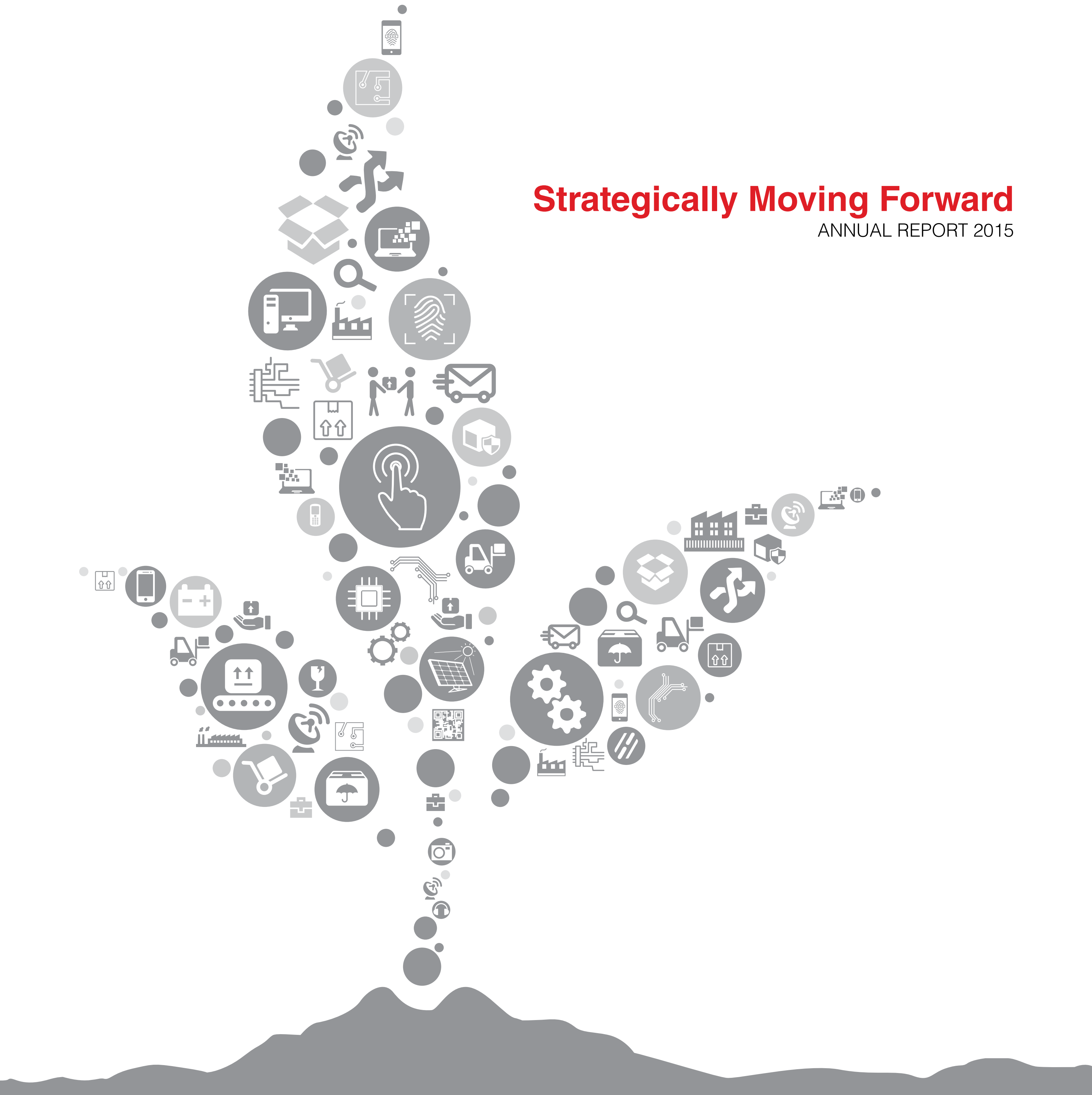
D'nonce
TECHNOLOGY BHD
503292-K
Your Dependable Partner

Strategically Moving Forward

ANNUAL REPORT 2015



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Concept:

A sapling on the cover is symbolic of the growth potentials that lie ahead for the Group. A closer look reveals that its leaves are formed from icons that depict its core business activities, offering a novel canvas to showcase its diverse capabilities. The silver colour scheme, meanwhile, becomes a reflection of the Group's commitment in providing top-notch products and services to its clients.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Sixteenth Annual General Meeting of D'nonce Technology Bhd. ("the Company") will be held at Hall 3, Level 3, Northam All Suite Penang, 55 Jalan Sultan Ahmad Shah, 10050 Penang on Monday, 29 February 2016 at 11.30 a.m.

AGENDA

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 August 2015 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-elect Encik Roslant bin Abu who retires in accordance with Article 102 of the Company's Articles of Association. **Resolution 2**

   (iii) To re-elect Ms Lena Leong Oy Lin who retires in accordance with Article 102 of the Company's Articles of Association. **Resolution 3**

3. To appoint auditors and to authorise the Directors to fix their remuneration. **Resolution 4**

   Notice of Nomination pursuant to Section 172(11) of the Companies Act, 1965 (a copy of which is annexed and marked as "Annexure I" in the Annual Report 2015) has been received by the Company for the nomination of Messrs BDO who have given their consent to act, for appointment as Auditors and of the intention to propose the following ordinary resolution:-

   "THAT Messrs BDO who have been nominated by the substantial shareholder be appointed as the new auditors of the Company in place of the existing auditors Messrs Ernst & Young to hold office until the conclusion of the next annual general meeting of the Company at a fee to be determined by the Directors of the Company."

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 RM290,500.00 for the financial year ended 31 August 2015. **Resolution 5**

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 until the conclusion of the next Annual General Meeting." **Resolution 6**

   (ii) THAT subject to the passing of Ordinary Resolution 1, authority be and is hereby given to Mr Wong Thai Sun 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 until the conclusion of the next Annual General Meeting." **Resolution 7**

6. **Approval for issuance of new ordinary shares pursuant to Section 132D of the Companies Act, 1965** **Resolution 8**

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

NOTICE OF ANNUAL GENERAL MEETING (cont'd)

7. **Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature** **Resolution 9**

"THAT subject always to the provisions of the Companies Act, 1965 ("the Act"), the Memorandum and Articles of Association of the Company, Bursa Malaysia Securities Berhad Main Market Listing Requirements or other regulatory authorities, approval be and is hereby given to the Company and/or its subsidiaries to enter into recurrent related party transactions with the related parties as set out in Section 2.4 of the Circular to Shareholders dated 29 January 2016 ("the Circular"), which are necessary for the day to day operations and are carried out in the ordinary course of business and are on normal commercial terms which are not more favourable to the related parties than those generally available to the public and not detrimental to the minority shareholders as set out in the Circular ("Mandate").

THAT the Directors be empowered to do all such acts and things considered necessary or expedient to give full effect to the Mandate with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments as may be imposed by the relevant authorities.

THAT such Mandate shall commence upon passing this ordinary resolution and to be in force until:-

(i) the conclusion of the next Annual General Meeting ("AGM") of the Company at which time the authority shall lapse unless the authority is renewed by a resolution passed at the meeting;

(ii) the expiration of the period within which the next AGM after that date it is required to be held pursuant to Section 143(1) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or

(iii) revoked or varied by resolution of the shareholders of the Company in a general meeting;

whichever is earlier.

And THAT the Directors of the Company be and are hereby authorised to complete and to do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this ordinary resolution."

8. **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 Annexure II attached to the Annual Report 2015 be hereby approved."

9. 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

29 January 2016

NOTICE OF ANNUAL GENERAL MEETING (cont'd)

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. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, 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.

5. 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.

6. 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.

7. 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.

8. Only members registered in the Record of Depositors as at 19 February 2016 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 5 – To approve the payment of Directors’ fees of RM290,500 for the financial year ended 31 August 2015**

   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 2015 amounting to RM290,500.

2. **Resolutions 6 and 7 – Continuing in office as Independent Non-Executive Directors**

   The Nomination Committee had assessed the independence of Dato’ Ahmad Ibnihajar who has served on the Board as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years. The Nomination Committee had also assessed the independence of Mr Wong Thai Sun who has served on the Board as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years. The Board has recommended that the approval of the shareholders be sought to re-appoint Dato’ Ahmad and Mr Wong 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 judgment;
   (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.

NOTICE OF ANNUAL GENERAL MEETING (cont'd)

3. **Resolution 8 – 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 29 February 2016, 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. **Resolution 9 - Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature**

   The Ordinary Resolution proposed under item 7 of the agenda, if passed, will authorise the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature. This authority, unless revoked or varied by the Company in general meeting, will expire at the next Annual General Meeting of the Company. Please refer to the Circular to Shareholders dated 29 January 2016 for more information.

5. **Special Resolution – Proposed Amendments to the Articles of Association**

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

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 Director (excluding Directors standing for re-election) at the forthcoming Annual General Meeting.

GENERAL MANDATE FOR ISSUES OF SECURITIES

pursuant to Paragraph 6.03(3) of the Listing Requirements of Bursa Malaysia Securities Berhad

This general mandate for issue of shares ("the Mandate") was sought for in the preceding year and the Board did not carry out the Mandate since the Annual General Meeting ("AGM") of the Company until the latest practicable date before the printing of this Annual Report. This Mandate will expire on 29 February 2016. A renewal of this authority is being sought at the Sixteenth 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.

ANNEXURE I

Law Kim Choon
22 Jalan Hargreaves
11600 Georgetown
Penang

Date : 31 Dec 2015

The Board of Directors
D’nonce Technology Bhd.
Suite 12-02, 12th Floor
Menara Zurich
170 Jalan Argyll
10050 Penang

Dear Sirs

Notice of Nomination of Auditors

In accordance with Section 172(11) of the Companies Act, 1965, I, Law Kim Choon being the substantial shareholder of the Company hereby give you notice of my intention to nominate Messrs BDO of 51-21-F, Menara BHL, Jalan Sultan Ahmad Shah, 10050 Pulau Pinang, as the Auditors for D’nonce Technology Bhd. for the financial year ending 31 August 2016 in place of Messrs Ernst & Young of 21st Floor, MWE Plaza, 8, Lebuh Farquhar, 10200 Pulau Pinang at the forthcoming Sixteenth Annual General Meeting.

Yours faithfully,

LAW KIM CHOON

ANNEXURE II

PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

ARTICLE	EXISTING PROVISION	AMENDED PROVISION
160	The Directors shall from time to time in accordance with Section 169 of the Act, cause to be prepared and laid before the Company in general meeting such profit and loss accounts, balance sheets and report as are referred to in the section. The interval between the close of a financial year of the Company and the issue of the annual audited accounts, the Directors' and auditors' reports shall not exceed 4 months. A copy of each such documents shall not less than fourteen (14) days (which period shall include not less than ten (10) market days or such other shorter period as may be agreed by all members entitled to attend and vote at the meeting) before the date of the meeting, be sent to every member of, and to every holder of debentures of the Company under the provisions of the Act or of these Articles. The requisite number of copies of each such document as may be required by the Exchange shall at the same time be likewise sent to the Exchange provided that this Article shall not require a copy of these documents to be sent to any person of whose address the Company is not aware but any member to whom a copy of these documents has not been sent shall be entitled to receive a copy free of charge on application at the Office.	The Directors shall from time to time in accordance with Section 169 of the Act, cause to be prepared and laid before the Company in general meeting such profit and loss accounts, balance sheets and report as are referred to in the section. ~~**The interval between the close of a financial year of the Company and the issue of the annual audited accounts, the Directors' and auditors' reports shall not exceed 4 months.**~~ A copy of each such documents shall not less than fourteen (14) days (which period shall include not less than ten (10) market days or such other shorter period as may be agreed by all members entitled to attend and vote at the meeting) before the date of the meeting, be sent to every member of, and to every holder of debentures of the Company under the provisions of the Act or of these Articles. The requisite number of copies of each such document as may be required by the Exchange shall at the same time be likewise sent to the Exchange provided that this Article shall not require a copy of these documents to be sent to any person of whose address the Company is not aware but any member to whom a copy of these documents has not been sent shall be entitled to receive a copy free of charge on application at the Office.

CORPORATE STRUCTURE

D'nonce TECHNOLOGY BHD 503292-K
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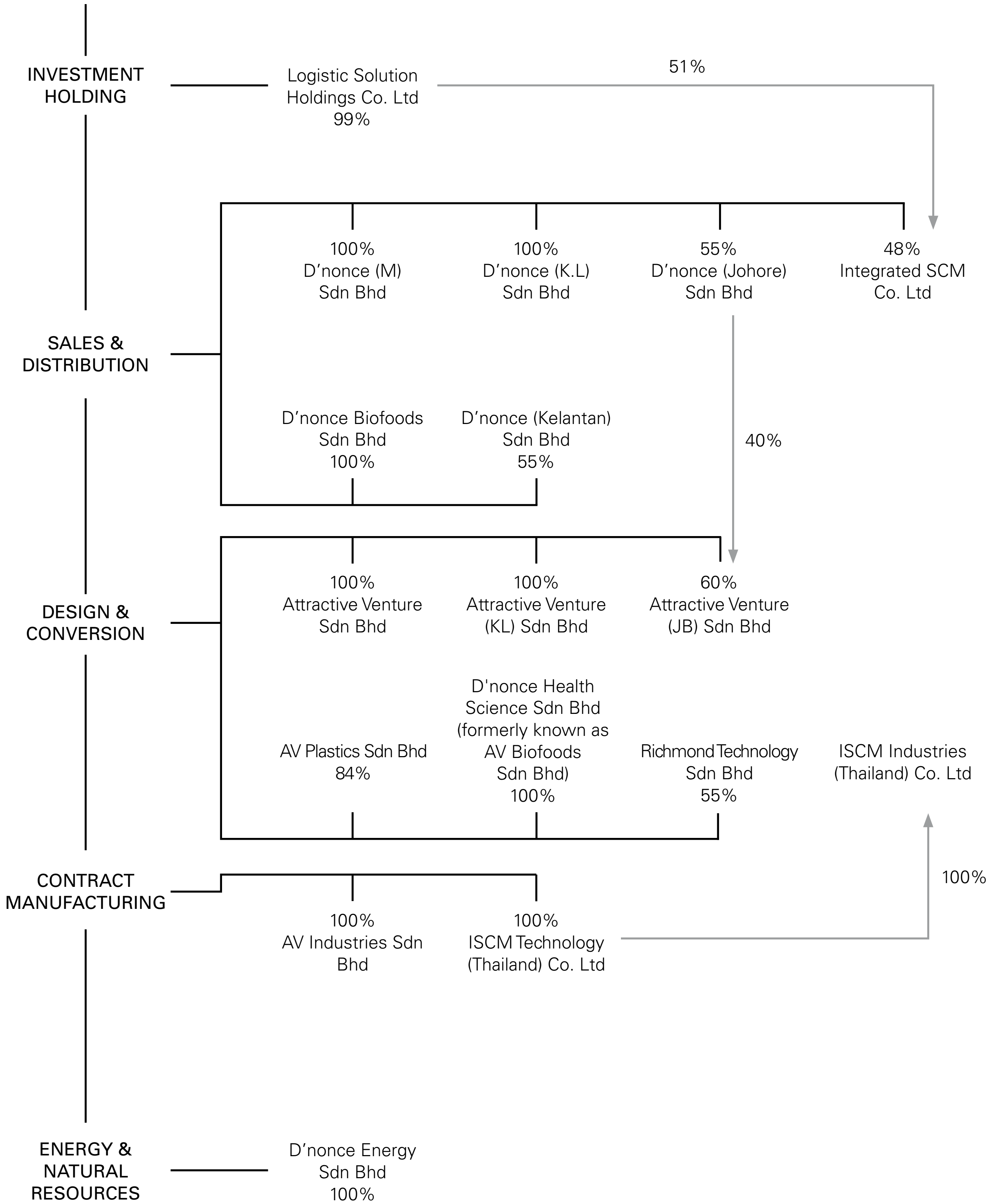

CORPORATE INFORMATION

BOARD OF DIRECTORS

- Dato' Ahmad Ibnihajar
  Independent Non-Executive Chairman
- Wong Thai Sun
  Independent Non-Executive Director
- Dato' Lee Kah Choon
  Independent Non-Executive Director
- Law Kim Choon
  Chief Executive Officer/Group Managing Director
- Roslant bin Abu
  Group Executive Director/Group General Manager
- Lena Leong Oy Lin
  Non-Independent Non-Executive Director

AUDIT COMMITTEE

- Wong Thai Sun
  Chairman
- Dato' Ahmad Ibnihajar
  Member
- Dato' Lee Kah Choon
  Member
- Lena Leong Oy Lin
  Member

NOMINATION COMMITTEE

- Dato' Lee Kah Choon
  Chairman
- Dato' Ahmad Ibnihajar
  Member
- Wong Thai Sun
  Member
- Lena Leong Oy Lin
  Member

REMUNERATION COMMITTEE

- Wong Thai Sun
  Chairman
- Dato' Ahmad Ibnihajar
  Member
- Dato' Lee Kah Choon
  Member
- Law Kim Choon
  Member
- Roslant bin Abu
  Member
- Lena Leong Oy Lin
  Member

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

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)
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi, 59200 Kuala Lumpur
Tel No.: 03-2783 9299
Fax No.: 03-2783 9222

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

Malayan Banking Berhad
Suite 9-03, 9th Floor
Plaza MWE
No. 8 Lebuh Farquhar
10200 Penang

CIMB Thai Bank Public Company Limited
239/8, Niphat-Uthit 3 Road
Hatyai, Songkhla 90110
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 expand our CSR programmes geograpically in the near future to reach the communities in other states as well as in the regions of our operations in Thailand.

ACTIVITIES

We have passion in various sporting and outdoor activities in Penang, notably in the sports of basketball where we have supported the Penang Basketball Association and its affliates in some of its programmes. Among the programmes are the Penang Chief Minister Cup, an international basketball invitational championship held in October 2014, the annual D’nonce Cup Penang Open and the 3-on-3 Street Challenge Basketball which have gained popularity in Penang and have attracted bigger number of teams and participants over the years. We share the aspiration of the Penang State’s youth and sports portfolio to popularize and to bring in more talents in the various sports and thus improving their standards in Penang.

Other than sports, the Group has also been actively promoting hiking which is gaining interest in Penang whereby more and more of Penang citizens participate in hiking as a form of sports or recreational activity. Since 2012 we have organized the D’nonce Penang Hiking Challenge which was the biggest hiking event in Penang and at the same time initiated a programme to map the hiking trails of Penang. This would provide informations on the hiking sites with factual information and guides on the trails which can serve as references to hiking enthusiasts. We will continue improving these initiatives for the betterment of the hiking community in Penang as well as extending this interest as part of the Penang tourist attractions.

Apart from the direct initiatives, we have also supported various activities around Penang covering various interest groups and non-governmental organisation, clubs and associations promoting sports, health, social and charity works and we hope that our sincere contributions will bring some benefits to their respective stake holders and target groups.

FUTURE 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.

THANK YOU

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 2015 ("current year").

The Group's performance during the current year has improved in overall revenue by 25.1% compared to previous year. The profit before tax for the current year has also improved, although not as significant as the revenue compared to the previous year due to the impact from stocks, plant and equipment write off due to cessation of contract manufacturing business in Southern Thailand.

Within the electronic and electrical (E&E) sector, where the Group's main businesses are derived from, despite indicators of a favourable export performance and improving demand, the environment remained competitive and very challenging.

The Group will continue to improve its businesses, processes and cost management to gain market share. It is expected that the market environment will continue to be tough and the Group will continue to adapt its business strategies to current market environment. In preparation for its continuous improvement of its businesses, the Group has embarked on strategic programmes in streamlining its business processes and resource planning.

OPERATIONAL FINANCIAL REVIEW

The Group's current year's revenue of RM223.8 million was higher by RM45.0 million compared to the revenue recorded for the previous year. This significant increase was mainly contributed by the supply of close circuit television (CCTV) equipment by one of the subsidiaries for the nation-wide installation of surveillance system and control centres across 25 town councils throughout Malaysia.

The Group has recorded a profit before tax of RM4.3 million as compared to a profit before tax of RM3.6 million in the previous year. The main contributing factor for the positive result is from the supply of CCTV equipment as mentioned above.

Out of the Group's 3 business segments, the revenue from the Integrated Supply Chain Product and Services business has decreased by 17.3% from the previous year's revenue mainly due the closure of a plant by one of the major customers. However the revenue for the Contract Manufacturing business has slightly increased to RM22.2 million in the current year while the revenue for the Supply of Packaging business over the same period has also increased from RM129.4 million to RM183.0 million.

INTEGRATED SUPPLY CHAIN PRODUCTS AND SERVICES

The revenue for Integrated Supply Chain Products and Services business segment is mainly from the E&E and the health care sector and during the current year, despite the decrease in revenue by RM9.1 million compared to the previous year, this segment has reported a higher segment results of RM3.2 million as compared to RM1.7 million for the previous year, mainly contributed by cost savings and gain on foreign currency.

CONTRACT MANUFACTURING

The revenue for Contract Manufacturing business segment for the current year was mainly contributed by our operations servicing the Hard Disk Drive market and consumer market. The revenue from this business segment has slightly increased from RM20.2 million in the previous year to RM22.2 million in the current year. Despite the increase in revenue, the segmental result for the current year was a loss of RM3.9 million as compared to a loss of RM0.2 million in the previous year. The losses during the current year is contributed mainly from stocks written off.

SUPPLY OF PACKAGING AND OTHER MATERIALS

The Supply of Packaging Materials business segment has recorded a good performance with a higher revenue of RM183.0 million for the current year compared to RM129.4 million for the previous year and correspondingly it has recorded a positive result of RM16.0 million in the current year compared to a profit of RM9.2 million for the previous year mainly due to the supply of CCTV equipment as mentioned above.

CHAIRMAN’S STATEMENT (cont'd)

PROSPECTS

Under a cautious outlook as we move into the year 2016, the Group shall continue to be in the E&E sector in line with the positive demand for the sector while pursuing more businesses with the other business segments. We have also put in more efforts in cost management and efficiency to remain competitive and to gain higher market share and bigger customer base.

The Group’s strength in customised packaging and design for the E&E sector is also expected to contribute towards higher demand and the Group will continue to consolidate its resources to be a one-stop packaging supplier 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 FY2016 and will engage itself in a more coordinated approach in its strategies and action plans to achieve higher targets in terms of revenue and profitability.

CORPORATE GOVERNANCE

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

ACKNOWLEDGEMENT

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

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

Thank you.

Dato’ Ahmad Ibnihajar
Chairman

KENYATAAN PENGERUSI

Bagi pihak Lembaga Pengarah D'nonce Technology Bhd, saya dengan sukacitanya membentangkan Laporan Tahunan dan Penyata Kewangan bagi Kumpulan dan Syarikat bagi tahun kewangan berakhir 31 Ogos 2015 ("tahun semasa").

Prestasi Kumpulan dalam tahun semasa bagi perolehan keseluruhan telah meningkat sebanyak 25.1% berbanding dengan perolehan bagi tahun kewangan berakhir 31 Ogos 2013 ("tahun sebelumnya"). Keuntungan sebelum cukai bagi tahun semasa juga telah meningkat, sungguhpun tidak begitu ketara seperti perolehan, berbanding dengan tahun sebelumnya kesan daripada penghapusankira stok, kilang dan peralatan berikutan daripada penamatan perniagaan pengilangan secara kontrak di Selatan Thailand.

Bagi sektor elektronik dan elektrikal (E&E), dimana perniagaan utama Kumpulan dijalankan, sungguhpun terdapat petunjuk-petunjuk yang positif mengenai prestasi eksport dan peningkatan permintaan, keadaan pasaran akan terus bersaing dan mencabar.

Kumpulan akan meneruskan usaha-usaha untuk memperbaiki perniagaan, proses dan pengurusan kos untuk meningkatkan penguasaan pasaran. Adalah dijangka bahawa keadaan pasaran akan terus sukar dan Kumpulan akan terus menyesuaikan strategi-strategi perniagaannya dengan persekitaran pasaran semasa. Sebagai persediaan untuk terus memperbaiki perniagaannya, Kumpulan telahpun menceburi program-program strategik untuk menyelaraskan proses perniagaannya dan melaksanakan perancangan sumber.

SEMAKAN KEWANGAN OPERASI

Perolehan Kumpulan bagi tahun semasa sebanyak RM223.8 juta adalah RM45.0 juta lebih tinggi daripada perolehan yang dicapai bagi tahun sebelumnya. Kenaikan yang ketara ini adalah kebanyakannya disumbang oleh pembekalan peralatan kamera litar tertutup (CCTV) oleh salah satu daripada anak syarikat untuk pemasangan diseluruh negara bagi sistem pemantauan dan bilik-bilik kawalan di 25 pihak berkuasa tempata seluruh Malaysia.

Kumpulan telah mencatatkan keuntungan sebelum cukai sebanyak RM4.3 juta berbanding dengan keuntungan sebelum cukai sebanyak RM3.6 juta pada tahun sebelumnya. Faktor penyumbang utama kepada pencapaian positif ini adalah hasil daripada pembekalan peralatan kamera litar tertutup (CCTV) yang disebutkan diatas.

Daripada ketiga-tiga segmen perniagaan, perniagaan Perkhidmatan dan Barangan Rangkaian Bekalan Berintegrasi mencatatkan perolehan lebih rendah sebanyak 17.3% berbanding tahun sebelumnya, kebanyakannya disebabkan oleh penutupan sebuah kilang salah satu daripada pelanggan utama. Walau bagaimanapun perolehan daripada perniagaan Pembuatan Secara Kontrak telah meningkat sedikit kepada RM22.2 juta pada tahun semasa manakala perniagaan Pembekalan Bahan Pembungkusan, pada tempuh yang sama telah juga meningkat daripada RM129.4 juta kepada RM183.0 juta.

PERKHIDMATAN DAN BARANGAN RANGKAIAN BEKALAN BERINTEGRASI

Perolehan bagi segmen Perkhidmatan dan Barangan Rangkaian Bekalan Berintegrasi adalah kebanyakannya daripada sektor E&E dan penjagaan kesihatan dan dalam tahun semasa, sungguhpun perolehannya telah berkurangan sebanyak RM9.1 juta berbanding tahun sebelumnya, segmen ini telah mencatatkan keuntungan yang lebih tinggi sebanyak RM3.2 juta berbanding dengan RM1.7 juta pada tahun sebelumnya, dimana kebanyakannya disumbang oleh penjimatan kos dan keuntungan tukaran matawang.

PEMBUATAN SECARA KONTRAK

Perolehan bagi segmen Pembuatan Secara Kontrak bagi tahun semasa kebanyakannya disumbang oleh operasi yang menyokong pasaran Pemacu Cakera Keras dan pasaran konsumer. Perolehan dari segmen perniagaan ini telah meningkat sedikit daripada RM20.2 juta dalam tahun sebelumnya kepada RM22.2 juta dalam tahun semasa. Meskipun dengan peningkatan perolehan, segmen perniagaan ini telah mengalami kerugian sebanyak RM3.9 juta berbanding dengan kerugian sebanyak RM0.2 juta pada tahun sebelumnya. Kerugian dalam tahun semasa ini kebanyakannya disumbang oleh pelupusan nilai stok.

PEMBEKALAN PEMBUNGKUSAN DAN LAIN-LAIN BAHAN

Segmen Pembekalan Pembungkusan dan Lain-lain Bahan telah mencatatkan prestasi yang baik dengan perolehan yang lebih tinggi sebanyak RM183.0 juta bagi tahun semasa berbanding dengan RM129.4 juta bagi tahun sebelumnya dan selaras dengannya, ia mencatatkan keuntungan sebanyak RM16 juta bagi tahun semasa berbanding dengan keuntungan sebanyak RM9.2 juta bagi tahun sebelumnya yang terutamanya disumbang oleh pembekalan peralatan kamera litar tertutup (CCTV) yang disebutkan diatas.

KENYATAAN PENGERUSI (cont'd)

PROSPEK

Dibawah unjuran yang perlu berwaspada dalam melangkah ketahun 2016, Kumpulan akan terus terlibat didalam sektor E&E selaras dengan permintaan yang positif bagi sektor tersebut dan dalam usaha meningkatkan perniagaan dalam lain-lain segmen. Kami telah juga mempertingkatkan langkah-langkah pengurusan kos dan kecekapan langkah-langkah untuk meningkatkan perluasan pasaran dan rangkaian pelanggan.

Kekuatan Kumpulan dalam pembungkusan khusus dan rekabentuk bagi sektor E&E juga dijangka dapat menyumbang kepada permintaan yang meningkat dan Kumpulan akan terus menyepadukan sumber-sumbernya untuk menjadi pembekal pembungkusan “one-stop” dalam 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 kearah penembusan perniagaan dan pengurusan kos untuk lebih bersedia menghadapi cabaran-cabaran dimasa hadapan.

Kumpulan menjangkakan masa hadapan yang mencabar bagi tahun kewangan 2016 dan akan melibatkan diri secara teratur dengan strategi dan pelan tindakan untuk mencapai unjuran yang lebih tinggi dari segi perolehan dan keuntungan.

URUSTADBIR KORPORAT

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

PENGHARGAAN

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

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

Terima kasih.

Dato’ Ahmad Ibnihajar
Pengerusi

BOARD OF DIRECTORS

Dato' Ahmad Ibnihajar
Aged 66, 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 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 Managing Director of United Traders Securities Sdn. Bhd. from 1984 to 1991 and also the Managing Director for Taiping Securities Sdn. Bhd. in 1995 to 1997, both of which are involved in stockbroking business. Since 1991, he has been the Chairman of Heirs Corporation Sdn. Bhd., a property development company. From 1999 to 2013, he was the Managing Director of Penang Port Sdn. Bhd., a company principally involved in operations of port. Currently, he also sits on the boards of several other private limited companies principally involved in property development and investment holding.

Dato' Ahmad Ibnihajar is now the Chairman of KUB Malaysia Bhd as well as Chairman of Penang Sentral Sdn Bhd, a subsidiary to 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' Lee Kah Choon
Aged 56, Malaysian
Independent Non-Executive Director, Chairman of the Nomination Committee, Member of the Audit and Remuneration Committees

Dato' Lee Kah Choon was appointed to the Board of D'nonce Technology Bhd. on 20 December 2013. He was appointed as a member of the Audit, Nomination and Remuneration Committees on 20 December 2013 and subsequently was redesignated as Chairman of the Nomination Committee on 27 February 2015.

Dato' Lee Kah Choon holds a LLB from the Southampton University, UK and a Master of Arts from City University, London.

Dato' Lee Kah Choon is the Special Advisor to the Chief Minister of Penang. He is currently a board member of various state government linked companies and corporations as well as private companies. As a Director of Invest-in-Penang Berhad, Penang Development Corporation, Dato' Lee is actively involved in deciding the policy direction of these government linked corporations for the State of Penang.

Before embarking on his current profession, Dato' Lee has served as the Parliamentary Secretary of the Ministry of Health from 2004 to 2008, and the Member of Parliament for the Jelutong Constituency from 1999 to 2008. Prior to his political career, Dato' Lee was the Seberang Perai Municipal Councillor from 1997 to 1999.

He was a practicing lawyer with his own private legal practice from 1987 to 2004, after being called to the Bar of Malaysia in 1987 and Bar of England & Wales in 1986

Dato' Lee Kah Choon has no family relationship with any Director and/or substantial shareholder of the Company, has never been convicted of any offence and does not have any conflict of interest with the Company.

Law Kim Choon
Aged 59, 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., Jaguh Asiana 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.

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

BOARD OF DIRECTORS (cont'd)

Wong Thai Sun
Aged 61, 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.

Roslant bin Abu
Aged 59, Malaysian
Group Executive Director and Member of the Remuneration Committee

Roslant bin Abu was appointed to the Board of D’nonce Technology Bhd on 1 March 2015. He was appointed as a member of the Remuneration Committee on 28 April 2015.

He graduated with a honours Bachelor Degree in Science from University Malaya in 1982. He started his career as Assistant Director in the Implementation Coordination Unit of the Prime Minister’s Department in 1983. While serving the Prime Minister’s Department, he has been placed in various governmental establishments such as the Malaysia-Thailand Joint Authority in 1993 and the Economic Planning Unit of the Prime Minister’s Department in 1996.

In 1997, he joined Khazanah Nasional Berhad (“Khazanah”) as Manager and subsequently as Vice President in various divisions within Khazanah. While serving Khazanah, he has been Khazanah’s representative in the Board of Directors of D’nonce Technology Bhd, Kinta Kellas Bhd and Tradewinds Corporations Bhd. After resigning from Khazanah and all board memberships that he held in 2007, he joined D’nonce Technology Bhd as the Group General Manager, the position he currently holds in the Company.

Roslant bin Abu 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.

Lena Leong Oy Lin
Aged 45, Malaysian
Non-Independent Non-Executive Director, Member of the Audit, Nomination and Remuneration Committees

Lena Leong Oy Lin was appointed to the Board of D’nonce Technology Bhd. on 1 March 2015. She was appointed as a member of the Nomination and Remuneration Committees on 28 April 2015. She was also appointed as a member of the Audit Committee on 31 December 2015.

She graduated with a honours law degree from University of London in 1995. She started her career as an advocate and solicitor since 1997 and has since been in active legal practice. She is currently a partner of Zaid Ibrahim & Co. and she is also a member of the Executive Committee of the firm.

She advises and represents local and foreign clients with respects to broad range of banking, real estate and corporate commercial matters in Malaysia. She is the legal advisor for Penang Electrical Merchant Association and secretary of FIABCI Malaysia, Penang Branch.

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

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Malaysian Code of Corporate Governance 2012 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 Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, the Board of Directors of D'nonce Technology Berhad is pleased to present the Statement on Risk Management and Internal Control which is prepared in accordance with Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

RESPONSIBILITY FOR RISK MANAGEMENT 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 systems of internal control, the systems of internal control are designed to manage risk within tolerable levels rather than eliminate the risk of failure to achieve business objectives. Hence, such system by its nature can only provide reasonable and not absolute assurance against material misstatement, error 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 practice proactive significant risks identification in the processes and activities of the Group, particularly in 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 accounting and consulting firm, 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 profile. The audit focuses on high risk area to ensure that an adequate action plan has in place to improve the controls in place. 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. The highlighted areas will be followed up closely to determine the extent of their recommendations that have been implemented by the management.

INTERNAL CONTROL

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

- An organization structure with well-defined scopes of responsibility, clear lines of accountability, and appropriate levels of delegated authority;
- A process of hierarchical reporting which provides 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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (cont'd)

REVIEW OF THIS STATEMENT BY EXTERNAL AUDITORS

As required by Paragraph 15.23 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the external auditors have reviewed this Statement on Risk Management and Internal Control. Their review was performed in accordance with Recommended Practice guide (“RPG”) 5 issued by the Malaysian Institute of Accountants. RPG 5 does not require the external auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Group.

CONCLUSION

The Board has received assurance from the Chief Executive Officer and the Chief Financial Officer that the Group’s risk management and internal control systems have been operating adequately and effectively, in all material aspects, during the financial year under review and up to date of this statement. Taking this assurance into consideration, 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 2015. The Board and the management will continue to take necessary measures and ongoing commitment to strengthen and improve its internal control environment and risk management.

This statement is issued in accordance with a resolution of the Directors dated 31 December 2015.

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 by supporting and implementing 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 2015.

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 three main committees namely the Audit, Remuneration and Nomination, 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, three Independent Non-Executive Directors and a female Non-Independent Non-Executive Director. The composition of the Board complies with paragraph 15.02 of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("BMSB").

The Group is led and controlled by an experienced Board, many of whom have in depth knowledge of the business and industry. There is a clear division of responsibility between the Chairman and the Chief Executive Officer. The management of the Group's business and implementation of policies and day-to-day running of the business is delegated to the Executive Directors. The Independent Non-Executive Directors provide unbiased and independent views to safeguard the interests of shareholders.

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 three 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.

In this regard, the Board had undertaken an assessment of its independent directors. In making a determination regarding a director's independence, the Board has considered all relevant facts and circumstances, including the director's commercial and charitable relationships (financial dependency) and such other criteria. The Board is of the view that the current Independent Directors are able to exercise independent judgments and act in the best interests of the Company.

Board Independence

The number of Independent Directors on the Board complies with Paragraph 15.02 of the MMLR, which states that at least two (2) Directors or one-third (1/3) of the Board, whichever is higher shall comprise Independent Directors. The Independent Directors also fulfill the criteria of independence as defined in the MMLR. Their presence provide a check and balance in the discharge of the Board function and the Independent Directors' views carry significant weight in all Board deliberations and decision-making. All Independent Directors act independently of Management and do not participate in any business dealings and are not involved in any other relationship with the Group that may impair their independent judgement and decision-making.

STATEMENT OF CORPORATE GOVERNANCE (cont'd)

THE BOARD OF DIRECTORS (cont'd)

Board Independence (cont'd)

Recommendation 3.2 of the Code states that the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. However, the Nomination Committee and Board have duly assessed, determined and resolved that the Independent Non-Executive Directors of the Company namely, Dato' Ahmad Ibnihajar who has served on the Board for more than nine (9) years and Mr Wong Thai Sun who has passed the nine (9) year term limit on 5 November 2015, remain as Independent Directors based on the following justifications as well as contributions from them, as members of the Board and also members of the Board Committees:

(i) they have fulfilled the criteria of independence as per the definition set out under Chapter 1 of the MMLR;
(ii) they have performed their duties diligently and provided independent judgements and balanced assessments hence ensured effective check and balance in the proceedings of the Board and the Board Committees; and
(iii) they have devoted sufficient time and attention to the duties and responsibilities as Independent Non-Executive Directors of the Company.

Board Meetings

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

During the financial year ended 31 August 2015, six (6) Board Meetings were held. The attendance record of each Director is as follows:-

Board of Directors' Meeting			**Oct 14**	**Dec 14**	**Jan 15**	**Feb 15**	**Apr 15**	**Jul 15**		
Directors		**Position**	**Attendance**						**Total**	**%**
1	Dato' Ahmad Ibnihajar	Independent Non-Executive Chairman	•	•	•	•	•	•	6/6	100
2	Wong Thai Sun	Independent Non-Executive Director	•	•	•	•	•	•	6/6	100
3	Dato' Lee Kah Choon	Independent Non-Executive Director	•	•	•	•	•	•	6/6	100
4	Law Kim Choon	Chief Executive Officer/ Group Managing Director	•	•	•	•	•	•	6/6	100
5	Roslant bin Abu (Appointed on 1 March 2015)	Group Executive Director/ Group General Manager	N/A	N/A	N/A	N/A	•	•	2/2	100
6.	Lena Leong Oy Lin (Appointed on 1 March 2015)	Non-Independent Non-Executive Director	N/A	N/A	N/A	N/A	•	•	2/2	100
Total number of meetings held:									6	

STATEMENT OF CORPORATE GOVERNANCE (cont'd)

THE BOARD OF DIRECTORS (cont'd)

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

Nomination Committee

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

Dato' Lee Kah Choon – Chairman	Independent Non-Executive Director
Dato' Ahmad Ibnihajar – Member	Independent Non-Executive Director
Wong Thai Sun – Member	Independent Non-Executive Director
Lena Leong Oy Lin – Member	Non-Independent Non-Executive Director

The Nomination Committee is governed by the following terms of reference:-

1. The composition of the Nomination Committee shall comprise exclusively non-executive directors, the majority of whom are independent.

2. The Nomination Committee shall have the following responsibilities:

   (i) Determine the procedures for convening and holding of meetings of the Committee, e.g. appointment of chairman of the Committee, quorum, notice period, etc.;
   (ii) Recommend to the Board, all directorships to be filled by the shareholders or the Board;
   (iii) Propose new nominees for the Board and assess directors on an on-going basis;
   (iv) Recommend on the re-election of directors due for retirement under the Articles of Association of the Company taking into account the directors' contribution;
   (v) Review annually the independence of and suitability of the existing directors, identifying the mix of skills experience and other qualities, including core competencies which non-executive directors should bring to the Board;
   (vi) Obtain the services of external parties to seek suitable candidates for appointments to the Board;
   (vii) Determine the expertise and experience of the prospective candidates for directorship;
   (viii) Determine the mechanism to select and appraise/approach the candidate;
   (ix) Recommend to the Board of directors to fill the seats on Board Committees;
   (x) Based on a process implemented by the Board to evaluate on the effectiveness of each Director, the Committee of the Board and the Board as a whole; and
   (xi) To carry out such other functions as may be agreed to by the Committee and the Board.

STATEMENT OF CORPORATE GOVERNANCE (cont'd)

THE BOARD OF DIRECTORS (cont'd)

Appointments to the Board (cont'd)

3. The Nomination Committee shall report all findings to the Board of Directors, who shall then collectively decide on the candidate(s) to be appointed.

During the financial year ended 31 August 2015, the Nomination Committee assisted the Board on the following functions:-

(i) Recommended to the Board, all directorships to be filled by the shareholders or the Board;
(ii) Proposed new nominees for the Board and assess directors on an on-going basis;
(iii) Recommended to the Board of Directors to fill the seats on Board committees;
(iv) Recommended on the re-election of directors due for retirement under the Articles of Association of the Company taking into account the directors' contribution;
(v) Assessed the independence of independent directors;
(vi) Recommended on the retention of independent directors who had served the Company for more than nine years term;
(vii) Reviewed the Board structure, size, mix of skills, experience and other qualities and its composition;
(viii) Reviewed the assessment of the Directors and Board Committees and the effectiveness and composition of the Board and Board Committees;
(ix) Reviewed the performance of members of the Board;
(x) Assessed the performance of Chief Financial Officer; and
(xi) Recommended to the Board for extension of service contract of the Chief Executive Officer.

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 2015, the Nomination Committee had two meetings on 15 December 2014 and 27 February 2015 and were attended by all members.

The Group does not adopt any formal gender or ethnicity diversity policy in the selection of new Board candidates and does not have specific policies on setting target for female candidates in the workforce. The evaluation of the suitability of candidates as the new Board member or as a member of the workforce is based on the candidates' competency, skills, character, time commitment, knowledge, experience and other qualities in meeting the needs of the Group, regardless of gender. The Board currently has one female director.

The Group is an equal opportunity employer and does not practise discrimination of any form, whether based on age, gender, ethnicity, race and religion, throughout the organisation.

Re-election of Directors

In accordance with the Company Articles of Association, one-third (1/3) of the Directors for the time being, or, if their number is not three (3) or a multiple of three (3), then the number nearest to one-third (1/3), shall retire from office.

Newly appointed directors shall hold office only until the next annual general meeting and shall be eligible for re-election.

All Directors shall retire from office once in every three years but shall be 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.

STATEMENT OF CORPORATE GOVERNANCE (cont'd)

THE BOARD OF DIRECTORS (cont'd)

Directors' Training (cont'd)

During the financial year ended 31 August 2015, the Directors had evaluated their own training needs on a continuous basis and attended the following:-

Dato' Ahmad Ibnihajar	
• The Proposed New Companies Act – A Brave New Corporate World	11 June 2015
Law Kim Choon	
• The Proposed New Companies Act – A Brave New Corporate World	11 June 2015
Wong Thai Sun	
• New Public Rulings for 2014 & 2015	4 February 2015
• GST for Property Developers & Construction Industry	12 March 2015
• Capital Allowances – Principles and Latest Developments	9 July 2015
• Tax Updates	21 July 2015
Dato' Lee Kah Choon	
• The Proposed New Companies Act – A Brave New Corporate World	11 June 2015
Roslant bin Abu	
• Mandatory Accreditation Programme for Directors of Public Listed Companies	6-7 May 2015
• The Proposed New Companies Act – A Brave New Corporate World	11 June 2015
Lena Leong Oy Lin	
• Mandatory Accreditation Programme for Directors of Public Listed Companies	8-9 April 2015

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' Lee Kah Choon	Independent Non-Executive Director – Member
Law Kim Choon	Chief Executive Officer/Group Managing Director – Member
Roslant bin Abu	Group Executive Director/Group General Manager
Lena Leong Oy Lin	Non-Independent Non-Executive Director

STATEMENT OF CORPORATE GOVERNANCE (cont'd)

DIRECTORS' REMUNERATION (cont'd)

Remuneration Committee (cont'd)

The Remuneration Committee is governed by the following terms of reference:-

1. The Remuneration Committee shall comprise wholly or mainly non-executive directors.

2. The Remuneration Committee shall have the following responsibilities:

   (i) Determine the procedure for convening and holding of the meetings of the Committee, e.g. appointment of chairman of the Committee, quorum, notice period, etc.;
   (ii) Establish a formal procedure for developing policy for determining the remuneration of executive directors and senior management, drawing from outside advice as necessary;
   (iii) Responsible for recommending the remuneration levels of directors to the full Board. Recommendations should be made in reference to market practice;
   (iv) Supervising the grant of stock options and other benefits-in-kind; and
   (v) Carrying out such other functions as may be agreed to by the Committee and the Board of Directors.

3. The Remuneration Committee shall report to the Board all findings and decisions in respect of the remuneration of the executive directors and senior management.

4. The Remuneration Committee shall not decide on the remuneration of non-executive directors. Such decision shall be vested in the Board of Directors collectively.

5. Executive directors shall play no part in decisions on their own remuneration.

6. Membership of the Remuneration Committee should appear in the Directors' Report.

In making its recommendations, the Remuneration Committee will take into consideration the performance of the individual and his experience, as well as relevant information, e.g. level of salary for similar positions in comparable listed companies.

During the financial year ended 31 August 2015, the Remuneration Committee had one meeting on 15 December 2014 and was 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 2015 is set out below:-

A. Aggregate Remuneration

	Executive Directors RM	Non-Executive Directors RM
Fees	78,320	242,844
Salaries	926,788	–
Bonus	109,142	–
Benefits in kind	8,400	–
Other benefits	335,761	63,638

STATEMENT OF CORPORATE GOVERNANCE (cont'd)

DIRECTORS' REMUNERATION (cont'd)

Details of the Directors' remuneration (cont'd)

B. Band (RM)

Band (RM)	Executive Directors	Non-Executive Directors	Total
Less than 50,000	–	2	2
50,001 – 100,000	–	3	3
100,001 – 150,000	1	–	1
150,001 – 600,000	–	–	–
600,001 – 1,100,000	–	–	–
1,100,001 – 1,300,000	–	–	–
1,300,001 – 1,350,000	1	–	1

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

COMMUNICATION WITH SHAREHOLDERS

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

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

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

Dato' Ahmad Ibnihajar, 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 Group's 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 27 of this Annual Report.

STATEMENT OF CORPORATE GOVERNANCE (cont'd)

ACCOUNTABILITY AND AUDIT (cont'd)

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 Risk Management and Internal Control set out on pages 17 and 18 of this Annual Report. 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.

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 audited 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 28 to 31 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 2015.

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 2015, which had 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.

STATEMENT OF CORPORATE GOVERNANCE (cont'd)

ADDITIONAL COMPLIANCE INFORMATION (cont'd)

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

The Company did not release any profit estimate, forecast or projection. There is no variance between the results for the financial year and the unaudited results previously released by the Company.

h) 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, or a firm or a corporation affiliated to the auditors' firm for the financial year was RM100,300.

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)
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	3,548,168

* actual value from 1 September 2014 to 31 August 2015

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' Lee Kah Choon, Member	Independent Non-Executive Director
Lena Leong Oy Lin, Member	Non-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
(ab) he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967.

(iii) fulfils such other requirements as prescribed or approved by the Exchange.

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

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

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

2. Chairman

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

3. Secretary

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

AUDIT COMMITTEE REPORT (cont'd)

TERMS OF REFERENCE (cont'd)

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 the 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.

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.

AUDIT COMMITTEE REPORT (cont'd)

TERMS OF REFERENCE (cont'd)

7. Functions (cont'd)

7.1 To review:(cont'd)

(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 Company's 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 REPORT (cont'd)

Role of Audit Committee (cont'd)

Audit Committee Meetings

During the financial year ended 31 August 2015, the Audit Committee held a total of five meetings. The details of the attendance of the Audit Committee members are as follows:

Audit Committee Meeting			**Oct 14**	**Dec 14**	**Jan 15**	**Apr 15**	**Jul 15**		
Directors		**Position**		**Attendance**				**Total**	**%**
1	Wong Thai Sun	Chairman	•	•	•	•	•	5/5	100
2	Dato' Ahmad Ibnihajar	Member	•	•	•	•	•	5/5	100
3.	Dato' Lee Kah Choon	Member	•	•	•	•	•	5/5	100
4.	Lena Leong Oy Lin (Appointed on 31 December 2015)	Member	N/A	N/A	N/A	N/A	N/A	–	–
Total number of meetings held:								5	

The External Auditors attended five meetings during the financial year.

Activities of the Audit Committee

Based on duties specified in the Terms of Reference, the activities performed by the Audit Committee during the financial year ended 31 August 2015 were:

a. Reviewed the Group's unaudited quarterly results and announcements and audited year end financial statements, prior to recommending to the Board of Directors for approval.
b. Reviewed with the external auditors the audit plan, audit report and the audit approach.
c. Considered and recommended the reappointment and remuneration of the external auditors.
d. Reviewed and approved the internal auditors' annual audit plan, audit findings and reports and assessed their performance, adequacy of resources and approved their remuneration.
e. Reviewed and approved the risk management framework and assessed the adequacy of the internal control system.
f. Reviewed the related party transactions and circular to shareholders on the recurrent related party transactions.
g. Reviewed the Audit Committee Report and Statement on Risk Management and Internal Control for inclusion in the Annual Report.
h. Reviewed the external auditors' management letter and management's response.
i. Held two meetings with external auditors without the presence of management.

Internal Audit Function

The Group's internal audit function has been outsourced since year 2001. The expenses incurred for internal audit amounted to RM36,000 for the year ended 31 August 2015.

The Group's internal audit activities were mainly carried out in accordance with the annual audit plan that has been tabled to the Audit Committee for its review and approval and selected ad-hoc audits on management's requests. The audit plan uses a risk based approach and focuses on financial, operational, compliance with applicable laws and assesses the adequacy of internal controls as well as the effectiveness of risk management framework for key operating companies within the Group. The Internal Auditors report directly to the Audit Committee and assist the Audit Committee to monitor and manage risks and provide the Audit Committee with independent views on the effectiveness of the system of internal control after their reviews. The internal audit findings and recommendations of the Internal Auditors are reviewed quarterly by the Audit Committee and their recommendations for improvements on control and minutes of Audit Committee meetings are circulated to the Board.

The internal audit activities during the financial year ended 31 August 2015 were as follows:-

a. Conducted audit reviews on the functional areas and operating processes of the Group such as inventory management, sales to receipt and conversion and production in compliance with established policies as well as procedures and statutory requirements.
b. Provided recommendations to the management to assist the operations management and the Group in improving and accomplishing its internal control requirements.
c. Issued internal audit reports incorporating audit recommendations and management's responses in relation to audit findings on internal control weaknesses to the Audit Committee and the respective operations management.
d. Performed follow-up reviews to ensure that corrective actions were implemented effectively.
e. Presented the internal audit report to the Audit Committee on a quarterly basis.

DIRECTORS’ REPORT AND AUDITED FINANCIAL STATEMENTS
31 August 2015

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 2015.

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	1,218,801	(2,163,913)
Attributable to:		
Owners of the parent	396,504	(2,163,913)
Non-controlling interests	822,297	–
	1,218,801	(2,163,913)

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

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

Dividend

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

The directors do not recommend the payment of any final dividend in respect of the current financial year.

Par Value Reduction

As disclosed in Note 34(A), the Company has reduced the par value of each existing ordinary share from RM1.00 to RM0.25, by cancellation of RM0.75 of the par value of each ordinary share, with effect from 23 September 2015.

Rights Issue with Warrants and Bonus Issue

As disclosed in Note 34(A), the Company undertook the following:

(a) rights issue of 90,202,000 new ordinary shares of RM0.25 each ("Rights Share(s)") on the basis of two (2) Rights Shares for one (1) ordinary share of RM0.25 each held after the Par Value Reduction, together with 90,202,000 free detachable warrants ("Warrant(s)") on the basis of one (1) Warrant for every one (1) Rights Share subscribed.; and

(b) bonus issue of 45,101,000 new ordinary shares of RM0.25 each in DTB ("Bonus Share(s)") on the basis of one (1) Bonus Share for every two (2) Rights Shares subscribed pursuant to the Rights Issue with Warrants.

The Rights Issue with Warrants and Bonus Issues were completed on 30 November 2015, following the listing of and quotation for 90,202,000 and 45,101,000 shares respectively on the Main Market of Bursa Malaysia Securities Berhad.

DIRECTORS' REPORT (cont'd)

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' Lee Kah Choon
Law Kim Choon
Wong Thai Sun
Roslant bin Abu (appointed on 1 March 2015)
Lena Leong Oy Lin (appointed on 1 March 2015)
Dato' Oon Choo Eng @ Oon Choo Khye (retired on 27 February 2015)

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.

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 in the Company during the financial year were as follows:

	← Number of ordinary shares of RM1 each →			
	1 September 2014	**Bought**	**Sold**	**31 August 2015**
The Company				
Direct interest				
Dato' Lee Kah Choon	288,000	–	–	288,000
Law Kim Choon	7,257,795	–	–	7,257,795
Roslant bin Abu	10,000	–	–	10,000

Law Kim Choon by virtue of his interest in shares of the Company is also deemed interested in shares of all the subsidiaries to the extent the Company has an interest.

The other directors in office at the end of the financial year did not have any interest in shares in the Company or its related corporations during 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 all known bad debts had been written off and that adequate provision had been made for doubtful debts in respect of the financial statements of the Group and of the Company; and

(ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

DIRECTORS' REPORT (cont'd)

Other statutory information (cont'd)

(b) At the date of this report, the directors are not aware of any circumstances which would render:

(i) the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company 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) 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.

Significant and subsequent events

Details of significant and subsequent events are as disclosed in Note 34 to the financial statements.

Auditors

The auditors, Ernst & Young, retire and do not wish to seek re-appointment.

Signed on behalf of the Board in accordance with a resolution of the directors dated 31 December 2015.

Law Kim Choon Wong Thai Sun

Statement by directors
Pursuant to Section 169(15) of the Companies Act 1965

We, Law Kim Choon and Wong Thai Sun, 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 39 to 124 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of 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 2015 and of their financial performance and cash flows for the 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 31 December 2015.

Law Kim Choon

Wong Thai Sun

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 39 to 125 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 31 December 2015

Law Kim Choon

Before me,

No. P156
Name: HAJI MOHAMED YUSOFF BIN MOHD. IBRAHIM
Commissioner for Oaths

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 as at 31 August 2015 of the Group and of the Company, 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 information, as set out on pages 39 to 124.

Directors' responsibility for the financial statements

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

Auditors' responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 August 2015 and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

Report on other legal and regulatory requirements

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

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(b) We 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.

(c) The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

INDEPENDENT AUDITORS’ REPORT (cont'd)

to the members of D’nonce Technology Bhd.(Incorporated in Malaysia)

Other reporting responsibilities

The supplementary information set out in Note 36 on page 125 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

Adeline Chan Su Lynn
No. 3082/07/17(J)
Chartered Accountant

Penang, Malaysia
Date: 31 December 2015

INCOME STATEMENTS
For the financial year ended 31 August 2015

	Note	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
Revenue	4	**223,772,090**	178,763,563	**5,783,800**	4,767,354
Other income	5	**11,718,441**	14,266,862	**1,817,412**	–
Changes in inventories of work-in-progress and finished goods		**(2,386,148)**	17,468,747	**–**	–
Raw materials and consumables used		**(43,170,481)**	(53,358,432)	**–**	–
Trading goods		**(78,782,293)**	(91,797,770)	**–**	–
Cost of equipment, sub-contractor and other installation costs		**(41,522,989)**	–	**–**	–
Employee benefits expense	6	**(29,398,833)**	(29,956,253)	**(3,581,791)**	(3,402,413)
Depreciation		**(6,847,466)**	(5,353,424)	**(57,682)**	(22,223)
Operating leases - minimum lease payments for premises and equipment		**(2,179,172)**	(1,832,741)	**(44,400)**	(42,000)
Utilities		**(4,133,505)**	(4,081,450)	**(56,573)**	(51,546)
Other expenses	7	**(17,859,047)**	(17,568,748)	**(5,169,134)**	(1,418,170)
Operating profit/(loss)		**9,210,597**	6,550,354	**(1,308,368)**	(168,998)
Finance costs	9	**(4,953,414)**	(2,922,922)	**(818,214)**	(638,599)
Profit/(loss) before tax		**4,257,183**	3,627,432	**(2,126,582)**	(807,597)
Income tax (expense)/benefit	10	**(3,038,382)**	(1,028,769)	**(37,331)**	33,800
Profit/(loss) net of tax		**1,218,801**	2,598,663	**(2,163,913)**	(773,797)
Attributable to:					
Owners of the parent		**396,504**	2,304,899	**(2,163,913)**	(773,797)
Non-controlling interests		**822,297**	293,764	**–**	–
		1,218,801	2,598,663	**(2,163,913)**	(773,797)
Earnings per share attributable to owners of the parent (sen):					
Basic	11	**0.88**	5.11		
Diluted	11	**0.44**	2.55		

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

STATEMENTS OF COMPREHENSIVE INCOME

For the financial year ended 31 August 2015

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM	**RM**	**RM**	**RM**
Profit/(loss) net of tax	**1,218,801**	2,598,663	**(2,163,913)**	(773,797)
Other comprehensive income to be reclassified to profit or loss in subsequent periods, net of tax:				
Foreign currency translation	**4,703,810**	(623,644)	**–**	–
	5,922,611	1,975,019	**(2,163,913)**	(773,797)
Other comprehensive income not to be reclassified to profit or loss in subsequent periods, net of tax:				
Remeasurement gains on defined benefit plans	**263,553**	–	**–**	–
Total comprehensive income for the year	**6,186,164**	1,975,019	**(2,163,913)**	(773,797)
Total comprehensive attributable to:				
Owners of the parent	**5,363,304**	1,681,425	**(2,163,913)**	(773,797)
Non-controlling interests	**822,860**	293,594	**–**	–
	6,186,164	1,975,019	**(2,163,913)**	(773,797)

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

STATEMENTS OF FINANCIAL POSITION
As at 31 August 2015

		Group	
	Note	2015 RM	2014 RM
Non-current assets			
Property, plant and equipment	12	**53,256,365**	40,912,839
Investment properties	14	**12,098,588**	12,413,622
Other investments	15	**14,000**	14,000
Intangible asset	16	**289,128**	289,128
Trade receivables	17	**33,096,116**	179,879
Deferred tax assets	18	**63,772**	780,516
Cash and bank balances	21	**469,045**	104,724
		99,287,014	54,694,708
Current assets			
Inventories	19	**17,503,446**	37,069,221
Trade and other receivables	17	**54,574,582**	66,617,248
Tax recoverable		**474,500**	174,985
Cash and bank balances	21	**10,405,044**	11,548,732
		82,957,572	115,410,186
Total assets		**182,244,586**	170,104,894
Equity and liabilities			
Current liabilities			
Derivatives	20	**187,950**	–
Loans and borrowings	22	**47,739,913**	39,264,201
Trade and other payables	23	**38,208,233**	35,836,661
Retirement benefit obligations	24	**436,884**	1,030,577
Tax payable		**889,710**	32,955
		87,462,690	76,164,394
Net current (liabilities)/assets		**(4,505,118)**	39,245,792

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

STATEMENTS OF FINANCIAL POSITION
As at 31 August 2015 (cont'd)

		Group	
	Note	2015 RM	2014 RM
Non-current liabilities			
Retirement benefit obligations	24	**441,163**	491,072
Loans and borrowings	22	**37,865,687**	43,502,983
Deferred tax liabilities	18	**583,122**	240,685
		38,889,972	44,234,740
Total liabilities		**126,352,662**	120,399,134
Net assets		**55,891,924**	49,705,760
Equity attributable to owners of the parent			
Share capital	25	**45,101,000**	45,101,000
Share premium	25	**12,309,806**	12,309,806
Other reserves	26	**10,433,367**	5,730,122
Accumulated losses		**(16,692,063)**	(17,352,122)
		51,152,110	45,788,806
Non-controlling interests		**4,739,814**	3,916,954
Total equity		**55,891,924**	49,705,760
Total equity and liabilities		**182,244,586**	170,104,894

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

STATEMENTS OF FINANCIAL POSITION
As at 31 August 2015 (cont'd)

	Note	Company 2015 RM	Company 2014 RM
Non-current assets			
Property, plant and equipment	12	**795,489**	130,609
Investments in subsidiaries	13	**42,111,988**	42,111,988
		42,907,477	42,242,597
Current assets			
Trade and other receivables	17	**6,988,167**	4,987,172
Cash and bank balances	21	**267,602**	128,221
		7,255,769	5,115,393
Total assets		**50,163,246**	47,357,990
Equity and liabilities			
Current liabilities			
Loans and borrowings	22	**124,797**	–
Trade and other payables	23	**19,544,413**	14,667,501
Retirement benefit obligations	24	**430,518**	1,030,577
Tax payable		**37,331**	–
		20,137,059	15,698,078
Net current liabilities		**(12,881,290)**	(10,582,685)
Non-current liabilities			
Loans and borrowings	22	**530,188**	–
Total liabilities		**20,667,247**	15,698,078
Net assets		**29,495,999**	31,659,912
Equity attributable to owners of the parent			
Share capital	25	**45,101,000**	45,101,000
Share premium	25	**12,309,806**	12,309,806
Accumulated losses		**(27,914,807)**	(25,750,894)
Total equity		**29,495,999**	31,659,912
Total equity and liabilities		**50,163,246**	47,357,990

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

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 August 2015

	← Attributable to owners of the parent →						
		← Non-distributable →					
Group	Share capital RM (Note 25)	Share premium RM (Note 25)	Other reserves RM (Note 26)	Accumulated losses RM	Total RM	Non-controlling interests RM	Total equity RM
At 1 September 2014	45,101,000	12,309,806	5,730,122	(17,352,122)	45,788,806	3,916,954	49,705,760
Total comprehensive income	–	–	4,703,245	660,059	5,363,304	822,860	6,186,164
At 31 August 2015	**45,101,000**	**12,309,806**	**10,433,367**	**(16,692,063)**	**51,152,110**	**4,739,814**	**55,891,924**
At 1 September 2013	45,101,000	12,309,806	6,353,596	(19,657,021)	44,107,381	3,623,360	47,730,741
Total comprehensive income	–	–	(623,474)	2,304,899	1,681,425	293,594	1,975,019
At 31 August 2014	45,101,000	12,309,806	5,730,122	(17,352,122)	45,788,806	3,916,954	49,705,760

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

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 August 2015 (cont'd)

Company	Share capital RM (Note 25)	← Non-distributable → Share premium RM (Note 25)	Other reserves RM (Note 26)	Accumulated losses RM	Total equity RM
At 1 September 2014	45,101,000	12,309,806	–	(25,750,894)	31,659,912
Total comprehensive income	–	–	–	(2,163,913)	(2,163,913)
At 31 August 2015	**45,101,000**	**12,309,806**	**–**	**(27,914,807)**	**29,495,999**
At 1 September 2013	45,101,000	12,309,806	–	(24,977,097)	32,433,709
Total comprehensive income	–	–	–	(773,797)	(773,797)
At 31 August 2014	45,101,000	12,309,806	–	(25,750,894)	31,659,912

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

STATEMENTS OF CASH FLOWS

For the financial year ended 31 August 2015

	Note	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
Operating activities					
Profit/(loss) before tax		**4,257,183**	3,627,432	**(2,126,582)**	(807,597)
Adjustments for:					
Allowance for impairment on trade and other receivables	7	**85,233**	141,087	**1,988,693**	926,171
Bad debt written off	7	**70,946**	–	**–**	–
Depreciation on:					
- property, plant and equipment	12	**6,512,132**	5,020,479	**57,682**	22,223
- investment properties	14	**335,334**	332,945	**–**	–
Fair value changes in derivatives	7	**187,950**	(34,007)	**–**	–
Gain on disposal of property, plant and equipment	7	**(109,556)**	(2,021,271)	**–**	–
Interest expense	9	**4,953,414**	2,922,922	**818,214**	638,599
Interest income	5	**(1,856,113)**	(419,291)	**–**	–
(Reversal of) / Inventories written down	7	**(28,986)**	81,032	**–**	–
Inventories written off	7	**1,137,676**	3,387,750	**–**	–
Pension costs – defined benefit plan	6	**489,879**	482,346	**110,700**	(60,792)
Provision for directors’ leave passage	8	**64,571**	96,958	**64,571**	54,571
Short term accumulating compensated absences	8	**10,551**	242,432	**10,551**	67,750
Property, plant and equipment written off	7	**1,281,254**	322,309	**33,781**	1,511
Reversal of slow moving inventories	7	**(59,339)**	(226,977)	**–**	–
(Reversal of)/impairment losses on:					
- property, plant and equipment	7	**(1,364,105)**	1,445,179	**–**	–
- investments in subsidiaries	7	**–**	–	**–**	21,700
Reversal of allowance for impairment on trade and other receivables	7	**(979,054)**	(898,658)	**–**	(173,351)
Waiver of a director’s remuneration	5	**(1,453,364)**	–	**(1,453,364)**	–
Unrealised (gain)/loss on foreign exchange	7	**(300,239)**	161,051	**1,803,801**	(508,217)
Total adjustments		**8,978,184**	11,036,286	**3,434,629**	990,165
Operating profit before working capital changes		**13,235,367**	14,663,718	**1,308,047**	182,568

STATEMENTS OF CASH FLOWS
For the financial year ended 31 August 2015 (cont'd)

	Note	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
Changes in working capital					
Decrease/(increase) in inventories		**18,516,424**	(21,512,718)	**–**	–
Increase in trade and other receivables		**(20,349,487)**	(30,459,609)	**(1,972,614)**	(5,206)
Increase in trade and other payables		**3,462,101**	7,292,316	**2,165,409**	378,492
Total changes in working capital		**1,629,038**	(44,680,011)	**192,795**	373,286
Cash generated from/(used in) operations		**14,864,405**	(30,016,293)	**1,500,842**	555,854
Contributions paid	24	**(684,729)**	(1,296,449)	**(424,015)**	(838,797)
Taxes (paid)/refunded		**(786,686)**	(605,674)	**–**	33,800
Interest paid	9	**(4,953,414)**	(2,922,922)	**(818,214)**	(638,599)
Net cash generated from/(used in) operating activities		**8,439,576**	(34,841,338)	**258,613**	(887,742)
Investing activities					
Interest received	5	**1,856,113**	419,291	**–**	–
Net changes in fixed deposits		**(224,197)**	(1,695,954)	**–**	–
Proceeds from disposal of property, plant and equipment		**137,000**	2,767,815	**–**	–
Purchase of property, plant and equipment	A	**(7,947,632)**	(3,857,361)	**(52,343)**	(121,446)
Subsequent expenditure incurred on investment properties	14	**(20,300)**	(31,900)	**–**	–
Net cash used in investing activities		**(6,199,016)**	(2.398,109)	**(52,343)**	(121,446)
Financing activities					
Net changes in short term borrowings		**(83,319)**	4,533,694	**–**	–
Net change in subsidiaries' balances		**–**	–	**(17,874)**	1,065,015
Repayment of obligations under finance leases		**(1,338,536)**	(1,094,434)	**(49,015)**	–
Drawdown of term loans		**–**	36,253,000	**–**	–
Repayment of term loans		**(6,065,102)**	(6,320,234)	**–**	–
Net cash (used in)/generated from financing activities		**(7,486,957)**	33,372,026	**(66,889)**	1,065,015
Net (decrease)/increase in cash and cash equivalents		**(5,246,397)**	(3,867,421)	**139,381**	55,827
Effects of foreign exchange rate changes		**63,975**	101,176	**–**	–
Cash and cash equivalents at beginning of financial year		**(5,138,656)**	(1,372,411)	**128,221**	72,394
Cash and cash equivalents at end of financial year	B	**(10,321,078)**	(5,138,656)	**267,602**	128,221

STATEMENTS OF CASH FLOWS
For the financial year ended 31 August 2015 (cont'd)

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 RM14,094,147 (2014: RM7,373,490) and RM756,343 (2014: RM121,446) by way of the following:

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM	**RM**	**RM**	**RM**
Cash payment	**7,947,632**	3,857,361	**52,343**	121,446
Obligations under finance leases	**2,392,605**	3,516,129	**704,000**	–
Term loan	**3,753,910**	–	**–**	–
	14,094,147	7,373,490	**756,343**	121,446

B. Cash and cash equivalents

Cash and cash equivalents comprise:

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM	**RM**	**RM**	**RM**
Cash and bank balances (Note 21)	**10,874,089**	11,653,456	**267,602**	128,221
Bank overdrafts (Note 22)	**(15,618,761)**	(11,439,903)	**–**	–
	(4,744,672)	213,553	**267,602**	128,221
Less: Deposits with licensed banks for more than 3 months and pledged with licensed banks	**(5,576,406)**	(5,352,209)	**–**	–
	(10,321,078)	(5,138,656)	**267,602**	128,221

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2015

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

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below and are presented in Ringgit Malaysia ("RM").

As at 31 August 2015, the Group and the Company reported net current liabilities of RM4,505,118 and RM12,881,290 (2014:RM Nil and RM10,582,685) respectively. This indicates the existence of uncertainties on the Group's and the Company's ability to continue as going concerns. However, the financial statements of the Group and the Company have been prepared on the going concern basis as the Company has undertaken corporate exercises as disclosed in Note 34(A) as part of its measures to improve its cashflow position for the next twelve months.

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 2014, the Group and Company adopted the following new and amended MFRS and IC Interpretations mandatory for the financial year:

Description	Effective for annual periods beginning on or after
Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to MFRS 10, MFRS 12 and MFRS 127: Investment Entities	1 January 2014
Amendments to MFRS 136: Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014
Amendments to MFRS 139: Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
IC Interpretation 21: Levies	1 January 2014
Amendments to MFRS 119: Defined Benefit Plans: Employee Contributions	1 July 2014
Annual Improvements to MFRSs 2010–2012 Cycle	1 July 2014
Annual Improvements to MFRSs 2011–2013 Cycle	1 July 2014

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:

Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities

The amendments clarify the meaning of "currently has a legally enforceable right to set-off" and "simultaneous realisation and settlement". These amendments are to be applied retrospectively. These amendments have no impact on the Group and the Company, since none of the entities in the Group or the Company has any offsetting arrangements.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 August 2015 (cont'd)

2. Summary of significant accounting policies (cont'd)

2.2 Changes in accounting policies (cont'd)

Amendments to MFRS 10, MFRS 12 and MFRS 127: Investment Entities

These amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under MFRS 10 Consolidated Financial Statements and must be applied retrospectively, subject to certain transition relief. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. These amendments have no impact on the Group, since none of the entities in the Group qualifies to be an investment entity under MFRS 10.

Amendments to MFRS 136: Recoverable Amount Disclosures for Non-Financial Assets

The amendments to MFRS 136 remove the requirement to disclose the recoverable amount of a cash-generating unit (CGU) to which goodwill or other intangible assets with indefinite useful lives has been allocated when there has been no impairment or reversal of impairment of the related CGU. In addition, the amendments introduce additional disclosure requirements when the recoverable amount is measured at fair value less costs of disposal. These new disclosures include the fair value hierarchy, key assumptions and valuation techniques used which are in line with the disclosure required by MFRS 13 Fair Value Measurements.

The application of these amendments has no material impact on the disclosures in the Group’s and the Company’s financial statements.

Amendments to MFRS 139: Novation of Derivatives and Continuation of Hedge Accounting

These amendments provide relief from the requirement to discontinue hedge accounting when a derivative designated as a hedging instrument is novated under certain circumstances. The amendments also clarify that any change to the fair value of the derivative designated as a hedging instrument arising from the novation should be included in the assessment and measure of hedge effectiveness. Retrospective application is required.

These amendments have no impact on the Group and the Company as the Group and the Company do not have any derivatives that are subject to novation.

IC Interpretation 21 Levies

IC 21 defines a levy and clarifies that the obligating event which gives rise to the liability is the activity that triggers the payment of the levy, as identified by legislation. For a levy which is triggered upon reaching a minimum threshold, IC 21 clarifies that no liability should be recognised before the specified minimum threshold is reached. Retrospective application is required. The application of IC 21 has had no material impact on the disclosures or on the amounts recognised in the Group’s and the Company’s financial statements.

Amendments to MFRS 119 Defined Benefit Plans: Employee Contributions

MFRS 119 requires an entity to consider contributions from employees or third parties The amendments to MFRS 119 clarify how an entity should account for contributions made by employees or third parties to defined benefit plans, based on whether those contributions are dependent on the number of years of service provided by the employee. For contributions that are independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. For contributions that are dependent on the number of years of service, the entity is required to attribute them to the employees’ periods of service.

The application of these amendments has no material impact on the disclosures in the Group’s and the Company’s financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2015 (cont'd)

2. Summary of significant accounting policies (cont'd)

2.2 Changes in accounting policies (cont'd)

<u>Annual improvements to MFRSs 2010-2012 Cycle</u>

These improvements are effective from 1 July 2014 and are not expected to have a material impact on the Group and the Company. They include:

MFRS 3 Business Combinations

The amendments to MFRS 3 clarifies that contingent consideration classified as liabilities (or assets) should be measured at fair value through profit or loss at each reporting date, irrespective of whether the contingent consideration is a financial instrument within the scope of MFRS 9 or MFRS 139. The amendments are effective for business combinations for which the acquisition date is on or after 1 July 2014.

MFRS 8 Operating Segments

The amendments are to be applied retrospectively and clarify that:

- an entity must disclose the judgements made by management in applying the aggregation criteria in MFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics used to assess whether the segments are similar; and

- the reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker.

MFRS 116 Property, Plant and Equipment and MFRS 138 Intangible Assets

The amendments remove inconsistencies in the accounting for accumulated depreciation or amortisation when an item of property, plant and equipment or an intangible asset is revalued. The amendments clarify that the gross carrying amount is adjusted in a manner consistent with the revaluation of the carrying amount of the asset and that accumulated depreciation/amortisation is the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

MFRS 124 Related Party Disclosures

The amendments clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. The reporting entity should disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services.

<u>Annual improvements to MFRSs 2011-2013 Cycle</u>

These improvements are effective from 1 July 2014 and are not expected to have a material impact on the Group and the Company. They include:

MFRS 3 Business Combinations

The amendments to MFRS 3 clarify that the standard does not apply to the accounting for formation of all types of joint arrangement in the financial statements of the joint arrangement itself. This amendment is to be applied prospectively.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 August 2015 (cont'd)

2. Summary of significant accounting policies (cont'd)

2.2 Changes in accounting policies (cont'd)

Annual improvements to MFRSs 2011-2013 Cycle (cont'd)

MFRS 13 Fair Value Measurement

The amendments to MFRS 13 clarify that the portfolio exception in MFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of MFRS 9 (or MFRS 139 as applicable).

MFRS 140 Investment Property

The amendments to MFRS 140 clarify that an entity acquiring investment property must determine whether:

- the property meets the definition of investment property in terms of MFRS 140; and
- the transaction meets the definition of a business combination under MFRS 3, to determine if the transaction is a purchase of an asset or is a business combination.

2.3 Standards and interpretations issued but not yet effective

The standards and interpretations that are issued but not yet effective up to the date of issuance of the Group’s and the Company’s financial statements are disclosed below. The Group and the Company intend to adopt these standards, if applicable, when they become effective.

Description	*Effective for annual periods beginning on or after*
Annual Improvements to MFRSs 2012–2014 Cycle	1 January 2016
MFRS 14 Regulatory Deferral Accounts	1 January 2016
Amendments to MFRS 11: Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to MFRS 116 and MFRS 138 – Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128: Investment Entities: Applying the Consolidation Exception	1 January 2016
Amendments to MFRS 116 and MFRS 141 – Agriculture: Bearer Plants	1 January 2016
Amendments to MFRS 10 and MFRS 128 – Sale or Contribution of Assets between Investor and its Associate or Joint Venture	1 January 2016
Amendments to MFRS 101: Disclosure Initiatives	1 January 2016
Amendments to MFRS 127- Equity Method in Separate Financial Statements	1 January 2016
MFRS 15 Revenue from Contracts with Customers	1 January 2018
MFRS 9 Financial Instruments	1 January 2018

The directors expect that the adoption of the above standards and interpretations will have no material impact on the financial statements in the periods of initial applicant except as discussed below:

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 August 2015 (cont'd)

2. Summary of significant accounting policies (cont'd)

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

Annual Improvements to MFRSs 2012–2014 Cycle

The Annual Improvements to MFRSs 2012-2014 Cycle include a number of amendments to various MFRSs. The Directors of the Company do not anticipate that the application of these amendments will have a significant impact on the Company's financial statements.

MFRS 7 Financial Instruments: Disclosures

The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance for continuing involvement in MFRS 7 in order to assess whether the disclosures are required.

In addition, the amendment also clarifies that the disclosures in respect of offsetting of financial assets and financial liabilities are not required in the condensed interim financial report.

MFRS 119 Employee Benefits

The amendment to MFRS 119 clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.

Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments clarify that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through the use of an asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets.

The amendments are effective prospectively for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact to the Group as the Group has not used a revenue-based method to depreciate its non-current assets.

Amendments to MFRS 101: Disclosure Initiatives

The amendments to MFRS 101 include narrow-focus improvements in the following five areas:

(i) Materiality
(ii) Disaggregation and subtotals
(iii) Notes structure
(iv) Disclosure of accounting policies
(v) Presentation of items of other comprehensive income arising from equity accounted investments

Amendments to MFRS 127: Equity Method in Separate Financial Statements

The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associate in their separate financial statements. Entities already applying MFRS and electing to change to the equity method in its separate financial statements will have to apply this change retrospectively. For first-time adopters of MFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to MFRS. The amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments will not have any impact on the Group's and the Company's financial statements.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 August 2015 (cont'd)

2. Summary of significant accounting policies (cont'd)

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

MFRS 15 Revenue from Contracts with Customers

MFRS 15 establishes a new five-step models that will apply to revenue arising from contracts with customers. MFRS 15 will supersede the current revenue recognition guidance including MFR 118 Revenue, MFRS 111 Construction Contracts and the related interpretations when it becomes effective.

The core principle of MFRS 15 is that an entity should recognise revenue which depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Under MFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e when “control” of the goods or services underlying the particular performance obligation is transferred to the customer.

Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2017 with early adoption permitted. The Directors anticipate that the application of MFRS 15 will have a material impact on the amounts reported and disclosures made in the Group’s and the Company’s financial statements. The Group is currently assessing the impact of MFRS 15 and plans to adopt the new standard on the required effective date.

MFRS 9 Financial Instruments

In November 2014, MASB issued the final version of MFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces MFRS 139 Financial Instruments: Recognition and Measurement and all previous versions of MFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. MFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. The adoption of MFRS 9 will have an effect on the classification and measurement of the Group’s financial assets, but no impact on the classification and measurement of the Group’s financial liabilities.

2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. 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 for like transactions and events in similar circumstances.

The Company controls an investee if and only if the Company has all the following:

(i) Power over the investee (i.e existing rights that give it the current ability to direct the relevant activities of the investee);

(ii) Exposure, or rights, to variable returns from its investment with the investee; and

(iii) The ability to use its power over the investee to affect its returns.

When the Company has less than a majority of the voting rights of an investee, the Company considers the following in assessing whether or not the Company’s voting rights in an investee are sufficient to give it power over the investee:

(i) The size of the Company’s holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
(ii) Potential voting rights held by the Company, other vote holders or other parties;
(iii) Rights arising from other contractual arrangements; and
(iv) Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders’ meetings.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2015 (cont'd)

2. Summary of significant accounting policies (cont'd)

2.4 Basis of consolidation (cont'd)

Subsidiaries are consolidated when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Losses within a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. The resulting difference is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets and liabilities of the subsidiary and any non-controlling interest, is recognised in profit or loss. The subsidiary's cumulative gain or loss which has been recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss or where applicable, transferred directly to retained earnings. The fair value of any investment retained in the former subsidiary at the date control is lost is regarded as the cost on initial recognition of the investment.

Business combinations

Acquisitions of subsidiaries are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. The Group elects on a transaction-by-transaction basis whether to measure the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Transaction costs incurred are expensed and included in administrative expenses.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with MFRS 139 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of MFRS 139, it is measured in accordance with the appropriate MFRS.

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.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss. The accounting policy for goodwill is set out in Note 2.9.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 August 2015 (cont'd)

2. Summary of significant accounting policies (cont'd)

2.5 Transactions with non-controlling interests

Non-controlling interests represent 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 interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

Total comprehensive income within a subsidiary is attributed to the non-controlling interests even if it results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- derecognises the assets (including goodwill) and liabilities of the subsidiary;
- derecognises the carrying amount of any non-controlling interest;
- derecognises the cumulative translation differences recorded in equity;
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained;
- recognises any surplus or deficit in profit or loss; and
- reclassifies the parent’s share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 August 2015 (cont'd)

2. Summary of significant accounting policies (cont'd)

2.6 Foreign currency (cont'd)

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.

Freehold land has an unlimited life and therefore is not depreciated. Capital work-in-progress are also not depreciated as these assets are not yet 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:

-	Leasehold land	34 - 99 years
-	Buildings	2% - 5%
-	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.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 August 2015 (cont'd)

2. Summary of significant accounting policies (cont'd)

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.

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

Depreciation of investment properties is provided on a straight-line basis to write-off the cost of each property to its residual value over the estimated useful life, at the following annual rate:

Leasehold land	50 - 60 years
Buildings	2%
Renovation	10%

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 asset

Goodwill

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

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2015 (cont'd)

2. Summary of significant accounting policies (cont'd)

2.9 Intangible asset (cont'd)

Goodwill (cont'd)

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. Impairment loss on goodwill is not reversed in a subsequent period.

2.11 Subsidiaries

A subsidiary is an entity over which the Company has all the following:

(i) Power over the investee (i.e existing rights that give it the current ability to direct the relevant activities of the investee);

(ii) Exposure, or rights, to variable returns from its investment with the investee; and

(iii) The ability to use its power over the investee to affect its returns.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less any accumulated impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2015 (cont'd)

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 to 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.

The Group and the Company have not designated any financial assets as financial assets at fair value through profit or loss.

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 has 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2015 (cont'd)

2. Summary of significant accounting policies (cont'd)

2.12 Financial assets (cont'd)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2015 (cont'd)

2. Summary of significant accounting policies (cont'd)

2.13 Impairment of financial assets (cont'd)

a) Trade and other receivables and other financial assets carried at amortised cost (cont'd)

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.

b) 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.

For the purpose of the statements of cash flows, cash and cash equivalents consist of cash and short-term deposits with a maturity of three months or less, net of outstanding bank overdrafts and deposits pledged with licensed banks.

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.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 August 2015 (cont'd)

2. Summary of significant accounting policies (cont'd)

2.16 Provisions

Provisions are recognised when the Group and the Company have 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.

2.17 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 MFRS 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 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 and the Company have 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2015 (cont'd)

2. Summary of significant accounting policies (cont'd)

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 a 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.

2.19 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 participates 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 net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation (derived using a discount rate based on high quality corporate bonds) at the end of the reporting period reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit plans is determined separately for each plan using the projected unit credit method.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2015 (cont'd)

2. Summary of significant accounting policies (cont'd)

2.20 Employee benefits (cont'd)

c) Defined benefit plans (cont'd)

Defined benefit costs comprise the following:
- Service cost
- Net interest on the net defined benefit liability or asset
- Remeasurements of net defined benefit liability or asset

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognised as expense in profit or loss. Past service costs are recognised when plan amendment or curtailment occurs.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on high quality corporate bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognised as expense or income in profit or loss.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognised immediately in other comprehensive income in the period in which they arise. Remeasurements are recognised in retained earnings within equity and are not reclassified to profit or loss in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Group and of the Company, nor can they be paid directly to the Group and the Company. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations).

d) 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 reporting 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2015 (cont'd)

2. Summary of significant accounting policies (cont'd)

2.21 Leases (cont'd)

a) As lessee (cont'd)

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.

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(e).

2.22 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and 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) 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.

f) Maintenance income

Maintenance income is accounted for on a straight-line basis over the terms of the contract.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 August 2015 (cont'd)

2. Summary of significant accounting policies (cont'd)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 August 2015 (cont'd)

2. Summary of significant accounting policies (cont'd)

2.23 Income taxes (cont'd)

c) Sales tax and Goods and Services Tax (“GST”)

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

- Where the sales tax and GST incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax and GST 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 and GST included.

The net amount of sales tax and GST 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 Note 33, 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.

2.27 Fair value measurement

The Group measures financial instruments, such as, derivatives at fair value at each reporting date. Also, fair values of financial instruments measured at amortised cost are disclosed in Note 30.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2015 (cont'd)

2. Summary of significant accounting policies (cont'd)

2.27 Fair value measurement (cont'd)

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable. For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of significant assets, such as properties and financial assets, and significant liabilities, such as contingent consideration and retirement benefit.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

2.28 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if:

- There is a currently enforceable legal right to offset the recognised amounts; and

- There is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2.29 Related parties

A related party is defined as follows:

a) a person or a close member of that person's family is related to the Group and the Company if that person:

   (i) has control or joint control over the Company;
   (ii) has significant influence over the Company; or
   (iii) is a member of the key management personnel of the Group or the Company or of a parent of the Company.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 August 2015 (cont'd)

2. Summary of significant accounting policies (cont'd)

2.29 Related parties (cont'd)

b) an entity is related to the Group and the Company if any of the following conditions applies:

(i) if the entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
(ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
(iii) both entities are joint ventures of the same third party;
(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
(v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;
(vi) the entity is controlled or jointly controlled by a person identified in (a); or
(vii) a person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

2.30 Current and non-current classification

The Group and the Company present assets and liabilities in the statements of financial position based on current and non-current classification.

An asset is classified as current when it is:

- expected to be realised or intended to be sold or consumed in normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realised within 12 months after the reporting period; or
- cash and cash equivalents unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

- it is expected to be settled in normal operating cycle;
- it is held primarily for the purpose of trading;
- it is due to be settled within 12 months after the reporting period; or
- there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities, respectively.

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 and the Company's accounting policies, management has made the following judgement, apart from those involving estimations, which has the most significant effect on the amounts recognised in the financial statements:

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 August 2015 (cont'd)

3. Significant accounting estimates and judgements (cont'd)

3.1 Judgements made in applying accounting policies (cont'd)

Classification between investment properties and property, plant and equipment

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

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group would account for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

Judgement is made on an individual property basis, based on management's intention, to determine if a property qualifies as investment property.

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 and the Company assess 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 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.

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 and the Company's loans and receivables at the reporting date is disclosed in Note 17.

b) Impairment 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 of disposal 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. 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 deferred tax assets recognised in the statements of financial position and the amount of unrecognised tax losses and unrecognised temporary differences. Further details are disclosed in Note 18.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2015 (cont'd)

3. Significant accounting estimates and judgements (cont'd)

3.2 Key sources of estimation uncertainty (cont'd)

d) Impairment of property, plant and equipment

The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. Impairment exists when the carrying amount of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its value in use and its fair value less cost of disposal.

During the financial year, the Group has recognised impairment losses in respect of a subsidiary's property, plant and equipment. The Group has carried out impairment tests based on a variety of estimations including the value in use of the cash-generating units ("CGU") to which the property, plant and equipment are allocated or the fair value less cost of disposal.

Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Fair value less cost of disposal is based on the available data from observable market price less incremental cost for disposing the asset or the cost approach. The cost approach reflects the amount that would be required currently to replace the service capacity of an assets (i.e. current replacement cost), and is based on what a market participant buyer would pay to acquire or construct a substitute asset of comparable utility, adjusted for obsolescence.

The carrying amounts of property, plant and equipment of the Group as at 31 August 2015 were disclosed in Note 12. Further details of the impairment losses recognised for the property, plant and equipment are disclosed in Note 12(d).

4. Revenue

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

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM	**RM**	**RM**	**RM**
Sales of goods	**211,178,354**	169,408,456	**–**	–
Revenue from services	**11,285,736**	8,047,107	**–**	–
Management fees	**–**	–	**5,783,800**	4,767,354
Rental income from investment properties	**1,308,000**	1,308,000	**–**	–
	223,772,090	178,763,563	**5,783,800**	4,767,354

Included in sales of goods is RM46,100,000 related to the CCTV installation project as disclosed in Note 34(B).

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 August 2015 (cont'd)

5. Other income

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM	**RM**	**RM**	**RM**
Interest income from loans and receivables	**1,856,113**	419,291	**–**	–
Rental income	**128,438**	130,000	**–**	–
Scrap sales	**530,780**	573,041	**–**	–
Insurance claims	**5,848,502**	12,366,000	**106,691**	–
Maintenance income	**1,298,938**	–	**–**	–
Sub-leasing fee from:				
Related parties	**–**	–	**162,000**	–
Companies related to a director	**21,538**	–	**21,538**	–
External parties	**16,019**	–	**16,019**	–
Waiver of a director's remuneration	**1,453,364**	–	**1,453,364**	–
Miscellaneous	**564,749**	778,530	**57,800**	–
	11,718,441	14,266,862	**1,817,412**	–

Included in insurance claim of the Group is RM5,673,419 (2014: RM12,366,000) in relation to the compensation received from an insurance company following the fire incident in Hatyai, Thailand which had temporarily disrupted the operations of a subsidiary.

During the financial year, a director of the Company waived his accrued remuneration amounting to RM1,453,364 (2014: RM Nil).

6. Employee benefits expense

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM	**RM**	**RM**	**RM**
Wages and salaries	**25,112,038**	25,442,498	**2,904,244**	2,886,769
Social security contributions	**463,000**	476,492	**11,871**	11,399
Contributions to defined contribution plan	**1,606,564**	1,688,719	**346,819**	332,164
Defined benefit plan (Note 24)	**489,879**	482,346	**110,700**	(60,792)
Termination benefit	**39,038**	–	**–**	–
Other benefits	**1,688,314**	1,866,198	**208,157**	232,873
	29,398,833	29,956,253	**3,581,791**	3,402,413

Included in employee benefits expense of the Group and of the Company are executive directors' remuneration amounting to RM2,089,507 (2014: RM2,616,469) and RM1,424,624 (2014: RM902,251) respectively as further disclosed in Note 8.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 August 2015 (cont'd)

7. Other expenses

Included in the other expenses are:

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM	**RM**	**RM**	**RM**
Auditors' remuneration				
- statutory audits				
- current year	**304,398**	265,757	**14,000**	10,000
- under/(over)provision in prior year	**10,274**	(1,426)	**4,000**	–
- other services	**118,000**	208,000	**–**	–
Allowance for impairment on trade and other receivables (Note 17)	**85,233**	141,087	**1,988,693**	926,171
Bad debt written off	**70,946**	–	**–**	–
Directors' other emoluments				
- present directors	**1,488,262**	883,909	**1,488,262**	883,909
- past director	**–**	566,715	**–**	48,882
Directors' fees for the Company's directors (Note 8)	**326,164**	184,720	**321,164**	179,720
Directors' fees for the subsidiaries' directors (Note 8)	**110,000**	110,000	**–**	–
Fair value changes in derivatives (Note 20)	**187,950**	(34,007)	**–**	–
Freight costs	**4,322,759**	2,520,858	**–**	–
Gain on disposal of property, plant and equipment	**(109,556)**	(2,021,271)	**–**	–
(Reversal of)/Inventories written down	**(28,986)**	81,032	**–**	–
Inventories written off	**1,137,676**	3,387,750	**–**	–
Realised (gain)/loss on foreign exchange	**(1,630,423)**	468,826	**(30,181)**	(4,866)
(Reversal of)/Impairment losses, net on:				
- property, plant and equipment (Note 12)	**(1,364,105)**	1,445,179	**–**	–
- investments in subsidiaries	**–**	–	**–**	21,700
Professional fees	**457,050**	984,974	**265,467**	192,487
Property, plant and equipment written off	**1,281,254**	322,309	**33,781**	1,511
Reversal of slow moving inventories	**(59,339)**	(226,977)	**–**	–
Reversal of allowance for impairment on trade and other receivables (Note 17)	**(979,054)**	(898,658)	**–**	(173,351)
Upkeep expenses	**1,260,760**	941,523	**53,189**	69,204
Unrealised (gain)/loss on foreign exchange	**(300,239)**	161,051	**1,803,801**	(508,217)

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 August 2015 (cont'd)

8. Directors' remuneration

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM	**RM**	**RM**	**RM**
Directors of the Company				
Executive:				
Salaries and other emoluments	**1,088,863**	952,241	**1,088,863**	735,738
Fees	**83,320**	39,180	**78,320**	34,180
Defined contribution plan	**149,939**	189,245	**149,939**	104,984
Defined benefit plan	**110,700**	(60,792)	**110,700**	(60,792)
Provision for leave passage	**64,571**	96,958	**64,571**	54,571
Short term accumulating compensated absences	**10,551**	242,432	**10,551**	67,750
	1,507,944	1,459,264	**1,502,944**	936,431
Non-executive:				
Salaries and other emoluments	**63,638**	30,540	**63,638**	30,540
Fees	**242,844**	145,540	**242,844**	145,540
	306,482	176,080	**306,482**	176,080
	1,814,426	1,635,344	**1,809,426**	1,112,511
Directors of subsidiaries				
Executive:				
Salaries and other emoluments	**664,883**	1,196,385	**–**	–
Fees	**110,000**	110,000	**–**	–
	774,883	1,306,385	**–**	–
Total	**2,589,309**	2,941,729	**1,809,426**	1,112,511

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	
	2015	**2014**
Executive directors:		
RM1 – RM150,000	**1**	–
RM1,050,001 – RM1,300,000	**–**	1
RM1,300,001 – RM1,450,000	**1**	–
Non-executive directors:		
RM60,000 and below	**2**	4
RM60,000 and above	**3**	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2015 (cont'd)

9. Finance costs

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM	**RM**	**RM**	**RM**
Interest expense on:				
Bank borrowings	**1,747,318**	1,343,039	**20,361**	–
Amounts due to subsidiaries	**–**	–	**797,853**	638,599
Term loans	**2,821,728**	1,370,221	**–**	–
Obligations under finance leases	**384,368**	209,662	**–**	–
	4,953,414	2,922,922	**818,214**	638,599

10. Income tax expense/(benefit)

Major components of income tax expense

The major components of income tax expense are:

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM	**RM**	**RM**	**RM**
Current income tax:				
Malaysian income tax	**1,955,391**	738,249	**37,331**	–
(Over)/underprovision in prior year	**(12,435)**	239,412	**–**	(33,800)
Real Property Gains Tax	**–**	65,709	**–**	–
	1,942,956	1,043,370	**37,331**	(33,800)
Deferred tax (Note 18):				
Relating to origination and reversal of temporary differences	**1,071,477**	(167,323)	**–**	–
Effect of changes in tax rates	**(8,248)**	(3,459)	**–**	–
Underprovision in prior year	**32,197**	156,181	**–**	–
	1,095,426	(14,601)	**–**	–
Income tax expense/(benefit) recognised in profit or loss	**3,038,382**	1,028,769	**37,331**	(33,800)

Domestic current income tax is calculated at the Malaysian statutory tax rate at 25% (2014: 25%) of the estimated assessable profit for the year. The domestic statutory tax rate will be reduced to 24% from the current year's rate of 25%, effective year of assessment 2016. The computation of deferred tax as at 31 August 2015 has reflected these changes.

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions. The below reconciliation is prepared by aggregating separate reconciliation for each national jurisdiction.

Two of the subsidiaries in Thailand have been granted the following promotional privileges:

(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.

subject to certain terms and conditions being complied with.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 August 2015 (cont'd)

10. Income tax expense/(benefit) (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 2015 and 2014 are as follows:

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM	**RM**	**RM**	**RM**
Profit/(loss) before tax	**4,257,183**	3,627,432	**(2,126,582)**	(807,597)
Taxation at Malaysian statutory tax rate of 25% (2014: 25%)	**1,064,296**	906,858	**(531,646)**	(201,899)
Effect of different tax rates in another country	**230,148**	(33,578)	**–**	–
Effect of changes in Malaysian income tax rate	**98,133**	(150)	**–**	–
Income not subject to tax	**(113,125)**	(566,336)	**–**	–
Expenses allowable for double deduction	**(63,545)**	(111,876)	**–**	–
Expenses not deductible for tax purposes	**155,617**	597,927	**274,783**	482,674
Utilisation of current year reinvestment allowances	**(13,212)**	(12,150)	**–**	–
Utilisation of previously unrecognised tax losses and unabsorbed capital allowances	**(517,942)**	(435,932)	**(359,056)**	–
Utilisation of previously unrecognised temporary differences	**(109,700)**	(509,886)	**–**	(327,231)
Deferred tax assets not recognised during the financial year	**2,011,097**	732,590	**653,250**	46,456
Deferred tax assets recognised in prior years, now reversed	**276,853**	–	**–**	–
(Over)/underprovision in prior year				
- tax expense	**(12,435)**	239,412	**–**	(33,800)
- deferred tax	**32,197**	156,181	**–**	–
Real Property Gains Tax	**–**	65,709	**–**	–
Income tax expense/(benefit) recognised in profit or loss	**3,038,382**	1,028,769	**37,331**	(33,800)

Tax savings recognised during the financial year arising from:

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM	**RM**	**RM**	**RM**
Utilisation of previously unrecognised tax losses	**464,597**	417,422	**359,056**	–
Utilisation of previously unrecognised capital allowances	**53,345**	18,510	**–**	–
Ultilisation of previously unrecognised temporary differences	**109,700**	509,886	**–**	327,231

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 August 2015 (cont'd)

11. Earnings per share

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	
	2015	**2014**
Profit attributable to ordinary equity holders of the Company (RM)	**396,504**	2,304,899
Number of ordinary shares in issue	**45,101,000**	45,101,000
Effect of dilution:		
Bonus issue (Note 34(A))	**45,101,000**	45,101,000
Number of ordinary shares for diluted earnings per share computation	**90,202,000**	90,202,000
Basic earnings per share (sen)	**0.88**	5.11
Diluted earnings per share (sen)	**0.44**	2.55

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 2015							
Cost							
At 1 September 2014	23,053,756	31,224,321	10,155,585	4,389,103	9,790,725	4,479,178	83,092,668
Additions	4,738,123	3,498,676	1,124,312	405,184	219,046	4,108,806	14,094,147
Reclassification	4,156,351	3,127,240	–	–	424,394	(7,707,985)	–
Disposals	–	–	(525,800)	(70,607)	(483,091)	–	(1,079,498)
Write off	–	(2,342,048)	(832,436)	(102,500)	(65,810)	–	(3,342,794)
Exchange differences	1,928,006	3,463,959	327,311	259,634	979,942	553,767	7,512,619
At 31 August 2015	**33,876,236**	**38,972,148**	**10,248,972**	**4,880,814**	**10,865,206**	**1,433,766**	**100,277,142**
Accumulated depreciation and impairment losses							
At 1 September 2014	3,590,919	22,201,210	8,336,972	3,416,927	4,633,801	–	42,179,829
Depreciation charge for the year	684,263	3,844,172	623,317	410,464	949,916	–	6,512,132
Reclassification	570,751	(570,751)	–	–	–	–	–
Disposals	–	–	(498,357)	(70,607)	(483,090)	–	(1,052,054)
Write off	–	(1,094,575)	(814,741)	(102,500)	(49,724)	–	(2,061,540)
Reversal of Impairment loss (Note 7)	(665,123)	(698,982)	–	–	–	–	(1,364,105)
Exchange differences	822,097	1,279,307	230,563	218,779	255,769	–	2,806,515
At 31 August 2015	**5,002,907**	**24,960,381**	**7,877,754**	**3,873,063**	**5,306,672**	**–**	**47,020,777**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2015 (cont'd)

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 2015							
Analysed as:							
Accumulated depreciation	5,002,907	23,364,210	7,865,188	3,873,063	5,101,761	–	45,207,129
Accumulated impairment losses	–	1,596,171	12,566	–	204,911	–	1,813,648
At 31 August 2015	**5,002,907**	**24,960,381**	**7,877,754**	**3,873,063**	**5,306,672**	**–**	**47,020,777**
Net carrying amount							
At 31 August 2015	**28,873,329**	**14,011,767**	**2,371,218**	**1,007,751**	**5,558,534**	**1,433,766**	**53,256,365**
At 31 August 2014							
Cost							
At 1 September 2013	24,729,155	31,193,064	9,734,684	4,244,877	10,100,252	899,797	80,901,829
Additions	–	2,421,889	508,568	230,666	167,285	4,045,082	7,373,490
Reclassification	–	100,334	4,099	–	89,648	(194,081)	–
Disposals	(945,572)	(1,745,310)	–	(20,700)	(340,294)	–	(3,051,876)
Transfer to investment properties	(372,068)	–	–	–	–	–	(372,068)
Write off	–	(257,383)	(38,037)	(18,000)	(47,681)	(257,265)	(618,366)
Exchange differences	(357,759)	(488,273)	(53,729)	(47,740)	(178,485)	(14,355)	(1,140,341)
At 31 August 2014	23,053,756	31,224,321	10,155,585	4,389,103	9,790,725	4,479,178	83,092,668
Accumulated depreciation and impairment losses							
At 1 September 2013	3,746,381	20,280,664	7,746,029	3,087,134	3,940,576	–	38,800,784
Depreciation charge for the year	387,863	2,596,980	669,568	406,174	959,894	–	5,020,479
Disposals	(404,923)	(1,678,334)	–	(20,700)	(201,375)	–	(2,305,332)
Transfer to investment properties	(86,119)	–	–	–	–	–	(86,119)
Write off	–	(198,285)	(42,606)	(17,999)	(37,167)	–	(296,057)
Impairment loss (Note 7)	–	1,443,128	–	–	2,051	–	1,445,179
Exchange differences	(52,283)	(242,943)	(36,019)	(37,682)	(30,178)	–	(399,105)
At 31 August 2014	3,590,919	22,201,210	8,336,972	3,416,927	4,633,801	–	42,179,829

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 August 2015 (cont'd)

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 2014							
Analysed as:							
Accumulated depreciation	3,590,919	19,479,791	8,086,612	3,416,927	4,025,864	–	38,600,113
Accumulated impairment losses	–	2,721,419	250,360	–	607,937	–	3,579,716
At 31 August 2014	3,590,919	22,201,210	8,336,972	3,416,927	4,633,801	–	42,179,829
Net carrying amount							
At 31 August 2014	19,462,837	9,023,111	1,818,613	972,176	5,156,924	4,479,178	40,912,839

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

At 31 August 2015	Freehold land RM	Leasehold land RM	Buildings RM	Total RM
Cost				
At 1 September 2014	6,307,157	3,180,215	13,566,384	23,053,756
Additions	–	1,650,000	3,088,123	4,738,123
Reclassification	(291,955)	–	4,448,306	4,156,351
Exchange differences	959,889	–	968,117	1,928,006
At 31 August 2015	**6,975,091**	**4,830,215**	**22,070,930**	**33,876,236**
Accumulated depreciation				
At 1 September 2014	–	443,591	3,147,328	3,590,919
Depreciation charge for the year	–	60,779	623,484	684,263
Reclassification	–	–	570,751	570,751
Reversal of impairment loss	–	–	(665,123)	(665,123)
Exchange differences	–	–	822,097	822,097
At 31 August 2015	**–**	**504,370**	**4,498,537**	**5,002,907**
Net carrying amount				
At 31 August 2015	**6,975,091**	**4,325,845**	**17,572,393**	**28,873,329**

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 August 2015 (cont'd)

12. Property, plant and equipment (cont'd)

Land and buildings of the Group (cont'd)

At 31 August 2014	**Freehold land RM**	**Leasehold land RM**	**Buildings RM**	**Total RM**
Cost				
At 1 September 2013	6,609,816	3,500,215	14,619,124	24,729,155
Transfer to investment properties	(128,334)	–	(243,734)	(372,068)
Disposals	–	(320,000)	(625,572)	(945,572)
Exchange differences	(174,325)	–	(183,434)	(357,759)
At 31 August 2014	6,307,157	3,180,215	13,566,384	23,053,756
Accumulated depreciation				
At 1 September 2013	–	523,689	3,222,692	3,746,381
Depreciation charge for the year	–	57,762	330,101	387,863
Transfer to investment properties	–	–	(86,119)	(86,119)
Disposals	–	(137,860)	(267,063)	(404,923)
Exchange differences	–	–	(52,283)	(52,283)
At 31 August 2014	–	443,591	3,147,328	3,590,919
Net carrying amount				
At 31 August 2014	6,307,157	2,736,624	10,419,056	19,462,837

Company	**Motor vehicle RM**	**Office furniture, fittings and computer equipment RM**	**Renovation RM**	**Capital work-in-progress RM**	**Total RM**
At 31 August 2015					
Cost					
At 1 September 2014	143,856	863,403	46,751	–	1,054,010
Additions	–	689,723	4,620	62,000	756,343
Write off	–	(19,750)	(17,943)	–	(37,693)
At 31 August 2015	**143,856**	**1,533,376**	**33,428**	**62,000**	**1,772,660**
Accumulated depreciation					
At 1 September 2014	139,913	779,863	3,625	–	923,401
Depreciation charge for the year	910	53,135	3,637	–	57,682
Write off	–	(2,055)	(1,857)	–	(3,912)
At 31 August 2015	**140,823**	**830,943**	**5,405**	**–**	**977,171**
Net carrying amount					
At 31 August 2015	**3,033**	**702,433**	**28,023**	**62,000**	**795,489**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2015 (cont'd)

12. Property, plant and equipment (cont'd)

Company	Motor vehicle RM	Office furniture, fittings and computer equipment RM	Renovation RM	Capital work-in-progress RM	Total RM
At 31 August 2014					
Cost					
At 1 September 2013	139,306	794,808	–	–	934,114
Additions	4,550	70,145	46,751	–	121,446
Write off	–	(1,550)	–	–	(1,550)
At 31 August 2014	143,856	863,403	46,751	–	1,054,010
Accumulated depreciation					
At 1 September 2013	139,306	761,911	–	–	901,217
Depreciation charge for the year	607	17,991	3,625	–	22,223
Write off	–	(39)	–	–	(39)
At 31 August 2014	139,913	779,863	3,625	–	923,401
Net carrying amount					
At 31 August 2014	3,943	83,540	43,126	–	130,609

(a) Assets held under finance leases

During the financial year, the Group acquired property, plant and equipment with aggregate cost of RM2,392,605 and RM3,753,910 (2014: RM3,516,129 and RM Nil) by means of obligations under finance leases arrangements and term loan arrangements respectively. During the financial year, the Company acquired plant and equipment with aggregate cost of RM704,000 (2014: RM Nil) by means of obligations under finance leases arrangement. The cash outflows on acquisition of property, plant and equipment of the Group and Company amounted to RM7,947,632 (2014: RM3,857,361) and RM52,343 (2014: RM121,446) respectively.

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

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Plant and machinery	**6,973,943**	3,313,652	**–**	–
Office furniture, fittings and computer equipment	**615,384**	–	**615,384**	–
Motor vehicles	**718,071**	994,370	**–**	–
Capital work- in- progress	**337,581**	1,229,509	**62,000**	–
	8,644,979	5,537,531	**677,384**	–

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 August 2015 (cont'd)

12. Property, plant and equipment (cont'd)

(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	
	2015	**2014**
	RM	**RM**
Land and buildings	**23,491,759**	18,154,805
Plant and machinery	**5,677,279**	4,066,689
Renovation	**514,490**	1,297,804
Office furniture, fittings and computer equipment	**615,384**	–
Capital work in progress	**695,428**	–
	30,994,340	23,519,298

(c) Assets fully depreciated

Included in property, plant and equipment of the Group and of the Company are fully depreciated assets which are still in use costing RM19,722,658 (2014: RM18,576,802) and RM897,183 (2014: RM869,972) respectively.

(d) Impairment of property, plant and equipment

During the financial year, certain subsidiaries in Malaysia have carried out impairment reviews of their property, plant and equipment due to their continuing losses. An impairment loss of RM90,000 (2014: RM201,033) had been recognised in the income statement. The recoverable amount of approximate RM518,000 as at 31 August 2015 was based on value in use and was determined at the level of the CGU. In determining the value in use for the CGU of the subsidiary, the cash flows were discounted at a rate of 13% on a pre-tax basis.

During the financial year, one of the subsidiaries in Thailand has made a reversal of impairment loss amounting to RM1,454,105. In the prior financial year, the Group had impaired RM1,244,146 and written off RM278,574 of property, plant and equipment of the subsidiary, following the fire incident in Hatyai, Thailand which had affected the operations of that subsidiary.

13. Investments in subsidiaries

	Company	
	2015	**2014**
	RM	**RM**
Unquoted shares, at cost	**55,392,963**	55,392,963
Accumulated impairment losses	**(13,280,975)**	(13,280,975)
	42,111,988	42,111,988

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 August 2015 (cont'd)

13. Investments in subsidiaries (cont'd)

(a) Details of the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Principal activities	% of ownership interest held by the Group		% of ownership interest held by non-controlling interests	
			2015	**2014**	**2015**	**2014**
D’nonce (M) Sdn. Bhd.	Malaysia	Sales and distribution of advanced packaging materials, electronics products and consumables.	**100**	100	**–**	–
D’nonce (K.L) Sdn. Bhd.	Malaysia	Sales and distribution of advanced packaging materials, electronics products and consumables.	**100**	100	**–**	–
D’nonce (Kelantan) Sdn. Bhd.	Malaysia	Sales and distribution of advanced packaging materials, electronics products and consumables.	**55**	55	**45**	45
D’nonce (Johore) Sdn. Bhd.	Malaysia	Sales and distribution of advanced packaging materials and security products.	**55**	55	**45**	45
D’nonce Biofoods Sdn. Bhd.	Malaysia	Trading and manufacturing of food related products.	**100**	100	**–**	–
Attractive Venture Sdn. Bhd.	Malaysia	Design and conversion of advanced packaging materials and contract manufacturing of electronic components.	**100**	100	**–**	–
Attractive Venture (KL) Sdn. Bhd.	Malaysia	Design and conversion of advanced packaging materials.	**100**	100	**–**	–
Attractive Venture (JB) Sdn. Bhd.	Malaysia	Design and conversion of advanced packaging materials and distribution of electronic products.	*** 82**	* 82	**18**	18
AV Industries Sdn. Bhd.	Malaysia	Contract manufacturing of electronic components and renting of plant and machinery.	**100**	100	**–**	–
D’nonce Health Science Sdn. Bhd. (previously known as AV Biofoods Sdn. Bhd.)	Malaysia	Dormant.	**100**	100	**–**	–

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 August 2015 (cont'd)

13. Investments in subsidiaries (cont'd)

(a) Details of the subsidiaries are as follows:(cont'd)

Name of subsidiaries	Country of incorporation	Principal activities	% of ownership interest held by the Group		% of ownership interest held by non-controlling interests	
			2015	**2014**	**2015**	**2014**
AV Plastics Sdn. Bhd.	Malaysia	Processing of plastic injected moulded products.	**84**	84	**16**	16
Richmond Technology Sdn. Bhd.	Malaysia	Manufacturing of packaging materials.	**55**	55	**45**	45
Integrated SCM Co., Ltd. ^	Thailand	Sales and distribution of chemicals, packaging materials, spare parts and consumables	**** 99**	** 99	**1**	1
D'nonce Energy Sdn. Bhd.	Malaysia	Dormant.	**100**	100	**–**	–
Logistic Solutions Holdings Co., Ltd.^	Thailand	Investment holding.	**99**	99	**1**	1
ISCM Technology (Thailand) Co., Ltd.^	Thailand	Contract manufacturing of electronic components.	**100**	100	**–**	–
ISCM Industries (Thailand) Co., Ltd. ^ ***	Thailand	Printing of packaging materials and contract manufacturing of consumable electronic products.	**100**	100	**–**	–

* 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 Solutions Holdings Co., Ltd.

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

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

Impairment loss recognised

The management of the Company has carried out a review of the recoverable amounts of its investments in subsidiaries when there is an indication of impairment. The review had led to the recognition of impairment loss of RM21,700 in the prior financial year. The recoverable amount was based on the value in use and was determined at the identifiable cash generating unit ("CGU"). In determining the value in use of the CGU, the discount rate applied to cash flow projections is the weighted average cost of capital of the Company.

Change of name of a subsidiary

The Company has made an application to change the name of a wholly owned subsidiary, AV Biofoods Sdn. Bhd. to D'nonce Health Science Sdn. Bhd. The application to change the name has been approved by the Companies Commission of Malaysia on 14 September 2015.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 August 2015 (cont'd)

13. Investments in subsidiaries (cont'd)

(c) Summarised financial information of subsidiaries which have non-controlling interests that are material to the Group is set out below. The summarized financial information presented below is the amount before inter-company elimination. The non-controlling interests in respect of Integrated SCM Co., Ltd. and Logistic Solutions Holdings Co., Ltd are not material to the Group.

(i) Summarised statements of financial position

31 August 2015	D’nonce (Kelantan) Sdn. Bhd. RM	D’nonce (Johore) Sdn. Bhd. RM	Attractive Venture (JB) Sdn. Bhd. RM	AV Plastics Sdn. Bhd. RM	Richmond Technology Sdn. Bhd. RM	Total RM
Non-current assets	**145,811**	**550,368**	**37,080,667**	**627,728**	**748,582**	**39,153,156**
Current assets	**5,407,444**	**5,922,561**	**25,200,546**	**3,119,190**	**3,105,629**	**42,755,370**
Total assets	**5,553,255**	**6,472,929**	**62,281,213**	**3,746,918**	**3,854,211**	**81,908,526**
Current liabilities	**3,731,639**	**2,452,941**	**30,202,018**	**6,228,237**	**1,841,010**	**44,455,845**
Non-current liabilities	**84,467**	**12,152**	**21,995,456**	**215,822**	**252,927**	**22,560,824**
Total liabilities	**3,816,106**	**2,465,093**	**52,197,474**	**6,444,059**	**2,093,937**	**67,016,669**
Net assets/(liabilities)	**1,737,149**	**4,007,836**	**10,083,739**	**(2,697,141)**	**1,760,274**	**14,891,857**
Equity attributable to owners of the Company	**955,432**	**2,204,310**	**8,268,666**	**(2,265,598)**	**968,151**	**10,130,961**
Non-controlling interests	**781,717**	**1,803,526**	**1,815,073**	**(431,543)**	**792,123**	**4,760,896**
31 August 2014						
Non-current assets	177,507	737,619	3,618,688	507,996	508,426	5,550,236
Current assets	3,993,972	4,711,634	46,093,167	3,458,837	2,680,761	60,938,371
Total assets	4,171,479	5,449,253	49,711,855	3,966,833	3,189,187	66,488,607
Current liabilities	2,516,375	1,336,722	12,982,182	5,710,417	1,613,027	24,158,723
Non-current liabilities	112,546	355,497	30,054,872	185,691	65,278	30,773,884
Total liabilities	2,628,921	1,692,219	43,037,054	5,896,108	1,678,305	54,932,607
Net assets	1,542,558	3,757,034	6,674,801	(1,929,275)	1,510,882	11,556,000
Equity attributable to owners of the Company	848,407	2,066,369	5,473,337	(1,620,591)	830,985	7,598,507
Non-controlling interests	694,151	1,690,665	1,201,464	(308,684)	679,897	3,957,493

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 August 2015 (cont'd)

13. Investments in subsidiaries (cont'd)

(ii) Summarised statements of comprehensive income

31 August 2015	D'nonce (Kelantan) Sdn. Bhd. RM	D'nonce (Johore) Sdn. Bhd. RM	Attractive Venture (JB) Sdn. Bhd. RM	AV Plastics Sdn. Bhd. RM	Richmond Technology Sdn. Bhd. RM	Total RM
Revenue	14,627,325	7,645,758	68,700,098	3,957,426	9,235,805	104,166,412
Profit/(loss) for the year	194,591	250,802	3,408,938	(767,866)	249,392	3,335,857
Profit/(loss) attributable to owners of the Company	107,025	137,941	2,795,329	(645,007)	137,166	2,532,454
Profit/(loss) attributable to the non-controlling interests	87,566	112,861	613,609	(122,859)	112,226	803,403
	194,591	250,802	3,408,938	(767,866)	249,392	3,335,857
Total comprehensive income	194,591	250,802	3,408,938	(767,866)	249,392	3,335,857
Total comprehensive income attributable to owners of the Company	107,025	137,941	2,795,329	(645,007)	137,166	2,532,454
Total comprehensive income attributable to the non-controlling interests	87,566	112,861	613,609	(122,859)	112,226	803,403
	194,591	250,802	3,408,938	(767,866)	249,392	3,335,857

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 August 2015 (cont'd)

13. Investments in subsidiaries (cont'd)

(ii) Summarised statements of comprehensive income (cont'd)

31 August 2014	D’nonce (Kelantan) Sdn. Bhd. RM	D’nonce (Johore) Sdn. Bhd. RM	Attractive Venture (JB) Sdn. Bhd. RM	AV Plastics Sdn. Bhd. RM	Richmond Technology Sdn. Bhd. RM	Total RM
Revenue	14,032,964	2,971,128	19,116,128	4,756,636	7,777,700	48,654,556
Profit/(loss) for the year	245,096	729,761	(58,220)	(1,184,275)	171,248	(96,390)
Profit /(loss) attributable to owners of the Company	134,803	401,369	(47,740)	(994,791)	94,186	(412,173)
Profit/(loss) attributable to the non-controlling interests	110,293	328,392	(10,480)	(189,484)	77,062	315,783
	245,096	729,761	(58,220)	(1,184,275)	171,248	(96,390)
Total comprehensive income	245,096	729,761	(58,220)	(1,184,275)	171,248	(96,390)
Total comprehensive income attributable to owners of the Company	134,803	401,369	(47,740)	(994,791)	94,186	(412,173)
Total comprehensive income attributable to the non-controlling interests	110,293	328,392	(10,480)	(189,484)	77,062	315,783
	245,096	729,761	(58,220)	(1,184,275)	171,248	(96,390)

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 August 2015 (cont'd)

13. Investments in subsidiaries (cont'd)

(iii) Summarised statements of cash flows

31 August 2015	D'nonce (Kelantan) Sdn. Bhd. RM	D'nonce (Johore) Sdn. Bhd. RM	Attractive Venture (JB) Sdn. Bhd. RM	AV Plastics Sdn. Bhd. RM	Richmond Technology Sdn. Bhd. RM	Total RM
Net cash generated (used in)/ from operating activities	(203,054)	2,470,139	(2,654,213)	(534,263)	(131,901)	(1,053,292)
Net cash (used in)/ generated from investing activities	(14,085)	176,062	1,445,648	(68,039)	(78,939)	1,460,647
Net cash (used in)/ generated from financing activities	(16,197)	(2,751,539)	995,260	704,403	(43,344)	(1,111,417)
Net (decrease)/increase in cash and cash equivalents	(233,336)	(105,338)	(213,305)	102,101	(254,184)	(704,062)
Cash and cash equivalents at beginning of the year	32,533	242,572	(784,010)	(53,749)	40,739	(521,915)
Effect of changes in foreign exchange	–	14,305	51,359	–	–	65,664
Cash and cash equivalents at end of the year	(200,803)	151,539	(945,956)	48,352	(213,445)	(1,160,313)

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 August 2015 (cont'd)

13. Investments in subsidiaries (cont'd)

(iii) Summarised statements of cash flows (cont'd)

31 August 2014	D’nonce (Kelantan) Sdn. Bhd. RM	D’nonce (Johore) Sdn. Bhd. RM	Attractive Venture (JB) Sdn. Bhd. RM	AV Plastics Sdn. Bhd. RM	Richmond Technology Sdn. Bhd. RM	Total RM
Net cash generated from/(used in) operating activities	493,891	357,392	(35,334,613)	(349,146)	(48,564)	(34,881,040)
Net cash (used in)/ generated from investing activities	(540,181)	87,756	(514,528)	1,130	(107,604)	(1,073,427)
Net cash (used in)/ generated from financing activities	(420,274)	(1,085,223)	34,722,218	440,400	(19,895)	33,637,226
Net (decrease)/increase in cash and cash equivalents	(466,564)	(640,075)	(1,126,923)	92,384	(176,063)	(2,317,241)
Cash and cash equivalents at beginning of the year	499,097	883,573	345,063	(146,133)	216,802	1,798,402
Effect of changes in foreign exchange	–	(926)	(2,150)	–	–	(3,076)
Cash and cash equivalents at end of the year	32,533	242,572	(784,010)	(53,749)	40,739	(521,915)

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 August 2015 (cont'd)

14. Investment properties

	Group	
	2015	**2014**
	RM	**RM**
Land, buildings and renovation, at cost		
At 1 September 2014/2013	**14,965,443**	14,561,475
Additions from subsequent expenditure	**20,300**	31,900
Transfer from property, plant and equipment (Note 12)	**–**	372,068
At 31 August 2015/2014	**14,985,743**	14,965,443
Accumulated depreciation		
At 1 September 2014/2013	**2,551,821**	2,132,757
Depreciation charge for the year	**335,334**	332,945
Transfer from property, plant and equipment (Note 12)	**–**	86,119
At 31 August 2015/2014	**2,887,155**	2,551,821
Net carrying amount		
At 31 August	**12,098,588**	12,413,622

(a) Valuation of investment properties

The investment properties have an open market value of approximately RM21,760,000 (2014: RM21,760,000). 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 comparison method. Investment properties comprise a number of commercial and residential properties leased to third parties as disclosed in Note 28(c).

(b) Properties pledged as security

Investment properties with an aggregate carrying value of RM12,000,196 (2014: RM12,312,056) are pledged as securities for the Group's bank borrowings as disclosed in Note 22.

(c) Investment properties held under finance leases

The cash outflows on subsequent expenditure on investment properties of the Group amounted to RM20,300 (2014: RM31,900).

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

	Group	
	2015	**2014**
	RM	**RM**
Renovation	**48,750**	56,250

The leasehold properties have unexpired lease periods of between 38 to 76 (2014: 39 to 77) years.

The Group's direct operating expenses of revenue generating investment properties amounted to RM540,045 (2014: RM537,984).

A quantitative sensitivity analysis of the change in the rate as at 31 August 2015 and 2014 is shown below:

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 August 2015 (cont'd)

14. Investment properties (cont'd)

(c) Investment properties held under finance leases (cont'd)

Description	Fair value RM	Valuation techniques	Significant unobservable inputs	Sensitivity of the input to fair value
Lands, buildings and renovation	21,760,000	Market comparable approach	Difference in location, size, improvements and time elements and other relevant factors	Every 1% increase / (decrease) in the adjustments would result in increase / (decrease) in fair value disclosure by RM338,000 (2014: RM338,000)

15. Other investments

	Group 2015 RM	Group 2014 RM
Golf club memberships, at cost		
At 1 September 2014/2013	**168,205**	168,205
Write off	**(88,205)**	–
At 31 August 2015/2014	**80,000**	168,205
Accumulated impairment losses		
At 1 September 2014/2013	**(154,205)**	(154,205)
Write off	**88,205**	–
At 31 August 2015/2014	**(66,000)**	(154,205)
Net carrying amount	**14,000**	14,000

The management has carried out a review of the recoverable amount of its investments in golf club memberships. The review has led to the retention of the impairment loss recognised in prior financial years' income statements.

16. Intangible asset

Goodwill	Group 2015 RM	Group 2014 RM
At 1 September 2014/2013	**413,371**	413,371
Accumulated impairment losses	**(124,243)**	(124,243)
At 31 August 2015/2014	**289,128**	289,128

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 August 2015 (cont'd)

16. Intangible asset (cont'd)

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:

	2015 RM	2014 RM
Contract manufacturing - Thailand	**289,128**	289,128

During the financial 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 projections is 11% p.a. (2014: 11% p.a.) and is based on the weighted average cost of capital of the Company.

(iv) Terminal value

The terminal value of the CGUs is calculated by using perpetuity approach, applying a constant 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.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 August 2015 (cont'd)

17. Trade and other receivables

	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
Trade receivables				
Current				
Third parties - interest bearing at 3.25% to 5.00% p.a. (2014: 3.71% to 5.00% p.a.)	**14,479,097**	467,680	**–**	–
Third parties - non-interest bearing	**31,868,346**	28,615,953	**–**	–
	46,347,443	29,083,633	**–**	–
Less: Allowance for impairment	**(236,716)**	(1,170,386)	**–**	–
Trade receivables, net	**46,110,727**	27,913,247	**–**	–
Non-current				
Third parties - interest bearing at 3.25% to 5.00% p.a. (2014: 5.00% p.a.)	**33,096,116**	179,879	**–**	–
Total trade receivables (current and non-current)	**79,206,843**	28,093,126	**–**	–
Other receivables				
Current				
Due from subsidiaries	**–**	–	**15,080,614**	13,063,540
Less: Allowance for impairment	**–**	–	**(10,074,367)**	(8,085,674)
	–	–	**5,006,247**	4,977,866
Deposits	**1,823,435**	1,976,742	**11,820**	9,306
Insurance receivables	**–**	5,428,500	**–**	–
Prepayments	**2,430,074**	30,163,089	**433,752**	–
Sundry receivables	**4,114,404**	1,135,670	**1,536,348**	–
Goods and Services Tax recoverable	**95,942**	–	**–**	–
Other receivables, net	**8,463,855**	38,704,001	**6,988,167**	4,987,172
Total trade and other receivables (current)	**54,574,582**	66,617,248	**6,988,167**	4,987,172
Total trade and other receivables (non-current and current)	**87,670,698**	66,797,127	**6,988,167**	4,987,172
Add: Cash and bank balances (Note 21)	**10,874,089**	11,653,456	**267,602**	128,221
Less: Prepayments	**(2,430,074)**	(30,163,089)	**(433,752)**	–
Less: Goods and Services Tax recoverable	**(95,942)**	–	**–**	–
Total loans and receivables	**96,018,771**	48,287,494	**6,822,017**	5,115,393

(a) Trade receivables

The normal credit terms range from 30 to 120 days (2014: 30 to 120 days). Other credit terms are assessed and approved on case-by-case basis. 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.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 August 2015 (cont'd)

17. Trade and other receivables (cont'd)

(a) Trade receivables (cont'd)

Ageing analysis of trade receivables

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

	Group	
	2015	**2014**
	RM	**RM**
Neither past due nor impaired	**68,182,139**	19,802,360
1 to 30 days past due not impaired	**4,671,883**	3,909,929
31 to 60 days past due not impaired	**1,904,909**	1,548,008
61 to 90 days past due not impaired	**1,026,275**	944,125
More than 91 days past due not impaired	**2,768,729**	1,713,383
	10,371,796	8,115,445
Impaired	**889,624**	1,345,707
	79,443,559	29,263,512

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 RM10,371,796 (2014: RM8,115,445) 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	
	2015	**2014**
	RM	**RM**
Individually impaired		
Trade receivables - nominal amounts	**889,624**	1,345,707
Less: Allowance for impairment	**(236,716)**	(1,170,386)
	652,908	175,321

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2015 (cont'd)

17. Trade and other receivables (cont'd)

(a) Trade receivables (cont'd)

Receivables that are impaired (cont'd)

Movement in allowance accounts:

	Group	
	2015	**2014**
	RM	**RM**
At 1 September 2014/2013	**1,170,386**	1,968,071
Impairment during the year (Note 7)	**85,233**	141,087
Written off	**(45,448)**	(39,057)
Reversal of impairment losses (Note 7)	**(979,054)**	(898,658)
Exchange differences	**5,599**	(1,057)
At 31 August 2015/2014	**236,716**	1,170,386

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) Other receivables

(i) Due from subsidiaries

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

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

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

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	
	2015	**2014**
	RM	**RM**
Individually impaired		
Other receivables - nominal amounts	**10,628,494**	9,053,922
Less: Allowance for impairment	**(10,074,367)**	(8,085,674)
	554,127	968,248

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 August 2015 (cont'd)

17. Trade and other receivables (cont'd)

(b) Other receivables (cont'd)

(i) Due from subsidiaries (cont'd)

Other receivables that are impaired (cont'd)

Movement in allowance accounts:

	Company	
	2015	**2014**
	RM	**RM**
At 1 September 2014/2013	**8,085,674**	7,332,854
Impairment during the year (Note 7)	**1,988,693**	926,171
Reversal during the year (Note 7)	**–**	(173,351)
At 31 August 2015/2014	**10,074,367**	8,085,674

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.

(ii) Prepayments

Included in prepayments are RM Nil (2014: RM23,186,631) relating to advance payments given to equipment suppliers, sub-contractors and other vendors for the purchase and installation of equipment in relation to the CCTV installation project as disclosed in Note 34(B).

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

18. Deferred tax (assets)/liabilities

	Group	
	2015	**2014**
	RM	**RM**
At 1 September 2014/2013	**(539,831)**	(533,223)
Recognised in profit or loss (Note 10)	**1,095,426**	(14,601)
Exchange differences	**(36,245)**	7,993
At 31 August 2015/2014	**519,350**	(539,831)
Presented after appropriate offsetting as follows:		
Deferred tax assets	**(63,772)**	(780,516)
Deferred tax liabilities	**583,122**	240,685
	519,350	(539,831)

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 August 2015 (cont'd)

18. Deferred tax (assets)/liabilities

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

Deferred tax assets of the Group:

	Unused tax losses RM	Others RM	Total RM
At 1 September 2014	**(839,839)**	**(535,707)**	**(1,375,546)**
Recognised in profit or loss	**839,839**	**497,992**	**1,337,831**
Exchange differences	**–**	**(36,245)**	**(36,245)**
At 31 August 2015	**–**	**(73,960)**	**(73,960)**
At 1 September 2013	(560,419)	(139,795)	(700,214)
Recognised in profit or loss	(279,420)	(403,905)	(683,325)
Exchange differences	–	7,993	7,993
At 31 August 2014	(839,839)	(535,707)	(1,375,546)

Deferred tax liabilities of the Group:

	Accelerated capital allowances RM	Others RM	Total RM
At 1 September 2014	**848,795**	**(13,080)**	**835,715**
Recognised in profit and loss	**(520,797)**	**278,392**	**(242,405)**
At 31 August 2015	**327,998**	**265,312**	**593,310**
At 1 September 2013	243,927	(76,936)	166,991
Recognised in profit and loss	604,868	63,856	668,724
At 31 August 2014	848,795	(13,080)	835,715

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

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Unused tax losses	**42,149,000**	36,533,000	**–**	1,436,000
Unabsorbed capital allowances	**12,421,000**	12,076,000	**–**	–
Unutilised reinvestment allowances	**9,224,000**	9,224,000	**–**	–
Other deductible temporary differences	**15,222,000**	13,764,000	**12,078,000**	9,465,000
	79,016,000	71,597,000	**12,078,000**	10,901,000

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 and unutilised reinvestment allowance can be utilised.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 August 2015 (cont'd)

18. Deferred tax (assets)/liabilities (cont'd)

Unrecognised temporary differences relating to investments in subsidiaries

At the reporting date, no deferred tax liability (2014: RM Nil) has been recognised for taxes that would be payable on the undistributed earnings of certain of the Group’s subsidiaries as the Group has determined that undistributed earnings of its subsidiaries will not be distributed in the foreseeable future.

Such temporary differences for which no deferred tax liability has been recognised aggregate to RM19,421,000 (2014: RM19,000,000). The deferred tax liability is estimated to be RM1,942,000 (2014: RM1,900,000).

19. Inventories

	Group	
	2015	**2014**
	RM	**RM**
At cost:		
Raw materials	**3,542,919**	3,146,246
Work-in-progress	**365,797**	1,019,540
Finished goods	**2,027,895**	18,037,215
Trading goods	**10,208,084**	11,378,956
Other inventories	**–**	1,378,327
	16,144,695	34,960,284
At net realisable value:		
Raw materials	**1,091,156**	1,999,262
Work-in-progress	**138,344**	–
Finished goods	**129,251**	109,675
	1,358,751	2,108,937
	17,503,446	37,069,221

In the prior financial year, the Group had written off inventories amounting to RM2,611,351 which were damaged during the fire incident in Hatyai, Thailand.

Other inventories comprise sub-contractor and other installation costs incurred by a subsidiary in relation to the CCTV installation project as disclosed in Note 34(B).

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 August 2015 (cont'd)

20. Derivatives

	Group			
	2015 RM		2014 RM	
	Contract/ Notional amount	Assets/ (liabilities)	Contract/ Notional amount	Assets/ (liabilities)
Non-hedging derivatives:				
Forward currency contracts:				
- Sales contracts	**1,268,050**	**(187,950)**	–	–

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.

The forward currency contracts were used to hedge the Group's receivables denominated in US Dollar ("USD") for which firm commitments existed as at 31 August 2015, extending to December 2015 as disclosed in Note 31(d).

During the financial year, the Group recognised a loss of RM187,950 (2014: gain of RM34,007) 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	
	2015 RM	2014 RM	2015 RM	2014 RM
Non-current:				
Deposits with a licensed bank	**469,045**	104,724	**–**	–
Current:				
Cash on hand and at banks	**5,297,683**	6,301,247	**267,602**	128,221
Deposits with licensed banks	**5,107,361**	5,247,485	**–**	–
	10,405,044	11,548,732	**267,602**	128,221
Total	**10,874,089**	11,653,456	**267,602**	128,221

Non-current

The deposits with a licensed bank are made for varying periods of between 3 years to 5 years (2014: 3 years to 5 years) and the effective interest rates as at 31 August 2015 range from 3.30% to 3.45% p.a. (2014: 3.30% p.a.). The deposits are pledged as security for the Group's borrowings and banking facilities as disclosed in Note 22.

Current

Deposits with licensed 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 2015 for the Group range from 1.00% - 3.35% p.a. (2014: 2.30% - 3.30% p.a.).

The deposits are pledged as security for the Group's borrowings and banking facilities as disclosed in Note 22.

Certain deposits with a licensed bank of the Group amounting to RM134,986 (2014: RM130,986) are also registered in the name of a director of a subsidiary who holds such deposits in trust for the subsidiary.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 August 2015 (cont'd)

22. Loans and borrowings

		Group		Company	
		2015	**2014**	**2015**	**2014**
	Maturity	**RM**	**RM**	**RM**	**RM**
Current:					
Secured:					
Bank overdrafts	On demand	**15,618,761**	11,439,903	**–**	–
Bankers' acceptances	2016	**13,753,195**	12,063,669	**–**	–
Promissory notes	2016	**5,615,458**	6,909,000	**–**	–
Revolving credits	2016	**167,016**	158,216	**–**	–
Trust receipts	2016	**502,898**	991,001	**–**	–
Term loans	2016	**10,150,702**	6,181,489	**–**	–
Obligations under finance leases (Note 28(d))	2016	**1,931,883**	1,520,923	**124,797**	–
		47,739,913	39,264,201	**124,797**	–
Non-current:					
Secured:					
Term loans	2017 – 2030	**33,482,085**	39,762,490	**–**	–
Obligations under finance leases (Note 28(d))	2017 – 2020	**4,383,602**	3,740,493	**530,188**	–
		37,865,687	43,502,983	**530,188**	–

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM	**RM**	**RM**	**RM**
Total borrowings				
Bank overdrafts	**15,618,761**	11,439,903	**–**	–
Bankers' acceptances	**13,753,195**	12,063,669	**–**	–
Promissory notes	**5,615,458**	6,909,000	**–**	–
Revolving credits	**167,016**	158,216	**–**	–
Trust receipts	**502,898**	991,001	**–**	–
Term loans	**43,632,787**	45,943,979	**–**	–
Obligations under finance leases (Note 28(d))	**6,315,485**	5,261,416	**654,985**	–
	85,605,600	82,767,184	**654,985**	–

The remaining maturities of the loans and borrowings as at 31 August 2015 and 2014 are as follows:

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM	**RM**	**RM**	**RM**
On demand or within one year	**47,739,913**	39,264,201	**124,797**	–
More than 1 year and less than 2 years	**12,375,774**	12,872,676	**134,907**	–
More than 2 year and less than 5 years	**18,517,204**	25,911,329	**395,281**	–
5 years or more	**6,972,709**	4,718,978	**–**	–
	85,605,600	82,767,184	**654,985**	–

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 August 2015 (cont'd)

22. Loans and borrowings (cont'd)

(i) 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 6.35% - 8.85% p.a. (2014: 6.10% - 8.85% p.a.) and 6.50% - 7.88% p.a. (2014: 7.00% - 10.00% p.a.) for bank overdrafts denominated in RM and Thai Baht (“THB”) respectively.

(ii) Bankers’ acceptances

Bankers’ acceptances are denominated in RM and THB, and bear interest rates ranging from 3.56% - 7.37% p.a. (2014: 2.91% - 5.95% p.a.).

(iii) Promissory notes

Promissory notes are denominated in THB and bear interest rates ranging from 6.15% - 7.63% p.a. (2014: 6.38% - 7.00% p.a.) and are secured by legal charges over the property, plant and equipment of the subsidiary and corporate guarantees by the Company and a subsidiary.

(iv) Revolving credits

Revolving credits are denominated in THB and bear interest rates at 5.64% p.a. (2014: 5.53% - 5.69% p.a.) and are secured by legally assigned third party contracts’ proceeds and corporate guarantees by the Company.

(v) Trust receipts

Trust receipts are denominated in THB and bear interest rates ranging from 6.15% - 7.85% p.a. (2014: 2.50% - 6.63% p.a.)

(vi) 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 3.83% - 8.60% p.a. (2014: 3.83% - 8.60% p.a.) and 3.00% - 7.25% p.a. (2014: 3.00% - 6.63% p.a.) for term loans denominated in RM and THB respectively.

(vii) Obligations under finance leases

These obligations are secured by a charge over the leased assets as disclosed in 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 for the Group range from 2.35% – 3.85% p.a. (2014: 2.35% – 7.10% p.a) and 5.34% - 7.55% p.a. (2014: 2.65% - 5.52% p.a.) for obligations under finance leases denominated in RM and THB respectively. The discount rate implicit in the lease for the Company is 3.65% p.a. (2014: Nil).

Certain obligations under finance leases of RM5,395,186 (2014: RM4,753,555) of the Group are secured by way of corporate guarantees from the Company.

Except for certain 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 Notes 12 and 14 respectively;

(b) current and non-current deposits with licensed banks amounting to RM5,576,406 (2014: RM5,352,209) of the Group as disclosed in Note 21;

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

(d) Credit Guarantee Corporation (“CGC”) guarantee under the Flexi Guarantee Scheme (“FGS”) granted to a subsidiary;

(e) corporate guarantee by the Company; and

(f) deed of assignment of Contract Proceed in relation to the CCTV installation project as disclosed in Note 34(B).

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 August 2015 (cont'd)

23. Trade and other payables

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Trade payables				
Third parties	**25,767,432**	17,235,947	**–**	–
Other payables				
Due to subsidiaries	**–**	–	**17,297,277**	13,494,276
Accruals	**3,760,482**	2,927,833	**464,596**	233,630
Accrual for directors' remuneration	**961,887**	1,330,716	**507,210**	939,192
Amounts due to directors	**1,502,095**	–	**795,550**	–
Amount due to director of a subsidiary	**1,216,646**	216,860	**–**	–
Sundry payables	**4,905,129**	14,125,305	**419,688**	403
Good and Services Tax payable	**94,562**	–	**60,092**	–
	12,440,801	18,600,714	**19,544,413**	14,667,501
Total trade and other payables	**38,208,233**	35,836,661	**19,544,413**	14,667,501
Add: Loans and borrowings (Note 22)	**85,605,600**	82,767,184	**654,985**	–
Less: Good and Services Tax payable	**(94,562)**	–	**(60,092)**	–
Total financial liabilities carried at amortised cost	**123,719,271**	118,603,845	**20,139,306**	14,667,501

(a) Trade payables

The normal trade credit terms granted to the Group range from 30 to 90 days (2014: 30 to 90 days).

(b) Other payables

(i) Due to subsidiaries

Amounts due to subsidiaries are repayable on demand. These amounts are unsecured and are to be settled in cash. Certain amounts due to subsidiaries bear interest rates ranging from 5.38% - 7.85% p.a.(2014: 5.00% - 8.00% p.a).

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

(ii) Amounts due to directors

These amounts are unsecured, interest free and repayable upon demand.

(iii) Amount due to a director of a subsidiary

The amount due is unsecured, interest free and repayable upon demand.

(iv) Sundry payables

Included in sundry payables is RM Nil (2014: RM8,833,469) relating to advances received from a customer in relation to the CCTV installation project as disclosed in Note 34(B).

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 August 2015 (cont'd)

24. Employee benefits

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

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM	**RM**	**RM**	**RM**
Present value of unfunded defined benefit obligations being net liability	**878,047**	1,521,649	**430,518**	1,030,577
Analysed as:				
Current	**436,884**	1,030,577	**430,518**	1,030,577
Non-current	**441,163**	491,072	**–**	–

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

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM	**RM**	**RM**	**RM**
Current service cost	**189,206**	157,485	**84,960**	70,116
Interest cost	**24,264**	19,607	**3,421**	4,464
Past service cost – curtailment	**247,182**	440,626	**–**	–
Under/(over)provision in prior year	**29,227**	(135,372)	**22,319**	(135,372)
Total, included in employee benefits expense (Note 6)	**489,879**	482,346	**110,700**	(60,792)

Movements in the net liability are as follows:

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM	**RM**	**RM**	**RM**
At 1 September 2014/2013	**1,521,649**	2,351,985	**1,030,577**	1,930,166
Recognised in the profit or loss				
- Employee benefits expense (Note 6)	**489,879**	482,346	**110,700**	(60,792)
- Other income	**(286,744)**	–	**(286,744)**	–
Recognised in other comprehensive income	**(263,553)**	–	**–**	–
Contributions paid	**(684,729)**	(1,296,449)	**(424,015)**	(838,797)
Exchange differences	**101,545**	(16,233)	**–**	–
At 31 August 2015/2014	**878,047**	1,521,649	**430,518**	1,030,577

The RM286,744 relates to retirement benefit obligations waived by a director of the Company and forms part of the waiver of director's remuneration totaling RM1,453,364 as disclosed in Note 5.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 August 2015 (cont'd)

24. Employee benefits (cont'd)

Retirement benefit obligations (cont'd)

The principal actuarial assumptions used are as follows:

	Group		Company	
	2015	**2014**	**2015**	**2014**
	%	**%**	**%**	**%**
Discount rate	**3.3 – 4.4**	3.8 - 4.4	**4.4**	4.4
Expected rate of salary increases	**5.0**	5.0	**5.0**	5.0

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as of the end of the reporting period, assuming if all other assumptions were held constant:

	Group		Company	
	2015	**2015**	**2015**	**2015**
	Increase/ (decrease) %	**RM**	**Increase/ (decrease) %**	**RM**
Discount rate	**1**	**(51,735)**	**1**	**(842)**
Discount rate	**(1)**	**51,735**	**(1)**	**842**
Expected rate of salary increase	**1**	**60,178**	**1**	**1,286**
Expected rate of salary increase	**(1)**	**(60,178)**	**(1)**	**(1,286)**

25. Share capital and share premium

	Group and Company			
	Number of ordinary shares of RM1 each	Amount		
		Share capital RM	**Share premium RM**	**Total RM**
Authorised share capital				
At 1 September 2014 and 31 August 2015	**100,000,000**	**100,000,000**	**–**	**100,000,000**
Issued and fully paid				
At 1 September 2014 and 31 August 2015	**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.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 August 2015 (cont'd)

26. Other reserves

Group	Foreign currency translation reserve RM (a)	Other capital reserve RM (b)	Legal reserve RM (c)	Total RM
	← Non-distributable		→	
At 1 September 2014	**577,612**	**5,120,000**	**32,510**	**5,730,122**
Other comprehensive income:				
Foreign currency translation	**4,703,245**	**–**	**–**	**4,703,245**
At 31 August 2015	**5,280,857**	**5,120,000**	**32,510**	**10,433,367**
At 1 September 2013	1,201,086	5,120,000	32,510	6,353,596
Other comprehensive income:				
Foreign currency translation	(623,474)	–	–	(623,474)
At 31 August 2014	577,612	5,120,000	32,510	5,730,122

(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.

(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.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 August 2015 (cont'd)

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	
	2015	**2014**	**2015**	**2014**
	RM	**RM**	**RM**	**RM**
Purchases from Master-Pack Sdn. Bhd, a corporate shareholder of a subsidiary	**3,547,814**	3,043,495	**–**	–
Interest charged by subsidiaries:				
ISCM Technology (Thailand) Co., Ltd.	**–**	–	**547,647**	617,512
Attractive Venture (JB) Sdn. Bhd.	**–**	–	**31,609**	19,101
D'nonce (Kelantan) Sdn. Bhd.	**–**	–	**55,824**	1,986
D'nonce (M) Sdn. Bhd.	**–**	–	**162,773**	–
Advances to subsidiaries:				
D'nonce Biofoods Sdn. Bhd.	**–**	–	**–**	198,000
AV Plastics Sdn. Bhd.	**–**	–	**1,312,000**	400,000
D'nonce (K.L) Sdn. Bhd.	**–**	–	**350,000**	–
Attractive Venture Sdn. Bhd.	**–**	–	**911,199**	–
ISCM Industries (Thailand) Co., Ltd	**–**	–	**835,000**	–
Advances from subsidiaries:				
D'nonce (M) Sdn. Bhd.	**–**	–	**1,143,359**	2,000,000
D'nonce (Kelantan) Sdn. Bhd.	**–**	–	**512,237**	400,000
Attractive Venture Sdn. Bhd.	**–**	–	**100,000**	1,408,000
ISCM Technology (Thailand) Co., Ltd.	**–**	–	**230,700**	–
Integrated SCM Co.,Ltd	**–**	–	**100,000**	–
Attractive Venture (KL) Sdn. Bhd.	**–**	–	**50,000**	–
ISCM Industries (Thailand) Co., Ltd	**–**	–	**50,000**	–
Sub-leasing fee charged to subsidiaries:				
D'nonce (M) Sdn. Bhd.	**–**	–	**27,301**	–
D'nonce (KL) Sdn. Bhd.	**–**	–	**18,466**	–
D'nonce (Johore) Sdn. Bhd.	**–**	–	**12,109**	–
D'nonce (Kelantan) Sdn. Bhd.	**–**	–	**9,833**	–
Attractive Venture Sdn. Bhd.	**–**	–	**38,872**	–
Attractive Venture (JB) Sdn.Bhd.	**–**	–	**18,576**	–
Attractive Venture (KL) Sdn. Bhd	**–**	–	**16,720**	–
Richmond Technology Sdn. Bhd.	**–**	–	**6,156**	–
AV Plastics Sdn. Bhd.	**–**	–	**9,833**	–
D'nonce Biofoods Sdn. Bhd.	**–**	–	**4,134**	–
Advances from a director	**2,814,995**	–	**2,064,995**	–
Advance from a director of a subsidiary	**1,216,646**	–	**–**	–
Waiver of a director's remuneration	**1,453,364**	–	**1,453,364**	–

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 August 2015 (cont'd)

27. Related party disclosures (cont'd)

(a) Sales and purchase of goods and services (cont'd)

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM	**RM**	**RM**	**RM**
Debt assignment to a director in respect of amounts due from receivables	**1,204,661**	–	**1,041,206**	–
Debt assignment from subsidiaries to the Company in respect of amounts due from receivables:				
D’nonce (M) Sdn. Bhd.	**–**	–	**330,000**	–
Attractive Venture Sdn. Bhd.	**–**	–	**711,206**	–
Attractive Venture (JB) Sdn. Bhd	**–**	–	**1,454,553**	–
Sub-leasing fee charged to companies connected to a director	**21,538**	–	**21,538**	–
Debt reassignment from subsidiaries to the Company in respect of amount due from D’nonce Biofoods Sdn. Bhd. to the subsidiaries:				
D’nonce (M) Sdn. Bhd.	**–**	–	**49,520**	44,860
Attractive Venture Sdn. Bhd.	**–**	–	**81,960**	109,445
Integrated SCM Co.,Ltd.	**–**	–	**133,401**	–
ISCM Industries (Thailand) Co., Ltd	**–**	–	**53,268**	–
Debt reassignment from AV Industries Sdn. Bhd. in respect of amount due from Attractive Venture Sdn. Bhd. to the subsidiary	**–**	–	**–**	834,320
Management and advisory fees charged to subsidiaries *	**–**	**–**	**5,783,800**	4,767,354
Expenses charged by subsidiaries:				
D’nonce Biofoods Sdn. Bhd.	**–**	–	**22,958**	–
Attractive Venture (JB) Sdn. Bhd.	**–**	**–**	**300**	**–**

* 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 2015 and 2014 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.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 August 2015 (cont'd)

28. Commitments

(a) Capital commitments

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM	**RM**	**RM**	**RM**
Capital expenditure:				
Approved and contracted for:				
Motor vehicles	**217,587**	–	**–**	–
Plant and machinery	**232,756**	4,276,039	**–**	–
Renovation	**293,620**	–	**–**	–
Office furniture, fittings and computer equipment	**–**	63,826	**–**	–
	743,963	4,339,865	**–**	–
Approved and not contracted for:				
Building	**4,400,000**	4,400,000	**–**	–
Plant and machinery	**–**	245,525	**–**	–
	4,400,000	4,645,525	**–**	–

(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		Company	
	2015	**2014**	**2015**	**2014**
	RM	**RM**	**RM**	**RM**
Not later than 1 year	**2,115,015**	1,600,405	**43,600**	36,000
Later than 1 year and not later than 5 years	**2,382,752**	1,120,289	**39,200**	57,600
	4,497,767	2,720,694	**82,800**	93,600

(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	
	2015	**2014**
	RM	**RM**
Not later than 1 year	**1,230,000**	768,500
Later than 1 year and not later than 5 years	**552,500**	4,000
	1,782,500	772,500

Investment properties and other rental income recognised in profit or loss during the financial year is as disclosed in Note 4 and Note 5 respectively.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 August 2015 (cont'd)

28. Commitments (cont'd)

(d) Finance lease commitments

The Group has entered into finance leases for certain items of plant and equipment and investment properties as disclosed in Note 12(a) and Note 14(c). 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	
	2015 RM	2014 RM	2015 RM	2014 RM
Minimum lease payments:				
Not later than 1 year	**2,286,454**	1,808,879	**166,500**	–
Later than 1 year and not later than 2 years	**2,139,371**	1,518,617	**166,500**	–
Later than 2 years and not later than 5 years	**2,646,410**	2,575,761	**430,105**	–
Later than 5 years	**–**	42,299	**–**	–
Total minimum lease payments	**7,072,235**	5,945,556	**763,105**	–
Less: Amounts representing finance charges	**(756,750)**	(684,140)	**(108,120)**	–
Present value of minimum lease payments (Note 22)	**6,315,485**	5,261,416	**654,985**	–
Present value of payments:				
Not later than 1 year	**1,931,883**	1,520,923	**124,797**	–
Later than 1 year and not later than 2 years	**1,893,181**	1,316,000	**134,907**	–
Later than 2 years and not later than 5 years	**2,490,421**	2,383,365	**395,281**	–
Later than 5 years	**–**	41,128	**–**	–
Present value of minimum lease payments	**6,315,485**	5,261,416	**654,985**	–
Less: Amount due within 12 months (Note 22)	**(1,931,883)**	(1,520,923)	**(124,797)**	–
Amount due after 12 months (Note 22)	**4,383,602**	3,740,493	**530,188**	–

29. Material litigation

A former Director of the Company (“the Plaintiff”) had filed an industrial claim through the Industrial Court of Malaysia (“Industrial Court”) seeking monetary compensation due to wrongful termination in 2006. The Plaintiff’s position in the Company had 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 Plaintiff had filed a representation for dismissal without just cause or excuse which was heard by the Industrial Court on 26 October 2010. The Industrial Court had on 3 April 2013 dismissed the claim on the premise that the Plaintiff was not a “workman” as defined under the Industrial Relations Act 1967.

Prior to the Industrial Court delivering its award, the Plaintiff began a claim in the High Court on 21 February 2012 and the Company had succeeded in striking out the Plaintiff’s claim. The Plaintiff had then appealed to the Court of Appeal, which after hearing submission from both parties had allowed the Plaintiff’s appeal and directed the matter to be litigated at the High Court. Following this, the Plaintiff’s claim for damages for breach of contract will proceed to trial in the High Court (“the civil suit”).

The civil suit filed by the Plaintiff was fixed for case management before the Senior Assistant Registrar on 23 January 2015 for the Court to fix trial dates for the civil suit.

On 30 June 2015, the Company has announced that the High Court of Penang had dismissed the Plaintiff’s claim against the Company.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 August 2015 (cont'd)

30. Fair value measurement

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

The fair value measurement hierarchies used to measure financial instruments carried at fair value in the statements of financial position as at 31 August 2015 and 2014 or where fair values are disclosed 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				
Financial liabilities measured at fair value				
At 31 August 2015				
Non-hedging derivatives				
Forward currency contracts (Note 20)	**–**	**187,950**	**–**	**187,950**
At 31 August 2014				
Non-hedging derivatives				
Forward currency contracts (Note 20)	–	–	–	–
Assets for which fair values are disclosed				
At 31 August 2015				
Investment properties (Note 14)	**–**	**–**	**21,760,000**	**21,760,000**
At 31 August 2014				
Investment properties (Note 14)	–	–	21,760,000	21,760,000

There have been no transfers between Level 1 and Level 2 fair value measurements during the year ended 31 August 2015 and 31 August 2014.

30. Fair value measurement (cont'd)

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			
	2015		**2014**	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
	RM	**RM**	**RM**	**RM**
Financial liabilities:				
Loans and borrowings				
Obligations under finance leases	**6,315,485**	**6,777,338**	5,261,416	5,674,459
Term loans	**43,632,787**	**45,038,529**	45,943,979	48,038,034

	Company			
	2015		**2014**	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
	RM	**RM**	**RM**	**RM**
Loans and borrowings				
Obligations under finance leases	**654,985**	**767,531**	–	–

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
Loans and borrowings (current and non-current) – except those disclosed in Note 30B	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 non-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.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 August 2015 (cont'd)

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

The credit risk of the Group's other financial assets (including cash and bank balances and derivatives), arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these financial assets.

<u>Exposure to credit risk</u>

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; and

(ii) a nominal amount of RM83,034,128 (2014: RM82,363,854) relating to corporate guarantees provided by the Company as securities to licensed banks in respect of bank loans and banking facilities granted to its subsidiaries.

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

<u>Credit risk concentration profile</u>

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:

	2015		2014	
	RM	**%**	**RM**	**%**
By country:				
Malaysia	**70,233,440**	**88.7**	18,663,960	66.4
Thailand	**7,260,382**	**9.2**	7,118,305	25.4
Singapore	**488,429**	**0.3**	583,837	2.1
Others	**1,224,592**	**1.8**	1,727,024	6.1
	79,206,843	**100.0**	28,093,126	100.0

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 August 2015 (cont'd)

31 Financial risk management objectives and policies (cont'd)

a) Credit risk (cont'd)

Credit risk concentration profile (cont'd)

	2015		2014	
	RM	%	RM	%
By industry sectors:				
Electronics and electrical	**14,038,856**	**17.7**	12,800,401	45.7
Security and surveillance system	**49,372,261**	**62.3**	1,745,171	6.2
Medical, specialty products and gloves	**3,912,951**	**4.9**	5,496,110	19.6
Packaging	**2,852,302**	**3.6**	1,305,238	4.7
Foods	**2,388,032**	**3.0**	1,834,169	6.5
Others	**6,642,441**	**8.5**	4,912,037	17.3
	79,206,843	**100.0**	28,093,126	100.0

At the reporting date, approximately 78.12% (2014: 35.92%) of the Group's trade receivables were due from 4 (2014: 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.

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 their 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 55% (2014: 47%) and 19% (2014: Nil) of the Group's and the Company's loans and borrowings as disclosed in Note 22 will mature in less than one year.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 August 2015 (cont'd)

31 Financial risk management objectives and policies (cont'd)

b) Liquidity risk (cont'd)

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.

	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
31 August 2015				
Group				
Financial assets:				
Trade and other receivables	**54,478,731**	**36,620,688**	**–**	**91,099,419**
Cash and bank balances	**10,405,044**	**469,045**	**–**	**10,874,089**
Total undiscounted financial assets	**64,883,775**	**37,089,733**	**–**	**101,973,508**
Financial liabilities:				
Trade and other payables	**38,113,671**	**–**	**–**	**38,113,671**
Foreign currency forward contracts	**187,950**	**–**	**–**	**187,950**
Loans and borrowings	**51,665,150**	**34,697,685**	**7,523,601**	**93,886,436**
Total undiscounted financial liabilities	**89,966,771**	**34,697,685**	**7,523,601**	**132,188,057**
31 August 2014				
Financial assets:				
Trade and other receivables	36,454,159	179,879	–	36,634,038
Cash and bank balances	11,548,732	104,724	–	11,653,456
Total undiscounted financial assets	48,002,891	284,603	–	48,287,494
Financial liabilities:				
Trade and other payables	35,836,661	–	–	35,836,661
Loans and borrowings	43,343,683	44,031,302	5,648,474	93,023,459
Total undiscounted financial liabilities	79,180,344	44,031,302	5,648,474	128,860,120

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2015 (cont'd)

31 Financial risk management objectives and policies (cont'd)

b) Liquidity risk (cont'd)

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

	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
31 August 2015				
Company				
Financial assets:				
Trade and other receivables	**6,554,415**	**–**	**–**	**6,554,415**
Cash and bank balances	**267,602**	**–**	**–**	**267,602**
Total undiscounted financial assets	**6,822,017**	**–**	**–**	**6,822,017**
Financial liabilities:				
Trade and other payables	**19,484,321**	**–**	**–**	**19,484,321**
Loans and borrowings	**166,500**	**596,605**	**–**	**763,105**
Total undiscounted financial liabilities	**19,650,821**	**596,605**	**–**	**20,247,426**
31 August 2014				
Financial assets:				
Trade and other receivables	4,987,172	–	–	4,987,172
Cash and bank balances	128,221	–	–	128,221
Total undiscounted financial assets	5,115,393	–	–	5,115,393
Financial liabilities:				
Trade and other payables, representing total undiscounted financial liabilities	14,667,501	–	–	14,667,501

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 RM96,876 (2014: RM93,728) higher/lower (2014: higher/lower), 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.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 August 2015 (cont'd)

31 Financial risk management objectives and policies (cont'd)

c) Interest rate risk (cont'd)

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

	2015		2014	
Group	**Increase/ (decrease) in basis point**	**Increase/ (decrease) in profit net of tax RM**	**Increase/ (decrease) in basis point**	**Increase/ (decrease) in profit net of tax RM**
- Ringgit Malaysia	**20**	**(75,460)**	20	(74,517)
- Ringgit Malaysia	**(20)**	**75,460**	(20)	74,517
- Thai Baht	**20**	**(21,138)**	20	(19,211)
- Thai Baht	**(20)**	**21,138**	(20)	19,211

	2015		2014	
Company	**Increase/ (decrease) in basis point**	**Increase/ (decrease) in profit net of tax**	**Increase/ (decrease) in basis point**	**Increase/ (decrease) in profit net of tax**
- Ringgit Malaysia	**20**	**(22,881)**	20	(19,370)
- Ringgit Malaysia	**(20)**	**22,881**	(20)	19,370

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 10.5% and 27% (2014: 13.0% and 45%) of the Group's and Company's receivables respectively is denominated in foreign currencies whilst almost 0.7% and 68% (2014: 22.0% and 72%) of the Group's and the Company's payables respectively 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 RM1,998,708 (2014: RM1,367,617).

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2015 (cont'd)

31 Financial risk management objectives and policies (cont'd)

d) Foreign currency risk (cont'd)

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group’s and the Company’s profit/(loss) 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		Company	
	2015	**2014**	**2015**	**2014**
	Increase/ (decrease) in profit net of tax RM	**Increase/ (decrease) in profit net of tax RM**	**Decrease/ (increase) in loss net of tax RM**	**Decrease/ (increase) in loss net of tax RM**
USD/MYR - strengthened 5%	**391,257**	148,960	**(40,744)**	15,345
- weakened 5%	**(391,257)**	(148,960)	**40,744**	(15,345)
SGD/MYR - strengthened 10%	**(28,606)**	18,730	**–**	–
- weakened 10%	**28,606**	(18,730)	**–**	–
THB/MYR - strengthened 10%	**–**	–	**(528,774)**	(422,722)
- weakened 10%	**–**	–	**528,774**	422,722
USD/THB - strengthened 10%	**(158,820)**	(143,803)	**–**	–
- weakened 10%	**158,820**	143,803	**–**	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 2015 (cont'd)

32. Capital management

The Group's objectives when managing capital are 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 Group monitors capital using net gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the Group's net gearing ratio at a level deemed appropriate considering business, economic and investment condition.

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

	Note	Group		Company	
		2015 RM	2014 RM	2015 RM	2014 RM
Loans and borrowings	22	**85,605,600**	82,767,184	**654,985**	–
Trade and other payables	23	**38,208,233**	35,836,661	**19,544,413**	14,667,501
Less: Cash and bank balances	21	**(10,874,089)**	(11,653,456)	**(267,602)**	(128,221)
Net debt		**112,939,744**	106,950,389	**19,931,796**	14,539,280
Equity attributable to owners of the parent		**51,152,110**	45,788,806	**29,495,999**	31,659,912
Capital and net debt		**164,091,854**	152,739,195	**49,427,795**	46,199,192
Gearing ratio		**69%**	70%	**40%**	31%

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 advancedpacking material, electronics products, food related products and consumables.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 August 2015 (cont'd)

33. Segment information (cont'd)

(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.

(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 in accordance with prices mutually agreed between the respective companies. 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
2015					
Revenue					
Sales to external customer	43,304,321	21,850,437	158,617,332	–	223,772,090
Inter-segments sales	594,526	328,485	24,414,298	(25,337,309)	–
Total revenue	43,898,847	22,178,922	183,031,630	(25,337,309)	223,772,090
Results					
Segment results	3,174,652	(3,850,843)	15,991,383		15,315,192
Unallocated expenses					(6,104,595)
Operating profit					9,210,597
Finance costs					(4,953,414)
Profit before tax					4,257,183
Income tax expense					(3,038,382)
Profit for the year					1,218,801
Assets					
Segment assets	12,963,968	20,792,775	144,674,178		178,430,921
Unallocated assets					3,275,393
Tax assets					538,272
Total assets					182,244,586

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 August 2015 (cont'd)

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
2015					
Liabilities					
Segment liabilities	**6,737,882**	**2,038,151**	**26,548,539**		**35,324,572**
Unallocated liabilities					**3,949,658**
Borrowings					**85,605,600**
Tax liabilities					**1,472,832**
Total liabilities					**126,352,662**
Other information					
Capital expenditure for property, plant and equipment	**4,382**	**1,040,783**	**13,048,982**		**14,094,147**
Capital expenditure for investment properties	**–**	**–**	**20,300**		**20,300**
Depreciation	**34,931**	**2,488,972**	**4,323,563**		**6,847,466**
Reversal of impairment losses on property, plant and equipment	**–**	**–**	**(1,364,105)**		**(1,364,105)**
Other significant non-cash expenses	**260,497**	**49,960**	**87,066**		**397,523**
2014					
Revenue					
Sales to external customer	52,043,672	19,454,575	107,265,316	–	178,763,563
Inter-segments sales	1,012,430	718,822	22,102,134	(23,833,386)	–
Total revenue	53,056,102	20,173,397	129,367,450	(23,833,386)	178,763,563
Results					
Segment results	1,658,789	(228,763)	9,204,362	–	10,634,388
Unallocated expenses					(4,084,034)
Operating profit					6,550,354
Finance costs					(2,922,922)
Profit before tax					3,627,432
Income tax expense					(1,028,769)
Profit for the year					2,598,663
Assets					
Segment assets	10,830,641	23,536,124	134,221,989	–	168,588,754
Unallocated assets					560,639
Tax assets					955,501
Total assets					170,104,894

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 August 2015 (cont'd)

33. Segment information (cont'd)

Business Segments (cont'd)

2014	Integrated supply chain products and services RM	Contract manufacturing RM	Supply of packaging materials RM	Eliminations RM	Consolidation RM
Liabilities					
Segment liabilities	4,957,097	2,625,826	27,559,343	–	35,142,266
Unallocated liabilities					2,216,044
Borrowings					82,767,184
Tax liabilities					273,640
Total liabilities					120,399,134
Other information					
Capital expenditure for property, plant and equipment	6,896	1,669,847	5,696,747	–	7,373,490
Capital expenditure for investment properties	–	–	31,900	–	31,900
Depreciation	58,280	2,338,983	2,956,161	–	5,353,424
Impairment losses on property, plant and equipment	–	–	1,445,179	–	1,445,179
Other significant non-cash expenses	21,473	694,829	1,017,750	–	1,734,052

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	
	2015 RM	**2014 RM**	**2015 RM**	**2014 RM**	**2015 RM**	**2014 RM**
Malaysia	**172,490,480**	120,931,116	**133,057,146**	121,505,857	**8,119,152**	2,973,073
Thailand	**51,281,610**	57,832,447	**45,373,775**	47,082,897	**5,995,295**	4,432,317
Consolidated	**223,772,090**	178,763,563	**178,430,921**	168,588,754	**14,114,447**	7,405,390

<u>Information about major customers</u>

Revenue from 4 (2014: 3) major customers amounting to RM112,516,508 (2014: RM88,538,371) arose from sales made from the supply of packing material segment and no (2014: one) major customer amounting to RMNil (2014: RM7,218,171) arose from sales made by the contract manufacturing segment.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 August 2015 (cont'd)

34. Significant and subsequent events

(A) Corporate exercises

a) On 2 March 2015, the Company ("DTB") undertook the following proposals:

(i) Proposed reduction of the issued and paid-up share capital of DTB pursuant to Section 64(1) of the Companies Act, 1965, involving the cancellation of RM0.75 of the par value of each ordinary share of RM1.00 each in DTB ("Proposed Par Value Reduction");

(ii) Proposed renounceable rights issue of up to 90,202,000 new ordinary shares of RM0.25 each in DTB ("Rights Share(s)") on the basis of two (2) Rights Shares for one (1) DTB ordinary share of RM0.25 each ("DTB Share(s)") held after the Proposed Par Value Reduction, together with 90,202,000 free detachable warrants ("Warrant(s)") on the basis of one (1) Warrant for every one (1) Rights Share subscribed ("Proposed Rights Issue with Warrants");

(iii) Proposed bonus issue of up to 45,101,000 new ordinary shares of RM0.25 each in DTB ("Bonus Share(s)") on the basis of one (1) Bonus Share for every two (2) Rights Shares subscribed pursuant to the Proposed Rights Issue with Warrants ("Proposed Bonus Issue");

(iv) Proposed private placement of up to 36,080,800 new ordinary shares of RM0.25 each in DTB ("Placement Share(s)"), representing approximately up to twenty percent (20%) of the enlarged issued and paid-up share capital of DTB after the Proposed Rights Issue with Warrants and Proposed Bonus Issue together with up to 18,040,400 Warrants on the basis of one (1) Warrant for every two (2) Placement Shares to be subscribed by potential investors ("Proposed Private Placement with Warrants");

(v) Proposed amendments to the Memorandum and Articles of Association ("M&A") of DTB ("Proposed M&A Amendments");

(vi) Proposed establishment of an employees' share option scheme ("ESOS") of up to fifteen percent (15%) of the enlarged issued and paid-up share capital of DTB after the proposals (i) to (iv) above for the eligible directors and employees of DTB and its subsidiaries ("DTB Group") ("Proposed ESOS");

(vii) Proposed share buy-back of its ordinary shares of RM0.25 each by DTB of up to ten percent (10%) of its issued and paid-up share capital ("Proposed Share Buy-Back"); and

(viii) Proposed increase in the authorised share capital of DTB from RM100,000,000 comprising 100,000,000 ordinary shares of RM1.00 each to RM200,000,000 comprising 800,000,000 ordinary shares of RM0.25 each ("Proposed increase in Authorised Share Capital").

(Collectively referred to as the "Proposals")

b) The Proposals were approved by the Company's shareholders at an Extraordinary General Meeting held on 3 July 2015.

c) On 8 September 2015, the High Court of Malaya granted an order confirming the Proposed Par Value Reduction ("Order")

d) On 23 September 2015, an office copy of the sealed Order was lodged with the Companies Commission of Malaysia, upon which the reduction of the par value of each existing ordinary share of the Company from RM1.00 to RM0.25 and amendments of the Memorandum and Articles of Association ("M&A") took effect and hence, was deemed completed.

e) On 9 October 2015, the Board of Directors of the Company resolved to fix the issue price for the Rights Shares at RM0.25 per Rights Share and the exercise price for the Warrants at RM0.25 per Warrant.

f) On 12 October 2015, the Company entered into an underwriting agreement with Inter-Pacific Securities Sdn. Bhd. for the underwriting of 37,842,410 Rights Shares at an issue price of RM0.25 per Rights Share.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 August 2015 (cont'd)

34. Significant and subsequent events (cont'd)

(A) Corporate exercises (cont'd)

g) On 30 November 2015, the Rights Issue with Warrants and Bonus Issue were completed, following the listing of and quotation for the 90,202,000 and 45,101,000 shares respectively on the Main Market of Bursa Malaysia Securities Berhad.

(B) CCTV Installation Project

On 2 May 2014, one of the Company’s subsidiaries, Attractive Venture (JB) Sdn. Bhd. (“AVJB”), entered into an agreement with Kiwitech Sdn Bhd (“Kiwitech”) for the supply of equipment for the installation of 496 Closed-Circuit Television (“CCTV”) system and 50 Control Centres across 25 town councils in Malaysia (“CCTV installation project”) for a contract sum of RM53 million. The contract sum of RM53 million includes financing interest which is computed at 3.25% per annum calculated on a straight line basis and is repayable over 60 monthly installments. The amount due after 12 months is included under non-current trade receivables as disclosed in Note 17. The CCTV installation project was completed during the financial year.

35. Authorisation of financial statements for issue

The financial statements for the year ended 31 August 2015 were authorised for issue in accordance with a resolution of the directors on 31 December 2015.

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 2015 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	
	2015	**2014**	**2015**	**2014**
	RM	**RM**	**RM**	**RM**
Total accumulated losses of the Company and its subsidiaries				
- Realised	**(13,101,377)**	(13,926,728)	**(26,227,420)**	(25,867,309)
- Unrealised	**(117,539)**	760,266	**(1,687,387)**	116,415
Less: Consolidation adjustments	**(3,473,147)**	(4,185,660)	**–**	–
	(16,692,063)	(17,352,122)	**(27,914,807)**	(25,750,894)

LIST OF PROPERTIES OWNED
As at 31 August 2015

Beneficial owner/ Location	Description/ Existing Use	Land/ Built up area (sq.ft.)	Age of building (years) as at 31.08.2015	Type of land/ tenure (Year of expiry for leasehold)	Net book value as at 31.08.2015 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	6	60 years - leasehold (2045)	158	05.11.1990
51-14 B & C, Menara BHL, Jalan Sultan Ahmad Shah, 10050 Penang	Building/Corporate Head Office	*/ 3,670	21	Freehold	597	14-B: 21.03.1994 14C: 18.04.1994
BAM Villa, Unit 42C-7-5C, Taman Maluri, Cheras, 56000 Kuala Lumpur	Condominium	*/ 975	23	99 years - leasehold (2090)	98	02.01.1992
Attractive Venture Sdn. Bhd.						
Plot 425, Tingkat Perusahaan 6A, Free Trade Zone, 13600 Prai, Penang	Industrial land and building/Factory	46,800 / 29,614	27	60 years - leasehold (2046)	2,663	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	20	Freehold	257	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	20	Freehold	224	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	14	60 years - leasehold (2052)	4,969	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	92,873 / 102,135	3.4	60 years - leasehold (2052)	8,760	13.06.2002
Plot 314, Penang Science Park, Bukit Minyak, Mukim 13, Daerah Seberang Perai Tengah, Pulau Pinang	Vacant industrial land	111,148 / *	0	60 years - leasehold (2072)	1,895	29.04.2011
No. 2733, Tingkat Perusahaan 6A, 13600 Prai, Pulau Pinang	Industrial land and building/Factory	43,706 / 25,649	12	60 years - leasehold (2049)	4,631	01.07.2015
Attractive Venture (JB) Sdn. Bhd.						
1273, Jalan Sri Putri 3/4, Taman Putri Kulai, 81000 Kulai, Johor	Building/Factory	2,400 / 2,777	20	Freehold	205	10.09.1999
No.17 1/2, Jalan Ayer Hitam, 81400 Saleng, Senai, Johore	Building/Factory	103,226 / 31,300	19	Freehold	1,812	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	19	Freehold	276	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	19	Freehold	480	15.07.1997
ISCM Industries (Thailand) Co., Ltd.						
188 Moo 1, Kanchanavanich Road; Tambol Samnakkam, Sadao, Songkhla Thailand	Industrial land and building/Factory	876,169 / 270,695	16	Freehold	12,793	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	1,154	21.01.2011
Total					**40,972**	

* Not applicable

ANALYSIS OF SHAREHOLDINGS
31 December 2015

Authorised Capital	:	RM200,000,000.00
Issued and Fully Paid	:	RM45,101,000.00
Class of Shares	:	Ordinary shares of RM0.25 each fully paid
Total Number of Holders	:	1,841
Voting right	:	One vote per ordinary share

ANALYSIS BY SIZE OF HOLDINGS

Size of holdings	Number of holders	%	Number of Shares	%
1 – 99	27	1.47	1,181	0.00
100 – 1,000	415	22.54	390,362	0.21
1,001 – 10,000	570	30.96	2,937,878	1.63
10,001 – 100,000	614	33.35	24,872,200	13.79
100,001 – 9,020,199*	214	11.63	121,281,177	67.23
9,020,200 & above**	1	0.05	30,921,202	17.14
	1,841	100.00	180,404,000	100.00

* Less than 5% of issued shares
** 5% and above of issued shares

SUBSTANTIAL SHAREHOLDER

Name	Direct Interest	%	Deemed Interest	%
Law Kim Choon	30,921,202	17.14	–	–

DIRECTORS' SHAREHOLDINGS

Name of Directors	Direct Interest	%	Deemed Interest	%
Law Kim Choon	30,921,202	17.14	–	–
Dato' Lee Kah Choon	1,270,000	0.70	–	–
Roslant bin Abu	49,600	0.03	–	–

In the Subsidiaries

None of the directors has any direct shareholdings in the subsidiaries.

THIRTY LARGEST HOLDERS

(without aggregating securities from different securities accounts belonging to the same registered holder)

	Name of Shareholders	Number of Shares	%
1.	JF Apex Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Law Kim Choon (Margin)	30,921,202	17.14
2.	Sunrise Paper (M) Sdn. Bhd.	8,534,820	4.73
3.	Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Gan Boon Guat (028)	7,421,000	4.12
4.	Ho Yu Min	5,000,000	2.77
5.	Seik Thye Kong	3,590,000	1.99
6.	Wong Chee Seng	3,050,000	1.69
7.	Maybank Nominees (Tempatan) Sdn. Bhd. Tay Ong Ngo @ Tay Boon Fang	3,000,000	1.66
8.	Alliancegroup Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Teddy Robin Lojikim (8069268)	2,400,000	1.33
9.	Lee Ah Quek	2,300,000	1.28
10.	Tye Sok Cin	2,089,300	1.16
11.	Chong Kah Ee	1,895,500	1.05
12.	JF Apex Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Khor Lian Yan (STA1)	1,610,000	0.89
13.	RHB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Kho Ping	1,565,800	0.87
14.	JF Apex Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Khor Poh Kooi (STA1)	1,532,900	0.85
15.	Ng Tiam Hock @ Tan Tiam Kew	1,500,000	0.83
16.	RHB Capital Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Ooi Lee Peng (MLK/SS)	1,500,000	0.83
17.	Unimech Capital Sdn. Bhd.	1,500,000	0.83
18.	Chew Kwi Pek @ Chew Kwi Gaik	1,465,400	0.81
19.	Tay Boon Teck	1,440,000	0.80
20.	Ooi Lee Peng	1,388,300	0.77
21.	George Lee Sang Kian	1,330,000	0.74
22.	CIMSEC Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Ng Geok Wah (BBRKLANG-CL)	1,295,300	0.72
23.	Dato' Lee Kah Choon	1,270,000	0.70
24.	Ching Seang May	1,200,000	0.67
25.	Kok Hon Seng	1,116,800	0.62
26.	SJ SEC Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Francis Ho Ik Sing (SMT)	1,113,100	0.62
27.	Mercsec Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Siow Wong Yen @ Siow Kwang Hwa	1,095,000	0.61
28.	Beh Cheng Siong	1,000,000	0.55
29.	Maybank Securities Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Bong Lui Mui (REM 132)	1,000,000	0.55
30.	RHB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Yeo Jui Kok	1,000,000	0.55
	Total	**95,124,422**	**52.73**

ANALYSIS OF WARRANTHOLDINGS
31 December 2015

WARRANTS 2015/2020

No. of outstanding Warrants Issued	:	90,202,000
Exercise/Conversion Price	:	RM0.25
Exercise/Conversion Ratio	:	1 warrant for 1 ordinary share of RM0.25 each
Maturity Date	:	25 November 2020

ANALYSIS BY SIZE OF HOLDINGS

Size of holdings	Number of holders	%	Number of Warrants	%
1 – 99	1	0.14	85	0.00
100 – 1,000	9	1.28	3,495	0.00
1,001 – 10,000	236	33.48	1,161,805	1.29
10,001 – 100,000	326	46.24	13,516,000	14.98
100,001 – 4,510,099*	132	18.72	66,305,010	73.51
4,510,100 & above**	1	0.14	9,215,605	10.22
	705	100.00	90,202,000	100.00

* Less than 5% of issued warrants
** 5% and above of issued warrants

DIRECTORS' WARRANTHOLDINGS

Name of Directors	Direct Interest	%	Deemed Interest	%
Law Kim Choon	9,215,605	10.22	–	–
Dato' Lee Kah Choon	–	–	–	–
Roslant bin Abu	26,400	0.03	–	–

THIRTY LARGEST HOLDERS

(without aggregating securities from different securities accounts belonging to the same registered holder)

	Name of Warrantholders	Number of Warrants	%
1.	JF Apex Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Law Kim Choon (Margin)	9,215,605	10.22
2.	Sunrise Paper (M) Sdn. Bhd.	4,267,410	4.73
3.	Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Kwong Ming Kwei (08KW032ZQ-008)	4,000,000	4.43
4.	Seik Thye Kong	3,878,600	4.30
5.	Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Gan Boon Guat (028)	2,501,900	2.77
6.	Koh Boon Poh	2,133,100	2.37
7.	Lim Soon Guan	1,876,500	2.08
8.	AMSEC Nominees (Tempatan) Sdn. Bhd. Jenny Chi	1,800,000	2.00
9.	Ho Yu Min	1,500,000	1.66
10.	Maybank Nominees (Tempatan) Sdn. Bhd. Tay Ong Ngo @ Tay Boon Fang	1,500,000	1.66
11.	Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Julian Cheah Wai Meng	1,363,500	1.51
12.	Alliancegroup Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Teddy Robin Lojikim (8069268)	1,200,000	1.33
13.	Maybank Securities Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Vincent Phua Chee Ee	1,000,000	1.11
14.	Ong Ah Boon	1,000,000	1.11
15.	Tan Kean Hock	1,000,000	1.11
16.	Tok Chin Thiam	1,000,000	1.11
17.	CIMSEC Nominees (Tempatan) Sdn. Bhd. CIMB Bank for Chew Chee Yong (MY2084)	900,000	1.00
18.	Lai Nyun Tai	900,000	1.00
19.	RHB Capital Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Yeo See Huey	830,000	0.92
20.	Tay Boon Teck	720,000	0.80
21.	Maybank Securities Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Phang Soo Fern	700,000	0.78
22.	Lee May Lan	656,900	0.73
23.	AMSEC Nominees (Tempatan) Sdn. Bhd. Cecilia Ting	590,000	0.65
24.	RHB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Kho Ping	580,000	0.64
25.	Lee Kok Hoong	539,100	0.60
26.	Lim Poh Fong	537,100	0.60
27.	AMSEC Nominees (Tempatan) Sdn. Bhd. Wong Pak Kong	500,000	0.55
28.	AMSEC Nominees (Tempatan) Sdn. Bhd. Ting Tiew Hung	500,000	0.55
29.	George Lee Sang Kian	500,000	0.55
30.	Law Chee Kheong	500,000	0.55
	Total	**48,189,715**	**53.42**

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 Sixteenth Annual General Meeting of the Company to be held at Hall 3, Level 3, Northam All Suite Penang, 55 Jalan Sultan Ahmad Shah, 10050 Penang on Monday, 29 February 2016 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 Encik Roslant bin Abu		
Resolution 3		Re-election of Ms Lena Leong Oy Lin		
Resolution 4	–	Appointment of Messrs BDO as Auditors and to authorise the Directors to fix their remuneration		
Resolution 5	–	Approval of Directors' fees		
Resolution 6	–	Continuing in office for Dato' Ahmad Ibnihajar as an Independent Non-Executive Director		
Resolution 7	–	Continuing in office for Mr Wong Thai Sun as an Independent Non-Executive Director		
Resolution 8	–	Approval for issuance of new ordinary shares pursuant to Section 132D of the Companies Act, 1965		
Resolution 9	–	Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature		
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 ………………… 2016

Number of shares held	

For appointment of two proxies, number of shares and percentage of shareholdings to berepresented by the proxies:-

	No. of shares	Percentage
Proxy 1	________________	________ %
Proxy 2	________________	________ %

…………………………………………
Signature/Common Seal of Appointor

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. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, 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.
4. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of 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 not less than 48 hours before the time set for the meeting.
6. 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.
7. Those proxy forms which are indicated with "√" in the spaces provided to show how the votes are to be cast will also be accepted.
8. Only members registered in the Record of Depositors as at 19 February 2016 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.

Please fold across the line and close

STAMP

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

Please fold across the line and close

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