A GLOBAL VISION

Quality
the backbone of our success

Annual Report 09

DNONCE TECHNOLOGY BHD 503292-K
Your Dependable Partner

CONTENTS PAGES

Concept: **The Core of Success**

Futuristic design elements converge around the globe - a representation of the Group's corporate colours, accentuating its corporate strength, stability and flexibility.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Tenth Annual General Meeting of D'nonce Technology Bhd. ("the Company") will be held at The Northam All Suite Penang, Hall 1, Level 3 on Thursday, 25 February 2010 at 11.30 a.m.

AGENDA

1.	To receive the Statutory Financial Statements for the financial year ended 31 August 2009 together with the Reports of the Directors and Auditors thereon.	**Please refer to Note A**
2.	To approve the payment of Directors' fees for the financial year ended 31 August 2009.	**Resolution 1**
3.	(i) To re-elect Mr Wong Thai Sun who retires in accordance with Article 95(1) of the Company's Articles of Association.	**Resolution 2**
	(ii) To re-appoint Dato'Oon Choo Eng @ Oon Choo Khye who retires in accordance with Section 129(6) of the Companies Act, 1965.	**Resolution 3**
4.	To re-appoint Messrs Ernst & Young as Auditors and to authorise the Directors to determine their remuneration.	**Resolution 4**

5. 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
3 February 2010

Note A

This Agenda Item is meant for discussion only as the provision of Section 169 (1) of the Companies Act 1965 does not require a formal approval of the shareholders and hence is not put forward for voting.

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 appointer 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 an 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.

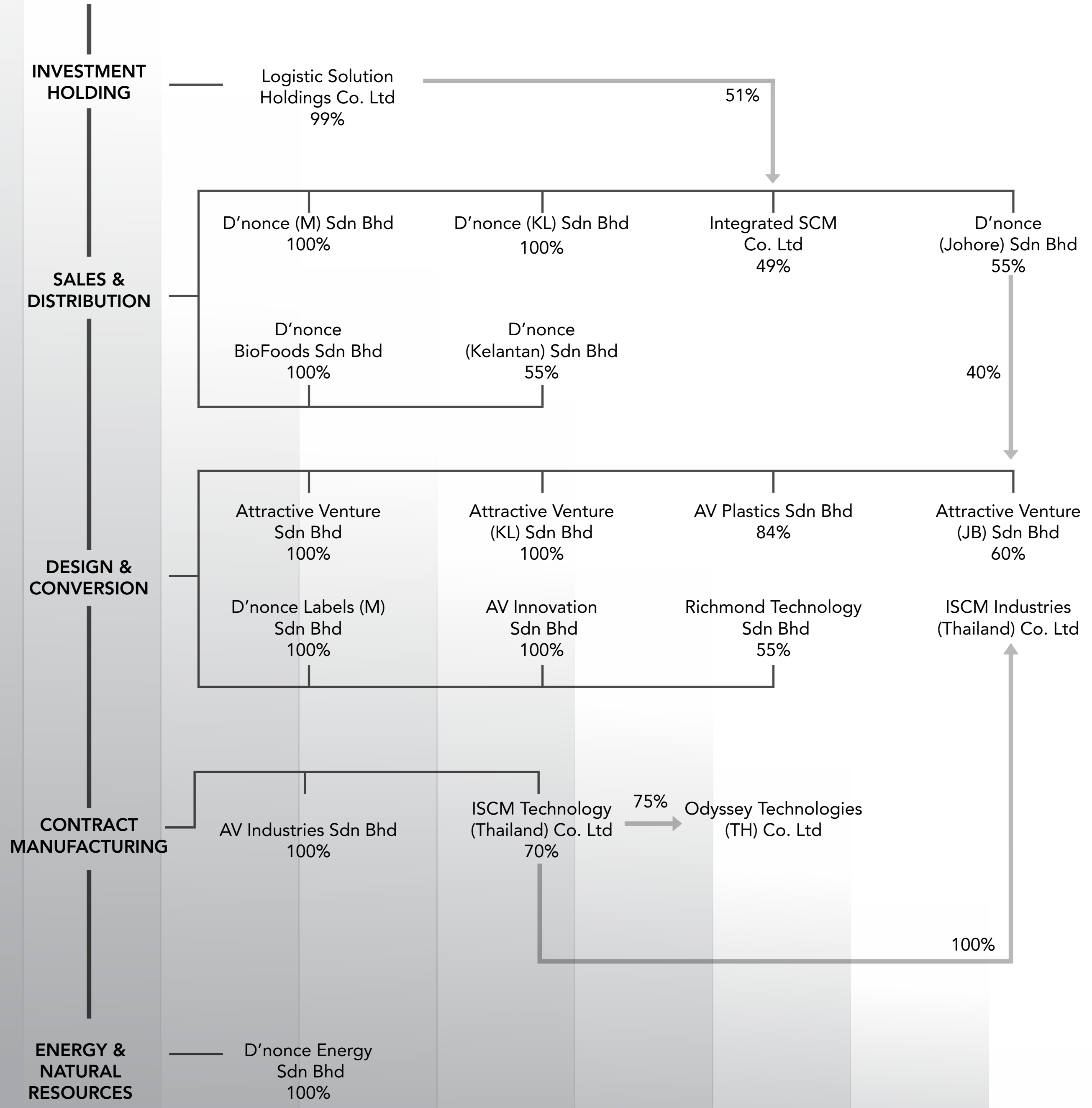
STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The profile and shareholdings of the Directors who are standing for re-election under Article 95(1) of the Company's Articles of Association and re-appointment under Section 129(6) of the Companies Act, 1965 are set out on pages 12 to 13 and 100 respectively of the annual report.

CORPORATE STRUCTURE

D'nonce TECHNOLOGY BHD 503292-K



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 Penang, Malaysia
Tel No: 04- 229 6318
Fax No: 04- 226 8318
E-mail: Molly.gunn@my.tricorglobal.com

HEAD OFFICE

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

SHARE REGISTRARS

Tricor Investor Services 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
22nd Floor MWE Plaza
No. 8 Lebuh Farquhar
10200 Penang, Malaysia

PRINCIPAL BANKERS

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

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
Stock code: 7114
Stock name: DNONCE

CORPORATE SOCIAL RESPONSIBILITY

CONTINUOUS COMMITMENT

Since we first announced our policy statement on Corporate Social Responsibility (CSR) in 2007, our realisation of its importance has grown stronger through our various activities and we believe in bringing positive impact that is lasting and meaningful to society. We shall continue to play our role in CSR with strong commitment which can serve as a role model to others in certain aspects of our activities.

ACTIVITIES

Having a long history of operation in Penang, our CSR activities are mainly engaged in the State where we aspire to see that the people of Penang indulge in healthy lifestyles, but it will not be long where we plan to serve a wider communities and beyond our present scope.

Our support in some sporting events in Penang have been quite renowned, for example, through our sponsorship in the Penang Open Basketball Tournament whereby the Lady Team that we have sponsored emerged open champion for 4 years in a row from 2006 to 2009. We are glad to observe that the engagement of these youths in healthy sporting activities are very overwhelming and we are proud that we play a part in developing such interest.

We continue to support and sponsor the various fund-raising activities by various association in Penang and we hope that our contribution will bring some benefits to the associations.

Our commitment in getting more interests within the communities in Penang on hiking around Penang Island is still strong whereby the web-based information centre for the tracks and trails around Penang Island is taking shape for launching. We hope to provide vital information, maps and guides for those with interests in exploring the vast tracks and trails of Penang. We also hope that our effort would spur interests from outside Penang to take up such healthy outdoor activities, thus complementing 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 will always adopt the national policy on economic, social and cultural progress and enhancement of the quality of life of Malaysians through environmentally sound and sustainable development. Our recent venture into renewable and green energy sector along with Clean Development Mechanism (CDM) has, apart from the business aspect, given us a strong base on the understanding of the issues in environmental conservation and such understanding is important to be disseminated to any party that we deal with. We hope that our small effort will complement the national awareness programes on the importance of environmental conservation.

CHAIRMAN'S STATEMENT

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 2009 ("current year").

Looking at the global economy, there are signs that the downturn has somewhat stabilised, but the recovery and the healing from the current crisis may still take time. Malaysia may not regain more strength until the global economy is back on track. However, numerous indicators are suggesting that the downturn is somewhat subsiding, coupled with massive national fiscal stimuli and monetary expansions that have largely aided the gradual recovery.

Within the Electronics and Electrical sector, where the Group's main businesses are derived from, the environment remained competitive and very challenging. Notwithstanding the tough market environment, the Group continued to adapt its business strategies to the current market environment. As a result of these strategies, the Group has recorded a slightly higher revenue and better performance for the current year as compared to the financial year ending 31 August 2008 ("the previous year").

Operational Financial Review

The Group's revenue for the current year is 4% higher than last year mainly due to higher sales from the non-Electronic and Electrical (E&E) sector mostly from the health care sector. The current year's performance recorded a loss before taxation of RM0.7 million which is better than last year's loss of RM0.8 million.

Integrated Supply Chain Products and Services

Revenue for the Integrated Supply Chain Products and Services business segment has increased significantly from RM41.8 million in the previous year to RM61.3 million in the current year, mainly due to the increased sales from the health care sector. Correspondingly this segment has also recorded a higher result of RM2.3 million for the current year as compared to RM0.3 million for the previous year.

Contract Manufacturing

Revenue for the Contract Manufacturing business segment for the current year has decreased from RM23.8 million in the previous year to RM17.6 million for the current year, mainly caused by the significant drop in the Hard Disk demand. The segmental result has also dropped from RM0.3 million in the previous year to a loss of RM0.7 million in the current year mainly due to lower capacity utilisation.

Supply of Packaging Materials

The Supply of Packaging Materials business segment has recorded a lower revenue of RM89.8 million for the current year compared to RM96 million for the previous year. The result for this segment recorded a loss of RM0.8 million in the current year compared to a profit of RM1.5 million for the previous year, mainly due to lower revenue and stock write down.

Prospects

Moving forward, the financial year 2010 could remain challenging for the current businesses of the Group especially those that are within the E&E sector due to unclear signs of global recovery especially the US economy. However, the Group's venture into businesses outside the E&E sector has cushioned the negative impact from the slow recovery. The Group will actively pursue other non-E&E businesses while continuing its efforts in business penetration and cost management so as to be well prepared to face the challenges ahead.

The establishment of D'nonce Energy Sdn Bhd will pave the way for the Group's venture into renewable energy and green technology together with reputable technology partners. With this and together with other businesses in the non-E&E sector, we hope to see better performance in FY2010. The Group is also expecting better revenue contributions from the new contract manufacturing business in Thailand, that was commenced in July 2009 for a Japanese customer.

Corporate Governance

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

CHAIRMAN'S STATEMENT (cont'd)

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 and the staff for their dedication and contribution to the Group.

Thank you.

Dato' Ahmad Ibnihajar
Chairman

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 2009 ("tahun semasa").

Melihat keadaan ekonomi global, terdapat tanda-tanda bahawa kemelesetan yang dialami telah stabil, namun pemulihan daripada krisis semasa mungkin akan mengambil masa. Malaysia mungkin belum boleh kembali kukuh sehingga ekonomi global kembali kepada landasannya. Walau bagaimanapun beberapa petunjuk membayangkan bahawa kemelesetan telah semakin reda ditambah pula dengan pelaksanaan rangsangan fiskal nasional serta pengembangan kewangan yang telah banyak membantu pemulihan tersebut.

Di dalam sektor elektronik dan elektrik (E&E) dimana sebahagian besar perniagaan Kumpulan diperolehi, persaingan masih berterusan dan sangat mencabar. Sungguhpun di dalam persekitaran pasaran yang sukar dan mencabar, Kumpulan masih terus menyesuaikan strategi-strategi perniagaannya dengan persekitaran pasaran semasa. Hasil strategi-strategi tersebut, Kumpulan telah mencatat perolehan yang lebih tinggi sedikit dan prestasi yang lebih baik bagi tahun semasa berbanding dengan tahun kewangan berakhir 31 Ogos 2008 ("tahun sebelumnya").

Semakan Kewangan Operasi

Bagi tahun semasa, perolehan Kumpulan telah melebihi sebanyak 4% daripada perolehan tahun sebelumnya kebanyakannya hasil daripada peningkatan perolehan diluar sektor E&E terutamanya didalam sektor penjagaan kesihatan. Kumpulan telah mencatat kerugian sebelum cukai sebanyak RM0.7 juta dimana ianya adalah lebih baik daripada kerugian sebelum cukai sebanyak RM0.8 juta yang dicatat dalam tahun sebelumnya.

Perkhidmatan dan Barangan Rangkaian Bekalan Berintegrasi

Perolehan bagi bidang Perkhidmatan dan Barangan Rangkaian Bekalan Berintegrasi telah mencatat peningkatan yang tinggi daripada RM41.8 juta dalam tahun sebelumnya kepada RM61.3 juta dalam tahun semasa, kebanyakannya daripada peningkatan perolehan dalam sektor penjagaan kesihatan. Dalam tempoh yang sama, bidang ini telah mencatat prestasi yang lebih baik sebanyak RM2.3 juta bagi tahun semasa berbanding dengan RM0.3 juta bagi tahun sebelumnya.

Pembuatan Secara Kontrak

Perolehan bagi bidang perniagaan Pembuatan Secara Kontrak telah menurun daripada RM23.8 juta dalam tahun sebelumnya kepada RM17.6 juta bagi tahun semasa, terutamanya disumbang oleh kejatuhan ketara didalam permintaan bagi cakera keras. Keuntungan bagi segmen ini juga menurun daripada RM0.3 juta dalam tahun sebelumnya kepada kerugian sebelum cukai sebanyak RM0.7 juta bagi tahun semasa, kebanyakannya hasil daripada penggunaan kapasiti yang lebih rendah.

Pembekalan Bahan Pembungkusan

Bidang perniagaan Pembekalan Bahan Pembungkusan telah mencatatkan perolehan yang lebih rendah iaitu sebanyak RM89.8 juta bagi tahun semasa berbanding dengan RM96 juta dalam tahun sebelumnya. Segmen ini telah mencatat kerugian sebelum cukai sebanyak RM0.8 juta bagi tahun semasa berbanding dengan keuntungan sebanyak RM1.5 juta bagi tahun sebelumnya dimana sebahagian besarnya disebabkan oleh perolehan yang lebih rendah serta pelupusan stok.

KENYATAAN PENGERUSI (cont'd)

Prospek

Dalam langkah kehadapan, tahun kewangan 2010 mungkin terus mencabar bagi perniagaan semasa yang dijalankan oleh Kumpulan terutamanya dalam sektor E&E disebabkan oleh tanda-tanda yang tidak jelas dalam pemulihan global, lebih-lebih lagi dalam ekonomi Amerika Syarikat. Walau bagaimanapun, penglibatan Kumpulan dalam bidang-bidang perniagaan yang di luar sektor elektronik telah berupaya menambat impak negative dari pemulihan yang lembab. Kumpulan akan menuruti secara aktif untuk meneroka perniagaan-perniagaan di luar E&E sambil meneruskan usahanya dalam penembusan perniagaan serta pengurusan kos sebagai persediaan rapi untuk menghadapi cabaran-cabaran di hadapan.

Penubuhan D'nonce Energy Sdn Bhd akan membuka ruang bagi penglibatan Kumpulan dalam bidang tenaga yang boleh diperbaharui dan teknologi hijau bersama-sama dengan beberapa rakan kongsi teknologi. Melalui langkah ini bersama-sama dengan lain-lain penglibatan dalam bidang di luar sektor E&E, kami berharap untuk melihat prestasi yang lebih baik dalam tahun kewangan 2010. Kumpulan juga menjangka sumbangan perolehan daripada perniagaan pembuatan secara kontrak yang baru di Thailand yang telah beroperasi sejak Julai 2009 untuk pelanggan daripada Jepun.

Urustadbir Korporat

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

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

Dato' Ahmad Ibnihajar
Aged 59, Malaysian
Independent Non-Executive Chairman, Member of the Audit, Nomination and Remuneration Committees

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 port operations. He graduated with a Bachelor Degree in Economics from University of Malaya in 1975 and is a member of the Chartered Institute of Logistics & Transport, Malaysia. He was a Forex Dealer and Portfolio Manager from 1976 to 1979 and Branch Manager with Malayan Banking Berhad from 1980 to 1984. 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 the stockbroking business. Since 1991, he has been the Chairman of Heirs Corporation Sdn. Bhd., a property development company. Currently, he also sits on the boards 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 73, Malaysian
Independent Non-Executive Director, Chairman of the Nomination and Employees' Shares Option Scheme Committees, Member of the Audit and Remuneration Committees

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 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 since 1961 and 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 sits on the boards of several other private limited companies principally involved in publication, printing, tourism and trading of chemicals and is also a Director of Lam Wah Ee Hospital. He is a committee member of the Penang Home for Infirm & 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.

Wong Thai Sun
Aged 54, 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. and as a member of the Audit Committee on 6 November 2006. 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 Degree in Economics and Accountancy from the 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 overseas and currently has his own public practice firm, Wong Thai Sun & Associates. He is also a Director of Suiwah Corporation Bhd and Emico Holdings Berhad, both companies listed on the Main Market of Bursa Malaysia Securities Berhad.

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 52, 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.

Lim Teik Hoe
Aged 50, 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 the 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. He is 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 OF INTERNAL CONTROL

Pursuant to Paragraph 15.26(b) of Bursa Securities Listing Requirements, the Board of Directors of D'nonce Technology Berhad is pleased to provide the following statement on the state of internal control of the Group, Pursuant to Paragraph 15.26(b) of Bursa Securities Listing Requirements, the Board of Directors of D'nonce Technology Berhad 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 systems 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 system 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 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 will subsequently follow up to determine the extent of their recommendations that have been implemented.

INTERNAL CONTROL

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

- An organization 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;
- A comprehensive business planning and detailed budgeting process where operating units prepare budgets for the coming year which are approved both at operating unit level and by the Board; and
- 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 2009, 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 15.23 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

This statement is issued in accordance with a resolution of the Directors dated 11 December 2009.

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 2009.

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 Main Market 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.

THE BOARD OF DIRECTORS (cont'd)

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 2009, six (6) Board Meetings were held. The attendance record of each Director is as follows:

	Board of Directors' Meeting		**Oct 08**	**Dec 08**	**Jan 09**	**Feb 09**	**Apr 09**	**Jul 09**		
	Directors	**Position**		**Attendance**					**Total**	**%**
1	Dato' Ahmad Ibnihajar	Independent Non- Executive Chairman	•	•	•	•	•	•	6/6	100
2	Dato' Oon Choo Eng @ Oon Choo Khye	Independent Non- Executive Director	•	•	•	•	•	•	6/6	100
3	Law Kim Choon	Chief Executive Officer/Group Managing Director	•	•	•	•	•	•	6/6	100
4	Lim Teik Hoe	Executive Director	•	•	•	•	•	•	6/6	100
5	Wong Thai Sun	Independent Non-Executive Director	•	•	•	•	•	•	6/6	100
Total number of meetings held:									6	

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 (cont'd)

THE BOARD OF DIRECTORS (cont'd)

Supply of Information (cont'd)

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 2009, the Nomination Committee had one meeting on 16 December 2008 and was attended by all members.

On 16 December 2008, 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 Tenth AGM of the Company to be held on 25 February 2010 are contained in the Statement Accompanying Notice of Annual General Meeting.

THE BOARD OF DIRECTORS (cont'd)

Directors' Training

As required under the Main Market Listing Requirements of BMSB, 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 2009, the ESOS Committee did not hold any meeting as there were no issues which require a meeting of the ESOS Committee.

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 2009, the Remuneration Committee had one meeting.

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 (cont'd)

THE BOARD OF DIRECTORS (cont'd)

Details of the Directors' remuneration

The aggregate remuneration of the Directors during the financial year ended 31 August 2009 is set out below:

A. Aggregate Remuneration

	Executive Directors RM	Non-Executive Directors RM
Fees	120,000	103,000
Salaries	938,588	13,500
Bonus	72,913	–
Benefits in kind	–	–
Other benefits	649,383	1,104

B. Band (RM)

Band (RM)	Executive Directors	Non-Executive Directors	Total
Less than 50,000	–	3	3
More than 800,000	2	–	2

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 : 04-228 1198
Facsimile number : 04-228 3016

Shareholders and investors of the public are invited to access the BMSB website at www.bursamalaysia.com to obtain the latest information on the Group.

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 22 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 of Internal Control set out on pages 14 to 15. 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 23 to 26 of this Annual Report.

STATEMENT OF CORPORATE GOVERNANCE (cont'd)

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 RM63,430.00.

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 1st 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 1st 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 (cont'd)

TERMS OF REFERENCE (cont'd)

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.

TERMS OF REFERENCE (cont'd)

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.

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.

AUDIT COMMITTEE REPORT (cont'd)

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 2009, the Audit Committee held a total of six 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	6/6
Dato' Ahmad Ibnihajar	Independent Non-Executive Director	Member	6/6
Dato' Oon Choo Eng @ Oon Choo Khye	Independent Non-Executive Director	Member	6/6

The External Auditors attended six 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 allocations of ESOS shares during the year.

DIRECTORS' REPORT AND AUDITED FINANCIAL STATEMENTS
31 AUGUST 2009

CONTENTS **Pages**

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 2009.

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 trading of food related products.

RESULTS

	Group RM	Company RM
(Loss)/profit for the year	(1,672,962)	917,840
Attributable to:		
Equity holders of the Company	(1,533,957)	917,840
Minority interests	(139,005)	–
	(1,672,962)	917,840

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.

The directors do not recommend any final dividend in respect of the current 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' 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 those arising 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 as disclosed in Note 29 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 during the financial year were as follows:

	← Number of ordinary shares of RM1 each →			
	1 September 2008	**Bought**	**Sold**	**31 August 2009**
The Company				
Direct interest				
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 2008	**Granted**	**Exercised**	**31 August 2009**
The Company				
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 during the financial year.

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 22(b) to the financial statements.

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

DIRECTORS' REPORT (cont'd)

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 there were no known bad debts 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 it necessary to write off any bad debts or to make any provision for doubtful debts in respect of the financial statements of the Company; 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.

SUBSEQUENT EVENT

The subsequent event is disclosed in Note 32 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 11 December 2009.

DATO' AHMAD IBNIHAJAR

LAW KIM CHOON

STATEMENT BY DIRECTORS AND STATUTORY DECLARATION

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 35 to 97 are 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 2009 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 11 December 2009.

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 35 to 97 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 11 December 2009:

LAW KIM CHOON

Before me,

CHEAH BENG SUN
No. P . 103
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 2009 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 35 to 97.

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.

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 2009 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 financial statements 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 financial statements 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 financial statements 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.

INDEPENDENT AUDITORS' REPORT (cont'd)

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

LIM FOO CHEW
No. 1748/01/10(J)
Chartered Accountant

Penang, Malaysia
11 December 2009

INCOME STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2009

	Note	Group		Company	
		2009	2008	2009	2008
		RM	RM	RM	RM
Revenue	3	168,725,265	161,624,030	4,921,645	2,592,697
Other income	4	947,432	752,968	17	137
Changes in inventories of work-in-progress and finished goods		(2,748,827)	(1,791,218)	–	–
Raw materials and consumables used		(36,206,070)	(40,198,446)	–	–
Trading goods		(84,172,949)	(69,056,582)	–	–
Employee benefits expense	5	(23,231,650)	(26,746,542)	(2,389,763)	(2,446,218)
Depreciation		(4,927,161)	(5,176,743)	(125,897)	(131,433)
Write-down of inventories		(1,530,282)	(318,717)	–	–
Rental expense		(1,502,414)	(1,372,393)	(13,800)	(14,400)
Utilities		(3,465,178)	(3,330,140)	(35,744)	(39,478)
Other expense		(10,879,371)	(13,385,359)	(1,075,039)	(650,783)
Operating profit/(loss)	6	1,008,795	1,000,858	1,281,419	(689,478)
Finance costs	8	(1,736,535)	(1,843,253)	(164,867)	(230,495)
(Loss)/profit before tax		(727,740)	(842,395)	1,116,552	(919,973)
Income tax expense	9	(945,222)	(863,070)	(198,712)	(95,802)
(Loss)/profit for the year		(1,672,962)	(1,705,465)	917,840	(1,015,775)
Attributable to:					
Equity holders of the Company		(1,533,957)	(1,842,318)	917,840	(1,015,775)
Minority interests		(139,005)	136,853	–	–
		(1,672,962)	(1,705,465)	917,840	(1,015,775)
Earnings per share attributable to equity holders of the Company (sen):					
Basic, for loss for the financial year	10(a)	(3.40)	(4.08)		
Diluted, for loss for the financial year	10(b)	(3.40)	(4.08)		

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

BALANCE SHEETS
AS AT 31 AUGUST 2009

		Group		Company	
	Note	2009 RM	2008 RM	2009 RM	2008 RM
Assets					
Non-current assets					
Property, plant and equipment	11	33,396,553	34,258,961	206,316	318,753
Prepaid land lease payments	12	1,961,368	2,049,440	–	–
Investments in subsidiaries	13	–	–	37,236,104	37,080,957
Investment properties	14	5,433,533	5,670,350	–	–
Other investments	15	74,000	74,000	–	–
Intangible asset	16	289,128	289,128	–	–
Long term trade receivable	17	2,334,340	1,318,649	–	–
		43,488,922	43,660,528	37,442,420	37,399,710
Current assets					
Inventories	18	15,763,563	20,258,077	–	–
Trade and other receivables	17	30,346,267	30,887,505	9,055,579	7,421,005
Tax recoverable		761,113	392,592	–	–
Cash and bank balances	19	14,104,251	11,742,253	139,525	390,611
		60,975,194	63,280,427	9,195,104	7,811,616
Total assets		104,464,116	106,940,955	46,637,524	45,211,326
Equity and liabilities					
Equity attributable to equity holders of the Company					
Share capital	20	45,101,000	45,101,000	45,101,000	45,101,000
Reserves	21	(2,213,436)	(1,456,940)	(8,731,087)	(9,794,741)
		42,887,564	43,644,060	36,369,913	35,306,259
Minority interests		8,186,806	8,261,294	–	–
Total equity		51,074,370	51,905,354	36,369,913	35,306,259

BALANCE SHEETS (cont'd)
AS AT 31 AUGUST 2009

	Note	Group 2009 RM	Group 2008 RM	Company 2009 RM	Company 2008 RM
Non-current liabilities					
Retirement benefit obligations	22	2,247,150	1,626,709	2,085,145	1,522,484
Borrowings	23	8,957,341	10,686,022	49,125	73,213
Long term trade payable	24	364,433	–	–	–
Deferred tax liabilities	25	111,597	141,050	–	–
		11,680,521	12,453,781	2,134,270	1,595,697
Current liabilities					
Borrowings	23	18,613,144	18,715,618	24,088	105,437
Trade and other payables	24	22,810,306	23,708,311	8,109,253	8,203,933
Current tax payable		285,775	157,891	–	–
		41,709,225	42,581,820	8,133,341	8,309,370
Total liabilities		53,389,746	55,035,601	10,267,611	9,905,067
Total equity and liabilities		104,464,116	106,940,955	46,637,524	45,211,326

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2009

	Attributable to equity holders of the Company				
Group	**Share capital RM**	**Reserves RM (Note 21)**	**Total RM**	**Minority interests RM**	**Total equity RM**
At 1 September 2007	45,101,000	758,970	45,859,970	8,284,714	54,144,684
Foreign currency translation, representing net loss recognised directly in equity	–	(373,592)	(373,592)	(160,273)	(533,865)
Loss for the year	–	(1,842,318)	(1,842,318)	136,853	(1,705,465)
Total recognised income and expense for the year	–	(2,215,910)	(2,215,910)	(23,420)	(2,239,330)
At 31 August 2008	45,101,000	(1,456,940)	43,644,060	8,261,294	51,905,354
At 1 September 2008	45,101,000	(1,456,940)	43,644,060	8,261,294	51,905,354
Proceeds from a minority interest for investment in a subsidiary	–	–	–	195,063	195,063
Dividends paid by subsidiaries to minority interests	–	–	–	(377,313)	(377,313)
Effect arising from modification of the terms of the ESOS	–	145,814	145,814	–	145,814
Foreign currency translation, representing net loss recognised directly in equity	–	631,647	631,647	246,767	878,414
Loss for the year	–	(1,533,957)	(1,533,957)	(139,005)	(1,672,962)
Total recognised income and expense for the year	–	(902,310)	(902,310)	107,762	(794,548)
At 31 August 2009	45,101,000	(2,213,436)	42,887,564	8,186,806	51,074,370

STATEMENTS OF CHANGES IN EQUITY (cont'd)
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2009

Company	Share capital RM	Reserves RM (Note 21)	Total RM
At 1 September 2007	45,101,000	(8,778,966)	36,322,034
Loss for the year, representing total recognised income and expense for the year	–	(1,015,775)	(1,015,775)
At 31 August 2008	45,101,000	(9,794,741)	35,306,259
At 1 September 2008	45,101,000	(9,794,741)	35,306,259
Effect arising from modification of the terms of the ESOS	–	145,814	145,814
Profit for the year, representing total recognised income and expense for the year	–	917,840	917,840
At 31 August 2009	45,101,000	(8,731,087)	36,369,913

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

CASH FLOW STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2009

	Group		Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Cash flows from operating activities				
(Loss)/profit before tax	(727,740)	(842,395)	1,116,552	(919,973)
Adjustments for:				
Bad debts written off	8,662	54,680	–	76,714
Amortisation of prepaid land lease payments	49,478	49,708	–	–
Depreciation on:				
- property, plant and equipment	4,659,915	4,877,331	125,897	131,433
- investment properties	267,246	299,412	–	–
Reversal of provision of doubtful debts	(10,000)	–	–	–
Interest expense	1,736,535	1,843,253	164,867	230,495
Inventories written off	518,271	911,871	–	–
Pension costs – defined benefit plan	615,864	626,198	481,093	455,369
Employee share options cost	145,814	–	145,814	–
Property, plant and equipment written off	27,510	56,769	–	–
Provision for doubtful debts	184,656	297,988	–	–
Short-term accumulating compensated absences	–	(613,164)	–	(22,319)
Impairment losses on:				
- property, plant and equipment	30,403	300,000	–	–
- investment in subsidiaries	–	–	300,000	–
- golf club membership	–	24,720	–	–
- intangible asset	–	124,243	–	–
- prepaid land lease payment	38,594	–	–	–
Write-down of inventories	1,530,282	318,717	–	–
Unrealised loss/(gain) on foreign exchange	555,639	(450,954)	43,246	(34,764)
Gain on disposal of property, plant and equipment	(30,790)	(25,223)	–	(1)
Interest income	(194,506)	(121,868)	–	–
Operating profit/(loss) before working capital changes	9,405,833	7,731,286	2,377,469	(83,046)
Decrease/(Increase) in inventories	2,445,961	(1,630,751)	–	–
(Increase)/decrease in trade and other receivables	(652,514)	(1,733,230)	362	2,855
Decrease in trade and other payables	(1,084,854)	(989,946)	147,041	(71,494)
Cash generated from/(used in) operations	10,114,426	3,377,359	2,524,872	(151,685)
Taxes paid	(1,220,569)	(19,406)	(198,712)	(95,802)
Interest paid	(1,736,535)	(1,843,253)	(164,867)	(230,495)
Net cash generated from/(used in) operating activities	7,157,322	1,514,700	2,161,293	(477,982)

CASH FLOW STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2009

	Note	Group 2009 RM	Group 2008 RM	Company 2009 RM	Company 2008 RM
Cash flows from investing activities					
Interest received		194,506	121,868	–	–
Proceeds from disposal of property, plant and equipment		102,384	46,059	–	8,893
Increase in investment in a subsidiary		–	–	(455,147)	–
Expenditure incurred on investment properties		(14,299)	(9,707)	–	–
Purchase of property, plant and equipment	A	(2,891,816)	(2,339,763)	(10,150)	(6,247)
Net cash (used in)/generated from investing activities		(2,609,225)	(2,181,543)	(465,297)	2,646
Cash flows from financing activities					
Dividends paid by subsidiaries to minority interests		(377,313)	–	–	–
Drawdown/(repayment) of short term borrowings		514,175	1,887,981	–	–
Net change in subsidiaries' balances		–	–	(1,841,645)	924,733
Repayment of hire-purchase and lease financing		(152,946)	(975,246)	(105,437)	(100,461)
Proceeds from a minority interest for investment in a subsidiary		195,063	–	–	–
Repayment of term loans		(1,407,679)	(963,092)	–	–
Net cash (used in)/generated from financing activities		(1,228,700)	(50,357)	(1,947,082)	824,272
Net increase/(decrease) in cash and cash equivalents		3,319,397	(717,200)	(251,086)	348,936
Effects of foreign exchange rate changes		(7,695)	87,090	–	–
Cash and cash equivalents at beginning of year		4,377,850	5,007,960	390,611	41,675
Cash and cash equivalents at end of year	B	7,689,552	4,377,850	139,525	390,611

CASH FLOW STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2009

A. Purchase of plant and equipment

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

	Group		Company	
	2009	**2008**	**2009**	**2008**
	RM	**RM**	**RM**	**RM**
Cash payment	2,891,816	2,339,763	10,150	6,247
Hire-purchase and lease financing	165,000	572,105	–	–
	3,056,816	2,911,868	10,150	6,247

B. Cash and cash equivalents

Cash and cash equivalents comprise:

	Group		Company	
	2009	**2008**	**2009**	**2008**
	RM	**RM**	**RM**	**RM**
Deposits with licensed banks (Note 19)	3,461,324	3,053,924	–	–
Cash and bank balances (Note 19)	10,642,927	8,688,329	139,525	390,611
Bank overdrafts (Note 23)	(6,414,699)	(7,364,403)	–	–
	7,689,552	4,377,850	139,525	390,611

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

1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market 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 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 11 December 2009.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements comply with Financial Reporting Standards ("FRSs") and the Companies Act, 1965 in Malaysia.

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 (cont'd)
31 AUGUST 2009

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(a) Subsidiaries and basis of consolidation (cont'd)

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 on 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 asset

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.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(c) Property, plant and equipment and depreciation (cont'd)

Freehold land has an unlimited useful life and therefore is not depreciated. Capital work-in-progress are also not depreciated as these assets are not available for use. 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 AUGUST 2009

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(e) Impairment of non-financial assets (cont'd)

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.

(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.

The cost of trading inventories is determined on the first-in, first-out basis. Cost includes cost of purchase and other incidental expenses in bringing the items into its present location and condition.

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

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(g) Financial instruments (cont'd)

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 and investment properties 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.

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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
31 AUGUST 2009

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(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)).

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.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(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 (cont'd)
31 AUGUST 2009

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(l) 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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(l) Employee benefits (cont'd)

iv. Share-based compensation

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.

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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
31 AUGUST 2009

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(m) Foreign currencies (cont'd)

ii. Foreign currency transactions (cont'd)

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;
- 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.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.3 Standards and interpretations issued but not yet effective

At the date of authorisation of these financial statements, the following new FRSs, revised FRSs, Amendments to FRSs and Interpretations below have been issued but are not yet effective and have not been applied by the Group and the Company:

	Effective for financial period beginning on or after
FRS 8: Operating Segments	1 July 2009
FRS 4: Insurance Contracts	1 January 2010
FRS 7: Financial Instruments: Disclosures	1 January 2010
FRS 101: Presentation of Financial Statements(revised 2009)	1 January 2010
FRS 123: Borrowing Costs	1 January 2010
FRS 139: Financial Instruments: Recognition and Measurement	1 January 2010
Amendments to FRS 1 First-time Adoption of Financial Reporting Standards	1 January 2010
Amendments to FRS 2 Share-based Payment – Vesting Conditions And Cancellations	1 January 2010
Amendments to FRS 127 Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 January 2010
IC Interpretation 9: Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 10: Interim Financial Reporting and Impairment	1 January 2010
IC Interpretation 11: FRS 2 – Group and Treasury Share Transactions	1 January 2010
IC Interpretation 13: Customer Loyalty Programmes	1 January 2010
IC Interpretation 14: FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1 January 2010
Amendment to FRS 5 Non current Assets Held For Sales and Discontinued Operations	1 January 2010
Amendment to FRS 107: Cash Flow Statements	1 January 2010
Amendment to FRS 108: Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2010
Amendment to FRS 110: Events After the Balance Sheet Date	1 January 2010
Amendment to FRS 116: Property, Plant and Equipment	1 January 2010
Amendment to FRS 117: Leases	1 January 2010
Amendment to FRS 118: Revenue	1 January 2010
Amendment to FRS 119: Employee Benefits	1 January 2010
Amendment to FRS 120: Accounting for Government Grants and Disclosure of Government Assistance	1 January 2010
Amendment to FRS 121: The effects of Changes in Foreign Exchange Rates-Net Investment in a Foreign Operation	1 January 2010
Amendment to FRS 128: Investment in Associates	1 January 2010
Amendment to FRS 129: Financial Reporting in Hyperinflationary Economies	1 January 2010
Amendment to FRS 131: Interest in Joint Ventures	1 January 2010
Amendment to FRS 132: Finance Instruments: Presentation	1 January 2010
Amendment to FRS 134: Interim Financial Reporting	1 January 2010
Amendment to FRS 136: Impairment of Assets	1 January 2010
Amendment to FRS 138: Intangible Assets	1 January 2010
Amendment to FRS 139: Financial Instruments: Recognition and Measurement, FRS 7: Financial Instruments: Disclosures and IC Interpretation 9: Reassessment of Embedded Derivatives	1 January 2010
Amendment to FRS 140: Investment Property	1 January 2010

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
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2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.3 Standards and interpretations issued but not yet effective (cont'd)

The Group and the Company are exempted from disclosing the possible impact, if any, to the financial statements upon the initial application of FRS 7 and FRS 139 and Amendments to FRS 139, FRS 7 and IC Interpretation 9.

The other new FRSs, revised FRS, Amendments to FRSs and Interpretations above are expected to have no significant impact on the financial statements of the Group and the Company upon their initial application except for the changes in disclosures arising from the adoption of FRS 8, FRS 101(revised 2009) and Amendments to FRS 132 and the financial impact arising from the adoption of FRS 139.

2.4 Significant accounting estimation and judgements

Key sources of estimation uncertainty

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 2009 of the Group was RM289,128 (2008: RM289,128). 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 2009 was RM37,236,104 (2008: 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 unrecognised tax losses, unabsorbed reinvestment allowances and capital allowances and other deductible / (taxable) temporary differences of the Group and of the Company was RM39,619,000 (2008: RM37,450,000) and RM6,282,000 (2008: RM7,271,000) respectively. Further details are disclosed in Note 25.

iv Provision for doubtful debts

The provision for doubtful debts of the Group and the Company is based on the evaluation of collectability and ageing analysis of the receivables and on management's judgement. A considerable amount of judgement is required in assessing the ultimate realisation on these receivables, including credit-worthiness and the past collection history of each customer and subsidiary. If the financial conditions of customers of the Group and subsidiaries of the Company were to deteriorate, additional allowances may be required.

3. REVENUE

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

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Sales of goods	167,965,265	160,860,830	–	–
Management fees	–	–	4,169,498	2,592,697
Dividends from subsidiaries	–	–	752,147	–
Rental income from investment properties	760,000	763,200	–	–
	168,725,265	161,624,030	4,921,645	2,592,697

4. OTHER INCOME

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Interest income	194,506	121,868	–	–
Rental income	56,089	50,111	–	–
Scrap sales	288,935	313,813	–	–
Management income	61,416	59,655	–	–
Miscellaneous	346,486	207,521	17	137
	947,432	752,968	17	137

5. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Wages and salaries	18,991,622	22,690,696	1,442,615	1,708,614
Social security contribution	340,104	437,408	7,738	7,993
Short term accumulating compensated absences	–	(613,164)	–	(22,319)
Contributions to defined contribution plan	1,312,410	1,485,730	199,128	202,224
Defined benefit plan (Note 22(a))	615,864	626,198	481,093	455,369
Termination benefits	381,395	200,000	–	–
Employee Share Options cost	145,814	–	145,814	–
Other benefits	1,444,441	1,919,674	113,375	94,337
	23,231,650	26,746,542	2,389,763	2,446,218

Included in employee benefits expense of the Group and of the Company are executive directors' remuneration amounting to RM3,333,091(2008: RM2,540,512) and RM1,189,271(2008: RM1,135,698) respectively as further disclosed in Note 7.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 AUGUST 2009

6. OPERATING PROFIT/(LOSS)

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

	Group		Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Auditors' remuneration				
- statutory audits				
- current year	318,575	265,671	10,000	10,000
- under/(over) provision in prior financial year	37,237	7,517	(2,500)	–
Amortisation of prepaid land lease payment	49,478	49,708	–	–
Bad debts written off	8,662	54,680	–	76,714
Reversal of provision for doubtful debts	(10,000)	–	–	–
Inventories written off	518,271	911,871	–	–
Gain on disposal of property, plant and equipment	(30,790)	(25,223)	–	(1)
Property, plant and equipment written off	27,510	56,769	–	–
Provision for doubtful debts	184,656	297,988	–	–
Impairment losses on:				
- property, plant and equipment	30,403	300,000	–	–
- investment in subsidiaries	–	–	300,000	–
- golf club membership	–	24,720	–	–
- intangible asset	–	124,243	–	–
- prepaid land lease payments	38,594	–	–	–
Freight costs	1,904,312	1,983,463	–	–
Realised (gain)/loss on foreign exchange	(796,237)	688,276	19,872	39,805
Unrealised loss/(gain) on foreign exchange	555,639	(450,954)	43,246	(34,764)

7. DIRECTORS' REMUNERATION

	Group 2009 RM	Group 2008 RM	Company 2009 RM	Company 2008 RM
Directors of the Company				
Executive directors' remuneration				
Salaries and other emoluments	938,588	735,672	465,104	457,160
Fees	120,000	101,000	120,000	101,000
Bonus				
- current year's provision	72,913	–	36,457	–
- under provision in prior year	–	69,442	–	34,721
Defined contribution plan	168,290	173,304	86,617	87,448
Defined benefit plan	481,093	455,369	481,093	455,369
	1,780,884	1,534,787	1,189,271	1,135,698
Non-executive directors' remuneration				
Salaries and other emoluments	14,604	12,000	13,500	12,000
Fees	103,000	112,000	99,104	107,000
	117,604	124,000	112,604	119,000
	1,898,488	1,658,787	1,301,875	1,254,698
Directors of subsidiaries				
Executive:				
Salaries and other emoluments	1,223,759	778,855	–	–
Bonus	134,903	216,870	–	–
Fee	193,545	10,000	–	–
	1,552,207	1,005,725	–	–
Total	3,450,695	2,664,512	1,301,875	1,254,698

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 2009	Number of Directors 2008
Executive directors:		
RM550,001 - RM600,000	–	1
More than RM800,000	2	1
Non-executive directors:		
Less than RM50,000	3	3

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
31 AUGUST 2009

8. FINANCE COSTS

	Group		Company	
	2009	**2008**	**2009**	**2008**
	RM	**RM**	**RM**	**RM**
Interest expense on:				
Bank borrowings	772,920	774,095	159,066	219,680
Term loans	797,765	973,772	–	–
Hire purchase and finance lease liabilities	165,850	95,386	5,801	10,815
Total interest expense	1,736,535	1,843,253	164,867	230,495

9. INCOME TAX EXPENSE

	Group		Company	
	2009	**2008**	**2009**	**2008**
	RM	**RM**	**RM**	**RM**
Current income tax:				
Malaysian income tax	898,688	664,210	74,250	–
Foreign tax	124,462	98,284	124,462	95,802
(Over)/under provision in prior financial years	(48,475)	171,551	–	–
	974,675	934,045	198,712	95,802
Deferred tax (Note 25):				
Relating to origination and reversal of temporary differences	(138,225)	7,424	–	–
(Over)/under provision in prior financial years	108,772	(78,399)	–	–
	(29,453)	(70,975)	–	–
Total income tax expense	945,222	863,070	198,712	95,802

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2008: 26%) of the estimated assessable profit for the year. In prior year, certain subsidiaries of the Company being Malaysian resident companies with paid-up capital of RM2.5 million or less qualified for the preferential tax rates under Paragraph 2A, Schedule 1 of the Income Tax Act, 1967 as follows:

On the first RM500,000 of chargeable income : 20%
In excess of RM500,000 of chargeable income : 26%

However, pursuant to Paragraph 2B, Schedule 1 of the Income Tax Act, 1967 that was introduced with effect from the year of assessment 2009, these subsidiaries no longer qualify for the above preferential tax rates.

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.

9. INCOME TAX EXPENSE (cont'd)

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	
	2009 RM	2008 RM	2009 RM	2008 RM
(Loss)/profit before tax	(727,740)	(842,395)	1,116,552	(919,973)
Taxation at Malaysian statutory tax rate of 25% (2008: 26%)	(181,935)	(219,023)	279,138	(239,193)
Different tax rates in other countries	3,758	30,079	–	–
Income not subject to tax	(302,072)	(757,258)	–	(35)
Foreign tax	124,462	98,284	124,462	95,802
Expenses not deductible for tax purposes	827,051	984,616	42,551	107,030
Expenses allowable for double deductions	(98,069)	(14,575)	–	–
Utilisation of current year reinvestment allowances	(30,177)	(27,278)	–	–
Utilisation of previously unrecognised tax losses and unabsorbed capital allowances	(370,232)	(112,605)	(370,232)	–
Deferred tax assets not recognised during the financial year	912,139	887,921	122,793	132,198
Under/(over) provision in prior years				
- tax expense	(48,475)	171,551	–	–
- deferred tax	108,772	(78,399)	–	–
Tax savings of 6%(2008) on the first RM500,000 chargeable income	–	(100,243)	–	–
Income tax expense for the financial year	945,222	863,070	198,712	95,802

Tax savings recognised during the financial year arising from:

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Utilisation of previously unrecognised tax losses	306,376	28,047	306,376	–
Utilisation of previously unabsorbed capital allowances	63,856	84,558	63,856	–

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
31 AUGUST 2009

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.

	2009	2008
Loss attributable to ordinary equity holders of the Company (RM)	(1,533,957)	(1,842,318)
Number of ordinary shares in issue	45,101,000	45,101,000
Basic loss per share for the financial year (sen)	(3.40)	(4.08)

(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
2009							
Cost							
At 1 September 2008	18,949,422	25,330,337	8,445,443	3,035,263	6,015,935	380,060	62,156,460
Additions	–	587,490	138,422	92,800	87,333	2,150,771	3,056,816
Reclassification	–	1,246,626	(490,223)	173,531	89,942	(1,019,876)	–
Transfer to investment properties	–	–	–	–	(16,675)	–	(16,675)
Disposals	–	(78,500)	(49,154)	(125,876)	–	–	(253,530)
Write off	–	(316,160)	(76,321)	–	(16,404)	–	(408,885)
Exchange differences	380,940	482,483	31,874	35,381	178,418	16,695	1,125,791
At 31 August 2009	19,330,362	27,252,276	8,000,041	3,211,099	6,338,549	1,527,650	65,659,977

11. PROPERTY, PLANT AND EQUIPMENT (cont'd)

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
Accumulated depreciation and impairment							
At 1 September 2008							
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
	2,207,657	15,332,704	6,537,915	1,861,726	1,957,497	–	27,897,499
Depreciation charge for the financial year	324,996	2,915,626	459,500	420,467	539,326	–	4,659,915
Reclassification	–	273,877	(273,877)	–	–	–	–
Transfer to investment properties	–	–	–	–	(545)	–	(545)
Disposals	–	(31,900)	(24,162)	(125,874)	–	–	(181,936)
Write off	–	(308,213)	(70,142)	–	(3,020)	–	(381,375)
Impairment loss recognised in income statements	–	30,403	–	–	–	–	30,403
Exchange differences	9,564	149,307	13,234	16,918	50,440	–	239,463
At 31 August 2009	2,542,217	18,361,804	6,642,468	2,173,237	2,543,698	–	32,263,424

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
31 AUGUST 2009

11. PROPERTY, PLANT AND EQUIPMENT (cont'd)

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
2009							
Analysed as:							
Accumulated depreciation	2,542,217	17,606,517	6,642,468	2,173,237	2,543,698	–	31,508,137
Accumulated impairment	–	755,287	–	–	–	–	755,287
At 31 August 2009	2,542,217	18,361,804	6,642,468	2,173,237	2,543,698	–	32,263,424
Net carrying amount							
At 31 August 2009	16,788,145	8,890,472	1,357,573	1,037,862	3,794,851	1,527,650	33,396,553
Group							
2008							
Cost							
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	18,949,422	25,330,337	8,445,443	3,035,263	6,015,935	380,060	62,156,460

11. PROPERTY, PLANT AND EQUIPMENT (cont'd)

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
2008							
Accumulated depreciation and impairment							
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
	1,888,302	12,857,821	5,868,476	1,481,926	1,419,356	–	23,515,881
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	2,207,657	15,332,704	6,537,915	1,861,726	1,957,497	–	27,897,499
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	2,207,657	15,332,704	6,537,915	1,861,726	1,957,497	–	27,897,499
Net carrying amount							
At 31 August 2008	16,741,765	9,997,633	1,907,528	1,173,537	4,058,438	380,060	34,258,961

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 AUGUST 2009

11. PROPERTY, PLANT AND EQUIPMENT (cont'd)

*** Land and buildings of the Group:**

2009	**Freehold land RM**	**Buildings RM**	**Total RM**
Cost			
At 1 September 2008	4,204,186	14,745,236	18,949,422
Exchange differences	158,960	221,980	380,940
At 31 August 2009	4,363,146	14,967,216	19,330,362
Accumulated depreciation			
At 1 September 2008	–	2,207,657	2,207,657
Depreciation charge for the financial year	–	324,996	324,996
Exchange differences	–	9,564	9,564
At 31 August 2009	–	2,542,217	2,542,217
Net carrying amount			
At 31 August 2009	4,363,146	12,424,999	16,788,145
2008			
Cost			
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	4,204,186	14,745,236	18,949,422
Accumulated depreciation			
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	–	2,207,657	2,207,657
Net carrying amount			
At 31 August 2008	4,204,186	12,537,579	16,741,765

11. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Company	Motor vehicle RM	Office furniture, fittings and computer equipment RM	Total RM
2009			
Cost			
At 1 September 2008	504,306	749,400	1,253,706
Additions	–	10,150	10,150
Transfer in from a subsidiary	–	4,618	4,618
At 31 August 2009	504,306	764,168	1,268,474
Accumulated depreciation			
At 1 September 2008	257,587	677,366	934,953
Depreciation charge for the financial year	100,861	25,036	125,897
Transfer in from a subsidiary	–	1,308	1,308
At 31 August 2009	358,448	703,710	1,062,158
Net carrying amount	145,858	60,458	206,316
2008			
Cost			
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	504,306	749,400	1,253,706
Accumulated depreciation			
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	257,587	677,366	934,953
Net carrying amount	246,719	72,034	318,753

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
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11. PROPERTY, PLANT AND EQUIPMENT (cont'd)

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

	Group		Company	
	2009	**2008**	**2009**	**2008**
	RM	**RM**	**RM**	**RM**
Plant and machinery	1,432,512	1,858,418	–	–
Motor vehicles	749,166	940,750	145,858	246,719
	2,181,678	2,799,168	145,858	246,719

Details of the terms and conditions of the hire purchase and finance lease arrangements are disclose in Note 23.1.

(b) The net carrying amounts of property, plant and equipment charged to licensed banks as securities for borrowings (Note 23) are as follows:

	Group	
	2009	**2008**
	RM	**RM**
Land and buildings	12,143,560	13,451,371
Plant and machinery	5,799,524	5,277,956
Office furniture, fittings and computer equipment	216,393	259,946
Motor vehicles	30,969	25,865
Renovation	431,227	487,389
	18,621,673	19,502,527

(c) Included in plant and equipment of the Group and of the Company are fully depreciated assets which are still in use costing RM13,438,678 (2008: RM9,735,650) and RM635,452 (2008: RM581,248) respectively.

(d) Certain motor vehicles of the Group and of the Company with net book value of RM66,917 (2008: RM199,759) and RM66,917 (2008: RM139,917) respectively are held in trust by a director and an employee.

12. PREPAID LAND LEASE PAYMENTS

	Group	
	2009	**2008**
	RM	**RM**
As 1 September	2,049,440	2,099,148
Amortisation for the year	(49,478)	(49,708)
Impairment loss	(38,594)	–
As at 31 August	1,961,368	2,049,440

12. PREPAID LAND LEASE PAYMENTS (cont'd)

	Group	
	2009 RM	2008 RM
Analysed as:		
Short term leasehold land	1,961,368	2,049,440

The unexpired lease periods of leasehold land of the Group range between 37 to 38 years (2008: 38 to 39 years).

The above leasehold land are pledged as securities for borrowings as disclosed in Note 23.

13. INVESTMENTS IN SUBSIDIARIES

	Company	
	2009 RM	2008 RM
Unquoted shares, at cost	48,319,963	47,864,816
Accumulated impairment losses	(11,083,859)	(10,783,859)
	37,236,104	37,080,957

Details of the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Proportion of ownership interest 2009 %	Proportion of ownership interest 2008 %	Principal activities
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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
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13. INVESTMENTS IN SUBSIDIARIES (cont'd)

Name of subsidiaries	Country of incorporation	Equity Interest Held 2009 %	Equity Interest Held 2008 %	Principal activities
D'nonce Biofoods Sdn. Bhd.	Malaysia	100	100	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.
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 ceased operations during the year.

13. INVESTMENTS IN SUBSIDIARIES (cont'd)

* 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

(a) Impairment loss recognised

The management of the Company has carried out a review of the recoverable amount of its investments in subsidiaries during the year. The review has led to recognition of impairment loss of RM300,000 for D'nonce Biofoods Sdn Bhd. 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 subsidiaries' weighted average cost of capital.

(b) Increase in investment in a subsidiary

During the financial year, ISCM Technology (Thailand) Co., Ltd. ("ISCM Tech") increased its issued and paid up capital from 940,000 to 1,000,000 shares of Baht 100 each by issuing 60,000 new ordinary shares at a par value of Baht 100. Following this, the Company has further subscribed 42,000 ordinary shares at a par value of Baht 100 for a cash consideration of RM455,147 to maintain its equity interest of 70% in ISCM Tech.

(c) Bonus issue

During the financial year,

(i) Attractive Venture Sdn. Bhd., a wholly owned subsidiary of the Group had increased its issued and paid-up ordinary share capital from RM1,000,000 to RM2,600,000 by way of capitalisation of the bonus issue of 1,600,000 new ordinary shares of RM1.00 each on the basis of sixteen fully paid ordinary shares for every ten existing shares held in the company.

(ii) Attractive Venture (JB) Sdn. Bhd. increased its issued and paid-up ordinary share capital from RM500,000 to RM2,600,000 by way of capitalisation of the bonus issue of 2,100,000 new ordinary shares of RM1.00 each on the basis of forty two fully paid ordinary shares for every ten existing shares held in the company.

14. INVESTMENT PROPERTIES

	Group	
	2009	**2008**
	RM	**RM**
Buildings, at cost		
At 1 September	7,773,467	7,763,760
Additions	14,299	9,707
Transfer from property, plant and equipment	16,675	–
At 31 August	7,804,441	7,773,467
Accumulated depreciation		
At 1 September	2,103,117	1,803,705
Depreciation charge for the financial year	267,246	299,412
Transfer from property, plant and equipment	545	–
At 31 August	2,370,908	2,103,117

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
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14. INVESTMENT PROPERTIES (cont'd)

	Group	
	2009 RM	2008 RM
Net carrying amount		
At 31 August	5,433,533	5,670,350

The investment properties have an open market value of approximately RM6,818,000 (2008: RM6,835,000). Investment properties comprise a number of commercial and residential properties leased to third parties.

Investment properties with an aggregate carrying value of RM5,316,100 (2008: RM5,549,744) are pledged to licensed banks as securities for borrowings (Note 23).

The leasehold properties have unexpired lease periods between 44 to 82 (2008: 45 to 83) years.

The direct operating expenses of investment properties are as analysed below:

	Group	
	2009 RM	2008 RM
- Revenue generating during the year	222,959	269,219
- Non-revenue generating during the year	99	–
	223,058	269,219

15. OTHER INVESTMENTS

	Group	
	2009 RM	2008 RM
Golf club memberships, at cost		
At 1 September	74,000	188,205
Accumulated impairment	–	(114,205)
At 31 August	74,000	74,000

16. INTANGIBLE ASSET

Goodwill	Group 2009 RM	Group 2008 RM
Cost		
At 1 September and at 31 August	413,371	413,371
Accumulated impairment		
At 1 September	124,243	–
Impairment recognised in income statements (Note 6)	–	124,243
At 31 August	124,243	124,243
Net carrying amount		
At 31 August	289,128	289,128

(a) Impairment test 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 2009 RM	Thailand 2008 RM
Contract Manufacturing	289,128	289,128

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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
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16. INTANGIBLE ASSET (cont'd)

(a) Impairment test for goodwill (cont'd)

(ii) 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.

(iii) Discount rate

The discount rate applied are pre-tax and reflect specific risks relating to the business.

Sensitivity to changes in assumptions

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

17. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2009	**2008**	**2009**	**2008**
	RM	**RM**	**RM**	**RM**
Trade receivables				
Short term				
Third parties - interest bearing at 3.58% to 5% p.a.	1,506,651	890,000	–	–
Third parties - non interest bearing	26,602,939	27,736,955	–	–
	28,109,590	28,626,955	–	–
Provision for doubtful debts	(437,413)	(307,604)	–	–
Trade receivables, net	27,672,177	28,319,351	–	–

17. TRADE AND OTHER RECEIVABLES (cont'd)

	Group 2009 RM	Group 2008 RM	Company 2009 RM	Company 2008 RM
Other receivables				
Subsidiaries	–	–	9,050,736	7,415,800
Deposits	501,776	551,755	4,070	4,060
Prepayments	529,952	716,167	773	1,145
Sundry receivables	1,642,362	1,300,232	–	–
	2,674,090	2,568,154	9,055,579	7,421,005
	30,346,267	30,887,505	9,055,579	7,421,005
Trade receivables				
Long term				
Third parties - interest bearing at 3.58% to 5% p.a.	2,334,340	1,318,649	–	–

(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 5 individual groups of trade debtors which constitute approximately 62.36% (2008: 41.3%) of the total trade receivables as at 31 August 2009. Trade receivables are non-interest bearing except for amounts disclosed above.

(b) Amounts 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.

The Company has significant concentration of credit risk from a subsidiary which constitute approximately 45.4% (2008: 57%) of the total amount owing by subsidiaries as at 31 August 2009. Management is maintaining strict control over its outstanding receivable from this subsidiary to minimise credit risk. The balance due is regularly reviewed for recoverability.

Further details on related party transactions are disclosed in Note 29.

Other information on financial risks of receivables are disclosed in Note 30.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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18. INVENTORIES

	Group	
	2009	2008
	RM	RM
At cost:		
Raw materials	5,468,446	8,402,086
Work-in-progress	460,938	635,730
Finished goods	1,976,544	2,370,737
Trading goods	6,585,401	8,849,524
	14,491,329	20,258,077
At net realisable value:		
Trading goods	1,272,234	–
	15,763,563	20,258,077

19. CASH AND BANK BALANCES

	Group		Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Cash on hand and at banks	10,642,927	8,688,329	139,525	390,611
Deposits with licensed banks	3,461,324	3,053,924	–	–
	14,104,251	11,742,253	139,525	390,611

Deposits with licensed banks of the Group amounting to RM2,003,586 (2008: RM2,752,541) are pledged as securities for borrowings and banking facilities as disclosed in Note 23.

Certain deposits with a licensed bank of the Group amounting to RM83,652 (2008: RM80,668) are registered in the name of a director of a subsidiary who holds them in trust for the Group.

Other information on financial risks of cash and cash equivalents are disclosed in Note 30.

20. SHARE CAPITAL

	Group and Company			
	Number of ordinary shares of RM1 each		← Amount →	
	2009	2008	2009	2008
			RM	RM
Authorised share capital	100,000,000	100,000,000	100,000,000	100,000,000
Issued and fully paid	45,101,000	45,101,000	45,101,000	45,101,000

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.

21. RESERVES

Group	Share premium RM	Foreign currency translation reserve RM	Other capital reserve RM	Legal reserve RM (a)	ESOS reserve RM	Accumulated losses RM	Total RM
	← Non-distributable				→		
At 1 September 2007	12,309,806	680,783	1,420,000	–	–	(13,651,619)	758,970
Foreign currency translation, representing net loss recognised directly in equity	–	(373,592)	–	–	–	–	(373,592)
Loss for the year	–	–	–	–	–	(1,842,318)	(1,842,318)
Total recognised income and expenses for the year	–	(373,592)	–	–	–	(1,842,318)	(2,215,910)
At 31 August 2008	12,309,806	307,191	1,420,000	–	–	(15,493,937)	(1,456,940)
At 1 September 2008	12,309,806	307,191	1,420,000	–	–	(15,493,937)	(1,456,940)
Capitalisation arising from bonus issue (Note 13)	–	–	3,700,000	–	–	(3,700,000)	–
Appropriated for legal reserve	–	–	–	32,510	–	(32,510)	–
Effect arising from modification of the terms of the ESOS (Note 5)	–	–	–	–	145,814	–	145,814
Foreign currency translation, representing net loss recognised directly in equity	–	631,647	–	–	–	–	631,647
Loss for the year	–	–	–	–	–	(1,533,957)	(1,533,957)
Total recognised income and expenses for the year	–	631,647	–	–	–	(1,533,957)	(902,310)
At 31 August 2009	12,309,806	938,838	5,120,000	32,510	145,814	(20,760,404)	(2,213,436)

(a) The legal reserve represent a statutory appropriation by a foreign subsidiary upon declaration of dividend of RM455,147.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
31 AUGUST 2009

21. RESERVES (cont'd)

	Non-Distributable Share premium RM	ESOS reserve RM	Accumulated losses RM	Total RM
Company				
At 1 September 2007	12,309,806	–	(21,088,772)	(8,778,966)
Loss for the year, representing total recognised income and expense for the year	–	–	(1,015,775)	(1,015,775)
At 31 August 2008	12,309,806	–	(22,104,547)	(9,794,741)
At 1 September 2008	12,309,806	–	(22,104,547)	(9,794,741)
Effect arising from modification of the terms of the ESOS	–	145,814	–	145,814
Profit for the year	–	–	917,840	917,840
Total recognised income and expense for the year	–	145,814	917,840	1,063,654
At 31 August 2009	12,309,806	145,814	(21,186,707)	(8,731,087)

22. EMPLOYEE BENEFITS

(a) Retirement benefit obligations

The Group operates an unfunded, defined benefit Retirement Benefit Schemes ("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 2009 RM	Group 2008 RM	Company 2009 RM	Company 2008 RM
Present value of unfunded defined benefit obligations	2,554,180	2,240,771	2,392,175	2,136,546
Amount unvested	(307,030)	(614,062)	(307,030)	(614,062)
Net liability	2,247,150	1,626,709	2,085,145	1,522,484
Analysed as:				
Non-current	2,247,150	1,626,709	2,085,145	1,522,484

22. EMPLOYEE BENEFITS (cont'd)

(a) Retirement benefit obligations (cont'd)

The amounts recognised in the income statements are as follows:

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Current service cost	184,236	225,751	137,017	126,548
Interest cost	124,596	93,415	118,612	88,393
Transitional liability	307,032	307,032	307,032	307,032
	615,864	626,198	562,661	521,973
Charged to a subsidiary company	–	–	(81,568)	(66,604)
Total, included in employee benefits expense (Note 5)	615,864	626,198	481,093	455,369

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

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
At 1 September	1,626,709	1,000,511	1,522,484	1,000,511
Recognised in the income statements	615,864	626,198	481,093	455,369
Amount owing by a subsidiary company	–	–	81,568	66,604
Exchange differences	4,577	–	–	–
At 31 August	2,247,150	1,626,709	2,085,145	1,522,484

Principal actuarial assumptions used:

	2009 %	2008 %
Discount rate	4.6 - 5.5	4.6 - 5.5
Expected rate of salary increases	5.0 - 6.0	5.0 - 6.0

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
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22. EMPLOYEE BENEFITS (cont'd)

(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 By-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.

(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 2008	Lapsed	At 31 August 2009
20 November 2003	26 May 2013	1.00	1,101,000	(94,000)	1,007,000
16 March 2004	26 May 2013	1.34	76,000	(11,000)	65,000
			1,177,000	(105,000)	1,072,000

22. EMPLOYEE BENEFITS (cont'd)

(b) Employee share options scheme ("ESOS") (cont'd)

Number of share options vested:

	2009 '000	2008 '000
At 31 August	1,072	1,177

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

23. BORROWINGS

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Short term borrowings				
Secured:				
Bank overdrafts	5,938,578	7,141,528	–	–
Bankers' acceptances	3,643,825	6,192,730	–	–
Promissory notes	–	992,000	–	–
Revolving credit	3,000,000	–	–	–
Trust receipts	1,521,266	178,188	–	–
Term loans	2,195,505	1,785,121	–	–
Hire-purchase and finance lease liabilities (Note 23.1)	834,849	912,176	24,088	105,437
	17,134,023	17,201,743	24,088	105,437
Unsecured:				
Bank overdrafts	476,121	222,875	–	–
Bankers' acceptance	1,003,000	1,291,000	–	–
	1,479,121	1,513,875	–	–
	18,613,144	18,715,618	24,088	105,437

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
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23. BORROWINGS (cont'd)

	Group		Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Long term borrowings				
Secured:				
Term loans	8,009,736	9,827,798	–	–
Hire-purchase and finance lease liabilities (Note 23.1)	947,605	858,224	49,125	73,213
	8,957,341	10,686,022	49,125	73,213
Total borrowings				
Bank overdrafts	6,414,699	7,364,403	–	–
Bankers' acceptances	4,646,825	7,483,730	–	–
Promissory notes	–	992,000	–	–
Trust receipts	1,521,266	178,188	–	–
Revolving credit	3,000,000	–	–	–
Term loans	10,205,241	11,612,919	–	–
Hire-purchase and finance lease liabilities (Note 23.1)	1,782,454	1,770,400	73,213	178,650
	27,570,485	29,401,640	73,213	178,650

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

(a) legal charges over certain subsidiaries' property, plant and equipment, prepaid land lease payments 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 19;

(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 30.

23. BORROWINGS (cont'd)

23.1. HIRE-PURCHASE AND FINANCE LEASE LIABILITIES

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Future minimum lease payments:				
Not later than 1 year	935,908	1,012,882	26,688	111,238
Later than 1 year and not later than 2 years	703,511	496,800	26,688	26,688
Later than 2 years and not later than 5 years	305,544	430,036	24,464	51,151
Total future minimum lease payments	1,944,963	1,939,718	77,840	189,077
Future finance charges	(162,509)	(169,318)	(4,627)	(10,427)
Present value of finance lease liabilities (Note 23)	1,782,454	1,770,400	73,213	178,650
Analysis of present value of finance lease liabilities:				
Not later than 1 year	834,849	912,176	24,088	105,437
Later than 1 year and not later than 2 years	657,648	452,510	25,146	24,088
Later than 2 years and not later than 5 years	289,957	405,714	23,979	49,125
	1,782,454	1,770,400	73,213	178,650
Amount due within 12 months (Note 23)	(834,849)	(912,176)	(24,088)	(105,437)
Amount due after 12 months (Note 23)	947,605	858,224	49,125	73,213

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 RM343,419 (2008: RM595,335) 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 30.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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24. TRADE AND OTHER PAYABLES

	Group 2009 RM	Group 2008 RM	Company 2009 RM	Company 2008 RM
Trade payables				
Short term				
Third party - interest bearing at 5% p.a.	383,000	–	–	–
Third parties - non interest bearing	15,292,456	17,565,901	–	–
	15,675,456	17,565,901	–	–
Other payables				
Subsidiaries	–	–	7,510,703	7,670,856
Accruals	3,166,422	3,249,922	242,856	279,673
Accrued directors' remuneration	942,773	517,050	355,291	253,001
Due to directors of subsidiaries	97,257	98,109	–	–
Sundry payables	2,928,398	2,277,329	403	403
	7,134,850	6,142,410	8,109,253	8,203,933
	22,810,306	23,708,311	8,109,253	8,203,933
Trade payables				
Long term				
Third party - interest bearing at 5% p.a.	364,433	–	–	–

(a) Trade payables

The normal trade credit terms granted to the Group range from 30 days to 90 days.

(b) Amounts 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 29.

Other information on financial risks of other payables are disclosed in Note 30.

25. DEFERRED TAX

	Group 2009 RM	Group 2008 RM
At 1 September	141,050	212,025
Recognised in the income statements (Note 9)	(29,453)	(70,975)
At 31 August	111,597	141,050
Presented after appropriate offsetting as follows:		
Deferred tax assets	(14,394)	(58,455)
Deferred tax liabilities	125,991	199,505
	111,597	141,050

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 2008	(58,455)
Recognised in the income statements	44,061
At 31 August 2009	(14,394)
At 1 September 2007	(71,637)
Recognised in the income statements	13,182
At 31 August 2008	(58,455)

Deferred tax liabilities of the Group:

	Accelerated capital allowances RM	Others RM	Total RM
At 1 September 2008	152,791	46,714	199,505
Recognised in the income statements	37,978	(111,492)	(73,514)
At 31 August 2009	190,769	(64,778)	125,991
At 1 September 2007	283,662	–	283,662
Recognised in the income statements	(130,871)	46,714	(84,157)
At 31 August 2008	152,791	46,714	199,505

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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25. DEFERRED TAX (cont'd)

Deferred tax liabilities of the Group (cont'd):

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

	Group		Company	
	2009	**2008**	**2009**	**2008**
	RM	**RM**	**RM**	**RM**
Unused tax losses	20,287,000	19,262,000	4,316,000	5,541,000
Unabsorbed capital allowances	9,979,000	9,833,000	–	255,000
Unabsorbed reinvestment allowances	9,224,000	9,224,000	–	–
Other deductible / (taxable) temporary differences	129,000	(869,000)	1,966,000	1,475,000
	39,619,000	37,450,000	6,282,000	7,271,000

The unutilised tax losses and unabsorbed capital allowances of the Group's subsidiaries in Malaysia 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 the Group has a history of recent losses.

26. 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:

	Group	
	2009	**2008**
	RM	**RM**
Future minimum rentals payables:		
Not later than 1 year	1,224,759	1,199,185
Later than 1 year and not later than 5 years	789,675	871,872
	2,014,434	2,071,057

The lease payments recognised in the income statements during the financial year are disclosed in the Income Statement.

(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:

26. OPERATING LEASE ARRANGEMENTS (cont'd)

(b) The Group as lessor

	Group 2009 RM	Group 2008 RM
Not later than 1 year	571,200	709,600
Later than 1 year and not later than 5 years	440,000	920,000
	1,011,200	1,629,600

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

27. CAPITAL COMMITMENTS

	Group 2009 RM	Group 2008 RM
Capital expenditure		
Purchase of plant and equipment approved and contracted for	663,977	447,100

28. CONTINGENT LIABILITIES (UNSECURED)

	Company 2009 RM	Company 2008 RM
(a) Corporate guarantees given to licensed banks for banking facilities granted to certain subsidiaries	19,241,139	20,686,579

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 held on 23 February 2006.

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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
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29. RELATED PARTY DISCLOSURES

(a) Significant related party transactions

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Purchases from Master-Pack Sdn. Bhd, a company which holds 20% equity interest in a subsidiary	3,957,342	4,705,726	–	–
Dividend income received from subsidiaries	–	–	(752,147)	–
Management and advisory fees charged to subsidiaries	–	–	(4,169,498)	(2,592,697)

(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	
	2009	2008	2009	2008
At 1 September 2007/2008 31 and at 31 August	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 22).

30. 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.

30. FINANCIAL INSTRUMENTS (cont'd)

(b) Interest rate risk (cont'd)

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
2009										
Group										
Fixed rate										
Bankers' acceptances	23	8.75	2.17	4,646,825	–	–	–	–	–	4,646,825
Hire-purchase and finance lease liabilities	23	9.80	2.24	834,849	657,648	244,612	35,977	9,368	–	1,782,454
Floating rate										
Deposits with licensed banks	19	3.75	1.30	3,461,324	–	–	–	–	–	3,461,324
Bank overdrafts	23	9.50	6.13	6,414,699	–	–	–	–	–	6,414,699
Revolving credit	23	3.45	3.45	3,000,000	–	–	–	–	–	3,000,000
Trust receipts	23	9.25	5.87	1,521,266	–	–	–	–	–	1,521,266
Term loans	23	9.50	5.80	2,195,504	2,393,799	2,331,310	2,145,468	1,139,160	–	10,205,241
Company										
Fixed rate										
Hire - purchase and finance lease liabilities	23	2.24	2.24	24,088	25,146	23,979	–	–	–	73,213

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
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30. FINANCIAL INSTRUMENTS (cont'd)

(b) Interest rate risk (cont'd)

	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
2008										
Group										
Fixed rate										
Bankers' acceptances	23	9.00	1.50	7,483,730	–	–	–	–	–	7,483,730
Promissory notes	23	7.25	6.88	992,000	–	–	–	–	–	992,000
Hire-purchase and finance lease liabilities	23	9.80	2.24	912,176	452,510	251,704	133,822	20,188	–	1,770,400
Floating rate										
Deposits with licensed banks	19	3.75	2.50	3,053,924	–	–	–	–	–	3,053,924
Bank overdrafts	23	9.50	7.13	7,364,403	–	–	–	–	–	7,364,403
Trust receipts	23	9.50	7.50	178,188	–	–	–	–	–	178,188
Term loans	23	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
Company										
Fixed rate										
Hire-purchase and finance lease liabilities	23	2.64	2.24	105,437	24,088	25,146	23,979	–	–	178,650

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.

30. FINANCIAL INSTRUMENTS (cont'd)

(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.

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
Functional currency of Group companies				
2009				
Trade receivables				
Ringgit Malaysia	82,991	5,855,620	–	5,938,611
Thai Baht	–	2,439,632	–	2,439,632
	82,991	8,295,252	–	8,378,243
Other receivables				
Thai Baht	–	58,067	–	58,067
Cash and bank balances				
Ringgit Malaysia	132,242	3,824,864	–	3,957,106
Thai Baht	–	124,907	–	124,907
	132,242	3,949,771	–	4,082,013

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
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30. FINANCIAL INSTRUMENTS (cont'd)

(c) Foreign exchange risk (cont'd)

	Net financial assets/(liabilities) held in non-functional currency			
	Singapore Dollar RM	US Dollar RM	Others RM	Total RM
Functional currency of Group companies				
Trade payables				
Ringgit Malaysia	(18,189)	(2,970,421)	(14,625)	(3,003,235)
Thai Baht	(77,415)	(3,786,407)	(21,924)	(3,885,746)
	(95,604)	(6,756,828)	(36,549)	(6,888,981)
Other payables				
Ringgit Malaysia	(6,953)	(14,088)	–	(21,041)
Thai Baht	–	(47,307)	–	(47,307)
	(6,953)	(61,395)	–	(68,348)
Borrowings				
Thai Baht	–	1,235,061	–	1,235,061
2008				
Trade receivables				
Ringgit Malaysia	400,246	6,824,704	–	7,224,950
Thai Baht	–	3,355,020	–	3,355,020
	400,246	10,179,724	–	10,579,970
Other receivables				
Thai Baht	–	67,698	–	67,698
Cash and bank balances				
Ringgit Malaysia	199,314	2,163,993	3,805	2,367,112
Thai Baht	–	1,502	–	1,502
	199,314	2,165,495	3,805	2,368,614
Trade payables				
Ringgit Malaysia	(57,973)	(3,492,859)	–	(3,550,832)
Thai Baht	(152,278)	(2,130,002)	(57,695)	(2,339,975)
	(210,251)	(5,622,861)	(57,695)	(5,890,807)

30. FINANCIAL INSTRUMENTS (cont'd)

(c) Foreign exchange risk (cont'd)

	Net financial assets/(liabilities) held in non-functional currency			
	Singapore Dollar RM	US Dollar RM	Others RM	Total RM
Other payables				
Ringgit Malaysia	(56,885)	(47,130)	–	(104,015)
Thai Baht	–	(225,538)	–	(225,538)
	(56,885)	(272,668)	–	(329,553)
Borrowings				
Thai Baht	–	–	–	–

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

	Currency	Maturities: Within 1 year RM	1 year up to 5 years RM	5 years or more RM	Total notional amount RM
2009					
Forwards used to hedge trade receivables/payables	US Dollar	3,387,952	–	–	3,387,952
2008					
Forwards used to hedge trade receivables	US Dollar	1,109,535	–	–	1,109,535

(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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
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30. FINANCIAL INSTRUMENTS (cont'd)

(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 17.

(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:

		Group		Company	
	Note	Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM
2009					
Term loans	23	10,205,241	8,882,224	–	–
Hire-purchase and lease payables	23	1,782,454	1,934,983	73,213	71,623
Forward exchange contracts	30(c)	–	17,242	–	–
2008					
Term loans	23	11,612,919	9,925,361	–	–
Hire-purchase and lease payables	23	1,770,400	1,699,152	178,650	175,492
Forward exchange contracts	30(c)	–	75,315	–	–

30. FINANCIAL INSTRUMENTS (cont'd)

(f) Fair values (cont'd)

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.

31. 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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 AUGUST 2009

31. SEGMENT INFORMATION (cont'd)

(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.

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
2009					
Revenue					
Sales to external customer	61,323,235	17,639,362	89,762,668	–	168,725,265
Inter-segments sales	17,010,391	174,271	16,550,630	(33,735,292)	–
Total revenue	78,333,626	17,813,633	106,313,298	(33,735,292)	168,725,265
Results					
Segment results	2,277,973	(658,166)	(756,498)	–	863,309
Unallocated expenses					145,486
Operating profit					1,008,795
Finance costs					(1,736,535)
Loss before tax					(727,740)
Income tax expense					(945,222)
Loss for the financial year					(1,672,962)
Assets					
Segment assets	14,630,870	15,958,489	72,635,020	–	103,224,379
Unallocated assets					478,624
Tax assets					761,113
Total assets					104,464,116

31. SEGMENT INFORMATION (cont'd)

(d) Allocation basis and transfer pricing (cont'd)

Business Segments (cont'd)

	Integrated supply chain products and services RM	Contract manufacturing RM	Supply of packaging materials RM	Eliminations RM	Consolidation RM
Liabilities					
Segment liabilities	5,895,783	3,177,423	13,654,952	–	22,728,158
Unallocated liabilities					2,693,731
Borrowings					27,570,485
Tax liabilities					397,372
Total liabilities					53,389,746
2009					
Other Information					
Capital expenditure for property, plant and equipment	5,333	2,435,847	615,636	–	3,056,816
Capital expenditure for investment properties	–	–	14,299	–	14,299
Amortisation of prepaid land lease payments	–	–	49,478	–	49,478
Depreciation	55,625	2,123,664	2,747,872	–	4,927,161
Other significant non-cash expenses	(21,128)	39,571	2,804,381	–	2,822,824
2008					
Revenue					
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)	–
Total revenue	43,121,469	24,096,058	113,734,055	(19,327,552)	161,624,030
Results					
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)

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
31 AUGUST 2009

31. SEGMENT INFORMATION (cont'd)

(d) Allocation basis and transfer pricing (cont'd)

Business Segments (cont'd)

	Integrated supply chain products and services RM	Contract manufacturing RM	Supply of packaging materials RM	Eliminations RM	Consolidation RM
Assets					
Segment assets	10,797,485	16,641,435	78,299,293	–	105,738,213
Unallocated assets					810,150
					392,592
Total assets					106,940,955
Liabilities					
Segment liabilities	5,666,722	2,645,377	14,867,376	–	23,179,475
Unallocated liabilities					2,163,118
Borrowings					29,401,640
Tax liabilities					298,941
Total liabilities					55,043,174
2008					
Other Information					
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	41,636	611,855	959,320	–	1,612,811

31. SEGMENT INFORMATION (cont'd)

(d) Allocation basis and transfer pricing

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	
	2009 RM	2008 RM	2009 RM	2008 RM	2009 RM	2008 RM
Malaysia	80,982,107	95,032,056	58,813,074	64,331,429	498,863	904,558
Thailand	87,743,158	66,591,974	45,651,042	42,609,526	2,557,953	2,007,310
Consolidated	168,725,265	161,624,030	104,464,116	106,940,955	3,056,816	2,911,868

32. SUBSEQUENT EVENT

On 20 November 2009, the Company had incorporated a new wholly-owned subsidiary, D'nonce Energy Sdn Bhd. The company have an issued and paid up capital of RM2 divided into 2 ordinary shares of RM1.00 each.

The intended principal activity is to provide technical consultancy services. The company is currently dormant.

The financial impact from the incorporation of this wholly-owned subsidiary is immaterial.

LIST OF PROPERTIES OWNED
As At 31 AUGUST 2009

Beneficial owner/ Location	Description/ Existing use	Land/Built up area (sq.ft.)	Age of building (years) 31 Aug 2009	Type of land/ Tenure (Year of expiry for leasehold)	Net book value as at 31 Aug 2009 RM'000	Date of acquisition
D'nonce (M) Sdn Bhd						
No. 12 Hujung Perusahaan 2, Kawasan MIEL, Prai Industrial Estate, 13600 Penang	Industrial land and building/Factory	1,875 / 2,500	25	60 years - leasehold (2045)	47	05.11.1990
51-14 B & C, Menara BHL, Jalan Sultan Ahmad Shah, 10500 Penang	Building/ Corporate Head Office	*/ 3,670	15	Freehold	713	14-B: 21.03.1994 14-C: 18.04.1994
BAM Villa, Unit 42C-7-5C, Taman Maluri, Cheras, 56000 Kuala Lumpur	Condominium	*/ 975	18	99 years - leasehold (2090)	117	02.01.1992
Attractive Venture Sdn Bhd						
No.1 Puncak Perusahaan 1, Kawasan MIEL, Prai Industrial Estate, 13600 Penang	Industrial land and building/Factory	21,590 / 12,208	24	60 years - leasehold (2045)	627	19.12.1991
Plot 425, Tingkat Perusahaan 6A, Free Trade Zone, 13600 Prai, Penang	Industrial land and building/Factory	46,800 / 29,614	21	60 years - leasehold (2046)	3,168	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	14	Freehold	287	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	14	Freehold	258	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	8	60 years - leasehold (2052)	5,779	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	15	60 years - leasehold (2052)	2,903	13.06.2002

LIST OF PROPERTIES OWNED (cont'd)
As At 31 AUGUST 2009

Beneficial owner/ Location	Description/ Existing use	Land/Built up area (sq.ft.)	Age of building (years) 31 Aug 2009	Type of land/ Tenure (Year of expiry for leasehold)	Net book value as at 31 Aug 2009 RM'000	Date of acquisition
Attractive Venture (JB) Sdn Bhd 1273, Jalan Sri Putri 3/4 Taman Putri Kulai, 81000 Kulai, Johore	Building/Factory	2,400 / 2,777	14	Freehold	229	10.09.1999
D'nonce (Johore) Sdn Bhd 8 Jalan Mutiara Emas 5/17, Taman Mount Austin, Johore Bahru, 81100 Johore	Industrial land and building/Office	3,120 / 2,568	13	Freehold	306	05.08.1996
D'nonce (KL) Sdn Bhd No 39, Jalan 1/119, Taman Bukit Hijau, 6th Mile, Jalan Cheras, 56000 Kuala Lumpur	Building and land/ Office	1,540 / 4,510	13	Freehold	527	15.07.1997
ISCM Industries (Thailand) Co., Ltd 188 Moo 1, Kanchanavanich Road; Tambol Samnakkam, Sadao, Songkhla Thailand	Industrial land and building/Factory	122,225	10	Freehold	8,730	15.03.2007
Total					**23,691**	

* Not applicable

ANALYSIS OF SHAREHOLDINGS
31 DECEMBER 2009

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	:	1,976
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	0.25	176	0.00
100 – 1,000	808	40.89	790,023	1.75
1,001 – 10,000	894	45.24	4,043,700	8.97
10,001 – 100,000	225	11.39	6,693,580	14.84
100,001 – 2,255,049	42	2.13	26,563,378	58.90
2,255,050 & above	2	0.10	7,010,143	15.54

SUBSTANTIAL SHAREHOLDERS

Name of Shareholders	Direct Interest	% Number of Shares 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 Shares 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 Shareholders	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)	926,900	2.06
14.	Koperasi Polis Diraja Malaysia Berhad	911,000	2.02
15.	Enrich Joy Sdn. Bhd.	814,495	1.81
16.	Lilian Leong Lai Lin	698,900	1.55
17.	Goh Shze Yinn	498,000	1.10
18.	Citigroup Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Lam Mei Fong (474021)	449,971	1.00
19.	Chan Seng Sun	300,000	0.67
20.	Mercsec Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Pauline Koh Siok Huang	300,000	0.67

THIRTY LARGEST SHAREHOLDERS (cont'd)

	Name of Shareholders	Number of Shares	% of Issued Share Capital
21.	BHLB Trustee Account Exempted – Trust Account for EPF Investment for Member Savings Scheme	285,200	0.63
22.	Bong Nyon	285,000	0.63
23.	Chan Su-San	274,500	0.61
24.	Quek Phaik Im	239,100	0.53
25.	Mayban Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Lim Teik Hoe	235,000	0.52
26.	George Lee Sang Kian	233,900	0.52
27.	Lilian Leong Lai Lin	231,700	0.51
28.	Arthur Varkey Samuel	200,000	0.44
29.	Lam Mei Fong	200,000	0.44
30.	Yeoh Guan Liew	200,000	0.44
		31,690,314	70.27

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 Tenth Annual General Meeting of the Company to be held at The Northam All Suite Penang, Hall 1, Level 3 on Thursday, 25 February 2010 at 11.30 a.m. and at any adjournment thereof. My/our proxy is to vote as indicated below:

Resolutions			For	Against
Resolution 1	-	Approval of Directors' fees		
		Re-election of Directors:		
Resolution 2	-	Mr Wong Thai Sun		
Resolution 3	-	Dato' Oon Choo Eng @ Oon Choo Khye		
Resolution 4	-	Re-appointment of Messrs Ernst & Young as Auditors and to authorise the Directors to determine their remuneration		

(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 ………………… 2010

Number of shares held	

For appointment of two proxies, 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:

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint one but not more than two proxies (who need not be members of the Company) to attend and vote on his behalf. 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.

2. 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.

3. The instrument appointing a proxy or proxies must be under the hand of the appointer 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 an officer or attorney duly authorised.

4. 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.

5. If the space provided in the proxy form is not sufficient, an appendix attached to the proxy form duly signed by the appointer is acceptable.

6. Those proxy forms which are indicated with "√" in the spaces provided to show how the votes are to be cast will also be accepted.

#. Applicable to shares held through a nominee account.

Fold this flap for sealing

Then fold here

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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