D'nonce TECHNOLOGY BHD
503292-K
Your Dependable Partner

annual report | 2010

ADDING UP TO SUCCESS

CONTENTS

Concept: Adding Up to Success

This cover concept depicts the traditional abacus which is still a common sight in traditional asian stores. It has survived and still remain relevant in the modern era of technological advancements and this inspires the Group to remain strong and solid. Being relevant is the Group's aspiration to ride through the challenges and adding more success as the Group progresses.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Eleventh Annual General Meeting of D'nonce Technology Bhd. ("the Company") will be held at The Northam All Suite Penang, Hall 3, Level 3, 55 Jalan Sultan Ahmad Shah, 10050 Penang on Monday, 28 February 2011 at 11.30 a.m.

AGENDA

AS ORDINARY BUSINESS

1.	To receive the Statutory Financial Statements for the financial year ended 31 August 2010 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 2010.	**Resolution 1**
3.	(i) To re-elect Mr Lim Teik Hoe 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**

AS SPECIAL BUSINESS

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

Special Resolution

5. **Proposed Amendment to the Articles of Association** — **Resolution 5**

"That the proposed amendment to the Articles of Association of the Company as contained in the Appendix 1 attached to the Annual Report 2010 be hereby approved."

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

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

7. To transact any other business of which due notice shall have been received. — **Resolution 7**

By Order of the Board

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

Penang
28 January 2011

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.

EXPLANATORY NOTES ON SPECIAL BUSINESS

1. **Resolution 5 – Proposed Amendment to the Articles of Association**

   The Special Resolution proposed under item 5 of the agenda, if passed, will enable the Company to implement the Electronic Dividend payment ("eDividend") to comply with the directive of Bursa Malaysia Securities Berhad dated 19 February 2010.

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

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

APPENDIX 1

PROPOSED AMENDMENT TO THE ARTICLES OF ASSOCIATION

Article	Existing Provision	Amended Provision	Rationale
To amend Article 155	Any dividend, interest or other money payable in cash in respect of securities may be paid by cheque or warrant and sent through the post directed to the registered address of the holder in the Record of Depositors. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent or to such person as the holder entitled to the security in consequence of the death or bankruptcy of the holder may direct and the payment of any such cheque or warrant shall operate as a good discharge to the Company in respect of the dividend represented thereby. Every such cheque or warrant shall be sent at the risk of the person entitled to the money thereby represented.	Any dividend, interest or other money payable in cash in respect of shares may be paid by cheque or warrant sent through the post directed to the registered address of the holder who is named on the Register of Members or Record of Depositors or to such person and to such address as the holder may in writing direct or by way of telegraphic transfer or electronic transfer or remittance to such account as designated by such holder or the person entitled to such payment. Every such cheque or warrant or telegraphic transfer or electronic transfer or remittance shall be made payable to the order of the person to whom it is sent and the payment of any such cheque or warrant or telegraphic transfer or electronic transfer or remittance shall operate as a good and full discharge to the Company in respect of the payment represented thereby, notwithstanding that in the case of payment by cheque or warrant, it may subsequently appear that the same has been stolen or that the endorsement thereon has been forged. Every such cheque or warrant or telegraphic transfer or electronic transfer or remittance shall be sent at the risk of the person entitled to the money thereby represented.	To enable the Company to implement the Electronic Dividend payment to comply with the directive of Bursa Malaysia Securities Berhad dated 19 February 2010.

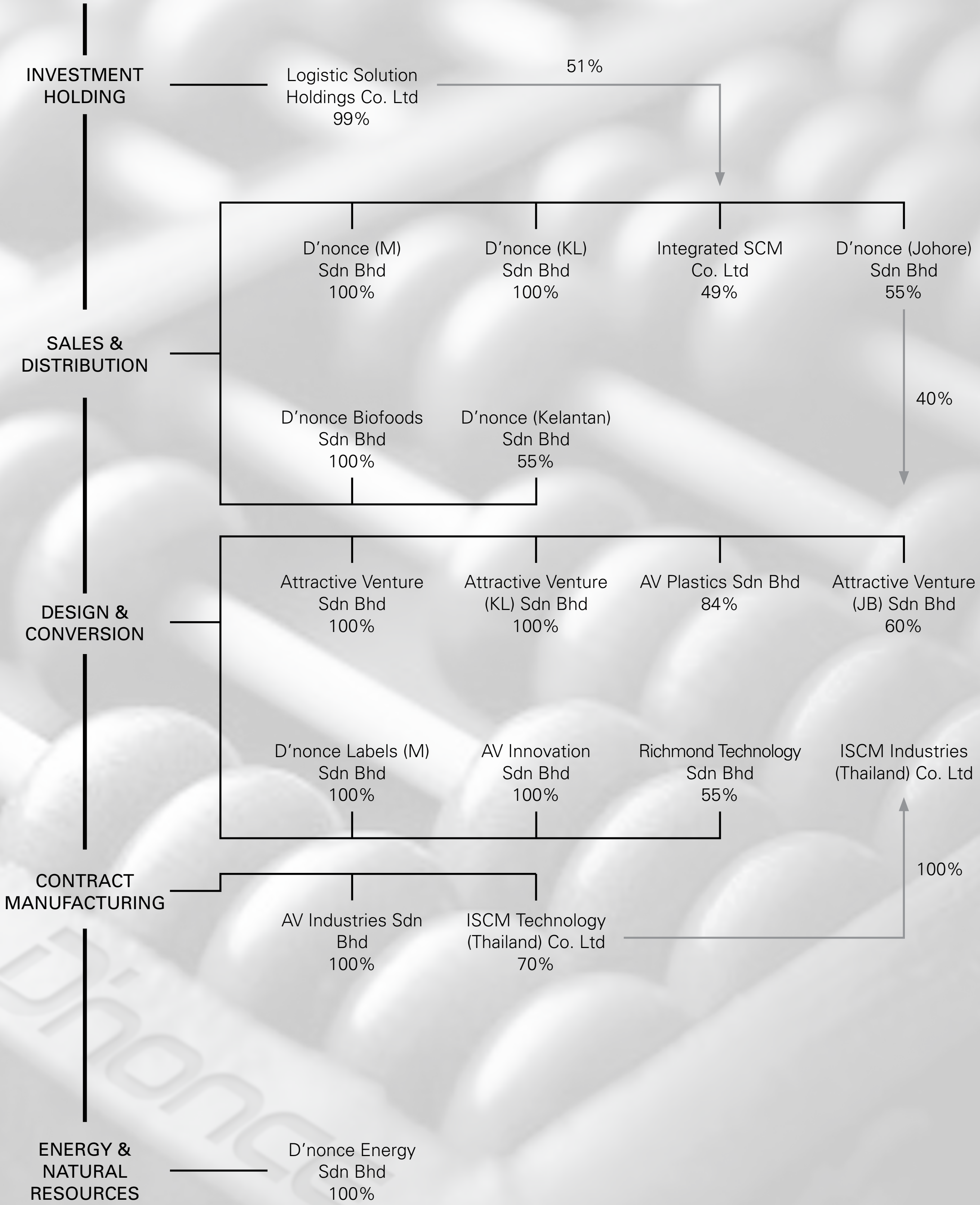
STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

Pursuant to Paragraph 8.27(2) of the 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
Your Dependable Partner



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
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
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
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

PRINCIPAL BANKERS

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

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

STOCK EXCHANGE LISTING

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

CORPORATE SOCIAL RESPONSIBILITY

CONTINUOUS COMMITMENT

Our unwavering commitment towards Corporate Social Responsibility (CSR) has lead us to embark on a variety of new CSR programmes and activities that we believe would reach a wider strata of the society and that would bring lasting and meaningful impact. At the moment the activities are centred within Penang with a few activities in other states but we hope to escalate our CSR programmes geograpically in the near future to reach other communities in other states as well as within the regions of our operations in Thailand.

ACTIVITIES

Our regular sponsorship in sporting events in Penang through the Penang Open Basketball Tournament has always been a memorable one whereby the Lady Team that we sponsored has emerged open champion for 5 years in a row from 2006 to 2010. We hope that our continuous sponsorship would keep the team in high spirit in anticipation of maintaining their winning streak in the years ahead.

Our commitment in getting more interests within the communities in Penang on hiking around Penang Island has materialised with the launching of the web-based information centre in July 2010. We are honoured to have The Honourable Chief Minister of Penang to launch the website, www.penangtrails.com which provides vital information, maps and guides for hikers and others who are interested in exploring the vast tracks and trails of Penang. In conjunction with the launching of the website, we also sponsored cash contributions to 4 hiking clubs in Penang representing hiking communities in Bukit Bendera, Botanical Garden, Youth Park and Bukit Jambul. These clubs are manned by volunteers of interest groups where they run various programmes to keep the trails in good conditions as well as maintaining their respective rest areas. We also hope that our efforts would improve the conditions of the tracks and the rest areas which, in turn, would spur greater interests from the Penang communities as well as communities outside Penang to take up such healthy outdoor activities. We will continue to support the website and the volunteer groups with more programmes with a view to foster closer relationships within the communites in Penang while at the same time creating a healthy lifestyle and culture.

We also take pride in promoting Penang via publication of a book, "PENANG 12/31", which was also launched by The Honourable Chief Minister of Penang in July 2010. The book, published by a non-governmental organisation, the Nanyang Folk Culture, presents a collection of photographs potraying the various cultures and lifestyles in Penang that were captured on 31st December since 2006 to 2009. Through our sponsorship for the publication of the book, the public has benefited from the low price tag that was offered by the publisher. The Penang State Government also benefited indirectly from the launching of the book as it was held in conjunction with the 2nd anniversary of the heritage status accorded to George Town by UNESCO. 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.

Other than the above-mentioned activities, on a smaller scale we continue to support and sponsor fund-raising activities by various associations in Penang such as hospitals and education centres and we hope that our sincere contributions will bring some benefits to the stake holders associated with the associations. On a separate occasion in Johore, we have donated chairs and tables for a school as part of our small community programmes by one of our subsidiaries.

ENHANCED CSR PROGRAMMES

We hope that our contributions, big or small, would pave the way for many more activities not only by our Group but by other corporations that may look at us as a good example to follow, which to us is a CSR by itself.

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 2010 ("current year").

2010 was a good year for the Group and indeed it was the best year where it has far exceeded the previous years' performance. Within the electronic and electrical (E&E) sector, where the Group's main businesses are derived from, the environment remained competitive and very challenging but through persistent efforts and better management especially in the cost and inventories, the Group has managed to ride through the challenges and achieve its best result. The strategy to expand into non-E&E sector is beginning to see results especially in the newly-ventured food and beverage (F&B) sector. Despite the success, the market environment will continue to be tough and the Group will continued to adapt its business strategies to current market environment.

OPERATIONAL FINANCIAL REVIEW

The current year has posted a record performance for the Group where the revenue during the current year has increased by 10.6% as compared to the financial year ended 31 August 2009 ("previous year") and the result has been recorded at RM5.1 million as compared to a loss of RM0.73 million during the previous year. All the 3 business segments achieved higher revenue and result in the current year as compared to the previous year. The revenue contribution from Thailand operation has shown an increasing trend since the Group first started it's operation in Thailand in 2002 and as the trend continues, it has surpassed the revenue from the Malaysian operation since FY2009 with a contribution of between 52%-53% of the total Group revenue.

INTEGRATED SUPPLY CHAIN PRODUCTS AND SERVICES

Revenue for Integrated Supply Chain Products and Services business segment has slightly increased from RM61.3 million in the previous year to RM63.8 million in the current year where the revenue for this segment is mainly from the E&E and the health care sector. Correspondingly this segment has also recorded a higher result of RM3.6 million for the current year as compared to RM3.0 million for the previous year.

CONTRACT MANUFACTURING

Revenue for Contract Manufacturing business segment for the current year has significantly increased from RM17.6 million in the previous year to RM25.1 million for the current year mainly contributed by the Thailand operation following the rebound of the Hard Disk Drive market. The segmental result was higher for the current year at RM3.3 million as compared to RM0.3 million in the previous year mainly due to higher capacity utilisation and prudent cost management.

SUPPLY OF PACKAGING MATERIALS

The Supply of Packaging Materials business segment has recorded a significantly higher revenue of RM97.7 million for the current year compared to RM89.8 million for the previous year mainly contributed by higher demand for packaging in both the Malaysia and Thailand operation. The Group has also entered into the packaging business for the solar cell market which has started to pick up in Malaysia with the setting up of solar cell plants by some major players. The result for this segment has also recorded a significantly higher result of RM4.2 million in the current year compared to RM1 million for the previous year mainly due to the turning around of several subsidiaries which has posted profit in the current year as compared to a loss in the previous year and as a result of better cost management.

CHAIRMAN'S STATEMENT (cont'd)

PROSPECTS

This encouraging results would spur a positive outlook for the Group in the years ahead to achieve better results through prudent cost management and continuously looking for new markets and expanding its customer base. The Group's expansion programmes into other areas such as F&B and capacity expansion in the contract manufacturing and packaging is expected to give additional capacity for the Group to attain higher revenue in the future. The increasing trend of higher contribution from the Thailand operation is a result of continuous and persistent efforts in providing quality products and services and expanding the customer base and this is also encouraging for the Group to expand further into other sectors in Thailand.

Moving forward, the Group shall continue to be in the E&E sector in line with the positive outlook for the sector. With many leading solar cell manufacturers locating their operations in Malaysia in the past three years, the Group has managed to tap into some of the packaging components and will continue to actively support the total packaging for this sector.

The Group's venture into businesses outside the E&E sector has shown good progress in terms of contribution and expansion opportunities. The Group will actively pursue to explore 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.

With this positive outlook for the Group, we hope to see better performance in FY2011.

CORPORATE GOVERNANCE

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

ACKNOWLEDGEMENT

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

Last but not least, I wish to extend my appreciation to my fellow directors 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 2010 ("tahun semasa").

Tahun 2010 adalah tahun yang baik untuk Kumpulan, malah ia adalah tahun yang terbaik dimana ia mencatatkan prestasi jauh melepasi prestasi tahun-tahun sebelumnya. Di dalam sektor elektronik dan elektrikal (E&E) dimana sebahagian besar perniagaan Kumpulan diperolehi, persaingan masih berterusan dan sangat mencabar. Namun melalui usaha yang tabah dan pengurusan yang lebih baik terutamanya mengenai kos dan inventori, Kumpulan telah berupaya meredah cabaran-cabaran tersebut dan mencapai hasil yang baik. Strategi untuk berkembang didalam sektor diluar E&E telah mula menampakkan hasil terutamanya didalam sektor yang baru diceburi iaitu bidang makanan dan minuman ("food and beverage" - F&B). Disamping mencapai kejayaan, keadaan pasaran akan terus sukar dan mencabar dan Kumpulan akan terus menyesuaikan strategi-strategi perniagaannya dengan persekitaran pasaran semasa.

SEMAKAN KEWANGAN OPERASI

Tahun semasa ini mencatatkan prestasi terbaik untuk Kumpulan dimana perolehan dalam tahun semasa telah meningkat sebanyak 10.6% berbanding dengan tahun kewangan berakhir 31 Ogos 2009 ("tahun sebelumnya") dan keuntungan pula telah dicatat sebanyak RM5.1 juta berbanding dengan kerugian sebanyak RM0.73 juta dalam tahun sebelumnya. Sumbangan perolehan operasi di Thailand telah menunjukkan aliran yang meningkat sejak Kumpulan mulakan operasinya di Thailand dalam tahun 2002 dan dengan berterusannya aliran ini, ia telah melangkaui perolehan daripada operasi di Malaysia sejak tahun kewangan 2009 dengan sumbangan sebanyak 52% hingga 53% daripada jumlah perolehan Kumpulan.

PERKHIDMATAN DAN BARANGAN RANGKAIAN BEKALAN BERINTEGRASI

Perolehan bagi segmen Perkhidmatan dan Barangan Rangkaian Bekalan Berintegrasi telah meningkat sedikit daripada RM61.3 juta dalam tahun sebelumnya kepada RM63.8 juta dalam tahun semasa dimana perolehan bagi segmen ini kebanyakannya adalah daripada sektor E&E dan penjagaan kesihatan. Seiringan dengan ini, segmen ini juga mencatatkan keuntungan yang lebih tinggi sebanyak RM3.6 juta bagi tahun semasa berbanding dengan RM3 juta bagi tahun sebelumnya.

PEMBUATAN SECARA KONTRAK

Perolehan bagi segmen Pembuatan Secara Kontrak bagi tahun semasa telah meningkat dengan ketaranya daripada RM17.6 juta dalam tahun sebelumnya kepada RM25.1 juta bagi tahun semasa dimana kebanyakannya adalah sumbangan operasi daripada Thailand ekoran dari pemulihan pasaran Pemacu Cakera Keras. Keuntungan bagi segmen ini bagi tahun semasa sebanyak RM3.3 juta adalah lebih tinggi berbanding dengan RM0.3 juta bagi tahun sebelumnya, kebanyakannya hasil daripada peningkatan penggunaan kapasiti dan pengurusan kos yang berhemah.

PEMBEKALAN BAHAN PEMBUNGKUSAN

Segmen Pembekalan Bahan Pembungkusan telah mencatatkan peningkatan perolehan yang ketara sebanyak RM97.7 juta bagi tahun semasa berbanding dengan RM89.8 juta bagi tahun sebelumnya, sebahagian besarnya adalah daripada permintaan yang lebih tinggi dalam bidang pembungkusan bagi kedua-dua operasi di Malaysia dan Thailand. Kumpulan juga telah menceburi perniagaan pembungkusan untuk pasaran solar sel yang telah mula berkembang di Malaysia berikutan penempatan kilang solar sel oleh beberapa pengeluar utama. Keuntungan bagi segmen ini juga mencatatkan peningkatan yang ketara sebanyak RM4.2 juta bagi tahun semasa berbanding dengan RM1 juta bagi tahun sebelumnya, kebanyakannya berikutan dari pemulihan prestasi oleh beberapa anak syarikat yang mencatatkan keuntungan pada tahun semasa berbanding dengan kerugian pada tahun sebelumnya dan juga hasil daripada kawalan yang lebih baik terhadap kos dan inventori.

PROSPEK

Prestasi yang menggalakkan ini akan memberi prospek yang positif bagi Kumpulan dalam tahun-tahun berikutnya untuk mencapai prestasi yang lebih baik melalui pengurusan kos yang bijak dan sentiasa meneroka pasaran-pasaran baru serta mengembangkan asas pelanggan. Program pengembangan oleh Kumpulan didalam bidang-bidang lain seperti F&B dan penambahan kapasiti dalam pembuatan secara kontrak dan pembungkusan dijangka dapat memberi kapasiti tambahan bagi Kumpulan untuk mencapai perolehan yang lebih tinggi dimasa akan datang. Aliran yang meningkat dalam sumbangan oleh operasi di Thailand adalah hasil daripada usaha-usaha gigih serta berterusan dalam menawarkan barangan dan perkhidmatan yang berkualiti serta usaha dalam mengembangkan asas pelanggan dan ini memberi galakan kepada Kumpulan untuk terus berkembang didalam sektor-sektor lain di Thailand.

Dalam melangkah kehadapan, Kumpulan akan terus terlibat didalam sektor E&E selaras dengan prospek positif sektor tersebut. Dengan bertambahnya pengilang-pengilang solar sel untuk menempatkan operasinya di Malaysia sejak 3 tahun kebelakangan ini, Kumpulan telah berjaya memasuki beberapa komponen pembungkusan dan akan terus terlibat secara aktif bagi memberi perkhidmatan pembungkusan yang menyeluroh bagi sektor ini.

Penglibatan Kumpulan dalam bidang-bidang di luar sektor E&E telah menunjukkan perkembangan yang baik dari segi sumbangan dan peluang-peluang untuk berkembang. Kumpulan akan terus meneroka secara aktif perniagaan-perniagaan bukan-E&E sambil meneruskan usaha-usahanya kearah penembusan perniagaan dan pengurusan kos untuk lebih bersedia menghadapi cabaran-cabaran dimasa hadapan.

Dengan prospek yang positif ini kami berharap untuk melihat prestasi yang lebih baik dalam tahun kewangan 2011.

URUSTADBIR KORPORAT

Lembaga Pengarah akan terus mempastikan 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 60, 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 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 74, 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 or Chairman 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.

Law Kim Choon
Aged 53, 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 and was appointed the Group Managing Director on 1 February 2008. He was appointed as a member of the Remuneration Committee on 30 January 2007 and he resigned as a member of the Audit Committee on 30 October 2007.

He has 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 51, 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 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.

Wong Thai Sun
Aged 55, 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 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 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.

STATEMENT OF INTERNAL CONTROL

Pursuant to Paragraph 15.26(b) of Bursa Securities Listing Requirements, the Board of Directors of D'nonce Technology Bhd is pleased to provide the following statement on the state of internal control of the Group, which has been prepared in accordance with the Statement on Internal Control: Guidance for Directors of Public Listed Companies ('Internal Control Guidance') issued by the Institute of Internal Auditors Malaysia and adopted by Bursa Securities.

RESPONSIBILITY FOR RISK AND INTERNAL CONTROL

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

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

RISK MANAGEMENT

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

INTERNAL AUDIT

The Board acknowledges the importance of internal audit function and has engaged the services of an independent professional accounting and consulting firm, Messrs UHY 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 2010, 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 Bursa Securities Listing Requirements.

This statement is issued in accordance with a resolution of the Directors dated 13 December 2010.

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 2010.

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 2010, five (5) Board Meetings were held. The attendance record of each Director is as follows:

	Board of Directors' Meeting		**Oct 09**	**Dec 09**	**Jan 10**	**Apr 10**	**Jul 10**		
	Directors	**Position**	**Attendance**					**Total**	**%**
1	Dato' Ahmad Ibnihajar	Independent Non-Executive Chairman	•	•	•	•	•	5/5	100
2	Dato' Oon Choo Eng @ Oon Choo Khye	Independent Non-Executive Director	•	•	•	•	•	5/5	100
3	Law Kim Choon	Chief Executive Officer/ Group Managing Director	•	•	•	•	•	5/5	100
4	Lim Teik Hoe	Executive Director	•	•	•	•	•	5/5	100
5	Wong Thai Sun	Independent Non-Executive Director	•	•	•	•	•	5/5	100
Total number of meetings held:								**5**	

Supply of Information

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

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

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.

THE BOARD OF DIRECTORS (cont'd)

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 2010, the Nomination Committee had one meeting on 11 December 2009 and was attended by all members.

On 11 December 2009, 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 Eleventh AGM of the Company to be held on 28 February 2011 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 Directors' Mandatory Accreditation Programme ("MAP"). The Directors will continue to attend various professional programmes necessary to enhance their professionalism in the discharge of their duties.

During the financial year ended 31 August 2010, the Directors have evaluated their own training needs on a continuous basis and attended the following:

Dato' Ahmad Ibnihajar	
Dato' Oon Choo Eng @ Oon Choo Khye	
Law Kim Choon	
Lim Teik Hoe	
• FRS 139 – Financial Instruments: Recognition and Measurement	27 July 2010
• FRS 7 – Financial Instruments: Disclosures	27 July 2010
Wong Thai Sun	
• Implementing Quality Control incorporating ISQC 1 & Practice Review Findings	9 & 10 September 2009
• Latest Developments on Transfer Pricing in Malaysia and Tax Cases & Public Rulings	5 October 2009
• Tax & Economic Conference 2009	28 October 2009
• National Seminar on Taxation 2009	29 October 2009
• Real Property Gains Tax (RPGT) – Implications and Exemptions	25 February 2010
• An Overview of GST Bill (Its Impact, Policy and Implementation)	13 April 2010
• 2010 Tax Updates	11 May 2010
• FRS 139 – Financial Instruments: Recognition and Measurement	27 July 2010
• FRS 7 – Financial Instruments: Disclosures	27 July 2010

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 2010, the ESOS Committee held one meeting on 3 August 2010.

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 2010, 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.

Details of the Directors' remuneration

The aggregate remuneration of the Directors during the financial year ended 31 August 2010 is set out below:

A. Aggregate Remuneration

	Executive Directors RM	Non-Executive Directors RM
Fees	124,000	109,000
Salaries	956,028	14,604
Bonus	149,293	–
Benefits in kind	–	–
Other benefits	690,551	–

B. Band (RM)

Band (RM)	Executive Directors	Non-Executive Directors	Total
Less than 50,000	–	3	3
850,001 – 900,000	1	–	1
1,000,001 – 1,050,000	1	–	1

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

COMMUNICATION WITH SHAREHOLDERS

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

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

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

Dato' Ahmad Ibnihajar, Senior Independent Non-Executive Director
Telephone number : 04-2281198
Facsimile number : 04-2283016

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

ACCOUNTABILITY AND AUDIT (cont'd)

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.

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 RM55,300.00.

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.

TERMS OF REFERENCE (cont'd)

2. Chairman

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

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.

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 2010, the Audit Committee held a total of five meetings. The details of the attendance of the Audit Committee members were as follows:

Name	Status of Directorship	Position	No. of meetings attended
Wong Thai Sun	Independent Non-Executive Director	Chairman	5/5
Dato' Ahmad Ibnihajar	Independent Non-Executive Director	Member	5/5
Dato' Oon Choo Eng @ Oon Choo Khye	Independent Non-Executive Director	Member	5/5

The External Auditors attended five meetings during the financial year.

ACTIVITIES OF THE AUDIT COMMITTEE

The Group's internal audit function has been outsourced since year 2001. The expenses incurred for internal audit amounted to RM30,000.00 for the year ended 31 August 2010.

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 2010

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DIRECTORS' REPORT

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 August 2010.

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 of the Company and of its subsidiaries except for the incorporation of a new subsidiary and the liquidation of a dormant subsidiary as disclosed in Note 13(b) to the financial statements.

RESULTS

	Group RM	Company RM
Profit for the year	4,604,829	3,851,657
Attributable to:		
Equity holders of the Company	2,920,714	3,851,657
Minority interests	1,684,115	-
	4,604,829	3,851,657

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.

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 2009	**Bought**	**Sold**	**31 August 2010**
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 sharesof RM1 each			
	1 September 2009	**Granted**	**Exercised**	**31 August 2010**
The Company				
Law Kim Choon	100,000	–	–	100,000
Lim Teik Hoe	85,000	–	–	85,000

The other directors in office at the end of the financial year did not have any interest in shares and share options in the Company or its related corporations 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 expired on 27 May 2008 for a further period of five years from 27 May 2008 until 26 May 2013.

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

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

There were no options granted during the financial year. No ESOS were exercised during and subsequent to the end of the financial year.

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 also satisfied themselves that there were no known bad debts and that adequate provision had been made for doubtful debts 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 the amount of the provision for doubtful debts inadequate to any substantial extent 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 details of 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 13 December 2010.

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 98 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 2010 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 13 December 2010.

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 98 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 13 December 2010:

Law Kim Choon

Before me,

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 2010 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 35 to 98.

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 2010 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 for 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, being financial statements that have been included in the consolidated 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.

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. 1748/01/12(J)
Chartered Accountant

Penang, Malaysia
13 December 2010

INCOME STATEMENTS

For The Year Ended 31 August 2010

	Note	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
Revenue	3	186,620,196	168,725,265	11,234,883	4,921,645
Other income	4	1,932,355	947,432	60	17
Changes in inventories of work-in-progress and finished goods		13,973	(2,748,827)	–	–
Raw materials and consumables used		(49,498,292)	(36,206,070)	–	–
Trading goods		(80,485,460)	(84,172,949)	–	–
Employee benefits expense	5	(27,917,148)	(23,231,650)	(3,395,101)	(2,389,763)
Depreciation		(4,693,475)	(4,927,161)	(119,879)	(125,897)
Write-down of inventories		(191,916)	(1,530,282)	–	–
Rental expense		(1,378,082)	(1,502,414)	(13,200)	(13,800)
Utilities		(3,887,446)	(3,465,178)	(34,944)	(35,744)
Other expense		(14,083,276)	(10,879,371)	(3,833,668)	(1,075,039)
Operating profit	6	6,431,429	1,008,795	3,838,151	1,281,419
Finance costs	8	(1,355,977)	(1,736,535)	(156,196)	(164,867)
Profit/(loss) before tax		5,075,452	(727,740)	3,681,955	1,116,552
Income tax expense	9	(470,623)	(945,222)	169,702	(198,712)
Profit/(loss) for the year		4,604,829	(1,672,962)	3,851,657	917,840
Attributable to:					
Equity holders of the Company		2,920,714	(1,533,957)	3,851,657	917,840
Minority interests		1,684,115	(139,005)	–	–
		4,604,829	(1,672,962)	3,851,657	917,840
Earnings per share attributable to equity holders of the Company (sen):					
Basic, for profit/(loss) for the financial year	10(a)	6.48	(3.40)		
Diluted, for profit/(loss) for the financial year	10(b)	6.48	(3.40)		

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

BALANCE SHEETS
As At 31 August 2010

	Note	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
Assets					
Non-current assets					
Property, plant and equipment	11	34,678,528	33,396,553	112,485	206,316
Prepaid land lease payments	12	2,050,279	1,961,368	–	–
Investments in subsidiaries	13	–	–	37,214,488	37,236,104
Investment properties	14	5,208,786	5,433,533	–	–
Other investments	15	34,000	74,000	–	–
Intangible asset	16	289,128	289,128	–	–
Long term trade receivable	17	2,579,656	2,334,340	–	–
Deferred tax assets	18	200,000	–	200,000	–
		45,040,377	43,488,922	37,526,973	37,442,420
Current assets					
Inventories	19	16,831,284	15,763,563	–	–
Trade and other receivables	17	36,047,431	30,346,267	7,118,504	9,055,579
Tax recoverable		1,139,775	761,113	–	–
Cash and bank balances	20	11,026,676	14,104,251	459,634	139,525
		65,045,166	60,975,194	7,578,138	9,195,104
Total assets		110,085,543	104,464,116	45,105,111	46,637,524
Equity and liabilities					
Equity attributable to equity holders of the Company					
Share capital	21	45,101,000	45,101,000	45,101,000	45,101,000
Reserves	22	197,634	(2,213,436)	(4,879,430)	(8,731,087)
		45,298,634	42,887,564	40,221,570	36,369,913
Minority interests		9,690,208	8,186,806	–	–
Total equity		54,988,842	51,074,370	40,221,570	36,369,913
Non–current liabilities					
Retirement benefit obligations	23	2,886,239	2,247,150	2,669,007	2,085,145
Borrowings	24	8,025,212	8,957,341	23,979	49,125
Long term trade payable	25	364,433	364,433	–	–
Deferred tax liabilities	18	107,587	111,597	–	–
		11,383,471	11,680,521	2,692,986	2,134,270
Current liabilities					
Borrowings	24	16,376,412	18,613,144	25,146	24,088
Trade and other payables	25	27,142,969	22,810,306	2,165,409	8,109,253
Current tax payable		193,849	285,775	–	–
		43,713,230	41,709,225	2,190,555	8,133,341
Total liabilities		55,096,701	53,389,746	4,883,541	10,267,611
Total equity and liabilities		110,085,543	104,464,116	45,105,111	46,637,524

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

STATEMENTS OF CHANGES IN EQUITY

For The Year Ended 31 August 2010

Group	Share capital RM (Note 21)	Reserves RM (Note 22)	Total RM	Minority interests RM	Total equity RM
	Attributable to equity holders of the Company				
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 income 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
At 1 September 2009	45,101,000	(2,213,436)	42,887,564	8,186,806	51,074,370
Foreign currency translation, representing net loss recognised directly in equity	–	(509,644)	(509,644)	(180,713)	(690,357)
Profit for the year	–	2,920,714	2,920,714	1,684,115	4,604,829
Total recognised income and expense for the year	–	2,411,070	2,411,070	1,503,402	3,914,472
At 31 August 2010	45,101,000	197,634	45,298,634	9,690,208	54,988,842

Company	Share capital RM (Note 21)	Reserves RM (Note 22)	Total RM
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
At 1 September 2009	45,101,000	(8,731,087)	36,369,913
Profit for the year, representing total recognised income and expense for the year	-	3,851,657	3,851,657
At 31 August 2010	45,101,000	(4,879,430)	40,221,570

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

CASH FLOW STATEMENTS
For The Year Ended 31 August 2010

	Group		Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Cash flows from operating activities				
Profit/(loss) before tax	5,075,452	(727,740)	3,681,955	1,116,552
Adjustments for:				
Bad debts written off	4,490	8,662	–	–
Amortisation of prepaid land lease payments	51,449	49,478	–	–
Depreciation on:				
- property, plant and equipment	4,423,676	4,659,915	119,879	125,897
- investment properties	269,799	267,246	–	–
Reversal of provision of doubtful debts	(33,000)	(10,000)	–	–
Reversal of provision for slow-moving stocks	(376,853)	–	–	–
Interest expense	1,355,977	1,736,535	156,196	164,867
Inventories written off	842,308	518,271	–	–
Loss on liquidation of subsidiary	160,089	–	–	–
Pension costs - defined benefit plan	644,475	615,864	495,561	481,093
Employee share options cost	–	145,814	–	145,814
Property, plant and equipment written off	309,406	27,510	465	–
Provision for doubtful debts	260,072	184,656	2,500,000	–
(Reversal of impairment losses)/Impairment losses on:				
- property, plant and equipment	(88,913)	30,403	–	–
- investment in subsidiaries	–	–	271,616	300,000
- golf club membership	40,000	–	–	–
- prepaid land lease payment	(689)	38,594	–	–
Write-down of inventories	191,916	1,530,282	–	–
Unrealised loss/(gain) on foreign exchange	128,218	555,639	(75,855)	43,246
Gain on disposal of property, plant and equipment	(23,000)	(30,790)	–	–
Interest income	(318,262)	(194,506)	(60)	–
Operating profit before working capital changes	12,916,610	9,405,833	7,149,757	2,377,469
(Increase)/decrease in inventories	(1,725,092)	2,445,961	–	–
(Increase)/decrease in trade and other receivables	(6,319,127)	(652,514)	773	362
Increase/(decrease) in trade and other payables	4,208,768	(1,084,854)	749,377	147,041
Cash generated from operations	9,081,159	10,114,426	7,899,907	2,524,872
Taxes paid	(1,145,221)	(1,220,569)	(30,298)	(198,712)
Interest paid	(1,355,977)	(1,736,535)	(156,196)	(164,867)
Net cash generated from operating activities	6,579,961	7,157,322	7,713,413	2,161,293

CASH FLOW STATEMENTS (cont'd)
For The Year Ended 31 August 2010

	Note	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
Cash flows from investing activities					
Interest received		318,262	194,506	60	–
Proceeds from disposal of property, plant and equipment		1,094,810	102,384	–	–
Increase in investment in a subsidiary		–	–	–	(455,147)
Incorporation of a new subsidiary		–	–	(250,000)	–
Net cash surrendered to liquidator		(28,552)	–	–	–
Expenditure incurred on prepaid land lease payments		(139,671)	–	–	–
Expenditure incurred on investment properties		(75,100)	(14,299)	–	–
Purchase of property, plant and equipment	A	(5,940,338)	(2,891,816)	(27,046)	(10,150)
Net cash used in investing activities		(4,770,589)	(2,609,225)	(276,986)	(465,297)
Cash flows from financing activities					
Dividends paid by subsidiaries to minority interests		–	(377,313)	–	–
Drawdown of short term borrowings		13,221	514,175	–	–
Net change in subsidiaries' balances		–	–	(7,092,230)	(1,841,645)
Repayment of hire-purchase and lease financing		(1,076,581)	(152,946)	(24,088)	(105,437)
Proceeds from a minority interest for investment in a subsidiary		–	195,063	–	–
Drawdown of term loan		1,487,765	–	–	–
Repayment of term loans		(2,409,114)	(1,407,679)	–	–
Net cash used in financing activities		(1,984,709)	(1,228,700)	(7,116,318)	(1,947,082)
Net (decrease)/increase in cash and cash equivalents		(175,337)	3,319,397	320,109	(251,086)
Effects of foreign exchange rate changes		(61,210)	(7,695)	–	–
Cash and cash equivalents at beginning of year		7,689,552	4,377,850	139,525	390,611
Cash and cash equivalents at end of year	B	7,453,005	7,689,552	459,634	139,525

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	
	2010	**2009**	**2010**	**2009**
	RM	**RM**	**RM**	**RM**
Cash payment	5,940,338	2,891,816	27,046	10,150
Hire-purchase and lease financing	1,656,876	165,000	-	-
	7,597,214	3,056,816	27,046	10,150

B. Cash and cash equivalents

Cash and cash equivalents comprise:

	Group		Company	
	2010	**2009**	**2010**	**2009**
	RM	**RM**	**RM**	**RM**
Cash and bank balances (Note 20)	6,735,403	10,642,927	459,634	139,525
Deposits with licensed banks (Note 20)	4,291,273	3,461,324	–	–
Bank overdrafts (Note 24)	(3,573,671)	(6,414,699)	–	–
	7,453,005	7,689,552	459,634	139,525

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

NOTES TO THE FINANCIAL STATEMENTS
31 August 2010

1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and 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 of the Company and of its subsidiaries except for the incorporation of a new subsidiary and the liquidation of a dormant subsidiary as disclosed in Note 13(b) to the financial statements.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 13 December 2010.

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 any accumulated impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in the income statement.

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 the subsidiaries are prepared for the same reporting date as the Company.

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

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

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

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

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.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(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 statement during the financial period in which they are incurred.

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

Freehold land has an unlimited useful life and therefore is not depreciated. 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 its 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 statement.

(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 statement in the year in which they arise.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(e) Impairment of non-financial assets

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

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

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

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

An impairment loss is recognised in the income statement in the year 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 statement, 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 to 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 banks, deposits at call and short term highly liquid investments which have an insignificant risk of changes in value, net of outstanding bank overdrafts.

ii. Other non-current investments

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

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.

(h) Leases

i. Classification

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incident 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 or hire purchase payments at the inception of the hire purchase or leases, less accumulated depreciation and any accumulated impairment losses. The corresponding liability is included in the balance sheet as borrowings. In calculating the present value of the minimum hire purchase or lease payments, the discount factor used is the interest rate implicit in the hire purchase or lease, when it is practicable to determine; otherwise, the Group's incremental borrowing rate is used. Any initial direct costs are also added to the carrying amount of such assets.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(h) Leases (cont'd)

ii. Finance leases - the Group as lessee (cont'd)

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

Depreciation of hire purchase or leased assets is provided for on a straight-line basis to write off the cost of each asset to its residual value over its estimated useful life.

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.

(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 statement 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 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 and 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 year 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 statement for the year, 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.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(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.

(l) Employee benefits

i. Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group. 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 statement as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund ("EPF"). Some of the Group's foreign subsidiaries also make contributions to their respective countries' statutory pension scheme.

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 service cost, 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 cost, 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 (cont'd)

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 statement, 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 currency of the primary economic environment in which the entity operates ("the functional currency"). 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 statement for the period except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation. These 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 statement. Exchange differences arising on monetary items that form part of the Group's net investment in foreign operation are recognised in the income statement in the Company's separate financial statements or the individual financial statements of the foreign operation, as appropriate.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in the income statement 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.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(m) Foreign currencies (cont'd)

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.

2.3 Changes in account policies

The accounting policies adopted are consistent with those of the previous financial year except as follow:-

On 1 September 2009, the Group and the Company adopted the following new and revised FRS mandatory for annual financial periods beginning on or after 1 September 2009.

FRS 8: Operating Segments

FRS 8, which replaces FRS 114 Segment Reporting, specifies how an entity should report information about its operating segments, based on information about the components of the entity that is available to the chief operating decision makers for the purpose of allocating resources to the segments and assessing their performance. The Standard also requires the disclosure of information about the products and services provided by the segments, the geographical areas in which the Group operates, and revenue from the Group's major customers. The Group concluded that the reportable operating segments determined in accordance with FRS 8 are the same as the business segments identified under FRS 114. The Group has adopted FRS 8 restropectively.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

FRSs early adopted by the Company

Amendments to FRS 1 First Time-Adoption of Financial Reporting Standards and FRS 127 Consolidated and Separate Financial Statements: Cost of an Investment in Subsidiary, Jointly Controlled Entity or Associate

Prior to 1 September 2009, the Company recognises dividends received as income only if the dividends were paid out of post-acquisition profits. Distributions out of pre-acquisition profits are regarded as a recovery of the investment and are recognised as a reduction of the cost of the investment.

The amendments to FRS 127 require all dividends from subsidiaries, jointly controlled entities or associates to be recognised in the statement of comprehensive income of the Company's separate financial statements. Distinction between pre- and post-acquisition profits is no longer required. The Company applied the amendments to FRS 127 prospectively. Thus during the financial year, the change in the accounting policy has increased the Company's dividend income and retained earnings by RM1,958,898.

The Company has applied the amendments prospectively in accordance with the transitional provisions. As a result of the early adoption of the amendment, the following amendments were also applied in the current financial year:

(i) Consequential Amendments to FRS 118: Revenue

(ii) Consequential Amendments to FRS 136: Impairment of Assets

Adoption of the above consequential amendments did not have any effect on the financial performance or position of the Company during the year.

2.5 Standards and interpretations issued but not yet effective

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

Effective for financial periods beginning on or after 1 January 2010

FRS 4: Insurance Contracts
FRS 7: Financial Instruments: Disclosures
FRS 101: Presentation of Financial Statements (revised)
FRS 123: Borrowing Costs
FRS 139: Financial Instruments: Recognition and Measurement
Amendments to FRS 1: First-time Adoption of Financial Reporting Standards and FRS 127: Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
Amendments to FRS 2: Share-based Payment - Vesting Conditions and Cancellations
Amendments to FRS 132: Financial Instruments: Presentation
Amendments to FRS 139: Financial Instruments: Recognition and Measurement, FRS 7: Financial Instruments: Disclosures and IC Interpretation 9: Reassessment of Embedded Derivatives
Amendments to FRSs 'Improvements to FRSs (2009)'
IC Interpretation 9: Reassessment of Embedded Derivatives
IC Interpretation 10: Interim Financial Reporting and Impairment
IC Interpretation 11: FRS 2 - Group and Treasury Share Transactions
IC Interpretation 13: Customer Loyalty Programmes
IC Interpretation 14: FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

Effective for financial periods beginning on or after 1 March 2010

Amendments to FRS 132: Financial Instruments: Presentation, relating to Classification of Rights Issues

Effective for financial periods beginning on or after 1 July 2010

FRS 1: First-time Adoption of Financial Reporting Standards
FRS 3: Business Combinations (revised)
FRS 127: Consolidated and Separate Financial Statements (amended)
Amendments to FRS 2: Share-based Payment
Amendments to FRS138: Intangible Assets
Amendments to IC Interpretation 9: Reassessment of Embedded Derivatives
IC Interpretation 12: Service Concession Arrangements
IC Interpretation 16: Hedges of a Net Investment in a Foreign Operation
IC Interpretation 17: Distributions of Non-cash Assets to Owners

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

Effective for financial periods beginning on or after 1 January 2011

Amendment to FRS 1: Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters
Amendment to FRS 7: Improving Disclosures about Financial Instruments
Amendment to FRS 1: Additional Exemptions for First-time Adopters
Amendment to FRS 2: Group Cash-settled Share-based Payment Transactions
IC Interpretation 4: Determining whether an Arrangement contains a lease
IC Interpretation 18: Transfers of Assets from Customers

Effective for financial periods beginning on or after 1 January 2012

IC Interpretation 15: Agreements for the Construction of Real Estate

The Group and the Company plan to adopt the above pronouncements when they become effective in the respective financial period. Unless otherwise described below, these pronouncements are expected to have no significant impact to the financial statements of the Group and the Company upon their initial application.

(a) FRS 3: Business Combinations (revised) and FRS 127: Consolidated and Separate Financial Statements (amended)

FRS 3 (revised) introduces a number of changes to the accounting for business combinations occurring on or after 1 July 2010. These include changes that affect the valuation of non-controlling interest, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs and future reported results.

FRS 127 (amended) requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as a transaction with owners in their capacity as owners and to be recorded in equity. Therefore, such transaction will no longer give rise to goodwill, nor will it give rise to a gain or loss. Furthermore, the amended Standard changes the accounting for losses incurred by the subsidiary as well as loss of control of a subsidiary.

The changes by FRS 3 (revised) and FRS127 (amended) will be applied prospectively and only affect future acquisition or loss of control of subsidiaries and transactions with non-controlling interests.

(b) FRS 101: Presentation of Financial Statements (revised)

The revised FRS 101 separates owner and non-owner changes in equity. Therefore, the consolidated statement of changes in equity will now include only details of transactions with owners. All non-owner changes in equity are presented as a single line labelled as total comprehensive income. The Standard also introduces the statement of comprehensive income: presenting all items of income and expense recognised in the income statement, together with all other items of recognised income and expense, either in one single statement, or in two linked statements. The Group and the Company will adopt two linked statements of comprehensive income. In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the reclassification of items in the financial statements. This revised FRS does not have any impact on the financial position and results of the Group and the Company.

(c) FRS 123: Borrowing Costs

This Standard supersedes FRS 1232004: Borrowing Costs that removes the option of expensing borrowing costs and requires capitalisation of such costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. Other borrowing costs are recognised as an expense. The Group's current accounting policy is to expense the borrowing costs in the period which they are incurred. In accordance with the transitional provisions of the Standard, the Group will apply the change in accounting policy prospectively for which the commencement date for capitalisation of borrowing cost on qualifying assets is on or after the financial period beginning 1 September 2010.

(d) FRS 139: Financial Instruments: Recognition and Measurement, FRS 7: Financial Instruments: Disclosures and Amendments to FRS 139: Financial Instruments: Recognition and Measurement, FRS 7: Financial Instruments: Disclosures

The new Standard on FRS 139: Financial Instruments: Recognition and Measurement establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. Requirements for presenting information about financial instruments are in FRS 132: Financial Instruments: Presentation and the requirements for disclosing information about financial instruments are in FRS 7: Financial Instruments: Disclosures.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

(d) FRS 139: Financial Instruments: Recognition and Measurement, FRS 7: Financial Instruments: Disclosures and Amendments to FRS 139: Financial Instruments: Recognition and Measurement, FRS 7: Financial Instruments: Disclosures (cont'd)

FRS 7: Financial Instruments: Disclosures is a new Standard that requires new disclosures in relation to financial instruments. The Standard is considered to result in increased disclosures, both quantitative and qualitative of the Groups's and the Company's exposure to risks, enhanced disclosure regarding components of the Group's and the Company's financial position and performance, and possible changes to the way of presenting certain items in the financial statements.

In accordance with the respective transitional provisions, the Group and the Company are exempted from disclosing the possible impact to the financial statements upon the initial application of FRS 7: Financial Instruments: Disclosures and 139: Financial Instruments: Recognition and Measurement.

(e) Amendments to FRSs 'Improvements to FRSs (2009)'

The 'Improvements to FRSs (2009)' contains amendments to several FRSs as described below:

i. FRS 5: Non-current Assets Held for Sale and Discontinued Operations: Clarifies that the disclosures required in respect of non-current assets and disposal groups classified as held for sale or discontinued operations are only those described by the Standard. The disclosures requirements from other FRSs only apply if specifically required for such non-current assets held for sale and disposal group or discontinued operations. Additional disclosures may also be necessary to comply with the general requirements of FRS101.

ii. FRS 7 Financial Instruments: Disclosures: Clarifies on the presentation of finance costs whereby interest income is not a component of finance costs.

iii. FRS 101: Presentation of Financial Statements: Assets and Liabilities classified as held for trading in accordance with FRS139 Financial Instruments: Recognition and Measurement are not automatically classified as current in the balance sheet. The amendment further clarifies that the classification of the liability component of a convertible instrument as current or non-current is not affected by the terms that could, at the option of the holder, result in settlement of the liability by the issue of equity instruments.

iv. FRS 107: Statement of Cash Flows (formerly known as Cash Flow Statements): Clarifies that only expenditures that result in a recognised asset in the statement of financial position can be classified as investing activities in the statement of cash flows.

v. FRS 108: Accounting Policies, Changes in Accounting Estimates and Errors: Clarifies that only implementation guidance that is an integral part of a FRS is mandatory when selecting accounting policies.

vi. FRS 116: Property, Plant and Equipment: Replacement of the term "net selling price" with "fair value less costs to sell". Items of property, plant and equipment held for rental that are routinely sold in the ordinary course of business after rental, are transferred to inventory when rental ceases and they are held for sale. This did not result in any reclassification.

vii. FRS 117: Leases: Clarifies on the classification of leases of land and buildings. The Group is still assessing the potential implication as a result of the reclassification of its unexpired land leases as operating or finance leases. For those land element held under operating leases that are required to be reclassified as finance leases, the Group shall recognise a corresponding asset and liability in the financial statements which will be applied retrospectively upon initial application. However, in accordance with the transitional provision, the Group is permitted to reassess lease classification on the basis of the facts and circumstances existing on the date it adopts the amendments; and recognise the asset and liability related to a land lease newly classified as a finance lease at their fair values on that date; any difference between those fair values is recognised in retained earnings. The Group is currently in the process of assessing the impact of this amendment.

viii. FRS 118 Revenue: The amendment provides additional guidance on whether an entity is acting as a principal or an agent. It also aligns the definition of costs incurred in originating a financial asset that should be deferred and recognised as an adjustment to the effective interest by replacing the term 'direct costs' with 'transaction costs' as defined in FRS 139.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

(e) Amendments to FRSs 'Improvements to FRSs (2009)' (cont'd)

ix. FRS 119 Employee Benefits: The amendment revises the definition of 'past service costs', 'return on plan assets' and 'short term' and 'other long term' employee benefits. It clarifies that the costs of administering the plan may be either recognised in the rate of return on plan assets or included in the actuarial assumptions used to measure the defined benefit obligation. The amendment further clarifies that amendment to plans that result in a reduction in benefits related to future services are curtailments. It also deleted the reference to the recognition of contingent liabilities to ensure consistency with FRS 137 Provisions, Contingent Liabilities and Contingent Assets.

x. FRS 123 Borrowing Costs: The definition of borrowing costs is aligned with FRS 139 by referring to the use of effective interest rate as a component of borrowing cost.

xi. FRS 127 Consolidated and Separate Financial Statements: The amendment clarifies that when a parent entity accounts for a subsidiary at fair value in accordance with FRS 139 in its separate financial statements, this treatment continues when the subsidiary is subsequently classified as held for sale.

xii. FRS 128 Investments in Associates: The amendment clarifies that if an associate is accounted for at fair value in accordance with FRS 139, only the requirement of FRS 128 to disclose the nature and extent of any significant restrictions on the ability of the associate to transfer funds to the investor in the form of cash or repayment of loans applies. It further clarifies that an investment in an associate is treated as a single asset for the purpose of impairment testing. Therefore, any impairment loss is not separately allocated to the goodwill included in the investment balance.

xiii. FRS 131: Interests in Joint Ventures: If a joint venture is accounted for at fair value, in accordance with FRS 139, only the requirements of FRS 131 to disclose the commitments of the venturer and the joint venture, as well as summary financial information about the assets, liabilities, income and expense will apply. This amendment has no impact on the Group because it does not account for its joint ventures at fair value in accordance with FRS 139.

xiv. FRS 136: Impairment of Assets: Clarifies that when discounted cash flows are used to estimate 'fair value less cost to sell' additional disclosure is required about the discount rate, consistent with disclosures required when the discounted cash flows are used to estimate 'value in use'. The amendment further clarifies that the largest cash-generating unit for group of units to which goodwill should be allocated for purposes of impairment testing is an operating segment as defined in FRS 8.

xv. FRS 139: Financial Instruments: Recognition and Measurement: Changes in circumstances relating to derivatives are not reclassifications and therefore may be either removed from, or included in, the 'fair value through profit or loss' classification after initial recognition. Removed the reference in FRS 139 to a 'segment' when determining whether an instrument qualifies as a hedge. Require the use of the revised effective interest rate when remeasuring a debt instrument on the cessation of fair value hedge accounting. The Group and the Company are exempted from disclosing the possible impact to the financial statements upon the initial application of this Standard.

xvi. FRS 140: Investment Property: Property under construction or development for future use as an investment property is classified as investment property. Where the fair value model is applied, such property is measured at fair value. If fair value cannot be reliably determined, the investment under construction will be measured at cost until such time as fair value can be determined or construction is complete. The amendment also includes changes in terminology in the Standard to be consistent with FRS 108.

(f) Amendment to FRS 2: Share-based Payment: Vesting Conditions and Cancellations

The amendments restrict the definition of "vesting condition" to a condition that includes an explicit or implicit requirement to provide services. Any other conditions are non-vesting conditions which have to be taken into account when estimating the fair value of the equity instrument granted. In the case that an award does not vest as a result of failure to meet a non-vesting condition that is within the control of either the entity or the counterparty, this must be accounted for as a cancellation. The change in accounting policy is to be applied retrospectively.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

(g) IC Interpretation 9: Reassessment of Embedded Derivatives and Amendments to IC Interpretation 9 Reassessment of Embedded Derivatives

This IC requires that there should be no subsequent reassessment of whether an embedded derivative should be separated from the host contract after initial recognition, unless there have been changes to the terms of the contract that significantly modifies the cash flows that otherwise would be required under the contract. The amendment to the IC clarifies that on reclassification of a financial asset out of the 'at fair value through profit or loss' category all embedded derivatives within the scope of this IC and FRS 139 have to be assessed and, if necessary, separately accounted for in the financial statements. The IC is to be applied retrospectively. The Group is in the process of assessing the impact of this amendment.

(h) Amendment to FRS 2: Share-based Payment

This amendment clarifies that an entity shall not apply this FRS to transactions in which the entity acquires goods as part of the net assets acquired in a business combination, in a combination of entities or business under common control, or the contribution of a business on the formation of a joint venture as defined by FRS 131: Interests in Joint Ventures.

(i) IC Interpretation 10: Interim Financial Reporting and Impairment

This IC prohibits impairment losses recognised in an interim period on goodwill or investments in equity instruments or financial assets carried at cost to be reversed at a subsequent balance sheet date. This Standard will have no impact on the Group's and the Company's financial statements.

(j) FRS 1: First-time Adoption of Financial Reporting Standards

This FRS supersedes FRS 1 (issued in 2005 and amended in May 2009). The Standard sets out the procedures that an entity must follow when it adopts FRSs for the first time as the basis for preparing its financial statements. This Standard will have no impact on the Group's and the Company's financial statements.

(k) Amendments to FRS 138: Intangible Assets

The amendments clarify that an intangible asset must be recognised separately from goodwill even if it is separable only together with a related contract, identifiable asset, or liability. Also, if an intangible asset is separable only together with another intangible asset, those assets can be recognised together as a single asset, and if the individual assets in a group of complementary intangible assets have similar useful lives, those assets can be recognised together as a single asset. The Group will apply these amendments prospectively. Therefore, amounts recognised for intangible assets and goodwill in prior business combinations shall not be adjusted.

(l) IC Interpretation 15: Agreements for the Construction of Real Estate

This Interpretation requires that when the real estate developer is providing construction services to the buyer's specifications, revenue can be recorded only as construction progresses. Otherwise, revenue should be recognised on completion of the relevant real estate unit. This Interpretation will have no impact on the Group's and the Company's financial statements.

(m) IC Interpretation 16: Hedges of a Net Investment in a Foreign Operation

This Interpretation provides guidance on identifying foreign currency risks and hedging instruments that qualify for hedge accounting in the hedge of a net investment in a foreign operation. It also explains how an entity should determine the amounts to be reclassified from equity to profit or loss for both the hedging instrument and the hedged item. The Group is in the process of assessing the impact of this Interpretation.

(n) IC Interpretation 17: Distributions of Non-cash Assets to Owners

This Interpretation clarifies that an entity should measure the non-cash assets distributed to owners at the fair value of the assets. It also clarifies that the difference between the fair value of the assets and the carrying amount of the assets distributed is to be taken to income statement. This Interpretation will be applied prospectively and therefore there will be no impact on prior periods in the financial statements of the Group and of the Company.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

(o) Improving Disclosures about Financial Instruments (Amendments to FRS 7)

The Improving Disclosures about Financial Instruments reinforces existing principles for disclosures about liquidity risk. Also, the Amendments require enhanced disclosures about fair value measurements in which a three-level fair value hierarchy is introduced. An entity is required to classify fair value measurements using this hierarchy which aims to reflect the inputs used in making the measurement. These Amendments do not have any impact on the financial position and results of the Group and of the Company.

2.6 Significant accounting estimates and judgements

(a) Critical judgements made in applying accounting policies

There are no critical judgements made by the management in the process of applying the Group's accounting policies that have significant effect on the amounts recognised in the financial statements.

(b) Key sources of estimation uncertainty

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

i. Impairment of goodwill

The Group determines whether goodwill are impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash-generating units ("CGU") to which goodwill are allocated. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of the goodwill as at 31 August 2010 of the Group was RM289,128 (2009: 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 2010 was RM37,214,488(2009: RM37,236,104). 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 RM37,874 ,000 (2009: RM38,912,000) and RM5,000,000 (2009: RM6,274,000) respectively. Further details are disclosed in Note 18.

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 the receivables 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	
	2010	2009	2010	2009
	RM	RM	RM	RM
Sales of goods	185,815,396	167,965,265	–	–
Management fees	–	–	4,814,883	4,169,498
Dividends from subsidiaries	–	–	6,420,000	752,147
Rental income from investment properties	804,800	760,000	–	–
	186,620,196	168,725,265	11,234,883	4,921,645

4. OTHER INCOME

	Group		Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Interest income	318,262	194,506	60	–
Rental income	22,706	56,089	–	–
Scrap sales	427,258	288,935	–	–
Management income	35,856	61,416	–	–
Compensation received	590,057	–	–	–
Miscellaneous	538,216	346,486	–	17
	1,932,355	947,432	60	17

5. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Wages and salaries	23,427,670	18,991,622	2,503,075	1,442,615
Social security contribution	335,147	340,104	9,118	7,738
Contributions to defined contribution plan	1,356,584	1,312,410	302,478	199,128
Defined benefit plan (Note 23(a))	644,475	615,864	495,561	481,093
Termination benefits	–	381,395	–	–
Employee Share Options cost	–	145,814	–	145,814
Other benefits	2,153,272	1,444,441	84,869	113,375
	27,917,148	23,231,650	3,395,101	2,389,763

Included in employee benefits expense of the Group and of the Company are executive directors' remuneration amounting to RM4,012,362 (2009: RM3,333,091) and RM1,340,350(2009: RM1,189,271) respectively as further disclosed in Note 7.

6. OPERATING PROFIT

The following amounts of the Group and of the Company have been included in arriving at operating profit:

	Group		Company	
	2010	**2009**	**2010**	**2009**
	RM	**RM**	**RM**	**RM**
Auditors' remuneration				
- statutory audits				
- current year	229,969	273,575	10,000	10,000
- under/(over) provision in prior financial year	2,892	37,237	–	(2,500)
- other services	87,987	101,700	–	–
Amortisation of prepaid land lease payment	51,449	49,478	–	–
Bad debts written off	4,490	8,662	–	–
Bad debts recovered	(24,000)	–	–	–
Reversal of provision for doubtful debts	(33,000)	(10,000)	–	–
Reversal of provision for slow-moving stocks	(376,853)	–	–	–
Inventories written off	842,308	518,271	–	–
Gain on disposal of property, plant and equipment	(23,000)	(30,790)	–	–
Property, plant and equipment written off	309,406	27,510	465	–
Provision for doubtful debts	260,072	184,656	2,500,000	–
(Reversal of impairment losses) / Impairment losses on:				
- property, plant and equipment	(88,913)	30,403	–	–
- investment in subsidiaries	–	–	271,616	300,000
- golf club membership	40,000	–	–	–
- prepaid land lease payments	(689)	38,594	–	–
Loss on liquidation of subsidiary (Note 13(b))	160,089	–	–	–
Freight costs	1,800,567	1,904,312	–	–
Realised loss/(gain) on foreign exchange	1,297,063	(796,237)	67,172	19,872
Unrealised loss/(gain) on foreign exchange	128,218	555,639	(75,855)	43,246

7. DIRECTORS' REMUNERATION

	Group		Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Directors of the Company				
Executive directors' remuneration				
Salaries and other emoluments	956,028	938,588	475,312	465,104
Fees	124,000	120,000	124,000	120,000
Bonus				
- current year's provision	113,199	72,913	113,199	36,457
- under provision in prior year	36,094	–	27,343	–
Defined contribution plan	194,990	168,290	104,935	86,617
Defined benefit plan	495,561	481,093	495,561	481,093
	1,919,872	1,780,884	1,340,350	1,189,271
Non-executive directors' remuneration				
Salaries and other emoluments	14,604	14,604	14,604	14,604
Fees	109,000	103,000	104,000	98,000
	123,604	117,604	118,604	112,604
	2,043,476	1,898,488	1,458,954	1,301,875
Directors of subsidiaries				
Executive:				
Salaries and other emoluments	1,693,925	1,223,759	–	–
Bonus	247,545	134,903	–	–
Fee	151,020	193,545	–	–
	2,092,490	1,552,207	–	–
Total	4,135,966	3,450,695	1,458,954	1,301,875

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	
	2010	2009
Executive directors:		
RM800,001 - RM850,000	–	1
RM850,001 - RM900,000	1	1
RM1,000,001 - RM1,050,000	1	–
Non-executive directors:		
RM50,000 and below	3	3

8. FINANCE COSTS

	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
Interest expense on:				
Bank borrowings	620,346	772,920	153,596	159,066
Term loans	562,911	797,765	–	–
Hire purchase and finance lease liabilities	172,720	165,850	2,600	5,801
Total interest expense	1,355,977	1,736,535	156,196	164,867

9. INCOME TAX EXPENSE

	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
Current income tax:				
Malaysian income tax	731,037	898,688	–	74,250
Withholding tax	30,298	124,462	30,298	124,462
Over provision in prior years	(86,702)	(48,475)	–	–
	674,633	974,675	30,298	198,712
Deferred tax (Note 18):				
Relating to origination and reversal of temporary differences	(216,766)	(138,225)	(200,000)	–
Under provision in prior years	12,756	108,772	–	–
	(204,010)	(29,453)	(200,000)	–
Total income tax expense	470,623	945,222	(169,702)	198,712

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2009: 25%) of the estimated assessable profit for the year.

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.

However, one of the subsidiary in Thailand is still pending approval from Thailand authorities for its application for extension of its full tax exemption.

9. INCOME TAX EXPENSE (cont'd)

A reconciliation of income tax expense applicable to profit/(loss) 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	
	2010 RM	2009 RM	2010 RM	2009 RM
Profit/(loss) before tax	5,075,452	(727,740)	3,681,955	1,116,552
Taxation at Malaysian statutory tax rate of 25% (2009: 25%)	1,268,863	(181,935)	920,489	279,138
Effect of different tax rates in other countries	241,008	3,758	–	–
Income not subject to tax	(1,177,654)	(302,072)	(1,605,000)	–
Withholding tax	30,298	124,462	30,298	124,462
Expenses not deductible for tax purposes	525,179	827,051	790,453	42,551
Expenses allowable for double deductions	(17,467)	(98,069)	–	–
Utilisation of current year reinvestment allowances	(55,039)	(30,177)	–	–
Utilisation of previously unrecognised tax losses and unabsorbed capital allowances	(492,444)	(370,232)	(351,281)	(370,232)
Utilisation of previously unrecognised deferred tax assets	(40,342)	–	–	–
Deferred tax assets not recognised during the financial year	462,167	912,139	245,339	122,793
Deferred tax assets not recognised in prior years, now recognised	(200,000)	–	(200,000)	–
(Over)/under provision in prior years				
- tax expense	(86,702)	(48,475)	–	–
- deferred tax	12,756	108,772	–	–
Income tax expense for the year	470,623	945,222	(169,702)	198,712

Tax savings recognised during the financial year arising from:

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Utilisation of previously unrecognised tax losses	448,717	306,376	351,281	306,376
Utilisation of previously unabsorbed capital allowances	43,727	63,856	–	63,856

10. EARNINGS PER SHARE

Group

(a) Basic

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

	2010	2009
Profit/(loss) attributable to ordinary equity holders of the Company (RM)	2,920,714	(1,533,957)
Number of ordinary shares in issue	45,101,000	45,101,000
Basic earnings/(loss) per share (sen)	6.48	(3.40)

(b) Diluted

The effect on the basic earnings/(loss) per share arising from the assumed conversion of the options over shares is anti-dilutive. Accordingly, the diluted earnings/(loss) per share is presented as equal to basic earnings/(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
2010							
Cost							
At 1 September 2009	19,330,362	27,252,276	8,000,041	3,211,099	6,338,549	1,527,650	65,659,977
Additions	–	2,454,964	365,281	697,456	458,482	3,621,031	7,597,214
Reclassification	–	(19,337)	19,337	–	1,910,896	(1,910,896)	–
Transfer from investment properties	–	–	–	–	30,048	–	30,048
Disposals	–	(1,923,789)	(4,680)	(213,097)	–	–	(2,141,566)
Write off	–	(612,192)	(845,648)	(6,000)	–	–	(1,463,840)
Exchange differences	(276,070)	(386,547)	(41,268)	(30,930)	(127,390)	(46,579)	(908,784)
At 31 August 2010	19,054,292	26,765,375	7,493,063	3,658,528	8,610,585	3,191,206	68,773,049

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
2010							
Accumulated depreciation and impairment							
At 1 September 2009							
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
	2,542,217	18,361,804	6,642,468	2,173,237	2,543,698	–	32,263,424
Depreciation charge for the financial year	323,462	2,521,389	423,824	443,012	711,989	–	4,423,676
Reclassification	–	(13,536)	13,536	–	(11,085)	11,085	–
Disposals	–	(853,807)	(2,853)	(213,096)	–	–	(1,069,756)
Write off	–	(328,318)	(823,716)	(2,400)	–	–	(1,154,434)
Impairment loss/ (reversal of impairment loss) recognised in income statements	–	(94,714)	5,801	–	–	–	(88,913)
Exchange differences	(10,848)	(176,183)	(29,941)	(17,486)	(45,018)	–	(279,476)
At 31 August 2010	2,854,831	19,416,635	6,229,119	2,383,267	3,199,584	11,085	34,094,521

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
2010							
Analysed as:							
Accumulated depreciation	2,854,831	18,756,062	6,223,318	2,383,267	3,199,584	11,085	33,428,147
Accumulated impairment	–	660,573	5,801	–	–	–	666,374
At 31 August 2010	2,854,831	19,416,635	6,229,119	2,383,267	3,199,584	11,085	34,094,521
Net carrying amount							
At 31 August 2010	16,199,461	7,348,740	1,263,944	1,275,261	5,411,001	3,180,121	34,678,528

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
2009							
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
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

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

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

2010	Freehold land RM	Buildings RM	Total RM
Cost			
At 1 September 2009	4,363,146	14,967,216	19,330,362
Exchange differences	(115,184)	(160,886)	(276,070)
At 31 August 2010	4,247,962	14,806,330	19,054,292
Accumulated depreciation			
At 1 September 2009	–	2,542,217	2,542,217
Depreciation charge for the financial year	–	323,462	323,462
Exchange differences	–	(10,848)	(10,848)
At 31 August 2010	–	2,854,831	2,854,831
Net carrying amount			
At 31 August 2010	4,247,962	11,951,499	16,199,461
2009			
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

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

Company	Motor vehicle RM	Office furniture, fittings and computer equipment RM	Total RM
2010			
Cost			
At 1 September 2009	504,306	764,168	1,268,474
Additions	–	27,046	27,046
Write off	–	(1,550)	(1,550)
Transfer out to a subsidiary	–	(6,398)	(6,398)
At 31 August 2010	504,306	783,266	1,287,572
Accumulated depreciation			
At 1 September 2009	358,448	703,710	1,062,158
Depreciation charge for the financial year	94,778	25,101	119,879
Write off	–	(1,085)	(1,085)
Transfer out to a subsidiary	–	(5,865)	(5,865)
At 31 August 2010	453,226	721,861	1,175,087
Net carrying amount	51,080	61,405	112,485
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

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	
	2010	2009	2010	2009
	RM	RM	RM	RM
Plant and machinery	1,842,688	1,432,512	–	–
Motor vehicles	957,107	749,166	51,079	145,858
	2,799,795	2,181,678	51,079	145,858

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

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

	Group	
	2010	2009
	RM	RM
Land and buildings	13,062,328	13,574,380
Plant and machinery	6,786,608	5,799,524
Renovation	549,178	431,227
	20,398,114	19,805,131

(c) Included in plant and equipment of the Group and of the Company are fully depreciated assets which are still in use costing RM14,917,136 (2009: RM13,438,678) and RM1,001,422 (2009: RM635,452) respectively.

(d) Certain motor vehicles of the Group and of the Company with net book value of RM Nil (2009: RM66,917) and RM Nil (2009: RM66,917) respectively are held in trust by a director and an employee.

12. PREPAID LAND LEASE PAYMENTS

	Group	
	2010	2009
	RM	RM
As 1 September	1,961,368	2,049,440
Additions	139,671	–
Amortisation for the year	(51,449)	(49,478)
Reversal of impairment loss/(impairment loss)	689	(38,594)
As at 31 August	2,050,279	1,961,368

12. PREPAID LAND LEASE PAYMENTS (cont'd)

	Group	
	2010	**2009**
	RM	**RM**
Analysed as:		
Short term leasehold land	2,050,279	1,961,368

The unexpired lease periods of leasehold land of the Group range between 36 to 43 years (2009: 37 to 44 years).

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

13. INVESTMENTS IN SUBSIDIARIES

	Company	
	2010	**2009**
	RM	**RM**
Unquoted shares, at cost	48,569,963	48,319,963
Accumulated impairment losses	(11,355,475)	(11,083,859)
	37,214,488	37,236,104

Details of the subsidiaries are as follows:

Name of subsidiaries	**Country of incorporation**	**Proportion of ownership interest**		**Principal activities**
		2010	**2009**	
		%	**%**	
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 and security products.

13. INVESTMENTS IN SUBSIDIARIES (cont'd)

Name of subsidiaries	Country of incorporation	Equity Interest Held 2010 %	2009 %	Principal activities
D'nonce Biofoods Sdn. Bhd.	Malaysia	100	100	Trading and manufacturing 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	Design and conversion of advanced packaging materials.
AV Industries Sdn. Bhd.	Malaysia	100	100	Contract manufacturer of electronic components and renting of plant and machinery.
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.
D'nonce Energy Sdn. Bhd.^^	Malaysia	100	–	Dormant
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	Carry on the business of aqueous cleaning. The company has been liquidated during the year.

* 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

^ This subsidiary was liquidated during the year as disclosed in Note 13(b)

^^ The subsidiary had been incorporated on 20 November 2009

13. INVESTMENTS IN SUBSIDIARIES (cont'd)

(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 RM271,616 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) Liquidation of a subsidiary

The Group, through its own subsidiary, ISCM Technology (Thailand) Co., Ltd., liquidated its 52.5% equity interest in Odyssey Technologies (TH) Co., Ltd. on 18 August 2010. The subsidiary was previously reported as part of the contract manufacturing segment.

The liquidation had the following effects on the financial position of the Group as at year end:

	RM
Cash and bank balances	91,670
Other receivables	141,085
Other payables	(9,548)
Net assets liquidated	223,207
Total liquidated proceeds	(63,118)
Loss on liquidation to the Group (Note 6)	160,089
Cash flow arising from liquidation:	
Cash consideration	63,118
Liquidation of subsidiary	(91,670)
Net cash outflow on liquidation	(28,552)

14. INVESTMENT PROPERTIES

	Group	
	2010 RM	2009 RM
Buildings, at cost		
At 1 September	7,804,441	7,773,467
Additions	75,100	14,299
Transfer (to)/from property, plant and equipment	(30,048)	16,675
At 31 August	7,849,493	7,804,441
Accumulated depreciation		
At 1 September	2,370,908	2,103,117
Depreciation charge for the year	269,799	267,246
Transfer from property, plant and equipment	–	545
At 31 August	2,640,707	2,370,908

14. INVESTMENT PROPERTIES (cont'd)

	Group 2010 RM	Group 2009 RM
Net carrying amount		
At 31 August	5,208,786	5,433,533

The investment properties have an open market value of approximately RM6,953,245 (2009: RM6,818,000). The valuations are performed by accredited independent valuers with recent experience in the location and category of properties bring valued. The valuations are based on the income method that makes reference to estimated market rental values and equivalent yields. Investment properties comprise a number of commercial and residential properties leased to third parties.

Investment properties with an aggregate carrying value of RM5,094,525 (2009: RM5,316,100) are pledged to licensed banks as securities for borrowings (Note 24).

The leasehold properties have unexpired lease periods between 43 to 81 (2009: 44 to 82) years.

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

	Group 2010 RM	Group 2009 RM
- Revenue generating during the year	157,288	222,959
- Non-revenue generating during the year	–	99
	157,288	223,058

15. OTHER INVESTMENTS

	Group 2010 RM	Group 2009 RM
Golf club memberships, at cost		
At 1 September	188,205	188,205
Accumulated impairment	(154,205)	(114,205)
At 31 August	34,000	74,000

The management has carried out a review of the recoverable amount of its investments in golf club memberships. The review has led to the recognition of an impairment loss of RM40,000 in the current year.

16. INTANGIBLE ASSET

Goodwill	Group 2010 RM	Group 2009 RM
At 1 September	413,371	413,371
Accumulated impairment	(124,243)	(124,243)
At 31 August	289,128	289,128

(a) During the year, the Group has carried out a review of the recoverable amount of its goodwill and it does not lead to any impairment loss.

(b) 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 2010 RM	Thailand 2009 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 was 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.

16. INTANGIBLE ASSET (cont'd)

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

Key assumptions used in value-in-use calculations (cont'd)

(ii) Exchange rate

The exchange rate used to translate foreign currencies 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.

(ii) Discount rate

The discount rate applied is 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	
	2010	2009	2010	2009
	RM	RM	RM	RM
Trade receivables				
Short term				
Third parties - interest bearing at 3.58% to 5% p.a.	1,961,567	1,506,651	–	–
Third parties - non interest bearing	31,957,587	26,602,939	–	–
	33,919,154	28,109,590	–	–
Provision for doubtful debts	(663,008)	(437,413)	–	–
Trade receivables, net	33,256,146	27,672,177	–	–

17. TRADE AND OTHER RECEIVABLES (cont'd)

	Group		Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Other receivables				
Due from related companies	5,088	–	–	–
Subsidiaries	–	–	9,614,434	9,050,736
Provision for doubtful debts	–	–	(2,500,000)	–
	5,088	–	7,114,434	9,050,736
Deposits	1,208,399	501,776	4,070	4,070
Prepayments	734,733	529,952	–	773
Sundry receivables	843,065	1,642,362	–	–
	2,791,285	2,674,090	7,118,504	9,055,579
	36,047,431	30,346,267	7,118,504	9,055,579
Trade receivables				
Long term				
Third parties - interest bearing at 3.58% to 5% p.a.	2,579,656	2,334,340	–	–

(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 basis. The Group's normal credit terms range from 15 to 90 days (2009: 15 to 90 days). Other credit terms are assessed and approved on a case-by-case basis. 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 60.56% (2009: 62.36%) of the total trade receivables as at 31 August 2010. Trade receivables are non-interest bearing except for amounts disclosed above.

(b) Amounts due from subsidiaries

Amounts due from subsidiaries are unsecured, 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 41.9% (2009: 34.4%) of the total amount owing by subsidiaries as at 31 August 2010. 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 the receivables are disclosed in Note 30.

18. DEFERRED TAX

	Group 2010 RM	Group 2009 RM
At 1 September	111,597	–
Recognised in the income statements (Note 9)	(204,010)	111,597
At 31 August	(92,413)	111,597
Presented after appropriate offsetting as follows:		
Deferred tax assets	(200,000)	–
Deferred tax liabilities	107,587	111,597
	(92,413)	111,597

	Company 2010 RM	Company 2009 RM
At 1 September	–	–
Recognised in the income statements (Note 9)	(200,000)	–
At 31 August	(200,000)	–
Presented after appropriate offsetting as follows:		
Deferred tax assets	(200,000)	–

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:

	Unused tax losses RM	Others RM	Total RM
At 1 September 2009	–	(14,394)	(14,394)
Recognised in the income statement	(200,000)	(2,806)	(202,806)
At 31 August 2010	(200,000)	(17,200)	(217,200)
At 1 September 2008	–	(58,455)	(58,455)
Recognised in the income statement	–	44,061	44,061
At 31 August 2009	–	(14,394)	(14,394)

18. DEFERRED TAX (cont'd)

Deferred tax liabilities of the Group:

	Accelerated capital allowances RM	Others RM	Total RM
At 1 September 2009	190,769	(64,778)	125,991
Recognised in the income statements	2,090	(3,294)	(1,204)
At 31 August 2010	192,859	(68,072)	124,787
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

Deferred tax assets of the Company:

	Unused tax Losses RM
At 1 September 2009	–
Recognised in the income statement	(200,000)
At 31 August 2010	(200,000)

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

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Unused tax losses	18,040,000	20,059,000	1,826,000	4,031,000
Unabsorbed capital allowances	7,382,000	7,275,000	–	–
Unabsorbed reinvestment allowances	9,224,000	9,224,000	–	–
Other deductible temporary differences	3,228,000	2,354,000	3,174,000	2,243,000
	37,874,000	38,912,000	5,000,000	6,274,000

Deferred tax assets have not been recognised in respect of these items as they may not be used to offset taxable profits of other subsidiaries in the Group and they have arisen in subsidiaries that have a recent history of losses.

The availability of the unutilised tax losses and unabsorbed capital allowances for offsetting against future taxable profits of the respective subsidiaries are subject to no substantial changes in shareholdings of those subsidiaries that are considered dormant under the Income Tax Act, 1967 and guidelines issued by the tax authority.

19. INVENTORIES

	Group	
	2010	2009
	RM	RM
At cost:		
Raw materials	6,119,546	5,468,446
Work-in-progress	413,324	460,938
Finished goods	2,518,212	1,976,544
Trading goods	7,780,202	6,585,401
	16,831,284	14,491,329
At net realisable value:		
Trading goods	–	1,272,234
	16,831,284	15,763,563

20. CASH AND BANK BALANCES

	Group		Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Cash on hand and at banks	6,735,403	10,642,927	459,634	139,525
Deposits with licensed banks	4,291,273	3,461,324	–	–
	11,026,676	14,104,251	459,634	139,525

Deposits with licensed banks of the Group amounting to RM2,096,689 (2009: RM2,003,586) are pledged as securities for borrowings and banking facilities as disclosed in Note 24.

Certain deposits with a licensed bank of the Group amounting to RM106,148 (2009: RM83,652) 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 bank balances are disclosed in Note 30.

21. SHARE CAPITAL

	Group and Company			
	Number of ordinary shares of RM1 each		←Amount→	
	2010	2009	2010	2009
			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.

22. RESERVES

	Non-distributable						
	Share premium RM	Foreign currency translation reserve RM	Other capital reserve RM	Legal reserve RM (a)	ESOS reserve RM	Accumulated losses RM	Total RM
Group							
At 1 September 2008	12,309,806	307,191	1,420,000	–	–	(15,493,937)	(1,456,940)
Capitalisation arising from bonus issue	–	–	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 income 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)
At 1 September 2009	12,309,806	938,838	5,120,000	32,510	145,814	(20,760,404)	(2,213,436)
Realisation of reserves	–	–	–	–	(11,264)	11,264	–
Foreign currency translation, representing net loss recognised directly in equity	–	(509,644)	–	–	–	–	(509,644)
Profit for the year	–	–	–	–	–	2,920,714	2,920,714
Total recognised income and expenses for the year	–	(509,644)	–	–	–	2,920,714	2,411,070
At 31 August 2010	12,309,806	429,194	5,120,000	32,510	134,550	(17,828,426)	197,634

(a) The legal reserve represents a statutory appropriation by a foreign subsidiary upon declaration of dividend of RM455,147 in prior year.

22. RESERVES (cont'd)

	Non-Distributable			
	Share premium RM	**ESOS reserve RM**	**Accumulated losses RM**	**Total RM**
Company				
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, representing total recognised income and expense 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)
At 1 September 2009	12,309,806	145,814	(21,186,707)	(8,731,087)
Realisation of reserves	–	(11,264)	11,264	–
Profit for the year, representing total recognised income and expense for the year	–	–	3,851,657	3,851,657
At 31 August 2010	12,309,806	134,550	(17,323,786)	(4,879,430)

23. 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		Company	
	2010 RM	**2009 RM**	**2010 RM**	**2009 RM**
Present value of unfunded defined benefit obligations	2,886,239	2,554,180	2,669,007	2,392,175
Amount unvested	–	(307,030)	–	(307,030)
Net liability	2,886,239	2,247,150	2,669,007	2,085,145
Analysed as:				
Non-current	2,886,239	2,247,150	2,669,007	2,085,145

23. EMPLOYEE BENEFITS (cont'd)

(a) Retirement benefit obligations (cont'd)

The amounts recognised in the income statements are as follows:

	Group		Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Current service cost	196,326	184,236	144,416	137,017
Interest cost	141,119	124,596	132,416	118,612
Transitional liability	307,030	307,032	307,030	307,032
	644,475	615,864	583,862	562,661
Charged to a subsidiary company	–	–	(88,301)	(81,568)
Total, included in employee benefits expense (Note 5)	644,475	615,864	495,561	481,093

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

	Group		Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
At 1 September	2,247,150	1,626,709	2,085,145	1,522,484
Recognised in the income statements	644,475	615,864	495,561	481,093
Amount owing by a subsidiary company	–	–	88,301	81,568
Exchange differences	(5,386)	4,577	–	–
At 31 August	2,886,239	2,247,150	2,669,007	2,085,145

Principal actuarial assumptions used:

	2010	2009
	%	%
Discount rate	4.6 - 5.5	4.6 - 5.5
Expected rate of salary increases	5.0 - 6.0	5.0 - 6.0

23. 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 expired on 27 May 2008 for a further period of five years from 27 May 2008 until 26 May 2013.

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 2009	Lapsed	At 31 August 2010
20 November 2003	26 May 2013	1.00	1,007,000	(81,000)	926,000
16 March 2004	26 May 2013	1.34	65,000	(1,000)	64,000
			1,072,000	(82,000)	990,000

Number of share options vested:

	2010 '000	2009 '000
At 31 August	990	1,072

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

24. BORROWINGS

	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
Short term borrowings				
Secured:				
Bank overdrafts	3,573,671	5,938,578	–	–
Bankers' acceptances	5,208,897	3,643,825	–	–
Revolving credit	2,200,000	3,000,000	–	–
Trust receipts	805,415	1,521,266	–	–
Term loans	2,558,802	2,195,505	–	–
Hire-purchase and finance lease liabilities (Note 24.1)	1,062,627	834,849	25,146	24,088
	15,409,412	17,134,023	25,146	24,088
Unsecured:				
Bank overdrafts	–	476,121	–	–
Bankers' acceptance	967,000	1,003,000	–	–
	967,000	1,479,121	–	–
	16,376,412	18,613,144	25,146	24,088
Long term borrowings				
Secured:				
Term loans	6,725,090	8,009,736	–	–
Hire-purchase and finance lease liabilities (Note 24.1)	1,300,122	947,605	23,979	49,125
	8,025,212	8,957,341	23,979	49,125
Total borrowings				
Bank overdrafts	3,573,671	6,414,699	–	–
Bankers' acceptances	6,175,897	4,646,825	–	–
Revolving credit	2,200,000	3,000,000	–	–
Trust receipts	805,415	1,521,266	–	–
Term loans	9,283,892	10,205,241	–	–
Hire-purchase and finance lease liabilities (Note 24.1)	2,362,749	1,782,454	49,125	73,213
	24,401,624	27,570,485	49,125	73,213

24. BORROWINGS (cont'd)

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 20;

(c) a subsidiary director's guarantee and a third party fixed deposit;

(d) Credit Guarantee Corporation ("CGC") guarantee under Flexi Guarantee Scheme ("FGS") to a subsidiary; and

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

24.1. HIRE-PURCHASE AND FINANCE LEASE LIABILITIES

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Future minimum lease payments:				
Not later than 1 year	1,161,187	935,908	26,688	26,688
Later than 1 year and not later than 2 years	763,859	703,511	24,464	26,688
Later than 2 years and not later than 5 years	589,538	305,544	–	24,464
Total future minimum lease payments	2,514,584	1,944,963	51,152	77,840
Future finance charges	(151,835)	(162,509)	(2,027)	(4,627)
Present value of finance lease liabilities (Note 24)	2,362,749	1,782,454	49,125	73,213
Analysis of present value of finance lease liabilities:				
Not later than 1 year	1,072,387	834,849	25,146	24,088
Later than 1 year and not later than 2 years	725,404	657,648	23,979	25,146
Later than 2 years and not later than 5 years	564,958	289,957	–	23,979
	2,362,749	1,782,454	49,125	73,213
Amount due within 12 months (Note 24)	(1,062,627)	(834,849)	(25,146)	(24,088)
Amount due after 12 months (Note 24)	1,300,122	947,605	23,979	49,125

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 RM676,559 (2009: RM343,419) 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.

25. TRADE AND OTHER PAYABLES

	Group		Company	
	2010	**2009**	**2010**	**2009**
	RM	**RM**	**RM**	**RM**
Trade payables				
Short term				
Third party - interest bearing at 5% p.a.	698,433	383,000	–	–
Third parties - non interest bearing	17,998,478	15,292,456	–	–
	18,696,911	15,675,456	–	–
Other payables				
Subsidiaries	–	–	817,482	7,510,703
Accruals	5,865,067	3,166,422	1,053,213	242,856
Accrued directors' remuneration	752,220	942,773	294,311	355,291
Due to a director of a subsidiary	97,290	97,257	–	–
Sundry payables	1,731,481	2,928,398	403	403
	8,446,058	7,134,850	2,165,409	8,109,253
	27,142,969	22,810,306	2,165,409	8,109,253
Trade payables				
Long term				
Third party - interest bearing at 5% p.a.	364,433	364,433	–	–

(a) Trade payables

The trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from 30 to 90 days (2009: 30 to 90 days).

(b) Other payables

The amount of RM97,290 (2009: RM97,257) due to a director represent advances from a director of a subsidiary. The amount due is unsecured, interest free and repayable upon demand.

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

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

(c) 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.

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	
	2010	**2009**
	RM	**RM**
Future minimum rentals payables:		
Not later than 1 year	1,574,475	1,224,759
Later than 1 year and not later than 5 years	2,573,864	789,675
	4,148,339	2,014,434

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:

	Group	
	2010	**2009**
	RM	**RM**
Not later than 1 year	958,000	571,200
Later than 1 year and not later than 5 years	704,000	440,000
	1,662,000	1,011,200

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

27. CAPITAL COMMITMENTS

	Group	
	2010	2009
	RM	RM
Capital expenditure:		
Approved and contracted for:		
Land and buildings	1,620,000	–
Plant and equipment	52,777	663,977
	1,672,777	663,977

28. CONTINGENT LIABILITIES (UNSECURED)

	Company	
	2010	2009
	RM	RM
(a) Corporate guarantees given to licensed banks for banking facilities granted to certain subsidiaries	18,046,567	19,241,139

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:

A former Director of the Company filed an industrial claim through the Industrial Court seeking monetary compensation due to wrongful termination. The director'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 the ex-staff, which is 24 months of his last drawn salary. It is the Company's legal advisers considered opinion to litigate as there is a likelihood of success for the Company. Thus no provision has been made in respect of the claim.

29. RELATED PARTY DISCLOSURES

(a) Significant related party transactions

	Group		Company	
	2010	**2009**	**2010**	**2009**
	RM	**RM**	**RM**	**RM**
Purchases from Master-Pack Sdn. Bhd, a company which holds 20% equity interest in a subsidiary	3,743,156	3,957,342	–	–
Dividend income received from subsidiaries	–	–	(6,420,000)	(752,147)
Management and advisory fees charged to subsidiaries *	–	–	(4,814,883)	(4,169,498)

* Management fees were arrived at in accordance with prices negotiated between the parties.

(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	
	2010	**2009**	**2010**	**2009**
At 1 September 2008/2009 and at 31 August 2009/2010	525,000	525,000	185,000	185,000

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

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 currency risk, liquidity risk and credit risk. The Board reviews and agrees on 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 flow 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.

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	Total RM
2010									
Group									
Fixed rate									
Bankers' acceptances	24	8.75	2.74	6,175,897	–	–	–	–	6,175,897
Hire-purchase and finance lease liabilities	24	7.90	2.24	1,072,387	725,404	378,754	139,440	46,764	2,362,749

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	Total RM
Floating rate									
Deposits with licensed banks	20	3.70	2.50	4,291,273	–	–	–	–	4,291,273
Bank overdrafts	24	9.25	5.00	3,573,671	–	–	–	–	3,573,671
Revolving credit	24	4.55	4.55	2,200,000	–	–	–	–	2,200,000
Trust receipts	24	9.50	5.88	805,415	–	–	–	–	805,415
Term loans	24	9.25	5.88	2,558,802	2,723,563	2,538,862	1,462,665	–	9,283,892
Company									
Fixed rate									
Hire-purchase and finance lease liabilities	24	2.24	2.24	25,146	23,979	–	–	–	49,125
2009									
Group									
Fixed rate									
Bankers' acceptances	24	8.75	2.17	4,646,825	–	–	–	–	4,646,825
Hire-purchase and finance lease liabilities	24	9.80	2.24	834,849	657,648	244,612	35,977	9,368	1,782,454

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	Total RM
2009									
Group									
Floating rate									
Deposits with licensed banks	20	3.75	1.30	3,461,324	–	–	–	–	3,461,324
Bank overdrafts	24	9.50	6.13	6,414,699	–	–	–	–	6,414,699
Revolving credit	24	3.45	3.45	3,000,000	–	–	–	–	3,000,000
Trust receipts	24	9.25	5.87	1,521,266	–	–	–	–	1,521,266
Term loans	24	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	24	2.24	2.24	24,088	25,146	23,979	–	–	73,213

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	**US Dollar**	**Total**
	RM	**RM**	**RM**
Functional currency of Group companies			
2010			
Trade receivables			
Ringgit Malaysia	483,869	7,909,518	8,393,387
Thai Baht	–	3,631,614	3,631,614
	483,869	11,541,132	12,025,001
Other receivables			
Ringgit Malaysia	–	224,476	224,476
Thai Baht	–	120,448	120,448
	–	344,924	344,924
Cash and bank balances			
Ringgit Malaysia	43,149	1,297,101	1,340,250
Thai Baht	–	86,868	86,868
	43,149	1,383,969	1,427,118

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				
2010				
Trade payables				
Ringgit Malaysia	(51,009)	(3,503,302)	(5,003)	(3,559,314)
Thai Baht	(6,477)	(3,238,087)	(51,326)	(3,295,890)
	(57,486)	(6,741,389)	(56,329)	(6,855,204)
Other payables				
Ringgit Malaysia	(1,241)	(42,265)	–	(43,506)
Thai Baht	–	(183)	–	(183)
	(1,241)	(42,448)	–	(43,689)
Borrowings				
Thai Baht	–	(532,672)	–	(532,672)

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				
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
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

30. FINANCIAL INSTRUMENTS (cont'd)

(c) Foreign exchange risk (cont'd)

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

		Maturities			
		Within 1 year	1 year up to 5 years	5 years or more	Total notional amount
	Currency	RM	RM	RM	RM
2010					
Forwards used to hedge trade receivables/payables	US Dollar	473,135	–	–	473,135
2009					
Forwards used to hedge trade receivables/payables	US Dollar	3,387,952	–	–	3,387,952

(d) Liquidity risk

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

(e) Credit risk

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

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

The Group does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial assets other than as disclosed in Note 17.

30. FINANCIAL INSTRUMENTS (cont'd)

(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
2010					
Term loans	24	9,283,892	8,640,906	–	–
Hire-purchase and lease payables	24	2,362,749	2,005,888	49,125	48,427
Forward exchange contracts	30(c)	–	2,309	–	–
2009					
Term loans	24	10,205,241	8,882,224	–	–
Hire-purchase and lease payables	24	1,782,454	1,934,983	73,213	71,623
Forward exchange contracts	30(c)	–	17,242	–	–

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:

i. 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.

ii. Forward foreign exchange contracts

The fair value of a forward foreign exchange contract is the amount that would be payable or receivable on termination of the outstanding position arising and is determined by reference to the difference between the contracted rate and forward exchange rate as at the balance sheet date applied to a contract of similar quantum and maturity profile.

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

(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.

31. SEGMENT INFORMATION (cont'd)

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
2010					
Revenue					
Sales to external customer	63,806,907	25,074,485	97,738,804	–	186,620,196
Inter-segments sales	5,487,163	117,500	18,474,795	(24,079,458)	–
Total revenue	69,294,070	25,191,985	116,213,599	(24,079,458)	186,620,196
Results					
Segment results	3,578,633	3,302,498	4,198,774	–	11,079,905
Unallocated expenses					(4,648,476)
Operating profit					6,431,429
Finance costs					(1,355,977)
Profit before tax					5,075,452
Income tax expense					(470,623)
Profit for the year					4,604,829
Assets					
Segment assets	9,487,307	16,416,692	81,963,885	–	107,867,884
Unallocated assets					877,884
Tax assets					1,339,775
Total assets					110,085,543
Liabilities					
Segment liabilities	6,376,339	2,691,624	17,298,990	–	26,366,953
Unallocated liabilities					4,026,688
Borrowings					24,401,624
Tax liabilities					301,436
Total liabilities					55,096,701
Other Information					
Capital expenditure for property, plant and equipment	155,821	2,472,903	4,968,490	–	7,597,214
Capital expenditure for investment properties	–	–	75,100	–	75,100
Capital expenditure for prepaid land lease payments	–	–	139,671	–	139,671
Amortisation of prepaid land lease payments	–	–	51,449	–	51,449
Depreciation	63,590	2,060,182	2,569,703	–	4,693,475
Other significant non-cash expenses	133,692	1,029,080	895,747	–	2,058,519

31. SEGMENT INFORMATION (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
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	2,961,180	334,321	1,035,664	–	4,331,165
Unallocated expenses					(3,322,370)
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	9,000,986	15,887,750	78,161,486	–	103,050,222
Unallocated assets					652,781
Tax assets					761,113
Total assets					104,464,116
Liabilities					
Segment liabilities	4,671,635	3,177,423	14,879,100	–	22,728,158
Unallocated liabilities					2,693,731
Borrowings					27,570,485
Tax liabilities					397,372
Total liabilities					53,389,746
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	2,198,589	2,672,947	–	4,927,161
Other significant non-cash expenses	(12,983)	97,147	3,384,927	–	3,469,091

31. SEGMENT INFORMATION (cont'd)

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	
	2010 RM	2009 RM	2010 RM	2009 RM	2010 RM	2009 RM
Malaysia	88,043,199	80,982,107	62,497,827	59,629,086	2,231,505	513,162
Thailand	98,576,997	87,743,158	47,587,716	44,835,030	5,580,480	2,557,953
Consolidated	186,620,196	168,725,265	110,085,543	104,464,116	7,811,985	3,071,115

32. SUBSEQUENT EVENT

In November 2010, a part of merchandise inventories belonging to a Thai subsidiary located at a warehouse was damaged by flood. The preliminary loss is estimated to be approximately RM 1,000,000. The inventories were insured and the insurance company is currently in the process of verifying the above damages.

LIST OF PROPERTIES OWNED

As At 31 August 2010

Beneficial owner/Location	Description/ Existing Use	Land/ Built up area (sq.ft.)	Age of building (years) 31 Aug 2010	Type of land/Tenure (Year of expiry for leasehold)	Net book value as at 31 Aug 2010 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	1	60 years - leasehold (2045)	184	05.11.1990
51-14 B & C, Menara BHL, Jalan Sultan Ahmad Shah, 10500 Penang	Building/ Corporate Head Office	*/ 3,670	16	Freehold	694	14-B: 21.03.1994 14C: 18.04.1994
BAM Villa, Unit 42C-7-5C, Taman Maluri, Cheras, 56000 Kuala Lumpur	Condominium	*/ 975	19	99 years - leasehold (2090)	114	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	25	60 years - leasehold (2045)	609	19.12.1991
Plot 425, Tingkat Perusahaan 6A, Free Trade Zone, 13600 Prai, Penang	Industrial land and building/Factory	46,800 / 29,614	22	60 years - leasehold (2046)	3,084	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	15	Freehold	282	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	15	Freehold	253	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	9	60 years - leasehold (2052)	5,301	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	16	60 years - leasehold (2052)	2,444	13.06.2002
Attractive Venture (JB) Sdn Bhd						
1273, Jalan Sri Putri 3/4 Taman Putri Kulai, 81000 Kulai, Johor	Building/Factory	2,400 / 2,777	15	Freehold	224	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	14	Freehold	301	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	14	Freehold	519	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	11	Freehold	8,336	15.03.2007
Total					**22,345**	

* Not applicable

Analysis of Shareholdings
30 December 2010

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	:	1,839
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	0.27	176	0.00
100 – 1,000	631	34.31	615,723	1.36
1,001 – 10,000	866	47.09	4,229,400	9.38
10,001 – 100,000	283	15.39	8,461,080	18.76
100,001 – 2,255,049	51	2.78	22,437,678	49.75
2,255,050 & above	3	0.16	9,356,943	20.75

SUBSTANTIAL SHAREHOLDERS

Name of Shareholders	Direct Interest	% Number of Share Held	Deemed Interest	%
Enrich Joy Sdn. Bhd.	8,105,895	17.97	–	–
General Produce Agency Sdn. Bhd.	2,510,143	5.57	–	–
Chan Seng Sun	2,346,800	5.20	–	–

DIRECTORS' SHAREHOLDINGS

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

In the Subsidiaries

None of the directors have any direct shareholdings in the subsidiaries

THIRTY LARGEST SHAREHOLDERS

	Name of 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.	Chan Seng Sun	2,346,800	5.20
4.	Ho Yu Min	1,950,000	4.32
5.	Lim Teik Hoe	1,800,000	3.99
6.	Law Kim Choon	1,700,000	3.77
7.	Mayban Securities Nominees (Tempatan) Sdn. Bhd. Mayban-Jaic Management Ltd for Enrich Joy Sdn. Bhd. (MJAF)	1,500,000	3.33
8.	OSK Nominees (Tempatan) Sdn. Berhad Pledged Securities Account for Enrich Joy Sdn. Bhd.	1,291,400	2.86
9.	Sunrise Paper (M) Sdn. Bhd.	1,095,505	2.43
10.	Ee Wee Lee	900,000	2.00
11.	Khor Chee Kong	872,700	1.93
12.	Enrich Joy Sdn. Bhd.	814,495	1.81
13.	Lilian Leong Lai Lin	718,800	1.59
14.	Law Chee Kheong	646,400	1.43
15.	Mercsec Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Siow Wong Yen @ Siow Kwang Hwa	543,000	1.20
16.	George Lee Sang Kian	508,200	1.13
17.	Goh Shze Yinn	498,000	1.10
18.	Nor Azlinda Tan binti Abdullah	480,400	1.07
19.	Citigroup Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Lam Mei Fong (474021)	449,971	1.00
20.	Koo Seng Chong	418,000	0.93

THIRTY LARGEST SHAREHOLDERS (cont'd)

	Name of Shareholders	Number of Shares	% of Issued Share Capital
21.	Chan Su-San	299,500	0.66
22.	Siao Kent Sing	293,400	0.65
23.	PM Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Koh Peck Guan (B)	289,400	0.64
24.	Beh Cheng Siong	270,000	0.60
25.	George Lee Sang Kian	251,100	0.56
26.	Mayban Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Lim Teik Hoe	235,000	0.52
27.	Lilian Leong Lai Lin	231,700	0.51
28.	BHLB Trustee Berhad Exempted – Trust Account for EPF Investment for Member Savings Scheme	225,000	0.50
29.	HLG Nominee (Tempatan) Sdn. Bhd. Pledged Securities Account for Amil @ Amir bin Junus	225,000	0.50
30.	Mayban Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Cheok Teck Seng	212,000	0.47
		28,075,914	62.25

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 Eleventh Annual General Meeting of the Company to be held at The Northam All Suite Penang, Hall 3, Level 3, 55 Jalan Sultan Ahmad Shah, 10050 Penang on Monday, 28 February 2011 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 Lim Teik Hoe		
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		
Resolution 5	-	Proposed Amendment to the Articles of Association		
Resolution 6	-	Approval for issuance of new ordinary shares pursuant to Section 132D of the Companies Act, 1965		

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

Dated this ……….. day of ………………… 2011

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.

Please fold across the line and close

STAMP

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

Please fold across the line and close

D'NONCE TECHNOLOGY BHD.
(503292-K)
51-14 B&C, Menara BHL, Jalan Sultan Ahmad Shah
10050 Penang, Malaysia
Tel: 604-228 1198 Fax: 604-228 3016
www.dnoncetech.com