ANNUAL REPORT 2012

D'nonce
TECHNOLOGY BHD
503292-K
Your Dependable Partner

GROWTH DRIVEN

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Concept: Growth Driven

It is a wonder of nature that plants are able to adapt to and thrive in various conditions and climates. This cover showcases several types of plants flourishing in their ecosystems to symbolise the Group’s focus on its continuous growth, as it enhances its resilience and adaptability to truly blossom in any circumstance.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Thirteenth Annual General Meeting of **D'nonce Technology Bhd**. ("the Company") will be held at The Northam All Suite Penang, East 'n' West, Level 2, 55 Jalan Sultan Ahmad Shah, 10050 Penang on Wednesday, 27 February 2013 at 11.30 a.m.

AGENDA

AS ORDINARY BUSINESS

1.	To receive the Audited Financial Statements for the financial year ended 31 August 2012 together with the Reports of the Directors and Auditors thereon.	**Please refer to Note A**
2.	(i) To re-elect Mr Wong Thai Sun who retires in accordance with Article 95(1) of the Company's Articles of Association.	**Resolution 1**
	(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 2**
3.	To re-appoint Messrs Ernst & Young as Auditors and to authorise the Directors to determine their remuneration.	**Resolution 3**

AS SPECIAL BUSINESS

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

Ordinary Resolutions

4.	To approve the payment of Directors' fees of RM179,720 for the financial year ended 31 August 2012.	**Resolution 4**
5.	**Continuing in office as Independent Non-Executive Directors**	
	(i) "THAT authority be and is hereby given to Dato' Ahmad Ibnihajar who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years to continue to act as an Independent Non-Executive Director of the Company."	**Resolution 5**
	(ii) "THAT subject to the passing of Ordinary Resolution 2, authority be and is hereby given to Dato' Oon Choo Eng @ Oon Choo Khye who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years to continue to act as an Independent Non-Executive Director of the Company."	**Resolution 6**
6.	**Approval for issuance of new ordinary shares pursuant to Section 132D of the Companies Act, 1965**	**Resolution 7**
	"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."	

Special Resolution

7.	**Proposed Amendments to the Articles of Association**	**Special Resolution**
	"THAT the proposed amendments to the Articles of Association of the Company as contained in the Appendix 1 attached to the Agenda of the Annual Report 2012 be hereby approved."	
8.	To transact any other business of which due notice shall have been received.	

By Order of the Board

GUNN CHIT GEOK (MAICSA 0673097)
CHEW SIEW CHENG (MAICSA 7019191)
Company Secretaries

Penang

5 February 2013

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

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 Zurich, 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.

7. Only members registered in the Record of Depositors as at 19 February 2013 shall be eligible to attend the meeting or appoint a proxy to attend and vote on his behalf.

EXPLANATORY NOTES ON SPECIAL BUSINESS

1. Resolution 4 – To approve the payment of Directors' fees of RM179,720 for the financial year ended 31 August 2012

The Ordinary Resolution proposed under item 4 of the agenda, if passed, will authorise the payment of the Directors' fees for the financial year ended 31 August 2012 amounting to RM179,720.

2. Resolutions 5 and 6 – Continuing in office as Independent Non-Executive Directors

The Nomination Committee had assessed the independence of Dato' Ahmad Ibnihajar and Dato' Oon Choo Eng @ Oon Choo Khye, who each has served on the Board as Independent Non-Executive Directors of the Company for a cumulative term of more than nine (9) years and the Board has recommended that the approval of the shareholders be sought to re-appoint Dato' Ahmad and Dato' Oon as Independent Non-Executive Directors as both of them possess the following aptitudes necessary in discharging their roles and functions as Independent Non-Executive Directors of the Company:-

i) Have vast experience in the various industries the Group is involved in and as such could provide the Board with a diverse set of experience, expertise and independent judgement;

ii) Consistently challenge management in an effective and constructive manner;

iii) Have good and thorough understanding of the main drivers of the business in a detailed manner;

iv) Actively participate in board deliberations and decision making in an objective manner; and

v) Exercise due care in all undertakings of the Group and carry out their fiduciary duties in the interest of the Company and minority shareholders.

3. Resolution 7 – Approval for issuance of new ordinary shares pursuant to Section 132D of the Companies Act, 1965

This general mandate for issuance of shares ("the Mandate") was sought for in the preceding year and the Board did not carry out the Mandate since the last Annual General Meeting ("AGM") of the Company until the latest practicable date before the printing of this Annual Report. As the Mandate will expire on 27 February 2013, the Board is desirous of seeking a fresh general mandate at the forthcoming AGM.

The Mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to placing of shares, for the purpose of funding further investment project(s), working capital and/or acquisition.

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.

4. Special Resolution – Proposed Amendments to the Articles of Association

The proposed Special Resolution, if passed will give authority to amend its Articles of Association to be aligned with the amendments to the Main Market Listing Requirements of Bursa Securities.

APPENDIX 1

Proposed Amendments to the Articles of Association of D'nonce Technology Bhd.

ARTICLE	EXISTING PROVISIONS	AMENDED PROVISIONS
2	None	**"Share Issuance Scheme" means a scheme involving a new issuance of shares to the employees.**
To amend Article 4 (d)	every issue of shares or options to employees and/or Directors shall be approved by the members in general meeting and – (ii) no Director shall participate in an issue of shares to employees unless shareholders in general meeting have approved of the specific allotment to be made to such Director	every issue of shares or **a Share Issuance Scheme** or options to employees and/or Directors shall be approved by the members in general meeting and - (ii) no Director shall participate in such issue of shares or **a Share Issuance Scheme or options** to employees unless shareholders in general meeting have approved of the specific allotment to be made to such Director
To amend Article 74(1)	At any general meeting a resolution put to the vote of the meeting shall be determined by a show of hands of the members present in person or by proxy, unless a poll is demanded (before or upon the declaration of the result of a show of hands):- (a) by the Chairman of the meeting; (b) by at least two (2) members present in person or by proxy; (c) by any member or members present in person or by proxy representing not less than one-tenth (1/10) of the total voting rights of all the members having the right to vote at the meeting; or (d) by a member or members holding shares in the Company conferring a right to vote at the meeting, being shares on which an aggregate sum has been paid up equal to not less than one-tenth (1/10) of the total sum paid up on all the shares conferring that right. Provided that no poll shall be demanded on the election of a chairman of a meeting or on any question of adjournment.	At any general meeting a resolution put to the vote of the meeting shall be determined by a show of hands of the members present in person or by proxy, unless a poll is demanded (before or upon the declaration of the result of a show of hands):- (a) by the Chairman of the meeting; (b) by at least **five (5)** members present in person or by proxy; (c) by any member or members present in person or by proxy representing not less than one-tenth (1/10) of the total voting rights of all the members having the right to vote at the meeting; or (d) by a member or members holding shares in the Company conferring a right to vote at the meeting, being shares on which an aggregate sum has been paid up equal to not less than one-tenth (1/10) of the total sum paid up on all the shares conferring that right. Provided that no poll shall be demanded on the election of a chairman of a meeting or on any question of adjournment.

APPENDIX (cont'd)

Proposed Amendments to the Articles of Association of D'nonce Technology Bhd. (cont'd)

ARTICLE	EXISTING PROVISIONS	AMENDED PROVISIONS
To amend Article 89	The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised. The Directors may, but shall not be bound to require evidence of the authority of any such attorney or officer. A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy without limitation and the provisions of Section 149(1)(a) and (b) of the Act shall not apply to the Company. Where a member appoints more than one (1) proxy the appointment shall be invalid unless his specifies the proportions of his holdings to be represented by each proxy. 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. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.	The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised. The Directors may, but shall not be bound to require evidence of the authority of any such attorney or officer. A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy without limitation and the provisions of Section 149(1)(a) and (b) of the Act shall not apply to the Company. **There shall be no restriction as to the qualification of the proxy.** Where a member appoints **two (2) proxies** the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy. **A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the member to speak at the meeting.** Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 **("SICDA")**, it may appoint not more **than two (2) proxies** in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.
To insert new Article 89 (a)	None	**Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.** **An exempt authorised nominee refers to an authorised nominee defined under SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.**

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

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

There are no individuals who are standing for election as Directors (excluding Directors standing for re-election) at the forthcoming Annual General Meeting.

CORPORATE STRUCTURE

D'nonce TECHNOLOGY BHD
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- **INVESTMENT HOLDING**
  - Logistic Solution Holdings Co. Ltd 99%
    - 51% → Integrated SCM Co. Ltd
- **SALES & DISTRIBUTION**
  - D'nonce (M) Sdn Bhd 100%
  - D'nonce (K.L) Sdn Bhd 100%
  - Integrated SCM Co. Ltd 49%
  - D'nonce (Johore) Sdn Bhd 55%
    - 40% → Attractive Venture (JB) Sdn Bhd
  - D'nonce Biofoods Sdn Bhd 100%
  - D'nonce (Kelantan) Sdn Bhd 55%
- **DESIGN & CONVERSION**
  - Attractive Venture Sdn Bhd 100%
  - Attractive Venture (KL) Sdn Bhd 100%
  - AV Plastics Sdn Bhd 84%
  - Attractive Venture (JB) Sdn Bhd 60%
  - D'nonce Labels (M) Sdn Bhd 100% *(under strike off)*
  - AV Innovation Sdn Bhd 100%
  - Richmond Technology Sdn Bhd 55%
  - ISCM Industries (Thailand) Co. Ltd
- **CONTRACT MANUFACTURING**
  - AV Industries Sdn Bhd 100%
  - ISCM Technology (Thailand) Co. Ltd 100%
    - 100% → ISCM Industries (Thailand) Co. Ltd
- **ENERGY & NATURAL RESOURCES**
  - D'nonce Energy Sdn Bhd 100%

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)
Chew Siew Cheng (MAICSA 7019191)

REGISTERED OFFICE

Suite 12-02, 12th Floor Menara Zurich
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 REGISTRAR

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
87 Lebuh Bishop
10200 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 philosophy of Corporate Social Responsibility (CSR) is primarily to be committed in social and humanitarian programmes and activities that would reach all levels of society with 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 geographically in the near future to reach the communities in other states as well as in the regions of our operations in Thailand.

ACTIVITIES

As we progress into promoting hiking in Penang through www.penangtrails.com, which provides vital information on the vast tracks and trails of Penang, we had successfully organised an international event in April 2012, the D'nonce Penang International Hiking Challenge 2012. This was the first of such a hiking competition in Penang that had brought in international participants alongside participants from other Malaysian states. In conjunction with the hiking competition, a non-competitive Fun Hike was also organised for those participants who wished to go for a leisure hike and experience the nature trails. We believe that with such a big international event, we have played a role to promote healthy outdoor lifestyle and this event could also effectively promote Malaysia in particular Penang as a destination that can offer a mixture of leisure and sports activities.

In sports, we have been engaged in several sporting activities in Penang, notably in basketball where we have supported the Penang Basketball Association and its affiliates in some of its programmes. Among the programmes are the 3-on-3 Basketball Challenge and the successful running of the D'nonce Cup Penang Open Basketball Championship 2012 which has demonstrated our level of commitment to bring in more talents and thus improving the standards of basketball in Penang.

Apart from the direct initiatives, we have also supported various activities in Penang covering various interest groups and NGOs promoting sports, health, social and charity drives and we hope that our sincere contributions will bring some benefits to the community.

ENHANCED CSR PROGRAMMES

We hope that our contributions, big or small, would pave the way for many more activities for the benefit of the local communities as well as others as we progress further.

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 2012 ("current year").

There have been several events that have affected the performance of the Group notably the impact on our subsidiaries in Thailand. The big floods in October and November 2011 in Bangkok, Thailand had caused severe damage to our facilities and the affected subsidiary had temporarily shut down its operation. However, the claims from insurance had softened the impact and the rebuilding of the facilities has progressively been undertaken whereby part of the affected facilities has resumed its operation in the middle of 2012. Apart from this, the country-wide increase in the minimum wage in Thailand to Baht 300 (RM30) per day which took effect in April 2012 has also impacted the subsidiaries in Thailand with an increase in their operation costs.

Within the electronic and electrical (E&E) sector, where the Group main businesses are derived from, despite indicators of improving demand, the environment remains competitive and is very challenging. The Group will continue with its persistent efforts and better management especially in the cost and inventories to gain its market share. It is expected that the market environment would continue to be tough and the Group will continue to adapt its business strategies to current market environment.

OPERATIONAL FINANCIAL REVIEW

The Group's current year's revenue of RM167.8 million was lower by RM3.9 million compared to the revenue recorded for the financial year ended 31 August 2011 ("previous year"). The deficit was mainly attributed to the impact of the floods in Thailand whereby a subsidiary affected by the flood had temporarily shut down its operation. The Group had recorded a lower result in the current year, with a profit before tax of RM4.7 million as compared to RM6.6 million in the previous year. Out of the Group's 3 business segments, the Contract Manufacturing business recorded a sharp drop in revenue in the current year as compared to the previous year. This was primarily due to the loss in revenue of the subsidiary affected by the flood in Thailand. The revenue for the other 2 business segments, the Integrated Supply Chain Products and Services and the Supply of Packaging business, had however, increased compared to the previous year. The floods in Thailand has also resulted in a lower revenue contribution from the overall Thailand operations which had decreased from about 50% of the total Group revenue in the previous year to about 44% in the current year.

INTEGRATED SUPPLY CHAIN PRODUCTS AND SERVICES

Revenue for Integrated Supply Chain Products and Services business segment had increased substantially from RM52.3 million in the previous year to RM61.7 million in the current year and this increase has cushioned the big drop in revenue from the Contract Manufacturing business. The revenue for this Integrated Supply Chain Products and Services business segment is mainly from the E&E and the health care sector. However, this segment had recorded a lower result of RM1.0 million for the current year as compared to RM1.5 million in the previous year.

CONTRACT MANUFACTURING

Revenue for Contract Manufacturing business segment for the current year, mainly contributed by our operations servicing the Hard Disk Drive market, had decreased sharply from RM24.8 million in the previous year to RM10.9 million in the current year. This was mainly due to the effect of the temporary shut down in the operations of the Thailand subsidiary affected by the flood in Thailand. The segmental result was however higher for the current year due to recovery from the insurance claims for the flood-affected subsidiary.

SUPPLY OF PACKAGING MATERIALS

The Supply of Packaging Materials business segment had recorded a slightly higher revenue of RM95.2 million for the current year compared to RM94.6 million in the previous year. This segment however had recorded a loss of RM0.8 million in the current year compared to a profit of RM5.9 million in the previous year.

PROSPECTS

The Group had been affected by floods in Thailand for 2 years in a row but despite the unfortunate events which also had affected many big establishments and multi-national companies in Thailand, the Group is confident of the outlook in continuing to do business in Thailand. The assurance from the Thai government in its disaster and response management has given confidence to all the industry players operating in Thailand and the Group has at the same time implemented its own disaster management measures.

Discounting the effect of the flood in Thailand that had impacted the Group's performance, the Group would have seen better performance for the current year. It is also encouraging to see that the businesses affected by the flood have shown signs of normalisation. Moving forward, the Group will continue to be in the E&E sector in line with the positive but cautious outlook for the sector and our contract manufacturing support for this industry is expected to move in tandem with the outlook.

The Group's strength in specialised packaging and design for the E&E sector is also expected to contribute towards higher demand and the Group 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 and 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.

The Group expects a challenging outlook for FY2013 and will engage itself in a coordinated approach in its strategies and action plans to achieve speedy recovery of our businesses and to achieve higher targets of revenue and profitability.

CORPORATE GOVERNANCE

The Board of Directors endeavours, in so far for as it is practicable to comply with the principles of corporate governance and best pratices 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 contributions 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 2012 ("tahun semasa").

Terdapat beberapa kejadian yang telah menjejaskan prestasi Kumpulan, yang ketaranya adalah impak kepada anak-anak syarikat di Thailand. Banjir besar yang berlaku pada Oktober dan November 2011 di Bangkok, Thailand telah mengakibatkan kemusnahan yang besar kepada kemudahan-kemudahan kami dan anak syarikat yang berkenaan telah menghentikan operasi mereka. Walau bagaimanapun tuntutan daripada insuran telah meringankan impak tersebut dan pembangunan semula telah dijalankan secara berperingkat, dalam mana sebahagian daripada kemudahan-kemudahan berkenaan telahpun beroperasi semula pada pertengahan tahun 2012. Selain itu, peningkatan menyeluruh gaji minima di Thailand kepada 300 Baht (RM30) sehari yang mula berkuatkuasa pada April 2012 telah juga menjejaskan anak-anak syarikat di Thailand dengan kenaikan kos operasi.

Di dalam sektor elektronik dan elektrikal (E&E) di mana sebahagian besar perniagaan Kumpulan diperolehi, sungguhpun terdapat tanda-tanda pemulihan permintaan, persaingan masih berterusan dan sangat mencabar. Kumpulan akan meneruskan usaha-usaha serta pengurusan yang baik, terutamanya mengenai kos dan inventori untuk meningkatkan penguasaan pasaran. Adalah dijangka bahawa keadaan pasaran akan terus mencabar dan Kumpulan akan terus menyesuaikan strategi-strategi perniagaannya dengan persekitaran pasaran semasa.

SEMAKAN KEWANGAN OPERASI

Perolehan bagi tahun semasa sebanyak RM167.8 juta adalah RM3.9 juta lebih rendah daripada perolehan yang dicapai bagi tahun kewangan berakhir 31 Ogos 2011 ("tahun sebelumnya"). Defisit ini adalah terutamanya disebabkan oleh impak banjir di Thailand dimana anak syarikat yang terjejas dengan banjir tersebut telah menghentikan sementara operasi mereka. Kumpulan telah mencatatkan keuntungan yang lebih rendah dalam tahun semasa, iaitu keuntungan sebelum cukai sebanyak RM4.7 juta berbanding dengan RM6.6 juta bagi tahun sebelumnya. Daripada ketiga-tiga segmen perniagaan, perniagaan Pembuatan Secara Kontrak mencatatkan kejatuhan perolehan yang ketara dalam tahun semasa berbanding dengan tahun lepas. Ini adalah terutamanya disebabkan oleh kejatuhan perolehan daripada anak syarikat yang terjejas akibat banjir di Thailand. Perolehan daripada 2 lagi segmen perniagaan, iaitu, perniagaan Perkhidmatan dan Barangan Rangkaian Bekalan Berintegrasi dan Pembekalan Bahan Pembungkusan, walau bagaimanapun telah meningkat berbanding dengan tahun sebelumnya. Banjir di Thailand juga telah mengakibatkan sumbangan perolehan yang lebih rendah bagi operasi dari Thailand yang telah menurun daripada 50% sumbangan kepada perolehan Kumpulan pada tahun sebelumnya kepada 44% dalam tahun semasa.

PERKHIDMATAN DAN BARANGAN RANGKAIAN BEKALAN BERINTEGRASI

Perolehan bagi segmen Perkhidmatan dan Barangan Rangkaian Bekalan Berintegrasi telah meningkat dengan ketara daripada RM52.3 juta dalam tahun sebelumnya kepada RM61.7 juta dalam tahun semasa dalam mana tambahan perolehan ini telah menampung kejatuhan perolehan yang besar daripada segmen perniagaan Pembuatan Secara Kontrak. Perolehan daripada segmen Perkhidmatan dan Barangan Rangkaian Bekalan Berintegrasi ini kebanyakannya adalah daripada sektor E&E dan penjagaan kesihatan. Bagaimanapun segmen ini mencatatkan keuntungan yang lebih rendah sebanyak RM1.0 juta bagi tahun semasa berbanding dengan RM1.5 juta bagi tahun sebelumnya.

PEMBUATAN SECARA KONTRAK

Perolehan bagi segmen Pembuatan Secara Kontrak bagi tahun semasa di mana kebanyakannya adalah sumbangan daripada operasi yang menyokong pasaran Pemacu Cakera Keras telah menurun dengan ketara daripada RM24.8 juta dalam tahun sebelumnya kepada RM10.9 juta bagi tahun semasa terutamanya disebabkan oleh pemberhentian sementara operasi anak syarikat yang terjejas oleh banjir di Thailand. Walau bagaimanapun keuntungan bagi segmen ini bagi tahun semasa adalah lebih tinggi disebabkan oleh perolehan daripada tuntutan insuran bagi anak syarikat yang terjejas oleh banjir tersebut.

PEMBEKALAN BAHAN PEMBUNGKUSAN

Segmen Pembekalan Bahan Pembungkusan telah mencatatkan perolehan lebih tinggi sebanyak RM95.2 juta bagi tahun semasa berbanding dengan RM94.6 juta bagi tahun sebelumnya. Walau bagaimanapun segmen ini mencatatkan kerugian sebanyak RM0.8 juta berbanding dengan keuntungan RM5.9 juta bagi tahun sebelumnya.

PROSPEK

Kumpulan telah terjejas oleh banjir di Thailand selama 2 tahun berturut-turut tetapi sungguhpun dilanda kejadian malang ini, yang juga menjejaskan banyak pertubuhan serta syarikat-syarikat multi nasional di Thailand, namun Kumpulan yakin dengan pandangan ke hadapan untuk terus menjalankan perniagaan di Thailand. Kesungguhan Kerajaan Thailand dalam mengendalikan pengurusan bencana dan respons telah memberi keyakinan kepada semua industri yang beroperasi di Thailand dan Kumpulan telah dalam masa yang sama mengambil langkah-langkah pengurusan bencananya sendiri.

Tanpa mengambil kira kesan banjir Thailand yang menjejaskan prestasi Kumpulan, Kumpulan mungkin berupaya melihat prestasi yang lebih baik bagi tahun semasa dan adalah juga memberangsangkan apabila melihat perniagaan-perniagaan yang terjejas oleh banjir tersebut telah menunjukkan tanda-tanda pemulihan. Untuk melangkah ke hadapan, Kumpulan akan terus terlibat dalam sektor E&E selaras dengan pandangan hadapan yang positif namun berhati-hati bagi sektor tersebut dan sokongan pembuatan secara kontrak kami kepada industri ini dijangka bergerak selaras dengan arah ini.

Kekuatan Kumpulan dalam pembungkusan khas dan rekabentuk bagi sektor E&E juga dijangka dapat menyumbang kepada permintaan yang meningkat dan Kumpulan akan terus memberi perkhidmatan pembungkusan yang menyeluruh 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 dan Kumpulan akan terus meneroka secara aktif perniagaan-perniagaan bukan-E&E sambil meneruskan usaha-usahanya ke arah penembusan perniagaan dan pengurusan kos untuk lebih bersedia menghadapi cabaran-cabaran pada masa hadapan.

Kumpulan menjangkakan masa hadapan yang mencabar bagi tahun kewangan 2013 dan akan melibatkan diri secara teratur dengan strategi dan pelan tindakan untuk mencapai pemulihan segera serta unjuran yang lebih tinggi dari segi perolehan dan keuntungan.

URUSTADBIR KORPORAT

Lembaga Pengarah akan terus memastikan agar prinsip urustadbir korporat dan tatacara terbaik diberi perhatian dan diamalkan pada semua 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 dan kakitangan di atas sumbangan dan dedikasi kepada Kumpulan.

Terima kasih.

Dato' Ahmad Ibnihajar
Pengerusi

BOARD OF DIRECTORS

Dato' Ahmad Ibnihajar
Aged 62, 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 fellow 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 76, 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 Group, 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 Exco-Advisor of Sekolah Menengah Kebangsaan Chung Ling, Vice-Chairman of Penang Chinese Girls' High School 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 was conferred with the Tokoh Merdeka 2011 Penang award by the Federal Government on 11 September 2011. The award was presented by Prime Minister Y.A.B. Dato' Sri Mohd. Najib Bin Tun Haji Abdul Razak during the Merdeka celebration.

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 55, 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 is a Director and substantial shareholder of Binary Decode Sdn. Bhd. and Viva Knowledge Sdn. Bhd., both of which are investment holding companies. He is also a substantial shareholder of Yield Technology (M) Sdn. Bhd., which is also an investment holding company.

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 53, 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. 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., Binary Decode Sdn. Bhd., Viva Knowledge Sdn. Bhd. and Global Outreach Energy Sdn. Bhd., all of which are investment holding companies. He is also a substantial shareholder of Yield Technology (M) Sdn. Bhd., which is also an investment holding company.

Apart from developing new businesses, he is responsible for the Group's sales and marketing functions.

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 57, 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 ABOUT THE STATE OF INTERNAL CONTROL

INTRODUCTION

The Malaysia Code of Corporate Governance requires listed companies to maintain a sound system of internal controls to safeguard shareholders' investment and the Group's assets.

Guided by the Statement on Internal Control: Guidance for Directors of Public Listed Companies, the Board of Directors of D'nonce Technology Bhd. is pleased to present the Statement on Internal Control which is prepared in accordance with Rule 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

RESPONSIBILITY FOR RISK AND INTERNAL CONTROL

The Board recognises its overall responsibility for the Group's systems of internal control and for reviewing the adequacy and integrity of those systems. In view of the limitations that are inherent in any system of internal control, the systems of internal control are designed to manage risks within tolerable levels rather than eliminate the risks of failure to achieve business objectives. Hence, such system by its nature can only provide reasonable and not absolute assurance against material misstatements, errors or losses.

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 the management practise proactive significant risks identification in the processes and activities of the Group, 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 tolerance level acceptable by the Board.

INTERNAL AUDIT

The Board acknowledges the importance of internal audit function and has outsourced its internal audit function to an independent professional firm of consultants, BDO Governance Advisory Sdn. Bhd. as part of its efforts to provide adequate and effective internal control systems. The performance of internal audit function is carried out as per the annual audit plan approved by the Audit Committee.

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 profiles. The audit focuses on areas with high risk and inadequate controls to ensure that an adequate action plan is 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 organisation structure with well-defined scopes of responsibility, clear lines of accountability, and appropriate levels of delegated authority;
- A process of hierarchical reporting which provides for a documented and auditable trail of accountability;
- A set of documented internal policies and procedures 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;
- Monthly monitoring of results against budget, with major variances being followed up and management action taken, where necessary; and
- Regular visits to operating units by members of the Board and senior management.

CONCLUSION

The Board is of the view that there were no significant weaknesses in the current system of internal control of the Group that may have material impact on the operations of the Group for the financial year ended 31 August 2012. The Board and the management will continue to take necessary measures and ongoing commitment to strengthen and improve its internal control environment and processes.

This statement has been reviewed by the external auditors in compliance with Rule 15.23 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

This statement is issued in accordance with a resolution of the Directors dated 19 December 2012.

STATEMENT OF CORPORATE GOVERNANCE

The Malaysian Code on Corporate Governance 2012 ("the Code") sets out the broad principles and specific recommendations on structures and processes that companies should adopt in making good corporate governance an integral part of their business dealings and culture.

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, in so far as it is practicable, 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 and will endeavour to support and implement the prescriptions of the principles and recommendations set out in the Code.

The statement below sets out how the Group has applied the principles and the extent of its compliance with the recommendations of good governance throughout the financial year ended 31 August 2012.

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 the 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.

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.

THE BOARD OF DIRECTORS (CONT'D)

Board Meetings (cont'd)

During the financial year ended 31 August 2012, five (5) Board Meetings were held. The attendance record of each Director is as follows:-

	Board of Directors' Meeting		Oct 11	Dec 11	Jan 12	Apr 12	Jul 12		
	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 Secretaries and may also seek independent professional advice from external consultants at the Company's expense if deemed reasonable and necessary.

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

Appointments to the Board

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

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

The Nomination Committee assists the Board on the following functions:

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

THE BOARD OF DIRECTORS (CONT'D)

Appointments to the Board (cont'd)

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 2012, the Nomination Committee had one meeting on 12 December 2011 and was attended by all members.

On 12 December 2011, the Nomination Committee 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.

Directors' Training

As required under the Main Market Listing Requirements of BMSB, all the Directors had 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 2012, the Directors had 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**	
• Understanding Leadership Styles through Personality Type	10 August 2012
Wong Thai Sun	
• 2012 Tax Updates	15 May 2012
• Understanding Malaysian Property & Tax Planning Strategies	11 June 2012
• National Tax Conference 2012	17 & 18 July 2012
• Understanding Leadership Styles through Personality Type	10 August 2012

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 2012, the ESOS Committee had one meeting on 23 August 2012 and was attended by all members.

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 2012, the Remuneration Committee had two meetings on 12 December 2011 and 30 January 2012. Both meetings were attended by all members.

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 2012 is set out below:-

A. Aggregate Remuneration

	Executive Directors RM	Non-Executive Directors RM
Fees	69,000	112,400
Salaries	1,266,017	34,660
Bonus	455,229	–
Benefits in kind	–	–
Other benefits	1,200,187	–

B. Band (RM)

Band (RM)	Executive Directors	Non-Executive Directors	Total
Less than 60,000	–	3	3
1,050,001 – 1,300,000	1	–	1
1,550,001 – 1,800,000	1	–	1

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

COMMUNICATION WITH SHAREHOLDERS

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

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

COMMUNICATION WITH SHAREHOLDERS (CONT'D)

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 24 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 16 and 17 The Internal Auditors facilitate the overall internal control system in consultation with the Management and heads of major departments to assist the Board to oversee the existing risk management framework that have 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 the Management.

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 25 to 28 of this Annual Report.

ADDITIONAL COMPLIANCE INFORMATION

During the financial year:

a) Utilisation of proceeds from corporate proposals

No proceeds were raised by the Company from any corporate proposal.

b) Share buybacks

There were no share buybacks by the Company.

c) Conviction for offences

None of the Directors has been convicted for offences within the past ten (10) years other than traffic offences, if any.

d) Depository Receipt Programme

The Company did not sponsor any Depository Receipt Programme during the financial year ended 31 August 2012.

e) Sanctions and/or penalties imposed

There were no sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or management by the regulatory bodies during the financial year ended 31 August 2012, which have the material impact on the operations or financial position of the Group.

f) Options, warrants or convertible securities exercised

No options, warrants or convertible securities were issued by the Company that were exercised during the financial year.

g) Variations in Results, Profit Estimate, Forecast or Projection

(i) Please refer to the Company's announcement made on 9 and 10 January 2013 with regards to the Variation between audited results and unaudited results, of which an excerpt is as appended:-

	Audited Results	Unaudited Fourth Quarterly Results	Deviation	
	RM'000	RM'000	RM'000	%
Attributable to:				
Owners of the parent	2,766	3,950	(1,184)	30
Non-controlling interests	1,205	199	1,006	505

However, the profit net of tax of the Company is not affected by the deviation above.

ii) The Company did not release any profit estimate, forecast or projection.

ADDITIONAL COMPLIANCE INFORMATION (CONT'D)

During the financial year:

h) Comparison of profit achieved with the profit guarantee

There was no profit guarantee given by the Company.

i) Material contracts

There were no material contracts of the Company and its subsidiaries involving Directors' and major shareholders' interests.

j) Non-audit fees

The amount of non-audit fees payable to external auditors for the financial year was RM54,300.

Recurrent Related Party Transactions of a Revenue or Trading Nature ("RRPTs")

Significant transactions between the Group and its related party during the financial year were as follows:-

Related Party	Relationship	Nature of RRPTs	Value* (RM'000)
Master-Pack Sdn. Bhd ("Master-Pack")	Master-Pack which holds 20% of the equity of Richmond Technology Sdn Bhd ("Richmond") is a major shareholder of Richmond	Purchase of raw materials by Richmond from Master-Pack	2,340

* actual value from 1 September 2011 to 31 August 2012

Directors' Responsibility Statement in respect of Audited Financial Statements

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 minimise 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:

(a) the quarterly results and year end financial statements, prior to the approval by the Board of Directors, focusing particularly on:
(i) changes in or implementation of major accounting policy changes;
(ii) significant and unusual events;
(iii) significant adjustments arising from the audit;
(iv) the going concern assumption; and
(v) compliance with accounting standards and other legal requirements.

(b) 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;

(c) with the external auditors:
(i) the audit plan and to ensure co-ordination where more than one audit firm is involved;
(ii) his evaluation of the system of internal controls;
(iii) his audit report;
(iv) his management letter and the management's response; and
(v) 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.

7.7 To review the allocation of options during the year if any, under the D'nonce Technology Bhd. Employee Share Option Scheme ("ESOS") to ensure that this was in compliance with the allocation criteria determined by the ESOS committee and in accordance with the By-Laws of the ESOS.

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 2012, 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 RM34,000 for the year ended 31 August 2012.

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 Audit Committee met with the External Auditors twice during the financial year without executive Board members present.

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. The Scheme has been extended till 26 May 2013. There will be no more extension after this date and the ESOS committee will be dissolved thereafter.

DIRECTORS' REPORT AND AUDITED FINANCIAL STATEMENTS
31 August 2012

Contents

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 2012.

PRINCIPAL ACTIVITIES

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

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

There have been no significant changes in the nature of the principal activities during the financial year.

RESULTS

	Group RM	Company RM
Profit/(loss) net of tax	3,971,754	(1,965,399)
Attributable to:		
Owners of the parent	2,766,058	(1,965,399)
Non-controlling interests	1,205,696	–
	3,971,754	(1,965,399)

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

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

DIVIDEND

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

DIRECTORS

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

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

DIRECTORS' 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 or the fixed salary of a full-time employee of the Company and its related corporations as shown in Note 8 to the financial statements) 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 27 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 2011	**Bought**	**Sold**	**31 August 2012**
The Company				
Direct interest				
Law Kim Choon	1,700,000	4,170,900	–	5,870,900
Lim Teik Hoe	2,156,700	–	–	2,156,700

	← Number of options over ordinary shares of RM1 each →			
	1 September 2011	**Granted**	**Exercised**	**31 August 2012**
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 or options over shares in the Company or shares in 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 24(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, statements of comprehensive income and statements of financial position 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 there were no known bad debts and that adequate provision had been made for doubtful debts; 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) it necessary to write off any bad debts or the amount of the provision for doubtful debts inadequate to any substantial extent; 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, other than as disclosed in the financial statements.

OTHER SIGNIFICANT EVENT

The details of the other significant event during the year are as disclosed in Note 34 to the financial statements.

AUDITORS

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

Signed on behalf of the Board in accordance with a resolution of the directors dated 19 December 2012.

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 37 to 104 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 2012 and of their financial performance and cash flows for the financial year then ended.

The information set out in Note 36 to the financial statements have been prepared in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board in accordance with a resolution of the directors dated 19 December 2012.

Dato' Ahmad Ibnihajar

Law Kim Choon

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

I, Law Kim Choon, being the director primarily responsible for the financial management of D'nonce Technology Bhd., do solemnly and sincerely declare that the accompanying financial statements set out on pages 37 to 105 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 19 December 2012 :

Law Kim Choon

Before me,

CHEAH BENG SUN
P 103
DJN, AMN, PKT, PJK, PJM, PK
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 statements of financial position of the Group and of the Company as at 31 August 2012, and the income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 37 to 104.

Directors' responsibility for the financial statements

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

Auditors' responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of 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 2012 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 REPORTING RESPONSIBILITIES

The supplementary information set out in Note 36 on page 105 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

OTHER MATTERS

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

Ernst & Young
AF: 0039
Chartered Accountants

Lim Foo Chew
No. 1748/01/14(J)
Chartered Accountant

Penang, Malaysia
19 December 2012

INCOME STATEMENTS

For The Financial Year Ended 31 August 2012

	Note	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
Revenue	4	**167,778,650**	171,698,535	**5,032,650**	4,725,497
Other income	5	**24,953,817**	5,084,727	**7**	151
Changes in inventories of work-in-progress and finished goods		**3,849,658**	(1,007,198)	**–**	–
Raw materials and consumables used		**(42,217,162)**	(47,134,993)	**–**	–
Trading goods		**(84,704,402)**	(67,926,940)	**–**	–
Employee benefits expense	6	**(29,794,226)**	(28,095,856)	**(4,530,408)**	(2,891,788)
Depreciation		**(4,298,703)**	(4,058,655)	**(37,731)**	(49,257)
Operating leases - minimum lease payments for premises and equipment		**(1,752,034)**	(2,060,619)	**(29,050)**	(13,200)
Utilities		**(3,282,633)**	(4,134,071)	**(41,212)**	(38,552)
Other expenses	7	**(23,805,433)**	(14,316,499)	**(1,403,885)**	(602,697)
Operating profit/(loss)		**6,727,532**	8,048,431	**(1,009,629)**	1,130,154
Finance costs	9	**(2,039,922)**	(1,463,756)	**(405,732)**	(130,180)
Profit/(loss) before tax		**4,687,610**	6,584,675	**(1,415,361)**	999,974
Income tax expense	10	**(715,856)**	(1,292,550)	**(550,038)**	449,985
Profit/(loss) net of tax		**3,971,754**	5,292,125	**(1,965,399)**	1,449,959
Attributable to:					
Owners of the parent		**2,766,058**	4,681,905	**(1,965,399)**	1,449,959
Non-controlling interests		**1,205,696**	610,220	**–**	–
		3,971,754	5,292,125	**(1,965,399)**	1,449,959
Earnings per share attributable to owners of the parent (sen):					
Basic	11(a)	**6.13**	10.38		
Diluted	11(b)	**6.13**	10.38		

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF COMPREHENSIVE INCOME
For The Financial Year Ended 31 August 2012

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Profit/(loss) net of tax	**3,971,754**	5,292,125	**(1,965,399)**	1,449,959
Other comprehensive income, net of tax:				
Foreign currency translation	**139,194**	(251,984)	**–**	–
Total comprehensive income for the year	**4,110,948**	5,040,141	**(1,965,399)**	1,449,959
Total comprehensive income attributable to:				
Owners of the parent	**2,850,378**	4,493,720	**(1,965,399)**	1,449,959
Non-controlling interests	**1,260,570**	546,421	**–**	–
	4,110,948	5,040,141	**(1,965,399)**	1,449,959

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION
As at 31 August 2012

	Note	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
Non-current assets					
Property, plant and equipment	12	**42,554,941**	36,497,405	**43,969**	64,403
Investments in subsidiaries	13	**–**	–	**44,443,688**	36,943,688
Investment properties	14	**12,750,571**	7,175,863	**–**	–
Other investments	15	**14,000**	34,000	**–**	–
Intangible asset	16	**289,128**	289,128	**–**	–
Long term trade receivable	17	**1,135,334**	2,360,463	**–**	–
Deferred tax assets	18	**515,114**	737,450	**100,000**	650,000
Cash and bank balances	21	**100,000**	–	**–**	–
		57,359,088	47,094,309	**44,587,657**	37,658,091
Current assets					
Inventories	19	**20,624,199**	14,601,996	**–**	–
Trade and other receivables	17	**38,297,827**	40,256,892	**9,602,686**	10,031,446
Tax recoverable		**818,384**	397,034	**–**	–
Derivatives	20	**16,307**	79,824	**–**	–
Cash and bank balances	21	**11,775,907**	10,067,696	**409,045**	223,868
		71,532,624	65,403,442	**10,011,731**	10,255,314
Total assets		**128,891,712**	112,497,751	**54,599,388**	47,913,405

	Note	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
Equity and liabilities					
Current liabilities					
Retirement benefit obligations	24	**1,005,187**	–	**1,005,187**	–
Loans and borrowings	22	**27,346,825**	18,136,620	**–**	23,979
Trade and other payables	23	**29,464,658**	23,701,555	**13,872,309**	4,373,291
Derivatives	20	**11,500**	–	**–**	–
Tax payable		**58,416**	625,045	**–**	–
		57,886,586	42,463,220	**14,877,496**	4,397,270
Net current assets/ (liabilities)		**13,646,038**	22,940,222	**(4,865,765)**	5,858,044
Non-current liabilities					
Retirement benefit obligations	24	**1,497,377**	3,243,377	**1,139,742**	2,968,586
Loans and borrowings	22	**12,775,314**	6,665,281	**–**	–
Deferred tax liabilities	18	**92,504**	96,890	**–**	–
		14,365,195	10,005,548	**1,139,742**	2,968,586
Total liabilities		**72,251,781**	52,468,768	**16,017,238**	7,365,856
Net assets		**56,639,931**	60,028,983	**38,582,150**	40,547,549
Equity attributable to owners of the parent					
Share capital	25	**45,101,000**	45,101,000	**45,101,000**	45,101,000
Share premium	25	**12,309,806**	12,309,806	**12,309,806**	12,309,806
Other reserves	26	**5,592,094**	5,521,406	**114,255**	127,887
Accumulated losses		**(10,028,361)**	(13,139,858)	**(18,942,911)**	(16,991,144)
		52,974,539	49,792,354	**38,582,150**	40,547,549
Non-controlling interests		**3,665,392**	10,236,629	**–**	–
Total equity		**56,639,931**	60,028,983	**38,582,150**	40,547,549
Total equity and liabilities		**128,891,712**	112,497,751	**54,599,388**	47,913,405

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 August 2012

Group	← Attributable to owners of the parent → ← Non-distributable → Share capital RM (Note 25)	Share premium RM (Note 25)	Other reserves RM (Note 26)	Accumulated losses RM	Non-controlling interests RM	Total equity RM
At 1 September 2011	45,101,000	12,309,806	5,521,406	(13,139,858)	10,236,629	60,028,983
Total comprehensive income	–	–	84,320	2,766,058	1,260,570	4,110,948
Transactions with owners:						
Acquisition of non-controlling interests (Note 13(b))	–	–	–	331,807	(7,831,807)	(7,500,000)
Realisation of ESOS reserve	–	–	(13,632)	13,632	–	–
At 31 August 2012	**45,101,000**	**12,309,806**	**5,592,094**	**(10,028,361)**	**3,665,392**	**56,639,931**
At 1 September 2010	45,101,000	12,309,806	5,716,254	(17,828,426)	9,690,208	54,988,842
Total comprehensive income	–	–	(188,185)	4,681,905	546,421	5,040,141
Transactions with owners:						
Realisation of ESOS reserve	–	–	(6,663)	6,663	–	–
At 31 August 2011	45,101,000	12,309,806	5,521,406	(13,139,858)	10,236,629	60,028,983

Company	← Non-distributable → Share capital RM (Note 25)	Share premium RM (Note 25)	Other reserves RM (Note 26)	Accumulated losses RM	Total equity RM
At 1 September 2011	45,101,000	12,309,806	127,887	(16,991,144)	40,547,549
Total comprehensive income	–	–	–	(1,965,399)	(1,965,399)
Transactions with owners:					
Realisation of ESOS reserve	–	–	(13,632)	13,632	–
At 31 August 2012	**45,101,000**	**12,309,806**	**114,255**	**(18,942,911)**	**38,582,150**
At 1 September 2010	45,101,000	12,309,806	134,550	(18,447,766)	39,097,590
Total comprehensive income	–	–	–	1,449,959	1,449,959
Transactions with owners:					
Realisation of ESOS reserve	–	–	(6,663)	6,663	–
At 31 August 2011	45,101,000	12,309,806	127,887	(16,991,144)	40,547,549

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

For the financial year ended 31 August 2012

	Note	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
Operating activities					
Profit/(loss) before tax		**4,687,610**	6,584,675	**(1,415,361)**	999,974
Adjustments for:					
Allowance of impairment on trade and other receivables	7	**268,242**	268,634	**404,608**	–
Bad debts written off	7	**–**	3,700	**–**	–
Depreciation on:					
- property, plant and equipment	12	**4,007,975**	3,766,647	**37,731**	49,257
- investment properties	14	**290,728**	292,008	**–**	–
Fair value changes in derivatives	7	**75,017**	(79,824)	**–**	–
Gain on disposal of property, plant and equipment	7	**(255,965)**	(20,408)	**(65,000)**	–
Interest expense	9	**2,039,922**	1,463,756	**405,732**	130,180
Interest income	5	**(317,863)**	(332,669)	**(7)**	(151)
Investment property written off	7	**–**	2,082,867	**–**	–
Inventories written down	7	**266,764**	24,368	**–**	–
Inventories written off	7	**1,548,699**	72,954	**–**	–
Pension costs – defined benefit plan	6	**380,995**	359,771	**231,824**	204,054
Provision for director's leave passage	8	**483,008**	–	**257,710**	–
Short term accumulating compensated absences	8	**218,462**	–	**120,575**	–
Property, plant and equipment written off	7	**6,303,067**	39,686	**170**	1,813
Impairment losses on:					
- property, plant and equipment	7	**942,163**	–	**–**	–
- investments in subsidiaries	7	**–**	–	**–**	270,800
Loss on disposal of other investment	7	**8,000**	–	**–**	–
Reversal of allowance of impairment on trade and other receivables	7	**(46,116)**	(109,731)	**–**	(2,189)
Unrealised (gain)/loss on foreign exchange	7	**(69,317)**	70,345	**86,952**	(70,868)
Total adjustments		**16,143,781**	7,902,104	**1,480,295**	582,896
Operating profit before working capital changes		**20,831,391**	14,486,779	**64,934**	1,582,870

	Note	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
Changes in working capital					
(Increase)/decrease in inventories		**(7,837,666)**	2,131,966	**–**	–
Decrease/(increase) in trade and other receivables		**2,962,068**	(4,152,871)	**2,605,695**	(3,010,303)
Increase/(decrease) in trade and other payables		**5,130,941**	(3,876,147)	**1,843,219**	(615,631)
Total changes in working capital		**255,343**	(5,897,052)	**4,448,914**	(3,625,934)
Cash generated from/(used in) operations		**21,086,734**	8,589,727	**4,513,848**	(2,043,064)
Contribution paid	24(a)	**(1,122,068)**	–	**(1,122,068)**	–
Taxes paid		**(1,485,885)**	(666,760)	**(38)**	(15)
Interest paid	9	**(2,039,922)**	(1,463,756)	**(405,732)**	(130,180)
Net cash generated from/(used in) operating activities		**16,438,859**	6,459,211	**2,986,010**	(2,173,259)
Investing activities					
Interest received	5	**317,863**	332,669	**7**	151
Proceeds from disposal of other investment		**12,000**	–	**–**	–
Proceeds from disposal of property, plant and equipment		**342,333**	57,433	**65,000**	–
Acquisition of non-controlling interests	13(b)	**(7,500,000)**	–	**(7,500,000)**	–
Purchase of property, plant and equipment	A	**(11,831,281)**	(6,203,862)	**(18,226)**	(2,988)
Subsequent expenditure incurred on investment properties	B	**(2,521,024)**	(3,150)	**–**	–
Net cash used in investing activities		**(21,180,109)**	(5,816,910)	**(7,453,219)**	(2,837)
Financing activities					
Drawdown/(repayment) of short term borrowings		**6,847,353**	(1,378,256)	**4,676,365**	–
Net change in subsidiaries' balances		**–**	–	**–**	1,965,476
Repayment of obligations under finance leases		**(1,627,327)**	(1,705,013)	**(23,979)**	(25,146)
Drawdown of term loans		**1,771,071**	1,746,208	**–**	–
Repayment of term loans		**(2,935,029)**	(2,769,403)	**–**	–
Net cash generated from/(used in) financing activities		**4,056,068**	(4,106,464)	**4,652,386**	1,940,330
Net (decrease)/increase in cash and cash equivalents		**(685,182)**	(3,464,163)	**185,177**	(235,766)
Effects of foreign exchange rate changes		**19,429**	(70,971)	**–**	–
Cash and cash equivalents at beginning of financial year		**3,917,871**	7,453,005	**223,868**	459,634
Cash and cash equivalents at end of financial year	C	**3,252,118**	3,917,871	**409,045**	223,868

A. Purchase of property, plant and equipment

During the financial year, the Group and the Company acquired property, plant and equipment at aggregate costs of RM14,566,281 (2011: RM8,134,449) and RM18,226 (2011: RM2,988) by way of the following:

	Group		Company	
	2012	**2011**	**2012**	**2011**
	RM	**RM**	**RM**	**RM**
Cash payment	**11,831,281**	6,203,862	**18,226**	2,988
Obligations under finance leases	**1,254,000**	1,930,587	**–**	–
Term loans	**1,481,000**	–	**–**	–
	14,566,281	8,134,449	**18,226**	2,988

B. Subsequent expenditure on investment properties

During the financial year, the Group incurred subsequent expenditure on investment properties at aggregate costs of RM8,576,230 (2011: RM3,150) by way of the following:

	Group		Company	
	2012	**2011**	**2012**	**2011**
	RM	**RM**	**RM**	**RM**
Cash payment	**2,521,024**	3,150	**–**	–
Obligations under finance leases	**60,000**	–	**–**	–
Term loans	**5,995,206**	–	**–**	–
	8,576,230	3,150	**–**	–

C. Cash and cash equivalents

Cash and cash equivalents comprise:

	Group		Company	
	2012	**2011**	**2012**	**2011**
	RM	**RM**	**RM**	**RM**
Cash and bank balances (Note 21)	**11,875,907**	10,067,696	**409,045**	223,868
Bank overdrafts (Note 22)	**(8,623,789)**	(6,149,825)	**–**	–
	3,252,118	3,917,871	**409,045**	223,868

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

1. CORPORATE INFORMATION

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

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

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

There have been no significant changes in the nature of the principal activities during the financial year.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards ("FRSs") and the Companies Act, 1965 in Malaysia. At the beginning of the current financial year, the Group and the Company adopted new and revised FRSs which are mandatory for the current financial year as described fully in Note 2.2.

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Ringgit Malaysia ("RM") except when otherwise indicated.

2.2 Changes in accounting policies

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

On 1 September 2011, the Group and the Company adopted the following new and amended FRSs and IC Interpretations mandatory for the current financial year.

- Technical Release 3 Guidance on Disclosure of Transition to IFRSs
- Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters (Amendments to FRS 1)
- Additional Exemption for First-time Adopters (Amendments to FRS 1)
- Amendments to FRS 1 [Improvements to FRSs (2010)]
- Group Cash-settled Share-based Payment Transactions (Amendments to FRS 2)
- Amendments to FRS 3 [Improvements to FRSs (2010)]
- Improving Disclosures about Financial Instruments (Amendments to FRS 7)
- Amendments to FRS 7 [Improvements to FRSs (2010)]
- Amendments to FRS 101 [Improvements to FRSs (2010)]
- Amendments to FRS 121 [Improvements to FRSs (2010)]
- Amendments to FRS 128 [Improvements to FRSs (2010)]
- Amendments to FRS 131 [Improvements to FRSs (2010)]
- Amendments to FRS 132 [Improvements to FRSs (2010)]
- Amendments to FRS 134 [Improvements to FRSs (2010)]
- Amendments to FRS 139 [Improvements to FRSs (2010)]
- Amendments to IC Interpretation 13 [Improvements to FRSs (2010)]
- IC Interpretation 4 Determining whether an Arrangement contains a Lease
- IC Interpretation 18 Transfers of Assets from Customers
- Amendments to IC Intepretation 14 Prepayments of a Minimum Funding Requirement
- IC Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments

Adoption of the above standards and interpretations did not have any effect on the financial performance or position of the Group and the Company except for those discussed below:

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Changes in accounting policies (cont'd)

Amendments to FRS 7: Improving Disclosures about Financial Instruments

The amended standard requires enhanced disclosure about fair value measurement and liquidity risk. Fair value measurements related to items recorded at fair value are to be disclosed by source of inputs using a three level fair value hierarchy (Level 1, Level 2 and Level 3), by class, for all financial instruments recognised at fair value. A reconciliation between the beginning and ending balance for Level 3 fair value measurements is required. Any significant transfers between levels of the fair value hierarchy and the reasons for those transfers need to be disclosed. The amendments also clarify the requirements for liquidity risk disclosures with respect to derivative transactions and assets used for liquidity management. The fair value measurement disclosures are presented in Note 30. The liquidity risk disclosures are presented in Note 31(b).

2.3 Malaysian Financial Reporting Standards ("MFRS Framework")

On 19 November 2011, the Malaysian Accounting Standards Board ("MASB") issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards ("MFRS Framework").

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture and IC Interpretation 15 Agreements for Construction of Real Estate, including its parent, significant investor and venturer.

The Group will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 August 2013. In presenting its first MFRS financial statements, the Group will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening accumulated losses. The Group has established a project team to plan and manage the adoption of the MFRS Framework.

The Group has not completed its assessment of the financial effects of the differences between Financial Reporting Standards and accounting standards under the MFRS Framework. Accordingly, the financial performance and financial position as disclosed in these financial statements for the year ended 31 August 2012 could be different if prepared under the MFRS Framework.

The Group considers that it is achieving its scheduled milestones and expects to be in a position to fully comply with the requirements of the MFRS Framework for the financial year ending 31 August 2013.

2.4 Basis of consolidation

Business combinations from 1 September 2011

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

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.

Acquisitions of subsidiaries are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.4 Basis of consolidation (cont'd)

Business combinations from 1 September 2011 (cont'd)

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with FRS 139 either in profit or loss or as change to other comprehensive income. If the contingent consideration is classified as equity, it is not to be remeasured until it is finally settled within equity.

In business combinations achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any) is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. The accounting policy for the goodwill is set out in Note 2.9. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

Business combinations before 1 September 2011

Business combinations are accounted for by applying the purchase method. Transaction costs directly attributable to the acquisition formed part of the acquisition costs. The non-controlling interest (formerly known as minority interest) was measured at the proportionate share of the acquiree's identifiable net assets.

Business combinations achieved in stages were accounted for as separate steps. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in equity.

When the Group acquired a business, embedded derivatives separated from the host contract by the acquiree are not reassessed on acquisition unless the business combination results in a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required under the contract.

Contingent consideration was recognised if, and only if, the Group had a present obligation, the economic outflow was more likely than not and a reliable estimate was determinable. Subsequent measurements to the contingent consideration affected goodwill.

2.5 Transactions with non-controlling interests

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and is presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company.

Changes in the Company owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the parent.

2.6 Foreign currency

a) 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.6 Foreign currency (cont'd)

b) Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss 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.

c) Foreign operations

The assets and liabilities of foreign operations are translated into RM at the rate of exchange ruling at the reporting date and income and expenses are translated at exchange rates at the dates of the transactions. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and accumulated in equity under foreign currency translation reserve relating to that particular foreign operation is recognised in the profit or loss.

Goodwill and fair value adjustments arising on the acquisition of foreign operations 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 reporting date.

2.7 Property, plant and equipment and depreciation

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, 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.

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

Freehold land has an unlimited 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 computed on a straight-line basis over the estimated useful lives of the assets as follows:

- Buildings	2% - 2.5%
- Leasehold land	60 - 99 years
- Plant and machinery	10% - 20%
- Office furniture, fittings and computer equipment	10% - 33.33%
- Motor vehicles	20%
- Renovation	2% - 10%

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

2.8 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.

A property interest under an operating lease is classified and accounted for as an investment property on a property-by-property basis when the Group holds it to earn rentals or for capital appreciation or both. Any such property interest under an operating lease classified as an investment property is carried at cost less accumulated depreciation and any accumulated impairment losses.

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

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment set out in Note 2.7 up to the date of change in use.

2.9 Intangible assets

Goodwill

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired is allocated, from the acquisition date, to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired, by comparing the carrying amount of the cash-generating unit, including the allocated goodwill, with the recoverable amount of the cash-generating unit. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.9 Intangible assets (cont'd)

Goodwill (cont'd)

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

Goodwill and fair value adjustments arising on the acquisition of foreign operation on or after 1 January 2006 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated in accordance with the accounting policy set out in Note 2.6.

Goodwill and fair value adjustments which arose on acquisitions of foreign operation before 1 January 2006 are deemed to be assets and liabilities of the Company and are recorded in RM at the rates prevailing at the date of acquisition.

2.10 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset 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 written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups 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.

Impairment losses are recognised in profit or loss. An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed 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. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

2.11 Subsidiaries

Subsidiaries are entities over which the Group has the power to govern the financial and operating policies so as to obtain benefits from their activities.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less any accumulated impairment losses.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.12 Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets.

a) Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near term.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised separately in profit or loss as part of other losses or other income.

Financial assets at fair value through profit or loss could be presented as current or non-current. Financial assets that are held primarily for trading purposes are presented as current whereas financial assets that are not held primarily for trading purposes are presented as current or non-current based on the settlement date.

b) Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

c) Held-to-maturity investments

Financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group and the Company have the positive intention and ability to hold the investment to maturity.

Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the held-to-maturity investments are derecognised or impaired, and through the amortisation process.

Held-to-maturity investments are classified as non-current, except for those having maturity within 12 months after the reporting date which are classified as current.

The Group and the Company have not designated any financial assets as held-to-maturity investments.

d) Available-for-sale financial assets

Available-for-sale financial assets are financial assets that are designated as available for sale or are not classified in any of the three preceding categories.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.12 Financial assets (cont'd)

d) Available-for-sale financial assets (cont'd)

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an available-for-sale equity instrument are recognised in profit or loss when the Group's and the Company's right to receive payment is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less any accumulated impairment losses.

Available-for-sale financial assets are classified as non-current unless they are expected to be realised within 12 months after the reporting date.

The Group and the Company have not designated any financial assets as available-for-sale financial assets.

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group and the Company commit to purchase or sell the asset.

2.13 Impairment of financial assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

a) Trade and other receivables and other financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.13 Impairment of financial assets (cont'd)

b) Unquoted equity securities carried at cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

c) Available-for-sale financial assets

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss.

Impairment losses on available-for-sale equity investments are not reversed in profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss is recognised in other comprehensive income. For available-for-sale debt investments, impairment losses are subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

2.14 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

2.15 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- Raw materials: purchase costs on a first-in, first-out basis.
- Finished goods and work-in-progress: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a first-in first-out basis.
- Trading goods: cost is determined on the first-in, first-out basis and 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 estimated costs of completion and the estimated costs necessary to make the sale.

2.16 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If 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. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.17 Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of FRS 139, are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

a) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities held for trading include derivatives entered into by the Group and the Company that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

b) Other financial liabilities

The Group's and the Company's other financial liabilities include trade payables, other payables (including amounts due to related companies) and loans and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2.18 Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee. If the debtor fails to make payment relating to financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.19 Borrowings costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

2.20 Employee benefits

a) 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.

b) Defined contribution plans

The Group participate in the national pension schemes as defined by the laws of the countries in which it has operations. The Malaysian companies in the Group make contributions to the Employee Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

c) Defined benefit plans

The costs of providing benefits under defined benefit plans are determined separately for each plan using the projected unit credit actuarial valuation method. Actuarial gains and losses are recognised as income or expense when the net cumulative unrecognised actuarial gains and losses for each individual plan at the end of the previous reporting year exceed 10% of the higher of the defined benefit obligation and the fair value of plan assets at that date. These gains or losses are recognised over the expected average remaining working lives of the employees participating in the plans.

The past service cost is recognised as an expense on a straight-line basis over the average period until the benefits become vested. If the benefits are already vested immediately following the introduction of, or changes to, a pension plan, past service cost is recognised immediately.

The defined benefit liability is the aggregate of the present value of the defined benefit obligation and actuarial gains and losses not recognised, reduced by past service cost not yet recognised and the fair value of plan assets out of which the obligations are to be settled directly. If such aggregate is negative, the asset is measured at the lower of such aggregate or the aggregate of cumulative unrecognised net actuarial losses and past service cost and the present value of any economic benefits available in the form of refunds from the plan or reductions in the future contributions to the plan.

If the asset is measured at the aggregate of cumulative unrecognised net actuarial losses and past service cost and the present value of any economic benefits available in the form of refunds from the plan or reductions in the future contributions to the plan:

- Net actuarial losses of the current period and past service cost of the current period are recognised immediately to the extent that they exceed any reduction in the present value of those economic benefits. If there is no change or an increase in the present value of the economic benefits, the entire net actuarial losses of the current period and past service cost of the current period are recognised immediately.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.20 Employee benefits (cont'd)

c) Defined benefit plans (cont'd)

- Net actuarial gains of the current period after the deduction of past service cost of the current period exceeding any increase in the present value of the economic benefits stated above are recognised immediately. If there is no change or a decrease in the present value of the economic benefits, the entire net actuarial gains of the current period after the deduction of past service cost of the current period are recognised immediately.

The Group's right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognised as a separate asset at fair value when and only when reimbursement is virtually certain.

d) Employee share option plans

Employees of the Group receive remuneration in the form of share options as consideration for services rendered. The cost of these equity-settled transactions with employees is measured by reference to the fair value of the options at the date on which the options are granted. This cost is recognised in profit or loss, with a corresponding increase in the employee share option reserve over the vesting period. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of options that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised at the beginning and end of that period.

No expense is recognised for options that do not ultimately vest, except for options where vesting is conditional upon a market or non-vesting condition, which are treated as vested irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. The employee share option reserve is transferred to retained earnings upon expiry of the share options. When the options are exercised, the employee share option reserve is transferred to share capital if new shares are issued, or to treasury shares if the options are satisfied by the reissuance of treasury shares.

e) 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 statement of financial position date are discounted to present value.

2.21 Leases

a) As lessee

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Leased assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.21 Leases (cont'd)

a) As lessee (cont'd)

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. 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.

b) As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.22(f).

2.22 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

a) Sale of goods

Revenue from sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer. 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.

b) Revenue from services

Revenue from services rendered is recognised net of discounts as and when the services are performed.

c) Interest income

Interest income is recognised using the effective interest method.

d) Management fees

Management fees are recognised when services are rendered.

e) Dividend income

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

f) Rental income

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

2.23 Income taxes

a) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.23 Income taxes (cont'd)

b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

c) Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of sales tax included.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.23 Income taxes (cont'd)

c) Sales tax (cont'd)

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

2.24 Segment reporting

For management purposes, the Group is organised into operating segments based on business segments which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in the notes to the financial statements, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.25 Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

2.26 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group and of the Company.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

3.1 Judgements made in applying accounting policies

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Classification between investment properties and property, plant and equipment

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

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

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (cont'd)

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting 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:

a) Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivables at the reporting date is disclosed in Note 17.

b) Impairment of investments in subsidiaries

In previous year, the Company has recognised an impairment loss in respect of investments in subsidiaries. The Company carried out the impairment test based on the estimation of the higher of the value-in-use or the 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 net carrying amount of investment in the subsidiaries of the Company as at 31 August 2012 for which impairment loss had been recognised was RM11,626,275 (2011: RM11,626,275) . Further details of the impairment losses recognised are disclosed in Note 13.

c) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses, unutilised reinvestment allowances and unabsorbed capital allowances to the extent that it is probable that taxable profit will be available against which the losses, capital allowances and reinvestment 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.

Assumption about generation of future taxable profits depends on management's estimates of future cash flows. These depend on estimates of future productions and sales volume, operating costs, capital expenditure, dividends and other capital management transactions. These judgements and assumptions are subject to risks and uncertainty; hence, there is a possibility that changes in circumstances will alter expectations, which may impact the amount of defined tax assets recognised in the statement of financial position and the amount of unrecognised tax losses and unrecognised temporary differences. Further details are disclosed in Note 18.

d) Depreciation of plant and machinery

The cost of plant and machinery for the contract manufacturing and supply of packaging materials business segments is depreciated on a straight-line basis over the assets' useful lives. Management estimates the useful lives of these plant and machinery to be within 5 to 10 years. These are common life expectancies applied in the contract manufacturing and supply of packaging materials industries. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

4. REVENUE

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

	Group		Company	
	2012	**2011**	**2012**	**2011**
	RM	**RM**	**RM**	**RM**
Sales of goods	**163,049,730**	164,884,100	**–**	–
Revenue from services	**3,867,371**	6,039,732	**–**	–
Management fees	**–**	–	**5,032,650**	4,725,497
Rental income from investment properties	**861,549**	774,703	**–**	–
	167,778,650	171,698,535	**5,032,650**	4,725,497

5. OTHER INCOME

	Group		Company	
	2012	**2011**	**2012**	**2011**
	RM	**RM**	**RM**	**RM**
Interest income from loan and receivables	**317,863**	332,669	**7**	151
Rental income	**27,881**	44,769	**–**	–
Scrap sales	**525,906**	474,869	**–**	–
Insurance claim	**23,921,995**	2,478,865	**–**	–
Gain on litigation settlement	**–**	1,509,681	**–**	–
Miscellaneous	**160,172**	243,874	**–**	–
	24,953,817	5,084,727	**7**	151

The insurance claim arose from the significant event during the financial year as disclosed in Note 34(a).

6. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2012	**2011**	**2012**	**2011**
	RM	**RM**	**RM**	**RM**
Wages and salaries	**24,394,510**	23,509,126	**3,418,798**	2,333,736
Social security contributions	**315,184**	382,479	**10,780**	9,851
Contributions to defined contribution plan	**1,632,820**	1,431,983	**381,884**	262,938
Defined benefit plan (Note 24(a))	**380,995**	359,771	**231,824**	204,054
Other benefits	**1,546,217**	2,412,497	**487,122**	81,209
Termination benefits	**1,524,500**	–	**–**	–
	29,794,226	28,095,856	**4,530,408**	2,891,788

Included in employee benefits expense of the Group and of the Company are executive directors' remuneration amounting to RM4,745,470 (2011: RM3,673,679) and RM1,822,042 (2011: RM1,165,551) respectively as further disclosed in Note 8.

The termination benefits arose from the significant event during the financial year as disclosed in Note 34(a).

7. OTHER EXPENSES

Included in the other expenses are:

	Group		Company	
	2012	**2011**	**2012**	**2011**
	RM	**RM**	**RM**	**RM**
Auditors' remuneration				
- statutory audits				
- current year	**225,610**	253,381	**10,000**	10,000
- underprovision in prior year	**4,195**	24,985	**–**	–
- other services	**49,900**	63,525	**–**	–
Allowance of impairment on trade and other receivables (Note 17)	**268,242**	268,634	**404,608**	–
Bad debts written off	**–**	3,700	**–**	–
Directors' fees	**296,400**	287,780	**181,400**	172,780
Doubtful debts recovered (Note 17)	**(837)**	–	**–**	–
Fair value changes in derivatives (Note 20)	**75,017**	(79,824)	**–**	–
Freight costs	**2,494,067**	1,768,508	**–**	–
Gain on disposal of property, plant and equipment	**(255,965)**	(20,408)	**(65,000)**	–
Inventories written down	**266,764**	24,368	**–**	–
Inventories written off	**1,548,699**	72,954	**–**	–
Investment property written off	**–**	2,082,867	**–**	–
Loss on disposal of other investment	**8,000**	–	**–**	–
Non-executive directors' remuneration (Note 8)	**147,060**	121,664	**147,060**	121,664
Realised loss on foreign exchange	**84,244**	397,276	**39,689**	53,836
Impairment losses on:				
- property, plant and equipment (Note 12)	**942,163**	–	**–**	–
- investments in subsidiaries	**–**	–	**–**	270,800
Professional fees	**564,780**	443,870	**128,271**	134,203
Property, plant and equipment written off	**6,303,067**	39,686	**170**	1,813
Reversal of allowance of impairment on trade and other receivables (Note 17)	**(46,116)**	(109,731)	**–**	(2,189)
Sub-contractor charges	**346,706**	762,890	**–**	–
Upkeep expenses	**931,945**	808,729	**58,284**	28,501
Unrealised (gain)/loss on foreign exchange	**(69,317)**	70,345	**86,952**	(70,868)

8. DIRECTORS' REMUNERATION

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Directors of the Company				
Executive:				
Salaries and other emoluments	**1,721,246**	1,502,723	**1,052,176**	843,667
Fees	**69,000**	65,720	**69,000**	65,720
Defined contribution plan	**266,893**	223,082	**159,757**	117,830
Defined benefit plan	**231,824**	204,054	**231,824**	204,054
Provision for leave passage	**483,008**	–	**257,710**	–
Short term accumulating compensated absences	**218,462**	–	**120,575**	–
	2,990,433	1,995,579	**1,891,042**	1,231,271
Non-executive:				
Salaries and other emoluments	**34,660**	14,604	**34,660**	14,604
Fees	**112,400**	107,060	**112,400**	107,060
	147,060	121,664	**147,060**	121,664
	3,137,493	2,117,243	**2,038,102**	1,352,935
Directors of subsidiaries				
Executive:				
Salaries and other emoluments	**1,824,037**	1,743,820	**–**	–
Fee	**115,000**	115,000	**–**	–
	1,939,037	1,858,820	**–**	–
Total	**5,076,530**	3,976,063	**2,038,102**	1,352,935

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

	Number of Directors	
	2012	2011
Executive directors:		
RM800,001 – RM1,050,000	**–**	1
RM1,050,001 – RM1,300,000	**1**	1
RM1,550,001 – RM1,800,000	**1**	–
Non-executive directors:		
RM60,000 and below	**3**	3

9. FINANCE COSTS

	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
Interest expense on:				
Bank borrowings	**760,544**	623,560	**–**	128,638
Due to a subsidiary	**–**	–	**405,247**	–
Term loans	**1,043,583**	650,638	**–**	–
Obligations under finance leases	**235,795**	189,558	**485**	1,542
Total interest expense	**2,039,922**	1,463,756	**405,732**	130,180

10. INCOME TAX EXPENSE

Major components of income tax expense

The major components of income tax expense are:

	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
Current income tax:				
Malaysian income tax	**332,560**	1,743,700	**–**	–
Withholding tax	**–**	148,119	**–**	–
Under/(over) provision in prior year	**164,960**	(51,092)	**38**	15
	497,520	1,840,727	**38**	15
Deferred tax (Note 18):				
Relating to origination and reversal of temporary differences	**(209,463)**	(19,449)	**–**	–
Deferred tax asset not recognised in prior year, now recognised	**(132,847)**	(537,479)	**–**	(450,000)
Reversal of deferred tax assets recognised in prior year	**550,000**	–	**550,000**	–
Underprovision in prior year	**10,646**	8,751	**–**	–
	218,336	(548,177)	**550,000**	(450,000)
Income tax expense recognised in profit or loss	**715,856**	1,292,550	**550,038**	(449,985)

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2011: 25%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions. The above reconciliation is prepared by aggregating separate reconciliation for each national jurisdiction.

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 corporate income tax on the net profit from the promoted business for a period of between 7 to 8 years; and

ii) 50% deduction on 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.

10. INCOME TAX EXPENSE (cont'd)

Reconciliation between tax expense and accounting profit/(loss)

The reconciliation between tax expense and the product of accounting profit/(loss) multiplied by the applicable corporate tax rate for the years ended 31 August 2012 and 2011 are as follows:

	Group		Company	
	2012	**2011**	**2012**	**2011**
	RM	**RM**	**RM**	**RM**
Profit/(loss) before tax	**4,687,610**	6,584,675	**(1,415,361)**	999,974
Taxation at Malaysian statutory tax rate of 25% (2011: 25%)	**1,171,903**	1,646,169	**(353,840)**	249,994
Effect of different tax rates in another country	**455,530**	26,122	**–**	–
Effect of changes in foreign tax rate	**72,622**	–	**–**	–
Income not subject to tax	**(4,269,322)**	(403,066)	**–**	–
Withholding tax	**–**	148,119	**–**	–
Expenses not deductible for tax purposes	**663,100**	821,833	**228,483**	79,695
Expenses allowable for double deductions	**–**	(7,525)	**–**	–
Utilisation of current year reinvestment allowances	**(209,361)**	(61,523)	**–**	–
Utilisation of previously unrecognised tax losses and unabsorbed capital allowances	**(652,319)**	(592,881)	**–**	(329,689)
Utilisation of previously unrecognised temporary differences	**(10,035)**	–	**–**	–
Utilisation of previously unutilised reinvestment allowances	**(6,769)**	–	**–**	–
Deferred tax assets not recognised during the financial year	**2,775,239**	295,122	**125,357**	–
Deferred tax assets not recognised in prior years, now recognised	**(338)**	(537,479)	**–**	(450,000)
Deferred tax assets recognised in prior years, now reversed	**550,000**	–	**550,000**	–
Under/(over) provision in prior year				
- tax expense	**164,960**	(51,092)	**38**	15
- deferred tax	**10,646**	8,751	**–**	–
Income tax expense recognised in profit or loss	**715,856**	1,292,550	**550,038**	(449,985)

Tax savings recognised during the financial year arising from:

	Group		Company	
	2012	**2011**	**2012**	**2011**
	RM	**RM**	**RM**	**RM**
Utilisation of previously unrecognised tax losses	**642,834**	491,705	**–**	329,689
Utilisation of previously unabsorbed capital allowances	**9,485**	101,176	**–**	–
Utilisation of previously unutilised reinvestment allowances	**6,769**	–	**–**	–
Ultilisation of previously unrecognised temporary differences	**10,035**	–	**–**	–

11. EARNINGS PER SHARE

(a) Basic

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

	Group	
	2012	**2011**
Profit attributable to ordinary equity holders of the Company (RM)	**2,766,058**	4,681,905
Number of ordinary shares in issue	**45,101,000**	45,101,000
Basic earnings per share (sen)	**6.13**	10.38

(b) Diluted

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

12. 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
At 31 August 2012							
Cost							
At 1 September 2011	18,652,804	27,634,902	8,440,826	3,977,218	9,547,837	4,618,568	72,872,155
Additions	1,958,329	2,800,424	1,371,996	172,390	962,865	7,300,277	14,566,281
Reclassification	–	6,478,367	–	–	4,050,626	(10,528,993)	–
Transferred from investment properties (Note 14)	3,564,997	–	–	–	458,406	–	4,023,403
Disposals	–	(292,780)	(7,300)	(365,000)	–	–	(665,080)
Write off	–	(6,928,154)	(784,590)	(24,827)	(6,386,883)	(305,161)	(14,429,615)
Exchange differences	16,225	(5,774)	10,689	4,654	141,570	63,108	230,472
At 31 August 2012	24,192,355	29,686,985	9,031,621	3,764,435	8,774,421	1,147,799	76,597,616

12. 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
At 31 August 2012							
Accumulated depreciation and impairment loss							
At 1 September 2011	2,243,385	20,709,657	6,638,666	2,790,576	3,992,466	–	36,374,750
Depreciation charge for the year	308,866	2,101,446	617,830	444,965	534,868	–	4,007,975
Transferred from investment properties (Note 14)	889,208	–	–	–	423,401	–	1,312,609
Disposals	–	(211,014)	(2,698)	(365,000)	–	–	(578,712)
Write off	–	(5,129,648)	(405,865)	(20,117)	(2,570,918)	–	(8,126,548)
Impairment loss (Note 7)	–	91,718	244,559	–	605,886	–	942,163
Exchange differences	1,490	67,954	5,807	2,318	32,869	–	110,438
At 31 August 2012	3,442,949	17,630,113	7,098,299	2,852,742	3,018,572	–	34,042,675

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12. 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
Analysed as:							
Accumulated depreciation	3,442,949	16,877,822	6,847,939	2,852,742	2,412,686	–	32,434,138
Accumulated impairment loss	–	752,291	250,360	–	605,886	–	1,608,537
At 31 August 2012	3,442,949	17,630,113	7,098,299	2,852,742	3,018,572	–	34,042,675
Net carrying amount							
At 31 August 2012	20,749,406	12,056,872	1,933,322	911,693	5,755,849	1,147,799	42,554,941
At 31 August 2011							
Cost							
At 1 September 2010	20,532,935	26,765,375	7,493,063	3,658,528	8,610,585	3,191,206	70,251,692
Additions	2,841,943	1,072,617	1,068,466	384,784	817,730	1,948,909	8,134,449
Reclassification	–	291,162	–	–	185,336	(476,498)	–
Transferred to investment properties (Note 14)	(4,644,508)	–	–	–	–	–	(4,644,508)
Disposals	–	(348,980)	(20,949)	(51,291)	(2,358)	–	(423,578)
Write off	–	(41,740)	(85,466)	–	(8,754)	–	(135,960)
Exchange differences	(77,566)	(103,532)	(14,288)	(14,803)	(54,702)	(45,049)	(309,940)
At 31 August 2011	18,652,804	27,634,902	8,440,826	3,977,218	9,547,837	4,618,568	72,872,155

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12. 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
At 31 August 2011							
Accumulated depreciation and impairment loss							
At 1 September 2010	3,228,709	19,416,635	6,229,119	2,383,267	3,199,584	11,085	34,468,399
Depreciation charge for the year	275,349	1,721,357	493,723	466,595	809,623	–	3,766,647
Reclassification	–	–	–	–	11,014	(11,014)	–
Transferred to investment properties (note 14)	(1,251,220)	–	–	–	–	–	(1,251,220)
Disposals	–	(315,381)	(18,683)	(51,290)	(1,199)	–	(386,553)
Write off	–	(39,787)	(54,233)	–	(2,254)	–	(96,274)
Exchange differences	(9,453)	(73,167)	(11,260)	(7,996)	(24,302)	(71)	(126,249)
At 31 August 2011	2,243,385	20,709,657	6,638,666	2,790,576	3,992,466	–	36,374,750
Analysed as:							
Accumulated depreciation	2,243,385	20,049,084	6,632,865	2,790,576	3,992,466	–	35,708,376
Accumulated impairment loss	–	660,573	5,801	–	–	–	666,374
At 31 August 2011	2,243,385	20,709,657	6,638,666	2,790,576	3,992,466	–	36,374,750
Net carrying amount							
At 31 August 2011	16,409,419	6,925,245	1,802,160	1,186,642	5,555,371	4,618,568	36,497,405

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

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

At 31 August 2012	Freehold land RM	Leasehold land RM	Buildings RM	Total RM
Cost				
At 1 September 2011	6,261,864	1,209,839	11,181,101	18,652,804
Additions	–	1,958,329	–	1,958,329
Transferred from investment properties	–	268,804	3,296,193	3,564,997
Exchange differences	7,818	–	8,407	16,225
At 31 August 2012	6,269,682	3,436,972	14,485,701	24,192,355
Accumulated depreciation				
At 1 September 2011	–	346,246	1,897,139	2,243,385
Depreciation charge for the year	–	49,367	259,499	308,866
Transferred from investment properties	–	63,247	825,961	889,208
Exchange differences	–	–	1,490	1,490
At 31 August 2012	–	458,860	2,984,089	3,442,949
Net carrying amount				
At 31 August 2012	6,269,682	2,978,112	11,501,612	20,749,406
At 31 August 2011				
Cost				
At 1 September 2010	4,247,962	1,478,643	14,806,330	20,532,935
Additions	2,275,911	–	566,032	2,841,943
Transferred to investment properties	(229,460)	(268,804)	(4,146,244)	(4,644,508)
Exchange differences	(32,549)	–	(45,017)	(77,566)
At 31 August 2011	6,261,864	1,209,839	11,181,101	18,652,804
Accumulated depreciation				
At 1 September 2010	–	373,878	2,854,831	3,228,709
Depreciation charge for the year	–	25,075	250,274	275,349
Transferred to investment properties	–	(52,707)	(1,198,513)	(1,251,220)
Exchange differences	–	–	(9,453)	(9,453)
At 31 August 2011	–	346,246	1,897,139	2,243,385
Net carrying amount				
At 31 August 2011	6,261,864	863,593	9,283,962	16,409,419

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

Company	Motor vehicle RM	Office furniture, fittings and computer equipment RM	Total RM
At 31 August 2012			
Cost			
At 1 September 2011	504,306	783,054	1,287,360
Additions	–	18,226	18,226
Disposal	(365,000)	–	(365,000)
Transfer out	–	(4,398)	(4,398)
Write off	–	(255)	(255)
At 31 August 2012	139,306	796,627	935,933
Accumulated depreciation			
At 1 September 2011	481,087	741,870	1,222,957
Depreciation charge for the year	23,219	14,512	37,731
Disposal	(365,000)	–	(365,000)
Transfer out	–	(3,639)	(3,639)
Write off	–	(85)	(85)
At 31 August 2012	139,306	752,658	891,964
Net carrying amount			
At 31 August 2012	–	43,969	43,969
At 31 August 2011			
Cost			
At 1 September 2010	504,306	783,266	1,287,572
Additions	–	2,988	2,988
Write off	–	(3,200)	(3,200)
At 31 August 2011	504,306	783,054	1,287,360
Accumulated depreciation			
At 1 September 2010	453,226	721,861	1,175,087
Depreciation charge for the year	27,861	21,396	49,257
Write off	–	(1,387)	(1,387)
At 31 August 2011	481,087	741,870	1,222,957
Net carrying amount			
At 31 August 2011	23,219	41,184	64,403

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

(a) Assets held under finance leases

During the financial year, the Group acquired property, plant and equipment with aggregate cost of RM1,254,000 (2011: RM1,930,587) and RM1,481,000 (2011:Nil) by means of obligations under finance leases arrangements and term loans respectively. The cash outflows on acquisition of property, plant and equipment of the Group and Company amounted to RM11,831,281 (2011: RM6,203,862) and RM18,226 (2011: RM2,988) respectively.

The net carrying amounts of property, plant and equipment held under finance leases arrangements at the reporting date are as follows:

	Group		Company	
	2012	**2011**	**2012**	**2011**
	RM	**RM**	**RM**	**RM**
Plant and machinery	**1,434,327**	2,021,086	**–**	–
Office furniture, fittings and computer equipment	**–**	61,648	**–**	–
Motor vehicles	**480,999**	791,822	**–**	23,218
	1,915,326	2,874,556	**–**	23,218

(b) Assets pledged as security

In addition to assets held under finance leases agreements, the Group's property, plant and equipment as below are pledged to secure the Group's bank borrowings as disclosed in Note 22.

	Group	
	2012	**2011**
	RM	**RM**
Land and buildings	**19,529,642**	15,364,440
Plant and machinery	**3,666,239**	3,091,420
Renovation	**1,190,740**	529,863
	24,386,621	18,985,723

(c) Assets fully depreciated

Included in plant and equipment of the Group and of the Company are fully depreciated assets which are still in use costing RM16,092,414 (2011: RM17,071,966) and RM1,211,308 (2011: RM1,059,264) respectively.

(d) Impairment of property, plant and equipment

During the year, the Group has:

(i) written off RM6,285,631 of property, plant and equipment, arising from the flood incidents in Thailand which had affected the operations of a subsidiary, as disclosed in Note 34(a); and

(ii) impaired RM942,163 being property, plant and equipment of a subsidiary in Malaysia.

13. INVESTMENTS IN SUBSIDIARIES

	Company 2012 RM	2011 RM
Unquoted shares, at cost	**56,069,963**	48,569,963
Accumulated impairment losses	**(11,626,275)**	(11,626,275)
	44,443,688	36,943,688

Details of the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Proportion of ownership interest 2012 %	2011 %	Principal activities
D'nonce (M) Sdn. Bhd.	Malaysia	**100**	100	Sales and distribution of advanced packaging materials, electronics products and consumables.
D'nonce (K.L) Sdn. Bhd.	Malaysia	**100**	100	Sales and distribution of advanced packaging materials, electronics products and consumables.
D'nonce (Kelantan) Sdn. Bhd.	Malaysia	**55**	55	Sales and distribution of advanced packaging materials, electronics products and consumables.
D'nonce (Johore) Sdn. Bhd.	Malaysia	**55**	55	Sales and distribution of advanced packaging materials and security products.
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 and contract manufacturing of electronic components.
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 manufacturing of electronic components and renting of plant and machinery.

13. INVESTMENTS IN SUBSIDIARIES (cont'd)

Name of subsidiaries	Country of incorporation	Proportion of ownership interest 2012 %	Proportion of ownership interest 2011 %	Principal activities
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	Manufacturing 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**	100	Dormant.
Logistic Solution Holdings Co., Ltd.^	Thailand	**99**	99	Investment holding.
ISCM Technology (Thailand) Co., Ltd. ^	Thailand	**100**	70	Contract manufacturing of electronic components.
ISCM Industries (Thailand) Co., Ltd. ^ ***	Thailand	**100**	70	Printing of packaging materials and contract manufacturing of consumable electronic.

* 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 subsidiary is held through ISCM Technology (Thailand) Co., Ltd.

^ Audited by member firm of Ernst & Young Global in Thailand.

(a) Impairment loss recognised

The management of the Company carried out a review of the recoverable amount of its investment in subsidiaries when there is an indication of impairment. There is no further impairment loss to be recognised in the current financial year. 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 the investments in subsidiaries. In determining the value of use for the CGU the discount rate applied to cash flow projections is the Group's weighted average cost of capital.

13. INVESTMENTS IN SUBSIDIARIES (cont'd)

(b) Acquisition of non-controlling interests

On 7 June 2012, the Company acquired the remaining 30% equity interest of ISCM Technology (Thailand) Co., Ltd. from its non-controlling interests for a cash consideration of RM7.5 million. As a result of this acquisition, ISCM Technology (Thailand) Co., Ltd. and ISCM Industries (Thailand) Co., Ltd. became wholly-owned subsidiaries of the Company. On the date of acquisition, the carrying value of the additional interests acquired was RM7,831,807. The difference between the consideration and the book value of the interests acquired of RM331,807 is reflected in equity as discount on acquisition of non-controlling interests.

(c) Application to strike off a subsidiary

Subsequent to year end, on 12 December 2012, an application to strike off D'nonce Labels (M) Sdn. Bhd., a wholly owned subsidiary of the Company, was submitted to the Companies Commission of Malaysia ("SSM") pursuant to Section 308 of the Companies Act, 1965. The subsidiary has not been in operations since October 2006.

14. INVESTMENT PROPERTIES

	Group	
	2012	**2011**
	RM	**RM**
Land, buildings and renovation, at cost		
At 1 September	**10,002,148**	8,976,434
Additions from subsequent expenditure	**8,576,230**	3,150
Transfer (to)/from property, plant and equipment (Note 12)	**(4,023,403)**	4,644,508
Write off	**–**	(3,621,944)
At 31 August	**14,554,975**	10,002,148
Accumulated depreciation		
At 1 September	**2,826,285**	2,822,134
Depreciation charge for the year	**290,728**	292,008
Transfer (to)/from property, plant and equipment (Note 12)	**(1,312,609)**	1,251,220
Write off	**–**	(1,539,077)
At 31 August	**1,804,404**	2,826,285
Net carrying amount		
At 31 August	**12,750,571**	7,175,863

(a) Valuation of investment properties

The investment properties have an open market value of approximately RM21,170,000 (2011: RM8,565,000). The valuations are performed by accredited independent valuers with recent experience in the location and category of properties being 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 (Note 28(c)).

(b) Investment properties written off

In prior year, a factory building of one of the Company's subsidiaries, Attractive Venture Sdn. Bhd. had been destroyed by fire and the entire net carrying amount of RM2,082,867 was written off.

(c) Properties pledged as security

Investment properties with an aggregate carrying value of RM12,642,652 (2011: RM6,131,674) are pledged to secure the Group's bank borrowings (Note 22).

14. INVESTMENT PROPERTIES (cont'd)

(d) Investment properties held under finance leases

During the financial year, the Group incurred expenditure on investment properties with aggregate cost of RM60,000 (2011: Nil) and RM5,995,206 (2011: Nil) by means of obligations under finance leases arrangements and term loans respectively. The cash outflows on subsequent expenditure on investment properties of the Group amounted to RM2,521,024 (2011: RM3,150).

The net carrying amounts of investment properties held under finance leases arrangements at the reporting date are as follows:

	Group	
	2012	**2011**
	RM	**RM**
Renovation	**71,250**	–

The leasehold properties have unexpired lease periods between 41 to 79 (2011: 42 to 80) years.

The Group's direct operating expenses of revenue generating investment properties are RM334,831 (2011: RM169,404).

15. OTHER INVESTMENTS

	Group	
	2012	**2011**
	RM	**RM**
Golf club memberships, at cost		
At 1 September	**168,205**	188,205
Accumulated impairment losses	**(154,205)**	(154,205)
At 31 August	**14,000**	34,000

The management has carried out a review of the recoverable amount of its investments in golf club memberships. The review had led to the retention of the impairment loss recognised in prior year's profit or loss.

16. INTANGIBLE ASSET

	Group	
Goodwill	**2012**	**2011**
	RM	**RM**
At 1 September	**413,371**	413,371
Accumulated impairment losses	**(124,243)**	(124,243)
At 31 August	**289,128**	289,128

Impairments test for goodwill

Allocation of goodwill

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

	2012	**2011**
	RM	**RM**
Contract manufacturing - Thailand	**289,128**	289,128

16. INTANGIBLE ASSET (cont'd)

During the year, the Group has carried out a review of the recoverable amount of its goodwill. The recoverable amount of a CGU is determined based on value-in-use calculations using cash flow projections based on financial forecasts approved by management covering a five year period.

Key assumptions used in value-in-use calculations

Key assumptions and managements' approach to determine the values assigned to each key assumption are as follows:

(i) Selling price

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

(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.

(iii) Discount rate

The discount rate applied to the cash flow projection is 8.12% (2011: 8.96%) per annum) and is based on the Group's weighted average cost of capital.

(iv) Terminal value

The terminal value of the CGUs is calculated by using perpetuity approach, applying no growth rate beyond 5 years.

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	
	2012	**2011**	**2012**	**2011**
	RM	**RM**	**RM**	**RM**
Trade receivables				
Current				
Third parties - interest bearing at 3.58% to 5.00% p.a. (2011: 3.58% to 5.00% p.a.)	**1,457,728**	1,455,274	**–**	–
Third parties - non-interest bearing	**30,939,729**	30,682,380	**–**	–
	32,397,457	32,137,654	**–**	–
Less: Allowance for impairment	**(507,665)**	(334,817)	**–**	–
Trade receivables, net	**31,889,792**	31,802,837	**–**	–
Non-current				
Third parties - interest bearing at 3.58% to 5.00% p.a. (2011: 3.58% to 5.00% p.a.)	**1,135,334**	2,360,463	**–**	–
Total trade receivables (current and non-current)	**33,025,126**	34,163,300	**–**	–

17. TRADE AND OTHER RECEIVABLES (cont'd)

	Group		Company	
	2012	**2011**	**2012**	**2011**
	RM	**RM**	**RM**	**RM**
Other receivables				
Current:				
Due from related parties	**–**	6,846	**–**	–
Due from subsidiaries	**–**	–	**13,625,015**	10,638,864
	–	6,846	**13,625,015**	10,638,864
Less: Allowance for impairment	**–**	–	**(4,026,399)**	(3,621,791)
	–	6,846	**9,598,616**	7,017,073
Deposits	**1,052,234**	4,720,520	**4,070**	3,014,373
Insurance receivables	**1,196,178**	–	**–**	–
Prepayments	**2,407,551**	929,305	**–**	–
Sundry receivables	**1,752,072**	2,797,384	**–**	–
Other receivables, net	**6,408,035**	8,454,055	**9,602,686**	10,031,446
Total trade and other receivables (current)	**38,297,827**	40,256,892	**9,602,686**	10,031,446
Total trade and other receivables (non-current and current)	**39,433,161**	42,617,355	**9,602,686**	10,031,446
Add: Cash and bank balances (Note 21)	**11,875,907**	10,067,696	**409,045**	223,868
Less: Prepayments	**(2,407,551)**	(929,305)	**–**	–
Deposits	**–**	(3,548,631)	**–**	(3,010,303)
Total loan and receivables	**48,901,517**	48,207,115	**10,011,731**	7,245,011

(a) Trade receivables

The normal credit terms range from 15 to 90 days (2011: 15 to 90 days). They are recognised at their original invoice amounts which represent their fair values on initial recognition.

The Group has no significant concentration of credit risk that may arise from exposure to a single customer or groups of customers, other than as disclosed in note 31(a).

The Group has entered into an arrangement with a customer whereby a certain portion of the receipt from its end customer will be used to pay off the Group's revolving credit.

Ageing analysis of trade receivables

The ageing analysis of the Group's trade receivables is as follows:

	Group	
	2012	**2011**
	RM	**RM**
Neither past due nor impaired	**25,308,826**	24,328,827
1 to 30 days past due not impaired	**3,782,150**	6,630,437
31 to 60 days past due not impaired	**1,023,890**	1,138,035
61 to 90 days past due not impaired	**804,746**	483,356
More than 91 days past due not impaired	**1,361,308**	1,582,645
	6,972,094	9,834,473
Impaired	**1,251,871**	334,817
	33,532,791	34,498,117

17. TRADE AND OTHER RECEIVABLES (cont'd)

(a) Trade receivables (cont'd)

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group. The majority of the Group's trade receivables arose from customers with more than four years of experience with the Group and losses have occurred infrequently.

None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM6,972,094 (2011: RM9,834,473) that are past due at the reporting date but not impaired. These receivables are not secured by any collateral or credit enhancement.

Receivables that are impaired

The Group's trade receivables that are impaired at the reporting date and the movement of allowance accounts used to record the impairment are as follows:

	Group	
	2012	**2011**
	RM	**RM**
Individually impaired		
Trade receivables - nominal amounts	**1,251,871**	334,817
Less: Allowance for impairment	**(507,665)**	(334,817)
	744,206	–

Movement in allowance accounts:

	Group	
	2012	**2011**
	RM	**RM**
At 1 September	**334,817**	663,008
Charge for the year (Note 7)	**268,242**	268,634
Doubtful debts recovered (Note 7)	**(837)**	–
Written off	**(48,453)**	(487,042)
Reversal of impairment losses (Note 7)	**(46,116)**	(109,731)
Exchange differences	**12**	(52)
At 31 August	**507,665**	334,817

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

(b) Amounts due from subsidiaries and related parties

The amounts due from subsidiaries included under other receivables comprise management fees which are unsecured and interest free and are repayable upon demand.

Included are also advances to subsidiaries and related parties which are unsecured, non interest bearing and are repayable upon demand.

Further details on related party transactions are disclosed in Note 27.

17. TRADE AND OTHER RECEIVABLES (cont'd)

(c) Other receivables

Other receivables that are impaired

The Company's other receivables that are impaired at the reporting date and the movement of the allowance accounts to record the impairment are as follows:

	Company	
	2012	**2011**
	RM	**RM**
Individually impaired		
Trade receivables - nominal amounts	**9,799,476**	8,103,836
Less: Allowance for impairment	**(4,026,399)**	(3,621,791)
	5,773,077	4,482,045

Movement in allowance accounts:

	Company	
	2012	**2011**
	RM	**RM**
At 1 September	**3,621,791**	2,500,000
Effect of adopting FRS 139	**–**	1,123,980
Impairment/(reversal) during the year (Note 7)	**404,608**	(2,189)
At 31 August	**4,026,399**	3,621,791

Other receivables that are individually determined to be impaired at the reporting date relate to subsidiaries that are in significant financial difficulties. These receivables are not secured by any collateral or credit enhancements.

In prior year, included in the deposits are:

- deposit paid for acquisition of property, plant and equipment by the Group amounting to RM548,631 as disclosed in Note 28(a).

- deposit paid amounting to RM3,000,000 for the proposed acquisition by the Company of 30% equity interest in ISCM Technology (Thailand) Co., Ltd., comprising 300,000 ordinary shares of Thai Baht 100 each for a total cash consideration of RM7.5 million. The acquisition was completed during the financial year as disclosed in Note 13(b).

Other information on financial risks of trade and other receivables are disclosed in Note 31.

18. DEFERRED TAX (ASSETS)/LIABILITIES

	Group	
	2012	**2011**
	RM	**RM**
At 1 September	**(640,560)**	(92,413)
Recognised in profit or loss (Note 10)	**218,336**	(548,177)
Exchange differences	**(386)**	30
At 31 August	**(422,610)**	(640,560)
Presented after appropriate offsetting as follows:		
Deferred tax assets	**(515,114)**	(737,450)
Deferred tax liabilities	**92,504**	96,890
	(422,610)	(640,560)

	Company	
	2012	**2011**
	RM	**RM**
At 1 September	**(650,000)**	(200,000)
Recognised in profit or loss (Note 10)	**550,000**	(450,000)
At 31 August	**(100,000)**	(650,000)
Presented after appropriate offsetting as follows:		
Deferred tax assets	(100,000)	(650,000)

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	Others	Total
	RM	**RM**	**RM**
At 1 September 2011	(291,000)	(479,629)	(770,629)
Recognised in profit or loss	191,000	112,565	303,565
Exchange differences	–	(386)	(386)
At 31 August 2012	(100,000)	(367,450)	(467,450)
At 1 September 2010	(200,000)	(17,200)	(217,200)
Recognised in profit or loss	(91,000)	(462,459)	(553,459)
Exchange differences	–	30	30
At 31 August 2011	(291,000)	(479,629)	(770,629)

18. DEFERRED TAX (ASSETS)/LIABILITIES (cont'd)

Deferred tax liabilities of the Group:

	Accelerated capital allowances RM	Others RM	Total RM
At 1 September 2011	191,621	(61,552)	130,069
Recognised in profit and loss	22,626	(107,855)	(85,229)
At 31 August 2012	214,247	(169,407)	44,840
At 1 September 2010	192,859	(68,072)	124,787
Recognised in profit or loss	(1,238)	6,520	5,282
At 31 August 2011	191,621	(61,552)	130,069

Deferred tax assets of the Company:

	Unused tax losses RM
At 1 September 2011	(650,000)
Recognised in profit and loss	550,000
At 31 August 2012	(100,000)
At 1 September 2010	(200,000)
Recognised in profit and loss	(450,000)
At 31 August 2011	(650,000)

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

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Unused tax losses	**27,110,000**	17,870,000	**1,891,000**	–
Unabsorbed capital allowances	**6,973,000**	6,321,000	**–**	–
Unutilised reinvestment allowances	**9,224,000**	9,251,000	**–**	–
Other deductible temporary differences	**2,190,000**	1,431,000	**2,081,000**	1,297,000
	45,497,000	34,873,000	**3,972,000**	1,297,000

No deferred tax assets were recognised in respect of the above as it is not probable that future taxable profits will be available against which unused tax losses, unabsorbed capital allowances are unutilised retained allowance can be utilised.

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

19. INVENTORIES

	Group 2012 RM	Group 2011 RM
At cost:		
Raw materials	**2,986,839**	3,696,976
Work-in-progress	**818,847**	689,998
Finished goods	**2,233,635**	1,478,219
Trading goods	**11,269,094**	7,722,197
	17,308,415	13,587,390
At net realisable value:		
Raw materials	**2,729,397**	246,589
Finished goods	**525,791**	690,127
Trading goods	**60,596**	77,890
	3,315,784	1,014,606
Total	**20,624,199**	14,601,996

During the year, the Group has written off inventories amounting to RM855,648, arising from the flood incidents in Thailand which had effected the operations of a subsidiary, as disclosed in Note 34(a).

20. DERIVATIVES

	Group 2012 RM Contract/ Notional amount	Group 2012 RM Assets/ (liabilities)	Group 2011 RM Contract/ Notional amount	Group 2011 RM Assets
Non-hedging derivatives:				
Forward currency contracts:				
- Purchase contracts	**1,447,570**	**16,307**	3,358,281	79,824
- Sales contracts	**555,500**	**(11,500)**	–	–

The Group uses forward currency contracts to manage some of the transaction exposure. These contracts are not designated as cash flow or fair value hedges and are entered into for periods consistent with currency transaction exposure. Such derivatives do not qualify for hedge accounting.

Forward currency contracts are used to hedge the Group's receivables and payables denominated in US Dollar ("USD") for which firm commitments existed at the reporting date, extending to March 2013 (2011:January 2012) (Note 31(d)).

During the year, the Company recognised a loss of RM75,017 (2011: gain of RM79,824) arising from fair value changes of its forward currency contracts. The fair value changes are attributable to changes in foreign exchange spot and forward rates. The method and assumptions applied in determining the fair values of derivatives are disclosed in Note 30.

21. CASH AND BANK BALANCES

	Group		Company	
	2012	**2011**	**2012**	**2011**
	RM	**RM**	**RM**	**RM**
Non-current:				
Deposit with licensed bank	**100,000**	–	**–**	–
Current:				
Cash on hand and at banks	**8,611,440**	6,436,867	**409,045**	223,868
Deposits with licensed banks	**3,164,467**	3,630,829	**–**	–
	11,775,907	10,067,696	**409,045**	223,868
Total	**11,875,907**	10,067,696	**409,045**	223,868

Non-current

The deposit with a licenced bank is for a period of 5 years and the effective interest rate as at 31 August 2012 was 3.30% per annum. The deposit is pledged as security for the Group's borrowings and banking facilities as disclosed in Note 22.

Current

Deposit with licenced banks are made for varying periods of between 1 month and 12 months depending on the immediate cash requirement of the Group, and earn interest at the respective short term deposit rates. The effective interest rates as at 31 August 2012 for the Group ranged within 2.30% to 3.70% (2011: 2.20% to 3.70%) per annum.

Included in deposits with licensed banks of the Group is an amount of RM2,865,787 (2011: RM2,431,159) which are pledged as securities for the Group's borrowings and banking facilities as disclosed in Note 22.

Certain deposits with a licensed bank of the Group amounting to RM123,348 (2011: RM109,328) are also registered in the name of a director of a subsidiary who holds them in trust for the subsidiary.

22. LOAN AND BORROWINGS

		Group		Company	
		2012	2011	2012	2011
	Maturity	RM	RM	RM	RM
Current:					
Secured:					
Bank overdrafts	On demand	**8,623,789**	6,069,929	**–**	–
Bankers' acceptances	2013/2012	**7,396,311**	3,663,000	**–**	–
Revolving credit	2013/2012	**3,590,446**	1,400,000	**–**	–
Promissory notes	2013/2012	**–**	2,388,396	**–**	–
Trust receipts	2013/2012	**1,622,366**	101,660	**–**	–
Term loans	2013/2012	**3,232,505**	2,821,424	**–**	–
Obligations under finance leases (Note 28(d))	2013/2012	**840,122**	1,362,315	**–**	23,979
		25,305,539	17,806,724	**–**	23,979
Unsecured:					
Bank overdrafts	On demand	**–**	79,896	**–**	–
Bankers' acceptance	2013/2012	**2,041,286**	250,000	**–**	–
		2,041,286	329,896	**–**	–
		27,346,825	18,136,620	**–**	23,979
Non-current:					
Secured:					
Term loans	2014 – 2018/ 2013 – 2018	**11,340,440**	5,439,273	**–**	–
Obligations under finance leases (Note 28(d))	2014 – 2018/ 2013 – 2018	**1,434,874**	1,226,008	**–**	–
		12,775,314	6,665,281	**–**	–
Total borrowings					
Bank overdrafts		**8,623,789**	6,149,825	**–**	–
Bankers' acceptances		**9,437,597**	3,913,000	**–**	–
Revolving credits		**3,590,446**	1,400,000	**–**	–
Promissory notes		**–**	2,388,396	**–**	–
Trust receipts		**1,622,366**	101,660	**–**	–
Term loans		**14,572,945**	8,260,697	**–**	–
Obligations under finance leases (Note 28(d))		**2,274,996**	2,588,323	**–**	23,979
		40,122,139	24,801,901	**–**	23,979

22. LOAN AND BORROWINGS (cont'd)

The remaining maturities of the loans and borrowings as at 31 August 2012 and 2011 are as follows:

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
On demand or within one year	**27,346,825**	18,136,620	–	23,979
More than 1 year and less than 2 years	**3,798,505**	3,454,490	–	–
More than 2 year and less than 5 years	**3,290,136**	2,861,553	–	–
5 years or more	**5,686,673**	349,238	–	–
	40,122,139	24,801,901	–	23,979

Bank overdrafts

Bank overdrafts are denominated in the respective functional currencies of the relevant entities in the Group. The bank overdrafts bear interest rates ranging from 7.60% - 8.60% (2011: 7.85% - 8.35%) p.a. and 7.38% (2011: 7.63%) p.a. for bank overdrafts denominated in RM and Thai Baht ("THB") respectively.

Obligations under finance leases

These obligations are secured by a charge over the leased assets (Note 12(a)). These obligations are denominated in the respective functional currencies of the relevant entities in the Group. The average discount rates implicit in the leases ranged from 2.24% - 7.10% (2011: 2.24% - 4.86%) p.a. and 2.65% - 7.29% (2011: 2.65% - 7.92%) p.a. for obligations under finance leases denominated in RM and THB respectively.

Certain obligations under finance leases of RM1,300,491 (2011: RM1,464,797) of the Group and of the Company are secured by way of corporate guarantees from the Company.

Bankers' acceptances

Bankers' acceptances are denominated in RM and THB, and bear interest rates ranging from 3.25% - 5.95% (2011: 2.24% - 5.35%) p.a..

Revolving credits

Revolving credits are denominated in RM and bear interest rate of 5.00% (2011: 7.10%) p.a. and are secured by legally assigned third party contracts' proceeds and corporate guarantees by the Company.

Promissory notes

Promissory notes are denominated in THB and bear interest rate of 7.3% p.a. as at 31 August 2011.

Trust receipts

Trust receipts are denominated in THB and bear interest rates ranging from 7.00% to 10.00% (2011: 7.63%) p.a..

Term loans

Term loans are denominated in the respective functional currencies of the relevant entities in the Group. The term loans bear interest rates ranging from 4.60% - 8.35% (2011: 5.10% - 6.95%) and 3.00% - 7.13% (2011: 7.13% - 7.63%) p.a. for term loans denominated in RM and THB respectively.

22. LOAN AND BORROWINGS (cont'd)

Term loans (cont'd)

Except for obligations under finance leases and revolving credits, the above banking facilities of the Group are secured by the following:

(a) legal charges over certain subsidiaries' property, plant and equipment, and investment properties as disclosed in Note 12 and Note 14 respectively;

(b) current and non-current deposits with licensed banks amounting to RM2,965,787 (2011: RM2,431,539) of the Group as disclosed in Note 21;

(c) a guarantee by a director of a subsidiary; and

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

23. TRADE AND OTHER PAYABLES

	Group		Company	
	2012	**2011**	**2012**	**2011**
	RM	**RM**	**RM**	**RM**
Trade payables				
Third party - interest bearing at 5% p.a. (2011: 5% p.a.)	**–**	867,283	**–**	–
Third parties - non-interest bearing	**18,408,660**	14,930,509	**–**	–
	18,408,660	15,797,792	**–**	–
Other payables				
Due to subsidiaries	**–**	–	**12,418,862**	3,640,995
Accruals	**5,363,481**	4,481,624	**499,356**	313,653
Accrual for directors' remuneration	**2,087,509**	964,213	**953,688**	418,240
Due to director of a subsidiary	**100,200**	99,220	**–**	–
Sundry payables	**3,504,808**	2,358,706	**403**	403
	11,055,998	7,903,763	**13,872,309**	4,373,291
Total trade and other payables	**29,464,658**	23,701,555	**13,872,309**	4,373,291
Add: Loans and borrowings (Note 22)	**40,122,139**	24,801,901	**–**	23,979
Total financial liabilities carried at amortised cost	**69,586,797**	48,503,456	**13,872,309**	4,397,270

(a) Trade payables

The normal trade credit terms granted to the Group range from 30 to 90 days (2011: 30 to 90 days).

(b) Other payables

The amount of RM100,200 (2011: RM99,220) due to a director represents advances from a director of a subsidiary. The amount due is unsecured, interest free and repayable upon demand.

23. TRADE AND OTHER PAYABLES (cont'd)

(c) Amounts due to subsidiaries

Amounts due to subsidiaries are repayable on demand. These amounts are secured and are to be settled in cash. All amounts are also interest free other than an amount due to a subsidiary amounting to RM12,182,354 (2011: RM3,371,919) which bears interest rates ranging from 6.38% - 7.13% (2011: 6.38% - 6.75%) p.a..

Further details on related party transactions are disclosed in Note 27.

24. EMPLOYEE BENEFITS

(a) Retirement benefit obligations

The Group operates an unfunded, defined benefit Retirement Benefit Scheme ("the Scheme") for its eligible employees in Malaysia and Thailand. Under the Scheme, eligible employees are entitled to retirement benefits upon attaining their retirement age. The Scheme in Malaysia has vested for its eligible employees within 5 years from the financial year ended 31 August 2006.

The amounts recognised in the statements of financial position are determined as follows:

	Group		Company	
	2012	**2011**	**2012**	**2011**
	RM	**RM**	**RM**	**RM**
Present value of unfunded defined benefit obligations being net liability	**2,502,564**	3,243,377	**2,144,929**	2,968,586
Analysed as:				
Current:	**1,005,187**	–	**1,005,187**	–
Non-current	**1,497,377**	3,243,377	**1,139,742**	2,968,586

The amounts recognised in the profit or loss are as follows:

	Group		Company	
	2012	**2011**	**2012**	**2011**
	RM	**RM**	**RM**	**RM**
Current service cost	**264,515**	204,726	**140,864**	152,214
Interest cost	**135,875**	154,363	**125,487**	147,365
Actuarial gain	**1,576**	682	**–**	–
Gain on curtailment	**(53,031)**	–	**–**	–
Underprovision in prior year	**32,060**	–	**32,060**	–
	380,995	359,771	**298,411**	299,579
Charged to a subsidiary company	**–**	–	**(66,587)**	(95,525)
Total, included in employee benefits expense (Note 6)	**380,995**	359,771	**231,824**	204,054

24. EMPLOYEE BENEFITS (cont'd)

(a) Retirement benefit obligations (contd.)

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

	Group		Company	
	2012	**2011**	**2012**	**2011**
	RM	**RM**	**RM**	**RM**
At 1 September	**3,243,377**	2,886,239	**2,968,586**	2,669,007
Recognised in the profit or loss (note 6)	**380,995**	359,771	**231,824**	204,054
Amount due from a subsidiary company	**–**	–	**66,587**	95,525
Contributions paid	**(1,122,068)**	–	**(1,122,068)**	–
Exchange differences	**260**	(2,633)	**–**	–
At 31 August	**2,502,564**	3,243,377	**2,144,929**	2,968,586

The principal actuarial assumptions used are as follows:

	Group and Company	
	2012	**2011**
	%	**%**
Discount rate	**3.7 - 4.7**	3.7 - 5.4
Expected rate of salary increases	**5.0 - 6.0**	5.0 - 6.0

(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.

24. EMPLOYEE BENEFITS (cont'd)

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

(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	Number of share options: At 1 September 2011	Lapsed	At 31 August 2012
20 November 2003	26 May 2013	1.00	884,000	(99,000)	785,000
16 March 2004	26 May 2013	1.34	56,000	–	56,000
			940,000	(99,000)	841,000

Number of share options vested:

	2012	2011
At 31 August	841,000	940,000

The share options were granted and vested on 20 November 2003 and 16 March 2004 respectively. Thus, FRS 2 is not applicable except for modification on the ESOS.

There were no share options granted or exercised during the financial year ended 31 August 2012.

25. SHARE CAPITAL AND SHARE PREMIUM

	Group and Company			
	Number of ordinary shares of RM1 each	Amount: Share capital RM	Share premium RM	Total share capital and share premium RM
Authorised share capital				
At 1 September 2011 and 31 August 2012	100,000,000	100,000,000	–	100,000,000
Issued and fully paid				
At 1 September 2011 and 31 August 2012	45,101,000	45,101,000	12,309,806	57,410,806

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.

26. OTHER RESERVES

Group	Foreign currency translation reserve RM (a)	Other capital reserve RM (b)	Legal reserve RM (c)	ESOS reserve RM (d)	Total RM
	← Non-distributable			→	
At 1 September 2011	241,009	5,120,000	32,510	127,887	5,521,406
Other comprehensive income:					
Foreign currency translation	84,320	–	–	–	84,320
Transactions with owners:					
Realisation of ESOS reserves	–	–	–	(13,632)	(13,632)
At 31 August 2012	325,329	5,120,000	32,510	114,255	5,592,094
At 1 September 2010	429,194	5,120,000	32,510	134,550	5,716,254
Other comprehensive income:					
Foreign currency translation	(188,185)	–	–	–	(188,185)
Transactions with owners:					
Realisation of ESOS reserves	–	–	–	(6,663)	(6,663)
At 31 August 2011	241,009	5,120,000	32,510	127,887	5,521,406

Company	ESOS reserve RM (d)
At 1 September 2011	127,887
Realisation of ESOS reserves	(13,632)
At 31 August 2012	114,255
At 1 September 2010	134,550
Realisation of ESOS reserves	(6,663)
At 31 August 2011	127,887

(a) Foreign currency translation reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

(b) Other capital reserve

The other capital reserve arose as a result of the capitalisation of retained earnings for bonus shares issues made by subsidiaries.

26. OTHER RESERVES (cont'd)

(c) Legal reserve

The legal reserve was set up in prior years upon the payment of dividends of RM650,210 by a subsidiary in Thailand. The amount transferred from retained earnings to the legal reserve is fixed at 5% of the subsidiary's retained earnings at each dividend payment date. This transfer is mandatory until the reserve reaches 10% of the subsidiary's issued and fully paid capital.

(d) ESOS reserve

Employee share option reserve ("ESOS") represents the equity-settled share options granted to employees (Note 24(b)). The reserve is made up of the cumulative values of services received from employees recorded over the vesting period commencing from the grant date of equity-settled share options, and is reduced by the expiry or exercise of the share options.

27. RELATED PARTY DISCLOSURES

(a) Sales and purchase of goods and services

In addition to the transactions detailed elsewhere in the financial statements, the following significant transactions between the Group and the Company and the related parties took place at terms agreed between the parties during the financial year:-

	Group		Company	
	2012	**2011**	**2012**	**2011**
	RM	**RM**	**RM**	**RM**
Purchases from Master-Pack Sdn. Bhd, a corporate shareholder of a subsidiary	**2,340,150**	3,693,862	**–**	–
Interest paid to a subsidiary	**–**	–	**405,247**	–
Management and advisory fees charged to subsidiaries *	**–**	–	**(5,032,650)**	(4,725,497)

* Management fees were arrived at in accordance with prices mutually agreed between the respective parties.

Information regarding outstanding balances arising from related party transactions as at 31 August 2012 and 2011 are as disclosed in Notes 17 and 23.

(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 8.

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

	Number of share options			
	Group		Company	
	2012	**2011**	**2012**	**2011**
At 1 September and at 31 August	**400,000**	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 24(b)).

28. COMMITMENTS

(a) Capital commitments

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Capital expenditure:				
Approved and contracted for:				
Land and buildings	**–**	9,681,000	**–**	–
Plant and equipment	**49,841**	851,403	**–**	–
Purchase of investment in a subsidiary	**–**	4,500,000	**–**	4,500,000
	49,841	15,032,403	**–**	4,500,000
Approved and not contracted for:				
Building	**5,000,000**	5,000,000	**–**	–

(b) Operating lease commitments – as lessee

The Group has entered into non-cancellable operating lease agreements for the use of certain factory/office buildings and warehouses. These leases have an average life of between 1 to 5 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 reporting date but not recognised as liabilities at the reporting date are as follows:

	Group	
	2012	2011
	RM	RM
Not later than 1 year	**1,678,072**	1,674,235
Later than 1 year and not later than 5 years	**1,611,037**	2,722,698
	3,289,109	4,396,933

(c) Operating lease commitments - 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 between one to three years. All leases include a clause to enable upward revision of the rental charge on an annual basis based on prevailing market conditions.

The future minimum lease payments receivable under non-cancellable operating leases contracted for as at the reporting date are as follows:

	Group	
	2012	2011
	RM	RM
Not later than 1 year	**1,216,000**	1,059,100
Later than 1 year and not later than 5 years	**1,530,000**	3,030,100
	2,746,000	4,089,200

Investment properties rental income recognised in profit or loss during the financial year is as disclosed in Note 4.

28. COMMITMENTS (cont'd)

(d) Finance lease commitments

The Group has entered finance leases for certain items of plant and equipment (Note 12). The leases do not have term of renewal, but have purchase options at nominal value at end of the lease term.

Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

	Group		Company	
	2012	**2011**	**2012**	**2011**
	RM	**RM**	**RM**	**RM**
Minimum lease payments:				
Not later than 1 year	**960,688**	1,492,036	**–**	24,464
Later than 1 year and not later than 2 years	**698,949**	743,664	**–**	–
Later than 2 years and not later than 5 years	**845,911**	544,873	**–**	–
Later than 5 years	**8,390**	23,725	**–**	–
Total minimum lease payments	**2,513,938**	2,804,298	**–**	24,464
Less: Amounts representing finance charges	**(238,942)**	(215,975)	**–**	(485)
Present value of minimum lease payments (Note 22)	**2,274,996**	2,588,323	**–**	23,979
Present value of payments:				
Not later than 1 year	**840,122**	1,362,315	**–**	23,979
Later than 1 year and not later than 2 years	**634,739**	706,787	**–**	–
Later than 2 years and not later than 5 years	**791,914**	498,667	**–**	–
Later than 5 years	**8,221**	20,554	**–**	–
Present value of minimum lease payments	**2,274,996**	2,588,323	**–**	23,979
Less: Amount due within 12 months (Note 22)	**(840,122)**	(1,362,315)	**–**	(23,979)
Amount due after 12 months (Note 22)	**1,434,874**	1,226,008	**–**	–

29. CONTINGENT LIABILITY (UNSECURED)

The following is the contingent liability involving the Group:

A former Director of the Company had filed an industrial claim through the Industrial Court of Malaysia seeking monetary compensation due to wrongful termination on 2006. The former 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 former Director, which is based on 24 months of his last drawn salary. It is the Company's legal advisers' considered opinion to litigate as there is likelihood of success for the Company. Thus no provision has been made in respect of the claim.

30. FAIR VALUES OF FINANCIAL INSTRUMENTS

A. Fair value of financial instruments that are carried at fair value

The fair value measurement hierarchies used to measure financial assets carried at fair value in the statements of financial position as at 31 August 2012 are as follows:

(a) Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

(b) Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices).

(c) Level 3: Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
Group				
At 31 August 2012				
Financial asset				
Non-hedging derivatives				
Forward currency contracts (Note 20)	–	**16,307**	–	**16,307**
Financial liabilities				
Non-hedging derivatives				
Forward currency contracts (Note 20)	–	**11,500**	–	**11,500**

There were no material transfers between Level 1 and Level 2 during the current financial year.

The Group does not have any financial instruments classified as Level 3 at 31 August 2012.

B. Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value

	Group			
	2012		2011	
	Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM
Financial liabilities:				
Loan and borrowings				
Obligations under finance leases	**2,274,996**	**2,204,101**	2,588,323	2,193,836
Term loans	**14,572,945**	**14,579,704**	1,976,795	1,831,697

30. FAIR VALUES OF FINANCIAL INSTRUMENTS (cont'd)

C. Determination of fair values

Financial instruments that are not carried at fair values and whose carrying amounts are reasonable approximation of fair values

The following are classes of financial instruments that are not carried at fair values and whose carrying amounts are reasonable approximation of fair values:

	Note
Trade and other receivables (current and non-current)	17
Loan and borrowings (current and non-current)	22
Trade and other payables (current)	23

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

The carrying amounts of the current portion of loans and borrowings are reasonable approximations of fair values due to insignificant impact of discounting.

The fair value of current loans and borrowings are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or lease arrangements at the reporting date.

Amounts due from/to related companies and subsidiaries

The fair values of these financial instruments are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the reporting date.

Derivatives

Forward currency contracts are valued using a valuation technique with market observable inputs. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates and interest rate curves.

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk.

The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the Group Chief Executive Officer and Chief Financial Officer. The audit committee provides independent oversight to the effectiveness of the risk management process.

It is, and has been throughout the current and previous financial year, the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient. The Group and the Company do not apply hedge accounting.

The following sections provide details regarding the Group and the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. 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.

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

a) Credit risk (cont'd)

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

Exposure to credit risk

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by:

(i) The carrying amount of each class of financial assets recognised in the statements of financial position.

(ii) a nominal amount of RM27,932,284 (2011: RM13,152,657) relating to corporate guarantees provided by the Company to licensed banks on subsidiaries' bank loans and banking facilities.

Information regarding credit enhancements for trade and other receivables is disclosed in Note 17.

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country sector profile of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's trade receivables at the reporting date are as follows:

	2012		2011	
	RM	%	RM	%
By country:				
Malaysia	**19,022,591**	**57.6**	19,546,609	57.2
Thailand	**11,450,837**	**34.6**	14,014,882	41.0
Singapore	**1,544,113**	**4.7**	310,984	0.9
Others	**1,007,585**	**3.1**	290,825	0.9
	33,025,126	**100.0**	34,163,300	100.0
By industry sectors:				
Electronics and electrical	**13,066,265**	**39.6**	16,836,834	49.3
Security and surveillance system	**4,516,791**	**13.7**	6,148,430	18.0
Medical, specialty products and gloves	**7,985,423**	**24.2**	7,725,645	22.6
Packaging	**1,857,228**	**5.6**	1,619,059	4.7
Foods	**1,745,892**	**5.3**	307,815	0.9
Others	**3,853,527**	**11.6**	1,525,517	4.5
	33,025,126	**100.0**	34,163,300	100.0

At the reporting date, approximately 51.46% (2011: 60.36%) of the Group's trade receivables were due from 6 (2011: 6) major customers.

Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 17. Deposits with banks that are neither past due nor impaired are placed with or entered into with reputable financial institutions with no history of default.

Financial assets that are either past due or impaired

Information regarding trade and other receivables that are either past due or impaired is disclosed in Note 17.

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group and the Company manage its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Group and the Company maintain sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group and the Company strive to maintain available banking facilities of a reasonable level to its overall debt position. As far as possible, the Group and the Company raise committed funding from financial institutions and balance its portfolio with some short term funding so as to achieve overall cost effectiveness. At the reporting date, approximately 68% (2011: 73%) of the Group's loans and borrowings (Note 22) will mature in less than one year.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's financial assets and financial liabilities at the reporting date based on contractual undiscounted repayment obligations.

2012	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
Group				
Financial assets:				
Trade and other receivables	**35,890,276**	**1,135,334**	**–**	**37,025,610**
Derivatives	**16,307**	**–**	**–**	**16,307**
Cash and bank balances	**11,775,907**	**100,000**	**–**	**11,875,907**
Total undiscounted financial assets	**47,682,490**	**1,235,334**	**–**	**48,917,824**
Financial liabilities:				
Trade and other payables	**29,464,658**	**–**	**–**	**29,464,658**
Derivatives	**11,500**	**–**	**–**	**11,500**
Loans and borrowings	**28,652,624**	**9,556,494**	**6,559,836**	**44,768,954**
Total undiscounted financial liabilities	**58,128,782**	**9,556,494**	**6,559,836**	**74,245,112**
2011				
Financial assets:				
Trade and other receivables	35,778,956	2,360,463	–	38,139,419
Derivatives	79,824	–	–	79,824
Cash and bank balances	10,067,696	–	–	10,067,696
Total undiscounted financial assets	45,926,476	2,360,463	–	48,286,939
Financial liabilities:				
Trade and other payables	23,701,555	–	–	23,701,555
Loans and borrowings	18,362,072	6,551,933	343,315	25,257,320
Total undiscounted financial liabilities	42,063,627	6,551,933	343,315	48,958,875

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

b) Liquidity risk (cont'd)

Analysis of financial instruments by remaining contractual maturities (cont'd)

2012	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
Company				
Financial assets:				
Trade and other receivables	9,602,686	–	–	9,602,686
Cash and bank balances	409,045	–	–	409,045
Total undiscounted financial assets	10,011,731	–	–	10,011,731
Financial liability:				
Trade and other payables, representing total undiscounted financial liabilities	13,872,309	–	–	13,872,309
2011				
Company				
Financial assets:				
Trade and other receivables	7,021,143	–	–	7,021,143
Cash and bank balances	223,868	–	–	223,868
Total undiscounted financial assets	7,245,011	–	–	7,245,011
Financial liability:				
Trade and other payables, representing total undiscounted financial liabilities	4,373,291	–	–	4,373,291

c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's and the Company's exposure to interest rate risk arises primarily from loans and borrowings. Loans and borrowings at floating rates expose the Group and the Company to cash flow interest rate risk.

Sensitivity analysis for interest rate risk

At the reporting date, if interest rates had been 20 basis point lower/higher, with all other variables held constant, the Group's profit net of tax would have been RM42,614 (2011: RM27,298) lower/higher, arising mainly as a result of lower/higher interest expense from floating rate loans and borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

The table below demonstrates the sensitivity to a reasonably possible change in interest rates with all other variables held constant, of the Group's profit net of tax (through the impact on interest expense from floating rate loans and borrowings).

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

c) Interest rate risk (contd.)

Group	2012 Increase/ (decrease) in basis point	2012 Effect on profit net of tax RM	2011 Increase/ (decrease) in basis point	2011 Effect on profit net of tax RM
- Ringgit Malaysia	**+20**	**(24,237)**	+20	(12,739)
- Ringgit Malaysia	**–20**	**24,237**	–20	12,739
- Thai Baht	**+20**	**(18,377)**	+20	(14,559)
- Thai Baht	**–20**	**18,377**	–20	14,559

d) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group and the Company have transactional currency exposures arising from sales that are denominated in currency other than the respective functional currencies of the Group entities i.e. RM and Thai Baht ("THB"), comprising United States Dollars ("USD") and Singapore Dollars ("SGD"). The foreign currencies in which these transactions are denominated are mainly USD.

Approximately 22.6% (2011: 32.4%) of the Group's receivables is denominated in foreign currencies whilst almost 11.3% (2011: 8.5%) of the Group's payables are denominated in foreign currencies.

The Group also holds cash and cash equivalents denominated in foreign currencies for working capital purposes. At the reporting date, such foreign currency balances (in USD and SGD) amounted to RM1,975,142 (2011: RM1,343,183) at the reporting date.

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. Certain companies within the Group uses forward currency contracts to eliminate the currency exposure. The forward currency contracts were in the same currency as the hedged item.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit net of tax to a reasonably possible change in the USD and SGD exchange rates against the respective functional currencies of the Group, with all other variables held constant.

		Group 2012 Profit net of tax RM	Group 2011 Profit net of tax RM
USD/MYR	- strengthened 5%	**400,957**	544,129
	- weakened 5%	**(400,957)**	(544,129)
SGD/MYR	- strengthened 10%	**(12,846)**	21,976
	- weakened 10 %	**12,846**	(21,976)
USD/THB	- strengthened 10%	**(174,268)**	215,145
	- weakened 10 %	**174,268**	(215,145)

32. CAPITAL MANAGEMENT

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The directors monitor and determine to maintain an optimal debt-to-equity ratio, which is net debt divided by total capital plus net debt that complies with debt covenants and regulatory requirements.

There were no changes in the Group's approach to capital management during the financial year.

At the end of the financial year, the Group managed to maintain its debt level lower than the total available cash and cash equivalents and equity.

		Group		Company	
	Note	2012 RM	2011 RM	2012 RM	2011 RM
Loans and borrowings	22	**40,122,139**	24,801,901	**–**	23,979
Trade and other payables	23	**29,464,658**	23,701,555	**13,872,309**	4,373,291
Less: Deposit with licensed bank and cash and bank balances	21	**(11,875,907)**	(10,067,696)	**(409,045)**	(223,868)
Net debt		**57,710,890**	38,435,760	**13,463,264**	4,173,402
Equity attributable to owners of the parent		**52,974,539**	49,792,354	**38,582,150**	40,547,549
Capital and net debt		**110,685,429**	88,228,114	**52,045,414**	44,720,951
Gearing ratio		**52%**	44%	**26%**	9%

33. SEGMENT INFORMATION

(a) Reporting format

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

(b) Business segments

The Group is organised into three major business segments:

(i) Integrated supply chain products and services - sales and distribution of advanced packing materials, electronics products, chemicals, spare parts and consumables.

(ii) Contract manufacturing - contract manufacturer of electronic components.

(iii) Supply of packing materials - manufacture, sales and distribution of advanced packing material, electronics products, food related 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 engaged in supply of packaging materials and contract manufacturing.
(ii) Thailand - the operations in this area are mainly engaged in integrated supply chain products and services and contract manufacturing.

33. SEGMENT INFORMATION (cont'd)

(d) Allocation basis and transfer pricing

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

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

Business Segments

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

	Integrated supply chain products and services RM	Contract manufacturing RM	Supply of packaging materials RM	Eliminations RM	Consolidation RM
2012					
Revenue					
Sales to external customer	61,670,382	10,948,487	95,159,781	–	167,778,650
Inter-segments sales	1,064,335	249,228	15,381,425	(16,694,988)	–
Total revenue	62,734,717	11,197,715	110,541,206	(16,694,988)	167,778,650
Results					
Segment results	975,220	11,988,888	(751,323)	–	12,212,785
Unallocated expenses					(5,485,253)
Operating profit					6,727,532
Finance costs					(2,039,922)
Profit before tax					4,687,610
Income tax expense					(715,856)
Profit for the year					3,971,754
Assets					
Segment assets	12,809,048	22,913,637	91,076,849	–	126,799,534
Unallocated assets					758,680
Tax assets					1,333,498
Total assets					128,891,712
Liabilities					
Segment liabilities	7,937,523	4,043,671	16,386,978	–	28,368,172
Unallocated liabilities					3,610,550
Borrowings					40,122,139
Tax liabilities					150,920
Total liabilities					72,251,781
Other information					
Capital expenditure for property, plant and equipment	11,531	9,214,982	5,339,768	–	14,566,281
Capital expenditure for investment properties	–	–	8,576,230	–	8,576,230
Depreciation	62,945	1,090,544	3,145,214	–	4,298,703
Impairment losses on property, plant and equipment	–	–	942,163	–	942,163
Other significant non-cash expenses	64,211	7,107,443	2,009,202	–	9,180,856

33. 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
2011					
Revenue					
Sales to external customer	52,280,761	24,788,286	94,629,488	–	171,698,535
Inter-segments sales	3,113,963	333,347	21,106,698	(24,554,008)	–
Total revenue	55,394,724	25,121,633	115,736,186	(24,554,008)	171,698,535
Results					
Segment results	1,508,871	5,060,202	5,940,402	–	12,509,475
Unallocated expenses					(4,461,044)
Operating profit					8,048,431
Finance costs					(1,463,756)
Profit before tax					6,584,675
Income tax expense					(1,292,550)
Profit for the financial year					5,292,125
Assets					
Segment assets	8,341,047	15,211,094	84,206,908	–	107,759,049
Unallocated assets					3,604,218
Tax assets					1,134,484
Total assets					112,497,751
Liabilities					
Segment liabilities	4,747,430	2,222,008	16,262,454	–	23,231,892
Unallocated liabilities					3,713,040
Borrowings					24,801,901
Tax liabilities					721,935
Total liabilities					52,468,768
Other Information					
Capital expenditure for property, plant and equipment	75,926	1,987,204	6,071,319	–	8,134,449
Capital expenditure for investment properties	–	–	3,150	–	3,150
Depreciation	65,357	1,504,612	2,488,686	–	4,058,655
Other significant non-cash expenses	101,699	(50,373)	2,661,036	–	2,712,362

33. SEGMENT INFORMATION (cont'd)

Geographical segments:

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

	Total revenue from external customers		Segment assets		Capital expenditure	
	2012	**2011**	**2012**	**2011**	**2012**	**2011**
	RM	**RM**	**RM**	**RM**	**RM**	**RM**
Malaysia	**94,211,685**	85,401,527	**77,709,564**	63,090,020	**15,293,223**	4,700,893
Thailand	**73,566,965**	86,297,008	**49,089,970**	44,669,029	**7,849,288**	3,436,706
Consolidated	**167,778,650**	171,698,535	**126,799,534**	107,759,049	**23,142,511**	8,137,599

Information about major customers

Revenue from 3 major customers amounts to RM87,688,919 (2011: RM80,581,482) arising from sales made by the supply of packing material segment and a major customer amounts to RM6,699,346 (2011: RM18,748,731) from sales made by the contract manufacturing segment.

34. OTHER SIGNIFICANT EVENT

Flood incident at factory building of a subsidiary of the Company in Thailand

On 10 October 2011, 11 October 2011 and 18 October 2011, the Company announced the status of a subsidiary, ISCM Technology (Thailand) Co., Ltd ("ISCMT") located at Rojana Industrial Park and Navanakorn Industrial Estate, Thailand, which had temporarily shut down its operations due to severe flood condition in Bangkok, Thailand.

ISCMT has performed an impairment assessment and have recognised impairment losses and written off property, plant and equipment and inventories damaged by the flood. The subsidiary has also carried out retrenchment exercise for its employees. The effects of the above are as disclosed in Notes 6, 12(d) and 19. The property, plant and equipment and inventories of the subsidiary are covered by insurance policies and the Group has recognised insurance compensation received as disclosed in Note 5. At the date of this report, ISCMT has resumed its operations.

35. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the year ended 31 August 2012 were authorised for issue in accordance with a resolution of the directors on 19 December 2012.

36. SUPPLEMENTARY INFORMATION – BREAKDOWN OF ACCUMULATED LOSSES INTO REALISED AND UNREALISED

The breakdown of the accumulated losses of the Group and of the Company as at 31 August 2012 into realised and unrealised profits is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

The accumulated losses as at reporting date may be analysed as follows:

	Group		Company	
	2012	**2011**	**2012**	**2011**
	RM	**RM**	**RM**	**RM**
Total accumulated losses of the Company and its subsidiaries				
- Realised	**3,722,124**	84,264	**(19,087,147)**	(17,772,623)
- Unrealised	**522,469**	591,608	**144,236**	781,479
Less: Consolidation adjustments	**(14,272,954)**	(13,815,730)	**–**	–
	(10,028,361)	(13,139,858)	**(18,942,911)**	(16,991,144)

LIST OF PROPERTIES OWNED

As At 31 August 2012

Beneficial owner/ Location	Description/ Existing Use	Land/ Built up area (sq.ft.)	Age of building (years)	Type of land/ tenure (Year of expiry for leasehold)	Net book value as at 31 Aug 2012 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	3	60 years - leasehold (2045)	173	05.11.1990
51-14 B & C, Menara BHL, Jalan Sultan Ahmad Shah, 10050 Penang	Building/Corporate Head Office	*/ 3,670	18	Freehold	655	14-B: 21.03.1994 14C: 18.04.1994
BAM Villa, Unit 42C-7-5C, Taman Maluri, Cheras, 56000 Kuala Lumpur	Condominium	*/ 975	21	99 years - leasehold (2090)	108	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	27	60 years - leasehold (2045)	574	19.12.1991
Plot 425, Tingkat Perusahaan 6A, Free Trade Zone, 13600 Prai, Penang	Industrial land and building/Factory	46,800 / 29,614	24	60 years - leasehold (2046)	2,915	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	17	Freehold	272	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	17	Freehold	241	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	11	60 years - leasehold (2052)	5,422	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	1	60 years - leasehold (2052)	9,428	13.06.2002
Plot 314, Penang Science Park, Bukit Minyak, Mukim 13, Daerah Seberang Perai Tengah, Pulau Pinang	Vacant industrial land	* / 111,148	*	60 years - leasehold (2072)	1,934	29.04.2011
Attractive Venture (JB) Sdn.Bhd.						
1273, Jalan Sri Putri 3/4, Taman Putri Kulai, 81000 Kulai, Johor	Building/Factory	2,400 / 2,777	17	Freehold	217	10.09.1999
No.17 1/2, Jalan Ayer Hitam, 81400 Saleng, Senai, Johore	Building/Factory	103,226 / 31,300	16	Freehold	1,846	14.12.2010
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	16	Freehold	291	05.08.1996
D'nonce (K.L) 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	16	Freehold	504	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	13	Freehold	8,163	15.03.2007
ISCM Technology (Thailand) Co., Ltd. Plot No. 33, Tanuu, U-Thai, Pranakorn Sri Ayuthaya, Thailand	Vacant industrial land	58,211	0	Freehold	977	21.01.2011
Total					**33,720**	

* Not applicable

ANALYSIS OF SHAREHOLDINGS
31 December 2012

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	:	1,632
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	0.31	176	0.00
100 – 1,000	574	35.17	556,923	1.23
1,001 – 10,000	757	46.38	3,663,000	8.12
10,001 – 100,000	242	14.83	7,246,480	16.07
100,001 – 2,255,049	51	3.13	23,550,683	52.22
2,255,050 & above	3	0.18	10,083,738	22.36

SUBSTANTIAL SHAREHOLDERS

Name of Shareholders	Direct Interest	% Number of Shares Held	Deemed Interest	%
Law Kim Choon	6,210,995	13.77	–	–
Lim Teik Hoe	5,709,600	12.66	–	–
General Produce Agency Sdn. Bhd.	2,510,143	5.57	–	–

DIRECTORS' SHAREHOLDINGS

Name of Directors	Direct Interest	% Number of Shares Held	Deemed Interest	%
Law Kim Choon	6,210,995	13.77	–	–
Lim Teik Hoe	5,709,600	12.66	–	–

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.	Law Kim Choon	3,992,995	8.85
2.	Lim Teik Hoe	3,580,600	7.94
3.	General Produce Agency Sdn. Berhad	2,510,143	5.57
4.	Chan Seng Sun	2,246,800	4.98
5.	Ho Yu Min	1,950,000	4.32
6.	Lim Teik Hoe	1,800,000	3.99
7.	Law Kim Choon	1,700,000	3.77
8.	Law Chee Kheong	1,366,600	3.03
9.	Sunrise Paper (M) Sdn. Bhd.	1,105,505	2.45
10.	Ee Wee Lee	900,000	2.00
11.	Lilian Leong Lai Lin	886,900	1.97
12.	Khor Chee Kong	872,700	1.93
13.	Lilian Leong Lai Lin	737,100	1.63
14.	Nor Azlinda Tan binti Abdullah	626,300	1.39
15.	Mercsec Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Siow Wong Yen @ Siow Kwang Hwa	543,000	1.20
16.	Law Kim Choon	518,000	1.15
17.	Khoo Choon Hock	500,000	1.11
18.	Goh Shze Yinn	498,000	1.10
19.	Citigroup Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Lam Mei Fong (474021)	449,971	1.00
20.	George Lee Sang Kian	402,500	0.89
21.	Chew Kwi Pel @ Chew Kwi Gaik	387,000	0.86
22.	PM Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Koh Peck Guan (B)	319,400	0.71
23.	Chan Su-San	299,500	0.66
24.	Lee Kah Choon	288,000	0.64
25.	Beh Cheng Siong	280,000	0.62
26.	Siao Kent Sing	270,400	0.60
27.	Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Lim Teik Hoe	235,000	0.52
28.	Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Cheok Teck Seng	232,000	0.52
29.	Lilian Leong Lai Lin	231,700	0.51
30.	Lee Moi Ting	210,000	0.47

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 Thirteenth Annual General Meeting of the Company to be held at The Northam All Suite Penang, East 'n' West, Level 2, 55 Jalan Sultan Ahmad Shah, 10050 Penang on Wednesday, 27 February 2013 at 11.30 a.m. and at any adjournment thereof. My/our proxy is to vote as indicated below:-

		Resolutions	For	Against
Resolution 1	-	Re-election of Mr Wong Thai Sun		
Resolution 2	-	Re-election of Dato' Oon Choo Eng @ Oon Choo Khye		
Resolution 3	-	Re-appointment of Messrs Ernst & Young as Auditors and to authorise the Directors to determine their remuneration		
Resolution 4	-	Approval of Directors' fees		
Resolution 5	-	Continuing in office for Dato' Ahmad Ibnihajar as an Independent Non-Executive Director		
Resolution 6	-	Continuing in office for Dato' Oon Choo Eng @ Oon Choo Khye as an Independent Non-Executive Director		
Resolution 7	-	Approval for issuance of new ordinary shares pursuant to Section 132D of the Companies Act, 1965		
Special Resolution	-	Proposed Amendments to the Articles of Association		

(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 ………………… 2013

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

Contact No. of
Shareholder/Proxy: ……………………………….

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 exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
3. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of 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 Zurich, 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 appointor 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.
7. Only members registered in the Record of Depositors as at 19 February 2013 shall be eligible to attend the meeting or appoint a proxy to attend and vote on his behalf.

\# Applicable to shares held through a nominee account.

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STAMP

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

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