105,437</u>	<u>100,461</u>
	<u>17,201,743</u>	<u>14,907,385</u>	<u>105,437</u>	<u>100,461</u>
Unsecured:				
Bank overdrafts	222,875	-	-	-
Banker acceptance	1,291,000	-	-	-
	<u>1,513,875</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>18,715,618</u>	<u>14,907,385</u>	<u>105,437</u>	<u>100,461</u>
<b>Long term borrowings</b>				
Secured:				
Term loans	9,827,798	11,412,853	-	-
Hire-purchase and finance lease liabilities (Note 24.1)	<u>858,224</u>	<u>1,323,804</u>	<u>73,213</u>	<u>178,650</u>
	<u>10,686,022</u>	<u>12,736,657</u>	<u>73,213</u>	<u>178,650</u>
<b>Total borrowings</b>				
Bank overdrafts	7,364,403	6,128,554	-	-
Bankers' acceptances	7,483,730	6,319,725	-	-
Promissory notes	992,000	-	-	-
Trust receipts	178,188	446,212	-	-
Term loans	11,612,919	12,576,011	-	-
Hire-purchase and finance lease liabilities (Note 24.1)	<u>1,770,400</u>	<u>2,173,540</u>	<u>178,650</u>	<u>279,111</u>
	<u>29,401,640</u>	<u>27,644,042</u>	<u>178,650</u>	<u>279,111</u>

# Notes To The Financial Statements

31 August 2008

## 24. BORROWINGS (CONTD.)

The above banking facilities of the Group are secured by the following:

- (a) legal charges over certain subsidiaries' property, plant and equipment and investment properties as disclosed in Note 11(b), Note 12 and Note 14 respectively;
- (b) deposits with licensed banks of the Group as disclosed in Note 20;
- (c) a subsidiary director's guarantee and a third party fixed deposit;
- (d) Credit Guarantee Corporation ("CGC") guarantee under Flexi Guarantee Scheme ("FGS") to a subsidiary; and

Other information on financial risks of borrowings are disclosed in Note 32.

### 24.1. HIRE-PURCHASE AND FINANCE LEASE LIABILITIES

	GROUP		COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
<b>Future minimum lease payments:</b>				
Not later than 1 year	1,012,882	985,933	111,238	111,276
Later than 1 year and not later than 2 years	496,800	866,767	26,688	111,238
Later than 2 years and not later than 5 years	430,036	569,299	51,151	77,840
Total future minimum lease payments	1,939,718	2,421,999	189,077	300,354
Future finance charges	(169,318)	(248,459)	(10,427)	(21,243)
Present value of finance lease liabilities (Note 24)	<u>1,770,400</u>	<u>2,173,540</u>	<u>178,650</u>	<u>279,111</u>
<b>Analysis of present value of finance lease liabilities:</b>				
Not later than 1 year	912,176	849,736	105,437	100,461
Later than 1 year and not later than 2 years	452,510	793,441	24,088	105,438
Later than 2 years and not later than 5 years	405,714	530,363	49,125	73,212
	<u>1,770,400</u>	<u>2,173,540</u>	<u>178,650</u>	<u>279,111</u>
Amount due within 12 months (Note 24)	<u>(912,176)</u>	<u>(849,736)</u>	<u>(105,437)</u>	<u>(100,461)</u>
Amount due after 12 months (Note 24)	<u>858,224</u>	<u>1,323,804</u>	<u>73,213</u>	<u>178,650</u>

The Group has finance leases and hire purchase contracts for various items of property, plant and equipment (see Note 11(a)).

Certain hire-purchase and finance lease liabilities of the Group and of the Company are secured by way of corporate guarantees from the Company.

Other information on financial risks of hire purchase and finance lease liabilities are disclosed in Note 32.

# Notes To The Financial Statements

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## 25. PREFERENCE SHARES

This refers to a preferential cumulative dividend from profit of 10% per annum on the par value of the preference shares, issued by a subsidiary, Logistic Solution Holdings Co., Ltd. to third parties.

## 26. DEFERRED TAX LIABILITIES

	GROUP	
	2008 RM	2007 RM
At 1 September	212,025	148,128
Recognised in the income statements (Note 9)	<u>(70,975)</u>	<u>63,897</u>
At 31 August	<u>141,050</u>	<u>212,025</u>
Presented after appropriate offsetting as follows:		
	(7,573)	-
Deferred tax assets	<u>148,623</u>	<u>212,025</u>
Deferred tax liabilities	<u>141,050</u>	<u>212,025</u>

The components and movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows:

### Deferred tax assets of the Group:

	OTHERS RM
At 1 September 2007	(71,637)
Recognised in the income statements	<u>13,182</u>
At 31 August 2008	<u>(58,455)</u>
At 1 September 2006	(141,350)
Recognised in the income statements	<u>69,713</u>
At 31 August 2007	<u>(71,637)</u>

### Deferred tax liabilities of the Group:

	Accelerated Capital Allowances RM	Others RM	Total RM
At 1 September 2007	283,662	-	283,662
Recognised in the income statements	<u>(130,871)</u>	<u>46,714</u>	<u>(84,157)</u>
At 31 August 2008	<u>152,791</u>	<u>46,714</u>	<u>199,505</u>
At 1 September 2006	289,478	-	289,478
Recognised in the income statements	<u>(5,816)</u>	<u>-</u>	<u>(5,816)</u>
At 31 August 2007	<u>283,662</u>	<u>-</u>	<u>283,662</u>



# Notes To The Financial Statements

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## 26. DEFERRED TAX LIABILITIES (CONTD.)

Deferred tax assets have not been recognised in respect of the following items:

	GROUP		COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
Unused tax losses	18,964,200	15,932,000	5,588,000	5,542,000
Unabsorbed capital allowances	9,706,700	9,682,000	273,000	239,000
Unabsorbed reinvestment allowances	<u>9,224,000</u>	<u>9,224,000</u>	<u>-</u>	<u>-</u>
	<u>37,894,900</u>	<u>34,838,000</u>	<u>5,861,000</u>	<u>5,781,000</u>

The unutilised tax losses, unabsorbed reinvestment allowances and unabsorbed capital allowances of the Group and of the Company are available for offsetting against future taxable profits subject to no substantial change in shareholdings under the Income Tax Act, 1967 and guidelines issued by the tax authority.

No deferred tax assets were recognised in respect of the above as it is not probable that future taxable profit will be available against which these items can be utilised.

## 27. TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
<b>Trade payables</b>				
Third parties	<u>17,565,901</u>	<u>17,920,982</u>	<u>-</u>	<u>-</u>
<b>Other payables</b>				
Subsidiaries	-	-	7,670,856	7,153,137
Accruals	3,249,922	3,018,799	279,673	230,573
Accrued directors' remuneration	517,050	1,057,617	253,001	297,722
Due to directors of subsidiaries	98,109	659,366	-	-
Sundry payables	2,272,270	2,713,257	403	76,276
Short term accumulating compensated absences	<u>-</u>	<u>387,295</u>	<u>-</u>	<u>22,319</u>
	<u>6,137,351</u>	<u>7,836,334</u>	<u>8,203,933</u>	<u>7,780,027</u>
	<u>23,703,252</u>	<u>25,757,316</u>	<u>8,203,933</u>	<u>7,780,027</u>

### (a) Trade payables

Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from 30 days to 90 days.

### (b) Amount due to subsidiaries

Amounts due to subsidiaries are non-interest bearing and are repayable on demand. These amounts are unsecured and are to be settled in cash.

Further details on related party transactions are disclosed in Note 31.

Other information on financial risks of other payables are disclosed in Note 32.

# Notes To The Financial Statements

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## 28. OPERATING LEASE ARRANGEMENTS

### (a) The Group as lessee

The Group has entered into non-cancellable operating lease agreements for the use of factory/ office building and warehouse. These leases have an average life of between 1 and 3 years with no renewal or purchase option included in the contracts. There were no restrictions placed upon the Group by entering into these leases.

The future aggregate minimum lease payments under non-cancellable operating leases contracted for as at the balance sheet date but not recognised as liabilities and the total of future aggregate minimum sublease receipts expected to be received under non-cancellable subleases, are as follows:

	<b>GROUP</b>	
	<b>2008</b>	<b>2007</b>
	<b>RM</b>	<b>RM</b>
Future minimum rentals payables:		
Not later than 1 year	1,199,185	1,174,314
Later than 1 year and not later than 5 years	<u>871,872</u>	<u>706,877</u>
	<u>2,071,057</u>	<u>1,881,191</u>

The lease payments recognised in the income statements during the financial year are disclosed in Note 6.

### (b) The Group as lessor

The Group has entered into non-cancellable operating lease agreements on its investment property portfolio. These leases have remaining non-cancellable lease terms of one to three years.

The future minimum lease payments receivable under non-cancellable operating leases contracted for as at the balance sheet date but not recognised as receivables, are as follows:

	<b>GROUP</b>	
	<b>2008</b>	<b>2007</b>
	<b>RM</b>	<b>RM</b>
Not later than 1 year	709,600	723,200
Later than 1 year and not later than 5 years	<u>920,000</u>	<u>229,600</u>
	<u>1,629,600</u>	<u>952,800</u>

Investment properties rental income recognised in the income statement during the financial year is as disclosed in Note 3.

# Notes To The Financial Statements

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## 29. CAPITAL COMMITMENTS

	GROUP	
	2008 RM	2007 RM
Capital expenditure		
(i) Purchase of plant and equipment approved and contracted for	447,100	103,581
(ii) Purchase of plant and equipment approved but not contracted for	<u>-</u>	<u>438,562</u>

## 30. CONTINGENT LIABILITIES (UNSECURED)

	COMPANY	
	2008 RM	2007 RM
(a) Corporate guarantees given to licensed banks for banking facilities granted to certain subsidiaries	<u>20,686,579</u>	<u>20,848,040</u>

The directors are of the view that the crystallisation of the above guarantees is remote.

(b) The following is the contingent liability involving the Group:

Mr. Goh Hong Lim (“GHL”), the ex Managing Director of the Company filed an industrial claim through the Industrial Court Case No. 9/4-2896/2006 seeking monetary compensation due to wrongful termination. GHL’s position in the Company has ceased as he was not re-elected to the Board of Directors of the Company at the members Annual General Meeting.

The estimated claim is about RM580,000 if the Industrial Court rules in favour of GHL, which is 24 months of his last drawn salary. The Company’s legal advisers have advised that there is a likelihood that GHL’s claim may not succeed. Thus no provision has been made in respect of the claim.

## 31. RELATED PARTY DISCLOSURES

(a) Significant related party transactions

	GROUP		COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
Purchases from Master-Pack Sdn. Bhd, a company which holds 20% equity interest in a subsidiary	4,705,726	4,130,686	-	-
Management and advisory fees charged to subsidiaries	<u>-</u>	<u>-</u>	<u>(2,592,697)</u>	<u>(1,485,593)</u>

# Notes To The Financial Statements

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## 31. RELATED PARTY DISCLOSURES (CONTD.)

### (b) Compensation of key management personnel

The key management personnel are the executive directors of the Company and of its subsidiaries and their benefits are as disclosed in Note 7.

Executive directors of the Group and of the Company have been granted the following number of options under the Employees' Share Option Scheme ("ESOS"):

	← Number of share options →			
	Group		Company	
	2008	2007	2008	2007
At 1 June	525,000	525,000	185,000	185,000
Exercised	-	-	-	-
Forfeited	-	-	-	-
At 31 May	525,000	525,000	185,000	185,000

The share options were granted on the same terms and conditions as those offered to other employees of the Group (Note 23).

## 32. FINANCIAL INSTRUMENTS

### (a) Financial risk management objectives and policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its interest rate risks (both fair value and cash flow), foreign exchange risk, liquidity risk and credit risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

### (b) Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. As the Group has no significant interest-bearing financial assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group's interest-bearing financial assets are mainly short term in nature and have been mostly placed in fixed deposits.

The Group's interest rate risk arises primarily from interest-bearing borrowings. Borrowings at floating rates expose the Group to cash flow interest rate risk. Borrowings obtained at fixed rates expose the Group to fair value interest rate risk. The Group manages its interest rate exposure by maintaining a mix of fixed and floating rate borrowings.

# Notes To The Financial Statements

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## 32. FINANCIAL INSTRUMENTS (CONTD.)

### (b) Interest rate risk (contd.)

The following tables set out the carrying amounts, the highest and lowest interest rates as at the balance sheet date and the remaining maturities of the Group's and the Company's financial instruments that are exposed to interest rate risk:

	Note	Highest %	Lowest %	Within 1 year RM	1 - 2 years RM	2 - 3 years RM	3 - 4 years RM	4 - 5 years RM	More than 5 years RM	Total RM
<b>2008</b>										
<b>GROUP</b>										
<b>Fixed rate</b>										
Bankers' acceptances	24	9.00	1.50	7,483,730	-	-	-	-	-	7,483,730
Promissory notes	24	7.25	6.88	992,000	-	-	-	-	-	992,000
Hire-purchase and finance lease liabilities	24	9.80	2.24	912,176	452,510	251,704	133,822	20,188	-	1,770,400
<b>Floating rate</b>										
Deposits with licensed banks	20	3.75	2.50	3,053,924	-	-	-	-	-	3,053,924
Bank overdrafts	24	9.50	5.00	7,364,403	-	-	-	-	-	7,364,403
Trust receipts	24	9.50	7.50	178,188	-	-	-	-	-	178,188
Term loans	24	9.50	7.50	1,785,121	2,103,444	2,297,764	2,243,622	2,091,767	1,091,201	11,612,919
<b>COMPANY</b>										
<b>Fixed rate</b>										
Hire-purchase and finance lease liabilities	24	2.64	2.24	105,437	24,088	25,146	23,979	-	-	178,650
<b>2007</b>										
<b>GROUP</b>										
<b>Fixed rate</b>										
Bankers' acceptances	24	8.75	1.50	6,319,725	-	-	-	-	-	6,319,725
Hire-purchase and finance lease liabilities	24	9.75	2.24	849,736	793,441	317,152	139,849	73,362	-	2,173,540



# Notes To The Financial Statements

31 August 2008

## 32. FINANCIAL INSTRUMENTS (CONTD.)

### (b) Interest rate risk (contd.)

	Note	Highest %	Lowest %	Within 1 year RM	1 - 2 years RM	2 - 3 years RM	3 - 4 years RM	4 - 5 years RM	More than 5 years RM	Total RM
<b>Floating rate</b>										
Deposits with licensed banks	20	4.00	2.50	4,528,923	-	-	-	-	-	4,528,923
Bank overdrafts	24	9.75	5.00	6,128,554	-	-	-	-	-	6,128,554
Trust receipts	24	9.50	7.75	446,212	-	-	-	-	-	446,212
Term loans	24	8.50	5.50	1,163,158	1,708,609	2,024,618	2,211,515	2,239,595	3,228,516	12,576,011

### COMPANY

#### Fixed rate

Hire-purchase and finance lease liabilities	24	2.64	2.24	100,461	105,437	24,088	25,147	23,978	-	279,111
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Interest on financial instruments subject to floating interest rates is contractually repriced at intervals of less than 6 months except for term loans and floating rate loans which are repriced annually. Interest on financial instruments at fixed rates is fixed until the maturity of the instruments. The other financial instruments of the Group and of the Company that are not included in the above tables are not subject to interest rate risks.

### (c) Foreign exchange risk

The Group is exposed to transactional currency risk primarily through sales and purchases that are denominated in a currency other than the functional currency of the operations to which they relate. The Group operates in the Asia region and is exposed to various currencies, mainly Singapore Dollar, United States Dollars and Thai Baht. Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level. Material foreign currency transaction exposures are hedged, mainly with derivative financial instruments such as forward foreign exchange contracts.

The Group maintains a natural hedge, whenever possible, by borrowing in the currency of the country in which the property or investment is located or by borrowing in currencies that match the future revenue stream to be generated from its investments.

# Notes To The Financial Statements

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## 32. FINANCIAL INSTRUMENTS (CONTD.)

### (c) Foreign exchange risk

The unhedged financial assets and financial liabilities of the Group companies and of the Company that are not denominated in their functional currencies are as follows:

	Net Financial Assets/(Liabilities) Held in Non-Functional Currency			
	Singapore Dollar RM	US Dollar RM	Others RM	Total RM
<b>Functional Currency of Group Companies</b>				
<b>2008</b>				
<b>Trade Receivables</b>				
Ringgit Malaysia	400,246	6,824,704	-	7,224,950
Thai Baht	-	3,355,020	-	3,355,020
	<u>400,246</u>	<u>10,179,724</u>	<u>-</u>	<u>10,579,970</u>
<b>Other Receivables</b>				
Thai Baht	-	67,698	-	67,698
	<u>-</u>	<u>67,698</u>	<u>-</u>	<u>67,698</u>
<b>Cash and Bank Balances</b>				
Ringgit Malaysia	199,314	2,163,993	3,805	2,367,112
Thai Baht	-	1,502	-	1,502
	<u>199,314</u>	<u>2,165,495</u>	<u>3,805</u>	<u>2,368,614</u>
<b>Trade Payables</b>				
Ringgit Malaysia	(57,973)	(3,492,859)	-	(3,550,832)
Thai Baht	(152,278)	(2,130,002)	(57,695)	(2,339,975)
	<u>(210,251)</u>	<u>(5,622,861)</u>	<u>(57,695)</u>	<u>(5,890,807)</u>
<b>Other Payables</b>				
Ringgit Malaysia	(56,885)	(47,130)	-	(104,015)
Thai Baht	-	(225,538)	-	(225,538)
	<u>(56,885)</u>	<u>(272,668)</u>	<u>-</u>	<u>(329,553)</u>

# Notes To The Financial Statements

31 August 2008

## 32. FINANCIAL INSTRUMENTS (CONTD.)

### (c) Foreign exchange risk (contd.)

	Net Financial Assets/(Liabilities) Held in Non-Functional Currency			
	Singapore Dollar RM	US Dollar RM	Others RM	Total RM
<b>2007</b>				
<b>Trade Receivables</b>				
Ringgit Malaysia	271,707	5,207,486	33,545	5,512,738
Thai Baht	-	189,892	-	189,892
	<u>271,707</u>	<u>5,397,378</u>	<u>33,545</u>	<u>5,702,630</u>
<b>Other Receivables</b>				
Thai Baht	-	529,065	-	529,065
<b>Cash and Bank Balances</b>				
Ringgit Malaysia	279,337	307,440	3,805	590,582
Thai Baht	-	1,050	-	1,050
	<u>279,337</u>	<u>308,490</u>	<u>3,805</u>	<u>591,632</u>
<b>Trade Payables</b>				
Ringgit Malaysia	(108,076)	(3,000,615)	-	(3,108,691)
Thai Baht	(45,291)	(603,856)	(4,726)	(653,873)
	<u>(153,367)</u>	<u>(3,604,471)</u>	<u>(4,726)</u>	<u>(3,762,564)</u>
<b>Other Payables</b>				
Ringgit Malaysia	-	(2,853)	-	(2,853)
Thai Baht	(17,627)	(27,567)	-	(45,194)
	<u>(17,627)</u>	<u>(30,420)</u>	<u>-</u>	<u>(48,047)</u>



# Notes To The Financial Statements

31 August 2008

## 32. FINANCIAL INSTRUMENTS (CONTD.)

### (c) Foreign exchange risk (contd.)

As at balance sheet date, the Group had entered into forward foreign exchange contracts with the following notional amounts and maturities:

	Currency	----- Maturities -----			Total Notional Amount RM
		Within 1 Year RM	1 Year Up to 5 Years RM	5 Years or More RM	
<b>2008</b>					
Forwards used to hedge trade receivables	US Dollar	1,109,535	-	-	1,109,535
<b>2007</b>					
Forwards used to hedge trade receivables	US Dollar	5,599,890	-	-	5,599,890

### (d) Liquidity risk

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient level of cash to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities at a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from financial institutions and prudently balances its portfolio with some short term funding so as to achieve overall cost effectiveness.

### (e) Credit risk

The Group's credit risk is primarily attributable to trade receivables. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant. For transactions that are not denominated in the functional currency of the relevant operating unit, the Group does not offer credit terms without the specific approval. Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral.

The credit risk of the Group's other financial assets, which comprise cash and cash equivalents, and non-current investments, arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these financial assets.

The Group does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial assets other than as disclosed in Note 19.

# Notes To The Financial Statements

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## 30. FINANCIAL INSTRUMENTS (CONTD.)

### (f) Fair values

The carrying amounts of financial assets and financial liabilities of the Group and of the Company at the balance sheet date approximate their fair values except for the following:

	Note	GROUP		COMPANY	
		Carrying Amount RM	Fair Value RM	Carrying Amount RM	Fair Value RM
<b>2008</b>					
Term loans	24	11,612,919	9,925,361	-	-
Hire-purchase and lease payables	24	1,770,400	1,699,152	178,650	175,492
Preference shares	25	5,059	*	-	-
Forward exchange contracts	32(c)	-	75,315	-	-
<b>2007</b>					
Term loans	24	12,576,011	10,273,451	-	-
Hire-purchase and lease payables	24	2,173,540	1,930,457	279,111	271,793
Preference shares	25	5,205	*	-	-
Forward exchange contracts	32(c)	-	103,442	-	-

\* It is not practical to estimate the fair values of the preference shares due principally to a lack of fixed repayment terms entered into by the parties involved without incurring excessive costs. However, the Group believes the carrying amount represents the recoverable values.

The methods and assumptions used by the management to determine fair values of the financial instruments other than those whose carrying amounts reasonably approximate their fair values are as follows:

### Borrowings

Fair value has been determined using discounted estimated cash flows. The discount rates used are the current market incremental lending rates for similar types of lending, borrowing and leasing arrangements.

# Notes To The Financial Statements

31 August 2008

## 33. SEGMENT INFORMATION

### (a) Reporting format

The primary segment reporting format is determined to be business segments as the Group's risks and rates of return are affected predominantly by differences in the products and services produced. Secondary information is reported geographically. The operating businesses are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

### (b) Business segments

The Group is organised into three major business segments:

- (i) Integrated supply chain products and services - sales and distribution of advanced packing materials, electronics products, chemicals, spare parts and consumables.
- (ii) Contract manufacturing - contract manufacturer of electronic components.
- (iii) Supply of packing materials - manufacture, sales and distribution of advanced packing material, electronics products and consumables.

### (c) Geographical segments

The Group's geographical segments are based on the location of the Group's assets. Sales to external customers disclosed in geographical segments are based on the geographical location of its customers. The Group's three major business segments operate in two main geographical areas:

- (i) Malaysia - the operations in this area are principally supply of packaging materials.
- (ii) Thailand - the operations in this area are mainly engaged in integrated supply chain products and services and contract manufacturing.

### (d) Allocation basis and transfer pricing

Segments results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, liabilities and expenses.

Transfer prices between business segments are sets on an arm's length basis in a manner similar to transactions with third parties. Segment revenue, expenses and results include transfers between business segments. These transfers are eliminated on consolidation.

# Notes To The Financial Statements

31 August 2008

## 33. SEGMENT INFORMATION (CONTD.)

### (d) Allocation basis and transfer pricing (contd.)

#### Business segments

The following table provides an analysis of the Group' revenue, results, assets, liabilities and other information by business segment:

	Integrated Supply Chain Products and Services RM	Contract Manufacturing RM	Supply of Packaging Materials RM	Eliminations RM	Consolidation RM
<b>2008</b>					
<b>Revenue</b>					
Sales to external customer	41,817,057	23,787,147	96,019,826	-	161,624,030
Inter-segments sales	1,304,412	308,911	17,714,229	(19,327,552)	-
<b>Total revenue</b>	<b>43,121,469</b>	<b>24,096,058</b>	<b>113,734,055</b>	<b>(19,327,552)</b>	<b>161,624,030</b>
<b>Results</b>					
Segment results	271,901	338,617	1,484,686	-	2,095,204
Unallocated expenses					(1,094,346)
Operating profit					1,000,858
Finance costs					(1,843,253)
Loss before tax					(842,395)
Income tax expense					(863,070)
Loss for the financial year					(1,705,465)
<b>Assets</b>					
Segment assets	10,797,485	17,753,171	78,389,467	-	106,940,123
Unallocated assets					8,405
<b>Total assets</b>					<b>106,948,528</b>
<b>Liabilities</b>					
Segment liabilities	7,028,656	3,935,465	41,746,937	-	52,711,058
Unallocated liabilities					2,332,116
<b>Total liabilities</b>					<b>55,043,174</b>

# Notes To The Financial Statements

31 August 2008

## 31. SEGMENT INFORMATION (CONTD.)

### Business segments (contd.)

	Integrated Supply Chain Products and Services RM	Contract Manufacturing RM	Supply of Packaging Materials RM	Eliminations RM	Consolidation RM
<b>Other Information</b>					
Capital expenditure for property, plant and equipment	25,551	1,535,506	1,350,811	-	2,911,868
Capital expenditure for investment properties	-	-	9,707	-	9,707
Amortisation of prepaid land lease payments	-	-	49,708	-	49,708
Depreciation	126,310	2,100,420	2,950,013	-	5,176,743
Other significant non-cash expenses					<u>1,612,811</u>
<b>2007</b>					
<b>Revenue</b>					
Sales to external customer	60,034,585	20,916,790	82,705,737	-	163,657,112
Inter-segments sales	1,812,594	1,336,380	15,194,540	(18,343,514)	-
Total revenue	<u>61,847,179</u>	<u>22,253,170</u>	<u>97,900,277</u>	<u>(18,343,514)</u>	<u>163,657,112</u>
<b>Results</b>					
Segment results	1,381,186	1,681,182	(223,305)	-	2,839,063
Unallocated expenses					<u>(1,510,391)</u>
Operating profit					1,328,672
Finance costs					<u>(1,287,847)</u>
Profit before tax					40,825
Income tax expense					<u>(834,814)</u>
Loss for the financial year					<u>(793,989)</u>
<b>Assets</b>					
Segment assets	8,883,414	19,616,026	80,410,778	-	108,910,218
Unallocated assets					<u>(2,634)</u>
Total assets					<u>108,907,584</u>

# Notes To The Financial Statements

31 August 2008

## 33. SEGMENT INFORMATION (CONTD.)

### Business segments (contd.)

	Integrated Supply Chain Products and Services RM	Contract Manufacturing RM	Supply of Packaging Materials RM	Eliminations RM	Consolidation RM
<b>Liabilities</b>					
Segment liabilities	6,941,168	4,382,459	41,533,551	-	52,857,178
Unallocated liabilities					1,905,722
Total liabilities					<u>54,762,900</u>
<b>Other Information</b>					
Capital expenditure	21,450	3,605,814	16,512,215	-	20,139,479
Amortisation of prepaid land lease payments	-	-	49,708	-	49,708
Depreciation	158,061	1,734,155	2,697,163	-	4,589,379
Other significant non- cash expenses					<u>2,703,137</u>

### Geographical segments:

The following table provides an analysis of the Group's revenue, assets and capital expenditure by geographical segment:

	Total Revenue from External Customers		Segment Assets		Capital Expenditure	
	2008 RM	2007 RM	2008 RM	2007 RM	2008 RM	2007 RM
Malaysia	95,032,056	98,567,586	64,339,002	67,646,881	904,558	1,810,362
Thailand	66,591,974	65,089,526	42,660,117	41,260,703	2,007,310	18,329,117
Consolidated	<u>161,624,030</u>	<u>163,657,112</u>	<u>106,999,119</u>	<u>108,907,584</u>	<u>2,911,868</u>	<u>20,139,479</u>

# Notes To The Financial Statements

31 August 2008

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## 34. SIGNIFICANT EVENTS

- (a) On 05 February 2008, the Company has reorganized its two subsidiaries in Thailand namely ISCM Industries (Thailand) Co. Ltd. ("ISCM Ind") and ISCM Technology (Thailand) Co. Ltd. ("ISCM Tech"). Instead of the Company holding 70% direct interest in ISCM Ind, the Company now holds 70% indirect interest in ISCM Ind through ISCM Tech as the total shareholdings of the Company and other shareholder (Mayban – JAIC) in ISCM Ind have been acquired by ISCM Tech in exchange for 640,000 new ordinary shares of 100 Baht each. The reorganization will not affect the effective interest of the Company in ISCM Ind as the 2 main shareholders (D'nonce and Mayban) are holding the same percentage of equity interest in these two subsidiaries in Thailand.
- (b) On 25 April 2008, the Company has extended its existing ESOS which is expiring on 27 May 2008 for a further period of five years from 27 May 2008 until 26 May 2013. This is in accordance with the terms of the ESOS Bye-Laws.
- (c) The Company's wholly-owned subsidiary, D'nonce Electronics Sdn. Bhd. has changed its name to D'nonce BioFoods Sdn. Bhd. with effect from 27 June 2008.

## 35. SUBSEQUENT EVENT

Subsequent to year end, a subsidiary obtained a revolving credit facility of RM4,000,000 from a licensed bank which is secured against proceeds receivable on a quarterly basis from a debtor and a corporate guarantee of the Company.

# List Of Properties Owned

## As At 31 August 2008

Beneficial owner/ Location	Description/ Existing Use	Land/Built up area  (sq.ft.)	Age of building (years)  31.08.2008	Type of land/ tenure (Year of expiry for leasehold)	Net book value as at 31 Aug 2008  RM'000	Date of acquisition
<b>D'nonce (M) Sdn Bhd</b>						
No. 12 Hujung Perusahaan 2, Kawasan MIEL, Prai Industrial Estate, 13600 Penang	Industrial land and building/Factory	1,875 / 2,500	24	60 years - leasehold (2045)	88	05.11.1990
51-14 B&C, Menara BHL, Jalan Sultan Ahmad Shah, 10500 Penang	Building/Corporate Head Office	* / 3,670	14	Freehold	732	14-B: 21.03.1994 14-C: 18.04.1994
BAM Villa, Unit 42C-7-5C, Taman Maluri, Cheras, 56000 Kuala Lumpur	Condominium	* / 975	17	99 years - leasehold (2090)	121	02.01.1992
<b>Attractive Venture Sdn Bhd</b>						
No.1 Puncak Perusahaan 1, Kawasan MIEL, Prai Industrial Estate, 13600 Penang	Industrial land and building/Factory	21,590 / 12,208	23	60 years - leasehold (2045)	645	19.12.1991
Plot 425, Tingkat Perusahaan 6A, Free Trade Zone, 13600 Prai, Penang	Industrial land and building/Factory	46,800 / 29,614	20	60 years - leasehold (2046)	3,252	17.08.1998
Lot 1218 Jalan Sri Putri 3/4, Taman Putri Kulai, 81000 Kulai, Johore	Industrial land and building/Factory	5,381 / 2,777	13	Freehold	292	10.05.1995
Lot 1220 Jalan Sri Putri 3/4, Taman Putri Kulai, 81000 Kulai, Johore	Industrial land and building/Factory	2,400 / 2,777	13	Freehold	264	04.07.1997
Plot 37, 1652 Mukim 11, Lorong Perusahaan Maju 7, Taman Perindustrian Bukit Tengah, Phase IV, 13600 Prai, Penang	Industrial land and building/Factory	44,800 / 50,000	7	60 years - leasehold (2052)	5,921	27.08.1997
Plot 36, Mukim 11, Lorong Perusahaan Maju 7, Taman Perindustrian Bukit Tengah, Phase IV, 13600 Prai, Penang	Industrial land and building/Factory	96,500 / 66,342	14	60 years - leasehold (2052)	2,973	13.06.2002
<b>Attractive Venture (JB) Sdn Bhd</b>						
1273, Jalan Sri Putri 3/4 Taman Putri Kulai, 81000 Kulai, Johor	Building/Factory	2,400 / 2,777	13	Freehold	232	10.09.1999
<b>D'nonce (Johore) Sdn Bhd</b>						
8 Jalan Mutiara Emas 5/17, Taman Mount Austin, Johore Bahru, 81100 Johore	Industrial land and building/Office	3,120 / 2,568	12	Freehold	310	05.08.1996
<b>D'nonce (KL) Sdn Bhd</b>						
No 39, Jalan 1/119, Taman Bukit Hijau, 6th Mile, Jalan Cheras, 56000 Kuala Lumpur	Building and land/Office	1,540 / 4,510	12	Freehold	535	15.07.1997
<b>ISCM Industries (Thailand) Co., Ltd</b>						
188 Moo 1, Kanchanavanich Road, Tambol Samnakkam, Sadao, Songkhla Thailand	Industrial land and building/Factory	43,055,642	9	Freehold	8,489	15.03.2007
<b>Total</b>					<b>23,854</b>	

\* Not applicable



# Analysis Of Shareholdings

31 December 2008

Authorised Capital	:	RM100,000,000.00
Issued and Fully Paid	:	RM45,101,000.00
Class of Shares	:	Ordinary shares of RM1.00 each fully paid
Total Number of Shareholders	:	2,061
Voting right	:	One vote per ordinary share

## DISTRIBUTION OF SHAREHOLDERS

Size of holdings	Number of Shareholders	% of Total Shareholders	Number of Shares	% of Issued Share Capital
1 – 99	5	0.24	176	0.00
100 – 1,000	832	40.37	816,423	1.81
1,001 – 10,000	945	45.85	4,285,400	9.50
10,001 – 100,000	237	11.50	6,839,580	15.17
100,001 – 2,255,049	40	1.94	26,149,278	57.98
2,255,050 & above	2	0.10	7,010,143	15.54

## SUBSTANTIAL SHAREHOLDERS

Name of Shareholders	Direct Interest	% Number of Share Held	Deemed Interest	%
Enrich Joy Sdn. Bhd.	8,105,895	17.97	-	-
General Produce Agency Sdn. Bhd.	2,510,143	5.57	-	-
Chan Seng Sun	2,326,800	5.16	-	-

## DIRECTORS' SHAREHOLDINGS

Name of Directors	Direct Interest	% Number of Share Held	Deemed Interest	%
Lim Teik Hoe	2,156,700	4.78	-	-
Law Kim Choon	1,700,000	3.77	-	-

## In the Subsidiaries

None of the directors have any direct shareholdings in the subsidiaries

## Thirty Largest Shareholders

Name of Shareholder	Number of Shares	% of Issued Share Capital
1. Enrich Joy Sdn. Bhd.	4,500,000	9.98
2. General Produce Agency Sdn. Berhad	2,510,143	5.57
3. Mercsec Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Siow Wong Yen @ Siow Kwang Hwa	2,200,000	4.88
4. Ee Wee Lee	2,073,000	4.60
5. Chan Seng Sun	2,026,800	4.49
6. Ho Yu Min	2,000,000	4.43
7. Lim Teik Hoe	1,800,000	3.99
8. Siow Wei Sheng	1,709,800	3.79
9. Law Kim Choon	1,700,000	3.77
10. Mayban Securities Nominees (Tempatan) Sdn. Bhd. Mayban-Jaic Management Ltd for Enrich Joy Sdn Bhd. (MJAF)	1,500,000	3.33
11. Ke-Zan Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Enrich Joy Sdn. Bhd.	1,291,400	2.86
12. Sunrise Paper (M) Sdn. Bhd.	1,095,505	2.43
13. Citigroup Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Khor Chee Kong (473344)	956,900	2.12
14. Koperasi Polis Diraja Malaysia Berhad	911,000	2.02
15. Enrich Joy Sdn. Bhd.	814,495	1.81
16. Lilian Leong Lai Lin	539,100	1.20
17. Goh Shze Yinn	498,000	1.10
18. Citigroup Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Lai Mei Fong (474021)	449,971	1.00
19. Mercsec Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Pauline Koh Siok Huang	360,000	0.80
20. Chan Seng Sun	300,000	0.67

## Thirty Largest Shareholders

Name of Shareholders	Number of Shares	% of Issued Share Capital
21. Bong Nyon	285,000	0.63
22. Chan Su-San	254,500	0.56
23. HDM Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Yap Cheng Chon (M09)	251,900	0.56
24. Mayban Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Lim Teik Hoe	235,000	0.52
25. Lilian Leong Lai Lin	231,700	0.51
26. A.A. Anthony Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Koo Tai Ping @ Koh Kian Tee	224,100	0.50
27. Quek Phaik Im	203,600	0.45
28. Yeoh Guan Liew	200,000	0.44
29. Lai Mei Fong	200,000	0.44
30. Arthur Varkey Samuel	200,000	0.44
	31,521,914	69.89

# PROXY FORM

## D'NONCE TECHNOLOGY BHD.

(Company No. 503292-K)  
(Incorporated in Malaysia)

#CDS account no. of authorised nominee
--

I/We ..... (name of shareholder as per NRIC, in capital letters)  
 NRIC No. .... (new) ..... (old)/ID No./Company No. .... of  
 ..... (full address)  
 being a member(s) of the abovenamed Company, hereby appoint .....  
 (name of proxy as per NRIC, in capital letters) NRIC No. .... (new) ..... (old)  
 or failing him/her ..... (name of proxy as per NRIC, in capital letters)  
 NRIC No. .... (new) ..... (old) or failing him/her the CHAIRMAN OF THE  
 MEETING as my/our proxy to vote for me/us on my/our behalf at the Ninth Annual General Meeting of the Company to be held  
 at Function Hall 1 Level 2, The Gurney Resort Hotel and Residences, Penang on Friday, 27 February 2009 at 11.30 a.m. and at  
 any adjournment thereof. My/our proxy is to vote as indicated below:-

RESOLUTIONS			FOR	AGAINST
Resolution 1	-	Adoption of financial statements and reports of Directors and Auditors		
Resolution 2	-	Approval of Directors' fees		
		Re-election of Directors:		
Resolution 3	-	Dato' Ahmad Ibnihajar		
Resolution 4	-	Dato' Oon Choo Eng @ Oon Choo Khye		
Resolution 5	-	Re-appointment of Messrs Ernst & Young as Auditors and to authorise the Directors to determine their remuneration		
Resolution 6	-	Approval for issuance of new ordinary shares pursuant to Section 132D of Companies Act, 1965		

(Please indicate with "X" in the spaces provided how you wish your vote to be cast. If you do not do so, the proxy will vote or abstain from voting at his/her discretion.)

Dated this ..... day of ..... 2009

Number of shares held	
-----------------------	--

For appointment of more than one proxy, number of shares and percentage of shareholdings to be represented by the proxies:-

	No. of shares	Percentage
Proxy 1	_____	_____%
Proxy 2	_____	_____%

.....  
Signature/Common Seal of Appointer

### NOTES:

- Applicable to shares held through a nominee account.
- In accordance with Paragraph 7.22 of the Listing Requirements of Bursa Malaysia Securities Berhad, where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
- A member entitled to attend and vote at the Annual General Meeting is entitled to appoint one or more proxies (who need not be members of the Company) to attend and vote on his behalf.
- If the space provided in the proxy form is not sufficient, an appendix attached to the proxy form duly signed by the appointor is acceptable.
- The instrument appointing a proxy or proxies must be deposited at the Company's Registered Office at Suite 12-02, 12th Floor Menara MAA, 170 Jalan Argyll, 10050 Penang not less than 48 hours before the time set for the meeting.
- Where a member appoints two or more proxies, the appointments shall be invalid unless the percentage of the holding to be represented by each proxy is specified.
- The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of any officer or attorney duly authorised.
- A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the meeting in accordance with Section 147 of the Companies Act 1965.
- Those proxy forms which are indicated with "√" in the spaces provided to show how the votes are to be cast will also be accepted.

Fold this flap for sealing

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AFFIX  
STAMP

The Company Secretary  
**D'NONCE TECHNOLOGY BHD.** (503292-K)  
Suite 12-02, 12th Floor, Menara MAA  
170 Jalan Argyll, 10050 Penang  
Malaysia

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